Inventec

Sustainability Report

2023

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About the Report

Reporting Guidelines

Inventec Corporation (hereinafter referred to as "Inventec", "the Company" or "we") has prepared the 2023 Sustainability Report (hereinafter referred to as "the Report") in accordance with GRI Standards, Task Force on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB) guidelines for Electronic Manufacturing Services & Original Design Manufacturing, and Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies. The contents disclosed in the Report include major sustainability topics, management policies, related strategies, goals, measures, and the results of various performance indicators.

Publication Overview

Inventec publishes its Sustainability Report annually. All past reports are available for stakeholders to download from the **Inventec ESG website**.

- Current version: Published in June 2024.
- Reporting period: January 1, 2023 to December 31, 2023, aligning with the financial reporting period.
- Previous version: Published in June 2023.
- Next version: Expected to be published by August 2025.

Reporting Scope

The scope of the information and data disclosed in the Report is detailed below. Any special circumstances will be noted within the relevant sections:

- Inventec Corporation (IET, TAO and ITO)
- Inventec (Pudong) Technology Corporation and SQ Technology (Shanghai) Corporation (IPT & SQT)
- Inventec (Chongqing) Corporation (ICC)
- Inventec (Czech), s.r.o. (ICZ)
- IEC Technologies, S. de R.L. de C.V. (IMX)

Financial data such as consolidated operating revenue, consolidated operating profit, consolidated pre-tax profit, and consolidated earnings per share are disclosed in the same scope as Inventec's annual report.

Management Process

This Report is coordinated and planned by the Corporate Governance Team and the Sustainability Office, both under the Sustainability Committee. Colleagues from various functional teams under the Sustainability Committee, senior executives of relevant departments and professionals were invited to form the "2023 Sustainability Report Editorial Committee" to jointly complete this Report. The Report was issued upon approval by the Board of Directors.

Report Quality

Internal Control

1. In the second quarter of each year, the Corporate Governance Officer reports to the Board of Directors on the identified stakeholders, communication channels with stakeholders, Inventec's responses, risk management, and ethical management implementation status.
2. The compilation and verification processes of the Report follow the "Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" and the Company's "Sustainability Report Preparation, Verification, and Filing Procedures". All content in the Report is reviewed by the respective preparers and their managers for accuracy.

External Assurance

The Company engaged KPMG to perform limited assurance in accordance with ISAE 3000 on the sustainability indicators based on the GRI Standards, SASB (Electronic Manufacturing Services & Original Design Manufacturing industry indicators), and the Taiwan Stock Exchange's "Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" for the "Computer and Peripheral Equipment" industry.

Others

This Report uses New Taiwan Dollars (NTD) as the primary currency for disclosure.

Feedback

If you have any suggestions on this report, please feel free to contact us.

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Inventec ESG website
Inventec 2023 Annual Report

2023 ESG Highlights

Environmental

- The Sustainability Committee approved the group's plan to achieve net zero goal by 2050
  - ICC passed the 1.5°C science-based target review by SBTi
  - Scope 1 and Scope 2 GHG emissions for 2023 decreased by **20.82**% compared to 2020
  - The group implemented 22 major energy-saving initiatives in 2023, saving **9.7276** million kWh of electricity
- Plastic reduction and recycling
  - Over **55**% plastic reduction in packaging for major laptop models
  - **46**% reduction in plastic use for server packaging
  - Waste recycling rate reached **87.8**%
  - TAO obtained **UL 2799** platinum certification
- Environmental expenditure was approximately NT$**199** million

Social

- Employee and supplier human rights due diligence execution rate reached **100**%
- **Zero** cases of human rights violations
- Performance management assessment coverage was **100**%
- Average training hours per employee were **37.85** hours globally
- Internal instructors conducted **309** courses
- E-learning was utilized over **460,000** times
- Social engagement investments totaled NT$**15.928** million
- Total blood donation volume accumulated to **5,887,600** ml

Governance

- R&D expenditure was NT$**11.3** billion
- Accumulated global patents awarded exceeded **17,500**
- Women held **25.16**% of managerial positions
- **Zero** cases involving litigation for corruption, anti-competition, etc.
- **Zero** cases for violations of ethical management with penalties imposed by regulatory authorities
- Customer satisfaction rate was **94.25**%, with a coverage rate of **93**%
- **Zero** complaints regarding customer privacy breaches or data loss
- The local procurement ratio was over **89**% for mechanical materials and their packaging/labels
- A total of **103** suppliers were evaluated, with a **100**% completion rate
- **Zero** suppliers were identified with significant actual or potential negative impacts
- Supplier ESG non-compliance improvement rate was **100**%

Awards and Recognition

Inventec has received numerous awards and accolades throughout the year, reflecting its continuous efforts and commitment to excellence across various fields.

Message from the Top Management

2023 was a challenging year. As European and American countries continued with monetary tightening policies, economic growth has slowed down. On the environmental front, 2023 was the hottest year on record, and energy shortages remained a significant issue for major economies. Amid this volatile environment, Inventec's management team has proactively adopted effective strategies to address challenges. We have not only maintained our competitive edge in core businesses but also continued to explore emerging markets, enhance production automation, and bolster supply chain resilience. With a business philosophy that integrates sustainability and innovation, we are vigorously investing in new ventures such as automotive electronics, IoT products, and 5G applications, while expanding our overseas production bases.

Aligning with our group's core sustainability strategy: "Low-Carbon Economy, Equal Emphasis on Profit & Responsibility, and Creating a Sustainable Ecosystem", Inventec Sustainability Committee has laid out a series of plans and initiatives in 2023. We have set up six functional teams to establish short-, medium-, and long-term plans and goals. Through cross-business group, cross-department, and cross-factory collaboration, we are accelerating our progress on the path of sustainability.

Environmental

Inventec has committed to achieving net-zero emissions by 2050. We have mapped out a net-zero pathway and are dedicated to meeting our annual carbon reduction targets through five key strategies. We leverage AI and digital tools for carbon management, optimize energy systems to reduce consumption, initiate carbon footprint and green design projects, and aim to collaborate with suppliers to develop low-carbon products going forward. We have also established an environmental risk governance framework based on the Task Force on Climate-Related Financial Disclosures (TCFD) to better assess risks and seize opportunities. In 2023, our Chongqing plant (ICC) successfully passed the SBTi review for its science-based carbon reduction targets, and our Taoyuan plant (TAO) obtained the UL 2799 Platinum certification. We will continue to promote various certifications across our plants to minimize the environmental impact from our operations.

Governance

Inventec has established a risk management system, placing greater emphasis on information security and privacy protection. Upholding the principles of ethical management, we oppose any form of corruption or misconduct and have set up corresponding oversight and reporting mechanisms. Additionally, we have strengthened supply chain management and partnerships, and enhanced communication and engagement with stakeholders. To increase interaction and earn the trust of stakeholders, we respond to their sustainability concerns through a variety of channels and accurately present our efforts in the annual sustainability report, ensuring transparent and equitable information disclosure.

Social

Inventec is committed to creating a friendly workplace that is diverse, equal, and inclusive, valuing labor relations and providing a good working environment and benefits based on the needs of employees. We have conducted human rights due diligence within the Company and among our suppliers, and published the Inventec Human Rights Policy, setting out measures to address issues of high concern. Moving forward, we will conduct human rights due diligence at least once every two years to prevent any human rights violations. Both Inventec and the Inventec Group Charity Foundation have consistently supported disadvantaged groups, with a significant increase in support for arts and cultural institutions in recent years. Delivering resources to where they are needed is our responsibility and commitment to society.

Founding on Sustainability, Moving Forward with Innovation

In the face of various challenges, we build on sustainability and continue to invest in R&D and foster innovation with the aim of incorporating ESG principles into our corporate culture and employee beliefs. We are actively expanding globally and developing new businesses, while strengthening partnerships with the value chain. As Inventec approaches its 50th anniversary, we are at a pivotal moment. We will continue to fulfill our commitment of sustainability with innovation, and inspire innovation through sustainability strategies, steadfastly and confidently moving towards the next 50 years.

Chairman

President

CHAPTER

1

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12 RESPONSIBLE CONSUMPTION AND PRODUCTION

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

1.1 About Inventec

1.1.1 Company Profile

Established in 1975, Inventec started with the manufacturing of calculators and telephones in the early days, and subsequently expanded its foothold in the laptop and server markets, laying a solid foundation that has led to remarkable global success. Upon entering the 21st century, we are fully devoted to developing cloud computing, wireless communication, Internet of Things (IoT), and high-tech products used in smart homes, smart factories, smart healthcare, smart transportation, and automotive electronics.

With the business philosophy of "Innovation, Quality, Open Mind, and Execution", Inventec is committed to growing its business through product diversification, strategic alliances and supply chain integration, while enhancing long-term competitive advantages to become a leading provider of systems, software and services.

Industry category ICT (Information and Communications Technology)	
Total employees **18,180**	**Total revenue in 2023** NT$ **514.7** billion
Global sites **17** manufacturing sites and reginal offices	**R&D capacity** Over **6,500** engineers

Global Scale

Inventec is headquartered in Taiwan, with manufacturing sites and reginal offices across the globe.

Milestones

2023
Established Inventec Electronics (Thailand) Co., Ltd.
Established Inventec Technology (Vietnam) Company Limited.

2022
Established Automotive Electronics Business unit and 5G Research and Development Department.

2020
Established Strategy Center and Digital Center.

2016
Established AIMobile Co., Ltd.

2010
Established ICC.

2004
Established Pudong Production Campus.

2000
Established Inventec Appliances Corp.

1998
Established Taoyuan factory.

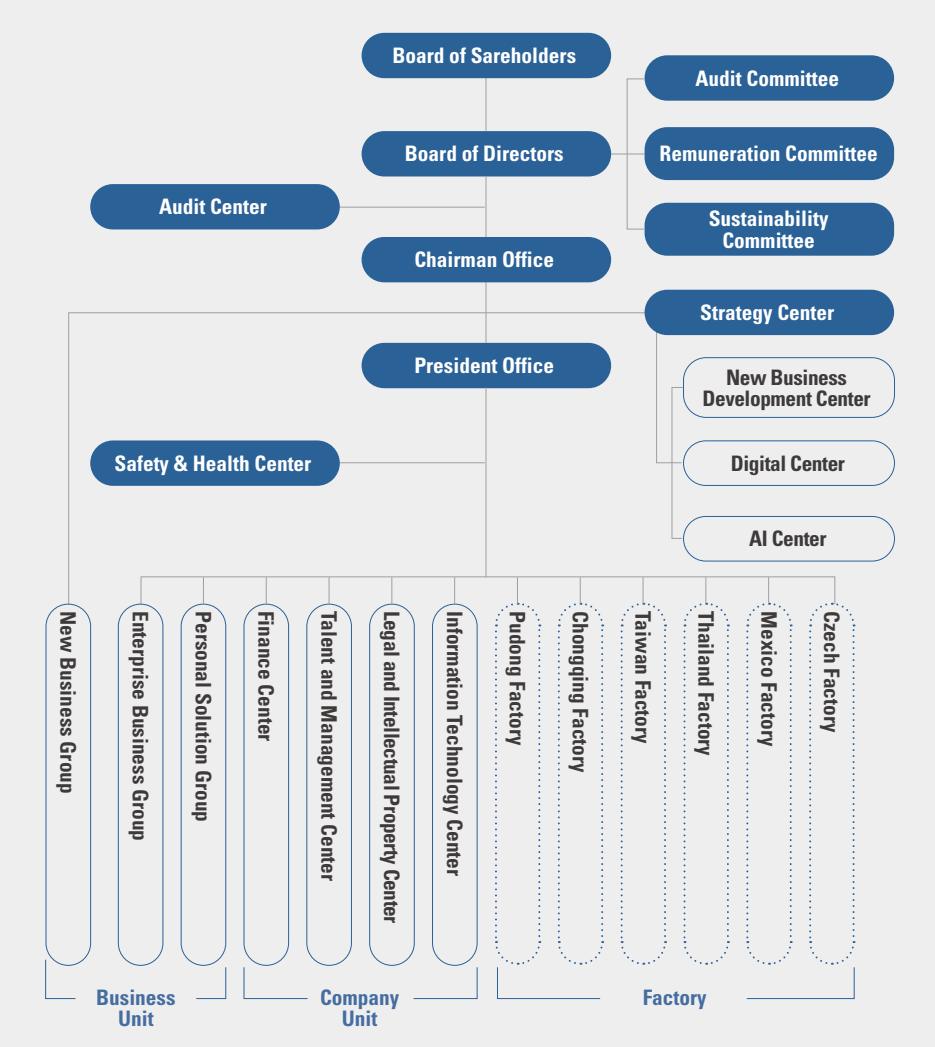
1996
Listed on the Taiwan Stock Exchange.

1988
Entered the Notebook PC ODM business.

1985
Entered the telephone ODM business

1975
Inventec was incorporated, focusing on the calculator ODM business.

Organization



Subsidiary Overview

Since 1999, Inventec has set up a number of group companies with different areas of specialization, including Inventec Appliances Corp. (IAC) specializing in the design, manufacturing and sales of smartphones, and AIMobile Co., Ltd. focusing on research and development of IoT products. Each subsidiary has achieved distinct accomplishments based on its respective field of expertise.

IAC
An Inventec Group Company

IAC

Becoming the best partner for R&D and manufacturing of smart terminal and cloud terminal through innovative products and continuous innovation.

IAC is engaged in the development of smart handheld products and cloud terminal application products, with a focus on designing optimal solutions, such as the development of wearable designs and 3D printing teams.

AIMobile
An Inventec Group Company

AIMobile

Enabling next generation industries with smart technologies

AIMobile was co-funded by Inventec and Advantech Co., Ltd. Leveraging its solid roots of mobility and connectivity experience in handheld devices, AIMobile aims to bring smart handheld and edge computing solutions to industrial customers with state-of-the-art hardware and software integrated.

1.1.2 Market Overview

Product Development

Inventec's primary products are categorized into personal computing products, enterprise systems solutions, smart devices, and 5G and automotive electronics solutions. The major sales regions include the Americas, Europe, and Asia.

Business Development Plans

Short-term Business Development Plans

- Focusing on sustainable operation, continuous growth, and new business development and addressing all challenges prudently, Inventec aims to achieve the goal of growth in both revenue and profitability.
- Upholding that innovation is at the forefront of enhancing the core competitiveness, we carry out customer-centric strategy in every aspect of our operations, from research and development, design, production, distribution to technical support, and align with market trends to expand the depth and breadth of product research and development.
- Inventec targets to actively expand global operations, including new plants in Mexico, Czech Republic, Thailand, and Vietnam. We will effectively utilize local resource advantages to establish a global supply chain and operation network, offering customers comprehensive solutions.
- Inventec is committed to proactively promoting strategies such as "green energy and environmental protection", "smart manufacturing", "5G mobile communication" and "digital transformation", implementing carbon reduction initiatives and fostering a win-win situation for customers, suppliers, and Inventec.

Medium to Long-term Business Development Plans

- Sustain vertical growth: Inventec will enhance market penetration and customer engagement in existing businesses such as personal computers, servers, industrial IoT, smart devices, and smart homes, continuously boosting growth momentum.
- Pursue horizontal diversification: Inventec is expected to explore new ventures in areas such as 5G, automotive electronics, and smart healthcare, leveraging the group's fifty years of experience in the ICT industry to incubate more forward-looking new brand businesses, injecting new momentum.
- Implement the five major strategies to achieve net zero emissions by 2050: (1) Strengthen energy management to reduce energy consumption; (2) Increase the proportion of renewable energy every year, aiming to reduce environmental impact; (3) Collaborate with the value chain to practice low-carbon procurement; (4) Implement green product design to promote a circular economy; (5) Introduce carbon offset mechanisms to facilitate achieving net zero emissions.

1.1.3 Association Participation and Initiatives

Inventec has always maintained a politically neutral stance, with no political donations or lobbying activities in 2023. Participation in the associations aims to establish good interactive relationships, foster consensus, promote industry development and exchanges, and address important issues such as technological innovation, environmental sustainability, human rights, and supply chain management. Within these associations, Inventec also takes on roles to assist in providing services for members. Inventec has also established the "Participate in public affairs Guidelines" as an important reference for participating in the associations, with compliance with the Paris Agreement being one of the evaluation criteria. Many of the associations Inventec participates in have already responded to the Paris Agreement. For example, the Taiwan Electrical and Electronic Manufacturers' Association released a "White Paper on Blueprint of Sustainability Strategy" in 2021, and the Chinese National Association of Industry and Commerce s launched the "1.5°C Climate Action Declaration" in 2022. Additionally, Taiwan Climate Partnership, in response to demands from international brand customers, collaborates with members to implement carbon reduction in the supply chain. The Taiwan Business Council for Sustainable Development(BCSD Taiwan) has long been concerned with energy and climate change issues.

Inventec's expenses for participating in the associations in 2023 amounted to NT$**3.645** million. For a detailed list, please refer to **Inventec ESG website**.

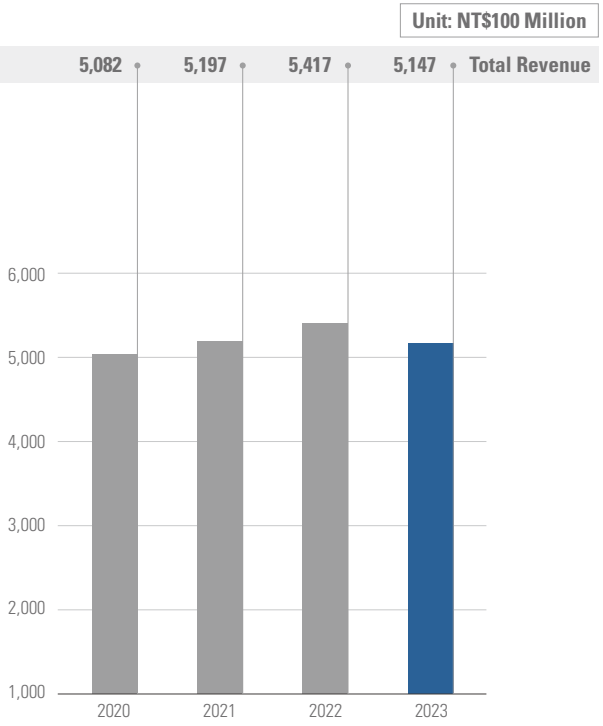
1.2 Operating Performance

1.2.1 Financial Performance

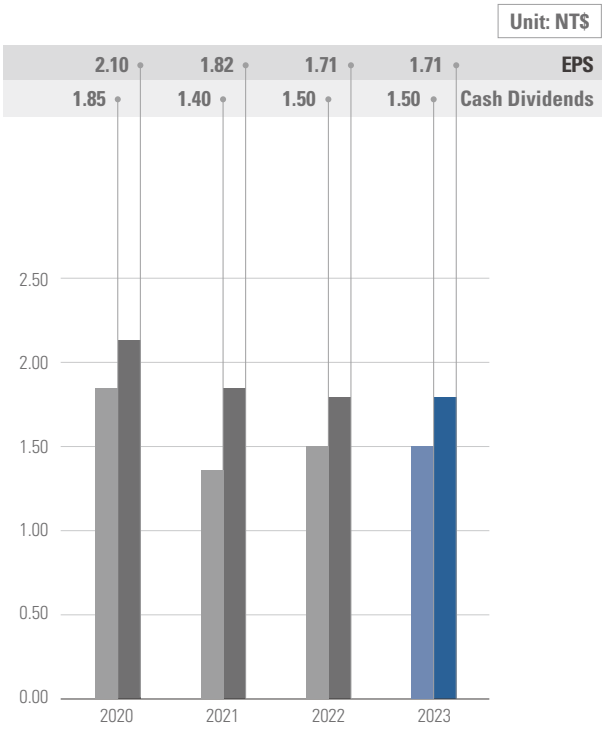
Based on the core value of sustainable development, Inventec is committed to transparent financial information disclosure. In addition to setting up an "Investor Relations" section on its official website to release monthly revenue information, Inventec also holds the investor conference on a quarterly basis as well as annual shareholders' meeting. In 2023, Inventec posted revenue of NT$514.7 billion, a decrease of 4.98% compared to 2022. Gradually completing global deployment, focusing on digital transformation, and improving operational efficiency have been our key business objectives in recent years. Meanwhile, we will streamline our supply chain management and integrate innovation capabilities across the group on an ongoing basis.

Inventec focuses on its core business, with over 99% of total revenue in 2023 coming from computer products. In the future, in addition to securing its existing markets, Inventec will actively venture into new businesses.

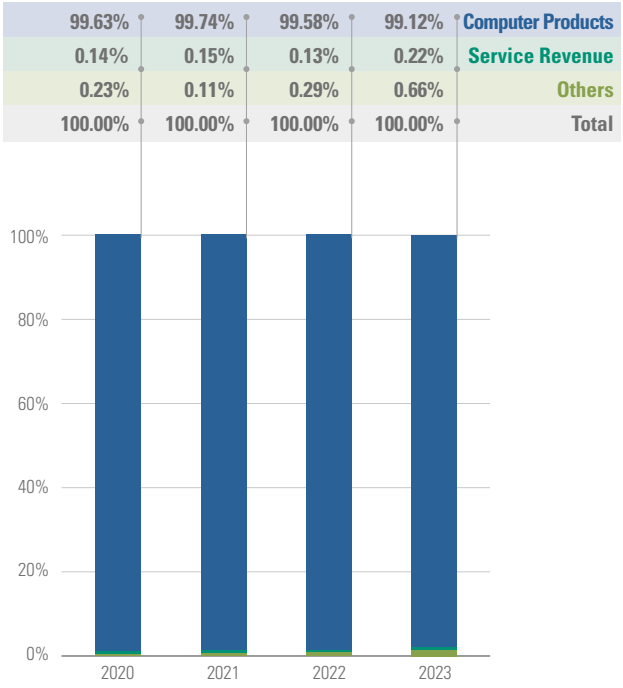
Financial Performance over the Years



Earnings per Share(EPS) and Cash Dividends



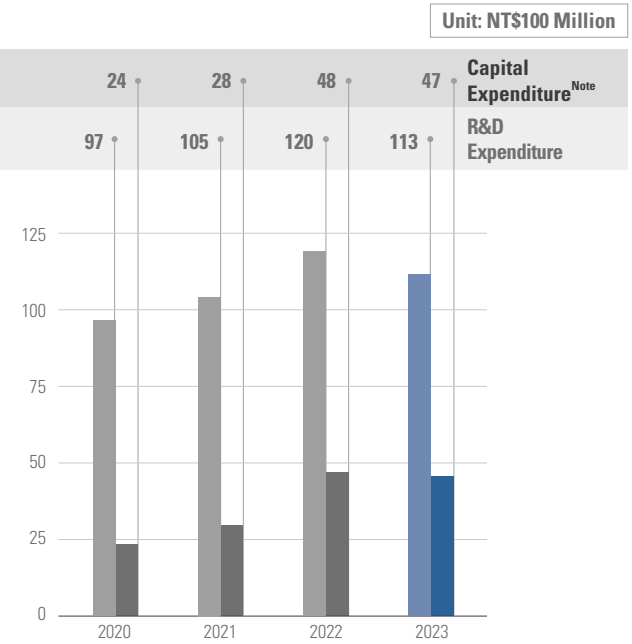
Proportion of consolidated business



To bolster its R&D capabilities, Inventec continues to invest adequately in R&D expenditures while cautiously evaluating its capital expenditure requirements. By enhancing its own strength, Inventec aims to become the best partner for customers.

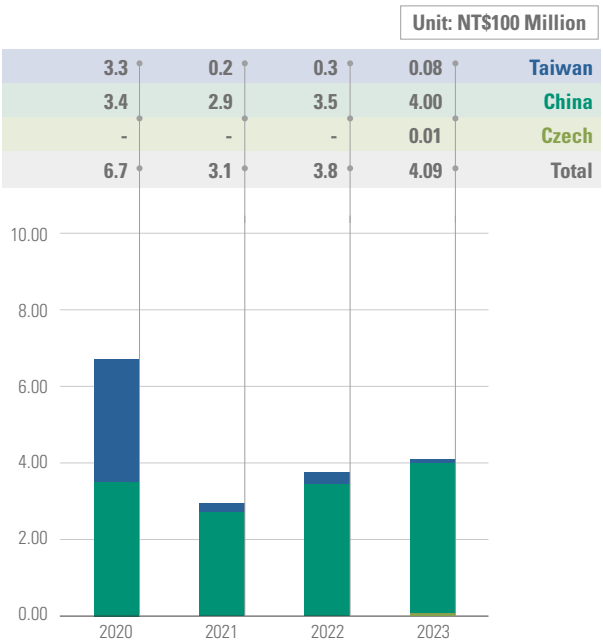
Inventec received a total of NT$400 million in government subsidies in 2023. The subsidies received by each region in the past years are as the below.

Capital Expenditure and R&D Expenditure

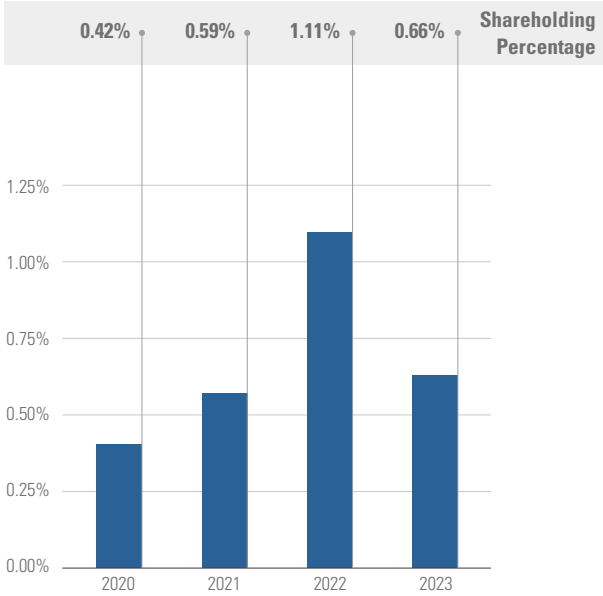


Note: Mainly for the acquisition of plants and equipment.

Government Financial Assistance



The percentage of Taiwan government's shareholding



1.3 Tax Policy

The Board of Directors is the highest decision-making and supervisory body for tax governance. The Head of the Finance Center is responsible for taxation management and reports to the Board of Directors on a regular basis during the year. To respond to global tax trends and to strengthen the Company's operations, Inventec has formulated the "Tax Policy and Management Measures", which has been released after obtaining the approval by the Board of Directors, aiming to clearly specify its tax governance strategy and operational standards. Inventec's tax policy is based on five principles, including compliance with tax regulations, fulfilling corporate responsibilities, prudent risk assessment, effective communication, and transparent disclosure of information. The Company also adheres to statutory reporting requirements to ensure that tax risks are well-managed. For detailed information on the tax policy, please visit **Inventec ESG website**.

1.4 Corporate Governance

1.4.1 Operation of the Board of Directors

Composition and Diversity Policy of the Board of Directors

The Board of Directors is responsible for steering the Company's strategy and overseeing management teams, and is accountable to the Company and shareholders. The operation and framework of the Company's corporate governance system should ensure that the Board of Directors exercises its powers in accordance with laws, the Company's Articles of Incorporation, and resolutions of the shareholders' meeting. The Board of Directors of Inventec consists of 9 Directors, including 3 Independent Directors. All Directors comply with items 3 and 4 of Article 26-3 of the Securities and Exchange Act, and are individuals of high caliber with professional and practical experience. The Independent Directors also meet the requirements of the Securities and Futures Bureau of the Financial Supervisory Commission regarding independent directors. For more information on each Director, please refer to the **2023 Annual Report** (II. Corporate Governance Report 2.2.1.1 Director's Information, Pages 13-16).

Name	Type			Expertise				
	Title	Independence Status[Note 1]	Serving as an employee of the Company	Law	Accounting and finance	Industrial marketing	Information Technology	GICS level1 Industry experience
Yeh, Li-Cheng	Chairman	Executive Director	V			V	V	45 Information Technology
Yeh, Kuo-I	Director	Executive Director	V		V	V		45 Information Technology
Wen, Shih-Chih	Director	Non-Executive Director				V	V	45 Information Technology
Lee, Tsu-Chin	Director	Executive Director	V		V	V		45 Information Technology
Chang, Ching-Sung	Director	Non-Executive Director				V	V	45 Information Technology
Cho, Tom-Hwar	Director	Executive Director	V			V	V	45 Information Technology
Chang, Chang-Pang	Independent Director	Independent Director		V	V			40 Financials
Chen, Ruey-Long	Independent Director	Independent Director			V			15 Materials 45 Information Technology
Wea, Chi-Lin	Independent Director	Independent Director			V			40 Financials

Note 1: The Company adopts a unitary board system. Based on the external independence assessment, to qualify as an Independent Director, at least 4 of the following 9 criteria must be met, of which at least 2 of the first 3 criteria must be fulfilled.

(1) Within the past year, the Director did not hold any senior executive position in the Company.
(2) During the current year, neither the Director nor any of his/her family members received payments exceeding US$60,000 from the Company, or any of its parent companies or subsidiaries, except as permitted by SEC Rule 4200.
(3) During the current year, none of the Director's family members held any senior executive position in the Company, or any of its parent companies or subsidiaries.
(4) The Director is not a consultant to the Company or its management team, and is not affiliated with the Company's consultants.
(5) The Director is not affiliated with major customers or suppliers of the Company.
(6) The Director has no personal service contract with the Company or its management team.
(7) The Director is not affiliated with non-profit organizations that receive significant donations from the Company.
(8) Within the past year, the Director did not hold any position or serve as a partner in the external auditing organization of the Company.
(9) The Director does not have any conflict of interest in relation to the independence of the Board.

Note 2: The Independent Directors of the Company are in compliance with Article 4, Item 1 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", which stipulates that an independent director of a public company may not concurrently serve as an independent director in more than three other public companies.

As a whole, the Board of Directors should possess the following capabilities and competences: good business judgment, accounting and financial analytical skills, managerial skills, crisis management, industry knowledge, global market insights, leadership, and strategic decision-making. Board members should have diverse backgrounds. In view of the needs of its operations and business model along with future development trends, Inventec has developed its policy on the diversity of Board members, taking into account factors such as backgrounds and values (gender, age, nationality, race or ethnicity, and culture), as well as professional knowledge and skills (such as legal, accounting, industry expertise, finance, marketing, or technology).

Specific management targets and achievement status of the Board's diversity policy

Nomination and Election of Directors

Inventec has established a director election system, ensuring that the board appointment process is transparent and fair, and compliant with the "Articles of Incorporation", the "Procedures for Election of Directors" and the "Corporate Governance Best Practice Principles" of the Company, "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", and Article 14-2 of the "Securities and Exchange Act", among other regulations. At the 2023 annual meeting of shareholders, Inventec elected 9 Directors for the 17th term of the Board. Directors are elected pursuant to the candidate nomination system, and the final slate of candidates is put to the shareholders for voting at the shareholders' meeting.

Board Independence

Independence and transparency are top priorities for Inventec's Board of Directors. Both Directors and Independent Directors are separate individuals who exercise their powers independently. Pursuant to relevant laws and regulations, the three Independent Directors also serve on the Audit Committee to review the control of existing or potential risks within the Company. This ensures effective oversight of the implementation of internal controls, the selection (or dismissal) of independent CPAs, and the appropriate preparation of financial statements. For information on the independence of Board members, please refer to the **2023 Annual Report** (II. Corporate Governance Report 2.2.1.3 Disclosure of directors' professional qualifications and independence directors' status, Pages 17-20). For the Director's Avoidance of Proposal with a Conflict of Interest, please refer to pages 36-38 of the **2023 Annual Report.**

Director's Liability Insurance

Inventec has purchased relevant liability insurance for Directors, with the coverage up to US$20 million (NT$614.2 million) until January 1, 2025. Upon expiration, the policy will be renewed. The details of the insured amount, coverage and insurance premiums for Director's liability insurance were reported to the Board of Directors in December 2023.

Training and Succession Planning for Directors

To enhance the functionality of the Board and strengthen the management mechanism, Inventec has put in place a director training plan based on its business development and practical operation needs. In 2023, 67% of the Directors completed 6 hours of training, while 33% completed 7 to 9 hours. Additionally, all Directors are required to take ESG and sustainability-related training courses every year. In 2023, the training courses covered topics such as new sustainability regulations and trends, the trend in risk management from an ESG perspective, carbon credit trading mechanism and carbon management applications, and circular resources. For details on the training attended by Directors, please refer to pages 59-61 of the **2023 Annual Report.**

The Company reviews the number of Directors and the qualifications they should meet on a regular basis. Furthermore, we take into account the results of director performance evaluations when developing succession plans and nominating candidates.

In 2023, all Directors completed the training on ethical management and anti-corruption, and relevant regulatory compliance matters were reported to the Board of Directors.

Board and Functional Committee Performance Evaluation

Inventec established the Board Performance Evaluation Guidelines in 2016, and an internal performance evaluation is conducted annually. The evaluation process involves determining the unit, period, scope, and method of the evaluation to be performed in the year, with the Corporate Governance Officer responsible for the evaluation execution. Questionnaires are distributed to Directors for their inputs. After collecting the data, the results are processed and submitted to the Board of Directors for review by the end of the first quarter in the next year to form the basis for improvement. Moreover, an external evaluation will be conducted by a professional independent organization or a team of external experts and scholars at least every three years. The scope of the evaluation includes the entire Board of Directors, individual Board members and functional committees. Self-assessment items include the extent of engagement in the Company's operations, such as ongoing efforts on environmental, social and corporate governance (ESG) initiatives by the Board to support the sustainable development of the Company, and improve the quality of the Board's decision-making and the composition of the Board of Directors. The performance of Directors is evaluated on the basis of their awareness of Director's duties and responsibilities, engagement in the Company's operations, and internal relationship management and communication. The results of the Board's performance evaluation are used as a reference for the election or nomination of Directors, while the results of individual Director's performance serve as a reference for determining Director's remuneration.

Internal Evaluation

Frequency

Every year

Evaluation Result

In 2023, the self-assessment results for the Board of Directors, functional committees (Audit Committee, Remuneration Committee, and Sustainability Committee), and individual directors were all excellent, with no significant areas for improvement identified. Moving forward, the Company plans to continue enhancing Board diversity in various aspects, including gender and tenure, which will be considered during the next re-election. Additionally, the Company will continue to supervise sustainable development and risk management to uphold the Company's core value towards sustainability.

External Evaluation

Frequency

Every three years

Evaluation Result

In 2021, the external evaluation results for the Board of Directors, functional committees (Audit Committee and Remuneration Committee), and individual directors were between good and excellent. The next external evaluation is scheduled in 2024.

Board and Executive Remuneration Policy

Directors

- According to Article 26 of the Articles of Incorporation, if the Company has made a profit in the year, it should allocate no less than 3% for employee compensation and no more than 3% for Director compensation.
- Director remuneration includes compensation, salary, bonus, and retirement pension. Additionally, Directors are reimbursed for travelling expenses based on actual attendance at Board meetings.
- The proposal for the allocation of Director compensation shall be presented at the shareholders' meeting.

Independent Directors receive a fixed monthly remuneration. Additionally, they are reimbursed for travelling expenses based on actual attendance at Board meetings, Audit Committee meetings, Remuneration Committee meetings, and Sustainability Committee meetings. They do not participate in the allocation of Director compensation.

The performance evaluation criteria for Board members should include at least six major aspects:
1. Understanding of the Company's goals and missions
2. Awareness of Director's duties
3. Involvement in the Company's operations
4. Internal relationship and communication
5. Director's professionalism and ongoing knowledge development
6. Internal controls

Also, it is recommended that Directors achieve an actual attendance rate of at least 80% at Board meetings.

According to the procedure for setting Director's remuneration, the proposals made by the Remuneration Committee with the assessment in line with the requirements of the "Board Performance Evaluation Guidelines" and the "Directors and Managers Remuneration Guidelines" shall be submitted to the Board of Directors for approval. Director's remuneration should adequately reflect individual performance and the Company's long-term operating results, taking into account the Company's operational risks. Reasonable remuneration shall be provided for Independent Directors, which may differ from that of general directors.

Executives

- Executive remuneration includes salary, bonus and retirement pension.
- The proposal for the allocation of employee compensation shall be presented at the shareholders' meeting.

- The performance evaluation indicators for executives consist of financial indicators accounting for 70% weighting and non-financial indicators accounting for 30% weighting.

A.Company performance:
- Financial indicator: Return on Equity (ROE).
- Relative financial indicator: Total Shareholder Return (TSR) against the average shareholder return rate of listed companies in Taiwan's computer peripheral equipment industry.
- Non-financial Indicators: Greenhouse gas reduction, proportion of renewable energy, and energy efficiency.

B. Unit performance:
- Financial indicators: Net profit after tax, revenue (budget achievement), operating cash flow, and dynamic items.
- Non-financial Indicators: Engagement in sustainable development (indicators such as electricity consumption reduction, waste reduction, water intensity, etc.)

C.Individual performance: Individual appraisal result.

- According to the procedure for setting remuneration of President and Vice Presidents, the proposals made by the Remuneration Committee with the assessment in line with the requirements of the "Directors and Managers Remuneration Guidelines" shall be submitted to the Board of Directors for approval.
- In addition to referencing industry standards, factors such as the time invested and the position assumed by the individual, achievement of personal goals, performance in other positions, and the compensation provided to individuals in similar positions in recent years are considered when determining remuneration. The Company also assesses the reasonableness of the linkage between individual performance and the Company's sustainability performance and future risks through reviewing the achievement of the Company's short-term and long-term business goals, the Company's financial status, etc.

1.4.2 Functional Committees

Based on operational needs, Inventec has established three functional committees under the Board of Directors, namely the Audit Committee, the Remuneration Committee, and the Sustainability Committee. For detailed information, please refer to pages 42-43 and 67-71 of the **2023 Annual Report.**

Functional Committee	Member	Responsibilities	Average Attendance Rate in 2023
Audit Committee	Independent Director **Mr. Chang, Chang-Pang** Independent Director **Mr. Chen, Ruey-Long** Independent Director **Mr. Wea, Chi-Lin**	Assist the Board of Directors in overseeing the quality and integrity of the Company's processes related to accounting, auditing, financial reporting, and financial controls.	100%
Remuneration Committee	Independent Director **Mr. Chang, Chang-Pang** Independent Director **Mr. Chen, Ruey-Long** Independent Director **Independent Director**	Evaluate the policies, systems, standards, and structures related to Directors and executives' compensation, regularly assess and set compensation, and provide recommendations to the Board of Directors.	100%
Sustainability Committee	Chairman **Mr. Yeh, Li-Cheng** Independent Director **Mr. Chang, Chang-Pang** Independent Director **Mr. Chen, Ruey-Long** Independent Director **Mr. Wea, Chi-Lin** President **Mr. Tsai, Chih-An**	Develop sustainable development goals and strategies, and review the effectiveness of various sustainable development projects.	100%

1.5 Business Ethics

Honesty and integrity are the cornerstones and greatest assets of Inventec's sustainable operations. Therefore, we have formulated the "Code of Ethical Conduct" and the "Ethical Corporate Management Best Practice Principles" to establish ethical standards and culture for all members, including Directors, managers, employees, appointees, or individuals over whom Inventec has substantive control. Guided by these standards and principles, we have established clear business ethics strategies and objectives.

The above strategies and objectives not only reflect our commitments to the public but also serve as fundamental principles of the culture within the Company. They aim to prevent conflicts of interest and dishonest behavior while ensuring that stakeholders are fully aware of and adhere to these high standards, collectively striving for sustainable development.

Safeguarding equality of shareholders

We are committed to ensuring equal rights for shareholders throughout the Company's operations. Through transparent financial reporting and continuous improvement of governance framework, we ensure that shareholders are informed and involved in the Company's decision-making process.

Ethical management

We uphold the principle of ethical management, which is embedded in our corporate culture, emphasizing honesty and integrity of the employees in all business activities. Through ongoing advocacy and training, we ensure that all employees are aware of and live up to the Company's ethical standards.

Anti-corruption

In order to prevent any form of corruption and improper behavior, we are dedicated to establishing a robust internal control system, including regular internal audits and risk assessments. Additionally, we encourage employees to make good use of the Company's whistleblowing mechanism, enabling anonymous reporting of suspected misconduct to ensure the Company's integrity and transparency.

1.5.1 Anti-Corruption and Ethical Management

Inventec has established guidelines for ethical management, including "Code of Ethical Conduct", "Global Employee Standards of Conduct", "Employee Grievance and External Reporting Management Regulations", "Ethical Management Operational Procedures and Guidelines" and "Ethical Corporate Management Best Practice Principles". To avoid conflicts of interest, Inventec has established measures to prevent dishonest behavior. These measures include operational procedures, behavioral guidelines, disciplinary actions for violations, and grievance mechanism, all of which are diligently implemented and enforced. The following relevant regulations are stipulated.

Anti-Corruption and Anti-Bribery

Any form of corruption and bribery is explicitly prohibited.

Information Confidentiality

Efforts are made to establish a sound information confidentiality mechanism, including measures to protect sensitive information, ensuring the security of customer and company information.

Prohibition of Insider Trading

Any form of insider trading is strictly banned to maintain market fairness and discipline.

Conflict of Interest Avoidance

Guidelines are established for avoiding conflicts of interest to prevent the employees from facing potential conflicts of interest while dealing with business.

Inventec adheres to regulations and has established various internal control procedures. From 2020 to 2023, there have been no instances of penalties imposed by regulatory authorities for violations of ethical management-related regulations. Additionally, there have been no reporting or established cases related to ethical management issues during this period. The Company maintains a zero-tolerance policy in this regard.

Supplier Ethical Management

Inventec has put in place the "New Manufacturer Assessment Management Measures", which requires new suppliers to have a good reputation and meet Inventec's ethical requirements. The "Procurement Contracts" explicitly stipulate that suppliers shall abide by the special guarantee clause, prohibiting the payment of commission, proportional commission, brokerage fees, kickback, or other forms of benefits. In the event of a violation, Inventec reserves the right to terminate the contract immediately, and the supplier must unconditionally cooperate in seeking compensation from the recipient of such benefits. Contracts prohibiting the receipt or provision of improper benefits are signed with suppliers to establish effective accounting and internal control systems. Regular internal audits and self-assessments are conducted to thoroughly examine the Company's compliance status, thereby preventing the occurrence of dishonest behavior.

Prevention and Whistleblowing

To ensure the effective implementation of these guidelines, we conduct regular internal audits and have established the "Employee Grievance and External Reporting Management Specifications" to ensure compliance at all levels of the Company. In the event of a violation, appropriate disciplinary measures are taken in accordance with relevant regulations to assure that all activities of the Company follow the highest standards of business ethics.

In accordance with the "Employee Grievance and External Reporting Management Specifications", Inventec has established standard operating procedures and confidentiality mechanism for handling reported cases. Disciplinary actions are taken based on investigation standards and principles. Dedicated employees are assigned to handle grievance while ensuring whistleblowers are free from discrimination, coercion, reassignment, or any other adverse treatment.

In 2023, there were **zero** cases of employees being dismissed or disciplined due to corruption incidents.

24-hour Grievance and Whistleblowing Hotline (02) 2881-0721#21999

Email 21999@inventec.com

Code of Conduct Training

To ensure that all employees are fully aware of the relevant standards of ethical management, Inventec has been implementing education and training initiatives. In addition to requiring all new employees to sign the Employee Code of Conduct acknowledgement, the employees must also complete ethics training courses to foster a culture of integrity. Existing employees are required to sign the Employee Code of Conduct acknowledgement online every year. In 2023, the signing rate reached **100%**.

1.5.2 Anti-Competition, Anti-Trust, and Monopoly Practices

Inventec fully recognizes that fair trade is an essential principle to abide by in commercial activities. Therefore, we have established the "Ethical Management Operational Procedures and Guidelines", which clearly prohibits unfair competition in business activities. We uphold local fair trade regulations and strictly prohibit practices such as price fixing, bid rigging, output and quota restrictions, and market sharing or segmentation through the allocation of customers, suppliers, operating regions, or business types.

Inventec fully complies with relevant laws and regulations. From 2020 to 2023, there have been no instances of penalties imposed by regulatory authorities for anti-competitive behavior, and there were no litigations related to anti-competitive behavior in 2023.

1.6 Risk Management

Inventec has been practicing its business philosophy of sustainable development. Through the mechanism of risk management, we consistently monitor the changes in the internal and external environment and the industry, and regularly conduct operational impact analysis as well as self-assessment. It is our responsibility to address challenges effectively, enhance the Company's resilience, achieve sustained and stable operations, and fulfill our commitments to stakeholders.

1.6.1 Operational Risks

Risk Management Mechanism and Practices

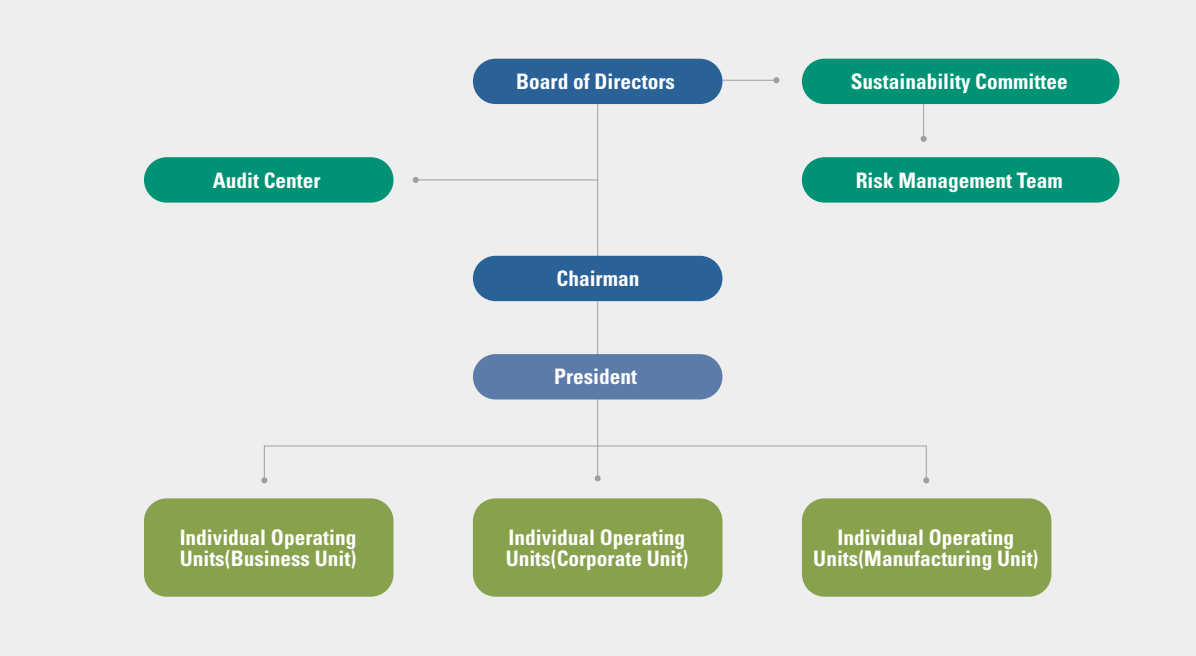
Inventec's Board of Directors is the highest governing body for risk management and bears the ultimate responsibility for risk management. The three Independent Directors of the Board have extensive experience in banking, regulations, securities, business management, risk management and other related fields. Leveraging their expertise, experience and independence, they provide advice and diligently fulfill their oversight duties.

To strengthen risk management, the Risk Management Team has been set up under the Sustainability Committee. This team, composed of colleagues across departments, is responsible for addressing risk management-related matters and establishing a systematic operating mechanism. Following the Sustainable Development Best Practice Principles, we conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations based on the materiality principle. The Sustainability Committee reports to the Board of Directors on the implementation status and results of risk management in the second quarter of each year, which allows the Board of Directors to oversee the operation and overall implementation of the risk management mechanism.

Additionally, mechanisms such as education and training, performance management, risk assessment, early warning notification, and public disclosure are utilized to effectively manage operational risks and foster a risk management culture within the Company.

Risk Management Organizational Structure

The scope of risk management covers all companies within the group, and risk management team members are assumed by the head of each corporate unit and business unit. Risk management officers are assigned by the risk management team members from their respective units to carry out various risk management related tasks in daily operations.



Risk Assessment Process

Inventec's risk management process comprises risk identification and analysis, risk assessment, countermeasures, ongoing monitoring and review, as well as reporting and disclosure.

Risk Identification/ Analysis

Each risk management unit reviews its business risk profile and conducts risk identification and analysis based on the materiality principle to have a full picture of the risks that may impact their operations.

Risk Assessment

After identifying and analyzing the risks, we evaluate and measure the impact of the risks on the Company based on the probability of occurrence of the risks and the severity of negative impacts, and prioritize risk controls. The assessment helps us to prioritize risk controls and develop countermeasures accordingly.

Countermeasures

Taking into account the Company's strategic objectives, internal and external stakeholders' feedback, risk appetite and available resources, each risk management unit proposes viable measures to address the risks. These measures are reviewed periodically to see if they work properly.

Monitoring and Review

In addition to their oversight and review responsibilities, each risk management unit incorporates risk assessment and controls into day-to-day operations, and reports to the risk management team when necessary.

Reporting and Disclosure

Regularly report the overall risk management practices and implementation results to the Board of Directors and the Sustainability Committee. Risk management information is disclosed in the annual report, website and sustainability report.

2023 Risk identification results

Risk Type		Description	Response Strategy
Strategy Risks	Changes in Technology and Industry	The advent of 5G is reshaping the global technology landscape and driving cross-industry alliances, leading to significant changes in the competitive dynamics within the industry.	• In response to the rise of the digital economy, Inventec is actively engaged in 5G development, and has set short, medium and long-term business goals and financial targets based on its digital transformation roadmap. By leveraging the collection, application and analysis of big data, combined with IoT and AI technologies, Inventec aims to build high-quality 5G smart factories with streamlined manufacturing processes. • In addition to actively developing digital IT applications, Inventec has also strengthened its information security management (please see section **1.6.3 Information Security Management** for details).
	Corporate Culture	Given the global trend toward sustainability, stakeholders such as governments, investors and customers around the world have increasing expectations for the Company's sustainability efforts and information disclosure.	• Inventec has set up 6 functional teams and a dedicated sustainability unit under the Sustainability Committee. All employees follow the sustainability strategy and strive to achieve short, medium, and long-term goals progressively to enhance the Company's competitiveness (please see section **2.1 Sustainability Vision and Strategy** for details). • Through internal management mechanisms and external audit reviews, we rigorously examine relevant objectives and strategies to effectively manage the overall risks of the Company.

Risk Type		Description	Response Strategy
Operational Risks	Procurement and Sales Concentration	Under the impact of the US-China trade war and geopolitical tensions, the global supply chain is experiencing rapid movement.	• Inventec has been vigorously pursuing global diversification, and relocating its production capacity to different regions. By supplying its products in the vicinity of the customers and effectively managing suppliers, Inventec aims to reduce the risk of over-concentration in both procurement and sales.
	Expected Benefits of Plant Expansion	To reduce geopolitical risks and enhance the resilience of taking orders, manufacturing plants have adjusted their operational plans to build more flexible production patterns.	• Inventec's operations span across Taiwan, China, Europe, America, and Southeast Asia. Apart from expanding its existing plants in Mexico and Czech, Inventec is strategically establishing new production bases in Thailand and Vietnam, which is expected to bring in new momentum for the group. • In tandem with the relocation of production capacity, Inventec continues to monetize existing assets to enhance liquidity and mitigate asset risks.
	Product Transportation Loss Prevention	Risks associated with logistics, warehousing and transportation of global supply chain.	• Inventec will enhance product packaging, inventory warehousing management, and evaluation of freight forwarders/transportation agents, and purchase logistics insurance.
Financial Risks	Interest Rate	The group's major trading currency is the U.S. dollar. The rapid increase in U.S. dollar interest rates and persistent global inflation pressures have led to a sharp increase in corporate financial costs.	• Inventec cautiously manages its funding and regularly reviews its banking relationship and the borrowing interest rates in various currencies that these banks offer. It helps to reduce the financial costs arising from interest rate hikes and mitigate funding liquidity risks. If interest rates are expected to rise, Inventec will secure loans with longer tenor to lock in fixed borrowing costs. Conversely, if interest rates are expected to drop, Inventec will switch to short-term loans or floating rate loans. • In consideration of liquidity and safety, Inventec optimizes the combination of funding sources and makes the best use of its financing channels while adopting short-tenor or long-tenor strategy as appropriate.
	Exchange rate	Due to U.S. interest rate hikes and geopolitical risks, the U.S. dollar remains relatively strong. As a result, hedging costs for the assets denominated in U.S. dollars increase and non-U.S. dollar assets face the risk of depreciation. Meanwhile, speculation on the timing of U.S. interest rate cuts has led to increased market volatility, adding to exchange rate risks and hedging challenges.	• Inventec's exchange rate policy adopts natural hedging strategy, which requires payments and sales proceeds to be denominated in the same currency when establishing commercial terms. If there is a difference in the maturity of receivables and payables, Inventec will use FX swaps or money market instruments to fill the funding gap. • For the foreign exchange exposure that cannot be hedged naturally, business units and the finance unit enter into FX forward contracts for hedging every month based on expected maturity dates, foreign exchange trends, and hedging costs. • To hedge against the exposure of net assets or net liabilities in foreign currencies, Inventec utilizes the hedging instruments to mitigate the impact arising from fluctuations in the foreign exchange market with an aim to offset gains and losses between the two. • The total amount of hedging transactions is limited to 50% of the revenue in the most recent quarter, with the losses capped at 20% of the total amount of hedging contracts. Hedging transactions are reviewed twice a month and the Audit Center conducts internal control audits on these hedging practices every month.
	Liquidity Risk	Seasonality impact, the occurrence of significant incidents, and adverse changes in the financial market may cause liquidity issues.	• Inventec maintains an adequate cash position and carefully monitors the risk associated with the receivables from customers. Additionally, Inventec has sufficient credit lines extended by banks. With these liquidity sources, Inventec is able to fulfill all payment obligations. • Inventec has obtained long-term credit facilities extended by the banking group to ensure that funding sources are secured. • Inventec mitigates the risk associated with delays in the collection of receivables through various solutions, such as selling off accounts receivables to banks upfront.
	Inflation	As a result of inflation, operating expenses will surge. Economic growth is expected to slow down or decline in the future, leading to heightened investment risk.	• Inventec proactively monitors market development and effectively controls costs and operating expenses to mitigate the impact on its operations and avoid the phenomenon of "false profit and real loss".

Risk Type		Description	Response Strategy
Compliance and Intellectual Property Risks	Changes in Law	Changes in regulations	• Keep abreast of laws, policies, and litigious and non-litigious practices. • Uphold privacy rights and trade secrets, and comply with export control laws. • Organize seminars on legal and intellectual property rights, hold new employee orientation, and provide E-Learning courses to facilitate effective risk management implementation.
	Litigation Matters	Litigious and non-litigious matters development in the industry	• Get a handle on the Groups' litigious and non-litigious matters and take appropriate countermeasures.
	Intellectual Property Rights	Intellectual Property FTO (Freedom to Operate)	• We attach great importance to intellectual property rights, implement trademark management within the group, and spare no effort in protecting product patents and copyrights to safeguard self-developed intellectual property.
Occupational Safety Risks	Hazard Risk Assessment and Identification	Occupational safety and health related hazards	• In accordance with the Taiwan Occupational Safety and Health Management System (TOSHMS) and the International Occupational Safety and Health Management System (ISO 45001), Inventec has established the Administrative Measures for Identification and Risk Assessment of Safety and Health Hazards. Comprehensive hazard identification and risk assessment tasks are performed for various hazard factors. This process evaluates the level of risk associated with relevant hazards through a quantitative method, screening out potential factors that pose a high risk of employee injury or accidents. Subsequently, occupational safety and health goals, targets, and management plans are formulated to implement improvements and preventive measures, serving as the basis for planning the safety and health management system.
	Emergency Response Implementation	The situation regarding emergent incidents and accidents	• Firefighting lectures, fire drills, emergency evacuation drills, and fire control routine inspections are conducted on a regular basis. Inventec regularly checks its safety facilities, sets up task forces, and conduct fire drills to practice disaster prevention and relief work.
Product Safety Risks	Product and Service Policy	Changes in customer relationship and demands, and environmental regulations.	• Inventec provide customers with a comprehensive and sound customer relationship management mechanism. In addition, in response to the regulatory issues related to environmental protection in various countries around the world, Inventec provides customers with better environmental services through assisting customers in acquiring product green mark certification every year (please refer to section **4.2.2 Product Energy-saving Design** for details).
	Supplier Evaluation Management	The impact of suppliers' product quality, costs, delivery time, technology and services, as well as suppliers' compliance with environmental and regulatory requirements.	• Following relevant policies on sustainable supply chain management, Inventec has implemented supplier risk identification procedures. Based on industry characteristics, procurement patterns, and regions, Inventec conducts supplier risk classification. Suppliers are required to comply with Responsible Business Alliance (RBA) Code of Conduct. Furthermore, Inventec organizes sustainable supply chain seminars as a platform for exchange and communication. 1. In terms of multi-faceted evaluation of suppliers, Inventec not only considers quality, costs, delivery time, technology and services, but also extends the evaluation criteria to include green products and corporate sustainability responsibility. In accordance with the requirements of sustainable supply chain management policy, Inventec has established ISO 9001, ISO 14001, ISO 45001, and RBA management systems. 2. Through multi-faceted evaluation consideration, Inventec ensures that the cooperating suppliers can effectively address key supply chain issues, such as product eco-design, requirements for environmentally friendly manufacturing processes, restrictions on hazardous substances, prohibition of child labor, protection of employee rights and interests, workplace safety, etc. Inventec also conducts supplier RBA audits to ensure compliance and prevent any violations. 3. Every year, Inventec performs on-site audits on existing suppliers with medium and high risks and request improvements where necessary. Furthermore, our contracts explicitly stipulate legal compliance clauses. In case of violations of relevant laws and regulations that have a significant impact on the environment and society, the contract can be terminated or canceled pursuant to these clauses.
Environmental Risks	Climate Change	Transition risks and physical risks may cause operating losses.	• Following the TCFD (Task Force on Climate-related Financial Disclosures) framework for climate change governance, Inventec implements mitigation and adaptation measures. In accordance with climate action practices, we develop risk assessment and identification processes, and keep abreast of the risk elements related to policies and regulations, technology, market dynamics, reputation, and extreme weather events. We also evaluate potential opportunities to identify niches, explore opportunities in new energy, markets, products/services, and resource efficiency, and develop new businesses and services, integrating them into the operational processes of the Company (please refer to section **3.1.1 Climate Change Management** for details).

Risk Type		Description	Response Strategy
Environmental Risks	Management System Certification	Missing out the requirements of key stakeholders and international standards.	• Each plant has set up a dedicated unit responsible for environmental management. Inventec's environmental sustainability management system considers the needs of stakeholders including government, customers, employees, and the community, and is established based on international ISO/IECQ standards such as ISO 14001 Environmental Management System, IECQ QC 080000 Hazardous Substance Process Management System, ISO 14064-1 Greenhouse Gas Management System, and ISO 50001 Energy Management System. All these operations have been externally verified and validated by independent third-party verification agencies, and Inventec has obtained various system certificates for affirmation.
	Environmental Protection	The operations have a negative impact on the environment.	• The main focuses are on environmental prevention, treatment, monitoring, certification, activities, and education.
Information Security Risks	Information Security Management	Information security protection and contingency measures are not implemented effectively.	• Establishment of information security management organization: The President presides over the information security response team and holds regular information security meetings. • Formulating information security policies, setting information security objectives, and regularly reviewing the policies and the achievement rate of objectives. • Implementation of the ISO 27001 Information Security Management framework and planning for the new version transition verification. • The Board of Directors approves the "Annual Internal Audit Plan", with regular audits conducted annually. The audit results are reported to the Board of Directors.
	Employee Information Security Awareness	Lack of information security awareness among employees.	• To raise employees' awareness of information security, all employees are required to sign the Code of Conduct with information security clause and complete information security general training. • Information security professional technology forums are held every quarter, and information security awareness is promoted through bulletins, posters, video walls, and videos. • Regular social engineering drills are conducted for employees, and for those with a severe lack of information security awareness, corrective action forms are issued, followed by arrangements for information security reinforcement training.
	Hacker Attack	Information leakage or damage caused by hacker attacks.	• Inventory and identification 1. Implement asset inventory systems and network access management to enhance internal environment visibility and restrict unauthorized devices from accessing. 2. Conduct information security risk assessments to identify, analyze, and evaluate related risks. • Defense in depth 1. Establish an internal deep defense mechanism and carry out information security management systems, employee awareness enhancement, network segmentation, endpoint protection, and physical environment safeguards. 2. Strengthen supply chain information security management through advocacy and inspections. • Real-time Detection 1. Enhance information security monitoring through third-party threat detection. 2. Conduct vulnerability detection and penetration testing, and fix bugs. • Rapid Response 1. Deploy EDR and NDR for immediate response to attack incidents. 2. Conduct regular information security drills to enhance incident response capabilities. • Full recovery 1. Establish recovery procedures to restore damaged network and system services. 2. Conduct regular data backup and restoration drills to meet RPO requirements.
	The Risks Associated with Emerging Technologies	The development of AI and cloud technologies has created vulnerabilities in information security management.	• Plan to adopt enterprise AI technologies and organize AI information security forums to enhance employees' awareness of using AI tools and prevent the leakage of sensitive corporate information. • Assess the soundness of cloud security, establish a cloud management organization, formulate cloud usage regulations, complete information security settings and protection, and conduct security monitoring.

Emerging Risk Management

Risk Type		Description	Response Strategy
Governance and Economics	The Evolution of Geopolitics	Supply chain restructuring leads to increased costs and reallocation of resources.	• Proactively establish diversified production bases to mitigate strategic risks. • Study the financial regulations, investment policies, and tax compliance laws in the countries where the production centers are located, and seek preferential subsidies. • Lower the effective tax rate and tax risks for the group through transfer pricing monitoring.
		The reshaping of the supply chain poses a challenge to the Company's working capital management.	• Strengthen the financial capability to manage the working capital. • Leverage the synergy of funding sources within the group to achieve better funding utilization and help the subsidiaries improve their liquidity.
	The Prevalence of New Disruptive Technologies	Gaining market opportunities through the application of emerging technologies or facing the threat of being phased out of the market.	• Develop advanced technologies to offer new products and services, and establish innovative business models. • Ensure robust information security measures and safeguard trade secrets.
		Artificial intelligence (AI) may change lifestyles and ways of working.	• Recruit externally and train internally talents with new technology-related skills to enhance the Company's talent pool. • Understand the modes and norms of human-machine collaboration.

Shaping Corporate Risk Management Culture

Inventec places great importance on risk management and integrates risk management awareness into its daily decision-making and operational activities. In addition to arranging regular risk management training courses for Directors, we provide employees with various training programs with an increased focus on risk management. We aim to shape a holistic corporate risk culture throughout the Company while improving risk management framework and processes in a timely manner. Our goal is to meet regulatory requirements and fulfill commitments to stakeholders through transparent disclosure at the highest standards.

To encourage employees to proactively identify and report significant risks that have not yet been addressed by management or lack clear response measures, as well as to seek relevant improvement suggestions and promote the implementation of company-wide risk management, we have established a reporting hotline at (02)2881-0721#21999 and an email box.

1.6.2 Internal Control

The Audit Center of Inventec is a dedicated unit responsible for auditing the operational processes and monitoring the procedural risks of the company. It operates as a fully independent organization under the purview of the Board of Directors, with the top manager of Audit Center serving as the ultimate responsible person, who reports to the Board of Directors and the Audit Committee on a regular basis.

Inventec's internal control system is designed by managers in compliance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies". It is approved by the Audit Committee and subsequently concurred by the Board of Directors. The system is executed by the Board of Directors, management, and other employees, and it is managed using a global digitalized All-in-One internal control system. Not only has the parent company of Inventec established the All-in-One system, but its subsidiaries have also completed the implementation of internal control systems, all of which are digitally managed.

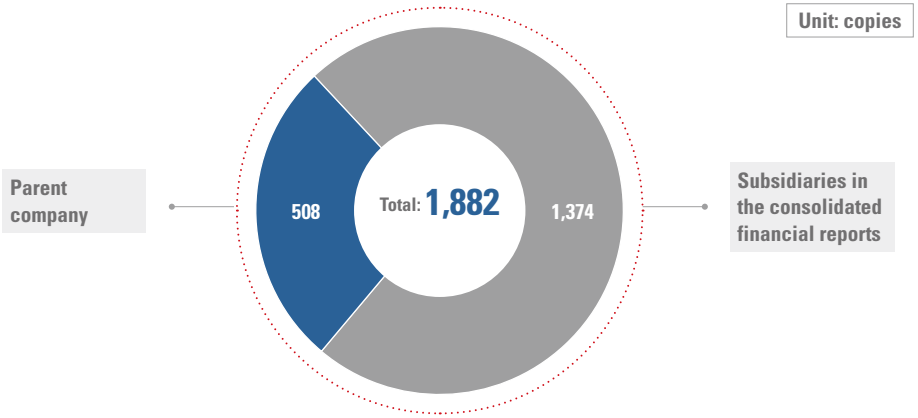
To ensure the implementation of the internal control system, new employees are required to attend relevant training. In 2023, the results of new employees participated in the "Implementation of Internal Control System" training course are as follows.

a total of **619** new employees

with a completion rate of **100%**

Internal Control System Procedure Document Statistics in 2023

Unit: copies



Preventive (Risk Control) Internal Audit

Practices	Frequency
Formulate the "Internal Audit Reward and Penalty Points Regulation" according to the instruction of the Board of Directors and implement it in accordance with the internal control audit process.	• Monthly reporting to the Board of Directors. • Continuously implement corporate governance, sustainable development and internal control systems, internal control audits, and self-assessment.

Internal Control Audit Process

Preventive (Risk Control) Self-assessment Results

For employees undertaking department-level self-assessments for the first time or those responsible for consolidating reports, "Internal Control Self-Assessment Training" were arranged in 2023.

total of **12** sessions | **160** participants

2023 Self-Assessment Report on Inventec's Preventive (Risk Control) Internal Control System

1,011	3,529	6,664	8,390	13,948
Self-assessment (including subsidiaries)	Jobs	Goals	Internal Risk Assessments	Internal Risk Control Points

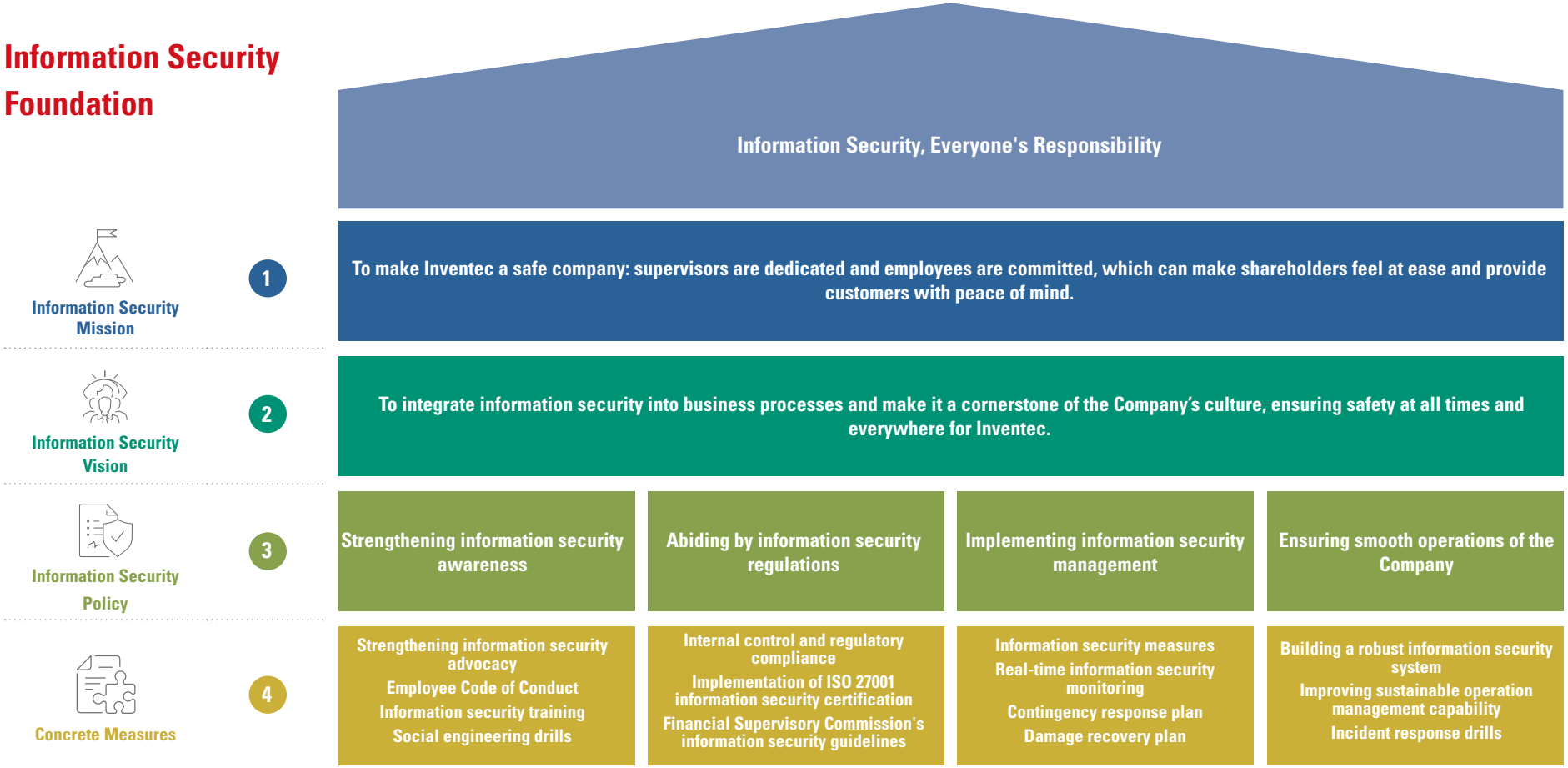
Inventec Corporation Statement of Internal Control System

"2023 Inventec Corporation Statement of Internal Control System" has been approved by the Board of Directors in their meeting held on March 12, 2024. All of 9 Directors attending the meeting agreed to the content of this statement. For detailed information, please refer to the following website: Inventec Audit Information

1.6.3 Information Security Management

Information Security Policy

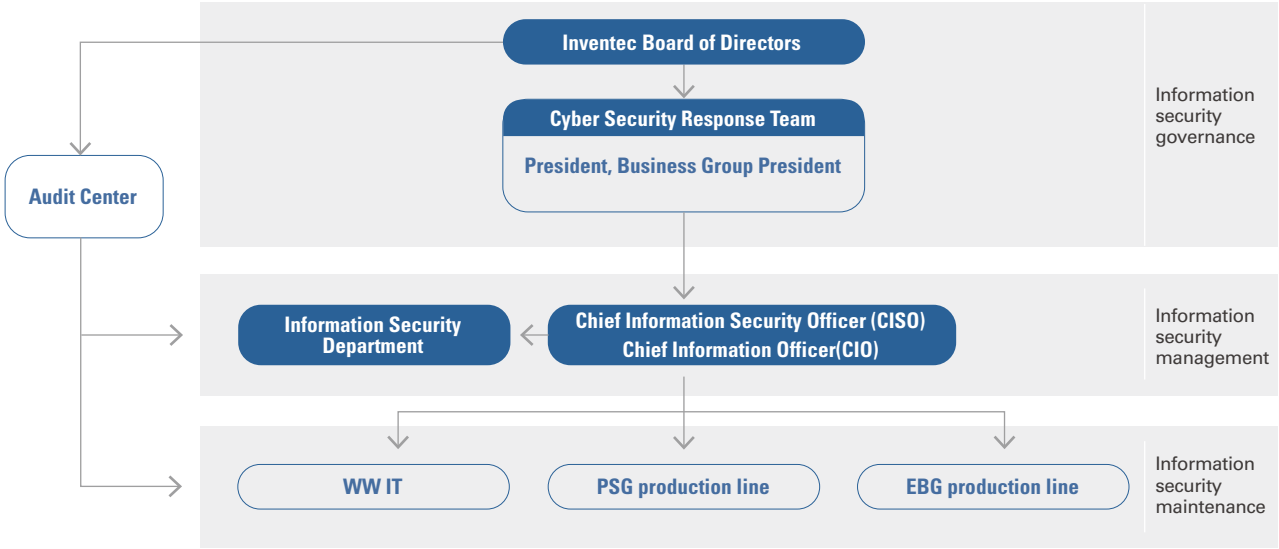
Inventec adheres to its information security mission, vision, and policy. We come up with a catchy slogan for each information security measure, making it easier for all employees to recite and remember, thereby effectively implementing the information security policy to achieve the vision.



Pursuant to the information security policy, actions are taken to achieve the goals.
In 2023, 100% of the goals were achieved.

Goals	2023 Achievements
To mitigate the impact of unexpected events on the Company's operations by conducting Business Continuity plan (BCP) drills.	Conducted 11 drills
To Enhance the capability to respond to information security incidents by planning security incident reporting drills.	Conducted 1 drill
To conduct vulnerability scanning on the Company's critical hosts quarterly.	High-risk critical vulnerabilities patched rate is 100%
For computers with detected virus infections exceeding 30, issue incident tickets for resolution.	No instances of failure to issue tickets

Inventec takes information security seriously and assigns the President to preside over the information security response team. Under this team, there are sub-teams dedicated to Personal Solution Group, Enterprise Business Group, and OA. Regular information security meetings are held to report on relevant issues, ensuring the implementation and strengthening of information security management.



The planning and monitoring of the Company's information security management system are led by the Chief Information Security Officer, who oversees the heads of information security departments at headquarters and various factory sites. Colleagues in the information security department perform information security maintenance-related operations to strengthen information security risk monitoring and management.

The responsibilities	
Chief Information Security Officer	Responsible for promoting information security policies and resource allocation, reporting to the President.
Head of Information Security Department at Headquarters	Responsible for planning and managing the group's information security system, reporting to the Chief Information Security Officer.
Staff in the Information Security Department at Headquarters	Responsible for executing, protecting, and monitoring the group's information security operations.
Head of Information Security Department at Site	Responsible for planning and managing the information security system at the site, reporting to the Chief Information Security Officer.
Staff in the Information Security Department at Site	Responsible for executing, protecting, and monitoring information security operations at the site.

Information Security Awareness Training and Promotion

Through the information security section on our internal website, we announce and promote information security policies. We also timely distribute email security announcements to remind colleagues of information security risks. Each year, employees are required to sign the "Employee Code of Conduct", which includes provisions for information security compliance. We regularly plan different educational training and promotional content for various audiences to enhance their awareness of information security, aiming to improve the information security awareness of both our employees and our suppliers. In addition, we hold periodic social engineering drills to enhance colleagues' awareness of information security. Colleagues who do not pass the tests are retrained and retested. In 2023, a total of 15 social engineering drills were conducted, with 38,216 emails sent out. The pass rate for the tests was 97%.

Information Security Advocacy in the Supplier Conference

Participants	Training Content	2023 Achievements
New employees	Dissemination of information security regulations and penalties for violations	Total of **701** participants with a completion rate of **98.8**%.
General employees	General information security training, quarterly information security forums	Total of **18** courses attended by **14,750** participants.
IT staff	Work-related information security maintenance, training in information security protection skills	Total of **8** courses attended by **290** participants.
Program development unit	SSDLC program development lifecycle information security training	
Information security department	Professional information security skills training, encouraging to obtain certifications and licenses	
Suppliers	Dissemination of information security policies and requirements	**152** suppliers with **173** representatives in attendance.

Information Security Risk Identification and Mitigation Measures

To ensure uninterrupted operations, Inventec conducts regular data backup and restoration drills. Moreover, Inventec conducts drills for abnormal information security incidents such as system malfunctions, network attacks, virus infections, and data center fires. These drills ensure that internal staff can promptly handle and respond to incidents. Additionally, penetration testing is performed to identify potential vulnerabilities, which are then patched and defended against.

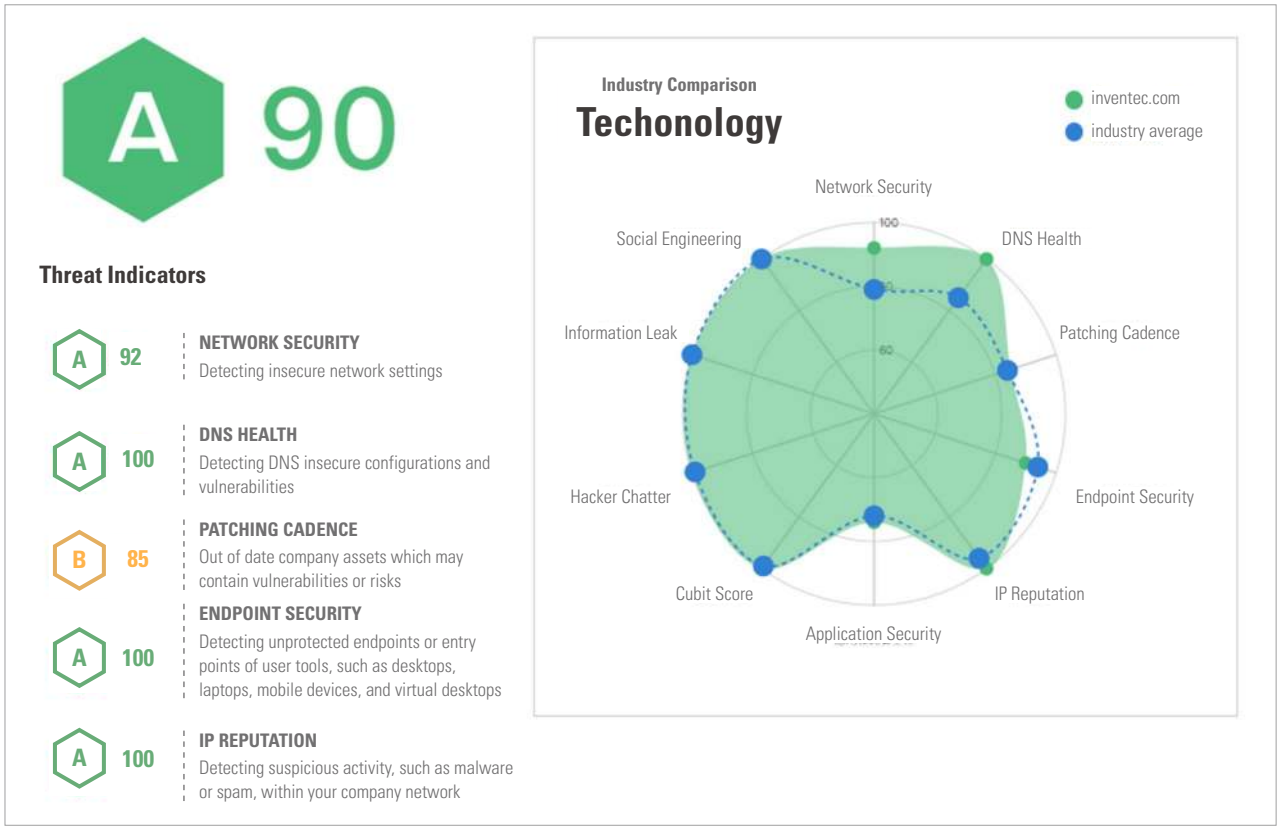
Drill Items	Maximum Tolerable Downtime (MTD)	Recovery Time Objective (RTO)	Recovery Point Objective (RPO)	Drill Schedule
Internet Connection (External Network)	6 hours	2 hours	Latest profile	August
Firewall	4 hours	2 hours	24 hours	May
Private Cloud System	8 hours	1.5 hours	24 hours	July
Antivirus System	48 hours	4 hours	24 hours	August
CTM Application System	24 hours	8 hours	24 hours	May
Power System	4 hours	10 minutes	NA	July
Air Conditioning System	4 hours	1 hours	NA	July
AD	4 hours	3 hours	24 hours	May
On-premises Email	4 hours	2 hours	24 hours	April
Office 365 Email	9 hours	9 hours	9 hours	June
Data Center Ransomware Attack Drill	4 hours	4 hours	24 hours	December

Vulnerability Management

Inventec regularly utilizes vulnerability scanning systems to check for vulnerabilities in external service hosts, and strengthens system patch update management. System software update status is consolidated every month and reported to the President to ensure vulnerability management. Necessary vulnerability patching or protective measures are taken as appropriate.

Information Security Checks

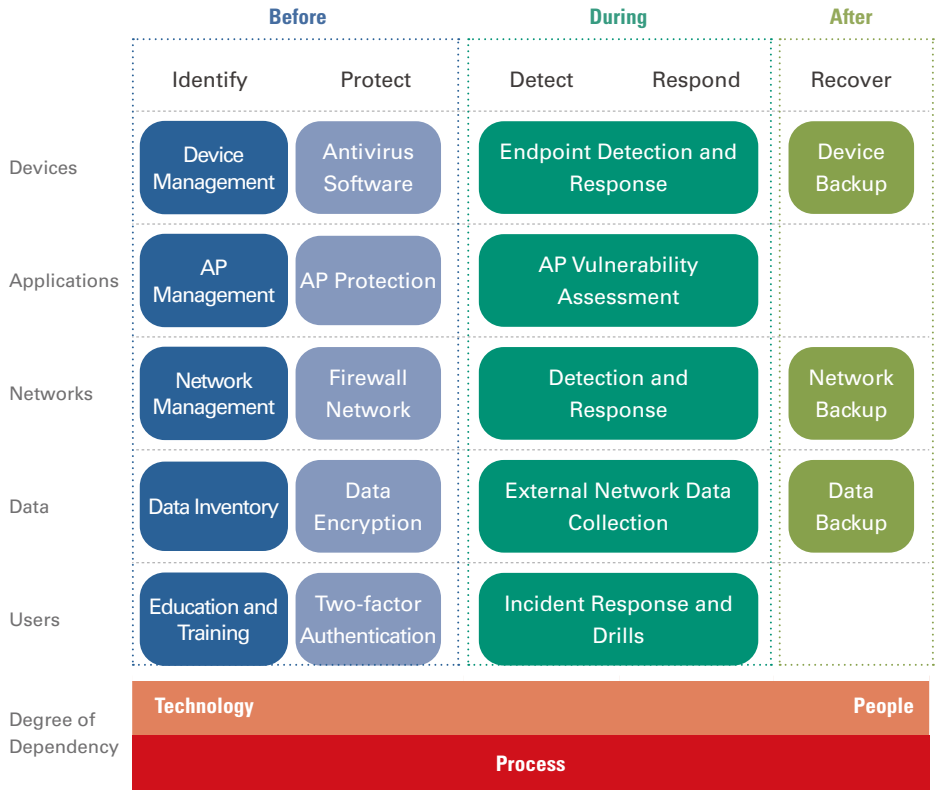
Every year, Inventec undergoes information security audits from customers, internal self-inspections, and external third parties. These audits are conducted in accordance with information security frameworks and controls such as ISO 27001, covering various aspects including security policies, information security organization, human resource security, asset management, access control, cryptography, physical and environmental security, operations security, communication security, information system development, acquisition and maintenance, supplier relationships, information incident management, continuous operation management, and compliance.



Inventec's scores on the public information security intelligence platform

Information Security Management and Audit

Inventec's information security protection framework is planned based on the OWASP CDM matrix. Following the "Annual Internal Audit Plan" approved by Inventec's Board of Directors, the Audit Center conducts Inventec information security audit project every year. This includes overseeing the risk assessment and planning of the Information Security Management System (ISMS) and the implementation of information security policies. In May 2023, a risk management report was submitted to the Board of Directors, followed by the presentation of the information security audit results in September 2023.



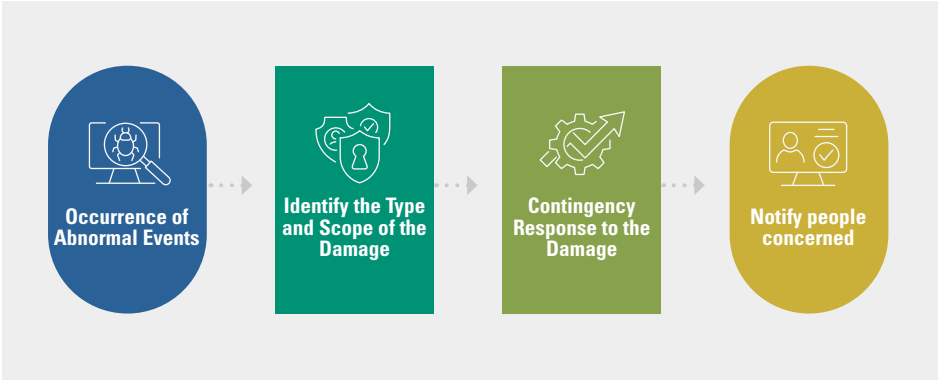
Management System and Certification

Inventec actively promotes ISO 27001 international information security certification, aiming to enhance its information security practices and standards through audits and verification conducted by impartial third-party organizations. By meeting international standards, Inventec is able to fulfill customer expectations regarding information security. Currently, Shilin headquarters, TAO, ICC, IPT, ICZ and IMX have obtained ISO 27001 certification. Following the ISO 27001 international information security management standards and considering local regulations and business norms, Inventec has established its information security policies. Each factory is required to abide by these policies to ensure that the Company's systems and network operations meet the goals of confidentiality, integrity, and accessibility. After setting information security objectives, each unit takes corresponding measures and holds management review meetings to discuss issues and follow up on improvements.

Information Security Incident Reporting and Handling

Inventec has a robust information security incident escalation process in place, along with dedicated reporting hotlines: (02) 2881-0721 ext. 21666 and 21119, which serve different types of incidents. Clear instructions for reporting are provided, including details such as the location, type, and current status of the incident, as well as contact information.

Information Security Incident Reporting Flowchart



Information Security Innovation

1	2	3	4	5	6
Promote Network Access Control (NAC) access administration, which identifies internal devices, checks their security status, and allows them to connect to the intranet only if they meet security conditions such as antivirus protection, software updates, and legitimate domain devices.	Upgrade the next-generation firewall, consolidate the network boundary, guard against external threats, establish a two-layer defense architecture, segregate the production line, client terminal, and data center server network, and improve the depth of information security protection.	Import the bastion host or jump host, simplify the online entry of the host, reduce the risk of infiltration, enhance the online monitoring of the host, and use the dynamic password to protect privileged accounts.	Promote two-factor authentication and send the second layer OTP (One Time Password) through SMS to verify the identity during login to prevent the risk of the account and password being stolen or broken.	Strengthen APT (Advanced Persistent Threat) attack protection and introduce an APT protection scheme to prevent malware and hacker attacks, thereby safeguarding Inventec's information security.	Conduct information security awareness sessions during the supplier conference to encourage suppliers to establish their own information security systems, promote international information security certifications, and ensure information security hygiene. Provide suppliers with relevant information security resources for reference and establish a mechanism for reporting incidents to enhance information security across the supply chain.

Effective Ongoing Information Security Management

Pre-Check of Information Security Policy → **Re-Check of Information Security Policy**

Collect

- Internal information assets
- Continuous collection and inventory of devices

Integrate

Information security policy checks

- Real-name IP
- AD domain policy
- Anti-virus policy
- WSUS policy
- SmarIT policy

Control

- Devices can not connect to the network without permission
- Automation for anti-virus checks on newly connected devices

Check

Information security policy inspection

- AD domain policy
- Anti-virus policy
- Anti-virus version control

Return

- Management of returning devices that have not been connected to the network for a long time
- Restriction of non-compliant device connections

Data sharing platform for information security | **Automated information security checks** | **Collaboration for coordinated defense between internal and external information security devices**

CHAPTER

2

Sustainability Management

2.1 Sustainability Vision and Strategy 33

2.2 Stakeholders and Material Topics 36

2.3 Customer Service 44

2.4 Sustainable Supply Chain Management 49

SDGs

2.1 Sustainability Vision and Strategy

2.1.1 Inventec's Sustainability Vision and Strategy

Vision

Sustainability x Innovation

For Now and the Future

UN Sustainable Development Goals

Strategy

Low-carbon economy
Climate Issue-Oriented Low Carbon Business opportunity

Equal emphasis on profit & responsibility
Governance and Social Responsibility

Creating a sustainable ecosystem
Joining Hands with the Value Chain

17 PARTNERSHIPS FOR THE GOALS

Low-carbon Transformation
2050 Net Zero Commitment
Carbon and Environmental Management

Sustainability Committee
Corporate governance and Risk management

Stakeholder Initiative
- Investment, Financing Institute
- Corporation with value chain
- Government Engagement
- Association Participation

Risk Adaptation & Mitigation | Enterprise Risk Management, Task Force on Climate-related Financial Disclosures, Taskforce on Nature-related Financial Disclosures, Human Rights Due Diligence

2.1.2 Sustainability Governance Organization

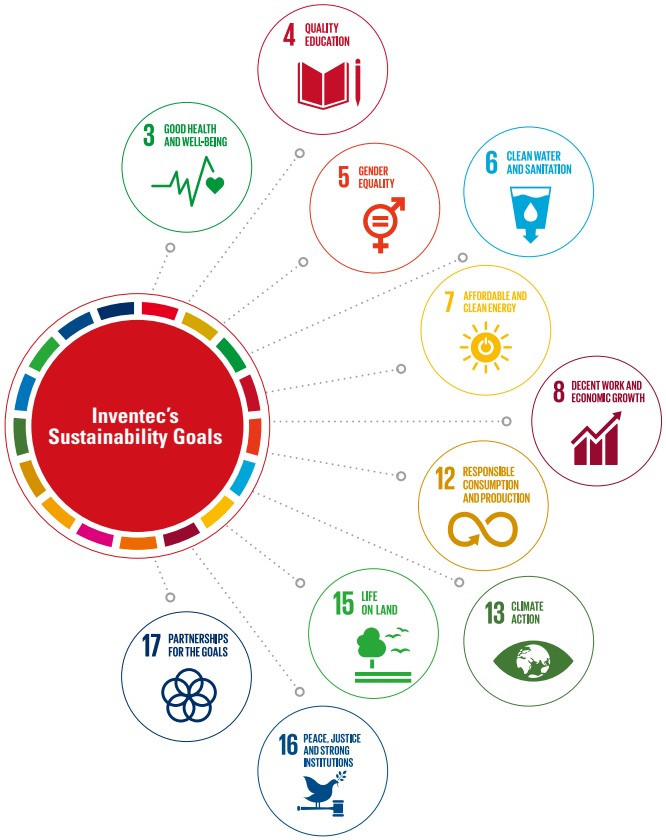
Inventec Sustainability Committee, a functional committee under the Board of Directors, serves as the steering body for Inventec's sustainable development initiatives. The Sustainability Committee comprises six functional teams, including corporate governance, green innovation, sustainable environment, sustainable supply chain, risk management, and social inclusion. Each team is headed by a senior executive, who is responsible for leading the cross-department team to develop short-, medium- and long-term sustainability plans to accelerate the achievement of goals at each stage based on the existing foundation. The second term of the Sustainability Committee consists of the Chairman, 3 Independent Directors, and the President serving as members, with the Chairman of the Board acting as the chairman of the committee, leading Inventec to strengthen its sustainability governance mechanism. The Sustainability Committee reports the results to the Board of Directors on a regular basis, coordinates sustainability-related issues from the top down, and formulates various measures. To effectively drive sustainable development initiatives, the Sustainability Committee has established the "Sustainability Office", which reports directly to the Sustainability Committee and functions as a dedicated unit to assist in carrying out various sustainability projects. Through the implementation, coordination and integration of diverse projects, it aims to build a sustainable development blueprint for Inventec, aligning with the expectations of regulatory authorities and stakeholders. Additionally, significant sustainability-related policies are published after obtaining the approval of the Board of Directors, serving as the basis and standard for implementing sustainability practices. For detailed sustainability policies, please refer to **Inventec ESG website.**

The Sustainability Committee convenes at least twice a year to discuss the progress of sustainable development initiatives and report to the Board of Directors. Each functional team serves as a primary unit for executing sustainable development matters, while the Sustainability Office regularly reports the progress and implementation status of sustainability projects and related plans to the Sustainability Committee. In 2023, the Sustainability Committee held a total of four meetings, covering the following agenda items: (1) formulation and revision of sustainability-related policies, (2) approval of the Company's sustainability vision, strategy, and implementation plans, and (3) greenhouse gas inventory and verification plan.

2.1.3 Sustainability Goals

Aligning with SDGs

The United Nations has outlined 17 Sustainable Development Goals (SDGs) with the expectation that countries will collectively address current and impending crises through these goals. Inventec's sustainability goals are aligned with the SDGs to meet the expectations of stakeholders.



2023 Sustainability Goals and Achievements

Issue	Plan	Goal				
		2023 Goal	2023 Achievement	2024 Goal	2025 Goal	2030 Goal
Climate resilience	Scope 1 + Scope2 carbon reduction (Base year: 2020)	Reduce by 12.6%	Reduced by 20.82% [Note 1]	Reduce by 16.8%	Reduce by 21%	Reduce by 42%
Sustainable products	Use renewable materials, and reduce the amount of plastic used in the server packaging	> 5%	Reduced by 46%	> 5%	> 5%	> 5%
	Adopt recycled materials and renewable materials in the packaging of notebook products and increase packaging deplasticization ratio	> 50%	> 55% main models	> 60%	> 70%	> 85%
Capabilities of the Board of Directors	Increase the number of Directors of different gender	-	-	-	One directorship for different gender (2026)	One directorship for different gender (2029)
Anti-corruption and ethical management	Completion rate of anti-corruption training for new recruits	100%	100%	100%	100%	100%
	Signing rate of Employee Code of Conduct	100%	100%	100%	100%	100%
Employee care	Annual IDL (technical position) training hours	15 hrs/person	32.35 hrs/person	25 hrs/person	25 hrs/person	30 hrs/person
	IDL (technical position) voluntary turnover rate [Note 2]	< 18%	5.91%	< 16%	< 16%	< 15%
Human rights	Training for new employees and Employee Code of Conduct training for existing employees	95%	100%	95%	97%	99%
Occupational safety [Note 3]	Frequency of disabling injuries	< 0.5	0.41	< 0.7	< 0.6	< 0.6
	Disabling injury severity rate	< 22	18.31	< 27	< 26	< 26
Responsible procurement	Responsible procurement of minerals—in compliance with RMAP [Note 4] requirements for qualified refineries	100%	100%	100%	100%	100%
Local procurement	The ratio of mechanical materials or packaging materials/labels procured from local suppliers [Note 5]	80%	> 89%	90%	90%	90%
ESG ecosystem	Hold supplier conference	2 sessions	2 sessions	A total of 4 sessions (Base year: 2023)	A total of 6 sessions (Base year: 2023)	A total of 16 sessions (Base year: 2023)

Note 1: The inventory boundary includes the following sites: IET, ITO, TAO, TPE, TNN, IJC, ICC, IPT, SQT, IMX, ICZ, and Inventec Appliances (Taipei, Nanjing, Shanghai, Malaysia, and Vietnam).
Note 2: IDL voluntary turnover rate formula: Number of IDL voluntarily resigned employees in 2023 / number of global IDL employees as of December 31, 2023.
Note 3: Due to the adjustments to calculation and statistical methods, the short, medium and long-term goals are revised accordingly.
Note 4: Responsible Minerals Assurance Process.
Note 5: The important operating sites refer to the locations of the major production and shipping factories in 2023; local suppliers refer to the suppliers in the regions where the production bases are located.

2.2 Stakeholders and Material Topics

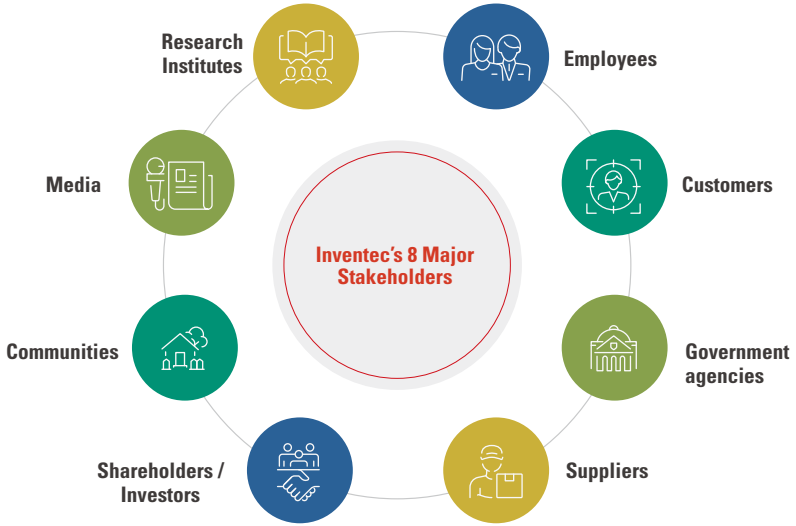
2.2.1 Stakeholder Engagement Results

Inventec's 8 Major Stakeholders

To strengthen stakeholder engagement mechanism, Inventec follows GRI Standards and five principles of AA1000 Stakeholder Engagement Standard (AA1000 SES), namely dependency, responsibility, influence, diverse perspectives and tension, and has identified eight major types of stakeholders closely related to its operations, including employees, customers, suppliers, shareholders/investors, government agencies, communities, media and research institutes.

Engagement Results in 2023

In line with the standards, Inventec conducts a survey regarding stakeholders' concerns on material topics to understand the diverse needs and expectations of different stakeholders. Through proactive engagement, we target to achieve two-way interaction. The results of these surveys serve as critical basis for shaping our future management strategies.



Stakeholder	Importance to Inventec	Communication/Engagement Channels and Frequency	Issues of Concern	Inventec's Actions
Employees	Employees are important assets of the Company. Inventec emphasizes on talent development and takes the initiative to care for the well-being and welfare of its employees to create a friendly and healthy workplace.	• Feedback and opinions are collected through employee care meetings, employee forums, supervisor forums, online communication platforms, and employee suggestion boxes, and communications are conducted accordingly as needed. • Labor-management meetings are held quarterly. • Monthly meetings are conducted to communicate the Company's strategies and operational developments with employees. • The responsible unit periodically posts issues and solutions on the bulletin board.	• Talent attraction and retention • Occupational health and safety • Training and development	• In 2023, a total of 14,632 people were recruited, with an internal employee replacement rate of 6.86%. • Employee salaries are in compliance with regulations, with no gender or ethnic disparities. • A total of 15,913 employees completed the health examinations in 2023, with no recorded cases of occupational diseases among employees. • The average training hours per person reached 37.85 hours in 2023.
Customers	The Company's revenues are coming from the customers. Inventec continuously strives to improve customer satisfaction by understanding and promptly meeting their needs, thus increasing the value of our partnership.	• Each responsible unit responds to the standards, audits, or questionnaires requested by the customers as needed throughout the year. • The responsible unit fills out the SAQ questionnaire on the RBA-Online Supply Chain & CSR Management Platform every year. • Project meetings are held as needed.	• Sustainability vision and strategy • Diverse talents and equal opportunity • Occupational health and safety	• Inventec has set short-, medium-, and long-term goals for functional teams, and has put sustainable development into practice. • Female managers accounted for 25.16% of the total, with female managers in the business units representing 46.9% of all managers in the business units, demonstrating Inventec's diverse talent policy on the basis of meritocracy. • All factories have obtained the certification for Occupational Health and Safety Management System (ISO 45001).

Stakeholder	Importance to Inventec	Communication/Engagement Channels and Frequency	Issues of Concern	Inventec's Actions
Government agencies	The government plays a crucial role in setting regulations for businesses and providing resources to support them.	• Pursuant to the regulations, the responsible unit discloses information on the Company's website, uploads the annual report and sustainability report, and provides related information on the Market Observation Post System during the year. • The relevant units cooperate with the regulatory authorities to facilitate their factory inspections, and conduct fire drills as well as emergency response exercises as required during the year. • In line with the reporting requirements, the responsible unit checks whether the Company has complied with various environmental laws and regulations, and collect statistics on relevant environmental protection data throughout the year. • The relevant units participate in government policy promotion events, projects, and activities as needed.	• Environmental sustainability • Occupational health and safety • Sustainability vision and strategy	• TAO obtained UL 2799 platinum certification. • Environmental expenditures in 2023 totaled NT$199 million. • A total of 15,913 employees completed the health examinations in 2023, with no recorded cases of occupational diseases among employees. • Inventec has established a sustainability vision: "Sustainability x Innovation - For Now and the Future", and has set seven-year goals.
Suppliers Note	The Company's raw materials are sourced from the suppliers. With a spirit of mutual benefit, we share our experience and collaborate to create a high-quality supply chain.	• Inventec organizes sustainable supply chain forums and conducts questionnaire surveys on a regular basis. • Inventec provides timely explanations on workplace safety and conducts on-site interviews as needed. • Inventec responds periodically through the supplier website. • Vendor exchange seminars and conferences are held periodically as needed.	• Occupational health and safety • Sustainability vision and strategy • Talent attraction and retention	• All factories have obtained the certification for Occupational Health and Safety Management System (ISO 45001). • In 2023, there were no occupational accidents involving suppliers, contractors, or dispatched workers. • Inventec has established a sustainability vision: "Sustainability x Innovation - For Now and the Future", and has set seven-year goals. • In 2023, a total of 14,632 people were recruited, with an internal employee replacement rate of 6.86%.
Shareholders / Investors	Shareholders provide the primary source of working capital for the Company. In order to maximize shareholders' interests, Inventec manages its funding effectively and strives for mitigating its operational risks.	• Information is shared through shareholders' meetings, investor conferences, shareholder manuals, financial reports (monthly/quarterly), annual reports, the Company's website, and news media on a regular basis. • Inventec holds at least one shareholders' meeting annually and conducts investor conferences quarterly.	• Climate change management • Sustainability vision and strategy • Business ethics	• Scope 1 and Scope 2 carbon emissions decreased by 20.82% compared to 2020. • Inventec has completed the formulation of sustainability vision, strategy, and short-, medium-, and long-term plans for functional teams. • In 2023, there were no incidents or penalties related to human rights violations, corruption, or unfair competition.
Communities	Inventec maintains continuous interaction with the community, aiming to minimize the impact of its operational activities. Inventec is committed to building trust and fulfilling its social responsibility.	• Joining hands with the Inventec Group Charity Foundation, Inventec responds to community issues through the website, visits and telephone interviews, and participates in exchange activities periodically.	• Innovative R&D • Digital empowerment • Energy management	• R&D expenditure in 2023 amounted to NT$11.3 billion. • Inventec successfully implemented 5G private networks and various Operational Technology (OT) applications. • The renewable energy usage target is set to reach 55% by 2030.
Media	It is vital to maintain good interaction with the media as it serves as a crucial channel for communicating with stakeholders.	• Inventec periodically collects news and responds to questionnaires. • Important information is published on the Market Observation Post System and the Company's website as needed. • Participation in competitions and exhibitions. • Social media management.	• Business ethics • Labor rights and communication • Risk management	• In 2023, there were no incidents or penalties related to human rights violations, corruption, or unfair competition. • Inventec has completed and published the 2023 human rights due diligence report. • There were no risk incidents resulting in losses in 2023.
Research Institutes	It serves as an important channel for exchanging industry-specific information, which can help the Company enhance its competitive edge.	• Inventec periodically collects reports from research institutes, arranges their visits and telephone interviews, and participates in surveys as needed. • Project collaboration.	• Sustainability vision and strategy • Digital empowerment • Environmental sustainability	• Inventec has completed the formulation of sustainability vision, strategy, and short-, medium-, and long-term plans for functional teams. • Inventec successfully implemented 5G private networks and various Operational Technology (OT) applications. • TAO obtained UL 2799 platinum certification.

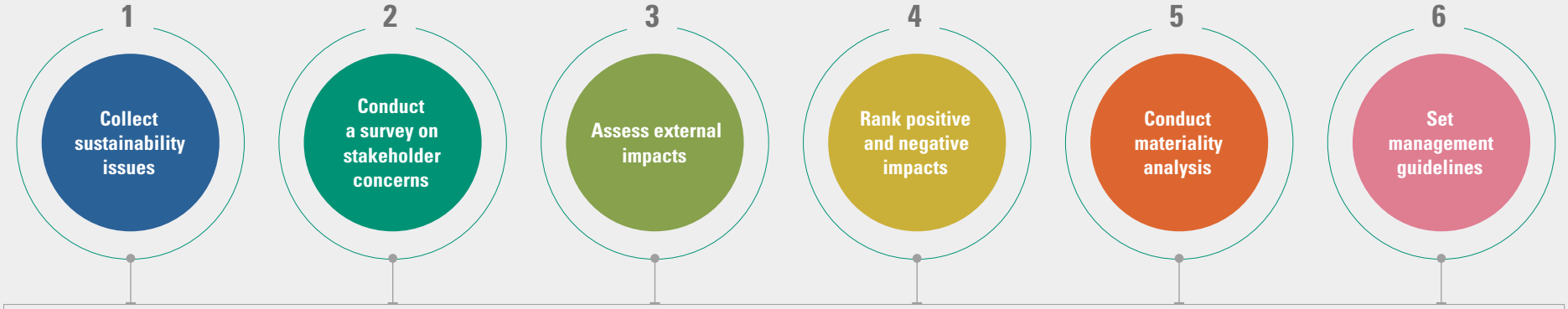
Note: Contractors include manpower agencies, service outsourcing companies (security, cleaning and catering), waste disposal services, and plant construction contractors.

2.2.2 Material Topic Analysis

Management of Material Topics

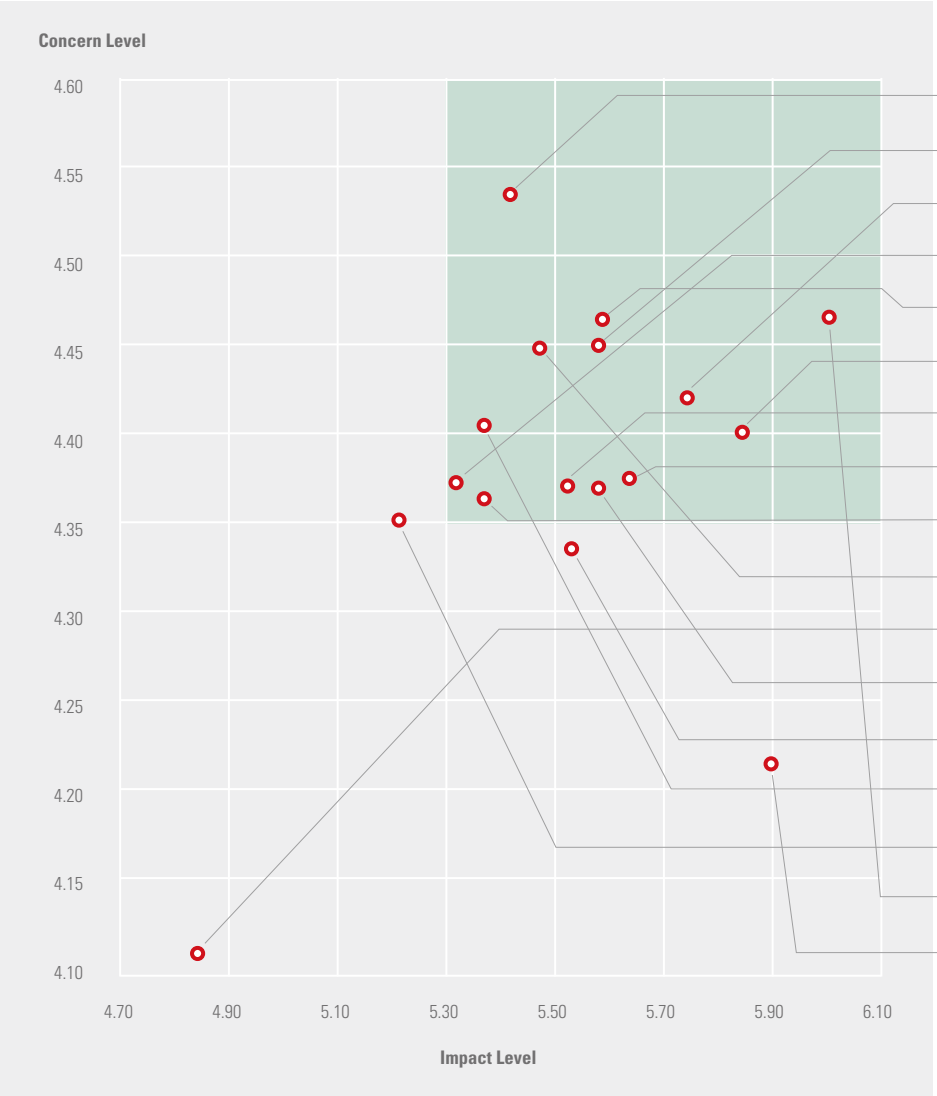
To understand the needs and expectations of different stakeholders, a crucial reference when establishing the Company's operational management guidelines, Inventec conducts a Double Materiality analysis based on the GRI Universal Standards 2021, while taking into account the impacts on the economy, environment, and people (including human rights). This analysis serves as the basis for identifying the material topics of Inventec. Inventec performs this material topic identification analysis at least once every two years to thoroughly understand the topics of concern to stakeholders. Through various communication methods and mechanisms, Inventec responds to stakeholder expectations and addresses core issues to progress towards sustainability. In 2023, Inventec re-identified its material topics, based on which a material topic matrix was plotted and both positive and negative impacts were assessed. These findings were also reported to the Board of Directors.

Material Topic Identification Process

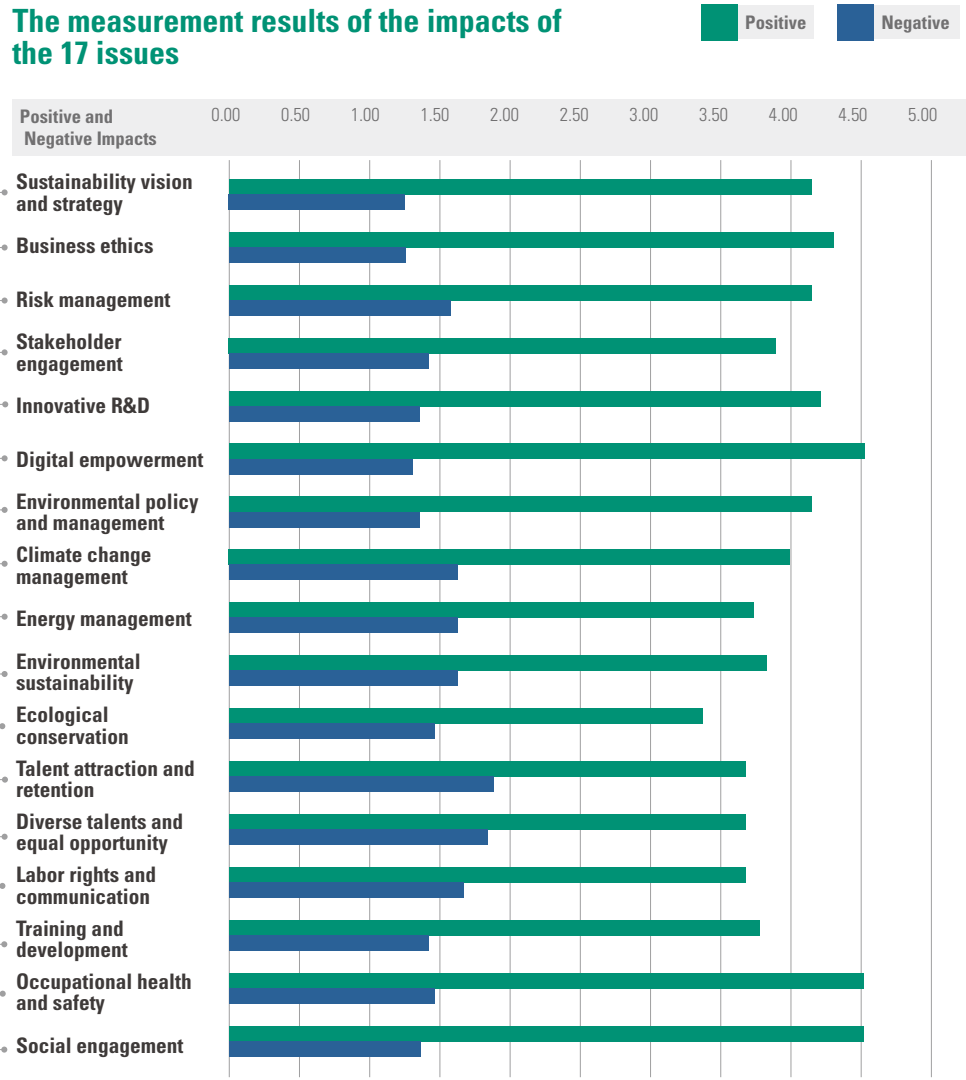


1. Based on the three key dimensions - Environmental (E), Social (S), and Governance (G), 17 sustainability issues were identified.
2. A questionnaire survey was conducted among eight major types of internal and external stakeholders to understand their levels of concern for different issues.
   (The survey received 515 responses, achieving a response rate of approximately 72%.)
3. Members of the Sustainability Committee's functional teams and the Sustainability Office evaluated the positive and negative impacts of each issue on the external environment, economy, and society.
   (There were 19 completed assessments, with a response rate of approximately 95%.)
4. The impact levels were measured and a matrix was plotted to visualize the positive and negative impacts of each issue. It helped identify and rank the significance of the impacts for each issues.
5. Scores for stakeholder concern and impact levels were calculated respectively. The management team leaders were invited to assess the financial impacts, providing the basis for determining the materiality of each issue.
6. Based on the above process, Inventec selected 10 material topics, which were approved by the Sustainability Committee and reported to the Board of Directors. Management guidelines and annual targets were established accordingly.

Material Topic Matrix



The measurement results of the impacts of the 17 issues



Explanation:

Positive impact : Inventec's implementation status or plans on this issue create positive value.

Negative impact : Inventec's implementation status or plans on this issue may have negative impacts. We will continue to develop countermeasures to mitigate these impacts.

The 10 material topics in 2023 align with GRI standards and SASB

Material Topics (Ranking)	GRI/SASB Standards	Chapters
Occupational health and safety Promoting the physical and mental health of employees, maintaining work-life balance, and ensuring a safe workplace.	– GRI 403 – SASB TC-ES-310a.1 – SASB TC-ES-320a.1	5.3 Occupational Safety and Health
Digital empowerment * Leveraging digital technologies such as 5G and AI in the smart field applications to unlock new business opportunities.	-	1.1.1 Company Profile
Risk management Strengthening the Company's resilience through risk identification and mitigation measures, such as information security, epidemic prevention, etc.	– GRI 203-2 – GRI 418-1	1.6 Risk Management
Innovative R&D Demonstrating innovative technological capabilities, focusing on the competitiveness of green products, and cultivating green intellectual property.	– GRI 201-1	4.1 Innovative Research and Development
Business ethics Implementing measures to ensure shareholder equality, ethical management, and anti-corruption.	– GRI 205 – GRI 206	1.5 Business Ethics
Climate change management Implementing carbon reduction goals, identifying climate-related risks, and developing low-carbon opportunities.	– GRI 201-2	3.1.1 Climate Change Management

Material Topics (Ranking)	GRI/SASB Standards	Chapters
Sustainability vision and strategy* Formulating specific sustainability strategies to accomplish short-, medium-, and long-term goals over time.	-	2.1 Sustainability Vision and Strategy
Talent attraction and retention Offering competitive compensation and employee benefits to enhance the employer brand image.	– GRI 201-3 – GRI 202-1 – GRI 401-2 – GRI 402 – GRI 407 – GRI 409	5.1.3 Talent Attraction and Retention
Energy management Improving energy efficiency, promoting the use of renewable energy, and participating in certificate markets.	– GRI 302	3.1.3 Energy Management
Stakeholder engagement* Deepening relationships with customers and suppliers, and transparently disclosing sustainability achievements.	-	2.2 Stakeholders and Material Topics

Notes: 1. "*"indicates new material topics for 2023.

2. In 2023, we re-identified our material topics following the GRI 2021 standards. Compared to 2022, we have removed 11 topics in 2023, including sustainable supply chain management, information security, renewable energy, financial performance, responsible minerals, investment strategy, labor rights, talent cultivation, waste management, water resource management, and circular and innovative product. These topics, although crucial to our daily operations, are no longer listed as material topics because they are already of particular concern or have been integrated within other broader categories (e.g., renewable energy is now part of energy management).

Material Issues and Value Chain ("○"signifies the issue has real impact on this stage or that the issue is a spotlight issue)

Material Topics	Importance to Inventec	Impacts on the Value Chain			2023 Achievements	2024 Goals	2030 Goals
		Upstream (Suppliers)	Inventec Operation	Downstream (Customers)			
Occupational health and safety[Note]	Inventec has established a comprehensive occupational safety and health policy, and is committed to implementing risk control as the highest principle, supported by extensive training. The primary goal is to minimize occupational hazards across all factories through targeted action plans.	○	○	○	• Disabling injury frequency: 0.41 • Disabling injury severity rate: 18.31 • All factories have obtained ISO 45001 Occupational Health and Safety Management System certification. • ITO, TAO, IPT/SQT, ICC, ICZ and IMX have passed RBA Occupational Safety and Health Audits.	• Disabling injury frequency < 0.7 • Disabling injury severity rate < 27	• Disabling injury frequency < 0.6 • Disabling injury severity rate < 26
Digital empowerment	Inventec is dedicated to integrating 5G private network (5G private network telecom technology) with edge computing (Edge AI Computing applications), delivering digital transformation solutions for 5G smart factories.	○	○	○	Inventec has successfully implemented 5G private networks alongside various operational technology applications, such as AR smart inspections, Artificial Intelligence - Automated Optical Inspection, electronic fencing and other Computer Vision applications.	To integrate Indoor Positioning Systems (IPS) with applications, such as smart inspections, and connect them with digital twins to present end-to-end solutions for smart factories, further optimizing production and operational efficiency.	To comprehensively integrate communication technology and apply technologies and IT to optimize production processes and achieve green factory benefits.
Risk management	Through identification and response measures, we enhance the resilience of the Company. Additionally, we aim to establish a risk management model tailored to our company through a combination of top-down approaches and feedback mechanisms.	○	○		• The operational status of risk management were reported to the Board of Directors and the Sustainability Committee on a regular basis. • There were no risk incidents resulting in losses in 2023.	To establish a professional risk management operating model.	To improve the risk management framework and foster a sound risk culture.

Note: Due to the adjustments to calculation and statistical methods, the short, medium and long-term goals are revised accordingly.

Material Topics	Importance to Inventec	Impacts on the Value Chain			2023 Achievements	2024 Goals	2030 Goals
		Upstream (Suppliers)	Inventec Operation	Downstream (Customers)			
Innovative R&D	Facing the challenges of rapid technological change, Inventec endeavors to manage globally intellectual property, and actively accumulates patent advantages to demonstrate innovation value.	○	○	○	Inventec has secured over 17,5000 global patents and continue to innovate and develop in AI, Industry 4.0 and 5G communications. We actively promote green innovation and explore new opportunities in healthcare and automotive electronics.	Cross-disciplinary collaboration: Leveraging the integration of various fields to create innovative technology products and services, such as the integration of AI, big data, and biotechnology.	• To establish solid patent portfolio globally to cover technology domains such as mobile IoT, smart manufacturing, and smart cloud. • To promote green innovation and green intellectual property.
Business ethics	Violations of business ethics will have a significant impact on the Company's operations and reputation. Effective controls through various policies and management systems should be carried out to avoid risk impacts on the Company's operations and reputation.	○	○	○	• Suppliers' business practices were effectively monitored to ensure compliance with ethical standards. • Inventec has established and implemented the Code of Conduct and management procedures. • We have provided customers with integrity and quality services to maintain good relationships. • Inventec achieved zero cases of business ethics violations, maintaining stable operations and sound reputation.	To continuously promote and improve various management systems, ensuring effective monitoring to prevent any instances of business ethics violations.	To deepen our trustworthy partnerships with suppliers and customers, and consistently achieve our goal of zero instances of business ethics violations.
Climate change management	By managing greenhouse gas emissions, we target to achieve carbon reduction goals, manage climate-related risks, and develop low-carbon opportunities to enhance business competitiveness.	○	○	○	• Scope 1 and 2 carbon emissions decreased by 20.82% compared to 2020. • We improved and integrated the Carbon Management System 2.0 to collect comprehensive upstream carbon data.	• To achieve a reduction of 16.8% in Scope 1 and 2 carbon emissions compared to the base year of 2020. • To continuously facilitate key supplier partners to pass SBTi carbon reduction target review.	• To achieve a reduction of 42% in Scope 1 and 2 carbon emissions compared to the base year of 2020. • To continuously collaborate with stakeholders across the value chain to reduce carbon emissions.
Sustainability vision and strategy	Specific sustainability strategies are formulated to accomplish short-, medium-, and long-term goals over time.	○	○	○	The achievement rate of the action plans is 100%.	100% achievement rate for the action plans of the six major functional teams.	100% achievement rate for the long-term goals of the six major functional teams.

Material Topics	Importance to Inventec	Impacts on the Value Chain			2023 Achievements	2024 Goals	2030 Goals
		Upstream (Suppliers)	Inventec Operation	Downstream (Customers)			
Talent attraction and retention	Recruiting talents through reasonable salary, job roles that offer challenges and growth opportunities, and good corporate image.		○	○	• A total of 14,632 people were recruited. • Internal employee replacement rate reached 6.86%.	• To continuously strengthen campus recruitment efforts to attract potential talents. • To recruit international talents to enhance research and development capabilities. • To align with the Company's business strategy to cultivate top-notch technological talents.	• To promote global talent recruitment to attract talents from various countries and enhance industry research and development capabilities. • To build a comprehensive talent database to provide extensive resumes of outstanding talents.
Energy management	Energy use not only impacts the operating costs of Inventec Group but is also a major source of greenhouse gas emissions. To manage energy expenses and reduce greenhouse gas emissions, Inventec monitors the efficiency of energy use in its operations and aims to increase the proportion of renewable energy use.	○	○	○	• All 7 factories across the globe have obtained third-party ISO 50001 certification. • Inventec implemented 22 major energy-saving initiatives in 2023, resulting in an annual electricity saving of approximately 9.7276 million kWh. • The Power Usage Effectiveness (PUE) for the data center at IET decreased from 1.72 in the base year (2019) to 1.65, representing a 4.07% reduction in PUE. • Energy Intensity (EI) at major factories in China decreased by 25% compared to 2018.	• To continuously evaluate the renewable energy market and installation requirements to further develop renewable energy plans. • To monitor energy use in the operations. The proportion of renewable energy use is expected to reach 46% in 2025..	To expand the adoption and installation of renewable energy facilities, aiming to achieve a renewable energy proportion of 55% by 2030.
Stakeholder engagement	Deepening relationships with customers and the supply chain, and transparently disclosing sustainability results.	○	○	○	The stakeholder concern survey and identification of material topics have been completed.	To continuously track and respond to stakeholder needs.	To continuously track and respond to stakeholder needs.

2.3 Customer Service

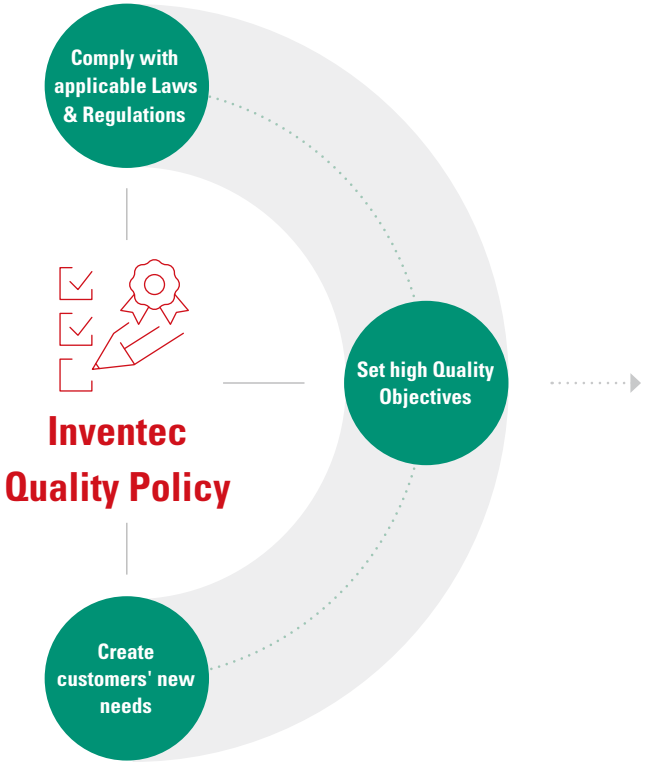
Inventec places great emphasis on customer service and implements comprehensive customer relationship management throughout the entire process from order bookings, product development, to mass production stages. After product delivery, we proactively show our concern for customers by tracking their feedback about products. Through a stationed service mechanism at OEM/ODM client sites, we are able to quickly identify the issues and address these issues promptly. Furthermore, we organize business review meetings with customers periodically, discussing topics such as technology research and development, product delivery, product quality, after-sales service, quotations, energy saving and carbon reduction, green products, and corporate sustainability responsibility. This allows us to constantly understand customer needs and provide the top quality service.

Additionally, Inventec's operations are based on an electronic information system, digitizing all internal processes from product R&D to production and shipping, including planning and management, logistics and cash flows. This system is connected to customers' operation platforms and supplier management information exchange platforms to provide the access to related information across the value chain. Apart from high-quality hardware systems, Inventec has a professional and experienced IT team to integrate internal and external enterprise application services. Through ongoing reviews and improvements, Inventec strives to enhance its operating efficiency and fully leverage its unique competitive advantage.

Inventec has R&D centers in Shilin and Taoyuan, focusing on the R&D and manufacturing of notebook computers, wireless communications, consumer electronics, cloud computing services, software integration services, and server products. Additionally, there are R&D teams in Shanghai and Chongqing, working collaboratively on innovative product design and development. Inventec's production bases are spread across Asia, Europe, and the Americas, along with assembly and customer service centers that provide customized production and repair services. From R&D, design, and production to distribution and technical support, customer-oriented requirements and global operations are Inventec's top priority. This approach leverages the entire group's global presence, forming a solid foundation that allows Inventec to offer clients complete solutions in both software and hardware at regional and global levels.

Quality Management

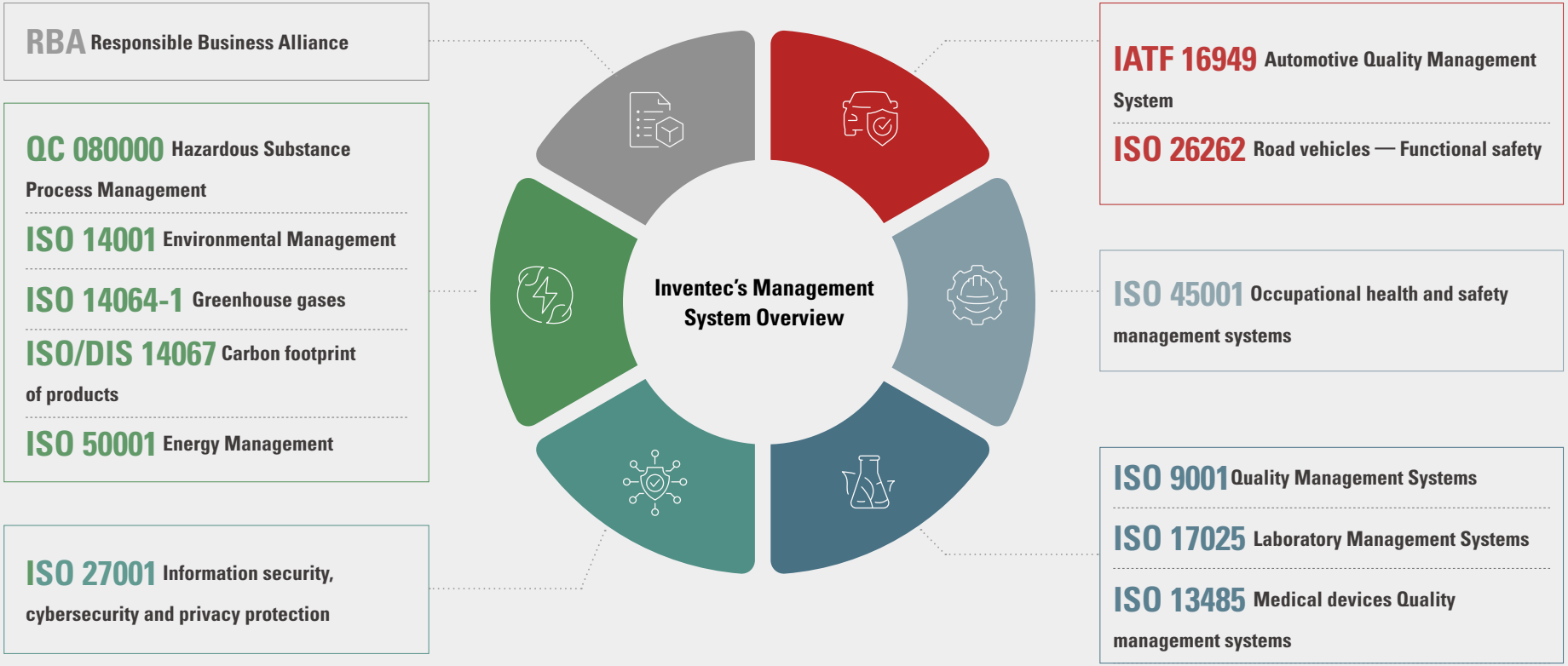
"Quality" is one of Inventec's core business philosophies. With years of design and manufacturing experience, the Company continuously pursues quality improvement and enhancement. All factories of Inventec across the globe have obtained ISO 9001 Quality Management System certification, with some also certified under the ISO 17025 Laboratory Management System. To ensure product quality compliance with applicable regulations and customer requirements, a number of factories have obtained ISO 13485 Medical Device - Quality Management System, IATF 16949 Automotive Quality Management System, and ISO 26262 Road Vehicle - Functional Safety certifications. Through continuous improvement mechanisms, Inventec strives for superior product quality, operational quality, employee quality, and environmental quality.



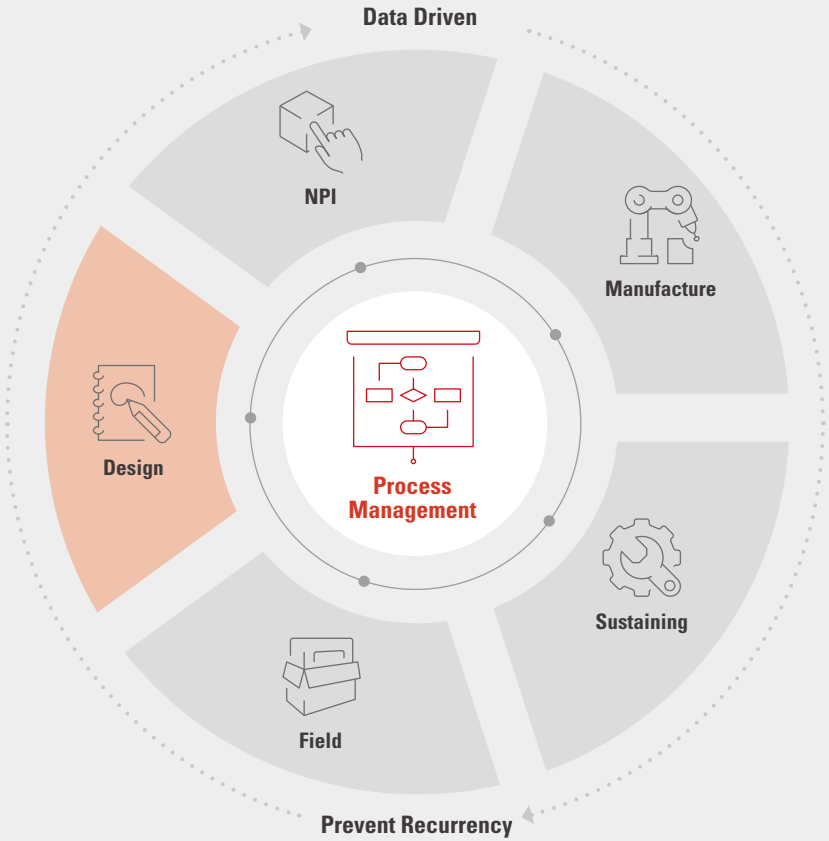
Inventec believes that "product quality" is composed of five key elements

- Standard operations of quality management system
- R&D quality
- Material management quality
- Production process quality
- Employee expertise and quality, including environmental management

Inventec boasts a robust quality inspection management system. The product development and quality management processes adhere to the PDCA (Plan-Do-Check-Act) model, encompassing planning, design, trial production, validation, and ongoing quality improvement. Inventec has established the Quality Technology Committee to coordinate across units. In collaboration with the Product Technology Committee, the Quality Technology Committee organizes regular meetings among software, hardware, mechanical, and firmware units to enforce and maintain product-related design and quality requirements and management. These efforts ensure continuous enhancement of product design capabilities, quality standards, manufacturing abilities, and operational flexibility, aiming for optimal product quality. To maintain the Company's improvement mechanisms and pursue the best product quality, Inventec has long been committed to strengthening its quality inspection system and has obtained multiple management system certifications in accordance with international standards.



By fostering horizontal communication among various technical committees, we collaboratively build a preventive Knowledge Management (KM) mechanism, through which the product design principles are jointly managed, ensuring that quality control is effectively carried out from the design stage onward.



To meet customers' product quality requirements, Inventec's products have to undergo corresponding quality verification tests in accordance with the system standard validation procedures mutually recognized with customers. This ensures products meet relevant regulations and customer quality requirements before mass production. These tests include functionality verification, compatibility validation, safety certifications, reliability testing, environmental specifications, and DFx (Design For Manufacturer, Assembly, Quality). Meanwhile, Inventec also conducts design development planning, design verification, factory production operation verification, product quality verification, and overall evaluation and confirmation of mass production feasibility. Furthermore, through adherence to ISO standard systems and process management frameworks, Inventec consistently improves quality and prevents quality issues. Sound risk management is implemented to achieve continuous improvement, defect prevention, and reduction of variations and waste. With "process management" and "customer orientation" in mind, we consistently strive to improve the Zero Defect quality management.

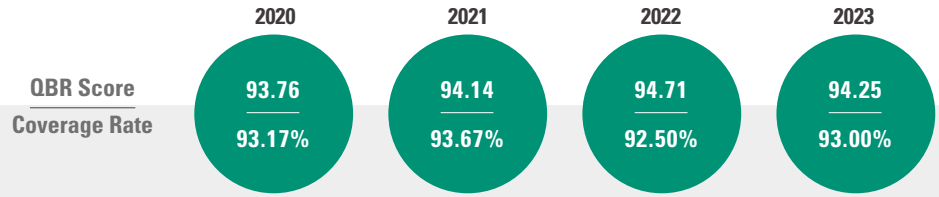
To relentlessly enhance quality control capabilities, Inventec upholds the core values of "Innovation, Quality, Open Mind and Execution". Since 2012, Inventec has promoted company-wide improvement and innovation activities. Through systematic and standardized logical analysis, Inventec addresses production issues and develops a unified language for improvement and innovation across the Company: IRP (Inventec Rationalization Proposal), PIP (Performance Improvement Plan), QIT (Quality Improvement Team), and QI (Quality Improvement). These initiatives ultimately enhance customer satisfaction and overall competitive advantage of factories. To further develop the problem-solving abilities of all employees and on-site staff, Inventec employs diverse methods to strengthen their quality improvement skills, thereby boosting the overall competitiveness in the industry.

Item		2020	2021	2022	2023
Number of Quality Improvement (QI) Proposals		58	119	96	103
Number of continuous improvements(QIT)	Goal	330	433	439	452
	Result	394	512	420	513
Number of closed cases for IRP & PIP	Goal	3,300	9,500	11,520	11,520
	Result	3,908	11,286	11,937	12,668

Customer Satisfaction

Inventec is fully committed to providing customers with high-quality service and product experiences, and building a comprehensive and meticulous customer service system through effective system management. We strive to implement the philosophy of prioritizing customer satisfaction and quality. By strengthening existing customer relationships and enhancing product portfolios, we are able to offer products and services that meet customer needs. Our goal is to exceed customer expectations, becoming a trustworthy partner to demonstrate our values.

To enhance customer satisfaction, Inventec conducts internal evaluation processes and customer satisfaction surveys (QBR), consistently gathering customer feedback on quality, cost, delivery, service, and technology. We proactively respond to these feedback to create additional value and provide higher-quality services.



From 2020 to 2023, customer satisfaction scores and coverage rates exceeded **90**%, with all evaluation scores rated as satisfactory or above.

Complaint and Return Mechanism

Establishing an effective customer complaint handling procedure is the key to Inventec's continuous improvement and enhancement of customer satisfaction. We provide flexible and efficient customer services tailored to the specific characteristics and needs of different industries, with timely adjustments as necessary. For the request for quotation (RFQ) or statement of work (SOW) raised by the individual customer, we create customized task combinations to respond promptly to customer needs and deliver the highest quality service.

Inventec has a robust standard procedure for handling customer complaints, and launches review projects to conduct root cause analysis, make correction, and formulate prevention strategies, along with effectiveness confirmation. This process ensures timely resolution and feedback to customers. By leveraging a quality data tracking system in collaboration with customers, we effectively monitor the current quality status in the market. Through data analysis, we proactively interpret product conditions in the market for customers, and understand the genuine needs of customers to achieve the highest levels of customer satisfaction.

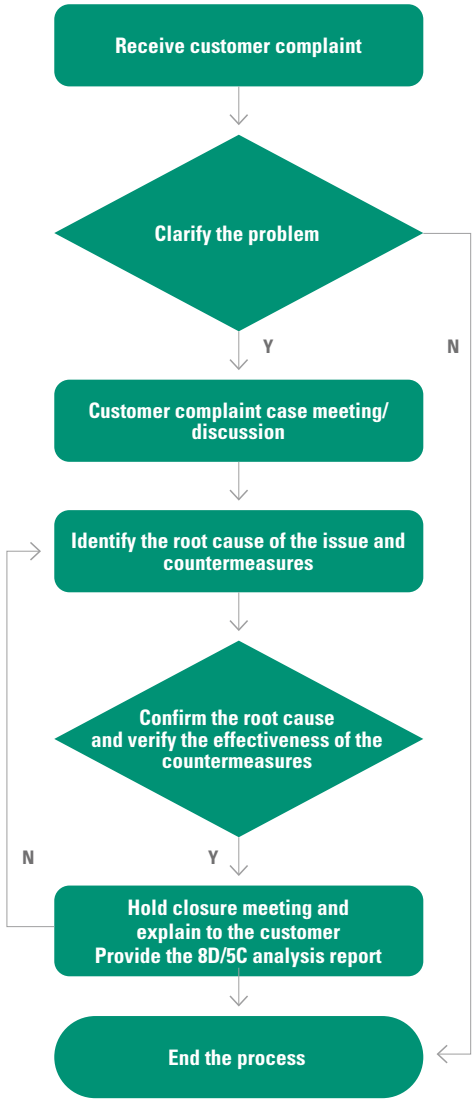
Privacy Protection

To ensure the proper protection of confidential customer information obtained during the course of business, Inventec has established stringent measures. In addition to specifying in the Employee Code of Conduct that all company-related confidential information must be kept secret, the ethics policy at each factory mandates the establishment of confidentiality mechanism. These policies guarantee the confidentiality and security of all relevant information from associated parties. Moreover, it is required that personal information be collected, stored, processed, transmitted, and shared in compliance with privacy and information security regulations.

In 2023, Inventec **did not receive any complaints** regarding the violation of customer privacy or the loss of customer information.

Furthermore, Inventec requires its supply chain partners to reasonably protect the personal information and privacy of anyone with whom they conduct business, including suppliers, customers, consumers, and employees. They are required to comply with privacy and information security laws and regulatory requirements when collecting, storing, processing, transmitting, and sharing personal information.

Customer Complaint Handling Flowchart



2.4 Sustainable Supply Chain Management

2.4.1 Strategy and Goals

Sustainable Supply Chain Management Policy

Inventec is committed to promoting the Responsible Business Alliance Code of Conduct and focuses on the initiatives of water recycling and net-zero carbon emissions. We are taking actions in support of the United Nations Sustainable Development Goals (SDGs) and pursuing a safe and sustainable supply chain.

Supplier Overview

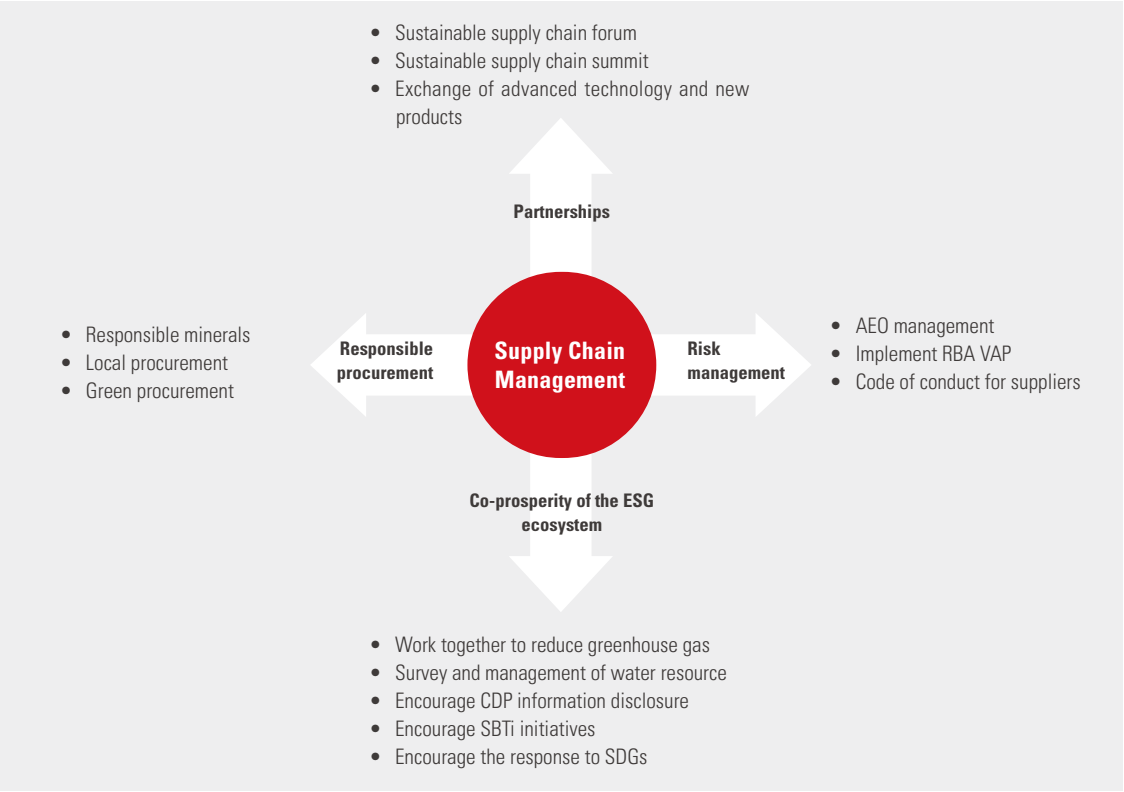
Suppliers are crucial partners for Inventec. In 2023, the Company collaborated with a total of 1,175 suppliers. Transactions with local suppliers in the Greater China region accounted for 57% of the total procurement. In 2023, Inventec managed its suppliers more efficiently through the supplier classification and grading system.

Item	Definition (Category: electronic components, mechanical components)	2023
Tier 1 suppliers	Suppliers from whom Inventec purchases directly with annual procurement amount greater than US$40,000	729
Tier 1 significant suppliers	Significant suppliers that are commercially significant to Inventec, are strategic vendors engaging in direct transactions, industry leaders, or vendors with high transaction volume with Inventec	64
Percentage of transactions of Tier 1 significant suppliers to Tier 1 suppliers	Percentage of transaction amount	76%
Non-tier 1 significant suppliers	Trade through agents	4
Number of significant suppliers under audits		30
High-risk suppliers that require attention	Suppliers with significant actual or potential risks	0

Note: High transaction volume vendors refer to those vendors within the top 80% of annual transaction amount.

Sustainable Supply Chain Management

As a member of the Responsible Business Alliance (RBA), Inventec is committed to fulfilling RBA obligations and member responsibilities. Apart from implementing local procurement, advanced technology and new product exchanges, and responsible minerals in day-to-day operations, Inventec also encourages the suppliers to adhere to the RBA Code of Conduct along with the Company. Meanwhile, Inventec expects the suppliers to jointly support the United Nations Sustainable Development Goals (SDGs) by promoting corporate sustainability practices. Additionally, suppliers are encouraged to balance the economic development of the industry with the initiatives of ethical management, labor rights, healthy workplaces, climate change and information disclosure, thereby advancing the goals of sustainable supply chain management.



Supplier Risk Identification and Classification System

Inventec has established a supplier risk identification procedure based on factors such as industry characteristics, procurement models and regional relationships, aiming to classify the suppliers by risk levels. The supply chain management is grounded on the RBA Code of Conduct and Inventec's Supplier Code of Conduct, with a focus on achieving a win-win situation through mutual understanding and collaboration with suppliers.

Pursuant to RBA guidelines, Inventec requires the suppliers to sign an Inventec Environment Protection Declaration and a RBA Code of Conduct Compliance Statement. These documents ensure that suppliers are willing to collaborate with Inventec to continuously improve, develop, and provide the latest products, technologies, and sound process management systems, fulfilling environmental protection and corporate social responsibilities. Inventec's Supplier Code of Conduct is published on the official website and the iSupplier platform for suppliers to follow. Additionally, surveys and requirements for ISO 14064 and ISO 50001 implementation have been initiated. To evaluate suppliers on multiple dimensions such as quality, cost, delivery, technical capability and service, Inventec also adopts diverse approaches to conduct assessments, including Social and Environmental Responsibility (SER) and ESG audits. If a supplier is identified as a high-risk vendor, the supplier management unit will coordinate the second-party and the third-party auditor to implement improvement measures and follow up on the issues to mitigate risks. Furthermore, suppliers are required to conduct third-party verification annually to jointly reduce carbon emissions, realizing a green supply chain.

Signing rate of supplier compliance documents in 2023

Number of companies

855*

Document type

Inventec Environment Protection Declaration
RBA Code of Conduct Compliance Statement

Signing rate

100%

*Excluding suppliers designated by customers

Inventec conducts a monthly quality performance evaluation of suppliers based on quality scores, material supply scores and management standards. Suppliers are graded according to their scores, and those who fail to meet the standards or continuously stay at the lowest level for three months in a row are required to submit an improvement report or undertake a consultation project. If improvements are ineffective (or a supplier continues to stay at the lowest level for six consecutive months), Inventec will take measures such as suspending new material approvals, adjusting the percentage of orders placed and disqualifying the supplier.

New Supplier Consultation Management

Inventec has formed a "Sustainable Supply Chain Consultation Team" comprising units such as design, R&D, procurement, parts engineering and supplier management. This team is responsible for evaluating and guiding new suppliers.

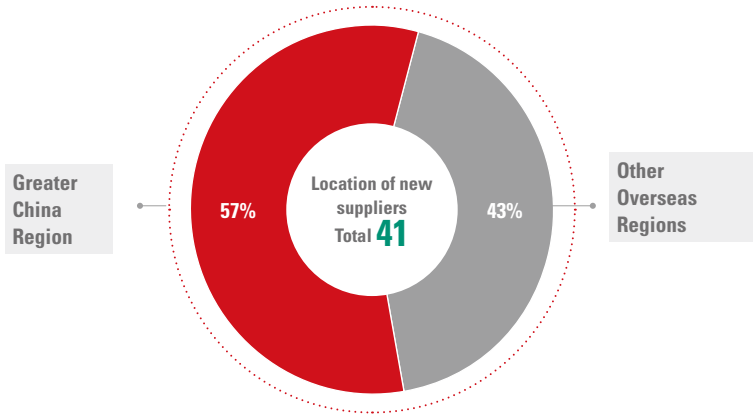
New Supplier Evaluation Items

- Technology development capability assessment.
- Vendor supply capability assessment.
- Procurement system audit.
- Supplier ESG evaluation. Suppliers are required to sign the RBA Code of Conduct Compliance Statement.
- Hazardous Substance Free (HSF) evaluation. Suppliers are required to sign the "Environment Protection Declaration".

Local Procurement

Inventec added a total of 41 new suppliers in 2023. New suppliers located in the Greater China region accounted for 57% of total procurement from all new suppliers whereas new suppliers located in other overseas regions represented the remaining 43%. The local procurement goal for 2023 was set in view of the soundness of the local supply chain, prioritizing mechanical components and packaging materials/labels while excluding the Buy & Sell model. In 2023, Inventec's percentage of local procurement exceeded 89% and the goal for 2024 has been raised to 90%.

Breakdown of the Procurement from New Suppliers



Inventec's Local Procurement

Goal	2023 Goal	2023 Achievement	2024 Goal
Local Procurement	80%	> 89% Percentage of procurement from local suppliers[Note]	90%

Note: Mainly based on mechanical components and packaging materials/labels. The important operating sites refer to the locations of the major production and shipping factories in 2023. Local suppliers refer to the suppliers in the regions where the production bases are located.

2.4.2 Supply Chain Risk Management

Supplier Performance Evaluation and Audit and Consultation Mechanism

According to the definition of significant suppliers and the "Supplier Quality Management Process", Inventec evaluates suppliers and implements respective management mechanism based on material types and supplier risk levels. The audit and consultation measures are conducted in accordance with the "Supplier Regular Audit Standards". Moreover, Inventec considers a number of factors such as material types and significant suppliers definition and applies various criteria including business volume (top three suppliers), quality performance, and customer requirements, to determine whether a supplier is scheduled for an annual audit. For non-compliant items, suppliers are provided with guidance to improve and meet the required standards. The risk assessment items for suppliers include Quality Process Audit (QPA), Quality System Assessment (QSA), Supplier SER/ESG evaluation and Hazardous Substance Free (HSF) evaluation. Upon completing the risk assessment, Inventec starts to go through the audit process.

Performance Evaluation Mechanism

Quality performance scores

Suppliers for server and computer products are categorized and managed separately based on the distinct characteristics of the products they supply. Monthly quality performance evaluations are conducted, and management measures are implemented according to the results of these evaluations.

Substandard of Supplier Category	Response measures for quality performance scores		
	Substandard	3 months in a row	6 months in a row
Different definitions according to product characteristics	Convene quality review meetings	Launch consultation projects	Disqualify the supplier

Inventec conducts the supplier evaluation based on the following items. If suppliers fail to take any actions in 4 audits in a row, i.e., a cumulative period of 8 weeks without improvement, they will be reported for disqualification.

SER/ESG evaluation and HSF evaluation

Evaluation standards are set at 75% and 80% respectively, depending on product characteristics. Quality System Assessment (QSA) & Quality Process Audit (QPA).

QSA: Suppliers are assessed based on product characteristics with passing scores set at 60% and 75% for different categories of suppliers.

QPA: The evaluation methods vary by product characteristics. For computer product suppliers, a passing score is set at 75%. For server product suppliers, there are three status categories: Qualified, Conditionally Qualified, and Unqualified, each with its own set of standards.

Each year, suppliers' ESG performance is assessed based on the following criteria. Suppliers demonstrating outstanding performance are prioritized for new generation design projects and recognized at Inventec's Sustainable Supply Chain Summit.

- Target setting is validated by SBTi
- Completing annual GHG inventory
- Achieving ISO 14064 certification within the year
- Signing the Responsible Business Alliance Code of Conduct
- Participating in RBA VAP audits
- Collaborating on Inventec ESG-related project

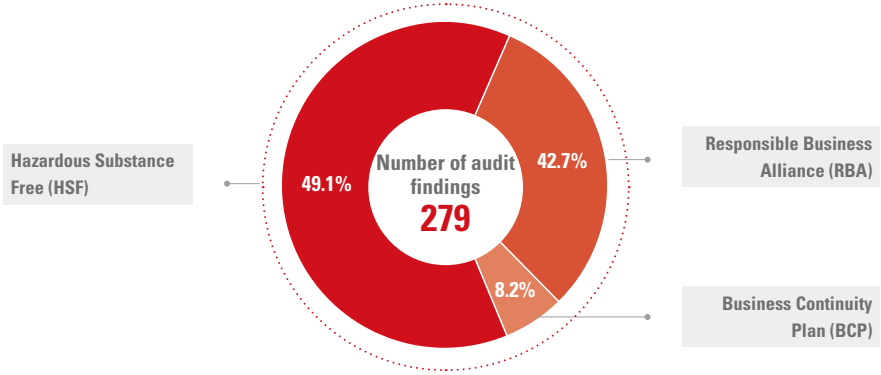
Audit and Consultation

Each year, based on the overall assessment result of supplier management risk and material risk(QPA、QPA, QSA, SER/ESG and HSF), Inventec comes up with a list of suppliers for the annual audit. The supplier audit is conducted according to internal control procedures. Inventec will follow up on findings and provide guidance to ensure suppliers complete necessary improvements or alternatively determine if it is required to phase out non-compliant suppliers.The annual supplier audit process begins with the distribution of self-assessment documents, requiring suppliers to self-evaluate and provide supporting evidence. Once the self-assessment documents pass review, a second-party on-site audit is scheduled.

Suppliers identified with significant actual or potential negative impacts are categorized as high-risk and subject to focused monitoring and guidance or replacement. In 2023, there were no suppliers identified with significant actual or potential negative impacts, nor were there any suppliers whose relationships needed to be terminated based on the assessments.

2023 Supplier Audit Results

Number of suppliers assessed via desk assessments/ on-site assessments	Audit completion rate	Scope of the audit
103	100%	SER/ESG、HSF、QPA/QSA



All audit findings have been followed up and suppliers have been required to complete the necessary improvements. Additionally, these efforts are reinforced through sustainable supply chain forums held by the group, ensuring widespread understanding and implementation of improvement measures.

Third-party Assessment (RBA VAP) for High-risk Suppliers

To comply with RBA supply chain management requirements, our supplier auditors conduct on-site audits based on the latest supplier audit guidelines. The audit covers areas including labor, health and safety, environment, ethics, and management systems, ensuring compliance with regulations and customer requirements, and identifying and mitigating business risks as outlined in the RBA Code of Conduct. In 2023, out of 855 suppliers (excluding customer-designated ones), 12 were identified as high-risk. Notifications were sent to 6 of these suppliers to undergo Validated Assessment Program (VAP) audits, with 2 suppliers having completed the audits this year. To further mitigate associated risks, Inventec will continue implementing VAP audits for suppliers, fulfilling our sustainable supply chain responsibilities.

2023 RBA VAP Audit Results

Audit rate as a percentage of all suppliers	Audit rate as a percentage of high-risk suppliers	Audit results
0.23%	16.67%	0 priority findings 10 cases of other findings, all of which are being tracked for improvement

In 2023, the rectification rate of RBA audit findings for Inventec's suppliers reached 100%.

2023 Supplier Audit Finding and Corrective action plan

Category	Topic	Corrective action plan
Responsible Business Alliance (RBA)	• Labor and Ethics Management • Occupational Health and Safety Management • Environmental Management	• Establish an overtime management system and records. Ensure weekly working hours do not exceed 60 hours and monitor employee overtime. • Require completion of medication inventory to ensure all emergency medications are accounted for and managed daily. • Enhance employee safety awareness and conduct training on evacuation and hazardous material handling. • Post warning signs and control measures. • Post noise test results on-site and guide employees on proper use of earplugs, masks and other protection gear when working.
Hazardous Substance Free (HSF)	• Hazardous Substance Free Management Guidelines • Product Labeling and Traceability	• Promote the establishment and improvement of the HSF management system, HSF document control system, and HSF process control system. • Comply with international and domestic regulations, and timely update and communicate the latest hazardous substance requirements. • Hazardous and non-hazardous substances are placed separately and clearly marked with first in, first out inventory method.
Business Continuity Plan (BCP)	• Organizational Continuity Planning • Business Credit Assessment	• Ensure the response mechanism for emergency and disaster incidents. • Review the corporate integrity and self-discipline to ensure continuous improvement and compliance.

Responsible Minerals Sourcing

Inventec Responsible Minerals Sourcing Statement

Inventec has spared no effort to manage conflict minerals, which has been incorporated into responsible minerals. As a member of RBA and RMI (Responsible Minerals Initiative), Inventec adheres to the principles set out in "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas", and we also requires our suppliers to ensure that the minerals used are conflict-free. Inventec's commitments and practices regarding conflict-free minerals are as follows:

- In line with customer expectations, we require our suppliers to conduct adequate due diligence on their supply chains to ensure that materials supplied to Inventec do not contain conflict minerals.
- We mandate that our suppliers inform us immediately if any conflict minerals are found in the materials provided to Inventec. We also request our suppliers to switch to minerals sourced from smelters validated by the Responsible Minerals Assurance Process (RMAP).

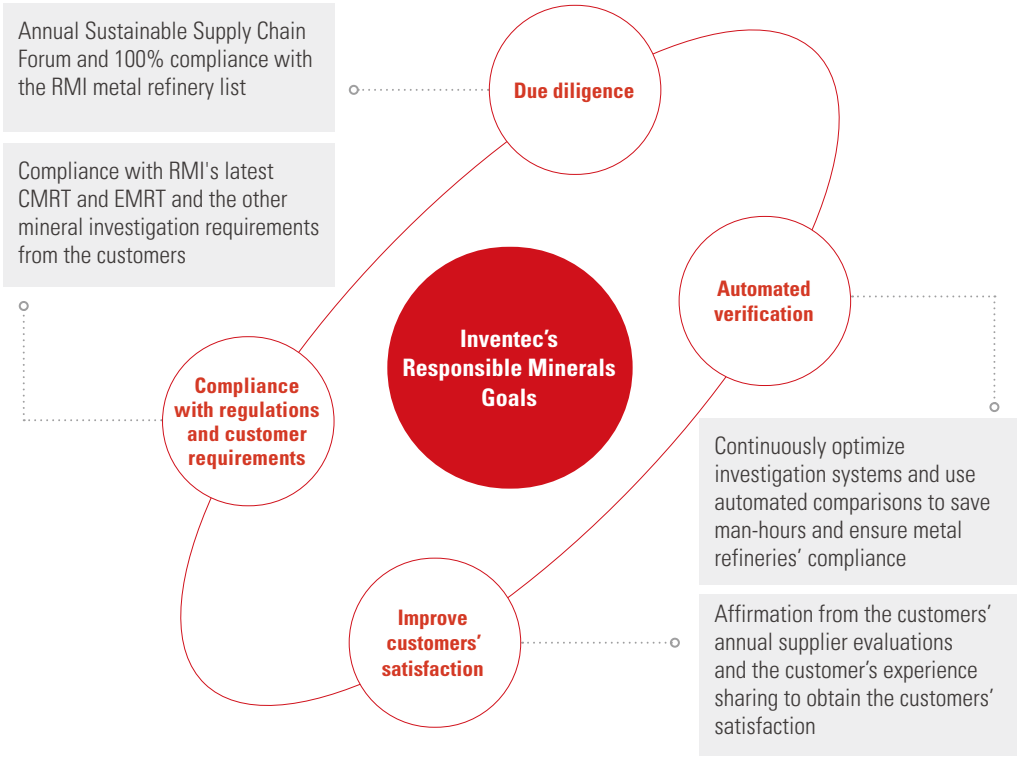
Responsible Minerals Policy: As a member of RBA and RMI, Inventec is committed to promoting and adhering to the standards set by these organizations.

Responsible Minerals Risk Identification Process

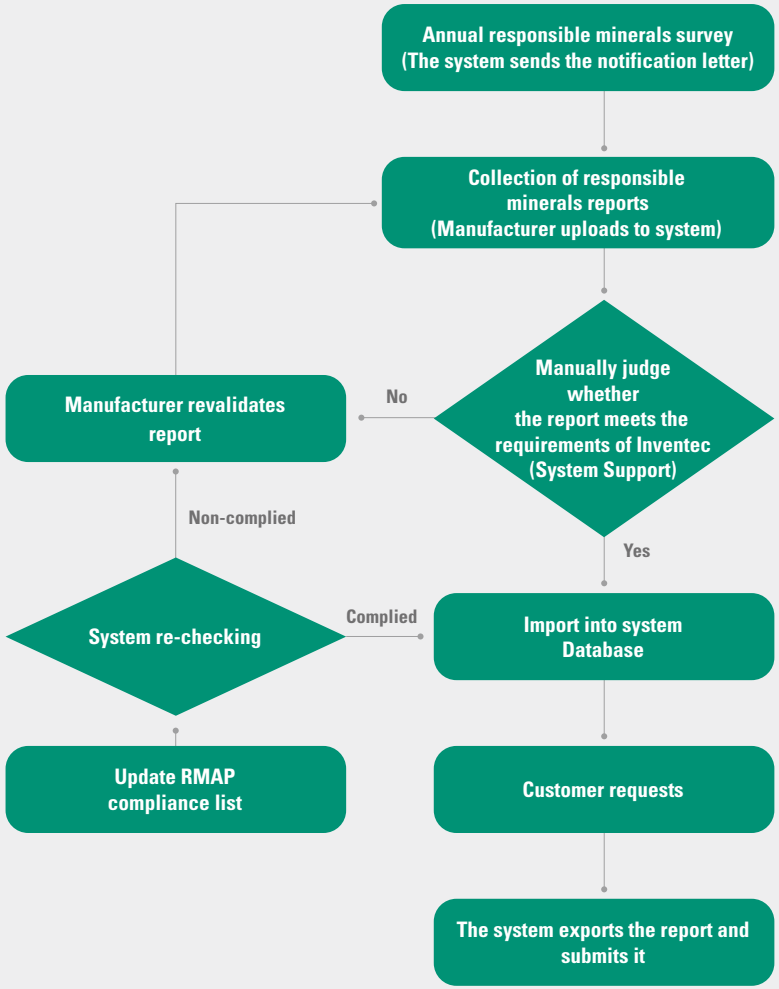
Since 2011, Inventec has conducted investigations using the Conflict Minerals Reporting Template (CMRT) developed by the RMI. Starting in 2013, these investigations have been systematized through an electronic information system to meet the due diligence requirements of RBA and RMI. In 2018, RMI expanded its scope to include "Cobalt" and "Mica" as responsible minerals for management. To ensure compliance, the electronic information system has incorporated an automatic smelter matching function since 2018, in light of the periodic updates of RMAP smelters. Inventec's responsible employees also review the reports to ensure all smelters that suppliers source from are qualified ones. In 2023, in line with RMI's requirements, Inventec adopted the latest CMRT and the Extended Minerals Reporting Template (EMRT) to conduct due diligence. Suppliers are required to perform adequate due diligence on their supply chains to ensure that the materials supplied to Inventec do not contain conflict minerals from conflict-affected regions and countries.

In accordance with the responsible minerals risk identification process, Inventec has established a comprehensive responsible minerals risk management mechanism to align with the principles of the OECD Due Diligence Guidance. Annual results from the CMRT and EMRT surveys are automatically verified through our electronic information system. If there is any supplier using a smelter or refiner (SOR) not on the RMAP compliant list, the system will automatically reject the submission and prompt the supplier to change the source of their minerals. Inventec will keep pushing suppliers to ensure that no high-risk SORs are used.

In 2023, all responsible minerals reports from our suppliers indicated that they were **100**% compliant with the RMI Smelter & Refiners Lists. We target to maintain this **100**% compliance rate in 2024.



The Investigation Workflow of Inventec Responsible Minerals Electronic Information System



2.4.3 Sustainable Supply Chain Engagement

Inventec actively engages with supply chain partners through various activities. In 2023, in addition to periodically organizing "Sustainable Supply Chain ESG Seminars" and inviting supply chain partners to exchange sustainability information, Inventec also held two Sustainable Supply Chain ESG workshops and one Sustainable Supply Chain Summit. These initiatives aim to foster mutually beneficial partnerships and promote sustainability within the supply chain.

Spotlight

Inventec held an internal sustainable supply chain ESG training to share the current ESG implementation status and scores of various international evaluations colleagues with customers, peers and suppliers. During the conference, the topics of "phasing out fossil fuels" and keeping the global warming within the safe limit of 1.5°C, in conjunction with the issues covered in COP28 - the United Nations Climate Change Conference, were discussed. It aimed to enhance the awareness of sustainable operations among employees from procurement department and other related units and demonstrate the Company's commitment to sustainability.

Sustainable Supply Chain ESG Workshop - First Session

Inventec's "Sustainable Supply Chain ESG Workshop" was held at Guandu Nature Park on August 25, 2023. There were 78 suppliers and 108 supplier representatives attending the event to jointly support the United Nations SDGs initiative.

78 suppliers
108 supplier representatives attending

1

Themes

- **New Supplier Code of Conduct:** It was announced on the Company's official website and the iSupplier platform on July 25, 2023. It comprises five sections: labor, health and safety, environment, ethics, and management systems. Inventec requires the suppliers to abide by this Code of Conduct and comply with the laws and regulations of the countries and regions where they operate. Furthermore, these companies are encouraged to ensure their upstream suppliers, contractors, and service providers also recognize and adopt this Code of Conduct.
- **Human rights due diligence trends and response measures:** It covers the trends in human rights issues, Inventec's human rights policy and its scope of application, as well as the conclusions of Inventec's supplier human rights due diligence and related management measures.
- **Supply chain science-based target (SBT) strategy:** External lecturers were invited to share the trends of supply chain management, the concept of science-based targets, the implications of the 1.5°C net-zero pathway, and corporate reduction practices.

All training information has been uploaded to the iSupplier platform for all suppliers to access.

Sustainable Supply Chain ESG Workshop - Second Session

Inventec teams up with its supply chain partners to build a "Sustainable Supply Chain". At the same time, we urge our supply chain partners to focus on sustainable operations while pursuing the economic development of the industry, and to uphold the spirit of "Sustainable Development Never Stops, Responsibility Starts from the Heart". Every year, we hold the "Sustainable Supply Chain Partner Day" event to interact, communicate and learn with our supply chain partners. The "Sustainable Supply Chain Partner Day" event was held at the GIS NTU Convention Center on December 1, 2023, with 152 suppliers and 173 representatives in attendance. During the event, Inventec internal experts provided suppliers with updates on the new "RBA Code of Conduct", "Ethical Management", "Supply Chain Security", "Information Security", "Green Product Specifications" and "Responsible Minerals". Additionally, an external lecturer was invited to discuss "Accelerating Supply Chain Transition - Social Inclusion and Impact". These efforts aimed to enhance sustainability competitiveness across the supply chain, expedite supply chain transition, and expand social impact. All training materials were subsequently uploaded to the iSupplier platform for all suppliers to access.

2

152 suppliers
173 representatives attending.

ESG Seminars

In 2023, Inventec organized a total of 5 ESG Seminars for supplier partners to exchange ideas, covering component categories such as Power Supply, Logistics, Fan, Module, IC, and Mosfet. These seminars focused on sharing various topics including renewable energy management, low-carbon competitiveness, and international issues like COP28 and biodiversity. Additionally, the progress and operation of Inventec's supplier management platform were discussed to facilitate the launch of initiatives such as greenhouse gas inventory and aggregation, with an aim to accelerate the transition. Suppliers also shared their experiences and know-how gained from their participation in the international ESG ratings, promoting mutual advancement in the ESG domain.

Inventec Sustainable Supply Chain Summit

To encourage supply chain partners to support Inventec in areas such as quality, cost, delivery, technical capability, service, and the promotion of RBA-related initiatives, Inventec hosts the Sustainable Supply Chain Summit every year. This event invites senior executives from strategic suppliers to participate, facilitating communication and exchange of industry information. Additionally, Inventec's various products and services are showcased and promoted during the summit. In 2023, a total of 316 suppliers and 589 senior executives participated in the summit. The event not only aimed to maintain strong collaborative relationships with supply chain partners but also to foster a shared commitment towards sustainable development with Inventec Group.

Sustainable Supply Chain Summit

Supplier Digital Platform and Technical Exchange

Digital Communication Platform

Inventec has established a dedicated digital communication platform for suppliers, known as the iSupplier platform. Important information, including supplier training documents, exchange information, and various notices, is announced on this platform. Through the iSupplier platform, we collect and verify suppliers' material disclosures and approvals, as well as various digital information related to surveys and certified statements.

Advanced Technology and New Product Exchange Forum

To enable suppliers to stay abreast of advanced technology and new product developments alongside Inventec, and to create opportunities and synergies across the supply chain, Inventec has been inviting supplier partners to jointly hold Advanced Technology and New Product Exchange Forums since 2009. Carrying on this initiative, in 2023, Inventec organized **111** technical exchange forums in collaboration with suppliers to achieve mutual growth.

CHAPTER

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3.1 Climate Actions

3.1.1 Climate Change Management

The issue of global warming has gained increased attention from all sectors. The Global Risks Report 2023, published by the World Economic Forum (WEF), identifies "failure to mitigate climate change" as the top risk in the next decade. Inventec recognizes the significance of this issue and, to effectively manage operational risks and fulfill corporate responsibilities, has implemented organizational greenhouse gas inventory since 2008. This initiative aims to understand the carbon emissions of key production sites and facilitate the implementation of various de-carbonization schemes, renewable energy utilization, and management measures to address climate change issues. In 2022, Inventec established the Sustainability Committee to integrate and carry out strategies for carbon reduction and environmental sustainability across business groups, from top to bottom. In 2023, ICC passed the Science Based Targets initiative (SBTi) review for its 1.5°C reduction target, demonstrating the Group's continuous progress in the journey towards low-carbon transition.

Task Force on Climate-related Financial Disclosures (TCFD)

The increasing threats posed by climate change to humans, biodiversity, and the environment also impact corporate operations. Inventec recognizes the substantial and potential impacts of climate change on itself and its stakeholders. In addition to proactively disclosing climate information in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) guidelines, Inventec joined TCFD Supporters in 2023. The Company conducts self-assessments of its climate change management in the areas of governance, strategy, risk management, and key metrics every year, aiming to achieve effective risk control and make informed development decisions.

Climate Action Milestones

2024
Declared the goal of achieving net-zero emissions by 2050.

2023
The Sustainability Committee approved the Group's 2050 net-zero goal.

2022
Established the Sustainability Committee and formed a Sustainable Environment Team under its jurisdiction to oversee environmental issues for the Group.

2021
Set Group Science Based Targets (SBT) for carbon reduction, aiming for a 50.4% reduction in Scope 1 and 2 emissions and a 42% reduction in Scope 3 emissions.

2016
Included Scope 3 indirect GHG emissions in third-party verification.

2015
Established a green factory clean production review system.

2014
Established a solar power generation capacity of 3.2 million kWh.

2013
- Successfully obtained the ISO 14067 Product Carbon Footprint certification.
- Successfully passed the WFAM Product Water Footprint verification.
- Implemented ISO 50001 Energy Management System.

2012
Initiated the development of renewable energy facilities to gradually achieve energy transition.

2011
Established a GHG information management platform to enhance the efficiency of GHG management in the supply chain.

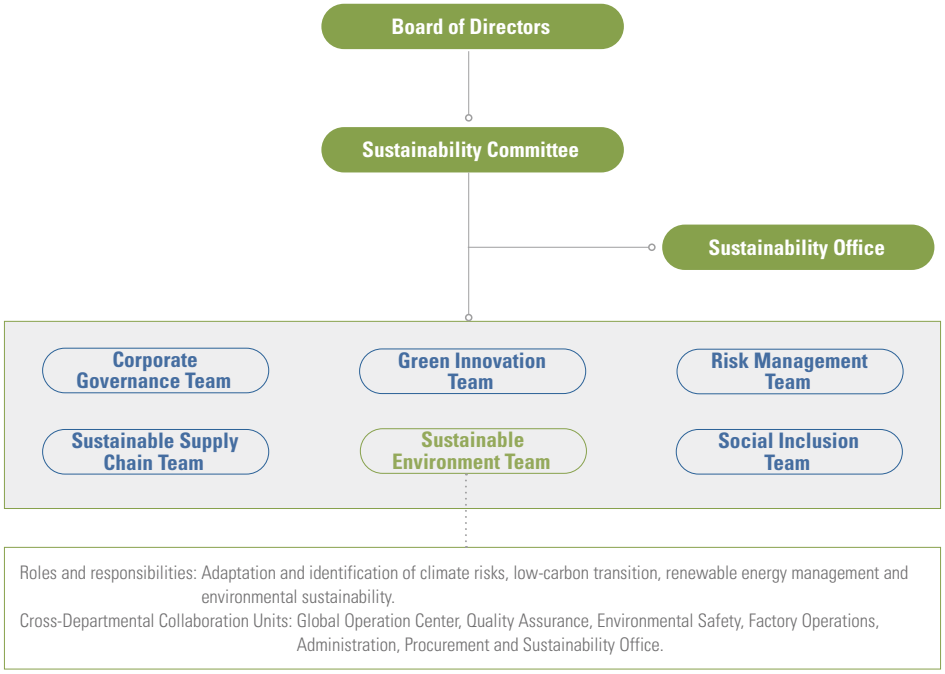
2009
Participated in the Carbon Disclosure Project (CDP) to proactively accelerate corporate climate actions.

2008
Implemented ISO 14064-1 organizational greenhouse gas inventory.

Governance

The Board of Directors is the highest supervisory body for climate governance at Inventec. In 2022, the Board resolved to establish the Sustainability Committee, with the Chairman, President, and three Independent Directors serving as committee members. All members possess relevant expertise in carbon reduction, green energy, and corporate risk management in line with global ESG development trends. This committee is responsible for formulating the Company's climate strategy, assessing risks and opportunities, and coordinating, supervising, and reviewing the implementation of key performance indicators. Additionally, the Sustainability Committee has established a Sustainable Environment Team, led by executive managers. This team focuses on addressing issues such as climate change, climate risk management, and environmental sustainability. It integrates resources across the value chain to develop and implement cross-departmental initiatives, and actively engages with stakeholders. The Sustainability Committee reviews these initiatives and reports the results to the Board of Directors at least once a year.

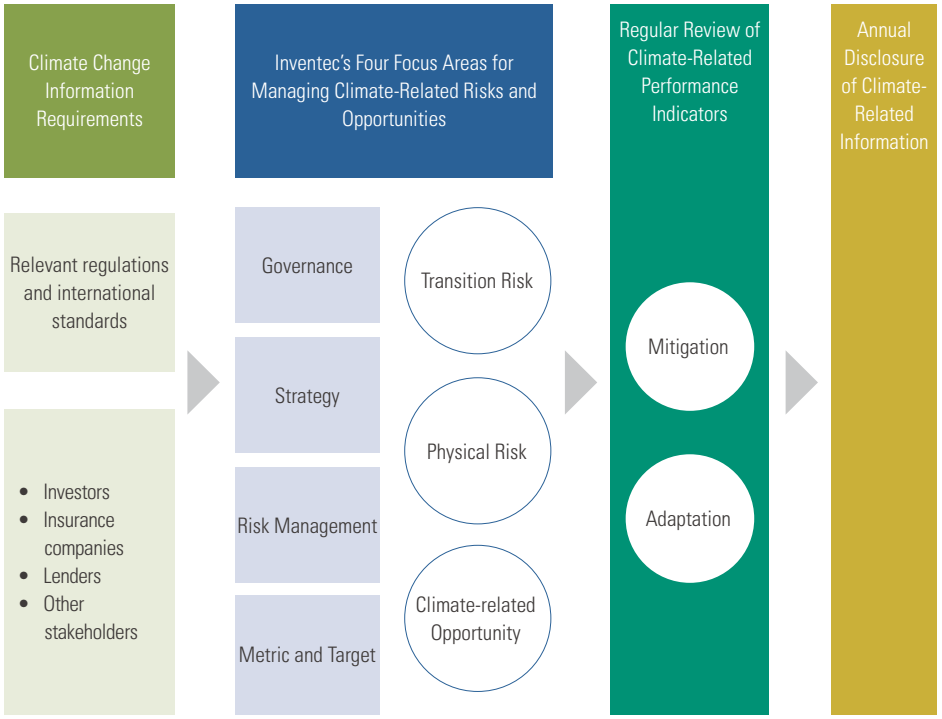
Organizational Structure



Strategy

Based on the TCFD framework and best practices from leading companies, Inventec identifies climate risks and opportunities across its value chain through cross-departmental discussions and evaluations conducted by the Sustainable Environment Team. The Company sets climate-related performance targets, action plans, and management mechanisms at the "mitigation" and "adaptation" levels. Inventec also regularly discloses its management outcomes every year.

Inventec Climate Management Process



Inventec has established a timeline for its low-carbon transition plan, identifying climate risks and opportunities relevant to operations over three distinct periods: short-term (2023-2024), mid-term (2025-2027), and long-term (2028-2030). Through workshops, the Company conducts comprehensive analysis and assessment of the likelihood and impact severity of these risks and opportunities. We calculate the risk values for all material risks and then categorize them into high, medium, and low-risk levels based on the ranking of the risk values. The identified material climate-related risks are subsequently integrated into the operational management mechanisms for control and monitoring across all units within the Group.

Climate Change Risk Analysis

Item		Risk Description	Timeframe	Potential Financial Impact	Impact on Value Chain			Adaptation / Mitigation Measures
					Upstream (suppliers)	Inventec	Downstream (clients)	
Transition Risk	Technology	Transition cost of low-carbon technology	Medium to long term	Increase in R&D / operational / production costs	The shift towards low-carbon transition has led to increased operating costs, consequently resulting in higher material costs.	Investing in relevant technologies and equipment will increase operating costs. Failure to invest promptly and effectively may impact production capacity.	Insufficient cost control and technological advancement may lead to reduced price competitiveness, affecting order volumes.	1. Actively cooperating with customers and voluntarily initiating product carbon footprint-related operations throughout the value chain. 2. Completing applications for various energy efficiency certifications, product carbon labeling, and other related certifications. 3. Setting targets using the SBT (Science-Based Targets) initiative for reducing emissions. 4. Continuously constructing and implementing disaster emergency response measures and business continuity plans (BCP), and concurrently engaging with supply chain partners to reduce impact and disruption.
	Market	Change in customer behavior	Short to long term	Increase in operational / production / management costs	The major suppliers will raise prices. Failure to undergo transition may impact the collaboration.	Continued investment is required in the research and development of recycling materials, product energy efficiency, and the integration of low-carbon materials to enhance competitiveness.	In response to the net-zero emissions commitment, additional requirements will be proposed for increased use of renewable energy and carbon reduction efforts.	
Physical Risk	Extreme Risk	Increase in extreme weather events - high temperature	Short to long term	Increase in production cost / decrease in operating income	The increase in power restrictions and outages is affecting factory operations and the stability of component supply.	Increased likelihood of power restrictions and outages would impact daily operations at the plant and reduce production capacity.	If power restrictions and power outages increase, it will impact delivery schedules.	

Climate Change Opportunity Analysis

Opportunity Type	Timeframe	Potential Financial Impact	Opportunity Description	Strategy / Actions
Product and service	Short to long term	Decrease in operating costs and expanding into new markets	Develop new products and services through R&D and innovation	• Actively develop value chain relationships by establishing a group-wide sustainable product roadmap and system. Collaborate on developing low-carbon products based on product life cycle assessments (LCA), balancing the development of low-carbon business opportunities with minimizing environmental impact. • Leverage core enterprise capabilities in 5G transmission, cloud computing, edge computing, and digital twin technologies to create AI smart factory solutions. Actively integrate value chain technologies to maximize the synergistic benefits of the Intelligent Internet of Things (AIoT), providing customers with comprehensive solutions.
	Short to long term	Expanding into new markets	Diversify business activities	• Based on the core business strategy, establish and deploy technology development centers across various industries. Formulate the necessary technology strategies and integrate resources to strengthen the Group's innovation and R&D capabilities. • Continue to implement the goals and initiatives of the various functional teams within the Sustainability Committee, serving as considerations for future new business models. • Actively establish a global intellectual property and patent landscape to enhance the competitiveness of emerging products, such as in the field of green patents.
Resource utilization efficiency	Medium to long term	Decrease in operating costs	Use more efficient manufacturing and distribution processes	• In line with the Group's 2050 net-zero emissions targets and tracking mechanisms, we aim to gradually implement carbon reduction strategies by enhancing energy management and reducing energy waste.
Energy sources	Medium to long term	Decrease in operating costs	Renewable energy setup and management	• Establish a mechanism to assess the opportunities and challenges of global locations and local green electricity markets. Review the Group's renewable energy planning and usage, and regularly report to the Sustainability Committee to achieve the Group's 2050 net-zero carbon reduction goals.
	Medium to long term	Decrease in operating costs	Participate in renewable energy and carbon trading markets	• Collaborate with suppliers on carbon reduction plans, exploring and cooperating on renewable energy purchasing solutions. • Actively integrate and participate in carbon market opportunities at global locations to facilitate carbon offset initiatives and discover new business opportunities.

Risk Management

Under the Sustainability Committee, a Risk Management Team has been established to incorporate climate issues into the daily risk management mechanism. Utilizing the TCFD framework, the team identifies potential climate-related risks and opportunities under different scenarios. In response to the identified risks and opportunities, the team formulates relevant actions and, after approval, discloses these risks and actions externally and conducts monitoring on a regular basis.

Four Steps to Identify and Manage Risks

Identify Risks and Opportunities

Refer to industry standards and regulations, such as carbon pricing and renewable energy, to develop a comprehensive list.

Assess Value Chain Impact

Evaluate the extent of the impact across the value chain based on potential revenue loss.

Determine Materiality

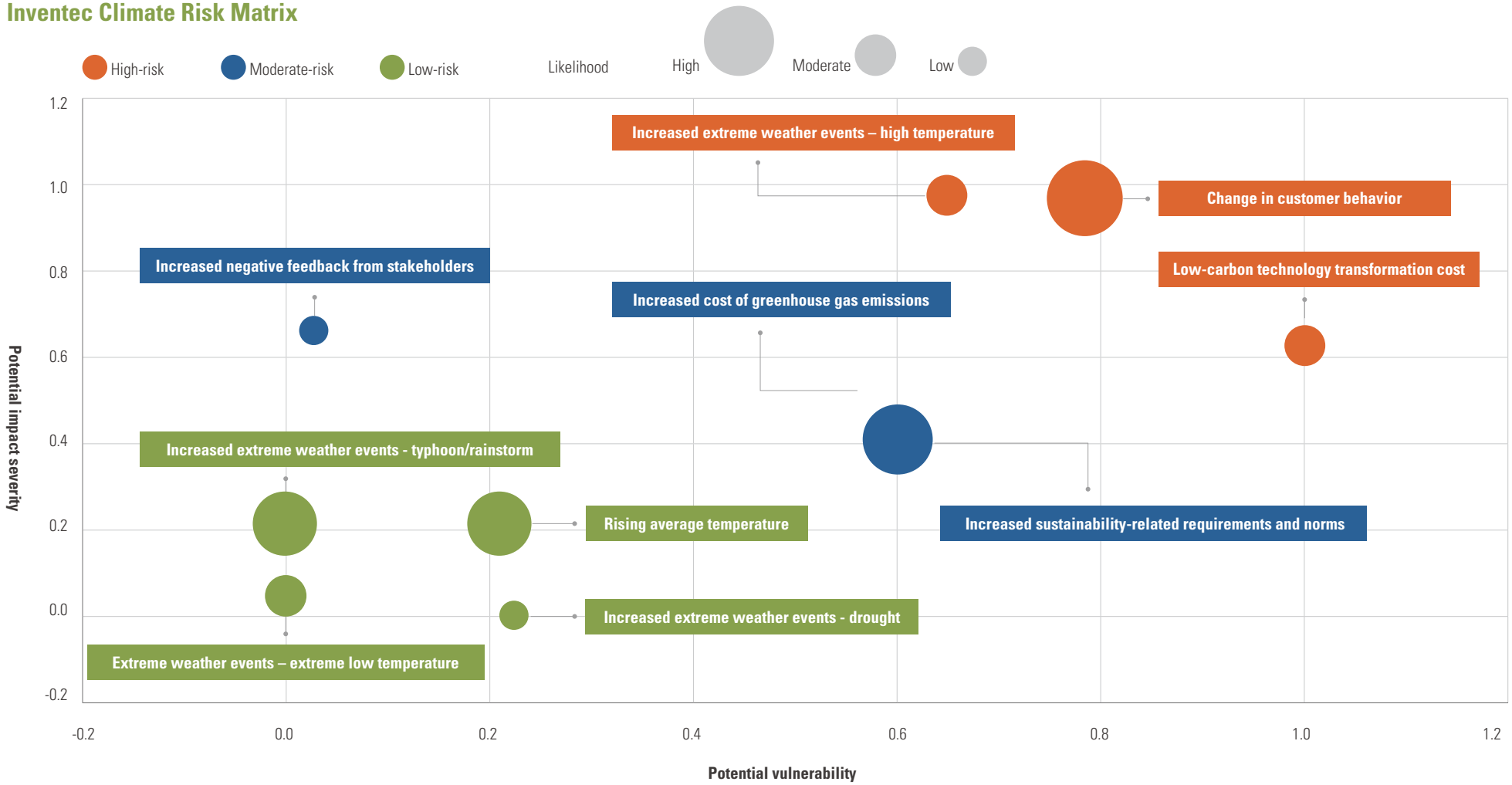
Classify risks based on potential vulnerability, potential impact, and likelihood of occurrence.

Manage and Disclose

Executive managers reviews and approves the evaluation results, with regular assessments conducted by the functional team.

In addition to identifying short, mid, and long-term climate risks and opportunities, Inventec is also focused on issues with immediate impacts on the Company. Therefore, the Company concentrates on a short-term materiality analysis of three specific risks: "expenditures on low-carbon technology transition", "extreme high-temperature weather" and "changes in customer behavior". Considering the recent occurrences of extreme high-temperature weather and its tangible impact on the productivity of global industries, Inventec realizes that it is required to simulate, analyze, and review such material events that have either recently occurred or have a high probability of occurring in the near term with prioritized attention.

Inventec Climate Risk Matrix



Case Study: Extreme Weather Event - High Temperature

Scenario Simulation Analysis

Value Chain Impact Assessment Results

Risk Type	Risk Description	Suppliers	Inventec	Clients
Physical Risk	Increased extreme weather events – high temperature	Moderate	High	Moderate

Risk factor	Impacts and implications for Inventec	Financial impacts

Physical Risks

Increased extreme weather events – high temperature

- Sudden temperature rise
- Heat wave: defined by the World Meteorological Organization (WMO) as a period where the daily maximum temperature exceeds the normal average maximum by 5°C for five consecutive days.

Factory construction

Increase in power consumption in the factories (air conditioners, data centers, etc.) → Increase in electricity costs → Increase in production costs

Impact on the region

Unstable power supply from regional grids → Start backup generator → Increase in generator fuel expenses

Decrease in grid stability

Additional backup generator fuel usage and fill-ups

Increase in overall electricity consumption in the region → Region launches power rationing policy → Decline in factory production capacity

Regional power supply system outage → Disruption of operations and production → Decline in output → Decrease in revenue

- High temperature causes cooling system failure in power plants
- High temperature and drought lead to insufficient hydropower generation

Steps of Climate Scenario Analysis

Identifying Key Issues → Analyzing Locations and Regions → Selecting Climate Risk Models → Identifying Future Risk Probability → Quantifying Impacts → Risk Analysis Results

01 Identifying major climate risks

- Based on climate risk ranking, likelihood, and management expansion scope, we conducted a quantitative assessment of the potential impact of the three risks in the short-term materiality analysis, "Transition costs of low-carbon technologies, Increase in extreme weather events - heat, Changes in customer behavior". Therefore, we decided to use "Increase in extreme weather events - heat" as a further analysis and evaluation item.

02 Adopt appropriate Scenario Analysis

- Inventec's major production bases in Taiwan, China, Mexico and Czech were included in the assessment.
- Simulations were conducted based on extreme high emission (IPCC SSP5-8.5) and very low emission (IPCC SSP1-2.6) climate scenarios from 2023 to 2050.

03 Quantify risk impact

- Evaluate and analyze the potential impact, level and expected value of extreme high temperature in each factory area.
- Calculate the amount of impact in 2040 and 2050 (including future factory expansion plans).

04 Mitigation and adaptation actions

- Formulate response plans and action plans for each factory.
  1) Formulate mitigation measures for predictable scenarios and review them regularly.
  2) Preliminary adaptation assessment before plant expansion plan.

Inventec quantified the financial impacts of extreme heat risks using physical risk climate scenarios from the IPCC SSP1-2.6 (low emissions) and SSP5-8.5 (high emissions). These scenarios assess potential impacts under different policies, reflecting future global conditions under either low-carbon transition or continued economic growth driven heavily by fossil fuels. The assessment focused on simulation and evaluation periods in 2040 and 2050, because data before 2040 may not clearly reflect scenario changes. According to IPCC AR6, by 2040, there is a high likelihood of global temperatures rising to 1.5°C under any emission scenario. Therefore, post-2040 timelines were selected to simulate and evaluate potential impacts on critical production sites at Inventec, reflecting the global net zero targets and their joint achievement timeline. Additionally, climate physical risk management was based on metrics such as "adaptation plans under high temperature conditions at production sites" and "tracking indicators significantly affected by power shortage risks." These measures served as criteria for assessing the severity of risks, facilitating controlled adjustments and preventive measures.

Major Production Base[Note 1]	Risk Level	Financial Impact[Note 2]				Mitigation Measures
		2040		2050		
		SSP1-2.6	SSP5-8.5	SSP1-2.6	SSP5-8.5	
Mexico	High	Medium	Medium	Low	Medium	1. Establish relevant response mechanisms to address high-temperature disasters. 2. Develop production modes suitable for normal high-temperature conditions.
China	High	High	High	High	High	Increase awareness and establish ongoing plans to implement relevant power outage contingency measures, such as setting up solar energy combined with energy storage systems to achieve independent power supply capability.
Taiwan	Medium	Low	Low	Medium	Low	1. Gradually implement medium to long-term contingency production control plans for extreme high-temperature conditions. 2. Continuously monitor extreme high-temperature fluctuations and adjust contingency levels promptly as needed.

Note 1: ICZ is excluded due to lower local temperatures and absence of extreme heat risks in climate scenarios. IET is also excluded because it has minimal production activities, which allows for faster response even in case of extreme heat conditions.
Note 2: Financial impact is assessed based on the proportion of 2022 Group revenue.
Note 3: Currently evaluated operational sites cover 100% of all existing production plants. Additionally, the assessment for 100% of the new expansion in Mexico has been synchronized to address future climate risks.

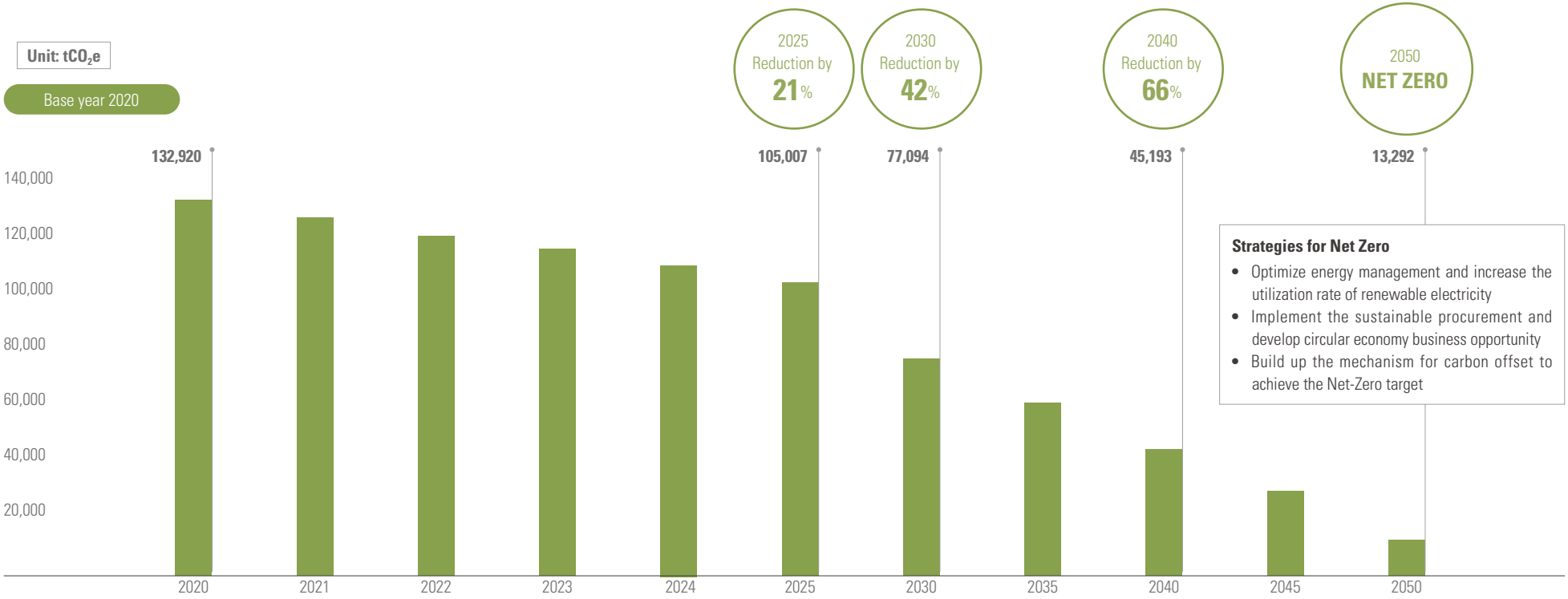
Metrics and Targets

Issues	Item	Targets
GHG Management	Scope 1 and 2	In 2025, greenhouse gas emissions decrease by 21% compared to the baseline year of 2020.
		In 2030, greenhouse gas emissions decrease by 42% compared to the baseline year of 2020.
	Scope 3	Continuing to promote critical suppliers to pass the SBTi (Science Based Targets initiative) scientific carbon reduction target review.
Energy Management	Use of renewable energy	Achieving a 55% of renewable energy usage by 2030.
	Energy Conservation	Headquarters Energy Use Intensity (EUI): Achieving an annual electricity saving rate of 0.5% across the plant from 2022 to 2025.
		Data Center Energy Efficiency (PUE): A reduction of 11% in electricity usage by 2025 compared to the baseline year of 2019.
		Energy Intensity (EI) at the site: 5% reduction in electricity usage by the year 2025 compared to the baseline year of 2018.
Product Design	Energy-Efficient Product	• The design goal for notebook computers is to continuously obtain certification and achieve energy efficiency that exceeds the latest ENERGY STAR Computers Specification Version 8.0 standard by 25%. • Server cooling technology development: By 2025, reduce energy consumption by 5% using integrated liquid-cooled rack systems.

3.1.2 Climate Commitments and Actions

Inventec places great importance on the global issue of climate change and follows the Science Based Targets (SBT) methodology to address corporate climate risks and potential industry opportunities. In alignment with the principles of the Net-Zero Science Based Targets (Net-Zero SBT), Inventec has set a goal to achieve net-zero carbon emissions, using 2020 as the baseline year. Inventec is actively implementing various carbon reduction projects to align with the Paris Agreement's objective of limiting global warming to 1.5°C, thereby fulfilling corporate social responsibility. Moreover, with proactive self-reduction efforts, ICC successfully obtained the SBTi target validation in December 2023.

	Near-Term (2030)	Medium to Long Term (2050)
Scope 1 and 2	Greenhouse gas emissions reduced by 42% (base year:2020).	Net Zero Emissions
Scope 3	Promoting key supplier partners to undergo carbon reduction target verification through SBTi.	



Total Scope 1 and 2 carbon emissions (Market-Based) in 2023 were 105,241.5704 tCO_2e. [Note 1]

A reduction of **20.82**% compared to the 2020 Base year

A reduction of **9.41**% compared to the 2023 reduction target of 116,172.4702 tCO_2e. [Note 2]

Note 1: The carbon offset from purchasing renewable energy and international renewable energy certificates amounted to 26,360.4336 tCO_2e.

Note 2: The inventory boundary includes the following sites: IET, ITO, TAO, TPE, TNN, IJC, ICC, IPT, SQT, IMX, ICZ, and Inventec Appliances (Taipei, Nanjing, Shanghai, Malaysia, and Vietnam).

In 2023, Inventec expanded the scope of greenhouse gas inventory in all operating sites. We actively engaged suppliers to provide carbon data, integrating them into annual greenhouse gas inventory projects. This initiative aims to conduct hotspot analyses to effectively reduce carbon emissions through energy-saving projects, increased use of renewable energy, and other actions. Inventec is committed to addressing climate issues and fulfilling its commitments. Additionally, it actively promotes collaboration with value chain partners on various low-carbon initiatives, such as developing low-carbon raw materials and fostering innovation in products and services.

Inventory and Mitigation

Since 2008, Inventec has conducted greenhouse gas inventory assessments continuously for 16 years. To ensure stakeholder acceptance of these assessments, the process and documentation adhere to regulations such as the Executive Yuan Ministry of Environment's Greenhouse Gas Emissions Inventory Registration and Management Regulations, as well as international standards such as ISO 14064-1. These efforts are verified by third-party audits. Furthermore, to expand the scope of inventory assessments and enhance data analysis efficiency, Inventec utilizes a carbon management platform for digital inventory assessments. This approach enables real-time and efficient management of greenhouse gas emissions data. In 2023, Inventec further optimized GHG management platform in iSupplier (Supplier Management Platform) to enhance data collection from suppliers, thereby improving the quality of data related to indirect emissions.

Greenhouse Gas Emissions

Unit: Emissions in tCO_2e, emission intensity in tCO_2e / NT$ million

Year	2020	2021	2022	2023
Scope 1	7,122	7,142	7,344	7,012
Scope 2	125,799	93,758	93,425	91,509
Scope 1 and 2	132,921	100,900	100,769	98,521
Scope 1 and 2 Emissions Intensity[Note 2]	0.15	0.11	0.12	0.12
Scope 3	583,365	664,446	879,219	843,763

Note: 1. Inventory boundary includes IET, TAO, ICC, ITO, IPT, SQT, ICZ, IMX, Taipei Office (TPE), Tainan Building (TNN), and Japan Office (IJC).
2. Scope 1 and 2 Emissions Intensity = (Scope1 + Scope2 emissions) / combined revenue of entities covered in the sustainability report (without consolidation offsets).The calculations in the 2023 annual report are based on individual revenues of the parent company.

In 2023, Inventec's total greenhouse gas emissions, including both Scope 1 and Scope 2, amounted to 98,521 tCO_2e. Specifically, Scope 1 were 7,012 tCO_2e, while Scope 2 totaled 91,509 tCO_2e. Within Scope 1 and Scope 2, Scope 2 emissions, primarily from purchased electricity, accounted for the highest percentage, at 92.88% of the total emissions. This indicates that purchased electricity is the major source of emissions for Inventec.

7 Greenhouse Gas Emission Types

Unit: tCO_2e

Type	CO_2	CH_4	N_2O	HFCs	PFCs	SF_6	NF_3
2020	128,983	1,683	6	2,247	0	2	0
2021	96,868	1,755	6	2,270	0	2	0
2022	96,521	1,539	5	2,700	0	5	0
2023	94,274	1,576	6	2,661	0	4	0

Among the seven major greenhouse gases, CO_2 accounts for the largest proportion of emissions, while PFCs and NF_3 do not contribute to emissions.

Scope 3 Emissions

In 2023, the majority of Scope 3 emissions come from the use of sold products and services, and the purchased goods and services, accounting for 94.40% of the total. Inventec plans to concurrently assess feasible reduction strategies along the value chain, collaborate on green product design, work with suppliers to set reduction targets, and promote low-carbon procurement practices to decrease indirect greenhouse gas emissions.

Category	2020	2021	2022	2023
Purchased goods and services	137,658	195,876	170,931	129,928
Capital Goods	-	-	-	-
Fuel- and energy-related activities	-	-	-	-
Upstream transportation and distribution	3,364	2,029	1,373	627
Waste generated in operations	2,081	2,159	1,664	1,368
Business travel	179	226	262	1,285
Employee commuting	2,305	2,636	2,732	2,290
Upstream leased assets	-	-	-	-
Downstream transportation and distribution	64,525	55,991	119,986	36,965
Processing of sold products and services	-	-	-	-
Use of sold products and services	293,723	364,671	543,288	666,546
End-of-life treatment of sold products and services	-	-	-	-
Downstream leased assets	-	4,249	5,097	4,754
Franchises	-	-	-	-
Investments	79,530	36,611	33,885	-

Note: "-" represents N/A for Inventec. In 2023, independent inventory was conducted for five key production sites of its subsidiary, Inventec Appliances, hence "Investments" are marked as not applicable.

3.1.3 Energy Management

Energy Policy

To fulfill our corporate social responsibility and achieve the goal of sustainable operation, we uphold the ethos of energy saving and carbon reduction and pursue an energy management system that meets international standards. Our commitment to energy policy includes:

- Continuously improve energy efficiency and reduce energy costs
- Comply with regulatory requirements and identify all kinds of applicable energy
- Review energy targets and ensure access to information and resources
- Implement the energy management system and reduce greenhouse gas emissions

Energy Usage

Inventec's total energy consumption in 2023 was 889,796 GJ, with purchased electricity accounting for 94.26% of the total energy consumption. Compared to 923,054 GJ in 2022, the total energy consumption in 2023 decreased by 3.6%.

Non-renewable energy consumption in 2023 was 724,784 GJ, showing a decrease of 1.98% compared to 2022's consumption of 739,454 GJ. Renewable energy usage in 2023 decreased by 10.1% compared to 2022.

Year / Energy Unit	2020		2021		2022		2023	
Energy Usage Type	MWH	GJ	MWH	GJ	MWH	GJ	MWH	GJ
Natural Gas	15,467	55,680	14,328	51,581	15,163	54,589	13,308	47,908
Gasoline	-	-	-	-	388	1,397	513	1,846
Diesel	-	-	-	-	238	856	355	1,279
Total Direct Energy Consumption	15,467	55,680	14,328	51,581	15,789	56,842	14,176	51,033
Total Purchased Non-Renewable Electricity Consumption	179,308	645,509	174,833	629,399	189,615	682,612	187,153	673,751
Total Non-Renewable Energy Consumption	194,775	701,189	189,161	680,980	205,404	739,454	201,329	724,784
Total Renewable Energy Consumption	5,392	19,412	17,000	61,200	51,000	183,600	45,837	165,012
Total Energy Consumption	200,167	720,601	206,161	742,180	256,404	923,054	247,166	889,796

Inventory boundary: IET, ITO, ICC, TAO, IPT & SQT, IMX, ICZ, IJC, TPE and TNN.

Note: 1 Giga Joule (GJ)=0.277778 MWH

Energy Intensity

Inventec's energy intensity in 2023 was 1.12 GJ/NT$1 million.

Year	2020	2021	2022	2023
Energy Intensity (GJ/NT$1 million)	0.82	0.81	1.12	1.12

Note: Energy Intensity = Energy consumption / combined revenue of entities covered in the sustainability report (without consolidation offsets).

Renewable Energy

In response to global carbon reduction trends and Inventec's low-carbon policy, the Sustainable Environment Team under the Sustainability Committee oversees the planning of the Group's renewable energy policy. Inventec has set a goal to achieve a 55% renewable energy usage rate by 2030.

Renewable Energy Usage Target

2023	2025	2030
39%	46%	55%

In 2023, Inventec's total renewable energy usage amounted to 45,837 MWh, accounting for 18.54% of the total energy consumption. This fell short of the 2023 target. To improve renewable energy usage, We has revised the renewable energy promotion strategy.

1. Review local renewable energy regulations and resources at major production sites and develop plans for purchasing green electricity and establishing renewable energy generation facilities.
2. Work with upstream and downstream value chain partners to plan renewable energy purchase targets and amounts that meet partners' needs.

Year	2020	2021	2022	2023
Renewable Energy Usage (GJ)	19,412	61,200	183,600	165,012
Renewable Energy Usage (MWh)	5,392	17,000	51,000	45,837
Year-over-Year Difference (MWh)	-379	+11,608	+34,000	-5,163

Factory Using Renewable Energy: TAO and ICC

Energy Saving and Carbon Reduction Achievements

Inventec has enhanced its energy saving and carbon reduction effectiveness by implementing energy-saving projects, replacing old lighting fixtures, and improving energy efficiency in server rooms.

Seven Inventec factories have achieved ISO 50001 energy management system certification. IMX is also in the process of adopting the standards. A total of 22 energy-saving projects were launched and completed in 2023. These projects resulted in annual electricity savings of approximately 9.7276 million kWh (35,019 GJ). This is equivalent to a reduction of 4,561 tCO_2e. The electricity savings increased by over 7.41 million kWh compared to 2022. The carbon reduction in 2023 increased by 3,385 tCO_2e as compared to 2022, which had a reduction of 1,176 tCO_2e. The emission reduction benefit in 2023 was nearly four times that of 2022.

In addition to implementing energy-saving projects, Inventec continuously optimizes energy usage through system monitoring and energy-related training. For example, IET has upgraded its energy monitoring system. The new system conducts energy-saving analysis to achieve optimal energy-saving operations, enabling managers to more accurately understand and control the plant's energy consumption and reduce unnecessary use. In 2023, energy-related seminars were conducted, featuring external experts who discussed topics such as "Carbon Disclosure and the Future International Trends of Renewable Energy and its Impact on ICT", "Product Carbon Footprint and Hotspot Analysis for Carbon Reduction" and "Low-Carbon Transition Seminars". Employees can also access these seminars via e-learning platforms to stay updated on energy trends in real-time.

Energy saving project \ Year	2020			2021			2022			2023		
Name/Volume	Number of projects	Energy saved (10,000 kWh)	Carbon reduced (tCO_2e)	Number of projects	Energy saved (10,000 kWh)	Carbon reduced (tCO_2e)	Number of projects	Energy saved (10,000 kWh)	Carbon reduced (tCO_2e)	Number of projects	Energy saved (10,000 kWh)	Carbon reduced (tCO_2e)
Air compressor system	1	44.26	321	0	0	0	0	0	0	1	58.89	342
Air conditioning exhaust system	4	76.56	508	4	113.54	634	4	38.28	195	8	220.44	1,253
Lighting system	2	1.39	7	5	64.47	276	4	25.91	95	4	16.67	83
Process improvement	0	0.00	0	0	0	0	7	148.9	780	6	551.03	2,332
Project (including management)	0	0.00	0	0	0	0	2	18.64	106	3	125.73	551
Total	7	122.21	836	9	178.01	910	17	231.73	1,176	22	972.76	4,561
			4,400GJ			6,408GJ			8,342GJ			35,019GJ

Note: Data from 2020 to 2022 has been updated according to the revised 2023 statistical methods.

IET Energy Efficiency: The original energy usage intensity (EUI) target aimed at reducing electricity consumption per unit area by 17.10% compared to 2014. This target has now been revised to comply with the Energy Bureau regulations, setting a new goal for IET from 2022 to 2025 to achieve an annual electricity reduction rate of 0.5% across the entire factory. This update aligns with the ISO 50001 energy management standards.

Energy saving arising from replacing traditional lighting fixtures with LED energy saving lighting fixtures at IET in 2023

Unit: kWh

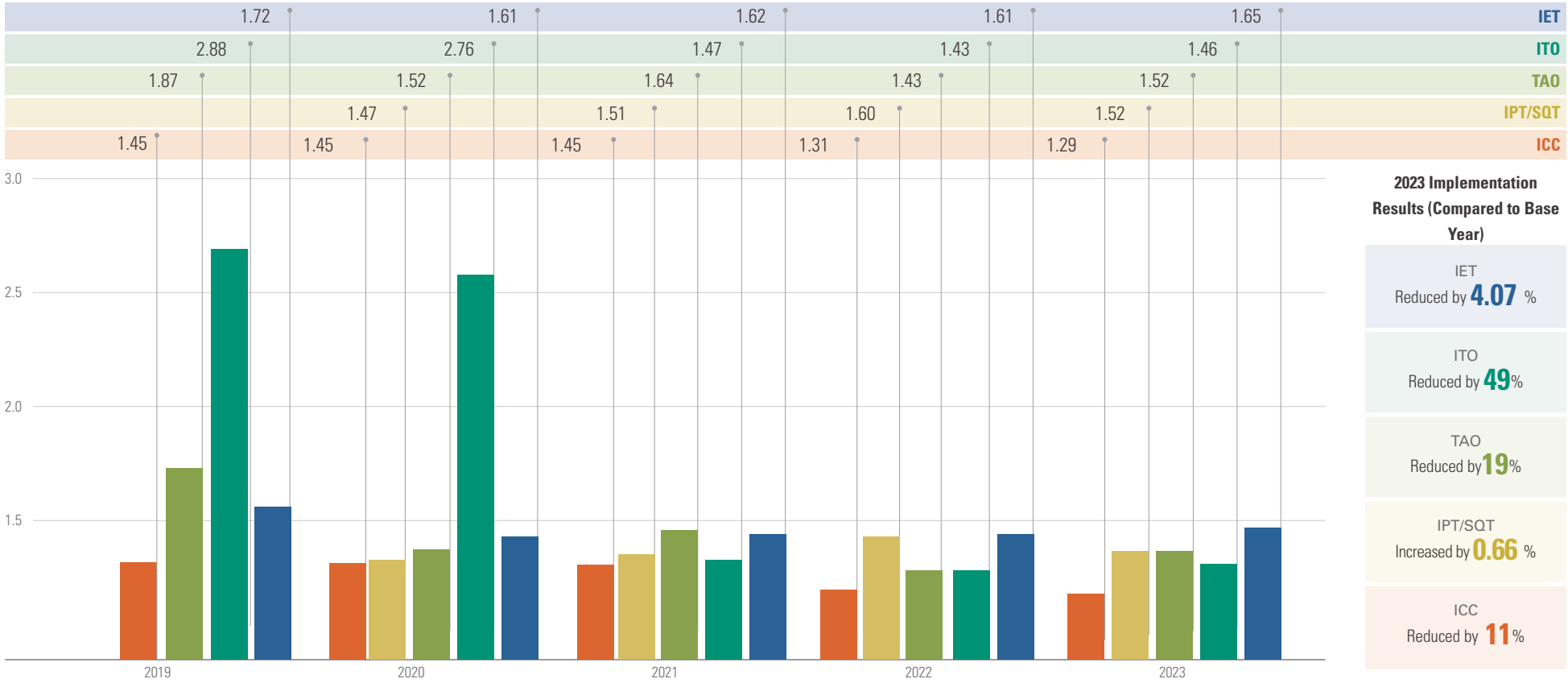
Energy Intensity (EI) of factories: In 2023, the main manufacturing plants in China achieved an Energy Intensity (EI) of 0.351 (kWh/thousand), marking a 25% reduction compared to the base year of 2018, which was 0.468 (kWh/thousand).

Note: EI = Purchased electricity consumption (kWh) / Thousand of revenue

Energy saving measures (PUE) for data center server rooms

In Taiwan, including IET, ITO, and TAO, continuous efforts are focused on replacing old equipment, integrating and updating servers, network devices, and storage equipment to enhance energy efficiency. In China, efforts at IPT/SQT involve optimizing and phasing out high-energy-consuming machinery. Specifically, optimization has been applied to 30 machines, with plans to expand to an additional 20 machines by 2024. Additionally, at ICC, energy consumption data is accurately collected through the installation of electricity meters in the server rooms, UPS input, and UPS output sections to calculate PUE effectively.

Data Center Server Room Power Usage Effectiveness (PUE)



Note: IET, ITO, TAO and ICC's base year is 2019. IPT & SQT base year is 2021.

3.2 Environmental Responsibility

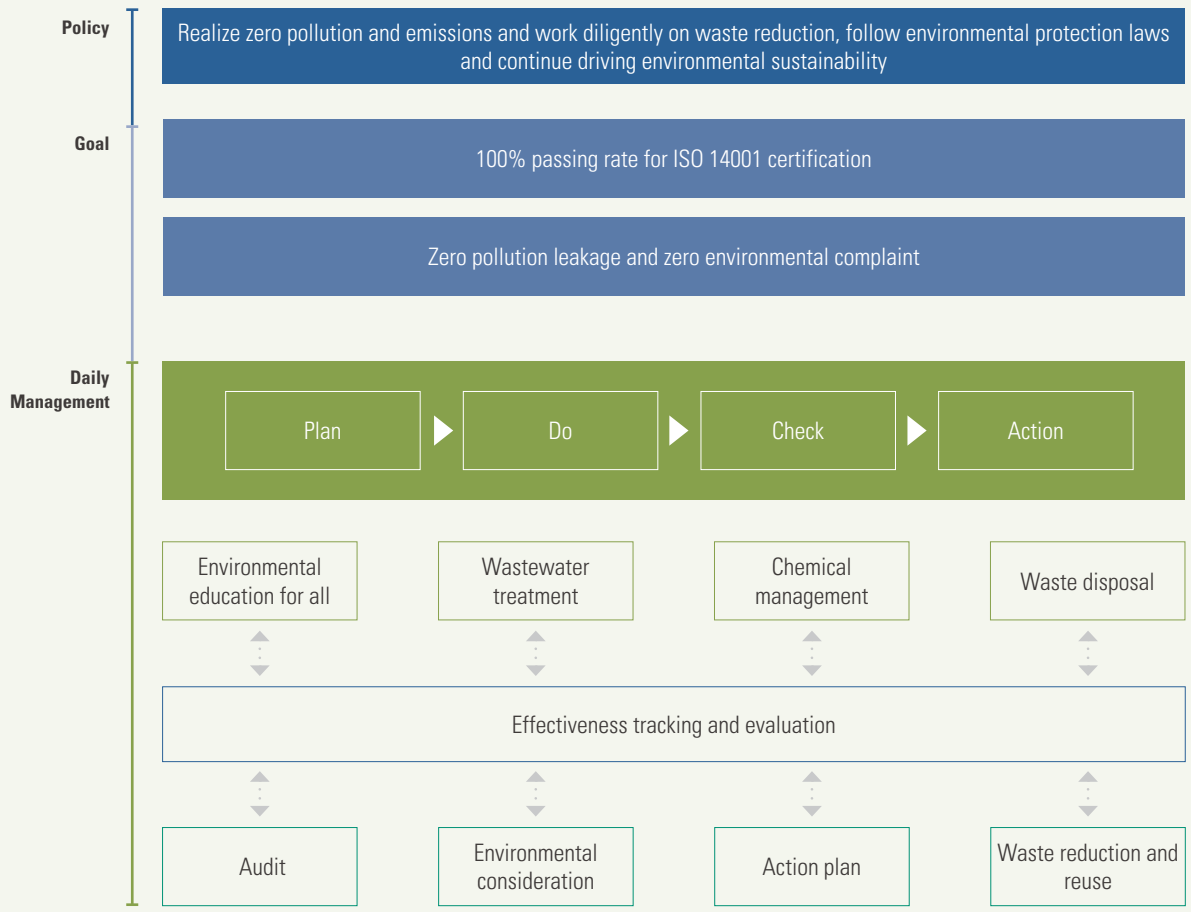
3.2.1 Environmental Management System

Following the environmental policy, which was approved by the Sustainability Committee and reported to the Board of Directors, Inventec is committed to adhering to environmental regulations and international standards. We support low-carbon environment initiatives, protects natural environment and resources, and strives to enhance resource efficiency and reduce environmental impact when conducting operating activities and internal management. This approach aims to achieve the sustainable co-prosperity of the Company and the environment. (Please refer to the **Inventec Environmental Policy**).

The operation of Inventec's environmental management system follows the principles of ISO 14001 Environmental Management System and QC 080000 Hazardous Substance Process Management. Inventec is dedicated to zero occupational hazards, continuous waste reduction, compliance with environmental regulations, and environmental sustainability. Our goals include water conservation, waste reduction, zero discharge leakage, and avoiding environmental complaints and penalties. Daily management at Inventec tracks the effectiveness of employee environmental training, wastewater treatment, chemical management, and waste management. Continuous improvement is achieved through the PDCA (Plan-Do-Check-Act) cycle to meet the latest environmental regulations.

From 2020 to 2023, Inventec has achieved **zero** discharge leaks, **zero** environmental penalties, and **zero** significant pollution and environmental disputes.

Environmental Management System Operational Process



International Management System Certification

Items		Taiwan site	China site	Czech / Mexico site	Total
Environmental Management System	ISO 14001	3	3	2	8
Greenhouse Gas Management System	ISO 14064	3	3	2	8
Energy Management System	ISO 50001	3	3	1	7
Hazardous Substance Process Management System	QC 080000	2	3	2	7
Social Accountability Management System	SA 8000	0	1	1	2
Occupational Health and Safety Management System	ISO 45001	3	3	2	8
Taiwan Occupational Safety and Health Management System	TOSHMS	1	0	0	1
Quality Management System	ISO 9001	3	3	2	8
Automotive Quality Management System	IATF 16949	2	2	0	4
Road Vehicles - Functional Safety	ISO 26262	1	1	0	2
Medical Devices - Quality Management System	ISO 13485	2	1	0	3
Information Security Management System	ISO 27001	2	3	2	7
Laboratory Quality Management System	ISO 17025	1	1	0	2

Environmental Investments and Expenditures

In line with the objectives set by the Sustainable Environment Team, Inventec continues to invest actively in various projects to minimize environmental impact while pursuing production capacity and revenue growth. In 2023, the total environmental expenditure for the Inventec Group, focused on environmental maintenance, pollution prevention, and training across various plants, amounted to approximately NT$**199** million.

3.2.2 Water Resource Management

Inventec adheres to a pragmatic approach to water resource management. Following established water resource management practices, each business and functional unit assesses water resource risks and opportunities based on their functional characteristics and operational processes in each region. These risks and opportunities are incorporated into the unit's operational management framework to ensure timely responses and adaptation.

Water Resource Efficiency Improvement

Due to the nature of its industry, Inventec sources all water for the plants and offices from municipal supplies. Inventec only discharges domestic wastewater and does not produce industrial effluent. Since the production processes are primarily assembly-based, there are no high water consumption procedures involved.

2023 Water Consumption Result

Reduction Target

The goal is to reduce per capita water consumption by **1%** annually, using the previous year as the baseline.

Outcome

The annual target was not met. The increase in production capacity, the rise in the number of employees at the plants, and the nature of the products being manufactured contributed to not achieving the goal.

Solutions

1. Continuously promote water conservation practices among employees.
2. In response to product characteristics, establish low-temperature testing chambers to reduce the water consumption of water chillers

Group Water Consumption Statistics

Item	2020	2021	2022	2023
Water Withdrawal (Million tons) Note 1	1.307	1.082	1.053	0.974
Wastewater Discharge (Million tons)	0.609	0.815	0.739	0.698
Water Consumption (Million tons)	0.698	0.267	0.314	0.276
Recycled Water (Million tons) Note 2	0.153	0.153	0.028	0.019
Per Capita Water Consumption (Million tons/person)	0.0000651	0.0000589	0.0000536	0.0000536
Water Use Intensity (Million tons/Million NT$) Note 3	0.0000012	0.0000008	0.0000009	0.0000012
Number of Water Quality/Quantity Violations	0	0	0	0

Note 1: All water withdrawal is sourced from third-party municipal water, with data derived from water bills.
Note 2: Recycled water includes reclaimed water and rainwater.
Note 3: Water use intensity = water withdrawal / combined revenue of entities covered in the sustainability report (without consolidation offsets).

To implement water conservation measures on an ongoing basis, Inventec has strengthened employee training on water-saving practices. Additionally, Inventec is gradually adopting water-saving equipment across its facilities. Through the implementation of the water resource recycling system, water used within the facilities is being recycled and reused. For example, ICC's central air conditioning system recirculated 19,325 tons of water in 2023.

recirculated 19,325 **tons of water in 2023.**

Water Risk Assessment

To manage water resource risks across the factories, Inventec employs the Aqueduct 4.0 water risk assessment tool developed by the World Resources Institute (WRI). This tool helps identify the water risks associated with the regions where the Company's factories are located.

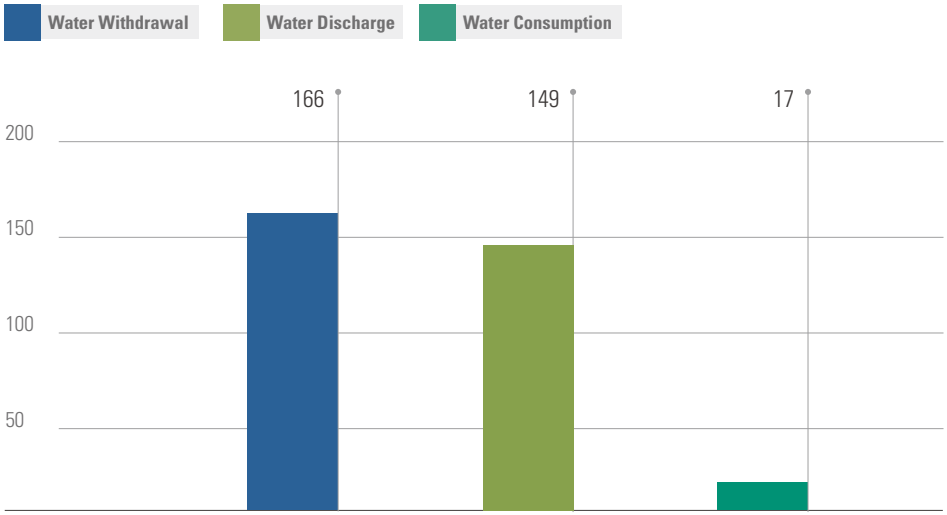
Factory	IET	TAO	ITO	ICC	IPT & SQT	ICZ	IMX
River Basin	Tamsui River	Tamsui River	Daan River / Dajia River	Jialing River	Taihu Lake	Morava River	Rio Grande
Water Source	Feitsui Reservoir	Shimen Reservoir	Shimen Reservoir	Jialing River	Qingcaosha Reservoir	Březová nad Svitavou Dam	Juarez Municipal Water Utility
Receiving Water Body	Tamsui River	Nankan Creek	Qiedong Creek	Liangtan River	Bailonggang Sewage Treatment Plant	Bečva Sewage Treatment Plant	Juarez Municipal Water Utility

Among Inventec's global factories, only IPT & SQT are located in a high water-stress area. These factories account for 17% of Inventec's total water withdrawal and 6% of its water consumption. Given the risk considerations and the principle of water resource protection, IPT & SQT have implemented several water resource management measures, including water conservation promotion, water conservation signage posting, immediate repair of leaks in the water supply system, and wastewater recycling.

The Assessment of Water Resource Risk

Risk level	Low	Low-Medium	Medium - High	High	Extremely High
Number of factories	1	4	1	2	0

2023 Water Usage of IPT & SQT



2023 Effluent Quality Statistics

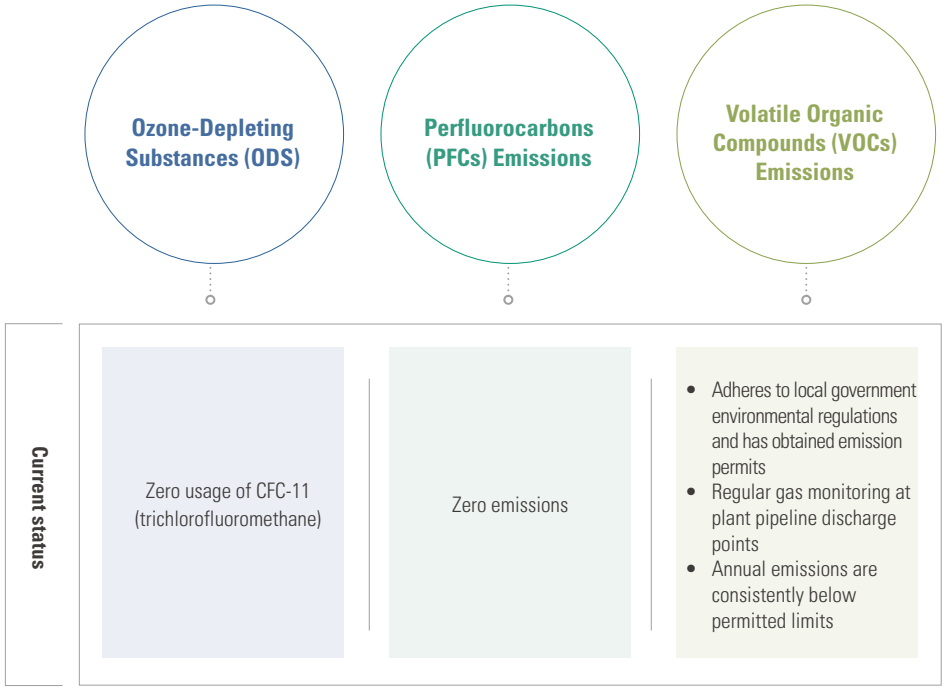
	IET	ITO	TAO	IPT & SQT	ICC	ICZ
PH	6-9	6-9	6-9	6-9	6-9	6-9
SS(mg / l)	30	30	30	400	400	550-700
COD(mg/ l)	100	100	100	500	500	1,200-1,600

Note 1: The effluent water quality values are based on local regulations applicable to each factory.
Note 2: No discharge water quality requirements imposed by Juarez Municipal for IMX.

3.3 Reducing Environmental Impact

3.3.1 Air Pollution Prevention

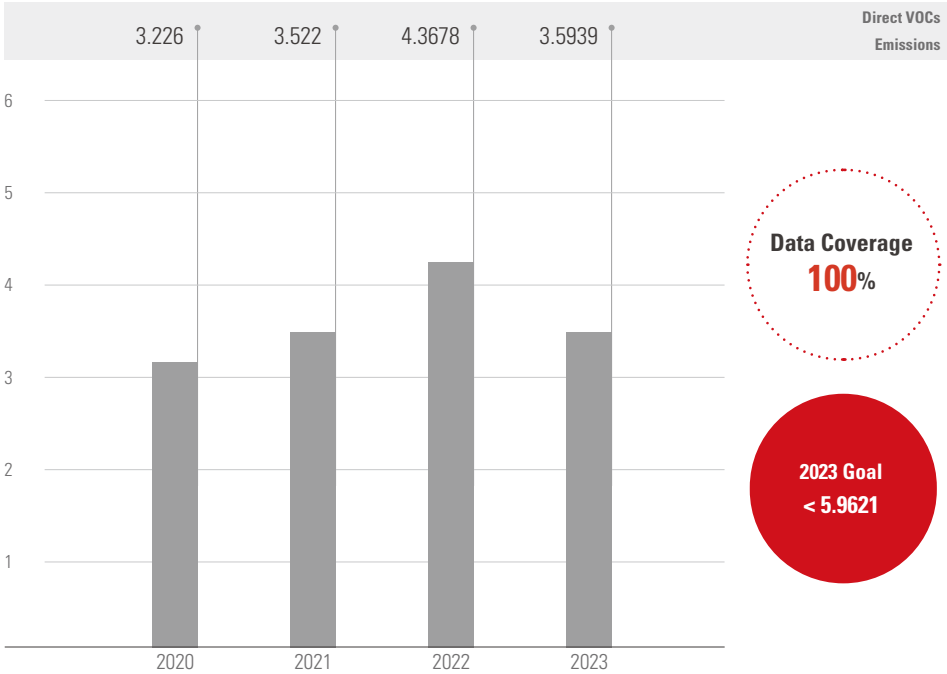
In addition to utilizing the ISO 14001 Environmental Management System, Inventec ensures that specialized personnel are trained and qualified to operate in accordance with the requirements of the manufacturing process or special operations in each plant, as well as local laws and regulations, to achieve compliant operations. Inventec has established robust operational and control mechanisms for air pollution prevention, which effectively prevent the contamination of the surrounding environment by toxic or hazardous substances.



VOCs pollutants primarily originate from wave soldering, reflow soldering, and cleaning units for components such as steel plates and carriers. To manage VOCs pollution, Inventec hires a testing company every year to monitor VOCs emissions at discharge points and provide monitoring reports, ensuring that emission limits are met. Particulate pollutants mainly arise from welding and substrate cutting units. According to monitoring reports from the testing company, particulate matter production is below detection limits (non-detectable levels or ND), in compliance with regulations. Units with air pollution are equipped with personal protective equipment, including gas and dust masks, protective gloves, and safety goggles, to safeguard worker health.

Emissions of Volatile Organic Gases(VOCs)

Unit：Tons



Note: Currently, only IPT and SQT are required by the local government to test VOCs emissions. Data coverage percentage: calculated based on the number of factories.

3.3.2 Waste Management

To enforce various environmental regulations and effectively manage different types of industrial waste at the plant, Inventec has established the Industrial Waste Management Guidelines. The guidelines aim to prevent environmental hazards during waste handling. Inventec outsources waste disposal to licensed cleaning companies approved by regulatory authorities. These companies handle release cleaning and online manifest submissions. Inventec has dedicated personnel to monitor waste flow and manage disposal information. Regular audits are conducted on partner companies and weigh-in records to ensure entire disposal process is in line with standards. The Company undergoes external audits under the ISO14001 management system every year to achieve effective waste management goals.

From 2020 to 2023, data on waste disposal volumes indicate that Inventec has consistently worked to reduce its environmental impact. This effort is supported by effective communication of reductions and improvements in management practices. Measures such as making waste collection environments more intuitive, make employees to implement effective classification easier. These initiatives have resulted in a year-on-year reduction in the amount of waste generated. Furthermore, we have been promoting the recycling of waste, leading to an increase in the waste recycling rate year by year. TAO obtained UL 2799 Platinum certification in 2023, demonstrating Inventec's commitment to environmental sustainability.

Amount of Waste Generated

Unit: Tons

Item/Year	2020	2021	2022	2023
Total Disposed Waste (Incineration/Landfill/Storage)	3,685.850	4,312.740	3,822.692	3,518.631
Total Recycled and Reused Waste	21,939.738	25,515.771	23,227.626	25,291.993
Total Waste	25,625.588	29,828.511	27,050.317	28,810.624
Recycling and Reusing Rate	85.6%	85.5%	85.9%	87.8%
Product Recycling and Reusing Rate[Note 2]	0%	0%	0%	0%

Note 1: The data from 2020 to 2022 has been recalculated using the new method.

Note 2: The product recycling and reusing rate refers to the percentage of PCB scraps or offcuts that are collected and reused or recycled into final products or product components without being reported as waste. The product recycling and reusing rate = (Recycled and Reused Weight / Total Collected Weight) x 100%.

Note 3: All waste is disposed of off-site.

2023 Waste Reduction Results

IET

Reduction Target

Reduce waste by **1**%
(the base year of 2016)

Results

Target not met, primarily due to an increase in staff and ineffective reduction in the use of disposable lunch boxes.

Solution

Enhance waste classification, increase the amount of resources recycled, and reduce the amount of waste disposal.

TAO

Reduction Target

Obtain **UL 2799** certification

Results

Certification successfully obtained
in December 2023.

2023 Waste Management Analysis

Inventec categorized the waste into general and hazardous waste. The majority of the waste produced was general waste, which is relatively harmless to the environment, accounting for 98.8% of the total waste. The total waste generated in 2023 was 28,810.624 tons. The highest proportion of this waste, 87.8%, was recycled and reused, while 10.2% was incinerated, including energy recovery processes. The Group's waste management primarily focuses on general and hazardous waste. General waste constitutes 98.8% of the total waste, with 87.9% being recycled and reused. Hazardous waste makes up 1.2% of the total waste, with 76.7% being recycled and reused.

Inventec 2023 Waste Analysis

Unit: Tons

Disposal Method	Waste Type	General Waste	Hazardous Waste
Direct Disposal	Landfill	574.910	0.531
	Incineration (with energy recovery)	2,860.951	80.546
	Incineration (without energy recovery)	0.000	1.693
	Other Methods	0.000	0.000
	Temporary Storage	0.000	0.000
	Unknown Methods	0.000	0.000
	Direct Disposal Subtotal	3,435.861	82.770
Transferred for Disposal	Recycling	24,896.199	272.368
	Reuse	123.426	0.00
	Transferred for Disposal Subtotal	25,019.625	272.368
Total		28,455.486	355.138
Total Waste			28,810.624

Inventec has long been committed to fostering a green and environmentally friendly workspace. In 2023, TAO obtained the highest level of UL 2799 Zero Waste to Landfill certification, the Platinum level. This prestigious certification requires that at least 90% of the waste generated at the plant be converted through methods other than incineration to achieve UL 2799 Silver, Gold or Platinum certification, aiming for "Reduce, Reuse, and Recycle" to achieve zero waste. This goal aligns with the cradle-to-cradle resource management philosophy, enhancing the Company's sustainable competitiveness. Through the dedicated efforts of the project team and the cooperation of all employees, TAO successfully reached a 100% waste conversion rate with 9% thermal recovery from incineration. This accomplishment demonstrates TAO's high standards and rigorous approach to waste management.

Achieving
UL 2799
Platinum
Certification
for Zero Waste to Landfill

Waste Management actions at TAO

- Replace single-use containers in the production process with durable containers.
- Reduce the use of single-use plastic bags in the production process.
- Encourage employees to bring their own reusable cups to reduce the use of single-use beverage cups.
- Ban single-use plastic lunch boxes and switch to reusable tableware.

- Enhance employee understanding of waste classification and reduction through training courses and monthly plant newsletters.

- Collaborate with suppliers to recycle and reuse wooden pallets.

- Convert the incineration treatment of paper packaging and waste plastic to recycling treatment.

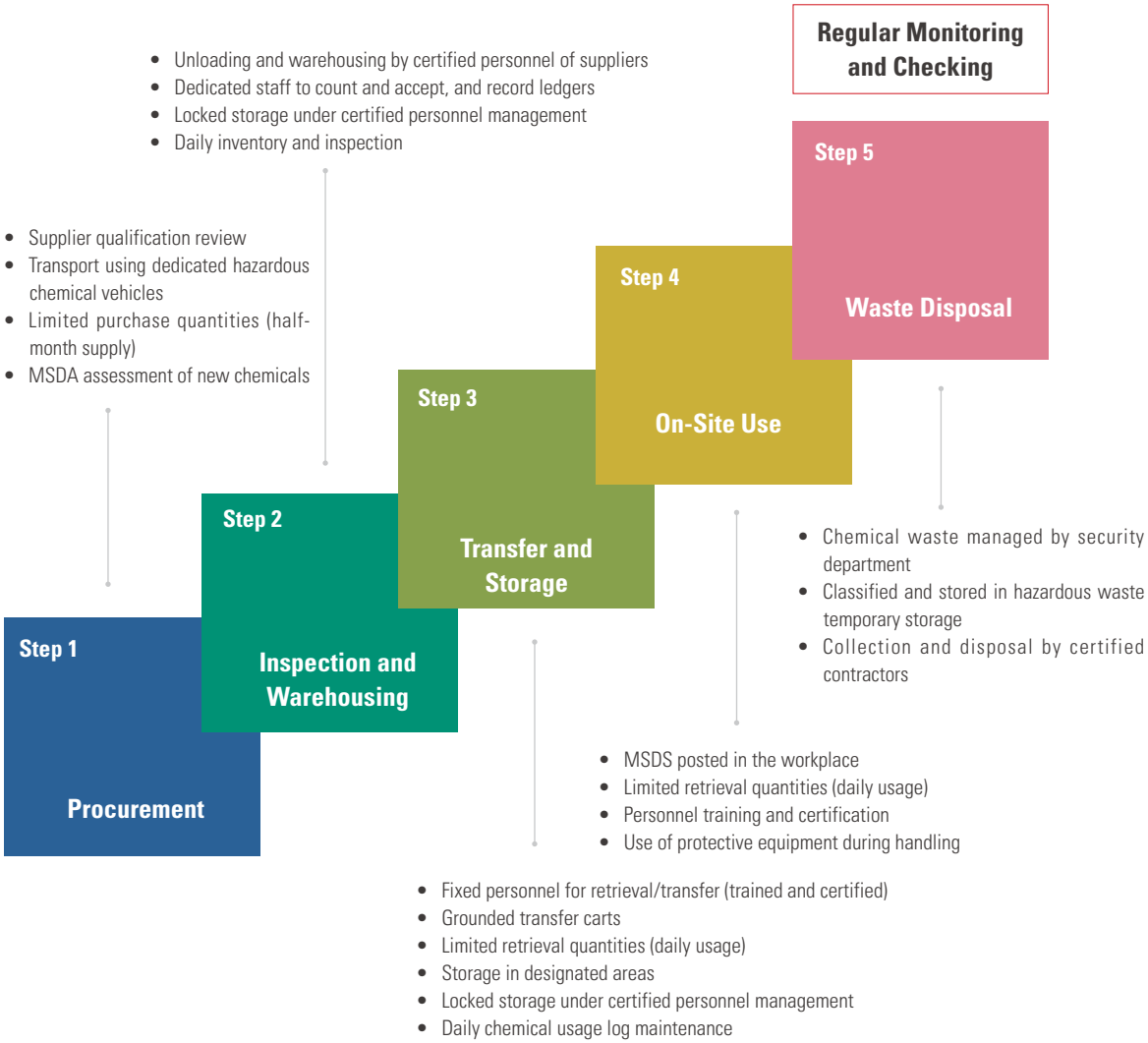
3.3.3 Chemical Management

Inventec implements rigorous chemical management practices to ensure precise understanding of chemical safety information and minimize risks to the health of employees and the environment. We have established Chemical Management Guidelines, providing procedures for various operations such as procurement, inspection and warehousing, transfer and storage, on-site use, waste disposal, and regular monitoring and checking. When procuring new chemicals, employees are required to follow internal management procedures which include evaluating the hazardous risks associated with their use. Upon approval by relevant authorities, appropriate personal protective equipment is provided in accordance with regulatory requirements before using these chemicals within the factory. Foreign employees are provided with hazard information in languages they understand to ensure that they are fully aware of the hazards. Disposal of chemicals is conducted exclusively through legally compliant waste management vendors capable of handling such materials. Outsourcing waste disposal to external entities or individuals without licenses is strictly prohibited to mitigate the impacts on the environment.

All hazardous chemicals used within Inventec's factories are managed by trained and qualified personnel. Inventec conducts regular hazardous chemical training sessions for its chemical management staff. These sessions provide operational training, emergency response, and knowledge training to prevent chemical-related incidents. The chemicals in use must be labeled according to regulations and have Safety Data Sheets (SDS) placed in clearly visible locations for immediate reference by on-site personnel.

Each factory has implemented comprehensive chemical management measures and hence there were **no** chemical incidents occurred in 2023.

Inventec Hazardous Chemicals Control Measures Flowchart



CHAPTER

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SDGs

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

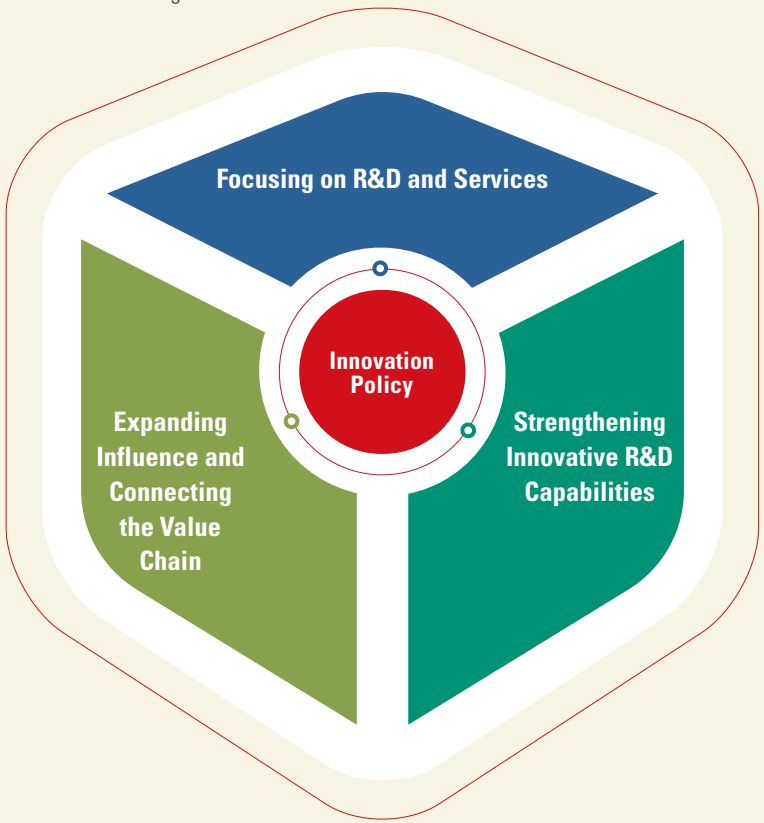
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

4.1 Innovative Research and Development

4.1.1 Innovation Policy

"Innovation" is a core value at Inventec. Over the years, we have been committed to enhancing our corporate innovation capabilities, continuously improving existing R&D technologies and processes, while also exploring and developing new business opportunities. In collaboration with our value chain partners, we provide flexible, up-to-date solutions to promptly adapt to industry changes.

- Specializing in the research, development, and services in areas such as laptops, servers and cloud, automotive electronics, and smart devices.
- Integrating high-performance AI, 5G modules, video and audio technologies to deliver customized and high-value comprehensive solutions.
- Enhancing the competitiveness of sustainable products with a focus on low-carbon circular applications.
- Leveraging extensive R&D and manufacturing capabilities in both software and hardware, and embodying the concept of Industry 4.0 through smart manufacturing.



- Actively deploying a global intellectual property and patent strategy.
- Expanding and deepening alliances with customers and supply chain partners to offer integrated services and pursue growth.
- Extending core R&D competitiveness to foster and expand new business models.

- Establishing R&D centers to integrate research paths across various fields.
- Utilizing the technical committee mechanism to carry out horizontal and vertical improvement projects, integrate common materials, and promote training.
- Enhancing and cultivating R&D talents and establishing a mechanism for explicit knowledge of design.
- Encouraging and rewarding R&D talents.

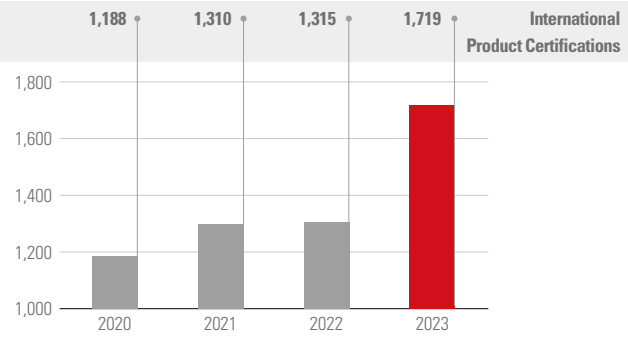
Inventec's Innovation Strategy and Operations

- Automotive Electronics
- Gaming
- Cloud Computing
- Smart Factory
- Smart Transportation
- Smart Home
- Smart Healthcare
- Smart Devices

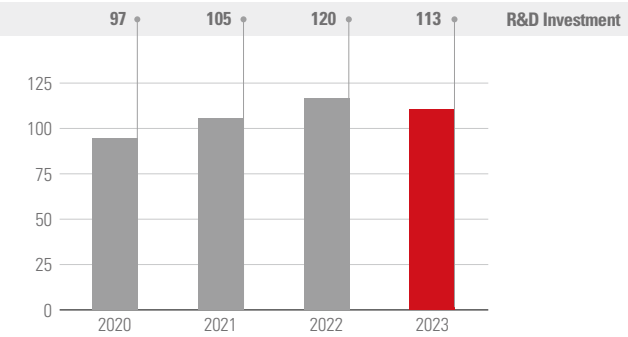
Inventec

Innovation Achievements and Investments

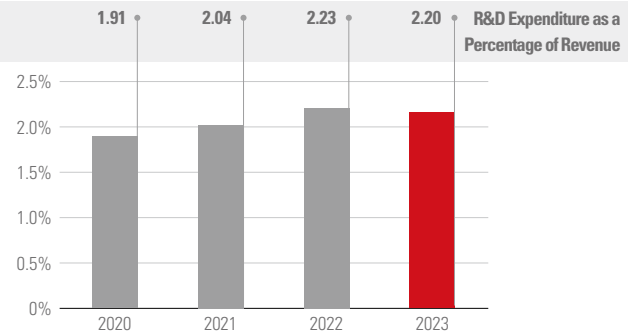
Unit: pieces



Unit: NT$100 million



Unit：%



[redacted]

Technology Research and Development Goals

	2023 Achievements	2024 Goals	Mid-to-Long Term Goals (2025 - 2030)
Laptops	• Developed the Creo "Quick Section and Stack Check" plugin, enhancing inspection and report generation efficiency by 94%, saving 22.5 labor hours per model. • Beyond laptop casings, further incorporated recycled materials into internal structural components. • Developed advanced cooling solutions, improving thermal performance by approximately 17% within the existing framework, creating next-generation gaming laptops. • Completed the second phase of power testing automation, increasing efficiency by 82%.	• Introduce more plastic-free and recyclable materials into laptop models. • Develop a tolerance analysis tool to enhance the efficiency of tolerance design and report generation. • Achieve the third phase of power testing automation.	• Continuously develop automated design and testing tools to improve product design efficiency. • Continuously research and incorporate eco-friendly, recyclable materials and non-toxic labels into laptop models based on customer demand. • Strengthen the use of AI and simulation in product design to continuously improve product performance and reduce power consumption.
Servers	• Liquid Cooling Technology Development: Completed a 48U 100kW single-phase immersion cooling system. • Thermal Management Technology Development: Enhanced closed-loop single-phase liquid cooling plate server fan and pump control efficiency using AI deep learning. • Automated Server Testing Platform: Established. • Packaging Material Research: Reduced plastic usage by 46% by replacing it with corrugated paper. • Environmental and Energy Efficiency Certifications: Continuously obtained certifications as per product design and development needs and timelines.	• Liquid Cooling Technology Development: Complete a 42U integrated liquid cooling plate rack solution. • Thermal Management Technology Development: Improve fan and CDU pump control efficiency in liquid-cooled racks using server data. • Automated Server Testing Platform: Expand the Coverage. • Packaging Material Research: -Add 20% recycled materials to PE bags. -Continue reducing plastic usage, introducing recyclable and recycled materials. • Environmental and Energy Efficiency Certifications: Continuously obtained certifications as per product design and development needs and timelines.	• Liquid Cooling Technology Development: Complete a 100kW vertical single-node immersion cooling rack solution. • Thermal Management Technology Development: Use AI deep learning to enhance the efficiency of fan and CDU pump control in open-loop single-phase liquid cooling plate solutions. • Automated Server Testing Platform: Improve the Range and Stability. • Packaging Material Research: Continue reducing plastic usage and introduce more recyclable and recycled materials. • Environmental and Energy Efficiency Certifications: Continuously obtained certifications as per product design and development needs and timelines.

Research and Development Case

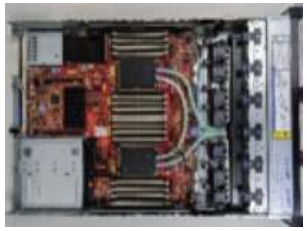
Development and Plans for Liquid Cooling Technology

The advent of AI technology has driven global industrial transformation and revolution, leading to increased computing scale and energy consumption of data centers. With the ever-growing demand for data center and network services, electricity consumption and carbon emissions are expected to continue rising. To address these issues, Inventec has been consistently developing "Cold Plate Liquid Cooling Technology" and "Immersion Liquid Cooling Technology".

2021	2022	2023	2024	2025
Open-loop two-phase immersion technology	**Open-loop water-cooling thermosiphon technology**	**Single-phase immersion cooling system**	**Open-loop single phase liquid cooling plate technology**	**Vertical single-node immersion cooling system**

Development and Plans for Management Technology

In recent years, the global information industry has increasingly focused on the goal of "Green IT", reflecting a mainstream international trend. To provide customers with more energy-efficient data center solutions and to develop emerging energy-saving technologies, Inventec has embarked on projects aimed at enhancing data center energy efficiency. These efforts are embodied in the "Fan-Based Air Cooling Management Technology Development" and "Liquid Cooling Management Technology Development" projects. By leveraging AI deep learning and advanced control technologies, we aim to optimize traditional air cooling and next-generation liquid cooling server and in-rack thermal management technologies. This optimized control not only saves energy but also promotes the development of cloud computing, edge computing, and high-performance AI computing applications.



2021	2022	2023	2024	2025
Prediction of cabinet temperature Use temperature prediction as the basis for cabinet fan control	**R&D on cabinet airflow control** Use AI deep learning to improve cabinet airflow control efficiency	**R&D on control of closed single-phase liquid cooling plate** Use AI deep learning to improve server fan and pump linkage control efficiency	**R&D on all-in-one liquid cooling plate cabinet control** Use server data to improve the efficiency of control over the linkage between rack fans and CDU pump	**R&D on open-loop single-phase liquid cooling plate control** Use AI deep learning to improve the efficiency of control over the linkage between server fans and CDU pump

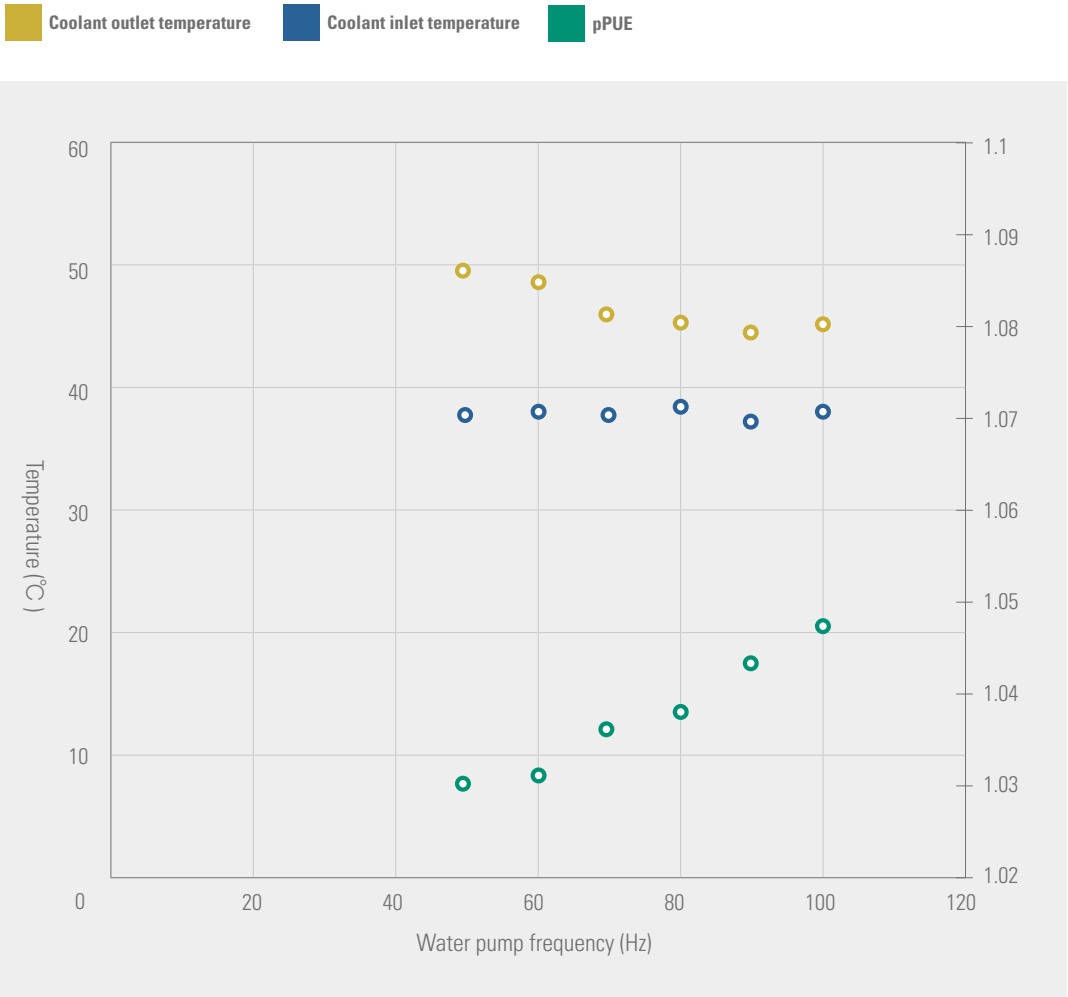
Innovative R&D in Server and Cloud Services

Cloud services, AI, and high-performance computing require a large number of server, storage, and networking equipment. The waste heat generated by the equipment is a significant technical concern for the ICT industry, with energy efficiency being a top priority for end customers aiming to reduce operating costs.

Traditional data center cooling technology typically uses air cooling, where a building's chilled water circulation system transfers waste heat from the equipment rooms to the building's cooling system. However, the lengthy heat transfer path limits the efficiency of heat dissipation. To address this challenge, Inventec teamed up with the partner in 2023 to introduce immersion cooling technology through a project-based approach. This initiative led to the development of an immersion-cooled rack capable of accommodating 48U spaces with a thermal load capacity of 60KW. The rack uses liquid cooling to replace traditional air cooling, achieving energy-saving and sustainability goals with the use of stable and maintainable fluorinated coolant. The verification phase was officially completed in September 2023, with experimental results demonstrating that this technology can achieve a partial Power Usage Effectiveness (pPUE) level of 1.03. Compared to traditional air cooling technology, this represents a significant improvement in energy efficiency.

While immersion cooling technology offers significant energy-saving advantages, the use of fluorinated coolants has come under scrutiny in recent years due to their chemical properties, leading to the gradual banning of some products. Following the announcement from major suppliers to cease production of these coolants, the immersion cooling technology faced substantial challenges. In response to this impact, Inventec and its partners launched a second phase of collaboration in October 2023. This phase aims to enhance the immersion cooling capacity while adopting more eco-friendly engineering oils as the cooling medium to reduce environmental impact. Additionally, this project includes further optimizations for the human-machine interface, aligning the immersion cooling technology more closely with current data center management practices. The project also synchronizes cooling capacity with thermal load to prevent unnecessary overcooling, ensuring optimal operational efficiency. These enhancements are expected to significantly improve the feasibility and effectiveness of immersion cooling technology.

Experimental Data - pPUE Trend Chart



Integrated Single-Phase Cold Plate Liquid Cooling Rack Development

To provide customers with more energy-efficient and high-performance rack cooling solutions, Inventec, in collaboration with supplier partners, has developed an integrated single-phase cold plate liquid cooling rack. The project also utilized open-source OpenBMC for developing the cooling monitoring and management software on the Rack Management Controller (RMC).

2023 Achievements

Inventec has been proactive in securing patents,
2 patents already granted and
2 patent applications currently in process.

Server Fan Power Optimization Methods

To develop high-energy efficiency server products, Inventec collaborated with partners to develop control methods for multiple server fans. Utilizing Python related open-source such as neural network models and optimization algorithms, two control methods for server multi-fan systems were developed. One patent has been granted, and six applications are underway.

Inventec's 5G Smart Factory Bluetooth Innovation

In the era of Industry 4.0, smart factories aim to network multiple in-house devices to facilitate big data collection and perform a wide variety of Edge AI applications. These solutions are highly competitive among manufacturers. In 2023, Inventec introduced the first Bluetooth 5.0 network-integrated router solution. This innovation leverages the unique low-power consumption features of Bluetooth 5.0 and can integrate with pre-trained AI modules within the factory to support various Edge AI applications, such as production machine status detection, collision alerts between vehicles and personnel, and emergency alerts for personnel falls via Bluetooth watches. These advancements enhance Overall Equipment Effectiveness (OEE), reduce downtime risks, and ensure personnel safety, effectively addressing multiple operational challenges.

0 Network Cables

4x Indoor Transmission Distance (compare to traditional Bluetooth technology)

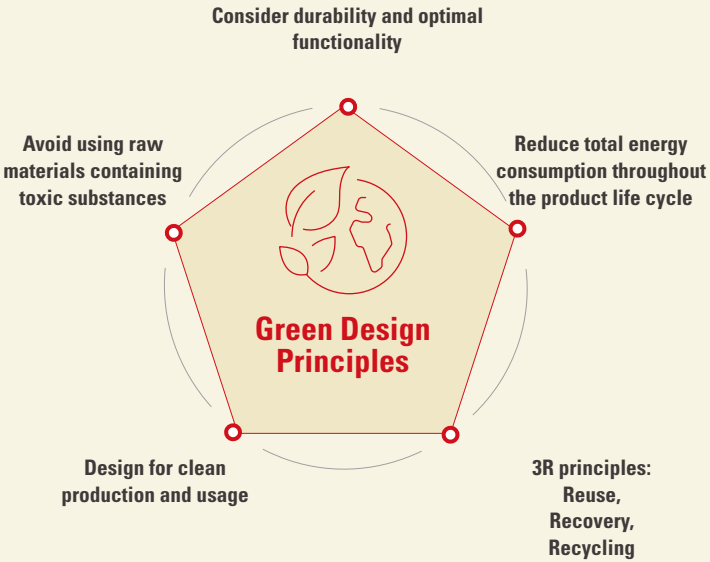
>0.5 Year Battery Life

3 AI Model Applications

4.2 Sustainable Products

4.2.1 Circular and Innovative Green Products

Inventec incorporates circular innovation thinking into product design and service solutions. This approach promotes systematic cooperation across the value chain. By expanding into fields such as 5G smart factories and AI big data, Inventec creates opportunities for carbon reduction at every stage of the product life cycle.



Energy Saving Goals and Achievements

Topic	Plan	2023 Goal	2023 Achievement	2024 Goal	2030 Goal
Energy-Saving Innovative Technology	Development of cooling technology aimed at reducing energy consumption compared to current technologies.	Develop a 60kW single-phase immersion cooling system with a partial Power Usage Effectiveness (pPUE) of 1.03.	100% completed.	Use sustainable and environmentally friendly immersion cooling fluids and develop a 100kW single-phase immersion cooling system while maintaining a pPUE of 1.03	Continue research and development efforts
Plastic reduction in packaging materials	De-plasticization ratio of laptop packaging (%)	> 50%	> 55% Main laptop models	> 60%	> 85%
	Reduction in plastic usage for server packaging (%)	> 5%	Reduced by 46%	> 50%	> 50%

2023 Energy Saving Achievements

	Number of Products	International Standards	Achievements
Servers	15	Energy Star Computer Servers Specification Version 4.0	Electricity savings of 38% Reduction of 108,102.41 tCO_2e
Computer-related* Products	21	Energy Star	Reduction of 148,647.81 tCO_2e

*Including laptops, personal computers, and tablets.

Sustainable Product Achievements

Item	2020	2021	2022	2023
Environmental and Energy Efficiency Certifications	572	267	432	397
Laptops packaging	90% EPE cushioning made of paper pulp or corrugated paper	100% EPE cushioning made of paper pulp or corrugated paper	• 100% screen protector packaging made of plain paper • 20% of plastic bags replaced with paper bags	Continuously tested
Servers packaging	Corrugated paper containing over 80% recycled materials	Corrugated paper containing over 80% recycled materials	Corrugated paper containing over 80% recycled materials	Corrugated paper containing over 80% recycled materials

2023 Revenue Share of Energy-Saving Products

Product Type	Percentage of Revenue
Compliant with WWF/Energy Star/EPEAT Certification Standards	10.94%
Various Environmental Label Products Note 1	1.90% Note 2

Note 1: Assists customers in obtaining certifications(Category I, II, III).
Note 2: Percentage of hardware revenue.

Use of Recycled Materials

At the design stage, Inventec selects eco-friendly packaging materials that reduce or eliminate plastic. Inventec also strives for maintaining product functionality and quality while reducing plastic usage and further lowering carbon emissions.

In 2023, Inventec introduced recyclable and recycled materials into the packaging of its laptop products, achieving a de-plasticization.

ratio of 55%

Case **Laptops - For some countries, the envelope packaging for instruction manuals was eliminated, and plastic labels were replaced with paper labels.**

This change resulted in an estimated reduction of approximately **37,167.9** kg CO_2e.

Elimination of plastic bags for instruction manuals

Switching to paper labels for sealing

Case **Thin-Client Models - The packaging was changed from PE bags to wood fiber bags.**

This change resulted in an estimated reduction of approximately **887** kg CO_2e.

Original PE bag packaging

Switching to wood fiber bag packaging

Use of Recycled Materials in Laptops

Inventec has long embraced low-carbon design principles, researching and incorporating recycled materials into laptop casings and internal components. By adopting recycled metals and plastics, Inventec aims to protect the environment and reduce resource consumption through material recycling.

Diverse recycled materials used

*: based on a single model

Internal Components

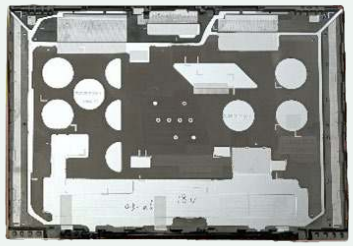
45%

recycled plastics*

Casings

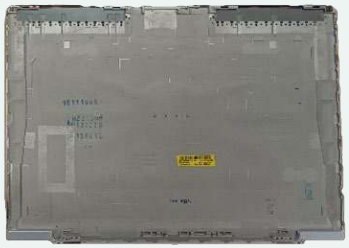
50%

recycled aluminum alloy*
(Usage amount: 141 tons)



90%

recycled magnesium alloy*
(Usage amount: 74 tons)



4.2.2 Product Energy Saving Design

Energy Saving Summary

Laptops

2023 Achievements

- The energy efficiency of both commercial and consumer models surpassed the Energy Star Computers Specification Version 8.0 standard by over 25%.
- Products that obtained various environmental labels accounted for more than 87% of laptop revenue.

2024 Targets

- Apply for certification of new mass-produced laptops under the Energy Star Computers Specification Version 9.0 standard and continuously obtain certification.

Servers

2023 Achievements

- The energy efficiency of new mass-produced models surpassed the Energy Star Computer Servers Specification Version 3.0 standard.
- Continuously obtained certification according to the product design and development schedule.

2024 Targets

- The energy efficiency of new mass-produced models surpasses the Energy Star Computer Servers Specification Version 4.0 standard.
- Continuously obtained certification according to the product design and development schedule.

Customer Product Certification

To provide customers with environmentally friendly, energy-efficient, and safe products, Inventec follows stringent internal control procedures for product certification management.

In 2023, a total of **1,719** product certifications were achieved across various categories.

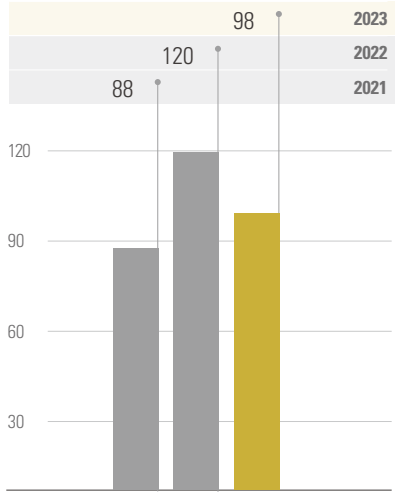
98 environmental certifications, including Taiwan Green Mark (TGM), China Environmental Label (SEPA), U.S. Green Procurement Assessment Guide (EPEAT) and Sweden TCO Certification.

299 energy efficiency certifications, including U.S. Energy Star, EU Energy Efficiency, Australia/New Zealand Minimum Energy Performance Standards (MEPS), China Energy Conservation Program (CECP), China Energy Label (CEL), and Japan Energy Conservation Laws (JEL).

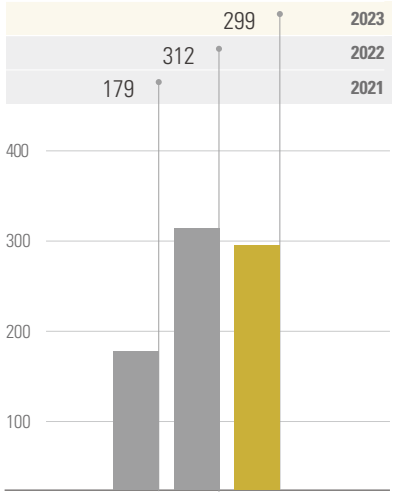
1,322 safety certifications, including Underwriters Laboratories (UL), TÜV , CE (CB), China Compulsory Certificate (CCC), Canadian Standards Association (CSA), Taiwan Bureau of Standards, Metrology and Inspection (BSMI), and Mexican NOM.

Product Environmental labels and certifications

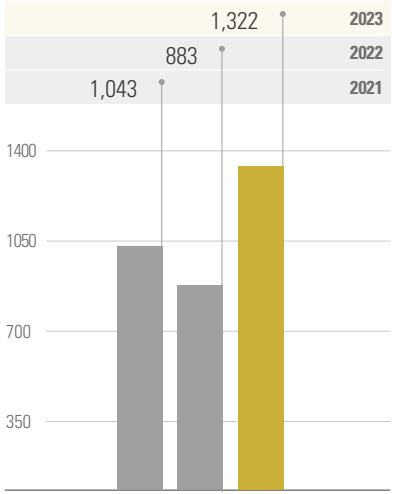
Unit: item



Environmental Certifications



Energy Efficiency Certifications



Safety Certifications

4.2.3 Management of Hazardous Substances

Policy and Practices

In recent years, consumer interest and demand for green products have risen significantly. Major markets, including the United States, the European Union, and Japan, have amended laws to promote environmental protection, compelling manufacturers, importers and exporters, and distributors to provide environmentally compliant products. This trend drives the incorporation of appropriate eco-friendly elements into products and adherence to increasingly stringent environmental regulations. The United States, the European Union, and Asian countries have established environmental regulations for various electronic consumer products, such as EU RoHS Directive (2011/65/EU) on hazardous substances, REACH Directive, and Packaging and Packaging Waste Directive (EU) 2018/852. These laws target to minimize the presence or release of hazardous substances in consumer products, mitigate environmental pollution during manufacturing and material use, and reduce the environmental impact of product disposal. Additionally, they encourage the efficient use of energy and other resources.

Inventec, in response to customer requirements for hazardous substance restrictions and regulations in various countries and sales regions, implemented the IECQ QC 080000 Hazardous Substance Process Management System (HSPM) in 2006. Inventec also formulated the Inventec Hazardous Substance Free (HSF) Management Guidelines, aimed at reducing the use of hazardous substances. Inventec continually keeps abreast of the latest regulations and customer-controlled substance lists. All global manufacturing sites have completed the implementation of the IECQ QC 080000 management system and have been certified by third-party verification bodies. It ensures that hazardous substance control plans for Inventec's products are enforced effectively. In 2023, there were no records of fines or violations of laws and regulations regarding the provision and use of Inventec's products. All products are assessed and confirmed to comply with the Inventec HSF Management Guidelines.

Product Hazardous Substance Control Plan

2019	2021	2023	2025
Control of ten substances according to the latest RoHS	REACH SVHC new substances under control - Bis(2-(2-methoxyethoxy)ethyl)ether and Medium-chain chlorinated paraffins (MCCP)	REACH SVHC new substances under control - 2,2',6,6'-tetrabromo-4,4'-isopropylidenediphenol and Diphenyl(2,4,6-trimethylbenzoyl) phosphine oxide	Continuously paying attention to the updated list of REACH controlled substances to comply with regulations and customer requirements

Procurement from suppliers

In addition to serving as a standard for purchasing hazard-free components, the control plan also requires suppliers to sign an "Environmental Protection Declaration", ensuring that from design to development, including the assembly of printed circuit boards or final products, all components are free of hazardous substances. This commitment must be supported by test reports from chemical laboratories certified by ISO 17025 or other equivalent standards.

Manufacturing

The materials of Inventec's green products undergo incoming material inspections for hazardous substance content. Materials with questionable inspection results are re-evaluated by the Pudong chemical laboratory or third-party laboratories to ensure compliance with the "Inventec Hazardous Substance Free (HSF) Management Guidelines".

Research and development

- The dedicated green product unit periodically collects and consolidates environmental regulations and customer green product standards. They conduct impact assessments and make appropriate revisions to the "Inventec Hazardous Substance Free (HSF) Management Guidelines", which serve as a basis for material selection and design by the R&D units.
- The supplier management platform (iSupplier) is established and continuously optimized. Through linking to the internal Product Data Management (PDM) System, this platform helps create a green bill of materials and identifies the HSF attributes of materials. It facilitates material reviews and approvals by the dedicated unit, ensuring that the material meets HSF design requirements.

4.3 Intellectual Property

Innovative Intellectual Property Management

"Innovation, Quality, Open Mind and Execution" are the core values of Inventec Group. Among these core values, "Innovation" and "Quality" form the foundation of the Company's sustainable operations. To enhance Inventec's competitiveness and influence across the globe, employees with a strong sense of innovation and professional expertise are encouraged to continually innovate and develop. Therefore, Inventec places significant emphasis on innovation and R&D, setting up legal and intellectual property (IP) teams at large-scale R&D and production sites, such as factories in Taipei, Taoyuan, Shanghai, and Chongqing, to manage risk and protect IP locally.

To actively create an environment conducive to innovation, Inventec is committed to nurturing creativity and innovative talents. In addition to its internal IP management mechanism encompassing promotional activities, training programs, review processes, internal controls, and incentive systems, in recent years, Inventec has also organized Hackathon competitions to motivate employees to develop diverse product applications and propose innovative ideas and process improvements in areas of company interest, thereby continuously driving innovation.

To effectively manage IP and adopt precautionary measures to avoid the risks, Inventec constantly stays abreast of changes in laws, policies, and litigation practices. The Company conducts in-depth analyses of issues related to information leaks and IP infringement. By implementing awareness campaigns and training, adjusting operating practices and processes, and strengthening legal documents and contracts to protect the Company's rights, Inventec ensures robust risk management and IP protection.

Innovation in R&D and Intellectual Property Strategy

As of December 2023, Inventec has secured over 17,500 patents globally. The Company continues to focus on innovation and strategic planning in AI, Industry 4.0, and 5G communications, actively promoting green innovation while exploring new opportunities in medical care and automotive electronics. In 2023, Inventec remained among the top 10 for patent applications and grants in Taiwan, ahead of the Taiwanese peers. It also ranked among the top 1000 companies for US patent grants and was recognized as a model and exemplary enterprise for intellectual property in China. According to the 2023 report "Patent Information Analysis Based on GXTI" issued by the Japan Patent Office, Inventec excelled in the field of "Data Center Facility Energy-Saving Technologies", ranking 7th globally with 54 international patent families.

Inventec's honors over the years include National Industrial Innovation Achievement Award, National Invention and Creation Contribution Award, World Intellectual Property Organization's Top 100 Global Patent Families Applicants, PwC Global Innovation 500 Companies, PatSnap Top 100 Global Smart Manufacturing Patents Companies, IPR Daily Top 100 Global IoT Automotive Intelligent Roadside Invention Patents Companies, etc. These accolades affirm Inventec's robust innovation capabilities and industry contributions. The extensive patent portfolio accumulated over the years has become a crucial intellectual asset for the sustainable operations of the Inventec Group.

2023 Patent Achievements

Top 10
in Taiwan for patent applications and grants

Top 1000
globally for US patent grants

JPO
7th globally for international patent families in "Data Center Facility Energy-Saving Technologies"

PatentBots
13th
in the "2023 Patent Quality Awards"

GlobalData
23rd
globally for "Liquid-Cooled Data Center" patent applications

GlobalData
17th
among the "Top 100 Most Innovative Taiwan Companies"

CHAPTER

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SDGs

5.1 Human Resource Development

5.1.1 Talent Strategy

Talent Management Policy

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

Inventec Talent Sustainability Actions

The cultivation and development of talents have always been important operational development goals for Inventec. In order to strengthen the competitiveness of talents, and respond to the ESG and DEI trends, as well as global companies' emphasis on the social responsibility of talents, at this moment, Inventec officially announced to join the "TALENT, in Taiwan, Taiwan Talent Sustainable Action Alliance".

We are committed to promoting the initiative indicators, including "Meaning and Value", "Diversity and Inclusion", "Organizational Communication", "Physical and Mental Health", and "Talent Growth", so as to maintain our competitiveness of talent sustainability amid the rapidly changing industry.

Adhering to the core values of "Innovation, Quality, Open Mind, and Execution", Inventec continues to focus on ESG issues and digital transformation through experience inheritance and resource sharing internally and strives for continuous growth with the spirit of "care more, take more responsibility" and "face challenges and engage in the game" to cope with the challenging business environment. Moreover, by maintaining a competitive advantage in the important technologies, the Company is able to bring better profits to all shareholders and colleagues while pursuing sustainable development of the enterprise.

Diversity and Inclusion

DEI Culture and Initiatives

"Diversity and inclusion" is an important key to creating a diverse and inclusive culture in the workplace. In this regard, Inventec is committed to establishing an equal, respectful, and open-minded workplace. In terms of employee recruitment, Inventec is guided by the principle of talent sustainability. In addition to explicitly and publicly promising to treat applicants fairly, the Company also operates through various strategic mechanisms to attract global talents to join the Inventec family. Moreover, Inventec treats every employee equally and respects that each employee is an independent and different individual, with an aim to provide diverse training and development opportunities so that every employee can fully utilize their expertise and creativity. With "talent-oriented" belief, Inventec explicitly stipulates that all global factories should treat employees of different races, classes, languages, ideologies, religions, parties, genders, marital statuses, physical and mental disabilities, and sexual orientations equally and fairly. Any form of discrimination is strictly prohibited.

Establishment of diverse recruitment channels

In order to enhance overall R&D capabilities, Inventec strives to develop a diversified recruitment mechanism to attract local and overseas top R&D talents. At the same time, Inventec has improved its overall recruitment efficiency through a comprehensive online interview process. Beyond traditional job banks, Inventec continuously strengthens internal referrals, industry-academia collaboration, and social media outreach to ensure a steady influx of excellent talents. On the campus engagement front, Inventec actively collaborates with prestigious universities to offer internships that provide practical, hands-on experience for students. Through corporate training courses and lessons taught by industry mentors, students gain familiarity with Inventec, paving the way for joining the Company. This approach fosters a win-win scenario for both universities and the Company.

New Employee Orientations

To strengthen the ability of new employees to quickly adapt to the Company's environment, Inventec constantly optimizes the "onboarding process" and "newcomer training". Through the digital process, newcomer training and Mentor system, Inventec's new employees can integrate into the organization and understand the Company in a short period of time and can give full play to their own strengths.

Campus cultivation

- Internships and industry-school training projects to train the students in advance
- Campus recruitment fair for the face- to-face contact with students
- Professional exchanges, corporate visits, and competitions
- Industry master class for cultivating the technical professionals
- Scholarship system to encourage campus talents to join the industry
- R&D cooperation plan for the integration of industry and academia

Digital transformation

- Comprehensive online test
- Remote online interview and recruitment of overseas talented people
- Establish talent recruitment pool for reserving the talented people

Diverse recruitment channel

- Expand recruitment through job banks
- Encourage the employees to recommend talented people
- Introduce the overseas professionals
- Employment service agency and jobs expo
- AI and 5G cutting-edge technological talents

Employer brand

- Diversified community management to enhance corporate reputation
- Recruitment environment optimization and strengthening of the software and hardware for promotion
- Optimize the welfare system to enhance employee recognition

Inventec cooperates with the Institute of Electrical Engineering of National Cheng Kung University to jointly cultivate top R&D professionals.

Inventec cooperates with the Department of Mechanical Engineering of National Central University and the Department of Electrical and Computer Engineering of Tamkang University to cultivate potential R&D talents to achieve the goal of integration of industry and academy.

Inventec cooperates with more than 10 public and private colleges and nearly 20 departments in Taiwan, so that students can enter the industry as soon as possible, and can quickly adapt to the pace of the industry in the future.

Available for students from colleges and universities across the country. In 2023, a total of more than one million scholarships were issued to encourage students to enter the technology research and development industry in the future.

In 2023, a total of 2 corporate visits were arranged for National Taiwan University and National Central University, attracting nearly 100 future potential R&D talents to participate, and enhancing corporate visibility and recognition.

Inventec participates in campus recruitment events such as National Taiwan University, National Taipei University of Technology and National Taiwan University of Science and Technology to recruit R&D talents with potential on campus.

In cooperation with the Department of Mechanical Engineering, National Central University and the overall course satisfaction reached over 90%.

Inventec cooperates with National Taiwan University of Science and Technology to jointly plan college courses, cultivate AI talents on a long-term and continuous basis, establish connections with students, and increase students' willingness to join the workforce after graduation.

Women Empowerment

Inventec endeavors to fostering a diverse and inclusive workplace culture. Currently, over one-quarter of our managers are female. Females account for 46.90% of management roles within profit-driven departments and 17.32% of management positions in STEM. Inventec remains committed to promoting gender equality and addressing the diverse needs of employees at all levels. This commitment brings positive impacts to the organization and ensures that respect for human rights and diversity in the workplace are fully practiced throughout our value chain.

Category	Number of people			Number of people in management position [Note]			Proportion of female managers in the category (%)	Proportion of female employees in the category (%)
	Male	Female	Total	Male	Female	Total		
Employees in revenue generating functions	4,028	3,643	7,671	343	303	646	46.90%	47.49%
Employees in STEM positions	5,794	2,522	8,316	1,480	310	1,790	17.32%	30.33%
Percentage							25.16%	38.56%

Note:Management positions refer to all levels of management, including top, middle, and junior level management. Top management positions include directors and above.Middle and junior management positions are section manager (inclusive) and above, but below manager (inclusive).

Industry-Academia Collaboration

Each year, Inventec offers internships in a variety of roles for one semester to two years. These internships provide students with an early opportunity to gain hands-on experience and sharpen their skills before formally entering the workforce. By participating in various departmental operations, receiving guidance from dedicated mentors, and undergoing functional training, students can develop the right work attitude and learn about the Company's culture, thereby enhancing both their soft and hard skills. In terms of collaborative R&D capacity, Inventec has partnered with several universities, including National Taiwan University, National Taiwan University of Science and Technology, National Taipei University of Technology, National Central University, and Tamkang University, to conduct long-term industry-academia joint education programs.

In 2023, Inventec joined hands with Tamkang University, Yuan Ze University, National Taipei University of Technology, and Ming Chi University of Technology to set up internship collaboration programs, recruiting a total of **47** interns for one to two years of training.

Talent Development Scholarship

To cultivate top talent in the technology sector and provide incentives for outstanding students to devote themselves to academic studies and professional ability development, Inventec has established the "Excellent Talent Scholarship Program". This program aims to bridge the gap between academia and industry while nurturing potential R&D talents. These programs encourage students to collaborate with the Company early on, helping them understand how to translate their academic knowledge into practical job skills. It fosters a sense of corporate identity and aims to reduce the gap between academic learning and job requirements, enabling students to be employment-ready upon graduation.

As part of the advance offer program, Inventec has recruited **20** promising students in Taiwan and over 100 globally.

Recruitment RPA Case Study

In light of the digital transformation trend, the HR department has introduced RPA (Robotic Process Automation) to assist in handling tedious and time-consuming jobs in daily operations. It aims to reduce the workload on employees engaged in repetitive tasks, allowing them to focus on strategic tasks that add innovative value.

In 2023, three recruitment processes, including interview data entry, test score retrieval and input, and new employee photo cropping, were automated using RPA, which effectively saved approximately **75**% of the recruitment staff's working hours.

5.1.2 Talent Cultivation

Talent Development Policy

We believe that only when employees uphold the Company's core values can we truly cultivate, retain and attract talents, and thus strengthen Inventec's high-quality human capital. Our talent development is based on Inventec's talent management policy, which fosters a learning organization committed to continuous innovation and improvement, providing an excellent training environment for our employees. Aligning with our operational goals and development strategies and focusing on the actual needs of employees, we offer professional services for talent cultivation and development consultation and promote various training activities.

Training Blueprint and Results

Equal emphasis on training and development

With "Learing together, Growing together" as the core value, we strive to provide colleagues diverse training channels and excellent internal and external instructors.

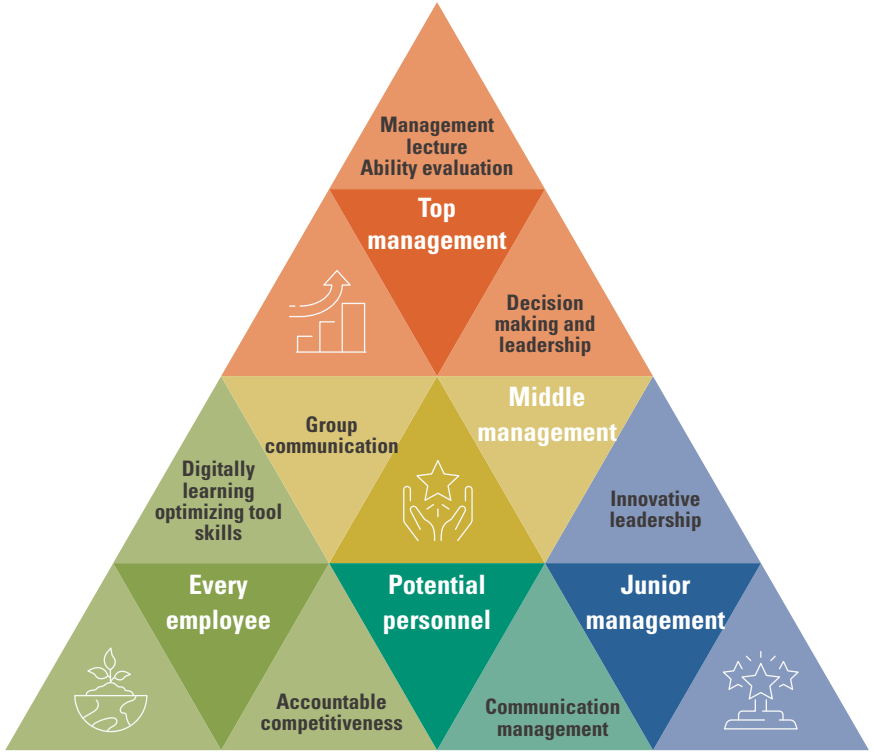
A learning organization that is constantly innovating and improving

With the purpose of achieving corporate operation goals and development strategy, and based on the actual needs of colleagues, we aim to provide internal employees with a good training environment and aswell as professional services for talent development.

"Talent-oriented" corporate culture

In addition to systematically enhancing relevant management competencies and professional capabilities, we focus on improving language skills of talents to strengthen our global competitive edge while reinforcing peformance tracking and feedback mechanisms.

Training and development system to enhance core competencies



Key Talent Cultivation

Talent Pipeline Plan

To accelerate the cultivation of mid-to-senior level talents and advance the Company's digital transformation, Inventec keeps implementing the "Leadership Competency Development Program" for key managers. This program introduces scientific assessment tools to help managers understand their strengths and weaknesses, as well as their proficiency in management capabilities. Since its inception, the program has received positive feedback from participants and their line managers. Based on talent review results, we perform position benchmarking and match talents with appropriate positions, establishing a talent pool mechanism to facilitate candidate screening and selection. Inventec continues to carry out its talent cultivation plan in alignment with organizational growth and proactively develops its talent pipeline.

- Responsible managers conduct assessments to improve the key talent pool, providing a scientific basis for enhancing talent capabilities and offering objective decision-making information for talent selection and development.
- Assessment reports provide senior executives with comprehensive evaluations, enabling a systematic understanding of current talent pipeline management capabilities. This serves as an important reference for talent pipeline selection, talent suitability management, and complementary division of work based on team strengths and weaknesses.
- We introduce leadership competency courses to enhance the development and management of the talent pipeline and team leadership capabilities. It helps foster a team interaction pattern and corporate culture characterized by two-way communication, openness, transparency, empowerment, and accountability.
- We establish manpower development plans and implement individual development plans (IDPs) based on strategic position competencies, identifying talents that match the organization's growth needs.

Launch of Talent Pipeline Plan

Purpose	Process/Actions	Results and Applications
Talent Program **Mid-to-Senior Level Talent Enhancement Program** • Review the competency outcomes based on the implementation status every year. • The program is proposed for the purpose of combining efforts to promote digital transformation with the cultivation of mid-to-senior level talent pipelines. • Use the results as a critical reference for selecting talent pipelines, planning talent suitability management, implementing individual development plans (IDPs), and organizing team roles to complement each other's strengths and weaknesses.	• Establish the qualifications required for key positions. • Create a talent pipeline organizational chart for each business unit to finalize the talent pipeline identification. • Assist assessed employees in conducting their individual development plans. • Arrange for potential candidates to participate in management capability development courses.	• **2020 year-end: Manager Assessment Results** We evaluated key managers in business units and R&D departments for their potential. The overall proficiency in comprehensive management skills was determined to be moderate. • **2021: Follow-Up Action Plan** We analyzed strengths and weaknesses in overall management skills and implemented key talent development and training activities accordingly. • **2023: Competency Benchmarking and Talent Review for Key Positions** We conducted a comprehensive review of key positions and determined the competency requirements for key positions through one-on-one interviews. We also identified high-potential talents within the organization, helped them set up individual development plans for addressing skill gaps, and implemented on-the-job training (OJT) and off-the-job training (Off-JT) development plans. Additionally, we incorporated these development plans into performance goals for ongoing tracking and assessment, ensuring that talent cultivation initiatives were closely tied to organizational development goals.

Line Manager and Program Trainee IDP	Quarterly IDP Progress Tracking	Providing a Performance Communication Platform	Enhancing Organizational Overall Capability and Addressing Gaps
Each BU manager discusses with the trainee to reach an agreement on the IDP program.	Conduct regular follow-ups on IDP implementation and provide management feedback and recommendations before the program is concluded.	Review performance goals and document real-time interaction through the platform to enhance practical sharing and communication.	Evaluate the overall competency gaps of the MAP trainees at year-end and continue to provide targeted training and support to address these gaps.

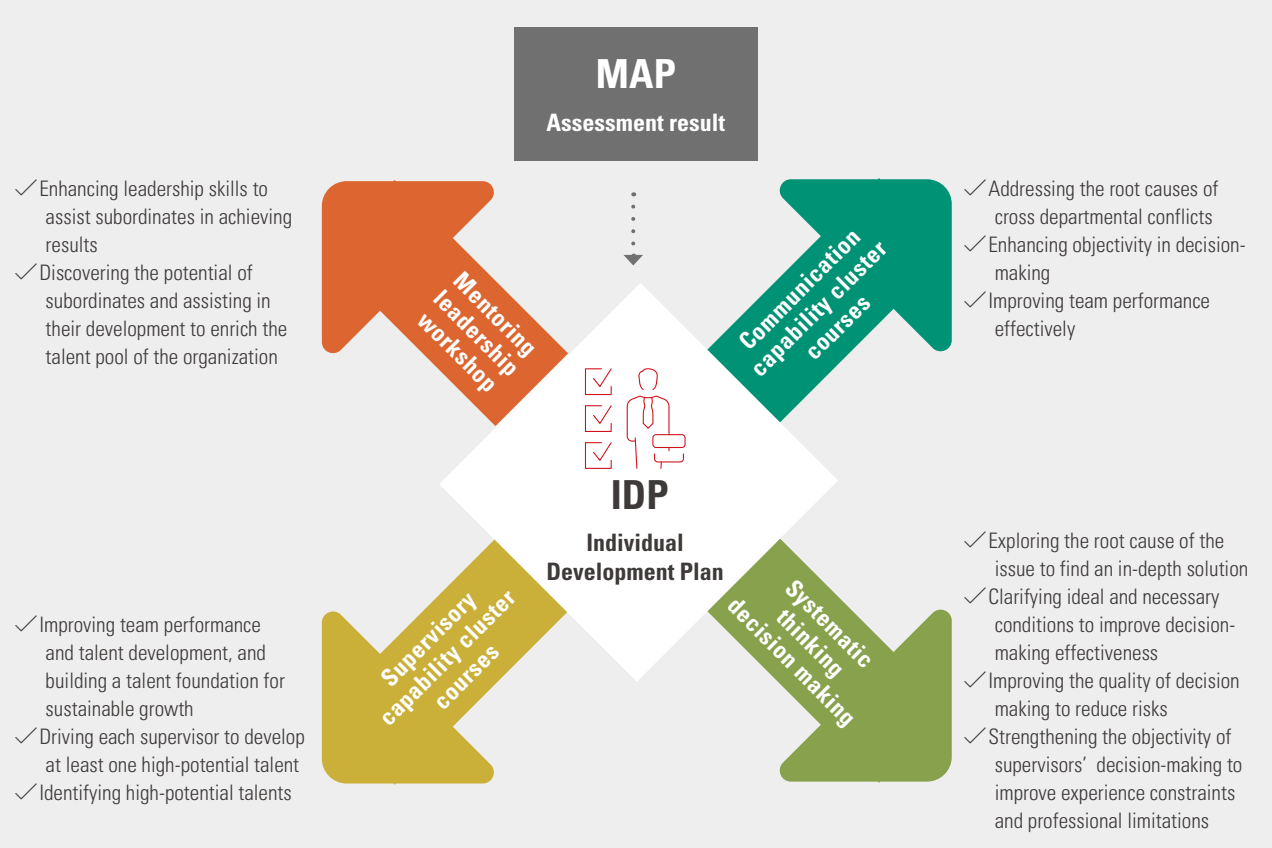
Since 2022, the Chairman, the President, and senior HR executives, along with management consultants, have participated in strategic succession planning meetings. During these meetings, senior executives gain in-depth insights into the strengths and weaknesses of the talent pipelines within various business units, enabling the executive team to develop short, medium, and long-term strategic planning.

We conduct interviews with senior business unit executives to determine the competency requirements for key positions and review Inventec's key position benchmarking analysis on a regular basis. After reaching consensus on these standards, we conduct thorough talent capability analysis and perform talent benchmarking. Inventec implements its talent strategy focusing on "identification", "development", and "talent pipeline", to align with the organization's development goals. This approach helps us to cultivate talent strategically and effectively carry out our talent strategy.

Through the semi-annual "Talent Development Strategy Meeting", the Chairman, the President, and Business Group Directors continuously review the status of talent development. During these meetings, senior executives not only gain an understanding of the talent profile but also analyze the competency gaps, demonstrating a strong commitment to nurturing talents!

The Leadership Program for Learning and Development

We address overall competency gaps identified through assessments by planning complementary training programs. Each business unit manager discusses IDP with trainees and reaches a consensus on the content of IDP, with regular follow-ups and feedback.



Based on the competency to be developed as identified through the assessments, Inventec organizes the "Leadership Competency Cluster Courses" to enhance talent pipeline development and team leadership skills. In 2023, in view of the assessment results, "Supervisory Skills" training was conducted, focusing on "Training, Coaching, and Delegation", "Employee Evaluation and Performance" and "Behavioral Standards and Corrective Actions" through practical exercises and discussions. These courses are designed to improve managers' abilities to lead their teams and help subordinates achieve their goals.

Trainees' Feedback

- Managers need to show more empathy and use tools to review team members' work and performance.
- Frequent communication with subordinates can foster steady employee development and enhance team cohesion.
- Allow subordinates to express their opinions and provide them with appropriate feedback.
- Questioning subordinates should be seen as a way to find answers, not as a challenge.
- Spend more time to interact with subordinates in daily conversations.

MAP/RiTE Talent Identification Results

Number of key positions: **22**

Number of high potential talents: **17**

Lean Dojo Training Program

Inventec promotes lean production training through practical courses that enhance improvement and implementation skills. Utilizing a lean production training classroom, the program provides frontline employees and grassroots managers with on-site simulated learning experiences to reinforce lean production concepts. Lean production training is implemented across all levels of the plant, disseminating relevant lean production management knowledge widely.

2023 Key Talent Cultivation Results

A. Total Participants in RiTE	B. Total Participants in MAP	C. Number of trainees in the year C=A+B
50	140	190

D. Total number of employees*	E. Participation rate E=C/D
18,180	1.0%

F. Number of people promoted after participating in RiTE from 2021 to 2023	G. Number of people promoted after participating in MAP from 2021 to 2023
252	259

* Number of employees as at December 31, 2023.

2023 Lean Dojo Training Results

A. Total number of trainees in Lean Dojo	B. Total number of instructors	C. Number of trainees in the year C=A+B
783	32	815

D. Total number of employees*	E. Participation rate E=C/D
18,180	4.48%

F. Number of people promoted after participating in Lean Dojo Training from 2021 to 2023	G. Number of people promoted after instructing in Lean Dojo Training from 2021 to 2023
725	22

Internal Instructor System

To help managers quickly develop organization's competitiveness and enhance knowledge and experience sharing, Inventec leverages the strength of internal instructors to achieve greater team learning synergy. Thus, a reserve instructor certification course was launched. Through a 70-minute systematic digital course on "Instructor System", "Course Design", and "Presentation and Digital Course Creation" via E-Learning, employees are able to enhance professional teaching skills and experience required for their roles as internal instructors. Additionally, the reserve instructor team is required to conduct a 10-minute in-person trial teaching session.

Unit managers provide internal instructors with professional technical guidance, offering encouragement and presentation improvement suggestions. This ongoing support helps develop potential talents within each unit. Subsequently, these internal instructors assist managers in training their unit colleagues and continuously passing on expertise.

2023 Results in Taiwan

Personal Learning Passport

To encourage ongoing learning and development among employees, aimed at enhancing work skills and organizational performance, Inventec has introduced the Learning Passport incentive plan. Each year, employees can redeem points for rewards during specified periods, with around 4,000 employees participating in 2023, accumulating nearly 40,000 points in total. Aligned with the Company's long-term strategic development and core competency requirements, this initiative motivates employees to learn, continuously acquire new knowledge, and improve their work skills and efficiency. The Learning Passport serves as a driving force for participation in training courses. Employees who attend training sessions can accumulate learning points and use the iService to self-check their learning history.

Training on Specific Topics

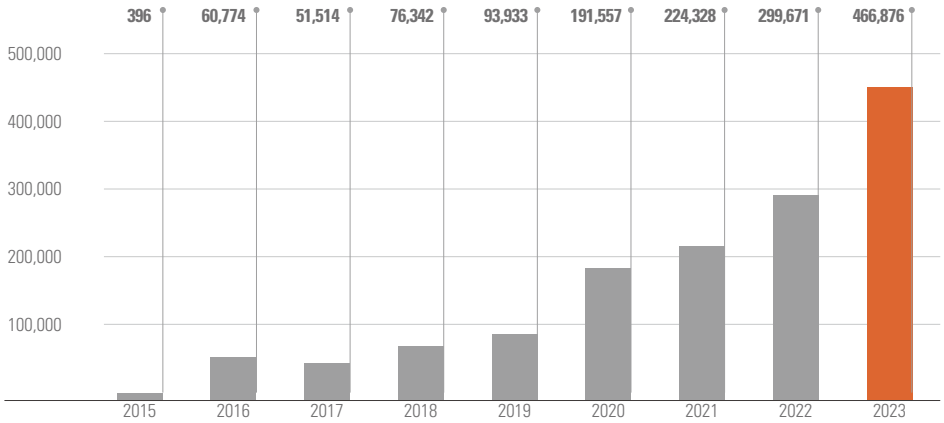
Inventec invests both time and money in training employees in various competencies globally. Every new hire is required to take training courses on human rights and anti-corruption. Additionally, security personnel at Inventec's factories in Taiwan and China receive specific human rights training.

Digital Learning

To constantly foster a learning culture across the organization and leverage group resource sharing, Inventec has implemented an E-Learning platform along with a diversified courses enhancement project. This initiative encourages employees to make good use of the E-Learning platform to stay abreast of dynamic industry trends and new technologies. The goal is to drive innovative growth and prepare for digital transformation. The E-Learning platform has been fully updated, and a new E-Learning app has been launched. These tools are available for training and learning at various locations, including IET, ITO, TAO, IPT, SQT, ICC and Tianjin plant.

The utilization rate of the digital learning platform has steadily increased, with over 460,000 usages recorded in 2023. The digital courses are accessible across different regions, enabling the delivery of courses that cannot be taught in person. Mandatory group courses are also synchronized across all factories. Going forward, Inventec plans to offer more types of courses based on employee needs, including language learning, digital trends, and tool skills. It aims to cultivate employees' interest and enjoyment in learning, thereby creating a better learning experience.

E-Learning Platform Usage Records



5.1.3 Talent Attraction and Retention

Compensation Management

At Inventec, employee compensation is determined without discrimination based on gender or ethnicity, and employees are paid better than or in compliance with regulatory requirements. In Taiwan factories, employees receive mid-year and year-end bonuses based on business performance. In China factories, performance and holiday bonuses are awarded every year. In Mexico and Czech factories, employees are rewarded with performance bonuses.

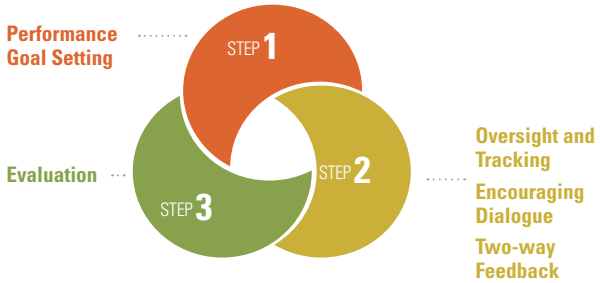
Inventec uses Article 9 of Minimum Wage Act of Taiwan as a reference for measuring the salary levels of its employees, suppliers, and contractors. To determine the percentages of salary adjustment, Inventec considers the Consumer Price Index, in conjunction with the following factors:

1. Annual changes of the Labor productivity index.
2. Annual changes of the average earnings of employees on payrolls.
3. Conditions of national economic development.
4. National income and per Capita income.
5. Gross domestic product and percentage distribution of gross domestic product at factor cost.
6. The changes of the living necessities price index and producer price index.
7. The development and employment status by industry.
8. Average earnings of employees on payrolls by industry.
9. Family income and expenditure status.
10. The lowest living index.

Performance Management

Each year, Inventec conducts management by objectives (MBO) through a performance management cycle, which includes setting performance objectives, ongoing performance communication, and performance evaluations. The results of these evaluations serve as the basis for rewards, assignments, promotions, and various employee management decisions. To ensure fair, just, and reasonable performance management, all global factories conduct training and provide professional guidance and consultation for managers at all levels, introducing correct performance management methods to achieve organization's goals. In 2023, 100% of Inventec's employees underwent performance evaluations. To further enhance the fairness of performance management, specific project personnel in Taiwan's factories are evaluated through multi-dimensional assessments, providing managers with diverse performance evaluation references.

The objective of performance evaluations lies not only in reviewing past performance with improvement measures but also in developing future performance. To ensure that employees fully understand their work performance outcomes, Inventec has persistently optimized the performance management system throughout 2023. This involved enhancing the continuous communication and feedback mechanisms for managers, allowing employees to instantly understand their own performance. Consequently, it facilitates more focused discussions on objective tasks and timely adjustments to objective strategies, thereby reducing any discrepancies in perception between managers and employees. For those employees whose performance is deemed substandard, Inventec adopts an approach centered on guidance and communication to collaboratively improve performance, aiming to enhance employees' efficiency at work and boost the overall productivity and competitiveness of the Company.



Employee Satisfaction Survey

To understand employee voice and develop policies that attract, retain, and nurture outstanding talents, Inventec conducts the satisfaction survey to identify areas for continuous improvement. The survey aims to gauge employees' external motivations and their overall satisfaction with their work, including workplace benefits and other extrinsic incentives. In 2023, 27.79% of all Inventec employees participated in the satisfaction survey, with 71.60% of the respondents rating their satisfaction at the highest level, thereby exceeding the 2023 target of 70%. Inventec believes that increasing workplace satisfaction will simultaneously boost talent recruitment and retention, productivity, and business performance, generating positive outcomes across the board.

Welfare Policy

Flexible Working Hours and Locations

At Inventec's Taiwan factories, a flexible working hours system is available for indirect employees. Indirect employees can adjust their on-duty/off-duty times according to personal needs. They are required to work a minimum of 4 hours per day on-site. With their respective manager's consent, employees can leave early without applying for leave, provided their total monthly working hours meet the regulatory requirements. Additionally, on the make-up workdays announced by the Directorate-General of Personnel Administration, Inventec adjusts them to be holidays and working is not required. Furthermore, upon obtaining the approval of their managers after submitting the application, employees can work from home or another chosen location, with these hours counted as regular working hours.

Health Care

In order to take care of the health of employees, there are sphygmomanometers, weight scales, beds and other equipment in the dispensary, and there are nursing staff to provide emergency treatment and health care consultation. Also, the onsite doctors provide health consultation and health guidance to the high-risk employees every week. We cooperate with the external clinics to arrange one-on-one psychological counseling services every month to assist employees in stress management, interpersonal communication, and other issues. In order to encourage employees to develop an attitude towards healthy living, we have sport incentive program accumulating jogging and power walking mileage/number of times through external exercise programs and participating in LOHAS-related activities to redeem rewards. In 2023, the total redemption amount exceeded NT$580,000. By creating a sports culture in the workplace, our employees can build good physical and mental health, and the company can have better driving forces of advancement.

LOHAS Lifestyle

Inventec values the health of employees, and only healthy and happy employees can bring the energy of sustainable development to the enterprise. In addition to being committed to providing a safe and hygienic working environment, Inventec promotes "Enjoying LOHAS Lifestyle" to let colleagues enjoy life happily through providing a workplace environment of LOHAS, and the design of various activities, including soft skills lectures, e-sports competitions, and art and photography contests, enabling colleagues to enjoy their work and live a happy life.

Club activities

Inventec encourages employees to live a harmonious life physically and mentally after work and supports employees to participate in club activities by subsidizing club funds. In addition, to encourage colleagues to pay attention to work-life balance, the "Lohas Passport" was launched to redeem gifts by participating in activities and lectures. The number of participants reached 2,480.

Enriching Activities

The rich and diverse activities not only strengthen the interaction with colleagues and promote cross-departmental communication, but also make colleagues feel that the Company attaches great importance to them through different activities. Through the accumulation of each activity bit by bit, enthusiasm and vitality are spread to deepen colleagues' sense of identification with Inventec, which enables colleagues to have continuous motivation to grow together with the Company.

Employee Relations Management

Organizational Communication

Inventec is committed to establishing diverse and effective communication channels. In addition to conducting regular employee satisfaction surveys, Inventec employs various communication mechanisms to provide immediate feedback and regular exchange channels for employees, ensuring their voices are heard. Besides the existing communication platforms, Inventec continuously optimizes and expands the functions of its digital app to facilitate two-way communication. When it comes to talent development training and soft activities, Inventec regularly conducts "Development Training Needs" surveys to understand the needs of departments and employees, covering both professional competencies and soft skills. In recent years, Inventec has also been actively engaging in social media to enhance interaction with employees and the broader community.

Union Participation

Inventec respects employees' rights to freely associate, form unions, and participate in unions as provided by law. IPT and SQT have union organizations with a participation rate of 90.34% among local employees, which accounts for 13.63% of the total workforce. In the Taiwan plants, where there is no union, communication is conducted through quarterly labor-management meetings. For employees who do not join a union or are not covered by a collective agreement, as well as those in locations or subsidiaries without unions, their working conditions and employment terms are determined in accordance with local labor laws, labor contracts, and work rules, or through legally mandated labor-management negotiation channels.

Internal and External Grievance Mechanisms

All Inventec factories have established an “Employee Complaint System” to ensure a fair arbitration mechanism when employees suffer human rights violations. Inventec’s “Global Employee Code of Conduct Management Measures” and “Employee Complaints and External Reporting Management Specifications” clearly stipulate that employees are encouraged to report illegal or unethical activities, together with disciplinary measures. The “Global Employee Code of Conduct Management Measures” also provided an audit mechanism, and those who violate the relevant regulations shall be dealt with in accordance with the relevant rewards and punishments stated in the “Global Employee Code of Conduct Management Measures” and “Personnel Management Measures.” Inventec will protect whistleblowers from discrimination, coercion, post transfer, or other unfavorable treatment.

Compliance with Labor Regulations

- Inventec ensures that employees in Taiwan are protected under the "Labor Standards Act" and the "Labor Pension Act".
- To comply with local government regulations and secure funding for the full payment of the old pension system for the coming year, Inventec allocates sufficient funds annually to the designated accounts within the legal timeframes.
- The Company's "Employee Welfare Committee" in Taiwan sets aside welfare funds as mandated by law. These funds are used for various purposes, including holiday gifts, employee emergency aid, and insurance benefits such as medical, work injury, and accident insurance.
- At its China factories, Inventec complies with the "Labor Contract Law" and the "Social Insurance Law" in China, ensuring that employees are entitled to social insurance benefits according to the law.
- Inventec has established "Global Employee Code of Conduct Guidelines", and each new employee is required to sign the acknowledgement of “Employee Code of Conduct” upon on-boarding. These documents are available on the internal portal for all employees to view at any time. Regular sign-offs and awareness campaigns are conducted to ensure ongoing compliance.
- In 2023, there were no large-scale layoffs or significant reductions in positions at Inventec.

5.2 Human Rights Protection

Human Rights Policy

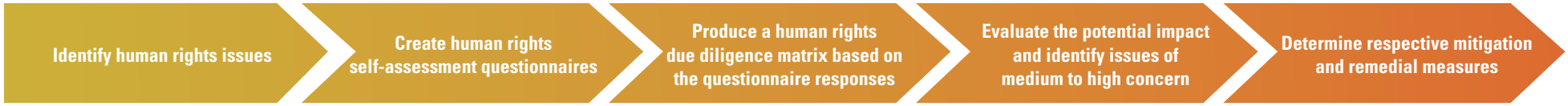
Inventec adheres to the core principles of several international norms and guidelines, including the Responsible Business Alliance Code of Conduct, the UN Universal Declaration of Human Rights, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. These standards underpin Inventec's commitment to human rights protection. In 2023, in line with these principles, Inventec amended its **human rights policy**, which is applicable to all companies within the Group. This policy covers all employees and operational activities, and sets out the same standards to guide suppliers, partners, and customers throughout the value chain.

In 2023, Inventec reported **no incidents of human rights violations.**

Human Rights Due Diligence

In accordance with the international standards related to human rights protection and the Company's internal regulations and guidelines, and with reference to the human rights issues highlighted by peers and leading companies in the computer and peripheral equipment industry, Inventec has adopted a cross-verification approach to identify common issues in the industry and finalized 8 human rights issues. We also defined potential negative scenarios that may arise from each human rights issue. Focusing on its own operations and the supply chain, Inventec distributed surveys to 171 employees across its operations in Taiwan, China, Europe and the U.S., as well as to 59 suppliers in 2023. The survey aimed to assess the "likelihood of occurrence" and the "impact scale and scope" of various human rights issues among colleagues and suppliers. The data collected was used to evaluate the potential impact of these issues and to prioritize the human rights issues that require the most attention. Based on these assessments, Inventec has developed specific measures to address the high-priority human rights issues.

Inventec Human Rights Due Diligence Process



We plan to conduct human rights due diligence at least once every two years. In addition to reviewing and refining the human rights risk identification process, we have incorporated human rights issues into our daily management practices. Legally, it ensures compliance with increasingly stringent domestic and international human rights regulations. For the Company itself, it internalizes the importance of human rights as a core part of our corporate culture, thereby enhancing the trust and confidence of employees, investors, and other stakeholders. Additionally, we will consider expanding the scope of our due diligence to include migrant workers or indigenous populations. Before establishing new business relationships, such as mergers or joint ventures, we will consider the inclusion of human rights due diligence as part of our assessment criteria.

Human Rights Issues of High Concern

Through conducting human rights due diligence, we have identified the human rights issues that are of the highest concern to our employees and suppliers. We have also developed corresponding mitigation measures and have followed up on the outcomes of these measures, as outlined below. For a detailed report on our human rights due diligence, please refer to the **Inventec Human Rights Due Diligence Report.**

Mitigation Measures and Results

Employees

- In 2023, Inventec reported no incidents related to discrimination, violations of indigenous rights, forced labor, child labor, or the obstruction of freedom of association (such as union formation).
- There were no reported cases of harassment in 2023.

Issues	Mitigation Measures	2023 Results
Diversity of employment, Anti-discrimination and Anti-harassment	• All employees are required to sign the Employee Code of Conduct every year • Establish the "Sexual Harassment Preventive Measures and Grievance and Discipline Procedures" and conduct the training for new employees • Organize the training for managers to raise their awareness about unlawful infringement prevention at workplace, including anti-discrimination and anti-harassment, and track the completion rate • Continuously promote related regulations on the manager recruitment management platform and provide equal employment opportunities • Hold gender equality lectures to raise awareness about gender equity issues	• Achieved a 100% signing rate for the Employee Code of Conduct, which covers measures and regulations pertaining to the prevention of sexual harassment • Among 227 managers at Inventec, 98.24% completed the training on workplace unlawful infringement prevention
Working time management	• Offer flexible working time system that allows employees to adjust their daily work schedules • Establish manager section where managers can monitor employee attendance and work hours, achieving efficient management of working time • Promote a culture of reasonable working time and work-life balance • In accordance with local government regulations and internal HR management guidelines, provide basic labor conditions, including working hours mechanism	• Managers can monitor employee attendance through the system • For working time in each department, managers were reminded to ensure a balance between work and life for their employees • All updates on basic labor conditions were promptly posted on the Company's internal website for employees' information

Suppliers

Inventec has taken the following two actions to address and mitigate human rights issues within its supply chain. These efforts are aimed at raising awareness of human rights standards among its suppliers. For the results of these measures, please refer to **2.4.2 Supply Chain Risk Management**.

- A dedicated Sustainable Supply Chain Support Team has been established, comprising colleagues from R&D, procurement, component engineering, and supplier management. This team is responsible for evaluating new suppliers and providing guidance. Suppliers are required to sign a declaration of compliance with the RBA Code of Conduct, which ensures that suppliers uphold global sustainability standards and RBA norms.
- Inventec has formulated a Supplier Code of Conduct that addresses five key areas: labor, health and safety, environment, business ethics, and management systems. The Supplier Code of Conduct is publicly available on the Company's official website and the iSupplier platform (supplier management platform) for all suppliers to follow.

Issues	Mitigation Measures
Diversity of employment, anti-discrimination and anti-harassment	• Conduct SER checking on suppliers and select suppliers to undergo the RBA VAP audit • Recognize and award suppliers who demonstrate outstanding performance in corporate sustainability and the implementation of RBA standards during the annual supplier conference • Provide a grievance channel for suppliers • Consider the extent to which suppliers comply with the Supplier Code of Conduct when making procurement decisions
Working time management	
Occupational safety and health	• Inventec's supplier auditors conduct on-site audits at suppliers' factories according to the latest supplier audit guidelines • Establish the "Contractor Operational Safety Management Guidelines" to manage contractors' operations effectively • Establish contractor injury reporting mechanism. Contractors working within Inventec's factories can use the Company's services as needed, such as the medical office and lactation room, similar to Inventec's employees.

5.3 Occupational Safety and Health

5.3.1 Safe and Healthy Workplace

Occupational Health and Safety Management System

In line with the principles of our occupational safety and health policy - "Comply with safety and health regulations, promote safety and health education, pursue sustainable development to strengthen international image, respect labor life, care for work safety, and enhance communication for continuous improvement" - Inventec has implemented effective safety and health management across the global factories. All eight of our factories worldwide have obtained certification under the International Occupational Health and Safety Management System (ISO 45001). Additionally, Shilin headquarters has been certified to be in compliance with Taiwan Occupational Safety and Health Management System (CNS 45001), and since 2006, we have maintained a record of over seventy million hours without a workplace accident. The management system covers our employees (approximately 96.5%) and non-employees (approximately 3.5%) who carry out operational activities at both Taiwan and overseas factories, including R&D, procurement, production, maintenance and contracting staff and workers.

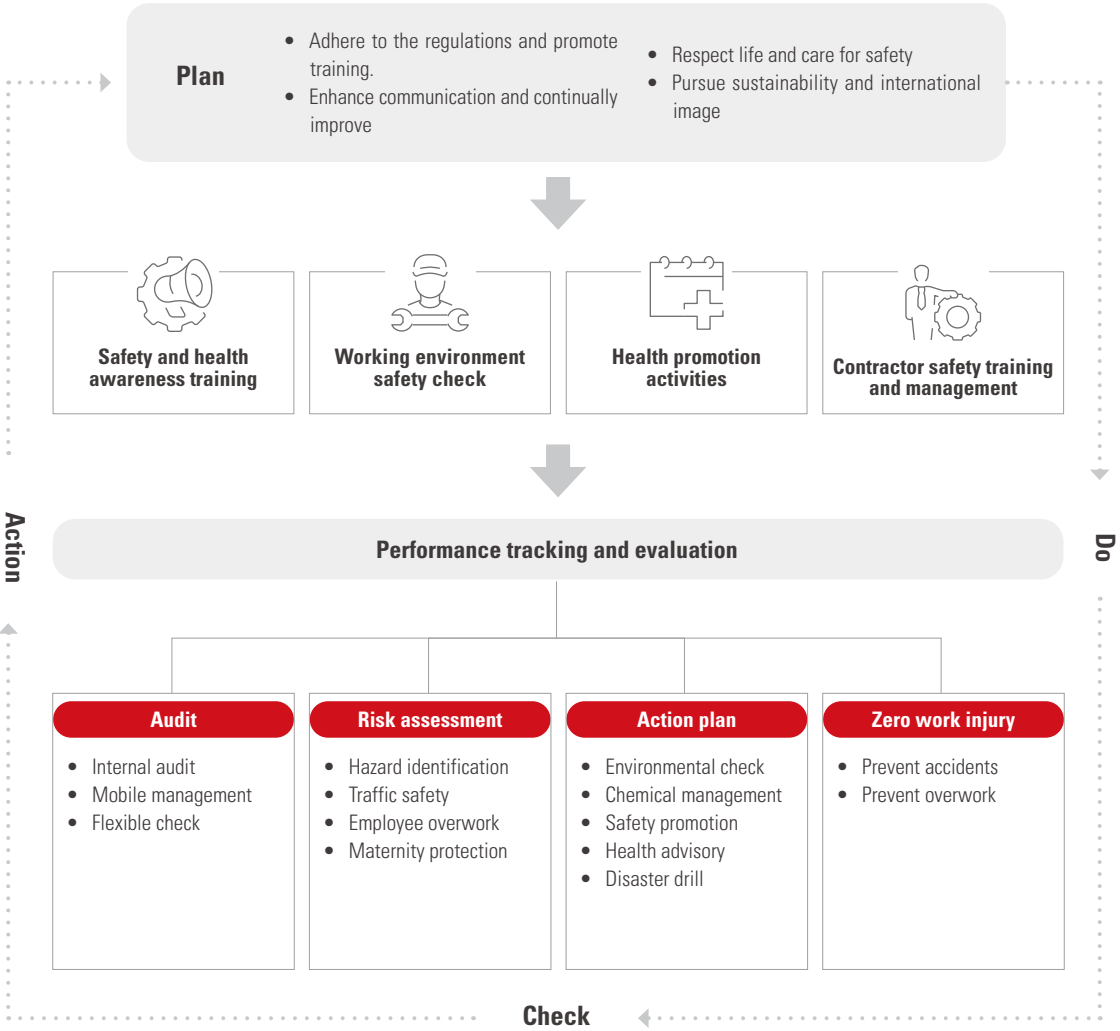
無災害工時紀錄

中華民國 113 年 1 月 16 日
安同技無災害證字第 112183 號

英業達股份有限公司
參加本會推行之無災害工時紀錄活動
紀錄如下：
活 動 期 間 ： 自 95 年 5 月 1 日
至 112 年 10 月 31 日
累計無災害工時： 72,403,986 小時
參與勞工人數： 2,079 人
特此證明，以資鼓勵

社團法人中華民國工業安全衛生協會

Each factory has set up an Occupational Safety and Health Committee and the chairperson convenes meetings on a quarterly basis. The committee members include colleagues of the occupational safety unit, relevant department managers, and labor representatives, with the proportion of labor representatives exceeding one-third, as required by regulations. Attendance at these quarterly meetings is nearly 100%. The Occupational Safety and Health Committee uses the PDCA (Plan-Do-Check-Act) approach to promote safety and health management, jointly developing safety and health policies, reviewing, coordinating, and advising on all related matters.We uphold the principle of "taking all employee proposals seriously, no matter they are big or small". This ethos has fostered a robust safety and health proposal system.



Occupational Safety Measures

Actions in 2023

Regulation Identification

Inventec regularly identified safety and health regulations applicable to its factories and continuously followed up on their compliance status. A total of 565 regulations have been identified as applicable to the Taiwan factories and 753 regulations have been identified for the overseas factories.

Risk Identification and Assessment

Inventec conducted annual hazard identification and risk assessment. 13,176 hazards were identified, with 118 classified as intolerable risks, all of which have been addressed and mitigated.

Internal Audits

Inventec established an internal audit unit at the Shilin headquarters, comprising members from various departments. Regular audits on operational environment were conducted with the total number of audits exceeding 250 each year. More than 50% of audits were for non-compliance in operation planning and control, and all findings have been rectified.

Emergency Response and Safety and Health Training

In order to equip our employees with professional occupational safety and health knowledge, we provided them with courses through diverse training formats, such as online courses and in-person training. Moreover, we also made advocacy materials and videos to promote occupational safety and health related regulations and awareness, and conducted internal safety publicity occasionally. In 2023, there were 17,981 participants in the occupational safety and health training and we held 33 emergency response training sessions, including fire response and first aid training. We also developed safety culture by training safety seed personnel from each unit to disseminate safety knowledge.

Standardized Management Procedures

We reviewed and revised management procedure manuals annually based on employee feedback and risk assessment results. A total of 393 manuals have been reviewed and updated on a regular basis.

Chemical Management

All chemicals in the factories were managed by qualified and trained employees, and Inventec has put in place control measures to ensure compliance with regulatory requirements.

Contractor Management

Inventec ensured 100% completion of pre-job safety and health training for all contractors before commencing work. Regardless of the size of the contractors, Inventec required them to assign occupational safety and health personnel and provide labor insurance for their workers. We verified all workers' qualifications before they entered the factories to carry out the relevant operations.

Procurement Management

We have formulated the "Procurement Management Regulations", "Procurement Inquiry and Negotiation Management Regulations" and "Safety, Health, and Environment Regulations for Major Machinery and Equipment" to ensure that machinery, equipment, and tools to be purchased meet the requirements of occupational safety and health laws and the Company's safety and health regulations.

Workplace Environment Monitoring

Factories are indoor workplaces with centrally managed air-conditioning facilities. The carbon dioxide concentration was monitored every six months, and the test results met the regulatory standards (below 5,000 ppm). Inventec has ensured that all chemical monitoring results complied with the regulatory requirements.

Accident Prevention and Emergency Response

When an occupational safety incident occurs involving employees or contractors, the occupational safety unit will conduct an investigation and follow-up based on the Accident Handling and Investigation Procedures. Depending on the nature of the incident, damage assessment and injury evaluation will be carried out. Upon completion of the investigation, the occupational safety unit will proceed with the approval process and implement corrective actions, ensuring effective supervision and follow-up to minimize losses and prevent recurrence of similar incidents.

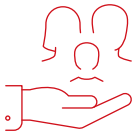
Inventec has an internal process for handling near-miss incidents, which are non-injury accidents such as fire alarms or power outages. For these incidents do not result in injuries, property loss, or process interruptions but cause panic, a reporting procedure will be followed. The relevant responsible units will confirm whether an accident has occurred, conduct investigation, track the incident, and promote safety and health awareness. The incident will be documented in the near-miss incident record form, which will be submitted for approval and kept on file. It facilitates root cause analysis, development of corrective and preventive measures, evaluation of their effectiveness and ongoing tracking of improvement progress.

In 2023, there were two reported near-miss incidents: one involving a beehive near a window and another involving an employee slipping on a slope. Preventive measures were completed for both incidents.

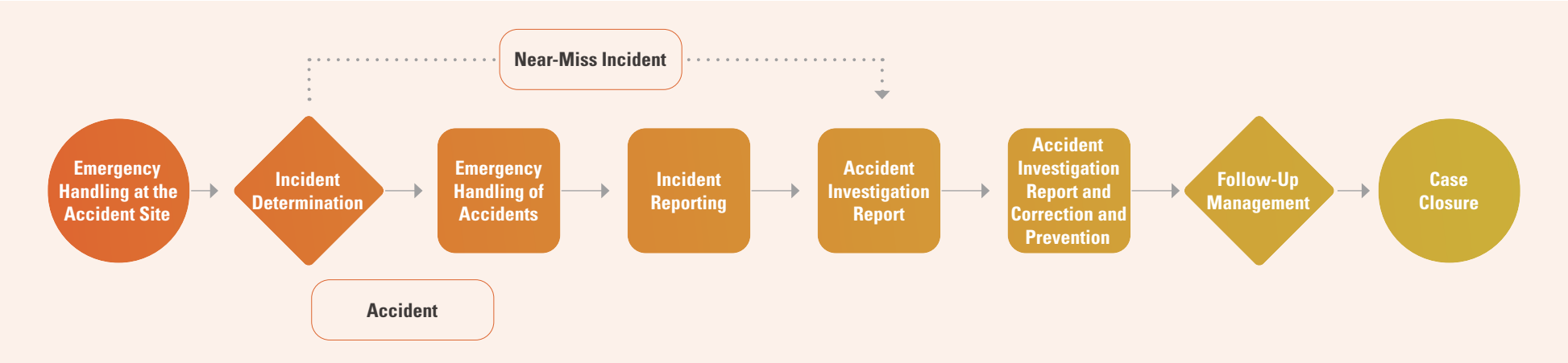
We place great importance on our employees' right to withdraw. When employees discover imminent danger while performing their duties, they have the right to stop work and evacuate to a safe location at their discretion, provided this does not endanger the safety of others. Employees must report the situation to their direct managers immediately. The Company undertakes not to impose any penalties or adverse actions against employees exercising this right.

Occupational Injury Statistics

Inventec identifies high-risk occupational safety and health issues through work-related injury statistics to formulate specific action plans aimed at improving workplace safety and reducing work-related injury incidents. Occupational injury statistics are conducted based on the definitions in the Occupational Safety and Health Act and key disabling injury metrics as defined by the Global Reporting Initiative (GRI). The primary data indicators include disabling injury frequency rate (FR) and disabling injury severity rate (SR). In 2023, the Taiwan factories reported three disabling injury incidents, the China factories reported seven, and the European and American factories reported four. The main types of these injuries included falling objects, entanglement, falls, collisions, and cuts. There were no occupational injuries reported among suppliers, contractors, and dispatched workers in 2023.

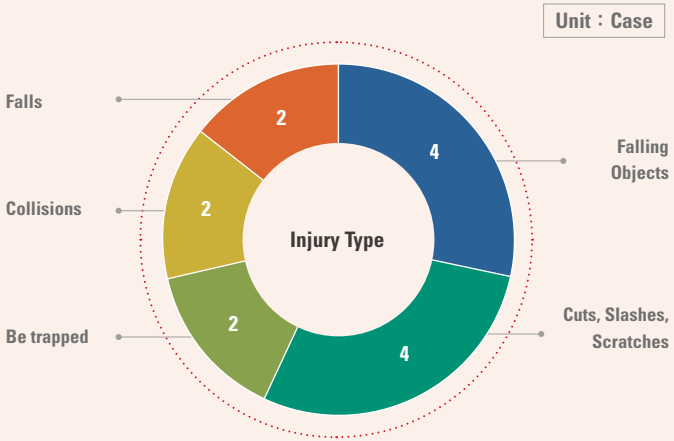


There were **no** reported work-related injuries or near-miss incidents among dispatched workers in 2023.



Occupational Injury Statistics

Factory	Gender	Total Working Hours	Number of Injuries	FR	SR	Near Misses	Near Miss Frequency Rate
Taiwan	Male	6,945,712	1	0.14	10.37	1	0.14
	Female	5,000,184	2	0.40	20.40	0	0
China	Male	10,543,656	6	0.57	31.01	1	0.09
	Female	7,209,048	1	0.14	13.18	0	0
Europe and America	Male	2,431,131	3	1.23	8.23	0	0
	Female	2,001,320	1	0.50	4.50	0	0
Total		34,131,051	14	0.41	18.31	2	0.06



Calculation Method
Disabling Injury Frequency Rate = (Total Number of Disabling Injuries × 1,000,000) ÷ Total Hours Worked
Disabling Injury Severity Rate = (Total Work Days Lost × 1,000,000) ÷ Total Hours Worked
Near Miss Frequency Rate =(Number of Near Misses / Total Hours Worked) ÷ 1,000,000

Building a Safety Culture

Inventec is dedicated to addressing global safety and health issues. Starting from 2023, we have held quarterly global cross-factory platform meetings to share the latest domestic and international occupational safety and health laws and technical standards with our specialized units in each factory. In response to the suspension of some in-person safety and health training courses due to the pandemic, we have actively developed online E-Learning safety and health training programs. These programs transform the one-time in-person courses into continuous annual online training courses, enhancing employees' learning retention and fostering a deeper workplace safety culture. All our global factories are actively building an inherently safe working environment through safety and health oversight and auditing, as well as the international ISO 45001 Occupational Health and Safety Management System, and all employees are required to abide by the management regulations.

In line with Inventec's occupational safety and health policy, we have established basic and advanced global safety and health measures in 2023 based on the Global Reporting Initiative (GRI) standards for sustainability reporting. Additionally, we have been tracking the implementation effectiveness through the Safety and Health Performance Index (SHPI). Each factory reports their safety and health execution status to the cloud system, and the results are regularly presented to the labor representatives and top management of each department at the quarterly company-level Safety and Health Committee meetings.

Internal and External Collaboration

Inventec considers the establishment of a healthy workplace as an integral part of its mission. We regularly participate in technical exchange meetings to collaborate with industry, government, and academic sectors on risk management technologies.

Case 1

In 2023, Inventec published a special issue on chemical management technology and served as an executive member of the Northern TOSHMS Promotion Association. We also held a seminar analyzing the practical technical standards for ISO 45003 psychological risk assessment and management, with a total of **251** participants and **753** training hours. During the training session, we shared industry risk assessment and operational best practices.

As part of our corporate social responsibility, Inventec actively participates in various government activities, aiming to promote the concept of safety culture through corporate influence. In 2023, at the invitation of the Department of Labor and Human Resources at Chinese Culture University, we hosted a lecture on "Future Prospects in Occupational Safety and Health for Students", with approximately **124** participants. Additionally, our employee served as a guest lecturer in the second academic year, teaching a course titled "ESG Series - Labor and Occupational Safety and Health", to influence students about to enter the workforce and enhance their awareness of workplace safety through experience sharing.

Case 2

Inventec actively supports the Northern TOSHMS Promotion Association under the Ministry of Labor's Occupational Safety and Health Administration, sharing extensive workplace safety management experience with other enterprises to effectively reduce occupational accidents. In 2023, under the supervision of the Occupational Safety and Health Administration, we collaborated with members to compile the "Chemical Safety Management Best Practice Manual". This manual integrates our chemical safety management experience with industry practices, including chemical risk assessment, classification management, safety measures, operational environment monitoring plans, and storage management, providing valuable references for domestic manufacturers.

With the goal of creating a friendly and excellent working environment, workplace safety and employee health are at the forefront of sustainable operations at Inventec. Our efforts have been highly appraised by the Ministry of Labor's Occupational Safety and Health Administration, ranking us in the top 10% of exemplary enterprises, standing out among 330 listed companies. Inventec's commitment to employee care and safety is well-recognized, and we will continue to build a healthy and friendly workplace. By playing a pivotal role in the industry and exercising our positive influence, we aim to instill the concept of sustainable and safety-conscious culture within our supply chain, contractors, and stakeholders, leveraging collective efforts to continuously invest in the realm of healthy, friendly, and happy workplaces for future generations.

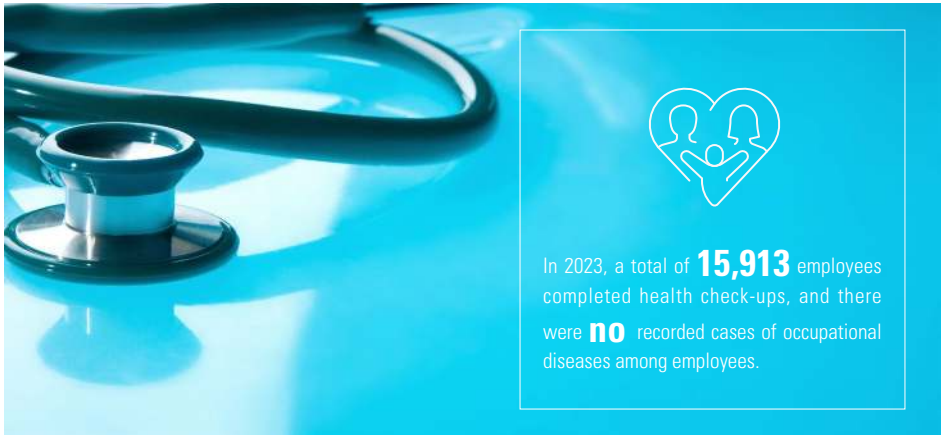
勞動部職業安全衛生署
獎　狀
英業達股份有限公司
榮獲本署112年度 電子業 「企業永續報告公開職業健康與安全指標主動評比」績優企業，特致此狀，以資鼓勵。

5.3.2 Health and LOHAS

Employee Health Care

Health management encompasses a number of aspects, including worker health promotion, health check-ups, occupational disease prevention, physical and mental care for employees, and managing workplace environment and employee health risks, with an aim to safeguard employees' physical and mental well-being. Each factory of Inventec has professional medical staff, including doctors, nurses, and psychologists. In total, 3,842 employees received the labor health service.

Inventec provides on-site health check-ups for all employees every year. In addition to the standard statutory items, several additional tests are offered, such as abdominal ultrasound, prostate ultrasound, and cancer screening items (e.g., carcinoembryonic antigen (CEA), alpha-fetoprotein (AFP)). Beyond caring for current employees, Inventec also offers discounted health check-up services to employees' families and retired employees.



Creating a Happy and Healthy Workplace

We are dedicated to creating a work environment that is comfortable and enjoyable for our employees. In terms of dining, we have renovated our cafeteria to offer 10 different free dishes daily and have introduced a renowned café, providing a cozy dining space for employees. Additionally, we have established various club activities to help employees cultivate diverse interests, promoting teamwork and communication. To help employees relieve stress, we have in-house recreational facilities such as basketball and badminton courts, stress-relief massage rooms, dance studios, gyms, table tennis and billiard rooms, etc. These facilities offer a space for relaxation, encouraging employees to maintain a healthy lifestyle.

Employee Care and Support

To provide immediate care and services, emergency medical treatment, personal health guidance, and medical consultation, we have established healthcare rooms within our factories. We regularly employ on-site doctors to provide health consultation. Additionally, we have hired cardiologists to offer specialized cardiovascular medical consultation services, ensuring that employees receive timely and professional assistance when facing health issues. We frequently organize health promotion seminars, blood donation events and fitness competitions to enhance employees' health awareness and encourage their participation in health promotion and self-management. These initiatives aim to create a holistic health care environment at the workplace, helping employees maintain their health while enjoying a better quality of life. Moreover, we provide mental health counseling services for employees. Professional psychologists visit our factories regularly to offer one-on-one consultations on stress management, emotional regulation, interpersonal communication, relationships, marriage, family, and parenting. In partnership with consulting firms, we also provide psychological, legal, and financial/tax advisory services to meet the diverse needs of our employees. For easy access to these services, we have established an employee care platform, E-mail box, and a toll-free consultation hotline.

A Company Caring for Pregnant Women and Pursuing Employee Well-Being

To provide a supportive environment for working mothers, we have set up well-equipped nursing rooms across all our factories. Our factories in Taiwan have been recognized for excellence, receiving honors from Taipei City and Taoyuan City for our superior lactation rooms. These rooms are accessible without any time restrictions. In addition to these facilities, we hold a number of seminars on breastfeeding, parenting, and child healthcare from time to time, providing valuable knowledge and resources for our employees.

We have also put in place several childbirth-friendly policies, including a birth congratulatory bonus of NT$ **60,000** and Welfare Committee subsidy of NT$ **6,000** per child, doubling the benefits for new parents.

Since 2023, we have provided a commuting allowance of NT$ **5,000** per month for both going to and returning from work.

5.4 Social Inclusion

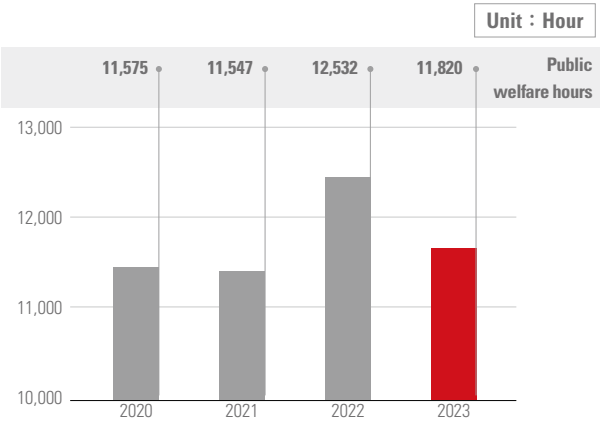
5.4.1 Inventec Group Charity Foundation

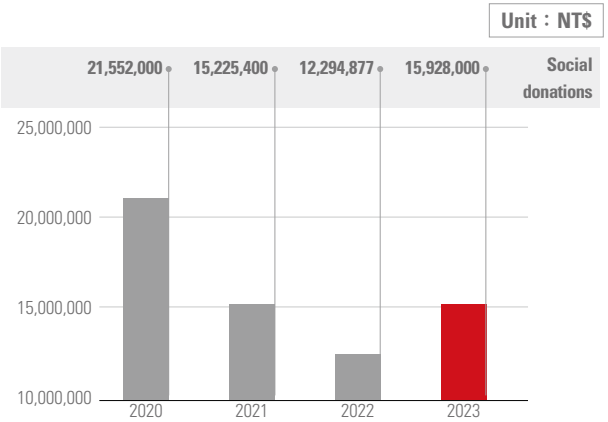
Inventec shoulders the responsibility of a corporate social citizen. Established in January 2010 by Inventec Group, the "Inventec Group Charity Foundation" integrates the internal and external resources of Inventec Group with the corporate colleagues' participation and operation, delivers Inventec's warm "love" to the disadvantaged groups in need, and shows care for society through practical actions. Its purpose is to partake in social welfare-related charity events and cooperate with charitable partners to assist socially disadvantaged people in obtaining sufficient resources to improve their lives and better protect their rights and interests.

The purpose of Inventec Group Charity Foundation is to handle matters related to social welfare

1. Social welfare affairs for children, adolescents, women, senior citizens, and individuals with disabilities
2. Emergency aids and disaster relief affairs
3. Healthcare assistance
4. Education and culture affairs
5. Environmental protection affairs
6. The affairs instructed by the supervisory authority
7. Other social welfare affairs

Inventec's Social Welfare Achievements





Social Welfare Engagement

Inventec and the Inventec Group Charity Foundation (hereinafter referred to as the Inventec Charity Foundation) have consistently dedicated efforts towards charity support, social care, and emergency relief for major disasters for years. Guided by the charity philosophy that "love" is to take responsibility for social needs, we shoulder the responsibility of a corporate social citizen.

Women and Children Welfare

We care for the welfare of women and children by supporting the daily needs of economically disadvantaged families, encouraging families who have lost a parent to face their challenges bravely, helping them get out of hardship and earn a living independently, and bringing comfort to these bereaved families.

Welfare for the Disabled

We support individuals with disabilities who have lost family support by meeting their daily needs and helping them develop their potential, thereby maintaining a healthy quality of life.

Elderly Care

We revitalize the lives of disadvantaged elders living alone and those with disabilities or dementia through promoting healthy meals and providing opportunities for the elders to engage in outdoor activities and social interactions, thereby enhancing community engagement and health among senior citizens.

Sponsoring an age-friendly community kitchen to enhance the physical and mental health of elderly individuals with disabilities or dementia

At its factories in China, Inventec focuses on various social welfare efforts, including poverty alleviation, tree planting, supporting people with disabilities, disaster relief, children and youth welfare, and blood donation, demonstrating a multifaceted approach to public welfare engagement.

Visiting and providing support to the families with the disabled in the community

Long-Term Blood Donation Campaign

Inventec fulfills its corporate social responsibility by inviting employees to donate blood for the blood bank. Inventec has been supporting blood donation for 30 years and regularly holds blood donation events, becoming a stable blood supply partner for blood centers.

The active participation of all employees has resulted in a cumulative total of **15,170** donations, amounting to **5,887,600** milliliters of blood.

Volunteer Services

2023 Achievements Unit：Hour

Charity volunteer	Traffic volunteer	Environmental volunteer
1,175.5	7,320	3,324

In 2023, the total number of volunteer hours contributed by employees reached **11,820** hours.

Arts and Culture Sponsorship

We invest various resources into artistic and cultural activities to promote their development, allowing the public in Taiwan to enjoy diverse and well-planned cultural events and performances. Additionally, we encourage employees to participate in and support domestic arts and cultural activities through organizing internal events.

- **Taipei International Choral Festival**

Inventec Charity Foundation sponsored the largest choral event in Asia, the "Taipei International Choral Festival". The 2023 festival featured top choirs from Slovenia, Sweden, Turkey, and the Philippines, along with over ten high-quality Taiwanese choirs, performing in a series of classic concerts across northern, central, and southern Taiwan. The event also included the Taipei International Choral Competition, several international choral music camps, and lunchtime concerts. On July 30, the Inventec Charity Night was held at the National Concert Hall, where employees were invited to join and support the arts through their presence.

- **The 7th World Music Festival 2023**

The Inventec Charity Foundation has long supported the World Music Festival, and in 2023, for the first time, the festival was held at the Taipei Music Center. The four-day event attracted more than 30,000 to join.

- The "Going Global Trade Fair" featured international trade shows, industry forums, special lectures, and the matchmaking showcase that is highly anticipated by music fans.
- The ticketed music festival "Our World: Frameless World, Frameless Music" showcased 33 top performance groups and artists from Taiwan, South Korea, Japan, Ukraine, Spain, and other countries. Highlights included a joint performance by renowned Japanese singer Hitoto Yo and Golden Melody Award-winning indigenous singer Sangpuy, as well as a collaboration between ethereal singer Leaf Yeh and South Korean songwriter Ohelen. The festival also featured South Korean shamanic creative group ADG7, the Ukrainian-Canadian duo Balaklava Blues, and artists such as Pigheadskin, Joanna Wang, Leaf Yeh, and Outlet Drift, presenting a spectacular global music feast.

5.4.2 Sustainable Ecology

Wetland Project

Since 2012, for twelve consecutive years, Inventec Charity Foundation have adopted the Guandu Nature Park, a nationally significant wetland and a milestone in ecological conservation.

In 2023, the park enhanced the ecological experience for a total of **108,752** visitors.

Additionally, Inventec promotes education for the underprivileged in rural areas by actively participating in seasonal farming experiences and environmental education activities, creating a quality environment for the public to connect with nature and learn about ecology.

In 2023, Inventec funded and organized **five** sessions of the wetland environmental education program with a total of **172** teachers and students from schools in remote areas joining the program.

From 2013 to 2023, a total of **84** sessions were held, allowing **2,239** participants to deeply appreciate the beauty of wetlands.

Environmental Education

On August 25, 2023, Inventec hosted the "Biodiversity Environmental Education Walk" and "Handmade Silk-Screened Eco-Bags for Rural School Children" at Guandu Nature Park. With a total of 108 representatives from 78 suppliers in attendance, Inventec joined hands with the supply chain partners to support the United Nations Sustainable Development Goals (SDGs).

Practical Actions Supporting SDG 15: Life on Land

Professional guided tours led four groups of participants through the Biodiversity Environmental Education Walk. Volunteer tour guides introduced suppliers to Guandu Nature Park, Taiwan's first environmental education venue and the most representative ecological conservation site in the Greater Taipei area. Over the past 12 years, through Inventec's adoption of this nationally important wetland, the initiative has protected this precious environment and advocated for biodiversity environmental education. Participants also experienced firsthand the site-specific artworks by artists from Taiwan, Mongolia, Japan, and India for the 2023 Guandu International Nature Art Festival.

15 LIFE ON LAND

Supporting SDG 4: Quality Education

In alignment with SDG 4: Quality Education, suppliers participated in the "Handmade Silk-Screened Eco-Bags for Rural School Children" activity. 78 supplier representatives donated their handmade silk-screened eco-bags to the Inventec Charity Foundation, supporting the five sessions of the wetland environmental education program held in 2023. These eco-bags were gifted to mid-grade students from remote elementary schools in New Taipei City, Keelung City, Taoyuan City, and Hsinchu County and City. While receiving environmental education, the children also received eco-bags that symbolized ecological awareness. In recognition of the social care contributions from various suppliers, Guandu Nature Park presented certificates of appreciation to each supplier representative who donated eco-bags. For lunch, "Angels' Lunch Boxes" from the "Children Are Us Bakery & Restaurant" were prepared, showing support for sheltered workplaces together with suppliers. This practical action supported individuals with intellectual disabilities who are capable and willing to work but are unable to find employment in the general job market.

4 QUALITY EDUCATION

Appendix

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SASB Index 138

Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies 139

ISAE 3000 Assurance Report 140

ESG Data Summary

Governance

Chapter 1.1 About Inventec

1. Capital Structure

	2023 (NT$ Thousand)
Total Capital	35,874,751
Debt Ratio (%)	74.86%
Shareholder Equity Ratio (%) Note	25%
Total Liabilities (before distribution)	179,449,594
Total Equity (before distribution)	60,258,382

Note: Total Equity ÷ Total Assets

2. Net Sales Proportion

Business Unit	2023 Net Sales Proportion (%)
Notebook PC	55%
Server	40%
Smart Devices	5%
Total	100%

3. Direct Economic Value Generated and Distributed by the Organization

Unit: NT$ Thousand

Item		2020	2021	2022	2023
Direct Economic Value Generated	Total Annual Revenue (Net Sales)	508,294,198	519,732,048	541,750,850	514,746,200
	Other Income Note 1	6,977,181	3,674,658	3,553,275	4,384,343
Economic Value Distributed	Operating Expenses	476,427,592	487,372,591	505,504,318	478,536,232
	Employee Salary and Benefit Expenses	20,807,237	20,593,859	21,525,231	21,911,205
	Payments to Investors	5,637,887	7,376,882	7,597,123	9,957,691
	Community Investments	22,781	20,472	21,031	147,698
	Payments to Government	2,127,658	851,177	1,053,028	2,135,677
Total Economic Value Distributed		505,023,155	516,214,981	535,700,731	512,688,503
Retained Economic Value		10,248,224	7,191,725	9,603,394	6,442,040

Note 1: Other income includes interest, rental, dividends, financial assistance, net gain from disposal and scrapping of fixed assets, and net gain from disposal of investments and financial assets.
Note 2: Consistent with the disclosure boundary of the consolidated financial statements.

Chapter 1.4.1 Operation of the Board of Directors

3. Board Composition and Diversity

- Composition Structure

Total Members	Non-employee Members	Employee Members	Executive Directors	Non-executive Directors (excluding Independent Directors)	Independent Directors	Average Tenure (years)
9	5	4	4	2	3	17

- Age and Gender

	Ages 51-55	Ages 66-70	Ages 76-80	Ages 81-85
Female	0	0	0	0
Male	1	3	4	1
Total	1	3	4	1

Note: Inventec plans to increase the number of female board members in the future.

Chapter 1.5.1 Anti-Corruption and Ethical Management

Violations and Reported Incidents in 2023

There were no established cases of violations related to business ethics, operational practices, human rights protection, or environmental protection. Additionally, there were no instances of "corruption and bribery" or "unfair competition" that resulted in penalties from regulatory authorities.

Number of Violations Related to Business Ethics and Operational Standards in 2023

Code of Conduct		2020	2021	2022	2023
Business Ethics and Operations	Corruption and Bribery	0	0	0	0
	Conflict of Interest	0	0	0	0
	Fair Competition	0	0	0	0
	Insider Trading	0	0	0	0
	Trade Secrets	0	0	0	0
	Privacy/Personal Information Protection	0	0	0	0
	Others (Political Donations, Charitable Donations, and Social Engagement)	0	0	0	0
	Total Number of Business Ethics and Operations-Related Cases	0	0	0	0

Code of Conduct		2020	2021	2022	2023
Human Rights Protection	Discrimination	0	0	0	0
	Harassment	0	0	0	0
	Occupational Safety and Health	0	0	0	0
	Total Number of Human Rights Protection-Related Cases	0	0	0	0
Environmental Protection	Total Number of Environmental Protection-Related Cases	0	0	0	0
Total		0	0	0	0

Number of Reported Cases in 2023

	Number of Reported Cases
Grievance and Whistleblower Hotline	0
Grievance Email	1 Note 1
Others	1 Note 2

Note 1: A former employee filed a workplace misconduct complaint via email. The Company formed an Investigation Committee to look into the case and found that the case was unsubstantiated.

Note 2: An external individual filed a sexual harassment complaint against a current employee. Both parties reached a settlement through the Mediation Committee of Department of Social Welfare of the Government, so the case was not formally established.

2023 Code of Conduct Training Results

Region	A. Number of people who completed the training	B. Number of people required to attend the training	C. Completion rate (%)	D. Total training hours
Executive Level				
China	1	1	100.0	1.36
Europe and America	2	2	100.0	3.00
Taiwan	51	162	31.5	122.13
Total	54	165	32.7	126.49
Management Level				
China	453	495	91.5	325.72
Europe and America	50	50	100.0	76.00
Taiwan	1,368	1,895	72.2	3,803.01
Total	1,871	2,440	76.7	4,204.73
Non-Management Level				
China	4,148	4,332	95.8	4,048.46
Europe and America	1,974	1,994	99.0	3,439.00
Taiwan	2,395	4,279	56.0	6,232.49
Total	8,517	10,605	80.3	13,719.95

Notes:

A: Number of trainees who joined before November 30, 2023 and were still employed as of December 31, 2023.

B: Total number of employees who joined before November 30, 2023 and were still employed as of December 31, 2023.

C: (A ÷ B) x 100%

Environment

Chapter 3.2.2 Water Resource Management

Water Usage

	IET	TAO	ITO	IPT & SQT	ICC	ICZ	IMX
Total Water Withdrawal	0.027	0.124	0.073	0.166	0.560	0.006	0.018
Wastewater Discharge	0.024	0.069	0.040	0.149	0.392	0.006	0.018
Water Consumption	0.003	0.055	0.033	0.017	0.168	0.000	0.000

Note: The source of water withdrawal and statistical data is third-party municipal water.

Society

Definitions

- Management Positions
  - Top management: Director (inclusive) and above
  - Middle and Junior management: Section manager (inclusive) and above, but below manager (inclusive)
  - Non-management Level: Job grades other than Top, Middle and Junior Management Level
- Total employees in 2023 is calculated based on the number of employees in position as of December 31, 2023.

Chapter 5.1.1 Talent Strategy

Global Workforce Distribution

Factory	Number of Employees	Proportion
Taiwan	6,336	35%
China	9,511	52%
Europe	510	3%
Americas	1,823	10%
Total	18,180	100%

Note: In response to the labor shortages following the pandemic and the evolving perspectives on work across generations, we have continually deepened our smart manufacturing practices and enhanced operational efficiency. Concurrently, we are actively improving employee compensation and benefits to achieve better employee retention.

Employment Type

Employment Contract		Employment Type	Taiwan		China		Europe		Americas		Total
			Male	Female	Male	Female	Male	Female	Male	Female	
Indefinite Contract	Permanent	Full-time	3,613	1,755	1,950	1,384	270	240	1,000	823	11,035
Term Contract	Permanent	Full-time	0	0	3,726	2,451	0	0	0	0	6,177
	Foreign Migrant Workers	Full-time	0	968	0	0	0	0	0	0	968
Other Workers	Dispatched Personnel[Note]	Full-time	55	84	0	0	16	22	0	0	177
Subtotal			3,668	2,807	5,676	3,835	286	262	1,000	823	18,357
Total in Region			6,475		9,511		548		1,823		

Note: Dispatched personnel are primarily short-term supplemental labor for production lines.

Management Position

Employment Type	Number of Persons			Proportion of females in total (%)	Proportion of female managers among all managers (%)
	Male	Female	Total		
Top management	143	24	167	14.37	26.56
Middle and Junior management	1,945	731	2,676	27.32	
Non-management/Indirect labor (IDL)	4,447	3,055	7,502	44.77	
Non-management/Director labor (DL)	4,024	3,811	7,835		
Total	10,559	7,621	18,180	41.92	

Statistics of Profit-driven Departments and STEM Talent

Category	Employment Type	Number of Persons			Percentage of female (%)
		Male	Female	Total	
Profit-driven Departments	Top management	21	10	31	46.90
	Middle and Junior management	322	293	615	
	Non-management level	3,685	3,340	7,025	47.54
	Total	4,028	3,643	7,671	47.49
In STEM positions [Note]	Top management	74	5	79	17.32
	Middle and Junior management	1,406	305	1,711	
	Non-management level	4,314	2,212	6,526	33.90
	Total	5,794	2,522	8,316	30.33

Note: STEM refers to talent in Science, Technology, Engineering, and Mathematics disciplines.

Nationality Distribution

Nationality	Number of Employees	Number of Managers
Taiwan	5,341	2,051
China	9,514	726
Brazil	1	-
Indonesia	2	-
Spain	1	-
United States	1	1
Hong Kong	1	-
Malaysia	7	2
Philippines	975	2
Saint Kitts and Nevis	1	-
Mongolia	1	-
Macao	1	-
Korea	1	1
Mexico	1,823	27
Czech factory [Note]	510	33
Total	18,180	2,843

Note: No distinction is made among the nationalities of employees in accordance with local laws and regulations.

Age and Education Statistics

Category	Age			Education		
	< 30	30-50	> 50	Masters and above	Bachelors	Others
Male	3,791	6,065	703	1,226	3,269	6,064
Female	2,668	4,600	353	471	1,920	5,230
Subtotal	6,459	10,665	1,056	1,697	5,189	11,294
Proportion of total (%)	35.53%	58.66%	5.81%	9.33%	28.54%	62.12%
Total employees						18,180

Physical and Mental Disability

Age	Number of persons			Proportion of total (%)
	Male	Female	Total	
< 30	65	22	87	1.35%
30-50	47	27	74	0.69%
> 50	28	10	38	3.60%
Total	140	59	199	1.09%

Proportion of Local Hire in Management Positions

Region	Total Number of Senior Executives	Number of Senior Executives with Local Nationality	Local Hire Percentage
Taiwan	162	161	99%
China	38	8	21%
Europe	1	0	0%
Americas	1	1	100%
Total	202	170	84%

New Employee

The total number of new employees in 2023 was **14,632**.

Category	Distribution			New Hire Rate (%)
	Category	Number of Persons	Percentage	
Gender	Male	9,123	62.35	50.18
	Female	5,509	37.65	30.30
Age	Under 29 years old	10,667	72.90	58.67
	30~49 years old	3,724	25.45	20.48
	Over 50 years old	241	1.65	1.33
Job Grade	Top management	7	0.05	0.04
	Middle and Junior management	164	1.12	0.90
	Non-management level	14,461	98.83	79.54

Category	Distribution			New Hire Rate (%)
	Category	Number of Persons	Percentage	
Nationality	Taiwan	823	5.62	4.53
	United States	1	0.01	0.01
	Malaysia	1	0.01	0.01
	Philippines	278	1.90	1.53
	Saint Kitts and Nevis	1	0.01	0.01
	China	11,933	81.55	65.64
	Mexico	1,455	9.94	8.00
	Czech factory [Note 3]	140	0.96	0.77

Note 1: New Hire Rate, Number of new hires in this category / Total global workforce as of December 31, 2023.
Note 2: Distribution Percentage: Number of new hires in this category / Total new hires.
Note 3: Due to local regulations, personnel nationality distinctions are not made.

Internal Employee Replacement Rate

A. Total number of vacancies filled by internal candidates [Note 1]	B. Total number of company vacancies [Note 2]	C. Internal employee replacement rate C=A/B
246	3,584	6.86%

Note 1: Number of internal transfers
Note 2: Total number of new recruits for the year

Average Hiring Cost

A. Total hiring cost for new recruits for the year (NT$)	B. Total number of company vacancies (total number of new recruits for the year)	C. Average hiring cost C=A/B (NT$)
42,672,400	3,584	11,906.36

Annual Employee Turnover

Total number of employees who left in 2023 was **11,523**.

Category	Distribution			Turnover Rate (%)
	Category	Number of Persons	Percentage	
Gender	Male	7,336	63.61	40.35
	Female	4,187	36.31	23.03
Age	Under 29 years old	8,169	70.84	44.93
	30~49 years old	3,236	28.06	17.80
	Over 50 years old	118	1.02	0.65

Category	Distribution			Turnover Rate (%)
	Category	Number of Persons	Percentage	
Job Grade	Top management	13	0.11	0.07
	Middle and Junior management	122	1.06	0.67
	Non-management level	11,388	98.75	62.64
Nationality	Taiwan	514	4.46	2.83
	Philippines	73	0.63	0.40
	China	9,724	84.39	53.49
	United States	2	0.02	0.01
	Malaysia	2	0.02	0.01
	Indonesia	1	0.01	0.01
	Mexico	1,096	9.51	6.03
	Czech factory[Note]	111	0.96	0.61

Note 1: Turnover Rate, Number of employees who left / Total global workforce as of December 31, 2023.
Note 2: Distribution Percentage: Number of employees who left in this category / Total number of employees who left.
Note 3: Due to local regulations, personnel nationality distinctions are not made.

Voluntary Turnover Rate

Category		Number of Voluntary Resignations	Voluntary Turnover Rate (%)
Gender	Male	6,816	37.49
	Female	3,996	21.98
Age	Under 29 years old	7,708	42.40
	30~49 years old	2,999	16.50
	Over 50 years old	105	0.58
Job Grade	Top management	12	0.07
	Middle and Junior management	111	0.61
	Non-management level	10,689	58.80
Nationality	Taiwan	497	2.73
	United States	2	0.01
	Malaysia	2	0.01
	Philippines	73	0.40
	Indonesia	1	0.01
	China	9,070	49.89
	Mexico	1,088	5.98
	The Czech factory	79	0.43

Note 1: Voluntary Turnover Rate,Number of voluntary resignations in this category / total global workforce as of December 31, 2023.
Note 2: Due to local regulations, personnel nationality distinctions are not made.

Parental Leave

(1) Breakdown by Gender

Item	Male	Female	Total
(1) Number of eligible employees for parental leave in the reporting year (excluding resigned employees)	229	149	378
(2) Number of employees who applied for parental leave in the reporting year (including resigned employees)	38	73	111
(3) Number of employees scheduled to return to work in the reporting year (including resigned employees)	39	51	90
(4) Number of employees who actually returned to work in the reporting year (including resigned employees)	38	45	83
(5) Number of employees who returned to work in the year prior to the reporting year (including resigned employees)	23	59	82
(6) Number of employees who returned to work in the year prior to the reporting year and remained employed for 12 months thereafter (including resigned employees)	20	50	70
Return Rate: (4)/(3)	97.44%	88.24%	92.22%
Retention Rate: (6)/(5)	86.96%	84.75%	85.37%

(2)Breakdown by Region and Gender

Item	Location					
	Taiwan		Europe		Americas	
	Male	Female	Male	Female	Male	Female
(1) Number of eligible employees for parental leave in the reporting year (excluding resigned employees)	201	121	0	14	28	14
(2) Number of employees who applied for parental leave in the reporting year (including resigned employees)	3	38	0	16	35	19
(3) Number of employees scheduled to return to work in the reporting year (including resigned employees)	4	25	0	7	35	19
(4) Number of employees who actually returned to work in the reporting year (including resigned employees)	3	22	0	4	35	19
(5) Number of employees who returned to work in the year prior to the reporting year (including resigned employees)	5	26	0	3	18	30
(6) Number of employees who returned to work in the year prior to the reporting year and remained employed for 12 months thereafter (including resigned employees)	3	22	0	1	17	27
Subtotal	219	254	0	45	168	128
Return Rate: (4)/(3)	75.00%	88.00%	0.00%	57.14%	100.00%	100.00%
Retention Rate: (6)/(5)	60.00%	84.62%	0.00%	33.33%	94.44%	90.00%

Chapter 5.1.2 Talent Cultivation

Training Hours and Costs

Total Hours	688,131.20
Average Hours per Employee	37.85
Total Costs	30,895,667
Average Costs per Employee	1,699

Breakdown by Technical and Production Roles

	Technical Roles (IDL)	Production Roles (DL)
A. Total Training Hours	334,609.56	353,522
B. Total Number of Persons as of December 31	10,345	7,835
C. Average Training Hours C=A/B	32.35	45.12

Breakdown by Management and Non-Management Roles

	Top management	Middle and Junior management	Non-management Level
A. Total Training Hours	3,691.74	88,586.53	595,851.9
B. Total Number of Persons as of December 31	167	2,676	15,337
C. Average Training Hours C=A/B	22.11	33.10	38.85

Breakdown by Gender

	Female					Male				
	Taiwan	China	Europe	Americas	Total	Taiwan	China	Europe	Americas	Total
A. Total Training Hours	52,057.30	198,296.35	9,975.00	21,928.00	282,256.65	103,716.15	267,998.40	9,429.00	24,731.00	405,874.55
B. Total Number of Persons	2,723	3,835	240	823	7,621	3,613	5,676	270	1,000	10,559
C. Average Training Hours C=A/B	19.12	51.71	41.56	26.64	37.04	28.71	47.22	34.92	24.73	38.44

Breakdown by Age

	< 30 years old	30~49 years old	≧ 50 years old
A. Total Training Hours	247,887.8	414,730.62	25,412.75
B. Total Number of Persons	6,459	10,665	1,056
C. Average Training Hours C=A/B	38.38	38.89	24.07

Environmental and Integrity Management Training

	Environmental Training	Integrity Management Training		
		Top management	Middle and Junior management	Non-management Level
A. Number of people who completed the training	15,252	54	1,871	8,517
B. Total Number of Persons	18,180	167	2,676	15,337
C. Completion Rate	83.89%	32.34%	69.92%	55.53%
D. Total Training Hours (Accumulated)	30,550.34	126.49	4,204.73	13,719.95

Chapter 5.1.3 Talent Attraction and Retention

Diverse Benefits in Taiwan Factories

Item	Number of Recipients	Amount (NT$)
Maternity Benefits	110	660,000
Childcare Benefits	108	550,000
Funeral Condolence	138	690,000
Marriage Allowance	90	324,000
Hospitalization Benefits	25	124,000
Group Insurance	6,133	12,836,780
Major Illness	5	150,000

Diverse Benefits in China Factories

Item	Number of Recipients	Amount (NT$)
Maternity Benefits	134	176,558
Funeral Condolence	33	43,481
Marriage Allowance	199	262,202
Emergency Relief Funds	47	61,927
Hospitalization Benefits	-	0
Group Insurance	18	2,415,474

Internal Communication Channels Grievance Cases Handled

Item	Taiwan	China	Europe	America
Grievance Channels	1 case via email and 1 case filed with government authority	0	1 case via email and 5 cases in paper form	0
Case Established	0	0	0	0

Employee Absenteeism Rate

Item	Details
Absenteeism Rate	2.13
Data Coverage	100% of Employees

Note 1: Definition of Absenteeism Rate: The total number of days lost due to absenteeism for any reason, not limited to work-related injuries or illnesses. This includes sick leave due to common illnesses (e.g., colds, fever, and flu) and leave days due to personal reasons not disclosed publicly, but excludes pre-scheduled or authorized absences such as holidays, study leave, maternity leave, or paternity leave.

Note 2: Absenteeism Rate, (Number of Absence Days / Total Number of Work Days) x 100

Chapter 5.2 Human Rights Protection

Training	Taiwan	China	Europe	Americas
A. Number of people completed the training	5,214	8,181	23	1,823
B. Total number of persons	6,336	9,511	510	1,823
C. Completion rate	82.29%	86.02%	4.51%	100.00%
D. Total training hours	11,521.10	25,246.08	69	3,646

Note: C=A/B

Labor Violations in 2023

Description	Penalty Amount	Actions
Extended working hours without proper overtime compensation as per regulations.	NT$800,000	Strengthened communication and training across all departments to ensure proper implementation of work distribution and departmental management practices.

Compensation Ratios

	Annual Total Compensation Ratio Note 2	Annual Total Salary Change Ratio Note 3
Compensation Ratio	29.53~59.06	0.51

Note 1: Annual total compensation refers to the actual compensation amount of employees throughout the year, including salary, cash rewards, overtime pay, benefits, bonuses, and cash dividends.

Note 2: Annual total compensation of the CEO / Median annual total salary of all employees excluding the CEO.

Note 3: Percentage increase in annual total compensation of the CEO / Percentage increase in median annual total salary of all employees excluding the CEO.

Salaries of Full-Time Employees Not in Manager Positions

Item	Unit	2020	2021	2022	2023
Number of Full-time Employees	Person	5,323	5,427	5,174	5,868
Total Salary of Full-time Employees	NT$ Thousand	5,303,891	5,558,012	5,798,789	6,622,072
Average Salary of Full-time Employees	NT$ Thousand	996	1,024	1,121	1,129
Median Salary of Full-time Employees	NT$ Thousand	809	838	939	948

Note: The above data is compiled according to the regulations of the Taiwan Stock Exchange and has been audited by KPMG. Details can be found on the Market Observation Post System (MOPS).

Standard Salary to Local Minimum Wage Ratio

Location	Male Grass-root Level	Female Grass-root Level
Taiwan	1.08	1.14
China	1.00	1.00
Mexico	1.11	1.08
Czech	1.43	1.43

Note 1: Grass-root Level Employees standard salary refers to the minimum approved salary for direct employees in the respective region.

Note 2: Local minimum wage is based on the legal regulations of each region in 2023 and is used as the calculation base.

Gender Salary plus Compensation Ratio

Male to female basic salary plus compensation ratio	Taiwan	China	Mexico	Czech
Top management	118.11	0	0	0
Middle and Junior management	110.84	104.72	98.11	112.89
Non-management Level / Indirect Labor (IDL)	107.92	118.43	113.06	112.15
Non-management Level / Direct Labor(DL)	121.77	104.50	116.34	108.69

Note 1: The ratio is based on female salaries, with slight differences due to varying proportions of male and female employees across different job attributes, fields, and seniority levels.

Note 2: A ratio of 0 indicates there are no female employees or managers in that region.

Global Retirement System Overview

Item		Taiwan		China	Czech	Mexico
		Old System: Company retirement account	New System: Individual retirement account			
Retirement Fund Contribution as a Percentage of Salary	Company Contribution	2%~15%	6%	16%~24%	21.5%	2%
	Self Contribution	0%	0%~6%	8%	6.5%	0%

Note: Taiwan factories follow the "Labor Standards Act" and the "Labor Pension Act". For overseas subsidiaries, the retirement plan is a defined contribution plan, with monthly contributions to various social security funds, including retirement and medical, as per local government regulations.

GRI Index

GRI 2: General Disclosures 2021

The following indicators have been verified by KPMG Taiwan with limited assurance.

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		1.1.1 Company Profile	7
2-2	Entities included in the organization's sustainability reporting	About the Report	2
		1.1.1 Company Profile	7
2-3	Reporting period, frequency and contact point	About the Report	2
2-4	Restatements of information	About the report (statistics and calculation methods, as well as the reasons and results for any restatement of information provided in previous reports, have all been specified in each chapter respectively).	-
2-5	External assurance	About the Report	2
		ISAE 3000 Assurance Report	140
Activities and workers			
2-6	Activities, value chain and other business relationships	1.1.2 Market Overview	9
		2.4.1 Strategy and Goals	49
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2-9	Governance structure and composition	1.4.1 Operation of the Board of Directors	13
		1.4.2 Functional Committees	16
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2-10	Nomination and selection of the highest governance body	1.4.1 Operation of the Board of Directors	13
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2-11	Chair of the highest governance body	1.4.1 Operation of the Board of Directors	13
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2-18	Evaluation of the performance of the highest governance body	1.4.1 Operation of the Board of Directors	13
2-19	Remuneration policies	1.4.1 Operation of the Board of Directors	13
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Stakeholder engagement			
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		2.3 Customer Service	44
2-30	Collective bargaining agreements	5.1.3 Talent Attraction and Retention	105

GRI 3: Material Topics 2021

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		ESD Data - Economic Value Generated and Distributed	121
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401-3	Parental leave	ESG Data - Parental Leave	130

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403-2	Hazard identification, risk assessment, and incident investigation	5.3.1 Safe and Healthy Workplace	110
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		5.3.2 Health and LOHAS	115
403-4	Worker participation, consultation, and communication on occupational health and safety	5.3.1 Safe and Healthy Workplace	110
403-5	Worker training on occupational health and safety	5.3.1 Safe and Healthy Workplace	110
403-6	Promotion of worker health	5.3.2 Health and LOHAS	115
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SASB Index

SASB Sustainability Disclosure Topics & Accounting Metrics Index

The following indicators have been verified by KPMG Taiwan with limited assurance.

SASB Code & Metric	Content			
TC-ES-000.A-Number of manufacturing facilities	8 facilities IET、TAO、ITO、IPT&SQT、ICC、ICZ、IMX			
TC-ES-000.B-Area of manufacturing facilities	8,417,310.35 ft^2			
TC-ES-000.C-Number of employees	18,180 people			
TC-ES-140a.1-(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress		**2021**	**2022**	**2023**
	Total water withdrawn (thousand cubic meters)	1,082	1,053	974
	Total water discharged (thousand cubic meters)	815	739	698
	Total water consumed (thousand cubic meters)	267	314	276
	The proportion of total water withdrawal and total water consumption at Inventec attributed to high water risk areas High water stress factories: IPT & SQT			
		2023		
	Percentage of water withdrawn in IPT&SQT	17%		
	Percentage of water consumed in IPT&SQT	6%		
TC-ES-150a.1-(1) Amount of hazardous waste from manufacturing, (2) percentage recycled	3.3.2 Waste Management			

SASB Code & Metric	Content			
TC-ES-310a.1-(1) Number of work stoppages and (2) total days idle	In 2023, number of work stoppages and total days idle are 0			
TC-ES-320a.1-(1) Total recordable incident rate (TRIR) and (2) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	5.3.1 Safe and Healthy Workplace			
TC-ES-320a.2-Percentage of (1) entity's facilities and (2) Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) highrisk facilities		**Facility**		**2023 RBA VAP Audit Rate**
	Inventec	All sites, excluding Shilin Headquarters (IET). Since there is no production line, it is not included in the audit scope.		71.43%
		High-risk facilities		No high-risk facility in 2023
	Tier 1 supplier	2.4.2 Supply Chain Risk Management		
TC-ES-320a.3- (1) Non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent and (2) associated corrective action rate for (a) priority nonconformances and (b) other nonconformances, disaggregated by (i) the entity's facilities and (ii) the entity's Tier 1 supplier facilities		**RBA VAP findings categories**	**Average number of findings in RBA VAP**	**Completion rate of corrective action plan (CAP)**
	Inventec	Priority non-conformances	0	No priority non-conformances
		Other non-conformances	11	100%
	Tier 1 supplier	2.4.2 Supply Chain Risk Management		
TC-ES-410a.1-Weight of end-of-life products and e-waste recovered; percentage recycled	No, Inventec is an ODM manufacturer, and the ownership of the final products belongs to the customers. Therefore, it is not possible to conduct product recycling.			
TC-ES-440a.1-Description of the management of risks associated with the use of critical materials	2.4.2 Supply Chain Risk Management			

Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

The following indicators have been verified by KPMG Taiwan with limited assurance.

Indicator	Annual Disclosure				Chapter
No.1 - Total energy consumption, percentage of purchased electricity, utilization rate(renewable energy)		**Total energy consumption(GJ)**	**Percentage of purchased electricity(%)**	**Utilization rate of renewable energy(%)**	3.1.3 Energy Management
		889,796	94.26%	18.54%	
No.2 - Total water withdrawn, total water consumption		**2021**	**2022**	**2023**	3.2.2 Water Resource Management
	Total water withdrawn (thousand cubic meters)	1,082	1,053	974	
	Total water discharged (thousand cubic meters)	815	739	698	
	Total water consumed (thousand cubic meters)	267	314	276	
No.3 - Total hazardous waste generated and percentage recycled		**2021**	**2022**	**2023**	3.3.2 Waste Management
	Amount of hazardous waste (Metric Ton)	687.729	835.250	355.138	
	Percentage of Reuse and Recycling	88%	50%	77%	
No.4 - Types of, number of employees in and rate of occupational accidents	In 2023, no occupational accidents occurred involving suppliers, contractors, or dispatched personnel.				5.3.1 Safe and Healthy Workplace
	In 2023, Inventec recorded a total of 14 disabling injury incidents, involving 14 individuals. The main types of injuries included being struck by falling objects, entanglement, falls, collisions, and cuts.				
	Occupational accident rate (Occupational accident rate = Number of people injured in occupational accidents in the year / Total number of employees at year-end (unit: %))			0.08%	
	SR			18.31	
	FR			0.41	
No.5 - Product Lifecycle Management Disclosure: including weights of scraps and electronic waste and percentage recycled	No, Inventec is an ODM manufacturer, and the ownership of the final products belongs to the customers. Therefore, it is not possible to conduct product recycling.				-
No.6 - Description of the management of risks associated with the use of critical materials	Please refer to the chapter				2.4.2 Supply Chain Risk Management
No.7 - Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Inventec had no monetary loss resulting from legal proceedings related to anti-competitive conduct regulations in 2023.				1.5.1 Anti-Corruption and Ethical Management
No.8 - Production by product category	**2022**		**2023**		NA
	Total output of computer-related products is 28,461. (Note: This data includes the output of triangular trade)		Total output of computer-related products is 25,898. (Note: This data includes the output of triangular trade)		
	In 2023, the statistical basis and calculation methods were adjusted, and hence the values for 2022 were recalculated.				

ISAE 3000 Assurance Report

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Independent Limited Assurance Report

To Inventec Corporation:

We were engaged by Inventec Corporation ("Inventec") to provide limited assurance on the 2023 Sustainability Report of Inventec ("the Report") for the year ended December 31, 2023.

Applicable criteria of the Subject Matter Information

Inventec shall prepare the Subject Matter Information in accordance with applicable criteria required by Article 4 of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies ("the Regulation"), Global Reporting Initiative Standards ("GRI Standards") issued by Global Sustainability Standards Board and the Sustainability Accounting Standards for Electronic Manufacturing Services & Original Design Manufacturing Industry issued by Sustainability Accounting Standards Board ("SASB").

Management's Responsibilities

Inventec is responsible for determining its objectives with respect to sustainable development performance and reporting, including the identification of stakeholders and material aspects, and using the applicable criteria to fairly prepare and present the Subject Matter Information. Inventec is also responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We performed our work in accordance with International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board and to issue a limited assurance conclusion on whether the Subject Matter Information is free from material misstatement. Also, we have considered appropriate limited assurance procedures according to the understanding of relevant internal controls in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the internal control over the design or implementation of the Report.

Independence and Standards on Quality Management

We have complied with the independence and other ethical requirements of the Code of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. In addition, we applied Standards on Quality Management. Accordingly, we maintained a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements and professional standards as well as applicable legal and regulatory requirements.

KPMG, a Taiwan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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Summary of Work Performed

As stated in applicable criteria of the Subject Matter Information paragraph, our main work on the selected information included:

- Reading the Report of Inventec;
- Inquiries with responsible management level and non-management level personnel to understand the operational processes and information systems used to collect and process the Subject Matter Information.
- On the basis of the understanding obtained mentioned above, perform analytical procedures on the Subject Matter Information and if necessary, inspect related documents to gather sufficient and appropriate evidence in a limited assurance engagement.

The work described above is based on professional judgment and consideration of the level of assurance and our assessment of the risk of material misstatement of the Subject Matter Information, whether due to fraud or error. We believe that the work performed and evidence we have obtained are sufficient and appropriate to provide a basis of our conclusion. However, the work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained has a reasonable assurance engagement been performed.

Inherent limitations

The Report for the year ended December 31, 2023 includes the disclosures of non-financial information that involved significant judgments, assumptions and interpretations by the management of Inventec. Therefore, the different stakeholders may have different interpretations of such information.

Emphasis of Matter

Subject Matter Information includes and covers materiality assessment process, as well as the economic, environmental, and social KPIs within the scope of this report.

Conclusion

Based on the work we have performed and the evidence we have obtained, as described above, nothing has come to our attention that causes us to believe that the Subject Matter Information has not been properly prepared, in all material aspects, in accordance with the applicable criteria.

Other Matters

We Shall not be responsible for conducting any further assurance work for any change of the subject matter information or the criteria applied after the issuance date of this report.

The engagement partners on the assurance resulting in this independent auditors' report are Yu-Ting Huang and Rou-Lan Kuo.

KPMG

Taipei, Taiwan (Republic of China)
June 26, 2024

KPMG

Notes to readers

The limited assurance report and the accompanying selected information are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language limited assurance report and the selected information, the Chinese version shall prevail.

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Inventec