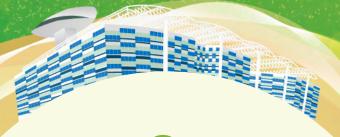


## Corporate Social Responsibility Annual Report 2017



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Corporate Social Responsibility Annual Report 2017

# About The Report

About The Report

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**Annual Major Progress** 

6



#### Boundary and Scope of the Report

Quanta Computer Group (Quanta) CSR annual report covering CSR related information on numerous Quanta sites, including Quanta Research and Development Complex (QRDC), Quanta Shanghai Manufacturing City (QSMC), Quanta Changshu Manufacturing City (CSMC), Quanta Chongqing Manufacturing City (QCMC)

QSMC (Quanta Shanghai Manufacturing City) includes Dafeng (Shanghai) Computer Co., Ltd., Dagong (Shanghai) Computer Co., Ltd., Dali (Shanghai) Computer Co., Ltd., Daren (Shanghai) Computer Co., Ltd., Daqun(Shanghai) Computer Co., Ltd., and Dawei (Shanghai) Logistics and Warehouse Co., Ltd. There is also Quanta Changshu Manufacturing City (CSMC); Quanta Chongqing Manufacturing City (QCMC), Tech-Wave (Chongqing) Logistics Co., Ltd., and CloudTech (Chongqing) Technology Co., Ltd. (Please refer to the annual report of Quanta Computer Incorporated, under Information Related to Affiliated Businesses in Chapter VIII Special records.)

The boundary outside the organization includes supply chain management and local communities. With no significant changes in the scope and aspect boundaries. In addition, the calculation period of water consumption and sewage volume from 2015 to 2017 will be amended. After amendment, the reliability of the data will be higher and the slight change in data will not affect the target reader's estimation of the trend of Quanta's water emission in recent years.

#### Report period



Quanta Computer has been releasing annual CSRs for 9 consecutive years. The 2017 report discloses information from January 1st 2017 to December 31st 2017 and contains few mid- and long-term projects.

#### Referencing standard

The framework of the report is based on the version G4 of Sustainability Reporting Guidelines announced by the Global Reporting Initiative (GRI), Core Level disclosure is written.

#### External assurance

Type 1 engagement of AA1000 (2008) is expected to be applied to the third-party assurance (Bureau Veritas Certification Taiwan). Quanta's CSR Committee members and senior executives also participated in the assurance process.

Quanta and BV Taiwan are independent companies, the disclosure indicators and independent assurance opinion statements, can refer to the comparison table and statement at the end of the report.

#### Report management and public declaration

The report is written in Traditional Chinese and English. In accordance with the provisions of "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies", announcements and declarations shall be made to the Market Observation Post System before June 30th. In addition, it will be announced via electronic media in "About Quanta" section on the company's website www.quantatw.com.

#### **Contact information**

#### Ensure a consistent understanding between the external environment and the company.

For relevant information on this report or Quanta Corporate Social Responsibility events, contact windows for various operational locations are as below. In accordance with due professional ethics, Quanta Computer Inc., ("The Company") has established the Media Relations Policy, regarding the Official Spokespersons, Personnel of Quanta Computer Inc., authorized to serve as the primary press spokespersons for The Company are responsible for coordinating all press and analyst communications on behalf of Quanta Computer Inc. The company's official spokesperson system may quote or clarify Quanta's external information and financial data through official or nonofficial communication channels in order to ensure a consistent understanding between the external environment and the company.



#### **QRDC (Quanta Research and Development Complex)**

**Department:** Human Resource Center

Address: No.211, Wen Hwa 2nd Rd., Kueishan, Taoyuan 33377, Taiwan

Contact window: Rina Tsai Tel: +886-3-327-2345 Fax: +886-3-397-3003 Mail: qci.csr@quantatw.com



#### **QSMC (Quanta Shanghai Manufacturing City)**

**Department:** Social Responsibility Management Department

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#### **CSMC (Quanta Changshu Manufacturing City)**

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#### **QCMC (Quanta Chongqing Manufacturing City)**

**Department:** Social Responsibility Management Department

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## Annual major progress

#### **Economic Category**

#### **Economic** performance

- The global consolidated net operating revenue is approximately NT\$1.02 trillionwith gross margin of 4.47%. Net profits after tax are NT\$14.5 billion with EPS at NT\$3.73.
- Quanta plans to distribute the surplus of the previous year in 2018, in the form of cash dividends of NT\$3.4 per common share to shareholders.

#### **Environmental Category**

#### ISO14064-1Verification Statement

Greenhouse gas inventories are conducted in each factory in accordance with ISO 14064-1.

- Shanghai Factory Area has received the third-party verification statement (ISO) 14061-1) since year 2011.
- Taiwan, Chongqing and Changshu Factories have received the third-party verification statement (ISO 14061-1) since year 2015.

#### Participate in **Carbon Disclosure** Project (CDP)

- Participate in the international carbon disclosure project (CDP), complete questionnaires, review performance as well as continue to identify areas for improvement.
- Received "2017 Best Supplier Fighting Climate Change in China" from CDP.

#### Work with carbontrading demo cities

- Corporate carbon emissions have been calculated annually to actively secure carbon-emission allowances.
- Participate in the Chongging Municipal Voluntary Emission Reduction Marketand carry out internal inventory checks every year.

#### Social Category Decent Work Product Responsibility

#### **Human Capital** Investment

- Provide human rights related training to employees in Taiwan and China factory areas, including CSR, safety and health training, individual case management and psychological counseling, etc. A total of 1,262,037 participants from two shores and four places with a total 1,792,443.4 hours spent on training. The percentages of employees trained are as below: QRDC at 88.2%, QSMC at 100%, CSMC at 100% and QCMC at 100%.
- Develop 2B core competency and technological research and development project (2B: to be the owner, to be the leader) in order to help employees continue learning and advancing different professional product fields.
- Organize innovation competitions to encourage employees in proposing internal and external innovative business models and assisting in developing commercial services and opportunities for Quanta's best profit.

#### Human Capital Investment

- Introduce self-developed learning mobile application "Quanta Online" of Business Public Version covering 6 core domains. This application will meet personnel's needs of private life, learning and work. Using "Quanta Online" to offer training programs will provide personnel with more rapid and comprehensive career development resources.
- Create intimate teams and organize advanced training programs to fortify the correctness of first-line managers' management competency and improve employees' capability and techniques dealing with existing problems in workplace.
- In 2017, Quanta cooperated with Renmin University of China and University of Electronic Science and Technology of China. QSMC has 353 trainees for vocational education and 110 students for undergraduate programs; CSMC has 185 trainees for vocational education and 45 students for undergraduate programs; QCMC continues cooperating with Chongqing University, Renmin University of China and University of Electronic Science and Technology of China to fortify personnel's professional competencies: in 2017, QCMC provided nearby training programs to the personnel: 261 trainees for vocational education and 60 students for undergraduate programs.

# Equality of culture and technology

- Quanta Culture and Education Foundation has been contributing to art education, promotion and prevention for a long period of time in order to elevate the level of public's art competence and esthetic education. The scholars and social justice warriors in various activities gave their recognition for its services. The Foundation received the Sponsorship Award of Ministry of Culture's Art and Business Award in 2017 for the special contributions to maintenance and development of art and culture.
- Quanta "Tour in the Art" Project: Quanta "Tour in the Art" Project takes paintings of masters from occidental and oriental world to the campus for exhibitions. The objective of activity is to encourage teachers develop and design interdisciplinary teaching programs, improve children's learning ability and expand their horizons. Through the curriculum integration and community cooperation proposed by the school, we set up a multicultural lifelong learning platform. Since 2004 until 2017, a total of 2,074 tour sessions was held in 22 cities and counties. In 2017, 260 sessions were held with a number of 226,632 participants in 22 counties and cities.
- Smart Education: By designing and curating exhibitions, Quanta "Design Learning" program makes teachers and students learn and grow up together, which becomes "inspiring" learning culture. In 2017, a total of 630 students, 92 teachers and 18 schools participated in this project.
- Creativity Competition: Quanta cooperated with Ministry of Education and organized "The 8th Quanta IIC Awards", providing a exchange and competition platform for national teachers and students. Teachers and students winning first prize went to Holland to execute reality exploration missions, raise the level of esthetic competency and expand horizons.
- Public Affairs: This year, we sponsored creativity education and international exchange projects of 27 schools and groups. In total 23,915 people benefit from the project, and innovative and excellent education projects were promoted.
- International Exchange: Organize Global Culture Ambassador Competition, combine schools cooperating in Quanta "Tour in the Art" Project and select 15 foreign students to elementary and junior high schools to share their life and culture experiences. In addition, organize "Our Friends" Project to encourage Taiwanese high school students and those studying in foreign cooperative schools developing pen pal relationship and inspiring their viewpoints of themselves and the world.

We shall preserve and maintain traditions, encourage innovation, actively promote integration of technology and art.

• The Quanta Arts Foundation integrates internal and external resources to realize three core objectives. First one is commission: in 2017, creative works are in total 10 pieces. Second one is technological arts: in 2017, "QA Ring- International Digital Arts Cross Domain Performance Project" continues to promote Taiwanese excellent artworks to international stage. Last one is cross-strait exchange: mandarin and Nanyang performance art combining geographical and human development advantages was organized to deepen the performance art exchange in mandarin regions and to build up a perfect promotion platform for the Taiwanese team.

applies on-site environmental, labor, human rights, and ethical standards for new suppliers

 Quanta applies on-site environmental, labor, human rights, and ethicalstandards for new suppliers. Almost 300 suppliers, or nearly 41.30% of allsuppliers were audited.

2017 Quanta Green Material Standards Conference -helping suppliers benefit from co-prosperity

Four supplier conventions were held in Taiwan, Shanghai, and Chongqing. There are 1,116 attendees.

Green Quality
Management
The number of events
that violate the relevant
laws and regulations of
the green product is zero.

- All products developed within the company (including computer peripherals,communication networks, multimedia, automotive electronics, medicalequipment and other relevant products) meet the requirement of hazardousmaterial free.
- Products manufactured in 2017 can all satisfy customers' demands of greenproduct and comply with theinternational regulations of green environmental protection. The number of events that violate therelevant laws and regulations of the green product is zero.

#### Management system

Board of Directors approval

Corporate social responsibility (CSR) strategies and guidelines has been continued
to be approved and reviewed during the Board of Directors'Meeting and presented
accordingly.

CSR performance has been included as part of performance management system

 Social responsibility has been included as part of the employees' work responsibilities and performance management assessment system.

#### External recognition and summary

- Awarded "Rank number 4 among the top 2,000 manufacturers"- CommonWealth Magazine
- The subsidiary, Quanta Cloud Technology was awarded " Most Innovative Cloud Based Project—Cloud Computing Development Program"- The Asset Magazine
- Awarded "3th Year of Top 20 Percent Nominated Company for Excellent Corporate Governance" Securities and Futures Institute
- Awarded "Rank number 390 among 500 global large-scale companies"- Fortune, American financial magazine
- Quanta Culture and Education Foundation was awarded "Sponsorship Award" of Art and Business Award- Ministry of Culture
- Quanta Culture and Education Foundation's "Quanta Design Learning Project" is nominated in "Hundred Most Inspiring Education Innovations"- CommonWealth Parenting
- Awarded "Open Economy Excellent Enterprises"- Changshu Yushan Zhen People's Government
- Awarded "Suzhou City's Top Hundred Strong Companies in the Industry"- Suzhou City People's Government
- Awarded "Honor of Certificate Donation" Changshu General Charity Foundation
- Awarded "Shanghai City Fire Protection Association Membership"- Shanghai Fire Protection Association
- Awarded "2017 Various Forms of Fire Brigade Warrior Competition in Songjiang District- Rank number 1 in Knowledge and Theory of Fire Extinguishment"- Songjiang District Public Security Fire Control Team
- Awarded "2017 Various Forms of Fire Brigade Warrior Competition in Songjiang District- Rank number 2 in 10 Walls Fire Hydrant Exercise"- Songjiang District Public Security Fire Control Team
- Awarded "2017 Various Forms of Fire Brigade Warrior Competition in Songjiang District- Rank number 3 in Dry-powder Extinguisher Exercise"- Songjiang District Public Security Fire Control Team
- Awarded "2017 Industry Excellent Production and Output"- Economic and Technological Development Zone in National Shanghai Songjiang District
- Awarded "2017 Tax Contributor"- Economic and Technological Development Zone in National Shanghai Songjiang District
- Awarded "2017 Investing Advanced Unit"- Economic and Technological Development Zone in National Shanghai Songjiang District
- Awarded "2017 Website of Songjiang Charity Foundation Honor of Sichuan Jiu Zhai Gou Earthquake Donation" Website of Shanghai Charity Foundation
- Awarded "2017 Key Industry"- Shapingba District People's Government
- Awarded "Economy Contribution"- Shapingba District People's Government
- Awarded "2017 Best Supplier Fighting Climate Change in China"- CDP Global Environment Information Center
- Awarded "Chongquing General Charity Foundation's Certificate of Honor"- Chongquing General Charity Foundation

























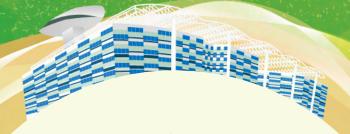














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# Quanta Commitment & Stakeholders Communication

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# Message from Chairman & Vice Chairman

#### **CSR Vision & Mission**

2018 is the 30th anniversary of Quanta Computer Group (Quanta), and we are glad that we developed into a large-scale enterprise with the efforts made in the past. However, the change of market is very sudden and unpredictable. Compared to the operational challenges at the beginning of the start-up period, namely, lack of experience and resources, current enterprise operating condition is much more difficult. Facing new competition situations, we still believe that, constantly exploring and pursuing excellence with positive attitudes "innovation, change and transcendence", can push the Company to the next level and drive business performance.



Thirty years in business marked an important milestone. Quanta will continue preserving excellent tradition and work hard on core business to keep the leading position. We dedicate ourselves to elevating the quality and technical development of advanced and high-performance server, to making business of cloud computing equipment grow steadily and to expanding to smart IoT products, technology integration (such as R&D in VR, AR and MR domains) and new applications and markets. In the meantime, we introduce technological innovation to medical and other industries and develop solutions and services and application of AI, in order to expand new markets and opportunities in diversified domains. As for production, we will push harder to build smart factory for Industry 4.0 "Q-Factory", keep improving manufacturing techniques, elevate the levels of automation and consolidate the leading position of manufacturing.

For the vision of the future, Quanta will not forget its original intentions and keep holding business principles of "Truthfulness, Compassion, Beauty" and "Honesty, Faith, Love", combining with positive attitudes "innovation, change and transcendence", on the basis of research, development and innovation to provide customers with high quality manufacturing services and value creation and to pursue win-win and stable partnership in hope to respond to all shareholders and personnel for their long-term support with stable business performance.

#### Market environment, trends, and competition faced by Quanta

#### **Laptop Market**

According to the historical data in the last five years, laptop's product life cycle has already entered the plateau period; the boom in demand of new machines because of the update of hardware specifications is no longer increasing. However, the performance in the second half of 2017 was better than the market expectations due to the fact that there were no replacement products for laptop in such market. Among potential replacement products, tablets' input and performance are no better than those of laptops. Even though smartphone has multiple functions and applications, its screen is too small to protect the eyesight and it has limited performance when it comes to dealing with a huge amount of data or using advanced functions. Under such circumstances, it is estimated that laptop's rebound in 2017 could continue and turn positive in 2018. Nevertheless, due to the fact that the price of electronic parts is keeping rising, it is observed that the profit of laptop brands faced the risk of economic loss.

For the vision of 2018, the shipped quantity of overall laptop market will be almost the same as that of 2017. For the market share of brand vendors, it shows that brands with large or little market share will keep the same as they were. It is estimated that the total market share of six top laptop brands will reach 89.1%, which limits the development of other brands. In addition, Chinese brands, such as Xiaomi and Hwawei, have increasing market share in China, but the performance of oversea layout still needs to be further observed. It is estimated that the market segmentation with new and multiple designs and functions, such as detachable tablets and convertible laptops, will be the new chance in laptop market, and its 5-year compound growth rate is estimated be higher than 14%. However, due to the fact that the new technologies, such as AI, AR and Flexible Display, are becoming mature, the designs and evolution of new consumer electronics will be driven accordingly: the co-opetition trends of laptop market are worth observing.

#### Market for cloud computing businesses

For business opportunities of cloud computing hardware, Quanta specializes in "Public Cloud" market. According to the research and study results of Digitimes. the shipped quantity of worldwide servers reached 12.65 million, with a growth rate of 7.1%. This growth is attributed to hyper-scale data center companies providing "Public Cloud" services, including Amazon, Microsoft, Google and Facebook; the total demand growth of these four large customers accounts for 21%, whereas the shipped quantity of traditional server brands grows merely 2~3%. It is estimated that the shipped quantity of worldwide servers in 2018 will reach more than 13 million, with 8.5% of growth rate. The main growth drivers of overall market growth are hyperscale data center companies providing "Public Cloud" services. The positive growth is observed in Chinese market as well.

This growth is attributed to increasing needs of hyper-scale cloud data center companies. Hyper-scale data centers are established worldwide to respond to the explosive growth of data, network traffic, data storage, Internet of Things, big data analysis, machine deep learning, high performance computing, mobile services

and other innovative application services. In addition, more and more network service companies with digital innovation start to build hyper-large-scale cloud data centers themselves and integrate with resources of other hyper-scale cloud data centers, expecting to optimize the performance and costs.

On the other hand, with the development of digital business and cloud services, traditional telecommunications services and colocation industry type need to be modified and changed. Telecommunications service companies are forced to start providing local "Public Cloud" services and "Private Cloud" business management services, responding to the invasion of OTT (Over the Top) industry. Additionally, to decrease operational costs, a great amount of standardized hardware structure is used and combined with open and virtualized platform technology. The "end-to-end" basic structure is provided for supporting the market needs of innovative application services.

To sum up above-mentioned industry trends, digital business development and transformation is inevitable. Large enterprises tend to set up a private cloud platform in the internal system and use new needs and global distribution of public cloud platform's flexible resources to launch rapidly innovative services in the market and to produce the results of quick enterprise transformation. What's more, the rapid development of new information technologies, such as block chain, big data, AI, micro-service architecture and Internet of Things, increase the market needs of cloud computing products. Following this market trend, the servers, the shipped quantity of servers, network storage and hyper-converged infrastructure will undoubtedly be efficiently pushed up in 2018.

#### Major plans and key strategy in economic, environmental and social aspects

Quanta's products are sold worldwide, and its customers are from every corner of the world. Currently, Quanta's laptop is categorized as the mature product; the Company even dedicates itself to expanding current product lines and increasing market share. In the future, Quanta will consider cloud computing as the core value of the Company, combining with consumer end and business end products, including laptops, smart end products, data center and loT's products, to seize the market opportunities of new 3C products (computer, communications and consumer electronics) with cloud technology.

From the perspective of cloud computing architecture, Quanta provides the IaaS and PaaS Services infrastructure solutions to cloud data centers, including private cloud service integration platform, high-performance machine for deep-learning data analysis, software-defined storage system and Central Office Solutions of 5G telecommunications companies, in order to help business customers to establish comprehensive cloud computing infrastructure, deepen software development technologies, set up cloud service platforms and set the goals of software development targeting relevant solutions, such as storage, big data, high-performance computing and machine learning, etc. From research, development, designs, production, solutions, to services, Quanta provides its customers with unique "One Package Service". In the meantime, Quanta is going to take the lead in the market by integrating "Cloud Computing", "Connectivity Technology" and " Client Device" with 3C applications.

From the perspective of smart wearables, as the sensor is miniaturized and its precision is significantly improved, the smart watch and bracelet are able to provide valuable information, such as heartbeats, functions of pedometer, sport schedule planning and message notifications, etc. In addition, they also provide calling functions. The application of head-mounted AR devices is already used in the vertical market, including double notifications of messages and physical objects and schedule arrangement of maintenance and operation process. After introducing AI, GPS and cloud database, it allows devices to position precisely and quickly and show instant messages. Smart speakers integrated with functions such as AI, shopping, instant search engine and voice assistant will definitely help the sales performance of relevant products.

Not only that, we will push harder to build smart factory for Industry 4.0 "Q-Factory", keep improving manufacturing techniques, elevate the levels of automation and consolidate the leading position of manufacturing; the "Happy Factory" project will be implemented in order to cultivate cohesion of entire personnel towards this Quanta Family. The summary of implementation projects is shown as below:

#### **Strengthening Research and Development Energy**

Pay attention to the research and development energy in Taiwan, continue investing in Taiwan, cultivate Taiwanese research and development talents and offer capabilities and competencies of new product innovation development to respond to the rapid technological development and seize the opportunities of cloud application, big data and Al development.

#### **Deepening Detailed Management**

Management is an art; detailed management is even an attitude of pursuing excellence. As an international company with a great amount of employees, detailed management is considered more important. We will cope with each details of management to improve ourselves by implementing quality control management, production management, costs management and personnel management.

#### **Smart Factory "Q-Factory" Construction**

Promote automated production, shorten the manufacturing process and simplify the production process in order to keep decreasing the production costs. Following new equipment replacement, improved production techniques and each constantly improved integrated system, Quanta is ready to work towards the goal of smart factory "Q-Factory" construction.

On the basis of information provided by the big data platform and by means of QEMS and QPMS, Quanta is going to build smart factory to achieve the goal of Industry 4.0 and elevate its core competencies and core value.

#### "Happy Business" Project

The employees are the foundation when it comes to firm competitiveness. High-performance business can only be realized when employees gained recognition of work and proactively threw themselves into work. Quanta's objective is to create a wonderful working environment by planning various welfare projects, building up online personnel feedback system, providing professional resources to assist in their work and personal life, creating "Happy Indicator" scoring and improving multiple human resource management, in order to elevate the satisfaction and happiness of personnel and create a win-win situation for the Company and its employees.

#### **Strict Cost Control**

Facing various uncertain factors, including the material price fluctuation and increasing human resources cost and elevating environmental awareness, Quanta takes up a challenge of testing its cost saving capabilities. Encouraging innovative designs, pursuing optimized organization, simplifying the procedure and implementing automated measures including function test, packaging and logistical procedure, Quanta tries to achieve its profit optimization objectives of workforce reduction, waste prevention and cost control.

In addition, aside from pursuing stable economic growth and performance, Quanta also follows four key frameworks to define our role in corporate social responsibility, which are Human-Centric, Environmental Protection, Green Products, and Social Participation. The framework ensures all corporate activities cover various aspect of economy, environment, and society. In the short term, the Company will focus on various activities in the upcoming year, including continued focus on green policies in product development, opportunities and risk management in climate change, energy and water resources management, promotion of lifelong learning, achievement of gender equality, and equality in cultural and technological advances. Following are key directions for the year ahead:

#### **Human-Centric**

- Pay attention to international CSR trends and RBA membership requirements as well as carry out assessment of CSR.
- Reference to SA8000 and RBA regulations, Quanta will continuously improve our practice in labor relations, ethical guidelines, occupational health and safety issues, environment and management systems, as well as improvements in project implementation and stakeholder communication.
- Continue to enhance quality of the company's obligations in conducting conflict minerals investigations.
- Continue to improve upon the quality of CSR Annual Reports, to complete external audit, to comply with relevant laws in public announcements and disclosure, and to ensure transparent information disclosure.

#### Continue focusing on risks and chance of climate change and proceed relevant assessment and management.

- Continue assessing and implementing energy conservation measures, promoting EEP projects and achieving carbon emission trading according to local policies to achieve the objectives of energy and carbon reduction.
- Continue promoting ISO 14001 and OHSAS 18001 management system, pay attention to the update of ISO 45001 Management System Standards and implementing OHSAS 18001 system verification timely; keep verifying ISO 14064-1 system of greenhouse gas inventories; promote ISO 50001 system's establishment and implementation and earn its certification.
- Continue the promotion of zero-waste-to-landfill project and enact measures to reduce waste burning and landfilling in order to attain the environment protection objective.
- Offer diversified EHS training to raise personnel's safety awareness, environment awareness and knowledge.
- Complete environment auditing procedures regarding new projects to ensure their compliance to environment protection laws.
- Increase the use of renewable energy as much as possible.

#### **Green Products**

**Environmental** 

protection

- Continue to focus on green policy and R&D directions for product development to fulfill customers' expectations in green policy and R&D requirements
- Continue to focus on international standards and to ensure thorough compliance to environmental laws around the world
- Ensure suppliers meet our standards when conducting businesses, so the Company would also take into account of suppliers' compliance in code of ethics, green products, and environmental protection requirements

#### Continue to commit our corporate social responsibility (CSR) efforts in areas of culture, knowledge, and caring of wealth equality, including:

#### **Public education - (Quanta Culture & Education Foundation)**

- · Philosophy: Equality of culture and sharing of technology.
- Two major objectives: "Bridging the gap of Chinese and foreign cultures" and "promoting education and innovation".
- Mission Statement: "Education as roots", "arts as foundation", "technology as application", and "creativity as method".
- Promote artistic education and improve the aesthetics of the general public
- Promote five major action plans: Immersed in arts, creative competitions, smart education, international arts exchange and public affairs.

#### Social participation

#### **Performing art - (Quanta Arts Foundation)**

- Continue the support of original Taiwanese works and establish a matching service platform for performing arts.
- Promote cross-strait cultural exchange activities and promote deep partnerships among creative talents from both sides.
- Award technological art innovation and creation and push Taiwanese works onto the world stage.
- Develop the community and social building capacity of "Quanta Hall" and establish the Northern Taoyuan Performing Arts Innovation and Performance Center.

#### **Various Community Care and Exchange Activities**



#### As an official RBA (Responsible Business Alliance) member

Quanta was formally inducted as a member of the Responsible Business Alliance (RBA), formerly the Electronic Industry Citizenship Coalition (EICC), on March 1, 2006. It is the responsibility for Quanta Computer to comply with the announced RBA code of conduct in the process of product design, product manufacture, product sales, and the provisions of after-sales services to customers. Key business locations mentioned in this Report, including Taiwan QRDC as well as the QSMC, CSMC, and QCMC sites in China, are all covered by this Report.

When suppliers supply products or services to Quanta or our affiliates, we request that suppliers support and comply with our CSR policy and the RBA code of conduct. We also audit our suppliers form time to time to realize CSR standards.



#### Other associations and activities

- Taiwan Electrical and Electronic Manufacturer's Association
- Cloud Computing Association in Taiwan
- Taoyuan City Human Resource Management Association
- CDP International Disclosure Project

After becoming part of CDP in 2009, Quanta began submitting CDP reports in 2010, and Quanta participated in CDP's 2017 annual supply chain report conference and received the honor of "2017 Best Chinese Suppliers in Response to Climate Change".

 Member of the Taiwan Huaya Technology Park Environmental Quality Monitoring Committee

Quanta is part of the Huaya Technology Park Environmental Quality Monitoring Committee as a committee member. Committee meetings were held every season to discuss the collection and spending of membership fees as well as various environmental audits and measures implemented in the Park. Combined fees paid in 2017 totaled NT\$227,658.

Member, Shanghai Songjiang Fire Safety Association

Quanta is a member of the Shanghai Songjiang Fire Safety Association, participating in regular annual meetings and professional fire safety instruction programs. An annual fee of RMB 6,000 was required to be part of this Association.

• Directing Unit, Shanghai City Songjiang Production Safety Association

Quanta is part of the Shanghai City Songjiang Production Safety Association and was nominated as a fellow director of that Association. Quanta participates in regular annual meetings and organizes safety investigations, learning programs, and other events organized by the Association. An annual fee of RMB 1,000 was required to be part of this Association.

#### **Participation in Public Policies**

Quanta Culture & Education Foundation has spared no effort in increasing education quality in Taiwan, and has been participating conferences concerning various educational issues. With years of experiences of collaborating with schools, QCEF has provided the government and the institutions it has been collaborating with numerous concrete and constructive suggestions in education policies.

Types of Participation	Organizer	Duty
2017 New Taipei City elementary and junior high school culture & arts development and promotion task force task force	Education Department, New Taipei City Government	Commissioner
Aesthetics Education Program Advisory Committee	Ministry of Education	Commissioner
Curriculum guideline for special needs art class	K-12 Education Administration, Ministry of Education	Commissioner
2017 NPUST internal performance appraisal	National Pingtung University of Science and Technology	Evaluation commissioner
Art Master: 2017 Program encouraging schools to hire local workers and traditional artisans	Ministry of Education	Book review commissioner
2017 grants by M.O.E. for technological and vocational colleges for teacher-student improvement projects	MOE's Department of Technical Vocational Education	Review commissioner
New Taipei City Arts Education Contribution Award jury panel	Education Department, New Taipei City Government	Commissioner
2017 Aesthetics Education Lecture – Pingtung session	Ministry of Education	Keynote speaker
2017 International Symposium on Aesthetics Education	National Academy for Educational Research	Panelist
National Museum of Taiwan History Advisory panel	National Museum of Taiwan History	Advisory commissioner

#### **CSR** policy statement

#### **Obey CSR**

- No use of child labor, and does not accept its suppliers or subcontractors to use child labor.
- Respect employee's freedom, prohibit any forms of forced labor, and does not accept its suppliers or subcontractors to use forced labor.
- Provide safe and healthy work and living conditions, ensure employees' safety and health.
- Promote cooperation between the labor and capital, respect employees' opinions.
- Provide equal and fair working environments, and prohibit any forms of discrimination.

- Respect employees' basic human rights, and prohibit any forms of insulting behavior.
- Arrange production schedule, employee's working time and rest time reasonably.
- Provide reasonable salaries and benefits, which can at least satisfy employee's basic needs.
- Respect employee's right to associate freely and bargain collectively.
- Comply with the universal enterprise ethic standards.

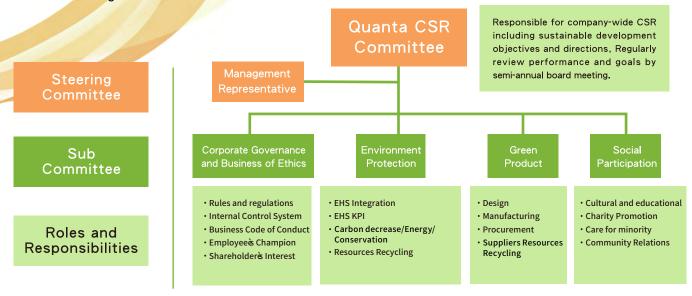
#### Compliance

- Compliance with SA8000 (Social Accountability 8000) \RBA (RBA Code of Conduct) standards
- Compliance with related international laws, national and local laws and regulations.
- Support and respect relevant international labor and human rights, including International Labor Organization's Tripartite
  Declaration of Principles, Organization for Economic cooperation and Development's Guidelines for Multinational
  Enterprises, the United Nations Global Compact, etc.

## CSR Committee's structure: Identify of Quanta related economic, environmental and social issues

The General Manager's Office and highest ranking decision maker of the Chairperson's Office referred to the Social Accountability Manual and nominated the business management staff as the social responsibility management representative and agent. Any CSR-related economic, environmental, and social assessment and strategic management guidelines shall be discussed and reviewed by the Quanta CSR Committee. Decision outcomes would then be approved by the General Manager's Office and the highest-ranking decision maker of the Chairman's Office before being submitted to the Board of Directors to be presented and approved. The promotion projects will be implemented after the approval of Board of Directors is received. The implementation results shall be presented to the Committee regularly.

Four sub-committees are subordinate to the Quanta's CSR Committee: including Corporate Management and Ethics Committee, Environment Protection Committee, Green Product Committee and Social Participation Committee. Relevant high-ranking executives will serve as management representatives, and the human resources and social responsible management units are responsible for coordinating the operations and reports of CSR system. Each sub-committee will hold a meeting for every six months regularly in order to review the implementation results and follow-up implementation plans. Additionally, the "CSR Committee" Joint Meetings will also be held to provide a comprehensive review and discussion and to strengthen the promotion of ESG, expecting to achieve international integration.



To achieve CSR objectives, responsibilities shall be delegated to various functional units and personnel to implement relevant activities. Activity outcomes shall be assessed by performance management system. Relevant response measures shall be developed as required. A reasonable salary and remuneration policy shall also be established, with employee remuneration based upon his or her academic background, professional skills, performance, and business status to ensure that remuneration policies are compliant to the strategic goals of the organization as well as the interests of the stakeholders.



System screenshot of social responsibility included as part of the employees' job responsibilities and performance management



# Stakeholders Identification Communication and Responsibility

#### Stakeholders Identification and Communication

The identification of stakeholders follows six major principles of AA1000 stakeholder engagement standards, which includes Responsibility, Influence, Proximity, Dependency, Representation and Policy and Strategic Intent. The CSR Committee assessment team members and relevant representatives have conducted a assessment based on the aforementioned six major principles. According to above-mentioned principles, six categories of important stakeholders are identified, including shareholders, investors, customers, suppliers, employees and community.

All communication affairs within the Company are primarily conducted by the Governance & Business EthicsCommittee in order to reinforce the communication and engagement between all stakeholders. All relevant departments are designated with specific job responsibility and work plan in accordance with its relationship with stakeholders. Quanta strives to ensure the fulfillment of responsibilities through all communication means and channels as a reference for preventive and corrective actions.

#### List of Stakeholders

Stakeholders	Important topics and aspects	Primary responsibilities for Quanta Computer	Communication means and channels
Shareholders and investors	<ul> <li>Economic Performance</li> <li>Supplier Environmental Assessment</li> <li>Employment</li> <li>Occupational Health and Safety</li> <li>Supplier Assessment for Labor Practices</li> <li>Customer Privacy</li> <li>Product Liability</li> <li>Regulation Compliance</li> </ul>	<ul> <li>Prompt response is made in accordance with the latest regulations and policy revisions governed by relevant authorities.         Format and content of the firm's information disclosure is also adjusted in accordance with regulation requirements</li> <li>Provide real-time and accurate information in order to ensure the equality of information disclosure.</li> <li>Provide sustainable and steady dividend payout policy and generate adequate return on investment</li> <li>Clear and steady financial strategy, uphold company creditability and strong business performance</li> </ul>	<ul> <li>Annual general shareholders' Meetings</li> <li>Conduct conference calls and press conferences for institutional investors to announce quarterly financial reports and operational</li> <li>Important news will be updated and synchronized on Public Information of the Market Observation Post System and the Company's official website. In addition, the press release and the press conference will be issued and held irregularly depending on the actual needs and situations.</li> <li>Set up e-mail and telephone number as ways of contact on the official website of the Company.</li> <li>A dedicated corporate IR (Investors Relations) department has been created</li> <li>To hold face-to-face meetings or telephone conferences with domestic and overseas institutional investors on a regular basis</li> </ul>

Customers	<ul> <li>Economic Performance</li> <li>Anti-corruption</li> <li>Environmental Regulation Compliance</li> <li>Employment</li> <li>Customer Privacy</li> <li>Investment</li> <li>Supplier Human Rights Assessment</li> </ul>	<ul> <li>Provide the most competitive and high-quality products and services</li> <li>Provide an integrated solution including service of design, production, and logistics as well as improve customer satisfaction</li> <li>Form close, long-term, and trustworthy business partnerships with customers</li> <li>Advocate employee's responsibility for confidentiality and establish rules governing employees in situations when confronted by press</li> </ul>	<ul> <li>QBR(Quarterly Business Review)</li> <li>Customer satisfaction survey</li> <li>Technology forum and seminar</li> <li>Meet customers' requirements and inspections on product quality, environment, and responsibility; cooperate with customers on prevention and improvement</li> <li>PIS(Proprietary Information Security)         <ul> <li>Advocacy and training of the rules governing employees in situations when confronted by press</li> </ul> </li> </ul>
Suppliers	<ul> <li>Customer Health and Safety</li> <li>Environmental Regulation Compliance</li> <li>Occupational Health and Safety</li> <li>Employment</li> <li>Product Liability Regulation Compliance</li> <li>Anti-corruption</li> <li>Supplier Human Rights Assessment</li> </ul>	<ul> <li>Promote legitimate and fair trade</li> <li>Understand environmental safety and health considerations and specifications</li> <li>Understand and provide assistance to Quanta for fulfilling social responsibilities</li> </ul>	<ul> <li>Request to Sign the Letter of Commitment to Environmental Protection</li> <li>Request the products must be tested by the accredited public laboratories</li> <li>Incoming inspection must be sampled and tested by the GP laboratory at Quanta</li> <li>Quanta Green Website (green.quantacn.com)</li> <li>Green supply chain annual convention</li> <li>Annual audit of suppliers and contractors</li> </ul>

Employees	<ul> <li>Employment</li> <li>Non-discrimination</li> <li>Occupational Health and Safety</li> <li>Product Liability Regulation Compliance</li> <li>Environmental Regulation Compliance</li> <li>Customer Privacy</li> </ul>	<ul> <li>Ensure and respect human rights</li> <li>Promote employee development</li> <li>Provide legitimate and fair evaluation and treatment</li> <li>Promote environmental health and safety</li> <li>Flexible benefits programs and health promotion</li> </ul>	<ul> <li>Bridge communications between supervisor and colleagues through faceto face meetings from time to time</li> <li>Provide "70885 - please helpme" staff service hotline and message bulletin</li> <li>Provide "70695 - please try to understand me" Complaint of sexual harassment hotline and mailbox</li> <li>Equipped with on-site medical care staff to provide employees with medical consultation services</li> <li>Free annual health examination and consultation for employees</li> <li>Quanta Elite School provides five major ELITE programs based on different job functions to provide occupational training, development and feedback</li> <li>Employee satisfaction survey</li> <li>Release quarterly magazine and manage regularly the information sharing platform each month.</li> <li>"Employee Assistance Program" personnel available at all production sites to provide instant support and feedback</li> <li>Labor-management Conference</li> <li>Welfare Committee Conference</li> </ul>
Community	<ul> <li>Economic Performance</li> <li>Employment</li> <li>Occupational Health and Safety</li> <li>Customer Health and Safety</li> <li>Training and Education</li> <li>Labor Practices Grievance Mechanisms</li> <li>Non-discrimination</li> <li>Customer Privacy</li> <li>Product Liability Regulation Compliance</li> <li>Supplier Assessment for Labor Practices</li> </ul>	<ul> <li>Effective disaster and accident prevention and support</li> <li>Continuously promoting knowledge sharing and culture affluence</li> <li>Participate in various public welfare activities</li> </ul>	<ul> <li>Quanta Culture &amp; Education Foundation</li> <li>Quanta Arts Foundation</li> <li>Charity clubs at various manufacturing sites</li> <li>Environmental Quality Monitor Committee of Taiwan Hwa Ya Technology Park</li> <li>Participate in forums and activities organized by competent authorities.</li> </ul>

Note: All aforementioned communication channels are responsibilities and planned activities for each unit; except for questionnaires targeted to major issues of discussion, no specific items are conducted for the purpose of report preparation.

#### Identification of scope of major topics and materiality analysis

The report contents are defined by considering GRI-G4 46 major aspects and feedback from questionnaires in order to identify preliminary important issues. Members of CSR Committee and assessment team representatives determine the scope and topics for disclosure by identifying the level of organizational impact, degree of stakeholders' concerns, and the previous communications between functions of respective departments and the stakeholders based on materiality of the AA1000 Materiality Test standards.

# High Degree of stakeholders' concerns

- Effluents
- Product and Service Labeling Transport
- Overall
- Environmental Grievance Mechanisms
- Labor/Management Relations
- Diversity and Equal Opportunity
- Equal Remuneration for Women and Men
- Freedom of Association and Collective Bargaining
- Child Labor
- Security Practices
- Forced or Compulsory Labor
- Indigenous Rights
- Local Communities
- Public Policy

- and Waste

  Product and

  Assessment

   Supplier Environmental

  Assessment
  - Occupational Health and Safety
  - Training and Education
    - Supplier Assessment for Labor Practices
    - Labor Practices Grievance Mechanisms
    - Non-discrimination

- Economic Performance
- Environmental Regulation Compliance
- Employment
- Investment
- Customer Health and Safety
- Customer Privacy
- Product Liability Regulation Compliance
  - Supplier Human Rights Assessment
  - Anti-corruption

- Human Rights Grievance Mechanisms
- Anti-competitive Behavior
- Compliance
- Product and Service Labeling
- Supplier Assessment for Impacts on Society
- Grievance Mechanisms for Impacts on Society

#### Low

#### Level of organizational impact

High

#### Note:

- (1) Top disclosure aspects include economic performance, environmental regulation compliance, employment, investment, customer Health and Safety, customer Privacy, and product liability regulation compliance.
- (2) Secondary disclosure aspects include Supplier Environmental Assessment, Occupational Health and Safety, Training and Education, Supplier Assessment for Labor Practices, Labor Practices Grievance Mechanisms, Non-discrimination, Supplier Human Rights Assessment, and anti-corruption.
- (3) Calculation standards: Economic aspect assessment topics: 3.73 to 3.99– 2nd Tier; 4.00 points or higher 1st Tier. Environment aspect assessment topics: 3.73 to 3.99– 2nd Tier; 4.00 points or higher 1st Tier. Social aspect assessment topics: 3.73 to 3.99– 2nd Tier; 4.00 points or higher 1st Tier.
- (4) The decision process of this year's major topic is carried out in accordance with data collected from the following stakeholders for engagement: shareholders & investors, customers, suppliers, Quanta employees, the general public, local communities, Government agencies, and others.

Through the report, it is hoped to pertinently explain the significant influence that the company has on economy, environment, and society. Furthermore, the report aims to communicate Quanta's CSR strategy, action plans, execution progress and management performance in a more comprehensive way to the interested parties such as investors, customers, employees, suppliers, local communities, and local government who keep a close watch on Quanta.

#### Major Aspects on Specific Standards of Disclosure

Category			Borde	r (within t	he organi	zation)	Border
		Aspects QRDC		QSMC	CSMC	QСМС	Outside the organization
Ec	onomics(EC)	Economic Performance	•	•	•	•	
Enviromental(EN)		Environmental Regulation Compliance Supplier Environmental Assessment	•	•	•	•	•
	Labor(LA)	Employment Occupational Health and Safety Training and Education Supplier Assessment for Labor Practices Labor Practices Grievance Mechanisms		•	•		•
Social	Human Right(HR)	Investment  Non- discrimination  Supplier Human Rights Assessment	•	•	•	•	•
	Society(SO)	Anti-corruption	•	•	•	•	•
	Product Responsibility (PR)	Customer Health and Safety Customer Privacy Product Liability Regulation Compliance	•	•	•	•	

Note: Disclosure of Economics (EC) and sub-category of product responsibility (PR) under Social category are determined within the organization. Environmental (EN) and sub-categories of Labor (LA), Human Rights (HR) under Social category include supply chain management outside the organization. Sub-category of Society (SO) under Social category also includes interaction with local communities outside the organization.





Corporate Social Responsibility Annual Report 2017

# Quanta Profile & Corporate Governance

Profile of Quanta Computer

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Corporate Governance and Ethics

30



#### **Company Introduction & Business Profile**

Founded in 1988, Quanta Computer is one of the major laptop development and manufacturing companies in the world. In addition to occupying an important place in laptop industry, Quanta also expands its business to other markets such as corporate cloud computing system, household entertainment products, mobile communication devices, digital household products and Internet of things in order to proactively to achieve industrial integration and expansion.

Quanta Computer is a leading manufacturer of ODM/OEM for professional research, development, design, manufacturing and relevant services in the world. The Company provides the most competitive products and services, including comprehensive solutions from design, manufacturing to logistic support. The laptop production was around 42,4 million units in 2017, with market share accounting for around 26%. Quanta is the leading ODM for laptop in the world; in the meantime, it is also an important supplier providing solutions to cloud computing data centers. The Company offers the best solutions to cloud computing environment and assistances data center customers in optimizing the market competitiveness of products and services with its leading technologies, high customization and elastic services. In recent years, Quanta continues to work hard on technological manufacturing core business. Not only laptops and high-performance servers are with thinner body and integrated with comprehensive functions to follow the market trends and to meet the huge demand of cloud computing devices, but products of VR, AR, MR and other domains are under process of research and development to seize the new application business opportunities. In addition, the Company dedicates itself to introducing technological application in solutions of medical and IoT industry to explore new market opportunities.

The global business philosophy of Quanta is "Innovation as the Core Driver" and "Change as the Action Pattern". The Company has dedicating itself to producing a great amount of unified management and instant production distribution for a long period of time, and it will make better use of resources and vertically integrate the upstream and the downstream to optimize the cost competitiveness. On the basis of "Quanta Research and Development Center (QRDC)" in Taiwan, the Company will integrate technological resources in the world and establish production and service locations in America, Europe and Asia, in order to acquire relatively-strong manufacturing and selling competitiveness in the world. The operational headquarters of the Group is established in Taoyuan, Taiwan, with around 5,000 employees mainly specializing in engineering, research and development. Additionally, manufacturing centers will be established in Shanghai, Changshu and Chongqing in China to provide customers with high-quality and high-performance producing, manufacturing and logistics services.

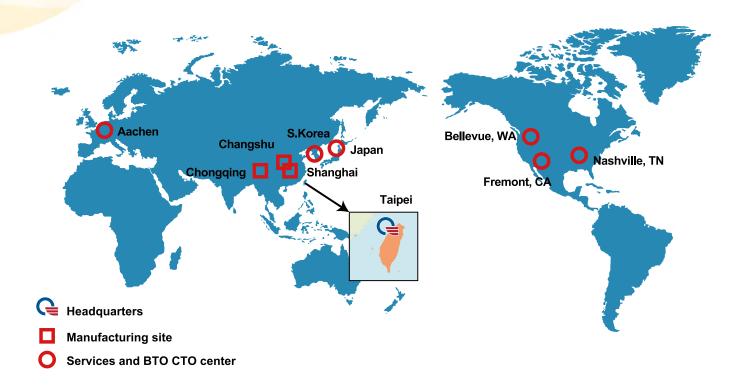
The Company's products are mostly sold in American market, followed by China area. In recent years, Quanta dedicates itself to scattering market and to proactively developing Asia-Pacific region.

Quanta has unique advantages in product research and development, design, manufacturing and selling, and the Company has set up assembly and after-sales service locations in California, Tennessee of U.S.A., Aachen in Germany, Korea, Japan and other places. By using SAP and other information system, the Company provides laptop brand suppliers and large-scale data center customers with more efficient global services and technical support. With its advantages, such as strong research and development competencies, high-performance and high-quality product development and production competencies, global logistic competencies, flexible and speedy shipping and delivery and economic scale, Quanta continues to keep the high market share in the world. In the meantime, the

Company set up oversea maintenance locations to provide rapid after-sales services, help customers to improve product quality and to hold a dominant market position.

In recent years, in response to the growth of cloud computing business, Quanta expands the market of large-scale cloud computing data centers to increase market share as the development strategy. In addition, the Company targets private cloud commission manufacturers, innovates telecommunications infrastructure, seize opportunities of cloud computing center's needs and build up strategic partnership and cooperative relationship with global integrated manufacturers. The Company has established local sales offices in U.S.A., Germany, China, Japan and Korea in reply to the urgent needs of customers. The business scope is across North America, Europe and Asia-Pacific regions. Quanta has become the popular supplier of cloud computing hardware around the world.

In 2017, the total number of personnel of this report is around 110 thousands (including personnel working at QRDC, QSMC, CSMC and QCMC). Quanta Company Incorporated became publicly listed in 1999 on Taiwan Stock Exchange with stock code of 2382. No mergers, acquisitions or issuance of new shares to other companies were happened in 2017. For information of the sources of equity, stock categories and shareholder's structure, please refer to the table shown below. In the past three years, no fundraising has been made. For relevant information, please refer to "Chapter IV, Fundraising Status in Quanta Computer Incorporated" in 2017 Annual Report.



Main production sites and service centers are distributed throughout six countries, including Taiwan, China, U.S., Germany, Korea, and Japan .

#### Source of capital and category

Stock Category			Common shares	Total
		2015	3,862,627,432	3,862,627,432
	Shares outstanding	2016	3,862,627,432	3,862,627,432
		2017	3,862,627,432	3,862,627,432
	Shares unissued	2015	737,372,568	737,372,568
Authorized Share Capital		2016	737,372,568	737,372,568
		2017	737,372,568	737,372,568
	Total	2015	4,600,000,000	4,600,000,000
		2016	4,600,000,000	4,600,000,000
		2017	4,600,000,000	4,600,000,000
	Remark		Note	-

Note: 1. All shares issued are publicly listed.

- 2. Shares unissued include corporate bonds that can be converted to 300 million shares and 50 million shares for employee stock option certificates.
- 3. The company has not issued preferred shares.



#### Shareholders'structure

Shareholders' structure		No. of Persons	Current share holding	Shareholding ratio %
	2015	1	6,199,000	0.16%
Government agencies	2016	0	0	0.00%
	2017	0	0	0.00%
	2015	38	446,838,745	11.57%
Government agencies	2016	39	513,729,862	13.30%
	2017	44	563,196,607	14.58%
	2015	201	1,015,467,447	26.29%
Other institutionalinvestors	2016	175	977,022,779	25.29%
	2017	225	1,017,189,087	26.33%
	2015	849	1,387,971,156	35.93%
Foreign institutions and foreigners	2016	1,022	1,442,420,376	37.35%
	2017	884	1,252,959,885	32.44%
	2015	70,861	1,006,151,084	26.05%
Individual	2016	65,767	929,454,415	24.06%
	2017	79,163	1,029,281,853	26.65%
	2015	0	0	0.00%
Treasury stock	2016	0	0	0.00%
	2017	0	0	0.00%
	2015	67,691	3,862,627,432	100.00%
Total	2016	71,950	3,862,627,432	100.00%
	2017	80,316	3,862,627,432	100.00%

#### **Economic Performance**

The change of market is sudden and unpredictable, which make enterprise's current operation much more difficult. Facing new competition situations, we still believe that, only achieving positive attitudes of "innovation, change and transcendence" with heart and soul, constantly exploring, pursuing excellence can push the Company to manufacture better products and operating results!

The annual revenue reached one trillion New Taiwan Dollars again. Consolidated Net Operating Revenue is 1.02 trillion New Taiwan dollars, with the growth rate of 14.23% compared to 893.98 billion New Taiwan Dollars of last year. As for the profit, the Net Profit after Tax in 2017 and 2016 are 14.52 billion and 15.41 billion New Taiwan Dollars respectively, and Net Income attributed to stockholders of the Company in 2017 and 2016 are 14.37 billion and 15.14 billion New Taiwan Dollars respectively. The Earning per Share in 2017 is 3.73 New Taiwan Dollars. For financial revenue and expenditure, the Company's Net Non-operating Income and Expenditure is 2.49 billion New Taiwan Dollars.

NT\$

Category	Consolidated revenues	Gross margin	Net profits after tax	Earnings per share	Cash dividends distribution
2014	Around 926.3 billion	4.51%	Around 19.24 billion	4.90	4.0
2015	Around 926.3 billion	4.61%	Around 17.75 billion	4.62	3.8
2016	Around 894 billion	5.21%	Around 15.41 billion	3.93	3.5
2017	Around 1021.2 billion	4.47%	Around 14.52 billion	3.73	3.4(*)

Note: Plans for 2017 earnings distribution has been resolved by the 2018 Board of Directors' Meeting and is subject to approval from the General Shareholders' Meeting.

#### Revenue breakdown by categories

FY2017 key product categories by revenue:

Industry category	Product line	Percentage of revenue(%)
<b>-</b>	Computer products	99.39%
Electronics	Other electronic products	0.61%
	100.00%	



### **Corporate Governance and Ethics**

#### Corporate governance organizational structure



#### **Board of Directors**

Quanta's Board of Directors is one of two main units in corporate governance structure. According to the Company's regulations, five to nine directors are in the Board of Directors. Shareholder director nomination is adopted as the electoral system, and directors shall be elected from the nominators. The aggregate shareholding percentage of all of the directors of a securities firm shall comply with the laws and regulations. There are even seats of directors (including three independent directors) in the current term, and the Audit Committee is established; these three independent directors serve as ex officio member performing Board of Supervisors' duties. The aggregate shareholding percentage of all of the directors of a securities firm shall comply with the laws and regulations.

Quanta's liability insurance covers all the directors, and the insurance information shall be presented in the Board of Directors. All current members of the Board of directors possess abundant corporate management and academic experience; most of them are still engaging in relevant professional fields. In accordance with the regulations of "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies", they shall participate in relevant training programs and obtain its certificates.

The three independent directors are: Dr. Wei-Ta Pan, President of Soochow University; Mr. Qi-Zhi Lu, certified public accountant, and Dr. Pisin Chen, professor of National Taiwan University. Board meetings are convened at least once every quarter, with a total of eight board meetings convened in 2017. Quanta discloses Board of Directors' significant resolutions on Market Observation Post System and the official website of the Company.

To implement corporate governance, fortify supervisory functions and improve management skills, Quanta draws up "Rules and Procedures of Board of Director" in accordance with "Regulations Governing Procedure for Board of Directors Meetings of Public Companies". Board of Directors' occupational competency and operations shall comply with relevant regulations and laws, and they shall supervise company's managers and be responsible for corporate overall business operations. If any resolution involves the interests of Directors or of the Company, responsible directors shall follow the principles of interest avoidance, avoiding according to law stipulation and no vote shall be taken, to protect the interests of the Company and its shareholders.

After the audit reports and follow-up reports are submitted for approval, the internal audit supervisors shall deliver relevant documents to independent directors for review at the end of following month succeeding the completion of auditable items. If independent directors have intention to understand further the audit process and tracking results, they are allowed to contact with audit executives at any time. Internal audit executives shall participate in Board of Directors to report auditing operations and be ready for answering interpellation.

#### **Audit Committee**

The Audit Committee serves as another major unit of Quanta's corporate governance structure. On March 31, 2016, the Board of Directors passed resolutions to comply with "Audit Committee Charter", stipulating main objectives, such as the supervisory adequacy of corporate financial statements, certified public accountant's appointment/ dismissal, independency and performance, corporate internal control's effective implementation, compliance with relevant laws and regulations by the Company, and management of the existing or potential risks of the Company.

The 1st Audit Committee, replacing the original supervisory functions, was established on June 24, 2016. Three independent directors serve as ex officio members: Mr. Wei-Ta PAN was selected as the president of meeting and committee coordinator. A total of four meetings were convened in 2017.

#### Internal control

For the purpose of promoting the Company's sound management, Quanta has the Company's internal control system designed and established in accordance with the "Rules Governing the Establishment of Internal Control System by the Public Companies" and the consideration of the Company's overall operating activities. The Company's internal control system is resolved in the board meeting to reasonably ensure operational effectiveness and efficiency, the reliability of financial statements, and the compliance with the governing regulations.

The Auditing Office is formed in accordance with the law and it is responsible for the effectiveness and integrity of the internal control system enforcement as well as for the persistent and ad hoc supervision of an audit. The Auditing Office is to have the annual auditing plan drafted up for the approval of the board of directors in advance. All audit reports shall be reviewed by both independent directors and also members of the Audit Committee. Internal audit executives shall participate in Board of Directors to report internal auditing operations and to prepare audit reports.

Quanta Computer has been without any significant internal control nonconformities identified and has had its internal control system implemented in 2017.

#### Remuneration policy

Quanta's remuneration policy is based on the performance. According to this policy, remuneration for upper level management officers is directly related to economic performance and partially related to environmental and social performance. For details, please refer to the information about to management officers in Quanta Computer Incorporated's annual report, Chapter III - Corporate Governance.

#### **Remuneration Committee**

#### **Committee Members:**

The Remuneration Committee of the Company is with a total of three members: Mr. Wei-Ta Pan, Mr. Qi-Zhi Lu and Mr. Pisin Chen. Mr. Wei-Ta Pan was selected as the president of meeting and committee coordinator.

#### **Remuneration Committee Operation Information:**

- Stipulation of the "Remuneration Committee Charter": The company resolved its "Remuneration Committee Charter" on August 31, 2011 in accordance with Article 14-6, Paragraph 1 of the Securities and Exchange Act as well as the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter," announced by the Financial Supervisory Commission. Committee member term limits are the same as for the appointing Board.
- First term members' term limit: September 30, 2011 to June 17, 2013.
- The members of the second term were reelected the same as the first term on June 24, 2013, with a term of 3 years, starting from the date of appointment until June 23, 2016.
- The members of the third term were reelected the same as the second term on June 24, 2016, with a term of 3 years, starting from the date of appointment until June 23, 2019. However, owning to personal reasons, member Jing Lin submitted his resignation on January 4th 2017. The Board of Directors decided to hire Mr. Wei-Bin Li as the new member on March 28, 2017; his term started from the date of appointment until June 23, 2019 and his termination date is the same as that of Board of Directors. A total of 4 meetings were convened in 2017.

#### **Business Ethics**

Quanta has created, Guidelines for Ethical Corporate Management, Corporate Governance Best Practice Principles, and Guidelines for Codes of Ethical Conduct that can be reviewed at Quanta Computer's official website / investor services / corporate governance / rules and regulations.

The Code of Ethical Business Conduct requires all employees to have integrity and be trustworthy, and includes a list of rules for corporate governance and employees. The Human Resource Center will oversee the state of the Company, and check the need to adjust, revise, or expand the Code of Conduct. The revised Code shall be approved by the General Manager and announced on the intranet and include a declaration of avoid conflict interest before being implemented accordingly.





#### 尊敬的供應商:

作為RBA會員,廣達電腦承諾遵守RBA的行為準則並為之付出努力。為確保廣達所有的合格供應商都將遵守RBA的行為準則,廣達特此要求各供應商閱讀並簽署下面的符合性聲明。煩請收到通知後,供應商的權責管理層或代表線上閱讀並簽署。此聲明必需於2018/03/20前完成,届时仍未完成者,我们将通知相应采购单位,感谢您的大力配合。

Supplier's RBA Compliance Statement and Notification for Quanta

Quanta will remind corporate governance members and employees to read and sign the Code of Ethical Business Conduct online to indicate compliance. All employees must substantiate and ensure understand, accept, and comply with the requirements. And we also seek for the understanding and support of the Company's customers, suppliers, business partners, and others related to the Company's business operation. Quanta provides "Quanta Supplier's Statement of Conformity and RBA Code of Conduct" for selected supplier to sign. The Company also ensures their acquisition of RBA VAP audit report or their arrangement of on-site examination; in 2017, the objective is achieved with a total of 29 suppliers.

All of the employees shall be alert to any activity against the Code of Conduct. Should they have any questions or find any activity against the Code of Conduct, they shall be obligated to report to their executive officers. If necessary, they may report to the HR executive officer or internal audit manager, or via the employees' complaining channel. Quanta will protect the complainant from unfair retaliation or treatment in the process of the investigation in which the complainant participates upon his/her complaint about the misconduct.

Stakeholders can use the Quanta official website / company information / stakeholder information / communication channels to submit their opinions or inquiries for CSR or business conduct, which are offered in three languages: traditional Chinese, simplified Chinese, and English.

- Corporate social responsibility (responsible CSR contact window in each site) http://www.quantatw.com/Quanta/english/service/contact\_csr.aspx
- Ethical business conduct (independent window at the HQ)
   http://www.quantatw.com/Quanta/english/service/contact\_bc.aspx

0	Business Conduct	Home » Service » Contact Us » Business Conduct
		at Quanta. All Quanta employees are absolutely required to demonstrate the thics both inside and outside the Company, to win respect and trust from
	If you have questions for Quanta business conduct, ple Fields marked * are required.	ease use the following form to contact us with your comments and concerns.
	Full Name*	
	Company/Institute Name	
	Phone Number*	
	Email Address *	
	Subject*	
	Message *	

#### Anti-corruption and Avoid conflict of interest

Employees must avoid causing any conflict of interest or potential influence between personal interest and corporate interest. Therefore, employees must fully report and explain the conflict of interest between personal interest and corporate interest voluntarily and immediately upon the occurrence of the following: Employees or their family dependents/close relatives hold an employment relationship with Quanta's suppliers, customers, or competitors, or, there is a direct or indirect financial interest in existence, or, employees or their family dependents/ close relatives cause direct competition against Quanta in business with their activities outside the company, or, any work or responsibility that may interfere with their job performance in the company, or, utilize the Company's resources without authorization to conduct private activities outside the company. The receipt and transfer of gifts or entertainments by direct blood relatives, spouses, or family members shall also be prohibited.

The work regulation stipulates "employees should not use their office positions to seek profit for themselves or others; they may also not accept kickbacks, inappropriate gifts, invitation or other unlawful benefits". Every year, the colleagues need to fill in the "conflict of interest avoidance declaration", which clearly states the employment ethics regulations. The declaration requests all employees to perform their duties by upholding the spirit of honesty, meticulousness and dedication. No bribes in any form may be demanded, accepted or offered by the employees.

In instances when necessary acceptance of courtesy gifts or entertainment must not exceed US\$100 (400 RMB for Mainland China) in value. The cumulative annual value of all gifts an employee may receive from same gift giver must not exceed US\$200 (800 RMB for Mainland China). The Code also states where the value exceeds said limit, the said item shall be, by principle, submitted to the relevant personnel for subsequent handling.

Money lending, forming rotating saving and credit schemes, and serving as a guarantor of properties or identity shall be avoided among employees. Managerial ranks must be aware of their own commanding authority. Unless written consent from the head of department and General Administration Office is acquired, one must not borrow money from any subordinate. Supervisors may not use their positions or privileges to sell or promote merchandise or services not belonging to the Company.

This Company also has the Regulations for Board of Directors' Meetings as well as principals for recusal by directors. If a director or artificial person has a personal stake in a proposal presented at the meeting, and there is a reasonable likelihood this could prejudice a decision with regard to the best interests of the Company, the director may represent his or her opinion and answer inquiries, but may not participate in the discussion or vote on that proposal. The said director shall also recuse himself or herself from any discussion and voting, and may not exercise proxy voting rights on behalf of another director.

For communication and training of anti-corruption policies, both the QRDC and the sites in Mainland China shall include relevant content within their training courses for newly hired staff and require employees to access the online conflict of interest recusal system on an annual basis to gain a better understanding. For declarations related to recusal due to conflicts of interest, with the exception of fellow employees who were take long leave or extended unpaid leave, the declaration rate for the corporate governance levels and indirect personnel owning computers at every site located in Taiwan and China was 100%.

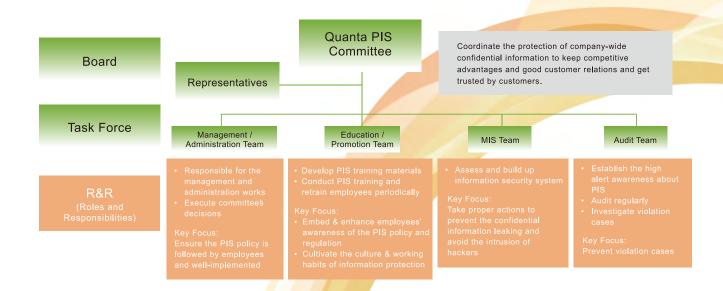
Category	2015	2016	2017
Declaration Rate (*note)	100%	100%	100%

Note: Aside from colleagues who are on leave or temporary leave without salary, 100% colleagues with indirect labor who can access to computers in various sites, all filled in the conflict of interest avoidance declaration. The period of declaration statistics is October 13th to October 20th.

#### **Proprietary Information Security**

The confidential information of the Company and customers must be kept in confidential. Quanta has had a Proprietary Information Security (PIS) Committee, convenes a review meeting biannually, expects our employees and supply chain to fully understand and comply with the emphasis on and request of confidential information.

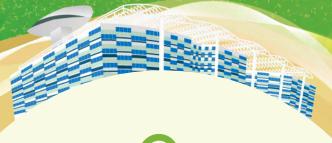
2017 PIS Committee Meetings were convened to deliberate and focus on team training session regarding issues such as "Operational Confidence", "Information Security" and "Factory Controlled Items". According to confirmed data, no complaint for customer privacy violation and customer information loss was reported.





#### Compliance with company regulations

In operation, Quanta has been working in compliance with the domestic and foreign related laws and regulations, pays attention to the addition and changes of business operation regulations in order to ensure that Quanta strictly upholds the obligation of complying with regulations and reduces the risk of direct finance and indirect loss of goodwill. On the positive side, we hope to achieve the goal of expanding Quanta's operating capacity through compliance with the laws. Every quarter, the Corporate Governance and Ethics Committee, which is subordinate to CSR Committee, collects statistics of relevant regulations in factory area and convenes meetings every six months. In 2017, Quanta didn't have any violations of environment and product safety.





Corporate Social Responsibility Annual Report 2017

# **Human-Centric**

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#### **Employee diversity and equal opportunities**

Quanta is a human-centric company, which means we are committed to creating a non-discriminatory work environment and culture. Corporate management in both Taiwan and China may not discriminate against employees in recruitment process and career-related affairs (such as promotion, rewards, or offering of training opportunities) in terms of ethnicity, skin color, age, gender, sexual orientation, race, disabilities, pregnancy, religious /political beliefs, membership in social groups, or marital status with the hope of ensuring that every employee could maximize their potential and skills. Various management policies must comply with statutory regulations stipulated by local governments. These policies would also be promptly revised and modified accordingly to changes of government regulations.

#### **Employee Structure**

				En	nploymer	nt Catego	ory			No. of Persons						
		Employee				Dispatched Inter		ern	Subtotal				Total			
Site	Gender	2016		20	2017											
		Non- Fixed Term	Fixed Term	Non- Fixed Term	Fixed Term	2016	2017	2017 2016	2016 2017		2016		2017		2016	2017
QRDC	Male	4,018	0	4,401	0	18	6	0	0	4,036	73.73%	4,407	73.57%	E 474	5 000	
QKDC	Female	1,429	0	1,577	0	9	6	0	0	1,438	26.27%	1,583	26.43%	5,474   5,9	5,990	
QSMC	Male	2,990	47,832	3,727	58,921	4,588	5,164	1,467	1,203	56,877	70.88%	69,015	71.03%	00 245	07465	
CSMC QCMC	Female	1,422	20,679	1,803	24,714	834	1,153	433	480	23,368	29.12%	28,150	28.97%	80,245	97,165	
	Male	7,008	47,832	8,128	58,921	4,606	5,170	1,467	1,203	60,913	71.06%	73,422	71.18%			
Total	Female	2,851	20,679	3,380	24,714	843	1,159	433	480	24,806	28.94%	29,733	28.82%	85,719	103,155	
	TTL	9,859	68,511	11,508	83,635	5,449	6,329	1,900	1,683	85,719	100.00%	103,155	100.00%			

<sup>\*\*</sup>Statistics conducted at the end date of each year (12/31); this report provides statistics from 2016 to 2017.

<sup>\*\*</sup>Recruitment in Taiwan and China sites does not discriminate based on race. Hence, no statistics on ethnic minorities were disclosed in this report.

#### Age categorization and analysis

Region	Organizational member	Age range	2015	2016	2017
		Below 30 years old	0.00%	0.00%	0.00%
	Members of	30 to 50 years old	0.00%	0.00%	0.00%
	organizational governance	Above 50 years old	0.04%	0.04%	0.03%
QRDC		Subtotal	0.04%	0.04%	0.03%
QRDC	General members	Below 30 years old	0.94%	0.87%	1.03%
		30 to 50 years old	5.33%	5.00%	4.32%
		Above 50 years old	0.45%	0.48%	0.43%
		Subtotal	6.72%	6.35%	5.78%
		Below 30 years old	81.63%	76.48%	73.92%
Plants in Mainland	General members	30 to 50 years old	11.58%	17.10%	20.23%
China	General members	Above 50 years old	0.03%	0.04%	0.04%
		Subtotal	93.24%	93.61%	94.19%
	Total		100.00%	100.00%	100.00%

<sup>\*\*</sup> Members of organizational governance refer to personnel that are of higher ranking than vice presidents (VPs included)

#### Ratio of employees protected by the Collective Agreement Act

There are labor-capital meetings in QRDC Research and Development Headquarters in Taiwan, QSMC & CSMC have Labor unions. The ratio of protected employees is 100%. Quanta Chongqing Manufacturing City (QCMC) has acquired permits from the local government. Assessments and implementation on relevant actions are according to the schedule planned by the Shanghai Manufacturing City Union. Hence, no statistics are currently available.

#### Ratio of Base Wage between Male and Female Employees

In order to take good care of economic and social benefits for employees, all employees of entry level of all genders, ratios of the standard salary compared with the local minimum salary are all 100% or higher(QRDC: 100% QSMC: 100% CSMC: 102% QCMC: 103%).

According to the Act of Gender Equality in Employment in QRDC, gender discrimination is strictly prohibited, while the starting salary for male and female employees is equivalent to the base wage. According to the Labor Law in QSMC,CSMC and QCMC, workers are entitled to equal rights to receive remuneration; besides conforming to the minimum wage stipulated by local governments, men and women are offered identical starting salaries. The highest guiding principles for compensation and welfare policies would need to comply with local government regulations and laws. Quanta shall review trends in local compensation and welfare laws and the effective dates of any change in regulations to make timely modification and adjustments to company policies.

#### No child labor and protection of young workers

To fulfill our obligations of international human rights, to comply with the local laws and to carry out responsibility towards our clients and stakeholders, Quanta strictly forbids child recruitment and child labor. In addition, it is prohibited to hire minors engaging in dangerous tasks. If any employees are under 18, they shall be provided with legal protections, legal rights and interests in accordance with the law.

Factory areas in China conducted risk evaluation in regard to the child labor prohibition and youth employment protection and also formulated risk control measures (there are no high-risk sites after assessments in 2017), which include: In the event that employees under 16 years of age have been recruited, or when employees under 18 have been recruited but the site failed to identify his/her age in time, these incidents must be disclosed accordingly. Once verified, the HR supervisor and social responsibility management units must be notified as soon as possible. The HR supervisor shall then notify the relevant authorities accordingly. HR must stipulate a fallback plan for upper management and decision makers (the plan must include: termination of contract, contacting the minor's family members to take him/her home, providing necessary compensation, trainings for recruiters on identity verification, and enhancing the function of identity verification systems). The plan shall be implemented and records shall be maintained accordingly.

Relevant control measures may include: clearly stating minimum age restrictions in the recruitment rules; stipulation of Child Labor Management Procedure and Young Worker Management Procedure, regular training for HR recruiting personnel, and improving the competency in verifying the age and identity of employees. The social responsibility management department shall carry out checks and audits at recruitment sites to ensure that no child labor has been intentionally or unintentionally recruited, and to ensure proper identification of under-age laborers or employees.

Under-aged laborers who have been recruited shall be given proper protection of their rights and interests as required by law. Various departments shall provide support in regulating the registration of minors, work positions, working hours, health examinations, and other activities. These measures include:

- Establish a HR database that records and tracks under-aged laborers
- Register under-aged laborers by HR units in compliance with local rules
- Under-aged laborers are prohibited to work night shift and work overtime, and a system is established to keep their working hours under control.
- Review information of under aged laborers on a monthly basis by HR units. The list of names shall then be provided
  to the infirmaries of operation departments to provide under-aged laborers with health examinations as required by
  law
- Health and safety departments shall refer to local laws to update and maintain a list of hazardous job positions, and have a Line Inspection Task Force conduct daily patrols to prohibit under aged laborers from working in these hazardous positions.
- Company compensation shall be directly issued to the employee to prevent any form of legal violations, reductions, or disputes

In 2017, there are zero child laborers at all sites. Customer audits and internal audits conducted by the company revealed zero violations in the item of under-aged laborers.



Employees are the basis of every corporation. Continuing excellence in corporate development are dependent on the support and hard work of the employees. Stakeholders also expect Quanta to focus on human rights and practices, and to fulfill CSR obligations during everyday operations.

Quanta fulfills its anti-discrimination commitments and prohibits the discrimination of people based on ethnicity, skin color, age, gender, sexual orientation, race, disabilities, pregnancy, religious and political beliefs, membership in social groups, or marital status during decision making processes for recruitment, employment, promotion, or trainings. Any tangible or intangible decisions shall not be made according to any or part of the aforementioned factors. Instead, decisions shall only be made according to competence, willingness, and work performance.

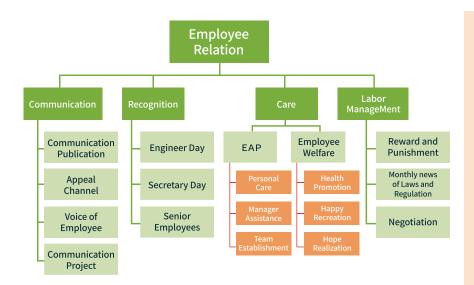
Quanta upholds the values of human-centric and harmonious development of both the corporation and our fellow employees. We have integrated various departments and channels to develop an equal, open, and a united employee relationship. The corporate social responsibility (CSR) system was established along with the CSR Manual, Unforced Labor Management Procedure, Anti-Discrimination Management Procedure, Punishment Management Procedure, Employee Appeal and Report Management Procedure, Sexual Harassment Prevention Regulations, and Manual for Handling and Preventing Illegal Violations during Work in order to manage relevant operations and prevent relevant risks.

Each factory accepts internal audit procedures and second or third party audits from customers related to labor, health, safety, environment, management system, business ethics, etc. according to operational requirements. Base on audit results, to eliminate and prevent the possible risks.

#### **Employee relation improvement structure**

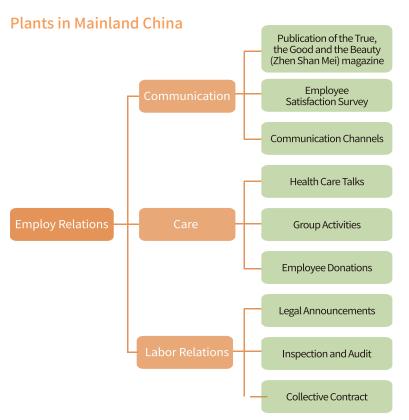
We pay a great deal of attention to appropriate care and safe keeping of personnel working in Quanta. We also try very hard through all kinds of communication channels to recognize incentive measures, care and assistance, multiple activities and new knowledge of laws, and to ensure that employees not only enjoy high-level hardware facilities, but also gain physical and mental satisfaction as well as full development in team interaction!

#### **ORDC**



#### **Manager Assistance**

Supervisors are first-line personnel managerial officers. Case management courses were offered to improve managerial techniques of the supervisors, promote communication and mutual care between supervisors and employees, and establish a positive employee-employer relationship. In accordance with Labor Law Standards and relevant regulations, a series of seminars are held in every business unit to help supervisors to manage in compliance with existing laws and regulations.









Category	Establishing	Mission	Important benefits
Union committee	Since October 2011	Promote work harmony, Promote corporate development.	<ul> <li>Participate in stipulating joint contracts for employee salary, supervise employee punishment, and promote employer-employee relationships</li> <li>Develop and establish House for Moms offers free training Exclusive applications for severely illness employees</li> </ul>
Morale Support Team	Since November 2011	Promote corporate culture, Improve management, Opinion feedback and communication, Facilitate improvement of employee skills, Creating a healthy work atmosphere, Creating a better world for all.	<ul> <li>Utilize the platform's constant communication with employees to organize group activities, promote Quanta's corporate culture, engage in project promotions, create a sound work environment, promote and improve upon the 5S values, initiate various social</li> <li>Responsibility surveys, including surveys on social welfare and salary, collect employees' opinions, and ensure timely feedback as well as handling employee opinions and appeals.</li> </ul>
Factory Management Office	Since December 2000	Increase personnel's safety consciousness in workplace, help them to solve problems and establish friendly internal communications.	<ul> <li>Provide personnel with occupational health and safety training to increase their safety consciousness in workplace and minimize the risk of occupational hazards.</li> <li>Establish 70885 "Help me, please" Hotline to assist personnel in dealing with their problems in life and workplace. It's also considered as a communication bridge between managers and employees.</li> <li>Conduct annual employee satisfaction surveys to continue elevating service quality.</li> </ul>

#### Full-time Employee benefits

#### QRDC

- Social insurance and retirement benefits: including Labor Insurance, National Health Insurance and Labor Retirement Pension.
- Other benefits

Category		Content							
Group Insurance	from the life i	To look after employees' lives, and ensure safety of the employees, we purchase insurances ranging from the life insurance, critical illness, injury insurance, injury medical insurance, hospitalization and medical insurance, cancer medical insurance and family dependent group insurance at their own expense							
Occupational Accident Insurance		Enhance the salary income compensation in the event of when employees suffer from occupational accidents resulting in death, disability, injury or illness, or loss of working ability							
Business Travel Insurance		Enhance the insurance applied when employees encounter accidental injuries or sudden illness resulting in death, disability and medical expenses while on business travel abroad							
	Employee Caring	Provide allowances for festivals, birthdays, marriages, births as well as emergency expense subsidies for employees.							
	Subsidy	Provide benefits and subsidies in accordance with needs of employees which include employee benefits packages, education and scholarships for children, subsidies for nursing, care for the elderly, business insurance, housing rentals and mortgages, and continuing studies.							
Employee Welfare	Various Activities	Organize various activities including summer camps, mixers, music performances, and life and health seminars. Assist in community development and subsidize group recreation activities for each department to promote balanced living for employees, attain sound employee-employer communications and harmony.							
	Facilities	Canteen, Fitness center and laundry room							
	Others	Meal compensation, shuttle service, annual health checks and Employee Assistance Program (EAP), etc.							



#### **Plants in Mainland China**

- Social security and retirement welfare: Refer to relevant regulations of social welfare bureaus and make relevant insurance payments
  - Provide "Five Social Insurances/One Housing Fund" for employees with urban household registration (including endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and Housing Provident Fund)
  - Provide "New 5 Social Insurances" for employees with rural household registration (including endowmentinsurance, medical insurance, employment injury insurance, maternity insurance, and unemployment insurance)
- Other benefits

Category		Content							
Group Insurance		Covering the accidental medical treatments, disability compensation for accidental and employment njuries, death compensation for accidental and employment fatality							
Occupational Accident Insurance		nhance the salary income compensation in the event of when employees suffer from occupational ccidents resulting in death, disability, injury or illness, or loss of working ability							
	Various Activities	Year-end party, annual celebration, topic specific group activity and club activities, etc.							
Employee Welfare	Facilities	Canteen, Fitness center, Information room, iPad Room, and laundry room							
Linployee Wellare	Others	Meal compensation, shuttle service, annual health checks and Employee Assistance Program (EAP), etc.							

#### Return to work and retention rates after parental leave

Lactation rooms were provided for female employees who need to breastfeed their children. The Employee Welfare Committee also signed contracts with quality nurseries in the area to provide day care services for employees at discount prices. To uphold the government's policy for providing unpaid childcare leave, employees may apply for unpaid childcare leave under provisions of Act of Gender Equality in Employment and may be allowed to apply for further extensions or early return to her position as required.



By 2017, female employees comprise the highest pr portion of unpaid parental leave applicants (male employees account for 43%, and females 57%). A total of 83% of employees reported back to their positions after their leave.

11		2016				2017					
Item	Gender	Employees		Subtotal		Empl	oyees	Subtotal			
Number of employees	Male	7	21%			20	43%				
applying for the parental leave	Female	26	79%	33	100%	27	57%	47	100%		
Number of employees	Male	6	46%		39%	11	46%	24			
to be reinstated in the current year	Female	7	54%	13		13	54%		51%		
Actual number of	Male	5	83%		69%	8	73%	20			
employees reinstated in the current year	Female	4	57%	9		12	92%		83%		
	Male	3	60%			Retenti	on rate is	the ratio of the r	of the number of		
The Retention rate of the current year	Female	4	100%	7	78%	employees who are still en			ees who report his year shall be		

- Quanta complies with the Act of Gender Equality in Employment and any employee who meets the legal criteria may apply. We do
  not conduct unpaid childcare leave criteria investigation for all employees for the indicator disclosure needed, such as working status
  of their spouses, number of children, and the number of children three years of age or older would be required.
- The number of employees and actual number of employees shall be calculated according to the number of applicants in the current year.
- Explanations for lack of disclosure in the mainland Chinese sites: According to local laws in mainland China, female employees shall be provided with maternity leave. However, there are no rules for regulating parental leave.

#### Anti-discrimination and unforced labor measures

Various sites in Mainland China established potential risk contingency plan for illegal use of deposits, fees, with holding of salary and loans for recruitment, confiscation of personal identification documents and coercing forced labor, and there are no sites at high-risk after assessment in 2017. Risk control measures include: labor affairs agreement regulations, pre-employment fee investigations by HR department, recruiters to promote awareness of Quanta's policies at staffing agencies, CSR bulletin boards and promoting awareness of Quanta's policies with employees, training for new employees, promotion of WeChat Business ID, on-site audits of staffing agencies, unannounced CSR reviews, and various appeal channels for employees who wish to reflect relevant problems.

#### Management policies and activities

- No personnel shall be required to lodge deposits, identity papers, graduation or degree certificate upon commencing employment with the company
- Any worker that the company hires should be voluntary. The company prohibits any compulsory, fraudulent measure to hire anyone.
- Nobody can restrict others' freedom of movement during the work break and the meal break. All departments should work out the procedure on leaving one's position temporarily (including using toilet and drinking) during the working time to ensure labor's freedom of movement.
- When overtime is required by the business operation, the employees can choose to work overtime voluntarily. If one chooses not to work overtime, nobody shall discriminate, threaten, intimidate, insult him/her or reduce his/her salary.

- The security personnel are responsible for maintaining the plant's working order and protectingthe property and employee safety. They must not beat or abuse workers, frisk workers by force or restrict workers' freedom of movement. In case of emergencies, they should report to the local police immediately.
- All supervisors are responsible for work support, instruction and appraisal, but they can not use any kind of
  inhumane treatment such as restricting movement, beating, oral abuse, starvation, or threat.
- No punishment shall include penalty; individual punishment records shall not reveal the identity and personal information of the employees when announced.
- Prohibits any means of delaying an employee's resignation. Upon completion of the legally required resignation procedure, the employee is free to leave his or her position or terminate his or her employment contract with the company. Termination of the employment contract shall not result in any penalty or loss on the employee.

#### Strengthen Supervision and Management of Labor Agencies

Recruitment companies and staffing agencies must sign Labor Affairs and Labor Agency Contracts to ensure that contract laborers are given similar wages, social welfare payments, work environment, and work safety protection as regular employees. Any possible risks related to labor affairs shall be minimized by conducting internal audits, audits of partnering suppliers, continuing investigations of employee recruitment and resignation as well as social insurance and compensation directly paid to employees. Enforcement of anti-discrimination and unforced labor policies shall be audited using on-site audits, employee interviews, and documentation reviews. Public disclosures are also provided through various reports and channels of appeal:

#### Non-discrimination

- Posting anti-discrimination posters at recruitment centers of staffing agencies
- CSR department shall work with the Morale Support Team to implement anti-discrimination surveys with newly hired employees. Employee interviews and training would be used to ensure that employees are not discriminated against for reasons other than work competence.
- The number of discriminatory incidents based on race, skin color, gender, religion, politics, nationality, and social background for all sites in 2017 was zero.

#### **Unforced labor**

- Unforced labor posters are posted at recruitment centers as a reminder for job applicants
- HR, CSR, and Morale Support Team would jointly conduct employee training and unforced labor surveys to eliminate any
  acceptance of deposits or personal identification documents by labor agencies.
- Production line supervisors and employees are provided with CSR-related training to improve awareness for the principle
  that all overtime work must be voluntary and that no forced labor is allowed.

#### Communication and appeals for labor practice and human rights issues

Employees are encouraged to use suitable channels to respond the problems encountered during work. Those who feel the need to reflect labor practice or human rights issues in the work place may provide the relevant facts and reflect these facts through the following channels:

- Email box: communication.ch@quantacn.com or WeChat
- Employee feedback mailbox, opinion mailbox, Employee rights helpline and Quanta message board
- HR office in each site, office of the morale team, and the CSR office
- The production line is equipped with its exclusive morale team to care and assist the employees in a timelier manner.
- If the issue is related to sexual harassment, please use the 70695 helpline. Relevant procedures would be initiated to
  investigate the incident under the premise of protecting relevant parties.

Year/Numbers		2016		2017			
Case Type	Cases Established	Case Handled	Case Closed	Cases Established	Case Handled	Case Closed	
Number of Labor Practice Appeals	22	22	22	30	30	30	
Number of Human Rights Issues Appeals	6	6	6	5	5	5	

<sup>\*</sup>Reports and appeals issues mostly include: anti-slip measures in the environment, personnel management, payroll and social insurance related. After receiving these feedbacks, the relevant authorities had been exercised recusal for conflicts of interest and provided protective measures for personal information for the related parties. Cause analysis of the case had been carried out, and a verbal, digital, or written feedback had been provided to the said parties to ensure that the problem had suitably received, clarified, handled, responded to, and recorded in order to ensure the employees' right to work and continue to promote a friendly workplace.



# Talent Development

In response to Quanta's research and development needs for core businesses, such as laptops and high-performance servers, and the R&D development of products of VR, AR, MR and AI, the human capital continues rising to satisfy a great amount of customers with professional services in different technologies. Quanta respects and insures the rights and knowledge of employees about relevant regulations and duties during working hours. Quanta established the blueprint for compulsory training programs targeting managers, including business case analysis, newcomer compulsory courses and compulsory technical credit system for R&D colleagues to develop and supervise comprehensively according to different requirements.

As one of RBA member, Quanta not only comply with the RBA code of the conduct and human rights relevant norm based on SA8000 but also request out suppliers to accomplish together. We regularly review the complete rate and satisfaction survey of course. Annual technical credits policy will be announced. In addition, English requirement and mandatory management course combine with performance management and individual development plan which are all vital to human capital sustainable upgrading.

#### The structure of talent development

Quanta Elite School (QES) is in Quanta headquarter tasked with the important mission of elevating the company's human capital development. By clearly specifying talent competencies, five major programs, named "ELITE", are developed to ensure comprehensive and various learning activities are established:

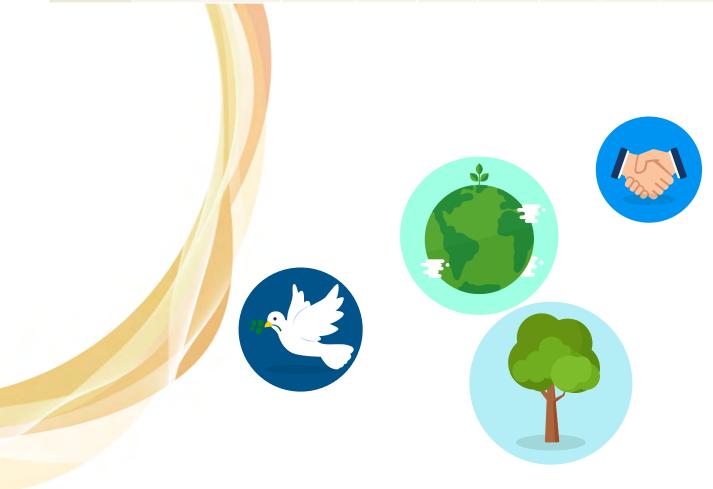
- Expertise: Develop 2B(To be the owner, to be the leader) concept, and technical R&D competencies to help employees to learn continuously in different product and expertise fields.
- Leadership: Develop management competency and corresponding mandatory courses in order to facilitate
  cultivating company's management talents. In addition, HiPo (High Potential talent) & MA(Management
  Associate) talent pools are established to build up Quanta's leadership pipeline.
- Innovation, Thinking and Entrepreneurship: ICE (Innovation, Creation, and Entrepreneurship) Program
  covers topics of design, brain power, and entrepreneurship to enhance employees' capability of innovation,
  design thinking, entrepreneurial spirit.

### Learning results Average Training Hours—by gender

Gender Category		aining hours i ach employe	•		iining hours female emp	•	Average number of training hours received by each male employee		
Year Site	2015	2016	2017	2015	2016	2017	2015	2016	2017
QRDC	26.1	27.7	21.8	25.3	27.1	20.1	26.4	28.0	22.3
QSMC	29.4	36.3	48.2	24.4	29.9	38.7	31.8	39.0	52.2
CSMC	50.8	22.4	32.3	40.8	17.3	28.5	55.2	24.2	33.8
QCMC	31.4	26.6	30.4	28.1	23.0	24.2	33.2	28.4	33.2

#### Average Training Hours—by job category

Job Category	Supervisors (Associate manager)				Indirect Labor (Non-manager)			Direct Labor		
Year Site	2015	2016	2017	2015	2016	2017	2015	2016	2017	
QRDC	23.5	29.3	18.9	28.4	27.2	24.3	12.6	3.1	1.7	
QSMC	18.0	4.5	8.5	17.7	6.9	6.0	32.4	42.8	60.0	
CSMC	13.3	6.9	13.1	15.6	11.7	12.6	56.9	23.6	33.6	
QCMC	12.9	18.4	25.8	12.6	7.3	9.1	38.7	32.0	35.9	



#### The promotion of Human Rights Training

To ensure employees understand their human rights and well know about working regulations and job responsibilities, human right related training topics are designed and delivered in Taiwan and manufacturing sites in China. The topics include Corporate Social Responsibility, Labor Safety, management case study, and Health, Psychological Counseling, etc. There are 671,705 people trained in total, and the accumulated training hour is 1,223,413.3. The percentages of trained people respectively are 88.2% in QRDC, 100% in QSMC, 100% in CSMC and 100% in QCMC.

	Year		20	)15	20	16	2017	
Manufacturing Site	Т	opic	Number of Trainees	Number of Training Hours	Number of Trainees	Number of Training Hours	Number of Trainees	Number of Training Hours
		Employee care			3,823	497.0	150	15.0
	On-the-job occupational safety and	Occupational safety and health inspections			1,350	270.0	2,547	509.4
	health training	Fire Safety					3,184	955.2
QRDC		Health management					2,760	828.0
	General Safe Training	ety and Health	549	1,921.5	464	1,624.0	968	3,388.0
	Occupation : Health Traini		557	150.4	477	128.8	1,054	316.2
	CSR Practic	_	5,097	866.5	325	71.5	492	98.4
	CSR Practic	e	189	1,062.0	191	928.0	89	445.0
	CSR		124,850	41,200.5	88,190	44,095.0	99,976	49,988.0
	Factory Safe	ety Training	124,850	624,250.0	88,190	396,855.0	99,976	99,976.0
	-	al Counseling	124,850	449,460.0	88,190	88,190.0	99,976	69,983.2
QSMC	EHS Knowle	edge	39,747	725.0	88,190	220,475.0	99,976	449,892.0
	Employee ca	are					99,976	69,983.2
	Morale Supp Training	oort Team					70	1,680.0
		ng for frontline					76	1,520.0
	CSR Introdu		108,392	54,196.0	62,338	31,169.0	133,700	66,850.0
	Factory Safety Training Product Information		108,392	433,568.0	62,338	187,014.0	133,700	401,100.0
	Security  Morale Support Team		1,163	581.5	62,338	10,389.7	133,700	26,740.0
	Training		98	1,699.0	58.0	1,914.0	73	5,365.5
	regulations	ction laws and				24,173	12,086.5	
CSMC	Fire safety kı Medical offic					36,495 19,717	18,247.5 9,858.5	
	Common dis					21,135	10,567.5	
	Staff FAQs (	HR)					21,991	10,995.5
	Project traini leaders	ing for frontline			187.0	3,740.0	85	1,454.0
	CSR & Elect		0.040	4.054.0	12,171.0	6,085.5	)	<
	CSR Practic	e edge Training	3,840 3,058	1,651.9 1,017.0		,	X	
	HR Knowled		210	73.2		,	``	
	Personnel P	olicy	47,686	23,843.0	33,460	16,730.0	70,479	35,239.5
	CSR Introdu		47,686	3,974.0	33,460	6,692.0	70,479	14,095.8
	Advanced C (Classroom)		10,290	5,145.0	10,025	5,012.5	11,661	5,830.5
QCMC	Advanced C (Online)		3,579	1,338.0	2,480	772.3	2,900	1,450.0
	Factory Safe		47,686	286,116	33,460	200,760	70,479	422,874
	Young Parer Manufacturir		59	413		X		
	Leader Train	ing	125	750.0				
	TTL		802,953	1,934,001.4	671,705	1,223,413.3	1,262,037	1,792,332.4

#### **Human Capital Investment**

#### [2B-To Be] 2B Labor exercises to promote Quanta's growth

The 2B-To Be New Job Movement- "Proactive and Enthusiastic" and "High Self-requirement" continues to be promoted in 2017: on the basis of 2B Day in every aspect of life by combining with 2B in order to introduce 2B into everyday work and life and remind employees: to review oneself, continue learning, achieve objectives, appreciate teamwork (of working partners), keep improving working attitudes, retain competitiveness and drive the Company to grow, evolve and innovate.



## [Quanta d.Contest Innovation Contest] Encourage employees' innovation capability to develop profitable opportunities

In order to develop the employees' innovation capability, Quanta holds innovation contest, d.Contest, encouraging employees to propose internal or external innovative business models to assist the development of the profitable commercial opportunities for Quanta.





#### [Elite Project]

In 2017, Quanta China Manufacturing Headquarters entered a new development phase to start "Four and Five" new journey. As the "2B-To be" movement keeps developing deeply, people working in Quanta continue to achieve their positive attitude of "Change and develop to transcend". A small change of each person will bring a great change in Quanta.







#### [Quanta Online] helps personnel to acquire knowledge on spot and receive instant messages

In 2017, the factory area side made its best to Introduce self-developed learning mobile application "Quanta Online" of Business Public Version covering 6 core domains. This application will meet personnel's needs of private life, learning and work. Using "Quanta Online" to offer training programs will provide personnel with more rapid and comprehensive career development resources.



#### [Course of lectures] Face to face with executives

In these Course of lectures, Quanta executives would share their experiences and practices of management, would explain company policies, and would listen to the voices of employees earnestly.







## [Morale Support Team & frontline leaders] Problem solving and conflict management training programs

To fortify the correctness of first-line managers' management competency and improve employees' capability and techniques dealing with existing problems in workplace, the advanced intimate team training program was organized in 2017. The intimate team was formed to to fortify employees' capability and techniques dealing with existing problems in workplace and teach first-line managers to use correct management on site.















Meanwhile, to reinforce the teamwork spirit and ability, Quanta holds outdoor training activities to stir the team's enthusiasm and innovative spirit, and promote the team development.











## [PIS Quanta Online Mobile Learning, English Leaning Challenge] Multi-subject programs and learning activities for improving employees' learning enthusiasm

PIS Quanta Online Mobile & Online Programs

Based on customer's requests and personnel's daily work needs, we make a live-action short show resonating with people and representing current situation as the content of PIS. The knowledge that personnel need to know will be demonstrated with vivid plots, increasing vividness, interactions and interest to improve employees' learning enthusiasm.







English learning challenge improves employees' English and occupational competencies

To improve the Company's learning environment and employees' proactive learning enthusiasm, the factory area organized English learning challenge activities and online competition, including individual vocabulary competition (monthly/ seasonal), department group competition (seasonal); offline competition includes seasonal debate competition and yearly finals.





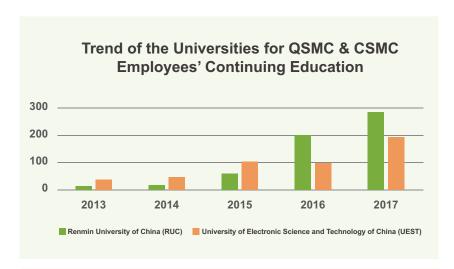


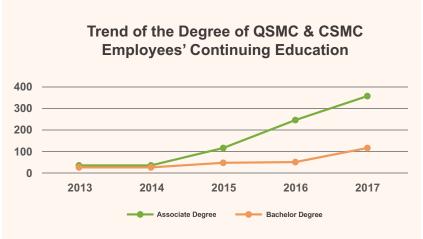


#### [School-enterprise Cooperation] Personnel Learning Platform

Since Quanta started cooperated with schools in Network Education Program from 2010, the learning enthusiasm of personnel keeps increasing; participants include personnel working in the Company for more than thousand people.

In 2017, Quanta cooperated with Renmin University of China and University of Electronic Science and Technology of China. QSMC has 353 trainees for vocational education and 110 students for undergraduate programs; CSMC has 185 trainees for vocational education and 45 students for undergraduate programs; QCMC continues cooperating with Chongging University, Renmin University of China and University of Electronic Science and Technology of China to fortify personnel's professional competencies: in 2017, QCMC provided nearby training programs to the personnel: 261 trainees for vocational education and 60 students for undergraduate programs.





#### (Talent Development Award)

After numerous years of experience accumulation and development, Quanta received 2015 National Talent Development Award and Excellence in Practice awards program Citation. Since 2010, Quanta continuously won TTQS gold medal, the 4th and the 9th National Human Resource Innovation Prize, and be the only company in the Asia Pacific region to receive the atd The BEST Awards two years in a row which is highly recognized the result for the investment on people development.



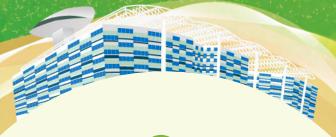








(From left to right by sequence) 2013 BEST Award 2014 BEST Award 2014 National HR innovation Prize, 2015 National Talent Development Award and Excellence in Practice awards program Citation





Corporate Social Responsibility Annual Report 2017

# Love The Earth

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## Occupational Health & Safety Management

Quanta formulates the Occupational Safety and Health Policy in accordance with OHSAS-18001:2007 occupational safety and health management system stipulating "Compliance with laws, risk assessment, total participation, continuous improvement, zero hazard" as important goals and spirit. In addition, the occupational safety & health promotion team and specialists from various departments promote the occupational safety and health management system. To ensure the system works effectively, follow-up reviews and audits are conducted every year on a regular basis to achieve system certification.

Major impacts of occupational safety and health issues include workplace accidents and illnesses that could result from chemicals, machinery, electrical devices, equipment, and commuting. These issues not only lead to losses to corporate personnel and assets, such incidents could also injure the positive corporate social responsibility reputation of the company. Occupational health and safety management is intertwined with corporate and employee interests. It allows corporations to directly and indirectly generate economic benefits.

Therefore, Quanta system constantly implement the execution of target fulfillment and risk management, in order to reinforce employee training and their countermeasures through total participation. Quanta abides by labor safety regulations and maintains employees' health by constantly improving occupational safety and health, thereby reducing hazard and risk of our employees in the work environment.

#### Taiwan- Occupational Health and Safety committee

According to provisions of occupational health and safety regulations, the Company shall establish the occupational health and safety committee. The highest ranking supervisor of the General Administration Office shall serve as the chairperson, while the members shall include OHS Personnel and Labor Representatives. To hold quarterly occupational health and safety committee meeting and to discuss items listed below:

- 1. Proposition of on occupational health and safety policies and suggestions
- 2. Recommendations on and coordination for occupational health and safety plans
- 3. Safety and health education and training implementation plan
- 4. Monitoring plans, inspection results and measures to be adopted for operation environment
- 5. The health management, prevention of occupational diseases and improvement relevant subjects
- 6. Health and safety proposals
- 7. Automatic inspection and health and safety auditing items by business units
- 8. The preventive mechanism for mechanic, equipment or material, and substance damages
- 9. Reports on the occupational hazard survey
- 10. Assess field health and safety management performance
- 11. Health and safety management items on outsourced business
- 12. Other relevant occupational health and safety management items

#### **China-Organization of EHS Management Committee**

An EHS, the abbreviation of Environment, Safety and Health, management team and committee, chaired by the Chairman and led by department heads. Each department is assigned with EHS liaison offices to ensure environment, safety and occupational health relevant tasks are fully enforced in every sector and level of the unit.

The Committee has been conducted meetings every month to review the environment and the implementation of measures, promote environmental protection principles, and improve employee knowledge of safety and health. Annual meetings were held to summarize the implementation of EHS measures and determine the objectives and plans for the following year.

## Ratio of labor representatives for the occupational health and safety committee of each site(%)

Site	QRDC (including hwa-ya factory)	QSMC	CSMC	QCMC
2017	0.818	0.907	0.382	0.901
2016	0.749	0.808	0.497	1.235
2015	0.766	0.821	0.380	1.387

#### QRDC

#### I. Fireproof Mat Installation on Laboratory Table Management Plan

Welding torches, heat guns and other equipment are commonly existing in laboratory rooms and personal workspace. Since long time ago, the personnel working in above-mentioned areas got used to installing foams, electrostatic bags, cardboards and other flammable objects under the main board in order to protect themselves against scratches. However, the operations using welding torches and heat guns might cause fire incidents because of the short circuit of main board and electric wire. To avoid accidents, laboratory tables shall be installed with fireproof mat when the operations mentioned above are conducted.



#### II. Finger Cut Prevention Management Plan

In recent years, employees' fingers were cut by sharp materials or blades from time to time when conducting operations. According to the historical data, this is the most common hazard in workplace. It is common that employees underestimate the danger of operations having higher risks cutting fingers. The most of the finger cut incidents were caused by sharp materials: to decrease the hand-injured incidents, direct mails were fabricated as the reminder. During a year, the finger cut injury cases caused by negligence are about 100. Therefore, it is necessary to wear appropriate protective gloves during the operation. In addition, by using the Workplace Safety Check held every six months and organize on-job Training Program of Labor's Safety and Hygiene- Workplace Safety and Hygiene Management to educate and promote the application of protective gloves.



#### OSMC

#### I. Improvement Plan of Surge Protection Devices

Some earlier established factories in QSMC had installed surge protection devices passing acceptance check and complying with regulations at that moment. However, the chance of causing lightning surge is increasing because factories have operated for a long period of time, current surge protection regulations are revised and the distribution boards in electric rooms and week electric machine rooms are not installed with surge protection devices. After safety assessment, QSMC proposed the installation plan of distribution board surge protection devices in electric rooms and week electric machine rooms in 2017 to avoid and minimize the hazard of lightning surge accidents.

#### II. Air Conditioning Ducts Cleaning Plan

Accumulated dust existing in air conditioning ducts will not only decrease indoor air quality but also increase air resistance, which reduces airflow. To maintain indoor air quality, improve air conditioning's service efficiency and avoid energy waste, QSMC proposed air conditioning ducts cleaning plan in 2017 to clean and decontaminate the air conditioning ducts.





使用条件。储存的锂电池发生冒烟或燃烧事故

#### CSMC

#### Stipulation of 《CSMC Lithium Battery Safety Management Regulations》

To prevent the same accident as "Fire at Samsung SDI factory happened on February 8th 2017", CSMC took its actual situations into consideration and stipulate "CSMC Lithium Battery Safety Management Regulations" to specify the rights and liability of lithium battery operations in each department (of procurement, quality assurance, storage and material, manufacturing and management), set the standards of lithium battery safe storage, implement emergency response measures in lithium battery storage zone and standard operation procedure of fire hook use and to achieve the objectives of personnel life protection and property loss prevention.



#### QCMC

#### I. Installation Plan of "Protective Shield" on Automatic Cutting Machine

During the operations of automatic cutting machine, it is detected by risk identification that the external moving parts of machine might cause the danger of collision. After a set of comprehensive analysis and assessment, the transparent protective shield is thus confirmed to be installed on the equipment. Additionally, the infrared sensor shall be installed in the entry and relevant warning signs shall be posted to remind the danger of automatic cutting machine operation and to achieve the objective of accident prevention.





#### II. "Automatic Material Recycling Equipment" Plan for Surface Mount Technology Assembly Line

After analyzing injury accidents in QCMC factory area, we discovered that personnel working in SMT assembly line had burning danger when recycling materials. After a set of comprehensive analysis and assessment, we designed the automatic material recycling equipment to prevent personnel from touching materials and reduce the burning risks caused by direct contact with high temperature materials.





#### III. QCMC "Protective Fence" Plan for Automatic Screw Machine

After analyzing collision accidents, we discovered that personnel operating automatic screw machine had collision danger against its robotic arms. After a set of comprehensive analysis and assessment, we decided to install protective fence around the machine by covering the robotic arms in QCMC to prevent personnel from colliding with robotic arms and reduce personnel's risks of injury.





#### Occupational Healthy and Safety Statistic

#### Accident statistical records and reporting mechanism

The investigation and management mechanism prevents the escalation of accidents and damages thereof. In order to facilitate effective preventive measures in the future and prevent the occurrence of accidents, the accident investigation and management operation instruction manual has been compiled. In event of an accident in an operational area, it should be reported by following the accident reporting protocol so that the occupational safety & health unit can launch an accident investigation and management operation. Any aspect that is found to be incompliant with occupational safety & health regulation will need to be improved based on "environmental and occupational safety & health prevention protocol".

#### Below are the statistics for the occupational health & safety, accidents and illnesses of various sites:

- 1 2017 employee occupational accident and illness statistics (total number of workers includes fulltime employees and dispatch employees).
- 2 According to the International Labour Organization (ILO)'s code of practice on "recording and reporting of occupational accidents and diseases", injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR) and total number of fatalities annually are shown in the following table.

Item	Calculation rule
Injury rate (IR)	(Total # of injuries/Total working hours) x 200,000
Absentee rate (AR)	(Total # of missed (absentee) days over the period/ Total working hours for same period) x 200,000
Lost day rate (LDR)	(Total # of lost days/ Total working hours) x 200,000
Occupational diseases rate (ODR)	(Total # of Occupational diseases cases/ Total working hours) x 200,000
Annual fatalities	Fatalities

#### 2015-2017 employee occupational accident and illness statistic

#### Injury rate

				Injury rate		
Site	Gender	Occupational accident category	Year			
			2015	2016	2017	
QRDC (Including	Male	Traffic injury and light injury	0.44	0.54	0.50	
Hwa-ya factory)	Female	Traffic injury and light injury	0.71	0.64	0.51	
Male		Serious injury and light injury	0.28	0.20	0.28	
QSMC	Female	Serious injury and light injury	0.11	0.20	0.15	
CSMC	Male	Light injury	0.09	0.04	0.03	
CSIVIC	Female	Light injury	0.09	0.03	0.03	
QCMC	Male	Serious injury and light injury	0.58	0.60	0.64	
QCMC	Female	Light injury	0.39	0.32	0.37	

#### Absentee rate and Lost day rate

		ŀ	Absentee rate Lost day rate							
Site	Gender		Year							
		2015	2016	2017	2015	2016	2017			
QRDC (Including	Male	68.52	89.71	150.86	6.80	3.01	1.54			
Hwa-ya factory)	Female	176.76	258.29	303.09	2.07	3.32	1.36			
QSMC	Male	166.35	165.52	165.80	10.20	12.18	7.29			
QSMC	Female	274.35	341.30	308.76	7.06	5.99	4.14			
CSMC	Male	180.20	76.80	501.60	5.83	1.08	1.38			
CSIVIC	Female	225.70	132.51	621.20	9.26	3.90	2.14			
QCMC	Male	91.97	87.09	80.46	13.63	11.69	12.78			
	Female	169.78	157.96	125.89	6.52	7.99	4.63			

Note: 1. Occupational diseases rate (ODR) between 2015 and 2017 was zero.

- 2. "Working Day Loss" shall be calculated by the loss of estimated business days, and it shall be counted starting from the day of accident.
- 3. Minor injuries shall be counted in "Injury Rate" as well.
- 4. The data collection of contractor occupational accidents and disease information is still limited, thus it didn't include in statistical disclosure.



#### **Environmental Management System**

Under the influence of global climate change, in pursuit of a sustainable earth, Quanta Computer focuses on the reduction of production wastes since the design phase. By repeated use of relevant packing materials, the Company is devoted to reducing the impact on the environment as a whole in accordance with provisions of relevant laws and regulations. Through total participation and commitment, the environmental protection and enterprise sustainability is achieved.

Every site of Quanta gradually launched the ISO 14001 environment management system and completed verification. Adopting the model of Plan-Delivery-Check-Action (P-D-C-A), the Company continuously promotes improvement.

The Company will assess each environmental aspect and its impact through identifying the environmental aspects created from the Company's production, activities and services. In addition, comprehensive comparison of the severity and other factors will be conducted in order to identify any important potential factor in advance with good improvement measures and operational procedures to reduce and prevent impact from the important potential factors.

#### **Environmental Management Policy**

Quanta Computer is a company that designs and assembles professional portable computers, laptop computers and other products. The Company's main impact to the environment is waste gas emission, daily effluent, and waste. Upholding the belief of co-existence with the Earth, all employees promise to accomplish the following environmental policies with full effort in order to achieve the spirit of preventing pollution and progressing improvement continuously.

- Through the staff education and implementation of the ISO 14001 system, employees or individuals who represent the organization understand that environment protection is our responsibility and obligation
- 2 Reduce the air and water pollution and production wastes to lessen impact on the environment
- 3 Each product shall strictly comply with relevant and applicable laws and regulations as well as other necessary requirements during the design and production stages
- 4 Set the target for the continuous environment improvement
- 5 During the product design stage, take into consideration the environmental issues with implementation toward lower energy consumption and lower pollution

#### **Water Resource Management**

#### **Total water acquisition**

QRDC is a research and development building and Hwa Ya factory is used by the production line and affiliated business in Taiwan, while all manufacturing sites in China feature is production operation. Our water supply comes mainly from public sources. We do not use underground aquifers, stored rainwater, or surface water. Most of the water is used for domestic purposes, air conditioning, and canteens.

To reduce water resource consumption, our management reviews water conservation plans and waterutilizing equipment every year. Restrooms in QRDC and QCMC facilities were furnished with sensor-based taps to ensure that the volume of output is conserved. Green belt irrigation systems around the QRDC facilities were furnished with rainwater sensors. Artificial irrigation systems were installed at QCMC to prevent unnecessary water use. Moreover, QCMC facilities even diverted wastewater from cooling towers into lavatories located on the production floor to recycle and reuse the water.

The following lists the water usage quantities at various sites during 2015~2017:

	Site		ater usage (ton	s)	Source of water	
			2016	2017	Source of water	
Taiwan sites	Quanta Research and Development Center (QRDC)	153,545	166,773	184,778	Taiwan Water Corporation	
	Hwa-ya factory (QCI)	30,706	36,289	34,990		
	Quanta Shanghai Manufacturing City (QSMC)	1,101,329	1,081,720	1,142,398	Shanghai Songjiang Public Water Company	
China sites	Changshu China sites Manufacturing City (CSMC)		355,411	485,962	Changshu Municipal Water	
	Quanta Chongqing Manufacturing City (QCMC)	459,127	447,085	580,984	Chongqing Municipal Water Company	

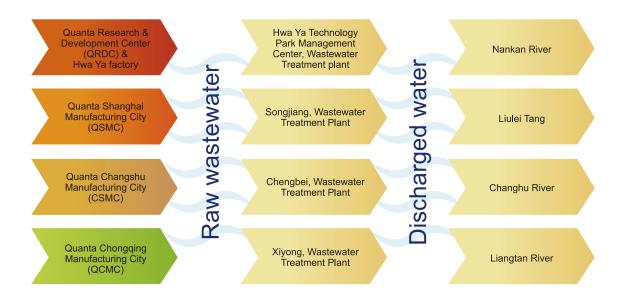
<sup>\*</sup> Source: Water acquisition based on public water meters and utility bills

#### **Effluent Management**

Wastewater generated at various sites includes domestic and canteen effluent. There is no process wastewater. Hence, this Report only covers voluntary disclosures of domestic effluent.

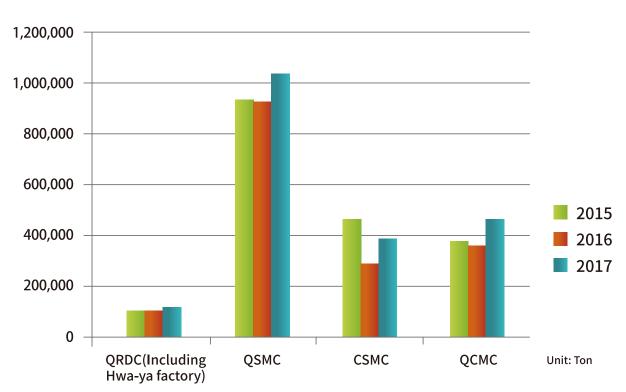
Domestic wastewater contains nutrients which include organic pollutants and nitrogen phosphorus, causing water eutrophication. To ensure the wastewater produced will not cause pollution to the environment, each factory is installed with primary wastewater treatment equipment. The equipment are periodically inspected and maintained to keep the systems in normal operation. To warrant that the released water quality meets the discharge standard, wastewater samples are regularly submitted to qualified testing companies for analysis.

#### Effluent discharge diagram



Remarks: The effluent emission from Shanghai is revised from Huangpu River to the tributary of Huangpu River- Liulei Tang.

#### Volume of effluent water at various sites



#### 2015-2017 effluent volume at Various Sites (ton)

Site		Year	2015	2016	2017
	QRDC			86,228	92,225
Taiwan sites	Hwa Ya	Production building	2,287	2,830	3,174
	QCI	R&D building	2,445	2,118	3,247
	Quanta Shang	hai Manufacturing City (QSMC)	936,130	934,251	1,028,158
China sites	Changshu Mar	nufacturing City (CSMC)	492,831	302,099	413,068
Quanta Chongqing Manufacturing City (QCMC)			390,258	380,022	493,836
	Total			1,707,548	2,033,708

Note: 1.The effluent volume of factory in Taiwan is determined by the flow meter at the outfall Wastewater volumes.

- 2. The effluent volume of factory in China is calculated with the following equation: Household effluent volume = tap water volume x 0.85 (household effluent coefficient)
- 3.The formula of wastewater volume at QSMC factory is Domestic Wastewater= Volume of Tap Water Consumed\* 0.9 (Discharge Agreement)

#### 2017 Taiwan discharge standard and test results

Item	Standards	QRDC (Quanta R		QCI R (Productio		QCI R (R&D b	esults uilding)
		I	II	I	II	I	II
BOD(mg/L)	200	6.8	15.5	8.2	4.7	3.9	19.4
COD(mg/L)	350	122	127	81.6	34.6	42.8	74.8
SS(mg/L)	200	72.0	134	11.5	20.2	6.8	21.1
рН	6-9	7.6	7.4	7.9	7.8	7.8	8.0
Temperature°C	Below 45	26.8	27.6	20.4	21.0	20.3	22.2
Fat(mg/L)	20	1.3	2.0	-	-	-	-

Note: 1.According to 《wastewater treatment plant intake limit of Hwa Ya Technology Park Management Center》

- 2.Sampling technique: EPA's industrial effluent discharge standard sampling method (NIEA W109.51B)
- 3. Due to the restaurant in QRDC, oil test must also be conducted.
- 4.The test is conducted semiannually by a third-party certification institution approved by the EPA I Test date 2017/04/24
  - II Test date 2017/10/30

#### 2017 QSMC effluent discharge standard and test results

Item	Standards	F1	F2	F4	F5	F6	F7	Q-BUS
BOD(mg/L)	350	154	14.1	46.4	63.4	166	39.6	75
COD(mg/L)	500	357	79	123	163	398	95	22.6
SS(mg/L)	400	140	60	75	44	360	64	10
рН	6.5-9.5	6.8	6.9	6.83	7.25	6.86	7.01	6.98
Fat(mg/L)	100	3.15	2.06	3.34	1.83	11.7	0.17	0.08
NH3-N (mg/L)	45	28.4	6.56	3.64	19.8	9.76	17.4	4.89

Note: 1.Regulated by 《Wastewater quality standards for discharge to municipal sewers》 (GB/T31962-2015)

2. The test is conducted semiannually by a third-party certification institution, test date 2017/08-2017/09.

#### 2017 CSMC effluent discharge standard and test results

Item	Standards	Terminal 1	Terminal 2	Terminal 3
BOD(mg/L)	300	66.2	22.7	46.3
COD(mg/L)	500	238	114	143
SS(mg/L)	400	15	10	9
рН	6-9	7.24	6.13	6.27
Fat(mg/L)	100	15.2	1.04	3.07
NH3-N (mg/L)	70	42.1	23.4	26.3
Total Phosphorus (mg/L)	8	2.50	2.04	1.58

Note: 1. According to The Administrative Committee of High Tech Industrial Park's "Wastewater Quality Standards of Wastewater Pipes for Discharge to Municipal Sewers" (CJ 343-2010) as well as China's "Integrated Wastewater Discharge Standards" (GB8978-1996).

2.The test is conducted semiannually by a third-party certification institution, test date 2017/05 -2017/6.

#### 2017 QCMC effluent discharge standard and test results

Item	Standards	F0	F1	F2	F3	P1	P2
COD (mg/L)	500	173	229	262	156	187	187
SS (mg/L)	400	169	122	103	98.4	124	124
NH <sub>3</sub> -N (mg/L)	-	46.1	68.2	92.7	30.9	85.4	85.4
Fat(mg/L)	100	-	-	-	-	1.28	1.28

Note: 1.Based on China's GB8978-1996 (integrated wastewater discharge standards) third level limit value

2.Sampling method: 《National water quality testing standard》 (GB11914 \ GB11901 \ HJ537)

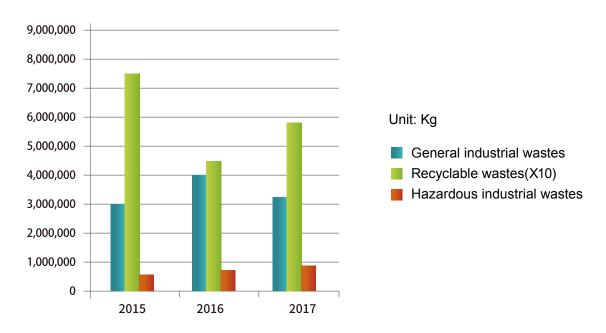
#### **Industrial Waste Management**

The industrial wastes generated can be divided into 3 major categories, including the general industrial wastes, hazardous industrial wastes, and recyclable wastes. Electronic parts and waste used in Quanta's operations, products, or services may contain hazardous materials that have potentially negative long-term effects. Improper treatment would lead to varying degrees of secondary pollution in the water, soil, and air.

Quanta achieve the goal of waste reduction effectively, and sets zero waste as the ultimate goal of waste management. The removal, transshipping, process, and recycle are performed in accordance with the local regulations. Qualified cleaning companies were commissioned to provide proper processing of such waste and document treatment. Quanta's environmental protection units carry out unannounced audits of processing suppliers to ensure that they perform their tasks in compliance with the law.

Three waste categories at each site over the years are compared and shown in the following diagram. Resource waste occupies the largest share. Quanta thus continued to implement measures of converting such waste into useful resources to reduce energy consumption and costs of handling such waste.

<sup>3.</sup> The monitoring data came from the test reports provided by the third party. The date of test: March 2017. Due to the fact that P1 and P2 use the same biochemical pool, the data of P1 and P2 is identical.



#### General industrial waste

#### 2015-2017 Analysis Table of General and Recyclable Waste Production in Various Sites

#### **General** waste

Cito		Treatment		
Site	2015	2016	2017	rreatment
QRDC	205,780	223,310	244,290	Incineration
Hwa-ya factory	47,770	38,540	43,670	Incineration
QSMC	1,235,948	2,599,600	1,621,857	Burial
CSMC	994,640	529,420	761,248	Incineration
QCMC	730,000	730,000	730,000	Burial
Total	3,214,138	4,120,870	3,401,065	

#### Recyclable waste

Site	R	Recyclable waste (kg)					
Site	2015	2016	2017	Treatment method			
QRDC	75,998	66,724	99,329				
Hwa-ya factory	8,507	13,419	3,266				
QSMC	51,699,280	33,165,778	47,831,964	Recycled and reused			
CSMC	5,667,360	4,075,390	5,836,373				
QCMC	17,542,518	9,743,156	5,857,790				
Total	74,993,663	47,064,467	59,628,722				

Note: 1 QRDC and Hwa Ya factory: General waste statistics consist of weight registered through EPA's Industrial Waste Report and Management System, recyclable waste statistics consist of the total weight of recycled resources.

- 2 QSMC and CSMC: General waste statistics consist of quantity removed from various plants (weighing and fee data); third-party waste management companies recycle all recyclable wastes.
- 3 QCMC: Use the number of transshipment every day in 2017 to calculate the average volume. On an average, there are 4 boxes of general wastes everyday (including holidays). The waste in each box is mainly the daily waste. According to the estimate, each box weights 500 kg. Therefore, the weight of QCMC general wastes being processed in 2016 is about: 4 x 500 x 365=730,000 kg. All recycling and processing of resource waste have been processed by third-party subcontractors. The following data is based on statistics provided by the subcontractors.

#### **Hazardous Industrial Wastes**

#### 2015-2017 Statistics of Hazardous Wastes in Various

Site	Hazardous Wastes						
	Category	Treatment method	Quantity (kg				
		Treatment method	2013	2014	2015		
QRDC (& Hwa Ya)	Waste electronic components, leftover and defective products	Recycled and reused /Physicochemical	84	320	466		
	PCB waste and powder which containing metals	treatment	87	270	415		
QSMC	Mixture of waste oil and water	Incineration	1,250	400	-		
	Waste oil cloth		37,310	25,990	21,680		
	Organic waste solvents		23,920	12,630	10,500		
	Waste adhesive (rubber hose)		400	1,200	1,100		
	Waste acid	Physicochemical treatment	-	-	5,100		
	Lead–acid battery waste	Recycled and reused /	12,480	-	30,900		
	Waste fluorescent tubes	Physicochemical treatment	1,000	-	1,000		
	Paint slag waste	Incineration	-	10	-		
	Waste activated charcoal	Incineration	-	60	-		
	Organic solvent waste	Incineration	2,000	-	-		
	Waste activated charcoal		2,500	9,200	7,550		
	Waste organic solvents		500	-	-		
00140	Waste containers		-	140	150		
CSMC	Waste glue			330	350		
	Waste rags			243	250		
	Waste fluorescent tubes	Recycled and reused / Physicochemical treatment	-	200	-		
	Waste cloth	Incineration	9,500	-	-		
	Waste UV rubber hose		500	-	1,000		
	PCB leftover	Recycled and reused / Physicochemical treatment	530,000	516,000	560,000		
	Paint slag waste	Incineration	73,300	171,810	257,780		
QCMC	Used paint basket	Recycled and reused / Incineration	24,100	42,180	67,680		
	Black ink waste	Incineration	50	-	-		
	Organic solvent waste	Incineration	5,615.9	11,370	24,450		
	Waste activated charcoal	Incineration	33,000	47,990	45,270		
	Waste acid	Physicochemical treatment	1,500	-	0		
	Waste oil	Physicochemical treatment	-	3,200	4,700		
	Waste paint	Physicochemical treatment	360	960	_		
	Total	759,457	844,503	1,040,341			

Notes: 1. QRDC hazardous industrial waste statistics are derived from the industrial waste co-treatment control triplicate forms.

<sup>2.</sup> QSMC, CSMC and QCMC hazardous waste statistics are derived from the "hazardous waste electronic manifest" filed after transshipment and treatment.

#### **Environmental Management Plans in 2017**

## QRDC Automatic Temperature Recording Management Plan of Air Conditioning System's Ice Water Drain and Backwater

The system will automatically record the drain and backwater temperature every hour, keep the temperature difference higher than 3°C as the reference data of condenser performance and chiller setting's appropriate ice water drain temperature to achieve the objectives of energy saving.

#### QSMC Exhaust Gas Treatment System Installation Plan

To protect the environment and reduce the VOC emission, QSMC formulates exhaust gas treatment system installation plan in 2017. The plan installs activated charcoal filter boxes in steel cleaning rooms and dispensing stations, collecting and filtering exhaust gas before its emission, in order to reduce air pollution and decrease environmental impact. In the meantime, the exhaust gas analyzer will be installed to evaluate the performance of exhaust gas filtering and to set up projects for maintaining exhaust gas environmental protection equipment.



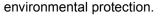






#### QCMC Optimization Management Plan for Spray Paint Exhaust Gas Treatment Procedure

The contamination components of exhaust gas produced during the spray paint procedure in factory are mostly organic compounds, which are relatively complicated and have a great impact on atmospheric environment. The emission of this exhaust gas is only allowed after the pre-processing treatment. Even though the water curtain and activated charcoal treatment is adopted to meet the environmental requirements, the performance and results are still very limited. In 2017, QCMC introduced the spray paint exhaust gas activated charcoal treatment facility and catalytic combustion treatment facility, effectively increasing the performance of spray paint exhaust gas pre-processing treatment, decrease the discharge of contaminants and achieve more the objective of











#### Replacing lighting with energy-saving LEDs

In 2017, various sites continued to meet energy-saving objectives through measures that improve the overall effectiveness of equipment, reduce energy consumption, and replaced lighting equipment with LEDs. The resulting energy saved per year was 77,66 Mkh.

Site	Emergency indicator lights along the aisle	Quantity (lighting)	Reduced energy consumption (kWh)
QRDC	Offices, public walkways, parking lots, street lights around the factories	539	51,430
QCMC	Illumination of production lines, street lights	18,745	1,867,133
QSMC	Production floor, offices, and sanitation	61,000	5,252,832
CSMC	Lighting for the production floor and conveyor lines	6,900	594,173



#### Risks and opportunities of focusing on climate change

With the increasing greenhouse gases, in order to contribute efforts and fulfill the responsibility in environmental protection and caring about the Earth, Quanta has formulated the carbon managements strategies and guidelines. The environmental and occupational safety & health promotion team strives to minimize carbon emission and the consumption of energy and resources. Furthermore, Quanta is also a participant in the carbon disclosure project (CDP) and reviews questionnaires to improve energy-saving and carbon-reduction measures so as to achieve its sustainable development objectives. These include:

- Commitment to greenhouse gas inspection in order to monitor the emission of greenhouse gases.
- Based on the inspection results, voluntary greenhouse gas reduction related programs will be implemented.
- Continue to promote and support carbon reduction measures to foster sustainable operations and fulfill our CSR.
- Abide by government environmental laws, customer requirements and other related regulations.

Close monitoring and management of climate change Risks and Opportunities:

Item	Risk identified	Opportunities and response	
Material disaster	Climate change has led to a higher frequency of floods and droughts, increasing risks for business operations.	Natural disasters were analyzed and the risks assessed. Corresponding emergency response measures and drills have been implemented as well.	
		Water and power-saving measures to improve resource use efficiency.	
International conventions and local regulations	Business operations will be impacted by increasingly stringent international conventions and regulations, carbon and energy taxes, greenhouse gas performance	Greenhouse gas inventory checks were implemented at various sites in accordance with ISO 14064-1.  The Shanghai site has been certified with ISO 14061-1 since 2011. The Taiwan, Chongqing and Changshu sites have received third-party certification ISO 14061-1 since 2015.	
	standards and emission controls, as well as carbon trading market systems.	Identification of legal compliance and monitoring regulatory developments.	
Changes to corporate reputation as well as customer and product consumer behaviors	Environment, Social, and Governance (ESG) has recently attracted investor interest. Management's performance in handling climate change issues is also a key area of concern for many investors. Moreover, customers are increasingly focused on these topics requirements.  As a member of the Responsible Business Alliance (RBA), Quanta must initiate practical control measures. Both the RBA and CDP emphasize disclosure and management of supply chain. Such requirements pose a significant challenge to Quanta in terms of the depth and scope of carbon emissions, carbon management, and energy management.	As a participant of the CDP international disclosure project, Quanta has completed the relevant questionnaires to review its performance and identify areas that require improvement.	
		Annual CSR reports also serve as a means for communicating with stakeholders and disclosing information on management activities and reflect its performance with regards to responding to climate change.	
		An Environmental Protection Committee was established to review project implementation and set targets on an annual basis.	
		Voluntary Emission Reduction Market: Participate in the Chongqing Municipal Voluntary Emission Reduction Market and carry out internal inventory checks every year.	
		Focus on the carbon emissions and trading market: Corporate carbon emissions have been calculated annually to actively secure carbonemission allowances.	
		Actively participate in various energy projects supported by customers.	

#### Greenhouse gas types and scope of inventory checks

Quanta Greenhouse emissions include  $CO_2$ ,  $CH_4$ ,  $N_2O$ , HFCs, PFCs, SF $_6$  and NF $_3$ . The major emission sources include natural gas, diesel, petrol, LPG,  $CO_2$  fire extinguisher, methane from septic tanks, refrigerant leakage and purchased electricity. According to the statistics of the past, the source of greenhouse gas emissions by Quanta is mainly generated from the electricity purchased for operation. This emission source accounted for more than 90% of the Company's overall emissions in 2017.

Quanta established a company-wide inventory list of greenhouse gas emissions in accordance with the requirements of ISO 14064-1:2006 and the greenhouse gas level disclosure protocol. Each year, the Company will conduct the greenhouse gas emission inventory check and acquire the verification certification. In response to government policies, new energy conservation measures and goals are stipulated each year. A comprehensive greenhouse gas emission statistics calculation system is also being gradually established. The inspection covers the qualitative and quantitative check of scope 1 (direct greenhouse gas emissions), scope 2 (indirect greenhouse gas emissions). The calculated emissions do not include tradeoffs and transactions.

In 2015, Quanta completed greenhouse gas emission certification, thus 2015 is designated as our base year. Base year greenhouse gas emission inspections are illustrated in the greenhouse gas emission statistical results. Should the following occur, the base year will be recalculated and amended:

- 1. Changes are made to the operational boundary.
- **2.** Greenhouse gas source or greenhouse gas sink ownership and operational control rights transfers in or from the organizational boundary.
- **3.** Changes are made to greenhouse gas quantitative methods, which cause significant changes to greenhouse gas emissions or removal volume, and Significant threshold is set at 3%. Base year settings and amendments will be made in accordance with corporate needs or related national policies.

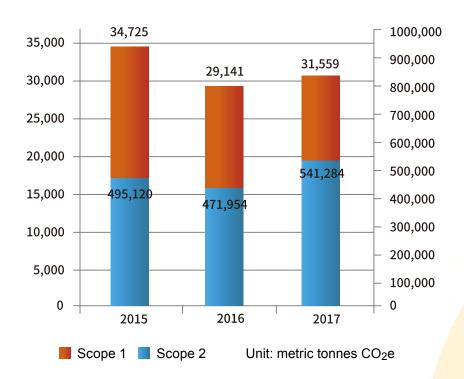
#### Work with carbon-trading demo cities

Both Shanghai and Chongqing have been listed as carbon-trading demo cities, extensive reviews have been carried out to assess the impact, including energy consumption levels and compliance with government requirements of carbon-trading processes. Quanta is compliant with carbon-emission rights and trading policies, and submits estimates of its own emissions to government departments every year. Government departments then distribute carbon-emission allowances and work with third-party verification agencies that conduct on-site verification of actual emissions versus allowance limits.

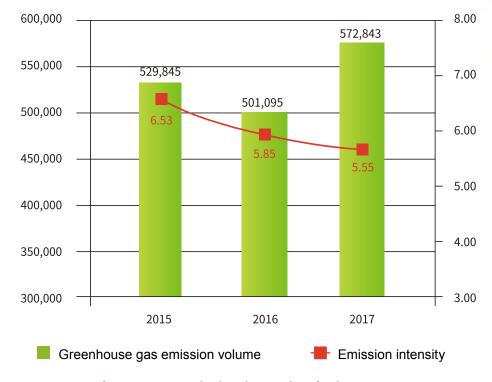
#### Outcome of greenhouse gas inventory checks at various sites

QRDC have complied with the Regulations for Energy Saving Objectives and Implementation Plan for Energy Users published by the Ministry of Economic Affairs (MOEA) according to the Energy Administration Act. Overall, annual energy savings of 1% or more have been achieved. As well as the autonomous regulations on developing Taoyuan City as a low-carbon-emission and green city, the site utilized more than ten percent of contract volume in solar power, wind power or other means of green energy and energy conservation equipment as its target.

Sites in China have complied with the following regulations and policy prescriptions: the Energy Conservation Law of the People's Republic of China, China's Policies and Actions for Addressing Climate Change, the Working Plan for Greenhouse Gas Emissions Control of the 12th Five-Year Plan, and the Energy-Saving and Carbon-Reduction Measures of the 12th Five-Year Plan. We have proactively responded to evolving government policies by gradually promoting energy-conservation projects and replacing old equipment with energy-saving facilities.



Greenhouse gas emission statistics of Scope1 & Scope2 during 2015-2017



Greenhouse gas Emission intensity during 2015-2017

#### Greenhouse gas emission statistics of Taiwan site

Site	QRDC & Hwa-ya factory				
Year	2015	2016	2017		
Greenhouse gas emission - Scope 1 (Tons of CO <sub>2</sub> e) /Ratio (%)	395/ (2.54%)	413/ (2.43%)	332/ (1.83%)		
Greenhouse gas emission - Scope 2 (Tons of CO <sub>2</sub> e) /Ratio (%)	15,138/ (97.46%)	16,584/ (97.57%)	17,784/ (98.17%)		
Greenhouse gas emission volume (Tons of CO <sub>2</sub> e)	15,533	16,997	18,116		
Emission intensity	2.83	3.11	3.02		
Greenhouse gas emission volume by type	CO <sub>2</sub> : CH <sub>4</sub> : 15,335.16 CH <sub>2</sub> : 6.34 N <sub>2</sub> O: 0.25 HFCs: 191.48	CO <sub>2</sub> : 16,780.86 CH <sub>4</sub> : 7.79 N <sub>2</sub> O: 0.27 HFCs: 208.36	CO <sub>2</sub> : 17,979.56 CH <sub>4</sub> : 7.61 N <sub>2</sub> O: 0.21 HFCs: 128.73		
CO <sub>2</sub> emission volume produced by biomass burning	0	0	0		

#### Greenhouse gas emission statistics of QSMC

Site		QSMC	
Year	2015	2016	2017
Greenhouse gas emission - Scope 1 (Tons of CO <sub>2</sub> e) /Ratio (%)	13,330/ (4.80%)	12,386/ (4.51%)	15,349/ (4.88%)
Greenhouse gas emission - Scope 2 (Tons of CO <sub>2</sub> e) /Ratio (%)	264,285/ (95.20%)	261,991/ (95.49%)	299,197/ (95.12%)
Greenhouse gas emission volume (Tons of CO <sub>2</sub> e)	277,615	274,377	314,546
Emission intensity	7.04	6.82	8.54
Greenhouse gas emission volume by type	CO <sub>2</sub> :	CO <sub>2</sub> : 271,140.35 CH <sub>4</sub> : 1,500.64 N <sub>2</sub> O: 24.08 HFCs: 1,710.04 PFCs: 2.12	CO <sub>2</sub> : 308,275.68 CH <sub>4</sub> : 1,544.94 N <sub>2</sub> O: 19.15 HFCs: 4,611.27 PFCs: 94.68
CO <sub>2</sub> emission volume produced by biomass burning	0	0	0

#### Greenhouse gas emission statistics of CSMC

Site	CSMC				
Year	2015	2016	2017		
Greenhouse gas emission - Scope 1 (Tons of CO <sub>2</sub> e) /Ratio (%)	6,537 / (6.90%)	3,738/ (5.20%)	6,311/ (7.10%)		
Greenhouse gas emission - Scope 2 (Tons of CO <sub>2</sub> e) /Ratio (%)	88,247 / (93.10%)	68,118/ (94.80%)	82,561/ (92.90%)		
Greenhouse gas emission volume (Tons of CO <sub>2</sub> e)	94,784	71,856	88,872		
Emission intensity	4.56	2.98	2.42		
Greenhouse gas emission volume by type	CO <sub>2</sub> : 90,300.56 CH <sub>4</sub> : 2,934.37 N <sub>2</sub> O: 35.59 HFCs: 1,513.09	CO <sub>2</sub> : 68,716.48 CH <sub>4</sub> : 1600.56 N <sub>2</sub> O: 27.42 HFCs: 1,511.34	CO <sub>2</sub> : 84,634.39 CH <sub>4</sub> : 2831.30 N <sub>2</sub> O: 50.94 HFCs: 1,355.29		
CO <sub>2</sub> emission volume produced by biomass burning	0	0	0		

#### Greenhouse gas emission statistics of QCMC

Site	QCMC				
Year	2015	2016	2017		
Greenhouse gas emission - Scope 1 (Tons of CO <sub>2</sub> e) /Ratio (%)	14,463/ (10.19%)	12,604/ (9.14%)	9,567/ (6.32%)		
Greenhouse gas emission - Scope 2 (Tons of CO <sub>2</sub> e) /Ratio (%)	127,450 / (89.81 %)	125,261/ (90.86%)	141,742/ (93.68%)		
Greenhouse gas emission volume (Tons of CO <sub>2</sub> e)	141,913	137,865	151,309		
Emission intensity	9.20	8.68	6.40		
Greenhouse gas emission volume by type	CO <sub>2</sub> : 131,768.59 CH <sub>4</sub> : 2,837.96 N <sub>2</sub> O: 9.26 HFCs: 7,291.42 PFCs: 5.88	CO <sub>2</sub> : 129,835.16 CH <sub>4</sub> : 724.47 N <sub>2</sub> O: 8.8 HFCs: 7,291.23 PFCs: 5.88	CO <sub>2</sub> :     146,160.95 CH <sub>4</sub> :     3,467.24 N <sub>2</sub> O:     10.12 HFCs:     1,664.81 PFCs:     5.88		
CO <sub>2</sub> emission volume produced by biomass burning	0	0	0		

Notes: 1.The greenhouse gas emission is calculated based on the operational control method

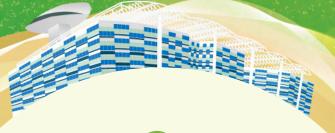
- 2. Sources where the purchased power emission coefficient derived from: (Due to the fact that the emission coefficient of year 2017 is not published, Taiwan factory's data of year 2016 and China factory's data of year 2015 were used in the report.)
  - (1)Taiwan factory: Bureau of Energy's 2016 power purchase emission coefficient (0.529Kg CO<sub>2</sub>e /kWh)
  - (2) China factory: 2015 Baseline Emission Factors for Regional Power Grids in China
    - a.QSMC \ CSMC: emission coefficient for Huadong region (0.8112Kg CO<sub>2</sub>e /kWh)
    - b.QCMC: emission coefficient for Huazhong region (0.9515Kg CO<sub>2</sub>e /kWh)
- 3. The greenhouse gas emission GWP is derived from:
  - (1)QRDC, CSMC: IPCC's 4th assessment report published in 2007
  - (2)QSMC,QCMC: IPCC's 5th assessment report published in 2013
- 4. Emission intensity per capita
- 5. Statistics of 2017 greenhouse gas inventory of all sites were all certified by ISO 14064.

Fuels used by Quanta included non-renewables, such as petroleum and diesel for company vehicles, natural gas for boilers, liquid petroleum gas (LPG) for staff canteen, diesel for emergency generators, and externally purchased power. All data were based on the 2017 greenhouse gas inventory checks at each site. Heat value data was based on the list of per unit heat value of energy products provided in the 2015 Bureau of Energy Manual. The following describes the calculations:

Energy consumed = Energy used x heat value x energy unit conversion

#### Categories of energy consumption

		Fuel									ricity	Total energy	
Event t	Event types Diesel		esel	Petroleum		Natural gas		Liquid petroleum gas (LPG)		Power consumed		consumption	
		Kiloliter (KL)	Gigajoule (GJ)	Kiloliter (KL)	Gigajoule (GJ)	Cubic meter (M3)	Gigajoule (GJ)	Ton	Gigajoule (GJ)	Megawatt hours (MWh)	Gigajoule (GJ)	Gigajoule (GJ)	
QRDC&	2015	7.76	272.78	1.25	40.86	-	-	53.49	2,654.08	29,056.24	104,602.45	107,570	
Hwa-ya	2016	10.12	355.88	1.41	45.92	-	-	51.61	2,560.50	31,408.53	113,070.70	116,033	
factory	2017	4.28	150.53	1.23	40.17			55.95	2,776.04	33,617.95	121,024.62	123,991	
	2015	88.47	3,111.09	163.58	5,342.37	4,288,917	143,661.58	-	-	326,479.13	1,175,324.88	1,327,440	
QSMC	2016	93.54	3,289.75	240.52	7,855.16	3,866,822	129,523.07	-	-	322,967.46	1,162,682.86	1,303,351	
	2017	89.68	3153.99	173.29	5,659.49	3,908,947	130,934.11	-	-	368,832.08	1,327,795.49	1,467,543	
	2015	22.11	777.84	62.00	2,024.83	751,628	25,176.53	-	-	103,948.37	374,214.14	402,193	
CSMC	2016	30.99	1,089.65	142.96	4,668.75	115,277	3,861.33	-	-	79,053.06	284,591.02	294,211	
	2017	34.50	1,213.39	161.00	5,258.03	789,626	26,449.30	-	-	90,414.11	325,490.80	358,412	
	2015	5.65	198.75	110.24	3,600.25	1,858,663	62,257.78	-	-	134,059.23	482,613.23	548,670	
QCMC	2016	2.41	84.79	97.95	3,198.96	1,987,995	66,589.88	-	-	132,299.32	476,277.55	546,151	
	2017	5.30	186.41	114.82	3,749.86	1,892,170	63,380.13	-	-	154,697.07	556,909.45	624,226	





Corporate Social Responsibility Annual Report 2017

## **Green Supply**

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### Green Supply Chain Management

#### General Background of the Supply Chain

Quanta is an electronics product R&D and manufacturer that designs or assembles final products according to our clients' requirements and ship the products to an area designated by the client for sale.

Main supply chain are electronic or mechanical components suppliers, offering main products including electronics products such as notebook computers, servers etc., majority of the supply chain consists of worldwide suppliers with advantages in this type of products. The materials supply chain consists of more than 1,400 firms throughout Taiwan, US, Japan, Korea, China and Europe. Supplier categories include original manufacturers, authorized distributors, dealers etc. The characteristics of the supply chain are capital intensive, technology intensive and labor intensive etc.

Supply chain strategy is mainly based on its competitiveness, including price, R&D capability, manufacturing capability, quality advantage, shipping process management, on-site service etc. Within the duration of the report, changes in supplier relationships are part of normal operations strategy, and there are no major, unique transformations.

#### Supply chain management strategies and objectives

#### Management strategies and objectives

For business transactions, Quanta checks records to see if suppliers have violated any environmental orsocial regulations. Contractual terms allow for Quanta to terminate the contract if it is found that the supplier has violated policies that resulted in a significant negative impact on the environment or social community.

#### Early warning policies and practices

Quanta has a composite supply chain in place, whereby we can conduct unannounced on-site audits, or promptly initiate an audit of a supplier if major work-related or environmental incidents occur in certain areas or industries.

#### **Supplier Management Criterion**

#### **Selection of Green Suppliers**

Suppliers are important business partners of Quanta, and their compliance with regulations pertaining to the environment, labor practices, human rights, and social impact aspects directly and indirectly affects our business stability, product quality, on-time delivery capability, and business reputation. This is why Quanta has put in place stringent supplier management standards so as to select, audit, and manage our suppliers. New candidate suppliers' selection, the environment, ethics and green product management are indispensable items.

#### Categories of qualifications for ratifying candidate suppliers

	SECTION	Self Actual %	Quanta Actual %	
	1.Quality System	NA	NA	
	2.Customer Requirement Review	NA	NA	
	3.Design Control	NA	NA	
	4.Document Control	NA	NA	
A. Generic Quality	5.Sub-Supplier Quality Mgmt.	NA	NA	
System(GQS)	6.Inspection & Testing	NA	NA	
	7.Calibration	NA	NA	
	8.Nonconforming Product Control	NA	NA	
	9.Quality Matrices	NA	NA	
	10.Environmental and Ethics	NA	NA	
	Average (%)	0.0%	0.0%	
B. PC	11.Process Control	0.0%	0.0%	
C. GPM	GP.Green Product Management	0.0%	0.0%	
	Criteria:			
	Qualified	GQS ≧ 70, and GPM ≧ 85 & PC ≧ 75		
	Conditional Qualified	60 ≤ GQS < 70, and GPM ≥ 85 & PC ≥ 75		
	Unacceptable	GQS < 60 or GPM < 85 or PC	< 75 or Section Score < 60	



Note: To modify our supplier qualification criteria timely, Quanta always paying close attention to the progress of related laws and regulations.

#### Suppliers recognized standards

Qualified	2013	$70 \leq$ Score and GPM $\geq$ 85
Qualineu	2014~	GQS $\ge$ 70 and GPM $\ge$ 85 & PC $\ge$ 75
Conditional Qualified	2013	60 ≤ Score < 70 and GPM ≥ 85
Conditional Qualined	2014~	60 ≤ GQS < 70 and GPM ≥ 85 & PC ≥ 75
2013		Score < 60 or GPM < 85 or Section Score ≤ 60
Unacceptable	2014~	GQS < 60 or GPM < 85 or PC < 75 or Section Score < 60

Note: GQS=Generic Quality System; PC=Process Control; GPM=Green Product Management
The standard is adjusted in accordance with customers' demands and changes of laws and regulations.
Standards recognized in 2017 are similar to those in 2014

#### **Assessments and impact**

The assessment results can be communicated via audit review and two-way participation etc. Once SCAR (Supplier Corrective Action Request) is issued after the audit report, the supplier must respond with relevant improvement plans and achievements before the deadline. If longer time frame is required due to amendments in regulations or equipment purchase, the case can be discussed separately. If the supplier fails to take action within the stipulated time, actions such as rejection or termination of contract will be taken. Our procurement system prevents us from placing orders with suppliers who fail to qualify for the recognized standards reviews.

#### Number of on-site audits for new suppliers

Quanta applies on-site audit in environmental, labor, human rights, ethics and social impact standards for new suppliers. Almost 300 suppliers, or nearly 41.30% of all suppliers, were audited in 2017.

Percentage of new suppliers selected using environmental, labor, human rights, ethics and social impact standards

Audit year	(%)
2014	50.61%
2015	35.87%
2016	47.33%
2017	41.30%

Note: The number of Quanta's total new suppliers has slightly increased compared to that of 2016. In addition, the increase of customer-specified suppliers reduced the audit rate (%) in 2017. Although on-site audits were not carried out for other suppliers, they are still under the joint supply value-chain management model established with the customer and must comply with labor, business conduct, human rights, and environmental standards.

#### Supplier annual CSR RBA audit

Quanta is an official Responsible Business Alliance (RBA) member. Comply with the resolutions of Quanta Corporate Governance and Business of Ethics Committee to perform the supplier annual CSR audit. The following describes the standards adopted and the overall status of supplier audits:

Contents assessed and standards	<ul><li>EICC Validated Audit Proces</li><li>Statutory regulations</li></ul>	ss (VAP) Operations Manual V	/5.1
Category	Labor & Ethics	Health & Safety Environmental	Management System
Overall observations	<ul> <li>For ethical standards, most suppliers demonstrated compliance with the standards and requirements.</li> <li>For labor and human rights, requests for systematic improvements to management have been made for issues such as overtime work, underaged labor management, breastfeeding female personnel's working hour management, reasonableness of salary deductions, insufficient paid leave, and discriminatory practices.</li> </ul>	<ul> <li>For environmental aspects, the number of issues was limited but improvements in management were required for the handling of effluent water and run-off control measures during heavy rain.</li> <li>For occupational safety and health, requests for systematic improvements have been made regarding issues such as work and material environmental review after completion of subcontracted tasks, contingencies, hazardous chemical product management, fire safety equipment inspections, use of labor insurance product for special job positions, physical examination for labor with special job positions as well as the needs of drinking water testing.</li> </ul>	● For management systems, the review showed that suppliers have largely complied with the relevant standards and requirements.

## 2017 Quanta Green Standards Conference - helping suppliers benefit from co-prosperity

Four supplier conventions were held in Taiwan, Shanghai, and Chongqing.





#### Statistics of numbers of registrants and attendees are as follows:

Pagion	No.	of registrat	tions	Attendance			Attendance rate (%)		
Region	2015	2016	2017	2015	2016	2017	2015	2016	2017
Quanta Taiwan	406	330	394	331	299	354	81.53%	90.61%	89.90%
Quanta Shanghai-A	130	150	120	97	149	123	74.62%	99.33%	102.50%
Quanta Shanghai-B	437	319	377	325	270	402	74.37%	84.64%	106.63%
Quanta Chongqing	<mark>1</mark> 41	207	239	109	195	237	77.30%	94.20%	99.16%
Total	1,114	1,006	1,130	862	913	1,116			

# Conflict Minerals Due Diligence Investigations and Management

#### Summary of global trends and customer requirements

Non-governmental military forces and armed groups have seized control of gold (Au), tantalum (Ta), tungsten (W), and tin (Sn) mineral resources in the Democratic Republic of the Congo and nine other neighboring countries. This has negatively affected local social, environmental, and human rights issues. In response, international laws, legislative directives, and brand customers increasingly stringent requirements for investigating the sources of conflict minerals as well as declarations for smelters and refiners. These requirements were set up to ask suppliers to complete 100% of the investigations, and 100% of declared smelters shall obtain audit certifications including Responsible Minerals Initiative (RMI) (formerly known as Conflict-Free Sourcing Initiative), The London Bullion Market Association (LBMA), or Responsible Jewellery Council (RJC). In the future, the Company will follow the international industry trends by cooperating with the RMI and its customers to carry out assessment on high-risk area development, conflict minerals management and cobalt risk management.

#### Quanta's position on conflict minerals

Quanta continues to adopt conflict minerals procurement policy to support RMI's policies and practices regarding conflict minerals. In addition, the Company has adopted the Conflict Minerals Reporting Template and management tools published by RMI to investigate if its suppliers have implemented the aforementioned policies.

#### Summary of Quanta's due diligence investigations in 2017

#### **Preparations**

It includes identifying the research objects and verifying the contact person of research objects. We asked the sourcing representatives to claim their own suppliers and changed previous annual survey into the procedure that the person in charge of procurement replied directly by sending emails to the suppliers who left messages on Cloud Application Management Platform (CAMP). Furthermore, the CAMP was upgraded to keep in touch with suppliers by providing updated and valuable information; our personnel continued to offer assistance and instructions on time in order to achieve more comprehensive and perfect goals of risk control.

#### Questionnaire system investigations—Latest version of CMRT

The supplier due diligence investigations of conflict minerals in 2017 was notified and carried out using the questionnaire system of the Cloud Application Management Platform (CAMP). Various links were sent to the relevant suppliers. The latest versions of the CMRT provided on the CFSI official website were used to update documents on the CAMP system while templates and update instructions have also been made on the systems page, with sourcing representatives notifying suppliers by mail to respond to investigative reports or complete them online.

#### Systems Page Instruction Update:

#### [ SOP of Quanta CMRT Questionaire ]

#### 請提交或更新衝突礦產報告

廣達電腦秉持無衝突金屬採購政策,並支援 EICC與GeSI在衝突金屬(暨金Gold (Au)、锡Tin (Sn),钽Tantalum (Ta),钨Tungsten (W), 简称3TG)上的策略與做法。如您知道,EICC-GeSI"無衝突採購倡議(CFSI)"依然採用"衝突礦產報告範本(CMRT)"和配套的管理工具,用 於調查一個機構/公司的無DRC衝突採購策略與努力和供應鏈中的金屬冶煉廠。本"範本"與工具過去若干年以來都是電子和資訊通訊行業 内標準的、通用的工具。廣達電腦未来仍然用之對供應商調查。一如既往,此處供應商是指:所供應的物料用於廣達產品中的供應商,而 其他的、包含服務、設備等供應商不在調查範圍。

對於這項工作Quanta的要求是:

- 1.供應商須依模板內容,調查、匯總、報告其供應廣達貨品所涉及的所有供應商信息。須特別注意的是,某些供應商可能建有多個vendor code,這些供應商所提交的那份CMRT須涵蓋其屬下所有Vendor code。
- 2.供應商報告中所提交的治煉廠,須在CFSI網站中被列為「合格Compliant」,其網址為:「http://www.conflictfreesourcing.org/conflictfree-smelter-refiner-lists/\_
- 3.新收到通知的供應商需於4週內提交衝突金屬報告·已提交的廠商(若之前報告不符合要求或現在實際已變化)·請隨時保持更新。

#### 此填寫頁面包含『網頁填寫』與『檔案上傳』

當您完成上方公司基本信息問題,並回答「Yes」從而肯定3TG被有意識加入產品或因生產過程被包含入產品,在下方"Web Reply or Upload Excel(CMRT)"問題處,您可選擇回覆方式。

- 1.若選擇『檔案上傳』則需要點選該題目右方的迴紋針圖示以上傳一個已經完成的CMRT。如果你你没有CFSI原始的空模板,你可点击其 下"Blank CMRT Download link: CFSI CMRT"
- 2.如果你選擇『網頁填寫』,你須在網頁上逐一回答問題。

#### Blank CMRT Download Linkd 空白CMRT下載連結: CFSI\_CMRT5.01

Web Reply or Upload Excel? To upload your finished CMRT, please click here → \* 1

線上填寫問卷或上傳Excel檔案

上傳請點選資料夾圖示

- O Web Reply
- Upload Excel(CMRT)

CMRT版本升級為5.01了,請大家以最新版本來做報告喔

CMRT version upgraded to 5.01, please use it to do the report.

Suppliers can choose to complete the file online or upload a completed file.

#### Questionnaire analysis and reports

The system will generate a summary report which includes the overall responses, distribution of survey outcomes for various topics, and the list of smelters and refiners provided by the supplier. After the Company's units responsible for these tasks analyzed and improved the potential problems, they will compile the data and provide CMRT due diligence investigation reports based on the needs of clients.

We remain fully committed to continuously improving our conflict minerals management system. We are committed to solving social, environmental, and human rights issues in order to fulfill our obligations as a member of the supply chain.



#### International trends and customer requirements Overview

Quanta Computers is the global leader in ODM/OEM industry for its R&D, design, manufacture and service capabilities. The Company has built its reputation and leadership in the technology industry through its outstanding R&D capabilities and sophisticated manufacturing services. Quanta is responsible for the research and development, certification, and manufacturing processes of the product life cycle. With regards to product health and safety concerns, we have adopted the following systems-based approach for managing these issues.

Quanta conducts health and safety impact assessment in each phase of life cycle on all its products and services to efficiently keep a close eye on the health and safety impact in each phase of life cycle of products and services.

Product life cycle stages	Assessment required?			
Development of product concept	Yes			
Research and development	Yes			
Certification	Yes			
Manufacturing and production	Yes			
Marketing and promotion				
Storage distribution and supply	Quanta is an ODM / OEM and professional R&D and design manufacturer. Assessment for subsequent phases would therefore not apply.			
Use and service				
Disposal, reuse, or recycling				

#### **Green Product Management System (GP Management System)**

Recently, many stakeholders have highlighted the importance of green products development, especially due to the implications of the compliance with laws and regulations. Quanta regards "Fulfill green enterprise" as one of its quality policies. To embed the concept of the green enterprise deeply in Quanta's green product management system, customers' demands of green products shall be satisfied and the international regulations shall be met. Quanta continually contributes its share to the environmental protection and social responsibility.

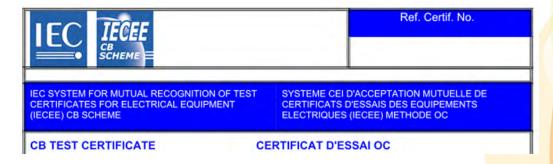
In accordance with the standards announced by the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC), Quanta implemented the green product management, based on the fundamental structure of the ISO 9001 quality management system. Quanta also obtained the certificate of IECQ QC 080000 management system. We have therefore established a Green Product Management Committee and a systematic management approach in accordance with the requirements of QC 080000. With the management structure, the green product management process is linked to the areas of research and development, procurement, manufacture and customer services. All products developed within the company (including computer peripherals, communication networks, multimedia, automotive electronics, medical equipment and other relevant products) meet the requirement of hazardous material free.

- During the product's research and development period, suppliers shall update third-party material test reports on Quanta Environment System website and declare prohibited and restricted substances to make material procurement process meet the requirements of green product control.
- In the manufacturing management process, the sub-materials in use are managed and controlled through risk assessment and sampling tests.
- In the product management, Quanta is more actively establishing the in-house laboratory to conduct tests on incoming materials and random sampling of finished products for shipment.

Internal and external audits carried out every year were used to verify the effectiveness of our green products management system. Assessment results for 2017 were compliant with our expectations and demonstrated the continuing effectiveness of the green product management system.

#### **Product safety regulations**

Required safety tests prescribed in the International Electrotechnical Commission regulations (IEC 60950-1) were conducted on Quanta's products. All were found to be compliant with the requirements of these safety regulations. Certification from certifying bodies were obtained as proof.



#### **User safety**

Quanta's reliability labs reference standards released by the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), the American Society for Testing and Materials (ASTM), Deutsches Institut für Normung (German Institute for Standardization, DIN), and the Japan Industrial Standards (JIS). Moreover, we take into consideration customer requirements, and we have independently adopted standardized methods as well as other tests developed by our own labs. Our support of the reliability and safety verification testing of all products systems contributes to gaining effective control over product quality and user safety. For example:

- During system operations, would surface temperature exceed the legally stipulated limits?
- Is there sufficient coating adhesion and wear resistance? Will coating materials flake off after a while?
- Are there any sharp corners in the original design of the structure? Will drop tests result in sharp corners damaging the structure?
- Will there be explosive or short-circuit risks if the structure is subjected to compression, twisting, or impact testing?
- Will protective systems be activated when the external electrical connection ports are subjected to short-circuit testing? Are there any risks of smokes or fires?
- Will the volume output of the earphones of electrical devices exceed the legally stipulated limits?
- Will protective systems be activated during a voltage surge, overload, or excessive temperature testing? What are the results of safety assessments for product use?
- Are condensation tests or high-temperature and humidity testing conducted to assess product safety in hot and humid environments?

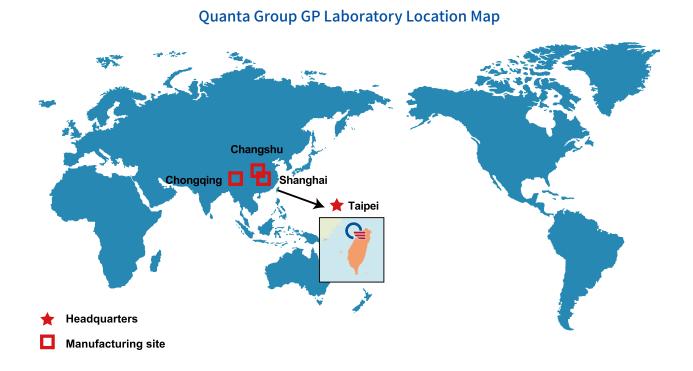
The management of labs at various sites have been standardized and made consistent with one another. Each lab is capable of supporting each other for verification testing. During product development phases, the labs can help verify and confirm solutions to various problems so as to improve the effectiveness and cycle time of the development phase.

#### **Green Product Laboratory (GP Lab)**

To achieve an effective management, Quanta established GP laboratories in Shanghai, Changshu, Chongqing and Taiwan Taoyuan respectively. The detection methods are based on the IEC 62321 and the international testing standards. Tests and inspections on materials, parts, sub-materials and finished products are performed to detect hazardous materials, including lead (Pb), cadmium (Cd), mercury (Hg), hexavalent chromium (Cr6+), poly brominated biphenyls (PBBs), ploy brominated diphenyl ethers (PBDEs), chlorine (Cl), bromine (Br) and phthalate ester according to the laws and regulations as well as customers' requirements. Meanwhile, Quanta proactively introduced quick screening equipment to improve regulatory compliance's detection efficiency of materials and finished products in accordance with the updated requirements of RoHS regulations on phthalate.

In the laboratory management, the laboratory in Shanghai passed the laboratory accreditation standards (CNAS-CL01)(equivalent to ISO 17025) issued by the China National Accreditation Service (CNAS) and obtained the accreditation certificate for chemical laboratory. GP Laboratories in Changshu Chongqing and Taiwan Taoyuan were established in 2007 and 2011 respectively, equipped with XRF and chemical detection equipment, set up a quick communication workflow with the laboratory in Shanghai. Materials tested in the laboratories in Changshu, Chongqing or Taiwan Taoyuan that require further verification can be delivered quickly and timely to the laboratory in Shanghai that has complete analysis capability. At the same time, laboratories in Changshu and Chongqing are managed in accordance with laboratory accreditation standards (CNAS-CL01) to achieve the standardization of the laboratory management and to effectively assure the quality of Quanta's products.

With the aforementioned management in place, products manufactured in 2017 can all satisfy customers' demands of green product and comply with the international regulations of green environmental protection. The number of events that violate the relevant laws and regulations of the green product is zero.



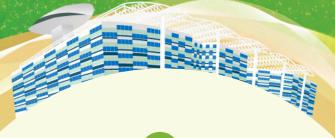
#### **Customer satisfaction**

"Ensure customer satisfaction" has always been a key part of our quality policy. We constantly focus on whether our products and services are capable of fulfilling the customers' expectations.

In addition to quarterly business reviews (QBR), we also implement customer satisfaction surveys during the fourth quarter of each year. Various business departments issue questionnaires via a Customer Satisfaction Survey System to their corresponding customers. The feedback is then used as the basis for initiating continuous improvements.

In 2017, we conducted customer satisfaction surveys for quality management and green product controls. Results showed that customers' overall satisfaction with Quanta grew by 1.5 % when compared to the previous year. For any customer satisfaction survey that includes feedback for necessary improvements, we immediately initiate an analysis of the root cause(s) and develop appropriate improvement strategies. Annual management review meetings also include the outcomes of customer satisfaction surveys conducted by the business units. Various survey indicators have been compiled to identify directions for improvement, which are then used as a basis to formulate objectives for the following year.







Corporate Social Responsibility Annual Report 2017

## Social Participation

Social Participation Introduction		
Quanta Culture & Education Foundation	89	
Quanta Arts Foundation	102	
Charity Club	110	



## **Social Participation Introduction**

Rapid advancements are being made in the field of technology applications. Future social structure requirements should not only be diverse, but also account for aspects of uncertainty as well. Quanta believes that constant investment in social and human capital will provide both short-term and long-term benefits to all stakeholders in Quanta and areas influenced by Quanta.

Quanta has four main operational locations throughout Taiwan and China, including Taiwan R&D headquarters, Shanghai Manufacturing City, Changshu Manufacturing City, and Chongqing Manufacturing City. The aforementioned locations are not within any specific reserved area and there are no documents of community collective bargaining announcements. Quanta's CSR Committee comprises a sub-committee of Social Care Committee, through commercial activities, non-cash property endowments, volunteering service or other charitable professional services to participate in events relating to community development and charities. Quanta Culture & Education Foundation and Quanta Arts Foundation are mainly responsible for implementing related tasks in Taiwan, while in China, the tasks are delegated to the charity clubs in various sites.

Taiwan serves as the starting point to develop skills among students they can use and go anywhere. Art is used as a medium to create a diverse selection of learning platforms. With the hope of inspiring creativity, we also promote social connection and exchange with Mainland China and Southeast Asia as well. Factories also place focus on environmental conservation, social support for the elderly, as well as special education requirements, knowledge seminars, health counseling, and other community exchange projects. Every man and woman residing in these communities could be part of these activities. Quanta also celebrated several festivals such as Mother's Day, Father's Day, Double Ninth Festival, and organized various events such as family activities with the goal of improving happiness while promoting health and development. Quanta's operational locations are all 100% committed to local community participation, benefit assessments, and development projects.

#### Resources Invested

Organization	Invested Fund(NT\$)			No. of Participants(persons)			Other Resources Invested (materials,	
Organization	2015	2016	2017	2015	2016	2017	equipments, venues etc.	
Quanta Culture & Education Foundation *	Approx. 49 million	Approx. 47 million	Approx. 53 million	Approx. 1,410,000	Approx. 1,561,000	Approx. 1,067,000	Tablet PC, Interactive teaching and learning materials	
Quanta Arts Foundation*	Approx. 65 million	Approx. 109 million	Approx. 483 million	Approx. 112,500	Approx. 268,000	Approx. 125,000	Quanta Hall	
Charity Club	Approx. 625 thousand	Approx. 674 thousand	Approx. 795 thousand	Approx. 9,800	Approx. 10,500	Approx. 5,150	QSMC: charity fans, student desks and chairs, socks for children and for adults, stationery, fruits and daily supplies.  CSMC: Club member T-shirts and hats, public welfare stickers, club banners, daily supplies, and kitchenware.  QSMC: charity labels, donations of recreational equipment for children, stationary, cotton slippers for the elderly, food, fruit and daily supplies.	

Note\*: The number of participants includes the total number of people participating in activities directly organized by foundations subordinate to Quanta Computer Incorporated as well as indirectly sponsored activities.



#### **Quanta Culture & Education Foundation**

We utilize scientific ways to inspire creativity in children, use creativity to develop independent thinking inchildren, and followed by inspiration of analysis and appreciation of art and visual aesthetics. Make thefuture bright and positive with beautiful things.

Our Vision: Equal opportunity to explore in culture and technology

**Our Mission:** "Education as a foundation," "Art as an essence," "Technology as an instrument," and "Creativity as a principle."

Our Goal: Facilitator for innovation in education. Bridge of culture across time and space

#### Core objectives for 2017

The Quanta Culture & Education Foundation was established by the Quanta group chairman & CEO Barry Lam in order to achieve the aim of equal distribution of the wealth of knowledge. A close acquaintance with the cultural arts is a right and opportunity that everyone should have. Thus, we have promoted various projects as well as actions in hopes that children can learn and play while immersed in the arts. As children begin to develop curiosity of the world, Quanta uses art as a medium to build diverse learning platforms and inspire creative thinking in children for access to endless future possibilities.

With rapidly developing technology in an everchanging world, we need to cultivate proactive learning and problem-solving skills in students so that they are ready to face future challenges.

We deeply believe that, through technology and innovative pedagogical methods, we can make a difference in education. We aim to be "promoters of pedagogical innovation" as well as a "platform for bridging cultures across different generations and from around the world." Not only can we promote the newest education perspective, we also attempt to break through traditional teacher-to-student instructional modes. We develop "idea labs" to encourage teachers about creative instruction, allowing student learningto break through existing frameworks and learn abilities they can apply outside of the classroom.

#### Framework of the 5 major actions

A total of 5 major actions were implemented in 2017 with the objectives of promoting pedagogical innovation and bridging cultures across different generations and from around the world, namely the Quanta Immersed in Creativity Project, Creativity Competitions, Smart Education, international exchange, and public events.



Framework of the 5 major

#### Promoting pedagogical innovation

#### **Immersed in Creativity**

Quanta's "Immersed in Creativity" program exhibits replica paintings by Eastern and Western artists, encouraging cross-disciplinary curriculum to improve children's learning ability. In total 2,074 exhibitions were organized across 22 counties in Taiwan from 2004 to 2017, including 260 exhibitions held in 22 counties with 226.632 attendants in 2017.

#### **Creativity Competitions**

Quanta co-hosted the 8th Quanta IIC Awards with the Ministry of Education (MOE) to provide a national competition and platform for teachers and students to exchange their experiences. First prize recipients embark on overseas exploring reality missions in the Netherlands to enhance their sense of aesthetic and global perspective.

#### **Smart Education**

Quanta's "Design Learning" Program enables teachers and students alike to learn and grow through curating, at the meantime cultivates a "heuristic" learning culture within. There are 18 schools, 92 teachers and 630 students participating in the "Design Learning" program in 2017.

#### **Public Outreach**

Sponsored 27 schools' creative education and international exchange programs, benefitting over 62 thousand people.

#### **Global Exchanges**

The Global Culture Ambassador competition invited 15 international students to share their life experiences and to implement a cultural exchange curriculum with elementary and junior high schools throughout Taiwan. Our Friends project was implemented to encourage high school students in Taiwan and their respective international sister schools, to become online pen pals, sharing perspectives of their home country and the world.

In response to computer programming education being new incorporated into curriculum planning, Quanta Culture & Education Foundation mobilized volunteers from Quanta to make use of their professional skills in engineering. By combining the Foundation's cultural wealth of education, and use of computer programming education as a means of instruction and companionship, Quanta hopes to help children obtain new perspectives so they can be connected with the rest of the world.

#### 2017 Arts & Business Awards - Long-Term Sponsorship Award

13th year in its making with the Ministry of Culture, Arts & Business Awards pays homage to the enterprises that have made exceptional contributions to the preservation and promotion of arts and culture. Quanta Culture & Education Foundation (QCEF) is honored by Arts & Business Awards for the ninth time in 2017. The QCEF has been supporting art troupes, culture & art events and other talents in art education with years of continuous sponsorship. Continuation of sponsorship are as listed:

	Sponsorship of Culture and Art Events	Sponsorship of Art Organizations	Promotion of Art on Campus: Quanta "Immersed in Creativity" Program	Supporting Artistic Talents
Period	Since 1999	Since 1999	Since 2004	Since 2008

#### Bridging cultures of different eras and around the world

#### Quanta "Immersed in Creativity" Project:

Quanta "Immersed in Creativity" Project takes exhibitions to schools, which allows teachers and students to learn more about art in a natural and relaxing way. The objective of activity is to encourage teachers to develop and design interdisciplinary teaching programs by visiting exhibitions and to improve children's esthetic learning ability and expand their horizons. There are art pieces of occidental masters, such as Millet, Vincent van Gogh, Chagall, etc. and oriental masters and paintings, such as Fan Kuan's "Travelers among Mountains and Streams", Huang Gongwang's "Dwelling in the Fuchun Mountains", and so on. The exhibition was held in 22 cities and counties and participated by 260 schools. 26 training programs for teachers were held, and 1,221 seed instructors and 5,766 little art guides were cultivated in the program. This activity was held with a total of 2,074 tour sessions during 12 years, and the the number of participants is now over 3.3 million.

The Quanta "Immersed in Creativity" Oversea Project cooperated with Chinese independent high schools in Malaysia and organized "Oriental Croissant: Song Dynasty Culture Exhibition" in Chung Hwa High School in Muar, attracting more than a thousand visitors. The new exhibition "A Visionary Perspective: Beauty in the Micro" was held in Jakarta Taipei School in Jakarta, Indonesia. The Company took well-received Vincent van Gogh exhibition to Chinese Taipei School in Kuala Lumpur in order to make students in local Taiwanese schools appreciate the essence and masterpieces of impressionism. Vincent van Gogh exhibition was also held along with annual Convention of Chair, Principalsand Parents of Taiwanese Schools in Foreign Countries. Dr. Leehter Yao, Political Deputy Minister of Education, and Datuk Wen-Chou Chiang, President of Chinese Taipei School (Kuala Lumpur), and other guests participated in the event.

#### **International Exchanges:**

Organize International Cultural Ambassador Competition to invite foreign students living in Taiwan to share their life experience and culture in elementary schools and junior high schools. In addition, the Company organizes"Our Friends"Competition to encourage Taiwanese high school, vocational high school, and junior college students and studentsof foreign sister schools to develop pen pal relationships to exchange their viewpoints of themselves and the world. 106 schools participated in this competition.

#### **Immersed in Creativity**

#### Major Achievements

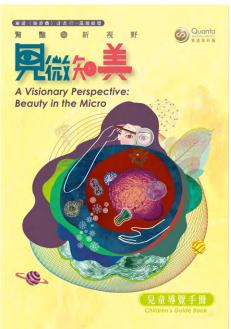
From 2004 to 2017, a total of 2,074 tour sessions were held in schools of 22 cities and counties. In 2017, the "Immersed in Creativity" project toured 22 cities and counties in Taiwan; 26 teaching program sessions were held with 1,221 seed instructors and 5,766 little art guides trained in the program. A total of 226,632 people participated in this project. We put a lot of effort into art education and carried out an educational revolution: from the teachers' and students' perspective, "Immersed in Creativity" project did bring a great positive impact on education.

In 2017, the Company held a new tour exhibition named "A Visionary Perspective: Beauty in the Micro", which is project no. 27 of Quanta's "Immersed in Creativity". In this project, the students need to use every sort of nature observation tools and methods to observe microscopic world and to discover different behaviors and phenomenon of tiny creatures hiding in some places.

The objectives are to lead students to appreciate the aesthetical elements, including colors, orders, proportion, structures and texture. In addition, the application of important scientific discoveries and practices that we can use in our life is also introduced. This program not only broadens students' horizons but also promotes the importance of "curiosity" and "keen observation".



Quanta "Immersed in Creativity" Program Coverage



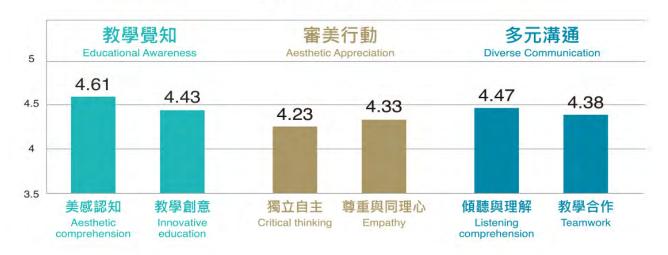
Quanta "Immersed in Creativity" Program 27 :

"A Visionary Perspective: Beauty
in the Micro" Touring Exhibition

#### Impacts

#### Impacts on Teaching Effectiveness

五等分量表 · N=643 5-point scale, N=643



#### Impacts on Student Behavior

#### 五等分量表·N=643 5-point scale, N=643





The opening of Chagall exhibition at Xia Yun Elementary School.



Hsinchu County Lufong Elementary School "Little Tour Guide – Millet Painting Exhibition"



Yunlin County Xinsheng Elementary School students are fascinated by the learning aids of "This is My Hometown" Exhibition.

#### **Creativity Competitions**

The 8th Quanta IIC Awards—Sharing Creativity & Announcing Winners of the IIC Awards

Co-hosted by M.O.E. and QCEF, the award ceremony and student Vanguard competition final round for the 8th Quanta Immersed in Creativity Awards was held at QRDC on July 1, 2017. Quanta Computer Chairman, Barry Lam and Political Deputy Minister of the Ministry of Education, Tsai Ching-hwa both attended the event, accompanied by V.I.P. representatives from the Ministry of Culture, Ministry of Justice, schools, museums and the Departments of Education. The awards ceremony for "Immersed in Creativity" presented the Creative Curriculum and Administrative Facilitator awards, followed with an exciting painting docent competition finale.



Opening ceremony of the 8th Quanta Immersed in Creativity Awards

Alliance leaders of Quanta "Immersed in Creativity" program for 2017-2018



The first prize recipients of the 8th IIC Awards embarked on a fulfilling "Overseas Exploring Reality Mission" in world-renowned museums in Netherlands and visited to Ambassador Tom Chou of Taipei Representative Office in the Netherlands.



Executive Director, Lori Hsu is seen here, engaging with a Kröller Müller Museum representative.



A curation in process, directing an audience, a series of Van Gogh's paintings at the Kröller Müller Museum.

3 years since its inception in 2014, the QCEF proudly co-organizes with Taiwan's National Museum of Natural Science to bring to students, the "Science Images Contest." Contestants gathered from Taiwan, Singapore, Malaysia, Hong Kong, Macau and China to admire the outstanding 62 award-winning photographs selected among hundreds of submissions. The "Quanta Youth Special Award" and "Barry Award" were conceived to inspire scientific observation skills among teenage students.



The 3rd Science Images Contest -"Waiting for the Moment > Through a Hidden Lens"



The 3rd Science Images Contest — "Southern Cross by Li, Rui"Lens"

#### Quanta's "Design Learning" Program

- The core elements of Quanta's "Design Learning" program are to evolve traditional teaching and learning methods by designing and curating exhibitions.
- The "Design Learning" program is inspired to transformTaiwan's education through the experience of curationexhibitions; this year's "Beauty of Hometown's programme curation theme inspired hundreds of students andteachers alike to come together to flip the classroom tobuild a better future in education.

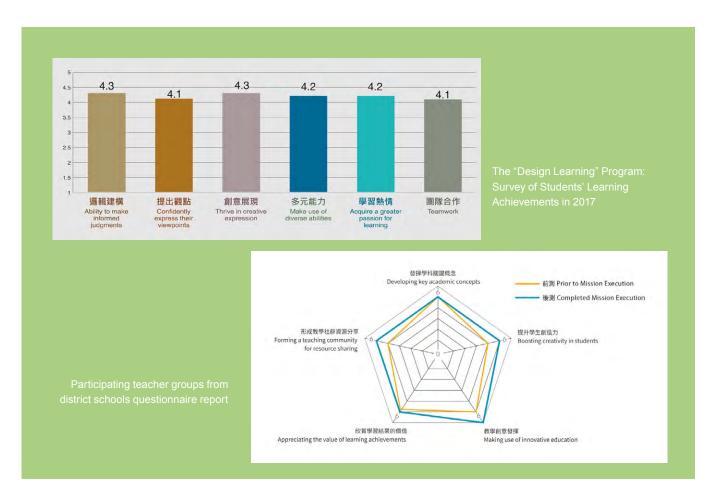
• QCEF hosts a training workshop for teachers — to take on the role of "Learning Designers" — with the goal of utilizing exhibition design and skills to facilitate into "exhibition planning missions." The workshop aims to foster an educational setting to designate students with "a mission to accomplish." With the start of a new semester, QCEF continues hands-on experience courses with a driving focus on exhibition planning with field trips to museums and take turns to engage in curating activities; enabling students to learn the principles of curating an exhibition and acquiring basic skills necessary to complete their educational "missions."

#### Students' Learning Achievements

In 2017, a questionnaire was conducted on 382 students within the design learning program; the results are as follows: After participating for one year, all participants experienced improvements in six major components: Ability to make informed judgments, Confidently express their viewpoints, Thrive in creative expression, Make use of diverse abilities, Acquire a greater passion for learning, Teamwork. The curating mission applies critical thinking abilities into practice, where they may implement various learning techniques to resolve problems and inspire their passion for learning.

#### Teachers' Teaching Achievements

A questionnaire was conducted among various teacher groups having participated in the 2017 program, of those involved in curating missions, observed that "the students have shown significant improvement in their creativity." Because the curating mission requires continuous trial and error, the teachers were greater inspired to be creative in designing missions and challenges that engage in proactive learning. In addition, the execution of each mission encourages participants to support and encourage one another, and enrich their educational resources.



#### **Teacher Workshops**





Partner teachers formed a teaching community in school to discuss how to help students solve their problems when executing their missions.

Teachers think outside the box with their "mission learning design" strategy.



Students join in experiencing exhibitions from a curator's perspective.



In groups, they practice planning an exhibition with guidance from a curator.



On stage, each group is seen taking turns presenting their exhibition as curators.

#### First achievement exhibition held at the National Taiwan Science Education Center

In April 2017, QCEF hosted an exhibition and exchange forum at the National Taiwan Science Education Center, inviting teachers from participating schools to demonstrate "thinking outside the box" strategy into students' work and transformations. The themes for the forum:



- Representatives from 55 Participating schools.
  - 2. Live Forum: "Design Learning" Program presentation.



3. Live Forum: Social exchange.





4. "Beauty of Action" Exhibition in Chiayi County Meilin Elementary School.

5. "Eternal Beauty" Exhibition conducted by New Taipei City Jhanghe Junior High School.





6. "Beauty of Life" Exhibition in Chiayi County Tung-Shih Elementary School.

## Quanta "Design Learning Program" was selected as Education, Parenting, Family Lifestyle "Thinking Big of Learning 100"

The "Design Learning" program currently running in its fifth year, with the most enthusiastic and innovative teachers throughout Taiwan, implementing their invaluable experiences, together creating a better future of education in Taiwan.









Quanta "DesignLearning" Program Honored with "Thinking Big of Learning 100" in 2017.

#### **Global Exchange**

#### Global Culture Ambassador

The Global Culture Ambassador (CA) program aims to help international students improve their Mandarin abilities, immerse in Taiwanese culture, gain in-depth interactions with locals and students through cultural exchange.

Started in 2014, the program is currently in its fourth year running, starting out working with only 40 language centers and Universities. Through much success throughout the years, our program has extended to 164 universities. The CA program has attracted more schools and international students to participate, such as with the first three years having 10 Candidates, to 15 Candidates in 2017. The Candidates visit schools throughout Taiwan and the outer lying islands to introduce the experience of their native culture in Mandarin, in exchange, inspiring Taiwanese students to appreciate their own culture and others while opening their minds and hearts to earn and explore.

#### Important Achievements and Influence

Inform friends from around the world of Taiwan's accomplishments with use of social media (such as Facebook and blogs). Share activities and news associated with studying in Taiwan to elevate Taiwan's status and visibility in the international community while promoting Taiwanese culture abroad with school visits and student missions so that students can learn about each other's cultures and viewpoints and promote bilateral international exchanges, allowing them to become most ideal spokespersons.



Group Photo of 2017 International Cultural Ambassadors, Culture Representative Nominees and Lori Hsu, Executive Director of Quanta Culture & Education Foundation

#### Our Friends: Global Engagement

This is the first year held for the "Our Friends" program for QCEF, inviting Taiwan's senior High Schools to pair with their international sister schools overseas for a unique experience. In total, 106 schools in Taiwan and overseas engaged in a fun and intensive cultural exchange, learning about languages, famous landmarks, history and local life. It's a small world when you have friends across the nations; Our Friends program leads the way.

#### **Public Outreach**

#### Quanta Creative DNA Scholarship Excelling through art

Since 2008, the QCEF has been sponsoring underprivileged children over the years, with Quanta staff contributing a portion of their salaries to disadvantaged families with children of unique artistic talents. In 2012, the "Quanta Creative DNA Scholarship" was introduced to annually sponsor artistic students, with a combined total of 528 underprivileged children from junior high and elementary schools (NT\$12,000 per student, sponsored) and senior high schools (NT\$30,000 per student, sponsored).

Quanta Creative DNA Scholarship					
Year	Education Leve	Creative DNA / persons	TFCF / persons	Number of persons	Grand Total
	Primary School	87	27	114	1,368,000
2012	Secondary School	2	17	19	570,000
	Primary School	48	22	70	840,000
2013	Secondary School	12	11	23	690,000
	Primary School	25	23	48	576,000
2014	Secondary School	6	12	18	540,000
	Primary School	41	20	61	732,000
2015	Secondary School	12	12	24	720,000
	Primary School	32	20	52	624,000
2016	Secondary School	8	12	20	600,000
	Primary School	41	10	51	612,000
2017	Secondary School	12	16	28	840,000
		Total		528	8,712,000

#### Quanta volunteers

From "A Visionary Perspective:

Beauty in the Micro" to caring through art

Chairman Barry Lam once stated "Aesthetics is a form of spiritual life that everyone should be given the opportunity to enjoy." To provide disadvantaged children with a rare up-close and personal experience with art, QCEF has invited the children from Taipei Happy Mount Colony to Quanta headquarters to view the "A Visionary Perspective: Beauty in the Micro" exhibition. With many of these children are suffering from severe disabilities, Quanta volunteers entertain them with art, and stories.

New era of digital service – Providing coding education to remote townships

Applying coding education into the new era, Quanta volunteers combine the expertise of engineers with QCEF, to help children from remote townships connect with the world.

#### **IDEAS Lab.-Innovative Education Grant Program**

QCEF's "IDEAS Lab: Innovation Education Grant Program" encourages creation, innovation and cultural awareness through diverse art activities and global exchange. The program in 2017 can be categorized into four major parts: (1) Creative Education, (2) Global Exchange, (3) School of Dreams, and (4) Magic Classroom. A total of 27 schools and groups were sponsored by QCEF, resulting in hundreds of thousands of beneficiaries. Positive benefits within these sponsored programs include: gaining perspectives, confidence and awareness, understanding core values, impact of culture and customs.



"Seeing the Beauty of Daliao-Kids, Let's Be Creative with Art"-Kaohsiung Municipal Daliao Elementary School



"2017 Education Exchange Program between Hualien County CC Group School and Cumbria, UK" – Hualien County Municipal Hua Gang Junior High School.

#### **Magic Classroom**

"Magic Classroom" – The Undergraduate Innovative Learning Program" encourages students to become proactive creators through learning, experimenting and sharing. Students from various professional backgrounds unite to problem solve through strategic thinking, teamwork and communication in a way only a group can.

The program concluded in students gaining a fresher perspective, clearer mind and efficient critical thinking skills. Areas in performance, grades and motivation excelled while the overall quality of student life improved through problem solving and time management skills adapted from their experience within the program.

#### **Collaborative Projects**

QCEF partners with outside forces to ensure that we are contributing the best for the future of education and children. This year's major collaborators include the National Taiwan Science Education Center and the Natural Museum of Science, bringing to an ample audience, a diverse selection of art, culture, popular science and environmental education. Collaborations with news media promoting culture and art activities include "TeamLab: Dance! Art, Exhibition, Learn & Play! Future Park," "Exposition du 30 Anniversaire du Musée d'Orsay Taiwan," "Antoni Gaudi Exhibition – Architect of God," "Zaha Hadid Architects – Global Design Laboratory" and "Egyptian Mummies From the British Museum," benefitting over 600,000 in audience.

#### **Employee Art Program**

A private event for Quanta employees, "Employee Art Program" provides exhibitions, theater, and other events to take them from a business environment, to one full of artistic ambiance. Having accumulated over 40 exhibitions and workshops since its inception, "Art in Abundance" hosts eight to nine annual culture and art events, allowing the audience to get up and personal with art unlike any other exhibitions.

#### **Public Policy Participation**

Quanta Culture & Education Foundation has spared no effort to improve Taiwan's educational quality by participating in meetings of education issues and cooperating with schools for a long period of time. Regarding Taiwan's education, QCEF also provides specific and constructive advice for the Government and cooperative institutions.

Experience Working on Collaborative Projects with Schools				
Types of Participation	Organizer	Duty		
New Taipei City 2017 junior high school and elementary school culture & arts and humanities teaching development and promotion task force.	Education Department, New Taipei City Government	Commissioner		
Aesthetics Education Program Advisory Committee	Ministry of Education	Commissioner		
Curriculum guideline for special needs art class	K-12 Education Administration, Ministry of Education	Commissioner		
NPUST 2016 internal performance appraisal	National Pingtung University of Science and Technology	Evaluation commissioner		
NPUST 2016 internal performance appraisal	Ministry of Education	Book review commissioner		
2017 grants by M.O.E. for technological and vocational colleges for teacher-student improvement projects	Department of Technical Vocational Education and Training	Review commissioner		
New Taipei City Arts Education Contribution Award jury panel	Education Department, New Taipei City Government	Commissioner		
2017 Aesthetics Education Lecture – Pingtung session (October)	Ministry of Education	Keynote speaker		
2017 International Symposium on Aesthetics Education	National Academy for Educational Research	Panelist		
National Museum of Taiwan HistoryAdvisory panel	National Museum of Taiwan History	Advisory Commissioner		



Executive Director, Lori Hsu receiving invitation for the International Symposium on Aesthetics Education.

## Quanta Arts Foundation

Arts and culture are the spiritual nourishment of society for they reflect the spiritual strength of society. We shall preserve and maintain traditions, encourage innovation, actively promote integration of technology and art, and integrate social organizations to create material and spiritual aspect benefits for the group.

"Technology needs the humanities to generate warmth." In 2010, Chairman Barry Lam invited important individuals in the fields of the arts and humanities. Mel Yang was named as the Executive Director to establish (QAF) that is primarily focused on promoting performance arts. The Foundation has a unique feature of going Beyond Art. Since the era of technology is constantly undergoing sweeping changes, QAF maintained similar technological approaches to align itself with modern trends and was therefore armed with an extraordinary vision.

Performing art groups in Taiwan constantly face inadequate budgeting, shortages of marketing and exposure channels, and the issue of audience population development. Despite having plenty of professionals in script writing, direction, performance, and technical details, Taiwan lacks comprehensive resources or partnerships with entities that have the artistic vision capable of giving these professionals a stage where they can realize their true potential. Therefore, the goal of the QAF was to create a comprehensive resource integration platform that benefits investors, art professionals, and audiences.

"Quanta Arts Foundation" dedicates itself to promoting Taiwanese performance arts, starting from commissions to organizing Cross-strait City Art Festival, Technology Art Festival, Quanta Orchestra Project, Musical Carnival, etc. The performance art environment is growing with a high rate of speed. The "talents" are the main source of vitality. Therefore, Quanta Arts Foundation focuses specially on "Cultivation of Talents" and cooperation with cross-strait academic and performance institutions to realize education ideals, create relevant programs and workshops and add a new force to Taiwanese or even Chinese theater industry.

#### **Strategies**

Policies were established with the primary directive of preserving cultural traditions while encouraging innovation. To promote Chinese performing arts in the international community, the Foundation shall actively support the incorporation of technology with art and promote dialog and exchange in the field of Chinese performance arts.

- Many believe that technology and art are incompatible like opposite sides of a libra. QAF, on the other hand, believes that technology is a key element for enabling advancement and integration of modern art.
- While traditional values and modern advances fight for influence, QAF instead designed a creative route where technology and art mutually support each other.
- As rifts began to develop within the Chinese speaking community, QAF actively proposed steps for dialog and exchange to overcome barriers and obstacles to attain greater cultural achievements.

#### Vision

#### The commissioned works:

The commissioned works: Since 2011, 80 excellent performance art pieces have been created. From three aspects, namely "Talent Selection, Talent, Resource", Quanta Arts Foundation is going to continue encouraging Taiwanese performance to create more new subjects, develop new opportunities, expand the planning and establishment of creative media and establish more versatile marketing channels for arts performance groups.

#### Technological Arts:

From 2014 to 2017, Quanta Arts Foundation will keep promoting Taiwanese excellent art pieces to the world via "QA Ring International Inter-Disciplinary Project".

#### Cross-Strait Exchange:

In 2012, the Beijing Office was established to conduct matchmaking of local units with Taiwanese teams. It successfully brought the reputation of Taiwanese brands to local areas. Cross-strait City Art Festival created a new Chinese-generation trend. In 2017, the connection between Chinese-language performing arts and Southeast Asia has been formed, combining geographical and human development advantages and deepening the performance art exchange in Chinese-speaking regions.

#### **Core objectives**

#### **Encourage new works**

#### Seven Years of Commissioned Works

Since Quanta Arts Foundation launched its "The Commission Works" project in 2011, there are already 80 pieces of new Taiwanese art performance. This project focuses mainly on "Three-dimensional Performance""Theme", "Talent" and "Intellectual Property". From art piece theme selection, content development, assistance in production process, marketing for performance to the promotion after the performance, it is a comprehensive assistance procedure. For this reason, all art pieces set a new record in the market of year 2017.

#### **Commissions in 2017**

- CMUSICAL- "One Fine Day"
- Open Theater Group- "Before We Go To Mars"
- The Party Theatre Group- "White Storyteller"
- Our Theatre- "The House in the Water"
- Flying Group Theatre- "Utopia Zoo"

- T.T.C. Dance- "Cabinet"
- Mei Jo-Ying x Sasha Limen. H "To be Continued"
- WCdance- "The Wind Rises"
- Voleur du Feu Theatre- "Qibla"
- Shakespeare's Wild Sisters Group- "Co-existence"

#### 2017 Performances in Quanta Hall

- Spring Shining Art Festival: Vesselin Solo Violin Concert, Otheatre- "Easter Short Ear Rabbit", M.O.V.E Theatre-"The Lost Sperm", Story Works- "Three Storytellers"
- Quanta Orchestra Festival: "Sebastian See-Schierenberg Violin Concert", Gold Brass Five- "Brass! Bravo!"
- Quanta Art Summer Festival: "Love and Courage- Summer Festival Kimodameshi"
- Black Box Art Festival: Four Fun Theatre -"The Poker Face Boy", Co-coism -"Ever Never", CMUSICAL -"Meant to Meat"
- Non-classical Music Festival: Dacondacome- "Dacon Bird, Curved Flying", Sizhukong Jazz Band- "Come Holding Hands- 2017 Concert"
- End-year Relaxing Collections: bePLaY- "Mr. La Hong, How Are You?", Spring Sun Performing Arts Troupe- "My Mom, My Wife and My Mother-In-Law", Godot Theatre Company - "The Manners that Boss Keeps from You"
- Cross-strait City Art Festival: National Theatre Company of China- "Russia", Yi Nuo Workshop- "Green Cloth Da Vinci".

#### Musical Talent Cultivation Program

Quanta Arts Foundation focuses on scouting for new-generation musical theater composers and actors/ actresses by organizing three main activities in campus: "Residual Teaching of Musical Theater in High School ", "High School Musical Theater Inter-school Competition" and "Musical Theater Composition Competition Reality Show". This program cannot only provide an important occasion for musical theater composer talents to share their experience but also inspire audiences of different generations to admire original musical theaters. In this way, we will make more and more people fall in love with musical theaters.

#### **Technological Arts** -

Proactively exchange ideas and information with local areas, art industry and technology industry to break down barriers and obstacles and achieve a higher cultural achievement.

#### QA Ring International Inter-Disciplinary Project

Four years after launching annual "QA Ring International Inter-Disciplinary Project", Quanta Arts Foundation succeeded in pushing Taiwanese young artists on the global stage in the hope of cooperating with international organizations, creating an integrated exchange location and leading Taiwanese composers to the world. "QA Ring International Inter-Disciplinary Project" starts a deep exchange model "Discussing and Guiding Online - Workshop - International Mobility" and invites international counselors and project teachers to help in accomplishing the art works. The results are shown as below:

- Global Tour: Performance "Étude" in Click Festival of Denmark and Ars Electronica of Austria
- 2017 New Production of "L'Enfant": It is a dual creation by digital artists and He-Lin Luo and Yi-Chun Chen. Based on the aircraft, the issues such as ethnic, immigration, life and death, are discussed. The production is represented by four phases of devices and images, which stimulate views' reflection and compassion in real life.

#### Stage Exhibits: A Platform for Promoting Arts in Chinese-speaking Regions

Quanta Arts Foundation and National Culture and Arts Foundation cooperated and released the "Stage Exhibits: A Platform for Promoting Arts in Chinese-speaking regions" project focusing on "promotion", "matchmaking" and "cultivation". In 2017, the connection between Chinese-language performing arts and Southeast Asia has been formed, combining geographical and human development advantages and deepening the performance art exchange in Chinese-speaking regions and to build up a perfect promotion platform for the Taiwanese art groups.

#### Exchange Conference for Taiwanese Performing Art Groups in Mainland China

"Taiwan in Focus" is the main theme of year 2017. Taiwanese excellent and representative theatrical plays, dancing, music and crossover performance are exhibited in Beijing. The introduction video is used to help artists build connections with experts of the industry. In the meantime, recommended lecturers share their performing experience in Taiwan to achieve the cross-strait sharing of performing arts resources as well as experience in response to the main them of the Arts Fair.

#### Chinese-language Performing Arts Forum

Since 2017, the "Stage Exhibits: A Platform for Promoting Arts in Chinese-speaking Regions" project is going to expand its territories to Southeast Asia and South Asia. Taiwanese theatre professionals are invited to visit Singapore. The round table conference is held with the theme of "Nanyang Cooperation". With the assistance of Singapore pioneering performing arts theatre practices, the most important representatives of art industry in Taiwan, Singapore and Malaysia gather together to initiate projects, according to Chinese-speaking region teams, supply and demand matching mechanism, resource sharing and initiative, and build up a long-term cooperative relationship.

#### Chinese Art Gathering International Forum

Chinese Art Gathering International Forum invited art festival representatives in Chinese-speaking regions, such as Singapore, Malaysia, Shanghai, Hong Kong, to organize forums, visits, promotion meetings, performance, etc. On the basis of the theme, "Crossdomain Cooperation and Forging Ahead Together in Chinese-speaking regions", they had a deep exchange with Taiwanese performing art teams.

#### 2017 Cross-strait City Art Festival "Live Your Life"

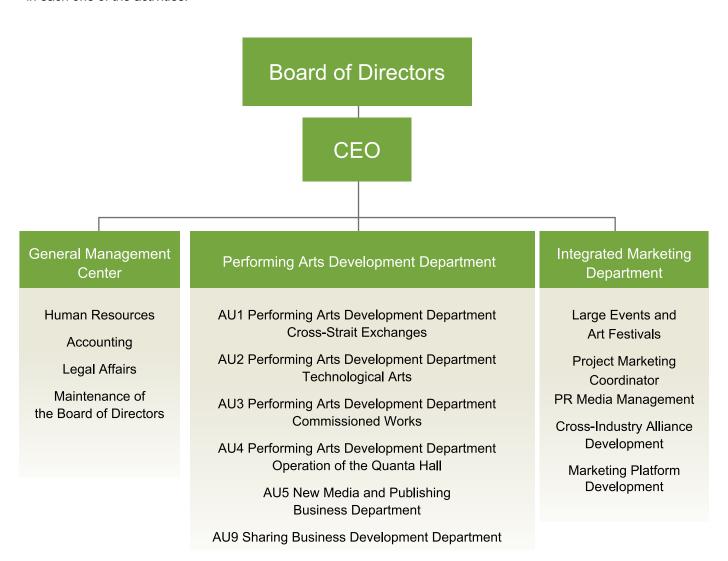
The Cross-strait City Art Festival is held by Quanta Arts Foundation, Chinese Culture Association, National Theatre Company of China and HHS International Cultural Exchange Center. Currently, it is the only brand for cross-strait art exchange. The festival has been held for 6 years with a total of 23 theatrical plays performing in Taiwan and with a total of 21 Taiwanese theatrical plays to Beijing. The performing list in 2017 (Beijing): CMUSICAL-"Meant to Meat", Yiru PAN x Shanshan LIU- "Dream Girls' Confession", Shakespeare's Wild Sisters Group- "Voice and Body Design Workshop" and Voleur du Feu Theatre- "Sisters"; the performing list in 2017 (Taipei): National Theatre Company of China- "Russia" and Yi Nuo Workshop- "Green Cloth Da Vinci".

#### **Art Training School -**

Art Training School dedicates itself to training talents of theater production, techniques and marketing and to developing theater's diversified programs. In 2017, the first program "Theater Techniques and Management Training Course" was held, and it was the first that Taiwan performing art industry ever had. The course domains include management, general education, stage, sound and video. The relevant units in Mainland China also invited Art Training School's mentors to run courses regarding theater operation, management and techniques. In addition, the Chinese students were taken to our locations in north, center and south of Taiwan to realize the cross-strait exchange of theatrical professional competencies.

#### Foundation's Investment

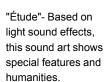
The personnel showed their competence in program production, large event planning, selection and marketing in each one of the activities.



#### Technological Arts



QA Ring International Inter-Disciplinary Project - The New Production of "L'Enfant" in 2017.





#### Commission Works



Fully subsidized popular musical "One Fine Day" sets a record of selling out all tickets for five performances.



Fully subsidized popular musical "One Fine Day" sets a record of selling out all tickets for five performances.

#### Commission Works



Residential teaching musicals in high schools

This is the first time to include high school musicals in the general education program



Project Runaway: Musical Theater Competition Reality Show

#### Cross-strait Cultural Exchange



"Southeast Asia Connection" Round Table Conference in Singapore



Exchange Conference for Taiwanese Performing Art Groups in Mainland China: Taiwan Special Session



Chinese Art Gathering International Forum invited art festival representatives in Chinese-speaking regions, such as Singapore, Malaysia, Shanghai and Hong Kong.



2017 Cross-strait City Art Festival "Live Your Life"

### Art Training School

Shanghai Culture Square "Theatre Management Professional Manager Training" Program
Mainland China's senior managers in charge of theater
operations and management visited Taiwan





First "Theater Techniques and Management Training Course" Program



Mission Statement: Start from the smallest things, and start from those around us Beautifying the environment and working alongside everyone

Quanta has established manufacturing sites in Shanghai, Changshu, as well as Chongqing. Security and stability in these areas will directly affect business activities in the company. Quanta's principles of truth, kindness, beauty, integrity, trust, and love were upheld in our efforts to contribute towards the society. In addition to providing local areas with employment opportunities and economic development, we also hoped to plan more activities, share the fruits of our work with the local communities, and spread love with our Charity Club.

The main themes of our project include environment care, respect for the elderly, thanksgiving, and community development. These efforts were aimed to promote environmental security and healthy cultural development in local communities. Proper planning and contingency measures for various communities were established as well. Both local women and men were invited to activities that included include tree-planting activities, Mother's Day celebrations, caring for children with autism, visiting senior citizens at retirement homes, and collecting clothing donations for residents in need in mountainous communities, etc. Such lessons also taught people how to care for their parents as well.

Quanta plants new trees every year to add greenness to the local landscape. The Club encouraged everyone to quit smoking to care for both the environment and their own health. On Earth Day, the Charity Club also supported efforts for reducing food, water, and electricity wastes. Charity activities were aimed to improve greater participation and continuing expansion of similar activities.

### Development project framework and summary information in 2017

	Table of community development projects	Problem resolution or other related adjustment measures
Environmental care	<ul> <li>Green home, Green Life, Green Quanta spring tree planting Event</li> <li>Environment Beauty and Protection Starts with Me Program</li> <li>Environmental Protection Starts with me: Yushan Environmental Protection Event</li> <li>Care for the environment, food resources, as well as water,</li> </ul>	<ul> <li>Limited event budget, thus unable to support the event and project completely: Expand sponsors and apply budget from the company.</li> <li>To overcome membership recruitment issues: In addition to recruitment</li> </ul>
Respect the elderly	power, and other resources.  Visit Nursing Home	posters and advertisements, registration services at various recruitment stalls at entrance and
Thanksgiving	<ul><li>Voice of Heart: Mother's Day</li><li>Father's Day Program</li><li>Mother's Day Thankfulness Program</li></ul>	exit locations of various sites, and showcase of club activities and achievements, a number of new recruitment measures were
Care about special education	<ul> <li>caring for children with autism.</li> <li>Caring for the children of migrant workers</li> <li>School (Talent Cultivation) Programs for the Migrant Worker's Children</li> <li>Visit to the Changshou Special Education School</li> </ul>	added as well, including: promotion during training for newly hired staff, providing registration services at various dormitories, LED panel ads, broadcasting ads, as well as reasonable arrangements and extend the recruitment period.
Charity	<ul><li>Charitable Blood Donation Program</li><li>Love is Happiness: Care-loving Angel Program</li></ul>	

# Integrated planning for internal organizations and human resource allocation

Integrated planning: Regular task performance assessments of various personnel

Human resource allocation: Preferences and interests were considered in deployment by region and profession

### Interacting with local residents

Quanta has consistently supported the healthy development of local communities and environments. Neighboring residents were invited to join Quanta in Mother's Day, Father's Day, and Double Ninth Festivals in order to gain better understanding of local cultures and customs while promoting awareness Quanta's Charity Club and encourage local participation.

### **Activity Snapshots**

### Journey of Love - Trip to Heilongjiang (QSMC)

The Company donated 500 sets of new tables and chairs, 500 sets of learning packages (including sporting goods, reading corners, schoolbags, cotton socks, souvenirs, etc.) to schools for providing a better learning environment to children. The local government offered praise and recognition for this program.





### **Blood Donation Program (QSMC/QCMC)**

Blood donation program held in 2017 expressed Quanta's gratitude for the love and sacrifice of society. Using love to show the gratitude for society. In the program, a total of 936 people working in Shanghai provide health education regarding blood donation.









In addition, after Jiuzhaigou earthquake in Sichuan, Quanta employees working in Chongqing participated in blood donation program as well to make contributions to the society.

### **Green Quanta - Tree Planting Program**

Conduct tree-planting programs to contribute our love to the Earth and give out a little strength of ourselves to make love come true and build up a beautiful home.





A total of 25 orange trees were planted in Shanghai Factory during that day (16 participants).





A total of 8 red plum trees were planted in Changshu Factory (35 participants).

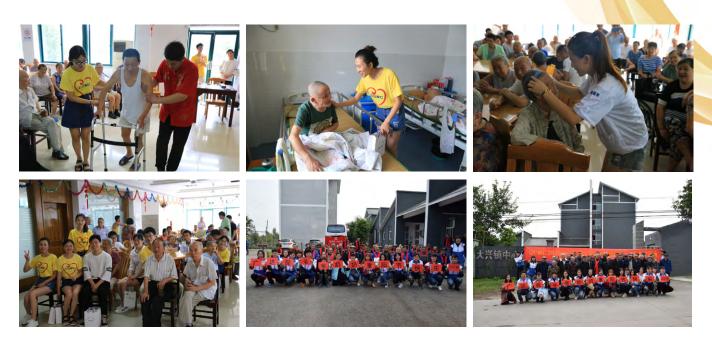
## Care and Love Exceptional Children in Changshu School of Special Education (for Children with Autism)

Quanta volunteers (of CSMC, with a total of 50 people) brought the game props, learning books and pens to play with children and open their heart.



### Program: Say Hello to Elders in Nursing Home

Members of Charity Club (in CSMC, with a total of 30 people) prepared a series of wonderful show and thoughtful presents and brought the elders in nursing home laughter! The elders in nursing home of Daxing center tasted dumplings and glutinous rice balls and had a happy and wonderful Double Ninth Festival!







Shanghai Charity Club went to nursing homes to hold activities, such as wonderful performance and shows, medical services and love-hairdressing.

### School (Talent Cultivation) Programs for the Migrant Worker's Children

To show our care for migrant workers' children, CSMC Volunteers (39 in total) sent flowers, stationery, thermos bottles, backpacks and so on to the students of the Migrant Worker's Children School (Talent Cultivation School) at Changshu City.





### **Jiuzhaigou Love Donation**

The news of Jiuzhaigou earthquake makes everyone anxious and worried. Once hearing this sad news, Quanta immediately donate 3 million RMB to help disaster areas make it through and rebuild their home.





### **Care Earth Day Program**

Shanghai Factory started the activity of "saving water and electronic energy" to protect the Earth together.



### External rewards and recognition

### **QCMC**



2017 Zhongxing Nursing Home Program
Offering Honor Flag

### QSMC



2017 Xinqiao Nursing Home Program Offering Honor Flag



2017 "Non-smoking Songjiang, build up Together" Program in Songjiang District Certificate of Appointment- Smoking-control Volunteers in Songjiang District





2017 Journey of Love, Trip to Heilongjiang- Offering Two Honor Flags to Two Schools (Suibin County Third Middle School/ Suibin Town Center School)





Corporate Social Responsibility Annual Report 2017

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# Appendix, GRI-G4 (Global Reporting Initiative) Table

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G4-33 The organization's policy and current practice with regard to seeking external assurance for the report	About the report		•
Governance			
G4-34 The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	Quanta CSR commitment: CSR Committee's structure: Identify of Quanta related economic, environmental and social issues Corporate governance and ethics: Corporate governance organizational structure	18	•
G4-35 Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Quanta CSR commitment: CSR Committee's structure: Identify of Quanta related economic, environmental and social issues	18	•
G4-36 Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	Quanta CSR commitment: CSR Committee's structure: Identify of Quanta related economic, environmental and social issues	18	•
G4-42 Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	Quanta CSR commitment: CSR Committee's structure: Identify of Quanta related economic, environmental and social issues	18	•
G4-51 Report the remuneration policies for the highest governance body and senior executives. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	Corporate governance and ethics: Remuneration policy	32	•
Ethics and Integrity			
G4-56 The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Corporate governance and ethics : Business Ethics	33-36	•
G4-57 The internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	Corporate governance and ethics : Business Ethics	33-36	•

GRI Index	Relevant chapters and Description	Page	External Assurance
Spe	ecific Standard Disclosures		
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Management Approach for Economic Performance	Profile of Quanta Computer	25-29	•
EC-1 Direct economic value generated and distributed	Profile of Quanta Computer : Economic performance		•
Management Approach for Market Presence	Profile of Quanta Computer Employee Overview		•
EC-5 Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Ratios of standard entry level wage by gender Employee Overview: Ratio of Base Wage between Male and Female Employees		•
CATEGORY: ENVIRONMENTAL			
Management Approach for Energy	GHG management	70-75	•
EN-3 Energy Consumption within the organization	GHG management	70-75	•
Management Approach for Water	Effluents and Waste : Water Resource Management	63-66	•
EN-8 Total water withdrawal by source	Effluents and Waste : Water Resource Management	63-66	•
Management Approach for Emissions	GHG management	70-75	•
EN-15 Direct greenhouse gas (GHG) emissions (scope 1)	GHG management		•
EN-16 Energy indirect greenhouse gas (GHG) emissions (scope 2)	G) GHG management		•
EN-18 Greenhouse gas (GHG) emissions intensity	GHG management	70-75	•
Management Approach for Effluents and Waste	Effluent and Waste	62-69	•
EN-22 Total water discharge by quality and destination	Eharge by quality and destination		No process wastewater. Voluntary disclosures of domestic effluent.
EN-23 Total weight of waste by type and disposal method	Effluent and Waste:Industrial Waste Management		•
Management Approach for Compliance	Corporate governance and ethics : Compliance with company regulations	36	•
EN-29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Corporate governance and ethics : Compliance with company regulations	36	•
Management Approach for Supplier Environmental Assessment	Green Supply Chain Management	77-80	•

GRI Index	Relevant chapters and Description	Page	External Assurance
Spe	ecific Standard Disclosures		71000101100
EN-32 Percentage of new suppliers that were screened using environmental criteria	Green Supply Chain Management : Supplier Management Criterion	77-79	•
CATEGORY: SOCIAL			
Management Approach for Employment	Employee relationship	41-47	•
LA-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Employee relationship: Full-time employees benefits	43-44	•
LA-3 Return to work and retention rates after parental leave, by gender	Employee relationship: Reinstatement rate of parental leave	44-45	•
Management Approach for Occupational Health and Safety	Occupational Health & Safety Management	57-61	•
LA-5 Percentage of total workforce represented in formal joint management—worker health and safety committees that help monitor and advise on occupational health and safety programs	Occupational Health & Safety Management: Taiwan- Occupational Health and Safety committee; China-Organization of EHS Management Committee	57-58	•
Management Approach for Training and Education	Talent Development	48-55	•
LA-9 Average hours of training per year per employee by gender, and by employee category	Talent Development	48-55	•
Management Approach for Diversity and Equal Opportunity	Employee Overview : Employee diversity and equal opportunities	38	•
LA-12 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Employee Overview : Employee Structure Employee Overview : Age categorization and analysis	38 39	•
Management Approach for Supplier Assessment for Labor Practices	Green Supply Chain Management	77-80	•
LA-14 Percentage of new suppliers that were screened using labor practices criteria	Green Supply Chain Management: Supplier Management Criterion	77-79	•
HR-10 Percentage of new suppliers that were screened using human rights criteria	Green Supply Chain Management : Supplier Management Criterion	77-79	•
Management Approach for Supplier Assessment for Supplier Assessment for Impacts on Society	Green Supply Chain Management : Supplier Management Criterion	77-79	•
SO-9 Percentage of new suppliers that were screened using criteria for impacts on society	Green Supply Chain Management : Supplier Management Criterion	77-79	•
Management Approach for Investment	Talent Development	48-55	•

GRI Index	Relevant chapters and Description	Page	External Assurance
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Management Approach for Non-discrimination and Unforced Labor	Employee relationship: Anti-discrimination and unforced labor measures	45-46	•
HR-3 Total number of incidents of discrimination and corrective actions taken	Employee relationship: Anti-discrimination and unforced labor measures	45-46	•
HR-6 Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Employee relationship: Anti-discrimination and unforced labor measures	45-46	•
Management Approach for Child Labor	Employee Overview : No child labor and protection of young workers	40	•
HR-5 Operations and suppliers identified as having significant risk for incidents of labor, and measures taken to contribute to the effective abolition of child labor	Employee Overview : No child labor and protection of young workers	40	•
Management Approach for Human Rights & Labor Practices Grievance Mechanisms	Employee relationship : Communication and appeals for labor practice and human rights issues	46-47	•
HR12 Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Employee relationship : Communication and appeals for labor practice and human rights issues	46-47	•
LA16 Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	Employee relationship : Communication and appeals for labor practice and human rights issues	46-47	•
Management Approach for Local Communities	Social Participation	87-115	•
SO-1 Percentage of operations with implemented local community engagement, impact assessments, and development programs	Social Participation	88	•
Management Approach for Anti-corruption	Corporate governance and ethics : Business Ethics	33-36	•
SO-4 Communication and training on anti-corruption policies and procedures	Corporate governance and ethics : Business Ethics	33-36	•
Management Approach for Compliance	Corporate governance and ethics: Compliance with company regulations	36	•
PR-9 Monetary value of significant fines for non- compliance with laws and regulations concerning the provision and use of products and services	Corporate governance and ethics: Compliance with company regulations	36	•

GRI Index	Relevant chapters and Description	Page	External Assurance
Specific Standard Disclosures			
Management Approach for Customer Health and Safety	Green Quality Management	83-86	•
PR-1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Green Quality Management	83-86	•
PR-2 Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Green Quality Management	83-86	•
Management Approach for Product and Service Labeling	Green Quality Management : Customer satisfaction	86	•
PR-5 Results of surveys measuring customer satisfaction	Green Quality Management : Customer satisfaction	86	•
Management Approach for Customer Privacy	Corporate governance and ethics : Business Ethics	33-36	•
PR-8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Corporate governance and ethics : Business Ethics	33-36	•

Note: No specific content of indexes disclosed in this report is omitted.





#### INDEPENDENT ASSURANCE STATEMENT

To: The Stakeholders of Quanta Computer Inc.

### Introduction and objectives of work

**Bureau Veritas Certification Taiwan** has been engaged by **Quanta Computer Inc.** to conduct an independent assurance of its **2017 Quanta Corporate Social Responsibility Annual Report**. This Assurance Statement applies to the related information included within the scope of work described below.

This information and its presentation in the **2017 Quanta Corporate Social Responsibility Annual Report** are the sole responsibility of the management of **Quanta Computer Inc..**.Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on its content.

### Scope of work

The assurance process was conducted in line with the requirements of the Assurance Standard AA1000AS (2008) Type 1 assurance. The scope of work included:

- Data and information included in 2017 Quanta Corporate Social Responsibility Annual Report for the 1<sup>st</sup> January, 2017 to 31<sup>st</sup> December, 2017;
- Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported;
- Evaluation of the Report against the main principles of the AA1000 Assurance Standard (2008)<sup>1</sup>
  - Inclusivitiy
  - Materiality
  - Responsiveness
- Evaluation of the Report against the principles of Stakeholder Inclusiveness, Sustainability Context, Materiality, Completeness, Balance, Comparability, Accuracy, Timeliness, Clarity, and Reliability, as defined in the GRI Sustainability Reporting Guidelines G4.

The levels of assurance have been applied as high assurance.

### Methodology

As part of its independent assurance, Bureau Veritas undertook the following activities:

- 1. Interviews with relevant personnel of **Quanta Computer Inc.**;
- 2. Review of documentary evidence produced by Quanta Computer Inc.;
- 3. Review performance data listed in report with sampling basis;
- 4. Site visits to headquarter in Taoyuan, Taiwan;
- 5. Review of **Quanta Computer Inc.** data and information systems for collection, aggregation, analysis and review.

<sup>&</sup>lt;sup>1</sup> Published by AccountAbility: The Institute of Social and Ethical Accountability <a href="http://www.accountability.org.uk">http://www.accountability.org.uk</a>



**BUREAU VERITAS** 



Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Assurance of Sustainability Reports, based on current best practice in independent assurance.

The work was planned and carried out to provide reasonable, rather than absolute assurance and we believe it provides a reasonable basis for our conclusions.

### **Our findings**

On the basis of our methodology and the activities described above, it is our opinion that:

- The information and data included in 2017 Quanta Corporate Social Responsibility Annual Report are accurate, reliable and free from material mistake or misstatement;
- The Report provides a fair representation of Quanta Computer Inc.'s activities over the reporting period;
- The information is presented in a clear, understandable and accessible manner, and allows readers to form a balanced opinion over Quanta Computer Inc.'s performance and status during the 1<sup>st</sup> January, 2017 to 31<sup>st</sup> December, 2017;
- The Report properly reflects the organisation's alignment to and implementation of the AA1000 Assurance Standard (2008) principles of Inclusivity, Materiality and Responsiveness in its operations. Further detail is provided below;
- Quanta Computer Inc. has established appropriate systems for the collection, aggregation and analysis of relevant information;

### Alignment with the principles of AA1000AS (2008)

### **Inclusivity**

**Quanta Computer Inc.** has processes in place for engaging with a range key stakeholders including socially responsible investors, clients, employees, supply chain and local community; and has undertaken a number of formal stakeholder engagement activities in 2017 covering a range of aspects such as Economic, Social and Environment.

### Materiality

The Report addresses the range of environmental, social and economic issues of concern that **Quanta Computer Inc.** has identified as being of highest material importance. The identification of material issues has considered both internal assessments of risks and opportunities to the business, as well as stakeholders' views and concerns.

### Responsiveness

**Quanta Computer Inc.** is responding to those issues it has identified as material and demonstrates this in its policies, objectives, indicators and performance targets. The reported information can be used by the organisation and its stakeholders as a reasonable basis for their opinions and decision-making.

### Key areas for ongoing development

Based on the work conducted, we recommend **Quanta Computer Inc.** to consider the following:

 It is suggested that the results of surveys of interested parties during the reporting period be added to the report, not only to customer satisfaction, but also to the satisfaction of responding to operational locations and material topic. (SUSTAINABILITY CONTEXT)





### **Limitations and Exclusions**

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period;
- Positional statements (expressions of opinion, belief, aim or future intention by Quanta Computer Inc.) and statements of future commitment.

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report.

### Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social and Environmental management with more than 190 years history in providing independent assurance services. Bureau Veritas 2017 full year revenues reached 4.69 billion euros. The Group's adjusted net profit for 2017 reached 746 million euros.

Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities. We are particularly vigilant in the prevention of conflicts of interest.

No member of the assurance team has a business relationship with **Quanta Computer Inc.**, its Directors or Managers beyond that required of this assignment. We have conducted this verification independently, and there has been no conflict of interest.

The assurance team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, has over years combined experience in this field and an excellent understanding of Bureau Veritas standard methodology for the Assurance of Sustainability Reports.

### **Bureau Veritas Certification Taiwan**

3F-B, No. 16, Nanjing E. Rd., Sec. 4, Songshan District, Taipei 10553 , Taiwan R.O.C. 14<sup>th</sup> June, 2018





Technical Reviewer:_	Adriler	Date: 14/June/2018
	Lin	
Assurer :_		Date: 14/June/2018





### **Quanta CSR communication Questionnaire**

To every stakeholder that pays close attention to Quanta! We sincerely invite you to give us your precious opinions, thank you!

○ Shareholder, investor	○ Customer	○ Supplier
○ Quanta Employee	○ Local community	○ School, research institution
O Public welfare organization, cultural &	○NGO	○ Government
educational organization	○ Media	Third-party certification
Fellow manufacturer in the industry	O Professional association	institute
○ Insurance firm		
○ General public	Other (please describe)	
We wish to understand Your Depa	rtment:	
We wish to understand Your Depa	rtment:	
	rtment:	
We wish to understand Your Depa  Quanta CSR overall issues	rtment:	
	you most in Quanta CSR annual	report.
Quanta CSR overall issues  Please let us know what would interest to the concern : 5-Very High /4-High	you most in Quanta CSR annual /3-Average/ 2-Low/ 1-Very Low)	report.  Degree of concer
Quanta CSR overall issues Please let us know what would interest	you most in Quanta CSR annual /3-Average/ 2-Low/ 1-Very Low)	
Quanta CSR overall issues  Please let us know what would interest to the concern : 5-Very High /4-High	you most in Quanta CSR annual /3-Average/ 2-Low/ 1-Very Low)	Degree of concer
Quanta CSR overall issues  Please let us know what would interest of Concern: 5-Very High /4-High of Cuanta "Immersed in Creativity" Programments of the Concern of C	you most in Quanta CSR annual /3-Average/ 2-Low/ 1-Very Low) ject:	Degree of concer  5 4 3 2
Quanta CSR overall issues  Please let us know what would interest (Degree of concern: 5-Very High /4-High)  Quanta "Immersed in Creativity" Pro	you most in Quanta CSR annual /3-Average/ 2-Low/ 1-Very Low) ject: ng the organization's purpose, values, an	Degree of concer  5 4 3 2
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Quanta CSR overall issues  Please let us know what would interest to the company of the highest governance body in setting. The competencies and performance evaluation of the highest governance evaluation.	you most in Quanta CSR annual /3-Average/ 2-Low/ 1-Very Low)  ject:  Ing the organization's purpose, values, an of the highest governance body  management ainability reporting	Degree of concer  5 4 3 2  d strategy  0 0 0 0  0 0 0 0

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CATEGORY: ECONOMIC	Degree of concern
	5 4 3 2 1
Economic Performance	
Market Presence	
Indirect Economic Impacts	
Procurement Practices	
Quanta "Immersed in Creativity" Project:	Degree of concern
	5 4 3 2 1
Materials	
Energy	
Water	
Biodiversity	
Emissions	
Effluents and Waste	
Products and Services	
Compliance	
Transport	
Overall	
Supplier Environmental Assessment	
Environmental Grievance Mechanisms	0000
CATEGORY: Social Labor Practices and Decent Work	Degree of concern
	5 4 3 2 1
Employment	
Labor/Management Relations	
Occupational Health and Safety	
Training and Education	
Diversity and Equal Opportunity	
Equal Remuneration for Women and Men	
Supplier Assessment for Labor Practices	
Labor Practices Grievance Mechanisms	

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CATEGORY: Social Human Rights	Degree of concern
<u> </u>	5 4 3 2 1
Investment	
Non-discrimination	
Freedom of Association and Collective Bargaining	
Child Labor	
Forced or Compulsory Labor	
Security Practices	
Indigenous Rights	
Supplier Human Rights Assessment	
Human Rights Grievance Mechanisms	
CATEGORY: Social Society	Degree of concern 5 4 3 2 1
Local Communities	
Anti-corruption	
Public Policy	
Anti-competitive Behavior	
Compliance	
Supplier Assessment for Impacts on Society	
Grievance Mechanisms for Impacts on Society	
CATEGORY: Social Product Responsibility	Degree of concern 5 4 3 2 1
Customer Health and Safety	
Product and Service Labeling	
Marketing Communications	
Customer Privacy	
Compliance	
New issues you wish to recommend aside from the GRI-G4 aspects ad Global Reporting Initiative:	lvocated by the
Other opinions or suggestions:	

