

QUANTA
2013
CSR

2013 Quanta Corporate Social Responsibility Annual Report



Contents

■ About the report	01
■ Quanta Commitment & Stakeholders communication	03
- Message from Chairman & vice Chairman	04
- Quanta CSR commitment	05
- Stakeholders identification, communication and responsibility	06
■ Quanta Profile & Corporate governance	11
- Profile of Quanta computer	12
- Corporate governance and ethics	14
■ Human-Centric	18
- Employee overview	19
- Talent development	22
■ Love the earth	25
- Occupational Health & Safety Management	26
- Effluents and Waste	34
- GHG management	39
■ Green supply	43
■ Social Participation	46
■ Appendix -GRI (Global Reporting Initiative) -G4 Table	53
■ Independent Assurance Statement	58

About the report

Here in front of you, this Report is the 5th Corporate Social Responsibility (CSR) Annual Report released by Quanta Computer Group (Quanta) with annual frequency since 2010.

With the attentions and supports from senior supervisors, and via the endeavors of many divisions and personnel in the company, this report includes information on numerous companies, in Quanta Taiwan (QRDC : Quanta Research & Development Center) , Quanta Shanghai Manufacturing City (QSMC), Quanta Changshu Manufacturing City (CSMC) and Quanta Chongqing Manufacturing City (QCMC), but not including information on other Quanta Group companies worldwide. With timeframe of January 1st of 2013 to December 31st of 2013, and of course, still contains some mid and long term projects.

The report is prepared by adhering to guidelines GRI-G4 46 aspects, GRI Sustainability Topics for sectors-37 Technology hardware and equipment investigation results, annual report information from other companies and most admired companies to identify preliminary, important issues. Members of the CSR Committee and assessment team representatives also provided assessment and ranking of the organizational impact, advantages and disadvantages based on the AA1000 Materiality Test. With this report and principle of openness and transparency behind, it is hoped to depict the company' s important influence to the economy, environment and society. Quanta is disclosing and communicating company' s CSR strategy, action plans, execution progress and management performance, hoping to share more and in-depth information to the investors, customers, fellow workers, suppliers, local communities, local government and all those who are watching Quanta.

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, and the first applicable type of AA1000 (2008) is expected to be applied to moderate third-party certifications (Bureau Veritas Taiwan). Quanta' s CSR Committee members and senior executives will also participate in the verification process.

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

The report is written in Traditional Chinese and English, and announced via electronic media in "About Quanta" section on the company' s website www.quantatw.com, in accordance to the environmental protection principle. 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 non-official communication channels in order to ensure a consistent understanding between the external environment and the company.



QRDC (Quanta Research & Development Center)
Department: Human Resource Center
Address: No.211, Wenhua 2nd Rd., Guishan Township, Taoyuan County 33377
Contact window: Tracy Chen
Tel: +886-3-327-2345
Fax: +886-3-397-3003
Mail: qci.hr@quantatw.com

CSMC (Quanta Changshu Manufacturing City)
Department: Social Responsibility Management Department
Address: No.8, Jinzhou Road, High-tech Industrial Park, Changshu Economic Development Zone, Changshu, Jiangsu Province, P.R.China
Contact window: Collines Zhou
Tel: +86-0512-5236-0888
Fax: +86-0512-5236-0718
Mail: communication.ch@quantacn.com

QSMC (Quanta Shanghai Manufacturing City)
Department: Social Responsibility Management Department
Address: No.68, San-Zhuang Rd., Songjiang EPZ
Contact window: Collines Zhou
Tel: +86-21-3781-8168
Fax: +86-21-5774-8291
Mail: communication.ch@quantacn.com

QCMC (Quanta Chongqing Manufacturing City)
Department: Management Center
Address: No.18, Zongbao Road, Shapingba District, Chongqing, China 401332
Contact window: Sunny Hsiung
Tel: +86-23-8811-8168
Fax: +86-23-8811-9168
Mail: communication.ch@quantacn.com





Quanta Commitment & Stakeholders communication

Message from Chairman & vice Chairman	04
Quanta CSR commitment	05
Stakeholders identification \ communication and responsibility	06

Message from Chairman & vice Chairman

As technology advances at a staggering pace, big data, IOT and the internet all exert a profound influence on people' s lives and usage behaviors. We believe in the core values of technological applications; in terms of enhancing business, individual life, and work style, Quanta also plays the role of a social citizenship to constantly emphasize Strategic guidelines that are in-line with CSR.

- ◆ Constantly improving corporate governance and information transparency.
- ◆ Good communication and engagement with all stakeholders.
- ◆ Keeping up with the direction of international negotiations and category standards for new regulations.
- ◆ Paying close attention to the development of governing regulations.
- ◆ Through cloud computing, connectivity, and client devices, the concepts of Balanced, Beneficial, and Brilliant are realized using digital sharing, service sharing, and cultural sharing.
- ◆ Enhancing carbon information disclosure or carbon footprint certification.



- ◆ Understand people' s daily needs, enhance R&D and design thinking. Materialize people-oriented technologies and services.
- ◆ Promoting energy education comprehensively, enhancing earnestly the environmental awareness of all staff to realize energy-saving and carbon-reduction practices.
- ◆ Broadening the application of international standards.

Implement and maintain CSR management system to make sure company operations conform to national regulations, SA8000 international standard and EICC code of conduct, thereby constantly improving the company' s overall CSR performance.

Chairman

Handwritten signature of Barry Lam in black ink.

Vice chairman

Handwritten signature of C. C. Leung in black ink.

Compliance

- ◆ Compliance with SA8000 (Social Accountability 8000) \ EICC (Electronic Industry Code of Conduct) standards
- ◆ Compliance with related international laws, national and local laws and regulations.
- ✓ 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.

As an official EICC full member

It is the responsibility for Quanta Computer to comply with the announced EICC code of conduct in the process of product design, product manufacture, product sales, and the provisions of after-sales services to customers.



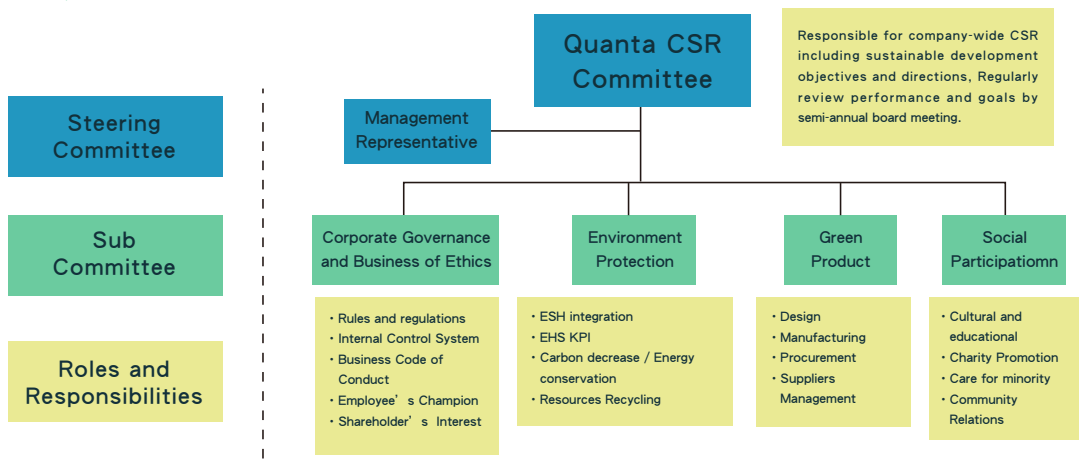
When suppliers supply products or services to Quanta or our affiliates, we request that suppliers support and comply with our CSR policy and the EICC code of conduct. We also audit our suppliers form time to time to realize CSR standards.

CSR Governance structure

Obey CSR

- ◆ Create sustainable value to the company. Upgrade the stakeholders' rights and interests.
- ◆ Ensure good corporate governance. Adhere to laws and regulations.
- ◆ Get involved actively and encourage employees to participate in cultural, public welfare, environmental protection, and energy saving activities.
- ◆ Manufacture green products to reduce impact on the environment.
- ◆ Devote ourselves to green research and development. Protect the global environment.

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



Stakeholders identification and communication

All communication affairs within the Company are primarily conducted by the Governance & Business Ethics Committee in order to ensure the transparency of information and 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.

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 four-point scale assessment based on the aforementioned six major principles.

Four major categories of stakeholders for Quanta Computer is identified by the four point scale assessment, including identified shareholders and investors, customers, suppliers and employees Community, school, public welfare organization, cultural & educational groups are classified in the community category. Considering the variety of attributes for each organization, the assessment of stakeholder identification is determined by the Employee Service Division based on their expertise. Note that third-party certification agency, government and other stakeholders that do not reach a score of 20 points or above is currently not included.

List of Stakeholders

Stakeholders	Important topics and aspects	Primary responsibilities for Quanta Computer	Communication means and channels
Shareholders and investors	<ul style="list-style-type: none"> ◆ Profitability ◆ Corporate governance (business ethics, anti-corruption etc.) ◆ Dividend policy and payout ◆ Compliance ◆ Risk Management ◆ Information disclosure and transparency 	<ul style="list-style-type: none"> ◆ 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 ◆ Provide real-time and accurate information in order to ensure the equality of information disclosure ◆ Provide sustainable and steady dividend pay-out policy and generate adequate return on investment 	<ul style="list-style-type: none"> ◆ Annual general shareholders' meetings ◆ Conduct conference calls and press conferences for institutional investors to announce quarterly financial reports and operational performance ◆ Timely disclose important announcements and financial information on the Market Observation Post System of Taiwan Stock Exchange Corporation and the Company' s website ◆ In additional to publishing major event announcements on the Market Observation Post System and the Company' s website, the Company also issues news releases or hold press conferences from time to time pending on circumstances ◆ An email and contact number are provided on the Company' s website in order to establish a comprehensive communication channel

		<ul style="list-style-type: none"> ◆ Clear and steady financial strategy, uphold company creditability and strong business performance 	<p>between the investors and the firm</p> <ul style="list-style-type: none"> ◆ A dedicated corporate IR (Investors Relations) department has been created ◆ To hold face-to-face meetings or telephone conferences with domestic and overseas institutional investors on a regular basis
Customers	<ul style="list-style-type: none"> ◆ Corporate governance (business ethics/anti-corruption etc.) ◆ Supply chain management (EHS, quality and compliance) ◆ Confidential information protection ◆ Compliance ◆ Risk Management ◆ Labor rights (non-discrimination; unforced labor) 	<ul style="list-style-type: none"> ◆ Provide the most competitive and high-quality products and services ◆ Provide an integrated solution including service of design, production, and logistics as well as improve customer satisfaction ◆ Form close, long-term, and trustworthy business partnerships with customers ◆ Advocate employee's responsibility for confidentiality and establish rules governing employees in situations when confronted by press 	<ul style="list-style-type: none"> ◆ QBR(Quarterly Business Review) ◆ Customer satisfaction survey ◆ Technology forum and seminar ◆ Meet customers' requirements and inspections on product quality, environment, and responsibility; cooperate with customers on prevention and improvement ◆ PIS - Advocacy and training of the rules governing employees in situations when confronted by press
Suppliers	<ul style="list-style-type: none"> ◆ Supply chain management (EHS, quality and compliance) ◆ Confidential information protection ◆ Compliance 	<ul style="list-style-type: none"> ◆ Promote legitimate and fair trade ◆ Understand environmental safety and health considerations and specifications ◆ Understand and provide assistance to Quanta for fulfilling social responsibilities 	<ul style="list-style-type: none"> ◆ Sign the Letter of Commitment to Environmental Protection ◆ Products must be tested by the accredited public laboratories ◆ Incoming inspection must be sampled and tested by the GP laboratory at Quanta ◆ green.quantacn.com ◆ sub.quantatw.com ◆ Green supply chain annual convention ◆ Annual audit of suppliers and contractors
Employees	<ul style="list-style-type: none"> ◆ Dividend policy and payout ◆ Compliance ◆ Salary, allowance and benefits ◆ Occupational safety and health ◆ Labor rights 	<ul style="list-style-type: none"> ◆ Ensure and respect human rights ◆ Promote employee development ◆ Provide legitimate and fair evaluation and treatment 	<ul style="list-style-type: none"> ◆ Bridge communications between supervisor and colleagues through face-to-face meetings from time to time ◆ Provide "70885 - please help me" staff service hotline and message bulletin ◆ Provide "70695 - please try



	<p>(non-discrimination; unforced labor)</p> <ul style="list-style-type: none"> ◆ Learning and growth (education program & training) 	<ul style="list-style-type: none"> ◆ Promote environmental health and safety ◆ Provide optional welfare and health promotion 	<p>to understand me” Complaint of sexual harassment hotline and mailbox</p> <ul style="list-style-type: none"> ◆ Equipped with on-site medical care staff to provide employees with medical consultation services ◆ Free annual health examination and consultation for employees ◆ Quanta Elite School provides five major ELITE programs based on different job functions to provide occupational training, development and feedback ◆ Employee satisfaction survey ◆ Quanta Quarterly Newsletter and bimonthly journal ◆ “Employee Assistance Program” personnel available at all production sites to provide instant support and feedback
Community	<ul style="list-style-type: none"> ◆ Compliance ◆ Risk Management ◆ Occupational safety and health ◆ Public Welfare Contribution 	<ul style="list-style-type: none"> ◆ Effective disaster and accident prevention and support ◆ Continuously promoting knowledge sharing and culture affluence ◆ Participate in various public welfare activities 	<ul style="list-style-type: none"> ◆ Quanta Culture & Education Foundation ◆ Quanta Arts Foundation ◆ Charity clubs at various manufacturing sites ◆ Communication affair responsible for collecting community feedback ◆ Maintain good interaction with competent authorities and participate in relevant seminars ◆ Exchange opinions with experts from MIT ◆ Participation in external activities



Note: All aforementioned communication channels are responsibilities and planned activities for each organization; no specific items are conducted for the purpose of report preparation.

Scope Identification on Major topics

The scope of data collection includes 46 aspects of GRI-G4, GRI Sustainability Topics for sectors-37 Technology hardware and equipment, as well as annual reports from peers in the industry. In sum, twenty-five stakeholder-related issues were identified and feedback from QSMC, CSMC and QCMC were also collected. Upon integration of experiences and opinions provided by various stakeholders, the audit of greenhouse gas level and carbon footprint disclosure is combined into one category. While the supply chain management category is revised to the EHS, quality and compliance category. Ultimately, twenty-four stakeholder-related issues were identified and incorporated in the materiality analysis.

Materiality Analysis and Topics for Disclosure

In accordance with AA1000 Materiality Test standards, members from the CSR Committee assessment team and relevant representatives shall conduct a five point scale assessment based on the following two dimensions, including “impact on the Company” dimension (including: direct and short-term financial impact, policy related performance and regulations among peers in the industry) as well as the “stakeholders’ concerns” dimension (including stakeholder behavior and consideration and social norms)

Results of the analysis first reveals issues including profitability, corporate governance (business ethics/anti-corruption), supply chain management (EHS, quality and compliance), and protection of confidential information. General disclosure issues include dividend policy and payout, compliance, wage, allowance and benefits. Secondary disclosure issues include risk management, occupational safety and health, information disclosure transparency, labor rights (non-discrimination and unforced labor). Public welfare contribution, learning and growth (educational training) are separately incorporated in the communication and disclosure issues as an extra effort devoted from Quanta's CSR team.



Major Aspects on Specific Standards of Disclosure

Category		Important topics and aspects	Border (within the organization)				Border
			QRDC	QSMC	CSMC	QCMC	Outside the organization
Economic (EC)		Market Presence	●	●	●	●	-
Environmental (EN)		<ul style="list-style-type: none"> ▪ Emissions ▪ Effluents and Waste ▪ Compliance ▪ Environmental Assessment on Supplier 	●	●	●	●	●
Social	Labor Practices and Decent Work (LA)	<ul style="list-style-type: none"> ▪ Occupational Health and Safety ▪ Training and Education ▪ Supplier Assessment for Labor Practices 	●	●	●	●	●
	Human Rights (HR)	<ul style="list-style-type: none"> ▪ Non-discrimination ▪ Forced or Compulsory Labor ▪ Supplier Assessment on Human Rights 	●	●	●	●	●
	Society (SO)	<ul style="list-style-type: none"> ▪ Local Communities ▪ Anti-corruption ▪ Compliance 	●	●	●	●	●
	Product Responsibility (PR)	<ul style="list-style-type: none"> ▪ 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.

Responsibility to investors

Since its listing in 1999, Quanta has provided adequate returns on investment to long-term investors by the distribution of steady dividends every year. The Company strives to maintain a balanced financial structure and insist on adopting steady management strategies. Quanta has the investment value, position, and reputation of a company that upholds international standards. Emphasizes on business growth, innovative R&D strength and offers superior ROI compared to other firms in the industry. Quanta continuously strive to become an excellent enterprise with sustainable growth.

The Investor Relations Office at Quanta is dedicated to serve institutional investors with frequent meetings and conference calls arranged with local and foreign investors as well as analysts to proactively address investors' concerns regarding the industry dynamics and the Company's business strategy. The IR office also assists the investment community to fully comprehend the firm's visions and strategic direction of the management.

In addition, the management team at Quanta holds quarterly press conferences and investors' conference calls to announce financial results, business operations, and industry outlook to press and investors

worldwide. In addition, the Company' s senior management team also attends large investors' forums and roadshows from time to time to communicate with global investors.

Quanta has established an internal protocol to ensure the quality and transparency of publicly disclosed information. All announcements published on MOPS in accordance with regulation requirements are uploaded to the Company' s Web site synchronously. The Company publishes information regarding attendance of major investors' activities and important announcements through e-mail distribution to the investors' community, such announcements are also uploaded to the Market Observation Post System and the Company' s Web site synchronously. During times of necessity or emergencies, depending on the requirements of circumstances, measures such as press conferences or news releases is employed to ensure timely delivery of information to the investors' community.

Quanta' s effort in information transparency, information disclosure and corporate governance in recent years has received high level of appreciation from investors around the world.





Quanta Profile & Corporate governance

Profile of Quanta computer	-----	12
Corporate governance and ethics	-----	14



Profile of Quanta Computer

I. Company Introduction

Quanta Computer is a professional provider of Original Design Manufacturing(ODM) and associated services for notebook computers and other technology products. Headquartered in Taoyuan County, Quanta employees more than 5,000 people in Taiwan, where most of them are R&D and engineering personnel. In addition, Quanta has built its manufacturing facilities in Shanghai, Changshu and Chongqing, China to provide clients with competitive, high quality and efficient production and logistics service. With major operation and service facilities set up in Asia, North America, Latin America and Europe, Quanta is able to better fulfill customers' needs in local service at strategic locations around the world. In 2013, the scope of the report covers more than 76,000 employees (note). The Company went public on the Taiwan Stock Exchange in 1999 under the stock code 2382 (Quanta Computer Inc.). No mergers & acquisitions or issuance of new shares took place for the duration of the report. Please refer to the table below for source of capital, stock category and shareholder structure. For funding related information, please refer to Quanta Computer Inc.' s Annual Report 2013.

Source of capital and category

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

- Note: 1. All issued shares are 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.

Shareholder structure

Shareholder structure	Government agencies	Financial institutions	Other institutional investors	Foreign institutions and foreigners	Individual	Treasury stock	Total
No. of Persons	0	46	213	984	63,894	0	65,137
Current held shares	0	312,896,114	1,007,990,200	1,557,839,482	983,901,636	0	3,862,627,432
Shareholding ratio %	0.00%	8.10%	26.10%	40.33%	25.47%	0.00%	100.00%

"Designed in Taiwan, manufactured in China and marketed globally" is the strategy for Quanta's global deployment. We are devoted to the best practice on the coordination of mass production and distribution. By way of capitalizing the vertical integration of supply chain, Quanta achieves the cost competitiveness. With "Quanta R&D Complex" (QRDC) as our global headquarters and the center of dynamics, we integrate the global technology resources to ensure Quanta's advantages in research, development, design and production of high value-added products and solutions for customers.

In addition, we have established operation centers across Asia, the U.S., Latin America, and Europe for product manufacturing, configuration and services, to deliver products and services competitively everywhere in the world.



II . Business Profile & Market 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. We provide the best overall value to customers by offering the most competitive total solutions in design, manufacturing and logistic services in the market. Quanta has worked closely with the top computer and electronic brands worldwide for decades, and has established long-term and trust-based business relationships with our customers. The R&D strength, quality, manufacturing efficiency, global logistics and economics of scale all benefit our customers and ensure Quanta's leading position in the global market.

According to MIC statistics, the global notebook computer shipments in 2012 and 2013 were 192 million and 173 million units respectively, where Quanta took 28% and 25% share of the market respectively. Although the global economy is expected to stabilize in 2014, sales of notebook computers are still impacted by tablet cannibalization of PCs in developed countries and emerging markets. However, it's anticipated to see shipment growth in commercial segment thanks to replacement cycle kicks-off. Therefore, the global notebook computer market scale is expected to reach 163 million units in 2014.

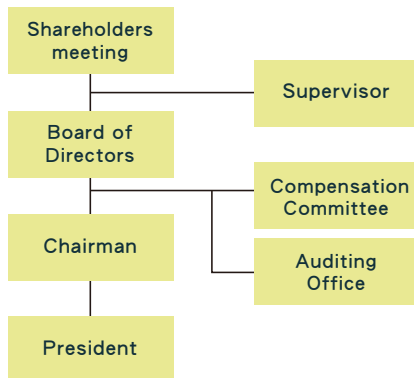
Quanta continues its success and experiences in technology innovation, product R&D, and manufacturing, to strengthen datacenter hardware design and R&D ability. Riding on the success of notebook computer business, Quanta has leveraged its advantages on product innovation and supply chain integration to foray into strategic initiatives in cloud computing.

III . Financial Performance

In 2013, Quanta reported consolidated revenues of NT\$880.4 billion with gross margin at 4%. Net profits came in at NT\$19.10 billion, represented earnings per share of NT\$4.84 for the year. With AGM approval on June 19, 2014, Quanta Computer will distribute cash dividends of NT\$3.8 per common share to shareholders.

Note: The scope of this report covers employees from QRDC, QSMC, CSMC and QCMC.

I . Corporate governance organizational structure



Quanta' s CSR Committee undertakes the economic, environmental and social categories of CSR assessment and decision-making. Members of the committee also include several board members.

II . Board of Directors

The Company' s board of directors is one of the two main units in the corporate governance structure. According to the company' s bylaws, the board consists of five directors and three supervisors, all are competent individuals selected by the shareholders meeting. The candidate nomination system is adopted and shareholders may select candidates from the candidate list. The combined shareholding ratio of the entire board of directors and supervisors, handled in accordance with the securities authority governs regulations.

The responsibilities of the board of directors include exercising its functions and powers in accordance with the governing regulations, Articles of Incorporation, and shareholders resolution as well as monitoring the management and being responsible for the overall business operation. All current board members possess abundant corporate management or academic experience. Two of the directors are independent directors, accountant Mr. C.T. Lu and Dr. W.D. Pang who is the principal of Soochow University. The board meeting is convened at least once every quarter, a total of nine board meetings were convened in 2013.

For substantiating corporate governance, strengthening monitoring function, and enhancing management functions, Quanta Computer has the Company' s Rules of Procedure for board meetings stipulated for compliance in accordance with "Rules Governing the Board Meeting of the Public Company." If the bills possibly involve whether the director' s interest or the interest of the corporation he behaves, and is detrimental to the Company' s interests, the involving directors must follow the principle of avoiding any conflicts of interest for the protection of the Company' s and shareholders' interests.

III . Supervisors

The board of supervisors is the other main unit in the corporate governance structure, the procedure is identical to board meetings. Three supervisors are appointed as stipulated by the company bylaws. In particular, one supervisor was automatically dismissed from position when she passed away due to illness in September 2013. The vacancy will be filled during the 2014 shareholders meeting election. Two of the supervisors are independent supervisors, Mr. C.L. Lee and Mr. J.Y. Chang.

The supervisor' s responsibilities include monitoring business execution, investigate the company' s business and financial condition at all times, audit accounts and documents and request the board of directors or managers to present reports, monitor the Company' s internal control system implementation in order to reduce the Company' s operational risk. The function of a supervisor is similar to the Audit Committee in the United States.

Supervisors are invited to attend the board meetings to comment as a nonvoting delegate in order to keep track of the Company' s operating conditions, to monitor the board operation, and to present their views in due course. Supervisors had attended the board meeting in 2013 without commenting on the bills proposed.

IV. 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 must be reviewed and approved by the supervisors and independent directors. The director of Audit Office is invited to attend the board meeting to report the enforcement of the internal audit and present audit reports for reference.

Quanta Computer has been without any significant internal control nonconformities identified and has had its internal control system implemented in 2013. The audit plan and audit results are both uploaded to the Market Observation Post System for the transparent disclosure of information.

V. Compensation Committee

1. Formulating the "Charter for the Compensation Committee"

On August 31, 2011, the firm established the "Charter for the Compensation Committee" pursuant to Article 14-6-1 of the Securities and Exchange Act and the "Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter" promulgated by the Financial Supervisory Commission.

2. Election and appointment of members of the first compensation committee and convening meeting

On September 30, 2011, the board passed a resolution to appoint Mr. Pan Wei-da, Lu Qi-zhi and Lin Jing as the firm' s first compensation committee members. Their tenure commences from the day of the passage of the resolution until June 17, 2013.

The first Compensation Committee will be convened according to Article 4 and 8 of the "Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter". Mr. Pan Wei-da was appointed as the convener and chairman of the meeting; furthermore, the first meeting was convened on December 28, 2011, which in turn passed the 2012 Compensation Committee meeting calendar and compensation/evaluation of senior managers. And there were two meetings convened in 2012, two meetings convened in 2013.

3. The Second Compensation Committee members and convening meeting

Second Compensation Committee accepted the appointment of a new board of directors on June 24, 2013. The tenure will terminate on June 23, 2016 for duration of three years. Board members is the same as the first Compensation Committee members, and the first meeting was convened in 2013.



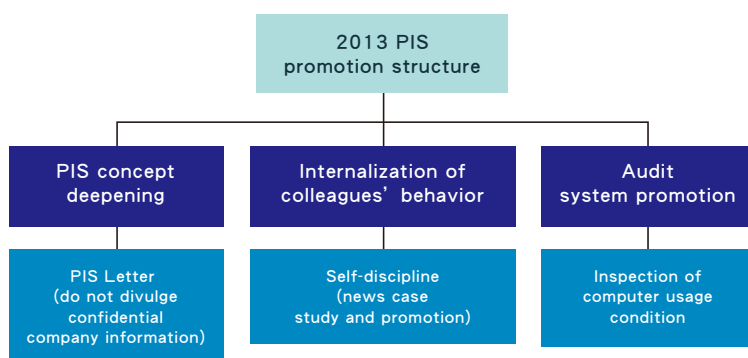
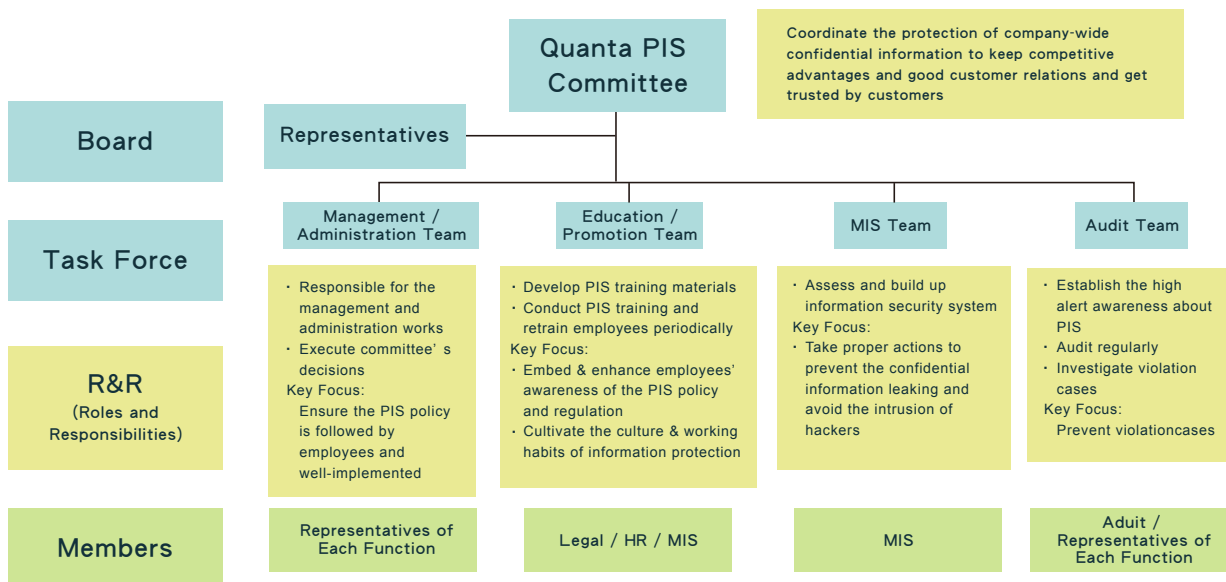
VI. Employee Code of Conduct

(一) Abide by the industry code of ethics

Employees are requested and obliged to perform duties in accordance with the spirit of honesty, precision, and professionalism. In addition, they can not be involved in any illegal or inadequate activity or participate in or abet others in conducting any activity or relationship that is detrimental to the dedication toward duties or professional judgment. The code of ethics is not limited to laws and regulations. Self-discipline is also the key for its implementation. One must also, however, judge discretionally whether the code contradicts common sense or not.

The confidential information of the Company and customers must be kept in confidence. For the purpose of enhancing staff's awareness of protecting confidential information, Quanta has had a Proprietary Information Security (PIS) Committee set up in 2010. The 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.

2013 PIS committee meeting focused on discussion topics such as computer auditing, software auditing, safety management, BYOD (Bring Your Own Device) management mechanism, annual training and promotion etc.



(2) 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.

(3) Gifts and business entertainment

Do not accept or give gifts, gift money, and hospitality from and to the Company's suppliers, contractors, customers, and others related to the Company's business operation (including government agencies) that may influence normal business relations and judgment. Bribery in any form is prohibited. The acceptance of presents and gifts in any form must be processed in accordance with the Code of conduct.

(4) Enforcement of the Code of conduct

Employees are obliged to comply with this policy and the relevant procedures. Managers at all levels must substantiate and ensure their subordinates understand, accept, and comply with the requirements. We seek for the understanding and support of the Company's customers, suppliers, business partners, and others related to the Company's business operation.

Employees are expected to stay vigilant against any breach of the Code of conduct. When in doubt, or if have discovered any conduct in violation of business ethics, all employees are obliged to report it to superiors. If necessary, they can report it directly to the Employee Relations Department of the Human Resources Center. Employees filing reports on violation of ethical conducts should be protected throughout the investigation process in order to avoid unjust retaliation or treatment.

VII. Compliance with company regulations

The stipulation of the Code of conduct is to advocate ethics, integrity, and ethical behavior. Moreover, gender equality, environmental protection, etc., are regulated for compliance. The said company regulations clearly express the Company's policy related to the Company's reputation, assets security, bribery behavior, conflict of interest, discrimination, health and safety, and environmental protection as well as, the Company's compliance with the regulations.

The company has business operations in accordance with domestic and international regulations. In addition the Company pays attention to the addition and modification of the governing regulations.





Human-Centric

Employee overview	-----	19
Talent development	-----	22

Employee Overview

Employee Structure

Site	Gender	Employment Category			No. of Persons	
		Employee	Dispatched	Intern	Subtotal	Total
QRDC	Male	4,029	13	0	4,042	5,447
	Female	1,394	11	0	1,405	
QSMC	Male	17,238	16,730	0	33,968	53,073
	Female	11,328	7,777	0	19,105	
CSMC	Male	2,306	1,266	0	3,572	5,250
	Female	1,282	396	0	1,678	
QCMC	Male	2,762	2,692	2,347	7,801	12,579
	Female	1,923	1,178	1,677	4,778	
TTL		42,262	30,063	4,024	76,349	76,349

**Up till Dec 31 2013

Ratio of employees protected by the Collective Agreement Act

QRDC has Employee Welfare Committee and labor-capital meetings, QSMC & CSMC have Labor unions. The ratio of protected employees is 100%. And after obtaining permission from the local government, after factory production stabilized, a labor union-related operations assessment will be carried out in 2015 in QCMC. Currently, the employees' thoughts are reflected effectively and timely through the employee caring morale team, relevant measures have been taken.

Labor right: Non-discrimination & Unforced labor

During the production process, whether a company is legal, compliant and whether it provides a safe, sound work environment are extremely important to ensure employee work efficiency and physical/mental health. Such practice is also the CSR expectations of various stakeholders toward Quanta.

Quanta CSR had set up a management system. Including Social Accountability Manual, Unforced Labor Management Procedure, Non Discrimination Management Procedure, Disciplinary Practice Management Procedure, Employee Grievance & Reporting Management Procedure etc., to provide equal and fair working environments.

Each factory accepts internal audits 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.

[QRDC]

Quanta abides by the Employment Services Act and Act of Gender Equality in Employment. Furthermore, work regulation has been stipulated which states, “the employment of employees in the company is determined by education, character, ability and experience to decide whether they are fit for duty and work” .

During employment, the company abides by various regulations and work regulation to treat each employee equally. Furthermore, the anti-sexual harassment regulation has been implemented to ensure gender equality and zero discrimination.

If the colleagues believe that human rights issues need to be raised at the work place, they may file a complaint to the Employee Relations Department and present concrete facts. Alternatively, they can also leave a message on Quanta’ s bulletin board. If the matter involves sexual harassment, the 70695 hotline will launch an investigation in accordance with the necessary procedure and under the premise that the person involved is protected.

There were no discrimination cases in 2013.

Concerning the matter on human resources adjustment because of our single customer stoppage for factory, the company assist the employees to transfer to other posts inside the company. Favorable package superior than stipulated by the law also be offered to the employees as an alternative. In addition, social resources be sought to implement subsequent placement services and EAP also provided for the employees who are in need. Continued providing specialist assistance to employees relating to follow-up questions and support. Thus, no labor dispute cases occurred.



[Plants in China]

Unforced Labor Management: 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.

Non Discrimination Management: The company is committed to a workforce free of harassment and unlawful discrimination. The company shall not engage in discrimination based on race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status in hiring and employment practices such as promotions, rewards, and access to training. In addition, workers or potential workers should not be subjected to medical tests that could be used in a discriminatory way.

Disciplinary Practice Management: The security personnel are responsible for maintaining the plant's working order and protecting the 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. The company's punishments only include oral warning, severe oral warning, normal demerit, severe demerit, and terminating the labor contract and no punishment shall include penalty.

Employee Grievance & Reporting Management: Employee can appeal, expose, report through email box : communication.ch@quantacn.com or online bulletin system to HR Section. Prevention is far better than cure. Due to the large number of employees in Quanta's manufacturing cities, in order to communicate more effectively, the production line is equipped with its exclusive morale team to care and assist the employees in a timelier manner.

Anti-corruption

The company perceives great importance in employee integrity and honesty, and 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. The regulation also states that when the employees must accept gifts or invitations out of courtesy, the value of the gift may not exceed US\$100; as a principle if the gift value exceeds the limit, it should be handed over and handled by related individual in charge.

Aside from colleagues who are on leave or temporary leave without salary, 100% colleagues with indirect labor who can access to computers in the plant filled in the conflict of interest avoidance declaration.

Ratio of Base Wage between Male and Female Employees

Site	DL Ratio between male starting salary and base wage (CN Minimum wage)	DL Ratio between female starting salary and base wage (CN Minimum wage)
QRDC	100.0%	100.0%
QSMC	101.6%	101.6%
CSMC	120.9%	120.9%
QCMC	108.8%	108.8%

According to the Act of Gender Equality in Employment in Taiwan, 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 China, 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.



Talent Development

Important Human Capital Enhancement Strategy In Response to the Needs in Organization Transformation

In response to the company's transformation to the cloud service industry and in order to satisfy the professional technical services of various clients, Quanta Elite School (QES) is 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. By collaborating with worldwide famous universities, such as NTU, Harvard Business School, Stanford University, Cultivating talents with Human Centric and cross-boundary thinking capabilities, QES combines performance management, career management, competency assessment, and succession planning to build up sustainable leadership pipeline.



Quanta Elite School (QES) Five Learning Subjects—ELITE

- ◆ Expertise : Develop core, VPA(Vision, Passion, Action) , 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 the company's management talents. In addition, HiPo (High Potential talent) & MA(Management Associate) talent pool is established to build up Quanta's leadership pipeline.
- ◆ Innovation, Thinking and Entrepreneurship : Based on ICE (Innovation, Creation, Entrepreneurship) Program structure, QES invites worldwide well-known experts, such as professors from Harvard and Stanford, to design and deliver courses which include design, brain power, and entrepreneurship to enhance employees' capability of innovation, design thinking, entrepreneurial spirit.

Learning Results

Through the KM platform, annual design thinking contests and workshops, knowledge could be spread and deeply internalize which would make innovation, creativity and entrepreneurship into a common language to reshape the corporate culture.

Average Training Hours—by gender

Gender	Average training hours received by each employee	Average of training hours received by each female employee	Average training hours received by each male employee
QRDC	30.7	28.5	31.4
QSMC	27.3	23.7	29.3
CSMC	25.0	23.6	25.7
QCMC	24.6	22.1	26.1



Average Training Hours—by each job category

Job Category		Supervisors (Associate manager)	Indirect Labor (Non-manager)	Direct Labor
QRDC	Number of Staff	1,900	3545	2
	Total Training Hours	49,969.7	115,730.8	405.7
	Average Training Hours	26.3	32.6	202.9
QSMC	Number of Staff	254	8,004	44,815
	Total Training Hours	2,693.5	137,976	1,307,687.9
	Average Training Hours	10.6	17.2	29.2
CSMC	Number of Staff	10	1,140	4,100
	Total Training Hours	163.6	18,590.6	112,623.4
	Average Training Hours	16.4	16.3	27.5
QCMC	Number of Staff	32	4,653	7,894
	Total Training Hours	750.2	74,994.3	233,314.6
	Average Training Hours	23.4	16.1	29.6



Adjustment Measures

ICE Program is a brand new concept and field. Considering that attending courses may affect the current work progress, Quanta Elite School has invited experts from different fields to inspire everyone and show them how the courses can be related back to their work. Furthermore, related promotion activities are organized to increase interactions among colleagues, thereby increasing their willingness to participate learning activities.

QES trains internal trainers for Design Thinking Workshop to solve the problem of trainer shortage. Six trainers were trained, including 2 VPs, at the first beginning, and 8 lecturers were identified from HiPo (High Potential talent) in the second run. Moreover, potential talents are picked from the workshop every year.

Regarding the market-driven feasibility issue of creative ideas, Quanta Elite School will examine the results of each innovation contest, after readjustments are made for the next event, different experts will be invited to help our colleagues review and discuss innovative ideas.

Winner of ASTD BEST Award

After numerous years of experience accumulation and development, Quanta received the ASTD BEST Award from international education and training authority ASTD (American Society for Training & Development) to become the first company in Taiwan and the only company in the Asia Pacific region to receive the award in 2013.





Love the earth

Occupational Health and Safety	-----	26
Effluents and Waste	-----	34
GHG management	-----	39

Occupational Safety and Health Policies

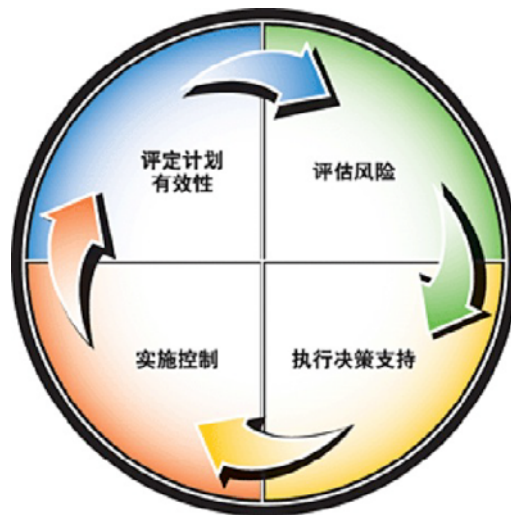
Quanta has devised occupational safety and health policies, " Compliance with Statutory Regulations, Risk Assessment, Participation of The Entire Staff, Continued Improvements, Hazard Mitigation." as our important goal and spirit. The environmental and occupational safety & health promotion team and specialists from various departments are in charge of promoting the OHSAS-18001:2007 occupational safety and health management system, and various plants have already obtained certification. We have constantly implemented risk management in order to reinforce employee training and their adaptability 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 for our employees in the work environment.



Operational Basis and Profile of Occupational Safety & Health Management

Category	Description
Risk assessment and identification	Based on "Occupational Health & Safety Risk Assessment Management Operation Procedure" , risk assessment and classification will be made in order to fulfill the goal of constant improvement. The assessment takes into consideration potential risks that may be created by raw materials, R&D, equipment and engineering used by products, events and services during routine or non-routine operations in various plant areas.
Contingency measures	In order to help our employees to take appropriate contingency measures in the event of an accident, and to protect the safety of people and properties in the company, the "Emergency Preparedness And Response Working Instruction" is compiled. Moreover, regular education and training are implemented according to the contingency protocol, including emergency evacuation and typhoon contingencies etc.
Education & training	Design occupational safety and health training course for new employees, first-aid personnel, forklift operator, high-pressure gas equipment operator and various operations executives.
Operations control and automatic inspection	Stipulate operation control procedure and automatic inspection plan to guard against potential risks in the company. Emergency contingency plan is drawn up to enhance the overall emergency response ability.
Labor Safety and Health Committee	To hold quarterly labor safety and health meeting for items listed below: 1. Recommendations on labor safety and health policies speculated on by employers 2. Recommendations on and coordination for labor safety and health plans 3. Review of labor safety and health education and training implementation plan 4. Review the action plan against operation environment inspection results 5. Review the health management and improvement relevant subjects 6. Review safety and health proposals 7. Review automatic inspection, safety and health auditing items by business units 8. Review the preventive mechanism for mechanic, equipment, material, and substance damages

	<p>9. Review reports on the occupational hazard survey</p> <p>10. Assess field safety and health management performance</p> <p>11. Review safety and health management items on outsourced business</p> <p>12. Other relevant safety and health management items</p>
Occupational safety & health goals	<p>The environmental and occupational safety & health promotion team will stipulate environmental and occupational safety & health management goals.</p> <ol style="list-style-type: none"> 1. Automated external defibrillator (AED) was installed at the QRDC as per recommendation by the risk assessment to prevent karoshi (death from overwork) among nightshift and shift workers. A health management mechanism has been established, and to facilitate emergency response during traffic accidents. 2. In order to uphold the goal of “zero injury and zero disaster”, QSMC conducts EHS training every year to bolster EHS common knowledge and safety awareness through the “elimination, reduction, management & control and PPE” method. In addition, the annual EHS inspection plan is formulated to achieve risk prevention and reduction as well as decrease the incidence of work injuries. A comprehensive disease prevention and tracking mechanism has also been devised. 3. Work place air quality standard control and zero dust explosion accident management plans are designed in accordance with CSMC’s risk assessment results. 4. QCMC passed the “Management Review Meeting” in October 2013, which indicated that it is managed appropriately and no adjustment is needed.



QSMC total risk identification and knowledge training

Contingency measure operation

Multiple operation methods and check plans were adopted by Quanta to avoid potential damages. Fundamental perceptions on response measures are strengthened to achieve the basic objectives of disaster prevention by reducing the occupational accident rate and improving overall response capability.

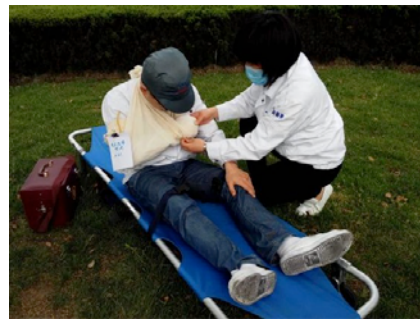
1. Fire

Fire is one of the key risks to be controlled by Quanta. The fire prevention lecture is held semiannually, and QRDC organizes the “Fire Prevention Week” every year under the guidance of fire authorities. In addition to integrated education and promotion to raise awareness, colleagues are invited to join fire drills to experience firefighting activities. This year, the AED&CPR emergency procedure course is also held.





QSMC actively collaborated with firefighting detachments every year for events and work distribution; excellent fire prevention conditions are maintained at the site and no flaw has been found during numerous firefighting detachment inspections.



In order to improve firefighting ability, CSMC has assembled a fully equipped volunteer firefighting team, and regular trainings are conducted.

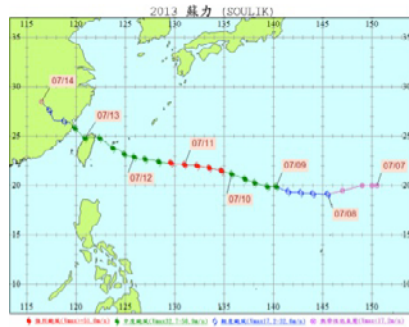


Since QCMC is located in the college town in Shapingba Dist., Chongqing City, the fire prevention management work has received fantastic support from the local firefighting detachment. In July 2013, a large-scale firefighting drill was conducted to elevate the firefighting capability, emergency evacuation awareness and technique.



II. Typhoon contingency plan

Depending on the weather report, organize a “Typhoon task force team” . The contingency team consists of personnel from ADM Department and each unit. This team will be in charge of dealing with abnormality. Before the typhoon comes, the contingency team has to check all the items which in the action items list. The team also has to set signs onto ruined buildings or dangerous area and to evacuate personnel to safe area.



Real-time monitoring of typhoon track



Trees reinforcement



III. Confined space operation contingency measures

On May 20, 2013, the State Administration of Work Safety promulgated the “Provisional Regulation for the Management and Monitoring of Confined Space Operations among Businesses and Companies” . In order to fulfill the regulation’s requirements, QSMC devised the “Confined Space Operation Contingency Plan” and procured oxygen sensors for personnel working in confined spaces to protect their safety.



IV. Chemicals management

In 2013, CSMC introduced the hazardous chemicals procurement system and augmented the EHS personnel assessment and confirmation procedure to ensure that new chemicals undergo a stringent review process. Each quarter, contingency plans are devised for these hazardous chemicals.

Concerning chemical solvent storage, CSMC regularly monitors fire and lightning prevention in the solvent room, while explosion-proof cabinets are installed in the department’s solvent storage area. Additionally, hazardous material operation related PPE are available to increase the safety of solvent storage and usage. These measures have prevented surrounding area pollution and accidents considerably.

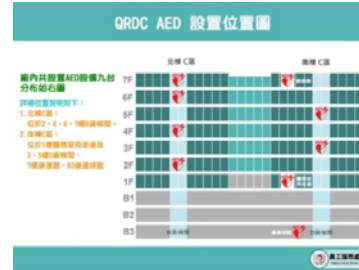


Employee Health and Disease Prevention Management

[Taiwan]

Category	Content	Description
Doctor services	<ul style="list-style-type: none"> ● Occupational injury and general injury prevention and health consultation. ● Labor physical and health examination record analysis and assessment. ● Health risk assessment for high risk labors. ● Labor health education, facilitation and guidance. 	The number of health consultations this year is 853 persons. The top three consultation categories are health examination abnormalities, muscular pain and exercise guidance, ILI syndrome prevention and guidance etc.
Emergency loan	<ul style="list-style-type: none"> ● Uphold the spirit of compassion to help colleagues and their families mired in difficulties due to accidents or injuries to receive emergency loans. 	One person applied for the emergency loan to the amount of NT\$100,000 this year.
Promotion	<ul style="list-style-type: none"> ● Prevent promotion of health examination items that are substandard as well as common diseases in the workplace in order to increase awareness. ● Focus on the prevent promotion of communicable diseases. 	<p>Monthly promotional theme:</p> <p>JAN-Beware of the silent killer - myocardial infarction</p> <p>FEB-Healthy eating during Chinese New Year</p> <p>MAR-About hyperlipemia</p> <p>APR-About hyperglycemia</p> <p>MAY-Maintain a healthy heart and liver</p> <p>JUN-Correct sitting posture prevents neck and shoulder pain</p> <p>JUL-Protect your eyes, don' t become a smart phone addict</p> <p>AUG-Healthy eating</p> <p>SEP-Stay away from carpal tunnel syndrome</p> <p>OCT-Prevent low back pain</p> <p>NOV-About fatty liver</p> <p>DEC-Stay away from hypertension</p>
Equipment training	<ul style="list-style-type: none"> ● Provide weight and body fat scale for our employees ● Nine Automated external defibrillator (AED) are installed inside the QRDC plant for emergency purposes. 	Training is conducted according to regulation (one first-aid personnel per 50 persons). There are currently 153 first-aid personnel. In order to prevent death resulting from inadequate first aid, the course also emphasizes equipment operation training.
Facilities	<ul style="list-style-type: none"> ● Nursing room: The well-appointed environment is created for female colleagues who have become mothers. 	A total of 87 persons have used this facility.



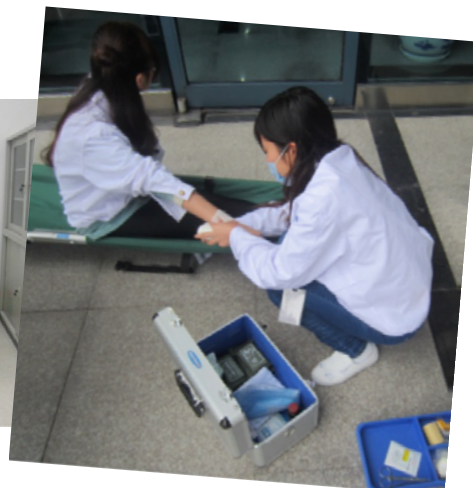


[China sites]

Treatment of major illnesses, the company pays social insurance for employees as regulated by the national and local laws; in particular, medical insurance can be used to cover partial medical expenses within the scope of the insurance. Taking QCMC as example, in order to ensure that employees receive medical service in time, the company has signed contract with a major hospital nearby, where Quanta employees may seek medical treatment directly by presenting the dedicated medical card without the need to pay any fee in advance. The hospital bill will only need to be settled upon discharge. For larger medical expenses (more than RMB10,000), relevant departments will settle the bill on behalf of the employee, and the expense can be reimbursed by the employee subsequently.

In order to make sure Quanta employees receive prompt medical treatment in event of major illness, CSMC has signed a first-aid contract with a local hospital. At the same time, CSMC medical personnel regularly partake in medical treatment related trainings in the Suzhou area. To provide injured employees with timely first aid, one emergency personnel is available per 100 persons. The first-aid personnel are selected by various departments based on the number of people, location and other factors. CSMC has also invited professional lecturers from Changshu City's Red Cross to conduct training; those who have completed the training course will be given a qualification certificate. In 2013, a total of 107 new first-aid personnel were trained, surpassing the first-aid requirement at CSMC.

In terms of disease prevention, the company has implemented the following measures for occupational diseases that may occur at potentially hazardous workplaces in accordance with the national regulations: notification, education, physical examination and archive management. At the same time, major illness (communicable disease) contingency plan, major occupational injury contingency plans are devised, to define emergencies that may arise and the necessary response measures and emergency personnel. Furthermore, all related personnel will undergo regular training and emergency drills.



Mental Health Promotion and Crisis Psychological Intervention

Mental health promotion

QCMC's psychological counseling room operates in strict accordance with the Mental Health Act and other relevant regulations, where normalized new employee training enhances the colleagues' environment adaptability and interpersonal relationships. Through progressive promotion with mental health posters, instill healthy mental health concepts to our colleagues. In addition, spiritual care lectures and group health activities are organized to endow our colleagues with mental adjustment skills, and their mental health problems are resolved through one-on-one counseling or the spiritual hotline.

Crisis psychological intervention

The counseling room has collaborated with other departments in the company as well as mental health centers nearby to establish a cooperative mechanism. In event of stress crisis or suspected serious mental illnesses, the counseling room will conduct psychological intervention immediately to provide consultation, assessment and protection in order to minimize risk to the company and colleagues.



Occupational Safety and Health 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 / Occupational Health & Safety Correction And Preventive Action Procedure".

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

- 2013 employee occupational accident and illness statistics (total number of workers includes fulltime employees and dispatch employees).
- 2013 occupational accident and illness statistics for contractors (contractors working inside the factory).
- According to the International Labor Organization ((International Labor 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)	$(\text{Total \# of injuries} / \text{Total working hours}) \times 200,000$
Occupational diseases rate (ODR)	$(\text{Total \# of Occupational diseases cases} / \text{Total working hours}) \times 200,000$
Lost day rate (LDR)	$(\text{Total \# of lost days} / \text{Total working hours}) \times 200,000$
Absentee rate (AR)	$(\text{Total \# of missed (absentee) days over the period} / \text{Total working hours for same period}) \times 200,000$
Annual fatalities	Fatalities

2013 employee occupational accident and illness statistic

	Gender	Numbers of employees	Occupational accident category	Injury rate (IR)	Occupational diseases rate (ODR)	Lost day rate (LDR)	Absentee rate (AR)	No. of people killed in accidents at work
QRDC (Including Hwa-ya factory)	Male	4,042	Traffic injury and serious injury	0.323	0	3.900	54.78	0
	Female	1,405	Traffic injury	0.357	0	2.215	174.05	0
QSMC	Male	33,968	Serious injury and light injury	0.139	0	2.376	3.446	0
	Female	19,105	Serious injury and light injury	0.060	0	1.086	1.377	0
CSMC	Male	3,572	None	0	0	0	162.13	0
	Female	1,678	light injury	0.060	0	1.013	147.91	0
QCMC	Male	7,801	Slight injury \ light injury \ Serious injury	0.346	0	3.73	279.05	0
	Female	4,778	light injury	0.209	0	2.49	195.6	0

Contractor Responsibilities

In order to abide by the company's occupational safety & health policies, contractors are also required to participate in occupational safety & health management. Contractor operations are rigorously managed according to the "Supplier's Occupational Health & Safety Impact Procedure" in order to ensure personnel and property safety during operation, thereby achieving zero occupational hazard.

2013 occupational accident and illness statistic for contractors

Contractors	Gender	Injury rate (IR)	Occupational diseases rate (ODR)	Lost day rate (LDR)	Absentee rate (AR)	No. of people killed in accidents at work
QRDC	Male	0	0	0	11.585	0
	Female	0	0	0	78.439	0

Data collection of occupational accidents and diseases in China factories still relatively incomplete and limited; therefore, it is not incorporated into the statistic

Major environmental impact and the necessity to abide by the law

Quanta has launched environmental management systems in the Hwa Ya plant and QRDC since 1999 to reduce effluent, waste and waste gas emission. In 2000, Quanta received the ISO14001:2004 environmental management system certification, while QSMC, CSMC and QCMC also obtained certification in 2001, 2006 and 2012 respectively. The Environmental and Occupational Safety & Health Promotion Team and the specialists of various departments are responsible for promoting the ISO14001:2004 environmental management system. Moreover, through employee education, employees or workers from representative organizations will become aware that environmental protection is our duty and obligation. By minimizing the generation of waste water, air pollution and wastes, the impact on the environment can be reduced. The environmental regulations and other requirements are strictly adhered to during product design and manufacturing. Our goals are established in a continuous effort to achieve low energy consumption and pollution.

Environmental Impact Management and Monitoring

In order to uphold the environmental policy of “abide by law, prevent pollution and make constant improvements” , we are committed to “reducing the generation of water, air pollution and wastes to minimize environmental impact.” The main environmental impact involves the discharging of production. Activity related wastewater into the outfall; the discharged wastewater should meet the national standards, requirement of the management center and other requirements. Qualified institutions approved by environmental authorities should handle industrial wastes. Furthermore, Quanta is dedicated to recycling and reusing in an effort to decrease waste production. Through monitoring, the pollution generated by waste gas emissions is far less than the normal emissions standard.

I .Effluent Management

Hwa Ya factory is used by the production line and affiliated businesses; QRDC is the R&D building, while QSMC, CSMC and QCMC are manufacturing sites. Most effluents consist of household and kitchen wastewater. The effluent volume of Hwa Ya factory and QRDC is determined by the flow meter at the outfall. The effluent volume at QSMC, CSMC and QCMC is calculated with the following equation: Household effluent volume = tap water volume x 0.85 (household effluent coefficient).

2013 Effluent Volume
at Various Sites

Site		Annual effluent volume (tons)
QRDC		73,907
Hwa-ya factory	Production building	20,556
	R&D building	24,270
QSMC		1,055,057
CSMC		221,628
QCMC		243,458

[Taiwan]

Hwa Ya factory and QRDC’ s effluent discharge standard is based on the sewage treatment plant intake limit of Hwa Ya Technology Park Management Center. Kitchen wastewater must pass through an oil-water separation tank and pretreated like ordinary household sewage through processes such as filtration, aeration and sedimentation before it is pumped to the sewage treatment plant of Hwa Ya Technology Park Management Center. After treatment, the water is discharged into Nankan River and never used again. The wastewater sampling technique utilized is EPA’ s industrial effluent discharge standard NIEA W109.51B, which is conducted semiannually by a third-party certification institution approved by the EPA.

2013 Taiwan discharge standard and test results

Item	Standards of the Hwa Ya Science Park management center	QRDC Results		Hwa-ya factory Results (Production building)		Hwa-ya factory Results (R&D building)	
		I	II	I	II	I	II
BOD(mg/L)	200	105	27.9	3.3	27.8	50.4	2.1
COD(mg/L)	350	213	122	16.3	132	157	31.7
SS(mg/L)	200	101	70.5	48.8	16.8	151	13
pH	6-9	7.4	7.6	7.6	7.8	7.9	7.3
Temperature°C	Below 45	26.1	24.8	20.9	22.6	20.2	19.2
Fat(mg/L)	20	<1.0	1.3	-	-	-	-

Note:

1. Due to the restaurant in QRDC, oil test must also be conducted.
2. Report date: (I)2013/04/11 (II)2013/11/26

[QSMC]

As per regulated by "Wastewater quality standards for discharge to municipal sewers" (DB31/445-2009), separate internal pipes are implemented for rainwater and effluent. Special monitoring wells are installed for stainless steel grates and gates at the main outfall of various plants. A contractor cleans the monitoring wells once every quarter. The effluent passes through the main piping network at Songjiang, enters the treatment plant and eventually it is discharged into Huangpu River and never used again. The effluent sampling technique utilized is based on relevant national regulations, which is conducted annually by a third-party certification institution approved by the MEP.

2013 QSMC effluent discharge standard and test results

Item	Standards of China	QSMC Results						
		F1	F2	F4	F5	F6	F7	Q-BUS
BOD(mg/L)	300	14.8	10.8	14.2	26.6	50.3	64.7	3.8
COD(mg/L)	500	64	51.5	61.7	144	292	348	18.4
SS(mg/L)	400	21	22	14	65	61	49	10
pH	6-9	6.78	6.92	7.27	6.95	7.22	6.78	7.38
Fat(mg/L)	100	0.18	0.15	0.06	0.36	0.13	0.30	0.06

Report Date: 2013/09/04

[CSMC]

Approved by the Administrative Committee of Changshu High Tech Industrial Park, household effluent is discharged directly into the park's sewerage network. After it is treated at the Chengbei Sewage Treatment Plant, the effluent is discharged directly into the Changhu River and never used again. Once a year, approved third-party monitoring institution will conduct effluent monitoring and testing.

2013 CSMC effluent testing results and wastewater quality standards for discharge to municipal sewers

Test items	Wastewater quality standards for discharge to municipal sewers CJ 343-2010	CSMC testing results on May 20, 2013		
		Terminal 1	Terminal 2	Terminal 3
pH	6.5-9.5	7.12	7.28	7.20
SS(mg/L)	400	24	23	28
COD(mg/L)	800	117	90.8	85.6
BOD(mg/L)	350	29.4	22.8	21.1
Ammonia-N(mg/L)	45	10.3	10.6	10.2
TP(mg/L)	8	1.77	1.76	1.77
Animal fats and vegetable oils(mg/L)	100	0.04	0.228	0.159

[QCMC]

The effluent enters the Xiyong sewage treatment plant via the industrial park's piping network for treatment before it is discharged into the Liangtan River. The effluent entering the park's piping network is subjected to China's integrated wastewater discharge standard GB8978-96 (third level limit); only after reaching level one limit of GB8978-96 will the effluent be discharged into the environment and never used again. The effluent water quality is monitored by the Shapingba District (jurisdiction) environmental monitoring station in accordance with the "national water quality testing standard" (GB11914、GB11901、HJ537 etc.,) through sampling, analysis and testing.

2013 QCMC test results and standards

Item	Standards	F0	F1	F2	F3	P2
COD (mg/L)	500	257	256	356	246	76.7
SS(mg/L)	400	146	144	157	73	42
NH3-N (mg/L)	—	74.8	86.2	117	72.7	5.43

Notes:

1. Monitoring data originates from third-party testing reports.
2. Report time of various factories.
 - (1) F0, F1 : 2013/1/17
 - (2) F2 : 2013/3/22
 - (3) F3 : 2013/12/12
 - (4) P2 : 2013/10/29

II .Industrial Waste Management

Quanta has focused on the reduction of wastes from the R&D and design stage, where packing materials are reused as much as possible. In order to increase recycling awareness among employees, knowledge such as waste recycling and reuse is regularly publicized, and the reduction management plan is devised.

1. General industrial waste

Waste management companies authorized by the EPA remove the Hwa Ya factory and QRDC's general industrial wastes to be incinerated at authorized locations. Furthermore, reporting is conducted through EPA's Industrial Waste Report and Management System. Recyclable wastes include paper, plastics, metals and glass, all of which are recycled and reused. Currently, waste management companies authorized by the EPA remove general industrial wastes to be incinerated, while recyclable wastes are recycled and reused. Thus, waste management is conducted according to the contractor's conventional practices.

Waste management companies authorized by the MEP remove QSMC's general wastes take them to the landfill to be buried. Recyclable wastes include plastics, foams. Recycled items include pallets, cardboards and packing materials etc., all of which are recycled and reused. Currently, general industrial wastes are removed by waste management companies authorized by the Changshu Environmental Protection Bureau and buried in landfills, while recyclable wastes are recycled and reused.

CSMC has signed a waste treatment agreement with the Environmental Protection Bureau of New District, Changshu. Recyclable wastes are recycled and reused while general wastes are removed by Environmental Protection Bureau of New District and incinerated.

QCMC's recyclable wastes are removed by legally registered waste management companies in Chongqing City and transshipped to qualified yards for sorting and recycling. All recyclable wastes are recycled and reused. General wastes (household garbage) are removed by qualified waste management companies and transshipped to qualified landfills to be buried in a hazard-free manner (contract cleaning and transportation, regardless of weight).

2013 Analysis Table of General and Recyclable Waste Production in Various Sites

Sites	General waste(kg)	Treatment method	Recyclable waste(kg)	Treatment method
Hwa Ya Factory	8,050	Incineration	2,837	Recycled and reused
QRDC	231,070	Incineration	69,034	Recycled and reused
QSMC	11,205,330	Burial	28,295,729	Recycled and reused
CSMC	71,700	Incineration	1,506,350	Recycled and reused
QCMC	—	Burial	18,525,000	Recycled and reused

Notes:

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: Household garbage is removed every day according to the agreement and therefore is not incorporated into the statistics. Third-party waste management companies recycle general recyclable industrial wastes, and the data is derived from the quantity removed from various plants every day (weighing and fee data).

2. Hazardous Industrial Wastes

QRDC' s electronic wastes are removed by qualified waste management companies and shipped to qualified institutions for physicochemical treatment to effectively separate metals from the non-metals within the scrap metal. Valuable metals are recycled to become the source of materials for smelting plants to maximize the utilization value of waste materials, in turn achieving the objective of waste reduction and recycling.

QSMC' s waste oil, waste oil cloth, organic solvent waste (filter element), waste adhesive (rubber hose) and organic solvents are removed by qualified waste management companies and incinerated. Waste acids undergo physiochemical treatment; fluorescent tubes undergo wet grinding in a closed environment with room temperature in order to achieve the goal of waste reduction, recycling and reuse.

CSMC' s hazardous wastes include waste rubber hose, PCB cutting leftovers, waste solvent cloth, organic waste solvents, and waste fluorescent tubes. Waste rubber hose, PCB cutting leftovers, waste solvent cloth, organic waste solvents and waste fluorescent tubes are removed and processed by hazardous waste management companies authorized by the Changshu Environmental Protection Bureau.

QCMC' s hazardous wastes are stored temporarily in designated locations inside the plant and removed by dedicated waste management companies for harmless treatments such as incineration and reuse. The partnering hazardous waste management company has received qualification from the Chongqing City Environmental Protection Bureau in terms of transportation and waste treatment.

2013 Statistics of Hazardous Wastes in Various Sites

Sites	Hazardous Wastes	
	Category	Quantity (kg)
QRDC (Including Hwa-ya factory)	Waste electronic components, leftover and defective products	2,066.33
	PCB waste and powder which containing metals	570
QSMC	Waste oil	1,038
	Waste oil cloth	18,782
	Organic solvent waste (filter element)	2
	Waste adhesive (rubber hose)	608
	Waste batteries	35,851.06
	Waste acid	840
	Waste fluorescent tubes	1,130
	Organic waste solvents	3,290
CSMC	Black rubber hose	28
	PCB cutting powder	38
	Waste fluorescent tubes	100
QCMC	Waste cloth	2500
	Waste cloth	1000
	PCB leftover	200000

Notes:

1. QRDC hazardous industrial waste statistics are derived from the industrial waste co-treatment control triplicate forms.
2. QSMC, CSMC and QCMC hazardous waste statistics are derived from the "hazardous waste electronic manifest" filed after transshipment and treatment.

Effectiveness Assessment Mechanism

Based on the established “Environmental Aspect Management Plan” , main departments in various sites will conduct assessment and update of the previous year’ s risk assessment form in accordance with changes in procedures or operations. Moreover, assessment will be implemented according to environmental factors, hazard level, impact area and frequency in order to conduct risk classification and control.

Through constant review and improvement of the system, potential environmental impacts and risks that may be created by raw materials, R&D, equipment and engineering used by products, events and services during routine or non-routine operations in various plant areas are identified to formulate improvement measures and operating procedures.

2013 Management Plans for the Reduction of Wastes

1. Install hand dryers in toilets in place of paper hand towels

The number of QRDC employees and visitors has increased every year, therefore more paper hand towels are used in the toilet. In order to reduce paper hand towel usage and minimize waste production, hand dryers are installed in place of paper hand towels. At present, 17 hand dryers in the QRDC have helped to reduce 13,464 packs of paper hand towels every year, equivalent to 4.738 tons of garbage. More hand dryers will continue to be installed in the future.



2. Improve recycling rate and decrease general waste volumes

Colleagues’ awareness on recycling is enhanced through promotion, furthermore, recycling areas are increased in response to the government’ s environmental policy to increase the overall recycling rate and decrease general garbage volume. As a result, the total garbage volume dropped from 264.13 tons in 2012 to 239.12 tons in 2013, an equivalent reduction of 25.01 tons or 9.47%.



Strategic Guideline

Due to the influence of greenhouse gases, the Earth's climate and environment is gradually deteriorating. In order to contribute our efforts in environmental protection and caring about the Earth, carbon management strategies and guidelines are formulated, where the environmental and occupational safety & health promotion team will strive to minimize carbon emission and the consumption of energy and resources, so as to reduce operating cost and environmental impact. The measures implemented include:

- ◆ Commitment to greenhouse gas auditing in order to monitor the emission of greenhouse gases.
- ◆ Based on the audit 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.

Materiality Management

Although QRDC and Hwa Ya factory is not regulated by EPA's "Public and Private Premises Required to Report Greenhouse Gas Emission Volumes as Stationary Pollution Sources", which applies to enterprises that should file a report as: (1) a stationary pollution source of greenhouse gases and (2) those that emit over 25,000 tons of CO₂e greenhouse gases per year. Since 2008 however, greenhouse audits have been conducted under the framework of ISO14064-1:2006, the calculated emissions do not include tradeoffs and transactions.

QSMC introduced greenhouse gas auditing in 2010, and the complete ISO14064 management system was established in 2011. ISO14064 promotion committee was formed and the greenhouse calculation software was successfully implemented.

QSMC established the structure and principles for the greenhouse gas audit report to clearly define the greenhouse gas audit organization, responsibilities as well as the audit record format used by the greenhouse gas audit to ensure the relevance, consistency, integrity, transparency and accuracy of the greenhouse audit system. Dedicated management and regular monitoring are conducted for events and facilities that have materiality impact on the environment, including existing management forms such as refrigerant manifest and identification form, chemical identification form, fire extinguisher manifest, power usage manifest, energy usage log, power generator inspection form. At the beginning of each year, emission sources with actual environmental impacts during the previous year are inspected to calculate the annual greenhouse emission for the ISO14064 certification.

Taiwan Hwa Ya factory, QRDC, QSMC, CSMC and QCMC have chosen the year 2013 as the base year for CSR annual report verification. QSMC should have chosen 2011 as the base year, but changes were introduced to the emission source category and calculation method in 2013, therefore 2013 was used as the base year, just like all other sites.

During operation, six actual greenhouse emissions include CO₂, CH₄, N₂O, HFCs, PFCs and SF₆. The impactful emission sources include natural gas, diesel, petrol, LPG, CO₂ fire extinguisher, methane from septic tanks, refrigerant leakage and purchased electricity.

GHC Quantity and Management

[Taiwan]

QRDC and Hwa Ya factory are mainly office complexes, employees at Hwa Ya mainly come from Quanta's affiliated companies, the greenhouse gas produced is calculated based on the control method, and the calculation methods of Fugitive emission sources are fill volume technique and fugitive emission estimation.

Direct greenhouse gas emission (Scope 1). The total direct CO₂e emission of QRDC is 96.8050 tons and 6.1162 tons for the Hwa Ya factory. Direct emission volume of various emission sources are elaborated below:

- (1) Stationary combustion emission source: The total CO₂e emission of QRDC is 93.6230 tons and 4.6131 tons for the Hwa Ya factory.
- (2) Mobile combustion emission source: The total CO₂e emission of QRDC is 3.1820 tons and 0 tons for the Hwa Ya factory
- (3) Fugitive emission source: The total CO₂e emission of QRDC is 0 tons and 1.5031 tons for the Hwa Ya factory.

Greenhouse gas category	CO ₂	CH ₄	N ₂ O	HFC _s	PFC _s	SF ₆	Total
QRDC	96.5710	0.0694	0.1646	0	0	0	96.8050
Hwa Ya Factory	4.5970	1.5079	0.0113	0	0	0	6.1162

The aforementioned fugitive emission estimation includes Hwa Ya night soil CH₄ calculation, fill volume method is used to calculate fire extinguisher CO₂ and refrigerant recharge. "Scope 1" biomass burning produces CO₂ emission of 0.3029 tons CO₂e/year.

Energy indirect greenhouse gas emission (Scope 2). Total indirect emission of QRDC is 12,850.1408 tons of CO₂e and 472.8274 tons CO₂e for the Hwa Ya factory. The annual total power consumption statistic is derived from TaiPower' s electricity bills. The emission coefficient is derived from the Bureau of Energy' s 2012 purchased power emission coefficient (0.532Kg CO₂/kWh). GWP is derived from IPCC' s 4th assessment report published in 2007, and the emission coefficient is derived from EPA' s greenhouse gas emission coefficient management form.

2013 Carbon emission inventory

Site	Scope	Emissions (Ton CO ₂ e)	Emissions by each employee(Ton CO ₂ e)	Ratio (%)
QRDC	1	96.8050	0.0178	0.75
	2	12,850.1408	2.3591	99.25
Hwa Ya Factory	1	6.1162	0.1073	1.28
	2	472.8274	8.2952	98.72

Notes:

1. Employee number statistics: up to December 31, 2013.
2. QRDC: 5,447 persons, Hwa Ya plant: 57 persons.

[QSMC]

Direct greenhouse gas emission (Scope 1). The total direct CO₂e emission is 16563.2369 tons. Direct emission volume of various emission sources are elaborated below:

- (1) Stationary combustion emission source: The total CO₂e emission is 9598.0715 tons.
- (2) Mobile combustion emission source: The total CO₂e emission is 600.7919 tons.
- (3) Fugitive emission source: The total CO₂e emission is 6364.3735 tons

Greenhouse gas category	CO ₂	CH ₄	N ₂ O	HFC _s	PFC _s	SF ₆	Total
Emissions (Tons CO ₂ /year)	10,176.3441	1,870.0823	21.1904	4,489.2268	6.3933	-	16563.2369

No direct biomass burning CO₂ emission besides (scope 1) greenhouse gas.

Energy indirect greenhouse gas emission (Scope 2). Total indirect emission is 273,937.2396 tons of CO₂e. The annual total power consumption statistic is derived from power department' s electricity bills. The emission coefficient is derived from the National Climate Change Department' emission coefficient for Huadong region published in the “2013 Baseline Emission Factors for Regional Power Grids in China “ (0.8100 CO₂/kWh). GWP is derived from IPCC' s 4th assessment report published in 2007.

[CSMC]

Direct greenhouse gas emission (Scope 1). The total direct CO₂e emission is 3,927.6726 tons.

Direct emission volume of various emission sources are elaborated below:

- (1) Stationary combustion emission source: The total CO₂e emission is 3,242.9182 tons.
- (2) Mobile combustion emission source: The total CO₂e emission is 259.1608 tons.
- (3) Fugitive emission source: The total CO₂e emission is 425.5936 tons.

Greenhouse gas category	CO ₂	CH ₄	N ₂ O	HFC _s	PFC _s	SF ₆	Total
Emissions (Tons CO ₂ /year)	3,502.0790	1.5779	2.5117	421.5040	-	-	3,927.6726

No direct biomass burning CO₂ emission besides (scope 1) greenhouse gas.

Energy indirect greenhouse gas emission (Scope 2). Total indirect emission is 27,115.2604 tons of CO₂e. The annual total power consumption statistic is derived from power department' s electricity bills. The emission coefficient is derived from the National Climate Change Department' emission coefficient for Huadong region published in the “2013 Baseline Emission Factors for Regional Power Grids in China “ (0.8100 CO₂/kWh). GWP is derived from IPCC' s 4th assessment report published in 2007.

[QCMC]

Direct greenhouse gas emission (Scope 1). The total direct CO₂e emission is 1,053.2455 tons.

Direct emission volume of various emission sources are elaborated below:

- (1) Stationary combustion emission source: The total CO₂e emission is 6.3899 tons.
- (2) Mobile combustion emission source: There is no CO₂e emission.
- (3) Fugitive emission source: The total CO₂e emission is 1,046.8556 tons.

Greenhouse gas category	CO ₂	CH ₄	N ₂ O	HFC _s	PFC _s	SF ₆	Total
Emissions (Tons CO ₂ /year)	6.6800	12.2227	0.0154	1034.3274	-	-	1053.2455

No direct biomass burning CO₂ emission besides (Scope 1) greenhouse gas.

Energy indirect greenhouse gas emission (Scope 2). Total indirect emission is 77,177.3992 tons of CO₂e. The annual total power consumption statistic is derived from power department' s electricity bills. The emission coefficient is derived from the National Climate Change Department' emission coefficient for Huazhong region published in the “2013 Baseline Emission Factors for Regional Power Grids in China “ (0.9779Kg CO₂/kWh). GWP is derived from IPCC' s 4th assessment report published in 2007.

Greenhouse gas intensity is calculated only counted factory in Taiwan, indirect greenhouse gas emissions (scope 3) for sites in Taiwan and China are not incorporated into the audit.

Assessment and Improvement

Total greenhouse gas emission by QSMC is 290,500.4766 tons of CO₂e, data level average score is 4.9, equivalent to class five. The tolerance is ≤5%.

After EHS management review meeting assessment, CSMC' s management planning, arrangement, work distribution, personnel training, resource allocation, internal/external information exchange, archives and record control have reached the desired effect; therefore no adjustment is needed.

Regional or Industry Emission Regulations and Policies

QSMC has adhered to Chinese laws and regulations in the Shanghai region. No punitive provisions are currently imposed for GHG emissions, only incentive system for energy conservation and emission reduction. Energy audit mentioned in “CPC Central Committee on National Economy and Social Development Twelfth Five-Year Plan” , “Shanghai energy saving special fund management approach” , “Shanghai implement energy conservation programs” and “Clean Development Mechanism project operation and management measures” incentivize companies that are able to provide evidence and reports for energy conservation and emission reduction with rewards. QSMC has received such reward for three consecutive years.





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 1,200 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.

Selection of Green Suppliers

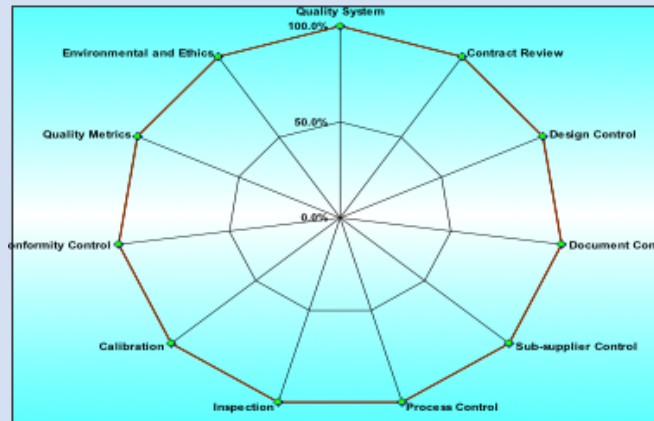
Quanta carefully screened new candidate suppliers in 12 major aspects (see Table below), of which the environment, ethics and green product management are indispensable items.

Categories of qualifications for ratifying candidate suppliers

Item	Qualification Category
1	Quality System
2	Contract Review
3	Design Control
4	Document Control
5	Sub-supplier Control
6	Process Control
7	Inspection



8	Calibration
9	Nonconformity Control
10	Quality Metrics
11	Environmental and Ethics
12	Green Product Management



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

Environmental, Human Rights Assessment and Standards

Audit criteria in Environmental

- Does the supplier have ISO 14001 certificate? If not, does supplier have a plan/roadmap to achieve the certification ?
- Does the supplier have OHSAS 18001 certificate? If not, does supplier have a plan/roadmap to achieve the certification ?
- Does the supplier determine the legal requirements and other requirements related to the company activities and services?
- Does the supplier has any new or extension construction project? If yes, had supplier been approved for three simultaneity report?
- Do the monitoring data of main pollution (such as emission, waste water or noise etc.) comply with the related standards?
- Does the supplier measure the workplace in accordance with local law and regulations (such as noise, hazardous substance) ?
- Are the waste classed , labeled and stored compliance with related regulation ?
- Do the waste disposal companies have the relevant certification?
- Is there no any important environment/safety happened before?
- Is the procedure established for the accidents or emergency situations, such as fire or chemical leakage?
- Were the emergency response personnel trained?
- Will the emergency response plan be regularly exercised and recorded?
- Has the emergency equipment, such as fire-fighting equipment, been maintained?
- Are the operators at the special process trained and qualified?
- Are the examination for health protection arranged for the operators at the special process, such as radiation operation or hazardous substance handling?
- Does the supplier provide the appropriate PPE (personal protection equipment) for employees?
- Are the PPE inspected to ensure their effectiveness?
- Has the supplier identified the significant environmental factors and effectively controlled them?
- Are flammable, corrosive, and toxic materials properly stored and segregated with necessary protection ?
- Are all chemical materials appropriately packaged and) labeled and MSDS available ?
- Has the sub-supplier for chemical material been qualified by authorities?
- Does the supplier take actions to prevent the emission or spillage of chemical material during its storage and usage process?

Audit criteria for Labor rights and Ethics

- Does the supplier have SA8000 certificate? If not, does supplier have a plan/roadmap to achieve the certification ? Does the supplier promise that they don't engage or support the use of child labor?
- Does the supplier promise that they don't engage or support the use of forced labor, nor personnel be required to lodge 'deposits' or identity papers upon commencing employ with it?
- Does the supplier promise that there is no discrimination based on race, color, age, gender, sexual orientation, ethnicity, religion, disability or maternity or marital status when employee be hired, promoted and rewarded.

- Does the supplier promise that every employee must be treated with dignity and be free from sexual harassment, corporal punishment, mental or physical coercion, verbal abuse and be able to associate freely.
- Does the supplier promise that they don't engage or support the use of corporal punishment, mental or physical coercion, and verbal abuse?
- Does the supplier promise that they will adhere to local laws and industry standards, and every employee is entitled to working hours and paid for overtime work ?
- Does the supplier promise that wages paid are always meet at least legal or industry minimum standards and sufficient to meet basic needs of personnel?

Supplier recognized standards

Qualified	$70 \leq \text{Score}$ and $\text{GPM} \geq 85$
Conditional Qualified	$60 \leq \text{Score} < 70$ and $\text{GPM} \geq 85$
Unacceptable	$\text{Score} < 60$ or $\text{GPM} < 85$ or $\text{Section Score} \leq 60$

Note: GPM=Green Product Management

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 within one month. 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.

Ratio of New Suppliers Selected through Environmental, Labor Rights and Ethics Standards

In 2013, a total of 203 new suppliers are joined, and the ratio of Quanta new suppliers on-site audit for environmental, labor rights and ethics standards is 45.3%.

Green Supply Chain Management

Green policy declaration

Quanta's 2013 product R&D guideline has three major facets:

- 100% conformity to global environmental law.
- Zero customer complaints and absolute fulfillment of our clients' green expectations.
- Green design and R&D creates a three-win situation for benefit-sharing.

The promotion of green policy and educational training

Four supplier conventions were held in Taiwan, Shanghai, and Chongqing in December. Close to 1,000 employees from the suppliers turned up for the conventions, accounting to approximately half of Quanta's approved suppliers.

Registration and attendance for Quanta's 2013 supplier convention

Region	Capacity	No. of registrations	Attendance	Attendance rate (%)
2013/12/19 (Taipei)	715	490	440	89.8
2013/12/24 (Shanghai-A, QSMC)	150	132	125	94.7
2013/12/26 (Shanghai-B)	550	442	361	81.6
2013/12/30 (Chongqing, QCMC)	150	162	147	90.7



Social Participation - Public Welfare Contribution

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. Quanta's CSR committee comprises four sub-committees such as the Social Participation Committee, Quanta Culture & Education Foundation, and Quanta Arts Foundation are responsible for implementing related tasks in Taiwan, while in China, the task is delegated to the charity club in various plants.

By understanding the needs and expectations of the local community residents, programs related to cultural development, environmental care, charity & respect for the elderly, and health development can be carried out. The aforementioned locations are not situated inside specified reserves, there are no community collective bargaining announcement related papers. We welcome all men and women to partake in these activities. Quanta's operational locations are all 100% committed to local community participation, benefit assessment, and development projects.



To Make the World Better

Organization	Philosophy and Guidelines
<p>Quanta Culture & Education Foundation</p>	<p>1. Policy: Cultivate creative, innovative and entrepreneurial qualities to prepare future corporate talents and enhance the nation's competitiveness.</p> <p>2. Commitment: Give back what is taken from the society; art enlightenment and balanced cultural development.</p>
<p>Quanta Arts Foundation</p>	<p>1. Encourage and promote creation: "Creation is the origin of all values", thus commissioned creation and grants are implemented to subsidize funds or joint-creations in order to foster creativity and independent creations in Taiwan.</p> <p>2. Promote the fusion of technology and performing arts Collaborate with government agencies or arts colleges to organize various technological performing arts or awards in order to provide the Taiwanese people with high quality technological performing arts and cultivate a new generation of creative talents. To generate dialogues between technology firms and artists.</p> <p>3. Promote cross-strait cultural exchange Organize various arts festivals and exchange events to showcase performances from across the Taiwan Strait, as well as visits and courses in order to promote the cooperation for cross-strait artists.</p>

Charity Club	<ol style="list-style-type: none"> 1. Create an event mechanism that cares about the colleagues, communicates love, and implements public welfare in order to elevate the colleagues' moral thinking, social ethics, and CSR. 2. Conduct internal learning and care about the employees' lives. Externally, our colleagues will organize different charity and public welfare activities to promote environmental protection, care about underprivileged communities, respect the elderly, and love children. 3. We hope each colleague can understand, promote, and partake in public welfare to make our world a better place.
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List of Local Community Development Projects

Organizational	List of Local Community Development Projects	
Quanta Culture & Education Foundation	Project Name	Description
	Immersed in Creativity Touring Exhibition	Transform Eastern, Western, and environmental art exhibitions into education exhibitions that are held in schools in remote townships, off-shore islands and cities, so as to encourage teachers to implement cross-disciplinary creative teaching projects. Combine community cultural resources to teach the students how to share actively, stimulate creativity, and improve their verbal expression ability.
	Participation in public policies	Become members of governmental Education Policy Committee and propose recommendations for education.
	Sponsorships	Through sponsorships from the foundation, the goal is to achieve “art inspiration” , “creative education” and “international exchange” and encourage promoters of culture, arts, and children’ s education to develop projects with the purpose of cultivating children’ s creativity, culture, aesthetics, and demonstrating local characteristics.
	Scholarship Projects	Assist financially challenged but talented elementary school, junior high school, and senior high school students.
	Volunteer Project	Cultivate elementary school and junior high school students to join the ranks of little art guides. Encourage Quanta employees, their families and retired teachers to become volunteers in promoting arts and culture.
	Morakot Project	Campus assistance, enrich school libraries resources, art therapy, Quanta employee relief.
The definition of community scope including the whole Taiwan.		

1. Incentivized and commissioned creations

In-house production

Quanta Philharmonic Orchestra - Rock Symphony
Quanta theater - 《More than words》

Permanent performance

Contemporary Legend Theatre - 《Metamorphosis》

Full subsidy

Creative Society - 《Archive K》
Riverbed Theatre - 《Trading Secrets with Secrets》
Fantasy Theatre - 《Live Your Life》

Partial subsidy

Dark Eyes Performance Lab - 《Alive and Kicking》
M.O.V.E. Theatre - 《Uncle Poet》
WCdance - “Small” : Final Piece 《Conclusion》
Slowisland Theatre Group - 《FACTORY》

2. Promote technology and performing arts

Support Digital Performing Arts Festival

NT\$1 million cash prize awarded to top-prize winner Allergen

Organize MOC' s 2013 Digital Performing Arts Festival - Wonders of Future

Center for Art and Technology, Taipei National University of the Arts/Wang Jun-Jieh /LuxuryLogico - 《Sin City》
Contemporary Legend Theatre - 《Metamorphosis》
SIRO-A - 《ECHNODELIC VISUAL SHOW》

Promote international technology and art exchange

Assist artist Huang Yi to purchase KUKA and made arrangement for 《Huang Yi & KUKA》 to perform at the opening of Arts Electronica Festival in Linz.

3. Promote cross-strait cultural exchange

Visits

“Cross-strait Art” - Observation of performing art policy and ecology in China

Performances

Quanta Arts Foundation Cross-strait Little Theatre Festival - “ART BATTLE , NO WAR, JUST PLAY”
Cross-strait City Visit Series - Beijing Quju Troupe

Courses

Quanta Arts Foundation theatre management class - Banlam Grand Theater, National Theatre of China, Taiwan theatre management observation group.

4. Local performance and public welfare activities

Quanta Hall performances

Free viewing for Quanta employees and local residents in order to enhance the art and cultural standard of Gueishan district, Linkou.

Charity, public welfare and educational activities

W3 Troupe “Fantasy Valley” public welfare performance. Collaborate with Taoyuan County Government to invite more than 3,000 underprivileged children to see the performance for free.

Dapingding Thanksgiving Concert - four school student bands in the Gueishan district conduct mother' s thanksgiving concert for free.

NCU Black Box theater technical summer camp - in collaboration with NCU, the venue is provided for young students to practice their skills.



Charity Club	Environmental care	Embrace green, tree planting activity Love the environment, beautify Yushan Lead by example for environmental protection and beautification, eco-friendly green energy
	Respect for the elderly	Visit Songjiang Social Welfare Institute Moon Festival - Introduce love to senior citizens home Visit Yushan Town senior citizens home
	Health	Donate blood to save lives Love you and me, to have healthy life
	Love	Journey of love to Yuexi, Anhui Thankful heart and genuine affection Love Yaan
	Special education	Visit Changshu special education school



Solve difficulties or Adjust Related Measures

Organization	Solve difficulties or Adjust Related Measures
Quanta Culture & Education Foundation	<ul style="list-style-type: none"> ● Initial stage: Lack of visibility and many schools didn't have much interested in arts education. Solution: visit each school and education department/bureau to convey our philosophical blueprint. ● Mid stage: Schools regard exhibitions as events rather than teaching plans, therefore there is a gap between project objective and philosophy. Solution: Organize teachers' study camps and meetings to clarify the concepts. ● Short term: How to promote arts and cultural education with more depth and scope. Solution: Seek local partnerships and implement online learning.



<p>Quanta Arts Foundation</p>	<p>Since the annual budget is limited, therefore not every event and project can be fully supported</p> <ul style="list-style-type: none"> ● Actively develop the arts and culture market - employ marketing and promotion to enhance ticketing benefits and foster beneficial developments in Taiwan' s arts and cultural industry. ● Seek collaborative organizations, including government agencies, civil organizations, as well as the mainland arts units and partners, to create more beneficial results. ● We will substitute one-way sponsorships with two-way collaborations to promote concepts such as joint promotion and shared box office through marketing. In turn, we will be able to assist the artists to unveil their creations and ensure sustainable market development.
<p>Charity Club</p>	<ul style="list-style-type: none"> ● Senior citizens homes are concerned that senior citizens will become too tired from these superficial tasks, in turn affecting their rest. We obtain approval from the senior citizens home by providing previous event information and feedback. ● Club member recruitment: each floor of the dormitory building is open for on-site registration, stall solicitation and broadcast solicitation. Club members are welcome to join the event with their friends.



Resources Invested

Organization	Invested Fund	No. of Participants	Other Resources Invested (materials, equipments, venues etc.)
Quanta Culture & Education Foundation (NT\$)	About 50 million	1,310,033	Tablet PC, Notebook PC, Quanta Hall
Quanta Arts Foundation (NT\$)	50 million	46,200	Quanta Hall
Charity Club (RMB)	About 118 thousand	6,386	Club member T-shirts, hats; public welfare stickers; club banner, temporary equipment and venue

Positive Benefits and Social Influence

Organization	Positive Benefits and Social Influence
<p>Quanta Culture & Education Foundation</p>	<ul style="list-style-type: none"> ● Inspire children' s creativity ● Equip children with the ability to think independently, to learn and ask questions proactively, and to solve problems. ● Inspire new thinking among teachers and parents in terms of creative education. ● Establish creative digital learning platform. ● Foster international interchange and increase global perspective.



Charity Club	<ul style="list-style-type: none"> ● Poverty-relief activity in Yuexi, Anhui: Donate tables, chairs, schoolbags and learning apparatuses to endow the children with a better learning environment. ● Increase the colleagues' social responsibility awareness through underprivileged children caring activities. ● Care about disadvantaged minority groups such as old people and children. ● Increase the colleagues' environmental awareness by strengthening their environmental concepts. ● Donate blood to those who are in need to save lives.
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Quanta is more than Just a Computer Manufacturer - It is also a Company Dedicated to Social Care and Love on a Long-term Basis

For children, we hope to inspire their future “portable adaptability” by cultivating their creativity, innovativeness, and entrepreneurial qualities, so as to prepare future corporate talents and enhance our national competitiveness.

As far as respecting the elderly and helping the weak is concerned, we hope the children will remember how they were helped by others before and thereby helping other people, to propagate more positive energy.

As for our employees, we hope to offer them high quality recreation channels, elevate their aesthetics and inspire their creativity, so that they can also appreciate the meaning of gratitude, contribution and feedback.

Regarding the local communities, we aim to materialize social contribution and cultural reconstruction in order to enhance the overall culture & creative development in Taiwan. By doing so, we want to spread Quanta's corporate culture, social ethics and CSR to the city, town/township or community in which we are located.



Appendix 、 GRI-G4 (Global Reporting Initiative) Table

GRI Index	Relevant chapters and Description	Page	External Assurance Page
General Standard Disclosures			
Strategy and Analysis			
G4-1 A statement from the most senior decision-maker of the organization	Message from Chairman & Vice Chairman	4	58~
Organizational Profile			
G4-3 Name of the organization	Profile of Quanta Computer: I. Company Introduction	12-13	58~
G4-4 The primary brands, products, and services	Profile of Quanta Computer: II .Business Profile & Market Overview	13	58~
G4-5 The location of the organization' s headquarters	Profile of Quanta Computer: I. Company Introduction	12-13	58~
G4-6 The number and names of countries where the organization operates	Profile of Quanta Computer: I. Company Introduction	12-13	58~
G4-7 The nature of ownership and legal form	Profile of Quanta Computer: I. Company Introduction	12-13	58~
G4-8 The markets served	Profile of Quanta Computer: I. Company Introduction; II .Business Profile & Market Overview	12-13	58~
G4-9 The scale of the organization	Profile of Quanta Computer: I. Company Introduction; II .Business Profile & Market Overview	12-13	58~
G4-10 Report the total number of employees by employment type, contract, region and gender.	Employee Overview: Employee Structure	19	58~
G4-11 The percentage of total employees covered by collective bargaining agreements	Employee Overview: Ratio of employees protected by the Collective Agreement Act	19	58~
G4-12 The organization' s supply chain	Green Supply Chain Management: General Background of the Supply Chain	43	58~
G4-13 Any significant changes during the reporting period regarding the organization' s size, structure, ownership, or its supply chain	Profile of Quanta Computer: I. Company Introduction	12-13	58~
G4-14 Whether and how the precautionary approach or principle is addressed by the organization	Occupational Health and Safety: Occupational Safety and Health Policies; Operational Basis and Profile of Occupational Safety & Health Management; Contingency measure operation	26-29	58~
G4-15 List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	Quanta CSR commitment	5	58~
G4-16 Memberships of associations and national or international advocacy organizations	Quanta CSR commitment	5	58~



Identified Material Aspects and Boundaries			
G4-17 All entities included in the organization's consolidated financial statements or equivalent documents	About the report	1	58~
G4-18 The process for defining the report content and the Aspect Boundaries	About the report	1	58~
G4-19 All the material Aspects identified in the process for defining report content	Stakeholders Identification \ Communication and Responsibility: Materiality Analysis and Topics for Disclosure; Major Aspects on Specific Standards of Disclosure	8-9	58~
G4-20 For each material Aspect, report the Aspect Boundary within the organization	Stakeholders Identification \ Communication and Responsibility: Major Aspects on Specific Standards of Disclosure	9	58~
G4-21 For each material Aspect, report the Aspect Boundary outside the organization	Stakeholders Identification \ Communication and Responsibility: Major Aspects on Specific Standards of Disclosure	9	58~
G4-22 The effect and the reasons of any restatements of information provided in previous reports	(Didn't have any restatements)	--	--
G4-23 Significant changes from previous reporting periods in the Scope and Aspect Boundaries	About the report	1	58~
Stakeholder Engagement			
G4-24 A list of stakeholder groups engaged by the organization	Stakeholders Identification \ Communication and Responsibility: Stakeholders Identification and Communication	6	58~
G4-25 The basis for identification and selection of stakeholders	Stakeholders Identification \ Communication and Responsibility: Stakeholders Identification and Communication	6	58~
G4-26 The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Stakeholders Identification \ Communication and Responsibility: List of Stakeholders	6-8	58~
G4-27 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	Stakeholders Identification \ Communication and Responsibility: List of Stakeholders	6-8	58~
Report Profile			
G4-28 Reporting period for information provided	About the report	1	58~
G4-29 Date of most recent previous report	About the report	1	58~
G4-30 Reporting cycle	About the report	1	58~
G4-31 The contact point for questions regarding the report or its contents	About the report	1	58~
G4-32 The 'in accordance' option the organization has chosen; the GRI Content Index for the chosen option; the reference to the External Assurance Report	About the report	1	58~



G4-33 The organization's policy and current practice with regard to seeking external assurance for the report	About the report	1	58~
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: I . Corporate governance organizational structure	5 14	58~
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: VI. Employee Code of Conduct	16-17	58~
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: VI. Employee Code of Conduct	16-17	58~
Specific Standard Disclosures			
CATEGORY: ECONOMIC			
Management Approach for Market Presence	Profile of Quanta Computer Employee Overview: Ratio of Base Wage between Male and Female Employees	12-13 21	58~
EC-5 Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Employee Overview: Ratio of Base Wage between Male and Female Employees	21	58~
CATEGORY: ENVIRONMENTAL			
Management Approach for Emissions	GHG Management: Strategic Guideline; Materiality Management	39	58~
EN-15 Direct greenhouse gas (GHG) emissions (scope 1)	GHG Management: GHC Quantity and Management	39-42	58~
EN-16 Energy indirect greenhouse gas (GHG) emissions (scope 2)	GHG Management: GHC Quantity and Management	39-42	58~
EN-17 Other indirect greenhouse gas (GHG) emissions (scope 3)	GHG Management: GHC Quantity and Management	39-42	58~
EN-18 Greenhouse gas (GHG) emissions intensity	GHG Management: GHC Quantity and Management	39-42	58~
Management Approach for Effluents and Waste	Effluent and Waste: Major environmental impact and the necessity to abide by the law; Effectiveness Assessment Mechanism	34;38	58~
EN-22 Total water discharge by quality and destination	Effluent and Waste: Environmental Impact Management and Monitoring; I .Effluent Management	34-36	58~
EN-23 Total weight of waste by type and disposal method	Effluent and Waste: Environmental Impact Management and Monitoring; II .Industrial Waste Management	36-37	58~
Management Approach for Compliance	Corporate Governance and Ethics: VII. Compliance with company regulations	17	58~
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: VII. Compliance with company regulations	17	58~



Management Approach for Supplier Environmental Assessment	Green Supply Chain Management: Selection of Green Suppliers; Environmental, Human Rights Assessment and Standards	43-45	58~
EN-32 Percentage of new suppliers that were screened using environmental criteria	Green Supply Chain Management: Ratio of New Suppliers Selected through Environmental, Labor Rights and Ethics Standards	45	58~
CATEGORY: SOCIAL			
Management Approach for Occupational Health and Safety	Occupational Health and Safety: Occupational Safety and Health Policies; Operational Basis and Profile of Occupational Safety & Health Management	26-27	58~
LA-6 Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Occupational Health and Safety: Occupational Safety and Health Statistic	32-33	58~
Management Approach for Training and Education	Talent Development: Important Human Capital Enhancement Strategy in Response to the Needs in Organization Transformation; Adjustment Measures	22-24	58~
LA-9 Average hours of training per year per employee by gender, and by employee category	Talent Development: Learning Results	22-23	58~
Management Approach for Supplier Assessment for Labor Practices	Green Supply Chain Management: Selection of Green Suppliers; Environmental, Human Rights Assessment and Standards	43-45	58~
LA-14 Management Approach for Supplier Assessment for Labor Practices	Green Supply Chain Management: Ratio of New Suppliers Selected through Environmental, Labor Rights and Ethics Standards	45	58~
HR-10 Percentage of new suppliers that were screened using human rights criteria	Green Supply Chain Management: Ratio of New Suppliers Selected through Environmental, Labor Rights and Ethics Standards	45	58~
Management Approach for Non-discrimination and Unforced Labor	Employee Overview: Labor right: Non-discrimination & Unforced labor	19-21	58~
HR-3 Management Approach for Non-discrimination and Unforced Labor	Employee Overview: Labor right: Non-discrimination & Unforced labor	19-21	58~
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 Overview: Labor right: Non-discrimination & Unforced labor	19-21	58~
Management Approach for Local Communities	Social Participation - Public Welfare Contribution	46-52	58~
SO-1 Percentage of operations with implemented local community engagement, impact assessments, and development programs	Social Participation - Public Welfare Contribution	46-52	58~
Management Approach for Anti-corruption	Corporate Governance and Ethics: VI.Employee Code of Conduct Employee Overview: Anti-corruption	16-17 21	58~



SO-4 Communication and training on anti-corruption policies and procedures	Employee Overview: Anti-corruption	21	58~
Management Approach for Compliance	Corporate Governance and Ethics: VII. Compliance with company regulations	17	58~
SO-8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Corporate Governance and Ethics: VII. Compliance with company regulations	17	58~
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: VII. Compliance with company regulations	17	58~





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 2013 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 2013 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 2013 Quanta Corporate Social Responsibility Annual Report for the 1st January, 2013 to 31th December, 2013;
- 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)¹
 - Inclusivity
 - Materiality
 - Responsiveness
- Evaluation of the Report against the principles of Accuracy, Accessibility, Balance, Clarity, Comparability, Reliability, Timeliness and Stakeholder Inclusiveness, as defined in the GRI Sustainability Reporting Guidelines G4;

The levels of assurance have been applied as follows:

Report Location	Level of Assurance
QRDC, Taiwan	High
QSMC, Shanghai	Moderate
CSMC, Changshu	Moderate
QCMC, Chongqing	Moderate

¹ Published by AccountAbility: The Institute of Social and Ethical Accountability
<http://www.accountability.org.uk>



Methodology

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

1. Interviews with relevant personnel of Quanta Computer Inc. - 16 employees interviewed;
2. Review of documentary evidence produced by Quanta Computer Inc.;
3. Audit of performance data, which back to source, of QRDC, Taiwan;
4. Site visits to QRDC, Taiwan;
5. Review of Quanta Computer Inc. data and information systems for collection, aggregation, analysis and review.

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 2013 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 1st January, 2013 to 31st December, 2013;
- 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;
- The progress in managing material issues has been witnessed as part of the assurance.

Alignment with the principles of AA1000AS (2008)

Inclusivity

Quanta Computer Inc. has processes in place for identifying a range key stakeholders including socially responsible investors, clients, employees, supply chain and local community; and, in this report, 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, through its material aspects identification processes.

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:

- Extend the stakeholder engagement process to formally capture stakeholders' concerns and views in a structured manner across the organisation (MATERIALITY);
- A consistent approach to consultation with key stakeholders should continue to be a focus for improvement, to further reduce the possibility of unintentional exclusions to the scope of reporting (MATERIALITY);
- The business should continue its efforts in actively integrating principles of Corporate Responsibility into its management structures and day-to-day operations, by integrating them into existing management systems and audit processes (COMPLETENESS);
- The organisation should consider implementing Corporate Responsibility awareness raising through workshops and leadership programmes (COMPLETENESS);
- The organisation should ensure that the setting of objectives and performance indicators at a local level is both appropriate to local requirements and consistent with the priorities and objectives set at the corporate level (RESPONSIVENESS).

Evaluation against Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines

Bureau Veritas undertook an evaluation of Quanta Computer Inc. 2013 Quanta Corporate Social Responsibility Annual Report against the G4 Sustainability Reporting Guidelines. This included cross checking the GRI index table against all the reference documents to provide an opinion on the self-declared GRI in accordance 'core' option.

Based on our work, it is our opinion that 2013 Quanta Corporate Social Responsibility Annual Report has been prepared in accordance with the GRI Reporting Framework including appropriate consideration of the Reporting Principles and necessary indicators to meet the requirements of GRI in accordance 'core' option.



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;
- The use of performance data generated from Taiwan site and China sites which has different review & examine approach should have carefully attention.

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 almost 180 years history in providing independent assurance services, and an annual turnover in 2013 of Euros 3.93 billion.

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 **10** 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.

14th June, 2014



Technical Reviewer: C.F. Chang

Date: 14/Jun./2014

Assurer: Andrew Lee

Date: 14/Jun./2014

QUANTA 2013 CSR

Human-Centric

Innovation • Creativity • Entrepreneurship



<http://www.quantatw.com>