

**IN WIN DEVELOPMENT INC.**

**2018 Corporate Social Responsibility  
Report**

**Employee Care, Environmental Protection, Public  
Welfare**

**Published on 2019**

# Table of Contents

Page

|                                                                        |           |
|------------------------------------------------------------------------|-----------|
| <b>ABOUT THIS REPORT .....</b>                                         | <b>1</b>  |
| <b>I. STRATEGY AND VISION.....</b>                                     | <b>2</b>  |
| 1. FROM THE CHAIRPERSON .....                                          | 2         |
| 2. CSR AT INWIN.....                                                   | 4         |
| 3. INWIN CSR ORGANIZATION.....                                         | 4         |
| <b>II. ABOUT US .....</b>                                              | <b>6</b>  |
| 1. COMPANY PROFILE AND BACKGROUND.....                                 | 6         |
| 2. CORPORATE GOVERNANCE .....                                          | 9         |
| 3. STAKEHOLDER IDENTIFICATION AND COMMUNICATION.....                   | 13        |
| 4. RISK ASSESSMENT AND CRISIS MANAGEMENT .....                         | 16        |
| 5. COMPANY MILESTONES .....                                            | 17        |
| <b>III. SUSTAINABLE DEVELOPMENT OF THE ENVIRONMENT .....</b>           | <b>21</b> |
| 1. ENVIRONMENTAL MANAGEMENT POLICY DISCLOSURE.....                     | 21        |
| 2. CLIMATE CHANGE AND GLOBAL WARMING .....                             | 23        |
| 3. GREEN PRODUCTION .....                                              | 32        |
| 4. ENVIRONMENTAL MANAGEMENT AND ENVIRONMENTAL PROTECTION ACTIONS ..... | 35        |
| <b>IV. CORPORATE SOCIAL RESPONSIBILITY .....</b>                       | <b>42</b> |
| 1. SOCIAL MANAGEMENT POLICY DISCLOSURE .....                           | 42        |
| 2. TALENT DEVELOPMENT AND EMPLOYEE RELATIONS .....                     | 44        |
| 3. EMPLOYEE WELFARE AND WORKING ENVIRONMENT .....                      | 48        |
| 4. CUSTOMER SERVICE .....                                              | 52        |
| 5. SUPPLIER RELATIONS.....                                             | 54        |
| 6. COMMUNITY, SOCIAL CARE, AND GIVING BACK .....                       | 56        |
| <b>V. CONTACT INFORMATION .....</b>                                    | <b>1</b>  |

# Table of Figures

## Page

|                                                                                                                  |    |
|------------------------------------------------------------------------------------------------------------------|----|
| Figure 2-1 Sales by region in 2018.....                                                                          | 11 |
| Figure 2-2 In Win internal control system.....                                                                   | 17 |
| Figure 3-1 US 80 PLUS Power Conversion Efficiency Certification.....                                             | 24 |
| Figure 3-2 Main direct energy consumption volumes (liquefied petroleum gas) .....                                | 26 |
| Figure 3-3 Main indirect energy consumption volumes (electricity consumption).....                               | 26 |
| Figure 3-4 In Win's main energy consumption breakdown in 2018 .....                                              | 26 |
| Figure 3-5 Greenhouse gas emission volumes at In Win from 2014 to 2018 .....                                     | 28 |
| Figure 3-6 Greenhouse gas emission intensity at In Win in 2011-2018 .....                                        | 28 |
| Figure 3-7 Greenhouse gas emission categories at In Win's Nanshang and Changhein Factories in<br>2018.....       | 29 |
| Figure 3-8 In Win energy saving trends in 2014-2018 (in kWh).....                                                | 30 |
| Figure 3-9 In Win energy density in 2014-2018.....                                                               | 30 |
| Figure 3-10 LPG consumption per unit of product .....                                                            | 30 |
| Figure 3-11 In Win ISO 50001 Certificate .....                                                                   | 31 |
| Figure 3-12 Greenhouse gas emissions reductions .....                                                            | 32 |
| Figure 3-13 In Win's Green Management Process .....                                                              | 33 |
| Figure 3-14 In Win IECQ QC 080000 certificate .....                                                              | 34 |
| Figure 3-15 Raw materials used at In Win 2018.....                                                               | 36 |
| Figure 3-16 Waste production at In Win 2018 .....                                                                | 36 |
| Figure 3-17 Overall Waste Production at In Win 2018.....                                                         | 38 |
| Figure 3-18 Resource Waste Production at In Win 2018 .....                                                       | 38 |
| Figure 3-19 Total water consumption at In Win 2014 - 2018.....                                                   | 39 |
| Figure 3-20 Water intensity at In Win 2014-2018 .....                                                            | 40 |
| Figure 3-21 Trends in per-capita water consumption (water consumption per person per month) 2014<br>- 2018 ..... | 40 |
| Figure 4-1 Employment breakdown of In Win employees.....                                                         | 46 |
| Figure 4-2 Gender and positions breakdown of In Win employees .....                                              | 46 |
| Figure 4-3 Gender breakdown of senior executives at In Win and age breakdown of employees .....                  | 47 |
| Figure 4-4 Organizational structure of the Occupational Safety and Health Committee.....                         | 49 |
| Figure 4-5 Types of occupational incidents in 2018 .....                                                         | 52 |
| Figure 4-6 Comparison of product satisfaction at In Win in recent years.....                                     | 53 |
| Figure 4-7 Comparison of customer service satisfaction at In Win in recent years .....                           | 53 |
| Figure 4-8 Local procurement rates at In Win in recent years.....                                                | 55 |
| Figure 4-9 In Win's sponsorship of the Gongpu Elementary School Student Wind Ensemble .....                      | 57 |

# Table of Tables

## Page

|                                                                                                                 |    |
|-----------------------------------------------------------------------------------------------------------------|----|
| Table 2-1 Board of Directors of In Win Development.....                                                         | 10 |
| Table 2-2 In Win's revenue, expenditure, and profitability in recent years (Unit: TWD 1,000).....               | 11 |
| Table 2-3 In Win stakeholders' material topics and communication channels .....                                 | 14 |
| Table 2-4 R&D results and patents in 2018 .....                                                                 | 18 |
| Table 2-5 In Win's R&D in recent years (Unit: TWD 1,000) .....                                                  | 18 |
| Table 3-1 In Win's product categories and their energy conservation certifications.....                         | 24 |
| Table 3-2 Electricity conservation achievements.....                                                            | 32 |
| Table 3-3 In Win's Waste Management Model.....                                                                  | 36 |
| Table 3-4 In Win's environmental protection investment expenditure in 2018 .....                                | 40 |
| Table 4-1 Human Resources at In Win in 2018 .....                                                               | 45 |
| Table 4-2 Taiwanese employees returning to work in 2018 after parental, maternity, or paternity leave<br>.....  | 45 |
| Table 4-3 Employee turnover in 2018 .....                                                                       | 45 |
| Table 4-4 Hours and expenditures of employee training in 2018 .....                                             | 47 |
| Table 4-5 Proportion of employees participating in performance evaluation in 2018.....                          | 48 |
| Table 4-6 Statistics on employee safety indicators at In Win .....                                              | 51 |
| Table 4-7 Overview of Corporate Social Responsibility Management of In Win's Suppliers and<br>Contractors ..... | 55 |

# About this Report

## About the "InWin 2018 Corporate Social Responsibility Report"

The primary purpose of this Corporate Social Responsibility Report published by InWin Development Inc. ("In Win") is to disclose the Company's CSR practices, accomplishments as well as related strategies and targets to the public in an open and transparent manner. Our Company's CSR report is published on an annual basis. The first edition of the "InWin CSR Report" was published in June 2010, and this report is the eighth edition to date. The report presents the practices and performance data of InWin's Taoyuan headquarters and other sites in environmental protection, corporate governance and social engagement for the period between January 1, and December 31, 2018. Some of the performance data also date back to 2014 ~ 2017. After taking into account operating entities with over 50% organizational ownership that affect group operations, the scope of this report was set as InWin's Taoyuan headquarters and other sites in Taiwan. It does not include subsidiaries in China, Europe and America. Any exceptions will be noted within the report.

This report is prepared in accordance with the GRI/G4 Guidelines, the fourth-generation standards for sustainability reporting from the Global Reporting Initiative (GRI). The report contains the GRI standards and discloses the topics of concern to our stakeholders. It also provides full disclosure regarding the Company's greenhouse gases, its corporate social responsibility management with and along the supply chain, and other related topics.

To protect the environment by promoting paperless operations, this report is published in electronic form on our corporate website.

# I. Strategy and Vision

## 1.From the Chairperson

In Win Development Inc. has been active in the manufacture and sales of personal computer (PC) casings for more than 30 years. The Company plans to step up its investments in research, development, and innovation in PC casings for e-sports and Industry 4.0 related casing to launch several generations of fashionable casings each year. These casings are creative products that break free from the old frameworks in design and materials. InWin has already gained a reputation and position as a pioneering designer and producer in the casing industry, as is reflected by such accolades as the iF Product Design Award from Germany, the Taiwan Excellence Awards, among many other design bodies. In recent years, the Company has also held casing remodeling competitions for e-sports casings to bring together the creativity and innovation of e-sports remod talents from around the globe. These “modders” and our Company's R&D and design teams inspire one another and enable our e-sports casings to take unique pathways of development and design that keep us in the lead in our industry. The Company's main products include PC casings, IPC/server casings, e-sports casings, power supply devices, e-sports power supply devices, e-sports fans, and e-sports related peripherals, 2018 annual revenue reaches new TWD 1,935,693,000.

We believe that our responsibility as a corporation is not confined to shareholder interests only but should also consider all stakeholders, such as the environment, communities, customers, employees, and the supply chain during the course of our daily business considerations. “Company development and environmental protection can very well go together” has been our corporate philosophy for many years. We have environmental protection and corporate social responsibility policies in place and implement those wholeheartedly in letter and in spirit. Continuous improvement is part and parcel of our business operations. The Company has passed ISO 9001 quality management system certification, ISO 14001 environmental management system certification, and IECQ QC 080000 Hazardous Substance Process Management (HSPM) system. In addition, in 2015, the Company adopted the ISO 50000 energy management system, and obtained the ISO 50001 energy management system certification through SGS in the same year. Our Company also has a green management plan, invests in R&D for greener products, and promotes green products and recycling mechanisms. From the product development stage and downstream, we also comply with international environmental protection regulations and norms such as WEEE, RoHS, REACH, ENERGY STAR, and EPEAT.

Built on the entrepreneurial spirit of Giving Back to Society, our Company hopes to

cultivate a next generation of owners that contribute to society. For over a decade, we have given our long-term support to Taoyuan Municipal Gongpu Elementary School and Daxi Municipal Qiao-ai Elementary School through donations to fund those schools' wind music clubs to foster musical talent and the healthy development of the students' body, mind, and spirit. In addition, we also set great store by community harmony, which is the reason that we sponsor events in the villages and communities where we are located. These donations are manifestations of our unwavering sense of corporate social responsibility, and the outcomes have been abundant and beautiful. As of the date of completion of this report, the Company's activities, products, and services had never caused significant pollution.

According to research and advisory company Gartner, worldwide PC shipments reached 259.4 million units in 2018, down 1.3% from 2017 and the seventh consecutive year of decline. After taking office, US President Trump began to advocate fair trade in the sense of protecting US employment and strictly enforcing trade regulations since 2018. He adopted a slew of tariff-based protection policies targeted at the whole world and Mainland China, which also adopted tariffs and counter-measures in response. The expectations for 2019 are that the trade conflict between the United States and China will remain unresolved and that the financial markets will remain volatile. Amid these uncertainties and slow global economic and trade growth, the year will be far from calm and rather turbulent instead. In response to the Sino-US trade war, the Company's management has decided to increase its capital investment plans in Taiwan to build and increase its manufacturing capacity in Taiwan. Going forward, our operational development strategy will focus on; 1. actively investing in the cloud industry, building our capabilities to integrate software and hardware to widen and deepen our offering in this industry; 2. building a high-quality brand image and reputation; 3. developing an IT-based operational system to improve administrative efficiency; 4. creating a differentiated positioning and unique value proposition in the marketplace; 5. actively developing our human resources system to raise the capabilities of our workforce in order to meet the challenges of globalization; 6. strengthening our soft power. Changes in the industry and the economy are inevitable for the Company, so we must always be prepared in order to keep improving our business performance and fulfill our social responsibilities as a corporate citizen. Since I took the helm in 1985, the management team and I have paid attention to and safeguarded the rights and interests of our employees. We do our utmost to take care of our people.

Environmental protection, safety and health, labor equality and rights, as well as the transparent disclosure of information are all a part of corporate responsibility. To ensure future business growth, In Win Development Inc. will continue to strengthen its organization, invest in talent development, optimize key processes, and focus on R&D for innovative technologies. We will also create stronger integration of our ICT and other resources to pursue high quality, high efficiency, high environmental protection and low cost, in order to

innovate and seek change and become the established leader of the casing industry. In the future, our management team will remain true to environmental protection, the corporate citizenship declaration disclosure in our CSR policy and our various commitments. InWin will also continue to work on pollution prevention and continuous improvement in the spirit of treasuring our natural resources. Through effective control of safety and health risks, we will make zero accidents our goal. By embracing "clean production, green process, human rights protection", we will demonstrate our commitment to CSR fulfillment and continue to advance towards the vision of becoming a model corporate citizen.

## **2.CSR at InWin**

InWin has always believed that achieving a perfect balance between shareholder, employee, customer and public interests form the pillars of sustainable enterprise along with rigorous corporate governance. A solid foundation frees InWin for the pursuit of excellence in every aspect and to embrace the path of sustainability for mutual prosperity with society. Our Company makes the following commitments on CSR.

- Practice clean production
- Produce green products
- Protect planet Earth
- Help the disadvantaged
- Comprehensive employee benefits
- Fulfill social responsibility as corporate citizen

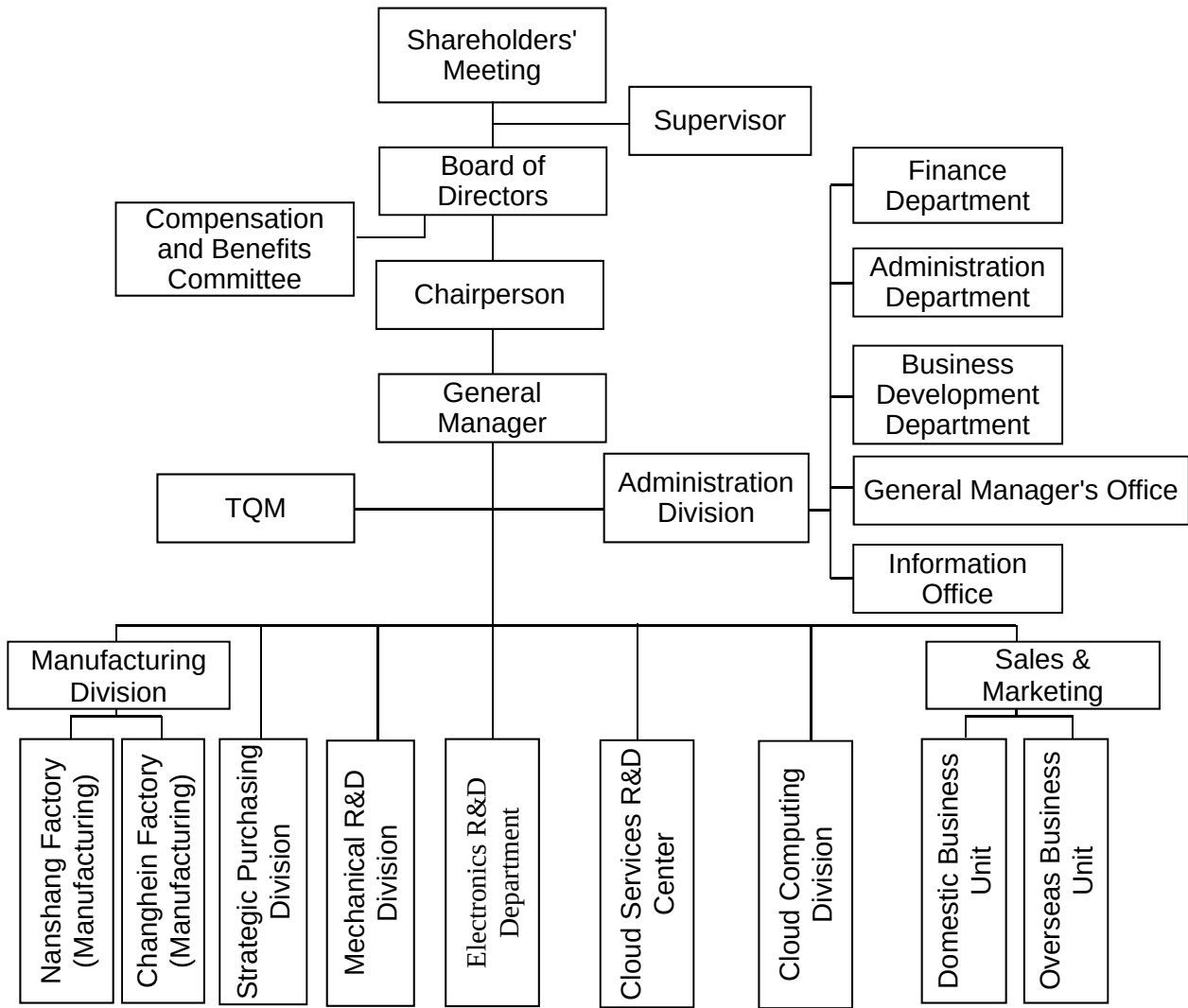
## **3.InWin CSR Organization**

To effectively promote the Electronic Industry Code of Conduct (EICC) specified by large international companies as well as conform to human rights and society, a CSR task force was set up by CSR. A company executive is appointed as the management representative in the task force to brief top management on the key indicators in this report (see Chapter V and Appendix of this report). The management representative also serves as the supervisor for economy/environment/society-related issues in CSR with responsibility for the planning and execution of the following tasks:

- Guide and supervise all CSR related operations throughout the Company
- Verify that all company management systems conform to EICC and CSR guidelines
- Organize regular management reviews

- Report to the top management on CSR implementation
- Verify that customers and suppliers understand and know about our Company's CSR requirements

**(一) InWin CSR Organization Structure**



## II. About Us

### 1. Company Profile and Background

InWin was established in 1985. In the early years, InWin was one of the few manufacturers in Taiwan capable of developing and producing IBM XT-compatible cases. We have a vertically integrated operation from product design, mold development, die-casting, powder coating to assembly as well as a fast and flexible automated manufacturing system. Products range from personal PC cases, industrial cases to power supply units. We have marketing channels all across Europe, Americas and Asia. Key milestones in the history of InWin are listed below:

- |             |                                                                                                                                                                                                                                                                                                                    |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1985</b> | · In Win Industrial Co., Ltd. was established in December 11, 1985, with TWD 5 million in initial capitalization. Our Company's predecessor focused on the export of computer cases                                                                                                                                |
| <b>1987</b> | · Assembly factory set up in Hsichih, Taipei, to build a manufacturing capability.<br>· Company restructured from a private company into a limited company. Cash capital increase of TWD 10 Million increased capitalization to TWD 15 Million.                                                                    |
| <b>1992</b> | · Relocated to 4277 m <sup>2</sup> of new factory space purchased in Nankang, Taoyuan.                                                                                                                                                                                                                             |
| <b>1994</b> | · Paint department set up to increase self-sufficiency rate and control over production processes in order to make products more                                                                                                                                                                                   |
| <b>1995</b> | · Cash capital increase of TWD 15 Million increasing capitalization to TWD 30 Million. Die-casting and molding department set up to enhance the Company's technical capabilities and product quality.                                                                                                              |
| <b>1997</b> | · Capitalization of TWD 21 Million in profits and TWD 9 Million in additional paid-in capital increased capital to TWD 60 Million. Continuous die-casting equipment purchased to introduce production automation, increasing output and lowering costs.<br>· Full-scale introduction of quality management system. |
| <b>1998</b> | · Capitalization of TWD 40 Million in profits increased capital to \$100 Million.<br>· Passed ISO 9002 quality certification.<br>· Purchased ROBOT die-casting equipment to realize fully automated die-casting.                                                                                                   |
| <b>1999</b> | · Passed ISO 9001 quality certification.                                                                                                                                                                                                                                                                           |

- Capitalization of TWD 98 Million in profits increased capital to TWD 198 Million. Purchased land in Taoyuan for the Changhein Factory.
- Invested in the U.S. company Astra Data Inc. to serve as the marketing center for the Americas.
- Constructed the Changhein Factory in Taoyuan.
- 2000**
  - Established In Win Development (UK) limited as our U.K. Subsidiary. This was aimed at expanding the European market and providing the best after-sales service.
  - Capitalization of TWD 152 Million in profits increased actual paid-in-capital to TWD 350 Million. Applied for supplementary public listing.
  - Name changed to "In Win Development Inc." in June.
  - Japan office opened in September to cultivate the Japanese market.
  - PSU business unit set up to focus on the development and manufacture of power supply units.
- 2001**
  - Expansion of main factory building completed in April to serve as the headquarters of our Company's marketing, R&D and management operations.
  - Introduction of ERP system.
  - Passed ISO 14000 and ISO 9000 certification for the year 2000 edition.
  - Capitalization of TWD 72 Million in profits increased actual paid-in-capital to TWD 422 Million.
  - OTC trading commenced in December.
- 2002**
  - China plant opened.
  - Computerization of internal factory processes and forms.
  - Capitalization of profits and additional paid-in capital increased actual paid-in capital to TWD 623 Million.
  - Increased investment in U.S. subsidiary by 4 Million USD.
  - Dutch subsidiary established to serve as the marketing center for Europe.
- 2003**
  - Factory built for In Shin Technology (China), Inc.
  - Applied to the Securities and Futures Institute for TWSE listing in June.
  - Publicly listed on the TWSE in August.
  - Capitalization of TWD 132 Million in profits increased actual paid-in-capital to TWD 755 Million.
- 2004**
  - Capitalization of TWD 145 Million in profits increased actual paid-in-capital to TWD 900 Million.

- UPS business unit established.
- Finished building all factories for In Shin Technology (China), Inc. All processes now in mass production.
- 2006**
  - Full-scale introduction of ROHS-compliant products and processes in July.
  - UPS production line completed and began production.
  - Mold fabrication system completely computerized.
- 2007**
  - High-gloss process and spray painting line established at In Shin Technology (China), Inc in April.
  - In Shin Technology (China), Inc. passed ISO 14000 environmental certification in December.
  - Passed the international IECQ QC080000 HSPM certification.
- 2008**
  - GP laboratory completed by In Shin Technology (China), Inc. in January.
  - Industrial PC and Server Case R&D group formed in March.
  - Retail business unit established in September.
- 2009**
  - Plastics process at Tainan plant moved north in July.
  - The Nanshang Factory in Taoyuan completed in July. Plastic-related processes entered mass production.
  - Capital reduction by TWD 13.5 Million in treasury stock in August. Actual paid-in capital after the capital increase was TWD 886.5 Million.
  - IPC case process set up and entered mass production in September.
- 2010**
  - LED lighting business division established.
  - Corporate sustainability report (CSR) passed G3 Level B certification by the GRI.
- 2011**
  - LED process built for In Shin Technology (China), Inc.
- 2013**
  - Cloud services software R&D center established in September.
  - Server system assembly factory established in December.
- 2015**
  - Established subsidiary company inwinSTACK Co., Ltd.
  - Passed ISO 50001 energy management certification.
- 2017**
  - In April, In Shin Technology (China) Co., Ltd. signed a land repurchase agreement with the People's Government of Wuzhong District, Suzhou City, Jiangsu Province.

In its R&D, In Win Development Inc. focuses on the specifications set by international manufacturers such as Intel. In the launching of green products such as Intel CPU, we have been the first to bring compatible casings and systems to the market. Our capabilities for fast product innovation and R&D have made us a leader in the clone market.

## 2. Corporate governance

As many excellent corporations are bankrupt due to mismanagement and the world economy has yet to fully recover from the financial crisis, consumers, investors, and business partners around the world increasingly require solid corporate governance and sustainable business management. To be successful, a company—besides the full efforts of its management and workforce—needs the support of its shareholders. Transparency of its financial processes and the protection of shareholders' rights form the pillars of those shareholders' confidence in the Company. As we internationalize, we have invested great efforts in these areas, for which we have gained recognition.

InWin's specific actions with regard to enhancing financial transparency include respecting the principles of integrity, timeliness, fairness, and transparency, through disclosure of our information on the Market Observation Post System (MOPS) of the Taiwan Stock Exchange Corporation (TWSE), where we post firsthand financial information, and our annual investor conferences, which together serve to inform external parties of our operational results and future outlook. Furthermore, at our shareholders' meetings, our management present and discuss our operational status, financial situation, corporate governance, and the like with investors in detail. The transactions between the Company and its joint ventures and subsidiaries are handled in accordance with the laws of the Republic of China, financial reporting standards for securities issuers, and other relevant laws and regulations, while internal audits manage and control any illegal risks in those areas.

Integrity forms the root of InWin's management, and as such we endeavor to improve our corporate governance structure as part of our sustainable business responsibilities. A sound and efficient Board of Directors is the foundation of good corporate governance. Our Board has a Compensation and Benefits Committee and an Internal Auditing Unit to assist the Board in fulfilling its supervisory duties. To help investors understand the corporate governance of In Win, we disclose our implementation status of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies in our annual report. We have a spokesperson system and a company website to serve as channels for information transmission and communication. We also have an Investors Mailbox to handle shareholder suggestions and questions. In accordance with the Company Act, Securities and Exchange Act, and other relevant laws and regulations of the Republic of China, the Company has a corporate governance structure and implementation practices in place and adheres to sound corporate governance, setting great store with the rights and interests of shareholders. We firmly believe that a disciplined and sound Board of Directors is essential to corporate governance.

The corporate governance organization model of In Win Development Inc. comprises two levels: the Board of Directors and the Supervisors, all of whom spring from the shareholders. Basically, the role of the Board of Directors is to ensure that the Company's operations comply with the law, avoid conflicts of interest, and direct the overall operations of the Company. The Supervisors are responsible for monitoring the Company's Board of Directors and the Company's operations. The Company's management team and Board of Directors consist of experienced managers (their names are given in the Company's annual report 2018). The information on the Board of Directors of the Company are shown in Table 2-1 below:

**Table 2-1 Board of Directors of In Win Development Inc.**

| <b>Position</b>      | <b>Name</b>   |
|----------------------|---------------|
| Chairperson          | Lai Wenxian   |
| Director             | Huang Guohui  |
| Director             | Lai Yijie     |
| Independent director | Chen houcheng |
| Independent director | Su Yuhui      |
| Supervisor           | Lai Shujuan   |
| Supervisor           | Huang Jianxiu |
| Supervisor           | Huang Yuhui   |

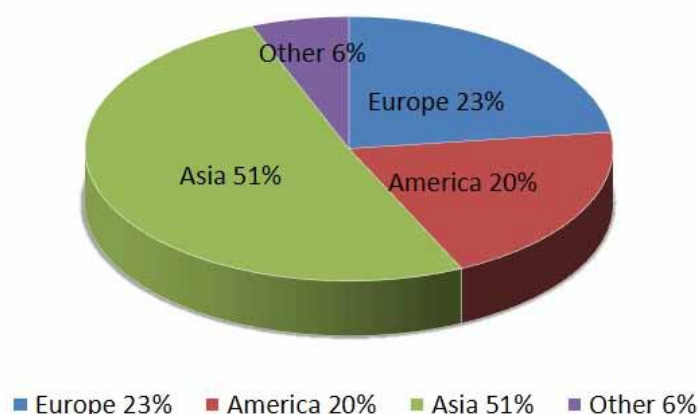
Our Company hopes to strengthen our strategic management performance to ensure that our Company strategy is on the right track, strengthen our competitiveness and globalized management capability, and pursue sustainable development. (Disclosure of economic performance management policy)

In Win also used the transparent and timely disclosure of important information (including the full and accurate financial statements) to provide oversight of the management, ensure that outside shareholders and debtors receive their proper compensation, and protect the legal interests of other stakeholders (employees, suppliers and customers). Up until the publication of this report, there have been no legal penalties issued against the Company or its personnel. There were no violations of internal control regulations by company personnel either.

Our Company's brand spirit is Contemporary & Innovative for a better life. In recent years, our key markets have been US/Europe (43%) followed by Asia (51%). In Win's sales distribution in 2018 is as shown in Fig. 2-1. The Company's operating income, cost, gross

profit, net profit and other information in recent years are shown in Table 2-2. Future production and marketing policy will strive to actively develop the Asia-Pacific market and important customer bases for its brand system. We will also actively access emerging markets such as South America and Africa, continue to develop and expand our market share in Europe through comprehensive promotion and marketing of our IPC products there. With regard to production, we will strengthen our capabilities in automated production and IT-based management, adjust our operating systems to build more flexible, nimble, and faster manufacturing capabilities, invest more resources to strengthen our manufacturing capabilities for servers and industry-grade casings, and continue strengthening our server system assembly capabilities in order to guarantee stable growth in the medium to long term. For further detail on our operating performance and financial status, please refer to the In Win Annual Report 2018 (available on the Company's website).

### Global product sales breakdown in 2018



**Figure 2-1 Sales by region in 2018**

**Table 2-2 In Win's revenue, expenditure, and profitability in recent years (Unit: TWD 1,000)**

| Item                    |                                           | 2017      | 2018      |
|-------------------------|-------------------------------------------|-----------|-----------|
| Revenue and expenditure | Operating income                          | 1,771,932 | 1,673,036 |
|                         | Operating cost                            | 1,661,578 | 1,568,708 |
|                         | Operating gross profit                    | 117,050   | 105,066   |
|                         | After-tax net profit/loss                 | 283,657   | (190,950) |
| Profitability           | After-tax net profit/loss per share (TWD) | 3.2       | (2.15)    |
| Total salaries          |                                           | 350,860   | 354,309   |

|                                |                               |        |         |
|--------------------------------|-------------------------------|--------|---------|
| Employee salaries and benefits | Total welfare                 | 60,039 | 61,917  |
| Payments to financing parties  | Cash dividend to shareholders | 0      | 106,380 |
| Payments to the government     | Business taxes                | 0      | 11      |

Integrity is one of the most important core values of In Win Development Inc. To develop a corporate culture of integrity and to make the Company sound and sustainable, we have formulated and abide by the In Win Development Inc. Integrity Code of Conduct, which is based on the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies published by TWSE. The scope of our Integrity Code of Conduct extends to all subsidiaries, legal entities that are directly or indirectly financed for more than 50% or materially controlled by our group. To ensure that the conduct of our directors, supervisors, managers, and all employees complies with our ethical standards, and to make our stakeholders more aware of those standards, our In Win Development Inc. Ethical Standards Integrity Code of Conduct based on the Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies published by TWSE, covers the principles of integrity, prevention of conflicts of interest, confidentiality obligations, fair trade, and prevention of self-enrichment. These Standards are widely publicized and all employees are required to comply with the legal norms and ethics of the countries in which they operate. To make all employees subscribe to these ethical norms, new employees are formally bound by the ethical norms, while all employees at home and abroad are required to comply with the Company's regulations. Daily behavior is assessed against these norms. In addition, the key points of our Company's norms and staff codes include:

① Comply with the rules relating to one's authority

In Win Development Inc. has a clear mechanism for authority approvals and internal control, which requires that all execution processes be handled in accordance with regulations in order to protect the Company's assets, rights, and interests.

② Employees are prohibited from engaging in activities that conflict with the Company's rights and interests

Employees cannot engage in activities outside the Company that conflict with the Company's interests. Without the Company's permission, they also cannot carry out or participate in activities outside the Company that may affect their responsibilities inside the Company.

Ⓞ Compliance with copyright regulations

Employees must strictly abide by the Copyright Act, respect copyrights, and refrain from using pirated software.

Ⓞ Confidentiality regarding trade secrets and company information

The Company's trade secrets and internal information must be kept confidential and must not be disclosed to others in any way, shape, or form. Conversely, In Win also respects the trade secrets of others and prohibits plagiarism, theft, or any other form of infringement.

Ⓞ Protection of intellectual property rights and document ownership rights

The Company's intellectual property rights (IPR) must be protected. IPR created during the performance of one's duties falls to the Company.

### **3. Stakeholder identification and communication**

In Win Development Inc. has a CSR Task Force to address stakeholder concerns. To this end, stakeholders have been identified, namely employees, communities around our operations, investors, suppliers, and customers, and their concerns are taken into consideration in the Company's planning and operations.

From among the indicators in the GRI/G4 Guidelines published by the Global Reporting Initiative (GRI), we have selected those indicators that we think are relevant indicators to monitor the economic, environmental, and social impacts of our operations. Through emails, telephone calls, and questionnaires, we have identified the material topics of our five stakeholder groups. This process has been standardized and laid down in our Procedures Governing Corporate Social Responsibility Communications and Material Topic Identification. The topics of concern to our stakeholders, communication channels, and response measures are shown in Table 2-3 below.

**Table 2-3 In Win stakeholders' material topics and communication channels**

| <b>Stakeholder</b> | <b>Communication channel</b>                                                                                                                                                                                        | <b>Material topic</b>                                                                                                                                 | <b>Response measure</b>                                                                                                                                                                                                                                                                                                     |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Employees          | <ul style="list-style-type: none"> <li>· Welfare Committee/Labor-Management Meetings</li> <li>· Education and training / Internal publicity</li> <li>· Annual customer events</li> <li>· Company website</li> </ul> | <ul style="list-style-type: none"> <li>· Green products</li> <li>· Supplier standards</li> <li>· Human rights</li> </ul>                              | <ul style="list-style-type: none"> <li>· Meetings and one-on-one communication with employees</li> <li>· Financial performance as announced in the annual report</li> </ul>                                                                                                                                                 |
| Communities        | <ul style="list-style-type: none"> <li>· Neighborhood events and publicity</li> <li>· Company website</li> </ul>                                                                                                    | <ul style="list-style-type: none"> <li>· Green products</li> <li>· Human rights</li> <li>· Social participation</li> </ul>                            | <ul style="list-style-type: none"> <li>· Scholarship system</li> <li>· Sponsorship of community events</li> </ul>                                                                                                                                                                                                           |
| Investors          | <ul style="list-style-type: none"> <li>· Annual shareholders meetings</li> <li>· Company website</li> </ul>                                                                                                         | <ul style="list-style-type: none"> <li>· Labor relations</li> <li>· Code of conduct</li> <li>· Occupational safety</li> </ul>                         | <ul style="list-style-type: none"> <li>· We hold shareholder meetings at set times to communicate face-to-face with our investors.</li> <li>· A spokesperson system is in place to respond to investor concerns and offer transparency to help investors take decisions and reduce unnecessary investment risks.</li> </ul> |
| Suppliers          | <ul style="list-style-type: none"> <li>· Supplier conferences</li> <li>· Company website</li> <li>· Supplier coaching and auditing</li> </ul>                                                                       | <ul style="list-style-type: none"> <li>· Supplier standards</li> <li>· Customer relationship management</li> <li>· Supply chain management</li> </ul> | <ul style="list-style-type: none"> <li>· We visit suppliers as needed. We also have supplier feedback channels, and we respond immediately to suppliers' comments and complaints.</li> <li>· We meet with our suppliers as needed for face-to-face communication.</li> </ul>                                                |
| Customers          | <ul style="list-style-type: none"> <li>· Annual customer events</li> <li>· Annual customer satisfaction survey</li> </ul>                                                                                           | <ul style="list-style-type: none"> <li>· Occupational safety</li> <li>· Corporate governance</li> <li>· Customer</li> </ul>                           | <ul style="list-style-type: none"> <li>· Our customer service representatives and account managers maintain close contact with customers in a systematic</li> </ul>                                                                                                                                                         |

|  |                                                                                 |                         |                                                                                                                                                                                                                                         |
|--|---------------------------------------------------------------------------------|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <ul style="list-style-type: none"> <li>· Customer services mechanism</li> </ul> | relationship management | way to communicate about customer concerns. We have a customer feedback mailbox and we respond to customer complaints immediately. <ul style="list-style-type: none"> <li>· Product design meets environmental requirements.</li> </ul> |
|--|---------------------------------------------------------------------------------|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

According to the results of our 2018 screening, our stakeholders' material topics include economic, environmental, and social concerns. In this report we provide appropriate disclosure regarding indicators relating to those concerns. The Company's communication channels with key stakeholders are described in more detail below:

### **(1) Employees**

To enable full communication and solve issues raised, employees may communicate with the Company through channels such as the employees' opinion mailbox, where they can submit comments and suggestions. Internal conferences, the Employee Welfare Committee, and various forms of meetings between departments enable the Company to hear employees' opinions. This comprehensive array of communication channels and occasions enhances the positive relations between the Company and the employees. The Company has not had any labor disputes in recent years.

### **(2) Suppliers**

The Company carries out supplier evaluations each year to communicate about the operating performance of the previous year and its business objectives for the year ahead and the support it needs from its suppliers. Through questionnaires and on-site audits, we survey our suppliers' environmental protection, labor relations, and corporate social responsibility, and use review reports or meetings to suggest improvements that will create win-win benefits for both parties.

### **(3) Industry associations**

We have been a member of the Taipei Computer Association (TCA) for more than ten years. TCA is the largest IT association in Taiwan. Besides organizing computer exhibitions at home and abroad, the association offers specialized training, IT skills testing and professional certification, business consulting, and services to its nearly 4,000 corporate members. All members are committed to the association's mission to contribute their expertise and experience to the development of Taiwan's information industry. Its main activities include

contributing to the government's industry policies, formulating and promoting a sound manufacturing and marketing environment, assisting with collaboration and integration across the industry, providing services to its members, fostering unity and prosperity among its members, strengthening the international image of the industry, and participating in international tradeshow.

In Win cooperates with TCA to participate in the Computex tradeshow every year. By investing in branding in this way, the results from participation in this tradeshow have been increasing in recent years.

#### **(4) Shareholders**

The Company holds a shareholders meeting every year to communicate its financial information and future development direction with its shareholders.

In addition, during its annual Management Review, our Company reports the assessment results and execution outcomes of the results of the Procedures Governing Corporate Social Responsibility Communications and Material Topic Identification to ensure continuous improvement of its CSR performance. Important issues that may affect the economic, environmental, or social aspects of the Company's CSR operations are recorded in the minutes of the Management Review and a management representative reports the key points of the review to the Board of Directors.

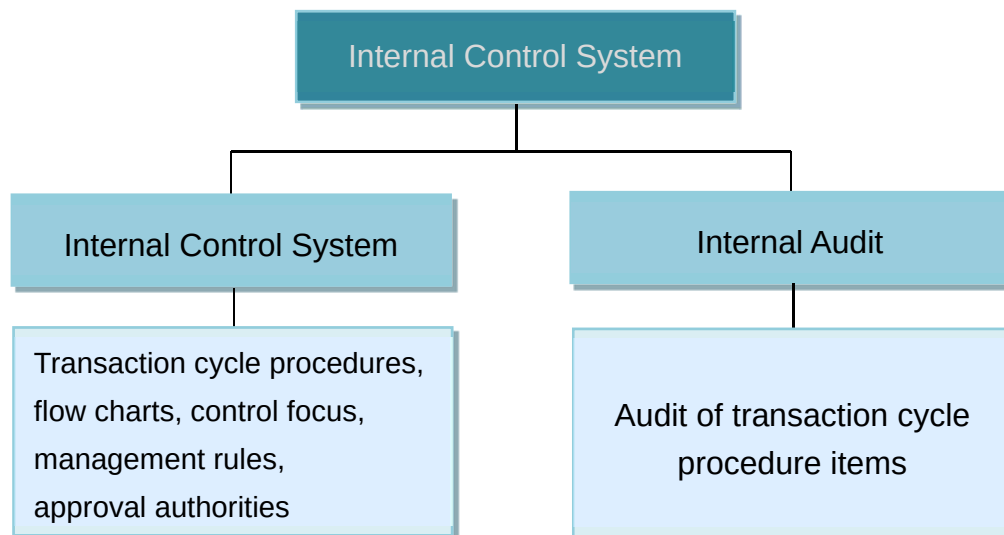
## **4. Risk assessment and crisis management**

In Win discloses its corporate governance information in its annual report. The annual report contains important financial information, directors and managers' information, a business overview, while the corporate governance report covers organizational systems, the activities of major departments, and corporate governance practice. In Win's Board of Directors has five Directors who supervise and direct the Company's corporate governance. They also ensure that the Directors and Supervisors are qualified and free from conflicts of interest. They play a key role in ensuring the soundness of the Company's governance.

As a listed company, In Win has an Auditing Office under the Board of Directors to serve as its internal control system as required. Its purpose is to assist the Board of Directors and managers with checking and reviewing issues in its internal control system and measuring the efficacy and efficiency of its operations. It offers suggestions for improvement as needs arise to ensure the continuous and effective operation of the internal control system and to serve as a basis for reviewing the internal control system. The Auditing Office also prepares an annual audit plan based on the results of its risk assessment and reviews the internal control system. It also reviews working documents and related materials as input for its audit

reports and tracking reports. The audits are regularly reported to the Board of Directors, the Supervisors, and the competent authorities in charge of securities. The Company has effectively reduced the risks of bribery thanks to its internal control system, and no bribery occurred in 2018.

The Company's internal control system is shown in Figure 2-2 below:



**Figure 2-2 In Win internal control system**

## **5. Company Milestones**

According to research and advisory company Gartner, worldwide PC shipments reached 259.4 million units in 2018. In Win Development Inc. produced and shipped 1.59 million units, a global market share of 0.61% in 2018

Innovation comes from always pursuing better than best! As a pioneer in the market, In Win has unique expertise in both the structural and electromechanical domains. We actively integrate our rich experience in R&D, technology, quality, and design and makes sizeable investments in research and product development, for which we have obtained many patents in Taiwan and elsewhere. In addition to our continuous innovation in computer casings, we also develop such product lines as power supply units, servers, digital storage, and cloud services to enhance our end-to-end manufacturing capabilities, reduce production costs, expand intra-company integration, and enhance product profitability. In today's IT industry, In Win's capabilities for mold design and development and automated production processes are highly regarded and play a key role in the industry.

Right from its start in 1985, In Win has had an R&D department and over the years it has built up a strong and experienced R&D team. Our Company invests huge amounts in

R&D each year. In 2017 and 2018, are R&D investments were TWD 80,135,000 and TWD 77,946,000 respectively. Our R&D has resulted in numerous patents and awards at home and abroad. The R&D results and patents in 2018 are shown in Table 2-4 below.

**Table 2-4 R&D results and patents in 2018**

| <b>Year of award</b> | <b>Patent title</b>                              | <b>Country of application</b> |
|----------------------|--------------------------------------------------|-------------------------------|
| 2018                 | Wind pressure and temperature measurement system | Taiwan                        |
| 2018                 | Wind pressure and temperature measurement system | Mainland                      |

In 2018, In Win's R&D expenditure totaled TWD 77,946,000, equivalent to 4.66% of net sales revenue. The Company's recent R&D expenditure is shown in Table 2-5.

**Table 2-5 In Win's R&D in recent years (Unit: TWD 1,000)**

|                                       | <b>2017</b> | <b>2018</b> |
|---------------------------------------|-------------|-------------|
| Net sales of products                 | 1,771,932   | 1,673,036   |
| R&D expenditure                       | 80,135      | 77,946      |
| R&D expenditure/net sales revenue (%) | 4.52%       | 4.66%       |

"Fashion & Innovation" is the constant pursuit of the In Win brand. From form to function, we inject aesthetics into our products. Through the integration of technology, functionality, convenience, safety, practicality, and touch-and-feel, we move beyond all constraints and create new experiences, for which we earn international design awards year after year! The constant stream of awards testifies to the confirmation from many quarters and inspires us to invent the next innovation! Time and time again we pursue the best. Time after time, we create new trends. In Win's trendsetting and innovative products combine technology and craftsmanship, design and beauty to explore endless possibilities...

In addition, over the years In Win's innovation services have earned the trust and praise of many customers as well as many product awards at home and abroad in recognition of In Win's outstanding performance in creating customer satisfaction. Overview of In Win's product awards from customers and partners over the years:

#### **(1) Intel**

- Awarded for excellent collaboration in 2001
- In recognition of excellent support to Intel Apac Marketing in 2001
- In recognition of excellent support to Intel Apac Marketing in 2002
- Appreciation In Win Form Factor Direction Conference
- In appreciation to In Win Development Inc. Intel eVoucher Program 2006

## **(2) HCL**

We recognize your contribution in our continued growth and leadership-Global Partner Meet 2001

## **(3) ESys**

- “THANK YOU” In Win
- In appreciation of your continuous support

## **(4) Eurotrade Publications Inc.**

- Best of Taiwan’s Best
- Summer '99 Awards
- In recognition of your contribution to the global IT market
- Category: PC Case IWS500 Super Mini Tower

## **(5) International Design Award**

|      |  |                                                                                                     |
|------|--|-----------------------------------------------------------------------------------------------------|
| 2006 |  | Taiwan Excellence Award                                                                             |
| 2007 |  | Taiwan Excellence Award                                                                             |
| 2008 |  | iF Product Design Award, Taiwan Excellence Award, Good Design Mark                                  |
| 2009 |  | Red Dot Product Design Award, CES Innovation Design Engineering Award (US), Taiwan Excellence Award |
| 2010 |  | iF Product Design Award, Taiwan Excellence Award                                                    |
| 2011 |  | iF Gold Award, Taiwan Excellence Silver Award, Taiwan Excellence Award                              |
| 2012 |  | Red Dot Product Design Award, Red Dot Product Design Finalist                                       |
| 2013 |  | Taiwan Excellence Award, CES Innovation Design Engineering Award (US)                               |
| 2014 |  | Red Dot Product Design Award, Taiwan Excellence Award                                               |
| 2015 |  | CES Innovation Design Engineering Award (US), Taiwan Excellence Award                               |
| 2016 |  | iF Product Design Award, CES Innovation Design Engineering                                          |

|      |  |                                                                       |
|------|--|-----------------------------------------------------------------------|
|      |  | Award (US), Taiwan Excellence Award                                   |
| 2017 |  | Taiwan Excellence Award                                               |
| 2018 |  | CES Innovation Design Engineering Award (US), Taiwan Excellence Award |

### **III. Sustainable development of the environment**

#### **1. Environmental management policy disclosure**

##### **(1) Environmental Management Policy Disclosure** (Disclosure of environmental performance management policy)

In Win Development Inc. has an ISO 14000 environmental management system in place to achieve the policies and objectives under its sustainable development strategy regarding its products, activities, and services. The products provided to its customers are designed and manufactured in accordance with environmental protection requirements. Environmental management, environmental education, and environmental awareness raising all contribute to its environmental performance to mitigate the earth's pollution, reduce its environmental impacts, and popularize environmental awareness, conserve energy and use resources efficiently, and so on, in order to ultimately finally arrive at positive environmental management concepts and effective performance in these areas, and fulfill the Company's corporate social responsibility (CSR) and attain the goal of sustainable business.

##### **(2) Environmental Declaration and Environmental Policy**

To preserve human civilization and the earth's green environment, our Company actively fulfills its corporate environmental responsibility and mission. Through the design, use, and disposal of our products, we strive to minimize our impacts on the environment, safety, and health. We also work to prevent and mitigate pollution on top of our compliance with laws and regulations. Through the commitment and endeavors of our workforce we work toward environmental protection and sustainable development of our Company. Under our ISO 14000 environmental management system, we disclose our environmental declaration and environmental here as follows:

###### **1. Reduce environmental impact:**

We use appropriate production and pollution prevention technologies and continuously develop our product designs to reduce energy consumption and waste to prevent end-of-lifecycle pollution, use energy resources more efficiently, and reduce the environmental impacts from our products, activities, and services.

## **2. Environmental protection:**

To satisfy consumers' calls for greener products, we follow the principle of "don't use or reduce" to eliminate or reduce the use of raw materials, parts, accessories, and packaging to protect the global environment and reduce our impact on the ecosystem.

## **3. Recycling of resources:**

We organize events, education, and training to promote recycling and awareness of resources and the environment.

## **4. Industrial waste reduction:**

We use environmentally friendly design concepts to make better use of energy and resources and reduce the environmental impacts from our products, activities, and service processes to meet our customers' environmental protection requirements.

## **5. Compliance with environmental regulations:**

We comply with environmental laws, regulations, decrees, and other requirements, and fulfill our corporate social responsibility in synch with international environmental trends. We are committed to green product research and development to satisfy customers' demand for green products.

## **6. Environmental management:**

We carry out environmental education and involve our entire workforce in our environmental management system. Continuous audits and environmental management reviews identify any shortcomings and enable us to improve and build a legally compliant and effective environmental management system for our environmental protection activities.

## **7. Awareness raising for environmental protection:**

The pursuit of happiness is the purpose of our business. Thus, to maintain a healthy living environment and a safe and comfortable working environment for our employees, we use risk control technology to reduce occupational risks and incidents. We also set targets and campaigns for hazard prevention and continuous improvement of our efforts and performance in environmental protection and occupational safety and health. We implement ESH education and publicity to raise our employees' awareness and engagement in ESH work and practices. We comply with ESH-related laws and regulations, and strive for zero pollution, zero occupational injuries, zero occupational diseases, zero fire safety incidents. We continuously work to improve the safety of our workplaces and the

quality of our environment.

## **2. Climate change and global warming**

The Switching Power Supply devices and systems designed by InWin boast excellent power conversion efficiency in terms of active power factor corrected power supply. Many of our models have an average power conversion efficiency of more than 80%, and have thus been certified under the US 80 PLUS Power Conversion Efficiency Certification Program (Figure 3-1). Besides pursuing efficiency improvements, we also focus on balancing energy density by creating more compact products with the same performance. This reduces the use of materials, shortens assembly time, reduces packaging materials, and saves space and energy during warehousing and distribution. Taking 700W devices for example: the volume of the compact SFX 700W has been reduced by 50% when compared with the ATX 700W, which made it also possible to reduce the volume of packaging materials by 40%. This has greatly improved transportation efficiency and fuel consumption during transportation.

In future, InWin's power supply systems will continue to develop toward greater efficiency and higher power density, and will continue to follow the then-current international environmental protection policies, such as the (EC) No 1275/2008 Ecological Design Directive, Energy Star, and the like through our green designs. InWin's product categories and their energy conservation certifications are shown in Table 3-1.

## 80 PLUS Verification and Testing Report

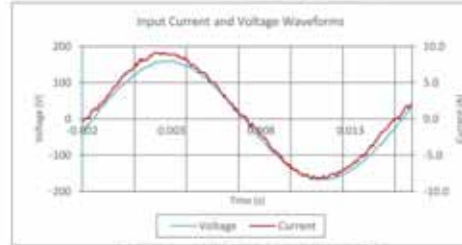
|                                |        |
|--------------------------------|--------|
| TYPICAL EFFICIENCY (50% Load): | 92.94% |
| AVERAGE EFFICIENCY:            | 92.00% |
| 80 PLUS COMPLIANT:             | YES    |



|               |                         |
|---------------|-------------------------|
| ID Number     | 5404                    |
| Manufacturer  | In Win Development Inc. |
| Model Number  | CB 1250W                |
| Serial Number | N/A                     |
| Year          | 2018                    |
| Type          | ATX12V/EPS12V/PS2       |
| Test Date     | 10/12/18                |

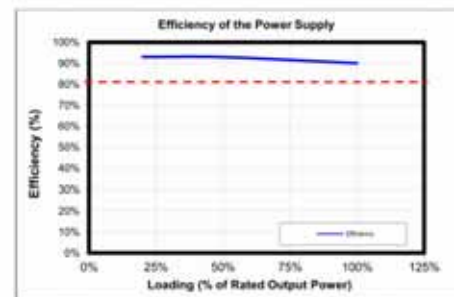
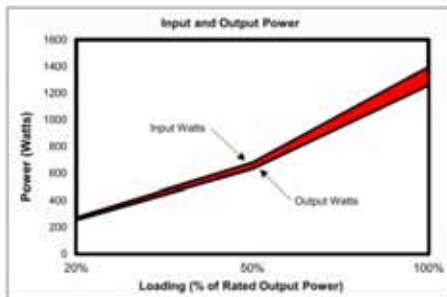
| Rated Specifications | Value   | Units |
|----------------------|---------|-------|
| Input Voltage        | 100-240 | Volts |
| Input Current        | 15-8    | Amps  |
| Input Frequency      | 50-60   | Hz    |
| Rated Output Power   | 1250    | Watts |

Note: All measurements were taken with input voltage at 115 V nominal at 60 Hz.



Input AC Current Waveform (THD = 4.72%, 50% Load)

| I <sub>in</sub> | PF   | I <sub>no</sub> | Load | Input<br>Watts | DC Terminal Voltage (V)/ DC Load Current (A) |            |          |            |           |         | Output<br>Watts | Efficiency |
|-----------------|------|-----------------|------|----------------|----------------------------------------------|------------|----------|------------|-----------|---------|-----------------|------------|
|                 |      |                 |      |                | 12V (cumulative of 12V1, 12V2, etc.)         |            | -12V     | 3.3V       | 5V        | 5Vsb    |                 |            |
| 1.37            | 0.88 | 10.91%          | 10%  | 138.43         | 12.05/9.34                                   | 11.50/0.3  | 3.32/1.4 | 5.02/1.4   | 4.93/0.27 | 125.90  | 90.95%          |            |
| 2.48            | 0.95 | 6.06%           | 20%  | 270.60         | 12.04/18.7                                   | 11.64/0.05 | 3.32/2.8 | 5.03/2.78  | 4.93/0.54 | 251.70  | 93.02%          |            |
| 5.95            | 0.99 | 4.72%           | 50%  | 677.80         | 12.06/48.74                                  | 11.68/0.13 | 3.33/7   | 5.03/6.94  | 4.99/1.34 | 629.96  | 92.94%          |            |
| 12.17           | 1.00 | 4.24%           | 100% | 1395.40        | 12.06/93.23                                  | 12.10/27   | 3.31/14  | 5.03/13.85 | 4.94/2.68 | 1256.48 | 90.94%          |            |



These tests were conducted by a third party independent testing firm on behalf of the 80 PLUS Program. 80 PLUS is a certification program to promote highly-efficient power supplies (greater than 80% efficiency in the active mode) in technology applications. <http://www.80plus.org/>



Figure 3-1 US 80 PLUS Power Conversion Efficiency Certification

Table 3-1 InWin's product categories and their energy conservation certifications.

| Model        | Appearance type | Watt | Efficiency rating | Certification date |
|--------------|-----------------|------|-------------------|--------------------|
| IP-P240EN7-2 | SFX             | 240  | Silver            | 2014/4/3           |
| IP-P240GF7-2 | TFX             | 240  | Gold              | 2014/4/3           |
| IP-S265AU7-2 | Flex ATX        | 265  | Bronze            | 2014/4/4           |
| IP-P300EN7-2 | SFX             | 300  | Silver            | 2014/2/12          |
| IP-P550HQ3-2 | ATX12V          | 550  | Gold              | 2014/2/12          |
| IP-P750HQ3-2 | ATX12V          | 750  | Gold              | 2014/2/12          |
| IP-S250GQ3-2 | ATX12V          | 250  | Gold              | 2014/2/12          |
| IP-S250EF7-2 | TFX             | 250  | Bronze            | 2014/5/20          |
| IP-AD150A7-2 | Flex ATX        | 150  | Bronze            | 2014/9/17          |
| IP-P315AU7-2 | Flex ATX        | 315  | Gold              | 2014/10/20         |

| Model        | Appearance type | Watt  | Efficiency rating | Certification date |
|--------------|-----------------|-------|-------------------|--------------------|
| IP-S550HQ3-2 | ATX12V          | 550   | Bronze            | 2014/11/21         |
| IP-S650HQ3-2 | ATX12V          | 650   | Bronze            | 2014/11/24         |
| IP-S750HQ3-2 | ATX12V          | 750   | Bronze            | 2014/11/24         |
| IP-S650HQ3-2 | ATX12V          | 650   | Bronze            | 2014/11/24         |
| IP-P1K0BK7-2 | ATX12V          | 1000  | Bronze            | 2015/02/05         |
| IP-P1K2BK7-2 | ATX12V          | 1200  | Bronze            | 2015/02/05         |
| C 750W       | ATX12V          | 750   | Platinum          | 2015/12/18         |
| C 900W       | ATX12V          | 900   | Platinum          | 2016/01/15         |
| F1 500W      | ATX12V          | 500   | Bronze            | 2016/12/9          |
| F1 600W      | ATX12V          | 600   | Bronze            | 2016/12/9          |
| FM 600W      | ATX12V          | 600   | Bronze            | 2017/02/06         |
| PL 650W      | ATX12V          | 650   | Gold              | 2017/02/03         |
| PL 750W      | ATX12V          | 750   | Gold              | 2017/02/03         |
| PL 850W      | ATX12V          | 850   | Gold              | 2017/02/06         |
| CB 1050W     | ATX12V          | 1050W | Gold              | 2018/10/12         |
| CB 1250W     | ATX12V          | 1250W | Gold              | 2018/10/12         |
| CS 700W      | SFX12V          | 700W  | Gold              | 2018/10/12         |
| PB 750W      | ATX12V          | 750W  | Gold              | 2018/10/12         |
| PB 850W      | ATX12V          | 850W  | Gold              | 2018/10/12         |

The main direct energy consumption (liquefied petroleum gas) and indirect energy consumption (power consumption) that together create the Company's greenhouse gas emissions are shown in Figures 3-2 and 3-3. The main energy consumption types are natural gas/electricity/fuel oil. Among these, electricity consumption is the largest at 62.6%, as shown in Figure 3-4.

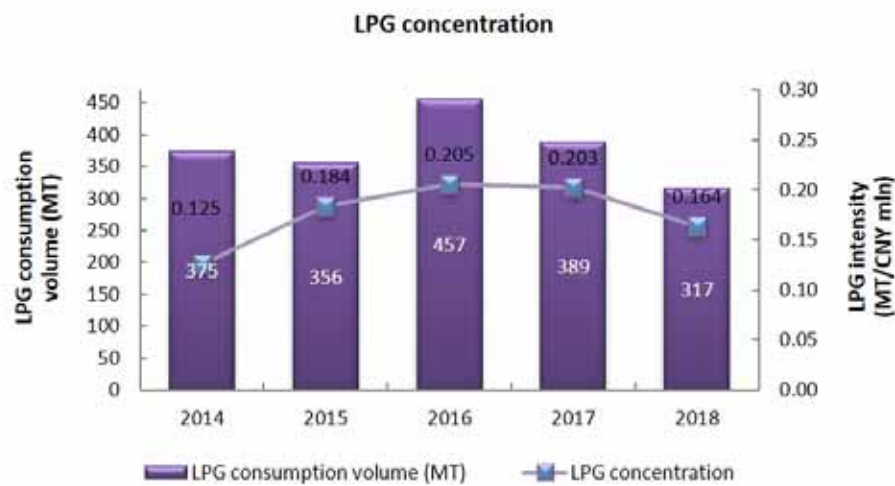


Figure 3-2 Main direct energy consumption volumes (liquefied petroleum gas)



Figure 3-3 Main indirect energy consumption volumes (electricity consumption)

#### 2018 energy consumption breakdown

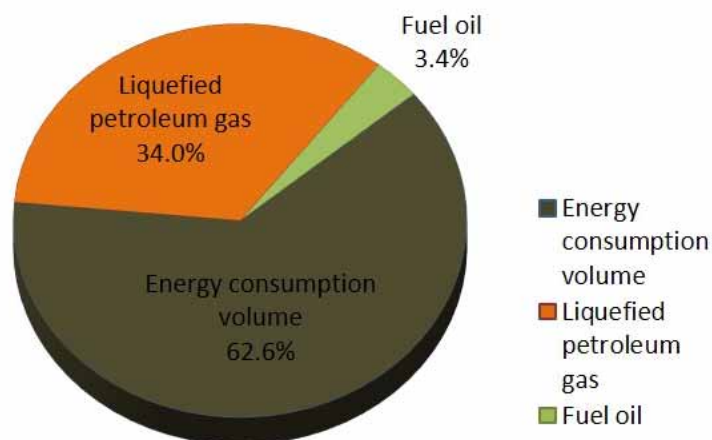
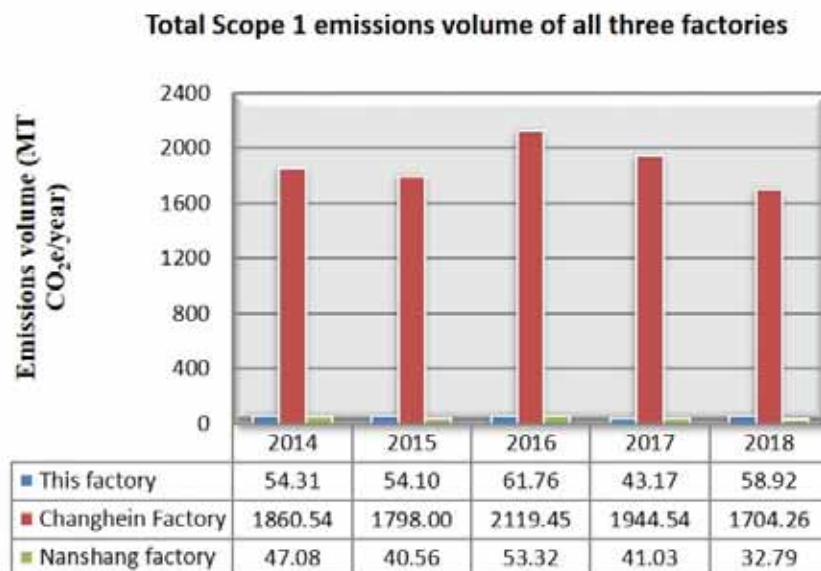


Figure 3-4 InWin's main energy consumption breakdown in 2018

The Company consumed 8,936 kW of electricity in total in 2018, due to a reduction in its electricity consumption and electricity intensity. As production volume remained about the same, these improvements were mostly caused by improved energy efficiency of its lighting system. In addition, 317 MT of liquefied petroleum gas (LPG) was consumed. To fully monitor and control our current use of greenhouse gases and bring it down, we carry out company-wide inventories of greenhouse gas emissions (GHG) as required by the ISO 14064-1 system and the Greenhouse Gas Inventory Protocol. The scope of this inventory includes qualitative and quantitative checks of GHG emissions within Scope 1 (direct GHG emissions), Scope 2 (indirect GHG emissions through energy used) and Scope 3 (other indirect GHG emissions). According to our historical statistics, the main source of our GHG emissions is CO<sub>2</sub> from electricity generation during the operation of our third plant and CO<sub>2</sub> emission from the combustion of LPG at the Changhein Factory. Together, these two sources accounted for 88.20% of the Company's total emissions. The total GHG emissions of the third plant were 7485.30 MT of CO<sub>2</sub>e in 2011, 7143.31 MT in 2012, 6397.6 MT in 2013, 6,972.25 MT in 2014, 6484.71 MT in 2015, 7517.59 MT in 2016, 6971.82 MT in 2017, and 6642.75 MT of CO<sub>2</sub>e in 2018. The GHG emissions of each of the three factories are shown in Figures 3-5 and 3-6.

The cumulative GHG emissions of the Nanchang and Changhein factories accounted for 92.33% of the Company's total GHG emissions. Therefore, a breakdown of their individual statistics of GHG emissions is shown in Figure 3-7.



Total Scope 2 emissions volume of all three factories

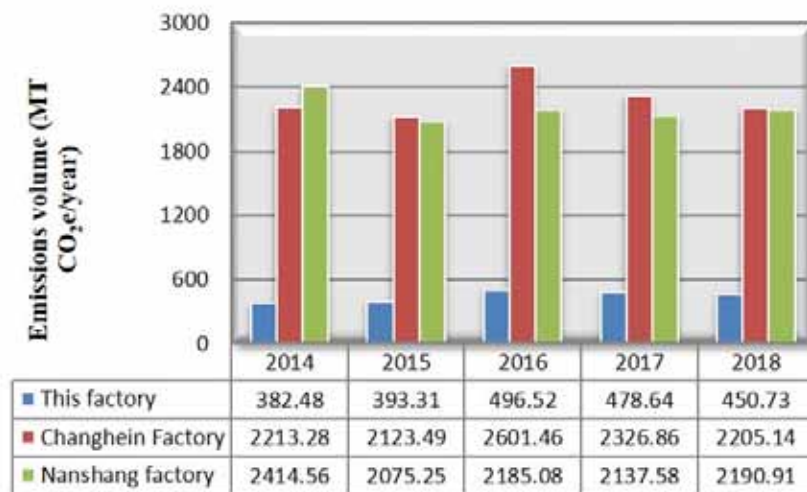
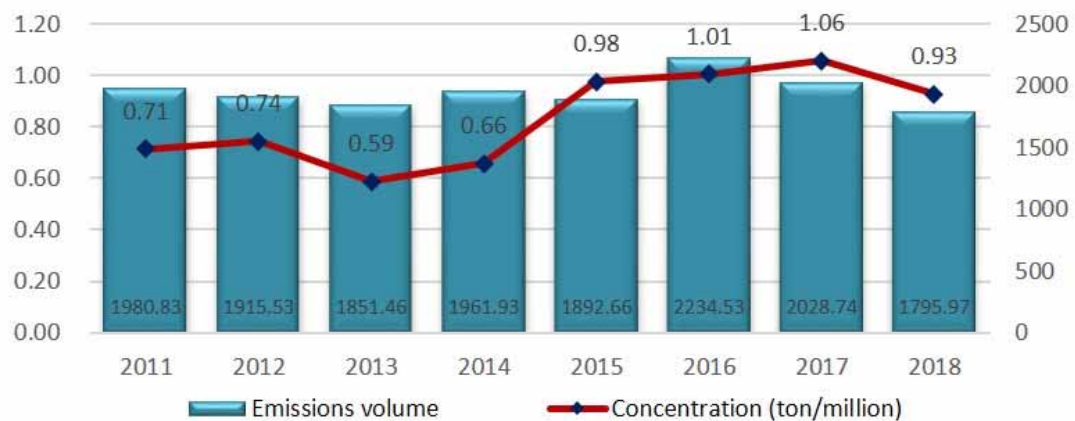


Figure 3-5 Greenhouse gas emission volumes at InWin from 2014 to 2018

Company-wide greenhouse gas emissions intensity (Scope 1)

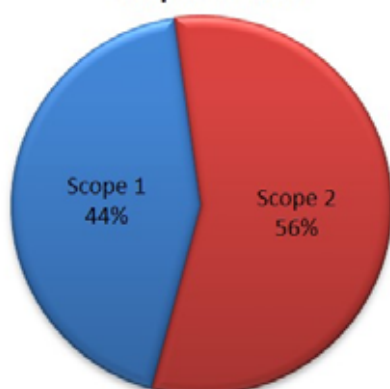


Company-wide greenhouse gas emissions intensity (Scope 2)

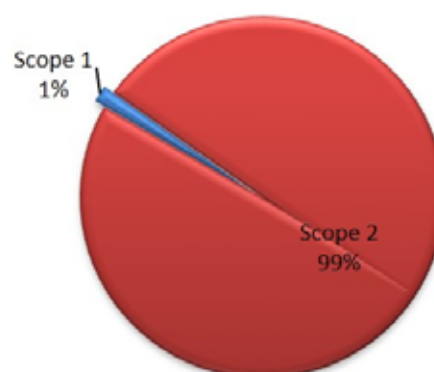


Figure 3-6 Greenhouse gas emission intensity at InWin in 2011-2018

**Changhein Plant – Breakdown of scopes in 2018**



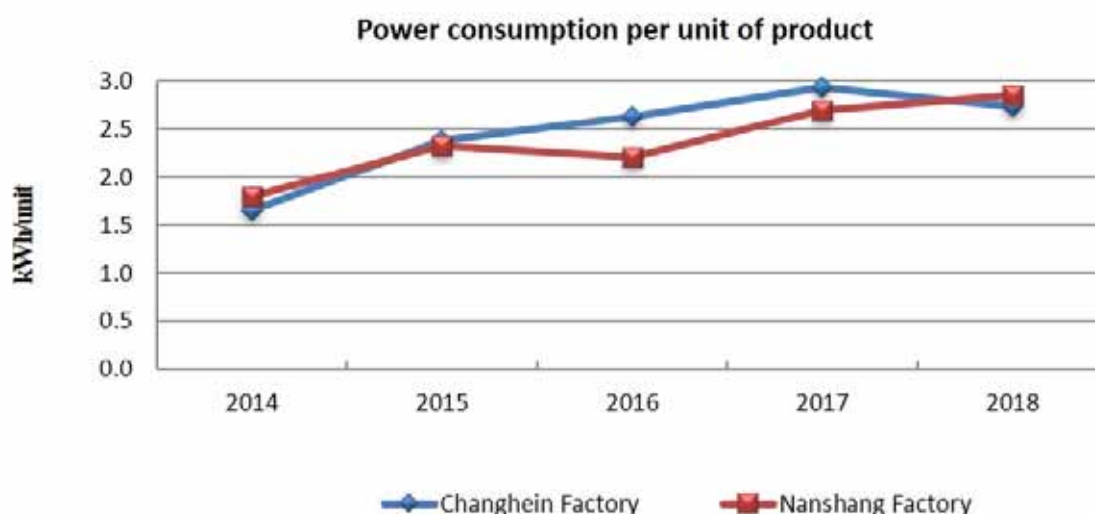
**Nanshang Plant – Breakdown of scopes in 2018**



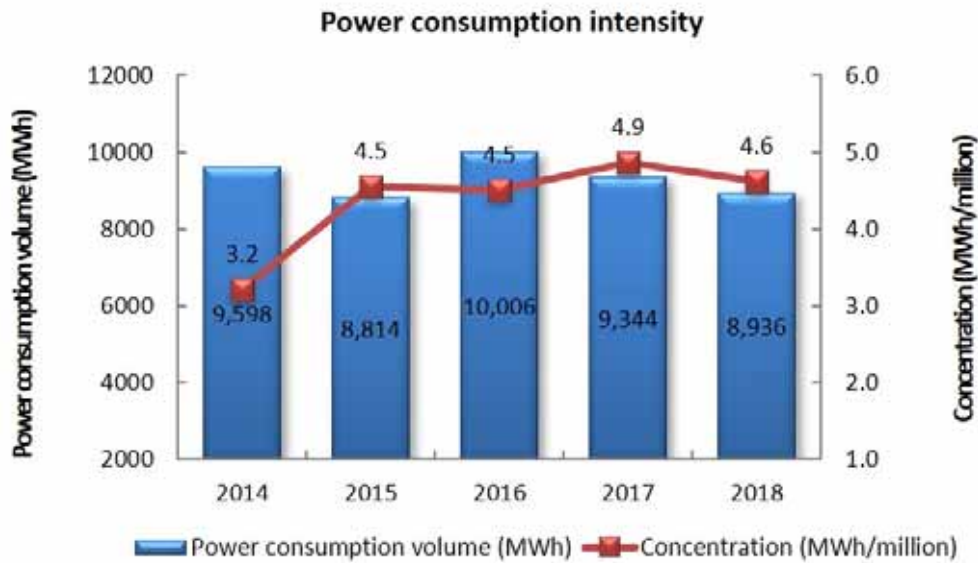
**Figure 3-7 Greenhouse gas emission categories at InWin’s Nanshang and Changhein Factories in 2018**

Indirect greenhouse gas emissions in Scope 3 included emissions from our supply chain, business travel, product use and disposal, waste disposal, and external distribution and logistics. We have reduced GHG emission volumes by encouraging employees to commute by public transport, and by selecting government-registered suppliers for raw materials and transportation.

In 2018, our annual production volume and operating revenue remained flat. The Changhein Factory slightly reduced the electricity consumption per unit of product due to the large-scale upgrade of its energy-saving lighting system. The Nanshang Factory needed to apportion its air compression system for an upgrade, which temporarily increased the electricity consumption of its air compression operations. The increased electricity consumption per unit of product rose (Figure 3-8), while the overall electricity consumption decreased (Figure 3-9). Therefore, the energy density decreased along with energy consumption volume.

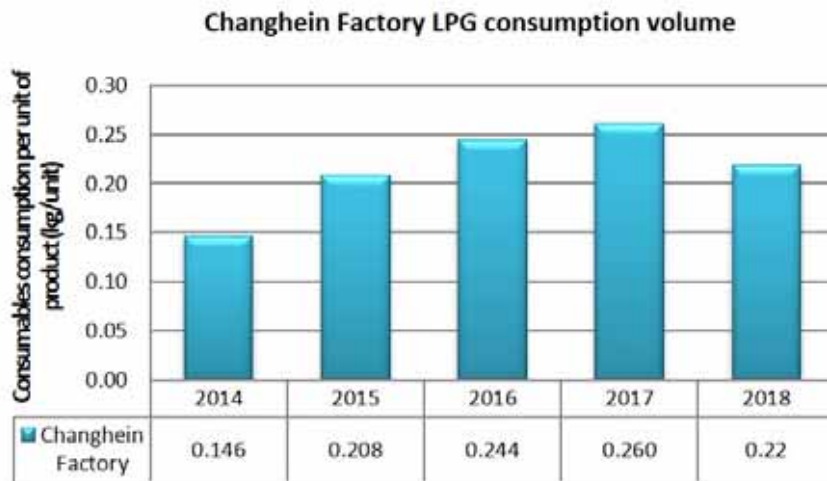


**Figure 3-8 InWin energy saving trends in 2014-2018 (in kWh)**



**Figure 3-9 InWin energy density in 2014-2018**

LPG use came down in 2018 even as production output remained level. This result came from the transition of a liquid coating process to a powder coating process, which greatly reduced LPG volumes used, as shown in Figure 3-10.



**Figure 3-10 LPG consumption per unit of product**

(Note: The calculations for the LPG consumption table do not include ICP)

Furthermore, we manage our energy use under an energy management system based on the ISO 50001 standards. This system was verified by third-party certification company SGS in 2015, as a result of which we received ISO 50001 certification (Figure 3-11). InWin's

main sources of energy used are electricity and LPG. Although we are not a large electricity consumer, we are still committed to controlling and managing our electricity consumption. Old energy-intensive machinery is therefore gradually phased out and replaced by more energy-efficient models. The new baseline is used to forecast temperature, factory output, working hours, and other items. Theoretical electricity consumption/LPG usage is compared with actual electricity consumption/LPG usage, and each month we check whether electricity consumption has been within a reasonable fluctuation range. We endeavor to control the energy and resource consumption by our factories.



**Figure 3-11 In Win ISO 50001 Certificate**

#### Energy management policy disclosure

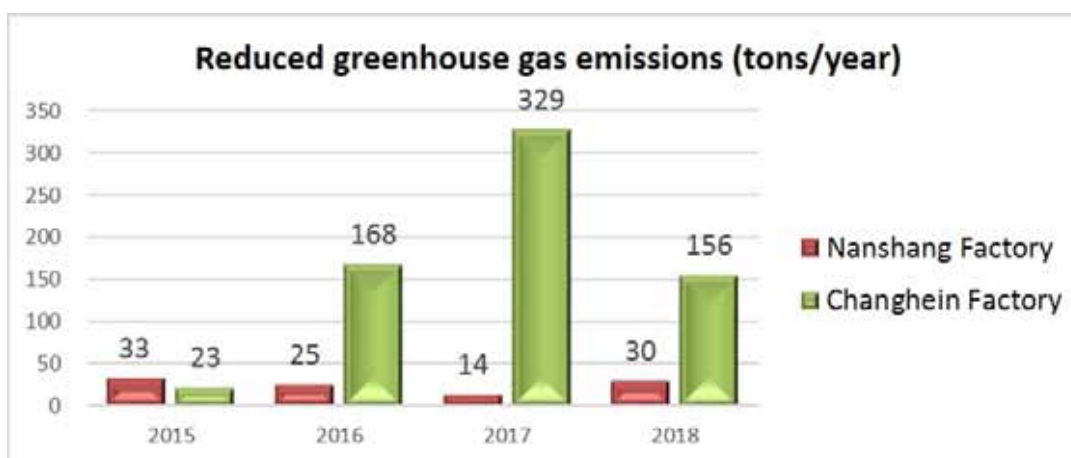
1. Implementing energy conservation and carbon emission reduction  
We are committed to deepening the effective operation of the energy management system, implement energy management education, training, and raising awareness, and stimulate our workforce to participate in energy conservation and carbon reduction.
2. Compliance with regulatory requirements  
We are committed to ensuring access to energy information and resources needed, and to compliance with energy-related laws and regulations as well as customer requirements relating to the same.
3. Energy efficiency improvements  
We are committed to ensuring that our regular maintenance improves the energy efficiency of our equipment, and procures energy-saving equipment and consumables as a priority, which also helps reduce the cost of our energy consumption.
4. Continuous improvement of energy performance  
We are committed to achieving our goals and targets and to the necessary monitoring and auditing to ensure the continuous improvement of our energy performance.

#### Energy performance and energy performance indicators:

In 2018, the annual electricity saving rate of the Changhe Factory was 0.71% thanks to a large-scale upgrade of the factory's energy-saving lighting system. The annual electricity saving rate of the Nanshang Factory was 1.31%. The results of electricity conservation rates are shown in Table 3-2. The greenhouse gas emissions reductions from energy conservation are shown in Figure 3-12.

**Table 3-2 Electricity conservation achievements**

| <b>Achievement rate of the electricity conservation rate</b><br>(2015-2019, an average of 1% electricity conservation must be achieved) |           |           |           |           |
|-----------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|
| <b>Changhein Factory</b>                                                                                                                |           |           |           |           |
| Annual electricity conservation volume (kWh)                                                                                            | 43,700    | 318,333   | 621,963   | 281,915   |
| Annual electricity usage volume (kWh)                                                                                                   | 4,320,800 | 3,996,500 | 4,927,000 | 3,970,400 |
| Annual electricity conservation rate (%)                                                                                                | 1.00%     | 7.38%     | 11.21%    | 0.71%     |
| Average annual electricity conservation rate (%)                                                                                        | 1.00%     | 4.17%     | 6.92%     | 3.10%     |
| <b>Nanshang factory</b>                                                                                                                 |           |           |           |           |
| Annual electricity conservation volume (kWh)                                                                                            | 63,360    | 47,872    | 26,210    | 54,255    |
| Annual electricity usage volume (kWh)                                                                                                   | 4,719,600 | 3,968,000 | 4,255,600 | 4,141,600 |
| Annual electricity conservation rate (%)                                                                                                | 1.32%     | 1.21%     | 0.61%     | 1.31%     |
| Average annual electricity conservation rate (%)                                                                                        | 1.32%     | 1.26%     | 1.05%     | 1.05%     |

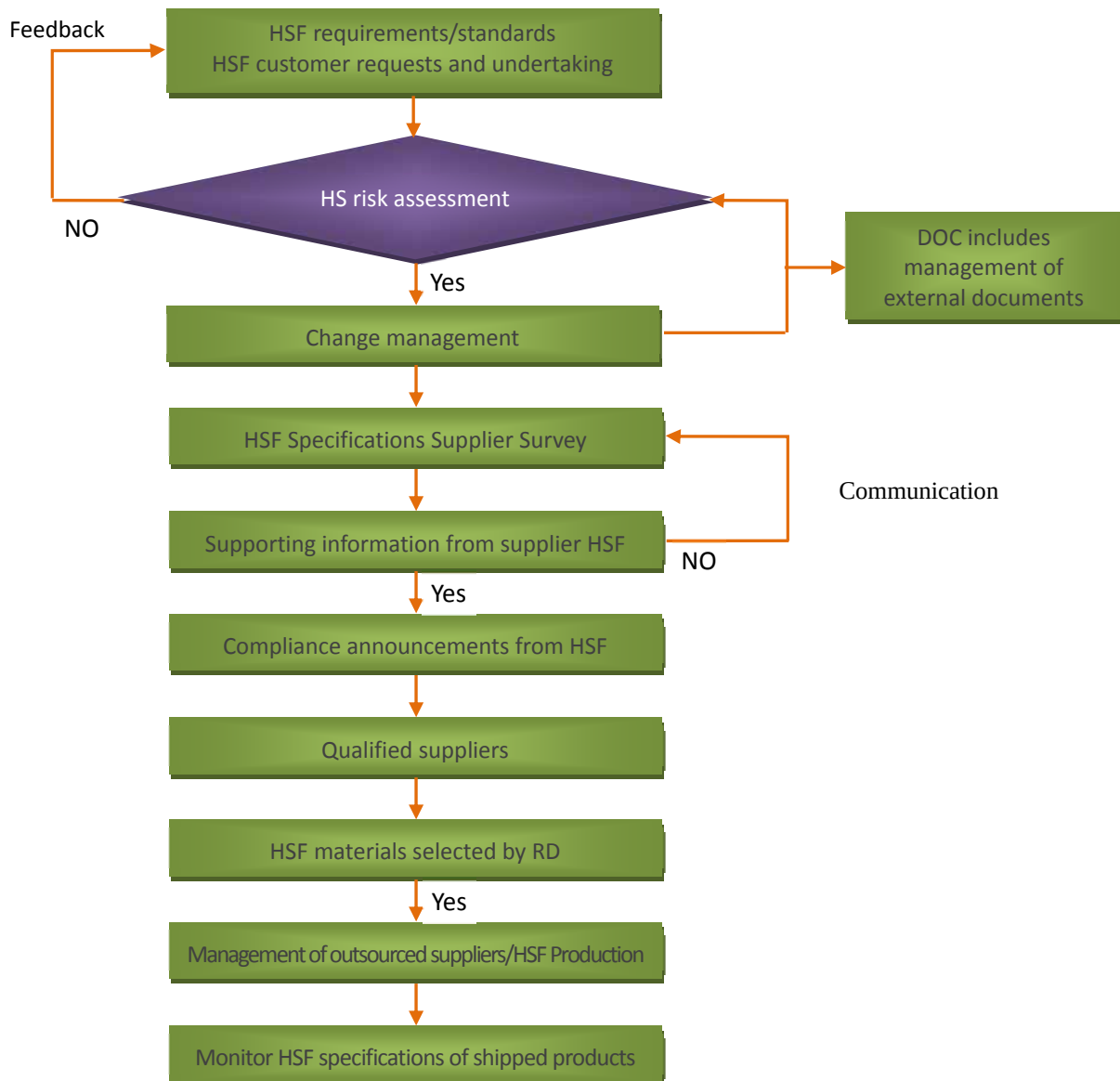


**Figure 3-12 Greenhouse gas emissions reductions**

### 3.Green Production

In recent years, issues from climate change and environment-related hazardous substances in products to labor safety and health and human rights have become important topics in CSR InWin has also assigned high importance to the above elements. With the management of environment-related substances for example, InWin has defined internal management standards for each environmental policy (e.g., RoHS, REACH). The QC080000 hazardous substance management system has also been introduced with an effective green management process (see Fig. 3-13) for risk management. This ensures

control over the safety and health impacts during the product lifecycle.



**Figure 3-13 InWin's Green Management Process**

InWin's products are designed to contain 100% RoHS-compliant materials. Under the ISO EN50581 process, we will investigate, verify, and update our green procurement specifications on a regular basis and inform our suppliers of the latest procurement standards. Taking reference from RoHS. 2.0, we coach and assist our suppliers with their internal verifications and in-depth investigation of their components and materials, and help them establish a material risk assessment system for their components. To ensure supplied materials are correct, all material testing standards take reference from the IEC62321 test standards with regard to material classification and supplier grading to ensure that the purchased components are completely traceable for identification and review.

Besides providing declaration of conformity with the above, InWin's suppliers continue to cooperate with REACH upgrade surveys. The lessons learned by both parties enable the client to arrive at the expected results.

In production and assembly, too, reduction and recovery operations are carried out smoothly. This includes using circulated water for the surface treatment process and the plastic injection production process. Remaining plastics are graded, recycled, and reused. These plastics are identified by the ISO 11469 mark on the molds and the products made with them.

The Electronic Product Environmental Assessment Tool (EPEAT) offers a framework for environmental product evaluation and now counts as an authoritative global environmental evaluation system for electronic products. Customers that use InWin products receive complete and instant EPEAT survey reports, including clear material recycling labels and third-party laboratory test reports, which they in turn may use in their applications and services.

InWin's product recycling rate complies with the recycling requirements of the European Union's Waste Electrical and Electronic Equipment Directive 2002/96/EC (WEEE). To actively progress toward greener product standards, the Company has a green management system in place, which in 2019 received the latest version of QC 080000: 2017 certification from the third-party certification institute British Standards Institution (BSI) (Figure 3-14). InWin's green management system has been evaluated every year by BSI and through independent internal audits.



Figure 3-14 InWin IECQ QC 080000 certificate

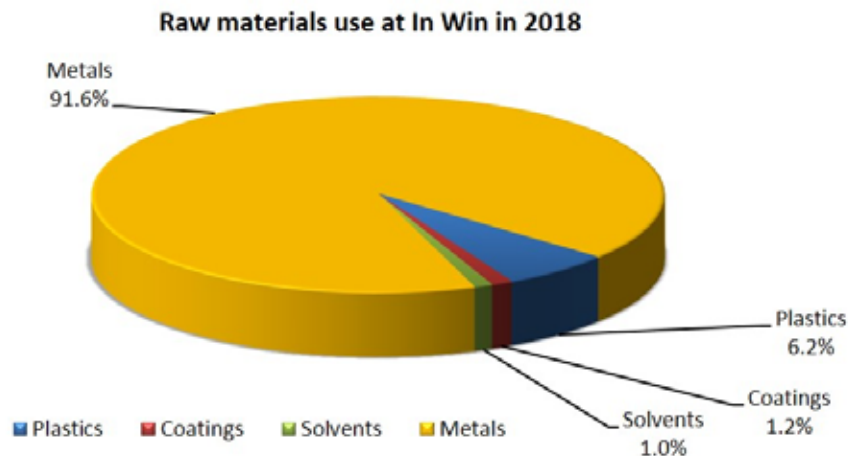
## **4. Environmental management and environmental protection actions**

InWin sets much store by environmental protection and labor safety and health issues (ESH). Our ISO 14000 environmental management system helps reduce environmental impacts, raise efficiency, identify environmental risks, and improve environmental performance across the board. This ensures that operations satisfy environmental regulations and that energy consumption and costs from raw materials and waste are reduced. This continuous improvement of environmental performance enhances our capabilities to achieve our strategic goals. Taking responsibility for the environment will contribute to the Company's favorable public image.

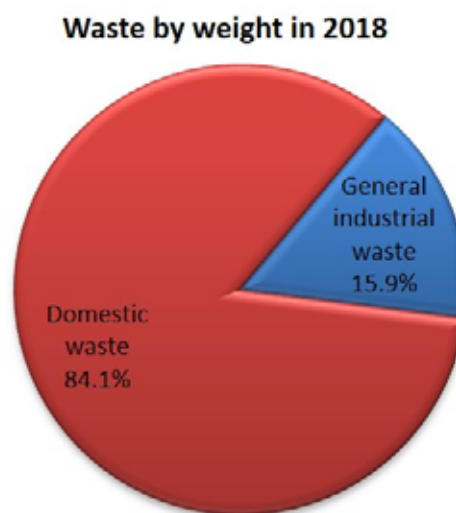
The sustainable development of InWin is rooted in the protection of nature and the environment. Between the simultaneous pursuit of resource utilization and environmental protection, environmental protection is the fundamental premise. This includes controlling pollution, enhancing environmental quality, protecting the integrity of ecosystems, and ensuring that resources are used in a sustainable manner in order to ensure a sustainable development for humankind.

Surface treatment of coatings is a key part of the manufacturing process at InWin. The air pollutants involved tested under applicable regulations include: hydrocarbons, particulate pollutants, nitrogen oxides, and xylene. The test results all indicate no more than trace amounts and satisfying conformity with the standards.

InWin's environmental protection includes such approaches as: prevent pollution, use less energy and raw materials, reduce waste, and clean production. In 2018, our Company used 4,917 MT of raw materials. As Figure 3-15 shows, our main processes consist of stamping, injection, and assembly. Thus, with 91.6%, iron is our main raw material, followed by plastics (6.2%), coatings (1.2%), and solvents (1%). The total amount of waste generated by our production processes is 183 MT. This can be roughly divided into waste activated carbon, inorganic sludge, general waste, and other waste (general industrial waste). The biggest part of our waste output is sludge and general waste, with lesser volumes of domestic waste and general industrial waste, as shown in Figure 3-16. In the future, the process yields will keep improving as our use of waste activated carbon and, as a result, industrial waste will come down.



**Figure 3-15 Raw materials used at InWin 2018**



**Figure 3-16 Waste production at InWin 2018**

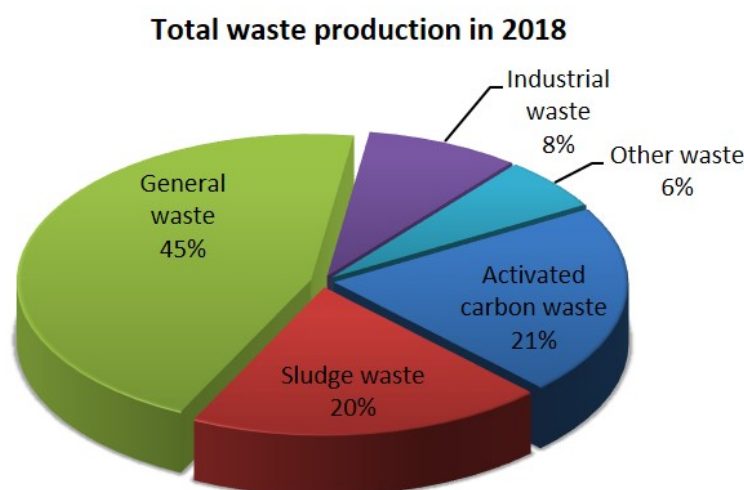
Reduction at source is the ultimate goal of InWin's waste management, and overall waste reduction and waste recycling as a strategy, the Company has taken such measures as reducing raw materials used in order to also reduce the volume of waste generated. We also actively pursue the reuse and recycling of waste to replace end-of-pipe treatment solutions and repurposing waste as useful resources. This reduction-at-source approach is creating a resource cycle and lowering the energy and outlays spent on waste treatment. The Company's waste management model is shown in Table 3-3.

**Table 3-3 InWin's Waste Management Model**

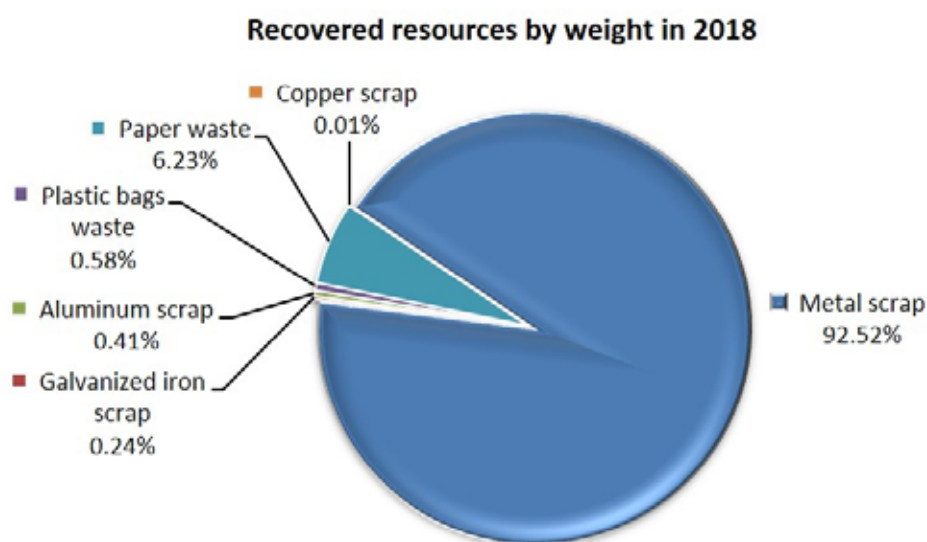
| Waste categories and treatment | Waste category | Description                                    | Treatment method           | Final treatment method |
|--------------------------------|----------------|------------------------------------------------|----------------------------|------------------------|
|                                | Resource waste | Scrap iron, scrap aluminum, scrap copper, etc. | Recycling by professionals | Reuse                  |

|                            |                            |                                                                                       |                                                |                                   |
|----------------------------|----------------------------|---------------------------------------------------------------------------------------|------------------------------------------------|-----------------------------------|
| <b>methods<br/>in 2017</b> | Paper                      | Newspapers, magazines, photocopying paper, printing paper, paper boxes, cartons, etc. | Recycling by professionals                     | Reuse                             |
|                            | General plastics           | Packaging materials, etc.                                                             | Recycling by professionals                     | Circular use                      |
|                            | Other recyclable resources | Batteries, toner cartridge, light bulbs, etc.                                         | Headquarters/photocopying machine manufacturer | Circular use                      |
|                            | Waste pallets              | Unusable pallets                                                                      | Recycling by professionals                     | Circular use                      |
|                            | Waste activated carbon     | Waste activated carbon                                                                | Entrusted to qualified waste contractor        | Reuse                             |
|                            | Domestic waste             | Office waste, domestic waste                                                          | Entrusted to qualified waste contractor        | Incineration/clean landfill       |
|                            | Waste lubricating oil      | Waste lubricating oil                                                                 | Waste lubricating oil                          | Physical treatment/reuse          |
|                            | Sludge                     | Sludge                                                                                | Entrusted to qualified waste contractor        | Clean landfill/physical treatment |
|                            | Waste solvents             | Waste solvents                                                                        | Entrusted to qualified waste contractor        | Incineration                      |

In 2018, InWin's total waste output was 183 MT, as shown in Figures 3-17 and 3-18. As the Company mainly relies on stamping and assembly, at the Nanshang Factory, waste plastics with untreated surfaces are 100% fed back into the production process and reused. As a result, industrial waste only accounts for 8% of our total waste, while our 82 MT of domestic waste accounts for 45% of total waste.



**Figure 3-17 Overall Waste Production at InWin 2018**

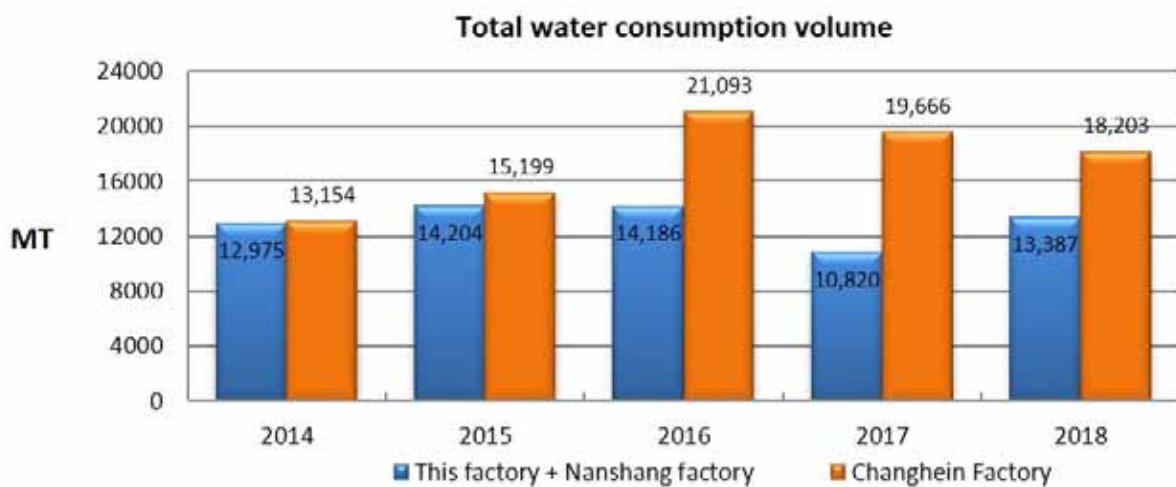


**Figure 3-18 Resource Waste Production at InWin 2018**

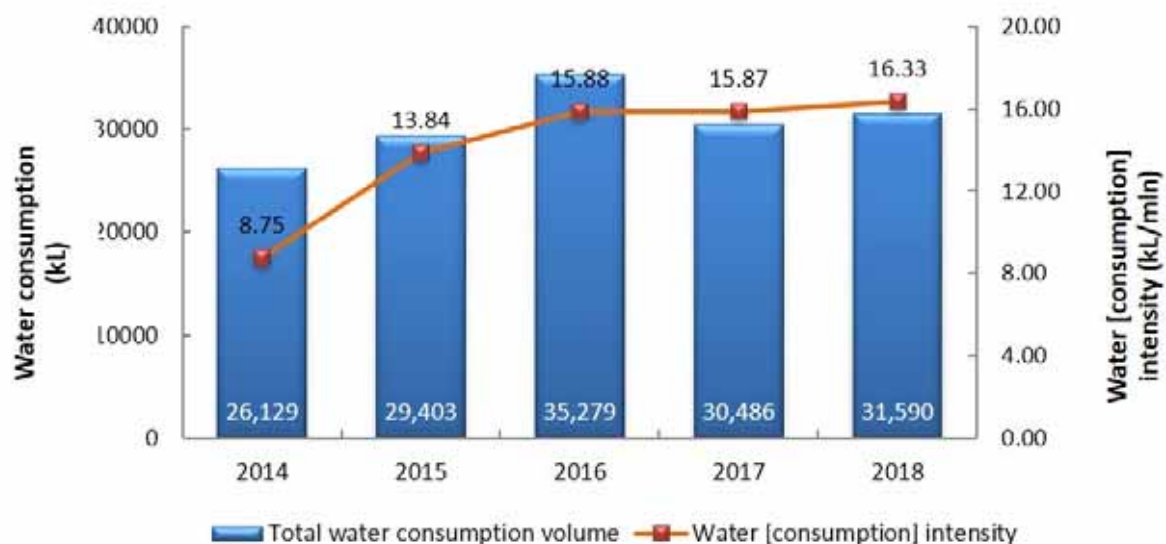
The total volume of recyclable waste was 1,402 MT in 2018, consisting for 92.52% of recyclable scrap iron. Because our production processes mainly consist of stamping and assembly, our main raw material is iron. Therefore, iron makes up the bulk of our recyclable waste. Other waste categories include waste paper (6.23%), scrap aluminum (0.41%). The remaining waste such as plastic bags, galvanized iron, copper, etc. each make up less than 1.0% of total waste. As our production yields will improve in the future, our scrap metals in particular and our industrial waste overall will come down as a result.

Taiwan's water resources are limited and their development is not easy, with regular and dry seasons, and shrinking rivers, making water resources rather scarce and to be prudently used. Therefore, the Company uses water-saving taps, recycles and reuses water, and part of the water is used in a circular manner, in order to try to reduce the amount of

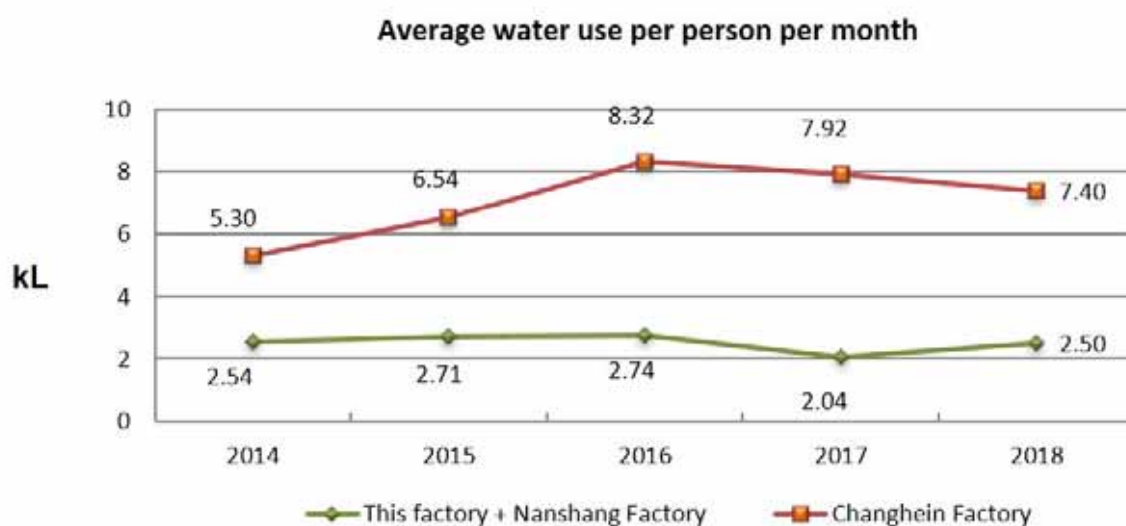
water used per capita. The water consumption per employee in recent years is shown in Figure 3-21. All of our factories and offices are located in urbanized areas. Thus 100% of our water comes from the water grid and none is drawn from underground aquifers or wells. Thus, our water use does not have a negative impact on surrounding water sources. InWin's total water consumption in 2014-2018 is shown in Figure 3-19, while our water intensity is shown in Figure 3-20. As new scrubbing towers (to prevent air pollution) were taken into operation at the Changhein Factory in 2012 and 2016, the factory's water consumption increased. In 2015, as environmental protection requirements were strengthened, the air/water exchange frequency of the scrubbing towers had to be increased, which resulted in higher water consumption. In 2016, due to our new powder coating process, another scrubbing tower was added as well as a pre-treatment pure water equipment, which further increased water consumption significantly. In 2018, our water intensity increased from 13.84 to 15.88, and the monthly water consumption per person at the original factory and the Nanshang plant increased as well due to the new production line there. At the Changhein Factory, on the other hand, water use decreased slightly. As domestic water and industrial water usage are not separately recorded there, a lower headcount combined with steady production caused per-capita water use to climb a bit. As shown in Figure 3-21, the total water consumption of the three plants in 2018 increased by an average of 3.6%.



**Figure 3-19 Total water consumption at InWin 2014 - 2018**



**Figure 3-20 Water intensity at InWin 2014-2018**



**Figure 3-21 Trends in per-capita water consumption (water consumption per person per month) 2014 - 2018**

Environmental protection expenses at InWin are shown in Table 3-4.

**Table 3-4 InWin's environmental protection investment expenditure in 2018**

**InWin's environmental protection investment expenditure in 2018**

| No. | Item                          | Amount (pre-tax) |
|-----|-------------------------------|------------------|
| 1   | ESH + fire safety inspections | 84,000           |
| 2   | Gas storage inspections       | 7,000            |
| 3   | Operating environment tests   | 94,700           |

|       |                                                                                     |           |
|-------|-------------------------------------------------------------------------------------|-----------|
| 4     | Environmental tests                                                                 | 72,600    |
| 5     | Improvement of generator diesel tanks                                               | 34,000    |
| 6     | Activated carbon                                                                    | 615,600   |
| 7     | Air pollution charges                                                               | 917,136   |
| 8     | Improvements of solvent recycling tanks                                             | 8,000     |
| 9     | Installation of LED lights on 1F at the Changhein Factory                           | 509,400   |
| 10    | Improvements in building safety                                                     | 4,500     |
| 11    | Repair and relocation of leaking cooling tower water                                | 180,000   |
| 12    | Renovation of activated carbon tower at 5F (liquid spray area) at Changhein Factory | 589,000   |
| 13    | Dust collecting equipment at grinding area of coating workshop                      | 50,000    |
| Total |                                                                                     | 2,526,936 |

## IV. Corporate social responsibility

### 1. Social management policy disclosure

To develop a corporate social responsibility (CSR) policy that meets the CSR requirements of international companies, domestic labor law, and our own corporate spirit, we study and follow international standards such as the Electronic Industry Code of Conduct (EICC) set by international companies, and the Global Sullivan Principles. In 2009, our Company launched a program to manage the social aspects of our CSR, which started from building a CSR culture within the Company. Our established policy is to comply with national laws and regulations and never participate in public policy making or lobbying.

We are committed to ensuring that our employees' rights and interests are protected and respected, pollution prevention is implemented, green products are designed and delivered, and our social responsibilities fulfilled. For this purpose, we disclose our Company's social performance management policy as follows:

#### **(1) Labor** (Disclosure of labor practices and rational work management policy)

InWin believes that employees are its most important assets and is therefore committed to creating a superior workplace. Besides providing competitive salaries, a comprehensive education and training system, a variety of employee benefits, and a safe and healthy working environment, all employees are also provided with a high-quality living environment in terms of food, dress, shelter, transport, education, and entertainment. To offer our people a workplace without worries, we are undertaking the following approaches:

#### **1. Safe and hygienic working environment**

InWin is committed to zero incidents, meeting all requirements of work safety laws and regulations, and active enhancement of security levels in a forward-looking manner. We also carry out education, training, and awareness raising for our employees to encourage their active participation in safety and hygiene activities and inculcate the concepts and habits of safety and hygiene in all staff members. InWin's safety and health policy is as follows:

- In line with the requirements of the Occupational Safety and Health Act, and with zero incidents as the goal, our Company is committed to steady growth under the premise of "safety first."
- We use advanced safety, risk, and emergency response technologies and have a forward-looking vision to actively improve our safety.
- Our preventive management system ensures a safe working environment and operations.
- The safety and hygiene responsibilities of staff at all levels are clearly defined

to jointly eliminate hazards and prevent incidents.

- We carry out safety and hygiene education and awareness raising to inculcate those concepts and habits in all staff members.

## **2. Employee health and activities**

InWin has long been committed to creating a workplace that is healthy for the body, mind, and spirit. Besides assisting employees with comprehensive health management and health promotion, we also extend our care to employees' families to improve work morale and product quality.

## **3. Talent development, education and training**

The development and cultivation of all sorts of talents is key to improving the quality of human resources at InWin. Under InWin's talent development policy, all employees have access to the education and training they need at any stage in their career tailored to their specialty and rank. The offering includes training for newcomers, special skills, management, and languages, as well as on-the-job training and external training in a life-long learning work environment.

### **(2) Human Rights** (Disclosure of human rights performance management policy)

Our protection of and respect for our employees' labor rights and interests are conducive to talent retention and productivity improvement. We comply with local government regulations that regard human rights and we perform self-assessments on this in the spirit of the Electronic Industry Code of Conduct (EICC). Our Company's affirmative labor policy is as follows:

- Prohibition of improper discrimination
- Good communication mechanisms
- Good compensation and benefits
- Pursue continuous improvement

### **(3) Communities**

InWin views itself as a corporate citizen and a member of society. Besides business growth, we must also give back to society. The areas and ways in which InWin gives back are: education, arts, sports, public welfare, and environmental protection. We systematically engage in social welfare, as follows:

#### **1. Develop high-tech talent**

High-quality scientific and technological talents are the basis for the sustainable

development of any company. InWin actively participates in artistic and cultural activities, and provides training in the latest technologies to its R&D personnel to keep them abreast with developments in the field.

## **2. Encourage leisure activities**

To encourage young students to engage in healthy and active leisure and sports activities we encourage our employees to set up sports clubs with colleagues and we organize sports activities for all employees from time to time.

## **3. Public welfare care and volunteering**

As part of its philosophy of Giving Back, InWin invest much effort in education and support for disadvantaged groups. Besides long-standing sponsoring, we encourage our staff to participate in the concrete volunteer activities to make society a little better and to grow oneself too.

## **4. Community building**

InWin believes in the power of art to open people's hearts and to raise their cultural level. Besides encouraging employees to participate in community activities, we also sponsor wind music ensembles of schools in the communities where we are located, as our way of supporting arts and culture on a community level.

## **(4) Product liability**

Customer orientation is one of InWin's core values. Customer orientation is the key priority for the delivery of products and services from a customer perspective as a comprehensive solution to serve customer needs. In providing its full range of customer services, InWin always fully protects the privacy and the intellectual property rights of its customers. Although we make intermediate products rather than finished products for end-users, we endeavor to ensure that the products we supply to our corporate customers can satisfy the requirements of international laws and regulations and customers. We monitor environmental protection regulatory developments and perform compliance checks. We also communicate our findings to our suppliers, so that together we can satisfy the requirements of our downstream customers. Information on any hazardous substances in our products is fully transparent.

## **2. Talent development and employee relations**

Our Company sets great store with employee education and training. In every locality where we operate, we fully comply with local laws and regulations. We also follow the spirit of the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy of the International Labor Organization. In the history of our Company, there have never been any cases of child labor, nor discrimination, forced labor, or violations of the rights of local employees.

As of December 2018, the number of employees at InWin exceeded 646. Employee representatives participate in the labor management meetings organized by the Company to guarantee the collective bargaining rights of our employees. Our human resources situation including employee turnover in the year 2018 is shown in Tables 4-1, 4-2, and 4-3.

**Table 4-1 Human Resources at InWin in 2018**

| Location         | Employee category | Gender |        | Physical and mental disability | Taiwanese nationals (%) |
|------------------|-------------------|--------|--------|--------------------------------|-------------------------|
|                  |                   | Male   | Female |                                |                         |
| Original factory | Supervisor        | 26     | 10     | 0                              | 36 (100%)               |
|                  | General staff     | 86     | 98     | 2                              | 184 (100%)              |
| Changhein        | Supervisor        | 7      | 4      | 0                              | 11 (100%)               |
|                  | General staff     | 130    | 60     | 6                              | 190 (58.5%)             |
| Nanshang         | Supervisor        | 8      | 2      | 0                              | 10 (100%)               |
|                  | General staff     | 149    | 66     | 2                              | 215 (67.4%)             |

**Table 4-2 Taiwanese employees returning to work in 2018 after parental, maternity, or paternity leave**

|                                                                                                          | Male | Female |
|----------------------------------------------------------------------------------------------------------|------|--------|
| Number of employees actually/potentially returning to work after parental, maternity, or paternity leave | 1/1  | 6/6    |
| Return-to-work ratio (%)                                                                                 | 100% | 100%   |

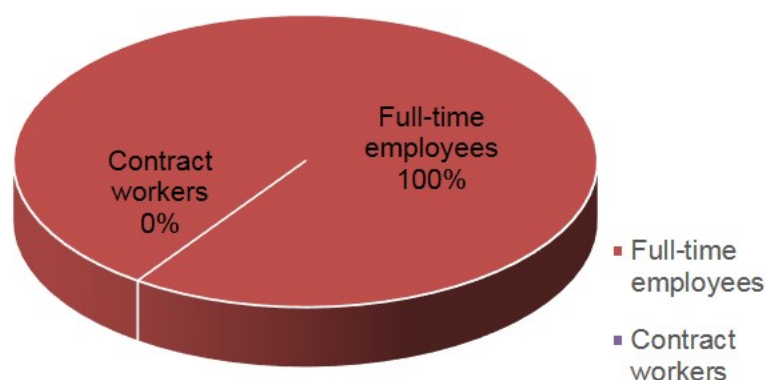
**Table 4-3 Employee turnover in 2018**

|  | Gender |       | Age |    |    |    | Original | Nanshan g factory | Changhei n Factory |
|--|--------|-------|-----|----|----|----|----------|-------------------|--------------------|
|  | Mal    | Femal | <3  | 30 | 40 | >5 |          |                   |                    |

|         |                  | e   | e  | 0  | -<br>40 | -<br>50 | 0 | factory |     |    |
|---------|------------------|-----|----|----|---------|---------|---|---------|-----|----|
| Joining | Number of people | 114 | 83 | 87 | 65      | 38      | 7 | 53      | 93  | 51 |
| Leaving | Number of people | 137 | 70 | 86 | 71      | 41      | 9 | 41      | 110 | 56 |

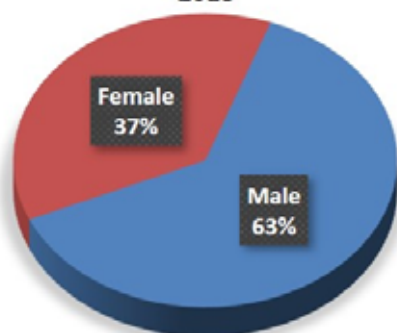
The work locations, job categories, ages, and genders of InWin employees (including senior executives) at the end of 2018 are shown in Figures 4-1 to 4-3. As can be seen from the figures, most of our employees are male, the largest job category is on-site operators, and most people are aged between 30 to 40 years old:

**Employment types breakdown in 2018**

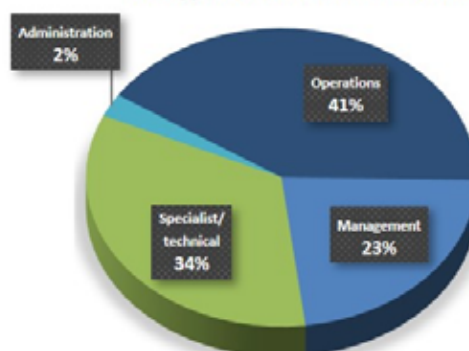


**Figure 4-1 Employment breakdown of InWin employees**

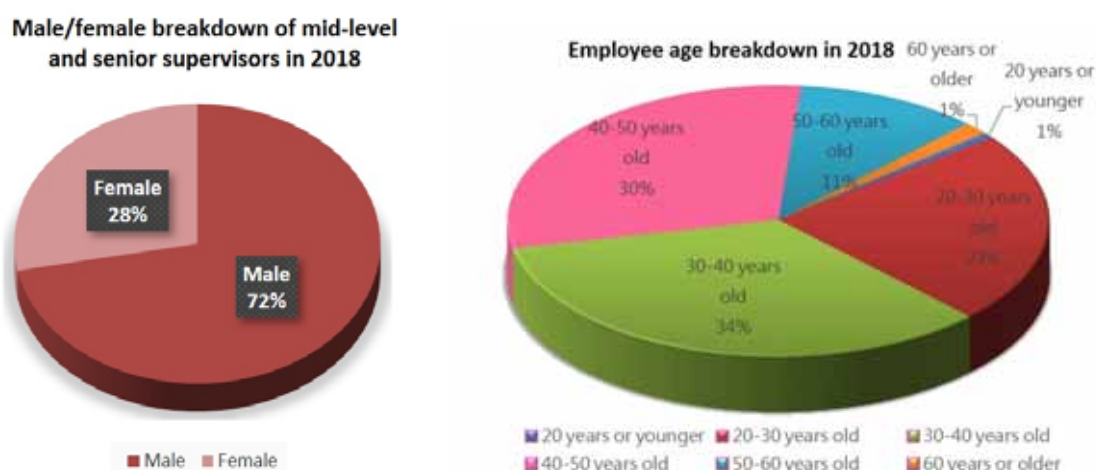
**Employee gender breakdown in 2018**



**Job types breakdown in 2018**



**Figure 4-2 Gender and positions breakdown of InWin employees**



**Figure 4-3 Gender breakdown of senior executives at InWin and age breakdown of employees**

It is standing policy for our Company to cover human rights in our newcomer training. Besides publishing our anti-bribery policy and human rights related management regulations on our internal website, we also have an employee handbook, which is included in the training materials for newcomers. Our standard starting salaries are in line with regulations, and our minimum salary is in line with Taiwan's Labor Standards Act. We also regularly review the correlation between performance and career development and will adjust salaries as warranted.

The Company's education training hours and expenses of 2018 are shown in Table 4-4:

**Table 4-4 Hours and expenditures of employee training in 2018**

|                               | Male        | Female |
|-------------------------------|-------------|--------|
| Managerial (hours)            | 67.0        | 35.4   |
| Specialized/technical (hours) | 443.4       | 234.6  |
| Administrative (hours)        | 60.5        | 32.0   |
| Operator (hours)              | 278.6       | 147.4  |
| Total (hours)                 | 849.4       | 449.5  |
| Cost (TWD)                    | NTD 120,786 |        |

In order to carry out the overall operational plans and reach the goals of departments and individuals, we must have a clear view on our staff's performance and use that information as a basis for promotion, training, development, and salary setting. At InWin, performance evaluations are held throughout the Company in the middle and at the end of the year. This includes reviewing past work and setting future goals. In 2018, 85.36% of our employees received a performance evaluation.

**Table 4-5 Proportion of employees participating in performance evaluation in 2018**

|                                         | Male employee | Female employee |
|-----------------------------------------|---------------|-----------------|
| Participation in performance evaluation | 86.45%        | 82.91%          |

Note: Full-time employees employed since less than three months are not required to be given a performance evaluation.

### **3. Employee welfare and working environment**

Employees are our most cherished assets. InWin's steady growth is made possible by the hard work of all its staff. Therefore, InWin is willing to share its fruits with employees to attract, recruit, develop, and retain outstanding talent through compensation packages that are competitive in the marketplace.

InWin's management policy for compensation and benefits is as follows:

- All our employees earn more than the minimum wage set by the Labor Standards Act. Our employee benefits are superior to competitors' offerings, ensuring that employees' salaries are set based on education, experience, performance, and market conditions, without differences based on gender, race, religion, political position, marital status.
- The Company provides various insurances and welfare pensions in accordance with the law, and has taken out additional group insurance and international travel insurance to protect our staff during business trips.
- A fixed pension contribution of at least 6% is paid annually from the salary.
- Employees enjoy labor insurance, health insurance, regular health checks, and labor pension insurance under the new system [of Taiwan].
- Small allowances are given for birthdays, weddings, funerals, festive occasions, and for overtime meals.
- During the three major festivals, gifts are given as well.
- Company trips and family allowances are also offered.
- The Company has a canteen and offers monthly meal allowances.
- On-the-job education and training is provided.
- There is a fitness center, library, free parking, and free coffee.
- Male colleagues enjoy paternity leave.
- There is a nursing room for female colleagues.

To communicate smoothly with employees and solve issues effectively in a face-to-face setting, we regularly hold labor-management meetings, departmental meetings, etc. These

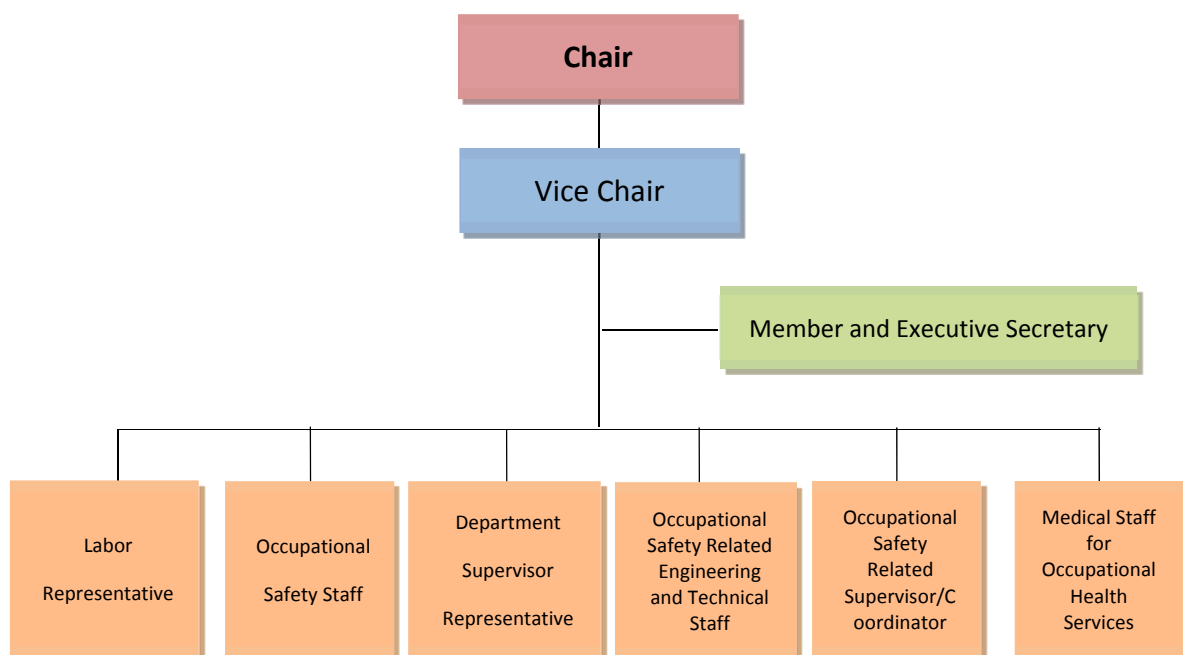
communication channels ensure employee benefits better than the industry norm. We also regularly inform them of the Company's direction. Lastly, there are employee suggestion boxes, which also help solve employees' issues with the Company effectively and efficiently.

InWin's channels for grievances are:

- Grievance channels for staff at all levels
- Sexual harassment and gender issues grievances mailbox

These communication mechanisms at InWin help to eliminate incidents of discrimination and ensure that labor conditions meet employees' needs. Our staff's work rights are fully guaranteed and they can feel at ease. In 2018, zero grievances were brought forward through the employee complaint box and other channels. There were no complaints related to infringements on human rights. In addition to ensure Collective Bargaining Agreements, the Company regularly holds labor-management meetings in respect of the collective bargaining power of its employees.

InWin also has an Occupational Safety and Health Committee, chaired by the general manager, to protect the occupational safety of its employees. The committee is responsible for supervising work safety related matters throughout the Company. The committee furthermore consists of a deputy chair and an executive secretary. The organization structure of the Occupational Safety and Health Committee is shown in Figure 4-4. The number of labor representatives on the committee meet the basic requirement of the one-third threshold of the occupational safety regulations. The committee meets regularly to review policies and plans related to occupational safety and health.



**Figure 4-4 Organizational structure of the Occupational Safety and Health**

## **Committee**

The unit's tasks are as follows:

- Advise the employer on occupational safety and health policy.
- Put forward and coordinate occupational safety and health management plans.
- Review implementation plans for safety and health education and training.
- Review operating environment monitoring plans, monitoring results, and response measures.
- Review health management, occupational disease prevention, and health promotion matters.
- Review safety and health proposals.
- Review the automated inspection data and matters from the competent authority in charge of occupational safety and health.
- Review measures to prevent hazards from machinery, equipment, or raw materials.
- Review occupational incidents investigation reports.
- Assess on-site safety and health management performance.
- Review the occupational safety and health management of contractors.
- Other matters related to occupational safety and health management.

InWin puts great store by the occupational safety and health management, because healthy employees are the pillars of the normal operations of the Company. Even though InWin has not yet adopted the ISO 45001 Occupational Safety and Health Management System, it does invest much effort in preventing occupational injuries. In accordance with the Occupational Safety and Health Act, the Company has various workplace emergency response standards and actively implements equipment self-inspection to strengthen employee safety and health. It also holds fire safety education and training to prevent occupational incidents and actively promotes and implements a range of work safety measures to build a high-quality, safe and healthy work environment for its employees.

To ensure that the working environment meets safety and hygiene standards and identify and hazards, InWin regularly inspects the working environments in its factories. Based on the findings, we follow through with improvements in hardware, administration, or management to ensure the quality of the working environment, safeguard employee health, and prevent occupational injury.

To enhance staff's awareness of safety and health matters and respond to any emergencies, the Company has a comprehensive emergency response mechanism in place,

which includes a notification mechanism, emergency response teams, emergency response equipment, education and training, etc., to strengthen the response capabilities of the Company and staff.

Taking reference from the ISO 45001 framework, InWin uses an occupational safety notification system and regularly publishes the Company' rates for disabling injury and serious disabling injury. The statistics on occupational incidents (excluding traffic accidents) in 2018 at InWin Company show that the frequency of disabling injury in its Taiwan plant was 4.65, the rate of disabling injury was 72, while the comprehensive incident index stood at 0.46.

Besides managing high-risk operations, contractors, construction safety, chemical safety, and a safety audit system, InWin also has incident emergency procedures in place and holds regular drills to minimize any impact on the Company's property, staff, society, and the environment.

**Table 4-6 Statistics on employee safety indicators at InWin**

|                                                      | 2014 | 2015 | 2016  | 2017 | 2018 |
|------------------------------------------------------|------|------|-------|------|------|
| <b>Disabling injury frequency rate (FR)</b>          | 2.55 | 3.37 | 7.06  | 5.35 | 4.65 |
| <b>Disabling injury severity rate (SR)</b>           | 11   | 13   | 57    | 34   | 72   |
| <b>Frequency-severity Index (FSI)</b>                | 0.17 | 0.21 | 0.63  | 0.43 | 0.46 |
| <b>GRI Lost working hours ratio from work injury</b> | 0.50 | 0.67 | 1.41  | 1.07 | 0.95 |
| <b>GRI lost working days ratio</b>                   | 2.22 | 2.56 | 11.35 | 6.82 | 16.1 |

Note 1: Frequency Rate (FR) = (number of disabling injuries ÷ total working hours) × 1,000,000

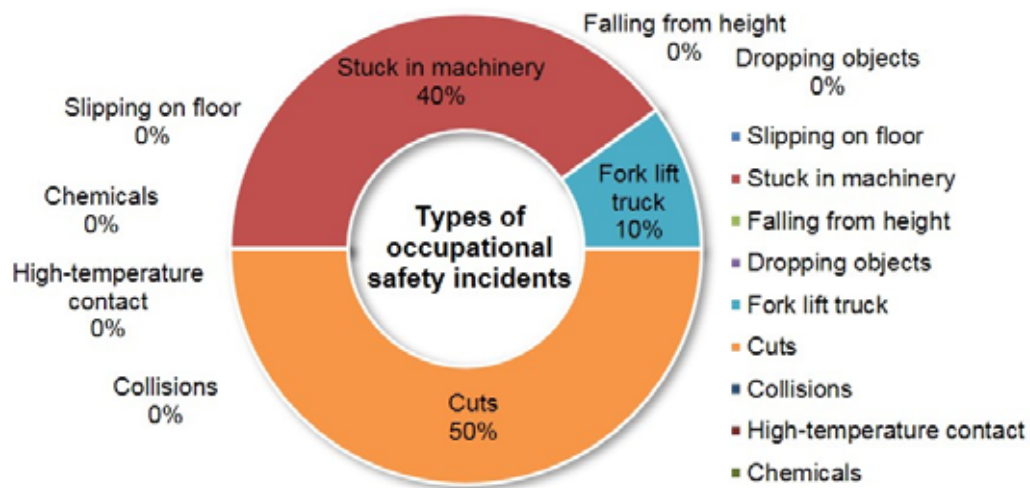
Note 2: Severity Rate (SR) = (disabling injury days ÷ total working hours) × 1,000,000

Note 3: Frequency-Severity Index (FSI) = (frequency of disabling injury × severity of disabling injury / 1000) ^ 0.5

Note 4: GRI Lost working hours ratio due to work injury = total work incidents / total hours worked × 200,000

Note 5: GRI lost working days ratio = total lost working days / total working hours × 200,000

InWin provides a safe and comfortable working environment through building and maintaining a safety culture. All occupational incidents are analyzed for root causes and the development and implementation of improvement plans. Statistical analysis of the types of units and incidents with high occupational incident rates are analyzed and response measures, including education, training, and management, are taken to prevent recurrence.



**Figure 4-5 Types of occupational incidents in 2018**

In 2018, the main occupational incidents were caused by cuts from metal and improperly operated machinery. Although the frequency of such injuries continued to decline, the increase in the rate of serious disabling injury this year caused a slight increase in the comprehensive incident index. A mechanical coil clamp caused a major accident. Therefore, a punch alarm system has now been added and the power-on alarm time has been extended to improve operational safety and to avoid injury caused by improper operation. Also, training on correct operating procedures has been further strengthened. Safety controls have been expanded to reduce the risks that our employees are exposed to at work.

InWin also sets great store with employee health. To make any company grow stronger, the primary task is to take care of the health of its employees. We therefore offer health checkups, and have set up private and separate nursing and feeding rooms for female employees with newly born infants so they can work with peace of mind. To implement the Health and Welfare Management Plan, we discuss issues related to employee health and safety at the quarterly Labor and Welfare Meeting. We also offer employees biannual health checkups, which goes beyond the requirements of the Labor Standards Act. We also have annual special labor inspections and more.

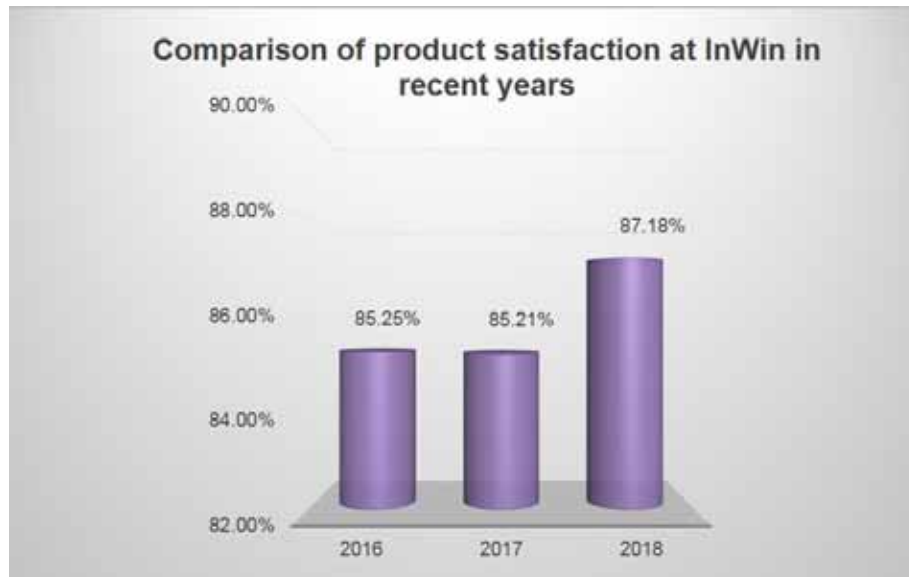
#### **4.Customer Service**

The ISO 9001 quality management system and labor equality policy are used by InWin to try to conform to the expectations on protection of human rights issued by large international companies such as HP, Dell and Apple. In 2018, there were no complaints regarding our company compromising customer privacy or losing customer data. Customer satisfaction surveys are also held regularly. Every year, customer satisfaction with products and service surveyed. These survey statistics then serve to drive the continued

improvements in InWin product quality, professional expertise and quality of service. We have now achieved customer satisfaction and top quality. A comparison of product and service satisfaction from 2016 through to 2018 is shown below in Fig. 4-6 and Fig. 4-7. Overall, quality stayed above 80% (Good). In the future, we will continue to optimize our product combinations to provide a service that better meets customer requirements.



**Figure 4-6 Comparison of product satisfaction at InWin in recent years**



**Figure 4-7 Comparison of customer service satisfaction at InWin in recent years**

## 5. Supplier relations

InWin introduced green product procurement specifications in 2006 and has drawn up green product procurement specifications for all its suppliers:

- (1) Suppliers must have a sound system in place for hazardous substance management.
- (2) Suppliers must guarantee that any heavy materials, solvents, or auxiliary materials used in their finished products, modules, parts, auxiliary materials, packaging, and processes supplied by InWin fully comply with the Technical Specifications for Environmental Management Materials for Green Products. They also must commit to refrain from using Class 1 Prohibited Hazardous Substances in their production processes and comply with InWin's Technical Specifications for Green Product Environmental Management Substances.
- (3) Suppliers must have a management system structure for the use of hazardous materials to assist InWin in its checks on such hazardous substances.
- (4) Supplier assessment: To ensure that the supplier's production system can meet the management standards of the "Green Product Purchasing Specification" and meet the Company's needs. The assessment covers the following:
  1. HSPM (Hazardous Substance Process Management) Assessment
  2. Evaluation, based on the QI-E021-000-00 process, whether raw materials, parts, auxiliary materials, and subcontracting are processed in accordance with the Hazardous Substance Process Management (HSPM) to ensure that the delivered products meet the Company's requirements.

Besides strict adherence to environmental protection principles within its supplier management mechanism, InWin also follows the Electronic Industry Code of Conduct (EICC) management system since 2010. InWin calls on its suppliers to fulfill their corporate social responsibility (such as the Conflict Minerals Code). At present, the Company's supplier selection indicators already include important indicators of corporate social responsibility such as RoHS (HSF), QC 080000, ISO 14000, and EICC. The Company requires compliance with the freedoms of assembly and association and the prohibitions on child labor and forced labor. To help maintain basic human rights, the above indicators are also included in the supplier audits through the Supplier Audit Table.

In addition, we also require that our suppliers subscribe the principle of equality laid down in the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy of the International Labor Organization. The procurement unit and the general affairs unit manage suppliers and contractors (including security companies). An overview is shown in Table 4-7. In future, the Company will gradually increase the proportion of suppliers that meet CSR requirements. Suppliers' CSR visions are shown in Table 4-7.

**Table 4-7 Overview of Corporate Social Responsibility Management of InWin's Suppliers and Contractors**

| Category           | Management principle                                                                         | Execution ratio | Follow-up focus                                             |
|--------------------|----------------------------------------------------------------------------------------------|-----------------|-------------------------------------------------------------|
| Taiwanese supplier | Sign Corporate Social Responsibility Commitment of partners and undergo CSR reviews          | 100%            | Have CSR clause in contract                                 |
| Contractor         | Sign Corporate Social Responsibility Commitment of partners and undergo human rights reviews | 100%            | Publicize individual InWin staff that perform public duties |

For many years, InWin's procurement has prioritized local suppliers. We strive to build long-term cooperation with local suppliers to reduce energy waste from transportation and reduce greenhouse gas emissions. Taiwan is experiencing a serious outflow of companies as China is becoming a major global production base. This poses challenges to our local procurement goals, and our local procurement rate has been sliding down slowly. However, to date, our overall annual local procurement rate still exceeds 90%. The proportion of local procurement is shown in Figure 4-8.



**Figure 4-8 Local procurement rates at InWin in recent years**

## 6. Community, social care, and giving back

InWin understands its success by leaps and bounds depends on its own efforts as much as on the support of a harmonious society. Therefore, we feel that being a corporate citizen includes giving back to the society. The areas and ways in which InWin gives back are: education, arts, sports, public welfare, and environmental protection. We systematically engage in social welfare.

From its very beginning, our Company has held social care activities. We love giving back to the society in many ways including through employee volunteerism.

Even as the global economic volatility since 2008 has had some impact on our revenue, and regardless of the state of our business in general, we will not forget to give back to our society's neighborhoods and villages that need it most. InWin's management is well aware that the Company's steady growth depends on the efforts of its workforce and the support of the public. Therefore, besides rewarding employees for their efforts, a company as a corporate citizen should also fulfill its corporate social responsibility by giving back to the public. InWin adheres to the philosophy of Giving Back and invests significantly in supporting education and disadvantaged groups. In 2018, our public welfare activities and donations amounted to more than TWD 1.37 million.

The Company's total public welfare expenditure from 2010 to the end date of this report (end of 2018) is as follows:

- (1) We have had a school and community partnership and talent training program since 2010. Under our School and Community Partnership and Talent Training Program, we support the student wind ensemble of the Luzhu District Gongpu Elementary School with fixed donations, as shown in Figure 4-9.
- (2) Since 2010, we have also supported the indigenous wind ensemble of the Qiao-Ai Elementary School with fixed donations under the same program.
- (3) Since 2011, we purchase the Eden Love Lunch Boxes every year.
- (4) We sponsored the 2018 Celebrations in Shanbi Village of Luzhu District.
- (5) We sponsored the 2018 Celebrations in Bali Village of Luzhu District.



**Figure 4-9 InWin's sponsorship of the Gongpu Elementary School Student Wind Ensemble**

## **V. Contact information**

In Win Development Inc.

Headquarters: No.57, Ln. 350, Nanshang Rd., Guishan Dist., Taoyuan City 333,  
Taiwan

TEL: +886-3-3229898

FAX: +886-3-3527808

InWin CSR mailbox: [csr@in-win.com.tw](mailto:csr@in-win.com.tw)

website : [www.in-win.com.tw](http://www.in-win.com.tw)