

**CORPORATE SOCIAL RESPONSIBILITY REPORT  
ELITEGROUP COMPUTER SYSTEMS  
2012**



## Elitegroup Computer Systems Corporate Social Responsibility Report

Elitegroup Computer Systems published the fourth version corporate social responsibility report in 2013, presents the current state of corporate governance, social participation and environmental protection practices for the fulfillment of sustainable development, and to satisfy the requirements of customers and stakeholders.

### ■ Report Scope and Boundaries:

The contents of this report cover the performance data of Taiwan Headquarter and Mainland China Factoryies (Xingying and Suzhou) of Elitegroup Computer Systems during the year 2012 (20120101~20121231). This report references the Third Generation of the Global Sustainability Reporting Guidelines (G3.1) created by the Global Reporting Initiative (GRI). And there is a part of financial information reported quarterly in corporate web.

### ■ Reporting Period:

ECS published periodical corporate social responsibility report by year.  
Last report was published on July 2012.  
Current report was published on July 2013.  
Next report will be published on July 2014.

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An environmentally friendly, paperless, electronic version of this report is available for download at the company's Green Website.

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## Chapter 1 Corporate Governance

### 1.1 Words from Chairman

In recent years, frequent global natural disasters not only endangered people's lives but also affected seriously the global supply chain of industries. And the climate change topic was paid close attention since greenhouse gas effect caused the global weather getting worse. Therefore, the importance of corporate social responsibility implemented effectively has become the global focus of attention. Under the serious survival threat of human being, to design low-carbon products for greenhouse gas emissions reduction have been the efforts target by ECS and worldwide enterprises.



Chairman W.Y. Lin

In corporate responsibility, ECS published the fourth version of corporate social responsibility report in 2013, made appropriate disclosure about corporate governance, economic, environmental, social and other relevant information, and disclosed corporate organization and financial information on corporate website quarterly. Target to be a sustainable enterprise with core principles of non-toxic, low energy consumption and less materials as green design rules towards carbon reduction goal. To ensure ECS fulfill civic responsibility and meet international trends completely that creates a healthy living environment for all customers.

In environmental protection issues, since EU directive RoHS 2.0 and REACH published, ECS strengthened internal green products control system for strict RoHS products compliance and speeded up halogen-free parts phased-in timeline, had gotten more conspicuous green brand recognition and adoption by customers. To achieve "Build and develop without damaging the environment, grow and prosper without polluting the Earth" and to reduce the burden of global environments for sustainable Earth.

In energy-saving and carbon reduction issues, ECS launched two products carbon footprint inventory projects in 2011 and 2012 and got PAS 2050 : 2011 carbon footprint verification by SGS in 2012. Those projects built up ECS CFP inventory system and enhanced factories and supply chain suppliers' ability to accomplish carbon footprint self-inventory. Through those projects, we improved energy efficiency in factory processes and reduced carbon emissions of separate components accordingly, to reduce total carbon emission volume of product life cycle for the responses of customers and international GHG emission reduction requirements, and towards the progress of mitigation for climate change.

In staff care, ECS placed importance on labor relations and employee benefits through welfare committee's regular activities to agglomerate all staffs, and ECS built up enterprise university delivered a variety of learning courses like management, engineering, marketing and logistics skills to enhance employees self development in all fields and promote organizational revolution capability. Factories established one employees communication platform to improve internal communication performance including manpower fairly recruitment operation especially as public competitive basis and no gender and racial discrimination emphasized either. Through occupational health and safety management system, ECS continuously

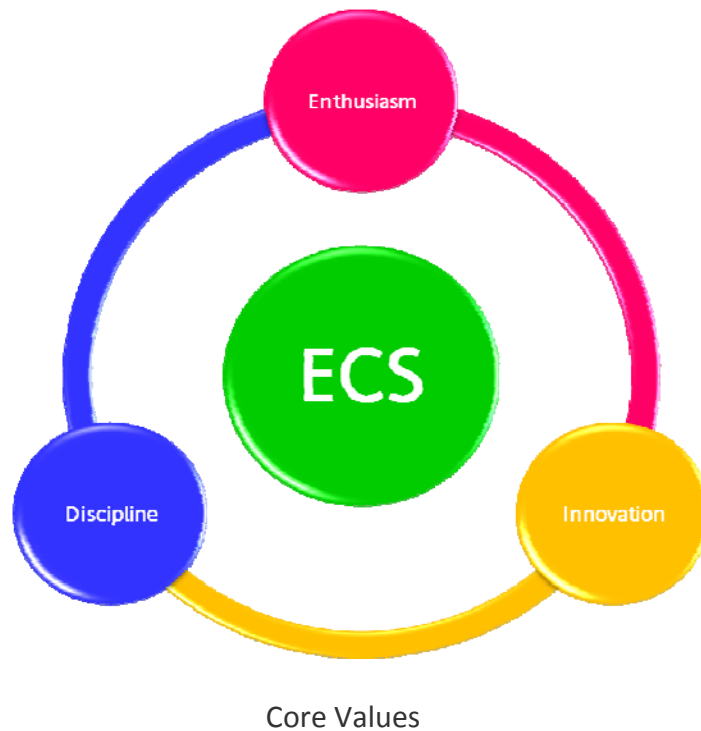
improved workplace quality to provide employees with a safe, hygienic and healthy working environment.

In social care, ECS welfare committee continues to hold charity activities, such as eyesight-impaired massage activity, bazaar, colleague donation and blood donation, to fulfill the ideal of taking care of the disadvantaged minority. All employees in ECS company joined social charity activities together as well.

In future corporate responsibility, we will continue to implement corporate responsibility contents about social rights, employees protection and environments safety to achieve more safety and sustainable environments, zero factory pollution, zero safety and health accident in future, and to construct green operations management of hazardous substances and recyclable products to meet international customers' demand and create a harmonious society with sustainable development goals. ECS expects to play a role of non-stopping green corporate citizenship in global village by green technology power.

## 1.2 Core Values

ECS dedicated to be an excellent team of IT products and proposed three core values for internal management teams and colleagues with the same code of conduct for long-term development of company. ECS's core values are enthusiasm, innovation and discipline. Through passion, product innovation and discipline into daily life operations to enhance competitiveness and ensure sustainable development to meet customer needs.



## 1.3 Business Philosophy and Vision



### Green Touch, Green Life

Looking forward the global market, ECS will focus on innovative technology that enriches human lives and improves quality of life. Product design, procurement, production, sale, service, resource recovery processes will all be conducted using green methods to achieve the "toxin-free, low-consumption, easily-disassembled, recyclable" standard of product design and manufacturing. Toxin-free products and low-carbon emissions will be used to put the ideas of caring for the Earth, environmental protection and sustainable development into practice.

## Chapter 2 Company Overview

### 2.1 Company Introduction

ECS was founded in May 1987, as a global leading corporate in professional computer design and manufacturing, its products include motherboards, graphics cards, desktop, notebook and many other computer relevant products. ECS produces computers with excellent quality, lower energy consumption and more reasonable price to meet customers' diversified requirements.

ECS does not only develop new-fashioned products by up-to-date and high-end technology but also has continuously enormous business innovation accompanied with corporate scale expansion in products design, equipments manufacturing, components supply, sales and inventory management.



**ECS Head Quarter**

We constructed progressively corporate internal knowledge management systems through the business wisdom management transformed from professional knowledges for sustainable corporate basis.

Nowadays, ECS have built up three major manufacturing centers distributed on Shenzhen and Suzhou in China, they produced PC boards, components, main boards and system assembly. Those factories are all certified with ISO 9001, ISO 14001 and IECQ OC080000 for "Non-toxic suppliers," "Non-toxic materials," "Non-toxic processes" and "Non-toxic products," for complete hazardous substances free assurance.

We believe strongly that only innovative technology can create value on products, therefore, we construct holistic product quality development and assurance system for long-term cooperation with customers.



Xingying Factory

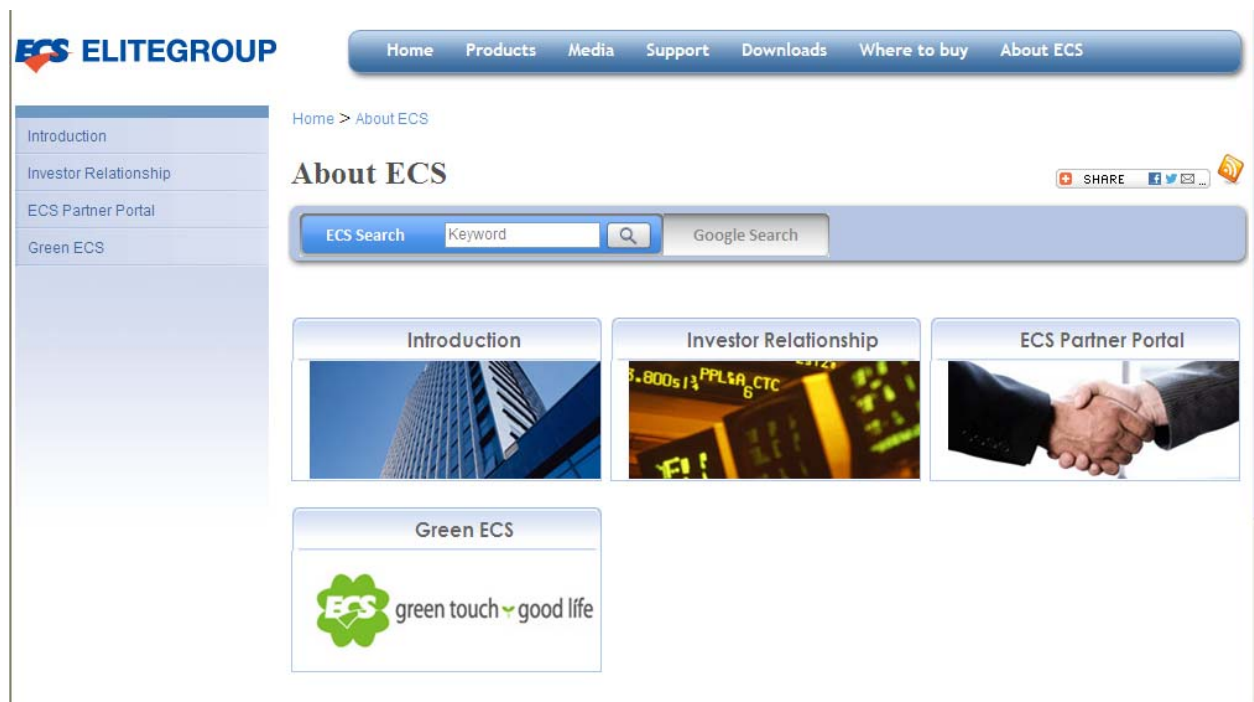


Suzhou Factory

## 2.2 ECS Overview

<b>Company Name</b>	ELITEGROUP COMPUTER SYSTEMS CO., LTD.
<b>Capital</b>	Approx. NTD 11.8 Billion
<b>Date of Establishment</b>	1987.05.06
<b>Main products and services</b>	Mainboard, VGA card, Desktop, Notebook
<b>Chairman of the board</b>	W.Y. Lin
<b>General manager</b>	Sunny Yang (proxy)
<b>Number of shareholders</b>	Approx. 58,173 persons
<b>Number of employees</b>	9,299 persons
<b>2012 Sales Amount</b>	Approx. NTD 47.6 Billion
<b>Head Quarter</b>	No. 239, Ti Ding Blvd., Sec. 2, Taipei, Taiwan
<b>Operation Region</b>	Taiwan, China, Japan, Korea, Singapore, USA, Neitherland

ECS (2331) operational and financial report details and other public company information can be queried or downloaded via ECS website (<http://www.ecs.com.tw>) .



### 2.3 ECS Mile Stones

- 2012 - ECS was established at the 25th anniversary.
- 2010 - Established Changshu factory for MB capacity expansion.
- 2009 - ECS integrated South China factories into Xingying factory to improve production efficiency of the circuit board downstream and supply chain management.
- 2008 - Neihu corporate headquarter building was completed and also established foresight product business units for research and development in communication products.
- 2007 - ECS was selected in Taiwan Deloitte Technology Fast50 and 2007 Deloitte Asia Pacific Technology 500.  
Established Suzhou (SIP) factory for notebook capacity expansion.
- 2006 - Merged Tatung desktop business unit and Uniwill computer.
- 2005 - Established branches in China and South Korea.
- 2002 - Created a record of single month sales of 2 million motherboards, BusinessWeek InfoTech 100 companies ranked No. 8.
- 2000 - Created a record of single month sales of 1 million pieces of motherboards.
- 1998 - Established ECSM Shenzhen factory with monthly production capacity of 600,000 pieces of motherboards.
- 1994 - The first motherboard company listed on Taiwan Stock Exchange Corporation board.
- 1998 ~ 1991 - Established branches in USA, Germany, UK, Japan, Singapore and Canada.
- 1987 - Company was founded with dedication being a professional computer motherboard design and manufacturing company.

### 2.4 Global Strategy



#### Global Logistics

ECS focuses to be one professional computer-related products supplier by global deployment integrating systematically upstream and downstream industry chain for customer's comprehensive services and product competitiveness that has strong business relation with internationally famous IT brand customers and OEM / ODM system product manufacturers.

ECS motherboard and notebook products in the Asia-Pacific, China, Middle East, Central and South America, Asia-Pacific region and other emerging markets have remained steady shipment growth rate. Main target for regional brand distributors covering Asia Pacific, Middle East, China, Latin America and Middle East market.

Motherboard is one of key products in ECS, ECS cultivated the motherboard industry for many years, and we are highly competitive on R & D capabilities, procurement & production scale and sales channels management. Currently, we do not only smooth the manufacturing factories and fulfill strong regional distribution channels system but also will fully develop ODM / OEM customers in the future to raise market share and expanded the gap with other competitors. Our product lines with both depth and wide scope are dedicated to innovative design with advantage of competitive price for continuous cultivation in existing markets, meanwhile actively developing new customers for pursuit of steady shipment growth rate.

## 2.5 ECS Products Introduction

### Professional IT Supplier



**ECS complete product lines, including desktop PCs, notebooks, Tablet PC, servers, motherboards, graphics cards, and AIO in the world.**

- WW Top 3 MB Manufacturer
- WW Top 5 Desktop Manufacturer
- WW Top 6 NB Manufacturer



**-- According to MIC data**

ECS is ready for the global customer's miscellaneous needs and excellent service provision to meet various local market needs. We implemented environment-friendly improvement system in product manufacturing processes including the reduction of greenhouse gas emissions, advanced energy-saving and water-saving measures and waste reduction management for purpose of environmental impact minimized.

ECS was founded in 1987 and has maintained its devotion to innovation and service. It has consistently directed this devotion to computer product design and manufacture as well as the enrichment of human life. ECS product lines include motherboards, graphics cards, desktop and notebook computers and portable mobile devices with excellent quality and competitiveness to satisfy consumer needs.

- **Business Scope**

- ◆ ECS Main Business :

- Computer product design and contract manufacturing services: Use the newest technology to develop complete product lines to meet market requirements. Offer contract manufacturing services for major, global computer brands.
    - Global computer product sales channels: Sell ECS brand motherboards, graphics cards and add-on cards through authorized dealers around the world.

- **Main Products**

- ◆ ECS product line includes motherboards, graphics cards, desktop and computers and portable mobile devices.

- Motherboards: Design and manufacture of motherboards for commercial and consumer desktop and notebook computers.
    - Graphics Cards: Design and manufacture of graphics cards for commercial and consumer desktop computers.
    - Desktop Computers: Design and manufacture of complete commercial and consumer desktop computers.
    - Notebook Computers: Design and manufacture of complete commercial and consumer notebook computers.

ECS dedicates to technology innovation and the awards for its products in 2012 are listed below:

Award	Products	Award Date	Issuing Unit	Region
	<a href="#">Z77H2-A2X</a>	2012/10/31	Overclockers <a href="#">Original Design</a>	Ukraine
	<a href="#">X79R-AX Deluxe</a>	2012/02/24	Toxico-PC <a href="#">Good product</a>	Argentina
	<a href="#">A990FXM-A</a>	2012/02/28	PureOC <a href="#">Good Hardware</a>	USA
	<a href="#">A85F2-A GOLDEN</a>	2012/11/07	VMODTECH.COM <a href="#">Good Innovation Award</a>	Thailand
	<a href="#">A970M-A DELUXE</a>	2012/11/30	Megaobzor <a href="#">Best choice</a>	Russia
	<a href="#">Z77H2-AX</a>	2012/04/09	HardwareHeaven	England
	<a href="#">X77H2-A3</a>	2012/05/21	Computer enthusiasts "Editor's Choice"	China
	<a href="#">X79R-AX Deluxe</a>	2012/03/25	ChileHardware <a href="#">Silver Core</a>	Chile
	<a href="#">A85F2-A GOLDEN</a>	2012/11/12	Guru3D <a href="#">Great value</a>	Neitherland
	<a href="#">Z77H2-AX</a>	2012/05/15	HWzone.co.il <a href="#">Best Design</a>	Israel

## 2.6 The Board of Directors

### The Board of Directors

The Board of Directors is the highest governance organization in ECS and set up one audit committee in charge of audit affairs of all management systems and processes. ECS establishes the duty of general manager conforming the strategy from chairman to plan the future operations, development and business strategy of ECS.

### The Operation of Board of Directors

ECS formulated the corporate governance structure and implementation practices according to Taiwan company law, securities and exchange law and other relevant laws, since ECS is one company listed in Taiwan Stock Exchange under the legal control of relevant laws and regulations in Taiwan.

ECS dedicated to fulfill corporate governance and emphasized on shareholders' rights and interests, strongly believe the sturdy and self-discipline board of directors is the basis of corporate governance. ECS's directors, supervisors are elected publicly by shareholders in the board of shareholders and the board of directors was held at least once per quarter to manage business performance for the dedication of shareholders' interests maximized.

ECS corporate ownership is in charge by the general meeting of shareholders, board of directors is responsible for policy formulation and monitoring and supervisors is independent practice of authority. Directors and supervisors are elected periodically on duty in accordance with relevant laws and regulations. The chairman does not service as company manager concurrently and the board of directors is elected by shareholders publicly. The relevant background information of board members and supervisors can be referred on the company's annual report or investor website. Regarding to operation about board of directors, if there is benefit conflict occurrence among directors to avoid, we do complete records in details including the name the directors, contents of proposal, the reason should be avoided and the vote result.

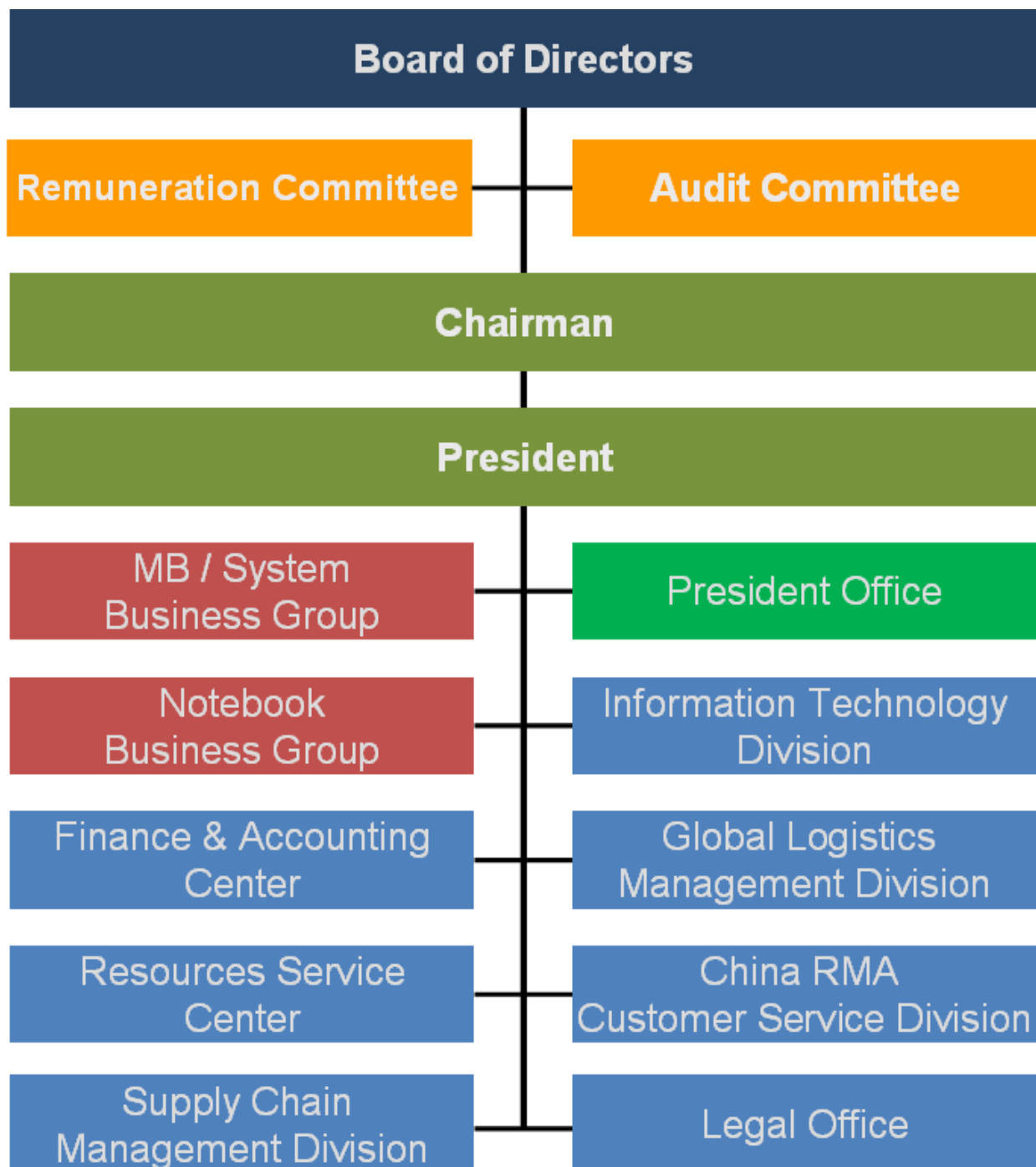
The operation of board of directors follows "Conference procedure of board of directors for publicly issued company" to review the motion with interest related directors, and all directors avoid involving in relevant proposals with high ethical standards; directors and supervisors attend the regular meeting of board of directors to discuss motion ardently and have further periodical follow-up. The board of directors is a significant decision-making organization in corporate. Through the performance evaluation of board of directors, it let board of directors have definite objectives and relative responsibility for directors to improve the quality and efficiency of decision-making to achieve effective management and supervision of the company's objectives.

Through the attendance rate disclosure of all directors in annual report to strengthen the requirements of responsibilities and obligations of all directors and supervisors for company supervision and managerial functions achieved.

## 2.7 Organizational Structure

In corporate governance, ECS's all operations meet relevant regulations and codes of corporate governance practice, the directors and supervisors are possessed of required business expertise, and internal audit committee is in charge of all internal audit activities and improvements.

ECS organizational structure is as follows:



ECS Organization Chart

## 2.8 Audit Committee

According to "Guidelines of public companies to establish internal control system", ECS established company internal control system approved by the board of directors to assist the board of directors and managers who check and review the deficiencies in internal control system and measure the operational effectiveness and efficiency for purpose of providing timely suggestions for improvement and company management integrity promotion. Internal audit committee is under the board of directors and reports directly to the Board of Directors.

Audit committee prepares yearly audit plan approved by board of directors then submits to government authority in end of every year. The audit report approved by chairman should be reviewed by independent directors and supervisors within specific period and is reported periodically on board of directors. Audit committee should report to directors and supervisors immediately for effective risk control in time if there is critical or abnormal incidents occurred. Any abnormal issues found in audit process should be numbering, filing, periodic checking and follow-up for continuous improvement. And audit committee should to compile issues statistics at least once per quarter for chairman and operation officer review till issues improved completely and closed.

## 2.9 Remuneration Committee

ECS established remuneration committee in 2010, to set and regularly review the directors, supervisors and managers performance evaluation and salary compensation policy, institutional, structural and salary compensation standards.

## 2.10 Financial Disclosure & Investors Communication

ECS built up English & Chinese corporate website for public information disclosure and designated legal, financial departments specialists for regular information disclosure about business, finance, corporate governance and other significant information on the website of market observation post system.

## 2.11 Corporate Codes of Conduct

In order to deepen corporate image of integrity, ECS carried through the honest and credibility of corporate culture to encourage employees engagement service for integrity maintainance. Since 2010, ECS also provided guidelines of manager business developing and operation administration through enterprise intranet portal (EIP), ECS bi-weekly, employee manuals and training courses to propagandize continuously for ECS all staffs, and the anti-corruption course was included in factory yearly education and training courses every year too.

EICC guidelines was implemented in mainland factory from 2009 and related training courses including anti-corruption topic expanded to all colleagues, the EICC course includes anti-corruption contents against bribery-related is the necessary course for recruits.

## 2.12 Anti-Corruption & Fair Trade

ECS legal department published “corporate incorruptibility policy” internally in May 2011 to ask all employees to comply with incorruptibility and non-competition, and all suppliers were asked as well. ECS strictly prohibit any corruption, monopoly, bribery, extortion and other acts in daily operation. The staff manual and company standards in factory also involve criteria associated with anti-corruption for relevant education and training courses to ensure each employee is aware of the conventions and rules clearly.

Factory also has internal mechanisms of anonymous prosecution and related rewards and penalties bulletin to encourage corruption criminal prosecution, and the relevant departments will audit that state from time to time to let internal and external colleagues and external vendors to achieve compliance for management purposes with good business principle of good faith. Anti-monopoly practices are as follows:

1. Do not agree to anything that would lessen competition or to discuss the arrangements.
2. Do not seek to competitors or to obtain commercially sensitive information.
3. Except for there are specific legal reasons, do not attend meetings with competitors or to communicate.
4. Not to engage in collective boycotts, bid-rigging, price-fixing or market segmentation and other actions.

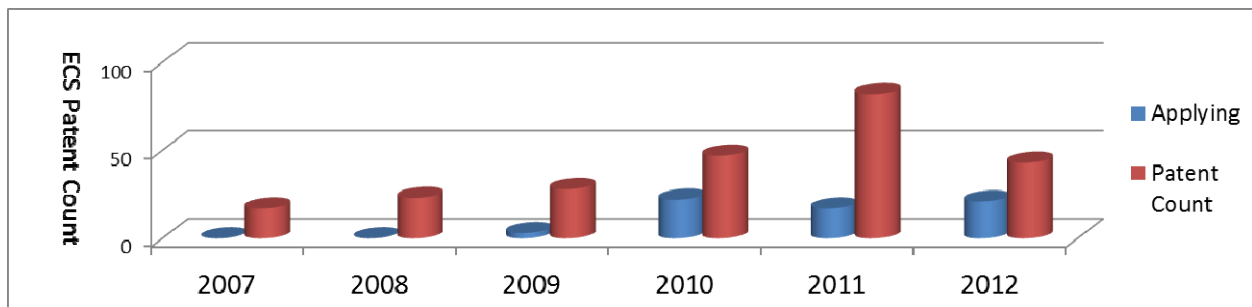
## 2.13 Electronics Industry Code of Conduct

Since 2006, ECS driven electronic industry code of conduct (Electronic Industry Code of Conduct, EICC) “self-audit” in factory in responded to customer needs and international trends; to ensure safe working environment, protect and respect employees’ rights, implement pollution prevention in products and process, and fulfill social responsibilities.



## 2.14 Protect Customers' Privacy & Deployment of Intellectual Property Rights

ECS setup legal department to pay much attention on all laws and regulations for compliance, it does not only assist staffs to clarify legal doubts but also to propagandize internal corporate business ethics, corporate governance, employee ethics and moral ethics in corporate continuously. In order to protect customer privacy and company secrets, ECS IT department designed one documents control system and formulated secret-keeping policy for monitoring records system to prevent confidential documents from reveal. ECS also pay much attention on intellectual property rights, not only actively involved computer-related technology research and development in future to avoid infringing the intellectual property of others and to make use of own patents and licenses for value-added, but also planed progressively to look forward to the intellectual property income could become another source of future revenue for ECS. ECS respects for intellectual property rights ideas all the time. The statistics from ECS founded in 1986 to December 2012, ECS has reached cumulative 353 articles of certified patents in worldwide and the cumulative number of application under official approval still had 76 articles. It showed ECS's strong determination on expanding IP patent applications business continuously for technology deepened and patents strategical deployment.



## 2.15 Stakeholders Communication

ECS pay much attention to basic rights of stakeholders and realizes that the interaction between stakeholders is an important part of company operation, so to understand completely the stakeholders' ideas and needs by different ways of communication with collected feedback information, then respond the collected results on the business operations for improvement to meet the needs and expectations of stakeholders and sustainable development of ECS. It is our duty and responsibility to make the best responses for stakeholders concerned issues. The following table ilists topics communicated with stakeholders by various communication channels:

### Stakeholders Concerned Issues

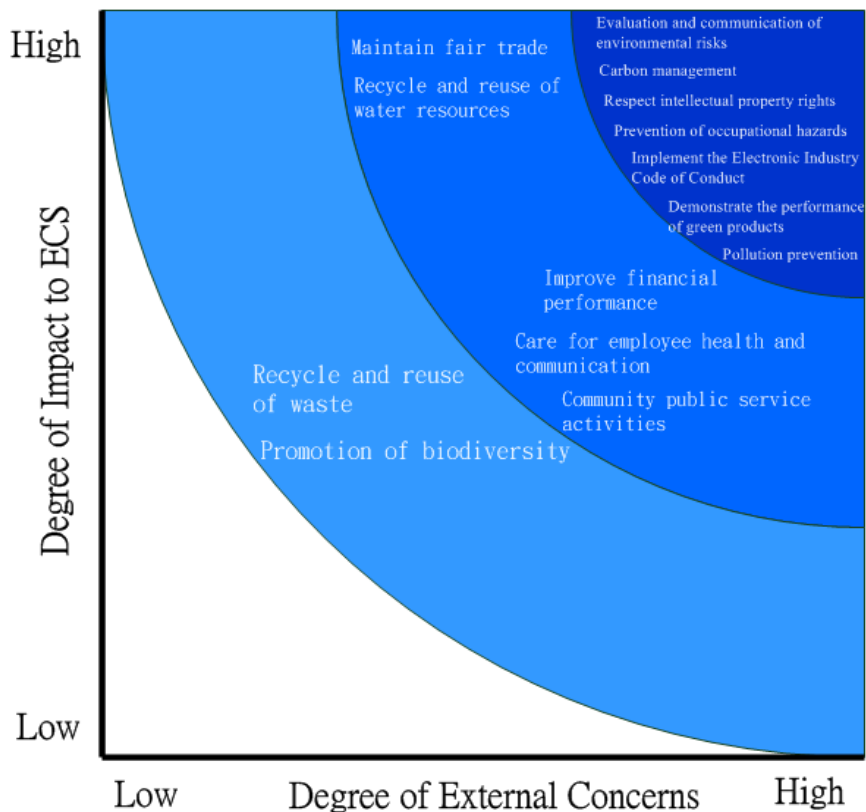
Various stakeholders requirements and communication channels			
Stakeholders	Communication Frequency	Concerned topics	ECS's actions
Shareholders	Yearly meeting of shareholders	Corporate Profit Risk Management	ECS hold periodically investor conference and shareholder meeting to report business operation status and profitability to all investors for reduction of communication barriers. And release publicly earnings information through corporate website to increase business operation transparency. Company can manage risk effectively through fluent communication channels and transparent information.
Customers	1. Customer Service System 2. Customer Satisfaction Survey	Quality Management (ISO 9001) Environment Management (ISO 14001) Social Responsibility (SER)	Close interaction with customers: Based on customer demand to provide product information and company development actively to meet customer expectations and desired quality continuously. Collect new green knowledges for green design reference base, and make use of green technologies and environmental concepts for green product innovation design application.
Suppliers	1. Supplier Conference 2. Irregular Audit	Electronics Industry Code of Conduct (EICC) Green Product (RoHS、WEEE、ErP、REACH)	Supplier business management team convened procurement, green, manufacturing and suppliers invited to hold suppliers conference with sharing of new knowledge of green, green requirements, quality program, procurement focus; to work with ECS together for improvement to meet future international trends.
Employees	1. Employee mailbox 2. Periodical meeting	Salary / Wage Welfare Working Environment	Provide safe and comfortable working environment and a variety of training courses to enhance staff ability and cohesion. Factory staff communication meetings were held regularly and set the employee mailboxes to have a public reply to the opinions from staff. And to encourage colleagues to express their views for positive interaction. Appropriate communication channels and procedures were setup to reach labor harmony by staff mailbox.
Community	Irregular Community Activity	Community Contribution	Engaged in community activities to increase interaction and present community care and attention.
Government	1. Seminar 2. Activity Participation	Regulation Fitness Environmental Impact	Continued to comply with government regulations by participation in various activities to implement government policies.

## 2.16 Stakeholders Engagement

ECS understood the demands of stakeholders through communication that we have established various communication channels including investors, customers and employees. The communication results were described in below table. In future, ECS will continue to expand communication channels to meet the ideas and needs of stakeholders.



Stakeholders Communication



## 2.17 Green Commitment

ECS upholds its commitment to sustainable enterprise development – The green environmental concept is incorporated throughout the company to meet customer needs, protect the environment and to ensure survival and development. ECS is a leading provider of motherboard, graphics card, desktop computer and laptop computer design and manufacturing. ECS implements “The green competitive advantage quality program” to innovate quality green products. It has fully adopted the “green product” concept. Not only does the company champion “Non-toxic suppliers,” “Non-toxic materials,” “Non-toxic processes” and “Non-toxic products,” it also holds a six-level of Green process that is incorporated into every segment of the business.

The Six Levels are as follows:

- Level 1: Flawless product quality.
- Level 2: 3R products: Implement Reuse, Recycle and Recovery procedures to comply with the EU WEEE (Waste Electrical and Electronic Equipment) directive.
- Level 3: Choose “Non-toxic” green components and parts to comply with RoHS (Restriction of Hazardous Substances) standards. In addition to using lead-free components, ECS is also investing in the development of halogen-free base plates.
- Level 4: Use “Energy-saving,” “Lifecycle Management,” and an “Eco-Profile” to meet ErP specifications and as a basis for the manufacturing of ECS products.
- Level 5: Full implementation of carbon reduction to facilitate the sustainable development of the planet.
- Level 6: Green marketing and green service to comply with environmental efficiency.



## Chapter 3 Quality and Service

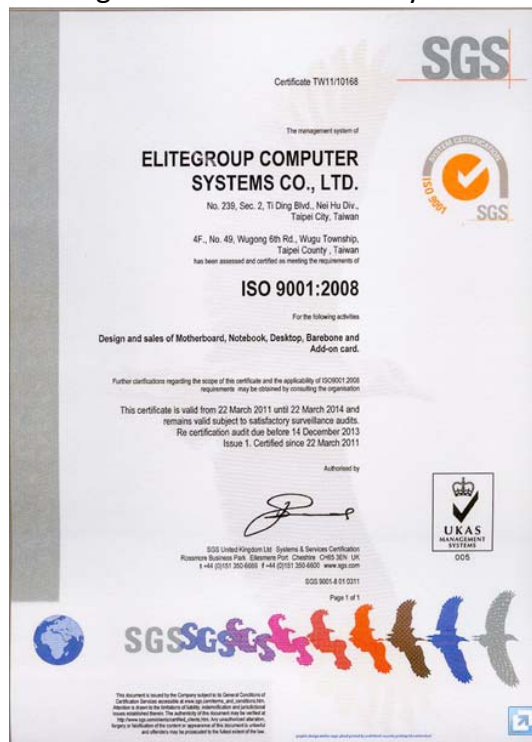
### 3.1 Quality Performance

Superior product quality is always a competitive edge for ECS. ECS focuses on supplier, factory and customer management. The Quality Information Systems consolidated the information and data among the main office with different manufacturing sites for better troubleshooting, tracking and analysis. The Quality Systems integrate related systematic processes, reduce human error, and continuously improve product value and services, so that customer satisfaction is achieved.

Supplier quality improvement progress came from continuous improvements in the supplier's internal department. ECS routinely review suppliers' quality inspection and implement actions. In the factory management department, shop floor information system (SFIS) is used to collect information, and, customer management department measures customer satisfaction. After quality conditions and customer feedback is collected, each related department carry out the improvement plan. Zero-defect and customer satisfaction are the main goal of Quality Information Systems.

ECS is not only devoted to product development and technological innovation, it also establishes quality policies. Customer requirements and standard operation process serve as a base to ensure that every link in the workflow. From product development, design, manufacturing to testing, it is well managed in ECS under IECQ QC 080000 and ISO 9001 certificates.

The followings are certificates factory-site obtained:



### 3.2 Supply Chain Management

ECS held supply chain supplier conference at beginning of every year. This supplier conference was held as a means to examine the requirements of each international green regulation, achieve the level of a green supplier by offering green components and to form a green supply chain system. During the conference, ECS and representatives from different suppliers agreed to create green products and concluded “In Pursuit Green Excellence” as a goal. It also concluded “Develop green production, supply green products, construct a green supply chain and increase green competition to create sustainable business opportunities.”

ECS implemented a green supply chain management system and established a green purchasing standard procedure through vendor source management, in-factory production process and raw materials inspection, ECS ensures all products comply with the requirements of relevant environmental directives. It was also verified by SGS IECQ QC 080000 certificate about effectiveness of hazardous substance management.

ECS implemented green product management system (GPM). The system was divided into management systems, supervision, control and production process execution. The purpose of the project was to investigate the suppliers’ green products. In addition, the company conducted on-site counseling and testing for primary suppliers as well as provided improvement solutions for suppliers. The key points of green management that was put into practice are as follows:

- **Restriction of Hazardous Materials Management**

- Establish a detailed list for the ECS hazardous substance management system.

- Encouraged suppliers sign a green guarantee and submit a materials testing report to ensure that its products are in compliance with the system’s regulations.
  - Require an inspection of hazardous substance to endure that every component meets green regulations.

- **Supplier Education**

- Classify suppliers based on material attributes and level of risk.
  - ECS will compile a written review or an on-site evaluation and education to ensure that green suppliers have efficient management.

- **Green Procurement Management**

- ECS delivers the documents about green purchasing requirements and green supplier management along with the order through the purchasing system to the supplier.

- **Supplier Rating**

- Add the supplier’s hazardous substance management result to the company’s rating program.
  - Any supplier who obtains the relevant environmentally friendly or hazardous material management certificate (ISO14001 or IECQ QC 080000), will be highly recognized.

Following diagram shows suppliers ranking contents audited by suppliers auditing teams.



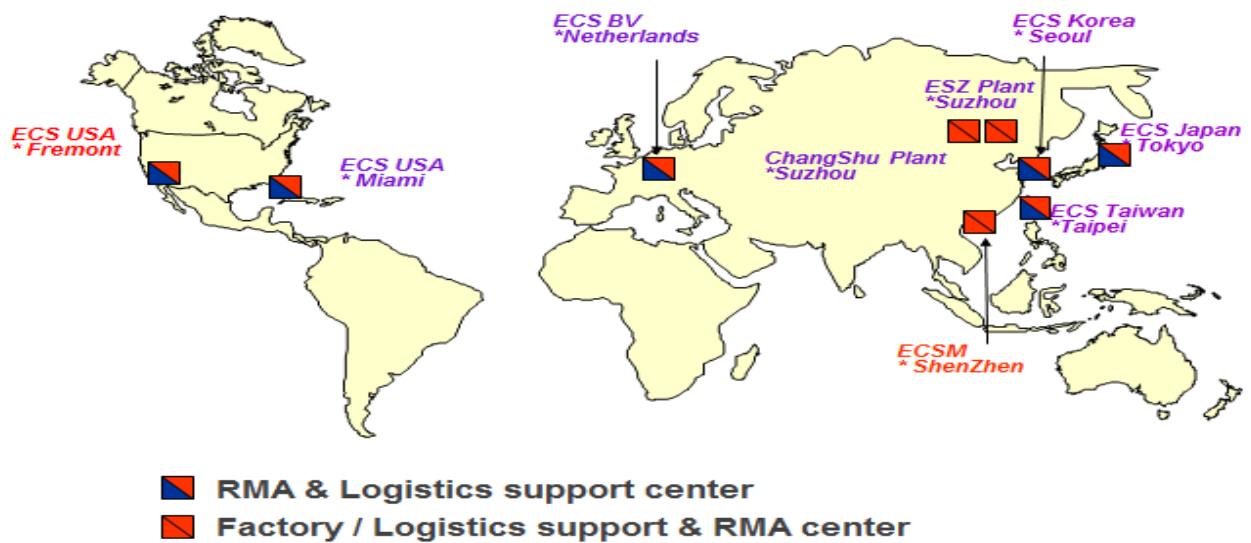
### 3.3 Products Service

Offering top-quality products and services, and, ensuring customer satisfaction, ECS created a sound service system to raise total management quality.

- Narrow information flow through system to improve repair and transport services.
  - Collect data from each repair center through a network and use it to conduct real time analysis.
  - Manage customer information immediately and use of it to complete relevant contact and handling duties.
- 
- Efficient information system to improve the efficiency of maintenance and logistics status.
  - Maintenance locations through the Internet to collect the data, poor analysis.
  - Immediately grasp the customer information and associated links and processing operations.



On-line Repair Inquiry System



Global Repair Centers

## Chapter 4 Social Performance

### 4.1 Human Rights and Anti-Discrimination

ECS complies with the United Nations Declaration of Global Human Rights in that it does not discriminate against its employees regardless of race, gender, political affiliation, religious beliefs, disabilities, pregnancies, participation in social organizations or marital status. Hiring practices respect local regulations regarding minimum age requirements, local decrees, EICC and other relevant regulations. ECS advocates a comprehensive freely chosen employment, legal employment, respect for human rights, fair and just” labor ethics policy.

#### ■ Freely chosen employment

- Do not use forced, bonded or bound by contract labor.
- Ensure that staff employment conditions are voluntary.
- Employee retains the right to leave under notice in accordance with the law.
- Ensure that employee ID cards or related documents are not used as collateral.

#### ■ Child labor avoidance

Compliance with local laws and regulations for minimum age requirements to ensure that no child labor is used.

#### ■ Working Hours

- Provide paid leave for employees every year.
- Do not force employees to work more than the maximum working hours dictated by local law.

#### ■ Wages and benefits

Comply with applicable wage laws, including minimum wage requirements by local governments, and issue salaries in a timely manner.

#### ■ Freedom of association

- Respect the rights of employees and allow them to participate in social organizations.
- Set up an “Employee Suggestion Box” and hold regular staff meetings so that employees may communicate with the management division without worry about retaliation, threats or harassment.

#### ■ Humane treatment

Prohibit the cruel or inhumane treatment of employees, including any form of harassment, physical punishment or threats of such acts.

#### ■ Non-Discrimination

Ensure that employees are not discriminated against because of race, color, age, gender, disability, pregnancy, religion, political affiliation or marital status during appointment or work procedures (e.g. promotions, salary adjustments, rewards, education and training, etc.) Every person has the right to equal protection against any form of discrimination.

- No Improper Advantages
  - Respect the code of ethics and prohibit any form of corruption, acceptance of bribes and other forms of improper profiting behavior.
  - Full promotion of a “Report Reward System” to encourage staff to expose any form of improper profiting behavior.
- Protection of identity

Establish procedures to prevent the leakage of employee information and protect the confidentiality of employees making suggestions or reporting offenses.
- Health and Safety, Staff Training and Self-Development
  - Provide employees with a mutual trust and a respectful, healthy and safe environment.
  - Provide facilities, training programs, time and subsidies to support employee career development.

### 4.2 Employees Welfare

**4.2.1 Employees and Community Activities:** Organize events and rest activities to enrich employee’s life, knowledge and spiritual growth of all.



Anniversary 25th Activity - ECS Birthday



Investment Seminar



End-of-year Banquet Party





Anniversary 25th Activity - FAMILY DAY



Latern Festival Riddles



Health Speech - Cardiovascular Disease



Taoyuan Valley Activities



Tai-Chi Cultivation Club



Elite Cup Table Tennis Race

#### 4.2.2 Employees Benefits

Created a committee to conduct comprehensive welfare and care.



#### 4.3 Employees Education and Training

ECS strongly believes that talented staff is the most precious resource. In order to enhance staff knowledge and abilities, it has established a wide range of education and training programs. ECS also respects the self-development needs of colleagues and focuses on manpower training and development, and commits to improving the quality of its labor force and strengthening its base-level management skills. ECS HR team employs cooperative function systems, active distribution of training on all levels and a reserve of human resources. It has established a system of internal lecturers and professional technical training. In order to stimulate full employee potential and drive organizational activity, employee training is viewed as the company's second specialty. ECS hopes to strengthen the professional capacity, self-management ability, work attitude and establish a deeply-rooted set of core values for all staffs in order to ensure that the company and its employees thrive together.



CanLearn 5 STD

功能選單

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班次名稱	選課日期	上課結課日
【清宮】歷史秘史 之宮廷秘史(一)- 慈禧與光緒皇帝 之愛情史(黃 毅)	2008/06/26- 2008/07/30	2008/07/30-2008/07/30

課程清單 (1)

[目錄課程 \(0\)](#)  

班次名稱	地點	上課結課日	班次活動
97年新進人員教育訓練-0714	教室	2008/07/4-2008/07/4	<a href="#">公告</a> <a href="#">活動</a>

[未開始](#)
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#### 4. Health Promotion Committee

ECS improved employee fitness, reduce the ratio of staff underweight and overweight (obese) by means of creating high-quality smoke-free environment for employees, and establishing proper health awareness, dynamic life and balanced diet. And prompted company-wide fully employee health fitness, healthy weight loss, smoking cessation programs, health promotion activities, health curriculum classes and related matters, and encouraged to hold various sports races. In 2012, ECS devoted to promoting workplace health upgrade by tobacco control and actively implemented smoke-free workplace and health promotion measures to build up optimal working environment for health. ECS was assessed to obtain the "Healthy Workplace Independent Certification Mark" certification, in addition, won Taipei City Government outstanding Healthy workplace "Health Excellence Award".



Healthy Workplace Independent Certification Mark



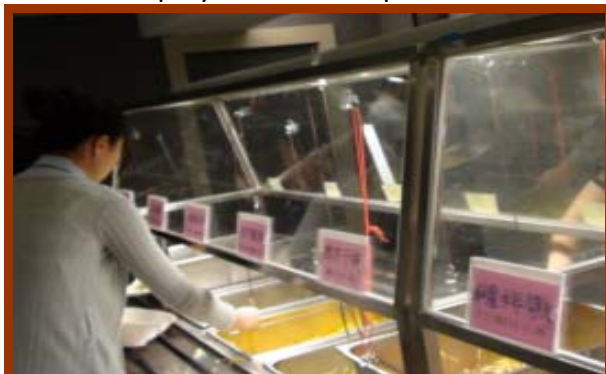
Health Excellence Award



Employee Health Inspection



Fitness Test



Foods Calorie Management



Health Curriculum Classes

## 4.5 Social Participation and Feedback

ECS took part in the donation initiated by the Red-Cross for social contribution to the world.



Eyesight-impaired Massage Activity



Mid-Summer Valentine Night Concert



Bike Club



Family Friendship Society



Blood Donation



ECS colleagues actively accompany with community, neighborhood and the Red Cross to contribute their love.

## 4.6 Health, Safety and Zero-Accident

Developing safety operation management on the factory-side, ECS guide, support and educate staff dealing with the management and use of dangerous and hazardous materials. Internally, the administration team provides the factory employees with information about potential hazards of chemical substances and basic knowledge about prevention and response measures. That prevents from disasters and environmental pollution in the workplace and conduct annual indoor environment testing procedures in accordance with relevant laws and regulations.

- To ensure the safe operation of equipment, every work must be checked in advance in addition to regular inspections and general inspections of various ranges.
- These inspections also ensure that faulty machinery does not result in injuries or death of personnel when it is used.
- Dangerous mechanical equipment includes the following: lifts, pressure vessels, gas tanks, air compressors, high and low voltage electrical equipment and in-factory motor vehicles.
- In addition to routine in-house inspection and maintenance, legal, professional bodies must be regularly commissioned to implement overall equipment testing, maintenance and reporting.
- This will strengthen the working principles and safety regulation training of personnel and prevent operation in violation of regulation.
- Ensure quick and effective measures can be taken to control the situation in case fires, natural disasters or other accidents occur, ECS sets up an emergency management program and emergency equipment utilization guidance in each worksite. This program includes personnel training to eliminate the disaster when it occurs. ECS also regularly conducts relevant emergency response training and practices to increase staff familiarity with the SOP of accident management. ECS holds fire evacuation drills in headquarters and factories sites every year.

ECS reaches pollution and hazard prevention through the simultaneous operation within the ISO 14001 Environmental Management System and the OHSAS 18001 Occupational Health and Safety Management System. Implement PDCA, P-Plan, D-Do, C-Check and A-Action, a system of source management and improvement.

### Public Safety Event

Unit : Number of Person

Location	2007	2008	2009	2010	2011	2012
Taipei HQ	0	0	0	0	0	0
Shengzen Factory	0	0	0	0	0	0
Suzhou Factory	0	1	1	1	0	0



Staff Fire Drill



On-site First Aid Training



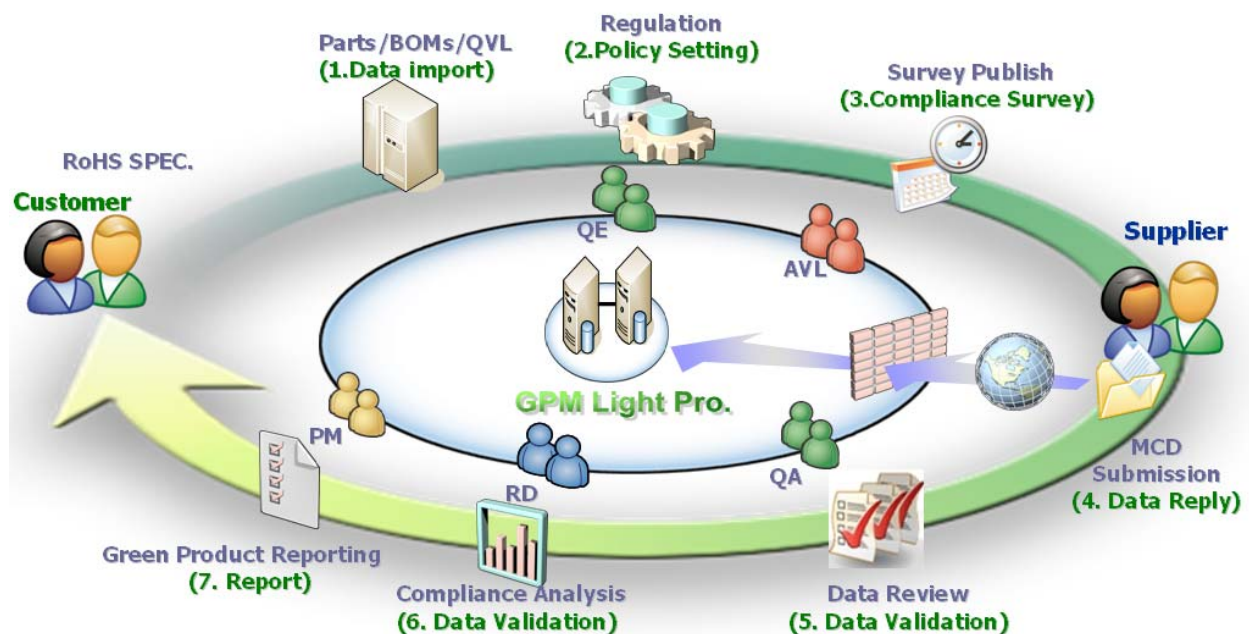
### OHSAS 18001 Certificates

## Chapter 5 Environmental Performance

### 5.1 Green Product Policy

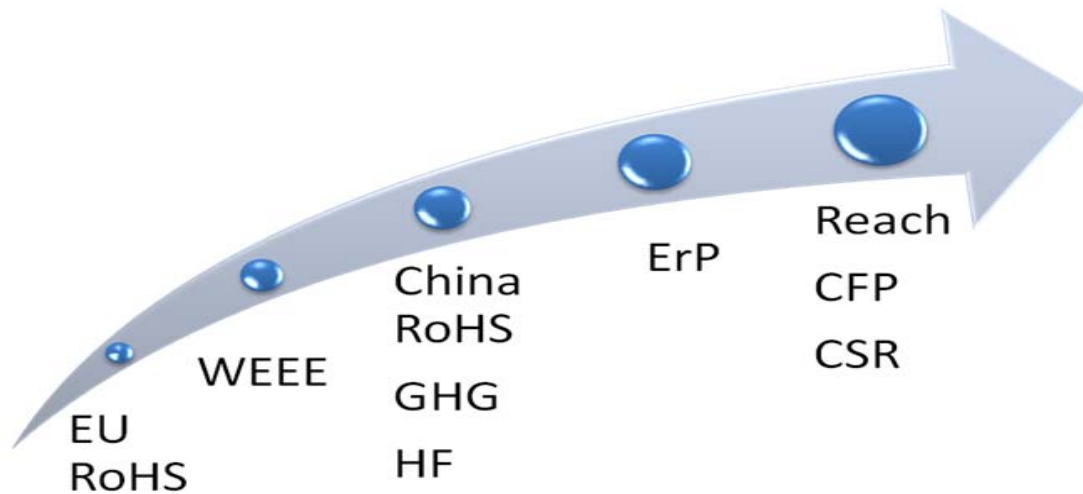
Along with environmental consciousness is on the rise in recent years, green advocates are appearing on the international stage. ECS upholds the “Green Touch, Good Life” philosophy to make great strides for the planet protection since the climate change effects is getting worse. In view of climate change and protecting the natural environment, ECS keeps gathering legal requirements and environmental policies worldwide, and used this information to draft an environmental policy and conduct advance evaluations to determine products in green requirements.

The environmental protection design concept was implemented into the product development process. The concept included energy-saving, material reduction, ease-of-recyclability and hazardous substance free. ECS has set up a green team in each factory to work on the environmental solutions. It has implemented internal testing and management to ensure all products conform to environmental protection requirements. Additionally, ECS ensures that material is well managed from the source. From 2007 on, ECS has been adopting the GPM (Green Product Management) system and completed GPM system upgrade in 2012 for holistic research and developemnet supports. This system ensures all material and every step of the process follow international green regulations from part to finished product. It also guaranteed the reduction of harmful materials to protect the Earth.



Green Product Management System Flow

## 5.2 Green Regulation Implementation



### 1. RoHS (Restriction of Hazardous Substance Directive) Management:

ECS adopted a GPM system in 2007 and took strict measures to ensure standards for all its materials. It implements hazardous substance management from component to finished product. This practice lowers the amount of harmful products that enter our households and reduces injury to the development and survival of the human race. In order to cooperate with the Earth protection, international development trends and customer requirements, ECS products comply with RoHS regulations. ECS also implements RoHS 2.0 hazardous substance management and control in its products, components, packaging, as well as shop floor process to ensure that products do not contain prohibited hazardous substances.

### 2. WEEE (Waste Electrical and Electronic Equipment Directive) Management:

ECS has been fully complied with European Union's EU WEEE requirements and reduce the amount of environmental waste to prevent excessive electric waste materials from entering landfills. ECS increases the resource reuse ratio, also, lowers the amount of environmental impact caused by its products. The recovery rate of ECS products is over 75%, the recycling and reuse rate is over 65%.

### 3. ErP (Energy Related Products Directive) Management:

With the current popularity and extensive use of electronic products, it is necessary to come up with a solution to energy consumption and other eco-design problems. ECS adopted the Lot 6 standby and power-off mode power consumption standards in September 2009, and adopted ErP Lot 6 the second stages of standby and power-off mode power consumption standards in October 2012. ECS also applies the Lot 7 standards for battery chargers and external power supplies. In accordance with relevant regulation requirements and to comply with the spirit of the ErP directive, ECS has taken steps; Eco-design, Conformity, Assessment and Self-Declaration to disclose the relative information about hazardous-substances-free products to public. The basis for the Energy-Related Product Eco-design Directive (abbreviated ErP Directive), is the expectation to think in terms of lifecycles when creating an eco-design. It also includes improved product energy usage and maximum reduction of environmental impact throughout the product's lifecycle.

#### 4. HF (Halogen-Free) Management:

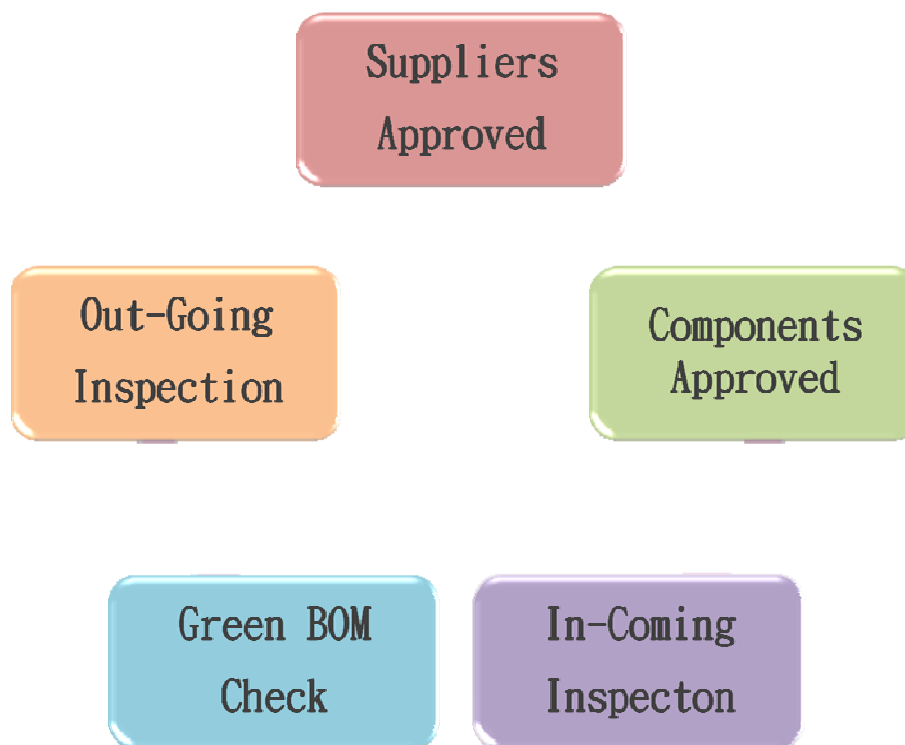
In response to the environmentally friendly development of halogen-free, ECS worked on manufacturing solution and conquered the cost-up issue, and started using the HF components in September 2008. It ensures all products comply with limited Cl (chlorine) and BR (bromine) standards and to achieve the objective of prohibition of PVC and BFR.

#### 5. REACH (Registration, Evaluation, Authorization and Restriction of Chemical Substances) Management:

The EU REACH Directive is meant to strengthen the protection of human health and the environment as well as prevent damage by chemical substances. ECS officially adopted the directive in January 2010, and request suppliers to submit a report of all chemical substances used in their parts and components. That further guarantees that ECS products comply with green regulations.

### 5.3 Green Product Management Process

ECS fully adopted the “green product” concept in 2007 through the implementation of the “Green Competitive Advantage Quality Program” and green quality innovation. It achieved the four non-toxic management controls: “Non-Toxic Suppliers,” “Non-Toxic Materials,” “Non-Toxic Processes” and “Non-Toxic Products.” This management control system is carried out in every link of the business operation.



## Green Supply Chain

ECS has established a supplier selection and evaluation mechanism to efficiently manage the green supply chain products and request suppliers to obtain IECQ QC 080000 certification. This certification qualifies vendors through a hazardous substance management system so that they can provide customers with proof components. Those qualified vendors also reveal their products which comply with the RoHS and WEEE environmental directives. ECS only purchases green components that are proved by systems in the production process. By carrying out an onsite management and inspection system with all suppliers, ECS establishes a quick and complete supply program through its green suppliers.

## Green Factories

ECS has constructed a green production system. It employs green component inspection, management and control, set parameters in the production process, additional material and purchase, semi-finished and finished product management and other measures. These measures are used to provide a green product with an optimized production process and the most reliable green quality assurance. Under the strict adherence to obtained ISO 14001, IECQ QC 080000, OHSAS 18001 management system certifications, full environmental protection, labor rights and staff care responsibilities are ensured. ECS green production policy is adopted through an IECQ QC 080000 certification strategy. It utilizes a green production process and adopts systematic management methods by means of desktop and portable XRF machine to keep continuously examine direct and indirect materials hazardous free features.

## Green Marketing, Green Service

In response to global warming, ECS green marketing focuses on energy-saving and carbon reduction. It uses light, attractive, small product designs to reduce energy waste during product transport and reducing carbon emissions at the same time. It also expects to use online marketing for brand and product promotion to replace traditional marketing techniques to reduce the waste of resources. Naturally, the ECS global distribution system is supported by accurate control over customer stock to make the most effective logistics operation. The reverse logistics like after-service parts replenishment and repaired products transportation are also working environmental friendly as well.

## 5.4 Green Product Management System

ECS GPM (Green Product Management) system includes green component data storage, green information management, green vendor tracking and review. It raises efficiency for large quantity of restricted substance data verification. It also regulates document collection and verification. After vendors upload green component data, a notification and ECS Green Data System will verify it according to QVL approval process. The green component data will be uploaded to ECS Green BOM system after it is approved. Based on green parts and green BOM database, ECS guarantees the green production and green products meet RoHS standards. It also defines a clear responsibility between the two ECS and vendors as well as a tracking system.



### Vendors' product information

- Green Declaration: vendors are committed to offer components that do not contain hazardous substance and comply with international green regulation.
- Third-party Verification Reports: guarantee that components do not contain hazardous substance.
- MCD Form Completion: use a single system to provide green information about all substances used in the component.

### International ISO Certification

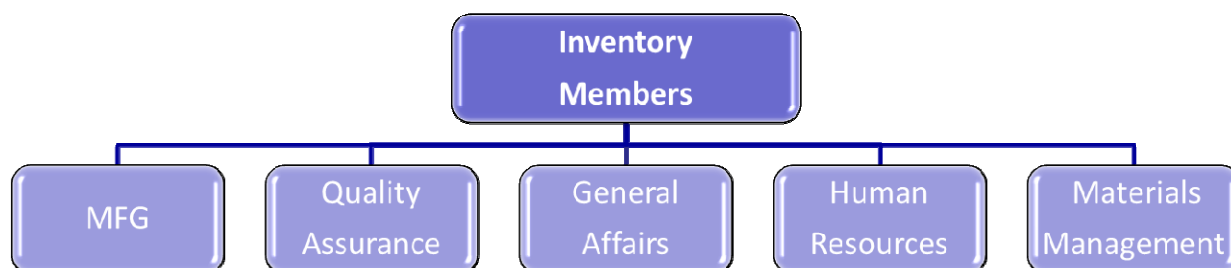
- ISO 14001 Environment Management System: Consider environmental impact, comply with environmental protection regulations and formulate a management plan and improvement objective. Regularly monitor and make continuous improvements.
- IECQ QC 080000 Green Management System: Production management system requirements for hazardous substances in electrical and electronic components and products must comply with RoHS, WEEE and other hazardous substance management support bases.
- ISO 9001 Quality Management System: Quality Management System can be applied in research and development, procurement, manufacturing, quality control, warehousing and other processes to fulfill the restricted substance management objective.

## 5.5 Greenhouse Gas Inventory

In recent years, greenhouse gas emission becomes a global issue. To save the environment for human survival, ECS adopted greenhouse gas inventory policies in 2008. These policies keep track of CO<sub>2</sub> emissions from its headquarters and factories, and adopted operation guidelines as a basis for carbon reduction.

ECS has built up a mechanism (Greenhouse Gas Management Committee) to manage greenhouse gas emissions and setup a reporting system for tracking and review. It covers the six kinds of greenhouse gas defined by the Kyoto Protocol, including carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and Sulphur Hexafluoride (SF<sub>6</sub>).

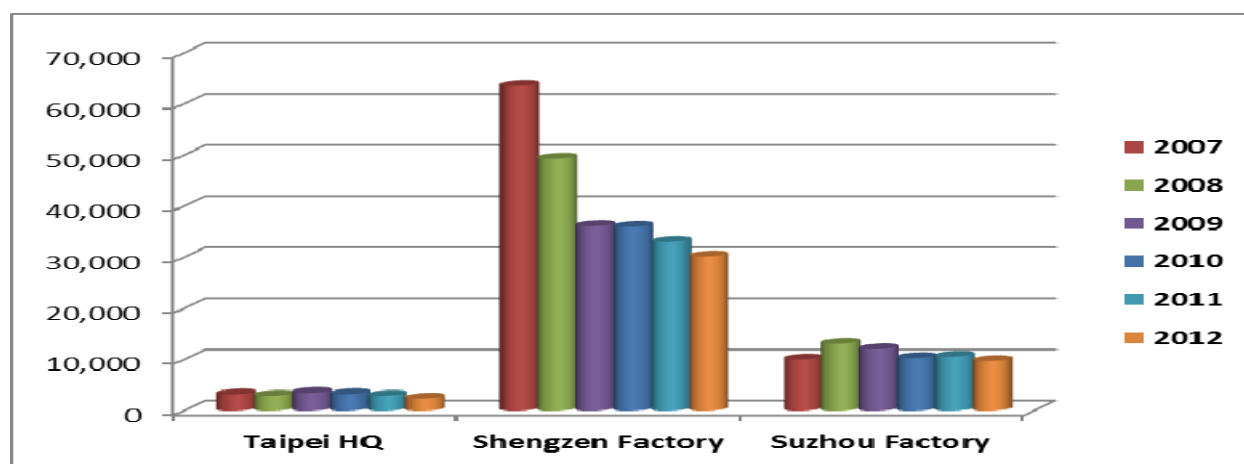
Following chart is Greenhouse Gas inventory committee orgazination in factories.



ECS greenhouse gas production was 42,443 metric tons of CO<sub>2</sub>e in 2012. Compared to the 46,701 metric tons of CO<sub>2</sub>e produced in 2011, this was a 9.1% reduction. ECS is dedicated to reduce carbon emissions and mitigate climate change.

Unit: Metric tons CO<sub>2</sub>e

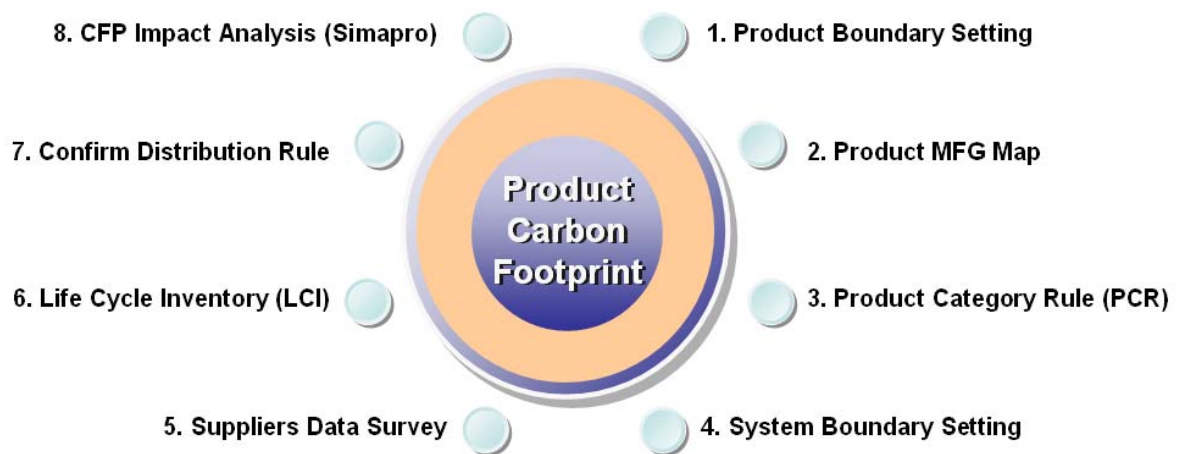
Location	2007	2008	2009	2010	2011	2012
Taipei HQ	3,241	2,966	3,539	3,288	2,976	2,435
Shengzen Factory	63,570	49,368	36,161	36,023	33,094	30,231
Suzhou Factory	10,076	13,145	12,088	10,361	10,631	9,777
Total	76,888	65,478	51,788	49,672	46,701	42,443



Greenhouse Gas Emissions

### 5.6 Product Carbon Footprint

Climate change has become a main issue and causes the industry working on the solutions continuously. Therefore carbon emission information disclosure is very important. In 2009, ECS joined a green project with the government for carbon emission evaluation of each product. ECS has used this project as an important base for further greenhouse gas reduction plan and implementation. The emission is calculated from raw materials, production and delivery to consumer usage and disposal, at every stage of the product lifecycle. Through total carbon emission disclosure of each product, ECS hoped to co-work with the government to reach the core of carbon reduction plan – to educate end users become sustainable consumers.



#### Carbon Foot Print Inventory Procedure

Desktop and notebook products CFP inventory were finished. Those CFP inventory results are the basis of ECS products CFP reduction improvement.



## 5.7 Green Design

ECS adopts international environmental standard as its green design concept; degradability, less packaging, low energy consumption, less plastic and others into every green product design to fulfill with future environmental requirements.

### Low Hazardous Substance

ECS focuses on green quality product innovation and adopts the “green product” concept. Not only does it implement “Non-toxic supply control,” “Non-toxic material control” “Non-toxic production” and “Non-toxic quality control” management systems, it also uses the green concept in every sector of its business to ensure environmental preservation and sustainable development.



### Degradability

Based on the WEEE directive, ECS incorporates easy disassembly concept into its product designs. It uses explosion diagrams to analyze a product's degradability. Each product analysis diagram is included in a composite diagram and measures the total degradable time. That helps to improve the product assembly process and reduces recycling time. All this complies with the requirements set by the WEEE regulation. ECS has created a degradability guide for recycling plants to fulfill customers' environmental requirements. ECS also calculates the recycle rate for its products (3R = Reuse + Recycle + Recovery).



### Less Packaging

ECS not only considers the protection of its product, but also pays special attention to the environment protection. Meeting the EU Packaging Directive and other international standards, ECS chooses packaging material that is recyclable and nontoxic. ECS manages packaging materials and fully complies with the content of the EU-issued Packaging and Packaging Waste Directive. The company expends the largest effort to environmental protection and resource recovery.



### Low Energy Consumption

In development phase of new products, ECS takes all customers' requirements and energy consumption specification of eco-labeling into design consideration that not only confirm product conformity and the overall life cycle environmental impacts but also to seek alternative technologies of other parts to enhance overall product environmental performance and more environmental friendly products. Those low energy consumption products meet energy

Star 5.0, ErP Lot 6, Lot 7, Lot 3 EU regulations related to low energy requirements.



## Green Product Recycling

Echoing the idea of 3R (Reuse, Recycle, Recovery), ECS starts from the product design phase in order to save the limited resource on the planet. It uses the concepts of recyclability, reusability, degradability and disassembly to reduce the waste. For example, the EU's WEEE (Waste Electrical and Electronic Equipment Directive) emphasizes Reuse, Recycle and Recovery.

ECS branded motherboards and systems are registered under the WEEE directive in Germany and the company provides recycling services for these products.

Recycle service information as: [www.stiftung-ear.de/hersteller](http://www.stiftung-ear.de/hersteller)

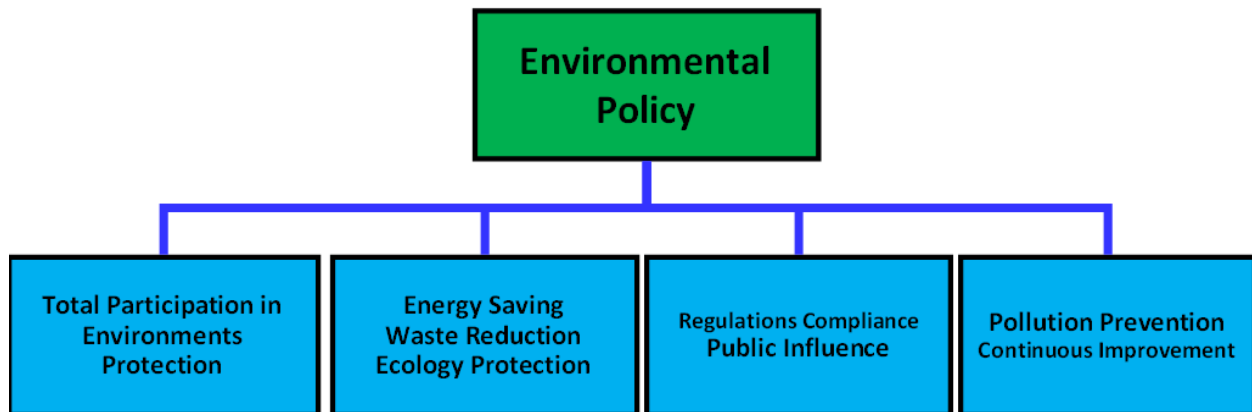


EU WEEE Recycling Label

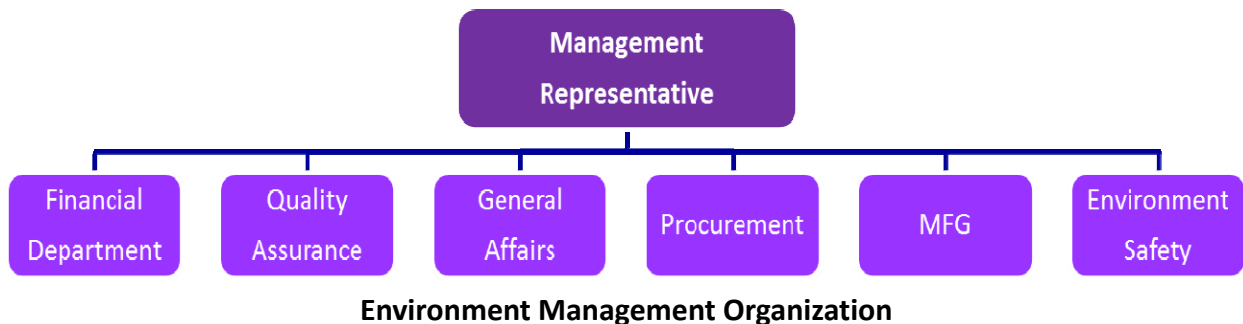
The overall recovery rate of motherboards, desktop computers, laptop computers and other products developed and manufactured by ECS is over 85%, which actually exceeds the WEEE Directive standard of 75%.

**Overall Recovery Rate (3R) = Reuse + Recycle + Recovery**

## 5.8 Environment Management



Environmental responsibility is minimizing the environmental impact and depletion of natural resources, while protecting public health and safety throughout the entire production process. ECS has always been concerned with environmental duties, solid implementation of environmental responsibility and a desire to improve the environment. After factories adopted the ISO 14001 environmental management system certification, a complete environment management system was established. Every year, exhaust, waste water, material waste and other emissions have been regularly monitored. ECS continues green content and management improvement.



**Environment Management Organization**



**ISO 14001 Certificates**

## 5.9 Energy-Saving and Waste Reduction

### A. Power management

ECS has organized a power-saving implement team. It is meant to provide a system to implement, summarize, evaluate and appraise energy efficiency projects. It requires full participation, individual responsibility and guidance from electrical and mechanical experts in the factories.

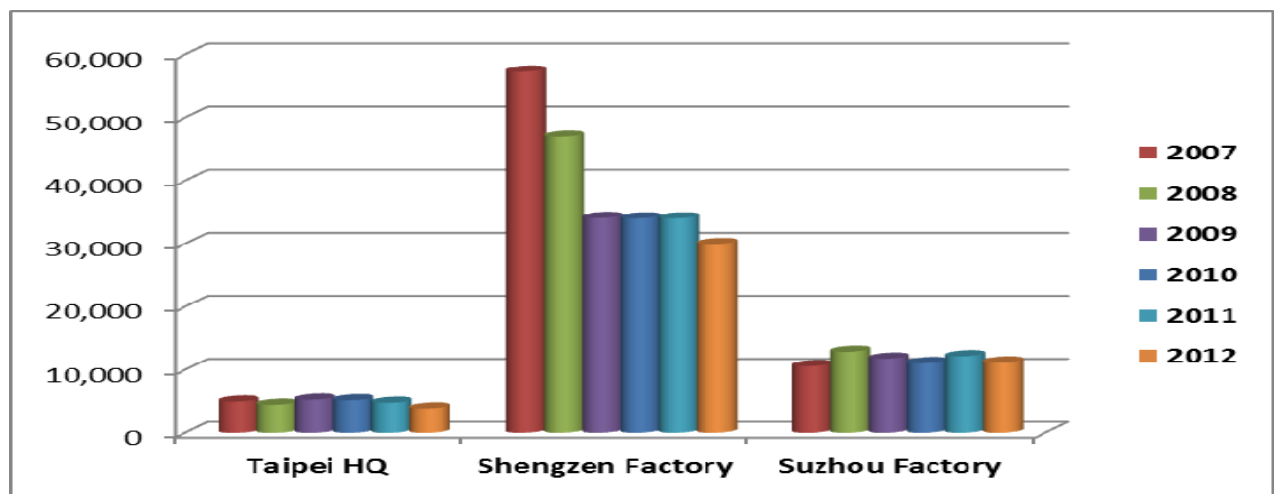
#### ECS Energy-Saving Solutions:

1. **Electrical Equipment:** Complete management of electric equipment, power management, control air conditioning, compressed air, ventilation, lighting, and power consumption during holidays. Review the need and soundness for starting electrical equipment and turn off or remove unnecessary electrical equipment.
2. **Define Responsibility:** Define responsibilities among electricity managers for regions, implement energy-saving measures and management evaluation procedures. Collect data, analysis, comparative management procedures, implement energy-saving tasks and review.
3. **Electrical equipment enhancement:** Evaluate internal electrical facilities of energy-saving periodically. e.g. Energy-saving with frequency conversion, T5 lamp lighting replacement, air conditioning condensers, and the use of other clean technologies.
4. **Shop floor energy-efficiency:** Energy-saving product design, production simplification, production quality improvement and re-work reduction will significantly reduce total power consumption.
5. **Equipment maintenance and operating efficiency improvement:** Implement electrical equipment maintenance that ensures equipment is in good condition, has a low failure rate, reduces inefficient energy loss and improves energy-saving efficiency.
6. **Office power saving:** Encourage employees to turn off computers when temporarily not in use.

**ECS Power Consumption Improvement.**

Unit: K-KWH

Location	2007	2008	2009	2010	2011	2012
Taipei HQ	4,955	4,448	5,256	5,169	4,759	3,864
Shengzen Factory	57,310	46,962	34,095	34,035	34,040	29,968
Suzhou Factory	10,604	12,872	11,783	11,088	12,163	11,200
<b>ToTal</b>	<b>72,869</b>	<b>64,282</b>	<b>51,134</b>	<b>50,292</b>	<b>50,962</b>	<b>45,033</b>



Electricity Management

## B. Water Management

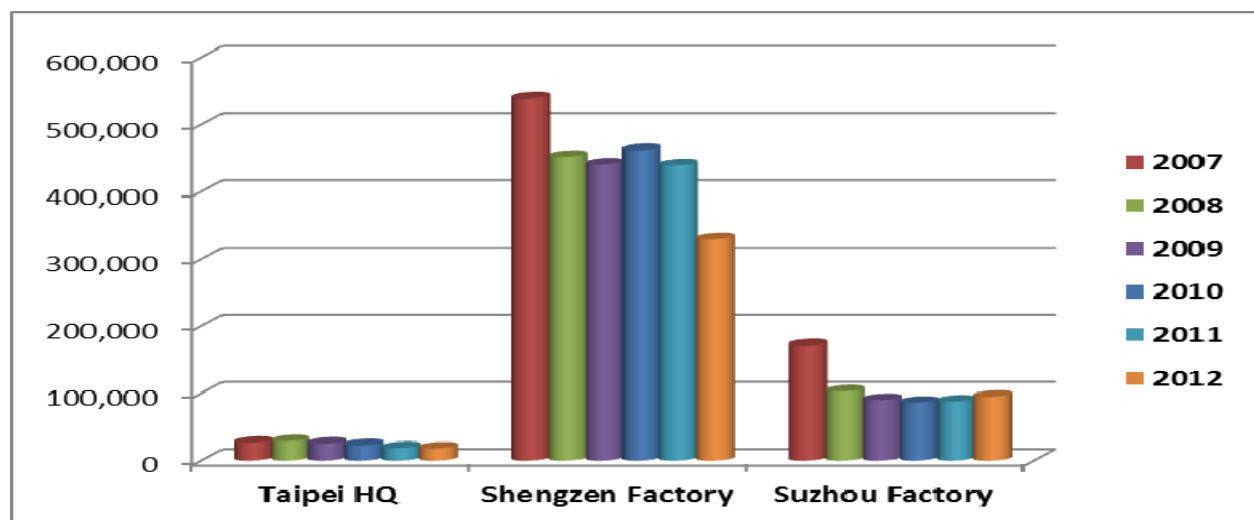
ECS has organized a water-saving implement team. It is meant to provide a system to implement, summarize, evaluate and appraise energy efficiency projects. It requires full participation, individual responsibility and guidance from experts in the factories.

### Water-Saving Solutions:

1. Internal education about water saving: highlight “Save water, turn off the switch” signs with water-saving slogans in areas of water use. Carry out regular water-saving education to help employee understand the importance of water-saving.
2. Narrow hot water offering: offer hot water within a limited time in staff dormitories to ensure employee use while preventing water-waste.
3. Regular and random inspection: check water, water equipment and facilities to prevent waste of water.
4. Regular maintenance of water storage facilities to ensure normal operation.
5. Water usage monitoring and review report in factory.
6. A recycled rain water irrigation system to utilize water brought by weather.
7. Save water in sink and bathroom to reduce water consumption.

Unit: Ton

Location	2007	2008	2009	2010	2011	2012
Taipei HQ	26,593	28,875	25,463	22,878	19,022	18,386
Shengzen Factory	538,586	452,290	440,982	462,183	439,817	32,145
Suzhou Factory	171,548	103,124	90,272	86,339	88,093	95,223
<b>Total</b>	<b>736,727</b>	<b>584,289</b>	<b>556,717</b>	<b>571,400</b>	<b>546,932</b>	<b>442,764</b>



Water Management

### C. Waste Management

Maximizing resource utilization, ECS processes waste resource recovery and conversion into a useful resource. ECS Complies with national standards for waste management, and maintain regular examinations of disposal of dangerous waste.

### D. Wastewater

It generates wastewater when circuit boards are produced. ECS water treatment plants set up in factory districts for wastewater management and recovery process. Water recovery for the past 6 years is in the following table.

Unit : m<sup>3</sup>/year

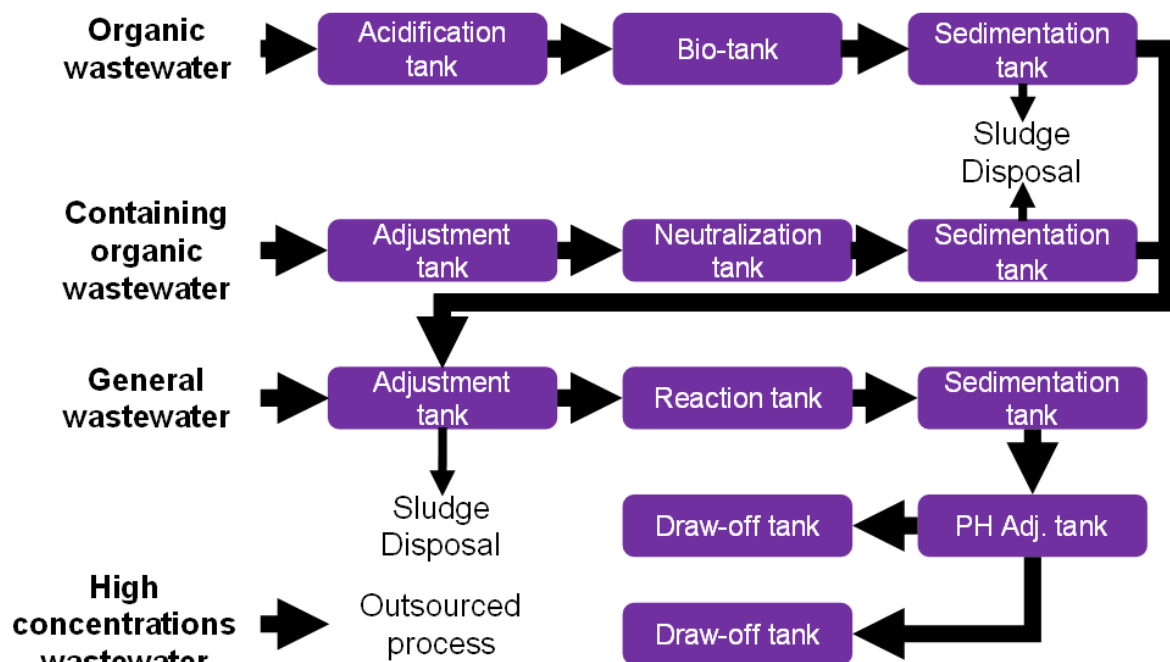
Item	2007	2008	2009	2010	2011	2012
Total Amount of Industrial Wastewater ( m <sup>3</sup> )	594,600	610,100	768,000	780,796	736,255	858,887
Total Emission of Industrial Wastewater Discharge ( m <sup>3</sup> )	514,600	366,100	460,800	468,477	625,476	468,229
Total Recovery of Industrial Wastewater ( m <sup>3</sup> )	80,000	244,000	307,200	312,319	110,779	390,658

### Water quality test results (average)

Test Items	2007	2008	2009	2010	2011	2012	Industrial Discharge Standards	Unit
Hydrogen Ion Concentration ( pH )	7.45	7.30	7.32	7.42	7.30	7.14	6-9	—
Chemical Oxygen Demand ( COD )	30	45	46	42	45	47	< 80	mg/L
Total Copper ( Cu )	0.001	0.089	0.072	0.109	0.121	0.04	< 0.5	mg/L
Total Nickel ( Ni )	0.002	0.002	0.002	0.003	0.002	0.05	< 0.5	mg/L

The water quality test results show that ECS fully complies with national new enterprises wastewater discharge standard.

In 2012, ECS produced 858,887 m<sup>3</sup> of wastewater a year. Total discharged water was 468,229 m<sup>3</sup> /year. The total amount of recovered water was 390,658 m<sup>3</sup> /year. ECS wastewater treatment ability is 3,000T/D. Discharged wastewater complies with national new enterprises wastewater discharge standard (GB21900-2008 new enterprises water pollutant discharge concentration limits).



Wastewater Process Flow

## Chapter 6 Other Sustainability Index

### 6.1 Corporate Governance

- Indicate whether the Chair of the highest governance body is also an executive officer (GRI G3 [4.2])

Chair of the highest governance body in ECS is not an executive officer.

- Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance (GRI G3 [4.5])

The annual compensation of corporate governor, senior managers and the executive directors is the combination of salary, bonuses and earnings of the employee bonus amount. The employee bonus amount proposed allotment was approved by the board of directors, the related information of executives remuneration is also appropriately disclosed in the annual report, so all stakeholders can fully understand the pay of company executives is associated with operating performance.

- Processes in place for the highest governance body to ensure conflicts of interest are avoided (GRI G3 [4.6])

ECS continues to improve corporate governance and commit to balance the information asymmetry and conflict of interest between management and shareholders, and to reduce the fraud occurrence probability from operation and management. Therefore, if the motions listed in board of directors have concerns with specific directors and have loss possibility for company; the directors should be self-avoiding for vote, nor agents of other directors to claim their voting rights.

- Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics (GRI G3 [4.7])

The Board consists of ten directors with professional industry operation experience, two of them are independent directors. Directors are on behalf of the company to implement business according the related laws with high degree of self-discipline. The independent directors must have relevant expertise to supervise company business operation and the due diligence of directors and managers. Therefore, the independent directors must have more than five years of business, legal, financial or business required qualifications, certificates or work experience; and at least one independent director should be accounting or finance professionals.

- Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. (GRI G3 [4.9])

ECS committed to corporate governance and resolutely considered the board of directors is the fundamentals of corporate governance. Board of directors referred to the business performance of outstanding enterprises and related industry to submit earnings allotment proposal for board of stockholders approval then shareholders recognized the business operation results; which can be used as a measure of corporate performance for top management units. In environmental protection, the idea of "Cherish the Earth" is presented over company-wide, ECS green assurance department also identified international regulations and customer specifications for green standards recognition for purpose of green products production. In addition, in social care, the general affairs and human resources departments promoted the care activities and social participation together and pay attention to staff training, employees rights and welfare protection, and target to construct comprehensive communication channels.

- Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses (GRI G3 [4.12])

Since 2008, ECS based on the Electronic Industry Code of Conduct (EICC) guidelines for the standards to ensure safe working environment, employees' rights are protected and respected, to implement pollution prevention of processes and products, and fulfill social responsibility.

- Memberships in associations and/or national/international advocacy organizations (GRI G3 [4.13])

ECS also took actively part in various associations for industrial and electronic technology including the EICC (Electronic Industry Code of Conduct), SEDEX (Supplier Ethical Data Exchange) and E-TASC (Electronics - Tool for Accountable Supply Chains) to ensure ECS is in line with international trends.

## 6.2 Economic Index

- Significant financial assistance received from government(GRI G3 [EC4])

ECS has healthy finance with adequate sources of fundings including the self-fund from business operation and loaned from bank. Therefore, ECS has sufficient cash to meet all maturing debt without government financial assistance.

### 6.3 Environment, Safety and Hygiene Index

- Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. (GRI G3 [4.9])

The general affairs departments in ECS company and factories reviewed and audited periodically the environments and safety operation in company and factories for future direction recommendation. And all factories also established "committee of environments and safety" to hold periodically review meeting of environments and safety for operation review.

- ISO14001/OHSAS18001 certificate

ECS factories implemented ISO 14001 environmental management system certification, Xingying and Suzhou factories implemented OHSAS 18001 Occupational Health and Safety Management System certification as well.

- Environment, safety and hygiene training

The environmental, safety and health education courses for employees were implemented in company and factories to ensure all employees will have sufficient awareness and responses on the environment, safety and health.

Other Environment, safety and hygiene sustainable index

- Emissions of ozone-depleting substances by weight (GRI G3 [EN19])

There is not any ozone-depletion substances used in ECS manufacturing systems except for refrigerant used in factory air conditioning system. The refrigerant in air conditioning systems tied to annual maintenance for re-filled by the original manufacturer withdrew the refrigerant, and the withdrew refrigerant will be reused after manufacturer's purification.

- Percentage of products sold and their packaging materials that are reclaimed by category (GRI G3 [EN27])

ECS has no direct involvement about the market for recycling products and packaging materials since brand business is not the major portion of ECS.

## 6.4 Society Index

- Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation. (GRI G3 [EC5])

ECS employee's standard entry-level salary is higher than the minimum of local laws and related regulations, and is adjusted appropriately based on industry standards to improve the company's human resources competitiveness.

- Total number of incidents of discrimination and actions taken. (GRI G3 [HR4])

ECS conforms with international human rights requirements, has never legal events caused by employees identity discriminated in the past.

- Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. (GRI G3 [HR5])

ECS employee welfare committee was established to promote emotional, physical and mental health among colleagues, and to encourage participation in various organizations engaged in proper entertainment and leisure activities.

- Total number of incidents of violations involving rights of indigenous people and actions taken. (GRI G3 [HR9])

ECS has never law event caused by local employees violated in the past.

- Public policy positions and participation in public policy development and lobbying. (GRI G3 [SO5])

ECS has maintained a neutral stance on the public policy, did not participate in any lobbying.

- Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. (GRI G3 [SO6])

ECS always keeps politically neutral, does not participate in activities of any political parties or related institutions.

- Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. (GRI G3 [PR6])

ECS respects for intellectual property, customer rights and fair market competition in product marketing.

