WNC

Wistron NeWeb Corp.

2012Corporate Social Responsibility Report

Smarter Solutions for a Smarter Future

About this Report

In keeping with the concept of sustainable operations, WNC constantly evaluates the balance between what we receive and what we give whilst pursuing revenue growth. We aim for smooth communication with all stakeholders in the pursuit of greater opportunities for growth. This report presents the performance and achievements of WNC's global headquarters in Taiwan in terms of operations, environment safety and health, and exercise of social responsibilities. At the same time it also shows all stakeholders that in addition to pursuit of stable growth WNC takes seriously its responsibilities in terms of environmental protection and as a corporate citizen.

Report Scope

This report contains information related to company operations; environmental, safety, and health (ESH) issues; and social and environmental obligations of WNC's headquarters in the Hsinchu Science Park, Taiwan (herein referred to as "WNC (Taiwan)") and its factories in China from January 2012 to December 2012. WNC's factories in China included in this report are WebCom Communication (Kunshan) Corporation, herein referred to as "WebCom (Kunshan)"; WebCom Communication (Kunshan) Corporation, herein referred to as "WebCom (Nanjing)"; WNC (Kunshan) Corporation, herein referred to as "WNC (Kunshan)"; Wistron NeWeb (Kunshan) Corporation, herein referred to as "Wistron NeWeb (Kunshan)"; and NeWeb Service (Kunshan) Corporation, herein referred to as "NeWeb Service". The contents of this report do not cover subsidiaries or branches in Europe and the United States. Financial figures in this report are expressed in New Taiwan dollars (NT dollars) unless otherwise specified.

Report Methodology

In this report, WNC presents issues of direct concern to its stakeholders. The contents represent WNC's efforts in corporate operations, supply chain management, employee benefits, and environmental protection. The selectionand prioritization of issues in this report took account of their relative importance and the degree of the company's concern over them.

Report Guidelines (GRI G3.1)

This report is compiled based on the Global Reporting Initiative (GRI G3.1) framework. A table is attached at the end of this report for reference. WNC declares that this report complies with GRI G3.1 Application Level B. This report exists in both Chinese and English versions both of which are announced on WNC's website.

Publication

The first edition of this CSR report was published in June, 2011. This report is published annually.

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01

A Message to Our Stakeholders

A Message from Chairman

A Message from CEO

1.1 A Message from the Chairman

On the lasting path of sustainable operations, a corporation should be dedicated to its purpose and seek excellence while also being responsible to the society and environment. With an altruistic spirit, Wistron NeWeb Corporation implements corporate social responsibility from the business performance standpoint, continually promoting environmentally friendly and energy conserving measures in product design and the production process, while also taking into consideration the impacts we may have on society and nature. We also extend this into taking part in society to aid disadvantaged groups through practical actions and nurturing young talent. At the same time WNC continues to implement social responsibility, social responsibility is also internalized into the corporation's core principles. It is foreseeable that the result of these altruistic and beneficial ideas will be a strong wave of sustainable power. This will expand and utilize WNC's positive influence through all of its locations worldwide and result in a upwardly motivating force for the entire society.

In 2012, WNC was recognized by the MOEA Industrial Development Bureau's Industrial Sustainable Excellence Award. This signified that WNC was acknowledged as a corporation with sustainable business capacities such as a combination of company governance, technical development, and social responsibility, as well as a corporate citizen which creates economic and social value. Subsequent to this recognition, we planned and executed our efforts in all aspects in an even more stringent and well thought out manner, continuing to fortify our alertness and response capacity to various uncertain elements such as international trends, industry needs, climate change, and socio-economic changes.

Looking forward in 2013, due to unclear economic energy overall and rapid changes in related industries, we have to consider how we can break free from traditional business models. In addition to making efforts to enhance competitive efficiency, the manufacturing industry should also explode a multitude of value-added options, especially innovations and breakthroughs in terms of vertical integration capacity. There has to be enough of a technical element or unique characteristic in order to bring continued, influential effects. This is true from an economic standpoint, and also true from the perspective of social responsibility.

In addition to showcasing WNC's measures and results in implementing various corporate social responsibility policies, this year's corporate social responsibility report also reinforced the degree of information disclosure for the company so that all stakeholders may gain a clearer understanding of our efforts in company governance, employee care, supply chain

management, environmental protection, social participation and more. We also look forward to continued positive suggestions from the public so that we may all work together to do our very best in creating a sustainable, thriving profit community.

Chairman Simon Lin

林 宏 銘

1.2 A Message from the CEO

The international economy and global market continued to face steep challenges in 2012. Nonetheless, through joint effort and continuous dedication of our colleagues at Wistron NeWeb Corporation, WNC has made considerable progress in all aspects including company governance, business operation, green products, environmental performance, employee care, and social participation. This report records the investments and accomplishments WNC has made in all aspects of social responsibility in the past year. In addition to Taiwan headquarters, related policy implementation and result data from various factories in Mainland China have also been newly included. We welcome feedback and suggestions from the public to assist and encourage us in cultivating all fields of social responsibility in the widest, deepest manner possible.

In response to global fads and industry trends, WNC Taiwan headquarters and Mainland Chinese locations officially formed the EICC committee and related function promotion team to ensure effective implementation of international regulation compliance and management systems. EICC related research and contract signing was also undertaken for all suppliers, including corporate social responsibility declarations, letters of undertaking of integrity, and prohibition of conflict mineral use declarations, etc. for suppliers. At the same time, we have worked with customer demand to conduct greenhouse gas inventory. Located in Kunshan, Jiangsu, Wistron NeWeb (Kunshan) Corporation passed the China Quality Certification Center's ISO14064-1 inspection at the end of the year and obtained certification. Greenhouse gas inventory was then completed for WNC headquarters in Hsinchu at the start of 2013. In the coming year, we will continue to promote the green supply chain and environmental designs, utilizing project guidance to ensure that production capacity meets international standards for factory clean production and green factories. This enables us to provide more appropriate, immediate customer service while fulfilling our obligation and responsibility as a corporate citizen through more environmentally friendly green policies.

In the past year, WNC has won the distinction of the R&D Accomplishment Award for the fourth time as an outstanding company in Hsinchu Science Park, and also the MOEA Intellectual Property Office's National Invention and Creation Award for the third consecutive year, demonstrating our investment and dedication in technical R&D. In addition, upon entering the MOEA Industrial Development Bureau's Industrial Sustainable Excellence Award competition for the first time, WNC was recognized out of many companies within the IT electronics product and services category to receive this distinction. This also shows that apart from WNC's focus on technical aspects and innovations in our products, our continual

improvements in sustainable operations have won wide recognition.

Located in a complex, mercurial, difficult to predict market environment, we are sure that each year will also be full of challenges in the future. WNC still has much room for more effort and dedication when faced with these unknown, grueling challenges. We will remain true to our core corporate values: staying honest and true, working as a team, customer first, and create value to secure stability and success with our robust professional capacities and serious attitude in this fickle environment. At the same time, we also hope to continue on as good corporate citizens, exploring all possibilities for improvement and growth in order to create a diversity of value for all stakeholders and partners.

Chief Executive Officer　Haydn Hsieh

02

Corporate Operations

About WNC
Global Footprint
Product Portfolio
Industry Overview
R&D Values and Recognition
Industry Association Memberships

2.1 About WNC

Company name	Wistron NeWeb Corporation
Established	1996/12/07
Public Listing	2003/09/22 (Stock code: 6285)
Capital	NT$3.04 billion

Wistron NeWeb Corporation (WNC) is a professional product design and manufacturing company providing high quality ODM/JDM/OEM services for wireless communication products. WNC offers complete capabilities in RF antenna design, software design, hardware design, mechanical design, system integration, user interface development, product testing and certification, and manufacturing.

WNC differentiates itself from the competition by applying its fundamental strengths in antennas and RF design capability to a wide range of applications including Antenna, Automotive & Digital Media, Direct Broadcast Satellite, Digital Home, Mobile Communication, and Networking. By combining and cross-developing such a wide range of expertise under one single roof, WNC offers excellent interdisciplinary services for its customers.

With its outstanding research and development capabilities and in-depth cooperation with global industries, WNC is able to develop new products in full partnership with its customers from product concept through mass production, providing well-thought-out total market solutions. By leveraging cooperative relationships with its customers, WNC consistently provides user-friendly wireless communication products and is the best business partner for brand name enterprises, system operators and content service providers.

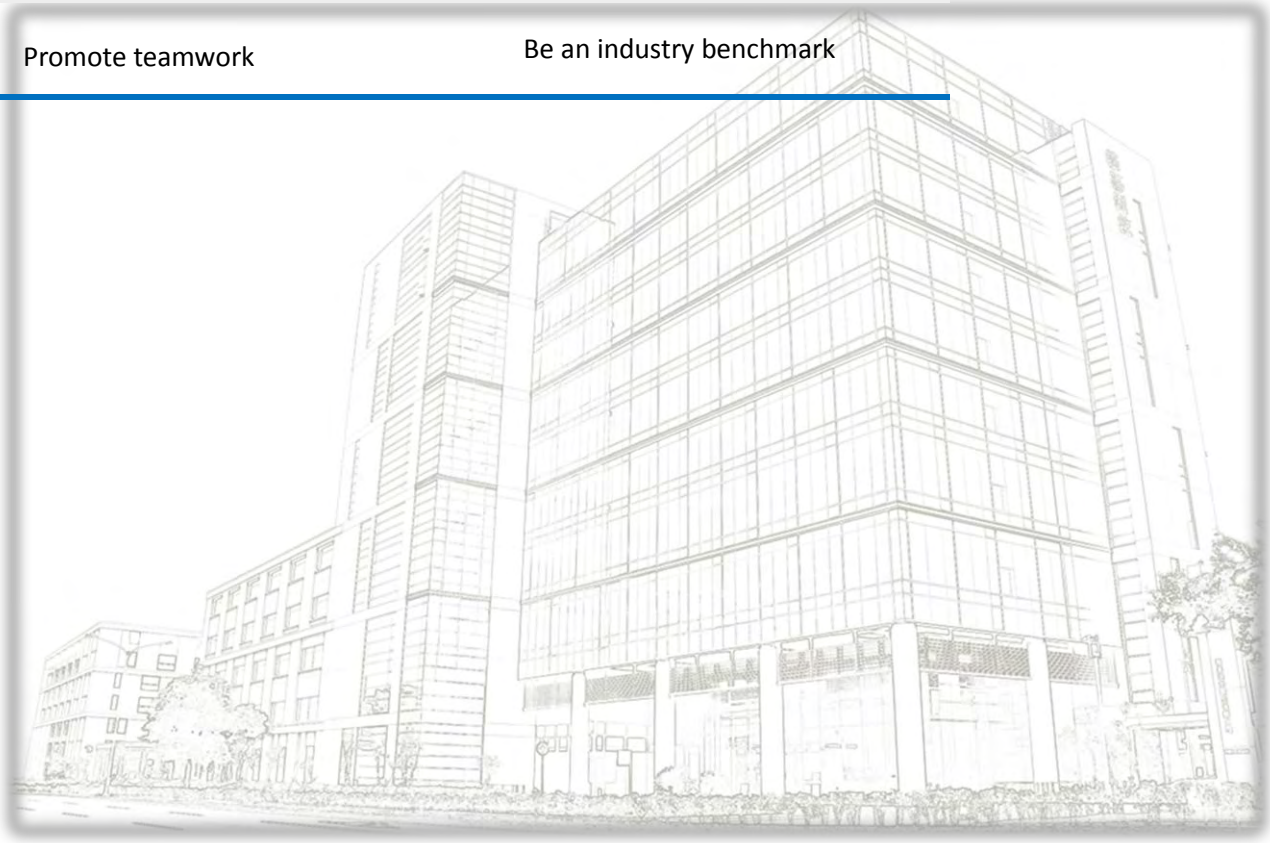
WNC has its roots in wireless communications development and strives to always uphold its four core values of fundamentals advocacy, teamwork, customer focus, and value creation, helping us to meet the challenges of the rapidly changing communications industry in a genuine and grounded way. With WNC groups working together, we are able to link market trends with customer demands so as to deliver innovative techonologies, products, and service that results in high customer satisfaction.

2.1.1 Corporate values and principles

WNC employees follow four core values and ten principles as a means to achieve teamwork discipline and organizational efficiency. These central tenets clearly display WNC's corporate culture.

Four Core Values
Fundamentals advocacy
Teamwork
Customer focus
Value creation

Ten Principles	
Strive to exceed the highest quality	Observe discipline strictly. Distribute rewards and penalties fairly
Achieve effective execution	Be eager to learn and share
Shoulder responsibility bravely and take the initiative	Be customer-focused
Abide by integrity and perform all company matters with moral courage	Reinforce cost consciousness and create the highest profits
Promote teamwork	Be an industry benchmark



2.1.2 Core competencies

2.1.3 Competitive advantages of WNC

Professional management team

The management team at WNC has accumulated many years of experience and management capability in the communications field enabling us to fully understand market changes. The management team leads all functional teams to create, practice, and continuously to enhance our competitive advantages. The management team at WNC leads the company toward its customer satisfaction goals through the company's culture of fundamentals advocacy, teamwork cohesion, customer focus, and value creation.

Complete product technical solutions

WNC applies its fundamental strengths in antenna and RF design capabilities. Those strengths are focused in the broadband, multimedia, and wireless domains and in the development of a full range of short-, medium-, and long-distance communications products. WNC has rich experience in microwave communications, digital wireless communications, antenna design, software engineering, and multimedia integration development. Through its outstanding research and development capabilities and in-depth cooperation with global industries, WNC not only provides multi-product solutions but also is able to provide complete technical services including product conception, design, verification, production, and logistics.

Comprehensive quality management system

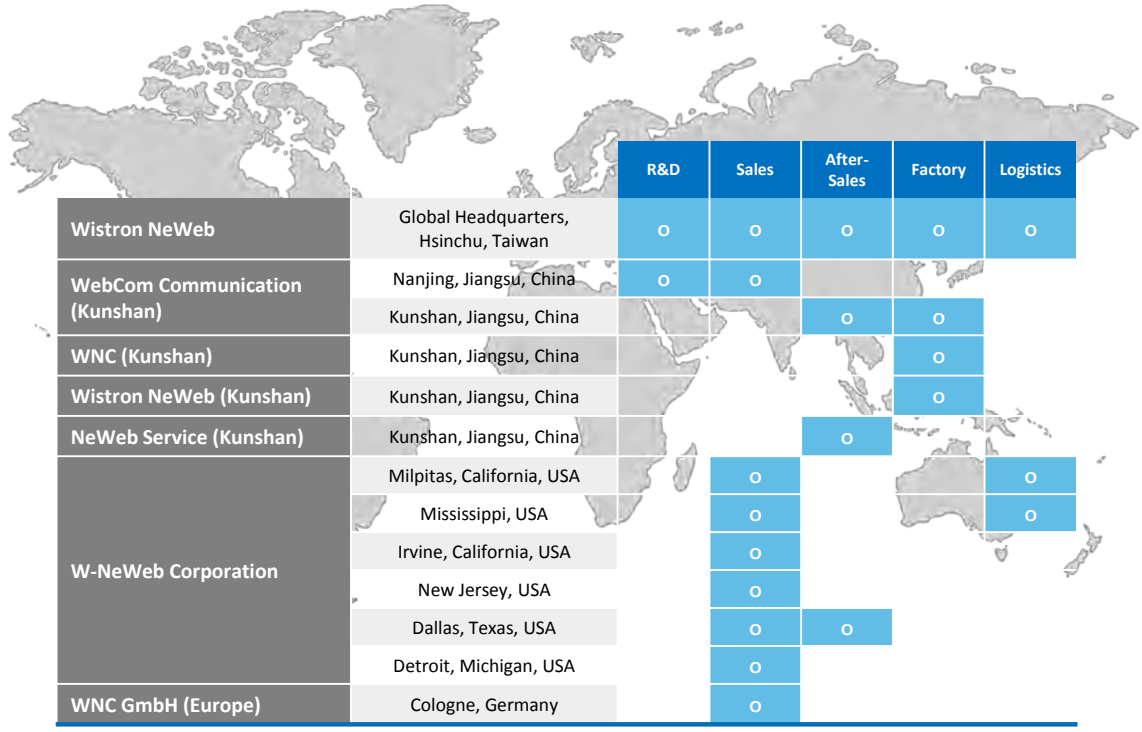
WNC devotes itself to product quality management. It not only has been awarded international certifications such as ISO 9001, ISO/TS 16949, IECQ QC080000, and ANSI/ESD S20.20, but also continues to implement Six Sigma and Business Process Improvement (BPI) projects in order to provide the highest quality product and service to our customers. WNC also established a complete customer advisory system and after sales service to enhance customer satisfaction and maintain long-term partnerships.

Lean cost control mechanism

The number of satellite communication and mobile communication applications and market sizes are continuously growing, and WNC is always able to maintain the advantage keeping competitive economies of scale. In addition to its lean cost control mechanism, WNC not only assures the company’s steady profit-making capabilities but also continuously enhances the company’s total operational performances.

2.2 Global Footprint

WNC's global headquarters are located in Taiwan's Hsinchu Science Park. With a combination of office and factory facilities, WNC's headquarters provides all business functions such as research and development, production and manufacturing, sales, logistics and after sales, as a unified whole. To expand its sales scope, WNC has established manufacturing, sales, and research and development sites in China as well, namely, WebCom Communication (Kunshan) Corporation and WNC (Kunshan) Corporation, focusing on manufacturing. ; WebCom Communication (Nanjing) is responsible for research and development of products for the China market. NeWeb Service (Kunshan) Corporation focuses on after sales services. Moreover, WNC has also established sales, logistics service and R&D sites in the United States, including California, Mississippi, New Jersey and Mississippi. The Texas site is responsible for after sales services, and the German site is responsible for product sales.



		R&D	Sales	After-Sales	Factory	Logistics
Wistron NeWeb	Global Headquarters, Hsinchu, Taiwan	o	o	o	o	o
WebCom Communication (Kunshan)	Nanjing, Jiangsu, China	o	o			
	Kunshan, Jiangsu, China			o	o	
WNC (Kunshan)	Kunshan, Jiangsu, China				o	
Wistron NeWeb (Kunshan)	Kunshan, Jiangsu, China				o	
NeWeb Service (Kunshan)	Kunshan, Jiangsu, China			o		
W-NeWeb Corporation	Milpitas, California, USA		o			o
	Mississippi, USA		o			o
	Irvine, California, USA		o			
	New Jersey, USA		o			
	Dallas, Texas, USA		o	o		
	Detroit, Michigan, USA		o			
WNC GmbH (Europe)	Cologne, Germany		o			

2.3 Product Portfolio

2.3.1 Product categories

Satellite communications product series

- DTH TV dish antenna systems
- Single cable multi-output outdoor receiver systems and derivative products
- Satellite Radio receiver systems
- HD Radio receiver systems

Mobile and handheld communication product series

- 3G/4G wireless network communications equipment and modules
- 4G indoor and outdoor broadband network terminal devices
- Embedded antennas for mobile devices
- RFID product series
- Coaxial cable (MoCA) and power-line-communication (PLC) bridges
- Home networking and energy management products
- Automotive 3G/Wi-Fi modules
- Enterprise wireless routers

Other wireless products

- Automotive safety radars

2.3.2 Successfully developed technologies or products in 2012

Satellite communications product series

Year	Technology or Product
2012	Optical LNBFs
	Digital single-cable HD satellite-TV receiver product series

Mobile and handheld communication product series

Year	Technology or Product
2012	4G indoor and outdoor broadband network terminal devices
	Power line communication (PLC) products for home networks
	Enterprise grade wireless routers
	Smart TV STBs
	Home AV network bridges

2.3.3 New products under development

Satellite communications product series

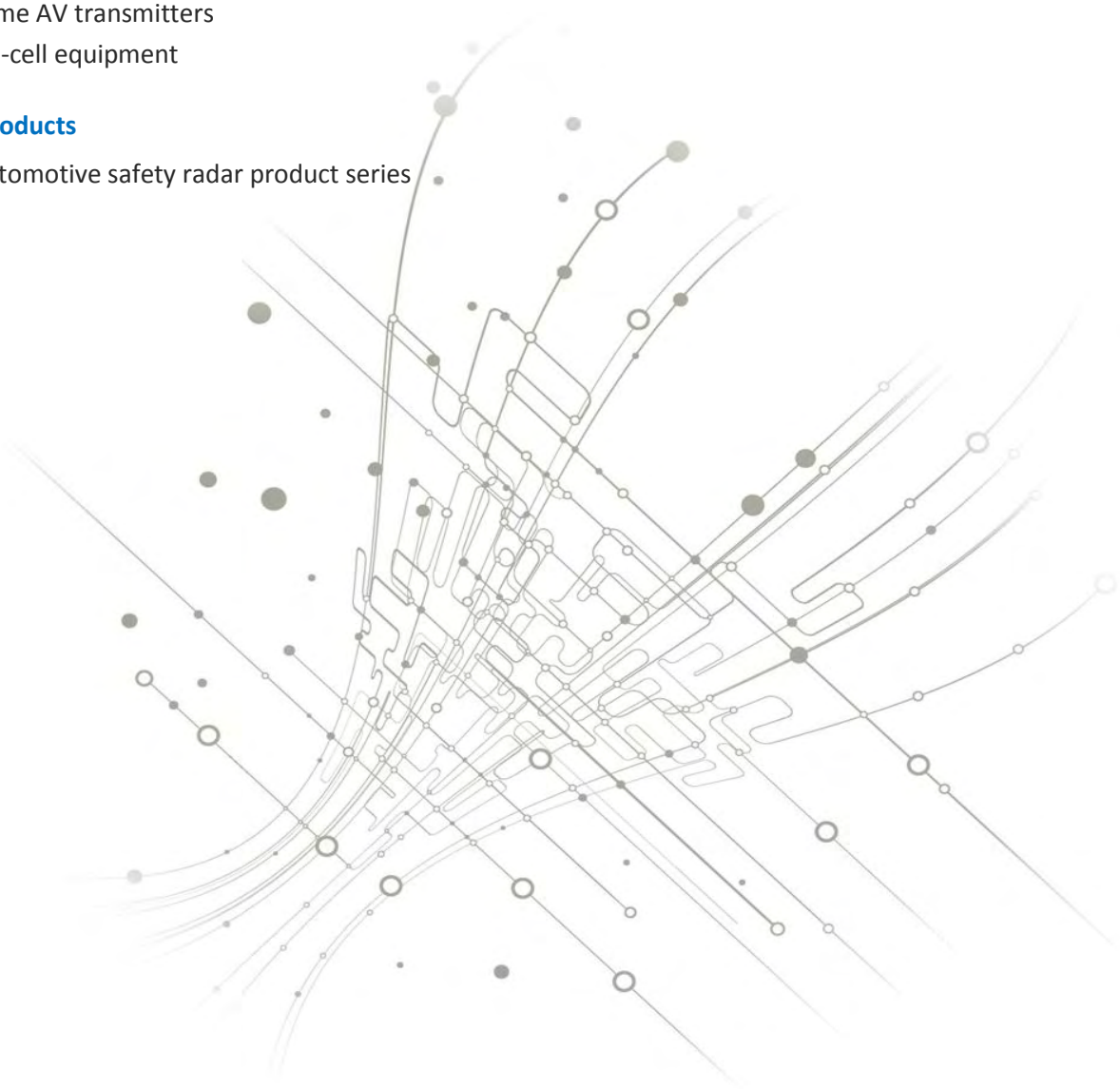
- Satellite to IP receiver systems
- Two-way satellite broadband communication systems
- Advanced optical LNBFs

Mobile and handheld communications product series

- 4G broadband integrated access devices
- IEEE 802.11ac routers
- Advanced Smart TV STBs
- Wireless home AV transmitters
- 3G/4G small-cell equipment

Other wireless products

- High-end automotive safety radar product series



2.4 Industry Overview

2.4.1 Industry development trends and current Market Status

In 2012, under the influence of the slow economic recoveries in America and Europe, market dynamics are still conservative, but 4G-related technologies are still being actively commercialized. Both brand-name owners and telecommunications operators have been eagerly providing mobile broadband networking services to emerging markets, thus pushing demand for products that are developed to increase the quality of network connectivity.
WNC has concentrated its attention on wireless in a range of frequency bands for many years and has become experienced in designing antennas which are very critical for the performance of wireless communications devices. We believe the increase of the adoption of 4G technologies has boosted a new wave of sales and will describe some examples of this trend in the following section.

- With regard to satellite TV markets, North America and Western Europe once dominated global DTH (Direct to Home) satellite TV service market share. In 2012, the Asian market has seen rapid growth while the South American market has been developing gradually. These two emerging regions are seen as having the highest growth potential. In the North American market, total pay TV users have surpassed 90 million, and DTH subscribers have exceeded 34 million. Driven by the pursuit of HD programs bundled with networking services, network operators in Europe and the U.S. have proactively introduced a wide variety of new services to stimulate demand and replace out-of-date equipment. However the number of DTH subscribers in Asia has almost caught up with that of North America, with increasing demand for related devices. The overall DTH market in Asia is maintaining a steady growth rate. In the Latin American market, Brazil has exhibited the highest growth rate of users. With the benefit of no-hassle connecting cables, the DTH platform has kept its position as the most popular platform with the fastest-growing number of users.

  In the satellite broadcast market, SiriusXM generated outstanding performance results in 2012. With the current rebound in auto sales, subscribers have increased to over 24 million, with primary business revenue coming from the pre-assembly OEM market. Following trends in mobile broadband, SiriusXM has actively developed new services with IP broadcasting functions and personalized features to respond to developments in global

markets and to continuously integrate 4G technologies to diversify its business scope. All of these factors will have a positive and direct influence on increasing demand for various integrated satellite broadcasting products.

- Regarding the wireless WAN market, smartphones continued to flourish and competition between brands was intense. Under Google's active promotion, Android is still the most popular platform in the smartphone market. The continuous release of various models of smartphones has fulfilled the demand for smartphones of all prices from low to high and for all types of consumers. This has stimulated replacement of out-of-date feature phones, which helps smartphones retain high shipment volumes. IDC (International Data Corporation) estimates that in 2013 the quantity of smartphones shipped will surpass feature phones for the first time. The quantity of smartphones shipped in 2013 is estimated to be approximately 918 million, which will be around 50.1% of all mobile phones shipped worldwide.
  In addition to smartphones, large tablet shipment volumes are also highly expected in 2013. After the iPad mini and Nexus 7 were released, consumers have experienced the convenience brought by 7-inch tablets. The estimated 240 million shipments of tablets will surpass the estimated 207 million shipments of notebook PCs. However, although increasingly sophisticated mobile devices offer users an ever-wider variety of new applications, they also place heavy demand on broadband resources necessitating the urgent upgrade of current networks. For this reason, global network operators are planning to replace current frequency bands and speed up the transition to 4G wireless network technology. As a whole, the growth and influence of the extremely broad mobile communications market is expected to spur further development within the wireless communications industry and have a great impact on the future of the ICT industry.

- Wi-Fi is now a required feature of smartphones and tablets for consumers. As a result, network operators have begun providing Wi-Fi services, which causes network devices to become more diversified. Rising demand for mobile audio and video services caused the upgrade of Wi-Fi from IEEE 802.11n to IEEE 802.11ac and wireless transmission speed to upgrade to the gigabit level. The first IEEE 802.11n AP Router was released in the fall of 2012, announcing that the era of IEEE 802.11ac has arrived. The growing demand for AV streaming stimulated the creation of IEEE 802.11ad with theoretical speeds up to 7 Gigabits. At these speeds, compression when transferring AV files is not required, and therefore may increase the AV quality and help diversify network communications devices. As for mobile devices, despite the Wi-Fi technology for smartphones and tablets, MIC has predicted that Wi-Fi will also be a feature of digital cameras due to online social networking and other related applications with a penetration rate expected to be 40% in 2016. With the trends of Digital Home, large connected or "Smart TV" vendors such as

Samsung, LG, and Sony were very ambitious in installing Wi-Fi into their products in 2012, and the installation rate in 2016 is expected to be 40%. Terminal devices in a home network, such as SOHO routers, are almost 100% Wi-Fi–compatible. Others, such as cable modems and DSL CPEs, also have a higher Wi-Fi capability rate because more network operators provide Wi-Fi services. This trend is especially noticeable in cable modems, with Wi-Fi capability rates dramatically increasing from 37.5% in 2011 to 65% within only one year. The Wi-Fi capability rates for Cable Modems and DSL CPEs is expected to increase to 86% and 95%, respectively. WLAN capability is appearing across the spectrum of electronic devices, and we believe this trend, supported by the statistics above, point towards an optimistic future for the WLAN market.

2.4.2 Product development trends

Digital home applications in full development

In recent years, operators and household electric appliance manufacturers have made great strides in the development of digital home–related applications and services, and the competition in residential TV service markets has become fiercer and fiercer among telecom, TV, and network media service providers. With these firms' devotion and promotion, IP video services and integration of the mobile device and television has become a dominant subject in marketing, with digital home high-definition interactive video services being gradually accepted by consumers. Additionally, home security and intelligent control is one of the market's next critical targets for providing seamless services and well-functioning and compatible household products with the integration of cloud, network, and terminal devices using multiple wireless communication technologies. Some of these technologies include Wi-Fi, BT, ZigBee, and Z-Wave, which are all experiencing severe competition among European and American operators. With strong communication technologies in various wireless network applications, WNC is capable of utilizing its high flexibility in manufacturing to grow our capabilities together with customer trends.

New satellite product development trends

Satellite broadcasting is characterized by long distances, huge bandwidths, and wide coverage, and is well-suited for sending signals and detecting high-speed objects. Under the influence and competitive pressure of these rapidly growing network broadcasting technologies, new products have been developed for satellite broadcasting applications (such as IP LNB and optical LNB) to meet customer expectations for bidirectional interactive videos. WNC has focused on the satellite field for many years and has a deep understanding of wireless

high-frequency communication and customer operation modes; additionally, our company can also assist satellite service operators to meet new network video challenges with the integration of other wireless multimedia technologies.

A more versatile mobile computing market driven by wireless broadband

In recent years, mobile broadband application market demands have increased dramatically with the development of cell phone chip technology and input interfaces, enhancements in mobile broadband technology, and the appearance of multiple-application services and platforms; various ingenious mobile devices and products used in industrial environments and infrastructure are gradually gaining new opportunities in the market depending on wireless broadband and the open Android platform. WNC has a deep level of product development experience in handheld devices, including antenna design, system integration, software development, and user-interface design and can provide customers with one-stop-shop services. Under this trend, WNC will continue to press forward with its software development to create the greatest value for our customers.

Small cell growth driven by wireless broadband demands

The fourth generation mobile broadband technology (4G) was officially commercialized in 2010, popularized in 2011, and experienced explosive growth globally in 2012. Its bandwidth limits have reached 100Mbps and is moving toward the 1-Gbps mark. Telecom operators all over the world are actively committing to 4G deployments and have continued investing in this area for new applications. Nevertheless, 4G deployment costs are gradually increasing with bandwidth growth and has become a heavy burden to operations. Operators have thus turned to the implementation of the new small cell marketing opportunities. With wide-range deployment of low cost small cell and accurate grid configuration, this promises a better balance between cost and quality and avoids the cost recovery challenges associated with the 3G era. In line with this opportunity, WNC is seeking to leverage its professional antenna design capacity to provide high-quality networks to operators. With in-depth cooperation with chip manufacturers, our company sees great potential in staking out a key position in this emerging market.

2.4.3 Future development factors and response strategies

Industry prospects

- Growth of the digital broadcast industry

  With the advent of the digital age, rapid and flexible digital communications are a reality. Apple's iPod, among other products, has lead to a storm of digital music, and subscribers to the primary satellite radio service provider (Sirius XM) in the U.S., which is the entire American market, is experiencing steady growth. In addition, Sirius XM has achieved service penetration in different communication media formats, increasing user loyalty and opportunities to maintain contact with users.In the field of digital TV, mature markets in Europe and the U.S have generated diversified services due to competition among Pay TV platforms and the penetration of Internet applications. For example, many Pay TV service operators in the U.S. have announced new functions such as multi-room systems and integration with smart phone applications. Likewise, emerging markets have begun switching from analog to digital formats with government encouragement. One example is the rapid establishment of DTH platform satellite services: Markets such as India and Latin America have been undergoing significant growth. In general, the demand for integrated products and basic receiving equipment has continued to increase in both mature and emerging markets.

- The wireless communications era is here

  Coinciding with the liberalization of global telecommunications and vigorous development of mobile communications and the Internet, the communications industry has seen rapid growth. The entire communications industry has great development potential, while wireless communication is expected to be a component in the inevitable trend of future development. All of these factors will positively influence WNC's business operations.

- Trends in highly integrated networks and mobile devices

  In the trend toward integration of wired and wireless broadband networks to meet user demand for wireless and mobile services, new services are created. For instance, in addition to mobile broadband services, quadruple-play services, which offer voice, video, data, and mobile services through IP networks, are undergoing rapid development based on wired broadband. All of these services will stimulate a new round of network infrastructure and terminal device upgrades.

Threats and response strategies

- Domestic software talent shortage

  Having focused on providing high-efficiency production and manufacturing services in the past, Taiwan has a strong foundation in hardware-related technologies and logistics systems. However, with the rise of the Internet network era and rapid development of emerging network applications, the lack of controls in the software industry has revealed a competitive disadvantage for domestic companies in comparison to overseas brands.

  Response measures: The integration of platforms and services is expected to bring about excellent growth potential. In addition, boundaries between countries will have no effect on development since the global village we live in is increasingly interconnected by high-speed networks. Companies in Taiwan can acquire more external software development resources due to the economic recessions in the West and thus enhance software development capabilities for consumer electronic products.

- Operational costs have increased

  The price of oil continues to rise. The cost of raw materials has increased sharply, while labor costs in mainland China have risen due to local regulations. All of these factors have put great pressure on the entire manufacturing industry regarding the cost of materials and manufacturing. In 2012, the economic situation in the US and Europe has had a considerable effect on the global economy and industry operations. While the European debt crisis is temporarily resolved, risk is still present and uncertainties exist which may or may not have a direct or indirect influence on the operations and profit-earning ability of the company.

  Response measures: Maintain flexible marketing strategies with rapid product integration development capability. Match the right product to the right niche market while responding to market demand. Take measures to pursue maximum profits, expand the scope of operations, and lower manufacturing costs.

- Exchange rate fluctuations influence company profits

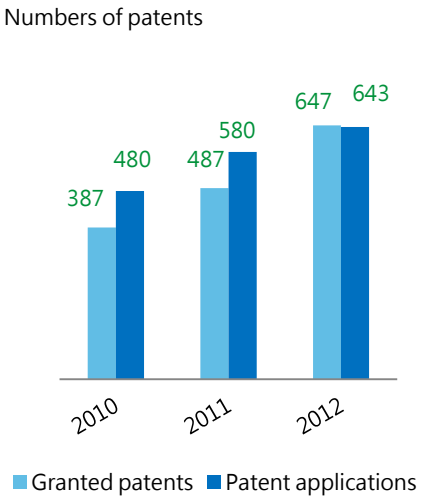
  Since WNC is mainly focused on export sales of products, changes in exchange rates can affect the profitability of the company.

  Response measures: The Finance Department must focus on changes in exchange rates and the demand for capital at all times and take all necessary measures to ensure risk mitigation.

2.5 R&D Values and Recognition

2.5.1 Professional R&D capabilities

R&D capability is the most important value of WNC. Up to the end of 2012 we held 647 patents, 170 in the US, 248 in Taiwan, 222 in China and seven in EMEA. This is an increase of 160 on the 2011 total. We also have 634 patents pending, 54 more than at the end of 2011.



2.5.2 Achievements

In order to provide complete wireless communications solutions WNC places great emphasis on the upgrading of product R&D and production quality. Since our establishment we have developed a large number of innovative wireless communications products. Our R&D and design efforts have already been recognized both domestically and overseas. In 2012 we were honored to receive a Creation Award in the National Invention & Creation Awards held by the Intellectual Property Office, a Hsinchu Science Park Science Park R&D Accomplishment Award, Industrial development bureau Ministry of Economic Affairs Industrial Sustainable Excellence Award, and CES Innovations Design and Engineering Award. In China, WNC awards include the

Kunshan City Government's Low-Carbon Pioneer, the People's Republic of China's Class A Management Enterprise and Category 1 Enterprise certification for Jiangsu's Export Industries.

Awards in the Past Four Years	
2012	National Invention & Creation Awards: Invention Award Hsinchu Science Park R&D Accomplishment Award Industrial Development Bureau, Ministry of Economic Affairs Industrial Sustainable Excellence Award
2011	Hsinchu Science Park R&D Accomplishment Award Hsinchu Science Park Innovative Product Award reddot award: communication design National Invention & Creation Awards; Creation Award Seventh National HRD InnoPrize
2010	Hsinchu Science Park Innovative Product Award National Standardization Award National Invention & Creation Awards; Contribution Award and Invention Award iF communication design award
2009	Hsinchu Science Park R&D Accomplishment Award iF product design award

2.6 Industry Association Memberships

WNC actively participates in related industry associations and in the activities that they host. Up until the end of 2012 associations in which we hold membership are as follow:

Industry Association Memberships	
Taiwan Electrical and Electronic Manufacturers Association	Taiwan Electromagnetic Industry-Academia Consortium
Communications Industry Alliance	MoCA alliance
The Allied Association for Science Park Industries	Wi-Fi Alliance
Taipei Computer Association	Global Certification Forum
Taiwan Internet of Things Alliance	Small Cell Forum
Greater China Internet of Things	China Communications Standards Association
Taiwan Telematics Industry Association	NFC Forum

03

Corporate Governance

Organization Chart

Board of Directors

Audit Committee

Remuneration Committee

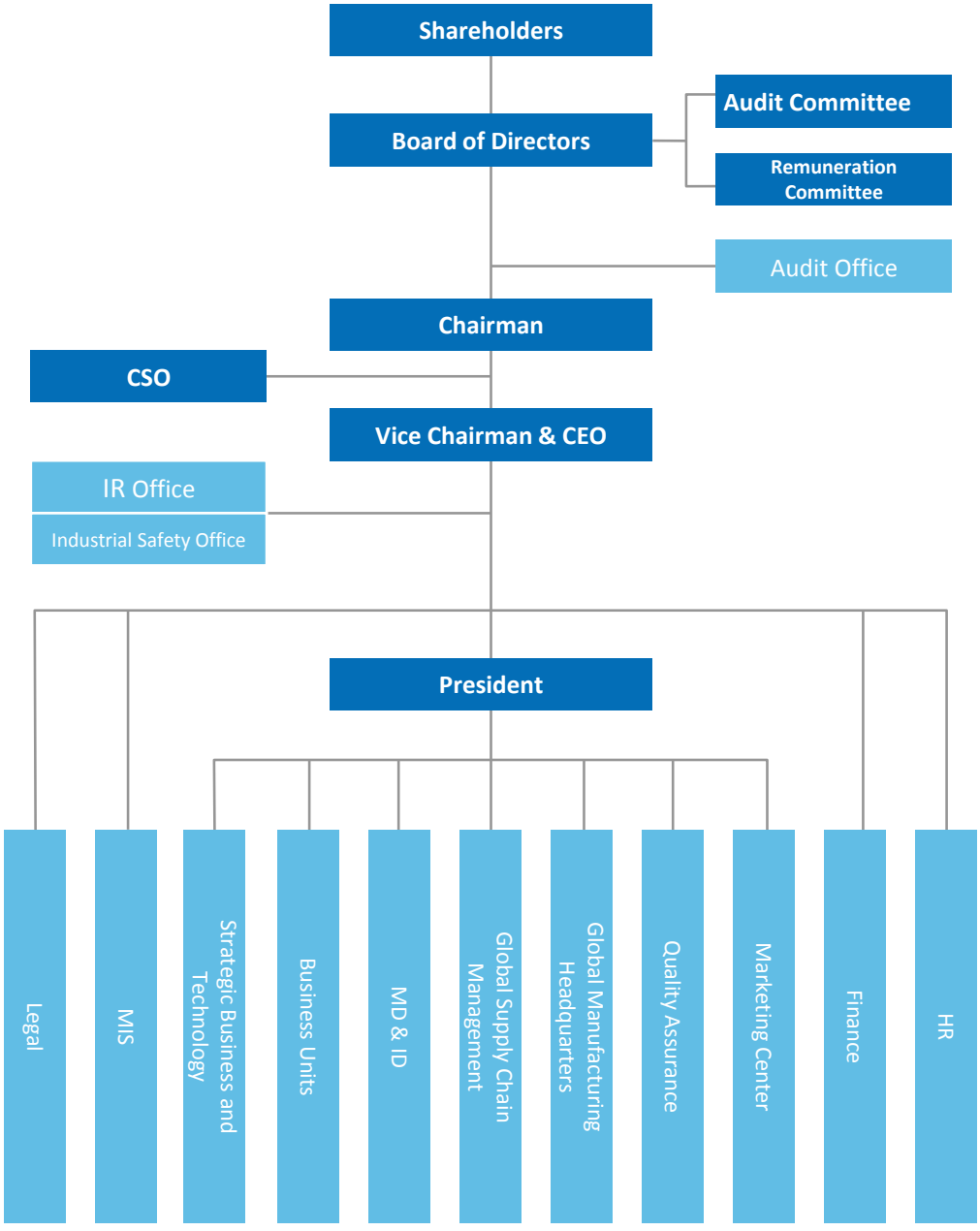
Audit Office

Compliance with Internal Regulations

Financial Performance

Risk Management

3.1 Organization Chart



3.2 Board of Directors

In accordance with its Articles of Incorporation, WNC elects seven to nine directors, with qualifications that are in accordance with the Company Act, for three-year extendable terms. The Board of Directors is comprised of members with abundant corporate management experience or academic backgrounds. Currently, WNC has nine directors, three of whom are independent directors. The independent directors are appointed after approval in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. The president is elected by the Board of Directors. Internally, he is the Chairman of the Board of Directors, whereas in public, he represents the company.

The Board of Directors responsibilities include supervising the normal operations of the company and ensuring financial transparency, approving the hiring and remuneration of upper management, providing guidance to upper management in operational strategy, assessment of performance of upper management in such categories as sales, environmental protection, green products and corporate social responsibility. WNC's upper level managers' remuneration includes fixed items such as basic salary, bonuses and benefits, and non-fixed items such as dividends (cash/stock), stock (treasury stock/stock buy-back) and rights issues. Fixed items are decided based on the principle of maintaining WNC's level of competitiveness in the industry while non-fixed items take into consideration the operational efficiency, performance and contributions of both the company and of individuals. Internal and external operational environment conditions at the beginning of the year are taken as a basis for setting of assessment objectives and loading ratios. Meanwhile the Remuneration Committee reviews and evaluates performance in pursuit of these objectives and makes recommendations to the Board with further reference to salary standards in related industries.

A Board of Directors meeting is held at least once every quarter. Board of Director decisions are disclosed immediately following such meetings through the Corporate Governance platform of the Market Observation Post System and on WNC's website. In 2012 the Board met a total of six times.

Board of Directors Information

Name	Title	Experience
Simon Lin	Chairman & CSO	President and CEO of Acer Inc. Chairman and CEO of Wistron Corporation
Haydn Hsieh	Vice Chairman and CEO	President and Senior Vice President of Acer Inc. Mobile Computing Business Unit
Jeffrey Gau	Director and President	Senior Engineer of RF-Link Systems Inc.
Frank FC Lin	Director	CFO of Acer Inc. Chief Staff Officer of Wistron
Max Wu	Director	President of Acer America Corporation Chairman of Birch Venture Capital Chairman of Hua Nan Assets Management
Philip Peng	Director	Senior Vice President and CFO of Acer Inc. President of iD SoftCapital Inc. Director of Acer
Chang Guang Yao	Independent Director	Chairman of the Federation of the International Management Council CEO of Kuang Chien Computer
S. T. Peng	Independent Director	Chair of National Chiao Tung University Microelectronics and Information Systems Research Center Chair and Professor of National Chiao Tung University Institute of Communications Engineering Chair of Yuan Ze University Communication Research Center (YZU CRC)
Robert Hung	Independent Director	CFO of Taiwan High Speed Rail Corporation Chairman of Young Green Energy Co. Director of Coretronic Corp.

3.3 Audit Committee

In June 2011, WNC established an audit committee that meets prior to the Board of Directors meeting every quarter to monitor the execution of the company's internal controls and important financial and sales behavior and to communicate and interact with CPAs in order to effectively supervise company operations and risk management. The audit committee's specialized division of duties and independent position assists the Board of Directors in the execution of its supervisory capacity, raising the company's financial standing and creditability. The audit committee is comprised of all three independent directors with at least one member having a specialization in accounting or finance. Terms of office are three years and are extendable. In 2012 the committee met four times.

WNC Audit Committee Members

Name	Title
Chang Guang Yao	Independent Xirector, Audit Committee Chairman
Robert Hung	Independent Director, Audit Committee Member
Robert Hung	Independent Director, Audit Committee Member

3.4 Remuneration Committee

In October 2011, WNC established a remuneration committee in order to improve organization of the company and to regularly review strategy and standards relating to performance review and remuneration of directors and senior managers. The Remuneration Committee was convened three times in 2012.

WNC Remuneration Committee Members

Name	Title
Robert Hung	Independent Director, Remuneration Committee Chairman
Chang Guang Yao	Independent Director, Remuneration Committee Member
Philip Peng	Director, Remuneration Committee Member

3.5 Audit Office

WNC has established internal controls in accordance with the law. The independent unit reports directly to the Board of Directors and its authority extends to all operations at WNC and its subsidiaries. Auditing is conducted in accordance with the Board-approved audit plan based on identified risks. Extraordinary audits may also be carried out when necessary with existing deficiencies or potential risks reported to the management. In addition to reporting regularly to the Audit Committee on auditing activities, the Audit Office may also attend Board meetings and report directly to the Chairman, Audit Committee, and CEO at any time if necessary.

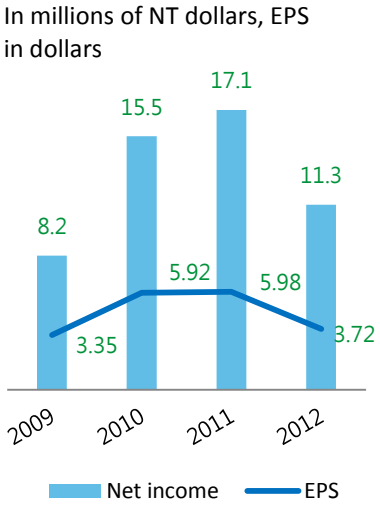
3.6 Compliance with Internal Regulations

Ever since WNC was founded, it has implemented its internal regulations in accordance with applicable national laws in order to guide its employees, managers and the Board of Directors. Further adjustments to ensure internal compliance with amendments to regulations by the competent authorities are carried out in accordance with an understanding of the full scope of domestic/international investments and sales trends. Policies such as environmental protection, industrial safety, health policy, anti-discrimination, honesty, conflict of interest, information safety and public welfare assistance are all included in the field of corporate compliance. In addition, in dealings with vendors, three major principles with regards to gifts must be observed: (1) No employee may accept any gift in any form including gift vouchers, cash, or stock or other securities, any employee caught doing so will be punished according to the circumstances. (2) It is not permitted to request gifts from vendors. For special occasions where a vendor expresses an interest in presenting a gift the request should be passed to the general affairs unit for co-ordination. (3) As regards traditional small gift items such as festival foods or vendor gift items it is acceptable to receive these so long as it is done in an open manner. Individual employees should exercise their own judgment but should not allow the acceptance of such gifts to influence mutual relations. All WNC subsidiaries and affiliates are required to follow the same corporate compliance guidelines. WNC clearly states that employees must uphold high ethical standards, and requires all employees to sign WNC

employee Code of Conduct, and abide by norms of integrity while in execution of their daily duties to protect company credibility. WNC pays close attention to changes in domestic/international policies and regulations and amends related risk control policies to respond accordingly.

3.7 Financial Performance

WNC announced its non-consolidated revenue of 2012 as NT$32 billion, up by 0.66% YoY. Consolidated revenue was NT$34 billion, up by 1.33% YoY. Net income was NT$1.1 billion, decrease of 34% YoY. An EPS of NT$3.72 was reported. The following financial data charts present WNC's operating results of the previous four years.



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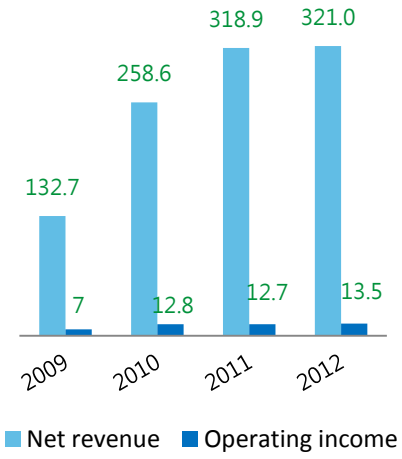
In 100 millions of NT dollars



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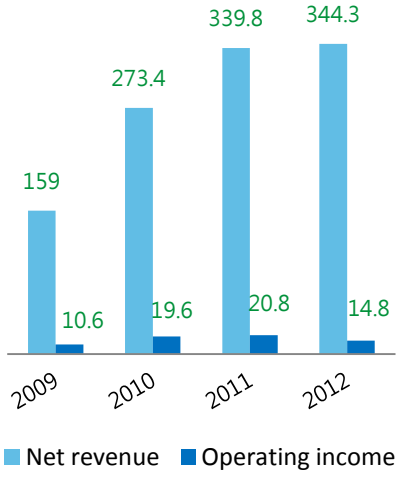

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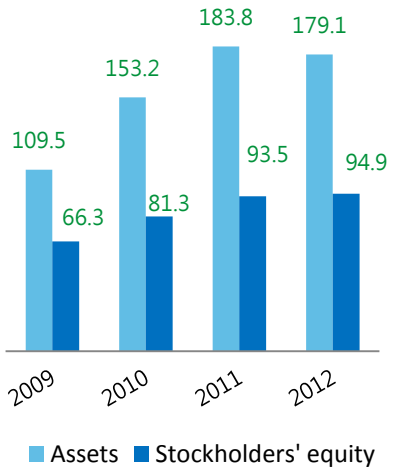

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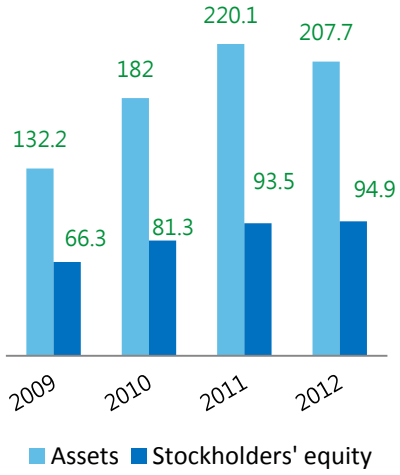

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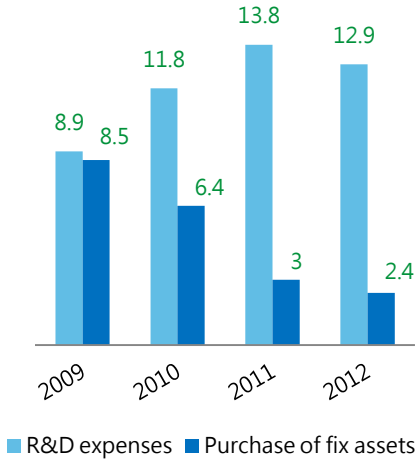

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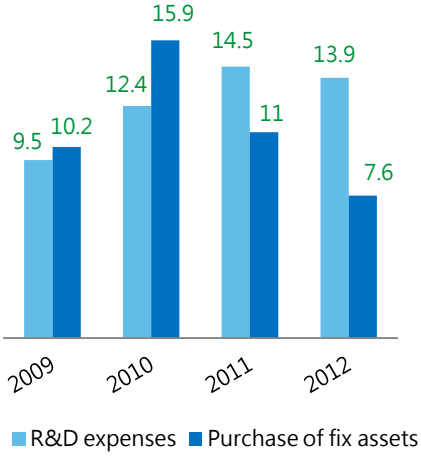


3.8 Risk Management

WNC's business focuses on R&D, manufacturing, and sales of products and WNC does not engage in high-risk or highly leveraged investment activities. Besides its independent internal audit teams, departments of different functions also perform risk assessment based on their specialties and develop management strategies and reaction plans to prevent, lower, or transfer risks.

Business Risk Management

WNC complies with government decrees and regulations. It adjusts its internal policies accordingly to cope with changes to laws to ensure the lawful operation of the company. Shareholders' meetings, financial reports, and CSR reports are held or published regularly to clearly disclose the company's operation status and information. As a corporate citizen, WNC has long devoted its resources to developing green products and taking part in activities to improve social welfare. To better secure customer and shareholders' rights, as well as to react timely to the rapidly-changing communication industry, WNC performs overall risk and efficiency assessments when introducing new technology and equipment and uses the company's sustainable development as the guideline. WNC's product value is enhanced through its accurate perspective and flexible reaction to market changes and its competitive quality, development speed, and cost of product. Along with the strict control of expenses, operational costs and risks can then be well-maintained.

Financial Risk Management

WNC invests its funds after considerable evaluation of the risks involved, while closely watching changes in bank lending rates on a regular basis.

Approximately 89% of WNC's revenue from sales was quoted in U.S. dollars, and most of its material purchasing amounts were also quoted in U.S. dollars. Therefore, the majority of our foreign currency operating exposure can be offset. In addition, WNC has used regular hedging activities to manage its foreign exchange risk under proper risk management guidelines.

WNC's action plans to cope with the impact of interest rates, exchange rates, and inflation are:

- Further mutual offsetting of foreign assets and liabilities to avert risk;
- Making plans and arrangements in advance for fund yields and borrowing costs in light of the Company's anticipated business and funds requirements; and
- Using auxiliary tools, such as derivative financial products, to avoid risks under proper risk guidelines.

Operation Risk Management

WNC seeks to ensure quick recovery of its operations by fast reaction to accidents or disasters (including fires, earthquakes, typhoons, power failures, explosions, leaking of chemical solvents, food poisoning, and other events that may cause damage and loss of lives and property, or any emergency that causes production to not be able to recover instantly). This is essential to ensure employee safety and to reduce the impact and loss that these conditions may cause to the environment, to the company, or to our customers. WNC has therefore established a "Contingency Plan Control Procedure" which describes the contingency teams' structure, member responsibilities, and related procedures.

Information Risk Management

The following information-security measures have been implemented by WNC to reduce the losses and impacts caused by human-made or natural disasters.

- Established the RD Cloud. This platform collects and controls all WNC R&D information to better protect the company's R&D results
- Established the OA Cloud to ensure a sufficient redundancy between systems within WNC
- Established a drawings and articles management platform and a software encryption mechanism; this protects the company's confidential information and improves the efficiency of WNC's control over its intellectual property
- Continues to promote the concept of using only genuine software and performs internal audits regularly

Environmental Risk Management

As a corporation in the carbon-constrained age, WNC performs risk and opportunity assessments regarding aspects of regulatory risks, physical risks, and other risks to cope with global warming and climate changes:

	Risk	Effect/Impact	Opportunity
Regulatory Risks	Product power consumption regulations	Higher operational costs caused by supply chain adjustment, manufacturing process changes, and higher costs of material, components, design, and verifications of products	While green product design has become the trend, eco-design of products can be implemented to strengthen our competitiveness.
Physical Risks	Direct impact of extraordinary weather, such as floods, droughts, or storms	Interruption of supply chains, lowered or cessation of manufacturing capacity, loss of lives or property, and the costs of reconstruction	Perform risk assessment at the location of the company and factories.
	Indirect impact of extraordinary weather, such as higher resource costs and fast spread of diseases	Increased operational costs caused by implementing proper control and prevention measures	Strengthen the control of internal resource usage. The workplace environment shall be designed according to environmental, safety, and health regulations.
Other Risks	Increased market demand for green products	Low carbon emission and certified environmentally-friendly products have become the trend	Seize the market opportunity, enhance the company's reputation and market share.

04

Identification of Stakeholders and Communication Mechanisms

Significant Stakeholders

Identification of Substantive Issues

Addressing Issues and Communication Mechanisms

Significance of Related Issues

4.1 Significant Stakeholders

WNC takes stakeholder interest seriously as part of its pursuit of sustainable development. Apart from responding to stakeholder issues in a suitable manner, WNC also considers open communications and transparency to be an important responsibility. WNC's stakeholders are comprised of investors/shareholders, customers, suppliers, employees, government authorities, non-profit organizations, and the community as a whole. Interaction with our stakeholders is an important part of our daily operations as is the inclusion of items of concern in annual planning or, for more transient items, being flexible enough to include them in discussions and arrangements. Additionally, as needs require, items of concern are assigned to responsible or related units for handling and response.

WNC's Stakeholders

In addition, through diverse communication platforms we understand the wishes of stakeholders in regard to the company and pass these wishes on to upper management to serve as an important reference in preparation of CSR policy and related planning.

4.2 Identification of Substantive Issues

Issue Identification Process

Issue Collection

Collection of all external (customer, supplier, government) and internal (corporate governance, employee) issues and feedback relating to WNC

Issue Selection

Select according to degree of emphasis stakeholders place on the issues.

Issue Prioritization

1. Degree of emphasis placed by stakeholders on the issue
2. Impact of issue on stakeholders
3. Impact of issue on WNC

4.3 Addressing Issues and Communication Mechanisms

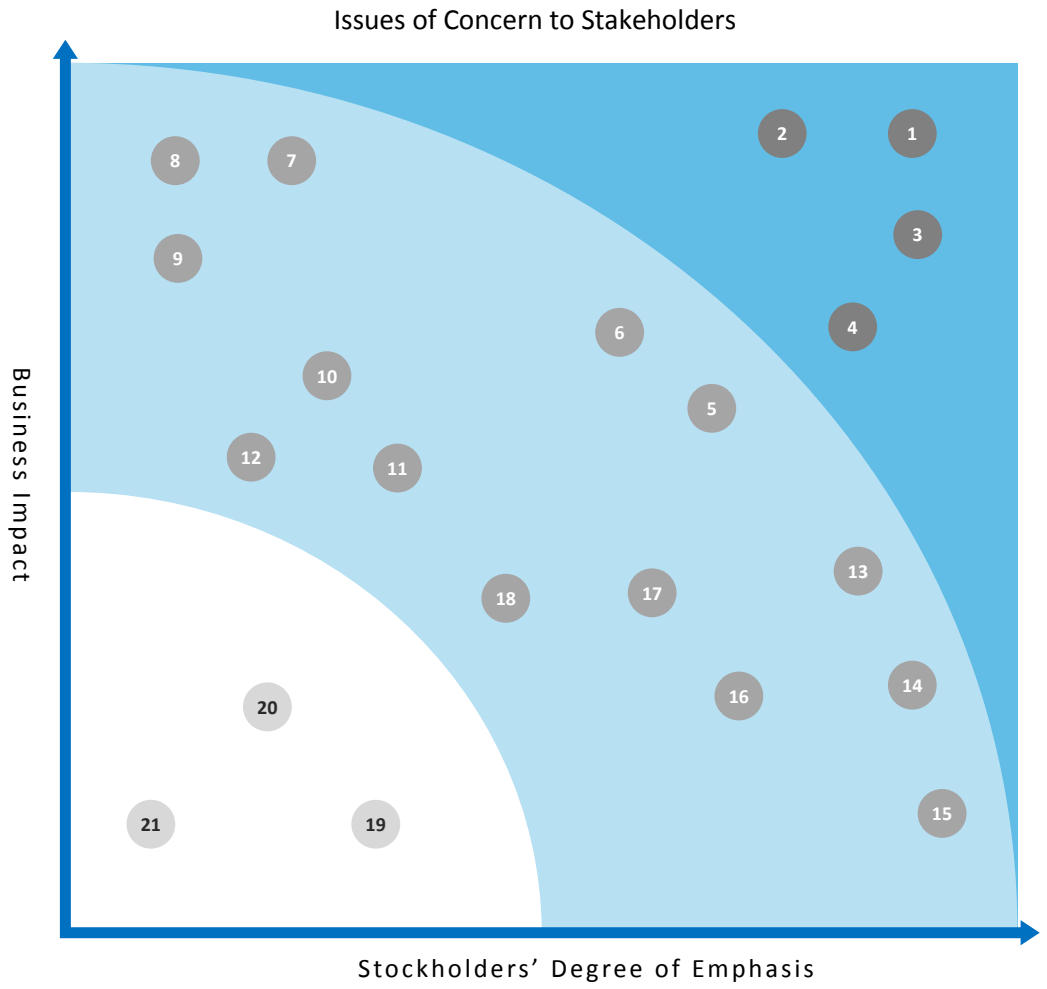
Below we list WNC stakeholders, the issues that concern them, and the channels through which we communicate on these issues. For action on related issues please see related chapters.

Stakeholder Communication Channels and Issues Concerning Them

Stakeholder	Communication Channel	Issue
Investor	■ Publication of Financial Report ■ Convene Shareholders' Meeting ■ Convene Investors Conference	■ Sales performance ■ Investment and remuneration ■ Dividend distribution ■ Company operations ■ Regulatory compliance
Customer	■ Customer satisfaction survey ■ Customer complaint management mechanism ■ Global Service Center and After-Sales Service ■ Cooperate with customer on green manufacturing ■ Execution of CSR	■ Product quality ■ Establishment of green supply chain ■ After-Sales Service quality ■ Customer relations
Supplier	■ SMS portal ■ Supplier performance evaluation ■ Quarterly sales review meeting ■ Supplier conference	■ Fair trading ■ Company financial status ■ Supplier contracts ■ Hazardous substances regulatory criteria
Employee	■ Employee Welfare Committee ■ Employee Representative Committee ■ In-house e-newsletter ■ Employee questionnaire ■ E-Platform and company announcement	■ Employer-employee relations ■ Salary and benefits ■ Workplace health and safety ■ Employee communication channel ■ Career development and training
Community	■ Corporate website ■ CSR contact window ■ CSR report ■ Hsinchu Science Park activities	■ Water resources/waste management ■ Hazardous substances management ■ Energy consumption ■ ESH results ■ Co-operation with local laws
NGO	■ Employee Welfare Committee ■ CSR contact window ■ CSR report	■ Public welfare contributions ■ Employees participate in public welfare activities ■ Obey environmental regulations
Govt. Authority	■ Official documents ■ Regulatory seminar or hearing ■ Financial reports ■ Provision of related reports to competent authorities ■ Industry associations	■ Transparent financial information ■ Tax payment in accordance with the law ■ Observation of related laws and regulations ■ Execution and promulgation of government policy

4.4 Significance of Related Issues

Issues that concern stakeholders are collected by relevant departments of WNC via communication channels and are identified according to the twin factors of influence on operations and degree of concern of stakeholders and are further identified according to degree of concern, importance, and priority.



1 Product quality
2 Investment and reward
3 Sales performance
4 Transparent financial information
5 In compliance with all regulations
6 Pays tax in accordance with laws
7 Energy use
8 Customer partnership
9 Supplier quality contract
10 Green supply chain
11 Environmental health and safety
12 Toxic chemical management
13 After-sales services
14 GHG emissions
15 Pollutants management
16 Salary and benefits
17 Employee trainings
18 Fair trade
19 Employee communication mechanism
20 Social welfare contribution
21 Employee social participation

05

Employee Care

Recruitment

Overall Remuneration

Training and Development

Employee Well-being

5.1 Recruitment

Employees are the key assets of a company. WNC follows recruitment principles of "respect for human rights" and "employing people according to their abilities". WNC's entire recruitment process conforms to labor regulations and gender equality guidelines. Professional ability is the key factor in our recruitment processes. We will not consider an individual's gender, age, ethnic background, religion, or political affiliation as an advantage or disadvantage during evaluation. All participants have an equal opportunity to display their capabilities in an open and transparent recruitment process. Personnel from the recruitment affairs unit also regularly participate in diverse training programs on interview skills and the use of specialized evaluation tools.

5.1.1 Human resource structure

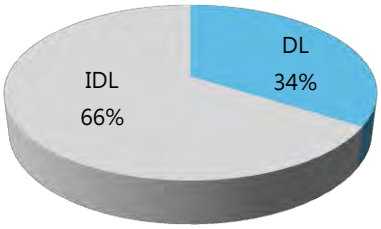
As of the end of December 2012, the total number of employees worldwide was 9,430, of which 1,983 employees were located in Taiwan, a decrease from 2011 figures of 1%. 1,309 of these were indirect labor (IDL) employees and 674 were direct labor (DL) employees. 91% of IDL employees are university graduates. The percentage of female employees was 45%. 50% of our colleagues are aged between 20 and 25 and 62% of all employees have worked for WNC for three years or more.

There were 7,456 employees in China, an increase of 21% compared to 2011. These consisted of 1,338 indirect employees and 6,118 direct employees, with 43% being female and 51% of employees being between 20 years and 25 years of age. 2% were local indirect employees in management positions while 5% of local IDL were employees assigned from Taiwan.

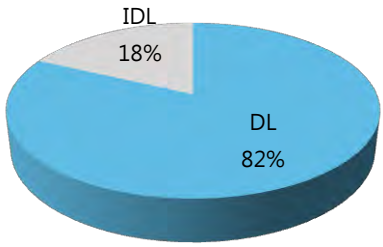
2010 – 2012 WNC Employee Totals

Year	2010	2011	2012
Taiwan	1,634	2,003	1,983
China	6,592	6,162	7,456
Others	12	13	15

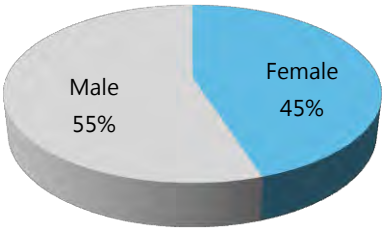
2012 Taiwan Employees — DL vs. IDL Breakdown



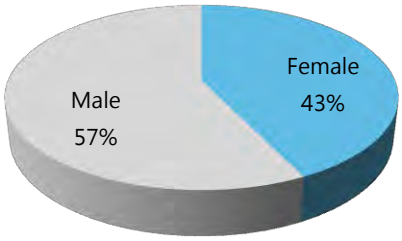
2012 China Employees — DL vs. IDL Breakdown



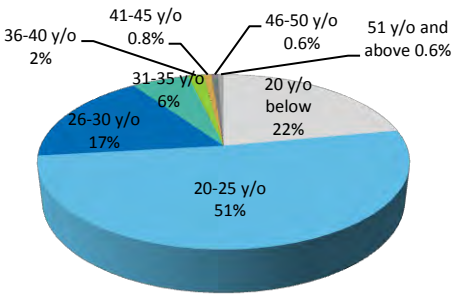
2012 Taiwan Employees' Gender Breakdown



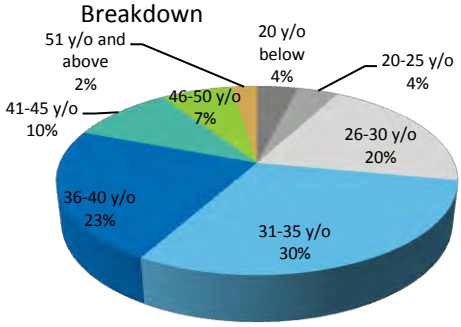
2012 China Employees' Gender Breakdown



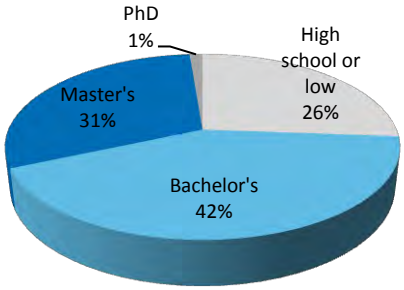
2012 Taiwan Employees — Age Breakdown



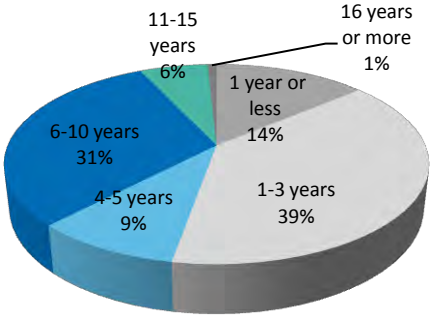
2012 Taiwan Employees — Age Breakdown



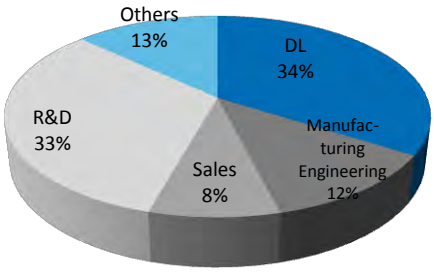
2012 Taiwan Employees' Academic Background



2012 Taiwan Employees' Years of Service



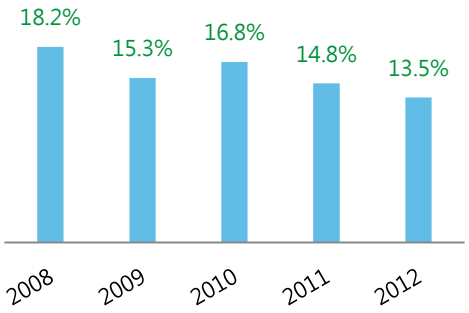
2012 Taiwan Employees — Work Category



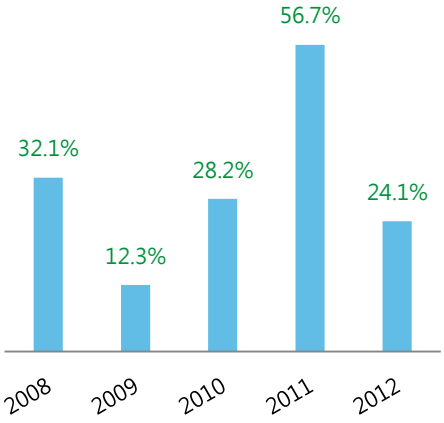
5.1.2 Employee retention

In order to retain its outstanding talents, WNC employs diverse methods. For colleagues with different qualifications and at different levels of the organization, we offer freshman orientation, bonuses for long service and outstanding performance, internal transfers, salary structure adjustments, and a strengthening of the management structure (among other incentive measures) in order to create a complete employment structure and a competitive and superior work environment; for employee turnover for the most recent five years, please refer to the following chart:

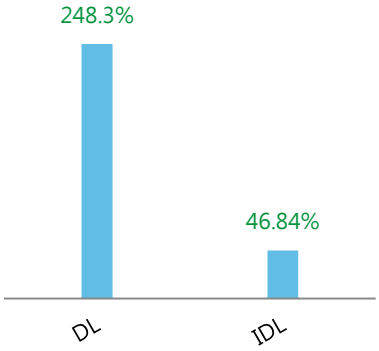
2008 – 2012 Taiwan IDL Employee Turnover



2008 – 2012 Taiwan DL Employee Turnover



2012 China DL/IDL Employee Turnover



Note: Employees resigning within 7 days of Beginning employment not included in this calculation

5.1.3 Talent recruitment

WNC's long- and short-term recruitment activity planning closely involves the respective hiring business units throughout the whole process, with recruitment projects tailor-made for different units so as to ensure we continue to attract outstanding talent. To strengthen our long-term competitiveness, we also provide many opportunities for development. With the growing number of WNC employees in Taiwan, we now not only create jobs for society but also aim to become a good employer.

WNC also collaborates closely with academia through campus development programs and R&D substitute national service. We help students learn about industry requirements in advance and employee new graduates that show promise. In 2012, WNC began interacting with university campuses and schools by hosting technology seminars at National Chiao Tung University, National Central University, National Taiwan University of Science and Technology, National Defense University, and Yuan Ze University. Over 500 teachers and students took part in the event and nearly 250 students entered their details in WNC's human resources database for future contact purposes.

Since 2011, a dedicated recruitment website was set up to utilize the power of the Internet to attract fresh talent.

WNC Recruitment Website Homepage

5.1.4 Hiring of persons with disabilities

In order to offer job opportunities to persons with disabilities and help protect their legal rights and interests, WNC actively encourages the hiring of disabled people. In 2012, there were 11 disabled employees working at WNC, comprising 0.55% of Taiwan employees. Of these, 6 are mildly or moderately disabled, and 5 are more severely disabled. Their job functions included masseurs, production line operators, engineers, and personnel on overseas assignment. After arranging a suitable working environment, disabled colleagues are able to enjoy roles in which they develop their abilities. With regard to the current shortfall of the disabled employee ratio of the company with respect to government regulations, WNC intends to evaluate further suitable positions and continues to place emphasis on the hiring of disabled persons.

5.1.5 Child labor

WNC complies with Taiwan's Labor Standards Law and does not hire workers under the age of 15. Also, in accordance with central government regulations, workers 15 years of age may be hired if they are technical students receiving vocational training. However they are not allowed to engage in heavy work or in any work of a dangerous nature. All plants in China obey the local regulations banning the use of child labor, and workers under the age of 16 are not hired.

5.2 Overall Remuneration

5.2.1 Wage structure

WNC regularly adjusts employee salaries to ensure reasonable compensation for colleagues, as well as to retain and attract talented employees. In order to take into consideration other factors including stockholder rights and interests, quality of life of employees, and sustainable development of the company, employee wages also are regularly adjusted according to current price levels, market supply/demand status, average salary levels in the industry, and local laws/regulations. Employees and departments with good performance are eligible for various bonuses and reward systems regardless of gender, age, ethnic background, religion, or political affiliation.

5.2.2 Performance management and incentives

The performance appraisal system of WNC was developed by considering both operational efficiency and the development of individual competencies. Performance is evaluated according to two parameters: behavior and objectives. Performance in terms of both quality and quantity is examined simultaneously and periodically, and the results serve as a basis for giving appropriate rewards or promotions to employees.

WNC employs a variety of employee incentive programs to openly commend the outstanding contributions of teams or individuals in different areas. Incentive programs of WNC include:

- Outstanding Employee/Team and Patent Invention Award: To encourage employees to continuously create value in their work in 2012, a total of 29 outstanding employees and 12 teams and 3 patent teams were recognized.
- Long Service Employee Award: To thank senior employees for their long service to the company in 2012, a total of 160 employees were recognized.
- Project presentation/Patent registration: to encourage colleagues to present the results of internal teamwork or to apply for patents and to raise team morale, in 2012, 102 teams presented their project results and 114 patents were secured.

5.2.3 Employee insurance

WNC Taiwan participates in Taiwan's Labor Insurance and National Health Insurance and contributes employee wages to pension accounts according to Articles 55 and 56 of the Labor Standards Act, and all regular employees participate in a group insurance plan, which gives employees and their families added protection. All regular and contract employees also enjoy longer annual leave than specified in the Labor Standards Act. Employees in China are enrolled in social insurance as required by law, as well.

5.2.4 Employee leave

All WNC sites provide leave for regular and contract employees in accordance with local laws. WNC Taiwan stipulates annual leave for all regular and contract employees according to the

Labor Standards Act and also institutes a compensatory leave system that surpasses the statutory leave provisions. In addition, in accordance with actual circumstances, employees are entitled to apply for additional types of leave including maternity leave, parental leave, family leave, menstrual leave, and paternity leave.

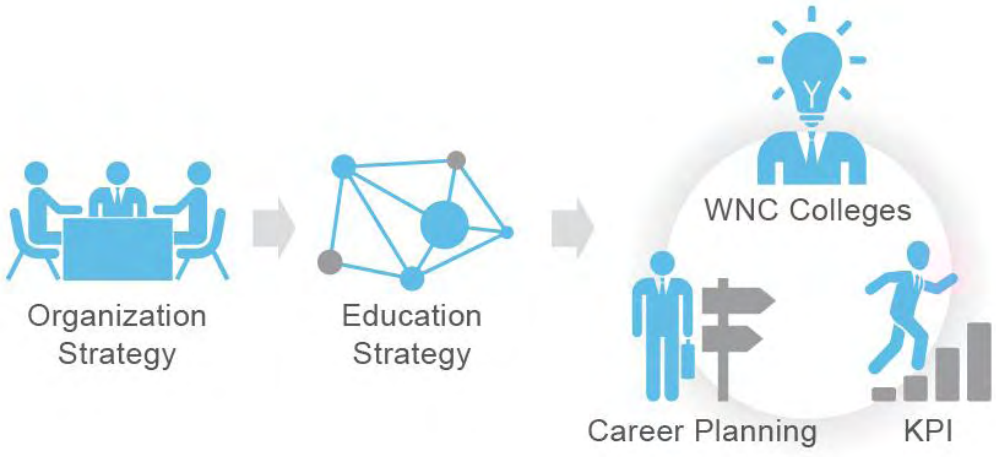
5.2.5 Other assistance

For the benefit of employees on long-term overseas assignment extra benefits or services are also available, which include overseas allowances, travel/meal allowances, housing allowances for family members traveling with the employee abroad, education allowances for their children, plane tickets for family members, periodic meetings/discussions, and airport transfer services.

5.3 Training and Development

5.3.1 Human resources action plan

WNC values the importance of recruiting fully qualified employees and pays special attention to improving the skills and general knowledge of colleagues. Based on this concept and the central principle of growth, innovation, and cooperation, employees are provided with job function enhancement training programs, key competencies enhancement programs, and supervisory and leadership training. Recruitment activities held by WNC global sites and branches are run in compliance with local laws and regulations. WNC provides healthy and safe working conditions and offers complete occupational training for employees assisting them to upgrade their competency, management capability, language ability, and general knowledge.



Organization Strategy and Employee Education

Additionally, supervisors of all levels are required to teach a two-hour class to share their professional knowledge and experiences each year in order to foster a spirit of self learning. At the same time, the company has instituted a comprehensive instructor system to internally train 92 instructors in 2012. Classes taught include Six Sigma, performance management, basic core management, and talent development and help the company quickly cultivate the talent it needs.

Current courses and training offered by WNC include:

- Management skills development: Management, leadership, motivation, training, and self-growth skills for middle- to upper-level supervisors and new supervisors
- Professional skills training: Specialized knowledge including R&D technologies, purchasing, mechanics, Six Sigma, green product design, manufacturing, quality, patents, industry intelligence, and ESH (Environment, Safety and Health.)
- Freshman general knowledge training: Includes helping new hires familiarize themselves with their work environment, adapting to the pace of work (project management, time management, presentation skills, meeting planning) and experiencing the core values of the WNC corporate culture
- Language and IT training: Includes languages and job-related software and tools

5.3.2 Diverse paths to learning

WNC's Five Colleges

In 2010, the WNC Colleges were established comprising a Management College, Marketing College, R&D College, Manufacturing Quality College and General Knowledge College. Respective colleges are headed up by the top managers of related units, with organizational topics, future vision and strategy adopted as points of departure for the construction of a successful template for a talent development system.

WNC's Five Colleges

- Management College: Focusing on developing management skills of supervisors', courses are designed according to the requirements of different management levels, including management skills training in leadership, motivation, and self-growth of middle- and upper-level supervisors and newly appointed supervisors. In 2012, 35 courses were held. In addition to organizing courses based on different levels of management ability, we also carried out a human resources inventory to develop training courses for handpicked personnel.
- Marketing College: In accordance with the company's operational direction and globalization trends and to develop outstanding marketing personnel, in addition to implementation of project management/application of individual skills and specialized knowledge, skills covered include new industry knowledge, presentation skills, conference planning, languages, understanding of related legal regulations and usage of tools. Besides external instructors, in 2012, 26 seminars were hosted in which senior supervisors shared successful experiences regarding strategy and customer interaction. Different levels of English proficiency training courses are also organized to help employees improve their English skills. These included Meeting Discussion, Conference Call, Business Writing and Negotiation Skills.
- R&D College: In addition to basic R&D training, R&D courses are divided into six main fields and a forum established to promote R&D innovation and enrich basic skills of R&D personnel. In 2011 the WNC Research & Development Forums were established with six separate forums headed by a moderator tasked with assisting in the planning of college classes. Industry-academia cooperation is utilized to invite outside experts to serve as instructors and assist in the continuous regeneration of the company's core technologies. In 2012, a total of 26 sessions were held including the TRIZ course for encouraging innovative thinking among R&D engineers.
- Manufacturing Quality College: Tasked with implementing WNC's quality strategy of zero defects and competitive goods and services. Courses offered include: Six Sigma, manufacturing, green product design, quality system, equipment, and failure analysis. By the end of 2012, 677 colleagues had completed Six Sigma courses; for ANSI/ESD training, in addition to the basic training all employees must undergo every year, refresher courses are offered plus internal training for ANSI/ESD internal auditors. In 2012, 20 courses were held.
- General Knowledge College: To raise employees' effectiveness and self-management ability, courses include freshman orientation to assist new hires to familiarize themselves with their work environment and office culture and government-mandated environmental safety and health training. New hires, from their reporting date until the end of their trial period, are also required to complete 25 blocks of e-learning dealing with company culture, the workplace environment, and system operations. In 2012, 41 courses were held.

WNC College Organization

College	Principals	Participants
Management College	CEO	First level supervisors/external consultants
Marketing College	President	Product managers/sales supervisors
R&D College	CTO	R&D center/Department–level supervisors
Manufacturing Quality College	Head Plant Manager	Manufacturing/QA center manager
General Knowledge College	HR Head	Functional unit supervisors

Classroom Learning

Apart from the five Colleges, WNC also encourages employees to participate in both internal and external training including seminars, lectures, specialized training, and on-the-job refresher courses. In addition, departments are encouraged to host reading clubs to share insights gained through books. In order to ensure quality of course content, participants are surveyed once courses conclude to understand how much information the participants absorb in courses, the teaching skills of instructors, and recommendations for course improvement.

Digital Learning

WNC's eHRD on-line learning system provides a convenient alternative learning channel offering employees a 24-hour education platform.

WNC eHRD Portal

WNC eHRD User page

5.3.3 Training participation

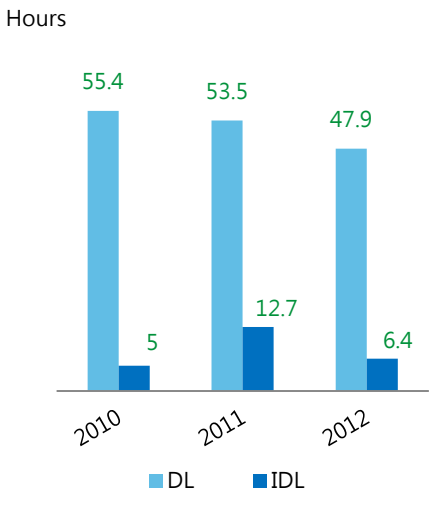
In 2012, WNC hosted training courses totaling 63,522 hours of which IDL staff took part in 59,373 hours of training and DL staff 4,149 hours; the total number of IDL participants was 1,239 (an average of 47.9 hours per person) with 648 DL participants (average of 6.4 hours per person). Average course satisfaction was 4.22 out of a maximum score of 5.

To help new employees become familiar with their workplace, understand our corporate culture, and learn about WNC's development targets, all new employees must undergo a series of new employee training courses and an in-service orientation when they report to their department. In 2012, 433 new hires took part in freshman induction training for a total of 8,947 hours in Taiwan. Operations in China recruited 3,371 new employees, and these received 104,928 hours of training.

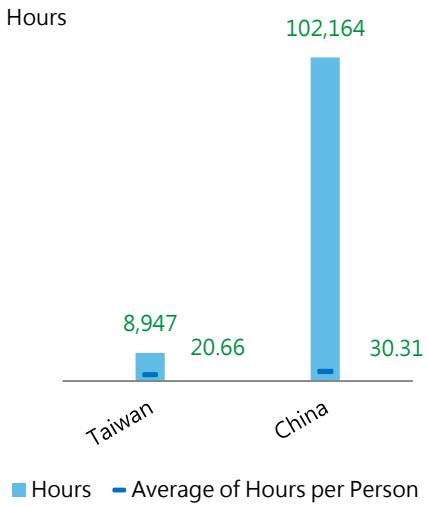
2010–2012 Taiwan Employees Training Hours Breakdown

		2010	2011	2012
WNC (Taiwan)	IDL	57,478	63,393	59,373
	DL	2,360	9,628	4,149

2010–2012 Average Training Hours for Employees at the WNC (Taiwan)



2012 Training Hours for New Hires



5.4 Employee Well-Being

5.4.1 Environment, safety and health

WNC observes various regulatory guidelines of the Environmental Safety and Health (ESH) sector and follows the below strategies in execution of ESH obligations:

- Comply with government regulatory requirements and with related international trends to carry out environmental protection and provide a safe and healthy workplace environment.
- Continuously carry out pollution and occupational injury prevention and improvement.
- All employees assist in the design and manufacture of environmentally friendly products that meet customer requirements.

WNC has worked to establish a safe and healthy working environment. Besides establishing ESH policies, WNC pays great attention to employees' education and to the execution of our health and safety regulations. An ESH examination committee has been set up to monitor the ESH management system, as well as to examine environmental aspects and assess ESH risks according to PDCA (plan-do-check-act) principles. WNC (Taiwan) and all plants in China have now received ISO 14001:2004 and OHSAS 18001:2007 certification.

WNC (Taiwan):

2009 –Healthy Workplace Accreditation Certification from the Bureau of Health Promotion

2008–OHSAS 18001:2007 certification

2005–ISO 14001:2004 certification

WebCom (Kunshan):

2012–OHSAS 18001:2007 certification

2009–ISO 14001:2004 certification

WNC (Kunshan):

2012–OHSAS 18001:2007 certification

2006–ISO 14001:2004 certification

Wistron NeWeb (Kunshan) :

2012– ISO 14001:2004 & OHSAS 18001:2007 certification

5.4.2 Occupational health and safety management

WNC carries out a broad range of risk assessments, periodically manages changes in occupational safety and health policy, and controls the impact of each change. Internal and external audit activities are held every year to ensure that the occupational safety and health system is functioning well and is improving.

An Labor Safety and Health Committee has also been set up in headquarters according to the Labor Safety and Health Act comprising 16 members with at least one third of the members drawn from worker representatives. To effectively maintain workplace safety and minimize employee health hazards, we evaluate workplace conditions periodically according to government laws regarding the monitoring of the workplace environment. A carbon dioxide monitoring system is installed extensively throughout office and factory areas. Employees can check the concentration of indoor carbon dioxide at any time. To shorten reaction times to emergencies, each WNC employee is organized into fire-prevention teams on a departmental basis. We also hold health forums, health enhancement activities, occupational safety and health training, and annual fire-prevention training.

Labor safety measures at all WNC plants in China comply with the requirements of the “Law of the People's Republic of China on Prevention and Control of Occupational Diseases” and the “Law of the People’s Republic of China on Air Pollution Prevention and Control”. Environmental and hazardous substance monitoring is also carried out in the workplace. To improve employees’ ability to respond to emergencies, annual evacuation drills are held at each plant and in all dormitories every year. Firefighting teams have also been set up and hold monthly firefighting and disaster prevention exercises.

According to 2012 occupational injury statistics, there were no disabling injuries at WNC Taiwan. The occupational injury statistics for plants in China are tabled below.

	WNC (Taiwan)	WebCom (Kunshan)	WNC (Kunshan)	Wistron NeWeb (Kunshan)
Number of disabling injuries	0	9	7	2
Working days lost due to injury	0	155	105	13
Disabling Frequency Rate (F.R.)	0	2.22	1.70	0.48
Disabling Severity Rate (S.R.)	0	115.9	25.54	3.13

5.4.3 Food safety

WNC implements the following measures to provide safe, healthy, and nutritious drinking water/meal services for employees:

- Establishment of an employee meal service committee for reviewing caterer performance and monitoring food safety-related matters
- Periodic water quality tests of water dispensers
- Cooperation with certified meal service vendors and ensuring that vendors follow all government regulations and food safety laws
- All meal service personnel are required to take periodic health examinations and those with specified infectious diseases are not allowed to provide meal services or work in kitchens
- Vendors are asked to provide certification that food preparation and meal ingredients are qualified. Random inspections are performed by WNC.
- Meal service vendors are audited to ensure that their food preparation environment, management, and staff conforms to safety and hygiene rules.
- Provide employees with a safe, hygienic, and comfortable dining environment.

5.4.4 Health enhancement

To maintain the health of employees, the following measures are implemented at Headquarters:

- Health examination for new hires, annual health examination for all employees, and additional health examinations for employees who perform special tasks.
- Outside instructors were retained to host internal nutrition seminars, sports seminars, and aromatic massages in order to improve employee health awareness.
- Health enhancement activities such as hiking, office stair climbs, weight management, and physical fitness examinations.
- Establishment of a company gym, aerobics studio, and game room.
- Various low-cost courses are offered in the aerobics studio including kickboxing, tai chi, yoga, and dance classes. All courses are taught by professional teachers.
- Free professional massages in the evenings from Monday to Thursday, helping employees relieve stress.
- Free screening for four types of cancer for early detection and treatment. Four cancer screenings promoted for different age groups and a mobile cancer prevention vehicle organized for employees.
- Employee health exams and one-on-one consultations provided by hospital physicians concerning health exam results.
- Arrangements for doctors to visit the manufacturing plants and provide health advice.
- One additional factory nurse hired in June, 2012. WNC Taiwan now has two factory nurses on duty to plan and execute health-promoting activities for employees.

5.4.5 Gender equality

To prevent workplace sexual harassment and ensure that the workplace is friendly to both male and female employees, measures for preventing workplace sexual harassment have been established and are in practice. Pregnancy discrimination is also strictly forbidden at WNC. Employees can apply for family leave and unpaid parental leave to raise their children according to the Labor Standards Law and the Gender Equality in Employment Act. We also offer menstruation leave, maternity leave, miscarriage leave, and additional lactation breaks for female employees. All plants in China comply with the "Special Rules on the Labor Protection of Female Employees" in providing maternity leave, miscarriage leave, and additional breastfeeding breaks to help female employees maintain a balance between work and family.

Breastfeeding room at Headquarters

5.4.6 Communication mechanisms

WNC not only provides a variety of open and transparent communications but also continues to strengthen our bi-directional, real-time communications with employees for the benefit of both the company and employees.

To care more for employee working conditions and strengthen employee relations, WNC has established an Employee Representative Committee in our Headquarters. The committee, which is drawn from all employees, functions as a feedback channel for colleagues to raise workplace-related issues. It delivers opinions to the management team and replies to employees' concerns and suggestions after thorough consideration. The members are department representatives elected by each department. WNC's CEO serves as the committee

president and appoints two administrators to be responsible for the operations of the Employee Representative Committee. Committee meetings are held quarterly. In 2012, four committee meetings were held and 107 proposals were discussed, including 20 employee meal service items, 15 parking issues, 39 employee welfare items, 27 working environment items, 6 PC/IT issues. In addition, during the freshman seminar held at the end of the first three months of service, WNC's CEO responds in person to any concerns of new employees.

All WNC plants in China have set up an employee suggestion box (also known as the Factory Manager's Mailbox) for signed or anonymous questions/complaints relating to work or private life. The letters are immediately read by the factory manager then forwarded to the relevant units for monitoring and handling. A 8585 ("Help Me") employee assistance hotline have also been set up. Through e-mail and telephone, WNC provides employees with consultation services, helps employees solve their problems, and also organizes employee support groups at different times.

WNC (Taiwan) Company Culture Orientation

5.4.7 Employee welfare committee

WNC has established an Employee Welfare Committee to carry out overall planning. Representatives from employees and the management team coordinate use of employee welfare funds to further improve relations between management and employees. The annual employee welfare budget is contributed by company revenue and employee salaries. The Employee Welfare Committee develops activity plans according to the budget and WNC business strategies while centering on two themes: health care and quality-of-life improvement. In 2012, a wide variety of activities were offered including:

- Company-wide events: Including the year-end party, lantern festival riddle contest, mid-autumn festival evening party, and book shows.
- Cultural activities: 25 events including seminars and arts and crafts DIY classes.
- Department trips and outings: 94 in total
- Exercise courses: Aerobics, Tai Chi, and Yoga courses. A total of 4 sessions were held with each session containing 10 classes. A total of 375 people participated in these activities.

Employee travel and recreation activities

WNC encourages all of its employees to take advantage of the subsidies and incentives available and participate in its activity clubs. In 2012, a Mountaineering Club was established in addition to a music society and clubs focusing on golf, basketball, softball, badminton, table tennis, bowling, foosball, and photography. A total of 502 employees have joined activity clubs and the 10 major clubs meet or practice every week.

In 2012, WNC plants in China hosted the following events:

- Company-wide events: The Year-end Banquet, “Dragon of the Four Seas” Dragon Boat Festival event, “National Day & Mid-Autumn Festival” karaoke competition, and Christmas Eve festivities.
- Sports events: A 3-on-3 basketball competition and All-Stars game, badminton competition, and competitions involving dual basketball dribbling, balloon popping, group skipping, and group three-legged races.

Art DIY classes

2012 Year-end party

5.4.8 Recreational and sports equipment

WNC offers its employees a gymnasium with a range of exercise facilities and a reading room. The Art Corridor adjacent to the reading room exhibits works by local Taiwanese artists. The Sunshine Corridor posts pictures of employee activities.

Gymnasium and games room in Headquarters

Employee dormitories in China are provided with fully-furnished living centers. Apart from the cafeteria and supermarket, facilities include an internet cafe and arcade games. To encourage employees to engage in health-promoting activities in their spare time, they are also provided with a spacious badminton court, basketball court, ping-pong tables, and pool tables.

Gymnasium and games room in China factories

06

Supply Chain Management

Supply Chain Management Active Index

Implementation of green purchasing

WNC EICC Management Committee

Supplier CSR Survey

Conflict Minerals Management and Policy

Regional Distribution of Suppliers

Supplier Relations

Customer Relations

Contractor Health and Safety Management

In order to meet its corporate social responsibilities, WNC makes environmental protection and improvement of health and safety management an important part of supplier management. We seek to actively create a complete up-, mid- and downstream green supply chain. To ensure compliance with environmental requirements, environmental protection regulations and controls are included in audits of component suppliers and incoming materials inspection procedures. WNC also works with suppliers in the implementation of P-D-C-A improvement cycles to realize sustainability of our supply chains.

6.1 Supply Chain Management Active Index

6.1.1 Supplier quality agreements

In order to create a green supply chain, from 2006 WNC began requiring suppliers to sign a Supplier Quality Agreement, and our China operations began following suit in 2007. This agreement requires suppliers to strictly observe WNC's Regulations on the Restricted Usage of Environmentally Hazardous Substances and when required submit inspection reports from third party verification institutions regarding manufacturing, green product design, and hazardous substances source management and to include green management principles in supplier management systems. By the end of 2012, a total of 752 materials suppliers including 424 in Taiwan and 328 in China had signed WNC's Supplier Quality Agreement. Going forward, we will continue to have all our suppliers sign the Supplier Quality Agreement to ensure that all products designed and manufactured by WNC can simultaneously meet customer requirements and comply with international hazardous substances regulations thus achieving our objective of establishing a green supply chain.

2007–2012 Supplier Quality Agreements Signed

Year	2007	2008	2009	2010	2011	2012
WNC	183	280	384	394	405	424
WebCom (Kunshan)	N/A	32	35	42	65	92
WNC (Kunshan)	25	62	94	133	156	174
Wistron NeWeb (Kunshan)	N/A	N/A	N/A	N/A	N/A	62

6.1.2 Supplier selection and improvement

WNC has strict guidelines for selection of suppliers. Besides operational and engineering ability, certification of quality systems has become a non-negotiable condition of selection. Regular suppliers are required to secure ISO 9001 certification, and for automotive component suppliers, the possession of QS 9000/TS 16949 certification is a key consideration during the selection process. In order to raise the quality of suppliers, WNC combines materials, supplier management, and R&D units into a Vendor Performance Evaluation Committee (VPEC) that meets quarterly to perform an overall evaluation based on supplier performance indicators. On-site inspections and audits also ensure that vendors are complying with WNC requirements. Suppliers with a poor evaluation are invited to conduct a joint review and develop proposals for improvement. WNC also assigns personnel to provide assistance, education, and supervision. Industry reviews are conducted with top supplier managers based on the WNC annual plan. Product and service quality are reviewed, future developments are outlined, and latest industry trends updated in order to launch new products and services that satisfy market requirements.

6.1.3 e-Supplier management system

e-Kanban

In/out monitoring of suppliers is used to monitor production yields and improve the effectiveness of joint quality controls. If a production bottleneck is encountered, both parties engage in a technical review to correct the problem as quickly as possible. Efforts are made to reduce the generation of poor-quality waste that presents difficult waste disposal and environmental pollution problems.

Q-Kanban

WNC's outsourced and in-house components are subjected to Statistical Process Control (SPC) and a new system platform for mold maintenance and monitoring. A real-time automated supplier process early-warning mechanism is put into place to monitor the supplier's production capacity, quality, mold casting, and mold maintenance. These help to prevent quality problems and waste.

PCB Traceability

Internal BPI (Business Process Improvement) projects at WNC as well as the joint PCB non-conformity tracking mechanism for suppliers allow PCB quality issues to be quickly identified and the production data retrieved for analysis. Traceability management for key processes greatly reduces the cost of recalls from misjudgment or the chance of production delays.

6.2 Implementation of Green Purchasing

WNC is engaged in the active promotion of green purchasing by requiring both upstream and downstream suppliers to observe our Restricted Usage of Environmentally Hazardous Substances and sign the “Supplier Statement on Non Use of Environmentally Hazardous Substances”. Suppliers are in-turn required to guarantee that products and parts supplied (including bundled accessories, packaging, and other materials) include no prohibited substances harmful to the environment and that products meet all relevant international regulations such as RoHS, WEEE, REACH, ErP, and the European Battery Directive. In addition to signing the various Environmental Protection declarations, WNC has incorporated hazardous substance controls in its incoming materials inspection procedures. For raw materials that contravene controlled substance regulations, offending suppliers are requested to immediately submit measures for improvement and prevention.

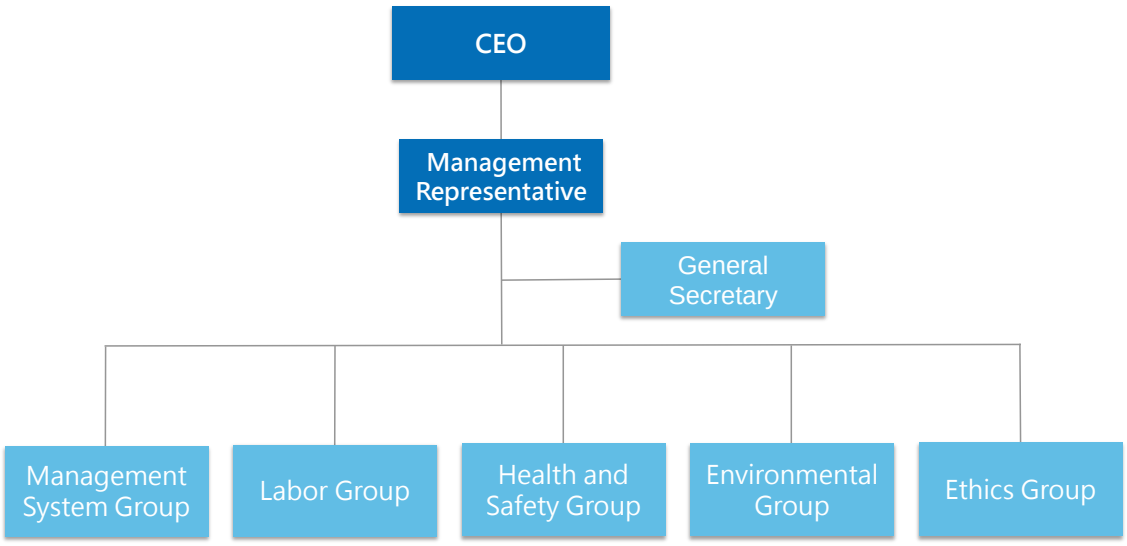
Starting from 2012, the part certification process of the Production Part Approval Process (PPAP) was optimized with clear inspection checklists and regulations put into place. This implements controls at the source to prevent quality issues with production specifications that lead to unnecessary waste and social costs in the future and help WNC fulfill our responsibility to the environment.

WNC Green Product Management Directives

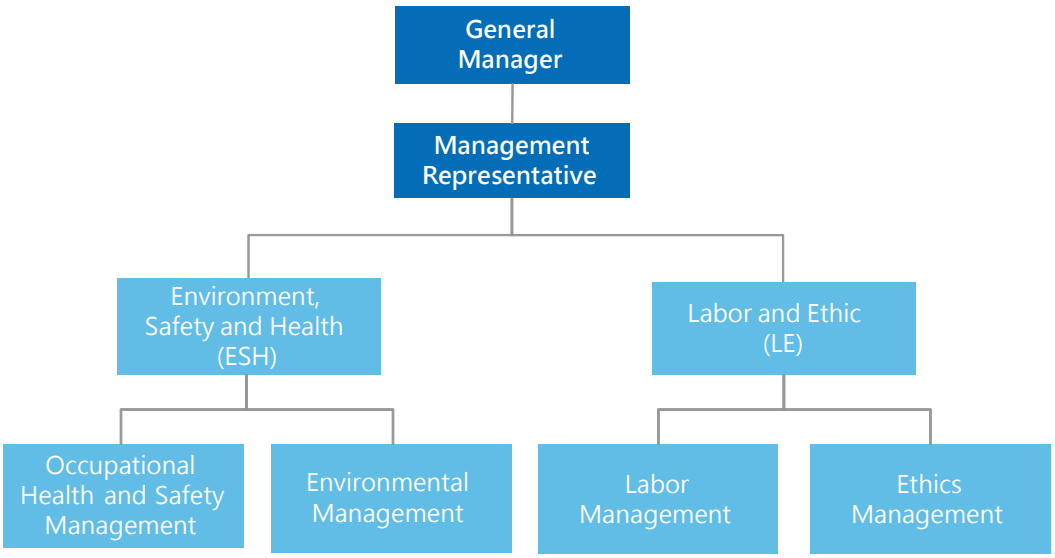
6.3 WNC EICC Management Committee

WNC has voluntarily adopted the Electronic Industry Code of Conduct (EICC) from the Electronic Industry Citizenship Coalition and plans to apply the code throughout our entire supply chain. The WNC EICC Management Committee was formed by WNC Taiwan in July 2012, while the EICC Management System was jointly set up by all plants in China in August of the same year. The management activities demonstrate WNC's willingness to accept our social and environmental responsibility, obey a business code of ethics, enhance our company's image in society, as well as support international standards and developments in labor, health, & safety, environmental protection, and codes of ethics. WNC has also issued the WNC Electronic Industry Code of Conduct Manual as a guide for our affiliated enterprises, employees, and suppliers to follow.

EICC Management Structure: WNC (Taiwan)



EICC Management Structure: China Sites



6.4 Supplier CSR Survey

WNC assigns great importance to supper interaction and education. We not only push ourselves to embrace the requirements of our CSR but also hope that our suppliers will learn and grow with us as well. In 2012, a supplier CSR survey was officially implemented requiring suppliers to sign and return a WNC Supplier Code of Conduct based on the EICC's Electronic Industry Code of Conduct and to observe its related social responsibilities. By the end of 2012, a total of 419 suppliers in Taiwan and China had signed the WNC Corporate Social Responsibility (CSR) Declaration. 381 suppliers had also signed the WNC Group Supplier's Commitment for Code of Ethics. Upon completion, surveys will be sent out to understand supplier performance in aspects of their working environment, performance in environmental protection, company management, and corporate ethics.

6.5 Conflict Minerals Management and Policy

WNC's sustainable development philosophy is expressed through our performance in environmental safety and health, environmental protection, supplier education, and social contribution. We have also made global labor rights an issue of concern as part of our CSR obligations. On the subject of conflict minerals, WNC is not involved in the direct purchase of metals. We have also declared that we will not use Tin (Sn), Tungsten (W), Tantalum (Ta) and Gold (Au) ores from the Democratic Republic of Congo (DRC) and its surrounding countries/region. Suppliers have also been investigated using the Conflict Minerals Reporting Template developed jointly by the EICC and Global e-Sustainability Initiative (GESI). Starting from 2010, WNC required suppliers to sign the "Non-Use of Conflict Minerals Compliance Pledge". Around 86.8% of our suppliers in Taiwan and China have signed the declaration and completed the conflict minerals investigation by the end of 2012. We have taken concrete action to stamp out the use of conflict minerals and issued the "WNC Prohibition on Conflict Minerals Policy" to show our commitment to the ban of conflict minerals.

Non-Use of Conflict Minerals Declaration and Investigation

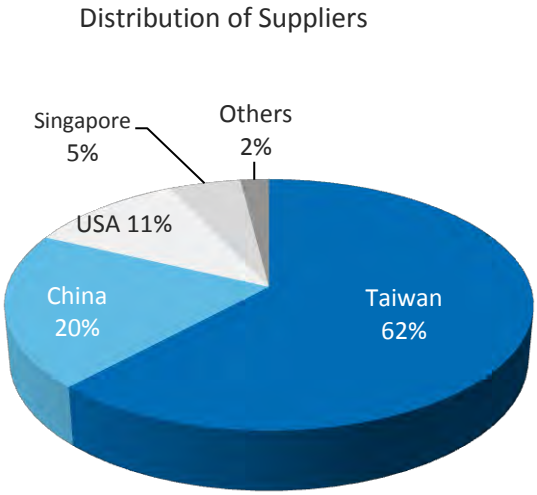
	Total Suppliers	Supplier's Approval Received	%
Taiwan	166	166	100%
China	502	414	82.5%
Total	668	580	86.8%

WNC Prohibition of Conflict Minerals Policy:

1. No product shall use ores from the DRC and illegal mines in the surrounding area as well as those mined in poor working conditions.
2. Require suppliers to ban the use of conflict minerals and disclose their sources for Tin (Sn), Tungsten (W), Tantalum (Ta), and Gold (Au) ore.
3. Suppliers are asked to convey this policy to their own upstream suppliers and supply chain.

6.6 Regional Distribution of Suppliers

According to 2012 statistics WNC's suppliers are mainly located in Taiwan (62%). Major categories of supplied raw materials and components include integrated circuits, circuit boards, display panels, electromechanical components, mechanical components and packaging materials.



6.7 Supplier Relations

Developing long-term partnerships with suppliers has always been a very important operational policy of WNC. Suppliers play an important role in raising sustainable competitiveness in any corporation. WNC awards and expresses its gratitude to suppliers for their outstanding performance and special contributions in its annual supplier conference. Since corporate social responsibility has already become a common concern that corporations must face in the pursuit of sustainable operations, WNC encourages suppliers to join together to achieve these mutually beneficial goals.

The WNC President awards suppliers for their outstanding performance.

6.8 Customer Relations

WNC's quality policy: On-time delivery of zero defect, competitive products and services to our customers.

As an ODM/JDM/OEM manufacturer, WNC views customer relationships as one of its most important core values. WNC is committed to imparting a spirit of innovation in its product's functions and in developing customer-oriented operation processes by applying its present R&D resources in the rapid development of customized products that meet highly complex market trends, product specifications, and service requirements. In this process WNC not only takes a fresh look at previous designs and manufacturing processes, it also modifies design frameworks by adopting modularization and taking advantage of its strengths in RF antenna, hardware, software, mechanical design, system integration, and user interfaces.

WNC has instituted a customer satisfaction mechanism. In October of every year, a satisfaction survey and analysis is carried out on product quality, technology, delivery, and other service items in order to raise the trust and satisfaction customers hold for WNC products. Through this customer satisfaction survey, WNC is able to more closely understand how customers feel about the services they receive from different business units and the quality of different products; the customer services division passes on its analysis of reasons for dissatisfaction to business units for drawing up and execution of improvement plans and tracking improvement initiatives with the ultimate goal of winning customer recognition of improvements.

6.9 Contractor Health and Safety Management

In order to ensure safety of both contractors and WNC employees and maintain facility safety and observe related labor health and safety regulations WNC has drawn up a Contractor ESH Management Procedure. This document clearly demarcates the powers and responsibilities of company units and contractors and describes ESH issues requiring of attention. Contractors are required to sign a safety undertaking before entering WNC facilities and are required to undergo health and safety training before commencing work. With regards to high risk work WNC has drawn up a Dangerous Work Permission Management SOP.

With regards to control of special operations standing orders are also in place. The orders include fire work, work in elevated locations, suspension work, work in confined locations, and other work with immediate dangers. These operations all require separate permissions, with different requirements for safety equipment and control procedures according to the nature of the work. Currently WNC has yet to require contractors to adopt the OHSAS 18001 system but they are notified of contractor management requirements under OHSAS 18001 and related industrial safety information are made available to them including identification of chemicals and operations and emergency response measures, evacuation procedures and related fire-fighting and disaster relief concepts. The implementation of this requires contractors and employees to already have a degree of understanding of WNC's ESH policies and a degree of knowledge of related ESH regulations.

07

Environmental Protection

Green Management Organization and System

WNC Green Product Directives

Emissions Management

Recycling and Waste Management

Carbon Emissions Management

Energy Efficient Working Environment

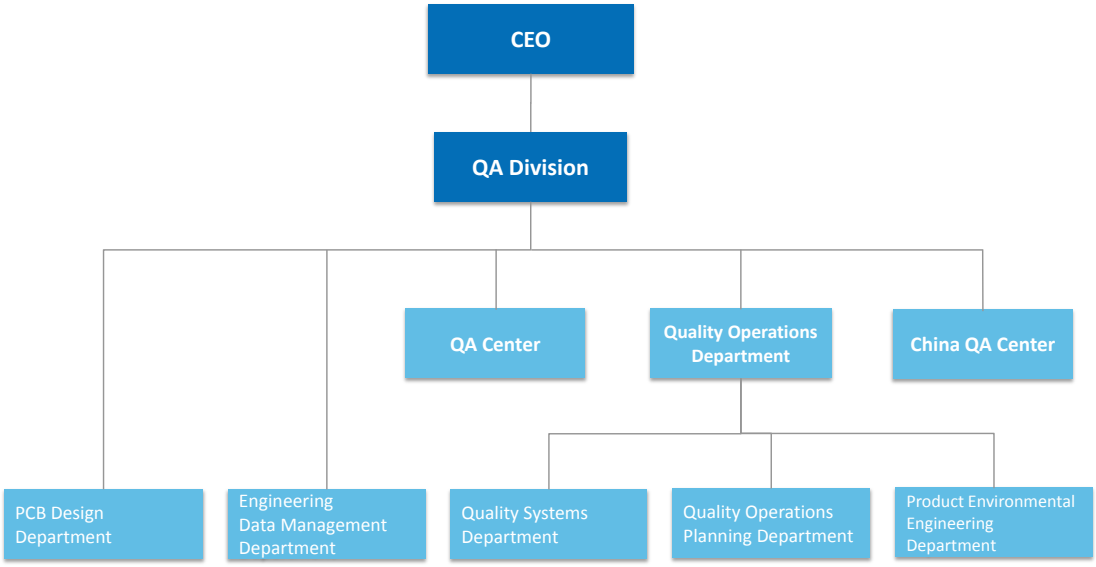
All of WNC's employees are engaged in exercising our responsibilities of environmental protection and in observing regulation for environmental protection. In addition the promotion of environmental protection concepts with our suppliers with the goal of creating a green supply chain has become a key mission of the company.

WNC's Hazardous Substances Free Policy: Green design, environmentally friendly operations, green manufacturing, customer satisfaction, regulatory compliance, outstanding innovation

7.1 Green Management Organization and System

In August 2011, WNC established a product environmental engineering division tasked with coordinating all internal and external matters relating to green products including: evaluation and execution of compliance with international laws, regulations, and customer environmental protection directives, promotion of green product continual improvement initiatives, control of restricted substances and auditing of green products, management of environmental standards for suppliers, and regular audits of the effectiveness of WNC's green policies implementation.

Green Product Management Organization



7.1.1 Quality system certifications

WNC Product Quality Certifications

Management System	WNC (Taiwan)	WebCom (Kunshan)	WNC (Kunshan)	Wistron NeWeb (Kunshan)
ISO9001:2008	○	○	○	○
EICO QC080000:2005	○	○	○	
ISO/TS 16949:2009	○		○	
ANSI/ESD S20.20-2007	○		○	

WNC became a certified SONY Green Partner in 2007 and has continued to pass certification every year since.

7.1.2 Hazardous substances management

Awareness of the need for environmental protection has increased worldwide, and manufacturers now attach great importance to sustainable operations. In response to the requirements of international environmental protection directives and standards for restricted usage of environmentally hazardous substances from specific customers, WNC introduced a green product management system in 2006. This was performed in accordance with international environmental protection directives (such as RoHS and REACH) and requirements for restricted usage of environmentally hazardous substances from key customers.

WNC has set up a control list of hazardous substances to manage materials within factories and raw materials of the manufacturing processes through the supplier side. For products constrained by related directives or by customers themselves, WNC specifies management procedures, implements lead-free processes, and utilizes XRF equipment for the inspection of incoming materials. All measures help WNC to perform reliable and rigorous monitoring of environmentally hazardous substances in raw materials and products from the product design stage to the end of the production process.

In line with halogen-free product manufacturing trends, WNC has also enforced halogen-free standards in production processes to reduce their environmental impact. We are also using green purchasing and communications to work with our suppliers on meeting international

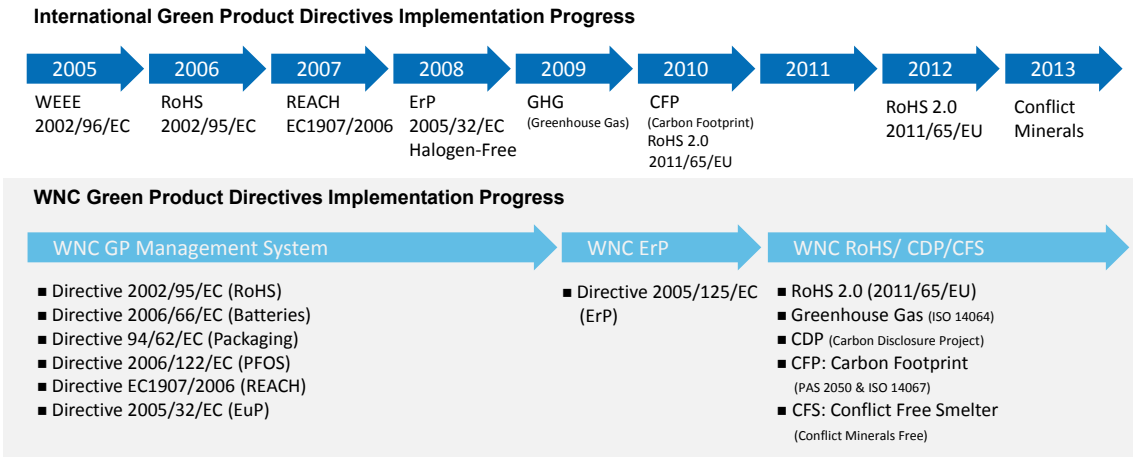
environmental standards. Every effort is made to provide customers with design and manufacturing services that are energy-saving, toxin-free or of low-toxicity, low polluting, and that use recyclable materials. After the implementation of its green product management system, WNC was honored with Sony's Green Partner certification in 2007 and has, to date, passed all subsequent annual inspections. WNC has also been recognized by more than 50 other major customers as a green partner.

7.1.3 Eco-design requirements for energy-using products

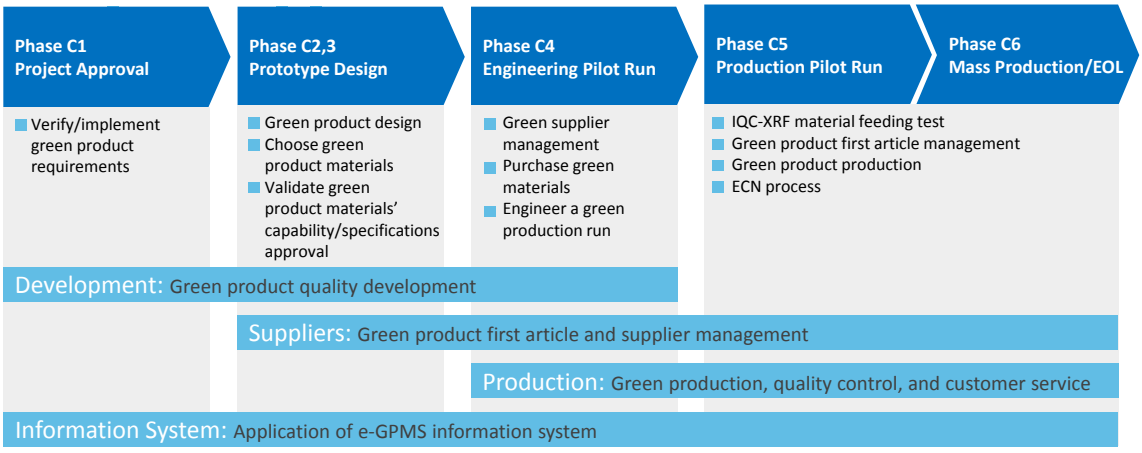
In 2009 WNC completed training on the Directive for Eco-design Requirements for Energy-using Products (EuP) led by the Industrial Development Bureau of the Ministry of Economic Affairs. WNC has made the pursuit of eco-design a fundamental requirement of its design process and considers environmental protection factors in the earliest stages of product design and development. With product LCA (life-cycle assessment) principles at the forefront, WNC identifies eco-design parameters such as hazardous substance restrictions, energy efficiency, recycling and reuse, and environmental impact. Meanwhile, WNC raises supplier side requirements to ensure that design components meet the eco-design requirements of energy-using products as specified by WNC.

7.2 WNC Green Product Directives

WNC and International Green Product Directives Convergence Diagram



Green Product Management Process Flow



7.3 Emissions Management

WNC's business belongs to a technology-intensive industry of research and development. Since our manufacturing processes only include SMT (Surface Mount Technology), precision assembly, testing and R&D, pollutants such as waste gases, waste water, undesirable noise, or toxic substances are relatively rarely generated. In addition, except for CO_2 exhaust due to power consumption, there are no other air pollutants generated (such as NO_X and SO_X). As for disposal of waste materials, WNC invites only specialist operators recognized by Taiwan's EPA and makes related declarations online as required to ensure that no environmental contamination occurs. WNC implements all applicable pollution prevention tasks in a positive feedback cycle under its well-prepared management system and regularly inspects its waste treatment plant to ensure proper operation. Furthermore, it continuously carries out a systematic operational management scheme to improve environmental safety and health.

WNC attained ISO 14001:2004 Environmental Management System Certification in November 2005 and has continued to systematically improve its health and safety operations management. In addition to the environmental aspects of green management, WNC is focused on implementing environmentally friendly concepts into its product design, development, and production processes and, at the same time, instilling the values of conservation into the personal and professional lives of its colleagues.

7.4 Recycling and Waste Management

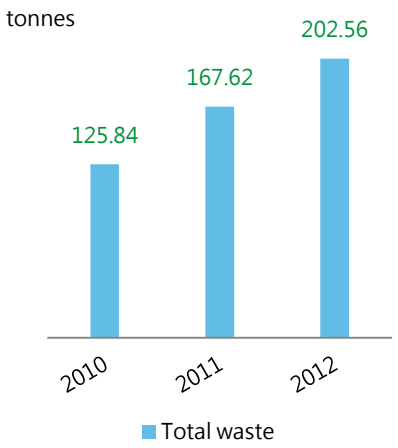
WNC takes great effort to develop and manufacture green products which comply with environmentally-friendly requirements of low toxicity, low pollution, energy efficiency, low resource consumption, and easy recyclability. Even in the final packaging and delivery stage, recyclable materials such as paper or plastics are utilized. WNC completely prohibits the use of the substances Pb, Cd, Hg, Cr(VI), PBB, and PBDE in line with RoHS standards on packaging materials. Plastic materials containing PVC are also banned. WNC strives to reduce packaging volume and modifies stacking methods to increase overall loading capability. To carry out garbage sorting and waste reduction measures, WNC sets up waste storage areas that conform to related standards and contracts with qualified waste disposal companies.

In the past, laser direct structuring (LDS) antennas were recycled as waste-mixed plastics. These are now melted down to recover the gold content and increase their reuse value after consulting with our vendors. Approximately 13 tons of LDS antennas were recovered in 2012.

WNC Taiwan's waste output in 2012 sorted by category is shown below along with the total waste statistics for the past three years. In 2012, the China plants produced a total of 746.30 tonnes of waste.

In 2012, WNC did not experience any significant leakage incidents or receive any penalties or fines for violations of environmental protection regulations.

Recent Three Years Total Waste Generated (WNC)



2012 Waste Materials by Category (Taiwan)

Name of Waste	Declared Weight (tonnes)
Mixed plastics	12.61
Mixed paper	11.72
Household refuse	14.15
Metal PCB scrap and waste	24.21
Liquid waste (pH 12.5)	42.28
Liquid waste (pH 2.0)	39.75
Liquid waste with a flashpoint of less than 60 C (not including alcohol with less than 24% ethanol)	24.88
Electronic components, leftover materials, and NG products	14.05
Mixed wood wastes	12.48
Mixed metallic wastes from different treatments	5.77
Waste PCB with attached components	0.66
Total	202.56

7.5 Carbon Emissions Management

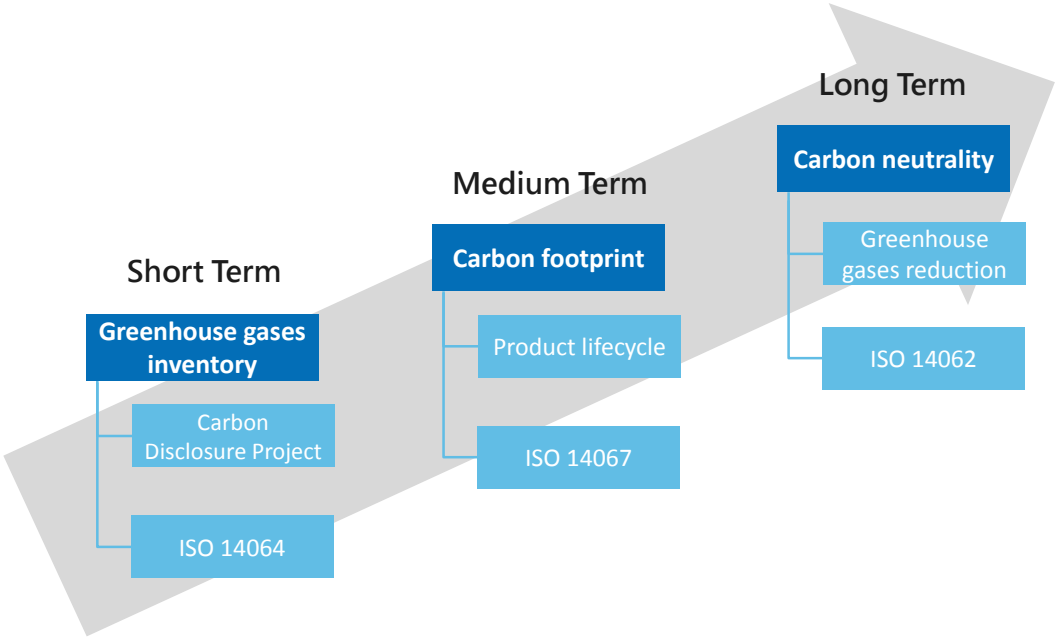
According to the findings of the Intergovernmental Panel on Climate Change, greenhouse gases are a major cause of global warming. In addition, the impact of global warming will not just be on the global environment; it will also impact the everyday life and economic activity of all the Earth's peoples. To address the impact of climate change on business operations, disclosure of carbon emissions management and carbon emissions data is of increasing importance.

In response to international trends and government policy, WNC has drawn up short-, mid-, and long-term plans to achieve reductions in CO_2 emissions:

- Short-term plan — execute greenhouse gas inventory and pass ISO 14064 to serve as a basis for CO_2 management and database construction.

- Mid-term plan — execute a product carbon footprint program and pass ISO 14067. By calculating product GHG emissions throughout every stage of its lifecycle, identify potential room for further carbon reductions in the product lifecycle.
- Long-term plan: Promote carbon reduction initiatives such as clean production and a green factory based on the organizational GHG inventory and product carbon footprint audits with carbon neutrality as the goal.

WNC Carbon Management Program

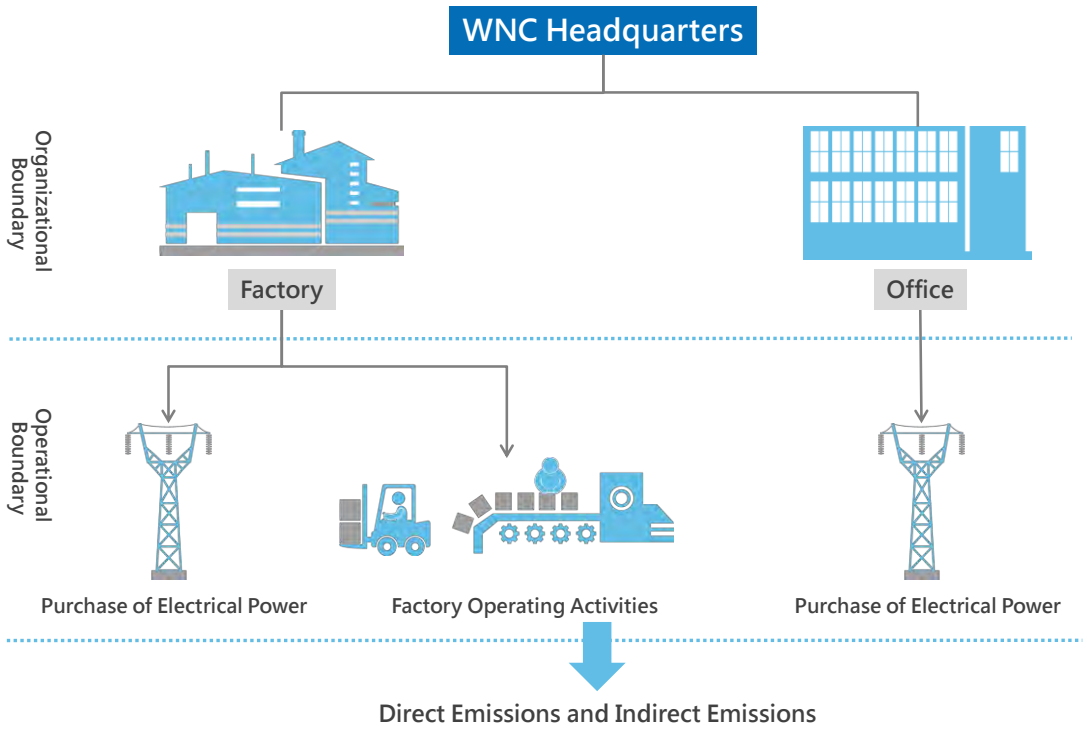


WNC has established carbon partnerships with a number of customers and suppliers. WNC proactively participates in carbon-emissions-related training and carries out carbon emissions inventory and reduction plans as well as joining the Carbon Disclosure Project. In 2012, WNC manufactured over five products that complied with customers carbon footprint inventory and disclosure procedures.

7.5.1 Greenhouse gas emissions inventory boundary

As a corporate citizen, WNC must face critical issues such as climate change and global warming and incorporate the articles of the Kyoto Protocol into its corporate responsibilities. Since 2012, WNC has defined our organizational boundaries in response to customer requirements and conducted a phased GHG inventory. In December 2012, Wistron NeWeb (Kunshan) in China passed the China Quality Certification Centre's SO14064-1 certification process, and 2012 emissions totaled 8,347 tons of CO_2e. In February 2013, WNC Taiwan completed its own GHG inventory, and 2012 emissions totaled 8,320 tons of CO_2e.

WNC Greenhouse Gas Emissions Inventory Boundary Diagram



7.6 Energy–Efficient Working Environment

The primary source of energy for WNC's Taiwan and China plants was electricity with a small amount of diesel for emergency generators. Low winter temperatures in China however meant that diesel was also used for heating. Natural gas was used only for cooking by the cafeteria contractor at WNC Taiwan. All group meals at China plants were provided by outside caterers so natural gas was not used. Statistics showed that WNC Taiwan and China plants' consumption of electricity, diesel and natural gas in 2012 were as shown in the following table.

Primary Energy Consumption Statistics

Location	Electricity (kWh)	Diesel (L)	Gas (m^3)
WNC	15,113,200	0	N/A
WNC (Kunshan)	15,874,898	34,800	N/A
Wistron NeWeb (Kunshan)	10,088,343	20,880	N/A
WebCom (Kunshan)	5,133,639	52,200	N/A
WebCom (Nanjing)	226,940	0	N/A

Note: 1. WNC Taiwan's electricity statistics are based on the billing cycle dates.
2. WNC (Kunshan) 's data included power consumption at NeWeb Service.

Since WNC is involved in a technology-intensive R&D industry, no water waste is generated during its production processes, and all waste water discharged is from domestic sewage. The total water consumption, total waste water, and average waste water per person at WNC Taiwan and the China plants in 2012 are shown in the table below.

Total Water Consumption/Waste Water Statistics

Location	Total water consumption (m^3)	Total waste water (m^3)	Average Waste Water Per Person (m3)
WNC	64,891	29,318	14.78
WNC (Kunshan)	85,672	42,836	18.95
Wistron NeWeb (Kunshan)	49,712	24,856	11.11
WebCom (Kunshan)	46,209	21,604	7.70
WebCom (Nanjing)	1,848	1,200	8.05

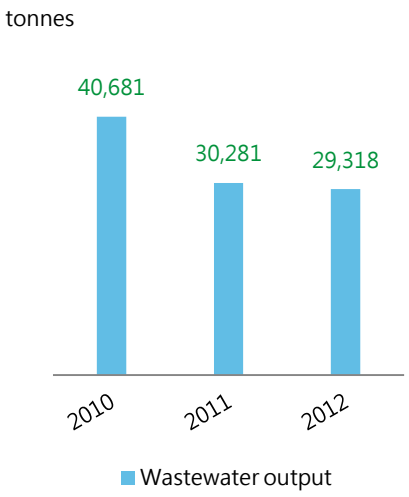
Note: 1. WNC (Kunshan) 's data included power consumption at NeWeb Service..

Taiwan is a water-poor region according to global water resource standards. WNC's water management measures take two main forms, including water consumption reduction as well as recycling and reuse. The following are the water-saving and energy-saving related measures WNC has applied:

Water conservation measures:

- WNC (Taiwan) uses water-permeable ground to plant plants and grass, use of planting bricks to replace normal bricks on the u-turn floor for cars and parking. These measures increase greening and strengthen surface drainage.
- All Taiwan and China plants use of induction taps in toilets, and setting of water taps in tea rooms to the minimum water discharge level.
- WNC (Taiwan) uses cisterns to recycle water. The total amount of recycled water each year is around 17,769 tonnes, including cooling tower water is around 13,846 tonnes , recycled rainwater is around 1,292 tonnes and reflow from cooling water is around 2,631 tonnes. The recycled water is used for the cooling tower, plant watering and toilet cleaning on each floor
- WNC (Kunshan)'s water conservation improvements recovered around 3,096 tonnes of water from air-conditioning condensation in 2012.

Wastewater Output at WNC (Taiwan) over the Past Three Years



Power conservation measures:

Wind driven generator

- WNC (Taiwan) and all China plants maintain air-conditioning temperatures at 26 °C ± 2 °C in the summer.
- Lighting in all Taiwan and all China plants is only used in active sections of the production line.
- WNC (Taiwan) and the Chinese plants used make-up air unit (MAU) air-conditioning during winter to reduce indoor temperatures.
- Cooling towers and fans are installed with temperature control and frequency conversion features in WNC (Taiwan) and all China plants.
- WNC (Taiwan) uses a heat recycling system in its main cooling unit.
- Air compressors at WNC (Taiwan) use load-balancing between variable frequency and full frequency units to reduce power consumption.
- WNC (Taiwan) signage illumination is powered by three wind generators.
- WNC (Taiwan) uses time switching and induction lighting for parking lot illumination.
- WNC (Taiwan)'s new facility was designed to make maximum use of natural sunlight. Made of 8+12A+8 mm LOW-E glass, the exterior glass curtain walls can achieve energy-saving effects.
- WNC (Taiwan) uses tunneling to reduce external temperatures and lessen air-conditioning loads.
- WNC (Taiwan) increased output water temperature from the air-conditioning chiller to lower power consumption. The starting and stopping of the chillers and feeders are also based on indoor loads.
- The WNC (Taiwan) office and plant lighting designs meet CNS standards.
- WNC (Taiwan) offices use thermostat-controlled air-conditioning. Air-conditioning can also be controlled by zone and time to avoid wasting power due to over-cooling.
- WNC (Taiwan) has implemented floor access controls for the elevators. Water coolers are also time-controlled to avoid wasting electricity.
- All Chinese plants have adopted LED lighting that reduces energy consumption by over 65% or 650,000 kWh per year. By reducing the number of lamps per circuit in public areas, 1,380.45 kWh have also been saved each year.
- All Chinese plants recover the heat from the pre-heating of Surface Mounting Machines (SMT). The heat is used to warm the workshop in winter and has saved approximately 5 tonnes of diesel each year.

- The ventilation system at all Chinese plants use variable frequency control.
- Constant humidity and temperature improvements to the cooling tower of the WNC (Kunshan) in China have saved 10,788 kWh per year.

Waste reduction measures:

- WNC (Taiwan) and all China plants promote paper-free office programs and encouragement of employees to recycle resources and reduce waste.
- WNC (Taiwan) and all China plants do not allow use of disposable eating utensils or paper cups.
- WNC (Taiwan) and all China plants' restaurants only use reusable eating utensils.
- WNC (Taiwan) offers dissolvable short-fiber toilet paper.

Low-carbon lifestyle measures:

- LOHAS seminars are held to promote energy-saving habits and also to implement green-environment-related activities.

Bright hall with natural sunlight

08

Social Care

Youth Development

Concern for Disadvantaged Students

Assisting Social Welfare Groups

Fundraising

Construction of a Social Outreach Donation Platform

WNC has continued to commit itself to its four major social care programs of financial and manpower support to youth professional development, care of disadvantaged school children, assistance to charitable organizations, and collection of disaster relief funds.
Additionally, WNC kicked off its social care program under the name “WNC Social Care Assistance”. The company completed setting up of a “WNC Social Care Assistance Platform” on its internal website with the purpose of providing a convenient channel for employees to obtain social care information, to make donations, and offer assistance on-line.

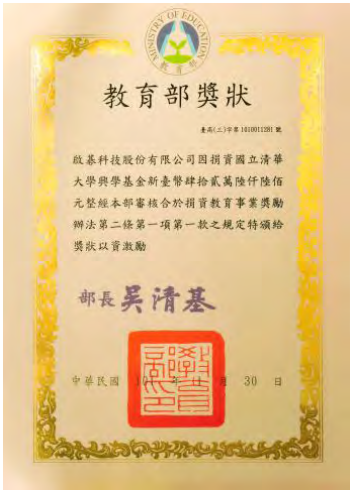
All Chinese plants began engaging in social participation activities in 2012. Funds were allocated for the purchase of everyday goods and gifts for donation to local seniors’ homes and kindergartens. WNC also hosted local street clean-up events and encouraged employees to take part.

National Tsinghua University Science Service Club High School Science Camp

8.1 Youth Development

In the amount of NT$400,000 annually for each club, WNC provides long-term subsidization of the After-School Volunteer Club and the Science Promotion Club of National Tsing Hua University, encouraging its members to apply their knowledge to serve and care for young people.

Through the process of composing proposals every year based on the actual needs of students, club members learn from real experience how to plan an after-school program, to properly allocate resources, to perform benefit assessments, and to evaluate performance. Helping club members improve their planning, execution, and presentation skills helps them lay a solid foundation for their future performance.



教育部獎狀

啟基科技股份有限公司捐資國立清華大學與學基金新臺幣肆拾貳萬陸仟陸佰元整經本部審核合於捐資教育事業獎勵辦法第二條第一項第一款之規定特頒給獎狀以資激勵

部長吳清基

中華民國 30 日

Department of Education certificate recognizing WNC's support of National Tsing Hua University's

8.2 Concern for Disadvantaged Students

In June 2009, WNC began subsidizing the After-School Volunteer Club of National Tsing Hua University. This after-school program targets those in need of assistance as defined by the Department of Social Welfare. These students include elementary and junior high school students that are raised by a single parent or grandparents or from families with low income, domestic violence, or other special backgrounds. The program provides children with homework guidance, course review, daily life problem solving, and mentoring. One tutor usually takes care of the same children, which may be on a one-on-one or one-on-two basis to effectively improve the self-esteem and scholastic performance of those children.

From 2010, the After-School Volunteer Club also began working with Hsinchu's Renai Children's Home. Club members visit the home every Thursday and Friday to provide homework assistance and help in the early discovery of learning disabilities. In 2011, an additional mentoring system was provided to high school students that are not in or planning to enroll in a standard high school. Subject-specific counseling was also provided based on the student's own interests and direction of development. Students are given assistance with passing their professional licensing exam as well as continuing with their studies. In 2012, apart from academic

Regular after–school tutoring

counseling, WNC also hosted “The Colorful World—Life Learning Tour”. Orphans were invited to experience city culture and take part in a surprise-filled Christmas.

In 2011, WNC became a sponsor for the National Tsinghua University Science Service Club (SSC). The SSC has long organized high school science camps and science carnivals during the winter and summer breaks where students learn how to conduct science experiments. Thanks to WNC sponsorship, the SSC was able to host disadvantaged students at the science camps for free and take the event to remote schools. A series of science mentoring events are now planned for the Huashan Junior High School in Henshan Township, Hsinchu County, in 2013.

The Colorful World—Life Learning Tour
for Hsinchu’s Renai Children’s Home

8.3 Assisting Social Welfare Groups

- In 2012 a number of social welfare groups were invited to set up vendor booths on WNC's premises at various times. Groups taking advantage of this offer included the Tzu Chi Foundation, the Children Are Us Foundation, Hand-in-Hand Teen's Service Center, Good Shepherd Social Welfare Services, and the Zhudong Psychiatric Institution. Total annual charity sales totaled NT$60,000.
- WNC supports charity products directly by making purchases through a variety of opportunities and events. In 2012, the Mid-Autumn Festival gifts were gift boxes from the Chensenmei Social Welfare Foundation. WNC also donated to National Tsing Hua University clubs and helped with the sale of St. Joseph Social Welfare Foundation's charity fun fair coupons.
- In 2012, WNC held a second-hand charity auction. The proceeds and donated goods were donated to the Hsinchu Ren-ai Children's Home.
- $100,000 in charity gift vouchers was purchased for the WNC Year-End Banquet to bring fun and promote a spirit of social welfare at the party.

8.4 Fundraising

WNC takes an active part in fundraising events including taking the initiative to kick off internal donation campaigns and encouraging employees to donate in response to major disasters or the special needs of colleagues and the community. Care, financial assistance, legal consultation, and/or funeral assistance is also provided for injured/seriously ill employees or for families of employees who pass away.

According to statistics from 2009 to 2012, in addition to the company's own donations of NT$931,200 our employees donated funds 4,113 times for a total of NT$5,936,700. Donations targeted the families of two colleagues who passed away due to accident and illness and one colleague whose spouse passed away. The After-School Volunteer Club and the Science Promotion Club of National Tsing Hua University, the Hsinchu branch of the T.F.C.F., and the Liugui Orphanage were also beneficiaries of the generosity of WNC employees.

8.5 Construction of a Social Outreach Donation Platform

In November 2010, WNC's Social Outreach Donation Platform went on-line as part of our company portal. This platform allows employees to understand the status of the company's social welfare advocacy at any time and to respond to social welfare initiatives. There are five parts to the platform:

1. Employee emergency relief: Provides substantial assistance and various consulting services for colleagues that encounter crisis.
2. Volunteers and donations: Provides information of relief goods, funds and volunteers.
3. Adoption of charitable organizations: WNC provides long-term subsidies to the After-School Volunteer Club of National Tsing Hua University. We expect this cooperative model, in which companies and students provide financial and manpower support respectively, will educate the younger generation and provide sustainable support for the public welfare of Taiwan. Going forward we will extend this model to other public welfare organizations to convert resources into action.
4. Other donations: Non-routine donations/assistance
5. Donor honors board: Employees that participate in public welfare activities are displayed on an "honors board". In 2011 a new function was added that allows employees to donate the bonuses they receive at the three major Chinese festivals.

WNC Social Outreach Donation Platform

09

Appendix

9.1 GRI G3.1 Sustainability Report

●Already disclosed ○Not disclosed or not applicable					
GRI Indicators		Related Report Section		Page(s)	Notes
GRI Report Parameter					
1.	**Strategy and Analysis**				
1.1	Statement from the most senior decision-maker of the organization.	●	1. A Message to Our Stakeholders	6-9	
1.2	Description of key impacts, risks, and opportunities.	●	1. A Message to Our Stakeholders 2.4.3 Future development factors and response strategies 3.8 Risk Management	6-9, 19-24, 26-28	
2.	**Organizational Profile**				
2.1	Name of the organization.	●	2.1 About WNC	11	
2.2	Primary brands, products, and/or services.	●	2.1 About WNC 2.3 Product Portfolio	11, 16-18	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	●	Scope 3.1 Organization Chart	1, 19	
2.4	Location of organization's headquarters.	●	2.2 Global Footprint	15	
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	●	2.2 Global Footprint	15	
2.6	Nature of ownership and legal form.	●	3.2 Board of Directors	20	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	●	2.2 Global Footprint 2.3 Product Portfolio 2.5.1 Professional R&D Capabilities	15, 16-18, 25	
2.8	Scale of the reporting organization.	●	2.1 About WNC 3.7 Financial Performance 5.1.1 Human Resource Structure	11, 24-25, 45-47	
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	●			There were no major structural changes during the report period
2.10	Awards received in the reporting period.	●	2.5.2 Achievements	25-26	
3.	**Report Parameters**				
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	●	Report Scope	1	
3.2	Date of most recent previous report (if any).	●	Publication	1	
3.3	Reporting cycle (annual, biennial, etc.)	●	Publication	1	
3.4	Contact point for questions regarding the report or its contents.	●	Contact Information	2	
3.5	Process for defining report content.	●	Report Scope Report Methodology 4. Identification of	1, 1, 31-33	

			Stakeholders & Communications		
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	●	Report Scope	1	
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	●	Report Guidelines	1	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	●	2.2 Global Footprint	12	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	●	Disclosed within Individual Chapters	Each chapter	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g.,mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	●			None
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	●			None
3.12	Table identifying the location of the Standard Disclosures in the report.	●	9. Appendix	82-86	
3.13	Policy and current practice with regard to seeking external assurance for the report.	●	N/A		This report has not been verified externally
4.	**Governance, Commitments and Engagement**				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	●	3.1 Organization Chart	29	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	●	3.1 Organization Chart 3.2 Board of Directors	29, 30-31	
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	●	3.2 Board of Directors	30-31	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	●	4.3 Addressing Issues and Communication Mechanisms 5.4.6 Communication Mechanisms	42, 64-65	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social	●	3.2 Board of Directors 3.4 Remuneration Committee	30-31, 32	

	and environmental performance).				
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	3.2 Board of Directors 3.4 Remuneration Committee 3.5 Audit Office	30-31, 32, 33	
4.7	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.	●	3.2 Board of Directors	30-31	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	●	2.1.3 Corporate Values and Principles 3.2 Board of Directors	12, 30-31	
4.9	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.	●	1. A Message to Our Stakeholders 3. Corporate Governance	6-9, 28-38	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	●	3.3 Audit Committee 3.4 Remuneration Committee	32, 32	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	●	3.3 Audit Committee 3.8 Risk Management	32, 36-38	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	●	1. A Message to Our Stakeholders Disclosed within Individual Chapters	6-9, Each Chapter	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	●	2.6 Industry Association Memberships	27	
4.14	List of stakeholder groups engaged by the organization.	●	4.1 Significant Stakeholders	40	
4.15	Basis for identification and selection of stakeholders with whom to engage.	●	4.1 Significant Stakeholders	40	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	●	4.3 Addressing Issues and Communication Mechanisms	42	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	●	4.2 Identification of Substantive Issues 4.4 Significance of Related Issues	41, 43	
Economic Performance Indicators					
EC1	Direct economic value generated and	●	3.7 Financial Performance	34-35,	

	distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.		4.3 Addressing Issues and Communication Mechanisms 5.2 Overall Remuneration 8. Social Care	42, 52-54, 77-80	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	●	3.8 Risk Management	36-38	
EC3	Coverage of the organization's defined benefit plan obligations.	●	5.2 Overall Remuneration	52-54	
EC4	Significant financial assistance received from government.	○			
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	○			
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	●	6.6 Regional Distribution of Suppliers	77	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	○			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	●	5. Social Care	94-100	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	●	3.8 Risk Management	36-38	
Environmental Performance Indicators					
EN1	Materials used by weight or volume.	○			
EN2	Percentage of materials used that are recycled input materials.	○			
EN3	Direct energy consumption by primary energy source.	●	7.6 Energy Efficient Working Environment	90-93	
EN4	Indirect energy consumption by primary source.	●	7.6 Energy Efficient Working Environment	90-93	
EN5	Energy saved due to conservation and efficiency improvements.	●	7.6 Energy Efficient Working Environment	90-93	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	●	7.1 Green Management Organization and System 7.1.3 Eco-Design Requirements for Energy-Using Products 7.6 Energy Efficient Working Environment	81, 83, 90-93	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	○			
EN8	Total water withdrawal by source.	●	7.6 Energy Efficient Working Environment	90-91	
EN9	Water sources significantly affected by withdrawal of water.	●	7.6 Energy Efficient Working Environment	90-91	
EN10	Percentage and total volume of water recycled and reused.	●	7.6 Energy Efficient Working Environment	90-91	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas	○			

	and areas of high biodiversity value outside protected areas.				
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	○			
EN13	Habitats protected or restored.	○			
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	○			
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	○			
EN16	Total direct and indirect greenhouse gas emissions by weight.	○			
EN17	Other relevant indirect greenhouse gas emissions by weight.	○			
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	●	7.5 Carbon Emissions Management	87-89	
EN19	Emissions of ozone-depleting substances by weight.	●			WNC has never used ozone-depleting substances
EN20	NOx, SOx, and other significant air emissions by type and weight.	●	7.3 Emissions Management	85	WNC's use of electricity produces CO_2 emissions and its septic tank produces methane
EN21	Total water discharge by quality and destination.	●	7.6 Energy Efficient Working Environment	90-93	
EN22	Total weight of waste by type and disposal method.	●	7.4 Recycling and Waste Management	86-87	
EN23	Total number and volume of significant spills.	●	7.4 Recycling and Waste Management	86-87	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	●			WNC complies with the articles of the Basel Convention
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	○			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	●	6.1 Supply Chain Management Active Index 6.2 Implementation of Green Purchasing 6.3 WNC EICC Management Committee 6.4 Supplier CSR Survey 7.1 Green Management Organization and System 7.3 Emission Management 7.4 Recycling and Waste Management	71-72, 73, 74-75, 75, 81-83, 85, 86-87,	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	●	7.4 Recycling and Waste Management	86-87	

EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	●	7.4 Recycling and Waste Management	86-87	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	○			
EN30	Total environmental protection expenditures and investments by type.	○			
Labor Practices and Reasonable Work Performance Indicators					
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	●	5.1 Recruitment 5.1.1 Human Resource Structure	45, 45-47	
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	○	5.1.2 Employee retention	48	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	●	5.2 Overall Compensation	52-54	
LA4	Percentage of employees covered by collective bargaining agreements.	●	5.4.2 Occupational Health and Safety Management 5.4.6 Communication Mechanisms 5.4.7 Employee Welfare Committee	61, 64, 66-67	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	●			WNC complies with HR notification procedures of the Labor Standards Act
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	●	5.4.2 Occupational Health and Safety Management	61	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	●	5.4.2 Occupational Health and Safety Management	61	There were no work-related fatalities in 2012
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	○			
LA9	Health and safety topics covered in formal agreements with trade unions.	●	5.4.1 ESH 5.4.2 Occupational Health and Safety Management 5.4.3 Food Safety 5.4.4 Health Enhancement 5.4.8 Recreational and sport equipment	60, 61, 62, 63, 68-69	
LA10	Average hours of training per year per employee by gender and by employee category.	○			
LA11	Programs for skills management and lifelong	●	5.3.1 Human Resources	54-55,	

	learning that support the continued employability of employees and assist them in managing career endings.		Action Plan 5.3.2 Diverse Paths to Learning 5.3.3 Training participation	56-58, 59	
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	○			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	●	5.1.1 Human Resource Structure	54-55	
LA14	Ratio of basic salary of men to women by employee category by significant locations of operation..	○			
LA15	Return to work and retention rates after parental leave, by gender.	○			
Human Rights Performance Indicators					
HR1	Percentage and total number of significant investment agreements that include clauses incorporating human rights concerns or that have undergone human rights screening.	○			
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening and actions taken.	○			
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	○			
HR4	Total number of incidents of discrimination and corrective actions taken.	●	5.1 Recruitment 5.4.5 Gender Equality	54, 64	
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining maybe violated or at significant risk, and actions taken to support these rights.	●	5.4.6 Communication Mechanisms 5.4.7 Employee Welfare Committee 6.3 WNC EICC Committee 6.4 Supplier CSR Survey	64-65, 66-67, 74-75, 75	
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective elimination of child labor.	●	5.1.5 Child Labor 6.3 WNC EICC Committee 6.4 Supplier CSR Survey	51, 74-75, 75	
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	●	6.3 WNC EICC Committee 6.4 Supplier CSR Survey	74-75, 75	
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	●	6.9 Contractor Health and Safety Management	79	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	○			

HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	○			
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	○			
Social Performance Indicators					
S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	●	8. Social Care	94-100	
S02	Percentage and total number of business units analyzed for risks related to corruption.	○			
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	●	3.6 Compliance with Internal Regulations	53-54	
S04	Actions taken in response to incidents of corruption.	●	3.6 Compliance with Internal Regulations 6.3 WNC EICC Committee 6.4 Supplier CSR Survey	53-54, 74-75, 75	
S05	Public policy positions and participation in public policy development and lobbying.	○			
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	●			WNC made no contributions to political parties in 2012
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	●			WNC made no anti-competitive behavior, anti-trust, and monopoly practices in 2012
S08	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	○			
S09	Operations with significant potential or actual negative impacts on local communities	○			
S10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	○			
Product Responsibility Performance Indicators					
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	●	6.1 Supply Chain Management Active Index 6.2 Implementation of Green Purchasing 6.5 Conflict Minerals Management and Policy 7.1 Green Management Organization and System 7.2 WNC Green Product Directive	71-72, 73, 76, 81-83, 84	6.1 Supply Chain Management Active Index 7. Environmental Protection
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle,	●			In 2011 WNC did not contravene any product health and safety standards

	by type of outcomes.				
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	○			
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	●			In 2011 WNC did not contravene any standards regarding product information and labeling.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	●	6.8 Customer Relations	78	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	○			
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	●			In 2011 WNC did not contravene any standards regarding marketing communications.
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	●			In 2011 WNC received no substantiated complaints regarding customer privacy.
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	●			There were no recorded instances of non-compliance with product regulations in 2011.

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