WNC

Wistron NeWeb Corp.

2013 Corporate Social Responsibility Report

This English version of the Corporate Social Responsibility Report is a translation of the Chinese version of Wistron NeWeb Corporation's Corporate Social Responsibility Report. This document is created for the sole purpose of the convenience of readers and is not an official document representing the position of the company per Taiwan laws.

Wistron NeWeb Corporation does not guarantee the accuracy of this translated document. Readers wishing to view the official audited version of Wistron NeWeb Corporation's Corporate Social Responsibility Report may obtain a copy of the Wistron NeWeb Corporation's Corporate Social Responsibility Report (Chinese version) on the Wistron NeWeb Corporation website (www.wnc.com.tw).

About this Report

Beginning from 2011, WNC has published its Corporate Social Responsibility Report annually to present the non-financial performance and achievements of WNC's operations, environment health and safety, and exercise of social responsibilities to all its stakeholders. This report exists in both Chinese and English versions, both of which are posted on WNC's website http://www.wnc.com.tw. We hope to maintain a smooth and transparent communication channel with all stakeholders.

Publication

The CSR Report for the preceding year is published by WNC on an annual basis.
Current version: Published in June 2014
Previous version: Published in June 2013
Next version: Will be published in June 2015

Boundary and Scope

The scope of the information disclosed in this report covers WNC's comprehensive performance and achievements in corporate-social-responsibility-related aspects from January 2013 to December 2013. The report covers information regarding operations at WNC's headquarters in the Hsinchu Science Park, Taiwan (herein referred to as "WNC (Taiwan)") and includes selected information from its major factories in China (listed below). The contents of this report do not cover subsidiaries or branches in Europe or the United States:

- Wistron NeWeb (Kunshan) Corporation, herein referred to as "Wistron NeWeb (Kunshan)"
- NeWeb Service (Kunshan) Corporation, herein referred to as "NeWeb Service"
- WebCom Communication (Kunshan) Corporation, herein referred to as "WebCom (Kunshan)"
- WNC (Kunshan) Corporation, herein referred to as "WNC (Kunshan)"
- WebCom Communication (Kunshan) Corporation, herein referred to as "WebCom (Nanjing)"

Report Methodology and Guidelines

This report is compiled based on the Sustainability Reporting Guidelines, Version 3.1 (herein referred to as the "GRI G3.1") published by the Global Reporting Initiative (GRI). The report has been inspected by the independent third party, SGS Taiwan Limited, based on the AA1000 standards and GRI G3.1 requirements and has been verified that the report meets the requirements of GRI G3.1 Application Level B+ and AA1000 Assurance Standard type 1, moderate level. The Assurance Statement is enclosed in the appendix for reference.

The report covers the same organizational boundary and method for calculation method used in the previous year. Only the method for calculating financial figures has been changed from the original Generally Accepted Accounting Principles in the Republic of China (ROC GAAP) to International Financial Reporting Standards (IFRS). The related performance indicator also adopts the international generic indicators. Financial figures in this report are expressed in New Taiwan dollars (NT dollars) unless otherwise specified. All figures have been audited by KPMG. ISO 9001, ISO 14001, ISO/TS 16949, OHSAS 18001, IECQ QC 080000, ANSI/ESD S20.20 and TL 9000 verification and issuance of certificates were performed by TÜV Rheinland.

Contact Information

Please feel free to contact us with any questions or comments you might have:

Wistron NeWeb Corporation
Marketing Center
20 Park Avenue II, Hsinchu Science Park, Hsinchu 308, Taiwan, R.O.C.
TEL: +886-3-666-7799   E-mail: public@wnc.com.tw
FAX: +886-3-666-7711   Website: www.wnc.com.tw

A Message from the Chairman

"A man toiling laboriously and yet humble will eventually gain good fortune." Ever since WNC was established, it has always maintained a positive and humble attitude towards our various challenges and opportunities, be it in the industry at-large or with internal development bottlenecks. With this attitude, WNC can always face challenges proactively with cautious plans and pragmatic actions. This is the main reason why WNC has been able to maintain steady growth in the unstable macroeconomic environment of the last few years.

In the competitive telematics industry, WNC's vertical integration capability—from key components to end-product design and manufacturing—as well as its broad product scopes have always been its greatest advantages. While facing the challenges providing high-level specifications at low pricing and competition from the Chinese supply chain, we strive to optimize the allocation of internal cross-technology and cross-field resources. Meanwhile, WNC continues to strengthen its software development and integration capabilities and match them with market trends and needs to develop multiple innovative applications of existing products. We strive to provide the market and our customers with differentiated and high value-added products.

While in pursuit of profit and enhanced competiveness and efficiency, we shall also uphold the spirit of "Benefiting Others." This is not just a corporation's responsibility to society but is also an achievement of corporate values. Product innovation is a social responsibility. Therefore we do our outmost to develop products and technology with the hope it leads to more convenient usage both by our customers and end users as well as a profit for our investors. Environmentally friendly conduct is a social responsibility. Therefore we strive to reduce the impact of raw-materials usage, design, or production processes on the environment. We have also utilized various software and hardware measures to take concrete actions to save energy and reduce carbon emissions in the work environment. Caring for our employees is a social responsibility, and we pay great attention to occupational health and safety by emphasizing complete training, encouraging a work-life balance, and promoting health-enhancement activities. Concern for humanity is another social responsibility, and we meet this in part by assisting with the education of disadvantaged students in remote areas. We sponsor after-school assistance resources and develop unique education programs to give disadvantaged students a chance to experience the joy of education.

In 2013, WNC was ranked first in CommonWealth magazine's "Most Admired Company" survey among telecommunication enterprises in Taiwan. This signifies that WNC is acknowledged as a corporation with sustainable business capacities, and we look to continue to improve and create diverse values. This year's CSR report combines WNC's corporate responsibility measures and results for all of our stakeholders. We 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, and profitable community.

Chairman

Simon Lin

A Message from the CEO

This is WNC's fourth CSR report, covering the investments and accomplishments WNC has made in all aspects including company governance, business operations, green products, environmental performance, employee care, and social participation of this past year. In 2013, we also conducted a third party report inspection for the first time, hoping to provide our stakeholders an even more objective and transparent assessment of our corporate social responsibility performance.

2013 was a year of low-visibility, high volatility, and highly competitive. Although the global macro-economic environment has gradually stabilized, a sense of uncertainty still exists. Located in a fast-changing and challenging market environment, we try our best to be fully aware of the potential threats and opportunities we might face. Moreover, we are enhancing product design, manufacturing quality, and efficiency through internal training, process improvements, and project participation. In addition, with continued research and development of new technology, new material, and new markets, we grasped market opportunities through new applications in 4G mobile communications technology, telematics, and the smart home.

In addition to our development of products and technologies, we also accomplished many objectives in 2013 based on WNC's four main areas of operational focus: maintain steady corporate growth, build a green supply chain, create a good working environment, and support the education of disadvantaged students. Our accomplishments included:

- Establishing the WNC CSR Code of Conduct
- Obtaining Authorized Economic Operator certification
- Establishing an illegal matters reporting e-mail mechanism: wnc.integrity@wnc.com.tw
- Starting the suppliers' corporate social responsibility audit process
- Completing factories' and offices' greenhouse-gas partial inventories in 2012 and ISO 14064-1 certification.
- Replacing all lighting in WNC (Taiwan) with LED lamps
- Holding 33 employee health enhancement activities
- Adding new sponsorship to the WHYOU club of National Tsing Hua University
- Partnering with Xiu-luan Elementary School in Jianshin township in Hsin-chu County to support the Development of Featured Education in remote areas

Thanks to the support and cooperation of our customers and suppliers as well as the efforts of our employees, WNC has grown positively and pragmatically in economic, environmental, and social dimensions. In 2013, WNC was selected by the CommonWealth Magazine and industry experts as the Most Admired Company in Taiwan in the communications industry category. This was an acknowledgment of WNC's performance in the total value chain, and we understand winning this recognition means we will face higher expectations from our stakeholders and will bear greater responsibilities and challenges. With the principles of "Back to Basics" and "Value Creation", we will continue to achieve higher goals to stabilize operational construction and positively promote the following items:

- Pollution control and environmental management
- Promoting and auditing suppliers' corporate social responsibilities
- Promoting employee health and advocating a work-life balance
- Developing suitable education in rural areas
- Supporting local agriculture and promoting organic crops and corresponding healthy diets

Medium-term and long-term objectives

- Creating workplaces and corporate governance systems resulting in high quality
- Consolidating core competitiveness and creating value for all interested parties
- Reducing environmental impacts, creating green factories, and achieving the goal of reducing greenhouse gas emissions
- Supporting the education of disadvantaged children over the long-term and expanding their study and development opportunities
- Creating sustainable operations and value chains with customers and suppliers

Look into the future, we hope to devote ourselves to operations management, product development, marketing, supply-chain management, green products, and participation in society with even more creative and open-minded thinking. Furthermore, we will continue to dedicate and progress in order to create more diversified value for all stakeholders. While in pursuit of growth in revenue and profit, we will strive to fulfill our corporate social responsibilities and become an everlasting, sustainable corporation.

Chief Executive Officer

Haydn Hsieh

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1

About WNC

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1.1 Corporate Operations

Company Name	Wistron NeWeb Corporation
Chairman	Simon Lin
CEO	Haydn Hsieh
Headquarters	Hsinchu, Taiwan
Established	Dec. 7, 1996
Public Listing	Sept. 22, 2003 (Stock code: 6285)
2013 Capital	NT$3.21 billion
2013 Revenue	NT$36.65 billion (Consolidated)
2013 Total Employees	8,998 people (Global)

Wistron NeWeb Corporation (WNC), established in 1996, designs, develops, and manufactures wireless communication products. Based on its fundamental strengths in antennas and RF design, it provides solutions that include product ideas, systems integration, mechanical design, user-interface development, product testing and certification, as well as high-quality ODM/JDM/OEM services.

WNC differentiates itself from the competition by applying its solid technical capabilities to a wide range of applications including home, mobile, automotive, and enterprise. In recent years, WNC has focused its research efforts to that of 4G mobile communication technology, automotive telematics, and smart-home applications and has taken the lead in the industry to release products that meet market trends.

WNC's vision is to become the global leader in wireless technology and in communication-network technology integration to provide customers with complete wireless communication total solutions with professional communication technology. In addition to technology development and product innovation and integrating internal cross-field technology and resources, we also must fully understand the industry ecology, learn from our partners, fellow manufacturers and enterprises, and seek improvement and breakthroughs to execute our high value-added business model and maintain high efficiency. This will help us achieve customer satisfaction with our service quality and that of our shareholders with our overall operating performance.

Vision	Become an industry leader in wireless technology and in communication network technology integration in order to provide customers with complete wireless communication total solutions with professional communication technology.
Objective	Organize a highly motivated team and provide service to customers through a high value-added business model and efficient operations.

1.2 Corporate Culture

Fundamentals Advocacy, Teamwork, Customer Focus, and Value Creation are WNC's core corporate values that steer our corporate culture. WNC has always focused on training to build a sturdy corporate foundation. We believe as long as the employees truly realize the spirit of returning back to basics, learning from innovative management and teamwork, working hard towards the common goal of enhancing customer satisfaction, and establishing steady and unique core skills, they will then gain enough ability and flexibility to face the fast-changing and competitive challenges as well as provide an irreplaceable value to the company.

We hope to establish an environment of mutual trust in an open, just, and fair manner. We also hope to establish a sustainable cooperative relationship with our customers with efficient and high-quality performance. WNC's Ten Beliefs and Ten Principles of Discipline are meant to remind its employees they must always uphold sincerity, decency, honesty, and law-abiding attitudes to customers, vendors, colleagues, and society in order to facilitate team discipline, enhance organizational efficiency, and maintain a positive corporate image.
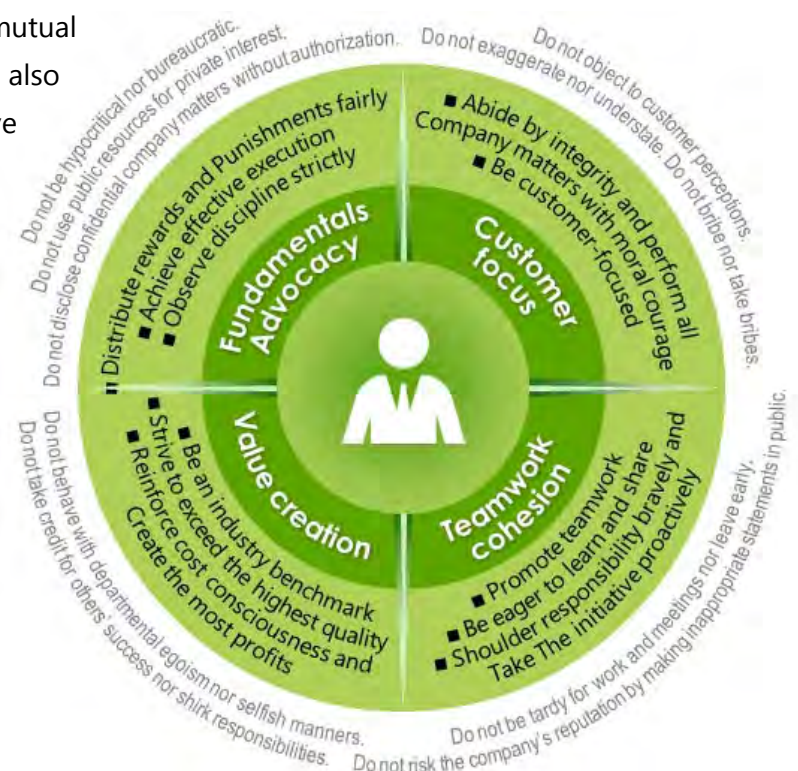
1.3 Products and Services

Spanning broadband, multimedia and wireless communications technologies, WNC has a broad product application scope. If categorized by production units, WNC's product lines operate under Digital Home, Networking, Direct Broadcast Satellite, Automotive & Digital Media, Mobile Communication, and Antenna. Categorized by application scope, its three major categories are home, mobile, and automotive.

We have a diverse variety of customers including satellite broadcasting service operators, telecommunication-system service operators, system integration vendors, IT brand-name companies, consumer-product branded companies, automotive manufacturers, and car-audio manufacturers. We sell our products worldwide, and our major region by sales in 2013 was the Americas (49% of sales).

Proportion of Delivered Products in 2013

Item	Quantity	Amount of Money (In thousands of New Taiwan dollars)	Capex to Revenue Ratio
Wireless communication products	306,651,668	35,501,296	96.86%
Others	0	1,152,365	3.14%
Total	306,651,668	36,653,661	100%

Proportion of Product Sales in the Last 3 Years (by region)

Region		2011	2012	2013
Export Sales	The Americas	49%	53%	49%
	Asia	29%	28%	28%
	Europe	6%	8%	14%
	Others	0%	0%	1%
Domestic Sales		16%	11%	8%

WNC is devoted to developing products and innovative applications in the wireless communications field. With superior products and a strategic operational philosophy, we are able to expand application scopes, enhance products' added value, create competitive advantages, and provide easy-to-use wireless communication products to global customers. Apart from improving the viability and convenience of products and services, WNC is also devoted to decreasing the environmental impact of its operations and products and promoting green products and production with customers and suppliers to minimize resource consumption and pollutants, provide versatile products and services, and create more economic and social value. The WNC headquarters (Taiwan), WNC (Kunshan) Corporation, and WebCom Communication (Kunshan) Corporation were certified under IECQ QC 080000 standards in 2011 and have undergone third-part internal auditing at fixed intervals annually to perform hazardous substances management. Please refer to section 4.1 "Green Products" and section 5 "Supply Chain Management" for details.

1.3.1 Products and Services

Home

WNC provides various types of broadband and multimedia equipment, helping end users create a smooth home networking and audio-visual environment. Products include:

- Direct Broadcast Satellite (DBS): All types of direct broadcast satellite products including multi-feed, multi-band, multi-satellite, single-cable and multi-output antennas, and LNBF products, all with full design capabilities to meet worldwide DBS market demand
- Digital Home: Multimedia over Coax Alliance (MoCA) networking applications, IPTV/OTT set-top boxes, and home energy management products

- Networking: Networking communications product design and manufacturing for both retail and enterprise markets, including IEEE 802.11ac solutions, APs/routers, USB modules, mini-PCI, MiniCard wireless modules, combo modules, and power line communication (PLC) products

Mobile

WNC is specialized in all types of wireless communications technology integration. We have the self-development capabilities of 4G VoIP technologies to link all smart devices in any application field. Major products include:

- Antenna: Wireless antennas, laser direct structuring (LDS) antennas, near-field communication (NFC) antennas and modules, and smart-reader RFID solutions used on all types of mobile devices
- Mobile Communications: 4G smart handheld devices, 3G/4G modules and 4G routers

Automotive

WNC is verified by the higher-standard automotive-industry quality management system certification (TS 16949) and is fully equipped with comprehensive test labs. Major products include:

- MSAT: Satellite radio modules, receivers, and antennas
- Wireless Transmission: In-car Wi-Fi, Bluetooth, and integrated wireless communication modules
- Radar: 24 GHz car radar sensor system products for vehicle safety detection and alerts such as front-collision warning (FCW), rear-collision warning (RCW), blind-spot detection (BSD), lane-change assist (LCA), and rear cross-traffic alert (RCTA)

1.3.2 Market Outlook

Digital home applications becoming diverse

In recent years, with the active promotion of operators in TV, telecommunications, and Internet video markets, IP video services and integration of the mobile device and television has become a dominant subject in marketing. Interactivity and multi-screen services have brought new opportunities for digital-home AV applications and equipment. Additionally, home security and intelligent control has also become the next critical targets for operators

and equipment suppliers in digital-home applications. Security-service providers, broadband service operators, and TV operators in North America are now deploying such services aggressively. These companies use sensors supporting wireless technologies including Wi-Fi, Bluetooth, ZigBee, and Z-Wave to provide users with surveillance and automatic control functions. Along with the use of mature broadband and mobile devices, overall user experiences are becoming more complete and convenient. 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 product needs driven by satellite product upgrades

In recent years, high-definition satellite TV services have been heavily promoted in mature satellite-TV markets in both the U.S. and Europe as well as in emerging markets in Asia and South America. DIRECTV, a U.S. company, emphasizes its portfolio of more than 195 channels of HD programming. Upgrading of services stimulates demand for HD receiving equipment as well as replacement of out-of-date receiving devices. In addition, many countries have started to recall frequency bands originally utilized by analog TV. These actions encourage former users to turn to new services, ultimately bringing benefits to satellite markets. The rapid growth of the Asian and South American markets, together with strong demand for high-quality satellite receiving equipment at a low price and the strong demand for IP satellite receivers suggest that the pay-TV market will continue to flourish.

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 experience in satellite technology 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.

More versatile broadband needs driven by mobile devices

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 multi-application services and platforms, various ingenious mobile devices and products used in industrial environments,

and infrastructure are gradually presenting new opportunities in the market dependent on wireless broadband and the open Android platform.

In 2013, the market for mobile devices including smartphones and tablets has continued to grow, and the annual shipments of tablets surpassed notebook-PC shipments. Mobile computing has become the target market for most vendors and drove growth in shipments of mobile-phone antennas and other mobile-phone components. With the decreasing cost of mobile broadband and strong growth in smartphone demand, the integration of cross-industry product services centering on software will become more and more important. An example of such a trend is applications that use high-speed mobile networks to transfer driving data and vehicle operation information to a cloud server, then synchronize that information with handheld devices for users to assess their vehicle state in real-time. Other examples are applications that integrate multiple communication technologies to more precisely obtain information on electricity usage to improve the efficiency of the smart grid. These are all great opportunities for future IoT markets.

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. Capitalizing on these trends, WNC will press forward with its software development to create the greatest value for our customers.

Small-cell growth driven by wireless broadband demands

Fourth-generation mobile broadband technology (4G) was officially commercialized in 2010, popularized in 2011 and 2012, and experienced explosive growth globally in 2013. Its bandwidth limits have reached 100 Mbps 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 on operations. Operators have turned to the implementation of new small-cell opportunities. With wide-ranging deployment of low-cost small cells and accurate grid configuration, this promises a better balance between cost and quality and avoids the cost-recovery challenges associated with the 3G era while offering better mobile network experiences for their subscribers. In line with this opportunity, WNC is seeking to leverage its professional antenna design capacity to provide high-quality networks to operators. Through in-depth cooperation with chip manufacturers, WNC is able to provide customers with comprehensive solutions and aims to occupy a key position in this emerging market.

1.3.3 Energy for Innovation

To cultivate this research and design energy, WNC strives to enhance its competitiveness in wireless communications. We constantly develop wireless communication products based on evolving communications technologies and market needs. We also value the development of all types of patented techniques. As of the end of 2013, we held 821 patents: 202 in the US, 318 in Taiwan, 290 in China, and 11 in other areas. Currently, we also have more than 600 patent applications.

WNC has not only been listed on the approved Patent Applicants of Top 100 Taiwanese Enterprises by the Intellectual Property Office but has also received National Invention & Creation Awards, the Hsinchu Science Park R & D Accomplishment Award, and the Hsinchu Science Park Innovative Product Award numerous times. We hope to maintain steady growth of our patent applications and quality to protect our intellectual property.

Numbers of Granted Patents and Patent Applications During the Previous 4 Years

To maintain corporate innovation, competitiveness, and protect stakeholders' interests, WNC highly values the protection and control of intellectual property and confidential business information. We formulated non-competition-related regulations and drafted a Proprietary Information Protection Policy in 2013. In this Policy, procedures and measures to safeguard corporate trade secrets and business-related confidential information are clearly stated.

Follow the duty of loyalty	Respect intellectual property	Protect company secrets
Do not compete with the company while employed by the company.	Do not infringe on the company's and third parties' intellectual property. Abide by the law.	Protect the company's trade secrets and confidential secrets.

1.4 Worldwide Locations

WNC's global headquarters is located in Taiwan's Hsinchu Science Park. It is a combination of office and factory facilities and where all business functions are performed under one roof (such as research and development, production and manufacturing, sales, logistics, and after-sales service). Its operations are responsible for coordinating and integrating customer needs and resource logistics from its global sites.

Nanjing, China

Research and design
Sales
After-sales service

Kunshan, China

Manufacturing
After-sales service
Logistics

Taiwan

Research and design
Sales
After-sales service
Manufacturing
Logistics
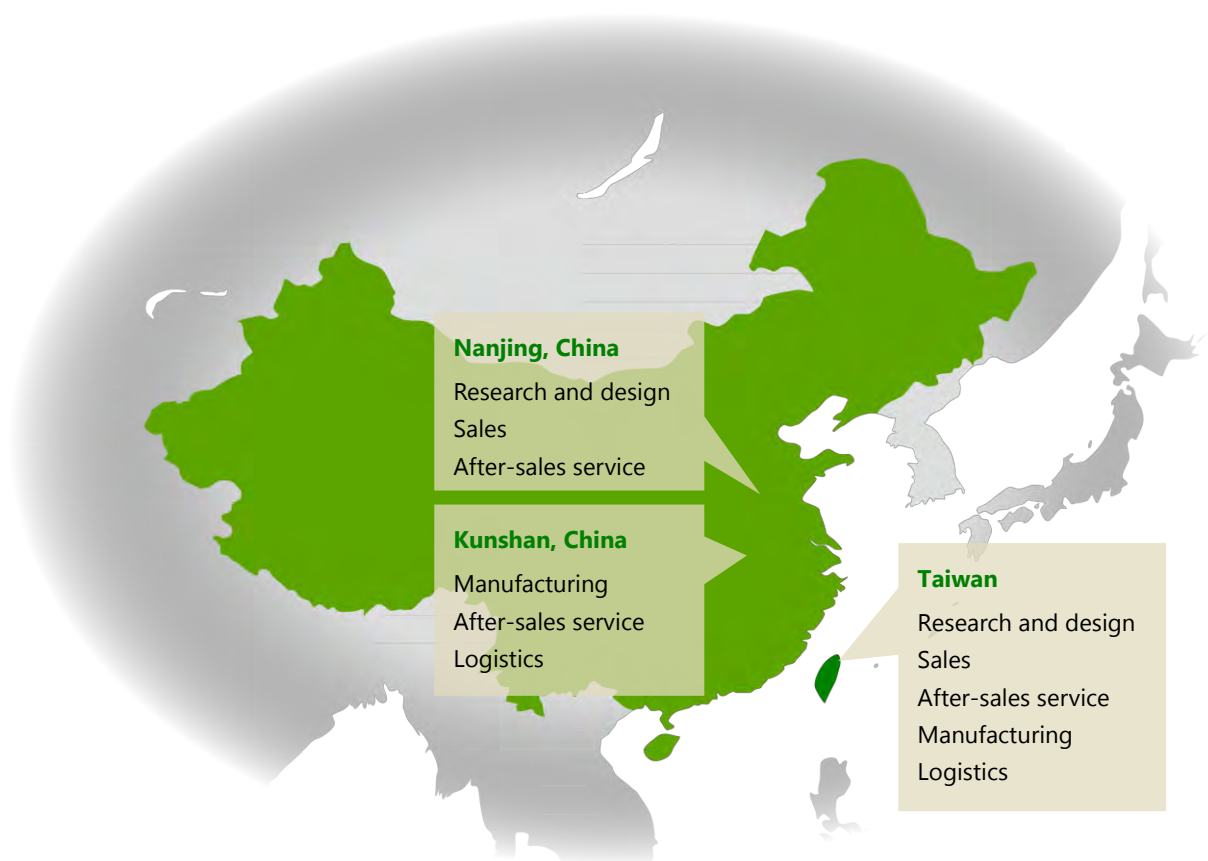
Major manufacturing sites are located in Kunshan, China, namely WNC (Kunshan) Corporation, Wistron NeWeb (Kunshan) Corporation, and WebCom Communication (Kunshan). NeWeb Service (Kunshan) Corporation, which focuses on after-sales service, and WebCom Communication (Nanjing) is responsible for research and development of products for the China market, were also established due to growing business needs.

To provide service to customers in the United States, WNC has also established sales, logistics service, and R&D sites in the following states: California, New Jersey, Michigan, and Mississippi. Moreover, WNC established a sales and after-sales service center in Brazil in 2013.

Please refer to WNC's website www.wnc.com.tw for detailed Worldwide Locations information.

Milpitas, U.S.A.
Research and design
Sales
After-sales service
Logistics

Tustin, U.S.A.
Research and design
Sales-sales service

Detroit, U.S.A.
After-sales service

Branchburg, U.S.A.
Research and design
Sales
After-sales service

Hattiesburg, U.S.A.
Sales
After-sales service
Logistics

Sao Paulo, Brazil
Sales
After-sales service
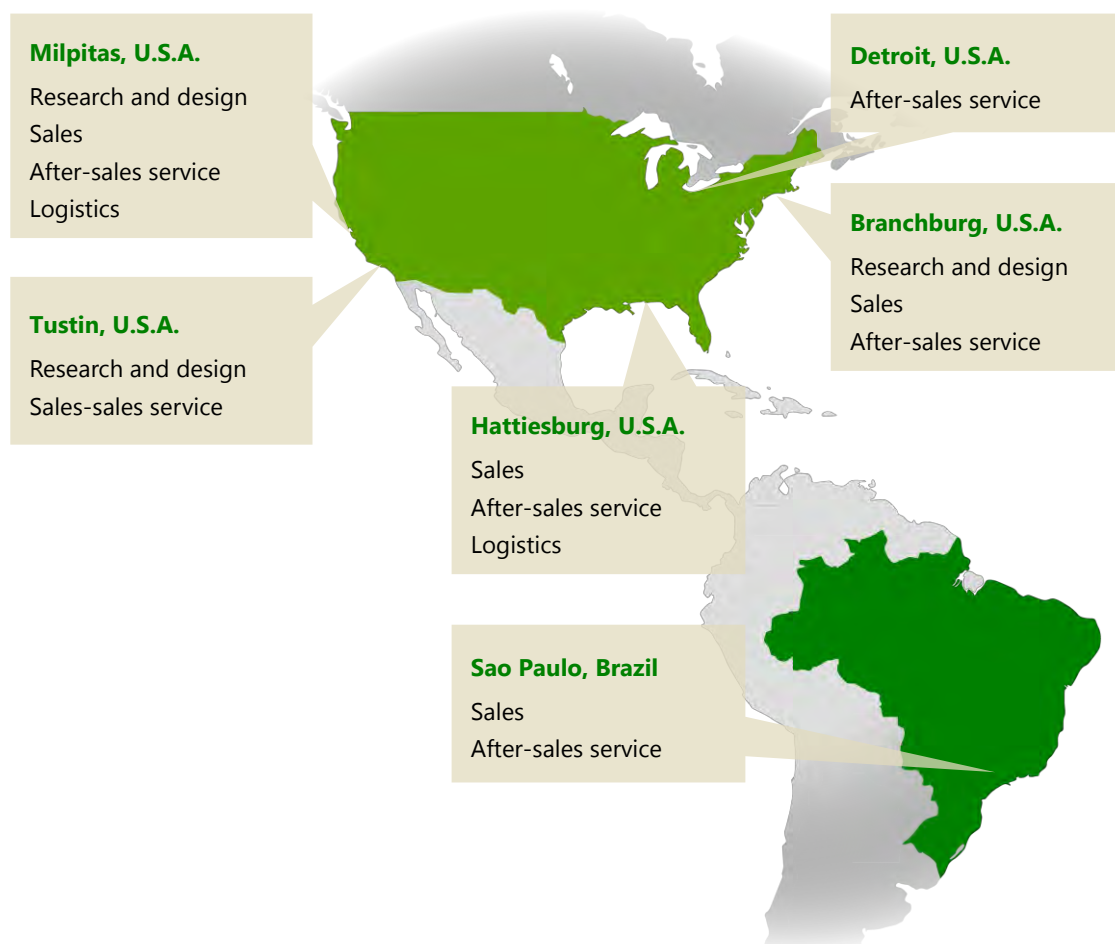
1.5 Management System

To enhance operational efficiency and customer satisfaction, WNC has set up management systems for quality, green products, information operations, specific industries, environmental management, and health and safety according to international standards at all of its locations. Furthermore, WNC also designated a committee to be responsible for verification/certification matters, related policy, operational execution, and improvements. After each management system being certified by an independent third party according to international standards, it is updated continuously to ensure each management system is actually operating according to its dedicated standards and rules. The quality management system related certifications acquired by WNC (Taiwan) and its subsidiaries in China and the dates the certifications were acquired are listed in the following table:

Management Systems of WNC and Its Subsidiaries

Certification/ Location	WNC Headquarters	WNC (Kunshan) Corporation	Wistron NeWeb (Kunshan) Corporation	WebCom Communication (Kunshan) Corporation
ISO 9001	1998	2006	2006	2008
ISO/TS 16949	2005	2009		
IECQ QC08000	2011	2011		2011
ANSI/ESD S20.20	2011	2011	2013	
ISO 14001	2005	2006	2006	2009
OHSAS 18001	2008	2012	2012	2012
TL 9000	2014			

Note: WNC headquarters, Wistron NeWeb (Kunshan) Corporation, and WebCom Communication (Kunshan) Corporation will complete a 2013 greenhouse gas inventory and obtain ISO 14064-1 certification in the third quarter of 2014.

1.6 Industry Association Memberships

WNC's technology and product scope is broad. Therefore we actively participate in related industry associations and the activities they host to acquire the most up-to-date industry and technology-related information and maintain good relations with corporations and organizations in related fields.

The external organizations WNC participated in 2013 include:

- Taiwan Electrical and Electronic Manufacturers Association and Communications Industry Alliance
- Taipei Computer Association and Taiwan Internet of Things Alliance
- Greater China Internet of Things
- Taiwan Telematics Industry Association
- Taiwan Printed Circuit Association
- The Allied Association for Science Park Industries
- China Communications Standards Association (CCSA)
- Device Language Message Specification (DLMS) User Association
- Global Certification Forum (GCF)
- Global TD-LTE Initiative (GTI)
- Multimedia over Coax Alliance (MoCA)
- NFC Forum
- Small Cell Forum
- Wi-Fi Alliance (WFA)
- ZigBee Alliance

1.7 Achievements

WNC's operational performance, product development, and innovative R&D have been repeatedly recognized both domestically and overseas. In 2013, we were honored to receive awards including the Most Admired Company in Taiwan in the communications industry category by CommonWealth Magazine, the Hsinchu Science Park R&D Accomplishment Award, the Hsinchu Science Park Innovative Product Award, the 2012 Deloitte Technology Fast500 Asia Pacific award, and the CES Innovations Design and Engineering Award.

Awards in the Past Five Years	
2013	CommonWealth Magazine: Most Admired Company in Taiwan in the communications industry category Hsinchu Science Park R&D Accomplishment Award Hsinchu Science Park Innovative Product Award (24 GHz Automotive BSD Radar) 2012 Deloitte Technology Fast500 Asia Pacific CES Innovations Design and Engineering Award (4G Mobile Hotspot)
2012	National Invention & Creation Awards: Invention Award Hsinchu Science Park R&D Accomplishment Award 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

1.8 Communication with Stakeholders

Communicating with stakeholders at an appropriate time and manner is a basic responsibility of a corporate citizen. WNC strives to pursue pragmatic operations, steady development, and, perhaps due to business attributes, usually proceeds in a conservative and low-profile manner on all types of advertisements and promotions. However, WNC still tries to maintain smooth communications and mutual trust with its stakeholders with diverse methods.

To distinguish key interested parties of WNC and substantive issues and determine this report's main objectives and contents, we assembled sales managers and related employee representatives from the following segments of the company: finance, investor relations, marketing, CRM administrators, human resources administration, employee relations, management information systems, global supply chain management, supplier quality management, and the EICC management committee. We conducted an internal survey to analyze and sort the results based on respective business scopes and related interested parties, interested parties' degrees of concern with these issues, and their impact on operations.

1.8.1 Identification of Stakeholders

WNC adopted the five principles of the AA1000 Stakeholder Engagement Standard 2011. According to the dependence, responsibility, tension, influence, and multiple perspectives of stakeholders of WNC, we identified six significant stakeholder categories including customers, employees, investors/shareholders, suppliers, government/authorities and NGOs/NPOs.

Dependence
Stakeholders that are directly or indirectly dependent on the organization's activities, products, or services

Tension
Stakeholders immediately concerned with issues such as the organization's financial status, the economy, society, and the environment

Responsibility
The organization's legal, business, and operational or moral responsibility to the stakeholders now or in the future

Customer
Employee
Investor/Shareholder
Supplier
Government/Authority
NGO/NPO

Multiple Perspectives
Stakeholders have different perspectives and visions that can assist the organization in understanding current issues and identifying opportunities to provide perspective to the organization for making and drafting action plans.

Influence
Stakeholders who are influential in the organization or operational decisions

1.8.2 Identification of Substantive Issues

We collect the issues that concern stakeholders through the following internal and external inputs:

- Internal: Corporate culture, operational principles, job function and plans of each unit, corporate social responsibility code of conduct, employee communication channels, and employee questionnaires
- External: International trends and regulations, customer requirements, business-peer-based practices, Electronic Industry Code of Conduct (EICC), third-party evaluation organizations (EcoVadis), the Global Reporting Initiative (GRI G3.1) published by the Global Reporting Initiative (GRI), and Sustainability Topics for Sectors

WNC categorized the issues in economic, environmental, and social dimensions and determined 25 issues that stakeholders are concerned with at WNC. Quantitative outcomes were arranged in a coordinate axis based on stakeholders' degrees of concern with the 25 issues and their impact on operations and identified the top 13 substantive issues following the substantive analysis procedure. These issues are: corporate governance, research and design, quality service, supplier policy and management, operational performance, profitability, risk management, compliance with the law, green-products management, environmentally hazardous substances management, labor rights, salary and benefits, and occupational safety and health.

Analysis of Key Stakeholder Substantive Issues
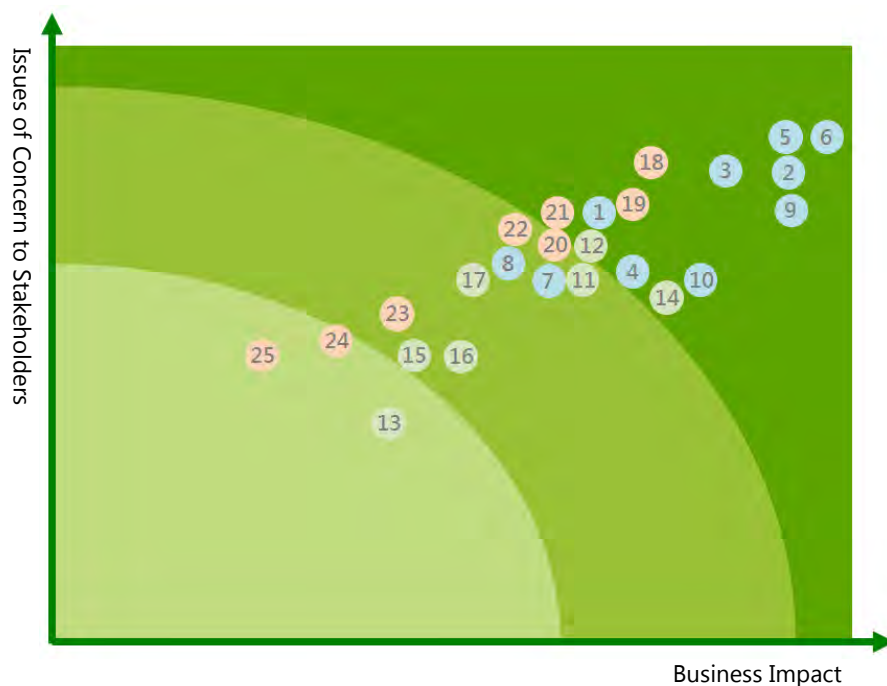
Economic Dimension	Environmental Dimension	Social Dimension
1. Corporate governance 2. Research & design 3. Quality service 4. Supplier policy and management 5. Operational performance 6. Profitability 7. Shareholders' equity 8. Information disclosure 9. Risk management 10. Compliance with the law	11. Green supply chain 12. Green-products management 13. Carbon management/audit/ disclosure 14. Environmentally hazardous substances management 15. Energy and resource management and reduction 16. Waste disposal and reduction 17. Environmental safety and health performance	18. Labor rights 19. Salary and benefits 20. Labor relations 21. Occupational safety and health 22. Job training 23. EICC fulfillment 24. Supplier corporate social responsibility 25. Social welfare

1.8.3 Respond to Stakeholders

The 13 identified vital, substantive issues of this report are listed below with their corresponding sections in this CSR:

Substantive Issue	Corresponding Section
Corporate governance	2 Corporate Governance
Research and design	1.3 Products and Services
Quality service	4.1 Green Products
	5.1 Green Procurement
Supplier policy and management	5.2 Supplier Management
Operation performance	2.5 Operational Performance
Profitability	2.5 Operational Performance
Risk management	2.6 Risk Management
Compliance with the law	2.4 Integrity Management
Green products management	4.1 Green Products
Environmentally hazardous substances management	4.1 Green Products
Labor rights	3.1 Respect for Human Rights
Salary and benefits	3.3 Overall Remuneration
Occupational safety and health	3.5 Employee Care

To address issues of stakeholder concern, a corresponding responsible unit or project team is assigned. We hope to understand the stakeholder's expectations of WNC through diverse and public communication channels and pass these expectations on to the relevant personnel or upper management to serve as an important reference in planning operational policy and preparation of CSR activities. Furthermore, we hope to build up a more creative and mutually interactive platform for more efficient and immediate communication with our stakeholders.

The general communication channels we use are the WNC website (http://www.wnc.com.tw), the Market Observation Post System (http://mops.twse.com.tw), public e-mail (please refer to the WNC website → About WNC → Contact Us), the WNC Annual Report, and the WNC CSR Report. Stakeholders are encouraged to obtain the latest news from the WNC website and the Market Observation Post System or e-mail our related departments. Our Annual report and CSR Report also cover WNC's financial performance and non-financial performance details. Other issues and communication channels are listed in the following table. Please refer to each related chapter for the corresponding issue's detailed description.

Stakeholder	Communication Channel	Communication Frequency	Issue	Relevant Chapter
Customer	Customer satisfaction survey	Once a year	Research and design Quality service Environmentally hazardous substances management Fulfill EICC	Chapter 1 Chapter 2 Chapter 4 Chapter 5
	Customer questionnaire or on-site audit	Upon request		
	Project review meeting	Upon request		
	Customer complaint-management mechanism	Upon request		
	Global Service Center and After-Sales Service	Upon request		
Employee	Employee Representative Committee	Quarterly	Labor rights Salary and benefits Occupational Safety and Health Labor relations	Chapter 3
	Occupational Safety and Health meeting	Quarterly		
	Employee Welfare Committee	Quarterly		
	Employee questionnaire	Upon request		
	Company Portal	Update upon request		
	Freshman seminar	Monthly		
	CEO seminar	Quarterly		
	Performance interview and appraisal	Semi-annually		
Investor/ Shareholder	Shareholders' meeting	Once a year	Corporate governance Operational performance Profitability Shareholders' equity	Chapter 1 Chapter 2
	Investors conference	Semi-annually		
	Investor query	Approx. 40 meetings per year		
Supplier/ Contractor	SMS portal	Updated upon request	Supplier policy and management Environmentally hazardous substances management Occupational Safety and Health Supplier corporate social responsibility	Chapter 3 Chapter 4 Chapter 5
	Supplier performance evaluation and audit	Quarterly		
	Supplier conference	Once a year		

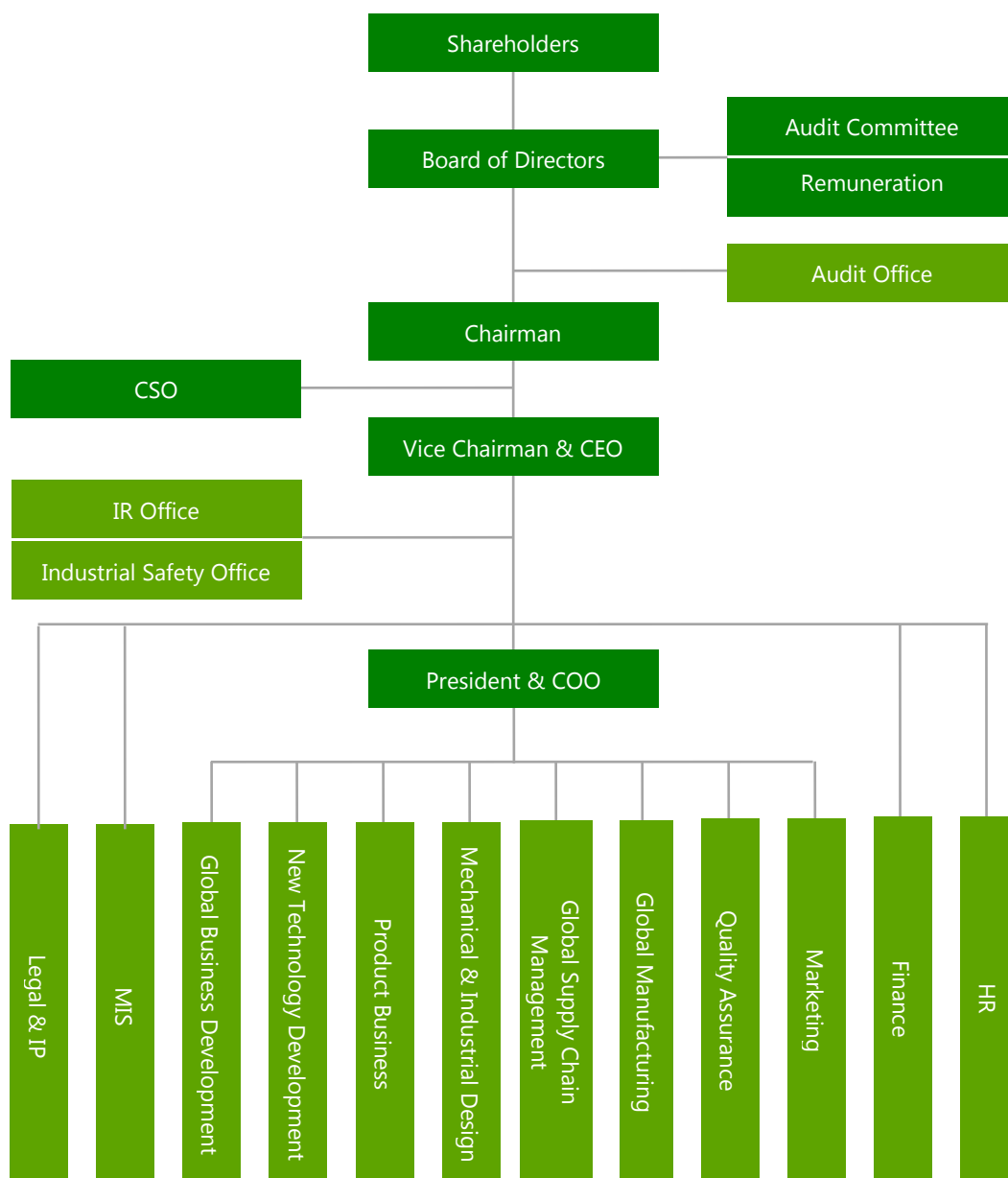| Stakeholder	Communication Channel	Communication Frequency	Issue	Relevant Chapter
Government/ Authority	Official documents/questionnaire	Non-periodic	Occupational Safety and Health Compliance with the law Environmental safety and health performance Energy and resource management and reduction	Chapter 2 Chapter 3 Chapter 4
	Awards	Non-periodic		
	Regulatory seminar/discussion/guild activity	Non-periodic		
NGO/NPO	NGO/NPO Website	Non-periodic	Labor rights Abiding by the EICC Green products management Environmental safety and health performance	Chapter 2 Chapter 3 Chapter 4
	Participate in industrial alliance organizations and activities	Non-periodic		
	Participate in NGO/NPO activities	Non-periodic		

2

Corporate Governance

WNC values the legitimacy and transparency of its corporate operations. Principles guiding our policies regarding corporate operations include:

1) *Establishing an efficient corporate management system to protect shareholders' interests and consolidate communications among interested parties and setting up new rules and taking measures according to continuous amendments of guidelines and customer demands;*

2) *Acting in accordance with EICC regulations and formulating the Corporate Social Responsibility Best-Practice Principles, Corporate Governance Best-Practice Principles, Ethical Corporate Management Best-Practice Principles, and the Code of Ethical Conduct in 2013 (effective as of the first quarter of 2014) to manage and promote corporate governance, operational integrity, and CSR-related issues;*

3) *Implementing measures based on company policies with each functional unit and reviewing their effects semi-annually. Units such as finance, human resources, quality assurance, the marketing center, and the EICC management committee also pay close attention to related international proposals and regulations to determine whether we need to update existing regulations and procedures. Overall, we are striving to perfect our operations and create added-value for markets and customers with progressive thinking regarding operations management, product development, market promotion, and enhancement of internal-operations procedures.*

2.1 Organization Chart

Shareholders

Board of Directors

Audit Committee

Remuneration

Audit Office

Chairman

CSO

Vice Chairman & CEO

IR Office

Industrial Safety Office

President & COO

Legal & IP

MIS

Global Business Development

New Technology Development

Product Business

Mechanical & Industrial Design

Global Supply Chain Management

Global Manufacturing

Quality Assurance

Marketing

Finance

HR

2.2 Operational Organization

2.2.1 Board of Directors

In accordance with its Articles of Incorporation, WNC elects seven to nine directors for three-year renewable terms. Currently, nine directors were elected at the Shareholder's meeting of 2011; all have business, legal, finance, accounting, or significant work experience or professional qualifications needed by the corporation. Three are independent directors able to provide objective suggestions according to their professional fields to assist the Board to make the most beneficial decisions for the company. 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. Information concerning the Board members' background, education, concurrent duties, and meeting attendance rate are disclosed in the company's annual report[1] and have been published on the Market Observation Post System and on the Investor Relations section of WNC's website (www.wnc.com.tw).

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, and assessing the performance of upper management as it pertains to issues such as the economy, the environment, and corporate social issues. The management team shall also report the

[1] Education and other information on members of the Board of Directors are included in section 3.2 of the 2013 Annual Report (Pp. 7–9 of the English translation).

status of company operations or other significant issues to the Board in order to maintain good mutual communication. A Board of Directors meeting is held at least once every quarter.

In 2013 the Board met seven times. Board of Directors decisions are disclosed immediately following such meetings through the Corporate Governance platform of the Market Observation Post System and on WNC's website.

Board of Directors Information

Name	Title
Simon Lin	Chairman & CSO
Haydn Hsieh	Vice Chairman & CEO
Jeffrey Gau	Director & President
Frank FC Lin	Director
Max Wu	Director
Philip Peng	Director
Chang Guang Yao	Independent Director
S. T. Peng	Independent Director
Robert Hung	Independent Director

With respect to board meetings, directors are asked to recuse themselves when the discussion involves personal interests. In such a circumstance, directors are prohibited from exercising voting rights either in person or by proxy. To improve monitoring and strengthen management functions, the Audit Committee and Remuneration Committee are established under the Board of Directors.

2.2.2 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 positions assists the Board of Directors in the execution of its supervisory capacity, raising the company's financial standing and creditability. The audit committee is composed 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 renewable. Currently, WNC has three committee members.

An Audit Committee meeting is held at least once every quarter. In 2013, the committee met four times.

WNC Audit Committee Members

Name	Title
Chang Guang Yao	Independent Director, Audit Committee Chairman
Robert Hung	Independent Director, Audit Committee Member
S. T. Peng	Independent Director, Audit Committee Member

2.2.3 Remuneration Committee

WNC established a Remuneration Committee in October 2011 responsible for establishing and periodically reviewing compensation policies, systems, standards, and structure of the company's directors and management's compensation. The compensation for WNC's directors is set up according to the Articles of Incorporation, which will be 1% of the year's profits. The compensation package for each upper manager includes a fixed component of salary, bonus, and benefits and a variable component of bonus, dividends (cash/stock), stock (restricted stock/treasury shares) and stock options. The fixed terms aim to maintain the company's competitiveness at least a minimum level, and the variable terms are considered based on the company's and the individual's performance. In the beginning of each year, the Remuneration Committee sets the assessment items, goals, and weighting ratios, taking internal and external development into consideration. The compensation for managers is assessed based on personal performance and the prevailing salary levels in the industry. The terms are evaluated by the Remuneration Committee and are reported to the Board of Directors for approval. Currently, the Remuneration Committee has three members, two of whom are independent directors.

WNC's Remuneration Committee meets at least twice a year. However, meetings can also be convened upon request. The Committee members are required to invite the Company's Chairman of the Board or CEO to attend the meetings. The members of the Remuneration

Committee should recuse themselves from the meetings if the issues to be discussed involve any personal interests of the members. The Committee may also request directors, internal auditors, accountants, legal consultants, and other personnel to attend the meetings and provide them with pertinent and necessary information. In 2013, the committee met five times.

WNC Remuneration Committee Members

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

2.2.4 Audit Office

WNC has established an Audit Office for 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 the CEO at any time if necessary.

2.3 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, and 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 responsibilities, 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, in environmental protection, and in codes of ethics. WNC has also issued the WNC Electronic Industry Code of Conduct as a guide for our affiliated enterprises, employees, and suppliers to follow.

EICC Management Structure: WNC (Taiwan)

```
                          CEO
                           |
                  Management
                  Representative
                           |
China Management                        General
Representative..........................Secretary
        |                                   |
  Management    Labor      Health and  Environmental   Ethics
  System Group  Group      Safety Group    Group       Group
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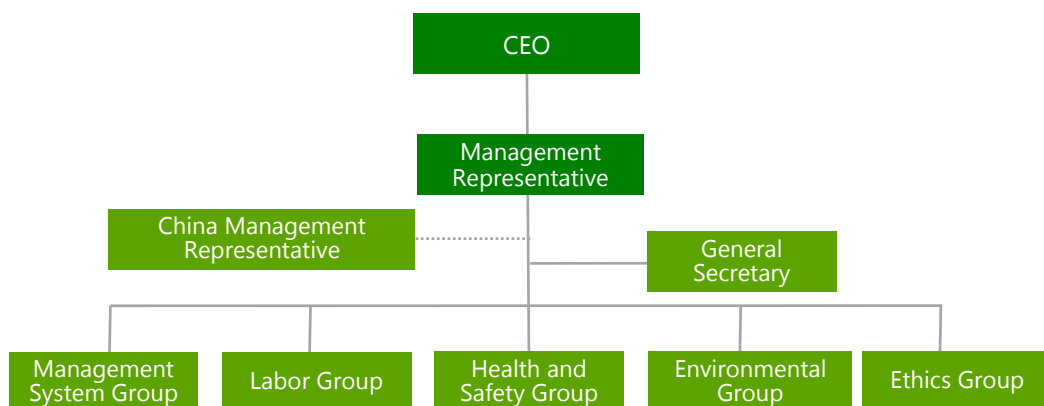
EICC Management Structure: China Sites

```
                    ┌──────────────────────────┐
                    │   China Management       │
                    │   Representative         │
                    └──────────────────────────┘
              ┌──────────────┴──────────────┐
    ┌──────────────────┐          ┌──────────────────┐
    │  Environment,    │          │  Labor and Ethics│
    │  Health and Safety│         │  (LE)            │
    │  (EHS)           │          │                  │
    └──────────────────┘          └──────────────────┘
      ┌──────┴──────┐               ┌──────┴──────┐
┌──────────┐ ┌──────────┐    ┌──────────┐ ┌──────────┐
│Occupational│ │Environ-  │    │Labor     │ │Ethics    │
│Health and  │ │mental    │    │Management│ │Management│
│Safety      │ │Management│    │          │ │          │
│Management  │ │          │    │          │ │          │
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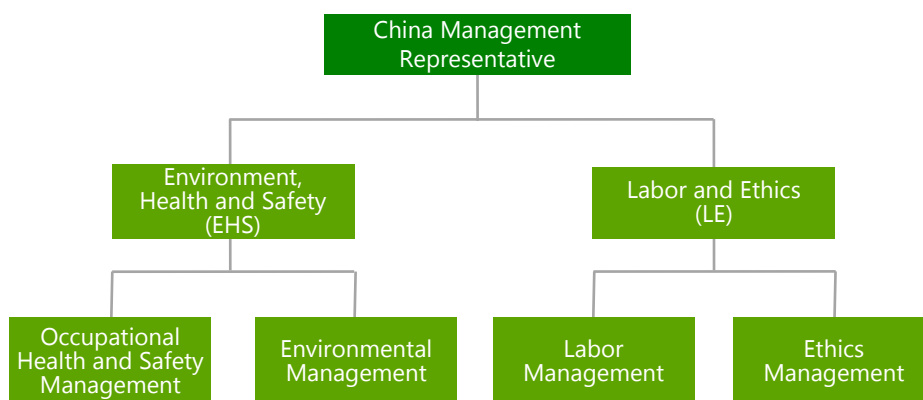
2.4 Integrity Management

Both the WNC Electronic Industry Code of Conduct and the WNC Corporate Social Responsibility Practice Standards clearly state the company's policy for integrity. All WNC subsidiaries and affiliates are required to follow the same corporate compliance guidelines. All employees must uphold high ethical standards. Employees should avoid any behavior creating unfair competition, fulfill tax obligations, refuse to accept bribes, and establish an appropriate management system to create a fair competitive environment. WNC also requires all employees and major suppliers to sign a WNC employee/supplier Code of Conduct and abide by norms of integrity while in execution of their daily duties to protect company credibility. A public e-mail is set up for internal or external personnel to anonymously report any actions that violate company integrity (wnc.integrity@wnc.com.tw).

We believe virtuous market competition is able to enhance the corporation's product and service quality and efficiency ensure consumer rights. It also facilitates the stability and prosperity of the overall economy. Therefore, we abide strictly to related government and industry laws. We will never adopt any unfair, anti-competitive behavior to help maintain a healthy market mechanism and structure. In 2013, there were no lawsuits against WNC related to anti-competitive or anti-trust behavior.

Political Impartiality

WNC remains politically neutral. Employees are encouraged to fulfill their civic duty but to not participate in political electioneering or provide any form of political contributions and lobbying. No political contributions were made in 2013.

Financial Grants

Financial Grants Record for Each WNC Site in 2013

Site	Item	Reason	Amount (Unit: CN¥)
WNC (Taiwan)	Investment tax credit	Act for Industrial Innovation	NT$2,7476,000
	Grant	Hsinchu Science Park R&D Accomplishment Award and Innovative Product Award	NT$810,000
WNC (Kunshan) Corporation	Grant	Kunshan Environmental Protection Bureau Environmental management system special subsidies from the financial bureau	CN¥10,000
Wistron NeWeb (Kunshan) Corporation	Grant	Kunshan Environmental Protection Bureau Environmental management system special subsidies from the financial bureau	CN¥10,000
WebCom Communication (Kunshan) Corporation	Taxable allowance	State Administration of Taxation of the People's Republic of China Management operation procedures for exported goods' tax exemption, expenditure, and refund	CN¥19,554,025
	Grant	Kunshan science and technology bureau Grants for scientific R&D institutions	CN¥50,000

Compliance with Regulations

Since WNC's founding, it has implemented internal regulations in accordance with applicable national laws of each operational location in order to guide its employees, managers, and the Board of Directors. WNC has also been mindful of the relevant authorities, international or domestic related laws, and the trend for investment and business scope in order to modify its policies concerning environmental protection, occupational safety and health, anti-bribery/corruption, anti-harassment/discrimination, fair competition, import and export, internal control, information security, intellectual property, and welfare assistance. On-line

and live classroom courses or internal portal website updates are provided for employees to review the most up-to-date corporate policies.

In 2013, WNC (Taiwan) did not violate any national regulation and did not have any recorded lawsuit. WNC (Kunshan) and Wistron NeWeb (Kunshan) were fined CN¥64,000 in September 2014 due to a violation of the Regulations of Jiangsu Province on Firefighting and Prevention and the Fire Prevention Law of the People's Republic of China for improper usage by non-certified personnel in the underground garage fire-control rooms and the malfunction of fire-extinguishing equipment. The two sites renovated their fire-prevention facilities and fire-control equipment in February 2014, and the lawsuits were settled after inspection by the Kunshan police station and fire-prevention officials.
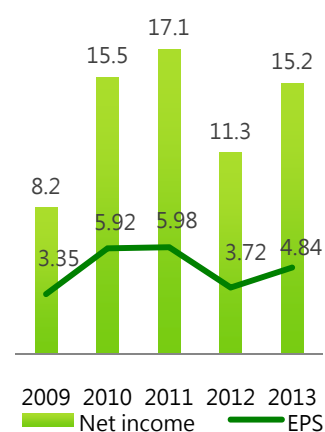
2.5 Operational Performance

2.5.1 Financial Performance

WNC announced its 2013 non-consolidated revenue was NT$35 billion, up 9.58% YoY. Consolidated revenue was NT$37 billion, up 6.44% YoY. Net income was NT$1.5 billion, up by 36.82% YoY (calculated based on the IFRS new system). EPS was NT$4.84. The following financial data charts present WNC's operating results for the previous five years. The ROC GAAP system was used for figure calculation for 2009 to 2012, and the IFRS new system was adopted for 2013 figures.

Overview of Profitability Analysis
During the Previous Five Years (Consolidated)

Item	2013	2012	2011	2010	2009
Return on assets (%)	7.28	5.65	8.87	10.12	6.61
Return on equity (%)	15.21	11.98	19.57	21.00	13.04
Profit before tax to pay-in capital (%)	61.01	47.23	77.86	74.51	42.72
Net income ratio (%)	4.14	3.28	5.03	5.67	5.17
EPS (NT$)	4.84	3.72	5.98	5.92	3.35

In millions of NT dollars, EPS in dollars

|	2009	2010	2011	2012	2013
Net income	8.2	15.5	17.1	11.3	15.2
EPS	3.35	5.92	5.98	3.72	4.84

Overview of Financial Performance During the Previous Five Years (Consolidated)
(Unit: Thousands of NT$)

Item	2013	2012	2011	2010	2009
Operating revenue	36,653,661	34,434,519	33,982,114	27,338,387	15,903,518
Gross profit	5,191,044	4,681,645	5,286,186	4,738,921	3,072,207
Operating expenses	3,407,908	3,196,976	3,200,247	2,778,696	2,008,773
Operating growth	1,783,136	1,484,669	2,085,939	1,960,225	1,063,434
Net income before taxes	1,960,103	1,434,985	2,229,122	1,998,965	1,077,350
Income tax expense	441,772	306,725	519,582	449,981	255,727
Consolidated net income	1,518,331	1,128,260	1,709,540	1,548,984	821,623
Basic earnings per share	4.84	3.72	5.98	5.92	3.35
Retained earnings	5,173,321	4,325,357	4,353,702	3,733,448	2,755,180
Interest expenses	65,304	100,712	96,222	53,592	62,686
Personnel expenses	4,157,655	3,652,483	3,515,330	2,919,957	1,942,905
Employees bonuses	204,975	203,087	307,717	279,527	147,891
Cash dividends	965,304	609,268	1,012,029	953,125	446,647
Stock dividends	64,354	91,264	144,576	136,161	124,069

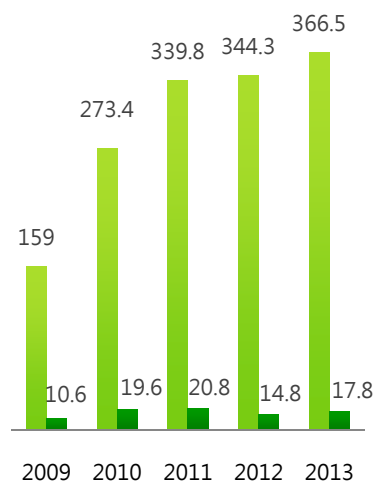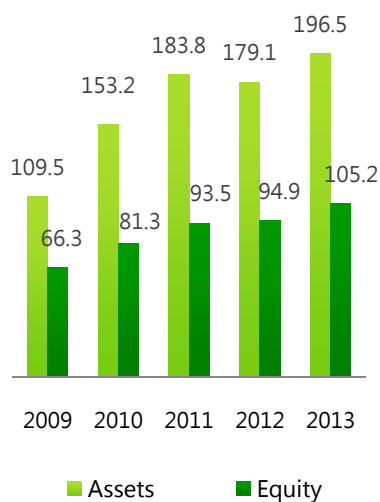<Non-consolidated>

In millions of NT dollars
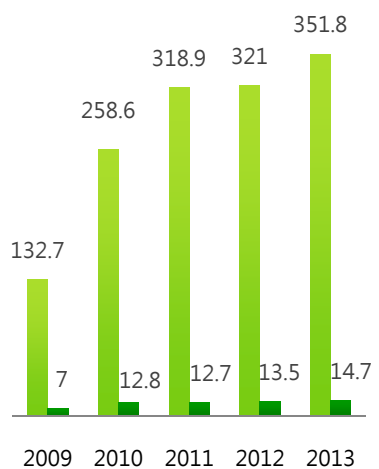
Net revenue   Operating profit

<Consolidated>

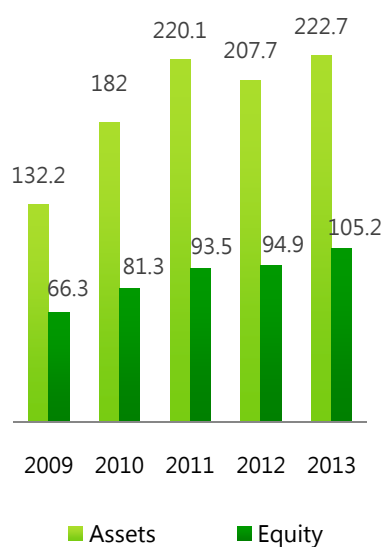In millions of NT dollars

Net revenue   Operating profit

<Non-consolidated>

In millions of NT dollars

	2009	2010	2011	2012	2013
Assets	109.5	153.2	183.8	179.1	196.5
Equity	66.3	81.3	93.5	94.9	105.2

<Consolidated>

In millions of NT dollars

	2009	2010	2011	2012	2013
Assets	132.2	182	220.1	207.7	222.7
Equity	66.3	81.3	93.5	94.9	105.2

<Non-consolidated>

In millions of NT dollars

	2009	2010	2011	2012	2013
R&D expenses	8.9	11.8	13.8	12.9	14.3
Immovables, facilities and...	8.5	6.4	3	2.4	2.8

<Consolidated>

In millions of NT dollars

	2009	2010	2011	2012	2013
R&D expenses	9.5	12.4	14.5	13.9	15.5
Immovables, facilities and...	10.2	15.9	11	7.6	6.5
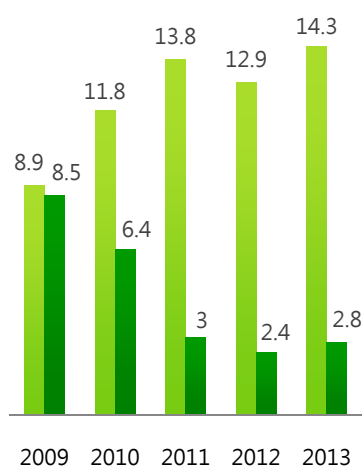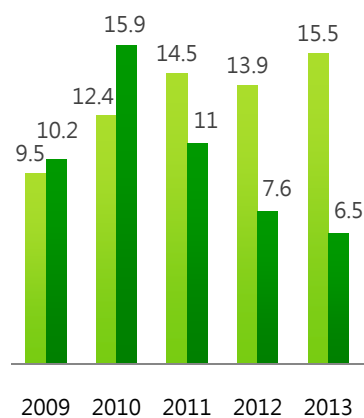
2.5.2 Shareholder Structure

In 2013, 24.23% of WNC's shareholders are composed of foreign investors and individuals. We will continue to optimize the company's overall operational performance. Please refer to the Investor Relations section on WNC's website for investors' related information.

2.6 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. In addition to 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 risk. Upper management from each business unit and first-level managers from each functional team meet weekly in the executive conference to review and discuss the potential internal and external operational-related variables and analyze the threat and opportunity they present. These variables include the overall economy, industry and techniques, customers and markets, supply chains and internal personnel, and operational-procedure-related issues. Furthermore, after careful evaluation on all aspects, if the item is a potential threat to the company's operations, it will be designated as a significant risk.

2.6.1 Business Risk Management

WNC complies with government decrees and regulations and adjusts its internal policies 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 operational 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 and to react timely to the rapidly-changing communication industry, WNC performs overall risk and efficiency

assessments when introducing new material, new technology, and equipment and uses the company's sustainable development as the guideline to enhance our products' total value through their competitive quality, development speed, and cost of product. Along with the strict control of expenses, operational costs and risks can then be well maintained.

In 2013, WNC earned the Authorized Economic Operator (AEO) certification. This not only enhanced import and export efficiency, but also, through cooperation with customs personnel and the mutual admission between countries, we helped contribute to global trade security and the prevention of terrorism and criminality that endanger the security of the international supply chain.

2.6.2 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 92% of WNC's sales revenue 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 reduce risk under proper risk guidelines.

2.6.3 Operational Risk Management

Taiwan is located on the subtropical zone and at the junction of the Eurasian Plate and the Philippine Plate. To avoid damages caused by typhoons and earthquakes, WNC has taken seismic activity and strong winds into consideration while building WNC (Taiwan) facilities in the Hsinchu Science Park.

WNC seeks to ensure quick recovery of its operations through 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 prevents instant recovery of production). 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.

In 2013, WNC (Taiwan) and locations in China did not have any injury or property damage caused by natural or man-made disasters, including terrorist attacks or labor disputes.

2.6.4 Information Risk Management

To ensure company and customer information security and to reduce damages and impact caused by man-made or natural disasters, WNC set up an Information Security Policy to regulate IT accounts and password-authorization management, account-authorization management, server-room management, portable computer management and use, information-system security protective measures, information-backup and recovery-management procedures, classified-information control measures, information-system security protective procedures, and department-level classified-document protection procedures to prevent improper access and modification as well as to prevent the loss or leakage of the company's classified information.

The IT center developed the following operations platform according to the company's business needs for employees enjoy a secure information access and exchange space:

- 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 Software Encryption Mechanism to better protect the company's classified information
- Established the OA Cloud and will be implementing the system according to the project's progress

In addition to continuing to promote the concept of respecting intellectual property and using only genuine software, WNC also promotes information-security-related policy through training and internal announcements. WNC plans to obtain the information security management ISO 27001 certification.

2.6.5 Environmental Risk Management

The environmental crisis caused by unusual climate change has brought challenges to the sustainability of corporations and human lives. Environmental protection awareness and action has rapidly extended to product design and production. WNC has performed carbon management through many energy-conservation and carbon-reduction plans such as eco-design, product carbon-footprint, and greenhouse-gas inventories.

WNC performs risk and opportunity assessments regarding aspects of regulatory risks, physical risks, and other risks. WNC also participated in the Carbon Disclosure Project (CDP) beginning 2011 and has registered greenhouse gas inventory records on the project website (https://www.cdproject.net) for customer and related stakeholders' review. At the same time WNC also evaluated carbon risk and potential opportunities in business aspects such as regulations and the physical areas of operations.

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

3

Employee Care

Respect Human Rights
Recruitment
Overall Remuneration
Training and Development
Employee Well-Being

3.1 Respect for Human Rights

Talent and human capital is the most important element in companies; WNC cherishes this and promises to comply with social-responsibility-related regulations, labor laws, and national acts such as the Act of Gender Equality in Employment and adhere to principles of respect for human rights and employing appropriate talent for corresponding positions. We will:

■ Not consider an individual's gender, age, ethnic background, religion, or political affiliation as an advantage or disadvantage during evaluation,

■ Check, adjust, and formulate a reward distribution system with industrial advantages, and

■ Commit to establishing a credible, healthy, and safe operational environment by performing internal OHSAS 18001 audits and verification by a third party at fixed intervals annually to ensure the workplace security and sanitary conditions meet international standards.

In addition to promote human rights and policy in the freshman training and new manager training courses, we also check the actual condition of child labor, underage labor, forced labor, sexual harassment, labor relations and expressing free will issues non-periodically according to customer's requests. WNC did not receive any complaints regarding violation of human rights or discrimination in 2013.

3.1.1 Prohibition of Child Labor and Forced 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 or under 18 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. The following table shows the number of child labor and under-aged workers hired by WNC in 2013:

Child Laborers and Under-Aged Workers Hired

	Taiwan	China
Child workers (persons)	0	0
Under-aged workers (persons)	40	118

All WNC sites comply with international standards and local acts. All employees are employed out of their own free will and have the right to leave upon reasonable notification; WNC has no right to request employees hand in their ID cards, passports, or work permits to the company or any labor agency as a condition of their employment. We formulated the WNC Supplier Corporate Social Responsibility Code of Conduct in 2013 to forbid forced labor and have applied this code of conduct to all suppliers gradually from October 2013.

3.1.2 Gender Equality

According to the Labor Standards Law and the Gender Equality in Employment Act, in order to break the occupational gender barrier, to forbid pregnancy discrimination, and to enhance gender equality, WNC's female employees can apply for menstruation leave, maternity leave, miscarriage leave, and additional breastfeeding breaks. For all employees who need to care for their babies, they can apply for unpaid parental leave. WNC will inquire on the employee's intention to return to work and assist on his or her return. Twenty five employees applied for unpaid parental leave in 2013, and 22 of them were female while 3 of them were male. 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. However, parental leave is not regulated in China at the present time.

Numbers of WNC Employees in Taiwan Applying for Parental Leave in the Past 3 Years

Item	Male	Female
Number of persons applying for maternity leave or paternity leave in 2013	71	25
Number of persons applying for unpaid parental leave	3	22
Number of persons applying for maternity leave or paternity leave in the past 3 years	165	83
Number of persons applying for unpaid parental leave and returning to work in the past 3 years	3	15
Number of persons applying for unpaid parental leave and returning to work for more than 12 months in the past 3 years	1	7

To prevent workplace sexual harassment and ensure that the workplace is friendly to both male and female employees, Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace have been established and are in practice. There were no complaints of sexual harassment in 2013.

WNC provides the following female employee-friendly initiatives:

■ Car spaces for female employees are arranged close to parking-building entrances.
■ Dedicated parking spaces for pregnant employees
■ When buying sanitary towels in the company convenient store, a paper bag will be provided.
■ Sanitary towels are available for female interviewees and female customers or vendors on demand at the front desk.
■ Feminine products storage cabinets are installed in the production line for female employees to store their personal sanitary items.

Feminine Products Storage Cabinet

Lactation Room
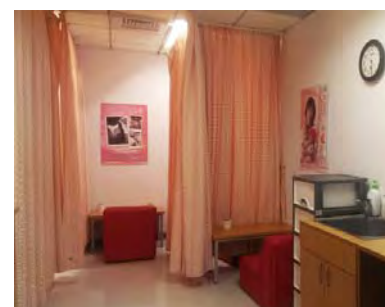
- Female doctors are arranged to perform periodic check-ups such as breast ultrasounds, obstetric ultrasounds, and cervical screenings for female employees.
- Comfortable and spacious lactation room for up to 6 female employees to use; it is equipped with a breast-milk refrigerator, personal cabinets, water dispenser, hair dryer, and mirrors, as well.
- Dedicated antistatic clothing for pregnant employees.
- Pregnant employees are not required to pass through metal detectors.
- Pregnant employees' production-line working hours are adjusted: night-shifts employees are switched to the day shift; standing operation is changed to sitting operation; and working hours are reduced.
- The Maternity Care project was launched in 2013. The health center will proactively contact pregnant employees, and doctors on-site will provide maternity-related consultation.

3.1.3 Communication Mechanisms

WNC not only provides a variety of open and transparent communication channels but also continues to strengthen our bi-directional, real-time communications with 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. Committee meetings are held quarterly. In 2013, four committee meetings were held and 89 proposals were discussed, including 9 employee meal service items, 14 parking issues, 38 employee welfare items, 22 working environment items, and 6 PC/IT issues.

In addition, a freshman afternoon tea gathering is held once a month to answer new employees' questions and to assist them to adapt to the workplace environment and mutual communication with their colleagues. A freshman seminar is held at the end of employees' first three months of service, and WNC's CEO responds in person to any concerns of the new employees. In 2013, 126 new employees participated in the freshman afternoon tea gathering, and 125 participated in the freshman seminar.

Freshman afternoon tea gathering

Freshman seminar with the CEO

At the China sites, e-mail and telephone are the major communication channels providing the employees consultation service to assist employees in solving their problems. Meanwhile, an "8585 (help me help me)" hotline is available. In 2013, there were 8 complaints regarding company policy, work adaption, and life issues, all of which were resolved with records kept. The employee-care unit at each site also holds Tea Chat meetings with employees to understand the problems they encounter at work and to directly discuss problems with department managers. In 2013, 28 Tea Chat meetings were held and 1,120 employees participated in the meetings.

Tea Chat meeting

3.1.4 Personal Information Protection

In response to the need for personal information protection, WNC follows related regulations to ensure personal information has been used legitimately. In 2013, WNC reinforced personal information protection related work and education within the company. Actions taken include:

■ Arranged Personal Information Protection training:
As of April 2013, section-level and higher managers and employees handling personal information are required to take the online training. The completion rate is 97.4%. Related training will be held in 2014 for the new managers and new employees who will be handling personal information.

■ Maintaining personal information records:
HR established a personal information protection procedure and completed a personal information inventory and adjustment in February 2013. Furthermore the procedures and experience have been shared with attendees at the first-level supervisors and center-level managers meetings.

■ Setting up personal information management authorization:
Distinguish management and authorization of HR information in written form and system information to prevent unauthorized access of employees' personal data.

■ Destroying expired data

■ Saving employees' data according to the time limitations regulated by the Labor Law. Data that exceeded the time limit for storage is destroyed according to the Confidential Document Destruction Procedures.

3.2 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.

3.2.1 Human Resource Structure

As of the end of December 2013, the total number of employees worldwide was 8,998, of which 1,943 employees were located in Taiwan, a decrease from 2012 figures of 2.02%. 1,345 of these were indirect labor (IDL) employees and 598 were direct labor (DL) employees. The percentage of female employees was 44.06%. 46.32% of our colleagues were between the ages of 26 and 35, and 47.71% of all employees had worked for WNC for three years or more. 98.59% of IDL employees were university graduates. There were 7,029 employees in China, a decrease of 5.73% compared to 2012. These consisted of 1,163 indirect employees and 5,866 direct employees, with 41.58% being female and 44.56% of employees being between 20 years and 25 years of age. 6.3% of local IDL were employees assigned from Taiwan; 3.1% were local indirect labor employees in managerial positions

2011–2013 WNC Employee Totals

Year	2011	2012	2013
Taiwan	2,003	1,983	1,943
China	6,162	7,456	7,029
Others	13	15	26

2013 Employees' Gender Breakdown

Taiwan

China

44%

56%

42%

58%

- Male
- Female
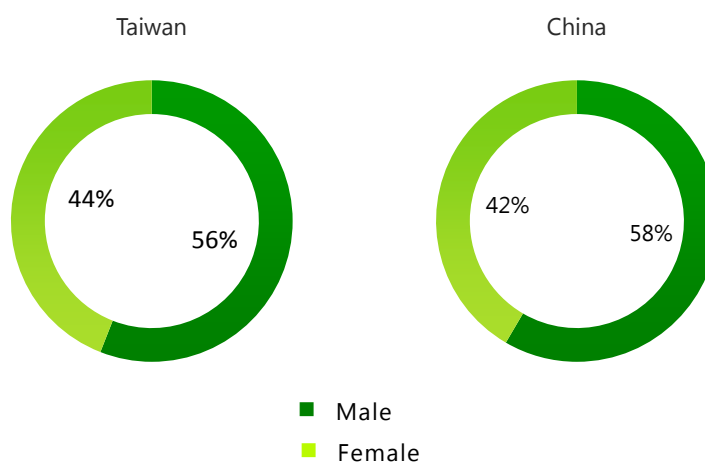
2013 DL and IDL Employees Breakdown

Taiwan

China

7%

23%

21%

49%

6%

47%

11%

36%

- DL (Male)
- DL (Female)
- IDL (Male)
- IDL (Female)
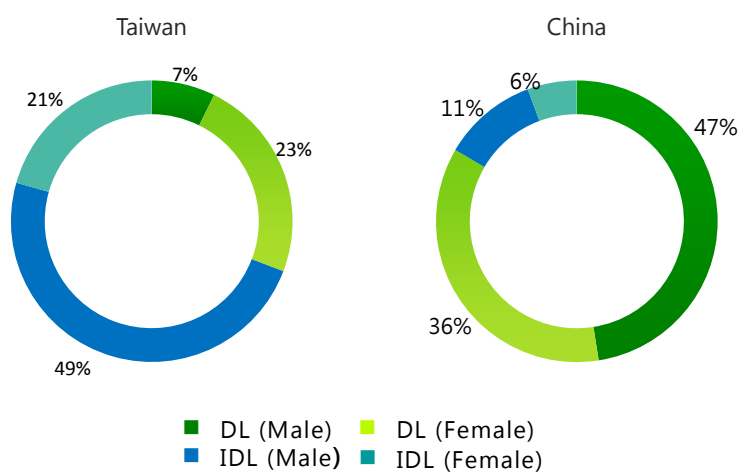
2013 Employees' Age Breakdown

Taiwan

2% 5%
11%
18%
13%
23%
28%

China

8% 2% 1%
17%
1%
27%
44%

■ 20 y/o and below   ■ 20–25 y/o   ■ 26–30 y/o   ■ 31–35 y/o
■ 36–40 y/o   ■ 41–45 y/o   ■ 46 y/o and above
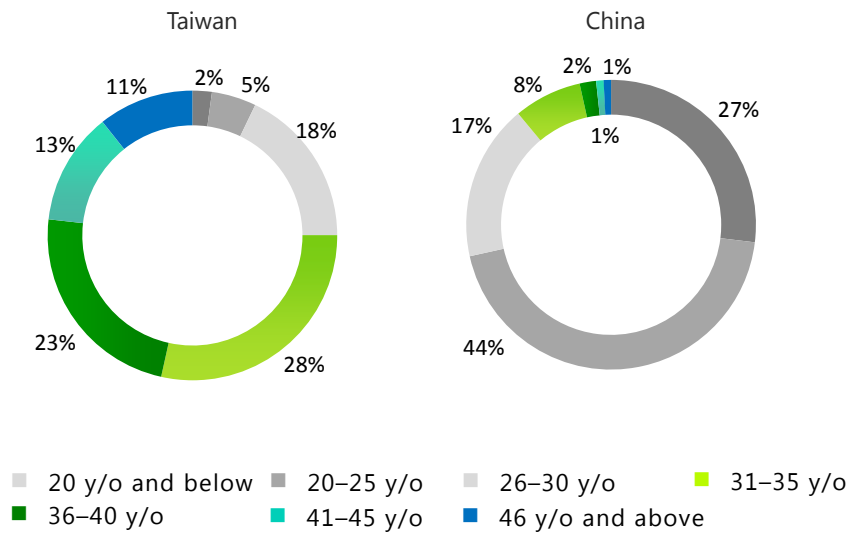
2013 Employees' Years of Service Breakdown

Taiwan

7% 2%
32%
16%
37%
6%

China

3% 3%
25%
69%

■ 1 year or less   ■ 1–3 years   ■ 4–5 years
■ 6–10 years   ■ 11–15 years   ■ 11–15 years
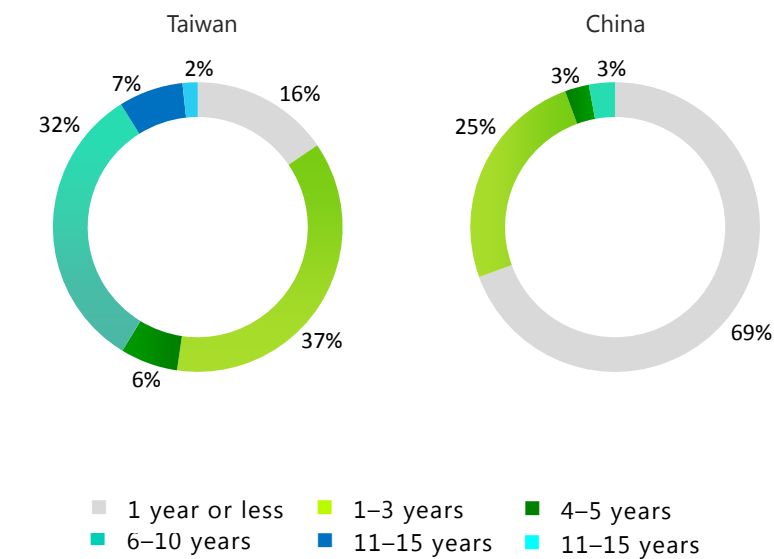
2013 Employees' Work Category Breakdown

Taiwan

- 14%
- 31%
- 12%
- 8%
- 35%

China

- 2%
- 8%
- 7%
- 83%

Legend:
- DL
- Manufacturing Engineering
- Sales
- R&D
- Others
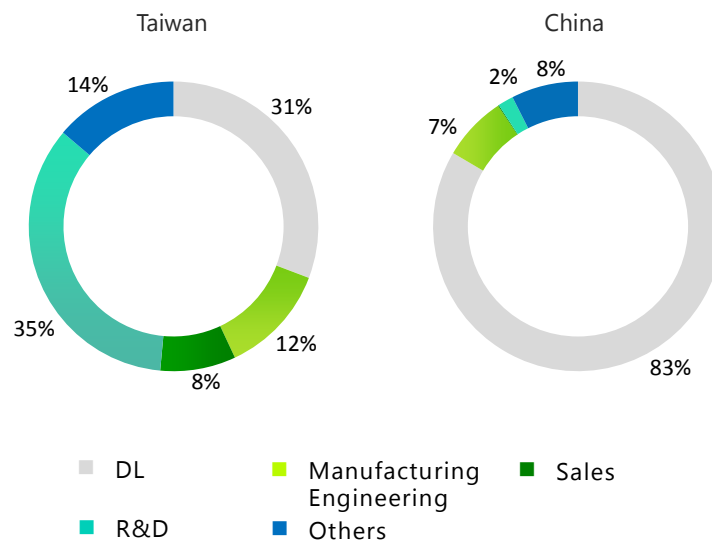
2013 Taiwan Employees' Academic Background

- 1%
- 2%
- 49%
- 48%

Legend:
- PhD
- Master's
- Bachelor's
- High school or under
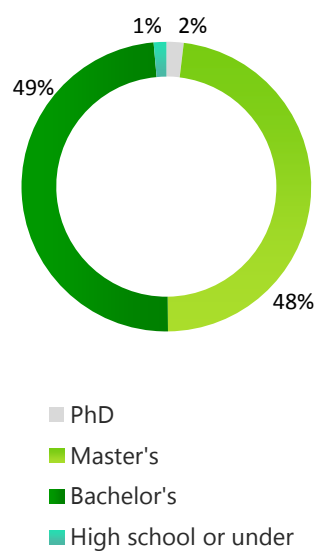
3.2.2 Employee Recruitment and Retention

WNC's long- and short-term recruitment activity planning closely involves the respective hiring business units throughout the hiring process, with recruitment projects tailor-made for different units to ensure we attract outstanding talent. WNC's employee numbers has increased continuously, and we hope to become an outstanding employer through software and hardware investment. WNC recruits from its internal recruitment website and also collaborates closely with academia through campus-development programs and R&D substitute national service. We help students learn industry requirements in advance and employ new graduates showing promise. In 2012, WNC began interfacing with university campuses and schools by hosting technology seminars at universities and supporting communications-industry knowledge exchanges with the academic sector. At the same time, we invite students to provide their contact information to WNC's human resources department for future contact regarding employment.

WNC (Taiwan) has recruited many IDL employees from all over the world including from the United States, France, England, Israel, Japan, China, Thailand, Malaysia and Australia to promote internationalization and facilitate contact with our international customers and suppliers. As for subsidiaries in China, we have actively trained local employees to help them attain management-level positions. Due to business needs, the number of Taiwanese employees designated for support in China operations has slightly increased. However, the number of Chinese IDL employees in China promoted to the management level has increased, as well. Management positions in Taiwan are staffed by Taiwanese employees.
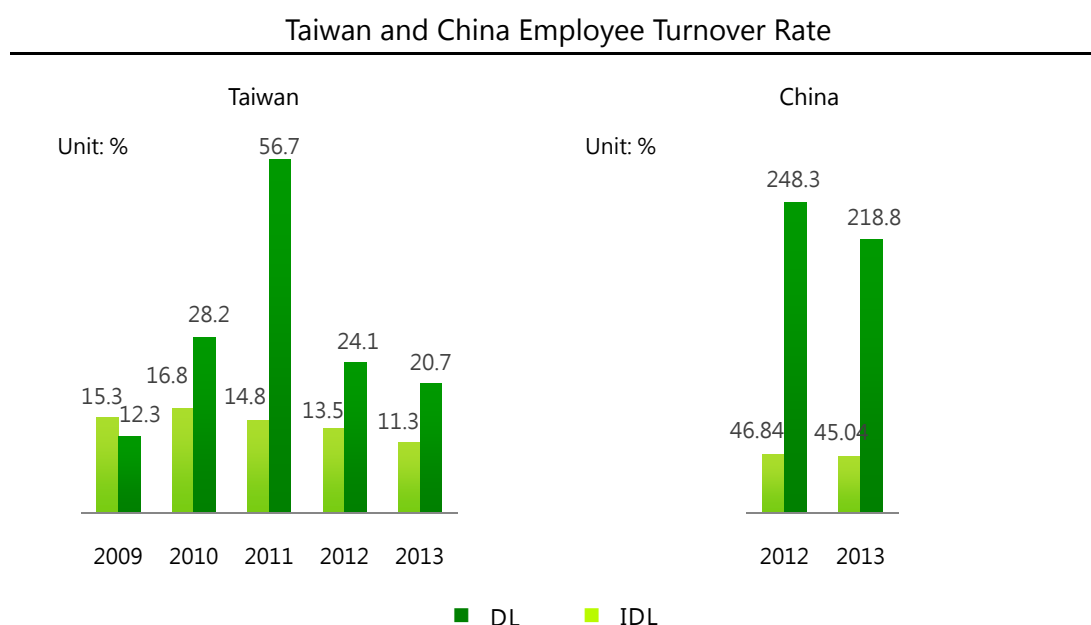
China Local Talent Recruitment
in the Past Two Years

Unit: %

Ratio of Taiwan IDL Expatriats to China IDL

Percentage of Local IDL at Management Level

Note: Employees receiving management allowances are included in the management-level category above.

WNC employs diverse methods to retain its outstanding talent. For colleagues with different qualifications at different levels of the organization, we offer freshman orientation, bonuses for long terms of 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:

Taiwan and China Employee Turnover Rate

Taiwan
Unit: %

Year	IDL	DL
2009	15.3	12.3
2010	16.8	28.2
2011	14.8	56.7
2012	13.5	24.1
2013	11.3	20.7

China
Unit: %

Year	IDL	DL
2012	46.84	248.3
2013	45.04	218.8

■ DL   ■ IDL

In 2013, 226 new employees were hired at the WNC Taiwan headquarters: 65% of them were males, and 58% of all employees hired were between 26 and 35 years of age; 21,887 new employees were hired at subsidiaries in China: 60% of them were males, and 60% of all employees hired were between 20 and 25 years of age.

Gender Distribution of New Employees in 2013

Taiwan

8%
6%
27%
59%

China

2%
0%
40%
58%

■ DL (Male) ■ DL (Female)
■ IDL (Male) ■ IDL (Female)

Age Distribution of New Employees in 2013

Taiwan

5% 1% 10%
11%
27%
15%
31%

China

4% 1% 1% 21%
13%
0%
60%

■ 20 y/o and below ■ 20–25 y/o ■ 26–30 y/o ■ 31–35 y/o
■ 36–40 y/o ■ 41–45 y/o ■ 46 y/o and above
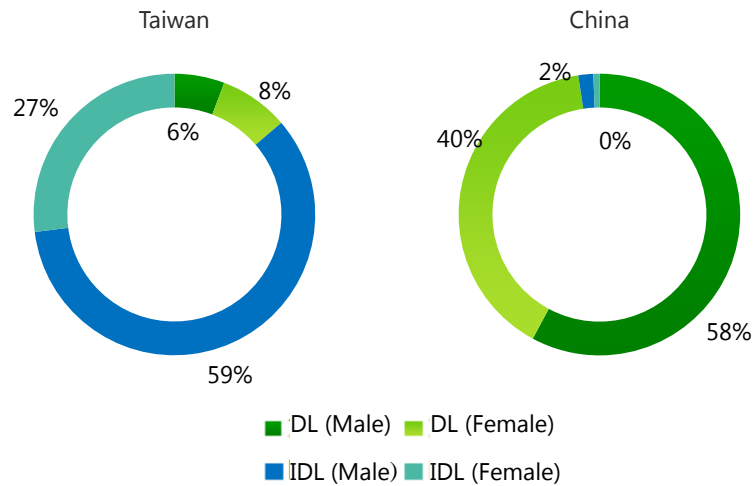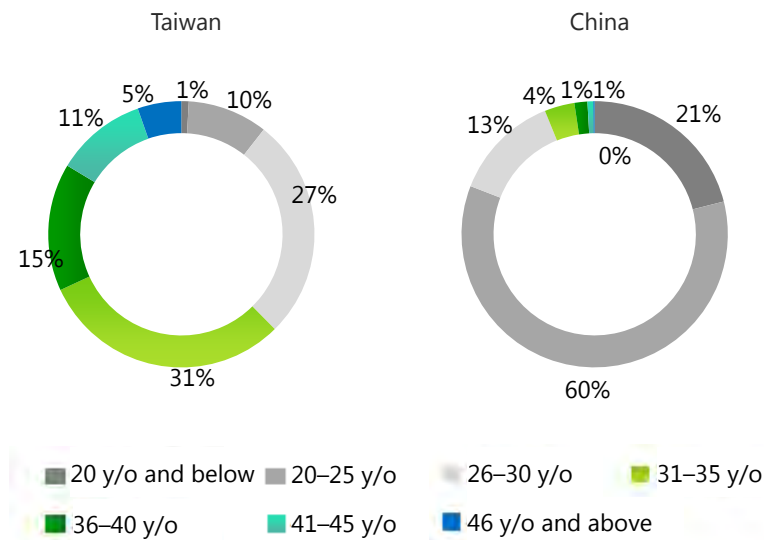
In 2013, the turnover rates of new male and female IDL employees within one year at WNC's Taiwan headquarters were 11.9% and 13.1%, respectively. The turnover rates for DL male and female employees at WNC's Taiwan headquarters were 46.2% and 33.3%, respectively. New male and female IDL employee turnover rates in China were 46.8% and 34.2%, respectively, and the turnover rates for new male and female DL employees were 79.1% and 78.7%, respectively.

2013 WNC Employee Turnover Rates in Taiwan

Category	IDL						DL[1]					
	Total	Gender		Age			Total	Gender		Age		
		Male	Female	< 30	30–50	> 50		Male	Female	< 30	30–50	> 50
Turnover quantity of new employees[2]	24	16	8	4	19	1	12	6	6	1	11	0
Quantity of new employees	195	134	61	63	125	7	31	13	18	10	21	0
Turnover rate of new employees (%)	12.3	11.9	13.1	6.4	15.2	14.3	38.7	46.2	33.3	10.0	52.4	0.0

Note 1: Refers to DL employees at the WNC Taiwan headquarters excluding foreign workers and vocational graduates

Note 2: Refers to the number of new employees who quit during their first year

2013 WNC Employee Turnover Rates in China

Category	IDL						DL					
	Total	Gender		Age			Total	Gender		Age		
		Male	Female	< 30	30–50	> 50		Male	Female	< 30	30–50	> 50
Turnover quantity of new employees*	228	176	52	182	45	1	16,860	10,021	6,839	15,689	1,166	5
Quantity of new employees	528	376	152	404	122	2	21,359	12,664	8,695	20,148	1,202	9
Turnover rate of new employees (%)	43.2	46.8	34.2	45.0	36.9	50.0	78.9	79.1	78.7	77.9	97.0	55.6

*Refers to turnover quantity of new employees who quit during their first year

The turnover rates of DL employees in China are relatively high due to three main reasons: 1) Employment opportunities in western China are increasing; many workers native to those parts of China choose to work in their hometowns; 2) many young DL workers underestimate the job demands in factories and are unwilling to commit the hours required; and 3) with increases in labor demand in the Yangtze River delta and the Pearl River delta regions and

numerous work opportunities without mature long-term career-development tracks, worker decisions are oriented towards the short-term, and their turnover rates are relatively high.

3.2.3 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; in 2013, this number rose to 14 and the ratio rose to 0.72%. Of these, 9 are mildly or moderately disabled, and 5 are more severely disabled. Their positions include 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.

3.3 Overall Remuneration

3.3.1 Wage Structure

WNC regularly adjusts employee salaries to ensure reasonable compensation for colleagues as well as to retain and attract talented employees. Taking into consideration other factors including stockholder rights and interests, quality of life of employees, and sustainable development of the company, employee wages are also 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.

Salary	Project Bonus	Bonus	Contributing Employee Wages to Pension Accounts	Insurance
Parental Leave	Family Leave	Paternity Leave	Maternity Leave	Ordinary

3.3.2 Performance Management

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: Management by Behavior (MBB) and Management by Objective (MBO). Performance in terms of both quality and quantity is examined simultaneously and periodically, and the results are compiled semi-annually to serve as a basis for giving appropriate rewards or promotions to employees.

2013 Outstanding Team

2013 Outstanding Employee

2013 Best Patent Registration

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:

- The Outstanding Employee/Team Award and the Patent Invention Award: Given to encourage employees to continuously create value in their work in 2013; 27 outstanding employees and 11 teams and 2 patent teams were recognized which includes 47 team leaders, most valuable members, and inventors.

- Long Service Employee Award: To thank senior employees for their long service to the company in 2013, 178 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 2013, 72 teams presented their project results including 41 project applications, 28 winners of project presentations, 3 winners of best "C" documentation.

3.3.3 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. Based on the original or newly-enacted regulations, 6% or 2% (respectively) of pensions must be paid by employers; except for vocational students and foreign employees, all regular employees participate in this retirement scheme following the regulations of the Labor Pension Act. All regular employees participate in a group insurance plan, giving employees and their families' added protection.

Monthly Contributions to Employee Pensions in 2013

Category	Source	Ratio
Old regulations (based on the Labor Standards Act)	Contributed by employers	2%
New regulations (based on the Labor Pension Act)	Contributed by employers	6%
	Contributed by employees	Maximum of 6%

Employees in China are enrolled in social insurance and housing provident fund as required by Labor Law of the People's Republic of China (5 insurance and 1 fund). The social insurance includes: endowment insurance, medical insurance, employment injury insurance, unemployment insurance and maternity insurance. Twenty percent of the endowment insurance pension must be from employer contributions based on individual payment bases. All regular employers participate in this insurance scheme.

3.3.4 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.

## 3.3.5 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.

3.4 Training and Development

3.4.1 Diverse Paths of Learning

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 professional skills and management competencies.

Additionally, supervisors of all levels are required to teach a two-hour class to share their management practice, professional knowledge/skill, lessons learned, new trends/technology, and project experience each year in order to foster a spirit of self-learning. At the same time, the company has instituted a comprehensive internal instructor system to internally train instructors and allow employees to share and discuss in order to strengthen employees' related competencies. All instructors will be recognized on Teacher's Day every year. Also, a book fair and lectures are given during the Teacher's Day celebration to encourage employees' self-learning and development. In 2013, there were 92 instructors trained.
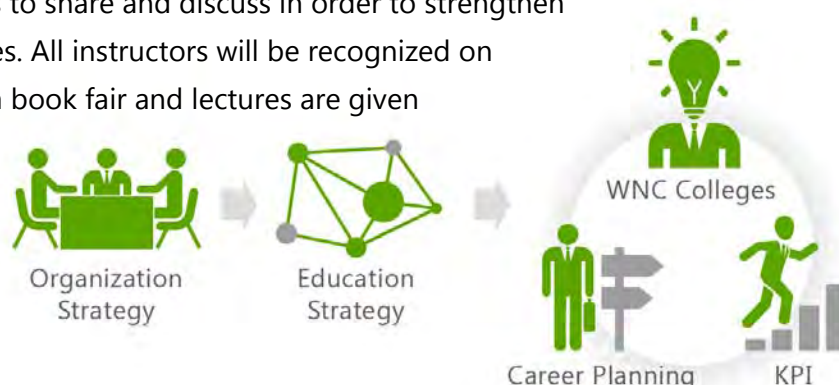
English-learning experience sharing

Production-line personnel management

2013 Teacher's Day celebration

Seminar by President Tien-Lai Lin from CommonWealth Magazine

WNC Employee Training Structure

Dynamic Talent Management
- Organizational talent plan
- Dynamic talent training system
- Talent development and training

Worldwide Learning System
- Implementing the "WNC Colleges"
- Modularized training courses
- World-wide accessible E-learning system
- Learning resource-sharing

Fundamentals Advocacy

Value Creation

WNC

Teamwork, Cohesion

Customer Focus

Training System
- Departmental internal training
- Supervisor's lectures
- Learning from the project team
- Business and technology research
- Waste elimination project
- Lessons learned
- RD Forum

Extensions
- Experience exchange with customers
- Seminars for suppliers
- Corporate Social Responsibilities

WNC Colleges

In 2010, the WNC "Colleges" were established, composed of 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 College Organization

College	Principals	Participants
Management College	CEO	First-level supervisors/external consultants
Marketing College	President	Product managers/sales supervisors
R&D College	CTO	Product R&D center/WNC RD Forum (WRDF) Chairman
Manufacturing Quality College	Head Plant Manager	Manufacturing/QA center manager
General Knowledge College	HR Head	Functional unit supervisors

- Management College:
  Focused on developing the management skills of supervisors', courses are designed according to the requirements of the respective management levels, including management-skills training in leadership, motivation, and the self-growth of newly appointed supervisors and strategic-planning development for middle- and upper-level supervisors. In 2013, 22 courses were held. In addition to organizing courses based on different levels of management ability, we also conducted a human-resources inventory to develop training courses for handpicked personnel.

- Marketing College:
  In addition to implementation of project management and the application of individual skills and specialized knowledge, skills covered include new-industry knowledge, presentation skills, conference planning, international trade and customer management, and service capabilities. Topics are in accordance with the company's operational direction and globalization trends and develop outstanding marketing personnel. In 2013, 17 seminars were hosted in which senior supervisors shared successful experiences regarding strategy and customer interaction.

Management College
Develop management skills and strategic planning ability

Marketing College
Sales staff basic analytical and problem solving ability

R&D College
Strengthen technical knowledge of R&D personnel, raise professional abilities

Manufacturing Quality College
Raise manufacturing quality, reduce costs, and raise production efficiency

General Knowledge College
Enhancement of employee efficiency

Via training of different colleges

Raise
Professional and personal abilities of employees

- R&D College:

  In addition to basic R&D training, R&D courses are divided into six areas and a forum to promote R&D innovation and enrich the basic skills of R&D personnel. Since the WNC Research & Development Forums (WRDF) was established in 2011, employees have been able to communication and strengthen cross-field techniques though the forums. Additionally, the FMEA forum was established in 2013 as six separate forums headed by a moderator to assist in the planning of College classes. Industry-academia cooperation is utilized to invite outside experts to serve as instructors and help continuously strengthen the company's core technologies. In 2013, 17 sessions were held including the TRIZ course for encouraging innovative thinking among R&D engineers.

- Manufacturing Quality College:

  The aim of this curriculum is to implement WNC's quality strategy of zero defects and competitive goods and services. Courses offered include: Six Sigma, manufacturing,

green-product design, quality systems, equipment, and failure analysis as well as ISO/TS 16949 and IECQ QC08000 quality-awareness training and application. By the end of 2013, 685 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:

New hires, from their reporting date until the end of their trial period, are also required to complete 25 e-learning courses dealing with company culture, the workplace environment, and system operations. Competency and skill related courses are planned to raise employees' effectiveness and self-management ability and to comply with government regulations. In 2013, 16 courses were held, including fire drills, emergency response drills, project management, time management, PowerPoint presentation skills, meeting planning, e-mail, and work applications.

2013 WNC Colleges Courses Held

	Management	Marketing	R&D	Manufacturing Quality	General Knowledge
Number of courses	22	17	17	24	16
Total attendee man-hours	2,017	2,160	2,630	6,710	1,271

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 order to enhance the range and depth of personal competency training. With the approval of the employee's department manager, WNC will provide full subsidies for the courses taken. In addition, departments are encouraged to host reading clubs to share insights gained through books. In order to ensure the quality of course content, participants are surveyed once the courses conclude to determine the participants' retention, the teaching skills of the instructors, and the recommendations for course improvement.

eHRD Human Resource Development System

WNC's eHRD system is an on-line learning and performance-management resource sharing platform that provides the following features:

■ A convenient alternative learning portal offering employees education 24 hours a day: Provides classroom learning, on-line learning, and external training information management; on-line courses include government regulations and corporate policy promotion, management system promotion, new-employee courses, and general knowledge courses related to employees' job functions.

■ Complete internal and external training records: Apart from checking all types of internal and external training courses and their details, employees can apply for courses hosted by the department itself or apply for internal or external training. The system will send notification reminders; allow employees to submit their after-course reports and after-class surveys to keep a complete record for the company and the employees.

■ User-friendly performance-management system: Through the user-friendly interface and system reminders, the system simplifies the steps needed for employees to set up their performance indexes and self-evaluations. The system also automates the performance-appraisal process to enhance total performance management, planning, and tracking efficiency.

WNC eHRD portal   WNC eHRD user page

3.4.2 Training Participation

In 2013, training courses hosted at WNC headquarters totaled 52,674 man-hours of which IDL staff took part in 47,194 man-hours of training and DL staff 5,480 man-hours; the total number of IDL participants was 1,345 (each averaging 35.1 hours per person) with 35.1 DL participants (each averaging 9.2 hours per person). Average course satisfaction was 4.25 out of a maximum score of 5. Training courses hosted at WNC's China sites totaled 40,034 man-hours for IDL employees and 81,652 man-hours for DL employees in 2013.

Our training courses for employees are planned and arranged regardless of gender differences. Time length and participation ratios of training courses for Taiwan and China employees are listed below:

Total Training Hours of Training Courses for Taiwan and China Employees in 2013

Region	Item	IDL			DL		
		Male	Female	Total	Male	Female	Total
Taiwan	Man-hours	34,669	12,525	47,194	1,230	4,250	5,480
	Number of employees*	945	400	1,345	142	456	598
	Hours per employee	36.7	31.3	35.1	8.7	9.3	9.2
China	Man-hours	26,429	13,605	40,034	46,015	35,637	81,652
	Number of employees*	766	397	1,163	3,340	2,526	5,866
	Hours per employee	34.5	34.3	34.4	13.8	14.1	13.9

*Numbers of male and female employees were calculated as of the end of 2013.

Training Hours per WNC Employee in Taiwan during the Previous Four Years

Unit: Hour
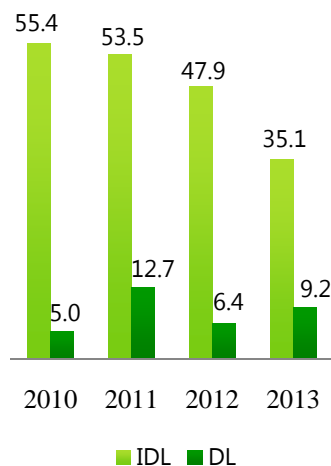
Training Hours per WNC Employee in China during the Previous Two Years

Unit: Hour
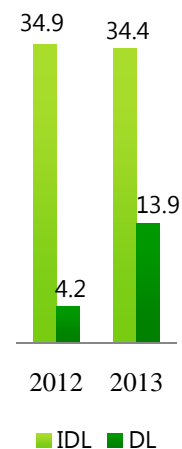
Breakdown of Employees' Training Man-Hours in Taiwan and China in the Previous Four Years

Year	Taiwan		China	
	IDL	DL	IDL	DL
2010	57,478	2,360	N/A	N/A
2011	63,393	9,628	N/A	N/A
2012	59,373	4,149	20,493	24,530
2013	47,194	5,480	40,034	81,652

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 2013, 486 new hires took part in freshman induction training for a total of 6,849 hours in Taiwan. Operations in China recruited 3,457 new employees, and these received 15,902 hours of training.

3.5 Employee Well-Being

3.5.1 Occupational Health and Safety Management

WNC has worked to establish a safe and healthy working environment. Besides establishing ESH policies, 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. Annual internal and external audit activities are held to ensure that the occupational safety and health system is functioning well and is improving. An Industrial Safety Office has also been set up at the Taiwan headquarters according to the Labor Safety and Health Act comprising 18 members with half of the members drawn from worker representatives.

To effectively maintain workplace safety and minimize employee health hazards, we evaluate workplace conditions semi-annually and announce the test results according to the Labor Operating Environment Measurement, which is related to the monitoring of carbon dioxide concentration and the illumination of the office, factory, and parking lots as well as the allowable limits and actual values of various types of chemical substances, organic solvents, dust, and noise in the special working area. 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 in order to maintain safety in the operating environment.

WNC also conducts occupational safety and health training as needed to enhance employees' occupational safety and health related knowledge and skill in order to maintain operational safety and health. To shorten reaction times to emergencies, each WNC employee is organized into fire-prevention teams on a departmental basis. For the employees who conduct chemical operations, WNC organizes chemical-spill handling training and drills to enhance employees' disaster prevention and response capabilities. In 2013, a new influenza response plan was established due to the worldwide increase of incidence of influenza in recent years. The company's protective measures will be proportionate to the influenza threat level in hopes of effectively controlling the disease among employees and reducing the impact on company operations.
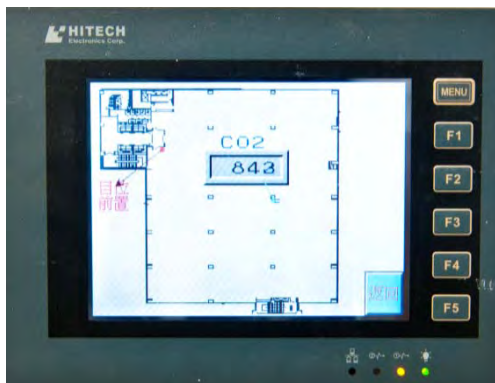
Carbon dioxide monitoring system   Production-line personnel protective equipment

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. Firefighting teams have also been set up and hold monthly firefighting drills and disaster prevention exercises.

There were no disabling injuries at WNC (Taiwan) in 2013. The occupational injury statistics for plants in China are tabled below.

Fire-prevention training

Emergency response training

Chemical spill emergency response equipment cabinet

Chemical substance storage room

2013 Occupational Injury Statistics for all WNC Sites

Item	WNC (Taiwan)[1]		WNC (Kunshan)		Wistron NeWeb (Kunshan)		WebCom Communication (Kunshan)	
	Male	Female	Male	Female	Male	Female	Male	Female
Number of disabling injuries	0	0	11	7	8	0	10	2
Working days lost due to injury	0	0	177	40	266	0	87	14
Disabling Frequency Rate (F.R.)[2]	0	0	2.29	1.46	2.48	0	2.40	0.48
Disabling Severity Rate (S.R.)[3]	0	0	36.87	8.33	82.45	0	20.92	3.37
Absence Rate (A.R.)[4]	0.36%	0.54%	2.97%	3.18%	3.82%	3.04%	1.61%	1.78%

Note 1: Occupational injury records in Taiwan only include operations in the factory. The injuries on commute to work are not included.

Note 2: Disabling Frequency Rate (F.R.)＝Number of disabling injuries/Total working hours × 1,000,000

Note 3: Disabling Severity Rate (S.R.)＝Working days lost due to injury/Total working hours × 1,000,000

Note 4: Absence Rate (A.R.)＝Total absent hours/Total working hours × 100％

Occupational Safety and Health Management Certifications
for WNC Sites and Years They were Obtained

Certification	WNC (Taiwan)	WNC (Kunshan)	Wistron NeWeb (Kunshan)	WebCom Communication (Kunshan)
OHSAS 18001: 2007	2008[1]	2012	2012	2012
Healthy Workplace Accreditation Certification from the Bureau of Health Promotion	2009	N/A	N/A	N/A
Safety Production Standardization Certification	N/A	2013	2013	2013

Note 1:   In 2013, WNC (Taiwan) added staff dormitories related certification in OHSAS 18001.

3.5.2 Food Safety

WNC implements the following measures to provide safe, healthy, and nutritious drinking water and meal services for employees at WNC (Taiwan) and its locations in China:

- Periodic water quality tests of water dispensers
- Establishment of an employee meal service committee for reviewing caterer performance and monitoring food safety-related matters
- 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
- Kitchen safety and health-management measurements; clearly stated management responsibilities and measures to control ingredients purchasing, ingredients handling, utensil safety, meal service vendor management, and kitchen facility maintenance
- An ingredients-vendor list to control food safety from the source of supplies

Fruit Stand in WNC (Taiwan)

Café Bar in WNC (Taiwan)

Canteen in WNC (Taiwan)

3.5.3 Health Enhancement

To maintain the health of employees, the following measures are implemented at WNC (Taiwan):

- Professional health-care services:
  - Arrangements for doctors to visit three afternoons per month to provide health advice; the doctors currently working with WNC are specialized in family medicine and occupational medicine from Hsinchu Mackay Memorial Hospital.
  - Two nurses on duty to plan and administer health-promoting activities for employees as well as provide assistance with emergency care, wound care, disease discovery, health counseling, return-to-work assessments, and medical referrals
  - A health center to provide basic medical services
- Health examination:
  - Health examinations for new hires and annual health examination for all employees are conducted to remind employees to monitor their health. The examination reports also enables the employees to compare the results from the previous year and review health conditions and to further adjust life style according to the results if desired. WNC's health-examination items surpass the items required by regulations. An additional health examination for employees who perform special tasks is performed annually in order to discover any issues endangering health or potentially causing disease. The health examination participation rate from 2011 to 2013 was 96.0%.
  - To assist employees in understanding their health condition and avoid disease progression, protective measures are taken according to the health examination results. One-on-one consultations provided by hospital physicians concerning health-exam results are also provided to remind and assist employees to track health issues and follow up on them.
  - The examination also provides women's cancer screening for early detection and treatment of cancer.
- Sports and Stress Relief:
  - 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 are offered Monday through Thursday in the evening, helping employees relieve stress.

In 2013, WNC (Taiwan) held 33 health enhancement activities stressing the four major themes of health and sustainability, exercise fitness, women's health, and epidemic prevention. Activity types include long-term prevention activities, seminars, and health examinations.

Exercise seminar

Female cancer screening

3.5.4 Employee Welfare Committee

WNC has established an Employee Welfare Committee to carry out overall planning. Representatives from employees and the management team coordinate the use of employee welfare funds to further improve relations between management and employees. The annual employee welfare budget is derived from 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 2013, 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 the kids' fun market for the World Book Day.
- Cultural activities: 17 events including travel seminars, parenting seminars, and arts-and-crafts DIY classes.
- Department trips and outings: A total of 75 trips including 4 one-day trips to the Northeast Coast, Lukang, Pingxi, and Nantou in addition to department-held outings or gatherings.
- Exercise courses: Aerobics, Tai Chi, and Yoga courses; four sessions were held with each session containing 10 classes. A total of 375 people participated in these activities.

2013 IDL year-end party

2013 Mid-Autumn Festival evening party

Employee trip to Lukang

Employee trip to Nantou

In 2013, WNC plants in China hosted 14 events including:

■ Festival events: New Year's party, National Day movie night, year-end lucky draw, and a Christmas party
■ Sporting events: Badminton competition, basketball competitions, and a fun relay
■ Entertainment events: WNC's singing talent contest and quiz contest
■ Outings for management: One-day tours in Wuxi Lingshan and Shanghai Chongming Island

WNC's singing talent contest

Quiz contest

Badminton competition

Department trip to Wuxi Lingshan

WNC encourages all of its employees to take advantage of the subsidies and incentives available and participate in its activity clubs. There are 10 major clubs in WNC, including a mountaineering club, golf club, basketball club, softball club, badminton club, table tennis club, bowling club, foosball club, music club, and photography club with a grand total of 559 participants. Each club has a fixed meeting or practice schedule and hosts all types of activities non-periodically in the company. In 2013, activities hosted by each club were as follows:

■ Mountaineering club: Yushan Mountain hiking activity; 12 employees successfully made it to the top.

- Golf club: Meets monthly and hosts semi-annual WNC Cup golf tournaments in the middle and at the end of the year.
- Basketball club: WNC Cup mid-year basketball competition
- Softball club: Participated in several softball games in Hsinchu and won fourth place in the Hsinchu City Chairman Cup and was the first runner-up in the Hsinchu City Mayor Cup
- Badminton club: Badminton competition in Hsinchu Science Park
- Table tennis club: Kinmax Cup table tennis competition and a competition in the Hsinchu Science Park
- Music club: Ukulele lessons and performances

Softball club Hsinchu City Mayor Cup   Golf club meeting

Mountaineering club trip to Yusha

3.5.5 Recreational and Sports Equipment

WNC offers its employees a gymnasium with a range of exercise facilities, an aerobics room, reading room, Art Corridor and the Sunshine corridor. The gymnasium is equipped with a variety of exercise and fitness facilities. Employees are encouraged to use the gym during their lunch breaks and after work hours. Shower and changing rooms are available for employees to freshen up after exercise to regain energy. The aerobics room serves as an aerobics lesson room and is also used for department activities. The spacious reading room contains many types of magazines, books, and newspapers. The Art Corridor adjacent to the reading room exhibits works by local Taiwanese artists. The Sunshine Corridor posts pictures of employee activities. Through different rooms with different functions, we hope our employees will be able to slow down their pace and relax their mind.

WNC (Taiwan) gymnasium

WNC (Taiwan) aerobics room

WNC (Taiwan) Sunshine Corridor

WNC (Taiwan) reading room

In 2013, the Art Corridor featured exhibitions of three local artists from Hsinchu, including:

■ Lin Ya-Han, National Hsinchu University of Education: The visual metaphor of hair imagery

■ Fu Yu-Jun, National Hsinchu University of Education: The spirit of ink wash painting and continuous splashed-ink painting

■ Lo Jie, amateur artist: Ai-drawing series
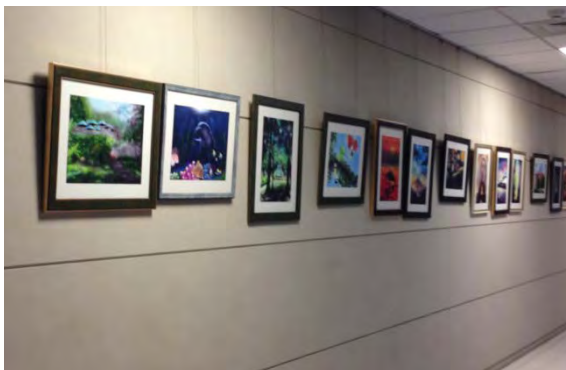
Staff quarters in China are provided with a fully furnished living center—Chi Yuan. An addition to the cafeteria and supermarket, a digital reading room and entertainment facilities are also provided. To encourage employees to engage in health-promoting activities in their spare time, they are also provided with a spacious badminton court, basketball court, ping-pong tables, and pool tables.

Dormitory

Restaurant

Telecom store

Fruit shop

Supermarket

Badminton court

4

Environmental Protection

Green Products
Environmental Management
Carbon Emissions Management
Energy-Efficient Working Environment

WNC pays close attention to global environmental protection issues. Apart from observing local acts and regulations at each operations site and establishing environmental and green-product management systems with suppliers based on customer requirements, we have also formulated the EHS management policies listed below to implement measures and carry out internal and a third-party audits at fixed, annual intervals to ensure they meet ISO 14001 related regulations.

WNC EHS Management Policies

- Observing government policies and conforming to international EHS trends to protect the environment and provide a safe and healthy workplace for employees
- Preventing/reducing pollution and occupational injuries
- Designing and producing environmentally-friendly products to meet customer demands

4.1 Green Products

4.1.1 Green Management Organization and System

In August 2011, WNC established a green-product section tasked with coordinating all internal and external matters relating to green products and to effectively monitor the environmental-product development management process (such as assisting each unit on product design, manufacturing, and shipping). The section's responsibilities include 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 ensuring the effectiveness of WNC's green policies implementation.

Green Product Management Organization

```
                        President
                           |
              Global Quality Assurance
                      Division
                           |
  ┌──────────┬──────────┬──────────┬──────────┬──────────┬──────────┐
WNC (Taiwan)  WNC (Taiwan)  WNC (Taiwan)  WNC (Kunshan)  Wistron NeWeb  WebCom
Quality       Quality       Quality       Quality        (Kunshan)      Communication
Engineering   Assurance     Development    Assurance      Quality        (Kunshan)
Center        Center        Center         Center         Assurance      Quality Assurance
                                                          Center         Center
                              |             |              |              |
                         Green Products  Green Products  Green Products  Green Products
                         Section         Section         Section         Section
```

Green Product Management Process Flow

C1 Phase Project Approval	Phase C2, 3 Phase Prototype Design	C4 Phase Engineering Pilot Run	C5 Phase Production Pilot Run	C6 Phase Mass Production/EOL
■ Verify/ implement green-product requirements	■ IQC-XRF material feeding test ■ Green-product design; ■ Choose green-product materials ■ Validate green product materials' capability/ specifications approval	■ IQC-XRF material feeding test ■ Green-supplier management ■ Purchase green materials ■ Engineer a green production run	■ IQC-XRF material feeding test ■ Green-product first-article management ■ Green-product production ■ ECN process	

Development: Green-product quality development

Suppliers: Green-product first-article and supplier management

Production: Green production, quality control, and customer

Information System: Application of the GPMS information system

4.1.2 Eco-design

The EU Energy-related Products directive (ErP, 2009/125/EC) is an eco-design regulatory framework for all energy-using related products entering the EU market. Its scope encompasses a product's complete lifetime including design, production, packaging, transportation, use, and disposal. Its purpose is to raise the product's energy and resource efficiency and reduce pollution.

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 and in 2010 set up training for Energy-related Product (ErP) Directives. 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) 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.

4.1.3 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 the restricted usage of environmentally hazardous substances from specific customers, WNC set up its Green Product Restricted Substances Management Procedures and Restricted Usage of Environmentally Hazardous Substances and established a control list of hazardous substances to strictly require all suppliers to follow. The suppliers are also required to sign the Supplier Statement on Non-Use of Environmentally Hazardous Substances. Suppliers are then required to guarantee that products and parts supplied (including bundled accessories, packaging, and other materials) comply with the regulations stated in the Restricted Usage of Environmentally Hazardous Substances and that products meet all relevant international regulations such as RoHS, WEEE, REACH, ErP, the European Battery Directive and the non-use of conflict minerals as well as WNC's prohibitions of substances harmful to the environment.

In addition to managing materials within factories and raw materials in the manufacturing processes through the supplier side, WNC also 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 lead-free processes and halogen-free product manufacturing trends, WNC has implemented lead-free processes in 2006 according to customers' requests. 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.

Sony's Green Partner Certification

WNC (Taiwan), Wistron NeWeb (Kunshan), and WebCom (Kunshan) were honored with Sony's Green Partner certification starting from 2007 and has, to date, passed all subsequent annual inspections. This signifies WNC's efforts on hazardous substances management has been recognized by many of our customers.

IECQ QC080000 Certification

In 2011, WNC has earned the hazardous substances procedure management standard IECQ QC080000 certification, which is developed according to the electronic component evaluation from The International Electrotechnical Commission (IEC). It is established based on ISO 9001, TL 9000, and ISO/TS 16949 management with process-orientated method to reduce or eliminate the hazardous substances in products and to further systemize hazardous substances management to reduce or avoid hazardous substances and comply with RoHS and WEEE or other customer needs.

IECQ QC080000 Certificate of Conformity
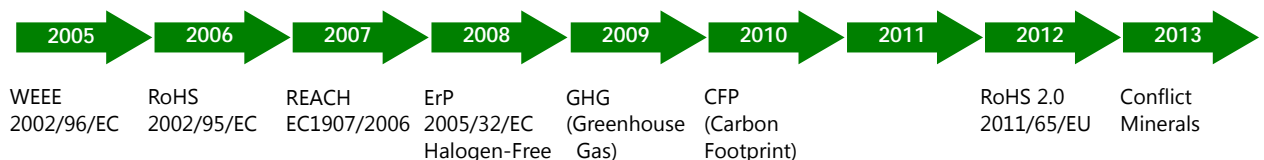
WNC Green Product Directives Development

In accordance with the International Green Product Directives, customer needs, and internal resource planning, the WNC Green Product Directive Development progress is illustrated in the diagram below. In 2013, WNC's products did not violate any Green Product Directives.

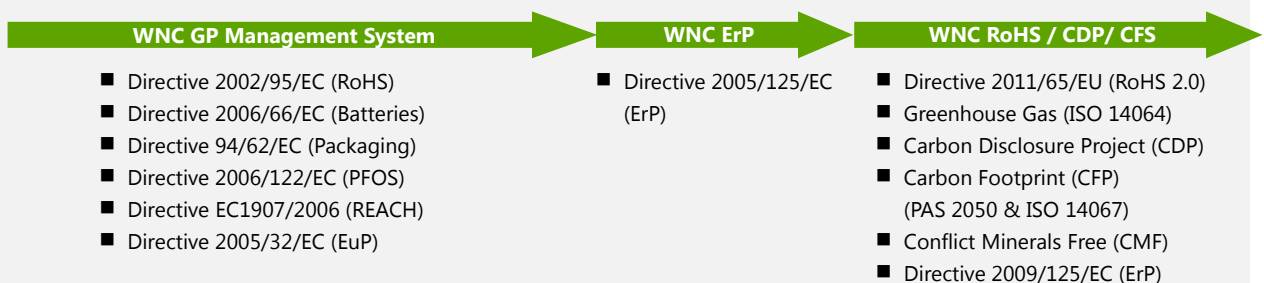## Green Product Management System (GPMS)

Suppliers use the Green Product Management System to upload their product ingredients analysis report, inspection results, and warranty-card-related documents. WNC's procurement units and quality-management units can efficiently check in a timely manner if materials comply with a customer's restrictions on hazardous substances. Project managers can also acquire the product material information and ensure the performance of the green supply chain.

WNC and International Green Product Directives Convergence Diagram

International Green Product Directives Implementation Progress

2005	2006	2007	2008	2009	2010	2011	2012	2013
WEEE 2002/96/EC	RoHS 2002/95/EC	REACH EC1907/2006	ErP 2005/32/EC Halogen-Free	GHG (Greenhouse Gas)	CFP (Carbon Footprint)		RoHS 2.0 2011/65/EU	Conflict Minerals

WNC Green Product Directives Implementation Progress

WNC GP Management System
- Directive 2002/95/EC (RoHS)
- Directive 2006/66/EC (Batteries)
- Directive 94/62/EC (Packaging)
- Directive 2006/122/EC (PFOS)
- Directive EC1907/2006 (REACH)
- Directive 2005/32/EC (EuP)

WNC ErP
- Directive 2005/125/EC (ErP)

WNC RoHS / CDP/ CFS
- Directive 2011/65/EU (RoHS 2.0)
- Greenhouse Gas (ISO 14064)
- Carbon Disclosure Project (CDP)
- Carbon Footprint (CFP) (PAS 2050 & ISO 14067)
- Conflict Minerals Free (CMF)
- Directive 2009/125/EC (ErP)

4.2 Environmental Management

4.2.1 Environmental Management System

WNC observes various regulatory guidelines of the Environment, Health and Safety (EHS) sector and follows the below strategies in execution of its EHS obligations:

- Compliance with government regulatory requirements and with related international trends to assist with environmental protection and provide a safe and healthy workplace environment
- Continuous vigilance against causing pollution and preventing occupational injuries
- All employees should 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. In addition to establishing ESH policies, WNC focuses on its employees' education and the execution of our health and safety regulations. WNC set up an ESH examination committee 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 certifications. WNC continues to advance and update the workplace environment in order comply with the standards.

4.2.2 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 from operations such as waste gases, wastewater, 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 the 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 and regularly inspects its waste treatment plant to ensure proper operation. Furthermore, WNC implements all applicable pollution prevention tasks in a positive feedback cycle under its well-prepared management system.

4.2.3 Recycling and Waste Management

WNC takes great effort to develop and manufacture green products that comply with environmental-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, including corrugated fiberboard, EPE foam, bags, labels, brochures, paper pulp box, and bubble wrap. WNC prohibits all use of the certain substances (Pb, Cd, Hg, Cr6+, PBB, and PBDE) in line with RoHS standards on packaging materials. 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 also contracts with qualified waste disposal companies.

Recent Three Years Total Waste Generated in WNC (Taiwan)

Unit: tonnes

2011	2012	2013
200.73	245.59	220.78

■ Total Waste
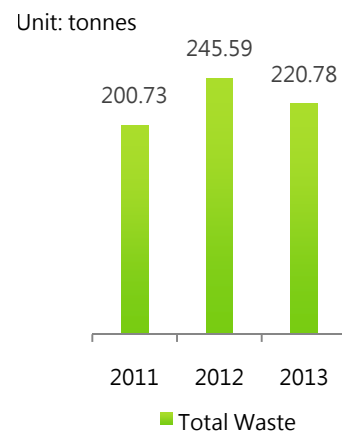
Laser direct structuring (LDS) antennas were recycled as mixed-waste plastics in the past. After evaluation, we found that the minimal amounts of gold contained in the LDS antennas were recoverable. WNC worked with vendors to co-develop a technique to salvage the gold and

has successfully refined the gold in LDS antennas to increase its reuse value. Gold from approximately 4 tonnes of LDS antennas were recovered in 2013.

WNC (Taiwan) produced a total of 220.78 tonnes of waste in 2013; its recovery rate target is set at 70% by 2016. The China plants produced a total of 1,547.49 tonnes of waste. Each location's all forms of waste output weight declared is shown in the table below. The waste-recycling rate is set to 70% for 2016.

In 2013, WNC (Taiwan) and locations in China handled waste and recycling according to local regulations and did not experience any significant pollution incidents or receive any penalties or fines for violations of environmental protection regulations.

2013 Waste Materials Total Weight and Their Processing Modes in WNC (Taiwan)
(Unit: Tonnes)

Waste Category[1]	WNC (Taiwan)				
	Total	Re-use	Incineration	Landfill	Recycled
General Waste	**52.46**	5.06	2.80	44.60	0.00
Hazardous Waste	**111.79**	4.49	25.47	81.83	0.00
Recyclable Waste[2]	**56.53**	0.00	0.00	0.00	56.53
Total Waste	**220.78**	**9.55**	**28.27**	**126.43**	**56.53**

Note 1: Waste is categorized based on their processing modes.
Note 2: WNC (Taiwan) disposes of recyclable waste according to regulations carried out by the Recycling Fund Management Board.

2013 Waste Materials Total Weight and Their Processing Modes in China
(Unit: Tonnes)

Waste Category	WNC (Kunshan)/Wistron NeWeb (Kunshan)					WebCom Communication (Kunshan)				
	Total	Re-use	Incineration	Landfill	Recycled	Total	Re-use	Incineration	Landfill	Recycled
General Waste	**793.69**	0.00	0.00	91.25	702.44	**241.89**	0.00	0.00	164.25	77.64
Hazardous Waste	**280.02**	0.00	12.82	0.00	267.20	**127.35**	101.15	0.00	0.00	26.20
Recyclable Waste*	**0.00**	0.00	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00	0.00
Total Waste	**1,073.71**	**0.00**	**12.82**	**91.25**	**969.64**	**369.24**	**101.15**	**0.00**	**164.25**	**103.84**

*Note: China factories usually categorize industrial wastes as recyclable waste.

4.2.4 Green Factories

Green-factory standards integrate Green Building and Factory Clean Production certifications. WNC strives to reduce the energy and resource consumption and environmental impact caused by buildings, factories, operations, and all stages of our products' lifecycles. WNC cooperated with the Foundation of Taiwan Industry Service in 2013 to devise a clean production self-evaluation procedure and will continue to proceed with the green factory compliance evaluation and related applications.
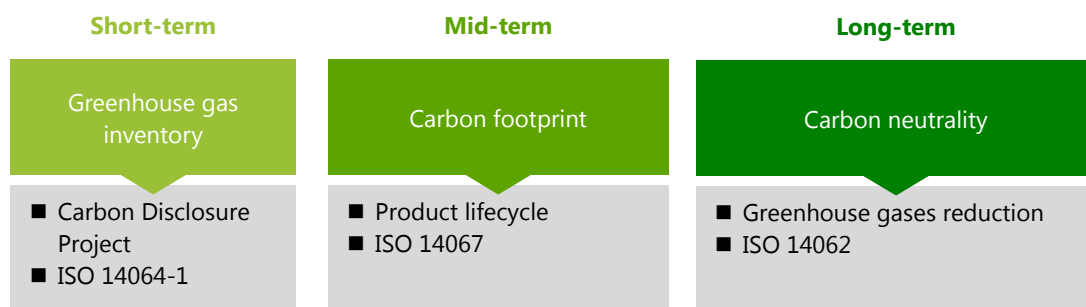
4.3 Carbon Emissions Management

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 governmental policy, WNC has drawn up short-, medium-, and long-term plans to achieve reductions in CO_2 emissions:

- Short-term plan: Perform a greenhouse gas inventory and earn ISO 14064-1 certification to serve as a basis for CO_2 management and database construction.
- Medium-term plan: Execute a product carbon footprint program according to the ISO 14067 standard. By calculating product GHG emissions throughout every stage of its lifecycle, identify potential room for further carbon reductions during 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

Short-term	**Mid-term**	**Long-term**
Greenhouse gas inventory	Carbon footprint	Carbon neutrality
■ Carbon Disclosure Project ■ ISO 14064-1	■ Product lifecycle ■ ISO 14067	■ Greenhouse gases reduction ■ ISO 14062

Greenhouse Gas Emissions Inventory Boundary

WNC faces 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, conducted a phased GHG inventory, and set 2011 as the base year; we aim to decrease carbon emission by 6% by 2016. In December 2013, WebCom Communication (Kunshan) in China passed the China Quality Certification Centre's ISO 14064-1 certification process, and Wistron NeWeb (Kunshan) earned the same certification in August 2013. They plan to complete the 2013 GHG inventory and external verification in August 2014; WNC (Taiwan) is expected to complete its own GHG inventory in September 2014.

WNC GHG Inventories Procedures and Results (Unit: tonnes)

Factory	2011		2012		2013	
	CO_2e	ISO14064-1 Certification	CO_2e	ISO14064-1 Certification	CO_2e	ISO14064-1 Certification
WNC (Taiwan)	9,697		8,320		We are expected to receive an ISO14064-1 verification statement after the third quarter 2014 inventory and will release related information in the 2014 CSR report.	
Wistron NeWeb (Kunshan)	8,347	○	8,991	○		
WebCom (Kunshan)	NA		4,977	○		

Carbon Disclosure

Starting from 2011, WNC has participated in the Carbon Disclosure Project (CDP) and registers greenhouse gas inventory records on the project website (https://www.cdproject.net) for customer and related stakeholders' reference.

Product Carbon Footprint

In 2013, WNC completed one product's carbon footprint inventory according to a customer's request. In the recent three years, WNC has manufactured seven products that complied with customers' carbon footprint inventory and disclosure procedures.

WNC Product Carbon Footprint Inventories in the Recent 3 Years

Year	2011	2012	2013
Numbers of products	4	2	1

4.4 Energy-Efficient Working Environment

4.4.1 Energy Usage

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. The main-entrance guard house at WNC headquarters is equipped with three small wind-driven generators to provide energy for lighting, signage, and air conditioning.

WNC (Taiwan) and its China plants' consumption of electricity, diesel, and natural gas in 2012 and 2013 are shown in the following table.

Primary Energy Consumption Statistics in WNC (Taiwan) and China Plants

Site	Electricity (kWh)		Diesel (L)	
	2012	2013	2012	2013
WNC (Taiwan)[1]	15,113,200	16,024,000	0	606[3]
WNC (Kunshan)[2]	15,874,898	16,215,086	34,800	55,000
Wistron NeWeb (Kunshan)	10,088,343	12,302,225	20,880	46,000
WebCom (Kunshan)	5,133,639	5,370,207	52,200	42,560
WebCom (Nanjing)	226,940	228,760	0	0

Note1. WNC (Taiwan)'s electricity statistics are based on the billing-cycle dates.
Note2. WNC (Kunshan)'s data included power consumption at NeWeb Service.
Note3. Diesel consumption increased by 600 liters and was used for electricity needs during an outage caused by Taipower's annual maintenance operations in 2013.

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

2013 Total Water Consumption/Wastewater Statistics in WNC (Taiwan) and China plants (m3)

Site	Total Water Consumption		Total Wastewater		Average Wastewater Per Person	
	2012	2013	2012	2013	2012	2013
WNC (Taiwan)	64,891	62,218	29,318	27,473	14.78	14.56
WNC (Kunshan)[1]	85,672	95,203	42,836	47,601	18.95	17.6
Wistron NeWeb (Kunshan)	49,712	69,904	24,856	34,952	11.11	15.9
WebCom (Kunshan)	46,209	36,311	21,604	18,156	7.70	6.72
WebCom (Nanjing)	1,848	1,840	1,200	1,227	8.05	9.43

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

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

Unit: tonne

■ Water consumption
■ Wastewater output
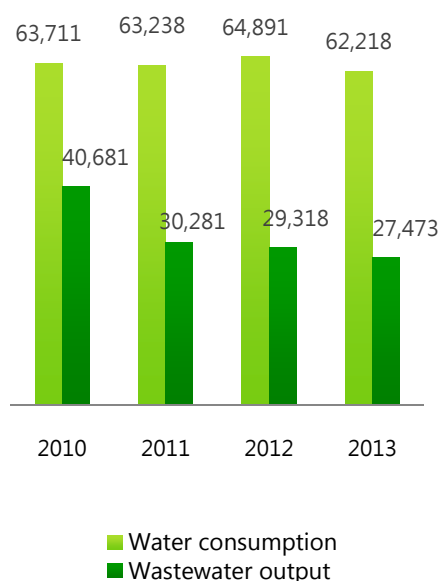
4.4.2 Energy Conservation Measures

In addition to actively enhancing the resource efficiency of our product design, WNC is implementing research and production processes, energy conservation, and carbon-reduction concepts into the entire working environment at WNC's locations. WNC (Taiwan) launched an office and factory illumination conservation process in the fourth quarter in 2013. All of WNC (Taiwan)'s office lighting will be replaced with LED lights in the first quarter of 2014. We estimate we will reduce power consumption of lighting to 11% compared with its original consumption share of 14% by installing LED lighting.

As for water usage, Taiwan is a water-poor region according to global water resource standards. WNC's water management measures take two main forms: (1) water consumption reduction and (2) recycling and reuse. The following are the water-saving and energy-saving measures WNC has applied.

Site	Enhancing Electricity Usage Efficiency
WNC (Taiwan)	■ New facilities were designed to make maximum use of natural sunlight. Made of 8+12A+8 mm LOW-E glass, the exterior glass curtain walls achieve energy-saving effects. ■ Maintain air-conditioning temperatures at 26 °C ± 2 °C in the summer ■ Implemented floor-access controls for the elevators; water dispensers are also time-controlled to avoid wasting electricity. ■ All of WNC (Taiwan)'s illuminations were replaced with LED lights during the first quarter of 2014. Based on 2013 power consumption, the share of electricity consumed by lighting will be reduced by 3% after replacing all illumination to LED lights. ■ Lighting is only used in active sections of the production line. ■ Manufacturing process exhaust fans are installed with PID control and automatically adjust using variable frequencies. ■ Parking lot illumination is managed with time switching and induction lighting. ■ Lighting designs meet CNS standards and adjust according to light attenuation values to avoid over-illumination. ■ Signage, guardhouse lighting, and air-conditioning are powered by three wind generators; they can generate approx. 5,184 kWh annually. ■ Air compressors use load balancing between variable-frequency and full-frequency units to reduce power consumption.
WNC (Kunshan)	■ Air-conditioning temperatures maintained at 26 °C ± 2 °C in summer. ■ Lighting is only used in active sections of the production line. ■ Variable frequency control used on manufacturing process exhaust fans ■ Parking lot illumination was replaced with LED lights and save 895,265 kWh of electricity per year.
Wistron NeWeb (Kunshan)	■ Maintain air-conditioning temperatures at 26 °C ± 2 °C in summer. ■ Lighting is only used in active sections of the production line. ■ Manufacturing process exhaust fan use variable frequency control. ■ Parking lot illumination was replaced with LED lights, saving 737,118 kWh of electricity per year.
WebCom (Kunshan)	■ Air-conditioning temperatures maintained at 26 °C ± 2 °C during the summer. ■ Lighting is only used in active sections of the production line. ■ Variable frequency control used on manufacturing process exhaust fans ■ Parking lot illumination was replaced with LED lights, saving 104,832 kWh of electricity per year.
WebCom (Nanjing)	■ Maintain air-conditioning temperatures at 26 °C ± 2 °C during the summer.

Site	Air-conditioning Control
WNC (Taiwan)	■ Make-up air unit (MAU) air-conditioning used during winter to reduce indoor temperatures. ■ Cooling towers and fans are installed with temperature-control and frequency-conversion features. ■ Uses a heat recycling system in its main ■ cooling unit. ■ Uses tunneling to reduce external temperatures and lessen air-conditioning loads. ■ 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. ■ Thermostat-controlled air-conditioning; air-conditioning is also controlled by zone and time to avoid wasting power due to over-cooling. ■ Air-conditioning and fans temperature control unit
WNC (Kunshan)	■ Make-up air unit (MAU) air-conditioning used during winter to reduce indoor temperatures ■ Constant humidity and temperature improvements to the cooling tower have saved 10,788 kWh of electricity per year.
Wistron NeWeb (Kunshan)	■ Make-up air unit (MAU) air-conditioning used during winter to reduce indoor temperatures ■ Cooling towers and fans are installed with temperature-control and frequency-conversion features.
WebCom (Kunshan)	■ Make-up air unit (MAU) air-conditioning used during winter to reduce indoor temperatures
WebCom (Nanjing)	■ Make-up air unit (MAU) air-conditioning used during winter to reduce indoor temperatures

Time switching and induction lighting

Cooling towers

Variable-frequency and full-frequency air compressors

Site	Water Conservation Measures
WNC (Taiwan)	■ Used 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. ■ Use of induction taps in toilets and setting of water taps in tea rooms to the minimum water discharge level. ■ Cisterns are used to recycle water. The total amount of recycled water each year is approx. 20,550 tonnes, cooling-tower water is approx. 13,846 tonnes, recycled rainwater is approx. 1,079 tonnes, and reflow from cooling water is approx. 5,625 tonnes. The recycled water is used for the cooling tower, plant watering, and toilet cleaning on each floor. Total water consumption comprised 33% recycled water. ■ Reduced irrigation water ■ Ultra-pure water equipment recycling wastewater
WNC (Kunshan)	■ Use of induction taps in toilets and setting of water taps in tea rooms to the minimum water discharge level ■ Implemented water conservation improvement project; Approx. 634 tonnes of cooling-tower water has been recycled, totaled 0.67% of the total water consumption.
Wistron NeWeb (Kunshan) / WebCom (Kunshan) / WebCom (Nanjing)	■ Use of induction taps in toilets and setting of water taps in tea rooms to the minimum water discharge level

Cisterns

Reusable eating utensils provided in canteens

Low-carbon lifestyle promotion

Factory	Low-carbon Lifestyle Measures
WNC (Taiwan)	■ Energy conservation and waste reduction slogans and posters posted in the public areas. ■ Health and lifestyle seminars, Earth week activities held to promote environmental protection awareness. ■ Water dispensers are time-controlled. ■ Office greening ■ Floor access controls for the elevators ■ Employees are encouraged to use the stairs instead of elevators. ■ Promotion of programs for a paper-free office and encouragement of employees to recycle resources and reduce waste ■ Disposable eating utensils or paper cups are not provided. ■ Canteens only use reusable eating utensils. ■ Dissolvable, short-fiber toilet paper used to reduce garbage. ■ Steel pallets used in the production line and wooden pallets are reused.
WNC (Kunshan)	■ Energy conservation and waste reduction slogans and posters posted in the public areas. ■ Health and lifestyle seminars, Earth week activities held to promote environmental protection awareness ■ Water dispensers are time-controlled. ■ Office greening ■ Promotion of programs for a paper-free office and encouragement of employees to recycle resources and reduce waste. ■ Disposable eating utensils or paper cups are not provided. ■ Canteens only use reusable eating utensils.
Wistron NeWeb (Kunshan) / WebCom (Kunshan) / WebCom (Nanjing)	■ Energy conservation and waste reduction slogans and posters are posted in the public areas. ■ Health and lifestyle seminars, Earth week activities held to promote environmental protection awareness ■ Water dispensers are time-controlled. ■ Office greening ■ Promotion of programs for a paper-free office and encouragement of employees to recycle resources and reduce waste ■ Disposable eating utensils or paper cups are not provided. ■ Canteens only use reusable eating utensils.

WNC (Taiwan) Environmental Management Goals

Item	Goal	Execution Measures
Waste reduction	Achieve a 70% recycling rate in 2016.	Reuse of packaging material/recycling Reduce one-time-use material in the factory
Wastewater recycling	Achieve a 6% wastewater reduction in 2016.	Recycle rain water and reduce water used for irrigation Reduce domestic sewage Recycling of facilities' wastewater
Carbon emissions reduction	Achieve a 6% carbon emissions reduction in 2016.	Reinforce power management to reduce power consumption Decrease resource consumption during the production stage Air-conditioning control Low-carbon lifestyle promotion

Note: The base year for the goals comparison is 2011.

Environmental-Management Expenses of WNC (Taiwan) and Its China Plants in 2013

Item	WNC (Taiwan) (NT$)	WNC (Kunshan)/Wistron NeWeb (Kunshan) (RMB)	WebCom (Kunshan) (RMB)
Waste gas and wastewater inspection fee	33,106	4,000	2,000
Replacement of LED lights in the office and common areas	1,216,564	154,500	41,833
Waste disposal fee	967,098	101,887	42,000
Activated carbon replacement fee	55,000	0	0
Environmental documentation fee	0	0	0
Scrubber maintenance	50,500	0	0
Total	**2,322,268**	**260,387**	**85,833**

5

Supply Chain Management

Green Procurement
Supplier Management
Customer Relations
Contractor Health and Safety Management
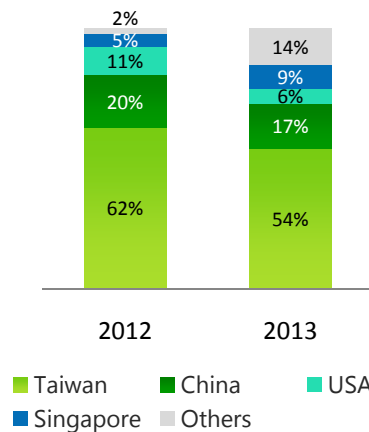
5.1 Green Procurement

To conform to international trends and customers' needs, WNC is engaged in the active promotion of green products and green production and also actively promotes green procurement concepts and actions to its suppliers.

WNC requires without exception 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) comply with the regulations stated in the Restricted Usage of Environmentally Hazardous Substances literature and that products meet all relevant international regulations such as RoHS, WEEE, REACH, ErP, the European Battery Directive, and the non-use of conflict minerals as well as WNC's requirements of non-use of prohibited substances harmful to the environment.

In addition to signing the various Environmental Protection declarations, WNC has incorporated hazardous substance controls into 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 leading to unnecessary waste and social costs in the future. It also helps WNC fulfill our responsibility to the environment.

In 2013, WNC's suppliers are mainly located in Taiwan, making up 53.52% calculated according to the practical purchase amount, and China (17%) is the second large suppliers to WNC. Major categories of supplied raw materials and components include integrated circuits, circuit boards, display panels, electromechanical components, mechanical components and packaging materials. The other suppliers are located in Asia, Europe and the U.S. WNC also set local purchase centers for the Taiwan headquarters and China sites, respectively, to take charge of local supplier selection and management. This was performed to reduce energy consumption and environmental pollution caused during the transport of raw materials and products, enhance utilization rates of package materials and space, support the purchase of recyclable materials, encourage localized purchasing, and reduce unnecessary transportation costs and carbon emissions. In 2013, local purchasing amounted to 58.5% of the total purchase amounts in Taiwan and 20.8% at the China sites.

Distribution of WNC's Suppliers During the Last 2 Years

	2012	2013
Others	2%	14%
Singapore	5%	9%
USA	11%	6%
China	20%	17%
Taiwan	62%	54%

Legend: Taiwan, China, USA, Singapore, Others

Regarding respect for human rights, WNC requires all its suppliers to comply with international and local hiring regulations and adhere to the ISO 14001 environmental management system and OHSAS 18001 occupational safety and health management system standards to build a healthy and friendly working environment. These measures are in place to minimize the threat and harm to employee safety and health during production, operations, and waste disposal/handling.

5.2 Supplier Management

WNC considers supplier management to be one of its most effective tools for promoting social responsibility. In addition to requiring suppliers to enhance their performance on quality, delivery, service, and price, WNC also works with suppliers in the implementation of P-D-C-A (Plan-Do-Check-Action) improvement cycles to realize the sustainability of our supply chains. To ensure compliance with environmental requirements, environmental protection regulations and controls are included in audits of component suppliers and incoming materials-inspection procedures. In October 2013, WNC activated a supplier corporate social responsibility audit plan (Supplier CSR Audit) to work closely with our suppliers and continuously focus and enhance performances in labor rights, occupational health and safety, and green products.

5.2.1 Supplier Selection and Assessment

New supplier investigation

In addition to operational and engineering ability, certification of quality systems has become a non-negotiable condition in our selection of suppliers. Regular suppliers are required to secure ISO 9001 verification, and for automotive component suppliers, the possession of QS 9000/TS 16949 verification is a key consideration during the selection process. WNC's Global Purchasing Center is responsible to provide a qualified supplier recommendation list according to material procurement needs. The Supplier Quality Management Center will then form evaluation teams to perform on-site inspections to evaluate the recommended suppliers.

Once the suppliers are recognized by the evaluation team, they will become a qualified WNC supplier.

Supplier performance evaluation

■ Quarterly evaluation
WNC combines the Global Purchasing Center, Supplier Quality Management Center, and R&D units into a Vendor Performance Evaluation Committee (VPEC) that meets quarterly to perform an overall evaluation based on supplier performance indicators. Through visits and guidance to ensure that vendors are complying with WNC's over-all performance requirements (including quality, delivery, service and price competitiveness), WNC's value-chain competitiveness is continuously enhanced.

■ Annual audit and guidance
WNC performs annual on-site inspections of its key suppliers. Suppliers with evaluations are invited to conduct a joint review and develop proposals for improvement. WNC also assigns personnel to provide review and propose improvement measures to assist, guide, and educate the suppliers.

5.2.2 e-Supplier Management System

WNC selects suppliers who can provide good quality, stable delivery, reasonable cost, and outstanding services though the supplier evaluation management standards. Through the e-Supplier Management System, WNC can efficiently handle or record a supplier's management procedures and further enhance communication efficiency with the suppliers.

Supplier Management System (SMS)

The Supplier Management System assists personnel in compiling supplier-management related documentation such as supplier lists, new supplier investigations, qualified suppliers lists, supplier contract reports, material defect rate reports, and supplier performance evaluations. Related units can use this system to further control and guide the suppliers to ensure the suppliers will achieve their promised performance.

Q-Kanban (Quality 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 track production-related figures to ensure the product quality and delivery meet expectations (and to prevent quality problems and waste). As of the end of 2013, 23 suppliers were using Q-Kanban, and 295 components were monitored to ensure quality though the Q-Kanban.

Vendor Product Change Notification (V-PCN)

Through the Vendor Product Change Notification system designed by the Supplier Quality Management Center, suppliers can directly upload product change information, allowing WNC to more easily know if any specification or process has changed while production is ongoing. WNC will then receive the product change request and can take actions in a timely manner to decrease product quality risk. The system was implemented for all suppliers in 2013 and is expected to launch in 2014 Q1.

5.2.3 Supplier Quality Agreements

In order to create a green supply chain, WNC began requiring suppliers to sign a Supplier Quality Agreement in 2006, and our China operations followed 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 their supplier management systems. By the end of 2013, 775 materials suppliers (including 437 in Taiwan and 338 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-substance regulations, thus achieving our objective of establishing a green supply chain.

2009–2013 Supplier Quality Agreements Signed (number of suppliers)

Site	2009	2010	2011	2012	2013
WNC (Taiwan)	384	394	405	424	437
WNC (Kunshan)	94	133	156	174	176
Wistron NeWeb (Kunshan)	N/A	N/A	N/A	62	64
WebCom (Kunshan)	35	42	65	92	98

5.2.4 Conflict Minerals Management

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 the Global e-Sustainability Initiative (GeSI). Starting from 2010, WNC required suppliers to sign the Non-Use of Conflict Minerals Declaration. As of 2013, among 630 suppliers in Taiwan and China, 604 of them have completed the conflict minerals investigation and 603 of them signed the declaration. We have taken concrete action to stamp out the use of conflict minerals.

WNC Prohibition of Conflict Minerals Policy

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

WNC's Non-Use of Conflict Minerals Declaration Investigation
(number of suppliers)

Site / Number of Suppliers		Responded to Investigation		Signed Declaration	
		Supplier's Response Received	Achievement Rate	Supplier Signature Declaration	Achievement Rate
Taiwan	113	101	89.38%	103	91.15%
China Regions	517	503	97.29%	500	96.71%
Total / Average	630	604	95.87%	603	95.71%

5.2.5 CSR Audit

All WNC's main operating and manufacturing sites in Taiwan and China have taken CSR related audit or evaluation measures in 2013, including compliance of EICC, questionnaire surveys on customer standards, document inspections and on-site audits such as corporate governance, sustainable operation, working circumstances, human rights, environmental protection and social participation. WNC assigns great importance to supper interaction and education. We not only push ourselves to embrace our commitment to CSR but also hope that our suppliers will learn and grow with us, as well. Since corporate social responsibility has become a significant element in corporate sustainability, WNC hopes to assist its suppliers to carry out our corporate social responsibility together to establish a long-term partnership. WNC not only crafted a WNC Corporate Social Responsibility (CSR) Declaration according to the Electronic Industry Code of Conduct but also officially implemented a supplier CSR survey to understand supplier performance in aspects of their employees, health and safety, performance in environmental protection, company management, corporate ethics, and freedom of association and labor agreements. WNC required existing and new suppliers to sign and return a CSR statement to observe its related social responsibilities and items including prohibition of employing child labor and forced labor, implemention of occupational health and safety management, anti-bribery, anti-corruption, fair trade, freedom of association, and rights on labor agreement negotiation. By the end of 2013, 606 suppliers in Taiwan and China had signed the WNC Corporate Social Responsibility (CSR) Declaration. 615 suppliers had also signed the WNC Group Supplier's Commitment for Code of Ethics.

Starting from October 2013, WNC has officially launched a Supplier CSR Audit plan and categorized suppliers according to their degree of risk to the environment and their labor

issues into three groups, namely the A group (high-risk), B ground (medium-risk) and C group (low-risk) and conducted audits in the following phases:

- Phase 1: Suppliers complete corporate social responsibility training and self-evaluation.
- Phase 2: WNC designates personnel to audit the supplier's production line and office.
- Phase 3: Issue an evaluation according to phase-1 and phase-2 results. Each audit item is evaluated as "good" (green light), "fair" (yellow light) and "needs improvement" (red light). WNC also requires suppliers to create a plan for improvement and an execution progress report according to their evaluation.
- Phase 4: At the final stage of the Supplier CSR Audit, perform a complete audit and provide a results report.

WNC will complete the first Audit of A and B groups with 30 suppliers in March 2014. As of December 2013, 12 have completed their audits, and the achievement rate is 40%. 12 of them comply with EICC regulations regarding labor rights, occupational safety and health, and environmental protection.

WNC Supplier CSR Implementation Management Progress

2012 Q1	2012 Q2–Q3	2012 Q4	2013–2016
■ Return CSR survey ■ Return non-use of conflict minerals survey	■ Sign CSR declaration ■ Sign Supplier's Commitment for Code of Ethics ■ Sign Non-Use of Conflict Minerals Declaration	■ CSR training	■ CSR on-site audit ■ Complete 30 supplier CSR audits in 2014 Q1 ■ Complete 50 supplier CSR audits in the A group in 2015 ■ Complete 90 supplier CSR audits in the B group in 2015 ■

2013 WNC Supplier CSR Audit Progress

	Supplier Group	2014 Q1 Target Number	2013 Q4 Audits Completed	Achievement Rate
A	Mechanical-design suppliers in the fields of printed circuit boards, paint, chemical plating, plastic injection parts, stamped parts	15	7	46.67%
B	Electronic mechanical-design suppliers in their fields of antennas, packaging materials, wiring, adapters, connectors, and passive components fields	15	5	33.33%
C	Other electronic material suppliers	NA	NA	NA

5.2.6 Supplier Relations

Developing long-term partnerships with suppliers has always been a very important operational policy of WNC. In addition to the annual performance review, WNC awards and expresses its gratitude to suppliers for their outstanding performance and special contributions at the annual Wistron Group Vendor Conference. WNC also reviews its outlook with the supplier on the product and service quality while exchanging information on industry trends in order to release products and services that meet market needs.

WNC awards suppliers for their outstanding performance in 2013.

5.3 Customer Relations

5.3.1 Customer Privacy Protection

We keep strict promises to maintain the secrecy of customer contracts, customer-related classified information, documents, and data. All of this information is encrypted and uploaded to our internal system for strict control. Only authorized users with an account and password may log in, and they must then decrypt the information in order to read it. These measures are in place to strengthen customer data secrecy. In 2013, WNC did not violate any customer privacy policy or lose customer data.

WNC's Quality Policy	On-time delivery of zero defects and competitive products & services to our customers

5.3.2 Customer Satisfaction Performance

Customer Focus has always been one of WNC's core values, and we strive to provide the best service to our customers. WNC's Customer Service Section and Customer Quality Control Section are under the Quality Assurance Center and are responsible for customer-service tasks. Each business unit, the quality assurance group, R&D, production planning, and manufacturing units assigned are a designated interface for different customers. According to project needs, each unit and their respective customers participate in weekly and monthly meetings to review product development progress and each item's achievement rate. Each

unit also appoints representative to participate in the quarterly supplier business review meeting with their respective customer to immediately communicate and build mutual trust.

WNC performs customer satisfaction surveys in the fourth quarter of every year to ensure customer requests have been responded to in a timely manner and to understand the customer's thoughts and expectations regarding each business unit's service, product development, product quality, after-sales service, and co-operation. Each year's customer satisfaction evaluation content and targets are established in the quality management system review meeting. Indications that the items that have not been achieved according to the year's survey is reported to each business unit and other related units. This enables further analysis of the problem according to the customer's explanations and suggestions and a drawing up of an improvement and execution plan. The response will be reported to the respective customer directly from each business unit.

2013 evaluation items include:

- Sales representatives service: response time, price, attitude, proficiency, delivery date, overall satisfaction
- Product R&D: attitude, development time frame, specifications accuracy, technical capability
- Product quality: reliability, improvement capability, attitude, overall performance
- After-sales service: goods return procedure, analysis of time frames, and addressing of complaints
- Others: co-operative relations, website information, and improvement suggestions

The survey results show that customers' overall satisfaction has a clear growth. Although each business unit with varied products and services receives different evaluation results, the overall result is satisfactory, especially in items of product R&D and product quality on time to market, sustainable quality improvement and problem precautions. For the part with lowest grading—after-sales service, we should consider customers' regional cultures and market mechanisms to provide more flexible services.

Findings on Customer Satisfaction in Recent Five Years

PO / Sales Representatives Service

—— 2009	
—— 2010	
—— 2011	
—— 2012	
—— 2013	

After-sales Service

Product R&D

Product Quality
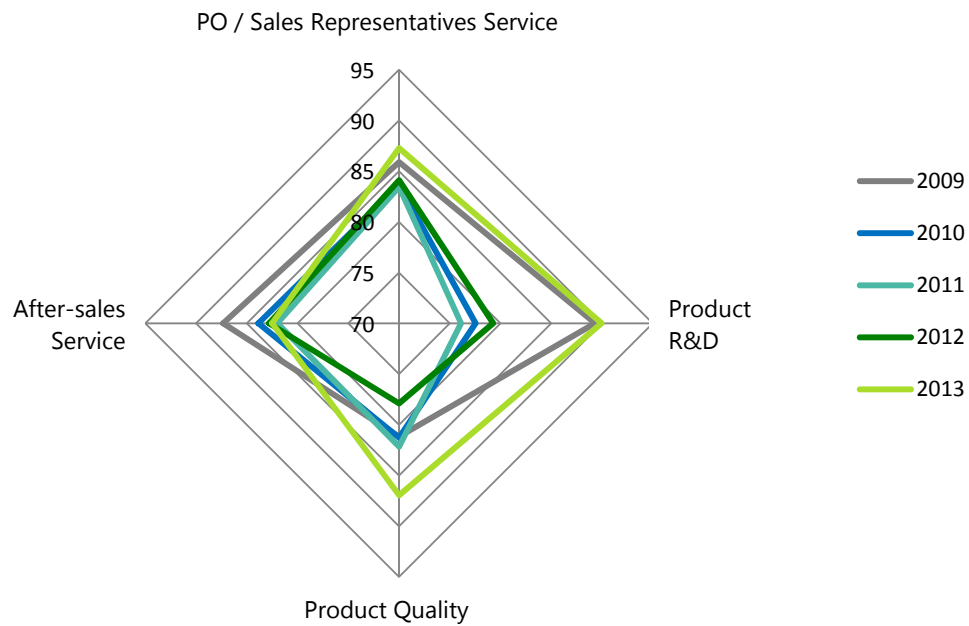
5.4 Contractor Health and Safety Management

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

Regarding control of special operations, standing orders are also in place. Orders include operations involving fire, work in elevated locations, work involving physical suspension, work in confined locations, and other work with potentially 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 standards, and related industrial safety information is made available to them including the 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 EHS policies and a degree of knowledge of related EHS regulations.

Starting from May 2013, WNC (Taiwan) launched an e-contractor operations application for operations such as contractor operations, nighttime operations, and emergency repairs. All

applications can be approved online and recorded. We hope to strengthen contractor entrance and egress control and assist in construction inspection and guidance though this e-management system.

6

Social Care

Youth Development
Concern for Disadvantaged Students
Assisting Social Welfare Groups
Fundraising
Social Outreach Donation Platform

Four major social care programs	■ Youth professional development
	■ Care of disadvantaged school children
	■ Assistance to charitable organizations
	■ Collection of disaster relief funds

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; employees can learn fund-raising information and effects of social care activities anytime. Cards and letters of appreciation from the sponsored personnel are all displayed in the reading room to help our staff feel the infinite gratefulness and gratitudes that can be brought by minor virtuous deeds and encourage them to continue to engage in social care with WNC so that we can do more good things for a longer time.

To engage in employee care and social care, WNC (Taiwan) will put more strength to support local organic agriculture: 1) Serving organic vegetables and non-fried food with less oil/suger/salt and cooked with qualified olive oil for lunches, suppers and midnight snacks every Thursday and Friday; 2) Holding exhibitions of reliable food materials with local farmers in the company to provide a promotion and sales platform for them and more purchasing options for our employees.

We'll illustrate WNC's social care projects in 2013 in this chapter respectively.

6.1 Youth Development

To encourage college students to apply their knowledge to serve and care for people, take actions to participate in the volunteer service and further bring up the value of caring the society, WNC provides long-term subsidization of student clubs in National Tsing Hua University and encourage employees to support them as well. In 2013, WNC and its employees subsidized the After-School Volunteer Club, the Science Promotion Club and the WHYOU Club with the amount of NT$252,000 in total and assisted the three club members to promote after school assistance and science education for the children from the remote areas or disadvantaged groups. Meanwhile, WNC requires the club members to submit proposals at the beginning of the semester and a results report at the end of the semester. Through the process of composing proposals every year based on the actual needs of students, club members learn from real experience how to plan a program, properly allocate resources, perform benefits assessments, and evaluate performance. This strengthens club members' planning, execution, and presentation skills and helps them lay a solid foundation for performance in their future careers.

From the NTHU After-School Volunteer Club:

"Thanks Wistron NeWeb Corp. for caring for us. The gentle strength from WNC has helped our volunteers grow and have given us courage to become better people. We will help more young students and create gentle moments in your memory."

From the NTHU Science Service Club:

"Thank you Wistron NeWeb Corp. for the long-term support and assistance. It gave us strength to promote science education and activities with our knowledge in science. With WNC's help, we were able to overcome all the obstacles to prepare the activities and complete the activities as we planned."

6.2 Concern for Disadvantaged Students

6.2.1 After-school Assistance

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. From 2010, the After-School Volunteer Club also began working with Hsinchu's Renai Children's Home. Club members visit the home every Wednesday and Thursday to provide homework assistance on a one-on-one or one-on-two basis. The program provides children with homework guidance, course review, and book reading. Volunteers will also prepare different types of after-school activities to help in the discovery or development of the subjects that the child might have interest in. The volunteers also keep a diary for the children they assist and make notes every time before the day's program. If a child needs special assistance, volunteers will inform their teachers and also discuss a possible way to assist the child. 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 is 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. From 2013, musical lessons including piano and violin were available in the program, as well.

In addition to routine schoolwork assistance, the After-school Volunteer Club also holds activities during weekends with the hopes of helping them discover their interests and to promote a positive attitude in them through field trips. In 2013, the Club held the following activities:

- **Food factory visit:**
  The volunteers took students from Hsinchu's Renai Children's Home to visit the Taiyen Tongxiao Tourism Factory and Ramune Marble Soda Factory. The students learned the processing of salt and its applications, colored-salt accessories, and learned the scientific principles of making soda. They also experienced how to operate the machinery on their own. A total of 22 students participated in this event.

- **Children's Athletic Meet**
  The event was held for the Chushin children's education assistance home. The activity provided an opportunity for the kids to stretch their bodies and show themselves through many activities and also gave them a chance to learn to cooperate and help each other. A total of 29 children participated in this activity.

- **Children's one-day tour:**
  The tour was co-held by the National Hsinchu University of Education in the Taoyuan, Hsinchu, and Miaoli areas including five elementary schools (Hsinchu Municipal Gau Feng Elementary School, Miaoli Lungkeng Elementary School, Miaoli Tong Guang Elementary School, Miaoli Hsinpu Elementary School, and Taoyuan Jhuwei

Elementary School). The 5 one-day tours touched on broad subject knowledge including science, finance, culture, and the arts. A total of 125 children participated in the 5 one-day tours.

■ **Equestrian Camp**

The camp was co-hosted with the National Tsing Hua University equestrian club for the children of Hsinchu's Renai Children's Home. Children were able to see the equestrian performances by the club members from National Tsing Hua University, National Chiao Tung University, and National Hsinchu University of Education. A total of 16 children participated in this event.


■ **One-day tour in Taoyuan**

The volunteers took 19 children from the MuHsiang Orphanage to Da-shi Taoyuan for a one-day tour. They visited the old street in Da-shi and also visited the I-mei foods factory to learn the process of making traditional Taiwanese pastry and I-mei foods.

6.2.2 Science Education

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. In addition, a series of science mentoring events was held for the Huashan Junior High School in Henshan Township, Hsinchu County. With WNC sponsorship, the SSC was able to host disadvantaged students at the science camps for free and take the event to remote schools. Events held in 2013 include:

■ **High school summer science camp:**
This was a six-day summer camp for all high school students nationwide including ninth grade junior high school students and third grade high school graduates. The activities were aimed at teaching a spirit of experimentation and a correct attitude to the students through actual participation in discussions, biological and chemical experiments, as well as visits to the Hsinchu Tsinghua University labs, the Hsinchu Science Park Exploration Park, and the National Space Organization. The students were also able to take a look at the operations of the precision instruments and learn about the direction of scientific development. A total of 87 high school students participated in this event.
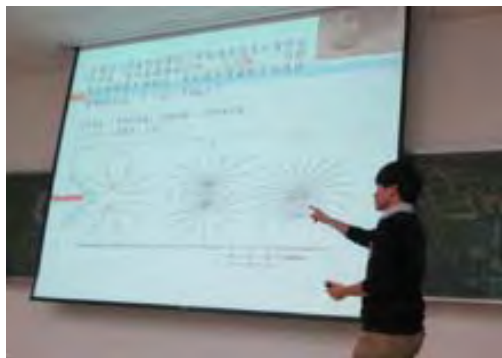
■ **Junior high school science camp**
This was a one day and one night camp for the seventh and eighth graders from the Hsinchu Fong Gang Junior High School. The Science Club provided rich programs for the students including games and activities. The students also had the chance to understand how Disney's animations are produced through an animation activity. Moreover, they learned the chemistry concepts of redox and alloys through a one-dollar-coin experiment. A total of 60 students participated in this event.

■ **Hua Shan Junior High School science education guidance**
A total of six sessions were held from October until December for the Hua Shan Junior High School seventh graders. A total of 18 students participated in this event. They learned about science, daily life science, and individual scientists by participating in various activities as well as lessons on food safety and book reading. The event also included scientific toys DIY activities and science games to broaden their minds with science.

6.2.3 Concern for Children

In 2013, WNC began subsidizing the WHYOU Club at National Tsing Hua University, hoping to expand WNC's concern for disadvantaged children though the children's camp and after-school activities held by the WHYOU Club.

The Club provides assistance to the resource class and after-school care class of Hsinchu Dong Men Elementary School. The program provides children with one-on-one homework guidance and accompanies them every Tuesday and Friday afternoons. The volunteers gather after every program meeting to discuss and review the guidance status and to learn from each other's experiences. There were 15 children participating in this program.

In November 2013, the Club held a one-day camp named Minion's Moon-stealing Combat Mission for the second grade through sixth grade elementary school students from low-income families in Hsinchu, hoping to give them a happy and educational opportunity and environment to learn through drama performances, dancing, and games. There were 88 students participating in this camp.

Minion's Moon-stealing Combat Mission Camp

6.2.4 Rural Featured Education Development

WNC is concerned for disadvantaged children's education and understands the importance of developing rural education. In 2013, WNC contacted the remote Xiu-luan Elementary School in rural Jianshih township in Hsin-chu county, which is a school of approximately 110 students; the school district covers a territory encompassing five local aboriginal tribes (Tien Po, Kung Xi, Tai Gang, Jing Lu, and Yang Lao). All of the students are from the greater Atayal tribe, with some students living as far away as 12 km from the school. Xiu-luan elementary school is the only boarding school in the Jianshih area. WNC has been in contact with the principal of Xiu-luan elementary school for two months and actually visits the school and discovered the area lacks a number of resources. The teacher turnover rate is high, resulting in a difficult environment for teaching and learning. However, the school is still striving to develop featured education and, as a physical education activity, trains the students in their specialty of Judo. In order to enhance the program-candidates' techniques, experience in competition, and expand their views, the Judo team from the school participates in a major Judo competition twice a year with the hope that the students can gain confidence through outstanding achievement in competition to help them directly apply to institutions of higher learning.

Recently, the school has been met with financial difficulties, and WNC therefore decided use this opportunity as a first step in developing aboriginal education by subsidizing the school's Judo competition fund as well as the choir, percussion, and archery programs to the amount of NT$400,000 in 2013. Of the amount, NT$300,000 subsidy for the Judo team so the participants do not have to worry about outside expenses related to the competition (such as accommodations and meals). WNC hopes to provide these children of aboriginal backgrounds with a chance to discover themselves and to develop their talents.

Certificate of Appreciation from Hsinchu Gien Shih Elementary School

In 2013, the Judo team was the first runner-up in the female elementary group competition of the National Judo Competition. For individual competitions, a gold, silver, and three bronze medals were awarded. As for the choir club, they were honored with an Outstanding grade in the 2013 Hsinchu County Choir Competition.

Besides, WNC called on book donations among employees by the end of 2013 to support their newly-established libraries in five tribes that are built to expand students' learning environment out of school and collected seven boxes of second-hand books in total to help enhance their reading ability, cultural literacy, study interests and competiveness. Also, WNC called on employees to participate in establishement of the school's information center that is construted to help aboriginal students and inhabitants to access the Internet; WNC's CEO also called on suppliers to contribute. He visited the information center with representatives from the JIENSHIAN Information Engineering Co., LTD. in person by the end of 2013 to set its network environment and assisted in improving existing equipment in the machine room and its environment. In addition, WNC and its employees collected 23 second-hand notebooks in 2013 November to help the primary students to complete homework, search for information and learn computer operation.

Xiu-luan Elementary School Archery Team

Xiu-luan Elementary School Choir

Xiu-luan Elementary School Judo Team

6.3 Assisting Social Welfare Groups

- In 2013, 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 Jianshih township aboriginal farmers, the Aiheng disabled children center, the World Peace Organization, and the Huashan Genesis Social Welfare Foundation with a total annual income for charity of NT$147,105.

- WNC supports charity products directly by making purchases through a variety of opportunities and events, and employees are also able to donate their festival bonus to NTHU welfare clubs and Xiu-luan Elementary School in Jianshih township or donate the festival gifts to the Hsinchu Renai Children's Home. In 2013, before the Mid-autumn Festival, the employee-relations section made a group purchase of festival gift boxes from the Sunlight Xiaolin (an after-disaster reconstruction mutual organization for Xiaolin village).

- WNC held an annual second-hand goods charity auction. The proceeds were donated to the Hsinchu Renai Children's Home and goods donated but not sold were donated to the Zhudong Shikuang Nursing Home.

WNC's operations in China have also devoted themselves to social-welfare activities in 2012. They bought goods and gifts for a local orphanage and nursing home. In 2013, in addition to designating representatives to visit, donate money, and assist the orphans in the Kunshan welfare organization, street sweeping activities were also held. All employees are encouraged to participate in the activities.

Huashan Genesis Social Welfare Foundation
Charity Sale

Jianshih Township Aboriginal Tribes
Peach Sale

6.4 Fundraising

WNC takes an active part in fundraising events, including the set up of 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 are also provided for injured/seriously ill employees or for families of employees who pass away. Besides, "Public Donation" is available for selection as one type of bonuses for the Chinese New Year, the Dragon Boat Festival and the Mid-Autumn Festival, which allows employees to donate the bonuses they receive at the three major Chinese festivals and generates our employees' kindness for more people in need.

According to statistics from 2009 to 2013, donations from WNC and employees totaled NT$1,033,900 and our employees donated funds 4,601 times totaling NT$5,880,800. Donations targeted the families of two colleagues who passed away due to accident and financial assistance for three colleagues. The After-School Volunteer Club, the Science Service Club, the WHYOU Club of National Tsing Hua University, the Xiu-luan Elementary School in Jianshih Township, the Hsinchu Renai Children's Home, the Hsinchu branch of the T.F.C.F., the Liugui Orphanage, and the Zhudong Shikuang Nursing Home were also beneficiaries of the generosity of WNC employees.

Starting from 2011, WNC participated in ASUS's plan of minimizing the digital divide. Formulated by the Executive Yuan, each year recyclable but disposed-of information products have been remodeled to useable computers. The remodeled computers were donated to organizations of disadvantaged persons to promote recycling and reuse of products. The reused items include computers (should at least include the casing, power adapter, motherboard, and hard disk drive), monitors, and laptops. In May 2013, the donated discarded information productions have resulted in the reduction of 5,431 tonnes of carbon dioxide

emissions, equaling 453 trees saved from felling. For detailed information, please refer to http://recycling.asus.com/

WNC's Recycled Computers Donation Records

Donated Item	2011	2012	2013	Accumulated Number of Donations
PC	25	78	75	178
NB	25	22	0	47
CRT	0	0	0	0
LCD	2	0	0	2
Others	52	0	0	52
Total	104	100	75	279

Certificate of Appreciation from the ASUS Foundation

6.5 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 crises

WNC Social Outreach Donation Platform

2. Volunteers and donations: Provides information for relief goods, funds, and volunteers

3. Adoption of charitable organizations: Provides the activity result reports from the charity groups that received our donations, including the After-School Volunteer Club, the Science Promotion Club and the WHYOU Club from the National Tsing Hua University and the Judo team, the archery team and the choir from the Xiu-luan elementary school. Employees concern these charitable organizations can access this platform to browse related activities and effects anytime.

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 mechanism was added that allows employees to donate the bonuses they receive during the three major Chinese festivals.

Appendix

Assurance Statement
GRI G3.1 Index

Assurance Statement

SGS

ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE WISTRON NEWEB CORPORATION'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2013

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. was commissioned by Wistron NeWeb Corporation (hereinafter referred to as WNC) to conduct an independent assurance of WNC's Corporate Social Responsibility Report of 2013. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in WNC's operational sites in Taiwan and China of this report.

The information in WNC's Corporate Social Responsibility Report of 2013 and its presentation are the responsibility of the superintendents and the management of WNC. SGS has not been involved in the preparation of any of the material included in WNC's Corporate Social Responsibility Report of 2013

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification set out below with the intention to inform all WNC's stakeholders.

The SGS Group has developed a set of protocols for the Assurance of Sustainability Reports based on current best practice guidance provided in the Global Reporting Initiative Sustainability Reporting Guidelines and the AA1000 Assurance Standard. These protocols follow differing options for Assurance depending the reporting history and capabilities of the Reporting Organization.

This report has been assured using our protocols for:
- evaluation of content veracity at a moderate level of scrutiny;
- evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008); and
- evaluation of the report against the Global Reporting Initiative Sustainability Reporting Guidelines(2011).

The assurance comprised a combination of pre-assurance research, interviews with relevant employees at WNC's headquarter in Hsinchu Science Park, Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirms our independence from WNC, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with SA 8000, EICC, QMS, EMS, SMS, EnMS, GPMS, GHG Verification Lead Auditors and experience on the SRA Assurance service provisions.

GP5008 Issue 3

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within WNC's Corporate Social Responsibility Report of 2013 verified is accurate, reliable and provides a fair and balanced representation of WNC's sustainability activities in 01/01/2013 to 12/31/2013.

The assurance team is of the opinion that the report can be used by the Reporting Organization's Stakeholders. We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting. The report is the first to be assured by an independent assurance team and WNC has taken a bold step by offering the report to evaluation against both Global Reporting Initiative's G3.1 guidelines and the AA1000 Assurance standard. This shows a deserved confidence in their reporting process.

In our opinion, the contents of the report meet the requirements of Global Reporting Initiative G3.1 Application Level B[+] and AA1000 Assurance Standard type 1, moderate level.

AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS
Inclusivity

WNC has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, consumers, investors, local communities, suppliers, media, NGOs and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. It is recommended to have higher degree of direct involvement of stakeholders during future engagement.

Materiality

WNC has established appropriate processes for determining issues that are material to the organization. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders. It is recommended that the process and criteria applied to assess materiality to be formalized and documented to ensure better consistent result in future reporting.

Responsiveness

The report provides a comprehensive response to the issues and stakeholder concerns relating to WNC's activities. The disclosure on entities owned or controlled by the organization may be increased in next report.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES CONCULSIONS, FINDINGS AND RECOMMENDATIONS
Principles, Standard Disclosures and Indicators

WNC's Corporate Social Responsibility Report of 2013 is adequately in line with the Global Reporting Initiative G3.1 application level B+. It may consider including some performance indicators, EC5, EN1, EN2, EN16, EN17, EN27, SO2 and SO3, in next report. It is also recommended to have more disclosure on the performance of supply chain management and organizational governance required in GRI G4.

Signed:
For and on behalf of SGS Taiwan Ltd.

Dennis Yang, Chief Operating Officer
Taipei, Taiwan
24 June, 2014
WWW.SGS.COM

AA1000
Licensed Assurance Provider
000-8

GRI G3.1 Index

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	EC1	Direct economic value generated and distributed	2.5	48-51	
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.			WNC did not analyze the financial impact.
	EC3	Coverage of the organization's defined benefit plan obligations.	3.3.3	75	
	EC4	Significant financial assistance received from government.	2.4	45-47	
	EC5	Range of ratios of standard entry-level wage by gender compared to local minimum wage at significant locations of operation.			WNC did not analyze the lower wage comparison.
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of	5.1	121-122	
	EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	3.2	63-72	
	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.			WNC does not have related investment and service.
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.			WNC did not evaluate the indirect economic impact.
Environmental	DMA	Managent principles	4	98-99	
	EN1	Materials used by weight or volume.			WNC is an ODM/JDM/OEM manufacturer; raw materials usage and recycling depend on customer
	EN2	Percentage of materials used that are recycled input materials.			
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	EN9	Water sources significantly affected by withdrawal of water.	4.4	112-119	No significant impact
	EN10	Percentage and total volume of water recycled and reused.	4.4	112-119	
	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.			WNC sites are not located in 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.			WNC sites are located in legal industrial parks and do not impact biodiversity.
	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.			WNC sites are located in legal industrial parks. No IUCN Red List and national conservation list species are affected by company operations.
	EN16	Total direct and indirect greenhouse gas emissions by weight.			WNC will finish the inventory in 2013 Q4 and release related information in the 2014 CSR report.
	EN17	Other relevant indirect greenhouse gas emissions by weight.			
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.			
	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.			
	EN21	Total water discharge by quality and destination.			WNC did not calculate amounts based on degree of pollution and emission destination.
	EN22	Total weight of waste by type and disposal method.	4.2	105-108	
	EN23	Total number and volume of significant spills.			There were no significant spills in 2013.

GRI Content Index			Chapter	Page	Note
Environmental	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 hazardous substances waste and cleanup comply with environmental-protection regulations.
	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.			WNC wastewater is discharged to the science park sewage treatment plant; it does not have a significant impact on the biological environment.
	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	4.1	100-104	
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.			WNC is an ODM/JDM/OEM manufacturer; product and packaging recycling depend on customer requests.
	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.			No incidents of non-compliance with environmental laws and
	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce. Total environmental protection expenditures and			WNC did not analyze the impact of transportation.
	EN30	Total environmental protection expenditures and investments by type.	4.4	112-119	

		GRI Content Index	Chapter	Page	Note
Labor Practices and Decent Work	DMA	Managent principles	3.1	57-62	
	LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	3.2	63-72	
	LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	3.2	63-72	
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	3.3.3 3.3.2	73 74	
	LA4	Percentage of employees covered by collective bargaining agreements.			WNC does not have labor union.
	LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.			WNC has set up regulations regarding minimum-notice periods.
	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.	3.5	85-97	
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	3.5	85-97	
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding	3.5	85-97	
	LA9	Health and safety topics covered in formal agreements with trade unions.	3.5	85-97	WNC employees do not belong to a labor union. Both employer and employees communicate through an Employee Representative Committee.
	LA10	Average hours of training per year per employee by gender, and by employee category.	3.4	77-84	
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	3.4	77-84	
	LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	3.4	77-84	
	LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	3.2	63-72	
	LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.			WNC did not analyze ratios of basic salary based on gender
	LA15	Return to work and retention rates after parental leave, by gender.	3.1	57-62	

GRI Content Index			Chapter	Page	Note
Human Rights	DMA	Managent principles	3.1	57-62	
	HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.			WNC did not make significant investments in 2013.
	HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	5.2	123-130	
	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.			WNC did not calculate training hours according to human rights.
	HR4	Total number of incidents of discrimination and actions taken.			No discrimination-related complaints in 2013
	HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	5.2.5	127-129	
	HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	3.1	57-62	
	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.	3.1	57-62	
	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.			
	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.			WNC did not have any incidents involving violation of the rights of indigenous peoples in 2013.
	HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	5.2.5	127-129	
	HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.			There were no human rights related complaints in 2013.

		GRI Content Index	Chapter	Page	Note
Society	DMA	Managent principles	6	136-137	
	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.			
	SO2	Percentage and total number of business units analyzed for risks related to corruption.			WNC did not analyze this issue.
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.			WNC did not perform calculatations based on anti-corruption contents.
	SO4	Actions taken in response to incidents of corruption.			WNC did not have incidents of corruption in 2013.
	SO5	Public policy positions and participation in public policy development and lobbying.	2.4	45-47	WNC maintains a neutral public-policy standpoint.
	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	2.4	45-47	
	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	2.4	45-47	WNC did not engage in anti-competitive, anti-trust, or monopolistic behavior in 2013.
	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	2.4	45-47	WNC did not have any fines resulting from any violation of laws in 2013.
	SO9	Operations with significant potential or actual negative impacts on local communities.			No significant impact
	SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.			No significant impact

GRI Content Index			Chapter	Page	Note
Product Responsibility	DMA	Managent principles	1.3	16-21	
	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.	4.1	100-104	
	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, by type of outcomes.			WNC did not contravene any product health and safety standard in 2013.
	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.			WNC did not contravene any standard regarding product information and labeling in 2013.
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	5.3	131-133	
	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.			WNC sales operations complied with regulations related to fair competition.
	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.			WNC did not contravene any standard regarding marketing communications in 2013.
	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	5.3	131-133	WNC received no substantiated complaints regarding customer privacy in 2013.
	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 2013.

WNC

www.wnc.com.tw

Wistron NeWeb Corporation
20 Park Ave. II, Hsinchu Science Park,
Hsinchu 308, Taiwan
Tel: +886 3 666 7799   Fax: +886 3 666 7711