

# Wistron NeWeb Corp.

2014 Corporate  
Social Responsibility  
Report



# 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.

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## 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 2014 to December 2014. 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, the United States, and other corporate entities that do not have direct control over the company's operations.

- 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)"

The Lihsin Office, located on Lihsin Rd., Hsinchu Science Park began operation in August 2014. As the data obtained during the construction phase and the initial phase of its operations is not yet complete, only the data on the number of employees and the greenhouse gas inventory data is included in the calculation with that of the WNC headquarters, and other data is not included in the disclosure of this year's annual report; the information obtained starting January 2015 will be disclosed in next year's annual report.

## Report Methodology and Guidelines

This report is compiled based on the Sustainability Reporting Guidelines, Version 4 (herein referred to as the "GRI G4") published by the Global Reporting Initiative (GRI). The report has been inspected by an independent third party, SGS Taiwan Limited, based on the AA1000 standards and GRI G4 requirements and has been verified that the report meets the requirements of the GRI G4 Core option and AA1000 Assurance Standard type 1, moderate level. The Assurance Statement is included in the appendix for reference.

The report covers the same organizational boundary and calculation method used in the previous year. The related performance indicators are also those of international generic indicators. Financial figures in this report are expressed in New Taiwan Dollars (NT\$) 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. SGS Taiwan Ltd performed ISO/IEC 27001 verification and issuance of related certificates.

## Contact Information

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

Wistron NeWeb Corporation  
Marketing Division  
20 Park Avenue II, Hsinchu Science Park, Hsinchu 308, Taiwan, R.O.C.

TEL: +886-3-666-7799

E-mail: [public@wnc.com.tw](mailto:public@wnc.com.tw)

FAX: +886-3-666-7711

Website: [www.wnc.com.tw](http://www.wnc.com.tw)

# A Message from the CEO

As WNC transitions from 2014 into 2015, we will celebrate 19 years in business—an extraordinary achievement for which we are deeply grateful to our former chairman, Mr. Simon Lin. Under his capable guidance and leadership, our staff members have lived up to WNC's core values to contribute to the company's robust growth. In 2014, Simon humbly resigned as a board member and the Chairman of the board at his insistence on sustainable management. As a salute to Simon's contribution and dedication to the company, the remaining board members unanimously elected him as an Honorary Chairman, hoping he will continue to share his wealth of industry knowledge, rich life experience, and valuable entrepreneurship with us.

Looking back at 2014, the overall global economy has gradually stabilized, but market competition between players has never ceased and has instead become even fiercer. We have seen demand continue to grow in the markets for smart-home products and wireless broadband, and the development of cloud services, M2M, and automotive-/industrial-grade systems are also burgeoning, offering stunning growth prospects in the communications market. To respond to such market demands and opportunities, we will continue to serve more tier-1 and automotive/industrial customers and—at the same time—are also bound to be challenged with orders of other various types. WNC is ready to seize the challenges and opportunities of implementing an operations mode in which high standards are upheld in the quality of our designs, manufacturing, and materials management.

In fact, WNC has many advantages that translate into our core competitiveness in market development and customer service. Looking into the future, we have fully prepared ourselves to move towards the next important milestone. In 2014, we established WNC UK Limited, a branch office in Berkshire, the United Kingdom, in response to a need for capacity expansion and organizational development. In the same year, we also officially opened our Lihsin Office on Lihsin Rd. I, Hsinchu Science Park. Furthermore, our overseas presence has been greatly enhanced by our establishment of WNC Japan Ltd in Yokohama, Japan in January 2015.

From "Thinking Globally, Acting Locally" to being "Dedicated to Sustainable Management to Become the Market Leader", we are taking small but solid steps toward our goals. In the wake of the recent occupational safety issues and food safety scandals in Taiwan, we examined our social-responsibility practices and learned to emulate industry role models, reflecting upon our shortcomings and recognizing that doing our own business well is always the most important corporate responsibility. In the past, we have focused on making our corporate governance system more complete, establishing and updating our management system as well as reviewing and improving the supply-chain management system. We hope to extend the concepts and practice of corporate social responsibility to our staff members as well as into our supplier management system as we better our management operations. This helps ensure that all WNC staff members, suppliers, and third-party vendors can work together and realize labor rights protection, product liability, environmental protection, and public safety in our daily operations in order to reduce overall risk and build a sustainable supply chain.

In 2014, we achieved several significant and meaningful milestones, including:

- Promulgated internal regulations including the "Corporate Governance Best-Practice Principles", "Ethical Corporate Management Best-Practice Principles", "Codes of Ethical Conduct", "Procedures for Ethical Management and Guidelines for Conduct", and "WNC Operational Guidelines for CSR/EICC Violations"
- Updated the Supplier Evaluation & Management SOP
- Awarded TL 9000 certification

- Awarded ISO/IEC 27001 certification
- Introduced handicapped-accessible restroom facilities
- Worked with local small organic farmers and on-site food-service vendors to implement “good food” events
- Participated in sponsorship programs for extracurricular activities clubs in three universities: the NTHU Aboriginal Culture Club, the NCKU Social Service Team, and the NCKU Philanthropy Club

Since mid-2014, Taiwan has experienced its most severe drought this decade, forcing the public and the private sectors alike to place a premium on water-resource management. Although WNC’s operations rely on domestic water and our production and operations will remain unaffected by relevant water-rationing measures, we still continue to negotiate and implement various water-conservation measures in line with the government’s drought-prevention measures. We also urge our staff members to withstand these hardships together and conserve water while hoping to see signs of that the drought is lifting. In this same year, we have also been troubled by a severe labor shortage at our Kunshan sites. To ensure smooth product manufacturing and shipments to our customers, we have offered several employment incentives and increased recruitment activities to cope with the current worker shortage. In addition, we have also explained our contingency measures to our customers in order to maintain the trust and satisfaction that our customers have in us.

In the future, we will continue to set higher standards for ourselves to perfect our operational performance, and we will actively promote the following:

- 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

Looking into the future, we will adopt strategies that help create values to achieve sustainable development and forge ahead based on innovation, openness, and diverse thinking. We also look forward to the positive feedback from our stakeholders. Let us all work together to create a sustainable, thriving, and prosperous community of interests.

Chairman & CEO

Haydn Hsieh




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# About WNC

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# 1.1 Corporate Operations

Company Name	Wistron NeWeb Corporation
Chairman & CEO	Haydn Hsieh
Headquarters	Hsinchu, Taiwan
Established	Dec. 7, 1996
Public Listing	Sept. 22, 2003 (Stock code: 6285)
2014 Capital	NT\$3.29 billion
2014 Revenue	NT\$40 billion (Consolidated)
2014 Total Employees	10,376 people (Global)

Wistron NeWeb Corporation (WNC), established in 1996, designs, develops, and manufactures 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.

## 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 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 fast-changing and competitive challenges as well as provide 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. To enhance employees' awareness of the WNC corporate culture, we produced a screen saver which incorporates WNC's core values, the ten WNC beliefs, and the ten WNC principles of discipline and set it as the default screen saver for all WNC employees.



## 1.3 Products and Services

WNC is devoted to developing products and innovative applications in the 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-party internal auditing at fixed intervals annually to perform hazardous substances management. WNC provides products and services conforming to customer demands and international environmental and safety-related regulations. In 2014, there were no convictions or violations of relevant laws and regulations concerning products and services.

Please refer to section 4.1 "Green Products" and section 5 "Supply Chain Management" for details.

Proportion of Delivered Products in 2014

Item	Sales Volume (units)	Monetary Value (in thousands of NT\$)	Capex to Revenue Ratio
Wireless communication products	236,183,583	38,993,587	96.69%
Others	0	1,333,331	3.31%
Total	236,183,583	40,326,918	100%

Proportion of Product Sales during the Most Recent Three Years (by region)

Three years (by region)				
Region		2012	2013	2014
Export Sales	The Americas	53%	49%	46%
	Asia	28%	28%	31%
	Europe	8%	14%	14%
	Others	0%	1%	0%
Domestic Sales		11%	8%	9%

### 1.3.1 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 the following: Digital Home, Networking, Direct Broadcast Satellite, Automotive & Digital Media, Mobile Communication, and Antenna. Categorized by application scope, its three major categories are those of home, mobile, and automotive products.

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 2014 was the Americas (46% of sales).

## 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 internal R & D capabilities to enhance 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 and networking 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
- HD Radio and digital radio modules
- 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

## 1.3.2 Market Outlook

### Digital home applications becoming diverse

In recent years, with operators actively promoting the TV, telecommunications, and Internet video markets, IP video services and integration of mobile devices and television has become a dominant subject in marketing. Examples such as interactivity and multi-screen services have brought new opportunities for digital-home AV applications and equipment. Additionally, home security and intelligent control have 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 with related applications.

### More versatile broadband needs driven by mobile devices

In recent years, demands for mobile broadband applications have increased dramatically with the development of cell phone chip technology and input interfaces, enhancements in mobile broadband technology, and the appearance of multiple-application services and platforms. As the concept of the IoT develops, industry applications and infrastructure

now rely more and more on wireless broadband and open software platforms. As a result, new opportunities in the market have become available. WNC has a deep level of product development experience in handheld devices, including antenna design, system integration, software development, and user-interface design and can provide customers with one-stop-shop services. Under this trend, WNC will continue to press forward with its software development to create the greatest value for our customers.

### Small-cell growth driven by wireless broadband demands

In 2014, 4G has become the mainstream technology for mobile data services worldwide; mobile broadband is also progressively moving toward the 1 Gbps mark with the 5G format. Telecom operators all over the world are actively committing to 4G deployments and have continued to invest in this market for new applications. The new market opportunities, small cells, and multiple network technologies with accurate grid configuration will also be a perfect blend to lowering deployment costs while ensuring network quality for operators.

Wi-Fi is now a required feature of laptops, smartphones, and tablets for consumers. In 2014, IEEE 802.11ac products have become the mainstream telecommunications products, with smart mobile devices also actively adopting IEEE 802.11ac technology, indicating the advent of the Gb-level era for wireless-network technology. The Wi-Fi capability rates for cable modems and DSL CPEs continue to grow and are expected to increase to 86% and 95%, respectively, in 2016. We believe this trend, supported by the statistics above, point toward an optimistic future for the WLAN market. In line with this opportunity, WNC is seeking to leverage its professional antenna design capacity to provide high-quality networks to operators. With in-depth cooperation with chip manufacturers, WNC is able to provide customers with one-stop-shop solutions and can see great potential in staking out a key position in this emerging market. For more industry information, please refer to Chapter Four "Overview of Business Operations" in the WNC 2014 Annual Report from page 26 to page 38.

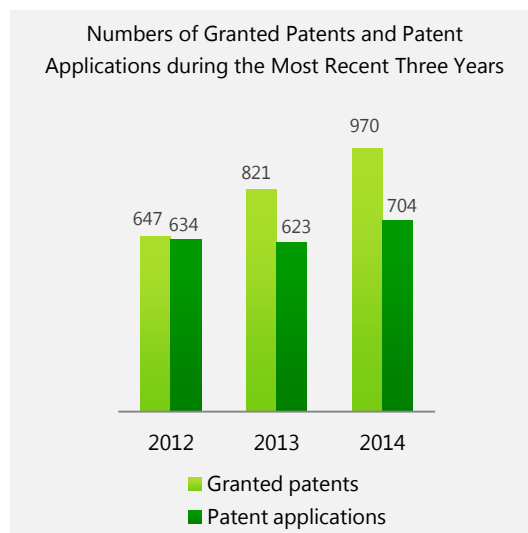
## 1.3.3 Energy for Innovation

To cultivate this research and design energy, WNC strives to enhance its competitiveness in communications. We constantly develop 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 2014, we held 970 patents: 238 in the US, 394 in Taiwan, 327 in China, and 11 in other areas. Currently, we also have more than 700 patent applications being processed.

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.

To maintain corporate innovation, competitiveness, and protect stakeholders' interests, WNC highly values the protection and control of intellectual property and confidential business information. In 2014, WNC adopted the "Management Measures on the Control of Information Equipment and Protection of Documents" and updated the "Proprietary Information Protection Policy" to clearly state procedures and measures to safeguard corporate trade secrets and



business-related confidential information. In addition, through our management and application policies for intellectual property, we encourage our employees to actively engage in innovation, research and development, and continue to accumulate intellectual expertise in the form of patents, copyrights, trademarks, trade secrets, and other intellectual assets.

In April 2014, ViXS<sup>1</sup> filed a complaint in the United States International Trade Commission (USITC) against a number of companies including WNC. The relevant parties subsequently agreed to settle the complaint.

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<sup>1</sup> ViXS is a multi-national semiconductor chip design house headquartered in Canada that provides audio/video-related chip products.

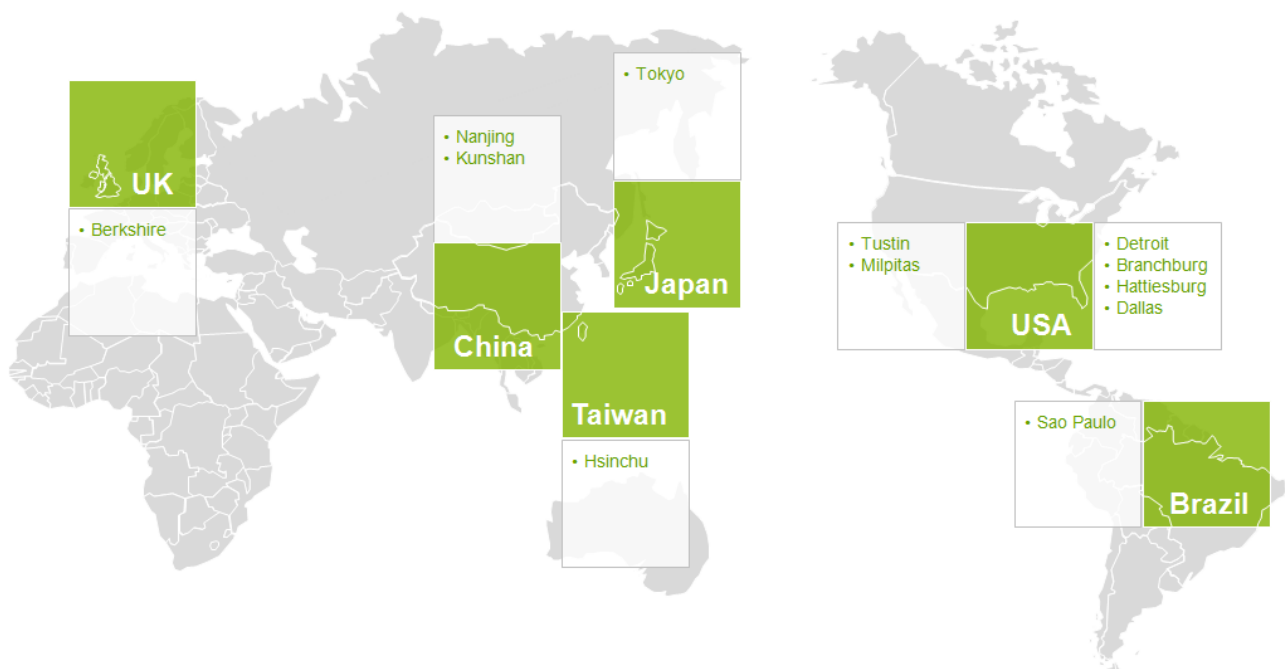
## 1.4 Worldwide Locations

WNC's global headquarters is located on Park Avenue II in Taiwan's Hsinchu Science Park. Our site is a combination of office and factory facilities where all business functions are performed under one roof (such as R & D, 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. In response to the expansion of production-line and human resources, WNC began operations at its Lihsin Office located on Lihsin Rd. in the Hsinchu Science Park in August 2014 for use by some of the company's business units and functional units.

WNC's Major manufacturing sites are located in Kunshan, China. They are 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 and 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 California, New Jersey, Michigan, and Mississippi and has also expanded operations into Brazil. Also, in response to its operational and business development, WNC established "WNC UK Limited" in the United Kingdom in 2014 and "WNC Japan" in response to a need for capacity expansion and organizational development.

Please refer to WNC's website [www.wnc.com.tw](http://www.wnc.com.tw) for detailed worldwide location information.



# 1.5 Management Systems

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 is certified by an independent third party according to international standards, they are updated continuously to ensure they are actually operating according to their dedicated standards and rules. In 2014, we obtained TL 9000 (Quality Management System for the Telecommunications Industry) and ISO/IEC 27001 (Information Security Management System) certifications. In March 2015, we obtained ISO/IEC 17025 (General requirements for the competence of testing and calibration laboratories) certification. The quality management system related certifications obtained by WNC (Taiwan) and its subsidiaries in China and the dates of the certifications are listed in the following table:



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 QC 08000	2011	2011		2011
ANSI/ESD S20.20	2011	2011	2013	
ISO 14001	2005	2006	2006	2009
ISO 14064-1 <sup>Note</sup>		2015	2015	2015
OHSAS 18001	2008	2012	2012	2012
TL 9000	2014	2014		
ISO/IEC 27001	2014			
ISO/IEC 17025	2015			
FSC® Chain-of-Custody	2015			

Note: The year in which the site obtained ISO 14064-1 certification.



## 1.6 Industry Association Membership

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 in which WNC participated in 2014 include:

- Taiwan Electrical and Electronic Manufacturers Association and Communications Industry Alliance
- Taipei Computer Association and Taiwan Internet of Things Alliance
- Taiwan Telematics Industry Association
- Taiwan Thermal Management Association
- The Allied Association for Science Park Industries
- Device Language Message Specification (DLMS) User Association
- Global Certification Forum (GCF)
- Global TD-LTE Initiative (GTI)
- Multimedia over Coax Alliance (MoCA)
- Wi-Fi Alliance (WFA)
- ZigBee Alliance
- RVU Alliance
- Digital Living Network Alliance (DLNA)

## 1.7 Achievements

WNC's operational performance, product development, and innovative R & D have been repeatedly recognized both domestically and overseas. In 2014, we were honored to receive awards such as the Hsinchu Science Park Innovative Product Award and the Taiwan Corporate Sustainability Report Award.

Awards Received during the Most Recent Three Years

Year	Awards
2014	Hsinchu Science Park Innovative Product Award (High Sensitivity RFID Antenna and Reader System)
	Taiwan Corporate Sustainability Report Award (Bronze Award)
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



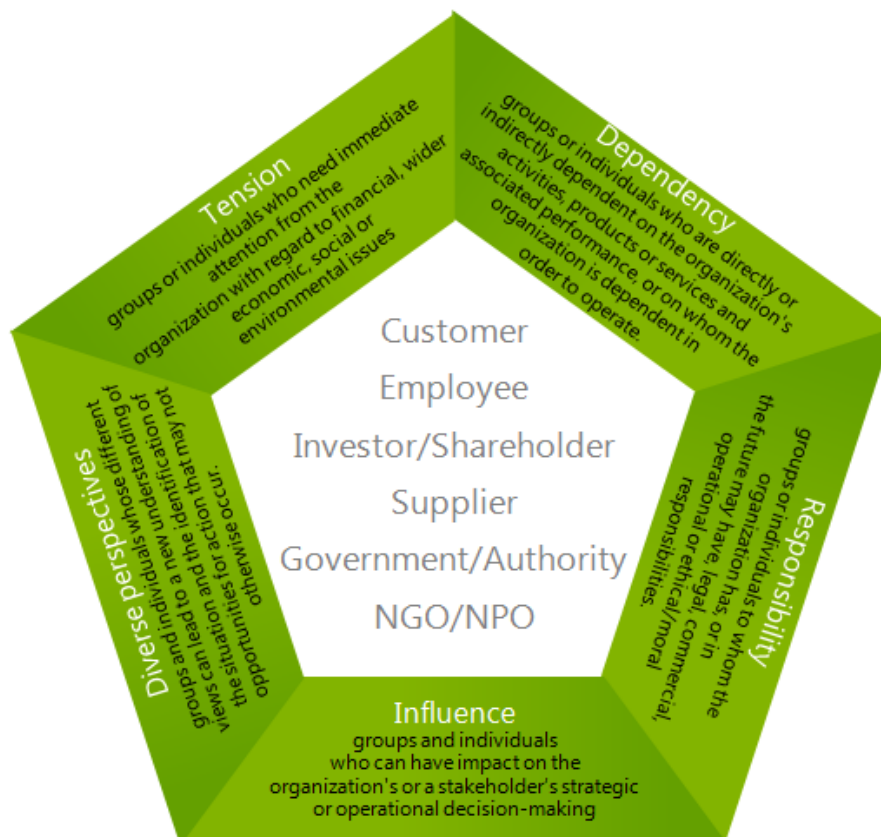
# 1.8 Communication with Stakeholders

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 stakeholder-related 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.



## 1.8.2 Identification of Material Aspects

We collect the issues that concern stakeholders through the following internal and external inputs, and with reference to the definitions and classifications in the GRI G4 published by the Global Reporting Initiative (GRI), we identified a total of 48 aspects of interest to our stakeholders which are categorized into economic-, environmental-, social-, and product-responsibility aspects.

- Internal: Corporate culture, operational principles, job function and plans of each unit, corporate social responsibility code of conduct, employee communication channels, employee questionnaires, and a survey of the issues of interest to stakeholders during the previous year
- External: International trends and regulations, customer requirements, business-peer-based practices, Electronic Industry Code of Conduct (EICC), third-party evaluation organizations (EcoVadis), the KPMG Survey of Corporate Responsibility Reporting 2013 published by KPMG International, the Sustainability Yearbook 2015 published by RobecoSAM, and the Sustainability Topics for Sectors published by the Global Reporting Initiative (GRI)

Material Aspects Analysis Process



To identify aspects that are substantive and require particular attention, we conducted a questionnaire survey on employees selected by their respective unit heads. Based on a process of substantive analysis, the assigned employees rated the "the level of concern of stakeholders to the particular aspect" and "the level of impact of the aspect on WNC's operations" using a scale of one to five ("1" being the lowest and "5" being the highest). Their ratings were based on their perceptions and observations from their day-to-day duties. The average scores are listed on a plane coordinate axis to enable the identification of aspects that are both of higher interest to stakeholders and of a higher impact on WNC's operations. In order to meet stakeholder's expectations as much as possible, aspects with an average score of 3.65 or higher are considered major aspects of interest; there are a total of 30 such aspects.

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In view of the 30 major aspects identified, we assembled the employees assigned by their respective unit supervisors, and through their actual day-to-day operations, we confirmed the issues related to each aspect and determined which branch of the company may be subject to the impact, such as the WNC headquarters, the branches in Kunshan, China (including WNC (Kunshan) Corporation, Wistron NeWeb (Kunshan) Corporation, and WebCom Communication (Kunshan) Corporation–Kunshan Plant), and customers, suppliers and vendors outside of WNC. Considering the role WNC exerts on its entire supply chain as well as the level of transparency of the supply chain, we are expected to provide a more detailed disclosure of the supply-chain-related information after 2015.

●: Material, disclosed in this report    ▲: Material, disclosure in the future

Category	Aspect	Relevant Topics	Impact of Boundaries						
			Within the Organization				Outside of the Organization		
			WNC (Taiwan)	WNC (Kunshan)	Wistron NeWeb (Kunshan)	WebCom (Kunshan)	Customer	Supplier	Contractor
Economic	Economic Performance	Operational performance, risk management, employee pension plan, financial assistance received from governments	●	●	●	●			
	Market Presence	Salary and benefits, local talent recruitment, stakeholder engagement	●	●	●	●			
Environmental	Energy	Energy consumption, energy intensity, energy reduction	●	●	●	●			
	Water	Water consumption, water sources, total volume of water recycled and reused	●	●	●	●			
	Emissions	Greenhouse gas emissions, greenhouse gas emissions intensity, reduction of greenhouse gas emissions	●	●	●	●			
	Effluents and Waste	Total water discharge by quality and destination, total weight of waste by type and disposal method, total number and volume of significant spills	●	●	●	●			
	Products and Services	Green-product design	●	●	●	●			
	Compliance	Identification of any non-compliance with laws or regulations, reporting of significant fines and non-monetary sanctions	●	●	●	●			
	Supplier Environmental Assessment	Percentage of new suppliers that were screened, determining potential negative impacts	●	●	●	●			
	Environmental Grievance Mechanisms	Accessibility of grievance mechanisms and remediation processes for impacts	●	●	●	●			
Social	Employment	Total number and rates of new-employee hires and employee turnover, return to work and retention rates after parental leave	●	●	●	●			
	Labor/Management Relations	Communication mechanisms, minimum notice periods regarding operational changes	●	●	●	●			
	Occupational Health and Safety	Occupational safety and health committee, type of injury and rates of injury, lost days, absenteeism	●	●	●	●			
	Training and Education	Average hours of training, training programs	●	●	●	●			
	Supplier Assessment for Labor Practices	Percentage of new suppliers that were screened, determination of potential negative impacts	●	●	●	●			
	Labor Practices Grievance Mechanisms	Accessibility of grievance mechanisms and remediation processes for impacts	●	●	●	●			
	Child Labor	Identification of operations and suppliers considered to have significant risk and measures taken	●	●	●	●		●	

	Forced or Compulsory Labor	Identification of operations and suppliers considered to have significant risks and measures taken in response	●	●	●	●	●
	Supplier Human Rights Assessment	Percentage of new suppliers that were screened, determination of potential negative impacts	●	●	●	●	
	Human Rights Grievance Mechanisms	Accessibility of grievance mechanisms and remediation processes for impacts	●	●	●	●	
	Anti-corruption	Corporate governance, ethics and integrity	●	●	●	●	●
	Anti-competitive Behavior	Anti-competitive behavior, anti-trust, and monopolistic practices	●	●	●	●	
	Compliance	Identification of any non-compliance with laws or regulations, reporting of significant fines and non-monetary sanctions	●	●	●	●	
	Supplier Assessment for Impacts on Society	Percentage of new suppliers that were screened, determination of potential negative impacts	●	●	●	●	
	Grievance Mechanisms for Impacts on Society	Accessibility of grievance mechanisms and remediation processes for impacts	●	●	●	●	
Product Responsibility	Customer Health and Safety	Efforts made to protect the health and safety	●	●	●	●	
	Product and Service Labeling	Hazardous substances management, green product management	●	●	●	●	
	Customer Privacy	Customer privacy protection	●	●	●	●	
	Compliance	Identification of any non-compliance with laws or regulations, reporting of significant fines and non-monetary sanctions	●	●	●	●	
	Conflict Minerals	Policy and implementation	●	●	●	●	

### 1.8.3 Response to Stakeholders

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. Based on the information obtained, we may review the CSR report of the previous year to examine if the report fully presents WNC's achievements in corporate social responsibility to serve as the reference for the CSR report for the following year. We expect to complete the online stakeholder survey questionnaire by the second quarter of 2015. 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 log on 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.

Stakeholders can send inquiries and suggestions related to corporate social responsibility to:

[public@wnc.com.tw](mailto:public@wnc.com.tw). WNC did not receive any complaints with regard to work environment, labor practices, human rights practices, and social impacts in 2014.

Stakeholder	Issue	Responsible Unit	Relevant Chapter		Communication Channel	Communication Frequency
Customer	Product & Service Human Rights Energy Resource & Waste Management Supplier Management	Business Unit QA Div.	1.3 3.1 4.2 5.2	Pp. 10–12 Pp. 34–37 Pp. 65–67 Pp. 77–81	Customer satisfaction survey	Once a year
					Customer questionnaire or on-site audit	Upon request
					Project review meeting	Upon request
					Customer complaint-management	Upon request
					Global Service Center and After-Sales Service	Upon request
Employee	Remuneration Human Rights Labor/Management Relations Occupational Health and Safety	HR Adm. Div. Employee Welfare Committee	3.1 3.2 3.3 3.4 3.5	Pp. 34–37 Pp. 38–41 Pp. 42–43 Pp. 44–48 Pp. 49–60	Employee Representative Committee	Quarterly
					Occupational Safety and Health meeting	Quarterly
					Employee Welfare Committee	Quarterly
					Employee questionnaire	Upon request
					Company Portal	Updated upon request
					Freshman seminar	Monthly
					CEO seminar	Quarterly
Investor/ Shareholder	Corporate Governance Economic Performance Shareholders' Equity	Spokesperson IR Office	2.1 2.4	Pp. 24–26 P. 30	Shareholders' meeting	Once a year
					Investors conference	Semi-annually
					Investor query	Approx. 40 meetings
Supplier/ Contractor	Green Product Occupational Health and Safety Supplier Management	Global Supply Chain Mgmt. Div. QA Div.	4.1 5.1 5.2	Pp. 62–64 P. 76 Pp. 77–81	SMS portal	Updated upon request
					Supplier performance evaluation & audit	Quarterly
					Supplier conference	Quarterly
Government/ Authority	Compliance Occupational Health and Safety Energy Resource & Waste Management Grievance Mechanisms	Finance Div. Legal & IP Center Marketing Division HR Adm. Div.	2.3 3.5 4.2 1.8	P. 29 Pp. 49–60 Pp. 65–67 P. 21	Official documents/questionnaire	Non-periodic
					Awards	Non-periodic
					Regulatory seminar/discussion/guild activity	Non-periodic
NGO/NPO	Human Right Green Product Energy Resource & Waste Management Grievance Mechanisms	Marketing Division QA Div.	3.1 4.1 4.2 1.8	Pp. 34–37 Pp. 62–64 Pp. 65–67 P. 21	NGO/NPO Website	Non-periodic
					Participate in industrial alliance organizations	Non-periodic
					Participate in NGO/NPO activities	Non-periodic





# Corporate Governance

**Operational Organization**

**EICC Management Committee**

**Integrity Management**

**Operational Performance**

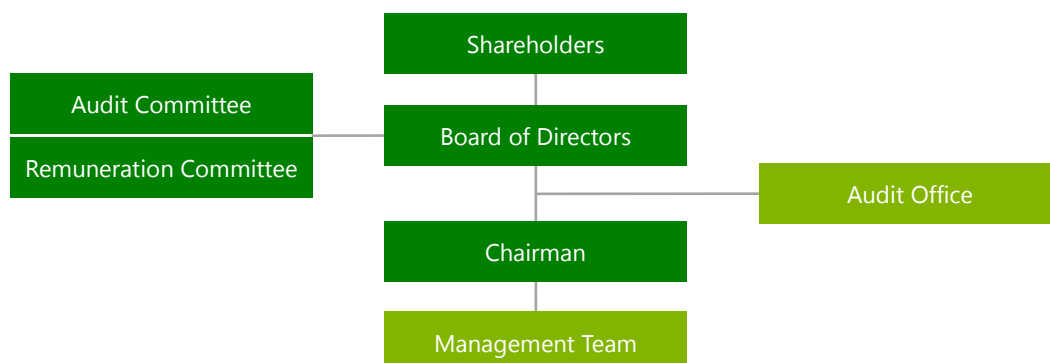
**Risk Management**

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

- Establishing an efficient corporate management system to protect shareholders' interests, consolidating communications among interested parties, and formulating new rules and taking measures according to continuous amendments of guidelines and customer demands;
- 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 to manage and promote corporate governance, operational integrity, and CSR-related issues;
- 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 carefully note 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 Operational Organization

### 2.1.1 Organizational Chart



### 2.1.2 Board of Directors

In accordance with its Articles of Incorporation, WNC elects seven to nine directors for three-year renewable terms. A total of nine 8th BOD members were elected at the Shareholder's meeting of 2014; 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.

Board of Directors Information

Name	Title
Haydn Hsieh	Chairman & CEO
Jeffrey Gau	Director & President
Frank F.C. Lin	Director & Wistron Co. Representative
Henry Lin	Director & Wistron Co. Representative
Philip Peng	Director
Max Wu	Director
S. T. Peng	Independent Director
Robert Hung	Independent Director

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. Mr. Haydn Hsieh assumed the position of Chairman. Mr. Morgan Chang resigned from his position as a member of the BOD on Dec. 2014. The vacancy is to be filled at the shareholders' meeting in 2015.

Information concerning the Board members' background, education, current educational status, concurrent duties, and

meeting attendance rate are disclosed in the company's annual report<sup>2</sup> and have been published on the Market Observation Post System and on the Investor Relations section of WNC's website ([www.wnc.com.tw](http://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 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 eight 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.

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.

### 2.1.3 Audit Committee

In June 2011, WNC established an Audit Committee that meets prior to the Board of Directors meeting every quarter to monitor the execution of the company's internal controls and important financial and sales behavior and to communicate and interact with CPAs in order to effectively supervise company operations and risk management. The audit committee's specialized division of duties and independent 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 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 two committee members, with an additional one to be elected at the shareholders' meeting in 2015.

An Audit Committee meeting is held at least once every quarter. In 2014, the committee met four times.

WNC Audit Committee Members

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

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<sup>2</sup> Education and other information on members of the Board of Directors are included in section 3.2 of the WNC 2014 Annual Report (page. 8–10 of the English translation).

## 2.1.4 Remuneration Committee

WNC established a Remuneration Committee in October 2011, responsible for establishing and periodically reviewing the compensation policies, systems, standards, and structure of the company director's and management's compensation. The compensation for WNC's directors is set up according to the Articles of Incorporation (1% of the year's profits). The compensation package for each upper manager includes a fixed component of salary, bonuses, and benefits and a variable component of bonuses, dividends (cash/stock), stock (restricted stock/treasury shares) and stock options. The fixed terms aim to maintain the compensation package's competitiveness to 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 two members; both are independent directors; an additional member will be appointed at the next BOD meeting.

WNC's Remuneration Committee meets at least twice a year. However, meetings can also be convened upon request. The Committee members must 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

WNC Remuneration Committee Members	
Name	Title
Robert Hung	Independent Director, Remuneration Committee Chairman
S. T. Peng	Independent Director, Remuneration Committee Member

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.

## 2.1.5 Audit Office

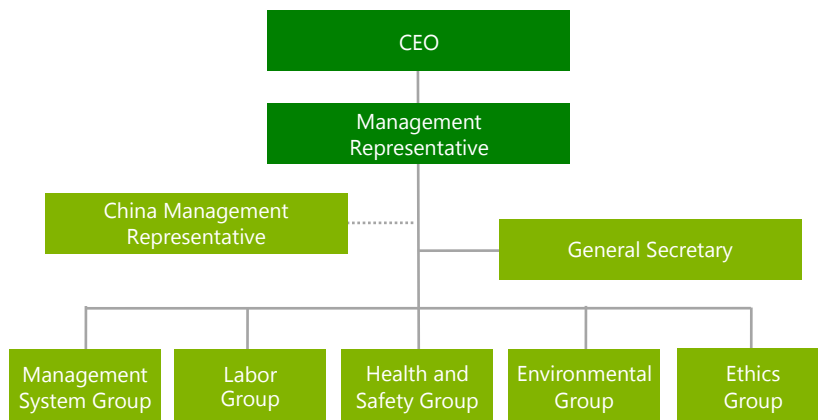
WNC has established an Audit Office for internal controls in accordance with the law. The independent unit reports directly to the Board of Directors and its authority extends to all operations at WNC and its subsidiaries. Auditing is conducted in accordance with a Board-approved audit plan based on identified risks. Extraordinary audits may also be conducted 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 & CEO and Audit Committee at any time, if necessary.

## 2.2 EICC Management Committee

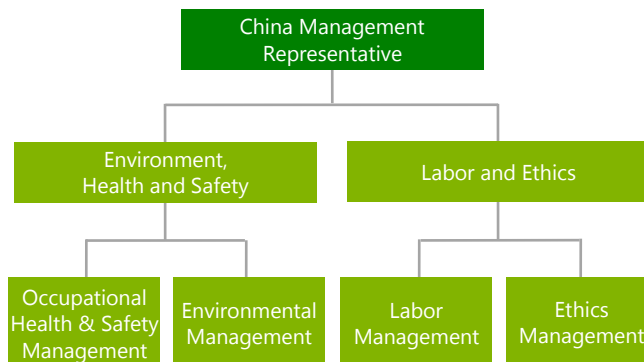
WNC has voluntarily adopted the Electronic Industry Code of Conduct (EICC) from the Electronic Industry Citizenship Coalition and plans to apply the code throughout our entire supply chain. We expect that our suppliers follow principles of business integrity and abide by local and international regulations as well as engage in environmental protection, ESH, and labor-rights protection to fulfill our corporate social responsibilities.

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

EICC Management Structure: WNC (Taiwan)



EICC Management Structure: China Sites



## 2.3 Integrity Management

The WNC Electronic Industry Code of Conduct, WNC Corporate Social Responsibility Practice Standards, Corporate Governance Best-Practice Principles, Ethical Corporate Management Best-Practice Principles, the Code of Ethical Conduct, and internal regulations including the WNC Operational Guidelines for CSR/EICC Violations clearly state the company's policy for upholding 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, refuse to accept bribes, fulfill tax obligations, 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 parties to anonymously report any actions that violate company integrity ([wnc.integrity@wnc.com.tw](mailto:wnc.integrity@wnc.com.tw)). Upon receiving a report of a violation, WNC establishes an ad-hoc group for investigation, and we promise to offer a certain level of legal protection to the whistleblower to encourage all stakeholders (including WNC employees) to summon the courage to step forward.

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 strictly abide 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 2014, there were no lawsuits against WNC related to anti-competitive or anti-trust behavior.

WNC's major bases of operations and production, including Wistron NeWeb Corporation, WNC (Kunshan) Corporation, Wistron NeWeb (Kunshan) Corporation, and WebCom Communication (Kunshan) Corporation–Kunshan Plant, implemented CSR-related audits or evaluations requested by customers by conducting a questionnaire survey in accordance with the EICC or customers' requirements and performed document review and on-site auditing to examine aspects covering corporate governance, integrity and ethics, sustained operations, labor affairs, human rights, environmental protection and social participation. WNC also requires that our suppliers recruit employees pursuant to international and local laws and regulations and follow international standards such as the ISO 14001 and OHSAS 18001 standards to proactively build a healthy and positive working environment to minimize the threats to employees' safety and hygiene and injuries during the process of production, operation, and waste management.

### 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 by the company in 2014.

## Financial Grants

Financial Grants Record for Each WNC Site in 2014

Site	Item	Reason	Currency	Amount
WNC (Taiwan)	Investment tax credit	Statute for Industrial Innovation promoted by the Industrial Development Bureau, Ministry of Economic Affairs	TW\$	27,432,000
	Grant	Hsinchu Science Park Innovative Product Award	TW\$	405,000
NeWeb Service (Kunshan) Corporation	Grant	Kunshan Bureau of Commerce Special funds for the development of a service outsourcing industry in Kunshan City	CNY	977,200
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	CNY	4,998,326

## 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 2014, WNC (Taiwan) did not violate any national regulation and did not have any recorded lawsuits. The dormitory under the auspices of WebCom Communication (Kunshan) Corporation–Kunshan Plant leased part of the dormitory space to two internet café operators. However, the Suzhou Kunshan Administration for Industry and Commerce ("the Administration") found that the two operators did not apply for the relevant business registration certificates. This resulted in WebCom Communication (Kunshan) Corporation–Kunshan Plant violating the "Measures for Investigating, Punishing and Banning Unlicensed Business Operations" for providing a business venue for unlicensed business activities. In June 2014, the Administration issued a fine of CNY172,054.65 to WebCom Communication (Kunshan) Corporation–Kunshan Plant based on the Law of the People's Republic of China on Administrative Penalties. In response to this, WebCom Communication (Kunshan) Corporation–Kunshan Plant demanded that the two tenants perform rectification per the Administration's order and added relevant articles in the lease agreement to specify that in the future, the tenants shall assume the responsibility for inappropriate business activities or reasons attributed to themselves that result in economic losses for WebCom Communication (Kunshan) Corporation–Kunshan Plant.

## 2.4 Operational Performance

### 2.4.1 Financial Performance

WNC announced that its 2014 non-consolidated revenue was NT\$39 billion, up 11.19% YoY. Consolidated revenue was NT\$40 billion, up 10.02% YoY. Net income was NT\$1.4 billion, down 9.34% YoY (calculated based on IFRS). EPS was NT\$4.28. 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 2010 to 2012, and the IFRS system was adopted for 2013 and 2014 figures. Detailed financial figures can be found in Chapter 5 of the WNC 2014 Annual Report (English translation) from page 40 to page 118.

Overview of Financial Performance during the Most Recent Five Years (Consolidated) (NT\$ thousand)

Item	2014	2013	2012	2011	2010
Operating revenue	40,326,918	36,653,661	34,434,519	33,982,114	27,338,387
Gross profit	5,420,254	5,191,044	4,681,645	5,286,186	4,738,921
Operating expenses	3,711,627	3,407,908	3,196,976	2,593,761	2,323,651
Operating growth	1,708,627	1,783,136	1,484,669	2,085,939	1,960,225
Net income before taxes	1,780,189	1,960,103	1,434,985	2,229,122	1,998,965
Income tax expense	403,801	441,772	306,725	519,582	449,981
Profit	1,376,388	1,518,331	1,128,260	1,709,540	1,548,984
Basic earnings per share	4.28	4.84	3.72	5.98	5.92
Retained earnings	5,515,923	5,173,321	4,325,357	4,353,702	3,733,448
Interest expenses	50,085	65,304	100,712	96,222	53,592
Personnel expenses	4,788,546	4,157,655	3,652,483	3,515,330	2,919,957
Employees bonuses	184,910	204,975	203,087	307,717	279,527
Cash dividends	887,661	965,304	609,268	1,012,029	953,125
Stock dividends	65,753	64,354	91,264	144,576	136,161

### 2.4.2 Shareholder Structure

To safeguard the interests of shareholders and improve corporate governance, WNC used an electronic voting system and a "voting by poll" system at its 2014 shareholders' meeting. In 2014, 18.5% 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 related investor information.

Overview of Profitability Analysis during the Most Recent Five Years (Consolidated)

Item	2014	2013	2012	2011	2010
Return on assets (%)	6.14	7.28	5.65	8.87	10.12
Return on equity (%)	12.65	15.21	11.98	19.57	21.00
Profit before tax to pay-in capital (%)	54.15	61.01	47.23	77.86	74.51
Net income ratio (%)	3.41	4.14	3.28	5.03	5.67
Basic EPS (NT\$)	4.28	4.84	3.72	5.98	5.92



## 2.5 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 risks. The management from each functional team meets weekly in the executive conference to review and discuss the potential internal and external operational-related variables and analyze the threats and opportunities 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.

### 2.5.1 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 in a timely manner to the rapidly-changing communications 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 obtained 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. In 2014, drawing upon the approach by Wistron NeWeb Corporation, WNC (Kunshan) Corporation and Wistron NeWeb (Kunshan) Corporation also established and implemented the AEO system.

### 2.5.2 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 91% 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.

### 2.5.3 Operational Risk Management

Taiwan is located on the subtropical zone and at the junction of the Eurasian Plate and the Philippine Plate. To avoid damage 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 2014, WNC (Taiwan) and locations in China did not suffer any injury or property damage caused by natural or man-made disasters, including terrorist attacks or labor disputes.

### 2.5.4 Information Security Risk Management

To ensure company and customer information security and to reduce the damage and impact caused by man-made or natural disasters, WNC has instituted 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, confidential information control measures, 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.

To meet WNC's business requirements, the Management Information System Division also developed an RD Cloud for centralized storage and control of the company's R & D data to provide our staff members with a safe and secure space for information access and exchange.

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. In 2014, the Management Information System Division of Wistron NeWeb Corporation and the Information Department of WebCom Communication (Kunshan) Corporation – Nanjing Branch obtained ISO/IEC 27001 certification, and the Wistron NeWeb Management Information System Center is expected to obtain the same certification in September 2015.

## 2.5.5 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's 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	<ul style="list-style-type: none"> <li>Green-product regulations and certifications</li> </ul>	<ul style="list-style-type: none"> <li>Higher operational costs caused by supply chain adjustment, manufacturing process changes, and higher costs of material, components, design, and verification of products</li> </ul>	<ul style="list-style-type: none"> <li>While green-product design has become the trend, customized eco-design of products can be implemented to strengthen our competitiveness</li> </ul>
Physical Risks	<ul style="list-style-type: none"> <li>Direct impact of extraordinary weather (such as floods, droughts, or storms)</li> <li>Indirect impact of extraordinary weather, such as higher resource costs and fast spread of diseases</li> </ul>	<ul style="list-style-type: none"> <li>Interruption of supply chains, lowered or cessation of manufacturing capacity, loss of lives or property, and the costs of reconstruction</li> <li>Increased operational costs caused by implementing proper control and prevention measures</li> </ul>	<ul style="list-style-type: none"> <li>Perform risk assessment at the location of the company and factories</li> <li>Strengthen the control of internal resource usage. The workplace environment shall be designed according to environment, safety, and health regulations.</li> </ul>
Other Risks	<ul style="list-style-type: none"> <li>The market will place more value on low-carbon, environmentally friendly products</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Seize the market opportunity; enhance the company's reputation and market share.</li> </ul>



# Employee Care

**Respect Human Rights**

**Recruitment**

**Overall Remuneration**

**Training and Development**

**Employee Care**

## 3.1 Respect 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 promoting human rights and policy in the freshman training and new manager training courses, we also non-periodically investigate the actual working conditions to ascertain any issues relating to child labor, underage labor, forced labor, sexual harassment, labor relations, and prohibitions on expressions of free will according to our customers' requests. WNC did not receive any complaints regarding violations of human rights or discrimination in 2014.

### 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, but they are not allowed to engage in heavy work or in any work of a dangerous nature.

Moreover, employees may not work at night and on holidays, and working hours shall comply with relevant regulations. All plants in China comply with local regulations banning the use of child labor, and workers under the age of 16 are not hired.

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 that 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.

Child Laborers and Under-Aged Workers Hired in 2014

Type	Taiwan	China
Child workers (persons)	0	0
Under-aged workers (persons)	4	1,135

### 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 four employees applied for unpaid parental leave in 2014, and 13 of them were female while 11 of them were male.

The Number of WNC Employees in Taiwan Who Applied for Parental Leave in 2014

Item	Male	Female
Number of Employees Entitled to Unpaid Parental Leave (A) <sup>Note</sup>	199	114
Number of Unpaid Parental Leave Applicants in 2014 (B)	11	13
<b>Application Rate in 2014 (B/A)</b>	<b>5.5%</b>	<b>11.4%</b>
Expected Number of Employees Reinstated from Parental Leave in 2014 (C)	6	14
Actual Number of Employees Reinstated from Parental Leave in 2014 (D)	3	10
<b>Reinstatement Rate in 2014 (D/C)</b>	<b>50.0%</b>	<b>71.4%</b>
Actual Number of Employees Reinstated from Parental Leave in 2013 (E)	0	6
Number of Employees that Worked for One Year Since Returning from Parental Leave in 2013 (F)	0	6
<b>Retention Rate in 2013 (F/E)</b>	<b>0.0%</b>	<b>100.0%</b>

Note: Number of Employees applying for maternity leave or paternity leave in the past 3 years

All plants in China comply with the "Special Rules on the Labor Protection of Female Employees" in providing paid pregnancy checkup leave, maternity leave, miscarriage leave, and additional breastfeeding breaks to help female employees maintain a balance between work and family. On Women's Day (8 March), female employees are entitled to 0.5 days (4 hours) of adjusted holiday. However, parental leave is not regulated in China at the present time.

WNC (Taiwan) 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
- 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.
- 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 storage cabinets, a 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.
- Continued implementation of the Maternity Care project 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 devote more attention to employee working conditions and strengthen employee relations, WNC has established an Employee Representative 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 2014, four committee meetings were held and 103 proposals were discussed, including 10 employee meal service items, 35 employee welfare items, 52 working environment items, and 6 PC/IT issues.

Cases Accepted at Various Communication Channels in WTQ in 2014

Communication Channels	No. of Cases Handled	No. of Cases Closed	Response Rate (%)
Employee Representative Committee and Labor-Management Conference	103	103	100%
Suggestion Box	2	2	100%
E-mail for reporting violations	0	0	N/A
Channel for reporting sexual harassment	1	1	100%
<b>Total</b>	<b>106</b>	<b>106</b>	<b>100%</b>

To prevent workplace sexual harassment and ensure that the workplace is friendly to both male and female employees, Measures for the Prevention, Correction, Complaint, and Punishment of Sexual Harassment in the Workplace have been established and are in practice. In 2014, we received a complaint of verbal sexual harassment. The responsible unit engaged in communications with both parties concerned and reached an eventual settlement.

Given the different working hours and duties, DL employees send representatives to participate in the Employee Representative Committee each quarter and convene the bi-monthly "DL Bi-Monthly Meeting" and the "Supervisor's Forum" to address the different requirements of DL employees and supervisors. The meetings were chaired by the Plant Manager in Hsinchu for promoting company policies, facilitating communications, and the sharing of successful project improvements. In 2014, a total of six IDL bi-monthly meetings were convened, with no issues received. A total of six supervisor's forums were held with five issues being reported. In addition, suggestion boxes are installed in the production-line lounge for DL employees to directly report issues or suggestions to the Plant Manager related to work and life. In 2014, we received and addressed two issues reported using the suggestion box.

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 2014, 160 new employees participated in the freshman afternoon tea gathering, and 172 participated in the freshman seminar.





Starting in 2014, the China sites began holding a quarterly “Employee Representative Forum” for department representatives to engage in face-to-face communications with the company’s high-level management, enabling employee representatives to reflect upon issues or provide suggestions about wages and the basic necessities of life. In 2014, a total of eight employee representative forums were held, with 244 employees participating. The employee-care unit at each site also convenes Tea Chat meetings with employees to understand the problems they encounter at work and to directly discuss problems with department managers. In 2014, 12 Tea Chat meetings were held and 480 employees participated in the meetings.

At the China sites, the suggestion boxes provided in the production line areas, office areas, and the dormitories are the major communication channels providing the employees with consultation services to assist employees in solving their problems. Meanwhile, an “8585 (help-me-help-me)” hotline is available. In 2014, there were 103 complaints regarding company policy, work adaption, and life issues, all of which were resolved with records kept.

In 2014, the China sites implemented the “Regulations on Filing and Handling Internal and External Complaints”. The Human Resources Center is responsible for receiving, investigating, handling, reporting, and offering feedback on all complaints from all employees and pertinent parties, as well as the management of the daily operations of the reporting mechanisms. The employee representatives and labor unions are responsible for receiving and transferring reports and complaints from all staff members and pertinent parties, overseeing the company’s handling of complaints by staff members and pertinent parties, and responding to the staff members regarding results of complaint handling. WNC’s staff members may file complaints and report them to the Human Resources Center on various issues including sexual harassment.

Cases Accepted at Various Communication Channels in China Sites in 2014

Communication Channels	No. of Case Handled	No. of Case Closed	Response Rate (%)
Suggestion Box	93	93	100%
Letter to the Plant Manager	1	1	100%
8585 Employee Care Hotline	9	9	100%
Channel for reporting sexual	0	0	N/A
<b>Total</b>	<b>103</b>	<b>103</b>	<b>100%</b>

Tea chat meeting



Employee representative forum



### 3.1.4 Personal Information Protection

In response to the need for personal information protection, the BOD passed the “Measures on the Protection and Management of Personal Information” in November 2014. WNC reinforced personal information protection related work and education within the company. Actions taken include:



- Arranged Personal Information Protection training:  
As a continuation of the 2013 training course on a recent governmental personal data protection act administered to all employees, in 2014 we will continue to provide this training to newly appointed managers and new employees whose job duties concern the handling of personal information to comply with regulatory requirements. The course aims to strengthen the idea of the lawful use of personal information to apply to daily job routines. As of the end of 2014, a total of 78 employees have completed relevant courses on the protection of personal information. This includes 57 new managers and 21 new employees of the Finance Division, the Human Resources Administration Division, the Management Information System Division, and the Legal & IP Center. The training completion rate was 100%.
- Maintaining personal information records:  
The Human Resources Administration Division stipulates and implements the "Measures on the Protection and Management of Personal Information". The measures specifically govern the collection, handling, and use of personal information in order to enhance the company's internal workflow regarding the lawful use and management efficiency of personal information to reduce operating risks. 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 the 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

Given the different requirements for human resources deployment in Taiwan and China, the total number of employees in Taiwan refers to the official employees in Taiwan, while the total number of employees in China includes official employees and workers employed by staffing agencies. The different types of staff members in Taiwan, China, and other locations are listed below:

WNC Employee Totals in 2014

Type	Taiwan			China			Other Areas <sup>Note</sup>		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Official Employees	1,165	1,110	2,275	3,579	2,474	6,053	23	12	25
Contract-based	2	8	10	0	0	0	1	0	1
Dispatch Workers	18	16	34	1,231	781	2,012	0	0	0
<b>Total</b>	<b>1,182</b>	<b>1,137</b>	<b>2,319</b>	<b>4,810</b>	<b>3,255</b>	<b>8,065</b>	<b>24</b>	<b>12</b>	<b>36</b>

Note: “Other Areas” include branches in the United States, the United Kingdom, and Japan.

As of the end of December 2014, the total number of employees worldwide was 10,376, of which 2,275 employees were located in Taiwan, an increase from 2013 figures of 17%. 1,414 of these were indirect labor (IDL) employees, and 861 were direct labor (DL) employees. The percentage of female employees was 49%. 69% of our colleagues were between the ages of 30 and 50, and 45% of all employees had worked for WNC for three years or more. There were 8,065 employees in China, an increase of 15% compared to 2013. These consisted of 1,198 indirect employees and 6,867 direct employees, with 40% being female and 18% being between 30 years and 50 years of age.

Human Resources Structure of WNC in 2014<sup>Note 1</sup>

Type	Group	Taiwan					China					
		Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total	
Total		1,165	51%	1,110	49%	2,275	4,810	60%	3,255	40%	8,065	
Work Category	DL Employees	Taiwanese	160	8%	321	14%	481	3,543	52%	2,189	32%	5,732
		Foreigners	0	0%	360	16%	360	0	0%	0	0%	0
		Vocational Graduates	15	1%	5	0%	20	523	8%	612	8%	1,135

	IDL Employees	Manufacturing Engineering	120	5%	34	1%	154	641	8%	314	4%	955
		Sales	21	1%	26	1%	47	3	0%	4	0%	7
		R & D	595	26%	106	5%	701	7	0%	2	0%	9
		Others	254	11%	258	11%	512	93	1%	134	2%	227
<b>Position</b>	Managers		307	13%	68	3%	375	197	3%	79	1%	276
	Professionals		668	29%	271	12%	939	2	0%	0	0%	2
	Administration/Assistants		15	1%	85	4%	100	113	1%	96	1%	209
	Technicians(DL)		175	8%	686	30%	861	4,498	56%	3,080	38%	7,578
<b>Age</b>	30 y/o and below		193	9%	394	17%	587	4,048	50%	2,585	32%	6,633
	30–50 y/o		911	40%	669	29%	1,580	745	9%	658	8%	1,403
	50 y/o and above		61	3%	47	2%	108	17	0%	12	0%	29
<b>Management</b>	DL Employees		175	8%	686	30%	861	4,066	50%	2,801	35%	6,867
	IDL Employees	Managers	307	14%	68	3%	375	196	3%	80	1%	276
		Professionals <sup>Note 2</sup>	683	30%	356	16%	1,039	557	7%	375	4%	922
<b>Years of Service</b>	1 year or less		225	10%	393	17%	618	3,553	44%	2,333	29%	5,886
	1–3 years		345	15%	293	13%	638	955	12%	694	9%	1,649
	4–5 years		143	6%	63	3%	206	181	2%	118	1%	299
	6–10 years		320	14%	253	11%	573	120	2%	110	1%	230
	11–15 years		110	5%	88	4%	198	1	0%	0	0	1
	16 years and above		22	1%	20	1%	42	0	0%	0	0	0

Note 1: Ratio = Number of employees concerned/total number of employees

Note 2: Professionals refer to non-managerial positions.

## 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, Japan, China, the Philippines, 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.

## Local Talent Recruitment in 2014

Area	Managers <sup>Note 1</sup> (persons)	Locals as Managers (persons)	Percentage of Locals as Managers
Taiwan <sup>Note 2</sup>	375	375	100.00%
China <sup>Note 3</sup>	342	276	80.70%

Note 1: Applicable to IDL employees only

Note 2: Managerial positions in Taiwan are defined as employees with management responsibilities, which include 299 such employees in WTQ and 76 expatriates

Note 3: Managerial positions in China are defined as employees receiving management allowances

In 2014, 468 new employees were hired at the WNC Taiwan headquarters: 59% of them were males, and 54% of all employees hired were between 30 and 50 years of age; 23,456 new employees were hired at subsidiaries in China: 62% of them were males, and 11% of all employees hired were between 30 and 50 years of age.

2014 New Hire Rates at WNC Headquarters<sup>Note 1</sup>

Category	IDL (Totals: 1,414)						DL <sup>Note 2</sup> (Totals: 481)					
	Total	Gender		Age			Total	Gender		Age		
		Male	Female	<30	30-50	>50		Male	Female	<30	30-50	>50
Number of New Hires	258	187	71	77	175	6	210	91	119	136	74	0
New Hire Rate (%)	18.2	13.2	5.0	5.4	12.4	0.4	43.7	18.9	24.7	28.3	15.4	0

Note 1: New Hire Rate = Number of DL (IDL) New Hires in the category concerned/total number of DL (IDL) employees at the end of 2014

Note 2: Refers to DL employees at the WNC Taiwan headquarters excluding foreign workers and vocational graduates

2014 New Hire Rates in China<sup>Note</sup>

Category	IDL (Totals: 1,273)						DL (Totals: 6,868)					
	Total	Gender		Gender			Total	Gender		Age		
		Male	Female	<30	30-50	>50		Male	Female	<30	30-50	>50
Number of New Hires	513	354	159	344	165	4	22,943	14,147	8,796	20,597	2,344	2
New Hire Rate (%)	40.3	27.8	12.5	27.0	12.9	0.3	334.1	206.0	128.1	299.8	34.1	0.02

Note: New Hire Rate = Number of DL (IDL) New Hires in the category concerned/total number of DL (IDL) employees at the end of 2014

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. Please refer to the following chart for the 2014 employee turnover rate.

2014 Taiwan Employee Turnover Rate<sup>Note 1</sup>

Item	IDL (Total: 1,414)						DL <sup>Note 2</sup> (Total: 481)					
	Total	Gender		Age			Total	Gender		Age		
		Male	Female	<30	30-50	>50		Male	Female	<30	30-50	>50
Turnover Quantity	191	141	50	31	150	10	117	44	73	58	58	1
Turnover Rate (%)	13.5	10	3.5	2.2	10.6	0.7	24.1	9.1	15.0	11.9	11.9	0.2

Note 1: Turnover Rate = Turnover quantity of DL (IDL) employees in the category concerned/total number of DL (IDL) employees at the end of 2014

Note 2: Refers to DL employees at the WNC Taiwan headquarters excluding foreign workers and vocational graduates

### 2014 China Employee Turnover Rate<sup>Note</sup>

Item	IDL (Total: 1,273)						DL (Total: 6,868)					
	Total	Gender		Age			Total	Gender		Age		
		Male	Female	<30	30-50	>50		Male	Female	<30	30-50	>50
Turnover Quantity	472	309	163	294	172	6	21,969	13,514	8,455	19,883	2,085	1
Turnover Rate (%)	37.1	24.3	12.8	23.1	13.5	0.5	319.9	196.8	123.1	289.5	30.4	0%

Note: Turnover Rate = Turnover quantity of DL (IDL) employees in the category concerned/total number of DL (IDL) employees at the end of 2014

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. Given the particular characteristics of the manufacturing industry in China, companies have always encountered labor shortages in the third and fourth quarters. Also, many name-brand OEMs launched new products in 2014, requiring that their supply chains in the eastern China area begin production on a massive scale; as a result, they began recruiting large numbers of production-line workers. Vocational graduates returning to school at approximately the same time of the year exacerbated the shortage, resulting in a severe labor shortage in the Kunshan area. In order not to inflict any damage upon our service to our customers, WNC increased the peak-season production bonuses and employee referral bonuses to retain existing employees, increase recruitment resources, and expand recruitment channels and measures to ensure the smooth production and shipment of our customers' products.

## 3.2.3 Recuriting 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 2014, there were 20 disabled employees (assessed using a weighted scale) working at WNC, comprising 0.88% of Taiwan employees. Of these, 10 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.

We transformed the men's room on the first floor to a handicapped-accessible restroom for our physically-challenged employees and visitors. The restroom became operational in August 2014, and employees are reminded to yield the use of the restroom to physically-challenged persons.

Handicapped-accessible restroom



## 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.

Ratio of WNC New Employee's Average Starting Salary<sup>Note</sup>

Area	Category	Male	Female
Taiwan	DL	1.08	1.08
	IDL	1.34	1.34
China	DL	1.20	1.20
	IDL	1.70	1.70

Note: Ratio of New Employees' Average Starting Salary = Minimum starting salary for entry level new employees/local statutory minimum wages

Ratio of WNC Employees' Average Remuneration<sup>Note 1</sup>

Area	Category	Male <sup>Note 2</sup>	Female
Taiwan	DL	1	0.87
	IDL	Managers	0.83
		Professionals	0.89
	DL	1	1
China	IDL	Managers	1
		Professionals	0.77
	DL	1	1

Note 1: Average remuneration = minimum wages

Note 2: The wage comparisons are made between the total remuneration for male/female workers in all categories compared to the remuneration for males/females in the given cohort. Given that the majority of R & D employees (which are classified as "IDL") are male, their share of total company employee remuneration is slightly higher than that of female employees.

### 3.3.2 Performance Management

#### Evaluation of Development

At WNC, organizational talent review is performed annually to understand the learning and development progress of its employees. 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.

During the performance evaluation period, official WNC employees who pass probation and who have been in service for four months or longer shall participate in WNC's performance appraisal system. During 2014, all DL employees excluding vocational graduates underwent performance evaluation. As for IDL employees, apart from the CEO and the President & COO (who are not required to participate in employee evaluation), the ratio of IDL employees at the WNC headquarters who received performance appraisals is presented below.

## Promotion Management

Depending on the development needs of the organization, employees who have been in their positions for a certain number of years and who are regarded as capable of taking greater responsibilities are eligible for promotions relating to job positions or levels based on their actual performance and their demonstrated professional skills and competency as recognized by their supervisors.

- Planning of the Promotion Management: Adopt the dual-track system of professional positions and management positions to provide appropriate planning for WNC's employees.
- Assessment of the candidates for promotion: Draw reference to the candidates' past experience on the position, performance, and readiness for post-promotion responsibilities. The Personnel Review Committee performs the assessment after the unit supervisor's nomination.

Percentage of IDL Employees at WNC Headquarters<sup>Note 1</sup>  
Receiving Performance Evaluations

Position	Male	Female	Total	Percentage
Management <sup>Note 2</sup>	291	67	1,285	100%
Professionals	601	326		

Note 1: Does not include the CEO and the President and employees not eligible for performance appraisal

Note 2: Refers to employees with management responsibilities

Percentage of IDL Employees at WNC Headquarters<sup>Note 1</sup>  
Receiving Nomination for Promotion

Position	Male	Female	Total	Percentage
Management <sup>Note 2</sup>	46	9	293	20.75%
Professionals	158	80		

Note 1: Does not include the CEO and the President; promotion management measures are not applicable to DL employees

Note 2: Refers to employees with management responsibilities

### 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 must participate in this retirement scheme following the regulations of the Labor Pension Act, with only 8 employees following the old labor pension fund scheme. All regular employees participate in a group insurance plan, giving employees and their families added protection. The detailed description and implementation of the retirement scheme can be found on page 62, page 74–75, and page 86–89 of Chapter 5 "Financial Standing" of the 2014 WNC annual report (English translation).

Monthly Contributions to Employee Pensions in 2014

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 a housing provident fund as required by Labor Law of the People's Republic of China (5 insurances 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

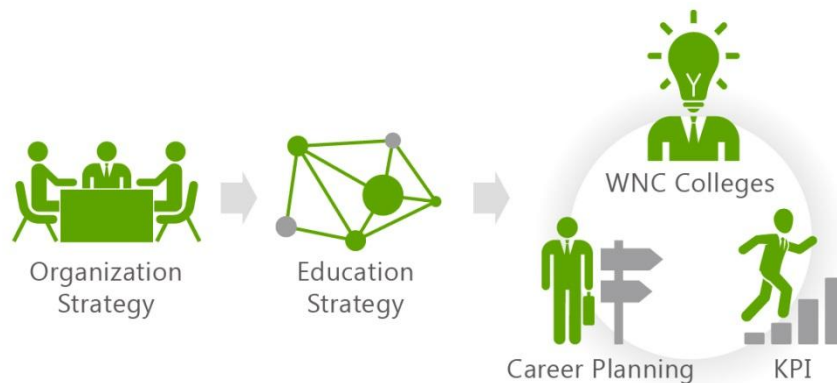
All WNC sites provide leave for regular and contract employees in accordance with local laws. WNC (Taiwan) stipulates annual leave for all regular and contract employees according to the Labor Standards Act and also institutes a compensatory leave system that surpasses the statutory leave provisions. In 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. Pursuant to the amendments of the Act of Gender Equality in Employment, starting from 2015, WNC provides employees with five days of paid pregnancy checkup leave and extends paid paternity leave to up to five days. Furthermore, employees who have been in service for at least six months may apply for unpaid parental leave in accordance with the Act.



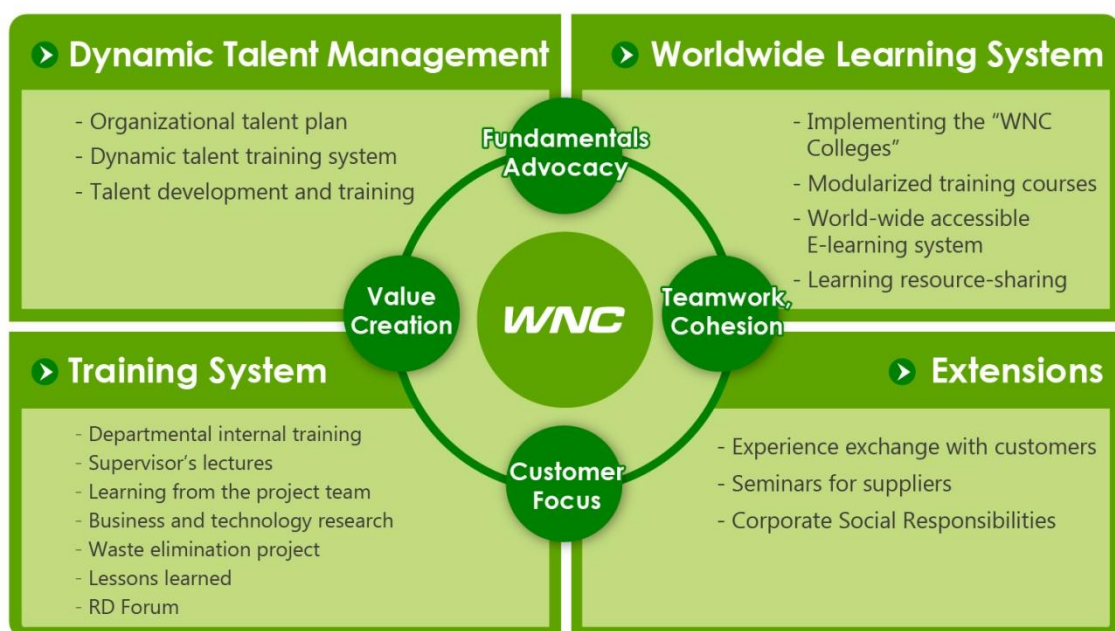
## 3.4 Training and Development

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 our central principles 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 conducted 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.

WNC Employee Career Development Plans



WNC Employee Training Structure



### 3.4.1 Dynamic Talent Management

#### Cultivation of Outstanding Employees

WNC offers performance evaluation and personal development plans for outstanding employees who demonstrate high growth prospects. The development plan incorporates organizational development objectives and features diverse contents and learning approaches, including course training, action learning, job rotation, project assignments, challenging task execution, and One-on-One Coaching in order to stimulate and strengthen the employees' abilities in different aspects, enrich practical experience, and receive more opportunities for career development. Starting from the end of 2012, WNC performs organizational talent review annually to select outstanding employees who have demonstrated high potential, pinpoint gaps in organizational talent development, and plan for the organizational learning development plan.

#### Cultivation of Management Capability

The Human Resources Administration Division plans for progressive talent cultivation courses according to the different levels and positions of employees. The courses feature a systematic training and development structure to realize learning and development through multiple learning channels and talent-development plans to assist employees in enhancing their capabilities in all aspects, including professional skills, communication skills, and management practice to advance with WNC toward a higher goal.



## 3.4.2 Worldwide Learning System

### 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.

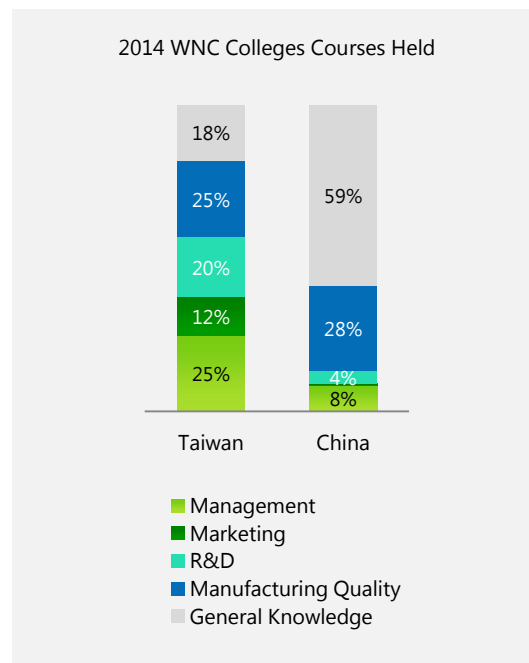
WNC College Organization		
College	Principals	Participants
Management College	CEO	First-level supervisors/external consultants
Marketing College	President	Product managers/sales supervisors
R & D College	CTO	Product R & D center/WNC RD Forum (WRDF)
Manufacturing Quality College	Head Plant	Manufacturing/QA 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 2014, 32 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 2014, 13 seminars were hosted in which senior supervisors shared successful experiences regarding strategy and customer interaction.



#### ■ 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, participating employees have been able to strengthen their communication and cross-field techniques. 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 2014, 22 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 2014, 851 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 2014, 16 courses were held.

■ **General Knowledge College:**

New hires, from their reporting date until the end of their probationary period, are also required to complete 25 e-learning courses on 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 2014, 22 courses were held, including fire drills, emergency response drills, information security, personal information protection, project management, time management, PowerPoint design and presentation skills, meeting planning, e-mail, and work applications.

### 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 and allow employees to submit their after-course reports and after-class surveys to keep a complete record for the company and the employee.

■ **User-friendly performance-management system:**

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

## 3.4.3 Training System

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.

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 2014, there were 118 instructors trained.

### 3.4.4 Training Participation

Our training courses for employees are planned and arranged regardless of gender differences. In 2014, training courses hosted at WNC headquarters totaled 56,623 man-hours of which IDL staff took part in 47,442 man-hours of training and DL staff 9,181 man-hours; the total number of IDL participants was 1,414 (each averaging 33.55 hours per person) with 861 DL participants (each averaging 10.66 hours per person). Training courses hosted at WNC's China sites totaled 26,964 man-hours for IDL employees and 38,406 man-hours for DL employees in 2014. 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 2014

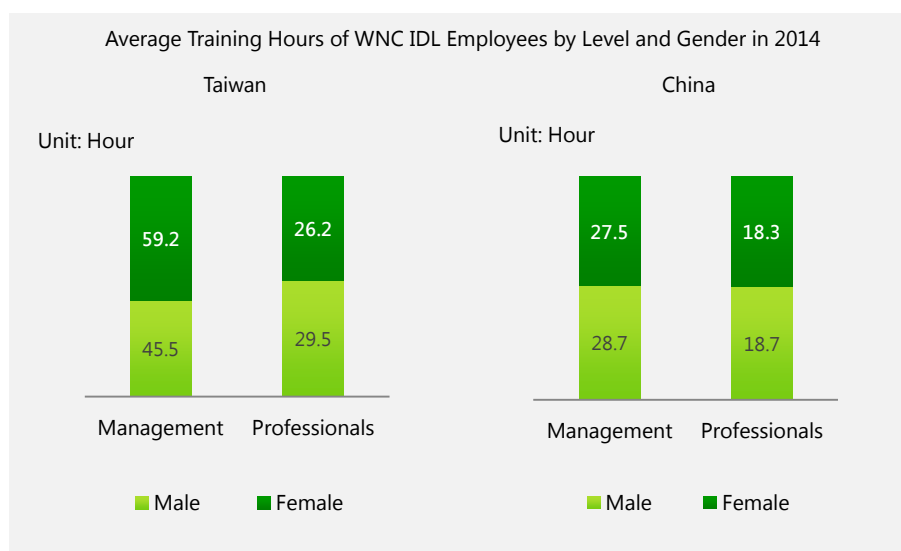
Region	Type	Male			Female			Total		
		Man-hours (A)	Number of employees Note 1 (B)	Hours per employee Note 2 (A/B)	Man-hours (C)	Number of employees Note 1 (D)	Hours per employee Note 2 (C/D)	Man-hours (E)	Number of employees Note 1 (F)	Hours per employee Note 2 (E/F)
Taiwan	DL	1,928	175	11.02	7,253	686	10.57	9,181	861	10.66
	Management Note 3	13,981	307	45.54	4,025	68	59.19	18,006	375	48.02
	IDL Professionals	20,119	683	29.46	9,317	356	26.17	29,436	1,039	28.33
China Note 4	DL	22,199	4,066	5.46	16,207	2,801	5.79	38,406	6,867	5.59
	Management Note 3	7,420	259	28.65	2,283	83	27.51	9,703	342	28.37
	IDL Professionals	10,387	557	18.65	6,874	375	18.33	17,261	932	18.52

Note 1: Numbers of male and female employees were calculated as of the end of 2014.

Note 2: Hours per employee = Man-hours/number of employees

Note 3: In Taiwan, "Management" is defined as employees with management responsibilities; in China, "Management" is defined as employees receiving management allowances.

Note 4: Includes employees working at Wistron NeWeb (Kunshan) Corporation (including NeWeb Service (Kunshan) Corporation), WNC (Kunshan) Corporation, WebCom Communication (Kunshan) Corporation-Kunshan Plant, WebCom Communication (Kunshan) Corporation-Nanjing Branch, and expatriates from the Wistron NeWeb Corporation Headquarters on assignment in China



In 2014, the number of DL employees at the WNC headquarters grew by approximately 44% compared to 2013. As a result, the total training hours in 2014 have increased significantly to 68%, with average training hours per employee showing a 16% increase. The total training hours of employees in China recorded a huge decrease compared to 2013, mainly due to the fact that the data of 2013 includes the training hours of departed employees, whereas the 2014 data does not. Given the relatively higher turnover rate in China, the training hours of employees who left in 2014 have been deducted from the total training hours in 2014 to present the training participation of current employees in a more accurate light.

**Breakdown of WNC Employees' Training Man-Hours during the Most Recent Three Years**

Year	Taiwan		China	
	IDL	DL	IDL	DL
2012	59,373	4,149	20,493	24,530
2013 <sup>Note 1</sup>	47,194	5,480	40,034	81,652
2014 <sup>Note 2</sup>	47,442	9,181	26,964	38,406

Note 1: The data of 2013 (and before) includes the training hours of departed employees, while the data of 2014 and later presents the training hours of employees still on the job as of the end of the year.

Note 2: The training hours from the WebCom Communication (Kunshan) Corporation–Nanjing Branch were included in the total training hours in China in 2014.

In 2014, the WNC headquarters (Taiwan) and major production sites in China have implemented corporate social responsibility and EICC on-line learning courses. This not only demonstrates WNC's commitment to follow the EICC, but also helped employees obtain a deeper understanding of the meaning of corporate social responsibility and EICC specifications and better understand international trends, industry standards, and customer requirements. As of the end of 2014, the training completion rate at the WNC headquarters (Taiwan) and China was 100%. The security personnel in China are regarded as official employees, and they all participated in the EICC online courses.

## 3.5 Employee Care

### 3.5.1 Occupational Health and Safety Management

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 <sup>Note 1</sup>	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.

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 Occupational 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. When employees discover or suspect that there is an unusual or emergency situation in the work area, in addition to contacting the Safety & Sanitation Office or staff at the Facility & ESH Department, they are also able to call the internal 24 hour emergency notification hotline "5110" to make a report.

In 2014, WNC revised the safety management practices for work performed at elevated heights and handling operations to strengthen the risk management for specific operations and protect the safety and health of the respective employees. We also introduced the health and safety inspection and management system while the Lihsin Office was opened.

Carbon dioxide monitoring system



Production-line personnel protective equipment





In addition, through various occupational safety and health education and training courses, WNC aims to enhance employees' awareness and skills related to occupational safety and sanitation to jointly maintain workplace safety and sanitation and strengthen disaster prevention. The course includes the following:

■ Fire prevention training

To shorten reaction time to emergencies, each WNC employee is organized into fire-prevention teams on a departmental basis, and WNC provides fire prevention training on a regular basis. Moreover, WNC also holds disaster management training and simulation exercises for areas under high risk of fire, such as kitchens and MIS computer rooms.

■ Training on the handling of chemical leakage and disaster simulations:

For the employees who conduct operations

involving chemical, WNC organizes chemical-spill handling training and drills to enhance the employees' disaster prevention and response abilities.

■ Occupational safety and health management training for supervisors

To further implement occupational safety and health management, WNC arranges occupational safety and health management training for high-level supervisors and first-line supervisors to strengthen their awareness of management responsibilities. This training also helps develop knowledge and skills related to occupational safety and health management, helping promote the company's occupational safety and health-management programs.

■ Traffic Safety Promotion and Training:

To strengthen employees' sense of safety during commuting, WNC implements traffic-safety promotion and training programs. We held the "13 minutes to raise your security awareness" in the third quarter of 2014 and arranged the "Motorcycle Riding Safety" training in which target groups at high risk for accidents are trained on safe riding behavior to improve their safety on the road.

Occupational Safety and Health Education and Training Statistics

Item	No. of Courses	No. of Participants
Fire Prevention Training	2	217
Simulation Exercises for Areas Under High Risk of Fire	2	35
Training on the Handling of Chemical Leakage	1	20
Occupational Safety and Health Management Training for supervisors	2	187
Traffic Safety Promotion and Training	1	42

The revision of Taiwan's "Occupational Safety and Health Act" was completed in July 2013 and took effect in July 2014, with relevant sub-laws being announced and implemented afterwards. In response to the revisions, the WNC headquarters performed the identification of relevant occupational health and safety regulations, reviewed their applicability, developed response plans, implemented preventive measures for occupational diseases caused by human factors and work related stress, and strengthened control measures on the sources of mechanical equipment and chemicals. Moreover, WNC is expected to complete the Taiwan Occupational Safety and Health Management System (TOSHMS) certification in 2015 in order to maintain the operational safety of the employees and improve the physical and spiritual health care of all employees.

On August 2014, a major unrelated gas explosion accident occurred in Kaohsiung, Taiwan. Later in the same week, we performed safety inspections of all gas pipelines and related equipment at the WNC headquarters and confirmed that there were no gas leaks and that the systems conformed to regulatory requirements. In addition to announcing the results of the safety inspection, we also explained the management measures for kitchen safety to the employees for them to feel more comfortable in their work environment.



Fire-prevention training



Emergency response training in the kitchen



Chemical substance storage room



Handling of chemical leaks and disaster simulations



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 conduct monthly firefighting drills and disaster prevention exercises.

Occupational Safety and Health Education and Training Statistics (China)

Item	No. of Courses	No. of Participants
Fire Drill	12	111
Emergency Response Drill	4	3227
Dangerous Chemicals Handling Training and Chemical Leakage Response Drills	4	155
First-aid Personnel Training	2	46
Occupational Disease Prevention Training	2	25

2014 Occupational Injury Statistics for all WNC Sites

Item	WNC (Taiwan) <sup>Note 1</sup>		WNC (Kunshan) <sup>Note 2</sup>		Wistron NeWeb (Kunshan)		WebCom Communication (Kunshan)	
	Male	Female	Male	Female	Male	Female	Male	Female
Number of Disabling Injuries	0	3	2	2	2	2	4	1
Working Days Lost due to Injury	0	52	155	158	60	220	400	110
Injury Rate (I.R.) <sup>Note 3</sup>	0	0.26	0.13	0.20	0.13	0.21	0.33	0.10
Lost Day Rate (L.D.R.) <sup>Note 4</sup>	0	4.50	9.78	15.83	3.84	22.80	33.25	11.46
Occupational Diseases Rate (O.D.R.) <sup>Note 5</sup>	0	0	0	0	0	0	0	0
Absentee Rate (A.R.) <sup>Note 6</sup>	0.71%	0.79%	2.87%	2.96%	2.86%	2.90%	3.64%	3.26%

Note 1: Occupational injury records in Taiwan only include operations in the factory. Injuries occurring during commutes to work are not included.

Note 2: WNC (Kunshan)'s data included work-related accidents, occupational diseases, and absentee hours at NeWeb Service (Kunshan).

Note 3: Injury Rate (I.R.) = Number of disabling injuries/total working hours × 200,000

Note 4: Lost Day Rate (L.D.R.) = Working days lost due to injury/total working hours × 200,000

Note 5: Occupational Diseases Rate (O.D.R.) = Number of occupational diseases cases/total working hours × 200,000

Note 6: Absentee Rate (A.R.) = Total absentee hours (sick leave and personal leave)/total working hours × 100%

## 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 conform 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
- Performed inspection of the food ingredients in the plant according to the list of unqualified food items published by the MOHW and pulled suspicious products from shelves in response to Taiwan's country-wide food-safety incidents that came to light in 2014

Fruit Kiosk 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



- Information programs conducted by the health center for employees to have a better understanding of the Ebola epidemic that spread rapidly in 2014, increasing employee knowledge about statutory infectious diseases, how viruses infect people, and the self-protection measures that employees can adopt
- 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 enable the employees to compare the results from the previous year and review health conditions and to further adjust their lifestyle 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 for 2014 was 98.6%, and the health examination participation rate from 2011 to 2014 was 96.6%.
- 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 the 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 2014, 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. During April and May of 2014, to celebrate Children's Day and Mother's Day while responding to the governmental policy of encouraging the nation's fertility rate, we also held fertility seminars with subjects including nutrition and health care for pregnancy. In 2015 we will continue promoting "feminine health protection measures" by holding feminine cancer-screening activities and health-care seminars.

Autumn/winter skin care workshop



Stair-climbing activities



Hiking at the Eighteen-Peaks Mountain



Hiking at the Eighteen-Peaks Mountain



Food and Health knowledge contest



Health promotion activities



All colleagues of WNC China sites were required to undergo general health examinations when joining WNC. In addition to such examinations, based on the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, colleagues in China performing special tasks with potential risks of occupational diseases are required to conduct extra related examinations when undertaking, performing, and terminating those tasks. For colleagues of WNC (Kunshan) Corporation, Wistron NeWeb (Kunshan) Corporation, and WebCom Communication (Kunshan) Corporation, in addition to regular hepatitis B vaccinations, we also held health consultant activities in October 2014. There were 150 colleagues participating in the activities in total. We also set up a health information bulletin board that highlights new topics monthly, announcing police and other activities related to mental and physical health and reminding employees to pay more attention to personal health care.

Health consultant activities



Health information bulletin board



### 3.5.4 Good Food Movement

Outsiders always believe in the stereotype that those working in the field of technology put their health at risk due to long work hours, irregular meals, and always eating out. Wistron NeWeb Corporation hopes to take care of its employees starting from the basics, in order to build a healthy, friendly work place. Thus, we have planned a series of Good Food Movement events in hopes to provide colleagues with healthy cuisine, build good eating habits, and actively contribute to a healthy, happy work environment.



#### Organic Food Contract, Health Days Every Thursday and Friday

Starting in December 2013, WNC contacted various independent farmers from Yuanli, Miaoli through the Buy Nearby organization and signed long-term organic food supply contracts. The farmers cultivate produce on bare land full of vitality, making their own enzyme and chili water concoctions to combat pests. They cultivate organic vegetables, which do not harm the land nor the human body, by refraining from excessive protection and processing of their produce. All organic vegetables pass certification by the Harmony Organic Agriculture Foundation, or farmers submit residual testing reports by third-party testing organizations to ensure that only the healthiest produce is supplied to us. Contract farming also ensures that farmers earn steady, reasonable income for their produce. Starting in February 2014, the lunch, dinner, and midnight snacks which catering companies make each Thursday and Friday contain organic produce provided by farmers. This includes leafy vegetables, melons, and gourds. In order to preserve the natural freshness of these organic vegetables and produce, they undergo the standard three sink washing procedure first in the kitchen before they are lightly prepared/processed at low temperatures with organic cold-pressed olive oil. The proportion of fried and processed foods was also reduced so that colleagues had more opportunities to sample healthy, light cuisine.

The standard three-sink washing procedure



Vegetables prepared at low temperatures with organic cold pressed olive oil





### Meal labeling by calories

To provide employees with a clear reference on the total calories of meals, starting in February 2014, WNC launched a meal-grading campaign by the John Tung Foundation by working with Professor Xiaoqian You from the Department of Nutrition and Health, Chang Gung University of Science and Technology and labeled all the food items in the staff cafeteria in accordance with the level of calories using red, yellow and green lights as a reference for employees when selecting meals.

### Bring your own utensils

Starting from April 2014, WNC encouraged employees to bring their own eating utensils and clean them properly (First wipe the utensils with paper towels, then rinse the utensils with hot water, and finally rinse with cold water and wipe them off.)

### Food Waste Reduction

In order to raise employees' awareness to cherish food and resources, reduce food waste, and thereby reduce carbon emissions, WNC has started promoting the "Taking proper amount of food to reduce food waste" campaign since the beginning of April 2014 by setting up the "food waste reduction mission" billboard at the utensil and food waste recycling area at the entrance to the employee cafeteria. On it is published the annual targets, achievement rates, cumulative weight of food waste, and the increase/decrease trend for the year to remind employees to work together towards the goal. In 2014, WNC advanced well beyond its 2014 target of 20% reduction in food waste compared to 2013, achieving a 23.5% of total food waste reduction on December 31, 2014. This shows that through the promotion, the employees have established good eating habits of quality over quantity in food and are taking just the proper amount of food that they will eat.

### Safe Food Sales Exhibition

Starting in February 2014, we held a periodic Safe Food Sales Exhibition through cooperation with organic farmers from all around Taiwan as a channel for colleagues to be exposed to healthier produce. In addition to being able to purchase fresh vegetables and fruit harvested that day, colleagues are able meet with farmers directly for purchases, interactions, more information about the produce, and also learn more about how the produce is cultivated and suggested cooking methods. This builds up relationships of mutual trust as well as broader, deeper concepts of healthy eating and toxin-free farming. Not only can they eat safely at work during health days, they can continue and expand on these concepts when they return to their homes.

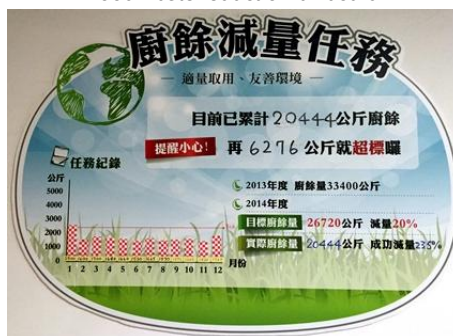
Meal labeling by calories



"Bring your own utensils" campaign



Food waste reduction billboard



Safe Food Sales Exhibition



Safe Food Sales Exhibition



### Food Safety Seminar

With the multitude of food safety issues emerging, colleagues are concerned that healthy eating is now more than just selecting and cooking produce. Learning more about food/produce, selecting food/produce, correct consumption of food/produce, establishing good eating habits, nurturing health and a happy family are all topics of concern to our colleagues. Thus, we have planned a series of food safety related seminars for our colleagues.

### Cooking Class

While colleagues learn about where and what to purchase produce from farmers' sales expos, they do not know how best to cook these items in order to maximize the traits and nutritional value of organic produce so that the food they cook is both healthy and tasty. This is the reason we have held a monthly cooking class since the second half of 2014, focusing on simple, time-saving healthy dishes. These dishes range from appetizers to main courses and desserts. Trainers from cooperating companies demonstrate how to prepare dishes for different occasions, purposes, and cooking methods. Each class is half-lecture and half-hands-on so that colleagues can experience the process first-hand and resolve any questions they may have in order to effectively learn about healthy cooking. This helps to effectively implement healthy dietary methods and habits in their daily lives.

### Food Catering Courses for Catering Companies

Aside from establishing food safety seminars and cooking classes for colleagues, we also held a food safety course for our catering companies to acquaint them with cooking methods they may be unfamiliar with given the organic produce and fewer condiments to cook with. The course involved all employees, including our catering servicers in charge of WNC's kitchen. Mrs. Yang Mei-ssu, former president of the Homemaker's Union, taught the course. Aside from introducing the traits of organic produce, she shared ways to cook dishes quickly while using minimal oils, sugars, and salts. She also assisted catering companies in designing menus, which were nutritionally balanced yet rich in variety.

Cooking Class



Cooking Class





After implementing the Good Food Movement for nearly a year, we invited all colleagues in the company to fill out a satisfaction survey online. Statistics showed that more people ate during health days each month. The high satisfaction rates reported in colleagues' feedback indicated that colleagues had affirmed and were gradually adapting to two days of healthy eating each week. We also discovered that colleagues were increasingly recognizing the importance of organic farming, environmental production, and local agriculture compared to the past. Purchasing toxin-free, healthy fruits and vegetables with the producer clearly labeled from farmers ensures that colleagues and their families can consume healthy produce. They can also share information about healthy eating which they learn at work to extend the benefits to their family members. Many colleagues have left messages for the organizer, including positive feedback expressing their support for the Good Food Movement such as, "I'm grateful that the company is willing to hold a Farmers' Safe Produce Sales Exhibition" and "I would like to thank the company for providing us with healthier meals".

### 3.5.5 Employee Welfare Committee

WNC has established an Employee Welfare Committee to assist with overall planning. Employee representatives elected by the employees themselves and the management team coordinate the use of employee welfare funds to further improve management/employee relations. 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: Includes the year-end party, lantern-festival riddle contest, competitions related to customs of the dragon boat festival, a parent-child resemblance contest, the Mid-autumn Festival party, and a flea market
- Cultural activities: 17 events including lectures on travelling, home buying, refurbishments, home storage, and arts-and-crafts DIY classes.
- Department trips and outings: A total of 14 trips including 4 one-day trips 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 409 people participated in these activities in 2014.

2014 IDL year-end party



Parent-child resemblance contest



Arts-and-crafts DIY classes



In 2014, WNC plants in China hosted 27 events including:

- Festival events: gatherings on the Chinese New Year's Eve, the Dragon Boat Festival, Chinese Valentine's Day, Mid-autumn Festival, the Double Tenth Day, Singles Day and Year-end
- Sporting events: Badminton competition, basketball competitions, table tennis competitions, pillow fights, and fishing games
- Entertainment events: game shows, film screenings, family activities, soldering activities, and employee talent shows

Year-end employee talent show



Pillow fight



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 at WNC, including a mountaineering club, golf club, basketball club, softball club, badminton club, table tennis club, bowling club, football 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 2014, activities hosted by each club were as follows:

- Mountaineering club: Yushan (mountain) main peak climbing, spring hiking at Manapan Mountain, and a walking tour at Yangmingshan National Park
- 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 third place in the Hsinchu City Tung Flower 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, WNComing recital and Tadpole Music Festival

Badminton club



Softball club



Music club



### 3.5.6 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) Art Corridor



WNC (Taiwan) Art Corridor



Dormitory at one of the China sites



Electronic Library in one of the China sites



Supermarket at one of the China sites



Badminton court at one of the China sites





# 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 ESH management policies listed below to implement measures and carry out internal and third-party audits at fixed, annual intervals to ensure they meet ISO 14001 and IECO QC 080000 related regulations.

## **WNC ESH Management Policies**

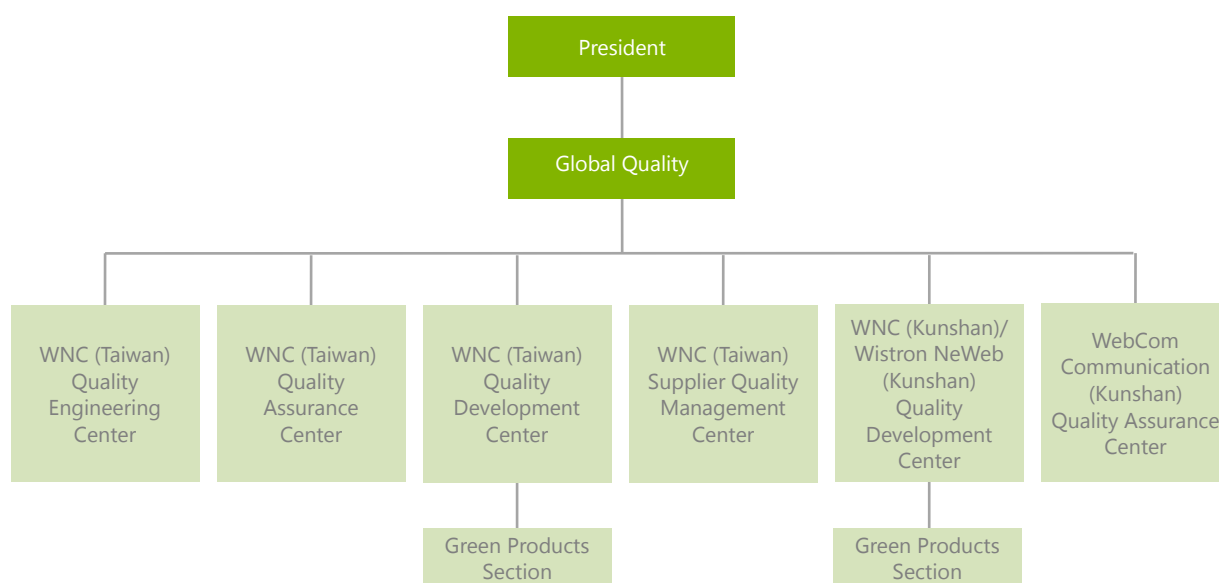
- Observing government policies and conforming to international EHS trends to protect the environment and provide a safe and healthy workplace for employees
- Preventing/reducing pollution and occupational injuries
- Designing and producing environmentally-friendly products to meet customers' demands

## 4.1 Green Products

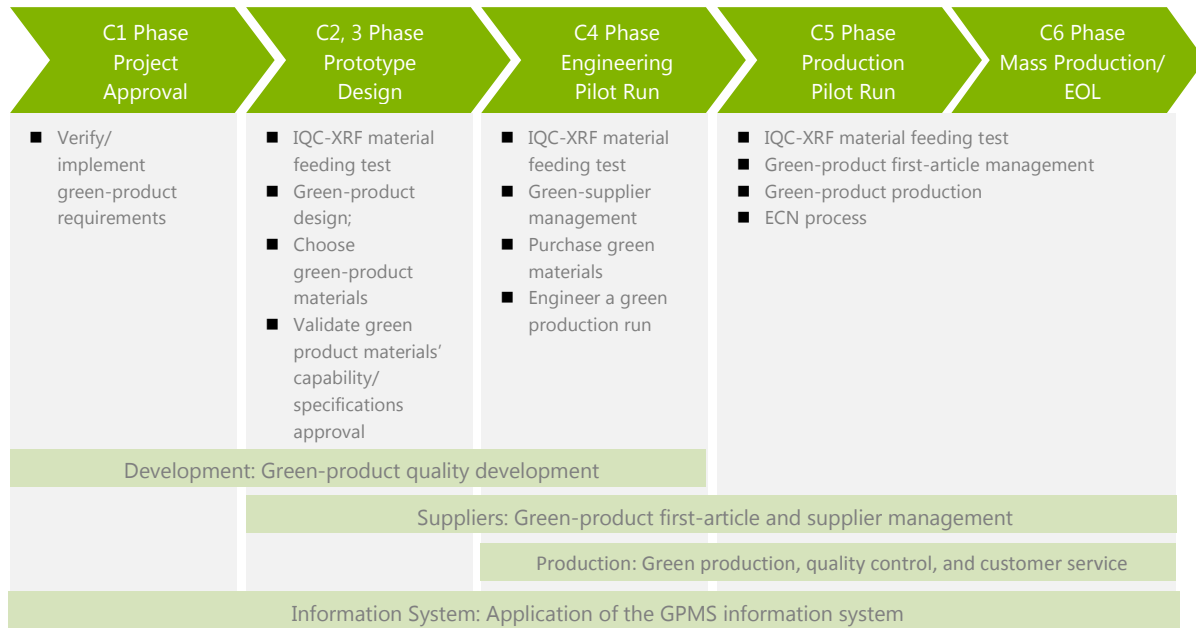
### 4.1.1 Green Management Organization and System

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



Green Product Management Process Flow



## 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 analysis) 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.

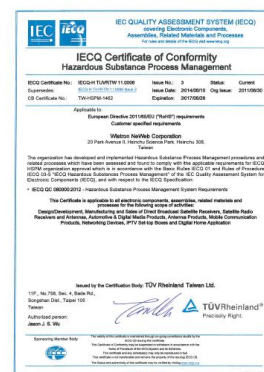
In addition to managing materials within factories and raw materials in the manufacturing processes through the supplier side, WNC also utilizes XRF equipment for the inspection of incoming materials. All measures help WNC to perform reliable and rigorous monitoring of environmentally hazardous substances 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.

## IECO OC 080000 Certification

In 2011, WNC has earned the hazardous substances procedure management standard IECQ QC 080000 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. To ensure the effectiveness of sustained development, implementation, and improvement of the IECQ QC 080000 management system, WNC completed the audit to renew the certification in May 2014.



## WNC Green Product Directives Development

WNC complies with the “Hazardous Substances Management Procedure for Green Products” in the product development phase to ensure that they meet the EU RoHS (2011/65/EU) regulation, the REACH SVHC (Substances of Very High Concern) regulation, the EU Battery Directive (2006/66/EC), the EU Directive of Packaging and Packaging Waste (94/62/EC), the EU PFOS Directive (2006/122/EC) and the restriction and limitation on the use of hazardous substances as required by customers. In 2014, 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.



## 4.2 Environmental Management

### 4.2.1 Environmental Management System

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 to comply with the standards.

By using 2011 as the base year, the WNC headquarters has established mid-term and long-term management targets for reducing waste, wastewater, and carbon emissions. WNC conducts yearly evaluations of target-achievement rates and proposes yearly management programs/strategies. Refer to the table below for information compiled based on WNC's environmental-management targets.

WNC Headquarters Environmental-Management Targets

Aspect	2014 Results	2016 Target <sup>Note</sup>	Measures
Waste reduction	<ul style="list-style-type: none"> <li>Waste amount: 5.2% lower than 2013</li> <li>Waste recycling rate: 8% higher than 2013</li> </ul>	<ul style="list-style-type: none"> <li>Waste recycling rate: 70%</li> </ul>	<ul style="list-style-type: none"> <li>Reuse package materials and reinforce the recycling process.</li> <li>Reduce the use of single-use items.</li> <li>Continue sorting the office and factory-area waste to improve the value of the recycled items.</li> </ul>
Waste water reduction and recycle	<ul style="list-style-type: none"> <li>The average wastewater produced per person was 11.4 liters, which was 19.1% lower than 2013.</li> <li>The recycled water accounted for 51% of the total water use. (See 4.4 Energy-Efficient Working Environment for details).</li> </ul>	<ul style="list-style-type: none"> <li>Reduce 6% of the current wastewater.</li> </ul>	<ul style="list-style-type: none"> <li>Recycle rain water and reduce irrigation water.</li> <li>Promotion of reducing daily water use</li> <li>Recycle wastewater produced from facilities/equipment</li> </ul>
Carbon emission reduction	<ul style="list-style-type: none"> <li>Saved 2.75% of total electricity use after replacing the lighting with LED. (See 4.4 Energy-Efficient Working Environment for details).</li> </ul>	<ul style="list-style-type: none"> <li>Reduce 6% of the current carbon emission.</li> </ul>	<ul style="list-style-type: none"> <li>Reinforce electricity management to reduce consumption.</li> <li>Air-conditioning control</li> <li>Promotion of low-carbon living style.</li> <li>Replace lighting of the office, public, area, and factory area in 2014.</li> <li>Replace old facilities and improve the system.</li> </ul>

Note: Year 2011 taken as the base year

## 4.2.2 Packaging Materials 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 (BP, Cd, Hg, Cr6+, PBB, and PBDE) in line with RoHS standards on packaging materials.

In response to customer requirements, while promoting sustainable forest management, the WNC headquarters began using paper products with the FSC® Chain-of-Custody (FSC® CoC) certification issued by the Forest Stewardship Council (FSC), expecting the organized and systematic forest-management and supply-chain monitoring can help WNC ensure that the paper products used for package boxes, paper bags, labels, and other printing materials are all made from wood from certified planted forests. Thus, more forests can be appropriately protected and managed. WNC obtained FSC® CoC certification in March 2015.

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.

## 4.2.3 Emissions Management

WNC's business belongs to a technology-intensive industry of research and development. Since our manufacturing processes only include SMT (Surface Mount Technology), precision assembly, testing and R & D, pollutants from operations such as waste gases, wastewater, undesirable noise, or toxic substances are relatively rarely generated. In addition, except for CO<sub>2</sub> exhaust due to power consumption, there are no other air pollutants generated (such as NO<sub>x</sub> and SO<sub>x</sub>). 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.

## 4.2.4 Recycling and Waste Management

When handling waste, WNC conducts waste sorting and reduction operations and has established qualified waste-storage areas. Waste is also handled by authorized waste-cleanup vendors. In 2014, WNC began conducting on-site audits every two years of vendors handling hazardous industrial wastes. The elements of the audit include the cleaning facility, storage facility, handling facility, and document verification. Vendors were informed of the results and were required to propose measures in response to the results.

- Rank A (score  $\geq 80$ ): Continue cooperation; the vendor is awarded precedence over others when renewing the next waste-management contract.



- Rank B (score 65–79): Included on a watch list; WNC shall request the vendor improve its practices and will increase the frequency of audits.
- Rank C (score < 65): WNC shall search for other vendors and then terminate the cooperation with these current vendors to reduce risk.

The total weight of waste produced at the WNC headquarters in 2014 was 209.21 tonnes, which is 5.2% lower than 2013. The total weight of waste produces at all WNC China sites is 1,993.26 tonnes. Details for each site are available in the below table.

2014 Waste Material Total Weight and Their Processing Modes at WNC (Taiwan)  
(Unit: Tonnes)

Waste Category <sup>Note 1</sup>	Total	Re-use	Incineration	Landfill	Recycled
General Waste	<b>46.87</b>	4.97	4.90	37.00	0
Hazardous Waste	<b>96.39</b>	1.33	43.07	51.99	0
Recyclable Waste <sup>Note 2</sup>	<b>65.95</b>	0	0	0	65.95
<b>Total Waste</b>	<b>209.21</b>	<b>6.3</b>	<b>47.97</b>	<b>88.99</b>	<b>65.95</b>

Note 1: Waste is categorized based on their processing modes.

Note 2: WNC (Taiwan) disposes of recyclable waste according to regulations specified by the Recycling Fund Management Board.

2014 Waste Materials Total Weight and Their Processing Modes in China  
(Unit: Tonnes)

WNC (Kunshan)/Wistron NeWeb (Kunshan)					
Waste Category	Total	Re-use	Incineration	Landfill	Recycled
General Waste	<b>845.03</b>	0	0	91.25	753.78
Hazardous Waste	<b>258.08</b>	0	15.62	0	242.46
<b>Total Waste</b>	<b>1103.11</b>	<b>0</b>	<b>15.62</b>	<b>91.25</b>	<b>996.24</b>

WebCom Communication (Kunshan)					
Waste Category	Total	Re-use	Incineration	Landfill	Recycled
General Waste	<b>232.57</b>	0	0	164.25	68.32
Hazardous Waste	<b>657.58</b>	656.64	0	0	0.94
<b>Total Waste</b>	<b>890.15</b>	<b>656.64</b>	<b>0</b>	<b>164.25</b>	<b>69.26</b>

In 2014, 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.

## 4.2.5 Environmental Expenditure

Environmental Expenditures at the WNC Headquarters during the Most Recent Two Years (Unit: NT\$)

Item	WNC (Taiwan)		WNC (Kunshan)/ Wistron NeWeb (Kunshan)		WebCom (Kunshan)	
	2013	2014	2013	2014	2013	2014
Waste gas/water verification/ measurement cost	33,106	17,600	4,000	6,180	2,000	3,560
LED lighting replacement in public areas	1,216,564	1,622,088	154,500	464,702	41,833	299,937
Waste cleaning cost <sup>Note 1</sup>	1,014,336	752,303	101,887	135,855	42,000	42,600
Environmental documentation related costs	0	2,500	0	0	0	0
Air pollution cost <sup>Note 2</sup>	84,181	142,422	0	0	0	0
Maintenance cost for air-pollution prevention equipment <sup>Note 3</sup>	110,775	25,725	0	0	0	0
Total	2,458,962	2,562,638	260,387	632,437	85,833	346,097

Note 1: Waste cleaning cost: the total cleaning cost for waste-chemical liquids and other waste

Note 2: Air-pollution cost is a newly listed item.

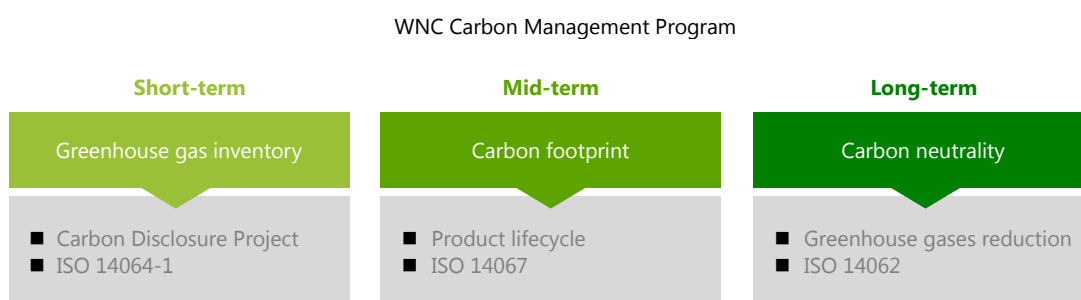
Note 3: Air-pollution prevention equipment: total cost for replacement of activated carbon and scrubber maintenance cost

## 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<sub>2</sub> emissions:

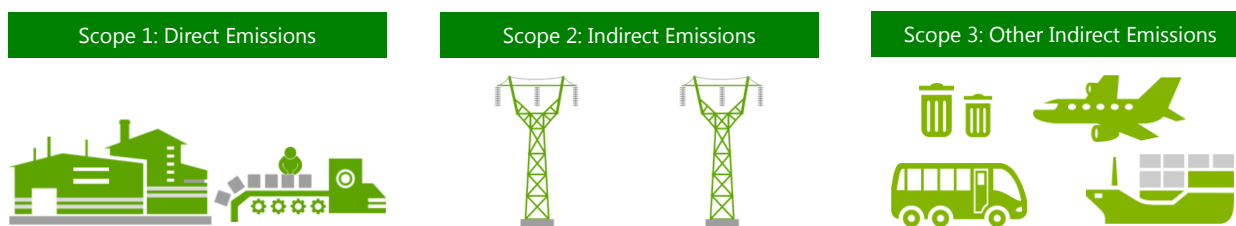
- Short-term plan: Perform a greenhouse gas inventory and earn ISO 14064-1 certification to serve as a basis for CO<sub>2</sub> management and database construction.
- Medium-term plan: Execute a product carbon footprint program according to the ISO 14067 standard. By calculating product GHG emissions 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.



### 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. The 2013 GHG inventory of Wistron NeWeb (Kunshan) Corporation and WebCom Communication (Kunshan) Corporation–Kunshan Plant obtained the China Quality Certification Centre's ISO 14064-1 certification, and they plan to complete a 2014 GHG inventory and external verification in May 2015.

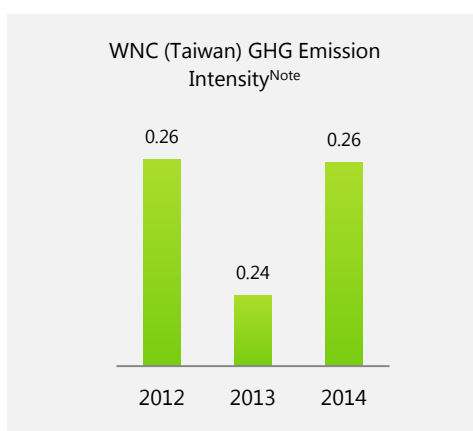
WNC (Taiwan) completed its GHG inventory in March 2015, and the results are presented below. The GHG emissions in 2014 increased 20% compared to the previous year. This is because the Lihsin Office, which opened in August, was also included in the inventory. Moreover, WNC (Taiwan) converted some laboratories into production lines in response to the demand for capacity expansion, resulting in increased power consumption.

WNC GHG Inventory Procedures and Results (Unit: tonne CO<sub>2</sub>e)<sup>Note 1</sup>

Factory	2012				2013					2014				
	Scope 1	Scope 2	Total Emissions	ISO14064-1 Certification	Scope 1	Scope 2	Scope 3	Total Emissions	ISO14064-1 Certification	Scope 1	Scope 2	Scope 3	Total Emissions	ISO14064-1 Certification
WNC (Taiwan) <sup>Note 2</sup>	171	8,149	8320		78	8,365	N/A	8,443		86	10,036	N/A	10,122	
WNC (Kunshan)	N/A	N/A	N/A		N/A	N/A	N/A	N/A		2,498	15,080	N/A	17,578	○
Wistron NeWeb (Kunshan)	553	8,438	8,991	○	562	9,965	N/A	10,527	○	1,700	11,621	N/A	13,321	○
WebCom (Kunshan)	0	627	4,977	○	613	4,118	63	4,794	○	316	4,180	60	4,556	○

Note 1: The year of the GWP is IPCC 1995 SAR.

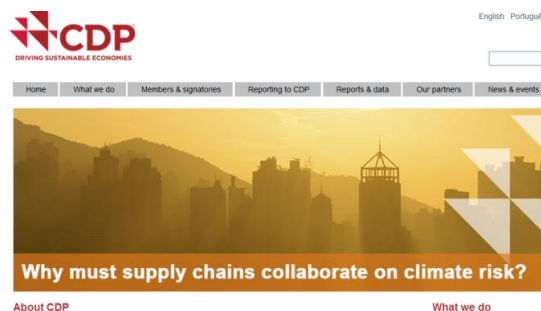
Note 2: The GHG Inventory of WNC (Taiwan) in 2014 includes the emissions of the Lihsin Office from August 2014 to the end of the year, and is 613.304 tonnes in total.



Note: GHG emission intensity =  
GHG emissions(tonnes)/operating revenues of individual sites (NT\$ million)

## 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.



## 4.4 Energy-Efficient Working Environment

### 4.4.1 Energy Usage

#### Electricity

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 and diesel in these three years are shown in the following table.

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

Site	Electricity ( GJ)			Diesel (L)		
	2012	2013	2014	2012	2013	2014
WNC (Taiwan) <sup>Note 1</sup>	54,408	57,686	64,981	6	606 <sup>Note 3</sup>	606 <sup>Note 3</sup>
WNC (Kunshan) <sup>Note 2</sup>	57,150	58,374	64,883	41,064	64,900	58,764
Wistron NeWeb (Kunshan)	36,318	44,288	49,998	24,638	54,280	27,140
WebCom (Kunshan)	18,481	19,333	18,028	61,596	50,221	38,940
WebCom (Nanjing)	817	824	750	0	0	0

Note 1: WNC (Taiwan)'s electricity statistics are based on the billing-cycle dates.

Note 2: WNC (Kunshan)'s data included power consumption at NeWeb Service.

Note 3: Diesel consumption increased by 600 liters and was used for electricity needs during an outage caused by Taipower's annual maintenance operations in 2013.

Due to the increasing production capacity of the WNC headquarters, the total power consumption since 2012 has also shown a year-over-year growth. The total power consumption in 2014 was 12.64% higher compared to 2013, with the power intensity growing by 23.17% compared to 2013.

#### Water

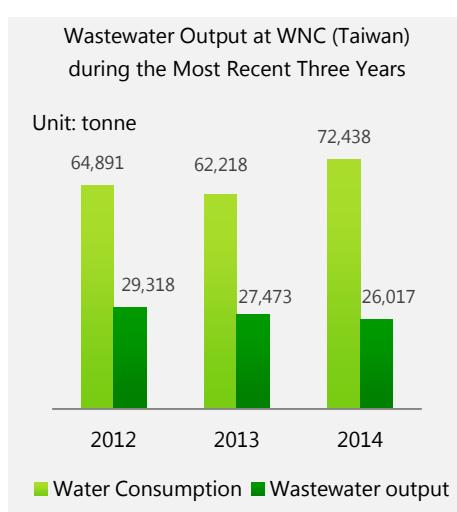
WNC uses tap water whose main source of supply is the Baoshan Second Reservoir in Hsinchu. Since WNC is involved in a technology-intensive R & D industry, no water waste is generated during its production processes, and all wastewater discharged is from domestic sewage. The WNC headquarters complies with the "Regulation for the Use and Management of Wastewater Treatment and Sewage System in the Science-based Industrial Park" and discharges wastewater into the Hsinchu Science Park sewage systems and sewage treatment plant. The plants located in Kunshan, China discharge wastewater in accordance with regulatory provisions to the Kunshan sewage treatment plant, and these treatment approaches do not have any significant impact on water sources. The total water consumption, total wastewater, and average wastewater per person at WNC (Taiwan) and the China plants during the most recent three years are shown in the table below.

Total Water Consumption/Wastewater Statistics in WNC (Taiwan) and China Plants during the Most Recent Three Years (m<sup>3</sup>)

Site	Total Water Consumption			Total Wastewater			Average Wastewater Per Person <sup>Note 2</sup>		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
WNC (Taiwan)	64,891	62,218	72,438	29,318	27,473	26,017	14.78	14.14	11.43
WNC (Kunshan) <sup>Note 1</sup>	85,672	95,203	137,063	42,836	47,601	68,532	18.95	17.60	20.57
Wistron NeWeb (Kunshan)	49,712	69,904	93,217	24,856	34,952	46,609	11.11	15.90	18.45
WebCom (Kunshan)	46,209	36,311	27,088	21,604	18,156	13,544	7.70	6.72	6.29
WebCom (Nanjing)	1,848	1,840	1,838	1,200	1,227	1,002	8.05	9.43	8.35

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

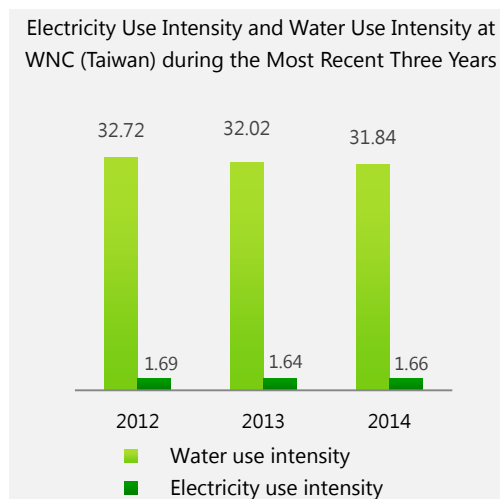
Note 2: Average Wastewater Per Person = Total Wastewater/total employees



### Electricity and Water Use Intensity

Since 2012, the WNC headquarters has been expanding its production lines, leading to an increase both in the total electricity consumption and electricity use intensity. The water that WNC uses is mainly municipal water, and therefore an increase in the total number of employees will in turn lead to an increase of the total water consumption. However, as WNC continued to implement water-saving measures, the water use intensity in 2014 dropped slightly by 0.56% compared to 2013.

- Electricity use intensity = total electricity consumption (GJ)/operating revenues (NT\$ million)
- Water use intensity = total water consumption (m<sup>3</sup>)/total employees





## 4.4.2 Energy Conservation Measures

### Effects of the 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. These processes include recording and analysis of the daily energy consumption, improvement in the use of electricity, improvement in the pipeline/distribution line project, improvement and replacement of old facility equipment, as well as the implementation of various energy-saving programs. The WNC headquarters began improving its energy saving measures for the ambient lighting in the fourth quarter of 2013. In 2014, all lighting equipment in the office areas, public areas, and the plants were replaced with LED lamps, lowering the electricity consumption for lighting in the whole plant from 1,022,040 kWh in 2013 to 525,555 kWh in 2014, a 48.57% saving in the electricity consumption for lighting. In response to Article 8 and Article 9 of the "Energy Administration Act" regarding the provision on compulsory energy saving, WNC set its energy-saving target of reaching an annual rate of 1% during the next five years, beginning from August 2014.

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. In 2014, Taiwan suffered a severe drought, forcing the government to kick off the first phase of non-household water-use restrictions in December (cutting water pressure at night). Although this does not affect WNC's operations, WNC urges employees to save water and continue to study and implement various water-saving measures to help mitigate the drought's effects. We also expect to start the recycling and reuse of the RO water from the drinking fountains provided on each floor.

The effects of WNC's energy saving measures at different sites are listed below.

Site	Energy-saving and carbon reduction	Water conservation
WNC (Taiwan)	<ul style="list-style-type: none"> <li>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 was reduced by 48.57% after replacing all illumination to LED lights.</li> </ul>	<ul style="list-style-type: none"> <li>Cisterns are used to recycle water. The total amount of recycled water in 2014 was approx. 36,812 tonnes, including approx. 27,694 tonnes of cooling-tower water, approx. 2,390 tonnes of recycled rainwater, and approx. 6,728 tonnes of reflow from the cooling water. The recycled water is used for the cooling tower, plant watering, and toilet cleaning on each floor. Total water consumption comprised 51% of recycled water.</li> </ul>
WNC (Kunshan)	<ul style="list-style-type: none"> <li>Lighting fixtures of the office area, public area and the production lines were replaced with LED lights, saving 278,684 kWh of electricity per year</li> <li>Cooling towers and fans are installed with temperature-control and frequency-conversion features, saving approx. 71,786 kWh of electricity in 2014.</li> </ul>	<ul style="list-style-type: none"> <li>Approx. 4,536 tonnes of cooling-tower water has been recycled, totaling 3.3% of the total water consumption in 2014.</li> </ul>
Wistron NeWeb (Kunshan)	<ul style="list-style-type: none"> <li>Lighting fixtures in the production lines were replaced with LED lights, saving 14,387 kWh of electricity per year.</li> <li>Introduced heat recovery systems in August 2014 to perform dehumidification in summer and eliminate the need to purchase diesel fuel in winter; Wistron NeWeb (Kunshan) Corporation reduced its diesel consumption by 50% compared to its diesel consumption of 46,000 liters in 2013.</li> </ul>	

WebCom (Kunshan)	<ul style="list-style-type: none"> <li>■ Lighting fixtures in the office area, public area, and the production lines were replaced with LED lights, saving 566,352 kWh of electricity per year</li> </ul>
WebCom (Nanjing)	<ul style="list-style-type: none"> <li>■ Implemented the Six Sigma project for electricity saving; this project was awarded the intra-organizational Silver Medal award in 2014 and led to an annual energy savings of approximately CNY30,512 which includes saving approximately CNY18,165 for cleaning filters, annual maintenance, and temperature control by the central air conditioner during the summer and winter.</li> <li>■ Savings on office supplies (approx. CNY1,000 annually)</li> </ul>

## Energy-Saving Measures

Category	WNC (Taiwan)
Enhancing Electricity Usage Efficiency	<ul style="list-style-type: none"> <li>■ 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.</li> <li>■ Maintain air-conditioning temperatures at <math>26^{\circ}\text{C} \pm 2^{\circ}\text{C}</math> in the summer</li> <li>■ Implemented floor-access controls for the elevators; water dispensers are also time-controlled to avoid wasting electricity.</li> <li>■ Lighting is only used in active sections of the production line.</li> <li>■ Manufacturing process exhaust fans are installed with PID control and automatically adjust using variable frequencies.</li> <li>■ Parking lot illumination is managed with time switching and induction lighting.</li> <li>■ Lighting designs meet CNS standards and adjust according to light attenuation values to avoid over-illumination.</li> <li>■ Signage, guardhouse lighting, and air-conditioning are powered by three wind generators; they can generate approx. 5,184 kWh annually.</li> <li>■ Air compressors use load balancing between variable-frequency and full-frequency units to reduce power consumption.</li> </ul>
Air-conditioning Control	<ul style="list-style-type: none"> <li>■ Make-up air unit (MAU) air-conditioning used during winter to reduce indoor temperatures.</li> <li>■ Cooling towers and fans are installed with temperature-control and frequency-conversion features.</li> <li>■ Uses a heat recycling system in its main cooling unit.</li> <li>■ Uses tunneling to reduce external temperatures and lessen air-conditioning loads.</li> <li>■ 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.</li> <li>■ Thermostat-controlled air-conditioning; air-conditioning is also controlled by zone and time to avoid wasting power due to over-cooling.</li> <li>■ Air-conditioning and fans temperature control unit</li> </ul>
Low-carbon Lifestyle Measures	<ul style="list-style-type: none"> <li>■ Energy conservation and waste reduction slogans and posters posted in the public areas.</li> <li>■ Health and lifestyle seminars, Earth week activities held to promote environmental protection awareness.</li> <li>■ Water dispensers are time-controlled.</li> <li>■ Office greening</li> <li>■ Floor access controls for the elevators</li> <li>■ Employees are encouraged to use the stairs instead of elevators.</li> <li>■ Promotion of programs for a paper-free office and encouragement of employees to recycle resources and reduce waste</li> <li>■ Disposable eating utensils or paper cups are not provided.</li> <li>■ Canteens only use reusable eating utensils.</li> <li>■ Dissolvable, short-fiber toilet paper used to reduce garbage.</li> <li>■ Steel pallets used in the production line and wooden pallets are reused.</li> <li>■ Savings on office supplies</li> </ul>
Water Conservation Measures	<ul style="list-style-type: none"> <li>■ 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.</li> <li>■ Use of induction taps in toilets and setting of water taps in tea rooms to the minimum water discharge level.</li> <li>■ Reduced irrigation water</li> <li>■ Ultra-pure water equipment recycling wastewater</li> </ul>

Category	China Plants
Enhancing Electricity Usage Efficiency	<ul style="list-style-type: none"> <li>■ Air-conditioning temperatures maintained at 26 °C ± 2 °C in summer.</li> <li>■ Lighting is only used in active sections of the production line.</li> <li>■ Variable frequency control used on manufacturing process exhaust fans</li> </ul>
Air-conditioning Control	<ul style="list-style-type: none"> <li>■ Introduced heat recovery systems in August 2014, enabling dehumidification in the summer and eliminating the need for purchasing diesel fuel in the winter</li> <li>■ Make-up air unit (MAU) air-conditioning used during winter to reduce indoor temperatures</li> <li>■ Cooling towers and fans are installed with temperature-control and frequency-conversion features.</li> <li>■ Added insulating cotton for the SMT process exhaust duct to reduce electricity consumption in the summer</li> <li>■ Performed cleaning of the air conditioner filters, maintenance of the central air conditioner, control of the air conditioner temperature in the summer and winter, and raised employee awareness of energy-saving issues</li> </ul>
Low-carbon Lifestyle Measures	<ul style="list-style-type: none"> <li>■ Energy conservation and waste reduction slogans and posters posted in the public areas.</li> <li>■ Health and lifestyle seminars, and Earth week activities held to promote environmental protection awareness</li> <li>■ Water dispensers are time-controlled.</li> <li>■ Office greening</li> <li>■ Promotion of programs for a paper-free office and encouragement of employees to recycle resources and reduce waste.</li> <li>■ Disposable eating utensils or paper cups are not provided.</li> <li>■ Canteens only use reusable eating utensils.</li> <li>■ Savings on office supplies</li> </ul>
Water Conservation Measures	<ul style="list-style-type: none"> <li>■ Use of induction taps in toilets and setting of water taps in tea rooms to the minimum water discharge level</li> <li>■ Implemented water conservation improvement project; approx. 634 tonnes of cooling-tower water has been recycled, totaled 0.67% of the total water consumption.</li> </ul>



# Supplier 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 process established controls at the source to prevent quality issues with production specifications leading to unnecessary waste and future social costs. It also helps WNC fulfill our responsibility to the environment.

In 2014, a total of 725 suppliers entered into transactions with WNC, and they are mainly located in Taiwan, making up 52% of all suppliers (calculated according to purchase amounts). Suppliers from China (21%) compose the second largest group. 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 2014, local purchasing amounted to 52.4% of the total purchase amounts in Taiwan and 26.06% at the China sites.





## 5.2 Supplier Management

WNC aims to build a world-class supply chain. To that end, we designate dedicated contacts for customers in a strategic manner to provide customers with sufficient information in supplier management and material preparedness, enhancing the immediacy and transparency of the information dissemination across the value chain. Meanwhile, in order to ensure the sound operations of our suppliers, we also review their performance on a quarterly basis and carry out financial risk assessment of these suppliers each year and conduct random visits/inspections of our PCB and institutional suppliers. 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. In 2014, we included design capability and CSR audit results into the criteria for supplier evaluations, and we plan to conduct field visits to suppliers of strategic importance every 6 months.

### 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. The Global Purchasing Center is responsible for requesting the investigation of new suppliers based on the materials procurement request and sets up an investigation team to conduct field assessment for supplier candidates. The investigation team is comprised of representatives from the Global Supply Chain Management Division, the Human Resources Administration Division, the Supplier Quality Management Center, and R & D units. The team conducts investigation on the candidates regarding their operating services, quality systems, R & D capabilities, manufacturing, environmental management, labor rights, and moral integrity. The suppliers who meet the standards set by WNC will be included in the AVL (Approved Vendor List).

Starting from September 2014, WNC's new suppliers are selected based on their performance in management, quality control, and engineering capabilities. WNC also requires that supplier candidates pass the WNC CSR audit before they become qualified suppliers. In the event where suppliers fail to meet the required qualification criteria, they must improve within a limited time period, or they will be disqualified as WNC suppliers. In exceptional circumstances, these suppliers will be subject to a conditional approval processes. Between September 2014 and December 2014, a total of 46 suppliers were included in WNC's AVL according to the new supplier management approach. These suppliers account for 36.8% of the total new suppliers of the year.

### 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. Beginning in the fourth quarter of 2014, WNC has included design capability and EICC compliance into the new version of the supplier management methods. A total of 311 suppliers performed VPE in accordance with the new version of the supplier management methods.

#### ■ Annual audit and guidance

WNC performs annual on-site inspections of its key suppliers to confirm the audit items encouraging of safe production as well as examining the routine product- defect handling process. 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. In 2014, a total of 185 sessions of supplier on-site auditing and counseling sessions were held at the WNC headquarters, WNC (Kunshan) Corporation, Wistron NeWeb (Kunshan) Corporation, and WebCom Communication (Kunshan) Corporation–Kunshan Plant.

## 5.2.2 e-Supplier Management System

WNC selects suppliers who can provide good quality, stable delivery, reasonable cost, and outstanding services through 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 in-place to track production-related figures to ensure product quality and delivery meet expectations (and to prevent quality problems and waste). As of March 31, 2015, 49 suppliers were using Q-Kanban, and 936 components were monitored to ensure quality through 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. As of the end of 2014, 71 suppliers have implemented the V-PCN system, and a total of 34 cases of product change have been processed.

## 5.2.3 Supplier Quality Agreement

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 2014, 807 materials suppliers (including 453 in Taiwan and 354 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.

Supplier Quality Agreements Signed (number of suppliers)

Site	2010	2011	2012	2013	2014
WNC (Taiwan)	394	405	424	437	453
WNC (Kunshan)	133	156	174	176	181
Wistron NeWeb (Kunshan)	N/A	N/A	62	64	74
WebCom (Kunshan)	42	65	92	98	99

## 5.2.4 Conflict Minerals Management

### 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 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 2014, among all suppliers in Taiwan and China, 648 of them have completed the conflict minerals investigation, and 664 of them signed the declaration. We have taken concrete action to stamp out the use of conflict minerals.

WNC's Non-Use of Conflict Minerals Declaration Investigation

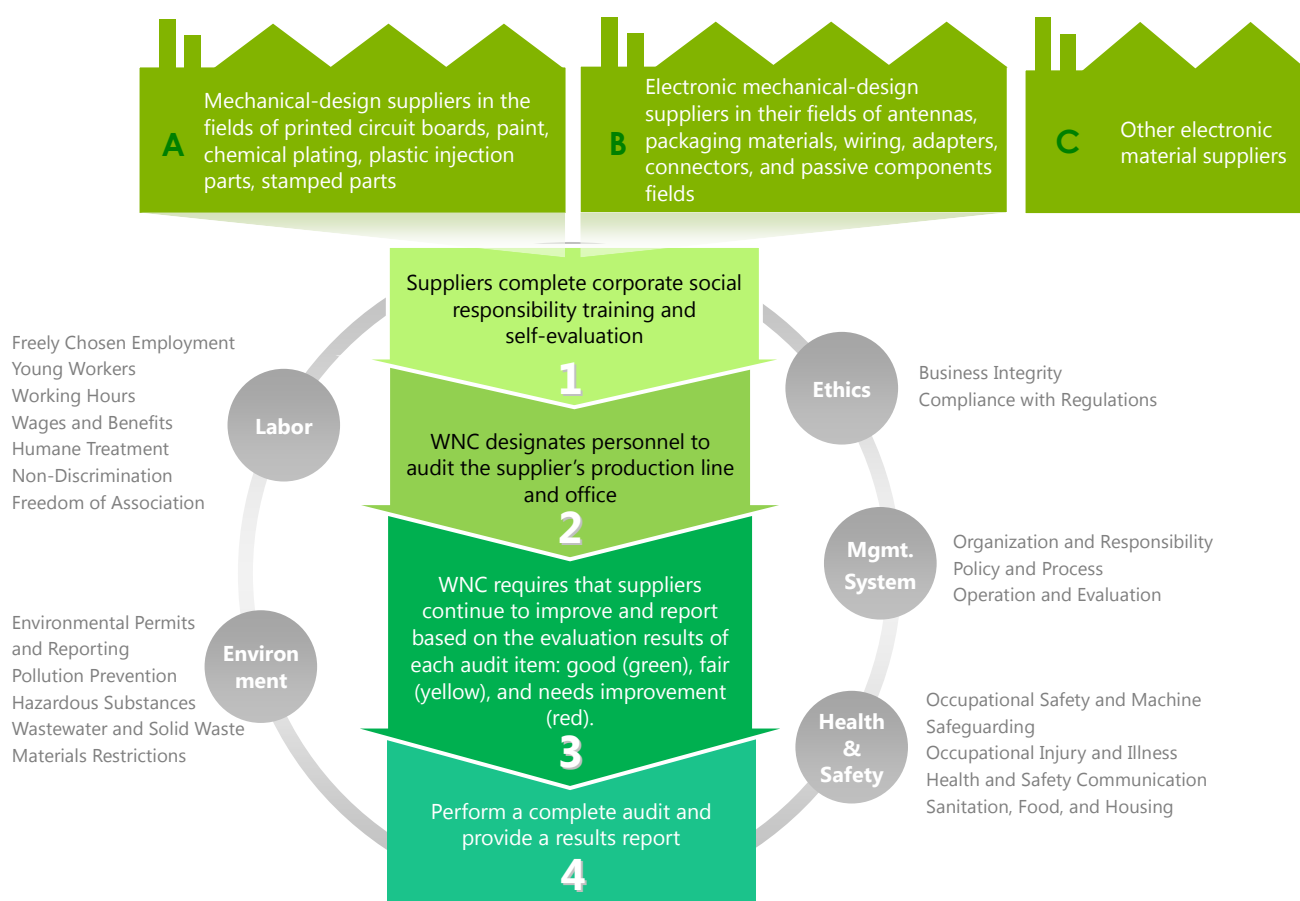
Site/Number of Suppliers Investigated	Responded to Investigation		Signed Declaration	
	Supplier's Response Received	Achievement Rate	Supplier Signature Declaration	Achievement Rate
Taiwan	155	120	132	85.16%
China Regions	681	528	532	78.12%
Total / Average	836	648	664	79.42%

## 5.2.5 CSR Audit 3456

WNC assigns great importance to supplier 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 the prohibition of child labor and forced labor, implementation of occupational health and safety management, anti-bribery, anti-corruption, fair trade, and freedom of association policies, and rights to negotiation of labor agreements. By the end of 2014, 674 suppliers in Taiwan and China had signed the WNC Corporate Social Responsibility (CSR) Declaration. 666 suppliers had also signed the WNC Group Supplier's Commitment for Code of Ethics.



In October 2013, WNC officially launched its supplier corporate social responsibility audit (hereinafter referred to as the "supplier CSR audit") program, in which different types of major suppliers are divided into A (high risk), B (moderate risk) and C (low risk) according to the level of risk they exhibit in aspects of labor, ethics, health and safety, and environment and management systems. Group C suppliers are only subject to document review given the low level of risks they exhibit, while the other two groups of suppliers must undergo supplier CSR audits according to the following four steps and be assessed on aspects of labor, ethics, health and safety, environment, and management systems. WNC is setting a target of completing 140 major-supplier CSR audits in 2016.



WNC Supplier CSR Audit Progress

Supplier Group \ Accumulated Number	Phase 1 <sup>Note</sup> 2014 Q1	Phase 2 2014 Q4	Phase 3 2015 Q4	Phase 4 2016 Q4
A	15	30	50	50
B	15	30	60	90
Achievement Rate	100%	100%	N/A	N/A

Note: Audits of 12 suppliers in Group A and Group B were completed in 2013, and audits for 18 other suppliers were completed in 2014 Q1.

In 2014, 48 suppliers in Group A and Group B completed their CSR audit, among which 6 were from Taiwan and 42 were from China. The results of the audit indicated that the majority of the non-compliance was related to labor and occupation and safety. The on-site supplier audit results and corresponding improvement plans are tracked by the Supplier Quality Management Center, which will also guide suppliers in their implementation of EICC regulations and continuous improvement in pursuant to the "Supplier Evaluation & Management SOP".

Responding to the requests of key customers, WNC conducted a special supplier CSR audit project between September and December 2014 in which specific suppliers designated by the customer were audited according to EICC items designated by the customer. The evaluation methods were essentially the same as those for the general supplier CSR audit. A total of 27 Taiwanese manufacturers and 43 Chinese manufacturers in Groups A, B, and C participated in this special supplier CSR audit project.

In 2014, no partnerships with suppliers were terminated because of CSR audit results or due to improvements failing to meet the required standards.

## 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. In 2014, a total of 88 WNC suppliers participated in the Wistron Group Vendor Conference, and 6 outstanding suppliers were awarded on the occasion.

WNC awards suppliers for their outstanding performance in 2014





## 5.3 Customer Relations

### WNC Quality Policy

On-time delivery of zero defects and competitive products & services to our customers

### 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. To strengthen the protection of customer information, WNC launched relevant courses on the protection of confidential information starting from the end of 2014, including a course concerning WNC's information security policies (compulsory for all new WNC employees) and the "information security general knowledge and training" course, which is scheduled to be held in 2015. In 2014, WNC did not violate any customer privacy policy or lose customer data.

### 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 is managed by the Quality Assurance Division and is responsible for customer-service tasks. Each business unit, the quality assurance group, R & D, production planning, and manufacturing units are designated as the point-of-contact 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.

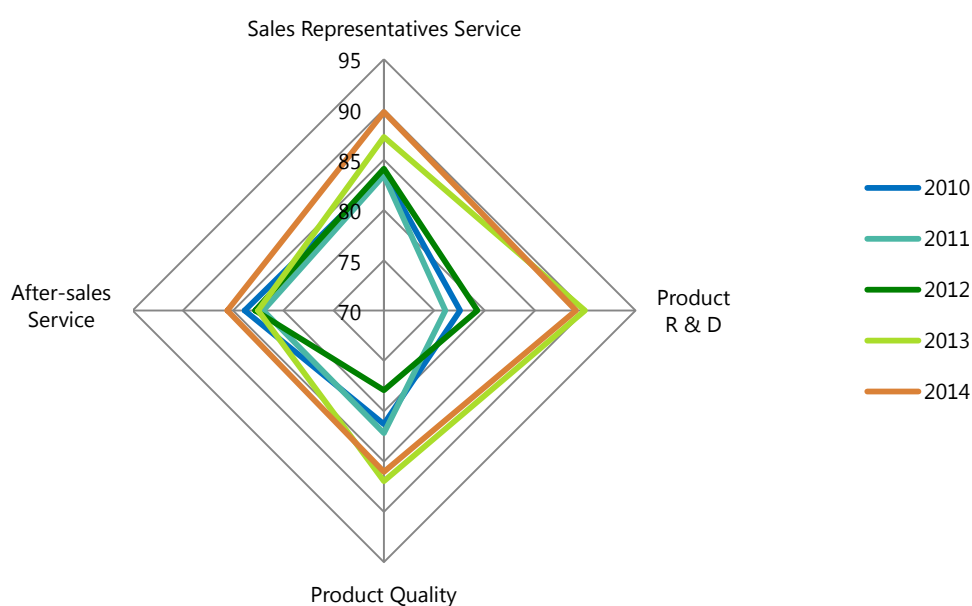
WNC performs customer satisfaction surveys in the fourth quarter of every year to ensure customer requests have been responded to in a timely manner and to understand the customer's thoughts and expectations regarding each business unit's service, product development, product quality, after-sales service, 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 are 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.

2014 evaluation items include:

- Sales representatives service: order and account processing, price quotes and shipment efficiency, professionalism and efficiency of product/sales managers, overall satisfaction
- Product R & D: attitude, development time frame, specifications accuracy, technical capability
- Product quality: level of quality, problem-solving ability, improvement capability, professional level of the quality report, overall performance
- After-sales service: goods return procedure, analysis of time frames, and addressing of complaints
- Others: cooperation/relations with third parties and suggestions for improvement

The survey results indicate that customers' overall satisfaction grew slightly. Although each business unit with varied products and services receives different evaluation results, the overall result is satisfactory, especially in items of sales representatives' service and after-sales service. Based on the suggestions that customers provided in the customer service satisfaction survey in the previous year and after giving special consideration on the different cultures and market mechanisms of the areas in which the customers are based, WNC can now offer more flexible customer service and significantly improve customer satisfaction.

Findings on Customer Satisfaction during the Most Recent Five Years



## 5.4 Contractor Health & 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 and include operations involving controlled fires, 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 possess 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. Construction workers must register on a log as they enter or leave the manufacturing plant, and the responsible unit can ascertain the area in which the contractors are located in the plant and their number of workers in real time using electronic platforms to implement access control and facilitate construction inspections (while monitoring operations to better respond to emergency situations).

The results of the safety and health management of WNC's contractors in 2014 are listed below:

- 153 contractors signed the "Commitment to Work Safety for Contractors in the WNC Plant"
- 2,806 construction applications were filed
- 26 cases of special hanging operations were applied: The requesting departments must apply in advance, and after the operations are completed, the contractors must carry out self-inspection first, followed by a second review in conjunction with the WNC industrial safety personnel to ensure operation safety.



# Social Care

**Youth Development**

**Concern for Disadvantaged Students**

**Assisting Social Welfare Groups**

**Support Local Organic Farmers**

**Fundraising**

In 2014, WNC commits itself to its five major social care programs of financial and manpower support to youth professional development, care of disadvantaged school children, assistance to charitable organizations, support of local organic farmers, and collection of disaster relief funds. Adhering to our corporate conscience and goodwill, WNC tries to extend its corporate culture of "creating values" outward. WNC hopes that through its efforts, WNC's employees, their families, customers, suppliers, other companies, and groups promoting social welfare can play to their strengths and better contribute to society.

## 6.1 Youth Development



### Assisting University Service Clubs

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 (NTHU) and encourage employees to support them as well. In addition to cooperating with the NTHU After-School Volunteer Club, the NTHU Science Promotion Club and the NTHU WHYOU Club, in 2014 WNC also included the NTHU Aboriginal Culture Club, the National Cheng Kung University (NCKU) Social Service Team, and the NCKU Philanthropy Club into its group list for social service subsidies. . In 2014, WNC and its employees contributed a total of NT\$650,000 to those six student service clubs and assisted their members to promote after-school assistance and science education for children from remote areas in Taiwan or disadvantaged groups. These clubs also offer services for socio-economically disadvantaged members of the elderly,

children, and disabled people in the area of Tainan, Taiwan. Meanwhile, WNC requires 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.

### Industry-University Cooperative Project Classes

WNC began cooperation with the Department of Business Administration of TransWorld University in September 2014, providing students with full time jobs as production-line operators. Students from economically disadvantaged families or those participating in the cooperative education programs with WNC take the precedence over other programs. WNC also assists the students by offering classes with course credits on Sundays while assigning personnel to assist them

with school loans, applying for examinations for specialty certifications, and other daily-life matters. By the cooperating with students, we expect that those students from economically disadvantaged families can continue their education while also accumulate valuable work experience. There are currently 19 employees participating in this project.





## 6.2 Concern for Disadvantaged Students

### 6.2.1 More Resources for Learning

#### 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. The program provides children with homework guidance, course review, and book reading.

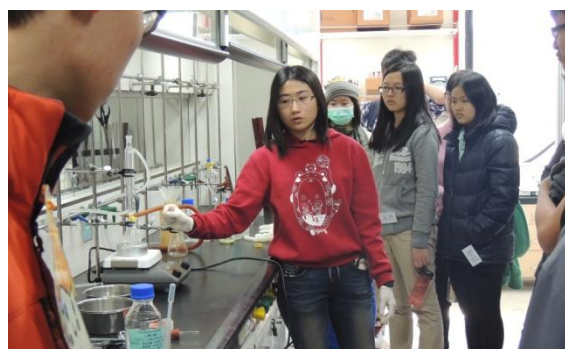
Volunteers will also prepare different types of after-school activities to help in the discovery or development of the subjects that the child might have interest in.

#### 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 host the science-mentoring events at remote schools.

#### Concern for Children

In 2013, WNC began subsidizing the NTHU WHYOU Club, hoping to expand WNC's concern for disadvantaged children through 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. At present, there were 15 children participating in this program.



## 6.2.2 Rural Featured Education Development

To extend the scope of participants for deploying networks in the library information centers of aboriginal tribes in 2013, we also invited customers to join our remote-area welfare activities in 2014 and are scheduled to implement plans for collaboration in the second quarter of 2015.

### Featured Education

WNC is concerned for disadvantaged children's education and understands the importance of developing rural education. Starting from 2013, WNC has assisted Tunan Elementary School in rural Jianshih township in Hsin-chu County to develop their education on aspects of aboriginal culture, including developing their talents in Judo, archery, and chorus. In 2014 WNC subsidized the facilities, equipment, coach/teacher, and contest costs of the Tunan Elementary School for NT\$200,000. We are proud report that, in 2014, the Judo team won two gold and two bronze medals in the national Judo contest, while the boy's and girl's archery teams ranked second and fourth, respectively, in the new-teams group of the Hsinchu high school archery contest.

Archery team



Judo team



### Painting in Tunan

In addition to funds and equipment, WNC employees, along with the students of the NTHU After-School Volunteer Club and the NTHU Science Promotion Club, arrived at the Tunan Elementary School in July 2014 to participate in an event to paint the school



walls with the themes of the resident Atayal culture. With the help of the schoolchildren, the aged wall surface became new and colorful. The residents have been pleased with the change and the school principal also remarked that "The gray and aged wall became lively, all because of your passion."



## 6.3 Assisting Social Welfare Groups

### WNC (Taiwan)

- In 2014, 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/Wufeng township aboriginal farmers, St. Joseph Social Welfare Foundation, Hsinchu Mental Health Association, the Yu An Children's Home in Miao-Li, the Children Are Us bakery, the World Peace Organization, the Syin-Lu Social Welfare Foundation, Gofe Sheltered Workshop, and various NTHU international volunteer groups. The total annual incomes for these charities totaled NT\$273,384.
- 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.
- As part of our support for customer welfare activities, WNC has helped sponsor the Children's Discovery Museum of San Jose with US\$5,000 each year starting from 2013. The funds are used to supplement the activity funds for the Legacy for Children Award.
- In 2014, WNC introduced the Farmers' Organic fruits and vegetables exhibition sale. The participating farmers include those from the "Buy Nearby" and "Miaoli Organic Farming Association" groups. The revenues from these exhibition sales amounted to NT\$141,142.

### China Plants

In June 2014, in conjunction with the local governmental organizations and hospitals, WNC's published notices at its China sites to encourage employees to participate in blood donation, and a total of 60 employees participated in the event. In December, WNC held a clothing drive, in which a total of 20 employees donated used clothing to schoolchildren in the Liangshan region of Sichuan.

NTHU international volunteer group



Flea market



Hsinchu Mental Health Association vendor booth

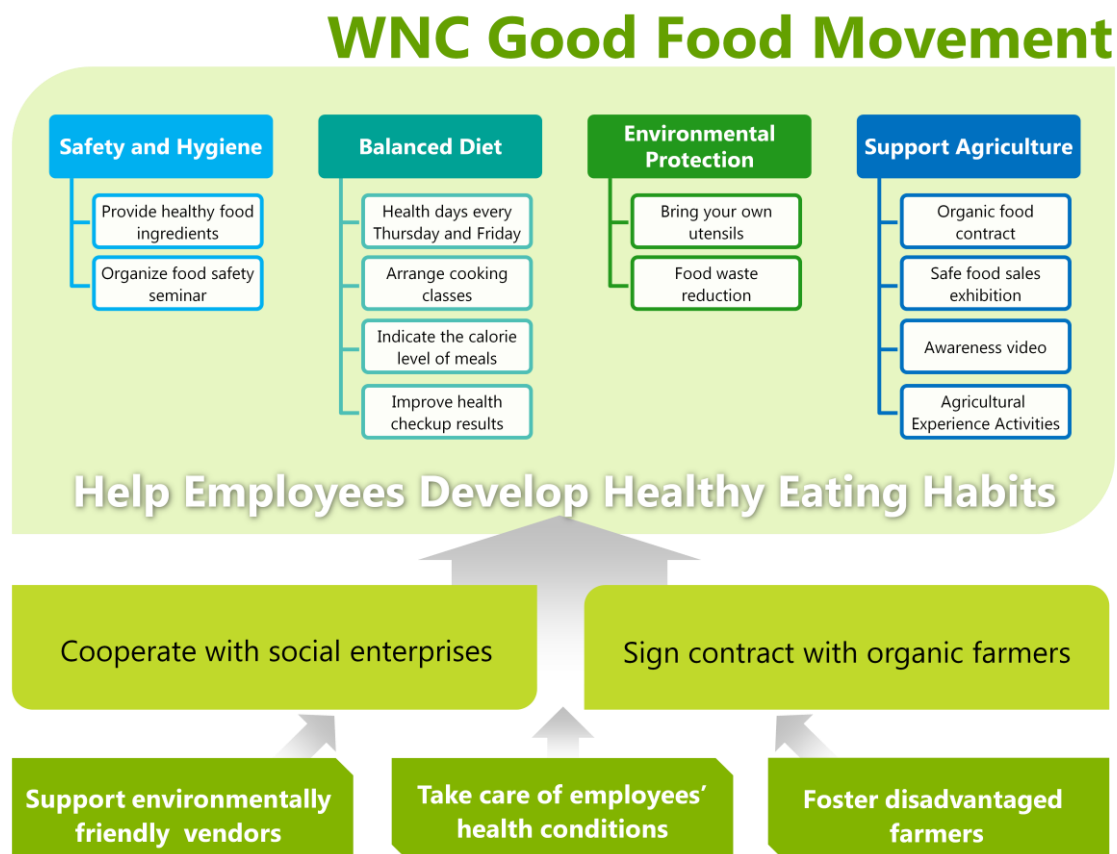


Farmers' organic fruits and vegetables exhibition sale



## 6.4 Support Local Organic Farmers

During the process of locating food suppliers for long-term cooperation, we discovered that large-scale farming was diminishing in Taiwan due to changes in the economy. Small-scale farming is now widespread. Some farmers have now realized the importance of ecological balance and food safety, so they are quietly working towards a transition to organic farming. They learn from nature, grow according to the appropriate season, and focus on more than just production volume. They emphasize the importance of supplying consumers with healthier, safer produce under the prerequisite of balancing consumption and maintenance of natural resources as much as possible. However, the uncertainty of harvest quality forces these small-scale farmers to face challenges such as uncertain sales channels and unstable income. Though the Good Food Movement stemmed from the desire to care for our employees, we also hope to do our part in taking care of these dedicated farmers. We hope that this mode of cooperation can be replicated in other corporations, helping bring new vitality to Taiwan's farming roots.



WNC selected several local farmers in the Hsinchu and Miaoli regions as suppliers because these small-scale farmers cultivate produce on bare land full of vitality, manufacturing their own enzyme and chili water concoctions to combat pests. They cultivate organic vegetables which do not harm the land nor the human body by refraining from excessive protection and processing of their produce. All organic vegetables pass either a certification by the Harmony Organic Agriculture Foundation, or the farmers submit residual testing reports by third-party testing organizations to ensure that only the healthiest produce is supplied to WNC colleagues. WNC provides them with steady streams of income so that they can

concentrate of the development of organic farming with few worries. We ensure the value and price of produce which local farmers cultivate through natural methods while reducing exploitation by middlemen. By engaging in direct sales of organic produce at the company, these farmers are rewarded appropriately for their efforts. We hope to improve the quality of life for these farmers and encourage them to continue their dedication towards organic farming so that more people can enjoy safe produce. In addition, this type of cooperation enables us to enjoy healthy, seasonal produce, local consumption of local produce, and also minimize carbon emissions throughout the food-transportation process. We hope that these efforts will promote the concepts of healthy living and environmental protection while supporting a firm agricultural foundation for our community.

In addition, we are working with two social enterprises, Buy Nearby and Hui-Xiang Organic Station, to locate local farmers that meet WNC's needs. We hope that through cooperation with WNC, these two social enterprises (or hopefully even more social enterprises) will be able to provide other corporations or organizations with more diverse, comprehensive plans of cooperation for the joint promotion of healthy eating and local agriculture.

In order for colleagues to learn more about how the company works with farmers, information about farmers, cultivation methods, and the message the company hopes to convey to colleagues through the Good Food Movement, the HR Management Department collaborated with the Marketing and Sales Departments to film and produce the feature film *From Field to Table* within just a month's time. The film begins in Yuanli, Miaoli with farmer interviews, how vegetables are cultivated, and actual footage of the farms. The film then covers the process of how these vegetables are washed, cooked, and then served in the WNC kitchen. Lastly, colleagues' thoughts on the Farmers' Safe Produce Sales Exhibition conclude the film. The feature film was first screened in the company cafeteria in July 2014 in the hopes that colleagues would gain a further understanding of how the produce they eat and see travels from the fields to their tables.

A company trip for colleagues and their family is currently planned for summer 2015 to farms in Miaoli. Attendees will be able to experience agricultural activities appropriate for the farming period and procedures at the time. Through this activity, colleagues will not only hear, learn about, and consume the results of organic farming and its health benefits through the Good Food Movement, they will also be able to experience nature and healthy living in the flesh through hands-on participation in farming activities.





## 6.5 Fundraising

WNC takes an active part in fundraising events, including organizing 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 family members of employees who pass away. A “Public Donation” option is also available when employees select their the Chinese New Year, Dragon Boat Festival, and Mid-Autumn Festival bonuses, allowing them to donate the monies they receive for the three major Chinese festivals and express their kindness for people in need.

According to statistics from 2009 to 2014, donations from WNC and employees totaled NT\$7,508,958 and our employees donated funds 5,140 times totaling NT\$5,997,358. Donations targeted the families of two colleagues who passed away due to accident and financial assistance for three colleagues. The NTHU After-School Volunteer Club, the NTHU Science Service Club, the NTHU WHYOU Club, the NTHU Aboriginal Culture Club, the NCKU Social Service Team, the NCKU Philanthropy Club, the Tunan Elementary School in Jianshih Township, and the Hsinchu Renai Children’s 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-technology products have been remodeled into useable computers. The remodeled computers were donated to organizations for disadvantaged persons to promote recycling and reuse of products. The reused items include

WNC’s Recycled Computers Donation Records

Donated Item	2011	2012	2013	2014	Accumulated Number of Donations
PC	25	78	75	100	278
NB	25	22	0	0	47
CRT	0	0	0	0	0
LCD	2	0	0	0	2
Others	52	0	0	0	52
Total	104	100	75	100	379

computers (should at least include the casing, power adapter, motherboard, and hard disk drive), monitors, and laptops. In May 2014, the donated discarded information productions have resulted in the reduction of 8,222 tonnes of carbon dioxide emissions, equaling 685 trees saved from felling. For detailed information, please refer to

<http://recycling.asus.com/>

WNC kicked off its social care program under the name “WNC Social Care Assistance”. The company completed setup 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 gratitude 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.





# Appendix

**GRI G4 Index**

**Assurance Statement**

# GRI G4 Index

## General Standard Disclosures

Aspects	DMA & Indicators		Chapter	Page	External Assurance
Strategy and Analysis	G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	A message from the CEO	3, 4	108, 109
	G4-2	Provide a description of key impacts, risks, and opportunities.	2.5	32–34	108, 109
Organizational Profile	G4-3	Report the name of the organization.	1.1	8	108, 109
	G4-4	Report the primary brands, products, and services.	1.3	10–13	108, 109
	G4-5	Report the location of the organization's headquarters.	1.1	8	108, 109
	G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	1.3, 1.4	10, 14	108, 109
	G4-7	Report the nature of ownership and legal form.	1.1	8	108, 109
	G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	1.3	10–13	108, 109
	G4-9	Report the scale of the organization, including total number of employees, total number of operations, net sales, total capitalization broken down in terms of debt and equity, and quantity of products or services provided	1.1 1.3 2.4	8 10–13 31	108, 109
	G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	3.2.1	41, 42	108, 109
	G4-11	Report the percentage of total employees covered by collective bargaining agreements.	No labor union was established in Taiwan, and there was no record of negotiations in China.		108, 109
	G4-12	Describe the organization's supply chain.	5.1	85	108, 109
	G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	About this Report	1, 2	108, 109
	G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	2.1.5, 2.5	27, 32, 33	108, 109
	G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	2.2	28	108, 109
	G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations.	1.6	16	108, 109
Identified Material Aspects and Boundaries	G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	About this Report, 1.4	1, 2, 14	108, 109
	G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	1.8	18–23	108, 109
	G4-19	List all the material Aspects identified in the process for defining report content.	1.8	18–23	108, 109
	G4-20	For each material Aspect, report the Aspect Boundary within the organization.	1.8	18–23	108, 109
	G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	1.8	18–23	108, 109
	G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Did not rearrange the information in previous reports		108, 109
	G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Change is based on GRI G4, and there are no other major changes.		108, 109
Stakeholder Engage-	G4-24	Provide a list of stakeholder groups engaged by the organization.	1.8	18–23	108, 109
	G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	1.8	18–23	108, 109

ment	G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	1.8	18–23	108, 109
	G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	1.8	18–23	108, 109
Report Profile	G4-28	Reporting period (such as fiscal or calendar year) for information provided.	About this Report	1	108, 109
	G4-29	Date of most recent previous report (if any).	About this Report	1	108, 109
	G4-30	Reporting cycle (such as annual, biennial).	About this Report	1	108, 109
	G4-31	Provide the contact point for questions regarding the report or its contents.	About this Report	2	108, 109
	G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option. (See tables below.) c. Report the reference to the External Assurance Report if the report has been externally assured. (GRI recommends the use of external assurance, but it is not a requirement to be 'in accordance' with the Guidelines.)	Appendix	103–108	108, 109
	G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report.	Appendix	103–108	108, 109
Governance	G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	2.1	25–27	108, 109
Ethics and Integrity	G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	1.2, 2.2, 2.3	9, 28–30	108, 109

## Specific Standard Disclosures

ECONOMIC							
Aspects	DMA & Indicators			Chapter	Page	Omissions	External Assurance
Economic Performance	DMA			2, 2.5	24, 32		108, 109
	G4-EC1	Direct economic value generated and distributed		2.4	31		108, 109
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change		2.5	32–34		108, 109
	G4-EC3	Coverage of the organization's defined benefit plan obligations		3.3.3	46		108, 109
	G4-EC4	Financial assistance received from government		2.3	29		108, 109
Market Presence	DMA			3.3.1	45		108, 109
	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation		3.3.1	45		108, 109
	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation		3.2.2	42, 43		108, 109
Pro-curement Practices	DMA			5.1	85		108, 109
	G4-EC9	Proportion of spending on local suppliers at significant locations of operation		5.1	85		108, 109
ENVIRONMENTAL							
Aspects	DMA & Indicators			Chapter	Page	Omissions	External Assurance
Energy	DMA			4	68		108, 109
	G4-EN3	Energy consumption within the organization		4.4.1	78		108, 109
	G4-EN5	Energy intensity		4.4.1	79		108, 109
	G4-EN6	Reduction of energy consumption		4.4.2	80–83		108, 109
Water	DMA			4	68		108, 109
	G4-EN8	Total water withdrawal by source		4.4.1	78, 79		108, 109
	G4-EN9	Water sources significantly affected by withdrawal of water		4.4.1	78		108, 109
	G4-EN10	Percentage and total volume of water recycled and reused		4.4.2	80		108, 109
Emissions	DMA			4	68		108, 109
	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)		4.3	76, 77		108, 109
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)		4.3	76, 77		108, 109
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)		Qualitative analysis for determining the content types of Scope 3, but without quantitative data			108, 109
	G4-EN18	Greenhouse gas (GHG) emissions intensity		4.3	76		108, 109
	G4-EN19	Reduction of greenhouse gas (GHG) emissions		4.4.2	80–83		108, 109
Effluents	DMA			4	68		108, 109



and Waste	G4-EN22	Total water discharge by quality and destination	4.4.1	78		108, 109
	G4-EN23	Total weight of waste by type and disposal method	4.2.4	73, 74		108, 109
Compliance	DMA		4	68		108, 109
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	4.2.4	74		108, 109
Overall	DMA		4	68		108, 109
	G4-EN31	Total environmental protection expenditures and investments by type	4.2.5	75		108, 109
Supplier Environmental Assessment	DMA		5.2	86–90		108, 109
	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	5.2.1	86		108, 109
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	5.2.5	89, 90		108, 109
Environmental Grievance Mechanisms	DMA		1.8.3	22		108, 109
	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	1.8.3	22		108, 109
SOCIAL: LABOR PRACTICES AND DECENT WORK						
Aspects	DMA & Indicators		Chapter	Page	Omissions	External Assurance
Employment	DMA		3.2.2	42		108, 109
	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	3.2.2	42, 44		108, 109
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	3.3	45, 47		108, 109
	G4-LA3	Return to work and retention rates after parental leave, by gender	3.1.2	37		108, 109
Labor/Management Relations	DMA		3.1.3	38		108, 109
	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	WNC Employment Regulations in accordance with local laws stipulate the time periods for providing employee notices regarding operational changes.			108, 109
Occupational Health and Safety	DMA		3.5.1	54, 55		108, 109
	G4-LA5	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	3.5.1	54		108, 109
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	3.5.1	57		108, 109
Training and Education	DMA		3.4	48		108, 109
	G4-LA9	Average hours of training per year per employee by gender, and by employee category	3.4.4	52, 53		108, 109
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	3.4	48		108, 109
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	3.3.2	45, 46		108, 109
Supplier Assessment for Labor Practices	DMA		5.2	86–90		108, 109
	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	5.2.1	86		108, 109
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	5.2.5	89, 90		108, 109
SOCIAL: HUMAN RIGHTS						
Aspects	DMA & Indicators		Chapter	Page	Omissions	External Assurance
Child Labor	DMA		3.1	36		108, 109
	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	3.1.1	35		108, 109
Forced or Compulsory Labor	DMA		3.1	36		108, 109
	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	3.1.1	36		108, 109
Supplier Human Rights Assessment	DMA		5.2	86–90		108, 109
	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	5.2.1	86		108, 109
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	5.2.5	89, 90		108, 109
Human Rights Grievance Mechanisms	DMA		1.8.3	22		108, 109
	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	1.8.3	22		108, 109
SOCIAL: SOCIETY						

Aspects	DMA & Indicators		Chapter	Page	Omissions	External Assurance
Anti-corruption	DMA		2.3	29, 30		108, 109
	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	2.3	29, 30		108, 109
	G4-SO4	Communication and training on anti-corruption policies and procedures	2.3	29, 30		108, 109
	G4-SO5	Confirmed incidents of corruption and actions taken	2.3	29, 30		108, 109
Public Policy	DMA		2.3	29, 30		108, 109
	G4-SO6	Total value of political contributions by country and recipient/beneficiary	2.3	29, 30		108, 109
Anti-competitive Behavior	DMA		2.3	29, 30		108, 109
	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	2.3	29, 30		108, 109
Compliance	DMA		2.3	29, 30		108, 109
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	2.3	29, 30		108, 109
Supplier Assessment for Impacts on Society	DMA		5.2	86–90		108, 109
	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	5.2.1	86		108, 109
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	5.2.5	89, 90		108, 109
Grievance Mechanisms for Impacts on Society	DMA		1.8.3	22		108, 109
	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	1.8.3	22		108, 109
SOCIAL: PRODUCT RESPONSIBILITY						
Aspects	DMA & Indicators		Chapter	Page	Omissions	External Assurance
Customer Health & Safety	DMA		4	68		108, 109
	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	1.3	10		108, 109
Product & Service Labeling	DMA		5.3.2	92		108, 109
	G4-PR5	Results of surveys measuring customer satisfaction	5.3.2	92, 93		108, 109
Customer Privacy	DMA		5.3.2	92		108, 109
	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	5.3.1	92		108, 109
Compliance	DMA		1.3	10		108, 109
	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	1.3	10		108, 109
OTHERS						
Aspects	DMA & Indicators		Chapter	Page	Omissions	External Assurance
Conflict Minerals	DMA		5.2.4	88		108, 109
	Conduct responsible investigation with relevant suppliers and ensure minerals are "conflict-free" minerals.		5.2.4	88		108, 109
Good-food Practice	DMA		3.5.4, 6.4	61, 100		108, 109
	Food sanitation and safety		3.5.4	61–64		108, 109
	Balanced diet		3.5.4	61–64		108, 109
	Environmental friendliness		3.5.4	61–64		108, 109
	Promote organic farming		6.4	100, 101		108, 109

# Assurance Statement



## ASSURANCE STATEMENT

### **SGS TAIWAN LTD.'S INDEPENDENT ASSURANCE REPORT ON SUSTAINABILITY ACTIVITIES IN THE WISTRON NEWEB CORPORATION'S CORPORATE SOCIAL RESPONSIBLE REPORT OF 2014**

#### **NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION**

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by WISTRON NEWEB CORPORATION (hereinafter referred to as WNC) to conduct an independent assurance of the Corporate Social Responsible Report (hereinafter referred to as CSR Report) of 2014. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables contained in this report.

The information in the WNC's CSR Report of 2014 and its presentation are the responsibility of the superintendents, CSR committee and the management of WNC. SGS has not been involved in the preparation of any of the material included in the WNC's CSR Report of 2014. Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance 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 (hereinafter referred to as GRI) Sustainability Reporting Guidelines and the AA1000 Assurance Standard (2008). 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 high level of scrutiny for WNC and moderate level of scrutiny for subsidiaries, joint ventures, and applicable aspect boundaries outside of the organization covered by this report ;
- evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008);
- evaluation of the report against the GRI Sustainability Reporting Guidelines (G4 2013).

The assurance comprised a combination of pre-assurance research; interviews with relevant superintendents, CSR committee members and the management; 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 ISO 26000, ISO 20121, ISO 50001, SA8000, EICC, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

**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 CSR Report of 2014 verified is accurate, reliable and provides a fair and balanced representation of WNC sustainability activities in 01/01/2014 to 12/31/2014.

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 fifth to be assured by an independent assurance team and WNC has taken a bold step by offering the report to evaluation against both GRI G4 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 GRI G4 Core Option and AA1000 Assurance Standard (2008) Type 1, Moderate level assurance.

**AA1000 ACCOUNTABILITY PRINCIPLES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS****Inclusivity**

WNC is committed to being accountable to its stakeholders and to integrating inclusivity into its strategic and management approach. A variety of engagement efforts such as survey and communication to employees, consumers, investors, local communities, suppliers and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, WNC may proactively consider having more direct involvement of stakeholders as well as to consider having direct opinion from stakeholders within the highest governance body during future engagement.

**Materiality**

WNC has established effective processes for determining issues that are material to the business. 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 includes coverage given to stakeholder engagement and channels for stakeholder feedback. Future reporting would benefit from more reporting on the results of stakeholder feedback from this report.

**GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

The report, WNC's CSR Report of 2014, is adequately in line with the GRI G4 Core Option. The material aspects and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material aspects and boundaries, and stakeholder engagement, G4-17 to G4-27, are correctly located in content index and report. More disclosure on Disclosure on Management Approach within the organization entities, supply chain management and material aspects having boundaries outside of the organization are encouraged in future reporting.

Signed:

For and on behalf of SGS Taiwan Ltd.



Dennis Yang, Chief Operating Officer  
Taipei, Taiwan  
28 May, 2015  
WWW.SGS.COM



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**WNC**

[www.wnc.com.tw](http://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

