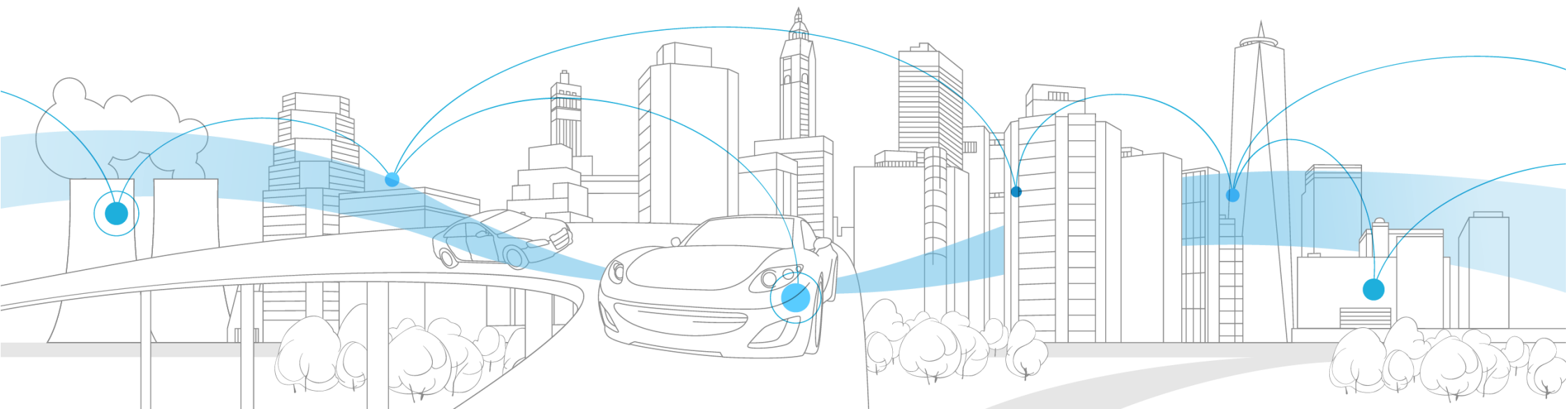




Wistron NeWeb Corp.

2016 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>.

Publication

The CSR Report for the preceding year is published by WNC on an annual basis.

Current version: Published in June 2017

Previous version: Published in June 2016

Next version: Will be published in June 2018

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Aspects

The scope of the information disclosed in this report covers WNC's comprehensive performance and achievements in corporate social responsibility-related aspects from January 2016 to December 2016. The report covers information regarding operations at WNC's headquarters in the Hsinchu Science Park, Taiwan and S1 located on Lihsin Rd. VI, 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, Japan, and other corporate entities that do not have direct control over the Company's operations.

- WNC (Kunshan) Corporation, herein referred to as "WNC (Kunshan)"
- 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–Kunshan Plant, herein referred to as "WebCom (Kunshan)"
- WebCom Communication (Kunshan) Corporation–Nanjing Branch, herein referred to as "WebCom (Nanjing)"

Report Methodology and Guidelines

The report has been inspected by the 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 GRI G4 Core option and AA1000 Assurance Standard type 1, moderate level. The Assurance Statement is enclosed in the appendix for reference.

The report covers the same organizational boundary and method for calculation method used in the previous year. The International Generic Indicators are adopted to present the performance data of corporate social responsibility. Additional information would be provided for any estimation. 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, TL 9000, FSC® Chain-of-Custody and CNS 15506: Verification and issuance of certificates were performed by TÜV Rheinland; ISO/IEC 17025 verification and issuance of certificates were performed by the Taiwan Accreditation Foundation; ISO/IEC 27001 verification and issuance of certificates were performed by SGS Taiwan Ltd.; ISO 14064-1 Greenhouse Gas Inventory verification and issuance of certificates were performed by China Quality Certification Center.

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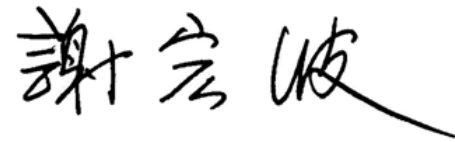
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A Message from the CEO

Chairman & CEO



This year 2016 marks WNC's 20th year in business and it is an important milestone. Since WNC's founding, it has faced multiple technical challenges, product changes and market competition. We appreciate our domestic and overseas employees, customers, suppliers, vendors and investors who have put in their efforts along the way. WNC's steady growth despite the competitive environment has been predicated on the effort and support from all of these partners.

Over 20 years, WNC has grown from a small company with 30 employees to an enterprise with over 10,000 employees worldwide. Our annual revenue has grown from NT\$1 million to over NT\$50 billion. The number of operations increases along with the number of customer worldwide. In addition to Taiwan, these operations are deployed in China, the U.S., the U.K. and Japan. The new plant (S1), located on Lihsin Rd. VI in the Hsinchu Science Park, was put into formal use in June 2016. It is our main manufacturing base in Taiwan and shows our determination and strength based on the concept "Developing in Taiwan, reaching out to the world". We expect to contribute more economic values for us and communications industry in Taiwan.

While increasing productivity, we continue to implement Occupational Safety and Health, and energy saving and carbon reduction to improve operation safety and alleviate the environmental impact of carbon emission. In Q3 and Q4 of 2016, the quality management system, environmental management system and occupational safety and health management system of S1 have been certified for expansion.

In recent years, the global political and economic environments, and business environments and product life cycles continue to drastically change. In order to remain highly competitive in such an environment and secure a place in the rapidly changing communication market, WNC has optimized its existing value chain and developed new products and technologies through a holistic perspective that is more in line with international developments. We have implemented ongoing internal improvement projects, which contribute to our enhanced problem-solving capabilities and flexibilities, as well as a better ability to respond to the diverse and pressing demands of customers and from the markets.

We have been focused on the design and development of RF antenna systems for a long time. We develop solutions for networking, digital home, vehicle and industry

specifications. Our product and technology development follows the market trend. These fields will develop well in the future. We believe that market demands and customer trust will help us create sustained profits and growth.

We carried out multiple solutions for building a friendly workplace in 2016 to improve the physical and mental health of employees and workplace quality. We continue with and expand our scope of "Good Food Movement - Health Days Everyday". We provide 5 days of annual leaves to new employees, free flu shots, arts and health seminars, and hiking trips. We keep supporting education for disadvantaged children in remote areas and the community service clubs in college. We held material collection events and helped charities hold bazaars. In December 2016, we initiated the "Tunan Elementary School Development Program" and used the fund collected from our Company and colleagues to help Tunan Elementary School repair dorms and purchase software and hardware facilities.

In 2016, we won the Hsinchu Science Park R&D "Accomplishment Award" and the Asiamoney "Best for Shareholder' Rights and Equitable Treatment" and "Best for Responsibilities of Management and the Board of Directors" in Asia and Taiwan.

In addition, we won the "Award for International Trade—Contribution to Primary Market Expansion Award" and the "Taiwan Corporate Sustainability Report Award Silver Medal" in Electronic Information Engineering. WNC ranked among the top 50 in the "Large Enterprises" group for the Excellence in CSR by the CommonWealth Magazine Group. In addition, WNC was rated in the top 20% among all Taiwan publicly traded companies in the 2016 Corporate Governance Evaluation. As our business scope expands, we recognize that society is raising its standards in terms of information disclosure, integrity, environmental protection, and participation in society. We aspire to use available

resources in a reasonable manner to ensure that our objectives are consistent with our company's long-term operational strategies. While we enhance the company's core capabilities and meet stakeholders' expectations, we want to work hand-in-hand with partners to create an even higher standard of values.

As a result, we have committed to the following as our long-term objectives to continue to fulfill our social responsibility as a responsible corporate citizen:

- 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 our goal of reducing greenhouse gas emissions
- Creating sustainable operations and value chains with our customers and suppliers
- Supporting the education of disadvantaged children and expanding their study and development opportunities

While facing an ever-changing business environment and various customer needs, we shall broaden our vision, advance gradually and carefully and be self-disciplined and self-motivated. We shall strive for the best, be willing to take on greater responsibilities and challenges. We shall drive innovation, be devoted to environmental protection, contribute to society, be practical and forge ahead to sustainable development. We hope that we will make the society more convenient and better.

2016 WNC CSR Achievements

Overall

- WNC ranked among the top 50 in the "Large Enterprises" group for the Excellence in CSR by the Commonwealth Magazine Group.
- WNC's overall performance in CSR was ranked "Gold Level" by EcoVadis.
- We won the Asiamoney "Best for Shareholders' Rights and Equitable Treatment" and "Best for Responsibilities of Management and the Board of Directors" in Asia and Taiwan.
- WNC amended its internal regulations, including the "Corporate Social Responsibility Best-Practice Principles" and the "Corporate Governance Best-Practice Principles" in accordance with the recommendations of the TWSE as well as the conditions in which they were actually implemented.
- The EICC internal audit has been completed at the Taiwan and China sites to ensure the implementation and effectiveness of operations.
- S1 operations have been initiated, and it is now a major manufacturing base for the company. The quality management system, environmental management system, occupational safety and health management system, and information safety management system of S1 have been certified for expansion.

Participation in Society

- We initiated the "Tunan Elementary School Development Program" and invited employees to collect funds for the repair of the school. We also encouraged customers and suppliers to join us for fundraising.
- We invited charities to set up stalls in the bazaar area during our "Sport & Family Day" event. A total of NT\$45,530 was raised at the bazaar.
- We cooperated with "iGoods", and our employees donated 269 items based on the requests sourced from iGoods.

Products and Services

- Hsinchu Science Park R&D Accomplishment Award
- 2016 CES Innovation Awards (24GHz Radar System & Smart Shelf System)
- 2016 IT World Awards® (24GHz Radar System)

Economic Performance

- "Award for International Trade—Contribution to Primary Market Expansion Award" from the Ministry of Economic Affairs

Labor & Human Rights

- Five days of annual leave allotted to new employees starting from April 2016

Occupational Health & Safety

- Implemented earthquake and emergency-response drills at S1
- WNC (Kunshan) won the first prize in the Group category of the Enterprise Workers Fire Fighting Skills Competition in the Kunshan Development Zone.

Employee Care

- Initiated the "Goodie Bag for WNC Moms" project
- Free flu shots program: A total of 759 participants; the vaccination rate was approx. 29.8%.

WNC

TOP
20%

among all companies in the corporate governance evaluation

7 years
of positive growth
of revenue





Completion of the CSR audit for
67 suppliers



Completion of the contractor safety and health performance evaluation system for
88 contractors

WNC was included as a component of the **"TWSE Corporate Governance 100 Index (CG 100)"** and the **"Taiwan High Compensation 100 Index (HC 100)"** by the Taiwan Stock Exchange (TWSE).

2016 Targets and Effects

Item		2016 Targets		2016 Results	Remarks	2017 Targets
 Environmental	Energy Saving Rate	Taiwan:	1% per year	The energy saving rate for WNC (Taiwan) and S1 was 0.1% and 1.2%, respectively.	In 2016, we constructed the S1 plant; production equipment was moved and production was expanded in Taiwan. Productivity also increased continuously in China. As a result, the absolute power consumption, water consumption, and amount of waste increased significantly. In 2017, we will adjust our target for reduction of consumption of various energies and resources to reflect the actual energy and resource consumption for different operating environments.	The energy saving rate per year shall be 1%.
	Amount of Wastewater	Taiwan:	6% wastewater reduction compared to 2011	Wastewater was reduced by 1.8% compared to 2011.		The S1 production line is expanding. We will set a new target after productivity stabilizes.
	Greenhouse Gas Emissions	Taiwan:	We set 2011 as the base year for GHG emissions and aim to decrease carbon emissions by 6% by 2016.	Greenhouse gas emissions increased by 71.6%.		We set the current year as the base year to reduce greenhouse gas emissions by 1% per year.
		China:	We set 2015 as the base year and aim to reduce greenhouse gas emissions by 2% in 2016.	Greenhouse gas emissions were increased by 13.4%.		We set 2016 as the base year and aim to reduce greenhouse gas emission intensity by 2% at China sites.
	Waste Recycling Rate	Taiwan:	Up to 70%	The waste recycling rate was 70%.		--
 Value Chain	Customer Satisfaction Survey	We set our customer satisfaction score target for 2016 at "90".		We received a customer satisfaction score of "94".	--	"90"
	Number of Suppliers that completed the CSR Audit	We aim to complete the CSR audit for 53 suppliers.		67 suppliers	--	60 suppliers
	Number of Suppliers	We use the number of suppliers at the end of 2014 as the base and aim for a 30% reduction.		We reduced the number of suppliers by 30% by the end of the year.	--	--

Energy/Resource Usage and Savings in 2016

Item (unit)	Electricity			Water					Greenhouse Gas		Waste	
	Total Electricity Consumption (GJ)	Electricity-use Intensity (GJ/NT\$ million)	Percent Of Total Electricity Saved (%)	Total Water Consumption (m ³)	Average Water Consumption Per Person (m ³ /person)	Total Wastewater (m ³)	Average Wastewater Per Person (m ³ /person)	Amount of Recycled Water (%)	Greenhouse Gas Emissions (tonnes CO ₂ e)	Greenhouse Gas Emission Intensity (tonnes CO ₂ e/NT\$ million)	General Waste (tonnes)	Hazardous Waste (tonnes)
Taiwan	112,612	2.17	1.3	105,273	39.6	29,739	11.2	29.0	16,643	0.32	52.63	80.93
WNC (Taiwan)	39,253	--	0.1	47,159	33.0	17,042	11.9	64.7	5,853	--	--	--
S1	73,359	--	1.2	58,114	47.4	12,697	10.3	--	10,790	--	--	--
China	185,646	5.76	1.8	278,913	43.4	139,447	21.7	3.3	45,254	1.40	2,621.98	212.43
WNC (Kunshan) ^{Note}	61,226	4.06	2.2	86,876	32.8	43,438	16.4	10.7	15,480	1.03	2,283.00	209.58
Wistron NeWeb (Kunshan)	102,662	7.22	1.2	167,264	68.3	83,632	34.2	--	24,144	1.70		
WebCom (Kunshan)	20,985	7.44	3.3	22,711	18.6	11,356	9.3	--	5,630	1.93	338.98	2.85
WebCom (Nanjing)	773		6.3	2,062	18.2	1,021	9.0	--	--	--	--	--

Note: WNC (Kunshan)'s data includes amounts of power consumption, water consumption, and wastewater at NeWeb Service.

Sustainable Management

Policies and Policy Promotion

WNC Corporate Responsibility Policy

- We are committed to striving for sustainable development. Our business strategies must include comprehensive considerations of economic, environmental, and social aspects to reach an optimal balance and continuous improvement.
- We design and produce products and services that enhance the convenience of people's lives while minimizing the impact on the environment.
- We provide employees with fair and reasonable remuneration according to average levels in the industry and offer training programs for developing employees' competence and expertise.
- We offer a healthy and safe workplace and implement systematic environmental-safety-management measures, doing our best to prevent environmental pollution and occupational injuries.
- We only cooperate with suppliers complying with our CSR policies. Suppliers are required to strictly follow the laws and regulations that WNC and its customers comply with.
- We achieve high customer satisfaction with high quality and efficiency and maintain long-term partnerships with customers.
- We maintain healthy corporate governance, financial structures, and forward-looking business plans to provide our investors with appropriate returns.
- We respect the community and society we live in and are willing to exercise our duty as a corporate citizen to offer our assistance.

Starting in 2012, WNC established and secured approval from the Board of Directors for the "Corporate Social Responsibility Best-Practice Principles", the "Corporate Governance Best-Practice Principles", the "Ethical Corporate Management Best-Practice Principles", and the "Code of Ethical Conduct". In 2016, WNC updated "Corporate Social Responsibility Best-Practice Principles" in accordance with the recommendations of the TWSE and the conditions in which they were actually implemented. The Marketing Division assists in driving the policies on corporate social responsibility and sustainable

development. Functional units of different job responsibilities cooperate with one another to implement related measures based on company policies. Each functional unit also watches closely for the changes of international initiatives and regulations to examine, in a timely manner, whether related management methods and operations procedures shall be modified. Functional units shall report the annual performance to the Chairman & CEO.

The organization team of WNC's Corporate Social Responsibility Report (referred to as Report) is formed by the Marketing Division, Human Resources Administration Division, Global Manufacturing Plants, Global Supply Chain Management Division, Quality Assurance Division, Management Information System Division, Legal & IP Center, Finance Division, Audit Office and EICC Management Committee. The Marketing Division is in charge of coordination, information gathering, editing, design, layout arrangement and verification. It invites the top managers of related units to appoint representatives to serve as members of report organization team. The Marketing Division holds the project kick-off meeting for report organization at the end of the year to explain and discuss the work plan of the annual report. Members of the organization team and the representative of the Marketing Division (responsible for the report) take the responsibility for gathering, discussing and reviewing sustainability topics based on their interaction with stakeholders in daily work.

They summarize the outcome of their work in the year into the annual report and submit the report to the Chairman & CEO for final approval. They complete the external verification regularly in Q2 and publish the annual report from last year in June.

WNC Corporate Social Responsibility Report Organization Team



EICC Management Committee

WNC voluntarily abides by the Electronic Industry Citizenship Coalition's (EICC) Code of Conduct and adopted its own WNC EICC Code of Conduct for all WNC employees, subsidiaries, and suppliers to follow. We expect that our value chain partners follow principles of business integrity and abide by local and international regulations as well as engaging in environmental protection, ESH, and labor-rights protection to fulfill our corporate social responsibilities.

The WNC EICC Management Committee is established both at the WNC headquarters in Taiwan and at our China sites. The committee directs WNC's CSR and EICC implementation efforts. The Chairman & CEO serves as the highest-level manager to report issues to. Major issues shall be submitted to the Board of Directors for examination and resolution.

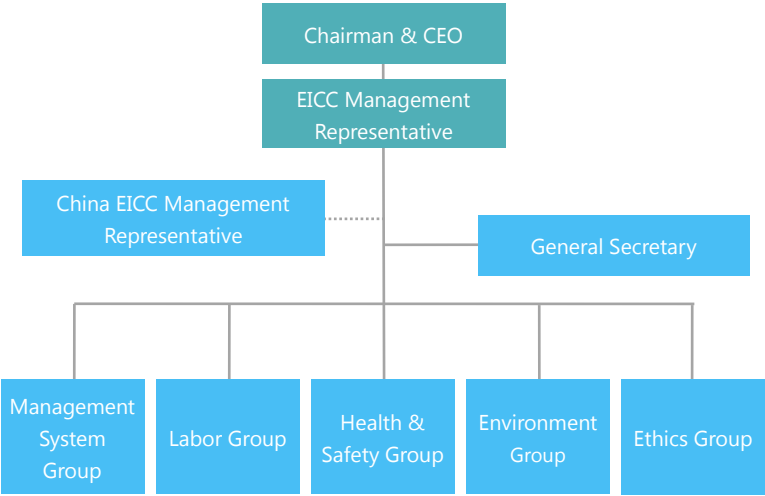
The WNC EICC Management Committee consists of the Environmental Group, Health and Safety Group, Labor Group, Ethics Group, and Management System Group. Each functional unit (including the Global Supply Chain Management Division, Quality Assurance Division, Finance Division, Human Resources Administration Division, Management Information System Division, Marketing Division, and Legal & IP Center) shall assign representatives to serve as the officers for each group, and the officers shall convene management review meetings every year to discuss corporate social responsibility and the EICC-related issues, assess the risk in the EICC management system and set Key Performance Indicators (KPIs). In addition to the bi-annual performance examination, the officers carry out the EICC internal audit every year to ensure the effectiveness and completeness of the management system. For specific customer needs, interim meetings are also convened. With regard to issues related to each group, relevant functional units are responsible for the items' discussion and resolutions as well as the

execution and review of the resolution items. In 2016, in response to the release of the EICC Code of Conduct version 5.1, WNC organized EICC workshops to discuss the version differences of the Code with responsible units and propose relevant measures to enhance EICC conformity.

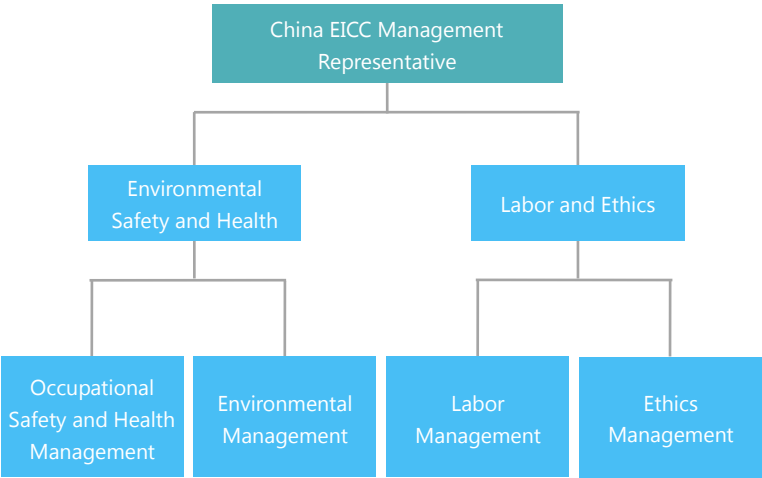
To conform to industry standards and respond to customer requirements, as well as following international trends of increased emphasis on issues such as labor, health and safety, environmental protection, and ethics, staff at the WNC Taiwan and the China sites carry out the EICC internal audit every year and completed the EICC Validated Audit Process (VAP) in Q4 2015 for the first time. China sites conducted the follow-up audit of VAP in 2016. These audits were carried out in order to assess the effectiveness of the WNC EICC management system in a fair and objective manner. We implement the plan for the improvement of the working hour and social insurance progressively based on the result of VAP audit. We reinforce the daily work for enhancing environmental protection, health and safety to continue to improve the EICC management system.

To enable all WNC employees to better understand the meaning of corporate social responsibility, WNC provides CSR/EICC online training courses during the orientation for new employees to promote the concept and the policies of CSR/EICC. On-line and live classroom course updates are also provided if necessitated by regulatory requirements, policy implementation, or customer requirements. The Marketing Division collaborated with the WNC EICC Management Committee in compiling the WNC CSR Employee Handbook. The handbook was published in the CSR KM section on the Company's internal website. In 2016, China sites held an EICC education training for employees of management units of suppliers. We hope to help them to implement the EICC concept in management through the introduction of EICC regulations and explanation of cases.

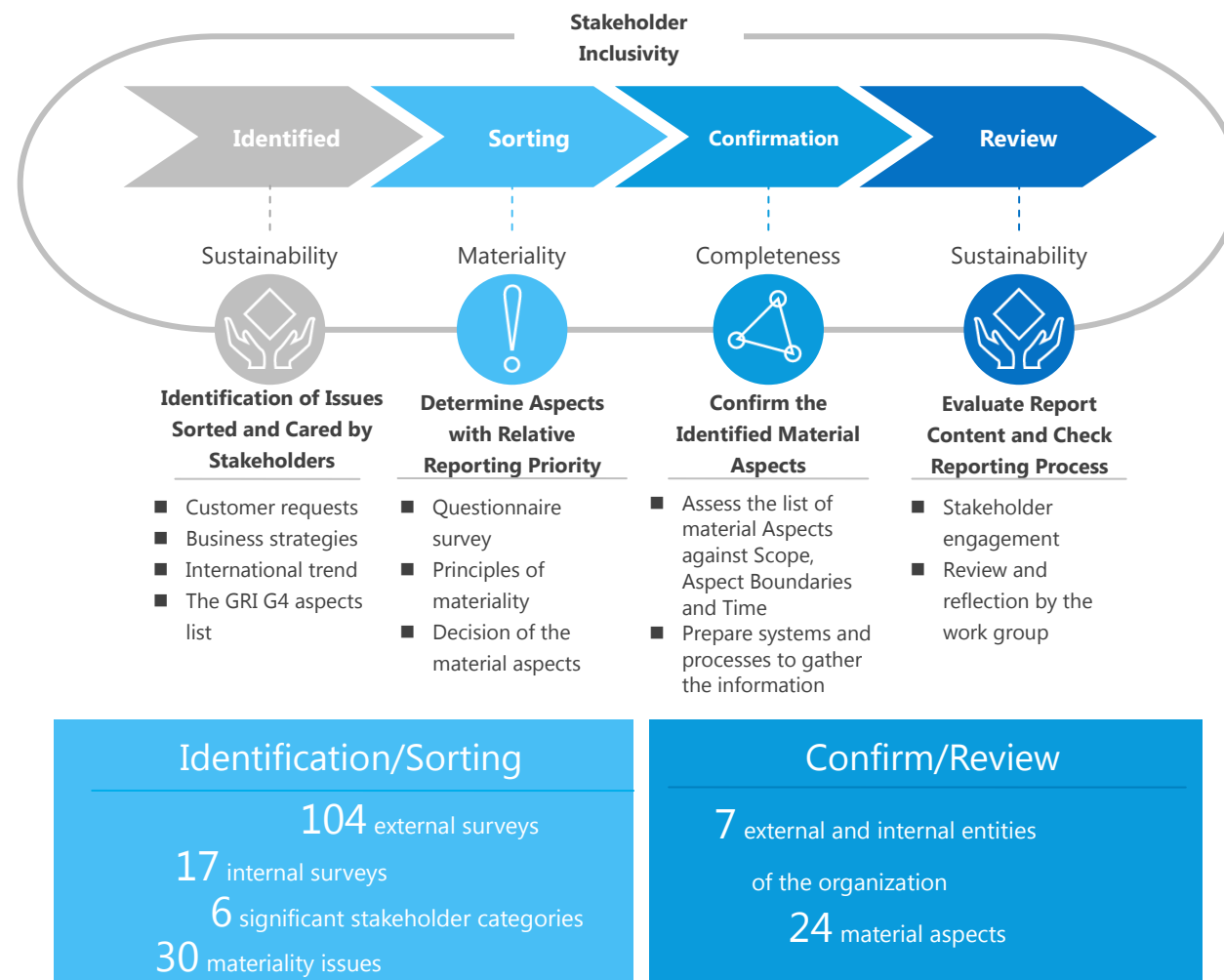
Structure of EICC Management Committee: WNC (Taiwan)



Structure of EICC Management Committee: China Sites



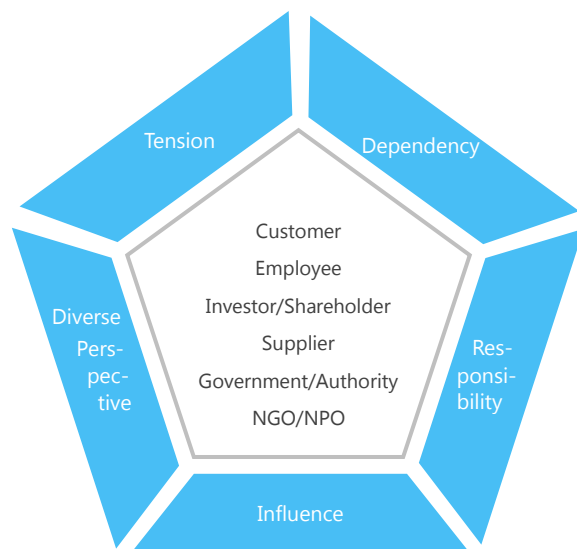
Communication with Stakeholders



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.

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.

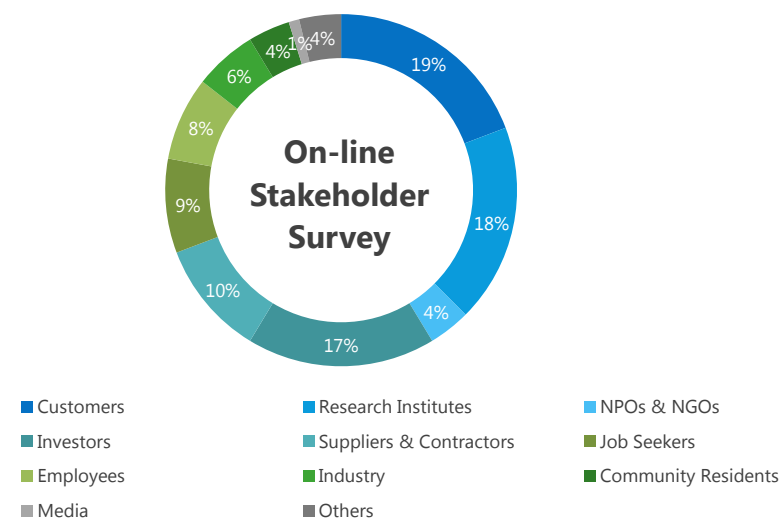


Identification of Materiality Issues

We interact with stakeholders through daily operation. We gather reports on international trends related to corporate social responsibility and issues of customer requests and the subjects that the industry and third-party evaluation organization focus on. 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 collect a total of 45 sustainability topics which are categorized into overall, economic-, environmental-, social-, and product-responsibility aspects.

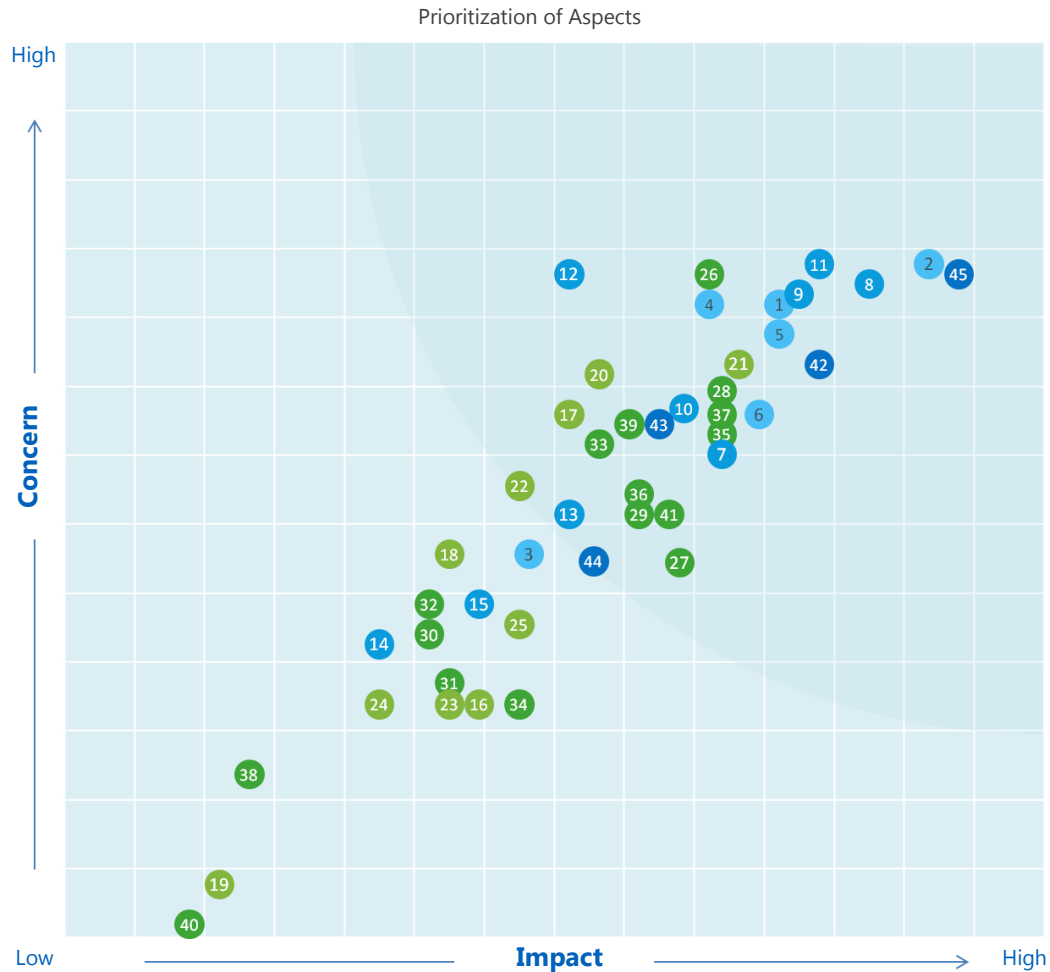
- Internal: Corporate culture, operational principles, job function and plans of each unit, corporate social responsibility code of conduct, employee communication channels, the results of the on-line stakeholder survey (referred to as the external survey), and the results of a survey of the issues of interest to responsible personnel from each unit and to stakeholders (referred to as the internal survey).
- External: International trends and regulations, customer requirements, business-peer-based practices, Electronic Industry Code of Conduct (EICC), third-party evaluation organizations (EcoVadis), environmental database management platform (Ecodesk), Bloomberg ESG Survey, the NQC common technical platform, 2016 TCSA (Taiwan Corporate Sustainability Awards), GVM CSR Survey, evaluation items of Excellence in Corporate Social Responsibility Award: Large Enterprises Group, from Commonwealth Magazine, the Sustainability Topics for Sectors published by GRI, and The Global Risks Report 2017 published by the World Economic Forum.

To collect various types of feedback from stakeholders, we post external surveys in the Stakeholder Section on WNC's Website for our stakeholders to provide their feedback. We received 104 surveys in 2016 and approx. 86% of them were filled out by stakeholders in the six significant stakeholder categories. Business and functional units determine the aspects that are substantive and require a particular attention based on daily operation. We wanted to identify these aspects and conducted an internal survey on employees selected by their respective unit heads. A total of 17 surveys were collected.



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). We wish to integrate the internal survey with external stakeholders. We weighted the score of the question "twenty issues that stakeholders concern the most" by 5%. The score of this question is calculated based on the statistics of the results of the external survey. 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. Aspects with an average score of 3.5 or higher on “the level of concern of stakeholders to the particular aspect” and “the level of impact of the aspect on WNC’s operations” are considered major aspects of interest; there are a total of 30 such aspects. Among these aspects, six of them are general standard disclosures and 24 of them are major aspects.

TOP 10 in Terms of Concern	TOP 10 in Terms of Impact
Technology R&D	Technology R&D
Compliance with Regulations	Compliance with Regulations
Grievance Mechanisms	Customer Privacy
Quality Service	Quality Service
Customer Health & Safety	Risk Management
Customer Privacy	Occupational Safety & Health
Human Rights Training and Investment	Supplier Management
Economic Performance	Forced or Compulsory Labor
Forced or Compulsory Labor	Customer Health & Safety
Occupational Safety & Health	Supplier Management



Overall		23	Energy Saving & Carbon Reduction Effects
1	Stakeholder Engagement	24	Transport
2	Compliance with Regulations	25	Environmental Expenditure
3	Information Transparency	Social	
4	Grievance Mechanisms	26	Employment
5	Supplier Management	27	Labor/Management Relations
6	Risk Management	28	Occupational Safety & Health
Economic		29	Training & Education
7	Corporate Governance	30	Diversity & Equal Opportunity
8	Technology R&D	31	Equal Remuneration for Women and Men
9	Quality Service	32	Human Rights Training and Investment
10	Business Ethics	33	Anti-discrimination
11	Economic Performance	34	Freedom of Association & Collective Bargaining
12	Stockholders' Equity	35	Child Labor
13	Local Employment	36	Conflict Minerals
14	Economic Impacts	37	Forced or Compulsory Labor
15	Local Procurement	38	Local Communities
Environmental		39	Anti-corruption
16	Materials	40	Public Policy
17	Energy Resource & Waste Management	41	Anti-competitive Behavior
18	Water	Product Responsibility	
19	Biodiversity	42	Customer Health & Safety
20	Carbon Emission Management	43	Product & Service Labeling
21	Effluents and Waste	44	Marketing Communications
22	Green Product Management	45	Customer Privacy

This report addresses and responds to the major issues relating to these 30 major issues. Please refer to the GRI index for the actual disclosure and corresponding chapters. The aspects of major importance to WNC but not included in the GRI G4 indexes are categorized as “others”.

In view of the 30 major issues 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 WNC Taiwan (including headquarters and S1), the branches in Kunshan, China (including WNC (Kunshan) Corporation, Wistron NeWeb (Kunshan) Corporation, and WebCom Communication (Kunshan) Corporation–Kunshan Plant), and customers, suppliers and contractors outside of WNC.

● Material, disclosed in report ○ Material

Aspect	Materiality Issues	GRI G4 Index	Relevant Chapter	Within the Organization				Outside of the Organization		
				WNC	WNC (Kunshan)	Wistron NeWeb (Kunshan)	WebCom	Customer	Supplier	Contractor
Overall	Sustainable Management	G4-1	A message from the CEO	●	●	●	●			
	Compliance with Regulations	EN29, SO8, PR9	4.2.4, 2.2.3, 1.3.1	●	●	●	●	●	●	●
	Grievance Mechanisms	EN34, LA16, HR12, SO11	2.2.4, 3.1.3	●	●	●	●	●	●	●
	Supplier Management	EN32 – EN33, LA14 – LA15 HR10 – HR11, SO9 – SO10	5.1.2, 5.1.6	●	●	●	●		●	
	Risk Management	G4-2	2.3	●	●	●	●			
Economic	Corporate Governance	G4-34, G4-56	2.11.1	●	●	●	●			
	Technology R&D	G4-4	1.3	●	●	●	●			
	Quality Service	G4-4	1.3	●	●	●	●			
	Business Ethics	G4-56	1.1	●	●	●	●			
	Economic Performance	EC1–EC4	1.2, 2.2.2, 2.3.3, 3.3.3	●	●	●	●	○		
	Stockholders' Equity	EC1	1.2	●	●	●	●			
	Local Employment	EC5–EC6	3.3.1, 3.2.2	●	●	●	●			
Environmental	Energy Resource & Waste Management	EN3–EN6	4.4.1, 4.4.2	●	●	●	●	○	○	
	Carbon Emissions Management	EN15–EN19	4.3, 4.4.1	●	●	●	●			
	Effluents and Waste	EN22–EN23	4.4.1, 4.2.4	●	●	●	●			●
	Green Product Management	PR1	1.3, 4.1	●	●	●	●	●	●	

Aspect	Materiality Issues	GRI G4 Index	Relevant Chapter	Within the Organization				Outside of the Organization		
				WNC	WNC (Kunshan)	Wistron NeWeb (Kunshan)	WebCom	Customer	Supplier	Contractor
Social	Employment	LA1–LA3	3.2.2, 3.3, 3.1.2	●	●	●	●			
	Labor/Management Relations	LA4	6.2	●	●	●	●	○		
	Occupational Safety & Health	LA5–LA6	3.5.1	●	●	●	●			●
	Training & Education	LA9–LA11	3.4	●	●	●	●			
	Anti-discrimination	HR3	3.1	●	●	●	●	○		
	Child Labor	HR5	3.1.1	●	●	●	●	○	●	
	Conflict Minerals	OTHERS	5.1.5	●	●	●	●	○	●	
	Forced or Compulsory Labor	HR6	3.1.1	●	●	●	●	○	●	
	Anti-corruption	SO3–SO5	2.2, 2.3, 3.4.4	●	●	●	●	○		
	Anti-competitive Behavior	SO7	2.2	●	●	●	●	○		
Product Responsibility	Customer Health & Safety	PR1	1.3.1, 4.1	●	●	●	●	○	●	
	Product & Service Labeling	PR1	1.3.1, 4.1	●	●	●	●	●	●	
	Marketing Communications	PR6	1.3.1	●	●	●	●	●	●	
	Customer Privacy	PR8	5.2.1	●	●	●	●	●	●	

Response to Stakeholders

To address issues of stakeholder concern, corresponding responsible units or project teams are assigned. We hope to understand the stakeholders' 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.

The general communication channels we use are the [WNC website](#), the [Market Observation Post System](#), public e-mail (please log on to [the WNC website About WNC Contact Us](#)), [the](#)

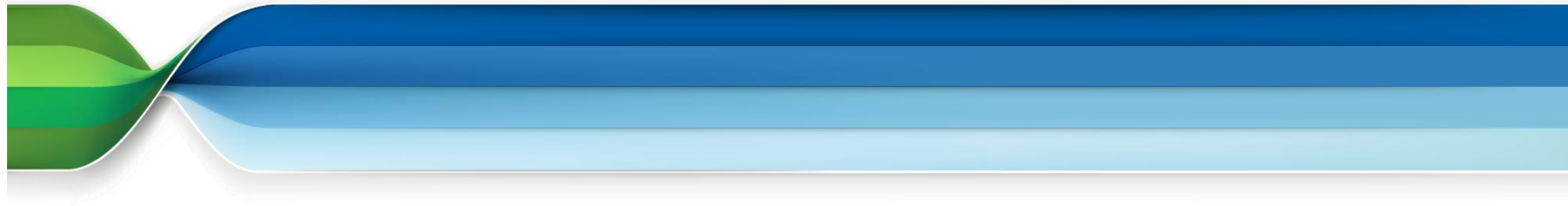
[WNC Annual Report](#), and [the WNC CSR Report](#). Stakeholders are encouraged to obtain the latest news from the WNC website and the Market Observation Post System or e-mail our related departments. Our Annual Report and CSR Report also cover WNC's financial performance and non-financial performance 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. In 2016, there was no complaint regarding work environments, labor practices, human rights practices, or social impact.

Stakeholder	Issue	Responsible Unit	Relevant Chapter	Communication Mechanisms	Communication Frequency	Communication Result in 2016
Customer	■ Products and services	■ Business Unit	1.3	Customer satisfaction survey	Once a year	<ul style="list-style-type: none"> ■ Six major customers went to Taiwan to complete the on-site audit for green products. ■ We earned a score of "94" for customer satisfaction and exceeded our goal (90 points).
	■ Supplier management	■ QA Div.	5.1	Customer questionnaire or on-site audit	Upon request	
	■ Human rights	■ HR Adm. Div.	3.1	Project review meeting	Upon request	
	■ Energy resource & waste management	■ Industrial Safety Office	4.4	Customer-complaint management	Upon request	
	■ ESH management	■ EICC Management Committee	3.5	Global Service Center and after-sales service	Upon request	
	■ Risk management		2.3			
Employee				Employee Representative Committee	Quarterly	<ul style="list-style-type: none"> ■ We responded to 99% and 100% of the questions submitted in Taiwan and China (respectively) through the communication channel. ■ The turnover rate for Taiwan sites is 12.0%, and the number of employees leaving their job is 28.3% less than in 2015. ■ A total of 304 IDL employees at WNC Taiwan were nominated for promotions; 115 of them were female.
				Occupational Safety and Health meeting	Quarterly	
	■ Human rights	■ HR Adm. Div.	3.1	Employee Welfare Committee	Quarterly	
	■ Labor/Management relations	■ Industrial Safety Office	3.2	Employee questionnaire	Upon request	
	■ Remuneration	■ Employee Welfare Committee	3.3	Company Portal	Updated upon request	
	■ Training & education		3.4	Freshman seminar	Monthly	
	■ ESH management		3.5	CEO seminar	Quarterly	
				Performance interview and appraisal	Semi-annually	
Investor/ Shareholder	■ Corporate governance	■ Board of Directors	2.1	Shareholders' meeting	Once a year	<ul style="list-style-type: none"> ■ WNC was rated in the top 20% among all companies in the second Corporate Governance Evaluation. ■ The consolidated revenue is 1.14% higher than last year.
	■ Economic performance	■ IR Office	1.2	Investor conference	Semi-annually	
	■ Stockholders' equity	■ Business Unit	1.3	Investor query	Approx. 40 meetings per year	
	■ Products and services					

Stakeholder	Issue	Responsible Unit	Relevant Chapter	Communication Mechanisms	Communication Frequency	Communication Result in 2016
Supplier/ Contractor	<ul style="list-style-type: none"> ■ Products and services ■ Supplier management ■ Contractor management 	■ Business Unit		SMS portal	Updated upon request	<ul style="list-style-type: none"> ■ Sixty-seven suppliers have undergone the on-site CSR audit. ■ A total of 101 WNC suppliers participated in the Wistron Group Vendor Conference. ■ A total of 88 contracts in Taiwan have undergone the contractor safety and health performance evaluation system.
		■ QA Div.				
		■ Industrial Safety Office	1.3 5.1	Supplier performance evaluation	Quarterly	
		■ Supply Chain Management Division	5.3	Supplier audit/contractor evaluation	Once a year	
Government Authority	<ul style="list-style-type: none"> ■ Compliance with regulations ■ ESH management ■ Energy resource & waste management ■ Grievance mechanisms 			Supplier conference	Once a year	<ul style="list-style-type: none"> ■ We won accolades from the "Excellent Breastfeeding Room Certification Campaign" organized by the Department of Health, Hsinchu County Government. ■ WNC (Kunshan) won the first prize in the "Group" category of the Enterprise Workers Fire Fighting Skills Competition in the Kunshan Development Zone.
		■ Finance Div.	2.2.3	Official documents/questionnaires	Non-periodic	
		■ Legal & IP Center	3.5	Awards	Non-periodic	
		■ HR Adm. Div.	4.4	Regulatory seminars/ forums/ industry-association activity	Non-periodic	
NGO/ NPO	<ul style="list-style-type: none"> ■ Human rights ■ Green products ■ Energy resources & waste management ■ Grievance mechanisms 	■ Marketing Div.	2.2.4			<ul style="list-style-type: none"> ■ Responded to the CDP Survey ■ Ranked among the top 50 in the "Large Enterprises" group for the Excellence in CSR by the Commonwealth Magazine Group ■ Silver Award from the Ninth TCSA (Taiwan Corporate Sustainability Awards)
		■ HR Adm. Div.	3.1	NGO/NPO website	Non-periodic	
		■ QA Div.	4.1	Participation in industrial alliance organizations	Non-periodic	
		■ Marketing Div.	4.4 2.2.4	Participation in NGO/NPO activities	Non-periodic	

01



Creating Multiple Values

Corporate Operations

Operational Performance

Products and Services

Intellectual Property

1.1 Corporate Operations

We are specialized in the design, R&D and manufacturing of communication products. We provide complete technical support for RF antenna design, software and hardware design, mechanism design, system integration, interface development, product testing and certification. We offer technical services for short/medium/long distance communication. We provide consumer, enterprise-level, industrial grade and vehicle products. We have been devoted in network communication, digital home, satellite broadcasting and smart driving assistance for many years. We have been continuously working with world-class companies.

Company Name	Wistron NeWeb Corporation
Chairman & CEO	Haydn Hsieh
Headquarters	Hsinchu, Taiwan
Established	Dec. 7, 1996
Public Listing	Sept. 22, 2003 (Stock code: 6285)
2016 Capital	NT\$3.531 billion
2016 Revenue	NT\$52.779 billion (Consolidated)
2016 Total Employees	9,123 people (Global)

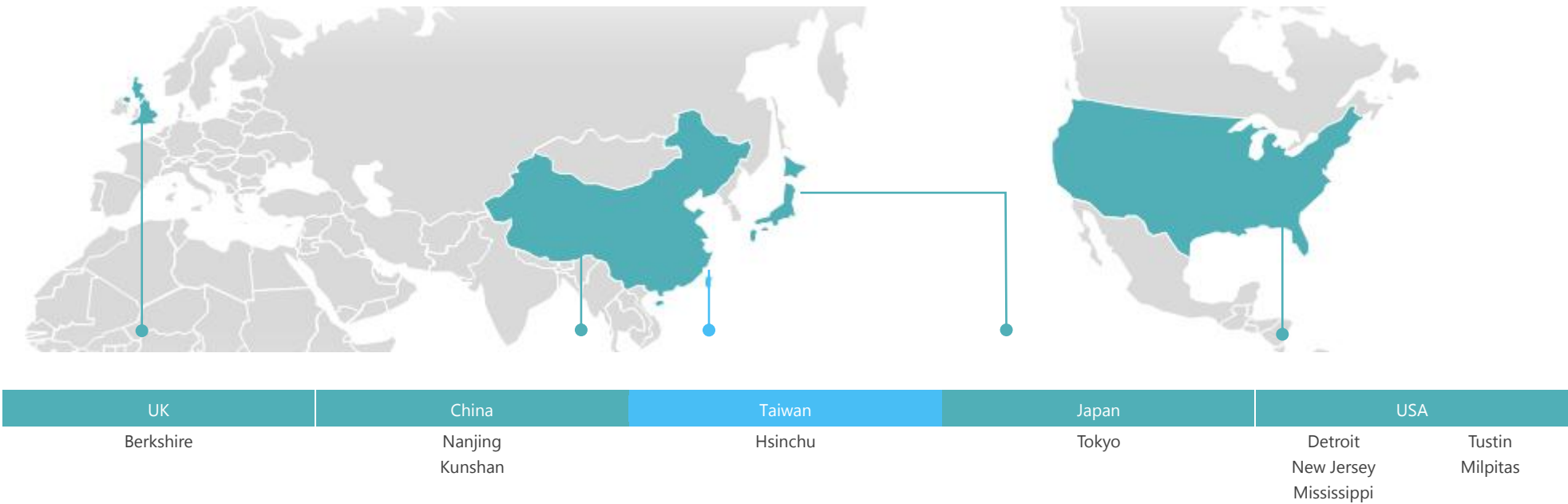
Vision	WNC's vision is to become the global leader in wireless technology and in communication-network technology integration to provide customers with complete wireless communication total solutions with professional communication technology.			
Goal	Our goal is to organize a team with high morale to execute our high value-added business model and maintain efficiency. This will help us achieve customer satisfaction with our service quality and that of our shareholders with our overall operating performance.			
Culture	<p>Fundamentals Advocacy, Teamwork, Customer Focus, and Value Creation are WNC's core corporate values that steer our corporate culture.</p> <p>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.</p> <div><div><div>Fundamentals</div><div>WNC has always focused on training to build a sturdy corporate foundation. We hope to establish an environment of mutual trust in an open, just, and fair manner.</div></div><div><div>Teamwork</div><div>We learn from innovative management and teamwork to establish a sustainable cooperative relationship with our customers through efficient and high-quality performance. This helps us develop a broader vision and leaner initiatives.</div></div><div><div>Customer Focus</div><div>We work hard to enhance customer satisfaction, create flexible business models and positive experience of cooperation, and establish sustainable partnerships with customers.</div></div><div><div>Value Creation</div><div>We solidify our core competence through innovation, continuous learning, and strengthened management. This also enables us to improve our competitiveness, creating higher and multiple shared values.</div></div></div> <div><div><div>Ten Beliefs</div><div><div><div>1.</div><div>Strive for the highest quality.</div></div><div><div>2.</div><div>Achieve effective execution.</div></div><div><div>3.</div><div>Shoulder responsibility bravely and take the initiative proactively.</div></div><div><div>4.</div><div>Abide by integrity and act with moral courage.</div></div><div><div>5.</div><div>Promote teamwork.</div></div><div><div>6.</div><div>Observe discipline strictly. Distribute rewards and punishments fairly.</div></div><div><div>7.</div><div>Be eager to learn and share.</div></div><div><div>8.</div><div>Be customer-focused.</div></div><div><div>9.</div><div>Reinforce cost consciousness and create the most profits.</div></div><div><div>10.</div><div>Be an industry benchmark.</div></div></div></div><div><div><div>Ten Principles</div><div><div><div>1.</div><div>Do not argue with the customer's perception.</div></div><div><div>2.</div><div>Do not disclose confidential company matters without authorization.</div></div><div><div>3.</div><div>Do not take credit from others nor shirk responsibilities.</div></div><div><div>4.</div><div>Do not bribe or take bribes.</div></div><div><div>5.</div><div>Do not use public resources for private interest.</div></div><div><div>6.</div><div>Do not behave with departmental egoism or selfish manners.</div></div><div><div>7.</div><div>Do not risk the company's reputation by making inappropriate statements in public.</div></div><div><div>8.</div><div>Do not exaggerate nor understate.</div></div><div><div>9.</div><div>Do not be hypocritical or bureaucratic.</div></div><div><div>10.</div><div>Do not be tardy for work and meetings nor leave early.</div></div></div></div></div></div>			

1.1.1 Worldwide Locations

WNC Taiwan's sites are located in Hsinchu Science Park, including the headquarters on Park Avenue II and S1 on Lihsin Rd. VI (put into formal use in June 2016). We have service of manufacturing sites in the U.S., the U.K., Japan and China to provide comprehensive solutions and local support. WNC (Taiwan) is a combination of office and factory facilities, where all business functions are performed (such as R&D, production and manufacturing, sales, logistics, and after-sales service). Its operations are responsible for coordinating customer needs and resource logistics from its global sites. 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 plant, 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.

Please refer to WNC's website www.wnc.com.tw for detailed worldwide location information.



1.1.2 Achievements



- 2016 CES Innovation Award (24GHz Radar System)
- 2016 IT World Awards® (24GHz Radar System)
- 2016 CES Innovation Award (Smart Shelf System)
- Hsinchu Science Park R&D Accomplishment Award
- Award for International Trade—Contribution to Primary Market Expansion Award of the Ministry of Economic Affairs
- Silver Award from the Ninth TCSA (Taiwan Corporate Sustainability Awards)
- Ranked in the top 50 in the "Large Enterprises" group for the Excellence in CSR by the CommonWealth Magazine Group
- Annual audit result in CSR Ranked as Gold Level by EcoVadis in 2016
- We won the Asiamoney "Best for Shareholder' Rights and Equitable Treatment" and "Best for Responsibilities of Management and the Board of Directors" in Asia and Taiwan.
- First Prize in the Group category of the Enterprise Workers Fire Fighting Skills Competition in the Kunshan Development Zone



- Hsinchu Science Park R&D Accomplishment Award
- Silver Award from the Eighth TCSA (Taiwan Corporate Sustainability Awards)
- Ranked in the top 50 in the "Large Enterprises" group for the Excellence in CSR by the CommonWealth Magazine Group
- Annual audit result in CSR Ranked as Gold Level by EcoVadis in 2015
- First Prize in the Group category of the Enterprise Workers Fire Fighting Skills Competition in the Kunshan Development Zone
- Third Prize in the Taiwan Enterprises Environmental Protection and Safe Production Knowledge Contest in the Kunshan Development Zone



- The Hsinchu Science Park Innovative Product Award (High Sensitivity RFID Antenna and Reader System)
- Bronze Award from the TCSA (Taiwan Corporate Sustainability Awards)
- Annual audit result in CSR Ranked as Gold Level by EcoVadis in 2014

Taiwan Corporate Sustainability Report Award Silver Medal for two years

WNC's overall performance in CSR was ranked as Gold Level by EcoVadis for three years



1.1.3 Management Systems

The 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:

Management Systems of WNC (Taiwan) and its Subsidiaries

	WNC Head-quarters	S1	WNC (Kunshan)	Wistron NeWeb (Kunshan)	WebCom (Kunshan)	NeWeb Service
ISO 9001	1998	2016	2006	2006	2008	2016
ISO/TS 16949	2005	2016	2009			
IECQ QC 080000	2011	2016	2011	2015	2011	
ANSI/ESD S20.20	2011	2016	2011	2013	2016	
ISO 14001	2005	2016	2006	2006	2009	
ISO 14064-1 ^{Note}			2016	2016	2016	
OHSAS 18001	2008	2016	2012	2012	2012	
TL 9000	2014	2016	2014			
ISO/IEC 27001	2014	2016	2015	2015	2015	
ISO/IEC 17025	2015					
FSC® Chain-of-Custody	2015					
CNS 15506: 2011	2015	2016				

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

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 June 2016, S1 has been initiated and used as the major manufacturing base. It was certified under the ISO 9001 International QC System Verification, ISO 14001 international Environmental Management System, OHSAS 18001 Occupational Safety and Health Management System, CNS 15506:2011 TOSHMS (Taiwan Occupational Safety and Health Management System), ISO/IEC 27001 Information Security Management System, ANSI/ESD S20.20 Electronic Discharge Control Program and IECQ QC 080000 Hazardous Substances Procedure Management Standard by the end of 2016. In China sites, WNC (Kunshan) Corporation, Wistron NeWeb (Kunshan) and WebCom (Kunshan) have completed the ISO 14064-1 Greenhouse Gas Inventory Management System Verification every year. In 2016, NeWeb Service obtained the ISO 9001 International QC System Verification. WebCom (Kunshan) obtained the ANSI/ESD S20.20 Electronic Discharge Control Program certifications.

1.1.4 Industry Association Memberships

WNC's technology and product scope is broad. Therefore we actively participate in related industry associations and the activities they host to acquire the most up-to-date industry and technology-related information and maintain good relations with corporations and organizations in related fields. The external organizations in which WNC participated in 2016 include:

- Taiwan Electrical and Electronic Manufacturers Association and Communications Industry Alliance
- Taipei Computer Association and Taiwan Internet of Things Alliance
- Taiwan Thermal Management Association
- The Allied Association for Science Park Industries
- Cloud Computing & IoT Association in Taiwan
- Taiwan Association of Information and Communication Standards
- Taiwan Telematics Industry Association
- Device Language Message Specification (DLMS) User Association
- Digital Living Network Alliance (DLNA)
- Global Certification Forum (GCF)
- Global TD-LTE Initiative (GTI)
- Multimedia over Coax Alliance (MoCA)
- RAIN RFID Alliance
- The International Wireless Industry Consortium (IWPC)
- Bluetooth SIG
- USB Implementers Forum (USB-IF)
- Frog by Wyplay
- Automatic Identification and Mobility (AIM)
- Reference Design Kit (RDK)
- Open Network Video Interface Forum (ONVIF)
- RVU Alliance
- Thread Group
- Wi-Fi Alliance (WFA)
- ZigBee Alliance

1.2 Operational Performance

WNC announced that its 2016 non-consolidated revenue was NT\$52,009,586 thousand, drop 0.8% YoY. Consolidated revenue was NT\$52,779,497 thousand, up 1.14% YoY. Net income was NT\$2,042,600 thousand, up 3.55% YoY (calculated based on IFRS). EPS was NT\$5.95. 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 2012, and the IFRS system was adopted for the figures obtained after 2013. Detailed financial figures can be found on pp. 61–140 of section 6 "Financial Standing" of the WNC 2016 Annual Report (English translation).

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 2016, 27.10% 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 Financial Performance During the Previous Five Years (Consolidated) (NT\$ thousand)

Item	2016	2015	2014	2013	2012
Operating revenue	52,779,497	52,183,218	40,326,918	36,653,661	34,434,519
Gross profit	7,315,631	6,930,899	5,420,254	5,191,044	4,681,645
Operating expenses	4,638,442	4,583,200	3,711,627	3,407,908	3,196,976
Operating income	2,677,189	2,347,699	1,708,627	1,783,136	1,484,669
Income before taxes	2,629,743	2,549,631	1,780,189	1,960,103	1,434,985
Income tax expense	587,143	577,123	403,801	441,772	306,725
Net Income	2,042,600	1,972,508	1,376,388	1,518,331	1,128,260
Basic EPS (NT\$)	5.95	5.97	4.28	4.84	3.72
Retained earnings	7,164,068	6,476,812	5,515,923	5,173,321	4,325,357
Interest expenses	48,031	27,798	50,085	65,304	100,712
Personnel expenses	5,976,324	5,869,418	4,751,838	4,157,655	3,652,483
Employees bonuses	276,122	268,971	184,910	204,975	203,087
Cash dividends	1,306,534	1,240,331	887,661	965,304	609,268
Stock dividends	105,935	100,568	65,753	64,354	91,264

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

Item	2016	2015	2014	2013	2012
Return on assets (%)	7.23	7.72	6.14	7.28	5.65
Return on equity (%)	15.98	16.70	12.65	15.21	11.98
Profit before tax to paid-in capital (%)	74.56	76.04	54.15	61.01	47.23
Net income ratio (%)	3.87	3.78	3.41	4.14	3.28
Basic EPS (NT\$)	5.95	5.97	4.28	4.84	3.72

1.3 Products and Services

1.3.1 Product Scope

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 communication products to global customers. In addition to the enhancement of the product and service quality, we strive to alleviate the impact of operation and product manufacturing on the environment. We work actively with customers and suppliers, promote green product and production and reduce resource consumption and environmental pollution. We expect to create greater economic and social values through diverse products and outstanding services. The major production sites in Taiwan and China were certified under IECQ QC 080000 standards and have undergone third party internal auditing at fixed intervals to perform hazardous substances management. WNC provides products and services conforming to customer demands and international environmental and safety-related regulations. To reduce the health and safety concerns during the use of the product, WNC formulates the "Product Safety Assurance Measures". All products shall undergo testing and certification of safety standards based on customer demands. These include the UL and FCC certification of the United States, the CE certification of the EU, the GS certification of Germany, the PSE certification of Japan, the BSMI and NCC certifications of Taiwan, the CCC certification of China, and the labeling of batteries and waste batteries in different countries. The contents and the format of the product label shall fully comply with requirements of the certification before they can be marked on the product. In 2016, 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 5.1 "Supplier Management"](#) for details.

Proportion of Delivered Products in 2016

Item	Sales Volume (Units)	Monetary Value (Million US Dollars)	Percentage
Wireless	213,564,240	50,801,449	96.25%
Others	0	1,978,048	3.75%
Total	213,564,240	52,779,497	100.00%

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

Region		2016	2015	2014
Export Sales	The Americas	52%	54%	46%
	Asia	25%	26%	31%
	Europe	16%	13%	14%
	Others	0%	0%	0%
Domestic Sales		7%	7%	9%

Production Unit

WNC integrates technologies of broadband, multimedia and wireless communication. Our products are used in various applications and product types include networking, connected home, automotive and industrial solutions, sensors and antenna systems. We provide consumer, enterprise-level, industrial grade and vehicle 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 2016 was the Americas (52% of sales).

Automotive & Industrial Solutions

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

- Direct Broadcast Satellite: Satellite radio modules, receivers, and antennas
- HD Radio and digital radio modules
- Wireless Transmission: In-car Wi-Fi, Bluetooth® wireless technology, integrated wireless communication modules and 3G/4G modules
- OBDII Tracker: Provides event data recording, vehicle condition testing, and roadside assistance notifications
- Smart-Meter Communication Board: Provides a safe and stable data exchange function for smart meters
- Radar: 24 GHz/77 GHz car radar sensor system products for vehicle detection and alerts

Connected Home

WNC provides various types of broadband and multimedia equipment, including Home Broadband, Home Entertainment and Home Security, helping end users create a smooth home-networking and audio-visual environment. Major products include:

- Home Broadband: 4G/5G Outdoor CPE, xDSL/PON CPE and Cellular IoT Solutions

- Home Entertainment: 4K OTT Dongle, Wi-Fi Extender, MoCA and Direct Broadcast Satellite
- Home Security: Home safety gateways and security IP webcams

Networking

We provide networking and mobile communication products and focus on professional technologies for precision integration of wireless and wired network. Major products include:

- Wi-Fi module: Including Wi-Fi AP/Router/Repeater, USB Module, High Power Mini PCI Module and IoE Module
- Wireless HiFi audio modules, Bluetooth wireless technology modules and NFC modules
- Switch: Including network cards, data center switches and smart home network switches
- 3G/4G module: 4G Cat. 4/Cat.6/Cat.9 modules
- 4G router: 4G mobile hotspots and 4G gateway/IAD

Sensor & Antenna Systems

WNC is specialized in all types of wireless communications technology integration. We have internal R&D capabilities to enhance 4G technologies to link all smart devices in any application field. Major products include:

- Antenna for notebooks/mobile devices: 4G antenna, WWAN/WLAN/Bluetooth wireless technology antenna, smart antenna and laser direct structuring (LDS) antenna
- Antenna for network devices: Wi-Fi 2 × 2, 3 × 3, 4 × 4 antenna solutions, and monopole/dipole/PIFA and omni-directional dipole antenna solutions

- Sensor/Module: Near Field Communication (NFC) antenna, Bluetooth low energy technology (Bluetooth Smart modules), Bluetooth/Wi-Fi Combo low energy module WHDMI solutions (2K & 4K UHD wireless Dongle/Dock, UHF RFID reader/antenna)

Marketing Communications

WNC's product marketing matters are handled by customers while indications on products are also based on customer requirements. Product labels and information are also produced and posted in compliance with local laws and regulations. WNC also established the "Management Measures on Information Disclosure and External Verbal Communications" to govern the scope of verbal communications and the representative and review process of the disclosure of relevant information about the Company, the market, products and services, customers, and suppliers. The Measures help ensure the necessity, accuracy, timeliness, and consistency of the publicly disclosed information.

1.3.2 Market Outlook

Rise of Home Network Multimedia

The need of home use broadband increases along with the rise of Hi-Definition video service. The statistics of the research institute Point-topic shows that the number of global wired broadband users has exceeded 0.8 billion by the middle of 2016. Almost half of them are fiber users and the growth rate of fiber users is up to 35%. This means that the need of Giga home network increases day by day. The home mesh network, the new derivative product, effectively alleviates the blind spot issue of the network. People don't have to watch TV in the living or study room. People do not have to use the set-top box or signal cable. The existing paid TV suppliers actively expand the video service using Internet protocols. Lots of OTT streaming applications emerge, indicating that the market of paid-TV will be filled with more Internet protocol technologies and mobile technologies. The companies with satellite broadcasting and Internet protocol

technology will play key roles during this transformation.

Growth of Needs in Enterprise Broadband Network

According to IDC statistics, approx. 30% of global network users use the wireless IP sharer IEEE 802.11ac. The need of IEEE 802.11ac continues to grow rapidly. The enhancement of the wireless bandwidth at the front-end drives the upgrade of the wired connection at the back-end to the data center. 2.5G Ethernet has been recognized by the market. With the advantage brought by the existing Cat. 6, 2.5G Ethernet is favored and adopted by the enterprise market. According to the "2012-2017 Cisco Visual Networking Index (VNI) Global Mobile Data Traffic Forecast Update" published by Cisco, the global data traffic per month will reach 11.2 EB by 2017. The data traffic mainly comes from personal mobile devices and M2M communication in IoT. The edge computing of the core network is the key technology for optimizing bandwidth resources. It will be valued by service suppliers and will bring a business opportunity about a new generation of data center switch.

Mobile Telematics Technology Battle for Market Share

Telematics opens up new applications, including audio and video entertainment sharing, smart driving assistance system, cloud analysis and navigation, immediate roadside assistance. These applications shall integrate with the network, sensor and cloud computing. This is the key moment for humans to enter the generation of self-driving. All network communication suppliers are battling in the telematics market. Based on studies made by Strategy Analytics, more than 22 million vehicles with telematics devices have been delivered, approx. 27% of the entire delivery volume. The CAGR will reach 18% by 2023. More than 50 million vehicles with ADAS will be launched. The mobile broadband increases from 4G to 5G bandwidth rapidly. The wireless broadband of the next generation over 1 Gbps and with delay less than 2 ms will integrate applications including home use, commercial use, automotive and industry.

New Hope Rises in the Industrial IoT

At the end of 2016, NB-IoT, winning great support from major global telecommunication operators and equipment suppliers, has been officially standardized, bringing lots of opportunities for smart city projects. European telecommunication operators have deployed the first commercial NB-IoT network in Spain, expecting to serve over 100 million devices. New hopes rise among industrial IoT suppliers who have been quiet for many years. More actual IoT applications will emerge along with the unification of specifications. These effectively lower the development cost for IoT products, which have a small volume and large variety. This accelerates the introduction of IoT products into the market and practical operating modes will be created. World Bank indicated that the economic benefit would be 2 to 2.5 times greater than the cost spent on introducing smart application to a city with millions of people if the coverage of smart applications exceeds 80%. The big data at the back-end can open a new future world for humans, a world of networks connected everywhere and connected to everything.

For more industry information, please refer to section 5 “Overview of Business Operations” in the WNC 2016 Annual Report on pp. 46–60 (English translation).

1.3.3 Manufacturing and Quality Service

WNC Quality Policy

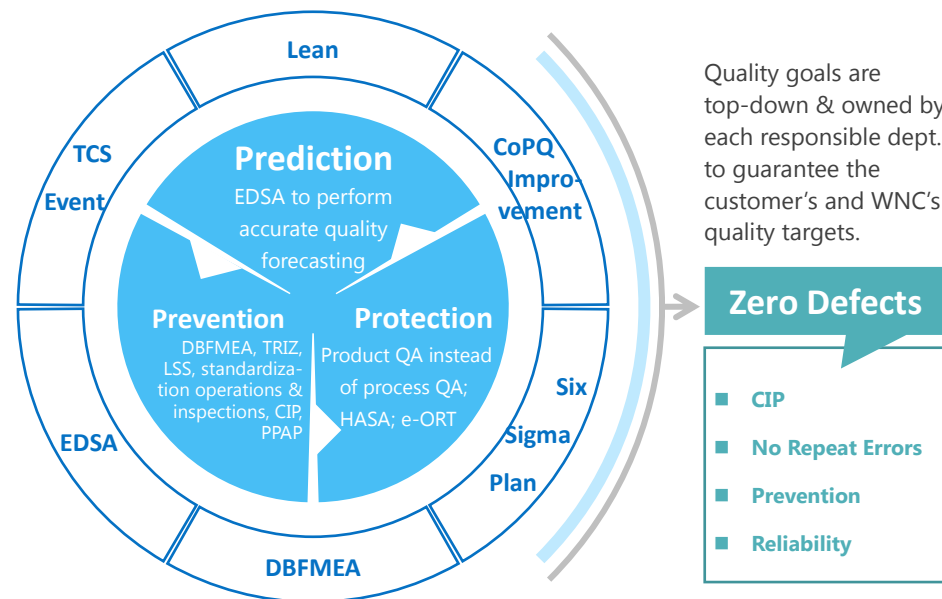
- On-time delivery of zero defects and competitive products & services to our customers

WNC has a “zero defects” long-term quality management objective. We expect to meet and exceed customer expectations in terms of design quality, production quality, or service quality and become a reliable partner for all our customers.

During our day-to-day quality operation process, we set or adjust our quality goals which include product quality, service, and delivery based on the ISO 9001, ISO/TS 16949, and TL 9000 quality management systems. Quality goals are top-down and owned by each responsible department. Based on the spirits of “Protection, Prevention, and Prediction (3P)”, different quality approaches, tools, and systems are introduced to be integrated with the product development process and realized in daily operations. All of WNC’s production sites adopt the same manufacturing system and quality management standards, including the SFCS (Shop-Floor Control System), e-JIT (Just-in-Time), and SMS (Supplier Management System). Each production site also collaborates with the Quality Assurance Division through various continuous improvement plans such as BPI (Business Process Improvement), TCS (Total Customer Satisfaction), CIP (Continuous Improvement Program), Six Sigma, and DFSS (Design For Six Sigma). We then analyze and investigate to prevent the same issue from re-occurring, helping us further predict potential risks to formulate preventive mechanisms in advance.

WNC (Taiwan), S1, WNC (Kunshan) Corporation, Wistron NeWeb (Kunshan) and WebCom (Kunshan) have all obtained the ANSI/ESD S20.20 Electronic Discharge Control Program

certifications to ensure that complete electrostatic protection measures are in place throughout the entire manufacturing process. In 2015, WNC (Taiwan) obtained ISO/IEC 17025 (general requirements for the competence of testing and calibration laboratories) certification. This ensures that WNC's own laboratories are equipped with good testing techniques and management capabilities to offer high-quality product testing environments to customers.



1.4 Intellectual Property

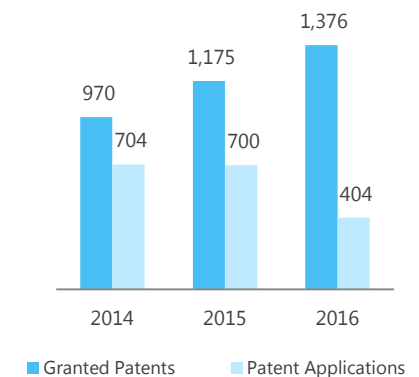
WNC strives to enhance its competitiveness in communications. We constantly develop communication products based on evolving communications technologies and increase of market needs. To cultivate this research and design energy, the Legal & IP Center and the Human Resources Administration Division hold patent courses semi-annually. The courses are required for new R&D employees and aims to introduce the patent system and raise awareness of patent infringement. In 2016, two sessions were held with a total of 101 attendees. In 2016, we held optional courses "Transforming Ideas into Patents % Analysis of approved WNC patents" and "Patent Infringement & Principle of Design Around" for R&D personnel. We explain the issues to be paid attention to when an inventor submits a patent, introduce the patent infringement and talk about the way to design around a patent. A total of 33 attendees participated in the courses.

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 International Awards such as the "CES Innovation Award" and national awards such as the 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. As of the end of 2016, we held 1,376 patents: 319 in the U.S., 623 in

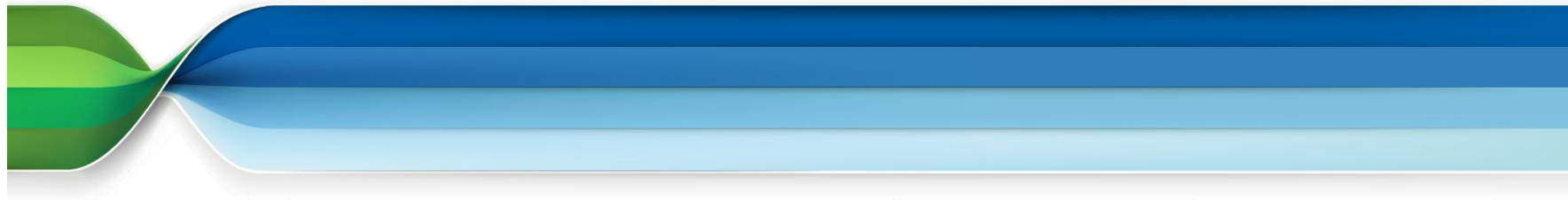
Numbers of Granted Patents and Patent Applications during the Most Recent 3 Years



Taiwan, 411 in China, and 23 in other areas. Currently, we also have more than 404 patent applications being processed.

To maintain corporate innovation, competitiveness, and protect stakeholders' interests, WNC highly values the protection and control of intellectual property and confidential business information. WNC adopts the "Management Measures on the Control of Information Equipment and Protection of Documents", the "WNC Intellectual Property Rights Management Measures", and the "WNC Group Product Development Documents, Projects and Patents Reward Measures" 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.

02



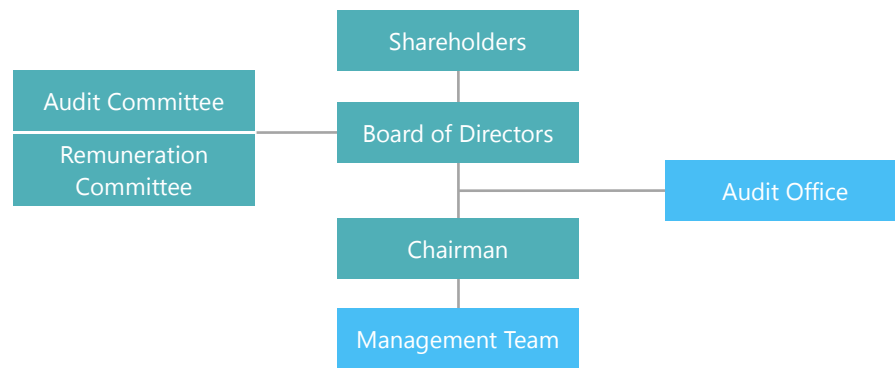
Perfecting Corporate Governance

Corporate Governance Integrity Management Risk Management

WNC values the legitimacy and transparency of its corporate operations. Principles guiding our policies regarding corporate operations include: Perfecting our 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, 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 operating system and create added value for markets and customers with progressive thinking regarding operations management, product development, market promotion, and enhancement of internal-operations procedures. Starting from 2015, the Taiwan Stock Exchange (TWSE) and the Taipei Exchange (TPEX) began holding a Corporate Governance Evaluation each year to evaluate the corporate governance performance of all publicly listed companies of the previous year. WNC was rated in the top 20% among all publicly traded companies in the first, second and third Corporate Governance Evaluation.

2.1 Corporate Governance

2.1.1 Organization 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 are male and have business, legal, finance, accounting, or significant work experience or professional qualifications needed by the corporation. Three are independent directors able to provide objective suggestions according to their professional fields to assist the Board to make the most beneficial decisions for the Company. The Independent Directors are appointed after approval in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. The Chairman is elected by the Board of Directors.

Internally, he is the Chairman of the Board of Directors, whereas in public, he represents the company.

Information concerning the Board members' background, education, current educational status, concurrent duties, and meeting attendance rate are disclosed in the Company's annual report ^{Note 1} and have been published on the Market Observation Post System.

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, assessing the performance of upper management as it pertains to issues such as the economy, the environment, and corporate social issues, and approving the CSR-related issues reported by the EICC Management Committee or related functional units. The management team shall also report the status of company operations or other significant issues to the Board in order to provide information for the Board's reference in decision making.

A Board of Directors meeting is held at least once every quarter. In 2016, the Board met six times. Board of Directors decisions are disclosed immediately following such meetings on 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.

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
Neng-Pai Lin	Independent Director (Newly elected in 2015)

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 three committee members. An Audit Committee meeting is held at least once every quarter. In 2016, 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
Neng-Pai Lin	Independent Director, Audit Committee Member

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 according to the Articles of Incorporation (no more than 1% of the year's profits) and is paid in cash. 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 three members; all are independent directors.

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 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 2016, the committee met three times.

WNC Remuneration Committee Members

Name	Title
Neng-Pai Lin	Independent Director, Remuneration Committee Chairman
S. T. Peng	Independent Director, Remuneration Committee Member
Robert Hung	Independent Director, Remuneration Committee Member

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 report directly to the Chairman & CEO and Audit Committee at any time, if necessary.

Note 1: Education and other information on members of the Board of Directors are included in pp. 8–10 of Section 3.2.1 “Information on the Board of Directors” (English translation) of the WNC 2016 Annual Report.

2.2 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 Reporting and Handling Procedure" 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 shall 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. In the meantime, WNC also requires all employees and major suppliers to sign documents on code of ethics. They shall not offer or accept any bribe or illegal profit in any other form.

WNC remains politically neutral. Employees are encouraged to fulfill their civic duty but not to participate in political electioneering or make any political contribution. No political contributions were made by the Company in 2016.

WNC headquarters, WNC (Kunshan), Wistron NeWeb (Kunshan), WebCom (Kunshan) completed the EICC VAP (Validated Audit Process) for the first time in 2015. WNC sites continued with EICC internal audit and relevant improvement measures in 2016. These sites also implemented CSR-related audits or evaluations by customers through questionnaire surveys, document review, and on-site auditing to allow customers to implement audits or assessment measures of corporate social responsibility to examine aspects covering corporate governance, integrity and ethics, sustained operations, labor affairs, human rights, environmental protection, and participation in society in 2016.

2.2.1 Respecting Market Mechanisms

We believe virtuous market competition will enhance the quality and efficiency of the corporation as well as ensure consumer rights. It also facilitates the stability and prosperity of the overall economy. Therefore, we strictly abide by related government and industry laws. We will never adopt any unfair, anti-competitive behavior to help maintain a healthy market mechanism and structure. In 2016, there were no lawsuits against WNC related to anti-competitive or anti-trust behavior.

2.2.2 Financial Grants

In 2016, WNC (Taiwan) sites actively invested in R&D to adhere to government policies "facilitation of industry innovation", "improvement of industry environment" and "increase of industry competitiveness". WNC (Taiwan) received investment tax credit in NT\$38,637,000. Based on profound strength in R&D and application of innovative technologies, WNC won the Hsinchu Science Park R&D Accomplishment Award for the seventh time and received NT\$300,000.

For China sites, WebCom (Kunshan) actively held new employee trainings and received CN¥ 5,650 from Kunshan City Financial Bureau as a grant for pre-service training. WebCom (Nanjing) joins the unemployment insurance and pays enough for unemployment insurance premium. The rate of employees not being laid off or being laid off per year is below the registered urban unemployment rate. WebCom (Nanjing)

received CN¥ 34,517 from Nanjing City Social Insurance Management Center in 2016 as a grant for maintaining business stability.

Financial Grants Record for Each WNC Site in 2016

Site	Item	Reason	Currency	Amount
WNC	Investment tax credit	Statute for Industrial Innovation promoted by the Industrial Development Bureau, Ministry of Economic Affairs	NT\$	38,637,000 ^{Note 1}
	Grant	Hsinchu Science Park R&D Accomplishment Award ^{Note 2}	NT\$	300,000
WebCom (Kunshan)	Taxable allowance	State Administration of Taxation of the People's Republic of China Management operation procedures for exported goods' tax exemption, expenditure, and refund	CN¥	12,399,986
	Grant	Kunshan City Financial Bureau Grant for pre-service training ^{Note 3}	CN¥	5,650
WebCom (Nanjing)	Grant	Nanjing City Social Insurance Management Center Grant for maintaining business stability	CN¥	34,517

Note 1: The amount of investment tax credit of the Statute for Industrial Innovation is an estimated value; the actual amount shall be the amount approved by the National Taxation Bureau according to the application of the tax-credit plan submitted by WNC.

Note 2: R&D Accomplishment Award is provided by Hsinchu Science Park Administration. It is used to encourage suppliers in the Park to work on development and acquire patents. It protects the achievement in technological development, enhances and technology level stimulates industry development.

Note 3: Chinese Government encourages enterprises to invest in employee training. It provides a grant for pre-service training to new employees who have paid for the social insurance and work in Kunshan for the first time after they completed the training and acquired the competency certificate from the Company they work for.

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.

In 2016, WNC (Taiwan) and China sites did not violate any local regulation. On-line and live classroom courses or internal portal website updates are provided and the promotion resource on the internal website is updated occasionally for further understanding. In 2016, courses related to internal rules and regulatory compliance includes the protocol of prohibition of conflict mineral, regulations for incapable employees, introduction to information security management policy and management information system resources, measures and countermeasures for trade-secret protection, and series of workshops on the introduction of the innovation patent.


To enhance the value chains' service quality and implement the social responsibilities, WNC also requires that suppliers hire employees in accordance with international and local regulations, follow the ISO 14001 Environmental Management System and the OHSAS 18001 Occupational Safety and Health Management System, and actively build a healthy work environment to minimize the safety and health hazards and harm to employees in the production, operation, and disposal process.

In 2016, WNC's Taiwan and China sites did not violate any local regulation and did not have any major recorded lawsuits.

2.2.3 Compliance with Regulations

Since WNC's founding, it has implemented internal regulations in accordance with

2.2.4 Grievance Mechanisms



Email for the interaction on corporate social responsibility
public@wnc.com.tw

E-mail for reporting violations
wnc.integrity@wnc.com.tw

This email is provided for all stakeholders to raise questions or provide suggestions with regard to WNC's corporate social responsibility policies and practices.

This email is provided for employees and all pertinent parties to file complaints and report violations in a named or anonymous manner.

The public email for the "interaction on corporate social responsibility" and "reporting violations" are provided for all stakeholders to raise questions or provide suggestions with regard to WNC's corporate social responsibility policies and practices and for employees and all pertinent parties to file complaints and report violations.

The "WNC Reporting and Handling Procedure" stipulates the handling procedure and operations to address violations. The Human Resources Administration Division and Legal & IP Center are tasked with establishing a task force to be in charge of handling reports and performing investigations. The reporting procedures are described briefly as follows:



In view of the different cultures and administrative requirements, the China sites implemented the "Regulations on Filing and Handling Internal and External Complaints". The Kunshan Human Resources Center is responsible for receiving, investigating, handling, reporting, and offering feedback on all complaints from all employees and pertinent parties, including 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.

In 2016, two complaints were received at the mailbox for reporting violations and responses have been made. No malpractice was discovered after inspection. No complaints were received at the Human Resources Centers in the Kunshan sites.

2.3 Risk Management

WNC controls risks related to business operations through the existing administrative organization and internal control mechanisms. Business groups and function teams perform risk assessment by carrying out their own job well and develop management strategies and reaction plans to prevent, lower, or transfer risks. The management from each team meets weekly in executive conference to review 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. Adjustments would be made for items with significant risks throughout the time and change of internal and external environment. In addition to implementing risk control measures proposed by the management of each team and departments of different functions, strengthening internal risk control mechanisms continuously, and improving emergency response and recovery capabilities, we also expect ourselves to learn and cooperate with our suppliers to assist each other in enhancing our resilience to various types of risks and respond to the ever-changing business environment.

According to the 2017 Global Risk Report published by the World Economic Forum, rapid changes in the global political and economic situations, fast AI technology development, and the extraordinary weather due to global warming have meant that new risks will emerge in unpredictable ways. The report indicates that, among the top ten risks in terms of likelihood and impact, the ones closely associated with enterprises that have the ability to cope with or control include extreme weather events, major natural catastrophes, water crisis, failure of climate change mitigation and adaptation, data fraud, and theft. WNC's measures in response to the aforementioned risks are described as follows:

2.3.1 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 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 aims at sustainable development 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.

The political and economic situations in Europe and the U.S. have changed. In 2016, several major mergers occurred in semiconductor and ICT industries, causing changes in industrial value chains and relevant market changes. WNC continues to pay attention to market trends. The Marketing Division observes and analyzes the change of global political and economic situations. Departments of different functions get a clear understanding from upstream and downstream suppliers, and carry out instant analysis and formulate countermeasures based on their understanding of changes in industrial value chains. They respond to changes in time and alleviate the impact of sharp changes in the role WNC plays in the market.

Business Continuity Plan

To avoid supply chain failures or production interruptions, different BUs/BGs formulate the Business Continuity Plan based on customer requirements in conjunction with the

Global Supply Chain Management Division, various production sites, the Quality Assurance Division, the Human Resources Administration Division, and the Department of Industrial Safety. The Plan includes proper purchasing, production, and logistics preventive measures and solutions for the potential risks that could cause interruptions to normal business operations and shall be adjusted based on the external environment, actual production and raw-material requirements. In 2016, WNC's Taiwan and China sites did not experience any interruptions to the supply of raw materials or production interruptions.

Safety of Supply Chain

WNC (Taiwan), WNC (Kunshan) Corporation, and Wistron NeWeb (Kunshan) Corporation located in the Kunshan Comprehensive Free Trade Zone obtained Authorized Economic Operator (AEO) certifications. 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.

Please refer to section [5.1 "Supplier Management"](#) for the major work items and contents of the supply chain management.

Information Security Management

To ensure company and customer confidential information security (including the trade secrets and intellectual property rights) and guarantee information security 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 storage management, information-system security protective measures, information-backup and recovery-management procedures, classified-information control measures, 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. WNC treats suppliers as important partners. We require suppliers to sign a confidentiality agreement and carry out the information security check for suppliers, share experiences with suppliers and formulate review and improvement plans. We wish to facilitate suppliers to adapt to and observe regulations on information security management.

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. The Management Information System Division of WNC headquarters and the Management Information Units of the China sites and S1 obtained ISO/IEC 27001 certification in 2014, 2015 and 2016 respectively.

Occupational Hazards

According to the OHSAS 18001 standards, departments of different functions shall perform safety and health hazard identification annually (including physical hazards, chemical hazards, biological hazards, and ergonomic hazards), perform risk assessment according to the risk identification results, and adopt corresponding precautions or conduct necessary control according to the risk assessment results. Based on such results, each department may actively prevent accidents from occurring and contain crises from expanding due to accidents that are not resolved in a timely manner.

Please refer to "[3.5.1 Occupational Safety and Health Management](#)" for the major work items and contents of the occupational safety and health.

Water Shortage

The rainfall was low in 2016 and Taiwan suffered from water shortage at the beginning of 2017. WNC conserves water to cope with water shortage in advance and require all employees to conserve water. We abide by the policies stipulated by the Hsinchu Science Park Administration and cut off or cut down amount of water not used for production, including water used for watering plants, cleaning the exterior wall and fire drill. The operation is not affected. The unit responsible for factory affairs will continue to pay attention to the change of water condition and observe the water rationing measures carried out by the governmental authority to reduce the risk of water shortage based on the change of water condition.

Please refer to section [4.4 "Energy & Resources Management"](#) for the major work items and contents of the water resource management.

2.3.2 Financial 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. WNC invests its funds after considerable evaluation of the risks involved while closely watching changes in bank lending rates on a regular basis. Approximately 93.22% of WNC's revenue was from export sales, and most of the export-sales amounts were quoted in U.S. dollars. Most of the material-purchasing amounts were also quoted in U.S. dollars. herefore, 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. For the rest of the situations for foreign currency operating exposure, the foreign currency is converted to NT dollars depending on the fund

requirements and market conditions. 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.

Please refer to section [1.2 "Operational Performance"](#) for financial performance.

2.3.3 Environmental Risk Management

Natural Disasters

Taiwan's location in the subtropical zone and at the junction of the Eurasian Plate and the Philippine Plate makes it prone to natural disasters. The climate anomalies that have struck the world in recent years have also resulted in various natural disasters inflicting faster, more dramatic, and more unpredictable damage to Taiwan. WNC (Taiwan) and S1 are specifically located in the Hsinchu Science Park. To avoid damage and losses that could be caused by typhoons, earthquakes, and fierce winds, we have taken seismic activity and strong winds into consideration during the construction of the WNC (Taiwan) and S1 facilities. We also implement relevant disaster prevention and response measures in conjunction with the Hsinchu Science Park Administration.

Climate Change

Unusual climate trends, including global temperature rise, rain/snow storm and drought are caused by the climate change. They bring a variety of challenges to the sustainability

of corporations by affecting corporations' normal business operations and production activities, causing property losses or threatening the health and safety of employees. Global corporations as well as their entire supply chains shall confront the challenge more proactively and improve their ability to respond quickly to climate change and solve relevant problems.

WNC has performed carbon management through many energy-conservation and carbon-reduction plans such as eco-design, product carbon-footprint, and greenhouse-gas inventories. (For details, please refer to section [4 "Cherishing Natural Resources"](#) of this Report.) WNC also participated in the Carbon Disclosure Project (CDP) beginning in 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 risks related to carbon management and potential opportunities in business aspects such as regulations and the physical areas of operations.

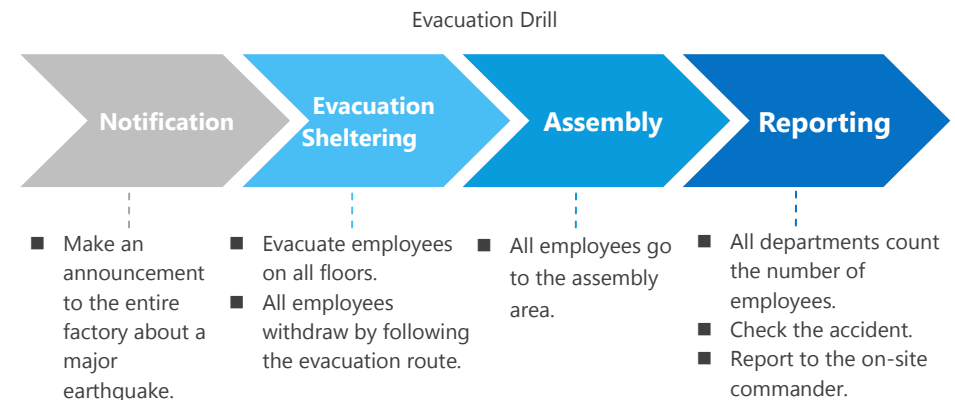
Risk	Effect/Impact	Opportunity
<p>Regulatory</p> <ul style="list-style-type: none"> ■ Greenhouse gas reduction regulations in various countries ■ Energy-related tax regulations in various countries ■ Laws on prevention of environmental pollution in various countries ■ Green-product regulations and certifications in various countries 	<ul style="list-style-type: none"> ■ More stringent product materials and power consumption requirements would lead to the increase in the cost of raw materials/parts/design/verification will increase overall production costs. ■ The adjustment in supply chain, production methods, equipment and processes resulted in the increase in overall operating expenses. 	<ul style="list-style-type: none"> ■ We continue to promote energy conservation and carbon reduction to reduce the long-term operational cost and alleviate environmental impact. ■ While green-product design has become the trend, the green design can be implemented to strengthen the product competitiveness and create more products and extend the application of our products.
<p>Physical</p> <ul style="list-style-type: none"> ■ Direct impact of extraordinary weather (such as heat waves, floods, droughts, typhoons and storms) ■ Indirect impact of extraordinary weather, such as higher energy and resource costs, change of ecosystems and agrarian structures, fast spread of diseases, and public health problems 	<ul style="list-style-type: none"> ■ Negative effects of food and water shortage and environmental pollution on human health ■ Interruption of supply chains, lowered or cessation of manufacturing capacity, loss of lives or property, and the costs of reconstruction ■ Increased operational costs caused by implementing proper control and prevention measures 	<ul style="list-style-type: none"> ■ Perform risk assessment at the location of the Company and factories and strengthen the control of internal energy and resource usage. The workplace environment shall be designed according to environment, safety, and health regulations. ■ Work with government organizations and enterprises to formulate short-term response measures and use limited resource effectively depending on the actual needs.

2.3.4 Crisis Response Mechanisms

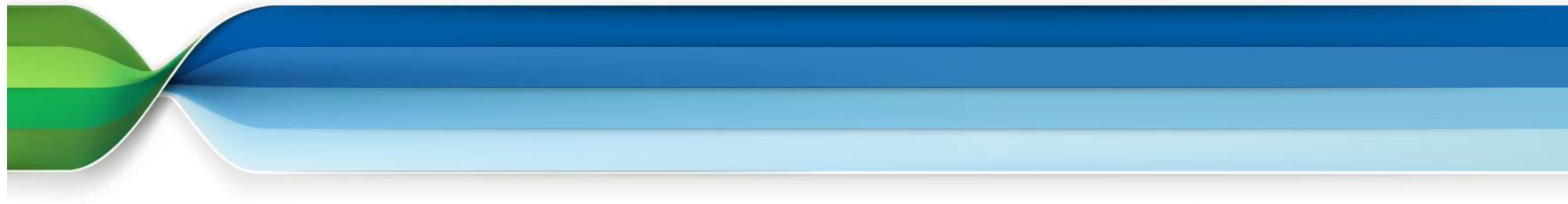
WNC seeks to ensure quick recovery of operations through fast reaction to accidents or disasters (including fires, earthquakes, typhoons, power failures, explosions, leaking of chemical solvents, food poisoning, and other events that may cause damage and loss of lives and property, or any emergency that 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 the "Significant Environmental Aspect Identification Management Procedure" and "Hazard Identification and Risk Assessment Management Procedure" to assess and control all types of accidents occurred in the Company caused by natural or man-made disasters. In addition, the contingency teams' structure, member responsibilities, and related procedures are defined based on "Contingency Plan Control Procedure" for emergency and unusual incidents.

WNC (Taiwan) held an earthquake drill in August 2015, and two sessions were held in the morning and in the evening for the morning shift employees and night shift employees, respectively. S1 held an earthquake drill in the second half year of 2016. Through the participation of all employees and the division of labor by different functional teams, these on-site drills were performed in accordance with the reporting, evacuation, and assembly procedure specified in the "Contingency Plan Control Procedure". This not only enables a review of the completeness of the emergency response procedure and facilities, but enhances the employees' awareness of emergency response measures and response to emergency.

In 2016, 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.



03



Developing Human Capital

Respect for Human Rights

Recruitment and Employment

Overall Remuneration

Training and Development

Employee Care

3.1 Respect for Human Rights

Talent and human capital is the most important element in companies. WNC cherishes this and promises to comply with social-responsibility-related regulations, labor laws, and national acts such as the Act of Gender Equality in Employment and adhere to principles of respect for human rights and employing appropriate talent for corresponding positions. We will not consider an individual's gender, age, ethnic background, nationality, religion, marital status or political affiliation as an advantage or disadvantage during evaluation. We check, adjust, and formulate a reward distribution system that is competitive across the industry, and commit to establishing a credible, healthy, and safe operational environment by performing internal OHSAS 18001 audits and verification by a third party annually to ensure the workplace security and sanitary conditions meet international standards. In addition to promoting human rights and policy in the freshman 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 2016.

3.1.1 Prohibition of Child Labor and Forced Labor

WNC complies with Taiwan's Labor Standards Act and does not hire workers under the age of 15. We support the effort of the vocational education system in bridging the gap between theory and the practical needs of job operations. Since 2002, WNC (Taiwan) has

entered into a long-term cooperative education program with the Computer Science and the Data Processing cooperative education classes of the Private Dong Wu Senior Industrial Home Economics Vocational High School. During a pre-arranged period of time arranged for by the School, students can put the professional skills they have learned into practice during production line operations. Workers 15 years of age to 17 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. These employees may not work at night and on holidays, and working hours shall comply with relevant regulations. In addition, WNC also strengthens some aspects of workplace discipline for the underage workers of the cooperative education program to guarantee their physical and mental development and labor rights. In 2016, a total of 30 students from the Private Dong Wu Senior Industrial Home Economics Vocational High School participated in internships on WNC production lines, among which 28 are underage workers that are aged between 15 and 17 years old.

All plants in China comply with local regulations banning the use of child labor, and workers under the age of 16 are not hired. To follow international trends and comply with EICC regulations, all plants in China ceased hiring underage workers aged 16 and 17 beginning in 2015. For underage workers who are still within the contract period, their contracts will not be renewed upon their expiration. In September 2016, WNC China sites were short on labor and carried out a short-term recruitment for underage workers. They abide by Articles 64 and 65 of the Labor Law of the People's Republic of China. They do not engage underage workers in poisonous or harmful work, labor Grade IV physical labor intensity as stipulated by the State, or any other labor the State prevents them from doing. They carry out regular physical examinations for underage workers according to

physical examination items specified in the "Special Protection of Underage Worker Provisions". WNC China sites will not recruit any underage worker if the production line no longer suffers from labor shortage. A total of 111 underage workers were hired during 2016.

Child Laborers and Under-Aged Workers Hired in 2016

Type	Taiwan	China
Child workers (persons)	0	0
Under-aged workers (persons)	28	111

All WNC sites comply with international standards and local acts. WNC provides good working conditions and sets up reasonable working hours. WNC has no right to request that employees hand in their ID cards, passports, or work permits to the Company. All duties are set with respect to employees. All employees are employed out of their own free will and have the right to leave. The "WNC Supplier Corporate Social Responsibility Code of Conduct" forbids forced labor, and we will continue to apply this code of conduct to all suppliers gradually.

In August 2016, the Hsinchu Science Park Administration carried out the labor inspection on WMC. It checked the statistics of the attendance record and found out that two DL employees in S1 worked overtime for more than 46 hours in July. WNC violated Article 32, Paragraph 2 of the Labor Standards Act, stating that the total number of overtime shall not exceed forty-six hours a month. WNC was fined NT\$20,000. WNC has been working on improvements, reinforcing the promotion of leaving work on time and controlling the working hours. The "working hour alarm system" automatically notifies the supervisor if his or her subordinates work over time. We provide a "monthly report on unusual working hours" to the supervisor at the beginning of the month to explain the issues for

working overtime and remind supervisors to pay attention to the working condition of the subordinate.

3.1.2 Gender Equality

According to the Labor Standards Act and the Gender Equality in Employment Act, in order to enhance gender equality, to forbid gender and pregnancy discrimination, WNC Taiwan's female employees can apply for menstruation leave, pregnancy checkup 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 (paternal leave). WNC will inquire on the employee's intention to return to work one month before the end of parental leave and assist his or her return. Twenty-three employees applied for unpaid parental leave in 2016, and 16 of them were female while 7 of them were male. 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 of China sites are entitled to 0.5 days (4 hours) of adjusted holiday. However, parental leave is not regulated in China at the present time.

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

Item	Male	Female
Number of Employees Entitled to Unpaid Parental Leave in 2016 (A) ^{Note}	180	111
Number of Unpaid Parental Leave Applicants in 2016 (B)	7	16
Rate of Unpaid Parental Leave Applicants in 2016 (B/A)	3.9%	14.4%
Expected Number of Employees Reinstated from Parental Leave in 2016 (C)	5	14
Actual Number of Employees Reinstated from Parental Leave in 2016 (D)	3	12
Rate of Employees Reinstated from Parental Leave in 2016 (D/C)	60.0%	85.7%
Actual Number of Employees Reinstated from Parental Leave in 2015 (E)	2	6
Number of Employees that Worked for One Year Since Returning from Parental Leave in 2015 (F)	1	6
Retention Rate in 2016 (F/E)	50.0%	100.0%

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

WNC (Taiwan) provides the following female employee-friendly initiatives:

- Car spaces for female employees are arranged close to office building entrances.
- 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.
- Car spaces for pregnant employees are arranged closest to the entrance in the basement of the office building.

- WNC provides pregnant employees with dedicated antistatic clothing. Pregnant employees' production-line working hours are adjusted: night-shift employees are switched to the day shift; standing operation is changed to sitting operation; and working hours are reduced.
- "Maternity Care" project: The health center proactively contacts pregnant employees and provides information on courses provided by breastfeeding support groups in Hsinchu. The health center provides consultation for pregnant employees at least once during pregnancy and after birth, respectively.
- Comfortable and spacious lactation rooms are provided in the WNC headquarters and S1 for up to 5 and 2 female employees to use respectively; it is equipped with a breast-milk refrigerator, personal storage cabinets, a water dispenser, hair dryer, mirrors and emergency hot lines, as well.
- The lactation room of WNC headquarters won the "Excellent Breastfeeding Room Certification Campaign" organized by the Hsinchu County Government in August 2016. The lactation room of S1 will participate in the "Excellent Breastfeeding Room Certification Campaign" organized by the Department of Health, Hsinchu County Government in 2017.
- In March 2016, WNC initiated the "Goodie Bag for WNC Moms" project featuring a pregnancy guidebook, a free diaper bag, and a gift box of goods for the newborn. Employees during pregnancy or within three months after delivery are eligible to apply. The employee with his wife pregnant may also apply for it. WNC gave 108 Goodie Bags in 2016.



3.1.3 Communication Mechanisms

Two-Way Internal Communication

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 Committee in our Headquarters. The committee, which is elected regularly 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 2016, four committee meetings were held and 141 proposals were discussed, including 14 employee meal service items, 28 employee welfare items, 89 working environment items, and 10 PC/IT issues. A total of 140 proposals have been closed and 1 has not been closed. The unclosed proposal is submitted by an employee who suggests that WNC should design a mobile application for employees to notify the headquarters and the department of S1 responsible for factory affairs for equipment repair and cleaning maintenance. The employee discussed and confirmed with the execution unit and the Management Information System Division treats this proposal as a project. This mobile application will be completed by Q3 2017 and launched. This proposal will be closed by then.

Given the different working hours and duties, production line employees of Taiwan sites send representatives to participate in the Employee Representative Committee each quarter and convene the bi-monthly "IDL 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.

Comments and issues for discussion are solicited in an open manner prior to the meetings. If there are no issues to be discussed, the meeting will be postponed. In 2016, a total of six IDL bi-monthly meetings were convened. A total of two supervisor's forums were held and no issue was received in any of these meetings. In addition, suggestion boxes are installed in the production-line lounge for production line employees to directly report issues or suggestions to the Plant Manager related to work and life. The Plant Manager will perform investigation or improvement according to the reported issues and announce the handling status and results on the production-line bulletin board. The identities of the reporting parties and parties being investigated are kept secret. In 2016, we received and addressed six issues reported using the suggestion box.

The physical suggestion boxes provided in the production line areas, office areas, and the dormitories in the China sites are the major communication channels providing the employees with consultation services to assist employees in solving their problems. Meanwhile, the Plant Manager's Mailbox and an "8585 (help-me-help-me)" hotline are also available. WNC (Kunshan) also established a communication mechanism on the WeChat messaging platform which enables automatic announcement of activities related to the Company and on-line consulting. This provides both internal and external stakeholders in China a fast and convenient communication channel. In 2016, there were 2,016 proposals received in China sites regarding company policy, adapting to work, and life issues, all of which were resolved and reported to the proposing parties. Among these proposals, 36.5% of them were associated with job seeking and leaving.

Cases Accepted at Various Communication Channels in WNC in 2016

Communication Channels		No. of Cases Handled	No. of Cases Closed	Response Rate (%)
Taiwan	Employee Representative Committee	141	140	99%
	DL Bi-Monthly Meeting	0	0	N/A
	DL Supervisor's Forum	0	0	100%
	DL Suggestion Box	6	6	100%
	Channel for reporting sexual harassment	0	0	N/A
	Total	147	146	99%
China	Trade Union Committee	0	0	N/A
	8585 Employee Care Hotline	1,728	1,728	100%
	Employee Representative Forum	163	163	100%
	Suggestion box	3	3	100%
	Letter to the Plant Manager	0	0	N/A
	WeChat platform	122	122	100%
	Total	2,016	2,016	100%

Forums Held in 2016 at Various WNC Sites

Area	Item	Participants	No. of Batches	No. of Participants
Taiwan	Freshman afternoon tea gathering	New employees	10	97
	Freshman seminar	New employees	6	272
	DL Supervisor's Forum	Production line supervisor	2	13
China	Trade union	Union representatives	4	346
	Employee Representative Forum	Employee representatives	4	194

Employee Seminar

A freshman afternoon tea gathering is held once a month in Taiwan sites to answer questions from new employees who have been employed for one month and to assist them to adapt to the workplace environment and mutual communication with their colleagues. In 2016, 97 new employees participated in the freshman afternoon tea gathering. In addition, the unit for the development of organization talent held a freshman seminar at the end of employees' first three months of service. We guide new employees to experience our corporate culture through group contests and creativity games. New employees cooperate and brainstorm for new ideas to solve problems. Our teams have more faith in and learn better from each other. WNC's CEO responds in person to any concerns of the new employees. This seminar helps new employees quickly become familiar with company policies and directions. In 2016, 272 new employees participated in the freshman seminar.



Freshman Seminar in Taiwan



Supervisors Forum in China sites

The China sites established trade unions according to the "Trade Union Law of the People's Republic of China". The representatives are elected by employees from all China sites and serve a 3-year term. They convene meetings and participate in conferences,

training, and activities held by the government depending on actual needs. In 2016, four union meetings were held, with 346 union members participating. In addition to the union representatives, each department also has employee representatives that are selected by department managers. The employee representatives meet at least once a year during the "Employee Representative Forum", where employee representatives from each department 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 2016, a total of four employee representative forums were held, with 194 employees participating.

Employee Complaint Channel

To prevent workplace sexual harassment and ensure that the workplace is friendly to both male and female employees, the Human Resources Administration Division established the "Measures of Prevention and Punishment of Sexual Harassment in the Workplace" for the prevention, correction, complaint, and punishment of sexual harassment in the workplace. The Human Resources Administration Division established the complaint channel for sexual harassment. In 2016, we did not receive any complaints of sexual harassment.

The "Mailbox for Reporting Violations" is established on WNC's website. Employees may report any damage to our or employee's rights through this mailbox. A task force handles and investigates the report based on "WNC Reporting and Handling Procedure." Refer to section [2.2.4 "Grievance Mechanisms"](#) or the ["Stakeholder Section on WNC's Website"](#) for reporting and handling procedures in detail. Production line employees can report issues through the mailbox of the Plant Manager. In 2016, no complaints by employee were received in Taiwan sites.

3.2 Recruitment and Employment

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 Standards Act and Gender Equality in Employment Act. 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 for the fairness and effectiveness of recruitment.

3.2.1 Human Resource Structure

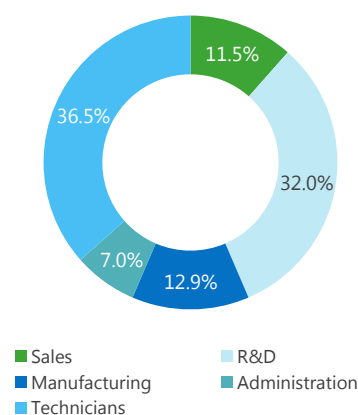
As of the end of December 2016, the total number of employees worldwide was 9,123, including 9,064 official employees, 8 contract employees and 51 dispatch workers.

WNC Employee Totals in 2016

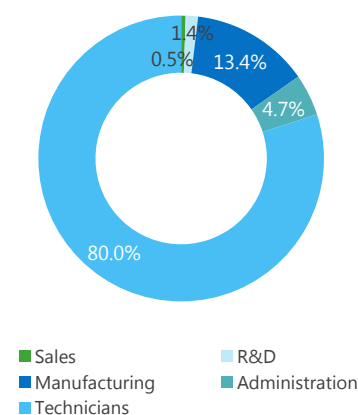
Category	Taiwan			China			Other Areas ^{Note}			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Official Employees	1,372	1,227	2,599	3,937	2,488	6,425	30	10	40	5,339	3,725	9,064
Contract Employees	2	4	6	0	0	0	1	1	2	3	5	8
Dispatch Workers	28	23	51	0	0	0	0	0	0	28	23	51
Total	1,402	1,254	2,656	3,937	2,488	6,425	31	11	42	5,370	3,753	9,123

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

Employee Categories of Official Employees in Taiwan Sites



Employee Categories of Official Employees in China Sites



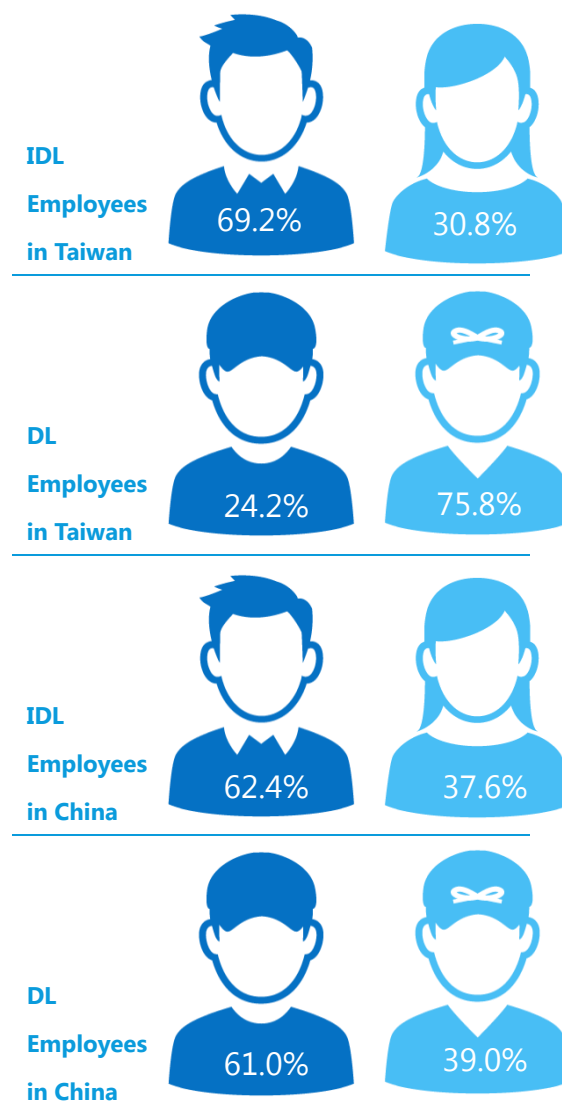
There were 2,599 official employees in Taiwan, an increase of 0.3% compared to 2015. 1,650 of these were indirect labor (IDL) employees, and 949 were direct labor (DL) employees. The percentage of male employees and female employees were 53% and 47% respectively. 70% of our colleagues were between the ages of 30 and 50, and 47% of all employees had worked for WNC for three years or more. There were 6,425 official employees in China, a decrease of 21.0% compared to 2015. These consisted of 1,287 indirect employees and 5,138 direct employees, with 39% being female and 24% being between 30 years and 50 years of age.

Human Resources Structure of WNC in 2016 ^{Note 1}

Category	Group	Taiwan					China				
		Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total
Work Category	DL Locals	211	8%	345	13%	556	2,721	42%	1,703	27%	4,424
	Emplo- Foreigners	-	-	365	14%	365	-	-	-	-	-
	yees Vocational Students	19	1%	9	0%	28	413	6%	301	5%	714
	IDL Managers	313	12%	80	3%	393	209	3%	72	1%	281
	Emplo- Professionals ^{Note2}	829	32%	428	16%	1,257	594	9%	412	6%	1,006
Age	DL 30 y/o and below	96	4%	309	12%	405	2,735	43%	1,596	25%	4,331
	Emplo- 30-50 y/o	132	5%	362	14%	494	390	6%	407	6%	797
	yees 50 y/o and above	2	0%	48	2%	50	9	0%	1	0%	10
	IDL 30 y/o and below	135	5%	69	3%	204	317	5%	190	3%	507
	Emplo- 30-50 y/o	916	35%	421	16%	1,337	484	8%	281	4%	765
	yees 50 y/o and above	91	4%	18	1%	109	2	0%	13	0%	15
Years of Service	1 year or less	195	8%	132	5%	327	2,298	36%	1,399	22%	3,697
	1-3 years	451	17%	607	23%	1,058	1,176	18%	762	12%	1,938
	4-5 years	182	7%	105	4%	287	231	4%	142	2%	373
	6-10 years	300	12%	135	5%	435	202	3%	148	2%	350
	11-15 years	192	7%	204	8%	396	29	0%	37	1%	66
	16 years and above	52	2%	44	2%	96	1	0%	-	-	1
Total		1,372	53%	1,227	47%	2,599	3,937	61%	2,488	39%	6,425

Note 1: The Human Resources Structure is calculated based on the number of official employees. Contract employees and dispatch workers are excluded.

Note 2: Professionals refer to non-managerial positions.



3.2.2 Employee Recruitment and Retention

Human Resources Administration Division has been worked closely with hiring business units starting from the hiring process and continuously looking for outstanding talents. 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 that have different specialties and show promise.

In March 2016, WNC began interfacing with university campuses and schools by hosting campus recruitment activities and technology seminars at National Chiao Tung University. In the seminars, we shared the trends and knowledge in the communications industry with approximately 400 faculty members and students. At the same time, we invited approximately 200 students to provide their contact information to WNC's human resources department for future contact regarding employment. Since 2016, WNC has implemented the two-year "Cultivating High-quality Telecommunications Talents" program with National Taiwan University and provided this program for PhD students in National Taiwan University. In the meantime, WNC provided internships to students in Industrial Design Department of Ming Chi University of Technology based on the "Implementation Guidelines for Promoting Cooperation between Business and Institutions of Higher Education" enacted by the MOE. We invite two juniors to participate in the one-year internship in WNC Institute & Industrial Design Section every year. WNC will work with the academics to formulate industry academia collaboration programs that are more diverse and practical.

In 2016, 329 new employees were hired at the WNC Taiwan sites. The employment rate for IDL employees and DL employees were 14.8% and 15.1%, respectively. 16,259 new

employees were hired at subsidiaries in China. The employment rate for IDL employees and DL employees were 28.0% and 30.94%, respectively.

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, promotions, salary-structure adjustments, and a strengthening of the management structure (among other incentive measures) in order to create a complete and superior work environment.

Please refer to the table on the next page for the 2016 employment and turnover rates of Taiwan and China sites.

2016 Employment^{Note 1} and Turnover^{Note 2} Rates at Taiwan Sites

Category	IDL (Totals: 1,650)						DL ^{Note 3} (Totals: 556)					
	Total	Gender		Age			Total	Gender		Age		
		Male	Female	<30	30-50	>50		Male	Female	<30	30-50	>50
Number of New Hires	245	168	77	76	161	8	84	42	42	34	50	0
New Hire Rate (%)	14.8	14.7	15.2	37.3	12.0	7.3	15.1	19.9	12.2	23.1	13.9	0.0
Turnover quantity	167	115	52	28	129	10	97	48	49	43	49	5
Turnover rate (%)	10.1	10.1	10.2	13.7	9.7	9.2	17.4	22.7	14.2	29.3	13.7	10.0

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 2016

Note 2: Turnover Rate = Turnover Quantity of DL (IDL) Employees in the Category Concerned/Total Number of DL (IDL) Employees at the End of 2016

Note 3: Refers to DL employees at the WNC Taiwan headquarters excluding foreign workers and vocational graduates

2016 Employment^{Note 1} and Turnover^{Note 2} Rates at China Sites

Category	IDL (Totals: 1,287)						DL (Totals: 5,138)					
	Total	Gender		Age			Total	Gender		Age		
		Male	Female	<30	30-50	>50		Male	Female	<30	30-50	>50
Number of New Hires	361	263	98	237	124	0	15,89	9,481	6,417	14,280	1,618	0
New Hire Rate (%)	28.0	32.8	20.2	46.7	16.2	0.0	309.4	302.5	320.2	329.7	203.0	0.0
Turnover quantity	385	267	118	221	161	3	17,63	10,609	7,026	15,738	1,895	2
Turnover rate (%)	29.9	33.3	24.4	43.6	21.0	20.0	343.2	338.5	350.6	363.4	237.8	20.0

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 2016

Note 2: Turnover Rate = Turnover Quantity of DL (IDL) Employees in the Category Concerned/Total Number of DL (IDL) Employees at the End of 2016

Local Talent Recruitment

WNC (Taiwan) has recruited many foreign employees from all over the world including from the United States, Japan, China, Macau, Myanmar, Nepal, Vietnam, Indonesia, the Philippines, Malaysia, Australia, New Zealand and Brazil to promote internationalization and facilitate contact with our international customers and suppliers. The percentage of managerial positions taken by Taiwanese employees is 99.5%. As for subsidiaries in China, we have actively trained local employees to help them attain management-level positions. The percentage of Chinese employees in China promoted to the management level is approximately 80.1%.

Local Talent Recruitment in 2016

Area	Managers ^{Note 1}	Locals as Managers (persons)	Percentage of Locals as Managers
Taiwan ^{Note2}	393	391	99.5%
China ^{Note3}	351	281	80.1%

Note 1: Applicable to IDL employees only

Note 2: Managerial positions in Taiwan are defined as employees with management responsibilities, which include expatriates of WNC headquarters.

Note 3: Managerial positions in China are defined as employees receiving management allowances, including the ones in Wistron NeWeb (Kunshan), WNC (Kunshan) (including NeWeb Service) and WebCom (Kunshan).



Recruiting Persons with Disabilities

In order to offer job opportunities to people with disabilities and help protect their legal rights and interests, WNC actively encourages the hiring of people with disabilities. In 2016, there were 23 employees with disabilities (assessed using a weighted scale) working at WNC, comprising 0.88% of Taiwan employees, which is slightly higher than in 2015. Nine of them are the ones with mild or moderate disabilities and 14 of them are the ones with severe disabilities. Their positions include masseurs, production-line operators, engineers, and personnel on overseas assignment. After arranging a suitable working environment, colleagues with disabilities are able to enjoy roles in which they develop their abilities. With regard to the current shortfall of the ratio of employees with disabilities with respect to government regulations, WNC intends to evaluate further suitable positions and continues to place emphasis on the hiring of people with disabilities. The handicapped-accessible restroom is built on the first floor of WNC headquarters for employees and visitors with physical disabilities.

Handicapped-accessible Restroom in WNC Headquarters



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. With annual salary adjustment and promotion systems in place, official employees and departments with good performance are eligible for various bonuses and reward systems regardless of gender, age, ethnic background, religion, or political affiliation. The rewards and bonuses include performance bonuses and restricted stock awards, as well as the senior employee award, excellent team award, and patent award.

Ratio of WNC New Employee's Average Starting Salary ^{Note 1}

Area	Category	Male	Female
Taiwan	DL	1.10	1.10
	IDL ^{Note 2}	1.85	1.85
China	DL	1.12	1.12
	IDL	1.87	1.87

Note 1: Ratio of New Employees' Average Starting Salary = Minimum Starting Salary for Entry Level New Native Employees/Local Statutory Minimum

Note 2: Starting Salary for IDL Employees with a University Degree in Engineering in Taiwan without Experience/Local Statutory Minimum Wages

Ratio of WNC Employees' Average Salary ^{Note 1}

Area	Category	Male ^{Note 2}	Female
Taiwan	DL	1	0.87
	IDL	Managers	0.79
		Professionals	0.88
China	DL	1	1
	IDL	Managers	1
		Professionals	0.77

Note 1: Average Salary = Average monthly salary of all official employees, which does not include allowances and bonuses

Note 2: TGiven that the majority of R&D employees are male, their share of total company employee salaries 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 inspect the performance of employees and 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. This does not apply for the CEO, President or vocational

graduates. The ratio of IDL employees at WNC Taiwan 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, occupational 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 Taiwan ^{Note 1} Receiving Performance Evaluations

Position	Male	Female	Total	Ratio
Management ^{Note 2}	269	78	1,437	100%
Professionals	715	375		

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

Note 2: Refers to employees with management responsibilities

Percentage of IDL Employees at WNC Taiwan ^{Note 1} Receiving Nomination for Promotion

Position	Male	Female	Total	Ratio
Management ^{Note 2}	50	11	334	20%
Professionals	169	104		

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. WNC Taiwan shall contribute the labor pension to the statutory account every month. Based on the original or newly-enacted regulations, 6% or 2% (respectively) of pensions shall be paid by employers; except for vocational students and foreign employees, all official employees shall 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 official employees and contract employees participate in a group insurance plan on the first day they report to work, giving employees and their family's added protection. The detailed description and implementation of the retirement scheme can be found on pp. 95 – 96 and pp. 107–110 of section 6 "Financial Standing" of the 2016 WNC annual report (English translation).

Official 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. 19% of the endowment insurance pension shall be from employer contributions based on individual payment

bases. All official employers participate in this insurance scheme.

Monthly Contributions to Employee Pensions for Employees of WNC Taiwan in 2016

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%

3.3.4 Employee Leave

All WNC sites provide leave for official 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 parental leave, family leave, menstrual leave, and paternity leave. These types of leave are provided based on physical condition and family care needs.

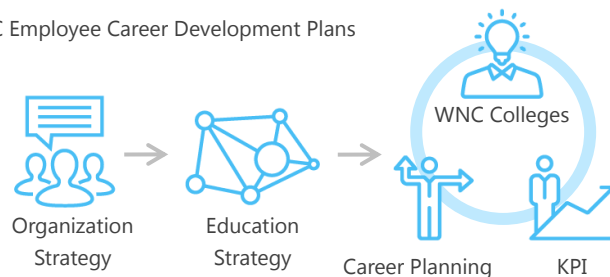
WNC Taiwan provides five annual leaves for new employees starting from April 2016 based on the amendment to the Labor Standards Act. WNC China sites provide 15 days of paternity leave, 13 days of marriage leave and 128 days of maternity leave. The number of days of caesarean leave is extended to 15 days.

3.4 Training and Development

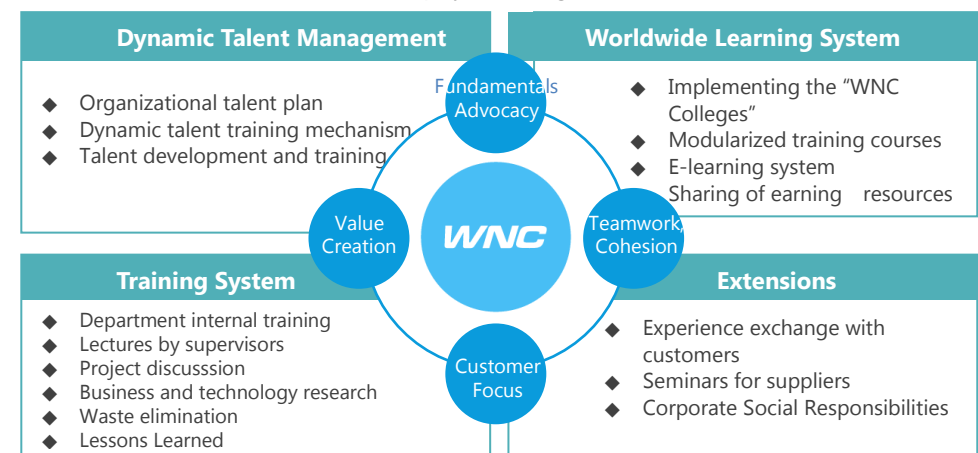
3.4.1 Dynamic Talent Management

WNC attaches great importance to recruiting talent and improving their skills and general knowledge. Based on this concept and the principles of growth, innovation, and cooperation, employees are provided with job function enhancement training programs, key competencies enhancement programs, and supervisory and leadership training. At various WNC sites, recruitment activities in compliance with local laws and regulations are held, and WNC employees are provided with healthy and safe working conditions and complete occupational training. This helps employees enhance their professional skills and management competencies.

WNC Employee Career Development Plans



WNC Employee Training Structure



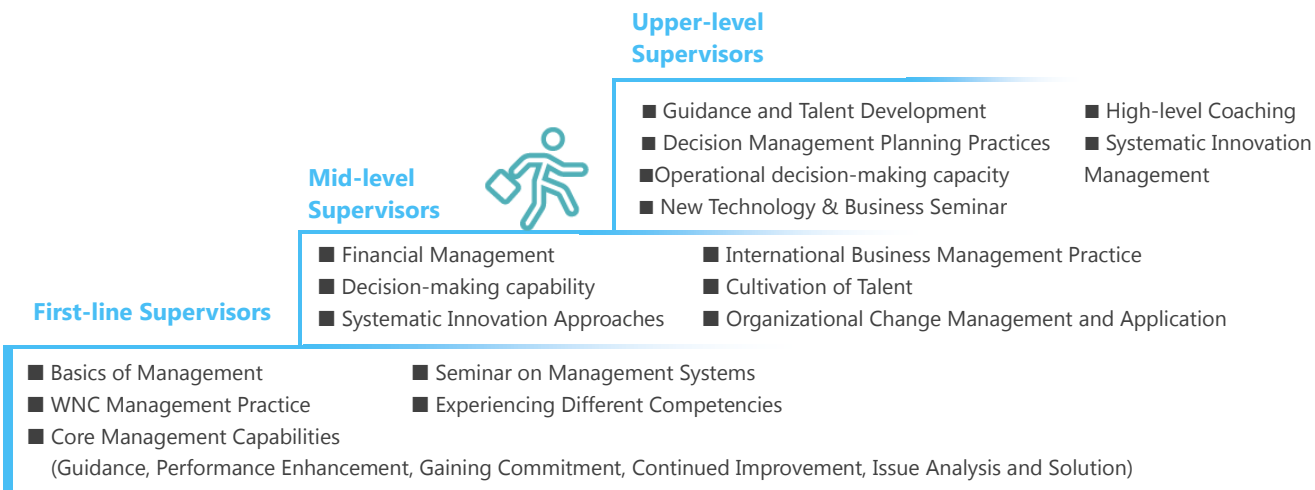
Cultivation of Outstanding Employees

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.

	Principals	Participants	Purpose	Description
 Management College	CEO	First-level supervisors/external consultants	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 2016, 25 courses were held in WNC (Taiwan), and 27 courses were held in the China sites. 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	President	Product managers/sales supervisors	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.	In 2016, 12 seminars were hosted in WNC (Taiwan), and 9 seminars were held in the China sites. We will continue to arrange senior supervisors to share experiences of successful customer interactions for participants to learn from.
 R&D College	CTO	Product R&D center/WNC RD Forum (WRDF) Chairman	We established the WNC Research & Development Forums (WRDF) to promote R&D innovation and enrich the basic skills of R&D personnel. The (WRDF) enables participating employees to engage in exchanges of cross-field techniques and develop more holistic perspectives.	In 2016, 27 and 20 sessions were held in WNC (Taiwan) and the China sites, respectively. The chairman of each forum participates in course planning, and industry-academia cooperation is utilized to invite outside experts to serve as instructors and help continuously strengthen employees' technological knowledge and expertise.
 Manufacturing Quality College	Head Plant Manager	CQO, Manufacturing/QA center manager	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 QC080000 quality-awareness training and application.	In 2016, 17 courses on quality were held in WNC (Taiwan), and 31 sessions were held in the China sites. In addition, training for internal auditors of various quality certification systems are also held each year.
 General Knowledge College	CHO	Functional unit supervisors	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 follow government regulations and company policies.	In 2016, 25 courses were held in WNC (Taiwan), and 21 courses were held in the China sites. This includes freshman trainings, 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.

Modularized Training Courses

WNC also formulates modular courses to fulfill the requirements of employees of different competency and management levels. Corresponding training courses are provided in accordance with the promotion and the resulting requirements of competency for the promoted position. This includes the freshman course series, the “Six Sigma” courses, targeted selection course series, management trainee courses for professionals, basic management courses for general managerial positions, and advanced management courses such as performance management, strategic planning, and organizational development courses for middle-and upper-level supervisors.

E-learning System

WNC's eHRD system is an on-line learning and performance-management resource sharing platform. It has the following features: providing on-line government regulations and corporate policy promotion, management system promotion, new-employee courses, and general knowledge courses related to employees' job functions. Employees may also manage their personal or organizational training records through the system and perform functions such as applying to host internal training courses or applying for internal or external training. The system will send notification reminders and allow employees to submit their after-course reports and post-class satisfaction surveys.



3.4.3 Training System

Encouraging Participation in Internal and External Training

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.

Developing a Learning Organization

Supervisors of all levels are required to teach a two-hour class to share their management practice, professional knowledge/skill, lessons learned, new trends/technologies, and project experience each year in order to foster a spirit of self-learning. At the same time, WNC has instituted an internal instructor certification system to train instructors according to the training and development objectives of the year. First-level supervisors from different units in the WNC (Taiwan) and the China sites recommend candidates for the instructors. The candidates shall attend the instructor-training courses organized by the Human Resources Administration Division, conduct lecture demonstrations, and be assessed based on the performance of the demonstration. Qualified employees can then become certified internal instructors. All instructors will be recognized on Teacher's Day every year. Also, activities are organized during the Teacher's Day celebration for employees to appreciate their instructors. In 2016, there were 117 instructors trained, and the training of internal instructors will be implemented continuously.

Project Discussion

Regular project meetings enable employees to check progress and discuss product-related issues with other team members. Through asking questions, engaging in discussions, sharing practical examples and lessons learned, and preparing things and response measures in advance, employees could avoid potential problems from arising. In addition, through participating in the quarterly business review meetings and technical exchange meetings that are held regularly, different units may learn skills related to organizational management, product development, and business expansion from one another, putting the tangible and intangible assets and resources of the company to an effective use.



Teacher's Day Celebration



Recognition of Internal Instructors

3.4.4 Training Participation

Our training courses for employees are planned and arranged regardless of gender differences. In 2016, training courses hosted at WNC (Taiwan) totaled 41,946 hours of which IDL staff took part in 38,893 hours of training and DL staff 3,052 hours; the total number of IDL participants was 1,650 (each averaging 23.6 hours per person) with 949 DL participants (each averaging 3.2 hours per person). Training courses hosted at WNC's China sites totaled 49,218 hours for IDL employees and 58,576 hours for DL employees in 2016. All managerial positions are filled by IDL staff, and the training courses for employees of different levels are planned and arranged regardless of gender differences.

Starting in 2014, WNC (Taiwan) and the China sites began to offer CSR and EICC on-line courses for all employees. The meal-service contractors in the China sites take the course in one batch every year. In 2016, 42 people completed the course.

Time length and participation ratios of training courses for Taiwan and China employees are listed below:

Total Training Hours for Taiwan and China Employees in 2016										
Area	Category	Male			Female			Total		
		Hours (A)	Number of employees ^{Note 1} (B)	Hours per employee ^{Note 2} (A/B)	Hours (C)	Number of employees ^{Note 1} (D)	Hours per employee ^{Note 2} (C/D)	Hours (E)	Number of employees ^{Note 1} (F)	Hours per employee ^{Note 2} (E/F)
Taiwan	DL	1,301	230	5.7	1,751	719	2.4	3,052	949	3.2
	Management ^{Note 3}	9,024	313	28.8	2,215	80	27.7	11,239	393	28.6
	IDL Professionals	18,928	829	22.8	8,726	428	20.4	27,654	1,257	22.0
	Total	27,952	1,142	24.5	10,941	508	21.5	38,893	1,650	23.6
China ^{Note 4}	Dispatch workers from WNC Headquarters	3,596	75	48.0	154	3	51.4	3,750	78	48.1
	DL	36,838	3,134	11.8	21,738	2,004	10.8	58,576	5,138	11.4
	Management ^{Note 3}	12,206	209	58.4	3,694	72	51.3	15,900	281	56.6
	IDL Professionals	21,851	594	36.8	11,466	412	27.8	33,318	1,006	33.1
	Total	34,058	803	42.4	15,160	484	31.3	49,218	1,287	38.2

Note 1: Numbers of employees were calculated as of the end of 2016.

Note 2: Hours Per Employee = 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) (including NeWeb Service , WNC (Kunshan), WebCom (Kunshan), WebCom (Nanjing), and dispatch workers from the WNC headquarters on assignment in China

3.5 Employee Care

3.5.1 Occupational Safety and Health 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 ^{Note 1}	2012	2012	2012
Healthy Workplace Accreditation Certification from the Bureau of Health Promotion (Taiwan)	2009	N/A	N/A	N/A
CNS 15506: 2011/TOSHMS (Taiwan)	2015	N/A	N/A	N/A
Safety Production Standardization Certification (China)	N/A	2013	2013	2013

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

WNC values the health and safety of all employees and has worked to establish a safe and healthy working environment. In addition to establishing ESH policies and promoting related operations, WNC also carries out hazard identification, risk assessment, and change management of various production systems to ensure the facilities and processes conform to safety requirements and to review the operations of the occupational safety and health system. The Occupational Safety and Health Committee has also been set up at the Taiwan headquarters according to the Occupational Safety and Health Act to periodically review the implementation results of occupational safety and health measures. The committee comprises 19 members who serve a two-year term; 10 of the members are drawn from worker representatives, representing over 1/2 of the committee members. Working as a communication platform

between the upper- and lower-level employees of the organization, the committee continues to maintain and improve the organization's safety and health management.

In 2016, the key implementation items of WNC (Taiwan)'s occupational safety and health management includes the following:

- Implemented a hearing-protection plan: Check the noise type and distribution at S1 and conduct training and education for individuals whose responsibilities cause them to be prone to high levels of ambient noise risks to strengthen awareness of hearing protection and to ensure the proper use of hearing-protection equipment.
- Established the TOSHMS (Taiwan Occupational Safety & Health Management System) at S1: The construction and renovation of S1 was completed in May 2016, and the

site became operational in the second quarter of the year. ISO 14001, OHSAS 18001, and CNS 15506 were introduced to effectively control and manage operational risks at S1 and to strengthen the environmental safety and health management system. In June 2016, we secured third-party verification.

- Strengthened chemical-management measures: To conform to the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) and the amendment to the Occupational Safety and Health Act, WNC conducted inventories of chemical items in June 2016. In addition, we also introduced management measures based on the risk level of chemical hazards and reinforced employees' awareness of chemical disaster prevention during new employee training and regular training for existing employees.
- Introduced the responsibility for area safety scheme: In order to combine production management and safety responsibilities at S1, the managers responsible for each area will also be held responsible for ensuring environmental safety, evaluating potential risks, and establishing the patrolling and auditing scheme for the areas of which they are in charge. Measures include checking the firefighting equipment, chemical items, and protective gear in the area for departments to practice self-management to reduce accidents. We expect to introduce the scheme at S1 in 2017.
- Strengthened fire-safety plans at the factories: WNC conducted a fire-risk assessment of the heating equipment and workplace sites of high-risk operations. Based on the inventory results, WNC adjusted the equipment or introduced special management measures. For instance, we began installing a temperature monitoring system at the end of 2016 and expect the installation to be complete in 2017.

Pursuant to various occupational safety and health measures, WNC holds various education and training courses to enhance employees' awareness and skills related to occupational safety and sanitation to strengthen disaster prevention. The courses held in

2016 included 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, MIS computer rooms, and organic solvent operation 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 awareness program and training:
Given the busy traffic in the Hsinchu Science Park area during rush hours, WNC has implemented traffic safety awareness programs and training courses since 2015 to enhance employee safety when commuting. A training course on safe motorcycling was also offered during the fourth quarter 2016. In the courses, professional safe-driving instructors were invited to conduct safe-driving related training to enhance driving skills and accident prevention knowledge.
- Plant-wide evacuation drill:
To familiarize employees' with emergency response process, evacuation routes and

assembly spots in the plant, we held an earthquake drill in August 2015 at WNC headquarters. Drills were held in the morning and at night respectively for employees working the day shift and the night shift. Earthquake evacuation drill and training for the emergency response team were also conducted at S1 in Q3 and Q4 in 2016. The drills enhanced employees' response and evacuation ability and ensures the effectiveness of the emergency response process.

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 Industrial Safety Office or staff at the Facility & ESH Department, they are also able to call the internal 24 hour emergency notification hotline "5110" at WNC headquarters and "2119" at S1 to make a report.

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 once a year. To improve employees' ability to respond to emergencies, all

WNC plants in China have established fire emergency response teams. In addition, firefighting teams have also been set up and conduct monthly firefighting drills, disaster prevention exercises, and quarterly fire evacuation drills. Evacuation drills are also held in all dormitories every six months.

Occupational Safety and Health Education and Training Statistics in WNC (Taiwan)

Item	No. of Courses	No. of Participants
Fire Prevention Training	3	234
Simulation Exercises for Areas Under High Risk of Fire	3	38
Training on the Handling of Chemical Leakage	2	27
Occupational Safety and Health Management Training for supervisors	1	153
Fire Prevention Training	1	39
Plant-wide Evacuation Drill	2	989

Occupational Safety and Health Education and Training Statistics (China)^{Note}

Item	No. of Courses	No. of Participants
Plant-wide Evacuation Drill	12	17,447
Dangerous Chemicals Handling Training and Chemical Leakage Response Drills	6	105
First-aid Personnel Training	1	25
Safety Personnel Training	5	27
Worker Protective Equipment Training	2	91
Occupational Health Management Training	1	51

Note: Includes Wistron NeWeb (Kunshan), WNC (Kunshan), NeWeb Service, and WebCom (Kunshan)



The occupational injury statistics for all WNC sites in 2016 are listed below:

2016 Occupational Injury Statistics for all WNC Sites

Item	WNC (Taiwan) ^{Note 1}		WNC (Kunshan) ^{Note 2}		Wistron NeWeb (Kunshan)		WebCom (Kunshan)	
	Male	Female	Male	Female	Male	Female	Male	Female
Number of Disabling Injuries	1	2	7	5	7	3	7	5
Working Days Lost due to Injury	1	5	134	41	15	32	59	89
Injury Rate (I.R.) ^{Note 3}	0.07	0.16	0.42	0.50	0.47	0.32	0.97	10.42
Lost Day Rate (L.D.R.) ^{Note 4}	0.07	0.40	8.12	4.12	1.00	3.37	8.16	17.94
Occupational Diseases Rate (O.D.R.) ^{Note 5}	0	0	0	0	0	0	0	0
Absentee Rate (A.R.) ^{Note 6}	0.45%	0.44%	1.43%	1.65%	1.55%	1.40%	2.30%	2.30%

Note 1: WNC (Taiwan) includes WNC headquarters and S1. Occupational injury records in Taiwan only include operations in the factory. Injuries occurring during commutes to work are not included.

Note 2: WNC (Kunshan) data included statistics at NeWeb Service.

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 for employees at WNC (Taiwan) and its China sites:

- Bi-monthly Water quality tests of water dispensers and results announcements
- Establishment of an employee meal service committee for reviewing caterer performance and monitoring food safety-related matters
- Formulation of kitchen safety and health management measures to specify management responsibilities and measures for comprehensive control in food ingredients, food processing, tableware safety, food-service vendors management, and environment cleanliness and equipment maintenance.
- Rigorous selection of certified meal service vendors and daily random inspection to ensure that the vendors we cooperate with 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 including tuberculosis, hepatitis, sexually transmitted diseases, suppurative skin disease or typhoid carriers are not allowed to provide meal services or work in kitchens
- Compilation of an ingredients-vendor list and strictly demand that on-site food service vendors not use food from unknown sources and that the food must be verified to conform to safety and health rules; WNC also performs non-regular inspections.
- WNC performs monthly inspections regarding food safety management and announces the findings of the kitchen safety and sanitation inspection.
- WNC provides employees with a safe, hygienic, and comfortable dining environment.

- WNC 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 in recent years; food items may be re-shelved only after they pass relevant safety inspections.
- Ingredients of the meals provided in the staff canteen are adjusted to reduce the proportion of fried foods; organic vegetables and olive oil are used, and on-site food-service vendors are advised to use more healthy ways of cooking for employees' safety and health.

3.5.3 Health Enhancement

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

- Professional health-care services:
 - In response to the operation commencement of S1, the sessions for consultation with doctors on-site changed to three times per month at WNC headquarters and S1, respectively, with doctors available for two hours during each session. The doctors provide health consultation services, assessment of work resumption and work allotment, and visits to special operations environments. The doctors currently working with WNC are specialized in occupational medicine and family medicine from Hsinchu Mackay Memorial Hospital.
 - Three 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. Meanwhile, in order to prevent occupational diseases, the nurses provide employees with assessment and consultation services regarding human

factors and ergonomics, maternity health, and prevention on the hazards of excessive workloads. Also, a health center is provided to offer basic medical services.

- In March 2016, to cope with the peak flu season, the nurses raised awareness on flu prevention through the company's internal website.
- In 2016, given the growing epidemic of the Zika virus infection, the nurses promoted awareness about the communicable disease through the company's internal website, helping employees better understand Zika and learn self-protection measures.

■ Health examinations:

- 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 2016 was 98.5%, and the average health examination participation rate from 2011 to 2016 was 98%.
- 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.

■ Abnormal health-examination results improvement campaign:

- Between May and July 2016, a series of weight-reduction activities were held, where each participant had to wear a smart bracelet to view his/her daily activity. A total of 252 employees participated in the activity. In the end, 131 participants lost weight, among which 29 successfully saw weight loss of over 2 kg. The total weight loss from this activity was 159.3 kg
- In October 2016, WNC offered free flu vaccinations for all employees and on-site vendors. A total of 759 people received the vaccination, with the vaccination rate of approx. 29.8%.

■ Sports and Stress Relief:

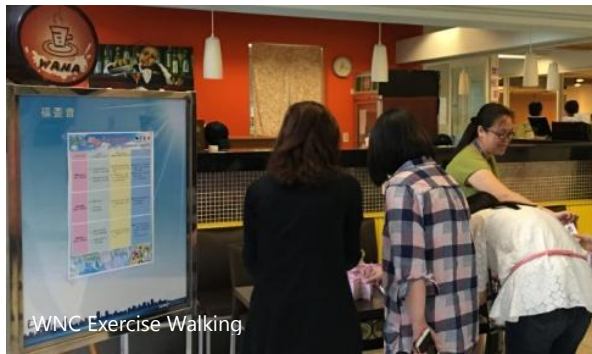
- Establishment of a company gym, aerobics studio, and game room.
- Various low-cost courses are offered in the aerobics studio including kickboxing, tai chi, yoga, and dance classes. All courses are taught by professional teachers.
- Free professional massages are offered Monday through Thursday in the evening, helping employees relieve stress.
- In 2016, the health center added an arm-type digital blood pressure meter, encouraging employees to monitor their blood pressure and care more about their health.



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, employees 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. 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.

As a continuation of the four major themes of health and sustainability, exercise fitness, occupation disease prevention, and epidemic prevention in 2016, WNC (Taiwan) and WNC's China sites held health-enhancement activities, including activities, seminars, and health examinations.

In April 2016, WNC (Taiwan) held a blood donation activity, in which 59 employees donated 90 units of blood. In line with the local government organizations and hospitals, the China sites also encouraged employees through public announcements to participate in blood donation. In June 2016, a total of 76 employees participated in the blood donation activity.



WNC Exercise Walking



Health Seminar



Coffee Making Class



Film Screening Activity



DIY Class at WNC (Taiwan)



WNC Outing for Outstanding Employees



Fun Race

3.5.4 Employee Welfare Committee

WNC (Taiwan) 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 welfare funds. 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 2016, a wide variety of activities were offered including:

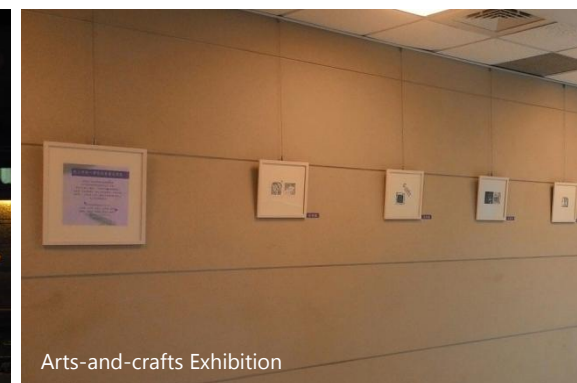
- Company-wide events: Includes the year-end party, Lantern-Festival riddle contest, garage sale, club anniversary party, WNC Sport and Family Day, and Christmas photo shoot activity
- Cultural activities: 40 events including lectures on wealth management and coffee making, Zentangle courses, Zentangle presentation, and arts-and-crafts DIY classes
- Department trips and outings: WNC (Taiwan) encourages departments to hold their own department outings or gatherings
- Exercise courses: We offered aerobics, Tai Chi, and Yoga courses; in 2016, four sessions were held at the WNC headquarters with each session containing ten classes. A total of 384 people participated in these activities. At S1, two sessions were held on aerobics, ZUBUM, and Yoga, with a total of 41 participants.

In 2016, WNC's China sites hosted the following events, including:

- Festival events: Gatherings and activities were held to celebrate the Chinese Lunar New Year, the Lantern Festival, International Women's Day, and Labor Day.
- Sporting events: The Seventh Integrated Free Trade Zone Badminton Competition, basketball competitions, badminton competitions, and a bowling competition

- Entertainment events: Employee Family Day, Dragon Boat Festival activity, film screening activity, WNC photo contest, WNC outing for outstanding employees, firefighting skills competition, cultural performances, and a talent show.

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 (Taiwan), including a mountaineering club, golf club, basketball club, softball club, badminton club, table tennis club, football club, tennis club, music club, and cycling club. We plan on establishing a rock-climbing club in 2017. At WNC's China sites, there are 12 major clubs, including a Meihua Quan club, basketball club, cycling club, soccer club, swimming club, Mercy club, table tennis club, English speech club, badminton club, fishing club, e-Sport club, and dancing club. Each club has a fixed meeting or practice schedule and hosts all types of activities non-periodically in the company.

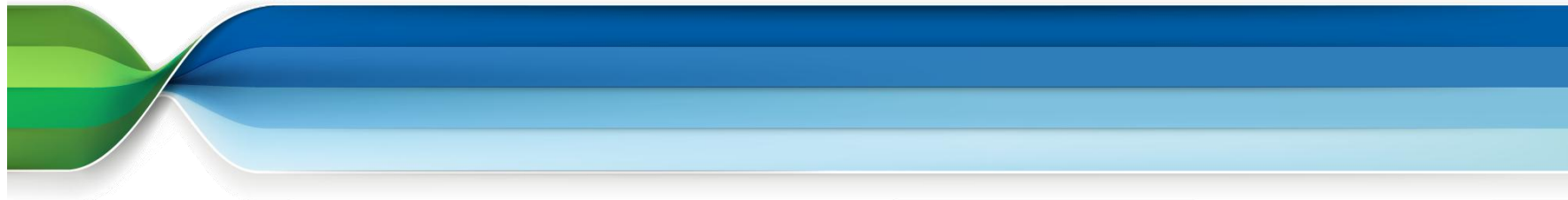


3.5.5 Recreational and Sports Equipment

Both WNC headquarters and S1 offer its employees a gymnasium with a range of exercise facilities, an aerobics room, and a reading room. 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. At WNC headquarters, the Art Corridor adjacent to the reading room exhibits works by local Taiwanese artists. The Sunshine Corridor posts pictures of company activities. At S1, the arts-and-crafts exhibition area exhibits works by different artists and posts pictures of company activities. A complete and multi-functional living center “Qi Yuan” is provided at the employee dormitory in China. In addition to catering services and a supermarket, there is also an electronic library and other recreational facilities. This encourages employees to promote their health during their spare time. Also, a spacious badminton court, basketball court, table tennis room, and billiards room are offered on the site.



04



Cherishing Natural Resources

Green Products

Environmental Management

Carbon Emissions Management

Energy Management

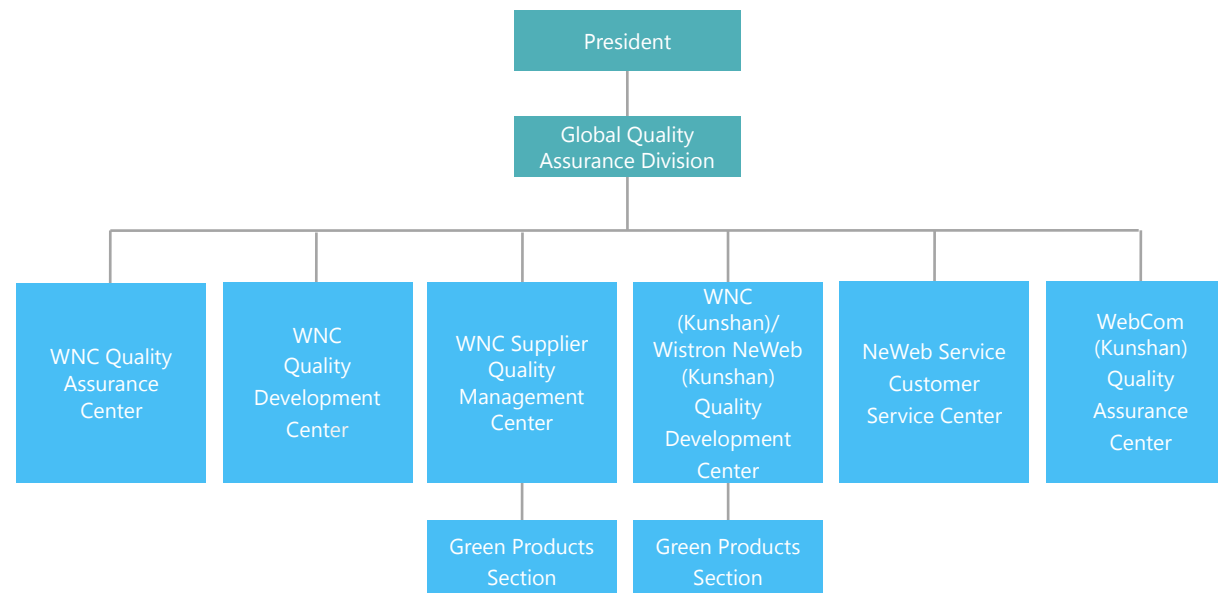
WNC pays close attention to global environmental protection issues. Apart from observing local acts and regulations at each operations site and establishing environmental and green-product management systems with suppliers based on customer requirements, we have also realized energy conservation and carbon reduction in the work environments to ensure the effective use and management of limited resources. In addition, 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 that we meet ISO 14001 and IECO QC 080000 related regulations.

4.1 Green Products

4.1.1 Green Product Management

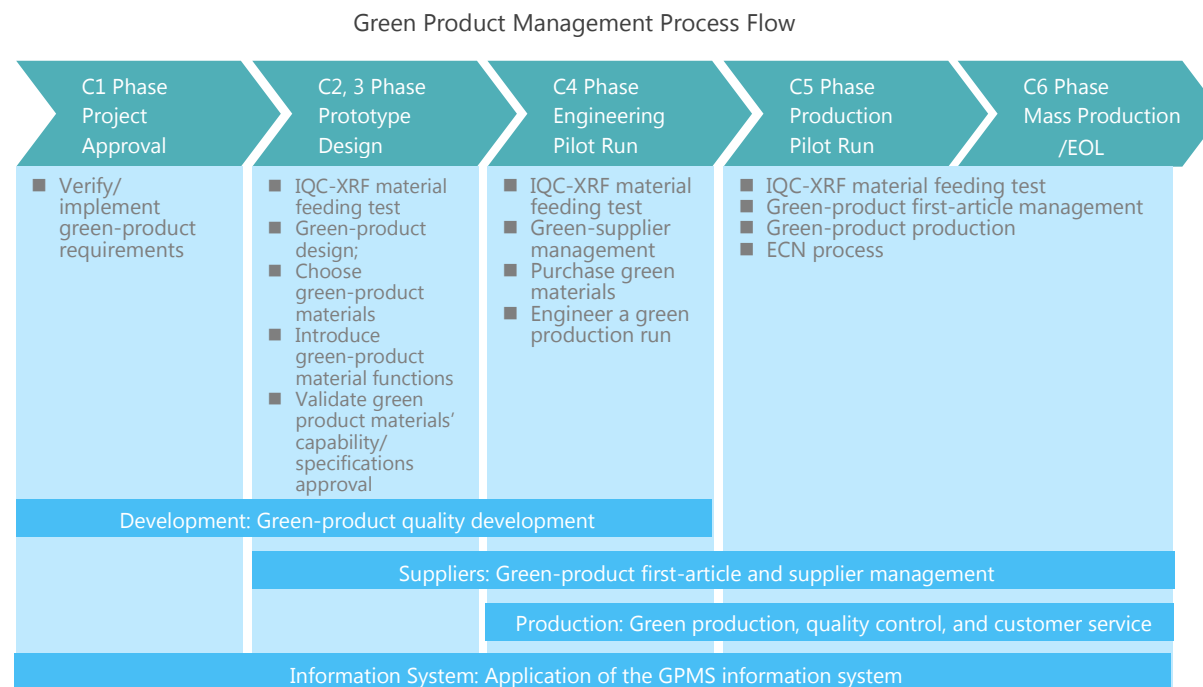
WNC's Green Product Section is tasked with coordinating all internal and external matters relating to green products and to effectively monitor the environmental-product-development management process (such as assisting each unit on product design, manufacturing, and shipping). The section's responsibilities include evaluation and execution of compliance with international laws, regulations, and customer environmental-protection directives, promotion of green-product continual improvement initiatives, control of hazardous substances, and auditing of green products, management of suppliers, and ensuring the effectiveness of WNC's green policies implementation.

Green Product Management Organization



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. WNC set up the Energy-related Product (ErP) eco-design guidelines and has made the pursuit of eco-design a fundamental requirement of its design process. We consider environmental-protection factors during 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 based on customer requirements. 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 directives such as RoHS 2.0, 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 2016, in response to the RoHS 2.0 exemptions, the Green Products Section started an internal awareness program and developed a contingency plan. The Section has also paid close attention to updates from the European Chemicals Agency (ECHA) for regulatory compliance.

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. In 2016, we launched the IQC-XRF inspection optimization process to determine if materials and products meet the conditions for ROHS 2.0 exemption based on the type of materials and green-product characteristics.

Green Product Management System (GPMS)

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

WNC 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 2016, WNC's products did not violate any green-product Directives.

IECQ QC 080000 Certification

WNC (Taiwan) and WNC's China sites have 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.



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.

4.2 Environmental Management

WNC ESH Management Policy

- In compliance with government policy and in coordination with ESH Management System directives, promote environmental protection and the prevention of occupational diseases to provide employees with a safe and healthy work environment.
- All employees must work in a concerted effort to design and manufacture green products with superior quality and minimize the impact and damage these products cause to the environment as much as possible to fulfill customer demands and help protect the environment.
- Continue to strengthen mechanisms for the prevention of environmental pollution, increase energy efficiency, and implement appropriate control and reduction measures to lessen the impact on the environment.
- Continue to implement the workplace health management system and maintain good practices in the prevention of contamination and occupation-related illness. Adopt a “zero tolerance” principle toward unlawful conduct in the workplace to maintain the physical and mental health of employees.
- Reinforce all employees’ ESH awareness and accountability, and provide appropriate communication and consultation channels and participation mechanisms to ensure the effective operation of the ESH Management System.

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 sets 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 WNC’s China sites have now received ISO 14001 certification. WNC continues to advance and updates the workplace environment in order to comply with the standards.

In response to customer requirements, WNC headquarters has established management targets and implementation objectives for reducing and recycling waste, wastewater, and carbon emissions. In 2016, the establishment of S1 resulted in increased emissions of wastewater and greenhouse gases. As more production lines are still being added at S1, we plan to revise the environmental management targets accordingly.

WNC (Taiwan) Environmental-Management Targets and Effects

Aspect	Target	2016	2015	2014	2013	2012	2011
Waste Recycling Rate	Yearly rate of 70% ^{Note 1}	70%	67%	70%	62%	59%	57%
Wastewater	6% reduction by 2016 from 2011 levels	1.79% reduction	31.50% reduction	14.10% reduction	9.30% reduction	3.20% reduction	N/A
GHG Emissions	6% reduction by 2016 from 2011 GHG emissions	71.6% increase	27.11% increase	4.38% increase	12.93% reduction	14.2% reduction	9,697
GHG Emission Intensity ^{Note 2}		6.7% increase	20.00% reduction	13.30% reduction	20.00% reduction	3.30% reduction	N/A

Note 1: No waste liquid is produced during the manufacturing process; therefore waste liquid is not included in the calculation of the recycling rate.

Note 2: Due to the expansion of production capacity, this emission intensity metric is added to illustrate emission effects.

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 (Pb, Cd, Hg, Cr6+, PBB, and PBDE) in line with RoHS standards on packaging materials. WNC strives to reduce packaging volume and modifies stacking methods to increase overall loading capability. To carry out garbage sorting and waste-reduction measures, WNC sets up waste storage areas that conform to related standards and also contracts with qualified waste disposal companies.

In response to customer requirements, while promoting sustainable forest management, WNC (Taiwan) 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 2015.



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 CO₂ exhaust due to power consumption, there are no other air pollutants generated (such as NO_x and SO_x). As for the disposal of waste materials, WNC invites only specialist operators recognized by Taiwan's EPA and makes related declarations online as required to ensure that no environmental contamination occurs and regularly inspects its waste treatment plant to ensure proper operation. Furthermore, WNC implements all applicable pollution prevention tasks in a positive feedback cycle under its well-prepared management system.

To effectively address the wastewater and waste gases produced during the System in Package (SiP) process, WNC (Taiwan) started a wastewater and exhaust pipeline renovation project during the first quarter of 2017 to more properly handle the resulting wastewater and waste gases. We expect that the wastewater treatment facility will be completed during the second quarter of 2017. WNC plans to adjust the water pollution prevention plans and obtain a wastewater discharge permit.

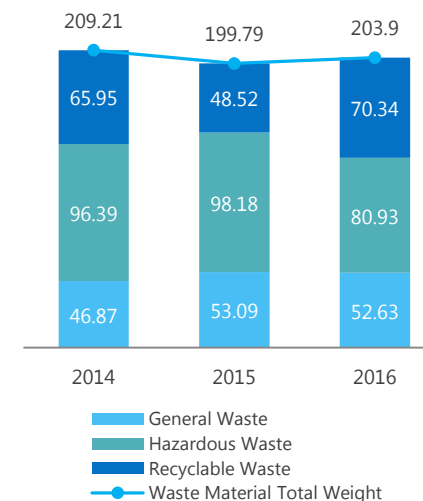
4.2.4 Recycling and Waste Management

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 carrying operation of cleaning trolleys, storage facilities, handling facilities, and document verification. Vendors were ranked based on the results and WNC communicates with the vendors based on the results and requires that the vendors propose measures accordingly. The ranking and the corresponding measures for improvement are as follows:

- Rank A (score ≥ 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 (Taiwan) in 2016 was 203.90 tonnes, whereas the total weight of waste produces at all WNC's China sites is 2,834.41 tonnes. Details for each site are available in the table below.

Total Waste Generated in WNC (Taiwan)
during the Most Recent Three Years
(Unit: tonnes)



2016 Waste Material Total Weight and Their Processing Modes at WNC (Taiwan) and WNC's China Sites (Unit: tonnes)

Waste Category ^{Note 1}	WNC (Taiwan)					WNC's China Sites									
	Total	Re-use	Incinerati	Landfill	Recycled	WNC (Kunshan)/Wistron NeWeb (Kunshan)					WebCom (Kunshan)				
						Total	Re-use	Incineratio	Landfill	Recycled	Total	Re-use	Incineratio	Landfill	Recycled
General Waste	52.63	1.84	--	50.79	--	2,283.00	--	1,307.00	--	976.00	338.98	--	129.83	164.25	44.90
Hazardous Waste	80.93	53.38	1.54	26.01	--	209.58	184.06	25.52	--	--	2.85	--	2.85	--	--
Recyclable Waste ^{Note 2}	70.34	--	--	--	70.34	--	--	--	--	--	--	--	--	--	--
Total Waste	203.90	55.22	1.54	76.80	70.34	2,492.58	184.06	1,332.52	--	976.00	341.83	--	132.68	164.25	44.90

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.

In 2016, WNC (Taiwan) and WNC's China sites 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 WNC (Taiwan) during the Most Recent Three Years

Item (Unit: NT\$)	WNC Headquarters			S1
	2016	2015	2014	2016
ISO 14001 certification fee ^{Note 1}	88,000	152,395	183,709	--
Environmental consultant/education and training fee	--	--	16,961	--
Environmental administrative fees	2,500	7,500	2,500	13,200
LED lighting replacement in public areas	1,622,088	1,622,088	1,622,088	6,993,152
Sewage treatment fee	608,896	1,018,726	871,313	685,338
Waste gas/water verification/measurement cost	25,200	37,200	17,600	107,500
Waste cleaning cost	855,679	1,227,734	752,303	189,088
Air pollution cost	76,104	173,210	142,422	147,261
Maintenance cost for air-pollution prevention equipment ^{Note 2}	--	143,850	25,725	850,000
Total	3,278,467	4,382,703	3,634,621	8,985,539

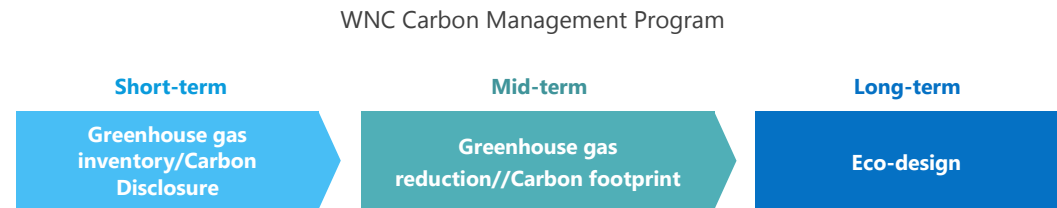
Note 1: The ISO 14001 certification fee includes the certification fee of S1.

Note 2: Air-pollution prevention equipment: total cost for replacement of activated carbon and scrubber maintenance cost

Environmental Expenditures at WNC's China sites during the Most Recent Three Years

Item (Unit: CN¥)	WNC (Kunshan)/Wistron NeWeb (Kunshan)			WebCom (Kunshan)		
	2016	2015	2014	2016	2015	2014
ISO 14001 certification fee ^{Note1}	40,000	38,000	19,400	20,000	20,000	10,000
ISO 14064 certification fee	40,000	40,000	40,000	20,000	20,000	20,000
Environmental consultant/education and training fee	--	--	--	--	--	--
Environmental administrative fees	--	31,840	--	--	57,032	--
LED lighting replacement in public areas	74,628	171,942	464,702	47,872	36,240	299,937
Sewage treatment fee	330,382	348,062	299,364	293,232	285,355	272,640
Waste gas/water verification/measurement cost	12,200	47,500	6,180	7,600	6,600	3,560
Liquid waste and waste cleaning cost	304,336	130,913	135,855	37,475	30,000	42,600
Total	801,546	808,257	965,501	426,179	455,227	648,737

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 CO₂ emissions:

- Short-term plan: Perform a greenhouse gas inventory and earn ISO 14064-1 certification to serve as a basis for CO₂ management and database construction.
- Medium-term plan: Identify potential room for further carbon reductions during the product lifecycle and execute a product carbon footprint program according to customers' requests.
- Long-term plan: Promote carbon reduction initiatives such as Eco-design, clean production, and a green factory based on the organizational GHG inventory and product carbon-footprint audits.

Greenhouse Gas Emissions Inventory Boundary

Since 2012, WNC (Taiwan) has defined our organizational boundaries in accordance with the guidance from ISO 14064-1 and the GHG Protocol standards and calculated the GHG emissions of Scope 1 and Scope 2. The 2016 GHG inventory was completed during the first quarter of 2017, and the major greenhouse gases emitted include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and hydrofluorocarbons (HFCs). Due to the fact that S1, which began operations in the second quarter of 2016, was included in the inventory boundary as well as production-line relocation and capacity expansion, there was a significant increase in the total electricity consumption and GHG emissions. The GHG emission types and results of the GHG inventory in 2016 are presented in the table below.

Types of GHG Emission Sources and Corresponding Activities in WNC (Taiwan) in 2016

Scope	Type of Emission Sources	Corresponding Activities/Equipment	Percentage (%)
Scope 1: Direct Emissions 	Stationary combustion	Diesel used in emergency generators (CO ₂ , CH ₄ , and N ₂ O)	0.76
	Mobile combustion	Gasoline used by company vehicles (CO ₂ , CH ₄ , and N ₂ O)	
	Fugitive emissions	<ul style="list-style-type: none"> ■ Release from septic tanks (CH₄) ■ Release from the refrigerant used in air conditioners/refrigerators and company vehicles ^{Note 1} (HFCs) ■ Release from carbon dioxide fire extinguishers ^{Note 2} (CO₂) 	
Scope 2: Indirect Emissions 	GHG emissions from the generation of purchased electricity, heat, steam, or other fossil fuels consumed by the company	Electricity purchased from Taipower (CO ₂)	99.24

Note 1: In 2016, no refrigerants were replenished for air conditioners, refrigerators, and company vehicles.

Note 2: In 2016, no pharmaceuticals in fire extinguishers were replaced or refilled.

To reflect the impact of change in production capacity to GHG emissions and reduction targets in a faithful manner, from 2017, the GHG emission targets in WNC (Taiwan) was adjusted to a reduction rate of 1% each year. Emission intensity will also be presented to illustrate the relationship between capacity scale and emissions.

WNC (Taiwan) GHG Inventory Results in the Most Recent 3 Years (Unit: tonne CO₂e)^{Note}

Site	2016					2015					2014				
	Scope 1	Scope 2	Scope 3	Total Emissions	ISO 14064-1 Certification	Scope 1	Scope 2	Scope 3	Total Emissions	ISO 14064-1 Certification	Scope 1	Scope 2	Scope 3	Total Emissions	ISO 14064-1 Certification
WNC headquarters	96	5,757	--	5,853		104	12,222	--	12,326		86	10,036	--	10,122	
S1	30	10,760	--	10,790		--	--	--	--		--	--	--	--	
Total	126	16,517	--	16,643		104	12,222	--	12,326		86	10,036	--	10,122	

Note : The year of the GWP is IPCC 2007 AR4

The China plants completed their 2016 GHG inventory during the first quarter of 2017 and obtained the China Quality Certification Centre's ISO 14064-1 certification in May 2016. Similar to Taiwan, the GHG emissions from the China plants also increased by 12.2% compared to 2016 due to capacity expansion. In 2017, WNC's China sites set 2016 as the base year for GHG emissions, and the GHG target will be a 2% reduction in emission intensity.

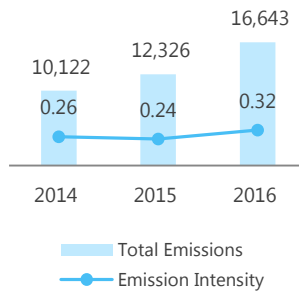
GHG Inventory Results in WNC's China sites in the Most Recent 3 Years(Unit: tonne CO₂e)^{Note 1}

Site	2016					2015					2014				
	Scope 1	Scope 2	Scope 3	Total Emissions	ISO 14064-1 Certification	Scope 1	Scope 2	Scope 3	Total Emissions	ISO 14064-1 Certification	Scope 1	Scope 2	Scope 3	Total Emissions	ISO 14064-1 Certification
WNC (Kunshan)	785	14,695	--	15,480	○	1,596	16,687	--	18,283	○	4,256	14,590	--	18,846	○
Wistron NeWeb (Kunshan)	1,138	23,006	--	24,144	○	475	16,793	--	17,268	○	1,919	11,243	--	13,162	○
WebCom (Kunshan) ^{Note 2}	901	4,729	--	5,630	○	546	3,755	61	4,362	○	537	4,044	60	4,641	○
Total	2,336	42,430	--	45,254		2,617	37,235	61	39,913		6,712	29,877	60	36,649	

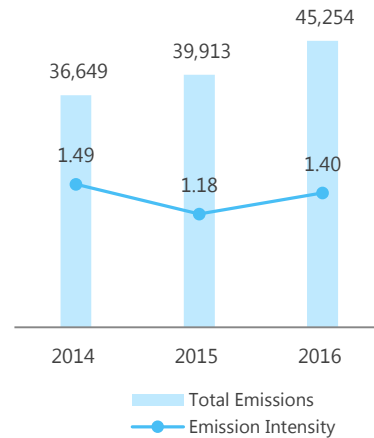
Note 1: The year of the GWP is IPCC 1995 SAR.

Note 2: Sources of Scope 3 emissions at WebCom (Kunshan) are not fixed. Obtaining accurate data was not feasible, therefore no data is provided for 2016.

WNC (Taiwan) GHG Emissions in the Most Recent 3 Years
(Unit of emissions: tonnesCO₂e
Unit of emission intensity: tonnes CO₂e/NT\$ million)



WNC's China Sites GHG Emissions in the Most Recent 3 Years
(Unit of emissions: tonnes CO₂e
Unit of emission intensity: tonnesCO₂e/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 and Resources Management

4.4.1 Energy and Resource Usage

Electricity

The primary source of energy for WNC's Taiwan and China plants is electricity. In Taiwan, a small amount of diesel is used during the Taiwan Power Company's annual maintenance operations or during an outage for emergency generators in Taiwan. Low winter temperatures in China, however, meant that diesel was also used for heating. The main-entrance guardhouse 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 during these three years are shown in the following table.

Due to the increasing production capacity of the WNC (Taiwan) and the China sites, the total power consumption in the most recent three years has also grown year-on-year. The total

power consumption in 2016 was 33.6% and 11.6% higher than that in 2015 at the Taiwan and China sites, respectively.

In 2016, S1 began operations, and the total diesel fuel consumption in 2016 more than doubled. In China, heat recovery systems from air compressors are installed; therefore the total diesel fuel consumption in China was approx. 53.6% lower than that in 2015.

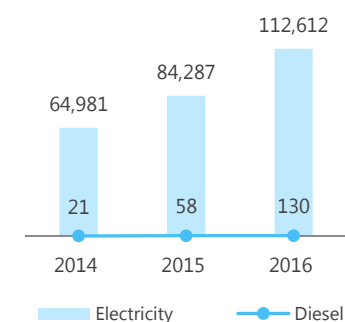
Primary Energy Consumption Statistics in WNC (Taiwan)^{Note 1} (Unit: GJ)

Site	Electricity			Diesel ^{Note 2}		
	2016	2015	2014	2016	2015	2014
WNC Headquarters	39,253	84,287	64,981	19	58	21
S1	73,359	--	--	111	--	--
Total	112,612	84,287	64,981	130	58	21

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

Note 2: According to the heat content of energy products and the abbreviation and equivalents of energy units in the "Energy Statistics Handbook 2016", one liter of diesel equals 0.0352 GJ.

Energy Consumption in WNC (Taiwan)
in the Most Recent Three Years
(Unit: GJ)



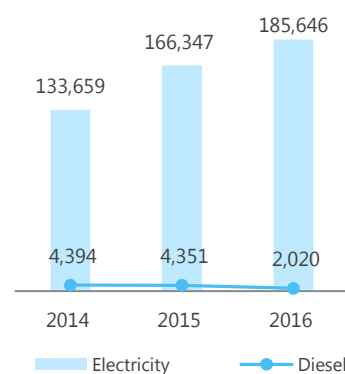
Primary Energy Consumption Statistics in WNC's China Sites (Unit: GJ)

Site	Electricity			Diesel ^{Note 2}		
	2016	2015	2014	2016	2015	2014
WNC (Kunshan) ^{Note 1}	61,226	74,208	64,883	762	1,658	2,068
Wistron NeWeb (Kunshan)	102,662	74,682	49,998	430	415	955
WebCom (Kunshan)	20,985	16,700	18,028	828	2,278	1,371
WebCom (Nanjing)	773	757	750	--	--	--
Total	185,646	166,347	133,659	2,020	4,351	4,394

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

Note 2: According to the heat content of energy products and the abbreviation and equivalents of energy units in the "Energy Statistics Handbook 2016", one liter of diesel equals 0.0352 GJ.

Energy Consumption in the China Sites
in the Most Recent Three Years
(Unit: GJ)



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. Compared to 2015, the total water consumption increased by 27.8% in WNC (Taiwan) and decreased 4.7% at WNC's China sites in 2016.

Total Water Consumption/Wastewater Statistics in WNC (Taiwan) During the Most-Recent Three Years (m³)

Site	Total Water Consumption			Average Water Consumption Per Person ^{Note}			Total Wastewater			Average Wastewater Per Person ^{Note}		
	2016	2015	2014	2016	2015	2014	2016	2015	2014	2016	2015	2014
WNC Headquarters	47,159	82,372	72,438	33.0	31.2	31.8	17,042	20,743	26,017	11.9	7.8	11.4
S1	58,114	--	--	47.4	--	--	12,697	--	--	10.3	--	--
Total	105,273	82,372	72,438	39.6	31.2	31.8	29,739	20,743	26,017	11.2	7.8	11.4

Note: Average Water Consumption (Wastewater) Per Person = Total Water Consumption (Wastewater)/Total Employees; the total employees in 2016 include dispatch workers and contract employees

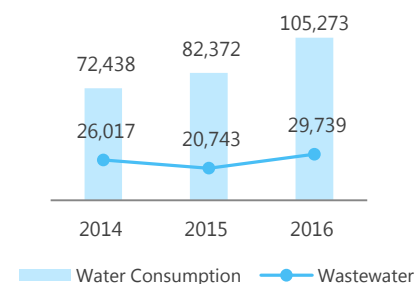
Total Water Consumption/Wastewater Statistics in WNC's China Sites During the Most-Recent Three Years (m³)

Site	Total Water Consumption			Average Water Consumption Per Person ^{Note2}			Total Wastewater			Average Wastewater Per Person ^{Note2}		
	2016	2015	2014	2016	2015	2014	2016	2015	2014	2016	2015	2014
WNC (Kunshan) ^{Note 1}	86,876	135,127	137,063	32.8	30.2	41.4	43,438	67,563	68,532	16.4	15.1	20.57
Wistron NeWeb (Kunshan)	167,264	132,613	93,217	68.3	55.1	37.5	83,632	66,306	46,609	34.2	27.5	18.45
WebCom (Kunshan)	22,711	23,060	27,088	18.6	20.1	12.6	11,356	11,530	13,544	9.3	10.1	6.29
WebCom (Nanjing)	2,062	1,890	1,838	18.2	17.7	15.7	1,021	919	1,002	9.0	8.6	8.35
Total	278,913	292,690	259,206	43.4	36.0	32.1	139,447	146,318	129,687	21.7	18.0	16.1

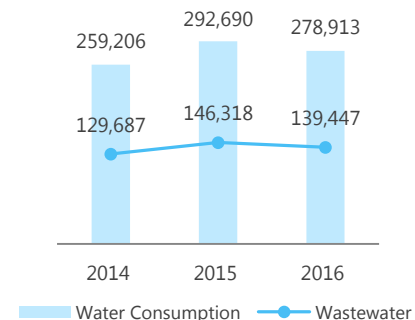
Note 1: WNC (Kunshan)'s data included power consumption at NeWeb Service.

Note 2: Average Water Consumption (Wastewater) Per Person = Total Water Consumption (Wastewater)/Total Employees; the total employees in 2016 include dispatch workers and contract employees.

Water Consumption and Wastewater Output at WNC (Taiwan) During the Most-Recent Three Years (Unit: m³)



Water Consumption and Wastewater Output at WNC's China Sites During the Most-Recent Three Years (Unit: m³)



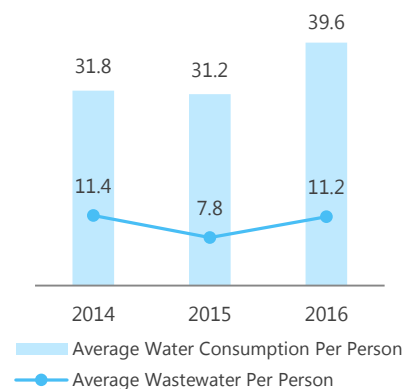
Energy Use Intensity

In 2016, because S1 operations commenced and WNC expanded its production capacity, the energy-use intensity of WNC (Taiwan) increased compared to the previous two years.

- Average Water Consumption Per Person = Total Water Consumption (m³)/Total Employees
- Average Wastewater Per Person = Total Wastewater (m³)/Total Employees
- Electricity-use Intensity = Total Electricity Consumption (GJ)/Individual Operating Revenues (NT\$ million)
- GHG Emission Intensity = GHG Emissions (CO₂e)/Individual Operating Revenues (NT\$ million)

Water Consumption and Wastewater Per Person at WNC (Taiwan) During the Most-Recent Three Years ^{Note}

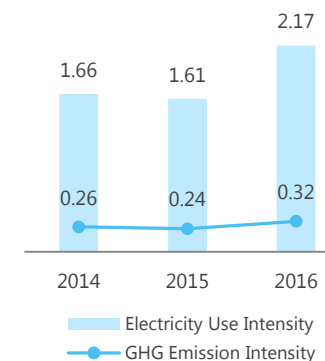
(Water Consumption/Wastewater Intensity Unit: m³/Total Employees)



Note: The total employees include dispatch workers and contract employees.

Electricity Use Intensity and GHG Emission Intensity at WNC (Taiwan) During the Most-Recent Three Years

(Electricity Use Intensity Unit: GJ/NT\$ million;
GHG Emission Intensity Unit: CO₂e/NT\$ million)



4.4.2 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. In 2016, WNC headquarters and S1 began adding LED lamps or replacing the ambient lighting of the office areas, public areas, and laboratories with LED lamps. WebCom (Nanjing) also continued to implement Six Sigma projects for electricity conservation. The effects of the energy conservation measures are presented in the table below.



Energy-saving and Carbon Reduction

Site	Energy Conservation Measures	Electricity Saved ^{Note}		Percentage of the Total Electricity Used	CO ₂ Emissions ^{Note 2} (tonnes CO ₂ e)
		(kW)	(GJ)		
WNC Headquarters	Added or replaced 2,534 LED lights	30,134	108	0.1	↓ 19.2
S1	Added or replaced 84,000 LED lights	367,920	1,325	1.2	↓ 234.0
WNC (Kunshan)	Added or replaced 1,500 LED lights	372,600	1,341	2.2	↓ 237
Wistron NeWeb (Kunshan)	Added or replaced 1,300 LED lights	322,920	1,163	1.1	↓ 205.4
	Improved the utilization rate of air compressors ^{Note 3}	23,760	86	0.1	↓ 15.1
WebCom (Kunshan)	Added or replaced 781 LED lights	194,000	698	3.3	↓ 123.4
WebCom (Nanjing)	Implemented Six Sigma projects for electricity saving: reduced electricity at night, and non-essential power ^{Note 4} was turned off.	13,728	49	6.3	↓ 8.7

Note 1: Electricity saved by replacing the ambient lighting fixtures with LED lights: The amount of electricity saved by using LED lights is estimated by counting the number of LED lights used in each site and the amount of electricity a light saves in one hour.

Note 2: According to the information published by the Bureau of Energy, Ministry of Economic Affairs, each kWh saved reduces 0.636×10^{-3} tonnes of CO₂ for the earth.

Note 3: Improved the utilization rate of the air compressors: Estimated annual amount saved is based on the improved utilization rate of each air compressor.

Note 4: Electricity saved at night: The night-time electricity consumption is approximately 20% of the total amount per day. The annual amount saved is calculated based on this assumption.

Electricity saved from controlling non-essential power: Estimated annual saved amount is based on the power consumption of each light per hour. There are 18 lights that were occasionally turned on only when necessary in the public areas or aisles of the offices in Nanjing.



Water Conservation

Site	Type of Recycled Water	Amount of Recycled Water (tonnes)	Percentage of the Total Water Consumption (%)
WNC Headquarters	Recycled water ^{Note 1}	30,526	29.0
	Air-conditioning condensation	26,120	24.8
	Reflow from the cooling water	3,146	3.0
	RO water from the drinking fountains	1,260	1.2
	Rainwater ^{Note 2}	1,615	1.5
WNC (Kunshan)	Recycled water	9,306	10.7
	Air-conditioning condensation	4,536	5.2
	Reclaimed water	4,770	5.5





Note 1: Amount of recycled air-conditioning condensation: Estimated annual amount is based on the air volume, density of air, and humidity ratio of each air conditioner with the 10-hour operation time per day and 22 workdays per month.

Amount of recycled reflow from the cooling-tower water: Estimated annual amount is based on the water-meter record collected.

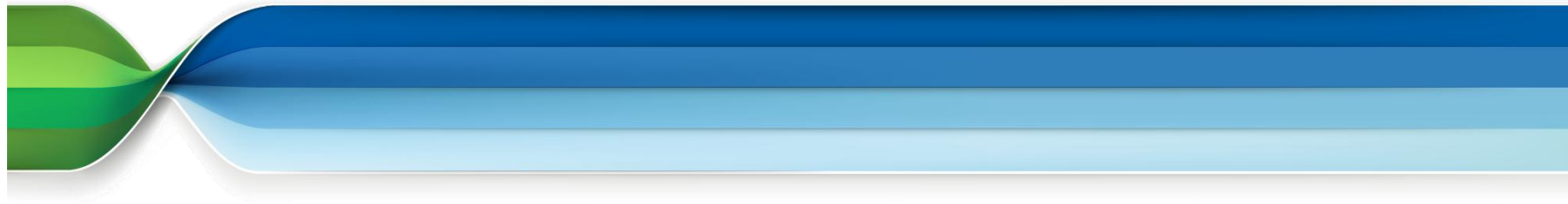
Amount of recycled RO water from the drinking fountains: There are 0.56 tonnes of waste water out of each tonne of water flow to the drinking machine. The annual recycled amount is calculated based on the estimated water consumed by the employee headcount total.

Note 2: Amount of recycled rainwater: Estimated annual amount is based on the capacity of the rainwater recycling pool and the actual daily rainfall data from the Central Weather Bureau.

Daily Energy-Saving Measures

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

05



Strengthening the Value Chain and Social Relations

Supplier Management

Customer Relations

Contractor Safety and Health Management

Participation in Society

5.1 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 addition to requiring that new suppliers comply with the supplier evaluation criteria and implementing the supplier corporate social responsibility audit plan (Supplier CSR Audit), starting in 2016, WNC conducted field visits to suppliers of strategic importance every six months. The aim was to continuously focus and enhance performance in product and service quality, labor rights, occupational safety and health, and green products.

In 2015, the Global Supply Chain Management Division of WNC (Taiwan) initiated the Supply Base Reduction project to enhance the efficiency in supplier management and develop long-term cooperation strategies. Using the number of suppliers at the end of

2014, we successfully achieved our target of a 30% reduction by the end of 2016.

5.1.1 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 the 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 directives 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. Also, 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 2016, a total of 698 suppliers entered into transactions with WNC (Taiwan) and the China sites, and they are mainly located in Taiwan, making up 52% of all suppliers (calculated according to purchase amounts). Suppliers from China (25%) 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.

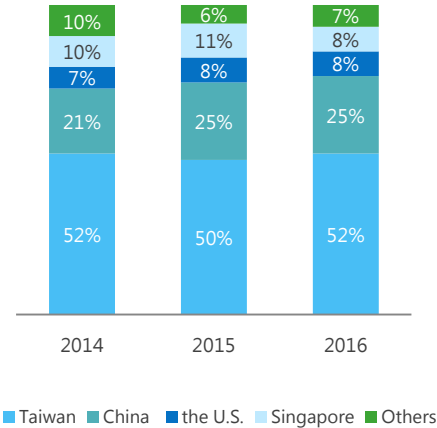
WNC also set local purchase centers for the Taiwan headquarters and China sites, respectively, to take charge of local supplier selection and management. This was performed to reduce energy consumption and environmental pollution caused during the transport of raw materials and products, enhance utilization rates of package materials and space, support the purchase of recyclable materials, encourage localized purchasing, and reduce unnecessary transportation costs and carbon emissions. In 2016, local purchasing amounted to 57% of the total purchase amounts in Taiwan and 31% at the China sites.

5.1.2 Supplier Selection and Assessment

New Supplier Investigation

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 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 and implemented the Supplier CSR Audit. The suppliers who meet the standards set by WNC will be included in the AVL (Approved Vendor List). 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. In 2016, a total of 94 suppliers were included in WNC's AVL according to the new supplier management approach. These suppliers account for 44.1% of the total new suppliers of the year.

Locations of WNC's Suppliers in the Most Recent Three Years



In addition to operational,

engineering and mass-production capabilities, certification of quality systems has become a non-negotiable condition in our selection of suppliers. Regular suppliers are required to secure ISO 9001 verification, and for automotive component suppliers, the possession of QS 9000/TS 16949 verification is a key consideration during the selection process. WNC also encourages that all suppliers obtain the TL 9000 QMS and ISO 14001 management systems. In 2016, WNC introduced the supplier intellectual property protection and management process, where business units request that new suppliers conform to the protection guidelines and sign documents for the protection of intellectual property rights, including the WNC Security NDCA, Restricted Project Acknowledgement (RPA) to protect the intellectual property of WNC and WNC's customers.

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 overall performance requirements (including quality, delivery, service, price competitiveness, and EICC conformity), WNC's value-chain competitiveness is continuously enhanced. After the quarterly Vendor Performance Evaluation (VPE) is completed, the Global Purchasing Center, along with the supplier quality management center, R&D units, and the mechanical design units will reach a consensus during the quarterly vendor recommendation meetings and issue a recommended vendor list (RVL). The list will be updated in the supplier management system to serve as the reference for future projects and order placement. In addition, WNC will continue to strength risk evaluation and management for the vendors. As of

the end of 2016, a total of 700 suppliers have 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 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 2016, a total of 382 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.

5.1.3 e-Supplier Management System

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

Supplier Relationship Management (SRM) System

In 2016, the Global Supply Chain Management Division planned to build a supplier relations management platform to collect and organize information such as supplier activities, a recommended vendor list, product strategies, and customer/supplier audits. Its purpose was to identify market trends and supplier activities and develop supplier relations and strategies for sustainable development through information sharing. The management platform was officially launched in March 2017.

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. Q-Kanban, 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). In 2016, 32 suppliers were using Q-Kanban, and 700 components were monitored to ensure quality through the Q-Kanban.

Supplier Management System (SMS)

The Supplier Management System collects and organizes supplier management-related documents such as new supplier investigation, qualified vendor list, supplier agreement investigation reports, incoming materials defect rate report, and vendor performance evaluation. Related units may utilize the system to continue to control and monitor suppliers to ensure that suppliers continue to fulfill their commitments for performance.

5.1.4 Supplier Quality Agreement

In order to create a green supply chain, WNC headquarters began requiring suppliers to sign a Supplier Quality Agreement in 2006, and our China sites 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 2016, 79 materials suppliers 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.



5.1.5 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 (CMRT) of the Conflict-Free Sourcing Initiative (CFSI) 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, and perform investigation using CMRT. As of 2016, among all suppliers in Taiwan and China, 748 of them signed the declaration, and 669 of them have responded to the CMRT investigation form. In 2015, WNC began investigating whether its suppliers use smelters that have obtained the CFSI certification and have determined the suppliers' ranking in conflict-free sourcing based on the investigation results. As of the end of March 2016, 852 suppliers have been investigated, and the results are presented in the table below:

The Use of Smelters by WNC's Suppliers

Year	Number of Supplier Surveyed ^{Note}	No use of conflict minerals	CFSI-certified	Non-CFSI-certified	Under Investigation
2015	849	199	351	132	167
2016	852	262	430	77	83

Note: The number is the sum of (1) the suppliers who have transaction records in the year and (2) customers' suppliers who have performed investigations of conflict minerals in the year.

With regard to the suppliers who use smelters that have not obtained the CFSI certification, WNC will encourage them to assist their smelters in obtaining the CFSI certification. In order to investigate and better manage the suppliers' use of conflict minerals and relevant information of the smelters they use, we have outsourced the building of an e-platform for conflict minerals management and expect to complete it by 2018.

5.1.6 CSR Audit

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 Supplier Corporate Social Responsibility (CSR) Code of Conduct according to the Electronic Industry Code of Conduct but also officially implemented the supplier CSR survey to understand supplier performance in aspects of their employees, health and safety, performance in environmental protection, company management, and corporate ethics. WNC required existing and new suppliers to sign the "Supplier CSR Declaration" and the "WNC Group Supplier's Commitment for Code of Ethics" and return a CSR statement. This enables WNC to observe their related social responsibilities and items including the prohibition of child labor and forced labor, implementation of Occupational Safety and Health management, anti-bribery, anti-corruption, fair trade, and freedom of association policies, and rights to negotiation of labor agreements. By the end of 2016, 28 suppliers in Taiwan and China signed the "Supplier CSR Declaration", 26 suppliers responded to the "Supplier CSR Survey Form", and 26 suppliers signed the WNC Group Supplier's Commitment for Code of Ethics.

WNC CSR Investigation Plan

Year/Number of Suppliers Investigated	Supplier CSR Declaration		Supplier CSR Survey Form		WNC Group Supplier's Commitment for Code of Ethics	
	No. of Suppliers Signed	Signing Rate	No. of Suppliers Responded	Response Rate	No. of Suppliers Signed	Signing Rate
2016	28	100.0%	26	92.9%	26	92.9%

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. With the exception of certain suppliers named by customers, 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 the four steps and be assessed on aspects of labor, ethics, health and safety, environment, and management systems.

WNC Supplier CSR Audit Target and Achievement Rate

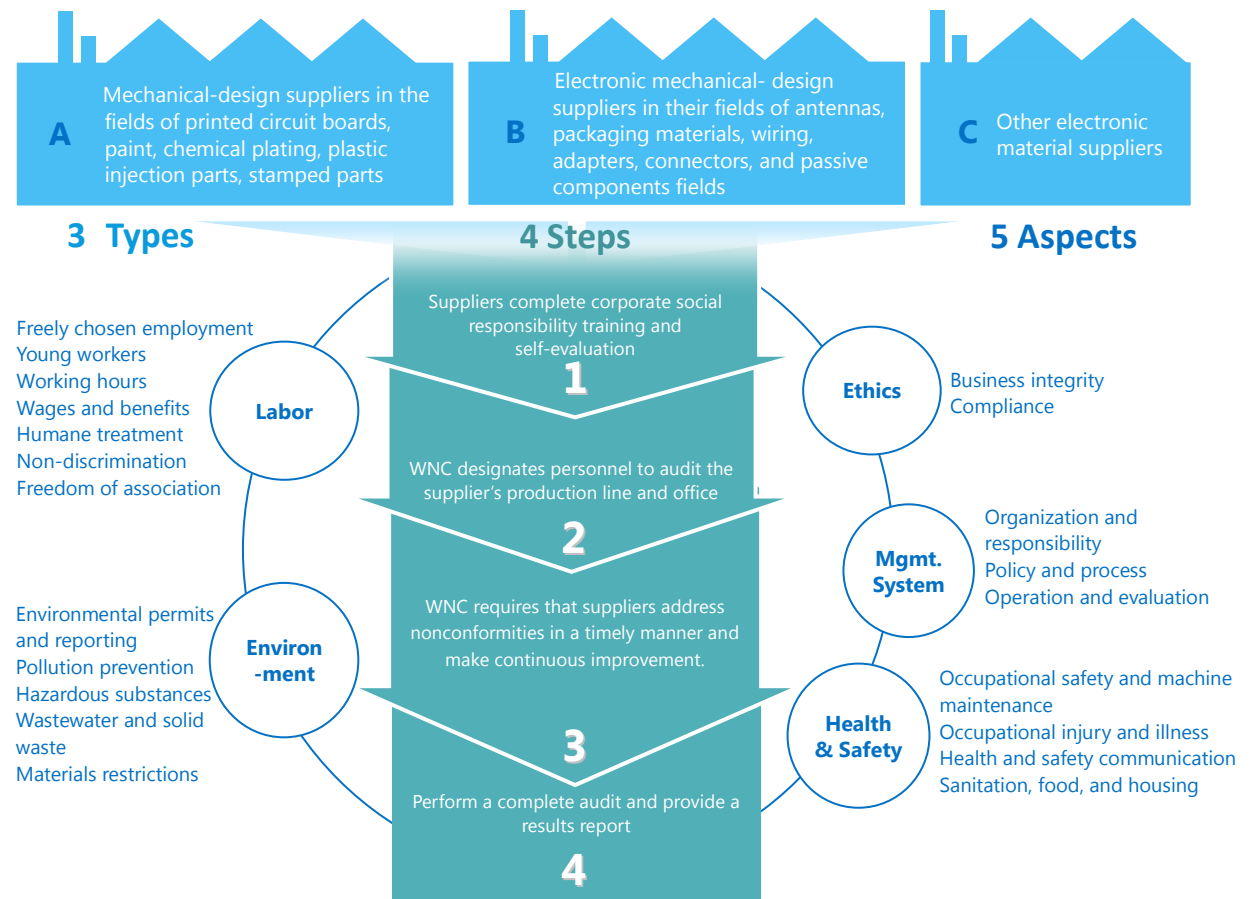
Supplier Group/ Accumulated Number	Phase 1 ^{Note}	Phase 2	Phase 3	Phase 4		Phase 5
	2014 Q1	2014 Q4	2015 Q4	2016 Target	2016 Q4 Completion	2017 Target
A	15	15	47	11	23	25
B	15	15	42	22	26	26
C	0	0	0	20	18	9
Total	30	30	89	53	67	60
Cumulative Total	30	60	149	--	216	--
Achievement Rate	100%	100%	>100%	--	>100%	--

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.

As of the end of 2016, 216 suppliers have completed the CSR audit, including 23 vendors from Group A, 26 vendors from Group B, and 18 vendors from Group C, fulfilling the Phase 4 target. Sixty-seven of them completed their audits in 2016. Responding to the requests of key customers, more suppliers designated by the customer were audited in 2016.

As a result, the achievement rate in the 2016 supplier CSR audit exceeded 100%. In 2017, the target number of vendors for phase 5 of the audit was 60, including 25 Group A vendors, 26 Group B vendors, and 9 Group C vendors. We expect to complete the CSR audit of a total of 276 vendors by the end of 2017.

In 2016, 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 pursuant to the "Supplier Evaluation & Management SOP". In 2016, no partnerships with suppliers were terminated because of CSR audit results or due to improvements failing to meet the required standards.



5.1.7 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 2016, a total of 101 WNC suppliers participated in the Wistron Group Vendor Conference, and 5 outstanding suppliers were awarded on the occasion.

5.2 Customer Relations

5.2.1 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, including customer code management, company information disclosure management and review mechanisms, and data and information management. Additionally, a course concerning WNC's information-security policies (compulsory for all new WNC employees) and the "information security general knowledge and training" courses were also held. In 2016, WNC did not violate any customer privacy policy or lose customer data.

5.2.2 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, which include Dead on Arrival (DOA), Return of Materials Authorization (RMA), sales of repaired parts, customer complaint handling and reporting, as well as the annual customer satisfaction survey.

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. 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.

We set our customer satisfaction score target for 2016 at 90, and the evaluation items in the survey this year include:

- Sales representatives service: order and account processing, price quotes and shipment efficiency, professionalism and efficiency of product/sales managers, overall satisfaction

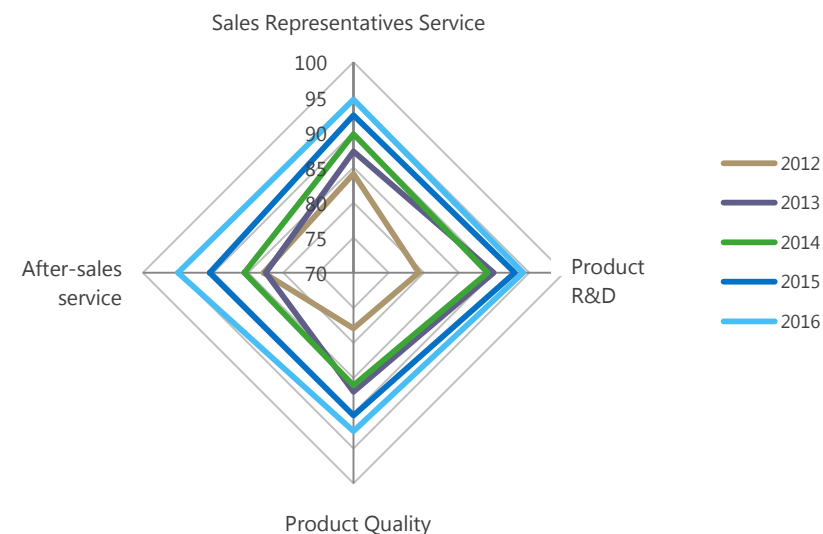
- Product R&D: attitude, development time frame, specifications accuracy, technical capability
- Product quality: level of quality, problem-solving ability, improvement capability, professional level of the quality report, overall performance
- After-sales service: goods return procedure, analysis of time frames, and addressing of complaints
- Others: cooperation/relations with third parties and suggestions for improvement

Results of Customer Satisfaction Surveys for the Most Recent Five Years

Year	2012	2013	2014	2015	2016
Average Customer Satisfaction Score	81	87	87.70	91.52	94

Despite the fact that different products and services offered by different BUs lead to different satisfaction scores, the overall customer satisfaction remains high. Survey results in 2016 indicate that satisfaction improved across all categories, especially in after-sales service, mainly attributed to the adjustments in customer service processes. The changes have enabled each business unit to interact with customers in terms of understanding their product after-sales service requirements and issues in a more direct manner. This has facilitated communications with customers and enables us to make specific improvements based on customer feedback. Therefore, we have seen significant improvement in customer satisfaction.

Findings on Customer Satisfaction during the Most Recent Five Years



5.3 Contractor Health and Safety Management

WNC has drawn up a Contractor ESH 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 ESH 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.

Currently WNC has yet to require contractors to adopt the OHSAS 18001 system, but before contractors and their employees enter WNC's sites, they must attend WNC's training and education sessions to learn about WNC's occupational safety and health-related policies and practices, including occupational safety and health policies, environmental management policies, protocols for chemical use, hazard identification in different operations, emergency-response measures, evacuation procedures, and related fire-fighting and disaster-relief procedures.

With regard to high-risk work, WNC has drawn up a Dangerous Work Permission Management SOP. 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. WNC requires that contractors for these operations apply for separate permissions and sets different requirements for safety equipment and management items according to the nature of the work. This ensures that contractors observe adequate safety precautions in advance and ensures the safety of contractors performing high-risk operations. Applications for

contractor's daytime operations, nighttime operations, and emergency repairs can be managed and recorded using the contractor operations application system.

Construction workers must register in 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.

The results of the safety and health management of WNC (Taiwan)'s contractors in 2016 are listed below:

- A total of 108 contractors signed the "Commitment to Work Safety for Contractors in the WNC Plant" (a 100% signing rate of the contractors working in the WNC plant).
- The Supplier Health and Safety Performance Evaluation system was introduced to improve contractors' self-management capability. In the event that nonconformities are found during the on-site audit, the contractors will be required to perform corrective measures. If no improvements are made after WNC's follow-up, the contractor will be disqualified. In 2016, a total of 88 contractors completed the evaluation, including items related to occupational safety and health management, the work permit system SOP, construction safety notice, and the wearing of protective gear.
- There were 1,049 and 1,726 construction applications for WNC headquarters and S1, respectively. None of them resulted in occupational accidents causing losses in operations of more than one day at WNC.
- The requesting departments must apply in-advance to conduct high-risk operations, and after the operations are completed, the contractors must first conduct a

self-inspection, followed by a second review in conjunction with the WNC industrial safety personnel to ensure operation safety. As a result of the expansion plan in Taiwan in 2016, there was a marked increase in the number of high-risk operations—538 applications for the WNC headquarters and 856 applications for S1, respectively.

- In order to strengthen the fulfillment of contractors, including security guards, on-site food-service vendors, and cleaning staff regarding labor rights, non-discrimination, ethics, anti-corruption, violation reporting, and occupational safety and health issues, starting 2016, the contracts for all contractors request that all contractors meet the requirements in the “WNC Supplier’s CSR Code of Conduct” and sign the “Supplier’s Commitment for Code of Ethics”, “Supplier CSR Investigation Form”, and “Supplier CSR Declaration” before the contracts are effective.

Contractor Safety and Health Management Results in WNC (Taiwan)

Item	2015	2016
No. of construction applications	2,058	2,775
No. of high-risk operations applications	186	1,394
No. of contractors that signed the “Commitment to Work Safety for Contractors at the WNC Plant”	122	108
No. of contractors evaluated for safety and health performance	105	88
No. of participants in the training courses for contractors	36	733



5.4 Participation in Society

In 2016, WNC organized a series of social welfare projects and activities based on the themes of “opportunities for education” and “self-reliance” for disadvantaged groups. WNC’s employees, customers, and suppliers were invited to perform their roles.

5.4.1 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 for society, WNC provides long-term subsidies for student clubs in National Tsing Hua University

(NTHU) and cooperates with the NTHU After-School Volunteer Club, the NTHU Aboriginal Culture Club, the NTHU Science Promotion Club, the NTHU WHYOU Club, the National Cheng Kung University (NCKU) Social Service Team, the NCKU Philanthropy Club, and the NCKU Students Service Club. In 2016, WNC and its employees contributed a total of NT\$1,450,000 and two projectors to these seven 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.

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 children of the special education class every afternoon on Monday and Thursday. In 2016, a total of 15 children from Dong Men Elementary School attended the after-school care class offered by the WHYOU Club. In 2015, WNC began subsidizing the NCKU Philanthropy Club by providing after-school assistance to elementary, junior high, and senior high school students from Renai Children’s Home in Tainan County. The volunteers offer individual after-school assistance and care every Monday and Thursday. In 2016, a total of 45 students are utilizing such services offered by the NCKU Philanthropy Club.

The NCKU Students Service Club, the NCKU Philanthropy Club, and the Social Service

Team hold short-term camp activities in elementary schools in rural areas during the winter and summer. Through the camp activities ranging from 3 to 5 days, schoolchildren are exposed to different areas of learning and team activities. The camp activities take place in Sing-tian Elementary School in Kaohsiung City, Du-jia Elementary School, and Ka-Bua Sua Elementary School in Tainan City, Jhong-siao Elementary School, and Lin-cuo Elementary School in Yunlin County. On average, approximately 35 students participate in each camp.

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 Hengshan 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.

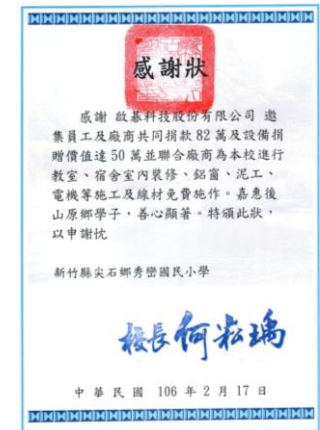
Concern for the Disadvantaged Students

The NCKU Social Service Team holds the "Little Shell Workshop" semi-annually to guide the kids of the Tainan Autism Association in participating in interactive games and courses. By doing so, the autistic children, nicknamed "the little seashells", can learn to interact with the crowd, and the public can get to know them more as well. In 2016, 26 people participated in the workshop. In the same year, the NCKU Social Service Team also organized caregiving activities for other disadvantaged groups, including visits to the elderly living alone, nursing homes, and finding homes for stray animals in Tainan City. The NCKU Philanthropy Club also works with St. Raphael Opportunity Center in helping infants and young children suffering from developmental disabilities, persons with mental retardation, or with multiple disabilities.

5.4.2 Rural Featured Education Development

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, chorus, and dancing. WNC donated NT\$400,000 to subsidize the facilities, equipment, coach/teacher, and contest costs of the Tunan Elementary School. We are proud to report that in 2016 the Judo team won two gold medals in the national Chung Cheng Cup Judo contest and two gold medals and one bronze medal in the national Judo competition, while the choir won Grade A ranking in the Hsinchu County National Student and Teacher Folk Song Competition.

In December 2016, WNC launched the "Tunan Elementary School Development Project" and raised a total of NT\$823,900. We also called on customers and vendors to donate computers, printers, drinking fountains, and other equipment. In January 2017, WNC's Employee Relations Dept.,



Management Information System Div., Safety Sanitation and Facility Center, and the S1 Human Resource Dept. invited the suppliers of the General Affairs Section and the Management Information System Div., to help repair the school dormitory, cable lines in the computer classroom, and the kitchen storage. In total, our efforts resulted in a total of 91 trips, including 82 by the suppliers and nine by WNC employees for the project. The entire renovation process and the use of the donated items during the new semester were recorded by the Multimedia Design Dept. of WNC's Marketing Division in its 2017 Tunan Elementary School Development Project Renovation Documentary Film.

To improve the resources to support children's literacy in rural areas, WNC joined the charitable activity "Giving our Children a Better Future" organized by the Commonwealth Publishing Company. We also sponsored, from March 2016 to February 2017, yearly subscriptions of "Global Kids Junior Monthly" and "Global Kids Monthly" for all classes in six elementary schools and two junior high schools in Hsinchu and Tainan at the expense of NT\$110,000 dollars.

5.4.3 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 accumulating valuable work experience. There are currently 35 employees participating in this project. The cooperation continues into 2017, where WNC offers job opportunities for students from Hsinchu and neighboring cities and counties to develop engineering professionals. We expect an additional 50 industry-university cooperative project class students to be recruited this year.

5.4.4 Assisting Social Welfare Groups



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.

WNC (Taiwan)

- Inviting social welfare groups to set up vendor booths on WNC's premises:

In 2016, Jianshih/Wufeng township aboriginal farmers, Hsiangyuan Memorial Education and Nursing Institute, the Syin-Lu Social Welfare Foundation, Gofe Sheltered Workshop, the Children Are Us bakery, the New Taipei City Autism Services Association, the Good Shepherd Social Welfare Services, and the Buddhist Tzu Chi Foundation. The total annual proceeds for these charities totaled NT\$340,468.

- Second-hand goods charity auction:
In 2016, 146 items were sold, with income totaling NT\$9,010, which was donated to the Hsinchu Renai Children's Home. The goods donated but not sold were donated to the Zhudong Shikuang Nursing Home or retrieved by the donors, depending on the donors' preference.



- Donation of lost items:

If WNC employees turn in cash they find on plant premises and it remains unclaimed after one year, the cash will be donated along with the income from the second-hand-goods charity auction to the Hsinchu Renai Children's Home. The amount of money donated in 2016 was NT\$10,210.

- Goods collection and matching:

WNC collaborated with "iGoods" and matched requested daily supplies, appliances, food, and stationery for donation to the St. Theresa Opportunity Center in Tainan City, the Yellow Ribbon Network Association, the new Ma Lan Fukid tribe Culture Association in Taitung County, and the Zhenai Tianshi Children Care Association in Kaohsiung City. A total of 269 items were successfully matched.

- Inviting book fair suppliers to support welfare activities:

In November 2016, WNC and the Book Republic organized a book fair, generating a total turnover of NT\$105,000. To support WNC's rural education development, the company donated 10% of its turnover in April 2017, and invited a well-known children's book author for a story-telling session at Tunan Elementary School in May 2017. The activity is intended to spark children's interest and motivation in reading.

- WNC Family Day charity sale:

September 3, 2016 was WNC's 20th anniversary and Family Day. Social welfare groups including the Syin-Lu Social Welfare Foundation, Eden Social Welfare Foundation, iGoods, the Children Are Us bakery, and the Man Fair Sheltered Workshop were invited to hold a charity bazaar at the venue. The total proceeds raised from the charity sale that day was NT\$45,530.

- Supporting customer welfare activities:

WNC has helped sponsor the Children's Discovery Museum of San Jose with a donation of US\$5,000 each year starting from 2013. The funds are used to supplement the activity funds for the Legacy for Children Award.

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. In 2016, donations from WNC and employees totaled NT\$2,314,110 and our employees donated funds totaling NT\$1,157,600. Donations targeted the families of one employee who passed away due to accident and financial assistance to one employee. 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 NCKU Students Service Club, the Tunan Elementary School in Jianshih Township, and the Hsinchu Renai Children’s Home were also beneficiaries of the generosity of WNC employees.

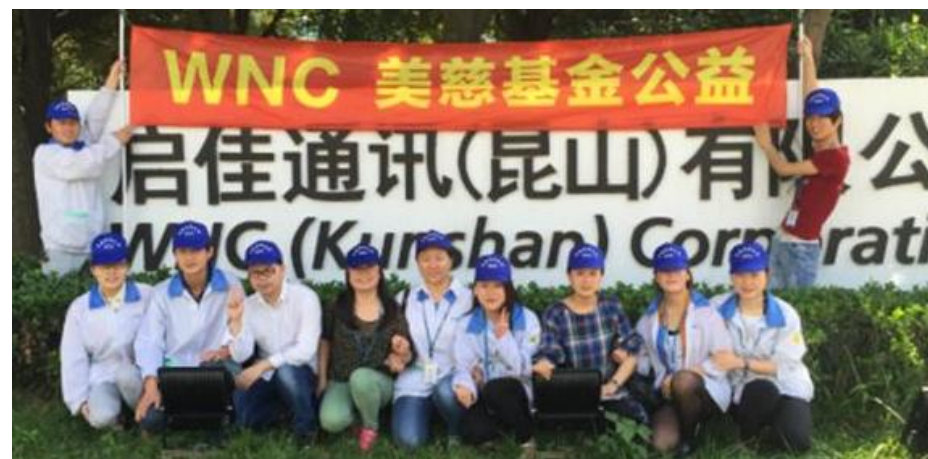
Starting from 2011, WNC participated in ASUS’s plan of minimizing the digital divide. Formulated by the Executive Yuan, each year recyclable but disposed-of information-technology products have been remodeled into useable computers. The remodeled computers were donated to organizations for disadvantaged persons to promote recycling and reuse of products. The reused items include computers (should at least include the casing, power adapter, motherboard, and hard disk drive), monitors, and laptops. As of April 2016, the donated discarded information productions have resulted in the reduction of 11,835 tonnes of carbon dioxide emissions, equaling 986 trees saved from felling. For detailed information, please refer to <http://recycling.asus.com> .

WNC’s Recycled Computers Donation Records (as of April 2016)

Donated Item	PC	NB	LCD	Others	Total
Accumulated Number of Donations	361	79	46	167	653

China Plants

Starting in 2014, WNC employees voluntarily established the Mercy Club, with the company subsidizing CN¥2,000 to the club. Currently there are 16 members in the club. In addition, WNC also assists employees experiencing financial difficulties or misfortunes in applying for funds from the trade union. In 2016, we applied for the “Working Families in Trouble” and “Harmony Relief” funds from the Development Zone Union. Employees in need received the “Working Families in Trouble” fund directly from the Development Zone Union, while six employees received the “Harmony Relief” funds. The total amount received was CN¥34,000. In addition, WNC also helped one employee apply for a grant of CN¥1,000 and a winter quilt from the “Sending Warmth and Assistance in the Cold Winter to Needy Families” activity organized by the Comprehensive Bonded Zone.



5.4.5 Implementing the Good Food Movement

The “Good Food Movement— Everyday is a Healthy Day” stemmed from the desire to care for our employees; therefore, the vegetables that the catering companies use are all organic produce provided by independent farmers, including leafy vegetables, melons, and gourds. Starting in 2016, we expanded the scope of cooperation and the number of independent farmers in order to enhance the diversity of ingredients and the stability of the supply. We also hope to do our part in taking care of these dedicated farmers and replicate this mode of cooperation in other corporations, helping bring new vitality to Taiwan’s farming roots.

Organic Food Contract

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 or the human body by refraining from excessive protection and processing of their produce. All organic vegetables pass testing by third-party 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 on the development of organic farming with few worries. We ensure the value and price of produce which local farmers cultivate through natural methods. In 2016, the amount of purchases WNC made through on-site food-service vendors amounted to NT\$6,195,180 including the NT\$3,097,590 paid by WNC and NT\$3,097,590 paid by the Employee Welfare Committee.

Safe Fruits and Vegetables Exhibition Sale

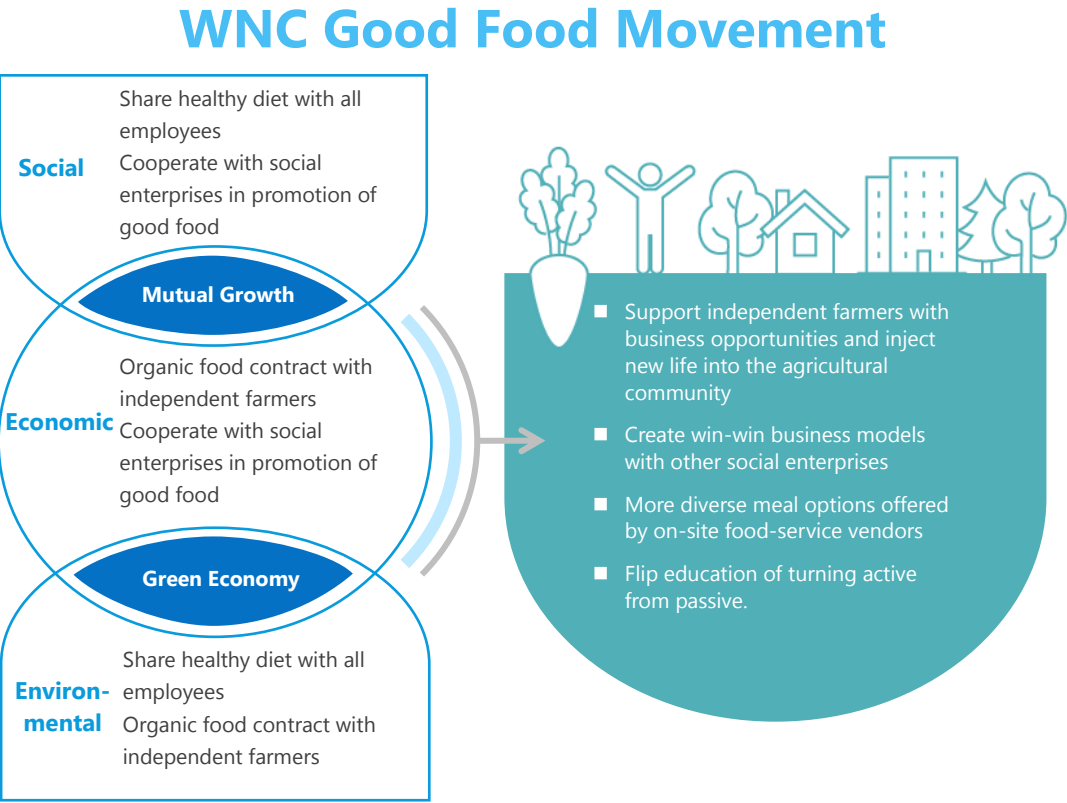
The monthly “Organic fruits and vegetables exhibition sale” also enables farmers to sell organic produce while reducing exploitation by middlemen. By engaging in direct sales of organic produce at the company, these farmers are rewarded appropriately for their efforts. We hope to improve the quality of life for these farmers and encourage them to continue their dedication towards organic farming so that more people can enjoy safe produce. Through the recommendations of employees, we invited organic farmer “Wen-hsin Yuan” to WNC for an exhibition aimed at providing employees with more healthy food choices. The revenues from these exhibition sales in 2016 amounted to NT\$14,144. 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.

Expanding the Scope of Cooperation

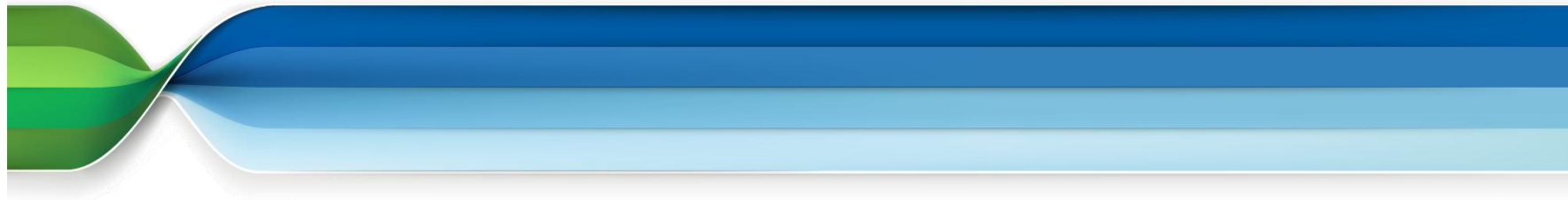
Starting in November 2016, to diversity risks and to improve the quality of the vegetables, we started to purchase organic vegetables from another vendor so that employees could enjoy more diverse organic produce. Starting December 2016, we hired the “Xin-yi fruits and vegetables” as our organic produce catering provider; while at S1, we are still working with a social enterprises, “Buy Nearby” to locate local farmers that meet WNC’s needs and can cooperate with each other in the future. “Buy Nearby” arranges for employees to travel to the farms of independent farmers from time-to-time to provide professional assistance, and train the independent farmers on farming, cultivation, and various production skills to control productivity and improve the quality of the produce. With the experience working with WNC, Buy Nearby began seeking cooperation with other social enterprises, enhancing the added value of organic farming with more professional and more diverse products and services. One example relates to the

company's cooperation with Yongyeh Argo Co. in the delivery of the organic produce to WNC, the implementation of quality management, and training of independent farmers.

In order to enhance the understanding of independent farmers of the preservation and delivery of organic produce, in January 2016 we invited the President of Yongyeh Argo Co. to WNC. In the course he explained to the independent farmers the receiving standards as well as the issues that farmers usually encounter during the harvesting, preservation, and delivery of common vegetables, helping independent farmers improve their farming quality and solve the preservation and delivery issues of ingredients.



06



Appendix

Assurance Statement

GRI G4 Index

SDGs Index

Errata from the WNC 2015 Corporate Social Responsibility Report

Page	Chapter	Error	Correction
P. 39 (English translation)	3.1	The personnel expenses in 2015 were NT\$5,849,605.	Personnel expenses should include the remuneration of directors. Therefore, the actual personnel expenses in 2015 were NT\$5,869,418.
		The stock dividends in 2015 were NT\$100,567.	The stock dividends in 2015 were NT\$100,568 (same as the data of the Consolidated Statement of Changes in Equity from the 2016 WNC Financial Statements).
P. 66 (English translation)	5.2.5	The sewage treatment fee for WNC (Kunshan)/Wistron NeWeb (Kunshan) in 2015 was CN¥348,179	The sewage treatment fee in WNC (Kunshan)/Wistron NeWeb (Kunshan) in 2015 was CN¥348,062

6.1 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 2016

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 2016. 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 2016 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 2016. 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 moderate level of scrutiny for WNC and moderate level of scrutiny for subsidiaries 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); and
- 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.

GP5008 Issue 5

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 2016 verified is accurate, reliable and provides a fair and balanced representation of WNC sustainability activities in 01/01/2016 to 12/31/2016.

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. 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 has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, consumers, investors, local communities, suppliers 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 in 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.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Principles

The report, WNC's CSR Report of 2016, 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.

General Standard Disclosures

More disclosures on corporate governance GSDs are encouraged and the specific actions taken to achieve CSR goals and targets are recommended.

Specific Standard Disclosures

Disclosures on effectiveness evaluation for Disclosures on Management Approach for each material aspect may be further enhanced in next report.

Signed:

For and on behalf of SGS Taiwan Ltd.

David Huang, Director
Taipei, Taiwan
19 May, 2017
WWW.SGS.COM



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Licensed Assurance Provider
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GP5008 Issue 5

6.2 GRI G4 Index

General Standard Disclosures

Aspects	DMA & Indicators		Chapter	Page
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
	G4-2	Provide a description of key impacts, risks, and opportunities.	2.3	40–45
Organizational Profile	G4-3	Report the name of the organization.	1.1	21
	G4-4	Report the primary brands, products, and services.	1.3	27–31
	G4-5	Report the location of the organization's headquarters.	1.1.1	22
	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.	1.1.1	22
	G4-7	Report the nature of ownership and legal form.	1.1	21
	G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	1.3	27–31
	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, 1.2, 1.3.1	21 26–29
	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	53–54
	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.	
	G4-12	Describe the organization's supply chain.	5.1	97
	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
	G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	2.3	40–45
	G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Sustainment Management	8–11
	G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations.	1.1.4	25

Aspects	DMA & Indicators		Chapter	Page
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
	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.	Communication with Stakeholders	12–19
	G4-19	List all the material Aspects identified in the process for defining report content.	Communication with Stakeholders	12–19
	G4-20	For each material Aspect, report the Aspect Boundary within the organization.	Communication with Stakeholders	12–19
	G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	Communication with Stakeholders	12–19
	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	
	G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	No major changes	
Stakeholder Engagement	G4-24	Provide a list of stakeholder groups engaged by the organization.	Identification of Stakeholders	13
	G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	Identification of Stakeholders	13
	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.	Response to Stakeholders	17–19
	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.	Response to Stakeholders	17–19
Report Profile	G4-28	Reporting period (such as fiscal or calendar year) for information provided.	About this Report	1
	G4-29	Date of most recent previous report (if any).	About this Report	1
	G4-30	Reporting cycle (such as annual, biennial).	About this Report	1
	G4-31	Provide the contact point for questions regarding the report or its contents.	About this Report	1
GRI Index	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	115–124
Assurance	G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report.	Appendix	115–124
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	34–36
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.	1.1	21

Specific Standard Disclosures

ECONOMIC					
Aspects	DMA & Indicators		Chapter	Page	Omissions
Economic Performance	DMA		2	33	
	G4-EC1	Direct economic value generated and distributed	1.2	26	
	G4-EC2	Financial implications and other risks and opportunities for the organization’s activities due to climate change	2.3.3	43–44	
	G4-EC3	Coverage of the organization’s defined benefit plan obligations	3.3.3	60	
	G4-EC4	Financial assistance received from government	2.2.2	37–38	
Market Presence	DMA		3.3.1	58	
	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	3.3.1	58	
	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	3.2.2	55–57	
Indirect Economic Impacts	DMA		5.4	108	
	G4-EC7	Development and impact of Infrastructure investments and services supported	5.4	108–114	
Procurement Practices	DMA		5.1	97	
	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	5.1	97	
ENVIRONMENTAL					
Aspects	DMA & Indicators		Chapter	Page	Omissions
Energy	DMA		4	77	
	G4-EN3	Energy consumption within the organization	4.4.1	90–93	
	G4-EN5	Energy intensity	4.4.1	90–93	
	G4-EN6	Reduction of energy consumption	4.4.2	93–95	
Water	DMA		4	77	
	G4-EN8	Total water withdrawal by source	4.4.1	90–93	
	G4-EN9	Water sources significantly affected by withdrawal of water	4.4.1	90–93	
	G4-EN10	Percentage and total volume of water recycled and reused	4.4.2	93–95	
Emissions	DMA		4	77	
	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	4.3	87–90	
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	4.3	87–90	
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	4.3	87–90	
	G4-EN18	Greenhouse gas (GHG) emissions intensity	4.3	87–90	
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	4.3	87–90	

Effluents and Waste	DMA		4	77	
	G4-EN22	Total water discharge by quality and destination	4.4.1	92	
	G4-EN23	Total weight of waste by type and disposal method	4.2.4	85–86	
Compliance	DMA		4	77	
	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	86	
Overall	DMA		4	77	
	G4-EN31	Total environmental protection expenditures and investments by type	4.2.5	86	
Supplier Environmental Assessment	DMA		5.1	97	
	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	5.1.2	98–99	
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	5.1.6	102–103	
Environmental Grievance Mechanisms	DMA		2.2.4	39–40	
	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	2.2.4	39–40	
SOCIAL: LABOR PRACTICES AND DECENT WORK					
Aspects	DMA & Indicators		Chapter	Page	Omissions
Employment	DMA		3.2	53	
	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	3.2.2	55–57	
	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	58–60	
	G4-LA3	Return to work and retention rates after parental leave, by gender	3.1.2	48–49	
Labor/ Management Relations	DMA		3.1.3	50–52	
	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.		
Occupational Safety and Health	DMA		3.5.1	67	
	G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on Occupational Safety and Health programs	3.5.1	67	
	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	70	
Training and Education	DMA		3.4	61	
	G4-LA9	Average hours of training per year per employee by gender, and by employee category	3.4.4	66	
	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	61–66	
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	3.3.2	59–60	

Supplier Assessment for Labor Practices	DMA		5.1	97	
	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	5.1.2	98–99	
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	5.1.6	102–103	
Labor Practices Grievance Mechanisms	DMA		3.1.3	50–52	
	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	3.1.3	50–52	
SOCIAL: HUMAN RIGHTS					
Aspects	DMA & Indicators		Chapter	Page	Omissions
Non-discrimination	DMA		3.1	47	
	G4-HR3	Total number of incidents of discrimination and corrective actions taken	3.1	47–52	
Child Labor	DMA		3.1	47	
	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	47–48	
Forced or Compulsory Labor	DMA		3.1	47	
	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	47–48	
Supplier Human Rights Assessment	DMA		5.1	98	
	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	5.1.2	99–100	
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	5.1.6	103–105	
Human Rights Grievance Mechanisms	DMA		2.2.4	39–40	
	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	2.2.4	39–40	
SOCIAL: SOCIETY					
Aspects	DMA & Indicators		Chapter	Page	Omissions
Anticorruption	DMA		2.2	37	
	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	2.2, 2.3	37–45	
	G4-SO4	Communication and training on anti-corruption policies and procedures	3.4.4	66	
	G4-SO5	Confirmed incidents of corruption and actions taken	2.2.4	39–40	
Public Policy	DMA		2.2	37–40	
	G4-SO6	Total value of political contributions by country and recipient/beneficiary	2.2	37–40	
Anti-competitive Behavior	DMA		2.2	37–40	
	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	2.2	37–40	

Compliance	DMA		2.2.3	38	
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	2.2.3	38	
Supplier Assessment for Impacts on Society	DMA		5.1	97	
	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	5.1.2	98–99	
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	5.1.6	102–103	
Grievance Mechanisms for Impacts on Society	DMA		2.2.4	39–40	
	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	2.2.4	39–40	
SOCIAL: PRODUCT RESPONSIBILITY					
Aspects	DMA & Indicators		Chapter	Page	Omissions
Customer Health & Safety	DMA		4	77	
	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	1.3.1, 4.1	27, 78–81	
Product & Service Labeling	DMA		5.2	104–105	
	G4-PR5	Results of surveys measuring customer satisfaction	5.2	104–105	
Marketing Communications	DMA		1.3.1	27	
	G4-PR6	Sale of banned or disputed products	1.3.1	27	
Customer Privacy	DMA		5.2.1	104	
	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	5.2.1	104	
Compliance	DMA		1.3.1	27	
	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	1.3.1	27	
OTHERS					
Aspects	DMA & Indicators		Chapter	Page	Omissions
Conflict Minerals	DMA		5.1.5	101	
	Conduct responsible investigation with relevant suppliers and ensure minerals are “conflict-free” minerals.		5.1.5	101	
Good Food Movement	DMA		5.4.5	113–114	
	Environmental friendliness		5.4.5	113–114	
	Promote organic farming		5.4.5	113–114	

6.3 SDGs Index

The United Nations Sustainable Development Goals (SDGs) represent a set of guidelines developed at the 2015 UN Summit on Sustainable Development. The SDGs covers three major dimensions of economic development, social progress, and environmental protection and includes 17 goals and 169 targets. The SDGs will be the top guiding principles for the UN member states' international cooperation toward the sustainable development of mankind between 2015 and 2030. For more information on the SDGs, please visit the United Nations Sustainable Development Knowledge Platform.

WNC's sustainable behaviors in relation to the SDGs and the relevant chapters in the report is summarized as below:

SUSTAINABLE DEVELOPMENT GOALS



SDGs ^{Note}		Business Theme	GRI G4 Indicators	Relevant Chapter
Dignity	1. End poverty in all its forms everywhere	Earnings, wages and benefits	EC5	3.3.1
	2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture	Infrastructure investments	EC1, EC7	1.2, 5.4
People	3. Ensure healthy lives and promote well-being for all at all ages	Air quality	EN15 - EN16	4.3
		Occupational Safety and Health	LA6	3.5.1
	4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Employee training and education	LA9	3.4.4
		Equal remuneration for women and men	EC5	3.3.1
	5. Achieve gender equality and empower all women and girls	Gender equality	LA1, LA9, LA11	3.2.2, 3.4.4, 3.3.2
		Parental leave	LA3	3.1.2
		Sustainable water withdrawals	EN8 – EN9	4.4.1
		Waste	EN23	4.2.4
	6. Ensure availability and sustainable management of water and sanitation for all	Water quality	EN22	4.4.1
		Water recycling and reuse	EN10	4.4.2
	7. Ensure access to affordable, reliable, sustainable and modern energy for all	Energy efficiency	EN3, EN5 - EN6	4.4.1, 4.4.2

SDGs ^{Note}		Business Theme	GRI G4 Indicators	Relevant Chapter
Prosperity	8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Earnings, wages and benefits	EC5, LA2	3.3.1, 3.3
		Employee training and education	LA9 - LA11	3.4, 3.3.2
		Employment	G4-10, EC6, LA1	3.2.1, 3.2.2
		Freedom of association and collective bargaining	G4-11	3.1.3
		Labor practices in the supply chain	LA14 - LA15	5.1.2, 5.1.6
		Occupational Safety and Health	LA5 - LA6	3.5.1
		Parental leave	LA3	3.1.2
		Youth employment	LA1	3.2.2
	9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Environmental investments	EN31	4.2.5
		Infrastructure investments	EC1, EC7	1.2, 5.4
		Research and development	EC1, EN31	1.2, 4.2.5
	10.Reduce inequality within and among countries	--	--	--
	11.Make cities and human settlements inclusive, safe, resilient and sustainable	Infrastructure investments	EC7	5.4
Planet	12.Ensure sustainable consumption and production patterns	Air quality	EN15 - EN16	4.3
		Environmental investments	EN31	4.2.5
		Procurement practices	EC9	5.1
	13.Take urgent action to combat climate change and its impacts	Energy efficiency	EN3, EN5 - EN6	3.3.3, 3.3.1, 3.2.2
		GHG emissions	EN15 - EN16, EN18 - EN19	4.3, 4.4.1
		Risks and opportunities due to climate change	EC2	2.3.3
	14.Conserve and sustainably use the oceans, seas and marine resources for sustainable development	Water discharge to oceans	EN22	4.4.1
	15.Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	Forest degradation	EN15 - EN16, EN18 - EN19	4.3, 4.4.1
Peace	16.Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Abolition of child labor	HR5	3.1.1
		Anti-corruption	SO3 - SO6	2.2, 2.3, 3.4.4, 2.2.4
		Compliance with laws and regulations	EN29, SO7 - SO8, PR8 - PR9	4.2.4, 2.2, 2.2.3, 5.2.1, 1.3.1
		Grievance mechanisms	EN34, HR12	2.2.4,
		Workplace violence and harassment	LA14 - LA15	5.1.2, 5.1.6
Partnership	17.Strengthen the means of implementation and revitalize the global partnership for sustainable development	Environmental investments	EN31	4.2.5

Note: The SDGs were submitted at the Rio+20 Conference for the development of the Post-2015 UN Development Agenda and to be the top guiding principles of the sustainable development of mankind during the next 15 years.



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