WNC
Wistron NeWeb Corp.

# Wistron NeWeb Corp.

## 2018 Corporate Social Responsibility Report

# About this Report

Since 2011, WNC has published its Corporate Social Responsibility Report annually to present the non-financial performance and achievements of WNC's operations, its efforts concerning environmental health and safety, and its 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.

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## Aspects

The scope of the information disclosed in this report covers WNC's comprehensive performance and achievements in aspects relating to corporate social responsibility from January 2018 to December 2018. 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 WNC'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, and has been verified to meet the requirements of GRI Standards Core option and AA1000 Assurance Standard type 1, moderate level. The Assurance Statement is enclosed in the appendix for reference.

This report covers the same organizational boundary and uses the same calculation methods as the previous year's report. The International Generic Indicators are adopted to present the performance data of corporate social responsibility. Additional information will 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.

Verification and issuance of ISO 9001, ISO 14001, ISO 50001, IATF 16949, OHSAS 18001, IECQ QC 080000, ANSI/ESD S20.20, TL 9000, FSC® Chain-of-Custody and CNS 15506 certificates were performed by TÜV Rheinland; ISO/IEC 17025 by the Taiwan Accreditation Foundation; ISO/IEC 27001 by SGS Taiwan Ltd.; and ISO 14064-1 Greenhouse Gas Inventory by the China Quality Certification Center.

(In case of discrepancy between the Chinese version and its English translation, the Chinese version shall prevail.)

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# A Message from the Chairman

Chairman

I would like to express my deepest appreciation to all our colleagues, customers, suppliers, subcontractors, and investors. It is through your support and efforts that WNC is able to stand strong despite a turbulent market and stay at the forefront of the 5G movement. WNC has been active over the years developing stable, high-speed, and low-latency broadband wireless network products. We have become the partner of first choice for the world's leading chip suppliers, and we launched the industry's first 5G Mobile Hotspot in the fourth quarter of 2018, which is also the first 5G user end device available on the market.

In 2018, material shortages, rising costs of raw materials, customer product line adjustments, and the China-U.S. trade friction adversely impacted our revenue, which was recorded at NT$56.05 billion. To meet our goals for business development and global production capacity deployment, we have expanded production capacity at our S1 site and purchased the S2 site in the Tainan Science Park in Q4 2018. To optimize global production capacity distribution and enhance production and supply flexibility, we established WNC Vietnam Co., Ltd. (V1) in Vietnam, which has brought WNC's production to a third host region outside of Taiwan and China. The S2 and V1 sites are expected to begin operation in Q2 2019.

As climate change has become the world's greatest concern, the introduction of renewable energy has also become one of WNC's key investment items in recent years. As a continuation of the solar panel construction plan in 2017, WNC installed solar panels in prime areas on the roof of the S1 plant in October 2018. In 2018, power generated by the solar panels built on the roofs of the WNC (Taiwan) and those of the Chinese plants totaled 910 MWh, reducing about 600 metric tons of $CO_{2e}$, which is approximately 1.5 times the equivalent carbon emission reduction capacity of Daan Forest Park. We expect to expand the installation of solar panels in S1 and activate the solar panels in S2 in the second quarter of 2019.

WNC continues to implement a number of employee-friendly workplace initiatives to promote the physical and mental health of employees and the quality of the work environment, including the "Good Food Movement - Healthy Days Everyday" which features organic vegetables for employee meals, free influenza vaccinations, and special lectures, events, and courses on arts and health. The "WNC Employee Assistance Program," continues to provide colleagues with a range of consulting services in legal matters, financial management, and mental health management. In order to cultivate more talent in industrial engineering and communication technology, WNC has engaged with a number of universities and colleges in new technology development projects and summer internships, and has also expanded the scale of the WNC industry-university cooperative project classes to provide more high school graduates from the technical and vocational education system with the opportunity for both schooling and employment. The aim is to assist students who are willing to begin their career in the technology industry to learn through practical operations and get a head start planning their careers.

In 2018, we continued to excel in R&D and product innovation, being recognized as a Gold Winner in the IT World Awards® and also receiving the Hsinchu Science Park R&D Accomplishment Award and Innovative Product Award. We have been recognized for our performance in corporate social responsibility (CSR), being ranked among the top 50 in the "Large Enterprises" group for Excellence in CSR by the CommonWealth Magazine Group. We were also rated in the top 20% among all Taiwan publicly traded companies in the Corporate Governance Evaluation, and was honored with the Top 50–Platinum Medal at the 2018 Taiwan Corporate Sustainability Awards. In addition, we also won the Service of Social Innovation Purchase Reward Program (Top Tier) from the Ministry of Economic Affairs for purchasing food ingredients for group meals from social enterprises.

As our business expands, we are cognizant that society is raising its expectations for companies in terms of their 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 WNC's core capabilities and meet stakeholders' expectations, we want to work hand-in-hand with our partners to create an even higher standard of values. As a result, we have committed to the following as our long-term objectives in continuing to fulfill our social responsibility as a conscientious corporate citizen:

- Creating workplaces and corporate governance systems of optimal quality
- Consolidating core competitiveness and creating multiple balanced values for all stakeholders
- Building green factories, achieving our goal of reduced greenhouse gas emissions, and expanding the use of renewable energy
- Creating sustainable operations and value chains with our customers and suppliers
- Supporting the education of disadvantaged children and expanding their opportunities for study and development.

Looking into the future, 5G and artificial intelligence (AI) have heralded a boom in emerging technologies and applications, bringing about changes, opportunities, and possibilities for our way of life, work modes, and operation models. In this IoT era, which will be driven by hardware/software integration, only vendors with abundant technological expertise and flexible operation strategies will survive. WNC has built a strong foundation in wireless communications technologies, software development, and system integration, and these very core competencies form the basis for our customers' trust in us. In the future, we will continue to commit ourselves to the four major development aspects of broadband access, smart home, industrial networking, and smart and connected transportation solutions; and enhance cooperation with our customers and diverse members of the supply chain. By doing so, we can harness technology development trends and follow market demands, collaborate with one another to stimulate innovation, and develop new products based on our integration and mass production capabilities. We hope that this will enable us to continue to demonstrate our existing advantages on next-generation networking technology and market deployment, and in turn help our customers launch products that meet market requirements, and continuously foster customer satisfaction and long-term partnerships.

In the face of future changes to the global political and economic landscape, the restructuring of the industry value chain, competition between industry players, and global climate change, we must advance gradually and carefully, further promote the core values in our organization's behavioral and internal processes, and actively develop WNC's culture of mutual learning. Always mindful of professional capabilities, efficiency, and quality, we will shoulder greater responsibilities and take on more challenges. We will make it incumbent upon ourselves to exert a positive influence on multiple aspects of the economy, environment, and society. As always, we look forward to your constructive feedback. Let's all work together to create a sustainable, thriving, and prosperous community.

# 2018 WNC CSR Achievements

| Long-term Objectives | WNC CSR Policy | Short-term Objectives | Execution Results in 2018 |
|---|---|---|---|
| Consolidating core competitiveness and creating values balanced for all interested parties | We are committed to the pursuit of sustainable development. Our business strategies must include comprehensive consideration of economic, environmental, and social aspects to reach an optimal balance and achieve continuous improvement. | | ■ Ranked among the top 50 in the "Large Enterprises" group for Excellence in CSR by the CommonWealth Magazine Group<br>■ Honored with the " Taiwan Corporate Sustainability Awards: Top 50–Platinum Medal" in the Corporate Sustainability Report Awards category<br>■ Ranked as Gold Level by EcoVadis in CSR |
| Creating high quality workplaces and corporate governance systems | We provide employees with fair and reasonable remuneration in accord with standard levels in the industry and offer training programs for developing employees' competence and expertise. | | ■ Ranked by 1111 Job Bank as one of the 20 Companies with the Happiest Employees in 2019: IT & IC Manufacturing<br>■ Included as a component of the "Taiwan Top Salary 100 Index" by the Taiwan Stock Exchange (TWSE).<br>■ Training hours per employee in WNC (Taiwan) and at WNC's sites in China were 13.5 hours and 25.6 hours, respectively.<br>■ The percentages of local employees promoted to the management level in WNC (Taiwan) and at WNC's sites in China were 99.3% and 100.0%, respectively. |
| | We offer a healthy and safe workplace and implement systematic environmental-safety-management measures, doing our best to prevent environmental pollution and occupational injuries. | ■ There are zero major occupational accidents in WNC (Taiwan).<br>■ Achieving a waste recycling rate of 78% in 2019 in Taiwan. For WNC's sites in China, the 2019 waste reduction target is a 5% waste reduction per million NT$ compared to 2018. | ■ Awarded with the "Healthy Workplace Initiative Badge" in Taiwan for promoting occupational health and creating a smoke-free workplace.<br>■ WNC conducted an emergency response demonstration for the 2018 Industrial Safety and Environmental Protection Month at WNC Headquarters in October, observed by a number of companies in the Hsinchu Science Park.<br>■ A total of 270 employees used the health consultation services in WNC (Taiwan). The participation rate of employee health examination for 2018 was 99%.<br>■ Offered free flu vaccinations for all employees, security guards, on-site cleaning staff and food vendors, and IT engineers. A total of 1,008 people received vaccinations in Taiwan.<br>■ The Injury Rate (I.R.) was 0.09 and the Lost Day Rate (L.D.R.) was 1.21 in WNC (Taiwan).<br>■ A total of 103 contractors have undergone contractor safety and health performance evaluation in WNC (Taiwan).<br>■ Achieved a waste recycling rate of 77% in WNC (Taiwan)<br>■ WNC recycled the solder waste and PCB trim scraps generated at S1 during production processes, which led to NT$12.52 million and 1.67 million in savings, respectively. |
| | We maintain healthy corporate governance, financial structures, and forward-looking business plans to provide our investors with appropriate returns. | ■ 100% completion rate for "WNC Ethics and Anti-Corruption Code of Conduct" online course<br>■ All managers and employees who are prone to integrity lapses shall answer a self-evaluation questionnaire on the code of ethics annually.<br>■ Cases sent to the "Mailbox for Reporting Violations" shall be 100% handled and closed. | ■ Rated in the top 20% among all companies in the Corporate Governance Evaluation<br>■ Included as a component of the "TWSE Corporate Governance 100 Index"<br>■ 2,820 employees (including IDL staff 1,774 and DL staff 1,046) in WNC (Taiwan) completed the "WNC Ethics and Anti-Corruption Code of Conduct" online course. The course completion rate was 100%<br>■ In 2018, a total of 414 employees (including 202 employees of professional grade levels and 212 employees of management grade levels) answered the self-evaluation questionnaire on the code of ethics, for a completion rate of 100%. |

| Long-term Objectives | WNC CSR Policy | Short-term Objectives | Execution Results in 2018 |
|---|---|---|---|
| Building green factories, achieving our goal of reducing greenhouse gas emissions, and expanding the use of renewable energy | We design and produce products and services that enhance the convenience of people's lives while minimizing environmental impact. | ■ Complete the transfer ISO 50001: 2018 Energy Management System.<br>■ Generate 1,984 MWh of electricity from solar power stations by the end of 2019<br>■ Achieve 10% reduction in Scope 2 GHG emission by revenue (tonnes $CO_2e$ / NT$ million) in WNC (Taiwan) and at WNC's sites in China by 2019 from 2016 levels<br>■ The energy monitoring system integrates energy consumption data with production to analyze energy consumption and identify opportunities to save energy. | ■ Honored with the Hsinchu Science Park "R&D Accomplishment Award" and "Innovative Product Award"<br>■ Adjusted the design of our Noise Block Downconverter product and successfully reduced its power consumption by 13.6%<br>■ Purchased IT products with green procurement certification indicia. Total purchases amounted to NT$38.666 million.<br>■ Completed the solar panel installation at S1. The effects of the electricity generated in Taiwan and China equate to a carbon emission reduction capacity of approximately 1.5 times that of Daan Forest Park.<br>■ Complete the verification audit of the ISO 50001 Energy Management System in Taiwan and China<br>■ Reduced Scope 2 GHG emission intensity by 7.8% at sites in Taiwan and China from 2016 levels<br>■ The energy conservation efforts at WNC (Taiwan) and WNC's sites in China resulted in the reduction of 1,846.9 and 399.9 tonnes $CO_2e$, respectively, leading to about NT$8.67 million and CN¥370,000 in annual energy savings respectively for WNC (Taiwan) and WNC's sites in China.<br>■ Recycled water makes up approximately 36.9% and 3.8% of the total water withdrawn in WNC (Taiwan) and WNC's sites in China, respectively.<br>■ Expanded data collection and increased the scope of SCADA detection and analysis of big data to enhance energy monitoring in WNC (Taiwan). |
| Creating sustainable operations and value chains with our customers and suppliers | 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 follow. | ■ Complete the CSR audit for 58 suppliers in 2019 | ■ Twenty-one new suppliers responded to the "Supplier CSR Investigation Plan."<br>■ Sixty-nine suppliers have completed the WNC Supplier CSR audit.<br>■ Conducted investigations of 237 suppliers to ensure the minerals they used were "conflict-free" |
| | We achieve high customer satisfaction with superior quality and efficiency and thus maintain long-term partnerships with customers. | Obtain a customer satisfaction score of 90 | ■ Customer satisfaction score improved for the seventh consecutive year.<br>■ Received a total of 563 requests for green products. All requests were honored by the end of Q1 2019. |
| Supporting the education of disadvantaged children and expanding their study and development opportunities | We respect the community and society we live in and are willing to exercise our duty as a corporate citizen to offer our assistance. | Enroll 100 more students for the WNC Industry-University Cooperative Project classes in 2019. | ■ Honored with the "New Product and Service of Social Innovation Purchase Reward Program—Top Tier" from the Ministry of Economic Affairs<br>■ Purchases of organic produce for employee meals amounted to NT$7,858,919<br>■ Established the WNC Industry-University Cooperative Project Classes with TransWorld University and China University of Science and Technology to provide students with on-the-job training opportunities. A total of 76 such students are currently onboard.<br>■ The WNC Volunteers Club encourage employees to participate in activities. Members of the club participated in three volunteer activities in 2018.<br>■ WNC and WNC employees donated a total of NT$820,000 to welfare clubs at NTHU and NCKU.<br>■ WNC and WNC employees donated NT$450,000 to help Tunan Elementary School and Siang Bi Elementary School to develop rural featured education. |

# Sustainable Management

## Policies and Policy Promotion

### WNC Corporate Responsibility Policy

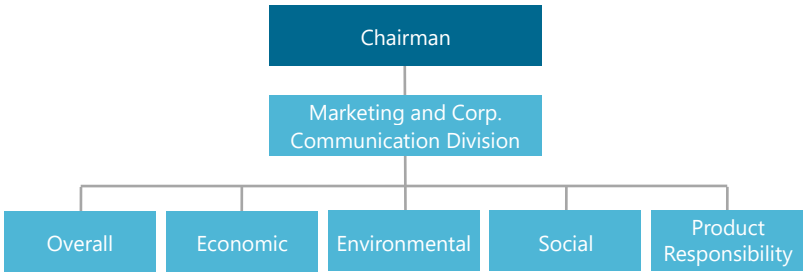
- We are committed to striving for sustainable development. Our business strategies must include comprehensive considerations of economic, environmental, and social aspects to reach an optimal balance and continuous improvement.
- We design and produce products and services that enhance the convenience 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.

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." WNC's Marketing and Corporate Communication Division and RBA Management Committee direct WNC's implementation efforts regarding sustainable development. Such efforts include the stipulation of policies and management regulations related to sustainable development, disclosure of progress and achievements in sustainable development, and assisting WNC's function units in implementing items related to sustainable development. Operations related to implementing sustainable development will be conducted by various function units in accordance with their job duties, and shall comply with related WNC policies. Personnel in function units shall also pay close attention to related international initiatives and regulations to see if management regulations and operational procedures for implementing sustainable development need to be updated. Starting in 2019, the President & CEO of WNC regularly reports to the Board of Directors regarding communication with stakeholders on sustainable development, the plans WNC has regarding sustainable development, as well as progress made in this area.

WNC's Corporate Social Responsibility Report (hereafter referred to as the Report) is organized with a team formed by the Marketing and Corp. Communication Division, Responsible Business Alliance (RBA) Management Committee and related units. The Marketing and Corp. Communication 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 the 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 responsible representative of the Marketing and Corp. Communication Division assume the responsibility for gathering, discussing and reviewing sustainability topics based on their day-to-day interaction with stakeholders.

The Report Organization Team summarizes the outcome of its work for the year in the CSR report and submits it to the Chairman for final approval. After regular external verification in Q2 it publishes the CSR report for the previous year in June.

WNC Corporate Social Responsibility Report Organization Team



# RBA Management Committee

WNC voluntarily abides by the Responsible Business Alliance (RBA) Code of Conduct and adopted its own WNC RBA Code of Conduct for all WNC employees, subsidiaries, and suppliers to follow. We expect our value chain partners to follow principles of business integrity and abide by local and international regulations as well as engage in environmental protection, ESH, and labor-rights protection in order to fulfill our mutual corporate social responsibilities.

The WNC RBA Management Committee is established both at WNC (Taiwan) and major manufacturing sites in China. The committee directs WNC's CSR and RBA implementation efforts. The President & CEO serves as the highest-level manager receiving reports on issues. Major issues shall be submitted to the Board of Directors for examination and resolution.

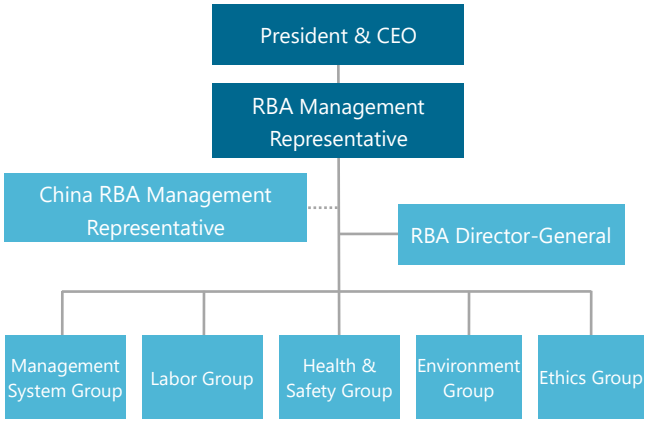
The WNC RBA Management Committee consists of the Environmental Group, Health and Safety Group, Labor Group, Ethics Group, and Management System Group. Each functional unit (including the Global Supply Chain Management Division, Industrial Safety Dept., Facility Center, Quality Assurance Division, Finance Division, Human Resources Administration Division, Digital Management Information Systems Division, Marketing and Corp. Communication 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 RBA-related issues, assess the risk in the RBA management system and set Key Performance Indicators (KPIs). In addition to the semi-annual performance examination, the officers carry out an RBA 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 resolution as well as the execution and review of the resolution items.

To conform to industry standards and respond to customer requirements, as well as to follow international trends that place an increased emphasis on issues such as labor, health and safety, environmental protection, and ethics, staff at the WNC (Taiwan) and WNC's sites in China carry out an RBA internal audit every year. The RBA Validated Audit Program (VAP) was completed in Q4 2015 for the first time. WNC's sites in China conducted a follow-up audit according to the VAP in 2016. WNC headquarters, S1 and Wistron NebWeb (Kunshan) completed the VAP again in 2018.These audits were carried out in order to assess the effectiveness of the WNC RBA management system in a fair and objective manner. We reinforce the daily work necessary for enhancing environmental protection, health and safety to continue to improve the RBA management system based on results of the VAP audit.

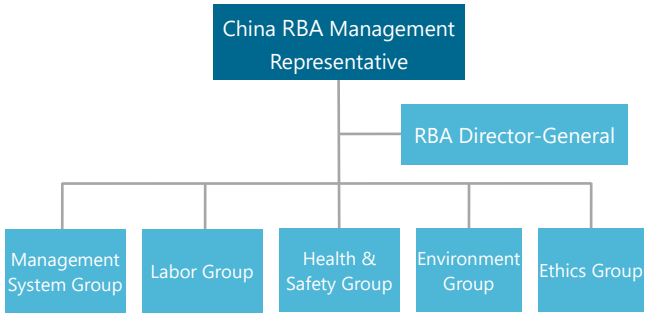
To enable all WNC employees to better understand the meaning of corporate social responsibility, WNC provides CSR/RBA online training courses in Taiwan and China during the orientation of new employees to promote the concept and the policies of CSR/RBA. On-line and live classroom course updates are also provided if necessitated by regulatory requirements, policy implementation, or customer requirements. The Marketing and Corp. Communication Division collaborated with the WNC RBA Management Committee in compiling the WNC CSR Employee Handbook. The handbook was published in the CSR KM section on WNC's internal website. WNC also provides CSR training for employees of catering companies that provide services to WNC's sites in China. In 2018, a total of 36 employees of catering companies completed training.

In 2018, we invited an outside expert to conduct a two-day RBA internal auditor training course for employees responsible for the RBA internal audit at sites in Taiwan and China, and a total of 74 employees completed training. The course aims to enhance the internal auditors' ability to assess the effectiveness of RBA operations.

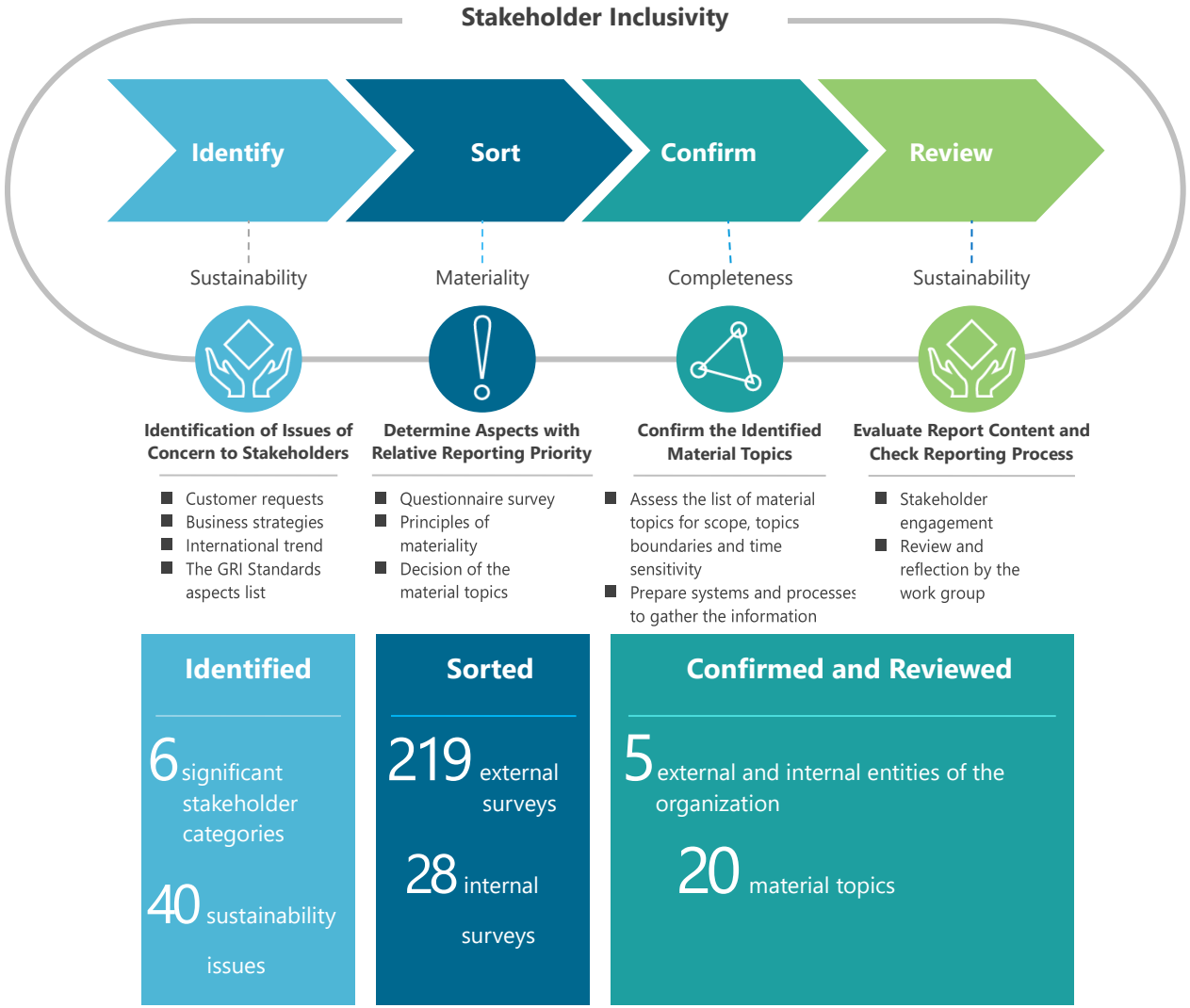
Structure of RBA Management Committee: WNC




Structure of RBA Management Committee: WNC's Sites in China



# Communication with Stakeholders




Communicating with stakeholders in a timely and appropriate manner is a basic responsibility of a corporate citizen. WNC strives to pursue pragmatic operations and steady development. Perhaps due to attributes of its business model, WNC usually proceeds in a conservative and low-profile manner in any form of advertisement or promotion. However, WNC still tries to maintain smooth communications and mutual trust with its stakeholders through diverse methods. To identify key interested parties of WNC and uncover substantive issues so as to determine this report's main objectives and contents, we assembled sales managers and corresponding employee representatives from the following stakeholder-related segments of WNC: finance, investor relations, Marketing and Corp. Communication Division, CRM administrators, human resources administration, employee relations, Digital Management Information System, global supply chain management, supplier quality management, and the RBA management committee. We conducted an internal survey to analyze and sort the results based on respective business scope and related interested parties, interested parties' degrees of concern with these issues, and their impact on operations.

# Identification of Stakeholders

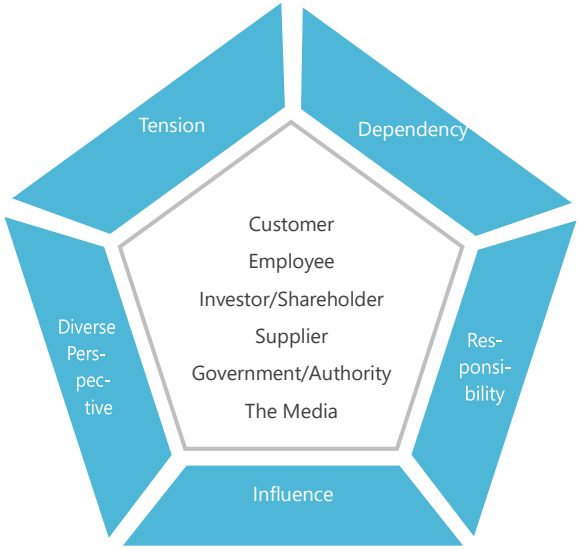
WNC has adopted the five factors specified by the AA1000 Stakeholder Engagement Standard 2015. According to these: dependence, responsibility, tension, influence, and multiple perspectives of stakeholders of WNC; we identified six significant stakeholder categories including customers, employees, suppliers, investors/shareholders, government/authorities and the Media.

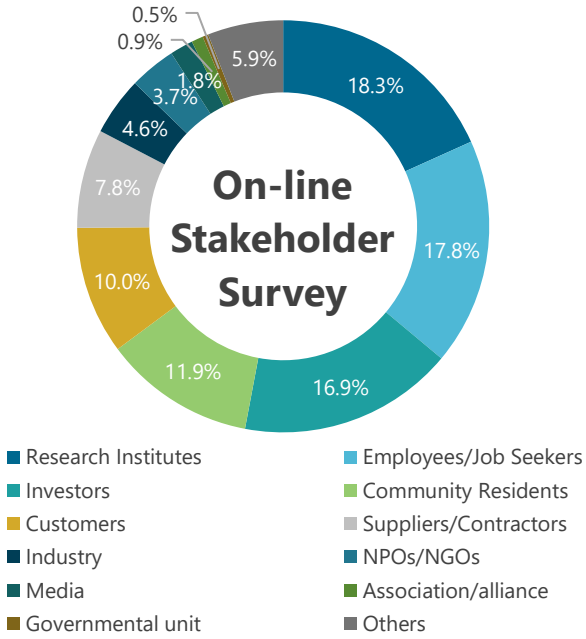
# Identification of Material Topics

We interact with stakeholders throughout our day-to-day operations. We gather reports on international trends related to corporate social responsibility, issues raised by customers; and subjects that are the focus of the industry and third-party evaluation organizations. We collect the issues that concern stakeholders through the following internal and external input, and with reference to the definitions and classifications in the GRI Standards published by the Global Reporting Initiative (GRI). We have collected a total of 40 sustainability issues which are categorized into overall, economic-, environmental-, social-, and product-responsibility categories.

- 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, practices of our business peers, the Responsible Business Alliance (RBA), third-party evaluation organizations (EcoVadis), the QuEST Forum, Bloomberg ESG Survey, the NQC common technical platform, evaluation items of the 2018 TCSA (Taiwan Corporate Sustainability Awards), GVM CSR Survey, Excellence in Corporate Social Responsibility Award from CommonWealth Magazine, the Sustainability Topics for Sectors published by GRI, and The Global Risks Report 2018 published by the World Economic Forum.

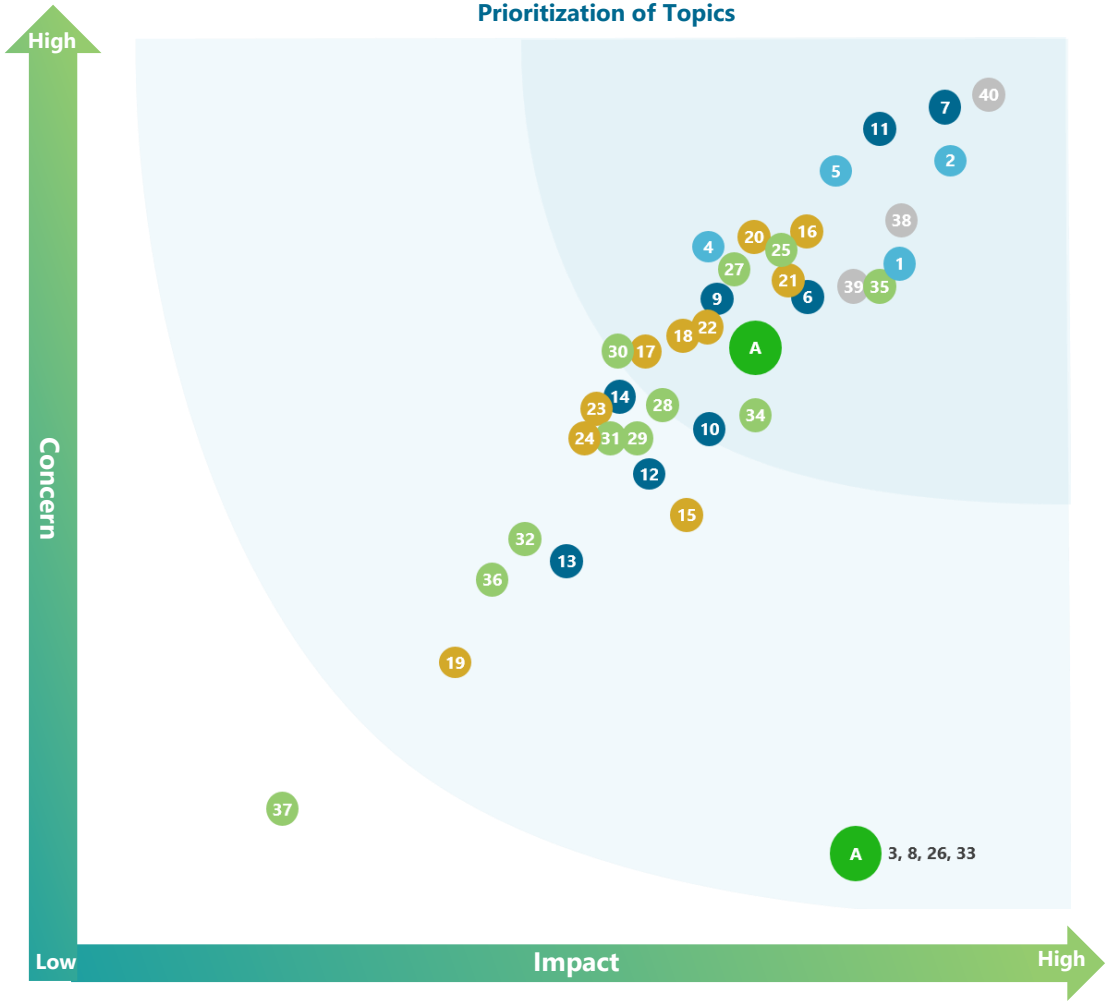
To collect various types of feedback from stakeholders, we post external surveys in the Stakeholder Section on WNC's Website for our stakeholders to provide their feedback. We received 219 surveys in 2018 and approximately 55% of them were filled out by stakeholders in the six identified significant stakeholder categories. Business and functional units determine the aspects that are substantive and require particular attention based on daily operation. We wanted to identify material topics and conducted an internal survey of employees selected by their respective unit heads. A total of 28 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). The level of impact takes into account revenue, cost, customer satisfaction, employee recognition, reputation, and compliance/risk. As for the level of concern, the results of the internal survey are integrated with those of external stakeholders, then we weighted the score of the question "first to fifth, sixth to tenth and eleventh to fifteenth issues that concern stakeholders the most" by 10%, 8% and 5% respectively. The score for this question is calculated based on statistics for results from the external survey. The average scores are plotted on a Cartesian plane 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 3.7 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 28 such material issues. Four of the issues have been consolidated in accordance with the GRI standards. These issues cover six items of general disclosures and 20 issues relating to material topics.

## Prioritization of Topics




**Overall**

1 Sustainable Management
2 Compliance with Regulations
3 Grievance Mechanisms
4 Supplier Management
5 Risk Management

**Economic**

6 Corporate Governance
7 Technology R&D/Quality Service
8 Business Ethics
9 Anti-corruption
10 Anti-competitive Behavior
11 Economic Performance
12 Local Employment
13 Economic Impacts
14 Local Procurement

**Environmental**

15 Materials
16 Energy Management/Conservation
17 Water
18 Emissions and Air Pollution
19 Biodiversity
20 Carbon Emission Management

**Environmental**

21 Effluents and Waste
22 Green Product Management
23 Use of Packaging Materials
24 Environmental Expenditure

**Social**

25 Employment
26 Labor/Management Relations
27 Occupational Safety & Health
28 Training & Education
29 Diversity & Equal Opportunity
30 Human Rights Training and Assessment
31 Anti-discrimination
32 Freedom of Association & Collective Bargaining
33 Child Labor
34 Conflict Minerals
35 Forced or Compulsory Labor
36 Local Communities
37 Public Policy Participation

**Product Responsibility**

38 Customer Health & Safety
39 Marketing and Labeling
40 Customer Privacy

GRI Material Issues for WNC in 2018

| Aspect | Material Issues | Operational Impact | | | | | | GRI Standards | |
|---|---|---|---|---|---|---|---|---|---|
| | | Revenue | Cost | Customer Satisfaction | Employee Recognition | Reputation | Compliance/ Risk | Title | Disclosure Number |
| Overall | Sustainable Management | | | ● | ● | ● | ● | General Disclosures | 102-14 |
| | Risk Management | | | ● | ● | ● | ● | | 102-15 |
| | Grievance Mechanisms | | | ● | ● | ● | ● | | 103-2 |
| | Compliance with Regulations | | | ● | | ● | ● | Environmental/Socioeconomic Compliance | 307-1, 419-1 |
| | Supplier Management | | | ● | | ● | ● | Supplier Environmental/Social Assessment | 308-1, 308-2, 414-1, 414-2 |
| Economic | Corporate Governance | ● | | ● | ● | ● | ● | General Disclosures | 102-18 |
| | Technology R&D/Quality Service | ● | ● | ● | | | | | 102-2 |
| | Business Ethics | | | | | ● | ● | | 102-16 |
| | Anti-corruption | | | ● | ● | ● | ● | Anti-corruption | 205-1, 205-2, 205-3 |
| | Anti-competitive Behavior | | | ● | | ● | ● | Anti-competitive Behavior | 206-1 |
| | Economic Performance | ● | ● | | ● | | | Economic Performance | 201-1, 201-2, 201-3, 201-4 |
| Environmental | Energy Management/Conservation | | ● | ● | | | ● | Energy | 302-1, 302-3, 302-4, 302-5 |
| | Green Product Management | | ● | ● | | | | | |
| | Water | | ● | ● | | | ● | Water and Effluents | 303-1, 303-2, 303-3, 303-4, 303-5 |
| | Carbon Emission Management | | ● | ● | | | ● | Emissions | 305-1, 305-2, 305-3, 305-4, 305-5, 305-7 |
| | Emissions and Air Pollution Management | | ● | ● | | | ● | | |
| | Effluents and Waste | | | ● | | ● | ● | Effluents and Waste | 306-1, 306-2, 306-3 |
| Social | Employment | | ● | | ● | | ● | Employment | 401-1, 401-2, 401-3 |
| | Labor/Management Relations | | | | ● | | ● | Labor/Management Relations | 402-1 |
| | Occupational Safety & Health | | | | ● | ● | ● | Occupational Health and Safety | 403-1 to 403-10 |
| | Training & Education | | | ● | ● | ● | ● | Training & Education | 404-1, 404-2, 404-3 |
| | Human Rights Training and Assessment | | | ● | ● | ● | ● | Human Rights Assessment | 412-2 |
| | Child Labor | | | ● | | ● | ● | Child Labor | 408-1 |
| | Forced or Compulsory Labor | | | ● | | ● | ● | Forced or Compulsory Labor | 409-1 |
| | Conflict Minerals | | | ● | | ● | ● | Other | -- |
| Product Responsibility | Customer Health & Safety | ● | | ● | | | ● | Customer Health & Safety | 416-1, 416-2 |
| | Marketing and Labeling | ● | | ● | | ● | ● | Marketing and Labeling | 417-1, 417-2, 417-3 |
| | Customer Privacy | ● | | ● | | ● | ● | Customer Privacy | 418-1 |

In view of the 20 material topics 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 topic and determined the significance on operation and which branch of WNC might be impacted, such as WNC Taiwan (including headquarters and S1), the branches in Kunshan, China (including WNC (Kunshan), Wistron NeWeb (Kunshan), and WebCom (Kunshan)), as well as which customers, suppliers and contractors outside of WNC. Please refer to 6.2 the GRI standards index for the actual disclosure and corresponding chapters. The aspects of major importance to WNC but not included in the GRI standards indexes are categorized as "others."

GRI Material Topics for WNC in 2018

●Material, disclosed in report ○Material

| Aspect | GRI Material Topics | Significance on Operation | Relevant Chapter | Within the Organization | | Outside of the Organization | | |
|---|---|---|---|---|---|---|---|---|
| | | | | WNC | Branches in Kunshan | Customer | Supplier | Contractor |
| Overall | Environmental/Socioeconomic Compliance | Ensure compliance of company operations to avoid the risk of fines and suspension of business. | 4.1.2, 2.24, 1.3.1 | ● | ● | ● | ● | ● |
| | Supplier Environmental/Social Assessment | Establish strategic partnerships with suppliers to enhance the integration of the value chain. | 5.2.2, 5.2.6 | ● | ● | | ● | |
| Economic | Anti-corruption | Integrity management is the foundation of corporate sustainability. Implementing risk management, fulfilling duty to investigate, and creating a culture of accountability are key for integrity management. | 2.2 | ● | ● | ○ | ● | |
| | Anti-competitive Behavior | Maintain a healthy market mechanism to enhance company competitiveness. | 2.2.2 | ● | ● | | | |
| | Economic Performance | Use company profits to give back to shareholders, the government, and employees to create a virtuous circle. | 1.2, 2.2.3, 2.3.4, 3.3 | ● | ● | | | |
| Environmental | Energy | Improve energy usage efficiency and develop green products to improve company operational efficiency. | 4.4.1 | ● | ● | | | |
| | Water and Effluents | Recycle and reuse water and implement effective water resource management to reduce the impact of water consumption on company operations. | 4.4.2 | ● | ● | | | |
| | Emissions | Implement carbon management to improve the company's capabilities in handling risks related to climate change. | 4.3, 4.1.1 | ● | ● | | | |
| | Effluents and Waste | Promote waste reduction in the company and increase recycling rate to avoid wasting resources and reduce environmental pollution. | 4.1.2, 4.4.2 | ● | ● | | | ● |
| Social | Employment | Create a friendly work environment to raise employee morale and foster a sense of togetherness. | 3.1.4, 3.2.2, 3.3 | ● | ● | | | |
| | Labor/Management Relations | Provide employees with unimpeded communications channels and be open-minded toward various viewpoints to create a harmonious work environment. | 3.1.5 | ● | ● | | ● | |
| | Occupational Safety & Health | Protect the safety and health of employees to ensure good production efficiency and quality. | 3.5.1 | ● | ● | | ● | ● |
| | Training & Education | Talented employees are important assets for a company. Foster the creative capabilities of employees to enhance the growth potential of the company. | 3.4 | ● | ● | | | |
| | Human Rights Assessment | Protect basic human rights and provide good work environments and conditions to maintain the reputation of the company. | 3.1 | ● | ● | | ● | ● |
| | Child Labor | | 3.1.1 | ● | ● | | ● | ● |
| | Forced or Compulsory Labor | | 3.1.3 | ● | ● | | ● | ● |
| | Conflict Minerals | | 5.2.5 | ● | ● | | ● | |
| Product Responsibility | Customer Health & Safety | Develop new green products to improve product competitiveness. | 1.3.1, 4.2 | ● | ● | ○ | ● | |
| | Marketing and Labeling | Disclose information in a transparent and truthful manner to maintain the reputation of the company. | 1.3.1, 1.3.4 | ● | ● | ○ | ● | |
| | Customer Privacy | Enhance customer satisfaction and cooperation to improve the company's competitive advantages. | 5.1 | ● | ● | | ● | |

# 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 and is appropriate to serve as the reference standard 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 details of WNC's financial and non-financial performance. Other issues and communication channels are listed in the following table. Please refer to each relevant 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 2018, there were no complaints regarding work environments, labor practices, human rights practices, or social impact.

| Stakeholder | Issue | Responsible Unit | Relevant Chapter | Communication Mechanism | Communication Frequency | Communication Result in 2018 |
|---|---|---|---|---|---|---|
| Customer | ■ Products and services<br>■ Supplier management<br>■ Human rights<br>■ Energy resource & waste management<br>■ ESH management<br>■ Risk management | ■ Business Group/Unit<br>■ QA Div.<br>■ HR Adm. Div.<br>■ Facility Center<br>■ Industrial Safety Dept.<br>■ RBA Management Committee | 1.3<br>4.2<br>5.1<br>3.1<br>4.4<br>3.5<br>2.3 | Customer satisfaction survey | Once a year | ■ Received a total of 563 requests for green products from customers, and all requests were honored by Q1 2019.<br>■ We earned a score of "95.2" for customer satisfaction and exceeded our goal (90 points). |
| | | | | Customer questionnaire or on-site audit | Upon request | |
| | | | | Project review meeting | Upon request | |
| | | | | Customer-complaint management | Upon request | |
| | | | | Global Service Center and after-sales service | Upon request | |
| Employee | ■ Human rights<br>■ Labor/Management relations<br>■ Remuneration<br>■ Training & education<br>■ ESH management | ■ HR Adm. Div.<br>■ Industrial Safety Dept.<br>■ Employee Welfare Committee | 3.1<br>3.2<br>3.3<br>3.4<br>3.5 | Employee Representative Committee | Quarterly | ■ We responded to 100% of the questions submitted in Taiwan and China through various communication channels.<br>■ The new hire rate for WNC (Taiwan) was 26.9%. The number of new employees increased by 2.43 times that of 2017.<br>■ A total of 332 IDL employees at WNC Taiwan were nominated for promotions; 101 of them were female.<br>■ WNC signed special agreements with 12 daycare centers in Hsinchu City and Hsinchu County. |
| | | | | Occupational Safety and Health meeting | Quarterly | |
| | | | | Employee Welfare Committee | Quarterly | |
| | | | | Employee questionnaire | Upon request | |
| | | | | Company Portal | Updated upon request | |
| | | | | Freshman seminar | Monthly | |
| | | | | CEO seminar | At least once each quarter | |
| | | | | Performance interview and appraisal | Semi-annually | |
| Investor/ Shareholder | ■ Corporate governance<br>■ Economic performance<br>■ Stockholders' equity<br>■ Products and services | ■ Board of Directors<br>■ Investor Relations Dept.<br>■ Business Group/Unit | 2.1<br>1.2<br>1.3 | Shareholders' meeting | Once a year | ■ WNC was rated in the top 20 % among all companies in the fifth Corporate Governance Evaluation.<br>■ Participated in 149 investor conferences, and held face-to-face meetings with 121 domestic and international legal entities. |
| | | | | Investor conference | Semi-annually | |
| | | | | Investor query | Approx. 180 meetings per year | |
| Supplier/ Contractor | ■ Products and services<br>■ Supplier management<br>■ Contractor management | ■ Business Group/Unit<br>■ QA Div.<br>■ Industrial Safety Dept.<br>■ Supply Chain Management Div. | 1.3<br>5.2<br>5.3 | SMS portal | Updated upon request | ■ A total of 69 suppliers have undergone the on-site CSR audit.<br>■ A total of 95 WNC suppliers participated in the Wistron Group Vendor Conference.<br>■ A total of 103 contractors in Taiwan have undergone the contractor safety and health performance evaluation system. |
| | | | | Supplier performance evaluation | Quarterly | |
| | | | | Supplier audit/contractor evaluation | Once a year | |
| | | | | Supplier conference | Once a year | |
| Government Authority | ■ Compliance with regulations<br>■ ESH management<br>■ Energy resource & waste management<br>■ Grievance mechanisms | ■ Finance Div.<br>■ Legal & IP Center<br>■ HR Adm. Div.<br>■ Facility Center<br>■ Industrial Safety Dept. | 2.2.4<br>3.5<br>4.4<br>2.2.1 | Official documents/questionnaires | Aperiodic | ■ WNC (Taiwan) won Top Tier in the Service of Social Innovation Purchase Reward Program from the Ministry of Economic Affairs.<br>■ Due to amendments to the Labor Standards Act, a new online overtime work hour system was implemented in WNC (Taiwan), and regulations regarding overtime work were communicated at meetings with shift leaders and supervisors. |
| | | | | Awards | Aperiodic | |
| | | | | Regulatory seminars/ forums/ industry-association activity | Aperiodic | |
| The Media | ■ Recruitment<br>■ CSR<br>■ Economic performance | ■ HR Adm. Div.<br>■ Marketing and Corp. Communication Div. | 3.2<br>1.2 | Press releases/announcements | Aperiodic | ■ Disclosed 18 news items in releases/announcements<br>■ Ranked among the top 50 in the "Large Enterprises" group for Excellence in CSR by the CommonWealth Magazine Group |
| | | | | Questionnaires/interviews | Aperiodic | |
| | | | | Media contact | Aperiodic | |

# About WNC

# 01

**Corporate Operations**

**Operational Performance**

**Products and Services**

**Intellectual Property**

# 1.1 Corporate Operations

We specialize in the design, R&D and manufacture 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 and long distance communication. We provide consumer, enterprise-level, industrial-grade and vehicular products. We've been devoted to network communication, the digital home, satellite broadcasting and smart driving assistance for many years. We will continue working with world-class companies.

| Company Name | Wistron NeWeb Corporation |
|---|---|
| Chairman | Haydn Hsieh |
| President & CEO | Jeffrey Gau |
| Headquarters | Hsinchu, Taiwan |
| Established | Dec. 7, 1996 |
| Public Listing | Sept. 22, 2003 (Stock code: 6285) |
| 2018 Capital | NT$3.741 billion |
| 2018 Revenue | NT$56.05 billion (Consolidated) |
| 2018 Employees | 9,912 people (Global official employees) |

**Vision**

WNC's vision is to become the global leader in wireless technology and network technology integration, providing customers with complete wireless communication solutions and professional communication technology.

**Goal**

Our goal is to achieve customer satisfaction with our service quality and shareholder satisfaction with our overall operating performance, assisted by a team organized to enthusiastically and efficiently execute our high value-added business model.

**Culture**

Fundamentals Advocacy, Teamwork Cohesion, Customer Trust, and Value Creation are WNC's core corporate values that steer our corporate culture.

WNC's Ten Beliefs and Ten Principles 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.

**Fundamentals Advocacy**
Continue to enhance professional knowledge and skills with integrity and accountability, and consider the company's long-term interests as the basis for conduct and decision-making.

**Teamwork Cohesion**
Build rapport with WNC's internal and external partners with a humble, empathetic, and positive mindset in order to achieve the best synergy.

**Customer Trust**
Understand and fulfill customer requirements and actively maintain close relationships with our customers in all units and on all levels to win their trust.

**Value Creation**
Pursue self-advancement, strive for excellence, enhance performance, and create differentiated values in operations and processes, product development, business expansion, and customer service.

**Ten Beliefs**

1. Strive for the highest quality.
2. Achieve effective execution.
3. Shoulder responsibility bravely and take the initiative proactively.
4. Abide by integrity and act with moral courage.
5. Promote teamwork.
6. Observe discipline strictly. Distribute rewards and punishments fairly.
7. Be eager to learn and share.
8. Be customer-focused.
9. Reinforce cost consciousness and create the most profits.
10. Be an industry benchmark.

**Ten Principles**

1. Do not argue with the customer's perception.
2. Do not disclose confidential company matters without authorization.
3. Do not take credit from others nor shirk responsibilities.
4. Do not bribe or take bribes.
5. Do not use public resources for private interest.
6. Do not behave with departmental egoism or selfish manners.
7. Do not risk the company's reputation by making inappropriate statements in public.
8. Do not exaggerate nor understate.
9. Do not be hypocritical or bureaucratic.
10. Do not be tardy for work and meetings nor leave early.

# 1.1.1 Worldwide Locations

The WNC headquarters is located in Hsinchu Science Park. Headquarters at WNC (Taiwan) provides a combination of R&D, sales, logistics, and after-sales service. Its operations are responsible for coordinating customer needs and resource logistics for its global sites.

WNC's major manufacturing sites include S1 (also located in Hsinchu Science Park), as well as WNC (Kunshan), Wistron NeWeb (Kunshan), and WebCom (Kunshan). In Q4 2018, we established the S2 site in the Tainan Science Park and WNC Vietnam Co., Ltd. (V1) in Vietnam, the latter of which will bring WNC's production to a third host region. The S2 and V1 sites will start manufacturing operations in Q2 2019, and related operation information will be disclosed in the 2019 WNC CSR Report.

We have also established subsidiaries for business promotion, technical support, and R&D in the U.S., the U.K., Japan, and the cities of Nanjing and Kunshan in China to provide comprehensive solutions and local support for our customers worldwide. Please refer to WNC's website www.wnc.com.tw for detailed information on our worldwide locations.

| UK | VN | CN | TW | JP | US |
|---|---|---|---|---|---|
| Berkshire | Bac Ninh | Nanjing<br>Kunshan | Hsinchu<br>Tainan | Shin-<br>Yokohama | Branchburg<br>Tustin<br>El Segundo |

# 1.1.2 Achievements

## 2018

- Hsinchu Science Park R&D Accomplishment Award
- Hsinchu Science Park Innovative Product Award
- 2018 IT World Awards® GOLD (Tri-radio Wi-Fi Smart Router)
- Top 50 in the 2018 Excellence in Corporate Social Responsibility Award: Large Enterprises Group, from CommonWealth Magazine
- 2018 Taiwan Corporate Sustainability Awards: Top 50–Platinum Medal in the Corporate Sustainability Report Awards category
- Annual audit result in CSR Ranked as Gold Level by EcoVadis in 2018
- Ministry of Economic Affairs, New Product and Service of Social Innovation Purchase Reward Program—Top Tier

## 2017

- Hsinchu Science Park R&D Accomplishment Award
- Hsinchu Science Park Innovative Product Award
- Award for International Trade–Contribution to Primary Market Expansion Award from the MOEA
- Top 50 in the 2017 Excellence in Corporate Social Responsibility Award: Large Enterprises Group, from CommonWealth Magazine
- Gold Award from the Tenth TCSA (Taiwan Corporate Sustainability Report Award)
- Annual audit result in CSR Ranked as Gold Level by EcoVadis in 2017
- Ministry of Economic Affairs, New Product and Service of Social Innovation Purchase Reward Program—Top Tier

## 2016

- 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
- Ministry of Economic Affairs, Award for International Trade—Contribution to Primary Market Expansion
- Top 50 in the 2016 Excellence in Corporate Social Responsibility Award: Large Enterprises Group, from CommonWealth Magazine
- Silver Award from the Ninth TCSA (Taiwan Corporate Sustainability Report Awards)
- Annual audit result in CSR Ranked as Gold Level by EcoVadis in 2016
- Asiamoney's "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

# 1.1.3 Management Systems

To enhance operational efficiency and customer satisfaction, WNC has established systems to manage quality, information security, industry-specific operations, environmental impact, forest products through the production chain, and health and safety according to international standards at all of its sites. Furthermore, WNC has designated a committee to be responsible for verification/certification policy, operational execution, and improvement. After each management system is certified by an independent third party according to international standards, it is continuously updated to ensure it's actually operating up to its target standards and according to rules.

In response to various ISO management systems revisions, WNC (Taiwan) and WNC's major manufacturing sites in China have conducted revision audits for various management systems between 2017 and 2018. We completed ISO 50001 energy management system certification audits at these sites in Q2 2018.

The management system related certifications obtained by WNC (Taiwan) and WNC's sites in China are listed in the following table:

Management Systems of WNC (Taiwan) and its Subsidiaries

| Aspect | Management Systems | Taiwan | | China | | | |
|---|---|---|---|---|---|---|---|
| | | WNC Head-quarters | S1 | WNC (Kunshan) | Wistron NeWeb (Kunshan) | WebCom (Kunshan) | NeWeb Service |
| Economic | ISO 9001 | ● | ● | ● | ● | ● | ● |
| | TL 9000 | ● | ● | ● | | | |
| | IATF 16949 | ● | ● | ● | | | |
| | ANSI/ESD S20.20 | ● | ● | ● | ● | ● | |
| | ISO/IEC 17025 | ● | | | | | |
| Environmental | ISO 14001 | ● | ● | ● | ● | ● | |
| | ISO 50001 | ● | ● | ● | ● | ● | |
| | ISO 14064-1 | ● | ● | ● | ● | ● | |
| | IECQ QC 080000 | ● | ● | ● | ● | ● | |
| | FSC® Chain-of-Custody | ● | | | | | |
| Social | OHSAS 18001 | ● | ● | ● | ● | ● | |
| | CNS 15506: 2011 | ● | ● | | | | |
| | ISO/IEC 27001 | ● | ● | ● | ● | ● | |

# 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 2017 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
- Global Certification Forum (GCF)
- Global TD-LTE Initiative (GTI)
- RAIN RFID Alliance
- The International Wireless Industry Consortium (IWPC)
- Bluetooth SIG
- Frog by Wyplay
- Reference Design Kit (RDK) Community
- Open Network Video Interface Forum (ONVIF)
- Wi-Fi Alliance (WFA)
- zigbee Alliance
- Broadband Forum
- 5G Automotive Association (5GAA)
- OPEN Alliance
- IoT Security Foundation

# 1.2 Operational Performance

WNC announced that its 2018 non-consolidated revenue was NT$54,990.399 million, for a YoY of -0.38%. Consolidated revenue was NT$56,049.676 million, for a YoY of -1.48%. Net income was NT$1,929.345 million, for a YoY of -6.51%. Earnings per Share (EPS) was NT$5.21. The following financial data charts present WNC's operating results for the previous five years. The IFRS system was adopted for these figures. Detailed financial figures can be found in section 6 "Financial Standing" of the WNC 2018 Annual Report.

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 April 2019, by the book closure date, 24.71% of WNC's shareholders were composed of foreign investors and individuals. We will continue to optimize WNC's overall operational performance. Please refer to the Investor Relations section on WNC's website for related investor information.

Overview of Financial Performance in the Most Recent Five Years (Consolidated)

(Unit: NT$ thousand)

| Item | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| Operating revenue | 56,049,676 | 56,889,794 | 52,779,497 | 52,183,218 | 40,326,918 |
| Gross profit | 7,112,667 | 7,624,996 | 7,315,631 | 6,930,899 | 5,420,254 |
| Operating expenses | 5,096,594 | 5,063,686 | 4,638,442 | 4,583,200 | 3,711,627 |
| Operating income | 2,016,073 | 2,561,310 | 2,677,189 | 2,347,699 | 1,708,627 |
| Income before taxes | 2,225,586 | 2,690,634 | 2,629,743 | 2,549,631 | 1,780,189 |
| Income tax expense | 296,241 | 626,944 | 587,143 | 577,123 | 403,801 |
| R&D expenses | 2,196,513 | 2,116,078 | 2,003,650 | 2,044,829 | 1,646,923 |
| Net Income | 1,929,345 | 2,063,690 | 2,042,600 | 1,972,508 | 1,376,388 |
| Retained earnings | 8,346,593 | 7,815,783 | 7,164,068 | 6,476,812 | 5,515,923 |
| Interest expenses | 82,043 | 76,334 | 48,031 | 27,798 | 50,085 |
| Personnel expenses | 6,700,011 | 6,317,785 | 5,976,324 | 5,869,418 | 4,751,838 |
| Employees bonuses | 222,377 | 273,901 | 276,122 | 268,971 | 184,910 |
| Cash dividends | 1,366,433 | 1,357,075 | 1,306,534 | 1,240,331 | 887,661 |
| Stock dividends | 0 | 733,554 | 105,935 | 100,568 | 65,753 |

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

| Item | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| Gross profit (%) | 12.69 | 13.40 | 13.86 | 13.28 | 13.44 |
| Net income ratio (%) | 3.44 | 3.63 | 3.87 | 3.78 | 3.41 |
| Profit before tax to paid-in capital (%) | 59.53 | 73.36 | 74.56 | 76.04 | 54.15 |
| Return on assets (%) | 6.32 | 7.13 | 7.23 | 7.72 | 6.14 |
| Return on equity (%) | 12.83 | 15.07 | 15.98 | 16.70 | 12.65 |
| Basic EPS (NT$) | 5.21 | 5.76 | 5.95 | 5.97 | 4.28 |

# 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 scope, enhance products' added value, create competitive advantages, and provide easy-to-use communication products to global customers. In addition to enhancing product and service quality, we strive to alleviate the impact of operations and product manufacturing on the environment. We work actively with customers and suppliers to promote green products and green production, reduce resource consumption, and minimize environmental pollution. We expect to create greater economic and social values through diverse products and outstanding services. WNC (Taiwan) and WNC's major manufacturing sites in China are 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 health and safety concerns with the use of its products, WNC formulated "Product Safety Assurance Measures." All products shall undergo testing and certification of safety standards based on customer demands. These include the UL and FCC certifications 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 product labels shall fully comply with requirements of each certification before they can be marked on the product. In 2018, there were no convictions or violations of relevant laws and regulations concerning products and services.

Please refer to section 4.2 "Green Products" and section 5.2 "Supplier Management" for details.

Proportion of Delivered Products in 2018

| Item | Sales Volume (units) | Monetary Value (NT$ thousand) | Percentage |
|---|---|---|---|
| Wireless | 260,150,679 | 54,094,833 | 96.51% |
| Others | 0 | 1,954,843 | 3.49% |
| Total | 260,150,679 | 56,049,676 | 100.00% |

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

| Region | | 2018 | 2017 | 2016 |
|---|---|---|---|---|
| Export Sales | The Americas | 54% | 51% | 54% |
| | Asia | 23% | 26% | 26% |
| | Europe | 19% | 17% | 13% |
| | Others | 0% | 0% | 0% |
| Domestic Sales | | 4% | 6% | 7% |

### Production Unit

WNC integrates broadband, multimedia and wireless communication technologies. Our products are used in diverse applications and product types including antenna, module, network access, smart home, industrial, and automotive solutions. We provide consumer, enterprise-level, industrial-grade and vehicular products.

We have diverse 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 2018 was the Americas (54% of sales).

### Antenna Solutions

WNC specializes 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:

- Consumer antennae: 4G antenna, WWAN/WLAN/Bluetooth® antenna, Wi-Fi 2×2, 3×3, 4×4 antenna solutions and Near Field Communication (NFC) antenna

- Innovative antennae: 11 dBi high-gain patch array, smart antenna, laser direct structuring (LDS) antenna, mmWave antenna, 4G antenna, 4G LDS antenna, and outdoor high-gain directional antenna

## Module Solutions

We provide a variety of form factors and technology options to support a wide range of application needs. Major products include:

- 4G module
- WLAN module: IoE module
- Customized module: XRBH Bluetooth® Low Energy module, XRBH-1 Bluetooth® Low Energy module, Bluetooth® Low Energy SiP module
- Near Field Communication (NFC) module
- Bluetooth® module: Bluetooth® SiP module
- mmWave module: WiGig RF module, 4G + WiGig antenna combo module, WiGig baseband module

## Network Access Solutions

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

- Satellite TV: direct broadcast satellite
- Fixed Wireless: 4G mobile hotspot, 4G gateway/IAD, 4G/5G outdoor CPE, and Small Cell
- Enterprise Networking: Including Wi-Fi AP/Router/Repeater, and Gigabit Ethernet switches
- Infrastructure Network: Including NIC and data-center switches

## Smart Home Solutions

We provide various types of broadband and multimedia equipment, including Home Entertainment and Home Control, to help end users create a smooth home-networking and audio-visual environment. Major products include:

- Home Entertainment
- Home Control: Home safety gateways and security IP webcams

## Industrial Solutions

We provide system integration and certification know-how approved by major carriers in the US, Japan, and European markets.

- Smart Energy: Smart-Meter Communication Board/Hub
- RFID: Omni-directional RFID antenna, RFID readers, and RFID tags
- Smart Tracking: Sub G router/gateway, Bluetooth® wristbands

## Automotive Solutions

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

- Satellite Radio: Satellite Radio Module, Receiver, Translator Box, and UDLP
- Digital Radio: Digital Audio Broadcasting (DAB) Module and HD Radio™ Module
- Radar Sensor: 24GHz/77GHz/79GHz car radar sensor system products for vehicle detection and alerts
- Automotive Camera Module: Ultra Compact Automotive FHD Camera Module
- Automotive Cellular Device: 4G Communication Module and 3G LGA Module
- Automotive Connectivity: Automotive Wi-Fi Bluetooth® module
- Wi-Fi/Bluetooth®: Automotive Wi-Fi Bluetooth® Module and Automotive Bluetooth® Module
- Infotainment: Qualcomm SiP Solutions
- Tracker: OBDII Tracker
- C-V2X module

# 1.3.2 Market Outlook

### Smart Internet Applications in the Home

For smart internet applications in the home, as of Q2 2018, there were close to a billion households with wired broadband. Of these households, more than 50% use fiber-optic broadband, and this percentage is continuing to rise. In North America, the deployment of coaxial cable broadband is the main driving force in the market, whereas the European market is seeing the continued deployment of Fiber-to-the-home (FTTH). Fiber-optic and coaxial cable broadband are increasing global network speeds, which in turn is accelerating the upgrade of internet infrastructure and creating demand for high-bandwidth LAN in the home. These deployments are also paving the way for next-generation mobile wireless communication technologies, where the integration of wireline and wireless connectivity will further improve Internet services. Smart home applications made possible by integrating home Wi-Fi meshes, continually improving AI algorithms, and voice assistants such as Google Assistant or Amazon Alexa have brought greater convenience and added variety to people's lives.

### Seismic Shifts in Wireless Communications

For next-generation mobile communications, after many years of development, 4G transmission speed has increased from the Megabit speeds of LTE Cat. 4 to the 10 Gigabit speeds of LTE Cat. 20, matching current fiber-optic speeds. Telecommunications companies around the world are investing heavily in next-generation 5G mobile networks due to its extremely low latency and low power consumption characteristics, and wireless internet is gradually replacing wired internet, just as fiber-optics gradually replaced copper wiring. 5G services were officially introduced in the United States in late 2018, further accelerating the implementation of mobile broadband networks. Japan has announced that it will officially deploy 5G at the 2020 Tokyo Olympics, marking a seismic framework shift in communications networks. Additionally, 5G is vital for automotive communications, which require extremely low-latency connectivity and integration of various sensors based on radar, camera, lidar, and other technologies. Modern connected devices need to process much more data in a shorter period of time than in the past, which highlights the importance of AI-assisted data screening. The edge computing capabilities of GPUs, TPUs, and other high-speed processing units combined with deep learning algorithms, will truly showcase the capabilities of next-generation networks and create many new business opportunities for the market.

### The IoV: Taking the Automotive Market by Storm

The IoV market is a rapidly growing sector. According to a report published by TSR, a marketing research company in Japan, about 30% of cars have internet connectivity as standard equipment in 2018/2019, and more than half of new cars produced in 2023 will have internet connectivity as standard equipment. In the future, Telematics Service Providers (TSPs) will bring about new IoV services, such as car control, parking space searching, real-time traffic monitoring and route planning, rental car sharing, voice-controlled automotive entertainment systems, and better automotive safety and driving assistance systems. The maturation of voice-control devices will allow them to proliferate from the general consumer market to the automotive industry. In connected vehicles, voice-control will allow drivers and passengers to have more intuitive control of automotive entertainment systems. Smart home services may also be integrated into such systems.

Development of V2X technologies such as DSRC and C-V2X has proceeded steadily, and upstream chip vendors have provided more comprehensive solutions in 2018, releasing V2X-capable automotive products and roadside equipment. V2X technologies, integrated into ADAS systems, have become standard equipment in some cars on the U.S. automotive market, filling the gaps which standard sensors cannot cover and providing drivers with more safety information. The V2X market is expected to grow significantly. This technology will benefit all who use roads and reduce the number of traffic accidents. Sensor fusion and the integration of V2X with ADAS are key for cars to achieve Level 4 autonomous driving.

### New Business Models from the AIoT

According to a report published by IDC, global IoT spending will grow to US$1.0503 trillion in 2022 for a CAGR of 13.2%, mainly in the areas of production line management, smart home applications, and shipment monitoring. The U.S. will account for 25.2% of global IoT spending in 2022, with China coming in second at 24.3%.

Hardware spending in IoT will primarily be for infrastructure, with demand for LPWAN connectivity technologies such as NB-IoT and Cat-M growing rapidly. In software, many enterprises have started to use customized open source software platforms to reduce software costs.

In e-commerce, the IoT is used to provide service platforms, establish ecosystems, and create customized modules. The integration of AI and the IoT (AIoT) will lead to rapid growth for the IoT market and create new business services. The incorporation of AIoT in the cloud, end devices, and the Internet in 2018 has led to the integration of voice-control and visual identification in many consumer products, turning them into smart end devices. In the future, other home appliances and end devices are expected to become AIoT devices. AIoT will also reduce costs and enable more flexible production for the Industrial IoT, allowing it to better adapt to rapidly changing markets. It is predicted that 5G will lead to faster growth for the IoT.

For more industry information, please refer to section 5 "Overview of Business Operations" in the WNC 2018 Annual Report.

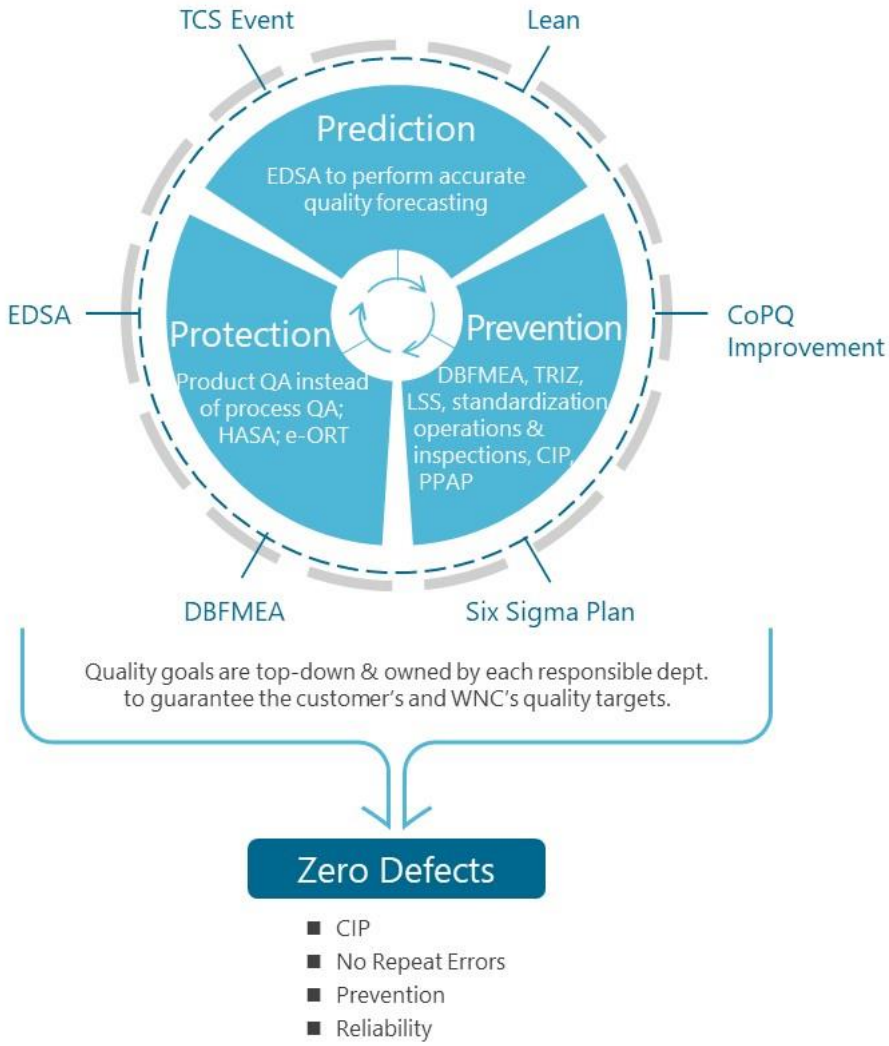
# 1.3.3 Manufacturing and Quality Service

## 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, and service quality and become a reliable partner for all our customers.

During our day-to-day quality operations, we set or adjust our quality goals which include product quality, service, and delivery based on the ISO 9001, IATF 16949, and TL 9000 quality management systems. Quality goals are top-down and owned by each responsible department. In the spirit of "Protection, Prevention, and Prediction (3P)", different quality approaches, tools, and systems were introduced for integration 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 and formulate preventive mechanisms in advance. In 2017, WNC (Taiwan) completed the revision audit and received certification for the ISO 9001: 2015 quality management system. We also obtained IATF 16949: 2016 certification for WNC headquarters, S1, and WNC (Kunshan) in September 2018.



WNC headquarters, S1, WNC (Kunshan), 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. WNC (Taiwan) also 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.

### Production Automation

To develop production automation, automated production capability should be taken into account during the product design stage. Using many years of experience operating various production lines, WNC has divided automated production lines into multiple standardized modules that can be quickly assembled into different configurations to manufacture diverse products. This enables us to avoid investments that don't provide a good return. WNC's in-house automation center oversees WNC's internal automated production operations and ensures that we help our customers achieve their targets for efficiency and quality.

## 1.3.4 Marketing Communications

WNC's product marketing matters are handled by our customers and 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 manage the process for representing and reviewing disclosures of relevant information about WNC, the market, products and services, customers, and suppliers. These measures help ensure the necessity, accuracy, timeliness, and consistency of publicly disclosed information.

In addition to the Chinese and English versions of WNC's annual report, annual shareholders' meeting agenda, annual shareholders' meeting minutes, and CSR reports, we designate sections such as "Press Room", "Investor Relations", and "CSR" on the WNC website to provide real-time updates on WNC, material information, and information related to WNC's financial situation and CSR efforts. Business contact information is also available on the website to provide domestic and foreign stakeholders with accurate information and convenient communication channels.

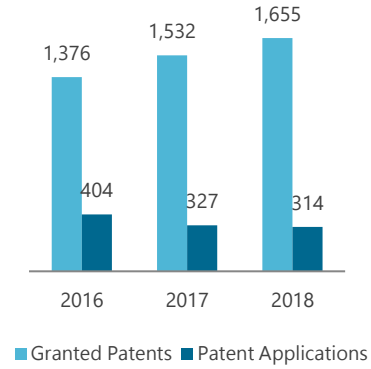
# 1.4 Intellectual Property

WNC strives to enhance its competitiveness in the communication industry. We constantly develop products based on evolving communications technologies and increasing market demand. To cultivate efforts in research and design, 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 2018, two sessions were held with a total of 99 attendees. We also held courses on software patent application and employee patent bonuses for R&D personnel. The aim of these courses is to introduce the current status of software patents and the application procedure for software patents as well as to encourage employees to submit patent application proposals. A total of 23 attendees participated in the courses.

WNC has not only been listed among 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 in the number and quality of our patent applications to protect our intellectual property. As of the end of 2018, we held 1,655 patents: 413 in the U.S., 701 in Taiwan, 497 in China, and 44 in other areas. Currently, we also have more than 314 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 thus continue to accumulate intellectual property in the form of patents, copyrights, trademarks, trade secrets, and other intellectual assets.

Numbers of Granted Patents and Patent Applications in the Most Recent Three Years



# Perfecting Corporate Governance

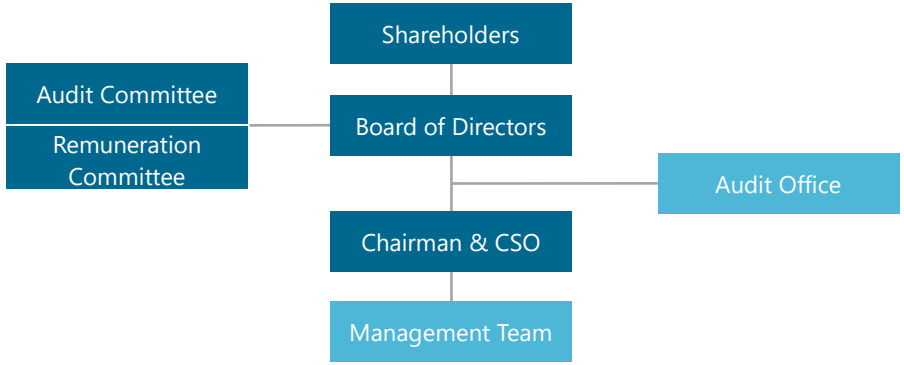
02

## 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; formulating new rules and taking measures according to continuous amendments of guidelines and customer demands; acting in accordance with RBA regulations; 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, the Legal & IP Center, Human Resources, Quality Assurance, the Marketing and Corp. Communication Division, and the RBA 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 through progressive thinking upon operations management, product development, market promotion, and enhancement of internal-operations procedures. Starting in 2015, the Taiwan Stock Exchange (TWSE) and the Taipei Exchange (TPEx) began holding a yearly Corporate Governance Evaluation of the corporate governance performance for all publicly listed companies in the previous year. WNC was rated in the top 20% among all publicly traded companies in the 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 9th BOD members were elected at the Shareholder's meeting of 2017; one female, the others male. All have business, legal, finance, accounting, 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 WNC. 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 WNC. Information concerning the Board members' background, education, current educational status, concurrent duties, and meeting attendance rate are disclosed in WNC's annual report[1] and have been published on the Market Observation Post System.

Board of Directors Information

| Name | Title |
|---|---|
| Haydn Hsieh | Chairman & CSO |
| Jeffrey Gau | Director, President & CEO |
| Frank F.C. Lin | Director, Wistron Co. Representative |
| Donald Hwang | Director, Wistron Co. Representative |
| Philip Peng | Director |
| Max Wu | Director |
| Robert Hung | Independent Director, Audit Committee Chairman, Remuneration Committee Member |
| Neng-Pai Lin | Independent Director, Audit Committee Member, Remuneration Committee Chairman |
| Hsing-Chuan Hsin | Independent Director, Audit Committee Member, Remuneration Committee Member |

A Board of Directors meeting is held at least once every quarter. In 2018, the Board met seven 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.

The Board of Directors' responsibilities include supervising the normal operations of WNC and ensuring financial transparency, approving the hiring and remuneration of upper management, providing guidance to the management team on 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 RBA 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.

[1] Education and other information on members of the Board of Directors are included in page 9 of Section 3.2.1 "Information on the Board of Directors" and page 24 of Section 3.3 "Corporate Governance" of the WNC 2018 Annual Report.

### The Board Performance Evaluation

To implement corporate governance and enhance its operational efficiency, the Board of Directors passed "Regulations Governing the Board Performance Evaluation" on Mar. 14, 2018 to establish performance evaluations which will be conducted at a fixed annual interval for the overall board of directors and individual directors, with an evaluation period lasting from Jan. 1 to Dec. 31 of the same year. Evaluation results shall be reported to the Board of Directors in a Board of Directors meeting convened in the first quarter of the succeeding year and be disclosed in WNC's annual reports.

| | |
|---|---|
| The overall Board of Directors | ■ Discussion units of the Board of Directors shall conduct an overall performance evaluation based on ratings of evaluation standards achieved, such as the degree of involvement in corporate operations, quality of decisions, governance structure, engagement in continuing advanced studies, and internal control. |
| Report and disclosure | ■ The members of the Board of Directors shall conduct self-evaluation based on ratings of evaluation standards achieved, such as the degree of mastery in advancing corporate goals and accomplishing tasks, knowledge of responsibilities, engagement in corporate operations, internal relationship management and communications, professional degrees and engagement in continuing advanced studies, and internal control. |
| Report and disclosure | ■ Evaluation results of the Board shall be reported to the Board in the first quarter.<br>■ The evaluation methods, their implementation, and the previous year's results for the Board of Directors will be disclosed in WNC's annual reports. |

The directors' reasonable remunerations shall be determined based on WNC's overall operational performance, operational risks and development trends of the industry in the future, and the degree of their engagement and their contributions to corporate operations. The related performance evaluation and rationalization of the remunerations shall be audited by the Remuneration Committee and the Board of Directors and may at any time be reviewed based on practical operation conditions and the related laws and regulations in order to seek balance in continuous operations and risk control.

## 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 WNC'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 WNC'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 2018, the committee met five times.

## 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 WNC's 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 WNC'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 WNC'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 2018, the committee met three times.

For more on the Board performance evaluation, and information concerning the Audit Committee and Remuneration Committee meeting attendance, please refer to section 3.3 "Corporate Governance" in the WNC 2018 Annual Report on pages 25, 26, and 30.

## 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.

The Audit Office coordinates the self-evaluation of internal control based on the Regulations Governing the Establishment of Internal Control Systems by Public Companies. Furthermore, it evaluates the applicability of self-assessment surveys regularly, and ensures that self-assessment items cover all main operation procedures and can be adjusted in response to organizational restructuring. In the meantime, the Audit Office ensures that the managers on different levels review and evaluate risks. In 2018, WNC adopted online self-assessment of internal controls.

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 and Audit Committee at any time, if necessary.

# 2.2 Integrity Management

| | |
|---|---|
| Targets for 2019 | ■ Settlement rate of appealed cases reported to the mailbox for reporting violations<br>■ Completion rate of courses requested in WNC ethics and anti-corruption code of conduct<br>■ Completion rate of self-evaluation questionnaire for compliance with the code of ethics |
| Achievements in 2018 | ■ Completion rate of courses requested in WNC ethics and anti-corruption code of conduct<br>■ Completion rate of self-evaluation questionnaire for compliance with the code of ethics |

→ 100%

WNC adopts a "zero tolerance" principle towards corruption. The "WNC RBA Code of Conduct", "WNC Corporate Social Responsibility Practice Standards", "Corporate Governance Best-Practice Principles", "Code of Ethical Conduct", "Ethical Corporate Management Best-Practice Principles", and "WNC Reporting and Handling Procedure" clearly state WNC's policy for upholding integrity. All WNC subsidiaries and affiliates are required to follow the same corporate compliance guidelines, including anti-corruption legislation from around the world such as the Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act of 2010. 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. WNC established the Integrity Office in October 2018, charged by the Legal & IP Center to enhance integrity management operations ultimately determined by the Chairman. Starting 2019, the top manager of the Legal & IP Center will report to the Board of Directors on a regular basis.

### Fulfilling duty to investigate

In the meantime, WNC also requires all employees and major suppliers to sign documents on our code of ethics. They shall not offer or accept any bribe or illegal profit in any other form. In February 2018, we required employees who directly deal with or exert substantial influence over customers, suppliers, and contractors (including high-level executives, sales personnel, PMs, and all employees of the purchasing unit, supplier quality management unit, general affairs unit and the facility unit, and department-level managers and above in the legal, MIS, and R&D units) to answer a self-evaluation questionnaire for compliance with the code of ethics every year. In 2018, a total of 414 employees (including 202 employees of professional grade levels and 212 employees of management grade levels) have answered the questionnaire, for a completion rate of 100%.

Every year, WNC headquarters, S1, WNC (Kunshan), Wistron NeWeb (Kunshan), and WebCom (Kunshan) implement CSR-related audits or evaluations by customers through questionnaire surveys, document review, and on-site auditing. These 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, anti-corruption, environmental protection, and participation in society. WNC headquarters, S1 and Wistron NebWeb (Kunshan) completed the RBA VAP (Validated Audit Program) a second time in 2018.

### Training and propaganda

Online and live classroom courses and internal portal website updates are provided and the promotion resource on the internal website is updated occasionally for further edification. In November 2017, we ran the "WNC Ethics and Anti-Corruption Code of Conduct" online training course for IDL employees in WNC (Taiwan). The course covered four major aspects: acting with integrity, upholding company values, caring for society, and respecting others. This enables WNC employees to understand how to make the right choices when company regulations conflict with social norms, enterprise interests, or personal interests, as well as what to do when discovering illegal activities. In 2017, the course was conducted for IDL employees in Taiwan. In March 2018, we included DL employees in training and arrange compulsory training courses for new employees. By the end of 2018, a total of 2,820 employees (including IDL staff 1,774 and DL staff 1,046) had completed the "WNC Ethics and Anti-Corruption Code of Conduct" online training course, and the course completion rate was 100%.

WNC Ethics and Anti-Corruption Code of Conduct Outline

| Practicing the WNC Ethics and Anti-Corruption | | | |
|---|---|---|---|
| ■ Look up related laws and regulations. | ■ Ask managers for advice. | ■ Inform the relevant departments. | ■ Follow your conscience. |
| **Acting with Integrity** | **Upholding Company Values** | **Respecting Others** | **Caring for Society** |
| ■ Do not deceive others.<br>■ Do not spread rumors or gossip about others.<br>■ Do not steal intellectual property.<br>■ Do not engage in corruption or bribery.<br>■ Do not violate laws. | ■ Avoid conflicts of interest.<br>■ Do not conceal opportunities.<br>■ Do not make arbitrary statements.<br>■ Do not divulge confidential information.<br>■ Do not misuse company resources. | ■ No discrimination.<br>■ No harassment.<br>■ No abuse. | ■ Protect human rights.<br>■ Promote fair trade.<br>■ Maintain financial order.<br>■ Cherish the Earth. |

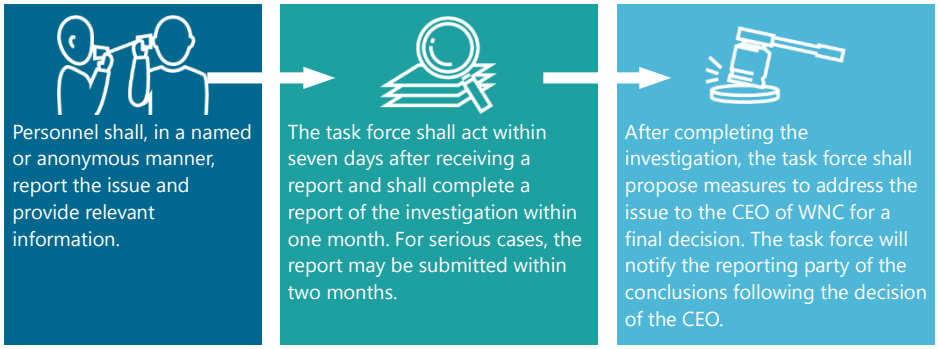
WNC remains politically neutral. Employees are encouraged to fulfill their civic duty, but refrain from doing the following in the name of WNC: participate in political electioneering or make any political contribution. No political contributions were made by WNC in 2018.

## 2.2.1 Grievance Mechanisms

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.

| | |
|---|---|
| **Email for interaction on corporate social responsibility**<br>**public@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. |
| **E-mail for reporting violations**<br>**wnc.integrity@wnc.com.tw** | This email is provided for employees and all pertinent parties to file complaints and report violations in a named or anonymous manner. |

The "WNC Reporting and Handling Procedure" stipulates the handling procedure and operations to address violations. The Integrity Office is tasked with establishing a task force to be in charge of handling reports and performing investigations. The reporting procedures are described briefly as follows:




- WNC shall ensure that the identities of the reporting parties are kept secret and that they are not open to retaliation.
- WNC will not terminate or transfer any employee or affect any other unfavorable result due to their reporting an issue unless that employee or supplier has violated the law.
- Task force members and related members participating in the investigation shall ensure and maintain the confidentiality of the event throughout the entire investigation.
- The task force shall keep a written record for the handling of the report, seal the record and keep it in archive. It shall keep the record together with a personnel profile for five years.

In 2018, the Integrity Office received two appeal cases reported to the mailbox for reporting violations and one case reported by a WNC employee to the related managers for violation of WNC internal regulations, all of which have been properly settled and closed with details illustrated in the table below:

| Area | Appeal channel | Descriptions |
|---|---|---|
| Taiwan | The WNC employee reported directly to management | An employee reported to his direct manager a debtor-creditor relationship he had with one of the suppliers, in violation of WNC internal regulations. This employee has been dismissed based on the related stipulations. |
| Mainland China | Reported to the mailbox for reporting violations | There was one WNC employee reported to have been entertained by our suppler; nevertheless, there was no solid evidence discovered after internal investigation. |
| | | There were two WNC employees reported to have solicited bribes from our outsourcers. There was no solid evidence discovered against one of the employees, but the other employee's illegal deeds have been verified to be in violation of WNC internal regulations and that employee has been dismissed based on the related stipulations. |

## 2.2.2 Respecting Market Mechanisms

We believe healthy 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. To help maintain a healthy market mechanism and structure, we will never adopt any unfair, anti-competitive behavior. In 2018, there were no lawsuits against WNC related to anti-competitive or anti-trust behavior.

## 2.2.3 Financial Grants

In 2018, WNC's Taiwan sites actively invested in R&D in adherence to government policies "Facilitation of industry innovation", "Improvement of industry environment" and "Increase of industry competitiveness." WNC (Taiwan) estimates an investment tax credit of NT$40,000,000. Based on profound strength in R&D and application of innovative technologies, WNC won the Hsinchu Science Park R&D Accomplishment Award and Innovative Product Award, receiving NT$350,000 for each award.'

Financial Grants Record for Each WNC Site in 2018

| Item | Reason | Amount (NT$) |
|---|---|---|
| Investment tax credit | Statute for Industrial Innovation promoted by the Industrial Development Bureau, Ministry of Economic Affairs | 40,000,000 Note |
| Grant | Hsinchu Science Park R&D Accomplishment Award | 350,000 |
| Grant | Hsinchu Science Park Innovative Product Award | 350,000 |

Note: The amount of the investment tax credit under 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.

## 2.2.4 Compliance with Regulations

Since WNC's founding, it has implemented internal regulations in accordance with applicable national laws of each operational location in order to guide its employees, managers, and the Board of Directors. WNC has also been mindful of the relevant authorities, international or domestic related laws, and trends in 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.

To enhance the value chains' service quality and execute 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 hazards to safety and health for employees in the production, operation, and disposal process.

In 2018, WNC did not violate any local regulations in its sites in Taiwan and China, and did not have any major recorded lawsuits (referring to the lawsuits exceeding NT$2,000,000 in amounts or related with trade of the products).

# 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 issues related to operational procedure. Furthermore, after careful evaluation of all aspects, if the item is a potential threat to WNC's operations, it will be designated as a significant risk. Adjustments would be made for items with significant risks throughout the period of changes in 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.

Looking back at 2018, the global political and economic situations changed rapidly. Nationalism and populism led to the rise of mercantilism and trade protectionism. Geopolitical risks caused increasingly changing and ever-intense military alliances among different countries. Rapid development of new technology led to social problems, such as system crashes caused by exploits of information security loopholes, fake news, and privacy issues. Global warming led to abnormal, extreme climate phenomena, such as floods, droughts, frequent forest fires, yearly rising sea levels, and the melting arctic ice. According to the 2019 Global Risk Report published by the World Economic Forum, among the top ten risks in terms of likelihood and impact, the ones closely associated with enterprises, and which enterprises 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, theft, and large-scale cyber attacks. WNC's measures in response to the aforementioned risks are described as follows:

## 2.3.1 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 96.05% 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. Therefore, the majority of our foreign currency operating exposure can be offset. In addition, WNC has used regular hedging activities to manage its foreign exchange risk under proper risk-management guidelines. For remaining situations involving 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 WNC'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.

## 2.3.2 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 WNC. Shareholders' meetings, financial reports, and CSR reports are held or published regularly to clearly disclose WNC'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. With strict control of expenses, operational costs and risks can also be well managed.

In response to changes in the political and economic situations in Europe and the United States, as well as the changes in the industry's value chain and the ups and downs in the corresponding markets, WNC continues to pay attention to market trends. The Marketing and Corporate Communication Division observes and analyzes the change of global political and economic situations. Legal & IP Center is responsible for tracing changes in the related laws and regulations at a fixed interval and arranging responsive measures accordingly. 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 2018, 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) 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 5.2 "Supplier Management" for the major work items and contents of the supply chain management.

### Information Security

To ensure company and customer confidential information security (including trade secrets and intellectual property rights), guarantee information security and to reduce the damage and impact, the Management Information System Division of WNC headquarters and the Management Information units of S1 and WNC's China sites, and the Automotive and Industrial Solutions Business Group have obtained the ISO/ IEC 27001 certifications. WNC has instituted an Information Security Policy to regulate IT accounts and provide: 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; in order to prevent improper access, modification, loss or leakage of WNC's classified information. To meet WNC's business requirements, the Digital Management Information Systems Division also developed an RD Cloud for centralized storage and control of WNC'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. We share experiences with suppliers and formulate review and improvement plans. We hope to facilitate suppliers adapting to and observing regulations on information security management.

Besides annually planning and implementing all kinds of information security education training courses, we used internal announcements to convey the information security policies to raise the awareness of information security among employees. WNC will proceed with both external environment and internal risk evaluation. WNC also performs BIA and recovery drills every year based on the BCP. It stipulates all kinds of control and protective measures based on potential risks and evaluates the implementation of all relevant information security systems to enhance the overall information security control mechanism of the company.

## 2.3.3 Crisis Response Mechanisms

### 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 headquarters 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 headquarters and S1 facilities. We also implement relevant disaster prevention and response measures in conjunction with the Hsinchu Science Park Administration.

### Evacuation Drill

WNC seeks to ensure quick recovery of operations through rapid response 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 WNC, 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 manage all manner of accidents that may occur in WNC due to 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 emergencies and extraordinary incidents.

To familiarize employees with evacuation routes, a plant-wide evacuation drill is held in WNC (Taiwan) and the China sites every year. Apart from this, a self-defense fire control team has also been assembled in the Taiwan plant based on the in-plant fire emergency response drill for disasters. In 2018, WNC (Taiwan) and locations in China did not suffer any injury or property damage caused by natural or man-made disasters, including terrorist attacks or labor disputes.

## 2.3.4 Climate Change Risk Management

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 discloses the risks and opportunities brought by climate change based on Task Force on Climate-Related Financial Disclosures (TCFD) and evaluate its possible impacts for WNC and financial influences to implement the related countermeasures to enhance WNC's adaptive capacity for the climate change.

Risk of Climate Change

| Risk Type | Aspect | Potential Impact | Potential Financial Influence |
|---|---|---|---|
| Transition Risk | Regulation | Taiwan's government passed the Greenhouse Gas Reduction and Management Act. Enterprises are required to adopt the national GHG emission control goal and take responsibility for carbon reduction. | The cost of compliance increases and has a direct impact on financial costs. |
| | Technology | To take the lead in the market and maintain a competitive advantage, WNC actively develops green technology and low-carbon products. | The supply chain has been adjusted, and the production method, equipment, and process have been changed. Therefore, operating costs increased. |
| | Market | ■ Governments foster the development of green industry, seek a business model for coexistence of economic development and environmental protection, and stipulate the product specifications of material and energy consumption, which have become stricter.<br>■ The market demand is unclear. | ■ The production costs including the material/part costs, and design/certification costs increased.<br>■ The existing need for some products and services decreased due to shifting customer demands. |
| | Goodwill | Enterprises failed to respond to the expectation and requirements of stakeholders on climate change issues. | ■ Investors are less likely to participate in public investment. Enterprises will lose customers or orders will be withdrawn. |
| Physical Risk | Immediate | Typhoons, droughts, floods and tsunamis suffered due to extreme climate reduced or interrupted productivity. | Physical disasters led to loss of life and property. |
| | Long-term | Global warming, sea level rise and unstable rainfall caused food crises and interruption of ecological balance. | Imbalance of supply and demand for energy and resources caused the increase of production costs. |

Opportunity of Climate Change

| Opportunity Type | Potential Opportunity | Potential Financial Influence |
|---|---|---|
| Resource efficiency | Carbon and waste reduction measures can be implemented, such as process optimization and energy conservation, and enhance waste reclamation and wastewater recycling. | Energy conservation and carbon reduction are implemented continuously. Efficiency of energy and resource use is increased. |
| Energy source | Innovative processes and superior technologies can be invested in. Highly efficient and low pollution equipment can be adopted to build green factories. | Automation and AI are implemented in production. Product yield and production efficiency is enhanced. Operating cost is reduced. |
| Product and service | Eco-friendly products have become the market trend. Green design can be implemented to reinforce product advantages. Meanwhile, innovative products or applications can be extended. | Customer trust is gained. Green or low-carbon products are developed. A long-term strategic partnership is built. |
| Market | The Executive Yuan, R.O.C. has implemented the "Green Finance Action Plan" to promote the financial market to support enterprises adopting low-carbon and sustainability policies. | Investors among the public are more willing to invest in enterprises nominated for the "CSR Index". Therefore, the cost of fund acquisition is decreased for these enterprises. |
| Persistence | ■ Enterprises should use renewable energy and seek alternative energy solutions.<br>■ Enterprises should reinforce disaster recovery, including remote backup and emergency response measures, to enhance their persistence against climate change. | ■ The use of energy and resources is diversified to enhance the continuous operation of the enterprise.<br>■ The stability of the supply chain and operating ability under different conditions are enhanced. |

WNC has performed climate change adaption through greenhouse-gas inventories, many energy-conservation and carbon-reduction plans. (For details, please refer to section 4 "Cherishing Natural Resources" of this Report.). The key points in the short-term and long-term implementation plans include:

Climate Change Adaptation

| Project | Short-term | Mid/Long-term | Planning Unit |
|---|---|---|---|
| Development of environmental-friendly products | Development of energy-efficient products and low-pollution products | Products' ecological design | Green Product Sec. and product development and design units |
| Analysis and improvement of energy efficiency | ■ Import of ISO 50001 management system<br>■ Establishment of energy supervision system<br>■ Adoption of renewable energy | High-efficient smart plants | Safety & Sanitation Dept., Facility Center, and Digital Management Information Systems Div. |
| Greenhouse gas inventory and reduction | Import ISO 14064-1 management system | Scope 3 greenhouse gas emission inventory and reduction | Safety & Sanitation Dept. |
| Implementation of waste reduction | Recycle and re-use of waste | Promotion of circular economy | Facility Center of Global Manufacturing Headquarters |

Water resources were scarce in Q1 of 2018. The water problem was severe in Hsinchu, which was included in the code yellow water-restriction area during the first phase. Therefore, WNC continued to urge employees to implement water conservation measures, and we abide by the policies stipulated by the Hsinchu Science Park Administration, reduced water consumption supplied with pipeline pressure in the night, reached the goal of saving 5% of water on our own initiative, cut off or cut down the amount of water not used for production, including water used for watering plants, cleaning the exterior wall and fire drills. This hasn't affected operations. The unit responsible for factory affairs will continue to pay attention to changing water conditions and observe the water rationing measures carried out by governmental authority to reduce the risk of water shortage based on these conditions.

# Developing Human Capital

# 03

## Respect for Human Rights
## Recruitment and Employment
## Overall Remuneration
## Training and Development
## Employee Care

Talent and human capital is the most important element in companies. WNC promises to: comply with international human rights standards such as the UN Universal Declaration of Human Rights, the Ten Principles of The UN Global Compact, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the RBA Code of Conduct; abide by labor laws and national acts such as the Act of Gender Equality in Employment; and adhere to principles of respect for human rights to employ 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 working environment by performing internal OHSAS 18001 audits and verification by a third party annually to ensure workplace security and sanitary conditions meet international standards. In addition to promoting human rights and related regulations in the freshman and new employee training courses, we also randomly 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 2018.

# 3.1 Respect for Human Rights

## 3.1.1 Abolition of Child Labor

In accordance with regulations, WNC does not hire workers below the legal working age, and WNC (Taiwan) and WNC's sites in China do not hire workers below the age of 16. The WNC RBA Code of Conduct Manual prohibits the hiring of child workers, and WNC's "Management Measures on Hiring New Employees" and "Operational Guidelines for the Recruitment of Underage Workers" stipulate that when new employees report to work, they shall submit identification documents to WNC for review to ensure that they are at least 16 years of age. No child workers were employed at WNC (Taiwan) and WNC's sites in China in 2017.

## 3.1.2 Protection for Juvenile Workers

WNC supports 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 cooperated with Private Dong Wu Senior Industrial Home Economics Vocational High School on a long-term cooperative education program that provides computer science and data processing classes. For a period pre-arranged by the school, students can put the professional skills they have learned into practice in production line operations. In accordance with The Act of the Cooperative Education Implementation in Senior High Schools and the Protection of Student Participants' Right, workers 16 to 18 years of age may be placed if they are technical students receiving vocational training. However, they are not allowed to engage in heavy work or in any work of a dangerous nature. These interns 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 participants of the cooperative education program to guarantee their physical and mental development and labor rights. In 2018, a total of 81 students from the Private Dong Wu Senior Industrial Home Economics Vocational High School participated in internships on WNC production lines, of which 68 were underage interns between 16 and 18 years old. In May 2018, WNC started the "Vocational High School Employment-Orientation Program" and arranged internships at WNC factories for 12th grade students in the Department of Computer Science at Dah-Chin Commercial & Industrial Vocation High School. A total of 26 students participated in the internship, including eight students aged 16–18.

In September 2018, in consideration of the New Southbound Policy of the Taiwanese government, WNC started providing international students in the industry-academia collaboration program with part-time jobs opportunities. It arranged internships for the Vietnamese students in the Department of Chemical and Material Engineering at Minghsin University of Science and Technology, where they would work on the production lines in WNC's Taiwan factories on weekends and learn relevant professional skills. In accordance with the Employment Service Act, WNC limited the working hours for these students to a maximum of 20 hours per week, except during the winter and summer vacations. In 2018, a total of 32 students from the Minghsin University of Science and Technology participated in this internship at WNC, all of whom were over the age of 18. In 2019, WNC will discuss new collaboration programs with the Minghsin University of Science and Technology to provide more internships for the school's students.

WNC (Taiwan) Underage Workers Hired in 2018

| Source | No. of Hired |
|---|---|
| Cooperative-education program for vocational high school students | 68 |
| Employment-orientation program for vocational high school students | 8 |
| Industry-academia collaboration program for international students | 0 |
| **Total** | 76 |

To follow international trends and comply with RBA regulations, there are no underage workers aged 16 through 18 at WNC sites in China as of February 2017.

## 3.1.3 Elimination of Forced Labor

All WNC sites comply with international standards and local acts, including the California Transparency in Supply Chains Act of 2010 and the UK Modern Slavery Act 2015. 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 WNC. 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 Code of Conduct" forbids forced labor, and we will continue to apply this code of conduct to all suppliers.

WNC has been working on improvements by strongly advocating on-time daily work cessation, and keeping working hours under control. The "working-hour alarm system" and "six straight working days notification system" automatically notifies a supervisor if his or her subordinates work over time or works for six straight days. We also provide a "monthly report on unusual working hours" to the supervisor at the beginning of the month to convey overtime issues and to remind supervisors to pay attention to the working conditions of the subordinate(s). In March 2018, WNC's Human Resources Administration Division amended the "Regulations governing overtime work hours" and the "Regulations governing employee compensatory leave" to comply with amendments to the Labor Standards Act. In addition, a new online overtime work hour system was implemented, and regulations regarding overtime work were communicated at meetings with shift leaders and supervisors as well as at labor relations meetings.

# 3.1.4 Gender Equality

According to the Labor Standards Act and the Gender Equality in Employment Act, in order to enhance gender equality, and 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. Male employees may apply for paternity leave according to personal needs. All employees who need to care for their babies can apply for unpaid paternal or maternal leave (parental 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. Nineteen employees applied for unpaid parental leave in 2018, all of whom were female. 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 (March 8), female employees of WNC's sites in China are entitled to 0.5 days (4 hours) of adjusted holiday. Currently, parental leave is not regulated in China.

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

| Item | Male | Female |
|---|---|---|
| Number of Employees Entitled to Unpaid Parental Leave in 2018 (A) Note | 162 | 119 |
| Number of Unpaid Parental Leave Applicants in 2018 (B) | 0 | 19 |
| **Rate of Unpaid Parental Leave Applicants in 2018 (B/A)** | **0%** | **16.0%** |
| Expected Number of Employees Reinstated from Parental Leave in 2018 (C) | 8 | 18 |
| Actual Number of Employees Reinstated from Parental Leave in 2018 (D) | 4 | 14 |
| **Rate of Employees Reinstated from Parental Leave in 2018 (D/C)** | **50.0%** | **77.8%** |
| Actual Number of Employees Reinstated from Parental Leave in 2017 (E) | 2 | 13 |
| Number of Employees that Worked for One Year Since Returning from Parental Leave in 2017 (F) | 2 | 10 |
| **Retention Rate in 2018 (F/E)** | **100.0%** | **76.9%** |

Note: Number of employees applying for maternity leave or paternity leave during 2016–2018

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

**All female employees**

- Parking spaces for female employees are situated in brightly-lit areas near the entrance to the office building.
- 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.
- In May 2018, WNC and the Public Health Bureau of Hsinchu County jointly organized a pap smear test for female WNC employees. A total of 61 employees participated in the test.

**Pregnant women**

- 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 again after birth.
- 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 their pregnancy are eligible to apply. An employee with a pregnant wife may also apply. WNC gave 92 Goodie Bags in 2018.

**Mothers**

- Comfortable and spacious lactation rooms are provided in the WNC headquarters and S1 for up to 5 and 2 female employees to use respectively. They are equipped with a breast-milk refrigerator, personal storage cabinets, a water dispenser, hair dryer, mirrors and emergency hot lines. In 2018, electric heaters were added in the lactation rooms.
- The lactation room at WNC headquarters won the "Excellent Breastfeeding Room Certification Campaign" organized by the Hsinchu County Government in August 2016. The lactation room at S1 obtained the "Distinguished Breastfeeding Room" accreditation from the Hsinchu City Government in August 2017.
- In 2018, WNC signed special agreements with 12 daycare centers in Hsinchu City and Hsinchu County to provide discounts to WNC employees.

# 3.1.5 Communication Mechanisms

## Two-Way Internal Communication

WNC not only provides a variety of open and transparent communication channels but also continually strengthens our bi-directional, real-time communication with employees. To devote more attention to employee working conditions and strengthen employee relations, WNC (Taiwan) has established an Employee Representative Committee. The members of this committee, which are elected regularly from all employees, function as a feedback channel for colleagues to raise workplace-related issues. They deliver opinions to the management team and reply to employees' concerns and suggestions after thorough consideration. Committee meetings are held quarterly. Senior employee representatives are appointed (with their consent) to concurrently serve as labor representatives and participate in labor-management meetings to discuss and vote on related issues. In 2018, four committee meetings were held at both WNC headquarters and at S1, and 121 proposals were discussed, including 18 employee meal service items, 15 employee welfare items, 70 working environment items, and 18 PC/IT issues, and all these proposals were subsequently closed by Q1 2019. In 2018, the Employee Representative Committee of WNC (Taiwan) received a rating of 4.6 (maximum of 5) in a satisfaction survey.

Given their different working hours and duties, production line employees of Taiwan sites send representatives to participate in the Employee Representative Committee Meeting each quarter and convene the bi-monthly "IDL Bi-Monthly Meeting" and the quarterly "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 for a given meeting, it will be postponed. In 2018, a total of six IDL bi-monthly meetings were convened and no issue was received. A total of six Supervisor Forums were held in 2018, four items were proposed, and all these proposals were subsequently closed. 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 quality of life. The Plant Manager will perform investigations and/or make improvements responsive to the reported issues and announce the handling status and results on the production-line bulletin board. The identities of the reporting parties and any party being investigated are kept secret. In 2018, we received and addressed five issues reported using the suggestion box.

The physical suggestion boxes provided in the production line areas, office areas, and the dormitories in WNC's sites in China are the major communication channels providing the employees with consultation services to assist employees in solving their problems. 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 WNC and on-line consulting. This provides both internal and external stakeholders in China a fast and convenient communication channel. In 2018, there were 2,210 proposals received in WNC's sites in China regarding company policy, adapting to work, and life issues, all of which were resolved and reported to the proposing parties.

Cases Accepted through Various Communication Channels in WNC in 2018

| Communication Channel | | No. of Cases | No. of Cases Handled | No. of Cases Closed |
|---|---|---|---|---|
| Taiwan | Employee Representative Committee | 121 | 121 | 121 |
| | DL Bi-Monthly Meeting | 0 | 0 | 0 |
| | DL Supervisor's Forum | 4 | 4 | 4 |
| | DL Suggestion Box | 5 | 5 | 5 |
| | Channel for reporting sexual harassment | 0 | 0 | 0 |
| | **Total** | **130** | **130** | **130** |
| China | Trade Union Committee | 0 | 0 | 0 |
| | 8585 Employee Care Hotline | 1,627 | 1,627 | 1,627 |
| | Employee Representative Forum | 192 | 192 | 192 |
| | Suggestion box | 15 | 15 | 15 |
| | Letter to the Plant Manager | 0 | 0 | 0 |
| | WeChat platform | 376 | 376 | 376 |
| | **Total** | **2,210** | **2,210** | **2,210** |

## Employee Seminar

A freshman afternoon tea gathering is held once a month in WNC (Taiwan) to answer questions from new employees who have been employed for one month and to assist them to acclimate to the workplace environment and build mutual communication with their colleagues. In 2018, 172 new employees participated in the freshman afternoon tea gatherings. 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 to brainstorm for novel solutions to problems. Our teams have more faith in, and learn better from each other. WNC's CEO responds in person to any concerns of new employees. This seminar helps new employees quickly become familiar with company policies and direction. In 2018, 163 new employees participated in the freshman seminar. In November 2018, the Organization & Talent Development Dept. started the "A Talk with the CEO" forum, where employees who had delivered outstanding job performances are invited to meet with the President & CEO of

WNC each quarter to ask questions or raise proposals. As of the end of 2018, 28 employees have participated in the forum.

WNC's sites in China established trade unions according to the "Trade Union Law of the People's Republic of China." The representatives are elected by employees from all WNC's sites in China 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 2018, four union meetings were held, with 320 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 WNC's high-level management, enabling employee representatives to reflect upon issues or provide suggestions about wages and life's basic necessities. In 2018, a total of ten employee representative forums were held, with 277 employees participating.

Forums Held in 2018 at Various WNC Sites

| Region | Item | Audience | No. of Events Held | Attendance |
|---|---|---|---|---|
| Taiwan | Freshman afternoon tea gathering | New employees | 11 | 172 |
| | Freshman seminar | New employees | 6 | 163 |
| | "A Talk with the CEO" forum | WNC employees | 2 | 28 |
| | DL Supervisor's Forum | Production line supervisor | 6 | 171 |
| China | Trade union | Union representatives | 4 | 320 |
| | Employee Representative Forum | Employee representatives | 10 | 277 |

## Employee Complaint Channel

To prevent workplace sexual harassment and ensure a friendly workplace for both male and female employees, the Human Resources Administration Division in Taiwan established the "Measures for the Prevention and Punishment of Sexual Harassment in the Workplace." These measures address the prevention, correction, complaint handling, and punishment of sexual harassment in the workplace. The Human Resources Administration Division has established a complaint channel for sexual harassment. In 2018, we did not receive any complaints of sexual harassment.

The "Mailbox for Reporting Violations" is established on WNC's website. Employees may report any violation of our or employee's rights through this mailbox. A task force handles and investigates reports based on the "WNC Reporting and Handling Procedure." Refer to section 2.2.1 "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 2018, one case of verbal abuse was sent to the violations mailbox at WNC (Taiwan), and in April 2018 the employee who was subject to the abuse filed a complaint with the Human Resources Administration Division alongside their supervisor. After investigation, the contents of the complaint were found to be true, and the perpetrating employee was punished in accordance with WNC regulations. The Human Resources Administration Division requested the supervisor of the perpetrating employee to provide better supervision and management, and arranged counseling therapy for the employee who filed the complaint. This case was closed in June 2018.

In view of the differing cultural and administrative requirements, WNC's sites in China implemented the "Regulations on Filing and Handling Internal 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. Employees at Kunshan may file complaints and reports regarding various issues, such as sexual harassment, with the Human Resources Center. Employee representatives and the employee union are responsible for monitoring the methods that WNC use to handle such complaints and reports. In 2018, no complaints were received at the Human Resources Centers in the Kunshan sites.

Freshman afternoon tea gathering in Taiwan

Freshman Seminar in Taiwan

Employee Representative Forum in China

# 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 the Labor Standards Act, Employment Service Act and the 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 fair and effective recruitment.

## 3.2.1 Human Resource Structure

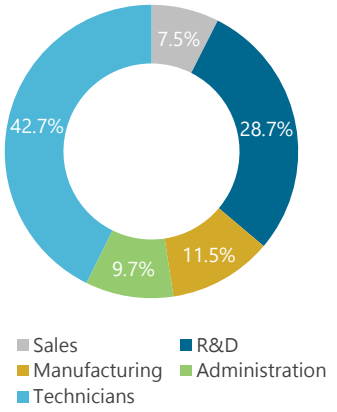
As of the end of December 2018, the total number of employees worldwide was 10,164, including 9,912 official employees (covering 9,314 employees on indefinite contracts, 29 cooperative-education students on fixed-term contracts, and 569 foreign migrant workers on fixed-term contracts), 13 fixed-term contract employees that are not cooperative-education students or foreign migrant workers, and 239 dispatch workers.

WNC Employee Totals in 2018

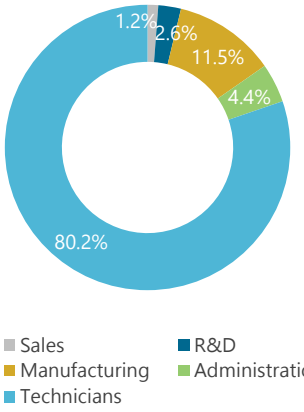
| Category | Taiwan | | | China | | | Other Areas Note | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Official Employees | 1,659 | 1,586 | 3,245 | 4,144 | 2,483 | 6,627 | 30 | 10 | 40 | 5,833 | 4,079 | 9,912 |
| Contract Employees | 4 | 6 | 10 | 0 | 0 | 0 | 1 | 2 | 3 | 5 | 8 | 13 |
| Dispatch Workers | 108 | 131 | 239 | 0 | 0 | 0 | 0 | 0 | 0 | 108 | 131 | 239 |
| **Total** | **1,771** | **1,723** | **3,494** | **4,144** | **2,483** | **6,627** | **31** | **12** | **43** | **5,946** | **4,218** | **10,164** |

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

Employee Categories of Official Employees in Taiwan




Employee Categories of Official Employees in China



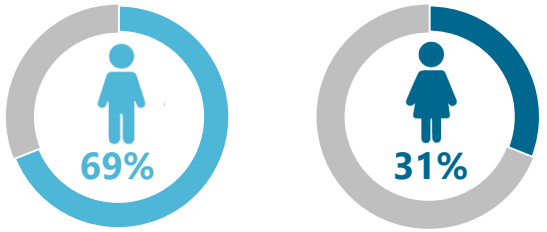
There were 3,245 official employees in Taiwan, an increase of 14.3% compared to 2017. 1,860 of these were indirect labor (IDL) employees, and 1,385 were direct labor (DL) employees. The percentage of male employees and female employees were 51% and 49%, respectively. 65% of our colleagues were between the ages of 30 and 50, and 58% of all employees had worked for WNC for three years or more. There were 6,627 official employees in China, an increase of 0.3% compared to 2017. These consisted of 1,309 indirect employees and 5,318 direct employees, with 63% being male and 37% being female, and 34.9% of our colleagues were between 30 years and 50 years of age.

Human Resources Structure of WNC in 2018 [Note 1]

| Category | Group | | Taiwan | | | | | China | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Male | Ratio | Female | Ratio | Total | Male | Ratio | Female | Ratio | Total |
| Work Category | DL Employees | Locals | 350 | 11% | 437 | 13% | 787 | 3,338 | 50% | 1,980 | 30% | 5,318 |
| | | Foreigners | 3 | 0% | 566 | 17% | 569 | - | - | - | - | - |
| | | Vocational Students | 20 | 1% | 9 | 0% | 29 | - | - | - | - | - |
| | IDL Employees | Managers | 319 | 10% | 82 | 3% | 401 | 213 | 3% | 97 | 1% | 310 |
| | | Professionals Note2 | 967 | 30% | 492 | 15% | 1,459 | 593 | 9% | 406 | 6% | 999 |
| Age | DL Employees | 30 y/o and below | 182 | 6% | 518 | 16% | 700 | 2,652 | 40% | 1,286 | 19% | 3,938 |
| | | 30–50 y/o | 187 | 6% | 437 | 13% | 624 | 677 | 10% | 694 | 10% | 1,371 |
| | | 50 y/o and above | 4 | 0% | 57 | 2% | 61 | 9 | 0% | - | - | 9 |
| | IDL Employees | 30 y/o and below | 153 | 5% | 76 | 2% | 229 | 218 | 3% | 137 | 2% | 355 |
| | | 30–50 y/o | 1,010 | 31% | 476 | 15% | 1,486 | 586 | 9% | 354 | 5% | 940 |
| | | 50 y/o and above | 123 | 4% | 22 | 1% | 145 | 2 | 0% | 12 | 0% | 14 |
| Years of Service | Less than 1 year | | 327 | 10% | 350 | 11% | 677 | 2,600 | 39% | 1,393 | 21% | 3,993 |
| | Between 1 and 3 years | | 334 | 10% | 361 | 11% | 695 | 748 | 11% | 514 | 8% | 1,262 |
| | Between 3 and 5 years | | 294 | 9% | 391 | 12% | 685 | 359 | 5% | 257 | 4% | 616 |
| | Between 5 and 10 years | | 312 | 10% | 180 | 6% | 492 | 358 | 5% | 238 | 4% | 596 |
| | Between 10 and 15 years | | 271 | 8% | 207 | 6% | 478 | 79 | 1% | 81 | 1% | 160 |
| | 15 years and above | | 121 | 4% | 97 | 3% | 218 | - | - | - | - | - |
| **Total** | | | **1,659** | **51%** | **1,586** | **49%** | **3,245** | **4,144** | **63%** | **2,483** | **37%** | **6,627** |

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.

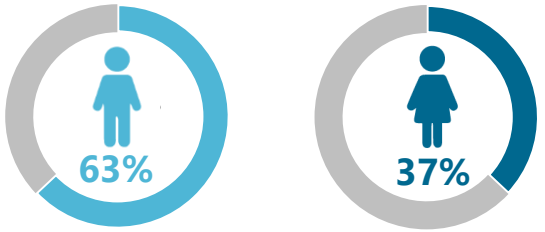
**IDL Employees in Taiwan**




**DL Employees in Taiwan**

**IDL Employees in China**

**DL Employees in China**



# 3.2.2 Employee Recruitment and Retention

Our Human Resources Administration Division has worked closely with hiring business units from the very start of the hiring process, and together are continuously looking for outstanding talent. In 2018, 711 new employees were hired at WNC's Taiwan sites. The new hire rate for IDL employees and DL employees were 18.0% and 47.9%, respectively. 21,497 new employees were hired at subsidiaries in China. The new hire rate for IDL employees and DL employees were 25.7% and 397.9%, 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 longtime service and outstanding performance, internal transfers, promotions, salary-structure adjustments, and other incentive measures, in order to create a complete and superior work environment.

The economy of China has transformed from a manufacturing-centric economy to one that focuses on the service industry. The increase in the number of people employed in the service industry as a result of this transformation has led to a shortage of line personnel in the manufacturing industry. This shortage, along with young adults' preference for short term benefits, has led to high turnover rates for DL personnel.

Please refer to the table below for the 2018 employment and turnover rates of WNC (Taiwan) and WNC's sites in China

2018 New Hire [Note 1] and Turnover [Note 2] Rates at Taiwan Sites

| Category | Total | IDL (Totals: 1,860) | | | | | | DL [Note 3] (Totals: 787) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total | Gender | | Age | | | Total | Gender | | Age | | |
| | | | Male | Female | <=30 | 31-49 | >=50 | | Male | Female | <=30 | 31-49 | >=50 |
| Number of New Hires | 711 | 334 | 216 | 118 | 113 | 211 | 10 | 377 | 203 | 174 | 192 | 184 | 1 |
| New Hire Rate (%) | 26.9 | 18.0 | 16.8 | 20.6 | 49.3 | 14.2 | 6.90 | 47.9 | 58.0 | 39.8 | 70.3 | 40.6 | 1.6 |
| Turnover quantity | 385 | 208 | 138 | 70 | 35 | 155 | 18 | 177 | 87 | 90 | 69 | 101 | 7 |
| Turnover rate (%) | 14.5 | 11.2 | 10.7 | 12.2 | 15.3 | 10.4 | 12.4 | 22.5 | 24.9 | 20.6 | 25.3 | 22.3 | 11.5 |

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 the Year
Note 2: Turnover Rate = Turnover Quantity of DL (IDL) Employees in the Category Concerned/Total Number of DL (IDL) Employees at the End the Year
Note 3: Refers to DL employees at the WNC (Taiwan) excluding foreign workers and vocational graduates

2018 New Hire [Note 1] and Turnover [Note 2] Rates at WNC's sites in China

| Category | Total | IDL (Totals: 1,309) | | | | | | DL (Totals: 5,318) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total | Gender | | Age | | | Total | Gender | | Age | | |
| | | | Male | Female | <=30 | 31-49 | >=50 | | Male | Female | <=30 | 31-49 | >=50 |
| Number of New Hires | 21,497 | 336 | 218 | 118 | 180 | 156 | - | 21,161 | 15,596 | 5,565 | 17,101 | 4,060 | - |
| New Hire Rate (%) | 324.4 | 25.7 | 27.1 | 23.5 | 50.7 | 16.6 | - | 397.9 | 467.2 | 281.1 | 434.3 | 296.1 | - |
| Turnover quantity | 20,619 | 371 | 254 | 117 | 166 | 201 | 4 | 20,248 | 15,082 | 5,166 | 16,269 | 3,977 | 2 |
| Turnover rate (%) | 311.1 | 28.3 | 31.5 | 23.3 | 46.8 | 21.4 | 28.6 | 380.7 | 451.8 | 260.9 | 413.1 | 290.1 | 22.2 |

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

## Local Talent Recruitment

WNC (Taiwan) has recruited many foreign employees from all over the world including from the United States, China, Nepal, Vietnam, 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 99.3%. As for subsidiaries in China, we have actively trained local employees to help them attain management-level positions. The percentage of managers in China promoted from locals is approximately 100.0%.

Local Talent Recruitment in 2018

| Area | Managers Note 1 | Locals as Managers (Persons) | Percentage of Locals as Managers |
|---|---|---|---|
| Taiwan Note 2 | 401 | 398 | 99.3% |
| China Note 3 | 310 | 310 | 100.0% |

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 2018, there were 25 employees with disabilities (assessed using a weighted scale) working at WNC, comprising 0.77% of Taiwan employees, which is slightly lower than in 2017. Four have mild or moderate disabilities and 15 have 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 an emphasis on hiring people with disabilities. A handicapped-accessible restroom was built on the first floor of WNC headquarters for employees and visitors with physical disabilities.

## Industry-academia Collaboration

WNC recruits from its in-house recruitment website, collaborates closely with academia through campus-development programs, provides internships during summer vacation, and offers R&D substitute national service. We help students learn industry requirements in advance of graduation and employ new graduates that have different specialties and show promise. A total of 250 students were added to the talent database from the on-campus job fairs WNC attended in the second half of 2018.

To establish smart factories and achieve Industry 4.0, WNC has actively cultivated professional engineering and technology talent and developed various academia-industry collaboration programs via diverse collaboration methods to provide internships to graduate students. In 2018, WNC joined the International Academia-Industry Alliance of NTUT to facilitate the collaboration of educational research between WNC and academia and increase the effectiveness of academia-industry collaboration and talent cultivation. In 2018, two students from the Master's/Ph.D. program of the Institute of Industrial Engineering at the National Taipei University of Technology participated in the "WNC SMT Engineering Technology Talent Cultivation Program." The students incorporated WNC's product programs into their theses during summer vacation, and with help from their advising professors and the HR department of WNC, they implemented experimental theories into WNC production lines and continually conducted verification and optimization of said theories.

In 2018, WNC expanded collaboration with universities and colleges to include National Chiao Tung University, National Tsing Hua University, National Cheng Kung University, Chung Hua University, National Taipei University of Technology, and Minghsin University of Science and Technology. WNC held on-campus job fairs, teacher-student tours, enterprise mentorships, and other activities with these schools. WNC also actively participates in various industry-academia collaboration programs implemented by the government, including the "Youth Employment Voyage Program" organized by the Ministry of Labor, the "Core Systems Talent Cultivation Program" organized by the Ministry of Education, and the "Rebuild After PhD's Industrial Skill & Expertise Program" organized by the Ministry of Science and Technology.

## WNC Participation in Industry-Academia Collaboration Programs Organized by the Government

| Government program / WNC program corresponding to the government program | | Subjects | Frequency in which program is held | Program content | Duration | | Number of participants | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Start time | Duration of implementation | No. of candidates | No. of selected candidates |
| Youth Employment Voyage Program (Ministry of Labor) | WNC Industry-Academia Collaboration Program | Undergraduate students from the Department of Industrial Management of Chung Hua University | Once a year (The application period is in April) | WNC has deployed a large amount of automated equipment in its factories, which has led to a significant increase in the demand for entry-level talent in automated production. To fill this demand, WNC's Human Resources Administration Division organized the "WNC Industry-Academia Collaboration Program" with support from the company. The aim of the program is to cultivate professional engineering and technology talent through industry-academia collaboration, bridge the shortage of skilled workers in WNC, and help schools provide students with opportunities that help with both school studies and future job prospects. | Apr. 2018 | Jun. 2018 to Jun. 2022 | 50 | 41 |
| Core Systems Talent Cultivation Program (Ministry of Education) | WNC Summer Internship Program | Undergraduate / graduate students from colleges and universities in Taiwan | Once a year | Students can work at various research units in WNC during summer vacation, providing them with R&D work experience and giving them a chance to take part in the research and design of new technology programs related to 5G, real-time image recognition, packaging software, and other sectors. These experiences enable students to gain insight into technology development trends while taking part in the development of industrial technology. | Jan. 2018 | Jul. to Aug. 2018 | 155 (target no. of resumes) | 16 interns |
| Rebuild After PhD's Industrial Skill & Expertise Program (Ministry of Science and Technology) | Not held yet | Ph.D. students from colleges and universities in Taiwan | Once a year | No applicant met the standards after screening and evaluation. Therefore, a contract was signed with the government, but no students participated in internships at WNC. | Feb. 2018 | Feb. to Mar. 2018 | 12 (no. of resumes from students in evaluation) | 0 |

Students and faculty of National Tsing Hua University visit WNC

Participants of the WNC Summer Internship Program

# 3.3 Overall Remuneration

## 3.3.1 Wage Structure

Ratio of Minimum WNC Employee Salary to Minimum Legal Salary

| Area | Category | Male | Female |
|---|---|---|---|
| Taiwan | DL Employees | 1.00 | 1.00 |
| | IDL Employees | 1.18 | 1.18 |
| China | DL Employees | 1.14 | 1.14 |
| | IDL Employees | 1.33 | 1.33 |

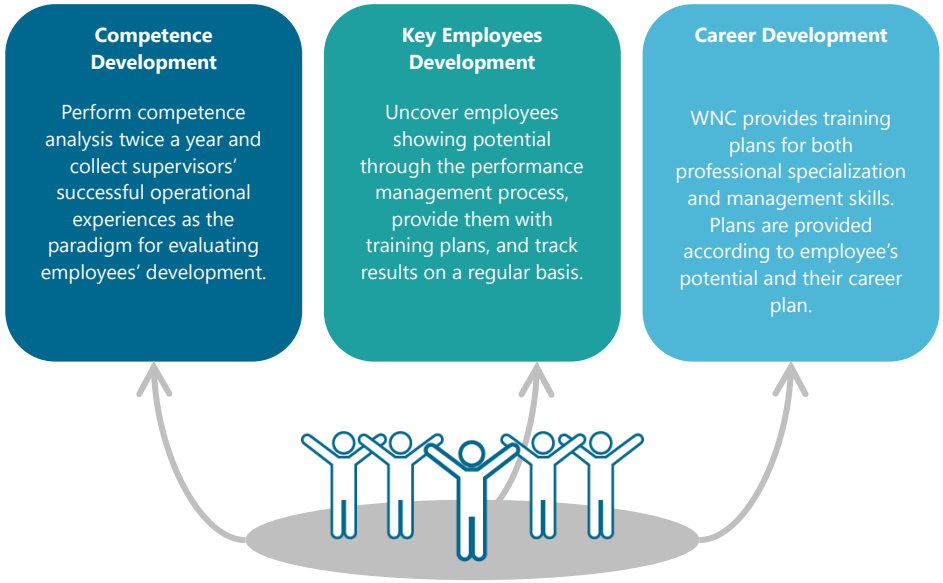
Ratio of WNC Employees' Average Salary [Note 1]

| Area | Category | | Male [Note 2] | Female |
|---|---|---|---|---|
| Taiwan | DL Employees | | 1 | 0.83 |
| | IDL Employees | Managers | 1 | 0.86 |
| | | Professionals | 1 | 0.83 |
| China | DL Employees | | 1 | 0.99 |
| | IDL Employees | Managers | 1 | 0.89 |
| | | Professionals | 1 | 0.81 |

Note 1: Average Salary = Average salary of all official employees as of the end of 2018, which includes allowances and bonuses.
Note 2: Given that the majority of R&D employees are male, their share of total company employee salaries is slightly higher than that of female employees.

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

# 3.3.2 Performance Management




## Evaluation of Development

At WNC, organizational talent review is performed annually to gauge the expertise and developmental progress of its employees. WNC's performance appraisal system 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). Periodically, performance in terms of both quality and quantity is simultaneously examined, and the results are compiled semi-annually to evaluate 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 Chairman, the CEO 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 requisite number of years, and who are regarded as capable of taking greater responsibilities, are eligible for promotions in job position or level based on their actual performance, occupational performance, demonstrated professional skills, and competency as recognized by their supervisors.

- Promotion Management Planning: Adopt a dual-track system of both professional and management positions to provide appropriate planning for WNC's employees.
- Assessment of the candidates for promotion: Refer to candidates' past experience and performance in their position, in order to assess their 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

| Group | | Male | Female | Total | Ratio |
|---|---|---|---|---|---|
| DL Employees | | 254 | 838 | 1,092 | 100% |
| IDL Employees | Management [Note 2] | 274 | 78 | 1,611 | 100% |
| | Professionals | 832 | 427 | | |

Note 1: Does not include the Chairman, the President & CEO, cooperative-education students, 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] | 44 | 17 | 332 | 17.9% [Note 3] |
| Professionals | 187 | 84 | | |

Note 1: Does not include the Chairman and the President & CEO; promotion management measures are not applicable to DL employees
Note 2: Refers to employees with management responsibilities
Note 3: Nomination for Promotion Ratio = Number of IDL Personnel Nominated for Promotion In the Year/Total Number of IDL Personnel in the Year

## 3.3.3 Employee Insurance

WNC (Taiwan) participates in Taiwan's Labor Insurance (which covers injury and sickness benefits, disability benefits, maternity benefits, and death benefits) 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, 2% or 6% (respectively) of pensions shall be paid by employers. With the exception of vocational students and foreign employees, all other official employees shall participate in this retirement scheme, mostly 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 are enrolled in a group insurance plan (which includes life insurance, accident insurance, hospitalization insurance, and cancer insurance) 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 in section 6 "Financial Standing" of the 2018 WNC annual report.

Official employees in China are enrolled in social insurance and a housing providence 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 baselines. All official employers participate in this insurance scheme.

## 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) has provided five annual leave days for new employees starting in April 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% |

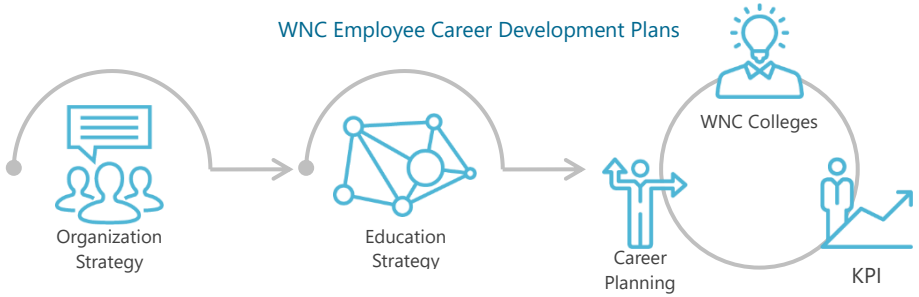
2018 allocation of the "5 insurances and 1 fund" for employees in China

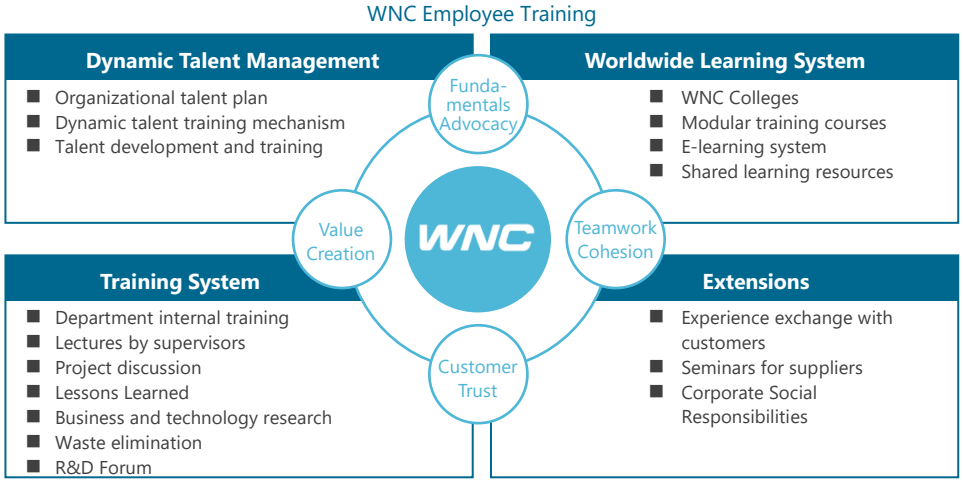
| Item | | Contribution Source / Ratio | |
|---|---|---|---|
| | | Employer | Employee |
| Social Insurance (Regulation on the Collection and Payment of Social Insurance Premiums in Jiangsu Province) | Endowment Insurance | 19% | 8% |
| | Medical Insurance | 8% | 2% |
| | Employment Injury insurance | 1.1% | NA |
| | Unemployment Insurance | 0.5% | 0.5% |
| | Maternity Insurance | 0.8% | NA |
| Housing Provident Fund (Management Regulations for the Suzhou Housing Provident Fund) | | 8% | 8% |

# 3.4 Training and Development

## 3.4.1 Dynamic Talent Management

WNC attaches great importance to recruiting talented people 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. WNC employees are provided with healthy and safe working conditions and complete occupational training. This helps employees enhance their professional skills and management competencies.



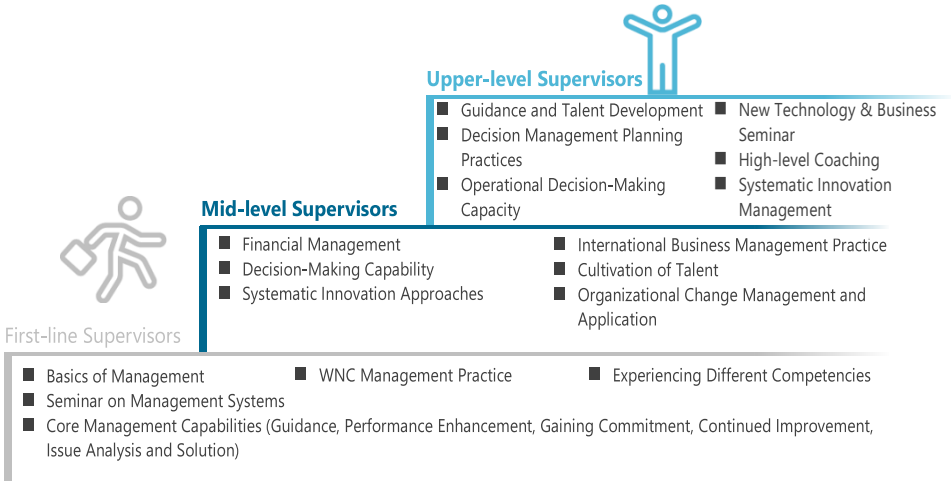




### Cultivation of Outstanding Employees

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 afford more opportunities for career development. Starting at the end of 2012, WNC has performed organizational talent reviews annually to: select outstanding employees who have demonstrated high potential, pinpoint gaps in organizational talent development, and plan for organizational learning development.

### Cultivation of Management Capability

The Human Resources Administration Division plans progressive talent cultivation courses according to the different levels and positions of employees. The courses feature a systematic training and development structure to promote 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 led 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.

| | Principal | Participant | Purpose | Description |
|---|---|---|---|---|
| **Management College** | CEO | Top-tier managers/ external consultants | Focused on developing the management skills of supervisors, courses are designed according to the requirements of each management level, 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 2018, 23 courses were held in WNC (Taiwan), and 23 courses were held in WNC's sites in China. 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, topics covered include new-industry knowledge, presentation skills, conference planning, international trade and customer management, and service capabilities. | In 2018, 12 seminars were hosted in WNC (Taiwan), and 18 seminars were held in WNC's sites in China. We will continue to arrange for senior supervisors to share experiences of successful customer interactions for participants' edification. |
| **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 with cross-field techniques and develop more holistic perspectives. | In 2018, 36 and 25 sessions were held in WNC (Taiwan) and WNC's sites in China, respectively. The chairman of each forum participates in course planning, and through industry-academia cooperation, outside experts are invited to serve as instructors and to help continuously build 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 in competitive goods and services. Courses offered include: Six Sigma, manufacturing, green-product design, quality systems, equipment, and failure analysis as well as IATF 16949 and IECQ QC080000 quality-awareness training and application. | In 2018, 28 courses on quality were held in WNC (Taiwan), and 46 sessions were held in WNC's sites in China. Training for internal auditors of various quality certification systems are 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 2018, 27 courses were held in WNC (Taiwan), and 15 courses were held at the sites in China. These covered freshman training, fire drills, emergency response drills, responsibility classes, management courses, presentation design courses, and problem solving/analysis courses. Courses were also provided to mentors of new employees to enable the mentors to better understand how to help new employees adapt to a new environment and become a part of the WNC family. |

### Modular 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 recommendations for course improvement.

### Developing a Learning Organization

Supervisors of all levels are required to teach at least 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. Top-level managers from different units in WNC (Taiwan) and WNC's sites in China 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 show appreciation for their instructors. As of 2018, there were 73 and 43 instructors trained at WNC (Taiwan) and WNC's sites in China respectively, and the training of internal instructors will continue.

### 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, as well as preparing material and response measures in advance, employees could avoid potential problems from arising. In addition, through participating in the quarterly business review 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 WNC to an effective use.

Training Course for New Employee Mentors

Teacher's Day celebration

# 3.4.4 Training Participation

Our training courses for employees are planned and arranged regardless of gender. In 2018, training courses hosted at WNC (Taiwan) totaled 43,854 hours of which IDL staff took part in 42,694 hours of training and DL staff 1,160 hours; the total number of IDL participants was 1,860 (each averaging 23.0 hours per person) with 1,385 DL participants (each averaging 0.8 hours per person). Training courses hosted at WNC's sites in China totaled 73,296 hours for IDL employees and 96,579 hours for DL employees in 2018.

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 2018

| 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) |
| TW | DL | | 308 | 373 | 0.8 | 852 | 1,012 | 0.8 | 1,160 | 1,385 | 0.8 |
| | IDL | Management Note 3 | 11,225 | 319 | 35.2 | 3,104 | 82 | 37.9 | 14,329 | 401 | 35.7 |
| | | Professionals | 18,823 | 967 | 19.5 | 9,542 | 492 | 19.4 | 28,365 | 1,459 | 19.4 |
| | | **Total** | 30,048 | 1,286 | 23.4 | 12,646 | 574 | 22.0 | 42,694 | 1,860 | 23.0 |
| China Note 4 | Dispatch workers from | | 7,738 | 80 | 96.7 | 1,625 | 2 | 812.5 | 9,363 | 82 | 114.2 |
| | DL | | 61,167 | 3,338 | 18.3 | 35,412 | 1,980 | 17.9 | 96,579 | 5,318 | 18.2 |
| | IDL | Management Note 3 | 7,248 | 213 | 34.0 | 13,850 | 97 | 142.8 | 21,098 | 310 | 68.1 |
| | | Professionals | 20,100 | 593 | 33.9 | 32,098 | 406 | 79.1 | 52,198 | 999 | 52.3 |
| | | **Total** | 27,348 | 806 | 33.9 | 45,948 | 503 | 91.3 | 73,296 | 1,309 | 56.0 |

Note 1: Numbers of official employees were calculated as of the end of 2018.
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

Average Training Hours for IDL Employees Categorized by Job Level in 2018
(Unit: Hours)

# 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) | S1 | WNC (Kunshan) | Wistron NeWeb (Kunshan) | WebCom (Kunshan) |
|---|---|---|---|---|---|
| OHSAS 18001: 2007 | 2008[Note] | 2016 | 2012 | 2012 | 2012 |
| Healthy Workplace Accreditation Certification from the Bureau of Health Promotion (Taiwan) | 2009 | N/A | N/A | N/A | N/A |
| CNS 15506: 2011/TOSHMS (Taiwan) | 2015 | 2016 | N/A | N/A | N/A |
| Safety Production Standardization Certification (China) | N/A | N/A | 2013 | 2013 | 2013 |

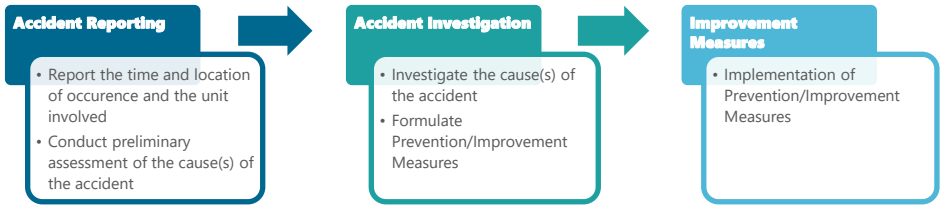
Note: WNC (Taiwan) included staff dormitories related certification in OHSAS 18001.

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 regulations and promoting related operations, WNC also carries out hazard identification, risk assessment, and adjustments to the management of various processes to ensure that facilities and processes conform to safety requirements. We also regularly review the operations of the occupational safety and health system to prevent occupational diseases and injuries and protect the physical and mental health of our staff.

### Goal for Occupational Injury: Zero Major Occupational Accidents

To fully understand the process in which close calls, injuries, and major accidents occur and to prevent their reoccurrence, WNC (Taiwan) performs accident investigation and analysis in accordance with the "Accident Investigation Management Procedure" and has formulated prevention/improvement measures. In 2018, there were no cases of employee or worker deaths caused by occupational injuries, occupational accidents involving at least three victims, or incidents leading to the hospitalization of at least one victim. Thus, WNC achieved the goal of zero major occupational accidents in 2018.

Accident Investigation Process




### Occupational Hazards Assessment

According to the OHSAS 18001 standards, in order to continuously address the impact on WNC due to safety and health risks, departments of different functions shall perform risk identification and assessment and adopt corresponding control measures according to the risk assessment results to prevent accidents from occurring.

### Communication and Consultation

The Occupational Safety and Health Committee has also been established at WNC (Taiwan) and the committee meetings are held quarterly in accord with the Occupational Safety and Health Act to review the implementation results of occupational safety and health measures with worker representatives. The committee members serve a two-year term. Ten of the members are drawn from worker representatives, representing over 1/3 of the committee members. These members work as a communication platform in safety and health between WNC and employees to maintain and improve the organization's safety and health management. WNC holds an annual organization consultation meeting to communicate and promote occupational accident prevention to contractors. In 2018, a total of 136 contractors attended the meeting.

Production safety committees established at WNC subsidiaries in China hold quarterly production safety management meeting. Department-level managers from various units attend the meeting to discuss various occupational safety and health management issues. In addition, each unit must assign an employee to serve as its security officer, and these employees shall participate in externally approved security officer training courses and acquire security officer certification. This ensures that security officers have the required skills and knowledge on occupational safety and health.

## Operating Environment Monitoring

To effectively maintain workplace safety and minimize employee health hazards, WNC (Taiwan) commissions qualified vendors that have been certified by the government to evaluate workplace conditions semi-annually and announce the test results according to the Labor Operating Environment Measurement, which is directed 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. If any non-conformities are detected, improvement measures to rectify the non-conforming items will be implemented. A carbon dioxide monitoring system is installed extensively throughout office 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 Dept., 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.

Worker safety at WNC sites in China comply with 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.

## Key Occupational Safety and Health Implementation Items in 2018

■ Industrial Robot Safety Management Program

WNC performed a full review on the workstations where industrial robots are used. Protective boards are installed around industrial robots to prevent operators from entering the operation area of robotic arms. WNC also makes sure that other safety protection mechanisms are working properly to ensure the safety of operators. In 2018, an emergency response drill was conducted at S1. In the drill, factory evacuation was carried out after a simulated robot fire.

■ Fixture Safety Design Review Program

WNC reinforced fixture source management and enhanced the safety and fail safe mechanisms of fixture design, which reduces human error and ensures that addition and alteration of fixtures comply with safety specifications before acceptance.

■ Preventive Management of Emerging Occupational Diseases

To ensure the health of WNC employees, WNC stipulated the "Regulations Governing Preventive Management of Ergonomic Hazards" and the "Regulations Governing Preventive Management Of Ailments Induced By Abnormal Workloads" in accordance with the Occupational Safety and Health Act and related regulations. WNC regularly performs tasks planned for the prevention of ergonomic hazards and the prevention of ailments induced by abnormal workloads. WNC also arranges interviews with doctors and provides health education training for workers with abnormal workloads in accordance with the degree of abnormality.

Preventive Management Process for Emerging Occupational Diseases

■ Protection Program for High-temperature/Hazardous Equipment and Areas

WNC has assessed its high-temperature/hazardous equipment and areas to check corresponding safety control, safety protection for equipment, equipment alarm functions, and fire protection measures to enhance accident prevention and control capabilities for high-temperature/hazardous equipment and areas and reduce damage caused by accidents. In 2018, inspection of high-temperature/hazardous equipment and areas at S1 was completed. Short, medium, and long-term improvement plans were made, with implementation slated to begin in 2019.

■ Improve Risk Management for Chemical Exposure

WNC conducts assessments on chemicals used in its factories, regularly monitors work environments, performs exposure risk assessments for non-work environment monitoring items, and formulates sampling test plans to ensure the health and safety of on-site operators.

■ Enhancement of Emergency Response Capabilities

WNC has assessed its emergency response process and re-examined the organizational structure, site planning, equipment, and training methods related to the said response process. An improvement plan has been formulated to enhance WNC's overall disaster prevention capability.

- Organizational structure: WNC has redefined the function of all units and integrated the responsibilities of floor response coordinators into the command structure. Floor response coordinators act as front-line guides when an accident occurs.
- Site planning: WNC has planned routes for emergency response vehicles to provide such vehicles access without hindrance from other vehicles entering WNC sites.
- Equipment: WNC has purchased more vests for emergency response staff and installed more escape ladder signs to facilitate emergency response processes.
- Staff training: WNC held advanced courses to improve the capabilities of its front-line emergency response staff.

## Occupational Safety and Health Training in 2018

Pursuant to various occupational safety and health measures, WNC holds various educational and training courses to enhance employees' awareness and skills related to occupational safety and sanitation to strengthen disaster prevention. The courses held in 2018 included the following:

- Firefighting Training
  To improve the emergency response capabilities of factory staff, WNC has assessed its current emergency response training methods, overhauled its emergency response, and organized advanced courses for its firefighting, evacuation guidance, and first-aid personnel. Such courses have enabled WNC's firefighting personnel to learn how to use large fire extinguishers and indoor fire hydrants as well as learn emergency response measures for handling possible risks and hazards (such as earthquakes or leaked poisonous gases from other factories). The courses also helped evacuation guidance personnel improve the confirmation process for employee evacuation from factory building, thus improving evacuation efficiency, and helped first-aid personnel understand various accident scenarios and triage methods. This year, WNC has implemented a high-temperature/hazardous area and equipment monitoring system and used co-robots to conduct a firefighting response drill, enabling front-line emergency response personnel to familiarize themselves with accident handling procedures.
- Accident Investigation Training
  In order to understand the cause of accidents, address deficiencies in risk management and management systems, and prevent the recurrence of similar accidents, WNC has taken measures to help employees understand the rules and methods for accident investigation and conducted group discussions and drills to help employees learn more about accident investigation.
- Safe Motorcycling Training
  To help employees who have a higher risk of being involved in traffic accidents (those who have previously been involved in traffic accidents/close calls) better understand traffic rules and safe motorcycling techniques, WNC has invited professional traffic safety instructors to provide training to the aforementioned employees. This has enhanced their knowledge of safe motorcycling and reduced their risk of being involved in traffic accidents.

Traffic Safety Courses

Safe Driving Training

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

| Item | No. of Courses | No. of Participants |
|---|---|---|
| Plant-wide Evacuation Drill | 3 | 2,671 |
| Fire Prevention Training | 14 | 964 |
| Training for Handling Abnormal Issues with High-Temperature/Hazardous Machinery | 13 | 54 |
| Training on the Handling of Chemical Leakage | 2 | 14 |
| Occupational Safety and Health Management Training for Supervisors | 1 | 97 |
| Safe Motorcycling Training | 1 | 37 |
| Safety and Health Training for Supervising Personnel | 1 | 43 |
| Accident Investigation Training | 1 | 52 |
| Hearing Protection Training | 2 | 19 |

Occupational Safety and Health Education and Training Statistics (China)[Note]

| Item | No. of Courses | No. of Participants |
|---|---|---|
| Plant-wide Evacuation Drill | 19 | 13,812 |
| Dangerous Chemicals Handling Training and Chemical Leakage Response Drills | 5 | 40 |
| First-aid Personnel Training | 5 | 42 |
| Safety Personnel Training | 7 | 32 |
| Volunteer Firefighter Training | 9 | 260 |
| ESH System Introduction | 298 | 19,818 |
| Introduction to Firefighting Equipment | 298 | 19,818 |
| Worker Protective Equipment Training | 298 | 19,818 |
| First Aid Training | 298 | 19,818 |

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

## 2018 Occupational Injury Statistics

In 2018, three employees in WNC (Taiwan) suffered disabling injuries. Liquid splashed into the eyes of two employees during factory operation. In one case, super glue splashed into an employee's eyes. In the other case, the hot wind from the automatic glue dispenser blew glue on the hot glue cover into his eyes. The eyeballs of these two employees were not injured. Therefore, they both returned to work after taking a three day leave. For the third case, an employee fell from her motorcycle and broke her leg, and she needed around a month's rest. The number of working days lost to injury in 2018 was higher than in 2017. In plants at WNC subsidiaries in China, a total of 31 employees were affected by disabling injuries. These injuries include traffic accident injuries, cuts, and pinch injuries. WNC has investigated and analyzed the causes of these injuries and requested the responsible units to formulate improvement measures to lower the operation risks for employees in the factory. No service personnel in WNC (Taiwan) plants were affected by disabling injuries. Complete statistics on occupational injuries to service personnel at plants in WNC's sites in China will be provided in 2019 after data collection is completed. In 2018, no employees or service personnel in WNC (Taiwan) or WNC's sites in China suffered permanent disabilities caused by occupational injuries.

2018 Occupational Injury Statistics for Employees at WNC (Taiwan) Note 1

| Item | WNC HQ | | S1 | | Total | |
|---|---|---|---|---|---|---|
| | Male | Female | Male | Female | Male | Female |
| Number of Disabling Injuries | 0 | 1 | 1 | 1 | 1 | 2 |
| Total Lost Days | 0 | 33 | 3 | 3 | 3 | 36 |
| Injury Rate (I.R.) Note 2 | 0.00 | 0.21 | 0.00 | 0.09 | 0.06 | 0.13 |
| Lost Day Rate (L.D.R.) Note 3 | 0.00 | 6.82 | 0.53 | 0.28 | 0.18 | 2.29 |
| Occupational Disease Rate (O.D.R.) Note 4 | 0 | 0 | 0 | 0 | 0 | 0 |
| Absentee Rate (A.R.) Note 5 | 0.55% | 1.28% | 0.61% | 0.44% | 0.57% | 0.70% |

Note 1: Employees of WNC (Taiwan) included the full-time and contracted employees at WNC headquarters and S1. Occupational injury records only include injuries sustained when carrying out work duties at WNC sites; traffic accidents that occur during commutes are not included.

2018 Occupational Injury Statistics for Service Personnel at WNC (Taiwan) Note 1

| Subject | Item | WNC HQ | | S1 | | Total | |
|---|---|---|---|---|---|---|---|
| | | Male | Female | Male | Female | Male | Female |
| Contractors (construction) | Number of Disabling Injuries | 0 | 0 | 0 | 0 | 0 | 0 |
| | Injury Rate (I.R.) Note 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contractors (security, cleaning, catering) | Number of Disabling Injuries | 0 | 0 | 0 | 0 | 0 | 0 |
| | Injury Rate (I.R.) Note 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Temporary line personnel | Number of Disabling Injuries | 0 | 0 | 0 | 0 | 0 | 0 |
| | Injury Rate (I.R.) Note 2 | 0 | 0 | 0 | 0 | 0 | 0 |

Note 1: The personnel referred to in this chart are personnel who provide services to WNC but are not WNC employees. Examples include contractors carrying out construction work in WNC, on-site security, cleaning, and catering personnel, and temporary production line personnel.

2018 Occupational Injury Statistics for Employees at WNC's Sites in China

| Item | WNC (Kunshan) Note 1 | | Wistron NeWeb (Kunshan) | | WebCom (Kunshan) | | WebCom (Nanjing) | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female |
| Number of Disabling Injuries | 5 | 3 | 13 | 5 | 2 | 3 | 1 | 0 | 20 | 11 |
| Working Days Lost due to Injury | 24 | 90 | 365 | 154 | 3 | 27 | 50 | 0 | 392 | 271 |
| Injury Rate (I.R.) Note 2 | 0.33 | 0.31 | 0.65 | 0.5 | 0.37 | 0.66 | 1.06 | 0 | 0.48 | 0.44 |
| Lost Day Rate (L.D.R.) Note 3 | 1.57 | 9.38 | 18.39 | 15.35 | 0.55 | 5.91 | 53.19 | 0 | 9.46 | 10.91 |
| Occupational Diseases Rate (O.D.R.) Note 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Absentee Rate (A.R.) Note 5 | 2.16% | 2.14% | 2.01% | 2.47% | 2.38% | 2.05% | 0.28% | 0.43% | 2.08% | 2.21% |

Note 1: WNC (Kunshan) data included statistics at NeWeb Service.
Note 2: Injury Rate (I.R.) = Number of Disabling Injuries/Total Working Hours × 200,000
Note 3: Lost Day Rate (L.D.R.) = Working Days Lost Due to Injury/Total Working Hours × 200,000
Note 4: Occupational Diseases Rate (O.D.R.) = Number of Occupational Diseases Cases/Total Working Hours × 200,000
Note 5: Absentee Rate (A.R.) = Total Absentee Hours (sick leave, personal leave, occupation injury leave, menstrual leave)/Total Working Hours × 100%

## Emergency Response Drills

To improve employees' ability to respond to emergencies, a plant-wide evacuation drill is held in WNC (Taiwan) and WNC's sites in China every year. Emergency response teams have been established at WNC (Taiwan), and three plant-wide evacuation drills were held in 2018 for day and night shift employees. All WNC plants in Kunshan China have established fire emergency response teams. In addition, firefighting teams have been established which conduct monthly firefighting drills and disaster prevention exercises. In 2018, Wistron NeWeb (Kunshan), WNC (Kunshan), and WebCom (Kunshan) held three plant-wide firefighting and evacuation drills for both day and night shift employees, making for a total of 18 firefighting and evacuation drills. Dormitory areas hold an evacuation drill once every half-year. WebCom (Nanjing) held a plant-wide firefighting and evacuation drill in 2018.

On October 5, 2018, WNC headquarters and the Hsinchu Science Park Bureau jointly held an emergency response drill, which is one in a series of activities for the Hsinchu Science Park 2018 Industrial Safety and Environmental Protection Month. The drill covered emergency response procedures for a variety of situations, such as earthquakes, injuries to personnel, and natural gas leakage. The drill was successfully carried out, and many companies in the Hsinchu Science Park sent representatives to observe the drill.

A representative from the Hsinchu Science Park Bureau gives a talk before the drill

Rally point for personnel evacuation

Triage and treatment

Water mist system

Repairing natural gas leak

Group photo of officials

## 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 WNC's sites in China:

| | |
|---|---|
| Goal | ■ WNC provides employees with a safe, hygienic, and comfortable dining environment. |
| Mana-gement | ■ Establishment of an employee meal service committee for reviewing caterer performance and monitoring food safety-related matters<br>■ 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 vendor management, and environment cleanliness and equipment maintenance.<br>■ Rigorous selection of certified meal service vendors and daily random inspection to ensure that the vendors follow all government regulations and food safety laws.<br>■ All meal service personnel are required to take periodic health examinations, and those with specified infectious diseases including tuberculosis, hepatitis, sexually transmitted diseases, suppurativa skin disease or typhoid carriers are not allowed to provide meal services or work in kitchens.<br>■ Ingredients of the meals provided in the staff canteen are adjusted to reduce the proportion of fried foods and use organic vegetables and olive oil. On-site food-service vendors are advised to use healthier cooking techniques for employees' safety and health.<br>■ To reduce safety risks in the company kitchen, the S1 site renovated its kitchen in 2018 and replaced the gas stoves with electric stoves. |
| Monitor-ing | ■ The Industrial Safety Dept. conducts a safety and health examination of the company kitchen each month to ensure that it meets all food safety and health standards.<br>■ Compilation of an ingredients-vendor list and strictly forbid on-site food service vendors from using food from unknown sources. Food must be verified to conform to safety and health rules. WNC performs inspections from time to time.<br>■ 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.<br>■ Bi-monthly Water quality tests of water dispensers and results announcements |

## 3.5.3 Health Enhancement

To maintain the health of employees, the following measures are implemented at WNC (Taiwan) to promote occupational health and create a smoke-free workplace. In 2018, WNC headquarters and S1 were awarded with the "Healthy Workplace Initiative Badge" in the 2018 Healthy Workplace Certification Event held by the Health Promotion Administration, Ministry of Health and Welfare.

### Professional health-care services

- Three doctor's consultation sessions are held on site monthly at WNC headquarters and S1. The doctors provide consultation for personal health/maternal health, advice on maintaining physical/mental health, evaluate employees to see if they are ready to return to work, and visit work areas to survey the environment/give advice on any changes needed. In 2018, 270 consultations were provided by the doctors on site. The doctors currently working with WNC are from Hsinchu Mackay Memorial Hospital and specialize in occupational medicine and family medicine.
- Four nurses are 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, various special health care and emergency first aid training, and medical referrals. In order to prevent occupational diseases, the nurses also provide employees with assessment and consultation services regarding human factors and ergonomics, maternity health, and avoiding the hazards of excessive workloads. Also, health centers, equipped with first-aid kits and arm-type digital blood pressure meters, are provided to offer basic medical services and enable employees to conduct self-examinations.
- During the influenza outbreaks in January 2018, the nurses in WNC used WNC's portal site to provide employees with information on how to avoid infection.
- In 2018, there was an increase in the number of measles cases in Taiwan. Announcements were posted on WNC's internal website to provide employees with information regarding measles.
- An announcement regarding three tips on preventing heat illness were posted on WNC's internal website to enable employees to protect themselves from heat-related illnesses.

## 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, review health conditions, and to further adjust their lifestyle according to the results if desired. The items in WNC's health-examination checklist and the frequency of examinations surpass the requirements of 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 2018 was 99%, and the average participation rate from 2011 to 2018 is 98%. In addition, all 251 employees required to undergo examinations for employees with special work responsibilities took the examination.
- To help employees understand their health condition and prevent existing conditions/illnesses from getting worse, WNC employees are categorized into different health management categories according to the results of their health examination. WNC also arranges one-on-one consultation sessions for employees at the hospital that conducted the health examination for health monitoring. A follow-up examination is conducted if any abnormal issues are found.
- Besides legally-required health examinations, WNC provides additional health examination items free of charge to employees that have served for at least five years. We also provide self-paid health examination items so employees can select additional health examination items that suit their personal needs, which helps with early detection of issues.
- Since 2014, WNC has held bone density tests for employees once a year. In 2017, we arranged for employees who had abnormal bone density test results to undergo DEXA scans at the Hsinchu Science Park Clinic to confirm the reason for the abnormal results and provide them with medical assistance. Three bone density tests were held in 2018, and 469 employees participated in them.

Bone Density Testing

- Cancer has been one of the ten leading causes of death in Taiwan for 35 years straight, and its incidence rate in younger age groups has been gradually increasing. To facilitate early detection and treatment of cancer, WNC and the Public Health Bureau of Hsinchu County jointly organized a screening event for oral cancer, colorectal cancer, breast cancer, and cervical cancer. In addition, WNC has jointly organized a lung cancer screening program with the Hsinchu Mackay Memorial Hospital, the Hsinchu Branch of National Taiwan University Hospital, and the Hsinchu Science Park Clinic.

Cervical Cancer Screening

## Health Promotion Activities

- According to the results of the 2017 physical examination, 48% of WNC employees were overweight. They became a high risk group for various metabolic syndromes such as large waistlines, high blood pressure, and high blood sugar. To help employees lose weight, avoid the "three hypers" (hypertension, hyperglycemia, and hyperlipidaemia), and combat metabolic syndromes, WNC held a series of "4D Club" activities from September to December 2018. Physicians from Hsinchu MacKay Memorial Hospital, experienced dietitians, and professional health fitness instructors were invited to WNC to hold seminars, nutrition counseling sessions, and fitness courses. A total of 202 employees participated in these activities, and these employees lost a combined 359 kg, with 64 of them losing more than 2 kg.
- In October 2018, WNC offered free flu vaccinations for all employees and on-site security, cleaning, catering, and MIS staff. A total of 1,008 people, including 36 on-site staff, received the vaccination for a vaccination rate of approx. 31.1%. Relatives of employees may also enjoy a discount when receiving flu vaccinations at the Hsinchu Science Park Clinic.
- Two health lectures were held in June and December 2018 and featured well-known physicians as the guest speakers. The speaker for the "Liver Care Tips and Ways to Prevent Gastroesophageal Reflux Disease (GERD)" lecture was a gastroenterology specialist. The speaker for the "How to Avoid Nasal Allergies to Improve Your Breathing" lecture was an otolaryngology specialist.

AIDS Prevention Seminar

- To promote safe sex, WNC and the Taiwan AIDS Foundation jointly organized the "AIDS Prevention Seminar" at the WNC dormitory for foreign employees. A total of 285 employees attended the event.
- To comply with the policies of the National Health Insurance Administration, Ministry of Health and Welfare, WNC held the "My Health Bank" event at WNC headquarters and S1. A total of 279 employees participated in the event.

All colleagues of WNC's sites in China are 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.

## Employee Assistance Program (EAP)

In July 2017, WNC (Taiwan) and the Hsinchu Lifeline Association started the WNC Employee Assistance Program, which provides WNC employees with consultation services for psychological, legal, financial, management, and mental health issues. Employees may call a free hotline during the business hours of the Hsinchu Lifeline Association for consultation. If employees require individual face-to-face consultation, the psychiatrist will refer employees to a professional consultant. Each employee is eligible for two free face-to-face professional consultations each year. To help employees understand the WNC Employee Assistance Program, WNC gave each employee an EAP leaflet. As of the end of 2018, 65 employees have called the free hotline for consultation (stage one consultation), and 11 have used the face-to-face professional consultation service (stage two consultation). Out of the 11 cases that the stage two consultation service handled, six were for legal issues, three were for familial issues, one was for career issues, and one was for interpersonal relationship issues. The EAP received an average satisfaction score of 4.6 (maximum of 5) from employees.

# 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 to allocate 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 2018, a wide variety of activities were offered including:

- Company-wide events: Includes the year-end party, Lantern Festival activities, Valentine's Day activities, WNC club activities and performances, and activities/exhibitions related to environmental protection.
- Cultural activities: Three lectures be celebrities were organized at the 2018 WNC Book Festival, and 187 employees participated in the lectures. Twenty-one arts-and-crafts DIY classes were held, and 1,140 employees participated in the classes.
- Department trips and outings: WNC encouraged departments to hold their own department outings or gatherings; and
- Exercise courses: We offered aerobics, muscle strength training, body sculpting, Tai Chi, and Yoga courses; in 2018, four sessions were held at the WNC headquarters with each session containing ten classes. A total of 513 people participated in these activities. At S1, two sessions of Yoga, body sculpting, and other fitness courses were held, with a total of 76 participants.

In 2018, WNC's sites in Kunshan, China hosted the following events, including:

- Festival events: Chinese calligraphy contest for Chinese New Year, cellphone case DIY activity for International Women's Day, and DIY activity for the Mid-Autumn Festival.
- Sporting events: Badminton, archery, basketball, table tennis, water polo, and bowling competitions, as well as athletic meets.
- Entertainment events: Spring hiking trip, activities for outstanding employees, cultural shows, dragon boat race, talent shows, and Chinese Chess competitions.

WNC encourages all of its employees to take advantage of the subsidies and incentives available and participate in its activity clubs. There are 12 major clubs at WNC (Taiwan), including a mountaineering club, golf club, basketball club, softball club, badminton club, tennis club, table tennis club, music club, cycling club, road runners club, bowling club, and volunteers club. At WNC's sites in China, 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 roller skating club. Each club has a fixed meeting or practice schedule and occasionally hosts all types of activities in WNC.

Monthly DIY Classes

WNC Book Festival

Club Activity at WNC

Club Activity at WNC

## 3.5.5 Recreational and Sports Equipment

Both WNC headquarters and S1 offer employees a gymnasium with a range of exercise facilities, an aerobics room, and a reading room. The gymnasium has a variety of exercise and fitness equipment. 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 revitalizing exercise. The aerobics room is used for aerobics lessons and department activities. The massage room is used for free professional massages Monday through Thursday in the evening, helping employees relieve stress. 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 are an electronic library and other recreational facilities. These facilities encourage employees to guard and improve their health during their spare time. A spacious badminton court, basketball court, table tennis room, and billiards room are also offered onsite in China.

WNC Headquarters Gymnasium

WNC Headquarters Gymnasium

Supermarket at one of WNC's sites in China

S1 Gymnasium

WNC Headquarters Aerobics Room

Badminton Courts beside the Employee Dormitories at one of WNC's sites in China

# Cherishing Natural Resources 04

**Environmental Management**

**Green Products**

**Carbon Emissions Management**

**Energy and Resources Management**

WNC pays close attention to global environmental protection issues and trends. Apart from observing local regulations at our operation sites and establishing environmental and green-product management systems with suppliers based on customer requirements, we have also implemented measures in our work environments to conserve energy and reduce the carbon footprint in order to ensure the effective use and management of limited resources. In addition, we have also formulated the Environmental Safety, Health & Energy Management Policy listed below to implement measures and carry out internal and third-party audits at fixed, annual intervals to ensure that we comply with ISO 14001, FSC® Chain-of-Custody (FSC® CoC) and IECO QC 080000 related regulations.

In order to demonstrate the determination of WNC in promoting energy conservation and carbon reduction, from September 2017 to work with WNC's Global Manufacturing Headquarters, WNC's Industrial Safety Dept., Facility Center, and Digital Management Information Systems Division to integrate internal/external resources and technologies and implement energy conservation/carbon reduction measures in factories, production lines, equipment, and product manufacturing processes. The actions taken included the construction of solar power stations and Supervisory Control and Data Acquisition (SCADA), and the establishment of an Energy Management System Committee to implement the ISO 50001 energy management system to actively reduce energy consumption in the production process and daily operations. These efforts, along with a better understanding of environmental protection by WNC employees as well as concrete actions, will effectively reduce carbon emissions and mark a step in the right direction toward our goal of becoming a green factory.

| | Item | Responsible Unit | 2018 Results | 2019 Target |
|---|---|---|---|---|
| Green Products | IECQ QC080000 | Green Product Sec. | Completed annual verification in both Taiwan and China | Will complete annual verification in both Taiwan and China |
| Environ-mental Management | ISO 14001: 2015 | Environmental Management System Committee | Completed annual verification in both Taiwan and China | Will complete annual verification in both Taiwan and China |
| | FSC® CoC | Green Product Sec. | Completed FSC-STD-40-004 V3.0 verification in Taiwan | Will complete annual verification in Taiwan |
| | Reducing waste generated in factories | Industrial Safety Unit | ■ Taiwan: Waste recycling rate reached 77%<br>■ China: 4.3% reduction in waste generation per unit (tonnes/NT$ million) in 2018 compared to 2017 | ■ Taiwan: Waste recycling rate reaches 78%<br>■ China: 5% reduction in waste generation per unit (tonnes/NT$ million) in 2019 compared to 2018 |
| Energy Management | ISO 50001: 2018 | Energy Management System Committee | Completed verification in both Taiwan and China | Will complete the transfer in both Taiwan and China |
| | Establishing energy monitoring systems | Industrial Safety Unit<br>Facility Unit<br>Digital Management Information Systems Div. | Increased the scope of SCADA detection and analysis of big data to include analysis of energy consumption structures of various regions and organizations, process environments, and energy consumption (such as of air conditioning, ventilation, temperature and humidity, and nitrogen). | Integrate production information with the energy consumption data collected to identify electricity usage patterns and energy saving opportunities, and/or improve the detection of energy consumption anomalies. |
| | Constructing solar power stations | Facility Unit | Installed roof solar panels on S1, with an annual generating capacity of approximately 910 MWh. | Complete the construction of solar panels on the roofs of S1 and S2; the panels will have an expected annual generating capacity of approximately 1,984 MWh. |
| Carbon Management | ISO 14064-1 | Industrial Safety Unit | Completed annual verification in China | Will complete annual verification in both Taiwan and China |
| | Scope 2 GHG emissions reduction | Industrial Safety Unit<br>Facility Unit<br>Global Manufacturing Headquarters | Reduced Scope 2 GHG emission intensity by 7.8% at sites in Taiwan [Note 1] and China [Note 1] from 2016 levels. | Given the establishment of S2 and V1, the base year for the GHG emission reduction target will be adjusted. A new target will be set after the carbon emissions data of both sites for 2019 are obtained. |

Note 1: Taiwan includes WNC headquarters and S1; while China includes WNC (Kunshan), Wistron NeWeb (Kunshan), and WebCom (Kunshan)

Note 2: Scope 2 Greenhouse Gas Emission Intensity= Scope 2 GHG Emissions (tonnes $CO_2e$) / Consolidated Operating Revenues (NT$ million)

# 4.1 Environmental Management

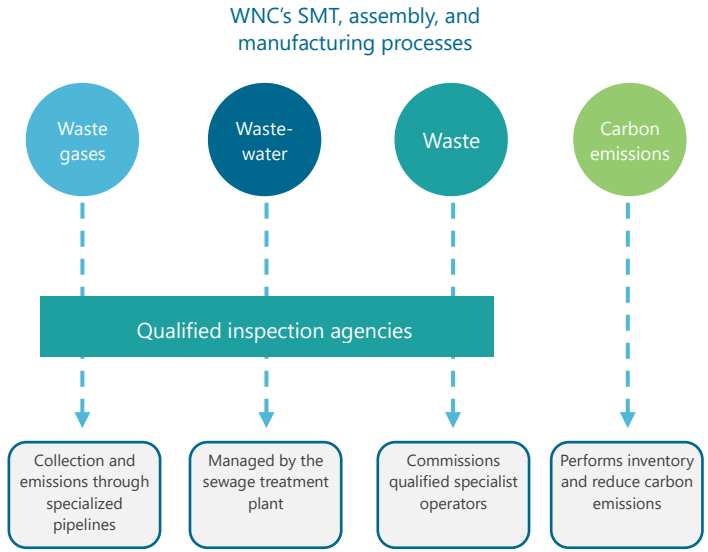
## WNC ESH & Energy Management Policy

- In compliance with government policy and in coordination with ESH & Energy 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 stakeholder demands, help protect the environment and effective use of energy.
- Continue to strengthen mechanisms for the prevention of environmental pollution, increase energy efficiency, implement appropriate control and reduction measures, and support purchases of products that improve energy performance 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 & Energy performance awareness and accountability, and provide appropriate communication and consultation channels and participation mechanisms to ensure the effective operation of the ESH & Energy Management system.

## 4.1.1 Emissions Management

WNC's business belongs to a technology-intensive, R&D focused industry. 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, besides $CO_2$ exhaust due to power consumption, there are no other air pollutants generated (such as $NO_X$ and $SO_X$).

As for the disposal of waste materials, WNC commissions only specialist operators recognized by Taiwan's EPA to handle its business waste, 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 commissions qualified inspection agencies to conduct tests on its water discharge, air pollutants, and waste to ensure that WNC is compliant with related regulations.



# 4.1.2 Waste Management

Waste Reduction Targets and Achievements

| Target for 2019 | | 2018 | 2017 | 2016 |
|---|---|---|---|---|
| Taiwan | Annual waste recycling rate reaches 78% | 77% | 79% | 70% |
| China | 5% reduction in waste generation compared to last year (tonnes/NT$ million) | 4.33% Reduction | NA | NA |

Due to changes in capacity demand in Taiwan, the amount of non-recyclable industrial waste increased. As a result, in 2018, the total weight of waste produced by WNC (Taiwan) significantly increased by approximately 55.2% compared to 2017. In order to continuously improve the efficiency of recycling and reuse of waste, relevant operational procedures and mechanisms are adjusted to increase waste recycling. Our new target waste recycling rate has been adjusted to 78% for 2019. In WNC's China plants, the 2019 waste reduction target is a 5% waste reduction per million NT$ compared to 2018.

Total Waste Generated in Taiwan and China in the Most Recent Three Years (Unit: tonnes)

## Improve waste recycling program

Responding to this call for energy conservation, carbon reduction, and environmental protection, since October 2017, WNC has participated in the "Dandelion[2] Project" promoted by Zhenglong Co., Ltd. In 2018, 3,810 kilograms of internal documents were shredded by WNC and supplied to Zhenglong for recycling into Dandelion Eco-friendly paper.

Waste from WNC mainly comes from the product production processes. In June 2018, we promoted the factory plastic reduction/waste reduction project. We plan to encourage suppliers to recycle and reuse packaging materials, including EPE foam cushioning material used in the assembly process and the cartons used to package products, in order to reduce single-use waste. In the meantime, to follow the principles of a circular economy, WNC recycled the solder waste and PCB trim scraps generated during production processes. Waste recycling results in 2018 are listed in the table below. In March 2019, WNC improved the recycling methods for general industrial waste generated from the SMT process to reduce the amount of waste earmarked for incineration and increase the waste recycling rate.

| Type | Measures | Q'ty Recycled | Recycling Results ( NT$ ten thousand ) |
|---|---|---|---|
| Solder waste | Recycled the solder waste generated during production processes for recycling vendors to reproduce into electroplated plates | 15 | 1,252 |
| PCB trim scraps | Recycled PCB trim scraps generated during production processes for recycling vendors to recycle heavy metal (such as cooper and gold) | 63 | 167 |

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 on the vendors that handle its hazardous industrial waste. The inspection items of the audits include the cleaning trolleys, storage facilities, and handling facilities as well as 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 the waste-management contract is renewed.
- 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.

In 2018, WNC (Taiwan) and WNC's sites in China handled waste and recycling according to local regulations. No significant pollution incidents occurred, and no WNC sites received any penalties or fines for violations of environmental protection regulations.

[2] The whole series of Dandelion Eco-friendly Paper is manufactured from 100% recycled pulp and does not use forest resources. The production process uses clean energy produced from wind power, which reduces $CO_2$ emissions by approximately 0.6 to 1 kg per kWh generated. Making paper from recycled pulp can reduce air pollution by 75%, water pollution by 35%, and greatly reduce the amount of waste produced.

In 2018, the declared weights of various types of waste at various locations are listed in the table below.

2018 Waste Material Total Weight and Their Processing Modes in Taiwan (Unit: tonnes)

| Waste Category Note 1 | WNC Headquarters | | | | | S1 | | | | | Total | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Re-use | Incineration | Landfill | Recycled | Total | Re-use | Incineration | Landfill | Recycled | Total | Re-use | Incineration | Landfill | Recycled |
| General Waste | **7.7** | 6.2 | 1.5 | -- | -- | **123.8** | 28.0 | 10.9 | 84.9 | -- | **131.5** | 34.2 | 12.4 | 84.9 | -- |
| Hazardous Waste | **7.1** | -- | 1.2 | 5.9 | -- | **85.9** | 65.1 | 2.9 | 17.9 | -- | **93.0** | 65.1 | 4.1 | 23.8 | -- |
| Recyclable Waste | **9.8** | -- | -- | -- | 9.8 | **309.5** | -- | -- | -- | 309.5 | **319.3** | -- | -- | -- | 319.3 |
| **Total Waste** | **24.6** | **6.2** | **2.7** | **5.9** | **9.8** | **519.2** | **93.1** | **13.8** | **102.8** | **309.5** | **543.8** | **99.3** | **16.5** | **108.7** | **319.3** |

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.

2018 Waste Material Total Weight and Their Processing Modes in China (Unit: tonnes)

| Waste Category Note 1 | WNC (Kunshan)/Wistron NeWeb (Kunshan) | | | | | WebCom (Kunshan) | | | | | Total | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Re-use | Incineration | Landfill | Recycled | Total | Re-use | Incineration | Landfill | Recycled | Total | Re-use | Incineration | Landfill | Recycled |
| General Waste | **2,884.2** | -- | 1,262.9 | -- | 1,621.3 | **181.6** | -- | 71.5 | -- | 110.1 | **3,065.8** | -- | 1,334.4 | -- | 1,731.4 |
| Hazardous Waste | **192.7** | -- | -- | -- | 192.7 | **4.2** | -- | -- | -- | 4.2 | **196.9** | -- | -- | -- | 196.9 |
| **Total Waste** | **3,076.9** | -- | **1,262.9** | -- | **1,814.0** | **185.8** | -- | 71.5 | -- | **114.3** | **3,262.7** | -- | **1,334.4** | **--** | **1,928.3** |

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

## 4.1.3 Packaging Materials Management

WNC makes every effort to develop and manufacture green products that comply with environmentally-friendly requirements of low toxicity, low pollution, energy efficiency, low resource consumption, and easy recyclability. Even in the final packaging and delivery stage, recyclable materials such as paper or plastics are utilized, including corrugated fiberboard, EPE foam, bags, labels, brochures, paper pulp boxes, and bubble wrap. WNC prohibits all use of certain substances (Pb, Cd, Hg, and Cr(VI)) in line with the EU's Directive on Packaging and Packaging Waste (Directive 94/62/EC). 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.

To respond to customer requirements and promote sustainable forest management, in 2014, WNC (Taiwan) began using paper products with the FSC® Chain-of-Custody (FSC® CoC) certification issued by the Forest Stewardship Council (FSC). Such organized and systematic forest-management and supply-chain monitoring is expected to 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. In March 2018, the FSC® CoC Accreditation completed the new external audit standard.

# 4.1.4 Green Life

Continuing to promote energy-saving and water-saving measures, WNC also organized the following environmental protection activities in 2018, inviting colleagues to work together to protect the environment.

Environmental Protection Activities in 2018

| Time Period | Activities | Description | Results |
|---|---|---|---|
| Mar. 21 | "Implementing a green life: home-appliance emissions reduction and energy-saving examinations" lecture | For the 6th program of the Wilderness Society, Mr. Zetian Miao was invited to give a lecture and share basic knowledge of home appliance energy saving/energy consumption modes and selection methods. | No. of participants: 22 |
| Mar. to Dec. | Bring your own cups/containers for discounts | Those who bring their own cups/containers enjoy a NT$2 and NT$1 discount at the coffee shop and fruit stand, respectively. | 2,200 discounts were given out |
| Sept. to Dec. | Food waste reduction | ■ HQ reduction goal: Less than 25 kg of leftovers per day<br>■ S1 reduction goal: Less than 760 kg of leftovers per month | Goal reached |
| Oct. | Electric vehicle promotion | Invited electric vehicle manufacturers to showcase electric vehicles and promote use of clean energy | Four manufacturers participated |

To encourage colleagues to protect the environment in their daily lives, the Safety and Sanitation Dept. issued a quarterly environmental protection publication in 2018 and launched the "Green Footprint Card" campaign. An environmental protection event was held every quarter and a green card was issued to every colleague. To encourage participation, colleagues joining the activities could accumulate green points and redeem the points for gifts.

2018 Environmental Protection Related Activities

| Item | Date | Description | Results |
|---|---|---|---|
| Spring Hiking Event | 2018/3/17 (In honor of Forest Day) | 2018 Spring Hiking Event at Green Grass Lake | No. of participants: : 437 |
| Green Life, Green Market | 2018/4/18–19 (In honor of 4/22 Earth Day) | Organized a green market for employees to learn the 5R principles: Reduce, Recycle, Reuse, Repair, and Refuse | No. of participants: 378 |
| Ocean Cleanup | 2018/9/15 (In honor of World Cleanup Day) | Organized an ocean cleanup at Nanliao Ecological Sports Park | Collected 154kg of waste |
| The Things We Do Together | 2018/12/18–20 (S1) ; 2018/12/25–27 (HQ) | Organized a virtual reality (VR) experience and achievement exhibition | No. of participants: 585 |

## The 2018 WNC Family Day "WNC Go ECO"

In May 2018, WNC (Taiwan) held the 2018 WNC Family Day "WNC Go ECO" in Wei Chuan Pushin Ranchan, complete with an outdoor concert, inviting colleagues and their family members to embrace Nature. Employees were encouraged to bring their own picnic mats and cutlery and use less plastic to show their care for the Earth.

## Green equipment procurement

Green products are made from recycled materials, are recyclable, do not cause much pollution during production, and/or are resource-efficient to produce. WNC independently purchases certified green products that can aid in reaching the goal of a sustainable environment. In 2018, WNC invested a total of NT$ 38.666 million in green equipment purchases, including 1,368 computers, 915 computer screens, and 586 laptops.

WNC
實踐綠色生活-
Implementing a Green Life:
家電節能減碳
總體檢
Home Appliance
Emissions Reduction
and Energy-Saving
Examinations
講座日期：3月21日（三）17:45~19:30
講座地點：HQ 1F活力館1-2教室

WNC
為響應公司環安衛管理政策，提倡保護環境，持續強化環境污染防治，推廣適當的管控與減量，
自2018/3/1(四)開始，凡自備容器於瓦那微消費咖啡吧現做飲品之同仁(容量與原紙杯相同)，每杯可折抵「2元」，
請大家為環保、為地球多多盡一分心力喔!!
To comply with WNC's ESH management policy, help protect the environment, reduce pollution, and promote management and control of paper cup usage, starting from March 1, 2018 (Thu.), the Wanewe Café will give a NT$2 discount to employees who bring their own cups.

WNC
為響應公司環安衛管理政策，提倡保護環境，持續強化環境污染防治，推廣適當的管控與減量，
自2018/3/1(四)開始，凡自備容器於水果吧消費同仁，每次可折抵「1元」，
請大家為環保、為地球多多盡一分心力喔!!
To comply with WNC's ESH management policy, help protect the environment, reduce pollution, and promote management and control of plastic bag usage, starting from March 1, 2018 (Thu.), the HQ fruit stand will give a NT$1 discount to employees who bring their own containers.

年度廚餘統計
Annual leftover calculation

WNC
Q1環保闖關GO有趣
437位參與
Q2 5R生活處心積綠
HQ+S1 378位到場
Q3守護海洋來淨灘
百人到場響應淨灘
這一年
我們一起做過的事
除每季活動…
也一起做過
環保活動揭幕（3月）
環保季刊(3、6、9月)
自備餐具享優惠(3月起)
家庭日環保活動(5月)
環保集點（9月）
廚餘減量(9月)
環保電動車推廣(10月)
活動花絮

# 4.1.5 Environmental Expenditure

Environmental Expenditures at WNC (Taiwan) in the Most Recent Three Years (Unit: NT$)

| Item | WNC Headquarters | | | S1 | | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 |
| ISO 14001 certification fee Note 1 | 86,000 | 149,333 | 88,000 | -- | -- | -- |
| ISO 50001 certification fee Note 2 | 656,250 | | | -- | | |
| Environmental consultant / education and training fee | 273,000 | -- | -- | -- | -- | -- |
| Environmental administrative fees | -- | -- | 2,500 | 2,500 | 2,500 | 13,200 |
| LED lighting replacement in public areas | 102,270 | 33,000 | 1,622,088 | 171,478 | 234,000 | 6,993,152 |
| Solar panel installation fee | 24,162,835 | -- | -- | 29,263,077 | -- | -- |
| Sewage treatment fee | 392,130 | 479,234 | 608,896 | 2,078,601 | 1,250,403 | 685,338 |
| Waste gas/water/ noise level verification/ measurement cost | 37,910 | 20,200 | 25,200 | 70,675 | 35,700 | 107,500 |
| Waste cleaning cost | 175,822 | 228,869 | 855,679 | 1,369,435 | 993,182 | 189,088 |
| Air pollution cost | -- | -- | 76,104 | 111,933 | 205,403 | 147,261 |
| Maintenance cost for air-pollution prevention equipment Note 3 | -- | -- | -- | 1,014,300 | 108,000 | 850,000 |
| Soil pollution fees | -- | -- | -- | 1,223 | 312 | -- |
| **Total** | **25,886,217** | **910,636** | **3,278,467** | **34,083,222** | **2,829,500** | **8,985,539** |

Note 1: The ISO 14001 certification fee includes the certification fee of S1.
Note 2: The ISO 50001 certification fee includes the certification fee of WNC (Taiwan) and WNC's sites in China.
Note 3: Total cost for replacement of activated carbon and scrubber maintenance cost

Environmental Expenditures at WNC's sites in China in the Most Recent Three Years (Unit: CN¥)

| Item | WNC (Kunshan)/Wistron NeWeb (Kunshan) | | | WebCom (Kunshan) | | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 |
| ISO 14001 certification fee Note1 | 40,000 | 40,000 | 40,000 | 20,000 | 20,000 | 20,000 |
| ISO 50001 certification fee Note 2 | -- | -- | -- | -- | -- | -- |
| ISO 14064-1 certification fee | 35,000 | 35,000 | 40,000 | 20,000 | 20,000 | 20,000 |
| Environmental consultant / education and training fee | 74,800 | 51,600 | -- | 18,700 | -- | -- |
| Environmental administrative fees | -- | 2,520 | -- | 281 | 84 | -- |
| LED lighting replacement in public areas | 27,801 | -- | 74,628 | 5,364 | -- | 47,872 |
| Solar panel installation fee | 2,200,000 | -- | -- | -- | -- | -- |
| Sewage treatment fee | 377,794 | 347,053 | 330,382 | 40,389 | 38,964 | 29,524 |
| Waste gas/water/ noise level verification/ measurement cost | 45,000 | 22,000 | 12,200 | 9,000 | 5,500 | 7,600 |
| Liquid waste and waste cleaning cost | 104,232 | 123,108 | 304,336 | 11,000 | 47,342 | 37,475 |
| Rainwater pipeline rectification fee | 580,000 | -- | -- | 100,000 | -- | -- |
| **Total** | **3,484,627** | **621,281** | **801,546** | **224,734** | **131,890** | **162,471** |

# 4.2 Green Products

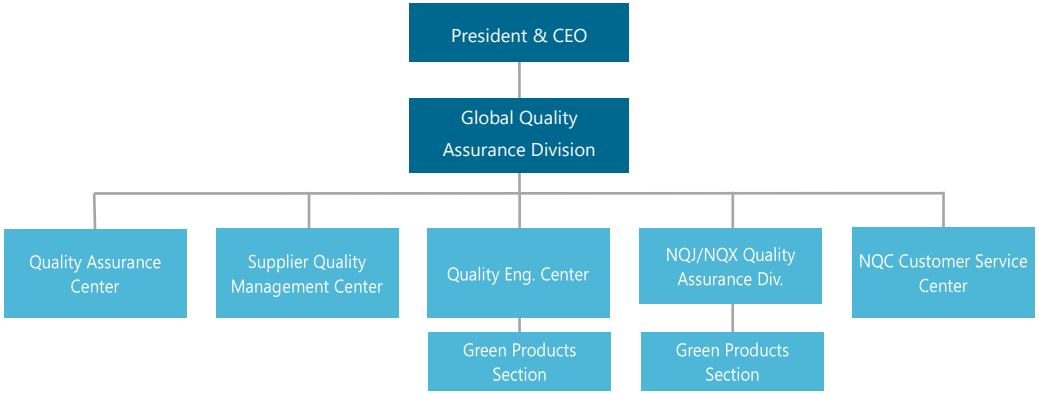
## 4.2.1 Green Product Management

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 the 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.

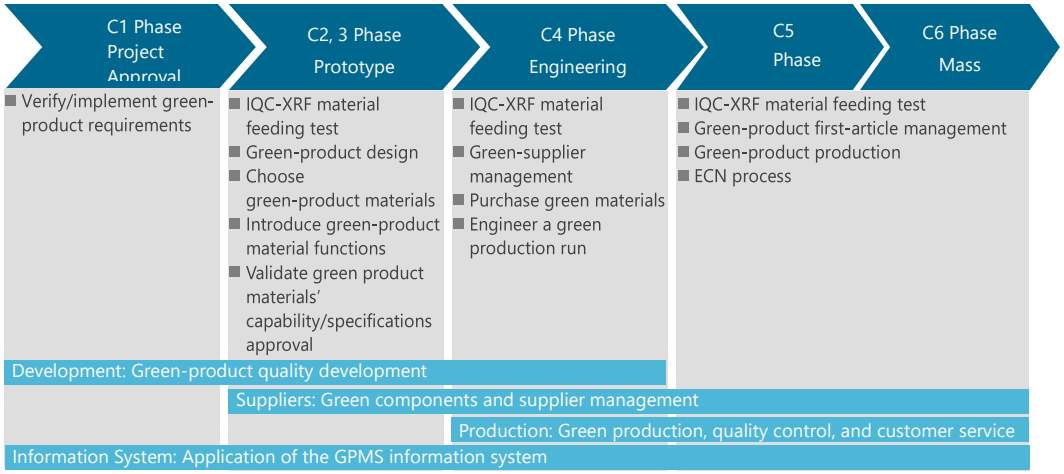
## 4.2.2 Hazardous Substances Management

Awareness of the need for environmental protection has increased worldwide, and manufacturers now attach great importance to sustainable operations. In response to the requirements of international environmental protection directives as well as requirements from specific customers, WNC established the Green Product Restricted Substances Management Procedures and Restricted Usage of Environmentally Hazardous Substances, and it made a control list of hazardous substances that all of its suppliers must comply with. The suppliers are also required to sign the Supplier Statement on Non-Use of Environmentally Hazardous Substances to ensure that the 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, the non-use of conflict minerals, and WNC's prohibition 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.

WNC Green Product Management Organization




Green Product Management Process Flow



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. These 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. To keep up with lead-free processes and halogen-free product manufacturing trends, WNC 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. In 2018, we received a total of 563 requests for green products from customers, and we fulfilled all the requests in Q1 2019.

Suppliers use WNC's Green Product Management System to upload their product ingredients analysis reports, inspection results, and warranty cards, and related documents. This enables WNC's procurement units and quality-management units to 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 from this management system 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 2018, WNC's products did not violate any green-product directives.

### IECQ QC 080000 Certification

WNC (Taiwan) and WNC's sites in China have earned the hazardous substances procedure management standard

IECQ QUALITY ASSESSMENT SYSTEM (IECQ)
Assembly, Related Materials and Processes
IECQ Certificate of Conformity
Hazardous Substance Process Management
TÜVRheinland®

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 IATF 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 validates WNC's efforts on hazardous substances management, and our efforts have been recognized by many of our customers.

## 4.2.3 Eco-Design

The EU Energy-related Products directive (ErP, 2009/125/EC) is an eco-design regulatory framework for all energy-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 as well as reduce pollution. WNC established 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 assessment) 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.

### Product Energy-Saving Plan

During the initial design phase of the Noise Block Downconverter product, we considered the power consumption of the product, and tightened IC integration of its components to reduce parts. We verified its power consumption through component power consumption investigation during circuit design and experimentation, pilot production, and mass production. With these improvement efforts, based on our testing results, we successfully reduced the power consumption in real-life use of the Noise Block Downconverter product by 13.6%.

# 4.3 Carbon Emissions Management

## Greenhouse Gas Emissions Inventory Boundary

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. 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 with 2016 set as the base year. The major greenhouse gases emitted include carbon dioxide ($CO_2$), methane ($CH_4$), nitrous oxide ($N_2O$), and hydrofluorocarbons (HFCs). The 2018 GHG inventory in Taiwan and China was completed during the first quarter of 2019, and obtained the ISO 14064-1 certification in May 2019. The GHG emission results of the GHG inventory in the most recent three years are presented in the table below.

WNC GHG Inventory Results in the Most Recent Three Years

(Unit: tonnes $CO_2e$) Note

| Site | | 2018 | | | | | 2017 | | | | | 2016 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Scope 1 | Scope 2 | Scope 3 | Total Emissions | Certification | Scope 1 | Scope 2 | Scope 3 | Total Emissions | Certification | Scope 1 | Scope 2 | Scope 3 | Total Emissions | Certification |
| Taiwan | WNC headquarters | 811 | 4,155 | -- | 4,966 | ○ | 160 | 4,376 | -- | **4,536** | | 96 | 5,757 | -- | **5,853** | |
| | S1 | 94 | 12,643 | -- | 12,737 | ○ | 50 | 13,077 | -- | **13,127** | | 30 | 10,760 | -- | **10,790** | |
| | **Subtotal** | **905** | **16,798** | **--** | **17,703** | ○ | **210** | **17,453** | **--** | **17,663** | | **126** | **16,517** | **--** | **16,643** | |
| China | WNC (Kunshan) | 813 | 13,377 | -- | 14,190 | ○ | 816 | 13,524 | -- | **14,340** | ○ | 785 | 14,695 | -- | **15,480** | ○ |
| | Wistron NeWeb (Kunshan) | 900 | 22,452 | -- | 23,352 | ○ | 577 | 23,179 | -- | **23,756** | ○ | 1,138 | 23,006 | -- | **24,144** | ○ |
| | WebCom (Kunshan) | 1,625 | 5,077 | -- | 6,702 | ○ | 690 | 5,774 | -- | **6,464** | ○ | 901 | 4,729 | -- | **5,630** | ○ |
| | **Subtotal** | **3,338** | **40,906** | **--** | **44,244** | ○ | **2,083** | **42,477** | **--** | **44,560** | ○ | **2,824** | **42,430** | **--** | **45,254** | ○ |
| | **Total** | **4,243** | **57,704** | -- | **61,947** | ○ | **2,293** | **59,930** | **--** | **62,223** | | **2,950** | **58,947** | **--** | **61,897** | |

Note: The emission factor of WNC's sites in Taiwan are calculated based on the GHG emission factor management table 6.0.3 issued by the EPA; the year of the GWP is IPCC 2007 AR4; the emission factor of WNC's site in China are calculated based on the "2006 IPCC Guidelines for National Greenhouse Gas Inventories" and "China energy statistical yearbook 2008"; the year of the GWP is IPCC 2006.

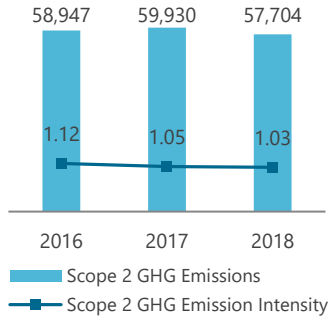
## CDP Climate Change Program

In 2018, the Sustainability Management Dept. coordinated with the Safety & Sanitation Dept., the Facility Dept., and the manufacturing units to complete surveys concerning climate change and water security, as part of the CDP supply chain program. The results of the surveys were graded a C. The results of the survey for supplier engagement were graded a B-. WNC reviewed the results and formulated a list of work items requiring improvement based on CDP feedback. We will begin responding to the CDP survey for 2019 in April.

Since 2015, WNC has been gradually expanding its business development and production lines, and thus its electricity consumption has gradually increased each year. The main source of greenhouse gas emissions is electricity purchased from utilities, and Scope 2 greenhouse gas emissions account for more than 90% of the total greenhouse gases. To reflect the impact of changing production capacity on GHG emissions and reduction targets in a faithful manner, emission intensity will also be presented to illustrate the relationship between capacity scale and emissions. Due to the implementation of various energy-saving programs and the installation of solar panels, total Scope 2 GHG emissions for 2018 in Taiwan and China decreased by 2.1% compared to 2016, and Scope 2 GHG emission intensity decreased by 7.8%.

Given the establishment of S2 and V1, the base year for the GHG emission reduction target will be adjusted. A new GHG emission target will be set after carbon emissions data from both sites for 2019 are obtained.

WNC (Taiwan) and WNC's Sites in China
Scope 2 GHG Emissions
in the Most Recent Three Years
(Total emission unit: tonne $CO_2e$;
Emission intensity unit: tonnes $CO_2e$/NT$ million)




Types of GHG Emission Sources and Corresponding Activities in 2018

| Scope | Type of Emission Sources | Taiwan | | China | |
|---|---|---|---|---|---|
| | | Corresponding Activities/Equipment | Percentage (%) | Corresponding Activities/Equipment | Percentage (%) |
| Scope 1: Direct Emissions | Stationary combustion | Diesel used in emergency generators ($CO_2$, $CH_4$, and $N_2O$) | 5.11 | Diesel used in emergency generators ($CO_2$, $CH_4$, and $N_2O$) | 7.55 |
| | Mobile combustion | Gasoline used by company vehicles ($CO_2$, $CH_4$, and $N_2O$) | | Gasoline used by company vehicles ($CO_2$, $CH_4$, and $N_2O$) | |
| | Fugitive emissions | ■ Release from septic tanks ($CH_4$)<br>■ Release from the refrigerant used in air conditioners/refrigerators and company vehicles (HFCs)<br>■ Release from carbon dioxide fire extinguishers ($CO_2$) | | ■ Release from septic tanks ($CH_4$)<br>■ Release from the refrigerant used in air conditioners, SMT cooling device and company vehicles (HFCs)<br>■ Release from carbon dioxide fire extinguishers ($CO_2$) | |
| Scope 2: Indirect Emissions | GHG emissions from the generation of purchased electricity, heat, steam, or other fossil fuels consumed by WNC | Electricity purchased from Taipower ($CO_2$) | 94.89 | Electricity purchased from Huazhi Sell Electricity ($CO_2$) | 92.45 |

# 4.4 Energy and Resources Management

## 4.4.1 Energy Use

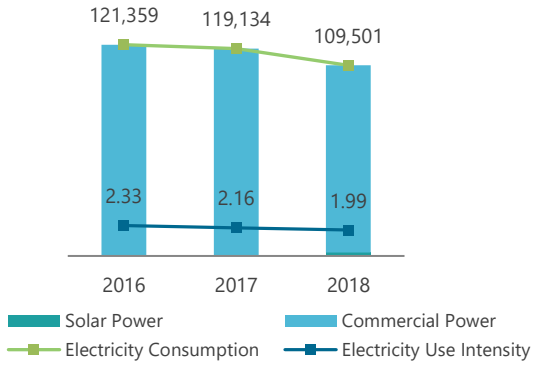
The primary source of energy for WNC's sites in Taiwan and China is electricity. In Taiwan, a small amount of diesel is used during the Taiwan Power Company's annual maintenance operations or during an outage for emergency generators in Taiwan. Low winter temperatures in China, however, meant that diesel was required also 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. Due to the implementation of various energy-saving programs and the installation of solar panels, the total electricity consumption for 2018 in Taiwan and China decreased by approximately 8.1% and 4.7%, respectively, when compared to 2017. The amount of diesel fuel used in heating systems at WNC's sites in China in 2018 is around 3.4 times that of 2017. WNC (Taiwan) and its China plants' consumption of energy during these three years are shown in the following table.

Primary Energy Consumption Statistics in WNC (Taiwan) and WNC's sites in China[Note 1] (Unit: GJ)

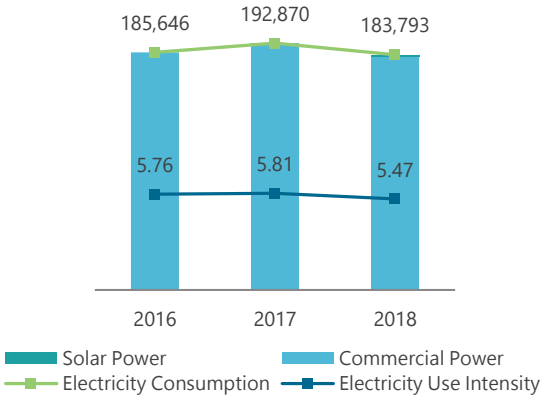
| Site | | Commercial Power | | | Solar Power | | | Diesel [Note 2] | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 |
| Taiwan | WNC Headquarters [Note 3] | 25,406 | 30,142 | 48,000 | 1,594 | -- | -- | 20 | 29 | |
| | S1 | 82,158 | 88,992 | 73,359 | 343 | -- | -- | 134 | 81 | 111 |
| | **Subtotal** | **107,564** | **119,134** | **121,359** | 1,937 | -- | -- | **154** | **110** | **130** |
| China | WNC (Kunshan) [Note 4] | 59,363 | 60,494 | 61,226 | -- | -- | -- | 962 | -- | 762 |
| | Wistron NeWeb (Kunshan) | 99,640 | 106,032 | 102,662 | 1,339 | -- | -- | 479 | 420 | 430 |
| | WebCom (Kunshan) | 22,531 | 25,624 | 20,985 | -- | -- | -- | 692 | 208 | 828 |
| | WebCom (Nanjing) | 920 | 720 | 773 | -- | -- | -- | -- | -- | -- |
| | **Subtotal** | **182,454** | **192,870** | **185,646** | **1,339** | -- | -- | **2,133** | **628** | **2,020** |
| | **Total** | **290,018** | **312,004** | **307,005** | **3,276** | -- | -- | **2,287** | **738** | **2,150** |

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 2017", one liter of diesel equals 0.0352 GJ.
Note 3: WNC headquarters' data also included power consumption at Lihsin office, which was sold in 2017. The electricity statistics for that office ended at the end of March 2017.
Note 4: WNC (Kunshan)'s data included power consumption at NeWeb Service.
Note 5: Electricity Consumption unit: GJ; Electricity use intensity unit: GJ/NT$ million

Electricity Consumption and Electricity Use Intensity in WNC (Taiwan) in the Most Recent Three Years [Note 5]




Electricity Consumption and Electricity Use Intensity in WNC's sites in China in the Most Recent Three Years [Note 5]



## Renewable Energy

In Oct. 2018, WNC completed the construction of solar panels on the roof of S1. Currently, plans for further construction at WNC (Kunshan) and WebCom (Kunshan) have been suspended due to adjustments to WNC's global manufacturing distribution. It is estimated that a total of 910 MWh of electricity can be generated annually from the solar power plants built on the roofs of factories in Taiwan and China in 2018, and a total of 600 tonnes of $CO_2e$ can be reduced. The annual power generation equates to a carbon emission reduction capacity of approximately 1.5 times that of Daan Forest Park. As of May 2019, there are 792 square meters of solar panels installed on the roof of S1. Solar panels will be installed on the roof of S2 in Taiwan as well. It is estimated that a total of 1,984 MWh of electricity can be generated annually from the solar power plants built on the roofs of factories in Taiwan and China in 2019, and a total of 1,193 tonnes of $CO_2e$ can be reduced. The annual power generation equates to a carbon emission reduction capacity of approximately 3.1 times that of Daan Forest Park.

Solar Panels on the Roof of the Parking Structure of WNC Headquarters

Solar Panels on the Roof of S1

Solar Panels on the Roof of Wistron NeWeb (Kunshan)

Benefits of the solar power stations

| Year/Item | | Taiwan [Note 1] | | | China [Note 2] | Total |
|---|---|---|---|---|---|---|
| | | WNC Headquarters | S1 | S2 | Wistron NeWeb (Kunshan) | |
| Construction sites | | Roof of the parking structure of the WNC headquarters | Roof of S1 | Roof of S2 | Roof of Wistron NeWeb (Kunshan) | |
| 2018 | Construction areas ($m^2$) | 2,445 | 4,000 | -- | 1,952 | 8,397 |
| | Solar power station capacity (MW) | 0.37 | 0.50 | -- | 0.33 | 1.20 |
| | Energy generation (MWh) [Note 3] | 443 | 95 | -- | 372 | 910 |
| | Carbon emissions reduction (tonnes $CO_2e$) | 245 | 53 | -- | 302 | 600 |
| 2019 | Construction areas ($m^2$) | 2,445 | 4,792 | 2,876 | 1,952 | 12,065 |
| | Solar power station capacity (MW) | 0.37 | 0.61 | 0.34 | 0.33 | 1.65 |
| | Projected energy generation (MWh) [Note 3] | 380 | 596 | 638 | 370 | 1,984 |
| | Projected carbon emissions reduction (tonnes $CO_2e$) | 210 | 330 | 353 | 300 | 1,193 |
| Usage modes of generating electricity with solar power | | Sales to Taipower using one-way meters | | | Sales to related power-supply bureaus using two-way meters | |

Note 1: According to the information released by the Energy Bureau of the Ministry of Economic Affairs in 2017, each kWh saved reduces $0.554 \times 10^{-3}$ tonnes of $CO_2$ emissions.
Note 2: According to the emission factor for East China listed in the 2015 Baseline Emission Factors for Regional Power Grids in China (published by the Department of Climate Change of the National Development and Reform Commission), each kWh saved reduces $0.8112 \times 10^{-3}$ tonnes of $CO_2$ emissions.
Note 3: According to the average solar radiation data provided by the National Aeronautics and Space Administration Atmospheric Science Data Center (NASA ASDC) for the location of solar power generating units, the projected energy generation is obtained after all energy losses are deducted.

## Energy Conservation

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 2018, WNC implemented the ISO 50001 energy management system and formulate specific improvement plans for its illumination system, exhaust system, air-conditioning system and air compressor system. The effects of the energy conservation measures are presented in the table below.

| Item | Energy Conservation Effects [Note 1] | Taiwan | | Total |
|---|---|---|---|---|
| | | WNC Headquarters | S1 | |
| Illumination [Note 2] | Number of Energy Conservation Plans | 4 | 2 | 6 |
| | Electricity Saved (GJ) | 225 | 104 | 329 |
| | Electricity savings [Note 1] (NT$) | 162,257 | 75,013 | 237,270 |
| | $CO_2$ Emissions [Note 1] (tonnes $CO_2e$) | 34.57 | 15.98 | 50.55 |
| Exhaust [Note 3] | Number of Energy Conservation Plans | 5 | 1 | 6 |
| | Electricity Saved (GJ) | 793 | 828 | 1,621 |
| | Electricity savings [Note 1] (NT$) | 572,684 | 597,870 | 1,170,554 |
| | $CO_2$ Emissions [Note 1] (tonnes $CO_2e$) | 122.03 | 127.39 | 249.42 |
| Air-conditioning [Note 4] | Number of Energy Conservation Plans | 4 | 3 | 7 |
| | Electricity Saved (GJ) | 753 | 3,261 | 4,014 |
| | Electricity savings [Note 1] (NT$) | 543,982 | 2,354,907 | 2,898,889 |
| | $CO_2$ Emissions [Note 1] (tonnes $CO_2e$) | 115.91 | 501.78 | 617.69 |
| Air pressure | Number of Energy Conservation Plans | 0 | 1 | 1 |
| | Electricity Saved (GJ) | 0 | 6,038 | 6,038 |
| | Electricity savings [Note 1] (NT$) | 0 | 4,361,011 | 4,361,011 |
| | $CO_2$ Emissions [Note 1] (tonnes $CO_2e$) | 0 | 929.23 | 929.23 |
| Total | Number of Energy Conservation Plans | 13 | 7 | 20 |
| | Electricity Saved (GJ) | 1,771 | 10,231 | 12,002 |
| | Electricity savings [Note 1] (NT$) | 1,278,923 | 7,388,801 | 8,667,724 |
| | $CO_2$ Emissions [Note 1] (tonnes $CO_2e$) | 272.51 | 1,574.38 | 1,846.89 |

| Item | Energy Conservation Effects [Note 1] | China | | | Total |
|---|---|---|---|---|---|
| | | WNC (Kunshan) | Wistron NeWeb (Kunshan) | WebCom (Kunshan) | |
| Illumination [Note 2] | Number of Energy Conservation Plans | 1 | 1 | 1 | 3 |
| | Electricity Saved (GJ) | 201 | 172 | 43 | 416 |
| | Electricity savings [Note 1] (CN¥) | 42,365 | 36,151 | 9,038 | 87,554 |
| | $CO_2$ Emissions [Note 1] (tonnes $CO_2e$) | 45.34 | 38.69 | 9.67 | 93.70 |
| Air-conditioning [Note 4] | Number of Energy Conservation Plans | 0 | 2 | 0 | 2 |
| | Electricity Saved (GJ) | 0 | 1,359 | 0 | 1,359 |
| | Electricity savings [Note 1] (CN¥) | 0 | 286,127 | 0 | 286,127 |
| | $CO_2$ Emissions [Note 1] (tonnes $CO_2e$) | 0 | 306.21 | 0 | 306.21 |
| Total | Number of Energy Conservation Plans | 1 | 3 | 1 | 5 |
| | Electricity Saved (GJ) | 201 | 1,531 | 43 | 1,775 |
| | Electricity savings [Note 1] (CN¥) | 42,365 | 322,278 | 9,038 | 373,681 |
| | $CO_2$ Emissions [Note 1] (tonnes $CO_2e$) | 45.34 | 344.90 | 9.67 | 399.91 |

Note 1: For WNC (Taiwan), the electricity-saving effects were calculated using NT$2.6 per kilowatt hour; while the $CO_2$ Emissions were determined according to the information published in 2017 by the Bureau of Energy, Ministry of Economic Affairs, R.O.C., each kWh saved reduces $0.554 \times 10^{-3}$ tonnes of $CO_2$ emissions. For WNC's sites in China, the electricity-saving effects were calculated using CN¥0.758 per kilowatt hour; while the $CO_2$ Emissions were determined according to the emission factor for East China listed in the 2015 Baseline Emission Factors for Regional Power Grids in China (published by the Department of Climate Change of the National Development and Reform Commission), each kWh saved reduces $0.8112 \times 10^{-3}$ tonnes of $CO_2$ emissions.
Note 2: Measures taken to conserve energy include switching off non-essential lights during off-hours, installing individual light switches for each cubicle, using motion-activated lighting in areas with low lighting demand, and removing excess lights in walkways and factory areas.
Note 3: The amount of energy saved is calculated by comparing the power consumption before and after the improvements made to the exhaust system, and then estimating the amount of energy saved.
Note 4: Addition of variable frequency control and optimization for air-conditioning equipment: The amount of electricity saved annually is based on the power consumption difference of devices after optimization and their annual operation hours.

# 4.4.2 Water

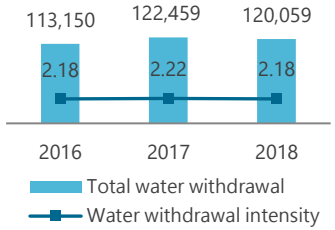
WNC is involved in an R&D- and technology-intensive industry, and only tap water is used in its operations. The total water withdrawal, discharge and consumption at WNC (Taiwan) and WNC's sites in China during the last three years are shown in the table below.

Total Water Withdrawal/Discharge/Consumption in WNC (Taiwan) and China during the Past Three Years (Unit: megaliters)

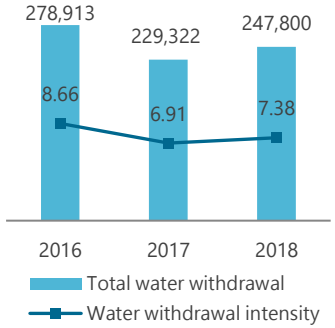
| Site | Site \ Item | Total Water Withdrawal | | | Total Water Discharge | | | Total Water Consumption | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 |
| Taiwan Note 1 | WNC Headquarters | 32.527 | 38.607 | 55.036 | 14.193 | 12.794 | 18.921 | 18.334 | 25.813 | 36.115 |
| | S1 | 87.532 | 83.852 | 58.114 | 17.578 | 17.035 | 12.697 | 69.954 | 66.817 | 45.417 |
| | **Subtotal** | **120.059** | **122.459** | **113.150** | **31.771** | **29.829** | **31.618** | **88.288** | **92.630** | **81.532** |
| China | WNC (Kunshan)Note 2 | 53.760 | 62.757 | 86.876 | 26.880 | 31.378 | 43.438 | 26.880 | 31.379 | 43.438 |
| | Wistron NeWeb (Kunshan) | 166.500 | 141.392 | 167.264 | 83.250 | 70.696 | 83.632 | 83.250 | 70.696 | 83.632 |
| | WebCom (Kunshan) | 23.505 | 22.920 | 22.711 | 11.753 | 11.389 | 11.356 | 11.753 | 11.531 | 11.355 |
| | WebCom (Nanjing) | 4.035 | 2.253 | 2.062 | 1.832 | 1.190 | 1.021 | 2.203 | 1.063 | 1.041 |
| | **Subtotal** | **247.800** | **229.332** | **278.913** | **123.715** | **114.653** | **139.447** | **124.086** | **114.669** | **139.466** |
| | **Total** | **367.859** | **351.781** | **392.063** | **155.486** | **144.482** | **171.065** | **212.374** | **207.299** | **220.998** |

Note 1: The amount of water withdrawn and discharged in Taiwan is based on daily meter readings.
Note 2: WNC (Kunshan)'s data includes water withdrawal and consumption at NeWeb Service.
Note 3: The amount of water withdrawn in China is based on monthly meter readings, with water discharge comprising half of the water withdrawn.

Total Water Withdrawal and Water Withdrawal Intensity in Taiwan in the Most Recent Three YearsNote




Total Water Withdrawal and Water Withdrawal Intensity in China in the Most Recent Three YearsNote




Note:
Total water withdrawal unit: $m^3$;
Water withdrawal intensity unit: $m^3$/NT$ million

In 2018, the water drawn in WNC (Taiwan), WNC's sites in Kunshan, and WNC's site in Nanjing represented 0.0145%, 0.0606%, and 0.0005% of their respective area's total water supply output, all of which were less than 1%.

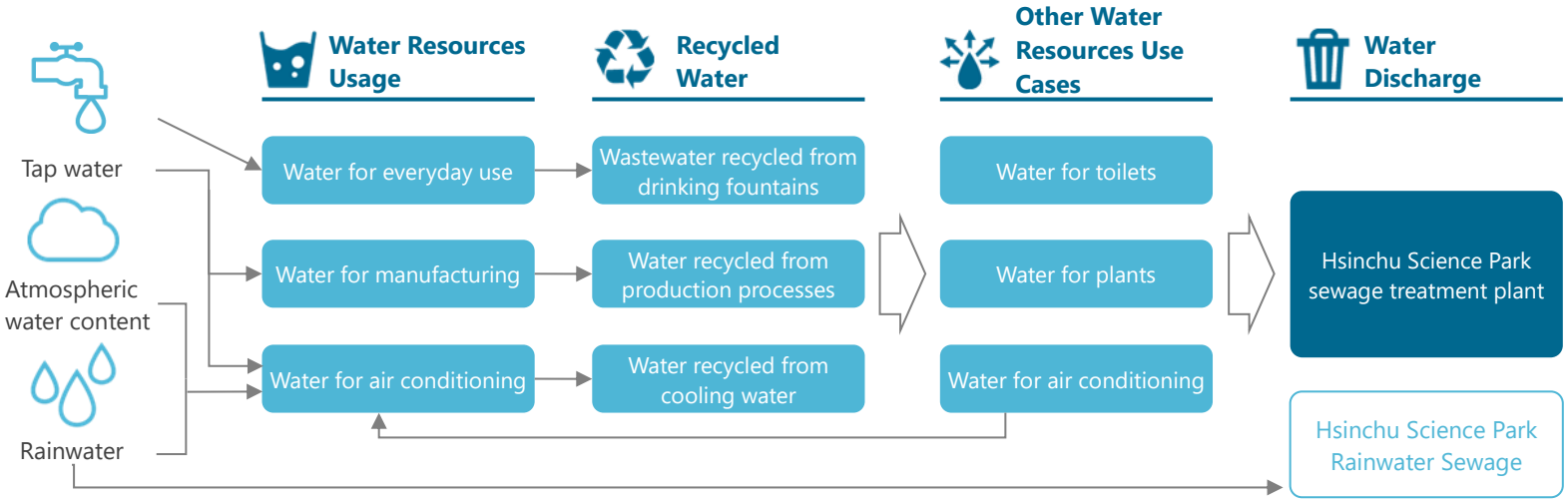
Water Usage at WNC (Taiwan) and WNC's Sites in China

| Area | | Water Supply Output of the Area | | Impact degree | Water Risk Level Note 2 |
|---|---|---|---|---|---|
| | | Main Source of Water | Annual Water Supply Output (megaliters) Note 1 | | |
| Taiwan | Hsinchu | Baoshan Reservoir and Baoshan Second Reservoir | 1,157,000 | 0.0145% | 2-3 |
| China | Kunshan | Yangtze River and Kuilei Lake | 402,266 | 0.0606% | 2-3 |
| | Nanjing | Yangtze River | 880,380 | 0.0005% | 1-2 |

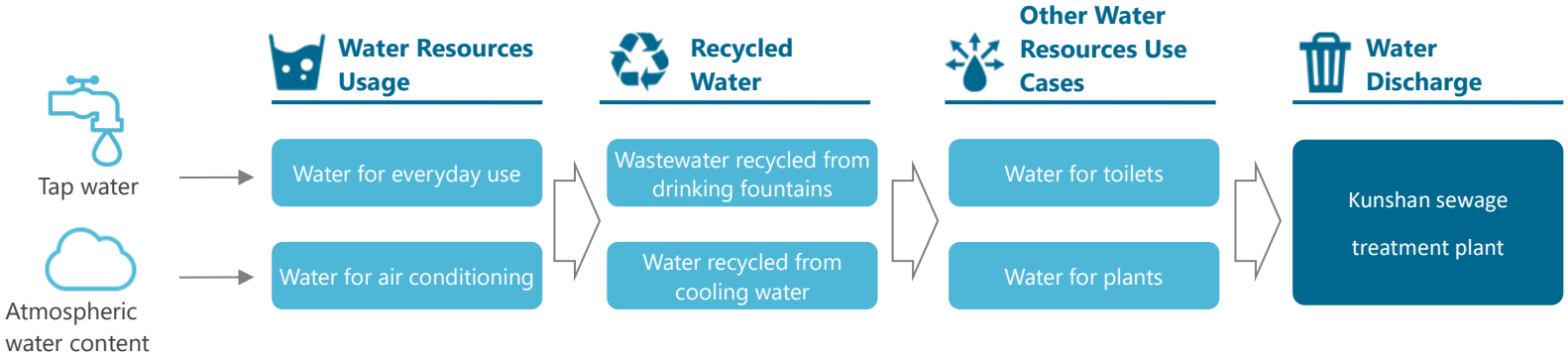
Note 1：The annual water supply output of the reservoirs in the Hsinchu region are announced by the Water Resources Agency of the Ministry of Economic Affairs; while the annual water supply outputs of Kunshan and Nanjing are estimated based on the daily water supply outputs announced by the responsible water companies respectively.
Note 2：The water risk levels are determined based on the risk levels announced by World Resource Institute (WRI) for areas across the globe, ranging from the lowest level (0–1) to the highest level (4–5).

The main source in Taiwan is the Baoshan Reservoir and Baoshan Second Reservoir in Hsinchu. Besides the water used in the washing process at S1 since July 2017, the rest is all wastewater from everyday use, which is planned discharge. WNC(Taiwan) complies with the "Regulation for the Use and Management of Wastewater Treatment and Sewage System in the Science-based Industrial Park", Before discharging wastewater into the Hsinchu Science Park sewage system and to the sewage treatment plant, WNC determines whether the water quality meets the “Wastewater Discharge Quality for the Sewage System of the Hsinchu Science Park” and uses a dedicated pipeline to treat the wastewater until it meets national effluent standards and the values stated in Hsinchu Science Park environmental evaluations. Wastewater is subsequently discharged into the Koya River through a dedicated pipeline. The main water sources in Kunshan, China are the Yangtze River and Kuilei Lake, and all wastewater discharged is from domestic sewage. The water discharge shall be calculated as half of the water drawn which is used as the amount used to determine wastewater disposal fees. The plants located in Kunshan, China discharge wastewater to the Kunshan sewage treatment plant in accordance with the ”Wastewater Quality Standards for Discharge to Municipal Sewers”, and these treatment approaches have not had any significant impact on water sources.

Water Balance in Taiwan




Water Balance in Kunshan



## Water Conservation

Compared to 2017, the total water withdrawal decreased by 2.0% in WNC (Taiwan) due to the continued promotion of water recycling and water conservation measures in 2018. In 2019, the base year of the water management target in Taiwan will be adjusted due to establishment of S2, and a new water management target will be set after the 2019 water consumption data from S2 is compiled. Recycled water makes up approximately 36.9% and 3.8% of the total water withdrawn in WNC (Taiwan) and WNC's sites in China, respectively.

Water Conservation Effects in Taiwan in 2018

| Site | Item | Source | Amount of Saved Water (megaliters) | Conservation Benefits Note3 (NT$) | Total Water Withdrawal (%) |
|---|---|---|---|---|---|
| WNC Head-quarters Note1 | RO water from the drinking fountains | Tap water | 0.995 | 12,835.5 | 0.83% |
| | Cooling water conductivity drainage | Tap water, rain, and atmospheric water content | 2.654 | 34,236.6 | 2.21% |
| | Air conditioning condensation | Atmospheric water content | 1.348 | 17,389.2 | 1.12% |
| | Rainwater | Rainwater | 0.485 | 6,250.1 | 0.40% |
| | | **Subtotal** | **5.482** | **70,711.4** | **4.57%** |
| S1 Note2 | Water-saving mist faucet | Tap water | 6.276 | 82,843.2 | 5.23% |
| | Cooling water conductivity drainage | Tap water, rain, and atmospheric water content | 7.912 | 104,438.4 | 6.59% |
| | Air conditioning condensate and process water purification system wastewater | Atmospheric water content and tap water | 29.114 | 384,304.8 | 24.25% |
| | Rainwater | Rainwater | 1.752 | 23,126.4 | 1.46% |
| | | **Subtotal** | **45.054** | **594,712.8** | **37.53%** |
| | | **Total** | **50.535** | **665,424.2** | **42.09%** |

Note 1:
- RO water from the drinking fountain: 0.56 tonnes of water is dispensed from every tonne of tap water that enters into the drinking fountain. The total number of employees is used to calculate the total amount of drinking water and then the amount of water recycled during the year
- Cooling water conductivity drainage: The amount of recycled cooling water during the year is estimated based on water meter reading records
- Air conditioning condensation: The estimated amount of water saved is calculated using the half year period from May to October (when temperatures are higher than average) and based on 22 workdays per month and 10 work hours per day, taking into account the air volume, density and humidity ratio of each air conditioner.
- Rainwater: The amount of recycled rainwater during the year is estimated based on the volume of water in the rainwater tank and the actual daily precipitation calculated by the Central Weather Bureau.

Note 2:
- Water-saving mist faucet: The amount of water saved during the year is estimated based on the number of water-saving faucets installed at the factory, the number of users, and the use duration.
- Cooling water conductivity drainage, air conditioning condensation, and process water purification system wastewater: The amount of recycled water during the year is estimated based on water meter reading records.
- Rainwater: The amount of recycled rainwater during the year is estimated based on the volume of water in the rainwater tank and the actual daily precipitation calculated by the Central Weather Bureau.

Note 3:
- The water conservation benefits for WNC headquarters are calculated using NT$12.9 per tonne, while NT$13.2 per tonne is used for S1.

Water Conservation Effects in China in 2018 Note1

| Site | Item | Source | Amount of Saved Water(megaliters) | Conservation Benefits Note 2 (CN¥) | Total Water Withdrawal (%) |
|---|---|---|---|---|---|
| WNC (Kunshan) | Water-saving mist faucet | Tap water | 4.368 | 17,952 | 1.76% |
| | Air conditioning condensation | Atmospheric water conten | 4.536 | 18,635 | 1.83% |
| | | **Subtotal** | **8.904** | **36,595** | **3.59%** |
| Wistron NeWeb (Kunshan) | Water-saving mist faucet | Tap water | 4.992 | 20,517 | 2.01% |
| | RO water from the drinking fountains | Tap water | 4.770 | 19,605 | 1.92% |
| | | **Subtotal** | **9.762** | **40,122** | **3.94%** |
| WebCom (Kunshan) | Water-saving mist faucet | Tap water | 3.120 | 12,823 | 1.26% |
| | | **Total** | **21.786** | **89,540** | **8.79%** |

Note 1:
- Water dispenser RO recovery: Calculate the total amount of drinking water according to the total number of employees, and estimate the amount of water recovered throughout the year.
- Water-saving mist faucet: The bathroom hand-washing faucet was converted to a spray shower faucet, and the saving ratio was computed based on the number of faucets.
- Air conditioning condensate recovery: The amount of recycled water during the period from April to October is estimated at 26 working days per month and 24 hours per day based on the air volume, density and humidity ratio of each air conditioner.

Note 2:
- The water conservation benefits for WNC's sites in China are calculated using CN¥4.11 per tonne.

## Daily Energy-Saving Measures

| | Energy-Saving Measures in All Sites | WNC (Taiwan) | WNC's sites in China |
|---|---|---|---|
| Enhancing Electricity Usage Efficiency | ■ Maintain air-conditioning temperatures at 26 °C ± 2 °C in the summer<br>■ Lighting is only used in active sections of the production line<br>■ Manufacturing process exhaust systems are automatically adjusted using variable frequencies<br>■ Water dispensers are time-controlled | ■ Employees are encouraged to use the stairs instead of elevators.<br>■ 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.<br>■ Implemented floor-access controls for the elevators.<br>■ Manufacturing process exhaust fans are installed with PID control and automatically adjust using variable frequencies.<br>■ Parking lot illumination is managed with time switching and induction lighting.<br>■ Lighting designs meet CNS standards and adjust according to light attenuation values to avoid over-illumination.<br>■ Signage, guardhouse lighting, and air-conditioning are powered by three wind generators; they can generate approx. 5,184 kWh annually.<br>■ Air compressors use load balancing between variable-frequency and full-frequency units to reduce power consumption. | ■ Adopted occupancy-based lighting with automatic brightness adjustment for aisles and machine rooms in the plants. |
| Air-conditioning Control | ■ Make-up air unit (MAU) air-conditioning used during winter to reduce indoor temperatures.<br>■ Cooling towers and fans are installed with temperature-control and frequency-conversion features. | ■ Uses a heat recycling system in its main cooling unit.<br>■ Uses tunneling to reduce external air input temperatures and lessen air-conditioning loads.<br>■ 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.<br>■ Thermostat-controlled air-conditioning; air-conditioning is also controlled by zone and time to avoid wasting power due to over-cooling. | ■ Introduced heat recovery systems, enabling dehumidification in the summer and eliminating the need for purchasing diesel fuel in the winter<br>■ Added insulating cotton for the SMT process exhaust duct to reduce electricity consumption in the summer<br>■ Adopted a central air-conditioning cooling system to raise the operational power of SMT reflow ovens and save power.<br>■ Variable frequency operations is adopted in air conditioning units to reduce energy consumption. |
| Waste reduction Lifestyle Measures | ■ Energy conservation and waste reduction slogans and posters posted in the public areas.<br>■ Health and lifestyle seminars, Earth week activities held to promote environmental protection awareness.<br>■ Promotion of programs for a paper-free office and encouragement of employees to recycle resources and reduce waste<br>■ Disposable eating utensils or paper cups are not provided.<br>■ Canteens only use reusable eating utensils.<br>■ Savings on office supplies | ■ Dissolvable, short-fiber toilet paper used to reduce garbage.<br>■ Steel pallets used in the production line and wooden pallets are reused. | |
| Water Conservation Measures | ■ Using induction mist faucets in restrooms and setting water taps in tea rooms to the minimum water discharge level.<br>■ Implementing water-saving projects | ■ 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.<br>■ Reduced irrigation water<br>■ S1 Ultra-pure water equipment recycling wastewater | |

# Strengthening the Value Chain & Social Relations

05

**Customer Relations**

**Supplier Management**

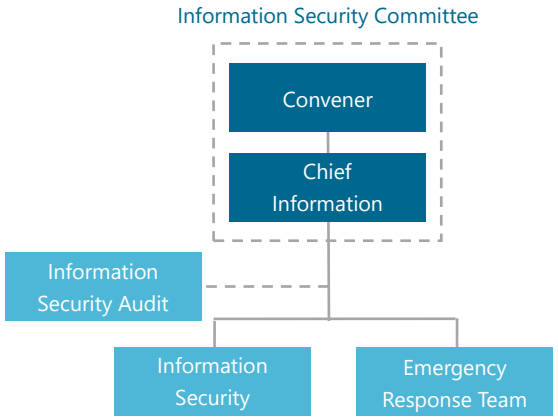
**Contractor Management**

**Participation in Society**

# 5.1 Customer Relations

## 5.1.1 Confidential Information Protection

WNC strictly complies to the stipulations of contracts made with customers as well as any non-disclosure agreements. To implement confidential information control, WNC formulates an Information Security Policy, and in 2014 the Information Security Committee was established to be in charge of promoting information control measures. This committee includes three function teams: an Information Security Team, an Emergency Response Team, and an Information Security Audit Team, where all their team leaders are the information security officer that is assigned to the top manager of the Digital Management Information Systems Div. The committee is comprised of top-tier managers of each unit and is convened by the President & CEO. The committee holds auditing meetings semi-annually to ensure implementation and execution of relevant information security policies, laws, and regulations and to review the risk evaluation methods and results reported by these teams, in order to avoid leaking confidential operation-related information belonging to WNC and its customers. In 2018, WNC had no litigation record for breach of customers' confidential information and no cases on appeal.




Information Security Training Courses held at WNC (Taiwan) in 2018

| Course Name | Intended Audience | No. of Participants | No. of Hours |
|---|---|---|---|
| Introduction to the RD Cloud Information Security Management Mechanism | Newly-recruited employees | 270 | 76 |
| Introduction to the Information Security Policy of WNC and the Resources of the MIS Division | Newly-recruited employees | 246 | 122 |
| Promoting E-mail safety | WNC employees | 88 | 88 |
| Increasing awareness of potential weaknesses in information security, fraud, and precautionary countermeasures | WNC employees | 78 | 117 |
| Increasing awareness of information security policies, trends in hacker attacks, and precautionary countermeasures | WNC employees in the Digital Management Information Systems Div. | 63 | 126 |
| | **Total** | **745** | **529** |

**Information confidentiality**

- Implementing customer code management, information disclosure management, an auditing mechanism, and the classified protection stipulations of data and documents to enhance confidentiality of customer information.
- Uploading confidential information, documents, and other customer material related to business to an internal system through an encryption mechanism for strict control; accessing the system with an appropriate, password protected account; and applying on-line decryption and allowing peruse of documents only after obtaining approval to enhance confidentiality of customer information.

**Supervision and control**

- Deploying data loss protection products to filter inappropriate content and prevent leakage of confidential information even when the transmission channels are unlocked with unlimited access for read and write operations.
- Importing a system for management of high-privilege accounts to preserve operational tracking of logins to such accounts for further review.

**Internal promotion**

Promoting and communicating security-related policies to all employees through training and internal announcements. Information security training was arranged in 2018 and 745 employees have completed the training.

**External cooperation**

Requesting suppliers to sign non-disclosure agreements and arranging schedules for confirming the information security measures taken by suppliers, sharing experiences, auditing and encouraging suppliers to efficiently cooperate and abide by relevant information security management stipulations.

In 2018, WNC enacted the following two projects to enforce security of our information environment:

1. Data Loss Prevention (DLP) System: To strengthen channels against data leakage, provide a real-time supervision blocking mechanism; and provide basic security protection required by employees to safely access the Internet while ensuring the safety of WNC's computers during internal and external data exchange. WNC introduced the protection management system for preventing confidential information leakage. The system has content filtering and comparison functions, controlling how users send confidential information. It monitors information, including patent, intellectual property, employee, R&D, and financial information, to prevent leakage of any confidential information of our customers.

2. Privileged Identity Management (PIM): To defend against threats posed by "Secretly-created back door account" and "Scanning the logged/recorded passwords," and in response to the demands of information management; linkage activities of privileged accounts will be actively audited and managed for access control, tracking of the linkage activities, and the capacity of post review.

In 2019, WNC will continue to implement the five information security projects below. The main scheme of the implementation will be to attain the right balance between digital transformation and information security:

1. Data Loss Prevention (DLP) system: WNC will continue to optimize this system to comply with the control principle specified in the regulations and company policies.

2. M365 control system: Security and integrity of company data can be reinforced when employees use the relevant information systems and services of the company by connecting mobile ICT devices to the network. The high fault tolerance and high reliability of a cloud platform provides greater opportunities for deploying information systems.

3. Document encryption protection system: This provides an encryption protection mechanism for the company's confidential and sensitive documents. Files without authorization cannot be opened or used if they are sent to an external party or otherwise removed.

4. Intranet optimization project: In this project, WNC continues to build highly available and secure network structures and protection mechanisms to prevent operational interruption by single-point failure (SPOF) of network equipment.

5. Intranet network access control system: Only computers and mobile ICT devices that are company assets can connect to the company intranet in order to strengthen the network security of the company.

## 5.1.2 Customer Satisfaction Performance

Customer Focus has always been one of WNC's core value. 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, in order to provide our customers the best technical support and after-sales services.

Pertinent business groups or units, the quality assurance group, R&D, production planning, and manufacturing units are designated as the point-of-contact for each different customer. According to project needs, customers and pertinent point(s)-of-contact participate in weekly and monthly meetings to review product development progress and each item's achievement rate. Each business group/unit, also appoints representatives to participate in a quarterly supplier business review meeting with their respective customer to immediately communicate and build mutual trust.

WNC's Customer Service Dept. performs customer satisfaction surveys in the fourth quarter of every year, where the questionnaire collection rate for crucial customer groups of each business group/unit must reach 70% or above to ensure customer requests have been responded to in a timely manner and to understand the customer's thoughts and expectations regarding each business group/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 problems according to customers' explanations and suggestions, and the drafting of an improvement and execution plan. The response will be reported to the respective customer directly from each business group/unit.

We set our customer satisfaction score target for 2018 at 90, and the evaluation items in the survey this year include:

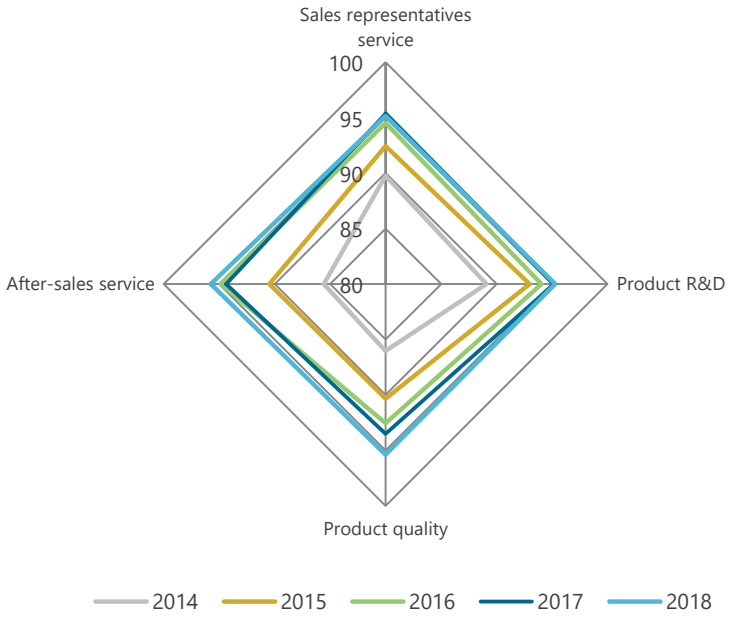
- Sales representatives service: order and account processing, price quotes and shipment efficiency, professionalism and efficiency of product/sales managers, overall satisfaction
- Product R&D: attitude, development time frame, specifications accuracy, technical capability
- Product quality: level of 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 in the Most Recent Five Years

| Year | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| Average Customer Satisfaction Score | 87.70 | 91.52 | 93.90 | 94.37 | 95.22 |

Despite the fact that different products and services offered by different business group/units lead to different satisfaction scores, the overall customer satisfaction remains high. In 2018, our customer satisfaction scores have climbed, among which "after-sales service" and "product quality" have garnered the highest and most improved scores in the customer satisfaction rating. For suggestions raised by customers, the responsible business group/unit shall communicate with the customers, reaffirming correspondent improvement policies while continuously striving to improve customer satisfaction.

Findings on Customer Satisfaction in the Most Recent Five Years



# 5.2 Supplier Management

## Global Supply-Chain Management Policy

■ **Policy**

WNC and our suppliers work hand in hand to maintain a sustainable supply chain through continuous optimization of supplier-management strategies and of operations efficiency. This facilitates balanced growth of operating profits, while protecting the environment and fulfilling social responsibilities, in order to realize increased value for all stakeholders.

■ **Mission Statement**

Based on the principles of supporting business development and improving competitiveness, WNC will continue to effectively manage and enhance our suppliers' performance in: quality, price, lead-time, services, environmental protection, and fulfillment of their social responsibilities. This enables us to develop an optimal supplier portfolio and purchasing guidelines, contributing to a responsible supply chain jointly managed by WNC and our suppliers.

WNC aims to build a world-class supply chain. To this end, we strategically designate dedicated contacts to provide each customer with sufficient information about supplier management and material preparedness, thereby enhancing the immediacy and transparency of information disseminated across the value chain. In order to ensure the sound operations of our suppliers, we review their performance quarterly, carry out random financial risk assessment of these suppliers, requested our strategic suppliers to conduct audits of quality systems and product/manufacturing procedures annually, and conduct random visits to inspect our PCB and institutional suppliers. In addition to requiring suppliers to enhance their performance in quality, delivery, service, and value, WNC also works with suppliers to implement P-D-C-A (Plan-Do-Check-Action) improvement cycles to achieve sustainable 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.

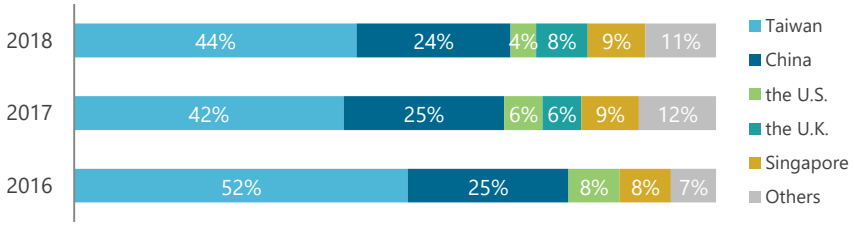
Apart from requesting that suppliers fulfill the relevant supplier evaluation standards, WNC considers supplier management to be one of its most effective tools for promoting social responsibility, conducting a supplier corporate social responsibilities audit (hereafter referred to as "supplier CSR audit"). Together with our suppliers, we endeavor to continuously attend to, as well as enhance the efficiency of, product and service quality, labor rights, occupational safety and health, and green products.

## 5.2.1 Local Procurement

In order 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. WNC established local purchase centers for the Taiwan headquarters and China sites, to take charge of local supplier selection and management. In 2018, local purchasing amounted to 52% of the total purchase amounts in Taiwan and 31% at the China sites.

Based on calculating the purchase amount of raw materials, components, and production consumables from different regions, WNC's main suppliers were from Taiwan, accounting for 44% of the total in 2018, while suppliers from mainland China accounted for approximately 24%, providing raw materials and components such as integrated circuits, circuit boards, display panels, electromechanical components, mechanical parts, and packaging materials. Other suppliers were from Europe, America, and other parts of Asia.

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




In 2017, passive components and RAM IC materials were in short supply, thus in 2018, the Global Supply Chain Management Division prepared policy-related material under the WNC internal management stipulation "procurement management procedure." Apart from emergency procurement from secondary sources, WNC adopted a dual source strategy to cope with changes in material markets and to reduce the risk of production interruption while waiting for materials. Meanwhile, the demands for contract manufacturing (CM) increased as a consequence of conflicts in the US-China trade row, and the suppliers of production consumables were included in the common material procurement process to be managed in general by the Global Supply Chain Management Div. Therefore in 2018, the number of suppliers for raw materials, components, production materials, and production consumables that had contract records with WNC (Taiwan) and sites in mainland China increased to 881, from 776 in 2017.

## 5.2.2 Supplier Selection and Assessment

### New Supplier Investigation

Our Global Purchasing Center is responsible for requesting an investigation of new suppliers based on materials procurement requests, and assembling an investigation team to conduct an audit in written form or a 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. This team conducts investigations on candidates regarding their operating services, quality management systems, R&D capabilities, and manufacturing process. At the same time, we will request candidate suppliers to comply with the "WNC Supplier Code of Conduct." The suppliers who meet the standards set by WNC will be included in the AVL (Approved Vendor List). Should suppliers fail to meet the required qualification criteria, they will be required to improve within a limited time period, or they will be disqualified as WNC suppliers. In exceptional circumstances, these suppliers will be subject to conditional approval processes. In 2018, a total of 124 new suppliers were assessed according to the "Supplier Evaluation and Management SOP" and were included in WNC's AVL. Among them, 21 suppliers completed the new supplier corporate social responsibility investigation plan, accounting for 16.9% of AVL.

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 IATF 16949 verification is a key consideration during the selection process. WNC also encourages all suppliers to obtain the TL 9000 QMS, ISO 14001 and OHSAS 18001 management systems certifications. Besides asking our suppliers to sign relevant documents for protection of intellectual properties such as "WNC Security NDA" and/or "Restricted Project Acknowledgement," from 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.

### Supplier Performance Evaluation

- Quarterly evaluation:
  WNC assembles representatives from the Global Purchasing Center, Supplier Quality Management Center, and R&D units to form 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 RBA 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 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 on 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 of vendors. As of the end of 2018, a total of 761 suppliers have completed VPE in accordance with the latest 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 to examine routine product-defect handling processes. Suppliers who have received evaluations are invited to conduct a joint review and develop proposals for improvement. WNC also assigns personnel to review and propose improvement measures to assist, guide, and educate the suppliers. In 2018, a total of 639 sessions on supplier on-site auditing and counseling were held at the WNC headquarters, WNC (Kunshan), Wistron NeWeb (Kunshan), and WebCom (Kunshan)

## 5.2.3 e-Supplier Management System

WNC selects suppliers who can provide good quality, stable delivery, reasonable cost, and outstanding services according to supplier evaluation management standards. Through our 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

SRM was designed in 2016 by the Global Supply Chain Management Division, and officially launched in March 2017. This supplier relations management platform was built to collect and organize information such as supplier activities, a recommended vendor list, product strategies, and customer/supplier audits. In 2018, a new CSR section was added, which includes the CSR declaration, investigation sheet, and letter of commitment for new suppliers, to facilitate further management and calculation. Its purpose was to identify market trends and supplier activities, foster supplier relations, and develop strategies for sustainable development through information sharing.

### Supplier Management System (SMS)

The Supplier Management System collects and organizes the quarterly Vendor Performance Evaluation (VPE) related documents. Relevant units may utilize the system to continue to support our suppliers to ensure that suppliers continue to fulfill their commitments for performance.

### Electronic request for quotation platform (e-RFQ)

To ensure openness, transparency, and competitiveness of the quotation process, WNC added a customized electronic quotation platform in 2017 to enhance communication efficiency with suppliers through systematized standard operation procedures and quotation management mechanisms.

### 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 both product quality and delivery meet expectations, and to prevent quality problems and waste. In 2018, 92 suppliers were using Q-Kanban, and 2,834 components were monitored to ensure quality though Q-Kanban.

### MFDS (Material Forecast & Delivery System)

This system was launched at the end of June 2016. Suppliers may access the system to check WNC's material demands for the following 25 weeks and respond with delivery times of orders and inventory conditions, thus saving time used sending and receiving e-mails and reducing information security risks. WNC can also adjust manufacturing schedules instantaneously to enhance the turnover rates of inventories.

## 5.2.4 Green Procurement

In order to create a green supply chain, to keep abreast of international trends and meet 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. It requires suppliers to include green management principles in their supplier management systems. Regarding manufacturing, green-product design, and hazardous substances source management, WNC began requiring suppliers to sign a Supplier Quality Agreement in 2006, and our sites in China 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. WNC also requires suppliers to 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 banning prohibited substances harmful to the environment.

To better collate the documents for suppliers to sign, we added relevant terms to the Supplier Quality Agreement in April 2018, requesting suppliers to abide by the RBA CoC, promise not to use conflict minerals, and to submit any relevant reports. In 2018, 20 more suppliers of raw materials, components and production materials 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 realizing a green supply chain.

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 countermeasures for improvement and prevention. Also, the part-certification process of the Production Part Approval Process (PPAP) was optimized with clear inspection checklists and regulations in 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.

## 5.2.5 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, and has declared a policy to exclude conflict minerals. WNC supports the Responsible Minerals Initiative (hereafter

referred to as "RMI") that was initiated by the RBA (Responsible Business Alliance) and GeSI (Global e-Sustainability Initiative); adopts the Conflict Minerals Reporting Template (CMRT) stipulated by them to conduct conflict mineral investigation for suppliers; and identifies supplier risk levels based on the investigation results in accordance with WNC's conflict minerals management procedure to avoid using illegal minerals from areas of conflict.

Since 2010, WNC has annually conducted investigation requiring suppliers to ban any use of conflict minerals, or to submit their own policies for conflict minerals for review. WNC investigates whether the smelters associated with our suppliers participate in the RMAP (Responsible Minerals Assurance Process) through CMRT and encourages the suppliers to assist those smelters that have not participated in RMAP to do so and strive to be qualified smelters in accordance with the RMAP stipulations. In 2018, 593 suppliers have been investigated, and the results are presented in the table below:

2018 The Use of Smelters by WNC's Suppliers

| Number of Suppliers Surveyed Note | Suppliers | | Smelters | |
|---|---|---|---|---|
| | No use of conflict minerals | Under Investigation | Participated in RMAP | Not participated in RMAP |
| 593 | 237 | 0 | 336 | 20 |

Note: Refers to the component suppliers with procurement records with WNC from June 2017 to May 2018, where investigation for conflict minerals of their projects with WNC in 2018 has been requested.

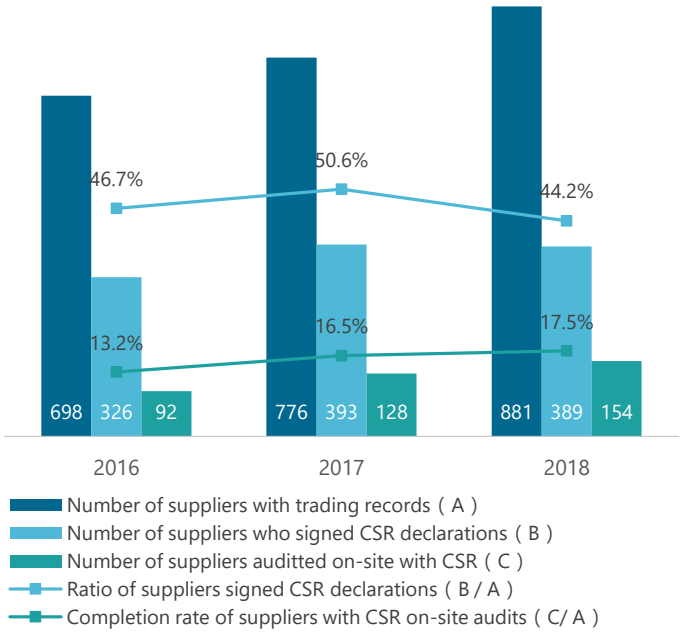
## 5.2.6 CSR Audit

WNC has formulated the "WNC Supplier Code of Conduct" and requires all new suppliers to sign the "Supplier CSR Declaration" and the "WNC Group Supplier's Commitment for Code of Ethics," in which they shall declare their commitment to fulfilling social responsibilities, guarantee and promise to ban child labor and forced labor, implement occupational safety and health management, fight against bribery and corruption, promote fair trade, and support employees' freedom of association and bargaining rights with management. WNC also asks its suppliers to fill out the "WNC Supplier CSR Questionnaire" in order to ascertain supplier's implementation outcome in the areas of labor, health and safety, environmental protection, management systems, and business ethics.

In October 2013, WNC officially launched its supplier corporate social responsibility audit (hereinafter referred to as the "supplier CSR audit") program, in which different types of major suppliers are divided into A (high risk: Suppliers providing printed circuit boards, paint, plastic injection parts, electroless plating, and stamped parts), B (moderate risk: Suppliers providing antennas, packing materials, cables, adapters, connectors, and passive elements) and C (low risk: Suppliers providing other electronic materials) according to the level of risk they exhibit in aspects of labor, ethics, health and safety, and environment and management systems. Further, WNC requests select suppliers to conduct a CSR audit based on: "top 10 suppliers in previous year's incoming quantities without being audited in the past year;" "strictly complying with customers' CSR requests;" and "prioritized deficiencies in previous year's audit," and includes them in the annual CSR audit scheme. With the exception of specific suppliers designated by customers, Group C suppliers are only subject to document review given the low level of risk they exhibit, while the other two groups of suppliers must undergo supplier CSR audits according to the following four steps and be assessed on aspects of labor, ethics, health and safety, environment, and management systems.

As of the end of 2018, 389 suppliers have signed the "Supplier CSR Declaration" and 154 suppliers have completed the CSR audit, accounting for 44.2% and 17.5%.of the number of suppliers that had contract records in 2018.

Number of Suppliers with: Trading Records, Signed CSR Declarations with WNC, and On-site Audits in the Recent Three Years



**A**
Mechanical-design suppliers in the fields of printed circuit boards, paint, chemical plating, plastic injection parts, and stamped parts

**B**
Electromechanical- design suppliers in the fields of antennas, packaging materials, wiring, adapters, connectors, and passive components

**C**
Other electronic material suppliers

**3 Types**

**4 Steps**

1. Suppliers complete corporate social responsibility training and self-evaluation.
2. WNC designates personnel to audit each supplier's production line and office.
3. WNC requires that suppliers address nonconformities in a timely manner and make continuous improvement.
4. Perform a complete audit and report results

**5 Aspects**

**Labor**
- Freely chosen employment
- Young workers
- Working hours
- Wages and benefits
- Humane treatment
- Non-discrimination
- Freedom of association

**Environment**
- Environmental permits and reporting
- Pollution prevention
- Hazardous substances
- Wastewater and solid waste
- Materials restrictions

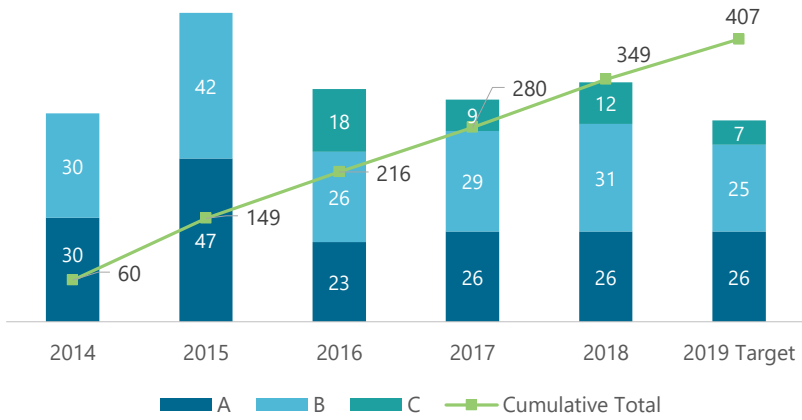
**Ethics**
- Business integrity
- Compliance

**Mgmt. System**
- Organization and responsibility
- Policy and process
- Operation and evaluation

**Health & Safety**
- Occupational safety and machine maintenance
- Occupational injury and illness
- Health and safety communication
- Sanitation, food, and housing

Responding to the requests of key customers, more suppliers designated by the customer were audited. In 2018, 69 suppliers have completed the CSR audit, exceeding the target of 68, including 26 suppliers from Group A, 31 suppliers from Group B, and 12 suppliers from Group C. In 2019, the target number of suppliers for audit is 58, including 26 Group A suppliers, 25 Group B suppliers, and 7 Group C suppliers. We expect to complete the CSR audit a total of 407 times by the end of 2019.

CSR Auditing Times of WNC Suppliers and Targets in the Previous Years




In 2018, 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 RBA regulations and continuous improvement pursuant to the "Supplier Evaluation & Management SOP." In 2018, no partnerships with suppliers were terminated because of CSR audit results or due to improvements failing to meet the required standards.

## 5.2.7 Supplier Relations

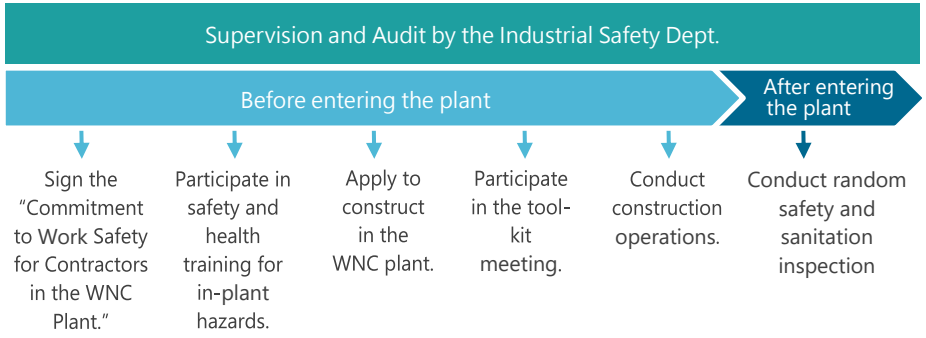
Developing long-term partnerships with suppliers has always been a very important operational policy of WNC. In addition to the annual performance review, WNC gives awards and expresses its gratitude to suppliers for their outstanding performance and special contributions at the annual Wistron Group Vendor Conference. WNC also reviews its outlook with the supplier on product and service quality while exchanging information on industry trends in order to release products and services that meet market needs, and WNC CSR regulations, as well as our expectations. In 2018, a total of 95 WNC suppliers participated in the Wistron Group Vendor Conference, and 6 outstanding suppliers were awarded on the occasion.

# 5.3 Contractor Management

WNC has drawn up a Contractor ESH Management Procedure to ensure the safety of both contractors and WNC employees, 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 Work Safety for Contractors in the WNC Plant" before applying to conduct in-plant operations, and are required to participate in the Notification of in-plant hazards and educational training for safety and health organized by the Industrial Safety Dept. After being approved for in-plant operations, the employees of our contractors must participate in a tool-kit meeting to study the hazards that personnel must pay especial attention to in the plant along with relevant safety procedures, and conduct in-plant operations after confirming the operation details with the responsible managers under supervision and assessment of the ESH management units.

In 2018, there was no incident of death, serious occupational accident, injury, or illness for WNC contractors in Taiwan.

Operation procedure for contractors in the WNC plant:




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 pertain to 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 the number of their 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 2018 are listed below:

Contractor Safety and Health Management Results in WNC (Taiwan)

| Item | 2016 | 2017 | 2018 |
|---|---|---|---|
| No. of construction applications | 2,775 | 3,886 | 3,589 |
| No. of high-risk operations applications | 1,394 | 1,270 | 1,804 |
| No. of contractors that signed the "Commitment to Work Safety for Contractors at the WNC Plant" | 108 | 167 | 129 |
| No. of participants in the training courses for contractors | 733 | 654 | 1,015 |
| No. of contractors evaluated for safety and health performance | 88 | 136 | 103 |

- In 2018, there were 958 and 2,631 construction applications for WNC headquarters and S1, respectively, a total of 3,589 construction applications. 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. In 2018, there were 569 applications for the WNC headquarters and 1,239 applications for S1, respectively, a total of 1,804 high-risk operations applications.
- A total of 129 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). A total of 1,015 contracting personnel participated in the training for the hazards that personnel must pay especial attention to in the plant, with the completion rate reaching 100%.
- 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 2018, a total of 103 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.
- In order to bolster the fulfillment of responsibilities by contractors (including security guards, on-site food-service vendors, and cleaning staff) with respect to labor rights, non-discrimination, ethics, anti-corruption, violation reporting, and occupational safety and health issues, starting 2016, the contracts for all contractors request that they meet the requirements in the "WNC Supplier's Code of Conduct" and sign the "Supplier's Commitment for Code of Ethics", "Supplier CSR Questionnaire", and "Supplier CSR Declaration" before the contracts are effective.

In 2018, the Industrial Safety Dept. continued to optimize the contract management system, implement the machine safety check system, and rectify and reform the engineering management system. To reinforce the responsibility of supervisors for safety and health management, WNC often reminds employees about the safety and health controls placed on high-risk operations.

Optimization of the Contractor Management System in WNC (Taiwan)

| Item | Practice |
|---|---|
| Machine safety check system for contractor equipment | WNC regulates contractor's equipment, including folding ladders, self-propelled vehicles, gas cylinders, electric welding devices, grinders, and extension cords. Machines are examined before being brought into the factory to ensure that they comply with safety standards. Qualified machines are labelled. |
| Rectification and reformation of the Engineering management system | WNC highlights the precautions necessary for safety and health control in high risk operations during supervisor training, such as hot work, height work, suspension work, work in confined spaces, and work proximate live electricity. |
| Advanced training for supervisors | WNC has established a management system to ensure good communication with contractors on safety and health management issues. |

WNC aims to strengthen contractors' safety and health management during construction, coordinate on-site operations, and build a clear communication channel with our contractors. Therefore, WNC convenes an annual contractor agreement organizational meeting. Furthermore, WNC invites supervising units and their respective executive units to the meeting to discuss special operations requiring coordination thereby ensuring the operational safety of WNC employees and contractors.

# 5.4 Participation in Society

WNC organized a series of social welfare projects and activities based on the themes of providing opportunities for education and assisting disadvantaged groups. WNC's employees, customers, and suppliers were invited to take part.

## 5.4.1 Assisting University Service Clubs

To encourage college students to apply their knowledge to serve and care for people, serve as volunteers, and further uphold the value of caring for society, WNC provides long-term subsidies for student clubs at the National Tsing Hua University (NTHU) and the National Cheng Kung University (NCKU). Through its cooperation with the NTHU Aboriginal Culture Club, the NTHU Science Promotion Club, the NTHU WHYOU Club, the NCKU Social Service Team, the NCKU Philanthropy Club, and the NCKU Students Service Club, WNC helps college students promote after-school assistance and science education for children from remote areas in Taiwan or from 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. 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. In 2018, WNC and its employees contributed a total of NT$820,000 to these six student service clubs.

### Class Counseling and Science Education

The university service clubs sponsored by WNC mainly helps children in special education classes or child care homes. Besides providing class counseling for these children, from time to time, members of the aforementioned university service clubs also organize short-term camp activities during summer/winter break, enabling these children to obtain knowledge outside of school classes and stimulating their interest in new things.

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.

The class counseling sessions and short-term camp activities organized by university service clubs in 2018 are listed below:

| Event Type | Club | Recipient | No. of Participating Students |
|---|---|---|---|
| Class counseling | NTHU WHYOU Club | The special education class of Dongmen Elementary School, Hsinchu City | 15 |
| | NCKU Philanthropy Club | The child care home of the Tainan Home Of Philanthropy | 45 |
| Short-term camp activities | NTHU Science Promotion Club | Baoshan Junior High School, Hsinchu County | 20 |
| | NCKU Students Service Club | Xiakeng Elementary School, Kaohsiung City | 30 |
| | NCKU Philanthropy Club | Gouping Elementary School, Kaohsiung City | 23 |
| | NCKU Social Service Team | Taoyuan Elementary School, Chiayi County | 19 |

### Concern for Disadvantaged Students

The NCKU Social Service Team holds the "Little Shell Workshop" semi-annually to guide the kids of the Tainan Autism Association as they join in interactive games and courses. By doing so, the autistic children, nicknamed "the little seashells", can learn to interact with a crowd, and the public can get to know them better. In 2018, 23 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.

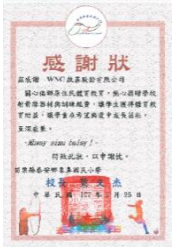
## 5.4.2 Rural Featured Education Development

WNC is concerned for disadvantaged children's education and understands the importance of developing rural education. Since 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, chorus, and dancing. In 2018, WNC and WNC employees donated NT$250,000 to subsidize the facilities, equipment, coach/teacher, and contest costs of the Tunan Elementary School.

The "Tunan Elementary School Development Project" had around NT$300,000 in remaining funds, which was used for organizing reading activities, painting, agricultural education (mushroom cultivating) courses in 2018.

In June 2017, WNC worked with Book Republic to jointly organize a charity book festival at Tunan Elementary school. We invited the famous children's book author, Zhang Mei-lan, to come to the school and tell stories to the students. The storytelling session was very well received by both the students and faculty of the school. In 2018, WNC worked with Book Republic again to invite a renowned storyteller to come to Meiyuan Elementary School in Miaoli County to provide an enriching reading experience for the students at the school. About 40 students participated in this activity. The storyteller used projector slides and lively, animated body gestures to stimulate students' interest and passion for reading, and materials brought to the event bolstered the reading and education resources available to the schoolchildren.

In June 2017, WNC's social care program started providing support to Siang Bi Elementary School in Miaoli County to help the school develop archery education, which will enable traditional Atayal hunting and archery culture to be passed on to future generations and facilitate the cultivation of young archery talent. In 2018, WNC employees have donated NT$200,000 to help Siang Bi Elementary School purchase archery equipment and participate in regional archery competitions. Besides archery, WNC also helped Siang Bi Elementary School develop music education. In 2018, students from Siang Bi Elementary School participated in a regional archery competition as part of a nationwide event and did well in the individual events.




In May 2018, WNC invited students and faculty from Siang Bi Elementary School to attend WNC Family Day and give performances. In October 2018, Siang Bi Elementary School invited representatives from WNC to participate in a joint athletics meet organized by five schools in Miaoli County. At the meet, representatives of Siang Bi Elementary school thanked WNC for their long-term assistance and presented WNC with a certificate of gratitude. The Siang Bi Elementary School archery team gave an archery performance at opening ceremony of the athletics meet, showcasing the fine archery skills of the Atayal tribe.

## 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 and during off-hours from Monday to Friday. By 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 30 employees participating in this project, 20 of which have obtained graduation certificates from the program.

To provide students in Hsinchu and its vicinity with work opportunities and to cultivate professional engineering talent, WNC started working with the Department of Industrial Management at the China University of Science and Technology (CUST) in 2017 to provide courses for the department's students. WNC provides dormitories and shuttle buses for the students, and the courses are taught by WNC employees. Students who pass the courses receive tuition subsidies, and designated teachers from CUST are stationed at the WNC dormitories to assist the students. In 2017, 21 students from the Department of Industrial Management at CUST took courses at WNC, 19 of which are currently still studying at WNC. In 2018, 47 students from the aforementioned department at CUST took courses at WNC, and it is expected that there will be 100 slots available for CUST students in 2019.

# 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. Through this platform, 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.

## Charity Sales Events

In August 2018, WNC designated the fifth of each month to hold the WNC Charity Day Sale. On this day, a charity organization invited by the Employee Relations Department holds a charity sale at WNC headquarters and S1, and employees are encouraged to shop at the sale to support charity. In 2018, five charity organizations participated in the WNC Charity Sale and had a combined sales revenue of NT$131,039, which accounted for nearly 40% of total WNC charity sales in 2018.

In 2018, WNC organized the WNC Green Market as well as themed charity sale events celebrating Chinese New Year, Mid-Autumn Festival, and Christmas, inviting the charity organizations listed in the chart on the right. The combined sales revenue of the events was NT$146,731.

## Charity Fundraising

WNC takes an active part in fundraising events, including organizing internal donation campaigns and encouraging employees to donate in response to major disasters or the special needs of colleagues and the community. Care, financial assistance, legal consultation, and/or funeral assistance are also provided for injured/seriously-ill employees or for family members of employees who pass away. In 2018, WNC provided the family members of an employee who passed away due to an accident with NT$30,000, and also provided three employees with NT$130,000 in emergency relief funding.

WNC also encourages employees to help those in need and donate to charity. For example, instead of choosing to receive company gift certificates or gifts to commemorate the Chinese New Year, the Dragon Boat Festival, and the Mid-Autumn Festival, employees may choose to donate an amount equal to the value of the aforementioned company gift certificates or gifts to charity. The money thus donated are given to 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 Siang Bi Elementary School in Miaoli County were also beneficiaries of the generosity of WNC employees. In 2018, WNC and WNC employees donated a combined NT$1,270,000, with employees contributing NT$771,059.

Charity Sale Events at WNC (Taiwan) in 2018

| Event Type | Participating Charities | | Revenue (NT$) |
|---|---|---|---|
| Charity Day Sale | Social Welfare Organizations | ■ Libertas Education Foundation<br>■ The Sunrise Opportunity Center, St. Joseph Social Welfare Foundation<br>■ Catholic Hua Kuang Social Welfare Foundation<br>■ Ji-xian Sheltered Workshop, Yu-Cheng Social Welfare Foundation<br>■ Gofe Sheltered Workshop, | 131,039 |
| Themed Charity Sales | Social Welfare Organizations | ■ Yu An Children's Home, Miaoli County<br>■ Libertas Education Foundation<br>■ The Sunrise Opportunity Center, St. Joseph Social Welfare Foundation<br>■ Man Fair Sheltered Workshop, Hsinchu City<br>■ The Sisters of the Good Shepherd<br>■ New Taipei City Autism Service Foundation<br>■ Mercy Land Welfare and Social Service Foundation<br>■ Rerum Novarum Center Zhudong Station | 146,731 |
| | Community Development Organizations | ■ Zhongxing Community Development Association, Zhubei City, Hsinchu County<br>■ Xincheng Community Development Association, Baoshan Township, Hsinchu County<br>■ Longsheng Community Development Association, Zaoqiao Township, Miaoli County<br>■ Xiangshan Community Development Association, Touwu Township, Miaoli County<br>■ Gaoyuan Community Development Association, Longtan District, Taoyuan City | |
| | Social Enterprises | ■ COSMICOS<br>■ FOLDnFOLD Engreeneering<br>■ Mountain Lodge | |
| amily Day Charity Sale | Social Welfare Organizations | ■ Yu-Cheng Social Welfare Foundation<br>■ The Welfare Foundation for Autism in Taichung, Taiwan<br>■ Kindgarden Bakery<br>■ Sunshine Foundation Taoyuan-Hsinchu Service Center | 87,490 |
| | Social Enterprises | ■ Buy NearBy | |
| | **Total Charity Sale Revenue** | | **365,260** |

## WNC Goods Sharing Platform

The WNC Goods Sharing Platform, which was launched in April 2017, gives WNC employees opportunities to help protect the environment, promote item reuse, and donate second-hand goods to those in need. In 2018, the Employee Relations Department organized five donation drives to encourage employees to donate items to schools in remote areas, charity organizations, and other colleagues. The items donated are listed below:

Items Donated to the WNC Goods Sharing Platform in 2018

| Month | Donation recipient / Event information | | Donated items |
|---|---|---|---|
| Aug. | 70 students at Siang Bi Elementary School | Employees were asked to donate requested items. Five members of the WNC Volunteers Club packaged and sent the donated items to remote schools in Miaoli County. | ■ 70 thermos water bottles<br>■ 70 raincoats |
| Aug. | Meiyuan Elementary School | | ■ A total of NT$73,125 was donated, which was used by the school to purchase 156 sets of sportswear. |
| Oct. | Man Fair Sheltered Workshop | Employees were asked to donate used paper bags. | ■ More than 500 used paper bags were donated. |
| Nov. | Man Fair Sheltered Workshop | WNC's Warehouse Management Dept. donated scrap pallets, which were repurposed as shelving for second-hand goods shops. | ■ 15 scrap pallets were donated. |
| | WNC employees | Employees were asked to donate children's books, which were then placed on the shelves of the WNC bookcrossing station located in the HQ Recreation Center for employees to read. | ■ More than 250 children's books were donated. |

## WNC Volunteers Club

The WNC Volunteers Club was founded in November 2017. In 2018, the club participated in three events:

- April 21, 2018: Club members went to the Ai-Heng Lohas Garden in Nanliao County, which belongs to the Man Fair Sheltered Workshop. The club members helped out with farm work, soil preparation, and weeding, and also participated in outdoor activities. A total of 12 club members participated in this event (10 employees and two family members of employees).
- September 8, 2018: Club members participated in a community promotion event for family support held by the Zhunan Family Support Service Center of the Child Welfare League Foundation. They helped the event staff to provide guidance to participants, distribute items, and take pictures. A total of five club members helped out at the event.
- September 15, 2018: Club members participated in the "Fall 2018 Beach Cleanup Event to Celebrate World Cleanup Day" held by the Hsinchu City Government. A total of eight club members took part in the event, where people cleaned the beach at Nanliao Ecological Sports Park.

The WNC Volunteers Club had 33 club members as of the end of 2018. The club will continue to participate in various volunteer activities and encourage more employees to do the same.

## Blood Donation

In April 2018, WNC (Taiwan) held a blood donation activity, in which 96 employees donated 151 units of blood. In line with the local government organizations and hospitals, WNC's sites in China also encouraged employees through public announcements to participate in blood donation. In July 2018, a total of 138 employees participated in blood donation activities.

Blood Drive in WNC (Taiwan)

## China Plants

In 2014, WNC employees voluntarily established the Mercy 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 2018, WNC helped three employees apply for a grant of CN¥1,600, and one winter quilt each from the "Sending Warmth and Assistance in the Cold Winter to Needy Families" activity organized by the Comprehensive Bonded Zone. In July 2018, WNC subsidiaries in China worked with hospitals and local government agencies to encourage employees to donate blood. A total of 138 employees at WNC subsidiaries in China donated blood in 2018.

## 5.4.5 Implementing the Good Food Movement

Since 2014, WNC has worked with Buy Nearby, a social enterprise, to promote the Good Food Movement. In 2018, due to its long-term support of social enterprises, WNC received the top tier award in the "New Product and Service of Social Innovation Purchase Reward Program" organized by the Ministry of Economic Affairs. The "Good Food Movement—Healthy Days Everyday" 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 and suppliers of organic fruits and vegetables, including leafy vegetables, melons, and gourds.

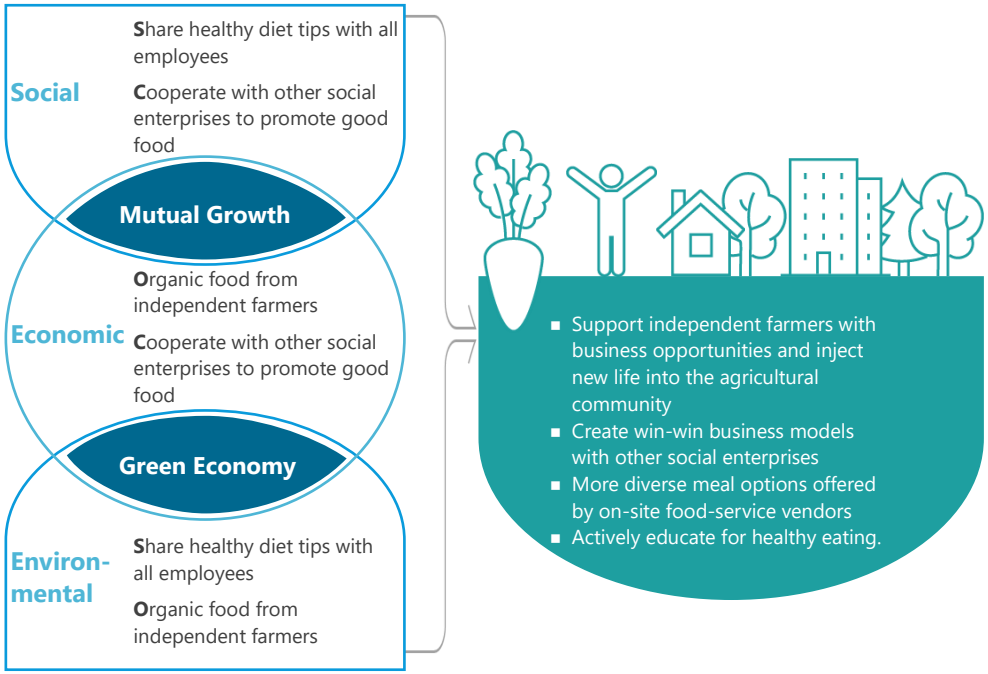
### Organic Food Contract

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.

### Expanding the Scope of Cooperation

In 2017, to diversify and improve the quality of the vegetables, we started to purchase organic vegetables from other vendors so that employees could enjoy more diverse organic produce. We hired the "Xin-yi fruits and vegetables" and the "Town South Organic Farm" as our organic produce catering providers; while at S1, we are still working with the social enterprise "Buy Nearby" to locate local farmers that meet WNC's needs and will 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 WNC'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 2018, the amount of purchases WNC made through on-site food-service vendors amounted to NT$7,858,919 including NT$3,929,460 paid by WNC and NT$3,929,459 paid by the Employee Welfare Committee.

## WNC Good Food Movement



# Appendix

06

**Assurance Statement**

**GRI Standards Index**

**SDGs Index**

# 6.1 Assurance Statement

SGS

## ASSURANCE STATEMENT

### SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE WISTRON NEWEB CORPORATION'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2018

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

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Winstron NeWeb Corporation (hereinafter referred to as WNC) to conduct an independent assurance of the Corporate Social Responsibility Report for 2018 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in this report.

The information in the WNC's CSR Report of 2018 and its presentation are the responsibility of the management of WNC. SGS has not been involved in the preparation of any of the material included in WNC's CSR Report of 2018.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all WNC's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured using our protocols for:

- AA1000 Assurance Standard (2008) Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008) at a moderate level of scrutiny; and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant. Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

**STATEMENT OF INDEPENDENCE AND COMPETENCE**

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

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The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, EICC, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

**VERIFICATION/ ASSURANCE OPINION**

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within WNC's CSR Report of 2018 verified is accurate, reliable and provides a fair and balanced representation of WNC sustainability activities in 01/01/2018 to 12/31/2018.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation 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 Standards in accordance with Core Option and AA1000 Assurance Standard (2008) Type 1, Moderate level assurance.

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

**Inclusivity**

WNC has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns.

**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.

**Responsiveness**

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

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

The report, WNC's CSR Report of 2018, is adequately in line with the GRI Standards in accordance with Core Option. The material topics 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 topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to explain the mechanisms for evaluating the effectiveness of the management approach specifically. More descriptions about the results of the evaluation of the management approach and specific actions aimed at improving performance are also encouraged. Also, the organization shall report the information about high-consequence work-related injuries as well as work-related injuries and ill health for workers who are not employees in China entities in future report.

**Signed:**
**For and on behalf of SGS Taiwan Ltd.**

AA1000
Licensed Assurance Provider
000-8

**David Huang**
**Senior Director**
**Taipei, Taiwan**
**15 May, 2019**
**WWW.SGS.COM**

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# 6.2 GRI Standards Index

## General Disclosures

| Topics | Disclosure | | Chapter | Page |
|---|---|---|---|---|
| Organizational Profile | 102-1 | Report the name of the organization. | 1.1 | 15 |
| | 102-2 | Report the organization's activities, the primary brands, products, and services. | 1.3 | 21-25 |
| | 102-3 | Report the location of the organization's headquarters. | 1.1.1 | 16 |
| | 102-4 | 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 | 16 |
| | 102-5 | Report the nature of ownership and legal form. | 1.1 | 15 |
| | 102-6 | Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries). | 1.3 | 21-25 |
| | 102-7 | 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 | 15, 20-21 |
| | 102-8 | Report on the total number of employees categorized according to gender, employee type (direct labor/indirect labor), contract type, and work area. (Report compiled to indicate any major changes to the number of employees) | 3.2.1 | 42-43 |
| | 102-9 | Describe the organization's supply chain. | 5.1 | 87 |
| | 102-10 | Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain. | About this Report | 1 |
| | 102-11 | Report whether and how the precautionary approach or principle is addressed by the organization. | 2.3 | 33-36 |
| | 102-12 | List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses. | Sustainment Management | 7-8 |
| | 102-13 | List memberships of associations (such as industry associations) and national or international advocacy organizations. | 1.1.4 | 19 |
| Strategy | 102-14 | 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 Chairman | 3-4 |
| | 102-15 | Provide a description of key impacts, risks, and opportunities. | 2.3 | 31-34 |
| Ethics and Integrity | 102-16 | Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics. | 1.1 | 15 |
| | 102-17 | Describe the organization's internal and external mechanisms for seeking advice about ethical and lawful behavior, and organizational integrity and reporting concerns about unethical or unlawful behavior, and organizational integrity. | 2.2.4 | 32 |
| Governance | 102-18 | 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 | 28-30 |
| Stakeholder Engagement | 102-40 | Provide a list of stakeholder groups engaged by the organization. | Identification of Stakeholders | 9 |
| | 102-41 | 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. | |
| | 102-42 | Report the name of the organization. | Identification of Stakeholders | 9-12 |
| | 102-43 | Report the organization's activities, the primary brands, products, and services. | Response to Stakeholders | 13 |
| | 102-44 | Report the location of the organization's headquarters. | Response to Stakeholders | 13 |

| | | | | |
|---|---|---|---|---|
| Reporting Practice | 102-45 | a. List all entities included in the organization's consolidated financial statements or equivalent documents.<br>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 |
| | 102-46 | a. Explain the process for defining the report content and the topic Boundaries.<br>b. Explain how the organization has implemented the Reporting Principles for defining report content. | Communication with Stakeholders | 8-13 |
| | 102-47 | List all the material topics identified in the process for defining report content. | Communication with Stakeholders | 8-13 |
| | 102-48 | 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 | |
| | 102-49 | Report significant changes from previous reporting periods in the list of material topics and topic Boundaries. | No major changes | |
| | 102-50 | Reporting period (such as fiscal or calendar year) for information provided. | About this Report | 1 |
| | 102-51 | Date of most recent previous report (if any). | About this Report | 1 |
| | 102-52 | Reporting cycle (such as annual, biennial). | About this Report | 1 |
| | 102-53 | Provide the contact point for questions regarding the report or its contents. | About this Report | 1 |
| | 102-54 | Report if it has prepared a report in accordance with the GRI Standards | About this Report | 1 |
| | 102-55 | Report the GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report. | Appendix | 101-109 |
| | 102-56 | Report the organization's policy and current practice with regard to seeking external assurance for the report. | Appendix | 100 |

## Specific Standard Disclosures

| ECONOMIC | | | | | | |
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| **Topics** | **DMA & Disclosure** | | | **Chapter** | **Page** | **Omissions** |
| Economic Performance | DMA | 103-1 | Explanation of the material topic and its Boundary | 2 | 27 | |
| | | 103-2 | The management approach and its components | 2 | 27 | |
| | | 103-3 | Evaluation of the management approach | 2 | 27 | |
| | Disclosure | 201-1 | Direct economic value generated and distributed | 1.2 | 20 | |
| | | 201-2 | Financial implications and other risks and opportunities for the organization's activities due to climate change | 2.3.4 | 35-36 | |
| | | 201-3 | Coverage of the organization's defined benefit plan obligations | 3.3 | 47-49 | |
| | | 201-4 | Financial assistance received from government | 2.2.3 | 32 | |
| Market Presence | DMA | 103-1 | Explanation of the material topic and its Boundary | 3.3.1 | 47 | |
| | | 103-2 | The management approach and its components | 3.3.1 | 47 | |
| | | 103-3 | Evaluation of the management approach | 3.3.1 | 47 | |
| | Disclosure | 202-1 | Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation | 3.3.1 | 47 | |
| | | 202-2 | Proportion of senior management hired from the local community at significant locations of operation | 3.2.2 | 45 | |

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| Indirect Economic Impacts | DMA | 103-1 | Explanation of the material topic and its Boundary | 5.4 | 94-98 | |
| | | 103-2 | The management approach and its components | 5.4 | 94-98 | |
| | | 103-3 | Evaluation of the management approach | 5.4 | 94-98 | |
| | Disclosure | 203-1 | Development and impact of Infrastructure investments and services supported | 5.4 | 94-98 | |
| Procurement Practices | DMA | 103-1 | Explanation of the material topic and its Boundary | 5.2 | 87 | |
| | | 103-2 | The management approach and its components | 5.2 | 87 | |
| | | 103-3 | Evaluation of the management approach | 5.2 | 87 | |
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| Anti-corruption | DMA | 103-1 | Explanation of the material topic and its Boundary | 2.2 | 30-32 | |
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| | Disclosure | 205-1 | Total number and percentage of operations assessed for risks related to corruption and the significant risks identified | 2.2 | 30-32 | |
| | | 205-2 | Communication and training on anti-corruption policies and procedures | 2.2 | 30-32 | |
| | | 205-3 | Confirmed incidents of corruption and actions taken | 2.2 | 30-32 | |
| Anti-competitive Behavior | DMA | 103-1 | Explanation of the material topic and its Boundary | 2.2 | 30-32 | |
| | | 103-2 | The management approach and its components | 2.2 | 30-32 | |
| | | 103-3 | Evaluation of the management approach | 2.2 | 30-32 | |
| | Disclosure | 206-1 | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes | 2.2.2 | 32 | |
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| Energy | DMA | 103-1 | Explanation of the material topic and its Boundary | 4 | 64 | |
| | | 103-2 | The management approach and its components | 4 | 64 | |
| | | 103-3 | Evaluation of the management approach | 4 | 64 | |
| | Disclosure | 302-1 | Energy consumption within the organization | 4.4.1 | 76-78 | |
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| | Disclosure | 305-1 | Direct greenhouse gas (GHG) emissions (Scope 1) | 4.3 | 74-75 | |
| | | 305-2 | Energy indirect greenhouse gas (GHG) emissions (Scope 2) | 4.3 | 74-75 | |
| | | 305-4 | Greenhouse gas (GHG) emissions intensity | 4.3 | 75 | |
| | | 305-5 | Reduction of greenhouse gas (GHG) emissions | 4.3 | 75 | |
| | | 305-7 | Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions | 4.1.1 | 66 | |
| Effluents and Waste | DMA | 103-1 | Explanation of the material topic and its Boundary | 4 | 64 | |
| | | 103-2 | The management approach and its components | 4 | 64 | |
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| | Disclosure | 306-1 | Total water discharge by quality and destination | 4.4.2 | 79-81 | |
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| Environmental Compliance | DMA | 103-1 | Explanation of the material topic and its Boundary | 4 | 64 | |
| | | 103-2 | The management approach and its components | 4 | 64 | |
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| | Disclosure | 307-1 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | 4.1.2 | 67 | |
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| | | 308-2 | Significant actual and potential negative environmental impacts in the supply chain and actions taken | 5.2.6 | 90-91 | |
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| | Disclosure | 401-1 | Total number and rates of new employee hires and employee turnover by age group, gender, and region | 3.2.2 | 44 | |
| | | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation | 3.3 | 47-49 | |
| | | 401-3 | Return to work and retention rates after parental leave, by gender | 3.1.4 | 39 | |

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| | | 103-3 | Evaluation of the management approach | 3.1.5 | 40-41 | |
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| | | 403-10 | Work-related ill health | 3.5.1 | 58 | |
| Training and Education | DMA | 103-1 | Explanation of the material topic and its Boundary | 3.4 | 50-53 | |
| | | 103-2 | The management approach and its components | 3.4 | 50-53 | |
| | | 103-3 | Evaluation of the management approach | 3.4 | 50-53 | |
| | Disclosure | 404-1 | Average hours of training per year per employee by gender, and by employee category | 3.4.4 | 53 | |
| | | 404-2 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | 3.4 | 50-53 | |
| | | 404-3 | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category | 3.3.2 | 48 | |
| Diversity and Equal Opportunity | DMA | 103-1 | Explanation of the material topic and its Boundary | 3.2 | 42 | |
| | | 103-2 | The management approach and its components | 3.2 | 42 | |
| | | 103-3 | Evaluation of the management approach | 3.2 | 42 | |
| | Disclosure | 405-1 | Diversity of governance bodies and employees | 2.1.2, 3.2 | 28, 42-46 | |
| | | 405-2 | Ratio of basic salary and remuneration of women to men | 3.3.1 | 47 | |
| Non-discrimination | DMA | 103-1 | Explanation of the material topic and its Boundary | 3 | 37-38 | |
| | | 103-2 | The management approach and its components | 3 | 37-38 | |
| | | 103-3 | Evaluation of the management approach | 3 | 37-38 | |
| | Disclosure | 406-1 | Total number of incidents of discrimination and corrective actions taken | 3.1 | 38 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Child Labor | DMA | 103-1 | Explanation of the material topic and its Boundary | 3.1.1 | 38 | |
| | | 103-2 | The management approach and its components | 3.1.1 | 38 | |
| | | 103-3 | Evaluation of the management approach | 3.1.1 | 38 | |
| | Disclosure | 408-1 | 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 | 38 | |
| Forced or Compulsory Labor | DMA | 103-1 | Explanation of the material topic and its Boundary | 3.1.3 | 38 | |
| | | 103-2 | The management approach and its components | 3.1.3 | 38 | |
| | | 103-3 | Evaluation of the management approach | 3.1.3 | 38 | |
| | Disclosure | 409-1 | 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 | 3.1.3, 5.2.6 | 38, 90-91 | |
| Human Rights Assessment | DMA | 103-1 | Explanation of the material topic and its Boundary | 3 | 37-38 | |
| | | 103-2 | The management approach and its components | 3 | 37-38 | |
| | | 103-3 | Evaluation of the management approach | 3 | 37-38 | |
| | Disclosure | 412-1 | Operations that have been subject to human rights reviews or impact assessments | RBA Management Committee | 7 | |
| | | 412-2 | Employee training on human rights policies or procedures | | | |
| Supplier Social Assessment | DMA | 103-1 | Explanation of the material topic and its Boundary | 5.2 | 87 | |
| | | 103-2 | The management approach and its components | 5.2 | 87 | |
| | | 103-3 | Evaluation of the management approach | 5.2 | 87 | |
| | Disclosure | 414-1 | Percentage of new suppliers that were screened using social criteria | 5.2.2 | 88 | |
| | | 414-2 | Negative social impacts in the supply chain and actions taken | 5.2.6 | 90-91 | |
| Public Policy | DMA | 103-1 | Explanation of the material topic and its Boundary | 2 | 27 | |
| | | 103-2 | The management approach and its components | 2 | 27 | |
| | | 103-3 | Evaluation of the management approach | 2 | 27 | |
| | Disclosure | 415-1 | Total value of political contributions by country and recipient/beneficiary | No political contributions | | |
| Customer Health & Safety | DMA | 103-1 | Explanation of the material topic and its Boundary | 4 | 72-73 | |
| | | 103-2 | The management approach and its components | 4 | 72-73 | |
| | | 103-3 | Evaluation of the management approach | 4 | 72-73 | |
| | Disclosure | 416-1 | Percentage of significant product and service categories for which health and safety impacts are assessed for improvement | 1.3.1, 4.2 | 21, 72-73 | |
| | | 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | 1.3.1, 4.2.2 | 21, 73 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Marketing and Labeling | DMA | 103-1 | Explanation of the material topic and its Boundary | 1.3.1, 1.3.4 | 21, 25 | |
| | | 103-2 | The management approach and its components | 1.3.1, 1.3.4 | 21, 25 | |
| | | 103-3 | Evaluation of the management approach | 1.3.1, 1.3.4 | 21, 25 | |
| | Disclosure | 417-1 | Requirements for product and service information and labeling | 1.3.1 | 21 | |
| | | 417-2 | Incidents of non-compliance concerning product and service information and labeling | 1.3.1 | 21 | |
| | | 417-3 | Incidents of non-compliance concerning marketing communications | 1.3.4 | 25 | |
| Customer Privacy | DMA | 103-1 | Explanation of the material topic and its Boundary | 5.1.1 | 84-85 | |
| | | 103-2 | The management approach and its components | 5.1.1 | 84-85 | |
| | | 103-3 | Evaluation of the management approach | 5.1.1 | 84-85 | |
| | Disclosure | 418-1 | Total number of substantiated complaints regarding breach of customer privacy and loss of customer data | 5.1.1 | 84 | |
| Socioeconomic Compliance | DMA | 103-1 | Explanation of the material topic and its Boundary | 2.2 | 30-32 | |
| | | 103-2 | The management approach and its components | 2.2 | 30-32 | |
| | | 103-3 | Evaluation of the management approach | 2.2 | 30-32 | |
| | Disclosure | 419-1 | Non-compliance with laws and regulations in the social and economic area | 2.2 | 30-32 | |

**OTHERS**

| Topics | DMA & Disclosure | | | Chapter | Page | Omissions |
|---|---|---|---|---|---|---|
| Conflict Minerals | DMA | 103-1 | Explanation of the material topic and its Boundary | 5.2.5 | 89-90 | |
| | | 103-2 | The management approach and its components | 5.2.5 | 89-90 | |
| | | 103-3 | Evaluation of the management approach | 5.2.5 | 89-90 | |
| | Disclosure | -- | Conduct responsible investigation with relevant suppliers and ensure minerals are "conflict-free" minerals. | 5.2.5 | 89-90 | |
| Good-food Practice | DMA | 103-1 | Explanation of the material topic and its Boundary | 5.4.5 | 98 | |
| | | 103-2 | The management approach and its components | 5.4.5 | 98 | |
| | | 103-3 | Evaluation of the management approach | 5.4.5 | 98 | |
| | Disclosure | -- | Environmental friendliness | 5.4.5 | 98 | |
| | | -- | Promote organic farming | 5.4.5 | 98 | |

# 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 cover three major dimensions: economic development, social progress, and environmental protection; and include 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 behavior in relation to the SDGs and the relevant chapters in the report is summarized below:

| SDGs | Business Theme | GRI Standards Indicators | Relevant Chapter |
|---|---|---|---|
| 1. No poverty | Earnings, wages and benefits | 202-1 | 3.3.1 |
| 2. Zero hunger | Infrastructure investments | 201-1, 203-1 | 1.2, 5.4 |
| 3. Good health and well-being | Air quality | 305-1, 305-2 | 4.3 |
| | Occupational Safety and Health | 403-8, 403-9 | 3.5.1 |
| 4. Quality education | Employee training and education | 404-1 | 3.4.4 |
| 5. Gender equity | Equal remuneration for women and men | 202-1 | 3.3.1 |
| | Gender equality | 401-1, 404-1, 404-3 | 3.2.2, 3.4.4, 3.3.2 |
| | Parental leave | 401-3 | 3.1.4 |
| 6. Clean water and sanitation | Sustainable water withdrawals | 303-3 | 4.4.2 |
| | Waste | 306-2 | 4.1.2 |
| | Water quality | 306-1 | 4.4.2 |
| | Water recycling and reuse | 303-4, 303-5 | 4.4.2 |
| 7. Affordable and clean energy | Energy efficiency | 302-1, 302-3, 302-4 | 4.4.1 |
| | Renewable energy | -- | 4.4.1 |

| SDGs | Business Theme | GRI Standards Indicators | Relevant Chapter |
|---|---|---|---|
| 8. Decent work and economic growth | Abolition of child labor | 408-1 | 3.1.1 |
| | Earnings, wages and benefits | 202-1, 401-2 | 3.3 |
| | Employee training and education | 404-1, 404-2, 404-3 | 3.4, 3.3.2 |
| | Employment | 102-8, 202-2, 401-1 | 3.2.1, 3.2.2 |
| | Freedom of association and collective bargaining | 102-41 | 3.1.5 |
| | Labor practices in the supply chain | 414-1, 414-2 | 5.2.2, 5.2.6 |
| | Occupational Safety and Health | 403-1, 403-2 | 3.5.1 |
| | Parental leave | 401-3 | 3.1.4 |
| | Youth employment | 401-1 | 3.1.2, 3.2.2, 5.4.3 |
| 9. Industry, innovation and infrastructure | Infrastructure investments | 201-1, 203-1 | 1.2, 5.4 |
| | Research and development | 201-1 | 1.2, 4.1.5 |
| 10. Reduced inequalities | Equal remuneration for women and men | 405-2 | 3.3.1 |
| 11. Sustainable cities and communities | Infrastructure investments | 203-1 | 5.4 |
| 12. Responsible consumption and production | Air quality | 305-1, 305-2 | 4.3 |
| | Energy efficiency | 302-1, 302-3, 302-4 | 4.4.1 |
| | Procurement practices | 204-1 | 5.2 |
| 13. Climate action | Energy efficiency | 302-1, 302-3, 302-4 | 4.4.1 |
| | GHG emissions | 305-1, 305-2, 305-4, 305-5 | 4.3, 4.4.1 |
| | Risks and opportunities due to climate change | 201-2 | 2.3.4 |
| 14. Life below water | Water discharge to oceans | 306-1 | 4.4.2 |
| 15. Life on land | Forest degradation | 305-1, 305-2, 305-4, 305-5 | 4.3, 4.4.1 |
| 16. Peace, justice and strong institutions | Abolition of child labor | 408-1 | 3.1.1 |
| | Anti-corruption | 205-1, 205-2, 205-3 | 2.2 |
| | Compliance with laws and regulations | 206-1, 307-1, 416-2, 417-1, 417-2, 418-1, 419-1 | 2.2, 4.1.2, 4.2.2, 5.1.1, 1.3.1 |
| | Grievance mechanisms | 103-2 | 2.2.1 |
| | Workplace violence and harassment | 414-1, 414-2 | 3.1.5, 5.2.2, 5.2.6 |
| 17. Partnerships for the goals | -- | -- | -- |

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