

# 5 Corporate Governance



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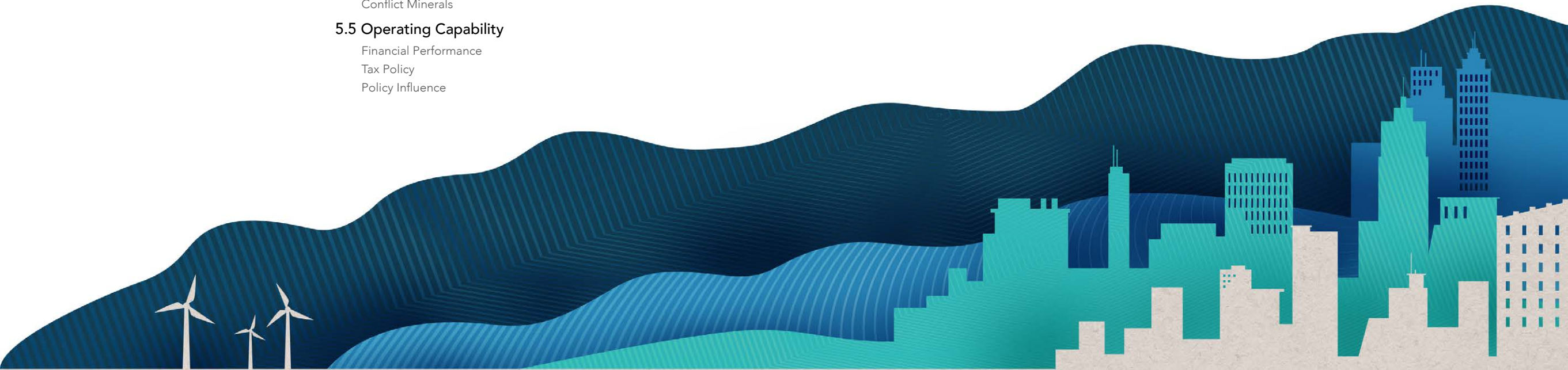
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# Management Approach

Topics	Strategies	2022 Targets	2022 Results	Progress Signal	2023 Targets	2025 Targets	2030 Targets
Corporate Governance	Improve performance in global sustainability assessment	<ol style="list-style-type: none"> <li>Remain on top ranking in the Corporate Governance Evaluation - top 5% in listed companies</li> <li>Obtain the external verification and evaluation on corporate governance system of the Board of Directors</li> <li>Link Executive Compensation to ESG Indicators</li> </ol>	<ol style="list-style-type: none"> <li>Obtained the top 5% in listed companies for the corporate governance evaluation</li> <li>Obtained the certificate of external performance evaluation of the Board of Directors</li> <li>Link Executive Compensation to ESG Indicators</li> <li>Improve the ESG ratings and performance (eg: Being selected in the DJSI Emerging Markets Index)</li> </ol>	●	<ol style="list-style-type: none"> <li>Remain on top ranking in the Corporate Governance Evaluation - top 5% in listed companies</li> <li>Maintain or improve the ESG ratings and performance</li> <li>Link Executive Compensation to ESG Indicators</li> <li>Increase attendance rate of individual director to 75%.</li> </ol>	<ol style="list-style-type: none"> <li>Remain on top ranking in the Corporate Governance Evaluation - top 5% in listed companies</li> <li>Maintain or improve the ESG ratings and performance</li> <li>Complete Board of Directors external performance evaluation</li> <li>Link Executive Compensation to ESG Indicators</li> <li>Increase attendance rate of individual director to 75%.</li> </ol>	<ol style="list-style-type: none"> <li>Remain on top ranking in the Corporate Governance Evaluation - top 5% in listed companies</li> <li>Maintain or improve the ESG ratings and performance</li> <li>The proportion of female directors on the Board of Directors reaches 20%</li> <li>Link Executive Compensation to ESG Indicators</li> <li>Increase attendance rate of individual director to 80%.</li> </ol>
Ethical Management	Implement employee education and training, and strengthen the Code of Conduct and the corporate culture of ethical management	100% of signing rate for the "Code of Conduct" Statement	100% of signing rate for the "Code of Conduct" Statement	●	100% of signing rate for the "Code of Conduct" Statement	100% of signing rate for the "Code of Conduct" Statement	100% of signing rate for the "Code of Conduct" Statement
Risk Management/ Internal Control	Regularly identify the risk appetite for all levels of the Company	<ol style="list-style-type: none"> <li>Comprehensive enterprise risk management systems have been established, and the risk reports are submitted to the Board of Directors every year.</li> <li>No material (amount exceeding NT\$100 million) risk events occurred in the enterprise risk management.</li> </ol>	<ol style="list-style-type: none"> <li>The risk management team reports the implementation of risk management to the ESG Committee and also submits risk management reports whose content included the assessment results of each aspect of risk, and the team also explained the control and supervision procedures aimed at the higher risk aspects. Furthermore, the ESG Committee reports the results of risk management implementation to the Board of Directors.</li> <li>No material pecuniary losses occurred in 2022.</li> </ol>	●	<ol style="list-style-type: none"> <li>The key risk indicators (KRI) of the enterprise are established to actively strengthen early warning capabilities.</li> <li>No material (amount exceeding NT\$100 million) risk events occurred in the enterprise risk management.</li> </ol>	<ol style="list-style-type: none"> <li>Risk reports are annually submitted to the Board of Directors on an ongoing basis.</li> <li>No material (amount exceeding NT\$100 million) risk events occurred in the enterprise risk management.</li> </ol>	<ol style="list-style-type: none"> <li>Risk reports are annually submitted to the Board of Directors on an ongoing basis.</li> <li>No material (amount exceeding NT\$100 million) risk events occurred in the enterprise risk management.</li> </ol>
		Regularly perform self-assessment of internal control and reach a reliability coefficient >= 95%	ICS (Internal Controls Self-assessment): <b>99.92% (1H)</b> <b>99.93% (2H)</b> ICE (Internal Controls Evaluation): 99.98	●	Regularly perform self-assessment of internal control and reach a reliability coefficient >=95%	Regularly perform self-assessment of internal control and reach a reliability coefficient >=95%	Regularly perform self-assessment of internal control and reach a reliability coefficient >=95%

Note: The progress light is ● green light with more than 95% ● yellow light with 90%~95% ● red light with 90% or less.

# Management Approach

Topics	Strategies	2022 Targets	2022 Results	Progress Signal	2023 Targets	2025 Targets	2030 Targets
Legal Compliance/ Privacy	Legal compliance mechanism is established to review changes in local and international regulations related to operations to ensure compliance with laws and regulations	Employees No material violations of laws (fines exceeding NT\$1,000,000).	Employees No material violations of laws (fines exceeding NT\$1,000,000).	●	Employees No material privacy/personal data protection violations of laws (fines exceeding NT\$1 million)	Employees No material privacy/personal data protection violations of laws (fines exceeding NT\$1 million)	Employees No material privacy/personal data protection violations of laws (fines exceeding NT\$1 million)
		Shareholder / Securities Related 1. Compliance and no penalty 2. Changes in the policies or laws of the competent authorities are always concerned and the Company's relevant management measures are adjusted to respond.	Shareholder / Securities Related 1. Compliance and no penalty 2. Changes in the policies or laws of the competent authorities are always concerned and the Company's relevant management measures are adjusted to respond.	●	Shareholder / Securities Related 1. Compliance and no penalty 2. Changes in the policies or laws of the competent authorities are always concerned and the Company's relevant management measures are adjusted to respond. 3. Compliance Training for Internal Managers	Shareholder / Securities Related 1. Compliance and no penalty 2. Changes in the policies or laws of the competent authorities are always concerned and the Company's relevant management measures are adjusted to respond.	Shareholder / Securities Related 1. Compliance and no penalty 2. Changes in the policies or laws of the competent authorities are always concerned and the Company's relevant management measures are adjusted to respond.
		Environmental Health and Safety 1. To move with the times and to comply without material penalty (fines exceeding NT\$1 million) 2. The identification of environmental health and safety regulations is regularly implemented, and the Company's relevant measures are adjusted in a timely manner to respond.	Environmental Health and Safety 1. There is no material penalty (fines exceeding NT\$1 million). 2. Compliance and goals achieved	●	Environmental Health and Safety 1. To move with the times and to comply without material penalty (fines exceeding NT\$1 million) 2. The identification of environmental health and safety regulations is regularly implemented, and the Company's relevant measures are adjusted in a timely manner to respond.	Environmental Health and Safety 1. To move with the times and compliance without material penalties (fines exceeding NT\$1 million) 2. The identification of environmental health and safety regulations is regularly implemented, and the Company's relevant measures are adjusted in a timely manner to respond.	Environmental Health and Safety 1. To move with the times and to comply without material penalty (fines exceeding NT\$1 million) 2. The identification of environmental health and safety regulations is regularly implemented, and the Company's relevant measures are adjusted in a timely manner to respond.
		Customers / Suppliers / Litigation / Patent / Trademark The digitalization of contract and intellectual property asset management has reached 85%. Trends in the international laws and regulations and the customer needs are always concerned to be responded or adjusted accordingly.	Customers / Suppliers / Litigation / Patent / Trademark The digitalization of contract and intellectual property asset management has reached <b>85%</b>	●	Customers / Suppliers / Litigation / Patent / Trademark The digitalization of contract and intellectual property asset management has reached 90%. Trends in the international laws and regulations and the customer needs are always concerned to be responded or adjusted accordingly.	Customers / Suppliers / Litigation / Patent / Trademark The digitalization of contract and intellectual property asset management has reached 100%. Trends in the international laws and regulations and the customer needs are always concerned to be responded or adjusted accordingly.	Customers / Suppliers / Litigation / Patent / Trademark In addition to the digitalization of contract and intellectual property asset management and the trends in the international laws and regulations and the customer needs always concerned to be responded or adjusted accordingly, the above-mentioned database is supplemented with big data analysis to serve as a strategic reference for future layout.

Note: The progress light is ● green light with more than 95% ● yellow light with 90%~95% ● red light with 90% or less.

## Management Approach

Topics	Strategies	2022 Targets	2022 Results	Progress Signal	2023 Targets	2025 Targets	2030 Targets
Supplier Sustainability Management	Supplier Risk Management	Risk identification 1. Tier 1 suppliers' compliance rate 100% 2. Critical non-tier 1 suppliers' compliance rate > 100%	100% (1,427/1,427) 100% (241/241)	●	Risk identification 1. Tier 1 suppliers' compliance rate 100% 2. Critical non-tier 1 suppliers' compliance rate 100%	Risk identification 1. Tier 1 suppliers' compliance rate 100% 2. Critical non-tier 1 suppliers' compliance rate 100%	Risk identification 1. Tier 1 suppliers' compliance rate 100% 2. Critical non-tier 1 suppliers' compliance rate 100%
		Ratio of sustainability audit on high-risk suppliers > 100%	100% (92/92)	●	Ratio of sustainability audit on high-risk suppliers > 100%	Ratio of sustainability audit on high-risk suppliers > 100%	Ratio of sustainability audit on high-risk suppliers > 100%
		Improvement and guidance of audit deficiency NCR : 100%	100% (92/92)	●	Improvement and guidance of audit deficiency NCR : 100%	Improvement and guidance of audit deficiency NCR : 100%	Improvement and guidance of audit deficiency NCR : 100%
	Optimize regional supply chain	Machinery and materials in the Chinese plant > 98%	98.10%	●	Machinery and materials in the Chinese plant > 98%	Machinery and materials in the Chinese plant > 98%	Machinery and materials in the Chinese plant > 98%
		-	-	-	Machinery and materials in the Vietnam plant > 25%	Machinery and materials in the Vietnam plant > 65%	Machinery and materials in the Vietnam plant > 85%
	Signature of major statements	Signing rate of the code of conduct for tier 1 suppliers 100%	95.90%	●	Signing rate of the code of conduct for tier 1 suppliers 99.5%	Signing rate of the code of conduct for tier 1 suppliers 100%	Signing rate of the code of conduct for tier 1 suppliers 100%
		Signing rate of the "Declaration of Non-use of Conflict Minerals" 100%	95.82%	●	Signing rate of the "Declaration of Non-use of Conflict Minerals" 99.5%	Signing rate of the "Declaration of Non-use of Conflict Minerals" 100%	Signing rate of the "Declaration of Non-use of Conflict Minerals" 100%
	Greenhouse gas reduction and water source inventory	350 suppliers	354 suppliers	●	370 suppliers	400 suppliers	600 suppliers
	Suppliers with high energy usage obtaining GHG external verification (ISO 14064-1)	35%	62.96%	●	55%	70%	100%
	Annual supplier conferences	Group: 300 suppliers/ Department: 210 suppliers	Group: 330 suppliers/ Department: 213 suppliers	●	-	-	-
Suppliers with high energy usage obtaining energy management system external verification (ISO 50001)	-	-	-	55%	70%	70%	

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## 5.1 About Wistron

### 5.1.1 Company Profile

#### Global Leader in the ICT Industry

Wistron Corporation is a global leading technology service provider supplying innovative ICT (information and communications technology) products, service solutions, and systems to top branded companies worldwide. In recent years, Wistron has used our strong R&D and technical innovation capabilities and diverse product development to drive growth. Apart from PCs, server and networking systems, enterprise storage solutions, professional display products, communication devices, after-sales services, and electronics scrap recycling, with the development of cloud computing, Wistron combines hardware devices and cloud data systems through software services to provide technical service platforms and solutions to our customers. In addition, Wistron has been dedicated to building value chains in the ICT industry and innovation platforms in the new era of education and enterprise services, IoT, and medical services. Wistron is dedicated to realizing the vision of “Sustainability through Innovation”.

#### Global Operations

Wistron has more than 65,000 employees in 12 manufacturing sites, 10 R&D centers, and 14 after-sales service centers worldwide. Located strategically across Asia, Europe, and North America, our worldwide facilities are arranged to provide comprehensive product development and customer services to global customers. Stable growth and sustainable operations are achieved through collaborative effort of Taiwan headquarters with overseas sites. For more information of global operations, please visit [Wistron's official website](#).



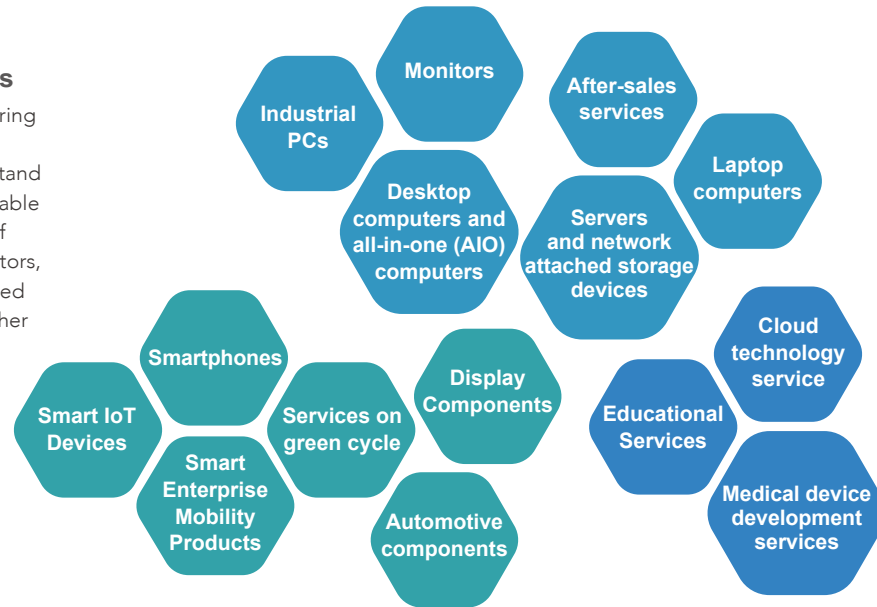
- 2001**  
Year of establishment
- Operating revenue of NT\$984.6 billion (TWD) in 2022**
- 65,000+**  
Employees across the globe
- 25**  
Global manufacturing, technology, and service centers

## 5.1.2 Products and Services

Wistron retains strong R&D and technological innovation capabilities. Powered by the growth and development of a diverse ICT product portfolio, we provide environmentally friendly products with high added value, and we are committed to our transformation into a comprehensive technology service provider (TSP). Following cloud application development trends, Wistron has integrated hardware devices such as computers and smart devices with cloud data systems through software services to provide technical service platforms and solutions and meet customer and consumer demands.

### Main Products and Technology Services

Wistron's revenue mainly comes from the manufacturing of consumer electronics. Besides actively acquiring orders from international companies, we also understand the key factors of controlling cost and maintaining stable profit margin amid intensifying price wars. In terms of the performance of Wistron's products in 2022, monitors, smart products, and enterprise products have achieved more prominent growth while the performance of other products remained the same or declined slightly.



Wistron Introduction Video

Video URL



Table of Product Sales Status

Year	2021				2022			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Sales Volume	Sales Value	Sales Volume	Sales Value	Sales Volume	Sales Value	Sales Volume	Sales Value
3C Electronic products	942	7,727	99,088	797,696	1,546	20,507	84,022	904,941
Other products	717	803	42,769	55,857	809	1,138	27,483	58,033
<b>Total</b>	<b>1,659</b>	<b>8,530</b>	<b>141,857</b>	<b>853,553</b>	<b>2,355</b>	<b>21,645</b>	<b>111,505</b>	<b>962,974</b>

Sales volume unit: thousand units/thousand pieces/thousand products  
Sales value unit: NT\$ million

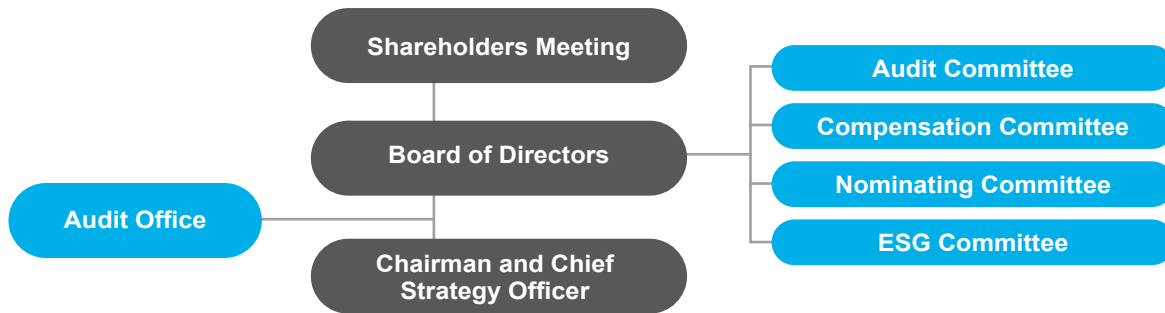
## 5.2 Corporate Governance

**TOP 5%**  
in the Corporate  
Governance Evaluation

**Taiwan Corporate Governance  
100 Index constituent stock**

Wistron believes that good corporate governance is the foundation for corporate sustainable developments. Therefore, for many years, we have been dedicated to establishing an effective corporate governance structure, protecting shareholder interests, strengthening the functions of the Board of Directors, respecting stakeholder interests, and improving information transparency. We gradually promote various systems and measures to continuously improve corporate governance quality and effects, in order to implement the spirit of corporate governance. Our goal is to maximize shareholder interests and pursue sustainable corporate management.

### 5.2.1 Functions of Board of Directors



#### Composition and diversity of the Board of Directors

According to the Articles of Incorporation, the Board of Directors shall be composed of 7 to 9 individuals, who shall serve for 3 years. The directors shall be nominated and elected by the Shareholders' Meeting according to the nominee list. The elected candidates will be appointed as directors. The current Board of Directors of the Company consists of nine directors, who have served for an average of 8.44 years. Among the directors, five are independent directors, accounting for 56% of the Board. The independence of the directors comply with the related regulations in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". For the procedures related to Board of Directors elections, please see the [company website](#). The Board of Directors of the Company consists of directors with extensive industry experience and reputations. According to Article 20 of Wistron's "Corporate Governance Best Practice Principles", the composition of the Board of Directors was determined by taking diversity into consideration. The Board had one female independent director in 2021. In addition

to the number of the Company's directors who also serve as managers should not exceed one third of the board, the Company shall formulate appropriate policies on diversity based on the Company's business operations, operating dynamics, and development needs. Please refer to the [Company website](#) for the information on the diversity and the professional background of the industry of the Company's board members. The specific management objectives of the diversified policies and their achievement are as follows:

Management Goals	Implementation Status
Independent Directors exceeding one-half of the total director seats	✔
Number of Directors who concurrently serve as Company managers do not exceed one-third of the total director seats	✔
At least one seats of director is female	✔

The company's Chairman is elected by the Board of Directors and represents the company externally. The Chairman of the Company also serves as the CSO, responsible for the Company's strategic planning, construction, promotion and long-term development and other related matters. Please refer to our website and annual reports for the detailed biography of each member of the Board.

The board meeting shall be held at least once a quarter, and the attendance rate of the board members shall reach 80% every year in accordance with the requirements of Article 38 of "Corporate Governance Best Practice Principles". The Company has held a total of 6 meetings in 2022 with the directors' average attendance rate of 94%. The Board of Directors is mainly responsible for improving supervision function and strengthening the management mechanism. The Board members oversee the operations team to ensure that the team strictly abides by all regulations and enhances information transparency. Moreover, it instructs the operation teams in major decision-making instances by using its own experience, so as to achieve sustainable operations for the company and further guarantee the shareholders' rights and interests. The management team regularly reports to the Board regarding the operations, development strategies, and other important issues. (For example: material topics, communication with stakeholders, etc.). Smooth and good lines of communication with the board are maintained.

Please refer to the Company's Annual Report and [website](#) for information related to the continuing education of directors in 2022.

With regards to meeting agendas that present conflicts of interest to the Directors or the legal entities they represent, the matter shall comply with Article 15 of the "Rules and Procedures of Board of Directors Meetings". They shall explain the important information related to the conflict of interest in the matter during the meeting. If their relationship with the matter may harm company interests, they shall recuse themselves from the discussion and voting. The related director shall abstain from the discussion and resolution, and shall not exercise their voting rights through other directors. If the spouse or relative within second degree of kinship of the director, or company where the director holds a controlling interest is a stakeholder in the meeting agendas, the director shall be deemed to have a conflict in interest.

The remuneration of the Directors of the Company is paid in accordance with the provisions of Articles 11 and 16 of the Company's Articles of Incorporation, and is paid in accordance with the "Principles of Remuneration for Directors and Functional Committees". It has also been approved by the Compensation Committee and the Board of Directors before the release.

**Board of Directors and Functional Committee**

Committee	Responsibilities	Members	Attendance Rate	Key Resolutions
Audit Committee	Supervise the adequacy and accuracy of the Company's financial reports, appointment (dismissal) of CPAs and assessment of their independence and performance, the effective implementation of the Company's internal controls, the Company's compliance with related laws and regulations, and management of existing and potential risks for the Company	Mr. Jack Chen, Independent Director Mr. S. J. Paul Chien, Independent Director Mr. Christopher Chang, Independent Director Mr. Sam Lee, Independent Director Ms. PeiPei Yu, Independent Director	93%	<ul style="list-style-type: none"> <li>Annual and quarterly financial reports</li> <li>Important investments of the Company</li> <li>Internal control system</li> <li>Loaning of Material Funds and Making of Endorsements/Guarantees</li> </ul>
Compensation Committee	Establish and regularly review the remuneration policies, systems, standards and structures, and performance of directors and managers. Regularly evaluate and establish the remuneration of directors and managers.	Mr. S. J. Paul Chien, Independent Director Mr. Sam Lee, Independent Director Ms. PeiPei Yu, Independent Director	92%	<ul style="list-style-type: none"> <li>Proposal for the directors' remuneration</li> <li>Manager performance bonus distribution and adjustment suggestions</li> <li>Suggestions for managers receiving employee remuneration</li> </ul>
Nominating Committee	Select and review suitable candidates for directors, managers, and members of the committees under the Board of Directors. Formulate and review the establishment and operations of the functional committees of the Board of Directors.	Mr. Christopher Chang, Independent Director Mr. Simon Lin, Chairman Mr. S. J. Paul Chien, Independent Director Ms. PeiPei Yu, Independent Director	100%	<ul style="list-style-type: none"> <li>Suggestions for manager position adjustment</li> <li>Suggestions for managers promotion</li> </ul>
ESG Committee	Stipulate the corporate social responsibilities and sustainable development directions and goals. Formulate related management approaches and specific implementation plans. Monitor and review the implementation and effects. Promote and implement corporate ethical management and risk management.	Robert Hwang (Po-Tuan Huang) as Vice Chairman, and Chairman & President of Wistron Digital Technology Holding Company, Mr. Sam Lee, Independent Director Mr. Jeff Lin, President & CEO Mr. David Shen, Executive Vice President & Chief Infrastructure Officer Mr. Frank FC Lin, Chief of Staff Mr. Donald Hwang, President of Advanced Technology Lab Mr. Kenny Wang, Chief Digital Officer and Chief Information Security Officer	93%	<ul style="list-style-type: none"> <li>Review of the implementation of sustainability goals in 2021</li> <li>Settings of the Company's short, medium, and long-term sustainability goals</li> <li>Establishment of the Company's "Management Measures for the Preparation and Verification of Sustainability Reports"</li> <li>Amendments to the Company's "Code of Conduct", "Risk Management Policies and Procedures", and "ESG Committee Charter"</li> <li>Plan to commit to join the Science Based Targets initiative (SBTi)</li> <li>Sign the green power purchase agreement</li> </ul>

Note: Job title after the organization adjustment of the Company on 2023.01.01

**Performance Evaluation of the Board of Directors and Functional Committees**

In order to implement corporate governance and improve the functions of the Board of Directors, Wistron has established performance goals, and it strengthened the operational efficiency of the Board of Directors. The Company has stipulated the "Board of Directors and Functional Committee Performance Evaluation Guidelines", which states that a Board of Directors and Functional Committee Performance Evaluation shall be conducted each year. It also states that an external professional and independent institution or external expert group shall perform a Board of Directors Performance Evaluation at least once every 3 years. The evaluations related to the operations of the Board of Directors, Audit Committee, Remuneration Committee, Nomination Committee, and Corporate Sustainable Development Committee were completed in 2022. After the various procedures and evaluations were completed, the performance scores for the Board of Directors and Functional Committees were 99.94, 99.80, 99.67, 100, and 98.57, respectively. The evaluation results were all "exceed the standard", and the results were reported to the Board of Directors and Functional Committees. Meanwhile, the Company also commission the Corporate Governance Association to complete the external performance evaluation of the Board of Directors in 2022. The evaluation results give positive affirmation to the Company's board structure, discussion and operation atmosphere, training arrangements and ESG developments. For detailed performance evaluation report content, please refer to the [company website](#).



## 5.2.2 Ethical Management

In order to implement ethical management, Wistron has formulated the "Code of Ethical Conduct", " Ethical Corporate Management Best Practice Principles" and "Corporate Governance Best Practice Principles". Apart from requiring all employees to clearly understand and comply with the ethical requirements, employees must respect the confidentiality agreements with customers, and shall not accept gifts or special treatment. We hope to invite all customers, suppliers, business partners, and other cooperating organizations to share and support our core values of integrity. In 2021, Wistron formulated the "Code of Conduct", which is approved by the Board of Directors, to establish shared values and a share culture among all employees. The code acts as the highest behavioral regulations for the Company, subsidiaries, and joint ventures where the Company has major influence. All employees are expected to comply with the code when conducting business activities. The implementation status of the annual ethical management is reported to the Board of Directors at the end of each year.

### Code of Conduct Training and Promotion

In order to ensure that our employees fully understand the related regulations, Wistron implemented education, training, and promotion, including asking all foreign plants to conduct ethics training for all new employees. The new employees are asked to sign the statement of "Code of Conduct". The signing rate in 2022 reached 100%. In Taiwan, Wistron asks all new employees to undergo on-line ethics training and implements annual training for all employees, strengthening the culture of integrity. In addition, the Company also classifies capital, procurement, supply chain management, and administrative units as units with potential risks. Such units are subject to internal audits or job rotations at regular intervals, and the Company also invites professional entities to provide compliance awareness training to supervisors at Wistron.

### Code of Conduct Signing and Training

Company	Item	2019	2020	2021	2022
Wistron	Code of Conduct coverage (%)	100%	100%	100%	100%
	Code of Conduct signing (%)	99.9%	99.7%	99.9%	100%
	Coverage of orientation training for new employees (%)	100%	100%	100%	100%
	Coverage of periodic training for all employees (%)	100%	100%	100%	100%
	Training completion rate (%)	99.9%	99.7%	99.9%	100%

### Whistleblower Protection

Wistron encourages all internal and external employees to report any unethical behavior of commerce to the Company through the reporting channels while anonymous reports are also accepted. The Company has established an email address (ethic@wistron.com) for reporting cases that violate the Code of Conduct. The Global Human Resources and Administration unit act as the main handling unit and the matters are reported to the Board of Directors each year. The measures state that the whistleblower shall not be unfairly punished for reporting the violation. With our strong and transparent corporate culture, Wistron did not discover material (penalties exceeding NT\$1 million) violations of the integrity and ethics of commerce in 2022. No cases of unethical actions or corruption occurred between 2019 and 2022.

Number of Reported / Filed Cases of Code of Conduct	2019	2020	2021	2022	
				Number of Cases Reported	Number of Cases Filed
Corruption and bribery	0	0	0	2 (Note1)	0
Conflicts of interest	0	0	0	1 (Note2)	0
Fair competition	0	0	0	0	0
Insider trading	0	0	0	0	0
Trade secrets	0	0	0	0	0
Privacy/personal data protection	0	0	0	1 (Note3)	0
Others (Political Contributions, Charitable Donations, and Social Participation)	0	0	0	0	0
<b>Total number of cases related to business ethics and operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>
Discrimination	0	0	0	0	0
Harassment	0	0	0	7 (Note4)	3
Occupational Safety and Health	0	0	0	0	0
<b>Total number of cases related to protection of human rights</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>3</b>
<b>Total number of cases related to environmental protection</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>3</b>

Note 1: Corruption and bribery: There was a report that the equipment operators of the Indian plant demand bribes, and there were corrupt practices in the adoption of new equipment in the Kunshan plant. It has been verified that the relevant personnel have not handled relevant business, and the relevant equipment adopts compliance management procedures.

Note 2: Conflicts of interest: There was a report to the unit manager of the Kunshan subsidiary who used the position to add suppliers with personal relationships to the Company's procurement list. After verification, there was no specific evidence to prove that the materials mentioned had abnormal contacts with suppliers.

Note 3: Privacy/personal data protection: There was a report that the client's personal information was leaked during a business trip in Taiwan ten years ago. After repeated investigations and information requests, there was no specific evidence of violation of the management procedures.

Note 4: Harassment: Harassment was reported in the Americas plant. After communicating with HR of the plant, it was confirmed that there was no relevant incident. The sexual harassment case in the Malaysian plant was filed, and the relevant discipline were carried out. A total of 5 cases were reported in Taiwan, 3 cases had no relevant evidence, and 2 cases were filed for the relevant discipline.

Regarding the cases reported and filed, relevant actions are described as follows:

1. Carry out relevant discipline measures against the wrongdoers and complete the closing procedure after the whistleblower approves.
2. We proactively provide relevant consultation and counseling resources for the whistleblower to ensure that our colleagues receive sufficient care and assistance.
3. The Company re-examined the current training/publicity measures and content. Afterwards, a new version of the training course is planned to be launched in 2023, and all employees are required to complete relevant learning activities within the time limit.

### Anti-Competitive Behavior

Ethical management is the most fundamental social responsibility of companies. Wistron has established the Ethical Corporate Management Best Practice Principles which require the Company to conduct business activities in accordance with applicable competition laws and regulations. The Company may not fix prices, rig bids, restrict output or set quotas, or share or divide markets by allocating customers, suppliers, territories, or businesses. The Company understands that compliance with fair-trade practices is crucial in business activities. Wistron strictly complies with all related laws and regulations in every matter. From 2019 to 2022, the Company was never penalized by the competent authority for matters related to anti-competitive behavior and monopolistic measures.

### Political Contributions

The Company has always remained politically neutral. Wistron has always maintained an objective and discreet stance on public policies. We do not actively participate in political parties or political activities, and do not actively participate in lobbying. From 2019 to 2022, the Company did not make any political donations. Employees have the freedom to express their political beliefs, and are encouraged to fulfill their civic duty, and vote for their preferred candidate during elections.

### Ethical Management and Anti-Corruption Management Mechanisms

With regard to the operations of the Board of Directors, Directors may express their opinions and respond to inquiries for meeting agendas that conflict with interest between the Company and themselves or the legal entities they represent. Directors may not participate in discussions or exercise their voting rights, and they are required to recuse themselves from discussions and voting. They also may not exercise voting rights on behalf of other Directors. Wistron pays close attention to anti-corruption management. We have established

an internal control system that includes the accounting system in accordance with related laws and regulations. We evaluate the effectiveness of the design and implementation of the system each year and perform self-inspections. The auditors are responsible for reviewing the results. The Company always evaluates the legality, ethical policies, and records of unethical conduct of distributors, suppliers, customers, or other transaction counterparties before establishing business relations with such entities.

When engaging in business activities, our employees are required to explain the Company's ethical management regulations to the transaction counterparty. They must also expressly refuse to provide, promise, request, or accept, directly or indirectly, any illegitimate interests in any form or name. Where the Company discovers unethical conduct, it shall immediately suspend transactions and blacklist the entity. Meanwhile, the Company also includes anti-corruption policies into the terms and conditions of business contracts, such as: clear and reasonable payment terms, handling of unethical matters, commission restriction for violations, rebates, or terms related to other rights and interests.

### Internal Control and Internal Audit

Wistron's internal control system is designed by the management in accordance with the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" in consideration of the Company's overall business activities and approved by the Board of Directors. The internal control system includes constituent elements and key control points for sound operations to reasonably ensure that the following objectives are achieved:

1. Effectiveness and efficiency of operations.
2. Reliability, timeliness, transparency, and regulatory compliance of reportings.
3. Compliance with applicable laws, regulations, and bylaws.

The internal control self-assessment is conducted on a digital platform. The President supervises internal units and subsidiaries which are required to perform at least



one internal control self-assessment each year. The Audit Office reviews the self-assessment reports of all units and subsidiaries and uses the internal control discrepancies and irregularities found by the Audit Office in the past as the basis for the Chairman and President's evaluation of the effectiveness of the overall internal control system and the preparation of the Internal Control System Statement.

The internal Audit Office reviews the suitability of the internal control system and ensure the implementation of general operations according to the "Internal Auditing Enforcement Rules". The unit conducts continuous and project based audits, which cover all internal operations and subsidiaries of the Company. The internal Audit Office formulates the annual audit plan according to the risk assessment results, which is implemented after receiving approval from the Board of Directors. The monthly audit reports must be reviewed by the Audit Committee. The deficiencies identified in the audit must be continuously tracked until improvements are done. The internal Audit Office supervisor must attend the Audit Committee and Board of Directors meetings to report the findings every quarter. Due to the effective implementation of internal control systems, Wistron did not discover major internal deficiencies in 2022.

### Supplier Anti-Corruption Policy

Wistron communicates its Anti-Corruption Policy to all suppliers through the Wistron Global Learning

Platform and has a reporting hotline. We reiterate the Ethical Corporate Management Policy and ideals in annual supplier conferences and the company profile provided to our suppliers. The Company also reviews the implementation status of our suppliers each year. According to the promotion measures and management mechanisms described above, there were no cases of corruption or unethical behavior among the suppliers in 2022.

### 5.2.3 Legal Compliance

The Company has established internal operation regulations in accordance with standards in related regulations for public companies since 2001. After Wistron became a publicly-traded company, we adjusted the internal operation regulations in accordance with amendments of laws by the competent authorities. We also require all subsidiaries of the Group to comply with the changes in regulations. The Company also seeks to fulfill its core value, uphold high levels of professional ethics, and ensure that employees rigorously abide by the Company's ethical standards in daily work and businesses to protect the Company's reputation, and earn the respect and trust of our customers, suppliers, and the society.

The Company has therefore established the "Code of Conduct" to provide guidance to the employees and the supervisors of all levels. The Company's management pays close attention to any domestic or foreign policy or regulation that may affect the Company's finance and businesses. We have also established related risk management procedures and employee continuous education and training to improve employees' legal expertise. The Company complied with the laws and regulations between 2019 and 2022. Therefore, the Company did not receive material fines or other non-monetary punishments for matters related to social and economic regulatory compliance.

## 5.3 Risk Management

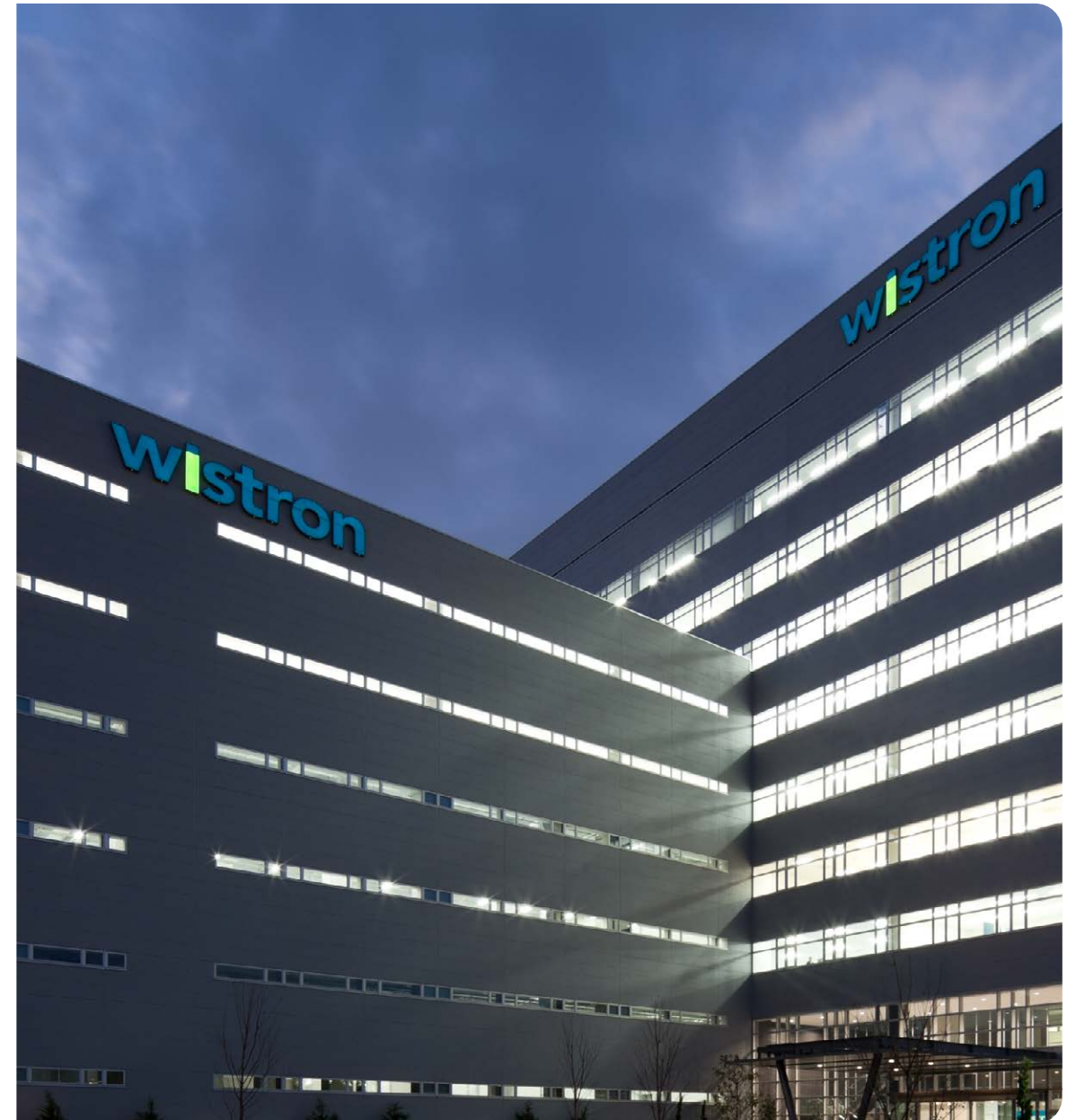
### Risk Management and Business Continuity Policy

The Company upholds its sustainable development philosophy and, through the establishment, implementation, and maintenance of active risk management mechanisms, continuously monitors changes in internal and external issues and the environment while implementing business impact analysis and preparing effective and flexible responses to meet challenges. The Company regularly performs self-assessments and continues to improve the Company's resilience to ensure business continuity and protect the rights and interests of customers and stakeholders. In addition, the Company can effectively grasp the risks related to operations and establish a risk control culture through continuous optimization of education and training, performance management, risk assessment, early warning notification, public disclosure and other mechanisms.

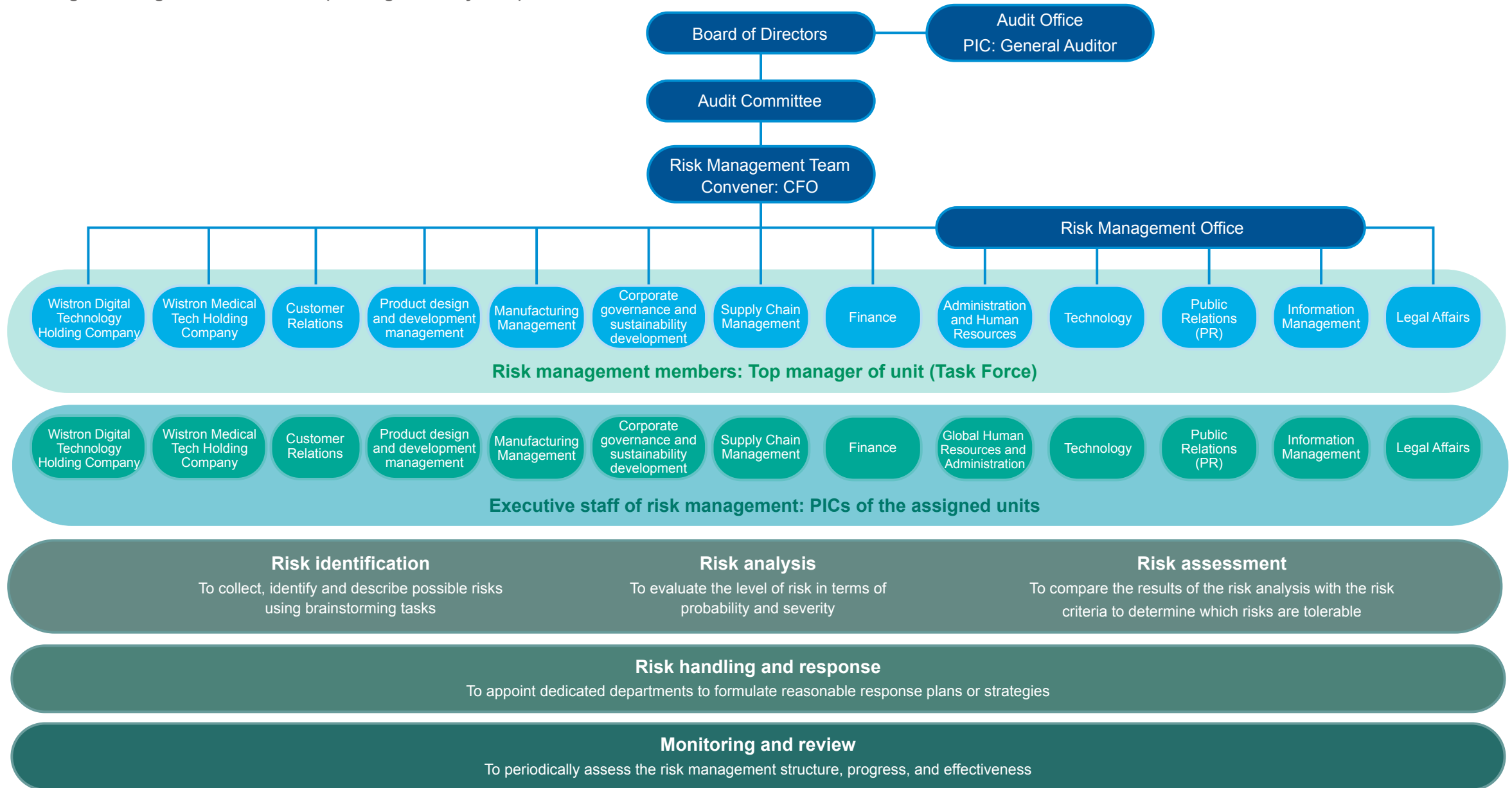
In order to implement sustainable development, Wistron not only follows the existing organizational management system and internal control system to manage the risks at all operation levels to oversee and control the risks that should be considered at strategic levels, but also promises to assess the potential impact of each risk on the Company's operations through the participation of the Board of Directors and the implementation of systematic management in accordance with the spirit of ISO 31000. Therefore, the corporate governance is implemented, the goal of sustainable management is achieved, and the rights of stakeholders are protected. The Company established the systematic "Risk Management Policy and Procedures" in accordance with the relevant provisions of "Regulations Governing Establishment of Internal Control Systems by Public Companies" promulgated by the Financial Supervisory Commission and the "Best Practice Principles on Risk Management for TWSE/ TPEX Listed Companies" of the Stock Exchange in 2022. To better tackle relevant risks, we adopted proactive and effective methods for assessing company governance, social inclusion, environmental protection (including climate and natural resources), and innovation value risks across the world and their potential threat to the Company's sustainable development.

The highest responsible unit for risk management in the Company is the Board of Directors. The ESG Committee regularly reports the implementation and the results of risk management to the Board of Directors every half a year, and it supervises the operation and overall implementation of the risk management mechanism. The ESG Committee belongs to the Board of Directors and assists the Board of Directors in reviewing the implementation of risk management. The composition of the Committee includes the Vice Chairman (Chairperson), President, Chief of Staff, Chief Technology Officer, Chief Digital Officer and Chief Information Security Officer, and an independent director. The Committee owns a risk management team. (Starting from May 2023, the reporting responsibility has been shifted from the ESG Committee to the Audit Committee and the Board of Directors.)

The CFO serves as the convener of the risk management team. The convener also assigns personnel to serve as members of the risk management office to be responsible for promoting risk management-related matters and mechanism operations, and to assist and coordinate various units in implementing risk management activities. The risk management team includes risk management members and executive staff of risk management. The risk management members thereof are the top executives of each business unit, while the risk management executives are assigned by risk management members (unit PIC). The risk management team develops risk response strategies every year by comprehensively analyzing and evaluating various operational risks, and emerging risk scenarios. It also produces annual risk management reports for submission to the ESG Committee. (Starting from May 2023, the reporting responsibility has been shifted from the ESG Committee to the Audit Committee and the Board of Directors.)



**Risk Management Organization Structure (Starting from May 2023)**



## Risk Management Procedures

### Risk Management Procedures

The Company's risk management procedures include risk identification, risk analysis, risk assessment, risk response and monitoring, risk reports and disclosure. The ESG Committee convenes regular meetings each year and requests the Committee Members and Work Group responsible for each aspect to evaluate and discuss the Company's potential risks and emerging risks based on the frequency, level of impact, and level of control on the 4 areas of company governance, environmental protection (including climate and natural resources), social inclusion, and innovation value. Regular reports are made to the Board of Directors. (Starting from May 2023, the reporting responsibility has been shifted from the ESG Committee to the Audit Committee and the Board of Directors.)

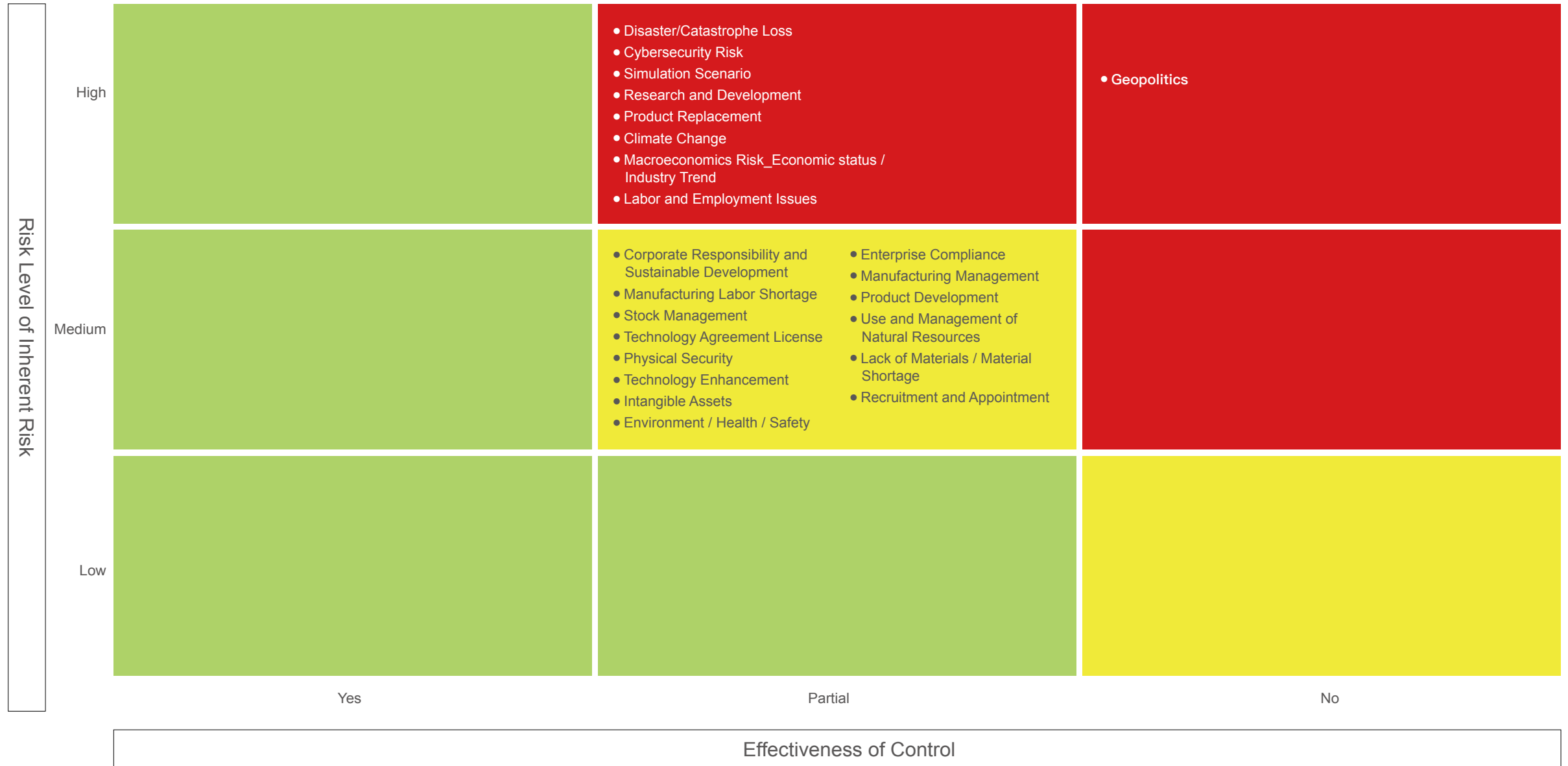
### Risk Identification and Operations

The members of the Company's risk working group cover the customer relationship management, product design and development management, manufacturing management, corporate governance and sustainable management, supply chain management, financial management, human resources and administration, technology, public relations, information management, Wistron Digital Technology Holding Company, Wistron Medical Tech Holding Company and legal affairs, etc. These units collect events, sources and consequences of the risks in four dimensions: company governance, environmental protection (including climate and natural resources), social inclusion, and innovation value to construct the Wistron risk database. The risk management team discussed and amended, and identified a total of 23 major medium and high risk projects. The residual risk level of 9 annual risk project assessments thereof is serious (T - Take Immediate Action, need to improve immediately), and 14 items are medium (I - Improve Controls, control or response measures need to be improved). The risk authority and responsibility unit plan corresponding risk response action plans and implement risk mitigation plans for the risks, including the residual risk levels of T-Take Immediate Action and I-Improve Controls. Furthermore, the risk management executives cooperate with the operating units to assist in the production of key risk indicators (KRI), and the risk management team are continuously reported every month with relevant records.

The senior management and the risk management team jointly held a regular risk calibration meeting to review the results of risk management implementation. After completing the risk assessment and calibration works, the Company's 2022 Top 3 risks were selected, including geopolitics, disaster/disaster loss, and information security risk, respectively. Moreover, the corresponding risk response action plans are proposed by the risk authority. After review and confirmation by the supervisor of the unit, it is included in the regular definition and inspection of the ESG committee. (Starting from May 2023, the reporting responsibility has been shifted from the ESG Committee to the Audit Committee and the Board of Directors.)



Annual Risk Map



Effectiveness of Control

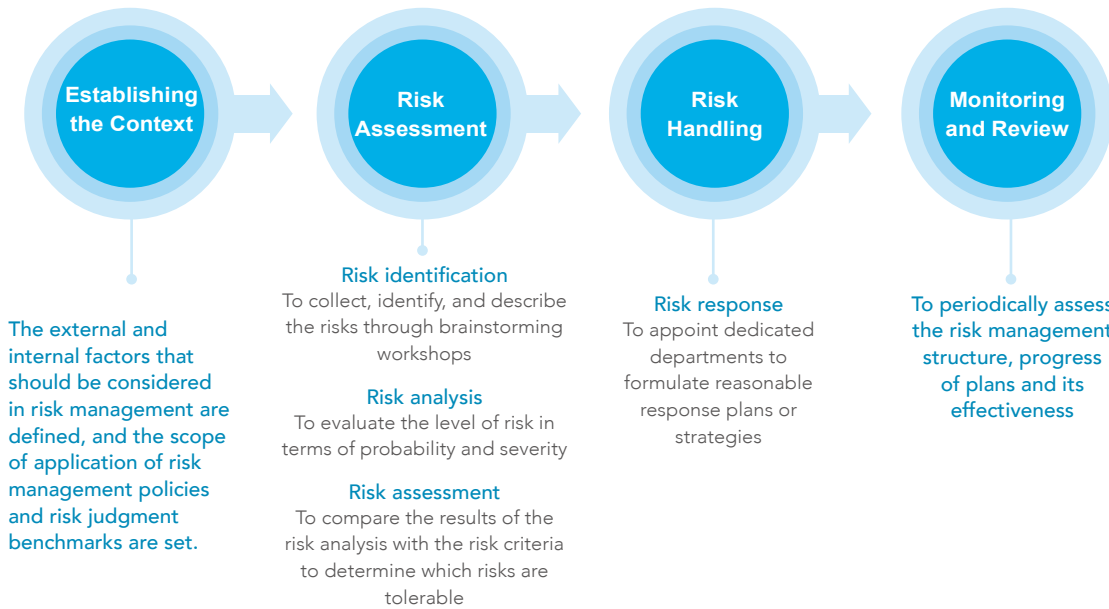
**M** Monitor Assurance (safety phase, keep it as it is)

**I** Improve Controls (Moderate, controls or countermeasures need to be improved)

**T** Take Immediate Action (severe, immediate improvement needed)

## Emerging Risk Management

Starting in 2020, Wistron has referred to the emerging risk reports released by external institutions every year (such as the Global Risk Report by the World Economic Forum) in order to identify emerging risks through the 4 main processes of "confirm the environment and background of the industry, evaluate the risks (risk identification, risk analysis, and risk assessment), risk handling, and monitoring and review". We compiled the comments of the managers to identify emerging risks and formulate risk reduction measures. The results are reported to the ESG Committee for early deployment and response. (Starting from May 2023, the reporting responsibility has been shifted from the ESG Committee to the Audit Committee and the Board of Directors.) The main emerging risk items are transition risks: difficulty in obtaining regional renewable energy, geopolitical risk, and cost of living risk according to the identification results of emerging risks at the end of 2022 and early 2023.



## Risk Management Operating Status

The Company actively promotes and implements risk management mechanisms. The operating status is reported to the Board of Directors once every half a year. The main operating status in 2022 was as follows.

- It uses the "governance", "strategy", "risk management", and "indicators and goals" frameworks of the Task Force on Climate-related Financial Disclosures (TCFD) to identify climate risks and opportunities and used it to create measurement indicators and targets for management.
- It convenes risk management meetings to conduct sensitivity analysis and stress testing on financial risks, climate change risks, water resource risks, information security risks, geopolitical risks, new technology risks, and intellectual property rights risks of the Company and important subsidiaries. We aim to strengthen risk awareness within the Company and our subsidiaries and further quantify the tolerability of the risks mentioned above.
- When conducting comprehensive enterprise and operation-level risk identification, the aspects of risk include but are not limited to the operational risks, the market risks, the legal compliance risks, the information security risks,

the environmental risks, the climate change and natural resources risks, the operational risks, and other operational-related risks. Through "bottom-up" and "top-down" analysis and discussion, the potential risk events that may cause the Company's goals to fail to be achieved, cause losses or negative impacts are fully identified. In addition, risk response strategies or implementation of risk mitigation plans are selected based on the strategic objectives, views of internal and external stakeholders, risk appetite and available resources of the Company. Then, the risk management executives continue to monitor together with the relevant personnel of each operating unit. They also report to the risk management team in a timely manner, and make relevant records.

- The President supervises internal units and subsidiaries which are required to perform two internal control self-assessments each year. The Audit Office reviews the self-assessment reports of all units and subsidiaries and it uses the internal control discrepancies and irregularities found as the basis for the annual Internal Control System Statements.
- The risk management team reports the implementation of risk management to the ESG Committee and also submits risk management reports whose content included the assessment results of each aspect of risk, and the team also explained the control and supervision procedures aimed at the higher risk aspects. Furthermore, the ESG Committee reported the results of risk management implementation to the Board of Directors. (Starting from May 2023, the reporting responsibility has been shifted from the ESG Committee to the Audit Committee and the Board of Directors.)
- We revised the Company's risk management policies and procedures, and established the Risk Management office under the Risk Management team.

## Shaping Risk Culture

Wistron places importance on the cultivation and shaping of everyone's risk awareness. We have separately established performance indicators and evaluation standards for our employees of different levels indeed incorporating risk culture in daily operation activities.

<b>Senior managers</b>	<ul style="list-style-type: none"> <li>• In addition to the types of regular operations and finance, the Company also focuses on the management results of "human resources capital" and other specific risks.</li> <li>• In order to accelerate the digital transformations of the organization and the cultivation of key digital talents, the "digital transformations and talent cultivation" management indicator is included in the annual targets for senior managers.</li> <li>• Apart from regularly evaluating related management results, the achievement rate of related performance indicators will be involved as the basis for calculating bonuses.</li> </ul>
<b>Middle and junior managers</b>	<ul style="list-style-type: none"> <li>• In addition to the regular work goals and performance, the Company also focuses on the management results of "human resources capital", "information security", and other specific risks.</li> <li>• In terms of "human resources capital", the Company is dedicated to the cultivation of key digital talents in the face of challenges of new technology development. In order to accelerate the achievement of digital transformation goals, the "digital transformation project promotion" and "digital talents cultivation" management indicators are included in the annual targets of most department supervisors. Regular evaluations are also conducted for the related performance results.</li> </ul>
<b>General employees</b>	<ul style="list-style-type: none"> <li>• In terms of "information security", the Company has actively adopted education and training, social engineering drills, and other measures to instill the concepts of information security in every employee and reduce the impact of information security risks on company operations in order to improve employee awareness of and sensitivity to information security. Wistron has also included information security violations by departments and employees in the management indicators for the unit supervisor. We regularly conduct evaluations for related performance results.</li> </ul>

## Risk Management Courses

The Company has included the topics of risk management in the scope of training, and has specifically implemented programs for human resources capital management risks faced by senior and middle managers. In Taiwan, a total of 9,714 people completed the trainings with a total training hours of 13,503. For the higher risk levels of the topics about intellectual property rights and litigation risks, courses were organized for all general employees, such as patent concepts and practices, patent primary schools, trademark concept introductions, the Copyright Act & labor Law, and legal knowledge courses for new employees. A total of 21,390 people completed the trainings with a total training hours of 29,046. Occupational safety and health issues that are often faced in the workplaces, especially in the manufacturing area, have received special attention. The Company arranges for all employees and supervisors of these departments to participate in education and training courses on the related topics in accordance with relevant regulations and operating standards. A total of 337,562 people completed the trainings with a total training hours of 524,452.

To implement the concepts of information security in its employees, the Company provides e-Learning resources and executes social engineering exercises every six months to enhance the information security awareness and vigilance of each employee. For employees who violate the Information Security Policy, the Company carries out disciplines in accordance with the "Implementation Guidelines for Employee Rewards and Penalties" and includes the records as the basis for performance management to reduce information security risks and the impact on the Company's operations. In 2022, the Company completed 21,906 hours of employee information security training for 42,652 participants, including "Information Security Primary School", "Social Engineering Drills", "Cybersecurity Training Courses for New Employees" and so on for new employees.

Facing the challenges of new technology development, the Company established the digital academy in 2019, which provides training to key digital talents. We used systematic online and offline structures to conduct trainings related to digital transformation information and tools, including training for translators, product owners (PO), tech leads, robotic process automation (RPA) experts. To date, 982 people have completed the training. 55,794 participants have taken related basic training courses.

## Risk Reporting Mechanism

Apart from the active risk management, Wistron has also set up the related organizational structures and the corresponding responsibilities. We have included all employees in the scope of overall risk management. Our employees can use the "President's mailbox", "employee opinion box", "employee complaint hotline", and "counselor on-site interview" to report potential risks in order to help manage the impact of various internal and external risks. For special risks, such as the Covid-19 pandemic, Wistron established specific reporting channels, including the "Wistron Epidemic Prevention Hotline 21995". If an employee receives a home quarantine or isolation notice, he/she can report the matter through the channels, so that the Company can immediately adopt related responses and preventative measures. The Company have also revised the "Implementation Guidelines for Employee Rewards and Penalties" and other internal management measures. Every employee may submit proposals related to corporate risk reduction, work environment health and safety, and environmental improvements. Those who create significant benefits are commended orally, rewarded with written document, celebrated, recommended for commendation, or rewarded with project bonuses. In 2022, the Hsinchu Plant was awarded a project bonus by the Company for its outstanding performance in preventing occupational safety risks. In addition, we praised its outstanding contribution in reducing the Company's operational risks in internal public activities.



## 5.3.1 Business Risks

To protect the shareholder interests, Wistron focuses on business performance in its own industry and does not engage in high-risk investment activities. We carefully evaluate the risks and benefits of adopting new technologies and take appropriate response measures for ensuring information security. Wistron has accelerated the development of new businesses with the rise of 5G, AI and electric vehicles. We also use the regular operation development meetings convened every 6 months to discuss future long-term development strategies. We are committed to providing more comprehensive products and services.

## 5.3.2 Financial Risks

With the rapid changes in the global financial market, the fluctuations in exchange rates, interest rates, and even commodity prices, all these created additional challenges for the Company's operations. If such risks are not adequately managed, they may erode the Company's profitability and impact the shareholders' interests. As approximately 98% of Wistron's sales derives from export businesses, which are mainly quoted in U.S. dollars, most of foreign currency positions can be automatically offset and neutrally hedged. Furthermore, the Company established the Rules and Procedures of Derivative Transactions to specify the qualified hedging tools and authorization procedures, and to mitigate the financial risks under suitable regulations through timely applying the various types of financial instruments, such as spot/forward, swaps, and options.



### 5.3.3 Information Security

Wistron's information security management mission is "to build a resilient, secure and trustworthy enterprise", and it is committed to promote digital transformation and to introduce comprehensive information security management mechanisms in order to ensure the accuracy and availability of information processing and the security of related IT systems, equipment, and networks. Also, the Company regularly implements internal exercises and trainings for information security to increase our employees' information security awareness and vigilance. We ensure the information security of customers and products.

#### ISO 20000 Information Technology Service Management System

In February 2018, Wistron obtained the information service management system international standard ISO/IEC 20000-1:2011 certification. The Company seeks excellent IT service management and internationally recognized IT management standards to ensure that our information technology infrastructure library (ITIL) operations meet the required the standards. Wistron completed the certification for the updated ISO 20000-1:2018 in January 2021 and continues to optimize the IT service management system and related procedures to continue to strengthen data governance. The current certificate is valid until February 22, 2024.

ISO/IEC 20000 changes the method for implementing internal IT services or outsourcing IT services. The benefits are as follows:

- Meet best-practice standards for international IT management
- IT services support the fulfillment of company goals
- Integrate personnel, processes, and technologies to support company goals
- Use control measures for evaluation and to maintain consistent service quality
- Compatibility between ISO/IEC 20000 and Information Technology Infrastructure Library (ITIL) supports continuous improvement

#### ISO 27001 Information Security Management System

In August 2017, Wistron obtained ISO/IEC 27001: 2013 verification implemented the "Plan-Do-Check-Act (PDCA) cycle according to the standards and conduct with at least one internal self-audit and one audit by an impartial third party every year. To ensure the Company's implementation of ISO 27001 management mechanisms, the Company executes re-certifications every three years to maintain the validity of the ISO 27001 certification. The current certificate is valid until August 22, 2023.

- Regarding the critical infrastructure and the important information systems required for continuous operations, Wistron's headquarters (Neihu and Xizhi office areas), Hsinchu plant and all overseas manufacturing plants have successively obtained ISO/IEC 27001: 2013 verification. Also, we achieved the verification of ISO/IEC 27001: 2013 the international standard for information security management for all manufacturing plants in 2022 with a coverage rate of 100%.
- In 2022, no material cybersecurity incidents occurred, nor has we received complaints regarding breach of customer privacy or loss of customer information.



## Information Security Policy and Organization

Wistron seeks to implement the requirements of the ISO 27001 Information Security Management System and focuses on the process and system, legal compliance, employee training, and use of technologies to strengthen the security and protection of data, information systems, equipment, and network communication. These measures effectively reduce the risks of theft, inappropriate use, leak, alteration, or damage of IT assets as a result of human error, sabotage, or natural disasters. They help us uphold our commitment to shareholders and customers and ensure the continuous operations of the Company.

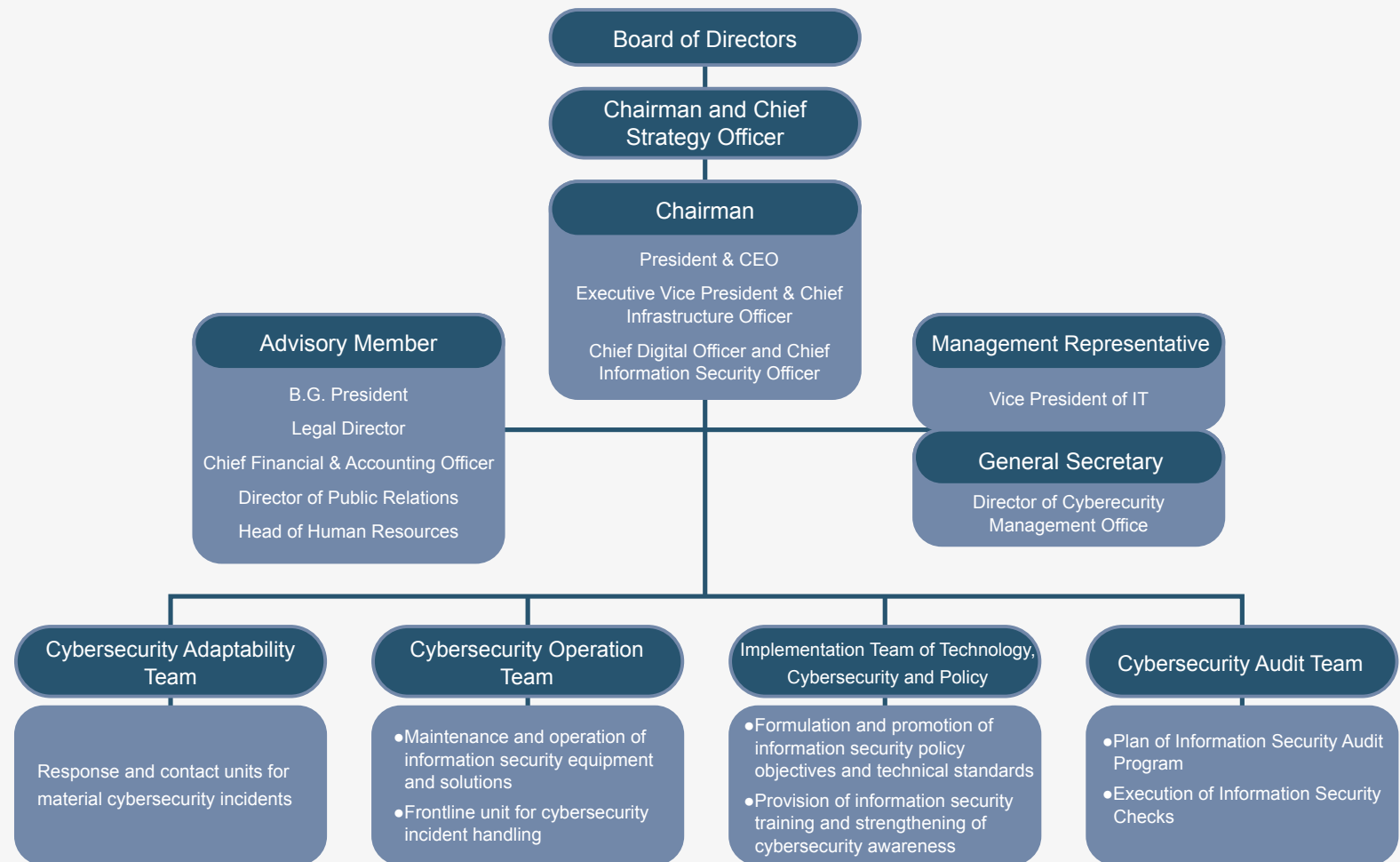
Wistron established the Information Security Committee to supervise the Company's information security management system, technical standards, and maintenance operations. The President & CEO, Executive Vice President & Chief Infrastructure Officer, Chief Digital Officer and Chief Information Security Officer act as Co-chairpersons and they are responsible for fulfilling the Company's commitment to information security. The Vice President of IT acts as the management representative. The Information Security Governance Office was established and a supervisor is appointed as the executive secretary to organize information security matters. The Company established the "Information Security Policy" to protect the IT asset security of employees, customers, suppliers, and operations, ensuring corporate sustainable management.

### Information Security Policy



### Information Security Committee Structure

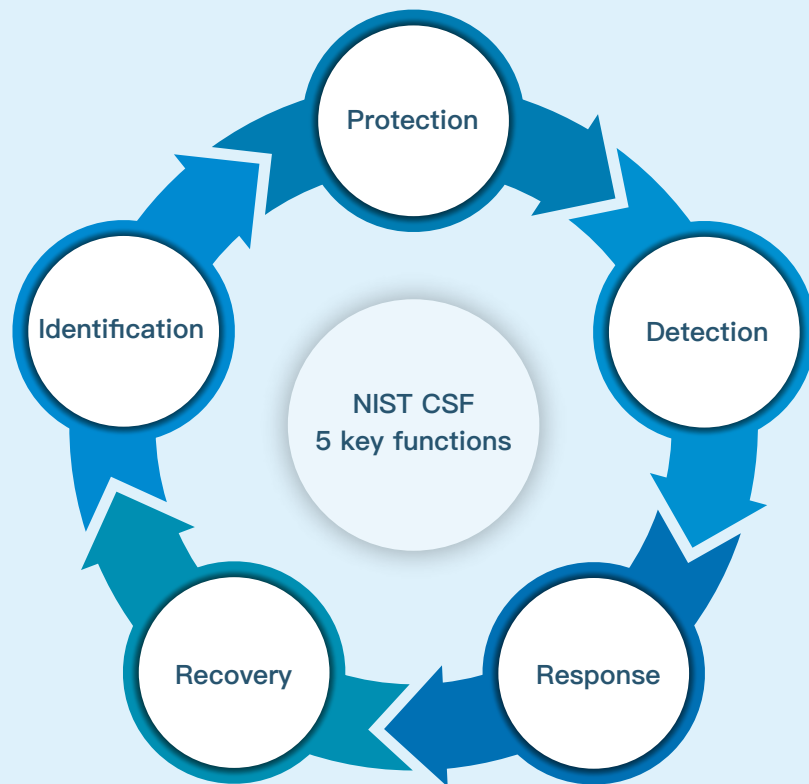
The Information Security Committee convenes once per quarter. Extraordinary meetings may be convened when necessary and members of the teams must attend. The agenda of the meeting includes information security incident reports, the report of each team on the implementation of the team's affairs, issues that require the cooperation of different units, other related suggestions, or extemporary motions.



### Information Security Management Strategies

Regarding the information security management, Wistron has gradually established comprehensive network and defense in depth computer cybersecurity measures from the aspects of personnel, process, and technology in response to the changes in internal and external environments. A dedicated cybersecurity organization was established to coordinate the formulation and the implementation of cybersecurity policies and the cybersecurity risk management. The internal cybersecurity measures have been continuously strengthened, and we have also joined the cybersecurity information sharing organizations to obtain information on cybersecurity early warning information, and cybersecurity threats and weaknesses in addition to information technology cybersecurity, operational technology cybersecurity, and cloud cybersecurity. For example: High-Tech Cybersecurity Alliance, Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC). Meanwhile, external information security vendors and expert resources are combined for us to continuously pay attention to new cybersecurity information, technologies and trends. The methods of defense or the management keep pace with the times to improve our rapid response capabilities to effectively block new types of cybersecurity threats. Therefore, the resilience of information services is ensured, and the influence or impact on operations is also reduced.

Wistron utilizes the Cybersecurity Framework (CSF) stipulated by the National Institute of Standards and Technology (NIST). We evaluate the overall information security maturity and plan development blueprints for information security. We decide the priority of each matter and allocate resources accordingly while continuously implementing improvement plans. The framework provides the 5 key functions of identification, protection, detection, adaptation, and recovery. The functions include management measures for every stage of an attack against the Company, that is, pre-incident (identification and protection), during the incident (detection and adaptation), and post-incident (recovery). In the future, the scope of cybersecurity protection will be continuously extended to cloud cybersecurity (including public cloud and private cloud) and operational technology (OT) cybersecurity. The related cybersecurity standards and assessment models will also be introduced, such as Cybersecurity Capability Maturity Model (C2M2), CSA Consensus Assessments Initiative Questionnaire (CSA CAIQ), and ISO/IEC 62443. Therefore, the overall cloud cybersecurity and operational technology cybersecurity defense capabilities will definitely be strengthened.



#### Information Security Operation Measures

- Identify stakeholder groups associated with the information security management system and regularly verify the needs of stakeholder groups for the information security management system (including customers' demands for information security).
- Execute social engineering drills and information security training for our employees to fully increase the employees' information security awareness.
- Establish comprehensive and clear operating procedures to institutionalize the operations of the information security management system.
- Perform regular risk assessments to identify high risk items and invest appropriate resources to reduce or transfer risks.
- Use tools and technologies to achieve timely and effective identification, defense, detection, adaptability, and recovery.
- Establish operating procedures for response and recovery in the event of information security anomalies with the aim of rapid isolation of information security incidents, elimination of threats, and reduction of the scope and extent of impact.
- Perform regular disaster recovery exercises for key applications to ensure their effectiveness.
- Perform regular annual internal and external audits each year to review the entire management system and ensure normal operation and continuous improvement.
- Continuously pay attention to new information security development and technologies and update defense or management practices to effectively block new forms of information security threats and reduce risks for operations.

## Information Security Initiatives and Execution Results

### Information Security Management and Audit Mechanisms

In order to protect the Company's intellectual property (including confidential information) and confidential customer information, Wistron started to conduct multiple self-evaluations and external third-party audits every year in 2017. The self-evaluations use NIST CSF and ISO/IEC 27001: 2013 standards. The external third-party audits use ISO/IEC 27001: 2013 standards and the information security regulations of customers. The aforementioned information security audit operations ensure the Company's implementation of information security regulations and continues to maintain the validity of ISO/IEC 27001 verification.

In 2022, Wistron also strengthened the internal control mechanism to ensure the effective implementation and continuous improvement of cybersecurity measures in each plant. The self-examination of the maintenance and operation units, the audit of the cybersecurity management office and the Audit Office are included in the mechanism of the three lines of cybersecurity defense. Wistron strengthens its Third Party Risk Management (TPRM) program. The classification and grading of suppliers is implemented throughout the supplier management life cycle from the perspectives of security, risk and privacy. This cycle includes the procurement phase (grade assessment, risk scores assessment, contracts), ongoing cooperation (, risk scores assessment and remediation), and finally termination of cooperation.

In 2022, a total of 224 suppliers were counted. Suppliers are graded based on factors such as the importance of the services they provide, direct access to confidential information, etc. There were 11 tier-1 suppliers, 13 tier-2 suppliers, and the rest were tier-3 suppliers. It also requires the tier-1 and tier-2 suppliers to meet the Wistron Cybersecurity Assessment Level based on individual cybersecurity guidelines.

### Strengthen Information Security Awareness Among Employees

To implement the concepts of information security in its employees, the Company provides e-Learning resources and executes social engineering exercises every six months to conduct phishing email simulations, reviews of employee information security awareness, and information security education and training. In addition, the Company publishes cybersecurity e-newsletter every month to enhance our employees' awareness and vigilance of cybersecurity. The content includes the latest cybersecurity trends and recent major cybersecurity events at home and abroad. If an employee commits a violation of the Information Security Policy, the Company imposes penalties in accordance with the "Implementation Guidelines for Employee Rewards and Penalties" and includes the results as the basis for performance management to reduce information security risks and the impact on the Company's operations.

The phishing email click rates for social engineering drills conducted in the last 4 years on all company employees are as follows

Initiatives	Goals	2019	2020	2021	2022
Execute social engineering drills every six months	The social engineering drill email click rate among employees was < 15%.	H1 : 14.5% H2 : 12.9%	H1 : 10.6% H2 : 10.5%	H1 : 10.8% H2 : 10.7%	H1 : 9.3% H2 : 10.2%

From 2021, the cybersecurity professional talent cultivation plan has been developed. Four roles are distinguished through manpower inventory, including cybersecurity governance, cybersecurity engineering, cybersecurity analysis, and software development security. Five levels of competency standards have been established, and capacity assessments are conducted every year. Therefore, the human capacity training and upgrading program is developed well. In 2022, a total of 115 people joined the cybersecurity talents training program to confirm the ability of cybersecurity talents to move forward with the times.

- The training conducted for general employees through on-line or in-person lessons in 2022 mainly consisted of information security awareness training, information security lessons, and phishing email awareness and prevention. The Company completed 21,906 hours of employee information security training for 42,652 participants. There were 784 punishment records for violating cybersecurity regulations.
- In 2022, 1,005.5 hours of information security related seminars and training were completed by 228 cybersecurity personals. The course content mainly consisted of the annual Wistron information security seminar, ISO 27001 information security management system lead auditor training, EC-Council CEH (Certified Ethical Hacker) certification course, Trend TrendMicro Certified Security Expert (TCSE) certification course, CISA (Certified Information Systems Auditor) International Computer Auditor Certification Workshop, CISSP (Certified Information Systems Security Professional) Information Security System Expert Certification Course, CISM (Certified Information Security Manager) International Information Security Manager Certification Special Course, CCSP (Certified Cloud Security Professional ) cloud information security expert certification course, and information security updates and related technologies seminars organized by Gartner, Microsoft, and information security suppliers.

**42,652 persons**  
Completion of cybersecurity training course

**21,906 hours**  
Total hours of cybersecurity training courses

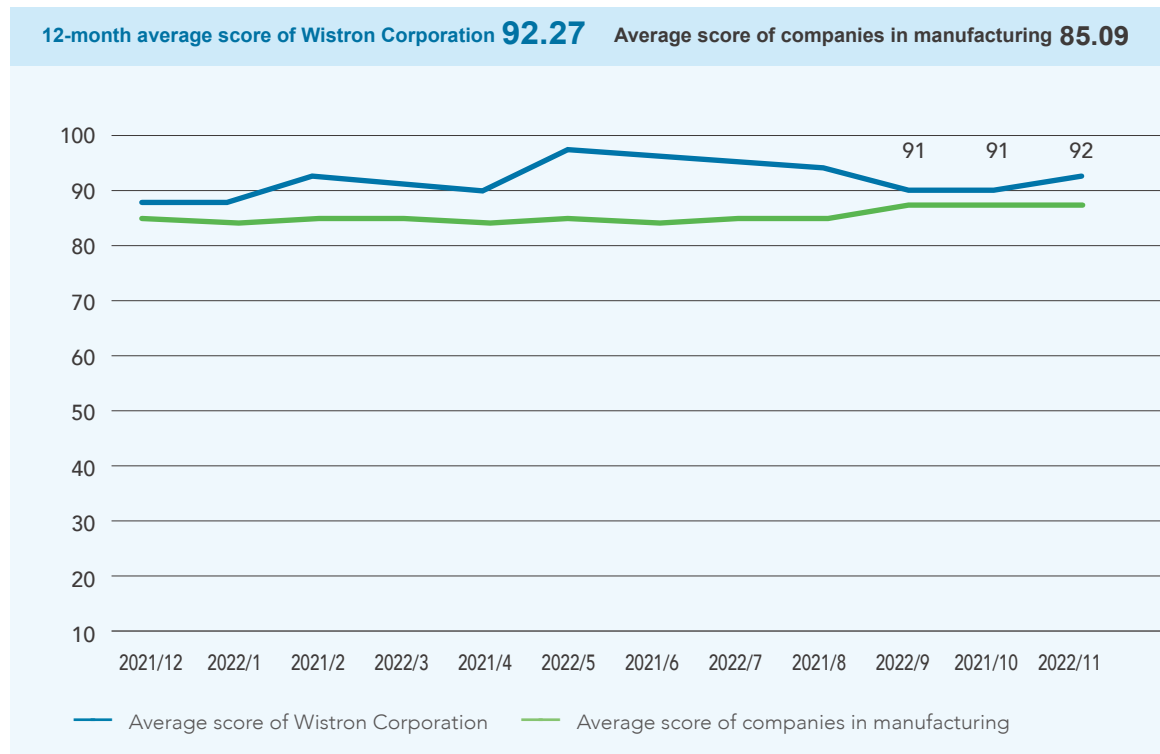
**Vulnerability Detection for Networks and Systems**

Apart from monthly internal vulnerability scans, Wistron entrusts a third party professional organization to conduct network and system penetration tests each year to protect the corporate and personal information and prevent losses caused by leaks, theft, destruction, other human factors, or natural disasters. These tests reduce the impact of human factors or natural factors on the Company's operations. The purpose of the tests is to understand and evaluate the status of the organization network environment and system security and verify the current information security protection safety rating and effectiveness to resolve vulnerabilities, improve operations, and strengthen system security.

Red team drills was introduced in 2021. External information security teams simulated attacks on the Company and attempted to achieve the specified goals without affecting the Company's operations. The company's services were comprehensively reviewed and the Company's network was examined for vulnerabilities and human errors in deployment. Moreover, we checked if the identification, protection, detection, and response mechanisms of the information security maintenance and response team were functioning smoothly.

In 2022, Wistron's average information security review score by third party evaluations was 92.27, which was higher than the average for international manufacturers. (Different assessment tools were used from November 2022)

**Wistron's Third Party Information Security Evaluation Results in 2022**



**Software Development Security**

Wistron has introduced the DevSecOps (Development, Security and Operations) mechanism, and strengthened the collaboration among the development team, the maintenance and operation team and the cybersecurity team. The reasons for these actions are the early control of the security of the software development lifecycle (Software development lifecycle, SDLC), and the achievement of shift left (Shift Left) security to reduce the maintenance and operation cost of cybersecurity in the application systems. Meanwhile, Software Composition Analysis (SCA) technology is added to the development process to improve the security quality of the software.

**Information Security Alerts and Incident Management**

According to the information security incident management regulations, we can ensure the institutionalization and systemization of information security incident reporting, sorting, classification, handling, recording, and tracking. When an information security incident occurs, Wistron can quickly report and handle the situation. We are able to respond in the shortest possible time to ensure normal operations. Wistron has introduced Advanced Persistent Threat (APT) monitoring and Security Operation Center (SOC) operations. Together with the resources of external information security experts, the information security operations and response teams can quickly grasp the information security alerts and incidents, strengthening and accelerating detection and response mechanisms.



### Business Continuity Management and Disaster Recovery Drills

In order to ensure the sustainable execution of operations and important matters, Wistron conducts at least one test or written drill every six months on information business operation continuity plan or cybersecurity incident emergency response plan to prevent the loss of service of important information systems during major disasters. We aim to utilize our disaster response capabilities and disaster recovery mechanisms to quickly restore our operations to normal or acceptable levels during key moments, in order to maintain key applications and systems and prevent operation interruption of the Company. Furthermore, backup management personnel of the IT center conducts recovery testing for selected backup storage mediums or recovery equipment at least once a year, in order to confirm the readability of the backup data, the usability of the storage medium, and the possibility of important asset recovery. We aim to create effective backups and recovery procedures that can be completed within the allocated time.

The global IT center also chose 30 backup storage mediums for 7 key functions' systems and database in 2022. Recovery testing was successfully completed for the backup data. The annual global computer center disaster recovery drills revealed that the maximum tolerable data loss time during disasters (Recovery Point Objective, RPO) is 0.9 hours. After a disaster occurs, the maximum tolerable information service recovery time (Recovery Time Objective, RTO) is 18.83 hours. The results of the drills in the last 4 years have met the Company's targets. The details of statistics can be found in the table below.

Strategies	Goals	2019 Results	2020 Results	2021 Results	2022 Results
Disaster recovery simulations are conducted for key applications and systems every year to ensure continued operations and the uninterrupted provision of Company services.	RPO of SC2 Services ≤ 4 hours RTO of SC2 Services ≤ 24 hours	RPO=0.9 hour RTO=19.95 hours	RPO=0.5 hour RTO=21.0 hours	RPO=0.8 hour RTO=22.0 hours	RPO=0.9 hour RTO=18.83 hours

\*RPO: Recovery Point Objective (the maximum tolerable data loss time during disasters)

\*RTO: Recovery Point Objective (the maximum tolerable information service recovery time after a disaster occurs)

Wistron also organizes cybersecurity accident response drills every year in addition to the disaster recovery drills for the information systems. Members of the cybersecurity committee are invited to actually simulate the cybersecurity events. Situational drills are carried out to ensure that the Company has sufficient cybersecurity protection and control mechanisms, emergency notification, and emergency response capabilities in case of hacker attacks. Thereby, the overall cybersecurity resilience is enhanced.

### Purchased Information Security Insurance to Mitigate Information Security Risks

In 2021, Wistron purchased global information security insurance policies as a group. Apart from mitigating risks, we also hope to further receive the help and resources of external information security experts through the international insurance market. We provide preventative solutions to strengthen existing information security measures, in order to respond to growing information security threats and achieve the goals of corporate sustainable management.

### Information Security Incidents in the Most Recent 4 Years

No major information security incidents occurred between 2019 to 2022. No confidential information leaks affected the personal information of customers and employees, and no fines were issued.

Number of Information Security Violations and Fines /Year	2019	2020	2021	2022
Number of information security or network security violations	0	0	0	0
Data leak incidents (number of cases)	0	0	0	0
Number of information security violations that involve customer information	0	0	0	0
Number of customers and employees affected by the data leak (number of people)	0	0	0	0
Amount of fines for information security or network security related incidents (NTD)	0	0	0	0



### 5.3.4 Intellectual Property

Wistron places great importance on the management of intellectual property and capital. We have strengthened our R&D capabilities, introduced high value added products and technical services for innovative functions, and improved manufacturing efficiency and quality through the smart asset management policy. Wistron has establishes, accumulates, maintains, and manages a more comprehensive IP portfolio for the future. Furthermore, we use risk management to enhance the competitive capabilities of the Company and increase profits. In the future, we will continue to implement our intellectual property and capital management plan. We integrated the Company's strategic considerations and operating goals to implement the real time production, management, and application of intellectual property rights.



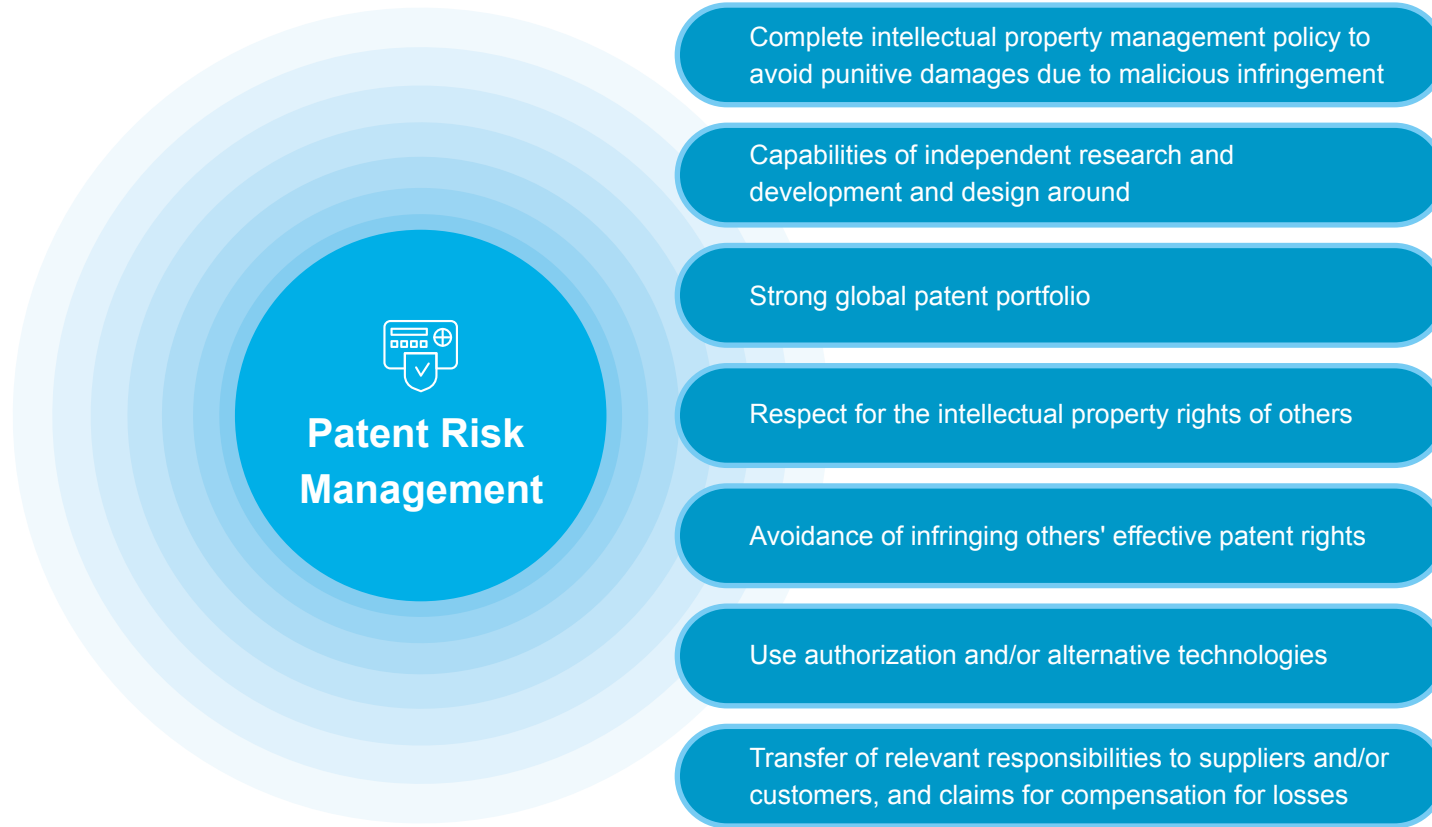
### Patent Portfolio Management

Wistron's patent strategy is based on developing healthy and high performing global patent portfolios. As of today, we have acquired over 6,000 approved international patents. We protect all technologies, designs, and inventions developed by the company through the comprehensive patent portfolios, in order to maintain customer interests. When implementing the overall strategy for patent portfolio management with the strategic considerations and operating goals of the Company, we promote immediate inventions and creations, production, right protection, and patent operations. The patent team does not merely work closely with the technology and product development units. The team also develops excellent ideas and production oriented inventions based on the brainstorming meetings, big data analysis for patents, proposal review meetings, and other related mechanisms. We have established more than two hundred review items to strengthen the inspection of the content of the patent specification and to implement strict management of patent quality. The items cover the entire patent application process, from the invention proposal, indexing, design of the protection label and scope, drafting and translation of the manual, application strategy, rejection response and appeal, and pre- and post-certification review. The team maintains the level of quality of each patent. We continue to improve the expertise ability of patent personnel and the patent knowledge of all employees internally, and evaluate patent agencies externally. In order to encourage employees to invent and create, we have stipulated the creativity reward measures to improve service and product quality and functions, strengthen our competitive capabilities, and explore future development opportunities. We provide bonuses and rewards for inventors and publicly recognize their efforts during the annual patent commendation meeting.

For the quantity and quality control of patents, we sell or eliminate unused patents in addition to self-producing, co-development, purchasing, and investing in acquisition and accumulation of high value patents. We use consistent standards to quantify patent evaluations in order to clearly grasp the scope covered and the value of patents and improve the deployment of patent portfolios through various indicators. While maintaining the scale of patent portfolios, expanding the scope of technologies, improving patent quality, and increasing the overall value and benefits of patents, we will continue to improve the transparency and integrity of patent portfolios. Wistron promotes the vitalization of patents to achieve the optimization and value maximization of patent operations and patent portfolios.



**Patent Risk Management**

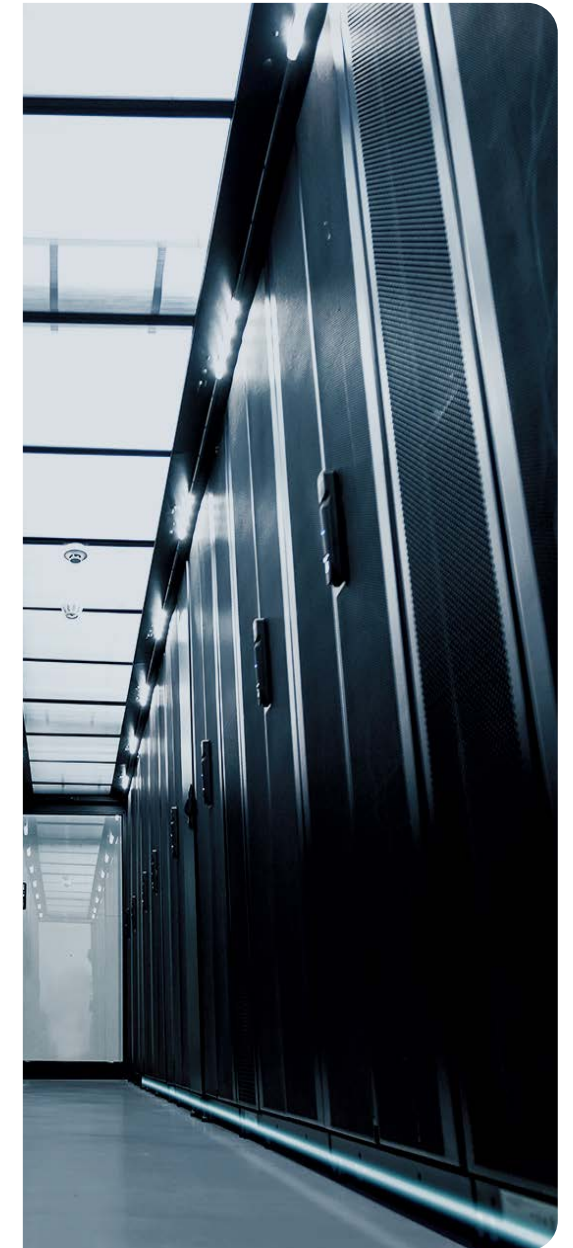


**Protect Trade Secrets and Confidential Information**

Trade secrets and confidential information are important intellectual properties of Wistron. We use related control mechanisms to ensure the protection of trade secrets and confidential information. Apart from maintaining our competitive edge, the protected information provides the drive for innovation and ensures the customer's rights and interests. No substantiated complaints concerning breaches of customer privacy and losses of customer data were received by the Company in 2022.

In order to protect the confidential information of Wistron and our customers, Wistron obtained the information security management system international standard ISO/IEC 27001 certification and implemented management. We conduct social engineering drills once every 6 months to improve employee awareness of phishing emails. The click rate in the 2022 drill has been lowered to 10.2%. Meanwhile, we conduct confidential information and trade secret protection training for all new employees, in order to ensure that employees fulfill our confidentiality commitments to our customers.

We have signed confidentiality agreements with our customers and related suppliers. Both parties are required to protect confidential information. In the past 5 years, we have signed an average of 400 to 700 confidentiality agreements every year. Customer information is handled by designated units to reduce the possibility of improper disclosure and leaks. We have also joined the Taiwan Association for Trade Secrets Protection to continue tracking changes to related laws and the industry.

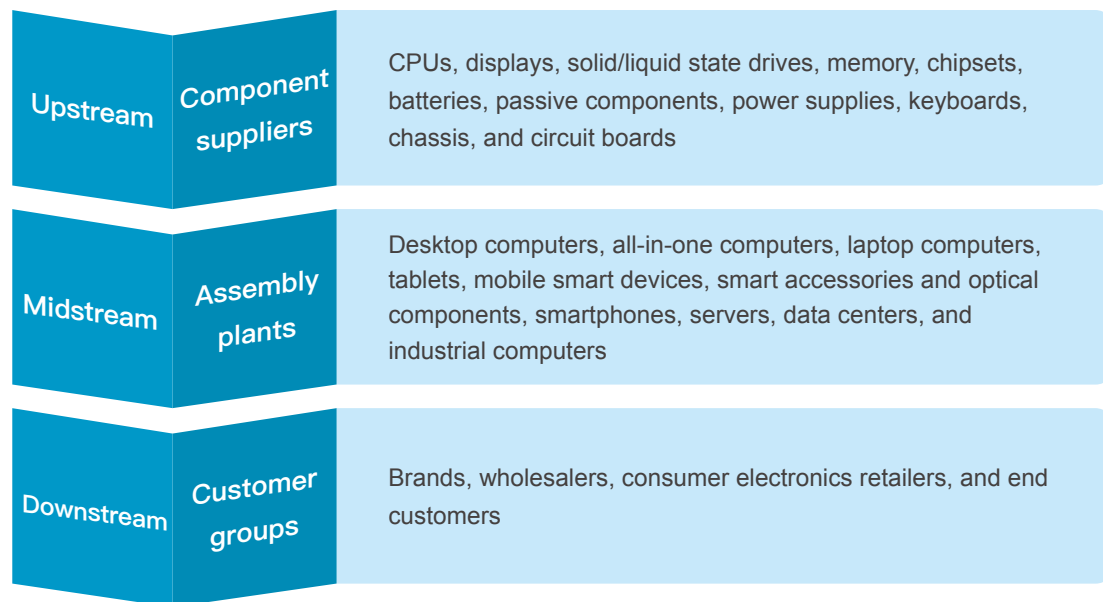




## 5.4 Moving Towards Sustainable Supply Chains

Sustainable supply is an important commitment to the sustainable operation and the corporate governance of enterprises. The matters of geopolitics are developing and have not yet reached the end. The challenges of short chains and broken chains highlight the importance of sustainable supply chain management strategies and execution performance. In order to improve the sustainable resilience of the supply chain, we work closely with suppliers to create mutually beneficial industry chains. On this basis, our suppliers are the important partners. Therefore, Wistron has set up a platform to share knowledge and grow together with suppliers. We work with suppliers to create more resilient and influential supply chain, and the specific actions include promoting carbon reduction projects, implementing green products, and purchasing materials. In 2010, Wistron became a member of the Responsible Business Alliance (RBA) to fully support the vision and goals of RBA. We aim to ensure that the work conditions for labor in the supply chain are safe and secure, and that the employees receive the respect they deserve. Wistron also ensures that our operations and activities comply with environmental protection regulations and ethical business practices. Wistron is a leading company in the global ICT (Information and Communications Technology) industry. The upstream and midstream of the entire industry chain consists of component suppliers, while the downstream consists of various customer groups. We vertically integrate the industry chain through customer needs and are dedicated to providing competitive products.

### Wistron Industrial Chain



### 5.4.1 Supply Chain Overview

Taiwan is an important global supplier of IT products, in which, Wistron holds a place of importance. In order to provide more convenient and full services to customers, we deployed a comprehensive global manufacturing and service network to support customers in different regions. As of the end of 2022, Wistron has partnered with 2,445 suppliers around the world. To effectively manage our suppliers, we have classified and divided suppliers for management, in order to grasp the status of the entire supply chain.

Region	Total Number of Suppliers
Taiwan	656
China	1,516
Asia Pacific region	107
Europe	39
Americas	102
Others	25
<b>Total</b>	<b>2,445</b>

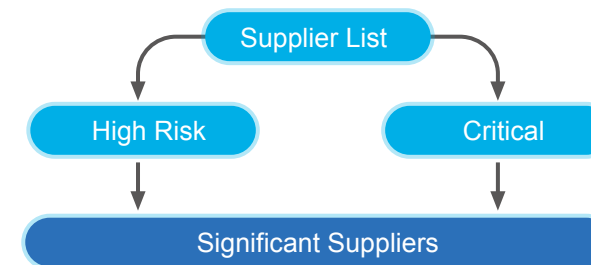
Category of Tier 1 Suppliers and Regional Distribution	Number of Mechanical Parts Suppliers	Number of Electronic Parts Suppliers	Number of Maintenance Repair Operation Suppliers	Number of Logistics Suppliers
Taiwan	138	192	69	13
China	440	173	222	8
Asia Pacific region	38	27	6	0
Europe	14	7	0	1
Americas	27	28	1	2
Others	12	9	0	0
<b>Total</b>	<b>669</b>	<b>436</b>	<b>298</b>	<b>24</b>

### Significant Suppliers

Wistron's suppliers are distributed around the world. Considering differences in procurement amounts, we have defined tier 1 suppliers as those who have had at least 6 transactions with Wistron in the current year and the total amount of the transactions is over NT\$1 million. In 2022, there were 1,427 tier 1 suppliers. Also, we define significant suppliers as high-risk suppliers and critical suppliers. The main suppliers of Wistron are electronic parts and mechanical parts suppliers. In 2022, maintenance repair operation and logistics suppliers were included in the scope of management. We screen out significant suppliers<sup>1</sup> through amount of procurement amounts and related conditions. In 2022, 639 suppliers were listed as significant tier 1 suppliers. Regarding significant non-tier 1 suppliers, these suppliers are defined as suppliers who trade through agents or the upstream suppliers of direct suppliers. In 2022, there were 241 significant non-tier 1 suppliers.

<sup>1</sup> High-risk suppliers (tier 1 + non-tier 1) with SAQ score below 80 belong to high-risk suppliers + critical suppliers (tier 1 + non-tier 1). Critical suppliers: high proportion of turnover (top 80% of annual transaction amount); ability of technology pioneering; the only source of supply is irreplaceable.

### Significant Suppliers



### Significant Non-tier 1 Suppliers

Supplier Types	2020	2021	2022
Number of non-tier 1 suppliers	520	279	385
Number of significant non-tier 1 suppliers	423	256	241

### Significant Tier 1 Suppliers

Supplier Types	2020	2021	2022	
Electronic parts	Number of tier 1 suppliers	549	426	436
	Number of significant tier 1 suppliers	344	214	241
	Share of amount of procurement spent on significant tier 1 suppliers	85.99%	96.91%	97.49%
Mechanical parts	Number of tier 1 suppliers	627	658	669
	Number of significant tier 1 suppliers	153	222	310
	Share of amount of procurement spent on significant tier 1 suppliers	89.00%	90.89%	91.85%
Maintenance repair operation	Number of tier 1 suppliers	373	353	298
	Number of significant tier 1 suppliers	46	39	76
	Share of amount of procurement spent on significant tier 1 suppliers	56.87%	48.50%	58.73%
Logistics	Number of tier 1 suppliers	36	25	24
	Number of significant tier 1 suppliers	20	11	12
	Share of amount of procurement spent on significant tier 1 suppliers	89.69%	89.41%	91.27%
Total	Number of tier 1 suppliers	1,176	1,084	1,427
	Number of significant tier 1 suppliers	563	486	639
	Share of amount of procurement spent on significant tier 1 suppliers	88.06%	94.66%	94.53%

Note: Maintenance repair operation/logistics added in 2022

## 5.4.2 Supply Chain Sustainability Management

In the ESG process of Wistron's supply chain management, the basic requirements for existing suppliers and new suppliers include compliance with Wistron's supplier code of conduct, green product procurement, CMRT surveys, and supplier self-assessment questionnaires, supplier performance management, sustainability audit and coaching improvement, etc. There are qualification training of supply chain personnel and training and management of suppliers. Through the management of Wistron Sustainable Supply Chain, our suppliers have basic sustainable capabilities and continue to become Wistron's cooperative partners.

The basic (to which not limited) training of procurement and related personnel of the sustainable general education course includes the Responsible Business Alliance (RBA) general education courses. Based on this, it is necessary to understand Code of Ethical Conduct, ethical management and corporate governance, basic training of sustainable general education courses, conflict minerals, green management, green partners, legal course training, negotiation skills courses, etc. Supplier audit personnel must accept and pass the supplier audit course training with the subject score (written test) of 80 points (inclusive) in order to obtain the identification of auditors and perform supplier audits.

Meanwhile, our employees within the supply chain participate in supply chain-related training courses. 260 people participated in the training on ethical management, corporate governance and other related issues with a total of 260 hours of training. A total of 883 people participated in training courses related to sustainable management with a total of 609 hours of training. 28 people also participated in the training of auditors with a total of 97 hours of training.



### Sustainable Supply Chain Strategy

Wistron focuses on cooperation and growth with our suppliers, and our strategy is based on sustainable procurement. We have responded to customer demands and established the Sustainable Supply Chain Strategy, which includes, quality performance and implementation, technical manufacturing capabilities, cost/operation management, local supply chain prioritization, and sustainability. We hope to strengthen our partnerships to create new opportunities. Wistron has established a global procurement unit and supplier quality management unit to conduct supplier management. The units manage the standards and the procedures for the supplier selection based on partnerships with suppliers. They conduct risk evaluations, performance evaluations, audit guidance, education and training, and organize supplier conferences, in order to implement the sustainability requirements in the daily management of supply chains.

### Sustainable Supply Chain Strategy

Optimize Core Competitiveness of Suppliers	Deepen Regional Strategic Cooperation	Strengthen Supply Chain Sustainable Resilience
Quality Performance and Implementation Technology and Process Capability Cost/Operation Management	Local Supply Chain Priority	Sustainability

### Supplier Screening Mechanism

Wistron refers to the Supplier Selection Criterion for supplier screening in order to understand and identify potential risks in the supply chain. Sustainability factors or business operation perspectives are also considered during the process of screening, and then supplier investigation and evaluation are carried out. Screening includes but is not limited to dimension of environment, social, governance, business relevance, country-specific, sector-specific, and commodity-specific.

Aspects	Evaluation Item
Environmental	<ul style="list-style-type: none"> <li>Prioritize local suppliers to reduce transportation energy consumption and emissions.</li> </ul>
Social	<ul style="list-style-type: none"> <li>Review public litigation records or media information to assess the potential negative impact risks associated with social topics, including but not limited to human rights and labor rights.</li> </ul>
Governance	<ul style="list-style-type: none"> <li>Publicly disclose information or corporate governance assessment records (such as annual reports or sustainability reports).</li> <li>Financial statement review and analysis.</li> </ul>
Business relevance	<ul style="list-style-type: none"> <li>The diversity of the products or services it manufactures and provides.</li> <li>The substitutability of the products or services it manufactures and provides.</li> <li>Whether the products it manufactures and provides belong to technological pioneers or exist in niche markets.</li> <li>Industry research and business analysis: Investigation of its target customer base and brand perception, as well as the industry reputation regarding its technology and quality.</li> </ul>
Country-specific	<ul style="list-style-type: none"> <li>Prohibition on the use of conflict minerals and materials on the U.S. prohibited list.</li> <li>Take note of international sanctions regulations to avoid inadvertent violations of sanction norms, such as the U.S. sanctions list (SDN List).</li> <li>Pay attention to the prohibition of importing or exporting specific countries or items from sanctioned countries (such as the Taiwan SHTC list regulations).</li> </ul>
Sector-specific	<ul style="list-style-type: none"> <li>The manufacturing process involves risks related to resource intensity and energy consumption (such as the stability of power supply for production and contingency measures).</li> <li>Take into account the regional regulatory trends concerning industries with potential pollution issues (such as environmental regulations for the painting or electroplating industry, or the presence of trends towards migration bans).</li> </ul>
Commodity-specific	<ul style="list-style-type: none"> <li>The resource intensity in the region where the goods are manufactured, such as the expandability of land use, labor force structure, integrity of the upstream and downstream supply chain, and delivery lead time.</li> <li>Suppliers that meet specific product certification requirements, such as choosing factories certified by UL to manufacture specific goods.</li> </ul>

### Supplier Code of Conduct

Wistron is fully aware that in the pursuit of the company's continuous growth, our operating strategy must take into account the impacts of society and the environment. Therefore, Wistron invites all our suppliers to work together on sustainability and has established the supplier code of conduct, as a basis for supplier compliance. The content covers the 5 major aspects of labor, health and safety, the environment, code of ethics, and management systems. It also includes biodiversity, prevents any deforestation activities, or land conservation. Meanwhile, the supplier's compliance with this code is taken as one of the main evaluation items for our procurement decisions. We have revised our Supplier Code of Conduct in 2022 to continuously improve the sustainability of the supply chain. Our suppliers are also required to re-sign the code of conduct, and they were given relevant education and training. The signing rate and training rate of the Code of Conduct are 95.90% and 100%, respectively.

### Signing of the Supplier Code of Conduct

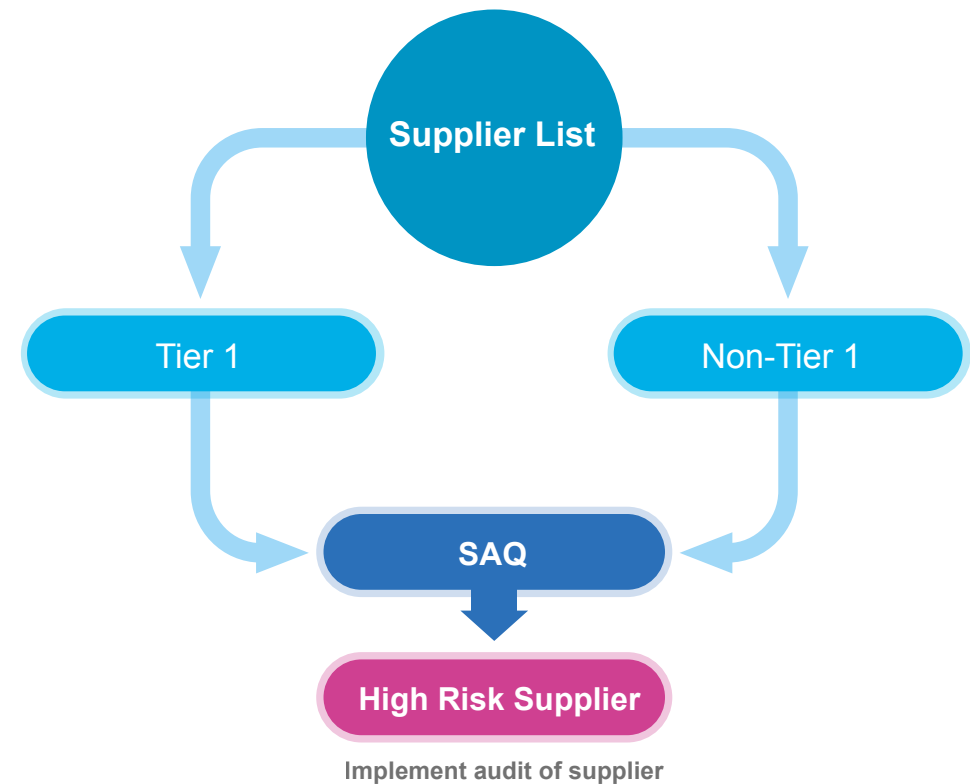
Year		2021 Performance	2022 Targets	2022 Performance	2023 Targets
Existing suppliers	Number of suppliers that should sign	1,055	-	1,293	-
	Percentage of signed suppliers (%)	87.20%	100%	95.90%	100%
New suppliers	Number of suppliers that should sign	117	-	150	-
	Percentage of signed suppliers (%)	53.85%	100%	89.33%	100%
New critical suppliers	Number of suppliers that should sign	16	-	7	-
	Percentage of signed suppliers (%)	93.75%	100%	85.71%	100%



### Sustainability Risk Assessment for Supply Chains

In order to understand the risk related to sustainability in the supply chain, Wistron distributed the Self-Assessment Questionnaire (SAQ) to all our tier 1 suppliers and non-tier 1 suppliers. The suppliers must describe their implementation of the 5 major sustainability aspects (sustainability and operational risk management, supply chain and operation continuation, environmental protection, human rights and labor security, and occupational safety and health) in the questionnaire, and provide related evidence, such as management system certification or related documents. The supplier self-assessment result will be used as reference for future sustainability risk management. The response rate for the SAQ among tier 1 suppliers was 100% in 2022. The response rate among significant non-tier 1 suppliers was also 100%.

### Supplier Sustainability Risk Assessment Flowchart



**2022 Self-Assessment Questionnaire**

Year		2021 Performance	2022 Targets	2022 Performance	2023 Targets
Tier 1 suppliers	Number of surveyed suppliers	1,084 suppliers	-	1,427 suppliers	-
	Response rate (%)	100%	100%	100%	100%
Significant tier 1 suppliers	Number of surveyed suppliers	430 suppliers	-	639 suppliers	-
	Response rate (%)	100%	100%	100%	100%
Significant non-tier 1 suppliers	Number of surveyed suppliers	256 suppliers	-	241 suppliers	-
	Response rate (%)	100%	100%	100%	100%

Through the analysis of the SAQ results, the main sustainability risk factors for suppliers in 2022 are unimplemented energy conservation and carbon reduction mechanisms for energy management, non-certified Greenhouse Gas Inventory certified management, and no use of green electricity or renewable energy. In the aspect of environmental protection. In the aspect of sustainability and operational risk management, the most important risk factors are unimplemented response plan management for continued operations and non-participation in responding to carbon disclosure plans. We defined suppliers which scored less than 80 points as high risk suppliers, and identified the potential risks within the supply chain. In 2022, we identified 92 high risk suppliers (including 16 critical suppliers). We later conducted sustainable audits of the high risk suppliers, in order to confirm and understand the risks of the suppliers.

**2022 Sustainability Risk Factors for Suppliers**

Aspects	Risk
Environmental protection	Energy conservation and carbon reduction mechanisms for energy management have not been implemented.
	Uncertified Greenhouse Gas Inventory Certification Management
	Non-use of green electricity or renewable energy
Sustainability and operational risk management	Response plan management for continued operations has not been implemented.
	Non-participation in responses to the Carbon Disclosure Project

**2022 Results of Self-Assessment Questionnaire**

Tier 1 suppliers	Number of high risk suppliers	92
	Percentage of high risk (%)	6.45%
Critical tier 1 suppliers	Number of high risk suppliers	16
	Percentage of high risk (%)	2.84%
Critical non-tier 1 suppliers	Number of high risk suppliers	0
	Percentage of high risk (%)	0%

### Supplier Audit

Wistron has established supplier sustainability audit procedures to conduct audits on significant suppliers in order to implement supplier sustainability risk management. Sustainability audit types<sup>2</sup> include desk assessment (on-site assessment)/2<sup>nd</sup> party (supplier audit/consultant)/3<sup>rd</sup> party (third-party assessment) and industry standards (obtain relevant industry certification). If the supplier has a score of lower than 80 points in the audit results, the Company will ask the supplier to propose improvement measures for discrepancies found in the audit. The supplier is required to complete the improvements for the discrepancies, report back, and file a re-audit application within two months. If the supplier still can't pass the re-audit, it may not file another application within six months. Where the issues discovered affect the quality of materials supplied, the materials/supplier will be replaced with an alternative.

According to the supplier performance management method, if the elimination mechanism cannot be implemented immediately because of the shipment involved, it can be implemented after the introduction of the alternative plan is completed. Suppliers who are still unable to cooperate with improvement within two years will have their purchase amount reduced or stop purchasing from them, or their supplier qualifications will be disqualified.

<sup>2</sup>Sustainability audit types include:

- (1) Desk assessment: After suppliers complete self-assessment, due to subjective and objective factors preventing Wistron from conducting on-site assessment, video or remote audit/review are carried out based on the supplier's self-assessment report.
- (2) On-site assessment: After the supplier's self-assessment is completed, Wistron's audit personnel conduct on-site assessment/reviews based on the supplier's self-assessment report.
- (3) Supplier audit/consultant (2<sup>nd</sup> party assessment): Non-tier 1 suppliers are audited by the tier 1 suppliers or consultant using Wistron's audit criteria, and the audit results and improvement reports of non-tier 1 suppliers are obtained.
- (4) 3<sup>rd</sup> party assessment: Conducting on-site assessment through the third-party verification agency, we obtain audit results and improvement reports. The scope of the third-party audit includes:
  - (4.1) Social Accountability 8000 Standard;
  - (4.2) Non-VAP report for third-party Review + improvement and prevention report;
  - (4.3) CMA (Customer Managed Audit), AMA (Auditee Managed Audit) + improvement and prevention report.
- (5) Industry standards: For example, the electronics industry undergoes the VAP based on the RBA Code of Conduct. In 2022, the focus of the certification was primarily on material categories such as IC/LCD/TouchPad/SSD.

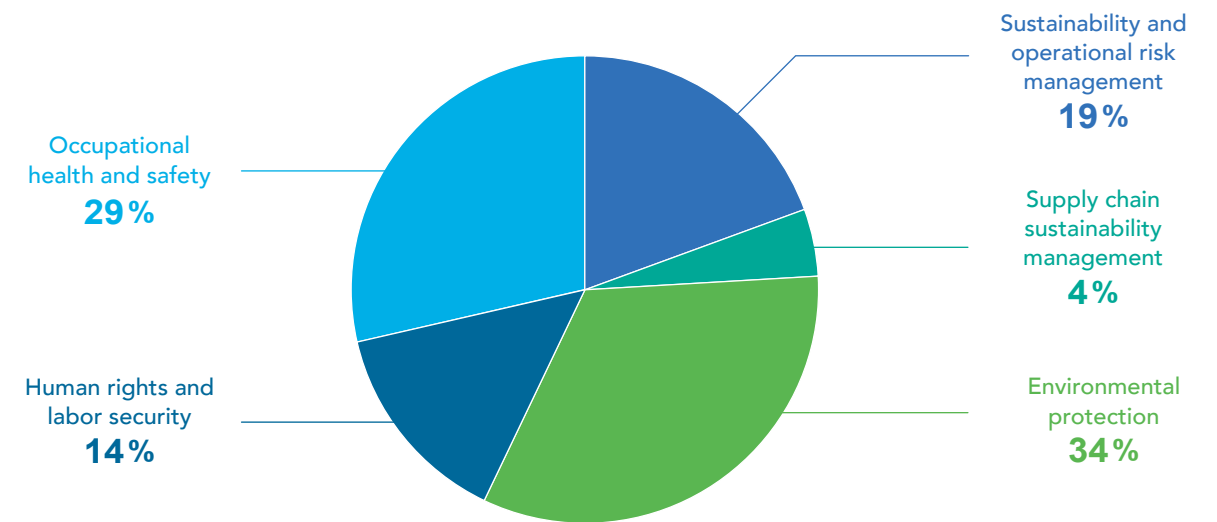
Item	2021 Performance	2022 Targets	2022 Performance	2023 Targets
Number of audited significant suppliers	686 suppliers	-	880 suppliers	-
Number of audited high risk suppliers	50 suppliers	-	92 suppliers	-
Percentage of audited high risk suppliers (%)	100%	100%	100%	100%
Number of audited high risk significant suppliers	14 suppliers	-	16 suppliers	-
Percentage of audited high risk significant suppliers (%)	100%	100%	100%	100%
Deficiency improvement rate (%)	100%	100%	100%	100%

### Deficiencies in the Audit and the Percentage of Related ESG Items

A total of 880 suppliers were audited according to the audit procedures above. 833 non-compliant reports were found, and the number of suppliers who have implemented correction, counseling and improvement measures was 267, including 162 cases of sustainability and operational risk management, 36 case of supply chain sustainability management, 279 cases of environmental protection, 119 cases of human rights and labor security, and 237 cases of occupational health and safety.

Audit Method	2021	2022	Goal
Number of audited suppliers	Desk	367	719
	2 <sup>nd</sup> party	0	10
	3 <sup>rd</sup> party	0	59
	Industry Standard	0	92
	Total	367	880
Percentage of audited high risk significant suppliers (%)	53.50%	100%	100% (Percentage of audited significant suppliers)
Number of audited high risk suppliers	50	92	-
Ratio of completion in CAP (%)	100%	100%	100%
Number of suppliers eliminated	0	0	-

Item	2022	Goal
Number of suppliers counseled	267 suppliers	267 suppliers
Percentage of significant suppliers be counseled	100%	100%



Improvement Actions for Deficiency From Supplier Audits

Aspects	Topics	Improvement Actions
Sustainability and operational risk management	Business continuity management	<ul style="list-style-type: none"> <li>• Promotion of corporate social responsibility, including employee care, corporate governance, environmental protection, and social welfare</li> <li>• Focus on compliance with government regulations, protection of work rights, and promotion of occupational health and safety</li> <li>• Development of green products, reduction of environmental impact, social and environmental responsibilities, etc.</li> <li>• We prevent the interruption of business activities, and minimize the disruption of business operations caused by disasters and management failures with combination of preventive and recovery controls and programs.</li> </ul>
Supply chain sustainability management	Supplier selection / management	<ul style="list-style-type: none"> <li>• Establish a comprehensive supply chain risk management plan</li> <li>• Identify all risks at every point of the supply chain</li> <li>• Improve the accuracy of demand prediction and establish a secure inventory</li> </ul>
Environmental protection	Energy management / emission reduction plan	<ul style="list-style-type: none"> <li>• We formulate energy policies and emission reduction plans and targets with combination of relevant emission reduction actions.</li> <li>• We carry out energy monitoring, such as the establishment of identification of relevant regulations and the clear quantification of indicators, the formulation of energy resource control programs, and the implementation of carbon reduction in accordance with the programs.</li> </ul>
Human rights and labor protection	Control time-out of overtime working hours / non-discrimination	<ul style="list-style-type: none"> <li>• Electronic overtime application control systems were established, overtime needs be applied in advance, and the system automatically generate early warning signals when the number of overtime hours is exceeded</li> <li>• Regarding anti-discrimination issues, anti-discrimination education and training programs are regularly organized and included in the annual training plan. Staff training is conducted and record keeping management is implemented.</li> </ul>
Occupational safety and health	Emergency preparation/ lack of knowledge about chemicals management	<ul style="list-style-type: none"> <li>• Enhance employee operation safety awareness</li> <li>• Marking escape routes clearly</li> <li>• Evacuation education and training</li> <li>• Post warning signs and regulations on related facilities and in areas</li> <li>• Add safety improvement facilities where appropriate, Conduct inspection of chemical safety information</li> </ul>

### Supplier Performance Evaluation Mechanism

In order to implement sustainability and performance management for our suppliers, Wistron has implemented the supplier performance evaluation system. The scores, from high to low, go from A to E (A is over 85 points and E is lower than 46 points). The performance evaluation mechanisms are the basis for supplier selection and the evaluation mechanisms are as follows. In 2022, no supplier was rated as E in the supplier performance evaluation and no suppliers were eliminated.

- Suppliers who scored lower than an E in the quarterly evaluation are required to propose improvement measures. Wistron will discuss adjustments to the supplier's strategy and the cancellation of the supplier's current projects and qualifications for new projects according to the improvements implemented by the supplier.
- If a supplier is given an E rating for 3 consecutive quarters, the suspension of the supplier's qualifications to join new projects will be discussed in the quarterly meetings.

### Schedule Award Mechanism and Elimination Mechanism

Through quarterly Spend Performance Management (SPM) meetings, relevant departments conduct evaluations and rate suppliers based on a graded system, following appropriate management procedures. The implementation of measures and mechanisms is as follows:

- Award: Suppliers consistently rated as "A" grade for three consecutive quarters within a fiscal year will be honored with the Excellent Supplier award during the annual supplier conference. They will receive a larger share of business cooperation opportunities, along with the chance to participate in new projects.
- Penalty: Suppliers consistently rated as "D" grade for three consecutive quarters will be placed on an observation list. Their senior management will be required to attend review sessions at our company, where they must present improvement strategies.
- Disuse: Suppliers consistently rated as "E" grade for three consecutive quarters will have new project eligibility temporarily suspended. Order quantities will be reduced and shifted to secondary suppliers. Implementation of the elimination mechanism depends on the feasibility of alternative solutions post-completion of ongoing shipments. Suppliers failing to meet improvement requirements within two years will experience reduced procurement or complete cessation, leading to supplier qualification termination.

### Improvement of Supplier Sustainability

In order to strengthen the connection and interaction between Wistron and the suppliers, information transparency, and real-time transmission of information and knowledge on sustainable issues, we have developed a digital learning platform for our suppliers. The problem of insufficient training caused by frequent personnel turnover is improved to improve the supplier's sustainable service quality and skills. Therefore, the supplier can continue to improve and create a win-win situation. The platform has been officially launched on 2022/9/15. The course has 30 lessons, including general education (7), policies and regulations (5), supply chain management (8), quality management (7), environmental occupational safety and health (1), and cross-domain management (2). The number of registered suppliers is 1,071 suppliers, and the reading rate of completed compulsory courses is 100%.



### Supplier Benchmarking for Learning

Excellent suppliers are used as benchmarks to be learned: 2022/08 Sustainability Report and DJSI excellent Nanya Technology was specially invited to share the sustainable organization and effectiveness of Nanya Technology.

### Development of Suppliers' Sustainable Ability

Wistron continues to improve the sustainability of suppliers in the form of projects every year. It includes Y2022 supplier sustainability project promotion plan, and carbon reduction plan of suppliers with high energy usage (supplier carbon reduction target 2.5%). 27 suppliers participated in PCB, LCD, and ME. After more than 8 months of internal and external guidance and requirements, 17 suppliers obtained ISO14064-1 (62.96%); 16 suppliers obtained ISO50001 (59.26%); emission reduction data inventory: 100% , and substantial carbon reduction results have been achieved.

Item	2022	Goal
Number of suppliers with capacity building	27 suppliers	27 suppliers
Proportion of significant suppliers (%)	3.07%	-





## Supplier Sustainability Evaluation

Wistron has stipulated ESG standards for suppliers (including new and existing suppliers). In order to become a Wistron supplier, who must sign the Code of Conduct and are required to pass ISO 9001, ISO 14001, IECQ QC 080000, and ISO 45001 certification. Furthermore, the supplier's ESG performance is included in the selection criteria. Regarding the evaluation of new suppliers, the supplier quality system evaluation form will be used for evaluation. The Non-ESG considerations factor accounted for 86.67%. The ESG factors account for 13.33% of the score, and include:

- Established appropriate and effective documents and procedures related to the RBA Code of Conduct (2.22%)
- Complies with labor standards (2.22%)
- Complies with health and safety standards (2.22%)
- Complies with environmental standards (2.22%)
- Complies with ethical business standards (2.22%)
- Complies with management systems (2.22%)

The ESG performance of existing suppliers is regulated by the supplier performance evaluation. The regulated items include suppliers' quality, reliability, compliance, supply capabilities, price, ESG and sustainability. Among these factors, sustainability accounts for 20% and includes:

- Quarterly review of ESG sustainability activities (10%)
- ISO14064-1 Certification Annual Review (1%)
- ISO50001 Certification Annual Review (1%)
- Annual ESG sustainability audit score (3%)
- Major Missing Events of ESG Sustainability On-site Assessment (5%)

ESG risk management and avoidance plan (Description: Human rights issues: whether the supplier conducts human rights risk assessment, and whether the supplier is reported due to related issue of violating human rights. Operational risk: whether the supplier provides financial statements or financial indicators, and whether there is an explanation or plan for the risks revealed by the indicator. Disaster preparedness: including fire, and natural disasters).

### Supplier Partnership Projects

Through communication and cooperation with the suppliers, Wistron continues to identify their needs while they improve on sustainability. We maximize the impacts of the investments and improve the sustainability awareness and capabilities of suppliers, in order to face the ever-changing sustainability standards and trends

Supplier Partnership Projects	Cooperation Description	Qualitative Benefits	Quantitative Benefits
<p><b>Supplier Sustainability Carbon Reduction Project (Critical suppliers with high energy usage)</b></p>	<p>We and our suppliers cooperate with each other to reduce carbon from the upstream and downstream, and the concept of bringing the big to the small is also established. We cooperate with partners of critical supplier with high energy usage to carry out annual carbon reduction plans. Starting from the improvement of software and hardware equipment, the compliance of the inventory data is confirmed, and assistance and suggestions are given according to various types of suppliers. An annual carbon reduction target of 2.5% was also defined. In the end, the annual 3% carbon reduction benefit was achieved, and the audit and certification of ISO14064-1 was completed.</p>	<ul style="list-style-type: none"> <li>The goal of energy efficiency and carbon reduction is achieved to realize the digital management of energy efficiency and carbon reduction, manpower saving, optimization of process, and improvement of efficiency through the optimization of the hardware and software supporting facilities of suppliers' equipment.</li> <li>The carbon reduction project plan that is regularly coordinated with our suppliers every year has established a solid foundation for the sustainable supply chain. Meanwhile, the risk of out-of-stock caused by the replacement of suppliers due to non-compliance with Wistron's regulations is reduced.</li> </ul>	<p>There were averagely 45% of Carbon emissions and 65% of water saved in compliance with project suppliers, and Wistron's Scope 3 carbon emissions was reduced synchronously.</p> <ul style="list-style-type: none"> <li>50.3% of Carbon emissions was saved. (total carbon emissions of 3,240,028 tCO<sub>2</sub>e in 2021 v.s. carbon emissions of 2,466,439 tCO<sub>2</sub>e until September in 2022)</li> <li>Annual carbon emission of transactions with Wistron 2021 total carbon emission 113,001tCO<sub>2</sub>e v.s. 2022 carbon emission 54,047tCO<sub>2</sub>e as of December</li> </ul>
<p><b>The packing suppliers and our upstream value chain suppliers use the pulp certified by the Forest Stewardship Council</b></p>	<p>We support the concept of global environmental protection and sustainable and responsible forest management, and our actions also substantively support biodiversity, deforestation or land protection. Wistron encourages our critical suppliers of packing and the non-tier 1 value chain suppliers to only use the pulp and the recycled paper produced by the wood from the responsible forest management. Our critical suppliers of packing and the non-first-tier value chain suppliers have all obtained the certification of the FSC™-CoC forest management system.</p>	<ul style="list-style-type: none"> <li>The balance of humans and ecology has obtained many benefits. The point is the protection of natural life and forests by reducing deforestation through proper management. Tree-based production with minimal damage can be ensured, and the commitments to biodiversity and no deforestation are met.</li> </ul>	<ul style="list-style-type: none"> <li>83.33% of Wistron's critical suppliers of packing and the non-tier 1 value chain suppliers use responsible forest management to manage the wood and the pulp raw materials. They have also obtained the certification FSC™ CoC forest management system.</li> <li>Wistron continue to persuade the upstream supply chain to achieve the goal of using the wood and the pulp raw materials 100% from responsible forest management.</li> </ul>

### Supplier Conference

Every year, the Wistron team invites with suppliers to achieve friendly, mutually beneficial, and common growth for sustainability. In the 2022 Supplier Conference, the main focus will remain on global climate change. The Wistron Group Partner Conference is hosted to honor the suppliers with outstanding performance in sustainability, and greenhouse gas inventory reports. During the 2022 sustainability/GHG Supplier Conference, consultant companies were invited to provide education and training to suppliers. In addition, we also explained Wistron's management policies for sustainability to suppliers, with the aim of promoting Scope 3 of the GHG inventory and the importance of water resource management.

### Key Performance Indicators for Sustainable Supply Chains

Year	2019		2020		2021		2022		2023	2025	2030
	Achievement Rate	Goals	Achievement Rate	Goals	Achievement Rate	Goals	Achievement Rate	Goals	Goals	Goals	Goals
Signing rate of the code of conduct for tier 1 suppliers	80.00%	80%	90.50%	82%	86.50%	90%	95.90%	100%	99.5%	100%	100%
Risk assessment completed for tier 1 suppliers	89.60%	90%	90.00%	100%	100%	100%	100%	100%	100%	100%	100%
Audit rate for high risk suppliers	67.10%	70%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Suppliers signing rate of "Declaration of non use of conflict minerals"	90.00%	85%	89.80%	92%	86.26%	90%	95.82%	100%	99.5%	100%	100%
Number of attendees at the supplier conference - groups/departments	-	-	176 persons / 290 persons	-	354 persons / 366 persons	-	330 suppliers / 213 suppliers	300 suppliers / 210 suppliers	-	-	-
Suppliers with high energy usage obtaining GHG external verification (ISO 14064-1)	-	-	-	-	-	-	62.96%	35%	55%	70%	100%

### 5.4.3 Conflict Minerals

Wistron formulates the conflict minerals policy and the management process of responsible minerals procurement to achieve the goal of responsible and sustainable procurement. Moreover, Wistron promises that the source of the used minerals conforms to the standards of the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas or the standards set out in equivalent recognized due diligence frameworks. Regarding the procurement, We conduct due diligence, and we also determine which smelting plants and refinery plants can be verified as having the systems conforming the current global standards of responsible mineral sourcing. Consequently, we purchase through smelters or refineries with 100% execution and third-party verification. Also, conflict minerals originating from high-risk areas are prohibited. Conflict minerals reporting templates are provided to help the company disclose and communicate with smelting plants in their supply chain.

We follow the findings of the Responsible Minerals Initiative (RMI). In 2020, it is clearly regulated in the supplier's social responsibility management - "Conflict Minerals Management Procedures" to avoid inadvertently obtaining metals from conflict minerals<sup>3</sup>. We and our suppliers are explicitly required that the supply chains should have policies in place to reasonably assure the source and the chain of custody of Gold (Au), Tantalum (Ta), Tungsten (W), Tin (Sn), Cobalt (Co) and Mica contained in the products they manufacture with the conduct of due diligence. Their sources are ensured to comply with the OECD Guidelines, or the sources of the minerals have been excluded from the conflict-affected and the high-risk areas as defined by the equivalent recognized organizations.

Every year, Wistron re-evaluates the current list of smelting plants/ refinery plants used in Wistron products in accordance with the conformant smelters list announced on the RBA official website. In addition, conflict minerals investigations are carried out through the Wistron SQP (Supplier questionnaire platform) questionnaire system and the audits. The content of the questionnaire is systematically managed and recorded and tracked. In addition, Wistron fully implements due diligence to understand the source of the suppliers' minerals with the RMI's Conflict Minerals Investigation Template and Conflict Minerals Reporting Template, and Extended Minerals Reporting Template (hereinafter referred to as CMRT and EMRT) as the investigation. In addition, our suppliers are required to disclose the source of minerals and to sign the declaration of non-use of conflict minerals while they are subject to a policy of not using conflict minerals. Meanwhile, Wistron also further manages to ensure that the suppliers' procurement sources are not from conflict-affected areas and high-risk areas, which also meet the requirements of the customers and the regulations.

The above survey methods are all in accordance with the process of the conflict minerals management process defined by Wistron. During the process, Wistron shall confirm with the supplier for the reason and necessity of the conflict minerals used. If it is not necessary, the supplier shall be required to stop purchase and use the conflict minerals. Also, new mineral sources shall be reselected. Moreover, effective evidence needs to be provided to prove that the new minerals are conflict-free minerals that meet RBA requirements. If it is necessary, the supplier shall be required to propose a removal plan or improvement measures.

<sup>3</sup> Conflict Minerals refers to minerals mined in situations of armed conflict and human rights violations. Gold (Au), Tantalum (Ta), Tungsten (W), Tin (Sn), Cobalt (Co) and Mica are the main objects of regulation. Not limited to the eastern provinces of the Democratic Republic of the Congo controlled by the Congolese government forces and many other armed rebel groups in and around the nine countries. The mines used to extract resources are controlled by these countries including Angola, Burundi, the Central African Republic, the Republic of Congo, Uganda, Sudan, Tanzania, Rwanda and Zambia. Minerals from conflict-affected and high-risk areas as defined by the OECD or an equivalent recognized organization are also included.

From 2023, Wistron will post "CMRT-free" (Conflict Mineral-Free) statements on the outer boxes of the products to declare that the Company does not use conflict minerals (such posting can be adjusted according to different business units).



Through the supplier assessment procedure, we require our suppliers to sign the "Declaration of Non-use of Conflict Minerals". The signing rate in 2022 reached 95.82%, with a total of 1,215 suppliers signing the declaration. Wistron hopes to use our combined strength with our suppliers to fulfill the corporate responsibilities together. We aim to build a sustainable corporation based on the principles of never engaging in the matters of non-humanitarian and violating human rights.



#### Signing of the "Declaration of Non-use of Conflict Minerals"

Suppliers signing the "Declaration of Non-use of Conflict Minerals"



## 5.5 Operating Capability

### 5.5.1 Financial Performance

Wistron's consolidated revenue in 2022 was NT\$984.6 billion. The net operating profit was NT\$27.4 billion. The net profit after tax was NT\$19 billion. The revenue and profit showed growth compared to 2021 and the net profit after tax reached a 10-year high. In response to the intense industry competition, we continue to improve our operation efficiency, material cost management, and manufacturing productivity in our operation management. In addition, we aggressively engaged in product innovation and business transformation.

#### Financial Performance Indicators for the Most Recent 4 Years

Unit: NT\$ million

Year / Item	2019	2020	2021	2022
Operating revenue	878,255	845,012	862,083	984,619
Net operating profit	13,300	14,471	16,375	27,472
Consolidated net income after tax (including minority shares)	9,726	12,908	14,728	19,018

Note: Refer to the appendix for the complete financial performance list



## 5.5.2 Tax Policy

Wistron is a global citizen and upholds the ideals for the continuous creation of value in the Company's sustainable development and innovation. We are committed to information transparency and sustainable development, and we support social responsibilities by paying reasonable taxes in all countries of operations.

- 1 The Company makes all major business decisions in accordance with related laws and regulations and evaluates the impact of such decisions on taxation risks.
- 2 The Related Party Transfer Pricing Policy is established in accordance with the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations established by the Organisation for Economic Co-operation and Development (OECD). The Policy defines related party transaction principles and requires compliance with common trading practices.
- 3 The Company complies with the "Base Erosion and Profit Shifting" (BEPS) of the OECD and generates profits via companies with economic substance. The Company also obtains tax resident status and is governed by the taxation regulations of the country of operations.
- 4 The Company does not plan or operate transactions in countries with low tax rates for the purpose of tax avoidance.
- 5 We fully present the financial reports in accordance with relevant regulations and disclose taxation information in accordance with relevant laws and regulations.
- 6 We have established mutual respect and good communication with the taxation authorities of the countries in which we operate on the basis of good faith.

Note: Please refer to Wistron [Tax Policy and Management Measures](#) for details.

### Tax Information in the Most Recent Two Years

Unit: NT\$ thousand

Item	FY2021	FY2022	Average
Net profit before tax	19,234,277	24,710,914	21,972,596
Income tax expenses	4,506,466	5,693,367	5,099,917
Income tax rate (%)	23.43%	23.04%	23.21%
Income tax paid	4,643,279	5,641,991	5,142,635
Cash tax rate (%)	24.14%	22.83%	23.40%

Note: Please refer to Wistron's 2022 Consolidated Financial Report for related information.

### Income Tax Paid in Various Regions Between 2021 and 2022

Unit: NT\$ thousand

Year	FY2021		FY2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Asia	4,300,582	93%	4,891,737	87%
Americas	146,682	3%	632,923	11%
Europe	43,648	1%	117,331	2%
Others	152,367	3%	-	0%
<b>Total payment</b>	<b>4,643,279</b>	<b>100%</b>	<b>5,641,991</b>	<b>100%</b>

### 5.5.3 Policy Influence

#### Participation in External Organizations and Associations

Wistron has established positive cooperation with or become members of cross-industry or cross-sector associations and organizations. They help expand exchanges and participation levels and receive the latest news on international developments and trends to achieve continuous growth and progress.

#### Organizations and Associations Wistron Participated in in 2022

Category	Organization or Association
Technology	<ul style="list-style-type: none"> <li>• Taiwan Electrical and Electronic Manufacturers' Association</li> <li>• Taipei Computer Association</li> <li>• The Allied Association for Science Park Industries</li> <li>• Information Service Industry Association of the R.O.C.</li> <li>• Nanotechnology and Micro System Association</li> <li>• Taipei University of Science and Technology Electronics Manufacturing and Quality Technology Alliance</li> <li>• Network of Intelligent Camera Ecosystem (NICE)</li> <li>• Taiwan Industry-Academia Research for Collaboration-Integration-Development Association</li> </ul>
Medicine	<ul style="list-style-type: none"> <li>• Taiwan Elderly Care Industry Association</li> <li>• Taiwan Assistive Technology Industry Association</li> <li>• Taiwan Medical and Biotech Industry Association</li> <li>• Taiwan Society of Engineering Technology and Practical Medicine</li> </ul>
Others	<ul style="list-style-type: none"> <li>• Regular member of the Responsible Business Alliance (RBA)</li> <li>• Gap of Learning &amp; Field (GOLF)</li> <li>• Member of the CommonWealth Sustainability League</li> <li>• Member of the Business Council for Sustainable Development of the Republic of China (BCSD Taiwan)</li> </ul>

