



# CS<sup>2</sup>R

**Wistron Corporation  
2013 Corporate Sustainability &  
Social Responsibility Report**

**wistron**

## Editorial Policy

### Editorial Policy

Welcome to the fifth issue of the “Corporate Sustainability and Social Responsibility (CS<sup>2</sup>R) Report” published by the Wistron Corporation (Wistron). This report is published in both Chinese and English and has been posted on our website for free downloading ([www.wistron.com](http://www.wistron.com)). We hope that the greater transparency in this report will provide all stakeholders with a better understanding of Wistron's practices and achievements in fulfilling our CS<sup>2</sup>R obligations in 2013.

### Period Covered

The Corporate Sustainability and Social Responsibility (CS<sup>2</sup>R) Report for the preceding year is published by Wistron on an annual basis. The previous report was published in June, 2013. This report covers Wistron's CS<sup>2</sup>R management policy, key issues, actions and performance for 2013 (January 1 ~ December 31, 2013).

### Boundary and Scope

The scope of the information disclosed in this report covers performance in economic, environmental and social aspects. The organizational boundary of this report encompasses Wistron's operations in Taiwan and its global manufacturing plants but does not include the service centers and regional logistics centers. Comparing with last year, two plants (Chengdu Plant and Chongqing Plant) are added. The scope covers the following affiliations:

- Wistron Corporation (Neihu Headquarters)
- Wistron Corporation (Hsichih Office Complex)

- Wistron Corporation (Hsinchu Plant)
- Wistron Corporation Zhongshan (Zhongshan Plant)
- Wistron Corporation Kunshan (Kunshan Plant)
- Wistron Corporation Chengdu (Chengdu Plant)
- Wistron Corporation Chongqing (Chongqing Plant)
- Wistron Corporation Czech Republic (Czech Plant)
- Wistron Mexico S.A. de C.V. (Mexico Plant)

### Guideline for Report Preparation

The preparation of this report followed the Sustainable Reporting Guidelines Version G3.1 (GRI G3.1) published by the Global Reporting Initiative (GRI). The contents of this report have been verified by an independent third party based on the AA1000 standards and comply with GRI G3.1 A+ level requirements.

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## Performance Summary

Aspects	Performance Indicators	Unit	2013	2012
Economic	Total Revenue	Millions of NTD	624,009	657,845
	Earnings per Share	NTD	2.51	3.17
	Total sales Volume	Per unit/Piece/ Items	79,034,575	78,208,166
Environmental	Total Greenhouse Gas (GHG) Emissions	Tons-CO <sub>2</sub> equivalent (CO <sub>2</sub> e)	246,684	253,930
	- Scope 1		11,170	12,989
	- Scope 2		235,514	240,942
	GHG Emission per Unit-revenue	Kilo-tons/Billion NTD	0.40	0.39
	Total Water Consumption	Kilotons	3,411,503	3,693,195
	Water Consumption per Unit-revenue	Kilotons/Billion NTD	5.47	5.61
	Total Waste Generation	Tons	26,105	26,711
	Waste Generation per Unit-revenue	Kilotons/Billion NTD	0.042	0.041
	Total Environmental Expenditures	Millions of NTD	193	210
Total Time Spent on Environmental Training	Man-Hours	86,040	109,048	
Social	Ratio of Taiwanese to Local Chinese Employees in China	%	4.31	4.27
	Ratio of Local Employees Serving as Managers to All Managers	%	78.3	77.9
	Ratio of Local Employees in the Department Manager (or above) Positions	%	37.8	37.4
	Total Amount of Social Investment	Millions of NTD	46.28	57.32
	- Charity and Sponsorships		39.66	44.58
- Charitable Activities of the Employee Welfare Committee/Company	4.56		11.80	
- Employee Participation in Charitable Activities	2.06		8.13	

## A Message from the Chairman

In 2013, the global economy showed a slow recovery causing reduced demand in the ICT industry. Facing these challenges, Wistron re-adjusted its organizational structure to become a technology service provider that provides customers and end-users with higher added value, making its overall operations and products closer to the customers' needs. Continuing to actively enhance the sustainable levels of Wistron's corporate philosophy for "benefiting others," we integrated and improved our core competence, listened to different stakeholders, and kept investing in sustainability issues such as environment protection, human rights, and community welfare so as to make specific contributions to the environment and society while pursuing company growth.

In terms of the company operation, in simplifying product design, automating manufacturing processes, using JIT (just-in-time) inventory management and preventing capacity waste, we improved operational performance, enhanced value-added revenue model innovation and accelerated the integration of technical services to create value for customers and strengthen product competitiveness. For environmental friendliness, we consider electronics scrap recycling as one of our core businesses of high added value to achieve the target of waste minimization and recycle maximization. Moreover, we are actively involved in related areas to implement the concept of closed loop recycling. Regarding humanity, our respect for the human rights of employees and stakeholders improves the quality of the working environment. We also care for local communities, understand and respect their cultural, religious and ethnic differences, and require our suppliers to respond to the expectations of the Electronic Industry Citizenship Coalition (EICC), communities and other stakeholders.

Our commitment to corporate sustainability and social responsibility (CS<sup>2</sup>R) is "always be a company that benefits others." Through Wistron Foundation, we extend our influencing power with long-term sponsorship of high-quality eco-humanism documentaries and create a positive cycle of "benefiting others," with positive response from society and the international community. In 2013 we supported two movies, "A Town called Success" produced by Taiwan Public Television and "Beyond Beauty – Taiwan from above" directed by Po-lin Chi. The two movies fully demonstrated deep care for humanity and environment, and earned

2013 CINE Golden Eagle Awards (People, Places & Arts) and Golden Horse Award (Best Documentary) respectively. We believe that through long-term investments and cooperating with various NGOs related to environmental protection, nature conservation and humanities education, we will be able to "persist in doing the right thing and doing it well."

Over the past year, the economic environment and problems related to business ethics, environmental pollution, and labor rights mean we need to maintain vigilance to avoid such incidents. To ensure that CS<sup>2</sup>R related investments in sustainability and social responsibility can more effectively improve our company's operational performance we will enhance our monitoring and managing mechanisms of these investments.

Looking ahead, we will continue to enhance our operational efficiency and promote value-added innovation and services, including after-sales services, green recycling, and cloud products. All of these will be a key for Wistron's continuous growth. Moreover, we will continually take concrete actions to implement sustainability and social responsibility, strengthen our CS<sup>2</sup>R management system, and adjust ourselves to face the challenges of the outside world to actively practice "benefiting others" spirit and ultimately create a better future for our next generation.

Simon Lin / Chairman & CEO  
Wistron Corporation




## A Message from the President

Reviewing the year 2013, I am grateful to all of our colleagues for their endeavors as well as our customers and suppliers for their cooperation even though our operational performance was not as good as expected. Regarding green sustainability and social responsibility, we specifically invited feedback from more stakeholders and learned they are most concerned about sustainability strategies, company governance and risk management. This in turn gives us the drive to persistently pursue improvement and progress.

In line with our goal of becoming a role model for enterprises, we launched our company vision of "becoming a global leading technology service company providing innovative ICT products, services and systems" in 2010. Since then, we have been proactively planning the second ten-year (from 2011 to 2020) transformation of Wistron with extensive investments that are mainly divided into two areas:

1. To continuously strive for better operational efficiency of core businesses, especially in product design and manufacturing competitiveness.
2. To proactively move towards the vertical solution market with added value, including after-sales service, cloud computing service, green recycling business.

Hence, in September 2013, in order to respond to industrial structure changes and market trend shifts, to improve customers' satisfaction, to strengthen product technology integration and to proactively cultivate management talent, we adjusted our institutional framework through business integration and effective application of resource.

Apart from this, our Neihu Headquarters won the third prize in "Taipei City Sixth Gold Energy Saving Awards" in 2013 for meeting energy conservation and carbon reduction targets and introducing the energy management system. The Hsichih Office Complex, Neihu office complex and Hsinchu Plant have been authorized and audited by the ISO 50001 Energy Management System, formally moving towards the goal of energy conservation and low-carbon through systematized management.

We are determined to reduce greenhouse gas and manage energy resources in a more pragmatic way step by step. According to external experts, electrical power consumption improvement is listed as the most direct and energy-saving solution—estimates state that the electrical power consumption of air-conditioning accounts for 50% of that of the whole plant. Thus, we had initiated our energy conservation plan directed at specific targets regarding air conditions, production processes and illumination of the plant, which saved the company 11.58 million KWH or NTD 42 million. Under the long-term goal of "corporate sustainability", we start from our basic design and production to implement our three green standards of eliminating hazardous compounds, improving energy efficiency and promoting easy recycling. Aside from this, we actively push forward corporate social responsibility through substantial contributions to environmental protection and improve our performance related to economy, environment, and society to reach the balance of these three areas, which encompasses higher standards of implementation performance for company governance, overall competitiveness, environment conservation, employee care as well as social concern.

Lastly, I am grateful to all stakeholders for their care and recognition. With such care and recognition, Wistron's fifth CS<sup>2</sup>R report has been successfully published. Looking ahead to 2014, we will communicate, respond and improve promptly in a more pragmatic way in terms of company governance and information disclosure. Furthermore, we wish to expect to coexist with nature and society and exhibit the value of Wistron to carry out the spirit of "benefiting others" and create a better future with continuous passion and innovation.

Robert Hwang / President & COO  
Wistron Corporation

ROBERT HWANG



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## Company Profile

### About Wistron

Established in 2001, Wistron Corporation provides customers with a full-spectrum of technical services and is one of the largest suppliers of Information and Communication Technology (ICT) products in the world. The company's headquarter is based in Taiwan with global logistics and operating centers in Asia, America and Europe.

Our customers are mostly international IT brands in the United States, Europe, China and Japan. They account for a significant proportion of our sales as we are engaged in the supply of different products, which is an advantage for the company as incidents such as industrial turbulence, single product demand change, or instability of supply and demand will not adversely affect the company's operations.

Through customization of products/services, we endeavor to satisfy the different business strategies and product requirements of our customers. We continue to win the trust of our customers through product quality and innovation by investing in personnel training, technology, manufacturing and outstanding service.

We adjusted our organization in response to industry structure and market orientation changes so as to meet customer satisfaction, strengthen product technology integration and develop manpower. Our product business group has been expanded into five categories: computing products, consumer and smart products, enterprise products, service and components. We are reinforcing our competitiveness for new product development and moving towards the transformation of high-value and innovative technical services through business integration and efficient resource utilization.

"Customer Focus", "Integrity", "Innovation" and "Pursuit of Excellence" are the main pillars of the Wistron corporate philosophy, which are implemented earnestly in our operations and management, as well as work ethics and daily activities.

### Wistron Quick Facts

- Established in 2001.
- Industry: Information and Communications Technology (ICT).
- Services: Technology Service Provider (TSP) offering innovative ICT products, services, and system solutions.
- 2013 revenue reached NTD 624 billion.
- Major customers are renowned global IT companies.
- Headquarters located in Taipei City, Taiwan, with global operating sites in Asia, North America and Europe.
- Over 57,000 employees worldwide.



## Products & Services

Wistron is one of the largest IT suppliers in the world, focusing on Original Design Manufacturer (OEM) business which includes research, manufacturing and after-sales service. Generally speaking, we provide our customers with complete, effective, and reliable technologies as well as integrated services which match customers' needs in areas such as styling, research, design, manufacturing, information management system, and product repair.

### Services

#### Design services

- Wistron offers integrated product design services to consolidate various demands in production, including industrial design, electronics, software, mechanical design and functionality, reliable engineering test and packaging/development considerations.
- Development of product heat conduction, vibration, radiation, power consumption, structure, and reliability design services for ICT products to ensure that product quality meets the standards of the global and target markets.
- Consideration of ideas, user interface, materials, styling, component selection, prototyping and engineering samples during product development to embody environmental requirements of the green design concept.

#### Manufacturing

- Supply of a complete set of manufacturing services from printed circuit board assembly (PCBA) to system assembly.
- Rigorous control over production process and quality from incoming components to out-of-box (OOB) inspection, testing and analysis.
- Grasp of each link of the entire supply chain to obtain the most desirable procurement plan for a component and complete products delivery.

#### After-sales Services

- Provision of diversified and customized after-sales services. The service centers and other service solutions provide our customers center-to-center component swaps, center-to-authorized service center swaps, and customer replaceable units (CRU). All of the above services are also available for non-Wistron products.
- Through a consolidated IT platform, a service chain is formed to effectively manage reverse logistics, material management, and reporting systems.

Customer satisfaction and the best product quality are our goals. We strive to maintain our existing customer base and expand the ratio of ODM business. Our short- and medium-term goals in business development include high efficiency, high capacity utilization and reasonable profits.

In the long term, we will continue to expand our investments into other businesses and products with higher gross profit margins. We have positioned ourselves as a global leader in technical service that offers innovative ICT products, services and system solutions. We will also continue to focus on providing innovative technical services that will boost value for our customers while increasing employee satisfaction to create long-term profits for our shareholders.

### Product Portfolio

- Notebook computers
- Tablet computers
- Smart phones/handheld devices
- Desktop computers/All-in One(AIO) computers
- LCD TVs/Monitors
- Servers
- Voice over Internet Protocol (VOIP) phones and network storage facilities
- Industrial application devices and rugged portable computer systems



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## Global Operations

Under the coordination of the headquarters in Taiwan, Wistron set up global operation sites around the world to provide customer support for various products, services and system development solutions. Our global alignment and strategies are aimed to provide the best technical services. Our design, manufacturing, R&D and customer service centers are mainly located in North America, Europe and Asia, providing comprehensive product development and customer services. Our global operation locations are listed below.

- Manufacturing sites are located in Taiwan, China, Mexico and the Czech Republic.
- R&D centers are located in Taiwan, China, the Netherlands, and the United States.
- Customer service centers are located in Taiwan, China, the United States, the Czech Republic, the Netherlands, Japan, Singapore, India, the Philippines, Turkey, Brazil, Mexico and Columbia, providing immediate and efficient after-sales services across three continents.

We are currently engaged in the cultivation of local R&D, manufacturing and service expertise as well as the introduction of lean production in our manufacturing sites to improve efficiency and capacity utilization. More after-sales services and innovative service technologies are continually added to our customer service centers to boost competitiveness. In the future, our global operating sites will carry out a greater proportion of R&D locally, continue to increase the scope of their services and introduce a higher level of process automation.

The following are the performance indicators in 2013:

1. Consolidation of overseas and local personnel training to increase the ratio of local managers
2. Promotion of capacity utilization to reduce cost
3. Increase in revenue

For more information of Wistron Global Operation, Please visit Wistron's website: <http://www.wistron.com>



Neihu Headquarters



Hsichih Office Complex



Tyoko Plant



Mexico Plant



Chengdu Plant



Hsinchu Plant



Taizhou Plant



Zhongshan Plant



Kunshan Plant



Czech Plant



Chongqing Plant

# Awards & Recognition

Wistron takes an active interest in certification and CSR-related competitions/evaluations conducted by local organizations and governments in order to improve our corporate values and business image.

## 2013

January The Kunshan Plant was named the "Best Foreign Enterprise for 2012, Major Suzhou City Exporter."

February The Neihu Headquarters, Hsichih Office Complex and Hsinchu Plant were authorized and audited by the ISO 50001 Energy Management System, formally moving towards the energy-saving goal through systematized management.

April Wistron ranked among Forbes "Global Top 2000 Businesses."

May Wistron ranked No.46 among Common Wealth Magazine's "Top 1000 Manufacturers in Mainland China, Hong Kong, Macau and Taiwan" .

July The Neihu Headquarters won third prize in Taipei City's "Sixth Gold Energy Saving Awards" for meeting energy conservation and carbon reduction targets.

August Wistron won first prize in the Ministry of Economic Affairs' "Jinmao Award-2012 Key Emerging Market Contributor in IT Industry" ; and ranked No. 17 among Common Wealth Magazine's "2013 Corporate Citizen Award-Major Industry" .

November Wistron won the Ministry of Culture 11th Wenxin Enterprise Culture Award.



## Participation in External Organizations

Wistron has established a good relationship with, or become a member of many industries or multi-disciplinary organizations, including professional organizations involved in hardware/software design, environmental protection, industry development, and the research and exchange of new technology. We have continued to expand our scope of participation in order to keep pace with the latest international developments and trends.

The organizations that we have joined in 2013 are listed below:

Taiwan Neihs Headquarters and Hsichih Office Complex:

- 3D Interaction & Display Alliance
- Allied Association for Science Park Industries
- Taipei Computer Association (TCA)
- Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)
- Taiwan Thermal Management Association
- Chinese Association for Industrial Technology Advancement (CAITA)
- Information Service Industry Association of R.O.C. (CISA)
- Nanotechnology and Micro System Association
- Taiwan MEMS Industrial Alliance
- Electronic Industry Citizenship Coalition (EICC)

Chengdu Plant

- Chengdu Taiwan Enterprises Association

Mexico Plant

- AMAC (Asociacion de Maquiladoras / Maquiladoras Association)
- CANACITRA (Camara Nacional de la Industria de Transformacion / National Chamber of Transformation Industry).

## Identifying Stakeholders

The work of identifying and communicating with stakeholders is delegated to the CS<sup>2</sup>R Implementation Committee. Members of the committee include representatives from Investor Relations, Public Relations, Wistron Foundation, Product and Service Business units, Manufacturing plants, HR Division, Safety, Hygiene & Environmental Protection Organizations, Finance Department, Material Management and other supporting units. The committee has been establishing multiple and smooth communication channels so as to continuously reflect the stakeholders' needs and expectations.

In 2010, we initiated materiality analysis procedures to identify stakeholders and the issues they are interested in. We aim to achieve effective communication with stakeholders by including these issues in this report after systematic analysis. We have also looked at the definitions laid out in the GRI Guidelines V3.1. The two key themes and their indicators for: (1) Significance of Economic, Environmental, and Social impacts, environment and society, and (2) Influence on Stakeholders Assessments and Decisions, were sorted based on the relative importance of key issues. This data was used to provide management with an assessment on the organization's ability to contribute in terms of natural, human and social capital. The feedbacks were then incorporated into the business improvement plan.

In 2013, our major stakeholders were our shareholders/investors, non-governmental organizations, governmental agencies, media, employees, customers, suppliers and others. Apart from the fixed communication channels, 42 issues related to sustainable development were proposed to understand stakeholders' degree of concern for each topic by way of substantial questionnaire survey (with 103 copies recovered). Besides, our

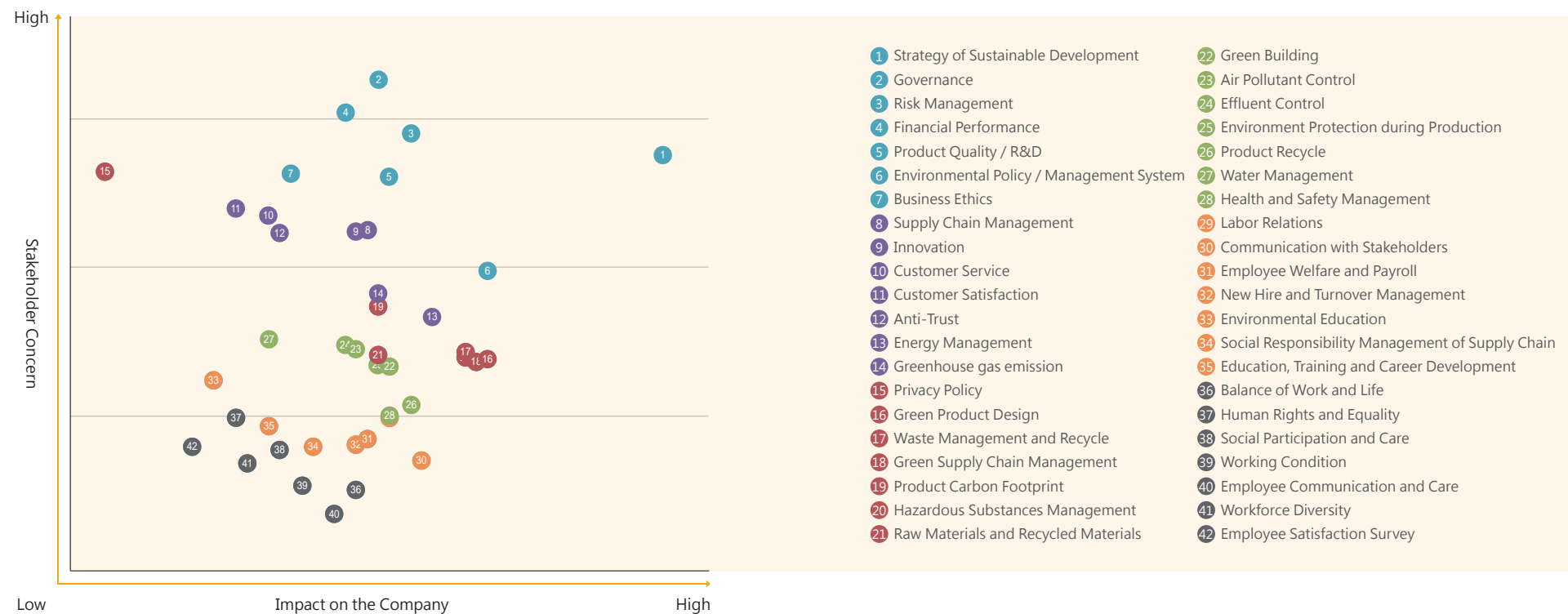
committee members and colleagues also assessed the impacts on corporate operations in consideration of the economy, environment and society. We are liable to our stakeholders and shall stipulate corporate social responsibility policies as well as other relative guidelines after learning their demands and expectations through different communication methods and channels.

The 2013 materiality analysis procedures are as follows:

- Step 1. Identification of stakeholders
- Step 2. Establishment of communication objectives
- Step 3. Collection of sustainability issues
- Step 4. Materiality analysis and determine priorities
- Step 5. Review and discussion
- Step 6. Response on major interests/ concerns

Analysis of key stakeholder issues of 2013 is as follows:

### ■ Analysis of Key Stakeholder Issues



■ List of Stakeholder Communication Methods and Frequencies

Stakeholders		Issues	Means of Communication	Frequency of Communication
Investors	<ul style="list-style-type: none"> <li>• General stockholders</li> <li>• Institutional stockholders</li> <li>• Credit rating institutions</li> <li>• Financial insurance institutions</li> </ul>	<ul style="list-style-type: none"> <li>• Profitability</li> <li>• Stock value</li> <li>• Corporate governance/risk management</li> <li>• Transparency of information disclosure</li> <li>• Reinvestment in CSR</li> <li>• Growth in market share</li> </ul>	<ol style="list-style-type: none"> <li>1. Investor conferences</li> <li>2. Annual shareholder meetings</li> <li>3. Online investor conferences</li> <li>4. Road shows</li> </ol>	<ol style="list-style-type: none"> <li>1. More than 100 meetings a year</li> <li>2. Once a year</li> <li>3. Twice a year</li> <li>4. On average five times a year</li> </ol>
Customers	<ul style="list-style-type: none"> <li>• Existing customers</li> <li>• Potential customers</li> </ul>	<ul style="list-style-type: none"> <li>• Product quality</li> <li>• Service quality</li> <li>• Price competitiveness</li> <li>• On-time Delivery</li> <li>• Supply chain</li> <li>• Carbon footprint/Carbon disclosure</li> <li>• Management of Environmentally hazardous substances</li> <li>• Risk management</li> <li>• Customer satisfaction</li> <li>• Innovation</li> <li>• Quality of after-sales service</li> </ul>	<ol style="list-style-type: none"> <li>1. Regular business reviews with key customers.</li> <li>2. Customer satisfaction surveys and feedback.</li> <li>3. Customer audits and customer questionnaire responses.</li> <li>4. Meeting customer requirements and requests for improvement on environmental and social responsibility.</li> </ol>	<ol style="list-style-type: none"> <li>1. Quarterly or semi-annually</li> <li>2. Quarterly or semi-annually</li> <li>3. According to customer requirements</li> <li>4. According to customer requirements</li> </ol>
Employees	<ul style="list-style-type: none"> <li>• Direct employees</li> <li>• Indirect employees</li> <li>• Contract workers</li> </ul>	<ul style="list-style-type: none"> <li>• Ethics/integrity management</li> <li>• Employee diversification</li> <li>• Human rights</li> <li>• Learning and growth</li> <li>• Work environment / Working conditions</li> <li>• Salary / Benefits</li> <li>• Health and safety</li> <li>• Career Development</li> <li>• Balance of work and life</li> </ul>	<ol style="list-style-type: none"> <li>1. Quarterly business briefings held by company management to communicate directly with employees.</li> <li>2. One-on-one interviews with managers.</li> <li>3. Performance communication.</li> <li>4. Communication meetings with new recruits.</li> <li>5. Employees can communicate through internal channels such as the company website, or express their opinions and suggestions to employee representatives at the "Tomato Meeting." Representatives communicate with management directly.</li> </ol>	<ol style="list-style-type: none"> <li>1. Quarterly</li> <li>2. Monthly</li> <li>3. Twice a year</li> <li>4. Quarterly</li> </ol>

■ List of Stakeholder Communication Methods and Frequencies

Stakeholders		Issues	Means of Communication	Frequency of Communication
Suppliers	<ul style="list-style-type: none"> <li>• Key component suppliers</li> <li>• Contractors</li> <li>• Raw material suppliers</li> <li>• Project contractors</li> <li>• Cleaning / maintenance companies</li> <li>• Waste disposal companies</li> </ul>	<ul style="list-style-type: none"> <li>• Price competitiveness</li> <li>• Stable supply</li> <li>• Supply chain management</li> <li>• Compliance with laws and regulations</li> <li>• Technical capabilities</li> <li>• Raw materials selection</li> <li>• Work environment and hygiene</li> <li>• Machine / equipment safety</li> <li>• Carbon management education and evaluation</li> <li>• Logistics/transportation partnership (e.g., reduced packaging and recycling)</li> </ul>	<ol style="list-style-type: none"> <li>1. Supplier workshops and annual suppliers conference.</li> <li>2. Suppliers consultation and auditing.</li> <li>3. Informing suppliers through the green product management information platform.</li> </ol>	<ol style="list-style-type: none"> <li>1. Once a year</li> <li>2. Once a year</li> </ol>
Local Communities	<ul style="list-style-type: none"> <li>• Local community associations</li> <li>• Local non-profit organizations</li> <li>• Local government agencies</li> <li>• Media</li> <li>• Non-government organizations</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental impact (e.g., air pollution and sewage discharge)</li> <li>• Company image</li> <li>• Economic contribution</li> <li>• Charity</li> <li>• Public welfare</li> <li>• Personnel development</li> <li>• Work environment</li> <li>• CO2 audit</li> <li>• Work hours</li> <li>• Management of environmentally hazardous substances</li> <li>• Fire prevention</li> <li>• Climate change</li> <li>• Environmental spending</li> </ul>	<ol style="list-style-type: none"> <li>1. Active participation of employees in charitable activities.</li> <li>2. Close cooperation with government agencies and non-profit environmental protection organizations in various charitable activities.</li> </ol>	<ol style="list-style-type: none"> <li>1. Project planning</li> </ol>

**Direct and Indirect Impacts on the Economy**

The situation of the global economy may assert interactive influences on the sales of the electronic industry. Wistron's revenue growth, changes in profitability and increase/change in operating sites may affect all of our

stakeholders (investors, customers, employees, suppliers, local government agencies, communities, etc.), and/or directly bring the following impacts on our economy:

■ Major Indirect Economic Impact

Investors	Investors pay taxes based on changes in stock value.
Customers	Customer productivity is improved upon receiving highly reliable, high quality ICT products and services from Wistron. This may increase customers' contributions to society through business expansion, revenue growth and better productivity. Increase in electronic waste is a negative indirect impact.
Employees	Relocation or increase/decrease in local recruitment may have certain impacts. For example, employees pay taxes to their local governments or turn their income into purchasing power.
Suppliers	Due to demand, suppliers create job opportunities. Both suppliers and their workers have income and pay local taxes that support local economic activities.
Local Government and Communities	The above changes in economic patterns bring about a better educational environment and enhance job opportunities.

Impact on Local Communities

Wistron's operating activity mode lies in two cardinal fields, namely, product design and manufacturing. As for product design, Wistron models the leading role of using eco-friendly concepts to continuously develop products as well as technical services of "high market-acceptance" with "low environment-impact". However, manufacturing may be the main cause of potential problems, for which, we are cautious of so as to avoid direct impacts on the environment; besides, we strive to reduce the direct influence triggered by excessive consumption of energy resources. In 2013, no operational activities which impose potential or actual serious impacts on local communities were reported.

All Wistron operations carry out environmental and other related assessments in accordance with local regulations and adhere strictly to local government

requirements. Attention is paid to the balance between the plant and the surrounding environment, to the greening ratio which has well exceeded the standard of the Local Planning Bureau, and to safety facilities at each site. We strive to reduce the generation of noise and industrial effluent/discharge during the production processes. All waste emissions pass through treatment facilities to ensure compliance with emission standards and avoid any direct or indirect impact on the local environment. We have annually obtained certifications from the local government showing environmental compliance. The Hsinchu Plant in Taiwan and overseas plants are located within designated industrial zones. These are all dedicated to the assembly of computer-related products so they do not have a major potential or actual negative impact on the local community. In 2013, we received no complaints from local environmental protection agencies or from surrounding communities.

We always value our corporate image and maintain a strict standard for all plants from infrastructure construction. The Zhongshan Plant is a Chinese version of an ecological exhibit zone, boasting of green hills that indicate good ecological conditions, and made possible by tree-planting activities when the plant was built. The overall design and facilities resemble a school, with beautiful outdoor sceneries which free people from stress when entering the campus-like plant zone.

Aside from this, the headquarters in Taiwan and China sites all proactively participate in local government or community activities. They also hold relative activities to obtain and retain good relationships in the neighborhood, or provide company resources to support local activities. Shuttle buses are also provided for employees to ensure their safety and relieve local traffic congestion during peak hours.





## Benefiting Others

The Corporate Sustainability and Social Responsibility (CS<sup>2</sup>R) Report continued with our three themes of Sustainability, Innovation, and Humanity. Today, we sum these up into what we call “Benefiting Others”, which is our message to all our stakeholders. Literally, it means to care about others. Besides customers,

“others” includes all stakeholders such as end users, investors, employees, and other interested parties. It also encompasses our environment and society.

# Sustainability



# Accountability Management



## Corporate Governance

Wistron has a long-standing commitment to superior corporate governance practice. We have endeavored to build an effective company management framework, protect shareholder rights, improve the structure of our Board of Directors, respect the rights of associated partners, and enhance information transparency.

We believe a good structure of the Board of Directors is the cornerstone of good corporate governance practice. Therefore, to reinforce the management mechanism of the Board of Directors, independent directors and supervisors have been included on the Board since Wistron's initial public offering in 2003. The independent directors and supervisors are highly experienced and respected professionals in the industry and they ensure that the Company adheres to the ethics and legal regulations while pursuing increased growth. In 2009, Wistron took a major step to enhance corporate governance by replacing the Supervisory Board with an Audit Committee, which is formed by the panel of independent directors under the Board and began operation under the governance of the Board of Directors Meeting Guidelines and Audit Committee Charter. And with the understanding that the compensation system for the directors and management is a key link between the Company and risk management, in 2011, Wistron's Board of Directors made a resolution to set up the Compensation Committee and the Compensation Committee Charter. Establishment of this Committee brought Wistron's corporate governance practices a step forward.

We will continuously advance various systems and policies to upgrade the quality and effectiveness of the Company's management and ensure full implementation of corporate governance best practices in the pursuit of maximization of stockholders' rights and corporate sustainability.

## Board of Directors

In accordance with the Articles of Incorporation, Wistron's Board of Directors consists of seven to nine Directors, who will be elected by the shareholders' meeting from the director candidate list via the candidate nomination system. Each Director will serve an office term of three years and may be re-elected. Currently the Board is composed of nine members, including five independent directors whose qualifications are in compliance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". The general directors include Mr. Simon Lin (Hsien-Ming Lin), who is the current Chairman and CEO of Wistron, Mr. Stan Shih (Chen-Jung Shih), who is the Chairman of iD Softcapital Group and Acer Inc., Mr. Haydn Hsieh (Hong-Po Hsieh), who is the Vice Chairman and CEO of Wistron NeWeb Corp., and Mr. Robert Huang (Po-Tuan Huang), who is the President and COO of Wistron. The five independent directors include Mr. John Hsuan (Min-Chih Hsuan), who is the Vice Chairman Emeritus of United Microelectronics Corp., Mr. Michael Tsai (Kuo-Chih Tsai), who is the Chairman of Maxchip Electronics Corp., Mr. James K.F. Wu (Kuo-Feng Wu), who was a former partner of KPMG Taiwan, Mr. Victor C.J. Cheng (Chung-Jen Cheng), who is a doctor of Jurisprudence from Stanford University, and Mr. Duh-Kung Tsai, who is the Chairman and CEO of Powertech Technology Inc.. The Company's Chairman is elected by the Board of Directors and represents the Company externally. Please refer to our website and annual reports for the detailed biography of each member of the Board.

The Board holds at least one meeting each quarter and its main functions include supervision and management of Wistron. The Board oversees the management team to ensure that the team strictly abides by all regulations, enhances information transparency, and uses their extensive experiences in major decision-making processes to direct the management team. The

extensive knowledge and experiences of the Board members are expected to effectively protect the Company's values and shareholders' rights from policy errors and help the Company build corporate integrity and sustainable development. The management team regularly reports to the Board regarding the operations, development strategies, and other issues in order to maintain smooth and open communication with the Board.

## Audit Committee

One of the major functions of Wistron's Audit Committee is to develop a risk management system that monitors the Company's potential risks. The scope of this mandate includes verifying the adequacy and accuracy of financial statements, appointing (and dismissing) certified public accountants and assessing their independence and performance, overseeing the integrity of internal controls, evaluating the Company's compliance with legal or regulatory requirements, and monitoring the Company's existing or potential risks. In addition, the general auditor, senior accounting officers, and certified accountant must attend the Committee's meetings every quarter to report on the status of internal audits and financial performance, as well as the most recent developments in pertinent regulations.

The Audit Committee may by resolution engage lawyers, auditors and/or other professional consultants to seek independent advice within the scope of its authorization. The Audit Committee may also establish direct communication with the internal auditors, certified accountants and/or the management teams. The Audit Committee is required to hold a meeting at least once each quarter.

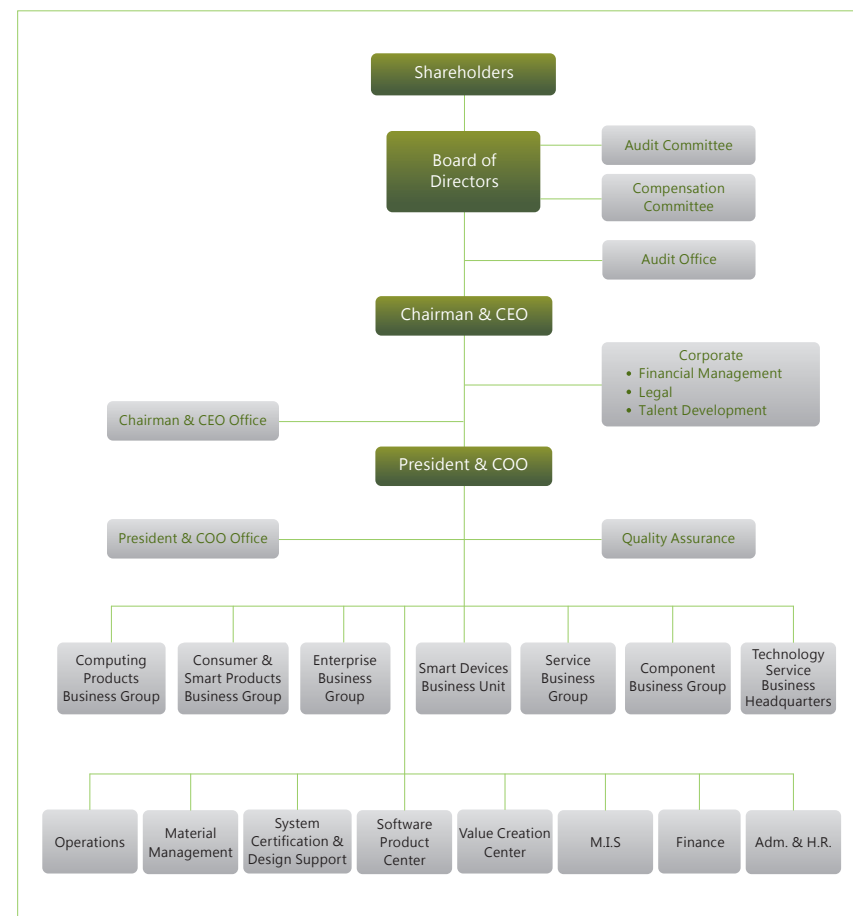
## Compensation Committee

Wistron's Compensation Committee is given the authority to establish and review compensation policies for the Company's directors and senior management. The policies are linked with the Company's performance and goals, designed to recruit and retain high quality personnel and enhance competitiveness. The compensation for Wistron's directors is set up according to the Article of Incorporation and the actual payments are made according to the duties, attendance rate at the Board meetings, and performance of each director. The compensation package for each senior manager includes a fixed component of salary, three Chinese festival grants paying, and benefits and a variable component of bonus, dividends (cash/stock) and stock options. The fixed terms aim to maintain the Company's competitiveness at a certain level and the variable terms are considered based on the Company's and the individual's performance. When the Company and individual's performance is higher, the ratio of the variable terms to the fixed terms will also be higher. The assessment standards are based on the extent to which the annual goals are achieved, which include annual financial targets (revenues, profits, etc.), market/customer, and the growth and development of the organization and personnel. In the beginning of each year, the Compensation Committee sets the assessment items, goals, and weight ratios, taking internal and external development into consideration. The compensation for the managers is assessed based on personal performance and the terms are evaluated before forwarding to the Board of Directors for approval.

Wistron's Compensation Committee meets at least twice a year. The Committee is composed of three members and two of the members are independent directors. One independent director shall be unanimously elected by the entire Committee members to serve as the convener and meeting chair, and the Committee members are required to invite the Company's the Chairman of the Board to attend the meetings. However,

the members of the Compensation Committee should excuse themselves from the meetings if the issues to be discussed involve personal interests. The Committee may also request directors, managerial officers of relevant departments, internal auditors, accountants, legal consultants, and other personnel to attend the meetings and provide them with pertinent and necessary information.

## ■ Company Organization



## Compliance

Since 2001, Wistron has diligently complied with all relevant regulations to set up its internal operations and governance. After public listing, the Company has tracked the development of new regulations closely and requires all subsidiaries to strictly abide by them. The Company sets goals to strengthen our core values, maintain a high level of integrity, ensure that the employees observe the Company's ethical standards when conducting business and daily operations, and maintain a good reputation to win the trust and respect of our customers, suppliers and the general public. To achieve these goals, Wistron developed the Employee Code of Conduct, which serves as a set of guidelines for all employees and executives. The Company keeps a continuous watch on the domestic and international policies that may have an impact on the Company's finances and businesses and put in place a set of risk management procedures to respond to any potential impacts. As of today, Wistron has never been subject to any monetary or non-monetary penalties due to any failure to comply with the relevant regulations.

## Integrity

Integrity is not only the core value of Wistron's business but also the most fundamental element which supports the Company's daily operation. The Company has strived to establish a strong culture with the integration of ethics issues into individual performance and responsibilities. The Company has designed and implemented a robust internal ethics program and requires all employees to have a thorough awareness of and compliance with it. The Company has also maintained strict confidentiality agreements with its clients and prohibits employees from receiving gifts or perks. The Company further extends the ethics standards to the clients, suppliers, business partners and any entities associated through a business relationship with Wistron. With respect to board meetings, directors are

asked to recuse themselves when the discussion involves personal interests. In such a circumstance, directors are prohibited from executing voting rights either in person or by proxy.

## Principle of Integrity

Integrity is an important part of Wistron's business values. To provide a sound and ethical work environment, a Code of Ethics Conduct has been defined that all employees are expected to understand and obey. Strict rules are defined for key areas of interest including confidential information, conflicts of interest, personal integrity, gifts and hospitality. Finance, purchasing, supply chain management and administrative units have all been designated as units at risk. Such units are required to undergo internal audits and regular personnel rotations.

In Taiwan, the issue of integrity is not just emphasized during the training of new managers. In 2013, e-learning courses on professional ethics have also been progressively introduced, which is expected to be finished in 2014. Our Kunshan, Chengdu, Chongqing, Czech and Mexico Plants require all new employees to undergo ethics training. The Kunshan, Chongqing and Chengdu Plants require all indirect employees to undergo ethics training and sign a Pledge for Ethical Practices. Although ethics training courses have not been set up at the Zhongshan Plant, all new employees and non-production indirect employees are required to sign a Pledge for Ethical Practices to ensure that the company's ethical standards are fully understood. In Wistron, all employees have a duty to report unethical and improper conduct to the Company through the appropriate channels. The Company also pledges to protect employees involved in the report or investigation of such conduct from unfair treatment or retribution. No incidents of bribery or unethical practice have been discovered in the last three years.

### ■ Percentage of Employees that Received Ethics Training Unit : %

Region	Taiwan [ Note1 ]	Zhongshan Plant [ Note2 ]	Kunshan Plant	Chengdu Plant	Chongqing Plant	Czech Plant	Mexico Plant
Percentage Trained	77.25	100	100	100	100	100	100

[ Note1 ] Taiwan includes the Neihu Headquarters, Hsichih Office Complex, and Hsinchu Plant.

[ Note2 ] The statistics of the Zhongshan Plant is based on the percentage of employees that signed the Pledge for Ethical Practice in 2013.

## Anti-Competitive and Anti-Trust Behavior

Wistron believes ethical business practices to be a fundamental corporate social responsibility and is keenly aware of how important fair trading is in business. We adhere strictly to relevant laws and regulations in all areas. There were no lawsuits over anti-competitive behavior, anti-trust and monopolies in 2013.

## Political Impartiality

Our Company has always remained politically neutral, objective and detached from public policy. We do not participate in any form of lobbying. We do not take part in the activities of political parties or related organizations. 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. No political contributions are made by Wistron.

## Business Ethics

Honesty and integrity are a part of the Wistron culture. We have defined and implemented a sound internal control system based on Article 14 Paragraph 1 Sub-paragraph 1 of the Securities and Exchange Act as well as the "Standards for Publicly Held Companies to Establish Internal Control Systems" issued by the Financial Supervisory Commission. Our internal control system was designed by the management, approved by the Audit

Committee and passed by the Board of Directors. The management process is also carried out by the Board, managers and other organizational members. The purpose of the system is to promote the sound management of the Company and provide reasonable guarantees that the following targets will be met:

1. The Effectiveness and efficiency of business operations including profitability, performance and asset protection.
2. The Reliability of financial reports including adherence to generally accepted accounting principles for external financial statements and appropriate approvals of transactions.
3. Ensure proper compliance with internal controls and relevant legislation.

Additionally, we have respectively defined and implemented the codes of conduct for employees and suppliers through the EICC Code of Conduct, Employees' Pledge for Ethical Practices and Manufacturer's Pledge for Self-discipline.

1. We demand the following from our employees, in accordance with the EICC: (1) Operational Integrity: all business interactions shall follow the highest standard of honesty. All industrial participants are forbidden to be involved in any form of bribery, corruption, blackmail, embezzlement, etc. All transactions shall be dealt in a transparent manner which shall be correctly reflected in the employees' accounts and records. (2) Legal income: delivering or receiving bribery or any other form of illegal income is not tolerable.
2. The Pledge for Ethical Practices requires our employees: (1) No demanding or receiving of any form of business bribery, or delivering any property, consumption or other benefits with various excuses. (2) No receiving of gifts, consumption or other benefits delivered by suppliers (or potential suppliers). In case it cannot be avoided due to courtesy or other reasons, employees shall ask for the approval of the heads of department

or any level above beforehand and leave it at the storage office. (3) No participating in business dinners, and entertainments provided by suppliers. In case it cannot be avoided due to courtesy or other reasons, employees shall ask for the approval of heads of department or any level above beforehand.

3. Requirements and notification of Manufacturer's Pledge for Self-discipline: (1) Manufacturers shall comply with the relative provisions of the company's business ethics, shunning bribery and fulfilling the duties to report such conduct.

A self-review must be conducted by each business every year. The Audit Office double-checks the self-review results and conducts on-site inspections based on the level of risk in accordance with the annual audit plan. Recommendations are provided where necessary to help the Board and managers ensure that internal controls are working effectively. At the same time, our existing performance evaluations not only check the execution of key performance indicators for the year but also evaluate the four core specialties: customer service, integrity, innovation and excellence. We believe that dedicated employees, proper management and financial discipline, continuous improvement in quality and cost efficiency, and our pursuit of innovation and good customer relations will improve our competitiveness and help us continue to excel.

From the result of the 2011-2013 employee satisfaction survey, "Wistron is a company with integrity" is the item with the highest recognition for three consecutive years. Being committed to our work rules and daily behaviors, this belief also guides us to build good and comprehensive partnerships with our customers and suppliers, and will be further extended to our subsidiaries holding at least 50% of our shares so as to intensify its supervision and management.

## Company Image

As an ODM, Wistron, provides comprehensive design, manufacturing and service of ICT products. Our customers market products designed and manufactured by Wistron under their own brands in different markets. Our customer pool consists of global brands and we strive to provide our customers with the quality service they need for product development.

Taiwan is the leading global supplier of IT products and Wistron is the 3rd largest OEM notebook maker in Taiwan. Wistron has however attracted the interest of foreign institutional investors and is now the most diversified OEM ICT manufacturer. We have gradually built on our ODM foundations to become a world-leading provider of technical services such as innovative ICT products, services and systems.

The weak global market demands of personal computers and laptops and the reduction of prices made by Original Equipment Manufacturers (OEM) because of stiff competition rendered the Taiwanese OEMs to fail to obtain a remarkable increase in gross profit. Currently, the requirements of the cost performance of electronic products are increasing, while the profit of supply chains is decreasing. The gross profit of the electronics industry will be at the risk of continuing to decline in the future. Taiwanese OEMs tended to have paid too much emphasis on hardware development. In the future, they shall devote themselves to the development of software since the low-profit swamp can only be rid of through continued diversified operation, intensified vertical integration as well as starting of newly invested businesses and profits contribution, increasing profits and reaching the goal of becoming a role model for enterprises.

## Disclosure of Public Information

To establish a comprehensive, reasonable, and effective information



disclosure and communication mechanism and achieve information transparency, all material information relating to Wistron is disclosed on the Company's website and the Market Observation Post System (MOPS). Non-financial performance information is also disclosed through the annual CS<sup>2</sup>R report, which aims to publicize Wistron's performance in corporate sustainability and social responsibility to all its stockholders and interested parties.

### Structure of Shareholders

Wistron's current stockholders include foreign investors at 44.5% and domestic institutional investors at 18.88%. These two groups of stockholders make up a total of 63.38% of all stockholdings. Therefore, we can say that Wistron's stockholder structure is relatively healthy. We will continue to strengthen corporate governance and company performance, so as to give back to our stockholders through outstanding performance. Please visit the investor relations page on our website for more information.

### Disclosure of Major Investment Information

We adhere to the EICC Code of Conduct, and its concern about the important issues such as human rights, labor, ethics, health, safety and the environment are incorporated into our Company guidelines on social and environmental responsibility. In case of major investment mergers after the approval of Wistron's Board of Directors, investment agreements or contracts signed by Wistron and the party involved shall be included into management scope. No relative items were included in investment agreements or contracts since there were no major cases of investment mergers in 2013.

### Transparency and Information Disclosure

Wistron has long endeavored to build an effective corporate governance

framework, protect shareholder rights, strengthen our Board of Directors functions, respect the rights of stakeholders and improve our level of transparency. As a publicly listed company, Securities & Futures Institute regulations require regular public disclosure from Wistron. Our Company's latest quarterly report, annual report, revenues, revenue report, dividend information and important announcements can be accessed by visiting the MOPS website of the Taiwan Stock Exchange Corp. and entering the stock code of 3231. Article 29 of Wistron's CSR Code of Practice also requires the Company to follow the rules on public disclosure and fully disclose reliable CSR information to improve transparency. CSR information disclosed by Wistron includes:

1. The CSR management mechanisms, strategies, policies and direction as approved by the Board of Directors.
2. The risks and effect on Wistron operations and finance from promoting proper corporate governance, development of a sustainable environment and public welfare.
3. Set goals and methods for fulfilling corporate social responsibility.
4. The results of implementing corporate social responsibility.
5. Other related CSR information.

In addition to regularly disclosing our financial information in quarterly and annual reports, Wistron has published the CS<sup>2</sup>R Report on our corporate website in the middle of the year, every year since 2010, thus disclosing additional non-financial information. CS<sup>2</sup>R Reports have now been published for 2009, 2010, 2011 and 2012.

### Protecting Customer Confidentiality

"Protecting customer's confidentiality and adhering to the principle of good faith" is one of our commitments. We have stipulated "Professional Ethics" and "Administration Roles for Wistron People" to establish

and cultivate the value and culture of integrity among employees. We have strict policies and internal control mechanisms to protect the confidentiality of information provided by our customers. In addition to managing all hardware and software containing technical information and customer information related to intellectual property rights, confidentiality agreements will be signed with the customers and suppliers to protect confidential information. "Protecting Customer Confidentiality" has also been included as a part of the new employee training program. Through training and management, Wistron ensures that every employee adheres to our confidentiality commitment in their dealings with customers. There were no violations of customer privacy rights or loss of customer data that harmed customer interests in 2013.

## Operations Management

### Quick View of Financial Performance

Wistron is continuing to boost customer satisfaction and quality. Efficiency, capacity utilization and reasonable profits are used as indicators of short-term business growth. In the long term, we will continue to expand our investment into businesses and products with higher gross profits. We are positioning ourselves as a global leader in technical services, offering innovative ICT products, services, and system solutions. We will also continue to focus on providing innovative technical services and expect these services to bring profits to our customers, increase employee satisfaction rates, and create long-term profits for our stockholders. Wistron has not received any major financial assistance from the government in recent years.

Required by the competent authority, Taiwanese Listed/OTC Companies shall present formal IFRS financial reports since from 2013 and also amend the 2012 financial report. Relevant financial information is disclosed in the following tables:

### Financial Performance Overview

Unit: Millions of NTD

Item	Year		2013		2012	
Revenue	624,009	100%	657,845	100%		
Gross Profit	30,203	4.8%	29,800	4.5%		
Operating Costs	24,117	3.9%	21,566	3.3%		
Net Profit	6,986	1.1%	8,233	1.3%		
Net Profit Before Tax	7,915	1.3%	9,778	1.5%		
Income Tax	2,160	0.3%	2,528	0.4%		
Consolidated Net Profit After Tax (including minority shares)	5,755	0.9%	7,250	1.1%		
Earnings Per Share	2.51	0%	3.18	0%		
Retained Earnings	26,072	4.2%	25,222	3.8%		
Personnel Expenses	23,303	3.7%	19,886	3%		
Employees Bonus	640	0.1%	1,087	0.2%		
Cash Dividends	3,274	0.5%	4,573	0.7%		
Stock Dividends	1,091	0.2%	1,039	0.2%		

### ■ Total Capitalization of Debt and Equity

Unit: Millions of NTD

Item	Year		2012	
	2013			
Assets	270,542	100%	273,091	100%
Shareholder Equity	66,196	24.5%	61,928	22.7%
Short-Term Loans [ Note ]	54,553	20.2%	76,327	27.9%
Long-Term Loans	20,368	7.5%	3,629	1.3%
Debt Payable	7,972	2.9%	7,183	2.6%

[ Note ] Includes long-term loans due within one year.

### ■ Profitability Analysis [Note]

Item		2013	2012
Profitability	Return on Assets (%)	2.73	3.33
	Return on Equity (%)	8.98	11.82
	Ratio to Pay-in Capital (%)	33.28	44.49
	Net Profit (%)	0.92	1.1
	Earnings per share (NTD)	2.51	3.17

[ Note ] For more financial information, please visit the Wistron website Home/Investor Services page: <http://www.wistron.com>.

### ■ Product Sales

Quantity/Unit: Per units/Pcs/Items Unit: Millions of NTD

Year	Sales	2013				2012 [ Note ]			
		Domestic		Export		Domestic		Export	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	NB Computer	500,639	5,457	26,411,979	328,555	330,563	4,427	33,334,617	434,345
	Desktop PC	715,150	4,392	14,072,309	71,558	800,822	3,373	12,499,944	53,958
	Other	339,634	3,198	36,994,864	210,849	171,088	1,712	31,071,132	160,029
	Total	1,555,423	13,047	77,479,152	610,962	1,302,473	9,512	76,905,693	648,332

[ Note ] Required by the competent authority, Taiwanese Listed/OTC Companies shall present formal IFRS financial reports since from 2013 and also amend the 2012 financial report.

### Product Sales

Wistron does not own any brands, so we use annual growth in output in place of market share. In addition to soliciting orders from international manufacturers, another key to maintaining market competitiveness is to maintain a stable rate of gross profit amid intensifying price wars. The Balanced Score Card introduced by all business units since 2005 is an important tool for performance management. Complex strategies are translated using the four dimensions of "Finance", "Customer and Market", "Internal Processes" and "Learning and Growth" into a clear and easy to understand target that can then be put into action and review regularly.

In 2013, growth in smart terminal devices (including smart phones, tablet computers) have increased greatly, while that of notebook computers and LCD TVs have been weak; growth of other products like servers and industrial application devices remained steady or fluctuated slightly.

## Risk Management

### Operational Risk Management

We focus on our core business and never engage in risky and highly-leveraged investments so as to ensure stakeholders rights and benefits. We actively evaluate the risks and benefits of introducing new technologies and regularly hold strategic development conferences as part of our long-term business strategy. In response to the risks of increasing costs due to the volatile nature of the technology technological industry, we manage costs through high-efficiency and a high production capacity utilization rate. These are achieved by strengthening product functions, promoting design efficiency, lowering product costs and controlling operating costs.

### Financial Risk Management

The fluctuating global financial market and exchange rates often case serious challenges to businesses because small mistakes may erode profits or jeopardize shareholder equity. Our treasury department has established a set of guidelines that specify the tools and decision-making processes for cash management. As export products account for approximately 99% of Wistron's revenue, and most exported products and raw materials procurement are quoted in U.S. dollars, most of our foreign currency transactions are offset against regular payments for the incoming materials procurement to achieve automatic currency hedging. Remaining funds are converted into New Taiwan Dollars according to capital requirements. In the future, we will reinforce the mechanism of automatic currency hedging through offsets of payments and collections, and use tools, such as derivatives and other financial products (forward exchange or swap contracts), to conduct risk hedging under the terms of proper risk management regulations.

### Information Risk Management

To protect company and personal information as well as internal/external communication systems and minimize the impact on company operations caused by human factors such as leakage, theft, sabotage or other unpleasant incidents, we will conduct regular security probes of our network and systems to manage information risk. The purpose of these probes is to understand and evaluate the security of the organizational network environment and systems, identify current security level and effectiveness as well as acquire information that can be used for security vulnerabilities elimination, technology improvement and security consolidation.

#### ■ Summary of Information Risk Management Strategies and Methods

Information risk management issues	Strategies and methods
<ul style="list-style-type: none"> <li>• Conduct regular security probes for assessment.</li> <li>• Develop remedial measures to correct vulnerabilities or threats.</li> <li>• Continue to conduct training of internal employees, subcontractors and third parties.</li> <li>• Establish basic information security facilities.</li> </ul>	<ul style="list-style-type: none"> <li>• Define factors that threaten organizational information and assets security so as to understand potential risks and problems.</li> <li>• Test whether internal information suffers from possible disclosure, manipulation or leakage.</li> <li>• Effectively locate resources to avoid information security risk and reduce afterwards treatment costs as well as information security costs.</li> <li>• Ensure periodical security strategies or information security investment costs.</li> <li>• Provide information security assessment to strengthen overall safety of networks and systems.</li> </ul>

## Climate Change Risk Management

Global warming issues are becoming increasingly serious and climate change is causing natural disasters around the world. Appropriate “Risk Management” is therefore essential to business continuity. In addition to closely monitoring climate change issues, we have included emergencies that may lead to loss of life or property or environmental pollution such as power outage, water stoppage, fires, flooding, typhoons, earthquakes, personnel injuries (temporary or permanently disabling injuries), food poisoning, designated infectious diseases (like SARS) and water pollution into our “Emergency Response and Management Procedure” for our

headquarters and each plant. Our Kunshan Plants have introduced and met the ISO 22301 Business Continuity Management Standard.

We have been checking our own greenhouse gas (GHG) emissions since 2009 to provide a reference for energy conservation and carbon reduction. We also joined the Carbon Disclosure Project (CDP) in 2009 and now regularly publish our GHG emission data on the CDP website for stakeholders. Apart from responding to the above, we listed potential regulatory risks, actual risks as well as other potential risks as follows:

### ■ Climate Change Risks Assessments

	Risks	Effects/Impacts	Opportunities
Regulatory Risks	National governments now looking at levying a carbon, energy or environment tax.	Increase in cost of production. Global commodity and energy prices will increase.	<ol style="list-style-type: none"> <li>Promote low-carbon practices among employees.</li> <li>Cooperate with customer/suppliers: Implement carbon management training and carbon emission audits for suppliers.</li> <li>Choose materials carefully, reduce the number of parts, adopt common standards.</li> <li>Promote energy-saving designs for new green factory buildings.</li> </ol>
	Global product carbon labeling regulations.	Increase in all information technology and communications product costs as well as operating costs.	Disclosure of product lifecycles and environmental information can be integrated.
	Product energy efficiency regulations and standards. (e.g., Energy Stars, ErP, etc.)	Increased costs of procuring raw materials and spare parts, and longer time for design and product verification.	Eco-design procedures can be integrated into the management systems.
Physical Risks	Limitations on energy purchases. (e.g., oil and electricity)	Increased oil and electricity prices add extra burden to operating costs.	Reinforce internal controls and seek alternative energy sources.
	Global warming generates climate anomalies that lead to more severe and more frequent hurricanes, flooding and droughts.	Direct or indirect impact on production and transportation. (e.g., employee commutes, business trips, unstable power supply leading to suspension of production, or even loss of life and property). Post-disaster reconstruction costs time, manpower and money.	Execute assessment of physical risks in regions where Wistron offices, plants, and supply chains are located.
Other Risks	Change in consumption patterns. (e.g., awareness of green consumption)	Consumers will gradually give importance to and choose low emissions and environmentally friendly products.	Actively promote the corporation's green image in order to increase the company's revenue and market share.

# Corporate Sustainability and Social Responsibility Management



## Wistron CS<sup>2</sup>R Policy

Wistron is committed to establishing a CS<sup>2</sup>R management system that will exceed local regulatory and ethical standards. The development of high-quality green products and services will also be complemented by protection of the environment as well as employee health, safety and human rights in order to protect stakeholders' interests. In addition, Wistron will make corporate governance/investor relations, customer satisfaction, supply chain management, employee rights and care, and community participation the five functional areas in CSR communication. Apart from conforming to the basic requirements of the EICC Code of Conduct, we will work even harder to realize the harmonious development of "Sustainable Environment" , "Role-model for Innovation" and "Humanitarian Society" .

To further pursue Wistron's goal of CS<sup>2</sup>R, we expanded our ESR management system into the CS<sup>2</sup>R management system in February 2009, covering environment, society and economy. "Sustainability, innovation and humanity" defines the essence of Wistron CS<sup>2</sup>R, which encompasses the five main management systems of quality, green products, environmental protection, occupational health and safety as well as social responsibility. We will continue to work even harder to realize CS<sup>2</sup>R and promote activities so as to maintain human health and the environment, properly manage employees' rights, benefits and safety, thus creating a sustainable operational mode.

To promote CS<sup>2</sup>R-related plans, our Company has set up a "Corporate Sustainability and Social Responsibility Implementation Committee" (CS<sup>2</sup>R Implementation Committee) to promote the CS<sup>2</sup>R management system. The CS<sup>2</sup>R Implementation Committee is the highest body for CS<sup>2</sup>R affairs within Wistron and is chaired by the Company President personally with the rest of

the Committee made up of tier-1 executives. The head of each production site also chairs its site CS<sup>2</sup>R Committee to ensure the proper implementation of the CS<sup>2</sup>R management system. Based on the management system's spirit of continuous improvement, internal audits are planned and executed each year to verify that the management system is being properly implemented and the results are reported to upper management.

Besides, in 2008, we began planning the CS<sup>2</sup>R IT System to computerize environmental data and incorporated GHG emission volumes and trends managed by each division into the management report. Starting in 2012, this has facilitated the effective management of GHG emissions at the Neihu Headquarters and Hsichih Office Complex in Taipei, Taiwan, and plants in Hsinchu, Zhongshan, Kunshan, Mexico and Czech Republic.

In March, 2010, our Board of Directors adopted the "Code of Practices for Corporate Social Responsibility". The general managers have to report to the Board of Directors at least once a year on the implementation and performance of Wistron CS<sup>2</sup>R program as well as the plans and goals for the following year. Besides, we will take concrete actions to fulfill our social responsibility, for example, our devotion to the recycling operations of e-waste to reduce and reuse it with the combination of after-sales service. During the initial stage, we will focus on the recycling and reuse of plastic phone shells and deserted printed circle boards (PCB), while stepping into the recycling business of batteries and glasses in the future. So far, our regenerated eco-friendly plastics for electronic products have been applied into production in 2013, with the Wistron High-tech and Advanced Materials Corporation set up in Kunshan, in Mainland China.

## Operation of the CS<sup>2</sup>R Management System

The CS<sup>2</sup>R Management System policy defines Wistron's commitment to establishing a management system for corporate sustainability and social responsibility that will exceed local regulatory and ethical standards. The development of high-quality green products and services will also be complemented by protection of the environment as well as employee health, safety and human rights in order to protect shareholder interests.

To ensure that the policies and resolutions of the CS<sup>2</sup>R Implementation Committee are implemented, Wistron has established five corresponding management systems to manage the five key issues of "quality, green products, environmental protection, occupational health and safety, and social responsibility". Through these management systems, Wistron strives to bring the company's practices into line with international standards and acquire management system certifications, thereby integrating corporate sustainability and social responsibility policies and goals into daily business operations. CS<sup>2</sup>R issues are all disclosed through the Management Committee. The CS<sup>2</sup>R management strategy is reviewed based on the latest developments and new versions published. In the future, a globally consistent management system will be established and more improvements made. See the table below for the implementation of all management systems in 2013:



CS<sup>2</sup>R Management System

2013 Summary of CS<sup>2</sup>R Management System Verification

Plant	International Standard (Version)	Date Updated [ Note ]
Taipei Office (Neihu Headquarters & Hsichih Office Complex), Hsinchu Plant	TL 9000 H, R5.0/R5.0 /ISO 9001:2008	2013/09/23
	ISO 14001:2004	2013/07/09
	OHSAS 18001:2007	2013/07/09
	ISO 13485:2003	2013/05/31
	ISO 50001:2011	2013/04/17
	ISO 14064-1:2006	2013/04/29
	IECQ QC 080000:2012	2013/12/18
Zhongshan Plant	TL 9000 H, R5.0/R5.0 /ISO 9001:2008	2013/10/14
	IECQ QC 080000:2012	2013/09/17
	ISO 14064-1:2006	2013/04/29
Kunshan Plant	ISO/TS 16949:2009	2013/02/18
	IECQ QC 080000:2012	2013/07/16
	ISO 14064-1:2006	2013/04/29
Chengdu Plant	OHSAS 18001:2007	2013/08/21
Mexico Plant	ISO 14064-1:2006	2013/06/15
Czech Plant	ISO 14064-1:2006	2013/06/15
Taizhou Plant	ISO 14001:2004	2013/02/04
	ISO 9001:2008	2013/11/01
Texas Plant	ISO 9001:2008	2013/11/06

[ Note ] "Date updated" refers to the date that the plant obtain each certificate.



# Sustainability and Energy Management



## Energy Management Practices and Performance

Low-carbon living is not just a policy option, but a common goal for all. Wistron has issued a voluntary carbon reduction strategy in response to national policies and the push for energy conservation and carbon reduction in the business community. The strategy is implemented through energy conservation management rules and improvement proposals. Within the Wistron organization, a policy awareness campaign and the promotion of carbon reduction is helping to realize the ideal of sustainable corporate development. We are gradually eliminating energy-intensive products, adopting energy-saving machinery and equipment as well as effectively managing our energy consuming systems in order to meet our energy-saving targets. In 2012, we introduced the “ISO 50001 Energy Management System” . Our Taipei office and Hsinchu Plant have achieved ISO 50001 certification. In 2013, the Zhongshan Plant has also started to establish its' ISO 50001 system.

### Energy Consumption Analysis

Wistron is continuing to inventory our energy consumption and greenhouse gas (GHG) emissions in order to understand our current energy usage and GHG emissions. The main energy consumption statistics are tabled below. Results of the GHG inventory and investigation showed that electricity from power companies was our main source of GHG emissions. Wistron has therefore implemented a GHG emissions reduction policy focusing on power consumption management and reduction. Energy conservation proposals are now being prepared by each site and associated improvements carried out.

## 2013 Energy Consumption Statistics

Unit : GJ

Item	Neihu Headquarters	Hsichih Office Complex	Hsinchu Plant	Kunshan Plant	Zhongshan Plant	Chongqing Plant	Chengdu Plant	Mexico Plant	Czech Plant	Total
Electricity	21,504.83	38,768.77	44,397.46	289,516.69	437,118.00	43,974.02	47,547.68	114,955.56	4,967.62	1,042,750.63
Diesel	0.00	0.00	0.00	1,045.65	554.62	10.30	4.26	141.49	21.49	1,777.82
Natural Gas	0.00	0.00	0.00	77,463.56	31,868.44	8,931.73	1,003.92	17,881.72	311.03	137,460.40

## IT Energy Conservation

IT equipment forms the core of Wistron's routine operations and production systems. We have embraced green design principles in our IT energy conservation efforts by designing new IT server rooms that adopt new energy-saving technologies to reduce power consumption. IT server rooms contain large numbers of servers and storage devices that consume massive amounts of power. Current management focus is therefore on reducing energy loss and improving Power Usage Effectiveness (PUE). We started out by gathering data on server room power consumption and costs then monitored server room power consumption over time. We also adopted servers/storage equipment that has an industry reputation for high-energy efficiency (e.g., Blade systems/SAN storage) in our server rooms. Virtualization technology was adopted to consolidate systems/applications that had previously run on their own independent server machines with the proviso that there would be no interruption to services. The move improved the utilization of individual servers, decreased the number of servers required and reduced energy consumption. The introduction of the Cold-Hot Aisle concept helped improve the efficiency of air-conditioning systems and lowered power loss. Server room equipment is now inspected on a regular basis and idle equipment is turned off to reduce unnecessary energy

consumption. Server/storage equipment service lives are now regularly checked. Equipment over 5 years old or those that are more power intensive are assigned a higher priority for replacement.

## Energy Saving Actions

As the earth is warming up and climates are changing, our awareness of energy conservation and carbon reduction has progressively increased. Currently, the energies we consume are purchased from outside and we have no self-made electric power or other energy resources. We also reduce consumption, losses and emissions and prevent waste by effectively and wisely using our energies from production to consumption, which has influenced each employee in our company to cooperate with the energy conservation and carbon reduction measures at work or at home.

We have established and implemented the energy conservation plan after the stipulation of policies, goals and directions, and have reduced the energy consumption of products and the GHG emissions by improving energy usage efficiency and introducing energy reduction technology which enhances device efficiency. Energy conservation actions at each plant are summarized as follows:

### ■ Energy Saving Actions by Region

Region	Strategy	Electricity Management	Air-conditioning Management	Energy Efficiency Improvement	Change User Habits
Hsichih Office Complex		<ul style="list-style-type: none"> <li>Adjusted illumination in passage and warehouse to meet legal requirements.</li> <li>Timer control of water dispenser.</li> <li>Dormant and energy-saving design of elevators.</li> <li>Reduced lights/tubes as much as possible without significantly affecting illumination.</li> </ul>	<ul style="list-style-type: none"> <li>Use of independent box-type air-conditioning and conducting periodic operational check.</li> </ul>	<ul style="list-style-type: none"> <li>Added air handling unit (AHU) and introduced variable-frequency control system.</li> <li>Replaced PL lights with the T5 type.</li> </ul>	<ul style="list-style-type: none"> <li>Advocating energy conservation and carbon reduction.</li> <li>Turning off lights in toilets/washrooms during daytime.</li> </ul>
Neihu Headquarters		<ul style="list-style-type: none"> <li>Reduced lights that have to be turned on for 24 hours with induction lighting.</li> <li>Introduced electricity monitor system in buildings to check electricity consumption.</li> <li>Dismantled lighting tubes of vending machines in buildings to save energy.</li> <li>Reduced lights/tubes as much as possible without significantly affecting illumination.</li> </ul>	<ul style="list-style-type: none"> <li>Adjusting the operating time of the air-conditioner chiller during summer/winter.</li> </ul>	<ul style="list-style-type: none"> <li>Add air handling unit (AHU) and introduce variable-frequency control system.</li> <li>Used sheathing paper and sunshade cloth curtain in the whole building.</li> <li>Introduced LED lighting in offices.</li> </ul>	<ul style="list-style-type: none"> <li>Holding monthly energy inspection conference.</li> <li>Set up chillers based on different floors and users, and implementing management in accordance with the overtime application system.</li> </ul>
Hsinchu Plant		<ul style="list-style-type: none"> <li>Recording the daily power consumption.</li> <li>Turning off office lights during lunch hours.</li> <li>Added pull switch for each lighting to realize independent control.</li> <li>Reduced lights/tubes as much as possible without significantly affecting illumination.</li> </ul>	<ul style="list-style-type: none"> <li>Increased the temperature of the chiller.</li> </ul>	<ul style="list-style-type: none"> <li>Replaced T8 lighting tubes with the T5 type.</li> </ul>	<ul style="list-style-type: none"> <li>Advocating energy conservation and carbon reduction.</li> <li>Office workers are asked to turn off lights through pull switch when leaving their seats for a long time.</li> </ul>
Kunshan Plant		<ul style="list-style-type: none"> <li>Added pull switch for each lighting to realize independent control.</li> <li>Reduced lights/tubes as much as possible without significantly affecting illumination.</li> </ul>	<ul style="list-style-type: none"> <li>Replacing the chiller with plate heat exchangers in winter.</li> <li>Reducing the chiller output temperature by 2 °C during winter.</li> <li>Letting fresh air circulate into the workshop to drop the temperature during winter.</li> </ul>	<ul style="list-style-type: none"> <li>Exchanged water tower heat sink to improve heat transfer efficiency.</li> <li>Installed water tower drainer to reduce water conductivity and improve heat transfer efficiency of chiller.</li> <li>Used air compressor to pre-heat fresh air and reduce energy consumption.</li> <li>Replaced T8 lighting tubes with the LED.</li> </ul>	<ul style="list-style-type: none"> <li>Made posters to strengthen the efforts of energy saving.</li> <li>Installed fans in warehouses to reduce the use of air-conditioner.</li> <li>Office workers are asked to turn off lights through a pull switch when leaving their seats for a long time.</li> <li>Turning off NB power after work.</li> </ul>

### ■ Energy Saving Actions by Region

Region	Strategy	Electricity Management	Air-conditioning Management	Energy Efficiency Improvement	Change User Habits
Zhongshan Plant		<ul style="list-style-type: none"> <li>Adjusting the quantity of the switchgear based on production line status.</li> <li>Added pull switch for each lighting to realize independent control.</li> <li>Timer control of illumination and street lamps at dock.</li> <li>Reduced lights/tubes as much as possible without significantly affecting illumination.</li> </ul>	<ul style="list-style-type: none"> <li>Setting office air-conditioner at 27°C according to work time.</li> <li>Setting chiller output temperature appropriately according to different seasons.</li> <li>Setting variable-frequency control differential pressure or pressure appropriately according to different seasons.</li> <li>Adjusting the outside air damper of the air-conditioner accordingly to different seasons.</li> <li>Choosing the operation mode of variable-frequency air-conditioner according to different seasons.</li> </ul>	<ul style="list-style-type: none"> <li>Recovering waste heat of air compressor (for dormitory water heating).</li> <li>Substituted T8 lighting tubes with the T5 or LED type.</li> <li>Adding variable-frequency air-compressor.</li> <li>Regularly clean or exchange air-conditioner filters.</li> <li>Replaced the water tower heat sink to improve heat transfer efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>Set energy management system to consolidate energy management.</li> <li>Office workers are asked to turn off lights through a pull switch when leaving their seats for a long time.</li> </ul>
Chongqing Plant		<ul style="list-style-type: none"> <li>Added a pull switch to each lighting device to realize independent control.</li> <li>Reduced lights/tubes as much as possible without significantly affecting illumination.</li> </ul>	<ul style="list-style-type: none"> <li>Added an variable-frequency control to the air-conditioner in the warehouse to achieve automatic temperature control.</li> <li>Use of plate heat exchanger instead of chiller in winter.</li> <li>Installed timers in offices which turn off automatically after 17:30 from Monday to Friday.</li> </ul>	<ul style="list-style-type: none"> <li>Recovering waste heat of air compressor.</li> <li>Added PVC thermal insulation to the reflow oven.</li> </ul>	<ul style="list-style-type: none"> <li>Office workers are asked to turn off lights through a pull switch when leaving for a long time.</li> </ul>
Chengdu Plant		<ul style="list-style-type: none"> <li>Added a pull switch to each lighting device to realize independent control.</li> <li>Installed infrared human body sensor switch at employee parking lot.</li> <li>Turning off office lights during lunch time from 12:00-13:00.</li> <li>Checking electricity-using area regularly and closing/turning off unused electricity consumption sources.</li> <li>Reduced lights/tubes as much as possible without significantly affecting illumination.</li> </ul>	<ul style="list-style-type: none"> <li>Using the heat produced by production equipment to adjust the workshop temperatures during winter.</li> <li>Installed ventilator in office areas to avoid using central air-conditioner during holidays.</li> <li>Added a variable-frequency control to the air-conditioner in the warehouse to achieve automatic temperature control.</li> </ul>	<ul style="list-style-type: none"> <li>Cleaning chiller condenser and water tower heat sink regularly to improve heat transfer efficiency.</li> <li>Use of a plate heat exchanger and cooling water tower instead of chiller during winter.</li> <li>Introducing hot air produced by the air compressor directly into MAU air intake to avoid opening electric heating system for pre-heating.</li> </ul>	<ul style="list-style-type: none"> <li>Providing air-conditioning periodically and seasonally.</li> <li>Office workers are asked to turn off lights through pull switch when leaving their seats for a long time.</li> </ul>

■ Energy Saving Actions by Region

Strategy Region	Electricity Management	Air-conditioning Management	Energy Efficiency Improvement	Change User Habits
Mexico Plant	<ul style="list-style-type: none"> <li>Conducted illumination study on the manufacturing &amp; warehouse to ensure this meets legal requirements, and disconnected unnecessary lamps.</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining the temperature inside the buildings during the summer season at 26-28°C degrees.</li> <li>Maintaining the temperature inside the buildings during winter season at 22-24°C degrees.</li> </ul>	<ul style="list-style-type: none"> <li>Installed skylight domes on the warehouse areas to turn-off unnecessary lamps during the day.</li> </ul>	<ul style="list-style-type: none"> <li>Promoting the use of cafeteria TVs for better energy conservation.</li> </ul>
Czech Plant	<ul style="list-style-type: none"> <li>Production lines - Turning off production lines during break time and immediately after the shift.</li> <li>Lights - During break time all lights are switched off. After the end of the shift, security employees walk around the factory building to make sure no light is turned on.</li> <li>Outside lights are turned off during the night when nobody is at work. Only every third light is used.</li> <li>Unused devices are permanently turned off.</li> <li>Water electrical boilers at unoccupied areas of the building are turned off.</li> <li>Lights – we are using energy saving fluorescent lamps (36W). 6 fluorescent lamps can replace 1 halogen light.</li> </ul>	<ul style="list-style-type: none"> <li>Air-conditioning system is checked once a year based on Czech local law, which assures that the air-conditioning system works effectively and that no refrigerant has leaked.</li> <li>Air conditioning is usually used during summer months. Temperature inside the building is normally set up at 22-26°C . After 17:00 (2 hours after shift ends) all air conditioning systems are automatically turned off and they are automatically turned on at 07:00 the following day.</li> <li>Air-con filters are regularly cleaned. Clean filter has lowered resistance against air flow and AC operates efficiently.</li> <li>Unused areas are not heated nor cooled. From 4 heating branches are 2 on and 2 off.</li> </ul>	<ul style="list-style-type: none"> <li>Fresh air ventilator used in toilets is automatically turned off after 5 minutes of usage.</li> <li>Installed screen saver on each employees’ laptop and desktop which will be instigated after 5 minutes of no use.</li> <li>When temperature outside is not under 15°C , the special heater above the entrance doors are turned off. Central heating is turned off.</li> <li>Door air curtains at main entrance are installed to prevent hot air leakage outside during winter time.</li> <li>Time plan for building heating and water heating. Heating is turned on during working time 06:00-15:00.</li> </ul>	<ul style="list-style-type: none"> <li>Czech team leaders and supervisors remind all employees often that they should switch off all electrical equipment after use (lights, printers, air-conditioning, etc.).</li> <li>Promoting the use of cafeteria TV’ s for energy conservation.</li> <li>Reminding employees to refrain from windows in the offices to avoid cold air from coming in during winter time and warm air from coming in the building during summer time (saving energy for heating and air-conditioning).</li> </ul>

### Neihu Headquarters, Hsichih Office Complex, Hsinchu Plant Summary of Energy Conservation Effectiveness

[ Energy Saving Measures ]

Hsinchu Plant

- Substituted T8 lighting tubes with the T5 type and reduced electricity consumption equivalent to 394,128 KWH each year.
- Added pull switch to lights and the staff were asked to turn off the lights when leaving their seat so as to reduce waste.
- Increased 1°C of the chiller output temperature and reduced electricity consumption equivalent to 42,715 KWH each year.



Substituted T8 lighting tubes with the T5 type.



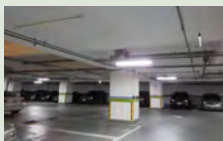
Used timer controlled energy-saving water dispenser.



Introduced the electricity monitor system.



Added pull switch to lights and the staff were asked to turn off the lights when leaving their seat so as to reduce waste.



Reduced illumination after inspection in Neihu building parking lot.

Neihu Headquarters and Hsichih Office Complex

- Replaced 3,485 old lighting in buildings and reduced electricity consumption equivalent to 570,000 KWH each year; substituted PL lightings with the T5 type.
- Used timer controlled water dispenser and saved on electricity equivalent to 25,000 KWH each year.
- Substituted lighting in Neihu building passages with LED bulb and reduced electricity consumption equivalent to 4,231 KWH each year.
- Managed parking lot uniformly on holidays and reduced electricity consumption equivalent to 13,000 KWH each year.
- Introduced the electricity monitor system and checked electricity consumption.
- Dismantled lighting tubes in vending machines and reduced electricity consumption equivalent to 5,256 KWH each year.
- Inspected illumination in Neihu building parking lot/offices and reduced electricity consumption equivalent to 45,000 KWH each year.
- Designed dormant elevators and reduced electricity consumption equivalent to 3,183 KWH each year.

### Neihu Headquarters, Hsichih Office Complex, Hsinchu Plant Summary of Energy Conservation Effectiveness

[ Future Actions for Continuous Improvements ]

Taipei offices' future goal is to reduce per capita electricity consumption by at least 2% each year.

- Continuously substitute old lighting with new energy-saving types.
- Adjust air-conditioner input and output temperatures as well as opening and turning off time to reduce electricity consumption.
- Progressively introduce electricity monitor system and disclose electricity consumption.
- Promote overall energy conservation education activities and advocate employees to take public transportation.

### Chengdu Plant Summary of Energy-saving Effectiveness

[ Energy Saving Measures ]

- Strictly managed and monitored office air-conditioner temperature in winter and summer through a program.
- Pressure fans of air-conditioner were operated in accordance with actual work time and production line situation.
- Regularly updated and traced energy-saving effectiveness in support of the quality department.



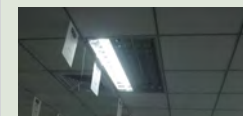
Installed ventilator in office areas to avoid using central air-conditioner during holidays.



Added variable-frequency control to the air-conditioner in the warehouse to achieve automatic temperature control.

[ Future Actions for Continuous Improvements ]

- Introduce fresh air in PCBA workshops to reduce air-conditioner electricity consumption.
- Rebuild high-low pressure channels of the air compressor system, separating FA and PCBA workshop channels to reduce air compressor electricity consumption.



Added a pull switch to each lighting device to realize independent control.

### Zhongshan Plant Science Park Summary of Energy-saving Effectiveness

#### [ Energy Saving Measures ]

- Substitute T8 lighting tubes with the T5 or LED type in TB1&TB3&TB5 plants and reduce GHG emission by 1,435 metric tons CO<sub>2</sub>e per year.
- Install zipper switch to lightings in TB1 and reduce GHG emission by 3 metric tons CO<sub>2</sub>e per year.
- Change cooling water tower heat sink in TB1&TB3&TB5 and reduce GHG emission by 935 metric tons CO<sub>2</sub>e per year.
- Add variable-frequency control to major air-conditioners in workshops in TB1&TB3&TB5 and reduce GHG emission by 974 metric tons CO<sub>2</sub>e per year.
- Ice water and hot water cooling plant is installed in air compressor on top floor TB3, and reduce GHG emission by 219 metric tons CO<sub>2</sub>e per year.
- Add variable-frequency control to water pump in TB1 and reduce GHG emission by 34 metric tons CO<sub>2</sub>e per year.
- Add heat recovery project to the air compressor in TB2&TB3 and reduce GHG emission by 642 metric tons CO<sub>2</sub>e per year.
- Add variable-frequency control to the air compressor in TB2&TB3&TB5 and reduce GHG emission by 255 metric tons CO<sub>2</sub>e per year.

#### [ Future Actions for Continuous Improvements ]

- Continuous management and investments in new products and technology to achieve the goal of energy conservation.
- Progressively replace high-energy consumption products, such as substitute metal halide and dormitory lighting with LED lighting.
- Adjust the flow of air-conditioner chilled water system.
- Add variable-frequency control to solder machine ventilator in TB2&TB3&TB5.
- Change the air compressor air distribution system in TB2&TB3&TB5 to high-low pressure independent air distribution system.
- Improve air inlet of TB3 air-conditioner.
- Adjust flow of air-conditioner chilled water system in TB1&TB2&TB3&TB5.
- Add new energy source management system to effectively manage energy consumption information in TB2&TB3.
- Continuously manage and control, such as timer operation and turning off of equipment, personnel check, seasonal adjustments of equipment parameters.

### Zhongshan Plant Optoelectronics Park Summary of Energy-saving Effectiveness

#### [ Energy Saving Measures ]

- Add variable-frequency control to the seven air-conditioners in the FA workshop on the 2F and the 6 air-conditioners in the SMT workshop on the 3F of OB1 plant, reducing GHG emission by 283 metric tons CO<sub>2</sub>e per year.
- Add variable-frequency control to one of the air compressors in the OB1 plant and reduce GHG emission by 23 metric tons CO<sub>2</sub>e per year.
- Cover the reflow oven in the SMT workshop on the 3F of the OB1 plant with transparent acrylic sheets and reduce GHG emission by 58 metric tons CO<sub>2</sub>e per year.
- Install ceiling fans in the DIP production line on the 3F of the OB1 plant to reduce electricity consumption (there are a lot of testing employees on the 3F DIP production line, so the addition of ceiling fans can improve the temperature of the air handling unit and avoid the use of air-conditioner) and reduce GHG emission by 70 metric tons CO<sub>2</sub>e per year.
- Add variable-frequency control to the dormitory water use pump in OD1-OD6 and reduce GHG emission by 11 metric tons CO<sub>2</sub>e per year.
- Introduce the waste heat of air compressors in OB1 RF to air-conditioners to reduce electricity consumption and reduce GHG emission by 20 metric tons CO<sub>2</sub>e per year.

#### [ Future Actions for Continuous Improvements ]

- Add variable-frequency control to solder machine ventilator in OB1 to reduce electricity consumption.
- Add automatic valve control to air-conditioner ventilator in 2F/3F workshops of OB1 plant and reduce chiller electricity consumption.
- Adjust the flow of air-conditioner chilled water system.
- Adjust flow of air-conditioner chilled water system in OB1 plant to save on electricity.
- Turn off air-conditioners during lunch hour in the FA workshop in OB1 plant (4 hours per day) to save on electricity.
- Turn off chiller valve in the FA workshop of OB1 plant (use free cooling in winter, the beginning of spring, the end of autumn) to save on electricity.
- Add variable-frequency control to QE chilling water tower pump of OB1 plant to save on electricity.
- Use free cooling and energy-saving fans in OB1 plant to save on electricity.
- Use timer control to operate and turn-off air-conditioner and save on electricity.
- Add variable-frequency control to dormitory water pump and save on electricity.

### Kunshan Plant Summary of Energy-saving Effectiveness

[ Energy Saving Measures ]

- Turn on central heating air-conditioner system if the outdoor temperature is below 10°C in winter (from December to March).
- Turn on cooling air-conditioner system if the outdoor temperature is above 22°C in summer (from April to October).
- Substitute T8 lighting tubes with LED energy-saving lighting to reduce illumination electricity consumption and GHG emission by 3,131.7 metric tons CO<sub>2</sub>e per year.
- Add variable-frequency control to chiller to control the operation of the pump according to pipeline differentiated pressure, reducing electricity consumption of pump and GHG emission by 405.11 metric tons CO<sub>2</sub>e per year.
- Add variable-frequency control to air-conditioner in plant to control operation frequency of the ventilator according to plant temperature and reduce air-conditioner electricity consumption.

[ Future Actions for Continuous Improvements ]

Implement heat recovery project to air compressor and reduce GHG emission by 984.92 metric tons CO<sub>2</sub>e per year.



Variable-frequency control of Air-conditioner chiller.



Variable-frequency control of Air-conditioner.

### Chongqing Plant Summary of Energy-saving Effectiveness

[ Energy Saving Measures ]

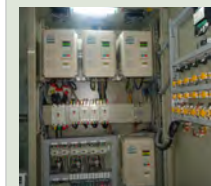
1. Management of lighting tubes in the plant
  - Reduced the quantity of lighting tubes in the production area from three to one for illumination.
  - Added independent pull switch to lightings in offices so that employees can turn off the lights conveniently when leaving.
  - Lightings in public passages are changed into acousto-optic combined controller.
2. Air-conditioner control
  - Added variable-frequency control to the air-conditioner motor in the FA and PCB workshop; automatically control the two-way valve and the temperature of return air to reduce electricity consumption.
3. Heat recover
  - Redistributed the heated and moisture air generated by the air compressor to the PCB workshop in winter to maintain workshop humidity and reduce the consumption of natural gas through heat recovery.
4. Installment of PVC heat insulation on the reflow oven
  - The operation of the reflow oven emits lots of heated air and dust which increase the workshop temperature and worsen the air quality. The installments of PVC insulation on the reflow oven can decrease the workshop temperature; reducing the use of the central air-conditioner and electricity consumption.

[ Future Actions for Continuous Improvements ]

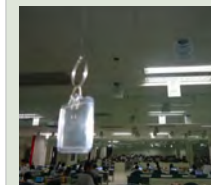
The chilled water tower cooling fan will be changed into a temperature controlled one and reduce electricity consumption when the temperature of the chilled water tower is low.



Added PVC heat insulation to reflow oven in the workshops.



Added variable-frequency control to air-conditioners in the workshop.



Added pull switch in office areas.



Adjusted ceiling grid lamp.



## Green Building

We can build a sound, healthy and comfortable environment in a most energy-saving and effective resource-utilizing manner, which poses minimum burden on the environment, during the course of introducing the green building concept into the life cycle of buildings (production, planning, implementation, usage management and dismantling process). We strive to implement green building projects/equipment with low ecological impact. With the goal of developing the environment where humans can live harmoniously with technology, we utilize natural and man-made conditions to create a sound and healthy environment where resource depletion and its destruction is controlled and reduced.

Although we are yet to apply for the Green Building Mark, more green building concepts have been introduced into the existing buildings, among which improving energy-efficiency and saving water are given top priority. Electricity consumption in plant sites were reduced by introducing energy conservation projects and water use was minimized by installing water-saving facilities and using recycling water or rainwater. Related actions we have taken to promote a green building include:

1. Each plant introduces energy conservation projects/equipment to reduce waste and recover energy resources, especially in power reduction of air-conditioning and illumination systems.
2. The Chengdu Plant adopts a centralized potable water system to reduce the use of single water filter systems.



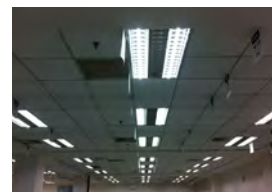
Chengdu Plant - Uses Low-emissivity energy-saving glasses.



Chongqing Plant - Set the large equipment room at the building's top floor.

3. The Chengdu Plant mainly plants local ginkgo trees.
4. The Chengdu Plant uses Low-emissivity energy-saving glasses and heat insulation aluminum profile.
5. The Chongqing Plant uses sunshade curtains to effectively control indoor and outdoor heat exchange and reduce air-conditioning energy consumption.
6. The Chongqing Plant set the large equipment room at the building's top floor to reduce the impacts of heat and noise on the work environment.
7. Substituted traditional T8 lighting tubes with the T5 type or LED energy-saving lighting. Used energy-saving lights for illumination of passages in plant buildings to save energy and effectively manage energy conservation.
8. The Zhongshan Plant set up heat insulation on the dome skylight glasses to protect the area from direct sunshine and reduce air-conditioner budget.

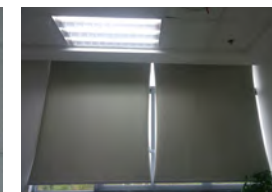
In the future, we will use green materials to minimize pollution or damage in construction or reconstruction, renovated buildings or self-constructed plants so as to create an environment friendly working and living environment emphasizing on health and safety. Besides, we will proactively communicate with the local government, industries and academia, and adopt the advanced construction concepts and the environmentally friendly actions to devote ourselves into green building design and development through constant self-improvement.



Kunshan Plant - Substituted traditional T8 lighting tubes with the LED.



Chengdu Plant - Substituted traditional T8 lighting tubes with the T5 type.



Chongqing Plant - Install sunshade curtain in buildings.

# Environmental Management System



As a corporate citizen, Wistron has long paid attention to environmental issues. Our environmental management policy is based on the spirit of pollution prevention and continuous improvement. We have defined a management procedure that focuses on prevention at every step and controls at the source. In this way, every link in our business activities, products and services are committed to preventing our business operations impacting on the environment.

## ■ Key Environmental Performance Indicators

Category	Indicators	Unit	2013	2012	2011
Climate Change	GHG emissions		246,684	253,930	239,734
	Scope 1	Ton-CO <sub>2</sub> e	11,170	12,989	12,541
	Scope 2		235,514	240,942	227,193
Environmental Management	Water consumption	m <sup>3</sup>	3,411,503	3,693,195	3,272,821
	Waste generation	Tons	26,105	26,711	31,028
	Environmental training	Man-hours	86,040	109,048	49,902
	Environmental expenditures	Millions of NTD	193	210	66

## Climate Change

### Carbon Management Targets

Global warming and climate change has been an important sustainable development issue since the Kyoto Protocol came into effect. GHG emission has thus become the subject that was emphasized by every country. It is necessary for enterprises to monitor the status of GHG emissions and assess the effectiveness of emission reduction so as to achieve the goals of energy

conservation and carbon reduction. In response to this trend and in order to fulfill our corporate responsibility, we did an inventory of the GHG emission volumes in each plant and encouraged colleagues to spontaneously conduct energy conservation and carbon reduction in daily life so as to improve energy utilization efficiency, reduce GHG emission volume and realize corporate sustainable development.

We adopt two strategies of “improving manufacturing efficiency” and “implementing green design” and finally reduce GHG emission to the target volume. Each plant uploads the data in the corporate CS<sup>2</sup>R system which will then turn the data into GHG emission volumes. So far, we have collected and communicated our GHG emissions for Scope 1 and Scope 2, Scope 3 emissions are not yet included in our disclosures.

Meanwhile, we communicate with stakeholders through transparent reports in terms of corporate organization, supply chain, carbon disclosure of products, etc. In 2009, we began responding to the Carbon Disclosure Project (CDP) questionnaire and voluntarily disclosed our climate risks, future development opportunities, emission information as well as management strategies.

Environmental issues have continued to gain traction while consumers have become more environmentally aware as well. It's not just product quality and prices that matters now, but the “value” of the product itself as well as the concept of energy conservation and carbon reduction. We promise to provide our customers with low-carbon services, establish a green design capability, set up green factories and realize a low-carbon supply chain.

Our production process doesn't involve the use of Ozone depleting substances (ODS), although air conditioning units use refrigerants, which are sealed inside closed-loop equipment and can be recycled without leakage or risk of damaging the ozone layer. The plant's generators may emit nitrogen oxide (NOx) or sulfur oxide (SOx), but they are only used for emergency power generation.

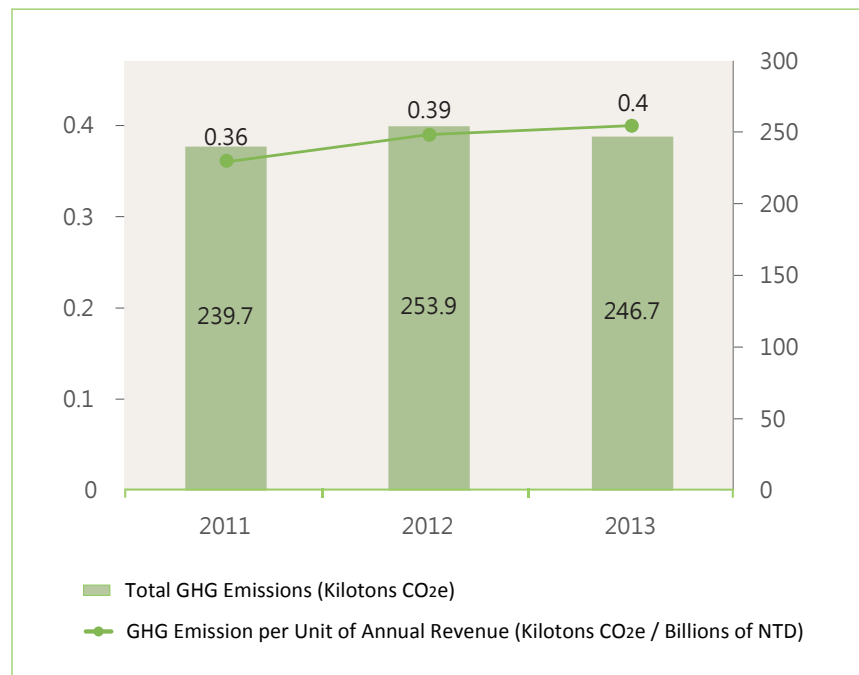


■ 2013 Greenhouse Gas Emissions

Unit: Tons-CO<sub>2</sub>e

Item	Neihu Headquarters	Hsichih Office Complex	Hsinchu Plant	Kunshan Plant	Zhongshan Plant	Chongqing Plant	Chengdu Plant	Mexico Plant	Czech Plant	Total
Total of GHG	3,177.94	5,998.89	6,607.74	70,891.18	114,513.10	12,729.10	13,116.08	18,033.03	1,616.47	246,683.53
Scope 1	0	269.73	46.78	5,749.92	2,525.91	784.05	200.28	1,574.32	18.82	11,169.81
Scope 2	3,177.94	5,729.16	6,560.96	65,141.26	111,987.19	11,945.05	12,915.80	16,458.71	1,597.65	235,513.72

Greenhouse Gas Emission Statistics

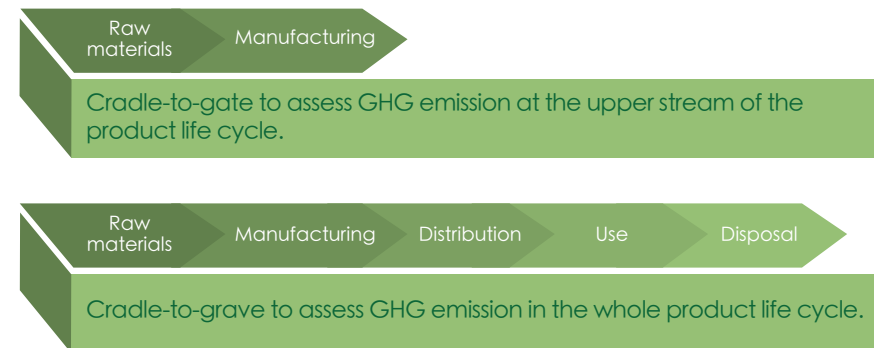


Carbon Disclosure

We face up to the carbon disclosure requirements of various aspects from different parties: many brand customers and the distributors have planned to conduct carbon disclosure in their supply chains and participate in CDP. France has completed the legislation of product carbon footprint mandatory labeling and many other countries have developed product carbon footprint volume label. The EU, China, Australia, etc. have successively imposed a carbon tax planning. Hence, we developed the Carbon Footprint Management (CFM) in 2011 so as to respond to the increasing product carbon footprint requirements.

Wistron CFM system is an information platform based on Life Cycle Assessment (LCA) in accordance with International Carbon Footprint Standard PAS 2050 and ISO 14067. Products' carbon footprint inventory work is planned through Project Management, calculating product carbon emission and developing carbon footprint/disclosure reports by data collection, communication and confirmation during the production process in Wistron and the supplier, coupled with carbon emission coefficient of carbon footprint database. The inventory data accumulated in CFM can be subsequently verified by a third-party or used for carbon footprint label application.

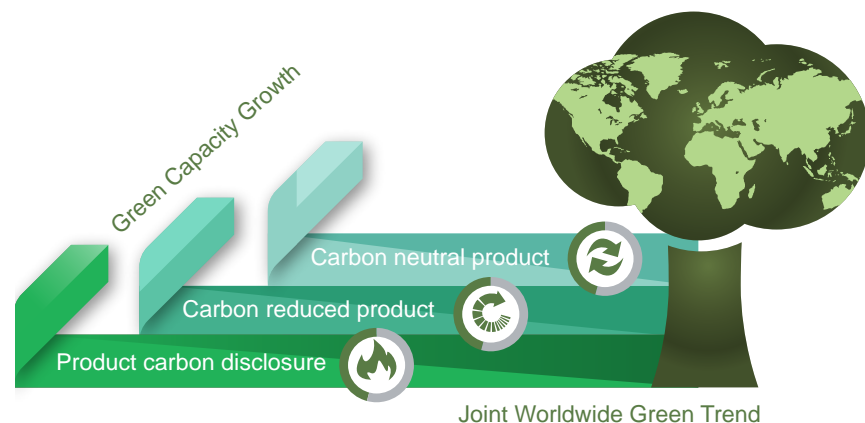
Product Life Cycle



After the establishment of CFM, we have successively carried out the carbon footprint project in laptop computers, tablet computers and AIO computers, inventorying and collecting data through substantive activities; calculating and analyzing carbon emission quantity to obtain information on specific contribution of different phases in the product life cycle and product components to overall emission as well as understand the main value of quantities. Our laptop computers have received the ISO/DIS 14067 and PAS 2050:2011 verification statement in 2012. Documents of product carbon footprint inventory are also developed accordingly for future reference.

After the clarification of the value of each product's carbon emission, carbon reduction is anticipated by introducing relative strategies directed at these values during product development and design by using carbon substitutes and finally achieving the goal of developing a carbon neutral product. Our progressive carbon footprint plan allows us to continuously match the customers' fast-changing needs and comply with the global green trend.

■ Carbon Footprint/Disclosure Mileage Target



## Environmental Management System Operation

### Environmental Management System Operation

In response to global warming, we strive to minimize our impact on the environment by formulating environmental policies, setting targets, implementing the policies and launching an environmental management

system. We conduct an annual internal audit and have our corporate environment management system ISO 14001 audited by a certifying organization to ensure that our internal system operations are in compliance with standards. Auditing results are as follows:

■ Summary of ISO 14001 Audits

ISO 14001	No. of Internal Audits	No. of Nonconformities Identified in the Internal Audit	Result of External Audit	Internal Audit Date	External Audit Date
Taipei Office	1	21	Pass	2013/04/09	2013/05/15-2013/05/16
Hsinchu Plant	1	4	Pass	2013/04/09-2013/04/10	2013/05/14-2013/05/16
Kunshan Plant	2	9	Pass	2013/05/09-2013/05/10 2013/12/09-2013/12/10	2013/07/08-2013/07/11
Zhongshan Plant	1	5	Pass	2013/05/28-2013/05/31	2013/08/07-2013/08/09
Chongqing Plant	1	10	Pass	2013/06/10-2013/06/11	2013/08/05-2013/08/06
Chengdu Plant	2	5	Pass	2013/04/28-2013/04/29 2013/11/06-2013/11/08	2013/06/03-2013/06/04
Mexico Plant	1	32	Pass	2013/02/13	2013/04/01-2013/04/04
Czech Plant	1	25	Pass	2012/10/31-2012/12/07	2013/04/02-2013/04/03

We implement education and training to raise employee awareness of environmental issues. The hours of education and training sessions implemented are as follows:

■ Hours of Environmental Protection Training

Unit: Man-Hours

Item	Total Man-Hours of Environmental Education Training [ Note ]
Taipei Office and Hsinchu Plant	1,080.66
Kunshan Plant	42,455.45
Zhongshan Plant	15,342.45
Chongqing Plant	15,744.5
Chengdu Plant	6,400.5
Mexico Plant	4,683
Czech Plant	333.5
Total	86,040.06

[ Note ] Man-Hours is calculated using "Man x Hours".

To shun from the potential negative impacts of production, raw materials and product transportation, and employee commute on the environment, we stipulated the corresponding regulations and follow-up procedures which are in line with relevant laws. It is paramount to cooperate with transportation contractors to obtain effective, economic, reliable and eco-friendly transportation. Our actions include:

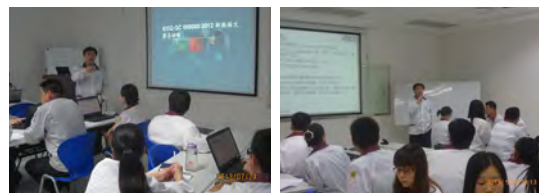
1. To use sea transportation as much as we can to reduce air transportation and costs as well as GHG emissions.
2. To cooperate with transportation contractors to improve the loading rate of containers and conduct continuous inspection.

We make use of transportation modes that have less impact on the environment. At the Neihu Headquarters, Hsichih Office Complex and Hsinchu Plant, commuter shuttles have been organized and company employees are encouraged to take public transportation.

We obey relevant environmental laws and regulations, and establish internal and external communication channels, through which government departments, employees and other stakeholders shall supervise the company's environmental concerns. Relative measures include :

1. Promoting the ISO 14001 environment management system and conducting internal audits annually to discover and correct problems.
2. Accepting and acknowledging external audits and complaints on environmental problems from the government, surrounding communities, plant employees and stakeholders.

As of 2013, none of Wistron's production plants worldwide have been penalized for violation of environmental regulations. No complaints related to environmental problems were reported and no major impact on the environment was caused by our transport of products and employees.



■ Training courses in Chengdu Plant.

■ Introduction of ISO 14064 standard in the training courses in Chongqing Plant.



■ Net-mountain-action in security and environmental protection month in Chongqing Plant.



■ Security and environmental protection advocating poster.

## Water Resource Management

Water resource shortage and pollution have become global concerns. The conservation, management and effective use of water resource are the key challenges for enterprises as well as individuals. It is not easy to develop new water resources, so water conservation is pivotal for corporate sustainability and social responsibility.

Wistron does not produce wastewater during production, and the main source of wastewater is domestic sewage, which is also disposed of in accordance with local regulations and doesn't inflict pollution on the local environment. Besides, we conduct the following measures for water resource management:

1. The plants on-duty facility personnel record the readout of tap water meter on a daily basis.
2. Conducting routing inspection to identify abnormal water readings and leakage of water pipe; reporting exceptional condition promptly for resolution.
3. Analyzing the monthly water consumption based on receipts provided by water suppliers.
4. Adjusting the water supply valves of all sanitary wares in the plants to the same flow without affecting normal use.
5. Releasing wastewater to sewage treatment plants through sanitary sewers in accordance with local government provisions; obtaining a drainage license.

### Water Resource Management Implementation Performance

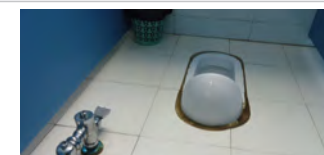
The Neihu Headquarters, Hsinchu Plant, Chongqing Plant, and Chengdu Plant installed automatic infrared induction faucet and urinal flusher.



The Neihu Headquarters and Chongqing Plant advocated the water conservation concept among employees and hung water saving posters at water supply areas.



The Chongqing Plant and Chengdu Plant used 6L water-saving type toilet bowl.



The Zhongshan Plant installed an independent pool to collect wastewater from the eyewash equipment and shower fittings.



The Zhongshan Plant strictly controls wastewater from explosion-proof outdoor protective equipment, avoiding the mix of rainwater and domestic water; moreover, ceiling and wash basin are also installed.



The Neihu Headquarters use water-saving equipment, rainwater recovery system for water recycling, set water-saving automatic watering systems for potted plants; we release wastewater to government sewage treatment plants through sanitary sewers to prevent water or environmental pollution.



## Water Resource Management Implementation Performance

The Chengdu Plant proposed improvement systems and encouraged employees to actively present a water conservation plan, for which, rewards will be given.

The Chengdu Plant requested housekeepers or employees are to inform the plant of abnormal faucet or sanitary appliance leakage for maintenance to avoid water waste.

The Chengdu Plant ensured that hazardous wastes are kept under control, and restrained employees from pouring chemical liquids into drainage pipes in case wastewater exceeds standards or causes pollution.

The Zhongshan Plant unify sanitary sewers with sewage treatment plants as required by the government; manage rainwater and domestic sewage separately.

We will continue to promote our water resource management projects. For example, Chengdu Plant will develop drinking water equipment RO for wastewater reuse; Chongqing Plant will build a centralized drinking water processing system in the reconstructed areas to collect secondary water during the reuse and recycling; the Kunshan Plant will plan rainwater and RO wastewater recycling in the newly-built area for irrigating, toilet use, etc.

None of Wistron's operation sites and offices is built in headwater areas or protected habitats. The wastewater is released to sewage treatment plants through a sanitary sewer. No penalties for violation of regulations were reported.

## 2013 Statistics of Water Usage

Item	Neihu Headquarters	Hsichih Office Complex	Hsinchu Plant	Kunshan Plant	Zhongshan Plant	Chongqing Plant	Chengdu Plant	Mexico Plant	Czech Plant	Total
Total water usage (m <sup>3</sup> /Year) = (a)+(b)+(c)+(d)+(e)	23,360	45,634	114,882	1,274,214	1,577,374	128,481	83,599	161,022	2,937	3,411,503
(a) Surface water	0	0	0	0	0	0	0	0	0	0
(b) Ground water	0	0	0	0	0	0	0	161,022	0	161,022
(c) Rainwater	0	0	0	0	4,811	0	0	0	0	4,811
(d) Waste water from another organization	0	0	0	0	0	0	0	0	0	0
(e) Municipal water supplies or other waste	23,360	45,634	114,882	1,274,214	1,572,563	128,481	83,599	0	2,937	3,245,670
Total wastewater usage (m <sup>3</sup> /Year)	18,688	36,507	91,906	1,274,214	1,572,563	128,481	83,599	161,022	2,937	3,369,917
Volume of wastewater per person (m <sup>3</sup> /Year)	17.51	10.02	48.09	67.97	108.43	44.33	30.95	26.34	5.38	57.80
Volume of recycled water	0	0	0	0	80	0	0	0	0	80

[ Note1 ] The Mexico Plant uses water from underground sources.

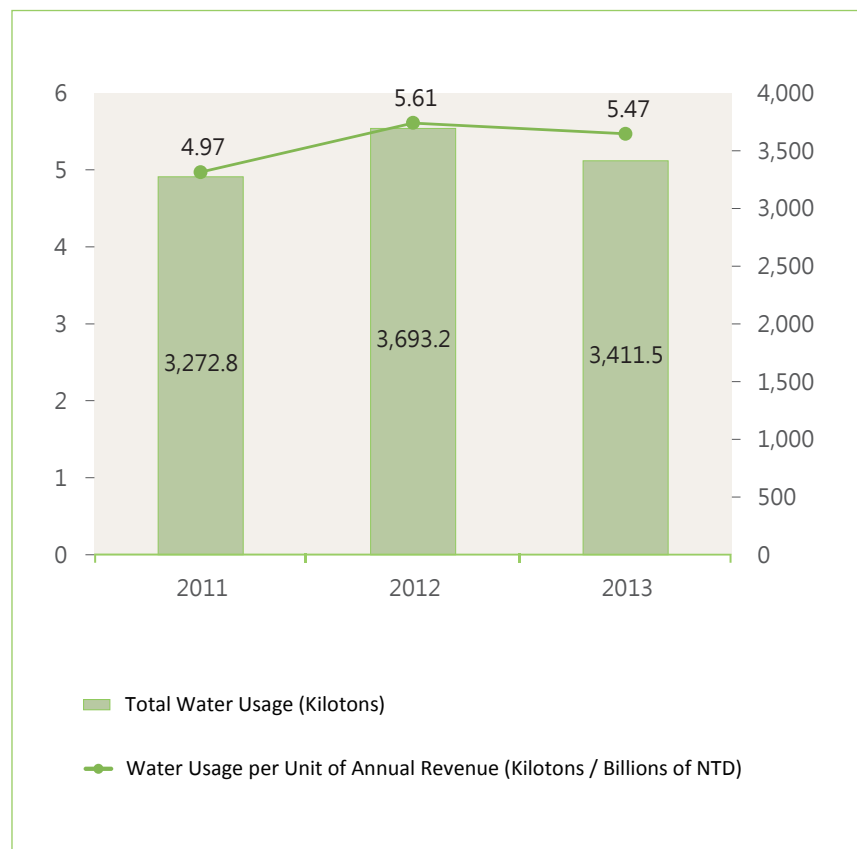
[ Note2 ] Wastewater volume for Taiwan is 80% based on government convention.

[ Note3 ] Total water consumption = Surface water + ground water + rainwater + other wastewater produced by the organization + tap water.

[ Note4 ] Employee number used for "Volume of wastewater per person" is the average of January and December for 2013.



■ Water Usage Statistics



### Waste Management and Recycling

Wistron's waste management strategy emphasizes on waste reduction during the production process and pollution prevention. We effectively implement waste separation and handling in addition to strictly observing relevant waste & pollution laws and regulations and practicing an effective

waste management system. To maximize the sustainable use of resources and meet the goals of waste management, we also follow the principles of reduction, recovery and reuse based on feasible technologies and economic costs. These can help with waste reduction, environment protection and resource recovery. Besides, all of our operation sites and offices abide by the Basel Convention, as we do not import, export or transport hazardous waste as prescribed by the Appendix Articles I、II、III、VIII of the Basel Convention.

The wastes are divided into three categories, namely, general waste, resource waste and hazardous waste, which are managed separately:

1. General waste: are mainly composed of household refuse that are not recyclable and are currently disposed of by qualified organizations.
2. Resource waste: are recyclable waste like papers, iron and aluminum cans, plastic bottles, aluminum foil package, etc., which can be recovered through recycling. Wastes in our plants are temporarily stored in a resources waste room and then handled by waste disposal companies for disposal/recovery.
3. Hazardous wastes: like waste solder paste, wiping cloths, dust, waste PCB trimmings, waste activated carbon and toner cartridge, waste alcohol bottles, waste solvent, etc. These wastes are stored together in an explosion-proof chemical storage room before disposal. When the storage room is full, the waste will be separated, packaged, weighed, transported and disposed by contracted disposal companies, which is supervised by our environmental security division.

Relevant waste management strategies include:

1. Strictly observing relative laws and regulations on waste and pollution sources and proactively promulgate the ISO 14001 Environmental management system to implement our waste management.

2. Stipulating mandatory documents to effectively clear and dispose wastes, improving environmental sanitation and maintaining employee health.
3. Improving the product design and production process to achieve the promised waste reduction and reduce costs.
4. Calculating general wastes, waste paper and resource recovery rate on a monthly basis and inputting the data in Wistron's CS<sup>2</sup>R system.

Concrete actions are:

1. Economizing the papers for office and daily use.
2. Strictly carry out wastes classification and arrange personnel for management and auditing.
3. Encouraging suppliers to recover packaging for reuse/recycling.
4. Launching monthly environmental protection activities among employees.
5. Collecting and sorting wastes to be disposed by qualified waste cleaning companies.
6. Recovering and reusing packaging materials by proactively cooperating with components suppliers.

The waste statistics for each plant are as follows:

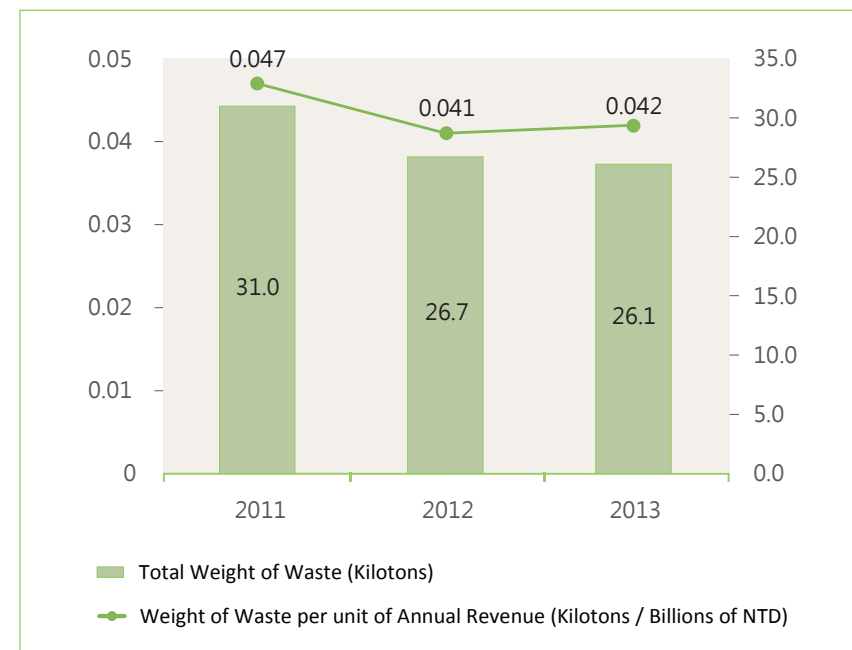
■ 2013 Statistics of Waste by Type

Unit: Tons

Item	Neihu Headquarters	Hsichih Office Complex	Hsinchu Plant	Kunshan Plant	Zhongshan Plant	Chongqing Plant	Chengdu Plant	Mexico Plant	Czech Plant	Total
Total Weight of Waste	16.35	94.29	108.21	8,884.66	5,923.74	2,958.85	4,437.05	3,279.31	402.04	26,104.50
General Waste	11.55	22.49	83.17	2,327.55	859.62	1,275.00	1,404.04	48.00	10.76	6,042.18
Resource Waste	4.80	68.29	12.51	6,128.52	4,898.57	1,594.27	2,965.74	3,207.94	391.27	19,271.90
Hazardous Wastes	0.00	3.51	12.54	428.59	165.55	89.58	67.27	23.37	0.02	790.42

We have combined this with the revenue data to determine the company's overall performance as shown below:

■ Waste Management Statistics



Waste Disposal

Neihu Headquarters and Hsichih Office Complex

- Promoting waste segregation for recycling/re-use.
- Entrusting waste disposal to local qualified contract disposal companies.
- Advocating resource classification.



Zhongshan Plant

- Upholding the principle of the 3R in waste recycling (reduce, reuse, recycle).
- Collecting and sorting wastes to be disposed by qualified waste disposal companies.
- Advocating the concept of resource recovery and reduction among employees at work and in daily life.
- Using vacuum packaging, polystyrene and tray as materials to make simple stools.
- Using IC blank pipes to make cupboards for the convenience of employees.



Kunshan Plant

- Promote and implement resource waste sorting and recovery; assigning personnel for monitoring and supervision.
- Recover and reuse packaging materials by proactively cooperating with components suppliers.
- Separate usable and useless wastes with stricter classification requirements to avoid being mixed in the same car.
- Build an independent hazardous wastes warehouse; prevent storing chemicals and hazardous wastes in the same place.



Waste Disposal

Chengdu Plant

- Economizing the papers for office and daily use.
- Segregate different classes of wastes and arrange personnel for management of the process.
- Promote suppliers to recover packaging for reuse/recycling.
- Collect and sort wastes to be disposed by qualified waste disposal companies.



Chongqing Plant

- Segregate resource wastes to be temporarily stored in resource recovery areas.
- Store hazardous wastes in explosion-proof chemical storage room.



Czech Plant

- Segregate resource wastes (like papers, plastics, aluminum and polystyrene).
- Classify wastes and material management personnel will also conduct pre-separating to the incoming materials.
- Store resource recovery wastes uniformly.
- Only a small amount of hazardous wastes may be generated during production process but are properly processed. For example used batteries are collected in special bins.



All chemicals are stored in accordance with relevant provisions. Chemicals are only allowed within the amount of daily dosage for relevant units and are delivered to scenes after being sub-packaged. Meanwhile, personnel who manage, apply for and use chemicals shall receive education, training and participate in leakage-prevention drills. Chemical waste solvents are stored in explosion-proof chemical storage rooms and will be handled by qualified waste disposal companies after being accumulated to a certain amount.

All of our operation sites and offices follow environmental protection related laws and regulations. We strictly manage and monitor the wastewater and sewage containing chemicals to avoid leakage incidents, which is in line with ISO 14001 Environment Management System. We conduct internal review and have an independent third-party to annually audit our environment management systems so as to ensure that our internal system operations meet the standards. No serious incidents of leakage were reported in 2013.

Wastewater and chemical management measures include:

1. Separated management for sanitary sewers and rain pipes.
2. Establishment of leakage-proof tank in chemical storage rooms.
3. Delegation of wastewater disposal to qualified third-parties.
4. Monitoring of oil leakage in vehicle parking lot in Czech Plant and Mexico Plant; immediately informing car owners if leakage occurs.



Chongqing Plant - Measures of leakage prevention in explosion-proof chemical storage room.



Chengdu Plant - Chemical spillage drills.



### Expenditure and Benefits Associated with Environmental Protection

We have long been concerned about the issues of environmental protection and do our bit as good citizens to reduce the negative impacts of corporate operations on the environment.

Following the environmental protection measures as required by relevant regulations and customers, we have established environmental protection equipment and took the necessary response to avoid and reduce negative impacts of company activities on the environment. We also calculated environmental protection-related expenditures on a regular basis. The income from environmental protection is mainly generated by waste recovery. Expenditure and benefits associated with environmental protection in 2013 are as follows:

### ■ Environmental Protection Expenditure and Benefits

Unit: NTD

Item		Neihu Headquarters	Hsichih Office Complex	Hsinchu Plant	Kunshan Plant	Zhongshan Plant	Chongqing Plant	Chengdu Plant	Mexico Plant	Czech Plant	Total
Expenditures	Environmental Management System Certification	0	138,096	0	363,421	401,806	95,541	80,122	64,077	228,882	1,371,944
	Environmental Testing and Hazardous Substance Control	9,450	14,700	58,450	1,041,250	213,230	358,364	422,605	428,563	0	2,546,611
	Promotion, Education and Training	3,264	0	1,500	86,920	196,530	112,281	29,223	0	27,857	457,576
	Maintenance of Environmental Protection Equipment/Facilities	0	0	0	752,659	172,641	65,339	103,822	3,177	0	1,097,638
	Waste Disposal	0	0	150,983	8,198,006	8,626,303	0	0	857,003	1,483,513	19,315,808
	Cost of Improvements to Energy Efficiency	9,450	4,950,919	0	21,415,244	41,243,423	2,967,934	4,380,295	0	0	74,967,266
	Personnel Cost for the Environmental Protection Division	0	0	0	3,616,008	8,704,062	1,154,544	533,941	1,052,244	0	15,060,799
	Cost for Environment-Related Maintenance	3,478,250	6,006,081	0	23,333,987	3,917,047	2,449,265	530,233	0	0	39,714,864
	Other Costs	2,433,986	8,834,151	0	0	24,820,291	5,982	0	58,296	3,041,225	39,193,931
	Total	5,934,400	19,943,947	210,933	58,807,496	88,295,333	7,209,250	6,080,241	2,463,359	4,781,477	193,726,436
Benefits	Waste Recycling	0	1,241,208	2,710,014	66,697,763	25,693,545	15,281,680	26,052,237	809,793	1,655,969	140,142,209
	Other	0	0	0	0	37,673,833	0	0	0	0	37,673,833
	Total	0	1,241,208	2,710,014	66,697,763	63,367,378	15,281,680	26,052,237	809,793	1,655,969	177,816,043

[ Note ] Exchange Rate: China RMB: 4.9439, USD: 29.95, Czech CZK: 1.5058, Mexico MXN: 2.2906.

## Biodiversity Management

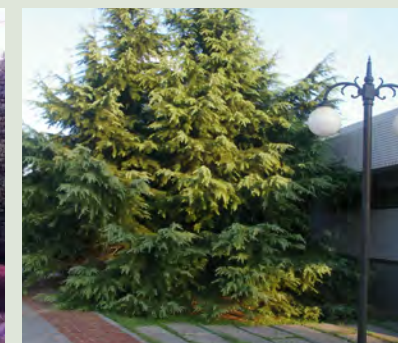
No Wistron offices or production sites are currently part of any protected or rehabilitated habitats, nor do they host any species on the “Red List” of the International Union for Conservation of Nature (IUCN) or the national conservation registry. No plants have national and city level cultural relics protection units except for the Zhongshan plant.

The construction of all operational sites must go through an environmental impact assessment process, and their production activities are mainly electronic products assembly and manufacturing, which pose little impact on the environment and biodiversity. All related environmental protection works conform to local government and corporate environmental protection regulations. Biodiversity is investigated and assessed beforehand to ensure that the production sites won't impact the existing biodiversity environment and its development. In addition, we are continuing to strengthen our environmental protection actions, education and training, and plant trees in industrial areas to make contributions to create a bio-diversified environment.



### Kunshan Plant Protection of the Natural Environment

- In support of the local government, the plant has a green area of 30,091m<sup>2</sup> or 20% of the plant's area; in 2013, a 100m line of green trees was planted at the west of the plant to continue the green rehabilitation.
- All wastewater and emissions are disposed of by qualified contractors and have been monitored by a testing agency on a regular basis, which cause no negative impacts on the local environment.



Chengdu Plant  
Protection of the Natural Environment

- Mobilizing employees and community residents to plant trees on Tree-planting Day to beautify the environment and purify the air.
- Implementing ecological maintenance on a monthly basis to preserve landscapes and protect the environment
- 26,000m<sup>2</sup> of green area cultivating 25 species of local plants, which is maintained on a daily basis by a contracted landscaping company.
- Hosting monthly environmental protection activities; publishing and practicing environmental concepts by advocating employees and peripheral related groups.



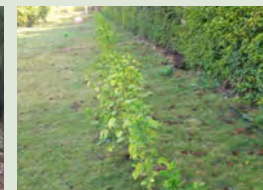
Zhongshan Plant  
Protection of the Natural Environment

The Fortress Hill or Water Chau Hill is located in the Zhongshan Plant science park, which is highly recognized for its unique historical culture. We fulfill our duties to abide by and manage the natural environment based on the environmental protection concept. Aside from this, a harmonious park is built to enrich employees' spare time. In the Zhongshan Plant Photoelectric Park, a green zone is reserved for saplings, so that the employees can participate in environmental protection activities.

The culture of Fortress Hill and the philosophy of Wistron are integrated and will be introduced to all of Wistron's offices and operation sites in the form of posters.



The road of the Fortress Hill is cleaned regularly.



Kudzu and red flowers are planted to form a green wall.



About 1,600 saplings are cultivated in the Optoelectronics Park.



Contracting a landscaping company to trim the foot of the hill every quarter and the planted kudzu is trimmed into a hedge shape.



In support of development area cultural relics management unit, plants and weeds on the top of the hill are removed so that the buildings will not be affected. Walls of these buildings are also renovated.



Innovation



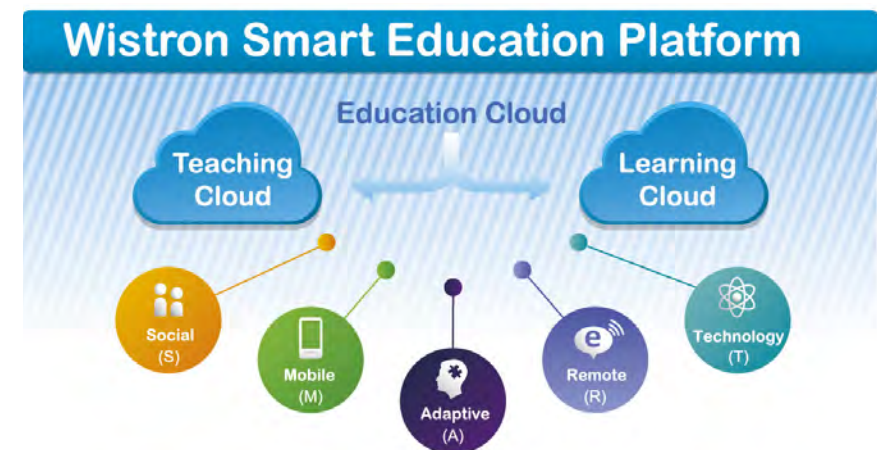
# New Businesses Development



It is Wistron's vision to "becoming a global leading technology service company providing innovative ICT products, services and systems" . In response to this, besides operation efficiency enhancement, we will continue to drive value-added innovations and services as the key differentiations.

We are currently engaged in investment and strategic positioning to provide innovative and value-added technical services, which cover after-sales service, cloud computing service, and green recycling business, etc. and are pivotal for our future growth and development.

Additionally, we will proactively continue to develop and implement various operation and service models which comply with the requirements of specific products and markets to enhance industrial competitiveness and transformation.



## After-Sales Services

To provide our important customers with more value-added services in various fields and meet Wistron's long-term vision of turning from ODM to Technology Service Provider (TSP), we will strive to consolidate customized and innovative services as our current and future goal. Currently, we manage each service performance and the target rate through the following methods:

1. Establishment of annual Key Performance Index (KPI) by each service unit according to organization and business requirements.
2. Regular monthly evaluations to discover problems and find solutions.
3. Quarterly business review (QBR).

Apart from the above, we have appointed dedicated personnel to collect information regarding the supply of spare parts and maintenance rates for motherboards of each service site including overseas sites, and upload this information to system databases. Through regular monthly evaluations and QBR, improvement strategies can be proposed for goals that have not been achieved. These items are monitored and followed up to ensure that all service indicators meet customer targets.

All of our service sites offer center-to-center parts exchange, center-to-authorized repairer parts exchange, and a customer-replaceable parts service. We are also planning to expand the scope of our product services by expanding from the PC industry into LCD TVs/panels, smart phones and other electronic products. A more diverse and tailor-made after-sales logistic and repair services are planned for the future to press close to the requirements of end users and enterprise customers. We may even support

products not manufactured by Wistron. By use of an integrated IT platform, we can now effectively and comprehensively manage the entire service chain including logistics, warehouse management, parts delivery, inventory management, and notification system.

## Cloud Computing Services

Wiwynn Corporation's evolution into a leading cloud services company comes from years of step-by-step development within Wistron Corporation. Before cloud computing Wistron Corporation was a global leader for various product categories including servers and storage. From this strong base, Wistron focused heavily on building the extensive infrastructure and experienced teams dedicated to support cloud computing business. While supporting our cloud related clients with experienced engineering teams on one hand, Wistron worked closely with partners such as ITRI on cloud related projects to expand our experience and industry relations. The goal was to grow our capabilities to support clients.

As the next step, to consolidate our business support for clients in cloud industry, Wiwynn was established. While in a unique position to leverage the strengths of the Wistron group, the establishment of Wiwynn Corporation shows Wistron's determination to focus on cloud computing business. Inheriting the strengths from Wistron and building new capabilities, Wiwynn will continue investments in all related client support for Cloud Computing to build even higher levels of support for clients.

Wiwynn is establishing a new generation business model to meet the needs of our clients -- a dedicated cloud services company with the backing of Wistron Corporation to allow full leveraging of a global support infrastructure.

Built upon teams, systems, and experience inherited from Wistron, Wiwynn Corporation's business model provides a unique combination of global infrastructure with dedicated, in-depth cloud related support. The result is that Wiwynn can provide extremely close project support and collaboration, while also managing large scale global implementation.

The close support and collaboration is critical to allow our clients to meet quickly changing market requirements. Our organization is dedicated to supporting evolving standards and requirements to meet new market expectations in cloud computing. We are a cloud-enabling technology service company providing end-to-end integrated solutions to enterprises who want to build, distribute, or resell cloud services to their clients.

## Green Recycling Business

As an ODM of high-tech ICT products, Wistron is service-oriented with the strategy of increasing added value. It is expected that, upon the research, development and manufacture of new ICT products, the old IT products can be recovered properly at the end of its life cycle so that no pollution will be imposed on the environment. Therefore, Wistron established the green recycling business division in 2010 to realize electronics recycling and fulfill

the corporate responsibility as well as extended producer responsibility. The sustainable mode of closed-loop manufacturing is a production process whereby post-consumer scrap is collected, recycled and used to make new product.

There are two core businesses under the green recycling business division: one is Wistron GreenTech in Texas, USA. Its main businesses are IT asset recovery services (such as logistics, data destruction, repair, parts recovery and re-use) , waste batteries collection and sorting, complete recycling of printed circuit boards for the recovery of precious metals, copper and fiberglass. The dismantled waste plastics are transported to another business site -- Wistron Advanced Materials in Kunshan China for sorting, purification and compounding, so as to turn them into eco-friendly plastic pellets for new computer chassis making.

Wistron Green Recycling is striving to become the world's leading supplier for electronics scrap recycling services that provides clients "cradle-to-cradle" closed loop solution.

### Wistron GreenTech

Wistron GreenTech Texas campus is a R2/RIOS (Responsible Recycler/ Recycling Industry Operation Standards) certified recycling facility. As some electronic components contain environmentally harmful substances that need to be disposed properly as well as rare earth and precious metals that can be recovered, compare with conventional circuit board refining process, which is using smelting and generates large amount of carbon dioxide (CO<sub>2</sub>), whilst WGTX utilizes low carbon footprint technology, low corrosive gold leaching and hydrometallurgy process to reclaim precious metals

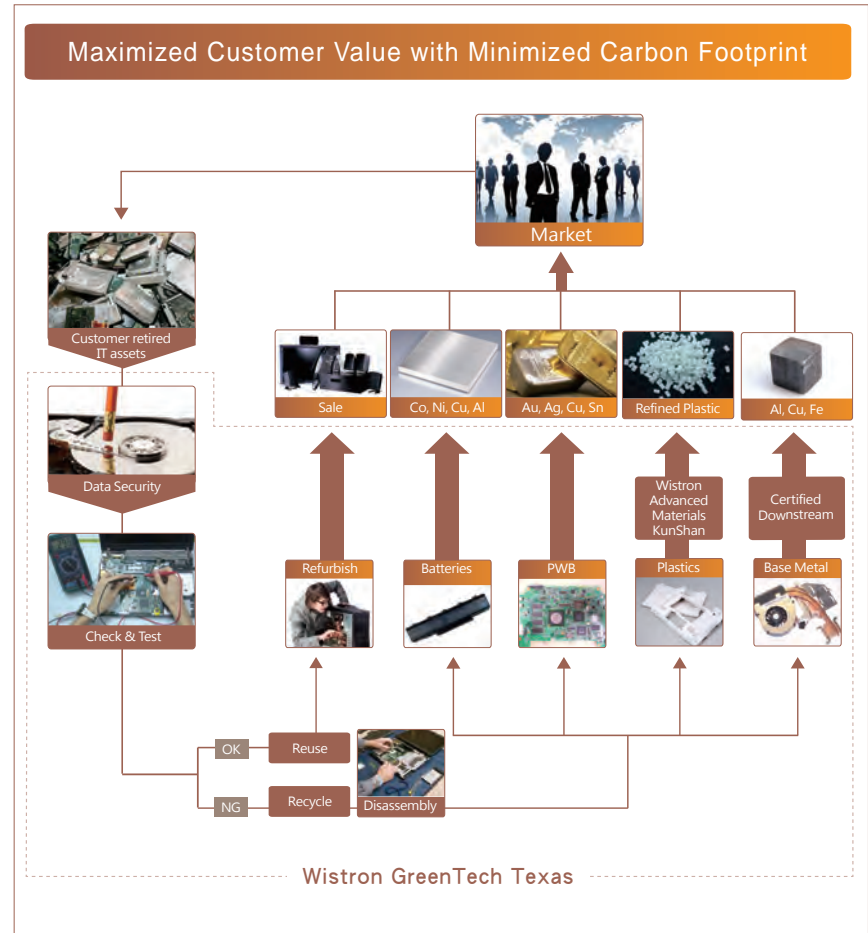
from circuit board, the yield is higher and the impact to the environment is lower. In 2013, WGTX recycled of 6,400 metric tons of e-waste, of which only 0.9 wt% of the total materials are unrecyclable and must be landfilled. In addition, the plant has a comprehensive monitoring system, which can not only track material flow but also the emission and discharges to ensure that the entire recycling and waste treatment process complies with environmental protection requirements.

Moreover, WGTX is alliance with Call2Recycle, the largest secondary battery recycling organization in the US, the business involves the collection and classification of SSLA, Ni-Cd, Ni-MH, Alkaline, Li-ion, Ni-Zn, Lithium, etc. The segregated batteries are subsequently sent to a qualified refinery for further processing.

### Wistron Advanced Materials

Wistron Advanced Materials (WAM) is located in Kunshan integrated free trade zone with footprint of 57,016 square meters (613,720 square feet). WAM is a dedicated post consumer resin recycler and compounder, plastic feedstock is from end-of-life electronics, introduces optical sorting and proprietary purification technology to recycle plastics, the plastic feedstock is coming from end-of-life electronics and will be returning to the supply chain and make new products again, it is closed loop solution and well accepted by Brands. WAM consolidates the multiple steps of bale-breaking, shredding, optical sorting, purification, color matching, compounding and pelletizing under one roof. The QA/QC lab is equipped with advanced instrumentation and testing machines to ensure that the PCR

■ Wistron GreenTech Business Model Flow Chart



pellet meets the stringent characteristics and tolerances required for use in manufacturing new parts for computer products. Since each process step is performed in one site, WAM's PCR production is easily audited or certified by third parties. The WAM manufacturing process consumes minimal energy, utilizes minimal resources, emits minimal carbon and discharges minimal waste, truly a solution that contributes to the ideals of sustainable development and a circular economy.

WAM's post consumer resins help customers to achieve EPEAT (Electronic Product Environmental Assessment Tool) certification and enhance their company's image. EPEAT is intensifying its impacts on electronic product manufacturing, with application objects from the previous personal computers and computer monitors to multi-function printers, televisions and mobile phones. EPEAT has become the green procurement standard for electronic products of governments and public bodies around the world. For example, the United States Federal Executive Order 13423 stipulates that "the proportion of electronic products purchased by the relevant government agencies that meet EPEAT shall reach 95% or above". The rise of environmentalism is also beginning to affect consumer purchasing decisions. The United States' largest appliance chain store, "Best Buy", clearly informs consumers at the point of sale that the product meets EPEAT standard, and there is a special website for EPEAT registered products.

From the above data, it is evident that electronic products with EPEAT certification and uses recycled materials will be the future trend. Since its commercial run in the beginning of 2013, WAM has been successively recognized and its products have been used by various Brands. The Basel Convention Asia-Pacific Regional Center had particularly led a delegation

to visit WAM and production process, speaking highly of its advanced equipment and environmentally friendly manufacturing process which is the best role model for the circular economy.

■ Wistron Advanced Materials Site and Post-Consumer Resin Production Process



# Product Development and Quality Control Systems



Wistron plays the role of an environmentally-friendly company that provides innovative ICT products, services and systems in order to meet customer and end user needs. We have set up a reward scheme to stimulate the creative minds of our employees and encourage them to pursue innovation and patent applications. We also work closely with our customers, factories and parts suppliers to development green products that have a low environmental impact. At the same time, we are upholding our commitment to continuous improvement by ensuring quality at every step from beginning to end. From operations management to supply chain management, product design to manufacturing, recycling and scrapping, we have introduced management systems as necessary to improve management efficiency and quality. Our excellent quality of service is used to win customer satisfaction and our insistence on providing quality products and services to our customers and users is why they continue to support us.



## Upgrade in R&D Capacity

Wistron attaches great importance to the development and design capabilities for products and technologies. Apart from investing in R&D, we are also actively strengthening our R&D engineering personnel and their capabilities in order to provide more competitive products and services.

## Quality Management for Products and Services

### Product Quality

Quality is the basis of products manufacturing. To guarantee the quality of our products, Wistron has introduced the ISO 9001 Quality Management System and the TL 9000 Communications Electronics Industry Quality Management System, and has been continuously audited and certified by international authentication units. We are also introducing other related quality control systems, such as ISO/TS 16949 Automobile Industry Quality Control System and ISO 13485 Medical Devices Quality Control System in response to customer requirements and the electronic trend.

Wistron's C system 2005 Products Development Operational Procedure specifies the works involved in product R&D, design, testing, trial-production and mass production. All products shall be researched, developed, designed, produced and manufactured through the system.

### Strategies for Upgrading R&D Capabilities

Item	Method
Recruitment	The recruitment of R&D personnel can be achieved in several ways, including general methods like media advertisement, HR website, campus recruitment and corporate websites recruitment. In addition to the above, we also encourage internal and external recommendations, co-op programs with educational institutions, scholarships and grants, and participation in the substitute military service program.
On-the-job Training and Skills Upgrades	Newly recruited R&D personnel are assisted in the development of the required abilities; mid-level R&D personnel (e.g. the R&D leader) are assisted in the development of professional and management abilities; the System Technical Manager (STM) development program is pushed forward; the right person is matched with the right job.
Establishment of Advanced R&D Centers	Wistron has set up R&D centers worldwide, including Taiwan, Mainland China and the USA. In addition to having an R&D department for current product development, each R&D center also performs research and development of future products and technologies.
Cross-industry and Cross-domain Technology Cooperation	The company hosts regularly the R&D Master Forum and invites internal and external experts to share their expertise, technology and experiences; cooperates with industrial technical champions like Intel, Microsoft, Google, AMD, Qualcomm, Ti, etc., and participates in their technical forums; enters into partnership with overseas and domestic academic institutions and sends R&D personnel there for further studies.  Establishes good relationship with, or strives to become a member of, many professional organizations involved in hardware/software design, environmental protection, industry development and the research and development of new technology. Through participation in these organizations, Wistron gains opportunities to expand its scope of exchange and acquires first-hand information from the international society. Aside from this, Wistron's R&D team cooperates with customers to develop medical devices and obtains recognition from customers.

We follow a quality policy of “delivering defect-free and competitive products and services to our customers on time,” all products shall be researched, developed, designed, produced and manufactured through the above system. Various checklists are carried out for the different products to ensure the quality as required by our customers. In 2013, there were no products or services violating relevant laws and regulations and no penalties. Our quality control strategies include:

#### 1. Design Quality Assurance, DQA

Product design must comply with relative DQA. In addition to compatibility, the products shall pass through the design testing of environmental specifications and reliability degree, and also be in line with DfX (Design For Manufacture/ Assembly/Testing/Service) to ensure that the product is easy to produce and the desired quality can be achieved.

#### 2. Production Quality Management

All production plants of Wistron are involved in the early stage of product design and experiment, providing previous production experience for the design team to improve product design, production process and quality control procedures and ensure the promotion of production yield rate while reducing the dead on arrival (DOA) products. For defective products, immediate analysis is conducted on employee (s), machine (devices), materials (parts and components) and methods (testing method and practice) to find out causes and implement quick policy measures to continue to improve products (CIP).

#### 3. Suppliers Quality Management

Product quality depends on design, materials, production and manufacturing, among which the quality of materials is gaining increasing importance and is considered to have greater impacts on the customer's requirements. Wistron manages its suppliers focus on the quality management system.

#### 4. Early Warning Group, EWG

Due to the short life cycle of current products, Wistron launched the EWG and established the EWG process mode based on the initial stage for product marketing. It also adjusted the feedback time from mass production output to the finding of defective products used by consumers, and extended the EWG to different customers and various products.

### Service Quality

To ensure that repair of the returned mainboards meets our quality standards and customers' requirements, Wistron has defined quality operating procedures and processes that QC personnel are required to follow and effectively execute. This can also control the first-in and first-out system for product repairs, and continue to improve to satisfy customers.

At the start of each year, the target score for each indicator is set through executive review meetings. For the quality of after-sales repair service, we have set the standard at: Repair Yield Rate = 95%, Second Return Rate = 5% and mainboard turnaround time TAT = 10 days. The target completion rate is reviewed at monthly meetings to ensure the stability and yield of product repairs.



■ Management Methods to Pursue High Quality

Service Quality Management	Actual Practice
Quality Goals	Maintenance yield indicators are promoted as the work site indicators that are reviewed every day. For those below standard or abnormal, countermeasures are immediately proposed and observation is conducted the next day.
Quality Checkpoints	Set up quality checkpoints for mainboard repair: OBE(after the mainboard has been repaired and passed testing but before being included in the inventory) and OBA(before the mainboard is shipped).
Product Repairs First-in and First-out Control	All operation sites of Wistron provide daily RMA aging report to ensure that the recently products repairs are shipped under the TAT (Turnaround Time) of 10days.
Internal Audit	<ol style="list-style-type: none"> <li>1. The relevant units are gathered every day to inspect OBE/OBA and for engineering maintenance. For any non-conformity, the root cause must be identified and corrected.</li> <li>2. All global sites are required to provide their QC weekly index to the Hsinchu Plant for confirmation and to share their experiences as part of the push for common development.</li> </ol>
Customer DOA Feedback Mechanism	<ol style="list-style-type: none"> <li>1. Once all DOA mainboards have been returned, a dedicated FA team is assigned to analyze the root cause and provide regular analysis and improvement reports for customer confirmation.</li> <li>2. When customer feedbacks indicate that the DOA rate has reached the threshold, the heads of all relevant departments are immediately notified. If the non-conformity is identified to be due to operator error, then corrective action is immediately taken to reduce further occurrences.</li> </ol>
Internal Second Return Mainboard Control and Feedback Mechanism	<ol style="list-style-type: none"> <li>1. Second return mainboards are analyzed for quality improvements and as quality indicator.</li> <li>2. Regular feedback regarding RMA repair issues is provided to the relevant production departments to help the factory make corresponding improvements in the design and processes.</li> </ol>

With continuous efforts, the repair quality of the mainboards is improving and almost meets all requirements from internal standards and external customers. We will strengthen the on-the-job training of repair personnel in overseas operation sites and establish relative mechanisms regarding system, procedures and discipline to ensure conformity, smooth operating procedures and quality.

## Customer Satisfaction Management

### Customer Satisfaction Performance

We have defined a Wistron Customer Satisfaction Management Process for the regular collection and calculation of customer satisfaction data. Improvement plans are proposed when appropriate to maintain the customer's faith in our service quality. The satisfaction indicators will be reported to relevant corporate personnel so as to encourage good performance and improve less effective performance.

All business groups (BG) meet regularly with the customer to review quality targets such as DOA, AFR (Annual Failure Rate), QBR (Quarterly Business Review), etc. For unmet customer targets, or customer complaints, all business units (BU) will designate dedicated personnel to carry out root cause analysis and develop solutions which include the factors of plant production and end users. Besides, relevant lessons will be drawn from the major complaints to establish preventive measures for the avoidance of similar incidences.

Current Effectiveness:

- DOA: Most of the customer requirements were met.
- AFR: Most of the customer requirements were met.

- QBR: Ranked No.1 by majority of our customers and ranked No.2 by some.

### On-time Delivery

Wistron's quality policy is defined as delivering defect-free products and services to our customers on time. In particular, fulfilling our delivery dates upholds our commitment to the customer. Our practices, management, and performance in new product development are in line with the C Process Management System (C System 2005).

All BG and BU commit to a time-to-market deadline for new products under development and conduct real time mass production, and whether new products can be developed on time are included in the annual performance with a target of 100% percent compliance rate. BG meets regularly to determine the progress and quality of new products in the development phase to ensure that new products will successfully reach its goal, and identify the problems faced by plants during pilot and mass production. The problems will be reflected to the developers for assist disposal and to achieve the purpose of real-time mass production. With proper planning and preparation in advance, products will be delivered to customers on time upon learning their order quantity, delivery time and delivery method.

1. Order production: For order production, the purchasing and management of materials and parts must be carried out properly. This ensures sound production quality and lowers the failure rate during production, which in turn shortens the production time and reduces waste.
2. Delivery time and method: once the customer's delivery time has been confirmed, the production status is checked, transportation is organized and the weather is monitored. Careful assessment helps to eliminate waste due to early or late delivery. The transportation type (budget) and method (environmental issues) are also considered as well.

## Price Competitiveness

Price competitiveness is one of the key parameters in product design. During the product design process, innovation and improvement of product quality is defined as goals on one hand while on the other hand, modular management is used to reduce costs and to also provide competitive product pricing at the same time. The increase in a product's price competitiveness boosts product visibility. We list RFQ (request for quotation) and QBR as the methods to manage price competitiveness.

Since Wistron is an ODM, many of the factors involved in product pricing originate from customer requirements. Nevertheless, we continue to improve the price competitiveness of our products and increase gross profit through the choice of raw materials, process improvements and quality improvements with the proviso that customer requirements, product specifications and product quality are not affected.

When a customer requirement is received, we evaluate the product pricing from three dimensions: product information, cost analysis and overall analysis, to ensure that its price competitiveness meets standards.

## Supply Chain Management

Wistron always sees its suppliers as valuable partners. We expect to build a supply chain with long-term stability through cooperative relationships. We therefore consider not only the suppliers' technical abilities, product quality, on-time delivery and price competitiveness, but also request our suppliers to fulfill their corporate social responsibilities by paying special attention to the well-being of the environment, health and safety, and human rights.

### ■ Methods of Product Pricing Evaluation

Product Information	<ol style="list-style-type: none"> <li>1. Identify customer needs, schedules and potential business opportunities.</li> <li>2. Evaluate customer needs, including production, management, costs, customer service, intellectual property and legal issues.</li> <li>3. Clarify issues and make proposals.</li> <li>4. Confirm the business model.</li> </ol>
Cost Analysis	<ol style="list-style-type: none"> <li>1. Identify market prices.</li> <li>2. Assess costs and the feasibility of lowering costs through Cost BOM.</li> <li>3. Assess costs not associated with the product, but including manpower, machinery, equipment, manufacturing and other special requests from the customers.</li> </ol>
Overall Analysis	Compare all product pricing information and proposals.

Under this goal, we have built a supply chain management system to support customer's requests and manage suppliers, and to assess the items with regard to product quality, costs, delivery time, service, etc.

Now we have used different systems and mechanisms to implement the supply chain management. The details are as follows:

■ Supply Chain Management

Item	2013	2012	2011	System	Timing/ Frequency	R&R
Vendor Survey	89 vendors	75 vendors	4 vendors	CBG system	None AVL New vendor Disqualified vendor	Sourcer/ SQM/ Buyer
CS <sup>2</sup> R	180 vendors	200 vendors	240 vendors	Moss database	Annualy	SQM
QSA	180 vendors	180 vendors	200 vendors	Moss database	Annualy	SQM
QPA	170 vendors	180 vendors	200 vendors	Moss database	New project launch	SQM
SPM	373 vendors	311 vendors	274 vendors	Vendor Center System	Monthly	Sourcer/ SQM/ Buyer

Upholding the specifications of local regulations and social ethics standards, we consider not only the continuous development of high-quality green products and services, but also the well-being of the environment, employee health and safety, human rights as well as stakeholders' rights and

benefits. We use the CS<sup>2</sup>R management system to integrate quality, green products, environmental protection, occupational health and safety, and social responsibility, which is incorporated in both our daily operations and the supply chain.

Wistron has system assembly plants in China's Western Chongqing and Chengdu, which will be the main production centers in the future. The supply chain there makes use of local suppliers. The materials used by the system assembly require the cooperation of suppliers and factories in Chongqing and Chengdu for the nearest supply access. So far, a total of 77 supplier sites have been completed and began mass production.

## Supplier Carbon Inventory

In response to international trends and customer requirements, Wistron has required suppliers to provide their company's GHG inventory report since 2009. Based on the incorporated foundation of the Plastics Industry Development Center, an organizational GHG checklist was developed to provide suppliers with organizational GHG inventory, annually illustrating relative international trends, actions and inventory considerations as well as Wistron's requirements of its suppliers through suppliers' annual meetings, the incorporated foundation of the Plastics Industry Development Center and outside authorization units. In 2013, the goal is to obtain the organizational GHG inventory reports of at least 120 suppliers, while in the end we achieved that of 138 suppliers. In 2014, we will expand the number to 140.

■ Summary of Supplier Requirements and Management Practices

Requirement	Management Practice
Human Rights	<ul style="list-style-type: none"> <li>• In accordance with the EICC regarding the suppliers’ management of human rights, 180 suppliers were evaluated for annual CS<sup>2</sup>R. All suppliers met the requirements except one, which eventually also met the standards with the assistance of Wistron.</li> <li>• In accordance with the EICC, suppliers are encouraged to guarantee employees freedom of association and collective negotiation rights to avoid ill-communication or adverse suppression. No violation incidents occurred in 2013.</li> <li>• Suppliers are required to clearly define and support the humane treatment provision specified in the EICC and convey it to laborers, and sign the Declaration of Non-use of Conflict Minerals. A total of 900 companies have signed the declaration and abide by it. Those who violate it will have their Wistron supplier qualification cancelled. No suppliers violated it in 2012/2013.</li> </ul>
Labor Care	<ul style="list-style-type: none"> <li>• In accordance with the EICC, no child laborers are allowed to be employed. Juveniles under 18 years old are not supposed to engage in any woks that may harm their health and safety. If such things have been discovered, the suppliers will be cancelled of their Wistron supplier qualification. Until 2013, a lot of 859 EICC pledge have been signed. No such violation by suppliers occurred.</li> <li>• The company hosts supplier exchange meetings and demands suppliers never to employ child labor as a settlement for manpower shortage or salary issues.</li> </ul>
Environmental Protection	<ul style="list-style-type: none"> <li>• Instructs suppliers to make appropriate GHG emission reduction suggestions and proposals, and provide inventory report and requirements. 138 companies provided the above in 2013.</li> <li>• Supervises and reminds supply chains as well as the supplier companies to shoulder the responsibility of environmental protection. For those who didn’ t reach the standards, improvement suggestions are put forward.</li> <li>• New suppliers are required to sign the EICC. They must monitor and sort wastes before disposal so as to minimize environmental pollution.</li> <li>• Suppliers are requested to continue to avoid negative incidents and provide essential assistance at any time.</li> <li>• The company encourages excellent suppliers and set up the annual best environmental protection award.</li> </ul>
Annual CS <sup>2</sup> R Audit	<ul style="list-style-type: none"> <li>• The company chooses suppliers that adhere to the concept of social responsibility, CS<sup>2</sup>R certification and have signed the EICC agreement.</li> <li>• The EICC regulations regarding corporate codes of conduct towards society are used as the prerequisite for choosing suppliers.</li> <li>• New suppliers should sign the EICC agreement; all of the 98 companies have signed it.</li> <li>• Suppliers are required to strictly follow EICC requirements in their daily operations.</li> </ul>

# Green Product Management



Wistron is not only a professional product design, manufacturing and after-sales service company, but also a provider of technical services. Equally our product development system encompasses not only product development, manufacturing and services, but also green product processes. These processes ensure that our products meet our customer's environmental requirements and regulatory standards. The product development system covers product proposal, planning, R&D and design, prototyping, engineering samples, pilot production, mass production, and the end of the lifecycle. All environmental tasks are carried out in the above stages to ensure that the product is environmentally friendly.

## Sustainable Design

Sustainable design is from the perspective of a product's life cycle, taking into account the impacts on and possible damages to the environment from the acquisition of raw materials to the final disposal of products. To ensure sustainable development of the environment, Wistron adopts the green product design concept at the beginning stage of product design and development, including the green product management system, reduction of harmful substances contained in the products, ease of recovery and disassembly, as well as enhancement of energy efficiency, which reduces the burden on the environment and can help to achieve a sustainable cycle.

Aside from this, Wistron puts a new premium on innovation in addition to investments in R&D. We also encourage our employees to proactively research and develop new designs or methods so as to drive our products towards the direction of sustainable design. We also set up a rewards program to encourage patents application.

■ Historical Statistics of Patent Application and Certification

Patent Application				Certification			
Year	2013	2012	2011	Year	2013	2012	2011
Taiwan	597	579	483	Taiwan	269	225	166
China	593	609	462	China	171	258	124
U.S.	461	464	180	U.S.	118	89	44
Others	29	36	5	Others	9	18	6
Annual Number of Patent Application	1,680	1,688	1,130	Annual Number of Patent Certification	567	590	340

Development and production of environmentally friendly products is a global trend. Wistron actively matches customer requirements to save resources, reduce energy consumption and minimize pollution in the environment, offering a variety of products with the green mark so that consumers can clearly choose the most environment-beneficial products.

In the initial stage of production, Wistron conducts green mark planning and certification, or providing documentation required for certification applications. So far, we have acquired 350 green marks, including Energy Star, CECP, TCO, EPEAT, Taiwan Green Mark, CEL (China Efficiency Label), SEPA (State Environmental Protection Administration), E-standby Republic of Korea, etc. In addition, there were no violations with regard to the standard products or service information label in 2013.

## Green Product Management System

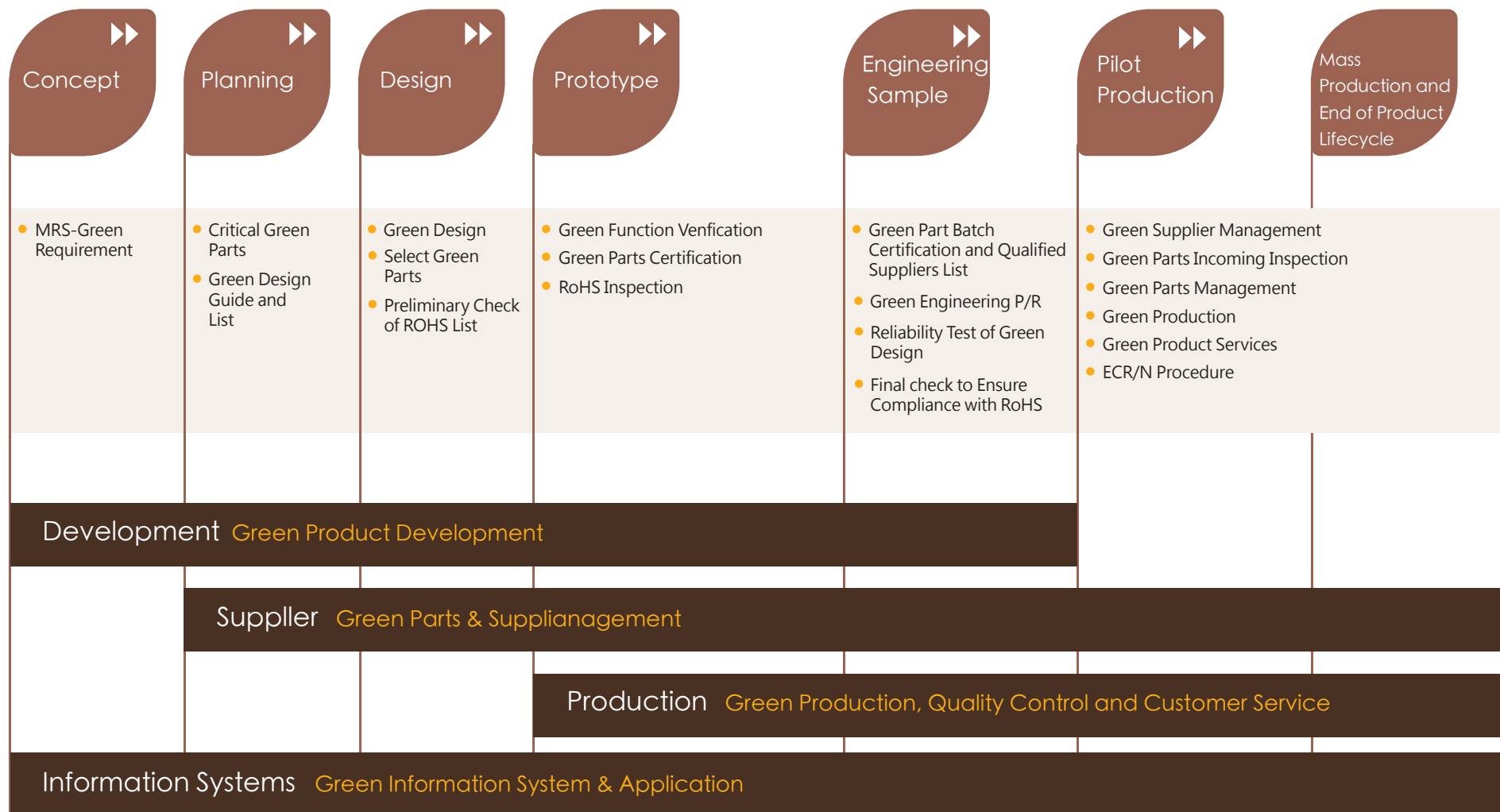
Wistron's product development system contains more than product development, manufacturing and services. It also includes the environmental product management process. These processes ensure that the product meets the customer's requirements and the related legal provisions. All environmental related operations are carried out in the above stages to ensure that the products are friendly to the environment.

For the management of these green operations, Wistron establishes a management information system to identify products starting from project planning, development, design, pilot production, mass production, after-sales service, etc. to the end of the product life cycle. The system includes product development management (PDM) of development duration, green product management (GPM) of materials environmental protection specifications, the SAP, SCT and SFCS of manufacturing phase and other management information systems of supplier's environmental quality requirements. By using these systems, hazardous substances are controlled efficiently. The green product management system (GPM) is established for the auditing of environmental protection components, and annually reviews the updated regulations and customer requirements. With a complete set of management information systems, the environmental protection actions are more effective and better improved.



■ We sets up laboratories in plants for hazardous substance checking to ensure that our products are eco-friendly.

■ Wistron's C Product Development Process





## Health & Safety Assessment during Product Development

Wistron considers the impact of its products and services on health and safety to be a matter of great importance throughout every stage of their lifecycle. We introduced the IECQ QC 080000 Hazardous Compounds Management System and use the C System 2005 to monitor the entire production from design, manufacturing to waste disposal, with the impact on the environment taken into account and corresponding control measures proposed. There were no violations of relevant laws and regulations in 2013.

To assess the effects of each stage in the product life cycle on security and health, the PDM management information systems is combined with the C System 2005 to commit to introducing green design during product development, reduction of harmful material usage, upgrade of energy efficiency, recycling and reuse of materials, material decrement as well as easy-recycling and easy-dismantling solutions design. At the same time, other environmental requirements by customers can be achieved.

In addition, Wistron has used the green product management system (GPM) to effectively manage environmental specifications for all materials, the use of which have been prohibited if identified as unqualified. QC 080000 internal and external audits are conducted annually to ensure effective overall processes and continuous improvements. We will continue to develop in line with customer requirements and relevant regulations of environmental protection, while producing excellent products that can reduce impacts of different stages in its life cycle on health and safety.

### ■ Impact on Health and Safety in Each Stage of the Product / Service Lifecycle

Stages in Product Lifecycle	Assessment Implemented
Development of product concept	Yes
R&D	Yes
Certification	Yes
Manufacturing and production	Yes
Marketing and promotion	N/A [Note]
Storage distribution and supply	N/A [Note]
Use and service	Yes
Disposal, reuse or recycling	Yes

[ Note ] Wistron is an ODM company and not a branded company, so the impacts of these stages are not taken into consideration.

## Elimination of Hazardous Substances from Products

Through the restricted substances management control, environmentally friendly products are entered into the global market, ensuring that the products manufactured and sold by the company comply with environmental requirements and national environmental laws and regulations, and meet customer requirements and the trend of environmental protection. To guarantee the effectiveness of the restricted substances management and avoid the use of hazardous substances

in product design and development, QC 080000 Hazardous Substance Process Management System is used and procedures are stipulated and implemented in accordance with the process from manufacturing, packaging to shipment. We also use external audit to ensure that the system is operating effectively. The restricted substances management practices and green product development are mainly realized through the green product design, green supply chain management, green manufacturing and green information system.

### Green product design – non-use of hazardous substances to design product, introduce green product testing procedure

Following the latest international regulations and the restricted material specification requirements of customers, Wistron considers the reduction of harmful materials during the design stage to avoid increased social cost of follow-up processing and developed the Environment Hazardous

Substances Management Regulation, which defines the relevant specifications regarding non-use of hazardous substances. Components to be used are required to pass through validation procedures and comply with related international regulations standards, including RoHS Directive、Packaging Directive、Battery Directive、REACH (Registration, Evaluation, Authorization and Restriction of Chemical substances), etc.

Since 2013, we have prepared proper technical files in accordance with the RoHS amendment version directive (2011/65/EU) as corresponding measures to ensure that products does meet the directive requirements; four restricted substances of HBCDD, DEHP, BBP and DBP directed at the amendment are also prohibited to be used in products. In addition to the EU RoHS directive, products designed and manufactured by Wistron are in compliance with regional regulatory requirements, or voluntary standards, such as the non-use of brominated flame retardants in plastic shells. In 2013, there were no cases of violation of restricted substances regulations.

#### ■ Summary of QC 080000 Audit

QC 080000 Audit	No. of Internal Audits	No. of Nonconformities Identified in the Internal Audit	Result of External Audit	Internal Audit Date	External Audit Date
Neihu Headquarters & Hsichih Office Complex	1	2	Pass	2013/05/20 - 2013/05/22	2013/12/17
Hsinchu Plant	1	4	Pass	2013/05/28 - 2013/05/30	2013/12/18
Zhongshan Plant	2	24	Pass	2013/06/04 - 2013/06/06 2013/06/13 - 2013/06/14	2013/08/26 - 2013/08/30
Kunshan Plant	1	2	Pass	2013/05/09 - 2013/05/10 2013/12/03 - 2013/12/04	2013/07/08 - 2013/07/11

## Green supply chain management – conduct supply chain audit

All component materials for products assembly and auxiliary materials used during the production and maintenance process should not contain environmental hazardous materials, which mainly contain restricted substances like RoHS2, Halogen Free, REACH SVHC, etc. They are strictly controlled and supervised by Wistron as well as suppliers. We also conduct written review and on-site audit to ensure that manufacturers fully meet our requirements so as to reduce the negative impacts of abandoned electronic products on the environment and human health. In addition, we also work closely with customers to research and develop more environmentally-friendly and halogen-free products to reduce damage to the environment. To ensure the compliance of materials provided by suppliers, we take advantage of materials analysis labs built in Asia, Europe and the Americas for testing and analysis in addition to auditing of restricted substances testing reports or material composition certification submitted by providers. As for actual manufacturing, an information management system is introduced to ensure the accurate use of materials.

## Green manufacturing – management of green materials and manufacturing process, establish hazardous substances testing capabilities

To reduce the impact on the environment, we have been committed to energy saving, non-use of prohibited substances and raw materials, and the control and management of hazardous substances to let green products enter global markets. This ensures that the products manufactured and sold by us are in compliance with environmental requirements and national environmental laws and regulations, and meet the customer requirements

as well as the development trend of environmental protection. To ensure that suppliers comply with norms, we will also send parts or components to other plant laboratories for analysis in addition to advocacy, education and auditing. Wistron's material analysis lab will continue to enhance its capacities.

In 2013, the laboratories of the Zhongshan Plant imported a number of projects to upgrade work efficiency and test capabilities:

- Developing automated data upload procedure which dispense with artificial key-in step and effectively reduce human errors and printing works.
- Expanding accurate quantitative test capacity, which can measure the accurate content of heavy metal element arsenic, and plasticizer DIBP.
- Optimize ion chromatograph (IC) test conditions to increase 37% of the test efficiency of a single sample.

## Green information system – build green product management system (GPM)

In order to better meet the increasing requirements related to restricted substances, we are asking all parts suppliers to pass through Wistron's green acknowledgement that all operations shall be managed under the green product management system (GPM); corroboration data and records shall be preserved and in compliance with international environmental regulations. In addition, we plan to import product material information disclosure to grasp the material composition used in the product and quickly compare its compliance with the green product management system as soon as a new control project is added.

### Wistron RoHS Lab

#### Zhongshan Plant RoHS Lab



1. UV-Vis to scan Cr<sup>6+</sup> and precisely quantify its contents.
2. Microwave digestion instrument to pre-treat heavy metals Pb/Cd/Hg/Cr/As in plastics.
3. Using Soxhlet extractor to extract flame retardants PBBs/PBDEs in plastics and electronic materials.
4. IC to measure the content of halogen Cl/Br in materials.
5. GC-MS to detect the amount of flame retardants PBBs/PBDEs, and plasticizer DEHP/DBP/BBP/DIBP.

#### Kunshan Plant RoHS Lab



## Material-Saving Recyclable Design

### Use of Green Materials

Most of the raw materials used by Wistron meet the standard of RoHS. After taking into account customer requirements, costs and regulatory standards, Wistron now gives preference to plastics and paper that contain a certain amount of recycled materials. We also audit items like waste reduction, recycling, disposal, resource reuse, resource recycling, regeneration, etc., using the Green Design Guide and Review Checklist in C System 2005 to ensure all the products under development and design incorporate the factors of waste reduction and resource recycling. Besides, we will use the GPM to assess and manage the components specification of green products. The recovery ratio of components and packaging materials we currently use meet the requirements of WEEE (Waste Electrical and Electronic Equipment Directive). The green materials have the following requirements:

1. All electronic components shall be in compliance with RoHS (except for some specific parts).
2. Select materials containing a certain amount of post-consumer plastics for products under design and development.
3. Carton and product specification shall use papers containing a certain amount of recycled paper or meet the USA EPA procurement specification, and adopt green printing.
4. Products and packaging shall contain a certain proportion of recycling materials following the specifications of WEEE.
5. Use DFSS (Design for Six Sigma) method to reduce the quantities and weights of components.

In addition, Wistron strives to make the best use of parts or products that can be reused, such as applying recycled paper in packaging, reusing pallets used during transporting where conditions permit; sorting and returning cross box to suppliers for reuse.

At the Chengdu Plant, Chongqing Plant, Zhongshan Plant and Kunshan Plant, the plant supervisors began tallying the amount of raw materials used each month and uploaded the data to the CS<sup>2</sup>R system. The Chongqing Plant is expanding its recovery use ratio of packaging materials, which is estimated to be at 80% in 2014. The plant is also increasing recovery and reducing resource waste.



■ 2013 Product Materials and Packaging Materials used by Weight

Unit: Tons

Plant	Material Year	Material Usage [Note1]		Packaging Material Usage [Note1]	
		2013	2012	2013	2012
Zhongshan Plant		134,821.11	113,102.51	43,526.60	35,695.28
Kunshan Plant		68,365.00	117,708.65	12,388.00	17,562.17
Chongqing Plant [Note2]		14,565.71	NA	1,416.81	NA
Chengdu Plant [Note2]		14,467.30	NA	4,282.28	NA
Total		232,219.12	230,811.16	61,613.69	53,257.45

[ Note1 ] Both materials and packaging materials use gross weight. Gross weight refers to the weight of the entire shipment including all transportation packaging.

[ Note2 ] Data of the Chengdu Plant and Chongqing Plant in 2012 is not available.

[ Note3 ] The percentage of recycled materials used is not disclosed because of the wide variety of materials involved and there is currently no way to track the reuse of previously recycled materials.

### Ease of Recovery and Disassembly

From the perspective of product life cycle and consideration of impacts on the environment from original material to the products' final disposal, as well as the reduction of resource waste and costs for recycling processing, Wistron has incorporated the ease of recovery and disassembly concept in product design. We also follow the Product Green Design Guide and Review Procedure within the scope of C System 2005 to select materials with high proportion of recycled materials for product design. For example, through the 6 sigma project, we pondered over how to produce equally high-qualified products by simplifying components like the numbers of screws and PCB parts, etc. In completing these projects, product costs are sharply lowered; on the other hand, the effects on the environment brought about by the products at the end of its life cycle can be avoided. Related practices include:

Ease of Recovery	Ease of Disassembly
<ul style="list-style-type: none"> <li>• The manual is printed on recycled paper.</li> <li>• Product packaging design use recyclable corrugated paper as buffering materials.</li> <li>• Cartons bear recycle system mark.</li> <li>• Housing with plastic materials used shall have material classification indicator.</li> <li>• The product design uses recyclable materials.</li> <li>• The accessories box is made from recycled cardboard.</li> <li>• Not use materials not easy to recovery.</li> </ul>	<ul style="list-style-type: none"> <li>• Standard and common parts/ components (EE/ME components) used in the product design.</li> <li>• Easy to separate design used for electronic parts.</li> <li>• Easy disassembly design: the product can be broken down using normal tools. (e.g. screwdriver, soldering iron)</li> <li>• Modular design.</li> <li>• Reduced use of bolts.</li> </ul>

### Energy Efficiency Improvements

Wistron values energy efficiency and our R&D team are focusing on improving energy efficiency by working with customers, technical platform providers, plants, components/parts suppliers.

During the initial product design, we look at the requirements of different energy labels, such as Energy Star, ErP (Energy-related Products Directive 2009/125/EC)lot6 & lot7, E-standby, China CECP, Carbon Footprint, etc. in order to meet energy conservation targets. Our newly developed products are required to pass through the Energy Star identification to ensure it is in compliance with energy efficiency standards of international environmental protection. Besides, different products will pass through various energy labels like ErP lot6 & lot7、E-standby、China CECP so as to match the requirements of customers and energy consumption standards of different countries.

In addition, with a creative design concept, power usage effectiveness (PUE) is enhanced in Wistron's developed action-oriented operations center; and the great consumption of electrical power in the mega data center (MDC) due to a large number of servers and storage devices is dramatically reduced, with the overall PUE values increased to 1.3 (Traditional room PUE is about 1.6~2.0).

We also consider power consumption during use for the Notebook PC that we manufacture. We actively work with technology platform providers to improve energy conversion efficiency, lower circuit loss and incorporate outstanding power management technologies to reduce power consumption during standby. Our new products all conform to the Energy Star and ErP standards to ensure that the energy efficiency satisfies international environmental requirements. We also offer products with different kinds of Eco-labeling upon customer's request.



Humanity



## Social Responsibility Management

Wistron's core value lies in being a people-centric organization that emphasizes on human rights and equal opportunities. We promise to obey CSR-related international standards and local regulations while continuing to enhance the rights and benefits of our employees. In doing so, we aim to build an honest, healthy, safe operating environment, as well as fulfill our social responsibilities. All of our management practices uphold the principle of fairness which forbids differential treatment on the basis of gender, age, nationality, race, religion, marital status, and any form of sexual harassment.

To ensure that managers and their subordinates fully understand the company's human rights principle, we provide related training courses on sexual harassment, human rights violation, discrimination, etc. Human rights training for Wistron's global employees and security personnel in 2013 are as follows.

### ■ 2013 Human Rights Training for Wistron's Global Employees

Course Name	No. of Sessions	No. of Hours	Attendance (Person)
New Manager Training	25	134	928
Target Selection	13	168	267
Coaching for Empowerment	10	124	335
Line - Leader Mgt. Training	6	6,030	335
Production Supervisor and Executive Training	2	12	49

### ■ 2013 Human Rights Training for Security Personnel

Item	No. of Employees
Number of Security Personnel who Received Relevant Training	633
Total Number of Security Personnel	757
Percentage	84%



Additionally, dedicated units and labor unions monitor the company's practices regarding child and underage workers, forced labor, discrimination, sexual harassment, and freedom of expression. They also serve as advocates for employee welfare and human rights. There were no incidents of sexual harassment, human rights violations or discrimination in 2013.

## Management of Child, Underage Workers and Forced Labor

The use of child and forced labor is prohibited by Wistron due to human rights policies and labor safety. Thus, the real age of employees will be audited during recruitment. In some areas, however, workers older than the minimum working age but under the age of 18 are employed to fill the need for expanded production capacity. Underage workers are only used in less-hazardous positions and are subject to enhanced training, care and management for their safety and health. The status of child and underage workers in 2013 are as follows.

■ 2013 Statistics of Underage Workers

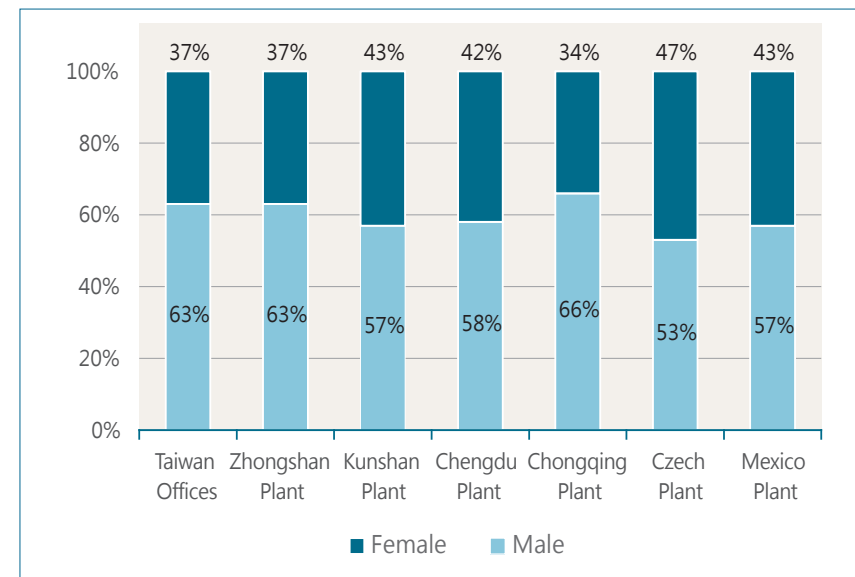
Unit: Persons

Employment Type	Taiwan Offices	Zhongshan Plant	Kunshan Plant	Chengdu Plant	Chongqing Plant	Czech Plant	Mexico Plant
Underage Workers	168	5,850	3,800	2,292	5,820	0	0

## Management of Discrimination and Sexual Harassment

Wistron upholds the principle of equality and prohibits all forms of discrimination based on race, ethnic group, social background, lineage, religion, physical disabilities, gender, sexual preference, family obligations, marital status, labor union membership, political opinions or age. Wistron's global female employees represented 39.3% of all Wistron employees at the end of 2013. The gender distribution of Wistron employees is shown below.

■ Distribution of Female and Male Employees by Region



## Compensation and Statutory Benefits

All compensation and benefits provided by Wistron conform to national and local regulatory requirements and are never lower than the legal minimum wage. All employees have access to statutory insurance and pension plans.

We offer the same pay for the same work regardless of race, nationality, origin, social status, lineage, religion, physical disabilities, gender, sexual orientation, family responsibilities, marital status, union membership, political opinions or age. We have also designed a rewards system within the overall remuneration package, which includes salary, benefits, bonuses and dividends. All employees receive two performance evaluations each year. The results serve as the basis for personnel bonuses, employment, promotions, and other personnel management activities.

We also conduct a salary survey every year and adjust salaries accordingly based on the economy, company operations and personal performance to ensure that our employees' salaries are fair and in line with market standards. All part-time and contract workers are provided with access to statutory insurance and benefits from the first day of employment. Compensation at each plant is as follows.

### ■ Ratio of Entry Level Wage and Statutory Minimum Wage

Region	Taiwan Offices	Zhongshan Plant	Kunshan Plant	Chengdu Plant	Chongqing Plant	Czech Plant	Mexico Plant
Ratio [Note]	1.08	1.05	1.08	1.27	1.36	1.41	1.0

[ Note ] Ratio = entry level wage / statutory minimum wage

### ■ Comparison of Men and Women's Compensation (by management level and male: female ratio)

Region		Taiwan	Zhongshan Plant	Kunshan Plant	Chengdu Plant	Chongqing Plant	Czech Plant	Mexico Plant
Indirect Employees	Division Head and Above	1 : 0.94	1 : 0.92	1 : 0.94	1 : 0.89	1 : 0.95	1 : 0.93	1 : 0.77
	Section Level	1 : 1.01	1 : 0.98	1 : 0.98	1 : 0.97	1 : 1.07	1 : 0.92	1 : 0.97
	Non-Management	1 : 0.89	1 : 0.95	1 : 1	1 : 0.92	1 : 0.96	1 : 0.91	1 : 0.96
Direct Employees		1 : 1.02	1 : 1	1 : 1.04	1 : 1.02	1 : 1.03	1 : 0.90	1 : 0.88

We respect the rights of pregnant workers and provide parental leave to employees that care for infants and young children; and, automatically ask employees if they wish to return to their job one month before the end of their parental leave. In 2013, there were 44 parental leave applications in Taiwan and 16 applications at the Czech Plant. The number of parental leave applications in Taiwan has increased with each passing year, and the applications from male employees have remarkably increased. There is currently no parental leave legislation in Mainland China and Mexico. As a result, there were no applications in these two regions in 2013.

### ■ Applications for Parental Leave in 2013 and the Number of Workers Who Returned to Work in the Past Three Years

Unit: Persons

Region	Taiwan		Czech Plant	
	Male	Female	Male	Female
Number of Applications for Parental Leave in 2013	17	27	0	16
Number of Workers Who Returned to Work in the Past Three Years	8	27	0	2
Number of Workers Who Applied for Parental Leave in the Past Three Years and Have Returned to Work for Over 12 Months	0	14	0	0

## Social Participation

To enhance the corporate citizenship image and continue with the implementation of CS<sup>2</sup>R, Wistron encourages employees to participate in social welfare activities, since the warmth not only enriches individual hearts, but also generates better performance. Our global administrative units are obligated to assign dedicated personnel for planning and implementation. Through the social welfare activities hosted in our global plants and the employee's universal participation, the ideas of organizing communities to participate in social welfare activities are extended and the corporate social responsibility is fulfilled. To this end, we have set the Wistron Charity Management Guidelines, clarifying the following two directions for social welfare activities participation:

1. Environment: dedication in to the care, protection and sustainability of the natural environment and ecology.
2. Human: provision of humanistic and social concern as well as assistance and support, especially for children and disadvantaged groups.

## Social Participation and Care

### ■ 2013 Summary of Wistron's Social Investments

Unit: NTD

Item	2013	2012	2011
Corporate Participation and Public Welfare Sponsorships (including Wistron Foundation)	39,658,034 32,934,330 (Wistron Foundation)	44,578,191	42,383,264
Charitable Activities of the Employee Welfare Committee/Company	4,555,740 89,756 (Wistron Foundation)	11,796,515	10,856,828
Employees' Voluntary Participation in Company-initiated Social Welfare Activities	2,061,533 283,000 (Wistron Foundation)	942,128	8,132,789
Total Amount of Social Investment	46,275,307	57,316,834	61,372,881

[ Note1 ] The above table includes the Taiwan office, Kunshan Plant, Zhongshan Plant, Chengdu Plant, Chongqing Plant, Mexico Plant and Czech Plant as well as Wistron Foundation.

[ Note2 ] Exchange Rate: China RMB: 4.9439, USD: 29.95, Czech CZK: 1.5058, Mexico MXN: 2.2906

The result of social participation and careful activities achievements in our global office/plant, 2013 is as follows. We will continue to implementing public welfare activities to fulfill Wistron corporate social responsibility.

### Establishment of Public Welfare Website – Sponsoring Participation

The Taiwan office intranet has spared a special zone for public welfare. Apart from introducing domestic public welfare groups and encouraging employees to make small donations, we also collect charity merchandise and advocate employees to sell them as a support for the public welfare groups. In 2013, charity merchandises sold through “Wistron Well-being Net Public Welfare Zone” amounted to NTD 1.6 million, involving more than 30,000 people.

### Support of Charity Sales – Delivering the Holiday Spirit

The Employee Welfare Committee in Wistron’s Taiwan office has made widespread use of the charity merchandise as giveaways at events. By doing so, the public welfare groups are supported by actual actions; besides, employees can enjoy the benefits and also participate in charitable events. In 2013, over NTD 2.6 million was spent on the purchase of charity merchandise.

### Rational Use of Second-hand Materials – Being Loving towards Others and Environmentally Friendly

It has become Wistron's important program to make good use of second-hand materials so as to help employees cultivate environmental protection awareness and habits. All operation sites hold recycling activities for second-hand materials every year. Examples of this are: (1) the Chongqing Plant’s “Waste Recovery – Trash to Treasure” campaigns to encourage employees to sort and reuse unused individual materials, (2) the Zhongshan Plant donated more than 1,500 copies of old clothes to students in elementary schools in Liangshan, Sichuan Province in June, 2013.

On the second day of each month, Wistron’s Taiwan office will advocate employees to sort out second-hand materials to make “Old Love and New Favorite” donations to thrift stores and charity bazaars set up by domestic public welfare groups, through which employees can conveniently contribute to environmental protection and support disadvantaged groups.

In 2013, the total collection amount of second-hand materials was 330 boxes or more than 23,000 pieces recipients include: “Taoyuan Heart Beacon Foundation” and “Genesis Foundation”.



“Wistron Well-being Net Public Welfare Zone” is the platform for our employee to show their charity.



The “Handicraft Association” in the Hsinchu Plant made artifacts for charity sales.



The “Love Association” in the Chengdu Plant showed cares to nursing home residents on the Chung Yeung Festival.



Our employees hosted charity sales in the company.

### Giving Back to the Hometown – Support the Weak and Encourage Learning

Based on the concept of giving back to the hometown and encouraging learning, Wistron has set up scholarship and grants for excellent and poor students in the surrounding communities of each operation sites. In 2013, the total scholarship and grants donated by the Kunshan Plant was NTD 300,000, while the contribution to Zhangshan area for poverty alleviation-related projects by Southern China plants was NTD 350,000. The Chengdu Plant also donated schoolbags and textbooks to the Shuangliu Gongxing Elementary School nearby.

### Encouraging the Organization of Associations – Meet Friends with Love

Employees in Wistron are encouraged to set up associations to enrich their personal life and expand their networks. The Chongqing Plant, Chengdu Plant, Kunshan Plant, Zhongshan Plant and Mexico Plant have established Love Associations, regularly visiting nursing homes, orphanages and other welfare institutions, or donating merchandise and accompanying them. Aside from these, performances are organized on the Spring Festival holidays to take away the loneliness there. There are even employees participating in public welfare events with their family members in the Chengdu Plant. The members of “Handicraft Association” in Taiwan office make artifacts during off-work time for charity sales with the earned income donated to the Hsinchu City Catholic Charity Welfare Foundation.

### Wistron Employees Go by the Moon Festival Warmly

795 Wistron employees donated their moon cake boxed gift to disadvantaged groups, caring for them by practical action, and bringing them a warm and sweet festival.

緯創人有愛相隨

歡喜月圓  
用愛團圓

歡迎捐出「2013緯創中秋愛心月餅」

2013年中秋節福委會將認購「喜歡兒月餅」做為贈送同仁之中秋禮  
邀請緯創人一起為愛加碼，捐出你的這份中秋禮，以實際行動關懷弱勢。  
我們將把你的愛心轉贈「家扶中心與育幼院」的小朋友，大家一起溫馨過中秋。

募集數量  
300份

參加辦法  
請上福利網「活動專區」報名捐贈

受贈單位  
台東家扶中心/桃園藍迪育幼院

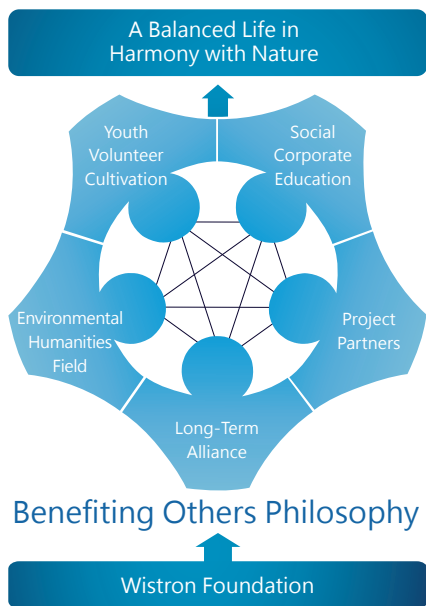
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請上福利網「活動報名專區」

# Wistron Foundation

The legal body of the Wistron Foundation (hereinafter referred as Wistron Foundation) was established in 2010. Guided by the philosophy of “benefiting others” , we have built long-term cooperation with ecosystem conservation groups and humanistic education organizations to enhance humanitarian values, maintain a balanced ecosystem and fulfill our responsibility to the environment.

In 2013, we continue the partnership with professional groups in each project; and we have sponsored humanistic and ecological documentaries and films to allow colleagues and the public to observe Taiwan from a new perspective and better know the homeland. Additionally, we collect Wistron Foundation local resources to advocate colleagues and enterprise volunteers to assist disadvantaged groups and protect the natural environment, striving to safeguard the Taiwanese ecosystem and creating sustainable value of humanity and the environment.



## Environmental Education and Awareness

Since established in 2010, Wistron Foundation has been contributing to environmental education and awareness all around Taiwan.



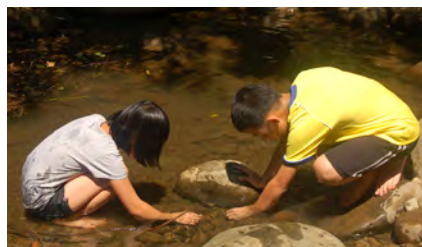
## Environmental Education and Awareness

### [ Childhood Education – Children's Nature Camp ]

From 2004 onwards, Wistron began sponsoring the annual SOW (the Society of Wilderness) Children's Nature Camp for Disadvantaged Children. During the ten-year period, over 7,000 children from disadvantaged families have participated in the nature observation activities. In the beauty of nature, they can feel the strength of it and observe surprises through repeated interaction with it. It is expected that the children can be encouraged to actively take care of and protect the environment and respect surrounding living things through these practical experience of shared environmental concern, thus becoming potential long-term environmental protection and ecological conservation volunteers.

### [ An Emerald City Gem – Fuyang Eco Park ]

To protect the rare piece of greenery in Taipei City, we teamed up with the SOW again to adopt Taipei City's Fuyang Eco Park in 2006. The adoption program is now in its 8th year. We have continued to invest in volunteer recruitment and rehabilitation programs to strengthen the protective



Children's Nature Camp lets children to feel the beauty of nature.



Wistron's employees devoted themselves in the Fuyang guided eco tours to introduce the beautiful ecosystem there to the general public.

network. At the same time, we also organize nature events and community lectures to expand the scope of community participation. To protect the biodiversity and rich natural resources of Fuyang Park, we continued with our efforts against invasive species and works of maintaining habitat diversity. Until 2013, we have cultivated more than 240 enterprises and community volunteers. Through environmental education, nature seminars and guided eco tours, we have spread our influence to more than 15,000 students and members of the general public. Wistron's employees also enthusiastically devoted themselves in the Fuyang guided eco tours to introduce the beautiful ecosystem there to the general public.

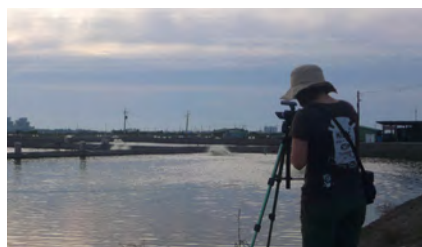
### [ Environmental Education Practice – Shuang-lian-pai Educational Base ]

In 2010, we partnered up with SOW to establish and adopt the "Ilan County Shuang-lian-pai Ecological Base". After the first phase of the hardware improvements in 2012, we focused on volunteer training and teaching activities to achieve more extensive promotional objectives in 2013. Aside from these, outdoor education, environmental advocacy, themed events, volunteer training, professional training, environmental interpretation and other related activities were held. We worked with local farmers, convinced them of replacing the traditional habitual agricultural method with a non-toxic friendly farming way, and assisted them in marketing agricultural products, co-creating a biological habitat to achieve the objective of a harmonious coexistence between human and the environment. Until the end of 2013, over 20,000 people had visited the Shuang-lian-pai nature classroom and participated in related nature activities.

[ River Protection and Land Justice – Water Resource Investigation and Supervision Center ]

In 2011, we sponsored the establishment of the Water Resource Investigation and Supervision Center by the R&D Association of Tainan Community University. Upholding the spirit of "Social Movement, Citizen Schools", the R&D Association was actively involved in Taiwan citizens' movement.

Apart from continuous monitoring of water resources and sustainable conservation as well as investigation and report of waste reuse, they also promoted the new idea of "No Forest plantation on Mountains, Natural Restoration of Woods", looking for more people with lofty ideals to join the ranks of mountain forestation natural restoration. With the investigative records, issues of environmental action group and photo blogging were compiled to design diverse teaching plans, promote environmental education, increase citizen participation and lead more people to care about and guard the environment in Taiwan. At the end of 2013, 78 environmental education activities were hosted, involving a total of 5,785 people. The Environmental Issues Group of Tainan Community University created two ten-minute documentary films, one about the Southern water resources in the "Mountain Road Renovation Documentary - the Ali Mountain Highway



Wistron sponsors Tainan Community University for water resources monitoring.



Natural humanities activities gave people chances to contact with snakes in a close distance.

You Don't Know" and the other on the waste topic in "Where Goes the Waste? ", which won the public television Peopo citizen journalism award, and the special news award & special topic award, respectively.

[ Taiwanese Ecology and the Humanistic Virtues – Scientific and Natural Humanities Series ]

The Scientific and Natural Humanities Series was launched in 2011. We have invited local historical experts and ecological workers to introduce the sophisticated local culture in Taiwan to our high-tech workers through activity participation. Examples of this include the story of Changhua Fangyuan coast and Kuokuang petrochemical, the development history of Ali Mountain and cypress, the style of Tainan ancient city, pollution and waste, etc. In 2013, we continued with a series of activities for science and technology workers to see and experience the beauty and conflicts in Taiwan, to reflect and respect the environment. The "Walking Taipei" and "Nature Notes" allows the viewers to take a fresh look at the daily life in the city and listen to the stories of old Taipei City, picking up cultural memory puzzles of this land. An alternative to play computers and watch televisions after work is to go to the mountain, a rich treasure house of ecology located in the city we work in every day. This series of events had 570 participants and helped us with recruiting environmental volunteers.

[ Mini Noah's Ark Project - Tree Fern Spore Bank Program ]

In 2011, Wistron established a partnership with the Taiwan Society of plant Systematics and sponsored the Mini Noah's Ark Spore Bank Program. In 2013, we continued to collect the fern spore of cyathea lepifera for spore preservation and population surveys around Taiwan. Environmental education and training on tree ferns was also launched with 80 teachers participating. This long-term program combines conservation, rehabilitation



and education. The Fuyang volunteer training courses allowed students and enterprise volunteers to learn about the cyathea lepifera sickness as well as the root causes of disease. They even created the Mini Noah’s Ark Project - Tree Fern Spore Bank Program.

[ Citizen Scientists for Frogs – Taiwan Amphibian Conservation Volunteer Program ]

In 2011, we began sponsoring the Taiwan Amphibian Conservation Volunteer Program organized by the Amphibian Conservation Laboratory of the National Dong Hwa University. Citizen scientists were trained to help with data collection, scientific analysis and publication of results. The citizen scientist program involved more than just the gathering of data. The project also helped to make the public aware of the threat to biodiversity and promoted public participation. Key activities for 2013 included helping to maintain the amphibian database, training courses, general volunteer meetings and assisting with the operation of the volunteer team. At the conclusion of the program in December, the amphibian database has accumulated 18,766 effective entries. Assistance was given by more than 47 volunteer groups. During the same period, our employees participating in the Fuyang team uploaded 447 effective entries and contributed to the conservation of Taiwan’s amphibian species.



Wistron sponsors the Taiwan Amphibian Conservation Volunteer Program organized by the National Dong Hwa University.



The “Think about the Earth” program encouraged high school students and vocational college students to participate in environmental conservation volunteer activities.

[ Youth Volunteers – Think about the Earth ]

For volunteer development in other areas, we cooperated with Global Views Monthly magazine on their “Think about the Earth” environmental volunteer program. The program encouraged high school students and vocational college students to participate in environmental conservation volunteer activities. The inspiration and participation provided an opportunity for young students to become potential long-term environmental volunteers.

Education and Concern for Humanities

[ Experimental Education and Reforms - Ci-Xin Waldorf School ]

The Waldorf School is an international education community with more than 1,000 schools around the world. It was established based on anthroposophy advocated by Austrian philosopher, Rudolf Steiner. In Taiwan, the Yilan County Ci-Xin Waldorf School is an experimental school for compulsory education sponsored through private funding. Wistron began sponsoring the construction of new classroom buildings and the promotion of specialty education in 2010. In 2013, Wistron renewed its sponsorship for the Teacher Training System and Professional Teacher Cultivation Plan. In addition to providing basic education of various disciplines, the Waldorf education also



Youth Volunteers participated and learned in the “Think about the Earth” program.



The Waldorf School builds confidence in education reform and serve as a model for the education sector in Taiwan.

enabled students to maintain their acute observation of life, examine the intrinsic subject, explore the ultimate value, and thus achieve their dreams in life. It is the core of education to profoundly understand life. The Waldorf education can build confidence in education reform and serve as a model for the education sector in Taiwan.

[ Connecting Arts and Culture - Arts Up Project ]

In 2011, we became a sponsor of the “Arts Up Project – Arts Collection” launched by the National Culture & Arts Foundation to promote and consolidate the development of the art and cultural industries. Our plan in 2013 was to promote quality art activities in enterprises through demonstration performances by professional personnel and the combination of professional guidance and explanations for appreciation. Outstanding art workers, including national literary award winners, provided lectures to share their skills and experiences, and collaborated with local art studios for the planning of various in-depth cultural tourisms so as to personally experience “story” and meet “friendly local people” one by



Wistron supports the National Culture & Arts Foundation to promote and consolidate the development of the art and cultural industries.



Wistron cooperates with the Alliance Cultural Foundation in building a school that features heuristic ideals.

one, recollecting our respect and love for this land. Meanwhile, we launched the “Arts and Cultural Industry Innovation Support Scheme” to provide arts and cultural industries with a more amicable business environment, creating an industrial value chain where a win-win situation can be achieved in business, society and culture.

[ The Charity Alliance - Cultivation in Hualien and Taitung ]

The Cultivation of the Hualien-Taitung project launched by the Alliance Cultural Foundation began receiving our sponsorship and support in 2011. In the past several years, the Alliance Cultural Foundation developed the local industry and talents with a platform created for them. In the second half of 2013, in view of the growing education gap between rural and urban areas, the Alliance Cultural Foundation devoted manpower, time and resources in education, and hosted short-term English camps, character camps and animation camps every summer. For medium-term parts, the genuine characteristics of Hualien-Taitung was injected into technical and vocational teaching, actively involved in education reform and accompanying children to go the last mile before seeking employment. In the long-term view, we hope to cultivate potential talents in Taiwan. We are also engaged in rural education development and took over the management of Junyi School's elementary and junior high school branches to forge a school that features heuristic ideals, bilingualism and character development. Since September, we cooperated with four vocational schools in Taitung and invited the best talents from various fields to give instruction, allowing students to combine local advantages with careers and expecting to create a promising future for rural education.

### [ Promotion of Chinese Education – Easy to Say Idioms and Taiwanese Proverbs Selection ]

To promote Mandarin education and enhance the value of humanities, Wistron Foundation began to cooperate with IC Broadcasting to produce the everyday Easy to Say Idioms radio program, helping to familiarize the audience with common idioms and Chinese history. Apart from it, we also launched the Taiwanese Proverbs Selection program in 2012. With teacher Yu-xian Meng's introduction of meaningful Taiwanese sayings, witticisms which reflects everyday life in Taiwan and the stories with related Taiwan historical and cultural connotations, the audience can not only hear Formosan culture but also have a better understanding of Manlamngy culture. In 2013, we continued to sponsor Easy to Say Idioms and Taiwanese Proverbs Selection program. Listening to the broadcasts is like opening a book, while reading out Chinese idioms and Taiwanese sayings helps to bring out the essence of classic stories as well as their cultural implications to the audience.



Wistron cooperates with IC Broadcasting in promoting Chinese education.

### [ Hearing Humanity – Man and Land – New Hometown Movement ]

In this land of Taiwan, there is a group of people, holding a simple dream, and bit by bit, improving the relationship between people and land. We sponsored, from 2013 onwards, the Universal Radio program entitled "Man and Land - New hometown Movement", searching for dreamers embracing affection for the land. The broadcast enables sharing stories from the past, the efforts at present and the hopes for the future in a narrative manner, paying attention to the ecological environment and listening to humanity. Aside from this, six theme lectures of "Man and Land" were held to call for the spirit of land ethics with humanistic thinking and trigger. The resonance of more people so as to promote a benign cycle in society.

### [ Accommodating Scientific People – Accompany Study Class for Underprivileged Children ]

A church's accompany study class, located in Hsichih, new Taipei City, has accompanied local junior high and elementary school children in vulnerable families for a long time and helped the kids go through the critical periods of growth. The said program involves free auxiliary units, but volunteers there are in great demand due to the increasing number of students, coupled with the heavier schoolwork load of senior and junior grade students.

In September, 2013, Wistron Foundation began to call for colleagues to join the ranks of auxiliary volunteers and assist the students in their study during their leisure time. By doing this, the children can have access to more equal learning opportunities. There were 71 Wistron volunteers in 2013, with a total contribution of 1,000 hours of service.

### [ Recording Taiwanese Nature and Humanity – A Town Called Success and Beyond Beauty - Taiwan From Above ]

We continue to support the filming and creation of high-quality ecological and humanitarian documentaries, to render the most earnest humanistic and natural landscape of Taiwan to the public through faithful recording of the images. In 2013, A Town Called Success, jointly produced by Public Television's international team and a British film director, recorded down the fishing village beliefs, sea culture, fishermen's life stories and vicissitudes of swordfish fishing method peculiar to Chenggong Town, Taitung, faithfully presenting the dart swordfish culture featured by the coexistence of seamen and the sea. And, it also led audiences to become aware of and care for the marine ecosystem around Taiwan. This film, in the autumn of 2013, won the unit award of "People, Places & Art" for televised documentary in the CINE Golden Eagle Awards.

Shot by the film director Po-lin Chi, Beyond Beauty - Taiwan From Above is the first aerial filming documentary in Taiwan. The movie took a bird's eye view of the beauty and scars of this land, leading the audience to see Taiwan, our homeland, and further contemplate what is happening to it in reality. It is a movie worthy of environmental reflection and social education, winning the Golden Horse Award for Best Documentary.



Wistron takes practical action to protect our land through supporting the filming of Beyond Beauty - Taiwan From Above.

### Corporate Participation

- Sponsored the National Keelung Commercial and Industrial Vocational Department(Special Education Classes) Natural Ecology and Energy Conservation Program.
- Sponsored the Boyo Welfare Foundation's After-school Class for Disadvantaged Elementary and Junior High School Students in Remote Areas.
- Sponsored the International Cultural Exchange Activities of "Birds and Water Dance" by Visual Disability Dance Regiment.
- Sponsored TLPGA Taiwan Ladies' Golf Tournament.
- Sponsored the Crime Free City program organized by the Association of No Crime, R.O.C. .

### Charity Drives

Advocate colleagues to donate second-hand dictionaries and clothes to underprivileged children under the church's "accompany study class" program in Hsichih area.



The film, A Town called Success, used the unique beliefs and culture in Chenggong Town, Taitung, as a story to record Taiwanese nature and humanity.



# Human Resource Development and Cultivation

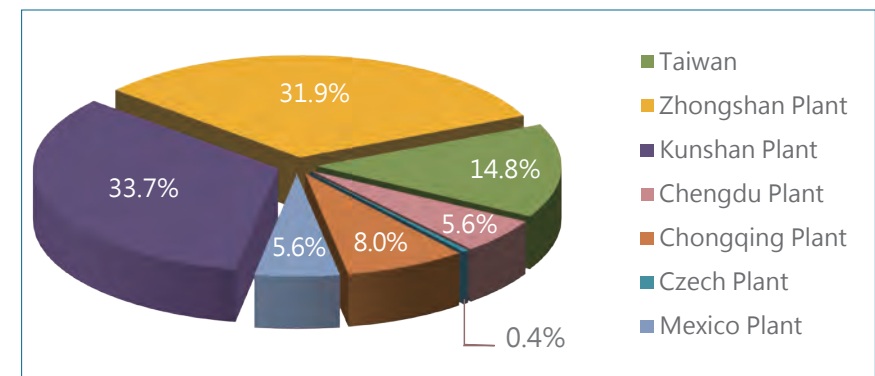
## Workforce Diversity

Wistron values diversity and is a caring organization that encourages participation and development of personal skills. Through various recruiting channels, a fair promotion system and continuous training, we search for talented people of different professional backgrounds and expertise, and encourage employees' career development because such development builds up the company's competitiveness. By the end of 2013, we had about 45,196 employees globally, distributed in Europe, the Americas and Asia. Regional statistics of employees are as follows:

■ 2013 Statistics of Employees Unit: Persons

Region	Taiwan	Zhongshan Plant	Kunshan Plant	Chengdu Plant	Chongqing Plant	Czech Plant	Mexico Plant
Number of Employees	6,671	14,406	15,215	2,538	3,642	186	2,538

■ 2013 Statistics of Employees



Each of Wistron’s sites has a different employee structure due to the different demands in operation and production. The workforce in some regions is characterized by contract workers, interns, and outsourced providers. Nonetheless, we must declare that Wistron has never intentionally used employees under short-term contract or any other employment type that could deprive them of their rights to entitled benefits. For all short-term or part-time employees, Wistron provides all the necessary insurance and benefits required by law from the first day of employment. Types of employment in each region are as follows:

■ Types of Employment Unit: %

Form of Employment	Taiwan	Zhongshan Plant	Kunshan Plant	Chengdu Plant	Chongqing Plant	Czech Plant	Mexico Plant
Full-time	96	86	90	79	42	93	43
Contract	2	14	10	21	58	0	0
Outsourced	2	0	0	0	0	7	57

■ Worldwide Indirect Employees by Level, Gender and Age Group Unit: %

Age Group	Division Level and Above		Department Level		Section Level		Non-Management		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
< 30	0.0	0.0	0.0	0.0	1.1	0.7	31.2	20.0	53.0
30-50	1.0	0.1	4.1	1.1	4.0	1.7	22.9	10.2	45.0
> 50	0.6	0.0	0.4	0.1	0.0	0.0	0.6	0.2	2.0
Total	1.6	0.1	4.5	1.2	5.1	2.4	54.7	30.4	100

■ Distribution of Worldwide Workforce by Form of Employment and Gender Unit: %

Form of Employment	Worldwide Distribution		Total
	Male	Female	
Full-time	50.4	32.0	82.4
Contract	8.4	5.7	14.1
Outsourced	1.9	1.6	3.5
Total	60.7	39.3	100

### New Hire and Turnover Management

When an employee resigns, we fully respect his/her decision regardless of their reason. We then try to find out their reason for leaving and use this as an opportunity to identify problems for further improvement. The table below shows the statistics of new hires and turnovers in 2013 sorted by gender and age group. Turnover includes voluntary resignation and other reasons. Most were concentrated in direct employees under the age of 30.



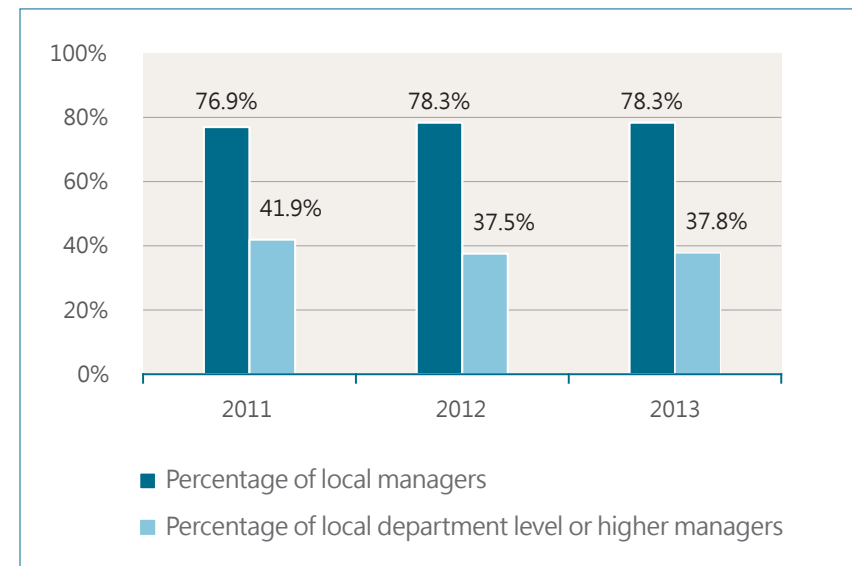
■ Total Number of New Hires and Turnover Unit: Persons

Item	Age Group	Male	Female
2013 New Hires	< 30	48,396	28,877
	30-50	3,599	3,629
	>50	171	163
	Total	84,835	
2013 Turnovers	< 30	50,925	31,583
	30-50	4,504	4,482
	>50	209	181
	Total	91,884	
New Hires that Departed in 2013	< 30	35,449	20,745
	30-50	2,758	3,092
	>50	134	139
	Total	62,317	

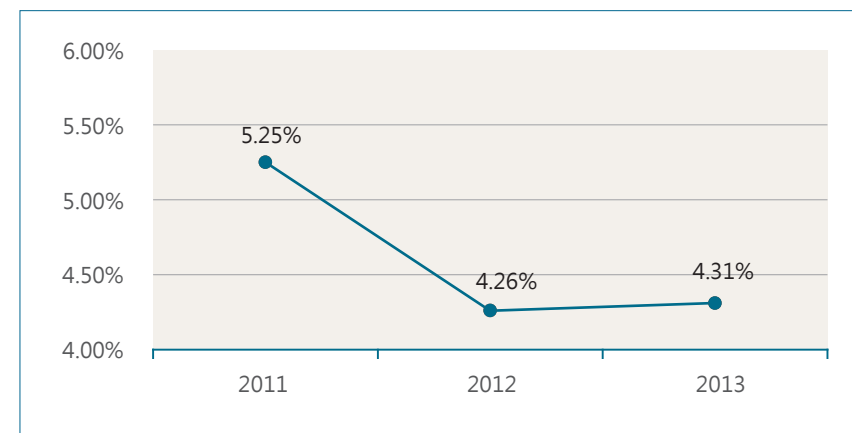
### Local Hiring

The Wistron philosophy is to employ on merit and we actively recruit the best talent in each country. In addition to respecting the cultural diversity of our employees, customers, suppliers and sites, we also hope that the fusion of different cultural backgrounds will stimulate innovative thinking. The continued cultivation of local management expertise is the key goal and we have embraced a philosophy of talent localization. The proportion of local indirect employees made up of personnel expatriated from Taiwan is about 5%, while the number and proportion of management roles held by local personnel during the same period are as follows.

■ Percentage of Local Employees in Management Positions Over the Past Three Years (Local means employee with local nationality)



■ Percentage of Personnel Dispatched from Taiwan Over the Past Three Years

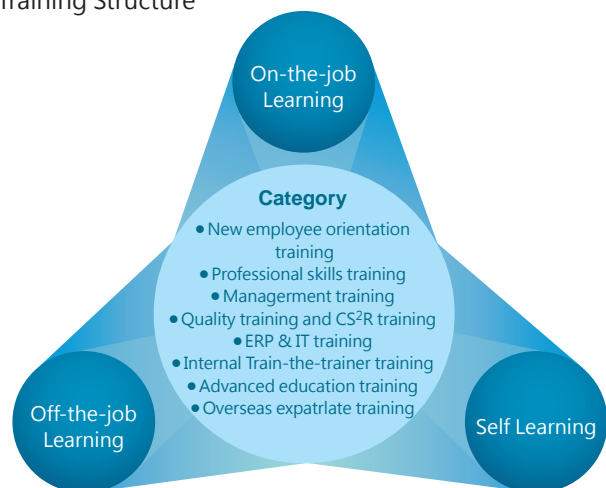


# Education, Training and Career Development

Nurturing talent is the foundation for the sustainability of a business. In our pursuit of profitable growth, Wistron is also committed to helping employees grow with the company and has created a working environment to ensure their continuous learning and career growth. We have adopted integrating business needs with employee career development as our main operating direction, and provided employees with opportunities to enhance their professional skills. Moreover, in addition to helping employees find appropriate career development direction, we also list talent management and development as an important management indicator, so that employees can grow together with the company.

In this regard, we are actively promoting relevant education and training, and have divided our training program into 8 distinctive categories in three

## ■ Wistron Training Structure



No	System	Description
1	New Employee Orientation Training	Mainly offered to new employees to help them better understand and identify with Wistron.
2	Professional Skills Training	Provide different training courses based on the unit's professional skill requirements; aim to promote the functioning of professional knowledge and skills; including marketing, research development, manufacturing, materials, marketing, finance, etc.
3	Management Training	Training for general employees, new managers, mid-level managers, senior managers, line supervisors and group leaders to establish culture of consensus and management skills.
4	Quality Training and CS <sup>2</sup> R Training	For CS <sup>2</sup> R-related employees and managers that have a direct impact on product quality, provide training on quality problem solving and customer satisfaction training, CS <sup>2</sup> R-related training; establish company-wide quality process improvement and CS <sup>2</sup> R concept.
5	ERP & IT Training	For employees making direct use of Enterprise Resource Planning (ERP) systems, familiarize them with ERP systems and ensure they are capable of using work related software applications.
6	Internal Train-the-Trainer Training	Provide internal train-the-trainer training to managers or employees with professional skills and selected by managers to facilitate the transmission of experience and knowledge within the company.
7	Advanced Education Training	Available for all employees located in Taiwan; the main purpose is to improve employees' capability in engineering technology, management skills, and language proficiency.
8	Overseas Expatriate Training	For employees assigned or willing to go on overseas assignments, provide necessary training before assignments to assist them to better adapt to psychological and environmental issues.



modes of "On-the-job learning" , "Off-the-job learning" and "Self learning" , so that our talent development can be conducted in a more oriented and systematic manner (Overseas manufacturing sites possess 6 distinctive categories. Advanced education training and overseas expatriate training are not included.)

Through the eight training systems, between 2005 and 2013, 728 employees have completed the Six Sigma training courses, 19 internal instructors were added, and 145 training projects have been implemented. The average return on investment for each project is NTD 15 million in savings.

### e-Learning Platform

To assist our employees in achieving fast, systematic and real-time learning, Wistron has introduced an electronic learning management system. Through this e-platform, we are able to provide digital e-Learning courses to every employee. Within this e-platform, there are currently 10 new employee courses, and 37 R&D courses in Taiwan. The CS<sup>2</sup>R training, including labor safety education, environmental hazardous substance, test report reading, and process for green project courses, has also been launched, aiming to ensure that all Wistron's employees are equipped with the relevant knowledge.

The Wistron Training and Development Center also assists relevant departments in establishing their own learning platforms and department-specific training courses, to meet the learning needs of different departments. Our effort on e-Learning for employee has won us several awards from the government agencies. For four consecutive years, Wistron was conferred the Excellence in Enterprise e-Learning Implementation Performance Award. In 2010, we were invited by the Ministry of Economic

Affairs to serve as part of a jury in judging the "Employee Innovation Award" for large companies.

In addition to the internal e-training courses offered to our employees, through the online e-Learning system we have also offered two courses, "Supplier Quality Engineering Training" and "Strategy and Actions to Product Compliance with RoHS," to all our component suppliers, in order for them to understand our quality requirements and delivery needs. This effort not only helps reduce the product defect rate and suppliers' costs of rejects, but also decreases our need for human resources and time in incoming material inspection, and is thus a truly win-win action.

Wistron is currently investing over NTD 10 million in employee education and training each year. Including planning and offering of training courses, 99% of our courses are conducted by internal trainers. On average, we offer over one hundred and seventy thousand online and on-site training courses with more than 770,000 hours in total, and over 330,000 employees have participated in the courses.



■ 2013 Statistics of Training Courses

Category		No. of Courses	Hours	Attendance	Training Hours per Person
Employee-Category	Direct	160,558	716,679	222,29	3.22
	Indirect	12,308	62,135	112,818	0.55
Gender	Male	97,511	413,736	196,739	2.10
	Female	86,090	373,483	136,674	2.73

Nurturing Future Leaders

Facing the rapidly changing global business environment, fast rising emerging markets and the new global trend in competition, the hi-tech manufacturing industry is expecting to meet these unprecedented business challenges.

In such an environment, future senior managers will have to evolve from experts in a single discipline to masters of interdisciplinary knowledge. They also need to have international vision and business management capacity in order to lead in this changing environment and help businesses create new patterns to continue growth and development.

In response to the needs of nurturing future talent and outstanding leadership, we have included the cultivation of talent into the operating performance assessment standards. To nurture leaders, especially in the business and manufacturing management functions, the key performance indicator Rotation-Readiness Rate is set to greater than 20% to ensure the effectiveness of nurturing future talent and leaders.

In this regard, we introduced the Management Core Competency Analysis, and applied it to management training courses. Courses such as Targeted Selection, Coaching for Empowerment and individual development plan (IDP) were all conducted by using the core competency approach. In addition, we have integrated the core competency with actual work content

and assisted our employees in applying what they have learned during training to actual work practice.

After the five stages of management training and development, as of 2012, we have nurtured high-level business talent, and we will continue with this training approach and apply them continuously throughout the organization.

■ Management Training Roadmap



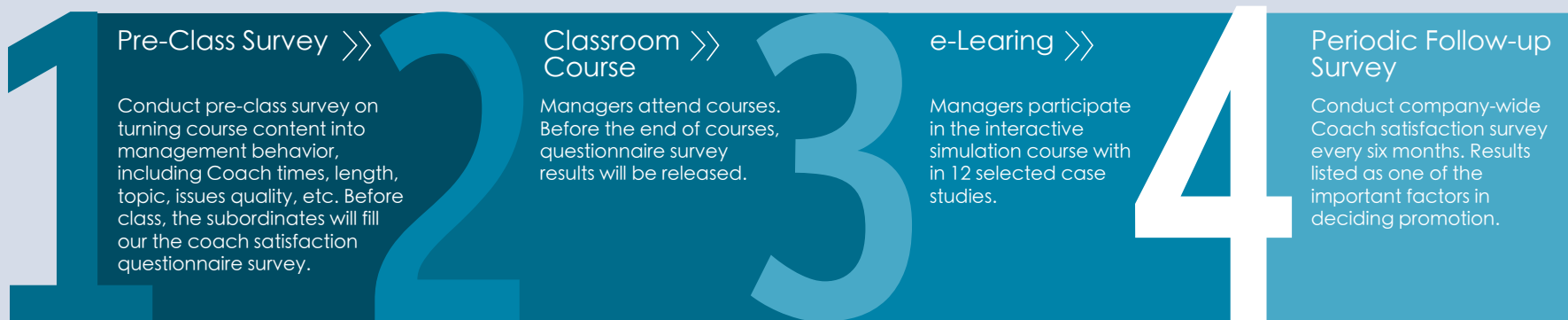
## Coaching for Empowerment

After training, if there is no follow-up tracking measure in place, the results will usually not last long, and the investment in learning and development will be wasted. Therefore, in our planning for training, we will integrate classroom training with real job assignments and managers' daily coaching all together to establish an interconnected working and training environment.

During this process, managers' coaching to their subordinates becomes very important. Therefore, when managers are receiving the Coach for Empowerment training, they will need to go through the following four-step assessment process:

After five years of implementation, employee satisfaction with managers' coaching has improved from 4.12 points in 2012

to 4.15 points (out of 5 points) in 2013, showing that times of coaching and the quality of interactions between managers and employees have been improved and indirectly achieved the goal of talent retention.



## Workplace Safety Management

Treating employees as the most valuable corporate asset is one of the core values of Wistron. Employee health and safety is important to us and we are convinced that business efficiency is closely linked to the provision of a safe and clean working environment for employees, so we have actively stipulated occupational safety standards and regulations and regularly conduct personnel safety training (including: first-aid training, emergency response, evacuation drills, etc.). Strict checks and controls are particularly placed on hazards (e.g. dangerous heights, open flames, organic solvents, lead, noise, etc.) so as to protect the lives and safety of our employees while preventing workplace accidents and occupational injuries.



## Health and Safety Management

We follow the regulations specified by the Labor Law and our working conditions are better than the minimum requirements. The following measures are taken to ensure labor rights and benefits, enhance employment relationship, and boost social and economic development.

1. Strictly abide by local regulations regarding occupational health and safety, and continue to promote the Occupational Health and Safety Management System (OHSAS 18001).
2. If an unfortunate incident happens, corresponding units shall be immediately notified and an investigation mechanism shall be launched. The disability status of colleagues is continued to be monitored, proper assistance is provided, plant safety advocated, and the occurrence rate, root causes, disaster types, and improvement solutions of the incidents are reviewed from time to time, in order to reduce the odds and frequency of disability injuries.
3. Machinery/equipment safety: standard operating procedures and the One Page SOP have been defined for machinery/equipment operations.
4. We enhance personnel safety training on emergency notification procedures, first-aid notification methods and emergency response procedures.
5. The Kunshan Plant launched the Sunshine Project and established a counselor mechanism to help employees to better understand the occupational health and safety hazards.
6. We observe the requirements of the Labor Law and stipulate regulatory files.
7. We regularly conduct operations audit and pollution source testing to ensure working environment safety.
8. We assess, trace and correct hazards and potential safety risks.

In accordance with national standards and local regulations, internal operational procedures are set up to effectively prevent occupational injuries.

■ Education, Training, Counseling and Prevention of Fatal Diseases and Risk Monitoring Plan

Target \ Plan	Education/ Training		Consultation		Prevention/Risk Monitoring		Treatment	
	Yes	No	Yes	No	Yes	No	Yes	No
Employees	All plants	-	All plants	-	All plants	-	All plants	-
Employees' Families	-	All plants	Kunshan Plant	All plants except Kunshan Plant	-	All plants	-	All plants
Communities	-	All plants	-	All plants	-	All plants	-	All plants

Emphasizing employee health and providing a safe working environment are important management issues at Wistron. We believe that business efficiency is closely linked to the provision of a safe and clean work environment for employees. Hence, Wistron is dedicated to providing global employees with a reassuring working environment. We offer free and open platforms in each operating sites for opinions exchange and communication, fully understanding employee's requirements and expectations towards working environment safety and occupational health.

■ Percentage of Total Workforce Represented in Employee Relations Promotion Committee or Labor Union Unit: %

Region	Taiwan	Hsinchu Plant	Zhongshan Plant	Kunshan Plant	Chengdu Plant	Chongqing Plant	Czech Plant	Mexico Plant
Percentage Workforce	88	88	76.2	81	50	51	62	60

### Employee Health and Safety Management

Clinics, nursing rooms and psychological consulting rooms are set up to guarantee the health of the company employees.

The Chengdu Plant distributes materials regarding health, like Health World Weekly Magazine, Serene Oasis Monthly Magazine, Wistron e-Home Quarterly Magazine.

First-aid training: We regularly work with the Red Cross to conduct first-aid training and enhance our employee's capabilities for self-rescue.

We establish emergency medical treatment green channels for employees and cooperate with local hospitals.

We regularly host major disaster (e.g. fire disaster, earthquake) escape drills to enhance employees' evacuation abilities when facing major disasters.

Food safety: Strict regulations are placed on drinking water and foods.

Educational advocacy through posters, TVs, poster competitions and knowledge contests is strengthened.

Not regularly patrol office surroundings, identify and improve potential hazards factors.

The office surroundings are patrolled regularly and potential risks as well as corresponding solutions are determined.

High-risk works and environment are audited to reduce the risks of unsafe activities or objects.

In May 2013, the Zhongshan Plant launched collective punishment according to the seriousness of occupational injuries, accidents or incidents, thus improving the efforts on safety management.

We continue to test workplace air quality and noise to ensure a safe and healthy working environment for employees on an annual basis.


### Workplace Safety Management






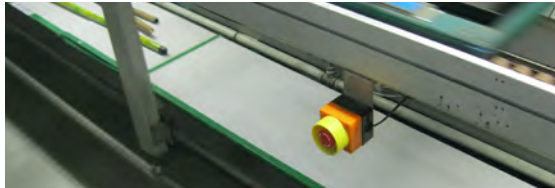
It is the responsibility of Wistron to protect the lives and safety of our employees by providing a safe and healthy workplace while preventing workplace accidents and occupational injuries. Strict checks and controls are placed on hazards (e.g. dangerous heights, open flames, organic solvents, lead, noise etc.) and other special operations (e.g. chemical use, sealed spaces, forklift driving etc.). All of our global plants comply with local regulations and actively work to improve workplace and machinery safety. Standard operating procedures have been defined for machinery operations with employees required to understand the equipment and follow operating instructions. We have continued to strengthen our personnel safety training through first aid training, emergency response and evacuation drills. The disabling injury statistics for all Wistron plants in 2013 are shown in the table below.

#### 2013 Statistics for Disabling Injuries

Statistics of Disabling Injuries	Neihu Headquarters	Hsichih Office Complex	Hsinchu Plant	Kunshan Plant	Zhongshan Plant	Chongqing Plant	Chengdu Plant	Mexico Plant	Czech Plant
Injury Rate, IR	0.56	0.32	1.02	0.23	0.16	0.52	0.09	0.47	0
Lost Day Rate, LDR	4.00	0.87	7.93	5.78	4.42	2.82	0.86	14.53	0
Occupational Disease Rate, ODR	0	0	0	0	0	0	0	0	0
Absentee Rate, AR	528.27	594.52	65.38	134.28	556.51	87.05	146.16	137.00	8,958.72

[ Note ] IR = (Total # of injuries/Total hours worked) x 200000. ODR = (Total # of Occupational diseases cases/Total hours worked) x 200000. LDR = (Total # of lost days/Total hours worked) x 200000. AR = (Total # of missed (absentee) days over the period/Total # of workforce days worked for same period) x 200000.

Machinery/Equipment Safety Management	
Item	Management Strategy
Carton sealing machines can easily cause injuries from crushing	<ol style="list-style-type: none"> <li>1. Install sudden stop switch to shut down the machine immediately when necessary.</li> <li>2. Post warning labels.</li> </ol> 
Belt line power seat and turning machines can easily cause injuries from crushing	<ol style="list-style-type: none"> <li>1. Add a cover to the power switch.</li> <li>2. Post warning labels.</li> <li>3. Install sudden stop switch to shut down the immediately when necessary.</li> </ol> 
Hydraulic pressure lift platform can cause injuries to employees and damaged goods	<ol style="list-style-type: none"> <li>1. Add fast shutter doors to avoid the entrance of employees during operation.</li> <li>2. Post the warning label in the inner part of the platform to avoid the entrance of employees.</li> <li>3. Add highlighted phototube to control the operation of the elevator.</li> </ol> 
Automatic packaging line in warehouse can easily cause crossing damage	<ol style="list-style-type: none"> <li>1. Add safety banisters around the equipment.</li> <li>2. Post labels on heating equipment to avoid scalding.</li> </ol> 
Fuse machine can easily cause personnel injuries	<ol style="list-style-type: none"> <li>1. Add shielding/cover to fuse machine to prevent employees' arms from being caught.</li> <li>2. Add safety optical grating and sudden stop switch on the operations side to control the fuse machine.</li> <li>3. Post warning label on the heating board.</li> </ol> 

Machinery/Equipment Safety Management	
Item	Management Strategy
Employees are vulnerable to falls from the recycling fast doors	<p>Add photoelectric switch to protect employees.</p> 
The Zhongshan Plant continuously improves and perfects the workshop machines that may possess potential safety risks	<p>Add absorption cover to soldering machine</p> 
	<p>Add shielding net to high-altitude fiber pipe</p> 
	<p>Add steel shielding to elevators</p> 
	<p>Add shielding to inner line chain</p> 
	<p>Add sudden stop switch to outer line chain</p> 

## Fire Prevention

Wistron believes that emergency response and prevention is an important capability. Fire safety regulations are followed rigorously in order to prevent accidents. Every year we undergo fire safety inspections, inspect automatic firefighting systems (including indoor/outdoor fire hydrants, automatic alarms, fire PA system, sprinkler system, smoke evacuation system, safety and evacuation facilities, pump room and control equipment), organize safety education and training, and host regular fire drills to improve employee disaster prevention awareness and emergency response skills. Fire safety management has also been strengthened by establishing a firefighting system management platform with the operations center staffed 24 hours a day. An internal fire emergency response team (including the firefighting section, first aid section, communications section, security section and evacuation section) has been set up along with pre-defined emergency notification procedures, emergency notification methods, and emergency response procedures to reduce damage in the event of an accident.



### Fire Drill Photos of Each Plant



Chengdu Plant



Kunshan Plant



Czech Plant



Neihu Headquarters

Zhongshan Plant



## Employee Healthcare

Employee health and the provision of a safe working environment are important management issues at Wistron. We are convinced that business efficiency is closely linked to the provision of a safe and clean work environment for employees. Hence, we are committed to create a reassuring working environment for employees.

To ensure employee health and environment safety, the company has particularly established the Occupational Health and Safety Management System (OHSAS 18001) and Employees Health Examination Administration Rules. Dedicated personnel are designated in all operation sites to conduct employee health management plans and host health promotion activities.

### Emphasizing Employee Health through Regular Health Check-up

All plant employees undergo standard health checks regularly. Personnel involved in special and hazardous operations (like loud noise, dust, X-Ray, Selenium dioxide, etc.) undergo special health exams. Dedicated personnel are designated in all operation sites to conduct health check-up of employees and provide medical treatment assistance, regular checkup reminders and other services if abnormal conditions are found during the health checkup.

### Promoting Employee Health through Health Management

Overseas operation sites set up clinics to provide sick or injured employees with timely medical care; moreover, the medical professionals there provide regular health care to employees with abnormal health conditions. The Kunshan Plant has opened green medical treatment channels by collaborating with local hospitals and providing access to it in the employee dormitory so that employees can receive treatment in the quickest manner for the sake of life safety.

Our Taiwan offices and plants have set up a healthcare system and appointed professional nursing staff to provide assistance and regular reminders about health check-ups for employees that require special medical assistance. For high-risk groups, specialists are invited each month to provide one-on-one consulting service in addition to sending care letters, offering correct health information and incorporating outside medical resources.

Our study found that employees in the Taiwan offices have an above-average BMI due to the nature of their work. In 2012, the healthy weight loss project was launched and professional weight loss assistance was provided to employees with a BMI of over 24: 1) Cultivate the habit of exercising; 2) Nutritionist hired to provide dietary advice; 3) Health lectures on proper weight loss techniques; 4) Employees encouraged to engage in physical activity to lose more weight. In 2013, the Healthy Weight Loss activity was attended by 109 people with a total weight loss of 466 kilograms, and with 60% of the participants realizing their personal weight loss targets.

### Taking Care of Employee Health through Comprehensive Health Promotion Activities

Health promotion activities are organized at all Wistron sites worldwide and dedicated personnel are designated to help employees practice proper personal health management.



We emphasize employee health through regular health check-up.



We take Care of employee health through comprehensive health promotion activities.

## Mental Care

In addition to physical health care, mental health care services are also provided. The plants in Mainland China all set up a psychological consulting care room called the "Serene Oasis", with professionals appointed to take care of employee's psychological problems, relieve work pressure and solve puzzles.

## First-aid Training

All Wistron sites value the safety of their working environment. Not only the security personnel have undergone first-aid training, but also a first-aider group is established to regularly conduct first-aider training among employees so that they can protect co-employees as well as their family members.

## Health Lectures

All Wistron operation sites invite outside experts to conduct lectures on health care on a regular basis. The Taiwan offices and plants host health-related lectures every month. In 2013, more than 30 lectures were hosted, which are wonderful and practical and in turn increased the demand by employees for more similar lectures. Employees have learned that the best precaution is to maintain a healthy lifestyle.

## Art Activities

Art activities can enrich the spirit and enhance humanistic quality, and even achieve a balanced development of physical and mental health.



Our employees actively participate in different kind of physical activities.



We encourage our employee to exercise through hosting a variety of physical activities.

Wistron hosts art activities on a regular basis and encourages employees to participate and support outside activities of such kind. In 2013, we won the Wenxin Award issued by the Ministry of Culture in Taiwan.

## Physical Activities

All Wistron sites host regular physical activities, and set up awards to encourage employee participation. Through their participation in physical activities, employee pressure can be relieved and their physical body can be strengthened. We also encourage employees to join in the outdoor physical activities, such as Taipei Fubon Marathon, National Road Running, Swim across Sun Moon Lake, Taipei City International Dragon Boat Tournament, etc., which promulgates the sporting atmosphere in the company.

## Sports Facilities

All Wistron operation sites are equipped with various sports facilities, like basketball court, football field, billiard room, gym center, etc. Employees are encouraged to do exercise under the theme of "Long live sports!"

Employees are important assets of a company and their wellbeing can only be achieved by taking care of their health. In addition to continuing with the current health management program, care and promotion activities, we will also extend corporate care to our employees' family members to allay troubles back home.



Swimming across Sun Moon Lake will be a lifetime memory.



We won the Wenxin Award issued by the Ministry of Culture in Taiwan.

## Listen to Employees – Internal Employee Communications Management

Wistron respects the rights of its employees and listens to their voices; therefore, a consensus between employees and the company can be developed and corporate sustainability can be achieved. All of our offices around the world provide a platform for the free and open exchange of opinions. Through unimpeded internal channels of communication, each employee's voice can be heard and their requirements and expectations can be learned. An employee relations promotion committee (the "Tomato Meeting" has been set up at all operation sites except where the Labor Union is set up, in the Czech Plant in Europe and the Kunshan Plant in Mainland China. The company also convenes regular employee/employer communication meetings to facilitate two-way communication. These meetings are attended by top executives and employee representatives to freely speak on work and management-related issues. Discussions and minutes of the Tomato Meeting are posted on the intranet and the corporate EIP (Enterprise Information Portal) within seven days. Changes to company procedures are announced in weekly notices by the relevant units.



## Importance of Employee Welfare

Employee feedback mailboxes, a general manager mailbox, a 24-hour employee hotline and other communication channels have also been set up at the Kunsan plant, Chongqing Plant, Chengdu Plant, Zhongshan Plant, Czech Plant and Mexico Plant. Each worker in the company can be certain that their questions and suggestions will be answered. We believe that employees work most productively when they have a good communication environment, which generates positive growth for the company and allows the sharing of business achievements. We will continue to focus on the efficiency of each communication channel to realize the goal of growing together in harmony.

■ Employee Communication Channels

Communications Channel	Taipei Office	Hsinchu Plant	Zhongshan Plant	Kunshan Plant	Chongqing Plant	Chengdu Plant	Mexico Plant	Czech Plant
Employee Relations Promotion Committee	V	—	V	—	V	V	V	—
CEO Mailbox	—	—	V	V	V	V	V	V
Employee Suggestions Box	—	V	V	V	V	V	V	V
Employee Hotline	—	—	V	V	V	V	—	—
Employee Complaints Hotline	—	—	V	V	—	V	—	—
New Employee Seminar	V	V	V	—	—	V	—	—
Labor Union	—	—	—	V	—	—	—	V
Employee Relations Promotion Committee	—	—	—	—	V	—	—	—

[ Note ] “V” indicates that this communications channel is in place.

## Balance between Work and Life

Wistron follows relevant laws and policies in terms of overtime work, which is only arranged in special circumstances and upon the agreement of employees beforehand. Proper compensations are given for working overtime.

Our overtime policy balances operational demands and the employees’ quality of life. Overtime work is only arranged if it is efficient, meaningful and voluntary. Employees can receive proper compensation or take deferred holidays for working overtime according to their personal willingness. Out of concern for employees’ physical and mental wellbeing, a swipe-card attendance system has also been installed to track employees’ attendance records. Employees that work too much overtime are reported to their managers and corrective actions are implemented through executive meetings. This measure is intended to prevent harm to the employees’ quality of life and physical/mental health.

In addition to the above management mechanism, each operation sites also host a number of activities (such as sports, association activities, cultural events); and, through regular physical examinations, health management monitoring, health lectures or provision of health information, employees are able to pay attention to their personal health and enhance work/life balance.

## Comprehensive Welfare System

Wistron cares about our employees and employee welfare is important to us. Apart from complying with statutory requirements on the basis of benefits, we also strive to enhance the quality of life for our employees. Different types of benefits are provided to employees based on their country, region, age and gender in order to realize the target of balancing life and work. Employees are encouraged to pay attention to their physical/mental health through the arrangement of diversified activities, which provides leisure and entertainment outside their busy work schedule. All Taiwan sites have established an employee welfare committee funded by employee contributions and full-time personnel are assigned to organize employee welfare services. Our overseas plants have dedicated units and personnel assigned to planning employee welfare and activities in order to take proper care of our employees.

### Diverse Activities to Enrich Life Experiences

The Employee Welfare Committee and the relevant units in all offices and plants make good use of off-work time to organize all kinds of activities, which can both effectively alleviate the work pressure and enrich the employee's life. Overseas plants arrange various activities in the employee dormitory to encourage employees to have access to common leisure. Festival activities are held on major holidays to relieve employees' homesickness. Taipei offices make full use of the lunch time to organize all kinds of lectures, DIY activities, physical

and interesting competitions. We are convinced that a wide range of leisure activities can not only enrich employee's life experience, but also help them achieve work/life balance and maintain good physical/mental health.

### Team Activities to Enhance Understanding and Community Power

The big family of Wistron values relationships and enhance understanding among team members, associates, and department colleagues, through team activities to create a mutual-supportive environment. Therefore, the design group encourages department members to team up with them to take part in competitions, which features Wistron's activities. We also encourage employees to make a team to participate in Taiwan's regional events such as Swim across Riyuetan Pool, the Taipei Fubon Marathon, Taipei International Dragon Boat Race and so on. By doing so, employees can establish solid friendship and develop understanding among team members and broaden personal horizons and experiences.



### Art Activities to Cultivate the Spirit and Humanity

Wistron often arranges a variety of art activities to encourage employee involvement, and thus to enrich their spirit. The Zhongshan Plant annually hosts employee painting and calligraphy exhibition and photography exhibition; the Kunshan Plant and Chongqing Plant host photography competition to encourage employees to enrich their personal life through art creation. The Taiwan Office Employee Welfare Committee negotiates with the domestic art performance group for favorable group purchase. In 2013, our employees purchased art performance entrance tickets for more than 2000 times and the total amount of money spent is above NTD 2 million. The Employee Welfare Committee also arranges regular events for employees, bringing all kinds of artistic activities to the office. On mother's day, employees as well as their families are invited to the National Drama Theatre to watch art performances. Wistron supports art activities and emphasizes on the promotion of humanity. We won the Wenxin Award issued by the Ministry of Culture in Taiwan.

### Work with Happiness and Life with Well-being

Since the majority of our employees are not locals, Wistron offers a high quality of life and leisure environment and comprehensive living facilities so that employees can receive intimate and considerate care.

- Dormitories are equipped with a desk, wardrobe a closet, air conditioning, bathroom, toilet, water dispensers, laundry facilities, TV rooms, gates and other facilities, providing efficient and convenient services as well as a safe and comfortable living environment.
- The dorm area with has a supermarket, a fruit shop, a mobile office, China Telecom business halls, cakes, hairdressers and other shopping venues that can meet the employees' basic needs without going outside.
- The living quarters comes with a basketball court, table tennis area, badminton court, billiards room, electronic reading room, a movie room, chess and card room, KTV and other recreational facilities, allowing the employees to enjoy lives life outside of work according to their personal interests and hobbies.

Apart from the provision of a dormitory to ensure the employees' accommodation, we also pay attention to employee couples' household demands. The Chongqing Plant seeks affordable housing for employees from the local government.

We will continue to value the welfare and needs of our employees to enhance their job satisfaction and quality of life so that they can work with happiness and lead a balanced, comfortable life.



Wistron encourage employee to participate different art activities.



Supervisors and team members from different departments joined Wistron Dragon Boat Tournament.



The Chengdu Plant emphasizes employees' lives during off-work time.



The Zhongshan Plant forms a bicycle club and encourage employee's participation.

# Statement

## INDEPENDENT ASSURANCE STATEMENT

### Introduction and objectives of work

BUREAU VERITAS Certification Taiwan has been engaged by Wistron Corporation to conduct an independent assurance of its "2013 Corporate Sustainability & Social Responsibility CS<sup>2</sup>R Report". This Assurance Statement applies to the related information included within the scope of work described below.

This information and its presentation in the "2013 Corporate Sustainability & Social Responsibility CS<sup>2</sup>R Report" are the sole responsibility of the management of Wistron Corporation. Bureau Veritas Certification Taiwan was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on the accuracy and reliability of information included, and on the underlying systems and processes used to collect, analyse and review it.

### Scope of work

Wistron Corporation requested Bureau Veritas Certification Taiwan to verify the accuracy of the following:

Data and information included in the 2013 Corporate Sustainability & Social Responsibility CS<sup>2</sup>R Report - for the year 2013

Evaluation of the Report against the main principles of the AA1000 Assurance Standard

- o Completeness (principle of inclusivity)
- o Materiality
- o Responsiveness

Evaluation of the Report against the principles of Accuracy, Accessibility, Balance, Clarity, Comparability, Reliability, Timeliness and Stakeholder Inclusiveness, as defined in the GRI Sustainability Reporting Guidelines G3.1

Excluded from the scope of our work is any verification of information relating to:

activities outside the defined verification period;

positional statements (expressions of opinion, belief, aim or future intention by Wistron Corporation) and statements of future commitment.

The report does not assure the information comes from the locations beyond Taiwan and China and Mexico and Czech Republic sites, which places are not in the assurance scope.

### Methodology

As part of its independent verification, Bureau Veritas Certification Taiwan undertook the following activities:

1. Interviews with relevant personnel of Wistron Corporation – 57 employees interviewed.
2. Review of documentary evidence produced by Wistron Corporation including the public quarterly finance reports.

4. Sample-based review of performance data that Wistron described in the report.
5. Review of Wistron Corporation systems for quantitative data and qualitative analysis by sample-based checks of the processes for gathering and managing the data included in the report.
6. Review of the stakeholder engagement process, but Bureau Veritas does not take part in the stakeholder engagement activity.
7. Understanding and interview on the policies, and review of the relationship between the opinions from the stakeholder and the policies.
8. Observing the AA1000 APS, and assuring the scope of work to be in compliance with the AA1000AS.

Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Assurance of Sustainability Reports, based on current best practice in independent assurance. For this assignment, we have used the International Standard on the GRI Reporting Framework and of AA1000 Typell.

The work was planned and carried out to provide reasonable, rather than absolute assurance and we believe it provides a reasonable basis for our conclusions.

### Our findings

On the basis of our methodology and the activities described above, it is our opinion that:

1. The information and data included in the scope of our assurance are accurate, reliable and free from material mistake or misstatement;
2. The information is presented in a clear, understandable and accessible manner;
3. The "2013 Corporate Sustainability & Social Responsibility CS<sup>2</sup>R Report" provides a fair and balanced representation of activities during the year 2013.;
4. The information in the "2013 Corporate Sustainability & Social Responsibility CS<sup>2</sup>R Report" allows readers to form a balanced opinion of Wistron Corporation activities and performance during the year 2013.;
5. Wistron Corporation has established appropriate systems for the collection, aggregation and analysis of relevant information;
6. The Report properly reflects the organisation's alignment to and implementation of the AA1000 Assurance Standard principles of Inclusivity, Materiality and Responsiveness in its operations. Further detail is provided below;

### Alignment with the principles of AA1000AS

#### Materiality

- We cannot point out any substantial aspects of "2013 Corporate Sustainability & Social Responsibility CS<sup>2</sup>R Report" missed by the company's management when making the Report or omitted purposely from reporting.
- The report is a balanced exposition of substantial economic, environment and social aspects of Wistron activity, determining indicators of the company's sustainable

# Statement

development considering potential and the conditions of development of the regions of operational activity.

- Information presented in the Report and on the corporate web site is significant for stakeholders and can have an impact on their future decisions and behavior toward the company. The Report addresses the range of environmental, social and economic issues of concern that Wistron Corporation has identified as being of material importance.
- The identification of material issues has considered both internal assessments of risks and opportunities to the business, as well as stakeholders' views and concerns. The performance is the result from their system management result. The Materiality issue is concerning about the focus on clients.

## Completeness

- Proceeding from our verification, we cannot name any unit/object of Wistron which is substantial for social reporting but not reflected in the Report's consolidated information.
- We think that the initial data of Wistron about the key indicators of performance were united and presented in the Report correctly. We did not find out any failures which might influence the completeness of disclosing activity indicators in the Report.
- Alongside with this we think that in describing management approaches, the company could have revealed more completely the general organizational objectives in relation to effectiveness with regard to each category of aspects.
- The Report accurately reflects the Wistron Corporation's understanding and management of the material issues it has identified. All areas and activities over which the organisation exercises influence or control have been considered for inclusion, without undue omission. Completeness of information has been pursued via established governance, customer focus and risk management processes.

## Responsiveness

- We are not aware of the areas which could have been reflected but were not reflected in the Report and in which the company would not be able to respond to the well-founded requirements of stakeholders.
- Responding to the needs of the regions of operational activity is exercised by way of realizing certain projects in the sphere of charity and sponsor activity. A basis for imparting the planned character to this activity on the corporate scale was created during the reporting.
- Wistron Corporation is responding to those issues it has identified as material and demonstrates this in its policies, objectives, indicators and performance targets. The reported information can be used by the organisation and its stakeholders as a reasonable basis for their opinions and decision-making.

## GRI report Structure

Wistron Corporation does fully provide the information to achieve the GRI grade A+, and the performance indices do correspond and can be cross referenced to the content of relevant GRI Protocols.

## Key areas for ongoing development

Based on the work conducted, we recommend Wistron Corporation to consider the following:

- Verify the quantification description throughout the report with an effective methodology.
- Extend the stakeholder engagement process to formally capture stakeholders' concerns and views in a structured manner across the organisation and also invite the 3<sup>rd</sup> party to participate the process. (MATERIALITY);

- A consistent approach to consultation with key stakeholders should continue to be a focus for improvement, to further reduce the possibility of unintentional exclusions to the scope of reporting (MATERIALITY);
- Enhance Corporate Responsibility awareness through internal workshops and leadership programmes over all entities falling within the scope (COMPLETENESS);
- Enhance, in the information system, the methodology of collecting and verifying information to ensure correctness.

## Limitations and exclusions

Excluded from the scope of our work is information relating to:

- activities outside the defined reporting period and scope;
- statements of commitment to, or intention to, undertake action in the future;
- statements of position, opinion, belief and / or aspiration;
- additional content on [http://www.wistron.com/about/cs2r\\_report.htm](http://www.wistron.com/about/cs2r_report.htm) ;
- any information hyperlinked from the web-based Report.

Much of the operating financial data in this Report is taken from Wistron Corporation, Annual Reporting and accounts, which is separately audited by an external auditor and therefore excluded from the scope of the Bureau Veritas assurance.

- This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report.

## Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social and Environmental management with almost 185 years history in providing independent assurance services, and an annual turnover in 2013 of 6.5 billion EURO.

No member of the assurance team has a business relationship with Wistron Corporation, its Directors or Managers beyond that required of this assignment. We have conducted this verification independently, and there has been no conflict of interest.

Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities.

Bureau Veritas Certification Tawian

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Technical Reviewer:

*C-F. Chang*

Date:15/May/2014

Assurer

*Assurer*

Date:15/May/2014



■ GRI Mapping Table

	GRI	Response
Strategy and Analysis	1.1	5~8
	1.2	55~56
Organizational Profile	2.1	1~2
	2.2	13~14
	2.3	17~18
	2.4	17~18
	2.5	17~18
	2.6	1~2
	2.7	11~12
	2.8	11~12
	2.9	17~18
	2.10	19~20
Report Parameters	3.1	1~2
	3.2	1~2
	3.3	1~2
	3.4	1~2
	3.5	22~24
	3.6	1~2
	3.7	1~2
	3.8	1~2
	3.9	1~2
	3.10	1~2
	3.11	1~2
3.12	223~226	
3.13	219~222	
Governance, Commitments, and Engagement	4.1	36~40
	4.2	37~38
	4.3	37~38
	4.4	25~28
	4.5	39~40
	4.6	39~40
	4.7	37~38
4.8	58~59	

■ GRI Mapping Table

	GRI	Response
Governance, Commitments, and Engagement	4.9	60~62
	4.10	58~59
	4.11	53~56
	4.12	19~20
	4.13	19~20
	4.14	22~24
	4.15	23~24
	4.16	25~28
Economic Performance	4.17	25~28
	EC1	3~4
	EC2	55~56
	EC3	161
Market Presence	EC4	49
	EC5	161~162
Indirect Economic Impact	EC6	131~134
	EC7	188
Materials	EC8	164, 182
	EC9	27~29
Energy	EN1	151~152
	EN2	151~152
	EN3	65~66
	EN4	65~66
	EN5	66~78
	EN6	66~78
	EN7	66~78
Water Resources	EN8	91~95
	EN9	94
	EN10	91~95
Biodiversity	EN11	105~108
	EN12	105~108
	EN13	105~108
	EN14	105~108
	EN15	105~108

■ GRI Mapping Table

GRI		Response
Emissions, Effluents & Waste	EN16	83~84
	EN17	83~84
	EN18	66~78
	EN19	84
	EN20	84
	EN21	91~95
	EN22	97~98
	EN23	101
	EN24	95~96
	EN25	94, 101
Products & Services	EN26	87~90
	EN27	151~152
Compliance	EN28	90
Transport	EN29	90
Overall	EN30	102~104
Employment	LA1	184~186
	LA2	187
	LA3	161
Labor/Management Relations	LA4	212~213
	LA5	212~213
Occupational Health & Safety	LA6	200
	LA7	202
	LA8	200
	LA9	198~200
Training & Education	LA10	189~196
	LA11	189~196
	LA12	189~196
Diversity & Equal Opportunity	LA13	185
	LA14	162
	LA15	162
Investment & Procurement Practices	HR1	47
	HR2	132
	HR3	158

■ GRI Mapping Table

GRI		Response
Non-Discrimination	HR4	159
Freedom of Association and Collective Bargaining	HR5	135~136, 158~160
Child Labor	HR6	135~136, 159
Forced & Compulsory Labor	HR7	135~136, 159
Security Practices	HR8	158
	HR9	159
	HR10	47
Indigenous Rights	HR11	159
	SO1	29~30
Community	SO2	41~43
	SO3	41~43
Corruption	SO4	41~43
	SO5	43
Public Policy	SO6	43
	SO7	43
Anti-Competitive Behavior	SO8	41
Compliance	SO9	29~30
	SO10	29~30
Customer Health & Safety	PR1	143~144
	PR2	143~144
Product & Service Labeling	PR3	139
	PR4	139
	PR5	129~131
Marketing Communications	PR6	Note (Not-Applicable)
	PR7	Note (Not-Applicable)
Customer Privacy	PR8	48~49
Compliance	PR9	125

[ Note ] Due to Wistron's B2B business model there is no marketing communications activity