

# 2017

## Corporate Social Responsibility Report



***winbond***

***We Deliver***

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# About this Report

Winbond Electronics Corporation (hereinafter referred to as Winbond) published its first CSR Report in 2015, enabling the stakeholders to be aware of our emphasis on and behavior in the face of sustainable development issues and stating the impacts of the company's operation in terms of environmental, social and economic aspects. This Report discloses Winbond's efforts and endeavors not only in its operation in the industry but also in social justice, community welfare, employee development, environmental protection, operational activities and promotion and the implementation of relevant measures to timely respond to the stakeholders' requirements in sustainable development and management.

## Scope of the Report and Statistics Basis

This Report is Winbond's third CSR Report, covering Winbond's corporate responsibility effort and results from Jan. 1, 2017 to Dec. 31, 2017. The scope of this Report covers Winbond's Headquarters and related operation systems and activities.

The statistics disclosed in this report are mostly from Winbond's own statistics and survey results. The financial data were audited and verified by Deloitte, and were calculated in New Taiwan Dollars; the ISO 14064-1 GHG emissions were verified by the British Standards Institute (BSI) Taiwan Branch; the ISO 14001, OHSAS 18001 and CNS 15506 were verified by DQS Taiwan Inc. Compared to our 2016 Report, there is no information re-editing and no noticeable difference in the scope of this 2017 Report.

## Referred Guidelines and Principles

This report is compiled primarily in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines Ver.4 (GRI G4) and the "Core" option. The identification, implementation and information disclosed in this Report regarding Winbond Electronics' corporate social responsibility policy has been verified using the AA1000 assurance criteria. The following programs and initiatives referred to are as follows.

- Global Reporting Initiative (GRI) Sustainability Reporting Guidelines
- Stakeholder Engagement Standard, AA1000 SES
- UN Sustainable Development Goals (SDGs)

## Third-party Verification

This Report was verified by British Standard Institution (BSI Taiwan), and it conforms to the core items of GRI G4 and AA 1000 Accountability Principles Standard (AA1000 SES, Type I, the Moderate Assurance). BSI verification report is detailed in the appendix.

## Publication

Winbond publishes its CSR Report annually.

Current Issue : June, 2018

Previous Issue : June, 2017

Next Issue : June, 2019

## Contact Information

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Download : [http://www.winbond.com.tw/hq/about-winbond/csr/csr-report/?\\_\\_locale=en](http://www.winbond.com.tw/hq/about-winbond/csr/csr-report/?__locale=en)



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# Letter from the Chairman

In 2017, Winbond has been established for 30 years. We have presented a good operating performance this year. Both the turnover and profitability have reached a new record high since 2000. What is more important, we have strengthened our core competencies in many fields, including the core technology of various products, connecting customers and markets with the concept of invisible champions, supply chain upgrades, IT applications and productivity enhancements. We also promoted the cultivation of corporate culture this year : " 誠信經營、當責團隊、熱情學習、積極創新、永續貢獻 ". The five core values are rooted in everyone's daily work.

At Winbond, business integrity is held as the highest ethical standards. We insist that all operational activities should take social responsibility into account. We create values for our employees, shareholders, and the society while persistently pursue sustainability toward our visions of "health, LOHAS, environmental friendliness, and earth preservation."

## Corporate Governance

Based on a comprehensive governance structure, Winbond effectively supervises its operations and prevents unlawful operations. The board actively participates in the making of strategic decisions with effective oversight. We strive to improve transparency in the operational information, safeguarding shareholders' fundamental rights and the rights to participate in decision-making.

## Economic Development

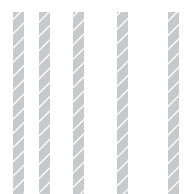
Based on the solid foundation of the Specialty DRAM, Winbond continued to win trust from its customers with its innovative technologies, robust capacity expansion, optimization of product portfolio and deep plowing of multiple application markets, enabling stable operating profitability for four consecutive years. We have developed two similar and internationally competitive product lines, Specialty DRAM and Code Storage Flash, which also represent our commitment to customers and our responsibility for the industrial development.

We commit ourselves to promoting our productivity and the quality of human life by creating new products and green technologies that feature low energy consumption and carbon emission, while respecting intellectual property rights and reinforcing information security and business confidentiality. Regarding the supply chain management, Winbond strives to build a stable and well-functioning supply chain relationship with our suppliers.

## Environmental Sustainability

Winbond complies with environmental laws, regulations, and international standards, striving to protect the natural environment while pursuing our aim of an "environmentally friendly life with low carbon footprint" and "a balanced and sustainable development of economy, society, and ecology."

In addition, we also strive to improve the efficiency of the use of different resources and to build and strengthen relevant environmental protection and treatment facilities in order to avoid water, air and land pollution. Furthermore, we also adopt the best possible measures for pollution prevention and control to reduce the adverse





effects of pollution on human health and the environment. Key performance indicators (KPIs) for water and electricity are set for the utilization rate of all important energy resources. In addition, targets are set every year, management plans are carried out and recycled materials with low impact on the environment are used to enable sustainable resources use on earth. We are committed to continuous improvement and aim at reducing the impact of production on the environment through source reduction and all-staff participation, working on preventing any predictable risks of environmental pollution.

## Social Care

The management of Winbond covers many important aspects. The fulfillment of corporate social responsibility can help the Company to move towards sustainable development. Therefore, we continue to be committed to environmental protection while pursuing growth and profitability. In addition, we are committed to social welfare and good communication with the government and society. Winbond expects all its business partners to follow the international development trend to support and actively fulfill their corporate social responsibility as a corporate citizen so as to enhance the economic contribution to the country, improve the quality of life of the employees, communities and the society, and to enhance the corporate-responsibility-based competitiveness.

Furthermore, to enhance the happiness indexes of our employees, Winbond advocates a balanced development of health, family, and work by actively promoting a wide variety of events such as sports activities, family day, parenting subsidies, multiple association activities, and a number of benefits to enable our employees to gain a sense of fulfillment and satisfaction of body and mind both from their jobs and from the time they spend with their family.

When pursuing growth and profit, we must bear in mind that the ultimate goal of all efforts is to make the world a better place. We encourage our employees to maintain health and family harmony and continue to promote social charity and sustainable development on earth. As the world grows exponentially and artificial intelligence generation comes, technology brings convenience to human beings, but it also has a major impact on human resource value. As a technology innovator, Winbond needs to add a new chapter to our corporate social responsibility. We need to develop a deep understanding of the interaction between human and technology, ensuring all start with good intentions in our quest for a better future.

Chairman Arthur  
Yu-Cheng Chiao

廖正朝



# Stakeholder Communication

## Identification of Stakeholder Engagement

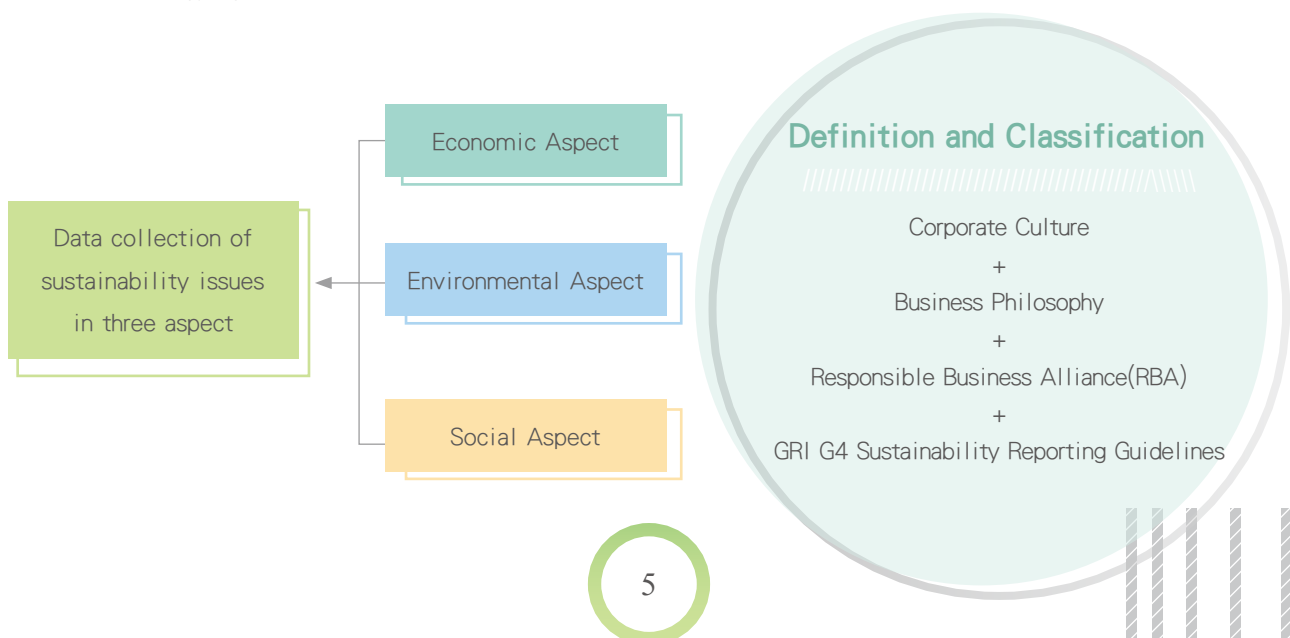
Aiming at sustainable development and long-term operation, Winbond identifies its stakeholders based on the five major principles of the AA1000 SES (Stakeholder Engagement Standard 2011), including Dependency, Responsibility, Influence, Tension, and Diverse Perspectives. Seven categories of key stakeholders are identified, including employees, government, clients/distributors, suppliers/subcontractors, shareholders/investors, banks/financial institutions, and media. In 2017, there was no difference categories of key stakeholders compared to 2016.

## Identification of Material Aspects

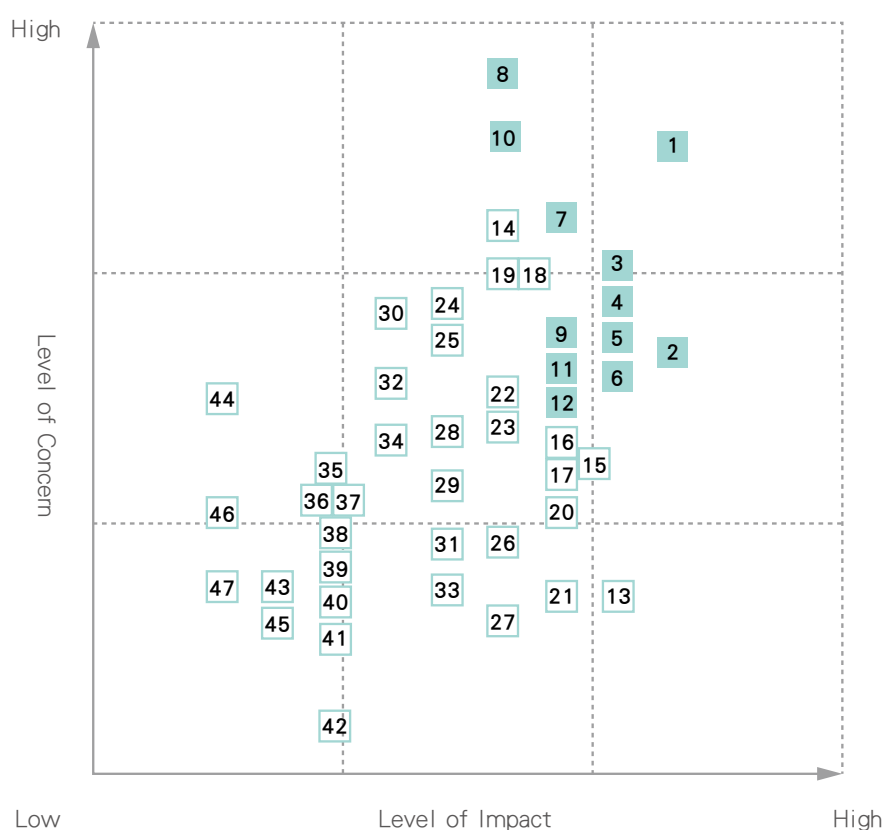
Based on Winbond's corporate culture and business philosophy and according to the definition and categorization of the Code of Conduct for the Electronic Industry and the Sustainability Report Guideline (G4) published by the Global Sustainability Report Association (GRI), the CSR Implementation Committee summarizes the sustainability issues from economic, environmental, and societal aspects.

To understand the stakeholders' level of concern in terms of the sustainability issues, we conducted a survey with the corresponding organizations of the stakeholders by means of interview or questionnaire. The participants were asked to rate their "level of concern of sustainability issues" on a 5-point scale with 5-Extremely concerned, 4-highly concerned, 3-somewhat concerned, 2-slightly concerned, and 1-not at all concerned. During 2017, a total of 127 questionnaires were returned. Similarly, for the question "the impact of sustainability issues on Winbond's operations," the Company's high level management were asked to rate the level of impact on a 5-point scale.

The substantial analytical results show that twelve issues were identified as material issues, including Economic Performance, Customer Health and Safety, Emissions, Customer Privacy, Water, Product and Service Labeling, Compliance (Environmental), Compliance(Social), Energy, Patent Right, Training and Education, Employment. When considering these material issues under the GRI G4 guidelines, DMA (Disclosure on Management Approach) and indicators related to management policy are selected as the main aspect for disclosure. For issues of low and medium concern, we continue to communicate and respond to our stakeholders and conduct management as well as demonstrate the results in the chapters concerning product responsibility, environmental sustainability and team accountability, including Compliance (Production), Procurement Practices, Overall, Effluents and Waste, Occupational Health and Safety, Equal Remuneration for Women and Men...etc.







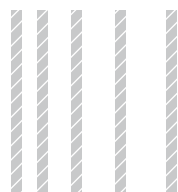
Aspects			
1. Economic Performance	13. Labor/Management Relations	25. Anti-competitive Behavior	37. Supplier Environmental Assessment
2. Customer Health and Safety	14. Overall	26. Products and Services	38. Non-discrimination
3. Emissions	15. Effluents and Waste	27. Diversity and Equal Opportunity	39. Assessment
4. Customer Privacy	16. Occupational Health and Safety	28. Supplier Assessment for Impacts on Society	40. Freedom of Association and Collective Bargaining
5. Water Resources	17. Anti-corruption	29. Child Labor	41. Supplier Assessment for Labor Practices
6. Product and Service Labeling	18. Forced or Compulsory Labor	30. Transport	42. Indigenous Rights
7. Compliance (Environmental)	19. Compliance (Production)	31. Labor Practices Grievance Mechanisms	43. Public Policy
8. Compliance (Social)	20. Biodiversity	32. Materials	44. Investment
9. Energy	21. Local Communities	33. Human Rights Grievance Mechanisms	45. Security Practices
10. Patent Right	22. Equal Remuneration for Women and Men	34. Environmental Grievance Mechanisms	46. Procurement Practices
11. Training and Education	23. Marketing Communications	35. Grievance Mechanisms for Impacts on Society	47. Supplier Human Rights Assessment
12. Employment	24. Market Presence	36. Indirect Economic Impacts	

■ Primary Aspects

## The Determination of Materiality Border

V represents the materiality



Decision-Making Process	Within the boundary of the organization		Outside the organization		Chapter and Section of DMA
	Winbond	Subsidiary	Suppliers	Customers	
Economic Performance	v	v		v	1.1.1
Customer Health and Safety	v	v	v	v	2.3
Emissions	v	v	v		3.2
Customer Privacy	v	v		v	2.4
Water	v	v	v		3.4
Product and Service Labeling	v	v	v	v	2
Compliance (Environmental)	v	v	v	v	3.1
Compliance (Social)	v	v	v	v	1.1.3
Energy	v	v			3.3
Patent Right	v	v			1.1.2
Training and Education	v	v			4.1.2
Employment	v	v			4.2



## Stakeholder Communication

Stakeholders	Concerned issues	Communication channel	Results of communication during 2017
 Employees	Training and Education	<ul style="list-style-type: none"> <li>Employees Grievance hotline (at all times)</li> <li>Employee committee against sexual harassment (at all times)</li> <li>Functional communication meeting (periodical)</li> </ul>	1. 8 proposals were received and processed through the suggestion boxes in 2017.
	Compliance (Environmental)	<ul style="list-style-type: none"> <li>Bulletin board of Winbond's internal Website (occasional)</li> <li>Training course (periodical)</li> </ul>	2. The Company set a grievance hotline (75234) for employees. One grievance case was reported in 2017.
	Economic Performance	<ul style="list-style-type: none"> <li>Employee Welfare Association (occasional)</li> </ul>	3. No sexual harassment case was reported in 2017.
	Employment	<ul style="list-style-type: none"> <li>Health care activities (occasional)</li> <li>Industrial safety meeting (monthly)</li> </ul>	4. 8 labor-management meetings and 1 briefing were held during 2017; 3 workday issues were reported.
	Compliance (Social)	<ul style="list-style-type: none"> <li>ESH Council (quarterly)</li> </ul>	5. A total of 4 sessions of "Management Discussion Meeting" were held in 2017, with a total of 1,134 participants.
	Customer Privacy	<ul style="list-style-type: none"> <li>Employees suggestion boxes (at all times)</li> </ul>	6. The promotion of innovative tool courses was continued in 2017, including data science, TRIZ and brain creativity development courses. Courses related to innovative invention of tools were attended by 1,276 people, with a total of 3,669 hours of training.
	Product and Service Labeling	<ul style="list-style-type: none"> <li>Health counseling (at all times)</li> <li>Health, stress, soreness questionnaire (yearly)</li> <li>Regular training concerning environmental protection and safety and health education</li> </ul>	7. By the end of 2017, a total of 2,634 person-times received CSR-related courses (including labor rights, environmental protection, health and safety, and code of ethics), with a total duration of 1,472 hours and a completion rate of 100%
 Clients / distributors	Compliance (Environmental)		1. In 2017, the customer satisfaction survey was conducted, and the average satisfaction was over 85%.
	Customer Health and Safety	<ul style="list-style-type: none"> <li>Client audit(occasional)</li> <li>Business meeting (periodical)</li> </ul>	2. In addition to regular visits to customers, our sales staff usually make use of the telephone and email to make instant contact and solve the problems.
	Customer Privacy	<ul style="list-style-type: none"> <li>Technical seminar (occasional)</li> </ul>	3. General customers can also make use of the interface on our official website for consultation.
	Compliance (Social)	<ul style="list-style-type: none"> <li>Telephone, email (instant)</li> <li>Questionnaire (periodical)</li> </ul>	4. The Company regularly attends the Electronica held in Munich biennially.
	Product and Service Labeling		5. We attend customer internal training for the demonstration and presentation of the products.

Stakeholders	Concerned issues	Communication channel	Results of communication during 2017
 Shareholders/ investors	Economic Performance	<ul style="list-style-type: none"> <li>Shareholders' meeting (annual)</li> <li>Investor conference (every 6 months)</li> <li>IR one-on-one (meeting 10-20 times/quarter)</li> <li>Telephone or e-mail</li> <li>Stock Exchange Open Information Observatory (occasional)</li> <li>Official Website (occasional)</li> </ul>	<ol style="list-style-type: none"> <li>Regular shareholders' meeting.</li> <li>Monthly disclosure of revenue report on the Website.</li> <li>Quarterly disclosure of financial statements on the Website.</li> <li>The Investor conference is held every six months.</li> </ol>
 Suppliers/ subcontractors	Customer Privacy  Compliance (Social)  Emissions  Waste Resources  Compliance (Environmental)  Product and Service Labeling	<ul style="list-style-type: none"> <li>Supplier audit (yearly)</li> <li>Rating of major suppliers (regularly)</li> <li>External complaint mechanism (instant)</li> <li>Major suppliers' quality meeting (monthly/ quarterly)</li> <li>Contractors Association (monthly)</li> </ul>	<ol style="list-style-type: none"> <li>Completion of supplier CSR &amp; HSF audits.</li> <li>100% suppliers signing the Letter of Commitment for Ethical Integrity &amp; Responsible Business Alliance (RBA) statement.</li> <li>No complaints from suppliers were reported.</li> <li>100% major suppliers signing the statement on the use of conflict mineral.</li> </ol>
 Government	Compliance (Environmental)  Compliance (Social)  Water Resources	<ul style="list-style-type: none"> <li>Documents (non-periodical)</li> <li>Regulatory briefing (occasional)</li> <li>Gov't decrees (non-periodical)</li> <li>Inspection of the competent authorities (non-periodical)</li> </ul>	<ol style="list-style-type: none"> <li>The carbon reduction measures taken helped reduce 193,830 tons/Co<sub>2</sub>e in 2017, equivalent to the annual of carbon sequestration of 502 Da An Forest Parks.</li> <li>122,000 m<sup>3</sup> of water was saved.</li> <li>6,013 tons of waste was reduced.</li> <li>In addition to regular participation of publicity briefing held by competent authorities for securities, the Company also make discussions and communications concerning relevant issues with the competent authorities.</li> <li>The Company was selected as the "TWSE Corporate Governance 100 Index" in 2015, 2016 and 2017.</li> <li>The company will continue to pay attention to the trend of corporate governance and consider the scale of the Company, the direction of development and the external environment to make gradual introduction and deepen the five major aspects in terms of corporate governance in an attempt to enhance the corporate governance performance, aiming at achieving the balance of the interests of all the stakeholders.</li> </ol>

Stakeholders	Concerned issues	Communication channel	Results of communication during 2017
 Banks/ financial institutions	Employment  Economic Performance  Compliance (Environmental)  Compliance (Social)  Patent Right	<ul style="list-style-type: none"> <li>Documents (non-periodical)</li> <li>Regulatory briefing (occasional)</li> </ul>	Obtain the bank financing and strive for lower interest rate based on the company's general capital needs or capital expenditure on expansion to reduce the costs.
 Media	Economic Performance  Emissions  Patent Right  Compliance (Environmental)	<ul style="list-style-type: none"> <li>Press releases</li> <li>Interview with reporters</li> <li>Telephone and e-mail</li> </ul>	<ol style="list-style-type: none"> <li>1. Provide monthly revenue press release.</li> <li>2. Provide the press release of the Company's operating report every six months.</li> <li>3. Two press interviews a year.</li> <li>4. Irregular communication via phone calls or e-mails.</li> </ol>



# 1. Business Integrity

- 1.1 About Winbond
- 1.2 Corporate Culture
- 1.3 Overview of Corporate Governance
- 1.4 Risk Management
- 1.5 Management System
- 1.6 Participation in External Organizations

## Performance

☛ The total consolidated revenues of Winbond in 2017 amounted to **NTD 47.592 billion**, a 13.07% increase compared to 2016.

☛ We applied for 429 inventions and were granted **306 patents** in 2017.

☛ In 2017, we received 4 inspections on occupational safety and health, 9 inspections on environmental protection, and 2 inspections on fire control by various governmental agencies.

**None** of these inspections found any violations of laws and regulations related to domestic labor, occupational safety and health, environmental protection, and fire control.





☛ The average hours of training and education of supervisors and directors in 2017 reached 11.3 hours to enhance the management capabilities. The evaluation result of the corporate governance in 2017

was **within the top 6~20%** of all listed companies.

☛ **No violation** of integrity were reported through the grievance channels in 2017.

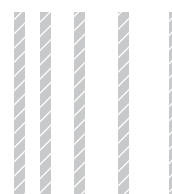
Winbond clearly stipulates its ethical management policies with a range of internal rules and regulations established, including "Corporate Social Responsibility Management Procedure," "Corporate Social Responsibility Best Practice Principles," "Corporate Governance Best Practice Principles," "Ethical Corporate Management Best Practice Principles," "Work Rules," and "Procedures for Handling Cases Violating Ethical Management." It requires all operational activities of the Company and subsidiaries to comply with relevant laws and regulations, abide by ethical codes of conduct, avoid unfair competition, and stay clear of bribery, striving to build a fair competitive environment by establishing a sound management system.

Upholding "ethical operation" as its topmost ethical standard, the Company strictly prohibits any form of corruption, bribery, extortion, embezzling of public funds, and offering or accepting bribes. In addition, the Company also complies with Code of Conduct for Antitrust Compliance to establish a trustworthy and respected corporate reputation.

## 1.1 About Winbond

Winbond was established in September, 1987 and listed on Taiwan Stock Exchange in October, 1995, and the headquarters is in Central Taiwan Science Park, Taichung, Taiwan. Our corporate director, Walsin Lihwa, is not only our founding shareholder but also the largest shareholder since establishment, with the shareholding ratio at 22%. Winbond is a specialty memory IC company engaged in design, manufacturing and sales services. From product design, research and development, and wafer fabrication to the marketing of brand name products, Winbond endeavors to provide its global clients with low to medium density niche memory solutions.

Full name of Company	Winbond Electronics Corp.
Number of employees (Globally)	2,824
Capital	NT\$39.8 billion (We completed the cash capital increase on December 15, 2017 and raised NT\$ 8.8 billion, and the capital increased to NT\$ 39.8 billion)
Date of Establishment	1987/9/29
Main Products and Technologies	Code Storage Flash Memory, Specialty DRAM and Mobile DRAM
Chairman	Arthur Yu-Cheng Chiao
President	Tung-Yi Chan
Headquarters	No. 8, Keya 1st Rd., Daya Dist., Central Taiwan Science Park, Taichung City
Operation Centers	USA, Japan, China, Hong Kong, and Israel



## 1.1.1 Economic Performance

### Economic Performance Disclosure of Management Approach in 2017

<b>Importance</b>	Measure the value-creating benefits and stably generate surplus and cash to increase the value of the Company.
<b>Policy</b>	Track the progress and benefits of value-added innovative products with low energy consumption, high speed and information security and expect to create operational performance with higher product added value.
<b>Goals</b>	Short-term: To understand short-term operating performance with various financial indicators. Medium-term: To pursue stable operation and profit growth. Long-term: To create the corporate value for sustainable management.
<b>Resources</b>	Relevant departments such as Marketing Department, Business Department and Business Analysis Department are established to track the economic performance.
<b>System</b>	Construct high-efficiency information reporting with big data analysis tools and new knowledge in the field of Industry 4.0, and regularly hold meetings on management by objectives to follow up on the achievement of reviewed objectives and take necessary management measures.
<b>Measures</b>	Regularly report and track economic performance. Relevant units should propose suggestions and solutions.

Winbond releases its revenue report onto its official Website by the 10th day of every month, and holds investors' conference on a quarterly basis. Detailed operational information can be found at <https://www.winbond.com>.



Winbond Official Website

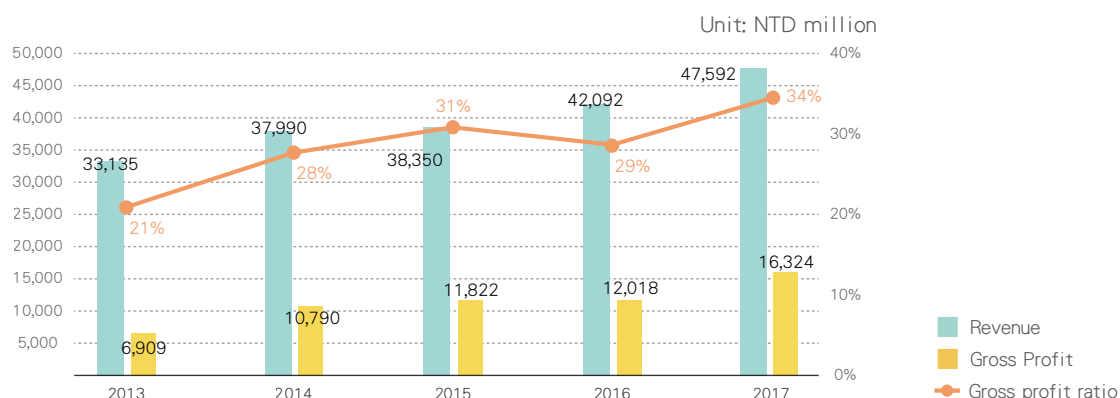
Winbond has delegated spokesmen, deputy spokesmen, and investor relationship and stock service departments to ensure availability of operational information to our investors and shareholders. Video recordings and presentation documents of the semiannual investor's conferences are publicized on our Website. Furthermore, the shareholders may make proposals to the company in written forms at the annual shareholders' meeting. We strive to increase transparency of our finance and operations to inform our investors of better investment decisions on the basis of open information. We did not apply for government-related grants and political contributions in 2017.

Winbond's consolidate revenues reached NT\$47.592 billion in 2017, a 13.07 % increase compared to 2016. The combined net profit after tax was NT\$5.823billion, with a NT\$1.54 after-tax earnings per share, which is a NT\$0.73 increase over the previous year. Furthermore, the annual income tax paid was NT\$79.160 million and the cash dividends distributed reached NT\$ 2,143.489 million. Please refer to our annual reports for details of the combined revenues of Winbond and its subsidiaries.

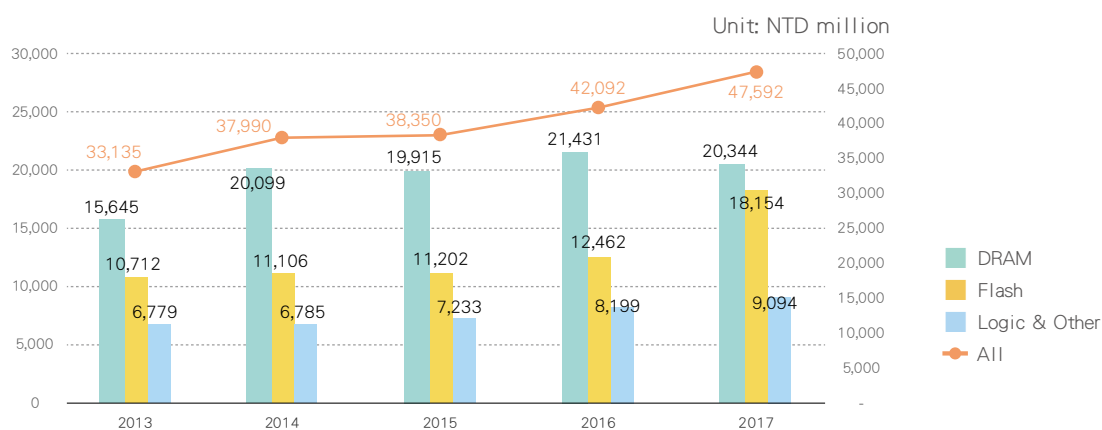
Unit : NTD million

Item/ Year	2013	2014	2015	2016	2017
Revenue	33,135	37,990	38,350	42,092	47,592
Gross Profit	6,909	10,790	11,822	12,018	16,324
Operation gain(loss)	765	3,658	4,109	3,713	6,656
Non-Operating Income and Expenses	(207)	283	139	42	442
Net profit (loss) before tax	559	3,941	4,248	3,755	7,098
Deduction : Income tax expense	271	730	775	615	1,275
Net profit (loss) of the term	287	3,211	3,473	3,140	5,823
Other comprehensive income of the term	1,567	294	(1,754)	2,485	3,750
Total comprehensive income	1,855	3,505	1,718	5,625	9,573
Earnings (loss) per share (NT dollar)	0.06	0.83	0.90	0.81	1.54

### Consolidated revenue and gross profit



### Trend of consolidated net sales during the past five year (2013~2017)

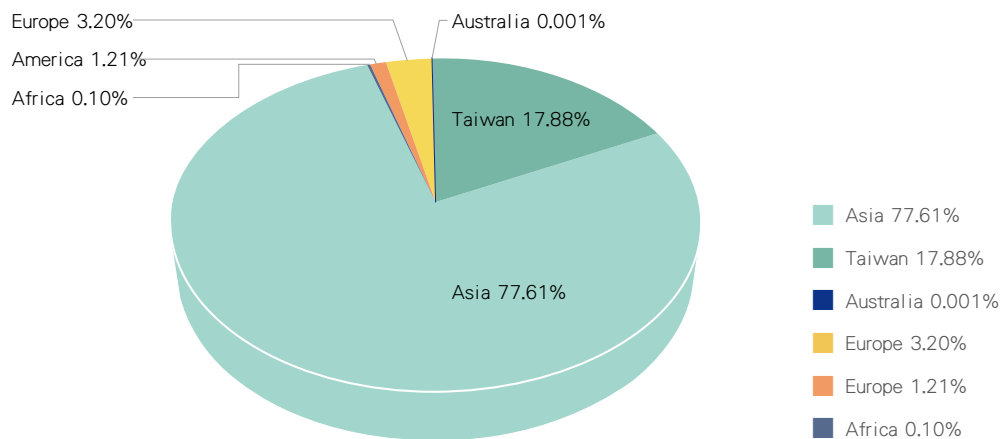


## 1.1.2 Global Layout

Winbond's major product lines include Code Storage Flash Memory, Specialty DRAM and Mobile DRAM. Our advantage of technological autonomy and prudent capacity strategy enables us to build a highly flexible production system and create synergy among product lines, which allows us to meet the diverse demands of customers while building the brand image.

To provide timely and respective services to clients around the world, Winbond has set up operations and distributor networks in the USA, Japan, China, Hong Kong and Israel. With regard to quality, Winbond implements rigorous process control and quality control, strengthening yield analysis and supply chain management to satisfy customer needs. In 2017, there was no added new operation base or sales area compared to 2016.

### Sales Distribution



### Global Bases

## Winbond Worldwide



Please refer to our annual reports for detailed information of Winbond and its subsidiaries.



## Patent Right

### Patent Management Approach in 2017

#### Importance

Applying for patents is the Company's key performance index in terms of R&D and the technical capacities, protecting the Company's intellectual property from falling into the hand of our competitors. If necessary, patent licensing of cutting-edge technology should be obtained to prevent the Company and our clients from allegations of infringement.

#### Policy

Encourage patent application to protect the Company's intellectual property rights.

#### Goals

Short-term: To invest in R&D resources.  
Medium-term: To accumulate the number of patents.  
Long-term: To enhance the quality and value of patents.

#### Resources

Intellectual Property Department, Patent Committee

#### Systems

External system: Patent authorities of different countries and relevant laws and regulations  
Internal system: Patent (Patent Right) application and rewards

#### Measures

1. The Intellectual Property Department is responsible for the handling of relevant processing patent matters, and outside counsels may be delegated depending on the cases.
2. The Intellectual Property Department is responsible for the application and maintenance of intellectual property rights and holding regular patent review meetings. The R&D staff and patent engineers jointly evaluate on relevant applications and the value of the patents obtained to decide whether to continue to maintain the patent(s).
3. The Intellectual Property Department is responsible for the implementation of management, assessment, rewards and application planning, and obtaining the patents in accordance with relevant patent laws and regulations.

To implement the management and application planning of intellectual property rights (IPR), the Company encourages the employees to create inventions and apply for patent rights to protect the IPR and the R&D results. Internally, relevant measures (such as patent application and rewards) and the unit(s) in charge (such as Intellectual Property Department and Patent Committee) are established to implement the management, assessment, reward and application planning of the IPR. After the internal patent assessment and the strict review mechanism of the external competent units in accordance with the patent laws and review requirements of patent offices in the world, the Company can obtain effective patent rights issued by different countries.





The R&D units of the Company have the annual targets for inventions. In addition, there are also several meetings on innovation and brainstorming every year to actively tap the idea of inventions to promote patent output. For the cumulative number of patents, they will be regularly categorized into different levels based on the Company's assessment criteria for the utilization of patents based on the needs (such as interactive authorization, assignment, and termination of maintenance). From 2013 to 2017, education and training on the technology development of cutting-edge products of DRAM/FLASH and training on IPR related topics were held to establish IPR protection concepts for our employees, to stimulate their ideas of invention and to assist in the production of proposals for inventions, and will be significantly increased year by year.

Year	Number of Patents
2014	We applied for 356 inventions and were granted 105 patents.
2015	We applied for 306 inventions and were granted 209 patents.
2016	We applied for 354 inventions and were granted 318 patents.
2017	We applied for 429 inventions and were granted 306 patents.

The Company respects IPR of others, and was not involved in any patent infringement lawsuit cases in 2017.

### 1.1.3 Social Compliance

Winbond complies with the Company Act, Securities and Exchange Act, Business Entity Account Act, Political Donation Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

#### Social Compliance Disclosure of Management Approach in 2017

##### Importance

Regulatory compliance avoids the Company from exposure to risks for additional losses (including administrative fines and civil and criminal liabilities) due to illegal acts so as to ensure corporate image, goodwill, customer loyalty, consumer satisfaction and sustainable management.

##### Policy

1. The Company complies with the Company Act, Securities and Exchange Act, Business Entity Account Act, Political Donation Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.
2. The Company has been upholding the philosophy of integrity management. With good faith as the basis, we pay close attention to the integrity to customers externally and strictly require our employees to be self-disciplined to comply with the company's norms, establishing good corporate governance and risk control mechanism to create a business environment for sustainable development.

##### Goals

To reach zero violation.

**Resources**

1. The accounting system and internal control system of the Company shall be designed and implemented in accordance with the principle of integrity management, and shall be reviewed at any time to ensure its continuous and effective operation.
2. The internal audit unit shall conduct regular audit to check on such compliance and report to the Board. If necessary, the auditing can be conducted by an accountant or professional.
3. Winbond's "Identification of Labor and Ethics-related Regulations" and "Inspection Management Procedures and Identification of ESH related Regulations and Inspection Management Procedures" stipulate that labor ethics and safety and health units are required to check the legal changes and review the revision of the relevant internal measures. According to the "Regulations on Self-assessment of Internal Control System", each unit performs self-assessment at least once a year to check whether the relevant operations are carried out in accordance with regulations.

**Systems**

External system: The regulations regulated by local authorities are used as the basis for the Company's operation standards and practices.

Internal system: Every year, the procedures are audited based on legal regulations and the Company's operating standards, and the scope and items of the audit will be revised as the situation demands to prevent the occurrence of all kinds of illegal activities to ensure the Company's sustainable management.

**Measures**

When performing duties, directors, supervisors, managers, employees, and mandataries of TWSE/GTSM listed companies or persons having substantial control over such companies ("substantial controllers") shall comply with legal provisions and regulations.

To improve the organizational structure and the operational management and to fulfill the Corporate Social Responsibility to set an excellent corporate reputation and image, Winbond performs a quarterly review on newly added or revised laws and regulations to check for applicability and compliance, and keeps records of the results. At the same time, based on these results, the internal job specifications or procedures are formulated or amended. Winbond received 4 inspections on occupational safety and health, 9 inspections on environmental protection, and 2 inspections on fire control by various governmental agencies and passed the Validated Assessment Process of the Responsible Business Alliance (RBA) every two years. None of these inspections found any violations of laws and regulations related to domestic labor, occupational safety and health, environmental protection, and fire control. On the part of labor and integrity, Winbond has established a sound human resources management system and implemented related operations. The competent authority didn't implement labor inspections in 2017, and no violation of the provisions of the domestic labor law was found by internal self-assessment. In 2017, there was no penalty for violation of the regulations.

Review of laws and regulations relating to labor and ethical integrity		Review of laws and regulations relating to occupational safety and health, environmental protection, and fire protection	
Time of legislative notice	Review result	Time of legislative notice	Review result
Q1 2017	Review completed in April, 2017	Q1 2017	Review completed in April, 2017
Q2 2017	Review completed in September, 2017	Q2 2017	Review completed in July, 2017
Q3 2017	Review completed in November, 2017	Q3 2017	Review completed in October, 2017
Q4 2017	Review completed in February, 2018	Q4 2017	Review completed in January, 2018

### 1.1.4 Avoidance of Conflict of Interests

Since 2014, the Company has set up independent directors. Independent directors may, from an objective and impartial standpoint, make recommendations based on their expertise and experience. The principle of avoidance of conflict of interests should be observed to protect the interests of the Company. The Company regularly updates the names of its associates and includes them into transaction review processes to avoid conflicts of interests.

In addition to the rules of procedure for the Board of Directors, directors must disclose to the Board of Directors, if they themselves, or the juristic person they represent, have a conflict of interests with respect to any agenda item, the material contents of the personal interest. Where the director's personal interest is possible to cause damage to the interest of the Company, the interested director shall not participate in any discussion or vote on that agenda item and shall not act as another director's proxy to exercise voting rights on that matter. The code of conduct for directors and supervisors should be observed for this matter.

Directors recused themselves from discussion or voting on an agenda item in which they have an interest :

Name of Director	Agenda item	Reason for recusal	Voting on the agenda item	Notes
Hui-Ming Cheng	Removal of non-compete clause for director representative Mr. Hui-Ming Cheng.	The director has an interest in the matter.	Did not participate in voting	14th meeting of 10th-term Board
Arthur Yu-Cheng Chiao/ Tung-Yi Chan	2016 pay and compensation for individual managerial officers.	The director has an interest in the matter.	Did not participate in voting	14th meeting of 10th-term Board
Arthur Yu-Cheng Chiao/ Tung-Yi Chan	2015 pay and compensation for individual managerial officers.	The director has an interest in the matter.	Did not participate in voting	17th meeting of 10th-term Board
Jerry Hsu	Removal of non-compete clause for directors (independent directors included).	The director has an interest in the matter.	Did not participate in voting	20th meeting of 10th-term Board
Arthur Yu-Cheng Chiao/ Tung-Yi Chan	2016 pay and compensation for individual managerial officers.	The director has an interest in the matter.	Did not participate in voting	20th meeting of 10th-term Board
Arthur Yu-Cheng Chiao/ Tung-Yi Chan	2017 pay and compensation for individual managerial officers.	The director has an interest in the matter.	Did not participate in voting	20th meeting of 10th-term Board
San-Cheng Chang/ Francis Tsai/ Allen Hsu/ Jerry Hsu	Appointment of Mr. San-Cheng Chang, Mr. Francis Tsai, Mr. Allen Hsu and Mr. Jerry Hsu to the 3rd-term compensation committee.	The director has an interest in the matter.	Did not participate in voting	1th meeting of 11th-term Board
Yuan-Mou Su	Promotion of Mr. Yuan-Mow Su to deputy CEO.	The director has an interest in the matter.	Did not participate in voting	2th meeting of 11th-term Board
Arthur Yu-Cheng Chiao/ Yuan-Mou Su	2017 Q1 and Q2 performance bonus for individual managerial officers.	The director has an interest in the matter.	Did not participate in voting	4th meeting of 11th-term Board
Arthur Yu-Cheng Chiao/ Yuan-Mou Su	Shares that may be subscribed by individual managerial officers in the 2017 cash capital increase.	The director has an interest in the matter.	Did not participate in voting	4th meeting of 11th-term Board

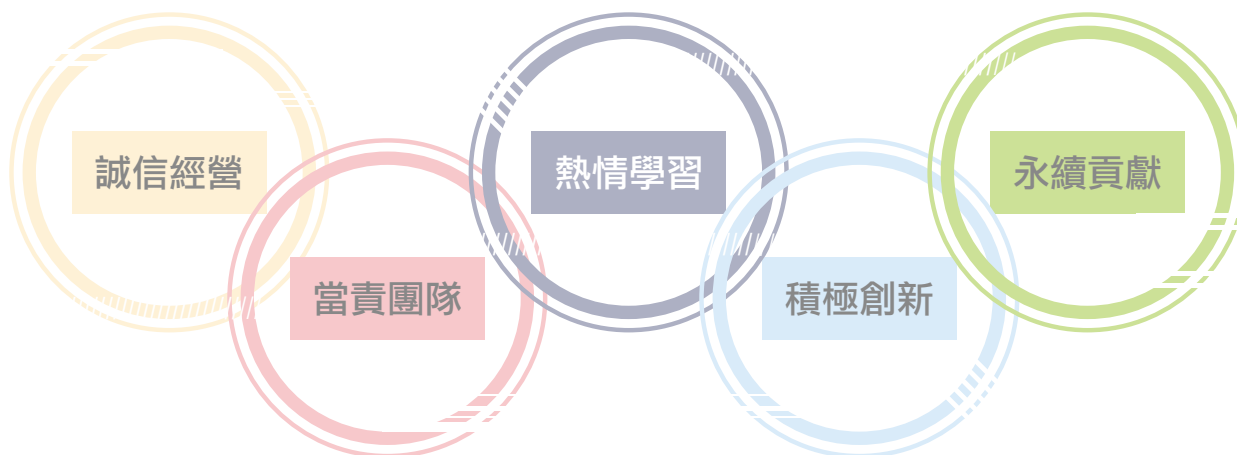
### 1.1.5 Grievance Channels

All business activities within the Company are required to take into account corporate social responsibility, ensuring compliance with corporate ethics and government decrees, while upholding ethical operation in all business endeavors. If our employees violate the above behavior, the stakeholders may immediately report it to the relevant personnel of Winbond and provide relevant evidence. The Stakeholder Area on Winbond's Website provides complaint channels, and the grievance hotline is (04) 2521-3579 and complaint mail box (Internal\_audit@winbond.com) for individuals inside or outside of the Company to report violations or misconducts anonymously or non-anonymously. Any individual or group (e.g., customers, suppliers) from outside of the Company may report misconducts to the internal auditing department. Upon reception of such complaints, an ad hoc team may be formed for investigation. No cases were reported through the complaint mechanism in 2017. In addition, we also set up a stakeholder area on the Winbond Website as an additional channel for communication. The employees may consult with the legal department for moral and legal issues.

Complaints are handled confidentially with the principle of fair and proper treatment. Filing complaints should not lead the complainant to dismissal, job transfer, or any other negative consequences to their employment, nor should they be discriminated or intimidated by colleagues. All stakeholders including staff members are encouraged to file complaints against improper conducts.

## 1.2 Corporate Culture

“誠信經營、當責團隊、熱情學習、積極創新、永續貢獻” is Winbond's corporate culture. It represents the Company's core values, beliefs, and deeds that should be understood and practiced by every member of Winbond.

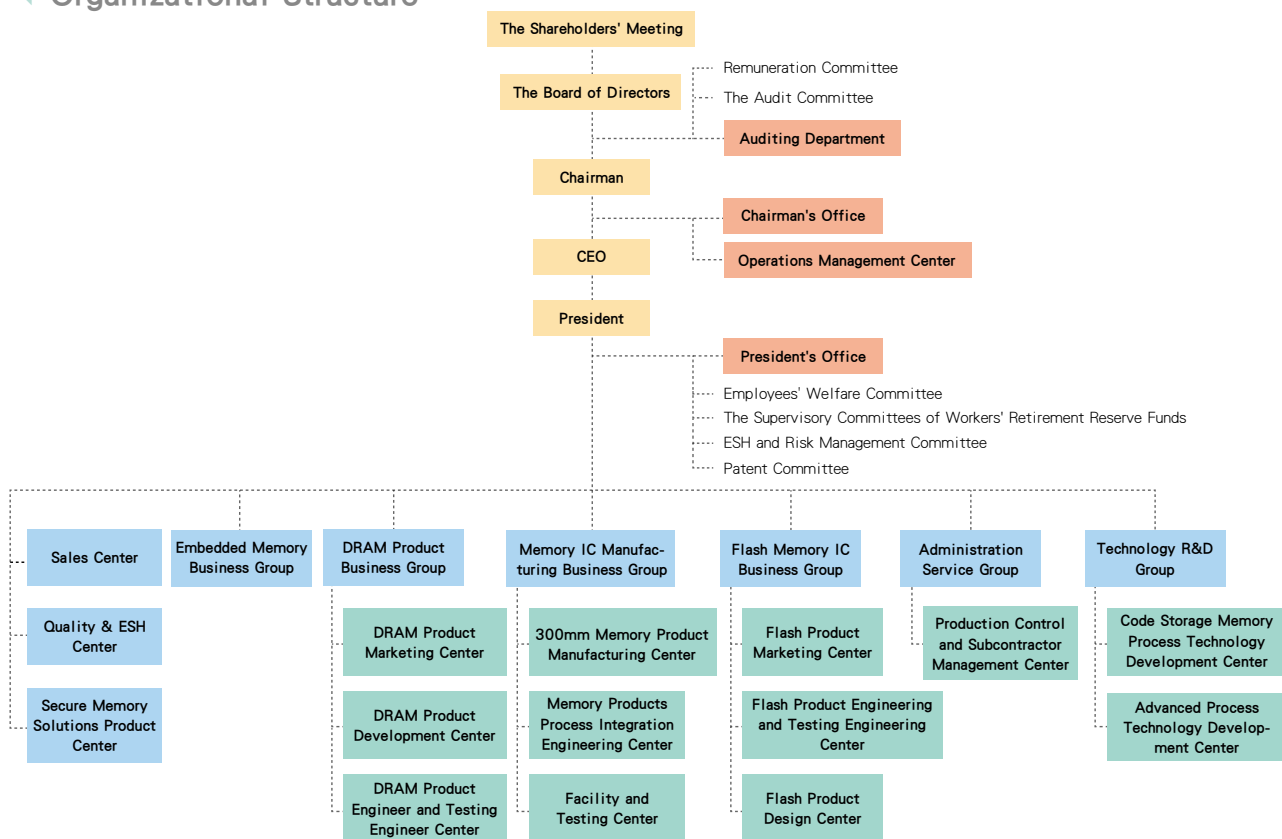


Winbond constantly provides customer-oriented services, with concentrated resources on the markets in which we have a competitive advantages. Leveraging advanced semiconductor design and manufacturing technologies in combination with creativity and wisdom of its employees, Winbond implements its corporate values in every business activity to achieve the objectives of the Company.

## 1.3 Overview of Corporate Governance

### 1.3.1 Corporate Organizational

#### Organizational Structure



### 1.3.2 Board of Directors

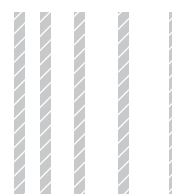
The Board of Directors is the highest body of governance in Winbond. The 11th Board of Directors is composed of eleven directors (including four independent directors). There are seven board members whose age are 50 years old and above and four between 30 and 50 years old. Their professional experience covers different industries, and they are equipped with the capabilities required in executive directors to provide management team constructive comments and strategies. The Board includes four independent directors and three female director.

Non-organizational directors account for more than two-thirds of the total seats. The only juridical person director, Walsin Lihwa Corp., is the founding shareholder of the Company and the largest shareholder since founding, who has been acting as a director since the founding of the Company. In June of 2017, the Audit Committee is set up in place of supervisors, Winbond does not make any significant changes in organizational structure and operational bases.

Detailed information of educational background and employment history of the directors can be found in the Company's 2017 annual report.

The expertise and capabilities of the members of the Board are detailed as follows.

Position	Name	Gender	Diversified core items				
			Management	Leadership decision	Industry knowledge	Financial accounting	Information
Chairman	Arthur Yu-Cheng Chiao	Male	v	v	v	v	v
Deputy Chairman	Yuan-Mou Su	Male	v	v	v		v
Director	Matthew Feng-Chiang Miao	Male	v	v	v	v	v
Director	Yung Chin	Female	v	v	v	v	v
Independent Director	Francis Tsai	Male	v	v	v	v	v
Independent Director	Allen Hsu	Male	v	v	v	v	
Independent Director	Jerry Hsu	Male	v	v	v	v	
Independent Director	San-Cheng Chang	Male	v	v	v		v
Director	Wei-Hsin Ma	Female	v	v	v	v	v
Director	Chih-Chen Lin	Male	v	v	v	v	v
Director	Walsin Lihwa Corporation (Representative : Sophi Pan)	Female	v	v	v	v	





## Election of Directors

Winbond's Board of Directors has adopted a candidate nomination system for director election since 2014. Nomination is based on considerations regarding the scale of the Company's growth, distribution of major shareholders, and membership diversity (e.g., professional backgrounds, gender and expertise). The independency of independent director candidates shall also meet the requirements of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. According to the first clause of Article 192 of the Company Act, shareholders holding more than 1% of the total shares issued by the Company may be nominated in written form as a director candidate. The list of the candidates may be publicized upon the approval of the Board of Directors. Election will be subsequently conducted at a shareholder meeting. The tenth and eleventh directors of the Company were elected through the nomination process and the election.

Since 2011, the Company has established a Board Performance Evaluation System to evaluate the Board performance in terms of the company's strategic direction and supervise the operations of management so as to increase the long-term value of its shareholders.

The Board of Directors shall hold a strategic meeting on a quarterly basis to hear the management team report on the operation situations and financial status. If there is significant difference, the Board shall urge the managers to provide an analytical review for the updates of the Company's operational plans and annual budgets.

Every December, the directors of the Company would make self-evaluation in accordance with the Measures of Remuneration and Performance Evaluation of Directors for the overall performance of the Board in terms of the five major aspects of the level of participation in company operations, enhancement of the decision-making quality of the Board, the composition and structure of the BOD, the selection of directors and continuing training and internal control. At the same time, the members of the Board would also make self-evaluation of the grasp of company's goals and tasks, the cognition of the directors' responsibility, the level of participation in company operations, internal communication management and communication, directors' expertise and continuing education and internal control. The results were organized and reported to the Remuneration Committee and the BOD and that would serve as the basis for the Board Performance Enhancement Project in the following year. According to the overall evaluation results in 2017, the board's participation in company operations, composition of the board and continuing education of directors received respectively a score of 0.95、0.84 and 0.9 (full score : 1, while other items were 1 or close to 1), which was relatively lower. Therefore, Winbond will step up communications with CPAs and board members and continue to offer directors diverse continuing education courses. Related evaluation results will also be taken into consideration in the composition of the next term Board of Directors. The 2017 evaluation results have been submitted to the Compensation Committee and the Board of Directors on February 2, 2018. In 2017, the average training hours of the directors was 11.3 hours. Please see our 2017 Annual Report for detailed information.



2017 Annual Report

### 1.3.3 Remuneration Committee

Winbond established the Remuneration Committee Charter according to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is listed on the Stock Exchange or Traded Over the Counter. The Remuneration Committee was established in 2011 to be responsible for formulating and reviewing policies, systems, criterion, and structure of remuneration and performance assessment of directors, supervisors, and managers of the Company. The committee draws up the Regulations on Managers Remuneration and Performance Appraisal to ensure that the performance of the managers is tightly aligned with the Company's strategies (Economic \ Environmental and Social), and that the managers are rewarded with a competitive overall pay package to enhance the operating performance.

Winbond's Remuneration Committee should convene at least twice a year, submitting proposals to the Board for deliberation. The Remuneration Committee of the Company held four meetings during 2017. Please refer to Winbond's 2017 Annual Report for details of the Remuneration Committee Meetings.

#### Member of the Remuneration Committee

The Remuneration Committee is composed of all the independent directors. Please see Winbond's 2017 Annual Report or visit our official website for detailed information of the independent directors.

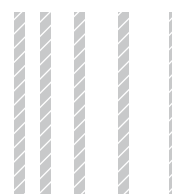
### 1.3.4 The Audit Committee

Winbond underwent election of 11th-term directors in the general shareholders' meeting held on June 13, 2017 and set up an audit committee to replace the functions of supervisors. The main purpose of the auditing committee's operation is to supervise the following matters :

1. The acceptable expression of the Company's financial statements.
2. The election (removal) of the auditors and independence and performance.
3. The effective implementation of the Company's internal control.
4. The compliance with relevant laws and regulations by the Company.
5. The control of the Company's existing or potential risks.

#### Member of the Audit Committee

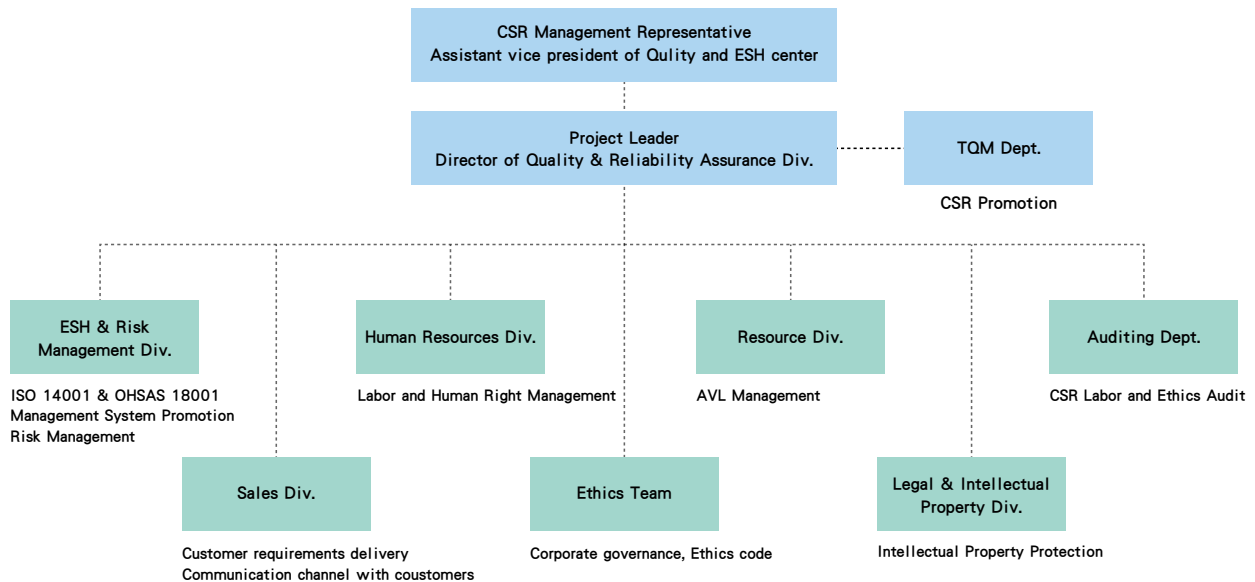
The Audit Committee is composed of all the independent directors. Please see Winbond's 2017 Annual Report or visit our official website for detailed information of the independent directors.



### 1.3.5 Corporate Social Responsibility Committee

Winbond established the Winbond Corporate Social Responsibility (CSR) Implementation Committee in 2015. This Committee is composed of Administration and Production Subcontractor Team, Human Resource and Plant Management, Product Sales Team, Finance Management Team and Quality & ESH Team. The assistant vice president of Quality and ESH center serves as the management representative of the Committee and team members working together to conduct data collection of sustainability issues in terms of economic, environmental and social aspects. The management review meeting is held in the first quarter of each year (the most recent meeting was held on January 5, 2018), and the performance of the CSR management system and the required suggestions for improvement are reported to the senior management.

To implement our corporate social responsibility and to facilitate the economic, environmental and social progress so as to meet the goal of sustainable development. The President's Office drafts the Corporate Social Responsibility Policy and the Code of Practice on Corporate Social Responsibility that are to be approved by the 20<sup>th</sup> session of Board meeting of 9<sup>th</sup> Board of Directors (on January 24<sup>th</sup>, 2014) and the 5<sup>th</sup> session of Board meeting of 10<sup>th</sup> Board of Directors (on December 18<sup>th</sup>, 2014). The President's Office reported to the Board the results of CSR promotion each end of year (the 4<sup>th</sup> session of Board meeting of the 11<sup>th</sup> Board of Directors on October 26<sup>th</sup>, 2017) about the results of CSR implementation and the work plan for the following year and following the results of implementation for reviews and corrections. To enable CSR to become part of the Company's decision-making process.



## 1.4 Risk Management

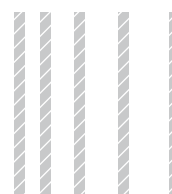
As a semiconductor manufacturing company, Winbond is deeply conscious of the potential impacts that natural disasters, contingencies, and man-made accidents may bring to the production and operation, financial management, and information security. Consequently, we handle hazard and risk management with a positive attitude. Through rigorous management on risk-prone engineer projects, and practical management on safety standards and benchmark, Winbond pursues the highest standards of semiconductor industry security, financial security, and information security.

### 1.4.1 Operational Risk Management

Semiconductor factories are characterized by costly plants and equipment, long setup time, high precision and sensitivity machinery, high cleanliness production environment with stable temperature and humidity, and the need for sustained and stable hydropower supply and other resources. However, exposure to flammable and corrosive chemicals in semiconductor manufacturing process is inevitable. In addition, Taiwan is located in the seismic zone and typhoon-prone zone. To further complicate the situation, the global climate change is taking a toll on the stability of power and water supply in Taiwan. In the face of these environmental challenges, how to cope with internal and external risks to ensure the continuity of operations becomes a challenge that must be carefully addressed.

In response to the risks of operational interruption, Winbond has developed the following countermeasures.

Potential risks		Preemptive measures and loss control
Internal Environment	■ Fire, explosion	■ Design and establish fire protection system according to international standards (NFPA, FM) and domestic firefighting laws, including fire alarm system, automated fire extinguishing system, and fire protection zoning.
	■ Leakage of chemicals contaminates plants or equipment	■ Design and construct plant facilities following international industrial standards.
	■ Leakage causes equipment damage	■ Purchase machines that meet international standards (SEMI-S2, FM4910)
	■ Critical equipment failure	■ Keep stand-by equipment of critical equipment
		■ Establish appropriate inventory of spare parts
		■ Establish appropriate inventory for the products
		■ Make regular maintenance plans
		■ Safety management / control mechanisms
		■ Regular inspection mechanism
		■ Emergency Response Plan
		■ Emergency Response Plan



	Potential risks	Preemptive measures and loss control
External Environment	■ Earthquake	■ Grade 7 Aseismic design for plants and equipment (equivalent to MMI 9)
	■ Typhoon or rainstorm	■ The plant is located 160 meters above sea level
	■ Unstable power supply or outage	■ Dual power supply feeder
	■ Water shortage	■ Emergency generator and uninterruptible power system (DUPS, UPS)
	■ Interruption of gas supply (public gases such as natural gas and nitrogen)	■ Spare pool
	■ Raw material in short supply	■ Spare liquid gas tank
	■ Legislative changes (e.g., domestic environmental protection law, international regulation on restricted use of substance)	■ Spare liquid nitrogen reservoir
	■ Serious infectious diseases	■ Maintain two or more suppliers
		■ Regularly collect market information of the supply condition of raw materials
		■ Maintain reasonable stock of raw materials
		■ Legal check, responsive mechanism and management system
		■ Monitoring and early warning of major infectious diseases and contingency plans
		■ Emergency Response Plan
		■ Business Continuity Plan

Rated as highly protected risk (HPR), Winbond was awarded the Best of Class Award by FM Global, and was the first Asian semiconductor manufacturer to receive this honor. FM Global is one of the world's most recognized international insurance companies with rigorous standards for disaster risk management. Winbond won this award for its excellence in all items relating to human element control and physical protection.

In addition, to reduce the impact of accidents on the Company's operation and finance, Winbond has purchased a wide range of insurances covering Property Damage Insurance, Business Interruption Insurance, Marine Cargo Insurance, Erection/Contractors All Risks Insurance, and Commercial General Liability Insurance to minimize potential losses caused by natural or man-made disasters so as to protect the interests of stakeholders. Throughout 2017, Winbond did not suffer from any property loss or business interruption due to natural or man-made disasters.

## 1.4.2 Financial Risk Management

### Interest rate

The Company keeps observing and analyzing the impact of interest rate changes on cash flows in connection with the Company loans. Depending on actual circumstances, the following measures may be taken responsively :

Short-term financing : The Company regularly assesses the interest rates of the banks for short-term loans to obtain the average market interest rates. We also keep close contact with the banks in order to obtain the most favorable interest on loans. Additionally, because the cash flow is actuarially calculated, we are able to shorten short-term borrowing days to a minimum to reduce interest expenses.

Long-term financing : The Company's extant long-term loans are offered comparatively favorable interest rates by the banks depending on prevailing market conditions. Additionally, depending on the condition of cash flow, the Company may request for advance repayment if the condition of cash flow allows in order to reduce interest expenses.

### Exchange rate

The exchange gains and losses of the Company are mainly resulted from foreign currency positions derived from the import-export business. To cope with this risk, the following measures may be carried out persistently.

Keep updated with the latest financial market information, recognize trends, be familiar with financial products, regulations and operational skills, and provide timely and adequate information to the management for reference.

The main substantial economic purpose to engage in derivatives trading is for hedging risks. When choosing the counter party, credit risks should be considered to avoid the risk of default. The guiding principle is to choose among the financial institutions with higher credit rating and having a solid working relation with the Company and capable of providing professional knowledge to the Company.

The maximum amount of unrealized losses for all contracts of derivatives transaction in which the Company engages in should be the lesser of the amount of 30% of the total amount of contracts or 3% of the shareholders' equity. The financial department shall prepare a report by performing monthly assessment, and inform the responsible chief or high-ranking officials authorized by the Board of Directors of the existing risk and possible gain (or loss) in connection with this transaction.



### 1.4.3 Information Security Risk Management

Winbond has established the "Information Security Policy" and the "Technical and Confidential Information Management Procedures" which formalize the management of the Company's confidential information, including trade secrets and intellectual properties, to ensure customers' privacy is under solid protection. We also signed confidentiality contracts with suppliers and customers to protect confidential information and avoid improper disclosure of confidential and sensitive information. For network attacks and data leakage, New Generation Firewall, New Generation Intrusion Detection/Prevention and Security Information and Event Management were established in 2017 to increase defense ability for information warfare.

In August, 2017, Winbond's TrustME™ memory products and the associated operating environments were certified under the Common Criteria EAL 5+ certification again. This signifies that the information security control of Winbond meets the requirement of Common Criteria, the international security organization. Winbond produces reliable products complying with international standards that protects customer's information and assets. Common Criteria certification for TrustME™ consists of the following phases : product design & development, production, and delivery.

Moreover, for the security needs, access control and monitoring, access management of the information system as well as the access records should be kept and reviewed to strengthen the safety of important product information and to avoid improper access to or falsification of Company information, preventing theft or leakage of business secrets and intellectual property.



## 1.5 Management System

We have built our long-term reputation in terms of yield analysis, supply chain management, customer satisfaction and corporate social responsibility through strict production process control and quality control, and obtained international quality certifications such as ISO 9001, TS 16949, QC 080000, ISO 14001 and OHSAS 18001, to ensure that we meet international standards and customer's high specifications on economic, environmental, and social aspects.

ISO9001

TS16949

QC080000



ISO14001

OHSAS 18001



CNS15506

SONY Green Partner

AEO



## 1.6 Participation in External Organizations

Winbond has been actively involved in relevant organizations, technological alliances and their activities in order to obtain industrial and technological knowledge and establish good relationships, including Taiwan Electrical and Electronic Manufacturers' Association (TEEMA) with our CEO, Mr. Arthur Yu-Cheng Chiao serving as the honorary chairman, Taiwan Semiconductor Industry Association (TSIA) with the president, Mr. Tung-Yi Chan, and the Allied Association for Science Park Industries, with the Technical Executive, Mr. Wen-Hua Lu as the guild director.

External organizations that Winbond participated in 2017 are listed as follows.

Associations and societies Winbond participates in	
■ Taiwan Automotive Electronics Industry Alliance	■ The Institute of Internal Auditors-Chinese Taiwan
■ Cross-Strait CEO Summit	■ AIP Publishing LLC
■ The Allied Association For Science Park Industries	■ IHS iLibery (iSuppli) DRAM Market Tracker
■ Central Taiwan Science Park Association of Production and Training	■ DRAMeXchange
■ Monte Jade Science & Technology Association of Taiwan	■ IHS Automotive database
■ High-Tech Industry Salary Management Association	■ IHS MCU and Industrial database(Industrial Semi report)
■ Computer Audit Association	■ IHS MCU and Industrial database(Market Controller Tracker)
■ Bellwether International Group Ltd	■ Advanced Microsystems & Package Technology Alliance, AMPA
■ Taiwan Stock Affairs Association	■ JEDEC Solid State Technology Association (JC42Committees)
■ Taiwan Corporation Governance Association	■ Techinsights Information Retrieval Insight System(IRIS)
■ Taiwan Electrical and Electronic Manufacturers' Association, TEEMA	■ IHS iLibery (iSupply) The Mobile & Embedded Memory Intelligence
■ Taiwan Semiconductor Industry Association, TSIA	■ DMASS
■ Market Intelligence Center	■ IEEE

## 2. Active Innovation for Sustainability

2.1 Main Products and Research & Development

2.2 Product Application

2.3 Green Products- Sustainable Management


2.4 Customer Satisfaction and Privacy

2.5 Supplier Management

### Performance

- Winbond regularly conducts customer satisfaction surveys. The 2017 customer satisfaction survey consists of five key indicators. The items and satisfaction results include Sales & order (85%), Product & Technology support (81%), Quality (89%), Other services (84%), Overall (87%) respectively, with an **average satisfaction of more than 85%.**
- No customer privacy violation** incidents or loss of customer information were reported in 2017.



- 
- 🔍 In 2017, Winbond conducted 34 supplier audits and 14 contractor audits in CSR, Responsible Business Alliance (RBA), conflict minerals, RoHS, Reach and QC080000, and the results were **all in line with the requirements of the Company.**
  - 🔍 The Company carried out conflict mineral investigation of 14 suppliers (including subcontractors), and the suppliers are **all in line with relevant regulations.**

## Product and Service Labeling Disclosure of Management Approach in 2017

### Importance

The Company has been upholding the idea of integrity management and robust creation and has long been deep plowing in research and development. In addition, we take into account our customers' recommendations and views as the basis for the Company's future direction for improvement, aiming at enhancing customer satisfaction and dependence on Winbond.

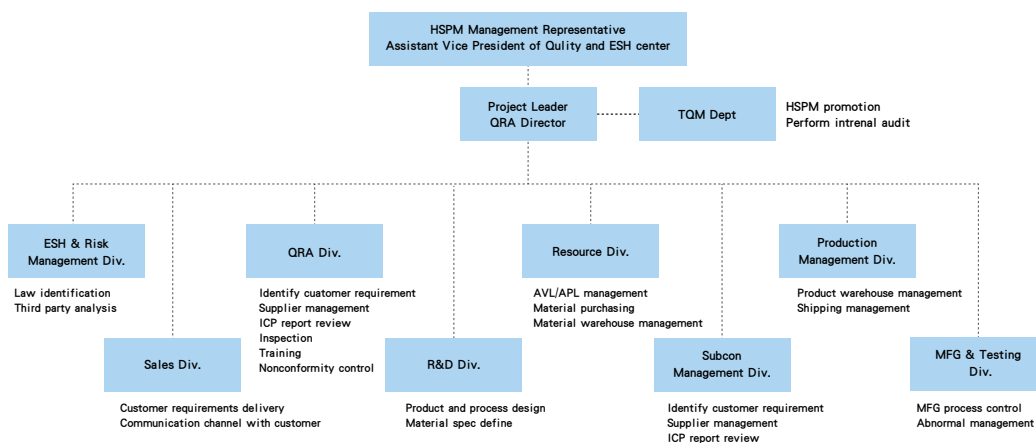
### Policy

Winbond is committed to design, procurement, manufacture and sale of non-hazardous substances in order to comply with international laws and regulations while working on environmental protection to fulfill our responsibility as a social citizen.

### Goal

Short-term goal: To conduct annual surveys for domestic and foreign customers, maintain satisfaction of more than 80% of various indicators and conduct analysis and improvement actions through the customer satisfaction feedback mechanism to continuously provide high-quality products.  
Medium-term and long-term goals: To provide stable supply of products and continue to improve service quality, continue to communicate with customers, understand social issues that customers are more concerned about, take initiatives and create long-term stable cooperation and trustworthy partnership.

### Resources



### Systems

External system: IECQ QC080000 Hazardous substance Process Management.  
Internal system: Quality and HSPM Manual (0000-0020), external customer satisfaction survey operating procedures (0000-2800).

### Measures

Conduct harmful substance control and management of raw/external packaging materials in accordance with the Quality and HSPM Manual.

## 2.1 Main Products and Research & Development

Winbond is a specialty memory IC company engaged in design, manufacturing and sales services. From product design, research and development, and wafer fabrication to the marketing of brand name products, Winbond endeavors to provide its global clientele top quality low to medium density memory solutions.

Winbond's major product lines include Code Storage Flash Memory, Specialty DRAM and Mobile DRAM. Our advantage of technological autonomy and prudent capacity strategy enables us to build a highly flexible production system and create synergy among product lines, which allows us to meet the diverse demands of customers while building the brand image.



**Code Storage Flash Memory :** In the area of Code Storage Flash Memory products, we focus on the "low to medium density" market by offering a full spectrum of Serial Flash and Parallel Flash products. Our Flash memory packages offer features such as low pin count, small size and low cost. We also offer SPI NAND and SLC NAND flash memory products to better meet the customer demands for code storage. With considerable market share in computer peripheral markets, we also actively develop a diversity of flash memory products for applications in mobile devices, consumer electronics, automotive electronics, IoT and wearable devices. In addition, Winbond introduced the TrustME™ Secure Flash Memory obtained Common Criteria EAL 5+ certification, as pioneer in industry for applications that improve system security.



**Specialty DRAM and Mobile DRAM :**

Winbond specializes in the design of high-performance, low-power memory. With a 12-inch fab, we offer a whole series of Specialty DRAM and Mobile DRAM products that target a top-tier clientele and quality-oriented applications. Winbond's products are used extensively in handheld devices, consumer electronics and computer peripherals. We also focus on high-barrier, high-quality applications, such as KGD, automobile and industrial electronics.



## 2.2 Product Application

Winbond's products are applied in more diverse and comprehensive application domains in addition to the widely known areas such as computing, network communication, and consumer electronics. Based on the experiences accumulated in the three major existing areas, we are able to provide our customers with faster solutions. There was no violation of relevant product regulations leading to the prohibition of the sale of products in 2017.

### 2.2.1 Automotive Electronics

The automobile has transformed into the most sophisticated electronic device in the market. Consumer electronics are being added to the automobile. Electronic innovation is needed to comply with regulation. Safety and efficiency cannot be done without electrification of the car. The fundamental platform consists of microcontrollers and embedded memory.

#### ■ Advanced Driver Assistance Systems (ADAS)

Automotive safety has a new name - ADAS. Several automakers have set their goal to achieve zero fatalities by 2020. This can only be achieved by electronic innovation with the highest quality and reliability. Winbond is at the forefront of memory needs for ADAS.

#### ■ Instrument Clusters

Digital displays have been added to automotive dashboards to provide more information about the car as well as improve safety. Instant on and real time 2D/3D image rendering can be achieved with fast processing along with Winbond's NOR Flash and DRAM.

#### ■ Infotainment

Infotainment is a term to describe the convergence of comfort, entertainment, and safety information into the center console. Here is also where consumer applications are brought into the car, allowing passengers to access feature rich content. Winbond's long history in the consumer market is now brought to the automotive infotainment market with small packages for space constrained applications and high density for advanced applications.



## 2.2.2 Industrial Electronics

Winbond provides solutions in the field of industrial electronics. Main issues in industrial applications are high reliability, wide temperature coverage, and longevity of product lines. With high-quality and own fab support, Winbond is the perfect memory solution supplier in this application with both Flash and DRAM.



### ■ Human Machine Interface (HMI)

Human-machine interface is the part of the machine that handles the Human-machine interaction. Touchscreens is an example of the Human Machine Interface which we can see and touch. Winbond's NOR Flash and DRAM are widely used in this application.

### ■ Programmable Logic Controller (PLC)

A Programmable Logic Controller, PLC (or Programmable Controller) is a digital computer used for automation of electromechanical processes, such as control of machinery on factory assembly lines, amusement rides, and so on. Winbond's high quality reliable memory solutions are widely used.

### ■ Smart Meter

A smart meter is usually an electronic device that records consumption of electric energy in intervals of an hour or less and communicates that information at least daily back to the utility for monitoring and billing purposes. Winbond's high reliability industrial temperature graded memory solutions perfectly support to this field.

### ■ Industrial Networking

Including Network Switch, HUB, and Wireless AP, all these network devices are widely used in industries. The ultra value from Winbond quality delivers stable communication.

### ■ Point of Sales (POS)

It is the point at which a customer makes a payment to the merchant in exchange for goods or services.

## 2.2.3 Mobile / Networking

Memory plays a key role in networking applications such as Passive Optical Network, Digital Subscriber Line, Switch, Wireless Access Point, Cable Modem, and so on. Winbond Memory Solutions have great quality, compatibility with well-known SoC suppliers' solutions.



### ■ Smart phone

The major challenge of portable device designs are tighten power consumption and required reaction time. Winbond Mobile RAM is the right solution especially for Mobile Phone design with providing low voltage, excellent power saving, and high speed.

### ■ Passive optical network (PON)

PON is a telecommunications network that uses point-to-multipoint fiber to the premises in which unpowered optical splitters are used to enable a single optical fiber to serve multiple premises.

#### ■ Digital Subscriber Line (xDSL)

Digital subscriber line (DSL, originally digital subscriber loop) is a family of technologies that provide Internet access by transmitting digital data over the wires of a local telephone network. Winbond is the top player in this application with full product breadth, high-quality level and cost-effective memory solutions.

#### ■ Network Switch / HUB

A network switch (sometimes known as a switching hub) is a computer networking device that is used to connect many devices together on a computer network. Winbond's high performance memory solutions are widely in top tier brands.

#### ■ Wireless Access Point (WAP)

WAP is a device that allows wireless devices to connect to a wired network using Wi-Fi, or related standards. Winbond has been in this application since SRAM era. With completed solutions, full compatibility test, high EMI performance, and high industrial-temp quality, Winbond is a key supplier in this application.

#### ■ Cable Modem

A cable modem is a type of network bridge and modem that provides bi-directional data communication via radio frequency channels on a hybrid fibre-coaxial (HFC) and RFoG infrastructure. Winbond is a key supplier in this application.

#### ■ Power-Line Communication (PLC)

Power-line communication (PLC) carries data on a conductor that is also used simultaneously for AC electric power transmission or electric power distribution to consumers.

## 2.2.4 Computing



#### ■ PC (NB/DT/AIO)

For PC relative product, according to the 1.8V trend in PC platform, we do not only provide 3V SPI flash but also 1.8V SPI flash. Winbond also provide small density for PC peripherals such as EC, USB3 and VGA card etc.

#### ■ Cloud computing(Server/Data Center)

For Server and Data Center, there are more places need the flash such as storage and LAN etc. Winbond provide the complete product lines to fulfill the need.

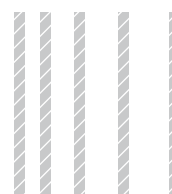
## 2.2.5 Consumer

#### ■ Television

For Television application, Winbond provide Serial NOR(SPI interface), Serial NAND(SPI interface) and Parallel NAND(ONFI interface) Flash for main board SoC, FRC/MEMC, HDMI, Tuner or LED backlight control functions.

#### ■ Set-Top Box

For Set-Top Box application, Winbond provide Serial NOR(SPI interface), Serial NAND(SPI interface) and Parallel NAND(ONFI interface) Flash with OTP(One Time Program) function by SOP-8L/16L and BGA type package for choice.





## 2.2.6 IoT

Devices and products related to the Internet of Things (IoT) are particular about being low energy consumption and small in size. In addition to providing low energy consumption products, Winbond also provides its customers with solutions for packaging and Known Good Die (KGD).



### Wearable Device

For low power application in wearable devices, Winbond provide 1.8V Serial Flash and Know Good Die for SiP solution and WLCSP (Wafer-Level Chip Scale Package) product to fit small form factor is highly suggested.



### Smart Home

For smart home application, Winbond provide industrial grade 1.8V Serial Flash and Know Good Die for SiP solution as highly trusted code storage memories.



## 2.3 Green Products- Sustainable Management

### Customer Health and Safety Disclosure of Management Approach in 2017

#### Importance

The environmental awareness is increasing internationally. Therefore, compliance with legal regulations should be ensured while developing products that meet the market demands.

Winbond is constantly pursuing innovation in products and technologies and sustaining competitive advantages. In 2017, we mainly invested in expanding production capacity and process upgrading to provide customers with green products with lower energy consumption and lower environmental impact to enhance the sustainable competitiveness of the overall supply chain.

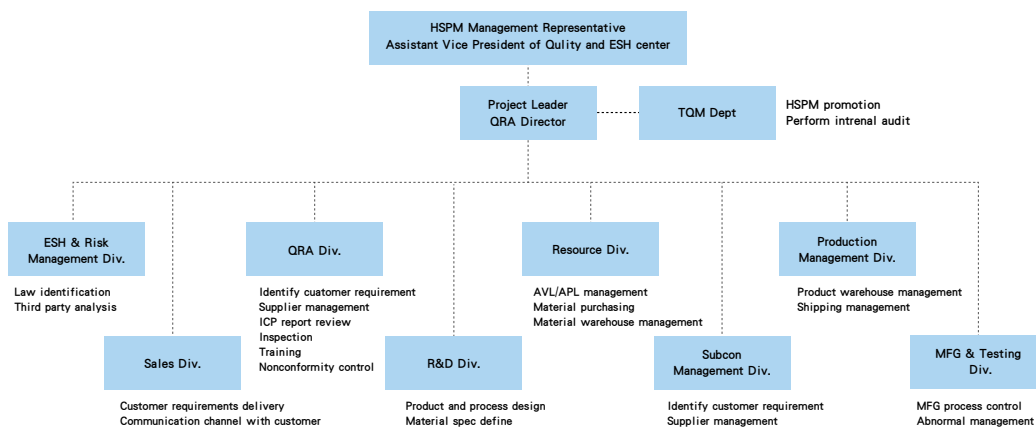
#### Policy

The Company is committed to the design, procurement, manufacture and sale of non-hazardous substances in order to 100% comply with international regulations (RoHS, REACH) and to meet customers' needs while working on environmental protection to fulfill our responsibility as a social citizen.

#### Goal

To continue the development of energy-saving technology to reduce the amount of electricity or battery usage, providing a more energy-efficient and environmentally friendly products to our customers.

#### Resources



#### Systems

External system: IECQ QC080000 Hazardous substance Process Management (HSPM).

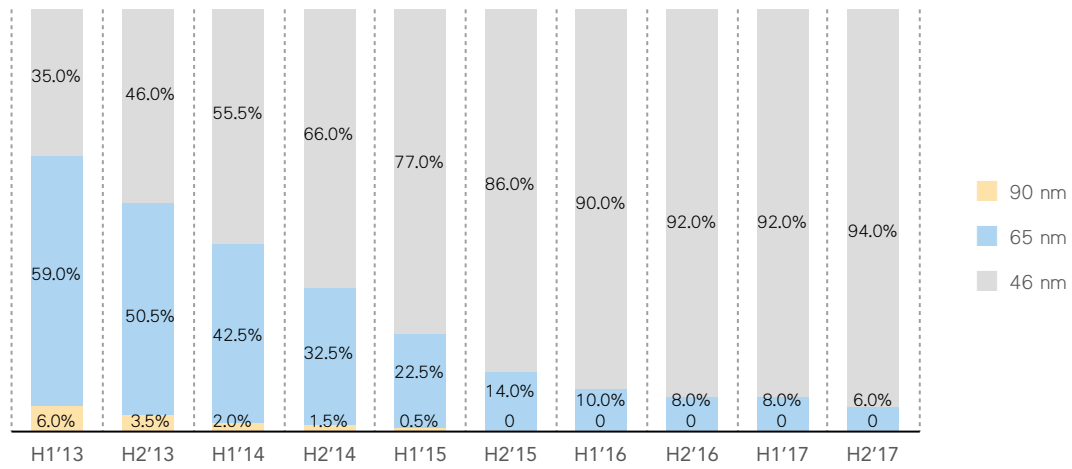
Internal system: Quality and HSPM Manual (0000-0020), hazardous substance management procedure (0000-4100).

#### Measures

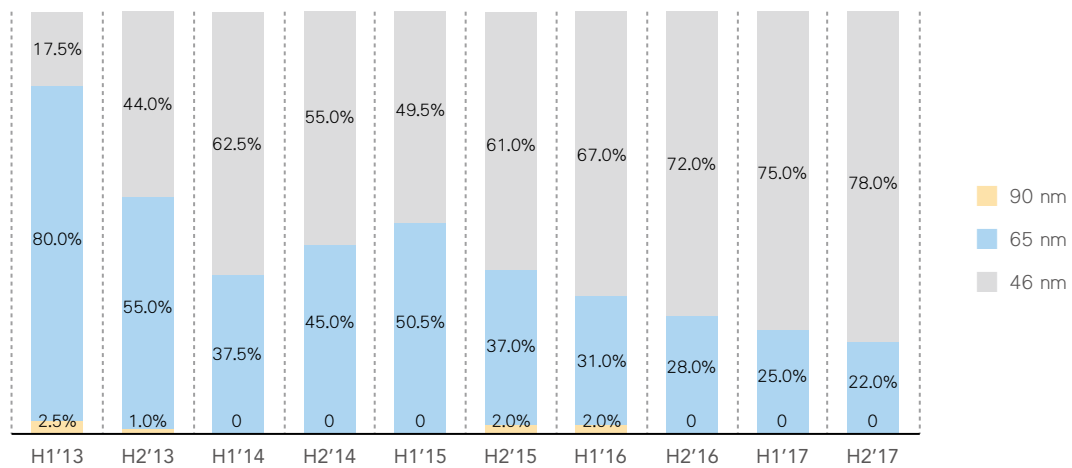
1. Hand down the concept that it is equally important to meet the customers' needs, comply with legal regulations and meet regulatory requirements.
2. Establish HSF (Hazardous Substance Free) policy and goals.
3. Provide resources to ensure the development of HSF products and process.

Winbond constantly pursues competitive edge through innovation in product and technology development. The added investment during 2017 was aimed at expanding production capacity and upgrading the manufacturing process, so as to provide our customers with green products of lower energy-consumption and lower impacts to the environment, and to improve the sustainable competitiveness of our supply chain. The performance of Specialty DRAM 46 nm manufacturing process in 2017 accounted to 93%, which of Mobile DRAM accounted for 77% and the performance of Code Storage Flash Memory 46 nm manufacturing process in 2017 same with 2016. We does not recycle the products that have been sold and packaging materials of those products.

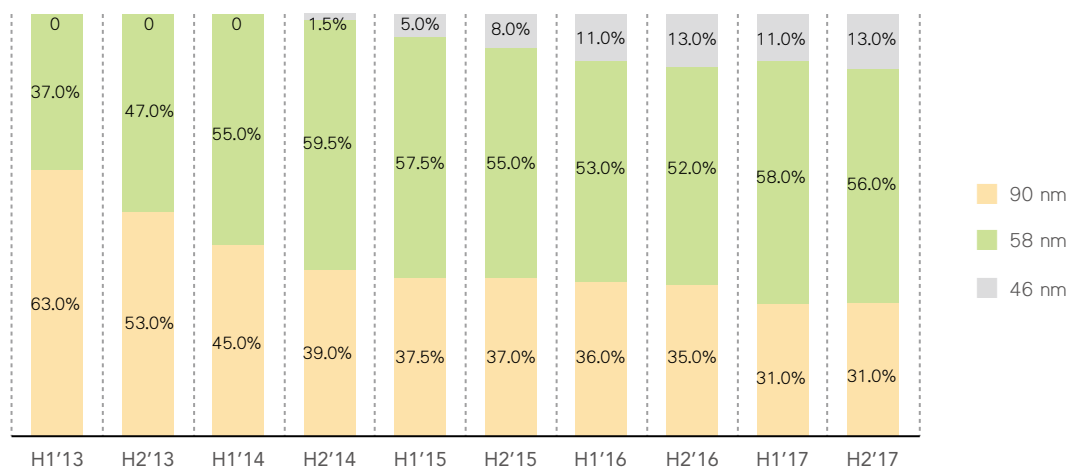
### Specialty DRAM- proportions of performance by product processes



### Mobile DRAM - proportions of performance by product processes



### Code Storage Flash Memory - proportions of performance by product processes



## Low power Products

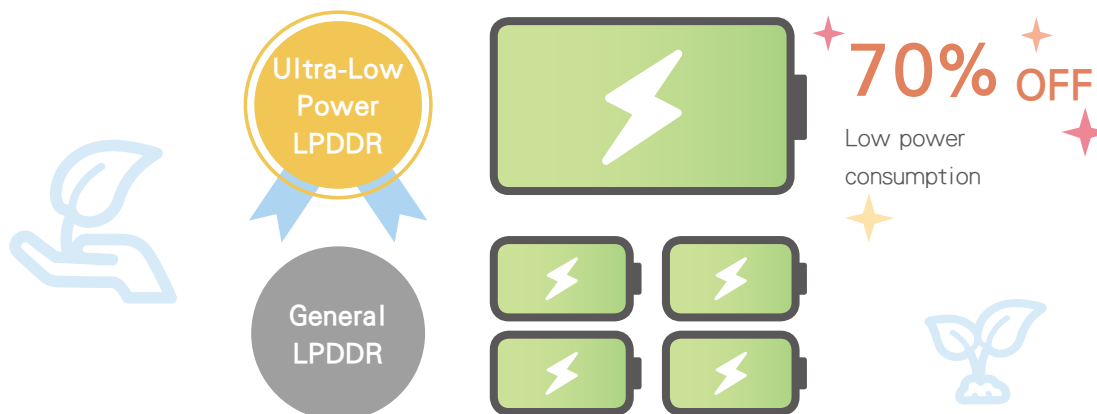
Winbond Electronics Corporation is a leading supplier of semiconductor solutions to the consumer, computer, communications, and electronics product markets. For Winbond's products to be applied to a wider market, the Mobile DRAM product line was set up. The product including PSRAM, LPDDR, LPDDR2, LPDDR3. In order to save more trouble, Winbond specially designed products combining LPDDR SDRAM and LPDDR SDRAM and meanwhile to support both x16 and x32 data widths so that customers can make a more convenient choice. Major features for the families of products shown in the table below include the following: Sequential or Interleave burst, High Clock rate, Standard Self Refresh, Partial-Array Self Refresh (PASR), Automatic Temperature Compensated Self Refresh Rate (ATCSR), Deep Power-Down (DPD).

Winbond is committed to the development of advanced process and special niche products with unique power-saving features, and has developed the more power-efficient Ultra-Low Power (ULP) product, which provides low standby power consumption to save power, and was chosen to supply 3G / LTE mobile communications, and was even extending to mobile consumer electronics. It is quite good for portable multimedia players, wearable/mobile devices, automotive electronics applications, consumer electronics and gaming devices. For the 46-nm and 38-nm products, the originated feature of Deep Self-refresh (DSR) and the upcoming Hybrid Sleep Mode allow the chip standby current to be reduced by more than 70% compared to the normal standby mode. Winbond believes that the continued development of power-saving technology can reduce the amount of electricity and battery usage, creating a more environmentally friendly products for our customers and for the earth. "The Next Big Thing" is a hot topic. ULP products can enable elaborate application of IoT or wearable devices.

### Winbond Innovative Low Power DRAM

Our Ultra-Low 256Mb LPDDR1 is to optimize your IoT & Wearable application.

The special features DSR(Deep Self Refresh) mode can last device battery life longer than you can image.





## 2.4 Customer Satisfaction and Privacy

### Customer privacy Disclosure of Management Approach in 2017

Importance	<p>Prevention of theft or leakage of business secrets and intellectual property. The leakage of confidential information may result in the risk of damage to the Company's goodwill, loss of customers and decreased satisfaction.</p>
Policy	<ol style="list-style-type: none"><li>1. When performing our duty, we will not use, deliver, disclose and infringe intellectual property rights such as business secrets, patents, and copyrights owned by the third parties without their consent.</li><li>2. The business secrets which we know or possess because of our occupation should be kept confidential and not be disclosed.</li><li>3. We shall not ask or listen to business secrets that are not related to our business.</li><li>4. We shall not inquire or ask the salary of our colleagues and shall not disclose ours.</li><li>5. If one discovers that a business secret has been leaked by others or someone is suspicious, it should be stopped or reported immediately.</li><li>6. If the Company suffers losses due to leakage of business secrets, it will seek compensation according to the law to protect the rights and interests of shareholders and other employees.</li></ol>
Goals	<p>To follow the legal requirements with the information security metrics reaching 100%.</p>
Resources	<p>Information Technology Div.</p>
System	<p>External system: According to the regulations of listed companies, the auditing unit will conduct audits on information cycle operations every year to ensure that all information operations comply with the legal requirements.</p> <p>Internal system: The "Information Security Policy" and the "Technical and Confidential Information Management Procedures" stipulate the protection of the Company's confidential information, including business secrets and intellectual property to ensure that the privacy of customers is well protected.</p>
Measures	<ol style="list-style-type: none"><li>1. Education and training of information security.</li><li>2. New Generation Firewall, New Generation Intrusion Detection/Prevention and Security Information and Event Management were established to increase defense ability for information warfare.</li></ol>

Winbond strives to promote its proprietary technologies through research and development in manufacturing process. The Company's DRAM and NOR FLASH production have adopted the 46 nm manufacturing process, enabling a full-featured product line at lower production costs.

Regarding promotional marketing activities, Winbond has established itself as a trustworthy and reputable corporation by participating in industrial competition in the spirit of integrity and fairness, in compliance with laws and regulations and anti-trust norms.

Winbond exercises strict protection over customer information. All correspondence and business data with customers are under a strict internal oversight. Staff operation permission is granted based on predefined SOPs. Since 2013, all staff members must complete a training program with respect to information security. Throughout 2017, no complaint has been filed with regard to customer privacy infringement or customer data loss.

Winbond regularly conducts customer satisfaction surveys. The 2017 customer satisfaction survey consists of five key indicators. The items and satisfaction results include Sales & order (85%), Product & Technology support (81%), Quality (89%), Other services (84%), Overall (87%) respectively, with an average satisfaction of more than 85%. To strengthen product competitiveness and meet the needs of our customers worldwide, besides the headquarter in Taiwan, Winbond has established service centers in Mainland China, Hong Kong, the United States, and Japan. In addition to the sales centers established in the above areas, Winbond also actively develops distribution channels in other countries. So far, dealerships and technical service centers are built throughout Asia, Europe, and America. In 2017, no fines due to the violation of laws and regulations relating to product liability were imposed to Winbond.

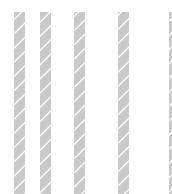
## 2.5 Supplier Management

Social responsibility is the key to business sustainability. By cooperating with localized suppliers, job opportunities are also created for the local business, thus promoting the local socioeconomic development while reducing the energy required for transportation. As a result of Winbond's continued efforts to promote localized purchase, up to 99.3% raw material was purchased locally in 2017, an increase of 2.5% compared with the previous year.

The supplier status of the Company is shown as follows.

Supplier Status				
Type of contract (based on the classification of the Company)		Finance (raw materials)		Total
Purchasing area		Domestic	Foreign	
2013	No. of suppliers	42	2	44
	Percentage of the purchase amount among total purchase (%)	83.2%	16.8%	100%
2014	No. of suppliers	45	2	47
	Percentage of the purchase amount among total purchase (%)	90.1%	9.9%	100%
2015	No. of suppliers	44	1	45
	Percentage of the purchase amount among total purchase (%)	96.3%	3.7%	100%
2016	No. of suppliers	48	1	49
	Percentage of the purchase amount among total purchase (%)	96.8%	3.2%	100%
2017	No. of suppliers	49	1	50
	Percentage of the purchase amount among total purchase (%)	99.3%	0.7%	100%

Note : Domestic refers to Taiwan; foreign refers to areas outside Taiwan (such as China, the United States, and Vietnam).





## 2.5.1 Supply Chain Management

Purchases in Winbond are broadly categorized into six types, including equipment, components, raw materials, plant utilities, automation, and backend subcontracting. The implementation of our social responsibility policies has extended from the Company itself to the supply chain. Winbond's supplier policies aim to establish a permanent cooperative partnership with our suppliers. In addition to requirements on quality, delivery dates, prices, and competence in the manufacturing procedure, we also require that our suppliers comply with corporate social responsibility related norms, such as green products, conflict minerals, and business integrity. We expect that common objectives and standards of corporate social responsibility can be shared among all suppliers under the same framework of environment, product, and social policies stipulated in the Winbond social responsibility structure.

Based on the implementation of the concept of sustainable management, Winbond is committed to working with suppliers to enhance supply chain flexibility and establish a sound and stable supply chain relationship with suppliers, actively pursuing corporate social responsibility practices. In response to the global trend of social responsibility, we require our suppliers to act responsively with respect to issues such as conflict minerals, ethics and integrity in business operation.

Management of new suppliers at Winbond includes a quality system questionnaire, with the contents covering quality, delivery, service, technology and Responsible Business Alliance (RBA, which includes environmental, labor practice, human rights and social impact issues), and in 2017, 100% of our new suppliers passed the quality system questionnaire survey. Winbond promotes corporate social responsibility initiatives with all suppliers every year. We require our suppliers to sign a letter of commitment for business integrity, and all of our suppliers have signed the letter of commitment.

### Supplier Audits

Winbond regularly evaluates the qualifications of suppliers with respect to quality, delivery, service, technology, and price levels. Based on the results, suppliers are classified into several grades.

Winbond conducts annual audits of its suppliers and subcontractors in terms of CSR, Responsible Business Alliance (RBA), conflict minerals, RoHS, REACH, and QC080000 related requirements, for suppliers scoring lower than the required score, Winbond will handle the situation in accordance with the supplier auditing practices. In 2017, all the supplier audit results met the requirements of the Company; With 34 raw material suppliers and 14 subcontractors being audited.

### Conflict Minerals

In compliance with the Responsible Business Alliance (RBA) Code of Conflict Mineral Guidelines, Winbond is committed not to purchasing or using any mines from conflict areas controlled by non-governmental military groups or illegal military factions in the Democratic Republic of the Congo, including gold (Au), tantalum (Ta), tungsten (W),

and tin (Sn). All major suppliers have signed the Winbond Supplier Code of Conduct Commitment Letter, which is publicized in our public websites or promotional letters as an official announcement of Winbond's policy concerning the matter of conflict minerals. Winbond performs investigation of conflict metal suppliers through RBA CMRT, requiring suppliers to disclose the information of refineries for the materials concerned, and to ensure the accuracy of the suppliers' information. In the future, Winbond will continue to work with our suppliers to ensure full compliance with the Tier 1-certified Conflict-Free Smelter publicized by RBA.

The Company carried out a survey of 14 suppliers (including subcontractors) on conflict minerals, and all of the suppliers are in line with relevant provisions. There was no incident of the prohibition of sale of products in the Company.

## 2.5.2 Supplier Communication Management

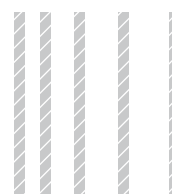
### ▀ Subcontractors Meeting

Winbond regularly holds an annual meeting for suppliers, during which subcontractors are informed of Winbond's policies on quality and corporate social responsibility, and prizes are conferred to a selection of suppliers with good performance for their long-term support and cooperation. Through these activities, the cooperative relationship with the subcontractors are strengthened.

### ▀ Management of Contractors

The Company has set forth relevant provisions for all contractors entering Winbond Plants for operations.

1. Contractors should join in Winbond Contractors Association and sign the "letter of commitment of ESH management and education & training."
2. Those who enter Winbond's Plants for operations are required to be insured by their employers, and the proof of insurance shall be provided to Winbond for verification.
3. Those who enter Winbond's Plants for operations shall be informed of hazards of the plants and relevant records shall be kept.
4. For high-risk operations in Winbond's plants, qualified ESH personnel is required to be present for on-site supervision. To implementation of automatic inspections and establishment of safety, health and environmental management plans to prevent occupational disasters.
5. Before the construction projects for high-risk operations (such as power system construction, steel structure assembly, construction frame erection, confined space, lifting and lowering, fire, special gas/chemical pipelines), the self-inspection must be completed and an application be submitted. In addition, for special risk operations, the construction safety protection plan must be submitted to Winbond for review.





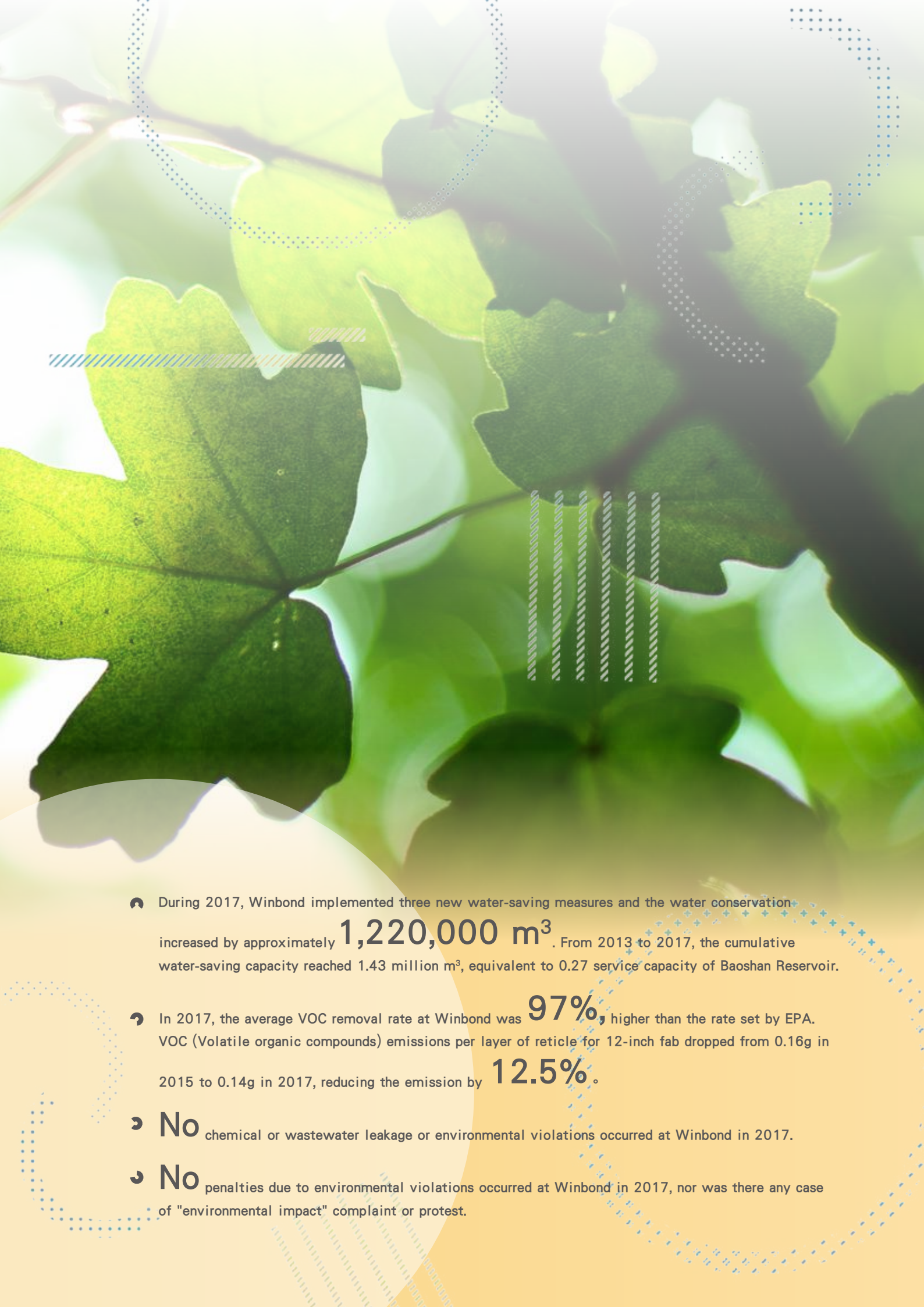
# 3. Environmental Sustainable Contribution

- 3.1 Source Reduction
- 3.2 Greenhouse Gases
- 3.3 Energy Management
- 3.4 Water Resources Management
- 3.5 Pollution Control
- 3.6 Waste Management and Resource Recycling
- 3.7 Expenditure and Investment on Environmental Protection
- 3.8 Hazard Substances Management

## Performance

- ☛ The energy-saving measures in 2017 reduced CO<sub>2</sub>e emission by **193,830 tons**, which is equivalent to the carbon sequestration of 502 Da'an Forest Parks.
- ☛ Winbond implemented 15 energy-saving measures were introduced in Winbond during 2017, and continued 3 energy-saving measures from 2016, which ended up saving **7,360,000 kWh** of electricity.
- ☛ Winbond strives to improve the recycling rate of reclaimed water. The plant-wide recycling rate was approximately **83%** in 2017, and the process recycling rate was approximately **92%** (in line with the Science Park EIA commitment - the plant-wide reclaim rate should be greater than 77% and process reclaim rate greater than 85%).





During 2017, Winbond implemented three new water-saving measures and the water conservation increased by approximately **1,220,000 m<sup>3</sup>**. From 2013 to 2017, the cumulative water-saving capacity reached 1.43 million m<sup>3</sup>, equivalent to 0.27 service capacity of Baoshan Reservoir.

In 2017, the average VOC removal rate at Winbond was **97%**, higher than the rate set by EPA. VOC (Volatile organic compounds) emissions per layer of reticle for 12-inch fab dropped from 0.16g in 2015 to 0.14g in 2017, reducing the emission by **12.5%**.

**No** chemical or wastewater leakage or environmental violations occurred at Winbond in 2017.

**No** penalties due to environmental violations occurred at Winbond in 2017, nor was there any case of "environmental impact" complaint or protest.






## Environmental Compliance Disclosure of Management Approach in 2017

<b>Importance</b>	Reduce the risk of production disruption.
<b>Policies</b>	Winbond Electronics Corp. strives to become a green and sustainable company that operates in full compliance with environmental laws and regulations and relevant international standards. We are committed to making every effort to protect the natural environment, eliminate any foreseeable risks of environmental pollution, and minimize the impact of production to the environment, in pursuit of a balanced development of economy, society and ecological environment in our business activities through continuous improvement, reduction at the source, and all-staff participation. Winbond has implemented a management program that is aimed at achieving energy saving and carbon reduction by reducing consumption of energy and raw materials and recycling waste.
<b>Goals</b>	To reduce the risk of production disruption. Short-term goal: To reach zero violation and surpassing regulatory requirements. Medium-term and long-term goal: To be better than regulatory standards.
<b>Resources</b>	Facility Engineering Department, ESH and Risk Management Department.
<b>Systems</b>	External system: Environmental regulations Internal system: ISO14001 Manual/procedure/specification/record (identification of ESH related regulations and verification management procedure).
<b>Measures</b>	Regular verification of environmental regulations. The ESH Risk Management Committee convenes the meeting quarterly to check the achievement of the target.

Greenhouse effects lead to climate changes which impact the environment and business continuity. Regarding regulatory risks that may arise from greenhouse effects, governments worldwide are levying carbon taxes or energy taxes. On the other hand, the prices of raw materials and energy are gradually rising, leading to increased production costs. With respect to impacts on the actual environment, climate changes have led to more frequent extreme weather conditions such as windstorms, floods, and droughts. The increased difference in precipitation during rainy seasons and dry seasons in recent years will certainly impact the allocation and use of water resources. Furthermore, consumers are more concerned about climate change issues and they start to demand enterprises to disclose environment-related information.

Winbond has participated in the Perfluorocarbons (PFCs) Greenhouse Gas Emissions Reduction Project of the Taiwan Semiconductor Association since 2000. Through manufacturing process adjustments, use of alternative gases, and deployment of FCs reduction equipment, GHG emissions are reduced. Besides, through the water saving and energy conservation measures, the risk impact is reduced, enhancing our ability to cope with climate change and strengthening our competitiveness to create opportunities. Therefore, Winbond was awarded the honorary title of "Voluntary Greenhouse Gas Emission Reduction Manufacturer" by the Ministry of Economic Affairs. In addition, Winbond also conducts greenhouse gas inventory on a yearly basis and reports the results to the National Greenhouse Gas (GHG) Registry so as to use the data as a reference for formulating policies related to energy saving, carbon emissions reduction, and GHG reduction. Since 2015, we have participated in the International Carbon Disclosure Project (CDP) to exposes related information about climate changes every year.

During the reporting period, there were no records of environmental violations or penalties, nor were there any "environmental impact" complaints or protest.

Category of climate change risk	Potential risk cost	Potential development opportunities	Countermeasures
 GHG Emission Control	Increase in operating costs	To increase capital availability, EPA is establishing a carbon trading platform to encourage enterprises making early actions to obtain carbon credits.	We make reasonable comments to the government through the industry associations and continue to carry out energy conservation and carbon reduction activities to obtain more carbon credits.
 Levy fuel/energy tax	Increase in operating costs	Enhance the competitiveness of the enterprises.	We make reasonable comments to the government through the industry associations and participate in climate change seminars with the government, academia and industry. Meanwhile, we also continue to carry out energy-saving activities to reduce operating impact, enhancing the competitiveness.
 Changes of extreme precipitation and drought	Reduction/ disruption of production productivity	Enhance the competitiveness of the enterprises.	By promoting water recycling technology and water-saving programs and establishing contingency plans, we increase the ability to adapt to climate changes, enhancing the competitiveness.

### 3.1 Source Reduction

Winbond performs a company-wide review on the performance of reduction on a regular basis. Parameters of raw material usage are continually adjusted to achieve the state of "optimum," and "minimum," thereby reducing the production of pollutants and wastes while cutting production costs.

Raw material/energy resources	Usage in 2015	Usage in 2016	Usage in 2017
12" wafer (ton)	63.6	62.0	67.6
Power consumption (MWh)	380	390	452
Water consumption (Mega cubic meter)	2.32	2.34	2.83
Process gas consumption (ton)	228	228	251
Process chemical consumption (ton)	7,970	7,790	8,735
Facility gas consumption (Mega cubic meter)	137	139	159
Facility chemical consumption (ton)	9,417	10,797	13,463
Natural gas consumption (Mega cubic meter)	4.15	4.42	4.92
Diesel consumption (cubic meter)	75	90	80

Note : Based on product characteristics, we can not used that are recycled input materials.

To reduce the driving to and from the factory among employees, we provide circulating buses (to and from our Jhubei Office and CTSP Site) on week days nine times a day on week days, and encourage the employees to make use of this public transportation as often as possible to reduce air pollution. In addition, at our CTSP Site, transportation for engineering assistants is also in place (the routes include downtown Taichung, south-line and north-line) for the engineering assistants to utilize when going to and getting off work.

## 3.2 Greenhouse Gases

### Emissions Disclosure of Management Approach in 2017

#### Importance

Reduce the operating costs and risks of production disruption.

#### Policy

Winbond Electronics Corp. strives to become a green and sustainable company that operates in full compliance with environmental laws and regulations and relevant international standards. Through continuous improvement, reduction at the source, and all-staff participation, we are committed to making every effort to protect the natural environment, eliminate any foreseeable risks of environmental pollution, and minimize the impact of production on the environment, in pursuit of a balanced development of economy, society and ecological environment in our business activities. Winbond has implemented a management program that is aimed at achieving the objectives of energy conservation and carbon reduction by reducing consumption of energy and raw materials and recycling waste.

#### Goal

The goal of GHG emission per unit of product by 2020,  $2020 \leq 15.1\text{kg CO}_2\text{e/layer}$ .

Short-term goal: To organize quarterly GHG emission statistics and to conduct greenhouse gas inventory on a yearly basis.

Medium-term goal: Greenhouse gas reduction.

Long-term goal: To become a green enterprise for the sustainable development of the environment.

#### Resources

Facility Engineering Department, Module Engineering Department, ESH and Risk Management Department

#### Systems

External system: GHG reduction and related management regulations.

Internal system: ISO14001 manual/procedure/specification/record (ESH Management Guidelines, ESH risk assessment procedures, identification of ESH related regulations and inspection management procedures, ESH objectives and operating procedures of management programs, GHG inventory management procedures, declaration and management of ESH permits).

#### Measures

1. ESH objectives and improvements for management programs.
2. Periodic inspection records.
3. Regular inspection and audit.
4. The ESH Risk Management Committee convenes the meeting quarterly to check the achievement of the target.

### 3.2.1 Greenhouse Gas Inventory

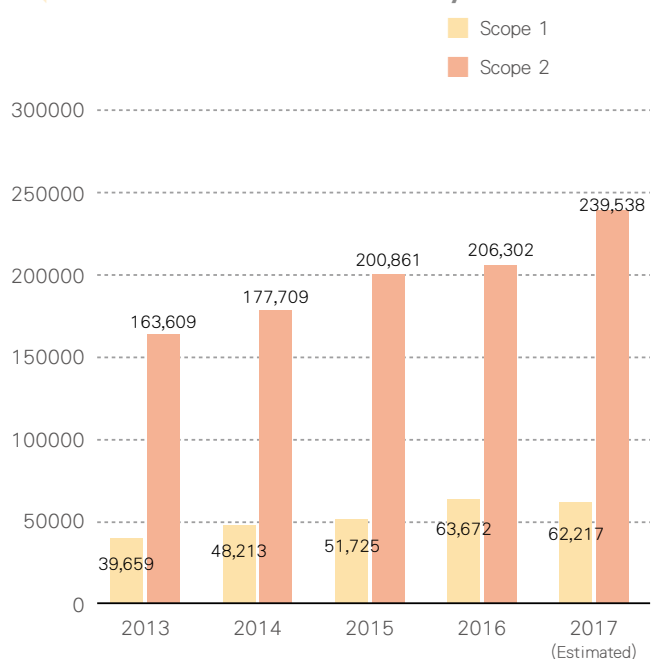
Winbond conducts the annual inventory of the greenhouse gas emission in the plants, and the data are used for a better understanding of GHG related activities so as to establish a prioritized goals for carbon reduction and for the confirmation of results. In Winbond, greenhouse gases are primarily divided into three scopes. Scope 1 is direct GHG emission from manufacturing processes (e.g., hydrochlorofluorocarbons, perfluorocarbon, Perfluorinated compound, N<sub>2</sub>O, CH<sub>4</sub>, and CO<sub>2</sub>), fuel combustion (e.g, natural gas, gasoline, and diesel), and dissipative emission sources such as processed organic waste gas, septic-tanks, high or medium-voltage electroplax, and fire-fighting apparatus. Scope 2 is energy indirect greenhouse gas emission, which results primarily from power purchased of external sources. Scope 3 is indirect GHG generated from employees' commuting and traveling, transportation of raw materials, suppliers' production of raw materials and the recycling and handling of waste. (Note : Winbond does not consume any gases that can cause the destruction of ozone layer.)

The greenhouse gas inventory in Winbond has passed verifications by third-party agencies during 2006 to 2016. External inventory for 2017 was completed. However, the power coefficient was not yet announced, so the calculation was conducted based on the 2016 power coefficient.

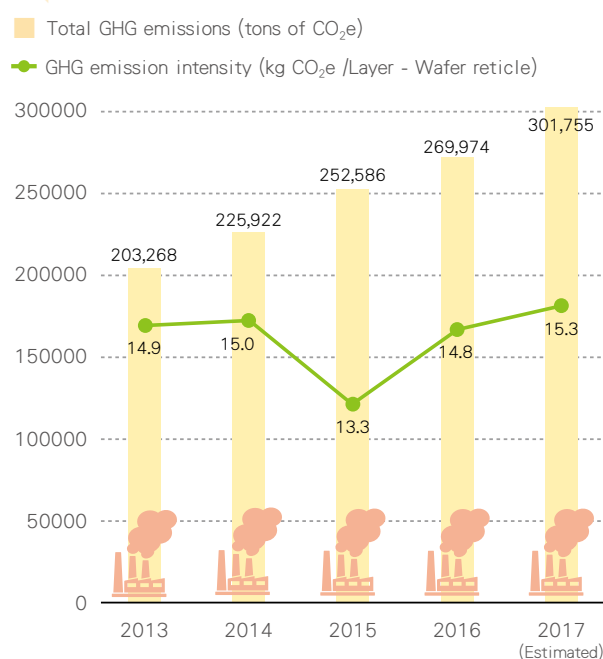
Unit : tons of CO<sub>2</sub>e

Greenhouse gas inventory/Year	2013	2014	2015	2016	2017 (Estimated)
Scope 1	39,659	48,213	51,725	63,672	62,217
Scope 2	163,609	177,709	200,861	206,302	239,538
Total GHG emissions= Scope 1+ Scope 2	203,268	225,922	252,586	269,974	301,755
GHG emission intensity (kg CO <sub>2</sub> e /Layer - Wafer reticle)	14.9	15.0	13.3	14.8	15.3

#### Greenhouse Gas Inventory



#### GHG emission



### 3.2.2 Reduction of GHG Emission

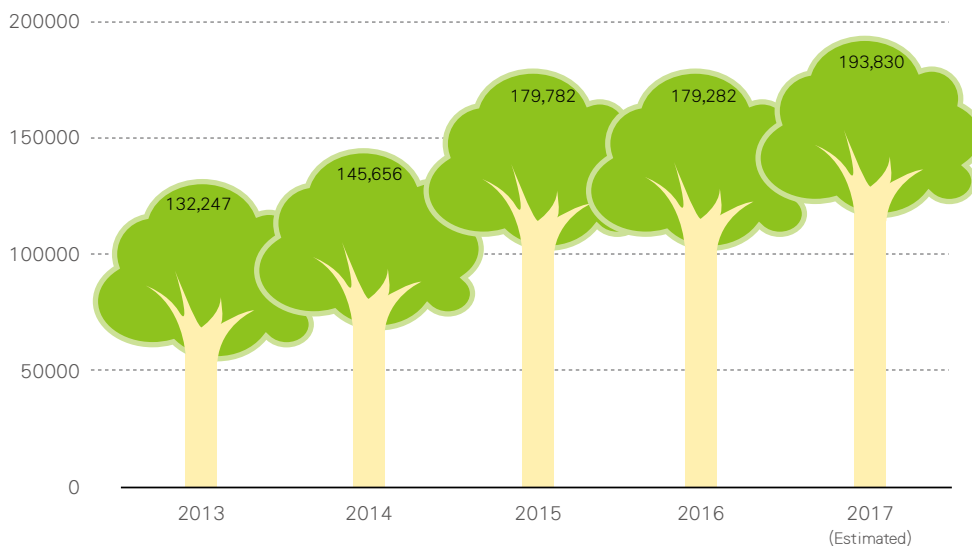
More than 85% of Winbond's GHG emission is resulted from the FCs in manufacturing processes and externally purchased electricity. As a result, our primary goal is to reduce FCs (including the increased process utilization rate and the installation of combustion tail gas treatment equipment) and power consumption. In 2017, the energy-saving measures reduced emission by 193,830 tons of CO<sub>2</sub>e, which is equivalent to the carbon sequestration of 502 Da'an Forest Parks (note: Forestry Bureau, Council of Agriculture, Executive Yuan and Lands Bureau of Taipei City Government published data to calculated on the basis that the Daan Forest Park absorbs 386 tons of CO<sub>2</sub> each year). With respect to future research on more advanced technologies and expansion of production capacity, Winbond will continue to promote all carbon-reduction programs and improve energy efficiency.

Unit: tons of CO<sub>2</sub>e

Reduction of GHG Emission/Year	2013	2014	2015	2016	2017 (Estimated)
Direct reduction (Scope 1)	111,472	124,519	157,912	154,325	164,979
Indirect reduction (Scope 2)	20,775	21,137	21,870	24,957	28,851
Total reduction (tons of CO <sub>2</sub> e)	132,247	145,656	179,782	179,282	193,830

#### Reduction of GHG Emission

■ Total reduction(tons of CO<sub>2</sub>e)



### 3.3 Energy Management

#### Energy Disclosure of Management Approach in 2017

##### Importance

Reduce the operating costs and risks of production disruption.

##### Policy

Winbond Electronics Corp. strives to become a green and sustainable company that operates in full compliance with environmental laws and regulations and relevant international standards. Through continuous improvement, reduction at the source, and all-staff participation, we are committed to making every effort to protect the natural environment, eliminate any foreseeable risks of environmental pollution, and minimize the impact of production to the environment, in pursuit of a balanced development of economy, society and ecological environment in our business activities. Winbond has implemented a management program aimed at achieving energy saving and carbon reduction objectives by reducing consumption of energy and raw materials and recycling waste.

##### Goals

To reach balanced development of economy, society and environmental ecology.

The goal of electricity consumption per unit of product by 2020  $\leq 22.99$  (kWh/layer)

Short-term goal: Collect quarterly electricity consumption statistics and make annual assessment of the feasibility of energy-saving measures.

Medium-term goal: Reduction in power consumption.

Long-term goal: To become a green enterprise for the sustainable development of environment.

##### Resources

Facility Engineering Department, Module Engineering Department, ESH and Risk Management Department

##### Systems

External system: Report to the Bureau of Energy, Ministry of Economic Affairs.

Internal system: ISO14001 manual/procedure/specification/record.

##### Measures

1. Set the energy-saving targets.
2. ESH goals and improvement of management programs.
3. Regular inspection records.
4. The ESH Risk Management Committee convenes the meeting quarterly to check the achievement of the target.



### 3.3.1 Energy Intensity

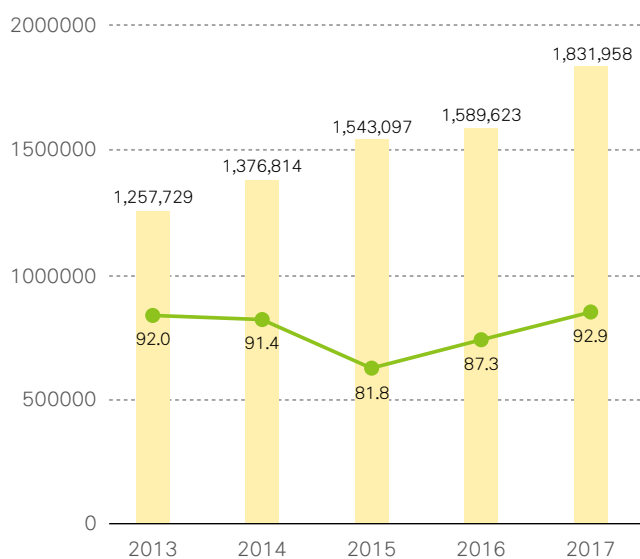
In 2017, Winbond's total energy consumption was approximately 1,831,958 billion joules. The indicator of energy consumption per unit of product - average energy consumption for each layer of 12-inch fab was approximately 92.9 million joules. The energy consumption per unit increased slightly compared to 2016. The Company will continue to promote energy conservation projects.

Energy intensity/Year	2013	2014	2015	2016	2017
Total energy consumed (billion joules)	1,257,729	1,376,814	1,543,097	1,589,623	1,831,958
Unit energy consumed (million joules/ layer wafer reticle)	92.0	91.4	81.8	87.3	92.9
Total Power consumed (billion joules)	1,128,338	1,227,932	1,369,506	1,403,944	1,625,751
Unit Power consumed (million joules/ layer wafer reticle)	82.6	81.5	72.6	77.1	82.4
Total natural gas consumed(billion joules)	124,115	147,827	171,059	182,514	203,393
Unit natural gas consumed (million joules/ layer wafer reticle)	9.08	9.82	9.07	10.02	10.31
Total diesel consumption (billion joules)	5,276	1,055	2,532	3,165	2,814
Unit diesel consumption (million joules/ layer wafer reticle)	0.386	0.070	0.134	0.174	0.143

Note : Winbond does not use renewable energy and does not have the projects to sell energy.

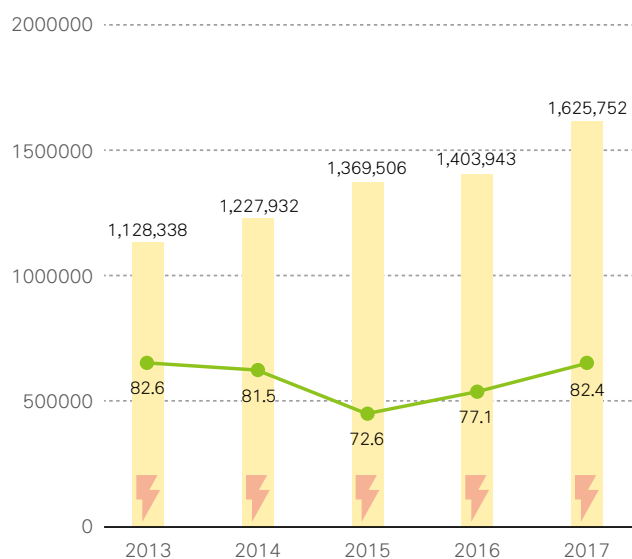
#### Energy Consumed

- Total energy consumed (billion joules)
- Unit energy consumed (million joules/ layer wafer reticle)



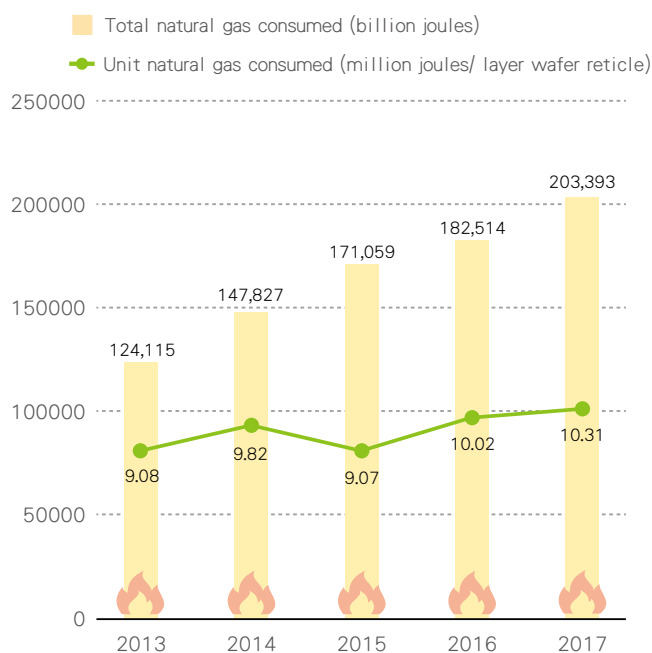
#### Power Consumed

- Total Power consumed (billion joules)
- Unit Power consumed(million joules/ layer wafer reticle)

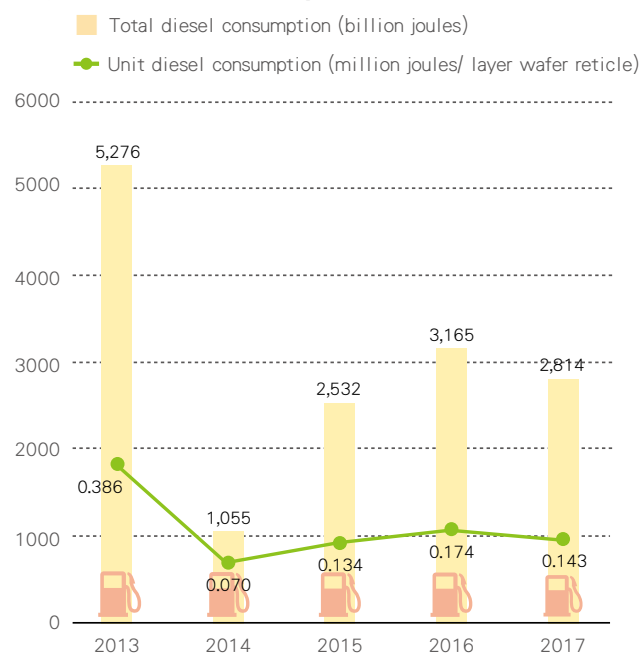




### Natural Gas Consumed



### Diesel Consumption

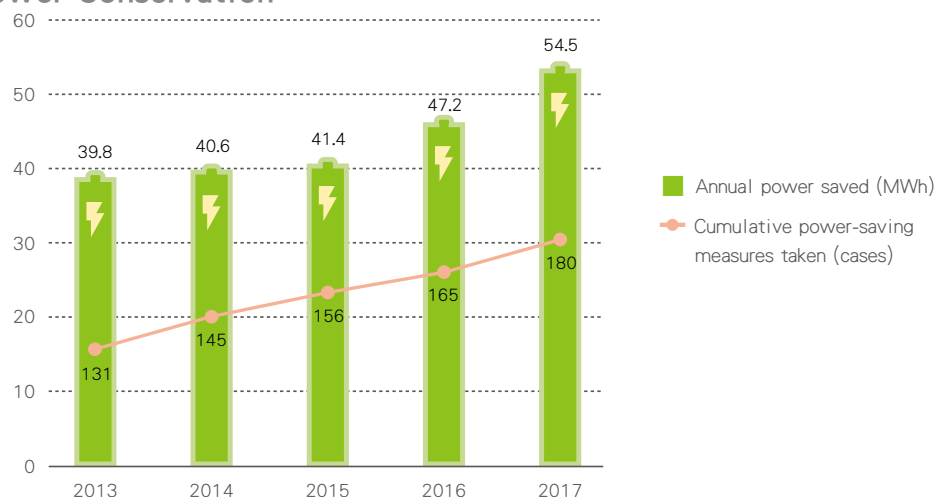


## 3.3.2 Energy Conservation Measures

Fifteen energy-saving measures were introduced in Winbond during 2017, and continued three energy-saving measures from 2016, which ended up saving 7,360,000 kWh of electricity. From 2013 to 2017, the cumulative electricity saved amounted to approximately 224 million kWh, equivalent to the annual electricity consumption of 61,470 households combined. (Note : the calculation is based on the figure provided by the Taiwan Power Company - an annual average of 303 KWh per household during 2016)

Statistics of power conservation/Year	2013	2014	2015	2016	2017
Cumulative power-saving measures taken (cases)	131	145	156	165	180
Annual power saved (MWh)	39.8	40.6	41.4	47.2	54.5

### Statistics of Power Conservation



New energy-saving measures taken in 2017 are listed as follows.

Item	Power-saving measures taken during 2017	Estimated energy saved (KWh /year)
1	Improvement of air conditioning deployment in DUPS control room	65,350
2	MTR cooling fan energy saving improvement	5,022
3	Added #2 gas boiler to reduce electricity usage for electronic boilers.	5,256,000
4	9 degree #1 Water Pump system electricity and savings improvement	284,700
5	FAB-C fire system electricity and savings improvement	5,967
6	LINK Testing system electricity and savings improvement	9,811
7	FAB-B MAU system electricity and savings improvement	11,034
8	FAB-A L30 lighting improvement	341,640
9	FAB-A exhaust system energy saving improvement	20,440
10	FAB-B exhaust system energy saving improvement	13,140
11	FAB-A lighting energy saving improvement	6,570
12	FAB-B MAU system optimization	39,420
13	FAB-C PCW dummy load adjustment energy saving improvement	604,440
14	2F Test Area Fuser Machine Energy Saving Improvement in the LINK Building	17,610
15	Energy saving improvement of the pantry rooms on 1-3F in the office building	1,367

## 3.4 Water Resources Management

### Water Disclosure of Management Approach in 2017

#### Importance

Reduce the operating costs and risks of production disruption.

#### Policy

Winbond Electronics Corp. strives to become a green and sustainable company that operates in full compliance with environmental laws and regulations and relevant international standards. Through continuous improvement, reduction at the source, and all-staff participation, we are committed to making every effort to protect the natural environment, eliminate any foreseeable risks of environmental pollution, and minimize the impact of production to the environment, in pursuit of a balanced development of economy, society and ecological environment in our business activities. Winbond has implemented a management program that is aimed at achieving the objectives energy saving and carbon reduction by reducing consumption of energy and raw materials and recycling waste.

#### Goals

The goal is to maintain the recovery rate of the whole plant  $\geq 80\%$

Short-term goal: To organize quarterly water usage statistics and to conduct assessment of the feasibility of water conservation measures on a yearly basis.

Medium-term goal: Reduction of water usage.

Long-term goal: To become a green enterprise for the sustainable development of the environment.

### Resources

Facility Engineering Department, Module Engineering Department, ESH and Risk Management Department

### Systems

External system: Review the water use prospectus of Central Taiwan Science Park Bureau.  
Internal system: ISO14001 manual/procedure/specification/record.

### Measures

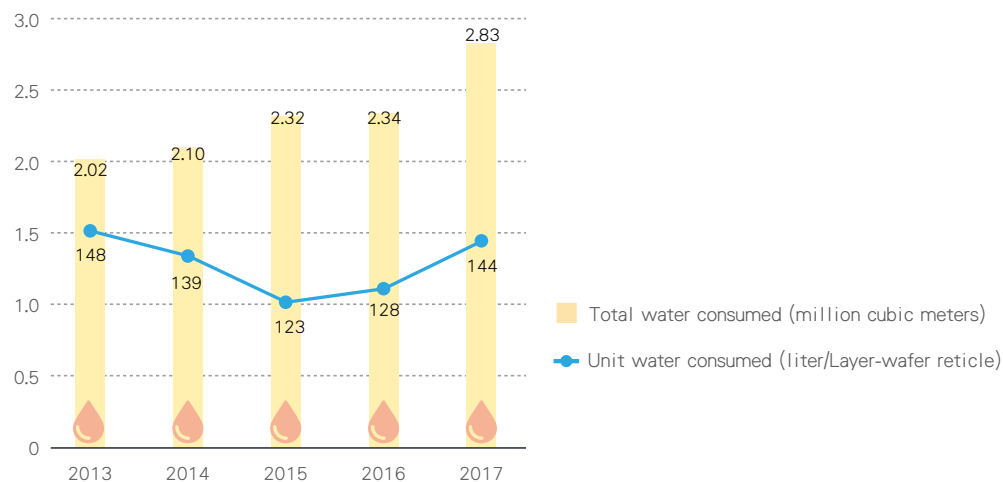
1. Set the water-saving goals.
2. ESH goals and improvement of management programs.
3. Regular inspection records.
4. The ESH Risk Management Committee convenes the meeting quarterly to check the achievement of the target.



The main source of water for Winbond is the tap water from Taiwan Water Corporation, which is chiefly supplied by LiyuTan Reservoir and ShiGang Dam, with a small amount coming from rainwater and air conditioning condensate water. The main source of water is tap water, and the water usage plans have to be assessed of the impact and approved by Central Taiwan Science Park Bureau. Therefore, Winbond does not have significant impact on water resources due to water withdraw. The total water consumption at Winbond in 2017 was approximately 2.83 million m<sup>3</sup>. Water consumption per unit of product - the average water consumption for each layer of reticle for 12-inch wafers is 144 liters. (Note: 1 cubic meter = 1000 liters)

Water consumption/Year	2013	2014	2015	2016	2017
Total water consumed (million cubic meters)	2.02	2.10	2.32	2.34	2.83
Unit water consumed (liter/Layer-wafer reticle)	148	139	123	128	144

### Water Consumption



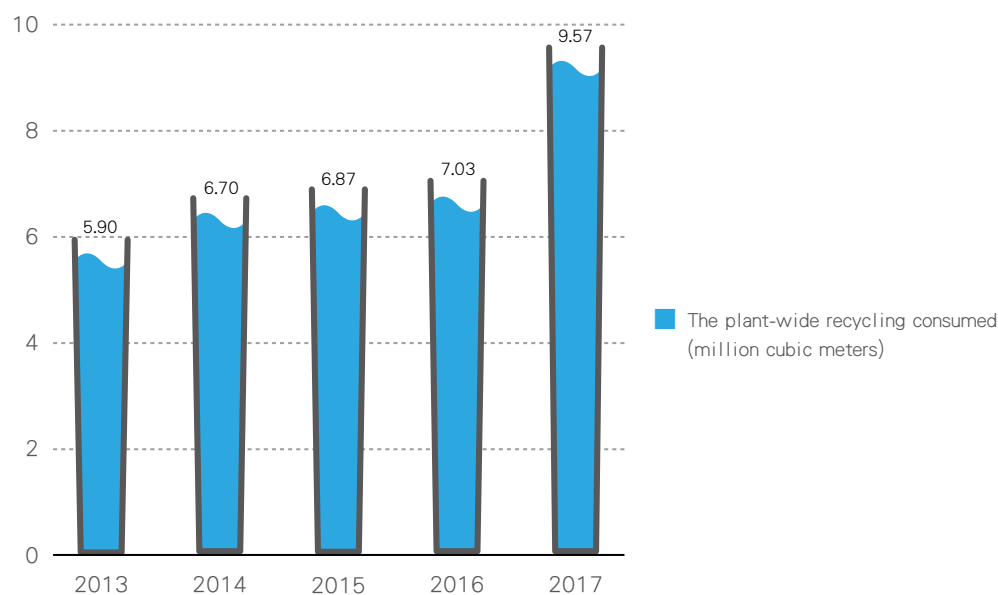
Winbond strives to improve the recycling rate of reclaimed water. The plant-wide recycling rate was approximately 83% in 2017, and the process recycling rate was approximately 92% (in line with the Science Park EIA commitment - the plant-wide reclaim rate should be greater than 77%, and process reclaim rate greater than 85%).

Winbond implemented three new water-saving measures in 2017 and the water conservation increased by approximately 1,220,000 m<sup>3</sup>. From 2013 to 2017, the cumulative water-saving capacity reached 1.43 million m<sup>3</sup>, equivalent to 0.27 service capacity of Baoshan Reservoir (Note: The calculation is based on the figure provided by the Water Resources Agency, Ministry of Economic Affairs - the service capacity of Baoshan Reservoir was 5.38 million m<sup>3</sup> in 2015).

Water recovery rate/Year	2013	2014	2015	2016	2017 年
The plant-wide recycling consumed (million cubic meters)	5.90	6.70	6.87	7.03	9.57
Water recovery rate(%)	80%	82%	81%	81%	83%

Note: The whole plant water recovery rate = (condensate water recovery + process water recovery + secondary utilization of wastewater recovery) / (tap water + condensate water recovery + process water recovery + secondary utilization of wastewater recovery - evaporation water).

### Water Recovery Rate



The newly added water-saving measures are as follows.

Item	Water-saving measures in 2017	Estimated water saved (Unit : m <sup>3</sup> /year)
1	Normal operation time adjustment of RO pure water system	2,279
2	Wastewater Recycling by Fluorine-containing Local Scrubber	114,802
3	Water recycling of the chiller water system	4,505

## 3.5 Pollution Control

### 3.5.1 Air Pollution Control

Winbond's air pollution control strategy is to reduce emissions from the source, reduce air pollutants to a reasonable level through process improvement, and then treat the pollutants with high-performance control equipment, keeping pollutant contents that permeate into the atmosphere under (superior to) the standards stipulated by government regulations. Over the years, it's been confirmed by inspection results that Winbond's air pollutant emissions are lower than the EPA's emission standards.

Based on their characteristics, Winbond categorizes the waste gases into acidic exhaust, base exhaust, volatile organic compounds, and general exhaust. General exhaust is generated from the process of machine cooling, which does not cause air pollution. Based on the characteristics of the pollutants, appropriate pollution control equipment is employed. For toxic or flammable waste gases, FCs, or PFCs process waste gases, local scrubbers are installed at the equipment for adsorption first and combustion oxidation is then performed. Exhaust containing inorganic acid and alkali is sent to the central scrubber for washing and neutralization; exhaust containing volatile organic compounds is sent to a zeolite zeolite-rotary-wheel for absorption, and then sent to a thermal oxidizer (TO) for combustion treatment.

The air pollution control equipment at Winbond operates with what's known as the "N +1" mode, which immediately switches to standby equipment in emergency or during maintenance. Furthermore, an emergency power backup system and an advanced real-time monitoring system are at work to monitor operating parameters around the clock. If any deviation exceeds the preset value, an alarm will be immediately go off, alerting the staff to deal with it immediately. Thus, air pollutants are dealt with 24/7/365, ensuring a full compliance with Taiwan's "Air Pollution Control and Emissions Standards for the Semiconductor Industry" and "Stationary Pollution Source Air Pollutant Emissions Standards".

Winbond's volatile organic compounds (VOC) emissions treatment system uses clean natural gas as fuel to reduce combustion derivative pollution. In 2017, the average VOC removal rate at Winbond was 97%, higher than the rate set by EPA. Regarding Winbond's emission indicators, VOC emissions per layer of reticle for 12-inch fab dropped from 0.16g in 2015 to 0.14g in 2017, a reduction of approximately 12.5%. In addition, based on the results of Winbond's routine inspection on emission pipes and the EPA air pollutant emission factors of NO<sub>x</sub> and SO<sub>x</sub>, it is estimated that the NO<sub>x</sub> emissions was 9.47 tons and SO<sub>x</sub> was 0.31 tons in 2017.

Air pollution testing item	2013	2014	2015	2016	2017
Volatile organic compounds (VOC) emissions (ton)	3.15	2.99	3.10	2.56	2.76
Average removal rate of VOCs	98%	98%	97%	98%	97%

Air pollution testing item	2013	2014	2015	2016	2017
NO <sub>x</sub> emissions (ton)	4.30	6.50	9.76	11.36	9.47
SO <sub>x</sub> emissions (ton)	0.64	0.78	0.42	0.29	0.31

### 3.5.2 Water Pollution Control

At the onset of construction, Winbond's waste treatment facilities were designed to have up to 20 types of pipelines, each collecting a different waste liquid generated from operation. Based on characteristics of the waste liquids, eight categories of waste treatment facilities were built correspondingly. In accordance with water pollution control related laws and regulations and the Soil and Groundwater Pollution Remediation Act, discharge permits are required and applied for. Inspections by the Environmental Analysis Laboratory are conducted twice a month to determine whether the discharge water meets the requirements of the science park. In addition, to reduce environmental load and the use of chemicals, waste waters from the central scrubbers, cooling towers, process cooling waste water, and process soft water are reclaimed. After treatment, the reclaimed water is used as a supply of secondary water in the plant; we continuously promote the advancement of water pollution control facilities to achieve the reduction of pollutant biochemical oxygen demand (BOD), chemical oxygen demand (COD), suspended solids (SS), and sludge. The following table shows the effluent standard at the Central Taiwan Science Park (CTSP) as well as testing data, and all the results showed compliance with the requirement set at CTSP.

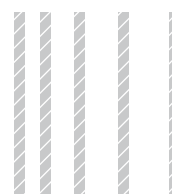
Waste liquids emissions/Year	2013	2014	2015	2016	2017
Waste liquids emissions (million m <sup>3</sup> )	1.55	1.60	1.80	1.80	2.03

Category	COD	SS	BOD
Effluent standard at CTSP	500mg/L	300mg/L	300mg/L
Monitoring value, 2017/5/24	49.7mg/L	50mg/L	9.1mg/L
Monitoring value, 2017/11/22	56.8mg/L	14.1mg/L	22.5mg/L

In order to discharge waste water in compliance with the Wafer and the Semiconductor Manufacturing Industry Effluent Standards and Sewage Treatment Plant in CTSP, Winbond has dedicated plant areas for waste treatment, which are responsible for the treatment of acid and alkaline wastewater, fluoride containing wastewater, CMP wastewater, Ammonia nitrogen wastewater, and TMAH wastewater, and processing domestic sewage generated by employees with the membrane bioreactor system before discharging the treated water to the Sewage Treatment Plant in CTSP. After the sewage treatment, the wastewater that meets the effluent standards is then discharged to Far-Zhi Stream.

The wastewater control equipment at Winbond operates with what's known as the "N +1" mechanism with respect to the processing facilities and spare parts. It has also established a comprehensive set of managerial and operational protocols to maximize the efficiency of the facilities. Monitoring systems are established at the far-end of the pollution control facilities to monitor the status of waste treatment. In the event of abnormality in wastewater analysis, the staff on a 24-hour duty transfer the wastewater back to the facility for reprocessing in accordance with prescribed emergency response and notification procedures in order to avoid environmental pollution and violation of laws and regulations. No chemical or waste leakage or environmental violations occurred in 2017.







▲ Air pollution control facilities



▲ Water pollution control facilities

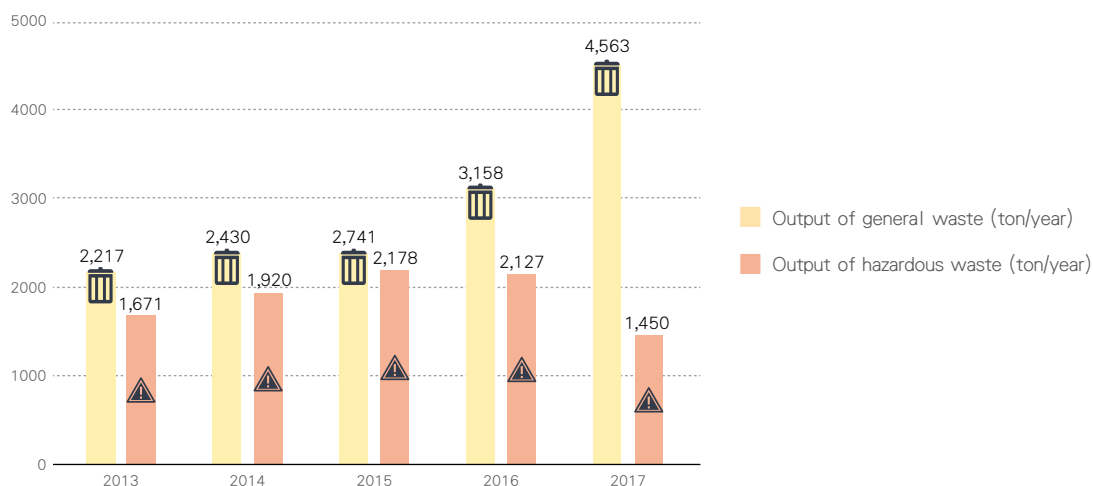
### 3.6 Waste Management and Resource Recycling

In 2017, the waste generated at Winbond was approximately 6,013 tons. When measured with the per unit of product indicator, the production of each layer of reticle for 12-inch fab produces approximately 0.305 tons of waste. Among all the waste generated, 2,005 tons (0.14% of hazardous waste), and due to the fact that there are no qualified waste treatment plants, qualified clearance agencies are then commissioned in accordance with the law to transport the waste to qualified processing plants in South Korea.

Category	2013	2014	2015	2016	2017
Output of general waste (ton/year)	2,217	2,430	2,741	3,158	4,563
Recycling (ton)	2,026	1,638	2,524	2,954	4,403
Incineration (ton)	191	245	217	204	160
Landfill (ton)	0	547	0	0	0
Output of hazardous waste (ton/year)	1,671	1,920	2,178	2,127	1,450
Recycling (ton)	1,657	1,839	2,078	1,886	1,031
Incineration (ton)	10	74	92	238	410
Curing amount (ton)	4	7	8	3	9
Overall waste recovery rate (%)	95	80	94	92	90

Note: Overall waste recovery rate (%) = Recycling / (Recycling + Incineration + Landfill + Curing amount)

#### Output of waste



### 3.7 Expenditure and Investment on Environmental Protection

The Company has not yet introduced the Environmental Accounting System, yet it still actively promotes the measures to improve the environment and efficiency of the tail-end process and implement as well as observe ESH related regulations and requirements. Environmental expenditures and earnings are listed in the following tables.

#### ▼ Costs (in thousand NTD)

Type of expense	Expenditure	2015	2016	2017
New pollution control facilities	Air Pollution Control facilities	5,504	167,710	31,554
	Water Pollution Control Facilities	189,731	149,923	65,686
Operation and maintenance of pollution control facilities	Air Pollution Control facilities	43,499	41,997	49,212
	Water Pollution Control facilities	46,594	52,693	124,692
Waste disposal	General Waste	11,695	14,689	14,644
	Hazardous Waste	12,422	21,511	29,193
Total	--	309,445	448,523	314,981
Revenue (individual)	--	30,843,606	33,534,343	38,102,813
Percentage of the revenue (Total expenditure/ revenue)	--	1.00%	1.34%	0.83%

#### ▼ Earnings (in thousand NTD)

Type	2015	2016	2017
Reuse of Waste	19,206	8,161	5,100

#### ▼ Savings (in thousand NTD)

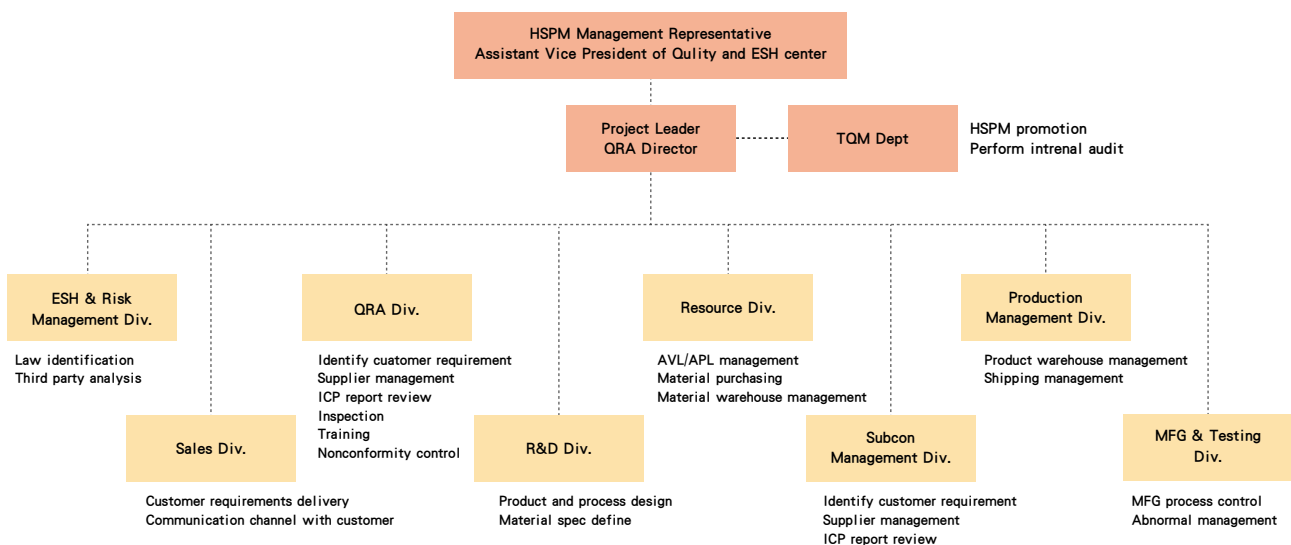
Type	2015	2016	2017
Power-saving measures	91,870	109,150	131,230
Water-saving measures	3,862	3,194	4,845
Total	95,732	112,344	136,075

### 3.8 Hazard Substances Management

In order to ensure that the hazardous substance content of the related products such as the Wafers, Chips, Package ICs manufactured by Winbond can meet the requirements of international environmental protection regulations and customers' green products and to avoid environmental pollution and the damage to human health, the Company has established internal "Hazardous Substances Control Regulations". In addition, we have established an inter-departmental hazardous substance management team to control the design, procurement, production and sales of products. We require our suppliers and subcontractors to incorporate green product requirements into management and ultimately provide Hazardous Substance Free (HSF) products that meet customer requirements. Winbond is engaged in R&D, procurement, production, operations and services in accordance with the following principles to reduce the impact of the Company's operations on the natural environment and humans :

1. Reduce the resources and energy consumption of products and services.
2. Reduce emissions of pollutants, toxic substances and wastes and dispose of waste properly.
3. Improve the recyclability and reuse of raw materials or products.
4. Maximize the sustainable use of renewable resources.
5. Extend the durability of the products.
6. Increase the effectiveness of products and services.

The HSF policy is that the Company is committed to the design, procurement, manufacturing and sale of Hazardous Substance Free (HSF) products in order to comply with international regulations and to meet customers' needs while working on environmental protection to fulfill our responsibility as a social citizen. The representatives of HSPM holds a management review meeting every year to review and discuss policies, objectives, regulations, relevant audit results and management performance to continuously improve the effectiveness of the Hazardous Substance Process Management System. The organization chart of the Hazardous Substance Management Committee is as follows :



# 4. Accountable Team · Learning with Passion

4.1 The Hiring of Employees

4.2 Employee Benefits and Rights

4.3 Talent Training

4.4 Workplace Health

## Performance

- 88 employees have been granted the child-rearing allowance with a total subsidy amounting to **NT\$31.62 million** in 2017.
- In 2017, **100%** of the frontline and supportive staff received performance appraisal.
- In 2017, Winbond raised the basic monthly salary standard for inexperienced employees to **1.3-1.8 times** the minimum salary required by law and raised the salary according to their performance to reward and retain talents.
- Between 2013 and 2017, Winbond won **the National Solidarity Competition awards.**





By the end of 2017, the CSR course (including labor rights, environmental protection, health and safety, and ethical norms) has been offered to a total of **2,634 person-times**, totaling **1,472 study hours** and a 100% completion rate.

➤ **85 drills** were carried out to enhance the emergency response capability of the plants in 2017.

All-staff CPR and AED trainings are conducted. By the end of 2017, a total of

➤ **1,938 staff members** have completed the training.

➤ Our employees were encouraged to go walking in 2017, and there were **13,508 people** participating in walking activities, covering a total distance of 45,223 km, which is equivalent to 40 laps around Taiwan.

➤ Winbond offers a salary and benefits system that exceeds the criteria established by laws and regulations as well as **a number of bonus systems** (including Winbond Star prize, special bonuses, operating performance bonuses, employee bonuses, incentives and bonuses, and patent bonuses).

Winbond recognizes that human resources are the most important assets of the Company, and that outstanding performance can only be achieved with outstanding talented people. As a result, Winbond operates on a comprehensive human resources management system for recruitment, compensation and benefits, and personnel cultivation.

Any form of discrimination, sexual harassment, and inhumane treatment to our employees are forbidden. Job applicants' freedom in choosing their career and their freedom of association are fully respected. The personnel system (e.g., salary, welfare, assessment, promotion, rewards and punishments, cultivation, job placement, and termination of contract) treats every employee equally, regardless of race, skin color, nationality, social status, language, thoughts, religion, political affiliation, place of origin, place of birth, gender, sexual orientation, age, marital status, pregnancy, appearance, facial features, disability, or union membership.

## 4.1 The Hiring of Employees

Winbond is home to talents with the core value of "Integrity, Accountable Team, Learning with Passion, Active Innovation and Sustainable Contribution". In addition to complying with domestic and international labor regulations and the Responsible Business Alliance (RBA), we place great emphasis on employees' rights and wellbeing. No individuals under the age of 15 (or those who fail to complete the compulsory education) can be hired. We comply with laws with respect to related protective measures of women and employees above the age of 15. If the fact of misuse of child labor is found, it may be reported to the Company spontaneously through various complaint channels within the Company. The HR Department shall adopt the following procedures to provide appropriate assistance to such employees before terminating the employment according to the Labor Standards Act.

1. Analyze and ask the reason for such employees to work here and give appropriate help and remediation.
2. Notify the parents of such employees and send them to their hometown, parents or guardians and inform the caregivers about the legal requirements and related regulations.
3. Ensure the health of such employees in accordance with the "Health Management Practices".
4. Encourage such employees to return to school to complete their studies and provide financial assistance to those in need.
5. Depending on the family's financial situation to provide suitable job vacancies for suitable family members to help them improve the financial situation.
6. Review the process and identify the cause of the fault and improve accordingly. Review the process and identify the cause of the fault and improve accordingly.

To attract top talents, Winbond offers the most competitive salary and an immediate bonus system to share employees' operational successes instantly. Bonuses and employee dividends are distributed based on employees' performance and fulfillment of organizational goals.



## 4.1.1 Workforce Structure

### ▮ The Number of Employees Worldwide

As of December 31, 2017, Winbond employs 2,824 people worldwide, including 2,559 employees at the headquarters and 265 at overseas service bases. The ratio of male to female employees is approximately 2 to 1.

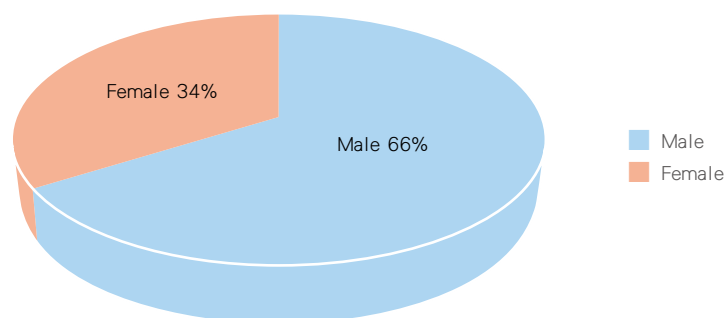
Year		2015			2016			2017		
Category		Head-quarter	Overseas service bases	Total	Head-quarter	Overseas service bases	Total	Head-quarter	Overseas service bases	Total
Male	Number	1,519	172	1,691	1,588	181	1,769	1,684	205	1,889
	Ratio (%)	65	74	66	65	76	66	66	77	67
Female	Number	804	62	866	844	57	901	875	60	935
	Ratio (%)	35	26	34	35	24	34	34	23	33
Total	Number	2,323	234	2,557	2,432	238	2,670	2,559	265	2,824
	Ratio (%)	91	9	--	91	9	--	91	9	--

Note : 1. Overseas service bases cover bases in the USA, Japan, Suzhou, Hong Kong, and Israel.

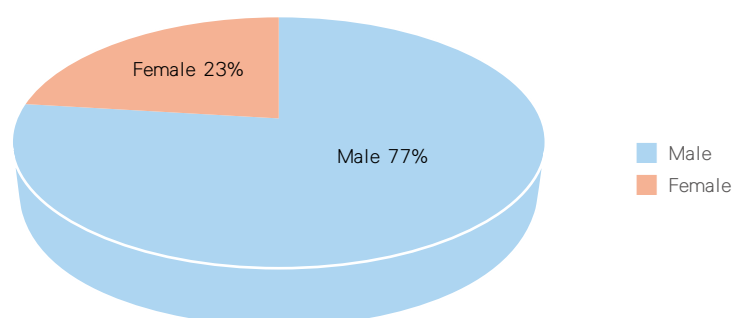
2. High-level management at headquarters are 98.7% local workers.

3. There were 7 employees more than the number of employees at the headquarters in 2016, including support staff from subsidiaries who belong to the subsidiaries. Therefore, the number of those belonging to the subsidiaries will be deducted from the number of employees at headquarters in 2017.

#### ▮ Headquarters

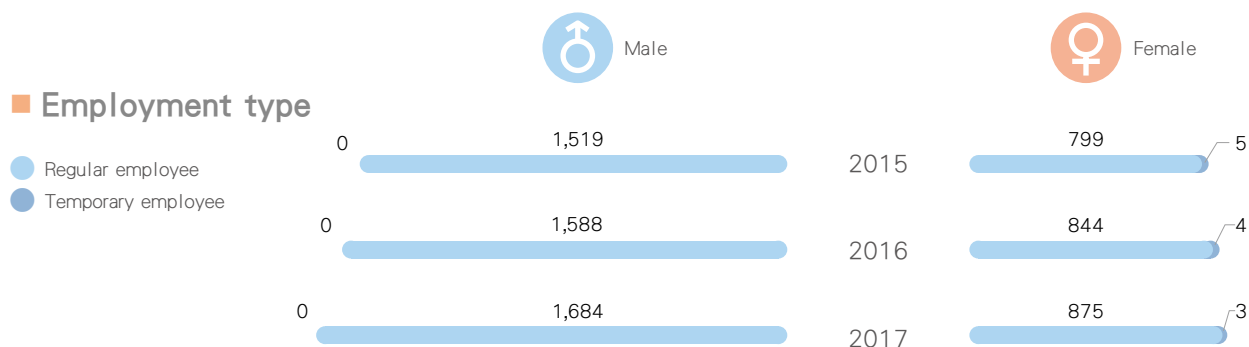


#### ▮ Overseas service bases

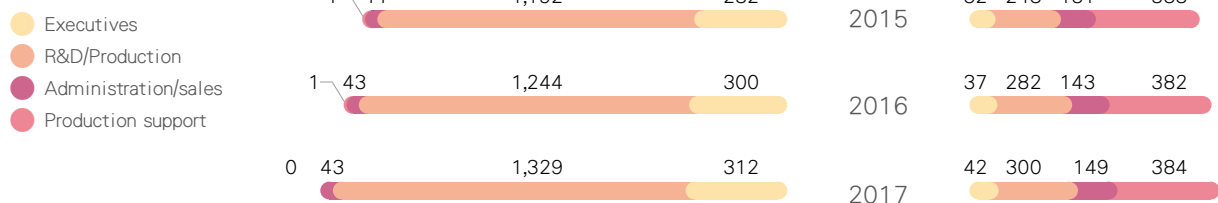


## Employment Type

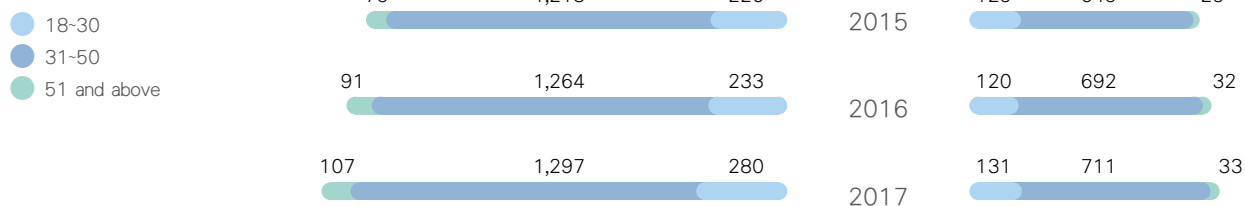
In terms of employment structure at the headquarters, the general staff consists of 2,559 frontline and supportive employees, which includes 29 regular contract employees (3 male and 26 female employees), and 3 temporary workers. In terms of age distribution, Winbond adheres to domestic and international laws and regulations, and does not employ children under the age of 15. 78.47% of our employees in Taiwan are aged between 31 and 50 years old. 83.08% have the bachelor's degree or above.



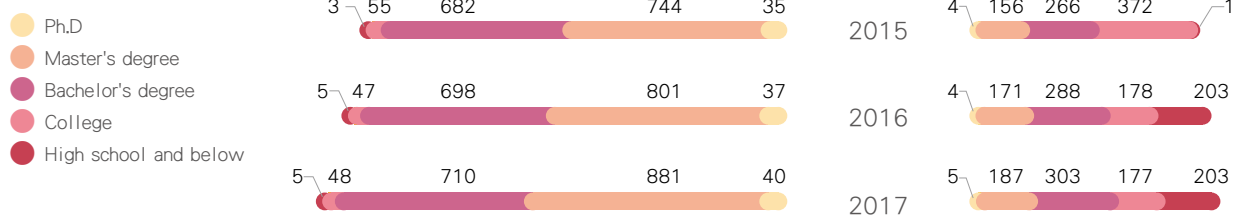
## Post



## Age



## Education background



## 4.1.2 Talent Attraction and Retention

### Training and Education Disclosure of Management Approach in 2017

<b>Importance</b>	Talents are the cornerstone of enterprise development, Winbond spares no effort to recruit and retain talents. We offer competitive salary and benefits to attract talent. In addition, we review relevant laws and regulations on labor wages and benefits on a quarterly basis to ensure that the management policy for employees is in line with the law and to safeguard employees' jobs and quality of life as well as improve the rate of talent retention and the company profit growth.
<b>Policy</b>	Winbond continues to provide comprehensive training programs to enhance employee development.
<b>Goals</b>	Short-term goal: To provide a competitive salary and benefits system to attract more talent. Medium-term goal: Excellent talent will bring new ideas and thinking for enterprises, enhancing the company's productivity and bringing the stable profit growth to the company.
<b>Resources</b>	<ol style="list-style-type: none"><li>1. Winbond continued the newcomer training program in 2017 to help newcomers quickly fit into the Company, learn the skills needed for their work, embed cultural DNA in them as cultural seeds, and enhance organizational commitment and willingness of retention.</li><li>2. In 2017, we continued to promote innovative tools courses, including Information Science, TRIZ and Brain Creativity Development. The purpose is to help employees use analytical tools to effectively improve work productivity.</li><li>3. Since the second half of 2017, the " Artificial Intelligence Foundation Course" has been organized at the Institute of Artificial Intelligence to help employees understand more aspects of artificial intelligence and to incorporate cultural factors of "learning enthusiasm" to enhance self-learning ability and organizational productivity.</li><li>4. The recruitment of talents through diversified recruitment channels and rigorous selection mechanisms such as the campus recruitment, R&amp;D alternative service and corporate visits.</li></ol>
<b>Systems</b>	External system : Salary and welfare related laws and regulations Internal system : Training management procedure
<b>Measures</b>	<ol style="list-style-type: none"><li>1. Develop training programs for each type of course each year based on the corporate strategy, needs survey and resource allocation. In addition to tracking the progress of the course every season, the annual course start rate is calculated at the end of the year. If the start rate is less than 80%, a review report is required to explain the reasons and improvement method.</li><li>2. Satisfaction questionnaire: Understand the employees' satisfaction of the course content, teaching methods, teaching skills and other aspects of the courses, and set satisfaction goals for the physical courses and digital courses.</li><li>3. Post-tests : Evaluate the students' learning results in the classroom, examine the effectiveness of the training and set the passing scores for the courses.</li><li>4. Behavioral presentation: After the course is over, understand the behavioral changes through supervisors' observation.</li></ol>

Winbond spares no effort to retain talents. We offer a salary and benefits system that exceeds the criteria established by laws and regulations. Winbond does not employ remuneration consultants regarding the remuneration policy. In addition to reviewing relevant laws and regulations on labor wages and benefits on a quarterly basis, the Company also regularly adjusts the pay and welfare standards in accordance with market conditions so as to safeguard employees' quality of life and attract more talents. We believe that a reasonable turnover may bring new ideas and thinking into our enterprise.

Winbond's average hiring rate was 11.68% and the average turnover rate was 6.45% in 2017. By means of diverse hiring activities such as campus recruitment, R&D alternative service, corporate visits, and summer internship programs, we hired 299 employees in 2017, of which 39% (aged 31 and above) have extensive professional experience, whose joining would rapidly promote the organizational efficiency. It has also reduced the turnover rate by increasing the number of LOHAS leave and ensuring that the employees on leave without pay can return to their original positions.

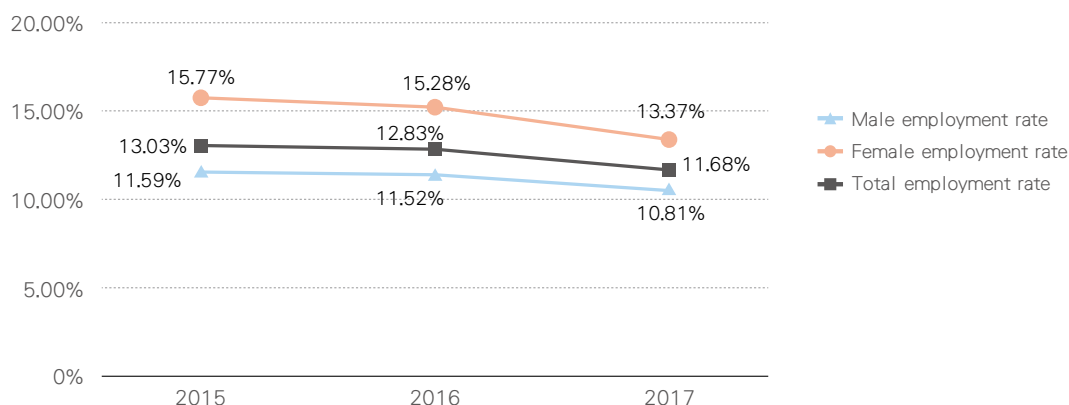
## Hire

Distribution of gender of the newly hired during 2017.

Year	Number of new male employees	Employment rate, male	Number of new female employees	Employment rate, female	Total number of new employees	Total employment rate
2015	176	11.59%	126	15.77%	302	13.03%
2016	183	11.52%	129	15.28%	312	12.83%
2017	182	10.81%	117	13.37%	299	11.68%

Note: the rate of newly hired= the number of newly hired/the total number of employees as of December 31 of the year.

## The number of new employees in the past three years (by gender)

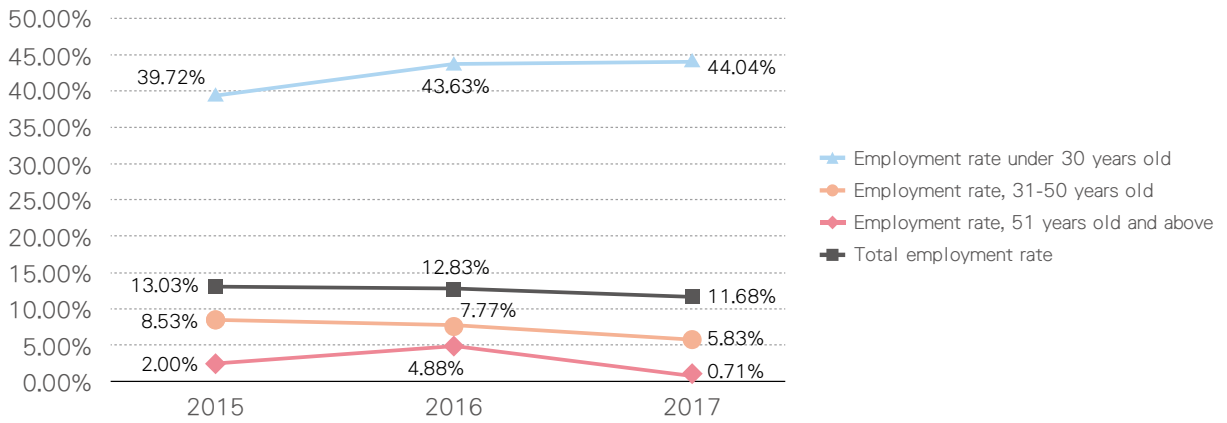


Distribution of age of the newly hired during 2017.

Year	Number of new employees under 30 years old	Employment rate under 30 years old	Number of new employees aged 31-50 years old	Employment rate at 31-50 years old	Number of new employees aged 51 years old and above	Employment rate at 51 years old and above	Total number of new employees	Total employment rate
2015	141	39.72%	159	8.53%	2	2.00%	302	13.03%
2016	154	43.63%	152	7.77%	6	4.88%	312	12.83%
2017	181	44.04%	117	5.83%	1	0.71%	299	11.68%

Note : the rate of newly hired=the number of newly hired/the total number of employees as of December 31 of the year

### The number of new employees in the past three years (by age)



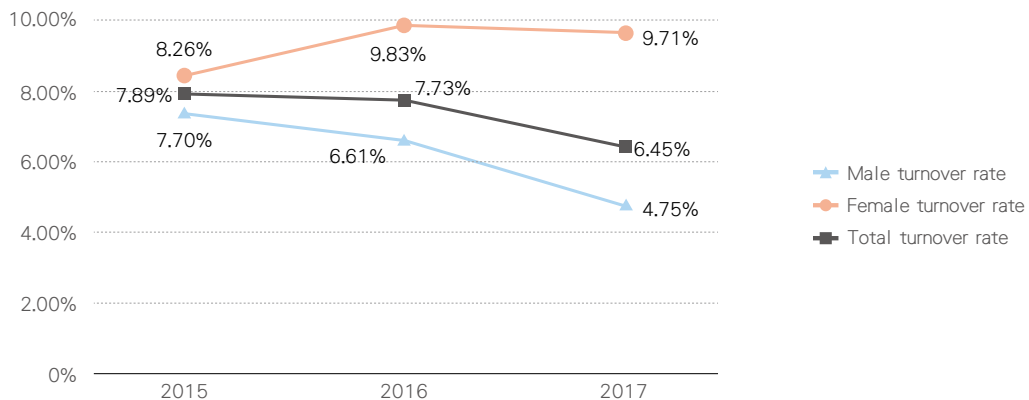
### Staff Turnover

The number of retired/resigned employees in the past three years - by gender.

Year \ Gender	Male		Female		Total number	
	Number	Ratio	Number	Ratio	Number	Ratio
2015	117	7.70%	66	8.26%	183	7.89%
2016	105	6.61%	83	9.83%	188	7.73%
2017	80	4.75%	85	9.71%	165	6.45%

Note : turnover rate= the number of dismissals/the number of employees of the year as of December 31.

### The number of retired/resigned employees in the past three years (by gender)



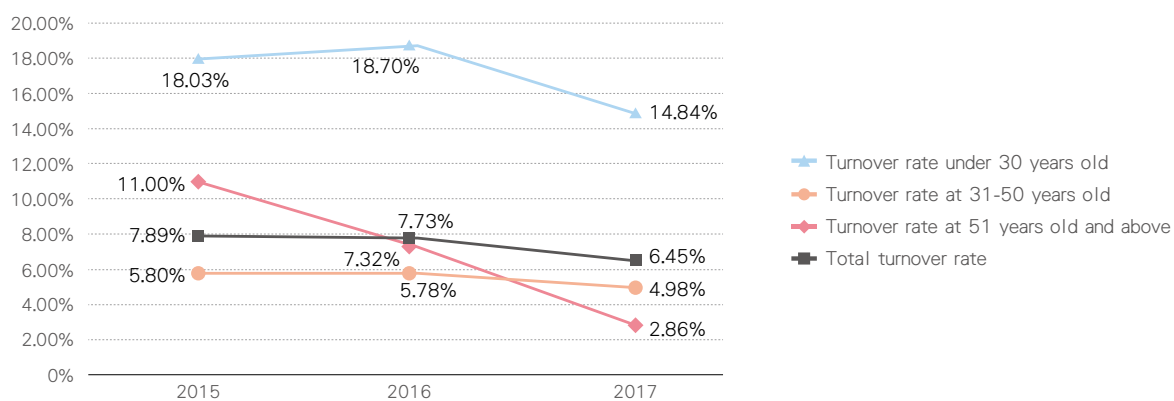


The number of retired/resigned employees in the past three years - by age.

Year	Number of retired/resigned employees under 30 years old	Turnover rate under 30 years old	Number of retired/resigned employees aged 31-50 years old	Turnover rate at 31-50 years old	Number of retired/resigned employees aged 51 years old and above	Turnover rate at 51 years old and above	Total number of retired/resigned employees	Total turnover rate
2015	64	18.03%	108	5.80%	11	11.00%	183	7.89%
2016	66	18.70%	113	5.78%	9	7.32%	188	7.73%
2017	61	14.84%	100	4.98%	4	2.86%	165	6.45%

Note : turnover rate= the number of dismissals/the number of employees of the year as of December 31.

### The number of retired/resigned employees in the past three years (by age)



## Parental Leave and Reinstatement Rate

We are committed to providing a work environment where employees maintain a mind-body balance. We adhere to the Labor Standards Act and the Gender Equality Act so that we can strike a work-family balance. If the employees have the need to take care of the young children under 3 years old, we will assist them in applying for parental leave. We will help arrange our colleagues to return to their original units and duties after the parental leave. In 2017, 29 employees were on parental leave without pay, while the reinstatement rate after the parental leave was 100%.

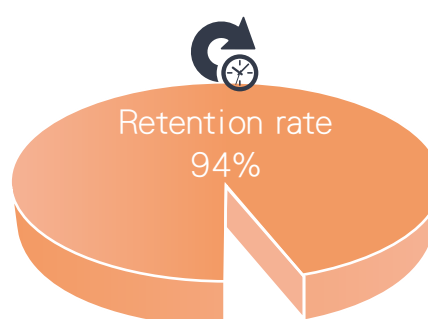
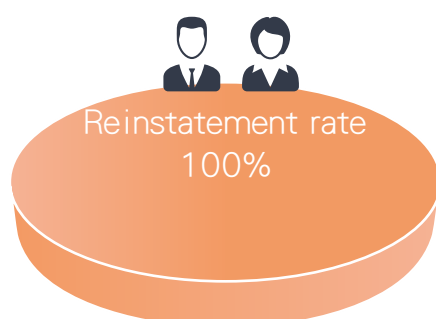
The number of persons on parental leave and the number of reinstatement during 2017 :

Type	Male	Female	Total
Number of people eligible for parental leave without pay *	404	165	569
Number of people applying for parental leave without pay	6	23	29
Expected Reinstatements (A)	3	13	16
Actual Reinstatements (B)	3	13	16
Reinstatement rate (B/A)	100%	100%	100%

\* The statistics include the employees who applied for maternity leave and paternity leave from Jan. 2, 2014 to Dec. 31, 2017 and are still in service as of Dec. 31, 2017 (including leave without pay).

Retain rate of employees after parental leave without pay during 2017 :

Type	Male	Female	Total
Number of reinstated employees in 2016 (A)	3	13	16
Number of people working for more than one year after reinstatement (B)	3	12	15
Retention rate (B/A)	100%	92%	94%



## Hiring of Employees with Disabilities

During recent years, Winbond has been an active employer for individuals with mental or physical disabilities. With assistance from governmental employment counseling agencies, we have steadily increased the employment in this category. As of December 31, 2017, we have hired 18 staff members with disability, all of whom are placed on actual job duties, and the number of employees with physical and mental disability hired is 19 after being weighted by the degree of disability, making it 6 employees short based on the required employment quota, which was mainly due to the fact that the conditions on the resumes did not meet the job requirements. All employees with disability are employees who are actually involved in the company's business. The conditions of these employees are analyzed prior to their employment so that specific arrangements could be made for them with respect to the working environment and equipment they work with, thus assisting them to fit in more easily.

Number and ratio Gender	Male		Female		Total number of employees
	Number	Ratio	Number	Ratio	
Employees hired	13	72%	5	28%	18
Weighted by the degree of disability	13	68%	6	32%	19

### 4.1.3 Performance Management

Winbond's performance management system is designed for the supervisors to ensure that all staff work toward the same performance objectives. It also helps the supervisors to learn every individual's performance so as to provide them with assistance to develop competency. In this way, the overall competitiveness and organizational productivity are also improved.

Newly hired staff are assessed during the probation period. The employees' personal feedback and supervisory evaluation results are used at an early stage to determine whether the newly hired are qualified. Regarding performance management, performance goals are set at the beginning of the year, which are checked every six months for progression through the performance review system. Additionally, mid-year and year-end assessments are performed to appraise the performance of the employees. The evaluation results are used as a reference for bonus, promotion, and performance counseling. In 2017, 100% of the frontline and supportive staff received performance appraisal.

## 4.2 Employee Benefits and Rights

### Employment Disclosure of Management Approach in 2017

#### Importance

1. The Company reviews relevant laws and regulations on labor wages and benefits on a regular basis to ensure the compliance.
2. Winbond spares no effort to retain talents and offers a salary and benefits system that surpasses the requirements as stipulated by law.
3. Winbond adjusts its pay and welfare standards in accordance with market conditions in the industry on a regular basis and provides a competitive salary and benefits system so as to safeguard the employees' quality of life and attract more talents to join us.
4. Winbond provides diversified opportunities for learning and growth, as well as a LOHAS-enabling working environment that allows everyone to pursue his/her dreams and fulfill the life goals.
5. Winbond is the home for every employee. Winbond provides comprehensive and high-level benefits to cater for the needs of the employees and their family.

#### Policy

1. The salary level must be competitive in the industry to attract external talents and stabilize the internal excellent human resources.
2. Personal compensation levels are differentiated by duties and performance to encourage commitment and performance.

#### Goals

Short-term (1-2 years) : To maintain the competitive advantage of the industry to attract and retain outstanding talent. The salary is adjusted each year.

#### Resources

1. Reward system: Winbond Star prize, special bonuses, Operating performance bonuses, employee bonuses, Incentives and bonuses, and patent bonuses.
2. Benefits: Group insurance, retirement protection, leave system, child care subsidies, marriage subsidies, maternity benefits, festival gift vouchers, annual health checks, and consultation with doctors in the company.
3. Employee Assistance Program: The Company cooperates with the Hsinchu Lifeline Association to provide services for all its employees, including counseling, family counseling, career counseling and so on.

#### Systems

External system: Compliance with statutory requirements to maintain competitiveness in the industry.  
Internal system: Follow the rules and procedures regarding the salary and benefits system.

#### Measures

1. The company reviews relevant laws and regulations on labor wages and benefits on a regular basis.
2. The Company adjusts its pay and benefit standards in accordance with market conditions in the industry and the needs of employees. We carry out salary adjustment based on the performance of employees and long-term contribution to enhance the competitiveness of remuneration.

Winbond spares no efforts to retain talents and offers a salary and benefit system that surpasses the requirements as stipulated by law. Aside from reviewing relevant laws and regulations on labor wages and benefits on a quarterly basis, the Company adjusts its pay and benefit standards in accordance with market conditions in the industry so as to safeguard the employees' quality of life and attract more talents to join us.

Winbond provides a competitive salary and benefit system, diversified opportunities for learning and growth, as well as a LOHAS-enabling working environment that allows everyone to pursue their dreams and fulfill their life goals with passion.

#### 4.2.1 Salary and Benefits

In 2017, Winbond raised the basic monthly salary standard for inexperienced employees to 1.3-1.8 times the minimum salary required by law. Additionally, performance-based salary adjustment and bonuses were also practiced. Every employee at Winbond receives equal opportunity for salary, benefit, assessment, and promotion, regardless of race, color, religion, political affiliation, gender, sexual orientation, age, marital status, pregnancy, disability, or union membership.

The annual salary of employees with the highest salary of the Company in Taiwan divided by the median annual salary of employees is about 15 times. In 2017, the salary increase ratio increased by about 1.35 times compared to 2016.

#### Ratio of staff standard salary to local minimum salary

Basic wage is the guaranteed minimum wage. Winbond provides a starting salary of 1.3 to 1.8 times higher than the minimum wage for inexperienced frontline and supportive employees.

Type of employee	Type of employee	Female
Frontline employees (Note 1)	1.3 times	1.3 times
Supportive employees (Note 2)	1.8 times	1.8 times

Note 1 : calculated using the basic monthly salary of an inexperienced worker.

Note 2 : calculated using the basic monthly salary of an inexperienced worker who has a university degree in engineering.





## Ratio of average male salary to average female salary

There is no difference in the basic salary of the male and female basic level employees in the Company. The remuneration is offered to our employees in accordance with their positions, education background and experience.

Type of employee	Female	Male
Senior managers (Note 3)	1	1
Middle managers (Note 4)	1	1.1
Non-managers	1	1.1

Note 3 : executives above division level

Note 4 : department and section level executives

## Bonuses



### Incentives and bonuses

Significant contributors (individuals or teams) of the Company whose work demonstrates Winbond's corporate culture (誠信經營、當責團隊、熱情學習、積極創新、永續貢獻) are commended on a quarterly basis.

Team-building activities are organized regularly to enhance morale of the staff and maintain a good working atmosphere.



### Patent bonuses

Employees with outstanding performance in regular work or in specific projects are rewarded immediately.

Employees are encouraged to engage in inventions with respect to product design, manufacturing, testing, application, and marketing to promote patent creation.



### Employee's compensation

Operational achievements are celebrated with employees on a quarterly basis according to operational performance.

Each year, the company's profit is shared with our employees. The total amount is determined by the provisions of the Company's Charter and the employees are rewarded according to their contribution and personal performance.

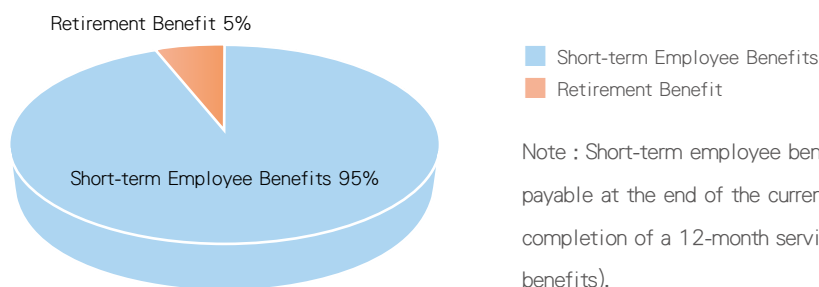


### 4.2.2 Employees' Benefits

Winbond is home for every employee here. Winbond provides comprehensive and high-level benefits to cater for the needs of the employees and their family. In addition to statutory benefits such as labor insurance, national health insurance, and pension funds, we also provide group insurance and childcare subsidies which exceed the average standards in the industry.

The employees' benefits include salary, bonuses on three festivals, special bonus, performance bonus, pension and others. The total expenditure on employees' benefits was NT\$8,518,151 thousand dollars (including those of the subsidiaries) in 2017, which included NT\$8,122,320 thousand dollars for the benefits(Note) of short-term employee, and NT\$ 395,831 thousand dollars for the benefits after retirement.

#### Percentage of short-term (paid within one year) benefits and retired benefits divided based on the payment period



Note : Short-term employee benefits refer to the benefits payable at the end of the current period upon employees' completion of a 12-month service (excluding termination benefits).

### Group Insurance

In addition to labor insurance and health insurance as stipulated by law, employees at Winbond also receive comprehensive group medical insurance covering life insurance, accident insurance, hospital medical insurance and cancer insurance, not only to protect employees, but also to protect their spouses and children. Additionally, self-financed group insurance schemes are also available for the employees themselves, their spouses, children and parents. Such schemes may provide additional coverage to make up the deficiency of regular labor insurance and health insurance so that our employees can feel more at ease when working.

### Retirement Protection

In accordance with statutory requirements, Winbond appropriates (old system) or contributes (new system) pension reserve funds for every full-time employee. For the old pension system (Labor Standards Act), 2% of the monthly salary is appropriated as pension reserve funds. The proportion of appropriation is reviewed annually; for the new pension system (Labor Pension Act), Winbond appropriates 6% of the monthly salary into the employee's personal designated account based on the table of monthly contribution wage classification. The employees may, according to his/her wishes, contribute the pension to personal designated account within 6% of the salary according to the table of monthly contribution wage classification.

## Leave System

### LOHAS Vacation

To enable our employees achieve work-life balance, Winbond provide LOHAS vacation surpass standards required by the Labor Standards Act. Employees can enjoy seven days of LOHAS leave during their first year (prorated based on duration of employment) instead of waiting a full year before they are entitled to vacations as stipulated in the Labor Standards Act. Winbond also offers a flexible leave system that allows employees to take leave in hourly increments, offering more choices and flexibility. We further encourage employees to take longer vacations from annually leave and share more leisure time with family and friends, fulfilling a healthy work-life balance and colorful their lives.

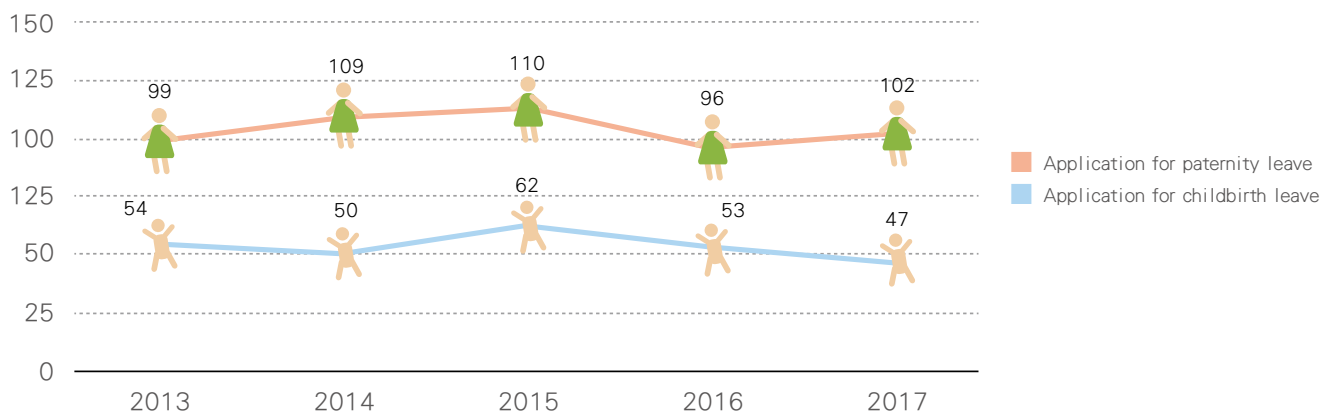
### Respect for human rights and equality

At Winbond, all employees are treated equally with respect to leaves, and human rights are respected. Aboriginal employees are entitled to a yearly one-day leave on the day of tribal rituals. Winbond adheres to the Act of Gender Equality in Employment, and all employees may apply for leaves on the basis of menstrual leave, fetal leave, routine prenatal visit, maternity leave, paternity leave, parental leave without pay and family care.

Applications of maternity and paternity leave :

Year	Total number of employment		Application for maternity leave		Application for paternity leave	
	Female	Male	Number	Percentage	Number	Percentage
2013	682	1,369	54	7.9%	99	7.2%
2014	724	1,446	50	6.9%	109	7.5%
2015	755	1,502	62	8.2%	110	7.3%
2016	790	1,577	53	6.7%	96	6.1%
2017	837	1,678	47	5.6%	102	6.1%

Note : The number in the table includes the staff and engineering assistants at the headquarters (the employees on a leave without pay are not included).



Applications for leave on aboriginal rituals and ceremonies :

Year	Total number of aboriginal employees	Applications for leave on aboriginal rituals and ceremonies	
		Number	Percentage
2013	5	4	80%
2014	5	3	60%
2015	5	4	80%
2016	4	4	100%
2017	6	3	50%

### Family Day

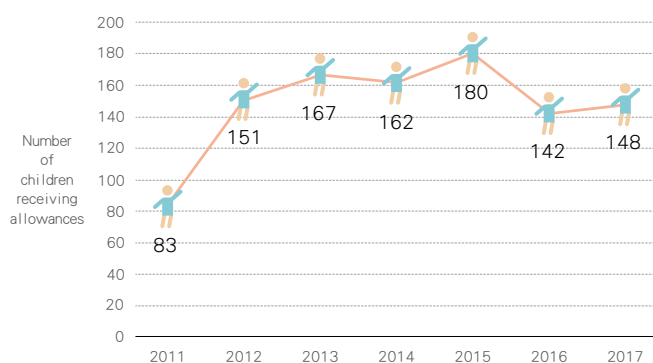
Winbond holds the Family Day every year, which not only enables our employees' family to better understand Winbond, but also shows that Winbond pays attention to the meaning of LOHAS and a healthy family-work balance in the employees' lives. In 2017, the Joint Sports Game to celebrate Winbond's 30th and Nuvoton Technology Corporation's 9th anniversary was held, and the theme of this event was set at "Flying 30, Beyond Boundary". The core of this event was to focus on the teamwork and the sportsmanship to break through challenges, hoping that the employees at Winbond can continue to show the brand new atmosphere full of positivity and vitality.



### Child-rearing Allowance

In response to the Government's promotion of encouraging childbirth, Winbond has implemented a "Child-Rearing Allowance" policy since April 2011. Employees can receive a monthly subsidy of NT\$5,000 for each child they give birth to, until the child reaches 4 years old. The employees' childbirth rate has been effectively raised. A total of 1,033 applications have been made during 2011 to 2017, which helps novice parents reduce the financial burden of parenting, enhancing the reinstatement rate and the sense of happiness of our employees.

Item	Description
Content of allowance	Sum of allowance: NT\$ 5,000 every month for every new born child Allowance duration: Until the child reaches the age of 4
Implementation	Number of applications: A total of 1,033 applications have received the allowances during 2011 to 2017.



This allowance was originally scheduled to be terminated in March 2016; however, due to the excellent effects in promoting fertility, it was decided to be extended to 2020. By 2017, a total of 64 male and 24 female employees have been granted the subsidy with a total subsidy amounting to NT\$31.62 million, the highest amount in the industry. Statistics show that the employees who have received the subsidy have a lower turnover rate than the Company's average, showing that the policy has not only played a positive role in retaining talents, but also earned the Company a reputation as a model enterprise safeguarding employees' well-being.

### Allowance for Childbirth and Marriage

In addition to child-rearing subsidies, the employees also receive marriage subsidies and maternity benefits. In 2017, a total of 43 male and 18 female employees received marriage subsidies, and 94 male and 29 female employees received maternity benefits, with a total sum of NT\$ 27,6000. The number of applications for childbirth and marriage subsidies during 2017 increased by 1.16 times compared to 2016, where a total of 159 employees applying for either childbirth or marriage subsidies.



### 4.2.3 Internal Communication Channels for Employees

Winbond provides multiple, open and transparent channels to promote real-time two-way communications, including the establishment of suggestion boxes, grievance hotlines, sexual harassment handling committee, and different functional communication meetings, such as labor meetings, executive management seminar, staff welfare committee, environmental safety committee, production management meetings, and quality re-education meetings. In addition, employees may also express their views or suggestions through various channels. In addition to providing diverse communication channels, Winbond also collect employees' opinions through focus groups and individual interviews as the reference for the management policies and basis for service quality improvement.



#### ■ Suggestion Box :

Suggestion boxes are placed near staff cafeteria and production line lounges to solicit employees' ideas or suggestions with respect to their work and life. By the end of 2017, 8 proposals have been received and processed through the suggestion boxes. The company sets up a "75234" hotline for the grievance from employees. During 2017, 1 case of complaint was received and was properly handled.



#### ■ Grievance Hotline :

To build a work environment free from sexual harassment for the protection of the rights of staff and job seekers, Winbond formulated the "Workplace Sexual Harassment Prevention Rules" and established the "Sexual Harassment Appeal Committee" with a dedicated Website for workplace sexual harassment prevention. Up to 2017, no cases of harassment have occurred since the establishment of the rules.



#### ■ Labor-management meetings :

The Company convenes labor-management meetings to achieve instant two-way communication. By periodical re-election of labor representatives, all employees' opinions and suggestions are collected. In case of major operational changes (such as the layoff, those who have worked for more than 3 years would have 30-day advance notice; those who have worked for more than 1 year but less than 3 years would have 20-day advance notice; those who have worked for more than 3 months but less than 1 year would have 10-day advance notice.) Meetings are held to address issues such as labor relations coordination, labor-management cooperation, labor conditions and welfare, and work efficiency enhancement through sufficient communications. The conclusions reached in the meetings apply to all staff. During 2017, eight labor-management meetings and one briefing were convened in Chu-pei and CTSP site, and a total of 3 problems reported in the meetings were addressed.

#### ■ Executive management seminar :

The purpose of the management seminar is to enable all executives to directly interact with the CEO and general manager on issues related to the Company's operation and managerial system. Four executive management seminars were held during 2017, and were attended by a total of 1,134 person-time.



#### ■ Plant communication meetings :

Plant communication meetings are held twice yearly by plant supervisors to communicate directly with the operational staff regarding managerial or production issues. Additionally, re-education courses related to quality or RBA are also arranged, providing opportunities for departmental supervisors and operational staff to interact and exchange ideas in a face-to-face manner .

Thanks to the complete communication network and mechanism, Winbond is able to maintain a harmonious labor relation. No losses have occurred because of labor disputes since its establishment.

Records of opinions and grievance from the communication channels at Winbond's headquarters in 2017.

Communication Channels	Number of cases received	Number of closed cases	Response rate (%)
Suggestion box	8	8	100%
Grievance hotline	1	1	100%
Sexual harassment complaint mechanism	0	0	100%
Labor-management meetings	3	3	100%

## 4.3 Talent Training

### Training and Education Disclosure of Management Approach in 2017

#### Importance

Continue to cultivate talent in order to maintain the company's core competitiveness.

#### Policy

The company continues to provide a comprehensive training program to enhance employees' competency development.

#### Goals

Based on the Company strategy, needs survey and resource allocation, the training programs for various courses are arranged. In addition to tracking the progress of the course every quarter, we also calculate the annual implementation rate of the learning courses at the end of the year. If the rate is less than 80%, a review report is required to explain the reasons and improvement actions.

#### Resources

Winbond has launched a new employee training program since the second half of 2016 to help new employees quickly fit into the company, learn the skills needed for work, embed cultural DNA in them as cultural seeds, and enhance organizational commitment and willingness of retention.

#### System

Internal system : Training management procedure

#### Measures

Each year, the annual training programs for various courses will be arranged. The annual implementation rate of the learning courses shall be at least 80%.

### 4.3.1 Training Development

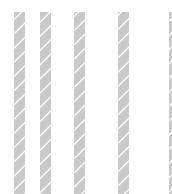
Talents are the most important assets of Winbond. We offer personalized learning courses that integrate the company's vision, business philosophy and cultural values with employees' personal needs, covering four categories of self-development, core consensus, professional skills, and management functions. It is the Company's goal to continuously cultivate employees' competency and promote self-development while aiming at innovative technology.

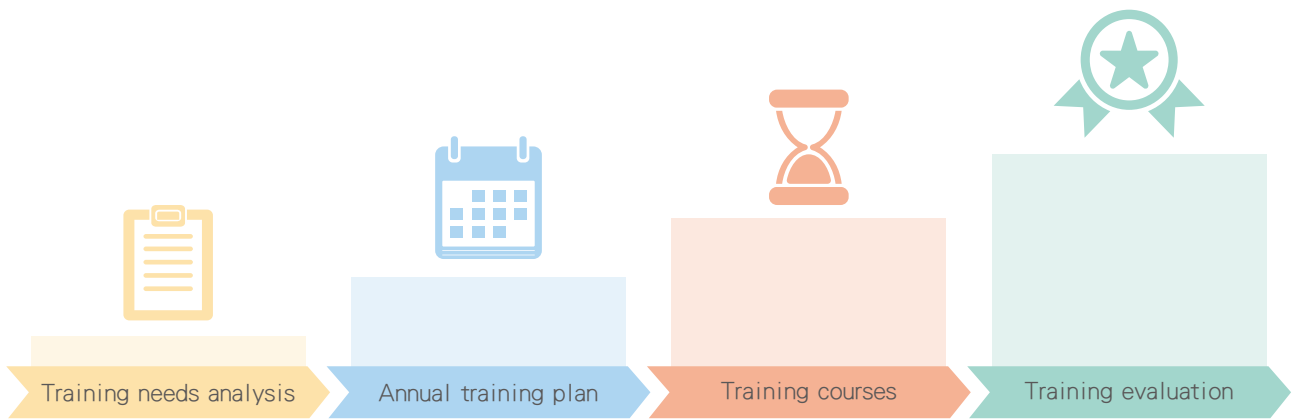
According to the training development cycle, the annual programs are arranged by analyzing the needs, then the training activities are planned, and the effectiveness of which will be evaluated. The actual implementation rate of the learning courses was 94% in 2017.



Talent is a key element to Winbond's success. The company provides employees with comprehensive training programs. As part of the organizational strategy, we combine the company's vision, business philosophy, and cultural values into high quality learning courses tailored to each individual's learning needs, providing each employee with opportunities for continuous growth and development.

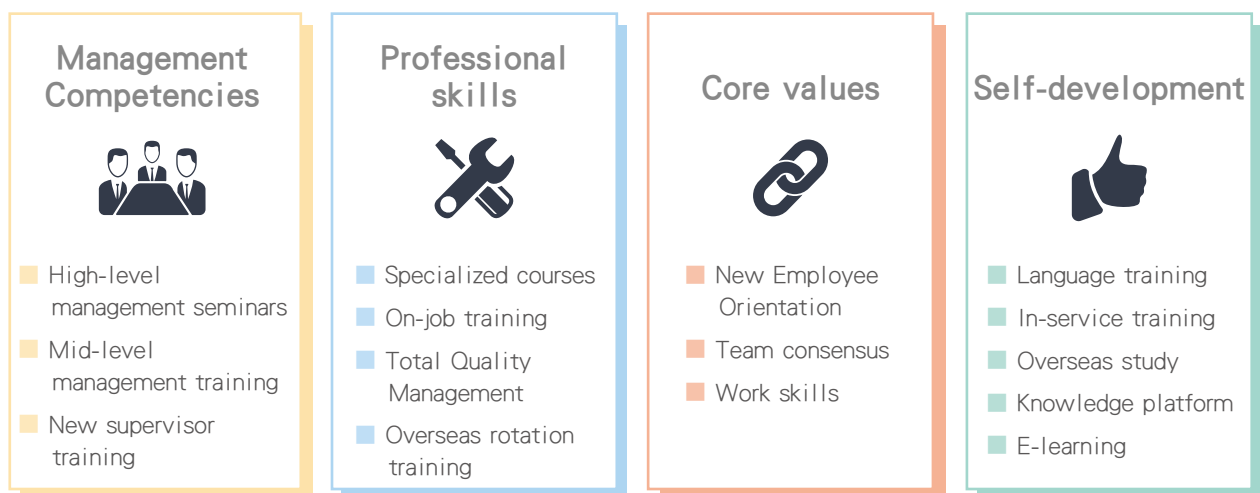
Winbond's annual training programs are developed on the basis of multiple needs analysis (corporate strategy requirements, executive leadership, and employee skills development), followed by planning and resource allocation of the programs. Training sessions are scheduled to be provided at the appropriate time. The effectiveness of the learning courses is verified through multiple tests such as satisfaction surveys, curriculum quizzes, reflection of work execution and supervisors' observation to ensure that the training objectives are achieved in the support of employees' professional development.





### 4.3.2 Diversified training and the establishment of learning systems

All training and development activities, such as work culture, professional skills, common skills, and executive leadership are integrated with the Company's overall development and employees' individual career plan. In addition to lectures, various types of learning activities (e.g., seminars, games, group competitions) are arranged according to the characteristics of the course to allow a more lively and practical learning experience.



All the training activities emphasizing innovation and quality are carried out to meet customers' needs and contribute to the company's objective of business sustainability.

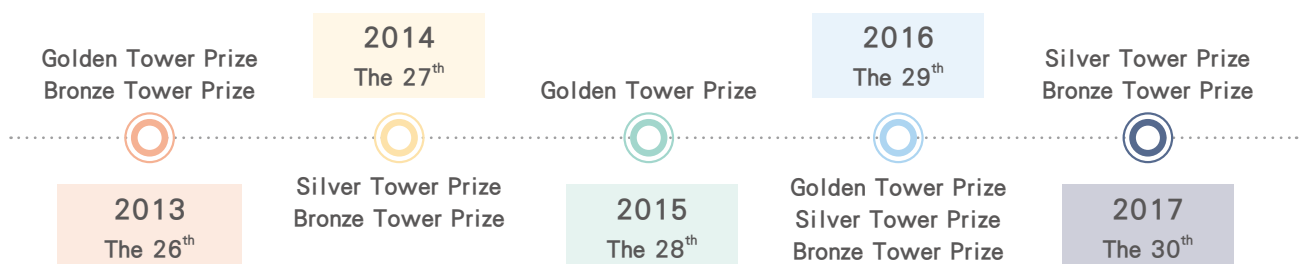
### ■ Innovation - the pursuit of organizational growth momentum

In recent years, innovation has become an indispensable part in the pursuit of a company's business excellence. We continue to promote innovative tools-related courses, including data science, TRIZ and brain creativity development courses. Totally, 1,276 person-times have attended courses related to innovation and invention tools, with a total of 3,669 training hours.

## Quality - the pursuit of customer service values

Through a continuous improvement process, Winbond strives to establish a corporate culture that features total quality management and "quality first" philosophy. It is committed to becoming a world-class company that provides every product and service to the customers' satisfaction.

To achieve these objectives, Winbond implements foundational and advanced training on quality management every year, and all staff are obliged to take part in the quality and reliability assurance initiative. Every department and individual are responsible for making "zero defect" in their operation. At the same time, Winbond also encourages its employees to participate in the "National Solidarity Circle Competition" organized by the Ministry of Economic Affairs, in which they can develop a team spirit, strengthen the organization and improve the competitiveness. The competition process is rigorous. We have to be selected among the north, central and south areas to be able to enter on-site review and even to the final announced by the general assembly. The Golden Tower Prize, Silver Tower Prize and Bronze Tower Prize will be awarded according to the total score. From 2013 to 2017, our staff have been winners of the National Solidarity Circle Awards.



## New Employee Champion Camp

Winbond has launched a two-week training program since the second half of 2016, which aims at helping new employees aged between 18 and 30, with work experience of three years or less to quickly fit into the company, learn the skills needed for work, embed cultural DNA in them as cultural seeds, and enhance organizational commitment and willingness of retention. The retention rate of new recruits who attended the orientation was 96.6%, higher than the average retention rate of 89% during 2014 to 2016.



### New Employee Training Courses

#### ☒ Understanding the corporate culture

Company system / work specification  
Company environment  
Corporate culture  
Corporate strategy  
Company products and the operation of each department

#### ☒ KSA required to learn for work

Professional skills  
Self - learning ability  
Communication and interpersonal skills  
Problem analysis and solution  
Work plan and execution

#### ☒ Establishing interpersonal networks

Establish relationships and social support systems  
■ Relationship with colleagues  
■ HR partner system

## School of Artificial Intelligence

Since the second half of 2017, the "Artificial Intelligence Foundation Course" has been organized at the Institute of Artificial Intelligence to help employees understand more aspects of artificial intelligence and to incorporate cultural factors of "learning enthusiasm" to enhance self-learning ability and organizational productivity.

The fields of Artificial Intelligence Foundation Course :

#### Humanities and Social Science

Philosophy  
Linguistics  
Science, Technology and Society  
Psychology and Neuroscience

#### Computational Science

Software and System Innovation  
Algorithm  
Data Science  
Computing System  
Mathematics/ Statistics

## ▶ Sparing no effort to the promotion of fundamental training

Winbond believes that continuous learning constitutes the cornerstone of innovation. The company provides the staff with a variety of training resources and activities to enhance their professional competency. For the frontline employees, the training is focused on the on-job-training, machine-based training, and corporate culture or strategy campaigns. For the supportive employees, 73,694 hours of training was provided in 2017, attended by 2,274 persons, including 361 supervisors (an average of 46.58 hours per capita) and 1,913 non-executives (an average of 29.73 hours per capita). However, most of the positions male employees are engaged in are in the fields of R&D and manufacturing while most females are staff members and belong to administrative category. R&D related positions require higher level of techniques and the training resources invested would be more diverse. Therefore, the allocation of training resources is based on the requirements of different positions. Training programs for staff at different levels are provided to both genders equally. An overview of these training programs is outlined below:

### New employee Orientation

We provide life coaching, cultural propaganda and the Company's policy introduction so that new employees can fit into the corporate culture rapidly.

### Professional techniques

Internal Professional Training Committee at Winbond prepares a solid professional training blueprint based on the actual needs. The professional ability enhancement courses are provided according to the staff's different functions of the organization and professional seniority. Through the internal lecturers' professional and technical heritage and sharing and external lecturers' instruction, our employees' professional and technical competence can be developed.

### Self-development

In addition to cultivating professional skills and management competence for staff, we also provide a variety of learning channels. Employees can apply for training through various learning channels according to their own needs, such as on-line English courses, in-service training applications, participation in overseas symposiums or seminars. Employees can rely on multiple channels for upgrading their professional skills.

### Management Competence

We strengthen the management competence based on the Company's development strategy each year. We arrange the basic management skills training for the new managers such as leadership communication, interview skills, performance settings and counseling courses. The training for low-level managers focuses on execution ability and coaching and counseling related management courses. The one for medium-level managers focuses on advanced management competence training, and the one for high-level managers is about sharing the concept and methods of management. The inheritance and improvement of management and leadership of the managers at Winbond is therefore made possible with these training programs.

### Core Consensus

Based on the company's corporate culture and strategy development, we provide employees with diversified and important training, develop their abilities for innovation, problem solving, and enhancement of their identity toward the corporate culture. Through training activities, the staffs' competence, engagement and cohesion can then be strengthened.



Group	Male			Female		
	Training hours (A)	Number of employees (B)	Hours per person (C)=(A)/(B)	Training hours (D)	Number of employees (E)	Hours per person (F)=(D)/(E)
Executives (Note)	14,947	320	46.71	1,869	41	45.59
Nonexecutives	46,691	1,424	32.79	10,187	489	20.83
Total	61,638	1,744	35.34	12,056	530	22.75

Group	Total		
	Training hours (G)=(A)+(D)	Number of employees (H)=(B)+(E)	Hours per person (I)=(G)/(H)
Executives (Note)	16,816	361	46.58
Nonexecutives	56,878	1,913	29.73
Total	73,694	2,274	32.41

Note : Executives refer to those whose position is higher than the section supervisor; non-executives refer to supportive staff.

## ▮ Ethical requirements – the pursuit of the highest ethical standards

Winbond is committed to the implementation and promotion of its CSR policy and RBA guidelines. In addition to pronouncing its determination of adhering to RBA norms, Winbond also offers assistance to the employees to deepen their understanding of CSR and RBA norms, allowing them to gain an in-depth understanding of international trends, industrial standards, and customer requirements. By the end of 2017, the CSR course (including labor rights, environmental protection, health and safety, and ethical norms) has been offered to a total of 2,634 person-times, with a total of 1,472 training hours and a 100% completion rate. There was no discrimination case nor any violation or infringement of indigenous peoples' rights in 2017.

## ▮ Advanced and convenient learning and development system

Winbond's E-learning platform provides self-training programs that enable our employees to learn and grow at any time.

### ■ Online courses :

Including business intelligence knowledge, management courses, policy/legal regulations, and on-board training for the newly hired employees. The courses can be scheduled to be taken at any time of the employees' choice.

### ■ Comprehensive internal/external education and training records :

Detailed information of internal and external training courses attended by employees are recorded, including learning satisfaction, course assignments, and journals of recollective learning experiences.



## Diversified training programs

Each position requires a specific set of professional skills. On-the-job coaching helps the employees to get started more easily; learning from experiences in industry-academy cooperation, overseas placement and training, overseas seminars, and specialized counseling and training on major projects, the employees will continuously enhance their professional and technical competence as individuals and as a team.



## Security Training and Education

Factory	Number of security	Training hours of human rights related courses	Course title
CTSP Site	11	0.5H	Propaganda training such as workplace bullying, abuse and harassment

## 4.4 Workplace Health

Winbond has been certified by the Occupational Health and Safety Management Systems (OHSAS18001) and the Taiwan Occupational Safety and Health Management System (CNS15506). Internal audits are performed every six months, and external audits by international verification companies are performed annually to ensure proper functions of the system. Winbond strictly complies with laws and regulations concerning safety and health, and implements safety and health management, including safety and health risk assessment, formulation and implementation of safety and health operational requirements, and safety and health training and drills.

Winbond has won numerous governmental awards on safety and health, including the "Friendly Workplace Certification" by the Ministry of Labor, the "Health Promotion Badge" issued by the Ministry of Health and Welfare, the "Excellence in Control of Operational Environmental Exposure to Hazardous Substance" and "Excellence in safety of hazardous materials use/ procurement management and high-risk operations management" issued by the Central Taiwan Science Park Management Bureau.

Winbond is actively engaged in the construction and implementation of environmental management system and safety and health management system. With respect to hardware security control, Winbond requires its vendors to provide a SEMI S2 evaluation report that is verified by third-party agencies to ensure safety requirements of the machine are met prior to procurement. A series of safety control measures are taken when the machine is delivered to the plant. Additionally, to ensure safety during installation, an Equipment SignOff program is performed to check whether the safety facilities are functioning properly, and whether the built-in firefighting facilities and other safety and environment-related facilities and signs have been completed before putting the machine into operation.

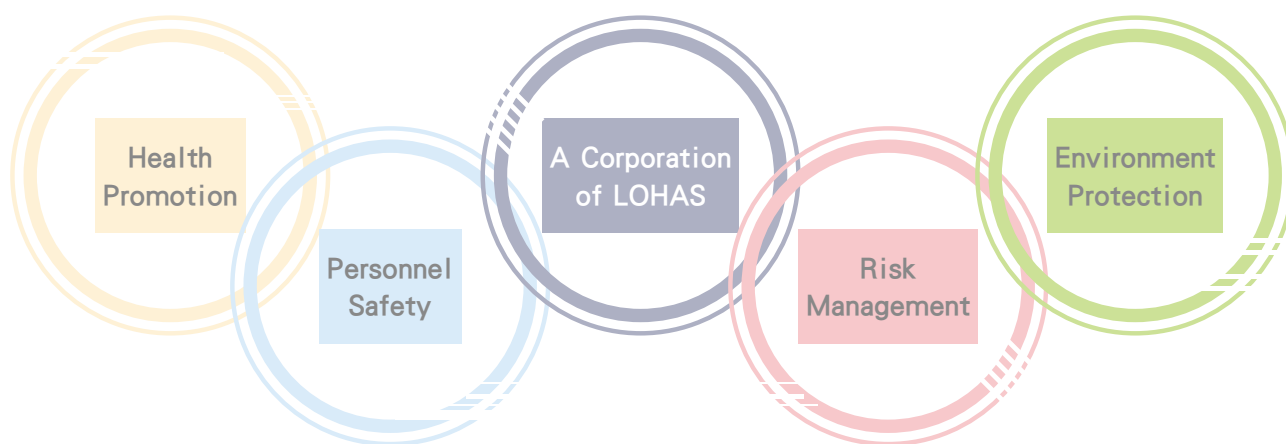
### 4.4.1 Safety and Health Management Practices

Winbond's Safety, Health, and Environmental Committee holds meetings to discuss safety, health, and environmental matters on a regular basis. The participants comprise of 15 members including representatives of the management, representatives elected by employees of various units, labor representatives elected by employees through voting, and staff of safety, health, and environmental management. More than one-third (5) are employee representatives, enabling sufficient face-to-face communication between employees and the management. Furthermore, a secretary in charge of safety, health and environmental protection is appointed in each department to assist with the counseling and promotion of safety, health, and environment-related business among all staff. The Committee formulates safety, health, and environmental policies. The Company does not have a trade union.

The organization chart of the ESH Risk Management Committee is as follows :



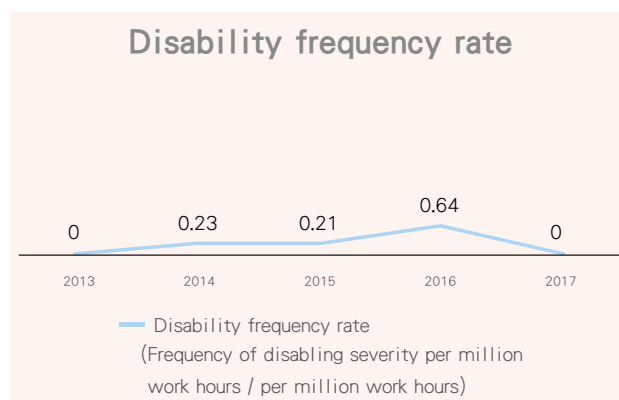
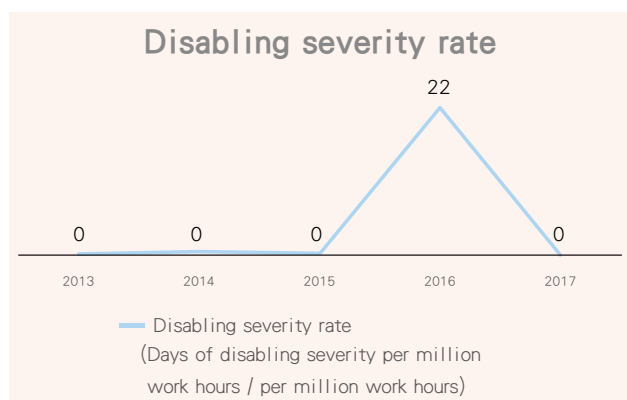
Winbond is committed to provide its staff with a healthy working environment through a mechanism that is devised to be respectful and caring to the employees while adhering to advanced international safety and health environmental standards. We make continuous improvements to promote human safety and environmental protection and reduce asset risks. Additionally, we organize health-promoting activities to enhance employees' cohesion, and create a corporate culture of LOHAS. Preventive measures can be taken in advance to minimize the occurrence of disasters and losses through comprehensive management and active participation by all staff. To achieve zero disaster and low environmental impact are the social responsibilities of world-class companies. Through optimal prevention and improvement measures, we strive to gradually reduce the injury rate, resource consumption, and pollutant emissions. Winbond implements safety, health, and environmental protection policies in an effort to become a green enterprise with sustainable development.



### Statistics of disabling injury

Based on the critical statistical indicators for disabling injury released by the Ministry of Labor, Winbond's statistical data on occupational accidents are calculated by selecting disabling severity rate (SR, days of disabling severity per million work hours) and disability frequency rate (FR, frequency of disabling severity per million work hours). The statistics does not include off-site traffic accidents. There were zero cases of disabling injury in 2017. The number of fatal accidents was 0, and the incidence of occupational diseases was 0. In the Taiwan region, the absence rate of the whole company was 0.4%, with the male/ female ratio being 0.3%/0.59%. (Note: Total absence rate = occupational injury days + sick leave days/ annual working days\*100%)

In 2017, there was 0 case of disabling injury with our contractors, with a SR of 0, and a FR of 0.



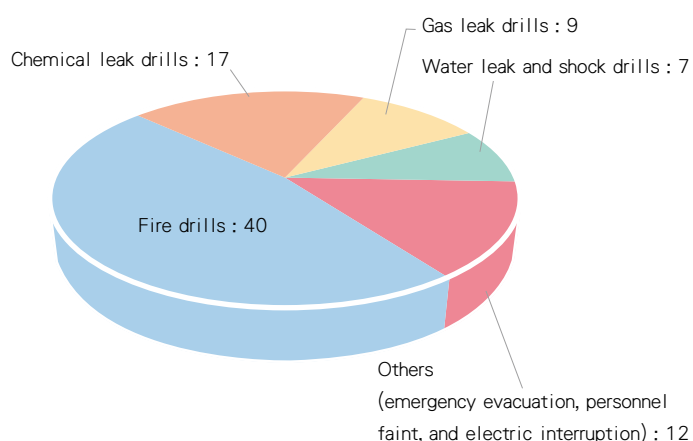
## 4.4.2 Emergency Response

Winbond has formulated an emergency response procedure for internal and external emergencies such as accidents and natural disasters. Based on the procedure, individual units may form their own plans for emergency response, emergency handling teams, drills, and training to minimize personal injury, property damage, and disruption that may result from various emergencies.

Risk category	Risk identification	Strategic measures/actions
Operation	(1) Fire (2) Electric interruption (3) Leakage of chemicals (4) Air pollution / abnormal discharge of waste water	(1) Design and build fire protection system according to international standards (NFPA, FM) and domestic firefighting laws, including fire alarm system, automated fire extinguishing systems, and fire protection zoning. (2) Emergency generators and uninterruptible power supply system are supplied. (3) Design and construct plant facilities following international industrial standards and purchase machines that meet international standards (SEMI-S2, FM4910). (4) 24-hour monitoring system for air pollution / wastewater treatment facilities.
Natural disaster	(1) Earthquake (2) Water shortage	(1) Grade 7 Aseismic design for plants and equipment (2) Spare pool
Regulatory risk	Occupational Safety and Health Act, Fire Services Act, Environmental Protection Act	(1) Regularly enforce compliance checks (2) Identify the impact of new regulations and corresponding measures (3) Conduct regular testing and reporting required by laws and regulations

### Emergency response events by type and times in 2017

Item	Total sessions
Fire drills	40
Chemical leak drills	17
Gas leak drills	9
Water leak and shock drills	7
Others (emergency evacuation, personnel faint, and electric interruption)	12
Total	85



Winbond has established the content and plans of contingency process for potential emergency and abnormal conditions that may occur in each region and regularly implements emergency response drills to avoid expansion of disaster and improve the response capability of the plants.





### Other Measures

1. We participated in the "2017 disaster relief in Central Taiwan Science Park (earthquake, fire, toxic chemical disaster and major human safety events) drill".
2. We co-organized the 2017 Month of ESH and Health in Central Taiwan Science Park.
3. We participated in 30 meetings between Central Taiwan Science Park and Environmental Protection Agency.
4. 24-hour monitoring of the operating conditions of air pollution treatment equipment and waste water treatment equipment and the discharge water quality.
5. Regular implementation of environmental testing of air pollution, perimeter noise, waste water, groundwater, and rain.



### ESH Training

Group	Male		Female		Total	
	Man-time	Hours of training	Man-time	Hours of training	Man-time	Hours of training
Executives	899	910	97	83	996	993
Nonexecutives	4,697	5,548	1,931	2,221	6,628	7,769



#### 4.4.3 Friendly Workplace and LOHAS

In Winbond, we are devoted to creating a working environment that is physically and mentally balanced. We want all of our employees to enjoy their work and life. From the viewpoint of health and LOHAS (Lifestyles of Health and Sustainability), we planned to promote various systems and activities that will help our employees develop a life with a healthy family and work balance.

Winbond believes that a high quality and stress-free work environment will bring vitality and happiness to our employees and thus contribute to their growth. We comply with the laws and regulations regarding the protective measures for female employees and employees under 18 years of age. Outstanding employees are provided with generous pay and benefits, and opportunities for promotion. We offer a wide range of professional courses, training courses on physical and mental growth, and language communication training to foster talents who are accountable, innovative, and teamwork-oriented, so that our employees may grow together with the Company in a joyful atmosphere filled with positive energy.

In September 2016, Winbond won the "Family Lifestyle Medal" and "Healthy Life Medal" of the "Work Life Balance Award" awarded by the Ministry of Labor.



Healthy Life Medal



Family Lifestyle Medal

#### Health Examinations

Winbond offers every employee an annual health examination that exceeds the standards required by laws and regulations with the employee's consent. Additionally, a series of regular health check-ups are arranged, including abdominal echo, female breast and pelvic sonogram, pap smear, ophthalmology examination, and physical fitness test. From the perspective of preventive medicine, early screening and preventive measures are beneficial for the promotion of comprehensive health management.

Winbond complies with the regulations and arranges special health examinations for employees who are particularly engaged in hazardous operations in accordance with the Labor Health Protection Rules. In 2017, a total of 119 employees received special health examinations. The results were all under Healthcare Management (Level 2). The Healthcare management and promotion measures were divided into different levels in accordance with the law.



Annual health examination



Optometry examination

### Good Occupational Healthcare

Winbond regularly arranges practicing physicians and nurses who are qualified for labor health promotion services and safety professionals to visit the working sites for observing and evaluating potential health risks from a medical point of view. This is part of the efforts to provide employees with a safe and secure work environment, reducing risks of occupation-related diseases.

Regarding first aid, Winbond not only has more qualified first-aid personnel than is required, but also arranges first aid training for the medical staff of the Emergency Response Team on a regular basis so that they can perform first aid without delay. In recent years, all-staff CPR and AED trainings are conducted so every employee masters a useful technique. By the end of 2017, a total of 1,938 staff members have received the training.



CPR &amp; AED First Aid training

In terms of unlawful infringement prevention in the workplace, management practices are set up and training and education conducted in the workplace so that employees can understand the precautionary measures and the procedures for grievance and reporting within the Company. We not only provide propaganda measures but also provide regular education and training to all employees every year to strengthen the management knowledge and skills of supervisors. From the grassroots level to the senior executives, 421 people have completed management-level education and training courses. We also advocate the precautionary measures to all employees.



Advocacy of Illegal Infringement Prevention in the Workplace - Supervisor Training



Identification of and dealing with employees' problems - Supervisor Training

In order to enhance the supervisors' perception ability of common problems of employees and for supervisors to assist employees in dealing with their problems, related education and training for the identification of employees' problems, dealing with the problems and care for the employees was held. As of 2017, a total of 387 people have completed the management-level training courses.

## Health Management

### Maternal health management :

In addition to the protective measures for maternal health required by law, Winbond further provides mothers with the following extra maternity care.

1. One on one health counseling. Every mommy receives a pregnancy gift and pregnancy card, which allows mommies to understand Winbond's welfare policies and application methods.
2. A cozy and comfortable noon-break room is provided for to-be-mommies to take a rest. Additionally, pregnant women's exclusive parking spaces are provided to help the to-be-mommies alleviate discomfort during pregnancy.
3. A cozy and comfortable breast feeding room is provided. Winbond won the "Fine Breastfeeding Rooms" in Taichung City's Annual workplace Excellence Award" in 2013.



Breast feeding room



Noon-break room

#### ■ Excessive fatigue prevention :

For high-risk groups of cardiovascular diseases, the health management unit keeps track of the health condition of the employees. Nurses who have received caregiving training are available to provide listening services. If necessary, they may have access to counseling services by professional counselors, psychologists, or other relevant resources.

#### ■ Health management of metabolic syndrome :

Winbond provides flexible re-examinations and tracking tests, free health consultation with a specialist doctor, and nursing care services on a regular basis. In addition, we provide customized classes of weight loss. Substantial incentives are provided for Winbond's employees to be healthier!

#### ■ Health management of abnormal liver dysfunctions :

In Taiwan, hepatitis and liver cancer are the two major causes for health risks among labors. In Winbond, the conditions of employees with a high liver function index is regularly tracked by nurses.

### Release the Stress and Gain the Positive Energy

As far as recreational facilities are concerned, Winbond provides KTV rooms, massage lounges, and video game rooms for the employees to soothe their mind and body. We have invited numerous experts and scholars to give lectures or speeches on topics such as health and wellbeing, spiritual inspiration, parent-child communication, tourism and environmental protection. In 2017, a total of 529 participants attended the speeches.



In cooperation with a professional EAP resource- Employee Assistance Programs Service Center, Winbond offers its staff free counseling services with respect to the employees' work life, family and parent-child relations, intimacy relations with the opposite sex, physical and psychological stress, legal and financial issues, and career management.





## Health Promotion

To promote a body-mind balance, sports venues are built for the convenience of the employees to exercise. Winbond's leisure center provides a wide variety of sports and recreational facilities including gymnasium, basketball courts, badminton courts, volleyball courts, table tennis courts, pool courts, children's reading room, and books, magazines, as well as audiovisual lounges.



Leisure center-aerobic exercise



Tendon-stretching courses

To encourage employees to maintain a habit of regular exercise, Winbond not only provides free tendon-stretching courses, but also offers incentives to promote walking / hiking activities. In order to promote sports and health, the "i Love Sports—Led by Supervisors and Go" event in 2017 gathered 6,279 participants in the year and it not only encouraged the employees to exercise but also enhanced the cohesion of the units and departments. In April the same year, the LOHAS Winbond App was launched. Through this exclusive exercise App, employees in Winbond are encouraged to keep walking to continuously accumulate the mileage of the sports. This App is popular and has obtained enthusiastic response among our employees. Statistics show that in 2017, there were 13,508 people participating in walking activities, covering a total distance of 45,223 km, which is equivalent to 40 laps around Taiwan.



LOHAS Winbond APP opening



i Love Sports - Led by Supervisors and Go



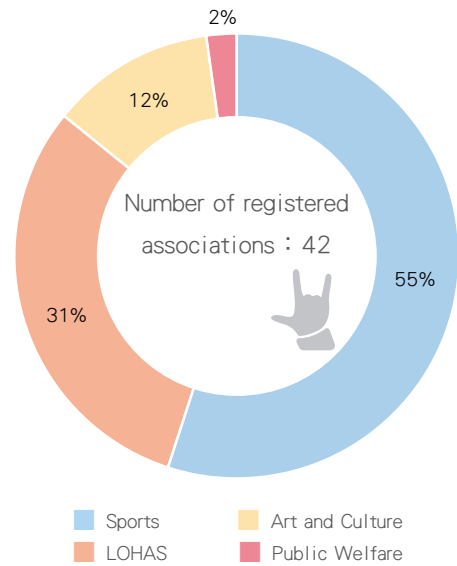
LOHAS Winbond App Walking Activity

## Diversified Development of Associations

### Overview

Participation in health promotion associations and promotional activities for public interests is encouraged in Winbond. The Company has formulated the "Regulations for Management of Staff Welfare Committee Subsidy" to encourage employees to run associations to enhance emotional communication and improve their physical and mental health and work efficiency.

Currently, there are 42 registered associations and 1,230 members. Based on the nature of activities, these associations can be classified into four categories: sports, LOHAS, art and culture, and public welfare. The number of participations of all activities of these associations is estimated to be 51,050 person-times/year.



#### Sports associations :

There are 23 sports associations, including balls, cycling, road run, accounting for 55% of the total. Many of the members are high-level executives, whose membership greatly promote the participation of the whole department. The Central Taiwan Science Park Badminton Association and the Softball Association are frequent winners of the "Central Science Park Cup Ball Games."

#### Art and culture associations :

It includes the biodiversity association, anime association, and photography club. These associations make use of existing resources of the Company to organize activities, such as holding lectures, annual photography exhibitions, and film appreciation events. Activities under this category attract the highest proportion of family participation.

#### LOHAS associations :

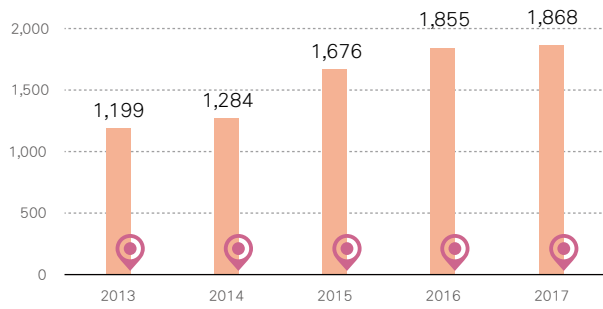
This is the most diversified category that includes associations for entertainment guides, camping, and board games. Diversified association activities may expand the members' visions and develop their interests.

#### Public welfare association :

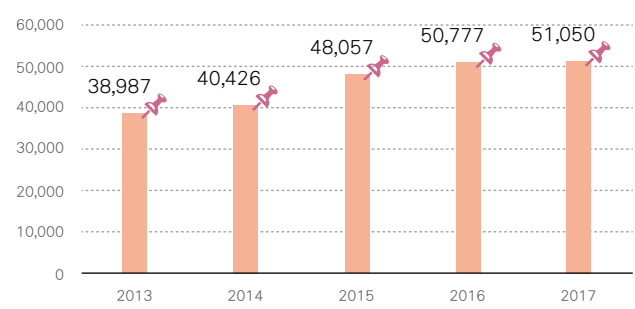
These associations engage in actions that are beneficial to public welfare to fulfill our responsibility as a corporate citizen. Activities are focused on caring for the underprivileged, social services, environmental sustainability, and so on. Since its establishment in 2010, the association has organized a series of activities including neighborhood cleaning, dream fulfillment project, cleaning of nursery homes, and happy children's breakfast program, just to name a few.



### Number of activities/ year



### Number of participants/ year



Biodiversity Association



Pour-over coffee Association



Softball Association



Aerobic Rhythm Association



Paper clay Association



Camping Association

# 5. Social Care and Participation

## Performance

- ☛ In 2017, 26 employees voluntary donated **NTD 180,000** to fully support 6 sessions of Miss Shin-Ling Shen's public welfare action lecture on campus to inspire and encourage children to turn the movement into public welfare actions through the charity of knowledge.
- ☛ A total of **1,052 Christmas gifts** were collected and distributed to the underprivileged children in 2017.
- ☛ Winbond keep sponsored in breakfast funding during past **seven years,** offering students the opportunity to learn with a healthy body.





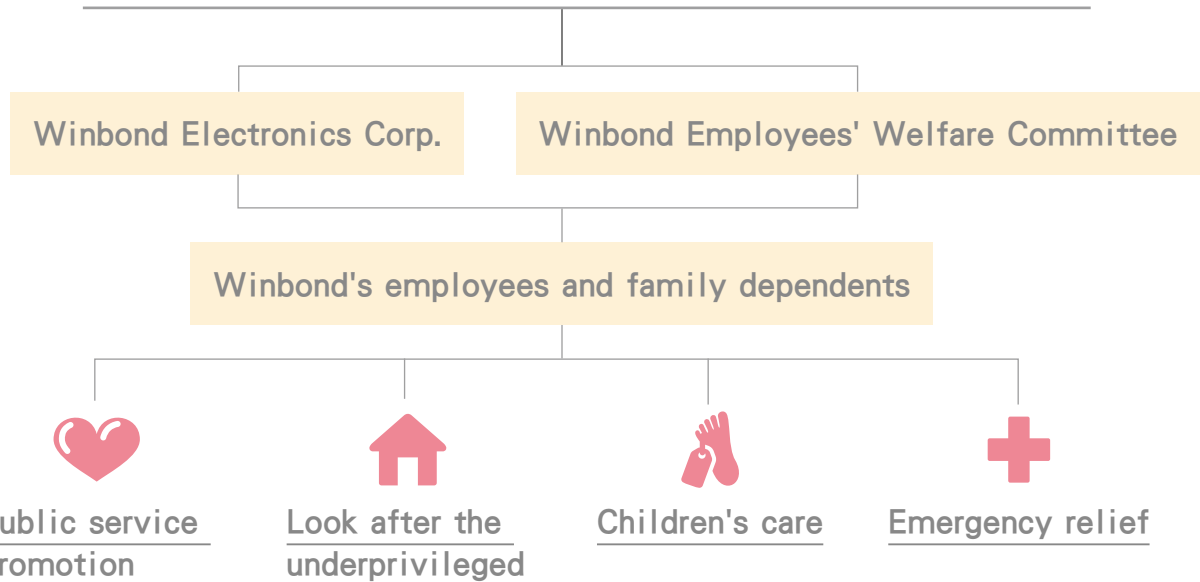
☛ In 2017, **294 employees** responded to blood donation activities, donating 490 batches of blood.

☛ Up to 2017, there were more than **1,449 person-times** and **3,028 hours** of volunteer service.

"Caring for the underprivileged, emphasizing environmental sustainability, and being socially responsible" is Winbond's long-term commitment to the society. Adhering to this ideology, Winbond capitalizes on internal resources and the staff's enthusiasm to carry out social welfare practices on four areas, including "public service promotion," "helping the underprivileged," "children's care," and "emergency relief".

Under the Winbond employee welfare committee system, Silence Association, a self-organized association comprised of Winbond employees, was formed in 2010. Currently, the Silence Association has 50 members, including all levels of staff from senior managers to grassroots workers, as well as employees' relatives and friends. Keeping a low profile (as the name suggests), the association silently contributes to the community through various activities. By synergizing employees' efforts, Winbond could act as a united one, and make itself a model company in the fulfillment of corporate social responsibility.

### Social Contribution Framework and Areas of Winbond Electronics



#### Service targets

- Public welfare institutions in need of resources
- Remote rural families
- Families of orphans or bereavement during childhood
- Neighborhood public facilities
- Underprivileged families
- People in a vegetative state
- Low-income households
- Employee families in crisis

## Public service promotion

### ■ Cultural Welfare

Winbond encourages the development of artistic activities and spares no efforts in the promotion of arts and cultural activities. It is hoped that through the combination of technology, culture and art, the concept of quality artistic life can be infused into practical actions, enriching the recreation of the humanistic spirit. In 2017, Winbond sponsored the family themed musical "Super Mommy" presented by AMcreative in an attempt to encourage more talents to jointly invest in creative cultures and to build a better quality performance platform.



### ■ Public Lectures

Winbond sponsors Miss Shin-Ling Shen, a young activist of public welfare, for her lecture tours entitled "LOVE, Happy, and LOHAS Lifestyle" delivered to campuses and social welfare institutions. Her lectures aim to inspire children on how to "fish," and on how to create more opportunities for themselves by transforming the existing conditions to their own advantages. The lectures are designed to spread the charity of knowledge, which is encapsulated in one word or one concept, in order to bring the children a lifetime change by planting seedlings of hope into children's heart.

As of the end of 2016, Winbond organized a total of 32 sessions of lectures, with a total of 11,155 teachers and students feeling the power of the "one" by Miss Shin-Ling Shen. The content is like planting seedlings of hope into the teachers and students' heart, which not only makes children more grateful, willing to give and tolerant of frustration, but also reminds the teachers of the teaching enthusiasm. Miss Shin-Ling Shen's "thinking from a different perspective" further stimulates the children and the teacher's infinite creativity to make them care about the family, classmates, friends, the community and hometown with specific actions.





Miss Shin-Ling Shen's infinite love continued to receive support. In 2017, 26 employees voluntarily donated NTD 180,000 to fully support 6 sessions of Miss Shin-Ling Shen's public welfare action lecture on campus to inspire and encourage children to turn the movement into public welfare actions through the charity of knowledge.



The sponsoring amount for the lectures helps Miss Shin-Ling Shen to be committed to sustainability programs such as Taiwan Hope Engineering and Anan Free Education Website. More and more children benefit from "The Charity of Knowledge", and it starts the cycle of love, achieving plural charities.



Miss Shin-Ling Shen's lecture tour entitled "LOVE, Happy, and LOHAS Lifestyle"



## GIFTS & CRAFT



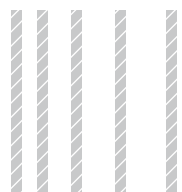
### Look after the underprivileged

#### Services to Nursery Homes

Winbond's Silence Association selects a nursery home in the neighborhood as the target for long-term aiding service. During weekends or holidays, members of the association engage in services such as cleaning, collecting/donating invoices, and providing funds for replacement of damaged facilities. So far, the Silence Association has provided 46 person/times and 92 hours of service to the nursery home, which not only helped solve the difficulty of shortage of manpower in the nursery home but also reduced their costs and expenses.

#### Material Donation

Upholding the spirit of caring for those in need, Winbond donates food to the underprivileged groups on festivals like the Chinese New Year and Hungry Ghost Festival, and hopes that such donations may raise societal awareness to aid the underprivileged population.





## Second-hand computer donation

In order to make up for the shortage of educational resources in schools and nurseries in remote areas, Winbond is actively engaged in second-hand computer donation programs, working on narrowing the digital gap between urban and rural areas and promote the concept of environmental protection. By the end of 2017, we have donated a total of 121 computers to various organizations including the Guoan Elementary School in Taichung City Xitun District、GuangWu Junior High School in HsinChu、Hunan Elementary School in Changhua County、Dexing Elementary School in Changhua County、Xizhi Elementary School in Changhua County、Ming Shen Elementary School in Changhua City and Ding Fan Elementary School in Changhua County LuKang Town.



## Taiwan Fund for Children and Families – Fundraising for scholarship

To help supplement educational resources for underprivileged schoolchildren to have stable school attendance, Winbond and Taiwan Fund for Children and Families cooperated to organize the "Fundraising for Scholarships for Underprivileged Children" and invited the employees to respond to this meaningful event. From the president to the grassroots employees, employees at all levels actively participated in this event. In 2017, a total of NTD 1,668,000 was raised from 500 Winbond employees, helping 417 children to have a full year of encourage and recognition.



President Chan (third from left) accepted the Certificate of Appreciation on behalf of Winbond from Taiwan Fund for Children and Families

## Charity sales

Since 2012, Winbond has cooperated with social welfare organizations and held several events that involved second-hand items donation and flea market charity sales. Winbond wants to look after the underprivileged families and to raise funds for the early childhood education for the physically challenged children. Meanwhile, the volunteers' children can also receive life education. The events have received donations of more than 2,400 books, 1,431 kilograms of clothing, and 31 boxes of 3C products and utilities, all of which are to be delivered to those in need.



## The Loving and Student-Aiding Project

Every year when the school starts, many families may face with difficulties because they are unable to afford for the Children's registration and living expenses. Many children even drop out of school because of this.

We believe that education is the most effective way to get rid of poverty. Winbond participated in the activity named "The Loving and Student-Aiding Project" to relieve the difficulties of registration fees and living expenses for underprivileged students and to reduce their pressure on student loans, helping children to have positive energy to get rid of the current situation of the vulnerable families.

In addition, Winbond holds the Employee Family Day every year, and children are invited to have fun together, to participate in activities and games and to enjoy performances and food prepared for the event. We look forward to providing underprivileged children with a happy experience through the Company resources and spreading the expanded meaning of learning to these children.

## Childcare

### Breakfast Program for Students in the Remote Rural Areas

Starting from 2011, Winbond has launched a breakfast supply program for school children in remote rural areas. Donators voluntarily pledge for their donation of breakfast packages, which are delivered to primary school students in rural areas of



Hsinchu and Taichung regions through the assistance of non-profit organizations. We hope to maintain the basic needs for children's living and health by providing rural schools with breakfast resources and care to help children build a strong body and mind to explore the world.

In 2017, Winbond keep sponsored in breakfast funding during past seven years, helping students to learn while taking care of their health. Winbond also conducts on-site evaluation to understand the benefits of the service plan for the follow-up sponsorship of this program.

## Volunteer service

Since the beginning of 2010, Winbond has provided services for cleaning the environment and repairing facilities in the nurseries. Since September 2015, in Taichung Guang-Yin Nursery and NTRAH, we helped the provision of additional long-term academic counseling to teach the children with poor learning efficiency to learn and read. For the children whose learning situation is fair, they focus on strengthening the basic knowledge of the various subjects. In addition, interactive activities allow students to broaden their horizons by meeting the teachers from different industry backgrounds. Up to 2017, there were more than 1,449 person-times and 3,028 hours of volunteer service.

## Christmas Dream Fulfillment



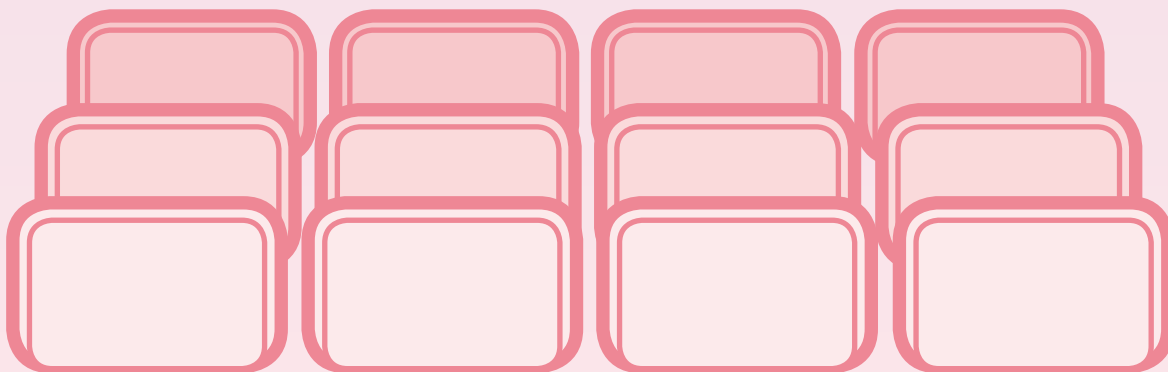
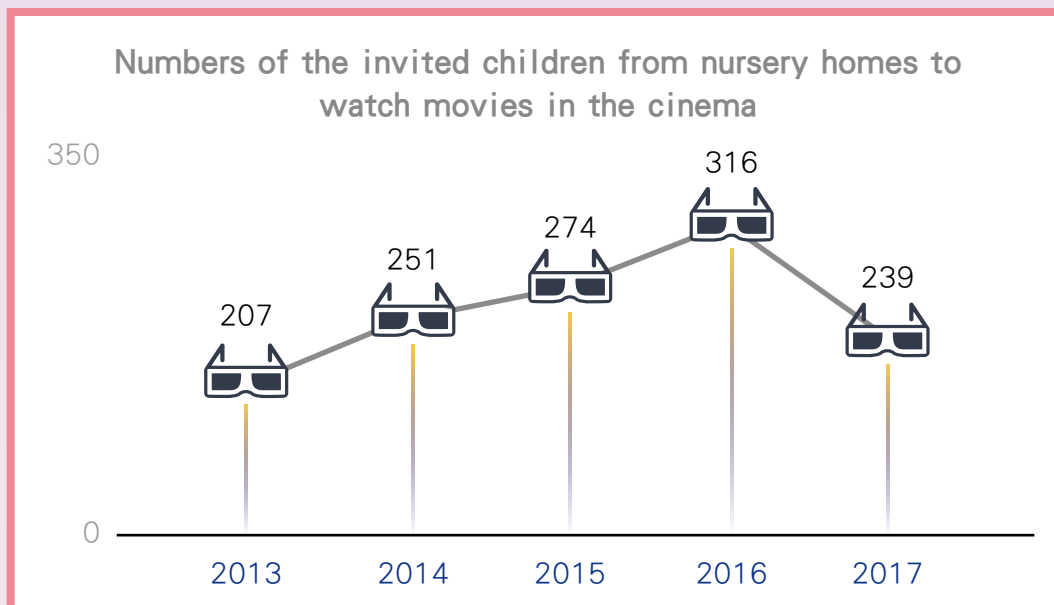
According to statistics from the Eden Foundation, there are 180,000 students from remote or poverty-stricken areas in Taiwan. Recognizing the need of these students, Winbond, the Taiwan Fund for Children and Families, and Action Cultural & Educational Foundation, along with 20 companies in the Hsinchu Science Park, launched a dream to fulfill the Christmas wishes of the children in rural areas and the disabled. Every year, the dreams were enthusiastically responded to by the colleagues. At the beginning of the event, all gifts were pledges in a very short time. The activity has been held for 15 years. Up to 2017, a total of 1,052 Christmas gifts were collected and distributed to the underprivileged children. It is obvious that Winbond is committed to public welfare promotion and is deeply rooted in the hearts of employees.





### Movie Appreciation for Children in the Nursery Homes

Since 2010, Winbond has invited the children in the nursery homes to watch movies in the cinema both in summer and winter vacations and hope that such experience would allow the orphans or single-parent children to feel of warmth from the society, while learning to appreciate the artistic values conveyed in the form of movies.



Gathering in the cinema



Receive a meal



Movie appreciation

## Emergency Relief

### Employee Emergency Relief

Behind every employee there stands a family, and every family is a building block of social stability. In the spirit of mutual help and friendship, Winbond provides assistance to any employee or his/her dependents who are going through a difficult time because of emergency situations such as disabling injury, death, accidents, or any other circumstances that seriously impact normal livelihood of the family. To alleviate their financial burden, Winbond offers employee emergency relief programs and emergency loans to ensure the employees' normal life and work can be maintained.

### Blood Donation

Each year, Winbond motivates its staff to be happy blood donors and to show how much emphasis they put on life with practical actions. During 2017, 294 employees responded with actions of blood donation, of which, 490 batches of blood were donated.

## Academic Sponsor

### Sponsorship of Academic Symposiums and Technical Forums

The International Symposium on VLSI Technology, Systems and Applications (VLSI-TSA) is an international technical conference for accelerating the upgrading of Taiwan's electronic information industry and strengthening international exchange of science and technology. Being an enthusiastic sponsor for the symposium, Winbond persistently looks forward to creating new opportunities for technological exchanges in the integrated circuit industry.










## 6. Appendix

### Appendix I : Global Reporting Initiative G4 Index

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GRI G4 Index		External verification	Report Contents or Explanation	Page
1. Strategy and analysis				
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	■	Letter from the Chairman	3
G4-2	Provide a description of key impacts, risks, and opportunities.	■	Letter from the Chairman 1.4.1 Operational Risk Management	3 27
2. Organizational Profile				
G4-3	Report the name of the organization.	■	1.1 About Winbond	13
G4-4	Report the primary brands, products, and services.	■	2.1 Main Products and Research & Development 2.2 Product Application	35 37
G4-5	Report the location of the organization's headquarters.	■	1.1 About Winbond	13
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	■	1.1.2 Global Layout	16
G4-7	Report the nature of ownership and legal form.	■	1.1 About Winbond	13
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	■	1.1.2 Global Layout	16
G4-9	Report the scale of the organization, including: Total number of employees. Total number of operations. Net sales (for private sector organizations) or net revenues (for public sector organizations). Total capitalization broken down in terms of debt and equity (for private sector organizations). Quantity of products or services provided.	■	1.1 About Winbond	13









GRI G4 Index		External verification	Report Contents or Explanation	Page
G4-10	Report the total number of employees by employment contract and gender.		4.1.1 Workforce Structure	70
	Report the total number of permanent employees by employment type and gender.			
	Report the total workforce by employees and supervised workers and by gender.			
	Report the total workforce by region and gender.			
	Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.			
	Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).			
G4-11	Report the percentage of total employees covered by collective bargaining agreements.		No labor union has been established at Winbond	-
G4-12	Describe the organization's supply chain.		2.5 Supply Management	45
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including:		1.1.2 Global Layout	16
	Changes in the location of, or changes in, operations, including facility openings, closings, and expansions.			
	Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).			
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.		1.4.3 Information Security Risk Management	30
			4.4.2 Emergency Response	96
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.		About this report 1.5 Management System	1 31
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: Holds a position on the governance body. Participates in projects or committees. Provides substantive funding beyond routine membership dues. Views membership as strategic.		1.6 Participation in External Organizations	32

GRI G4 Index		External verification	Report Contents or Explanation	Page
3. Identified Material Aspects and Boundaries				
G4-17	<p>List all entities included in the organization's consolidated financial statements or equivalent documents.</p> <p>Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.</p>	■	1.1.2 Global Layout	16
G4-18	<p>Explain the process for defining the report content and the Aspect Boundaries.</p> <p>Explain how the organization has implemented the Reporting Principles for Defining Report Content.</p>	■	Stakeholder Communication	5
G4-19	List all the material Aspects identified in the process for defining report content.	■	Stakeholder Communication	5
G4-20	<p>For each material Aspect, report the Aspect Boundary within the organization, as follows:</p> <p>Report whether the Aspect is material within the organization.</p> <p>If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either:</p> <ul style="list-style-type: none"> <li>-The list of entities or groups of entities included in G4-17 for which the Aspect is not material or</li> <li>-The list of entities or groups of entities included in G4-17 for which the Aspects is material</li> </ul> <p>Report any specific limitation regarding the Aspect Boundary within the organization.</p>	■	Stakeholder Communication	5
G4-21	<p>For each material Aspect, report the Aspect Boundary outside the organization, as follows:</p> <p>Report whether the Aspect is material outside of the organization.</p> <p>If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified.</p> <p>Report any specific limitation regarding the Aspect Boundary outside the organization.</p>	■	Stakeholder Communication	5
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	■	About this Report	1
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	■	About this Report	1

GRI G4 Index		External verification	Report Contents or Explanation	Page
4. Stakeholder Engagement				
G4-24	Provide a list of stakeholder groups engaged by the organization.	■	Stakeholder Communication	5
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	■	Stakeholder Communication	5
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	■	Stakeholder Communication	5
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	■	Stakeholder Communication	5
5. Report Profile				
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	■	About this Report	1
G4-29	Date of most recent previous report (if any).	■	About this Report	1
G4-30	Reporting cycle (such as annual, biennial).	■	About this Report	1
G4-31	Provide the contact point for questions regarding the report or its contents.	■	About this Report	1
G4-32	Report the 'in accordance' option the organization has chosen. Report the GRI Content Index for the chosen option (see tables below). Report the reference to the External Assurance Report, if the report has been externally assured. (GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.)	■	About this Report	1
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. Report the relationship between the organization and the assurance providers. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	■	About this Report	1

GRI G4 Index		External verification	Report Contents or Explanation	Page
6. Governance				
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	■	1.3.2 Board of Directors	22
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	■	1.3.5 Corporate Social Responsibility Committee	26
G4-38	Report the composition of the highest governance body and its committees by: Executive or non-executive. Independence. Tenure on the governance body. Number of each individual's other significant positions and commitments, and the nature of the commitments. Gender. Membership of under-represented social groups. Competences relating to economic, environmental and social impacts. Stakeholder representation.	■	1.3.3 Remuneration Committee	25
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: Whether and how diversity is considered. Whether and how independence is considered. Whether and how expertise and experience relating to economic, environmental and social topics are considered. Whether and how stakeholders (including shareholders) are involved.	■	1.3.2 Board of Directors	22
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: Cross-board membership. Cross-shareholding with suppliers and other stakeholders. Existence of controlling shareholder. Related party disclosures.	■	1.1.4 Avoidance of Conflict of Interests 1.4.1 Operational Risk Management	20 27

GRI G4 Index		External verification	Report Contents or Explanation	Page
G4-44	Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	■	1.3.5 Corporate Social Responsibility Committee	26
G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	■	1.3.5 Corporate Social Responsibility Committee	26
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	■	1.3.5 Corporate Social Responsibility Committee	26
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	■	1.3.5 Corporate Social Responsibility Committee	26
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	■	1.3.5 Corporate Social Responsibility Committee	26
G4-49	Report the process for communicating critical concerns to the highest governance body.	■	1.3.5 Corporate Social Responsibility Committee	26

GRI G4 Index		External verification	Report Contents or Explanation	Page
G4-51	Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration:			
	Fixed pay and variable pay: -Performance-based pay			
	-Equity-based pay.		1.3.3 Remuneration Committee	25
	-Bonuses.		4.1 The Hiring of Employees	69
	-Deferred or vested shares.		4.3.1 Training Development	87
	Sign-on bonuses or recruitment incentive payments.		4.3.2 Diversified training and the establishment of learning systems	88
	Termination payments.			
	Clawbacks.			
Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees.				
Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.				
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management.		1.3.3 Remuneration Committee	25
	Report any other relationships which the remuneration consultants have with the organization.		4.1 The Hiring of Employees	69
			4.3.1 Training Development	87
			4.3.2 Diversified training and the establishment of learning systems	88
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.		1.3.3 Remuneration Committee	25
			4.1 The Hiring of Employees	69
			4.3.1 Training Development	87
			4.3.2 Diversified training and the establishment of learning systems	88
7 .Ethics and Integrity				
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.		1.2 Corporate Culture	21
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.		1.1.5 Grievance Channels	21
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.		1.1.5 Grievance Channels	21
ECONOMIC				
* Economic performance				
G4-DMA	Disclosures on Management Approach		1.1.1 Economic Performance	14



GRI G4 Index		External verification	Report Contents or Explanation	Page
G4-EC1	Direct economic value generated and distributed	■	1.1.1 Economic Performance	14
G4-EC3	Coverage of the organization's defined benefit plan obligations	■	4.2.2 Employees' Benefits	81
G4-EC4	Financial assistance received from government	■	No relational allowance in 2017	-
Market Presence				
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	■	4.2.1 Salary and Benefits	79
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	■	4.1.1 Workforce Structure	70
Indirect Economic Impacts				
G4-EC7	Development and impact of infrastructure investments and services supported	■	5. Social Care and Participation	105
Procurement Practices				
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	■	2.5 Supply Management	45
ENVIRONMENTAL				
Materials				
G4-EN1	Materials used by weight or volume	■	3.1 Source Reduction	52
G4-EN2	Percentage of materials used that are recycled input materials	■	Based on product characteristics, we can not used that are recycled input materials	-
* Energy				
G4-DMA	Disclosures on Management Approach	■	3.3 Energy Management	56
G4-EN3	Energy consumption within the organization	■	3.3.1 Energy Intensity	57
G4-EN5	Energy intensity	■	3.3.1 Energy Intensity	57
G4-EN6	Reduction of energy consumption	■	3.3.2 Energy Conservation Measures	58
G4-EN7	Reductions in energy requirements of products and services	■	2.3 Green Products- Sustainable Management	41
Water				
G4-DMA	Disclosures on Management Approach	■	3.4 Water Resource Management	59
G4-EN8	Total water withdrawal by source	■	3.4 Water Resource Management	59
G4-EN9	Water sources significantly affected by withdrawal of water	■	3.4 Water Resource Management	59
G4-EN10	Percentage and total volume of water recycled and reused	■	3.4 Water Resource Management	59

GRI G4 Index		External verification	Report Contents or Explanation	Page
* Emissions				
G4-DMA	Disclosures on Management Approach	■	3.2 Greenhouse Gases	53
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	■	3.2.1 Greenhouse Gas Inventory	54
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	■	3.2.1 Greenhouse Gas Inventory	54
G4-EN18	Greenhouse gas (GHG) emissions intensity	■	3.2.1 Greenhouse Gas Inventory	54
G4-EN19	Reduction of greenhouse gas (GHG) emissions	■	3.2.2 Reduction of GHG Emission	55
G4-EN20	Emissions of ozone-depleting substances (ODS)	■	No relational event occur in 2017	-
G4-EN21	NOx, SOx and other significant air emissions	■	3.5.1 Air Pollution Control	62
Effluents and Waste				
G4-EN22	Total water discharge by quality and destination	■	3.5.2 Water Pollution Control	63
G4-EN23	Total weight of waste by type and disposal method	■	3.6 Waste Management and Resource Recycling	64
G4-EN24	Total number and volume of significant spills	■	3.5.2 Water Pollution Control	63
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention <sup>2</sup> Annex I, II, III, and VIII, and percentage of transported waste shipped internati	■	3.6 Waste Management and Resource Recycling	64
Products and Services				
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	■	2.3 Green Products- Sustainable Management	41
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	■	2.3 Green Products- Sustainable Management	41
* Compliance				
G4-DMA	Disclosures on Management Approach	■	3. Environmental Sustainable Contribution	49
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	■	3. Environmental Sustainable Contribution	49
Transport				
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	■	3.1 Source Reduction	52
Overall				









GRI G4 Index		External verification	Report Contents or Explanation	Page
G4-EN31	Total environmental protection expenditures and investments by type	■	3.7 Expenditure and Investment on Environmental Protection	65
Supplier Environmental Assessment				
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	■	2.5.1 Supply Chain Management	46
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	■	2.5.1 Supply Chain Management	46
Environmental Grievance Mechanisms				
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	■	No relational event occur in 2017	-
LABOR PRACTICES AND DECENT WORK				
* Employment				
G4-DMA	Disclosures on Management Approach	■	4.1.2 Talent Attraction and Retention	72
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	■	4.1.2 Talent Attraction and Retention	72
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	■	4.2.2 Employees' Benefits	81
G4-LA3	Return to work and retention rates after parental leave, by gender	■	4.1.2 Talent Attraction and Retention	72
Occupational Health and Safety				
G4-LA5	Percentage of total workforce represented in formal joint management - worker health and safety committees that help monitor and advise on occupational health and safety programs	■	4.4.1 Safety and Health Management Practices	94
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	■	4.4 Workplace Health 4.4.1 Safety and Health Management Practices	94
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	■	4.4.3 Friendly Workplace and LOHAS	98
G4-LA8	Health and safety topics covered in formal agreements with trade unions	■	No labor union has been established at Winbond	-
* Training and Education				
G4-DMA	Disclosures on Management Approach	■	4.3 Talent Training	86
G4-LA9	Average hours of training per year per employee by gender, and by employee category	■	4.3.2 Diversified training and the establishment of learning systems	88

GRI G4 Index		External verification	Report Contents or Explanation	Page
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	■	4.3.2 Diversified training and the establishment of learning systems	88
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	■	4.3.2 Diversified training and the establishment of learning systems	88
Diversity and Equal Opportunity				
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	■	4.1.1 Workforce Structure	70
Equal Remuneration for Women and Men				
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	■	4.2.1 Salary and Benefits	79
Supplier Assessment for Labor Practices				
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	■	2.5.2 Supplier Communication Management	47
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	■	2.5.1 Supply Chain Management	46
Labor Practices Grievance Mechanisms				
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	■	1.1.5 Grievance Channels	21
HUMAN RIGHTS				
Investment				
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	■	4.3.2 Diversified training and the establishment of learning systems	88
Non-discrimination				
G4-HR3	Total number of incidents of discrimination and corrective actions taken	■	1.1.5 Grievance Channels	21
Freedom of Association and Collective Bargaining				
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	■	1.1.5 Grievance Channels 2.5.2 Supplier Communication Management	21 47
Child Labor				

GRI G4 Index		External verification	Report Contents or Explanation	Page
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	■	4.1 The Hiring of Employees	69
Forced or Compulsory Labor				
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	■	1 Business Integrity	11
Security Practices				
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	■	4.3.2 Diversified training and the establishment of learning systems	88
Indigenous Rights				
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	■	No relational event occur in 2017	-
Assessment				
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	■	CTSP Site has passed environmental impact assessment	-
Supplier Human Rights Assessment				
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	■	2.5.1 Supply Chain Management	46
Human Rights Grievance Mechanisms				
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	■	1.1.5 Grievance Channels	21
SOCIETY				
Local Communities				
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	■	CTSP Site has passed environmental impact assessment	-
G4-SO2	Operations with significant actual or potential negative impacts on local communities	■	4.4.2 Emergency Response	96
Anti-corruption				
G4-SO4	Communication and training on anti-corruption policies and procedures	■	2.5.1 Supply Chain Management 4.3.2 Diversified training and the establishment of learning systems	46 88
G4-SO5	Confirmed incidents of corruption and actions taken	■	1 Business Integrity	11

GRI G4 Index		External verification	Report Contents or Explanation	Page
Public Policy				
G4-SO6	Total value of political contributions by country and recipient/beneficiary	■	No relational event occur in 2017	-
Anti-competitive Behavior				
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	■	No relational event occur in 2017	-
* Social Compliance				
G4-DMA	Disclosures on Management Approach	■	1.1.3 Social Compliance	18
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	■	No relational event occur in 2017	-
Supplier Assessment for Impacts on Society				
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	■	2.5.1 Supply Chain Management	46
Grievance Mechanisms for Impacts on Society				
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	■	1 Business Integrity 1.1.5 Grievance Channels	11 21
PRODUCT RESPONSIBILITY				
* Customer Health and Safety				
G4-DMA	Disclosures on Management Approach	■	2.3 Green Products- Sustainable Management	41
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	■	2.3 Green Products- Sustainable Management	41
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	■	2.3 Green Products- Sustainable Management	41
* Product and Service Labeling				
G4-DMA	Disclosures on Management Approach	■	2. Active Innovation for Sustainability	33
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	■	2.2 Product Application	37
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	■	2.2 Product Application	37






GRI G4 Index		External verification	Report Contents or Explanation	Page
Marketing Communications				
G4-PR6	Sale of banned or disputed products		2.2 Product Application	37
			2.5.1 Supply Chain Management	46
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes		No relational event occur in 2017	-
* Customer Privacy				
G4-DMA	Disclosures on Management Approach		2.4 Customer Commitment	44
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		2.4 Customer Commitment	44
Compliance				
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		No relational event occur in 2017	-
* Patent Right				
G4-DMA	Disclosures on Management Approach		1.1.2 Global Layout	16
PT1	Types and numbers of patent applications and approved patents at the time of the report		1.1.2 Global Layout	16
PT2	Total number of infringement of patent or intellectual property rights occurred at the time of the report		No relational event occur in 2017	-

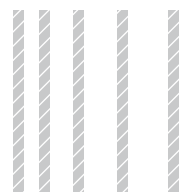
## Appendix II : Sustainable Development Goals, SDGs

## SUSTAINABLE DEVELOPMENT GOALS



Winbond Electronics has constantly been working on "economic growth", "social progress" and "environmental protection", which also echo the eight principles of the UN's Sustainable Development Goals (SDGs) covering the Health, Gender equality, Energy, Climate Change and so on. The Company conducts an annual review of the strategies for corporate social responsibility to meet and implement issues concerning sustainable development.

SDGs	Sustained Effort	Page
	<ol style="list-style-type: none"> <li>Winbond offers every employee an annual health examination that exceeds the standards required by laws and regulations with the employee's consent. From the perspective of preventive medicine, early screening and preventive measures are beneficial for the promotion of comprehensive health management.</li> <li>Winbond regularly arranges practicing physicians and nurses who are qualified for labor health promotion services and safety professionals to visit the working sites for observing and evaluating potential health risks from a medical point of view. This is part of the efforts to provide employees with a safe and secure work environment, reducing risks of occupation-related diseases.</li> </ol>	98 99
	<ol style="list-style-type: none"> <li>There is no difference in the basic salary of the male and female basic level employees in the Company. Basic wage is the guaranteed minimum wage. Winbond provides a starting salary of 1.3 to 1.8 times higher than the minimum wage for inexperienced frontline and supportive employees.</li> <li>Winbond adheres to the Act of Gender Equality in Employment, and all employees may apply for leaves on the basis of menstrual leave, fater leave, routine prenatal visit, maternity leave, paternity leave, parental leave without pay, and family care.</li> </ol>	79 82
	<ol style="list-style-type: none"> <li>Winbond believes that the continued development of power-saving technology can reduce the amount of electricity and battery usage, creating a more environmentally friendly products for our customers and for the earth.</li> <li>During 2017, which ended up saving 7,360,000 kWh of electricity, and the water conservation increased by approximately 1,220,000 m<sup>3</sup>.</li> <li>Winbond strives to improve the recycling rate of reclaimed water. The plant-wide recycling rate was approximately 83% in 2017, and the process recycling rate was approximately 92% (in line with the Science Park EIA commitment - the plant-wide reclaim rate should be greater than 77%, and process reclaim rate greater than 85%).</li> </ol>	43 58 61



SDGs	Sustained Effort	Page
	<ol style="list-style-type: none"> <li>Winbond's consolidate revenues reached NT\$47.592 billion in 2017, a 13.07 % increase compared to 2016.</li> <li>We place great emphasis on employees' rights and wellbeing. No individuals under the age of 15 (or those who fail to complete the compulsory education) can be hired.</li> <li>By means of diverse hiring activities such as campus recruitment, R&amp;D alternative service, corporate visits, and summer internship programs, who's joining would rapidly promote the organizational efficiency.</li> <li>Winbond has been an active employer for individuals with mental or physical disabilities. With assistance from governmental employment counseling agencies, we have steadily increased the employment in this category. As of December 31, 2017, we have hired 18 staff members with disability.</li> </ol>	14 69 73 77
	<ol style="list-style-type: none"> <li>Any form of discrimination, sexual harassment, and inhumane treatment to our employees are forbidden. Job applicants' freedom in choosing their career and their freedom of association are fully respected. The personnel system (e.g., salary, welfare, assessment, promotion, rewards and punishments, cultivation, job placement, and termination of contract) treats every employee equally, regardless of race, skin color, nationality, social status, language, thoughts, religion, political affiliation, place of origin, place of birth, gender, sexual orientation, age, marital status, pregnancy, appearance, facial features, disability, or union membership.</li> <li>Winbond offers a salary and benefits system that surpasses the requirements as stipulated by law.</li> </ol>	69 79
	<ol style="list-style-type: none"> <li>No chemical or wastewater leakage or environmental violations occurred at Winbond in 2017. No penalties due to environmental violations occurred in Winbond in 2017, nor was there any case of "environmental impact" complaint or protest.</li> <li>In 2017, the waste generated at Winbond was approximately 6,013 tons. When measured with the per unit of product indicator, the production of each layer of reticle for 12-inch fab produces approximately 0.305 tons of waste. Among all the waste generated, 2,005 tons (0.14% of hazardous business waste), and due to the fact that there are no qualified waste treatment plants, qualified clearance agencies are then commissioned in accordance with the law to transport the waste to qualified processing plants in Korea.</li> </ol>	51 52 64
	<ol style="list-style-type: none"> <li>Winbond has participated in the Perfluorocarbons (PFCs) Greenhouse Gas Emissions Reduction Project of the Taiwan Semiconductor Association. Through manufacturing process adjustments, use of alternative gases, and deployment of FCs reduction equipment, GHG emissions are reduced. Besides, through the water saving and energy conservation measures, the risk impact is reduced, enhancing our ability to cope with climate change and strengthening our competitiveness to create opportunities.</li> <li>Through comprehensive management and active participation by all staff to achieve zero disaster and low environmental impact are the social responsibilities of world-class companies. Through optimal prevention and improvement measures, we strive to gradually reduce the injury rate, resource consumption, and pollutant emissions. Winbond implements safety, health, and environmental protection policies in an effort to become a green enterprise with sustainable development.</li> </ol>	51 95
	<ol style="list-style-type: none"> <li>No violation of integrity were reported through the grievance channels in 2017.</li> <li>Upholding "ethical operation" as its topmost ethical standard, the Company strictly prohibits any form of corruption, bribery, extortion, embezzling of public funds, and offering or accepting bribes. In addition, the Company also complies with Code of Conduct for Antitrust Compliance to establish a trustworthy and respected corporate reputation.</li> <li>By the end of 2017, the CSR course (including labor rights, environmental protection, health and safety, and ethical norms) has been offered to a total of 2,634 person-times, totaling 1,472 study hours and a 100% completion rate.</li> </ol>	12 13 92

## Appendix III : Independent Assurance Opinion Statement

## 獨立保證意見聲明書

## 華邦電子股份有限公司 2017 年企業社會責任報告書

英國標準協會與華邦電子股份有限公司(簡稱華邦電子)為相互獨立的公司，英國標準協會除了針對華邦電子 2017 年企業社會責任報告書進行評估和查證外，與華邦電子並無任何財務上的關係。

本獨立保證意見聲明書的目的，僅作為對下列有關華邦電子 2017 年企業社會責任報告書所界定範圍內的相關事項進行保證之結論，而不作為其他之用途。除對查證事實提出獨立保證意見聲明書外，對於關於其他目的之使用，或閱讀此獨立保證意見聲明書的任何人士，英國標準協會並不負有或承擔任何有關法律或其他之責任。

本獨立保證意見聲明書係基於華邦電子提供予英國標準協會之相關資訊審查所作成之結論，因此審查範圍乃基於並侷限在這些提供的資訊內容之內，英國標準協會認為這些資訊內容都是完整且準確的。

對於這份獨立保證意見聲明書所載內容或相關事項之任何疑問，將由華邦電子一併回覆。

## 查證範圍

華邦電子與英國標準協會協議的查證範圍包括：

1. 本查證作業範疇與華邦電子 2017 年企業社會責任報告書揭露之報告範疇一致。
2. 依照 AA1000 保證標準(2008)的第 1 應用類型評估華邦電子遵循 AA1000 當責性原則標準的本質和程度，不包括對於報告書揭露的資訊/數據之可信賴度的查證。

本聲明書以英文作成並已翻譯為中文以供參考。

## 意見聲明

我們總結華邦電子 2017 年企業社會責任報告書內容，對於華邦電子的相關運作與績效則提供了一個公平的觀點。基於保證範圍限制事項、華邦電子所提供資訊與數據以及抽樣之測試，此報告書並無重大的不實陳述。我們相信有關華邦電子 2017 年度的經濟、社會及環境等績效指標是被正確無誤地呈現。報告書所揭露的績效指標展現了華邦電子對識別利害關係人的努力。

我們的工作是由一組具有依據 AA1000 保證標準(2008)查證能力之團隊執行，以及策劃和執行這部分的工作，以獲得必要的訊息資料及說明。我們認為就華邦電子所提供的足夠證據，表明其依循 AA1000 保證標準(2008)的報告方法與他們的自我聲明符合全球永續性報告 G4 版指南核心選項係屬公允的。

## 查證方法

為了收集與作成結論有關的證據，我們執行了以下工作：

- 對來自外部團體的議題相關於政策進行訪談，以確認本報告書中聲明書的合適性
- 與管理者討論有關利害關係人參與的方式，然而，我們並無直接接觸外部利害關係人
- 訪談 18 位與永續性管理、報告書編製及資訊提供有關的員工
- 審查有關組織的關鍵性發展
- 審查內部稽核的發現
- 審查報告書中所作宣告的支持性證據
- 針對公司報告書書中有關 AA1000 保證標準(2008)之包容性、重大性及回應性原則的流程管理進行審查

## 結論

針對包容性、重大性及回應性之 AA1000 當責性原則與全球永續性報告 G4 版指南的詳細審查結果如下：

## 包容性

2017 年度報告書反映出華邦電子持續尋求利害關係人的參與，以發展及達成對企業社會責任具有責任且策略性的回應。此系統正被發展以產生必要的資訊。報告書中已公正地報告與揭露經濟、社會和環境的訊息，足以支持適當的計畫與目標設定。以我們的專業意見而言，這份報告書涵蓋了華邦電子的包容性議題。

### 重大性

華邦電子公布永續經營相關資訊使利害關係人得以對公司的管理與績效進行判斷。以我們的專業意見而言，這份報告書適切地涵蓋了華邦電子的重大性議題。

### 回應性

華邦電子執行來自利害關係人的期待與看法之回應。華邦電子已發展相關道德政策，作為提供進一步回應利害關係人的機會，並能對利害關係人所關切之議題作出及時性回應。以我們的專業意見而言，這份報告書涵蓋了華邦電子的回應性議題。

### 全球永續性報告指南

華邦電子提供有關依據全球永續性報告G4版指南(GRI G4)的自我宣告，其相當於核心選項(每個鑑別出之重大考量面至少揭露一個績效指標)的相關資料。基於審查的結果，我們確認報告書中參照GRI的社會責任與永續發展的相關指標已被報告、部分報告或省略。以我們的專業意見而言，此自我宣告涵蓋了華邦電子的社會責任與永續性議題。

### 保證等級

依據 AA1000 保證標準(2008)我們審查本聲明書為中度保證等級，如同本聲明書中所描述的範圍與方法。

### 責任

這份企業社會責任報告書所屬責任，如同責任信中所宣稱，為華邦電子負責人所有。我們的責任為基於所描述的範圍與方法，提供專業意見並提供利害關係人一個獨立的保證意見聲明書。

### 能力與獨立性

英國標準協會於 1901 年成立，為全球標準與驗證的領導者。本查證團隊係由具專業背景，且接受過如 AA 1000AS、ISO 14001、OHSAS 18001、ISO 14064 及 ISO 9001 之一系列永續性、環境及社會等管理標準的訓練，具有主導稽核員資格之成員組成。本保證係依據 BSI 公平交易準則執行。

For and on behalf of BSI:



Peter Pu  
Managing Director BSI Taiwan  
2018-05-25



AA1000  
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## Appendix III : Independent Assurance Opinion Statement

**INDEPENDENT ASSURANCE OPINION STATEMENT****Winbond Electronics Corp. 2017 Corporate Social Responsibility Report**

The British Standards Institution is independent to Winbond Electronics Corp. (hereafter referred to as Winbond in this statement) and has no financial interest in the operation of Winbond other than for the assessment and assurance of this report.

This independent assurance opinion statement has been prepared for Winbond only for the purposes of assuring its statements relating to its corporate social responsibility (CSR), more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by Winbond. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Winbond only.

**Scope**

The scope of engagement agreed upon with Winbond includes the followings:

1. The assurance scope is consistent with the description of Winbond Electronics Corp. 2017 Corporate Social Responsibility Report.
2. The evaluation of the nature and extent of the Winbond's adherence to all three AA1000 AccountAbility Principles in this report as conducted in accordance with type 1 of AA1000AS (2008) assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

**Opinion Statement**

We conclude that the Winbond 2017 Corporate Social Responsibility Report provides a fair view of the Winbond CSR programmes and performances during 2017. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the Winbond and the sample taken. We believe that the 2017 economic, social and environmental performance indicators are fairly represented. The CSR performance indicators disclosed in the report demonstrate Winbond's efforts recognized by its stakeholders.

Our work was carried out by a team of CSR report assurers in accordance with the AA1000 Assurance Standard (2008). We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Winbond's description of their approach to AA1000 Assurance Standard and their self-declaration in accordance with the core option of GRI G4 guidelines were fairly stated.

**Methodology**

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- review of issues raised by external parties that could be relevant to Winbond's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 18 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality and Responsiveness as described in the AA1000 AccountAbility Principles Standard (2008).



## Conclusions

A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness and the GRI G4 guidelines is set out below:

### Inclusivity

This report has reflected a fact that Winbond has continually made a commitment to its stakeholders, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. The reporting systems are being developed to deliver the required information. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Winbond's inclusivity issues.

### Materiality

Winbond publishes sustainability information that enables its stakeholders to make informed judgements about the company's management and performance. In our professional opinion the report covers the Winbond's material issues.

### Responsiveness

Winbond has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for Winbond is developed and provides the opportunity to further enhance Winbond's responsiveness to stakeholder concerns. Issues that stakeholder concern about have been responded timely. In our professional opinion the report covers the Winbond's responsiveness issues.

### GRI-reporting

Winbond provided us with their self-declaration of 'in accordance' with the G4 sustainability reporting guidelines: the Core option (at least one indicator related to each identified material Aspect). Based on our review, we confirm that social responsibility and sustainable development indicators with reference to the GRI Index are reported, partially reported or omitted. In our professional opinion the self-declaration covers the Winbond's social responsibility and sustainability issues.

### Assurance level

The moderate level assurance provided is in accordance with AA1000 Assurance Standard (2008) in our review, as defined by the scope and methodology described in this statement.

### Responsibility

This CSR report is the responsibility of the Winbond's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

### Competency and Independence

The assurance team was composed of Lead Auditors experienced in industrial sector, and trained in a range of sustainability, environmental and social standards including AA1000 AS, ISO14001, OHSAS18001, ISO14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



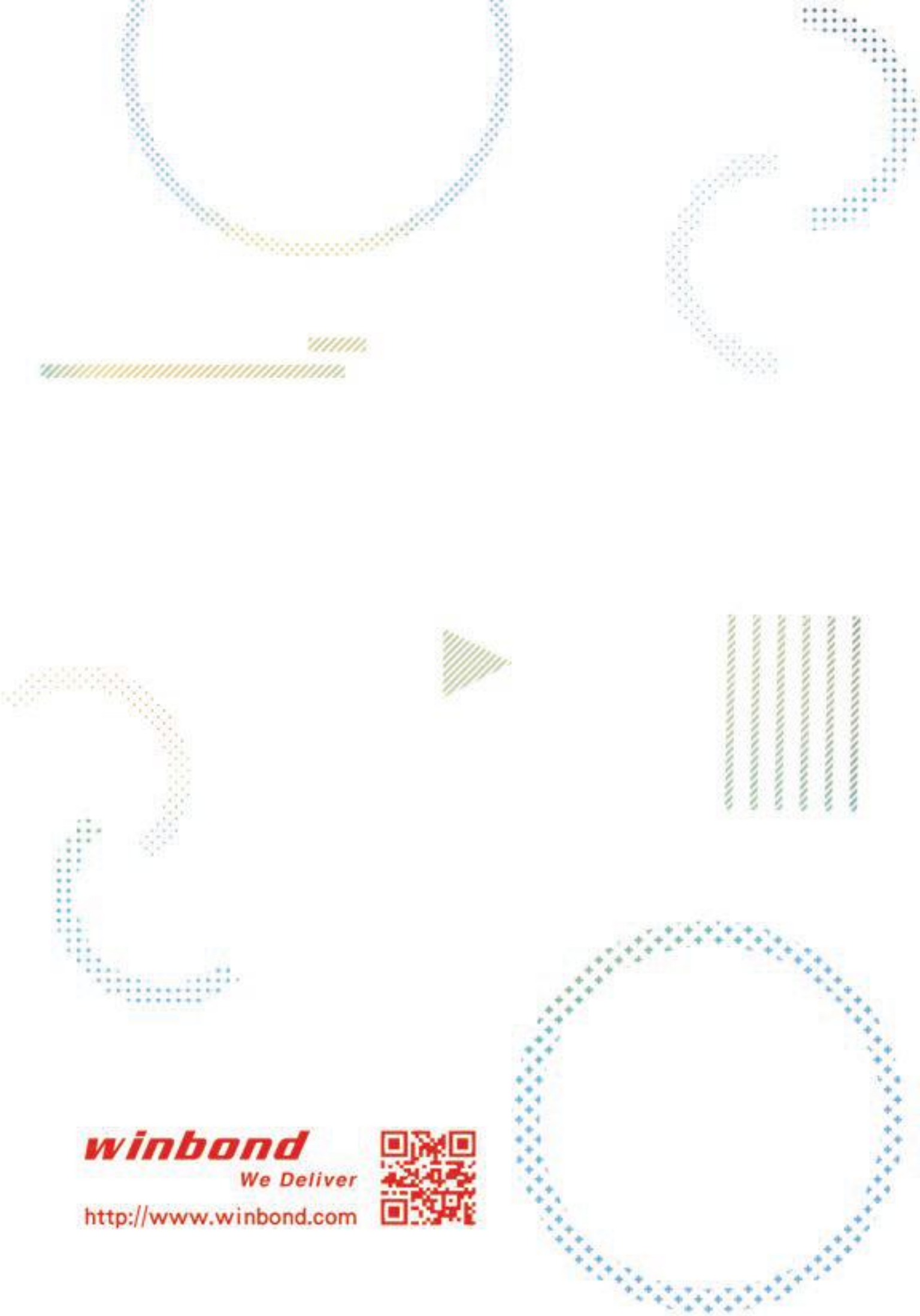
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