

**winbond**

*We Deliver*



WINDBOND ELECTRONICS CORPORATION  
2015 Social Responsibility Report

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# BASIC INFORMATION

## Issuance

This is Winbond's annual corporate social responsibility report, in which Winbond discloses the results of its efforts implementing corporate social responsibility policies during 2015. Upholding business integrity as its topmost ethical principle, Winbond advocates transparency and openness in its operation, and persistently pursues sustainability.

## Compilation Principles

This report is compiled primarily in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, G4.0, the fourth generation. The information disclosed in this report regarding Winbond Electronics' corporate social responsibility policy has been verified using the AA1000 assurance criteria.

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.

## Report Assurance

This report was verified by the British Standards Institute (BSI) Taiwan Branch in June 2016 to be compliant with the GRI/G4.0 Core Option Standards and the AA1000AS TYPE I Assurance Statement of reasonable level. The BSI Verification Certificate is attached to the appendix of this report.

## Feedback

Please contact us for any questions or suggestions regarding the content or activities in this report.

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# MESSAGE FROM CHAIRMAN

At Winbond, business integrity is held as the highest of our ethical codes. We insist that all operational activities taking social responsibility into account. In the spirit of our "Accountability, Innovation, Teamwork" corporate culture, we create values for our employees, shareholders, and the society while persistently pursuing sustainability toward our vision 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 participating right in decision-making.

## Economic 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 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." We are committed to preventing any predictable risks of environmental pollution through continuous manufacturing process improvement, reduction at source, and all-staff participation, thus minimalizing the impact of production to the environment.

## Social Care

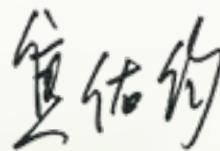
People is regarded the most valuable asset at Winbond Electronics. We offer an open, fair, and just talent selection mechanism, comprehensive training, and competitive salary and benefits to attract and cultivate talents, and build a win-win relationship between our company and customers.

Furthermore, to enhance the happiness indexes of our employees, Winbond emphasizes a balanced development of health, family, and work by actively promoting a wide variety of events such as sports activities, family day, parenting subsidies, and multicultural community events, so that our employees could gain a sense of fulfillment both from their jobs and from the time spent with their family.

"Caring for the disadvantaged, emphasizing environmental sustainability, and being socially responsible" is our long-term commitment to the society. Aggregating its internal resources and employees' enthusiasm and affection, Winbond is particularly concerned with four domains including "social aid," "care for the disadvantaged," "public service promotion," and "care for vulnerable children." Through these endeavors, we hope to foster centripetal force of our staff, develop compassion, and signify the importance of repaying the society. Corporate social responsibility has been one of the major concerns of enterprises across Taiwan in recent years. In pursuit of business growth and profits, we must keep in mind that the ultimate goal of all our endeavors is to make a better world. We pronounce the importance of health and family harmony, and promote social charity and Earth sustainability. As technology innovators, we need 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 that all start with good intentions in our quest for a better future.

Chairman

Chairman





# 01 CORPORATE GOVERNANCE



# 1.1 CORPORATE CULTURE

## Accountability

All members of Winbond are expected to be accountable and trustworthy. Of the numerous ways to win trust, we particularly emphasize the ability to fulfill goals by overcoming difficulties and demonstrate execution capability for the tasks we are commissioned with. As employees, we should be accountable for our actions and decisions, be persistent, and ready to overcome any difficulty lying ahead of our goals. In the meantime, we should be prepared to take necessary risks, ready to confront challenges and dissents.



Accountability



Innovation



Teamwork

## Innovation

Innovation is what drives our growth. We encourage all employees to leverage intelligence and create value through innovation. Innovation is more than a production of new ideas, it generates practical utilities by effectively solving existing problems and enabling continual improvements in various domains. Innovation enables us to offer valuable perspectives and create values for our customers.

## Teamwork

Teamwork is a result of collaboration among colleagues and departments. Teamwork creates aggregated force. We expect all colleagues and units to abandon departmentalism, while giving priority to the interests of the team based on the Company's goals. Through integration and proper use of resources from different units, maximal added values can be created to achieve win-win results for the Company and the customers.

Winbond is constantly focused on customer service, with concentrated resources on the markets in which we have a competitive advantage. Leveraging advanced semiconductor design and manufacturing technologies in combination with creativity and wisdom of its employees, Winbond exercise "accountability, innovation, and teamwork," the core values of its corporate culture, into every business activity to achieve the Company goals.

"Accountability, Innovation, Teamwork" 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.



## 1.2 OVERVIEW OF WINBOND

Winbond was founded in September 1987, with its headquarter being located in the Central Taiwan Science Park. The Company was officially listed on the Taiwan Stock Exchange in 1995.

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.

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. The professional marketing teams provide localized customer services while expanding the depth and breadth of our markets.

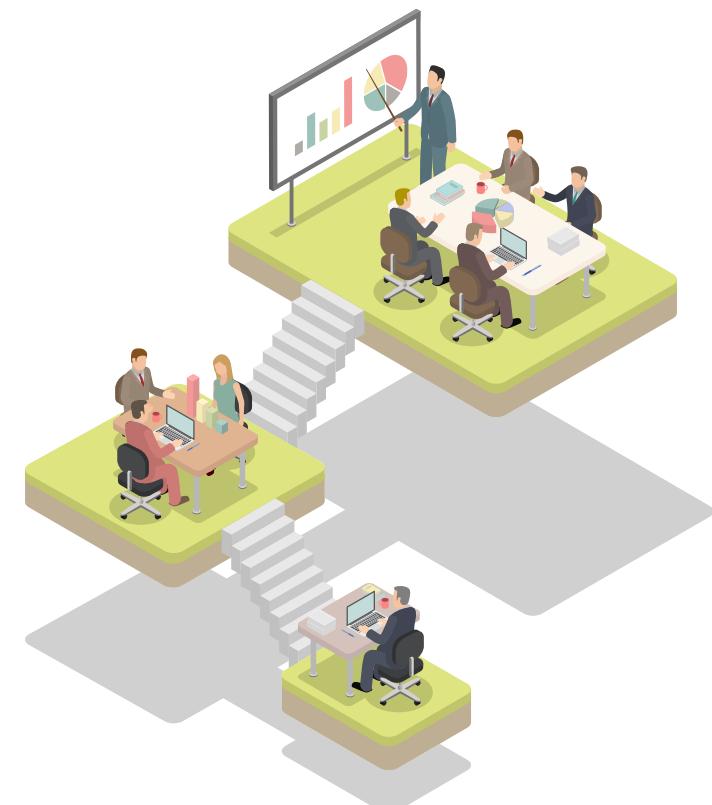
|                                      |  |
|--------------------------------------|--|
| Full name                            | Winbond Electronics Corporation                            |
| Number of employees                  | 2,557  |
| Capital                              | NT\$35.8 billion   |
| Date of Founding                     | 1987/09/29   |
| Main Products and Technologies       | Code Storage Flash Memory, Specialty DRAM, and Mobile DRAM |
| Chairman and Chief Executive Officer | Yu-Cheng Chiao   |
| General Manager                      | Tung-Yi Chan   |
| Headquarter                          | No. 8, Keya 1st Rd., Daya Dist., Taichung City             |
| Operation Center                     | USA, Japan, China, Hong Kong, and Israel                   |

## 1.3 GOVERNANCE STRUCTURE

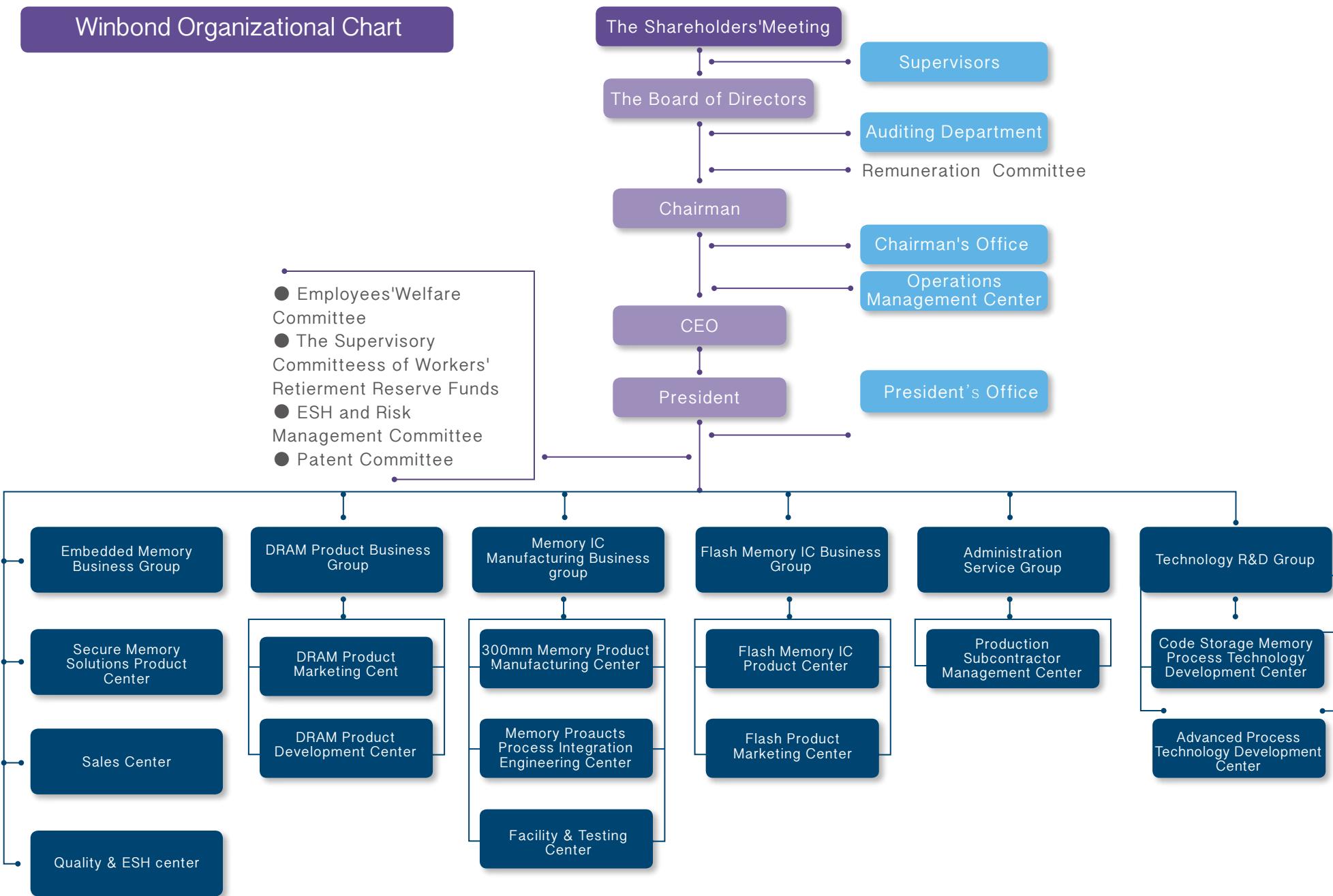
### 1.3.1 Board of Directors

The board of directors is the highest body of governance in Winbond. The tenth board of directors initially comprised of nine directors. Starting the second half of 2015, the board was restructured to comprise eight directors including three independent directors and one female director. Non-organizational directors account for more than half of the total seats. All directors have rich experience in business and industry. 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.

(Note:) the eight directors include: Mr. Yu-Cheng Chiao, Chairman, Mr. Feng-Chiang Miau, director, Mrs. Yung Chin, Mr. Hui-Ming Cheng (a representative of Walsin Lihwa Corp.), Mr. Tung-Yi Chan, Mr. Francis Tsai, Independent Director, Mr. Allen Hsu, and Mr. Jerry Hsu. Detailed information of educational experience and employment history of the directors can be found in the Company's 2015 annual report.



# 1.3 GOVERNANCE STRUCTURE



# 1.3 GOVERNANCE STRUCTURE

## 1.3.2 Duties of the Board of Directors

Winbond's board of directors functions with protocols prescribed in the Company's "Rules of procedure for the board of directors." The board debriefs the operational teams on a quarterly basis. In the event of large discrepancy, the board may demand the managers to present analytical review reports with updated operational plans and annual budget. It also oversees the operational teams to ensure all operations are executed lawfully and consistent with resolutions reached by board of directors or shareholder meetings. During 2015, seven board meetings were convened, with an average attendance of 87.6% by directors.

### Duties of Winbond's board of directors are as follows:

01. Review operating policies and short- and long- term development plans;
02. Review annual business plans and supervise its implementation;
03. Approve budget and review the results at year-end;
04. Propose capital increase or decrease;
05. Propose profit distribution or loss make-up plans;
06. Review, approve, amend and terminate material contracts and contracts relating to procurement, transfer, licensing of important technology and patents and of important technical cooperation;
07. Propose and review plans in connection with using transfer as security, sale, lease, pledge, mortgage, or other disposal of all or a substantial portion of assets of the Company;
08. Propose and review amendments to the Articles of Incorporation;
09. Approve organizational by-laws and important operation rules;
10. Decide the establishment, reorganization, or removal of branches or business offices;
11. Approve major capital expenditures of NT\$500 Million or more (capital expenditures not exceeding the above amount shall be approved by the Chairman of the Board of Directors);
12. Appoint or remove corporate officials at the level of vice presidents and higher;
13. Convene shareholders meetings and make business reports;
14. Examine and approve investment in other enterprises and purchase/sale of stocks of NT\$ 500 Million or more (The Chairman is authorized to approve the investment or purchase/sale if the transaction amount is less than NT\$500 Million);
15. Appoint or dismiss auditing certified public accountant of the Company;
16. Examine and approve the application to financial institutions or third parties for financing, guarantees, providing acceptance of commercial paper, any other extension of credit, and credit lines for derivatives products in an amount of NT\$500 Million or more. The Chairman of the Board of Directors is authorized to approve any of the above applications that is in an amount no more than NT\$500 Million.
17. Examine and approve the amount of endorsements, guarantees, and acceptance of commercial paper to be made in the name of the Company;
18. Examine and approve major business transactions between related parties (including affiliated enterprises);
19. Perform such other duties and responsibilities prescribed by law or authorized by shareholders meetings.

# 1.3 GOVERNANCE STRUCTURE

## 1.3.3 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 meets 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 following an approval by the board of directors. Election will be subsequently conducted at a shareholder meeting. The tenth board of directors were elected through the nomination and election procedure as described in the preceding paragraph.

## 1.3.4 Remuneration of Directors

Article 22 of Winbond's Articles of Incorporation stipulates that (this round of Articles of Incorporation amendment will be submitted to the 2016 shareholder meeting for resolution):

From the pre-tax net profits of the current year, before deducting remuneration of employees and remuneration of directors and supervisors, no more than 1% shall be allocated as remuneration of directors and supervisors and no less than 1% as remuneration of employees. The remuneration of employees may be distributed in stock or cash upon resolution of the Board of Directors, and may be distributed to the employees of subsidiaries of the Company meeting certain criteria. However, if the Company has accumulated losses, the Company shall first set aside an amount for making up losses, and then allocate remuneration of employees and remuneration of directors and supervisors according to the percentage set forth in the preceding paragraph.

Considering that the Company's performance is highly dependent on the efforts of the Board of Directors with respect to the overall strategy and supervision, the remuneration for the supervisors in 2015 is detailed in the annual report.

## 1.3.5 Conflict 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.

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 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.

## 1.3.6 Supervisor

The tenth board of directors consists of three supervisors (see note for details), each with rich experience in industrial management.

Article 13-4 of the Articles of Incorporation of Winbond provides as follows (the current revision of the Articles of Incorporation is to be submitted to the 2016 shareholders meeting for approval):

Upon completion of their term of office, the supervisors elected in 2014 will be replaced by an auditing committee according to article 14-4 of the Security and Exchange Act. The auditing committee or its members are responsible for the auditing roles according to the Company Act, Security and Exchange Act, and any other related laws, as well as the Articles of Incorporation of the Company. Once the auditing committee is established, the provisions relating to supervisors in the Articles of Incorporation shall no longer apply.

Note: the three seats of supervisors are Mr. James Wen, a representative of ChinXin Investment Co., Ltd., Mr. Yeu-Yuh Chu, and Mr. Hong-Chi Yu. Detailed information about the supervisors' educational experience and employment history can be found in the Company's 2015 annual report.

Official powers of the supervisors

- 1) Auditing the actual budget
- 2) Inquiring the business and financial status of the Company
- 3) Access to documents and archives of the Company
- 4) Other rights entitled by laws and regulations

The supervisors are responsible for overseeing the operations of the Company while excising independent supervisory powers. The supervisors attend board meetings and shareholder meetings as observers, and may directly contact and converse with accountants, employees, shareholders, or stakeholders when necessary. Auditing executives deliver auditing reports to the supervisors in the next month following the completion of the auditing. The auditing executives attend board meetings as observers to debrief their auditing, and debrief to the supervisors periodically on the annual auditing and self-assessment of the internal control system.

During 2015, seven board meetings were convened, with an average attendance rate of 66.67% by the supervisors.

# 1.3 GOVERNANCE STRUCTURE

## 1.3.7 Election of Supervisors

Since 2014, Winbond has adopted a candidate nomination system for supervisor election. Nomination is based on considerations regarding the scale of business growth, distribution of major shareholders, and diversity of members (e.g., professional backgrounds, gender, and expertise). According to article 192-1 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 candidate of supervisor. The list of the candidates may be publicized following an approval by the board of directors. Election will be subsequently conducted at a shareholder meeting.

The tenth board of supervisors were elected through the aforementioned nomination and election procedure.

## 1.3.8 Remuneration of the Supervisors

Article 22 of Winbond's Articles of Incorporation stipulates that (this round of Articles of Incorporation amendment will be submitted to the 2016 shareholder meeting for resolution):

From the pre-tax net profits of the current year, before deducting remuneration of employees and remuneration of directors and supervisors, no more than 1% shall be allocated as remuneration of directors and supervisors and no less than 1% as remuneration of employees. The remuneration of employees may be distributed in stock or cash upon resolution of the Board of Directors, and may be distributed to the employees of subsidiaries of the Company meeting certain criteria.

However, if the Company has accumulated losses, the Company shall first set aside an amount for making up losses, and then allocate remuneration of employees and remuneration of directors and supervisors according to the percentage set forth in the preceding paragraph.

Considering that the Company's performance is highly dependent on the efforts of the Board of Directors with respect to the overall strategy and supervision, the remuneration for the supervisors in 2015 is detailed in the annual report.

## 1.3.9 Remuneration Committee

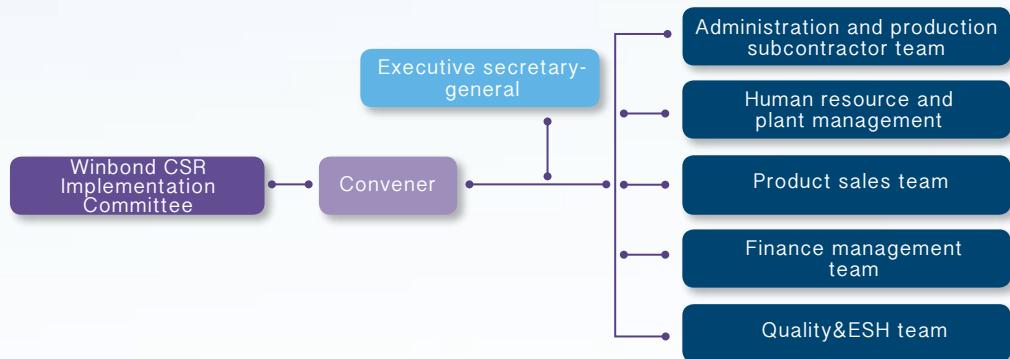
Winbond established the Remuneration Committee Charter according to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter. The remuneration committee was established in 2011 to 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 performance of the managers is tightly aligned with the Company's strategy, and that the managers are rewarded with a competitive overall pay package to enhance operating performance. Composed of three independent directors, 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 two meetings during 2015, with full attendance by all committee members. Please refer to Winbond's 2015 Annual Report for details of the remuneration committee meetings (available on Winbond's Website).

## 1.3.10 Winbond Corporate Social Responsibility Implementation Committee

Winbond has set up a corporate social responsibility (CSR) implementation committee comprising five sub-groups, namely the executive and production outsourcing team, the human resources and plant management team, the product sales team, the accounting management team, and the environmental health and quality team. These teams work together to implement various activities concerning economy, society, and environment. Since the year of 2015, we have incorporated CSR into the formal agenda of the Board. We regularly report to the Board of Directors on the implementation of CSR and the work plan for the next year so that CSR becomes part of the Company's decision-making process.



Attending to the latest trends of corporate governance, Winbond progressively integrates the five dimensions of corporate governance into its existing structure while taking into account the Company's scale, direction of development, and the external environment. We aim to both enhance the performance of corporate governance and achieve balanced interests of the stakeholders concerned.

# 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. Furthermore, Taiwan is located in the seismic zone and typhoon 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, presents a challenge that must be carefully addressed.

**In response to the risks of operational interruption, winbond has developed countermeasures as follows:**

Rated as highly protected risk (HPR), Winbond was awarded the Best of Class Award by FM Global, 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 insurance, business interruption insurance, marine cargo insurance, engineering insurance, product liability insurance, and public liability insurance, to minimize potential losses caused by natural or man-made disasters, and to protect the interests of stakeholders.

Throughout 2015, Winbond did not suffer from any property loss or business interruption due to natural or man-made disasters.

| Potential risks   | Preemptive measures and loss control  |
|---|---|
| <b>Internal Environment</b> <ul style="list-style-type: none"> <li>● Fire, explosion</li> <li>● Leakage of chemicals contaminates plants or equipment</li> <li>● Leakage causes equipment damage</li> <li>● Critical equipment failure</li> </ul>   | <ul style="list-style-type: none"> <li>● Design and build 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)</li> <li>● Design and construct plant facilities following international industrial standards</li> <li>● Purchase machines that meet international standards (SEMI-S2.FM4910)</li> <li>● Keep backup key equipment</li> <li>● Establish appropriate spare parts inventory</li> <li>● Make regular maintenance plans</li> <br/> <li>● Safety management / control mechanisms</li> <li>● Emergency Response Plan</li> <li>● Business Continuity Plan</li> </ul>   |
| <b>External Environment</b> <ul style="list-style-type: none"> <li>● Earthquake</li> <li>● Typhoon or rainstorm</li> <li>● Unstable power supply or outage</li> <li>● Water shortage</li> <li>● Interruption of gas supply(public gases such as natural gas and nitrogen)</li> <li>● Raw material in short supply</li> <li>● Legislative changes (e.g., domestic environment protection law, international regulation on restricted use of substance)</li> <li>● Serious infectious diseases</li> </ul> | <ul style="list-style-type: none"> <li>● Grade 7 Aseismic design for plants and equipment (equivalent to MMI 9)</li> <li>● Plant is located 160 meters above sea level</li> <li>● Dual power supply feeder</li> <li>● Emergency generator and uninterruptible power system (DUPS, UPS)</li> <li>● Spare pool</li> <li>● Spare liquid gas tank</li> <li>● Spare liquid nitrogen reservoir</li> <li>● Maintain two or more suppliers</li> <li>● Regularly collect market information of raw materials</li> <li>● Maintain reasonable stock of raw materials</li> <li>● Legal check, responsive mechanism and management system</li> <li>● Monitoring and early warning of major infectious diseases and contingency plans</li> <li>● Emergency Response Plan</li> <li>● Business Continuity Plan</li> </ul> |

# 1.4 RISK MANAGEMENT

## 1.4.2 Financial Risk Management

### (1) 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:

- A. 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 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, thus reduce interest expenses.
- B. 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.

### (2) Exchange rate

The gains and losses on exchange 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 responsively:

- A. Keep updated with the latest financial market information, recognize trends, be familiar with financial products, regulations and operational skills, provide timely and adequate information to the management for reference.
- B. The main economic substantial purpose to engage in derivatives trading is for hedging risks; To avoid the risk of default, credit risk should be considered when choosing counter party. 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.
- C. The maximum amount of unrealized loss 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.

In accordance with the "Information Security Policy" implementation procedure, representatives from various departments are appointed to form an information security organization to take charge of operational tasks of information security control, including discussion, establishment, promotion and auditing. Meetings are held regularly to discuss issues related to information security and seek resolutions. Extemporaneous meetings may be summoned when a major information security incident occurs.

The information security policy is implemented by organizing staff training programs each year and publishing announcements in the internal announcement system.

In November, 2015, Winbond's TrustME™ memory products and the associated operating environments were certified under the Common Criteria EAL 5+ certification. 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 protect customer's information and assets.

Common Criteria certification for TrustME™ consists of the following phases: Product design & development, production, and delivery.

## 1.5 ETHICAL MANAGEMENT AND COMPLAINTS HANDLING

Winbond unambiguously pronounces its ethical management policies, with a range of internal rules and regulations established, including "Corporate Social Responsibility Management Procedure," "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 comply with relevant laws and regulations, abide by ethical codes of conduct, avoid unfair competition, and stay clear of bribery. We strive 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.

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. All suppliers are requested to sign a Letter of Commitment to Ethical Integrity and observe ethical principle in business operation. Additionally, the Company has set up complaint boxes ([Internal\\_audit@winbond.com](mailto:Internal_audit@winbond.com)) for individual from both internal or external 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 to investigate. Totally three cases were received through the complaint mechanism during 2015. For each of these complaints, the ad hoc team launched an investigation and responded to the reporters in a timely manner, although the results of the investigations indicated that no violations had been committed. In addition, we also set up a stakeholder area on the Winbond Website as an additional channel for communication.

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.

## 1.6 STATUTORY COMPLIANCE

### Management Policy

**Define:** All policies of the Company comply with laws and regulations

**Measure:** Review newly added or revised laws and regulations to check for applicability and compliance on a quarterly basis, and keep record of the review results.

**Act:** Formulate or amend internal job specifications or procedures based on the review results.

To advance the organizational structure and improve the operational management for the implementation of CSR, Winbond performs a quarterly review on newly added or revised laws and regulations to check for applicability and compliance, and keeps record of the results, based which, the internal job specifications or procedures are formulated or amended. Winbond passed the electronic industry code of conduct (EICC VAP) in 2014, and received 2 inspections on labor, 3 inspections on occupational safety and health, 8 inspections on environmental protection, and 3 inspections on fire control by various governmental agencies during 2015. None of these inspections found any violation of laws and regulations related to domestic labor, occupational safety and health, environmental protection, and fire control.

Review of laws and regulations relating to labor and ethical integrity during 2015

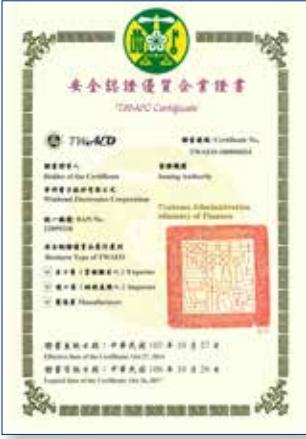
| Legislative announcement time | Legislative announcement time     |
|-------------------------------|-----------------------------------|
| First quarter 2015            | Review completed in May 2015      |
| Second quarter 2015           | Review completed in August 2015   |
| Third quarter 2015            | Review completed in November 2015 |
| Fourth quarter 2015           | Review completed in February 2016 |

Review of laws and regulations relating to occupational safety and health, environmental protection, and fire protection during 2015

| Legislative announcement time | Review result                    |
|-------------------------------|----------------------------------|
| First quarter 2015            | Review completed in April 2015   |
| Second quarter 2015           | Review completed in July 2015    |
| Third quarter 2015            | Review completed in October 2015 |
| Fourth quarter 2015           | Review completed in January 2016 |

# 1.7 EXTERNAL CERTIFICATION

Winbond is actively engaged in acquiring certifications on product quality, hazardous material management, production environment management, and corporate social responsibility, to ensure that we meet international standards and customer's high specifications on economic, environmental, and social aspects.

| ISO 9001   | TS16949   | ISO 14001  | OHSAS 18001  |
|--|---|--|--|
|   |   |   |   |
| CNS 15506  | QC 080000   | SONY Green Partner   | AEO  |
|  |  |  |  |

# 1.8 ASSOCIATION MEMBERSHIP

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.

## External Organizations that Winbond Involved with during 2015 include:

01. UWEE CAP (Corporate Affiliates Program, Department of Electrical Engineering, University of Washington)
02. Taiwan Automotive Electronics Industry Alliance
03. Cross-Strait Entrepreneurs Summit
04. The Allied Association For Science Park Industries
05. Central Taiwan Science Park Association of Production and Training
06. Taiwan Monte Jade Science and Technology Association
07. High-Tech Industry Salary Management Association
08. Internal Audit Association of the Republic of China
09. Computer Audit Association of the Republic of China
10. Taiwan Semiconductor Industry Association (TSIA) of the Republic of China
11. Market Intelligence Center of Institute for Information Industry
12. Taiwan Electrical and Electronic Manufacturers' Association
13. Public Company Stock Affairs Association of the Republic of China
14. Advanced Microsystems and Package Technology Alliance (AMPA)
15. JEDEC Solid State Technology Association(JC42Committees)
16. Institute of Electrical and Electronics Engineers



# 1.9 STAKEHOLDERS

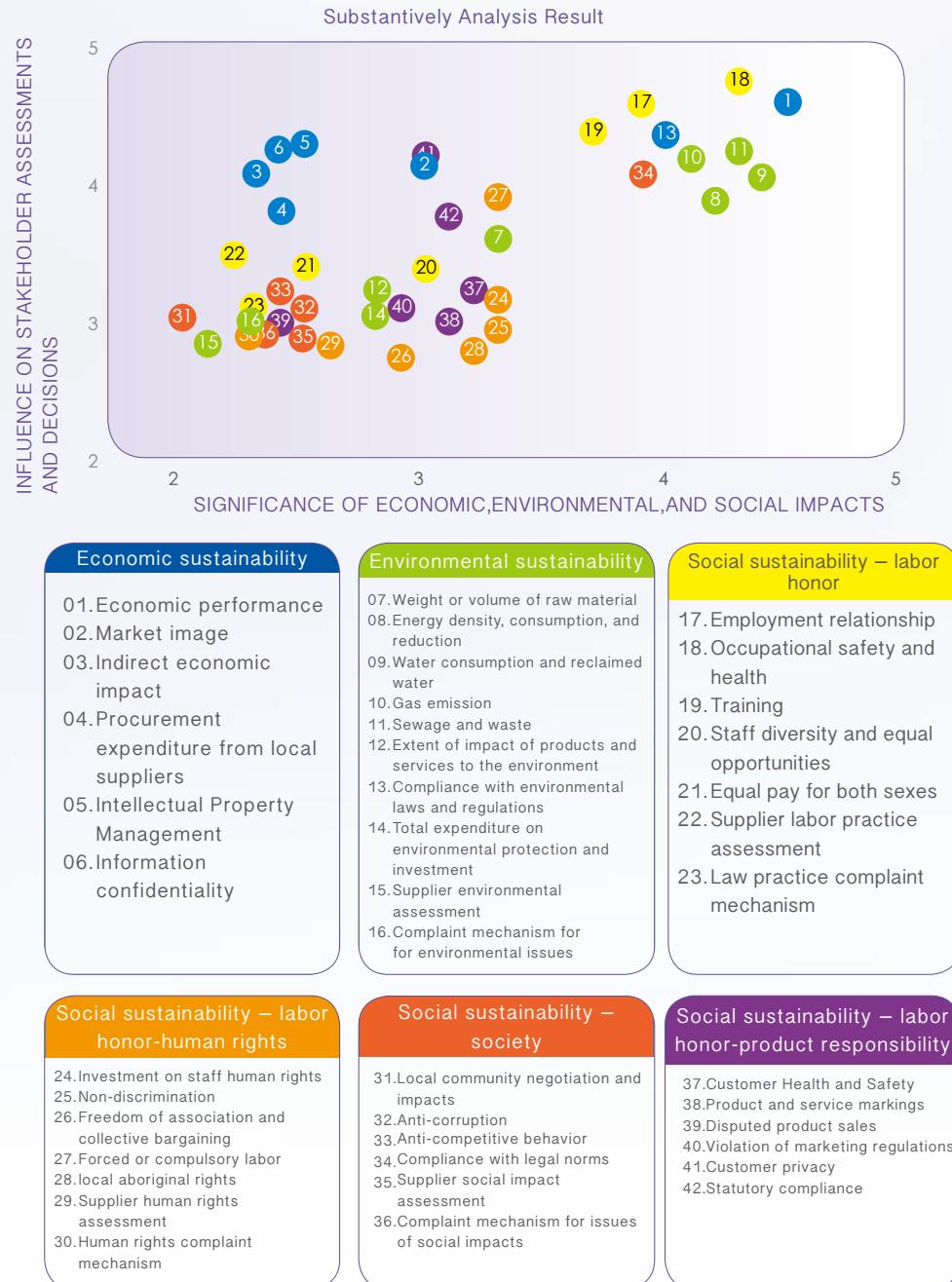
## 1.9.1 Identification of Stakeholder Engagement

Aiming at sustainable and long-term operation, Winbond identifies its stakeholders by following the five principles of the Stakeholder Engagement Standard 2011, including dependency, responsibility, influence, tension, and diverse perspectives. Key stakeholders are identified to be in any of the seven categories including customers, employees, shareholders/investors, suppliers/subcontractors, government/financial institutions, community/non-profit organizations, and media.

## 1.9.2 Major Considerations Regarding Identification

Based on Winbond's corporate culture and business philosophy, 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 literature on three dimensions, namely economic, environmental, and societal.

To understand how the stakeholders are engaged with 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 "degree of engagement to sustainability issues" on a scale of five options ranging from "Exceedingly engaged," "highly engaged," "mildly engaged," and "marginally engaged." During 2015, a total of 93 responses were collected. Similarly, for the question "the impact of sustainability issues on Winbond's operations," the CSR committee was asked to rate on a scale of 1 to 5 points. The substantial analytical results show that ten issues were identified as key issues, including economic performance, energy consumption and reduction, water consumption and recycling, gas emission, waste water and salvaged material, compliance with legal requirements, environmental compliance, education and training, occupational safety and health, and labor relations. When considering these major issues under the GRI G4 guidelines, indicators relating to management policy is selected as the main aspect for disclosure. For issues of low and medium concern, GRI G4 indicators that already have clear management guidelines are selected for disclosure.



# 1.9 STAKEHOLDERS

## 1.9.3 Identify the Boundaries of Major Issues

For the issues identified as of high impact, the recommended indicators of the GRI G4 guideline are referenced. Considering the impact of Winbond's internal operational aspects and external influence, Winbond CSR Implementation Group identifies the major aspects for disclosure and its boundaries as shown in the following table:

| Major aspects                                | GRI G4 Type | Inside the organization (Winbond) | Outside of the organization | Chapter for management policy disclosure                                      |
|--|-------------|-----------------------------------|-----------------------------|---|
| Economic performance                         | Economy     | V                                 |                             | 2.1 Economic performance  |
| Energy intensity, consumption, and reduction | Economy     | V                                 |                             | 3.3 Energy management   |
| Gas emission                                 | Economy     | V                                 |                             | 3.4 Water resource management   |
| Sewage and waste                             | Economy     | V                                 |                             | 3.5 Air pollution control   |
| Compliance with legal norms                  | Economy     | V                                 |                             | 3.6 Water pollution control<br>3.7 Salvaged material management and recycling |
| Compliance with legal norms                  | Society     | V                                 |                             | 1.6 Eegulatory compliance   |
| Compliance with environmental laws           | Economy     | V                                 |                             | 1.6 Eegulatory compliance   |
| Training                                     | Society     | V                                 |                             | 4.3 Learning and development  |
| Occupational safety and health               | Society     | V                                 | V(contractor)               | 4.6 Occupational health and safety  |
| Labor relations                              | Society     | V                                 |                             | 4.1.2 Talent hiring and retaining<br>4.5 Salary and welfare                   |

## 1.9.4 Stakeholder Communication

| Stakeholders                       | Concerned issues   | Communication channel   | Results of communication during 2015  |
|------------------------------------|--|---|---|
| Customer                           | Market performance, product and service  | Client audit (non-periodical)<br>Business meeting (periodical)<br>Customer audit (non-periodical)<br>Business meeting(periodical)<br>Technical seminar (non-periodical)<br>Telephone, email(instant)<br>Questionnaire response(instant)<br>Technical seminar(non-periodical)<br>Telephone, email (instant)<br>Questionnaire response(instant)   | <ul style="list-style-type: none"> <li>Winbond Electronics introduced the high density product 2Gb DDR2 SDRAM (128Mx16 /256M x8) that support general consumer electronics and industrial/ automotive applications, challenging the longest product lifecycle in the industry</li> <li>Winbond Electronics adopted the security mechanism of Rambus Cryptography Research Division for data security protection</li> <li>2 customers performed CSR audit during 2015, with no deficiency identified</li> <li>All of the 23 customers met the questionnaire requirements in 2015</li> <li>All of the 219 customers met the "Conflict mineral" survey requirements</li> </ul> |
| Employee                           | Labor relations<br>Occupational safety and health                                    | Installation of complaint boxes (anytime)<br>Winbond internal hotline for employee complaints (anytime)<br>Employee committee against sexual harassment (anytime)<br>General managers symposium(semi-annual)<br>Functional communication meeting (periodical)<br>Bulletin board of Winbond's internal Website (non-periodical)<br>Training course(periodical)<br>Employee welfare committee (non-periodical)<br>Health care activities (non-periodical) | <ul style="list-style-type: none"> <li>49 proposals were received and processed through the Suggestion boxes in 2015</li> <li>2 appeals were received in 2015</li> <li>No case of sexual harassment was reported in 2015</li> <li>5 labor-management meetings and 1 briefing were held during 2015; 22 problems were reported on weekdays.</li> <li>A total of 10 meetings were held in 2015, attended by 1,887 staff members</li> <li>By the end of 2015, a total of 2,277 person-times were trained on ethics-related courses with a total duration of 1,107 hours and a completion rate of 100%.</li> </ul>  |
| Shareholder/ Investor              | Economic performance   | Shareholders meeting (yearly) /investor conference (quarterly) IR one-on-one (meeting 10-20 sessions /quarter) Telephone or e-mail Stock Exchange Open Information Observatory (non-periodical)<br>Corporate Website (non-periodical)   | <ul style="list-style-type: none"> <li>Periodical shareholders meeting/briefing</li> <li>Monthly disclosure of revenue report on the Website</li> <li>Monthly disclosure of financial statements on the Website</li> <li>Quarterly investor conference</li> </ul>   |
| Supplier/ Subcontractor            | Compliance with environmental laws and regulations                                   | Subcontractors' meeting (yearly)<br>Supplier audit (yearly)<br>Major supplier competition (periodical)<br>External complaint mechanism(instant)<br>Major suppliers' quality meeting(monthly/ quarterly)   | <ul 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; EICC statement</li> <li>Supplier complaints: none</li> <li>100% major suppliers signing the statement on the use of conflict mineral</li> </ul>  |
| Government/ Financial Institutions | emission sewage and waste environmental laws and regulations<br>Economic performance | Documents (non-periodical)<br>Regulatory briefing(non-periodical)   | <ul style="list-style-type: none"> <li>GHG reduction: 179,492 tons of CO2 emission, equivalent to the annual carbon sequestration of 485 Da'an Forest Parks</li> <li>Power saving of 0.85 million KiloWatt·hr</li> <li>Water saving of 83,000 M3</li> <li>Waste reduction of 4,602 tons, equivalent to 32,919 person year garbage clearance</li> </ul>  |
| Community/ Non-profit Organization | Charitable activities/Social Responsibility Performance                              | Telephone or email<br>Events (1-2 times/month)  | <ul style="list-style-type: none"> <li>50 volunteers</li> <li>Accumulated 1,104 person-time/2,200 hours of preschool service</li> <li>726 disadvantaged children fulfilled their dream of celebrating Christmas</li> <li>274 disadvantaged children watched a movie in 2015</li> <li>104 disadvantaged children participated in the Family Day event in 2015</li> <li>A total of 113 computers have been donated since 2012 (St. Francis Children's center, St. Francis Girl's Home, Taichung Kuang-Yin Nursery, Taiwan Sam Yee Development Association)</li> <li>Regular sponsorship of academic seminars and technical forums</li> </ul>                                  |
| Media                              | Economic performance   | Company Website (periodical)<br>Major information disclosure(non-periodical)  | <ul style="list-style-type: none"> <li>Clarify the inaccurate media report that the Company is going to be purchased by a mainland company. Winbond declares solemnly that this is not true</li> <li>Disclose monthly revenue reports on the Company's Website</li> <li>Disclose quarterly financial reports on the Company's Website</li> <li>Investors' conference is held on a quarterly basis</li> </ul>  |

Futuristic HUD interface

Processor 1

100%

0.95

VALUE

Processor 2

Technology

Artificial Intelligence

## 02 ECONOMIC DEVELOPMENT

# 2.1 ECONOMIC PERFORMANCE

## Management Policy

**Define :** Continually create value for the enterprise

**Measure :** Revenue, gross profit margin, and income per share

**Act :** Stay aligned with industrial trends, prepare for future need for large quantities of diversified end-user products, and create enterprise value by innovation-oriented culture and competitive products

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

Winbond has delegated spokesmen, deputy spokesmen, and investor relationship and stock service department to ensure availability of operational information to our investors and shareholders. Video recordings and presentation documents of the quarterly 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.

After merging our subsidiary Nuvoton, Winbond's gross revenue reached NT\$3.835 billion in 2015, a 0.95% increase compared to 2014. The combined after-tax profit was NT\$3.473 billion, with a NT\$0.90 after-tax earnings per share, a NT\$0.07 increase over the previous year. Furthermore, the annual income tax paid was NT\$170.7 million. Details of the combined revenue of Winbond and its subsidiaries can be found in our annual reports.

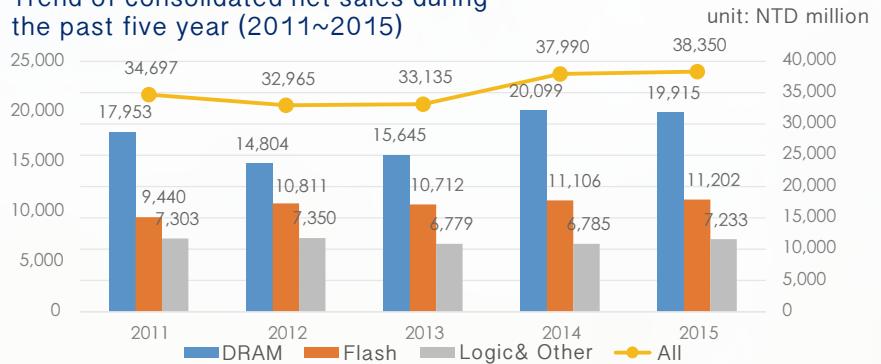
Winbond composed the financial statements using ROC GAAP in 2011, and the IFRSs approved by the Financial Inspection Committee during 2012 to 2015. The consolidated financial performance of the past five years is as follows:

| Item/Year                              | Taiwan Financial Reporting Standards | International Financial Reporting Standards |        |        |         |
|--|--------------------------------------|---|--------|--------|---------|
|  | 2011                                 | 2013  | 2014   | 2015   |         |
| Revenue                                | 34,697                               | 32,965                                      | 33,135 | 37,990 | 38,350  |
| Operating margin                       | 6,057                                | 5,163                                       | 6,909  | 10,790 | 11,822  |
| Operation gain (loss)                  | (173)                                | (1,281)                                     | 765    | 3,658  | 4,109   |
| Non-operating income and expense       | (353)                                | (168)                                       | (207)  | 283    | 139     |
| Pre-tax profit (loss)                  | (527)                                | (1,450)                                     | 559    | 3,941  | 4,248   |
| Deduction: Income tax expense          | 152                                  | 175   | 271    | 730    | 775     |
| Net profit (loss) of the term          | (679)                                | (1,625)                                     | 287    | 3,211  | 3,473   |
| Other comprehensive income of the term |                                      | (228)                                       | 1,567  | 294    | (1,754) |
| Total comprehensive income             |                                      | (1,852)                                     | 1,855  | 3,505  | 1,718   |
| Earnings (loss) per share (NT dollar)  | (0.23)                               | (0.51)                                      | 0.06   | 0.83   | 0.90    |

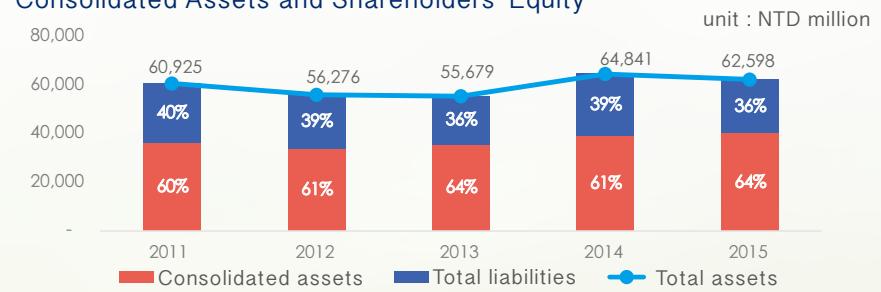
Consolidated revenue and gross profit



Trend of consolidated net sales during the past five year (2011~2015)



Consolidated Assets and Shareholders' Equity



Consolidated capital expenditure and R&D expense



## 2.2 PRODUCT LINEUP

Winbond Electronics specializes in IC design, manufacturing, and sales for specialty DRAM. From product design, research and development, and wafer fabrication to the marketing of brand name products, Winbond is dedicated to providing comprehensive solutions for low to medium density specialty DRAM to our customers worldwide. Winbond endeavors to pursue technological innovation and substantiate competitive advantage. 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.

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 variety of flash memory products for applications in mobile devices, consumer electronics, automotive electronics, IoT and wearable devices. Winbond introduces the pioneering TrustME Secure Flash Memory that has been Common Criteria EAL 5+ certified for applications in enhanced system security.

### ● Code Storage Flash Memory

Winbond focuses on medium- to low-density markets, providing full-featured serial flash and parallel flash memory products. Winbond has introduced memory products of compact packaging specifications featuring small pin count, small size, and low cost. These products have won a considerable market share in computer peripheral markets, and more applications will be developed for mobile devices and consumer electronics.

- High-performance, low-power memory core design technology including a full range of mobile DRAM and Specialty DRAM products.

Winbond is focused on brand name customers and quality-oriented applications. In addition to applications for handheld devices, consumer electronics, and computer peripheral markets, Winbond's product line has expanded into high threshold and high quality applications in high-quality bare wafer, automotive, and industrial electronics.



## 2.3 PRODUCT APPLICATION

In addition to widely known areas such as computing, network communication, and consumer electronics, Winbond's products are applied in more diverse and comprehensive application domains. Based on our expertise accumulated in existing areas, we are able to provide our customers with faster solutions.

### 2.3.1 Automotive Electronics

Consumer electronics are being added to the automobile, transforming automobile into the most sophisticated electronic device in the market. 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. Winbond electronic memory products in the field of automotive electronics applications provide the three major areas related products and support. Winbond Electronics provides memory products and technical support for applications in the following three areas of automotive electronics applications.



#### Advanced Driver Assistance Systems (ADAS)

ADAS represents a new standard for car safety which relies on high quality and high reliability electronics. Winbond supplies the most advanced memory products for ADAS.



#### Instrument Clusters

Digital displays have been added to automotive dashboards to provide more information about the car as well as improve safety. Winbond memory product enables enhanced 2D/3D image rendering with fast processing capability.



#### Infotainment

Infotainment is a term to describe the convergence of comfort, entertainment, and safety information into the center console. With rich experience in consumer electronics, Winbond supplies a wide range of memory products to meet the needs for automotive infotainment systems.

## 2.3 PRODUCT APPLICATION

### 2.3.2 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)

Touch screens are used as an interface that connects human and machine for operation. Winbond memory products are widely used in HMI applications.



#### Programmable Logic Controller (PLC)

PLC is primarily used in automated electrical engineering such as automated assembly line, recreational facilities, or other automated control components. Winbond's high quality and high reliability memory solutions are extensively applied in these areas.



#### Smart Meter

Smart meters are used for measuring energy consumption over a short period of time (eg., one hour or sooner). The measured data are then transmitted to a monitoring center for fee calculation. Winbond's industrial grade memory products are ideal solutions for smart meters.



#### Industrial Networking

Networking devices such as switches, hubs, and wireless AP are widely used in industrial networks. Winbond's high quality network and communication products are ideal choices for industrial networking.



#### POS

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

## 2.3 PRODUCT APPLICATION

### 2.3.3 Internet of Things

Devices for the Internet of Things require low energy consumption and small size. Winbond provides our customers with packaging and KGD solutions in addition to low energy consumption products.



#### Wearable Device

Wearable devices require low power consumption and compact-sized components. Winbond provide 1.8V low-power memory chips for wearable devices. Regarding packaging, we provide wafer-level chip scale package (WLCSP) products. For system in package (SiP) applications, we provide KGD solutions.



#### Smart Home

In smart home applications, Winbond provides industry-grade low-power Serial Flash and KGD for SiP solution as highly trusted code storage solution for a variety of wireless communications processors.

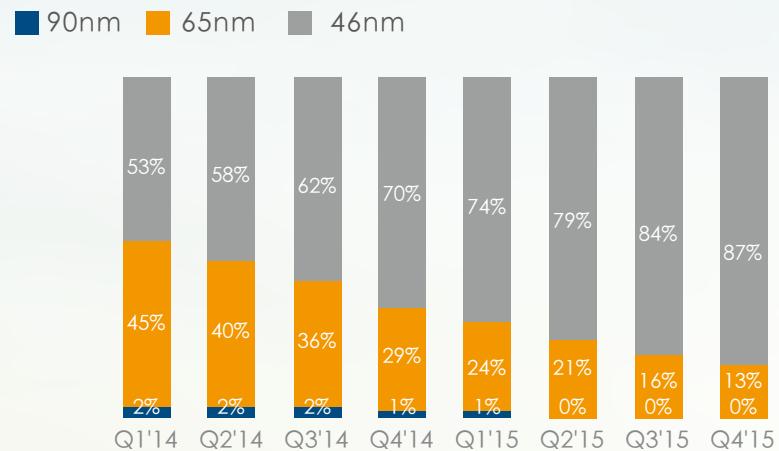


## 2.3 PRODUCT APPLICATION

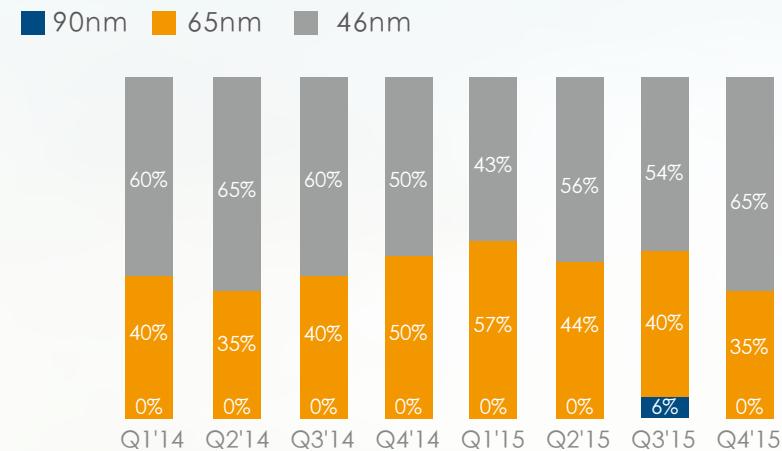
### 2.3.4 Business Sustainability

Winbond constantly pursues competitive edge through innovation in product and technology development. The added investment during 2015 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 improving the sustainable competitiveness of our supply chain.

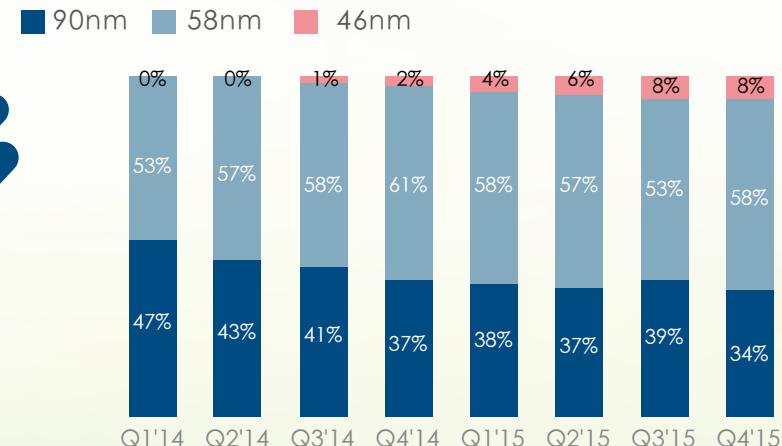
Specialty DRAM- proportions of performance by product processes



Mobile DRAM - proportions of performance by product processes



Code Storage Flash Memory - proportions of performance by product processes



## 2.4 PROJECTION OF CUSTOMER PRIVACY

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, and has established a full-featured product line at lower production costs.

Regarding promotional marketing activities, Winbond has established itself as a trustworthy and reputable firm by participating into 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 confidentiality. All correspondence and business data with customers are under a strict internal oversight. Staff operation permission are granted based on predefined SOPs. Since 2013, all staff members must complete a training program with respect to information security. Throughout 2015, no complaint has been filed with regard to customer confidentiality infringement or customer data loss.

To strengthen product competitiveness and meet the needs of our customers worldwide, Winbond has established service centers in Mainland China, Hong Kong, the United States, and Japan, besides the headquarter in Taiwan. In addition to the sales centers established in the above areas, Winbond strives to develop distribution channels in other countries. So far, dealerships and technical service centers are built throughout Asia, Europe, and America. In 2015, no fine occurred to Winbond because of violation of laws and regulations relating to product liability.

## 2.5 CUSTOMER SATISFACTION SURVEY

Winbond places considerable importance to customer feedback and satisfaction. We perform customer satisfaction survey on a regular basis in the form of questionnaire or visits to customers in order to learn how our quality, delivery, pricing, and services are accepted by our customers. The survey results are used as a reference for future improvement and development.

Additionally, customers' needs and satisfaction are better understood through the supplier appraisal provided by major customers. Results of the customer satisfaction survey are also presented at the annual management review meeting. Suggestions provided by customers during the survey will be given considerations and incorporated into remedial plans for improvement.

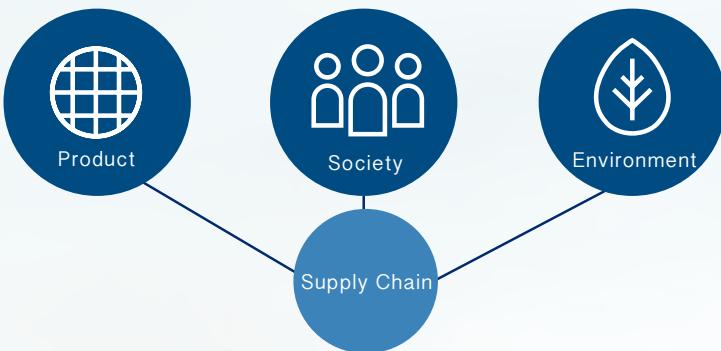


## 2.6 GREEN PRODUCTS

To ensure the Company's wafers, chips, and package IC products are produced in compliance to international environmental protection laws and regulations and customer needs for green products while preventing environmental pollution and hazard to human health, a cross-department managerial taskforce has been established within the company to oversee the design, purchase, production, and sales processes. Furthermore, we require our suppliers and subcontractors to incorporate green production into management, in an effort to provide our customers with products free of hazardous substances. To minimize impact to the natural environment and human, the following principles are to be observed in all operational activities including research and development, purchase, production, operation, and service:

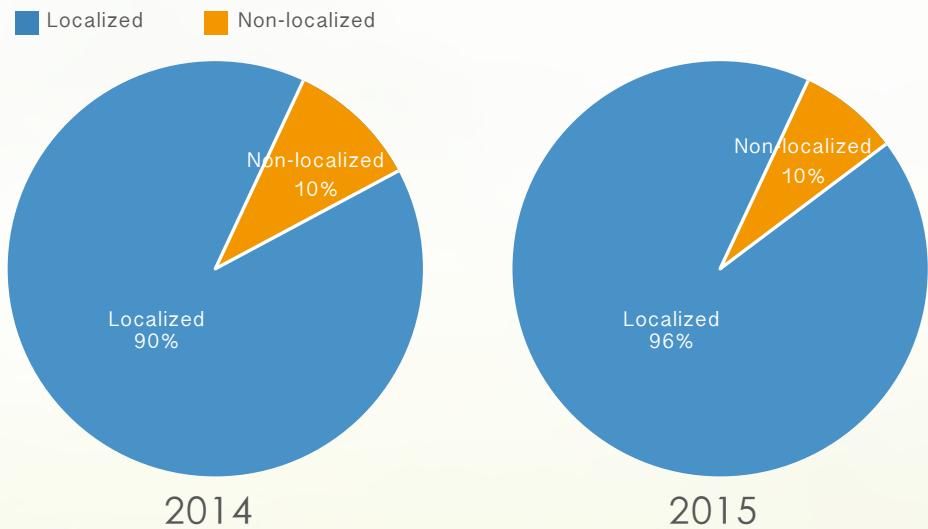
01. Minimize resources and energy consumption in products and services;
02. Minimize emission of pollutants, toxic substances, and wastes, and properly dispose wastes;
03. Improve the recyclability of raw materials or products for reuse;
04. Maximize the sustainability of recycled resources;
05. Extend the durability of products;
06. Improve performance of products and services.

During 2015, the Company was 100% compliant with international laws and regulations on hazardous substance disposal.



### 2.7.1 Localized Operation

Social responsibility is key to business sustainability. By cooperating with localized suppliers, job opportunities are 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 promoting localized purchase, up to 96% raw material was purchased locally in 2015.



In 2015, up to 96% of the raw materials were purchased from local companies in Taiwan

# 2.7 SUPPLY CHAIN MANAGEMENT

## 2.7.2 Business Integrity

To maintain and strengthen ties with suppliers, Winbond require that our suppliers to operate in conformity to the norms of corporate social responsibility as well as the values commonly accepted by the society. Starting 2013, Winbond requires its suppliers to sign a letter of commitment for business integrity, which all of its suppliers have signed up to now. In addition, Winbond establishes an open mechanism for appeal, in an effort to establish ethical and fair business principles that make Winbond a trustworthy and respectable company.

## 2.7.3 Supplier Communication Mechanisms

### Subcontractors meeting

Winbond regularly holds an annual meeting for suppliers, during which subcontractors are informed of Winbond's policies on quality and 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.

### Complaint mechanism

Ethical operation is of topmost importance to Winbond's management. All business activities of Winbond must take account of corporate social responsibility to ensure compliance with business ethics, laws, and regulations. Employees are encouraged to report any violation of these rules with evidence. Apart from the filing a complaint on our Website, suppliers may use dedicated hotlines and mailboxes provided by Winbond to file complaints.

**Complaint hotline:** (04) 2521-3579

**Complaint E-mail:** internal\_audit@winbond.com

## 2.7.4 Supplier Performance

### Supplier selection

Winbond Electronics selects new suppliers for raw materials and subcontracting based on established criteria. An inter-departmental audit team is formed, comprising members from various units such as quality assurance, procurement, and material management, to evaluate candidate suppliers with respect to quality, productivity, reputation of delivery, as well as their environment, labor, human rights, and social issues. Supplier with competent supply capacity and CSR practice may pass the approval procedure and be included into the Approved Vendor List (AVL). Three new qualified suppliers were added to the AVL during 2015.

### Supplier appraisal and auditing

Winbond regularly evaluates the qualifications of suppliers with respect to quality, delivery, service, technology, and price levels. Based on the evaluative results, suppliers are classified into three grades, namely grade A, B, and C. In 2015, 114 suppliers were evaluated, of which 109 were rated as grade A, 5 as grade B, and none as grade C. Suppliers rated below grade B are provided with guidance for improvement, and requested for making plans for improvement until Winbond's quality requirements are met. Additionally, field audits are performed at the suppliers' premises according to the annual auditing plan. Apart from assessing the quality system, environmental, labor, human rights, and social factors of the suppliers are also audited. Fifty-one field audits were conducted during 2015, with no serious environmental, labor, human rights, or social deficiencies identified.

## 2.7.5 Conflict Minerals

In compliance with the Electronic Industry Citizenship Coalition (EICC) Code of Conflict Mineral Guidelines, Winbond is committed not to purchase or use 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 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 EICC 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 EICC.

No minerals from conflict areas were purchased or used during 2015.

# 03 ENVIRONMENTAL SUSTAINABILITY

03 ENVIRONMENTAL SUSTAINABILITY



# 03 ENVIRONMENTAL SUSTAINABILITY

Winbond Electronics 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 make 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 energy saving and carbon reduction objectives by reducing consumption of energy and raw materials and recycling waste. Greenhouse gas emissions per unit of product in 2015 dropped by approximately 11% compared to 2014, power consumption per unit of product dropped by approximately 11% compared to 2014, and water consumption per unit of product dropped by approximately 12% compared to 2014, indicating that the energy efficiency producing wafer has been increasing.

## 3.1 SOURCE REDUCTION

"Optimum" is Winbond's guiding principle regarding raw material use. Reduced consumption of raw materials results not only in lower waste generation, but also lower production costs, hence a twofold merit of being economical and environmental friendly. 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. The raw material/energy use and waste gas/waste water/waste emissions of Winbond during 2015 are listed in the table below.

| Raw material/energy resources               | Usage   |
|---|---------|
| 12"wafer (piece)                            | 500,975 |
| Power consumption (Megawatt-Hr)             | 380     |
| Water consumption (Mega cubic meter)        | 2.32    |
| Process gas consumption (ton)               | 228     |
| Process chemical consumption (ton)          | 7,970   |
| Facility gas consumption (Mega cubic meter) | 137     |
| Facility chemical consumption (ton)         | 9,417   |
| Natural gas consumption (Mega cubic meter)  | 4.15    |
| Diesel consumption (cubic meter)            | 72      |



| Waste gas/waste water/salvaged material | Emission |
|---|----------|
| Greenhouse gas(ton CO2e)                | 252,586  |
| Volatile organic compounds (ton)        | 3.10     |
| Nitrogen oxides (ton)                   | 9.76     |
| Sulphur oxides (ton)                    | 0.42     |
| Waste water (Mega cubic meter)          | 1.80     |
| Salvaged material (ton)                 | 4,919    |

## 3.2 GREENHOUSE GAS

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 increasingly demanding enterprises to disclose information on environment-related issues.

Winbond has been part of the Perfluorocarbons (PFCs) Greenhouse Gas Emissions Reduction Project of the Taiwan Semiconductor Association since 2000. Greenhouse gas emissions are reduced through manufacturing process adjustments, use of alternative gases, and deployment of FCs reduction equipment. Winbond was awarded the honorary title "Voluntary Greenhouse Gas Emission Reduction Manufacturer" by the Ministry of Economic Affairs. In addition, Winbond also conducts greenhouse gas inventory on a yearly basis, which is connected to the National Greenhouse Gas (GHG) Registry, and can be used as a reference for formulating policies related to energy saving, carbon emissions reduction, and GHG reduction.

# 3.2 GREENHOUSE GAS

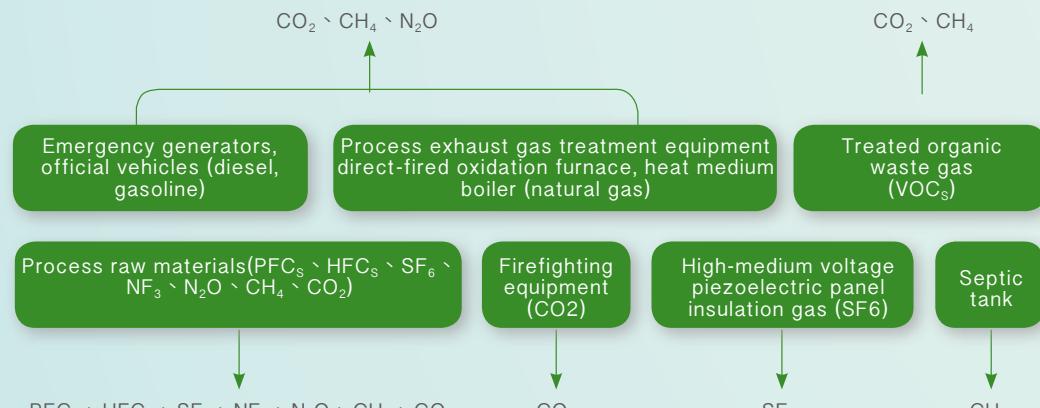
## 3.2.1 GHG Inspection

Winbond has established a GHG inspection mechanism in accordance with ISO14064-1, the Greenhouse Gas Inspection Guidelines of the Environment Protection Administration of Executive Yuan, and the greenhouse gas protocol by the World Business Council on Sustainable Development (WBCSD)/World Resources Institute (WRI). Greenhouse gas emission in the plants is inspected annually to gather greenhouse gas emission data, which are used to establish a prioritized agenda for carbon reduction.

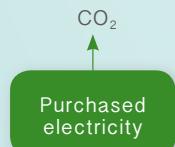
GHG in Winbond come primarily from two sources including scope 1 and 2. Scope 1 is direct GHG emission from manufacturing processes (e.g., hydrochlorofluorocarbons, perfluorocarbon, Perfluorinated compound, N<sub>2</sub>O, CH<sub>4</sub>, and CO<sub>2</sub>), fuel combustion (e.g, natural gas, gasoline, 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 from external sources.

## 3.2 GREENHOUSE GAS

### Scope 1



### Scope 2



The greenhouse gas inspection in Winbond has passed verifications by third-party agencies during 2006 to 2015. The results of greenhouse gas inspection during these years are shown below.

### Total GHG emissions

- Total GHG emissions (tons of CO<sub>2</sub>e)
- Unit GHG emissions (kg CO<sub>2</sub>e /Layer - Wafer retical)



### Scope 2 GHG emissions

- GHG emissions (tons of CO<sub>2</sub>e)
- Unit GHG emissions (kg CO<sub>2</sub>e /Layer - Wafer retical)



### Scope 2 GHG emissions

- GHG emissions (tons of CO<sub>2</sub>e)
- Unit GHG emissions (kg CO<sub>2</sub>e /Layer - Wafer retical)



## 3.2 GREENHOUSE GAS

### 3.2.2 Reduction of GHG Emission

More than 90% 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 and power consumption. In 2015, the energy-saving measures reduced CO<sub>2</sub>e emission by 179,782 tons, which is equivalent to the carbon sequestration of 484 Da'an Forest Park (note: calculated on the basis that the Daan Forest Park absorbs 370 tons of CO<sub>2</sub> each year). With respect to future research on more advanced technologies and productive capacity expansion, Winbond will continue to promote all carbon-reduction programs and improve energy efficiency. GHG emission per unit of production – the GHG emitted for producing every layer of photomask in the production of 12 inch wafer dropped from 15.0 kg CO<sub>2</sub>e in 2014 to 13.4 kg in 2015, approximately an 11% reduction, indicating that the energy efficiency in producing each piece of wafer has been continuously improving.



## 3.3 ENERGY MANAGEMENT

### Management Policy

**Define** : Comply to environmental protection laws and regulations; continuously reduce energy consumption per unit of product.

**Measure** : Energy consumption per unit of product.

**Act** : The plants are constructed based on energy-saving designs that help save energy in the plant management system. Using a supervisory control and data acquisition system (SCADA), energy use data are monitored and analyzed to achieve optimal management on energy reduction. Continuously promote energy-saving measures to reduce energy use.

Electricity was the main energy consumed by Winbond during 2015, accounting for approximately 89% of the total energy consumed. Natural gas was the second largest source of energy, accounting for approximately 11% of the total; followed by diesel fuel that accounted for less than 0.2% of the total.

### Energy Consumption

■ Total power consumed(MegaWatt-Hr)  
■ Total power gas consumed(MegaWatt-Hr)  
■ Total diesel consumed(MegaWatt-Hr)

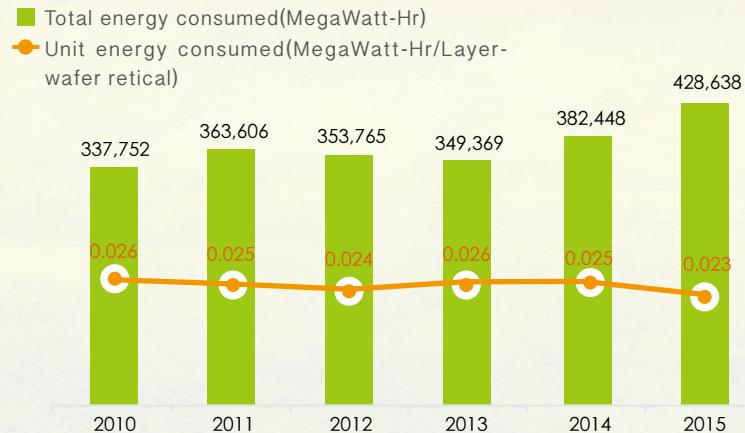


# 3.3 ENERGY MANAGEMENT

## 3.3.1 Energy Intensity

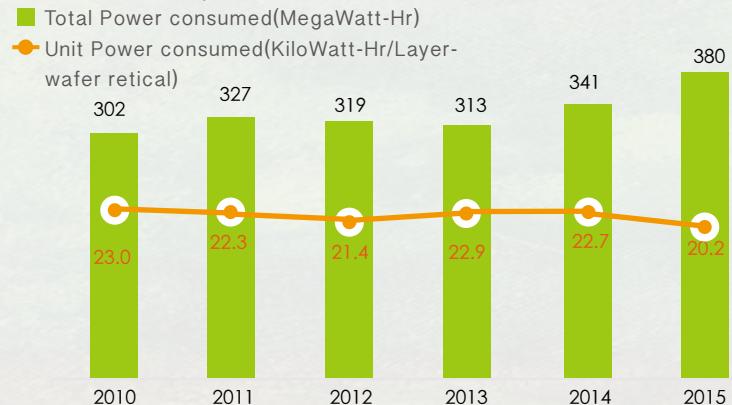
Winbond's total energy consumption was approximately 428,638 Megawatt-Hr in 2015. The per unit of product energy consumption indicator - average energy consumption for each layer of 12-inch fab was approximately 0.023 Millionwatt-hr.

### Energy consumption



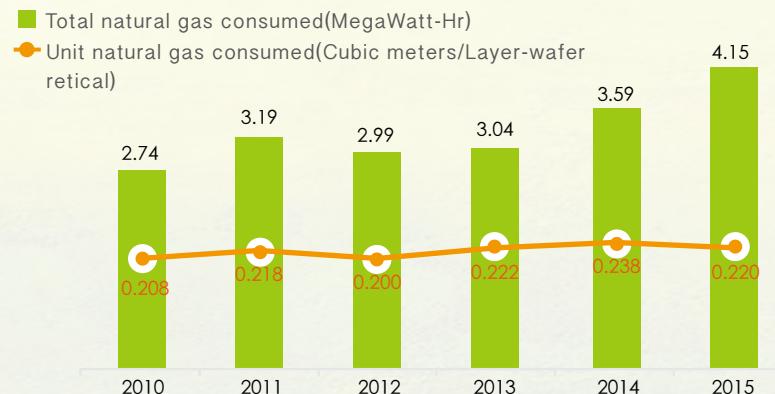
The total electricity consumption of Winbond in 2015 was approximately 380 Megawatt-Hr, the indicator of power consumption per unit of product for 12-inch fab dropped from 22.7 kilowatt-Hr in 2014 to 20.2 kilowatt-Hr in 2015, a reduction by 11%, indicating a gradual increase of energy efficiency for per unit of wafer products.

### Power consumption



Natural gas is mainly used for boilers, process residual gas, and VOC emissions treatment system. In 2015, Winbond consumed approximately 4.15 million cubic meters of natural gas, and the natural gas usage per unit of product was 0.220m<sup>3</sup> for 12-inch wafers. Diesel is mainly consumed by emergency generators and firefighting pumps during power outages, regular maintenance breaks, or emergencies. In 2015, diesel consumed in Winbond was approximately 72 cubic meters.

### Natural gas consumption



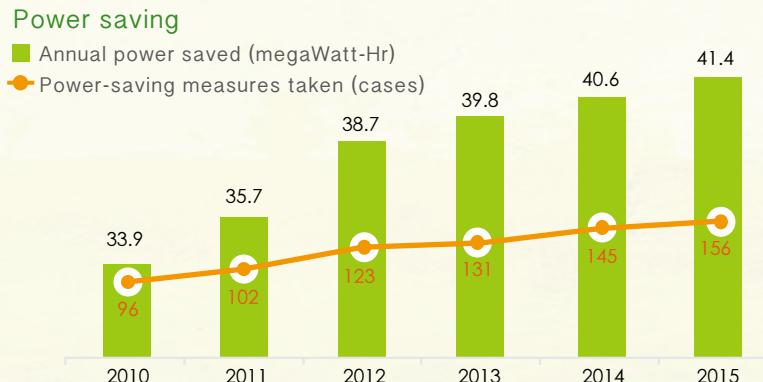
# 3.3 ENERGY MANAGEMENT

## 3.3.2 Energy Conservation Measures

Winbond's plants are constructed based on energy-saving designs that help save energy in the plant management system. Using SCADA, energy use data are monitored and analyzed to achieve optimal management on energy reduction. Winbond constantly promotes energy saving policies to reduce energy consumption. Additionally, various measures have been taken to promote energy conservation concepts and practices through the corporate Website and wall posters in office and public areas.

| Item | Power-saving design  |
|------|--|
| 01   | Heat recovery chiller  |
| 02   | Dual temperature chillers  |
| 03   | Variable-frequency Drive in heating, ventilation and air conditioning system and exhaust fan system    |
| 04   | Air conditioning condensate water reclaiming   |
| 05   | Optimal control of dual temperature chillers   |
| 06   | Two-way lighting control system in public spaces   |
| 07   | Compressed dry air design to improve operational efficiency  |
| 08   | Use direct current fan filter unit system  |
| 09   | Add a NG boiler to the 90 °C hot water system to operationally reduce the usage of the electric boiler |

As a result of energy saving campaign, 11 energy-saving measures were introduced during 2015, which ended up saving 850,000 Kilowatt-Hr of electricity. During 2010 to 2015, the cumulative saving of electricity amounted to approximately 230 Megawatt-Hr, equivalent to the annual electricity consumption of 65,903 households combined. (Note: the calculation is based on the figure provided by the Taiwan Power Company - an annual average of 291 Kilowatt-Hr per household during 2015)



| Item | Power-saving measure during 2015  |
|------|---|
| 01   | Improve energy saving at the central utility building control room lighting system                        |
| 02   | Office area energy-saving improvement on the 2F of the central utility building                           |
| 03   | Energy-saving improvement on the 5 °C chiller pump  |
| 04   | Air-conditioning improvement in the finished goods warehouse  |
| 05   | Air-conditioning improvement in the acid chemical storage room  |
| 06   | Ventilation improvement in the facility area electric room  |
| 07   | Stability improvement in the static pressure in clean room  |
| 08   | Extension of the regeneration cycle of 2B3T type ion-exchange resin in ultrapure water system             |
| 09   | Substitute the hydrofluoric acid discharge tank with an overflow design                                   |
| 10   | Energy-saving improvement for the ultraviolet equipment in the testing area                               |
| 11   | Change the order of after-hour inspection and turn off the lights in advance in the guard patrolling area |



# 3.4 WATER RESOURCE MANAGEMENT

## Management Policy

**Define** : Comply with environmental laws and regulations to improve the value of water recycling.

**Measure** : Continuously reduce water consumption per unit of product and increase water recycling rate.

**Act** : Establish a design for water supply and reclaim pipeline system; implement a 24-hour all-time control and monitoring system to monitor water use across the plant; renew water-saving plans annually and review effectiveness regularly.

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 quantity supplemented by rainwater and air conditioning condensate. The total water consumption at Winbond in 2015 was approximately 2.32 million m<sup>3</sup>. Water consumption per unit of product - average water consumption for each layer of reticle for 12-inch wafers dropped from 139 liters in 2014 to 123 liters in 2015, a 12% improvement, indicating a steady increase in water efficiency per wafer produced. (Note: 1 cubic meter = 1000 liters)

### Water consumption

■ Total water consumed (million cubic meters)  
● Unit water consumed (liter/Layer-wafer retical)



At the beginning of its construction, the pipeline of Winbond's water supply and reclaim system was designed by taking water-saving into consideration, with water reclaiming facilities being equipped to process and non-process. A distributed control system that functions in concert with the Facility Management Control System (FMCS) is used to perform real-time monitoring on water use at every water dispensing point plant-wide. Daily, weekly, and monthly analyses are conducted to improve water efficiency, with the effectiveness reviewed on a regular basis.

| Item | Water-saving design   |
|------|---|
| 01   | Reclaim waste water from Multi-Media Filter towers, active carbon tower+ 2B3T type ion-exchange resin towers, deionized water reclaiming system to be used for cooling towers, central scrubber, and toilet flushing  |
| 02   | The first phase concentrated water from the reverse osmosis system is reclaimed for use in the active carbon tower+ 2B3T type ion-exchange resin towers regeneration water, and the second phase concentrated water is recycled for reuse in the first phase  |
| 03   | Concentrated water from the ultra-filter membrane is used for process cooling water and active carbon +2B3T resin tower water source  |
| 04   | Reclaim process high O <sub>3</sub> water   |
| 05   | Reclaim waste water from Multi-Media Filter towers, active carbon tower+ 2B3T type ion-exchange resin towers, deionized water reclaiming system, and mixed bed unit generating/backwashing for reuse in cooling towers, central scrubber, and toilet flushing |
| 06   | Reclaim UPW polisher system sampling drain for reuse in active carbon+2B3T resin tower water source   |
| 07   | Reclaim waste water of chemical mechanical polishing, acid water treatment system, cooling tower for reuse after treatment with reverse osmosis system  |
| 08   | Reclaim sewage through membrane bioreactor system, reclaimed concentrated tap water for reuse in cooling towers, central scrubber, and toilet flushing  |
| 09   | Reclaim condensate water from air handling unit and concentrated water from kitchen reverse osmosis system  |
| 10   | Use water-saving toilets in washrooms   |
| 11   | Reclaimed water of process deionized water treated for reuse  |
| 12   | Reclaimed water from high total organic carbon reverse osmosis unit treated for use in active carbon+2B3T tower water source  |

## 3.4 WATER RESOURCE MANAGEMENT

Winbond strives to improve the recycling rate of reclaimed water. The plant-wide recycling rate was approximately 81% in 2015, and the process recycling rate was approximately 88% (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 not only meets the basic requirements for legal compliance, but also strives to make use of every drop of water, keeping its utility to the maximum and waste discharge to the minimum. Additionally, we implement a top-down campaign to promote water-saving, and actively participate in water management evaluation programs recommended by the Central Taiwan Science Park Bureau and the Water Resources Agency, Ministry of Economic Affairs, in an effort to meet the requirements as a green enterprise.



During 2015, Winbond implemented three new water-saving measures and eight provisional water-saving measures in response to a drought, and the water conservation increased by approximately 8.3 million m<sup>3</sup>. During 2010 to 2015, the cumulative water-saving capacity reached 1.39 million m<sup>3</sup>, equivalent to 0.26 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 2013).

### Water saving



| Item | Water-saving measures in 2015  |
|------|--|
| 01   | Readjust the number of UPW reverse osmosis systems being launched and extend the regeneration and backwashing cycle time |
| 02   | Cooling tower water reduction at the gas yard (incl. condensate water reclaiming)  |
| 03   | Process machine water reduction  |
| 04   | 8 provisional water-saving measures to combat draught  |

## 3.5 AIR POLLUTION CONTROL

### Management Policy

**Define** : Comply with environmental laws and regulations to prevent pollution.

**Measure** : Perform regular inspection to ensure air pollutant emission to be lower than statutory standards.

**Act** : Reduction from source. Reduce air pollutants to a reasonable level by process improvement, and then process the pollutants in the waste gas with high-performance control equipment, keeping pollutant contents that permeate into the atmosphere under (superior to) the standards stipulated by government regulations.

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. First, adsorption and combustion oxidation are performed. Exhaust containing inorganic acid and alkali are sent to the central scrubber for washing and neutralization; exhaust containing volatile organic compounds are sent to a zeolite zeolite-rotary-wheel for absorption, 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 set 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 "Stationary Pollution Source Air Pollutant Emissions Standards" and "Air Pollution Control and Emissions Standards for the Semiconductor Industry."

Winbond's volatile organic compounds (VOC) emissions treatment system uses clean natural gas as fuel to reduce combustion derivative pollution. In 2015, the average VOC removal rate at Winbond was 97%, higher than the rate set by EPD. Regarding Winbond's emission indicators, VOC emissions per layer of retical for 12-inch fab dropped from 0.20g in 2014 to 0.16g in 2015, a reduction by approximately 20%. In addition, based on the results of Winbond's routine inspection on emission pipes and the EPA air pollutant emission factors of NOx and SOx, it is estimated that the NOx emissions was 9.761 tons and SOx was 0.420 tons in 2015.



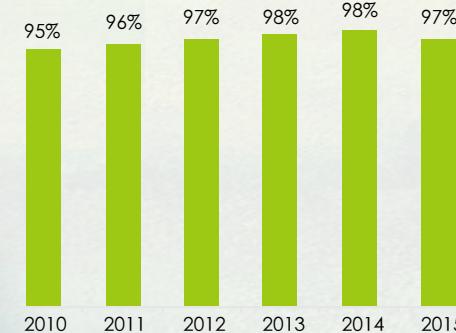
### Volatile organic gases emission

- Volatile organic gases emitted (tons)
- Unit Volatile organic gases emitted(g/Layer-wafer retical)



### Effluent suspended solids

- Suspended solids (mg/liter)



# 3.6 WATER POLLUTION CONTROL

## Management Policy

**Define :** Comply with environmental laws and regulations to reduce environmental burden and prevent pollution.

**Measure :** Reduce environmental burden resulted from waste liquid disposal; reduce the use of chemicals; improve waste liquid recycling.

**Act :** Establish a waste recovery mechanism, using a 24-hour all-time control and monitoring system to monitor the status of waste liquid chemicals treatment and reclaimed water. Renew waste treatment improvement plans and performance improvement programs on a yearly basis.

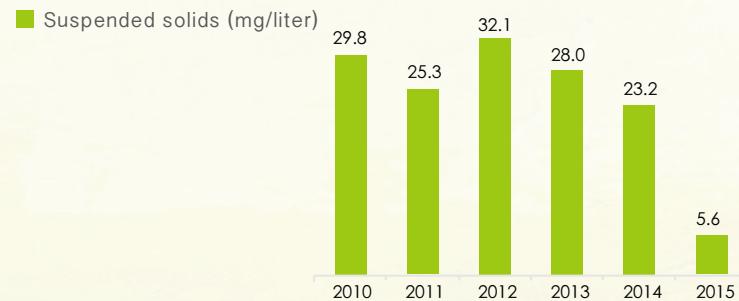
At the onset of construction, Winbond's waste treatment facilities were designed to have up to 18 types of pipelines, each collecting a different waste liquid generated from operation. Based on characteristics of the waste liquids, seven categories of waste treatment facilities were built correspondingly. 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; 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.

## Effluent discharge

■ Total effluent discharged (million cubic meters)  
● Unit effluent discharged(liter/ Layer-wafer retical)



## Effluent suspended solids



With respect to wastewater treatment facilities, in order to dispose the waste liquid in compliance with the Wafer and the Semiconductor Manufacturing Industry Effluent Standards and Sewage Treatment Plant in CTSP Taichung Science Park, Winbond has dedicated plant areas for the purpose of waste treatment, which are responsible for the treatment of acid and alkaline wastewater, fluoride containing wastewater, CMP wastewater, Ammonia nitrogen wastewater, and TMAH waste water, and processing domestic sewage generated by employees with the membrane bioreactor system.

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 causing environmental pollution and violation of laws and regulations. In 2015, no chemical or waste leakage or environmental violations occurred.

In, 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 set 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 "Stationary Pollution Source Air Pollutant Emissions Standards" and "Air Pollution Control and Emissions Standards for the Semiconductor Industry."



# 3.7 WASTE MANAGEMENT AND RESOURCE RECYCLING

## Management Policy

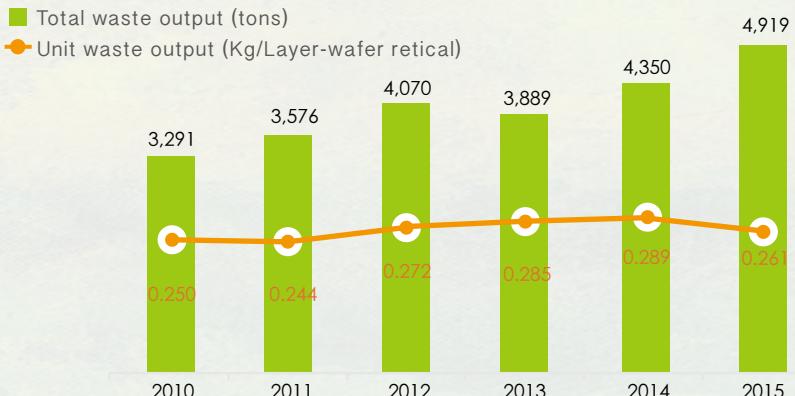
**Define** : Comply with environmental laws and regulations to reduce waste output per unit of product or increase the value of waste through recycling.

**Measure** : Waste output per unit of product, recycling rate of the waste.

**Act** : Reduce the amount of waste produced per unit of product by reducing the use, re-use and recycling of waste. Recycling and reuse are given a priority for consideration in waste disposal to minimize impacts on the environment; Make annual plans of waste abatement, and review the effectiveness on a regular basis.

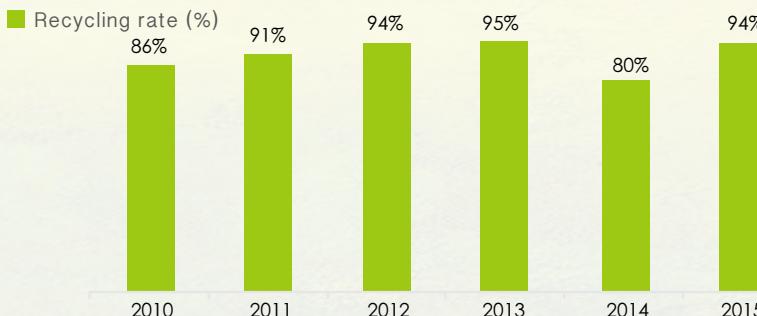
Winbond minimizes the impact to the environment by reducing the quantity of waste through reduced consumption, re-use, and recycling. In waste disposal, salvaged material is recycled as much as possible. In 2015, the waste generated at Winbond was approximately 4,919 tons. When measured with the per unit of product indicator, the production of each layer of retical for 12-inch fab produces approximately 0.261 tons of waste.

### Waste output



Winbond first reduces the quantity of waste chemicals yielded from processes by extending the life cycle of chemicals and spare parts replacement time, and then sorts the waste into different classifications improve feasibility of waste recycling. A total of 28 waste reduction measures were implemented during 2015, recycling 4,602 tons of waste, equivalent to 32,919 person-years of garbage clearance (Note: the calculation is based on the figure specified in the EPD 2015 Environmental White Paper - 0.383 kg garbage clearance per person per day in 2014). With Winbond's continuous efforts promoting waste recycling, the recycling rate between 2011 to 2013 reached 90%. However, during 2014, the disposal of calcium fluoride sludge, which had been commissioned to a company in the cement industry, was switched to landfill treatment because of their change in operational strategies, leading to a lowered rate of calcium fluoride sludge recycling. In order to raise the waste recycling, Winbond was actively engaged with companies that specialize in calcium fluoride sludge recycling, and eventually raised the waste recycling to 94% in 2015.

### Waste recycling



| Category                             | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  |
|--------------------------------------|-------|-------|-------|-------|-------|-------|
| Output of general waste (ton/year)   | 1,938 | 2,167 | 2,419 | 2,217 | 2,430 | 2,741 |
| Recycling rate(%)                    | 91.1  | 91.7  | 93.0  | 91.4  | 67.4  | 92.1  |
| Incineration rate(%)                 | 8.9   | 8.3   | 7.0   | 8.6   | 10.1  | 7.9   |
| Landfill rate(%)                     | 0     | 0     | 0     | 0     | 22.5  | 0     |
| Output of hazardous waste (ton/year) | 1,353 | 1,409 | 1,651 | 1,671 | 1,920 | 2,178 |
| Recycling rate(%)                    | 69.0  | 80.4  | 94.9  | 99.2  | 95.8  | 95.4  |
| Incineration rate (%)                | 30.7  | 18.9  | 4.7   | 0.6   | 3.8   | 4.2   |
| Solidification rate(%)               | 0.3   | 0.7   | 0.4   | 0.2   | 0.4   | 0.4   |



| Types of wastes  | Recycling treatment  |
|--|--|
| Waste sulfuric acid                                      | Recycle and dilute to industrial grade sulfuric acid                 |
| Waste solvent  | Used as industrial raw material after distilling                     |
| Waste chemical buckets                                   | Smash into pieces after washing and to be used as material for glass |
| Calcium fluoride sludge                                  | Used as raw material supplement for cement                           |
| Waste paper, waste glass, waste plastic, and scrap metal | Recycling  |
| Waste wood   | Used as fuel   |
| Spent lubrication oil                                    | Recycling  |
| Waste lighting source                                    | Recycle fluorescent powder, glass, and metal                         |
| Mixed metal scrap  | Recycle metals   |
| Scrap lead battery                                       | Recycle the lead and plastic   |
| Waste activated carbon                                   | Recycling  |
| Spent ion exchange resin                                 | Regeneration and used as secondary ion exchange resin                |
| Stone waste  | Used as raw material for construction                                |

To accurately track the disposal of waste, Winbond prudently chooses waste disposal and recycling agencies. Audits are performed to verify credentials and on-site treatment before cooperative contracts are signed with new contractors. Furthermore, audits are regularly performed on these hazardous waste disposal and recycling companies to check their storage environment, disposal equipment, pollution prevention/treatment facilities, and reuse. The audit results determine whether the cooperative contracts should be continued or terminated. In 2015, Winbond completed the audits on 9 waste disposal companies.



## 3.8 EXPENDITURE AND INVESTMENT ON ENVIRONMENTAL PROTECTION

In response to the rising trends of global environment protection for sustainable development, Winbond is committed to minimizing the impact of its production on the environment by reducing emissions of pollutants, in addition to complying with regulatory requirements. In 2015, continued efforts were made to strengthen the treatment efficiency of pollution control facilities to reduce pollutant emission. Additionally, various types of waste were properly classified to allow greater value of recycling. Classification of wastes not only extends the life cycle of substances, reduces emissions to the environment, but also yields profits for the Company. The environmental protection expenditure was NT\$309,445 thousand in 2015, and the earning was NT\$114,938 thousand.

Expenditure and investment on environmental protection (pollution control) during 2015

| Type of expense   | Expenditure                        | Costs (in thousand NTD) |
|---|------------------------------------|-------------------------|
| New pollution control facilities                          | Air Pollution Control facilities   | 5,504                   |
|   | Water Pollution Control facilities | 189,731                 |
| Operation and maintenance of pollution control facilities | Air Pollution Control facilities   | 43,499                  |
|   | Water Pollution Control facilities | 46,594                  |
| Waste disposal  | General Waste                      | 11,695                  |
|   | Hazardous Waste                    | 12,422                  |
| Total   |                                    | 309,445                 |

Earnings yielded from pollution control measures in 2015

| Type of expense    | Earnings (in thousand NTD) |
|--------------------|----------------------------|
| Waste regeneration | 19,206                     |
| Power-saving       | 91,870                     |
| Water-saving       | 3,862                      |
| Total              | 114,938                    |



## 04 SOCIAL CARE

# 04 SOCIAL CARE

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.

Winbond is home to motivated and innovative talents with teamwork spirits. In addition to complying with domestic and international labor regulations and the electronic industry code of conduct (EICC), we place great emphasis on employees' rights and wellbeing. No individuals under legal employment age can be hired. We comply with laws with respect to related protective measures of women and employees above the age of 15. 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, termination of contract) treats every employee equally, regardless of race, color, nationality, class, language, thought, religion, political affiliation, gender, sexual orientation, age, marital status, pregnancy, appearance, facial features, disability, or union membership.

With respect to personnel cultivation, we offer personalized learning courses that integrate the company's vision, business philosophy and cultural values with employees' personal needs, covering a full range of subjects including self-development, core consensus, professional skills, and management functions.

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



## 4.1 Human Resource

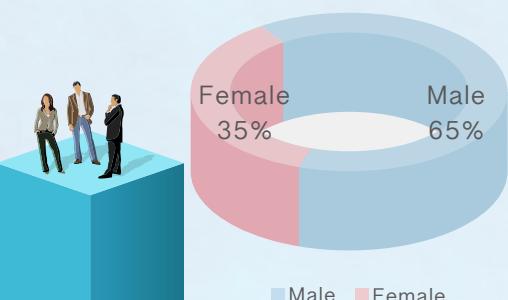
### 4.1.1 Human Capital Structure

As of December 31, 2015, Winbond employs 2,557 people worldwide, including 2,323 employees at the headquarter and 234 at overseas service stations. The ratio of male to female employees is approximately 2 to 1.

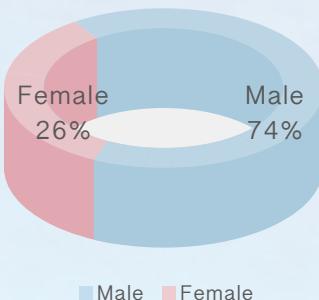
| Category                | Item                      | Male             |            | Female           |            | Total            |            |
|-------------------------|---------------------------|------------------|------------|------------------|------------|------------------|------------|
|                         |                           | Number of people | Proportion | Number of people | Proportion | Number of people | Proportion |
| Human capital structure | Headquarter               | 1,519            | 65%        | 804              | 35%        | 2,323            | 91%        |
|                         | Overseas service stations | 172              | 74%        | 62               | 26%        | 234              | 9%         |
|                         | Total                     | 1,691            | 67%        | 866              | 33%        | 2,557            | -          |

Note: Overseas service stations cover the USA, Japan, Suzhou, Hong Kong, and Israel.

Headquarter



Worldwide



# 4.1 HUMAN RESOURCE

In terms of employment structure at the headquarter, the general staff consists of 2,318 frontline and supportive employees and 5 temporary workers, 100% of whom are long-term and stable human resources. In terms of age distribution, Winbond adheres to domestic and international laws and regulations, and does not employ children under the age of 15. 80% of our employees in Taiwan are aged between 31 and 50 years old, 81% are bachelor's degree holders or above.

| Category             | Item                  | Male             |           | Female           |           | Total number |
|----------------------|-----------------------|------------------|-----------|------------------|-----------|--------------|
|                      |                       | Number of people | Sex ratio | Number of people | Sex ratio |              |
| Employment type      | Regular employee      | 1,519            | 66%       | 799              | 34%       | 2,318        |
|                      | Temporary employee    | 0                | 0%        | 5                | 100%      | 5            |
| Title                | Executives            | 282              | 90%       | 32               | 10%       | 314          |
|                      | R&D/Production        | 1,192            | 83%       | 248              | 17%       | 1,440        |
|                      | Administration/sales  | 44               | 24%       | 136              | 76%       | 180          |
|                      | Production support    | 1                | 0%        | 388              | 100%      | 389          |
| Age                  | 18-30                 | 226              | 63%       | 130              | 37%       | 356          |
|                      | 31-50                 | 1,218            | 65%       | 648              | 35%       | 1,866        |
|                      | 51 and above          | 75               | 74%       | 26               | 26%       | 101          |
| Education background | Ph.D                  | 35               | 94%       | 4                | 6%        | 39           |
|                      | Master's degree       | 744              | 83%       | 156              | 17%       | 900          |
|                      | Bachelor's degree     | 682              | 73%       | 271              | 27%       | 953          |
|                      | College               | 55               | 13%       | 372              | 87%       | 427          |
|                      | High school and below | 3                | 67%       | 1                | 33%       | 4            |

## 4.1.2 Talent hiring and Retaining

### Management Policy

- Define :** The salary and benefits policy of the Company exceeds the criteria established by relevant laws and regulations.
- Measure :** Review relevant laws and regulations on labor wages and benefits on a regular basis, and keep the review results in record.
- Act :** Based on the review results, update the Company's salary policy to comply with legal requirements.

Winbond spares no effort to retain talents. We offer a salary and benefits system that exceeds the criteria established by laws and regulations. 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.

Winbond's average hiring rate was 13% in 2015, and the average turnover rate was 8%. We believe that a reasonable turnover may bring new ideas and thinking into our enterprise. By means of diverse hiring activities such as campus recruitment, R&D alternative service, corporate visits, and summer internship programs, we hired 302 employees in 2015, of which 53% (aged 31-50 years) have extensive professional experience, whose addition would rapidly promote the organizational efficiency.

### Number and rate of newly hired in 2015

| year | Male   |       | Female |       | Total  |       |
|------|--------|-------|--------|-------|--------|-------|
|      | Number | Ratio | Number | Ratio | Number | Ratio |
| 2015 | 176    | 58%   | 126    | 42%   | 302    | 13 %  |

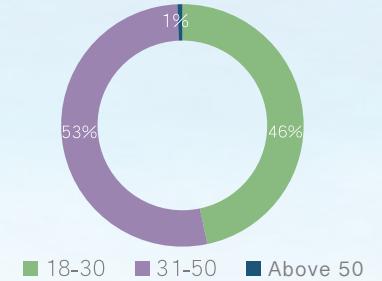
Note: the rate of newly hired=number of newly hired/the total number of employees as of December 31 of the year



### Distribution of gender and age of the newly hired during 2015

| age      | Male   |       | Female |       | Total |
|----------|--------|-------|--------|-------|-------|
|          | Number | Ratio | Number | Ratio |       |
| 18-30    | 81     | 60    | 141    | 46%   |       |
| 31-50    | 93     | 66    | 159    | 53%   |       |
| Above 50 | 2      | 0     | 2      | 1%    |       |
| Total    | 176    | 126   | 302    | 100%  |       |

### Distribution of newly hired by age in 2015



### Number of dismissals and turnover rate in 2015

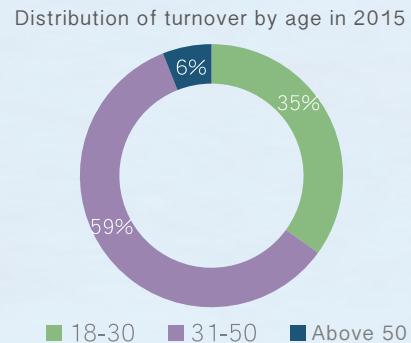
| year | Male   |       | Female |       | Total number |               |
|------|--------|-------|--------|-------|--------------|---------------|
|      | Number | Ratio | Number | Ratio | Number       | Turnover rate |
| 2015 | 117    | 64%   | 66     | 36%   | 183          | 8%            |

Note: turnover rate=number of dismissals/the number of employees of the year up to December 31



### Distribution of turnover by sex and age during 2015

| year     | Male   |        | Female |       | Total number |       |
|----------|--------|--------|--------|-------|--------------|-------|
|          | Number | Number | Number | Ratio | Number       | Ratio |
| 18-30    | 38     | 26     | 64     | 35%   |              |       |
| 31-50    | 71     | 37     | 108    | 59%   |              |       |
| Above 50 | 8      | 3      | 11     | 6%    |              |       |
| Total    | 117    | 66     | 183    | 100%  |              |       |



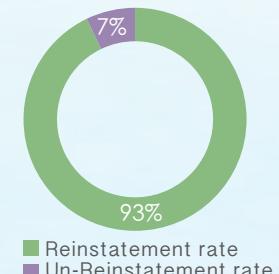
### 4.1.3 Maternity Leave and Reinstatement

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. In 2015, 29 employees were on maternity leave without pay, while the reinstatement rate of maternity leave was 93%.

### Number of person on maternity leave during 2015 and number of reinstatement during 2015

| Type   | Male | Female | Total |
|--|------|--------|-------|
| Number of person on maternity leave without pay                        | 1    | 28     | 29    |
| Number of reinstatement (A)  | 0    | 14     | 14    |
| Number of person worked for more than one year after reinstatement (B) | 0    | 13     | 13    |
| Retain rate(B/A)   | -    | 93%    | 93%   |

Number of employees on maternity leave and reinstatement in 2015



### Retain rate of employees on maternity leave without pay during 2015

| Type   | Male | Female | Total   |
|--|------|--------|---------|
| Number of person eligible for reinstatement                            | 2    | 8      | 10      |
| Number of reinstatement (A)  | 2    | 8      | 10      |
| Number of person worked for more than one year after reinstatement (B) | 1    | 4      | 5(Note) |
| Retain rate(B/A)   | 50%  | 50%    | 50%     |

Note: 3 employees applied for extension of maternity leave within one year of reinstatement.

### 4.1.4 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. Up to December 31, 2015, we have hired 20 staff members with disability, all of them are placed on actual job duties. 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                     | Male   |       | Female |       | Total number of employees |
|--------------------------------------|--------|-------|--------|-------|---------------------------|
|                                      | Number | Ratio | Number | Ratio | Number                    |
| Employees hired                      | 16     | 80%   | 4      | 20%   | 20                        |
| Weighted by the degree of disability | 16     | 80%   | 4      | 20%   | 20                        |

## 4.2 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 assistance for them 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 performance. The evaluative results are used as a reference for bonus, promotion, and performance counseling.

In 2015, 100% of the frontline and supportive staff received performance appraisal.

## 4.3 LEARNING AND DEVELOPMENT

### Management Policy

**Define :** The Company offers comprehensive training programs to enhance employee competencies.

**Measure :** Annually plan for all training programs to be offered. with an annual commencement rate of 80%.

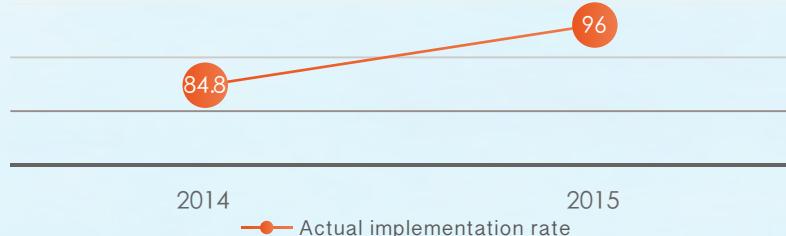
**Act :** Make training plans based on the Company's strategy, needs survey, and resource allocation. The progress of the training plan is tracked quarterly, and the completion rate of the training courses is calculated at the end of the year. If completion rate is lower than 80%, a review report should be submitted to explain the reasons, and an improvement plan should also be prepared.

Talents are the most important asset of Winbond. It is the Company's goal to continuously cultivate employees' competency and promote self-development.

Each year, we plan courses for individual development based on organizational strategy, the company's vision, philosophy, cultural values, and training needs surveys.

The actual implementation rate of the learning courses was 96% during 2015.

Actual implementation rate of the learning courses



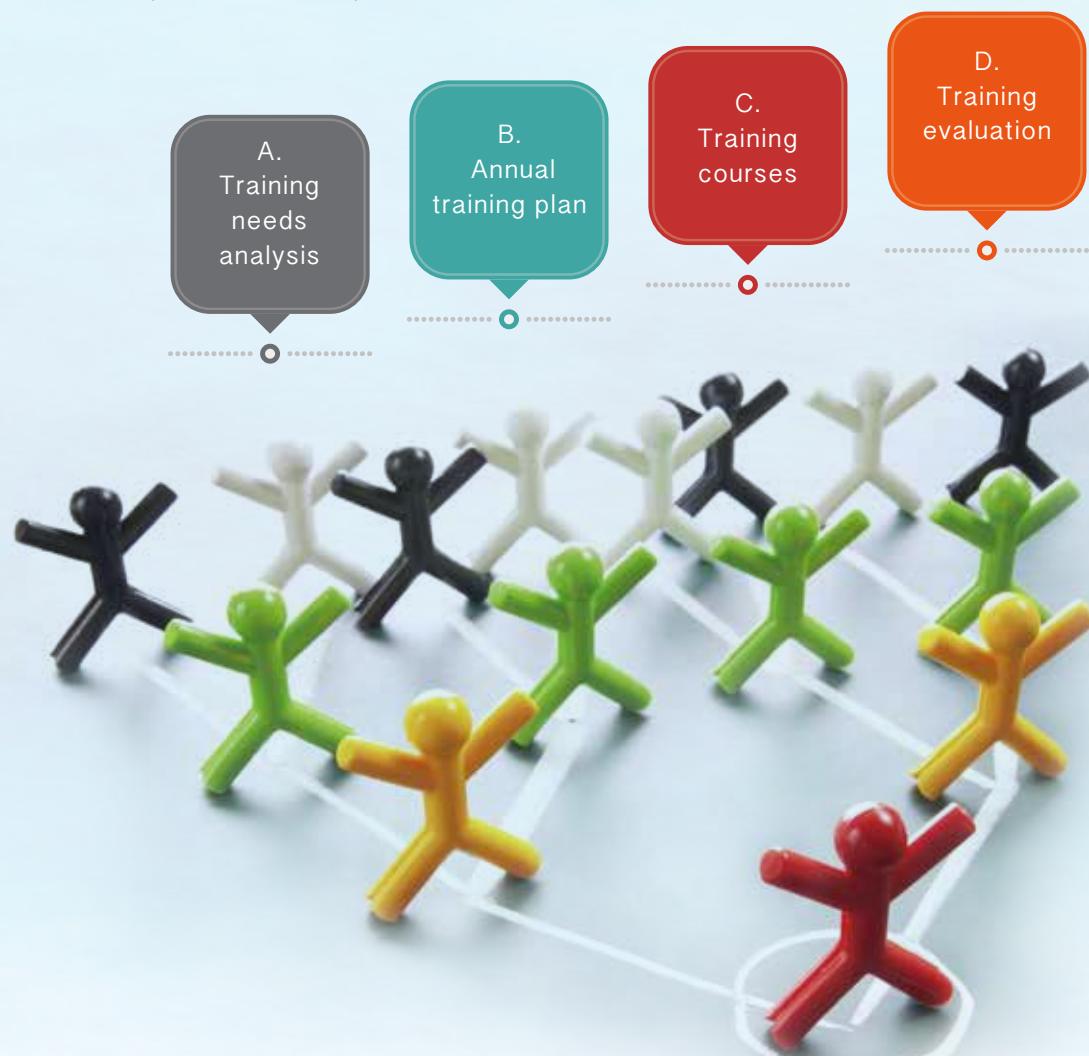
Talent is a key element to Winbond's success. The company provides employees with comprehensive training programs. As part of the organizational strategy, we combine the company's vision, business philosophy, and cultural values into high quality learning courses tailored to each individual's learning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



# 4.3 LEARNING AND DEVELOPMENT

## 4.3.1 TRAINING PROGRAM DEVELOPMENT CYCLE

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. Training sessions are scheduled to be provided at appropriate times. The effectiveness of the learning courses is verified through multiple tests such as satisfaction surveys, curriculum quizzes, and supervisor observation to ensure that the training objectives are achieved in 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 path. 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.



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

## Innovation - the pursuit of organizational growth momentum

Innovation has become an indispensable part in the pursuit of a company's business excellence during recent years. We continue to promote innovative tools-related courses, in which our employees form groups to take part in project-based learning and guided applications. Four years of continued development has yielded a pool of 46 innovative ideas. Totally, 1,020 person-times have been invested attending courses related to innovation and invention tools, totaling 5,782 study hours.

## 4.3 LEARNING AND DEVELOPMENT

### Quality - the pursuit of customer service value

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 become 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. During 2013 to 2015, the staff have been winners of the National Solidarity Circle Awards.

| Year | Number   | Prizes                                    |
|------|----------|---|
| 2013 | The 26th | Golden Tower Prize and Bronze Tower Prize |
| 2014 | The 27th | Silver Tower Prize and Bronze Tower Prize |
| 2015 | The 28th | Golden Tower Prize                        |



### Sparing no effort to promote fundamental training courses

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 on-job-training, machine-based training, and corporate culture or strategy campaigns. For the supportive employees, 75,728 hours of training was provided in 2015, attended by 2,462 persons, including 305 supervisors (an average of 36.15 hours per capita) and 2,157 non-executives (an average of 29.98 hours per capita). Training programs of different levels are provided to both sexes equally. An overview of these training program is outlined below:



| Group             | Male               |                         |                              | Female             |                         |                              | Total                      |                         |                              |
|-------------------|--------------------|-------------------------|------------------------------|--------------------|-------------------------|------------------------------|----------------------------|-------------------------|------------------------------|
|                   | 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) | Training hours (G)=(A)+(D) | Number of employees (H) | Hours per person (I)=(G)/(H) |
| Executives (note) | 9,943              | 273                     | 36.42                        | 1,083              | 32                      | 33.84                        | 11,026                     | (H)=(B)+(D)             | (I)=(G)/(H)                  |
| Non-executives    | 49,570             | 1,354                   | 36.60                        | 15,132             | 803                     | 18.84                        | 64,702                     | 2,157                   | 29.98                        |
| Total             | 59,513             | 1,627                   | 36.58                        | 16,215             | 835                     | 19.42                        | 75,728                     | 2,462                   | 30.75                        |

Note: executives higher than section supervisor

## 4.3 LEARNING AND DEVELOPMENT

### Ethical requirements - pursue the highest ethical standards

Winbond is committed to the implementation of its CSR policy and EICC guidelines. In addition to pronouncing its determination of adhering to EICC norms, Winbond offers assistance to the employees to deepen their understanding of CSR and EICC norms, allowing them to gain an in-depth understanding of international trends, industrial standards, and customer requirements. By the end of 2015, the CSR course (including labor rights, environmental protection, health and safety, and ethical norms) has been offered to a total of 2,277 person-times, totalling 1,107 study hours and a 100% completion rate.

### Advanced and convenient learning and development system

Winbond's E-learning platform provides self-training programs that enable 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 work, and journal of recollective learning experiences.



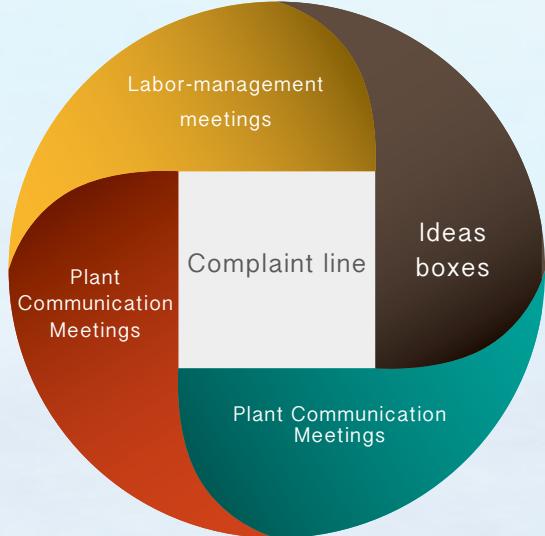
### Diversified training programs

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 individual and team's professional and technical competence.



## 4.4 COMMUNICATION CHANNELS

Winbond provides diverse, open and transparent channels to promote real-time two-way communications, including the establishment of ideas boxes, appeal hotlines, sexual harassment handling committee, and a wide range of functional communication meetings, such as labor meetings, general manager symposium, staff welfare committee, environmental safety committee, production management meetings, quality re-education meetings. In addition, employees may express their views or suggestions through various channels.



### Ideas boxes:

Idea 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 2015, 49 proposals have been received and processed through the ideas boxes. The company sets up a "5234" hotline (sounds like "I want to appeal" in Chinese) for the employees to appeal. During 2015, 2 cases of managerial issues were received, which were successfully addressed through investigation according to the procedures established in the "Rules for Internal Appeal Handling."



### Complaint line:

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 formed the "Sexual Harassment Appeal Committee" with a dedicated Website for workplace sexual harassment prevention. Up to 2015, 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 solicited. 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 2015, five labor-management meetings and one briefing were convened, and a total of 22 problems reported out of meetings were addressed.

### Executive management seminar:

The purpose of the management seminar is to enable all executives to directly interact with the chairman and general manager on issues related to the company's operation and managerial system. Four executive management seminars were held during 2015, attended by a total of 1,267 person-time.

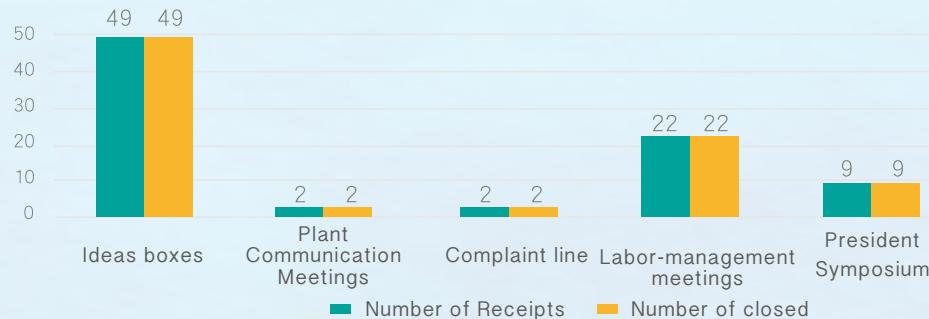
## 4.4 COMMUNICATION CHANNELS

### Plant Communication Meetings:

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

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

### 2015 Opinions from Communication Channels



## 4.5 SALARY AND BENEFITS

### Management Policy

**Define :** The Company's salary and benefits policies meet the minimum requirements as stipulated by law.

**Measure :** Regularly review relevant laws and regulations on labor wages and benefits, and keep records of the review results.

**Act :** Based on the review results, update the Company's salary policy to comply with legal requirements.

Sparing no effort to retain talents, Winbond offers a salary and benefits 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 welfare 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 benefits 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.

In 2015, Winbond raised the basic monthly salary standard for inexperienced employees to 1.2-1.9 times the minimum salary required by law. Additionally, performance-based salary and bonuses were also practiced.



# 4.5 SALARY AND BENEFITS

## 4.5.1 Salary and Bonus

Salary at Winbond surpasses the statutory minimum wage, and is adjustable based on market conditions in the industry and the employees' performance. Every employee at Winbond receives equal opportunity for salary, welfare, assessment, and promotion, regardless of race, color, religion, political affiliation, gender, sexual orientation, age, marital status, pregnancy, disability, or union membership.

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

| Type of employee             | Male      | Female    |
|------------------------------|-----------|-----------|
| Frontline employee (note 1)  | 1.2 times | 1.2 times |
| Supportive employee (note 2) | 1.9 times | 1.9 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 engineering degree

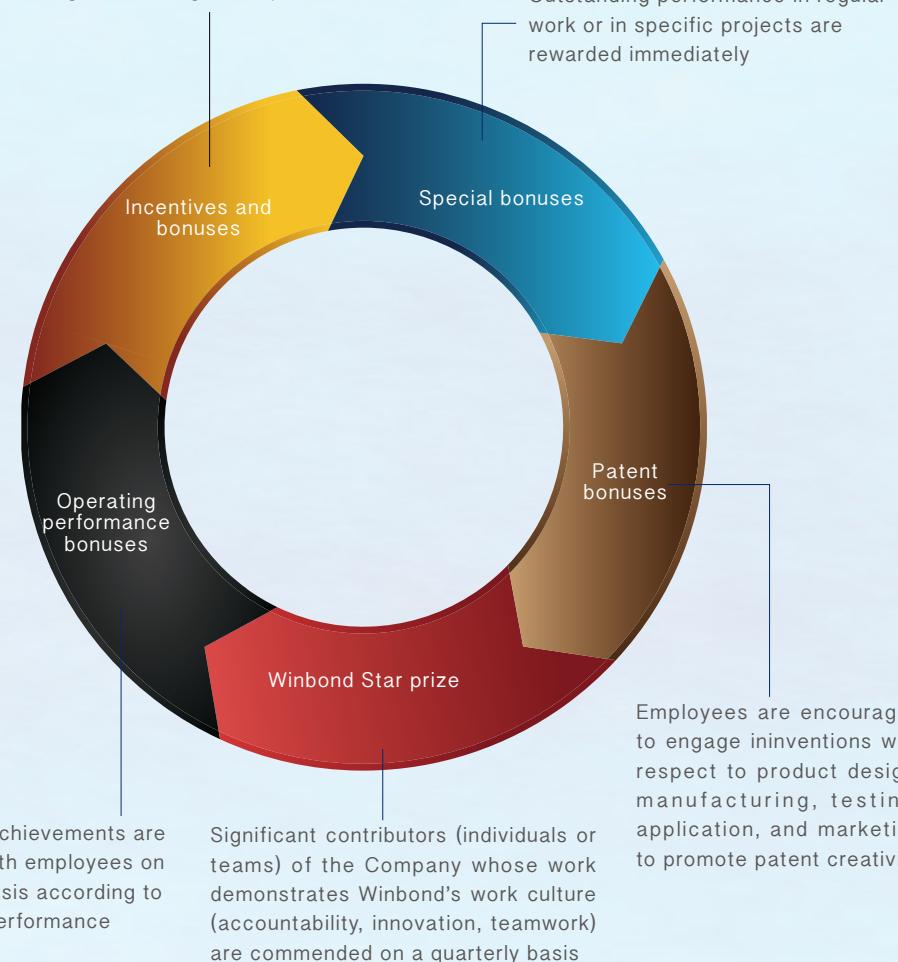
### Ratio of average salary between male and female

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

Note 3: executives above division level; Note 4: executives above department and section level

### Bonuses are delivered timely to reward staff

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



# 4.5 SALARY AND BENEFITS

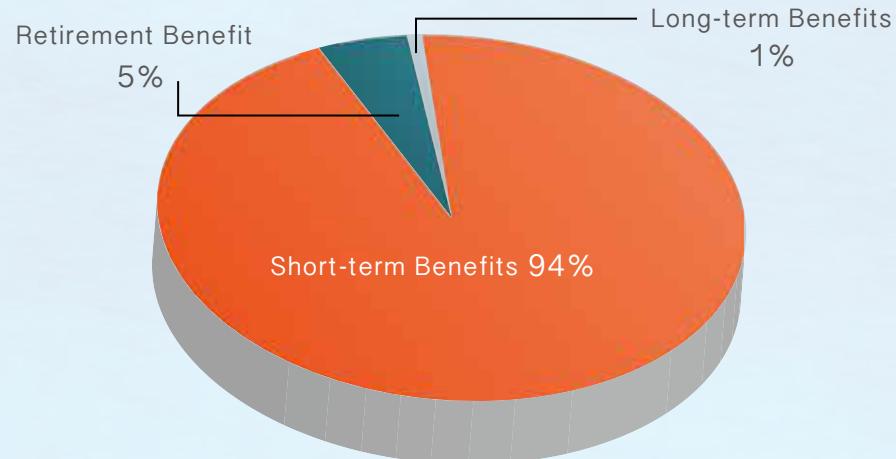
## 4.5.2 Welfare

### ● High quality welfare to ensure worry-free work

Winbond is the home for every employee. Winbond provides comprehensive and high level welfare 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 of the industry.

The employees' benefits include salary, bonuses on three festivals, special bonus, performance bonus, and pension. The total expenditure on employees' benefits was NT\$6,420,934 thousand (including subsidiaries) in 2015, including NT\$6,071,599 thousand for short-term employee benefits (see note 1) such as salary and national health insurance, payable at the end of the twelve-month period; NT\$ 302,308 thousand for benefits after retirement such as pension and other retirement benefits; NT\$ 47,027 thousand for other long-term employee benefits (see note 2), payable at the end of the twelve-month period.

According to the payment period, it is divided into short-term (within one year), long-term and retired benefits as follows:



Note 1: 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).

Note 2: Long-term employee benefits refer to the benefits other than the ones 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 also receive comprehensive group medical insurance covering life insurance, accident insurance, hospital medical insurance, and cancer insurance, not only to protect employees, but also protect their spouses and children. Additionally, self-financed group insurance schemes are also available for the employees, spouses, children, and parents. Such schemes may provide additional coverage to make up the deficiency of regular labor insurance and health insurance.

### ● Retirement Protection

In accordance with statutory requirements, Winbond appropriates (old system) or contributes (new system) pension reserve funds for every fulltime employee. In the part of 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; in the part of the new pension system (Labor Pension Statutes), Winbond appropriate 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.



## 4.5 SALARY AND BENEFITS

### ● Vacation Policy

#### Vacation

To help employees achieve work-life balance, Winbond's vacation policies surpass standards required by the Labor Standards Act. Employees can enjoy seven days of special 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 annually and share more leisure time with family and friends, fulfilling a healthy work-life balance.

#### Respect for human rights and equality

Human rights are respected at Winbond and all employees are treated equally with respect to leaves. Aboriginal employees are entitled to a yearly one-day leave on the day of tribal sacrificial ceremony; Winbond adhere to the Gender Equality Act, and all employees may apply for leaves on the basis of menstruation, miscarriage prevention, antenatal care, childbirth, paternity leave, childcare leave without pay, family care.

### ● Applications of childbirth and paternity leave

| Year | Total number of employment |       | Application for childbirth leave |            | Application for paternity leave |      |
|------|----------------------------|-------|----------------------------------|------------|---------------------------------|------|
|      | Female                     | Male  | Person                           | Percentage | Female                          | Male |
| 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% |

Numbers of employees on the application of childbirth and paternity leave in 2013~2015



### ● Applications for leave on aboriginal sacrificial ceremonies

| Year | Total number of aboriginal employees | Applications for leave on aboriginal sacrificial ceremonies |            |
|------|--------------------------------------|---|------------|
|      |                                      | Person  | Percentage |
| 2013 | 5                                    | 4   | 80%        |
| 2014 | 5                                    | 3   | 60%        |
| 2015 | 5                                    | 4   | 80%        |

Ration of aboriginal applying for funeral leave in 2013~2015



Application for leave on aboriginal sacrificial ceremonies



# 4.6 WORKPLACE HEALTH AND SAFETY

## Management Policy

**Define :** Winbond attaches great importance to employees' health and safety and the balance of work and life, in pursuit of a friendly and happy workplace.

**Measure :** "Zero public security accident" is our managerial objective for occupational safety and health.

**Act :** Occupational safety and health are taken into account from the design stage. The hardware facilities are in compliance with regulatory standards and general requirements of the semiconductor industry. Rigorous standard operating procedures must be followed by every executive, staff member, and third-party operator in implementing occupational safety and health. Security inspections, internal audits, and external audits by third-party verification agencies are conducted regularly to review the effectiveness by following the PDCA (Plan-do-check-action) management framework.

Winbond has been certified by the Occupational Health Safety Management System (OHSAS18001) and the Taiwan Occupational Health Safety Management System (CNS15506). Internal audits are performed semiannually, and external audits by international verification companies annually to ensure proper function 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 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 Sign-Off 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.

## 4.6.1 Safety and Health Management Practices

### Plant and Equipment Safety Design

Apart from abiding by domestic laws and regulations on construction and firefighting, Winbond complies with international standards to reinforce the damage-prevention design in its plant construction. 24-hour monitoring is implemented across the plant area to monitor the environment and equipment operation. Uninterruptible power systems are used on security facilities to ensure operational safety. All production machines used in the plant are certified by the Environmental, Health, and Safety Guideline for Semiconductor Manufacturing Equipment (SEMI S2). Prior to use, all machines are subject to stringent inspection, tests, and sign-off procedure before engaging power and gas supply or chemicals.

### Change Management

As a result of continuous advances in process evolution, new technologies are developed by Winbond, and equipment, raw materials, process conditions or environment for production are changing accordingly. To cope with these changes, we not only need to consider whether existing environmental and safety facilities are sufficient, but also assess the possibility of any risks that could derive from these changes. Therefore, before any change takes place, the units in need of the changes should act as the initiator to propose the needed changes, and the environmental protection department should, after an initial review, convene meetings with relevant units to perform assessment over personnel, equipment, materials, techniques, and environment and identify any improvements necessary. Furthermore, all personnel that may be affected by potential hazard arising from the changes should receive necessary safety training to reduce the risk of the change and prevent accidents from happening in the first place. A re-assessment of Category A Work Place was finished in 2015 to ensure the process and equipment safety.



# 4.6 WORKPLACE HEALTH AND SAFETY

## Personnel Training

Personnel safety training and knowledge are fundamental to safety and health management, as well as to the nurturing of safety culture in the workplace. In addition to the basic training required by laws and regulations, the Company also invites internal and external professionals to conduct training in the plant according to the needs of various operational units in the year. In 2015, a total of 26 training courses relating to occupational safety and health were delivered, with 7,387 person-hour participation.



## Safety Management and Incentives

Winbond is devoted to promoting a workplace safety culture in a top-down fashion. In particular, manager safety audit and behavior safety observation are implemented to allow supervisors to observe and understand potential risks in the jobs through inspective on-site visits. Supervisors at all levels of the plant are obliged to perform on-site inspections. During 2015, a total of 2,112 inspections and 463 observations were conducted. Furthermore, to enhance the safety awareness among employees, we offer bonuses to staff who detects problems in an early stage and makes suggestions for improvement during inspections and operation observations, to acknowledge their contribution to workplace safety and health. During 2015, a total of 55 cases of excellent discovery were recognized and rewarded.

## Contract management

Winbond attaches great importance to the operational safety and management of our contractors. Before entering the plant, all contractors are required to sign a commitment letter of health and environmental management and training, join the consultative organization within the plant, and attend the meetings regularly. With respect to communication with the contractors, in addition to notifying them of the hazards of the operations and areas, we go to length to inform every new contractor of the "Safety, Health, and Environmental Management rule for contractor" and the "Safety disciplinary management rules" to ensure they are aware of the plant safety control and operation requirements.

### Concerning construction management:

Ensure contractors to take full responsibility for the employer: contractors should, in compliance with the Occupational Safety and Health Act, provide safe and qualified machines, tools, and protective equipment for workers, while not hiring child labor for operations in the plant.

### Construction safety inspection:

Apply for a safety approval before construction. The safety inspector should review the operations. If there is any high-risk operation involved, construction safety protection meetings shall be convened to ensure adequacy of relevant safety protection measures.

### Contractor training:

In addition to the plant hazard awareness training, extra training must be undertaken for operators of special tasks (e.g., hot work, disconnecting piping, confined space). Operation in the plant can only be carried out by operators who pass the examination and obtain a certificate.

# 4.6 WORKPLACE HEALTH AND SAFETY

## Operation control and supervision

For high-risk operations in the plant, a self-inspection must be performed before the operation starts. Only when all relevant safety measures are checked according to operational procedures, can operations be permitted to start. Site supervisors and safety staff of the contractor should be supervising at the site throughout the operation. Responsible unit and the safety unit of Winbond also conduct inspection and supervision to ensure operation safety. In the event of any unsafe behavior or unacceptable equipment / machine tools being used by the contractor, the operation must be terminated immediately for remedy.

Additionally, the contractor's on-site supervisor in charge shall be required to report preventive measures to be taken in the next communication meeting.

## Regular communication meeting

Communication meetings are held regularly to review safety issues over the week and coordinate joint work. Additionally, training and briefings are provided to on-site personnel in charge of safety operation from the contractor's side regarding requirements for operational safety in the plant or new regulations of occupational safety and health laws.



## 4.6.2 Safety, Health and Environmental Committee

Winbond's Safety, Health, and Environmental Committee holds meetings to discuss safety, health, and environmental matters on a regular basis. The participants comprise of 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 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 the counseling and promotion of safety, health, and environment-related business among all staff. The Committee formulates safety, health, and environmental policies with the following foci:

Adhering to advanced international safety and health environmental standards, 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.

Make continuous improvements to promote human safety and environmental protection and reduce asset risks. Additionally, organize health-promoting activities to enhance employees' centripetal force, and create a LOHAS corporate culture.

Preventive measures can be taken in advance to minimize 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 injury rate, resource consumption, and pollutant emissions. Winbond implements safety, health, and environmental protection policies in an effort to become a green enterprise with developmental sustainability.

### LOHAS Corporate (Lifestyles of Health and Sustainability)



# 4.6 WORKPLACE HEALTH AND SAFETY

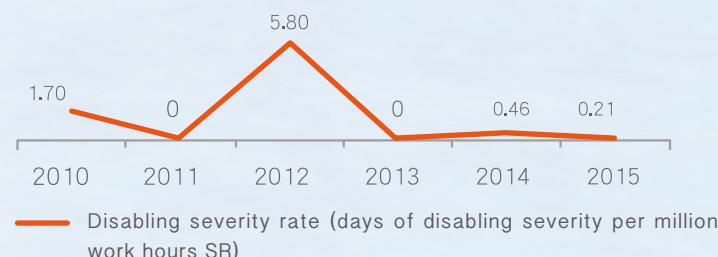
## Statistics of disabling injury

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 (days of disabling severity per million work hours SR) and disability frequency rate (frequency of disabling severity per million work hours FR). The statistics does not include off-site traffic accidents. There was one case of disabling injury during 2015. The SR was 0.21, with the male/female ratio being 0.21/0; and the FR was 0.21, with the male/female being 0.21 / 0. The number of fatal accidents was 0, and the incidence of occupational diseases was 0.

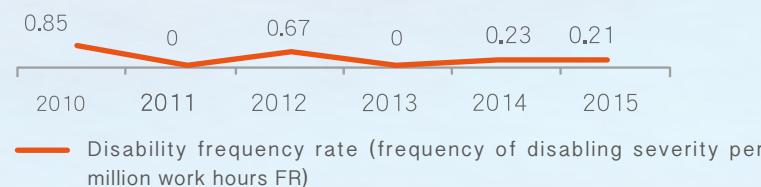
In the Taiwan region, the absence rate of the whole company was 0.48%, with the male/female ratio being 0.27%/0.21%.

In 2015, there was 0 case of disabling injury with our contractors, with a SR of 0, and FR of 0.

### Disabling severity rate



### Disability frequency rate

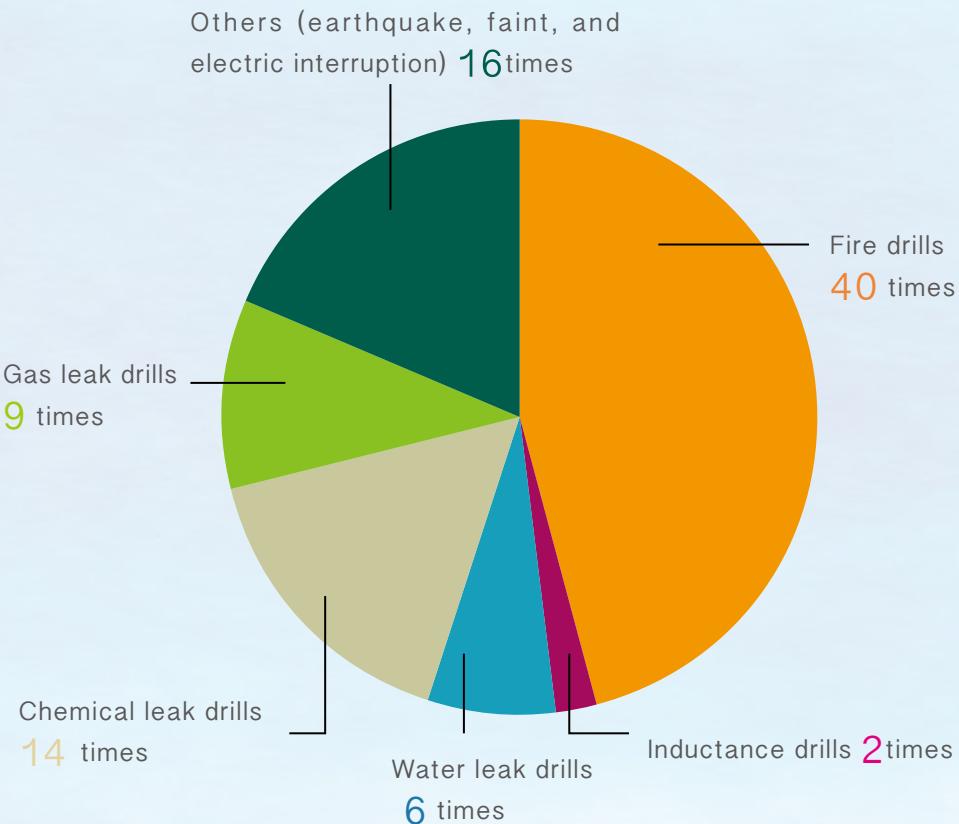


## 4.6.3 Emergency Response

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.

During 2015, a total of 87 emergency response events (including fire drills, chemical leak drills, gas leak drills, evacuation exercises) were conducted to prepare for rapid and correct emergency response in the event of real emergencies.

### 2015 Emergency response events by type and times



## 4.6 WORKPLACE HEALTH AND SAFETY



In addition, in order to strengthen the cooperation with the Taichung City fire department with respect to firefighting, a special fire drill was conducted at the dust-free room of the Central Science Park wafer plant on January 8, 2015. The Fire Bureau of Taichung City Government /the first corps joined the drill.



# 4.6 WORKPLACE HEALTH AND SAFETY

## 4.6.4 Friendliness and LOHAS

Winbond is devoted to creating a work environment with balanced “body, mind, and spirits,” where all employees enjoy their work and life. During recent years in particular, we have been promoting an initiative known as “balance your mind and life” which involves promoting employees’ health and vitality by institutionalizing activities that are active, healthy, LOHAS, and public-minded, in pursuit of a balanced development of employees’ health, family, and career.

Winbond believes that a high quality and stress-free work environment will bring vigor 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 December 2013, Winbond won the “Outstanding Healthy Workplace Health Management Award” from the Health Promotion Administration, Ministry of Health and Welfare.

In December 2014, Winbond won the “Outstanding Healthy Workplace - Group Award for Excellent results of the Decade, 2014” from the Health Promotion Administration, Ministry of Health and Welfare.

### Health Examination

With the employee’s consent, Winbond offers every employee an annual health examination that exceeds the standards required by laws and regulations. Additionally, a series of regular health check-ups are arranged, including abdominal sonography, 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.

### Occupational Healthcare

Winbond regularly arranges practicing physicians, 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.

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. During recent years, all-staff CPR and AED training are conducted so every employee masters a useful technique. By the end of 2015, a total of 911 staff members have received the training.

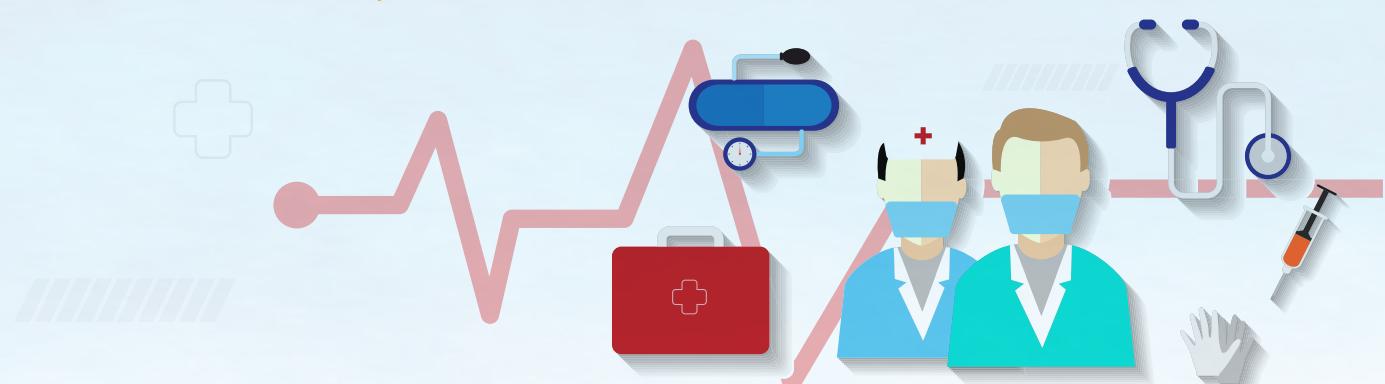
### Health Management

Maternal health management: in addition to the protective measures for maternal health required by law, Winbond further provide mommies with extra maternity care, as follows:



- (1) One to one mommy and nurse 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 rest. Additionally, pregnant women's exclusive parking spaces are provided to help the to-be-mommies alleviate pregnancy discomfort.

(3) A cozy and comfortable breast feeding room is provided. Winbond won the “Annual Taichung City fine breastfeeding rooms in workplace Excellence Award” in 2013.



# 4.6 WORKPLACE HEALTH AND SAFETY

## Health management of metabolic syndrome

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

## Health management of abnormal liver function

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

## Excessive fatigue prevention

For high-risk groups of cardiovascular diseases, the health management unit keeps track of the health condition of the employees through online stress and fatigue questionnaire which is kept confidential. 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 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, and audiovisual lounges.

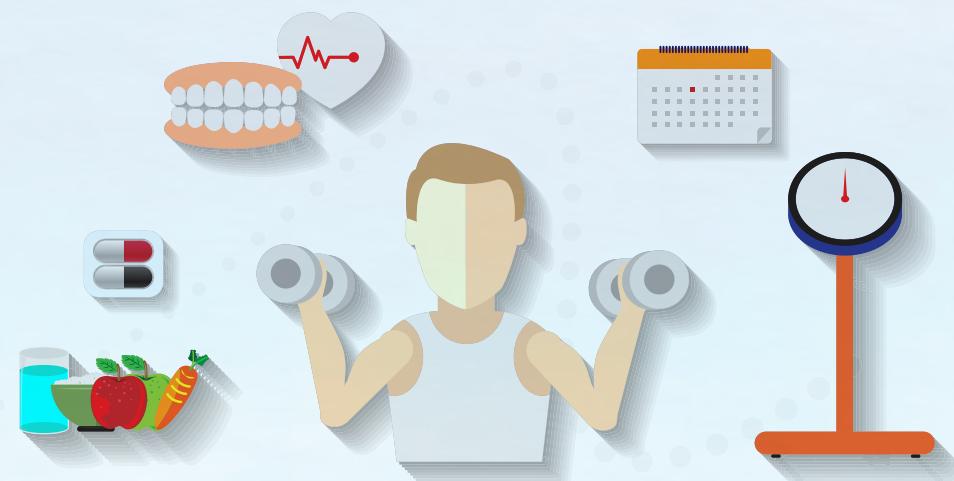
To encourage employees to maintain a regular exercise habit, Winbond not only provides free tendon-stretching courses, but also offers incentives to promote walking / hiking activities. In recent years, public welfare elements are added into exercising activities. Statistics show that during 2015, there were 14,449 people participating in walking activities, covering a total distance of 66,154 km, which is equivalent to 1.7 laps around the Earth. Participating employees who accumulated adequate quantity of exercise have the opportunity to receive gifts from public welfare institutions. To encourage the employees to go outdoors and contact with nature, we sponsored the "Mt. 18 Peaks Parent-Child Exerstriding" event held by the Syin-Lu Social Welfare Foundation. The event was participated by 233 Winbond employees in 2015, including the general manager and many high-level executives, along with their family.



## Release 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, life aesthetics, tourism and environmental protection. In 2015, there were 7 invited speeches given, with 940 persons participating. The invited lecturers are Mr. Zheng-Zhong Wang, Mrs. Xin-Ling Shen, Mr. An-Yi Chen, Mrs. Shi-Ying Chu, and Mrs. Du-Yun Ma.

In cooperation with a professional EAPc resource- Hsinchu Lifeline Association staff counseling 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.



# 4.7 EMPLOYEE WELFARE

## 4.7.1 Child-rearing Allowance

Starting April 2011, Winbond has implemented a “Child-Rearing Allowance” policy in response to the Government’s promotion of encouraging childbirth. The employees’ childbirth rate has been effectively raised since the implementation of the policy.

| Item                 | Description  |      |                        |      |    |      |     |      |     |      |     |      |     |
|----------------------|--|------|------------------------|------|----|------|-----|------|-----|------|-----|------|-----|
| Content of allowance | <p>1. <b>Sum of allowance:</b> monthly NT\$ 5000 for every new born child</p> <p>2. <b>Allowance duration:</b> until of the age of 4</p>   |      |                        |      |    |      |     |      |     |      |     |      |     |
| Implementation       | <p><b>Number of applications:</b> 697 applications have been received during 2011 to 2015.</p> <p><b>Ratio of child rearing allowance in 2011~2015</b></p> <table border="1"><caption>Data for Ratio of child rearing allowance in 2011~2015</caption><thead><tr><th>Year</th><th>Number of Applications</th></tr></thead><tbody><tr><td>2011</td><td>74</td></tr><tr><td>2012</td><td>148</td></tr><tr><td>2013</td><td>129</td></tr><tr><td>2014</td><td>157</td></tr><tr><td>2015</td><td>178</td></tr></tbody></table> | Year | Number of Applications | 2011 | 74 | 2012 | 148 | 2013 | 129 | 2014 | 157 | 2015 | 178 |
| Year                 | Number of Applications   |      |                        |      |    |      |     |      |     |      |     |      |     |
| 2011                 | 74   |      |                        |      |    |      |     |      |     |      |     |      |     |
| 2012                 | 148  |      |                        |      |    |      |     |      |     |      |     |      |     |
| 2013                 | 129  |      |                        |      |    |      |     |      |     |      |     |      |     |
| 2014                 | 157  |      |                        |      |    |      |     |      |     |      |     |      |     |
| 2015                 | 178  |      |                        |      |    |      |     |      |     |      |     |      |     |

Note: data source: Department of Statistics, Ministry of the Interior

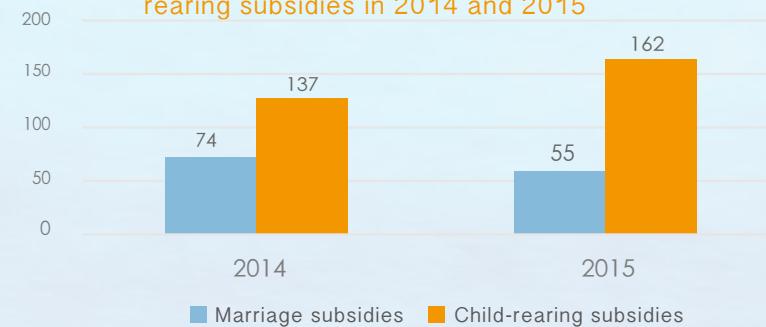
In response to the Government’s policy of encouraging childbirth, Winbond has implemented child-rearing allowances since April of 2011. Any employee who have been employed for more than one year receives a monthly subsidy of NT\$5000 for each child they give birth to, until the child reaches 4 years of age. Up to December 31, 2015, a total of 554 employees have been granted the subsidy, with a total subsidy amounting to NT\$85.79 million, the highest in the industry. Statistics show that the employees who have received the subsidy have a lower turnover rate than the Company’s average, indicating 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. In 2015, a total of 136 male and 42 female employees received the allowance, five of them were granted on the ground of giving birth to twins.

## 4.7.2 Allowance for Childbirth and Marriage

In addition to child-rearing subsidies, the employees receive marriage subsidies and maternity benefits. In 2015, a total of 42 male and 13 female employees received marriage subsidies, and 111 male and 51 female employees received maternity benefits, with a total sum of NT\$ 325.5 thousand. The number of applications for childbirth and marriages subsidies during 2015 grew 1.03 times compared to 2014, where a total of 211 applied for either childbirth or marriage subsidies.

Numbers of employees received marriage and child-

rearing subsidies in 2014 and 2015



## 4.7.3 Diversified Development of Associations

### Overview

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

Presently, there are 37 registered associations and 1,071 members. Based on the nature of activities, associations can be classified into four categories: sports, LOHAS, art and culture, and public welfare. The number of participations of all associations is estimated to be 48,057 person-times/year.

Sports associations: there are 20 sports associations, including balls, cycling, road run, accounting for 54% of the total. Many of the members are high-level executives, whose membership greatly promotes 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.”

## 4.7 EMPLOYEE WELFARE

### Art and culture association

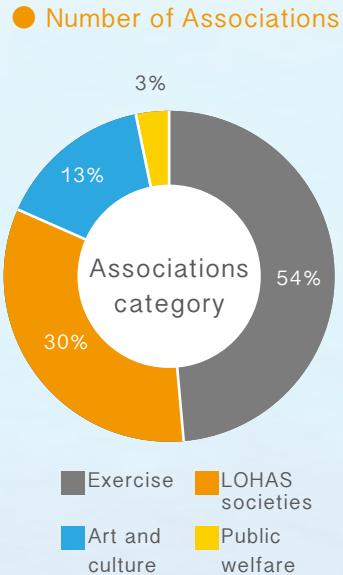
including the biodiversity society, paper clay society, and photography club. These associations take use of existing resources of the company to organize activities, such as clay modeling lectures, annual photography exhibition, film appreciation events. Activities under this category attract the highest proportion of family participation.

### LOHAS societies

The most diversified category that includes associations for mountain-climbing, camping, board games, and so on. Diversified community activities may expand members' vision and develop their interests.

### Public welfare associations

Engaging into actions that is beneficial to public welfare as a responsible corporate citizen. Activities are focused on caring for the underprivileged, social services, environmental sustainability, and so on. Since its founding in 2010, the association has organized a series of activities including neighborhood cleaning, nursery cleaning, and happy children's breakfast program, just to name a few.



### Activities times by Year



### Number of joined activities by Year



### LOHAS Workplace

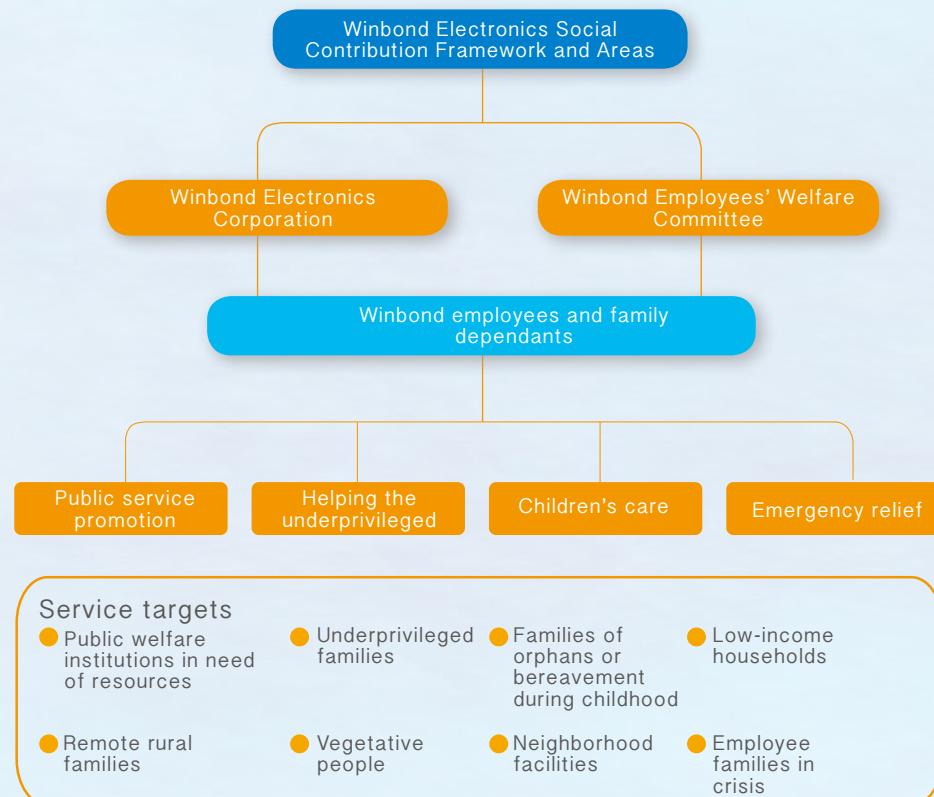
Employees' health is the foundation of the company's productivity. In order to encourage the staff to engage in recreational activities and promote their physical and mental health, Winbond has built a recreation center covering an area of over 3,000 m<sup>2</sup> in the Central Taiwan Science Park plant. As for the Taipei office and Zhubei office, cooperative agreements are signed with local fitness clubs, so that Winbond staff can use their facilities for the purpose of exercising and recreation. For many colleagues, sweating and unwinding in the fitness clubs at afterhours have become an integral part of daily life.

Looking at the number of associations established, activities held, participants attracted, and the amount of fund expended during the past a few years, it is clear that Winbond's "LOHAS Workplace" has been received by our staff with highly positive appraisals. When community activities are deeply integrated with "LOHAS Workplace," we may expect that through diversified community activities, our staff could foster creativity and vigor both from the work and from community activities, thus achieving the best effects of a "LOHAS Workplace."

## 4.8 SOCIAL WELFARE

"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 grassroot 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 of corporate social responsibility.



### 4.8.1 Public Interest Promotion

#### ● Clean neighborhood park

Winbond pays back to the community with actions. The staff are engaged in cleaning services in the neighborhood park to provide residents with a clean space, in an effort to spread love and enthusiasm and foster harmonious relationships between the company and the neighborhood.



#### ● Charity sales

Since 2012, Winbond has held several events that involved second-hand items donation and flea market charity sales. The purpose was to raise awareness of resource scarcity among employees, and to look after the underprivileged families. Income from the charity sales were used exclusively for aiding families in crisis. The events have received donations of more than 2,400 books, 643 kilograms of clothing, and 20 boxes of 3C products and utilities, all of which are to be delivered to those who are in need. Recipients include the Christian Relief Association, Eslite Foundation, Association of Families with Mental Rehabilitation Members in Taipei City, Syin-Lu Foundation Taoyuan and Kaohsiung Development Center, Changhua Grace Children's Home, Tainan Yi-Lin Children's Training Center of the Light & Salt Culture and Education Foundation, Pingtung Green Mountain Nursery, and Taitung Taiyuan Bookstore.



# 4.8 SOCIAL WELFARE

## ● Blood Donation

Each year, Winbond motivates the staff to be happy blood donators. During 2015, 489 employees responded with actions of blood donation, of which, 610 batches of blood were donated by the Taichung plant, and 122 batches by the Zhubei plant.



## 4.8.2 Look after the Underprivileged

### ● Nursery Services

Winbond's Silence Association selects a neighborhood nursery as the target for long-term aiding service. Members of the association engage in services such as cleaning, collecting/donating invoices, and providing funds for replacement of damaged facilities during weekends or holidays. So far, the Silence Association has provided 1,008 person/times and 2,000 hours of service to the nursery, which substantially alleviates the shortage of manpower in the nursery, but also reduces their cost.



### ● Material Donation

Upholding the spirit of caring for the weak, Winbond donates food to underprivileged groups on festivals like the Chinese New Year and Hungry Ghost Festival, in the hope that such donations may raise societal awareness to aiding 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, in an effort to narrow the digital gap between urban and rural areas and promote the concept of environmental protection. Since 2012, a total of 113 computers have been donated to various organizations including the St. Francis Girl's Home, St. Francis Children's Center, Taichung Guang-Yin Nursery, and the Taiwan Sam Yee Development Association.

### 4.8.3 Childcare

## ● Christmas Dream Fulfillment Project

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 Accton Cultural & Educational Foundation, along with 20 companies in the Hsinchu Science Park, launched a Christmas Dream Fulfillment Project, an initiative aimed at raising Christmas gifts for underprivileged children in the Greater Hsinchu region. This project receives enthusiastic responses every year. All gift donations are pledged shortly after the beginning of the event. Up to 2015, a total of 726 underprivileged children have had their Christmas wishes fulfilled.



## 4.8 SOCIAL WELFARE

### ● Remote Rural Students' Breakfast Program

Starting 2011, Winbond has launched a breakfast supply program for school children in remote rural areas. The program was first initiated by Winbond senior managers. Donators voluntarily pledge for their donation of breakfast packages, which are delivered to primary school students in rural areas of Hsinchu and Taichung region through assistance by non-profit organizations. In 2014, the program successfully raised nearly one million NT dollars of breakfast fund within a few days after the program commenced. In 2015, Winbond staff visited the recipient primary schools to see the effectiveness of the program.



### ● Charity Sales of Baby Dolls

Every year when the school starts, many families fall into distress because they are unable to afford for the Children's registration and living expenses. Many children drop out as a result.

We believe that education is the most effective way to get rid of poverty. Winbond participated in the activity named "Baby dolls charity sales," and used the income of sales to aid the poverty-stricken children.

Additionally, Winbond also organizes a family day, during which we invite children to various activities, performances, and meals. We look forward to helping more children in need back to school.



### ● Student Financial aid Project

Every year when the school starts, many families fall into distress because they are unable to afford for the Children's registration and living expenses. Many children drop out as a result. We believe that education is the most effective way to change the status quo. Winbond participated in the project by the Family-aid center named "Student financial aid project," which alleviates the pressure of student loan and helps the family with financial burden.

Additionally, Winbond also organizes a family day, during which children are invited to various activities, performances, and meals. We look forward to helping more children in need back to school.



## 4.8 SOCIAL WELFARE

### ● Help children to watch a movie

Since 2010, Winbond invites the children in the nursery to watch movies in cinema both at summer and winter vacations, in the hope that such experience would allow the orphans or single-parent children to get a feel of warmth from the society, while learning to appreciate the artistic values conveyed through the movies. Winbond participated in the Public Welfare Program of World View Education in 2015, and bought ticket packages for a documentary film entitled "A Journey of Mission." These tickets were donated to the students of appropriate age from institutions that Winbond had been sponsoring for a long time.

Numbers of the invited nursery children to watch movies in cinema



### ● Nursery children to take part in Family Day

For four consecutive years from 2011 to 2015, Winbond has been holding Family Day every year, during which Winbond invites the Taichung Guang-Yin Nursery and Hsinchu St. Francis Nursery to set a booth in the venue. Using this opportunity, Winbond staff may express their love and care to the nursery children by spending some money buying stuff at the booth. Income from sales in the event goes directly to the nurseries. Since 2011, Winbond has invited 491 children to the Family Day event.

Numbers of the invited nursery children to watch movies in cinema



# 4.8 SOCIAL WELFARE

## ● Public Lectures

Winbond sponsors Miss Shin-Ling Shen, a young activist of public welfare, for her lecture tours entitled "LOVE Happy 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 oneself by transforming existing conditions to one's advantage. The lectures are designed to spread the charity of knowledge, which is encapsulated in one word or one concept, to bring the children a lifetime change, like planting seedlings of hope into children's heart. 13 sessions of lectures were organized by Winbond during 2015, with a total of 3,595 persons attending.



## 4.8.4 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 provide assistance to any employee or their 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 to be maintained.



## 4.8.5 Sponsorship of Public art

In 2015, Winbond sponsored the Public Art Project for Dormitory Buildings of the Central Taiwan Science Park in Taichung city. Winbond participated with material elements produced by the company. Located in the vicinity of the science park, the art show represents a parallel development of science, technology, art, and culture, signifying Winbond's goal of business sustainability - the coexistence of ecology and production.



## 4.8.6 Sponsorship of Academic Symposia 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 look forward to creating new opportunities for technological exchanges in the integrated circuit industry. In addition, Winbond periodically sponsors large-scale symposiums held by the Chinese Society for Management of Technology (CSMOT). Through these symposiums, Winbond is actively involved in cooperation and exchange with academic, industrial, and research institutions, as well as government agencies.



# 05 Appendixes

## Appendix 1 Comparison table for indicators of global sustainability report GRI G4

| No.                             | Description  | Content or description of report   | Page     | External verification                                 |
|---------------------------------|--|--|----------|---|
| Strategy and Analysis           |  |  |          |   |
| G4-01                           | 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      | Message from the Chairman  | 06       | CSR REPORT (BSI)                                      |
| Organizational Profile          |  |  |          |   |
| G4-03                           | Report the name of the organization  | 1.2 Overview of Winbond  | 09       | CSR REPORT (BSI)                                      |
| G4-04                           | Report the primary brands, products, and services  | 1.2 Overview of Winbond  | 09       | CSR REPORT (BSI)                                      |
| G4-05                           | Report the location of the organization's headquarters.  | 1.2 Overview of Winbond  | 09       | CSR REPORT (BSI)                                      |
| G4-06                           | 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                         | 1.2 Overview of Winbond  | 09       | CSR REPORT (BSI)                                      |
| G4-07                           | Report the nature of ownership and legal form  | 1.2 Overview of Winbond  | 09       | CSR REPORT (BSI)                                      |
| G4-08                           | Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)   | 1.2 Overview of Winbond  | 09       | CSR REPORT (BSI)                                      |
| G4-09                           | Report the scale of the organization   | 1.2 Overview of Winbond  | 09       | CSR REPORT (BSI)                                      |
| G4-10                           | Statistics of employment by category   | 4.1 Human resource   | 44       | CSR REPORT (BSI)                                      |
| G4-11                           | Report the percentage of total employees covered by collective bargaining agreements   | No labor union has been established at Winbond. No such agreements involved. | N/A      | N/A   |
| G4-12                           | Describe the organization's supply chain   | 2.7 Supply chain management  | 30       | CSR REPORT (BSI)                                      |
| G4-13                           | Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain  | 1.2 Overview of Winbond<br>2.7 Supply chain management                       | 09<br>30 | CSR REPORT (BSI)                                      |
| G4-14                           | Report whether and how the precautionary approach or principle is addressed by the organization  | 1.4 Risk management  | 14       | CSR REPORT (BSI)                                      |
| G4-15                           | List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses  | 1.6 External certification   | 17       | CSR REPORT (BSI)                                      |
| G4-16                           | List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization take part  | 1.7 Association membership   | 18       | CSR REPORT (BSI)                                      |
| Material Aspects and Boundaries |  |  |          |   |
| G4-17                           | List all entities included in the organization's consolidated financial statements or equivalent documents. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report. | 2.1 Economic performance   | 21       | CSR REPORT (BSI)<br>Annual financial report(Deloitte) |
| G4-18                           | Explain the process for defining the report content and the Aspect Boundaries. Explain how the organization has implemented the Reporting Principles for Defining Report Content   | 2.1 Economic performance   | 19       | CSR REPORT (BSI)                                      |
| G4-19                           | List all the material Aspects identified in the process for defining report content  | 1.8.2 Identification of material aspects                                     | 19       | CSR REPORT (BSI)                                      |
| G4-20                           | For each material Aspect, report the Aspect Boundary within the organization   | 1.8.3 Identify the boundaries of material topics                             | 20       | CSR REPORT (BSI)                                      |

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## Appendix 1 Comparison table for indicators of global sustainability report GRI G4

| No.                             | Description  | Content or description of report  | Page     | External verification |
|---------------------------------|--|---|----------|-----------------------|
| Material Aspects and Boundaries |  |   |          |                       |
| G4-21                           | For each material Aspect, report the Aspect Boundary outside the organization  | Report significant changes from previous reporting periods in the Scope and Aspect Boundaries | 20       | CSR REPORT (BSI)      |
| G4-22                           | Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements   | Basic information   | 05       | CSR REPORT (BSI)      |
| G4-23                           | Report significant changes from previous reporting periods in the Scope and Aspect Boundaries  | Basic information   | 05       | CSR REPORT (BSI)      |
| Stakeholders Engagement         |  |   |          |                       |
| G4-24                           | Provide a list of stakeholder groups engaged by the organization   | Provide a list of stakeholder groups engaged by the organization                              | 19       | CSR REPORT (BSI)      |
| G4-25                           | Report the basis for identification and selection of stakeholders with whom to engage  | 1.8.1 Identification of stakeholders  | 19       | CSR REPORT (BSI)      |
| 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   | 1.8 Stakeholders  | 19       | CSR REPORT (BSI)      |
| 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   | 1.8 Stakeholders  | 19       | CSR REPORT (BSI)      |
| Report Profile                  |  |   |          |                       |
| G4-28                           | Reporting period (such as fiscal or calendar year) for information provided  | Basic information   | 05       | CSR REPORT (BSI)      |
| G4-29                           | Date of most recent previous report (if any)   | Basic information   | 05       | CSR REPORT (BSI)      |
| G4-30                           | Reporting cycle (such as annual, biennial)   | Basic information   | 05       | CSR REPORT (BSI)      |
| G4-31                           | Provide the contact point for questions regarding the report or its contents   | Basic information   | 05       | CSR REPORT (BSI)      |
| 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   | Basic information   | 05       | CSR REPORT (BSI)      |
| G4-33                           | Report the organization's policy and current practice with regard to seeking external assurance for the report. 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 | Basic information   | 05       | CSR REPORT (BSI)      |
| Governance                      |  |   |          |                       |
| G4-34                           | Report the organization's policy and current practice with regard to seeking external assurance for the report. 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 | 1.3 Governance structure  | 10       | CSR REPORT (BSI)      |
| Ethics and Integrity            |  |   |          |                       |
| G4-56                           | Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.  | 1.1 Corporate culture<br>1.5 Ethical management and complaints handling                       | 08<br>16 | CSR REPORT (BSI)      |

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## Appendix 1 Comparison table for indicators of global sustainability report GRI G4

| No.   | Description   | Content or description of report  | Page           | External verification                                 |
|---|---|---|----------------|---|
| Economic Aspect   |   |   |                |   |
| Economic performance indicators – economic performance  |   |   |                |   |
| G4-EC1  | Direct economic value generated and distributed   | 2.1 Economic performance  | 21             | CSR REPORT (BSI)<br>Annual financial report(Deloitte) |
| G4-EC2  | Financial implications and other risks and opportunities for the organization's activities due to climate change  | 2.1 Economic performance  | 32             | ISO14001(DQS)   |
| G4-EC3  | Coverage of the organization's defined benefit plan obligations   | 4.5 Salary and benefits<br>4.6.4 Friendliness and LOHAS<br>4.7 Employee welfare | 52<br>61<br>63 | CSR REPORT (BSI)                                      |
| Economic performance indicators – market image          |   |   |                |   |
| G4-EC5  | Ratios of standard entry level wage by gender compared to local minimum wage at significant location of operation | 4.5 Salary and benefits   | 52             | CSR REPORT (BSI)                                      |
| G4-EC6  | Proportion of senior management hired from the local community at significant location of operation               | 4.1 Human resource  | 44             | CSR REPORT (BSI)                                      |
| Economic performance indicators – procurement practices |   |   |                |   |
| G4-EC9  | Proportion of spending on local suppliers at significant locations of operation                                   | 2.7.1 Localized operation   | 29             | CSR REPORT (BSI)                                      |
| Environmental Aspect                                    |   |   |                |   |
| Environmental performance indicators – raw materials    |   |   |                |   |
| G4-EN1  | Materials used by weight or volume  | 2.7.1 Localized operation   | 32             | ISO14001(DQS)   |
| Environmental performance indicators – energy           |   |   |                |   |
| G4-EN3  | Energy consumption within the organization  | 2.7.1 Localized operation   | 34             | ISO14001(DQS)   |
| G4-EN5  | Energy intensity  | 3.3.1 Engery intensity  | 35             | ISO14001(DQS)   |
| G4-EN6  | Reduction of energy consumption   | 3.3.2 Energy conservation measures  | 36             | ISO14001(DQS)   |
| G4-EN7  | Reductions in energy requirements of products and services  | 2.3.4 Business sustainability<br>2.6 Green products<br>2.7.5 Conflict minerals  | 27<br>29<br>30 | QC080000(DQS)<br>EICC VAP                             |
| Environmental performance indicators – Water            |   |   |                |   |
| G4-EN8  | Total water withdrawal by source  | 3.4 Water resource management   | 37             | ISO14001(DQS)   |
| G4-EN10   | Percentage and total volume of water recycled and reused  | 3.4 Water resource management   | 37             | ISO14001(DQS)   |
| Environmental performance indicators – Emissions        |   |   |                |   |
| G4-EN15   | Direct greenhouse gas (GHG) emissions (Scope 1)   | 3.2.1 GHG inspection  | 33             | ISO14001(DQS)   |
| G4-EN16   | Energy indirect greenhouse gas (GHG) emissions (Scope 2)  | 3.2.1 GHG inspection  | 33             | ISO14001(DQS)   |

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## Appendix 1 Comparison table for indicators of global sustainability report GRI G4

| No.   | Description  | Content or description of report   | Page           | External verification     |
|---|--|--|----------------|---------------------------|
| Environmental Aspect  |  |  |                |                           |
| Environmental performance indicators – Emissions              |  |  |                |                           |
| G4-EN18   | Greenhouse gas (GHG) emissions intensity   | 3.2.1 GHG inspection   | 33             | ISO14001(DQS)             |
| G4-EN19   | Reduction of greenhouse gas (GHG) emissions  | 3.2.2 Reduction of GHG emission  | 34             | ISO14001(DQS)             |
| G4-EN21   | NOX, SOX, and other significant air emissions  | 3.5 Air pollution control  | 39             | ISO14001(DQS)             |
| Environmental performance indicators – Effluents and Waste    |  |  |                |                           |
| G4-EN22   | Total water discharge by quality and destination   | 3.6 Water pollution control  | 40             | ISO14001(DQS)             |
| G4-EN23   | Total weight of waste by type and disposal method  | 3.6 Water pollution control<br>3.6 Water management and resource recycling     | 40<br>41       | ISO14001(DQS)             |
| Environmental performance indicators – Products and Services  |  |  |                |                           |
| G4-EN27   | Extent of impact mitigation of environmental impacts of products and services  | 2.3.4 Business sustainability<br>2.6 Green products<br>2.7.5 Conflict minerals | 27<br>29<br>30 | QC080000(DQS)<br>EICC VAP |
| Environmental performance indicators – Compliance             |  |  |                |                           |
| G4-EN29   | Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations   | 1.6 Statutory compliance   | 16             | ISO14001(DQS)             |
| Environmental performance indicators – overall situation      |  |  |                |                           |
| G4-EN31   | Total environmental protection expenditures and investments by type  | 3.8 Expenditure and investment on environmental protection                     | 42             | ISO14001(DQS)             |
| Social Aspect - Labor practices and decent work               |  |  |                |                           |
| Labor performance indicators – Labor/management relations     |  |  |                |                           |
| G4-LA1  | Total number and rates of new employee hires and employee turnover by age group, gender, and region  | 4.1.2 Talent hiring and retaining  | 45             | CSR REPORT (BSI)          |
| G4-LA2  | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation  | 4.1.2 Talent hiring and retaining  | 52             | CSR REPORT (BSI)          |
| G4-LA3  | Return to work and retention rates after parental leave, by gender   | 4.1.3 Maternity leave and reinstatement  | 46             | CSR REPORT (BSI)          |
| Labor performance indicators – 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 | 4.6.2 Safety, Health, and Environmental Committee                              | 58             | ISO14001(DQS)             |
| 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                      | Statistics of disabling injury   | 59             | OHSAS 18001(DQS)          |

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## Appendix 1 Comparison table for indicators of global sustainability report GRI G4

| No.  | Description  | Content or description of report                                 | Page     | External verification |
|--|--|--|----------|-----------------------|
| Social Aspect - Labor practices and decent work  |  |  |          |                       |
| Social: Labor practices and decent work – Training and Education   |  |  |          |                       |
| G4-LA9   | Average hours of training per year per employee by gender, and by employee category  | 4.3.2 Diversified training and establishment of learning systems | 48       | CSR REPORT (BSI)      |
| 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 Learning and development                                     | 47       | CSR REPORT (BSI)      |
| G4-LA11  | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category   | 4.2 Performance management                                       | 47       | CSR REPORT (BSI)      |
| Social: Labor performance – Diversity, Equal Opportunity and Equal Remuneration for Women and Men        |  |  |          |                       |
| 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 Human resource   | 44       | CSR REPORT (BSI)      |
| G4-LA13  | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation   | 4.5 Salary and benefits  | 52       | CSR REPORT (BSI)      |
| Social: Human Rights - Aspect  |  |  |          |                       |
| Human rights performance indicator- 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 establishment of learning systems | 48       | CSR REPORT (BSI)      |
| Human rights performance indicator- Non-discrimination, Freedom of Association and Collective Bargaining |  |  |          |                       |
| G4-HR3   | Total number of incidents of discrimination and corrective actions taken   | 1.4 Ethical management and complaints handling                   | 16       | EICC VAP              |
| 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 | 1.5 Ethical management and complaints handling                   | 16<br>30 | EICC VAP              |
| Human rights performance indicator- Child Labor  |  |  |          |                       |
| 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 Human capital structure                                      | 44       | EICC VAP              |
| Human rights performance indicator- Force or Compulsory Labor  |  |  |          |                       |
| G4-HR6   | 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 Human capital structure                                      | 16       | EICC VAP              |
| Society- Social Aspect   |  |  |          |                       |
| Social performance indicator- Local Community  |  |  |          |                       |
| G4-SO1   | Percentage of operations with implemented local community engagement, impact assessments, and development programs   | 4.8 Social welfare   | 65       | EICC VAP              |
| G4-SO2   | Operations with significant actual or potential negative impacts on local communities  | 4.8 Social welfare   | 65       | EICC VAP              |

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## Appendix 1 Comparison table for indicators of global sustainability report GRI G4

| No.   | Description   | Content or description of report  | Page           | External verification        |
|---|---|---|----------------|------------------------------|
| Society- Social Aspect  |   |   |                |                              |
| Social performance indicator- Anti-corruption                               |   |   |                |                              |
| G4-SO4  | Communication and training on anti-corruption policies and procedures   | 4.3.2 Diversified training and establishment of learning systems                | 48             | EICC VAP<br>CSR REPORT (BSI) |
| G4-SO5  | Confirmed incidents of corruption and actions taken   | 1.4 Ethical management and complaints handling                                  | 16             | EICC VAP<br>CSR REPORT (BSI) |
| Social performance indicator- Public Policy, Anti-competitive Behavior      |   |   |                |                              |
| G4-SO7  | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes  | 2.4 Protection of customer privacy  | 28             | EICC VAP                     |
| Social: Product Responsibility -Aspect                                      |   |   |                |                              |
| Product responsibility performance indicator – Customer Health and Safety   |   |   |                |                              |
| G4-PR1  | Percentage of significant product and service categories for which health and safety impacts are assessed for improvement   | 2.3.4 Business sustainablity  | 27             | QC080000(DQS)                |
| 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   | 2.6 Green products<br>2.7.5Conflict minerais                                    | 29<br>30       | QC080000(DQS)<br>EICC VAP    |
| Product responsibility performance indicator – Product and Service Labeling |   |   |                |                              |
| 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 lineup<br>2.3 Product applications<br>2.3.4 Business sustainability | 23<br>24<br>27 | TS16949(DQS)                 |
| 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   | 2.4 Protection of customer privacy  | 28             | TS16949(DQS)                 |
| G4-PR5  | Results of surveys measuring customer satisfaction<br>key point: Customer satisfaction is one measure of an organization's sensitivity to its customers' needs. It also reflects the extent to which the organization takes the stakeholders' needs into account. | 2.5 Customer satisfaction survey  | 28             | TS16949(DQS)                 |
| Product responsibility performance indicator – Marketing Communications     |   |   |                |                              |
| G4-PR6  | Sale of banned or disputed products   | 2.6 Green products  | 29<br>30       | QC080000(DQS)<br>EICC VAP    |
| 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  | 2.7.5 Conflict minerals   | 28             | EICC VAP                     |
| Product responsibility performance indicator – Customer Privacy             |   |   |                |                              |
| G4-PR8  | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data   | 2.4 Protection of customer privacy  | 28             | EICC VAP                     |

## INDEPENDENT ASSURANCE OPINION STATEMENT

### Winbond Electronics Corporation 2015 Corporate Social Responsibility Report

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

This independent assurance opinion statement has been prepared for WEC 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 WEC. 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 WEC only.

#### Scope

The scope of engagement agreed upon with WEC includes the following:

1. The assurance covers the whole report focused on systems and activities during the 2015 calendar year on WEC headquarter and relevant operations in Taiwan.
2. The evaluation of the nature and extent of the WEC's adherence to all three AA1000 Accountability Principles in this report as conducted in accordance with type 1 of AA1000AS (2003) 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 WEC 2015 Corporate Social Responsibility Report provides a fair view of the WEC CSR programmes and performances during 2015. 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 WEC and the sample taken. We believe that the 2015 economic, social and environmental performance indicators are fairly represented. The CSR performance indicators disclosed in the report demonstrate WEC's efforts recognized by its stakeholders.

Our work was carried out by a team of CSR report auditors in accordance with the AA1000 Assurance Standard (2003). We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that WEC's description of their approach to AA1000 Assurance Standard and their self-declaration in accordance with the core option of GRI G4 sustainability reporting guidelines were fairly stated.

#### Methodology

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

- a review of issues raised by external parties that could be relevant to WEC'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.
- 9 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 sustainability reporting guidelines is set out below:

#### Inclusivity

This report has reflected a fact that WEC 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 WEC's inclusivity issues.

#### Materiality

WEC publishes sustainability information completely with materiality analysis that enables its stakeholders to make informed judgments about the company's management and performance. In our professional opinion the report covers the WEC's material issues.

#### Responsiveness

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

#### GRI-reporting

WEC 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 WEC'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 WEC'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 and Carbon Footprint Verifiers experienced in industrial sector, and trained in a range of sustainability, environmental and social standards including AA1000 AS, ISO14001, OHSAS18001, ISO14064 and ISC 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:

Peter Pu  
Managing Director ESI Taiwan  
08 June, 2010

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