winbond

We Deliver

2016 Corporate Social Responsibility Report



WINBOND ELECTRONICS CORPORATION.

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About this Report

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

Scope of the Report and Statistics Basis

This Report is Winbond's third CSR Report, covering Winbond's corporate responsibility effort and results from Jan. 1, 2016 to Dec. 31, 2016. The scope of this Report covers Winbond's Headquarters and related operation systems and activities.

The statistics disclosed in this report are mostly from Winbond's own statistics and survey results. The financial data were audited and verified by Deloitte, and were calculated in New Taiwan Dollars; the ISO 14064-1 GHG emissions were verified by the British Standards Institute (BSI) Taiwan Branch; the ISO 14001, OHSAS 18001 and CNS 15506 were verified by DQS Taiwan Inc. Compared to our 2015 Report, there is no information re-editing and no noticeable difference in the scope of this 2016 Report.

Referred Guidelines and Principles

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

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

Third-party Verification

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

Publication

Winbond publishes its CSR Report annually.

Current Issue: June, 2017

Previous Issue: June, 2016

Next Issue: June, 2018

Contact Information

Please contact us for any questions or suggestions to this Report. Our contact information is as follows.

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Message from the Chairman

At Winbond, business integrity is held as the highest ethical standards. We insist that all operational activities should take social responsibility into account. In our corporate culture of "Integrity, Accountable Team, Learning with Passion, Active Innovation, and Sustainable Contribution", we create values for our employees, shareholders, and the society while persistently pursue sustainability toward our visions of "health, LOHAS, environmental friendliness, and earth preservation."

Corporate Governance

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

Economic Development

Looking back on 2016, based on the solid foundation of the Specialty DRAM, Winbond continued to win trust from its customers with its innovative technologies, robust capacity expansion, optimization of product portfolio and deep plowing of multiple application markets, enabling stable operating profitability for four consecutive years.

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

Environmental Sustainability

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

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

We are committed to continuous improvement and aim at reducing the impact of production on the environment through source reduction and all-staff participation, working on preventing any predictable risks of environmental pollution.

Social Care

The Company insists that all management activities should take into account the corporate social responsibility. Therefore, in the pursuit of growth and profitability, we still continue to work on environmental protection and social welfare and maintain good communication with the government and the society. Winbond expects all its business partners to follow the international development trend to support and actively fulfill their corporate social responsibility as a corporate citizen so as to enhance the economic contribution to the country, improve the quality of life of the employees, communities and the society, and to enhance the corporate-responsibility-based competitiveness.

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

Corporate social responsibility has been one of the major concerns of enterprises across Taiwan in recent years. In the 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 welfare and charity and global sustainability. As a technology innovator, Winbond needs to add a new chapter to our corporate social responsibility. We need to develop a deep understanding of the interaction between human and technology, ensuring all start with good intentions in our quest for a better future.

Chairman
Arthur Yu-Cheng Chiao

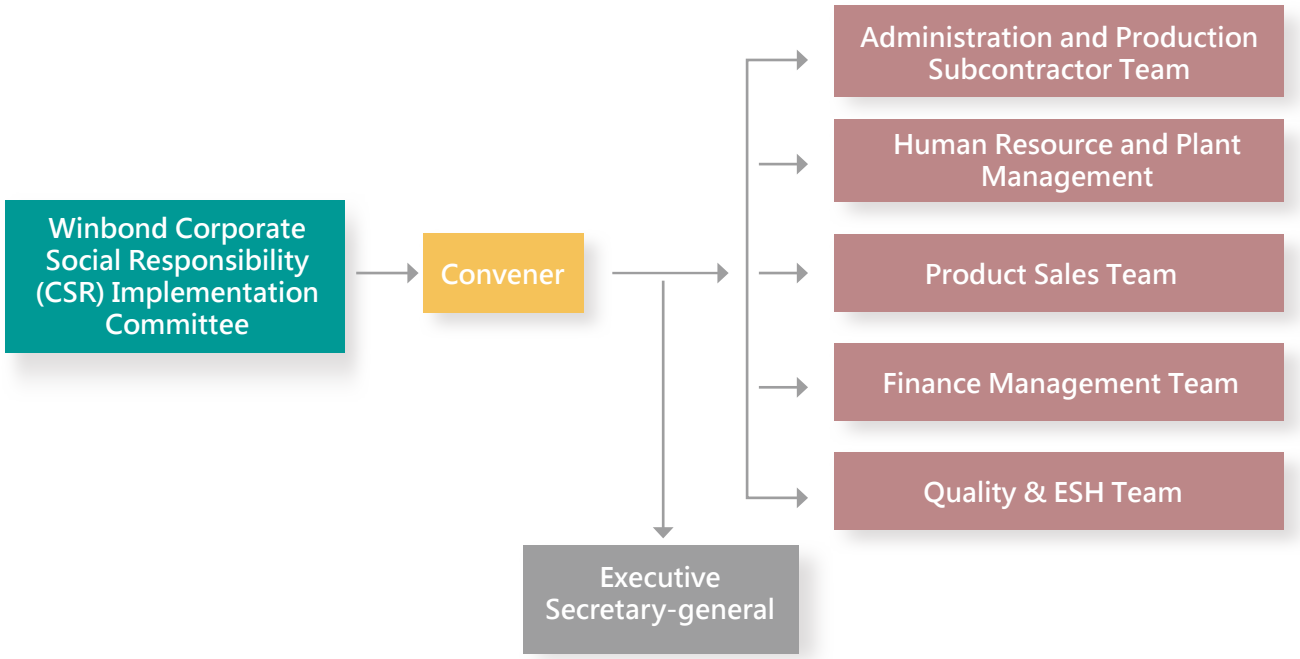


Stakeholder Communication

Corporate Social Responsibility Committee

Winbond established the Winbond Corporate Social Responsibility (CSR) Implementation Committee in 2015. This Committee is composed of Administration and Production Subcontractor Team, Human Resource and Plant Management, Product Sales Team, Finance Management Team and Quality & ESH Team, working together to conduct data collection of sustainability issues in terms of economic, environmental and social aspects. We also incorporated CSR into our formal agenda of the Board. The vice president serves as the management representative of the Committee and regularly reports to the Board on the results of CSR implementation and the work plan for the following year to enable CSR to become part of the Company's decision-making process.

To implement our corporate social responsibility and to facilitate the economic, environmental and social progress so as to meet the goal of sustainable development. The President's Office drafts the Corporate Social Responsibility and the Code of Practice on Corporate Social Responsibility that are to be approved by the Board, and reports to the Board the results of implementation for reviews and corrections. The President's Office reported to the Board the results of CSR promotion of the year at the 17th session of Board meeting of the 10th Board of Directors (on October 25th, 2016).



Identification of Stakeholder Engagement

Aiming at sustainable development and long-term operation, Winbond identifies its stakeholders based on the five major principles of the AA1000 SES (Stakeholder Engagement Standard 2011), including Dependency, Responsibility, Influence, Tension, and Diverse Perspectives. Seven categories of key stakeholders are identified, including employees, clients/distributors, shareholders/investors, suppliers/subcontractors, government, banks/financial institutions, and media. Compared to 2015, the difference only lies in the community/non-profit organization.

Stakeholder Communication

Stake-holders	Concerned issues	Communication channel	Results of communication during 2016
 Clients / distributors	・Compliance (Production) ・Customer Privacy	・Client audit(Occasional) ・Business meeting (periodical) ・Technical seminar (Occasional) ・Telephone, email (instant) ・Questionnaire (instant)	1. Winbond introduced the high application product 2Gb DDR2 SDRAM (128Mx16 /256M x8) that supports general consumer electronics and industrial/ automotive applications, challenging the longest product lifecycle in the industry. 2. Winbond adopted the security mechanism of Rambus Cryptography Research Division for data security protection. 3. Two customers performed CSR audit during 2016, with 7 deficiencies identified, and all of which had been improved. 4. All of the 26 customers met the questionnaire requirements in 2016 5. 16 customers conducted the Conflict Minerals Surveys, and all of the results showed compliance. 6. In addition to regular visits to customers, our sales staff usually make use of the telephone and email to make instant contact and solve the problems. 7. General customers can also make use of the interface on our official website for consultation. 8. The Company regularly attends the Electronica held in Munich biennially.
 Employees	・Employment ・Training and Education ・Compliance (Social) ・Economic Performance ・Occupational Health and Safety	・Employees Grievance hotline (at all times) ・Employee committee against sexual harassment (at all times) ・General manager symposium (every 6 months) ・Functional communication meeting (periodical) ・Bulletin board of Winbond's internal Website (non-periodical) (Occasional) ・Training course (periodical) ・Employee Welfare Association (Occasional) ・Health care activities (non-periodical) ・Monthly industrial safety meeting (monthly) ・ESH Council (quarterly) ・Employees suggestion boxes (at all times) ・Health counseling (at all times) ・Health, stress, soreness questionnaire (yearly) ・Regular training concerning environmental protection and safety and health education	1. 25 proposals were received and processed through the suggestion boxes in 2016. 2. The Company set a grievance hotline (5234) for employees. One grievance case was reported in 2016. 3. No sexual harassment case was reported in 2016. 4. 8 labor-management meetings and 2 briefings were held during 2016; 8 workday issues were reported. 5. A total of 4 sessions of "Management Discussion Meeting" were held in 2016, with a total of 1,380 participants. 6. A total of 2 sessions of the President's Forum were held in 2016, with a total of 2,402 participants. 7. The promotion of innovative tool courses was continued in 2016, and there were 48 innovative ideas that were applied for potential development during the past five years. Courses related to innovative invention of tools were attended by 1,071 people, with a total of 5,790 hours of training. 8. By the end of 2016, a total of 2,299 person-times received CSR-related courses (including labor rights, environmental protection, health and safety, and code of ethics), with a total duration of 966 hours and a completion rate of 100%.

Stake-holders	Concerned issues	Communication channel	Results of communication during 2016
Share-holder	・Compliance ・Product and Service Labeling ・Patent Right ・Effluents and Waste ・Employment ・Economic Performance ・Emissions ・Occupational Health and Safety ・Water Resources ・Customer Health and Safety ・Marketing Communications ・Energy	・Shareholders' meeting (Annual) ・Investor conference (every 6 months) ・IR one-on-one (meeting 10-20 times/quarter) ・Telephone or e-mail ・Stock Exchange Open Information Observatory (Occasional) ・Official Website (Occasional)	1. Annual shareholders meeting/briefing. 2. The Investor conference is held every six months. 3. Quarterly disclosure of financial statements on the Website. 4. Monthly disclosure of revenue report on the Website.
Suppliers / contractor	・Compliance (Environmental) ・Compliance (Social) ・Emissions ・Effluents and Waste	・Subcontractors' meeting (yearly) ・Supplier audit (yearly) ・Rating of major suppliers (regularly) ・External complaint ・mechanism (instant) Major suppliers' quality meeting (monthly/ quarterly)	1. Completion of supplier CSR & HSF audits. 2. 100% suppliers signing the Letter of Commitment for Ethical Integrity& EICC statement. 3. No complaints from suppliers were reported. 4. 100% major suppliers signing the statement on the use of conflict mineral.
Government Agencies	・Patent Right ・Compliance (Environmental) ・Effluents and Waste ・Water Resources ・Compliance (Social) ・Employment ・Training and Education ・Economic Performance ・Occupational Health and Safety ・Energy ・Compliance (Production) ・Emissions ・Products and Services	・Documents (non-periodical) ・Regulatory briefing (non-periodical) ・Gov't decrees (non-periodical) ・Inspection of the competent authorities (non-periodical)	1. The carbon reduction measures taken helped reduce 179,235 tons/Co_2e in 2016, equivalent to the annual of carbon sequestration of 484 Da An Forest Parks. 2. A total of 5,760,000 kWh of electricity was saved. 3. 43,000 m^3 of water was saved. 4. 5,285 tons of waste was reduced. 5. In addition to regular participation of publicity briefing held by competent authorities for securities, the Company also make discussions and communications concerning relevant issues with the competent authorities. 6. The Company was selected as the "TWSE Corporate Governance 100 Index" in both 2015 and 2016. 7. The company will continue to pay attention to the trend of corporate governance and consider the scale of the Company, the direction of development and the external environment to make gradual introduction and deepen the five major aspects in terms of corporate governance in an attempt to enhance the corporate governance performance, aiming at achieving the balance of the interests of all the stakeholders.
Financial institution /bank	・Compliance (Social) ・Anti-competitive Behavior ・Economic Performance ・Marketing Communications ・Products and Services ・Product and Service Labeling ・Effluents and Waste	・Documents (non-periodical) ・Regulatory briefing (Occasional)	Obtain the bank financing and strive for lower interest rate based on the company's general capital needs or capital expenditure on expansion to reduce the costs.

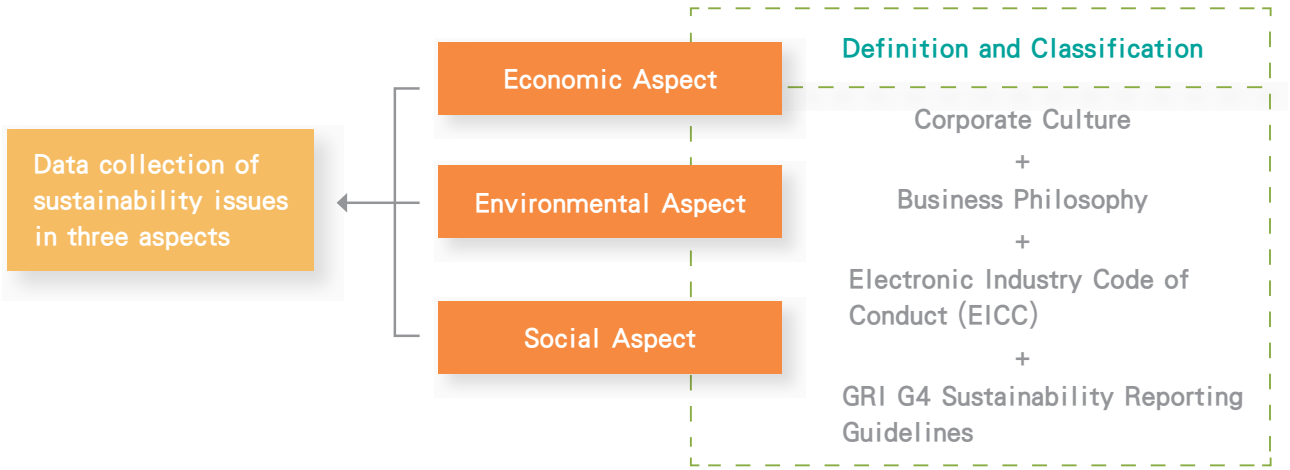
Stake-holders	Concerned issues	Communication channel	Results of communication during 2016
Media	・Economic Performance ・Compliance ・Anti-competitive Behavior ・Products and Services ・Effluents and Waste ・Emissions	・Telephone and e-mail ・Press releases	1. Provide monthly revenue press release. 2. Provide the press release of the Company's operating report every six months. 3. Two press interviews a year. 4. Irregular communication via phone calls or e-mails.

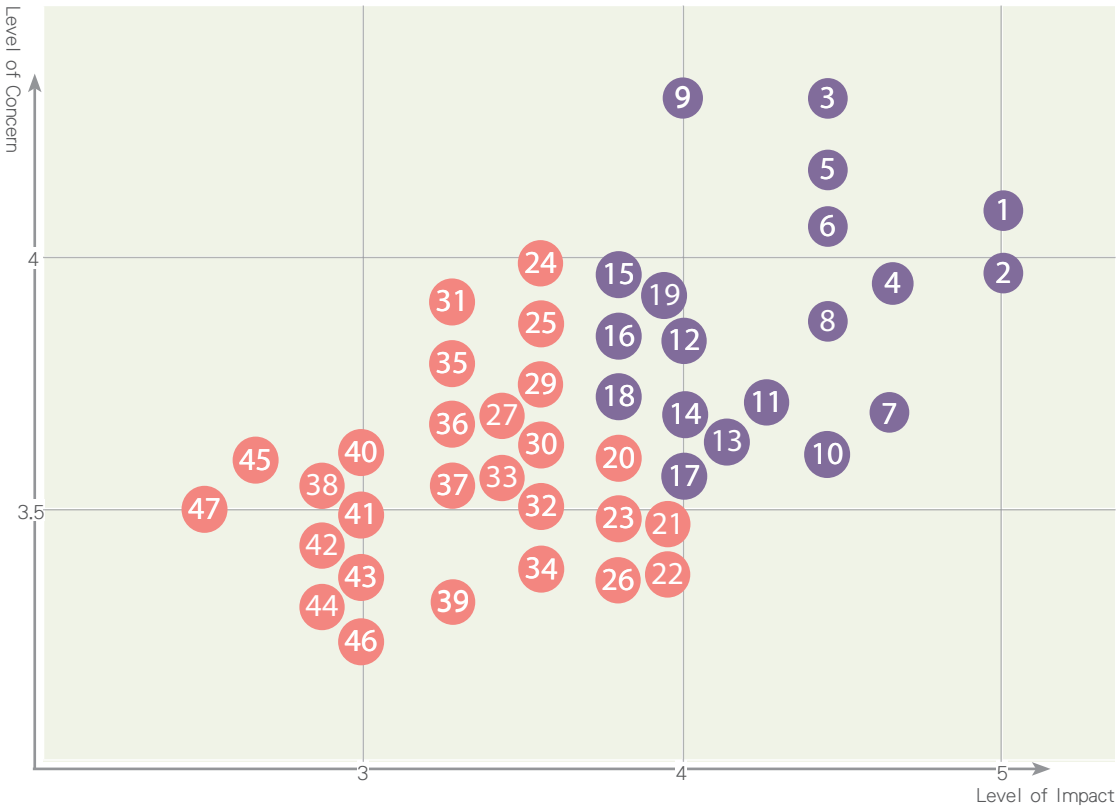
Identification of Material Aspects

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

To understand the stakeholders' level of concern in terms of the sustainability issues, we conducted a survey with the corresponding organizations of the stakeholders by means of interview or questionnaire. The participants were asked to rate their "level of concern of sustainability issues" on a 5-point scale with 5-Extremely concerned, 4-highly concerned, 3-somewhat concerned, 2-slightly concerned, and 1-not at all concerned. During 2016, a total of 105 questionnaires were returned. Similarly, for the question "the impact of sustainability issues on Winbond's operations," the Company's high level management were asked to rate the level of impact on a 5-point scale.

The substantial analytical results show that nineteen issues were identified as material issues, including Compliance (Production), Compliance (Environmental), Employment, Economic Performance, Patent Right, Product and Service Labeling, Marketing Communications, Compliance(Social), Anti-corruption, Customer Health and Safety, Occupational Health and Safety, Effluents and Waste, Water, Products and Services, Energy, Emissions, Supplier Assessment for Labor Practices, Customer Privacy, Training and Education. When considering these material issues under the GRI G4 guidelines, DMA (Disclosure on Management Approach) and indicators related to management policy are selected as the main aspect for disclosure. For issues of low and medium concern, GRI G4 indicators that already have clear DMA are selected for relevant information disclosure.





Primary Aspects		
1. Compliance (Production)	2. Customer Privacy	3. Compliance (Environmental)
4. Economic Performance	5. Patent Right	6. Product and Service Labeling
7. Marketing Communications	8. Compliance (Social)	9. Anti-corruption
10. Customer Health and Safety	11. Occupational Health and Safety	12. Effluents and Waste
13. Emissions	14. Training and Education	15. Water Resources
16. Employment	17. Supplier Assessment for Labor Practices	18. Products and Services
19. Energy		

Secondary Aspects		
20. Labor / Management Relations	21 Anti-competitive Behavior	22. Overall
23. Transport	24. Environmental Grievance Mechanisms	25. Forced or Compulsory Labor
26. Biodiversity	27. Labor Practices Grievance Mechanisms	28. Public Policy
29.I ndriect Economic Impacts	30. Supplier Assessment for Impacts on Society	31. Grievance Mechanisms for Impacts on Society
32. Diversity and Equal Opportunity	33. Human Rights Grievance Mechanisms	34. Child Labor

Secondary Aspects		
35. Market Presence	36. Supplier Environmental Assessment	37. Local Communities
38. Equal Remuneration for Women and Men	39. Assessment	40. Investment
41. Materials	42. Freedom of Association and Collective Bargaining	43. Supplier Human Rights Assessment
44. Security Practices	45. Non-discrimination	46. Indigenous Rights
47. Procurement Practices		

The Determination of Materiality Border

● represents the materiality

Decision-Making Process	Within the boundary of the organization	Outside the organization	Chapter and Section of DMA
	Winbond	Suppliers	
Compliance (Production)	●	●	2, 2.3
Compliance (Environmental)	●	●	3.1
Employment	●		4.1.2
Economic Performance	●		1.1.1
Patent Right	●		1.1.2
Product and Service Labeling	●	●	2
Marketing Communications	●		2
Compliance (Social)	●	●	1.4.1
Anti-corruption	●	●	1.4, 2
Customer Health and Safety	●	●	2.3
Occupational Health and Safety	●	●	4.4
Effluents and Waste	●		3.5
Water	●		3.4
Products and Services	●		2.3
Energy	●		3.2
Emissions	●		3.3
Supplier Assessment for Labor Practices	●	●	2.5
Customer Privacy	●		2.4
Training and Education	●		4.1.2, 4.3

1 Sustainable Management

Our corporate culture of "Integrity, Accountable Team, Learning with Passion, Active Innovation, and Sustainable Contribution" is also the Company's core values, beliefs and behavior. All the members in Winbond family should understand and implement them in various business activities to achieve the Company's goal.

10.9 hours

The average hours of training and education of supervisors and directors in 2016 reached 10.9 hours to enhance the management capabilities. The evaluation result of the corporate governance in 2016 was within the top 5% of all listed companies.

9.76%

The total consolidated revenues of Winbond in 2016 amounted to NTD 42.092 billion, a 9.76% increase compared to 2015

304 patents

We applied for 331 inventions and were granted 304 patents in 2016.

0 piece

In 2016, we received 6 inspections on occupational safety and health, 16 inspections on environmental protection, and 3 inspections on fire control by various governmental agencies in 2016.

3 cases

Three cases were reported through the grievance channels in 2016, and the ad hoc group conducted investigation and timely responded to the complainants. The investigation results showed no violation of integrity management.

1.1 Overview of Winbond

Winbond was established in September, 1987 and listed on Taiwan Stock Exchange in October, 1995, and the headquarters is in Central Taiwan Science Park, Taichung, Taiwan. Our corporate director, Walsin Lihwa, is not only our founding shareholder but also the largest shareholder since establishment, with the shareholding ratio at 23%. Winbond is a specialty memory IC company engaged in design, manufacturing and sales services. From product design, research and development, and wafer fabrication to the marketing of brand name products, Winbond endeavors to provide its global clients with low to medium density niche memory solutions.

Full name of Company	Winbond Electronics Corp.
Number of employees (globally)	2,670
Capital	NT$35.8 billion
Date of Establishment	1987/9/29
Main Products and Technologies	Code Storage Flash Memory, Specialty DRAM and Mobile DRAM
Chairman & CEO	Arthur Yu-Cheng Chiao
President	Tung-Yi Chan
Headquarters	No. 8, Keya 1st Rd., Daya Dist.,Central Taiwan Science Park, Taichung City
Operation Centers	USA, Japan, China, Hong Kong, and Israel

1.1.1 Economic Performance

2016 DMA—Economic Performance

D M A

Importance	The Company needs to continue to create profits to enhance corporate value for the shareholders.
Policy	Stay aligned with industrial trends, prepare for future needs for large quantities of diversified end-user products, develop high quality products and enhance corporate value with innovation-oriented corporate culture and excellent core competitiveness.
Goals	Short-term: To understand short-term operating performance with various financial indicators. Medium-term: To pursue stable operation and profit growth. Long-term: To create the corporate value for sustainable management.
Resources	Relevant departments such as Marketing Department, Business Department and Business Analysis Department are established to track the economic performance.
Systems	Make annual budgets, regularly hold meetings on management by objectives, and follow up on the achievement of reviewed objectives and take necessary management measures.
Measures	Regularly report and track economic performance. Relevant units should propose suggestions and solutions.



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

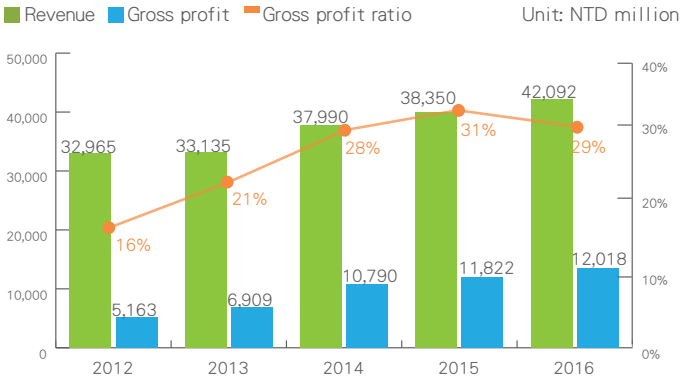
Winbond has delegated spokesmen, deputy spokesmen, and investor relationship and stock service departments to ensure availability of operational information to our investors and shareholders. Video recordings and presentation documents of the semiannual investor's conferences are publicized on our Website. Furthermore, the shareholders may make proposals to the company in written forms at the annual shareholders' meeting. We strive to increase transparency of our finance and operations to inform our investors of better investment decisions on the basis of open information. We did not apply for government-related grants and political contributions in 2016.

Winbond's consolidate revenues reached NT$42.092 billion in 2016, a 9.76 % increase compared to 2015. The combined net profit after tax was NT$3.14 billion, with a NT$0.81 after-tax earnings per share, which is a NT$0.09 decrease over the previous year. Furthermore, the annual income tax paid was NT$177.843 million and the cash dividends distributed reached NT$ 357.248 million. Please refer to our annual reports for details of the combined revenues of Winbond and its subsidiaries.

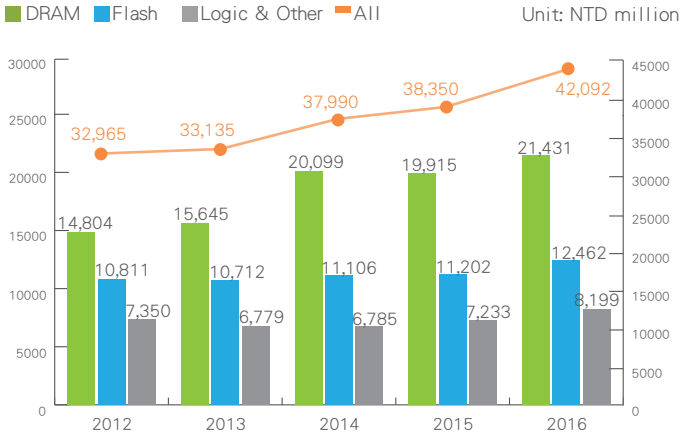
Item/Year	2012	2013	2014	2015	2016
Revenue	32,965	33,135	37,990	38,350	42,092
Gross Profit	5,163	6,909	10,790	11,822	12,018
Operation gain (loss)	(1,281)	765	3,658	4,109	3,713
Non-Operating Income and Expenses	(168)	(207)	283	139	42
Net profit (loss) before tax	(1,450)	559	3,941	4,248	3,755
Deduction: Income tax expense	175	271	730	775	615
Net profit (loss) of the term	(1,625)	287	3,211	3,473	3,140
Other comprehensive income of the term	(228)	1,567	294	(1,754)	2,485
Total comprehensive income	(1,852)	1,855	3,505	1,718	5,625
Earnings (loss) per share (NT dollar)	(0.51)	0.06	0.83	0.90	0.81

Unit: NTD million

●Consolidated revenue and gross profit



●Trend of consolidated net sales during the past five year (2012~2016)

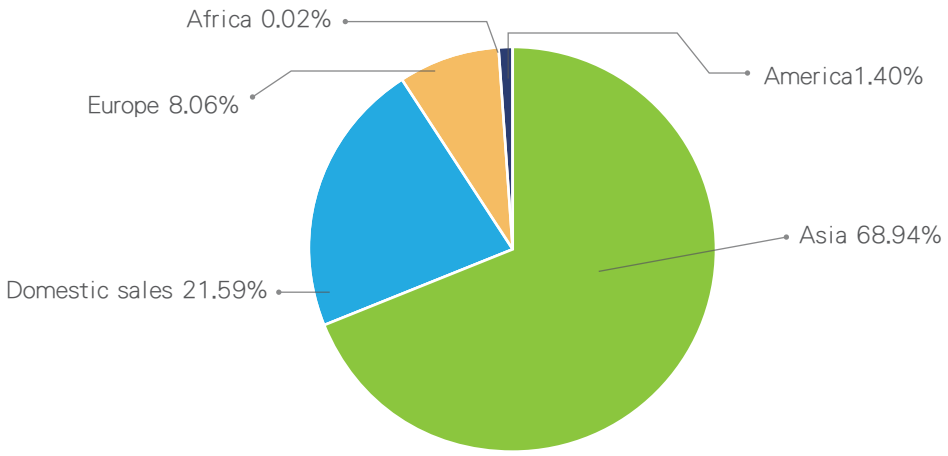


1.1.2 Global Layout

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

To provide timely and respective services to clients around the world, Winbond has set up operations and distributor networks in the USA, Japan, China, Hong Kong and Israel. With regard to quality, Winbond implements rigorous process control and quality control, strengthening yield analysis and supply chain management to satisfy customer needs.

Sales Distribution



• Market distribution in 2016

Global Bases



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

2016 DMA—Patent Right

DMA

Importance	Applying for patents is the Company's key performance index in terms of R&D and the technical capacities, protecting the Company's intellectual property from falling into the hand of our competitors. If necessary, patent licensing of cutting-edge technology should be obtained to prevent the Company and our clients from allegations of infringement.
Policy	Encourage inventions and patent application to protect the Company's intellectual property rights.
Goals	Short-term: To invest in R&D resources. Medium-term: To accumulate the number of patents. Long-term: To enhance the quality and value of patents.
Resources	Intellectual Property Department, Patent Committee
Systems	External system: Patent authorities of different countries and relevant laws and regulations Internal system: Patent (Patent Right) application and rewards
Measures	1. The Intellectual Property Department is responsible for the handling of relevant processing patent matters, and outside counsels may be delegated depending on the cases. 2. The Intellectual Property Department is responsible for the application and maintenance of intellectual property rights and holding regular patent review meetings. The R&D staff and patent engineers jointly evaluate on relevant applications and the value of the patents obtained to decide whether to continue to maintain the patent(s). 3. The Intellectual Property Department is responsible for the implementation of management, assessment, rewards and application planning, and obtaining the patents in accordance with relevant patent laws and regulations.

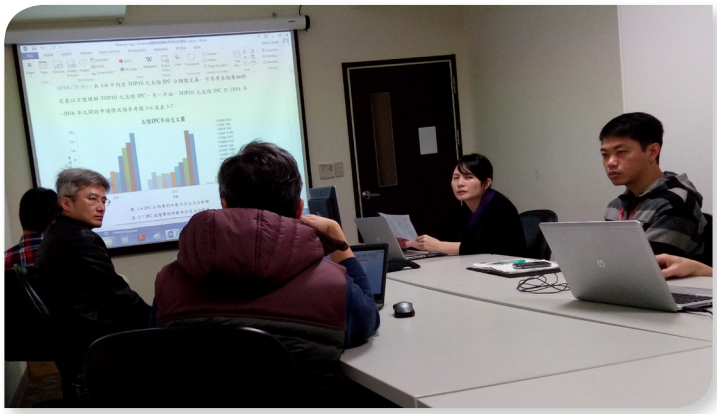
To implement the management and application planning of intellectual property rights (IPR), the Company encourages the employees to create inventions and apply for patent rights to protect the IPR and the R&D results. Internally, relevant measures (such as patent application and rewards) and the unit(s)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

The R&D units of the Company have the annual targets for inventions. In addition, there are also several meetings on innovation and brainstorming every year to actively tap the idea of inventions to promote patent output. For the cumulative number of patents, they will be regularly categorized into different levels based on the Company's assessment criteria for the utilization of patents based on the needs (such as interactive authorization, assignment, and termination of maintenance). From 2013 to 2016, education and training on the technology development of cutting-edge products of DRAM/FLASH and training on IPR related topics were held.

Year	Number of Patents
2014	In 2014, we applied for 360 inventions and were granted 97 patents.
2015	In 2015, we applied for 292 inventions and were granted 193 patents.
2016	In 2015, we applied for 331 inventions and were granted 304 patents.

The Company respects IPR of others, and was not involved in any patent infringement lawsuit cases in 2016.







1.2 Corporate Culture

"Integrity, Accountable Team, Learning with Passion, Active Innovation and Sustainable Contribution" is Winbond's corporate culture. It represents the Company's core values, beliefs, and deeds that should be understood and practiced by every member of Winbond.



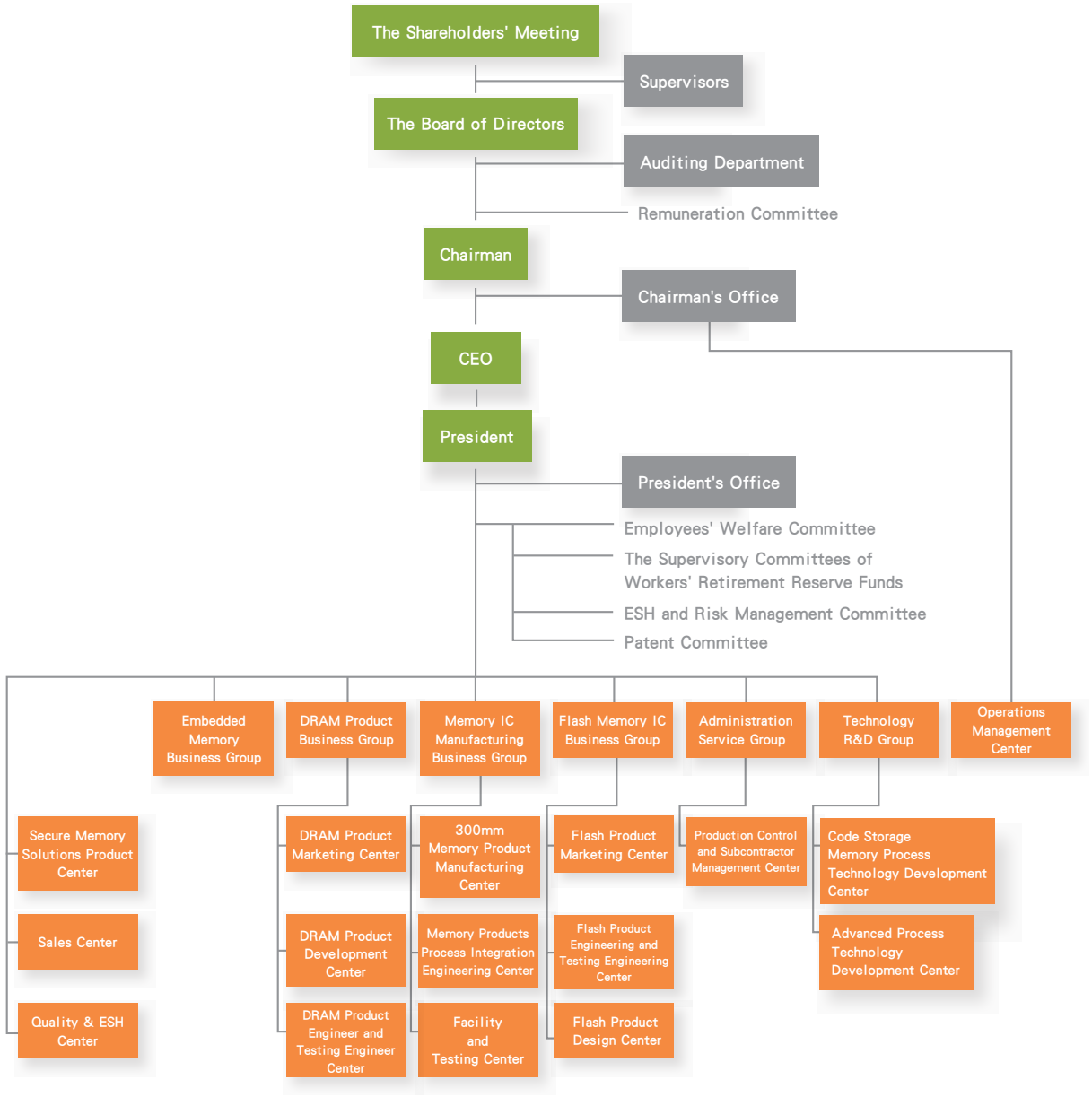
Winbond constantly provides customer-oriented services, with concentrated resources on the markets in which we have a competitive advantages. Leveraging advanced semiconductor design and manufacturing technologies in combination with creativity and wisdom of its employees, Winbond implements its corporate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



1.3 Overview of Corporate Governance

1.3.1 Board of Directors

Winbond Organizational Chart



The Board of Directors is the highest body of governance in Winbond. The 10th Board of Directors is composed of eight directors (including three independent directors) and three supervisors. There are ten board members whose age are 50 years old and above and one between 30 and 50 years old. Their professional experience covers different industries, and they are equipped with the capabilities required in executive directors to provide management team constructive comments and strategies. The Board includes three independent directors and one female director.

Non-organizational directors account for more than two-thirds of the total seats. The only juridical person director, Walsin Lihwa Corp., is the founding shareholder of the Company and the largest shareholder since founding, who has been acting as a director since the founding of the Company. In 2016, Winbond does not make any significant changes in organizational structure and operational bases.

Detailed information of educational background and employment history of the directors can be found in the Company's 2016 annual report.

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

Name & Position / Diversified core items	Gender	Management	Leadership decision	Industry knowledge	Financial accounting	Information
Chairman Arthur Yu-Cheng Chiao	Male	●	●	●	●	●
Director Matthew Feng-Chiang Miau	Male	●	●	●	●	●
Director Yung Chin	Female	●	●	●	●	
Director Hui-Ming Cheng (Representative of Walsin Lihwa Corp.)	Male	●	●	●	●	
Director Tung-Yi Chan	Male	●	●	●		●
Independent Director Mr. Francis Tsai	Male	●	●	●	●	●
Independent Director Mr. Allen Hsu	Male	●	●	●	●	
Independent Director Mr. Jerry Hsu	Male	●	●	●	●	
Supervisor Mr. Chien Wen (Representative of Chin Xin Investment Corp.)	Male	●	●	●	●	
Supervisor Mr. Yeu-Yuh Chu	Male	●	●	●		
Supervisor Mr. Hong Chi Yu	Male	●	●	●		

Election of Directors

Winbond's Board of Directors has adopted a candidate nomination system for director election since 2014. Nomination is based on considerations regarding the scale of the Company's growth, distribution of major

shareholders, and membership diversity (e.g., professional backgrounds, gender and expertise). The independency of independent director candidates shall also meet the requirements of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. According to the first clause of Article 192 of the Company Act, shareholders holding more than 1% of the total shares issued by the Company may be nominated in written form as a director candidate. The list of the candidates may be publicized upon the approval of the Board of Directors. Election will be subsequently conducted at a shareholder meeting.

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

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

Every December, the directors and supervisors of the Company would make self-evaluation in accordance with the Measures of Remuneration and Performance Evaluation of Directors and Supervisors for the overall performance of the Board in terms of the five major aspects of the level of participation in company operations, enhancement of the decision-making quality of the Board, the composition and structure of the BOD, the selection of directors and continuing training and internal control. At the same time, the members of the Board would also make self-evaluation of the grasp of company's goals and tasks, the cognition of the directors' responsibility, the level of participation in company operations, internal communication management and communication, directors' expertise and continuing education and internal control. The results were organized and reported to the Remuneration Committee and the BOD and that would serve as the basis for the Board Performance Enhancement Project in the following year. According to the overall evaluation results in 2016, the level of operational participation scored 0.88 (full score: 1, while other items were 1 or close to 1), which was relatively lower. Therefore, in addition to enhancing the directors and supervisors' communication and providing diverse courses that can enhance the directors and supervisors' capabilities of company governance, the shareholders' meeting is also scheduled to be convened in Taipei for the directors, supervisors and even the shareholders' convenience. In 2016, the average training hours of the directors and supervisors was 10.9 hours. See our 2016 Annual Report for detailed information.

Supervisor

The 10th Board of Directors consists of three supervisors, each with rich experience in industrial management.

Article 13 paragraph 4 of the Articles of Incorporation of Winbond is stipulated as follows. Upon completion of their term of office (after June in 2017), the supervisors elected in 2014 will be replaced by an auditing committee according to Article 14 paragraph 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: Detailed information about the supervisors' educational background and employment history can be found in the Company's 2016 Annual Report

Authority of the Supervisors

1) Auditing the final accounts.
2) Inquiring the business and financial status of the Company.
3) Access to documents and archives of the Company.
4) Other powers 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 shareholders' 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 to brief their auditing, and periodically report on the annual auditing and self-assessment of the internal control system to supervisors.

1.3.2 Remuneration Committee

Winbond established the Remuneration Committee Charter according to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is listed on the Stock Exchange or Traded Over the Counter. The Remuneration Committee was established in 2011 to be responsible for formulating and reviewing policies, systems, criterion, and structure of remuneration and performance assessment of directors, supervisors, and managers of the Company. The committee draws up the Regulations on Managers Remuneration and Performance Appraisal to ensure that the performance of the managers is tightly aligned with the Company's strategies, and that the managers are rewarded with a competitive overall pay package to enhance the 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 three meetings during 2016. Please refer to Winbond's 2016 Annual Report for details of the Remuneration Committee Meetings.

Member of the Remuneration Committee

The Remuneration Committee is composed of all the independent directors. Please see Winbond's 2016 Annual Report or visit our official website for detailed information of the independent directors.

1.4 Ethical Management

Winbond clearly stipulates its ethical management policies, with a range of internal rules and regulations established, including "Corporate Social Responsibility Management Procedure," "Corporate Social Responsibility Best Practice Principles," "Corporate Governance Best Practice Principles," "Ethical Corporate Management Best Practice Principles," "Work Rules," and "Procedures for Handling Cases Violating Ethical Management." It requires all operational activities of the Company and subsidiaries to comply with relevant laws and regulations, abide by ethical codes of conduct, avoid unfair competition, and stay clear of bribery. 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. In addition, the Company also complies with Code of Conduct for Antitrust Compliance to establish a trustworthy and respected corporate reputation.

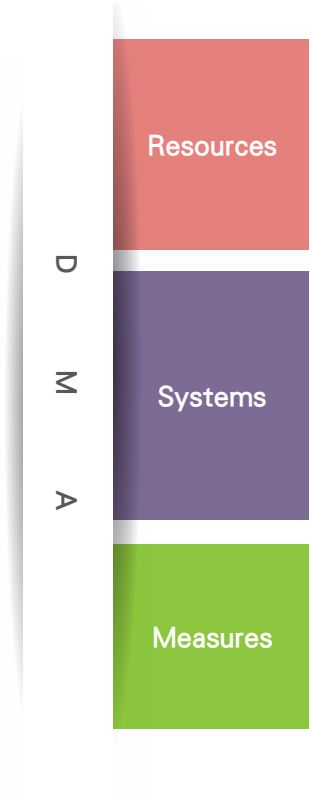
1.4.1 Social Compliance

2016 DMA—Social Compliance

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

D M A

Importance	Regulatory compliance avoids the Company from exposure to risks for additional losses (including administrative fines and civil and criminal liabilities) due to illegal acts so as to ensure corporate image, goodwill, customer loyalty, consumer satisfaction and sustainable management.
Policy	The Company complies with the Company Act, Securities and Exchange Act, Business Entity Account Act, Political Donation Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.
Goals	The Company has been upholding the philosophy of integrity management. With good faith as the basis, we pay close attention to the integrity to customers externally and strictly require our employees to be self-disciplined to comply with the company's norms, establishing good corporate governance and risk control mechanism to create a business environment for sustainable development.
Resources	The accounting system and internal control system of the Company shall be designed and implemented in accordance with the principle of integrity



management, and shall be reviewed at any time to ensure its continuous and effective operation.
The internal audit unit shall conduct regular audit to check on such compliance and report to the Board. If necessary, the auditing can be conducted by an accountant or professional.

External system: The regulations regulated by local authorities are used as the basis for the Company's operation standards and practices.
Internal system: Every year, the procedures are audited based on legal regulations and the Company's operating standards, and the scope and items of the audit will be revised as the situation demands to prevent the occurrence of all kinds of illegal activities to ensure the Company's sustainable management.

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

To improve the organizational structure and the operational management and to fulfill the Corporate Social Responsibility to set an excellent corporate reputation and image, Winbond performs a quarterly review on newly added or revised laws and regulations to check for applicability and compliance, and keeps records of the results. At the same time, based on these results, the internal job specifications or procedures are formulated or amended. Winbond passed the Validated Assessment Process of the Electronic Industry Code of Conduct (EICC VAP) and received 6 inspections on occupational safety and health, 16 inspections on environmental protection, and 3 inspections on fire control by various governmental agencies in 2016. None of these inspections found any violations of laws and regulations related to domestic labor, occupational safety and health, environmental protection, and fire control. On the part of labor and integrity, Winbond has established a sound human resources management system and implemented related operations. The competent authority conducted two labor inspections in 2016, and no violation of the provisions of the domestic labor law was found.

Review of laws and regulations relating to labor and ethical integrity		Review of laws and regulations relating to occupational safety and health, environmental protection, and fire protection	
Time of legislative notic	Review result	Time of legislative notic	Review result
Q1 2016	Review completed in April, 2016	Q1 2016	Review completed in April, 2016
Q2 2016	Review completed in September, 2016	Q2 2016	Review completed in July, 2016
Q3 2016	Review completed in November, 2016	Q3 2016	Review completed in October, 2016
Q4 2016	Review completed in February, 2017	Q4 2016	Review completed in January, 2017

1.4.2 Avoidance of Conflict of Interests

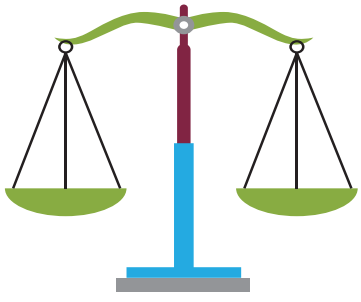
Since 2014, the Company has set up independent directors. Independent directors may, from an objective and impartial standpoint, make recommendations based on their expertise and experience. The principle of avoidance of conflict of interests should be observed to protect the interests of the Company.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

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

1.4.3 Grievance Channels

All business activities within the Company are required to take into account corporate social responsibility, ensuring compliance with corporate ethics and government decrees, while upholding ethical operation in all business endeavors. All suppliers are requested to sign a Letter of Commitment to Ethical Integrity and observe ethical principles in business operation. Additionally, the Company has set up a complaint mail box (Internal_audit@winbond. com) for individuals inside or outside of the Company to report violations or misconducts anonymously or non-anonymously. Any individual or group (e.g., customers, suppliers) from outside of the Company may report misconducts to the internal auditing department. Upon reception of such complaints, an ad hoc team may be formed for investigation. A total of three cases were reported through the complaint mechanism in 2016. 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 of integrity management had been committed. In addition, we also set up a stakeholder area on the Winbond Website as an additional channel for communication. The employees may consult with the legal department for moral and legal issues.

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







1.5 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.

1.5.1 Operational Risk Management

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

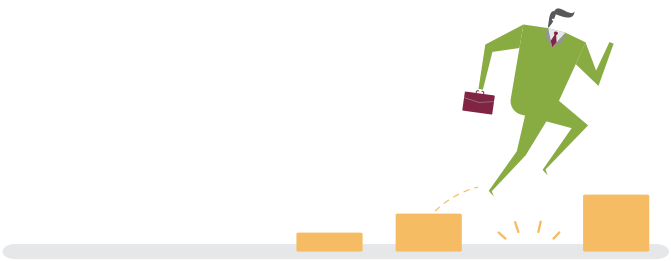
In response to the risks of operational interruption, Winbond has developed the following countermeasures.

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

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

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

In addition, to reduce the impact of accidents on the Company's operation and finance, Winbond has purchased a wide range of insurances covering Property Damage Insurance, Business Interruption Insurance, Marine Cargo Insurance, Erection/Contractors All Risks Insurance, and Commercial General Liability Insurance to minimize potential losses caused by natural or man-made disasters so as to protect the interests of stakeholders. Throughout 2016, Winbond did not suffer from any property loss or business interruption due to natural or man-made disasters.



1.5.2 Financial Risk Management

Interest rate

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

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

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

Exchange rate

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

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

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

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

1.5.3 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 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 protects customer's information and assets. Common Criteria certification for TrustME™ consists of the following phases: product design & development, production, and delivery.

In accordance with the implementation procedure of "Inform ation Security Policy", 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, which cover the aspects of human resources, physical security, information and logical security. Extraordinary meetings may be summoned when a major information security incident occurs.

Every year, the promotion and communication concerning information security is conducted through training and education and the notices in the Company for the implementation of our information security policy. In 2016, all the employees received courses of "Information Security Awareness" and the "Personal Data Protection Act" and passed the exam. In addition, the Information Engineering Department will conduct a drill of data protection to switch to the backup system for access test every 6 months. The last drill was conducted in December, 2016.

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

1.6 Management System

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.

ISO9001
TS16949
QC080000

ISO14001
OHSAS 18001

AEO


安全認證優質企業證書
TWAEO Certificate
TWAEO
證書號碼/ Certificate No.
TWAEO-100000024
證書持有人
Holder of the Certificate
華邦電子股份有限公司
Winbond Electronics Corporation
發證機關
Issuing Authority
Customs Administration
Ministry of Finance
統一編號/ BAN No.
22099218
安全認證優質企業行業別
Business Type of TWAEO
☑ 出口商（實施輸出人）Exporter
☑ 進口商（納稅義務人）Importer
☑ 製造業 Manufacturer
證書生效日期：中華民國 103 年 10 月 27 日
Effective Date of the Certificate: Oct 27, 2014
證書有效日期：中華民國 106 年 10 月 26 日
Expired Date of the Certificate: Oct 26, 2017

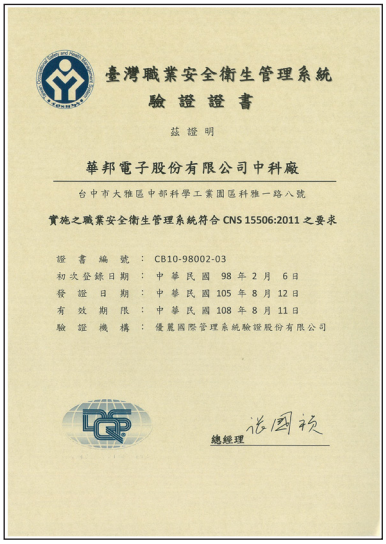
SONY Green Partner


SONY
2015 / 10 /06
グリーンパートナー環境品質認定通知書
Notification of Green Partner Certification
Attn ： 兼松株式会社 御中
KANEMATSU CORPORATION
拝啓 貴社益々ご清栄のこととお慶び申しあげます。
平素は、弊社環境品質保証活動に多大なるご協力を賜り、お礼申し上げます。
貴社のグリーンパートナー環境品質認定手続きが完了しましたのでご通知申し上げます。
今後とも弊社環境品質保証活動にご協力を賜りますようお願い致します。
Thank you for your kind support on Sony Green Partner Activities.
We would like to inform you that Green Partner Certification has been authorized.
Your continuous cooperation on Sony environmental quality assurance activities is highly appreciated.
認定範囲 / Scope of Green Partner Certification

ファクトリーコード	マニュファクチャラー名称（英文）	工場名称（英文）	監査期限
Factory Code	MC Name	FC Name	Expiry Date
FC005288	Walton Advanced Engineering Inc.	(No Factory Name)	2017/07/31
FC009124	Winbond Electronics Corp.	CTSP Site(FAB6)	2017/07/31
FC007630	China Wafer Level CSP Co.,Ltd.	(No Factory Name)	2017/07/31

ソニー（株）/ Sony Corporation
調達/物流部門 / Procurement & Logistics Division
グリーンパートナー事務局 / Green Partner Secretariat

CNS15506


臺灣職業安全衛生管理系統
驗證證書
茲證明
華邦電子股份有限公司中科廠
台中市大雅區中部科學工業園區科雅一路八號
實施之職業安全衛生管理系統符合 CNS 15506:2011 之要求
證書編號：CB10-98002-03
初次登錄日期：中華民國 98 年 2 月 6 日
發證日期：中華民國 105 年 8 月 12 日
有效期限：中華民國 108 年 8 月 11 日
驗證機構：優麗國際管理系統驗證股份有限公司
總經理

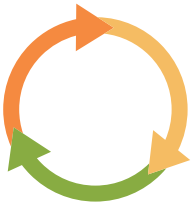
1.7 Participation in External Organizations

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

External organizations that Winbond participated in 2016 are listed as follows.

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







2 Innovation for Sustainability



70%

Winbond is devoted to the development of advanced process and special niche products, and thus developed the more power-efficient Ultra-Low Power (ULP) 46nm 256Mb LPDDR1 product, and the pioneered Deep Self-refresh (DSR) feature allows the chip standby current to be 70% less than the usual 46 nm.

100% compliance

In 2016, Winbond conducted 31 supplier audits and 16 contractor audits in CSR, Electronic Industry Citizenship Coalition (EICC) Code of Conduct, conflict minerals, RoHS, Reach and QC080000, and the results were all in line with the requirements of the Company.

IoT / Wearable

ULP products can enable elaborate application of IoT or wearable devices.

100% compliance

The Company carried out conflict mineral investigation of 16 suppliers (including subcontractors), and the suppliers are all in line with relevant regulations.

0 piece

No customer privacy violation incidents or loss of customer information were reported in 2016.

2016 DMA—Product and Service Labeling

D M A

Importance

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

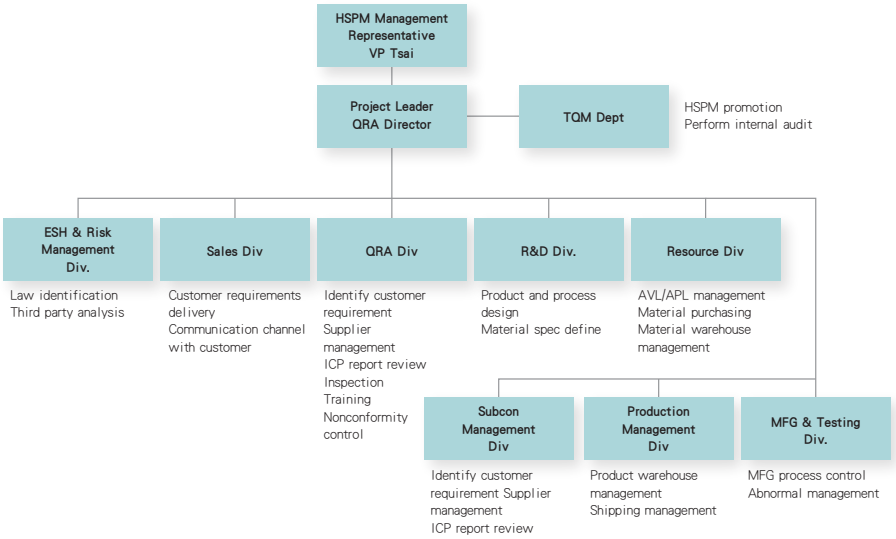
Policy

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

Goals

Questionnaire surveys are conducted among domestic and foreign customers every year, and through the feedback mechanism, analysis and improvement actions are made.

Resources

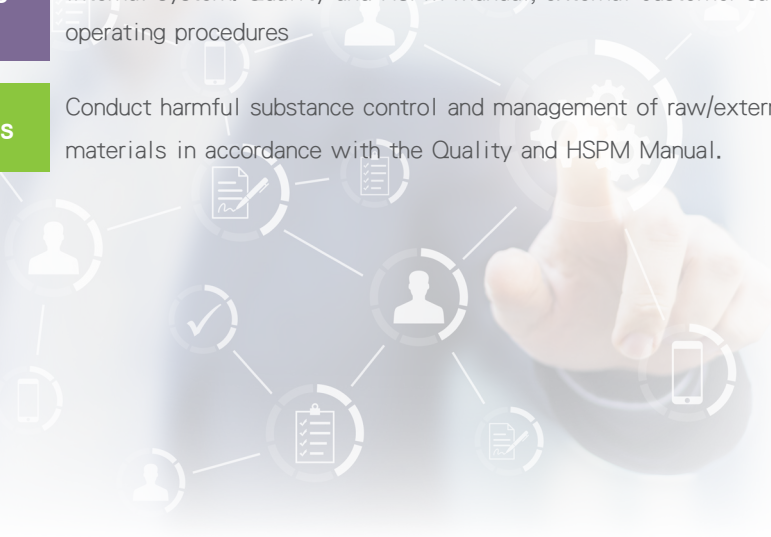


Systems

External system: IECQ QC080000 Hazardous substance Process Management
Internal system: Quality and HSPM Manual, external customer satisfaction survey operating procedures

Measures

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



2016 DMA—Marketing Communications

D M A

Importance

In view of the fact that anti-competitive behavior might occur when there is no control over intentional violations, negligence or the lack of professional knowledge, which leads to relevant penalties according to the Fair Trade Act, the implementation of the marketing communications can avoid anti-competitive behavior from happening.

Policy

1. Make sure the advertisement does not violate the principle of competition.
2. The employees of the Company shall follow the principle of good faith and faithfully perform their duties.
3. Publish the advertisement only when it is in compliance with relevant laws and facts.

Goals

To establish a trustworthy and respected reputation.

Resources

Establish relevant operating practices and internal control system and conduct self-assessment and audit operations annually, so that the employees can naturally meet the principle every time the related operations are conducted.

Systems

Work practices and work rules of product advertisement publication.

Measures

1. To ensure the advertisement does not violate the principle of competition, the advertisement is reviewed by Business Operations Promotion Department. The Product Advertisement Publication Practice is established.
2. The employees shall faithfully perform their duties based on the principle of good faith, and publish advertisement only when it is in compliance with relevant laws and facts, which will be verified by Human Resources Department.
3. The employees in this Company shall faithfully perform their duties based on the principle of good faith: Establishment of Article 7 of the Work Rules.

   Article 7 The employees of the Company shall faithfully perform their duties based on the principle of good faith.

   7.1 The employees of the Company shall not accept or treat customers, manufacturers or relevant persons to bar lounges, wine shops or other special business premises, nor should they require, accept or provide improper benefits, including gifts, commissions, rebates or entertainment beyond the normal business practices.
4. Publish the advertisement only when it is in compliance with relevant laws and facts: Establishment of Appointment Practices.

2.1 Main Products and Research & Development

Winbond is a specialty memory IC company engaged in design, manufacturing and sales services. From product design, research and development, and wafer fabrication to the marketing of brand name products, Winbond endeavors to provide its global clientele top quality low to medium density memory solutions. Winbond's major product lines include Code Storage Flash Memory, Specialty DRAM and Mobile DRAM. Our advantage of technological autonomy and prudent capacity strategy enables us to build a highly flexible production system and create synergy among product lines, which allows us to meet the diverse demands of customers while building the brand image.

◆ Code Storage Flash Memory

In the area of Code Storage Flash Memory products, we focus on the "low to medium density" market by offering a full spectrum of Serial Flash and Parallel Flash products. Our Flash memory packages offer features such as low pin count, small size and low cost. With considerable market share in computer peripheral markets, we also actively develop a diversity of flash memory products for applications in mobile devices, consumer electronics.





◆ High-performance, low-power memory core design technology

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



2.2 Product Application

Winbond's products are applied in more diverse and comprehensive application domains in addition to the widely known areas such as computing, network communication, and consumer electronics. Based on the experiences accumulated in the three major existing areas, we are able to provide our customers with faster solutions. There was no violation of relevant product regulations leading to the prohibition of the sale of products in 2016.

2.2.1 Automotive Electronics

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







◆ Advanced Driver Assistance Systems (ADAS)

Automotive safety has a new name - ADAS. This can only be achieved by electronic innovation with the highest quality and reliability. Winbond is at the forefront of memory needs for ADAS.

◆ Instrument Clusters

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

◆ Infotainment

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

2.2.2 Industrial Electronics

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

◆ Human Machine Interface (HMI)

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

◆ Programmable Logic Controller (PLC)

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







◆ Smart Meter

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

◆ Industrial Networking

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

◆ Point of Sales (POS)

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

2.2.3 IoT

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

Wearable Device

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



Smart Home

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



2.3 Green Products- Sustainable Management

- 2016 DMA—Products and Services (Green Products)
- 2016 DMA—Customer Health and Safety

D M A

Importance

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

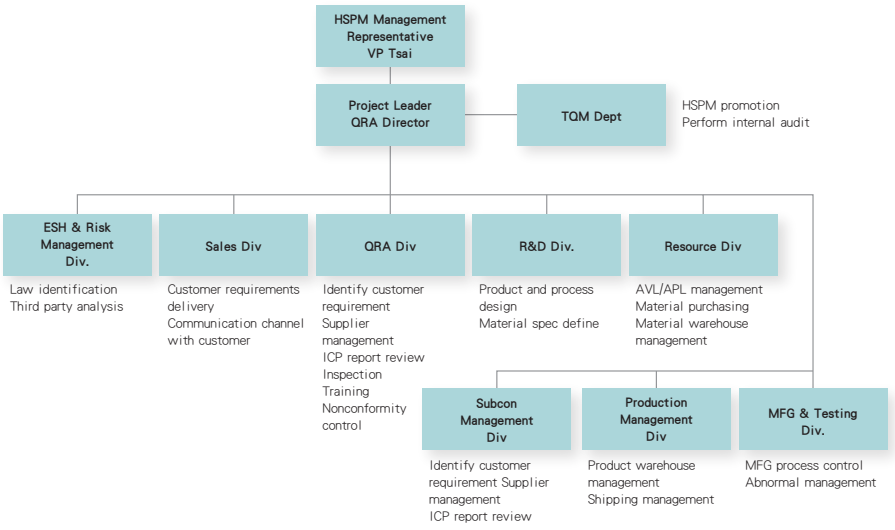
Policy

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

Goals

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

Resources



Systems

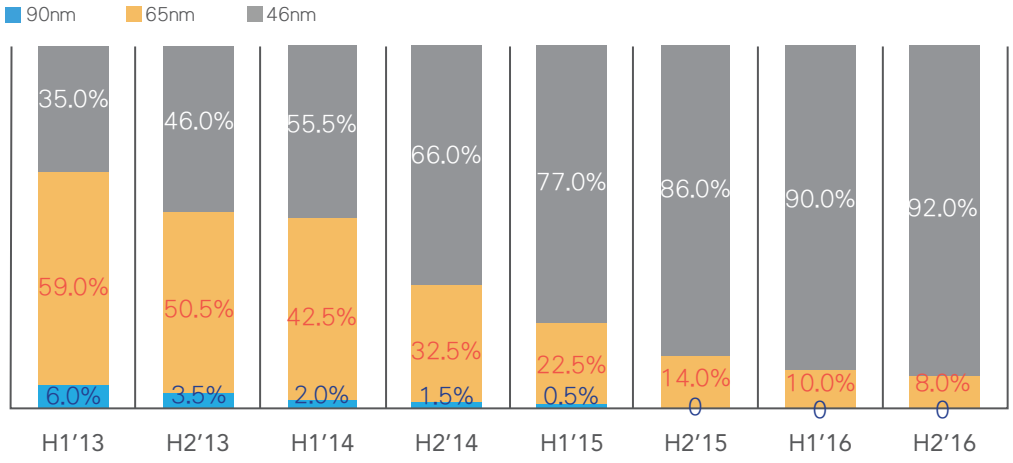
External system: IECQ QC080000 Hazardous substance Process Management (HSPM)
Internal system: Quality and HSPM Manual, hazardous substance management procedure

Measures

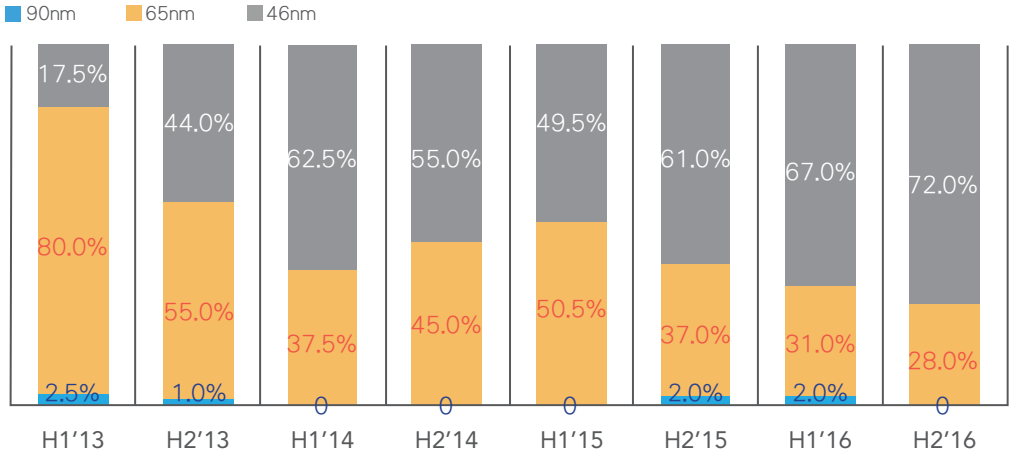
Hand down the concept that it is equally important to meet the customers' needs, comply with legal regulations and meet regulatory requirements.
Establish HSF (Hazardous Substance Free) policy and goals.
Provide resources to ensure the development of HSF products and process.

Winbond constantly pursues competitive edge through innovation in product and technology development. The added investment during 2016 was aimed at expanding production capacity and upgrading the manufacturing process, so as to provide our customers with green products of lower energy-consumption and lower impacts to the environment, and to improve the sustainable competitiveness of our supply chain. The performance of Specialty DRAM 46 nm manufacturing process in 2016 accounted to 92%, which of Mobile DRAM accounted for 72% and the performance of Code Storage Flash Memory 46 nm manufacturing process in 2016 increased by 5% compared to 2015.

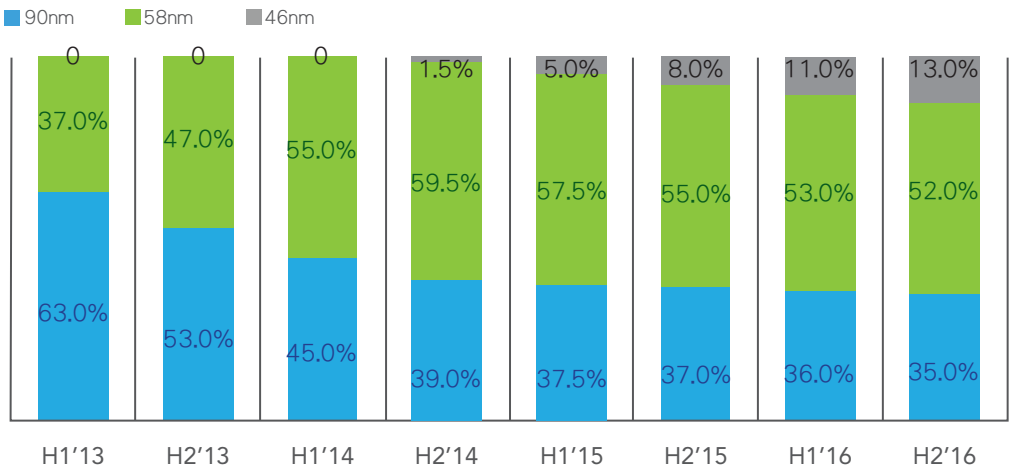
Specialty DRAM- proportions of performance by product processes



Mobile DRAM - proportions of performance by product processes



Code Storage Flash Memory - proportions of performance by product processes

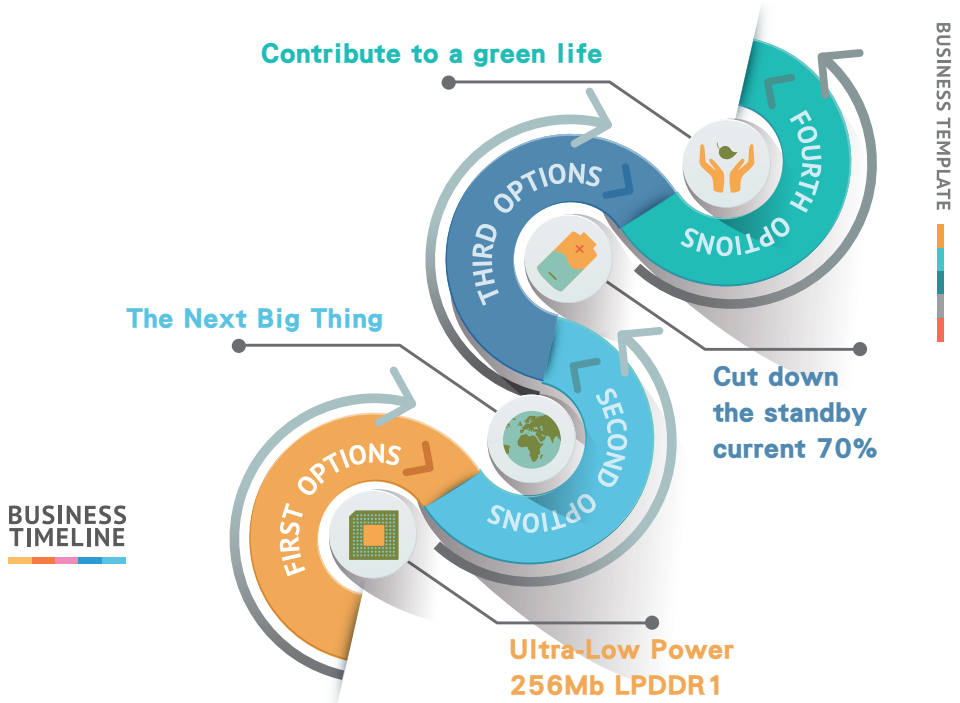


Low power Products

Winbond Electronics Corporation is a leading supplier of semiconductor solutions to the consumer, computer, communications, and electronics product markets. For Winbond's products to be applied to a wider market, the Mobile DRAM product line was set up. Winbond's Mobile DRAM provides low standby power for power-efficient, and is thus selected to supply 3G/LTE mobile communications and its application is further expanded to the field of mobile consumer electronics. Winbond mobile DRAM devices support both x16 and x32 data widths. Major features for the families of products shown in the table below include the following: Sequential or Interleave burst, High Clock rate, Standard Self Refresh, Partial-Array Self Refresh (PASR), Automatic Temperature Compensated Self Refresh Rate (ATCSR), Deep Power-Down (DPD), Deep Self Refresh(DSP) and Programmable output buffer driver strength. Please refer to the datasheets for specific features. They are ideal for portable multimedia players, wearable devices, automotive applications, consumer electronics, gaming devices, and mobile devices.

Winbond LPSDR SDRAM (Low Power SDR SDRAM) and LPDDR SDRAM (Low Power DDR SDRAM) product family has specific features to reduce power consumption, including Partial Array Self Refresh (PASR), Auto Temperature Compensated Self Refresh (ATCSR), power saving mode, deep sleep mode, and programmable drive output. In order to save more trouble, Winbond specially designed products combining LPSDR SDRAM and LPDDR SDRAM so that customers can make a more convenient choice.

Winbond is committed to the development of advanced process and special niche products with unique power-saving features, and has developed the more power-efficient Ultra-Low Power (ULP) 46nm 256Mb LPDDR1 product, with the originated feature of Deep self-refresh (DSR) that allows the chip standby current to be 70% less than the usual 46nm. Winbond believes that the continued development of power-saving technology can reduce the amount of electricity and battery usage, creating a more environmentally friendly products for our customers and for the earth. "The Next Big Thing" is a hot topic. ULP products can enable elaborate application of IoT or wearable devices.



2.4 Customer Commitment

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

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

Winbond exercises strict protection over customer information. All correspondence and business data with customers are under a strict internal oversight. Staff operation permission is granted based on predefined SOPs. Since 2013, all staff members must complete a training program with respect to information security. Throughout 2016, no complaint has been filed with regard to customer privacy infringement or customer data loss.

To strengthen product competitiveness and meet the needs of our customers worldwide, besides the headquarter in Taiwan, Winbond has established service centers in Mainland China, Hong Kong, the United States, and Japan. In addition to the sales centers established in the above areas, Winbond also actively develops distribution channels in other countries. So far, dealerships and technical service centers are built throughout Asia, Europe, and America. In 2016, no fines due to the violation of laws and regulations relating to product liability were imposed to Winbond.

2.5 Supplier Management

2016 DMA—Supplier Labor Practice Assessment

D M A

Importance	The establishment of a secure supply chain provides stable supply of raw materials that can ensure the service quality to the customers.
Policy	Consider the quality, production capacity and delivery reputation to establish a directory of qualified suppliers and conduct regular assessment of these qualified suppliers.
Goals	Short-term goal: To establish a supplier management plan for good quality and stable supply. Medium-term goal: To require suppliers to enhance the quality, service, supply capability that meet the Company's requirements in the manufacturing process. Long-term goal: To establish long-term cooperative relations with the suppliers to commonly develop the sustainable management plan.
Resources	The units of purchasing, module engineering, quality management, production management, mask technology, product business or the outsourcing vendors are in charge of the supplier management.

D

Systems

Supplier Selection Criteria, Supplier Qualification criteria, Quality Inspection Rules for raw materials suppliers.

M

Measures

Regularly evaluate the suppliers. The units of purchasing, module engineering, quality management, production management, mask technology, product business or the outsourcing vendors form the evaluation groups in accordance with the items the suppliers supply, and the assessment groups will conduct the assessment in the suppliers' factories.

A

Social responsibility is the key to business sustainability. By cooperating with localized suppliers, job opportunities are also created for the local business, thus promoting the local socioeconomic development while reducing the energy required for transportation. As a result of Winbond's continued efforts to promote localized purchase, up to 96.8% raw material was purchased locally in 2016, an increase of 0.5% compared with the previous year.

The supplier status of the Company is shown as follows.

Supplier Status					
Type of contract (based on the classification of the Company)	Purchasing area	2013		2014	
		No. of suppliers	Percentage of the purchase amount among total purchase (%)	No. of suppliers	Percentage of the purchase amount among total purchase (%)
Finance (raw materials)	Domestic	42	83.20%	45	90.10%
	Foreign	2	16.80%	2	9.90%
Total		44	100%	47	100%

Supplier Status					
Type of contract (based on the classification of the Company)	Purchasing area	2015		2016	
		No. of suppliers	Percentage of the purchase amount among total purchase (%)	No. of suppliers	Percentage of the purchase amount among total purchase (%)
Finance (raw materials)	Domestic	44	96.30%	48	96.80%
	Foreign	1	3.70%	1	3.20%
Total		45	100%	49	100%

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

2.5.1 Supply Chain Management

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

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

Management of new suppliers at Winbond includes a quality system questionnaire, with the contents covering quality, delivery, service, technology and Electronic Industry Code of Conduct (EICC, which includes environmental, labor practice, human rights and social impact issues), and in 2016, 100% of our new suppliers passed the quality system questionnaire survey. Winbond promotes corporate social responsibility initiatives with all suppliers every year. We require our suppliers to sign a letter of commitment for business integrity, and all of our suppliers have signed the letter of commitment.

◆ Supplier Audits

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

Winbond conducts annual audits of its suppliers and subcontractors in terms of CSR, Electronic Industry Code of Conduct (EICC), conflict minerals, RoHS, REACH, and QC080000 related requirements, for suppliers scoring lower than the required score, Winbond will handle the situation in accordance with the supplier auditing practices. In 2016, all the supplier audit results met the requirements of the Company, with 31 raw material suppliers and 16 subcontractors being audited.



◆ Conflict Minerals

In compliance with the Electronic Industry Citizenship Coalition (EICC) Code of Conflict Mineral Guidelines, Winbond is committed not to purchasing or using any mines from conflict areas controlled by non-governmental military groups or illegal military factions in the Democratic Republic of the Congo, including gold (Au), tantalum (Ta), tungsten (W), and tin (Sn). All major suppliers have signed the Winbond Supplier Code of Conduct Commitment Letter, which is publicized in our public websites or promotional letters as an official announcement of Winbond's policy concerning the matter of conflict minerals. Winbond performs investigation of conflict metal suppliers through 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.

The Company carried out a survey of 16 suppliers (including subcontractors) on conflict minerals, and all of the suppliers are in line with relevant provisions. There was no incident of the prohibition of sale of products in the Company.

2.5.2 Supplier Communication Management

◆ Subcontractors Meeting

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

◆ Management of Contractors

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

1. Contractors should join in Winbond Contractors Association and sign the "letter of commitment of ESH management and education & training".
2. Those who enter Winbond's Plants for operations are required to be insured by their employers, and the proof of insurance shall be provided to Winbond for verification.
3. Those who enter Winbond's Plants for operations shall be informed of hazards of the plants and relevant records shall be kept.
4. For high-risk operations in Winbond's plants, qualified ESH personnel is required to be present for on-site supervision.



3 Environmental Sustainability



5,760,000 kWh

Winbond implemented 9 energy-saving measures in 2016, and saved 5,760,000 kWh of electricity.

179,235 tons

The energy-saving measures in 2016 reduced CO_2e emission by 179,235 tons, which is equivalent to the carbon sequestration of 484 Da'an Forest Parks.

1.25 million m^3

During 2016, Winbond implemented three new water-saving measures and the water conservation increased by approximately 43,000 m^3. From 2012 to 2016, the cumulative water-saving capacity reached 1.25 million m^3, equivalent to 0.23 service capacity of Baoshan Reservoir.

recycling rate **91%**

Winbond strives to improve the recycling rate of reclaimed water. The plant-wide recycling rate was approximately 81% in 2016, and the process recycling rate was approximately 91% (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%).



0 piece

No chemical or wastewater leakage or environmental violations occurred at Winbond in 2016.

98%

In 2016, the average VOC removal rate at Winbond was 98%, higher than the rate set by EPA.
VOC (Volatile organic compounds) emissions per layer of reticle for 12-inch fab dropped from 0.16g in 2015 to 0.14g in 2016, reducing the emission by 12.5%.

0 piece

No penalties due to environmental violations occurred in Winbond in 2016, nor was there any case of "environmental impact" complaint or protest.

2016 DMA—Environmental Compliance

DMA

Importance	Reduce the risk of production disruption.
Policy	Winbond Electronics Corp. strives to become a green and sustainable company that operates in full compliance with environmental laws and regulations and relevant international standards. We are committed to making every effort to protect the natural environment, eliminate any foreseeable risks of environmental pollution, and minimize the impact of production to the environment, in pursuit of a balanced development of economy, society, and ecological environment in our business activities through continuous improvement, reduction at the source, and all-staff participation. Winbond has implemented a management program that is aimed at achieving energy saving and carbon reduction by reducing consumption of energy and raw materials and recycling waste.
Goals	To reduce the risk of production disruption. Short-term goal: To complete the upgrade of ISO14001:2015 in 2017. Medium- and long-term goal: To reach zero violation and surpassing regulatory requirements.
Resources	Facility Engineering Department, ESH and Risk Management Department.
Systems	External system: Environmental regulations Internal system: ISO14001 Manual/procedure/specification/record (identification of ESH related regulations and verification management procedure).
Measures	Regular verification of environmental regulations.

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

Winbond has participated in the Perfluorocarbons (PFCs) Greenhouse Gas Emissions Reduction Project of the Taiwan Semiconductor Association since 2000. Through manufacturing process adjustments, use of alternative gases, and deployment of FCs reduction equipment, GHG emissions are reduced. Besides, through the water saving and energy conservation measures, the risk impact is reduced, enhancing our ability to cope with climate change and strengthening our competitiveness to create opportunities. Therefore, Winbond was awarded the honorary title

of "Voluntary Greenhouse Gas Emission Reduction Manufacturer" by the Ministry of Economic Affairs. In addition, Winbond also conducts greenhouse gas inventory on a yearly basis and reports the results to the National Greenhouse Gas (GHG) Registry so as to use the data as a reference for formulating policies related to energy saving, carbon emissions reduction, and GHG reduction.

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

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



3.1 Source Reduction

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

Raw material/energy resources	Usage in 2014	Usage in 2015	Usage in 2016
12" wafer (piece)	410,345	500,975	488,541
Power consumption (MWh)	341	380	390
Water consumption (Mega cubic meter)	2.10	2.32	2.34
Process gas consumption (ton)	156	228	228
Process chemical consumption (ton)	7,498	7,970	7,790
Facility gas consumption (Mega cubic meter)	122	137	139
Facility chemical consumption (ton)	10,446	9,417	10,797
Natural gas consumption (Mega cubic meter)	3.59	4.15	4.42
Diesel consumption (cubic meter)	30	75	90
Waste gas/waste water/waste	**Emission in 2014**	**Emission in 2015**	**Emission in 2016**
Greenhouse gas (ton CO_2e)	225,922	252,586	269,585
Volatile organic compounds (ton)	2.99	3.10	2.56
Nitrogen oxides (ton)	5.59	9.76	11.36
Sulphur oxides (ton)	0.76	0.42	0.29
Waste water (Mega cubic meter)	1.60	1.80	1.80
Waste (ton)	4,350	4,919	5,285

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

3.2 Energy Management

2016 DMA—Energy

DMA

Importance	Reduce the operating costs and risks of production disruption.
Policy	Winbond Electronics Corp. strives to become a green and sustainable company that operates in full compliance with environmental laws and regulations and relevant international standards. Through continuous improvement, reduction at the source, and all-staff participation, we are committed to making every effort to protect the natural environment, eliminate any foreseeable risks of environmental pollution, and minimize the impact of production to the environment, in pursuit of a balanced development of economy, society, and ecological environment in our business activities. Winbond has implemented a management program aimed at achieving energy saving and carbon reduction objectives by reducing consumption of energy and raw materials and recycling waste.
Goals	To reach balanced development of economy, society and environmental ecology. The goal of electricity consumption per unit of product by 2020 ≦ 21.31(kWh/layer) Short-term goal: Collect quarterly electricity consumption statistics and make annual assessment of the feasibility of energy-saving measures. Medium-term goal: Reduction in power consumption. Long-term goal: To become a green enterprise for the sustainable development of environment.
Resources	Facility Engineering Department, Module Engineering Department, ESH and Risk Management Department.
Systems	External system: Report to the Bureau of Energy, Ministry of Economic Affairs. Internal system: ISO14001 manual/procedure/specification/record.
Measures	1. Set the energy-saving targets. 2. ESH goals and improvement of management programs. 3. Regular inspection records.



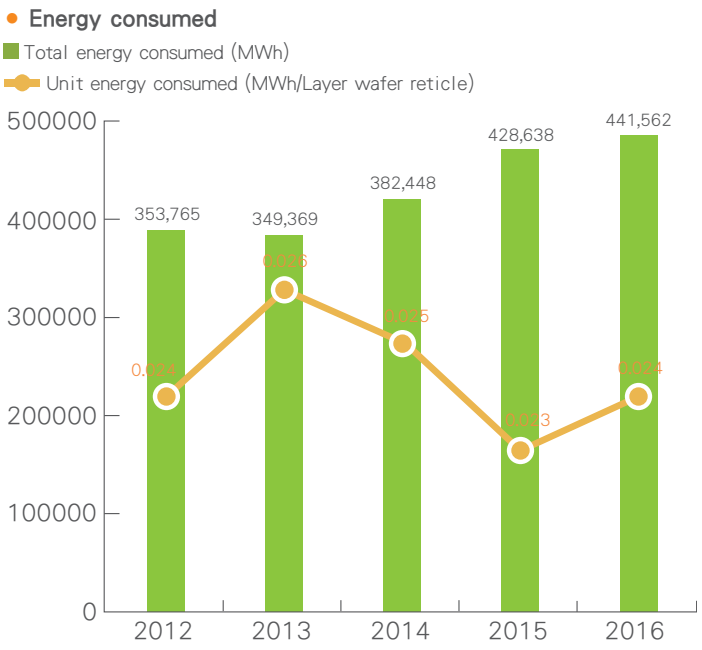


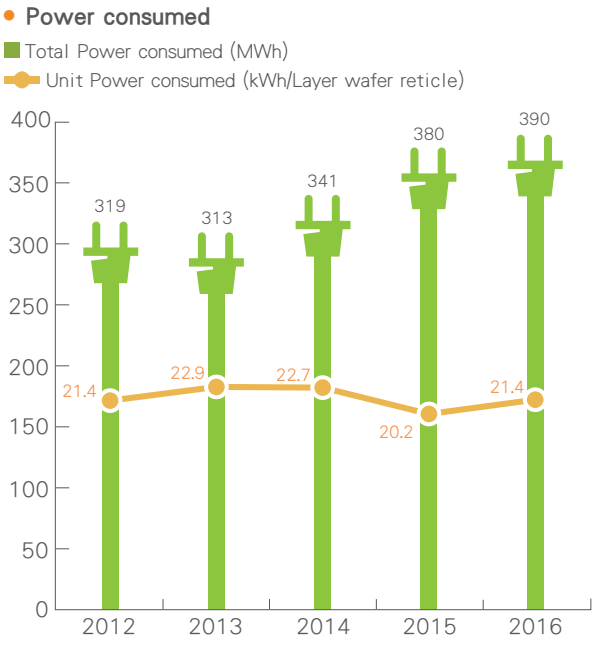


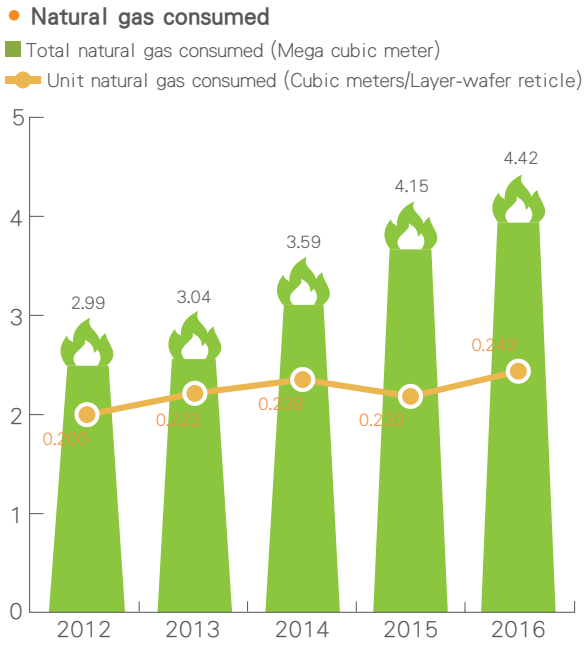
3.2.1 Energy Intensity

In 2016, Winbond's total energy consumption was approximately 441,562 MWh. The indicator of energy consumption per unit of product - average energy consumption for each layer of 12-inch fab was approximately 0.024 MWh. The energy consumption per unit increased slightly compared to 2015. The Company will continue to promote energy conservation projects.

Energy intensity/Year	2012	2013	2014	2015	2016
Total energy consumed (MWh)	353,765	349,369	382,448	428,638	441,562
Unit energy consumed (MWh/Layer wafer reticle)	0.024	0.026	0.025	0.023	0.024
Total Power consumed (MWh)	319	313	341	380	390
Unit Power consumed (kWh/Layer wafer reticle)	21.4	22.9	22.7	20.2	21.4
Total natural gas consumed (Mega cubic meter)	2.99	3.04	3.59	4.15	4.42
Unit natural gas consumed (Cubic meters/Layer-wafer reticle)	0.200	0.222	0.238	0.220	0.243





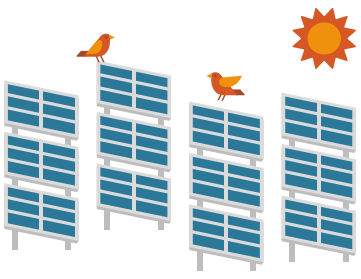


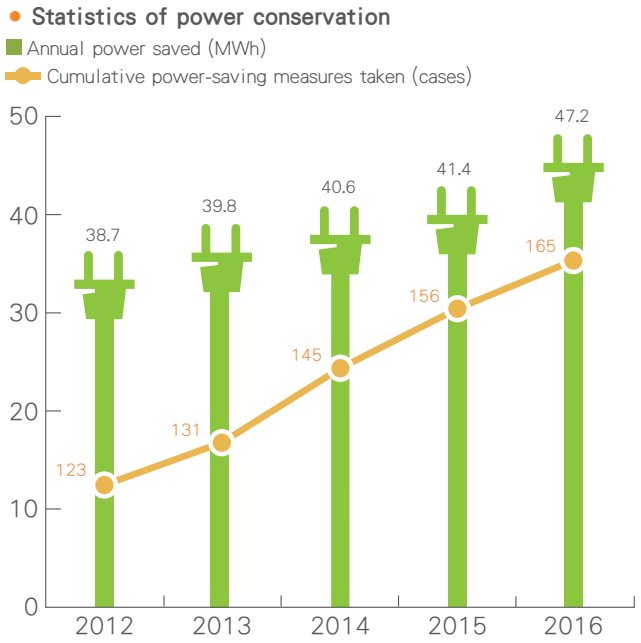
3.2.2 Energy Conservation Measures

Nine energy-saving measures were introduced in Winbond during 2016, which ended up saving 5,760,000 kWh of electricity. From 2012 to 2016, the cumulative electricity saved amounted to approximately 208 million kWh, equivalent to the annual electricity consumption of 57,118 households combined. (Note: the calculation is based on the figure provided by the Taiwan Power Company - an annual average of 303 KWh per household during 2016)

Statistics of power conservation/Year	2012	2013	2014	2015	2016
Cumulative power-saving measures taken (cases)	123	131	145	156	165
Annual power saved (MWh)	38.7	39.8	40.6	41.4	47.2







New energy-saving measures taken in 2016 are listed as follows.		
Item	Power-saving measures taken during 2016	Estimated energy saved (KWh /year)
1	Improvement for the optimization of energy efficiency of the aviation obstruction light.	63,466
2	Energy-saving improvement on the 5℃ chiller pump.	189,216
3	Added #1 gas boiler to reduce electricity usage for electronic boilers.	5,256,000
4	Improvement of energy conservation of the FAB-B Air Washer.	65,700
5	Reduction of the times to start the DIR collection system.	5,621
6	Added additional heating dryer of the CDO.	109,500
7	Energy conservation of the Nitrogen-Ammonia system RO-CIP in the wastewater treatment plant.	675
8	Improvement of energy conservation of the low temperature measuring machine FAB-B (INT) WAT.	26,280
9	Put the ovens in the Testing House with low utilization rate at standby mode and six ovens were stopped.	42,137

3.3 Greenhouse Gases

2016 DMA—Emissions

DMA

Importance	Reduce the operating costs and risks of production disruption.
Policy	Winbond Electronics Corp. strives to become a green and sustainable company that operates in full compliance with environmental laws and regulations and relevant international standards. Through continuous improvement, reduction at the source, and all-staff participation, we are committed to making every effort to protect the natural environment, eliminate any foreseeable risks of environmental pollution, and minimize the impact of production on the environment, in pursuit of a balanced development of economy, society, and ecological environment in our business activities. Winbond has implemented a management program that is aimed at achieving the objectives of energy conservation and carbon reduction by reducing consumption of energy and raw materials and recycling waste.
Goals	The goal of GHG emission per unit of product by 2020 2020 ≦ 14.4 kg CO_2e/layer. Short-term goal: To organize quarterly GHG emission statistics and to conduct greenhouse gas inventory on a yearly basis. Medium-term goal: Greenhouse gas reduction. Long-term goal: To become a green enterprise for the sustainable development of the environment.
Resources	Facility Engineering Department, Module Engineering Department, ESH and Risk Management Department.
Systems	External system: GHG reduction and related management regulations. Internal system: ISO14001 manual/procedure/specification/record (ESH Management Guidelines, ESH risk assessment procedures, identification of ESH related regulations and inspection management procedures, ESH objectives and operating procedures of management programs, GHG inventory management procedures, declaration and management of ESH permits).
Measures	1. ESH objectives and improvements for management programs. 2. Periodic inspection records. 3. Regular inspection. 4. Regular audit.

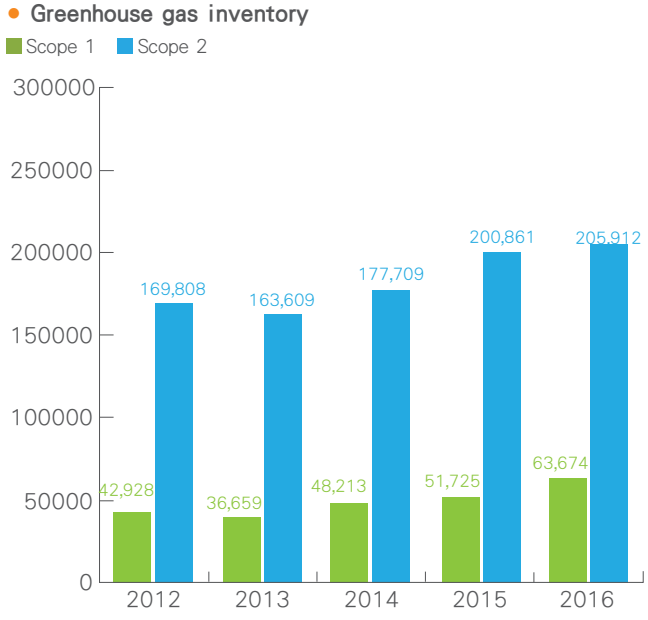
3.3.1 Greenhouse Gas Inventory

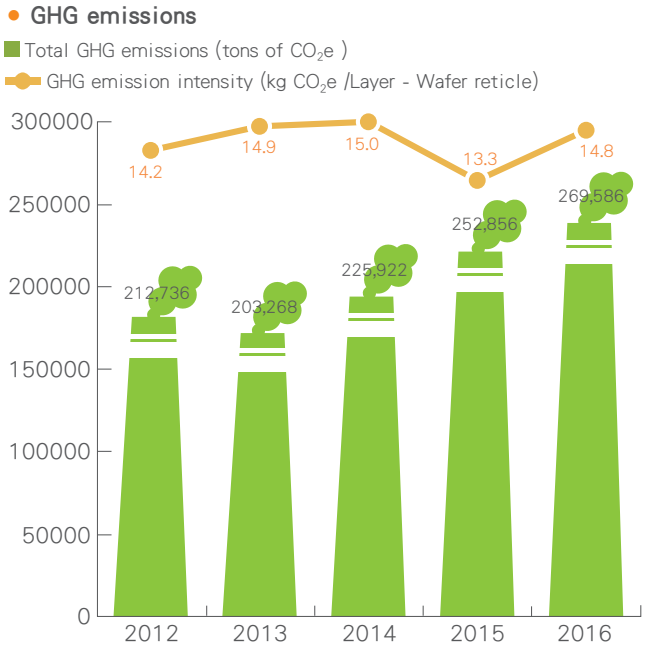
Winbond conducts the annual inventory of the greenhouse gas emission in the plants, and the data are used for a better understanding of GHG related activities so as to establish a prioritized goals for carbon reduction and for the confirmation of results. In Winbond, greenhouse gases are primarily divided into three scopes. Scope 1 is direct GHG emission from manufacturing processes (e.g., hydrochlorofluorocarbons, perfluorocarbon, Perfluorinated compound, N_2O, CH_4, and CO_2), 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. Scope 3 is indirect GHG generated from employees' commuting and traveling, transportation of raw materials, suppliers' production of raw materials and the recycling and handling of waste.

The greenhouse gas inventory in Winbond has passed verifications by third-party agencies during 2006 to 2016. External inventory for 2016 was completed. However, the power coefficient was not yet announced, so the calculation was conducted based on the 2015 power coefficient.

Greenhouse gas inventory/ Year	2012	2013	2014	2015	2016
Scope 1	42,928	39,659	48,213	51,725	63,674
Scope 2	169,808	163,609	177,709	200,861	205,912
Total GHG emissions= Scope 1+ Scope 2	212,736	203,268	225,922	252,856	269,586
GHG emission intensity (kg CO_2e /Layer - Wafer reticle)	14.2	14.9	15.0	13.3	14.8

Unit: tons of CO_2e





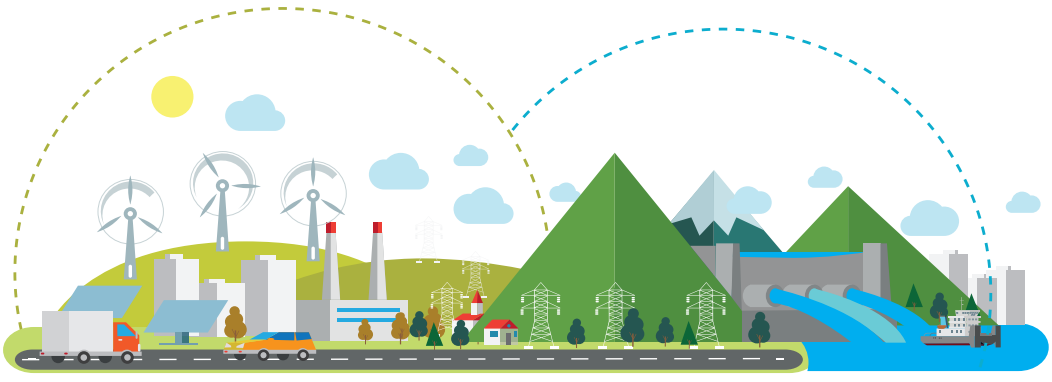
3.3.2 Reduction of GHG Emission

More than 85% of Winbond's GHG emission is resulted from the FCs in manufacturing processes and externally purchased electricity. As a result, our primary goal is to reduce FCs (including the increased process utilization rate and the installation of combustion tail gas treatment equipment) and power consumption. In 2016, the energy-saving measures reduced emission by 179,235 tons of CO_2e, which is equivalent to the carbon sequestration of 484 Da'an Forest Parks (note: calculated on the basis that the Daan Forest Park absorbs 370 tons of CO_2 each year). With respect to future research on more advanced technologies and expansion of production capacity, Winbond will continue to promote all carbon-reduction programs and improve energy efficiency.

Reduction of GHG Emission/Year	2012	2013	2014	2015	2016
Direct reduction	114,322	111,472	124,519	157,912	154,325
Indirect reduction	20,596	20,775	21,137	21,870	24,910
Total reduction	134,918	132,247	145,656	179,782	179,235

Unit: tons of CO_2e





3.4 Water Resources Management

2016 DMA—Water

DMA

Importance	Reduce the operating costs and risks of production disruption.
Policy	Winbond Electronics Corp. strives to become a green and sustainable company that operates in full compliance with environmental laws and regulations and relevant international standards. Through continuous improvement, reduction at the source, and all-staff participation, we are committed to making every effort to protect the natural environment, eliminate any foreseeable risks of environmental pollution, and minimize the impact of production to the environment, in pursuit of a balanced development of economy, society, and ecological environment in our business activities. Winbond has implemented a management program that is aimed at achieving the objectives energy saving and carbon reduction by reducing consumption of energy and raw materials and recycling waste.
Goals	The goal is to maintain the recovery rate of the whole plant ≧ 80 % Short-term goal: To organize quarterly water usage statistics and to conduct assessment of the feasibility of water conservation measures on a yearly basis. Medium-term goal: Reduction of water usage. Long-term goal: To become a green enterprise for the sustainable development of the environment.
Resources	Facility Engineering Department, Module Engineering Department, ESH and Risk Management Department
Systems	External system: Review the water use prospectus of Central Taiwan Science Park Bureau. Internal system: ISO14001 manual/procedure/specification/record.
Measures	1. Set the water-saving goals. 2. ESH goals and improvement of management programs. 3. Regular inspection records.

The main source of water for Winbond is the tap water from Taiwan Water Corporation, which is chiefly supplied by LiyuTan Reservoir and ShiGang Dam, with a small amount coming from rainwater and air conditioning condensate water. The main source of water is tap water, and the water usage plans have to be assessed of the impact and approved by Central Taiwan Science Park Bureau. Therefore, Winbond does not have significant impact on water resources due to water withdraw. The total





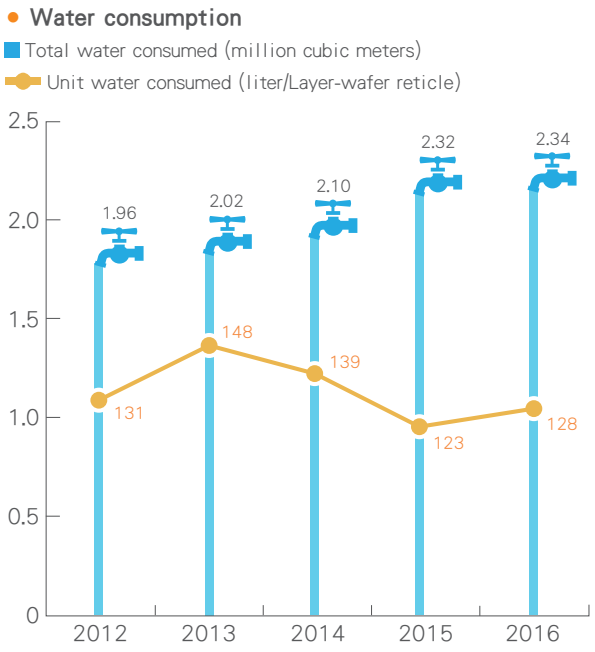
water consumption at Winbond in 2016 was approximately 2.34 million m^3. Water consumption per unit of product – the average water consumption for each layer of reticle for 12-inch wafers is 128 liters. (Note: 1 cubic meter = 1000 liters)

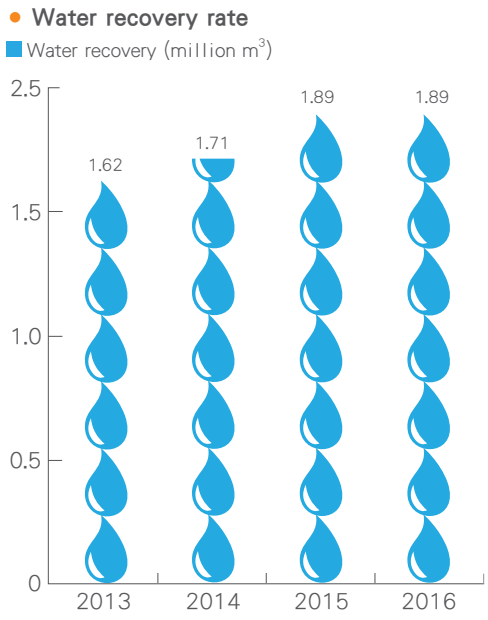
Water consumption/ Year	2012	2013	2014	2015	2016
Total water consumed (million cubic meters)	1.96	2.02	2.10	2.32	2.34
Unit water consumed (liter/Layer-wafer reticle)	131	148	139	123	128

Winbond strives to improve the recycling rate of reclaimed water. The plant-wide recycling rate was approximately 81% in 2016, and the process recycling rate was approximately 91% (in line with the Science Park EIA commitment - the plant-wide reclaim rate should be greater than 77%, and process reclaim rate greater than 85%).

Winbond implemented three new water-saving measures in 2016 and the water conservation increased by approximately 43,000 m^3. From 2012 to 2016, the cumulative water-saving capacity reached 1.25 million m^3, equivalent to 0.23 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^3 in 2013).

Water recovery rate / Year	2013	2014	2015	2016
The plant-wide recycling rate (%)	80%	82%	81%	81%
Water recovery (million m^3)	1.62	1.71	1.89	1.89





The newly added water-saving measures are as follows.		
Item	Water-saving measures in 2016	Estimated water saved (Unit: m^3)
1	Improvement of FAB-B UPW apparatuses and equipment drainage circuit	21,193
2	Improvement of replenishment of the acid gas scrubber	21,400
3	Improvement of the water recovery of MB	495

3.5 Pollution Control

2016 DMA—Wastewater and Waste

D M A

Importance

Reduce the operating costs and risks of production disruption.

Policy

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

Goals

The goal is to maintain the waste recovery rate ≧ 90 %
Short-term goal: To have annual waste production statistics and assess the feasibility of waste reduction measures.
Medium-term goal: Waste reduction.
Long-term goal: To become a green enterprise for the sustainable development of the environment.

Resources

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

Systems

External system: Water Pollution Control Law and Waste Disposal Act.
Internal system: ISO14001 manual/procedure/specification/record (ESH Management Guidelines, ESH risk assessment procedures, identification of EHS related regulations and inspection management procedures, ESH objectives and operating procedures of management programs, GHG inventory management procedures, declaration and management of ESH permits).

Measures

1. ESH goals and improvement of management programs. 2. Regular inspection records. 3. Regular inspection. 4. Regular audit.






Air Pollution Control facilities

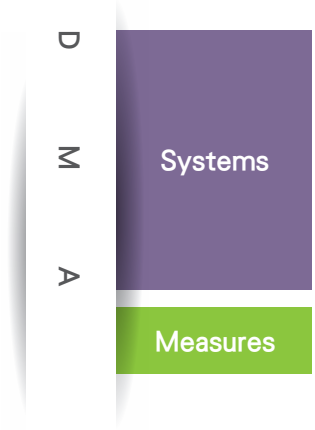
Water Pollution Control facilities

3.5.1 Air Pollution Control

2016 DMA—Air Pollution

DMA

Importance	Reduce the risk of production disruption.
Policy	Winbond Electronics Corp. strives to become a green and sustainable company that operates in full compliance with environmental laws and regulations and relevant international standards. Through continuous improvement, reduction at the source, and all-staff participation, we are committed to making every effort to protect the natural environment, eliminate any foreseeable risks of environmental pollution, and minimize the impact of production to the environment, in pursuit of a balanced development of economy, society, and ecological environment in our business activities. Winbond has implemented a management program that is aimed at achieving objectives of energy saving and carbon reduction by reducing consumption of energy and raw materials and recycling waste.
Goals	Short-term goal: To have quarterly statistics of air pollutant emissions and assess the feasibility of reduction measures. Medium-term goal: Reduction of air pollutant emissions. Long-term goal: To become a green enterprise for sustainable development of the environment.
Resources	Facility Engineering Department, ESH and Risk Management Department



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

1. Regular inspection records. 2. Regular inspection. 3. Regular audit.

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

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

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

Winbond's volatile organic compounds (VOC) emissions treatment system uses clean natural gas as fuel to reduce combustion derivative pollution. In 2016, the average VOC removal rate at Winbond was 98%, higher than the rate set by EPA. Regarding Winbond's emission indicators, VOC emissions per layer of reticle for 12-inch fab dropped from 0.16g in 2015 to 0.14g in 2016, a reduction of approximately 12.5%. In addition, based on the results of Winbond's routine inspection on emission pipes and the EPA air pollutant emission factors of NOx and SOx, it is estimated that the NOx emissions was 11.360 tons and SOx was 0.294 tons in 2016.

Air pollution testing item	2012	2013	2014	2015	2016
Average removal rate of VOCs	97%	98%	98%	97%	98%

3.5.2 Water Pollution Control

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

	COD	SS	BOD
Effluent standard at CTSP	500mg/L	300mg/L	300mg/L
Monitoring value, 2016/6/1	18.4mg/L	12.4mg/L	2.7mg/L
Monitoring value, 2016/11/22	43.1mg/L	15.1mg/L	6.6mg/L

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

The wastewater control equipment at Winbond operates with what's known as the "N +1" mechanism with respect to the processing facilities and spare parts. It has also established a comprehensive set of managerial and operational protocols to maximize the efficiency of the facilities. Monitoring systems are established at the far-end of the pollution control facilities to monitor the status of waste treatment. In the event of abnormality in wastewater analysis, the staff on a 24-hour duty transfer the wastewater back to the facility for reprocessing in accordance with prescribed emergency response and notification procedures in order to avoid environmental pollution and violation of laws and regulations. No chemical or waste leakage or environmental violations occurred in 2016.



3.6 Waste Management and Resource Recycling

In 2016, the waste generated at Winbond was approximately 5,285 tons. When measured with the per unit of product indicator, the production of each layer of reticle for 12-inch fab produces approximately 0.290 tons of waste. Among all the waste generated, 3,895 tons belong to hazardous business waste, and due to the fact that there are no qualified waste treatment plants, qualified clearance agencies are then commissioned in accordance with the law to transport the waste to qualified processing plants in Korea.

Category	2012	2013	2014	2015	2016
Output of general waste (ton/year)	2,419	2,217	2,430	2,741	3,158
Recycling rate (%)	93.0	91.4	67.4	92.1	93.5
Incineration rate (%)	7.0	8.6	10.1	7.9	6.5
Landfill rate (%)	0	0	22.5	0	0
Output of hazardous waste (ton/year)	1,651	1,671	1,920	2,178	2,127
Recycling rate (%)	94.9	99.2	95.8	95.4	88.7
Incineration rate (%)	4.7	0.6	3.8	4.2	11.2
Landfill rate (%)	0.4	0.2	0.4	0.4	0.1
Overall waste recovery rate (%)	94	95	80	94	92









3.7 Expenditure and Investment on Environmental Protection

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



Costs (in thousand NTD)

Type of expense	Expenditure	2014	2015	2016
New pollution control facilities	Air Pollution Control facilities	102,010	5,504	167,710
	Water Pollution Control Facilities	163,131	189,731	149,923
Operation and maintenance of pollution control facilities	Air Pollution Control facilities	47,553	43,499	41,997
	Water Pollution Control facilities	31,381	46,594	52,693
Water disposal	General Waste	9,745	11,695	14,689
	Hazardous Waste	7,675	12,422	21,511
Total	--	361,495	309,445	448,523
Revenue (individual)	--	30,929,689	30,843,606	33,534,343
Percentage of the revenue (Total expenditure/ revenue)	--	1.17%	1.00%	1.34%



Earnings (in thousand NTD)

Type of expense	2014	2015	2016
Reuse of Waste	6,351	19,206	8,161
Power-saving measures	2,850	91,870	109,150
Water-saving measures	45,560	3,862	3,194
Total	54,761	114,938	120,505

4 Workplace Co-prosperity

25.85 million

142 employees have been granted the child-rearing allowance with a total subsidy amounting to NT$25.85 million in 2016.

100%

In 2016, 100% of the frontline and supportive staff received performance appraisal.

1.3~1.9 times

In 2016, Winbond raised the basic monthly salary standard for inexperienced employees to 1.3-1.9 times the minimum salary required by law and raised the salary according to their performance to reward and retain talents.

National Solidarity Competition awards highest honor

Between 2013 and 2016, Winbond won the National Solidarity Competition awards. In 2016, we won the highest honor of Golden Tower Prize, Silver Tower Prize and Bronze Tower Prize.

87 drills

87 drills were carried out to enhance the emergency response capability of the plants in 2016.

100% completion rate

By the end of 2016, the CSR course (including labor rights, environmental protection, health and safety, and ethical norms) has been offered to a total of 2,299 person-times, totaling 966 study hours and a 100% completion rate.

Work Life Balance Award

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

1.779 staff members

All-staff CPR and AED trainings are conducted. By the end of 2016, a total of 1,779 staff members have completed the training.

38,421 km

Our employees were encouraged to go walking in 2016, and there were 8,244 people participating in walking activities, covering a total distance of 38,421 km, which is equivalent to 34 laps around Taiwan.

Bonus Systems

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



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

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

4.1 The Hiring of Employees

Winbond is home to talents with the core value of "Integrity, Accountable Team, Learning with Passion, Active Innovation and Sustainable Contribution". In addition to complying with domestic and international labor regulations and the electronic industry code of conduct (EICC), we place great emphasis on employees' rights and wellbeing. No individuals under the age of 15 (or those who fail to complete the compulsory education) can be hired. We comply with laws with respect to related protective measures of women and employees above the age of 15.

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

4.1.1 Workforce Structure

The Number of Employees Worldwide

As of December 31, 2016, Winbond employs 2,670 people worldwide, including 2,432 employees at the headquarters and 238 at overseas service bases. The ratio of male to female employees is approximately 2 to 1.

Year		2014			2015		
Category		Headquarter	Overseas service bases	Total	Headquarter	Overseas service bases	Total
Male	Number	1,465	152	1,617	1,519	172	1,691
	Ratio(%)	66	73	67	65	74	67
Female	Number	748	57	805	804	62	866
	Ratio(%)	34	27	33	35	26	33
Total	Number	2,213	209	2,422	2,323	234	2,557
	Ratio(%)	91	9	--	91	9	--

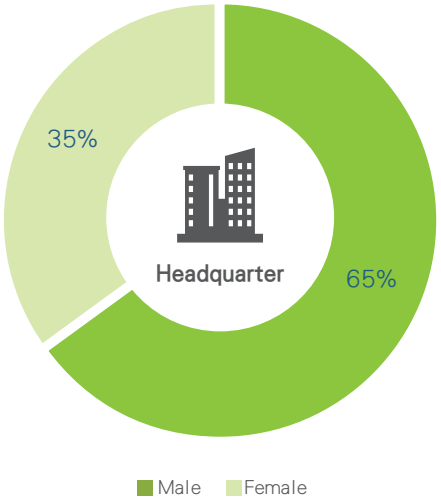
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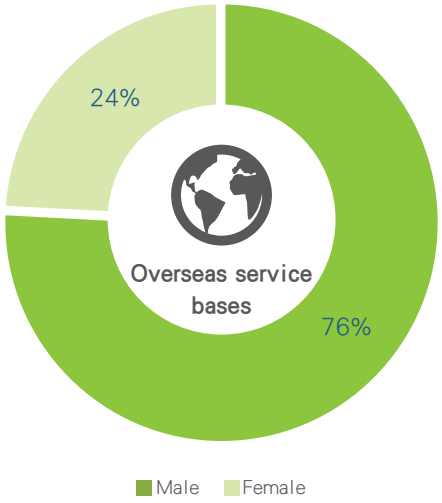
1. Overseas service bases cover bases in the USA, Japan, Suzhou, Hong Kong, and Israel.
2. High-level management at headquarters are local workers.

Year		2016		
Category		Headquarter	Overseas service bases	Total
Male	Number	1,588	181	1,769
	Ratio(%)	65	76	66
Female	Number	844	57	901
	Ratio(%)	35	24	34
Total	Number	2,432	238	2,670
	Ratio(%)	91	9	--

Note:

1. Overseas service bases cover bases in the USA, Japan, Suzhou, Hong Kong, and Israel.
2. High-level management at headquarters are local workers.

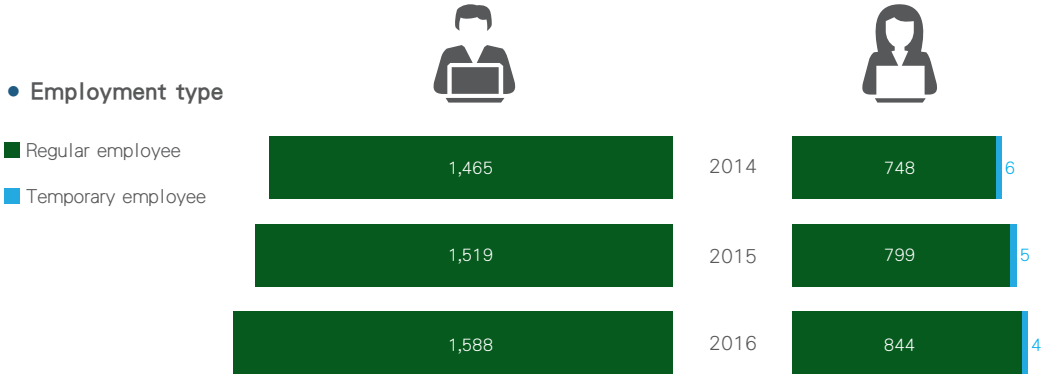


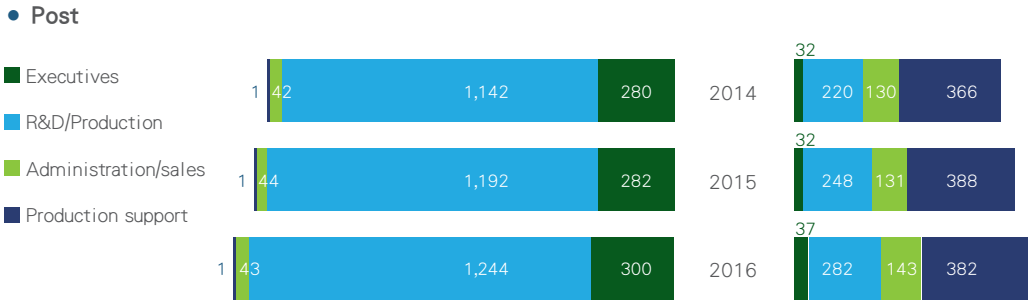


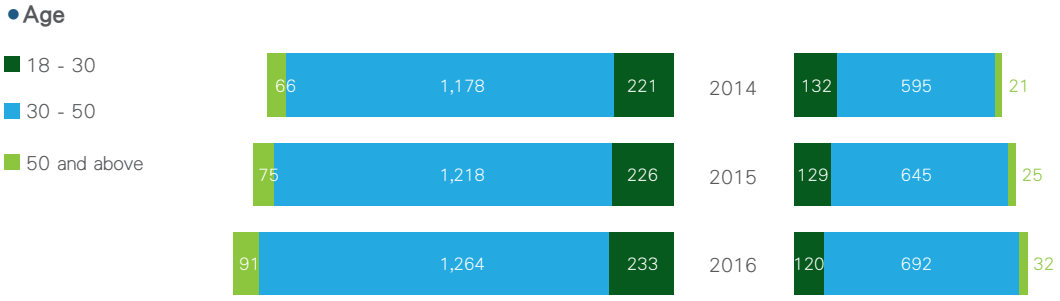


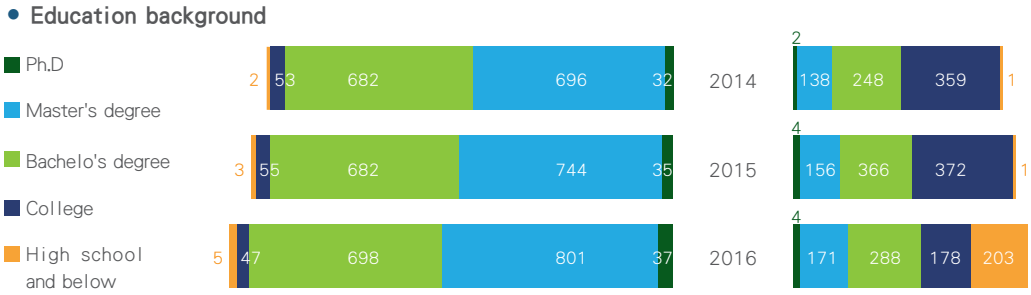
Employment Type

In terms of employment structure at the headquarters, the general staff consists of 2,432 frontline and supportive employees, which includes 35 regular contract employees (five male and 30 female employees), and 4 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. 80.43% of our employees in Taiwan are aged between 31 and 50 years old. 82.20% have the bachelor's degree or above.









4.1.2 Talent Attraction and Retention

2016 DMA—Manpower Planning, Training and Education

D M A

Importance	Talents are the cornerstone of enterprise development, Winbond spares no effort to recruit and retain talents. We offer competitive salary and benefits to attract talent. In addition, we review relevant laws and regulations on labor wages and benefits on a quarterly basis to ensure that the management policy for employees is in line with the law and to safeguard employees' jobs and quality of life as well as improve the rate of talent retention and the company profit growth.
Policy	We offer a salary and benefits system that exceeds the criteria established by laws and regulations.
Goals	Short-term goal: To provide a competitive salary and benefits system to attract more talent. Medium-term goal: Excellent talent will bring new ideas and thinking for enterprises, enhancing the company's productivity and bringing the stable profit growth to the company.
Resources	1. The recruitment of talents through diversified recruitment channels and rigorous selection mechanisms such as the campus recruitment, R&D alternative service and corporate visits. 2. Winbond regularly reviews market conditions, offers a competitive salary and benefit system to attract more talent.
Systems	External system: Salary and welfare related laws and regulations Internal system: Training management procedure
Measures	We regularly review the various related laws and regulations on labor pay and benefits and the results will be kept for records.

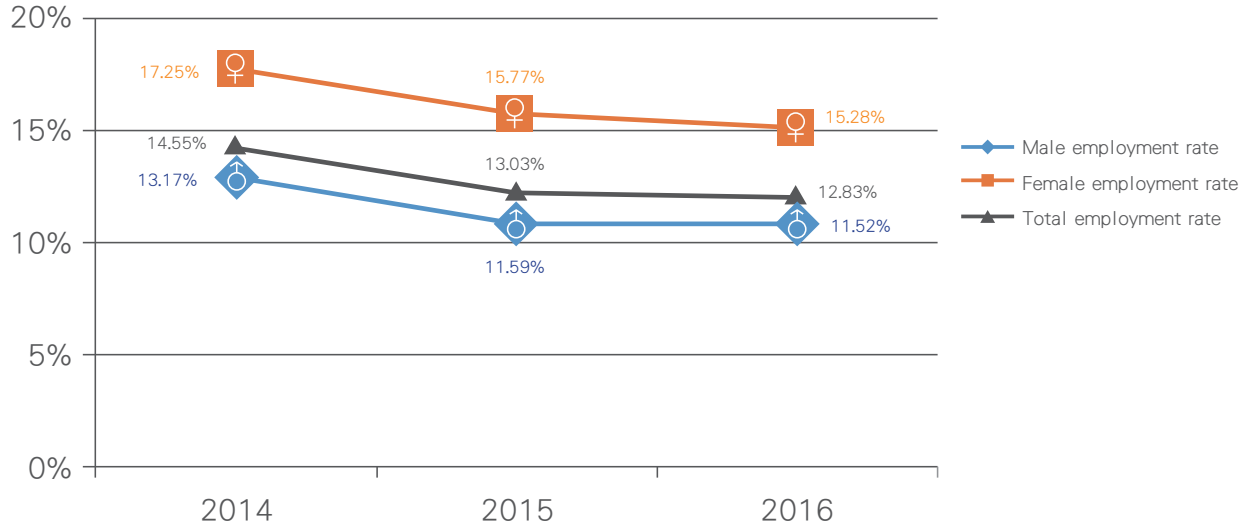
Winbond spares no effort to retain talents. We offer a salary and benefits system that exceeds the criteria established by laws and regulations. In addition to reviewing relevant laws and regulations on labor wages and benefits on a quarterly basis, the Company also regularly adjusts the pay and welfare standards in accordance with market conditions so as to safeguard employees' quality of life and attract more talents. We believe that a reasonable turnover may bring new ideas and thinking into our enterprise.

Winbond's average hiring rate was 12.83% and the average turnover rate was 7.73% in 2016. By means of diverse hiring activities such as campus recruitment, R&D alternative service, corporate visits, and summer internship programs, we hired 312 employees in 2016, of which 51% (aged 31 and above) have extensive professional experience, whose joining would rapidly promote the organizational efficiency.

Hire

Distribution of gender of the newly hired during 2016						
Year	Number of new male employees	Employ-ment rate, male	Number of new female employees	Employ-ment rate, female	Total number of new employees	Total employ-ment rate
2014	193	13.17%	129	17.25%	322	14.55%
2015	176	11.59%	126	15.77%	302	13.03%
2016	183	11.52%	129	15.28%	312	12.83%

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



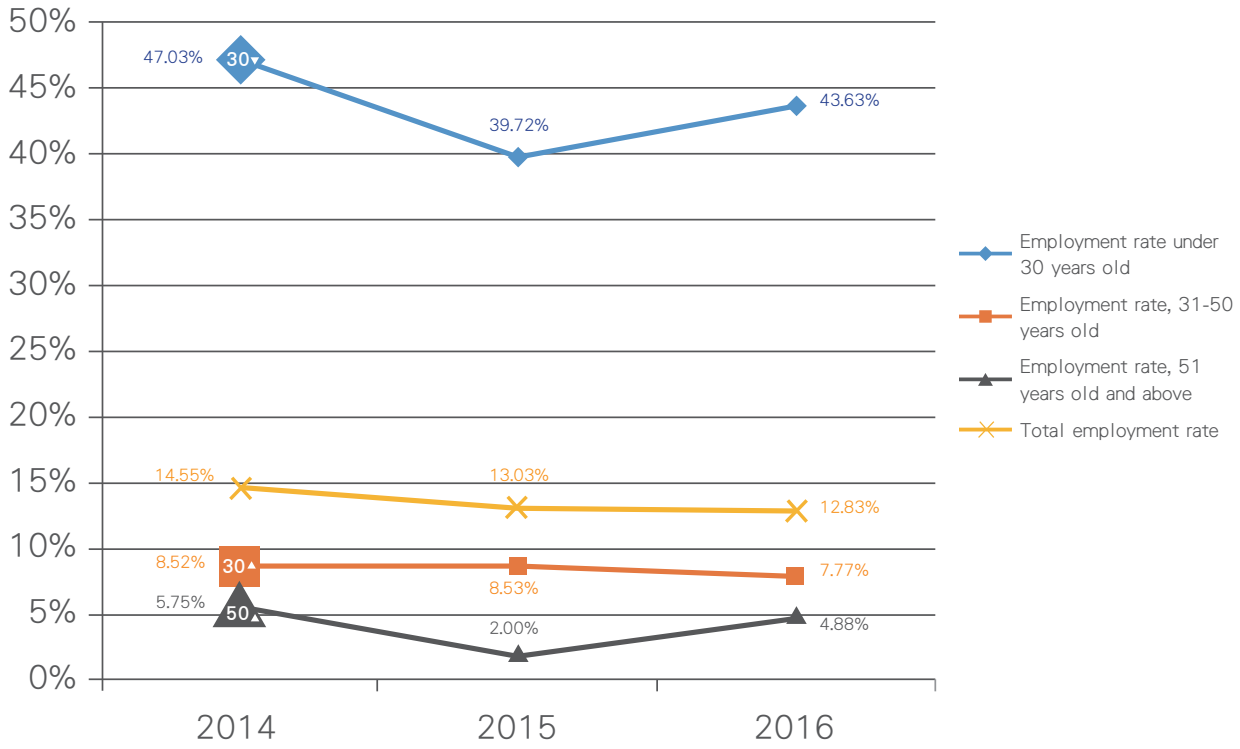
Distribution of age of the newly hired during 2016						
Year	Number of new employees under 30 years old	Employ-ment rate under 30 years old	Number of new employees aged 31-50 years old	Employ-ment rate at 31-50 years old	Number of new employees aged 51 years old and above	Employ-ment rate at 51 years old and above
2014	166	47.03%	151	8.52%	5	5.75%
2015	141	39.72%	159	8.53%	2	2.00%
2016	154	43.63%	152	7.77%	6	4.88%

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

Distribution of age of the newly hired during 2016		
Year	Total number of new employees	Total employment rate
2014	322	14.55%
2015	302	13.03%
2016	312	12.83%

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

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



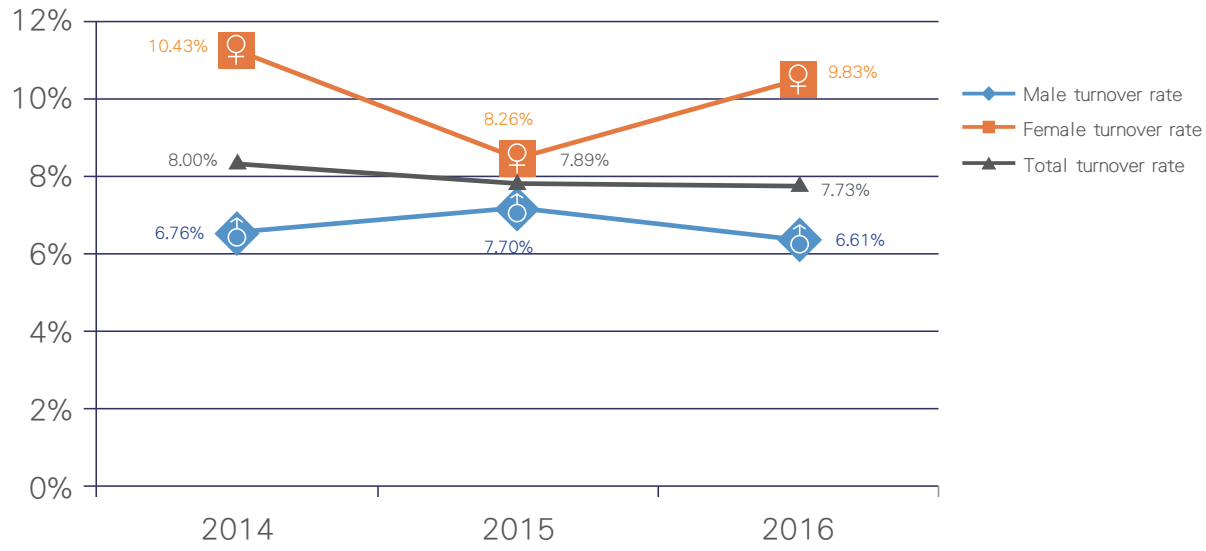


Staff Turnover

The number of retired/resigned employees in the past three years - by gender						
Gender / Year	Male		Female		Total number	
	Number	Ratio	Number	Ratio	Number	Ratio
2014	99	6.76%	78	10.43%	177	8.00%
2015	117	7.70%	66	8.26%	183	7.89%
2016	105	6.61%	83	9.83%	188	7.73%

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

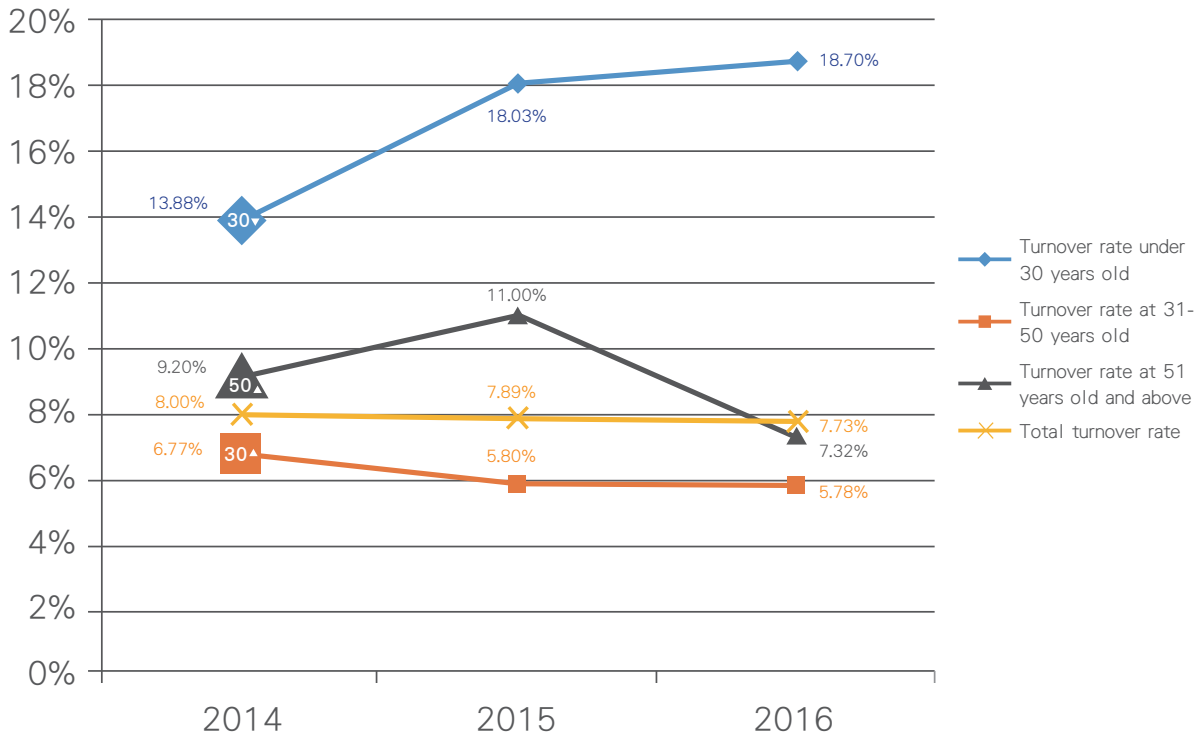
- The number of retired/resigned employees in the past three years - by gender



The number of retired/resigned employees in the past three years - by age								
Year	Number of retired/ resigned employees under 30 years old	Turnover rate under 30 years old	Number of retired/ resigned employees aged 31-50 years old	Turnover rate at 31-50 years old	Number of retired/ resigned employees aged 51 years old and above	Turnover rate at 51 years old and above	Total turnover rate	Total turnover rate
2014	49	13.88%	120	6.77%	8	9.20%	177	8.00%
2015	64	18.03%	108	5.80%	11	11.00%	183	7.89%
2016	66	18.70%	113	5.78%	9	7.32%	188	7.73%

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

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



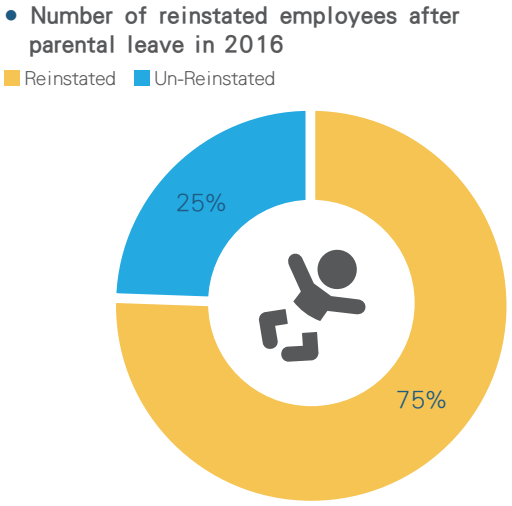
Parental Leave and Reinstatement Rate

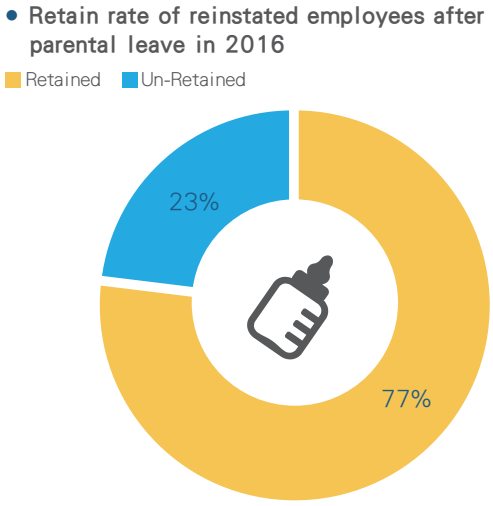
We are committed to providing a work environment where employees maintain a mind-body balance. We adhere to the Labor Standards Act and the Gender Equality Act so that we can strike a work-family balance. If the employees have the need to take care of the young children under 3 years old, we will assist them in applying for parental leave. We will help arrange our colleagues to return to their original units and duties after the parental leave. In 2016, 31 employees were on parental leave without pay, while the reinstatement rate after the parental leave was 75%.

The number of persons on parental leave and the number of reinstatement during 2016:			
Type	Male	Female	Total
Number of people eligible for parental leave without pay *	345	140	485
Number of people applying for parental leave without pay	6	25	31
Expected Reinstatements (A)	5	15	20
Actual Reinstatements (B)	3	12	15
Reinstatement rate (B/A)	60%	80%	75%

* The statistics include the employees who applied for maternity leave and paternity leave from Jan. 2, 2013 to Dec. 31, 2016 and are still in service as of Dec. 31, 2016 (including leave without pay).

Retain rate of employees after parental leave without pay during 2016			
Type	Male	Female	Total
Number of reinstated employees in 2015 (A)	0	13	13
Number of people working for more than one year after reinstatement (B)	0	10	10
Retention rate (B/A)	-	77%	77%





Hiring of Employees with Disabilities

During recent years, Winbond has been an active employer for individuals with mental or physical disabilities. With assistance from governmental employment counseling agencies, we have steadily increased the employment in this category. As of December 31, 2016, we have hired 21 staff members with disability, all of whom are placed on actual job duties, and the number of employees with physical and mental disability hired is 22 after being weighted by the degree of disability, making it 2 employees short based on the required employment quota, which was mainly due to the fact that the conditions on the resumes did not meet the job requirements. All employees with disability are employees who are actually involved in the company's business. The conditions of these employees are analyzed prior to their employment so that specific arrangements could be made for them with respect to the working environment and equipment they work with, thus assisting them to fit in more easily.

Gender / Number and ratio	Male		Female		Total number of employees
	Number	Ratio	Number	Ratio	
Employees hired	16	80%	5	20%	21
Weighted by the degree of disability	17	80%	5	20%	22

4.1.3 Performance Management

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

Newly hired staff are assessed during the probation period. The employees' personal feedback and supervisory evaluation results are used at an early stage to determine whether the newly hired are qualified. Regarding performance management, performance goals are set at the beginning of the year, which are checked every six months for progression through the performance review system. Additionally, mid-year and year-end assessments are performed to appraise the performance of the employees. The evaluation results are used as a reference for bonus, promotion, and performance counseling. In 2016, 100% of the frontline and supportive staff received performance appraisal.

4.2 Employee Benefits and Rights

2016 DMA—Talent Retention / Salary Reward

D M A

Importance

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

Policy

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

Goals

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

Resources

1. Reward system: Winbond Star prize, special bonuses, Operating performance bonuses, employee bonuses, Incentives and bonuses, and patent bonuses.

D M A

Resources

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

Systems

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

Measures

1. The company reviews relevant laws and regulations on labor wages and benefits on a regular basis.
2. The Company adjusts its pay and benefit standards in accordance with market conditions in the industry and the needs of employees.

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

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

4.2.1 Salary and Benefits

In 2016, Winbond raised the basic monthly salary standard for inexperienced employees to 1.3-1.9 times the minimum salary required by law. Additionally, performance-based salary adjustment and bonuses were also practiced. Every employee at Winbond receives equal opportunity for salary, benefit, assessment, and promotion, regardless of race, color, religion, political affiliation, gender, sexual orientation, age, marital status, pregnancy, disability, or union membership.

Ratio of staff standard salary to local minimum salary

Basic wage is the guaranteed minimum wage. Winbond provides a starting salary of 1.3 to 1.9 times higher than the minimum wage for inexperienced frontline and supportive employees.

Type of employee	Male	Female
Frontline employees (Note 1)	1.3 times	1.3 times
Supportive employees (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 degree in engineering.

Ratio of average male salary to average female salary

The remuneration is offered to our employees in accordance with their positions, education background and experience.

Type of employee	Female	Male
Senior managers (Note 3)	1	1.1
Middle managers (Note 4)	1	1.2
Middle managers (Note 4)	1	1.1

Note 3: executives above division level

Note 4: department and section level executives

Bonus

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

Significant contributors (individuals or teams) of the Company whose work demonstrates Winbond's corporate culture (Integrity, Accountable Team, Learning with Passion, Active Innovation and Sustainable Contribution) are commended on a quarterly basis.



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

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

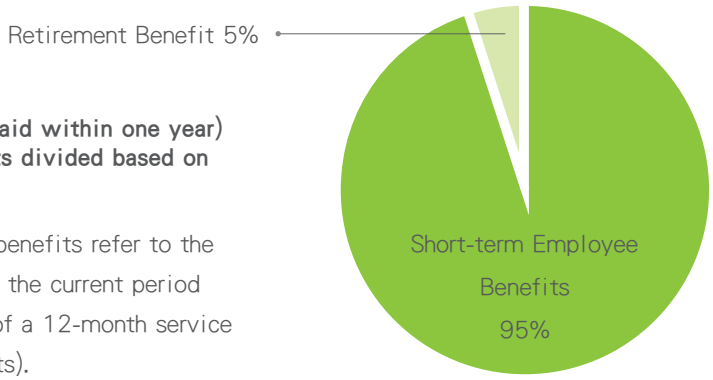
Team-building activities are organized regularly to enhance morale of the staff and maintain a good working atmosphere.

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

4.2.2 Employees' Benefits

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

The employees' benefits include salary, bonuses on three festivals, special bonus, performance bonus, pension and others. The total expenditure on employees' benefits was NT$7,068,661 thousand dollars (including those of the subsidiaries) in 2016, which included NT$6,701,124 thousand dollars for the benefits[1] of short-term employee, and NT$ 367,537 thousand dollars for the benefits after retirement.



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

Note 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).

Group Insurance

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

Retirement Protection

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

Leave System

◆ Vacation Policy

To enable our 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 and adding colors to their lives.

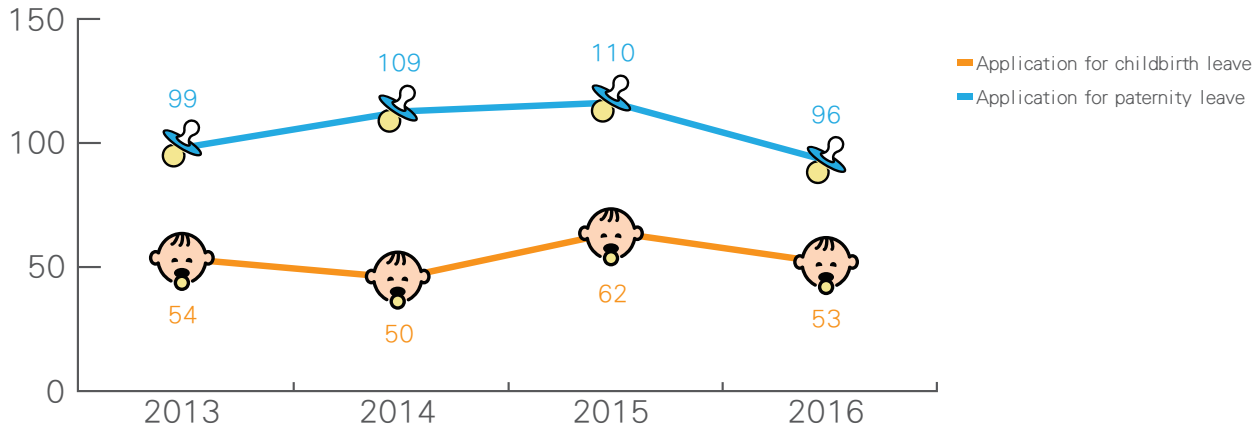
◆ Respect for human rights and equality

At Winbond, all employees are treated equally with respect to leaves, and human rights are respected. Aboriginal employees are entitled to a yearly one-day leave on the day of tribal rituals. Winbond adheres to the Act of Gender Equality in Employment, and all employees may apply for leaves on the basis of menstruation, antenatal care, pregnancy check-ups, childbirth, paternity leave, childcare leave without pay, and family care.

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

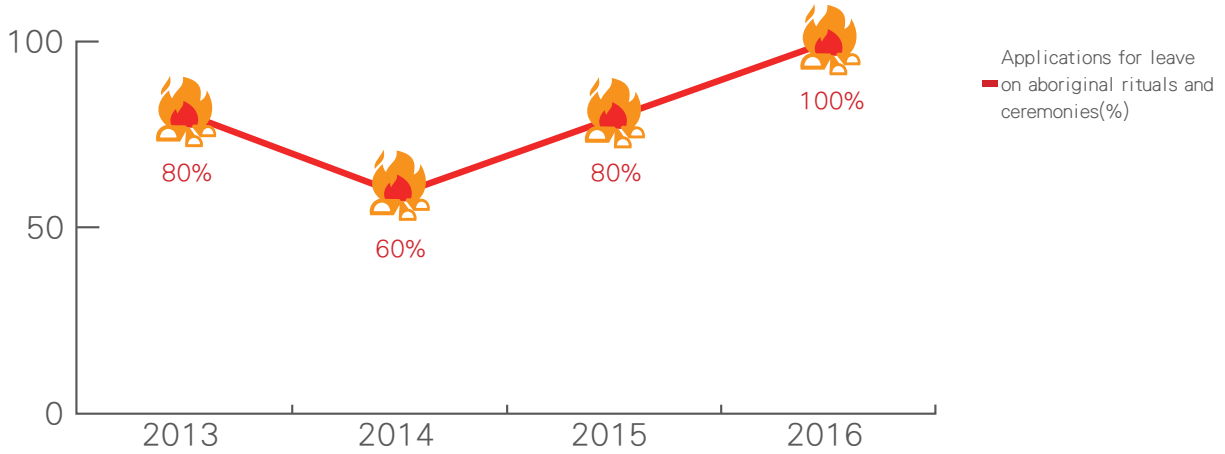
Note: The number in the table includes the staff and engineering assistants at the headquarters (the employees on a leave without pay are not included).

● Applications of childbirth and paternity leave



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

- Applications for leave on aboriginal rituals and ceremonies



Employee Family Day

Winbond holds the Employee Family Day every year, which not only enables our employees' family to better understand Winbond, but also shows that Winbond pays attention to the meaning of LOHAS and a healthy family-work balance in the employees' lives. In 2016, the annual Family Day was held for the first time in Xihu Sugar Factory in Changhua. The core spirit of the health and LOHAS was promoted to each family through the encouragement of walking. We held the walking activities for the railway history education in Xihu Sugar Factory by sending gifts.




2016
華邦電子
家庭日


集章兌換處


Winbond






燈籠蛋塔
甘草



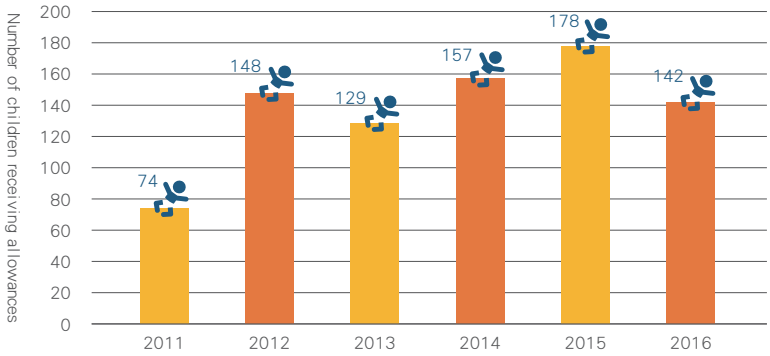


Child-rearing Allowance

In response to the Government's promotion of encouraging childbirth, Winbond has implemented a "Child-Rearing Allowance" policy since April 2011. Employees can receive a monthly subsidy of NT$5,000 for each child they give birth to, until the child reaches 4 years old. The employees' childbirth rate has been effectively raised. A total of 828 applications have been made during 2011 to 2016, which helps novice parents reduce the financial burden of parenting, enhancing the reinstatement rate and the sense of happiness of our employees.

Item	Description
Content of allowance	Sum of allowance: NT$ 5,000 every month for every new born child Allowance duration: Until the child reaches the age of 4
Implementation	Number of applications: A total of 828 applications have received the allowances during 2011 to 2016.

- Ratio of child rearing allowance in 2011~2016



This allowance was originally scheduled to be terminated in March 2016; however, due to the excellent effects in promoting fertility, it was decided to be extended to 2020. By 2016, a total of 102 male and 40 female employees have been granted the subsidy with a total subsidy amounting to NT$25.85 million, the highest amount in the industry.

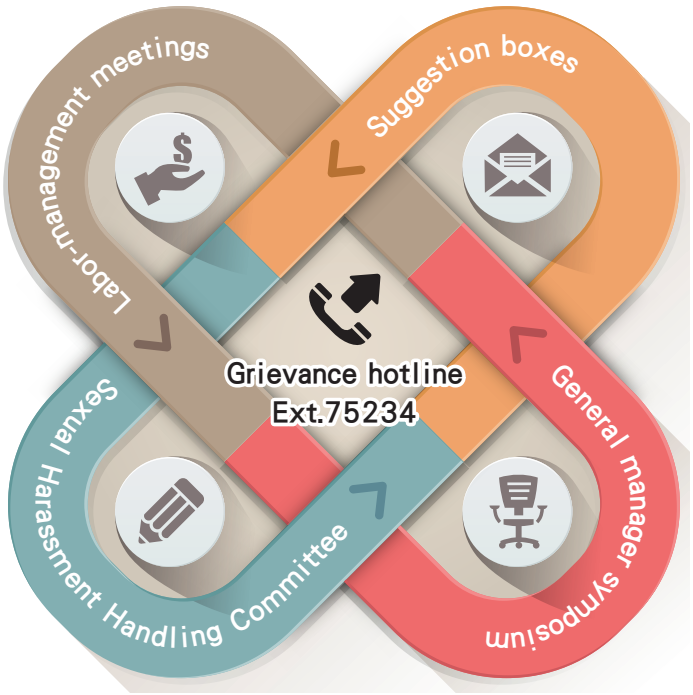
Statistics show that the employees who have received the subsidy have a lower turnover rate than the Company's average, showing that the policy has not only played a positive role in retaining talents, but also earned the Company a reputation as a model enterprise safeguarding employees' well-being.

Allowance for Childbirth and Marriage

In addition to child-rearing subsidies, the employees also receive marriage subsidies and maternity benefits. In 2016, a total of 36 male and 17 female employees received marriage subsidies, and 76 male and 30 female employees received maternity benefits, with a total sum of NT$ 253.5 thousand. The number of applications for childbirth and marriage subsidies during 2016 decreased by 0.77 times compared to 2015, where a total of 217 employees applying for either childbirth or marriage subsidies.

4.2.3 Communication Channels

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



Suggestion Box

Suggestion boxes are placed near staff cafeteria and production line lounges to solicit employees' ideas or suggestions with respect to their work and life. By the end of 2016, 25 proposals have been received and processed through the suggestion boxes. The company sets up a "5234" hotline for the grievance from employees. During 2016, 1 case of complaint was received and was properly handled.





Grievance Hotline

To build a work environment free from sexual harassment for the protection of the rights of staff and job seekers, Winbond formulated the "Workplace Sexual Harassment Prevention Rules" and established the "Sexual Harassment Appeal Committee" with a dedicated Website for workplace sexual harassment prevention. Up to 2016, no cases of harassment have occurred since the establishment of the rules.





Labor-management meetings

The Company convenes labor-management meetings to achieve instant two-way communication. By periodical re-election of labor representatives, all employees' opinions and suggestions are collected. 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 2016, eight labor-management meetings and two briefings were convened in Chu-pei and CTSP site, and a total of 8 problems reported in the meetings were addressed.

Executive management seminar

The purpose of the management seminar is to enable all executives to directly interact with the chairman and general manager on issues related to the Company's operation and managerial system. Four executive management seminars were held during 2016, and were attended by a total of 1,380 person-time.

General manager symposium

In order to strengthen the communication of the Company's strategic objectives, general manager symposium has been held every six months since 2012. The general manager discussed and exchanged ideas with the employees face to face. In addition to better understand the corporate strategies, our employees can also ask questions and give suggestions regarding the work and daily life in the symposium. Two general manager symposiums were held in 2016, and were attended by a total of 2,402 colleagues.

Plant communication meetings

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

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

Records of opinions and grievance from the communication channels at Winbond's headquarters in 2016:

Communication Channels	Number of cases received	Number of closed cased	Response rate (%)
Suggestion box	25	25	100%
Grievance hotline	1	1	100%
Sexual harassment complaint mechanism	0	0	100%
Labor-management meetings	8	8	100%
General manager symposium	15	15	100%

4.3 Talent Training

2016 DMA—Training and Education

D M A

Importance	Continue to cultivate talent in order to maintain the company's core competitiveness.
Policy	The company continues to provide a comprehensive training program to enhance employees' competency development.
Goals	Based on the Company strategy, needs survey and resource allocation, the training programs for various courses are arranged. In addition to tracking the progress of the course every quarter, we also calculate the annual implementation rate of the learning courses at the end of the year. If the rate is less than 80%, a review report is required to explain the reasons and improvement actions.
Resources	Winbond has launched a newcomer training program since the second half of 2016 to help newcomers quickly fit into the company, learn the skills needed for work, embed cultural DNA in them as cultural seeds, and enhance organizational commitment and willingness of retention.
Systems	Internal system: Training management procedure
Measures	Each year, the annual training programs for various courses will be arranged. The annual implementation rate of the learning courses shall be at least 80%.

4.3.1 Learning and Development

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

According to the training development cycle, the annual programs are arranged by analyzing the needs, then the training activities are planned, and the effectiveness of which will be evaluated. The actual implementation rate of the learning courses was 94% in 2016.

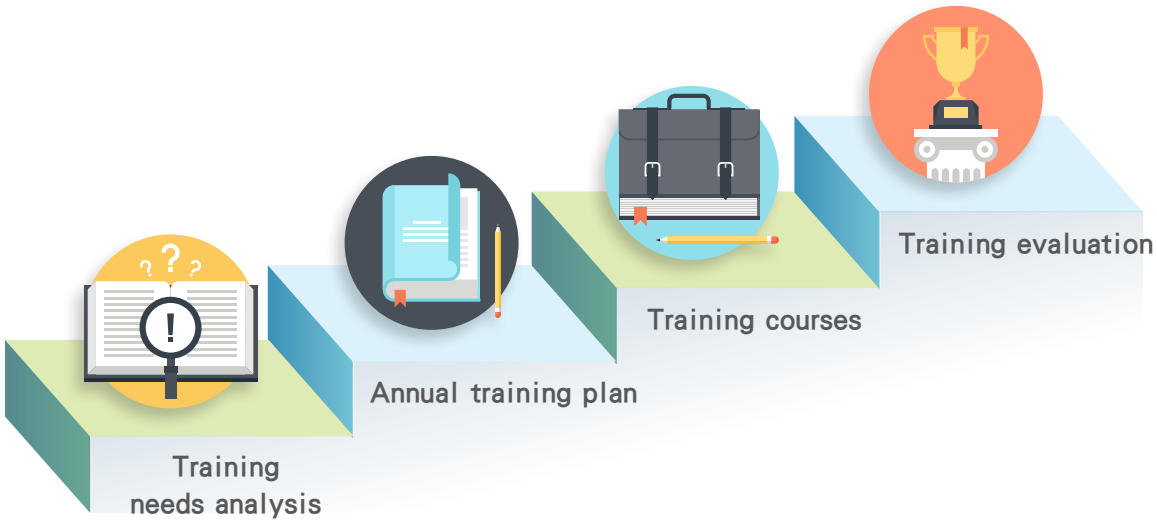




4.3.2 Training Development

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

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



4.3.3 Diversified training and the establishment of learning systems

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



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

Innovation - the pursuit of organizational growth momentum

In recent years, innovation has become an indispensable part in the pursuit of a company's business excellence. We continue to promote innovative tools-related courses, in which our employees form groups to take part in project-based learning and guided applications. Over the past five years, our continued development has yielded a pool of 48 innovative ideas. Totally, 1,071 person-times have attended courses related to innovation and invention tools, with a total of 5,790 training hours.

Quality - the pursuit of customer service values

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

To achieve these objectives, Winbond implements foundational and advanced training on quality management every year, and all staff are obliged to take part in the quality and reliability assurance initiative. Every department and individual are responsible for making "zero defect" in their operation. At the same time, Winbond also encourages its employees to participate in the "National Solidarity Circle Competition" organized by the Ministry of Economic Affairs, in which they can develop a team spirit, strengthen the organization and improve the competitiveness. The competition process is rigorous. We have to be selected among the north, central and south areas to be able to enter on-site review and even to the final announced by the general assembly. The Golden Tower Prize, Silver Tower Prize and Bronze Tower Prize will be awarded according to the total score. From 2013 to 2016, our staff have been winners of the National Solidarity Circle Awards. We even won the highest honor of Golden Tower Prize, Silver Tower Prize and Bronze Tower Prize in 2016.

Year	Ordinal # of competition	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
2016	The 29th	Golden Tower Prize, Silver Tower Prize and Bronze Tower Prize



The 29th Golden Tower Prize, Silver Tower Prize and Bronze Tower Prize in 2016

New Employee Champion Camp

Winbond has launched a two-week training program since the second half of 2016, which aims at helping newcomers aged between 18 and 30, with work experience of three years or less to quickly fit into the company, learn the skills needed for work, embed cultural DNA in them as cultural seeds, and enhance organizational commitment and willingness of retention.





New Employee Training Courses

Understanding the corporate culture

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

KSA required to learn for work

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

Establishing interpersonal networks

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



Feedback of a new comer in the 1st New Employee Champion Camp

I started my career by joining Winbond right after graduation. I was excited, but at the same time, I felt nervous and anxious. As a new staff I was afraid of not adapting well to the workplace, or performing so poorly that I might not leave such a great impression on my supervisor. Positively, Winbond held a training program for all new staff to get us familiarized with the company. From getting to know each other, introducing the company's profile, to the individuals and teams competition, the schedule was very tight but educational. Even though, it was the company's first attempt at this, but the courses offered were well organized and went smoothly. Besides offering all kinds of self-improvement courses, I was also impressed by the company's corporate culture. Each of the courses was closely linked to the corporate culture, which virtually brought the participants together. After this training session, I felt bound to Winbond's corporate culture and started working here with a sense of belonging.

Sparing no effort to the promotion of fundamental training

Winbond believes that continuous learning constitutes the cornerstone of innovation. The company provides the staff with a variety of training resources and activities to enhance their professional competency. For the frontline employees, the training is focused on the on-job-training, machine-based training, and corporate culture or strategy campaigns. For the supportive employees, 32,709 hours of training was provided in 2016, attended by 2,216 persons, including 373 supervisors (an average of 19.31 hours per capita) and 1,843 non-executives (an average of 13.84 hours per capita). Training programs for staff at different levels are provided to both genders equally. An overview of these training programs is outlined below:

Management Competence

We strengthen the management com-petence based on the Company's deve-lopment strategy each year. We arrange the basic management skills training for the new managers such as leadership communication, interview skills, perfor-mance settings and counseling courses. The training for low-level managers focuses on execution ability and coaching and counseling related management courses. The one for medium-level mana-gers focuses on advanced management competence training, and the one for high-level managers is about sharing the concept and methods of ma-nagement. The inheritance and improve-ment of management and leader-ship of the managers at Winbond is therefore made possible with these training programs.

Core Consensus

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

Professional techniques

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

Self-development

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

Group	Male			Female		
	Training hours (A)	Number of employees (B)	Hours per person (C)=(A)/(B)	Training hours (D)	Number of employees (E)	Hours per person (F)=(D)/(E)
Executives (Note)	6,327	331	19.11	877	42	20.88
Executives	20,449	1,402	14.59	5,056	441	11.46
Total	26,776	1,733	15.45	5,933	483	12.28

Group	Total		
	Training hours (G)=(A)+(D)	Number of employees (H)=(B)+(E)	Hours per person (I)=(G)/(H)
Executives (Note)	7,204	373	19.31
Executives	25,505	1,843	13.84
Total	32,709	2,216	14.76

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

Ethical requirements – the pursuit of the highest ethical standards

Winbond is committed to the implementation and promotion of its CSR policy and EICC guidelines. In addition to pronouncing its determination of adhering to EICC norms, Winbond also 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 2016, the CSR course (including labor rights, environmental protection, health and safety, and ethical norms) has been offered to a total of 2,299 person-times, with a total of 966 training hours and a 100% completion rate.

Advanced and convenient learning and development system

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



◆ Online courses

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

◆ Comprehensive internal/external education and training records

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

Diversified training programs

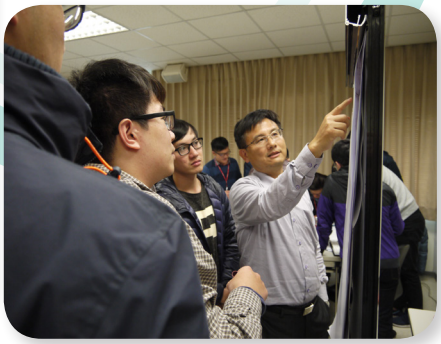
Each position requires a specific set of professional skills. On-the-job coaching helps the employees to get started more easily; learning from experiences in industry-academy cooperation, overseas placement and training, overseas seminars, and specialized counseling and training on major projects, the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













Note: Photos taken at the competence development training for executives ／ New Employee Champion Camp

Security Training and Education

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

4.4 Workplace Health

2016 DMA—Occupational Health and Safety

D M A

Importance	Reduce the operating costs and risks of production disruption.
Policy	Winbond is committed to provide its staff with a healthy working environment through a mechanism that is devised to be respectful and caring to the employees while adhering to advanced international safety and health environmental standards. We make continuous improvements to promote human safety and environmental protection and reduce asset risks. Additionally, we organize health-promoting activities to enhance employees' cohesion and create a corporate culture of LOHAS.
Goals	Our goal: Disabling severity rate (SR) ≦ 2, disability frequency rate (FR) ≦ 0.50. (SR = days of disabling severity per million work hours SR, FR = frequency of disabling severity per million work hours FR) Short-term goal: Conduct statistics on a quarterly basis and assess the feasibility of environmental / operational safety improvement measures annually. Medium-term goal: Completion of ISO 45001 verification. Long-term goal: Zero work injury.
Resources	ESH and Risk Management Committee and all departments of the company.
Systems	External system: Occupational safety and health related regulations. Internal system: OHSAS18001 & CNS15506 manuals / procedures / specifications / records (ESH management manual, ESH risk assessment procedures, ESH related regulations identification and inspection management procedures, ESH targets and management program operating procedures)
Measures	Measures required by manuals / procedures / specifications developed by the relevant occupational safety and health regulations / systems.

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

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

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

4.4.1 Safety and Health Management Practices

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

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

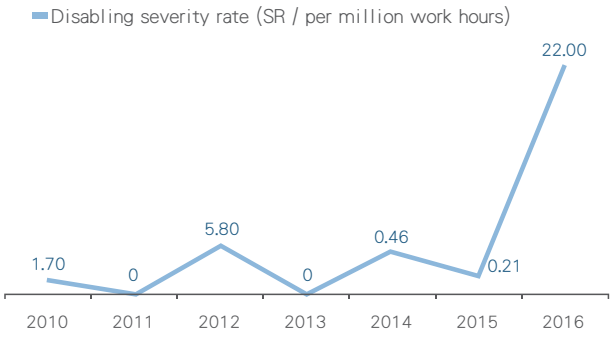


Statistics of disabling injury

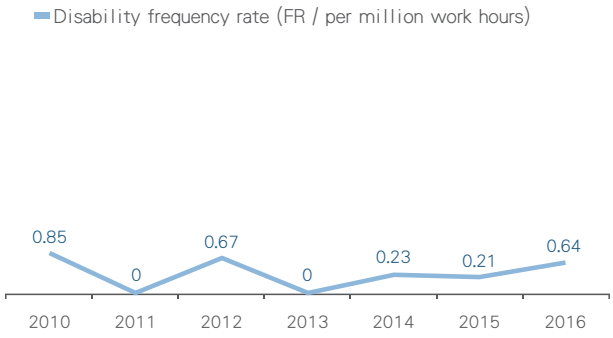
Based on the critical statistical indicators for disabling injury released by the Ministry of Labor, Winbond's statistical data on occupational accidents are calculated by selecting disabling severity rate (SR, days of disabling severity per million work hours) and disability frequency rate (FR, frequency of disabling severity per million work hours). The statistics does not include off-site traffic accidents. There were three cases of disabling injury in 2016. The SR was 0.22, with the male/female ratio being 0.22/0; and the FR was 0.64, with the male/female being 0.64 / 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 0.54%, with the male/ female ratio being 0.42%/ 0.77%. Compared to one case with a SR of 0.21 in 2015, the disabling injury and the SR was higher in 2016. After the analysis, we found that there were mostly cases of falling from the stairs and more hours for rest and recuperation. We have strengthened the walking safety education to reduce the number of the disabling injury and the SR.

In 2016, there was 0 case of disabling injury with our contractors, with a SR of 0, and a FR of 0.

- **Disabling severity rate**



- **Disability frequency rate**



4.4.2 Emergency Response

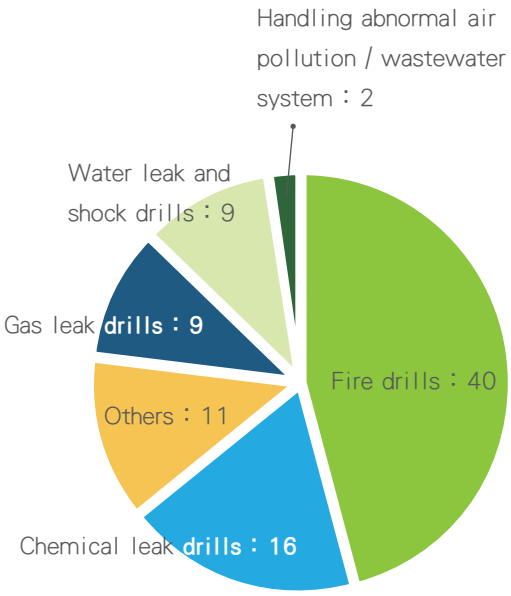
Winbond has formulated an emergency response procedure for internal and external emergencies such as accidents and natural disasters. Based on the procedure, individual units may form their own plans for emergency response, emergency handling teams, drills, and training to minimize personal injury, property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

Risk category	Risk identification	Strategic measures/actions
Operation	(1) Fire (2) Electric interruption (3) Leakage of chemicals (4) Air pollution / abnormal discharge of waste water	(1) Design and build fire protection system according to international standards (NFPA, FM) and domestic firefighting laws, including fire alarm system, automated fire extinguishing systems, and fire protection zoning. (2) Emergency generators and uninterruptible power supply system are supplied. (3) Design and construct plant facilities following international industrial standards and purchase machines that meet international standards (SEMI-S2.FM4910) (4) 24-hour monitoring system for air pollution / wastewater treatment facilities

Risk category	Risk identification	Strategic measures/actions
Natural disaster	(1) Earthquake (2) Water shortage	(1) Grade 7 Aseismic design for plants and equipment (2) Spare pool
Regulatory risk	Occupational Safety and Health Act, Fire Services Act, Environmental Protection Act	(1) Regularly enforce compliance checks (2) Identify the impact of new regulations and corresponding measures (3) Conduct regular testing and reporting required by laws and regulations

Emergency response events by type and times in 2016

Item	Total sessions
Fire drills	40
Chemical leak drills	16
Gas leak drills	9
Water leak and shock drills	9
Others (emergency evacuation, personnel faint, and electric interruption)	11
Handling abnormal air pollution / wastewater system	2
Total	87



1. Drills: We participated in the "2016 disaster relief in Central Taiwan Science Park (earthquake, fire, toxic chemical disaster and major human safety events) drill".

2. Co - organization of activity: We co-organized the 2016 children 's painting event in the Month of ESH and Health in Central Taiwan Science Park.

3. Participation in the propaganda: We participated in 20 meetings between Central Taiwan Science Park and Environmental Protection Agency.

Control Measures against Potential Risks in the Local Communities

1. 24-hour monitoring of the operating conditions of air pollution treatment equipment and waste water treatment equipment and the discharge water quality.
2. Regular implementation of environmental testing of air pollution, perimeter noise, waste water, groundwater, and rain.
3. Regular implementation of emergency response drills to avoid disaster expansion: 87 drills were conducted in 2016 to enhance the plant emergency response capability.





4.4.3 Friendly Workplace and LOHAS

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

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

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



Healthy Life Medal



Family Lifestyle Medal

Health Examinations

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



Annual health examination



Optometry examination

Good Occupational Healthcare

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



CPR & AED First Aid training

Regarding first aid, Winbond not only has more qualified first-aid personnel than is required, but also arranges first aid training for the medical staff of the Emergency Response Team on a regular basis so that they can perform first aid without delay. In recent years, all-staff CPR and AED trainings are conducted so every employee masters a useful technique. By the end of 2016, a total of 1,779 staff members have received the training



Advocacy of Illegal Infringement Prevention in the Workplace – Supervisor Training

In terms of unlawful infringement prevention in the workplace, management practices are set up and training and education conducted in the workplace so that employees can understand the precautionary measures and the procedures for grievance and reporting within the Company. From the grassroots level to the senior executives, 388 people have completed management-level education and training courses. We also advocate the precautionary measures to all employees.

Health Management

◆ Maternal health management

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

1. One on one health counseling. Every mommy receives a pregnancy gift and pregnancy card, which allows mommies to understand Winbond's welfare policies and application methods.

2. A cozy and comfortable noon-break room is provided for to-be-mommies to take a rest. Additionally, pregnant women's exclusive parking spaces are provided to help the to-be-mommies alleviate discomfort during pregnancy.

3. A cozy and comfortable breast feeding room is provided. Winbond won the "Fine Breastfeeding Rooms" in Taichung City's "Annual workplace Excellence Award" in 2013.



Noon-break room



Rreast feeding room

◆ Excessive fatigue prevention

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

◆ Health management of metabolic syndrome

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

◆ Health management of abnormal liver function

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

Health Promotion

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



Tendon-stretching courses



Leisure center-aerobic exercise

To encourage employees to maintain a habit of regular exercise, Winbond not only provides free tendon-stretching courses, but also offers incentives to promote walking / hiking activities. Statistics show that in 2016, there were 8,244 people participating in walking activities, covering a total distance of 38,421 km, which is equivalent to 34 laps around Taiwan. In recent years, in order to encourage employees to get exposed to the sun and nature with family members to enhance their mutual interaction and further to get involved in charities, we have worked with social welfare agencies to promote walking / hiking activities in Taichung Metropolitan Park. We invited children from nurseries to contribute to a lot of charities with sports. A total of 655 people participated in the activity, including employees and their dependents.

Release the Stress and Gain the Positive Energy

As far as recreational facilities are concerned, Winbond provides KTV rooms, massage lounges, and video game rooms for the employees to soothe their mind and body. We have invited numerous experts and scholars to give lectures or speeches on topics such as health and wellbeing, spiritual inspiration, parent-child communication, tourism and environmental protection. In 2016, a total of 582 participants attended the speeches.



Employee Assistance Services

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

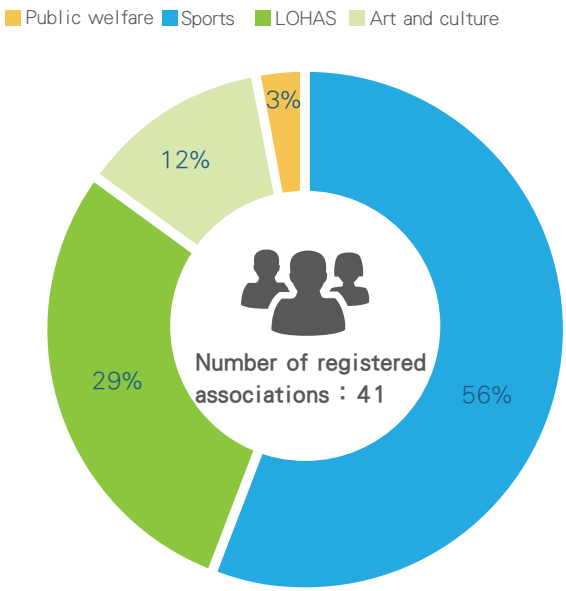
Diversified Development of Associations

Overview

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

Currently, there are 41 registered associations and 1,209 members. Based on the nature of activities, these associations can be classified into four categories: sports, LOHAS, art and culture, and public welfare. The number of participations of all activities of these associations is estimated to be 50,777 person-times/year.

● Category of the association



◆ **Art and culture associations**

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

◆ **LOHAS associations**

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

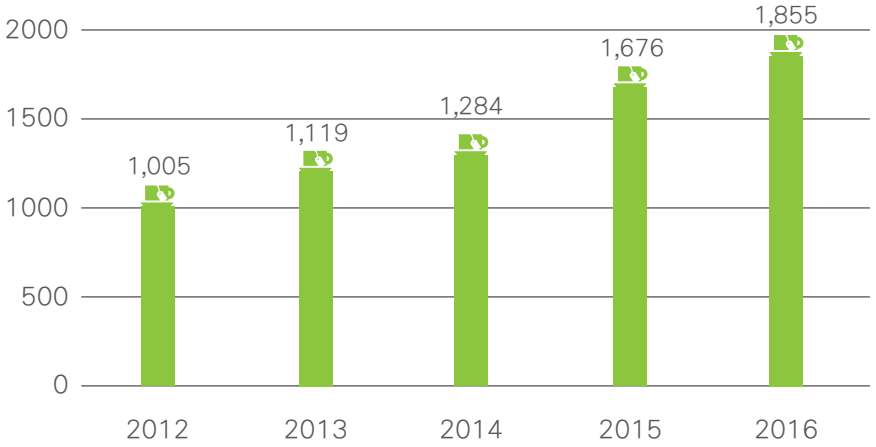
◆ **Public welfare association**

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

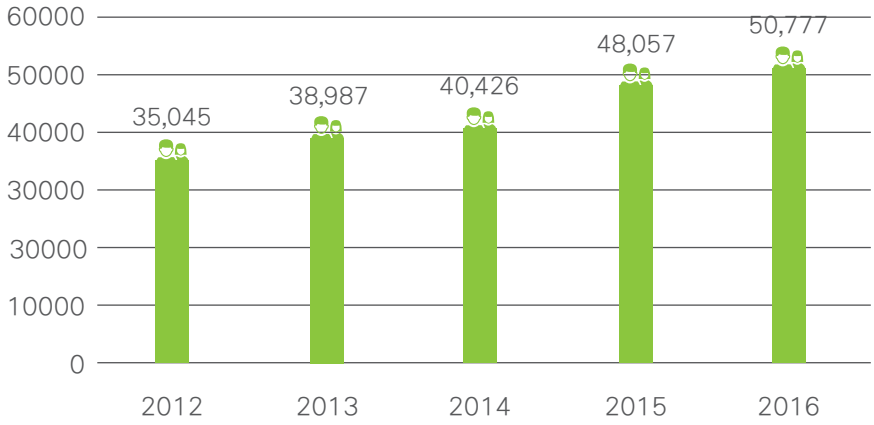
◆ **Sports associations**

There are 23 sports associations, including balls, cycling, road run, accounting for 56% of the total. Many of the members are high-level executives, whose membership greatly promote the participation of the whole department. The Central Taiwan Science Park Badminton Association and the Softball Association are frequent winners of the "Central Science Park Cup Ball Games."

• Number of activities/ year



• Number of participants/ year





5 Social Welfare

11,155 people

Up to 2016, Winbond has held a total of 32 lectures, with a total of 11,155 teachers and students feeling the power of the "one" by the philanthropist, Miss Shin-Ling Shen, bringing a lifetime change to the children.

2,875 pieces

A total of 2,875 Christmas gifts were collected and distributed to the underprivileged children in 2016.

One million NT dollars

Winbond sponsored nearly one million NT dollars in breakfast funding, offering students the opportunity to learn with a healthy body.

391 people / **651** batches

In 2016, 391 employees responded to blood donation activities, donating 651 batches of blood.

SCBA

Winbond donated fire equipment such as self-contained breathing apparatus (SCBA) and radio communication devices to the Fire Department in Daya District in Taichung to improve the firefighters' relief energy and accelerate disaster relief command and efficiency.

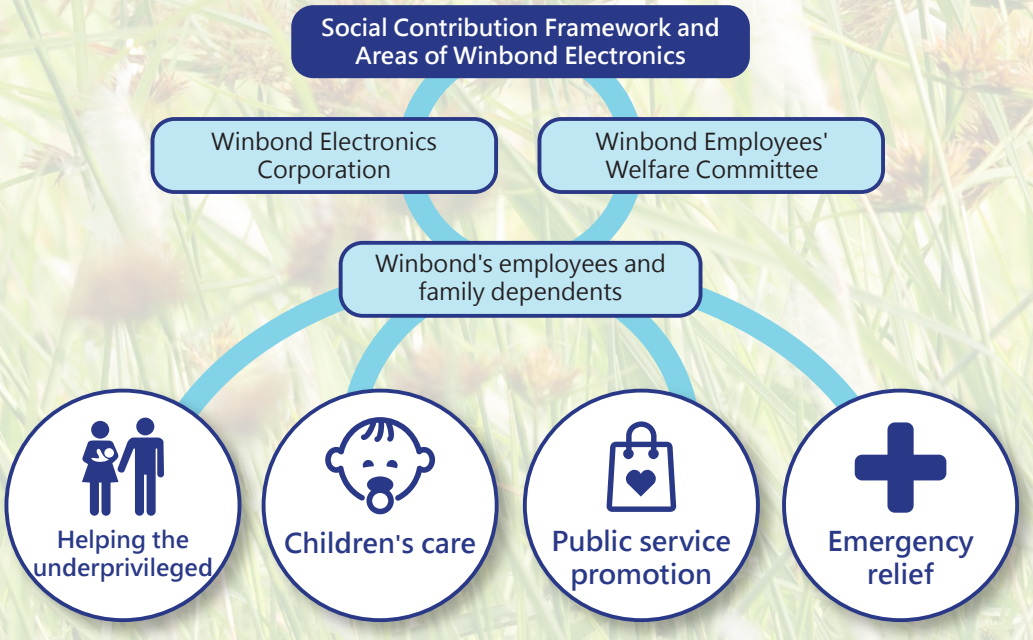
1,745 hours

Up to 2016, there were more than 1,745 hours of volunteer service.

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

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

The amount Winbond invests in the social welfare is increasing year by year compared to 2014 and 2015, showing the company's determination to take care of the community. We not only try to make a difference in terms of economy and the environment, but also hope to achieve co-prosperity in the community and achieve the goal of sustainable development.



Service targets

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





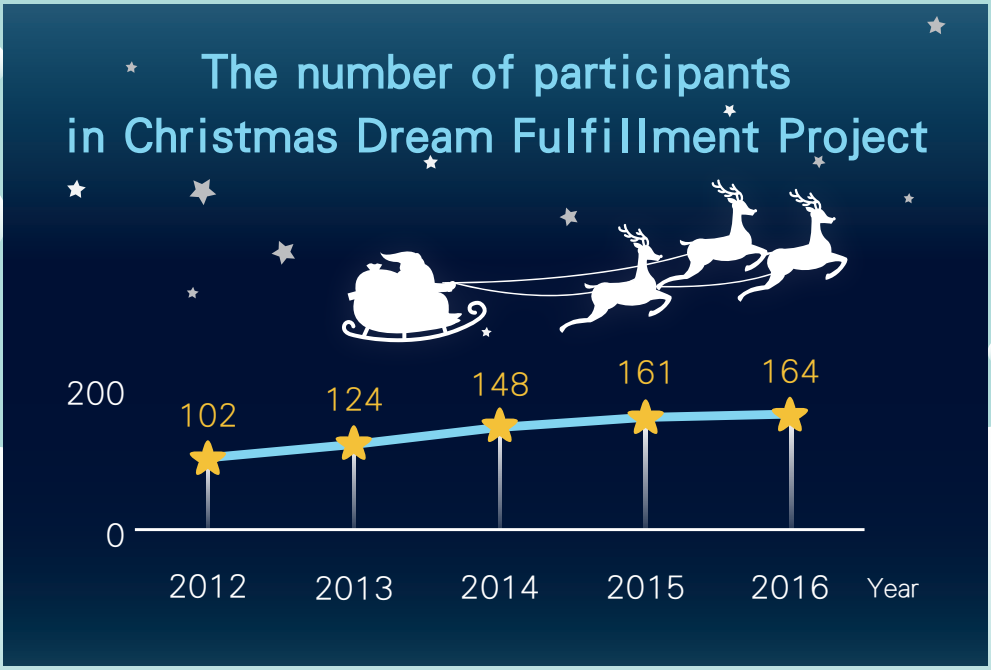


Christmas Dream Fulfillment Project

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 Action Cultural & Educational Foundation, along with 20 companies in the Hsinchu Science Park, launched a "Love Relay in Hsinchu Science Park" to fulfill the Christmas wishes of the school children in rural areas and the disabled. The activity has been held for 14 years. Up to 2016, a total of 2,875 Christmas gifts were collected and distributed to the underprivileged children in 2016.

This project receives enthusiastic responses every year. All gift donations are pledged shortly after the beginning of the event. Up to 2016, a total of 890 underprivileged children have had their Christmas wishes fulfilled. It is obvious that Winbond's commitment to public welfare has been deeply rooted in the employees' minds.

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



Look after the underprivileged

◆ Services to Nursery Homes

Winbond's Silence Association selects a nursery home in the neighborhood as the target for long-term aiding service. During weekends or holidays, members of the association engage in services such as cleaning, collecting/donating invoices, and providing funds for replacement of damaged facilities. So far, the Silence Association has provided 96 person/times and 192 hours of service to the nursery home, which not only helped solve the difficiulty of shortage of manpower in the nursery home but also reduced their costs and expenses.





◆ Material Donation

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

◆ Second-hand computer donation

In order to make up for the shortage of educational resources in schools and nurseries in remote areas, Winbond is actively engaged in second-hand computer donation programs, working on narrowing the digital gap between urban and rural areas and promote the concept of environmental protection. By the end of 2016, we have donated a total of 331 computers to various organizations including the St. Francis Children's Center, St. Francis Girl's Home, Taichung Guang-Yin Nursery, NTRAH, Miracle Home, Anan Free Education Website, Long Gang Elementary School in Taoyuan, Hsinchu City East District Tungmen Primary School, Fong Gang Junior High School in Hsinchu County, Hu Pei Elementary School in Xihu Township, Changhua County, Loojin Elementary School, Changhua County and the Triple-E Institute.







Childcare

◆ Breakfast Program for Students in the Remote Rural Areas

Starting from 2011, Winbond has launched a breakfast supply program for school children in remote rural areas. The program was first initiated by Winbond's 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 regions through the assistance of non-profit organizations. We hope to maintain the basic needs for children's living and health by providing rural schools with breakfast resources and care to help children build a strong body and mind to explore the world. In 2016, Winbond sponsored nearly one million NT dollars in breakfast funding, helping students to learn while taking care of their health. Winbond also conducts on-site evaluation to understand the benefits of the service plan for the follow-up sponsorship of this program.





◆ Charity Sales of Dolls

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

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





◆ Movie Appreciation for Children in the Nursery Homes

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



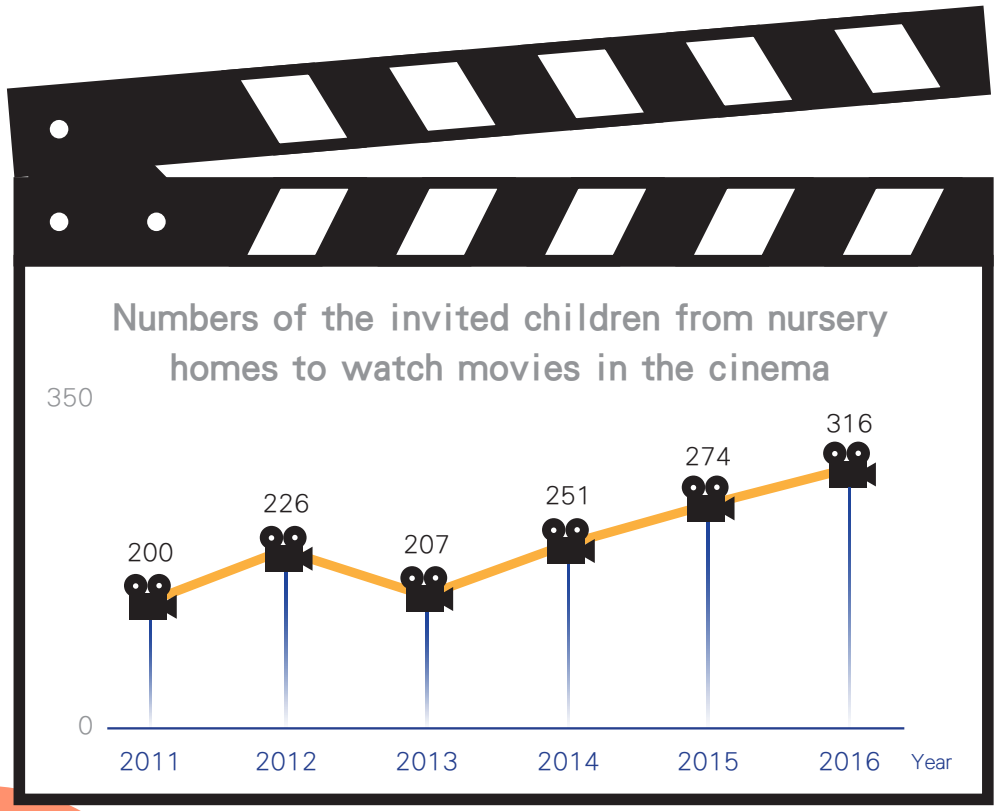
Gathering in the cinema



Receive a meal

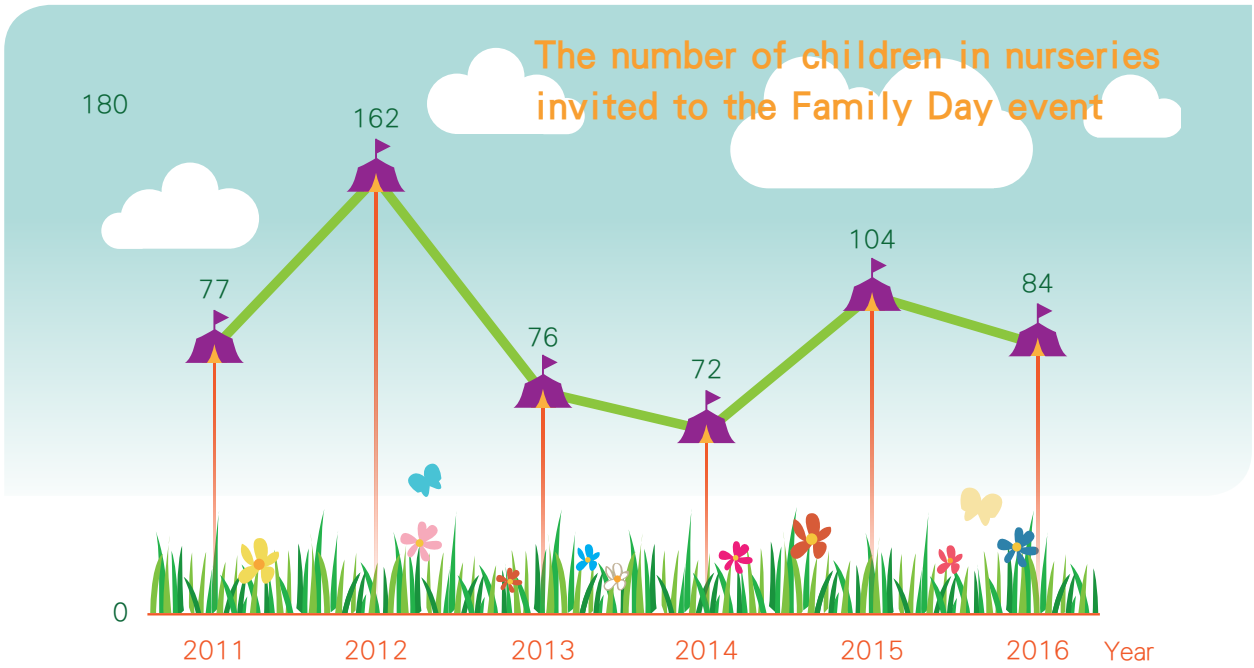


Movie appreciation



◆ Nursey children to take part in Family Day

For six consecutive years from 2011 to 2016, Winbond has been holding Family Day every year, and Winbond invited the Taichung Guang-Yin Nursery and Hsinchu St. Francis Nursery to set a booth in the venue. Our employees use this opportunity to express their love and care to the nursery children by spending some money buying stuff at the booth. Income from the sales in the event goes directly to the nurseries. Up to the end of 2016, Winbond has invited 575 children from the nursery homes to the Family Day event.









Public service promotion

◆ Public Lectures

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

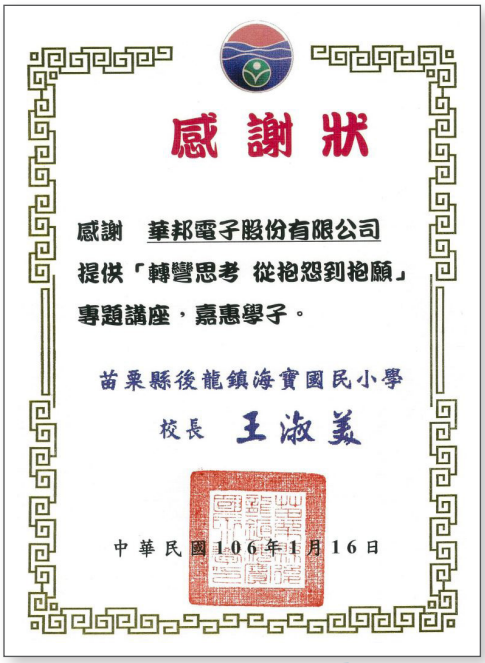
As of the end of 2016, Winbond organized a total of 32 sessions of lectures, with a total of 11,155 teachers and students feeling the power of the "one" by Miss Shin-Ling Shen. The content is like planting seedlings of hope into the teachers and students' heart, which not only makes children more grateful,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

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



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





感謝狀

感謝 華邦電子股份有限公司
提供「轉彎思考 從抱怨到抱願」
專題講座，嘉惠學子。

苗栗縣後龍鎮海寶國民小學
校長 王淑美

中華民國106年1月16日

◆ Volunteer service

Since the beginning of 2010, Winbond has provided services for cleaning the environment and repairing facilities in the nurseries. Since September 2015, in Taichung Guang-Yin Nursery and NTRAH, we helped the provision of additional long-term academic counseling to teach the children with poor learning efficiency to learn and read. For the children whose learning situation is fair, they focus on strengthening the basic knowledge of the various subjects. In addition, interactive activities allow students to broaden their horizons by meeting the teachers from different industry backgrounds. Up to 2016, there were more than 1,745 hours of volunteer service.

◆ Charity sales

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





Emergency Relief

◆ Employee Emergency Relief

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



Blood Donation

Each year, Winbond motivates its staff to be happy blood donators and to show how much emphasis they put on life with practical actions. During 2016, 391 employees responded with actions of blood donation, of which, 651 batches of blood were donated.

Sponsorship of Academic Symposiums and Technical Forums

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

Donation to Fire Department

After learning that Fire Department in Daya District, Taichung had the need for fire and disaster relief equipment in 2016, Winbond donated fire equipment such as self-contained breathing apparatus (SCBA) and radio communication to improve the firefighters' relief energy and accelerate disaster relief command and efficiency.



Tsai, Chin-Feng, vice-president (the third one from the right in the front row) donated fire relief equipment to the Fire Bureau of Taichung City Government on behalf of Winbond, while the deputy director Tseng Chin-Tsai (the third one from the left in the front row) accepted it on behalf of the Fire Bureau.

Appendix 1：GRI（Global Reporting Initiative）G4 Index

Material aspects are marked as " * "

G4 No.	GRI Index	Chapter and Section	Page	External Verification
1. Strategy and Analysis				
G4-1	Statement from the company's most senior decision-maker.	Message from the Chairman	6	●
G4-2	Description of key impacts, risks and opportunities.	Message from the Chairman 1.5.1 Operational Risk Management	6 29	●
2. Company Profile				
G4-3	Name of the Company.	1.1 Overview Of Winbond	15	●
G4-4	Primary brands, products and services.	2. Innovation For Sustainability 2.1 Main Products And Research & Development 2.2 Product Application 2.2.1 Automotive Electronics 2.2.2 Industrial Electronics 2.2.3 IoT	34 38 39 39 40 41	●
G4-5	Location of company headquarters.	1.1 Overview Of Winbond	15	●
G4-6	Number of countries where the company operates, and names of these countries.	1.1.2 Global Layout	18	●
G4-7	Nature of ownership and legal form.	1.1 Overview Of Winbond	15	●
G4-8	Markets served.	1.1.2 Global Layout	18	●
G4-9	Scale of the reporting organization.	1.1 Overview Of Winbond	15	●
G4-10	Workforce by employment form and gender.	4.1.1 Human Capital Structure	72	●
G4-11	The percentage of total employees covered by collective bargaining agreements.	Winbond did not establish any trade union, so there was no relevant consultation.		●
G4-12	Organization's supply chain.	2.5 Supplier Management	45	●
G4-13	Significant changes during the reporting period regarding size, structure, ownership or supply chain.	1.1.2 Global Layout	18	●
G4-14	Application of the precautionary approach or principle.	1.5.3 Information Security Risk Management 4.4.2 Emergency Response	31 102	●
G4-15	Externally developed economic, environmental and social charters,	1.6 Management System	32	●

G4 No.	GRI Index	Chapter and Section	Page	External Verification
G4-15	principles, or other initiatives to which the organization subscribes or which it endorses.	1.6 Management System	32	●
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations.	1.7 Participation in External Organizations	33	●
3. Identified Material Aspects and Boundaries				
G4-17	All entities included in the organization's consolidated financial statements or equivalent documents.	1.1.2 Global Layout	18	●
G4-18	The process for defining the report content and the Aspect Boundaries.	Stakeholder Communication	8	●
G4-19	All the material Aspects identified in the process for defining report content.	Stakeholder Communication	8	●
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	Stakeholder Communication	8	●
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	Stakeholder Communication	8	●
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements.	About This Report	4	●
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	About This Report	4	●
4. Stakeholder Engagement				
G4-24	A list of stakeholder groups engaged by the organization.	Stakeholder Communication	8	●
G4-25	The basis for identification and selection of stakeholders with whom to engage.	Stakeholder Communication	8	●
G4-26	The organization's approach to stakeholder engagement.	Stakeholder Communication	8	●
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns.	Stakeholder Communication	8	●

G4 No.	GRI Index	Chapter and Section	Page	External Verification
5. Indicator				
G4-28	Reporting period.	About This Report	4	●
G4-29	Date of most recent previous report.	About This Report	4	●
G4-30	Reporting cycle.	About This Report	5	●
G4-31	The contact point for questions regarding the report or its contents.	About This Report	5	●
G4-32	The 'in accordance' option the organization has chosen and the reference to the External Assurance Report.	About This Report	4	●
G4-33	The organization's policy and current practice with regard to seeking external assurance for the report.	About This Report	4	●
6. Company Governance				
G4-34	The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	1.3.1 Board of Directors	22	●
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Stakeholder Communication	9	●
G4-38	The composition of the highest governance body and its committees.	1.3.2 Remuneration Committee	25	●
G4-40	The nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	1.3.1 Board of Directors	22	●
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed.	1.4.2 Avoidance of Conflict of Interests 1.5.1 Operational Risk Management	28 29	●
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to	1.3.1 Board of Directors	22	●

G4 No.	GRI Index	Chapter and Section	Page	External Verification
G4-44	governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	1.3.1 Board of Directors	22	●
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	Stakeholder Communication	9	●
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Stakeholder Communication	9	●
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	Stakeholder Communication	9	●
G4-48	The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	Stakeholder Communication	9	●
G4-49	Report the process for communicating critical concerns to the highest governance body.	Stakeholder Communication	9	●
G4-51	a. Report the remuneration policies for the highest governance body and	1.3.2 Remuneration Committee	25	●

G4 No.	GRI Index	Chapter and Section	Page	External Verification
G4-51	senior executives for the below types of remuneration: ・ Fixed pay and variable pay: - Performance-based pay - Equity-based pay - Bonuses - Deferred or vested shares ・ Sign-on bonuses or recruitment incentive payments ・ Termination payments ・ Clawbacks ・ Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	1.3.2 Remuneration Committee 4.1 The Hire Of Employees 4.3.1 Learning and Development 4.3.3 Diversified training and the establishment of learning systems	25 72 91 93	●
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	1.3.2 Remuneration Committee 4.1 The Hire Of Employees 4.3.1 Learning and Development 4.3.3 Diversified training and the establishment of learning systems	25 72 91 93	●
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	1.3.2 Remuneration Committee 4.1 The Hire Of Employees 4.3.1 Learning and Development 4.3.3 Diversified training and the establishment of learning systems	25 72 91 93	●
7. Ethics and Integrity				
G4-56	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	1.2 Corporate Culture	21	●
G4-57	The internal and external mechanisms for seeking advice on ethical and lawful behavior.	1.4.3 Grievance Channels	28	●

G4 No.	GRI Index	Chapter and Section	Page	External Verification
G4-58	The internal and external mechanisms for reporting concerns about unethical or unlawful behavior.	1.4.3 Grievance Channels	28	●
Economic Performance Indicators				
*** Economic performance**				
G4-DMA	Disclosure on Management Approach.	1.1.1 Economic Performance	16	●
G4-EC1	Direct economic value generated and distributed.	1.1.1 Economic Performance	16	●
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	3. Environmental Sustainability	50	●
G4-EC3	Coverage of the organization's defined benefit plan obligations.	4.2.2 Employees' Benefits	84	●
G4-EC4	Financial assistance received from government.	Winbond did not apply for relevant government subsidies.		●
Market Presence				
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	4.2.1 Salary and Benefits	82	●
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation.	4.1.1 Human Capital Structure	72	●
Indirect Economic Impacts				
G4-EC7	Development and impact of infrastructure investments and services supported.	5. Social Welfare	110	●
Procurement Practices				
G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	2.5 Supplier Management	45	●
Environmental Performance Indicators				
Materials				
G4-EN1	Materials used by weight or volume.	3.1 Source Reduction	54	●
G4-EN2	Percentage of materials used that are recycled input materials.	It is unable to use renewable raw materials due to the company's product features.		●

G4 No.	GRI Index	Chapter and Section	Page	External Verification
* Energy				
G4-DMA	Disclosure on Management Approach.	3.2 Energy Management	55	●
G4-EN3	Energy consumption within the organization.	3.2.1 Energy Intensity	56	●
G4-EN5	Energy intensity.	3.2.1 Energy Intensity	56	●
G4-EN6	Reduction of energy consumption.	3.2.2 Energy Conservation Measures	57	●
G4-EN7	Reductions in energy requirements of products and services.	2.3 Green Products-sustainable management Low power Product	42	●
* Water				
G4-DMA	Disclosure on Management Approach.	3.4 Water Resources Management	62	●
G4-EN8	Total water withdrawal by source.	3.4 Water Resources Management	62	●
G4-EN9	Water sources significantly affected by withdrawal of water.	3.4 Water Resources Management	62	●
G4-EN10	Percentage and total volume of water recycled and reused.	3.4 Water Resources Management	62	●
* Air Pollutant Emissions				
G4-DMA	Disclosure on Management Approach.	3.3 Greenhouse Gases	59	●
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	3.3.1 Greenhouse Gas Inventory	60	●
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	3.3.1 Greenhouse Gas Inventory	60	●
G4-EN18	Greenhouse gas (GHG) emissions intensity.	3.3.1 Greenhouse Gas Inventory	60	●
G4-EN19	Reduction of greenhouse gas (GHG) emissions.	3.3.2 Reduction of GHG Emission	61	●
G4-EN20	Emissions of ozone-depleting substances (ODS).	The company's emissions do not contain components that destroy the ozone layer.		●
G4-EN21	NOx, SOx, and Other Significant Air Emissions.	3.5.1 Air Pollution Control	65	●
* Effluents and Waste				
G4-DMA	Disclosure on Management Approach.	3.5 Pollution Control	64	●

G4 No.	GRI Index	Chapter and Section	Page	External Verification
G4-EN22	Total water discharge by quality and destination.	3.5.2 Water Pollution Control	67	●
G4-EN23	Total weight of waste by type and disposal method.	3.6 Waste management And Resource recycling	68	●
G4-EN24	Total number and volume of significant spills.	3.5.2 Water Pollution Control	67	●
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention (2) Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	There was no such thing in the Company.		●
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.	3.5.2 Water Pollution Control	67	●
* Products and Services				
G4-DMA	Disclosure on Management Approach.	2.3 Green Products-sustainable management Low power Product	42	●
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	2.3 Green Products-sustainable management Low power Product	42	●
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	2.3 Green Products-sustainable management Low power Product	42	●
* Compliance				
G4-DMA	Disclosure on Management Approach.	3. Environmental Sustainability	50	●
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	3. Environmental Sustainability	50	●
Transport				
G4-EN30	Significant environmental impacts of transporting products, materials and personnel.	3.1 Source Reduction	54	●

G4 No.	GRI Index	Chapter and Section	Page	External Verification
Overall				
G4-EN31	Total environmental protection expenditures and investments by type.	3.7 Expenditure And Investment On Environmental Protection	69	●
Supplier Environmental Assessment				
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	2.5.1 Supply Chain Management	47	●
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	2.5.1 Supply Chain Management	47	●
Environmental Grievance Mechanisms				
G4-EN34	Umber of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	No occurrence was found in the Company.		●
Labor Practices and Decent Work				
*** Employment**				
G4-DMA	Disclosure on Management Approach.	4.1.2 Hire and Retention of Talent	75	●
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	4.1.2 Hire and Retention of Talent	75	●
G4-LA2	Benefits provided to full-time employees by significant locations of operation.	4.2.2 Employees' Benefits	84	●
G4-LA3	Return to work and retention rates after parental leave, by gender.	4.1.2 Hire and Retention of Talent	75	●
*** Occupational Health and Safety**				
G4-DMA	Disclosure on Management Approach.	4.4 Workplace Health	100	●
G4-LA5	Percentage of total workforce represented in formal joint management - worker health and safety committees that help monitor and advise on occupational health and safety programs.	4.4.1 Safety and Health Management Practices	101	●
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of	4.4 Workplace Health 4.4.1 Safety and Health Management Practices	100 101	●

G4 No.	GRI Index	Chapter and Section	Page	External Verification
G4-LA6	work-related fatalities, by region and by gender.	4.4 Workplace Health 4.4.1 Safety and Health Management Practices	100 101	●
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	4.4.3 Friendly Workplace and Lohas	104	●
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	The Company does not have any trade union.		●
		* Training and Education		
G4-DMA	Disclosure on Management Approach.	4.3 Talent Training	91	●
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	4.3.3 Diversified training and the establishment of learning systems	93	●
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	4.3.3 Diversified training and the establishment of learning systems	93	●
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	4.3.3 Diversified training and the establishment of learning systems	93	●
		Diversity and Equal Opportunity		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	4.1.1 Human Capital Structure	72	●
		Equal Remuneration for Women and Men		
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	4.2.1 Salary and Benefits	82	●
		* Supplier Assessment for Labor Practices		
G4-DMA	Disclosure on Management Approach.	2.5 Supplier Management	45	●
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	2.5.2 Supplier Communication Management	48	●

G4 No.	GRI Index	Chapter and Section	Page	External Verification
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	2.5.1 Supply Chain Management	47	●
Labor Practices Grievance Mechanisms				
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	1.4.3 Grievance Channels	28	●
Human Rights				
Investment and Human Rights				
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.	4.3.3 Diversified training and the establishment of learning systems	93	●
Non-discrimination				
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	1.4.3 Grievance Channels	28	●
Freedom of Association and Collective Bargaining				
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	1.4.3 Grievance Channels 2.5.2 Supplier Communication Management	28 48	●
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 The Hire Of Employees	72	●
Forced or Compulsory Labor				
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	1.4 Ethical Management	26	●

G4 No.	GRI Index	Chapter and Section	Page	External Verification
Security Practices				
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.	4.3.3 Diversified training and the establishment of learning systems	93	●
Indigenous Rights				
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken.	There was no such thing in the Company.		●
Assessment				
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	There was no such thing in the Company.		●
Supplier Human Rights Assessment				
G4-HR11	Percentage of new suppliers that were screened using human rights criteria.	2.5.1 Supply Chain Management	47	●
Human Rights Grievance Mechanisms				
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	1.4.3 Grievance Channels	28	●
Society				
Local Communities				
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	4.4.2 Emergency Response	102	●
G4-SO2	Operations with significant actual or potential negative impacts on local communities.	4.4.2 Emergency Response	102	●
*** Anti-corruption**				
G4-DMA	Disclosure on Management Approach.	1.4 Ethical Management 2. Innovation For Sustainability	26 34	●
G4-SO4	Communication and training on anti-corruption policies and procedures	4.3.3 Diversified training and the establishment of learning systems	93	●

G4 No.	GRI Index	Chapter and Section	Page	External Verification
G4-SO5	Confirmed incidents of corruption and actions taken.	1.4 Ethical Management	26	●
Public Policy				
G4-SO6	Total value of political contributions by country and recipient/beneficiary.	There was no such thing in the Company.		●
Anti-competitive Behavior				
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	2.4 Customer Commitment	45	●
*** Compliance**				
G4-DMA	Disclosure on Management Approach.	1.4.1 Social Compliance	26	●
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	There was no such thing in the Company.		●
Supplier Assessment for Impacts on Society				
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken.	2.5.1 Supply Chain Management	47	●
Grievance Mechanisms for Impacts on Society				
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	1.4 Ethical Management 1.4.3 Grievance Channels	26 28	●
Product Responsibility				
*** Customer Health and Safety**				
G4-DMA	Disclosure on Management Approach.	2.3 Green Products-sustainable management	42	●
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	2.3 Green Products-sustainable management	42	●
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and	2.3 Green Products-sustainable management	42	●

G4 No.	GRI Index	Chapter and Section	Page	External Verification
G4-PR2	services during their life cycle, by type of outcomes.	2.3 Green Products-sustainable management	42	●
* Product and Service Labeling and Customer Satisfaction				
G4-DMA	Disclosure on Management Approach.	2. Innovation For Sustainability	34	●
G4-PR3	Type of product and service information required by the organization's procedures. For product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	2.2 Product Application	39	●
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	2.2 Product Application	39	●
* Marketing Communications				
G4-DMA	Disclosure on Management Approach.	2. Innovation For Sustainability	34	●
G4-PR6	Sale of banned or disputed products.	2.2 Product Application 2.5.1 Supply Chain Management	39 47	●
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.	There was no such thing in the Company.		●
* Customer Privacy				
G4-DMA	Disclosure on Management Approach.	2.4 Customer Commitment	45	●
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	2.4 Customer Commitment	45	●
* Compliance				
G4-DMA	Disclosure on Management Approach.	2. Innovation For Sustainability 2.3 Green Products-sustainable management	34 42	●

G4 No.	GRI Index	Chapter and Section	Page	External Verification
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	There was no such thing in the Company.		●
* Patents				
G4-DMA	Disclosure on Management Approach.	1.1.2 Global Layout	18	●
PT1	Types and the amount of patents applied and approved of the year.	1.1.2 Global Layout	18	●
PT2	Annual number of cases involving infringement of patent rights or IPR.	There was no such thing in the Company.		●

獨立保證意見聲明書

華邦電子股份有限公司 2016 年企業社會責任報告書

英國標準協會與華邦電子股份有限公司(簡稱華邦電子)為相互獨立的公司，英國標準協會除了針對華邦電子 2016 年企業社會責任報告書進行評估和查證外，與華邦電子並無任何財務上的關係。

本獨立保證意見聲明書的目的，僅作為對下列有關華邦電子 2016 年企業社會責任報告書所界定範圍內的相關事項進行保證之結論，而不作為其他之用途。除對查證事實提出獨立保證意見聲明書外，對於關於其他目的之使用，或閱讀此獨立保證意見聲明書的任何人，英國標準協會並不負有或承擔任何有關法律或其他之責任。

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

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

查證範圍

華邦電子與英國標準協會協議的查證範圍包括:

1. 本查證作業範疇與華邦電子 2016 年企業社會責任報告書揭露之報告範疇一致。
2. 依照 AA1000 保證標準(2008)的第 1 應用類型評估華邦電子遵循 AA1000 當責性原則標準的本質和程度，不包括對於報告書揭露的資訊/數據之可信賴度的查證。

本聲明書以英文作成並已翻譯為中文以供參考。

意見聲明

我們總結華邦電子 2016 年企業社會責任報告書內容，對於華邦電子的相關運作與績效則提供了一個公平的觀點。基於保證範圍限制事項、華邦電子所提供資訊與數據以及抽樣之測試，此報告書並無重大的不實陳述。我們相信有關華邦電子 2016 年度的經濟、社會及環境等績效指標是被正確無誤地呈現。報告書所揭露的績效指標展現了華邦電子對識別利害關係人的努力。

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

查證方法

為了收集與作成結論有關的證據，我們執行了以下工作：

- 對來自外部團體的議題相關於政策進行訪談，以確認本報告書中聲明書的合適性
- 與管理者討論有關利害關係人參與的方式，然而，我們並無直接接觸外部利害關係人
- 訪談 20 位與永續性管理、報告書編製及資訊提供有關的員工
- 審查有關組織的關鍵性發展
- 審查內部稽核的發現
- 審查報告書中所作宣告的支持性證據
- 針對公司報告書及其相關 AA1000 保證標準(2008)中描述有關包容性、重大性及回應性原則的流程管理進行審查

結論

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

包容性

2016 年度報告書反映出華邦電子持續尋求利害關係人的參與，以發展及達成對企業社會責任具有責任且策略性的回應。此系統正被發展以產生必要的資訊。報告書中已公正地報告與揭露經濟、社會和環境的訊息，足以支持適當的計畫與目標設定。以我們的專業意見而言，這份報告書涵蓋了華邦電子的包容性議題。

Appendix 2：Verification statement

重大性

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

回應性

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

全球永續性報告指南

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

保證等級

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

責任

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

能力與獨立性

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

For and on behalf of BSI:



Peter Pu
Managing Director BSI Taiwan
2017-06-19

bsi.

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INDEPENDENT ASSURANCE OPINION STATEMENT

Winbond Electronics Corp. 2016 Corporate Social Responsibility Report

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

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

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

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

Scope

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

1. The assurance scope is consistent with the description of Winbond Electronics Corp. 2016 Corporate Social Responsibility Report.
2. The evaluation of the nature and extent of the Winbond's adherence to all three AA1000 AccountAbility Principles in this report as conducted in accordance with type 1 of AA1000AS (2008) assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

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

Opinion Statement

We conclude that the Winbond 2016 Corporate Social Responsibility Report provides a fair view of the Winbond CSR programmes and performances during 2016. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the Winbond and the sample taken. We believe that the 2015 economic, social and environmental performance indicators are fairly represented. The CSR performance indicators disclosed in the report demonstrate Winbond's efforts recognized by its stakeholders.

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

Methodology

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

- review of issues raised by external parties that could be relevant to Winbond's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 20 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).

Appendix 2：Verification statement

Conclusions

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

Inclusivity

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

Materiality

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

Responsiveness

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

GRI-reporting

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

Assurance level

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

Responsibility

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

Competency and Independence

The assurance team was composed of Lead Auditors 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 ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Peter Pu
Managing Director BSI Taiwan
2017-06-19

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