

2017 *Corporate Sustainability Report*

# CSR REPORT



**WT MICROELECTRONICS**  
文暉科技

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# From the Management Team



Eric Cheng,  
Chairman



Rick Chang,  
General Manager,  
Taiwan



James Wen,  
General Manager,  
China



Jack Yang,  
Chief Marketing  
Officer



Willie Sun,  
Chief Application  
Officer

WT Microelectronics issues the first corporate social responsibility report based on the core values of “Integrity, Commitment, and Teamwork with Respect for the Individual.” “Professionalism, integrity and sustainable management” constitute the business philosophy of WT Microelectronics. Therefore, actions related to corporate social responsibility have been taken in the past. With our corporate social responsibility report, the Company's economic, product, environmental protection, employee, and social performances can be further defined, quantified, tracked, evaluated and enhanced.

“Supporting downstream customers to shorten their R&D timeline and increase their competitiveness as well as assisting upstream suppliers in

product promotion and marketing" has always been the principle of service at WT Microelectronics. Therefore, the Company also attaches great importance to issues of interest to all stakeholders. Stakeholders include vendors/upstream suppliers, customers, shareholders/investors/banks, media, employees, suppliers/outsourcers, government agencies/authorities, and community/non-governmental organizations. Corporate social responsibility is a constant task. WT Microelectronics will continue to promote corporate sustainable development as well as working together with all stakeholders to create vision and values in sustainability.

In terms of realizing sustainable integrity governance, in addition to continuously introducing new product lines, expanding into new application markets, finding new customers, and improving value-added services to enhance business performance, the Company also

attaches great importance to risk management. Management and early warning mechanisms have been put in place for inventory, billing period, accounts receivable, exchange rate hedging and cash flow with the goal of realizing sustainable development. In terms of integrity governance, the Company attaches great importance to anti-corruption by setting relevant policies and procedures as well as continuously engaging in employee communication and training in order to realize sustainable integrity governance.

In terms of promoting high-quality and environmentally-friendly products, WT Microelectronics is a professional electronic component distributor that does not develop its own products. The Company has a large proportion of integrated circuit (IC) products such as analogs, power management and mixed signals from well-known manufacturers abroad. The Company can do its part for

environmental protection by promoting these high-quality and energy-efficient products. Currently, the products from vendors are compliant with the lead-free and RoHS 2.0 standards. In addition, the Company values customer privacy. Relevant behavior guidelines have been put in place to avoid infringing customer rights. Confidentiality agreements (NDAs) have been signed with many customers to protect their data security.

In terms of environmental protection, the Company reuses carton boxes the products came in for shipping. Moreover, all carton boxes and fillers are made of green materials. In terms of energy consumption, all lamps have been replaced by energy-saving ones. Lights are automatically switched off during lunch breaks and after work to reduce energy consumption and greenhouse gas emissions. In terms of waste disposal, e-waste, such as old computers, will be donated to charity groups. The Company

continues to move towards electronic operations, thereby reducing paper usage.

Employees are the most important assets when it comes to creating a warm and friendly workplace. Therefore, WT Microelectronics attaches great importance to the employee relations. The excellent results have been proven by the low turnover rate, high-frequency education and training, employee welfare activities, and association participation. The Company also lays great emphasis on employee health. It provides employee health check-ups every year and regularly invites doctors to the company for free consultations. Full-time healthcare manager has also been hired. The Company also regularly organizes employee trips and various association activities. In addition, the Company provides a full range of education and training, including new hire orientation, work skills training, functional expertise

training, leadership development, etc., in order for the employees to continue to grow and thrive with the Company.

To spread happiness through social welfare, the Company established the "WT Education Foundation" in 2014 to promote cultural and educational activities as well as caring for children in rural areas. The Company also actively engages in the procurement of local organic fruits and ingredients as employee benefits, supports the Association for the Blind by regularly organizing free massage for the staff, organizes donations for children and family support centers, as well as charity sales to help the Down's Syndrome Foundation.

Achievements and performance cannot be obtained in a short period of time. WT Microelectronics will continue to respond to the UN's Sustainable Development Goals from the three dimensions of economy, environment, and society. The Company upholds the core values

and business philosophy to continuously implement real actions with the spirit of doing things step by step so as to promote corporate social responsibility and support global sustainability initiatives.

# About This Report

## Report Profile

This report is the first Corporate Social Responsibility (CSR) report issued by WT Microelectronics Co., Ltd. (hereinafter referred to as "the Company", "WT Microelectronics", "WT" or "we").

The data and contents disclosed are mainly based on the Corporate Social Responsibility related performance of fiscal year 2017 (from January 1, 2017 to December 31, 2017). For information integrity and comparability, some data will be traced back to 2015 or extended to 2018. In the future, the Corporate Social Responsibility Report will be issued regularly every year.

## Report Data Collection

The data and information in this report are collected and documented by various departments in charge of their respective duties before being confirmed by the heads of these units. The information

and statistics are derived from the results of surveys and investigation done by the Company. The financial data is based on public information certified by the CPAs, and is denominated in NTD. The collection, measurement, and calculation methods of various indicators were mainly based on the local regulatory requirements. For areas not covered by local regulations, international standards were referenced. Where no international standards were applicable, industry standards or industry practices were adopted.

## Report Boundary and Scope

The geographical boundary of this report is the Taiwan area of WT Microelectronics Co., Ltd. Except for the financial information and part of the sustainability information verified by the accountant, it does not include the re-investment in the consolidated financial

statements. The Company expects to gradually incorporate its overseas operations into future reports to provide a complete picture of the Group's corporate social responsibility.

## Report Compilation Principles

The content of this report is based on the performance of the economy, the environment and the society to specifically describe the relevant actions and recent results of the Company.

The structure of the report is based on the Global Reporting Initiative (GRI) sustainability reporting guidelines. The disclosure principle is based on the core options.

## Report Assurance

This report is entrusted to PwC Taiwan in accordance with the ROC Statements of Assurance Engagements Standard No. 1 "Assurance Engagements Other

than Audits or Reviews of Historical Financial Information" for independent limited assurance. The assurance report is attached in the appendix to this report.

## Contact Information

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Company Website:  
<http://www.wtmec.com/WT/>

# Stakeholder Consensus

WT Microelectronics adheres to the commitments to vendors, customers, employees, shareholders and the society by listening carefully to the stakeholders, and continuing to do our utmost to balance the rights and interests of all stakeholders, making WT Microelectronics a trustworthy quality enterprise. Striving for excellence is

WT Microelectronics' overall standards. We believe that there is always room for improvement. We will do our best for every task, constantly reflect on ourselves in order to improve, and strive to pursue the greatest achievements. Through communicating with stakeholders from a variety of channels, we can understand the opinions and feedback of all stakeholders, as well as using this to focus on issues of interest. These

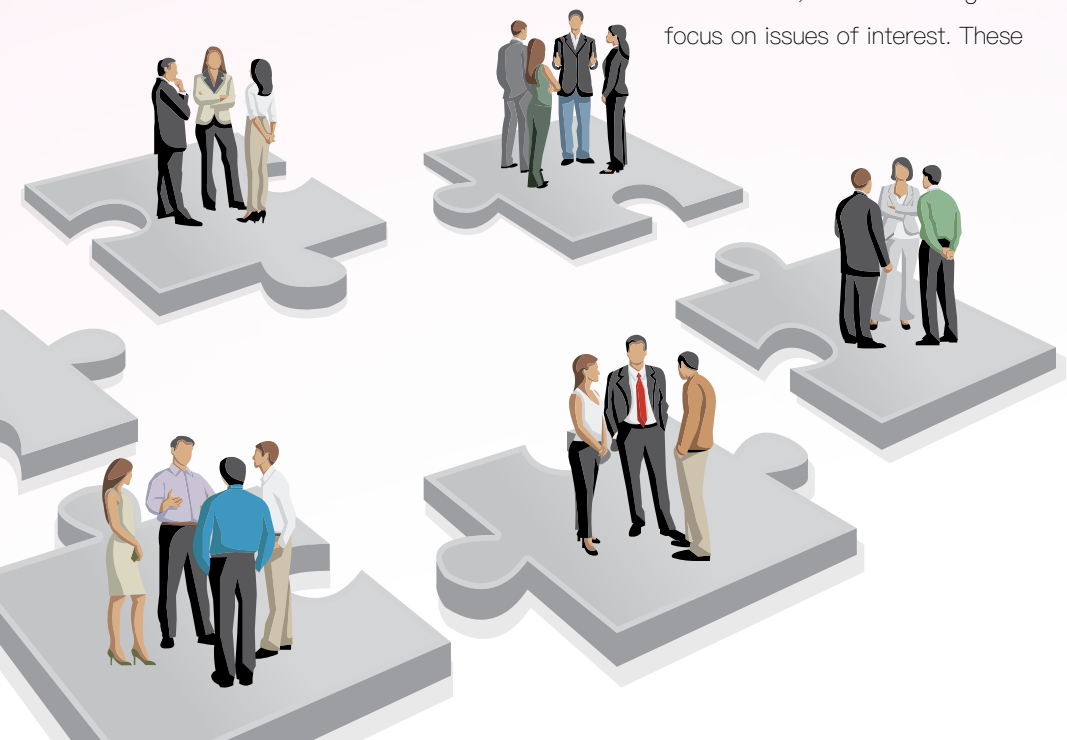
can then be taken into consideration for the development and adjustment of the Company's CSR management direction. At the same time, this motivates the disclosed content of our report to better respond to the stakeholders' expectations and needs.

## Stakeholder Communication

We refer to the interactions between stakeholders and the internal operations of our peers within the industry to identify eight major categories of stakeholders: vendors/upstream suppliers, customers, shareholders/investors/banks, media, employees, suppliers/outsourcers, government agencies authorities, community/NGOs.

As a semiconductor distributor, the Company has consistently adhered to the principle of "supporting downstream

customers to shorten their R&D timeline and increase their competitiveness, as well as assisting upstream suppliers in product promotion and marketing." Therefore, we value the quality and integrity of stakeholder communication channels. We have considerable responsibilities towards stakeholders. Therefore, we have set up a stakeholder area in the company website ([http://www.wtmec.com/WT/?page\\_id=2024](http://www.wtmec.com/WT/?page_id=2024)) in order to understand the needs and expectations of the stakeholders through various means and communication channels. The following table lists the communication channels, frequency, and key stakeholder concerns.



## List of Stakeholder Communications

Stakeholder	Issue of Concern	Channel of Communication	Frequency of Communication	Response from WT
Vendors/Upstream Suppliers	Economic performance	Meeting, telephone, and e-mail  On-site audit	Immediate/  Irregular intervals  Major suppliers conduct annual security audits	Continuous integrity management and ethics education for employees
	Integrity management			Continuous ECCN (U.S. Export Classification Control Numbers, which is the US export control of high-tech products and technologies, especially integrated circuits) training for employees
	Product trading compliance			Compliance with regulations established by the European Union and the US Securities and Exchange Commission for substances
	Environmental protection compliance			WT Microelectronics Security Measures Report
	Training and education			
	Client satisfaction			
	Warehouse and cargo security			
Customers	Integrity management	Meeting, telephone, e-mail, customer internal web communication platform	Immediate/  Irregular intervals	Continuous integrity management and ethics education for employees
	Customer health and safety			Compliance with regulations established by the European Union and the US Securities and Exchange Commission for substances
	Marketing and labeling			
	Customer privacy			
Shareholders/ Investors/Banks	Economic performance	Meeting, telephone and e-mail	Weekly	Quarterly performance briefings
	Market presence			Roadshows abroad and domestic meetings at irregular intervals
Media	Economic performance	Meeting, telephone, and e-mail	Every quarter	Quarterly performance briefings and press releases
	Market presence			
Employees	Employment	Complaint mailbox/Complaint hotline	Irregular intervals	No complaints in 2017
		Company internal webpage	Irregular intervals	Information concerning the employees is disclosed when needed
		Labor-Management Meeting/Welfare Committee	Every quarter	Labor-Management Meetings and the Welfare Committee meetings are held quarterly according to regulations
		Health advisory	Immediate/Irregular intervals	Physician consultation: 2-3 hours per month Health consultant consultation: Irregular intervals
Suppliers/ Contractors  (Warehouse)	Major supplier audits and environmental assessments	Telephone, mail, and supplier visit	Supplier monthly quality meeting	Quality monthly meeting minutes
			Supplier annual audit	Supplier audit report
	Customer health and safety	Telephone and mail	Annual	Major suppliers provide proof of environmentally-friendly materials



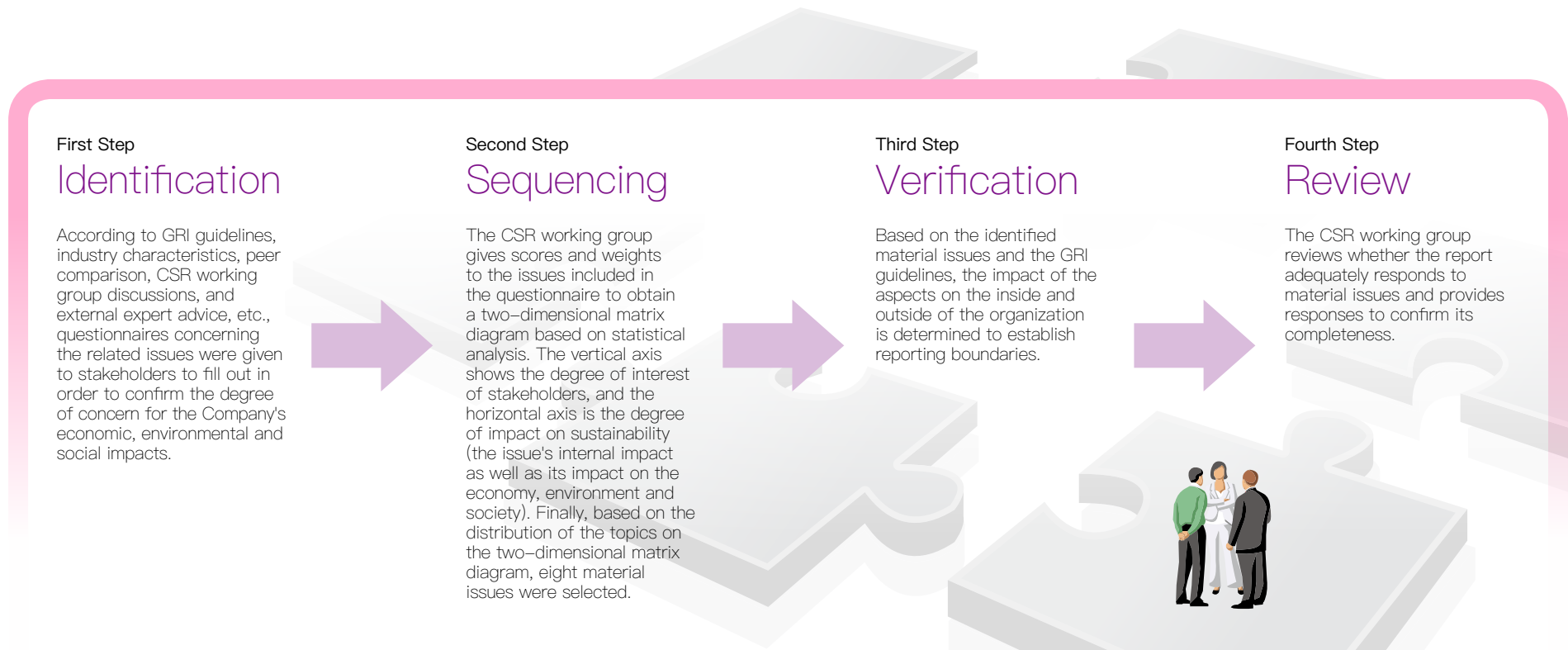
Stakeholder	Issue of Concern	Channel of Communication	Frequency of Communication	Response from WT
Suppliers/ Contractors (Office)	Workplace health and safety Supplier management and selection Compliance with the regulations Product quality and responsibility Procurement strategy Transportation and transaction security	E-mail, telephone, supplier survey, annual bargaining, exclusive corresponding contact, visiting and receiving suppliers	Immediate/ Irregular intervals	Annual audit selection Major suppliers provide relevant supporting documents
Government agencies/ Competent authorities	Corporate governance and integrity management Employee rights and labor relations Compliance	Participate in regulation briefings and seminars, official documents, e-mails, telephone calls, questionnaire responses organized by the competent authorities. The Company's official website has a section dedicated to stakeholders. Provide communication channels for government agencies/competent authorities, disclose information on Market Observation Post System (MOPS), in financial reports, in annual reports and on official websites. Regularly and irregularly make declarations, actively cooperate with government agencies/competent authorities to promote various measures, and participate in the evaluation held by competent authorities.	Immediate/ Irregular intervals	Continuous employee ethics and anti-corruption education and training Promote labor relations Cooperate with government agencies/competent authorities to handle and communicate matters in compliance with laws and regulations Maintain good interactions with government agencies/competent authorities
Local communities	Social care Public welfare activities Caring for rural areas and disadvantaged groups Environmental protection	E-mail, telephone, Field visits	Immediate/ Irregular intervals	Please refer to the chapter of Community Care for details. WT Microelectronics cares about public welfare and the society Caring for rural areas and disadvantaged children
NGO	Social welfare	The WT Education Foundation sponsors public welfare programs, participates in the operation of external organizations, and has established a stakeholder section on our official website, providing communication channels for community members, e-mail, telephone, field visits	Immediate/ Irregular intervals	Actively and continuously promote and participate in social welfare activities to exert positive strength

### Identification of Material Issues

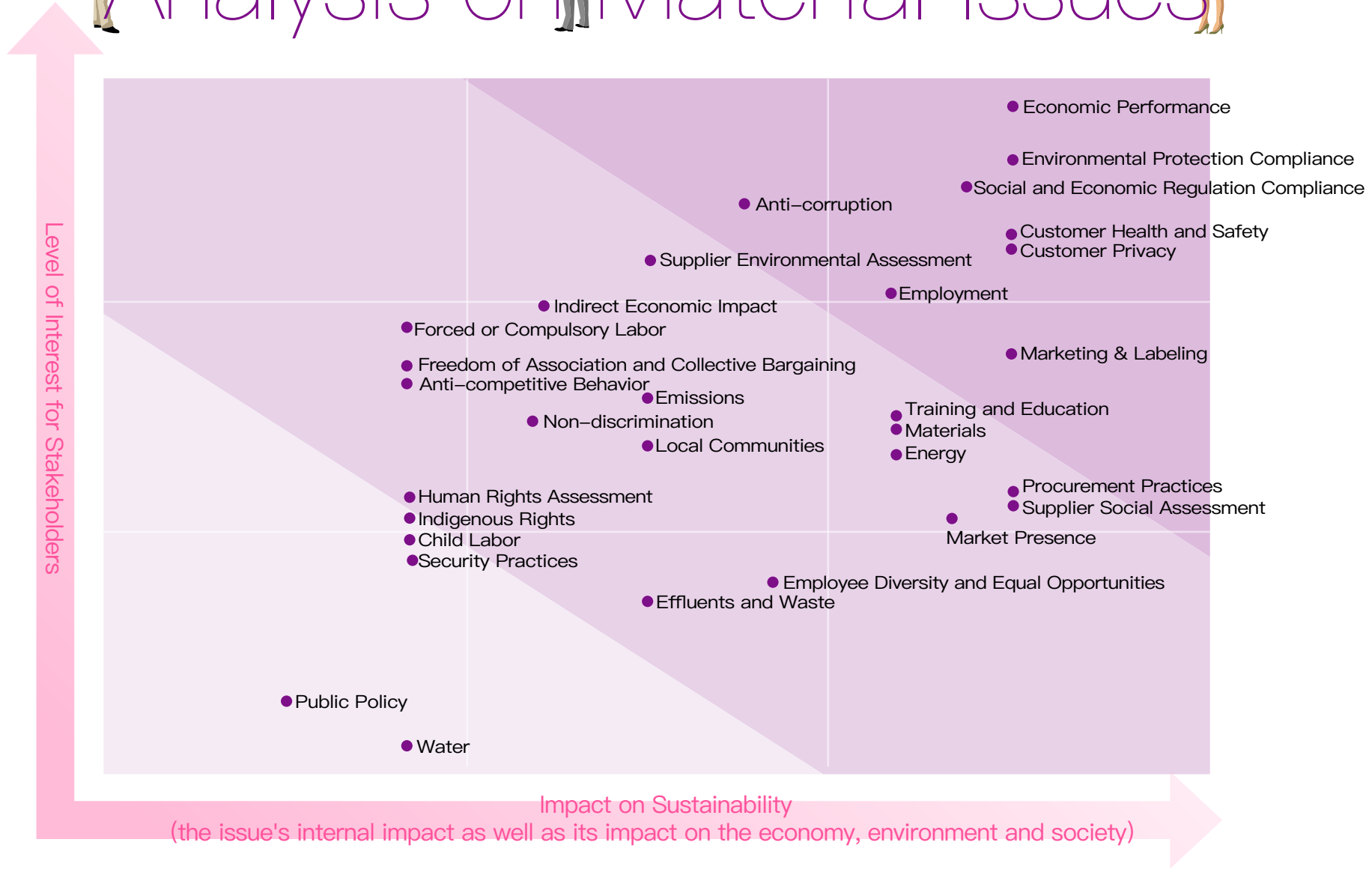
In order to achieve effective stakeholder communication, we conducted four major processes through systematic critical assessments, including identification, sequencing, validation and review based on GRI guidelines to identify the major

issues for the Company. Based on the matrix of concerns of stakeholders and the economic, environmental and social impacts of the Company's operations, we have identified eight material issues, including economic performance, compliance with environmental protection

regulations, customer health and safety, customer privacy, compliance with social economic regulations, anti-corruption, marketing and labeling, and employment. The following table will provide detailed explanations and disclosures on these major issues.



# Analysis on Material Issues



## Material Aspects Corresponding to GRI Guidelines in 2017

Material Topics	Report Boundary						Corresponding Chapter
	Within the Organization	Outside of the Organization					
		Shareholders/ Investors/Banks	Employees	Vendors/ Upstream suppliers	Customers	Government agencies/ Competent authorities	
Economic performance	V	V	V			V	1 Realizing Sustainability and Integrity Governance
Anti-corruption	V			V			1 Realizing Sustainability and Integrity Governance 2 Promoting Quality and Environmentally-Friendly Products
Environmental protection regulations compliance	V	V		V		V	3 Maintaining Green through Environmental Protection
Employment	V		V				4 Creating a Warm and Friendly Workplace
Customer health and safety	V			V	V		2 Promoting Quality and Environmentally-Friendly Products
Marketing and labeling	V			V	V		2 Promoting Quality and Environmentally-Friendly Products
Customer privacy	V			V	V		2 Promoting Quality and Environmentally-Friendly Products
Social and economic regulation compliance	V	V		V		V	1 Realizing Sustainability and Integrity Governance 2 Promoting Quality and Environmentally-Friendly Products

### External Initiatives

WT Microelectronics has not signed any externally developed economic, environmental and social charters, principles, or other initiatives.

### Industry Association Membership

The Company has gained much experience in operation thanks to the feedback and opinion exchanges garnered through participating in the related Industry Association. These opinions have helped us boost the benefits in our operation.

Name of the Organization	Membership	Participation in Projects or Committees	Sponsorship
Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)	First-grade member	No	No
Taipei Electronic Components Suppliers' Association (TECSA)	Formal member	No	No

# 1

● chapter

## Realizing Sustainability and Integrity Governance

# Key Performance

1 In 2016 and 2017, the Company ranked at the top **6% - 20 %** of the listed companies in the Corporate Governance Evaluation, which is **the second highest class** and also an improvement of one class from 2015.



2 Consolidated revenue for 2017:  
NT\$ **189.4** billion

After-tax earnings per share:  
NT\$ **5.26**

3 9 Board meetings were held in 2017 with the actual attendance rate of **86 %**

The Remuneration Committee convened 4 times with **100 %** of attendance



## 1.1 Organizational Profile

### Company Overview

Full Name	WT Microelectronics Co., Ltd.
Stock Code	3036
Chairman	Eric Cheng
Industry category	electronics distributor
Date of establishment	December 23, 1993
OTC date	September 26, 2000
Date of listing	August 26, 2002
Capital	NT\$5,522,227,240
Consolidated net sales for 2017	NT\$189,419,235,000
Headquarters	14th Floor, No. 738, Zhongzheng Road, Zhonghe District, New Taipei City, Taiwan
Number of employees	2,196



### History and Major Events of WT Microelectronics (1993~2005)

#### 1993

- WT Microelectronics Corporation was established with a registered capital of NT\$10 million. The main business was sales of electronic components.

#### 1997

- The office was relocated to the 7th Floor, No. 34, Section 3, Bade Road, Taipei.
- Established the R&D Application Engineering Department to engage in electronics product design and assisted design.

#### 2000

- Stock began trading over-the-counter.

#### 2001

- Initial issue of domestic unsecured convertible corporate bonds.
- Initial issue of employee stock option certificates.
- Re-invested in Shanghai Well Tech Microelectronics Co., Ltd.

#### 2005

- Re-invested in Wintech Microelectronics (Shanghai) Co., Ltd.

#### 1994

- WT Microelectronics Corporation was changed to WT Microelectronics Co., Ltd.
- Purchased land and buildings in the Wanshunliao area of Shenkeng Township for office and storage.

#### 1998

- Established WT Microelectronics Hong Kong Branch.

#### 1999

- Purchased about 852 pings of Far East Central Plaza in Zhonghe City, Taipei County for office and storage.

#### 2002

- The stock went from over-the-counter to being listed.
- Bought back treasury shares for the first time.
- Re-invested in Welltech Microelectronics (Shenzhen) Co., Limited

#### 2004

- Subsidiary Lintek Electronics Co., Ltd. merged with Nuvision Technology Inc.

## History and Major Events of WT Microelectronics (2008~2017)

### 2008

- Promising Investment Limited, a 100% indirect subsidiary of WT Microelectronics and WT Microelectronics, acquired all shares of the semiconductor parts distribution business of Solomon Co., Ltd. and the Hong Kong subsidiary Solomon QCE Limited of Solomon in cash.

### 2011

- Increased the investment in the subsidiary Wintech Microelectronics Holding Limited by US\$20 million, and acquired all shares of NSU Semiconductor Co., Ltd. in cash through its indirect subsidiary, Wintech Investment Co., Ltd.

### 2013

- Acquired all shares of MSD Holdings Pte. Ltd. in cash.

### 2015

- Obtained the ISO 9001:2008 Quality Management System Certificate and the 14001:2004 Environmental Management System Certificate.
- Subsidiary WT Microelectronics (Shanghai) Co., Ltd. obtained real estate for business in Shanghai.

### 2017

- Acquisition of all shares of Maxtek Technology Co., Ltd. in the form of a share-based conversion of cash considerations.

### 2009

- Acquired all shares of Morrihan International Corp. by way of share conversion.

### 2010

- Acquired all the shares in BSI Semiconductor Pte. Ltd and its subsidiaries in cash.

### 2012

- Acquired all shares of Techmosa International Inc. by way of share conversion.

### 2014

- Donated NT\$30 million to establish WT Education Foundation.

### 2016

- The subsidiary WT Technology Korea Co., Ltd. absorbed the consolidated subsidiary BSI Semiconductor (Korea) Co., Ltd.
- Subsidiary WT Microelectronics (Shanghai) Co., Ltd. signed a property development agreement to acquire real estate for business in Beijing.

### Important Awards Won by WT in 2017



 Texas Instruments Best Distributor for Growth in Mass Market Accounts 2017



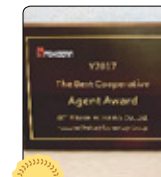
 ST Asia Pacific Best Agent Award and Best Product Agent for Memory Products



 ON Semiconductor Corporation 2017 Top Distribution Partner Award in APAC



 Maxim The Most Valuable PM and The Most Valuable FAE



 Foxconn (Wuhan) Technology Group 2017 The Best Cooperative Agent Award



 Foxconn CESBG 2017 Best Partner Award Best Strategic Supplier



 INVENTEC 2017 Best Supplier Award

### Others

Ranked No. 12 in the service industry of the top 2000 Business Survey conducted by Commonwealth magazine in 2017, ranked third in the category of information, communication and IC distributor, ranked 36th in the fastest-growing service industry category, and 36th in the most profitable company in the service industry.

Ranked among the top 5000 large-scale enterprises in Taiwan by China Credit Information Service, Ltd. in 2017: the first place in the electronic component wholesale business, the 10th in revenue of the service industry, and the 41st in revenue for all industries, and the 151st in performance of the service industry.



### Brand, Product, and Service

As a leader in providing professional electronic components all over the world, the Company has successfully positioned itself as the bridge between the upstream and downstream of the semiconductor industry by providing the most professional supply chain management services to the vendors and customers. The Company aims at "assisting product promotion and sales for upstream suppliers and supporting downstream customers to shorten their R&D schedule and increasing their competitiveness." To achieve this goal, the Company continues to develop its ability to create value added in the supply chain.

For more than 20 years, the Company has accumulated solid technical strength, which is then supplemented

by the ability to judge future product trends. It is committed to connecting the upstream components of the vendors with the functional requirements of downstream customer end products, in order to provide optimized service for the vendors and customers.

The Company is a distributor of more than 60 of the world's leading semiconductor manufacturers and serves more than 8,000 quality customers. The electronic components distributed are widely used in various applications such as telecommunication, computer and peripheral, consumer electronics, industrial control, Internet of Things, and automotive. With a solid and stable operating style, the Company's consolidated revenue for the year 2017 reached NT\$189.4 billion.



**Markets of Operation and Services**

WT Microelectronics is a leading semiconductor distributor in Asia with 45 business locations, covering Taiwan, Mainland China, Korea, Singapore, Vietnam, Thailand, Malaysia, and India. The products sold by the Group include more than 48,000 components, across the fields of IT, telecommunication, automotive, medical, consumer electronics, etc., providing customers with a variety of brands and products to choose from as a convenient one-stop shop.

The semiconductor brands the Company distributes include Ambarella, ADI, Broadcom, Marvell, NXP, ON Semiconductor, Skyworks, ST, and TI. The product range includes analog IC, memory IC, application-specific IC, discrete, chipset, microprocessors, etc. For complete brand and product details, please refer to the Company's official website and the operation overview on pages 81 and 82 of the 2017 Annual Report.

**Asia Operation Map**

**China Office (30)**

- 1. Harbin
- 2. Shenyang
- 3. Dalian
- 4. Beijing
- 5. Qingdao
- 6. Zhengzhou
- 7. Jinan
- 8. Xi'an
- 9. Ningbo
- 10. Shanghai
- 11. Wuxi
- 12. Suzhou
- 13. Kunshan
- 14. Nanjing
- 15. Hangzhou
- 16. Wenzhou
- 17. Hefei
- 18. Chengdu
- 19. Chongqing
- 20. Changsha
- 21. Wuhan
- 22. Fuzhou
- 23. Fuqing
- 24. Xiamen
- 25. Dongguan
- 26. Shunde
- 27. Guangzhou
- 28. Zhuhai
- 29. Hong Kong
- 30. Shenzhen

**Korea Office (1)**

- 31. Seoul

**Taiwan Office (5)**

- 32. Taipei, headquarters
- 33. Taoyuan, warehouse
- 34. Hsinchu, R&D
- 35. Taichung
- 36. Tainan

**South Asia Office (9)**

- 37. New Delhi, northern India
- 38. Mumbai, northern India
- 39. Pune, northern India
- 40. Bangalore, southern India
- 41. Chennai, southern India
- 42. Vietnam
- 43. Bangkok, Thailand
- 44. Penang, Malaysia
- 45. Singapore

**Markets served**

Region	Country/City	Product/Service type	Market for products/ Services offered	Products offered / Type of customers served
Taiwan	Taipei	Head office	Electronic parts and components trading	Information electronics manufacturers (telecommunications, computers, consumer, industrial electronics, and instrumental and automotive electronics)
	Taoyuan	Warehouse		
	Hsinchu	R&D		
	Taichung and Tainan	Operating locations		
China	Hong Kong, Shenzhen, and Shanghai	Warehouse and operating locations	Electronic parts and components trading	Information electronics manufacturers (telecommunications, computers, consumer, industrial electronics, and instrumental and automotive electronics)
	Harbin, Shenyang, Dalian, Beijing, Qingdao, Zhengzhou, Jinan, Xi'an, Ningbo, Wuxi, Suzhou, Kunshan, Nanjing, Hangzhou, Wenzhou, Hefei, Chengdu, Chongqing, Changsha, Wuhan, Fuzhou, Fuqing, Xiamen, Dongguan, Shunde, Guangzhou, and Zhuhai	Operating locations		
Korea	Seoul	Warehouse, operating locations, and showroom	Electronic parts and components trading	Information electronics manufacturers (telecommunications, computers, consumer, industrial electronics, and instrumental and automotive electronics)
South Asia	Singapore	Warehouse and operating locations		
	Vietnam, Thailand (Bangkok), Malaysia (Penang)	Operating locations		
	India (Mumbai, New Delhi, Pune, Bangalore, and Chennai)	Operating locations		

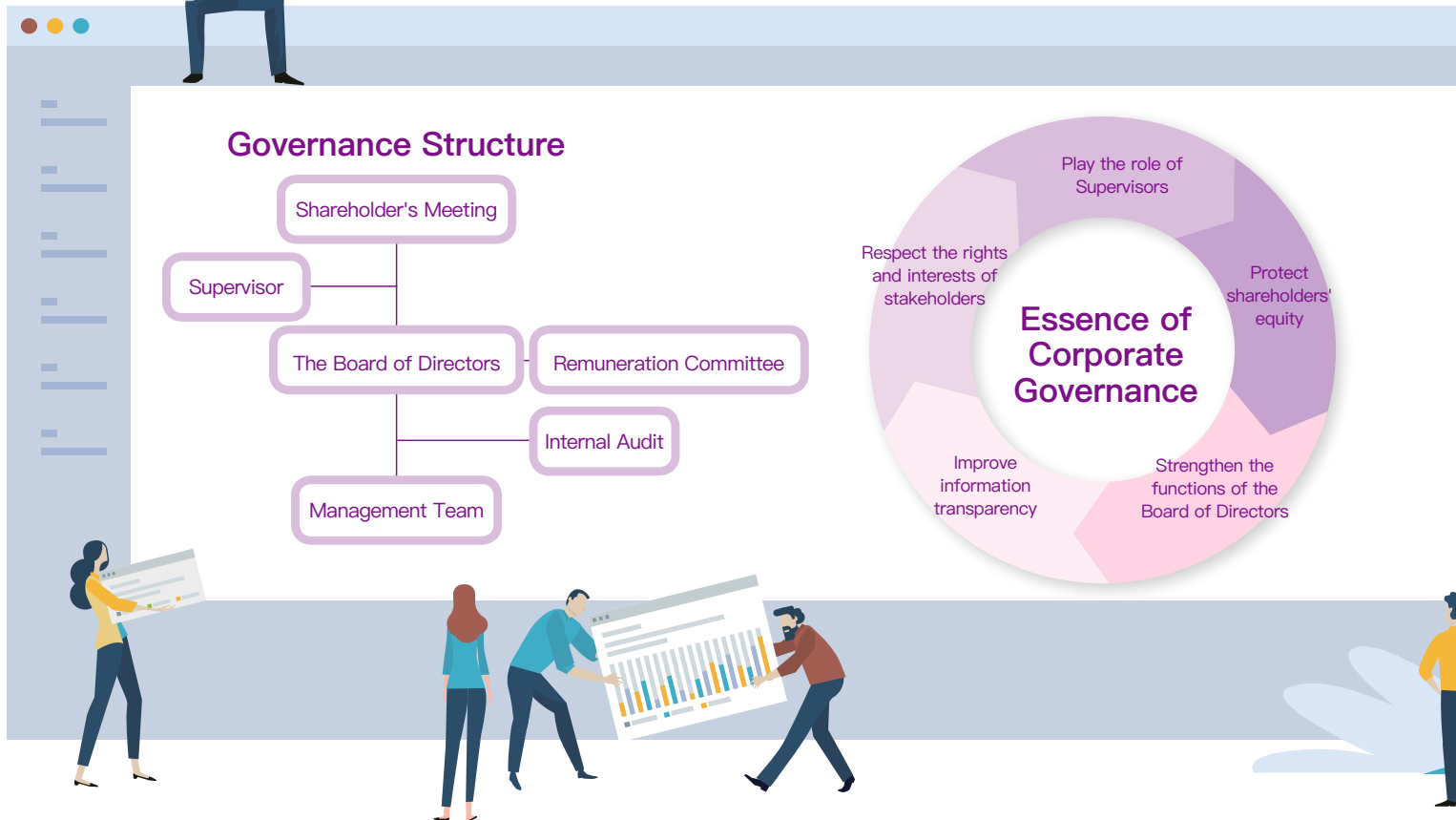
## 1.2 Governance Organization

WT Microelectronics is committed to establishing a good corporate governance system. The Board of Directors is the core of corporate governance. Besides providing strategic

guidance for the Company's operations, the Board supervises the management performance of the Company's management. It is the highest level of governance of the Company. Supervisors have also been appointed to supervise the board of directors. The Remuneration Committee has been set up under the Board of Directors to assist the Board

by providing professional advice. To protect shareholder rights, strengthen the functions of the Board of Directors, allowing the Supervisors to function properly, respecting stakeholder rights, and enhancing information transparency, the Company formulated "Corporate Governance Best Practice Principles", "Corporate Social Responsibility Best

Practice Principles", "Ethical Corporate Management Best Practice Principles", and "Procedures for Ethical Management and Guidelines for Conduct" to be used as the basis for establishing an effective corporate governance structure.



## Structure and Authority of Board of Directors

The Board of Directors is the highest governance unit of the Company and the major operational decision-making center. Based on the Company's development and scale of operations, seven directors (including two independent directors) and two supervisors have been appointed for a three-year term. They can be re-elected for multiple terms. On July 6, 2017, a director resigned due to a busy schedule. Currently, one seat of director is temporarily vacant.

The nomination of the Board of Directors is a candidate system to enable shareholders to fully exercise their rights to enhance corporate governance. To implement a good board governance system, diversity and professionalism are taken into consideration along with the Company's Corporate Governance Best Practice Principles. In terms of diversification, gender equality is

implemented with an equal number of male and female members with rich professional experience in various fields such as industry, finance, business and management. For the resume of the Board members and Board operations, please refer to the official website as well as pages 13-16 and 31-35 of the 2017 Annual Report.

The directors are responsible for supervising the achievement of the Company's operational objectives and improving the operational performance, providing strategic guidance to the management team and supervising the Company's compliance with various laws and regulations to ensure the interests of the stakeholders as well as maximizing their interests. In addition to the function of supervision, supervisors are also responsible for reviewing the effectiveness of the Company's financial statements and implementing the internal control system. They also attend Board meetings to monitor its operation

and present opinions when necessary to understand the situation or discover any anomalies in advance.

In order to protect the directors and supervisors from personal liability or

financial losses caused by third-party litigation, the Company pays for their liability insurance to reduce the risk of liability when they perform their duties.

## 2017 Board Operations

Unit of Governance	Term	Members	Number of Independent Directors	Number of Meetings	Ratio of Presence/Attendance
The Board of Directors	8th	Six directors. Reduced from seven due to one resignation, causing one vacant seat.	Two seats	9	86%
		Two supervisors	Not applicable		78%
Remuneration Committee	3rd	Three seats	One Seat	4	100%

## Members of the 2017 Board of Directors

Title	Name	Gender	2017 Training Hours
Chairman	Eric Cheng	Male	8 Hours
Director	Kerry Hsu	Female	8 Hours
Director	John Cheng	Male	8 Hours
Director	Margaret Kao	Female	6 Hours
Independent Director	Terry Cheng	Male	8 Hours
Independent Director	Elaine Kung	Female	11 Hours
Supervisor	Chih-Hsiung Wu: Representative of Tang Ye Investment Co., Ltd.	Male	8 Hours
Supervisor	Rita Hu	Female	8 Hours

## Structure and Duties of the Remuneration Committee

To establish a sound remuneration system for directors, supervisors, and managers, the Company set up the Remuneration Committee in 2012. There are three members on the committee with the same term as the Board of Directors. The independent director Elaine Kung serves as the convener. The independent qualifications of the members are met, and they have experience in fields such as accounting, economics, and management. The main responsibility of the Remuneration Committee is to assist the Board of

Directors in assessing the remuneration policies and systems of the Company's directors, supervisors and managers in a professional and objective manner. The committee also takes the Company's operating performance into consideration and makes recommendations to the Board for reference in the decision making process.

For the resume of the committee members and the operations of the remuneration committee, please refer to the official website and pages 47–48 of the 2017 Annual Report.

## Director and Supervisor Remuneration Policy and Practice

The Company stipulates in Article 19 of the Articles of Association that if there is any profit in the current year, no more than 3% shall be paid as remuneration for the directors and supervisors. Besides taking the performance evaluation results into account based on the performance evaluation criteria, the provisions of Article 16 of the Articles of Association of the Company

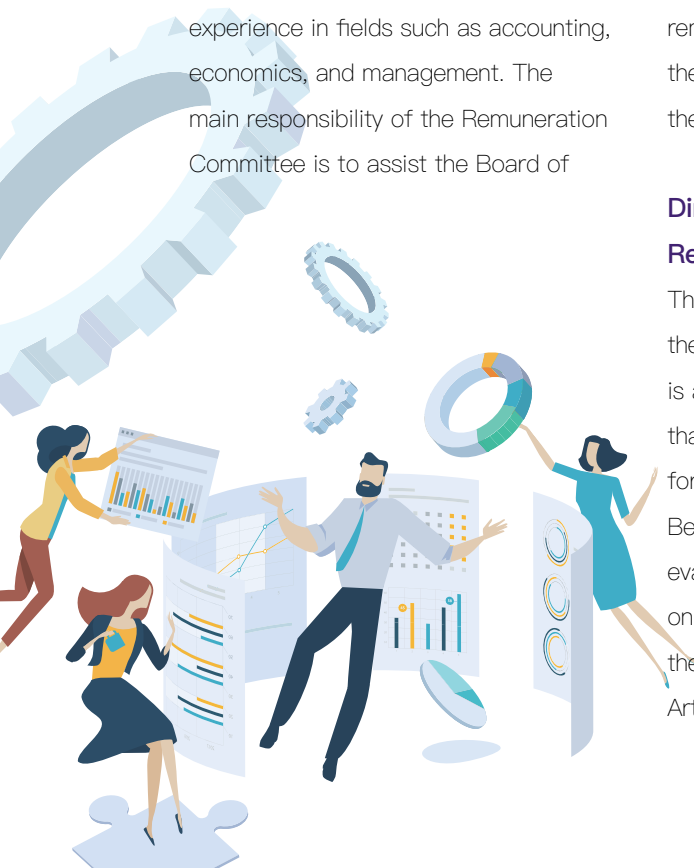
also stipulates that the remuneration committee should consider the degree of participation and contribution to the Company's operations when it comes to compensating directors and supervisors. Recommendations will be given to the Board of Directors based on the Company's operating performance and the general level of the industry's performance. Reports will then be made available for shareholders' meetings. The standard, structure, and system of remuneration will also take into account the Company's financial status, operating results, and needs for capital in the future for overall planning. Future risk assessment is also included in the scope of consideration. In 2017, annual payment for directors and supervisors takes up 0.48% of the total after-tax profit and loss.

## Respect for the Interests of Stakeholders and Transparency of Information

In order to ensure smooth communication with shareholders, the Company not only has

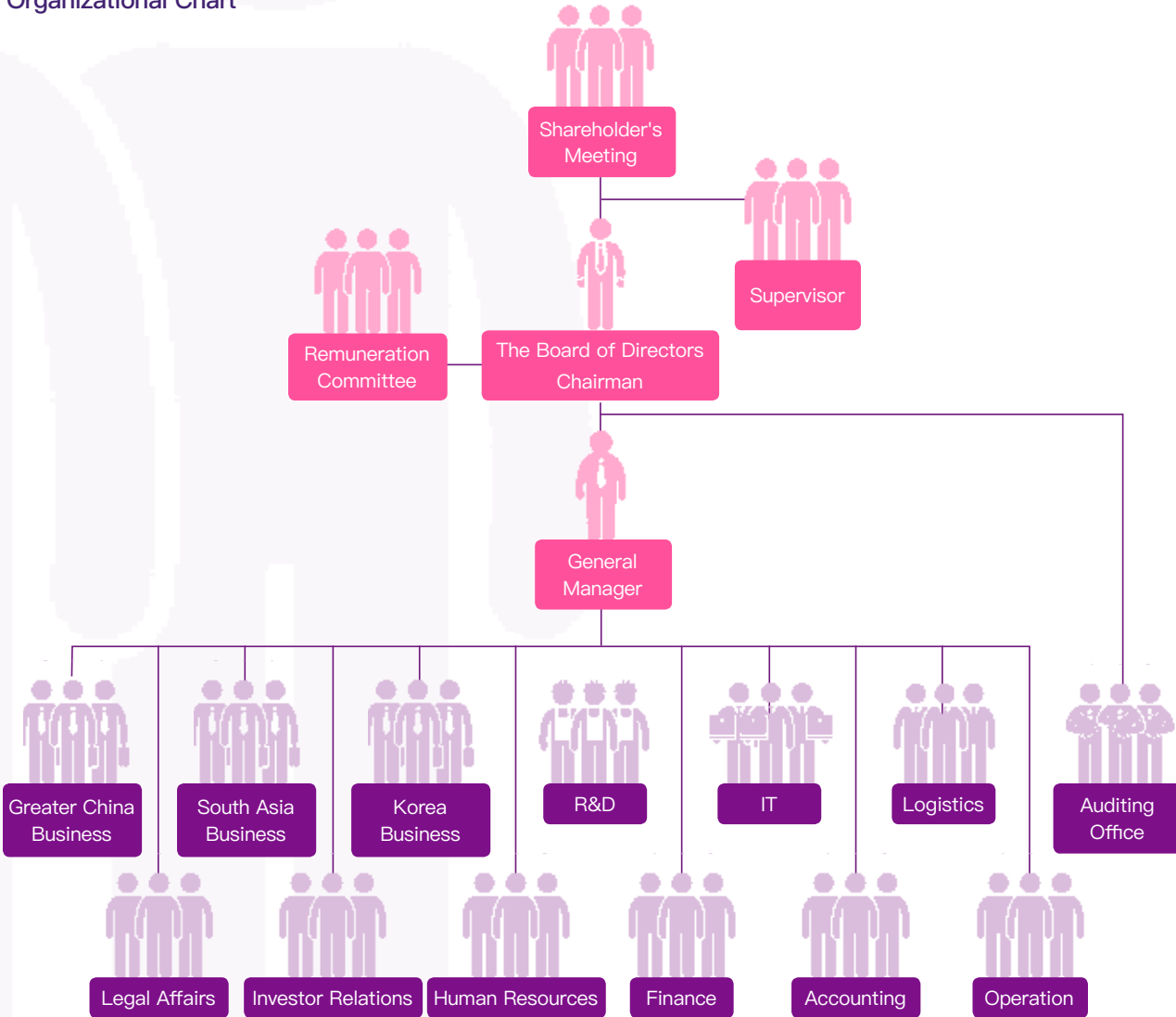
designated spokespersons and acting spokespersons, but also an investor relations mailbox for receiving advice and questions from the shareholders. The Company's official website has a "Corporate Governance" section, which discloses corporate governance operations to the investors. Dedicated staff are also appointed to publish important information of the company in the "public information observatory" within the prescribed time limit so as to achieve information equality, openness, transparency and immediacy.

In addition, the Company is invited to hold an investor conference every quarter, which announces the business performance of the quarter and the outlook for the next one. This information will be announced in parallel on the MOPS website and the official website of the Company. In 2017, the Company was invited to participate in a total of 10 investor conferences at home and abroad.



# Organization Chart and Main Division Functions

Organizational Chart



Business Activities of Main Divisions

Main Divisions	Business Activities
Business	Responsible for the sales of goods, with different locations in Greater China, South Asia, and Korea
R&D	Responsible for research and development of new products and technologies
IT	Responsible for IT system construction, integration, and control
Logistics	Warehousing department and customs department
Auditing Office	Responsible for assessing, auditing, supervising, and giving recommendations for the activities of all divisions
Legal Affairs	Responsible for the management of corporate legal affairs, litigation, and business contracts
Investor Relations	Responsible for offering services to investors and for public relations affairs
Human Resources	Responsible for the management of human resources
Finance	Responsible for fund management and bank transactions
Accounting	Responsible for accounting, filing taxes, and planning of company transactions
Operation	Administration, procurement, and sales management departments are set up under Operation

## Major Resolutions of the Board of Directors in 2017

Dates Convened	Major Resolutions of the Board of Directors
2017.1.6	<ul style="list-style-type: none"> <li>•2016 management year-end bonus and performance bonus payment.</li> <li>•2017 annual management remuneration payment.</li> <li>•CPA appointment and independence assessment.</li> <li>•Capital loan of RMB 130 million to subsidiary WT Microelectronics (Shanghai) Co., Ltd.</li> </ul>
2017.3.23	<ul style="list-style-type: none"> <li>•Donation to “WT Education Foundation.”</li> </ul>
2017.4.6	<ul style="list-style-type: none"> <li>•The Company obtained 100% shareholding in Maxtek Technology Co., Ltd. by means of a cash-for-share conversion.</li> <li>•Amendment of the Regulations Governing the Acquisition and Disposal of Assets.</li> </ul>
2017.5.9	<ul style="list-style-type: none"> <li>•The Company provided new and joint guarantees to provide affiliated enterprises (WT Microelectronics (Shenzhen) Co., Ltd.) to obtain the amount of transactions from the bank.</li> <li>•The Company continued to provide joint guarantees to the affiliated companies (WT Microelectronics (Shenzhen) Co., Ltd. and WT Microelectronics (Shanghai) Co., Ltd.) for obtaining credit from the bank.</li> </ul>
2017.7.10	<ul style="list-style-type: none"> <li>•The Company's directors and supervisors' remuneration distribution.</li> <li>•The fund loan of NT\$1.2 billion to the subsidiary Morrihan International Corp.</li> <li>•The Company added new joint guarantees to affiliated companies (WT Microelectronics (Shenzhen) Co., Ltd. and WT Microelectronics (Shanghai) Co., Ltd.) for obtaining short-term comprehensive credit lines from banks.</li> <li>•The Company will continue to provide joint guarantees to an affiliated company (WT Microelectronics (Shanghai) Co., Ltd.) for obtaining short-term comprehensive credit lines from the bank.</li> </ul>
2017.8.8	<ul style="list-style-type: none"> <li>•The Company increased the capital of the subsidiary, Morrihan International Corp., by NT\$1.6 billion.</li> <li>•The Company will continue to provide joint guarantees to the affiliated company WT Microelectronics (Shanghai) Co., Ltd., for obtaining a comprehensive credit line from financial institutions.</li> </ul>
2017.9.28	<ul style="list-style-type: none"> <li>•Increasing capital by cash for issuing new shares.</li> </ul>
2017.11.13	<ul style="list-style-type: none"> <li>•Fixing the 2017 cash increase issuance price.</li> <li>•Setting up the “2017 Cash Capital Increase for Employee Stock Subscriptions Guidelines” and the management participating in employee stock subscriptions.</li> <li>•The company will provide joint guarantees to an affiliated company (WT Microelectronics (Shanghai) Co., Ltd.) for obtaining short-term comprehensive credit lines from financial institutions.</li> </ul>

## Indicators for the Board of Directors Performance Assessments

In order to implement corporate governance and enhance the functions of the board of directors to establish performance targets and strengthen the efficiency of the board of directors, the Company has approved the “Board Performance Assessment Method” on August 10, 2016. The scope of the assessment can include the overall Board of Directors, individual Board members and functional committees. Evaluation may be done by internal Board evaluation, Board member self-assessment, appointment of external professional bodies, experts or other appropriate means for performance evaluation. The five major aspects include:

1. Degree of participation in the Company's operations.
2. Improvement in the quality of decision-making by the Board of Directors.
3. Composition and structure of the Board of Directors.

4. Election and continuous development of directors.

5. Internal controls.

The Company conducts internal Board performance assessment at least annually after the end of the year. In early 2018, the overall Board performance evaluation for 2017 has been completed. The achievement rate of the assessment results is over 90%. The assessment result is “exceeding the standard,” and this has been reported to Board members at the Board meeting held on January 22, 2018.

### Business Risk Management

The management of various operational risks of WT Microelectronics is subject to the decentralization of relevant units according to the nature of its business. Internal audits are meant for supervising the existing or potential risks of each operation, reviewing the risks, and formulating a risk-oriented annual audit plan. The plan is then submitted to the Board of Directors to oversee the operational and market risks to achieve corporate strategic objectives through the operations of various units, internal audits and external audits.

The main management unit for each risk is described as follows:

**Finance:** Responsible for the Company's fund dispatching, fund application, and establishing hedging mechanism in order to assess and reduce risks such as interest rate, exchange rate, and inflation risks. The unit is also responsible for planning and setting short, mid, and long-term financial and investment strategies.

**Business:** Responsible for marketing strategy, product promotion, and market trends to reduce business operation risks.

**IT:** Responsible for network planning, construction, operation and maintenance, continuous measurement of network quality, and identification of network attacks and crisis response exercises to reduce network operational risks.

**Legal Affairs:** In addition to being responsible for reviewing the legality of contractual documents, the unit assists in controlling legal risks, follows

government supervision policies, and deals with contract and litigation disputes in order to reduce legal risks.

**Audit:** Responsible for the revision and promotion of the internal control system and the planning and execution of auditing operations to strengthen internal control and ensure its effectiveness, in the hopes of achieving the effectiveness and efficiency of the Company's operations, reporting reliability, timeliness, and transparency, as well as being in line with the relevant norms and complying with laws and regulations.

**Board of Directors:** The Board of Directors is the highest decision-making unit of the Company's risk management. In accordance with overall operational risks and operating environment, the risk management policy is approved to ensure effective control of operational risks and improvement of management efficiency.





## Risks and the Management Mechanisms

### Market Risks

#### Management Mechanisms

- 1 R&D and investor relations units are always aware of the impact that technology and industry changes may have on the Company. At the same time, R&D also focuses on developing high value-added and high-margin products to promote more diversified and high-level products for securing the source of profit.
- 2 Strengthening product market development by finding future directions and opportunities for new trends in products and markets. Acting as agent for new products and developing new customers whenever possible to grasp business opportunities.
- 3 Maintaining good interactions with upstream and downstream customers, strengthening the product life cycle by integrating the characteristics of its own products and developing components that meet customer needs through strong R&D capabilities of the management team.
- 4 Regularly holding management meetings to determine sales plans and correcting sales forecasts in terms of sales, orders, inventory, etc., in order to achieve accurate sales forecasts.
- 5 Striving to disperse invoicing customers and pursuing product integrity and diversification to avoid market risks of a single product.

### Credit Risks

#### Management Mechanisms

The finance unit monitors the cash flow at all times. Besides separating short-term funds from the long-term capital use, the unit should regularly check the customers' credit and effectively manage the accounts receivable.

### Interest Rate Risks

#### Management Mechanisms

The funding activities mainly focused on the bank borrowings of USD and the prepayments of accounts receivable. In recent years, the USD LIBOR/TAIFX interest rate fluctuated greatly. The finance unit observed changes in the financial market and interest rate market, shortened the borrowing and advance periods and adjusted interest-bearing methods (floating or fixed) to effectively control interest expenses.

### Foreign Currency Risk

#### Management Mechanisms

- 1 The subsidiaries are located in Asian countries and face exchange rate risk in multiple currencies. However, the main transaction currency of invoicing operations is USD. Therefore, exchange rate risk mainly comes from the USD. Although the exchange rate changes will affect the revenue and profit, they will be sold through the same currency. In other words, the foreign currency assets and liabilities are offset against each other, and the natural hedging result is achieved. The net exposure of the USD is not high.
- 2 Through adopting the unified exchange rate evaluation mode, the financial unit uniformly publishes the exchange rate accounting basis every day so that the business and procurement departments can keep abreast of the latest exchange rate and obtain a better exchange rate base for orders.
- 3 The financial unit observes the market exchange rate dynamics based on the net exposure position of the foreign currency assets and liabilities and its billing exchange rate cost. It adjusts the foreign exchange exposure position and possible profit and loss through derivative commodity trading when necessary.

### Internal Audit

The internal audit unit assists the Board of Directors and managers to promote the sound, effective and efficient operation of the Company, reports goals including compliance with management and relevant regulations in a reliable, timely, and transparent manner. Internal audit reviews the flaws of the internal control system and measures the effectiveness and efficiency of operations, as well as providing advice for improvement when necessary to ensure the continued effective implementation of the internal control system and as a basis for reviewing the internal control system. The personnel of the auditing unit participate in the training every year pursuant to the regulations, as well as participating in the seminars organized by competent authorities to strengthen their professional knowledge and risk management awareness.

### Internal audit management process:

The internal audit is divided into planned audit, project audit, and self-assessment. The audit unit prepares an annual audit plan based on the risk

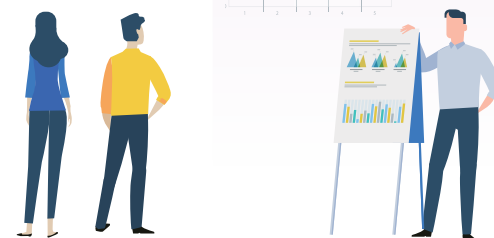
assessment results, including monthly audited items to assess the internal control system of the company and its subsidiaries. The control operations for major financial business activities are listed as auditing items for the annual audit plan, and the annual audit plan is implemented after the approval of the Board of Directors. After the audit report and the follow-up report are audited, they will be delivered to the supervisors and independent directors before the end of the following month after the completion of the audit project.

The Company conducts self-assessment at least once a year in order to execute the Company's self-monitoring mechanism, respond to changes in the environment in a timely manner, adjust the design and implementation of the internal control system, and enhance the quality and efficiency of the internal audit unit. The self-evaluation procedures can be seen below:

1. Each unit and its subsidiaries designate personnel to follow the five constituent elements adopted by the "Regulations Governing Establishment

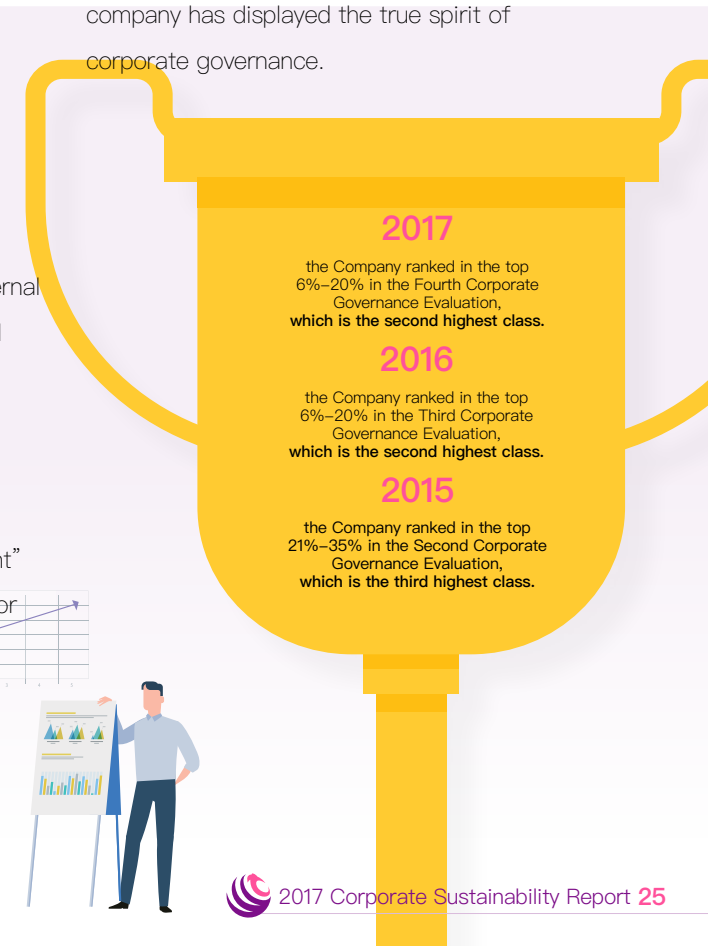
of Internal Control Systems by Public Companies"— control environment, risk assessment, control activities, information and communications and monitoring activities, as well as the assessment items. The relevant internal control system will be thoroughly reviewed and submitted to the auditing unit after review by the department head.

2. The internal audit reviews the parent company and the subsidiaries' participation in the internal control system's assessment items of the effectiveness. The result is consolidated into the "Tables of Overall Evaluation of Internal Controls" as the basis for the "Internal Control System Statement" issued by the Board of Directors and the General Manager.
3. The "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" are then submitted to the Board for discussion and approval.



### Corporate Governance Evaluation

The results of corporate governance evaluation are divided into 7 classes, namely the top 5%, 6%–20%, 21%–35%, 36%–50%, 51%–65%, 66%–80%, 81%–100%. The Company's corporate governance evaluations from 2016 to 2017 have won the top 6%–20% of all listed companies' rankings, i.e., the second highest class. It also improved by one class from 2015, which proves the company has displayed the true spirit of corporate governance.



## 1.3 Operating Performance

### Economic Performance

In the pursuit of excellence in financial performance, WT Microelectronics believes in maximizing benefits for shareholders while strictly controlling business expenses and effectively using resources. In addition, high-level management holds group operation meetings every quarter to stay updated with the Company's business policy, gain insight into future market conditions, and actively develop niche markets to improve profitability. With the concerted efforts of our excellent management team and all employees, the Company created NT\$189.4 million in consolidated revenue in 2017. The after-tax earnings per share was NT\$5.26, enhancing the Company's economic value and shareholders' confidence. For more information regarding the Company's operating performance, please refer to the 2017 consolidated financial report.



### Economic Performance from 2015 to 2017.

Unit: NT\$1,000

Year	2015	2016	2017
<b>Direct economic value generation</b>			
Income	87,555,815	113,756,279	147,003,489
<b>Distribution of direct economic value</b>			
Operating costs	84,864,647	110,636,804	142,930,078
Employee salaries and benefits	782,710	808,314	910,143
Interest expenses or dividend distribution	1,380,130	1,513,841	1,495,733
Tax	159,916	165,349	253,364
Community investments	5,698	9,919	8,523

### Government Subsidy in 2017

Region	Type of Subsidy	Amount of Subsidy
Taiwan	Tax relief and deduction	R&D investment reduction reached NT\$2,917,232
China	Tax relief and deduction	Tax-free quota for cross-border taxable services reached NT\$11,035,000 (RMB 2,451,350.63)
	Subsidy (Note)	A refund of NT\$115,000 (RMB 25546.48) was received for personal income tax handling fee

Note: The average exchange rate between RMB and NTD was 4.5016 in 2017

## 1.4 Integrity and Anti-corruption

"Integrity" is the most vital core value and business philosophy of the Company. Corruption risks are controlled through the Company's "Ethical Corporate Management Best Practice Principles", "Codes of Ethical Conduct" and "Procedures for Ethical Management and Guidelines for Conduct" as well as other management regulations and internal control system, authorization system, functional division of labor and other preventive measures, including cooperating with internal audits, conducting self-assessment of internal control, and providing a reporting channel in case there is a violation. In addition, an integrity management promotion team has been designated to formulate and supervise the execution of integrity management policies and preventive measures. The team also reports to the Board of Directors at

the beginning of each year on the implementation of integrity management in the previous year, assisting the Board of Directors in assessing whether the implemented preventive measures are effective.

### Ethical Guidelines on Business Practices

Among the relevant codes of conduct formulated by the Company, except for the "Supplier Code of Conduct" which is implemented after the approval by the Chairman, the rest is subject to approval by the Board of Directors. The same procedure applies to all amendments, and the integrity management promotion team is responsible for promoting these codes.

### Operating locations that have been assessed for corruption risks

The core value of the Company is "integrity". It does not violate ethical and legal norms for pursuing profits or achieving goals. The Company is committed complying with local laws and regulations while carrying out all operational activities. Through internal audits, self-assessment of internal

control, and setting up a reporting mailbox for violations, corruption risks for all locations in Taiwan have been evaluated and controlled according to business attributes.

The Company has no significant risk of corruption based on the 2017 internal audit report, self-assessment of internal control, and investigation results of ethical violation cases.



## Communication and training on anti-corruption policies and procedures

In order to improve integrity management, a promotion team has been formed by the HR, Legal Affairs, and the Auditing Office. The team is responsible for the formulation and supervision of the integrity management policies and preventive measures.

In order to abide by clear ethical standards and adhere to ethical characteristics, the Board of Directors publicly disclosed the important management regulations such as the "Ethical Corporate Management Best Practice Principles", "Codes of Ethical Conduct" and "Procedures for Ethical Management and Guidelines for Conduct" on December 1, 2014. They are available in the corporate governance section of the official website and the Company's internal website for all employees.

For the new employee training, the Company arranged courses about the important management regulations for the "Ethical Corporate Management Best Practice Principles", "Codes of Ethical Conduct" and "Procedures for Ethical Management and Guidelines for Conduct". In 2017, WT Microelectronics had 40 batches of new employee training with 112 trainees in total. The goal is letting new employee understand and abide by the Company's principle of good faith. The Company also actively provides members of the governance unit with information on various training courses. In 2017, 3 members of the governance unit received anti-corruption training courses, accounting for 19% of the total number of governance unit, in order to strengthen the integrity management policy. The Company also actively provides directors and supervisors with training courses

related to corporate governance and integrity. The Company also assigns relevant personnel to participate in seminars, lectures and symposiums organized by competent authorities, public associations or professional organizations to strengthen the integrity management policy.

For the implementation of the Company's professional ethics, please refer to "Integrity Management" on pages 55 to 60 of the 2017 Annual Report.

## Confirmed corruption incidents and actions taken

The Company regularly reports to the Board of Directors and supervisors at the beginning of each year on the results of the implementation of the integrity management in the previous year to assist the Board of Directors in assessing whether the preventive measures established for integrity management are effective. On January

22, 2018, the Board of Directors has received the 2017 integrity management report. In 2017, the Company did not find any cases of supervisors, managers and employees receiving bribes or undue benefits.

The official website of the Company has a platform for reporting ethical violations. It is established to provide a channel for the audit unit to accept cases regarding potential illegal activities brought forward by the whistleblower. The audit unit is responsible for forwarding the case to the highest authority of the relevant unit for investigation, as well as tracking the final result. The identity of the whistleblower and the presented case are kept confidential. A complete record is kept for the acceptance, investigation process and results of the case.

In 2017, 0 valid case of ethical violation was reported.

Note: Valid cases are verified to be in violation of professional ethics.





● chapter

# Promoting Quality and Environmentally-Friendly Products

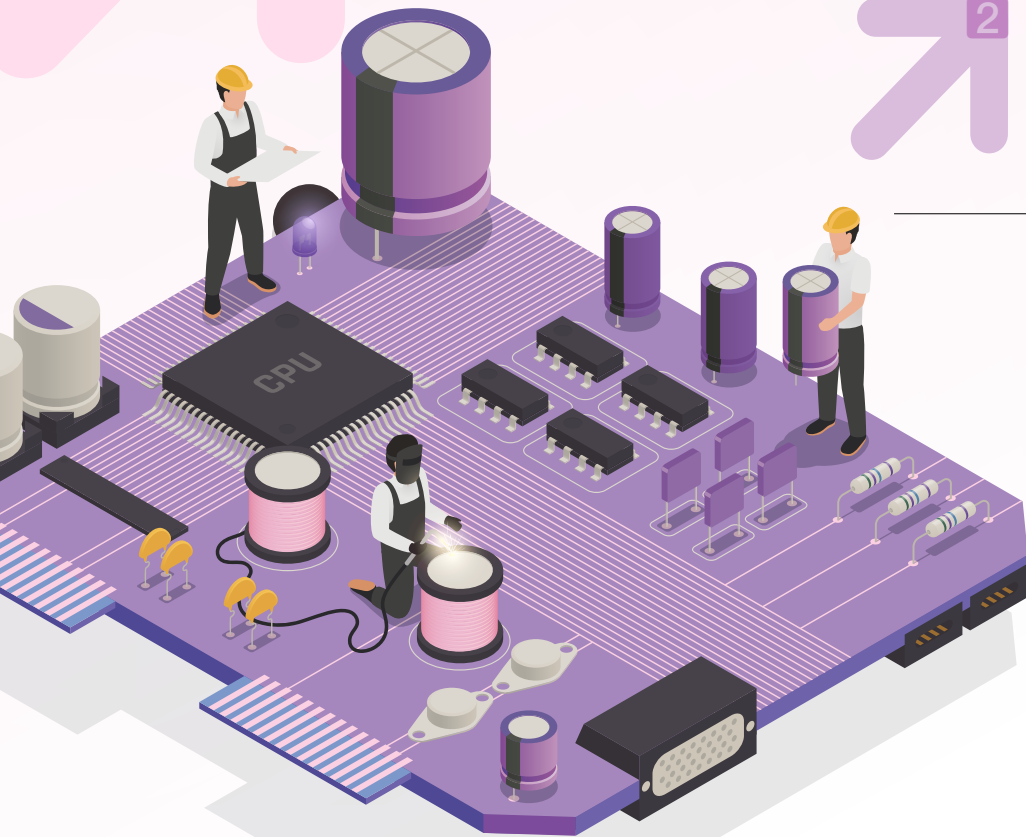


# Key Performance

**1 No incidents**  
of violation of health and safety regulations regarding products and services occurred **in 2015–2017**

The amount of procurement in Taiwan in 2017 is  
**2 NT\$ 19 million**,  
accounting for  
**99.5% of the total amount of procurement.**

In 2017, a total of  
**3 5 ECCN training courses**  
were held, with a total of  
**191 participants.**



WT Microelectronics is a leading global provider of professional electronic component access services, mainly engaging in various electronic components research and development, trading and import and export. The Company acts as a distributor for more than 60 world-class semiconductor suppliers, serving more than 8,000 quality customers. The electronic components distributed are widely used in various applications such as telecommunication, computer and peripheral, consumer electronics, industrial control, Internet of Things, and automotive.



### Main Brands Distributed by WT Microelectronics

- Ambarella™
- Amlogic
- ANALOG DEVICES  
AHEAD OF WHAT'S POSSIBLE™
- BROADCOM  
connecting everything™
- DIODES  
SEMICONDUCTORS
- ESMT
- IDT  
Integrated Device Technology™  
The Analog and Digital Company™
- LG
- LUMILEDS
- MARVELL™
- MagnaChip®
- maxim integrated™
- MAXLINEAR
- MICROCHIP
- Micron®
- NANYA
- nuvoton
- NXP
- ON Semiconductor® ON
- OSRAM  
Opto Semiconductors
- REALTEK
- SILFRAY
- SILICON LABS
- SKYWORKS
- ST
- Synaptics®
- TEXAS INSTRUMENTS

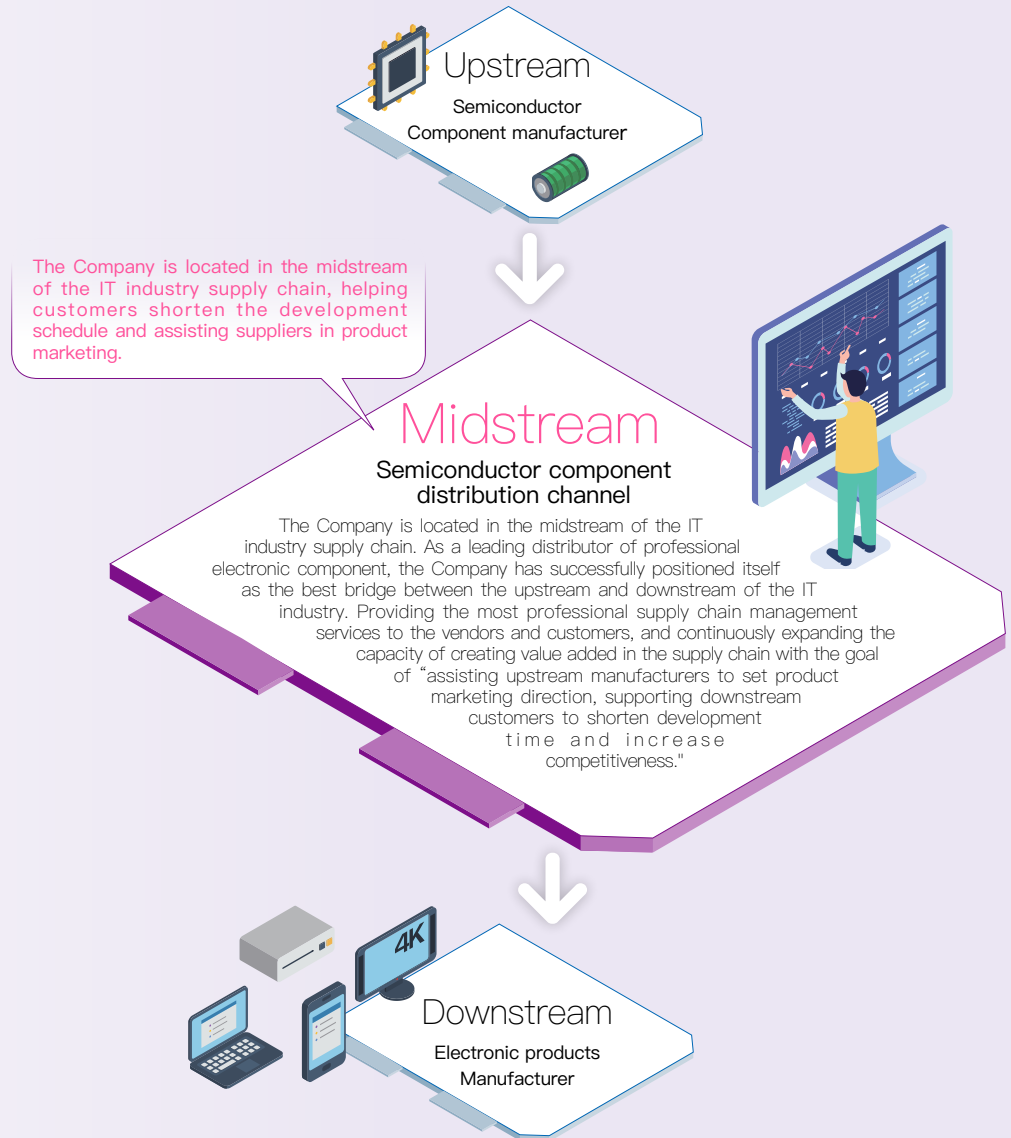


In the semiconductor distribution supply chain, the Company acts as a midstream distributor, namely a bridge between upstream semiconductor component manufacturers (e.g., integrated device manufacturers and IC design suppliers) and downstream electronics manufacturers, providing professional supply chain management services for both. With the goal of “assisting upstream suppliers to set product marketing directions, supporting downstream customers to shorten R&D timeline and increase competitiveness”, the Company is committed to connecting the characteristic of upstream components and the functional requirements of downstream customer end products to provide vendors and customers with optimized services, as well as continuously strengthening the ability to create value added in the supply chain. We strive to continuously strengthen our ability to provide services to our partners as well as establishing our position in the supply chain by providing the most professional supply chain management services for our vendors and customers.

In order to enable the semiconductor supply chain to operate effectively, the Company takes on the responsibilities for providing logistics, technical support and relevant product information for downstream manufacturers. We assist in the sales and support services of upstream suppliers and provide downstream customers market information and field application engineering support to help shorten the product launch time. Meanwhile, we have also deployed more operating bases and warehouse equipment overseas with the expansion of production bases of downstream customers, so as to effectively provide services such as logistics and technical support for customers. We also actively strive to expand the product distribution areas to enhance international competitiveness.

We believe that a successful company must focus on the core business and continue to create irreplaceable value in the supply chain. In the face of the ever-changing business environment, only by focusing on our job can we understand the changes in the industry and make timely changes.

### Correlation with Upstream, Midstream, and Downstream Sections of the Industry



## 2.1 Supply Chain Procurement Management

The Company maintains solid long-term cooperation with major suppliers, and the source of procurement is stable. At present, the end product areas distributed by the Company include industrial control, automotive electronics, smartphones, communication equipment, home appliances, and personal computers.

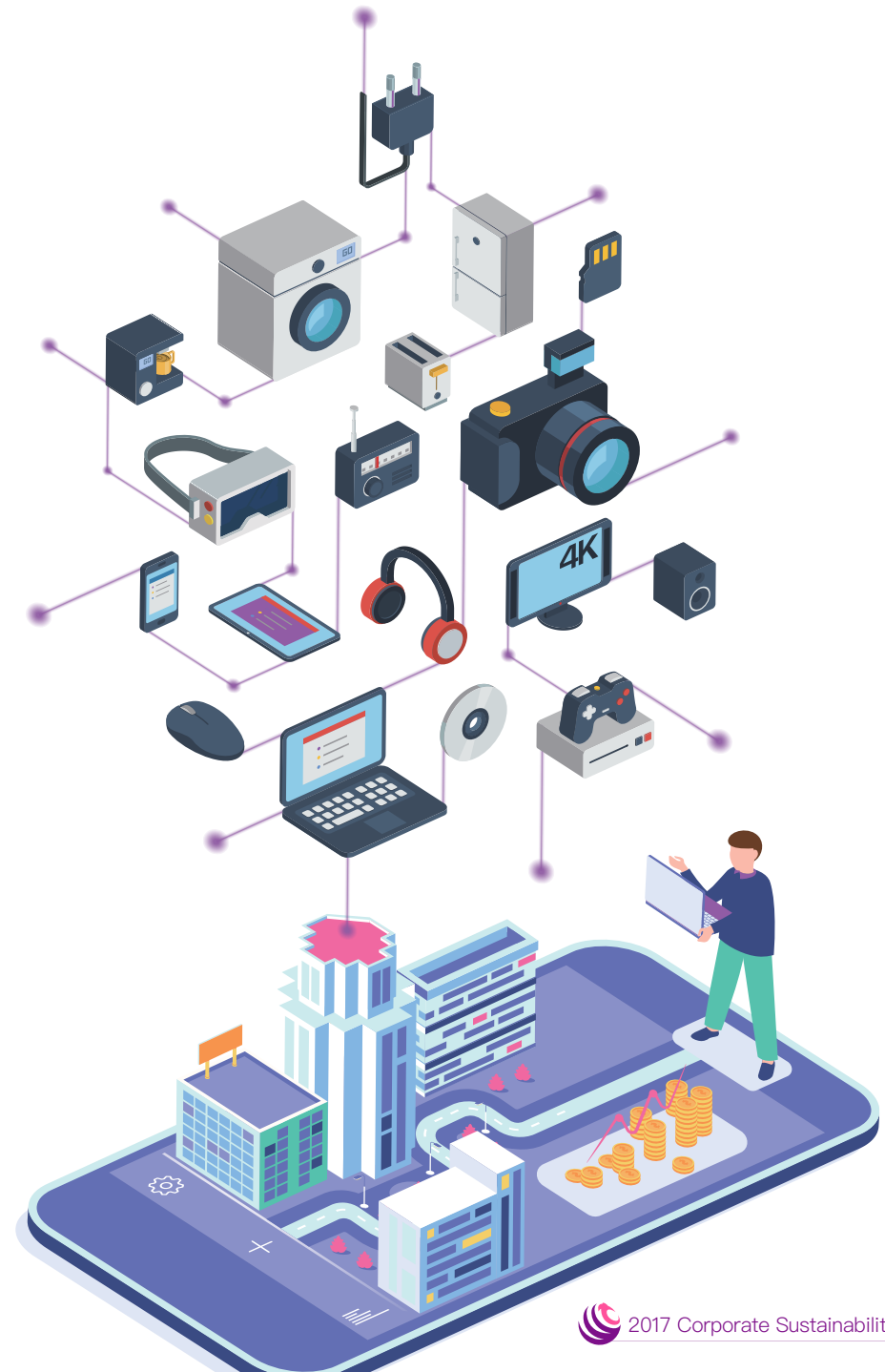
In order to ensure product quality, the Company has established a “Supplier Code of Conduct”, which is disclosed on the official website to help our suppliers understand and comply with the Company’s product safety and ethical requirements, in order to promote social and environmental responsibilities. If any supplier violations are found, we will immediately terminate the partnership with the supplier and

request compensation for damages. There were no incidents of contract termination or non-renewal of business partners due to corruption violations in 2015–2017.

### Supplier Code of Conduct

In order to help suppliers to understand and meet the requirements of the product for product and ethics, to enhance social and environmental responsibilities, and to jointly pursue corporate sustainability goals based on reciprocal cooperation, the “Supplier Code of Conduct” has been specifically formulated to include labor rights, health and safety, environmental protection and ethics.

In terms of employee management, the Company requires suppliers to absolutely abide by the relevant laws and regulations of the countries in terms of wages, labor conditions, employment conditions, safety and health standards, as well as providing a dignified and safe working environment.



In terms of environmental protection, the Company requires suppliers to obtain necessary environmental permits (e.g., emission monitoring), approval and registration documents, as well as maintaining and updating them regularly. In addition, we require suppliers to identify and manage chemical substances and other substances that are released into the environment, thereby ensuring that they are safely handled, transported, stored, used, recycled or reused, and disposed of.

suppliers should not accept any form of illegitimate interests, and promise to abide by the relevant laws and regulations of intellectual property rights, commit to fair trade, and not participate in unfair competition such as false advertising. In addition, suppliers should ensure that metals such as antimony, tin, tungsten, and gold used in their products do not directly or indirectly finance or benefit armed organizations that commit serious human rights violations in the Democratic Republic of the Congo and its neighboring countries.

### Localized Procurement

In order to promote local economic development and avoid the non-essential air and sea freight carbon footprint to save energy and reduce carbon emission, the Company's operational activities, information, logistics (Processing Distribution Center, PDC) and Field Application Engineer (FAE) purchases prioritize local suppliers in Taiwan. In 2017, the local procurement amount was NT\$19 million, accounting for 99.5% of the total procurement amount.



In terms of ethics, the Company requires that employees and their families of

### Proportion of local procurement from 2015 to 2017

Unit: NTD

Category	2015			2016			2017		
	Local purchase amount	Total purchase amount	Local purchase percentage	Local purchase amount	Total purchase amount	Local purchase percentage	Local purchase amount	Total purchase amount	Local purchase percentage
Administration-related	7,133,629	7,133,629	100%	5,952,270	5,952,270	100%	<b>11,579,175</b>	<b>11,579,175</b>	<b>100%</b>
IT-related	12,453,691	12,477,258	100%	7,189,784	7,189,784	100%	<b>2,578,937</b>	<b>2,578,937</b>	<b>100%</b>
PDC	7,659,530	7,662,352	100%	2,530,413	2,531,766	100%	<b>3,665,627</b>	<b>3,665,627</b>	<b>100%</b>
FAE	2,986,397	3,011,465	99%	2,551,381	2,627,859	97%	<b>1,170,470</b>	<b>1,267,206</b>	<b>92%</b>
Total	30,233,247	30,284,704	99.8%	18,223,848	18,301,679	99.6%	<b>18,994,209</b>	<b>19,090,945</b>	<b>99.5%</b>

## 2.2 Responsible Products

The Company strictly controls the quality and safety of products by strictly abiding by the Restriction of

Hazardous Substances (RoHS), REACH (Registration, Evaluation, Authorization, Restriction of Chemicals), and the conflict mineral-related regulations established by the US Securities and Exchange Commission. The RoHS standard is “Restrictions on the Use of Certain Hazardous Components in Electrical and Electronic Equipment”. It is mainly used to regulate electrical

and electronic product materials and technical standards to make products more beneficial for human health and environmental protection. The purpose of this standard is to eliminate 10 substances including lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls, polybrominated diphenyl ethers, and four plasticizers in the products. The

lead content is specifically set to be no more than 0.1%. The REACH standard is a safety regulation for the registration, evaluation, authorization and restriction of chemicals. Substances of high concern that are imported into the EU must be registered with the European Chemicals Agency (ECHA). The conflict minerals regulations require companies to disclose the source of conflict minerals in the manufacturing process, whether they come from mines in the Democratic Republic of the Congo and surrounding countries that improperly mistreat labor and disregard human rights.

In addition to regulation compliance, we also require suppliers who do business with the Company to declare their products comply with the above-mentioned regulations on their official websites, or provide verification through Taiwan Electronic Testing Center or SGS to ensure the electronics component we sell to downstream manufacturers are in compliance with regulations.

### List of major supplier brands that comply with RoHS, REACH and conflict minerals regulations

Brand	RoHS (Restrictions on the Use of Certain Hazardous Components in Electrical and Electronic Equipment)	REACH (Registration, Evaluation, Authorization and Restriction of Chemicals)	Conflict minerals regulations
AMBARELLA	V	V	V
AVAGO	By part number	V	
EXAR	V	V	V
MAGNACHIP	V	V	
MARVELL	By part number	By part number	V
MAXIM	V	V	V
MICRON	V	V	V
NXP	V	V	V
ON	V	V	V
OSRAM	V	V	
SILERGY	V	V	
SILICON LABS	By part number	By part number	V
SKYWORKS	V	V	V
ST	V	V	V
TI	V	V	V

No incidents of violation of health and safety regulations regarding products and services occurred in 2015–2017

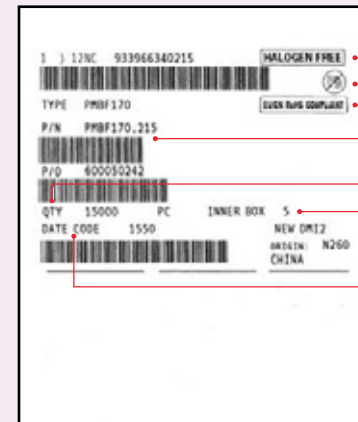
### Product Content Label

As a distributor of semiconductor components, the Company has relatively limited control over product labeling. When facing upstream manufacturers and semiconductor component manufacturers, namely our vendors, we ensure that the products obtained from the original factories are labeled on the outer box, inner box and electronic component tray or reel, indicating all necessary information, including product materials, part number, place of origin, year of manufacture, cycle, batch number, etc., and whether it meets the specifications of lead-free, halogen-free, RoHS, etc., in order to facilitate our product identification, acceptance, data management and tracking operations, and confirm the product label compliance of the purchased products.

When facing downstream manufacturers and electronic products manufacturers, namely our customers, the Company first discussed the product label form and specifications with customers to ensure that the product labeling at the time of shipment is 100% in line with customer requirements. We create customized

labels based on the needs of each manufacturer. The label information includes the vendor name, customer code/part number, product origin, year of manufacture, cycle, quantity, and compliance with lead-free, halogen-free, RoHS and other specifications.

### Outer box label (for upstream manufacturers)



- Country of origin: the country that the product is made
- Traceability lot number
- Date code: P/N: the date that the product is made
- Product quantity
- Bar code (including the above information)
- Shipment date
- Meets halogen-free specifications
- Meets lead-free specifications

### Inner box label (for upstream manufacturers)



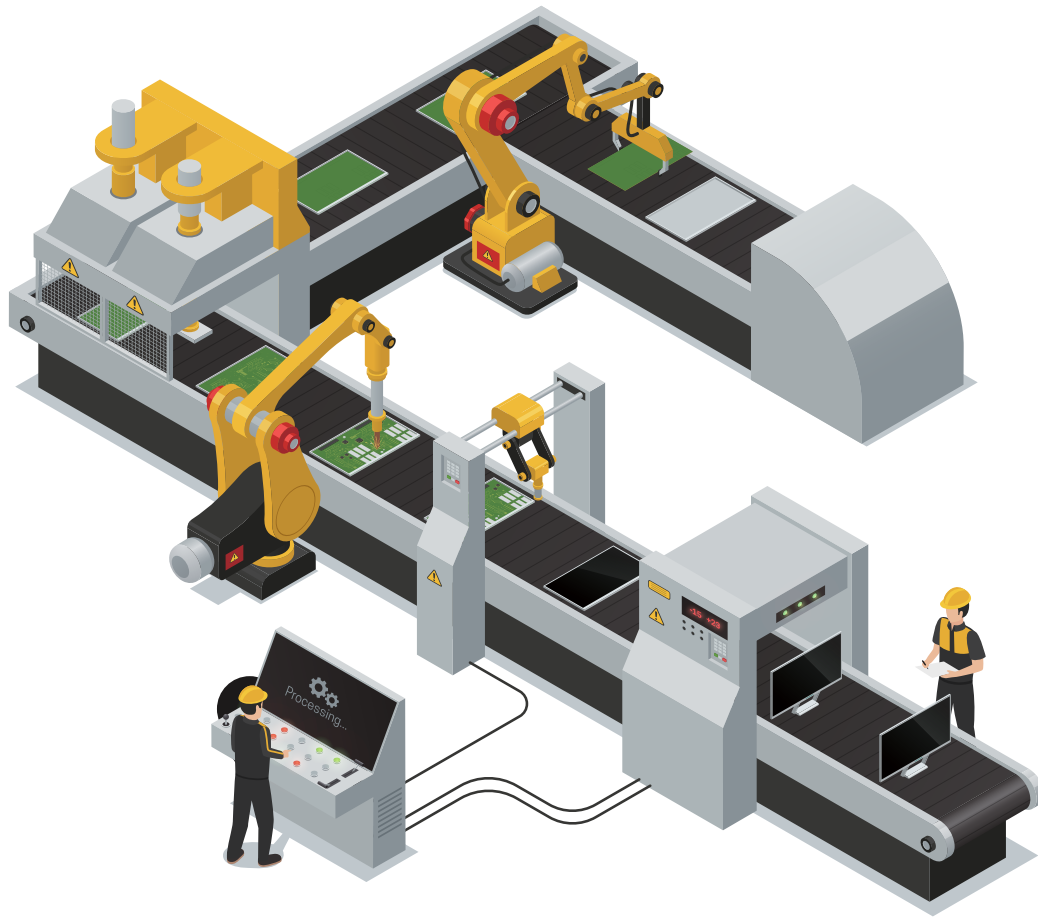
- Fixed text: supplier name
- Additional info if halogen free product: compliance of halogen-free regulations
- Additional info on RoHS: compliance of RoHS
- Lead-free symbol: compliance of lead-free regulations

### Inner box label (for upstream manufacturers)



- P/O: number of order
- Vendor name: WT Microelectronics
- Vendor Code: WT Microelectronics internal customer code
- Date Code: date of manufacture
- MPN: WT Microelectronics part number
- Lot: lot number
- Made in Philippines: country of origin

No violation of product information and labeling occurred in 2015-2017



## 2.3 Trade Compliance

The Company follows the Fair Trade Act, Foreign Trade Act, Regulations Governing Export and Import Of Strategic High-tech Commodities, US export control regulations, Regulations Governing Permission of Trade Between Taiwan Area and Mainland Area, as well as other regulations and international standards. All products are in line with international safety standards, international environmental protection specifications and import and export regulations. When signing a contract with a customer, we are also committed to complying with the Electronic Industry Code of Conduct (EICC) to ensure a safe working environment, respect and dignity for employees, environmentally friendly business operations and ethical conduct.

We also hold several training courses internally to promote regulation awareness. In 2017, a total of five internal Export Control Classification Number (ECCN) training courses were held. The trainees included business, marketing, original and customer service representatives, with a total of 191 participants.

### Trade Secret Protection

The Company strictly abides by trade secret confidentiality by not disclosing the intellectual property of suppliers and customers, such as business secrets, trademarks, patents, written works, etc., and may not inquire or collect intellectual property such as business secrets, trademarks, patents, works, etc. from suppliers and customers that are not related to business operations. In 2017, WT Microelectronics (including subsidiaries Techmosa, Morrihan, Maxtek, Nuvision and HongTech) signed 199 Non-Disclosure Agreements (NDA) with 199 customers and 7 with vendors. No legal proceedings were brought by the customer or a vendor for violation of the NDA.

### Date of Training Course and Number of Participants

Date	Number of participants
06/23/2017	31
12/12/2017	25
12/12/2017	50
12/25/2017	43
12/26/2017	42
Total	191

No infringement of customer privacy or loss of customer data complaints in 2017

## 2.4 Product Performance Highlights

WT Microelectronics has a strong product application team, which not only provides technical services for electronic components, but also assists customers in the selection and inspection of electronic components and circuit diagrams. The Company also assists in software and hardware debugging during the trial production period, so that the products can be mass produced within the shortest period of time. In addition, our product application team provides a complete product solution (i.e., turnkey solution), including software and hardware. This helps shorten customer product design time, time needed for mass production, and thus reducing manpower to achieve timely product launch (i.e., Time To Market). Our solutions include smart light controls, smart car keys, smart watches and IoT gateways.

In terms of green products, we also continue to promote low-consumption energy-saving power management chips and low-power microprocessors by promoting electronic components from well-known vendors to end customers. We are committed to the goal of energy saving and carbon reduction in the products of all end customers, in order to consistently contribute to energy saving and carbon reduction.



# 3

● chapter

## Maintaining Green through Environmental Protection





# Key Performance

## ISO 14001

1 Logistics warehouses in Taiwan and Hong Kong **have obtained environmental management system verification**

2 Buffer bubble bags used for protecting the products during shipment are **fully decomposable, environmentally-friendly PE filling materials**

3 The average annual electricity consumption per person in the office **decreased by more than 40 %** from 1,623.20 kWh in 2015 to 924.07 kWh in 2017

4 Introduction of advanced paperless **warehouse logistics system** can **save more than 200,000 sheets of paper per year**



The Company is an electronic component distributor, whose main business is the trading and research and development of electronic components. It does not involve manufacturing and production. Due to the nature of the industry, there is no environmental pollution. As a global citizen, WT Microelectronics knows the importance of environmental sustainability very well. Through the introduction of environmental management systems, the risk of environmental violations can be minimized. In the meantime, actively promoting energy-saving and carbon reduction, strengthening the employees' environmental awareness, and raising the efficiency of resource utilization and solve the problem of depleting natural resources as well as reducing the impact and damage to the environment.



### 3.1 Environmental Management

The Company is committed to promoting a sustainable environment. Logistics warehouses in both Taiwan and Hong Kong have obtained ISO 14001 environmental management system verification to effectively prevent and control environmental impacts, as well as improving the efficiency of resource and energy use. The environmental management representative is appointed by the Chairman, responsible for the establishment, implementation, and maintenance of the environmental management system, supervising the implementation procedures, and ensuring the realization of environmental policies and objectives. In 2017, the Company did not receive major fines and non-monetary penalties for violating environmental laws and regulations, nor did it involve in any environment-related litigation.

#### ISO 14001 Environmental Management System Certificate for logistics warehouses in Taiwan and Hong Kong



**WT Microelectronics Environmental**

**Objectives:**

**Short-term:**

Implement environmental protection policies, cherish public resources, and ensure the safety of employees.

**Mid-term:**

Reduce waste, ban the use of hazardous chemicals, and replace them with low-pollution substances.

**Long-term:**

In addition to complying with the laws and regulations and expecting to surpass the standard, we hope to maintain beautiful green spaces for future generations.

The Company has formed an environmental group to implement the "Environmental Management System Operation Control Procedures" to fully utilize the capacity of the organization. It also conducts environmental review and risk assessment based on the "Environmental Assessment Operation Procedures". It is equally responsible for formulating environmental policies, producing relevant environmental documents, and reviewing as well as promoting environmental protection

measures. The environmental management responsibilities and authorities of each department are clearly defined in the environmental management documents, so that the employees can understand their role in environmental management. Under the guidance of environmental policies, all department heads implement and operate according to regulations to effectively define relevant job content and instruct relevant personnel to work together to achieve corporate environmental goals. Environmental management representatives track and confirm environmental management objectives and performance every year. If the environmental group finds that the implementation status and the target are very different or the goal cannot be achieved during the environmental management review meeting, the review or analysis may be used to revise the target or the implementation plan. Decisions will be taken regarding whether the corrective and preventive measures are adopted according to the deviation status.

Externally, the Company has a standard

supplier evaluation procedure and a "Supplier Code of Conduct", which has been disclosed on the company website so that the suppliers can understand and comply with the Company's product safety and ethical requirements. The Company works with suppliers in the development and application of green environmental protection technologies to solve the environmental problems of deleting resources. WT Microelectronics

complies with industry regulations in terms of environmental regulations and conflict minerals when purchasing goods, as well as requiring suppliers to provide products that comply with relevant environmental regulations. If the supplier violates any environmental responsibility or environmental protection requirements, the Company may immediately suspend the cooperation with the supplier and request damages.

**WT Microelectronics Environmental Management System**

**Operation Process**



## 3.2 Packaging Material Recycling and Green Packaging Materials

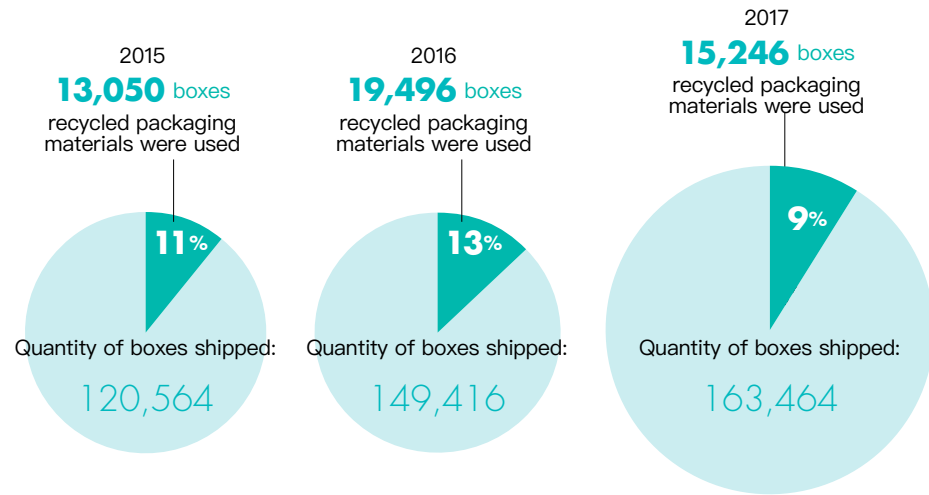
The Company did not produce harmful business waste during the operation. In terms of general business waste, in order to allow resources to be effectively handled and reused, the Company has regulations on the classification and recycling which are managed and controlled according to their characteristics to avoid environmental pollution. The environmental protection personnel also regularly check the manufacturers' clearance license to ensure that all removal procedures comply with the relevant waste regulations. In addition, the Company actively implements source reduction by recycling empty cartons the products came in as shipping package, which

greatly reduces the demand for new cartons. The average recycling rate of packaging materials from 2015 to 2017 was 11%.

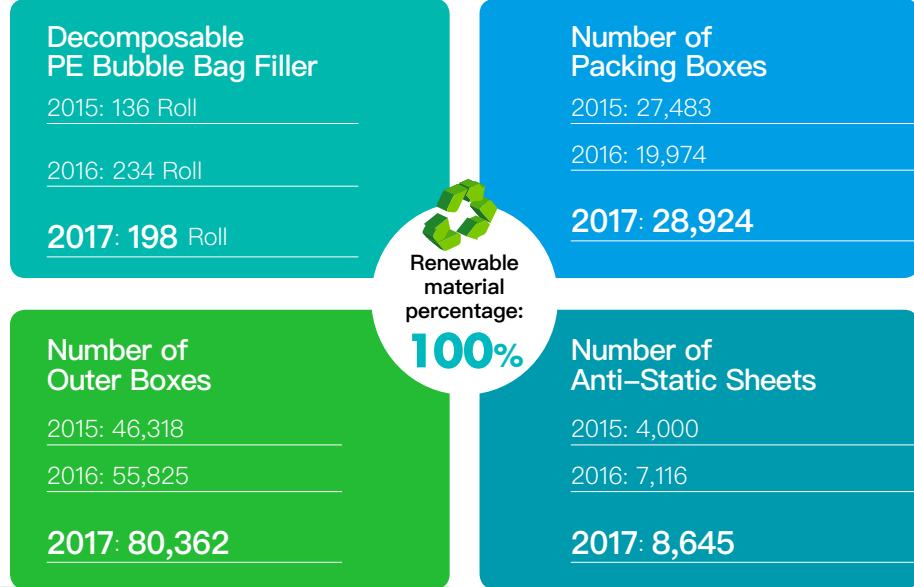
The packaging materials required for the Company's logistics, such as outer boxes, cartons, cardboard, etc., are all made of renewable materials, which can be recycled or decomposed without polluting the environment. In particular, the Company selected the degradable inflatable cushion as the buffer bubble bag used for protecting the products, which is produced by the air cushion manufacturing machine using a PE eco-friendly biodegradable film. The material is tested by SGS to be compliant with environmental protection regulations of various countries. The bags have instructions on the decomposability in both Chinese and English. They are also green in color, which is the common all over the world to facilitate identification.



### 2015–2017 Average Recycling Rate of Packaging Materials



### 2015–2017 Renewable Materials Usage



**Environmental protection Q&A:**

why is decomposable PE bubble bag filling material environmentally friendly?



**Three-stage oxidation reaction process of decomposable film**

- 1** Special additives increase the degradation rate of plastic molecules

  - ✓ This process can be triggered by temperature, sunlight, and wind in the nature
  - ✓ Plastic molecules are oxidized to very small particle
- 2** Biodegradation by microorganisms in the environment

  - ✓ Plastic material completely disintegrates
  - ✓ Digestion by microorganisms
- 3** Decomposed water, carbon dioxide and biomass return to nature through ecological cycle

  - ✓ Back to nature

### 3.3 Energy-Saving and Carbon Reduction

WT Microelectronics has been committed to promoting energy conservation for a long time. Since 2012, the lamps used in the office have been replaced by energy-saving ones. For example, the original T8 lamps, halogen lamps, and PL lamps are all energy-consuming lamps. The T5 lamps have been replaced by LED ones in recent years. In 2015, 689 lamps were replaced. In 2016, 725 lamps were replaced. In 2017, 875 lamps were replaced to reduce power consumption. In addition, the “Energy Saving and Carbon Reduction Monthly Report” will be reviewed to follow up on the monthly electricity bill and compare

with the electricity consumption of the same period last year to check the energy saving effect of each unit. If there is an abnormality in electricity consumption, the reasons and improvement measures should be listed. The total annual electricity consumption of the Company's Taiwan offices (including Chungho, Shengkeng, Hsinchu, Taichung, and Tainan) is 885,267 kWh in 2017. The annual per capita electricity consumption is 924.07 kWh, and the total electricity consumption of the Taiwan logistics center is 260,614 kWh. In 2017, the per capita electricity consumption was compared with the annual per capita electricity consumption

of 1,623.20 kWh in 2015 and 1,418.57 kWh in 2016. Energy has been successfully conserved. To adhere to the concepts of environmental protection, energy saving and carbon saving, we maintain and manage resources through replacing energy-saving equipment as well as encouraging employees to be conscious about environmental protection on a daily basis.

In addition to pursuing various energy conservation, electricity saving, water saving and other resource reduction targets, the Company also actively promotes the greenhouse gas inventory

system and issues a greenhouse gas inventory management report to track its own greenhouse gas emissions as the reference for energy conservation and greenhouse gas reduction. Based on the results of the survey, the Company shows progress in energy conservation management. The total greenhouse gas

emissions of the office increased from 460.13 metric tons in 2016 to 490.44 metric tons in 2017, which was due to the increase in the inspection area due to the increase in office floors during the year. However, greenhouse gas emission per person has decreased year by year, from 0.852 metric tons per

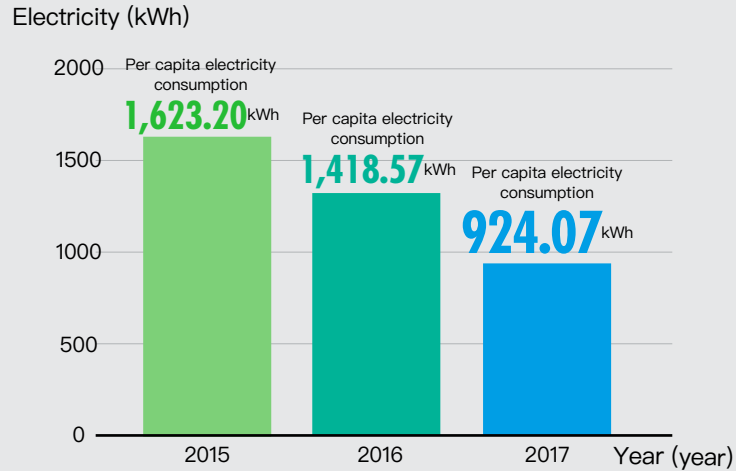
capita in 2015 to 0.512 metric tons in 2017, showing the Company's progress in energy conservation and carbon reduction measures. In the future, the Company will continue to promote energy conservation, carbon reduction and greenhouse gas reduction measures in the hopes of becoming a low-carbon enterprise with

sustainable environmental development. Taiwan logistics warehouses have also started doing greenhouse gas emissions surveys in 2017, with a total emissions of 144.38 metric tons. This will continue to be tracked.

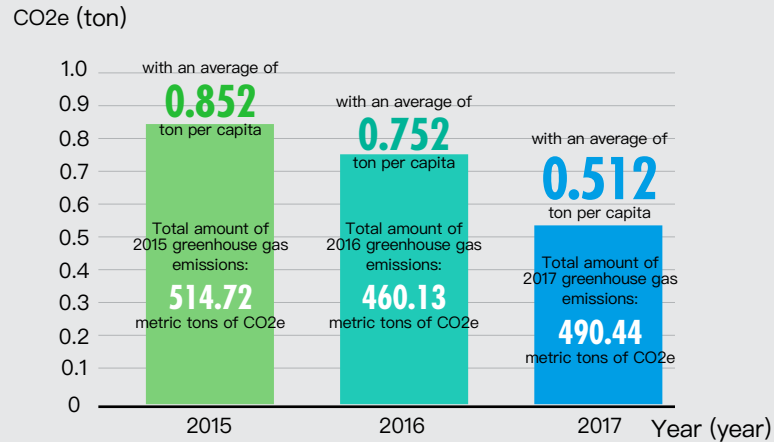


Office energy saving and carbon reduction advertisements

**2015–2017 Annual Average Electricity Usage  
Statistics per Person in Offices in Taiwan**



**2015–2017 Average per Capita Greenhouse Gas  
Emissions from Offices in Taiwan**

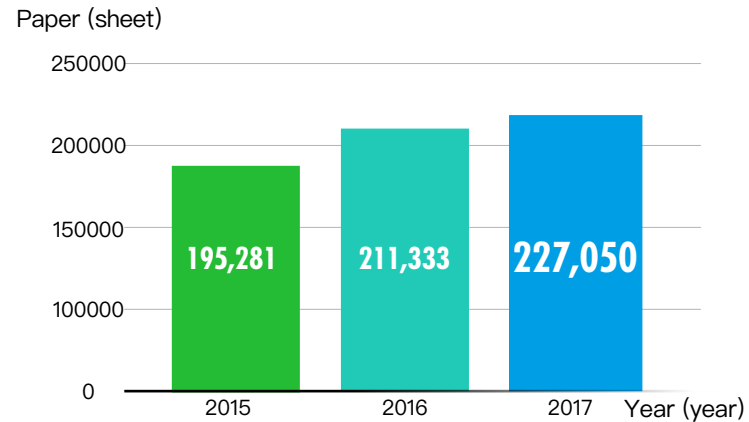


### 3.4 Environmental Protection Column

In 2014, the Company introduced Extended Warehouse Management (EWM), an advanced warehouse logistics operation system. When designing the system architecture, the Company has integrated the green environmental protection concept into the operation process and operation system design, saving more than 200,000 sheets of paper per year. The original operation

process requires printing out the inbound and outbound orders to carry out the inbound and outbound operations according to the work instructions on the paper. There are thousands of storage locations in the entire warehouse and one bin card for each storage location to fill in the shipping record. In the new logistics process and system, the completely paperless operation has been introduced, and the advanced EWM system is used to transfer the instructions and the goods handling task to the hand-held PDA of the warehouse operators using WIFI, and the warehouse operators can follow the instructions to proceed. At the same time, the paper bin card has been made obsolete. The system makes an immediate receiving and removal record.

**2015–2017 Amount of Paper Saved**



It is not necessary to print the paper inventory sheets when inventory taking, as it can be performed by scanning the goods with the handheld PDA. The result is transmitted to the system to automatically summarize the inventory.

# 4

● chapter

## Creating a Warm and Friendly Workplace





# Key Performance

## Employee engagement

**1** Handling various types of employee activities, such as charity concerts, trips, departmental gatherings, etc.  
with a total of **2,698** participations

**2** Working alongside the Blind Foundation, the Company provides pressure-relieving massages every month,  
with a total of **2,220** participations

**3** Promoting various associations in the Company  
In 2017, a total of **220** people joined associations.

**4** Organizing sports courses with a total of **263** participations



The Company is committed to creating a warm, healthy and dynamic working environment. Therefore, we have a diverse human resource development plan, hold various health promotion activities, and give various employee benefits. By creating a friendly workplace with work life balance, the employees can maximize their potential and grow stronger with WT.

## 4.1 Human Resource Development

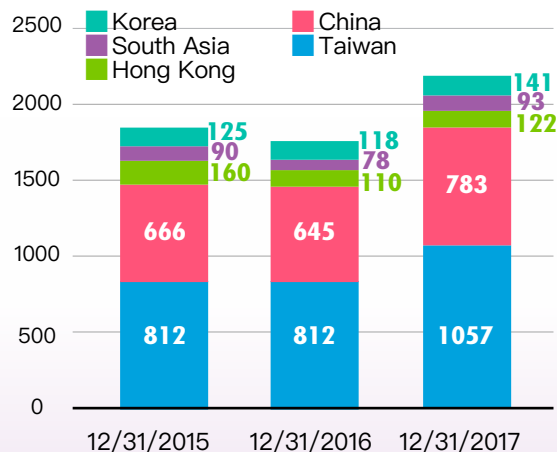
The Company has been able to grow steadily and continue to pursue excellence thanks to a professional service team. The Company knows that "people" are the most important capital of a company. A company's greatest driving force comes from the employees who can work together! In order to

create a better working environment for employees and attract outstanding professionals to join, the Company will make the most appropriate development, maintenance and application of all human resources in the organization, so that the organization and people can work in the best way. In order to maximize manpower and promote organizational development, the Company is fully committed to the development of human resource management functions in order to achieve the core goal of "To delegate the right tasks to the right people to unlock their full potential."

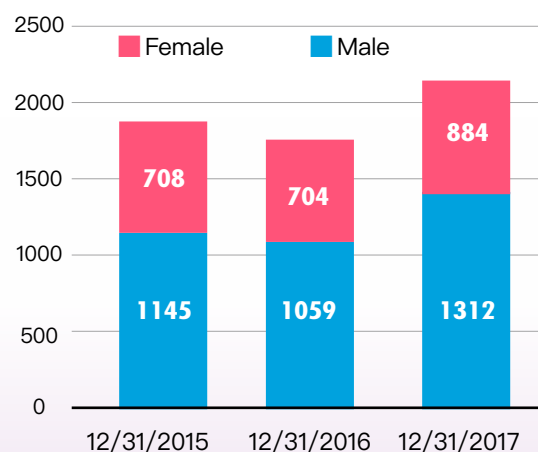
### Talent Composition

In response to the rapid growth of the operation and the Group's long-term development strategy, the Company pre-reserves talents to optimize the Group's personnel composition in terms of level, number and structure, so that the Group will have an overall advantage in the future. By the end of 2017, the number of employees grew to 2,196 people, up 24.6% from 2016, among which WT Microelectronics (Taiwan) employs 621.

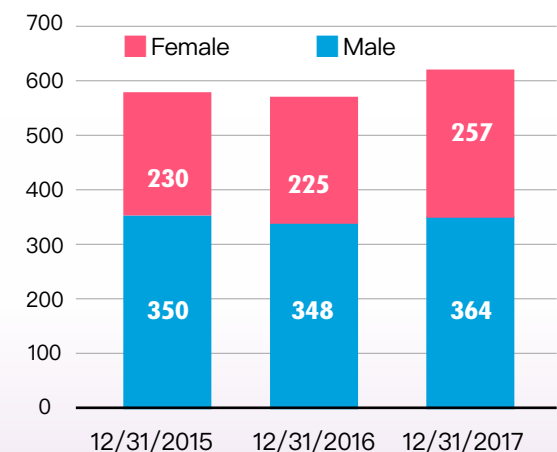
2015–2017 Group Manpower Changes in Different Regions



2015–2017 Changes in the Gender of the Group's Personnel

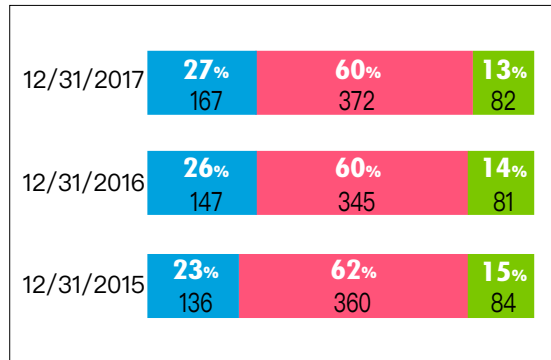


2015–2017 Changes in the Gender of WT Microelectronics' (Taiwan) Personnel



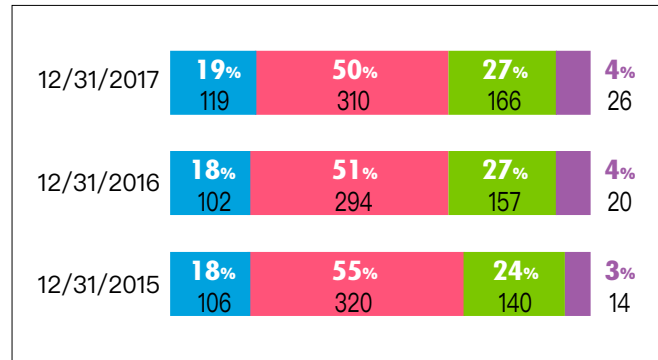
2015–2017 Total Number and Percentage of Academic Qualifications of WT Microelectronics

■ Doctorate or Master's Degree  
■ Bachelor's Degree  
■ College and below



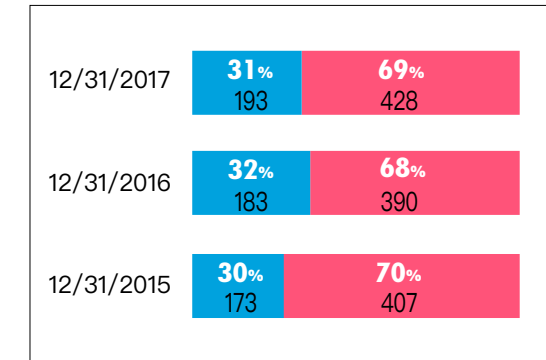
2015–2017 Total Number and Percentage of All Age Groups of WT Microelectronics

■ Less than 30 ■ 30–40 ■ 40–50 ■ Greater than 50



2015–2017 Total Number and Percentage of Employee Categories of WT Microelectronics

■ Supervisor ■ Non-supervisor



The success of the Company is built on outstanding talents. We have a young team with 86.8% of employees with a bachelor's degree or above. Employees between the age of 20 and 40 take up almost 70% of the manpower. When facing the ever-changing business environment and market trends, the Company is able to showcase the responsiveness, innovation and energy.

The Company's management team mainly comes from the professional talents of the Electronics industry. In

addition to the years of experience in distribution and marketing, the Company is proud of its professional logistics support, technical and research and development personnel. The Company has been able to promote the current product portfolio, source new agents, and satisfy customer needs. Internally, the Company has been able to change the financial and business compositions. The main managers also have more than 10 years of experience in the semiconductor distribution industry. With years of accumulated business

experience and sensitivity to market development trends, they help with business development and vision planning, allowing the Company to flourish.

Note 1 : The size of the manpower listed in this paper, except for the number of people in the Group, is based on the manpower of WT Microelectronics (Taiwan) operating base in Taiwan as the place of employment.

Note 2 : The Company employs formal

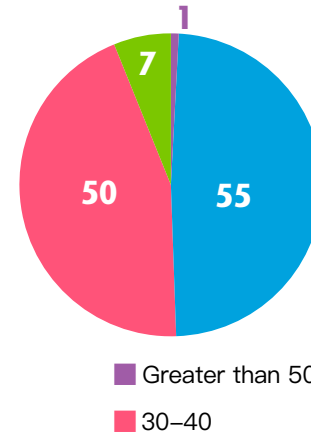
staff and has no part-time employees. The outsourced manpower is based on tasks rather than personnel, and the work they do is not the main services provided by the Company, such as the cleaning staff, network and telecommunications equipment maintenance, etc. Therefore, they were not included in the calculation of manpower.

### Recruitment and Retention

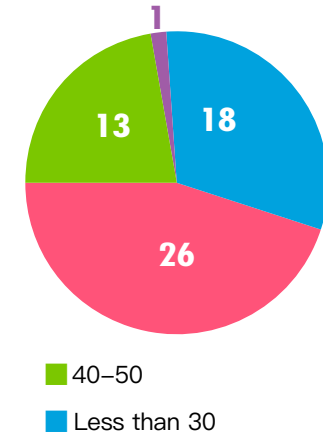
Personnel recruitment is based on the annual plan of each department. Through multiple recruitment pipelines, including HR websites, LinkedIn, campus career development center, and internal recommendation, etc., we try to find outstanding talents that meet the core values of the Company. We also joined hands with universities to promote internship initiatives and practical training for the student. Through workplace experience opportunities, the student development is assisted to enhance their future employability. In addition, the Company also attaches great importance to talent retention. Through objective exit interviews, the reasons for employee turnover are collected, analyzed and improved upon. Some concrete examples include notifying the department heads of the feedback, job redesign and recruitment adjustment.



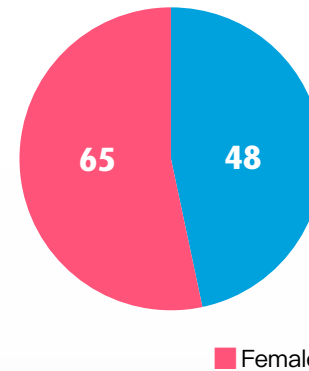
2017 Total Number of All Age Groups of New Employees



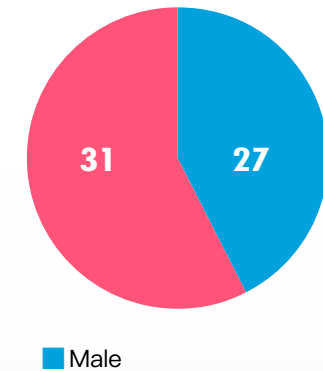
2017 Total Number of All Age Groups of Resigned Employees



2017 Total Number of Each Gender of New Employees



2017 Total Number of Each Gender of Resigned Employees



The proportion of new recruits in 2017 is 18.3%, and the proportion of employees leaving the Company is 9.4%.

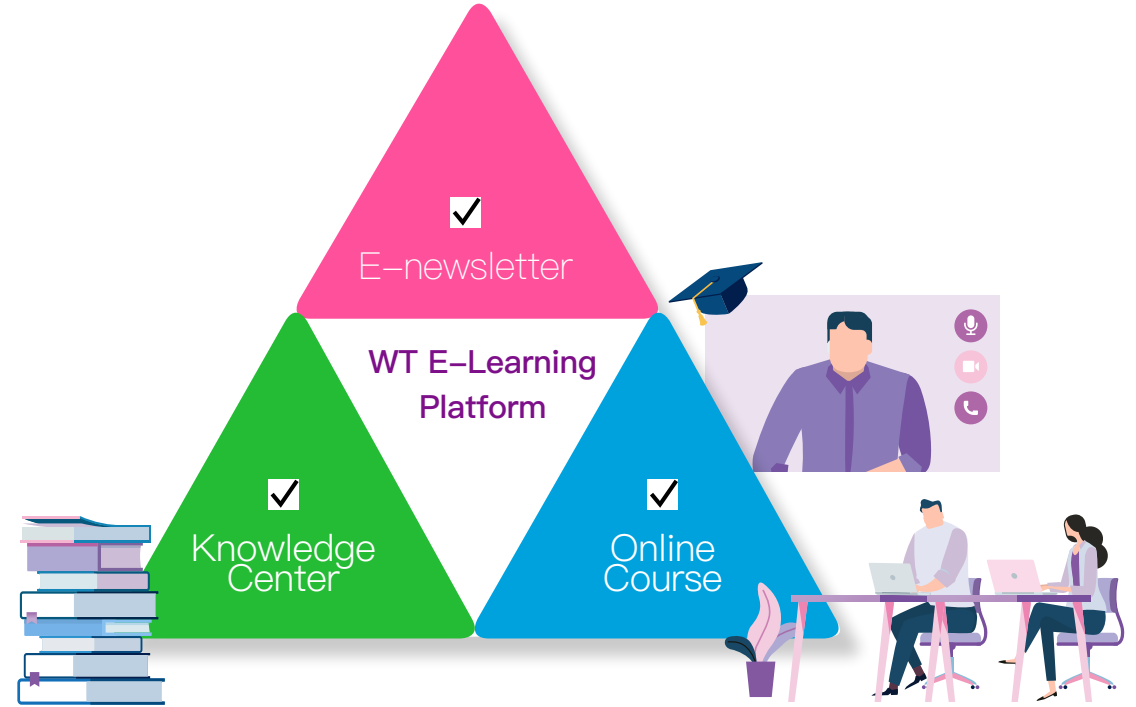
## 4.2 Talent Training and Development

The training and development of talents is the driving force for the continuous growth of an organization. Therefore, the Company pays great attention to the development of employees, sets education and training norms, plans and develops blueprints for training, and establishes a multi-learning platform through WT E-Learning so that employees can develop comprehensively.








### WT E-Learning Platform

Through the combination of e-newsletter, knowledge center, and online courses, we integrate internal and external resources to enrich the platform content. Whether it is professional knowledge, management skills or company activities/course information, it is easy to read and learn through the rich content and sharing posts to create a platform for WT knowledge transfer and communication.



 **2017 Course Types and Training Hours**

	<h3>Professional Training</h3> <p>In response to the needs of various departments, we offer a variety of professional courses to improve the employees' professional skills.</p> <p>in 2017 <b>1,133</b> hours of internal training and <b>434</b> hours of external training were provided</p>	
		<h3>General Courses</h3> <p>Through the various training activities and mentor system, new recruits are assisted to quickly integrate into the work environment and identify with the corporate culture and business philosophy.</p> <p><b>1,261</b> hours of internal training in 2017</p>
<h3>Management Courses</h3> <p>Different management courses are designed according to the level of employees to improve the management skills of the supervisors and establish leadership thinking, so that the supervisors can lead the subordinates to achieve organizational goals.</p> <p><b>746</b> hours of internal training in 2017</p>		

The total training hours in 2017 were **3,574** hours, and the overall satisfaction was **9.4** points (out of 10 points).



## 4.3 Employee Benefits and Health

In accordance with the "Employees' Welfare Funds Act", the Company established the Staff Welfare Committee ("Welfare Committee") to enhance the welfare of employees and to take care of their families. In addition to subsidies for marriage, funeral, childbirth, and important holidays, the Company lays special emphasis on employee care, development and working environment to provide the best, comfortable and safe working environment. We aim at harmonious and humanized management. Not only do we comply with the regulations of labor laws and regulations, but we also adhere to the business philosophy of creating better results. We are equally committed to complying with legal and ethical principles to maintain our assets, rights and image to ensure and enhance the Company's all-round

advantages, and to build a socially responsible sustainable enterprise.

### Employee Welfare Measures

In 2017, the results of the Welfare Committee are as follows:

#### 1. Professional De-Stress Arrangement

The visually impaired masseurs of the Foundation for the Blind were invited to provide stress relief massage services to colleagues in the office, so that colleagues can stretch their muscles. In 2017, 2,220 employees participated.



#### 2. Art and Cultural Activities

The WT and DBS Charity Night invited the Vox Nativa Taiwan Choir to perform at the National Concert Hall. The music of aboriginal children from the tribes in Mountain Jade elevated the audience's souls. A total of 878 employees and

their family members participated enthusiastically.



#### 3. Diversified Association Activities

The Welfare Committee organizes various activities to encourage employees to set up a community platform so that they can relieve the pressure of work, enhance good interactions among colleagues, and then return to work with full energy to boost work performance. So far, there are basketball, badminton, running and board game associations. A total of 220 colleagues participated. Each association received a subsidy budget on a monthly basis, which allows employees to reduce the burden of participating in activities. Regular corporate exchange and competitions, fun activities, hiking, and floral arrangements were also arranged.

#### 4. Sports Activities

The basketball and badminton associations held more than four competitions, and many colleagues participated. Participating in activities can relieve pressure as well as interacting with colleagues outside of work. Members believe that participation has improved their lives in many different ways. Moreover, they got to know colleagues from other departments to create new friendships and gain a sense of achievement outside of work.



### 5. Domestic One-day or Two-day Trips

Through the trips organized by the Welfare Committee, employees and family members participated together to enhance the interaction between colleagues in various departments and the supervisors, thus improving the balance between work and family life. A total of 589 employees and their family participated.



### 6. Sports Hall / Fitness Center

Employee health is also an intangible asset of a company. In addition to hiring professional yoga instructors to teach in the Company, the Company also offers various types of physical fitness courses in conjunction with various sports courses of the Chungho Sports Center. A total of 263 people participated in various types of fitness activities. Employees are also encouraged exercise more after work.

### 7. Departmental Activities

Team-building activities were arranged to bring the supervisors and subordinates together. A total of 300 people participated, accounting for 45% of all employees.







### 8. Departmental Dinners

With the department as the unit, we arranged a barbecue party for the Mid-Autumn Festival with 446 participants. For the Christmas party, 485 colleagues participated to bring people closer.



### 9. Various Festivals

The Welfare Committee distributed gifts to employees for festivals, such as Father's Day, Mother's Day, Labor Day, etc., and organized various activities, such as the Dragon Boat Festival dumpling DIY, Mid-Autumn Festival grapefruit sauce DIY activities, so that colleagues can experience through participation.



### 10. Provide Employees with Quality Benefits

In addition to the tea from Eastern Taiwan, the Company also purchases fully automatic coffee machines and provides high-quality coffee beans and fresh milk. The Company provides unlimited coffee for employees. Fresh fruits directly from the place of origin are served every week to enhance employee health.

### 11. Nursing Room / Mini-Library

There is a disinfection pot and a freezer in the nursing room for female employees. The tea room has a mini-library for borrowing books and magazines.



### 12. Annual Gifts / Other Benefits

Gifts or cash gifts are given for the Dragon Boat Festival and Mid-Autumn Festival. Cash gifts are given for marriages, childbirths, hospitalization, and funerals. Dozens of special store also give employee discounts.

### Employee Healthcare

The Company is committed to fulfilling the social responsibility and protecting the safety of its employees. Providing a safe, healthy and comfortable working environment is the primary goal. Through promoting health and safety management, the employees can develop correct health concepts and a healthy body and mind. With this in mind, the Company had no cases of job-related disasters such as disability or injuries this year.

### Health Management Measures

#### Healthy Work Environment

The sphygmomanometer is provided at each work site to encourage employees to manage their own health, find problems as early as possible, and intervene when necessary. At the same time, in order to take care of female employees with nursing needs, there is a special nursing room to provide breastfeeding equipment.

#### Health Checkups

Through cooperation with large hospitals or health check centers, we provide new recruits discounts for health checkups. Employee health checkups are provided every year. Through the consultation platform, doctors provide report explanations and follow-up recommendations.

#### Professional Medical Staff

The Company has a full-time healthcare manager and a monthly physician consultation service to help employees solve health-related questions and problems, as well as providing early prevention and possible improvement measures for potential health problems.

#### Healthcare Guidance Mechanism

Through establishing a dedicated healthcare guidance mechanism to provide employees with emergency notification channels and procedures, the employees are less prone to feeling helpless and uneasy when facing an emergency situation.

Establish different emergency notification processes according to the level

**Red light**  
Level 1 – Critical

**Must be handled immediately**

Currently, the life or body is in danger

Such as: fainting, loss of consciousness, convulsions

**Yellow light**  
Level 2 – Emergency

**Conscious**

Obviously feeling unease

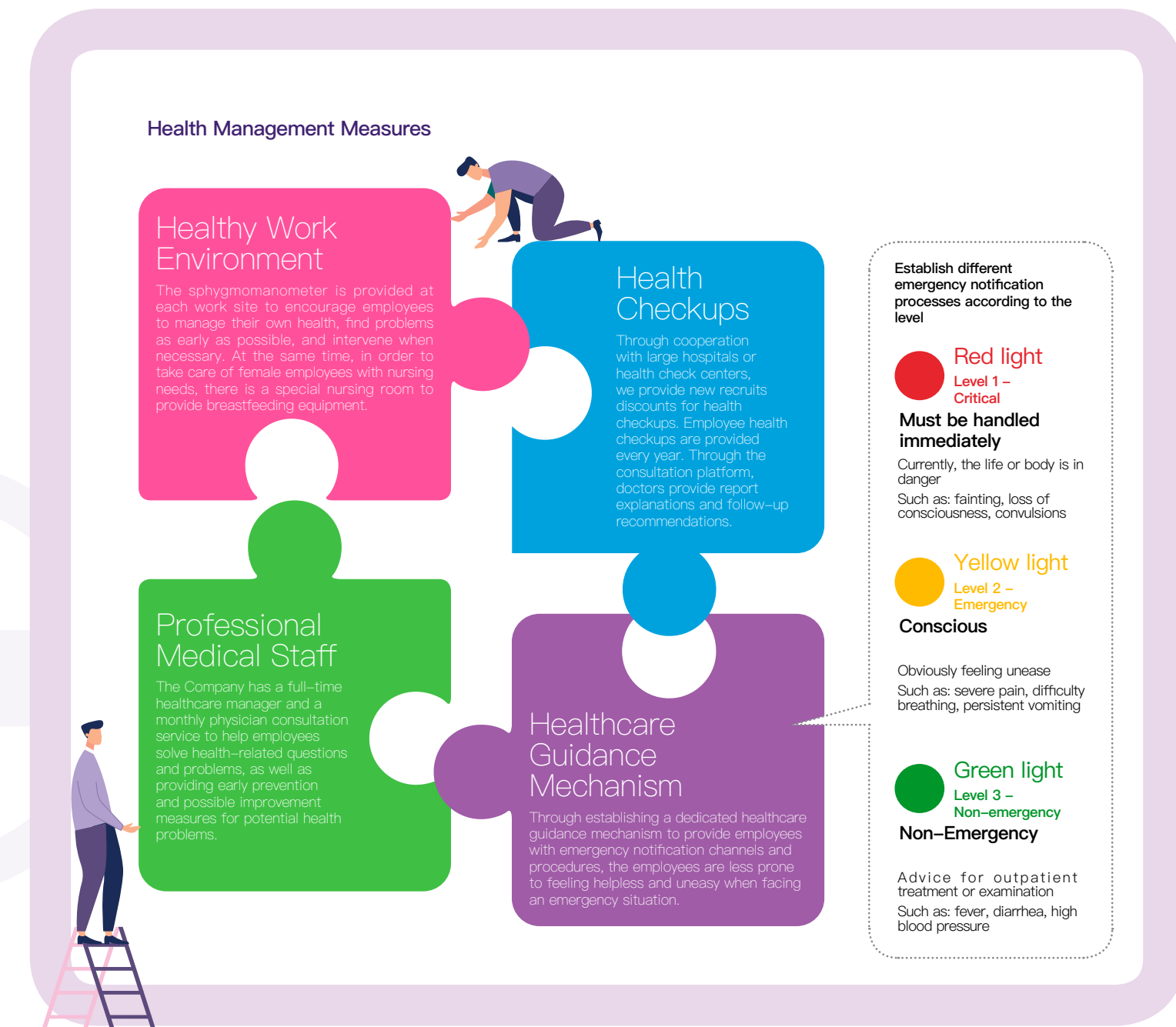
Such as: severe pain, difficulty breathing, persistent vomiting

**Green light**  
Level 3 – Non-emergency

**Non-Emergency**

Advice for outpatient treatment or examination

Such as: fever, diarrhea, high blood pressure



### Health Promotion Activities

According to the results of the health check data analysis, various types of health promotion activities are held. It is expected that employees awareness of health will be raised through multiple measures.

#### 1. Health lectures:

External professional lecturers are hired to conduct health talks on different topics.



#### 2. Weight loss competition:

A three-month weight loss competition was organized with a joint weight loss of 535 kg. The employees were encouraged to develop good exercise and eating habits in conjunction with activities such as hiking and walking, diet and exercise.



#### 3. Health promotion bulletin board:

Stay updated with current health trends and provide the latest health information every month by combining current events.

### Employee Retirement System and Pension

Employees are important assets of the Company. We value and take care of our employees' lives after retirement. Since July 1, 2005, we have established retirement schemes for Taiwanese employees in accordance with the Labor Pension Act. The Labor Standards Act, Labor Pension Act, and other regulations govern employee retirement.

The Labor Retirement Reserves Supervision Committee was established in February 1998. It consists of 9 members, 2 from the employers and 7 from the employees. It is re-elected every four years to review the amount of labor retired reserves, storage and payment to ensure labor rights. At present, 2% of the total monthly salary is paid for the retirement reserve, and the account is stored in the Bank of Taiwan (formerly known as the Central Trust). The Company selects the part of the labor pension system as defined in the Labor Pension Act. The monthly

pension is paid to the employee's personal account of the Bureau of Labor Insurance at a rate of not less than 6% of the salary. The Company believes that only by providing employees with a safe working environment and a sound welfare system can employees best exert their strengths to create maximum value.



## 4.4 Labor Relations and Communication

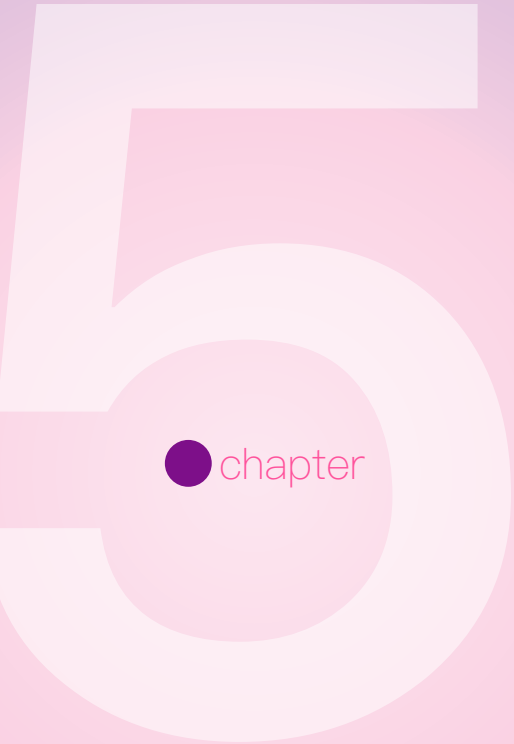
The Company always attaches great importance to employee welfare and rights and interests, and actively promotes the harmonious relationship between employers and employees.

According to the Labor Standards Act and relevant regulations, the Company has a working rule and various management regulations as well as "Corporate Social Responsibility Best Practice Principles", which regulates the rights and obligations of management. The employees can fully understand and protect their legitimate rights and interests to safeguard social welfare. The Company adheres to the commitments of vendors, customers, employees,

shareholders, and the society, and will continue to do our utmost to balance the rights and interests of all stakeholders, making the Company a trustworthy enterprise.

We also provide a good communication platform for all stakeholders on the official website's stakeholder area. The staff can make comments via email, phone or in writing about the Company's systems and work environment. The issues of concern can be communicated with the Company, and the Company can properly address and provide feedback or improvement measures. At the same time, internal meetings and department-related meetings are held regularly, and operational changes that may have a significant impact on employees are notified through announcements. Up to now, the protection of employee rights is in good condition. There are no major labor disputes or collective bargaining agreements. It is expected that the two sides will continue to maintain harmonious labor relations in the future with good communication.





# Spreading Happiness through Social Welfare



# Public Welfare Themes and Project Results

The WT Education Foundation's annual charity activities are divided into five major themes, including "supporting multicultural education", "inspiring students to create", "caring for education for the disadvantaged", "cultivating elites", and "respecting life".

In 2017, the total donation amount was **NT\$8,515,000**, and the number of participants or beneficiaries reached **17,123**



## Public Welfare Theme 1

### Supporting multicultural education

- Zheng-Min Elementary School, Yunlin County KIST Private Management of Public School Sponsorship Program
- 2017 Sharestart Asia Conference
- Junyi Experimental High School creative experimental course plan

Number of participants or beneficiary:

**1,158**



## Public Welfare Theme 2

### Inspiring children to create

- Arts and cultural association project
- Improving the students' future competitiveness implementation plan
- Jiangjyun Elementary School hosted the Tainan City Community Building Plan

Number of participants or beneficiary:

**308**





**Public Welfare Theme 4**  
Cultivating elites

- 2017 National High School Disadvantaged Student Education Subsidy Program
- Scholarships for the disadvantaged students
- Student Self-help Learning Award Scheme

Number of participants or beneficiary:

**630**



**Public Welfare Theme 3**

Caring for education for the disadvantaged

- Two-year full-time teaching project plan
- 2017 academic year online course counseling program
- Volunteer teachers for the 2017 creative teaching plan for rural areas
- Book exchange program for rural areas

Number of participants or beneficiary:

**13,512**



**Public Welfare Theme 5**  
Respecting life

- Premature birth prevention and treatment

Number of participants or beneficiary:

**1,515**





The fulfillment of corporate social responsibility is the philosophy that the Company persists while creating maximum value for the shareholders. In addition to practicing our business ethically, serving our customers, caring for our employees, and giving back to our shareholders, we also work hard in charity activities. We are convinced that only by transforming the profits of a company into the contribution of the society can we achieve the goal of sustainable development.

## 5.1 WT Education Foundation

One of the specific actions of WT Microelectronics' CSR promotion is the establishment of the WT Education Foundation in December 2014. Mr. Ming-Ji Yang was the Chairman of the board and Ms. Shu-Yuan Wen was the CEO of the foundation. Through establishing the foundation, the Company hoped to promote non-profit cultural and educational activities by calling on the employees of the group to participate in the spreading the Company's care to all corners of the society. The Company hoped to make a contribution as a corporate citizen, achieve social welfare, environmental sustainability and corporate governance. The effectiveness of the operation of the Foundation is regularly reported to the Board of Directors by the CEO each year, and the fund is raised, managed and utilized in accordance with the "Donation Charter."






### The types of operations that the Foundation handles are as follows:

- 1** Provide teaching resources or educational services to assist and improve the living conditions of various ethnic groups.
- 2** Organize or sponsor knowledge sharing speeches, symposia, seminars, or service activities to enhance the cultural savoir-faire.
- 3** Promote the concept of lifelong learning and social education activities to improve the quality of spiritual life.



- 4** Set up grants to promote learning.
- 5** Promote the education and culture of respect for life, health and environmental protection, and promote the research, cultivation, production and knowledge transfer of organic agriculture.
- 6** Other education-related charitable services that are consistent with the objectives of the foundation.

WT Education Foundation Annual Charity Event

Objective	Sponsors	Number of participants or beneficiaries in 2017
 <p><b>Supporting multicultural education</b></p>	<ul style="list-style-type: none"> <li>● Cheng Zhi Education Foundation – Zheng–Min Elementary School, Yunlin County KIST Private Management of Public School Sponsorship Program</li> <li>● The Alliance Cultural Foundation – 2017 Sharestart Asia Conference</li> <li>● The Alliance Cultural Foundation – Junyi Experimental High School Creative Experimental Course Program</li> </ul>	<p><b>1,158</b></p>
 <p><b>Inspiring students to create</b></p>	<ul style="list-style-type: none"> <li>● Nanhu Elementary School, Dahu Township, Miaoli County – Art and Culture Society Project</li> <li>● Longci Elementary School, Tainan City – Implementation Plan for Enhancing the Students' Future Competitiveness</li> <li>● Children's Culture and Art Foundation – Jjiangjyun Elementary School hosted Tainan City's Community Building Project</li> </ul>	<p><b>308</b></p>
 <p><b>Caring for education for the disadvantaged</b></p>	<ul style="list-style-type: none"> <li>● Teach For Taiwan (TFT) Education Foundation – "Two–year full–time teaching project"</li> <li>● Vox Nativa Association, Taiwan – "2017 Academic Year Online Course Counseling Program"</li> <li>● TECO Technology Foundation – 2017 volunteer teacher creative teaching development program for rural areas</li> <li>● IPOWEE Alliance – Book exchange program for rural areas</li> </ul>	<p><b>13,512</b></p>
 <p><b>Cultivating elites</b></p>	<ul style="list-style-type: none"> <li>● Twilight Elite Development Association – 2017 National High School Education Subsidy Program for disadvantaged students</li> <li>● Yanxing Taiwan Association – Scholarship</li> <li>● College of Social Sciences, Fu Jen Catholic University – Student Self–learning Award Program</li> </ul>	<p><b>630</b></p>
 <p><b>Respecting life</b></p>	<ul style="list-style-type: none"> <li>● Taiwan Premature Baby Foundation – Premature Birth Prevention and Education Promotion</li> </ul>	<p><b>1,515</b></p>

## Public Welfare Theme 1



# Supporting multicultural education

Demonstration of education reforms and teaching practice

Public Welfare Theme 1: Supporting multicultural education – Project 1

## Zheng–Min Elementary School, Yunlin County KIST Private Management of Public School Sponsorship Program



The signing ceremony between the WT Foundation and Cheng Zhi Foundation cooperation for Zheng–Min Elementary School

Cheng Zhi Education Foundation realized that the Knowledge is Power Program (KIPP) concept and model have a significant effect on transforming disadvantaged children. Therefore, it hoped to integrate KIPP based on the rich experience of personalized learning and counseling program for the disadvantaged through Junyi Education Platform. The school was used to provide equal learning opportunities for disadvantaged children. This is how KIPP–Inspired School in Taiwan (KIST) came into being. The WT Education Foundation cooperated with Cheng Zhi Education Foundation by donating

NT\$1.7 million for a period of six years, totaling NT\$10 million to support the Zheng–Min Elementary School KIST Private Management of Public School Sponsorship Program in Yunlin County. Cheng Zhi Education Foundation focused on sourcing software and hardware procurement, designing and implementing innovative courses, teacher recruitment, and training services. With hard work and friendliness as the core values, we will build the students' successful character and self–learning ability and become positive and proactive talents.

Public Welfare Theme 1: Supporting multicultural education – Project **2**

# 2017 Sharestart Asia Conference



2017 Sharestart Asian Conference Opening Ceremony

**" Through the conference, the Sharestart practitioners from all over Asia were invited to share "**

The "Sharestart teaching method" is promoted by its founder, Mr. Hui-Cheng Chang. He wanted to change the culture of force-feeding students

information and giving tests all the time, so he started to advocate this new teaching method in September 2013. The handouts prepared by the lecturers



2017 Speakers at Sharestart Asian Conference



2017 Sharestart Asian Conference Seminar on Education Vision

are designed to encourage the students to self-learning, read, engage in group discussion, and express themselves. As the speed of reading is three times

faster than the speed of the teacher's speech, this promotes learning efficiency and understanding. The WT Education Foundation supports this teaching method and started sponsoring the Sharestart Asia Conferences through The Alliance Cultural Foundation in 2016. In 2017, it sponsored NT\$400,000 to invite scholars from all over Asia to the annual meeting to share their development experience and challenges, and create a platform for open sharing and cooperation, so that the innovative education of Sharestart teaching can be transmitted to all parts of the world.

Public Welfare Theme 1: Supporting multicultural education – Project **3**

# Junyi Experimental High School Creative Experimental Course Program

**" Develop non-disciplinary knowledge through practical and experiential teaching methods "**

The WT Education Foundation supports and agrees with the philosophy of Mr. Stanley Yen, Chairman of The Alliance Cultural Foundation, that education is the lifeblood of the country's future

competitiveness. It is also the key to building a foundation for the youth and developing a vision. The direction of education reform must also be changed from the traditional exam-

oriented education to "putting students at the center of learning" to promote the country's sustainable survival. Since 2015, we have cooperated with The Alliance Cultural Foundation to sponsor NT\$2 million in support of the "Junyi Experimental High School Creative

Experimental Course Project" in 2017. With the 2019 course guidelines as guide, excellent professional teachers and school teachers were hired to collaborate on teaching planning experimental courses. The courses include three major creative groups of "International Hospitality", "Green Architecture", and "Contemporary Art". Through hands-on experiment and experience, the students' non-disciplinary knowledge was cultivated, helping them develop capacities for the future.



Junyi Experimental High School Contemporary Art Annual Performance



Junyi Experimental High School's "International Hospitality" course is not about cultivating students to become professional chefs, but learning about cooking and dining, diverse cultures, and table manners. Through combining school dinners, the students learn to set up able decoration, create space aesthetics, hospitality, etc. This helps them develop as people as well as learning about teamwork and cooperation.

## Public Welfare Theme 2



# Inspiring students to create

Develop self-identity to maximize potential

Public Welfare Theme 2:

Inspiring students to create – Project 1

## Nanhu Elementary School Art and Culture Club

The Nanhu Elementary School in Dahu Township, Miaoli County was unable to recruit professional art teachers because of its rural location. The WT Education Foundation sponsored the school to set up a painting club with NT\$80,000 to cultivate children's painting talents and self-identity, in the hopes of nourishing self-affirmation and the willingness to contribute to the society.



Nanhu Elementary School Art Club Course and Results



– Project 2

## Longci Elementary School Future Competitiveness Plan

The WT Education Foundation supports the concept of the principal of Tainan City's Longci Elementary School. In order to cultivate the students' future communication skills in English so that they are competitive on an international level and can pass on the local culture, the Foundation donated NT\$200,000 to create a new initiative to offer courses such as maker ability, bamboo art creative design, English learning, and robot coding programs.



Longci Elementary School Bamboo Art Creative Design Practice Course



Longci Elementary School Robotic and Electronic Circuit Coding Course

Public Welfare Theme 2: Inspiring students to create – Project **3**

# Jiangjyun Elementary School hosted Tainan City's Community Building Project

**" Allowing the students and local residents to have a deeper understanding of their hometown and promote reading for children "**

The Foundation for Children's Culture and Art Foundation promotes children's literature, conducts seminars, lectures, and publishes relevant research results. It is committed to doing social work that is beneficial to children's physical and mental development, and actively seeks public and private community resources for children in rural areas to make up for the gap of education and learning resources. In 2017, we donated NT\$35,000 the Foundation for Children's Culture and Art Foundation to support the Jiangjyun Elementary School in hosting Tainan City's Community Building Project, allowing students to conduct surveys, field research, find out about cultural history of the community and draw picture books and maps. This

allows the students and local residents to have a deeper understanding of their



New book community presentation – Children getting a big applause with a theater rendition of a picture book



Students finding out about community culture – Visiting the only traditional cake shop left in the Jiangjyun District of Tainan. Mr. Weng, the owner of Quancheng Cake Shop, shared the story of came molds with the students from Jiangjyun Elementary School

hometown and promote reading for children.



The teachers and students from Jiangjyun Elementary School created a picture book – Uncle Luo's Big Cake Shop

## Public Welfare Theme 3



# Caring for education for the disadvantaged

Balancing learning resources and eliminating urban–rural gaps

Public Welfare Theme 3: Caring for education for the disadvantaged – Project 1

## TFT two–year full–time teaching plan



Ms. Ya-Ling Du, one of the teachers from the third batch of TFT, believes that education is listening, companionship, and belief. Education allows children to learn some skills so that they can face the future.

**" TFT has sent more than 120 young people to rural areas since its inception, benefiting more than 3,200 disadvantaged children "**

Teach for Taiwan (TFT) is a non–profit organization dedicated to solving the "educational inequality". It recruits young people with a sense of mission to invest in the needs of the schools in rural areas and continues to provide training and support system. It has become the promoter of quality education in Taiwan. The WT Education Foundation has sponsored TFT since 2015 with NT\$900,000 per year. Since its establishment, TFT has sent more than 120 young people to the rural

areas in Taitung, Tainan, Pingtung, Yunlin, Hualien, and Nantou, benefiting more than 3,200 disadvantaged school children.



TFT Teacher Partner



## Public Welfare Theme 3: Caring for education for the disadvantaged – Project **2**

# 2017 Academic Year Online Tutoring Program



Remote Tutoring College Buddy Program

" Using educational resources to make up for the teaching gap and improve students' adaptability "

Vox Nativa Association, Taiwan was established in May 2008 in Xinyi Township, Nantou County, at the foot of Mountain Jade. Each year, it recruits second-grade elementary school children of the tribes of Xinyi Township (about 70% of them are Bunun origins), of which nearly 90% came from low-income, single-parent families, or they were raised by their grandparents. The WT Education Foundation has sponsored Vox Nativa Association, Taiwan since

2015. In 2017, NT\$500,000 was donated for the "Online Course Counseling Program". The project invites excellent urban teachers and university students to carry out one-on-one remote classes for the middle, high school, and higher vocational students for various subjects on weekends and winter and summer vacations, in order to effectively use educational resources to make up for the teaching gap and improve students' adaptability.



Big study buddy giving counseling in Vox Nativa Association, Taiwan's Taipei office



Big study buddy answering questions from the children

Public Welfare Theme 3: Caring for education for the disadvantaged – Project 3

# 2017 Creative Teaching Volunteering Program



Volunteer teacher teaching science in JiJi Elementary School

**" Enhancing the interest and willingness of primary school children in all rural areas to learn science and changing the teaching model "**

Volunteer teachers feel the lack of educational resources in the rural areas. Over the years, they have gone deep into the mountain tribes by visiting hundreds of local schools each semester and promoting the interest and willingness



Volunteer teacher teaching science

of primary school children in rural areas. Through interesting ways of teaching science and innovating the teaching model, WT Education Foundation has cooperated with TECO Technology Foundation since 2015 to support

the "Scientific and Creative Teaching Project" in the hopes of bringing educational resources directly into rural areas develop science in the Central Mountain Range.

# – Project 4 Book Exchange Project for Rural Areas

Sponsored by IPOWEE Alliance, the Book Exchange Project for Rural Areas aims to serve young children in the high-risk group of the Northern Coast communities by setting up a bookstore to link resources inside and outside the community and integrate education, improve the learning environment and promote multi-reading.



Teenagers reading books at IPOWEE bookstore

## Public Welfare Theme 4



# Cultivating elites

Education subsidy and learning reward for disadvantaged students

Public Welfare Theme 4:  
Cultivating elites – Project 1

## National High School Subsidy Program for Disadvantaged Students

Since 2015, the WT Education Foundation has sponsored the Twilight Elite Development Association for a three-year period of NT\$1.5 million to support the National High School Subsidy Program, which assists elites from national high school from disadvantaged families. The subjects will be interviewed, reviewed and approved by the Association. After the semester, they will be subsidized NT\$10,000 every semester until they finish high school. During the period, they will also be encouraged to work in addition to the coursework and work, and serve the disadvantaged in the society to "a cycle of good will".

– Project 2  
**Scholarships**



Yanxing Scholarship Award Ceremony on June 25th, 2017

Since 2016, the WT Education Foundation has sponsored the Yanxing Taiwan Association to give out "Learning Grants". The purpose of the Yanxing Taiwan Association is to provide diligent students from disadvantaged families with and excellent academic performance (score of 75 or above) with flying geese paradigm. College students will be awarded two scholarships (NT\$10,000/time) each year, and the social elites will act as mentors to lead the growth of these college students. In addition, the Yanxing Taiwan Association also focuses on building a platform for learning and communication for the students by regularly holding lectures, knowledge or skills training courses, corporate group visits and outings, etc., in order to help students integrate into the society as soon as possible to become the next generation of social elites.

– Project 3  
**Fu Jen Catholic University Student Self-Learning Award Program**

Forming a learning community and actively planning learning themes and goals is also an important part of creativity education. The WT Education Foundation has supported the College of Social Sciences of Fu Jen Catholic University Student Self-Learning Award Scheme since 2017 for a period of five years. The project aims to enhance students' self-motivated learning style and promote a learning community system. Students are encouraged to use the four categories of "practical and professional learning", "multicultural learning", "service learning" or "innovative entrepreneurship learning" to plan the theme and goals and submit results reports to share results when learning activities are completed.

Public Welfare Theme 5 

# Respecting life

Giving back to social welfare and caring for life

Public Welfare Theme 5: *Respecting life project*

## Premature birth prevention and education

**" With a view for the general public to better understand the prevention and treatment of premature babies and to provide a full range of services and care for premature babies "**

In view of the fact that there are nearly 20,000 premature baby born in Taiwan every year, the WT Education Foundation and the Taiwan Premature Baby Foundation have long-term cooperation to promote the prevention of premature births with correct concepts and knowledge. Through combining community resources, parents' growth groups, nanny and nursing staff seminars, weekly delivery

and neonatology seminars, as well as publicity on the Taiwan Railway and MRT light boxes, we aim to educate people to understand the signs of premature birth and strengthen premature birth prevention and treatment. The goal is for the public to better understand premature baby and provide a full range of services and care for families with premature babies.



Kaohsiung Railway Station promotional light box



Premature Infant Foundation Volunteer Growth Camp

## 5.2 Community Care

Recycling the love for the earth: The Company donates old but functional electronic equipment, such as notebooks, desktops, screens, etc., to social welfare group for reuse, so as to avoid waste of resources. In 2016, 173

donations were made, and the estimated value was NT\$316,380. In 2017, a total of 183 donations were made with the cumulative value of NT\$352,810. This not only achieves the purpose of recycling resources, but also benefits the community and disadvantaged groups.

In terms of caring for the disadvantaged, in addition to regularly inviting people from the Association of the Blind to provide massage services at the

company, WT Microelectronics further launched a "material donation activity" internally, which received great support from the management as well as all employees. Donations are earmarked for economic aid for children from disadvantaged families to nurture future talents. A total of 110 colleagues supported by giving cash donations, and raised NT\$50,000 for the Children and Family Support Center of New Taipei City to help promote social service work. In addition, the Welfare Committee also selected the gift made by "Down's Syndrome Foundation Shelter Workshop" when purchasing the Mother's Day gift, so that employees can feel the company's intention in promoting social welfare.

ecology from photography, and to inspire curiosity and the willingness to learn. More than 10 cameras were donated to the students and teachers of Longci Elementary School. On December 16, 2017, WT Microelectronics held a charity concert with the DBS Bank in the National Concert Hall featuring Vox Nativa Taiwan. Employees and their family members were invited to listen to beautiful voice of the indigenous children from tribes in Mountain Jade. The majority of the members of the chorus come from difficult financial situations, but they study hard, sing or play percussion music to build a model of mission and give back to the tribes for aboriginal children.



Donation



Blind Association Massage



Donation



Vox Nativa Taiwan Charity Night

Promoting the "Donation of Good Cameras" students of Longci Elementary School, we allow the students to see different worlds through the lens, to realize the true and beautiful natural



Mother's Day Gift

Longci Elementary School "Donation of Good Camera" Event

**" Recycling love for the the earth not only achieves the purpose of recycling resources, but also benefits the disadvantaged and vulnerable groups in the community. "**



● Appendix

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## Summary of Assurance Items

No.	Subject Information	Applicable Benchmark	Page
1	During the training of new staff, the Company arranges the promotion of important management regulations for the "Ethical Corporate Management Best Practice Principles", "Codes of Ethical Conduct", and "Procedures for Ethical Management and Guidelines for Conduct". In 2017, the Company held 40 batches of new employees training with 112 trainees, so that each new employee who joins can understand and abide by the Company's ethical principle.	Batches of new employee training and number of trainees. The information disclosed above is the statistics compiled by WT Microelectronics Co., Ltd.	28
2	In 2017, the proportion of new recruits was 18.3%, and the proportion of employees leaving the company was 9.4%.	<p>The number of new and outgoing employees in 2017 is counted and calculated on the employee roster. The information disclosed above is the statistics compiled by WT Microelectronics Co., Ltd.</p> <p>Baseline for the proportion of new recruits: <math>[(\text{Number of new employees in 2017}) / (\text{Number of staff on December 31, 2017})] * 100\%</math>.</p> <p>Basis for the calculation of the number of employees leaving the company: <math>[(\text{Number of employees in 2017}) / (\text{Number of staff on December 31, 2017})] * 100\%</math>.</p> <p>Note: The staff, new and former employees in the calculations above do not include interns.</p>	51
3	The total annual electricity consumption of the Group's Taiwan offices (including Chungho, Shenkeng, Hsinchu, Taichung, and Tainan) is 885,267 kWh in 2017, the annual per capita electricity consumption is 924.07 kWh, and the total electricity consumption of the Taiwan logistics center is 260,614 kWh.	<p>2017 annual total electricity consumption of the Group's offices in Taiwan (including Chungho, Shenkeng, Hsinchu, Taichung, and Tainan), annual per capita electricity consumption, as well as the annual total electricity consumption of the logistics center in Taiwan.</p> <p>Annual per capita electricity consumption calculation benchmark: (The total electricity consumption of the offices in Taiwan for the Group in 2017/The number of employees in the Taiwan offices on December 31, 2017).</p> <p>The information above is the statistics of WT Microelectronics Co., Ltd., Techmosa, Morrihan and Nuvision.</p>	44
4	The total amount of donations in 2017 is NT\$8,515,000.	The total amount of donation expenditure for the 2017 WT Education Foundation. The information above is the statistics of WT Education Foundation.	62
5	In 2017, WT Microelectronics (including subsidiaries Techmosa, Morrihan, Maxtek, Nuvision and HongTech) signed 199 Non-Disclosure Agreements (NDA) with 199 customers and 7 with vendors. No legal proceedings were brought by the customer or a vendor for violation of the NDA.	The number of Non-Disclosure Agreement (NDA) signed in 2017 with the customers, and the number of NDA agreements signed with the manufacturers in the year. The information above is the statistics from WT Microelectronics, Techmosa, Morrihan, Maxtek, Nuvision and HongTech.	37

## Independent Auditor's Limited Assurance Report



## 會計師有限確信報告

資會綜字第 18005897 號

文華科技股份有限公司 公鑒：

本事務所受文華科技股份有限公司（以下稱「貴公司」）之委任，就 貴公司選定民國 106 年度企業社會責任報告書所報導之績效指標執行確信程序。本會計師業已確信該事，並依據結果出具有限確信報告。

## 確信標的資訊與適用基準

有關 貴公司選定民國 106 年度企業社會責任報告書所報導之績效指標（以下稱「確信標的資訊」）及其適用基準詳列於 貴公司民國 106 年度企業社會責任報告書第 76 頁之「確信項目彙總表」。前述確信標的資訊之報導範圍業於企業社會責任報告書第 4 頁之「報告書邊界與範疇」段落述明。

## 管理階層之責任

貴公司管理階層之責任係依照適當基準編製企業社會責任報告書所報導之績效指標，且維持與績效指標編製有關之必要內部控制，以確保績效指標未存有導因於舞弊或錯誤之重大不實表達。

## 會計師之責任

本會計師係依照確信準則公報第一號「非屬歷史性財務資訊查核或核閱之確信案件」，對確信標的資訊執行確信工作，以發現前述資訊是否存在所有重大方面而未依適用基準編製而須作修正之情事，並出具有限確信報告。

本會計師依照上述準則所執行之有限確信工作，包括辨認確信標的資訊可能發生重大不實表達之領域，以及針對前述領域設計及執行程序。因有限確信案件取得之確信程度明顯低於合理確信案件取得者，就有限確信案件所執行程序之性質及時間與適用於合理確信案件者不同，其範圍亦較小。

本會計師係依據所評估之風險領域及重大性以決定實際執行確信工作之範圍，並依據本委任案件之特定情況執行下列確信程序：

- 對參與提供確信標的資訊的相關人員進行訪談，以瞭解並評估編製前述資訊之流程、所應用之資訊系統(若適用)，以及其相關內部控制之設計及執行情形
- 基於上述瞭解與評估，對確信標的資訊進行分析性程序，如必要時，則選取樣本進行測試，以取得有限確信之證據。

資誠聯合會計師事務所 PricewaterhouseCoopers, Taiwan  
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此報告不對民國 106 年度企業社會責任報告書整體及其相關內部控制設計或執行之有效性提供任何確信。另民國 106 年度企業社會責任報告書中屬民國 105 年 12 月 31 日及更早期間之資訊未經本會計師確信。

## 會計師之獨立性及品質管制規範

本會計師及本事務所已遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及盡專業上應有之注意、保密及專業態度。

本事務所適用審計準則公報第四十六號「會計師事務所之品質管制」，因此維持完備之品質管制制度，包含與遵循職業道德規範、專業準則及所適用法令相關之書面政策及程序。

## 先天限制

本案諸多確信項目涉及非財務資訊，相較於財務資訊之確信受有更多先天性之限制，對於資料之相關性、重大性及正確性等之質性解釋，則更取決於個別之假設與判斷。

## 有限確信結論

依據所執行之程序與所獲取之證據，本會計師並未發現確信標的資訊在所有重大方面而未依適用基準編製而須作修正之情事。

## 其它事項

貴公司網站之維護係 貴公司管理階層之責任，對於確信報告於 貴公司網站公告後任何確信標的資訊或適用基準之變更，本會計師將不負責該等資訊重新執行確信工作之責任。

資誠聯合會計師事務所

會計師 徐永堅

徐永堅



中華民國 107 年 12 月 28 日



## GRI Content Index

GRI Standards	Disclosure	Page	Note
	<b>General Disclosures</b>		
	102-1 Name of the organization	14	
	102-2 Activities, brands, products, and services	31	
	102-3 Location of headquarters	14	
	102-4 Location of operations	17	
	102-5 Ownership and legal form	14	
	102-6 Markets served	17	
	102-7 Scale of the organization	14	
	102-8 Information on employees and other workers	49	
	102-9 Supply chain	32	
	102-10 Significant changes to the organization and its supply chain		No significant changes took place during 2017.
	102-11 Precautionary Principle or approach	23	
	102-12 External initiatives		No initiative was signed in 2017.
	102-13 Membership of associations	11	
	102-14 Statement from senior decision-maker	3	
	102-16 Values, principles, standards, and norms of behavior	27	
	102-18 Governance structure	18	
	102-40 List of stakeholder groups	6	
<b>GRI 102: General Disclosures 2016</b>	102-41 Collective bargaining agreements		No labor union
	102-42 Identifying and selecting stakeholders	6	
	102-43 Approach to stakeholder engagement	7	
	102-44 Key topics and concerns raised	7	
	102-45 Entities included in the consolidated financial statements	5	
	102-46 Defining report content and topic Boundaries	5	
	102-47 List of material topics	11	
	102-48 Restatements of information		N/A The report was prepared for the first time in 2017.
	102-49 Changes in reporting		N/A The report was prepared for the first time in 2017.
	102-50 Reporting period	5	
	102-51 Date of most recent report		N/A The report was prepared for the first time in 2017.
	102-52 Reporting cycle	5	
	102-53 Contact point for questions regarding the report	5	
	102-54 Claims of reporting in accordance with the GRI Standards	5	
	102-55 GRI content index	80	
	102-56 External assurance	5	

## GRI Content Index

GRI Standards	Disclosure	Page	Note
<b>Material Topics</b>			
<b>Economic Performance</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	9	
	103-2 The management approach and its components	26	
	103-3 Evaluation of the management approach	26	
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	26	
	201-3 Defined benefit plan obligations and other retirement plans	59	
	201-4 Financial assistance received from government	26	
<b>Anti-corruption</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	9	
	103-2 The management approach and its components	27	
	103-3 Evaluation of the management approach	27	
<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption	27	
	205-2 Communication and training about anti-corruption policies and procedures	28	
	205-3 Confirmed incidents of corruption and actions taken	28	
<b>Environmental Compliance</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	9	
	103-2 The management approach and its components	41	
	103-3 Evaluation of the management approach	41	
<b>GRI 307 : Environmental Compliance 2016</b>	307-1 Non-compliance with environmental laws and regulations	41	
<b>Employment</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	9	
	103-2 The management approach and its components	49	
	103-3 Evaluation of the management approach	51	
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	51	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	54	
<b>Customer Health and Safety</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	9	
	103-2 The management approach and its components	35	
	103-3 Evaluation of the management approach	35	
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	35	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	35	

## GRI Content Index

GRI Standards	Disclosure	Page	Note
<b>Marketing and Labeling</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	9	
	103-2 The management approach and its components	36	
	103-3 Evaluation of the management approach	36	
<b>GRI 417: Marketing and Labeling 2016</b>	417-1 Requirements for product and service information and labeling	36	
	417-2 Incidents of non-compliance concerning product and service information and labeling	36	
<b>Customer Privacy</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	9	
	103-2 The management approach and its components	37	
	103-3 Evaluation of the management approach	37	
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	37	
<b>Socioeconomic Compliance</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	9	
	103-2 The management approach and its components	60	
	103-3 Evaluation of the management approach	60	
<b>GRI 419: Socioeconomic Compliance 2016</b>	419-1 Non-compliance with laws and regulations in the social and economic area	60	
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<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	34	
<b>GRI 300: Environmental</b>			
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	43	
	301-2 Recycled input materials used	43	
	301-3 Reclaimed products and their packaging materials	43	
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<b>GRI 308 : Supplier Environmental Assessment 2016</b>	308-1 New suppliers that were screened using environmental criteria	33	
<b>GRI 400 : Social-Employee</b>			
<b>GRI 403 : Occupational Health and Safety 2016</b>	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	57	
<b>GRI 404 : Training and Education 2016</b>	404-1 Average hours of training per year per employee	53	
	404-2 Programs for upgrading employee skills and transition assistance programs	53	

## GRI Content Index

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<b>GRI 405 : Diversity and Equal Opportunity 2016</b>	405–1 Diversity of governance bodies and employees	<b>49</b>	
<b>GRI 400 : Social–Communities</b>			
<b>GRI 413 : Local Communities 2016</b>	413–1 Operations with local community engagement, impact assessments, and development programs	<b>64</b>	
<b>GRI 400 : Social–Supplier</b>			
<b>GRI 414 : Supplier Social Assessment 2016</b>	414–2 Negative social impacts in the supply chain and actions taken	<b>33</b>	



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