

2018

Corporate Social Responsibility Report

企業社會責任報告書



Download Report



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2018 Sustainability Performance Highlights

Governance (G)



- The board of directors has held 9 meetings, with the attendance rate of 94.95%; the functional committees fully implement business operations and effective supervision.
- Ranked 6%~20% among 868 listed companies of the 5th Corporate Governance Evaluation.
- Launched three major risk management projects: "Establishment of Quantitative Mechanism for Risk Assessment", "Establishment of Early Warning Notification System" and "Incorporating Credit Management into the Risk Management Framework"

Environment (E)

- The Company's Linkou warehouse obtained ISO 14001:2015 environmental management system certification
- Performance indicators for the utilization of various resources were better compared to that in 2016, of which paper, water and electricity consumption reduced by 6.30%, 12.98% and 13.71% respectively.
- Comprehensive implementation of resource recycling, with total recycling of 16,238kg for office recyclable waste, whereas the recycled boxes for warehousing and logistics totaled 221,250kg.



Social (S)

- For employee education and training, the total number of hours was 7,277 hours, of which average training hours for managers and non-managers was 8.58 hours and 4.06 hours, respectively.
- Organized the "WPG i-Design Contest", participated by a total of 137 colleges and universities, with nearly 280 teams.
- Participated in the planning of Supply Chain Program in National Chengchi University, Industry-Academia Program in YunTech, and Industry-Academia Program in National Tsing Hua University, in order to cultivate potential talents in the industry.



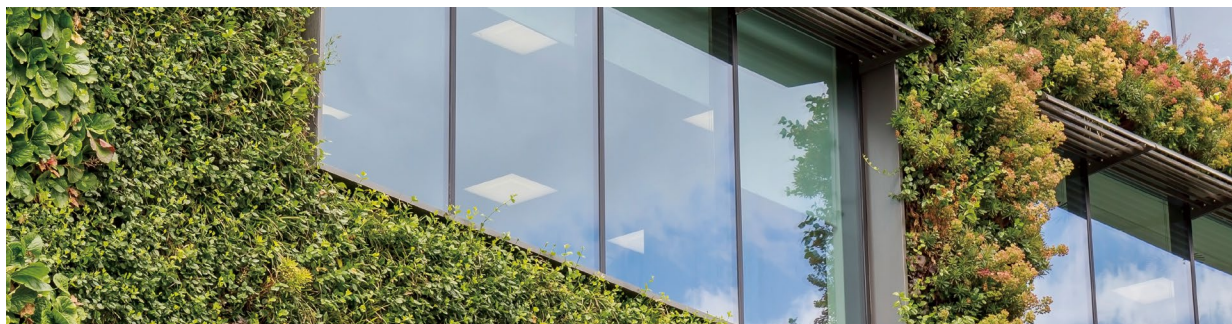
Supply Chain



- To promote the complete supply chain transparency platform "WPGDADAWANT", three brand promotion programs were launched internally, with nearly 5,600 participants, and overall participation rate of over 90%.
- Established the complex inbound marketing effectiveness index, with integrated overall promotion value exceeding RMB 274M during 2018, which has increased 76% that of 2017.
- Conducted nearly 40 trade compliance training courses for production lines and business staff in various regions, with a total of more than 3,600 participants and average attendance rate of 80%.

About this CSR Report

The 2018 Corporate Social Responsibility Report (hereinafter referred to as the “CSR Report”) of WPG Holdings Ltd. (hereinafter referred to as “WPG”) focuses on the disclosure of WPG’s corporate social responsibility, of which information disclosure is prepared with reference to the GRI Standards issued by the Global Resiliency Reporting Association (GRI). The reporting period, publication period, scope, report contact information and other relevant information are as follows:



The reporting period and publication period

This report is the 5th CSR report prepared by WPG, containing information and statements for economic, social, and environment-related implementation in the fiscal year of 2018 (January 1, 2018 to December 31, 2018), of which some information are not limited to 2018 due to integration requirements). The previous report has been published in June 2018, whereas the next version is expected to be published in June 2020. After that, an annual CSR report would be prepared and publicly disclosed every year.

Scope of the CSR Report

The scope of the CSR report covers WPG holdings and its four subgroups, including the implementation and achievements in corporate social responsibility of WPI, SAC, AIT and YOSUN. The headquarters and major operating bases mentioned in the CSR report is WPG’s headquarters in Taipei, whereas some disclosed information are not limited to Taipei, in order to show the company’s performance on business management. In order for consistency in the contents of this report, we specify relevant organizations as follows:

Holdings Company	Refers specifically to “WPG Holdings Co., Ltd.” in Taiwan.
WPG Holdings	Refers to a subsidiary, including the holding company itself, with shareholding of 50% or more owned by the holdings company, or possesses controlling power in accordance with the IFRS.
The Group	Refers to WPG’s internal management organization which is divided into Groups, including WPI, SAC, AIT and YOSUN.

CSR Report Assurance

This report is collected, compiled and prepared by the CSR Team, and submitted for review by unit managers, to ensure that CSR report covers all major topics. WPG appointed the British Standards Institute (BSI) for verification of the CSR report, and results confirm that the information in this report meets type 1 medium level of the AA 1000 of medium assurance standard, as well as core requirements of GRI Standards.

The CSR Report is available at:

https://www.wpgholdings.com/csr_area/year_report/en

For any opinions or advice on this report or the implementation and planning of corporate social responsibility, the contact information are as follows:

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The Words from the Chairman and CEO

By adhering to the core value of “Teamwork, Integrity, Professionalism and Effectiveness”, we here in publish the internationally certified 5th CSR Report. During the process of report publication every year, we focus on issues related to stakeholders’ interests, and continue to review the Company’s implementations of the three aspects of corporate sustainability (Environment, Social, and Governance, also referred to as the ESG), in the hope to communicate with stakeholders and show our sincerity and determination in fulfilling sustainable management.

In terms of promoting corporate sustainability and ethical corporate governance, we dedicate our efforts to set up an effective corporate governance structure, with main principles that include: protecting shareholder interests, improving board performance, respecting stakeholder interests, and enhancing information transparency. Received the “TCSA Taiwan Corporate Sustainability Awards - Silver Award for Service Industry” in 2018, and ranked as the top 6-20% of the listed companies in the 5th Corporate Governance Evaluation, indicating the Company’s efforts on the development of corporate governance and corporate sustainability.

In terms of innovative supply chain, we established the complete supply chain transparency platform WPGDADAWANT, in the aim to transform into a data-driven enterprise, to enjoy a supply chain competitive advantage, and set up a complete supply chain transparency platform to link industry-wide information. Our Company upholds the spirit of innovative thinking and people-oriented, in order to establish value chain partnerships, as well as enhance overall competitiveness and corporate sustainability.

In terms of talent development and transformation, we dedicate our efforts to provide an inclusive and diverse working environment that encourage talents and creativity of employees, and set the compensation at a competitive level through fair appointment of staff, performance appraisal and promotion, as well as referring to external compensation surveys. The company also conducts a variety of training courses for employees’ learning and development to encourage employees to balance between their work and life in a safe and comfortable working environment.

In terms of environmental protection, WPG Holding is mainly engaged in electronic components distribution services, with no actual manufacturing that could affect the environment. Through various activities and internal webpages, we inform employees the risks from climate change and global warming, and advocate the conservation all limited natural resources, water conservation, electricity saving, waste sorting and recycling, as well as encourage employees to begin contributing to environmental protection.

In terms of public care, we encourage employees to participate in social welfare, create a positive cycle, and convince family members by participating in various activities, in order to promote kindness to the public from each family in WPG Holdings. The Company’s industry-academia cooperation and creative design competitions not only provide care for the development blueprint of youth education, which reflect the professional spirit in corporate social responsibility, but also demonstrates the Company’s technical support capabilities, in order to reduce information barriers between the industry and academic community, and enhance overall effectiveness.

Going forward, we will continue to improve sustainable management, and always be consistent in our business philosophy and services, with the vision of “the First Choice of Industry • the Benchmark of Distribution”. By comprehensively promoting the core value of “Teamwork, Integrity, Professionalism and Effectiveness”, we aim to maintain good interactions with our customers, employees, investors, suppliers, competent authorities, communities, NGOs and other stakeholders, create win-win outcomes and share with you our exceptional business results.

WPG Holdings Co., Ltd.
Chairman Simon Huang

黃偉祥



The Words from the Chairman and CEO

WPG Holdings has a leading position in the semiconductor supply chain. However, the rapid evolution of emerging technologies, fluctuations and uncertainties in the industrial ecology, and challenges that arise from the operating model has caused the Company to ponder on “What will be our position in the next decade?” Hence, it is our goal to find out in advance stakeholder gaps in the industry chain, and optimize the Company’s operating process, prepare countermeasures, and actively seek a breakthrough from the current situation.

We are required to focus more on the needs of our customers, as well as positions of stakeholders in the face of all our competitors in the “Infinite Game”, and provide accurate and personalized services according to the needs of large enterprises and SME. In addition, we also optimize flexible management in order to close customer gap.

2018 is WPG’s digital transformation year. Externally, we solve problems from resource restructuring in the industry chain, and challenges faced by customers on transformation and upgrading. Internally, we adjust the organizational structure, improve employee communication, and establish a joint consensus. WPG has officially launched WPGDADAWANT - complete supply chain transparency platform by integration of latest digital technologies and technology platforms, utilizing its core supply-chain management capabilities to solve fundamental problems of customers and stakeholders. This has set off a short chain revolution in the semiconductor components industry, with continued evolution on its business models.

In order to support further development of the industry, WPG continues to pay great attention on talent cultivation and development, while further promoting youth vocational training, and actively promoting industry-academia cooperation opportunities, in order to provide students with internships and employment opportunities, and create development plans related to human resource. Each employee can be the best example and spokesman for digitization, and can become the industry’s indispensable talent resource, indicating WPG’s long years of experience and its important value in shaping the industrial ecosystem.



Given uncertainties of drastic changes in the industry, WPG Holdings aim to steadily build up a win-win ecosystem through activating, promotion and implementation of digital transformation. We hope to achieve our original aim of “focus on customers, empower technology”, in order to fulfill interest sharing for our sustainable development in the semiconductor supply chain.

Theme: Documentary of the Digital Transformation Year

When data information has been regarded as a natural resource, WPG aims to become a data-driven enterprise, and adopts the customer-oriented C2B model, in the hope to meet needs of different customers in a more flexible and efficient way. The Company is committed to solve requirements and close gaps in the customers' point of view, provide quick, accurate and personalized services, build up mutual trust through immediate and transparent information, and thus achieve a complete collaborative ecosystem.

2018 was considered WPG's digital transformation year. In order to provide better services in the supply chain, the company actively promoted digital transformation. Internally, it enhanced productivity through process intelligence, and externally, it provided link and access, in the hope to jointly cooperate with customers and suppliers and achieve a win-win outcome, and become the main driver for enterprises to proceed to the next operational phase.

In terms of external services, WPG launched a complete supply chain transparency platform "WPGDADAWANT" to link industry-wide information, provide personalized service, and continuously optimizes flexible management in order to close customer gap. In terms of internal business operations, the Company has launched various intelligent business process optimization projects, including robotic process automation (RPA), product data integration, automated logistics management and trade compliance management. Through the introduction of digital tools, we have improved the digital concept of employees and create a competitive advantage of the company.

In the future, WPG will promote its own digital transformation, and also assist in promoting the digital transformation of its clients. The Company anticipate on achieving a collaborative and shared ecosystem by enhancing overall industrial production efficiency.



Process Improvement Tool UiPath – Adding value by Robotic Process Automation (RPA)

The basic operations of accounting are mostly for various applications (Excel, Word, ERP, Internet, Email, etc.) on internal and external data processing, and help accountants to complete large-scale, repetitive and regular work by introducing the digital tool UiPath of RPA (Robotic process automation). In addition to improving work efficiency and productivity, and reducing error rate, more working hours can be used on process

Theme: Documentary of the Digital Transformation Year

improvement, decision aids and analysis, and professional knowledge, in order to increase value at work.

In 2018, the company introduced and deployed 4 RPA processes, including electronic invoice verification, exchange rate invoice verification, credit note verification and foreign currency payment, and each could save over 70% of the total time. In the first year's test trial, it saved an annualized 565 hours, of which the RPA production line accounted for 1.59% of the Group's overall turnover.

In 2019, WPG will promote RPA to overseas group companies, and aims to cooperate with external auditors to further enhance accounting and auditing qualities through audit robots established by RPA, and significantly improve operational efficiency.

• Accounting Category Optimization - Product Data Integration

Re-optimization of product categorization standards

Widely collect product categorization standards of credible institutions in the industry, such as Gartner and WSTS, as well as product categorization methods of many upstream suppliers in the semiconductor industry. In addition, WPG also re-adjust its internal product categorization standards, and establish a decision tree product categorization table (Device Type) for contents to comply with the criteria for market classification.

Reclassified item number

Reclassify all valid item numbers in the system into the new product table

Linkage between Product Category and Accounting Category

When the system's new item number is created in the future, the system will automatically correspond to the appropriate Accounting Category.

As a major semiconductor distributor, WPG Holdings has a great number of product categories. Considering that the accounting category of each item number will directly affect loss on market value decline of inventories, and hence WPG will begin optimization in 2018 to help employees in correct categorization and management, and significantly reduce the potential risk of data distortion caused by improper categorization. After product categorization is internationalized, it is beneficial for the development and application of big data in the future.

• Freight Forwarding Information and Shipping Platform-Operate the progress of logistics instantly

In 2018, WPG introduced the "Shipment Information Platform" project to track the progress of the goods delivered by WPG, including all dynamic information related to tracking and delivery, and sending back customer's signed documents, in order to satisfy customer's expectation and control of the shipment status. Orders available for online estimation of the shipment arrival time accounted for 90% of total orders up to the end of 2018, and accounted for over 99% of total orders in the first quarter of 2019.

In addition, the completion time of logistics warehousing has great influence on the customers' customs clearance and shipment arrival time. In the second quarter of 2018, WPG introduced the "Shipment Tracking Platform", which can readily keep track on shipping information and meet the commitments to customer service. The average number of searches on the platform has reached 1,000 searches per month up to the end of 2018, which greatly reduces the time for internal communication in the past.

• Systematic Management of Trade Compliance and Exceptions – Systematic Implementation of Trade Compliance

Based on US export control regulations, any product subject to US jurisdiction must be in accordance with EAR regulations. In 2017, WPG introduced an automated management mechanism for the exceptional licensing system, which was launched in the second quarter of 2018. The major U.S origin production lines were initially included in the automatic management mechanism for the exceptional licensing system. Applicable exceptional licenses will be confirmed through export control classification numbers, while end users and end use is confirmed through End User Certificate signed by customers, in order to ensure that their trading behavior is in compliance with US export control regulations.

Moreover, i-learning (online learning) platform of the trade compliance training course was completed in the first half of 2018 in order to enhance training efficiency. Employees who cannot participate in face-to-face courses due to time and geographical constraints can use online tools to learn the spirit and concept of trade compliance.

Theme: Documentary of the Digital Transformation Year

• Postal Service Delivery Confirmation System - Increasing efficiency through automation

The average mail receipts totaled 10,000 receipts per month at WPG's office in the Greater China region. Postal services such as delivery confirmation, paper recording, pickup notification, pickup confirmation, follow-up post tracking and cost analysis were all carried out manually in the past. This not only consumes human resources, but also wastes resources and storage space.

Therefore, we seek a systematic way to solve the above problems. Since 2017, "Postal Service Delivery Confirmation System" has been first introduced in China, and in 2018, it has also been officially introduced Taiwan due to digital transformation. In June 2018, WPG's subsidiary YOSUN conducted trial tests, and in November 2018, the system was officially launched in Taiwan.

All the above procedures can be carried out digitally through digital confirmation of the "Postal Service Delivery Confirmation System", which effectively saves time on manual processing (confirmation, recording, notification, pickup), saving an average of 1.5 minutes per mail. The system's timely notification also reduced the number of retention items, contributing to a more efficient storage space. The system can also remit statements on delivery confirmation records, in order for effective postal analysis and management. Moreover, paper consumption is significantly reduced under the electronic system, which achieves resource saving and waste reduction.



• Deploy tools for quantitative trading, which can precisely keep track of the current status of financial markets

With the use of financial data analysis and the trading software, WPG performs big data analysis of the financial market under statistical quantification, as well as risk-oriented trading strategies, such as momentum, contrarian, and spread and pairs trading strategies, in order to obtain profits from financial trading. Since 2018, WPG conducted a test trial for the system on TA/EX (Taiwan Stock Exchange Capitalization Weighted Stock Index) Future, and the IRR (Internal Rate of Return) reached 19.8%, which was significantly higher than TA/EX of -10.3%.

WPG plans to expand the portfolio in the future, in order to find global transactions for complementary financial products, adopt more trading strategies, and continue to reduce risk while enhancing trading profits.



Flow chart of the Postal Service Delivery Confirmation System:

Courier company and staff

Courier confirmation in the mail room

Electronic scanning storage systems

Automatic post notifications

Classification of Courier

Courier Pick up

Courier sent to employees

Sum up the number of unconfirmed couriers in a day before the end of the business working day.

Theme: Documentary of the Digital Transformation Year



• The data analyzing decision tool Microsoft Power BI - For the improvement of decision-making quality in high-level management

The average mail receipts totaled 10,000 receipts per month at WPG's office in the Greater China region. Postal services such as delivery confirmation, paper recording, pickup notification, pickup confirmation, follow-up post tracking and cost analysis were all carried out manually in the past. This not only consumes human resources, but also wastes resources and storage space.

CH1

Promoting Corporate Sustainability

1-1 Continuous development of sustainable relationships

1-2 Fulfill responsibility under sustainable development



Sustainability Planning and Implementation

Commitment

- Set up a corporate sustainable blueprint and gradually implement the corporate sustainable development through overall business operations of the company.

Policy/Management System

- The company has set up the “Corporate Social Responsibilities Best-Practice Principles” to implement corporate social responsibility and promote balance and sustainable development of economic, social and environmental ecosystem.
- Established the Corporate Social Responsibility Committee, which is divided into 6 function groups: Sustainable Risk Management, Sustainable Corporate Governance, Sustainable Supply Chain and Customer Management, Sustainable Workplace, Sustainable Environment and Sustainable Community Participation.
- Integrate the United Nations Sustainable Development Goals (SDGs) to formulate WPG’s short-, middle- and long-term goals for the sustainable environment, and gradually promote the implementation of various action plans.

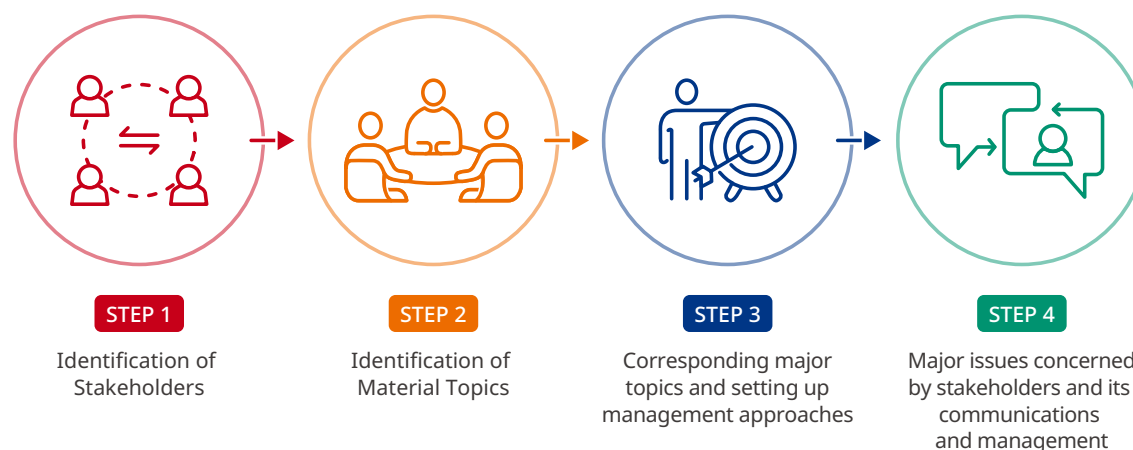
Assessment mechanism

- Corporate Social Responsibility Committee are held quarterly to supervise each stage of the CSR reporting, sustainability objectives and the implementation progress of action plans to members of the committee.

1-1 Continuous development of sustainable relationships

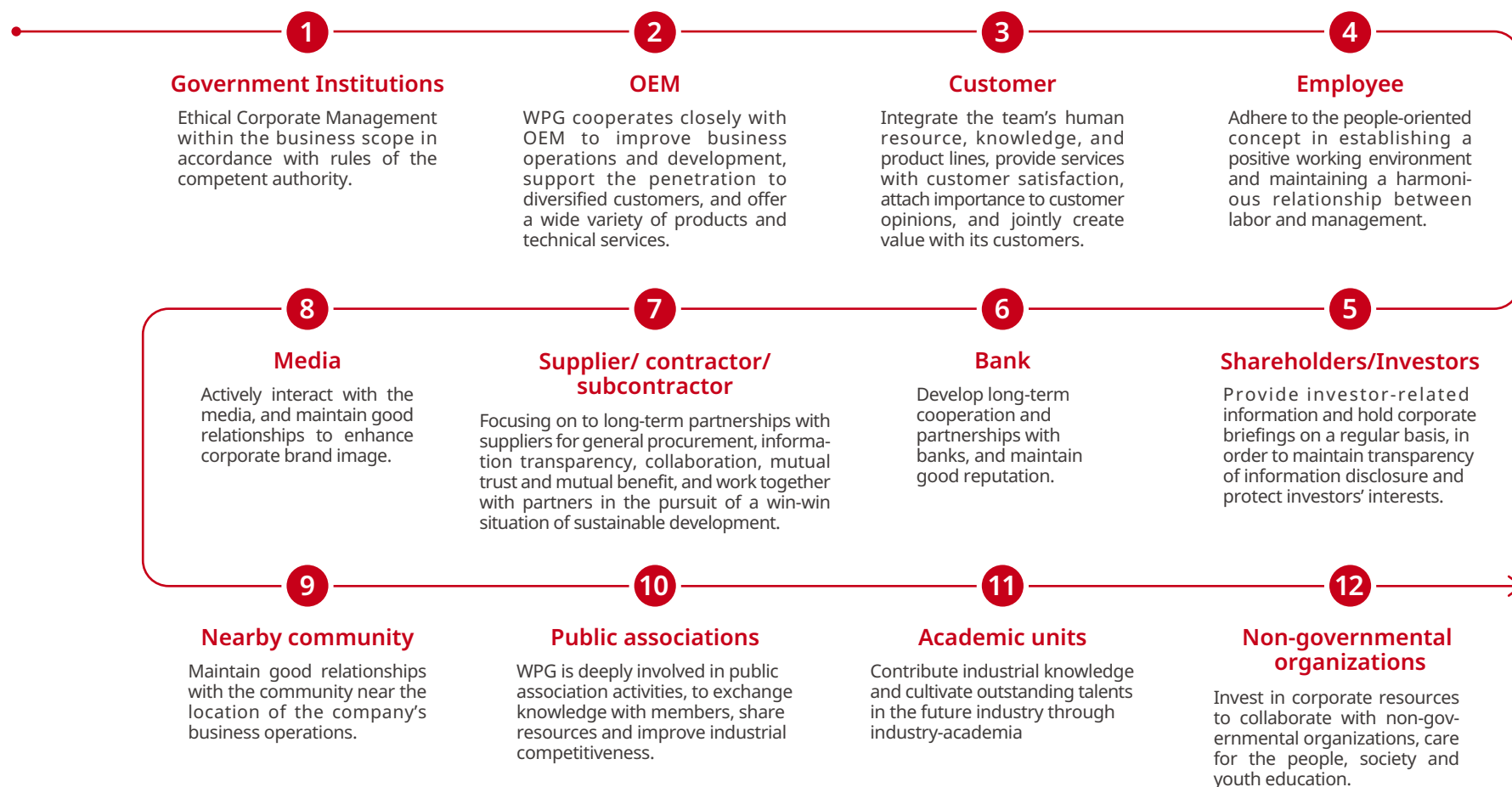
1-1-1 Stakeholder identification and communication

The basis for sustainable growth and long-term development of WPG is that it clearly identify issues concerned by stakeholders, and continue to have transparent and efficient communications with stakeholders. WPG identify stakeholders related to its business operations through a systematic approach, and assess the effect of the issues on internal operations, economic, environmental and social impacts, in regard to issues concerning highly relevant stakeholders. WPG identified major sustainability issues and disclosed information in this report in response to stakeholders that pay close attention to the company, and continued to improve management of related issues and took specific actions to implement its commitment on corporate sustainability.

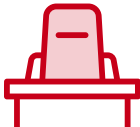







The identification of WPG's major stakeholder is based on the AA 1000 stakeholder engagement standard, which include important factors such as responsibility, influence, tension, multiple perspectives and dependence. The questionnaire is analyzed after it is completed by functional units, and 12 major stakeholders were finally selected, including government agencies, factories, customers, employees, shareholders / investors, banks, suppliers / contractors / subcontractors, the media, nearby communities, public associations, academic institutions and non-governmental organizations.

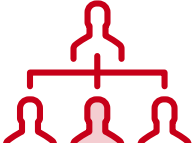





• Importance of stakeholders to WPG



• Issues and Mechanisms for the Communication with Stakeholders

						
	Government Institutions	OEM	Customer	Employee	Shareholders/ Investors	Bank
Major issues	<ul style="list-style-type: none"> Corporate Confidentiality and Privacy Agent for Product Lines and Customer Satisfaction Human Rights and Equality Product Trade Compliance Industry-Academia Cooperation and Social Participation 	<ul style="list-style-type: none"> Corporate Confidentiality and Privacy Code of Conducts, Ethics, Laws and Regulations Operating and Financial Performance Agent for Product Lines and Customer Satisfaction Industry Collaboration and Communication 	<ul style="list-style-type: none"> Corporate Confidentiality and Privacy Code of Conducts, Ethics, Laws and Regulations Support and Integration of Supply Chain Platform Sustainability Planning and Implementation Product Trade Compliance 	<ul style="list-style-type: none"> Code of Conducts, Ethics, Laws and Regulations Operating and Financial Performance Sustainability Planning and Implementation Employee Compensation and Employee Care Employee Health and Safety 	<ul style="list-style-type: none"> Operating and Financial Performance Operating Models and Market Development Code of Conducts, Ethics, Laws and Regulations Corporate Governance and Information Transparency Sustainability Planning and Implementation 	<ul style="list-style-type: none"> Code of Conducts, Ethics, Laws and Regulations Operating and Financial Performance Corporate Governance and Information Transparency Sustainability Planning and Implementation Risk Control and Management Operating Models and Market Development
Communications mechanism	<ul style="list-style-type: none"> Supervision and review activities of the competent authority Policy advocacy of the competent authority MOPS Company website Meeting of seminar Tel • E-MAIL Written form 	<ul style="list-style-type: none"> Interview Tel E-MAIL In written form 	<ul style="list-style-type: none"> Interview Tel E-MAIL In written form 	<ul style="list-style-type: none"> Company website (including internal websites and EIP) Tel E-MAIL Employee mailbox Plenary sessions (monthly) 	<ul style="list-style-type: none"> MOPS Company website Tel E-MAIL Written form Corporate briefing / seminar Conference Shareholders' meeting (annual) 	<ul style="list-style-type: none"> MOPS Company website Tel E-MAIL Written form Review of the extension of bank loan
Frequency of Communication	Irregularly	Irregularly	Irregularly	Regularly/Irregularly	Irregularly	Irregularly
Corresponding sections	CH2 Improvement of Ethical Governance	CH2 Improvement of Ethical Governance CH3 Innovative supply chain management	CH2 Improvement of Ethical Governance CH3 Innovative supply chain management	CH2 Improvement of Ethical Governance CH4 Talent Development and Transition	CH2 Improvement of Ethical Governance	CH2 Improvement of Ethical Governance

• Issues and Mechanisms for the Communication with Stakeholders

						
	Supplier/contractor/ subcontractor	Media	Nearby community	Public associations	Academic units	Non-governmental organizations
Major issues	<ul style="list-style-type: none"> • Operating and Financial Performance • Operating Models and Market Development • Code of Conducts, Ethics, Laws and Regulations • Corporate Governance and Information Transparency • Sustainability Planning and Implementation 	<ul style="list-style-type: none"> • Support and Integration of Supply Chain Platform • Industry Collaboration and Communication • Corporate Confidentiality and Privacy • Code of Conducts, Ethics, Laws and Regulations • Corporate Governance and Information Transparency 	<ul style="list-style-type: none"> • Employee Compensation and Employee Care • Code of Conducts, Ethics, Laws and Regulations • Sustainability Planning and Implementation • Employee Health and Safety • Labor Management Relations 	<ul style="list-style-type: none"> • Sustainability Planning and Implementation • Code of Conducts, Ethics, Laws and Regulations • Product Trade Compliance • Industry Collaboration and Communication • Support and Integration of Supply Chain Platform • Corporate Confidentiality and Privacy 	<ul style="list-style-type: none"> • Sustainability Planning and Implementation • Industry-Academia Cooperation and Social Participation • Agent for Product Lines and Customer Satisfaction 	<ul style="list-style-type: none"> • Industry-Academia Cooperation and Social Participation
Communications mechanism	<ul style="list-style-type: none"> • MOPS • Company website • Tel • E-MAIL • Written form • Corporate briefing / seminar • Conference • Shareholders' meeting (annual) 	<ul style="list-style-type: none"> • Company website • Tel • E-MAIL • Written form • Interview • Seminar 	<ul style="list-style-type: none"> • Tel 	<ul style="list-style-type: none"> • Tel • E-MAIL • Written form • Meeting of seminar 	<ul style="list-style-type: none"> • Tel • E-MAIL • Written form • Meeting of seminar 	<ul style="list-style-type: none"> • Tel • E-MAIL
Frequency of Communication	Irregularly	Irregularly	Irregularly	Irregularly	Irregularly	Irregularly
Corresponding sections	CH2 Improvement of Ethical Governance	CH2 Improvement of Ethical Governance CH3 Innovative supply chain management	CH5 Implementation of public care	CH3 Innovative supply chain management	CH5 Implementation of public care	CH5 Implementation of public care

1-1-2 Identification and management of major issues

WPG regularly identifies major sustainability issues through systematic analysis, in order to ensure that the disclosure information meets expectations of stakeholders. In 2018, stakeholders' mutual agreement procedures were implemented based on the analysis of major issues, and after referring to stakeholders and senior managers, and final confirmation by the CSR Committee, 13 major issues are identified, including: Code of Conducts, Ethics, Laws and Regulations; Operating and Financial Performance; Support and Integration of Supply Chain Platform; Risk Control and Management; Corporate Governance and Information Transparency; Operating Models and Market Development; Agent for Product Lines and Customer Satisfaction; Sustainability Planning and Implementation; Trade Secret and Privacy; Industry Collaboration and Communication; Logistics and Storage Management; Employee Compensation and Employee Care; Product Trade Compliance.

STEP 1 - Sustainability Issues Update

- WPG Holdings updates sustainability issues on a regular basis, including corporate governance, environmental and social issues, with reference to past analysis of material aspects, international indicators and standards, industry characteristics, and global sustainability trends.

STEP 2 - Identification of Material Topics

- According to identification results of stakeholders, 236 questionnaires for internal and external stakeholders were issued and recovered by WPG's units, in order to understand stakeholders' concerns on various sustainable issues.
- WPG Holdings has set up a CSR Committee, of which 20 senior managers are members responsible for the impact assessment of sustainability issues according to operational, economic, environmental and social matters.

STEP 3 - Verification of Material Topics

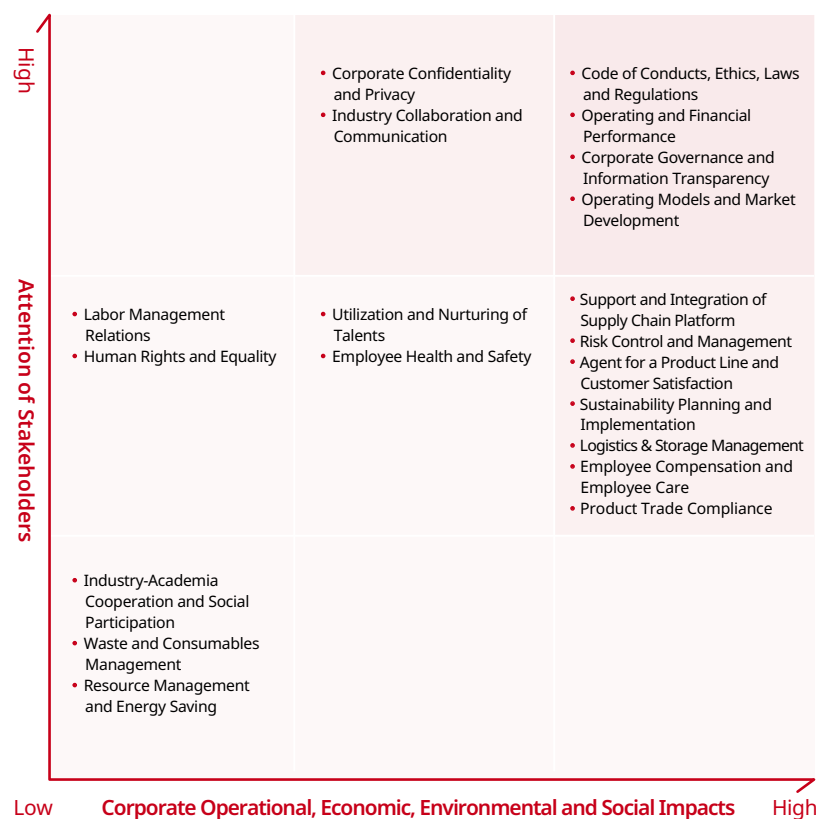
- The 2018 materiality matrix was completed, and 13 material aspects were selected based on the results of "Level of Stakeholders' Concern for the Issue" and "Operational, Economic, Environmental and Social Impacts of WPG Holdings", as well as the final confirmation by the Corporate Social Responsibility Committee.

STEP 4 - GRI Material Topics and the Establishment of Management Policies

- WPG Holdings has matched the identified material topics with GRI Standards, and established the management approach for material topics to ensure effective implementation of related actions.

	External factors (Evaluated by external and internal stakeholders)	Internal factors (Evaluated by the CSR Committee)
1	Code of Conducts, Ethics, Laws and Regulations	Code of Conducts, Ethics, Laws and Regulations
2	Corporate Confidentiality and Privacy	Risk Control and Management
3	Operating Models and Market Development	Support and Integration of Supply Chain Platform
4	Industry Collaboration and Communication	Operating and Financial Performance
5	Operating and Financial Performance	Agent for Product Lines and Customer Satisfaction
6	Corporate Governance and Information Transparency	Sustainability Planning and Implementation
7	Support and Integration of Supply Chain Platform	Corporate Governance and Information Transparency
8	Agent for Product Lines and Customer Satisfaction	Logistics and Storage Management
9	Sustainability Planning and Implementation	Employee Compensation and Employee Care
10	Risk Control and Management	Operating Models and Market Development
11	Product Trade Compliance	Product Trade Compliance
12	Employee Health and Safety	Utilization and Nurturing of Talents
13	Utilization and Nurturing of Talents	Industry Collaboration and Communication
14	Human Rights and Equality	Corporate Confidentiality and Privacy
15	Logistics and Storage Management	Employee Health and Safety
16	Labor Management Relations	Labor Management Relations
17	Employee Compensation and Employee Care	Human Rights and Equality
18	Industry-Academia Cooperation and Social Participation	Industry-Academia Cooperation and Social Participation
19	Waste and Consumables Management	Waste and Consumables Management
20	Resource Management and Energy Saving	Resource Management and Energy Saving

- Based on this matrix, WPG has presented relevant performance and management results for the CSR report in 2018, and set up a strategic goal for planning and implementation of corporate sustainability in 2019.



- The “Operating Models and Market Development” is a major issue identified in the year. It is mainly due to the expansion of the first year of “Digital Transformation” by the WPG holdings. It will adjust and optimize its operating model to continue to expand and deepen the market.

2018 Major Topics		The effect on WPG
1	Code of Conducts, Ethics, Laws and Regulations	WPG promotes the core value of “Teamwork, Integrity, Professionalism and Effectiveness”, while adhering to the basis of ethical management and corporate sustainability, with strict compliance with relevant laws and regulations.
2	Operating and Financial Performance	In order to achieve sustainable development, the company has focused on related performances such as operating profits, investment profit and loss, financial status and operating costs, as well as economic impacts generated by the operating process.
3	Support and Integration of Supply Chain Platform	WPG plays an important role in the supply chain by establishing a supply chain platform to service factories and customers, support and integrate products and technologies, and create better value for the overall supply chain.
4	Risk Control and Management	WPG focuses on integrated risk management. It actively operate various businesses to raise its operating income under an acceptable risk level, ensuring that appropriate risk culture is established and maintained throughout the organization.
5	Corporate Governance and Information Transparency	WPG’s sound operations of corporate governance include protection of shareholders’ rights and interests, maintenance of investor relations, development of the board of directors, establishment of the codes of conduct and relevant laws and regulations, as well as sustainable communications with stakeholders to ensure information transparency.
6	Operating Models and Market Development	WPG will digitally adjust its operating model and continue on market development in its first year of digital transformation.
7	Agent for Product Lines and Customer Satisfaction	As a distributor of semiconductors, WPG is responsible for the OEM of sufficient range of products and maintains supply stability in the aim to meet customer demands and improve the overall customer service efficiency, in order to enhance customer satisfaction and maintain customer relationships.
8	Sustainability Planning and Implementation	WPG has established a blueprint for sustainable development, which includes setting short, middle and long-term goals, and setting implementation related to specific economic, environmental and social performance based on these goals.
9	Trade Secret and Privacy	WPG conducts relevant information security management in order to protect trade secret, transaction security and customer/employee privacy.

2018 Major Topics		The effect on WPG
10	Industry Collaboration and Communication	As the hub of the industrial supply chain, WPG assists on data integration of upstream and downstream enterprises, and serve as a communication bridge for industrial cooperation.
11	Logistics and Storage Management	In response to demands of upstream and downstream supply and orders, WPG has established procedures for sound logistics and warehousing management to maximize benefits of timely shipments on orders and cost management.
12	Employee Compensation and Employee Care	WPG provides employees with fair and competitive compensation, and plans on bonuses, welfare benefits and care mechanisms.
13	Product Trade Compliance	WPG sets relevant management objectives, internal control mechanism and practical operating procedures to ensure that trade of products are in compliance with relevant laws and regulations in different countries.



• Major Topics and major GRI topics

Material Topics	Major GRI topic	Corresponding sections	GRI disclosure
Code of Conducts, Ethics, Laws and Regulations	Anti-corruption	2-3-2 Code of Conducts, Ethics and Compliance	GRI 205-3
Corporate Governance and Information Transparency	Compliance of environmental protection regulations	5-1 Focusing on sustainable low carbon services / Appendix	GRI 307-1
	Compliance of economic and social regulations	2-3-2 Code of Conducts, Ethics and Compliance	GRI 419-1
Product Trade Compliance	Compliance of economic and social regulations	4-3 Strictly Controlled Trade Compliance / Appendix	GRI 419-1
Operating and Financial Performance	Economic performance	2-2-3 Important Annual Operating Indicators	GRI 201-1
Employee Compensation and Employee Care	Current market position	4-2-1 Fair compensation plan / Appendix	GRI 202-1 GRI 202-2
	Occupational Safety and Health	4-3-3 Health and Safety in the Working Environment	GRI 403-2 GRI 403-3
	Potential Employee Diversity and Equality	2-2-3 Important Annual Operating Indicators 2-3-1 Rights and Responsibility of Corporate Governance Organization 4-1-1 Human Resources Structure 4-2-1 Fair compensation plan	GRI 405-1 GRI 405-2

Material Topics	Major GRI topic	Corresponding sections	GRI disclosure
Agent for Product Lines and Customer Satisfaction	Marketing and Labeling	3-1 Data Driven Supply Chain Management / Appendix	GRI 417-2 GRI 417-3
Corporate Confidentiality and Privacy	Customer privacy	2-3-2 Code of Conducts, Ethics and Compliance / Appendix	GRI 418-1
Sustainability Planning and Implementation		The Chairman's Commitment and Philosophy / 1-2 Fulfill responsibility under sustainable development	
Risk Control and Management		2-3 Responsible governance organization	
Support and Integration of Supply Chain Platform		3-1 Data Driven Supply Chain Management	
Industry Collaboration and Communication		3-1 Data Driven Supply Chain Management	
Operating Models and Market Development		2-2-2 Operating Strategy and Business Planning	
Logistics and Storage Management		3-4-1 Collaborative Partners for Operations and Logistics	



• Major topics and boundaries

Major topics		boundaries	Value chain					
			WPG Holdings	Shareholder	OEM	Customer	Supplier/ contractor/ subcontractor	Nearby community
Economic	Economic performance		●	●	●	●	●	●
	Current market position		●	●				
	Anti-corruption		●	●	●	●	●	
	Sustainability Planning and Implementation		●	●	●	●	●	●
	Risk Control and Management		●	●	●	●	●	
	Operating Models and Market Development		●	●	●	●		
	Technological Support and Integration		●	●	●	●		
	Industry Collaboration and Communication		●	●	●	●		
	Logistics and Storage Management		●	●	●	●		
Environmental	Compliance of environmental protection regulations		●	●	●	●	●	●
Social	Occupational Safety and Health		●	●			●	
	Potential Employee Diversity and Equality		●	●				
	Marketing and Labeling		●	●	●	●		
	Customer privacy		●	●	●	●		
	Compliance of social and economic regulations		●	●	●	●		

1-2 Fulfill responsibility under sustainable development

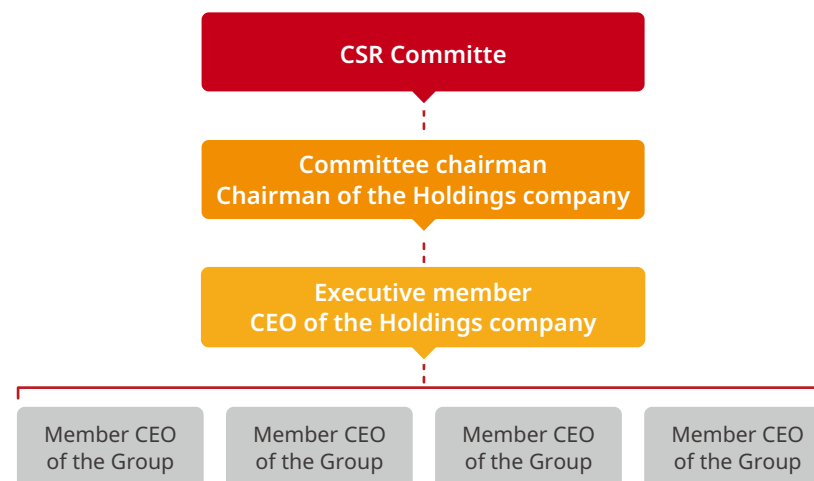
1-2-1 Corporate Sustainability Management Organization

• Strengthen the Corporate Social Responsibility Committee and the Committee Structure

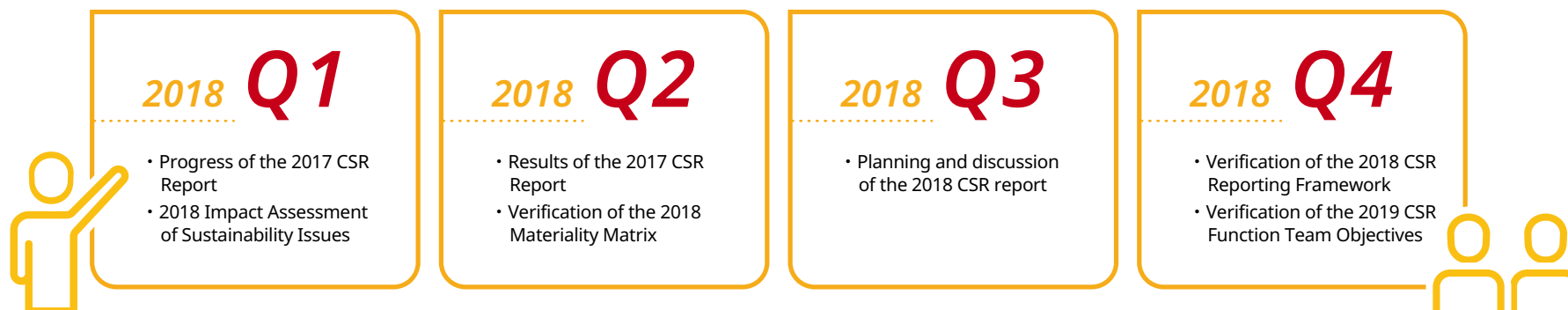
WPG Holdings suggests that “meaningful CSR activities must be based on core competence, internalize within the organizational culture, and continue to improve” and “uses unique resource and expertise to engage in issues related to public interest so as to enhance their contribution in society”. Corporate social responsibility means not only to participate in social welfare, but the overall implementation in business operations. The range is wide and profound, encompasses all departments issues. Only by linking the organizational resources of each unit does it complete gradually.

In 2015, WPG Holdings re-examined the relevant management unit with outside consultants, and established WPG Holdings CSR Committee, which is responsible for planning and implementation of CSR related issues. They brought each group's top management team into the member of Committee, set short and medium-term objectives and management agreement of holding regular meetings.

In 2018, the Corporate Social Responsibility Committee was held on a regular basis to discuss and confirm the schedule for implementation of main projects and related proposals, of which reports of major issues will be submitted to Board of Directors.



• 2018 CSR Committee Discussion Topics



• The CSR Cross-Functional Team

The WPG's CSR function team is affiliated to the CSR Committee, consisting top level managers of each functional unit in the holdings company. It is divided into six functional teams based on the CSR target structure, which includes sustainable risk control, sustainable corporate governance, sustainable supply chain and customer management, sustainable workplace, sustainable environment and sustainable social involvement. The functional team coordinates planning and implementation of CSR-related matters of the holding company and each group. In addition, WPG appointed an executive secretary to be responsible for interdepartmental coordination, progress control related to the CSR report, as well as fulfilling corporate sustainability and results tracking.



1-2-2 Blueprint and Objectives for Corporate Sustainability

In 2015, WPG set up a blueprint for corporate sustainable development. The development of corporate social responsibility requires long-term investments, from forming the concept to the actual implementation, in order to create the value of corporate social responsibility in the organization. In 2016, WPG implemented corporate social responsibility by use of its organizational capabilities, and carried out practical plans related to the sustainable development blueprint of SMEs, and gradually develop towards the set goals. Since 2017, we have further implemented the functional plan for sustainable development. We originally prepared the contents of the CSR Report, and have started to plan and work towards the contents of the CSR Report in order to achieve the goal of corporate sustainability.

• Strengthen Employee Awareness of CSR

In order to promote the continuous activities of the company, the concept of sustainable enterprise will be promoted and promoted within the enterprise, attracting the attention of colleagues. The CSR working group will reorganize the original internal life collection platform into a communication among colleagues. The CSR Activity Zone not only makes good use of internal resources, but also continuously allows activities to be announced, held, and released on the platform.



• WPG's Blueprint for Corporate Sustainability



Phase Objective: Continuously strengthen sustainability as a sustainable customer and product service



• Annual CSR Objectives of the Function Teams

In 2018, WPG continued on sustainable development, and held functional group meetings that focused on issues such as international trends and concerns of factories. After the meeting, the company consolidated and condensed meeting contents, and proposed short-term business plans for 2019 which was approved by the CSR committee. The company aims to gradually improve its CSR-oriented performance and develop towards middle and long-term goals of sustainable business by setting up, promoting and implementing goals.

Functional Team	Material Aspects	2018 Implementation Results	2019 CSR Objectives	Medium/long-term objectives
Functional team for sustainable environment	Sustainable management of service suppliers	Established the service supplier code of conduct	<ul style="list-style-type: none"> The suppliers' corporate social responsibility undertaking achieved 80% of total suppliers 	Promote sustainability to supplier and share interests with upstream and downstream industries
	Green procurement	Established the green procurement principles		
	Environmental management	Completed the survey on electricity and water consumption of office buildings	<ul style="list-style-type: none"> Set up the goal of saving 1% electricity in the workplace Completed the survey on the weight of workplace waste Held one publicity activity on saving energy resource every six months 	Gradually improve the performance of each indicator to achieve environmental sustainability
Functional team for sustainable workplace	Talent development	The total number of hours of education and training is 7,277 hours	<ul style="list-style-type: none"> WPG continued to keep in track of its performances including education and training, employee compensation and parental leave, and subsequently set up plans and goals on performance optimization. 	Achieve the goal of "enhancing the life quality of employees" by gradually improving the indicators' performance
	Employee care	Continue to provide satisfactory welfare and care measures for employees, with 100% retention rate on parental leave and 93% reinstatement rate		
	Protection of human rights	The company has adhered to local relevant labor standards and internationally recognized basic human rights principles to protect the basic rights and interests of employees.	<ul style="list-style-type: none"> Adopt and disclose human rights policies, as well as education and training on human rights 	
	Employee communication	Convene a seminar for new employees, 8 roadshows and quarterly meetings on labor-management issues	<ul style="list-style-type: none"> Conduct opinion surveys on new/resigned employees 	

CH2

Improvement of Ethical Governance

- 2-1 Company History and Development Milestones
- 2-2 Commitment to a Business Vision of Shared Interest
- 2-3 Ethical corporate governance organization



Corporate governance, information transparency, anti-corruption and customer privacy

Commitment

- WPG promotes the core value of “Teamwork, Integrity, Professionalism and Effectiveness” while adhering to the basis of ethical management.
- WPG has established and implemented the comprehensive structure for corporate governance, improve transparency in information disclosure, and actively communicate with stakeholders.
- WPG has implemented operations in accordance with the Personal Information Protection Act.

Policy/Management System

- Adopted internal regulations such as the Corporate Governance Policy, Corporate Codes of Ethical Conduct, Ethical Corporate Management Best Practice Principles and Corporate Social Responsibilities Best-Practice Principles.
- Adopted the “Procedure for the Management and Prevention of Insider Trading” to protect investors and corporate interests.
- Adopted the “Regulations on Information Security Management of WPG Holdings” to ensure information security of WPG and its customers.
- Based on responsibilities and professional specializations, the logistics management units review recent regulatory compliance at any time in order to establish internal management policies.
- Provides information on the prevention of insider trading during new recruits training in Taiwan.
- The “Guidelines on Management Procedures for the Protection of Personal Data” was resolved by the Board of Directors due to improvement needs on internal control processes such as “The Authorization of User’s System”

Grievance Mechanism

- Complaints email address wpghac@wpgholdings.com
- Public disclosure of “Procedures for Handling Stakeholders” Opinions and Complaints by the Audit Committee”.

Assessment mechanism

- The Procedure for the Management and Prevention of Insider Trading is included in the audit control mechanism
- The company's internal code of conduct is reviewed and updated on a regular basis in compliance with current company policies and procedures.
- The number and amount of penalties or fines imposed by government institutions for failure to comply with corporate governance, social or environmental protection regulations.
- The audit unit conducts annual audits to ensure the effectiveness of implementations according to its management mechanism.

Economic performance and risk control

Commitment

- The audit committee was established in 2008, with all the independent directors in place in order for better corporate governance, sounder audit supervision, and robust managerial function, and has adopted IFRS to prepare financial statements since 2013.
- Since its establishment, WPG has established Chinese and English versions of the official website to provide relevant financial information, financial reports, and investor conference briefings. Since the beginning of 2012, the company also simultaneously disclosed Chinese and English versions of quarterly financial reports on its official website. Since December 2014, it simultaneously publishes Chinese and English versions of major issues at the MOPS, and also provides Chinese and English versions of the meeting agenda and proceedings in the same year, whereas annual report was available in Chinese and English since 2015.
- Integrated risk management is the goal of WPG Holdings. The risk management units at each level include risk management in the operation processes through systematical risk identification, risk assessment, risk response and monitoring considering the enterprise holistically in order to reach the goal of the normal management of organization. We will also conduct internal education and training for risk management to be deeply rooted in corporate culture.

Policy/Management System

- Discuss the company’s domestic and international market trends and competitive advantages in annual strategic meetings, and set up an annual strategic direction.
- Disclose financial information as major issues, in financial reports and annual reports on a regular basis, hold regular corporate briefings, and disclose the relevant information on the company’s official website and MOPS.
- Regular tracking and reporting of latest risk assessment results, in order to ensure WPG’s level of risk management.
- Continue to promote risk management on items such as sustainable office operations, early warnings for abnormal transactions and for key risk indicators, and continue to implement effectiveness of the company’s overall risk management.

Assessment mechanism

- The annual financial report must be certified by the CPA and reported to the competent authority.
- Disclose Chinese and English versions of major issues, financial reports and annual reports, and hold quarterly corporate briefings to announce the company’s operational and financial performance.
- The Risk Mgt. Service review and keep track on major risks identified by the company’s various departments on a regular basis, develop assessment mechanisms in response to major risks, and achieve effective risk control under regular tracking.
- Keep in line with the development of international and domestic risk management systems for reviews and improvements.

2-1 Company History and Development Milestones

Nov. 2005

WPG Holdings Limited was incorporated as a holding company of World Peace Industrial Co., Ltd. and Silicon Application Corporation by exchanging shares of common stock.

Jul. 2008

WPG acquired 100% shareholding of Pernas Electronics Co., Ltd. (security code: 3256) through share swap.

Feb. 2009

WPG to acquired 100% shareholding of AIT (Code: 6159) 100% share by share swap.

May. 2009

Included by MSCI as the first-ever Taiwan IC distributor constituent.

Nov. 2015

The 10th anniversary of WPG.

Jul. 2014

The first issue of domestic unsecured convertible bonds of NT\$6 billion.

Mar. 2012

WPG acquired 100% shareholding of AECO Technology Co., Ltd. (security code: 6119) through share swap.

Nov. 2010

WPG acquired 100% shareholding of YOSUN Industrial Corp. (security code: 2403) through share swap.

Apr. 2016

Ranked among the top 6%-20% of TWSE listed companies in the 2nd ranking of Corporate Governance Evaluation result.

Apr. 2017

Ranked among the top 6%-20% of TWSE listed companies in the 3rd ranking of Corporate Governance Evaluation result.

Apr. 2019

Ranked among the top 6%-20% of TWSE listed companies in the 5th ranking of Corporate Governance Evaluation result.

Apr. 2018

Ranked among the top 6%-20% of TWSE listed companies in the 4th ranking of Corporate Governance Evaluation result.



2018 Awards

- **Business Council for Sustainable Development of Taiwan** : TCSA Taiwan Corporate Sustainability Awards - Silver Award for Service Industry
- **Infineon** : Appreciate Award for 1st ESS BW in India and ASEAN in FY1718
- **Electronics Supply and Manufacturing China (ESMC)** : Received the 2018 Award of Excellence for Electronic Component Distributors: Top 10 International Brand Distributor
- **CommonWealth Magazine** : Ranked as No. 2 in the 2000 survey service industry by CommonWealth Magazine in Taiwan
- **MPS** : Best Distributor for 2017

WPG's 2018 award information of suppliers, customers, the media, and others can be seen from the official website: <http://www.wpgholdings.com/about/award/zhtw>

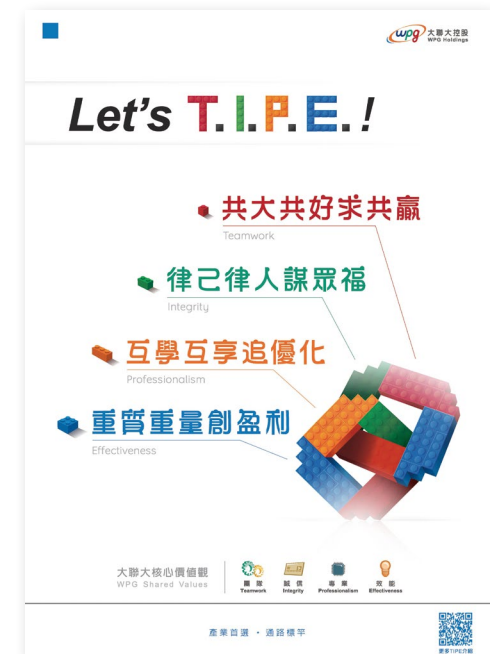
2-2 Commitment to a Business Vision of Shared Interest

2-2-1 The Business Philosophy, Visions and Objectives

WPG has established the industrial investment holding platform to continuously optimize front-end marketing and logistics support teams. The company acts as a professional partner for the industry supply chain, and provides demand creation, turnkey solutions, as well as value-added services such as technical support, warehouse logistics and e-commerce, in order to meet the different requirements of customers such as original equipment manufacturers (OEMs), original design manufacturers (ODMs), electronic manufacturing services (EMS) and SMEs. WPG's international operating scale and flexible localization enabled it to deeply penetrate the Asia-Pacific market, and since its establishment, it was awarded the "Global Distributor Award for Outstanding Performance" by the professional media. In the face of new manufacturing trends, WPG aims to become a data-driven enterprise, to enjoy a supply chain competitive advantage, and adheres to the concept of C2B (people-oriented) to set up a complete supply chain transparency platform WPGDADAWANT to link industry-wide information, and provide accurate and personalized services according to the needs of large enterprises and SME. In addition, we also optimize flexible management in order to close customer gap.

By comprehensively promoting the core value of "Teamwork, Integrity, Professionalism and Effectiveness," with the vision of "the First Choice of Industry · the Benchmark of Distribution", we aim to create win-win outcomes for our suppliers, customers and shareholders, and share with you our exceptional business results.

• Future Outlook



2-2-2 Operating Strategy and Business Planning



Customer (Process Intelligence)

As WPG's customers often need to manage thousands of items and delivery dates. We constantly dedicate efforts to find ways to continuously utilize accumulated experience and know-how into the process, and assist sales representatives on debugging and making the best decision, selecting the right preparation time and configuring the appropriate quantity, etc. Only by continuously investing in customer service, allowing customers to trade with the United Nations General Assembly with confidence, can establish high-quality customer relationships and maintain long-term competitiveness.



OEM (Supply Chain Management)

WPG has gradually completed the "B2B" relationships with major suppliers a decade ago, and aims to further improve the accuracy and level of information connectivity in the next decade. Once upstream and downstream companies are integrated into a rapidly changing system, with common service standards and stocking standards which could be adjusted when necessary, in order to reach the essence of supply chain management, substantially improve overall supply chain efficiency, and maintain close cooperation between two parties.

• Operating locations

WPG operating locations are distributed worldwide, with about 77 in the Asia-Pacific region up to the end of 2018. These are mainly distributed in Taiwan, Japan, Korea, China and Southeast Asia. There are about 28 locations in the North American region (USA and Canada). The operating locations cover business operations such as sales, warehousing and design centers.

• With 43 IED(Industry Electronic Division) Office

Taiwan : 5

Taipei / Hsinchu / Kaohsiung / Taoyuan / TaiZhong

China : 22

HongKong / Shenzhen / Shanghai / Beijing / Shenyang / Tianjin / Qingdao / Xian / Nanjing / Hefei / Suzhou / Chengdu / Wuhan / Hangzhou / Chongqing / Chang Sha / Ningbo / Fuzhou / Xiamen / Guangzhou / Dongguang / Zhuhai

South Asia : 8

Singapore / Kuala Lumpur / Penang / Bangkok / Manila / Hanoi / Ho Chi Minh / Jakarta

India : 5

Bangalore / Hyderabad / Mumbai / New Delhi / Pune

Korea : 1

Seoul

Japan : 2

Tokyo / Osaka

• With 34 non-IED sales offices

China : 10

South Asia : 24

* Non-IED is distributed with reference to WPG C&C China and Genuine C&C (South Asia)

• Sales locations

• Design center

• Warehousing locations

Shanghai Taiwan Shenzhen Hong kong Singapore

■ Corporate Office

■ America's Distribution Center
Southaven, Mississippi

• 7 Physical offices

21 Remote Offices
(including Canada and Mexico)

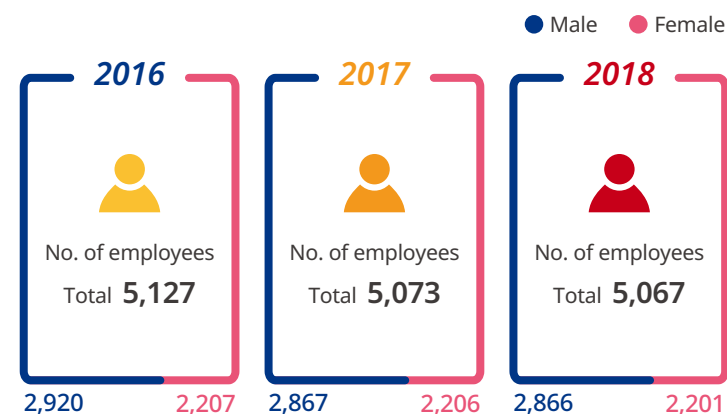
2-2-3 Important Annual Operating Indicators

Financial performance

*Units: NT\$thousand

Year	2016	2017	2018
Operating revenue	536,918,813	532,509,958	545,127,804
Operating cost	(514,322,994)	(510,358,864)	(521,497,383)
Operating gross profit	22,595,819	22,151,094	23,630,421
Operating expense	(14,619,926)	(12,197,896)	(13,053,883)
Income tax expense	(1,337,626)	(1,513,686)	(1,686,163)
Net profit	5,312,875	7,307,987	7,462,010
Cash dividend	4,178,311	4,380,148	4,533,453

Status of labor in human resource

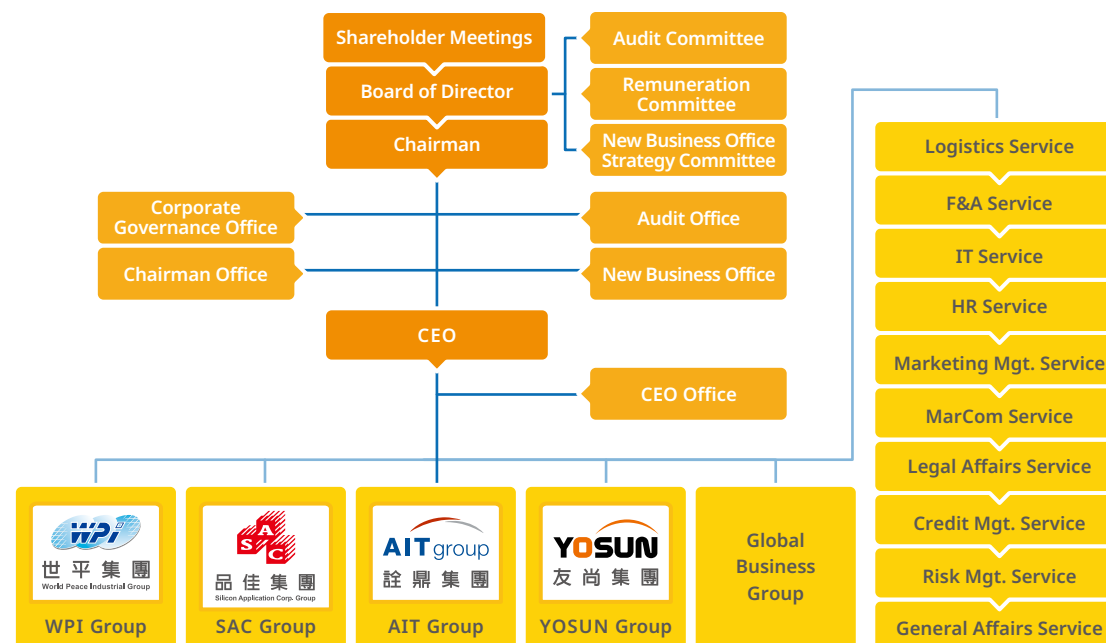


Social performance

Year	2016	2017	2018
Total training hours	42,564	40,029	52,377
Total expenditure for education and training (NT\$m)	13.1	9.79	12.0
No. of employment/employment rate of the disabled (Taiwan)	13/0.70%	6/0.33%	8/0.42%
Social expenditure (including public welfare donations) (NT\$m)	7.25	9.90	9.90

2-3 Ethical corporate governance organization

WPG's Organization Chart



• Major Corporate Functions of WPG

WPG Holdings is established in cooperation with WPI Group, SAC Group, AIT Group, and YOSUN Group, and its business is characterized by cross-group, cross-region, and cross-company operations. WPG Holdings is organized in alignment with the need for ever-changing marketplace. In order to fulfill the shared vision of “the First Choice of Industry • the Benchmark of Distribution”, WPG Holdings positions its functions on: establish management mechanism and supervision for its affiliated subgroups and subsidiaries; highlight backend management effectiveness and frontend coordination through sharing/integral resource platform in order for enhanced frontend effectiveness; specialize in capital market, investor relations, and sourcing of funds.

Department	Function
Auditing Office	Responsible for conducting audits for the effectiveness of internal regulations and institutional implementation for WPG holdings. Also make improvement recommendations based on the results.
New Business Office	Responsible for the evaluation, planning and post-investment management of WPG Holdings to establish long-term competitive new business and stable growth of the company.
Logistics Service	Responsible for the managing of WPG Holdings logistics operations and expanding external operational services.
F&A Service and Spokesperson	Responsible for matters related to finance and accounting for WPG Holdings, as well as maintaining relationship with investors. Also bear the responsibility of management control, policy guidance and supervision of each group's corresponding functions. The CFO also serves as the Company Spokesperson.
IT Service	Responsible for matters related to information technology for WPG Holdings, as well as its management, strategy planning, and continuous developing and optimizing of information system platform. Also bear the responsibility of management control, policy guidance and supervision of each group's corresponding functions.
HR Service	Responsible for matters related to human resources for WPG Holdings. Also bear the responsibility of management control, policy guidance and supervision of each group's corresponding functions.
Marketing Mgt. Service	Responsible for the coordination of front-end operation, systems, and standard consistency. Also make recommendations, develop principles for common practice, and track results, in order to improve productivity, through collaboration with each group's contact window.
MarCom Service	Responsible for brand image, as well as planning, implementing and supervising the WPG Holdings e-marketing platform. Also bear the responsibility of management control, policy guidance, and supervision of each group's corresponding functions.
Legal Affairs Service	Responsible for the WPG Holdings legal affairs. Also bear the responsibility of management control, policy guidance, and supervision of each group's corresponding functions.
Credit Mgt. Service	Responsible for the WPG credit management services. Also bear the responsibility of management control, policy guidance and, supervision of each group's corresponding functions.
Risk Mgt. Service	Responsible for the building of WPG Holdings' risk and crisis mechanism, coordinating risk management activities, and promoting risk and crisis management awareness. As well as responsible for Trade Compliance of WPG Holdings to ensure that all the transactions, customers, and products are well managed in accordance to the global and local trade compliance regulations.
General Affairs Service	Responsible for the WPG Holdings general administrative affairs. Also bear the responsibility of management control, policy guidance and, supervision of each group's corresponding functions.

2-3-1 Rights and Responsibility of Corporate Governance Organization

• Board of directors

WPG's board of directors is composed of 11 directors who are professional and experienced in the semiconductor, financial, business, and management fields. The directors are all male, with an average age of 62. Attorney Jack J.T. Huang of Jones Day, Professor Rong-Ruey Duh of National Taiwan University College of Management, and Yung-Hong Yu, the president of Shenzhen Aid Management Consulting Ltd., among others, are independent directors.

The board has the responsibility to supervise the overall operations and affairs of the company and make decisions for major investment and M&A matters. Three functional committees under the Board of Directors are Audit Committee, Remuneration Committee and New Business Strategy Committee. The date and meeting agenda of the board of directors and its committees will notified to members before each meeting.

The board of directors convened 9 meetings in 2018, with the proportion of attendance of 94.95% (excluding attendance by proxy), and directors' interests were avoided in accordance with relevant regulations.

Item	Major Issues of the Board of Directors in 2018
1	Approved the donation of WPG Holdings Education Foundation
2	Approved the 2018 annual shareholders' meeting
3	Approved the 2018 business report and financial statements
4	Approved the 2018 earnings distribution
5	Approved the reduction of cash capital
6	Approved the compensation for employees and directors in 2018

WPG attaches great importance on corporate governance, with the chairman as the head of governance. In addition to independent directors, each committee is also responsible for the company's major operating issues. Responsibilities of the chairman and CEO are clearly defined, of which a professional manager is appointed as the CEO to execute decisions of the board of directors, and is responsible for the overall business results in the scope of authority. In addition, the Board of Directors also supervises the management team, and keeps in track of changes in relevant local and international laws and regulations.

WPG participated in the corporate governance review conducted by the Taiwan Stock Exchange and the Securities and Futures Institute, and actively improved corporate governance in compliance with various indicators.

• Corporate Governance Review

1st edition • 2014 Awarded top 20% amongst 798 listed companies in the Corporate Governance Review.

2nd edition • 2015 Ranked between 6% to 20% amongst 824 listed companies in the Corporate Governance Review.

3rd edition • 2016 Ranked between 6% to 20% amongst 843 listed companies in the Corporate Governance Review.

4th edition • 2017 Ranked between 6% to 20% amongst 861 listed companies in the Corporate Governance Review.

5th edition • 2018 Ranked between 6% to 20% amongst 868 listed companies in the Corporate Governance Review.

• Audit Committee

The audit committee was established in July 2008, and is composed of three independent directors, in order for better corporate governance, sounder audit supervision, and robust managerial function. The purpose of the committee is to assist the board of directors in implementing supervising functions; the matters under review include corporate financial statements, corporate policy and procedures for auditing and accounting, corporate internal control mechanism, major acquisition or disposal of assets, appointment/dismissal/compensation of certifying accountant, and other

material corporate affairs or items required by competent authorities. Rong-Ruey Duh, the independent director, convenes the committee no less than once a season.

WPG has set up Audit Committee mailbox: wpghac@wpgholdings.com. Relevant information is also disclosed on the company's official website, and the "Handling of stakeholders' opinions and complaints by the Audit Committee" can be downloaded from the official website. The audit committee convened 9 meetings in 2018, with the proportion of attendance of 92.59% (excluding attendance by proxy).

• Remuneration Committee

WPG established the remuneration committee in July 2008, which is composed of three independent directors as members of the committee. The purpose of the committee is to assist the board of directors in the deliberation and formulation of director and managerial personnel remuneration, assessment of companywide remuneration policies, and the transaction of remuneration evaluation affairs. Yung-Hong Yu, the independent director, convenes the committee no less than two times a year. The remuneration committee convened 5 meetings in 2018, with the proportion of attendance of 93.33% (excluding attendance by proxy).

• New Business Strategy Committee

The purpose of the committee is to assist the company with the development of new businesses, in order for elevated strategy-making and beneficial outcomes. The committee is set up on Oct. 29, 2013, composed of five members, including four directors and one independent director. Director Simon Huang convenes the committee no less than four times a year. The New Business Strategy Committee convened 4 meetings in 2018, with the proportion of attendance of 95% (excluding attendance by proxy).

• Performance assessment of the board of directors

The company clearly set performance targets to improve operational efficiency of the board of directors in order to implement corporate governance and improve functions of the board of directors. The company also formulates rules and procedures for board performance assessments and each year conducts regularly

scheduled performance assessments. The assessments are performed after the end of each fiscal year, focusing on the overall board performance assessment. The board members should individually fill in the self-assessment form on internal performance, and the assessment results should be reported in the latest board of directors' meeting after its completion.

The 2018 performance assessment of the board of directors and the committees was submitted to the board on January 29, 2019.

• Perspectives of board performance assessments



Participation in company operations



Corporate internal controls and risk management



Maintenance of external and internal relationships



Board composition and capabilities



Decision quality and execution of the board of directors

• Corporate Governance Office

The "Board of Directors' Secretary's Office" has been renamed as "Corporate Governance Office" in accordance with government and legal requirements since May 01, 2019. The company's General Counsel is currently appointed as the head of corporate governance, in order to enhance performances related to corporate governance.

2-3-2 Code of Conducts, Ethics and Compliance

• The Ethics Committee

WPG established the “Ethics Committee” in 2017 to implement the ethical management best practice principles, with WPG’s CEO and the CEO of each group as members of the committee. The Ethics Committee has held 4 quarterly meetings in 2018 to discuss matters relative to ethical management.

2018

Q1 • Review the codes of conduct for employees

Q2 • Verify the codes of conduct for employees and discuss plans for its full promotion

Q3 • Static promotion (1st stage): Collecting feedback through the survey for senior managers
• Dynamic promotion: Orientation of video productions

Q4 • Static promotion (1st stage): Collected 105 questionnaires from senior managers
• Dynamic promotion: Confirming the schedule to film productions

• Anti-corruption and prevention of insider trading

WPG initially planned relevant training courses from the perspective of risk management for issues related to anti-corruption and anti-competitive behavior. Apart from professional legal advisory and supervision, the Legal Affairs Service provides relevant information in the education and training for new employees, in order for them to understand the laws and obligations they should abide by in their duties and have basic legal knowledge such as confidentiality obligations, anti-corruption and prevention of insider trading. There were a total of 200 trainings for new employees in 2018, participated in by more than 1,300 employees.

• Education and training of legal compliance

In response to the update of relevant laws and regulations, WPG has held the “2018 Company Act Amendment Instructions Seminar” to invite all functional units in Taiwan to participate, in order to strengthen the awareness and response of the company’s affiliates in the Company Act. The seminar was participated in by a total of 90 employees, where attorneys and accountants focused on explaining each of the company’s amendments, in order for each function unit to review the legality of its practical procedures.

In addition, the company also arranged advanced training with a total of 21 participants, in which attorneys of the Legal Affairs Service, accountants of the F&A Service and Spokesperson and secretaries of the Board of Directors thoroughly explained each of the company’s amendment in accordance with the Company Act.

WPG have no violation of major economic, environmental and social matters in 2018.

• Knowledge of the Month

WPG expects colleagues to have legal knowledge not only for various businesses requirements at work, but also to protect their rights and interests in their daily life. Since 2017, Legal Affairs Service are in full monthly membership. The “Knowledge of the Month” was arranged at the monthly meeting to advocate and share cases on legal knowledge in daily life, such as real estate/lease, inheritance, traffic accidents, catering, tourism and other disputes. In order for easy identification by employees, the special conference for notification mechanism of Taiwan’s IFRS 16 on January 1, 2019 was arranged to explain notification requirements through practical cases in work affairs. In 2018, there were 3 conferences of the Knowledge of the Month in Taiwan, with an average of 480 participants in each conference.

• Establishing the management system of corporate confidentiality

Corporate confidentiality is certainly one of the company’s intellectual property, and is an important base for the company’s sustainable development and core competitiveness. In order to maintain its core competitiveness, ensure legal protection, and improve responsive measurements for infringements, WPG established the management system of corporate confidentiality in 2018, and controlled and classified information by identifying potential risks in daily businesses. This has improved employees’ knowledge on the corporate confidentiality, in order to achieve advanced prevention and subsequent evidence accumulation. WPG has completed interviews on the flow of business information between various units in 2018, and is expected to complete and fully launch the management system construction in 2019.

• Improve accounts receivable risk management

The transaction process with customers involves a large number of transaction documents, including orders, collateral and receipts, which may affect integrity of the chain of evidence in the collection process of accounts receivable. Thus, the Legal Affairs Service conducts case investigation and research, and except for random inspections on the authenticity and effectiveness of transaction documents, the Legal Services Department shall verify the authenticity and validity of the collateral documents in order to implement collateral guarantee for the accounts receivable. With that, the company has set up the collateral review procedures and systems, and started to focus on supporting risk analysis and early warning, such as control application form and collateral platform for reviewing collateral information, prepare management statements by the use of BI function to link the amount of accounts receivable, debit amount and collateral status. The application form for accounts receivable risk management has been completed in 2018 and platform is expected to be completed and launched in 2019. knowledge in daily life, such as real estate/lease, inheritance, traffic accidents, catering, tourism and other disputes. In order for easy identification by employees, the special conference for notification mechanism of Taiwan's IFRS 16 on January 1, 2019 was arranged to explain notification requirements through practical cases in work affairs. In 2018, there were 3 conferences of the Knowledge of the Month in Taiwan, with an average of 480 participants in each conference.

2-3-3 Sophisticated risk management mechanism

Integrated risk management is the goal of WPG Holdings. The risk management units at each level include risk management in the operation processes through systematical risk identification, risk assessment, risk response and monitoring considering the enterprise holistically in order to reach the goal of the normal management of organization. We will progressively conduct business at acceptable risk level, improve the quality and quantity of incomes, optimize resource distribution and ensure that the appropriate awareness of risk and culture will be established and maintained in the organization.

Since the establishment of the risk management service department in 2017, integrated risk management is the goal of WPG Holdings. Through monitoring risks identified by each management level, WPG ensure that the appropriate awareness of risk and culture will be established and maintained in the organization. According to the audit committee's risk management objectives, the Risk Mgt. Service has set up work priorities for 2018. WPG not only expanded the scope of risk management and integrated key risk indicators (KRI) with big data technologies, but also added risk items in the credit management department to the risk management system in 2018, in order to establish a more active and integrated early warning risk management mechanism.

In order to comprehensively enhance corporate risk management, WPG launched three major risk management projects in 2018, including "establishing a quantitative mechanism for risk assessment", "establishing early warning and notification mechanism", and "Integrating credit management into the risk management system".



• Establishing a quantitative mechanism for risk assessment (management of key risk indicators)

WPG not only continues to focus on tracking the nine major risk responses in the previous two years, but also set up the key risk indicator (KRI) for the corporate risk management system in 2017, and completed education and training for each functional unit in the 4th quarter of 2017. Since 2018, WPG conducted relevant operations of the KRI mechanism, set up key risk indicators, and identified responsive measures for risk thresholds, which was officially launched in June 2018. Managers can determine internal risk indicators by setting up key risk indicators, and also establish an early warning system to predict key risks and underlying causes within the organization.

In addition, WPG further developed the management mechanism with “red and yellow lights” for different risk thresholds and responsive measures. The Risk Mgt. Service is responsible for tracking KRI indicators on a regular basis to understand whether any risk items require special attention, and regularly report to the risk management team.

• Establishing early warning and notification mechanism (analysis of abnormal transaction and early warning project)

WPG not only continues to focus on tracking the nine major risk responses in the Previous business processes did not design control points or historical records. Thus, risks cannot be effectively prevented beforehand, cannot be found in time, and was impossible to trace back problems when errors or abuses occurred. Hence, WPG discovers abnormal transactions and orders in the group through big data statistical analysis, in order to find out the reason for abnormal transactions in advance.

In June 2018, WPG conducted education and training for front-end risk management personnel, to advocate the importance and timeliness of risk warning, and simultaneously introduced the risk warning mechanism program. After that, the risk management team of WPG's sub-group start to investigate the reasons for suspected abnormal transactions which were automatically generated by the system every month, and respond to the reasons for abnormal transactions. WPG's Risk Mgt. Service department will then collect and upload information on all causes for abnormal transactions, and regularly reported to responsible managers.

• Integrating credit management into the risk management system

In the aim to improve the understanding of customer credit and reduce the company's business risks, the Risk Mgt. Service department was appointed by the Audit Committee to be responsible for implementing risk management related to business operations in the credit management service department in the 2nd half of 2018. In August 2018, WPG started to conduct education and training for the credit risk management department, and gradually implemented basic business operations for risk management through risk identification, risk assessment, risk response and monitoring.

For the credit risk management department, WPG listed a number of risk items that may be encountered in the future, and after risks are assessed from two perspectives: “influence” and “fragility”, the three main priority issues namely are clearly defined, including “customer bankruptcy”, “employee infidelity” and “Customer management risk”, which are the main focus of corporate risk management in the future. Since December 2018, the company will continue on risk response and tracking of the three main internal risks of credit management.

2-3-4 Sound internal audit mechanism

WPG has set up an Auditing Office directly attached to the board of directors in order to improve corporate governance. Functions of the Auditing Office were supervised by the audit committee, whereas its daily administrative affairs were managed by the chairman.

The auditor mainly focuses on the routine audits of the annual audit plan, and also performs project audits when necessary, in order to find out deficiencies of the internal control system and propose improvement suggestions in due course. After the audit is completed, the Auditing Office will submit an audit report to the audit committee, and the audit manager is responsible for reporting the implementation status and results to the audit committee and the board of directors on a regular basis, in order to uphold the spirit of corporate governance. In addition, the Auditing Office also urges all units to perform self-assessment annually, implement self-monitoring mechanism, review the results of self-assessment, and serve as the basis on internal control statements for the board of directors and audit committee together with the audit report.

• Responsibilities of the internal auditors

Realizing the overall control environment

Verify operational and financial activities as well as objectives of the organization.

Observe and identify potential risks of business operations

Understand and identify the existing and potential risks through observation and analysis of the business environment.

Monitoring risks and suggestions for improvement

Understand and monitor the organization's operational risk and the implementation status of internal control by reviewing business operations, and timely provide suggestions for improvement.

Provide consulting services and improve operational efficiency

Provide opinions on plans of operating units or project developments in consideration of potential risks and derivative control, in order to enhance the quality and efficiency of the plan or project. On top of that, the company also evaluates and provides opinions on existing processes to improve process efficiency and mitigate risks.

Assist the management level on improving corporate governance

Report the company's overall control effectiveness to senior managers in a timely and objective manner, in order to enhance information transparency and assist on improving corporate governance.

• Internal audit procedures



CH3

Innovative supply chain management

- 3-1 Data Driven Supply Chain Management
- 3-2 Industrial expertise sharing
- 3-3 Strictly Controlled Trade Compliance
- 3-4 Stable cooperation with partners



Supply chain platform support and integration, operation model and market development, industry collaboration and communication, agent for product lines and customer satisfaction, marketing and labeling

Commitment

- Adopt the customer-oriented C2B model, in the hope to meet needs of different customers in a more flexible and efficient way, provide quick, accurate and personalized services in the customers' point of view, and thus achieve a complete collaborative ecosystem.
- WPG upholds a customer-oriented attitude, and assists customers in solving problems related to supply chain management.

Policy/Management System

- Promote the WPGDADAWANT project, and provide accurate and personalized services according to the needs of large enterprises and SME.
- Develop the function of supply chain management and provide customers with seven major orientations, including product promotion, inventory management, order management, sale management, logistic management, financial management and information management.
- Relevant units will immediately respond to the demands of the customer or OEM after receiving customer's opinions.

Grievance Mechanism

- Customers can contact the company through various channels, such as e-mail, telephone and regular meetings. In addition, the company will review and ensure smooth cooperation with its customers and factories.

Assessment mechanism

- Customers can contact WPG through various channels, such as e-mail, telephone and regular meetings, in order to ensure smooth cooperation and immediate access to customer requirements.
- Relevant units will immediately respond to the demands of the customer or OEM after receiving customer's opinions.
- Ensure that products and services meet the requirements of the company's customers and factories through meeting discussions.

Logistics and Storage Management

Commitment

- Collaborate with professional logistics partners to integrate intelligent warehousing solutions through the technology of professional logistics planning, in order to support cost reduction and enhance market competitiveness of the Group.

Policy/Management System

- Gradually achieve digital transformation by the use of information technology capabilities and professional intelligent equipment through process improvement.

Assessment mechanism

- Regularly review the capacity for each intelligent warehouse, as well as indicators such as the ability for accurate delivery and on-time delivery, import and exports, inventories, and gradually add other effective measurement indicators to optimize the use of intelligent warehousing.

Socioeconomic Compliance

Commitment

- WPG guarantees operations to be in line with international export compliance and ensure transaction security.

Policy/Management System

- Ensure product sales are in line with international regulations through the trade compliance unit.
- Conduct education and training on trade compliance to enhance employee awareness.

Assessment mechanism

- Establish a trade compliance supervision and management mechanism
- The number and amount of penalties or fines imposed by government institutions for failure to comply with product regulations.

3-1 Data Driven Supply Chain Management

3-1-1 WPGDADAWANT- a supply chain transparency platform




WPG Holdings is the largest electronics distributor in Asia and the world. Facing the coming manufacturing trends, WPG Holdings is transforming into a data-driven company, leveraging the strengths of our supply chain management and embracing technology, digitizing the offline business into online, and establishing an online digital platform - " WPGDADAWANT ". WPGDADAWANT includes five functional service platforms: WPGDADAJIA, WPGDADABANG, WPGDADAGO, WPGDADATONG and WPGDADAPIN, in order to have an instant, fast and accurate communication with customers. We concentrate on serving various needs of different scale of customers and optimizing flexible abilities of supply chain management for providing consistent service experience of online and offline.



WPGDADAWANT was introduced in 2018, WPG's digital transformation year, and will continue to work towards more challenging goals in 2019. In addition to the instant serial connection of information flows

in different platforms, WPG simultaneously upgrade warehousing and logistics services to the main goal of digital transformation in 2019 in consideration of the last part of the overall service process. After the completion of the smart warehouse in Hong Kong at the end of 2018, WPG will perform detailed process analysis and construction planning in 2019 for the warehouse in Shenzhen that contains large product volume and complicated process.

• WPGDADAWANT main items

 <p>In 2018, we cooperated with main target customers to promote systemization of 5 functions including forecast reply (replying the delivery time according to customer needs), DDR (Data Driven Replenishment), ASN (Advanced Shipping Notice), and replenishment and invoicing of hubs. In 2019, we will continue to develop relationships with Taiwanese customers.</p>	 <p>With the initial aim of simple operation and accurate information, the WPGDADABANG team has committed efforts for WPGDADABANG to become a personalized e-commerce platform for customers. After the excellent performance of attracting 904 customers in 2018 (a target of 500 customers in 2018), the WPGDADABANG team set a higher target in 2019, and will not only focus on the existing Taiwanese customers, but will also aim to serve more small and medium-sized customers in China.</p>	 <p>WPGDADATONG has been officially launched on January 1, 2019 after years of preparation and testing, and has gathered internal and external engineers to build the top technology platform for mutual assistance, sharing and problem solving.</p>
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• WPGDADAWANT internal and external communications

In order to evoke the awareness of industrial transformation, WPG Holdings and Business Weekly jointly planned the theme of "Digital Transformation" for the external promotion of WPGDADAWANT in 2017, and invited 6 professionals, including WPG Holdings' CEO and key partners from upstream and downstream to exchange their ideas, in the aim to find the core competitive value of Industry 3.0 to 4.0 under the impact of newly manufacturing trend.

WPG Holdings also sponsored the filming of the video "Next Decade", with the talent advertising director, Kurt Lu (Chien-Chang Lu), and the famous actor Shi-Chieh Jin. This video has delivered positive influence, which triggered a resounding



WPG Digital Transformations Theme Website

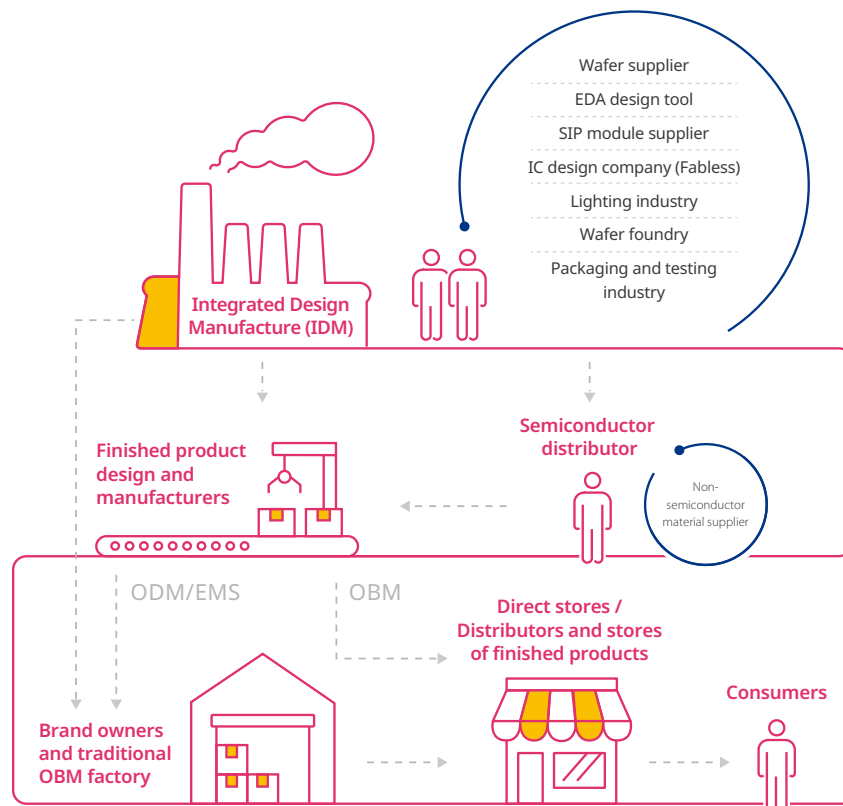


Next Decade Video

response in the Chinese society, accumulated nearly 100 million views, and enhanced resonance of potential customers on digital transformation. With that, WPG Holdings expects to co-operate with peer enterprises to create a coopetition industry ecosystem in the next decade.

In response to the launch of the WPGDADAWANT in 2018, WPG Holdings has promoted digital transformation in Taiwan. We enhanced the brand image of WPGDADAWANT by favorable digital transformation issues and the brand story of its intellectual property IRONDADA. Through launching a three-staged brand promotion plan and integrating the online and offline (O2O, Online to Offline) interactive mode, our internal promotion programs attracted nearly 5,600 participants. The overall participation rate of the programs was over 90%, which effectively enhanced employees' awareness on WPGDADAWANT and recognizing "IRONDADA as our best partner".

3-1-2 Distribution services to meet customer requirements



The main functions and role of semiconductor distributors are for upstream semiconductor suppliers to assist suppliers in the sales and expansion of semiconductor components. For downstream electronic product manufacturers, the main function of which is to assist customers in semiconductor components that are indispensable in the procurement of manufacturing processes. The tangible commodities handled by channel companies are semiconductor components with complex specifications and numerous items that cannot be freely replaced. However, the derived supporting service items and Value Proposition cover more extensively the financial, material management, distribution, and technical support. For a wide range of professional services, the below are the seven major orientations, including product promotion, inventory management, order management, sale management, logistic management, financial management and information management.

Product Promotion

Upstream suppliers' semiconductor components require the assistance of professional regional distributors to deliver the product to a large number of downstream customers in the shortest possible time. Since the subject matter of the transaction involves the semiconductor industry, and the parties to the transaction are all professional buyers, dealers often need to establish business staff and technicians who are familiar with the supplier's products in order to provide appropriate goods and technical services and instant response to customer needs. In recent years, WPG encountered short product life cycle amid its customers' insufficient R&D personnel. Thus, the company has cooperated with suppliers to adopt a variety of total solutions, in order to assist customers to quickly develop new products under limited labor.

Sale Management

Except for a few large-scale finished product manufacturers, most of the small and medium-sized customers do not have enough orders to negotiate with semiconductor suppliers. The distributors play an important role in this process. Through distributors' centralized ordering advantages, they can obtain more favorable costs for the downstream small and medium-sized customers. Conversely, for suppliers, they can also help the dealers to maintain the order of prices through the middle operation of the distributors and achieve purpose of sales management.

Information Management

The core expertise of semiconductor suppliers lies in the development of semiconductor components, manufacturing, and the establishment of industrial standards. It requires many professional business personnel and technical personnel to help collect market information and integrate customer needs. The consolidation of core expertise, abundant dealerships and professional local manpower support plays an indispensable role. At the same time, for the client, through the distributor's intermediary role, it can also gather the voice of many customers, so that suppliers can attach importance to and provide more suitable products to help customers complete the design and manufacturing operations of electronic products in the future.

The function of the semiconductor distributor is fundamentally similar to that of a bridge. It presents a two-way role-playing role in communication and hosting. In addition to being important frontline staff for a supplier to supply a city, it is also necessary to play the role of a downstream customer cooperative supplier to jointly face the challenges of changing markets.

Inventory Management

Since the standard lead time for upstream semiconductor suppliers or manufacturers is about 8-12 weeks, and for most of the customer base, it is difficult to predict the exact demand after 8-12 weeks. Therefore, both suppliers and clients need to distribute products, and prepare appropriate safety stocks in commercial premises to reduce the huge differences that may occur in the middle and maintain the normal operation of the entire industry chain.

In recent years, due to fierce competition in the electronic information industry, downstream customers have not only become shorter and more varied in their ability to predict future demand. The reason is that the terminal's brand makers have made greater changes in demand forecast for finished products manufacturers (EMS, ODMs). Usually, the demand is determined within only 1 to 2 weeks, and this trend is increasingly dependent on distributor for its role of inventory manager.

Logistic Management

The supplier only needs to follow the distributor's order, and centralizes batch operation to deliver the goods to the distributor's designated warehouse, which saves the complexity of many batch operations of the supplier; and the distributor is responsible for responding to the individual needs of the many small and medium-sized customer groups, according to individual customer specified packaging methods (including labeling operations), required delivery documents and prescribed place of delivery, in order to complete the distribution of semiconductor components. Distributors not only significantly reduce the timeliness and costs of supplier logistics management, but also significantly reduce the human resources and space requirements required by downstream customer warehousing operations.

Order Management

Due to the limited resources of suppliers, it is usually only possible to provide direct services to a few large customers. The order demands of many other small and medium-sized customer groups require the efficient supply of instant services through the distributor's resources. After the usual collection of actual demand and estimate demand orders from numerous small and medium-sized customer groups by distributors, they collectively place orders for suppliers to perform batch operations. This not only greatly increases the supplier's burden on order management, but also helps suppliers maintain the stability and efficiency of their semiconductors manufacturing plant operations, ensuring that the customer can obtain the agreed semiconductor components on the specified delivery date, in a predetermined quantity.

Financial Management

In general, to purchase semiconductor components directly from semiconductor suppliers, apart from the fact that they must have a considerable amount of procurement, they must still have a certain level of credit rating and collateral, and they must also bear relatively short payment terms. However, not all customers have the ability or willingness to pay such a price to complete the procurement of semiconductor components within the stated terms. As a result, the distributor plays an important role as a financier.

The distributor will usually calculate according to many objective conditions, such as customer bank transaction history, credit history, operational status, person in charge, and usual transaction records, and then provide the downstream customers with a certain amount of credit. The payment terms of the suppliers are compared to facilitate the downstream customers to obtain the products and services of the suppliers with less financial operating costs. The suppliers are also familiar with the role of financing under local market operations through distributors. On the one hand, they avoid the financial risks of local operations. On the other hand, they retain their market share and business opportunities. The role of distributors in financial and risk management in this area is especially important in the Asian market.

3-2 Industrial expertise sharing

3-2-1 Inbound marketing creates promotion value

In response to customers' changing habits on social network, WPG Holdings has created and kept promoting inbound marketing through implementing interactive and mobile marketing service and optimizing our online content marketing and full-coverage mechanism of interactive social marketing. At the same time, we are transforming with specific numerical values to realize marketing promotion effectiveness by establishing inbound marketing effectiveness index which is called Inbound AD Value. Our integrated promotion value exceeds the amount of RMB 27.4M during fiscal year 2018, which has increased by 76% since 2017.

To enhance self-media operation, we have effectively used social media resources such as Weibo KOLs(key opinion leader), WeChat KOLs, forums and viral campaigns. Through executing the marketing activities of below, we provide perceivable cross-marketing services between upstream and downstream supply chains in order to continuously improve customer loyalty.



3-2-2 WPG i-Design Contest

As the world's leading distributor on semiconductor components, WPG Holdings continues to enhance its brand image and supply chain influence with the long-term goal of developing RD engineer community to cultivate industrial talents in the digital transformation era. We also



conduct the serial branding activities "WPG i-Design Contest", combining our suppliers' resources and internal technical team. Since 2014, the contest has been held once every two years in China and has been well praised among the industry. In 2018, the third contest was extended to Taiwan for the first time and provided a stage for the innovation of cross-strait university students with the theme of "Smart City, Bright Future".

The preliminary contest attracted 137 colleges and universities from China and Taiwan, applied by nearly 280 teams, and enrolled by 162 teams during the pre-selection. Their works include urban garbage bins, smart transportation systems, smart car management and other issues related to smart cities and Internet of Vehicles. WPG Holdings also received 25 suppliers' sponsorships, with more than 200 PCBA boards and more than 10,000 components supported. Before the semi-final, a cross-strait online technical conference was held to assist 55 teams to interact with WPG's technical experts. 24 teams participated in the final contest in Beijing. On the day of the final, Weibo's live broadcast hit over 270,000 views within two hours. The contest received high exposure by the social network posts, with 1,373 times of WeChat sharing and 15,858 times of Weibo sharing. This competition was reported by nearly 90 media in Taiwan and China and was revealed 267 times by the media for a year.

The contest was conducted in Taiwan for the first time and specifically held a "Design Thinking Workshop" during the



WPG's Weibo



WPG's Weixin

2018 WPG
i-Design Contest

semi-finals in Taiwan to reflect the spirit of Taiwan's technical service. The workshop invited professional lecturers for design thinking and nearly 50 technical experts from WPI, SAC, AIT and YOSUN group, which had more than 20 years of industry experience. With guiding students the way to use PCBA boards provided by groups and helping them to develop the concept for their design to become go-to-market, we hope to demonstrate the technical spirit of learning by doing and to cultivate students' ability of design thinking and the concept of the future market. Eventually, we received enthusiastic responses from the students and their teachers' positive feedbacks on developing T-type talents in Taiwan.

3-2-3 Participation and Interaction of Industry Associations

WPG has actively participated in industrial associations, which provide an instant communication service platform through various activities to assist the sharing of knowledge resources from members, and increase the members' external strategic alliances and potential alliances. The company aims to enhance the industrial network position and height of Taiwan's distributors, actively support the development of supply chain management, and fulfill corporate social responsibility.

Organization	Title	Subject
Association of Taiwan Listed Companies	Vice Chair	To set up learning platform with Taiwan's outstanding entrepreneurs and professionals to enhance the competitiveness of TWSE/TPEX listed companies in Taiwan.
Taipei Electronic Components Suppliers' Association (TECSA)	Executive director	Co-organize reports and courses related to supply chain of electronic components in cooperation with the TECSA, in order to promote the development of industries related to electronic components.
Global Logistics & Commerce Council of Taiwan	Member and director	Develop the application and research of global logistics in cooperation with the Global Logistics & Commerce Council of Taiwan, and assist domestic enterprises in the integration and management of global logistics, in order to strengthen their competitive advantages and serve the purpose of supporting government policies in economic development.
Monte Jade Science and Technology Association (Taiwan)	Executive director	To establish a community of "Technology, Talent, Entrepreneurship and Investment - Technology Communication Networking Entrepreneurship Knowledge" with Monte Jade Science and Technology Association, and commit efforts by adhering to the spirit of wisdom, persistence and innovation of Chinese entrepreneurs.
Taiwan M&A and Private Equity Council	Managing supervisor and convenor	Assist in developing a sound M&A and private equity investment environment in Taiwan.
Sinocon Industrial Standards Foundation	Managing supervisor	Jointly develop cross-strait industrial standards in pursuit of a win-win situation.
Taiwan Japan Association for Business Communication	Director	Enhance business communications between Taiwan and Japan, build a long-term, sound and stable relationship in economic and trade, and set up a cooperation mechanism to achieve a mutually beneficial and win-win situation.
Taiwan Corporate Governance Association	Director	Strengthen internal and external mechanisms of corporate governance in the hope to be on par with international standards.
Cross-Strait CEO Summit	Member	To support construction of the new platform for cross-strait business cooperation and cross-strait communications for economic and trading strategies.
Taiwan Institute of Directors	Member	Improve corporate governance and board operations to achieve the goal of corporate sustainable development.
Taiwan Semiconductor Industry Association	Member	Participate in activities of the association and be on par with international standards to enhance overall competitiveness of the semiconductor industry in Taiwan.

3-3 Strictly Controlled for Trade Compliance

3-3-1 Establishing the Trade Compliance Mechanism

• Development strategy for Trade Compliance

WPG established a dedicated unit for trade compliance in 2015, which is now named Risk Management Service Unit. Set up a development plan for the next three years in order to achieve the goal of transaction security management and corporate sustainability based on international export compliance. In 2016, WPG conducted the basic system management mechanism for basic data compilation and export control, and actively participated in exchange seminars of neighboring countries for further knowledge export control regulations of other countries. In 2017, WPG started to plan on setting up the advanced management mechanism for export control, and organized internal training courses on a regular basis for employees to be more professional and familiar with trade compliance. In 2018, WPG began reviewing optimizing trade compliance management.

• Review and optimization of trade compliance management

1. Establish the automated management mechanism for the exceptional export licensing system of US export control regulations

The automated management mechanism for the exceptional export licensing system of US export control regulations was officially launched in the second quarter of 2018. Initially, the main U.S origin product lines will be included in the automatic management mechanism for the exceptional export licensing system. The applicable exceptional license is verified by the serial number for export control classification numbers. The end user and end use of the product will be recognized End-Use Certificate signed by the customer, in order to ensure that transactions comply with US export control regulations.

2. Internal assessment of trade compliance

Based on the three-year plan, the Risk Management Service Unit will perform internal assessments on the Group's front-end personnel and warehouse staff among 4 groups in 2018, in order to review on deficiencies of employees, processes or systems for trade compliance. Internal assessments were conducted in the 2nd quarter of 2018, which initially verifies the list of items, the subjects and the assessment time. The assessments were implemented based on various perspectives such as interviews and supporting documents in the 4th quarter of 2018. The internal assessment result will be used to adjust relevant management mechanisms and improve education and training. Internal assessments are also used for the purpose of increasing employees' knowledge on the importance of trade compliance.

2015

Established a dedicated unit for trade compliance.

2016

Conducted the basic system management mechanism for basic data compilation and export control.

2017

Start to plan on setting up the advanced management mechanism for export control.

2018

Began reviewing optimizing trade compliance management.



3-3-2 Education and training of trade compliance

WPG conducts regular education and training on trade compliance for our employees. In addition to emphasizing the importance of export control, the training courses also covers changes in export control regulations of related countries, regions and governments, WPG's trade compliance policy and management mechanisms, as well as new requirements from suppliers and partners on trade compliance.

WPG holds annual education and training courses in various regions, including courses for front-end staffs including marketing and sales representatives in Hong Kong, Taiwan, Southeast Asia, South Korea, China, and the United States. Nearly 40 sessions were held in 2018, with a total of more than 3,600 participants and attendance rate of over 80%. i-learning and relative tests are required for employees who are unable to attend.

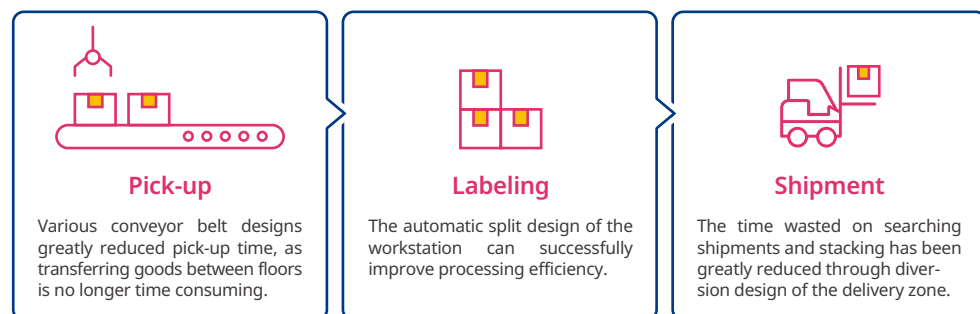
In the first half of 2018, i-learning (online platform) of the Trade Compliance Training Course was also completed in order to improve training effectiveness. For employees who cannot participate in face-to-face courses due to time and geographical constraints, the spirit and concepts of trade compliance can be obtained through online learning tools. In addition, employees need to be tested after the training course to have quantifiable indicators measuring the extent to which employees know about trade compliance, in the hope that employees will be more familiar with the regulations of trade compliance.

3-4 Stable cooperation with partners

3-4-1 Collaborative partnerships in logistics

WPG adheres to a people-oriented service attitude for logistics management, and aim to establish a platform to connect internal and external information to achieve information transparency. It also introduced the routine work into the online system, whereas variable items will be manually processed offline to achieve the ideal of human-computer cooperation by online integration and offline manual work, in the hope to create a complete collaborative ecosystem in cooperation with its partners.

WPG has been promoting the transformation of logistics warehousing process over the past, in the aim to strengthen its competitiveness without further delay in the wave of global digital transformation. WPG commenced the logistics project on smart warehouse transformation since 2018. We comprehensively inspect and propose effective solutions through the import and export process in cooperation with professional logistics partners.



Logistics Service is mainly responsible for matters such as warehousing operations analysis and management, logistics management and auditing of warehouses, design and improvement of logistical processes, and management and optimization of logistics systems. In order to ensure effective policy implementation, the responsible units shall conduct audits at least once a year on an irregular basis. Regional logistics shall propose improvement measures and schedules for identified deficiencies, and the Logistics Service is responsible for coordination and supervision. Logistics outsourcing companies not only conduct audits on an irregular basis, but also determine whether it has reached target indicators through monthly KPI assessment. Once they failed to meet the targets, they need to explain the review business operations and prepare a corrective action report, and if they failed to meet the targets for the second time in a row, the quantity will not be met, and the shipment volume will be gradually reduced until it is improved.

3-4-2 Selection and Management of Service Suppliers

WPG has been focusing on corporate sustainable development. Hence, leading and collaborating with its partners to promote mutual growth and corporate sustainability is also important in working towards the goal and implementing CSR.

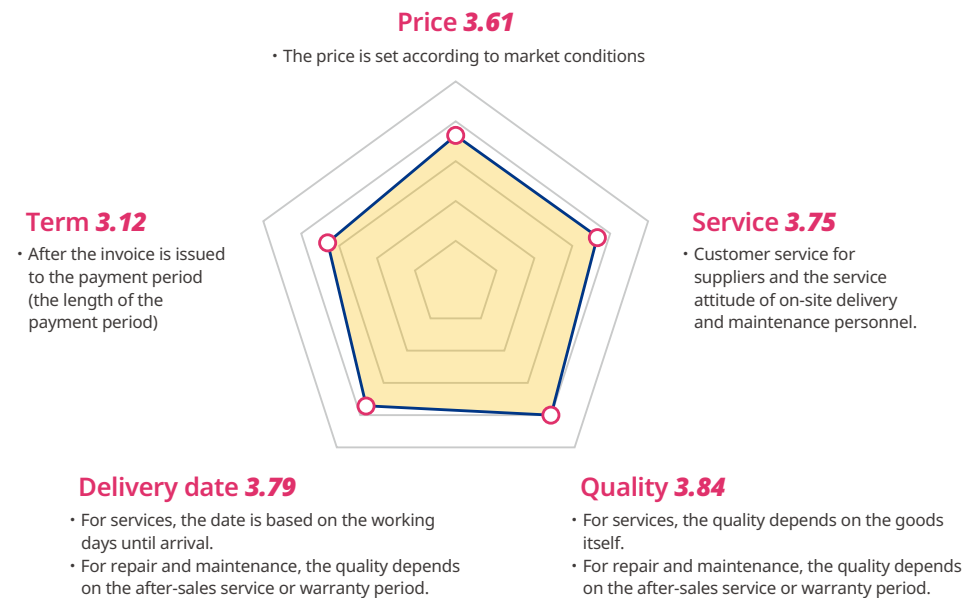
For this reason, WPG and its subsidiaries jointly formulated the “WPG’s Supplier Code of Conduct” in 2018 to effectively implement supplier management, ensure sound working environment of the company and its supply chain, respect employees, and make sure business operations are in line with environmental protection and ethics. WPG’s Supplier Code of Conduct regulates labor, health and safety, the environment, business ethics, and the management system. The company also plans to persuade the third-party suppliers to sign an agreement and abide by the Supplier Code of Conduct in 2019, with a target rate of 80%. In addition, suppliers are encouraged to require their partners to also recognize and adopt the Supplier Code of Conduct.



• Service Supplier Evaluation

WPG's service supplier management is based on the supplier evaluation of cooperative partners. The company aims to ensure and enhance the quality of suppliers and their services through evaluation mechanism, and help suppliers identify internal problems and develop improvement measures to implement supplier management.

In 2018, the supplier's evaluation scores averaged 3.6 points (total of 5 points), with average level close to excellent, and the company will gradually enhance management and supervision of suppliers in the future.



WPG also implement the principle of local procurement. In 2018, local procurement proportion of local service suppliers and IT suppliers was 98.72% and 100% respectively.

CH4

Talent Development and Transition

- 4-1 Excellence and innovation in talent development
- 4-2 Fair and comprehensive remuneration assessment
- 4-3 Favorable working environment



Talent Development and Transition

Commitment

- Follow local labor related laws and regulations

Policy/Management System

- Establish personnel rules and regulations and welfare policies
- Plan relevant training blueprints for different employees and fully implement the trainings
- Organize annually the education and training on occupational safety and health

Grievance Mechanism

- Actual mailbox
- Appeal mailbox: wpgh_hr@wpgholdings.com

Assessment mechanism

- Review and ensure full compliance with local labor regulations on a regular basis
- Appoint external consultants to conduct compensation surveys in Greater China to ensure external competitiveness of the company's compensation levels

4-1 Excellence and innovation in talent development

4-1-1 Human Resources Structure

In order to ensure equal employment opportunities, WPG and its subsidiaries have set up appointment policies in accordance with relevant laws and regulations, and prohibited employment discrimination for reasons of race, class, language, ideology, religion, political party, place of origin, place of birth, gender, sexuality, age, marriage, appearance, facial features, physical and mental disabilities, or being a former member in labor unions.

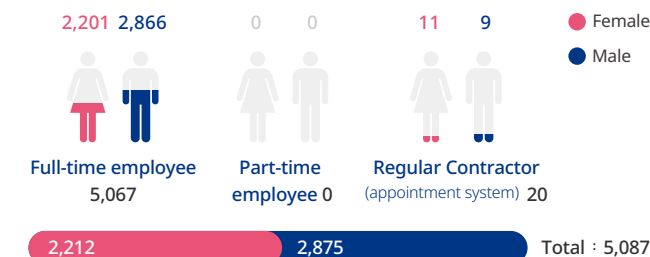
In 2018, WPG has a total of 5,087 employees, of which 5,067 are full-time employees. The total number of incumbents in 2018 is slightly lower than that in 2017, and there has been little change in labor allocation and structure. In terms of gender, the total number of women and men were 2,201 and 2,866 respectively, accounting for 43.44% and 56.56% of total employees. In terms of age, the majority of employees are 31-40 years old, accounting for 42.16% of total employees. In terms of education, employees mainly graduated from colleges and universities, accounting for 81.82% of total employees.

In terms of turnover rate, there were 1,261 new employees in 2018, accounting for 24.89% of total employees, which was slightly lower than that in 2017. The number of resigned employees totaled 1,022 in 2018, with turnover rate of 20.17%, which was lower than that in 2017, showing that WPG's labor allocation and structure have been adjusted to the best condition and are also stabilizing.

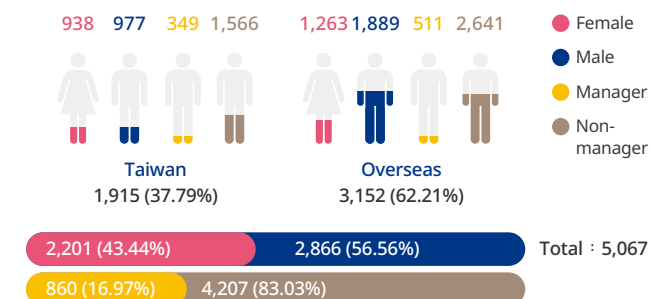
In the third quarter of 2018, AIT launched the "Freshman Program" in order to cultivate young talents. The project includes re-designating dispatch workers as full-time employees, hiring recent graduates with related degrees, and introducing freshman into the working environment. By the end of 2018, it has already hired 5 new employees. WPG cooperated with National Yunlin University of Science

and Technology on an internship project, which provided 6 internships, and a total of 5 interns were hired as full-time employees after they graduated in June 2018.

Different contract type



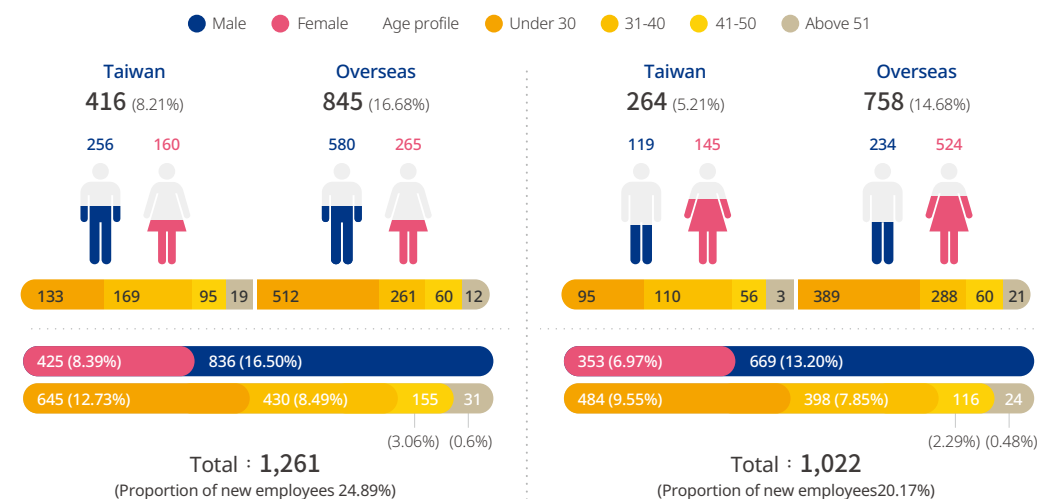
Gender and distribution of duties for full-time employees in different regions



• Gender distribution of full-time employees under different ages and education

	Age profile	Gender		Title		Total	Percentage (%)
		Female	Male	Manager	Non-manager		
Age	Under 30	664	636	24	1,276	1,300	25.66%
	31-40	966	1,170	239	1,897	2,136	42.16%
	41-50	482	797	425	854	1,279	25.24%
	Above 51	89	263	172	180	352	6.94%
Education	Below high school	241	330	54	517	571	11.27%
	Bachelor's degree	1,870	2,276	695	3,451	4,146	81.82%
	Master's degree	89	258	110	237	347	6.85%
	PhD degree	1	2	1	2	3	0.06%
Total		2,201	2,866	860	4,207	5,067	100.00%

• Number of newly hired full-time employees • Number of resigned employees



4-1-2 Talent Development Framework

• Multi-talented development blueprint

WPG Holdings and its subgroups provide professional supply chains as their business goal. They are convinced that only with good human capital can they offer the outstanding professional services. For the cultivation of human capital, we have been long devoted to that without hesitation. To nurture talent is like rice cultivation, only by non-stop irrigation will it have a fruitful harvest future.



• The implementation of professional skills cultivation

Owing to the fact that the affiliates, subsidiaries under the banner of WPG Holdings Limited have their own unique characteristics on business policies and organizational cultures, different manpower training and development resources can be used for the presentation of the variety of learning features. The overall training structure is built on the basis of general and professional training programs for the cultivation of employee's competitiveness and the creation of organizational performance. Our step by step training programs promoted throughout all sectors construct leading teams to guide our organization in facing the challenges for sustainable development and growth.

• Exchanges of Framework's Core Competencies

At first, WPG Holdings concentrated continuously the internal expert knowledge of all aspects to resolve emergent major issues by means of virtual reality team projects. We conducted the team's learning and growth through knowledge exchange and sharing of experience. We have focused on the talents with high and intermediate levels to form executive elite class and EMBA class. Giving them the cross territory professional learning courses of talents management, practice of strategies, lead and staffing skills to face the eventful and challenging operating environments. Currently, the second "Elite Class" was launched for senior managers to be professionally and mentally prepared for the transformation in the VUCA environment ^[1]. All learning teams get practice in individual experiences matching with theory structures, and the reciprocal searching and introspection achieving dual cycling of learning. In addition, through holding seminars of platform transforming strategy for the age of internet and for issues concerning derivative platform effect and response to change creates learning effects of emulation and obtaining experiences by other's mistakes. The exploration of issues with different aspects via pattern of organizational learning surges and abstracts the organizational capabilities that belong to WPG Holdings.

[1]Note. VUCA is a new term, short for volatile, uncertain, complex and ambiguous, and refers to the phenomenon that technological innovation has brought about significant changes in industries and lifestyles.

• 2018 Core Curriculum

Course	Date	Place	Main contents of courses	Number of participants
EMBA class	Mar. 2018	Shenzhen	Advance financial knowledge, data-driven decision making	50people
Elite class	Nov. 2018	Taipei	Follow the economy - the second curve mindset model / Leadership cultivation in transformational changes	42 people
Platform Seminar	Nov. 2018	Shanghai / Taipei / Shenzhen	Discussion of platform transformation strategy	650people

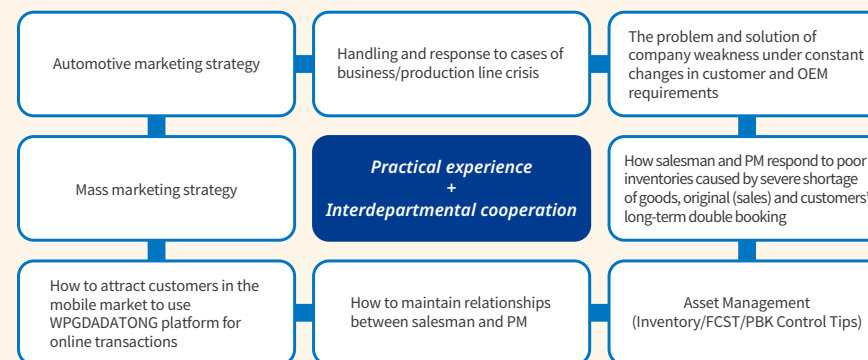
• 2018 Education and Training Statistics

	Male	Female	Total
Total training hours for managers	823	403	1,226
Total training hours for non-managers	2,820	3,231	6,051
Average training hours for managers	5.76	5.30	8.58
Average training hours for non-managers	1.89	2.58	4.06



• WPI Group Taiwan Managers' Exchange Conference

In the aim to learn from practical experiences through exchanges of cross-departmental managers, create a common language between managers and a consensus of management by the AIT Group. In 2018, a total of 8 sessions were held with 568 participants.



• WPI Group Course on Interview Tips in China

Improve supervisor recruitment interview skills, how to find the right person in the interview as soon as possible, and let the supervisor understand the company recruitment process and operations, and improve the efficiency of the operation. In 2018, a total of 2 sessions were held with 62 participants.

• WPI Group Program for Developing an Action Plan for High Performance

The senior managers completed the AP training course in 2016. Middle-level managers are required to achieve targets assigned by the company, as well as to develop and keep track on the program, in the aim that common language between senior and middle-level managers, and that middle-level managers has the ability to establish, keep track of and perform adjustments on the Action Plan. In 2018, a total of 3 sessions were held with 129 participants.



大聯大控股
A Member of WPG Holdings品佳集團
Silicon Application Corp. Group

• Senior Manager Team Building in the SAC Group

Promote group consensus and ideological concepts of the senior management team through river tracing and a series of experiential activities to achieve team convergence, develop more harmonious cooperation and create more business opportunities, in the hope to bring high performance to the organization. In 2018, a total of 1 session was held with 22 participants.

• Mid-level and senior level talent development in the SAC Group

The SAC Group has set up a two-year talent development plan in 2017-2018 to cultivate management successors, focusing on the concept of "attitude, teamwork and management", and appointed external professional management lecturers to conduct four training courses every half a year within 2017-2018, in the hope to discover management talents with positive attitudes and great potentials.

Management Training - Cultivation and Guidance of TCA Subordinates

TW : Talent Development Plan Part.3 41people/1Session

CN : Talent Development Plan Part.3 47people/1Session

Team Building

TW : Talent Development Plan Part.4 41people/1Session

CN : Talent Development Plan Part.4 48people/1Session

• SAC Group Courses for all staff

In order to improve the attitude of "trust" and "teamwork", SAC Group has developed consistent language and concepts within the organization, in the hope to promote corporate culture.

Talent Development Plan : The Consensus Camp

TW : Part.3 127people/3Session

CN : Part.4 110people/5Session

大聯大控股
A Member of WPG Holdings

• Teambuilding in the AIT Group

In the two-day experience course, full experience and feelings, courage to express self-ideals and mutual feedback, expand the team Open Area, and reduce the team's blind spots.

Teambuilding of All Employees in the AIT Group 127people/3 Session

• AIT Group's super data skills : data management abilities of non-financial managers

Learn the correct three major financial statements quickly and effortlessly by common sense. Learn the logic and practice of budgeting by the knowledge of financial statement analysis.

TW super data skills 49people/1 Session

CN super data skills 48people/1 Session

大聯大控股
A Member of WPG Holdings

• Teambuilding of All Employees in the YOSUN Group

Enhance team cohesion and emotional communications through outdoor activities, of which all the employees in all regions are allowed to participate.

Taiwan 396

Shenzhen 442

Shanghai 200



4-1-3 IT Skills Training Center

Regarding the operation of various internal system platforms, WPG's Information Service Center planned two types of training courses in 2018 to develop IT skills of employees: IT skills new employee training and IT on-site training. In addition, training courses are held at the company's business locations, including Taipei, Hong Kong, Shenzhen, Shanghai and Suzhou.



Technological skills new employee training

Purpose : Systematic education and training for new employees to reduce training costs on counselors' individual training. Consistent language for systems communication for new employees to quickly get familiar with their work.

Description : The training involves general systems (EIP/Webflow/APP, etc.) and ERPs (ERP+Discover+On-line, etc.), with approximately 3 days for each session.

Course satisfaction Approximately **98**

128

Session

477

people



IT on-site training

Purpose : Promote new system functions and advocate the common problems of individual groups analyzed by the Groups' Call Log, in the aim to improve business quality and reduce errors during the manual operation process.

Description : New system functions and common problems of WPG's subsidiary.

Course satisfaction Approximately **90**

46

Session

493

people

4-2 Fair and comprehensive remuneration assessment

4-2-1 Fair compensation plan

The overall remuneration structure of WPG's remuneration policy is based on two types: "guaranteed minimum income" and "incentive bonus".

The guaranteed minimum income is for employees' basic financial needs, and the incentive bonus is an actual reward to encourage employee performance. The sum of two types of remuneration is employees' total salary income provided by WPG.

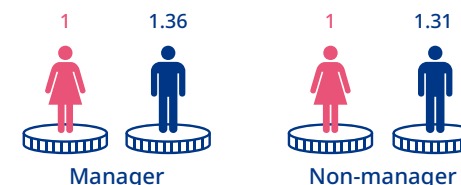
The proportion of guaranteed income is relatively high for employees with lower ranks, whereas the proportion of incentive bonus is relatively high for employees with higher ranks. Salary payments are implemented in accordance with the company's remuneration policy, with no difference between genders, in order to uphold the spirit of gender equality.

Since 2018, the Group's human resources units started to collect and analyze data such as "personnel change costs" and "labor productivity"

in accordance with instructions of the Remuneration Committee. These data analyses are an important basis for the group reference on developing and formulating human resource strategies, in order for the company to select and retain talents in compliance with each group's operating strategies, and reduce operational risks caused by human resources.

In 2018, the ratio of the standard salary for low-level employees (no difference between genders) to the minimum wage in Taiwan is 1.05:1, and the gender pay ratio is about equal.

• 2018 Gender pay ratio



Note: The statistical range covers WPG (Taiwan).

• The number of non-managerial full-time employees, their average salary and difference with the previous year

Item	2018	2017	Difference
Number of non-managerial full-time employees (units: person)	927	851	76
Average salary of non-managerial full-time employees (units:NT\$1,000)	1,249	1,237	12

Note: The statistical range covers the holding company, WPI and YOSUN.

4-2-2 Appropriate mechanism for performance evaluation

All of WPG's full-time employees conduct and complete a performance management process every six months, and communicate face-to-face with the direct manager on performance objectives and execution results. The performance appraisal items include: Task completion, core function, and learning ability. The evaluation results are divided into five levels, with corresponding performance bonuses for each level.

4-3 Favorable working environment

4-3-1 Diversified Welfare and Employee Care

WPG provides labor protection for full-time employees in compliance with various labor laws and regulations, and conducted appropriate physical and mental care programs under available resources, such as employees' birthday leave, employee health check, flexible working policies and various leisure activities. The basic welfare items meets employees' working requirements, whereas the diversified welfare creates a good atmosphere between employees and their families to help employees recognize the company's operating philosophy, and gradually builds performance welfare items to encourage employees on their work performances.

The WPI Group has established a nursery school for employees' children for 17 years, which is also available for children in the nearby community. In addition to establishing a place for education and childcare, WPG and its subsidiaries also provide professional preschool teachers, in order for employees to work without any worries.



• Parental leave

Statistics of parental leave	Male	Female	Total
Number of employees who can apply for parental leave in 2018	271	222	493
A: Total number of applicants for parental leave in 2018	2	13	15
B: Number of applicants for reinstatement in 2018	0	16	16
C: Actual number of reinstatement in 2018	0	10	10
D: Number of applicants for extending the reinstatement deadline in 2018	0	6	6
E: The number of people who continue to work for one year after the reinstatement of the baby in 2017	0	12	12
F: Number of reinstatement for parental leave in 2017	0	13	13
Employee reinstatement rate%= C / (B-D)	-	100%	100%
Retention rate%= E / F	-	92.31%	92.31%

4-3-2 Labor-management communication and protection of human rights

WPG has established a labor-management communication mechanism to consider employees' opinions and review and improve the company's business management based on the opinions. With that, the company can develop a better organizational communication culture, establish a basis for mutual trust between the company and employees, and continuously improve and learn from each other, in the aim of sustainability in the company's management and employee development.

In 2018, a seminar for new employees and four Roadshows in Taiwan and China will be held every six months, with sufficient communication in WPG holdings' monthly meetings. Labor-management quarterly meetings are held on a regular basis, and relatively important labor issues are discussed at the meeting to forge a consensus between employers and employees.

In addition, the company provides a transparent and effective communication channel for employees to express their opinions directly or by email (wpgh_hr@wpgholdings.com) to the human resources unit, and has set up a appeal/opinion mailbox for employee feedback.

4-3-3 Occupational health and safety

• Promote workplace emergency drills on a regular basis

Since 2015, WPG has conducted risk identification and assessment according to changes in internal and external risks, and identified key risks that need to be improved each year. Assessment results show that workplace interruption is one of the top five risks. Since 2016, the company began to formulate short-, medium- and long-term goals in order to ensure that employees have sufficient knowledge and adaptability in the event of an emergency. In 2017, it officially launched an emergency response project for the workplace, and selected three offices in Shanghai, Shenzhen and Neihu to perform field drills.

In order to implement the medium and long-term goals of the emergency response project, employees in each district have sufficient knowledge and resilience in the event of an emergency. In 2018, emergency training and practical exercises were implemented for the Greater China office. The training content includes emergency training and training. Fire knowledge and facilities education, call tree description and firefighting team training, etc.; training sessions in Greater China 32 games, emergency response drills a total of 7 games, the total number of participants in the exercise was 2,576. After the drills, results are reviewed and improved in each region for employees to obtain sufficient knowledge and responsiveness in the event of an emergency, and reduce the harm caused by emergencies.

• The working environment and occupational safety

WPG and its subsidiaries continued on regular environmental and equipment maintenance in order to ensure a healthy and safe working environment. It also held courses to advocate public security on an irregular basis, such as education and training of new employees, advocacy on disaster prevention and fire drills, in the aim to enhance employees' concept and knowledge on safety management.

In 2018, the groups provide employees with more diversified information and resources. For example, WPI has established an on-site counseling center with special resident doctors, which provides personal health consultation, medical analysis and evaluation of health check results, and keep track and provide health guidance for employees with abnormal health check results. The AIT Group organized online booking services: "4711 health checkups", and held five occupational safety and health courses to boost employees' knowledge on safety and hygiene. In addition to health seminars, WPI Group provides seasonal influenza vaccines, employee health care activities: "Prevention of Occupational Diseases Attributed to Heavy Workloads", and also organizes "Corporate Blood Donation Activities" to be participated by employees and neighboring communities.



Workplace inspections and maintenance management

1

- Workplace inspections on an irregular basis
- Regular environmental protection and equipment maintenance
- Centralized management of equipment (eg. Electrical devices/IT equipment)
- Wear access identification cards



Regular advocacy on public security

2

- Fire Prevention Advocacy / New Employee Education and Training / Fire and Labor Safety Advocacy



Health consultation / breastfeeding room

3

- YOSUN Group has a health consultation room for physically unwell employees to rest, and provide annual health consultation with resident physicians.
- The groups provide breastfeeding rooms

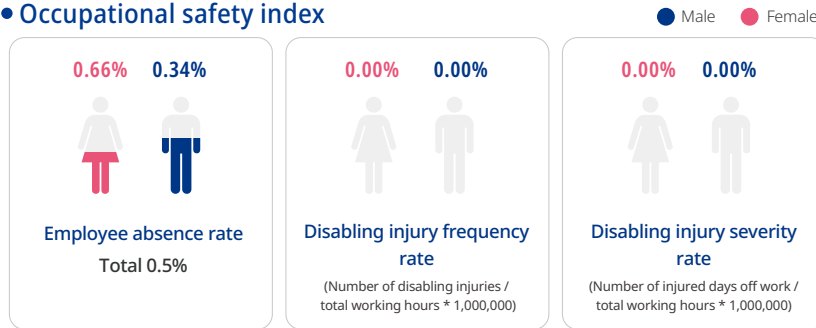


Regular report of related safety inspections

4

- Regular fire safety inspection report
- Regular report on safety inspections of buildings, facilities and equipment every two years

• Occupational safety index



Note 1: Absence includes sick leave, menstrual leave, and work-related injury leave

Note 2: Workers excluding employees did not experience any work-related injuries in 2018.



• AED Equipment

In response to the Occupational Safety and Health Management Plan of the Department of Health, YOSUN Group was set up an AED (automated external defibrillator) in the first floor lobby in May 2018. AED is expected to timely rescue people in times of emergency.



CH5

Promoting Corporate Sustainability

- 5-1 Focusing on sustainable low carbon business operations
- 5-2 Industry-academia plan that combine functions and duties
- 5-3 Active Social Participation and Collaboration



WPG has always maintained resources maintenance and management while upholding the concepts of environmental protection, energy conservation and carbon reduction. Under impact by climate change, WPG has promoted smart warehousing to enhance efficiency and maximum utility of resources by cooperation between human and the machine, in order to achieve energy saving and carbon reduction. The company also controls and manages the type and usage of packaging materials to increase recycling and reusing rate, and reduce environmental impact. The company not only replaced old equipment with new energy-saving equipment, but also advocated and encouraged employees on environmental protection through various initiatives, in order to enhance employees' awareness on environmental protection.

WPG has mainly focused on "technical and vocational education and training" in order to dedicate efforts to the society. With the core competence of industrial supply chain management, WPG has been cultivating the industry's required talents through industry-academia cooperation and educational support, in the aim for a more dynamic market and provide the basis for future development.

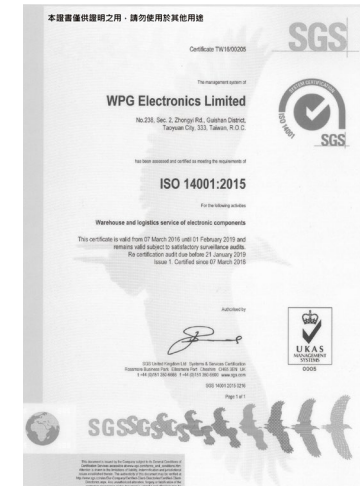
5-1 Focusing on sustainable low carbon business operations

5-1-1 Focusing on sustainable low carbon business operations

WPG values the importance of environmental protection, and its Linkou warehouse has obtained the ISO 14001:2015 environmental management system certification in order to effectively promote and implement environmental management, and establish a comprehensive organization, policy and related management while reducing environmental impacts during the operating process.

• Key Promotional Projects of Environmental Management

- Improve cardboard recycling and reduce purchases of new cardboard boxes.
- Reduce the amount of consumables such as printer labels and thermal transfer ribbons.
- Regular inspections on water and electricity usage to reduce unnecessary waste.

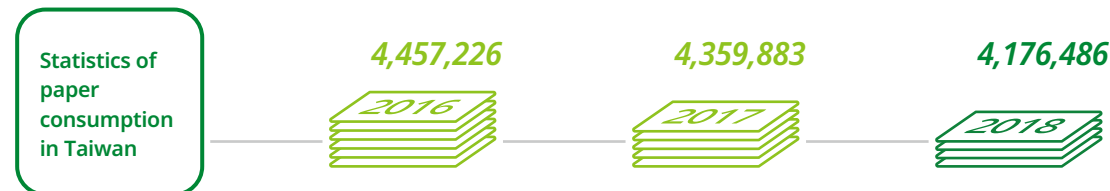


• Office Paper Consumption

Through the program of integration of multifunction printer from 2015, we simplified the quality and quantity of equipment and eliminated old or unnecessary printers and fax machine to reduce unnecessary energy consumption in the work spaces of Taiwan WPG Holdings.

Meanwhile, users will reduce go-errors and waste of resources resulted from dispensable outputs by card login system of multifunction printer and intelligent interface. Administrator can carry out statistical analysis of the usage of each department, moreover, tracking usage amount and making improvement.

In 2018, the company used 4,176,486 sheets of paper, a decrease of 6.30% compared with 2016.



In addition to the simplification of equipment, when choosing the consumables such as autotype paper, we should choose the brand which is comply with environmental regulations and choose the appropriate weight of paper to avoid the waste of resources. In the meantime, we will promote to recycle single sided paper, reduce the amount of paper usage, confirm the content before print to reduce the waste of misprints and repeat prints, and post environmental slogans to enhance voluntary environmental consciousness and achieve the goal of energy conservation.

• Water resource management

WPG has adopted a number of water conservation measures for water resource management, such as the use of water-saving toilets and faucets, regular equipment maintenance and protection, bottle recycling built in toilet tanks, and propagandas for water conservation on the visible side of the sink. Water consumption was regularly measured, and abnormalities would be immediately tracked and reviewed to formulate improvement measures.

The total water consumption in 2018 was 34,983 tons, which was 12.98% lower than 2016.



Statistics of water consumption

*Units: ton

Type	Region	2016	2017	2018
Workplace	WPG Holdings and its groups	28,516	26,276	23,107
Logistics warehouse	Taiwan	7,166	4,705	5,881
	Hong Kong	3,075	2,799	3,045
	Shenzhen	2,477	3,070	2,950
Total		41,234	36,850	34,983

Note: The company's water resources are from water for people's livelihood

• Energy resource management

WPG and its subsidiaries mainly use electricity as the main power source. Therefore, various energy-saving measures are taken to save electricity and reduce carbon emissions, such as inspection of power supply contracts, installation of energy-saving facilities, turning off lights for 30 minutes during lunch breaks, idle-time energy savings and setting the ideal temperature. The company also regularly measures the total electricity consumption on a monthly basis, keep track, review and improve abnormal electricity consumptions, and continued to advocate or participate in energy-saving activities. For example, the WPI

Group still actively participated in the response to Earth Hour Events in 2018 to increase employees' awareness of energy conservation and achieve positive energy conservation.

In 2018, the total electricity consumption was 6,754,795kWh (24,317,262 million joules), with a decrease of 13.71% compared with 2016.

In 2019, WPG has set up the goal of saving 1% electricity in the workplace, and aims to achieve energy saving and carbon reduction by a more active and clear target electricity saving through digitization.



Statistics of Electricity Consumption

*Unit: kWh

Type	Region	2016	2017	2018
Workplace	WPG Holdings and its groups	4,142,589	3,981,854	3,860,363
Logistics warehouse	Taiwan	837,600	938,000	995,400
	Hong Kong	1,967,716	2,236,057	1,647,086
	Shenzhen	326,140	326,327	251,946
Total		7,274,045	7,482,238	6,754,795

Note 1: Hong Kong warehouse has been relocated, and replaced old hardware with new smart equipment.

Note 2: WPG's Shenzhen warehouse have been converted from self-management to outsourcing. From the third quarter of 2018 to first quarter of 2019, the electricity expenses have gradually decreased as the warehouse has been relocated in stages.



Statistics of Greenhouse Gas Emission

*Unit: kg CO2e

Type	Region	2017	2018
Workplace	WPG Holdings and its groups	220,5947	2,138,641
Logistics warehouse	Taiwan	519,652	551,452
	Hong Kong	1,766,485	1,301,198
	Shenzhen	172,007	132,801
Total		4,664,091	3,933,742

Note: Taiwan's conversion factor is 0.554 kg CO2e per kWh which was announced by the Bureau of Energy, Ministry of Economic Affairs in 2017. Shenzhen and Hong Kong's conversion factors are 0.5271 kg CO2e per kWh and 0.79. Kg CO2e per kWh respectively, which were the most recent electricity emission factors announced by the China Electricity Council.

5-1-2 Waste and consumables management

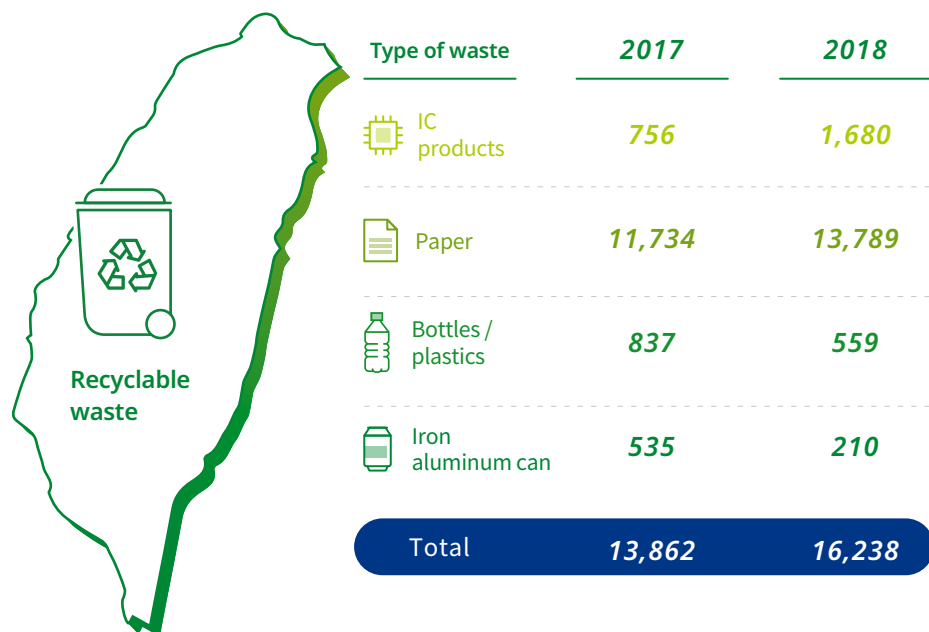
• Office waste management

For WPG's office waste management, the company encourages and enhances employees' environmental awareness through clear waste separation and recycling, as well as various publicity activities, in the hope that everyone would take part and dedicate efforts to environmental protection.

Since 2017, WPG and its group have begun to separate and measure the weight of recyclable resources, in order to further understand the current status and effectiveness of the waste separation in resource recycling. In 2018, employees become more familiar with resource recycling. According to quantitative statistics, 16,238 kg of office waste in 2018 was recycled by charities such as Tzu Chi Foundation and Social Welfare Foundations (except for recycling confidential documents) or disposed by legal garbage disposal units. In addition, the government's cleaning team is responsible for the incineration of general waste.

• Statistics of Office Waste

*Units: Kg





• Warehousing Waste Management

WPG's main business operations are in the service industry, and its waste management is mainly focused on warehousing and logistics operations. Currently, waste can be roughly divided into general waste and recyclable waste (cardboard boxes and waste paper accounted for approximately 95% of total recyclable waste, while plastics and aluminum cans account for about 5%). Generally, garbage and waste are disposed at the waste incineration plant, and are entrusted to the legal garbage disposal units for disposal of in accordance with laws and regulations related to environmental protection. Storage waste was 340 tons in 2018, which was 23.42% lower than that of 2016.

In 2018, WPG's three major warehouses did not have penalties or fines imposed by government institutions for failure to comply with product regulations.

*Units: ton

Type of waste	Process	Region	2016	2017	2018
 General waste	Incineration	Taiwan	60	60	51
		Hong Kong	147	145	142
		Shenzhen	45	45	45
 Recyclable waste	Recycling	Taiwan	24	24	24
		Hong Kong	150	178	190
		Shenzhen	18	18	18
Total waste volume			444	470	340

Note: The amount of waste disposal in Taiwan is estimated according to the contract processing volume of waste management companies, whereas the amount of waste disposal in Shenzhen is estimated by per capita waste generation.



• Warehouse supplies management

Under impact by climate change, WPG not only actively reviewed various issues involving energy conservation and the greenhouse effect, but also regarded cardboard boxes and consumables generated in the logistics process as the main focus of green life management.

According to necessary specifications for logistics operations, the use of recycled paper products and recycled cardboard boxes can achieve consumable recycling, cut costs and reduce consumption.

Recycled cardboard boxes can be reused when purchasing goods, whereas cardboard boxes made of recycled paper products are used when the shipment of goods. Through the above two methods, consumables are reduced and recycled to achieve energy saving and carbon reduction. In 2018, WPG utilized a total of 221,250 kg recycled cardboard boxes.

Note: The annual consumption decreased due to the fact that Shenzhen self-management warehouse has been fully relocated to third-party logistics in September 2018.

5-2 Industry-academia plan that combine functions and duties

5-2-1 Industry-academia cooperation in supply chain management

Since 2010, the company has cooperated with the College of Business in National Chengchi University to sponsor the "Program of Industry-academia cooperation in supply chain management". The first purpose is to combine theory and practice, and systematically organize the know-how of Taiwan's supply chain management. The second purpose is to develop learning and teaching resources and materials on supply chain management, with the ultimate goal of developing supply chain management talents for Taiwan's industries.

Due to the orientation of the department, each department cannot establish a relatively complete, professional and market-oriented academic training. Hence, supply chain management is difficult to cultivate in the academic world, as it is a cross-disciplinary science, with related courses of various departments in the college of business. Therefore, WPG has participated in the lectures of the College of Business in National Chengchi University, and combined its market experience and educational experience in business management with the curriculum resources to establish a new course for supply chain management. The company has conducted the "Supply Chain Management Courses" for the education of supply chain management, in order to develop supply chain management talents for Taiwan's industries.

In 2015, WPG held a series of lectures during the "Supply Chain Management Practices" course, which provided case studies for students. The company's senior managers of all units have participated in the lectures of the College of Business in National Chengchi University and company visit activities at the Linkou warehouse and upstream suppliers, which allows students to fully understand the company's planning strategies in supply chain management from the aspect of an enterprise and other different aspects.

During the Supply Chain Management Practices course of National Chengchi University in 2016, WPG supported four undergraduates of the department of management information systems of National Chengchi University on winning the



2016 CERPS E-System Innovative Application Excellence Award, and ranked 2nd in the 2016 ORSTW Thesis Competition by the theme of preliminary decision support system, which was regarded as a successful case of industry-academia cooperation. From 2017 to 2018, WPG continued to cooperate and participate in the lectures of the College of Business in National Chengchi University, and invite students to visit its Linkou Warehouse to promote the students' full understanding on the planning and practical experience of WPG's supply chain management. The event was participated in by a total of 49 teachers and students in 2018.

5-2-2 Information Application and Industry-Academia Cooperation

• Industry-Academia Collaboration Program with National Yunlin University of Science and Technology

In view of flourishing Internet and Big Data, information services department of WPG Holdings dedicates to technical application of and development of these two areas and invited NTUST professor in Big Data to address a lecture of "Analysis and Application of Big Data" in September 2016. The professor will lead 2 teams of 6 students to proceed on the collaborative project for half a year. The enterprise will provide data, and the university will provide the technique and theory. Through associative analysis and machine learning, a Big Data skill, we could practice Industry-Academia Collaboration Program, and gain an achievement together.

In 2017, in view of entering the data economy era, the rapid development of technologies such as the Internet of Things, big data, machine learning, and artificial intelligence, the collaboration with teachers of National Yunlin University of Science and Technology are no longer limited to big data analysis, but also uses related technologies such as text exploration, image and speech recognition. In 2018, WPG continued to cooperate with National Yunlin University of Science and Technology in the aim to expand more intelligent service technology for the company.

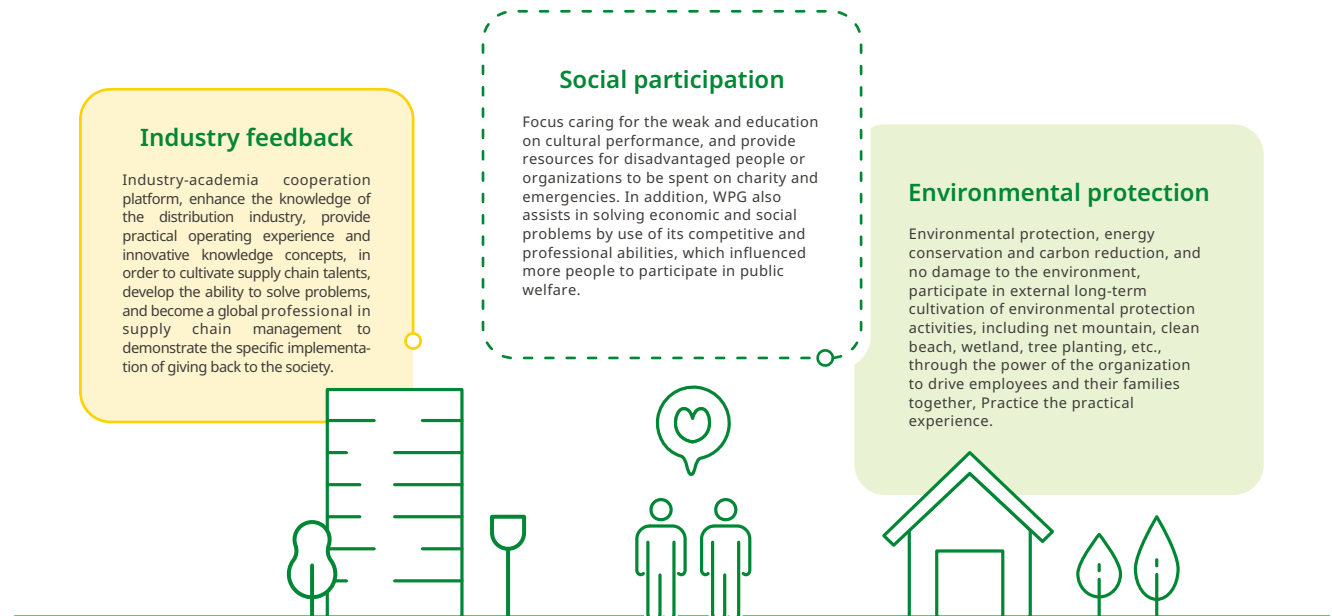
• National Tsing Hua University – industry-university project

At the second half of 2017, WPG's information service department came in contact with National Tsing Hua University's Decision Analysis Lab. WPG came to realized that some of Tsing Hua University's past research experience in the manufacturing industry, such as using machine learning techniques to predict production and yield improvements, can be applied to the unique range of industry of WPG. Such collaboration is looked forward to by both parties, and is hoped to bring WPG more precise decision making suggestions, and bring depth and breadth to the academic community in 2018.

5-3 Active Social Participation and Collaboration

With social responsibility vision, core competence and the faith of taken from society, give back to society, WPG Holdings and its affiliates, subsidiaries chipped in to found "WPG Holdings Education Foundation" aiming at enhancing knowledge economy, constructing high quality educational environment, promoting academic and practices research over business management, showing lover care for arts and humanities, and environment education as their objectives. At the same time, we are striving for high quality educational environment through industry-academia collaboration and relevant continuing education group. Looking forward to cultivating young students more and enhancing our international competitiveness.

In 2018, a total of 9,950,000 NT dollars was donated to the Political University, Taipei University of Science and Technology, and Dream House.



5-3-1 Industry Support and Feedback

• Type-Industry feedback

National Chengchi University

Financial support for the supply chain management program

National Taipei University of Technology

Provide scholarship awards in the College of Electrical Engineering and Computer Science, National Taipei University of Technology

Taipei Electronic Components Suppliers' Association (TECSA)

Held courses for supply chain and corporate management, of which 741 people had participated in the courses and seminars.

High school students company visits program of National Taipei University of Technology

WPG has been supporting the scholarship awards in National Taipei University of Technology for a long time. In 2018, the company further integrated the Ministry of Education's Development of Information Science Education Program for High School and Middle School Students, and guided a total of 42 teachers and students from Yanping High School and Zhongshan Girls High School to its Linkou warehouse, in order to exchange their practices and experience in the industry.

The local development of WPG i-Design Contest

In 2018, the WPG i-Design Contest was first introduced in Taiwan, with the initial idea of implementing CSR and reflecting its professional spirit. The company also combined the "WPGDADA-WANT" digital platform to conduct more proactive sales and marketing of the contest, in the hope to promote the brand's deep cultivation and local service.

5-3-2 Social Care and Involvement

WPG has cooperated with various organizations such as foundations, social enterprises and social welfare organizations in response to activities including arts and cultural education, social welfare and environmental protection, in order to assist on promoting relevant concepts and actions in all aspects to create a better society.

Type	Subject	Description
Green Environmental Protection	Society of Wilderness	Earth Hour
	Society of Wilderness	Promote environmental education and beach clean-up activities
Social Welfare Return	Andrew Food Bank	Rice donation
	Down Syndrome Foundation	Jointly promote professional research and consultation of medical, nursing, health care, early treatment and functional training, and dedicate efforts on the rights and benefits of Down Syndrome patients.
Education for the Vulnerable Ones	House of Dreams	House of Dreams' Standard School of Dreams – Academic Improvement Plan
	Puren Youth Care Foundation	Promote social care for young people, and encourage young people to care for the society. Promote various service programs and comprehensive care for young people, developing young people's whole person education.
Education of Art and Humanities	Music Foundation for the Blind in Taipei	The 26th Visually Impaired Music Festival [Daylight And Dark EYE Music] Charity Concert
	The STP plan	World Café Leaders Forum
	Cloud Gate Culture and Arts Foundation	Support and sponsor the artistic creation and performance activities of Taiwan's first professional dance company
	ChanChi Choir	Sing Blindly, Sending Love to All – 2018 ChanChi Choir Charity Tour

Earth Hour



In response to the World Wildlife Fund (WWF), Wilderness Foundation and other Earth Hour Events, WPG has gathered employees to exert influence on turning off lights on their way out of the office and carbon reduction. According to Bureau of Energy of the Ministry of Economic Affairs, each person participating in the one-hour lights-off event can reduce carbon emissions by 0.25kg. WPG aims to advocate the concept and attitude of carbon reduction, and lead more employees to participate with their family and friends.

Park and green space adoption



WPG has continued to adopt the Nangang Xiangyang Park since 2011 in response to the Government's encouragement of the participating in the green space adoption. WPG will develop the park's diversity in the cityscape, and enhance the overall quality of life through the maintenance of green spaces, which will enable nearby citizens to enjoy the green space and develop the concept of protecting the earth and environment.

Joining Taiwan Energy-saving Patrol - The volunteer group on public welfare energy-saving



In 2011, the WPI Group joined the Taiwan Energy-saving Patrol Team, and accompanied the public welfare energy-saving volunteer team to companies, academic institutions and other units to advocate energy-saving and carbon-reduction, perform obligation diagnosis, and provide advice on energy-saving. In 2018, the service lasted for 20 hours and serviced a total of 5 companies. By the end of 2018, the service reached a total of 220 hours and serviced a total of 55 companies.

21 days Green Life

In response to World Earth Day, WPG responded to the "Million Green Action" organized by the Taiwan Environmental Information Association and invited colleagues to take the initiative to participate in the subscription of 21-day Green Life e-newsletter. In order to deepen the colleagues' mindset of green life to implement in daily life, WPG invited colleagues to publish three green actions that they can do every day, and to share them in the internal CSR website, and initiated the <21 days Green Life, together with good rice to send love> project. WPG hoped that by promoting 3 green actions per person, the green life would slowly sprout and affect friends and relatives around. WPG donated a total of 675 packets (kg) of Andre Food Bank, including 325 packs donated by colleagues and 350 packs donated by WPG. Not only promote green living, WPG but also help families who need food.

Beach clean-up activity

In October 2018, AIT Group's beach clean-up activity invited 120 employees and family members in Bali beach. The beach clean-up activity lasted for about 40 minutes, and collected a total of 327 kg of garbage. In October 2018, AIT Group's beach clean-up activity invited 120 employees and family members in Bali beach. The beach clean-up activity lasted for about 40 minutes, and collected a total of 327 kg of garbage.



Christmas shoe box

WPG supported the disadvantaged children in Taipei in cooperation with the Dream House. Its employees also made a shoe box gift for the disadvantaged children, with a total of 261 shoe boxes sent by the Dream House, in order to share their love to the society.



Group Running

WPG's employees and their families are invited to participate in the public welfare group running activities in order to promote a good atmosphere for a healthy lifestyle. Despite the low temperatures and rain on the day of group running, there were still a total of 48 employees and family members that participated in the event, and this was the first road running activity for some employees and families. The event organizer will donate NT\$50 for the registration fee of each participant of the Formosa Cancer Foundation. This will not only develop exercising habits of employees, but will also help cancer patients, showing the enthusiasm and love of WPG's employees.



Donations to the Food Bank



WPG's employees donated 325 bags of white rice, while WPG donated 350 bags in cooperation with Andrew Food Bank, giving total donation of 675 bags of white rice.

Group purchase for the public welfare



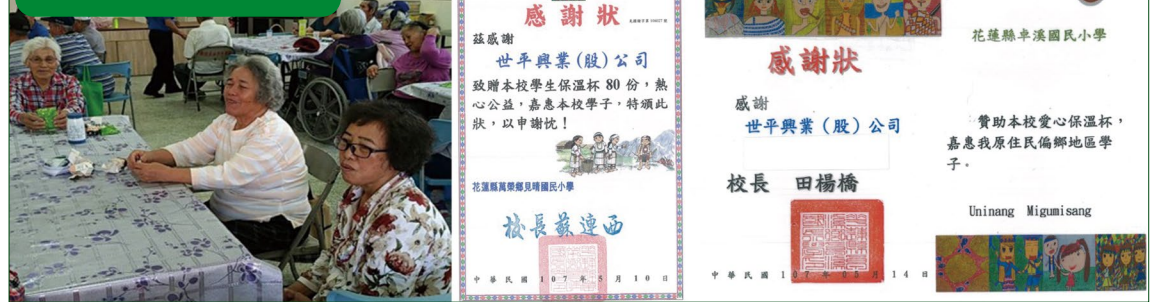
In February 2018, the WPI Group has organized the Hualien New Dawn Educare Center group purchasing for the disadvantaged, in order to provide business and public welfare interests.

The best charity concert in the visually impaired music festival

WPG supported the 26th Visually Impaired Music Festival - Daylight And Dark EYE Music Charity Concert, and invited employees to participate in the concert with their friends and families.

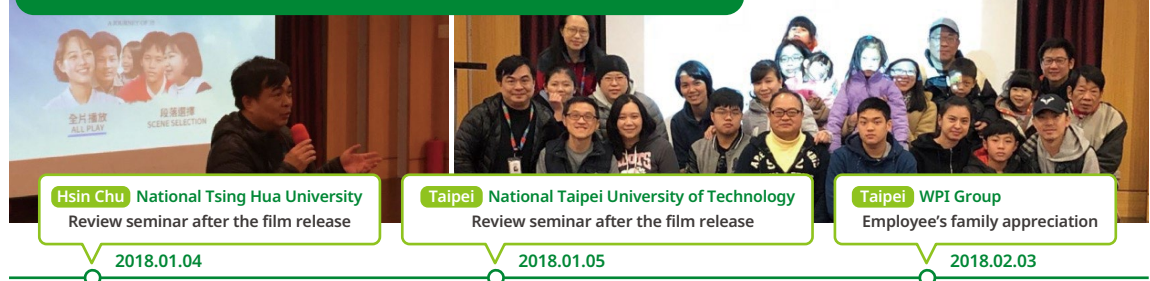


Care for remote areas



In May 2018, the WPI Group organized a trip to Taipei for the elderly in the aboriginal tribe (Dewu tribe), donated thermos cups to primary schools in Hualien's remote areas (including Chianchin, Zhuoxi and Lunshan Primary School), and provided elder care for the aborigines.

A Wide World - The Documentary Film of 35 Generations



A Wide World - The Documentary Film of 35 Generations was created in cooperation with the Commonwealth Magazine in 2017, in the hope to truly record the generation of children that have undergone education reform, and is now around the age of 30 years old, which is expected to be the important generation for Taiwan's future development. In the face of challenges involving choice of growth, the reconciliation of generations, and self-identity, in order to inspire dreams of the next generation.

WPG has released the 20 years documentary for students- A Wide World for Next Generation in cooperation with the Commonwealth Magazine. A seminar will be held after the film release to enhance the influence and inspiration from the film, and the company's chairman and Chief Human Resources Officer will be responsible for interacting with the students. In addition, employees are invited to the internal broadcast to promote upward convergence in Taiwan and jointly establish a better society.

CH6

Appendix

- 6-1 Independent Assurance Opnion Statement
- 6-2 GRI Standards Disclosure Comparison Table
- 6-3 ISO 26000 Social Responsibility Guidance Comparison Table
- 6-4 United Nations Global Compact Comparison Table



6-1 Independent Assurance Opinion Statement

INDEPENDENT ASSURANCE OPINION STATEMENT

WPG Holdings Limited 2018 Corporate Social Responsibility Report

The British Standards Institution is independent to WPG Holdings Limited (hereafter referred to as WPG Holdings in this statement) and has no financial interest in the operation of WPG Holdings other than for the assessment and verification of the sustainability statements contained in this report.

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

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

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

Scope

The scope of engagement agreed upon with WPG Holdings includes the followings:

1. The assurance scope is consistent with the description of WPG Holdings Limited 2018 Corporate Social Responsibility Report.
2. The evaluation of the nature and extent of the WPG Holdings' adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000 Assurance Standard (2008) with 2018 Addendum assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

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

Opinion Statement

We conclude that the WPG Holdings 2018 Corporate Social Responsibility Report provides a fair view of the WPG Holdings CSR programmes and performances during 2018. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the WPG Holdings and the sample taken. We believe that the 2018 economic, social and environmental performance information are fairly represented. The CSR performance information disclosed in the report demonstrate WPG Holdings' efforts recognized by its stakeholders.

Our work was carried out by a team of CSR report assurers in accordance with the AA1000AS (2008) with 2018 Addendum. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that WPG Holdings' description of their approach to AA1000AS (2008) with 2018 Addendum and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

Methodology

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

- a top level review of issues raised by external parties that could be relevant to WPG Holdings' policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 13 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and GRI Standards is set out below:

Inclusivity

This report has reflected a fact that WPG Holdings has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the WPG Holdings' inclusivity issues.

Materiality

WPG Holdings has established relative procedure in organization level, as the issues which were identified by all departments have been prioritized according to the extent of impact and applicable criterion for sustainable development of organization. Therefore, material issues were completely analyzed and the relative information of sustainable development was disclosed to enable its stakeholders to make informed judgments about the organization's management and performance. In our professional opinion the report covers the WPG Holdings' material issues.

Responsiveness

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

Impact

WPG Holdings has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. WPG Holdings has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the WPG Holdings' impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

WPG Holdings provided us with their self-declaration of in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). Based on our review, we confirm that social responsibility and sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the WPG Holdings' social responsibility and sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS (2008) with 2018 Addendum in our review, as defined by the scope and methodology described in this statement.

Responsibility

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

Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Peter Pu
Managing Director BSI Taiwan
2019-06-10



AA1000
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6-2 GRI Standards Disclosure Comparison Table

General Disclosures		Corresponding Chapter (Includes Omitted Description)	Page No.
Organizational profile (2016)			
102-1	Name of the organization	About this CSR report	03
102-2	Activities, brands, products, and services	2-2-1 The Business Philosophy, Visions and Objectives 3-1-2 Distribution services to meet customer requirements	26 39
102-3	Location of headquarters	About this CSR report	03
102-4	Location of operations	2-2-2 Operating Strategy and Business Planning	27
102-5	Ownership and legal form	About this CSR report	03
102-6	Markets served	2-2-2 Operating Strategy and Business Planning	27
102-7	Scale of the organization	2-2-1 The Business Philosophy, Visions and Objectives 2-2-3 Important Annual Operating Indicators	26 28
102-8	Information on employees and other workers	4-1-1 Human Resources Structure	47
102-9	Supply chain	3-1-2 Distribution services to meet customer requirements	39
102-10	Significant changes to the organization and its supply chain	There are no significant changes in 2018	
102-11	Precautionary Principle or approach	2-3-3 Sophisticated risk management mechanism	33
102-12	External initiatives	There are no external initiatives signed in 2018	
102-13	Membership of associations	3-2-3 Participation and Interaction of Industry Associations	42
Strategy (2016)			
102-14	Statement from senior decision-maker	The Words from the Chairman and CEO	04
102-15	Key impacts, risks, and opportunities	2-3-3 Sophisticated risk management mechanism	33

Ethics and integrity (2016)

102-16	Values, principles, standards, and norms of behavior	2-3-2 Code of Conducts, Ethics, Laws and Regulations	32
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Governance (2016)

102-18	Governance structure	2-3-1 Rights and Responsibility of Corporate Governance Organization 1-2-1 Corporate Sustainability Management Organization	30 20
102-22	Composition of the highest governance body and its committees	2-3-1 Rights and Responsibility of Corporate Governance Organization	30
102-23	Chair of the highest governance body	2-3-1 Rights and Responsibility of Corporate Governance Organization	30

Stakeholder engagement (2016)

102-40	List of stakeholder groups	1-1-1 Stakeholder identification and communication	11
102-41	Collective bargaining agreements	WPG does not have collective bargaining agreements, however it's devoted to promoting labor-management conferences	
102-42	Identifying and selecting stakeholders	1-1-1 Stakeholder identification and communication	11
102-43	Approach to stakeholder engagement	1-1-1 Stakeholder identification and communication	11
102-44	Key topics and concerns raised	1-1-2 Identification and management of major issues	15

Reporting practice (2016)

102-45	Entities included in the consolidated financial statements	About this CSR report	03
102-46	Defining report content and topic Boundaries	1-1-2 Identification and management of major issues	15
102-47	List of material topics	1-1-2 Identification and management of major issues	15
102-48	Restatements of information	There are no restatements of information for previous report	

General Disclosures		Corresponding Chapter (Includes Omitted Description)	Page No.
Reporting practice (2016)			
102-49	Changes in reporting	1-1-2 Identification and management of major issues	15
102-50	Reporting period	About this CSR report	03
102-51	Date of most recent report	About this CSR report	03
102-52	Reporting cycle	About this CSR report	03
102-53	Contact point for questions regarding the report	About this CSR report	03
102-54	Claims of reporting in accordance with the GRI Standards	About this CSR report	03
102-55	GRI content index	Appendix GRI Standards Disclosure Comparison Table	66
102-56	External assurance	About this CSR report Appendix Independent Assurance Opinion Statement	03 66
Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	1-2 Identifying Sustainability Topics	20
103-2	The management approach and its components	CH1 Promoting Corporate Sustainability CH2 Improvement of Ethical Governance CH3 Innovative supply chain management CH4 Talent Development and Transition	10 23 36 46
103-3	Evaluation of the management approach	CH1 Promoting Corporate Sustainability CH2 Improvement of Ethical Governance CH3 Innovative supply chain management CH4 Talent Development and Transition	10 23 36 46

Economic Aspect		Corresponding Chapter (Includes Omitted Description)	Page No.
GRI 201: Economic Performance (2016)			
201-1	Direct economic value generated and distributed	2-2-3 Important Annual Operating Indicators	28
201-3	Defined benefit plan obligations and other retirement plans	4-3-1 Diversified Welfare and Employee Care For more details, please see WPG website CSR section	52
GRI 202: Market Presence (2016)			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4-2-1 Fair compensation plan	51
202-2	Proportion of senior management hired from the local community	The definition of senior management is the title of VP or above. Proportion of senior management hired from the local community is 100%.	
GRI 203: Indirect Economic Impacts (2016)			
203-1	Significant indirect economic impacts	5-3 Active Social Participation and Collaboration	61
GRI 204: Procurement Practices (2016)			
204-1	Proportion of spending on local suppliers	3-4-2 Selection and Management of Service Suppliers	44
GRI 205: Anti-corruption (2016)			
205-3	Confirmed incidents of corruption and actions taken	There is no such situation.	
GRI 206: Anti-competitive Behavior (2016)			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There is no such situation.	

Environmental Aspect	Corresponding Chapter (Includes Omitted Description)	Page No.
GRI 302: Energy (2016)		
302-1	Energy consumption within the organization	56
GRI 303: Water (2016)		
303-1	Water withdrawal by source	56
303-2	Water sources significantly affected by withdrawal of water	There is no such situation.
GRI 305: Emissions (2016)		
305-2	Energy indirect (Scope 2) GHG emissions	56
GRI 306: Effluents and Waste (2016)		
306-2	Waste by type and disposal method	56
GRI 307: Environmental Compliance (2016)		
307-1	Non-compliance with environmental laws and regulations	There is no such situation.
Social Aspect	Corresponding Chapter (Includes Omitted Description)	Page No.
GRI 401: Employment (2016)		
401-1	New employee hires and employee turnover	47
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	52
401-3	Parental leave	52
GRI 403: Occupational Health and Safety (2016)		
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	53

GRI 404: Training and Education (2016)

404-1	Average hours of training per year per employee	4-1-2 Talent Development Framework	48
404-3	Percentage of employees receiving regular performance and career development reviews	4-2-2 Appropriate mechanism for performance evaluation	52

GRI 405: Diversity and Equal Opportunity (2016)

405-1	Diversity of governance bodies and employees	2-3-1 Rights and Responsibility of Corporate Governance Organization 4-1-1 Human Resources Structure	28 47
405-2	Ratio of basic salary and remuneration of women to men	4-2-1 Fair compensation plan	51

GRI 406: Non-discrimination (2016)

406-1	Incidents of discrimination and corrective actions taken	There is no such situation.	
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GRI 407: Freedom of Association and Collective Bargaining

407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	There is no such situation.	
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GRI 408: Child Labor

408-1	Operations and suppliers at significant risk for incidents of child labor	There is no such situation.	
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GRI 409: Forced or Compulsory Labor

409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	There is no such situation.	
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GRI 411: Rights of Indigenous Peoples

411-1	Incidents of violations involving rights of indigenous peoples	There is no such situation.	
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Social Aspect		Corresponding Chapter (Includes Omitted Description)	Page No.
GRI 412: Human Rights Assessment			
412-2	Operations that have been subject to human rights reviews or impact assessments	Every employee in Taiwan must read work rule included the human rights policies when he/she is hired. The proportion of trained employees is 100%	
GRI 417: Marketing and Labeling			
417-2	Incidents of non-compliance concerning product and service information and labeling	There is no such situation.	
417-3	Incidents of non-compliance concerning marketing communications	There is no such situation.	
GRI 418: Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There is no such situation.	
GRI 419: Socioeconomic Compliance (2016)			
419-1	Non-compliance with laws and regulations in the social and economic area	2-3-2 Code of Conducts, Ethics and Compliance	32

6-3 ISO 26000 Social Responsibility Guidance Comparison Table

Classification	Main Issues	Corresponding Chapter	Page No.
Organizational Governance	Make decisions and implement a systematic corporate social responsibility philosophy when carrying out an objective	CH1 Promoting Corporate Sustainability CH2 Improvement of Ethical Governance	10 23

Human Rights	Due diligence	CH4 Talent Development and Transition	46
	Human right risks situations	CH4 Talent Development and Transition	46
	Avoidance of complicity	CH2 Improvement of Ethical Governance	23
	Resolving grievances	CH4 Talent Development and Transition	46
	Discrimination and vulnerable groups	CH4 Talent Development and Transition	46
	Civil and political rights	CH4 Talent Development and Transition	46
	Economic, social and cultural rights	CH4 Talent Development and Transition	46
	Fundamental principles and rights at work	CH4 Talent Development and Transition	46
Labor Practices	Employment and employment relationships	CH4 Talent Development and Transition	46
	Conditions of work and social protection	CH4 Talent Development and Transition	46
	Social dialogue	CH4 Talent Development and Transition	46
	Health and safety at work	CH4 Talent Development and Transition	46
	Human development and training in the workplace	CH4 Talent Development and Transition	46
environment	Prevention of pollution	CH5 Implementation of public care	55
	Sustainable resource use	CH5 Implementation of public care	55
	Climate change mitigation and adaptation	CH5 Implementation of public care	55
	Protection of the environment, biodiversity and restoration of natural habitats	CH5 Implementation of public care	55

Classification	Main Issues	Corresponding Chapter	Page No.
Fair Operating Practices	Anti-corruption	CH2 Improvement of Ethical Governance	23
	Responsible political involvement	CH2 Improvement of Ethical Governance	23
	Fair competition	CH2 Improvement of Ethical Governance	23
	Promote social responsibility in the value chain	CH3 Innovative supply chain management	36
	Respect for property rights	CH2 Improvement of Ethical Governance	23
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	CH3 Innovative supply chain management	36
	Protecting consumers' health and safety	CH3 Innovative supply chain management	36
	Sustainable consumption	CH3 Innovative supply chain management	36
	Consumer service, support, and complaints and dispute resolution	CH3 Innovative supply chain management	36
	Consumer data protection and privacy	CH2 Improvement of Ethical Governance	23
	Access to essential services	CH2 Improvement of Ethical Governance	23
	Education and awareness	CH3 Innovative supply chain management	36
Community Participation and Development	Community involvement	CH5 Implementation of public care	55
	Employment creation and skills development	CH5 Implementation of public care	55
	Technology development and access	CH5 Implementation of public care	55
	Wealth and income creation	CH5 Implementation of public care	55
	Education and culture	CH5 Implementation of public care	55
	Health	CH5 Implementation of public care	55
	Social investment	CH5 Implementation of public care	55

6-4 United Nations Global Compact Comparison Table

Classification	10 Principles		Corresponding Chapter	Page No.
Human Rights	Principle 1	Businesses should support and respect internationally recognized human rights	CH4 Talent Development and Transition	46
	Principle 2	Make sure that they are not complicit in human rights abuses	CH4 Talent Development and Transition	46
Labor Standards	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	CH4 Talent Development and Transition	46
	Principle 4	The elimination of all forms of forced and compulsory labor	CH4 Talent Development and Transition	46
	Principle 5	The effective abolition of child labor	CH4 Talent Development and Transition	46
	Principle 6	The elimination of discrimination in respect of employment and occupation	CH4 Talent Development and Transition	46
	Principle 7	Businesses should support a precautionary approach to environmental challenges	CH5 Implementation of public care	55
	Principle 8	Undertake initiatives to promote greater environmental responsibility practices	CH5 Implementation of public care	55
	Principle 9	Encourage the development and diffusion of ecofriendly technologies	CH5 Implementation of public care	50
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