

# 2019

## Corporate Social Responsibility Report

企業社會責任報告書



Download Reports



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## 2019 Sustainability Performance Highlights

### Governance(G)



- ▶ The board of directors has held 10 meetings with an attendance rate of 94.55%, and has accomplished internal and external board performance evaluation.
- ▶ Ranked 6%~20% among listed companies of the 6th Corporate Governance Evaluation.
- ▶ Launched operation risk management of the outsourced smart distribution center, completed verification and evaluation of outsourcing risks of the outsourced smart distribution center, and formulated and regularly kept track of the implementation status of the key risk response plan.

### Environment (E)



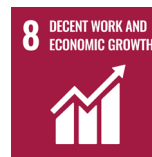
- ▶ WPG Holding's Linkou Warehouse has obtained ISO 14001:2015 environmental management system certification, and has established comprehensive organization, policies and management actions to reduce the environmental impacts of its business operations.
- ▶ Performance indicators of the utilization of various resources were better compared to that in 2017, of which paper, water and electricity consumption reduced by 7.76%, 17.61% and 8.01% respectively.
- ▶ Comprehensive implementation of resource recycling, with total recycling of 14,361 kg for office recyclable wastes, whereas the recycled boxes for warehousing and logistics totaled 189,000 kg.
- ▶ WPG Holdings has adopted Nangang Xiangyang Park for nearly 10 years, and has enhanced overall quality of life of citizens through the maintenance of green spaces.

### Supply Chain



- ▶ WPG Holdings kept promoting inbound marketing through implementing interactive and mobile marketing service and optimizing our digital transformation content. Our integrated promotion value exceeds the amount of RMB 500M during fiscal year 2019, which has increased by 91% since 2018.
- ▶ Optimized the digital transformation of trade compliance, and conducted trade compliance training courses for product lines and sales staff in various regions, with a total of more than 3,600 participants.
- ▶ We continued to work on better recognition and adhesion of WPG DADAWANT internally and externally, integrating the online and offline interactive mode, which achieved external exposure of over 10 million in a year.

### Social (S)



- ▶ The total number of training hours was 50,617.20 hours, of which average training hours for managers and non-managers were 17.19 hours and 8.58 hours respectively.
- ▶ Sponsored "Industry-Academia Cooperation in Supply Chain Management Program" at the College of Business at National Chengchi University for 9 consecutive years, systematically organized the know-how of Taiwan's supply chain management, and cultivated supply chain management talents in Taiwan.
- ▶ Sponsored monthly supply chain and corporate management courses of the "Distributors' Lecture Hall" organized by Taipei Electronic Components Suppliers' Association (TECSA), in hope of building a future for shared prosperity. A total of over 730 people participated in the courses.



## The CSR Report

The 2019 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 and the plan and implementation of sustainable development, of which information disclosure is prepared with reference to the GRI Standards issued by the Global Reporting Initiative (GRI). The reporting period, publication period, scope, report contact information and other relevant information are as follows:

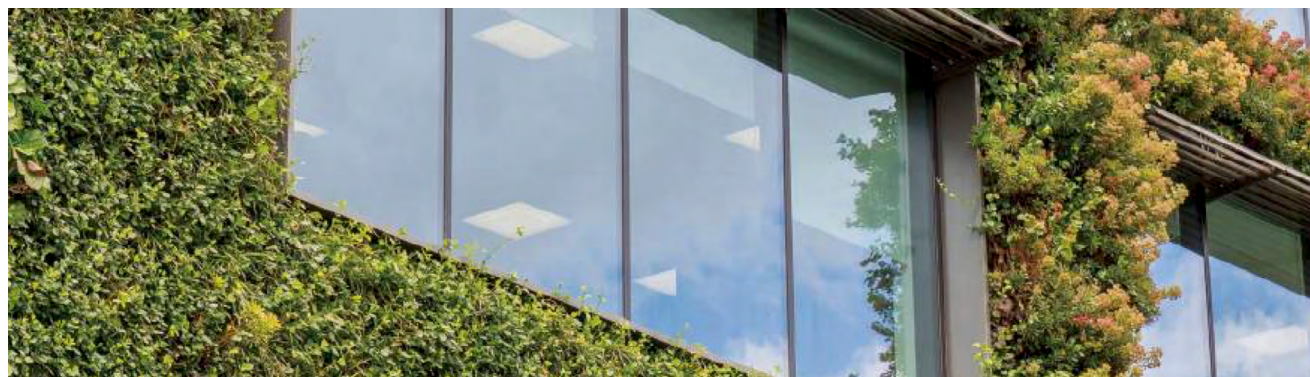
### The reporting period and publication period

This report is the 6th CSR report prepared by WPG, containing information and statements for economic, social, and environment-related implementation in the fiscal year of 2019 (January 1, 2019 to December 31, 2019), of which some information are not limited to 2019 due to integration requirements). The previous report has been published in June 2019, whereas the next version is expected to be published in June 2020. After that, an annual CSR report and public disclosure would be conducted 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:

<b>Holdings Company</b>	Refers specifically to "WPG Holdings Co., Ltd." in Taiwan.
<b>WPG Holdings</b>	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.
<b>The Group</b>	Refers to WPG's internal management organization which is divided into Groups, including WPI, SAC, AIT and YOSUN.



### CSR Report Guarantee

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

The CSR Report is available at:  
[https://www.wpgholdings.com/csr\\_area/info/en/2051](https://www.wpgholdings.com/csr_area/info/en/2051)

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 Executive's Commitment and Philosophy

### LETTER FROM THE CHAIRMAN

Since 2014, WPG has already published 6 internationally certified CSR Reports by adhering to our core value of Teamwork, Integrity, Professionalism, and Efficiency. Our 2018 CSR Report has won the Silver Award of Corporate Sustainability Report Award (categorized in the service industry) and the Corporate Comprehensive Performance Award of Taiwan Corporate Sustainability Awards (TCSA) issued by the Taiwan Institute for Sustainable Energy (TAISE). However, we promote CSR not only for legal compliance or winning awards, but also focusing on issues related to stakeholders' interests, and we continue reviewing company's implementation of the three aspects of corporate sustainability - Environmental, Social, and Governance (ESG). We emphasize the concept of "write what we do, and do what we write" with humbleness and gratitude, in the hopes of communicating with stakeholders and showing our sincerity and determination in fulfilling sustainable management.

In terms of promoting corporate sustainability and ethical corporate governance, we dedicate our efforts to setting up an effective corporate governance structure, with main principles of protecting shareholder interests, improving board performance, respecting stakeholder interests, and enhancing information transparency. In 2019, we have also invited the Corporate Governance Association to conduct the first external performance evaluation for the board of directors, and was ranked in the top 6-20% among listed companies in the 6th Corporate Governance Evaluation, demonstrating the Company's efforts on the development of corporate governance and corporate sustainability.

In terms of innovative supply chain management, we internally integrated WPG DADAWANT and digital transformation into daily operations through various activities, in order to instill the concept of digital transformation into our colleagues. In 2019, the CEO has participated in many external forums and media interviews. In addition to strengthening WPG's brand image of digital transformation, we also hope to share WPG's experience in promoting digital transformation with customer orientation and technology empowerment in mind. Furthermore, WPG will build a cooperation eco-system through "alliances" in order to meet the challenges faced by customers in the practice of smart manufacturing, fulfill customers with intelligent manufacturing logistics services, and create a win-win outcome for the industry.

Regarding talent development and transformation, in 2019 we cooperate with management consulting company to review, discuss and develop the positioning of future talents, and identified 6 competencies as an important basis for future talent development. We still focus on providing an inclusive and diverse working environment that nurtures talent and creativity. We also provide competitive compensation based on fair appointment of staff, performance management, talent cultivation, as well as referencing external compensation surveys and analysis. The company also conducts a variety of training courses for employees' learning and development to encourage employees to balance between their work and personal life in a safe and comfortable working environment. In addition, we have fully introduced and promoted digital tools to colleagues in 2019, with advanced deployment in response to the spread of COVID-19 in 2020, prioritizing colleagues' health over everything else and allowing colleagues to smoothly work from home remotely via online network.

As for environmental protection, WPG 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 of the risks of climate change and global warming, and advocate the conservation of all limited natural resources, water and electricity saving, waste sorting and recycling, as well as encouraging employees to contribute to environmental protection. WPG hopes to promote environmental education via the Tree Planting activity for at least 3 years, starting from 2019, motivating colleagues and their families to participate so that they can understand how important coastal windbreak forest is



to the environment, with the theme of "Let's Work Together on Coastal Tree Planting."

As for public care, in order to promote kindness to the society from each family in WPG, we encourage employees to participate in social activities, create a positive cycle, and promote family members to join as well. The Company's industry-academia cooperation and creative design contests not only providing support for the development of youth education, promoting vocational training, but also demonstrating the Company's technical support capabilities to reduce information barriers between the industry and the academic community, and to 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 being the first choice and the benchmark of the distribution industry. By comprehensively promoting the core value of "Teamwork, Integrity, Professionalism and Effectiveness," we aim to maintain good relationships with our customers, employees, investors, suppliers, authorities, communities, NGOs and other stakeholders, to create win-win outcomes and share our exceptional business accomplishments with the general public. Under rising challenges of emerging risks, WPG hopes to promote sustainable development in global ecology and overall industrial chain via comprehensive design and implementation of digital transformation, and to jointly develop towards the sustainable goal of "working together, sharing interests, and achieving win-win."

## The Executive's Commitment and Philosophy

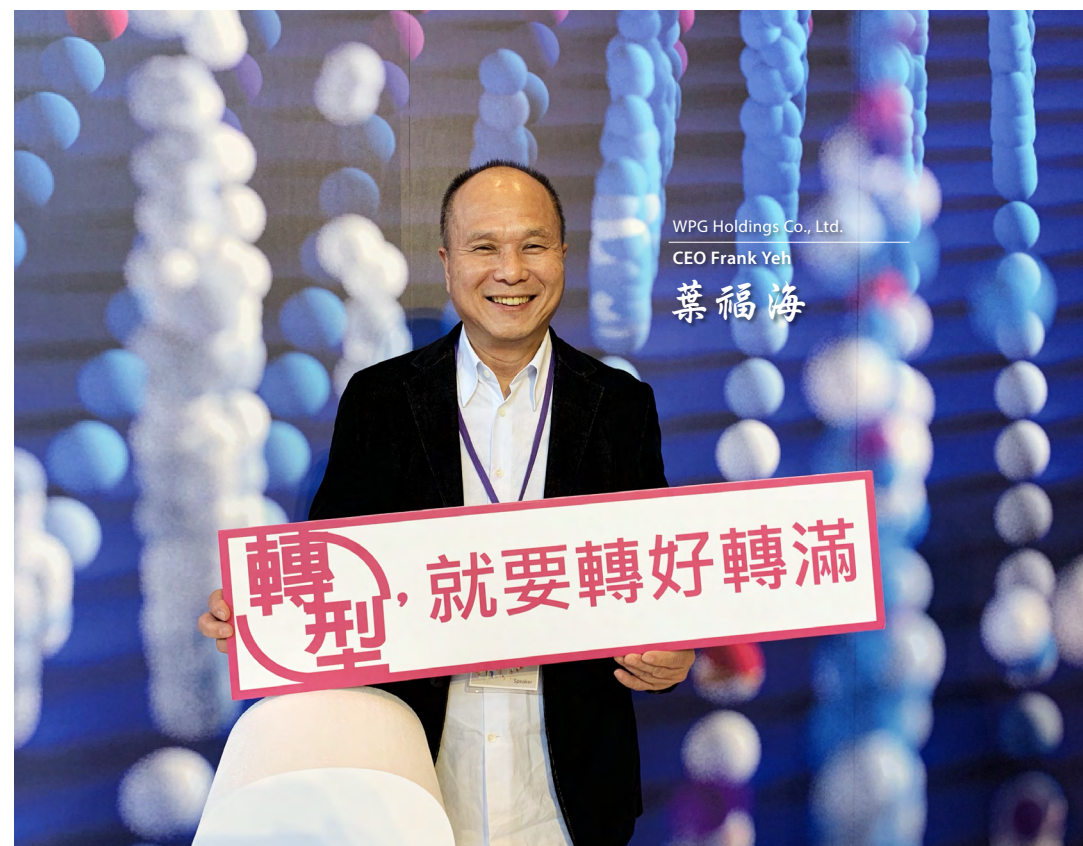
### LETTER FROM THE CEO

#### Creating a Win-Win Ecosystem from Altruism

Considering the impact of the US-China trade war and the COVID-19 outbreak this year, all industries are facing internal and external challenges in the rapidly changing world. In recent years, WPG has been actively planning for the next 10, 20 or even 30 years, aim to create additional value with new technologies and approaches. We have begun to initiate digital transformation since 2015, and have been constantly exploring the potential offline and online opportunities of various frontend and backend operating processes. In 2018, WPG officially launched the WPG DADAWANT digital platform, optimizing the use of technology and tools to shift from "meeting customer requirements" to "creating customer need." In 2019, the trend of semiconductor supply chain has become more and more polarized. In response to changes in the industry's upstream and downstream companies, we continue to promote and implement the digital transformation with the principle of "customer orientation, technology empowerment, collaborative ecosystem and era co-creation." WPG actively promotes full cooperation of online platforms and offline teams on responding to supply chain adjustment needs of manufacturers and customers.

When introducing the "WPG DADAWANT" platform to WPG's existing customers, we discover that almost every company is studying and evaluating smart manufacturing. Many customers are investing in smart manufacturing for improved efficiency and quality. However, they neglected to observe the time required for material loading and production line shifting, which will impact the overall efficiency of smart manufacturing.

With that in mind, WPG believes that information flow with no logistics support cannot really resolve customers' overall supply chain problems in the future. In 2018, WPG completed the construction of smart warehousing in Hong Kong, and plans to gradually implement commercialized smart logistics services in Southern China, Taiwan and Southeast Asia, empowering traditional warehouse practices by use of data management and transparentizing warehouse information. With the goal of achieving comprehensive inbound and outbound smart logistics operation to become a leading OEM warehouse, we hope to invite upstream manufacturers and peers to join the independent warehouse sharing platform. WPG aims to actively respond to challenges faced by customers in implementing smart manufacturing, directly sending the parts needed by customers B2B2P (Business to Business to Production Workshop). We hope to support our customers with intelligent manufacturing logistics services, fulfill interest sharing in the industry, and achieve a win-win situation with our partners in the ecosystem!



## Theme: Key Performances of Digital Transformation

### WPG DADAWANT - to Serve Diverse Demands and Create Values for Our Customers



WPG has become the world's second-largest distributor of semi-conductor components, and has achieved its leading position in the Asia-Pacific Region. In the face of new manufacturing trends, WPG aims to become a data-driven enterprise, to enjoy its competitive advantage in supply chain management, while embracing technology for digitization of complicated offline businesses. It has established an online digital platform —— WPG DADAWANT. The platform provides personalized services according to different needs of large enterprises and SMEs. WPG adheres to the concept of C2B (customer-oriented) to set up a comprehensive digital platform service from "responding to customer needs" to "creating customer needs". In addition, WPG is positioned as a LaaS (Logistics as a Service) provider to advocate smart logistics and assist customers in facing the challenges of smart manufacturing.

WPG led the industry in launching a digital transformation project in 2015, in the hope of building trust with technologies and building a co-opetition eco-system together with the industry through "alliances." Moreover, we proactively promote the digital transformation based on the principle of "customer orientation, technology empowerment, collaborative ecosystem and era co-creation".



In 2019, we continue to develop relationships with Taiwanese customers to promote systemization mainly on 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 (customers' external warehouse). We have already connected and launched 108 functions. Regarding Taiwanese customers, we accelerate the completion of planning projects for customers that have the intention to accept system integration, and seek for other technical methods for customers who do not have the intention of system connection, in the hope of achieving the short-term objectives at the current phase: WPG has planned to start to negotiate with large-scale Chinese customers in 2020, with the goal of completing system connection to several key Chinese customers.



## Theme: Key Performance of Digital Transformation



Since 2019, the source of customers has been divided into independent online access and technical online access through the order recognition technology, tapping into China. Furthermore, mobile APP has been used to enhance the flexibility and simplicity of the platform, exceeding the original goal of 1,500 customers. In 2020, WPG DADABANG platform focuses on "maintain existing customer engagement and bring in new customers" providing valuable information and reports to customers, which enhancing the existing customer adhesion. It also continues to engage new customers in China, and actively begins to optimize technical tools, with dedicated efforts on improving order recognition in order to facilitate the increase in number of customers on technical online access.



In 2020, on the basis of effective platform data, WPG DADATONG will focus on establishing in-depth cooperation with key manufacturers, and give customer engineers new impressions on the service and recognition of WPG DADATONG with high-quality solutions, strengthening the advantages of maintaining and expanding customer relationships. The key businesses in 2020 include:

### Continuous Optimization of User Interface (UI) and User Experience (UX)

Supply-side Marketing	Opinion leaders are invited to become service providers of the platform. A membership system is set up, with new members invited by existing members, while event and activities attract engineers to join the platform as content providers. Such as the campus innovation competitions that have technical relevance, influence on engineers, and sufficient incentives
Demand-side Marketing	Word-of-mouth communication among influencers, guiding the issues of online and offline activities, and providing feedback for participation in activities to obtain personal information. Cooperate with partners from different industries, strengthen the platform's positioning, in order to achieve cross-diversion, mutual benefits, and stimulate traffic flow
Develop the Predictive Marketing Capability for WPG DADATONG Platform	Establish traffic analysis models and algorithms by use of traffic analysis tools, and review platform effectiveness with key indicators and adjust corresponding interactions

Looking forward to 2020, based on WPG DADAWANT's experience in the past two years, cloud systemization and visualization of the customer's platform usage status allows the management team, front end business colleagues and system development team to have specific real-time data for tracking, evaluation and planning of key follow-up projects, and the key indicators for individual platforms have also been set after rearrangement of target customer groups.

### Collaborative Tools - a Platform for Communication and Collaborative Work Efficiency Improvement

Adhering to the concept of "putting customer service first", WPG Holdings has labor deployment in different regions and cities corresponding to customer business needs, with frequent cross-regional/city communication, project discussions and tracking. Collaborative tools enable fast and convenient communications between colleagues, so that different affairs can be handled simultaneously. Organizations/projects can share documents in their online group, and for real time online editing and online discussion. Meetings are no longer limited to specific meeting rooms. Meeting discussions and communication can be carried out through collaborative tools at any location, and live education broadcasting expands the participating regions and cities, and can accommodate several times the number of participants compared to traditional education and training methods. Recording of live education broadcasting reduces the post-production of previous educational videos. In addition, educational videos can also be provided repeatedly for self-study or review of colleagues that did not participate in the course, in order to achieve better the continuity of educational videos.

We commenced trial tests for collaborative tools on a small number of units in the first half of 2019, and expanded the trial to specific cities in Asia in the second half of 2019. The platform for communication and collaborative work efficiency improvement was established by connecting communications between colleagues, organization/project discussions, cross-regional/city collaborative work for interactive operations. The collaborative tool is expected to expand to all business entities in 2020, enabling colleagues to develop new skills by use of the technological tool, followed by re-evolution based on the effectiveness of technological tools.

### Quantitative Trading Tools

Quantitative trading relies on data science methods, from data acquisition, data extraction, pattern sampling, to statistical analysis, financial commodity transaction models are set up with the data as basis for decision-making. Computers are used to process fast and large amounts of IT decision-making, and root coding robots are used for automated transactions in order to avoid human influence and undisciplined trading under profit-related pressure. In addition, a risk-oriented trading system is developed to obtain financial commodity trading profits with the systematic management of risk and funding. In 2019, TA/EX (Taiwan Stock Exchange Capitalization Weighted Stock Index) Future's Internal Rate of Return (IRR) was 12.9%.

## Theme: Key Performance of Digital Transformation

In the future, WPG plans to maintain risk management as the corporate base, seek for global transactions for complementary financial products, increase commodity portfolios, adopt trading strategies, and continue to reduce risk while enhancing trading profits.

### Reporting Tools for Data Analysis and Decision-Making

In 2018, WPG successfully introduced the "Reporting Tools for Data Analysis and Decision-Making" in cooperation with YOSUN Group, and began to promote it to other international and domestic companies in 2019. During the promotion period, the beginners class, advanced class and special sharing class with a total of 32 sessions, covering Taiwan, Shanghai, Shenzhen, Hong Kong, Southeast Asia, the US and South Korea. There was a total of 636 participants from various functional departments, including business, product, legal affairs, marketing, general affairs, HR service, IT service, logistics service, risk management, credit management, F&A service, and the CEO's Office. This tool can simplify data editing and production, with visual characteristics and simple operating interface for data screening. It has been highly recognized by colleagues, and colleagues have gradually developed the "Reporting Tools for Data Analysis and Decision-Making" by combining this digital tool with their own domain know-how, which meets the requirements of their respective functions. The promotion of sharing classes has brought about a significant influence.

WPG Holdings, YOSUN Group and Hong Kong Logistics Service have also made considerable progresses. This digital tool was originally used as a replacement for slides, and was then advanced to a KPI-oriented CFO Dashboard. Meanwhile, the report is published online through cloud, and the Group's top level management will access the monthly CFO Dashboard information by the computer or mobile device. YOSUN's F&A Service Department and the Hong Kong Logistics Service also send or automatically access data using the IT system, with updates on real-time financial information and warehousing management information integrated with cloud access. Hong Kong Logistics Service also keeps track on the processing status of Hong Kong smart warehousing by use of real-time information, further achieving substantial mobile management.

In 2020, it will continue to promote the use of "Reporting Tools for Data Analysis and Decision-Making", which will guide various groups to develop towards KPI Dashboard, real-time information, and mobility management.

### Robotic Process Automation (RPA) - Increasing Added Value

The basic operations of financial accounting mostly contain switching between various applications (Excel, Word, ERP, Internet Browser, email, etc.) to process internal and external data. To help accountants to complete large-scale, repetitive and regular work, we introduce 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 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, the Company added 2 trial bases for RPA processes (credit note verification and exchange rate invoice verification) in Taiwan, and saved an annualized 673 hours. For overseas, the Company introduced 4 RPA processes (customs duty bill credit and payment, issuance of VAT invoice, customer E-billing automatic maintenance, and converting a PDF file to Excel), and saved an annualized 518 hours. A total of 31 RPA courses were held at home and abroad, allowing F&A colleagues to have ability to develop new RPA processes.

In 2020, WPG will establish audit robots by RPA, and aims to cooperate with external auditors to further enhance internal control, accounting and auditing qualities, while its subsidiary would continue to develop new RPA processes and significantly improve operational efficiency.

## Theme: Key Performance of Digital Transformation

### Business Intelligence Tools to Generate Labor Dynamic Analysis

Digital tools are used to generate WPG's latest labor dynamics and the number of employees in the past. The results are linked to employee compensation to analyze whether the Company's labor cost is sufficient on labor deployment for corporate sustainability and development strategies.

Labor development has been modularized in recent years via business intelligence tools, and changes in various data is presented by visual images through computers or mobile devices, for managers to keep in line with labor results.



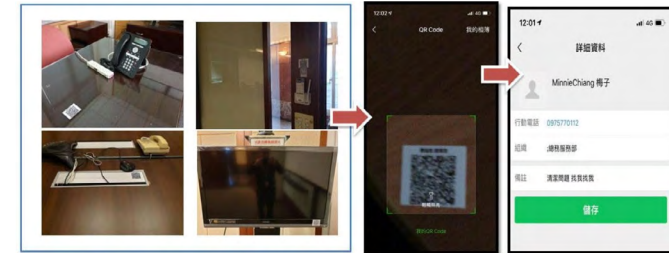
### Cloud based Smart Express Cabinet Planning and Construction

In order to provide colleagues with courier service options and more diversified collecting services, and to reduce the workload of front-end staff, WPG has set up a cloud based smart expressed cabinet in front of its freight elevator to be used 24 hours a day. It functions as a CSR platform for colleagues' donations and second-hand shoes, as well as a platform for online payment and returning of books. This not only solves the problem of receiving private mails, but also saves labor costs of 7.3 hours per month.



### QR Code Service

YOSUN Building contains complex types of assets, which often encounter repairing and maintenance problems. In response to this situation, we have developed the digital innovative idea of "Please Scan Me" QR Code to help colleagues solve the problem of damaged equipment or assets in the public area, and offer colleagues cleaning, maintenance and other services. By posting QR Codes in meeting rooms and public areas at each floor of the YOSUN Building, when real-time service is required, colleagues may scan the QR Codes to obtain contact information, or the contact person could be contacted by mobile phone. This service has become a repair channel to improve service quality and the efficiency of repair management.



### Sports Bracelet Healthcare Management App

In order to accurately keep track on the health of colleagues, and to keep aware, quick and accurate grasp of the conditions of colleagues even during busy hours while providing more real-time assistance, WPG has acquired the sports bracelet, which provides transmission and reception of data such as heartbeat and blood pressure.



智慧多功能健康管理運動手環(數位轉型):



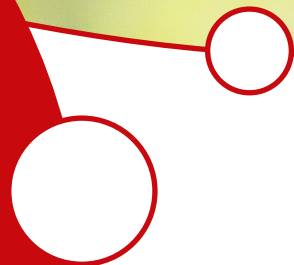
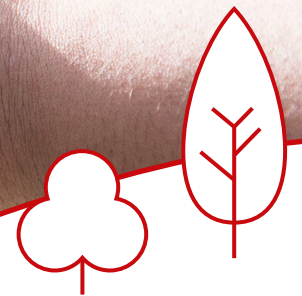


# 1

## Promoting Corporate Sustainability

1-1 Sustainable Relationships

1-2 Sustainable Development Responsibilities





## Sustainability Planning and Implementation

### Commitment

- Set up a Corporate Social Responsibility Committee 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 large 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 working environment, and gradually promote the implementation of various feasible programs.

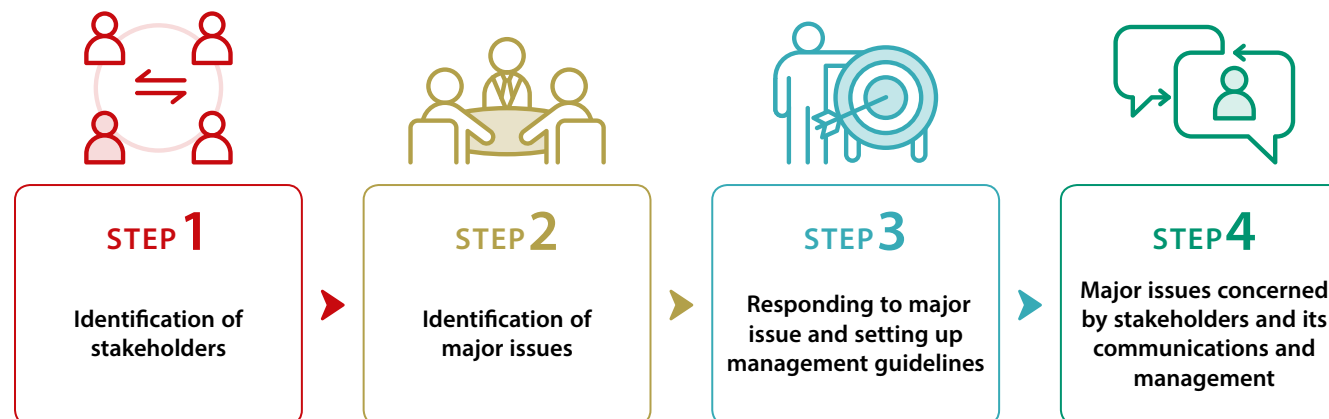
### Assessment Mechanism

- Quarterly meetings of the Corporate Social Responsibility Committee are held to submit each stage of the CSR report, sustainability objectives and the implementation progress of feasible projects to members of the committee.the company.

## 1-1 Sustainable Relationships

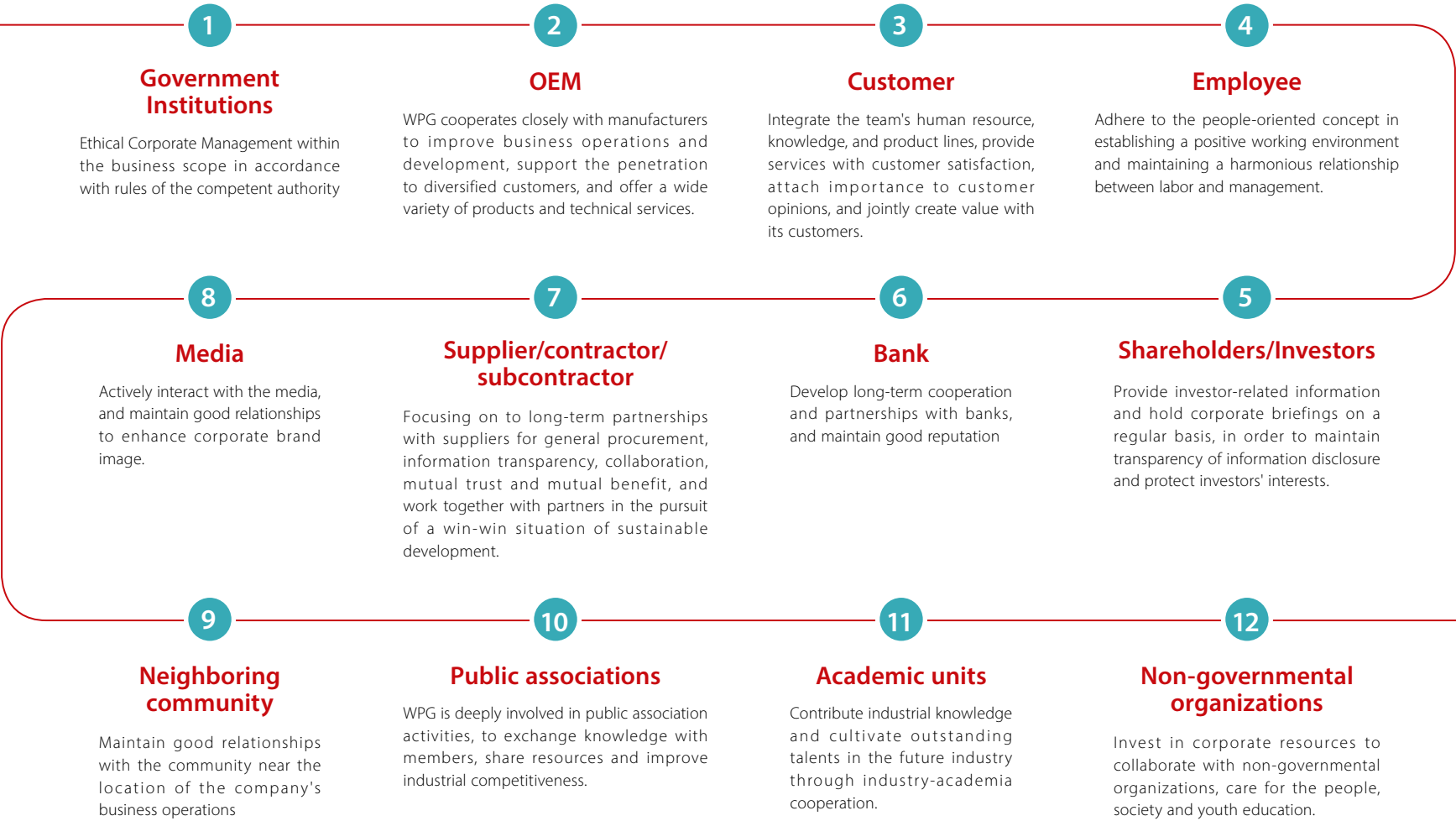
### 1-1-1 Stakeholder Identification and Communication

The basis for sustainable growth and long-term development of WPG is that it clearly identifies issues concerned by stakeholders, and continue to have transparent and efficient communications with stakeholders. WPG identifies 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 includes important factors such as responsibility, influence, tension, multiple perspectives and dependence. The questionnaire is analyzed after being completed by functional units, and 12 major stakeholders were finally selected, including government agencies, manufacturers, employees, customers, shareholders/investors, banks, suppliers/contractors/subcontractors, the media, public associations, academic institutions, neighboring communities and non-governmental organizations.

● Importance of stakeholders to WPG & Degree of relationship

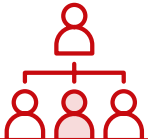









• Issues and Mechanisms for the Communication with Stakeholders

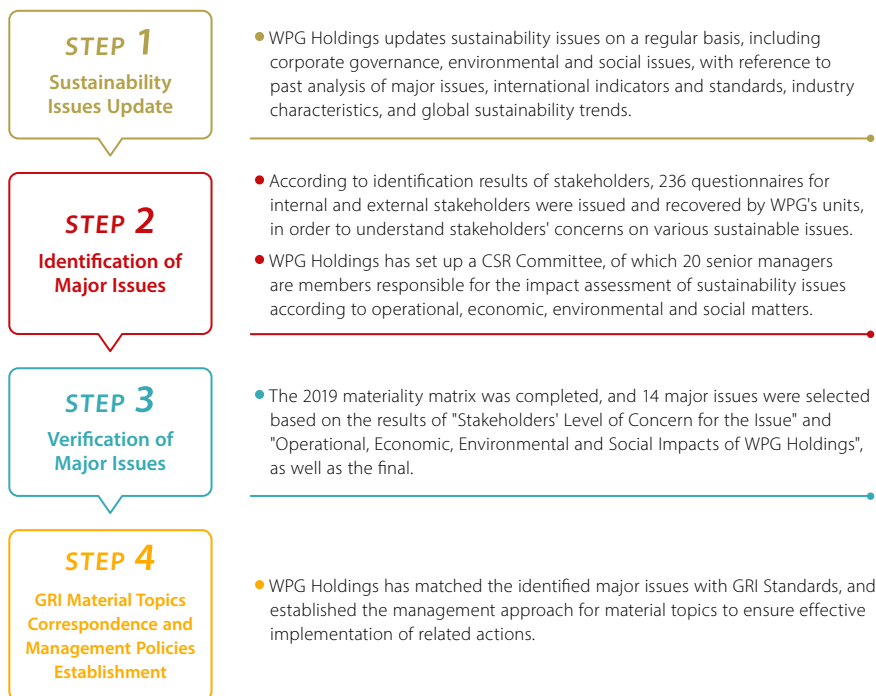
						
	Government Institutions	OEM	Customer	Employee	Shareholders/Investors	Bank
Major issues	<ul style="list-style-type: none"> <li>• Corporate Confidentiality and Privacy</li> <li>• Agent for a Product Line and Customer Satisfaction</li> <li>• Human Rights and Equality</li> <li>• Product Trade Compliance</li> <li>• Industry-Academia Cooperation and Social Participation</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Confidentiality and Privacy</li> <li>• Code of Conducts, Ethics, Laws and Regulations</li> <li>• Operating and Financial Performance</li> <li>• Agent for a Product Line and Customer Satisfaction</li> <li>• Industry Collaboration and Communication</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Confidentiality and Privacy</li> <li>• Code of Conducts, Ethics, Laws and Regulations</li> <li>• Support and Integration of Supply Chain Platform</li> <li>• Sustainability Planning and Implementation</li> <li>• Product Trade Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Code of Conducts, Ethics, Laws and Regulations</li> <li>• Operating and Financial Performance</li> <li>• Sustainability Planning and Implementation</li> <li>• Employee Compensation and Employee Care</li> <li>• Employee Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Operating and Financial Performance</li> <li>• Operating Models and Market Development</li> <li>• Code of Conducts, Ethics, Laws and Regulations</li> <li>• Corporate Governance and Information Transparency</li> <li>• Sustainability Planning and Implementation</li> </ul>	<ul style="list-style-type: none"> <li>• Code of Conducts, Ethics, Laws and Regulations</li> <li>• Operating and Financial Performance</li> <li>• Corporate Governance and Information Transparency</li> <li>• Sustainability Planning and Implementation</li> <li>• Risk Control and Management</li> <li>• Operating Models and Market Development</li> </ul>
Communications mechanism	<ul style="list-style-type: none"> <li>• Supervision and review activities of the competent authority</li> <li>• Policy advocacy of the competent authority</li> <li>• MOPS</li> <li>• Company website</li> <li>• Meeting of seminar</li> <li>• Tel</li> <li>• E-MAIL</li> <li>• Written form</li> </ul>	<ul style="list-style-type: none"> <li>• Interview</li> <li>• Tel</li> <li>• E-MAIL</li> <li>• In written form</li> </ul>	<ul style="list-style-type: none"> <li>• Interview</li> <li>• Tel</li> <li>• E-MAIL</li> <li>• In written form</li> </ul>	<ul style="list-style-type: none"> <li>• Company website (including internal websites and EIP)</li> <li>• Tel</li> <li>• E-MAIL</li> <li>• Employee mailbox</li> <li>• Plenary sessions (monthly)</li> </ul>	<ul style="list-style-type: none"> <li>• MOPS</li> <li>• Company website</li> <li>• Tel</li> <li>• E-MAIL</li> <li>• Written form</li> <li>• Corporate briefing/ seminar</li> <li>• Conference</li> <li>• Shareholders' meeting (annual)</li> </ul>	<ul style="list-style-type: none"> <li>• MOPS</li> <li>• Company website</li> <li>• Tel</li> <li>• E-MAIL</li> <li>• Written form</li> <li>• Review of the extension of bank loan</li> </ul>
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	Neighboring community	Public associations	Academic units	Non-governmental organizations
Major issues	<ul style="list-style-type: none"> <li>• Industry Collaboration and Communication</li> <li>• Employee Health and Safety</li> <li>• Operating and Financial Performance</li> <li>• Utilization and Nurturing of Talents</li> <li>• Code of Conducts, Ethics, Laws and Regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Support and Integration of Supply Chain Platform</li> <li>• Industry Collaboration and Communication</li> <li>• Corporate Confidentiality and Privacy</li> <li>• Code of Conducts, Ethics, Laws and Regulations</li> <li>• Corporate Governance and Information Transparency</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Compensation and Employee Care</li> <li>• Code of Conducts, Ethics, Laws and Regulations</li> <li>• Sustainability Planning and Implementation</li> <li>• Employee Health and Safety</li> <li>• Labor Management Relations</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability Planning and Implementation</li> <li>• Code of Conducts, Ethics, Laws and Regulations</li> <li>• Product Trade Compliance</li> <li>• Industry Collaboration and Communication</li> <li>• Support and Integration of Supply Chain Platform</li> <li>• Corporate Confidentiality and Privacy</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability Planning and Implementation</li> <li>• Industry-Academia Cooperation and Social Participation</li> <li>• Agent for a Product Line and Customer Satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Industry-Academia Cooperation and Social Participation</li> </ul>
Communications mechanism	<ul style="list-style-type: none"> <li>• MOPS</li> <li>• Company website</li> <li>• Tel</li> <li>• E-MAIL</li> <li>• Written form</li> <li>• Interview</li> <li>• Seminar</li> </ul>	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Tel</li> <li>• E-MAIL</li> <li>• Written form</li> <li>• Interview</li> <li>• Seminar</li> </ul>	<ul style="list-style-type: none"> <li>• Tel</li> </ul>	<ul style="list-style-type: none"> <li>• Tel</li> <li>• E-MAIL</li> <li>• Written form</li> <li>• Meeting of seminar</li> </ul>	<ul style="list-style-type: none"> <li>• Tel</li> <li>• E-MAIL</li> <li>• Written form</li> <li>• Meeting of seminar</li> </ul>	<ul style="list-style-type: none"> <li>• Tel</li> <li>• E-MAIL</li> </ul>
Frequency of communication	Irregularly	Irregularly	Irregularly	Irregularly	Irregularly	Irregularly
Corresponding sections	CH3 Innovative supply chain management CH4 Talent Development and Transition	CH2 Improvement of Ethical Governance CH3 Innovative supply chain management	CH4 Talent Development and Transition CH5 Implementation of public care	CH2 Improvement of Ethical Governance CH3 Innovative supply chain management	CH2 Improvement of Ethical Governance CH5 Implementation of public care	CH5 Implementation of public care

## 1-1-2 Identification and Management of Major Issues

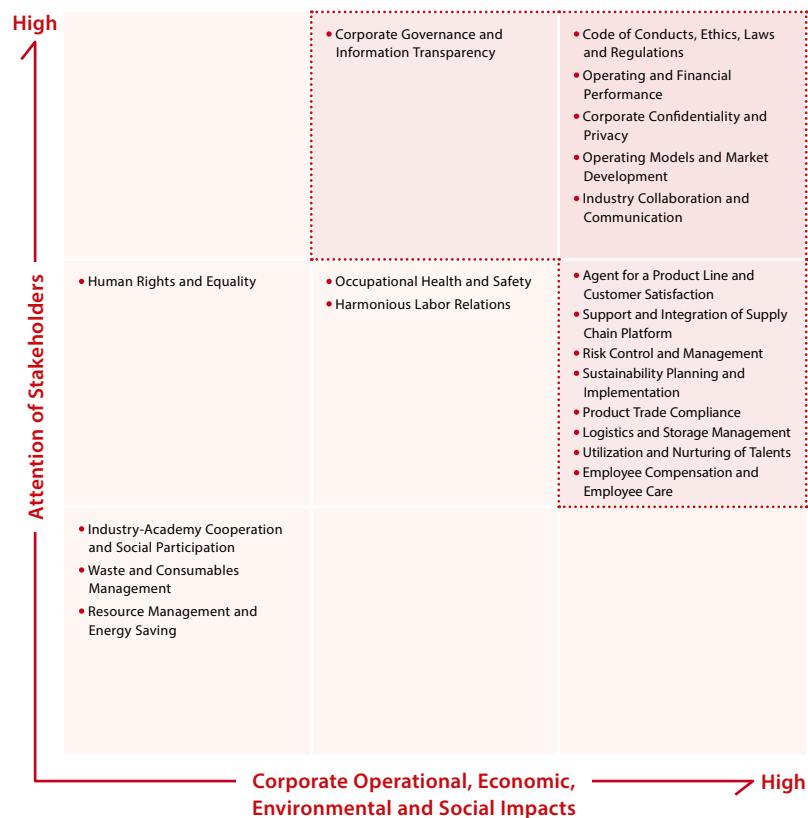
WPG regularly identifies major sustainability issues through systematic analysis, in order to ensure that the disclosure information meets expectations of stakeholders. In 2019, WPG proposed a list of sustainability issues with reference to the analysis of past issues, themes of GRI Standards, international trends, and industrial characteristics, and collected information on the awareness of stakeholders on WPG Holdings' sustainable issues. Meanwhile, the CSR committee invites the Chairman and CEOs of each group to assess the operational impact and major risks. Relevant opinions are integrated, the materiality matrix was completed in 2019, and 14 material aspects were selected based on the "Level of Stakeholders' Concern for the Issue" and the "Level of impact of the issue itself on WPG's operations". The 14 major issues include the Code of Conducts, Ethics, Laws and Regulations; Operating and Financial Performance; Trade Secret and Privacy; Agent for Product Lines and Customer Satisfaction; Support and Integration of Supply Chain Platform; Operating Models and Market Development; Risk Control and Management; Sustainability Planning and Implementation; Industry Collaboration and Communication; Product Trade Compliance; Corporate Governance and Information Transparency; Logistics and Storage Management; Use of Talents and Talent Cultivation; Employee Compensation and Employee Care.



	External factors (Evaluated by external and internal stakeholders)	Internal factors (Evaluated by the chairman and CEOs of various groups)
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 a Product Line 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 a Product Line 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



## ● Materiality Matrix



➦ Based on this matrix, WPG has presented relevant performance and management results for the CSR report in 2019, and set up a strategic goal for planning and implementation of corporate sustainability in 2020.

➡ Utilization and Nurturing of Talents is this year's new major issue in response to WPG Holdings' promotion of "digital transformation". It plans to initially enhance employee capabilities and knowledge on digital transformation, conduct actions related to improving talent cultivation, and achieve internal and external talent, corporate and industrial transformation.

No.	Material Topics	The Impacts 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.
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	Corporate Confidentiality and Privacy	WPG conducts relevant information security management in order to protect corporate confidentiality, transaction security and customer/employee privacy.
4	Agent for a Product Line 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.
5	Support and Integration of Supply Chain Platform	As a distributor, WPG Holdings provides support and integration on technical service for manufacturers and customers, in order to help create greater value for the overall supply chain.
6	Operating Models and Market Development	WPG will digitally adjust its operating model and continue on market development for continuing digital transformation.
7	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.
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	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.
10	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.
11	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.
12	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.
13	Utilization and Nurturing of Talents	Corresponding to the needs of digital transformation and business development, WPG Holdings has set up goals on talent cultivation and development, promoted comprehensive education and training programs, and assisted on employee development.
14	Employee Compensation and Employee Care	WPG provides employees with fair and competitive compensation, and plans on bonuses, welfare benefits and care mechanisms.

● Major aspects and major GRI topics

Material Topics	Major GRI Topics	Corresponding Sections	Items to be Disclosed
Code of Conducts, Ethics, Laws and Regulations	Anti-corruption	2-3-2 Code of Conducts, Ethics, Laws and Regulations	GRI 205-3
	Compliance of environmental protection regulations	5-1 Focusing on Sustainable Low Carbon Services Appendix	GRI 307-1
	Compliance of social and economic	2-3-2 Code of Conducts, Ethics, Laws and Regulations	GRI 419-1
Operating and Financial Performance	Economic performance	2-2-3 Important Annual Operating Indicators	GRI 201-1
Corporate Confidentiality and Privacy	Customer privacy	2-3-2 Code of Conducts, Ethics, Laws and Regulations Appendix	GRI 418-1
Agent for a Product Line and Customer Satisfaction	Marketing and Labeling	3-1 Data Driven Supply Chain Management Appendix	GRI 417-2 GRI 417-3
Product Trade Compliance	Compliance of social and economic regulations	4-3 Strictly Controlled Trade Compliance Appendix	GRI 419-1
Utilization and Nurturing of Talents	Training and Education	4-1 Excellence and Innovation in Talent Development 4-2-2 Appropriate Mechanism for Performance Evaluation	GRI 404-1 GRI 404-3
Employee Compensation and Employee Care	Current market position	4-2-1 Fair Compensation Plan Appendix	GRI 202-1 GRI 202-2
	Employment	4-1-1 Human Resources Structure 4-3-1 Diversified Welfare and Employee Care	GRI 401-1 GRI 401-2 GRI 401-3
	Occupational Safety and Health	4-3-3 Health and Safety in the Working Environment	GRI 403-2
	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	Corresponding Sections
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
Corporate Governance and Information Transparency	2-3-1 Rights and Responsibility of Corporate Governance Organization
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 aspects and boundaries

Boundaries		Value chain						
		WPG Holdings	Shareholder	OEM	Customer	Supplier/contractor/subcontractor	Neighboring community	Non-governmental organizations
Economic	Economic performance	●	●	●	●	●	●	●
	Current market position	●	●					
	Anti-corruption	●	●	●	●	●		
	Sustainability Planning and Implementation	●	●	●	●	●	●	●
	Corporate Governance and Information Transparency	●	●	●	●	●		
	Risk Control and Management	●	●	●	●	●		
	Operating Models and Market Development	●	●	●	●			
	Support and Integration of Supply Chain Platform	●	●	●	●			
	Industrial communications and cooperation	●	●	●	●			
	Logistics and Storage Management	●	●	●	●			
Environment	Compliance of environmental protection regulations	●	●	●	●	●	●	
Social	Training and Education	●	●	●	●			
	Occupational Safety and Health	●	●			●		
	Potential Employee Diversity and Equality	●	●					
	Marketing and Labeling	●	●	●	●			
	Customer privacy	●	●	●	●			
	Compliance of social and economic regulations	●	●	●	●			

## 1-2 Sustainable Development Responsibilities

### 1-2-1 Corporate Sustainability Management Organization

#### • Strengthen the Corporate Social Responsibility Committee and the Committee Structure

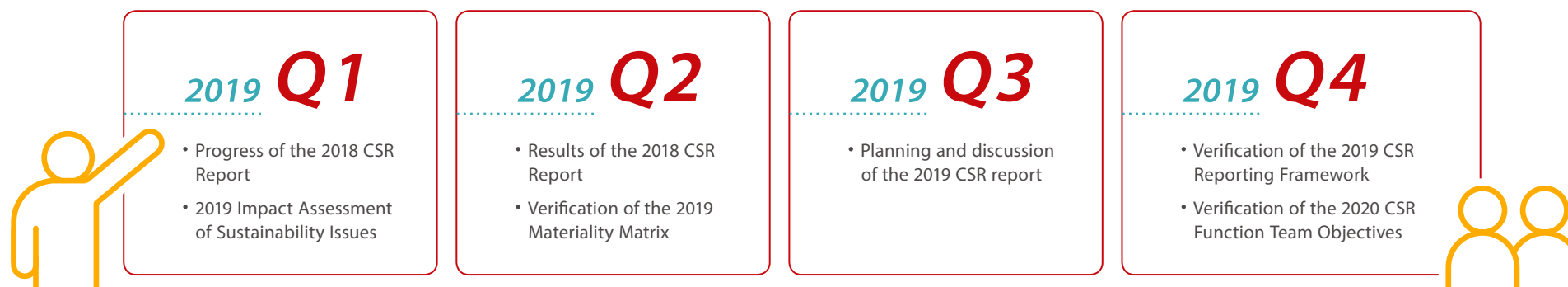
WPG Holdings suggests that: meaningful CSR activities must be based on core competence, internalize within the organizational culture, and continue to improve" and "uses unique resource and expertise to engage in issues related to public interest so as to enhance their contribution in society. Corporate 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 and long term objectives and management agreement of holding regular meetings.

In 2017-2019, 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.



#### • 2019 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.



## ● Strengthen Employee Awareness of CSR

In order to promote the concept of sustainable enterprise, WPG conducted advocacies within the enterprise, attracting the attention of colleagues. The CSR working group will continue to announce relevant activities and information in the CSR Activity Zone, which not only makes good use of internal resources, but also continuously allows activities to be announced, held, and released on the platform.



## 1-2-2 Blueprint and Objectives for Corporate Sustainability

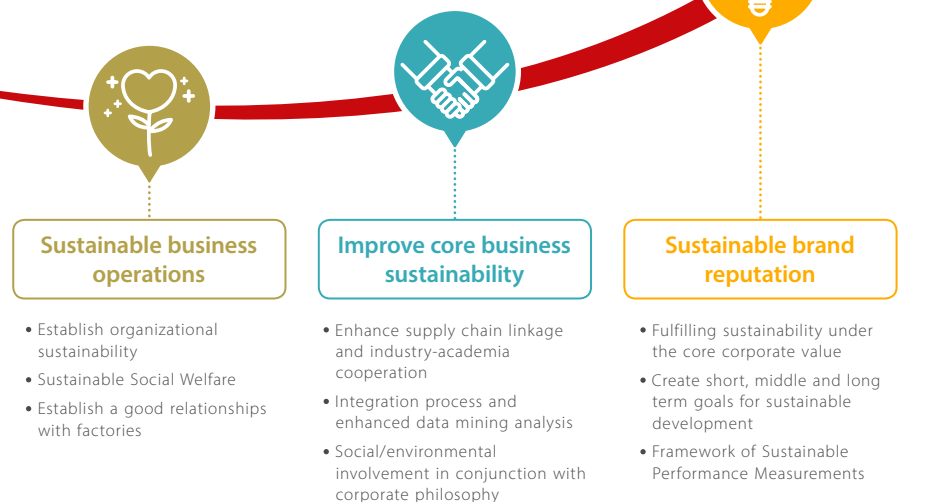
Since 2015, WPG set up a blueprint for corporate sustainable development — The development of corporate social responsibility requires long-term investments, from forming the concept to the actual implementation, in order to create the value of corporate social responsibility in the organization. In 2016, WPG implemented corporate social responsibility by use of its organizational capabilities, and carried out practical plans related to the short, medium and long term blueprint for corporate sustainable development, and gradually develop towards the set goals. Since 2017, we have been more active in planning towards the goal of sustainable development. We not only "state what we are doing" in the CSR report, but also more actively "state what we plan to do", setting the direction, goals and actions for corporate sustainability.

### • 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

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 2020 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 Topics	2019 Implementation Results	2020 CSR Objectives	Medium/long-term objectives
Functional team for sustainable environment	Sustainable management of service suppliers	We have received the "WPG Supplier Code of Conduct Response Statement" from 91 recycling companies, and the "WPG Supplier Code of Conduct Self-Assessment Form" from 85 recycling companies in Taiwan.	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			
	Environmental management	Inventory and statistics of paper, electricity and water consumption and waste management indicators for office buildings and logistics warehouses	Set up the goal of reducing 1% electricity consumption in the workplace	Gradually improve the performance of each indicator to achieve environmental sustainability
Functional team for sustainable workplace	Talent development	Promoting diversified education and training, including the general training program, professional training program and management program	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		
	Protection of human rights	Adopted the "WPG Holdings Human Rights Policies"	Education and training on human rights	
	Employee communication		Formulated the "Regulations Governing Employee Communication and Complaints Mechanism"	

# 2

## Attending to Ethical Governance

- 2-1 Company History and Development Milestones
- 2-2 Business Vision of Shared Interest
- 2-3 Corporate Governance







## Code of Conducts, Ethics, Laws and Regulations

### Anti-corruption/Compliance of environmental protection regulations/Compliance of social and economic regulations

#### Commitment

- WPG promotes the core value of "Teamwork, Integrity, Professionalism and Effectiveness" while adhering to the basis of ethical management.

#### Policy / Management System

- Adopted the "Corporate Codes of Ethical Conduct", "Ethical Corporate Management Best Practice Principles", and "Procedure for the Management and Prevention of Insider Trading", which are disclosed on WPG Holdings' official website to protect investors and corporate interests.
- Provide information on the prevention of insider trading and anti-corruption at new employee training courses, while the sub-group conducts anti-corruption advocacies on an irregular basis for case reviews.
- Share anti-corruption and control experiences and improve the internal control management mechanism in risk management project meetings.

#### Complaints Mechanism

- Complaints email address [wpghac@wpgholdings.com](mailto: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

## Operating and Financial Performance

### Economic performance

#### 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.

#### 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.
- Since its establishment, WPG has established Chinese and English versions of the official website to provide relevant financial information, 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.

#### 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.



## 16 PEACE, JUSTICE AND STRONG INSTITUTIONS



### Risk Control and Management

#### Commitment

- 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

- Regular tracking and reporting of latest risk assessment results, in order to ensure WPG's level of risk management
- Conduct projects 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 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.

### Corporate Confidentiality and Privacy

#### Customer Privacy

#### Commitment

- WPG has implemented operations in accordance with the Personal Information Protection Act

#### Policy / Management System

- Adopted the "Guidelines on Management Procedures for the Protection of Personal Data" and "Rules for the Protection of Personal Data", and disclosed the "Protection of Personal Data and Privacy Statement" on the official website to ensure privacy of WPG and its customers.
- Adopted the "Regulations on Information Security Management of WPG Holdings" due to improvement needs on internal control processes such as "The Authorization of User's System" and to ensure information security of WPG and its customers.

### Corporate Governance and Information Transparency

#### Commitment

- WPG has established and implemented the comprehensive structure for corporate governance, improve transparency in information disclosure, and actively communicate with stakeholders.

#### 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.
- Based on responsibilities and professional specializations, the logistics management units review recent regulatory compliance at any time in order to establish internal management policies.

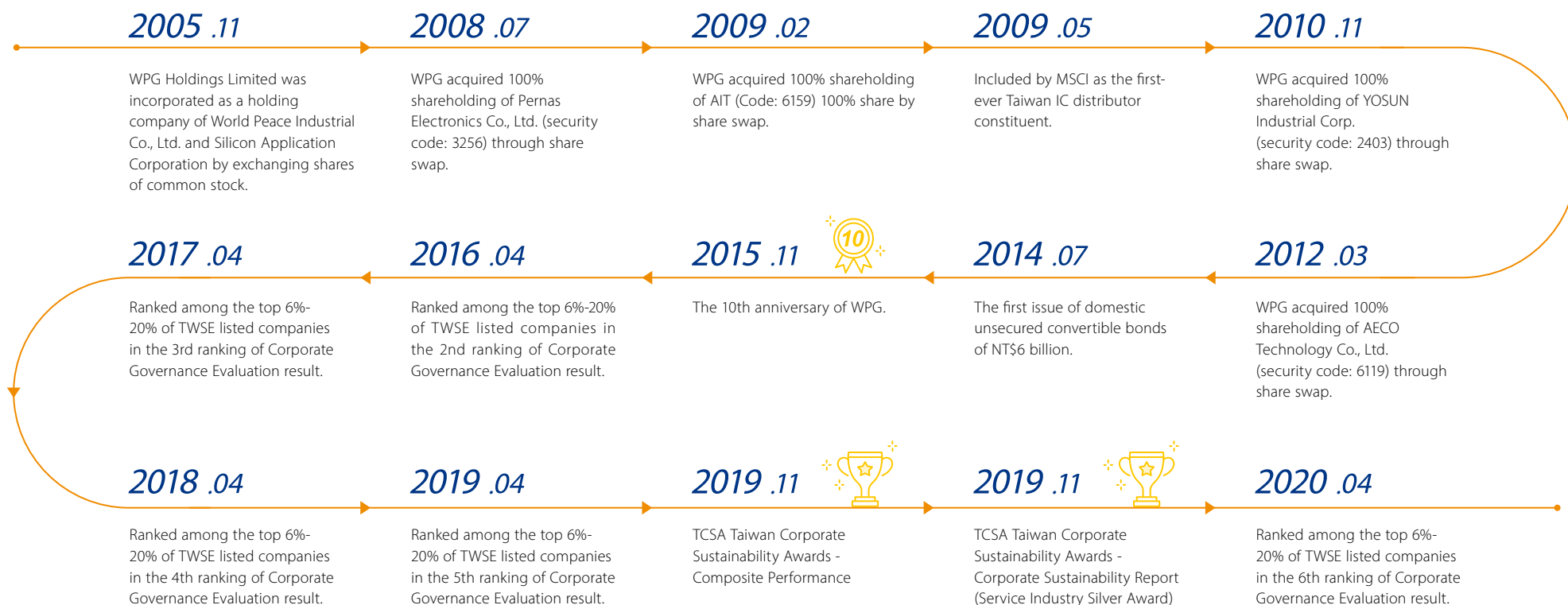
#### Assessment Mechanism

- 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 of public disclosure to comply with corporate governance, social or environmental protection regulations.

#### Assessment Mechanism

- The audit unit conducts annual audits to ensure the effectiveness of implementations according to its management mechanism.

## 2-1 Company History and Development Milestones



### 2019 Awards



#### Business Council for Sustainable Development of Taiwan

TCSA Taiwan Corporate Sustainability Awards - Service Industry Silver Award and Composite Performance



#### Electronics Supply and Manufacturing China (ESMC)

Received the 2019 Award of Excellence for Electronic Component Distributors: Top 10 International Brand Distributor



#### Electronics Supply and Manufacturing China (ESMC)

Received the 2019 Award of Excellence for Electronic Component Distributors: Top 5 Technical Support Distributor

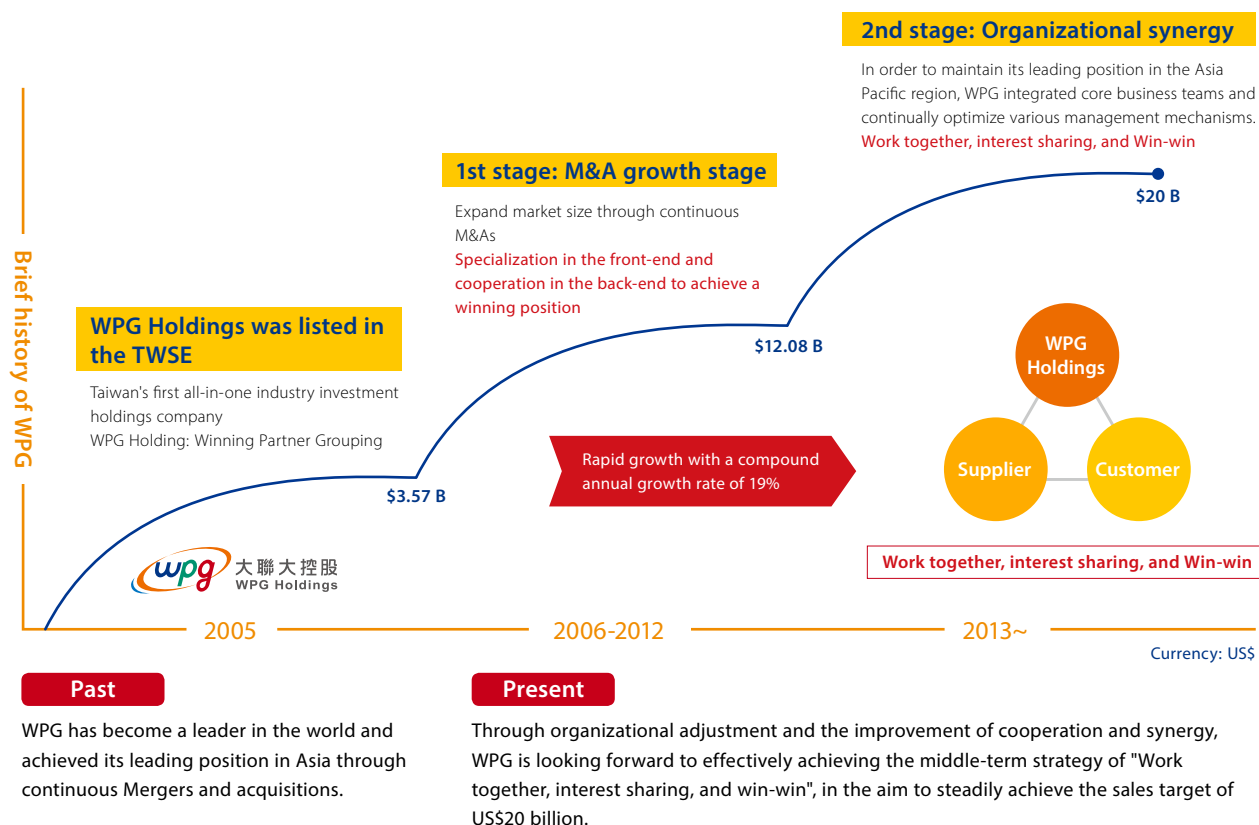
\*WPG's 2019 award information of suppliers, customers, the media, and others can be seen from the official website: [http://www.wpgholdings.com/about/award\\_zhtw](http://www.wpgholdings.com/about/award_zhtw)

## 2-2 Business Vision of Shared Interests

### 2-2-1 Business Philosophy, Vision and Objectives

WPG Holdings is the world's second largest distributor and of semi-conductor components, and has achieved its leading position in the Asia-Pacific Region, with headquarters in Taipei, Taiwan (TSE:3702). WPG operates through four leading semiconductor components distributors (WPlg, SACg, AlTg, and YOSUNg) serving as a franchise partner for about 250 worldwide suppliers. With 5,000 staff in about 104 sales offices around the world, WPG achieved NT\$527.6 billion in 2019 revenue.

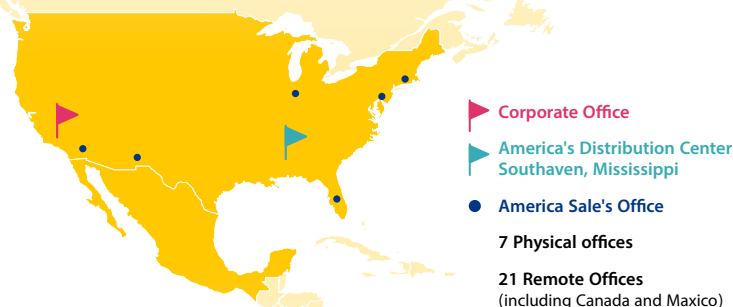
WPG has established the industrial investment holding platform, focusing on international operating scale and flexible localization to deeply penetrate the Asia-Pacific market. By comprehensively promoting the core value of "Teamwork, professionalism and effectiveness" with the vision of "the First Choice of Industry · the Benchmark of Distribution," we have been awarded the "Global Distributor Award for Outstanding Performance" for 19 consecutive years. In the face of new manufacturing trends, WPG aims to become a data-driven enterprise. It has set up an online platform WPG DADAWANT, and advocated Logistics-as-a-Service (LaaS) to help customers in facing the challenges on smart manufacturing. WPG expected to build trust with technologies and build a co-opetition eco-system together with the industry through "alliances". Moreover, we proactively promote the digital transformation based on the principle of "customer orientation, technology empowerment, collaborative ecosystem and era co-creation".



● Operating locations

## WPG Holdings North American Sales Coverage

USA, Canada, Mexico



## 2-2-2 Operating Strategy and Business Planning

In face of the shift in supply chain led by US-China trade war, WPG actively promotes full cooperation of online platforms and offline teams on supply chain transfer planning of manufacturers and customers, and seek suitable new production line agents according to various needs in different regions.

In response to changes in the upstream and downstream companies within the industry, we continue to promote and implement the digital transformation based on the principle of "customer orientation, technology empowerment, collaborative ecosystem and era co-creation", and proactively promote WPG DADAWANT and LaaS to target manufacturers and customers from different perspectives. We also collect customer feedback, designing and planning related projects-based customer needs, in the hope to be recognized by upstream suppliers and downstream customers as the most outstanding supply chain service partner.

## WPG Holdings APAC Sales Channel

IED 43 & Non-IED 33 offices

\*IED = Industry Electronic Division

\*Non-IED Sales office refer to WPG C & C China, Genuine C&C(South Asia)

### IED 43 Offices

**Taiwan** 5

Taipei / Taoyuan / Hsinchu / TaiZhong / Kaohsiung

**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

### Non-IED 33 Offices

**China** 10

**South Asia** 23

● Sales locations

● Design center

● Distribution Center

Shanghai / Taiwan / Shenzhen / Hong Kong / Singapore

### Customer: Process Intelligence



Based on WPG's customer types, the customers often need to manage thousands of items and delivery dates. Therefore, 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.

### Supplier: 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.

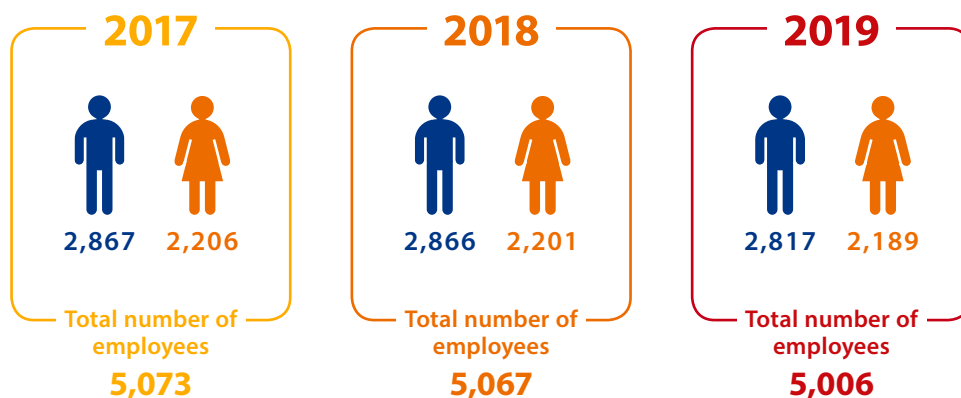


## 2-2-3 Important Annual Operating Indicators

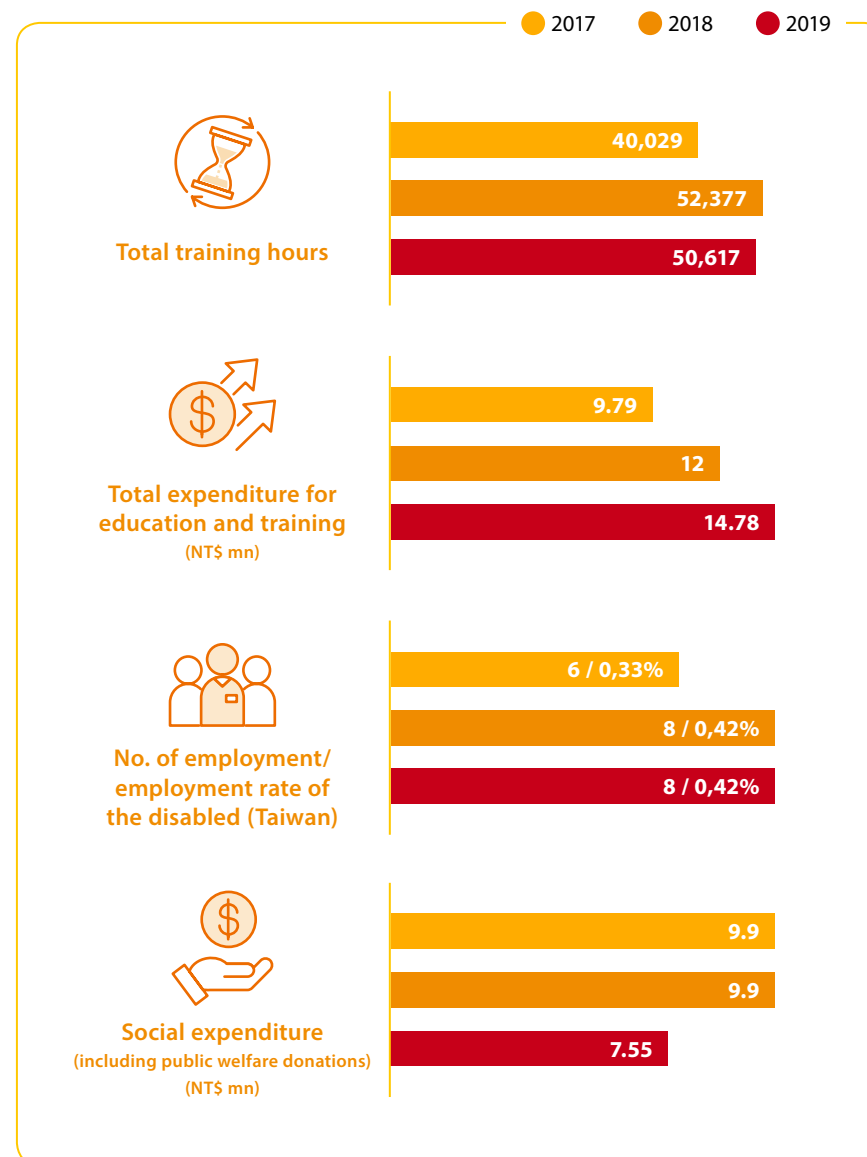
\*Units: NT\$ thousand

Economic	2017	2018	2019
Operating revenue	532,509,958	545,127,804	<b>527,601,353</b>
Operating cost	-510,358,864	-521,497,383	<b>-505,173,257</b>
Operating gross profit	22,151,094	23,630,421	<b>22,428,096</b>
Operating expense	-12,197,896	-13,053,883	<b>-12,715,532</b>
Income tax expense	-1,513,686	-1,686,163	<b>-1,681,643</b>
Net profit	7,307,987	7,462,010	<b>6,453,40</b>
Cash dividend	4,380,148	4,533,453	Common stock : <b>4,029,736</b> Preferred stock A : <b>115,068</b>

## • Status of labor in human resource



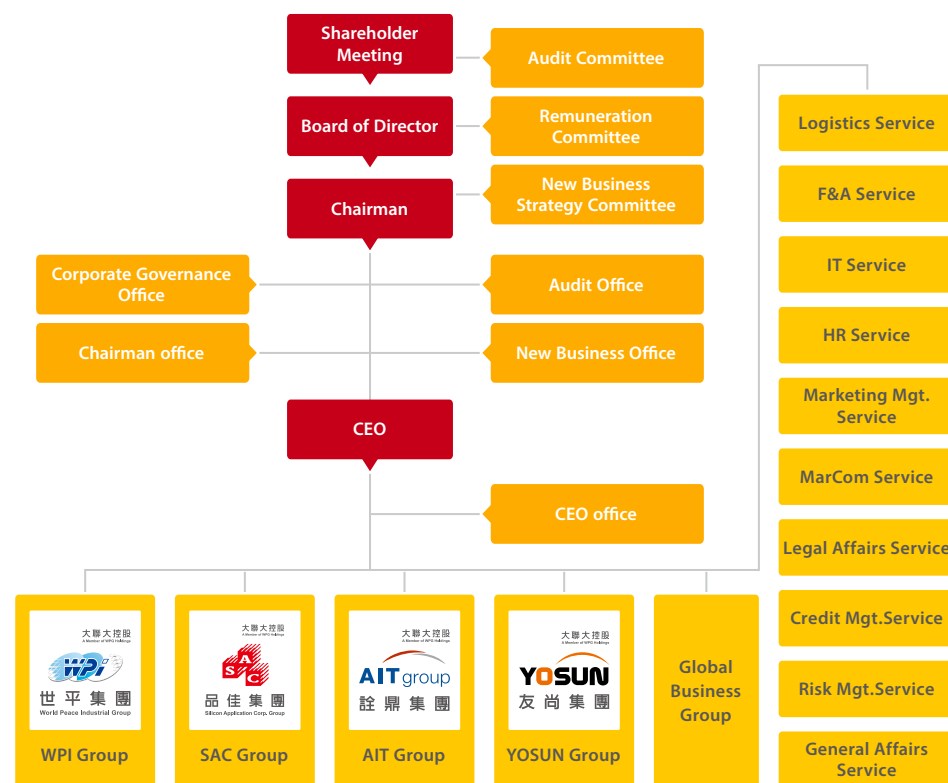
## • Social performance



## 2-3 Corporate Governance

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.

### • WPG's Organization Chart



### • Corporate Functions of WPG

<b>Auditing Office</b>	Responsible for conducting audits for the effectiveness of internal regulations and institutional implementation for WPG holdings. Also make improvement recommendations based on the results.
<b>New Business Office</b>	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.
<b>Logistics Service</b>	Responsible for the managing of WPG Holdings logistics operations and expanding external operational services.
<b>F&amp;A Service and Spokesperson</b>	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.
<b>IT Service</b>	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.
<b>HR Service</b>	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.
<b>Marketing Mgt. Service</b>	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.
<b>MarCom Service</b>	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.
<b>Legal Affairs Service</b>	Responsible for the WPG Holdings legal affairs. Also bear the responsibility of management control, policy guidance, and supervision of each group's corresponding functions.
<b>Credit Mgt. Service</b>	Responsible for the WPG credit management services. Also bear the responsibility of management control, policy guidance and, supervision of each group's corresponding functions.
<b>Risk Mgt. Service</b>	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.
<b>General Affairs Service</b>	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 age greater than 50. Former Attorney Chairman 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 board of directors convened 10 meetings in 2019, with the proportion of attendance of 94.55% (excluding attendance by proxy), and directors’ interests were avoided in accordance with relevant regulations. Please refer to WPG’s Annual Report for detailed information.

### ● Major Issues of the Board of Directors in 2019

- 1 Approved the donation of WPG Holdings Education Foundation
- 2 Approved the 2019 annual shareholders’ meeting
- 3 Approved the 2019 business report and financial statements
- 4 Approved the 2019 earnings distribution
- 5 Approved the compensation for employees and directors in 2019
- 6 Approved the amendments to the “Labor and Wage Cycle” and “Property, Plant, Equipment and Intangible Assets Cycle” of the Company’s internal control system
- 7 Approved the amendment of the Company’s Articles of Incorporation
- 8 Approved the amendment of the Company’s Procedures for the Loaning of Funds to Others
- 9 Approved the amendment of the Company’s Procedures for the Acquisition and Disposal of Assets
- 10 Approved the amendment of the Company’s Regulations Governing Procedure for Board of Directors Meetings
- 11 Approved the issuance of preferred stock A by cash capital increase
- 12 Approved the acquisition of common shares of WT Microelectronics Co., Ltd.

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 Results

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
6th edition 2019	Ranked between 6% to 20% amongst 901 listed companies in the Corporate Governance Review

### ● Performance evaluation 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. Since 2007, the company has designed a opinion survey questionnaire for board members before the external board meeting. With reference to board evaluation institutions in foreign countries (UK, USA, Canada) and the content of questionnaires of external board meetings in previous years, the Secretary Office of the board of directors (now referred to as the Corporate Governance Office) reported a new questionnaire to the board of directors on June 29, 2010, in the hope to broadly understand the opinions of board members on evaluating the overall board performance and performance of individual board members. The questionnaire survey results are reported to the board members at the external board of directors meeting every year.

The above questionnaire has been applied in surveys until the "Procedures for the Performance Evaluation of the Board of Directors" was formulated in the board of directors meeting in December 2015, which stipulated that the internal performance evaluation shall be performed at least once a year. In October 2019, the amendment of the Procedures added that the evaluation shall performed by an independent professional agency or external expert or scholar team at least once every three years.

### Internal performance evaluation of the board of directors

The evaluation is performed after the end of each fiscal year, focusing on the overall board performance evaluation. The board members should individually fill in the self-evaluation form on internal performance and their individual performance at the board. The 2019 performance evaluation of the board of directors and the committees was submitted to the board on February 4, 2020.

#### Perspectives of board performance evaluation

✓ Participation in company operations	✓ Board composition and capabilities
✓ Corporate internal controls and risk management	✓ Decision quality and execution of the board of directors
✓ Maintenance of external and internal relationships	

### External performance evaluation of the board of directors

In 2019, WPG commissioned the external organization "Taiwan Corporate Governance Association" in performing the evaluation of board effectiveness through questionnaire surveys and on-site inspections. The independent association and experts are have reported the evaluation results to the board of directors on December 24, 2019, which are then disclosed on the WPG official website.

#### Perspectives of board performance assessments

✓ Board composition	✓ Board communication
✓ Board guidance	✓ Internal controls and risk management
✓ Board authorization	✓ Self-regulation of the Board
✓ Board supervision	✓ Other (Board of Directors' Meeting, support systems)

#### General evaluation

- The Chairman has set good examples in building mutual trust among board members, and valuing diversification. The board gradually builds up higher-order thinking skills at different stages of company development, giving trust and respect for the independent directors and functional committees, which thereby establishes a sound board culture.
- The board of directors and functional committees set work goals and implementation plans for each term, and report on the work progress and implementation at meeting of the board of directors and functional committees on a regular basis, with sufficient time provided for each meeting.
- The performance evaluation of the board of directors and functional committees emphasizes that goal setting is required. After the board of directors approved the annual goal setting, each member is required to explain the goals and achievements at the beginning of the period in the annual outing meeting, and dedicate efforts on improvements under pragmatic approaches.
- The Chairman strongly supports the internal audit function, and the audit framework covers the overall framework of the holding company. In terms of internal audit function, the Chairman and board of directors fully respect the supervision of internal audit by the audit committee. The audit committee values audit findings and reports and will not interfere with the audit contents, giving support to follow-up and improvement actions on internal audit. Despite heavy internal audit work, the professionalism and confidence of auditors have brought into full play by authorization of the board of directors and the audit committee.
- We attach great importance to the functions of the board secretary or corporate governance personnel. WPG Holdings and its subsidiaries own board secretaries, while WPG Holdings' board secretary shares its experience to the board secretaries of subsidiaries. The board secretary has effectively given full play to the function of assisting independent directors and the board of directors in promoting corporate governance.

#### Assessment opinion and response

Recommendation	Response
For keeping in line with the status of internal and external stakeholders to adjust or formulate strategic objectives, we recommend the Investor Relations (IR) manager to submit an IR report to the board of directors on a regular basis to help directors to keep track of WPG's internal and external conditions.	The IR report has been included in the financial report of WPG's board of directors, in order to help directors to track relevant information.
The whistleblower mechanism encourages employees to report to the audit committee, top level management, internal auditor, or other appropriate personnel for any unethical behavior or similar suspicions, and an audit committee mailbox is managed by committee members under rotation. We recommended that the audit committee may consider on reporting the operation of the whistleblower mechanism to the board of directors on a regular basis.	According to statistics of the audit committee, since the audit committee mailbox has been set up in 2010, WPG has not received any relevant complaints. The operating status has been reported to the board of directors in April 2020.



Recommendation	Response
Currently, performance evaluation of the board of directors and functional committee has been implemented by setting goals. We recommend to further conduct performance evaluation of individual directors as reference for the board in performing its duties.	WPG has amended the Procedures for Performance Evaluation of the Board of Directors in 2019, and added the self-assessment of individual directors, stipulating that directors shall individually fill out the evaluation form to evaluate their individual performance at the board.
The Employee Code of Ethical Conduct has been established at the beginning of 2018. The code of conduct has been signed by all department managers in December 2018, and is expected to be signed by all employees by the end of 2019. In order for continuous implementation of the Code, we recommend WPG to conduct employee self-evaluation on a regular basis, and require employees to sign after completed evaluation to enhance the awareness of employees.	Currently, colleagues are required to sign the Code of Conduct in 2020, and the Company will continue to promote or advocate the education and training of integrity management.

### ● Audit Committee

The audit committee was established in July 2008, and the audit committee this term (5th term) is composed of three independent directors, with independent director Rong-Ruey Duh as the convener of the committee meeting. 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.

WPG Holdings has formulated the "Handling of stakeholders' opinions and complaints by the Audit Committee" in July 2010, and has set up the Audit Committee mailbox: wpgnac@wpgholdings.com. Independent directors take turns to deal with complaints or suggestions of all internal and external stakeholders, while the whistleblower protection mechanism is set up under clear handling procedures. Relevant information is also disclosed on the company's official website, and can be downloaded from the official website. The audit committee is convened no less than once a quarter, and has convened 10 meetings in 2019, with the proportion of attendance of 96.67% (excluding attendance by proxy).

### ● Remuneration Committee

The remuneration committee was established in July 2008, and the audit committee this term (5th term) is composed of three independent directors, with independent director Yung-Hong Yu as the convener of the committee meeting. The purpose of the remuneration 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. The remuneration committee is convened no less than two times a year, and has convened 5 meetings in 2019, with the proportion of attendance of 100% (excluding attendance by proxy).

### ● New Business Strategy Committee

The new business strategy committee is set up in Oct, 2013, and the committee this term (5th term) is composed of four directors and one independent director, with director Simon Huang as the convener of the 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 new business strategy committee is convened no less than four times a year, and has convened 4 meetings in 2019, with the proportion of attendance of 100% (excluding attendance by proxy).

### ● Corporate Governance Officer

The company's General Counsel is currently appointed as the head of corporate governance in accordance with government and legal requirements since May 1, 2019, and the "Board of Directors' Secretary's Office" has been renamed as "Corporate Governance Office", in order to enhance performances related to corporate governance.

The corporate governance manager is main responsible for handling matters relating to board meetings and shareholders meetings according to laws, producing minutes of board meetings and shareholders meetings, furnishing information required for business execution by directors and supervisors, and assisting directors and supervisors with legal compliance.

#### The managers' four main responsibilities based on WPG's actual operational needs are as follows

- 1

Assisting the operation of the board of directors meeting of WPG Holdings in accordance with law
- 2

Assisting the operation of various committees according to laws and purposes
- 3

Maintaining WPG's shareholding for the investment in subsidiaries
- 4

Assisting the board of directors in enhancing and implementing corporate governance

## 2-3-2 Code of Conducts, Ethics, Laws and Regulations

### • 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 2019, with attendance rate of 100%, which discuss matters relative to ethical management, and promoting workplace ethics.

### • Legal compliance 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 or advocacies in the education and training for new employees or monthly meetings, 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 was a total of 17 trainings for new employees for WPG Holdings in 2019, which is participated by 22 employees.

### • Establishing the management system of 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 confidentiality (including corporate confidentiality) in 2018, and controlled and classified information by identifying potential risks in daily businesses. This has improved employees' knowledge on confidentiality (including 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, continued on internal data inventory, classification and discussion in 2019 in order to promote the implementation of the system, and is expected to complete and fully launch the management system construction in 2020.

#### Management and audit measures for information security and trade secret:

- ▶ The announcement in September 2019 stipulates that all systems shall change passwords within 90 days in accordance with security standards.
- ▶ Automatic "Invalidation/Deletion" of employee account for the main system (e.g. ERP, BI, WMS) upon resignation date.
- ▶ Check every six months whether the account passwords of all employees have been changed.

### • Strengthen business risk and legal knowledge

After the courses "Sales Staff Self-Development Part I, Sales Staff Self-Development Part II, and Sales Staff Self-Development Part III" in 2015, 2016, and 2017, WPG also held the "Sales Staff Self-Development Part IV" course in 2019. We not only review issues in Sales Staff Self-Development Part I to analyze completeness of transaction documents and reconciliation issues when the sales unit handles recovery of blanket orders, but also conduct advanced discussions on the guaranteed effectiveness of guaranteed issues in Sales Staff Self-Development Part III to ensure that WPG is not affected by adverse risks or losses. In 2019, WPG Holdings conducted 18 training courses in the first and second tier service locations in China, with a total of 625 participants.

### • Advocate on legal knowledge

To strengthen the legal knowledge necessary for business execution in the work of each unit, and protect the rights of WPG, the legal affairs services organize activities for advocating legal knowledge and intellectual property general courses for knowledge sharing at monthly meetings of WPG Holdings, AIT Group and YOSUN Group. The activities and courses include issues such as image, software, trademark and patent infringement. In 2019, WPG Holdings has conducted 18 legal advocacies together with AIT Group and Yosun Group, with a total of 1188 participants.

### • 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. The Legal Affairs Service initially conducted case investigation and research in 2018, established a collateral review procedure and system, and completed a control application form. In 2019, the company has continued to focus on supporting risk analysis and early warning, such as collateral review procedures and systems, and has completed and launched the collateral platform for reviewing collateral information, while preparing management statements by the use of BI function to link the amount of accounts receivable, debit amount and collateral status. Meanwhile, the Legal Services Department shall continue to verify the authenticity and validity of the collateral documents in 2019 to implement collateral guarantee for the accounts receivable, and establish corresponding management and control mechanisms.

Under the comprehensive legal compliance mechanism and legal advocacies, WPG have no violation of major economic, environmental and social matters in 2019.

### 2-3-3 Sophisticated Risk Management Mechanism

Integrated risk management is the goal of WPG Holdings. The risk management processes included systematical risk identification, risk assessment, risk response and monitoring in order to reach the goal of the enterprise risk management. We will progressively conduct business under the risk appetite level, improve the quality and quantity of incomes, optimize resource allocation and ensure that the culture of risk management will be established and maintained in the organization.

The risk management service unit was setup in 2017, WPG ensured that the appropriate awareness of risk and culture will be established and maintained in the organization through monitoring the risks by each management level. WPG held trainings of risk management for all employees, including fire drill, crisis response and personnel safety status response (call-tree mechanism) which performed for major offices and each area logistics warehouses of WPG.

In order to enhance and strengthen the security of the overall international trade supply chain, and comply with the World Customs Organization (WCO) developed by the international specifications of SAFE Framework of Standards to Secure and Facilitate Global Trade, WPG Holdings assisted the Authorized Economic Operator (AEO) Management Team of WPI Group to submit an application for AEO certificates to Keelung Customs of the Customs Administration, Ministry of Finance in April 2019. In October 2019, the application was approved by the joint review meeting of regional customs and received the AEO certification, and in November 2019, Keelung Customs Officer Shu-Chen Su held the certification ceremony at WPI's head quarter office in Nangang, Taipei.

#### ● WPI obtained the Authorized Economic Operator (AEO) certificate in October 2019



In 2019, WPG continued to keep track on the three major risk management projects, including "establishing a quantitative mechanism for risk assessment", "establishing pre-alert mechanism", and "Integrating credit management into the WPG risk management system".

2019 is the first year to start the risk management for the future Outsourced Smart Distribution Center. On the first half year of 2019, WPG Holdings' risk management service unit completed risk identification and evaluation for Outsourced Smart Distribution Center in cooperation with cross functional teams. On the second half year of 2019, the risk evaluation has been completed. The risk response plan and the regular monitoring will be developed in 2020.

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

WPG Holdings has set up the key risk indicator (KRI) for the corporate risk management system in 2017. Since 2018, WPG conducted relevant operations of the KRI mechanism, set up key risk indicators, and identified responsive measures for risk thresholds. Managers can determine internal risk indicators by setting up KRI, and establish a pre-alert system to predict key risks and underlying causes within the organization. In addition, WPG developed the management mechanism with "red and yellow lights" to represent risk thresholds and responsive measures. The Risk Mgt. Unit is responsible for tracking KRI indicators on a quarterly basis to focus whether any risk items require special attentions, and regularly report to the high level of WPG risk management team.

#### ● Establishing pre-alert and notification mechanism (analysis of abnormal transaction and pre-alert project)

WPG discovers abnormal transactions and orders in the group through big data statistical analysis, in order to find out the reason for abnormal transactions. Since June 2018, WPG conducted education and training for front-end risk management teams, to advocate the importance and timeliness of risk warning, and simultaneously introduced the risk warning mechanism. After that, the risk management team of WPG subsidiaries investigate the reasons for suspected abnormal transactions which were automatically generated by the system monthly and report the reasons. WPG's Risk Mgt. Service unit will collect and upload the root causes and regularly reported to top management.

● Integrating credit management into the risk management system

In August 2018, WPG's Risk Mgt. Service unit was assigned by the Audit Committee to be responsible for conducting education and training for the credit management unit, and implemented the business operations for risk management through risk identification, risk assessment, risk response and monitoring. In 2019, , WPG listed a number of potential risk items that the credit management unit may be encountered in the future, and continued on risk response and tracking of the three key risks of credit management, including "customer bankruptcy", "employee infidelity" and "customer management risk".

● The year of outsourced smart distribution center risk management

In the near future, WPG Holdings will appoint a third party to manage smart warehousing, and attaches great importance to the risk factors that the Company may face in the future. Accordingly, WPG has conducted risk identification of outsourced smart distribution center since 2019. The initial identification showed that it faces 13 main risks. After the risk assessment of each functional unit, the risks are classified into 6 key risk items, and relevant response plans were carried out. The Risk Management Service Unit shall be responsible for tracking the implementation of response plans for key risks on a regular basis.

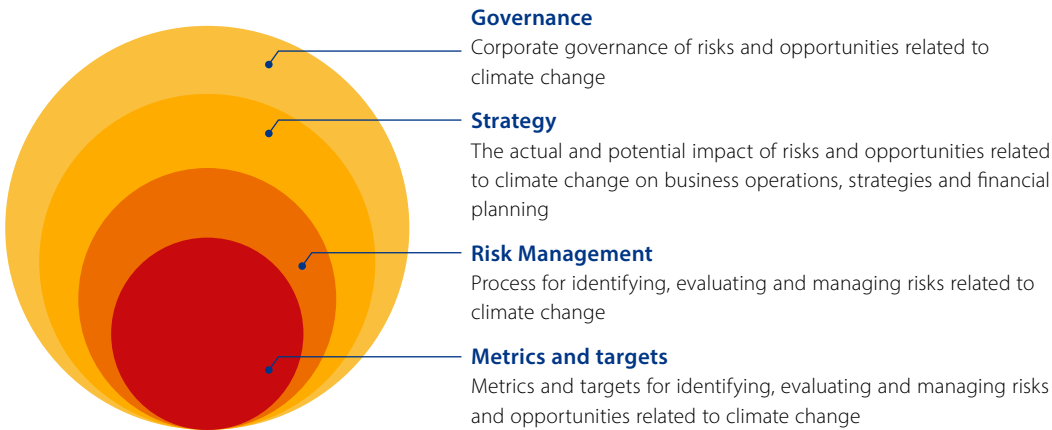
● Climate risk management

As a global corporate citizen, WPG Holdings supports and responds to the Paris Agreement, dedicating efforts on reducing greenhouse gas emissions with the vision for low-carbon sustainability. Since 2020, WPG's planning and management will be based on the four core elements — governance, strategy, risk management, and metrics and targets for climate change related issues announced by Take Force on Climate-Related Financial Disclosures (TCFD) of the Financial Stability Board (FSB).

WPG Holdings has commenced governance on risks and opportunities related to climate change in the second quarter of 2020, which covers a series of risk management mechanisms, such as risk identification, assessment, response, and monitoring of climate change. The Risk Management Service will request WPG Holdings' related departments in identifying the respective operating risks and opportunities brought about by climate change. In 2020, we will further evaluate climate change risks and opportunities that require the attention by various departments based on the possibility and impact of risks, with relevant response measures for key projects, followed by regular monitoring and control by the Risk Management Service Department.



● The core elements of the disclosure of climate change related issues





## 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 control self-assessment advocacy

WPG Holdings pass on the definition and connection of risk and internal control to Group management and members by conducting internal control self-assessment advocacies on a regular basis, enhance the effectiveness and value of internal control in organizational management by cases of risk and internal control, which thereby help strengthen the implementation of corporate governance.

In 2019, the internal control self-assessment advocacy was divided into two classes based on management requirements and employee participation in the past: 1. Senior management and employees with high participation in the past, linking internal control with risk cognition and management and bring about the function of top-down guidance via case sharing and interactive discussion with participants. 2. General management and employees, which design internal control with the workshop group after explaining the internal control structure and basic spirit, in order to strengthen cognitive work control. A total of 10 sessions were held in Taiwan and China, with 161 and 63 participants, respectively. The self-assessment advocacy achieved overall satisfaction of 86 points, of which "Preparation of Clear and Sufficient Meeting Materials" under risk and internal control concepts obtained the highest score. Through the self-assessment advocacy, we hope that managers and employees will have better risk and internal control management concepts for implementing internal control self-assessment, as well as continuous improvement in operational efficiency.

### ● Internal audit procedures

1

#### Risk considerations and settings

Identify possible risks of each business according to inherent risks

2

#### Identify standard operations

Laws, internal control, rules and regulations, authorities, etc.

3

#### Understand actual practices

Actual operating procedure, systems operation, usage of forms

4

#### Process and System Analysis

- System process design and the effect analysis of risk control
- Inability of systems management and manual confirmation

5

#### Set up a review process

Set key audit matters and its implementation based on risk control

# 3

## Strengthening Supply Chain Management

- 3-1 Data Driven Supply Chain Management
- 3-2 Industrial Expertise Sharing
- 3-3 Trade Compliance
- 3-4 Cooperation with Partners

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- BUSINESS  
- NETWORKING  
- SOCIAL NETWORK  
- TECHNOLOGY  
- MEDIA  
- CREATIVE  
- FINANCE  
- INVESTMENT  
- CULTURE  
- ECONOMY

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## Support and Integration of Supply Chain Platform

### Operating Models and Market Development

### Industry Collaboration and Communication

#### 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.

#### Policy / Management System

- Promote the WPG DADAWANT 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.

#### 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.

## Agent for a Product Line and Customer Satisfaction

#### Commitment

- WPG upholds a customer-oriented attitude, and assists customers in solving problems related to supply chain management.

#### Policy / Management System

- Relevant units will immediately respond to the demands of the customer or OEM after receiving customer's opinions.

#### Complaints 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

- 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.

## Product Trade Compliance

### Compliance of social and economic regulations

### 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.
- Ensure product export compliance through system automation

### 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 WPG DADAWANT - a Supply Chain Transparency Platform

The mature development of Internet technology has gradually influenced various industries, and the increasingly blurred borders of competition have led to unpredictable future competition. We prepare countermeasures, and actively seek a breakthrough from the current situation in order for sustainability and further optimization of operating income.

WPG Holdings is the world's second largest distributor and of semi-conductor components, and achieved its leading position in the Asia-Pacific Region, serving over 15,000 high-tech customers. In the face of new manufacturing trends, WPG aims to become a data-driven enterprise. It has set up an online platform WPG DADAWANT, and advocated Logistics-as-a-Service (LaaS) to help customers in facing the challenges on smart manufacturing. WPG expected to build trust with technologies and build a co-opetition eco-system together with the industry through "alliances". Moreover, we proactively promote the digital transformation based on the principle of "customer orientation, technology empowerment, collaborative ecosystem and era co-creation".

#### • Empower Technology; WPG DADAWANT Corresponds to Various Needs of Customers

WPG DADAWANT covers 5 sub-platforms, including WPG DADAJIA, WPG DADABANG, WPG DADATONG, WPG DADAGO, and WPG DADAPIN for various needs of different customer groups.



"WPG DADAJIA" is a key platform for serving large customers, which integrates group resources via RPA (Robotic Process Automation), and provides services such as system connection, data cleansing and chain up services, in order for large enterprises to efficiently conduct complex operational processes.



"WPG DADABANG" provides precise and personalized ordering services for various needs of SMEs. SMEs can place orders and confirm the delivery dates directly on the WPG DADABANG platform. Meanwhile, WPG DADAGO was introduced to attract potential customers and quickly provides small orders to meet flexible needs.



"WPG DADATONG" is a knowledge sharing platform that connects corporate customers, manufacturers, third-party partners and WPG's R&D team. WPG has currently more than 700 FAE (Field Application Engineers) who provide technical support services, in the hope that engineers of the manufacturers and third-party partners will also interactively solve the technical questions of corporate customers on the platform, in order to accelerate the mass provision of product services.



"WPG DADAPIN" is a platform that can provide personalized product information and market information for customers, which include information such as smart cities, IoT, wearable devices, smart healthcare, smart homes, and power supplies.

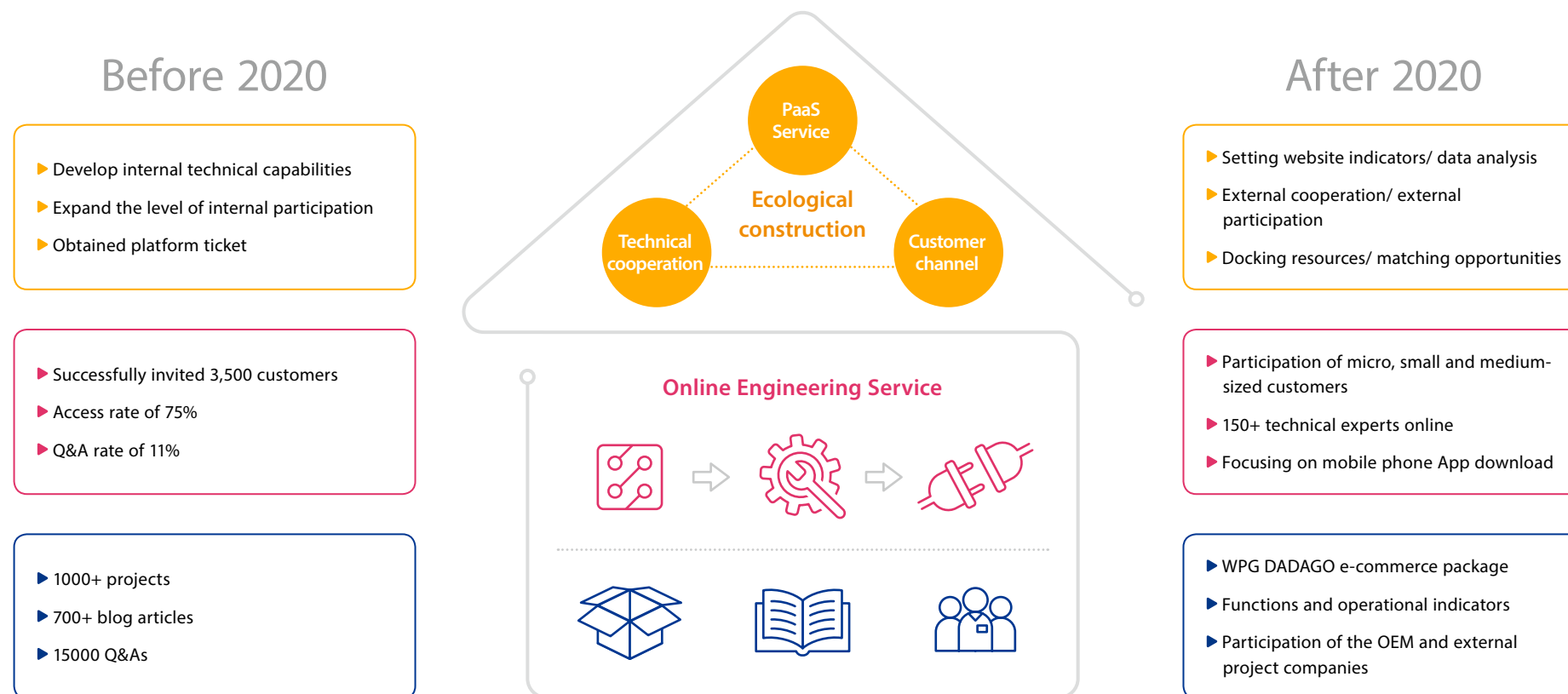
WPG hopes to assist customers in obtaining operational data and keeping in line with key technical knowledge, in order to optimize product services and operating processes via data analysis.



### ● "WPG DADATONG" - a Knowledge Platform that Brings Together International and Domestic Engineers

Corresponding to the trend of fragmentation and customization in the electronics industry, WPG gathered internal and external engineers to build the top technology platform "WPG DADATONG" for mutual assistance, sharing and problem solving, and is deemed as the College for R&D engineers. WPG DADATONG contains thousands of solutions in the hundreds of product lines with WPG as the agent, hundreds of interesting blog posts, and latest product information and news.

WPG DADATONG solutions cover applications such as smart homes, smart cities, wearable devices, smart healthcare, IoT, and power supplies. In addition to WPG's original internal solutions, there are also application solutions of factories, and solutions provided by IDH Industrial Services Corporation, which break down the barriers between customers, manufacturers, IDH and WPG's FAE, and create a tech ecosystem. WPG DADATONG builds a B2B2C platform via the three major functions, including IoT, discussion forums and e-commerce companies, so that WPG fans can share, gather and purchase products.



### ● "WPG DADAWANT" internal and external promotions and communications

In order to evoke the awareness of industrial transformation, WPG and Business Weekly jointly planned the theme of "Digital Transformation" from 2017 for the external promotion of "WPG DADAWANT", and invited 6 professionals, including the company's CEO and key upstream and downstream partners to exchange their ideas, in the aim to find the core competitive value of the industry between 3.0 and 4.0 under the impact of newly manufactured products. The company also sponsored the filming of the "Next Decade", with the top advertising talent Chien-Chang Lu as the director, and the famous actor Shi-Chieh Jin as the lead actor. This has developed positive forces, which triggered a resounding response in the Chinese-speaking population, accumulated nearly 100 million views, and enhanced resonance of external potential customers on digital transformation. With that, WPG hopes to create a complete collaborative ecosystem in cooperation with its partners in the next decade.

In response to the introduction of the "WPG DADAWANT", 2018 is WPG's digital transformation year in Taiwan. The company enhanced the brand image of "WPG DADAWANT" by favorable digital transformation issues and the brand story of its intellectual property IRONDADA. The Group launched a three-staged brand promotion plan, integrating the online and offline (O2O, Online to Offline) interactive mode, which attracted nearly 5,600 participants. The overall participation rate of the event was over 90%, which effectively enhanced employee awareness on "WPG DADAWANT" and recognizing "IRONDADA as the best partner". After internal digital transformation in 2019, WPG continues to link digital transformation into daily operations in 2020. WPG issued a total of 15 internal "Digital Transformation Biweekly Report" to achieve leading position for in-depth interview and slight improvement on the number of advocacy of digital transformation. Meanwhile, WPG plans to conduct the "Digital Transformation Report - view 35 films to win gifts" activity to attract employees, with group participation rate of 99% in Taiwan and China.

In order to strengthen WPG's business image on digital transformation, and to seek customer opportunities on digital transformation, WPG has participated in the annual event with the Taiwan media and cooperative partners in 2019. WPG planned on CEO talks and a total of 7 speeches together with the media and cooperative partners, including Business Next - Future Commerce, IBM on AI in Manufacturing Forum, IBM x Business Weekly Think Summit, CIO IT Manager Manufacturing Forum, "ASPIRE Forum 2019", and the TECSA Distributors' Lecture Hall. These events have attracted the attention of major digital media such as Business Next, Business Today, Business Weekly, and CommonWealth Magazine to actively interview WPG's CEO. A total of 11 interviews were exposed to the public. Meanwhile, Tsinghua Chair Professor & Micron Chair Professor Chen-Fu Chien participated in the "Digital Taiwan" Interview of Era News with the theme "Industrial 3.5 Taiwan Enterprise New May Fourth Movement". External exposures over 10 million in a year (including keyword and network ads).

Meanwhile, in order to enhance the advocacy of "WPG DADAWANT" in China, WPG cooperated with well-known WeChat IDs and industrial media to promote WPG's digital transformation, focusing on issuing over 10 unboxing posts of "WPG DADABANG" and "WPG DADATONG", of which the KOL (Key Opinion Leader) introduces the platform for closing customer gaps and service features, with total amount of reading of more than 100,000. Meanwhile, for continued audio and video activities, WPG held the initial online live broadcast for "WPG DADABANG", focusing on serving existing customers,



Digital transformation  
films



"Next Decade"

and inviting front-end business staff to share customer opinions. The activities received enthusiastic response, while the live broadcast accumulated a total of 90,000 views, and a total of 303 successful orders, effectively assisting "WPG DADABANG" on increasing the number of customers and improving customer adhesion.

### ● Logistics following IT development

During the transformation process, WPG discovered that "helping customers in solving existing problems with new approaches" is not enough, and "helping customers to solve future problems in the overall supply chain with new approaches" is also required. With that, WPG has set a second digital transformation goal of "providing intelligent manufacturing and logistics services".

When introducing "WPG DADAWANT" platform to WPG's existing customers, we discover that almost every company is developing ideas and evaluating smart manufacturing, and that customers are investing in smart manufacturing for production and yield improvements. However, it is easy to ignore the time for material preparation and shift in product lines, affecting the efficiency of smart manufacturing.

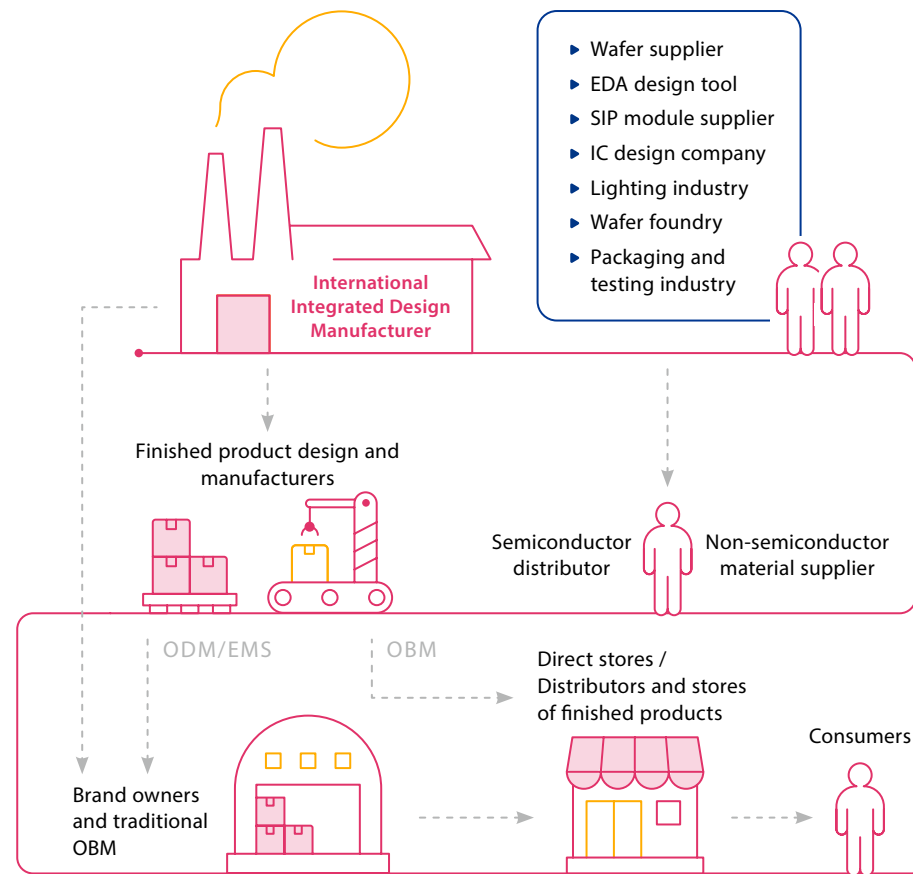
For example, when the manufacturing process is successfully reduced from three hours to one hour through smart manufacturing, but still requires 3 hours for preparation and change in materials, if the order is changed during the manufacturing process, the two hours saved by smart manufacturing would not effectively optimize the manufacturing process.

With that, WPG believes that information flow with no logistics can't really solve the problem of customers' overall supply chain in the future. In 2018, WPG completed the construction of smart warehousing in Hong Kong, and plans to gradually implement smart commercial logistics services in Southern China, Taiwan and Singapore, reversing traditional warehouse practices by use of data management, and transparent warehouse information, so that internal managers are able to monitor warehouse data in real time. WPG adheres to the concept of "manage in sight" to greatly improve logistics efficiency.

### • Creating a win-win ecosystem from altruism

In the wave of global digital transformation in the semiconductor technology industry, WPG will focus on the next decade, and continue to promote digital transformation with the original aim of "focus on customers, empower technology". Furthermore, WPG will build a co-opetition eco-system through "alliances", in order to solve the challenges faced by customers in the practice of smart manufacturing, achieve customers with intelligent manufacturing logistics services, and create win-win outcomes for the industry.

### 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 provision cover a wide range of professional services, 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, centralized batch operation to deliver the goods to the distributor's designated delivery 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.

3-1-3 Create a Responsible Supply Chain

In recent years, corporate sustainability and environmental protection have officially become a global issue. With that, the electronic distributor WPG has been paying attention to related issues in order to comply with the world trend, and to fulfill corporate social responsibility. The company also reviews whether products of the main product lines meet relevant environmental protection rules and regulations. As an agent, WPG is not involved in the process of product manufacturing, and could not clearly understand or reasonably control the exact content and ingredients of each product. However, the publicly announced data of the original maker (or "OEM") of each product is revealed or reproduced, in order to safeguard agency products for customers, and jointly create a sustainable global electronic supply chain.

OEM	RoHs	HF	REACH	PFOS	RoHs of China	Conflict Minerals
AOS	●	● (with some part numbers containing halogens)	● (with some part numbers being lead-free)	●	●	●
INFINEON	●	●	●	●	●	●
INTEL	●	●	●	●	●	●
KIOXIA	●	●	●	●	●	●
MEDIATEK	●	●	●	●	●	●
MICRON	●	●	●	●	●	●
MPS	●	●	●	●	●	
NEXPERIA	●	●	●	●	●	●
NOVATEK	●	●	●	N/A	● (with final product not containing)	● (compliance by suppliers)
NXP	●	●	●	●	●	●

OEM	RoHs	HF	REACH	PFOS	RoHs of China	Conflict Minerals
OMNIVISION	●	●	●	●	●	●
ON	●	●	●	●	●	●
QUALCOMM	●	●	●	●	●	●
SAMSUNG	●	●	●	●	●	●
SAMSUNG SDI	●	●	●	N/A	●	●
SKYWORKS	●	●	●	●	●	● (partially approved)
SPREADTRUM	●	●	●	●	●	●
ST MICRO	●	●	●	●	●	● (regular statement updates)
TI	●	●	●	●	●	●
TOSHIBA	●		●	●	●	●
WINBOND	●	●	●	●	●	●

Note: RoHS: The Restriction of the use of certain Hazardous substances in Electrical and Electronic Equipment  
HF: International Electrochemical Commission's industry standard for halogen-free materials  
REACH: Registration, Evaluation, Authorization and restriction of Chemicals  
PFOS: Perfluorooctane sulfonic acid and its derivatives restriction limit  
Conflict Minerals



## 3-2 Industrial Expertise Sharing

### 3-2-1 Inbound Marketing Creates Promotional Benefits

#### • WPG Inbound marketing create promotional benefits

In response to customers' changing usage habits owing to the generation of mobile network approaches, WPG Holdings are continuously optimizing our digital transformation content marketing program, and engages in full-coverage mechanism of interactive community marketing by influence of the Key Opinion Leader (KOL), which leads an interactive cooperation and mobile marketing. At the same time, we use specific numerical values to realize marketing promotion effectiveness by establishing complex inbound marketing effectiveness index (short form: Inbound AD Value). Our integrated overall promotion value during fiscal year 2019 exceeds the amount of RMB 500M, which has increased by 91% since 2018. 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.

#### WPG Weibo

The fans and posts both outnumber industrial peers, with up to 601,891 fans. With 3-5 updates per day, WPG's Weibo features diversified contents including monthly popular projects, industry trends, new technology, workplace skills and WPG news. WPG also holds 6 Weibo activities throughout the year, interacting continuously with fans regarding news and industrial contents.

#### WPG WeChat

The first IC micro portal continue to lead the peers. There are four regular deliveries of mass message every month, and there are over 563 thousand reads, 24 thousand shares, and 131,340 precision fans. The in-depth market trend articles allow the general public to get better picture of IC industrial update and trends. We continue to manage the online engineer groups and demonstrate their technical support capabilities. WPG launched WeChat subscriptions for WPG DADATONG and "High Speed Car Man", which are managed by the technical team to provide incisive and intuitive solutions for engineers. WPG also set up a subscription for HR team services to provide immediate recruitment information.

#### PR exposures

8,600 news exposures; 2,670 news exposures for programs; in China, the indexing per news article is 14 times that of the second place.

### 3-2-2 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
<b>Association of Taiwan Listed Companies</b>	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.
<b>Monte Jade Science and Technology Association (Taiwan)</b>	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.
<b>Taipei Electronic Components Suppliers' Association (TECSA)</b>	Chair <sup>2</sup> 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.
<b>Taiwan M&amp;A and Private Equity Council</b>	Managing supervisor and convenor	Assist in developing a sound M&A and private equity investment environment in Taiwan.
<b>Sinocon Industrial Standards Foundation</b>	Managing supervisor	Jointly develop cross-strait industrial standards in pursuit of a win-win situation.
<b>Taiwan Japan Association for Business Communication</b>	Member	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.
<b>Taiwan Corporate Governance Association</b>	Director	Strengthen internal and external mechanisms of corporate governance in the hope to be on par with international standards.
<b>Cross-Strait CEO Summit</b>	Member	To support construction of the new platform for cross-strait business cooperation and cross-strait communications for economic and trading strategies.
<b>Taiwan Institute of Directors</b>	Member	Improve corporate governance and board operations to achieve the goal of corporate sustainable development.
<b>Taiwan Semiconductor Industry Association</b>	Member	Participate in activities of the association and be on par with international standards to enhance overall competitiveness of the semiconductor industry in Taiwan.
<b>Taiwan Industrial Holdings Association</b>	Chair	Encourage enterprises to set up production control and strategic alliances to create a win-win ecosystem in the industry, in order to enhance the global competitiveness of Taiwanese companies.
<b>Global Logistics &amp; Commerce Council of Taiwan</b>	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.

2 Chairman Kuo-Tung Tseng of YOSUN Group as the Chair of Taipei Electronic Components Suppliers' Association (TECSA)

## 3-3 Trade Compliance

### 3-3-1 Establishing the Trade Compliance Mechanism

WPG established a dedicated unit for trade compliance in 2015, which is now named Risk Management Service Unit, in order to achieve the goal of transaction security management and corporate sustainability based on international export compliance. Since 2016, WPG conducted the basic system management mechanism for basic data compilation and export control, and actively participated in exchange seminars 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. WPG began reviewing trade compliance management in 2018, and started optimizing trade compliance system programs in 2019.

### 3-3-2 Education and Training of Trade Compliance

WPG conducts regular education and training on trade compliance for 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, management mechanisms and systems control, 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 production lines and business staff in Hong Kong, Taiwan, Southeast Asia, South Korea, China, and the United States. Nearly 30 sessions were held in 2019, with a total of more than 3,600 participants and attendance rate of over 80%.

## 3-4 Cooperation with Partners

### 3-4-1 Intelligent Logistics and Warehousing

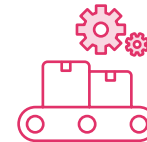
WPG adheres to the concept of "putting customers first" for its logistics management, continuously improves service quality, and dedicates efforts to provide high-quality logistics services to customers, while constantly seeking breakthroughs and development. Logistics service is mainly responsible for matters such as warehousing operation 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.

WPG aims 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. Smart transportation and smart divert have significantly enhanced industrial production efficiency, and coupled with the integration of real-time information on the management dashboard, all management indicators and equipment status can be accurately tracked.



#### Mobile device sorting solution

Mobile device sorting is launched in July 2019 to replace PDA sorting, so that sorting labels are not required. After scanning the location of the storage location, and the system will follow the instructions to ensure more convenient staff operations. Currently, the number of sorting has reached 34,700 units per month.



#### Systemization of delivery requirements

The delivery requirements will be systemized in stages from March to June 2019, sorting old annotations and maintaining new annotations. After acceptance, the annotations are standardized as basis for smart acceptance, with the ratio of human-generated annotation orders reduced from 54% to 3.8%.



#### RPA automatic update of the WMS bill of lading

RPA (Robotic Process Automation) was launched in September 2019 to replace manual input with computer programming. The information of the WMS bill of lading in the e-mail is automatically loaded to the system in order to reduce the loading of manual input.

### 3-4-2 Selection and Management of Service Suppliers

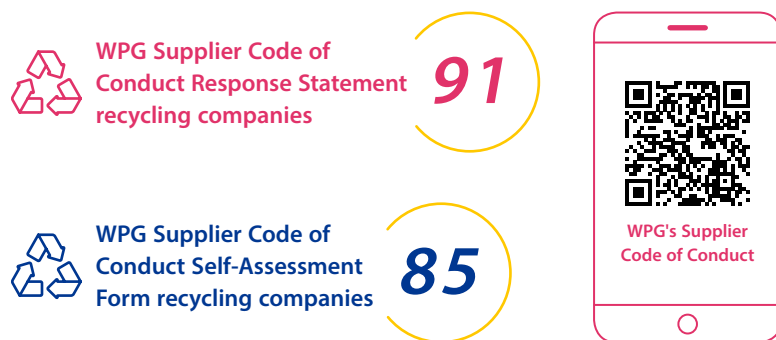
WPG has been focusing on corporate sustainable development. Hence, leading and collaborating with its partners to promote mutual growth and corporate sustainability is also important in working towards the goal and implementation of CSR.

#### ● WPG's Supplier Code of Conduct

Since 2018, WPG and its subsidiaries jointly formulated the "WPG's Supplier Code of Conduct" 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.

In 2019, to gain recognition from cooperative suppliers and encourage them to jointly respond to the "WPG Supplier Code of Conduct", while further conducting self-evaluation accordingly. The "WPG Supplier Code of Conduct Response Statement" and "WPG Supplier Code of Conduct Self-Assessment Form" will be initially issued to existing cooperative suppliers in Taiwan, in the hope to enhance the suppliers' awareness on the five aspects including labor, health and safety, the environment, business ethics, and the management system, and discover problems for improvement and optimization.

In 2019, we have received the "WPG Supplier Code of Conduct Response Statement" from 91 companies, and the "WPG Supplier Code of Conduct Self-Assessment Form" from 85 companies in Taiwan.



#### ● Service Supplier Evaluation

Since 2017, WPG continues to perform the supplier evaluation of cooperative partners, in the aim to ensure and enhance the quality of suppliers and their services through the evaluation mechanism with multiple aspects, while helping suppliers identify internal problems and developing improvement measures to implement supplier management.

In 2019, the supplier's evaluation scores averaged 3.6 points (out of a total of 5 points), which is above standard levels.

In addition, WPG implemented the principle of local procurement. In 2019, local procurement proportion of local service suppliers and IT suppliers were 100% and 99.92% respectively.





## 4

## Transforming Talent

4-1 Talent Development

4-2 Remuneration and Performance

4-3 Working Environment





## Employee Compensation and Employee Care

### Current market position, Employment, Occupational Safety and Health, Potential Employee Diversity and Equality

#### 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

#### Complaints Mechanism

- Actual mailbox
- Complaints 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

## Utilization and Nurturing of Talents

### Training and Education

#### Commitment

- WPG has been long devoted to talent cultivation, and providing resources related to corporate training and education.

#### Policy/Management System

- Improve organizational capabilities by changing mindsets, enhancing capabilities, and establishing mechanisms
- Enhance self-learning through the online learning platform

#### Complaints Mechanism

- Actual mailbox
- Complaints mailbox: wpgh\_hr@wpgholdings.com

#### Assessment Mechanism

- Evaluating the achievements on utilization and cultivation of talents via the performance appraisal mechanism



Technological advancement has led to rapid market changes, with many unpredictable external factors. Under such environment, the report of United States Army War College in the late 1990s used by the officers in the 21st century has predicted a volatile, uncertain, complex and ambiguous (VUCA) world. Currently, the rapid change in corporate environment, competitions, demands, technologies and policies have forced companies on making quick responses and adjustments. Therefore, it is essential to enhance the organizational skills of enterprises. According to Professor Kuo-An Yang's Y-Triangle Theory (as the figure below), organizational skills are mainly focused on three aspects including employee skills, employee concept and employee governance. Hence, based on these three aspects, the plans for talent development are as follows:



### Employee skills

The World Economic Forum (WEF) was held in 2018 to discuss the skills required for talents in the next five years. The survey results showed that the top ten talents have skills related to innovation, thinking, independent learning, and solving complex problems, instead of skills of the former top ten talents such as financial, human resources, quality management or mechanical installation, and technical control. In the future, soft skills will be more emphasized rather than intellectual skills. In 2019, WPG and DDI cooperated to establish the WPG's employee functions for 2025. After analysis and convergence from interviews and discussions by top level management, six important functions including "VUCA flexibility", "customer value creation", "decision and implementation", "innovation and collaboration" , "recognition", and "talent development" are classified as WPG's major talent development functions, which are further developed into key indicators for the behavior of "top level management", "middle level management" and "general staff".

### Employee concept

In 2019, we will promote "learning capacity" by promoting external learning platforms and seminars, in order to enhance employees' willingness and concept for independent learning.

### Employee governance

"Employee governance" is focused on creating the atmosphere and mechanism for the organization for stimulation and development of "employee concept" and "employee skills", in the aim to strengthen the "organizational skills". In 2019, HR services started to study the promotion of OKR spirit and mechanism, so that in addition to paying attention to the KPI on "doing things right", WPG's top level management shall also gather consensus from future perspectives and concepts for trying to do "the right thing for the future" together.

## 4-1 Talent Development

### 4-1-1 Human Resources Structure

Given rapid changes in the current business environment, competition, demand, technology and policies, WPG provides future thinking courses for top level management in cooperation with college professors. The current decisions and actions often depend on our attitude towards the future. Therefore, to be prepared for the future, we have to understand it and consider it. Through this course, senior management can learn how to have a positive attitude on the future, predicting opportunities and crises, and how to solve problems with forward thinking, leading the organization on formulating innovative strategies, enhancing organizational consensus and momentum, and creating competitiveness with new concepts.

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 2019, WPG has a total of 5,012 employees, of which 5,006 are full-time employees. The total number of incumbents in 2019 is slightly lower than that in 2018, and there has been little change in labor allocation and structure. In terms of gender, the total number of women and men were 2,195 and 2,817 respectively, accounting for 43.79% and 56.21% of total employees. In terms of age, the majority of employees are 31-40 years old, accounting for 41.49% of total employees. In terms of education, employees mainly graduated from colleges and universities, accounting for 82.40% of total employees.

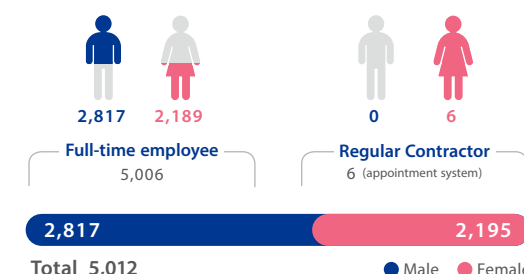
In terms of turnover rate, there were 728 new employees in 2019, accounting for 14.54% of total employees, which was slightly lower than that in 2018. The number of resigned employees totaled 766 (with turnover rate of 15.30%) in 2019, which was 200 less than that in 2018. This was mainly due to outsourcing of logistics businesses, which directly led to 133 resigned employees in 2018. However, as none of the employees resigned due to the above reason in 2019, WPG's labor allocation and structure have been adjusted to the best condition and are also stabilizing.

Since 2019, the Group viewed recruiting new graduates, or freshmen within 2-3 years as its first priority, in order to provide opportunities for youth talents, and on the other hand cultivate talents according to the Group's requirements.

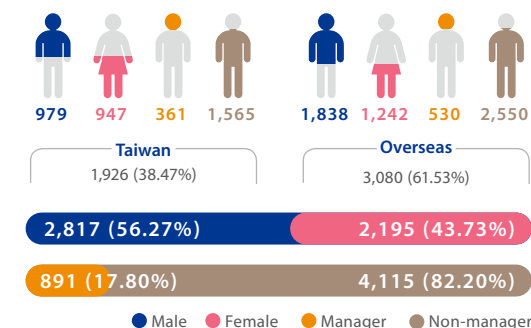
#### • Gender distribution of full-time employees under different ages and education

Item	Age Profile	Gender		Title		Total	Percentage (%)
		Female	Male	Manager	Non-manager		
Age	Under 30	556	558	8	1,106	1,114	22.25%
	31-40	962	1,115	232	1,845	2,077	41.49%
	41-50	556	842	445	953	1,398	27.93%
	Above 51	115	302	206	211	417	8.33%
Education	Below high school	222	299	49	472	521	10.41%
	Bachelor's degree	1,876	2,249	729	3,396	4,125	82.40%
	Master's degree	90	267	112	245	357	7.13%
	PhD degree	1	2	1	2	3	0.06%
總計		43.73%	56.27%	17.80%	82.20%	100%	100%

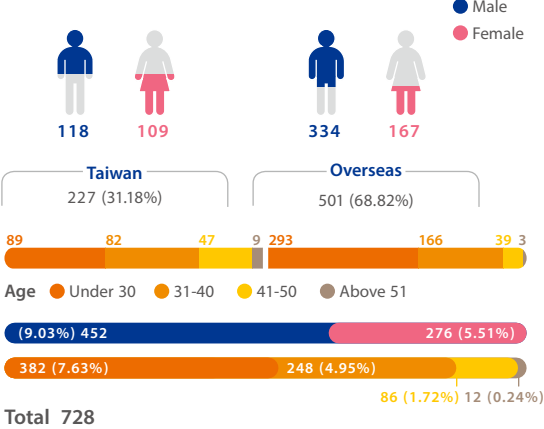
#### • Different contract type



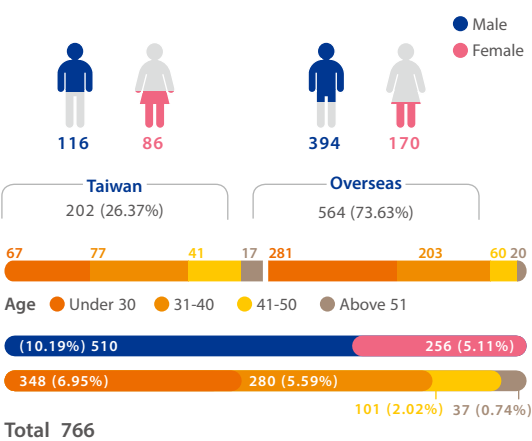
#### • Gender and distribution of duties for full-time employees in different regions



• Number of newly hired full-time employees



• Number of resigned employees



4-1-2 Talent Development Framework

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 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.

### General training program

Newly-employed personnel

Including a presentation of our Company, introduction to the Concept of "core values" and relevant introductory courses for basic skills. The general training program includes courses in information management and the implementation of the cultivation for use of internal corporate platform systems (e.g. ERP/WMS/WEBFLOW)

To help the newly-employed personnel understand the company and function well as part of a team operation for the development of professional expertise at their workplace gradually. Also, to help them get familiar with information tools and make the best use of tools for the enhancement of work outputs and effectiveness.

### Professional Training program

Products staff / Business staff

To plan and allocate suitable and appropriate professional skill courses in accordance with different position/competency levels. Also, irregular training sessions will be targeted and conducted according to the product technologies and business models used by the upstream and downstream supply chains

Creating our competitive professional front end-services, planning and performing our corresponding training courses for other types of competencies along with the professional development trends and the formulation of related laws and regulations for employees' continuous enhancement of professional capabilities.

### Management

Middle and top level management

Courses for middle and top level management trends and views

Continue to develop capabilities of middle and top level management in accordance with the requirements of organizational developments, operational competitions and human layouts.

• Number of participants and training hours of various courses in recent years

Year	2017	2018	2019	2019	Gender		Title	
					Female	Male	Manager	Non-manager
Number of participants	5,073	5,067	5,006	Total training hours	19,655.28	30,961.92	15,314.42	35,302.78
Total training hours	40,029.00	52,377.09	50,617.20	Number of participants	2,189	2,817	891	4,115
Average training hours	7.89	10.34	10.11	Average training hours	8.98	10.99	17.19	8.58



## WPI Group special training

### Taiwan Managers' Exchange Conference

To implement E-work, WPG not only promoted the WPG DADAWANT digital platform, but also performs analysis and transformation, redefines its value, optimizes its business model, and execute strategies. Seamless information flow between physical and virtual channels emphasizes the idea of cutting cost to reduce unnecessary waste of time in tradings between customers and enterprises, which create new highs for business operations via top level management strategic thinking, exchanges in business management concepts, and common language between managers. In 2019, a total of 9 sessions were held with 621 participants.

### Leadership Practice Training Course in China

The training course teach managers the concepts and skills to lead the team by strengthening seven core management skills of general management in China, including: leadership, communication, problem solving, decision-making, planning, controlling, and tutoring skills. In 2019, a total of 2 sessions were held with 178 participants.

### Skills on instructing duties and motivating subordinates

Managers can learn how to analyze the development status of subordinates and provide guidance via practical management cases, and learn task assigning skills, daily performance management skills, and strengthen the skills of all management levels on guiding and motivating subordinates. In 2019, 5 sessions were held in Taiwan and China, with a total of 271 participants.

### Innovation seminar in Taiwan

Colleagues are focused on daily work, and often work hard but may not easily make changes or optimize work with ideas other than normal work patterns. The innovation lecture selects high-quality professional lecturers, and invites all colleagues to participate, in the hope that colleagues can read and listen more, learn new knowledge to stimulate diverse thinking and innovative skills, and strengthen competitiveness to face challenges in globalization while maintaining the motivation for sustainability. In 2019, two lectures "Innovation" and "Imagination" were held, with a total of 459 participants.



## AIT Group special training

### Product knowledge training

New products are developed in face of the changing market, and to comply with the Freshman Program, the training course targets at sales staff, focusing on memory, Power IC, TWS headset principle talk, USB digital interface, wireless charging & PD talk, automotive, etc., and is also opened to employees of other duties. This allows sales staff to gain more product knowledge and learn how to discover new business opportunities.

Region	Session	Number of participants	Training hours
Taiwan	13	588	889
China	4	163	324
Total	17	751	1,213





## SAC Group special training

To strengthen the management talent skills and team consensus in response to the rapidly changing external environment and the organization's future development needs, the training in 2019 will mainly focus on talent evaluation, strategic goals (business models) and Team Building for establishing management functions and strengthening the concept of business models, in order to achieve mutual assistance within the team, and in the hope that management talents will lead the organization in developing towards its goals.

### Talent evaluation

To confirm that all management levels have the skills required for the organization's future development, the Company has set up management functions for all management levels, and evaluate the existing management talents from multiple perspectives. The inventory results will be main focus of SAC's management talent development in 2020-2025.

### Business model training

With two days of courses, two consultants counseling, results presentations, and team competitions on actual topics such as the market and product lines that the actual organization focuses on, with education on the comprehensive concepts of business models, so that the organization's strategic thinking becomes more logical and systematic.

Course contents	Region	Session	Number of participants
Strategic thinking	Taiwan	1 session	51 participants
Strategic thinking	China	1 session	47 participants
Consulting and counseling on strategic thinking	Taiwan	4 sessions	51 participants
Consulting and counseling on strategic thinking	China	4 sessions	47 participants

### Business plan and top level management team

Integrating the Business Plan (BP) meeting with Team Building, stimulating the vision and value of 2025 via top level management discussion, and through the joint cooperation activity, our constant working efforts and passionate cooperation shall be used continuously in our efforts towards future goals. In 2019, a total of 1 session was held with 51 participants.



## YOSUN Group special training

### Middle level management training course

To cultivate a new generation of potential middle level management, and enhance their business vision, so that the managers have the execution capability to lead the team towards achieving YOSUN's business strategies and plans. 2 sessions were held annually, each session lasts for 2 days, with a total of 82 participants.

### Session 1: Forward-looking innovation growth strategy

- Seeking the forward-looking directions of development under YOSUN's vision and mission
- Learning strategic thinking patterns and tools commonly used by top level management
- Enhance the leadership and management skills of managers by use of exercises in the training course
- Review of the current situation and resources to find out the investment focus in the next 1-3 years

### Session 2: Core Leadership in the Digital Era

- Assist managers to understand their roles and responsibilities to improve their quality of management
- Strengthen the core management skills for better execution of managers
- To be familiar with tools and techniques of talent management to be applied in the workplace
- Practical exercises by use of simple tools/processes are implemented in the workplace
- Set up a high-performance team to achieve business goals







## YOSUN Group special training

### PM/SALES Professional Training Course\_Practical Exercises and Experience Sharing

In order to enhance professional competence of YOSUN's PM and SALES colleagues, we invited YOSUN's senior manager's to give lectures and share their actual combat experience, in order for PM and SALES colleagues to learn how to achieve good performance results on their PM duties. PM and SALES will be held in Taipei/ Shanghai/ Shenzhen, with a total of 6 sessions and 210 participants.

### Viewing the financial statements

Front-end colleagues can learn the basic accounting knowledge, customer credit management, sales and insurance of accounts receivable, business tax overview, financial statement analysis, and financial ratio analysis. One session will be held in Taipei, Shanghai and Shenzhen, with a total of 217 participants.



### 4-1-3 IT Skills Training Center

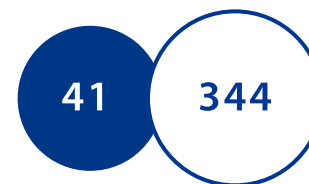
Regarding the operation of various internal system platforms, WPG planned two types of training courses to develop IT skills of employees: IT skills new employee training and IT on-site training. In addition, training courses are held at the company's business locations, including Taipei, Hong Kong,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



#### Technological skills new employee training

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

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



Satisfaction **94**



#### IT on-site training

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.

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



Satisfaction **95**

### ● Innovative Hackathon

In 2019, in view of the importance of technological advancement and digital transformation, WPG Holdings organized a hackathon to emphasize innovation as an attitude of embracing the future, and outline WPG's outlook for the next 20 years via innovation.

#### Promotion

In the hope to promote a good atmosphere for hackathon, the organizing unit IT DSU has created the Jazzzz chat robot with AI kit to attract IT personnel as they can ask questions related to the event. In addition, IT DSU also share relevant technical resources or examples by Smart Weekly. Moreover, three hands-on practice courses were held during the event. Attracting the interest of participants.

6 teams registered for joining the hackathon event, with a total of 28 participants. On the day of the event, in addition to 28 contestants and 2 judges, 14 visitors and 13 staff members also participated in black coin investment to come out with an AI Idea that has the most investment value.

#### Specific achievements

Unlimited creativity of six participating teams contributed to partial improvement and application of IT systems. For example, the use of automatic anomaly detection allows the IT Service Department to realize and solve system problems prior to problem reporting by users.

#### Employee opinions

We believe that the most challenging part in hackathon is not technology, but how to find interesting and influential themes worth discussing, and what segments and steps can be introduced to Machine Learning?

Hackathon is a very interesting experience.

## 4-2 Remuneration and Performance

### 4-2-1 Fair Compensation Plan

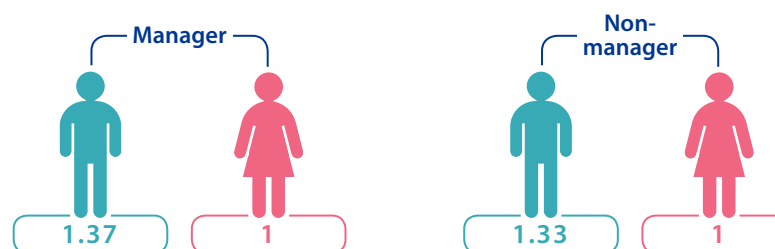
WPG Holdings has established a remuneration team composed of HR representatives of each group. In addition to rewards after approval of the Personnel Review Committee, each group's salary system is also calculated based on government policies, the economy, and the salary system of industry peers, with localized research for constructive recruitment and salary system.

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. In addition, 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 2019, the ratio of the standard salary for low-level employees (no difference between genders) to the minimum wage in Taiwan is 1.12:1, and the gender pay ratio is about equal.

### ● 2019 Gender pay ratio



Note: The statistical range covers WPG (Taiwan).

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

Item	2018	2019	Difference
Number of non-managerial full-time employees (Units: person)	927	976	49
Average salary of non-managerial full-time employees (Units: NT\$thousand)	1,249	1,320	71
Median salary of non-managerial full-time employees (Units: NT\$thousand)	1,068	1,037	-31 <sup>3</sup>

3 This is due to the adjustment of variable pay. In 2018, the company distributed bonus of 0.5 a month's salary given that profit after tax (PAT) reached record high. In 2019, PAT decreased by NT\$1.01 billion compared with 2018, with overall decline of 13.52%.

#### 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 and salary adjustments for each level. **In 2019, all of the employees have conducted and completed the performance appraisal process.**

### 4-3 Working Environment

#### WPG COVID-19 preventive measures

In response to the impact of COVID-19 in 2020, WPG launched a number of COVID-19 prevention measures, with advanced deployment via digital transformation in order to reduce the influence on business operations. Meanwhile, the Company also provide employee health care and ensure occupational safety and health.

#### Advanced deployment of digital transformation to reduce the influence of COVID-19 on business operations

Corresponding to the digital transformation in 2019, WPG Holdings has acquired

Microsoft Office 365 and Microsoft Teams online tools for all colleagues. During the Chinese New Year Festival in January, WPG is aware and reminds all colleagues on hygiene, regular hand washing, and reduced travelling to countries that are severely affected by COVID-19 by use of its internal emergency response tools and structure.

Employees in China officially resumed work on February 10, 2020, and work from home using online tools and software for advanced planning on digital transformation, in order to achieve normal operations of the overall and various businesses, and reduced the influence of COVID-19 on work operations.

#### Employee physical and mental health care to reduce the risk of disease

We continue to advocate to all WPG employees on conducting self-health management, and require WPG's employees that work in China to self-isolate for up to 14 days at home and make sure that they do not show symptoms before they return to their workplace, regardless of the COVID-19 local situation. The body temperatures of all colleagues and visitors must be checked with an infrared temperature detector for the initial stage of access control in each office area, and those who exceed 37.5 degrees body temperature are not allowed to access the workplace. If their body temperature is normal, employees are allowed to access the workplace after sterilize their hands with 75% alcohol. Visitors must have colleagues at the door to lead them in, and shall access the workplace after they registered for using the conference room and sterilized their hands.

#### 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, subsidies for car loans, vehicle maintenance, fuel, and vehicle depreciation of front-end personnel. The basic welfare items meet 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 18 years, which is also available for children in the neighboring 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.

#### • Basic welfare<sup>4</sup>



<sup>4</sup> Employees in all important locations in Taiwan enjoy basic welfares.

#### • Parental leave

Statistics of parental leave	Male	Female	Total
Number of employees who can apply for parental leave in 2019	148	139	287
A: Total number of applicants for parental leave in 2019	1	8	9
B: Number of applicants for reinstatement in 2019	1	10	11
C: Actual number of reinstatement in 2019	0	9	9
D: Number of applicants for extending the reinstatement deadline in 2019	1	1	2
E: The number of people who continue to work for one year after the reinstatement of the baby in 2018	0	9	9
F: Number of reinstatement for parental leave in 2018	0	11	11
Employee reinstatement rate%= C / (B-D)	N/A	100%	100%
Retention rate%= E / F	N/A	81.82%	81.82%

#### 4-3-2 Labor-Management Communication and Protection of Human Rights

WPG Holdings attaches great importance to employee rights and interests, and has formulated the "WPG Human Rights Policy" with reference to relevant regulation of "The United Nations Universal Declaration of Human Rights", "The United Nations Global Compact" and "International Labor Organization Convention". WPG has dedicated efforts in safeguarding the basic human rights of employees, suppliers and stakeholders, with strict compliance with local laws and regulations, and continued to improve the management of human rights issues in cooperation with its partners, while conducting human rights education and training courses to establish a more favorable, free, fair and respectful working environment. Every employee in Taiwan must read work rule included the human rights policies when he/she is hired. The proportion of new employees that participated in the human rights education and training course is 100%.

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. 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, by internal opinion mailbox "New Opinions Expressed From the Heart", or by email to the human resources unit, and has set up a complaint/opinion mailbox for employee feedback. There were no employee complaints in 2019.

#### 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.

With the maturing response measures, the offices to perform field drills have expanded from the three offices in Shanghai, Shenzhen and Neihu in 2017 to various locations of the Greater China Region in 2019.

In 2019, 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 10 games, emergency response drills a total of 9 games, the total number of participants in the exercise was 1,956.

## ● The working environment and occupational safety

In addition to emergency response training, WPG also focuses on ensuring a healthy and safe working environment for employees. WPG and its subsidiaries conducted environmental and equipment maintenance on a regular basis 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.

## ● Employee health promotion

The groups provide employees with more diversified information and resources.



- ▶ Since 2018, employees can visit contract hospitals for health checkups, and contract hospitals can conduct employee health checkups at the Company. The two projects will be implemented once every year, of which employees can select contract hospitals and health checkup projects according to their personal time, geographical and traffic conditions and requirements, in order to maintain the physical and mental health of employees.
- ▶ 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.



- ▶ Continuing the idea of healthcare passport in 2018, AIT Group has held the North, East, South, West Mountain Climbing Photographing activity, Fat and Weight Loss activity, and hired Garmin coaches to teach running courses in 2019, so that employees can learn the correct process for exercising, avoid injuries, develop exercise habits, and develop the skill of positive thinking.
- ▶ The AIT Group organized "Group health checkups", and held five occupational safety and health courses to boost employees' knowledge on safety and hygiene.



- ▶ In addition to health seminars, YOSUN 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. A total of 2 sessions have been held.



- ▶ In addition to regular employee health checkups once every two years, SAC Group also established an on-site counseling center with special resident doctors in 2020, which provides employee health consultation, and relative analysis and evaluation of health check results.



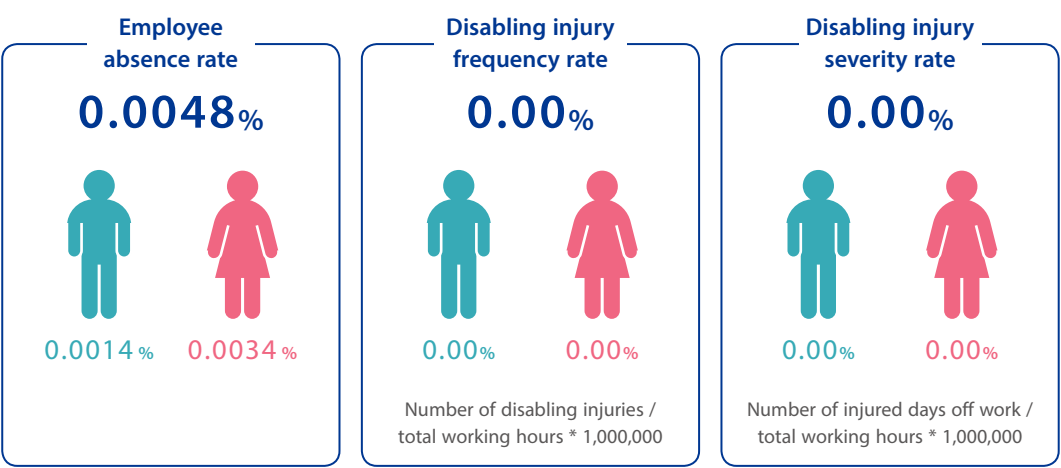
● Warehouse safety

For the first time in 2019, WPG invited professionals who are lecturers in the Occupational Safety and Health Council to provide training and lectures for warehouse workers. A total of 4 training courses were held, which covers manual lifting and handling, and manual labor operations. There were over 70 participants, with up to an average of 3 hours of training for each participant. In addition, new employees are also arranged for induction training courses, which includes safety management guidance training, manual operations, logistics safety, and basic fire safety issues. 11 courses have been held in 2019, with over 50 participants, up to an average of 1.5 hours of training for each participant. Related advocacies and trainings are expected to reduce the work injury rate by and number of employees absent due to work injury by 2% and 2% respectively.

For existing employees, in addition to inviting external lecturers for training, WPG will also carry out Tool Box Talk training every month with different themes to enhance employee awareness on safety and work precautions to reduce the chance of injury. The themes include corporate safety rules, manual operations, first aid kit, safety use of pallet trucks, colleagues' physical discomfort or accident notification procedures, and basics of fire prevention. Over 200 employees have been trained, with an average of 8 hours of training for each employee.

In terms of emergency response, fire drills are held twice a year to remind employees of emergency exit routes in the workplace on a regular basis. The emergency response also involves understanding fire drill procedures, estimating the fire detection time, preparing reports, and conducting reviews and discussions. After the fire drill, firefighters are be invited to teach employees on how to use fire extinguishers, as well as the fire safety precautions.

● 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 2019.





# 5

## Engaging in Social Responsibilities

5-1 Low Carbon Business Operations

5-2 Industry-academia Cooperation

5-3 Social Participation and Collaboration







As an electronic distributor, WPG does not own a production plant, but 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 continuously 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 sustainable development in the future.

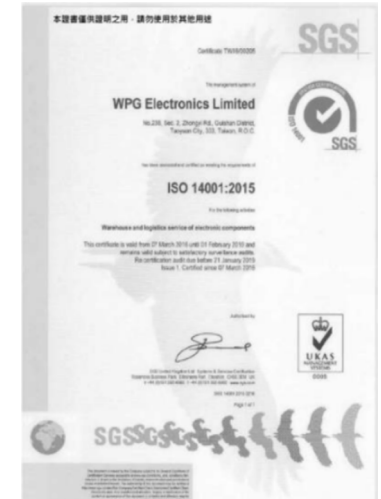
## 5-1 Low Carbon Business Operations

### 5-1-1 Green Office Management

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.

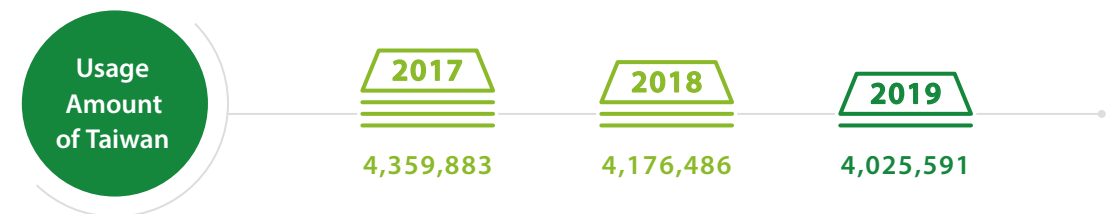


#### • Office Paper Consumption

Through the program of integration of multifunction printer from 2015, we simplified the quality and quantity of equipment and eliminated old 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 2019, the company used 4,025,591 sheets of paper, a decrease of 7.76% compared with 2017.



Unit: Number of papers

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.

Apart from improving the hardware equipment and management platform, WPG also enhances employees' environmental awareness by advocacies and environmental slogans, encouraging employees to voluntarily save resources and reduce waste, in the aim to achieve the goal of energy conservation.

### ● 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.

In 2019, the total electricity consumption was 6,164,943kWh (22,193,794.8 million joules), with a decrease of 17.61% compared with 2017.

In 2020, 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	2017	2018	2019
Workplace	WPG Holdings and its groups	3,981,854	3,860,363	<b>3,701,306</b>
Logistics warehouse	Taiwan	938,000	995,400	<b>947,800</b>
	Hong Kong	2,236,057	1,647,086	<b>1,515,837</b>
	Shenzhen	326,327	251,946	<b>N/A</b>
Total		7,482,238	6,754,795	<b>6,164,943</b>

Note: Shenzhen warehouse has shifted to a non-self-management warehouse at the end of 2018.



#### Statistics of Greenhouse Gas Emission

Unit: Carbon Dioxide Equivalent (kg CO<sub>2</sub>e)

Type	Region	2017	2018	2019
Workplace	WPG Holdings and its groups	220,5947	2,138,641	<b>2,050,524</b>
Logistics warehouse	Taiwan	519,652	551,452	<b>525,081</b>
	Hong Kong	1,766,485	1,301,198	<b>1,197,511</b>
	Shenzhen	172,007	132,801	<b>N/A</b>
Total		4,664,091	3,933,742	<b>3,773,116</b>

Note: Taiwan's CO<sub>2</sub> benchmark 0.554 kg CO<sub>2</sub>e per kWh is the electricity emission factor announced by the Bureau of Energy, Ministry of Economic Affairs in 2017, whereas the benchmarks for Shenzhen and Hong Kong are 0.5271 kg CO<sub>2</sub>e per kWh and 0.79. Kg CO<sub>2</sub>e per kWh respectively, which are the most recent electricity emission factor announced by the China Electricity Council.

### ● 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 2019 was 33,898 tons, which was 8.01% lower than 2017.



#### Statistics of water consumption

Units: ton

Type	Region	2017	2018	2019
Workplace	WPG Holdings and its groups	26,276	23,107	<b>27,909</b>
Logistics warehouse	Taiwan	4,705	5,881	<b>4,669</b>
	Hong Kong	2,799	3,045	<b>1,320</b>
	Shenzhen	3,070	2,950	<b>N/A</b>
Total		36,850	34,983	<b>33,898</b>

Note 1: The company's water resources are from water for people's livelihood.

Note 2: Since Shenzhen warehouse has moved into a non-self-managed warehouse at the end of 2018, there is a sharp drop in water consumption in the Hong Kong warehouse due to reduced work shifts from working three shifts to two shifts, as well as a decreased number of staff.

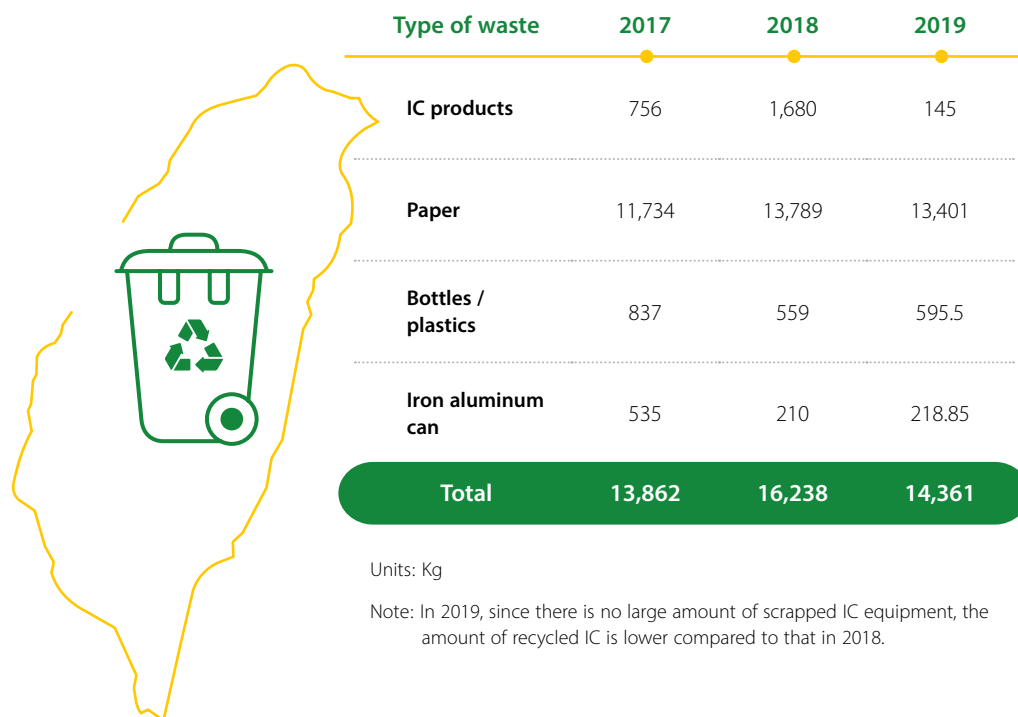
Note 3: In 2019, water consumption of the workplace is higher than that of 2018. The main reason was that YOSUN Building was cleaned to unblock the drainage of the fish pond. Meanwhile, cleaning of water storage tank and water tower have led to an increase in water consumption.

## 5-1-2 Waste and Consumables 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.

WPG and its group 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. Employees become more familiar with resource recycling. According to quantitative statistics, 14,361 kg of office waste in 2019 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



### • 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. The amount of warehousing waste was 410 tons in 2019.

### • Statistics of Warehousing Waste

Type of waste	Process	Region	2017	2018	2019
 General waste	Incineration	Taiwan	60	51	51
		Hong Kong	145	142	140
 Recyclable waste	Recycling	Taiwan	24	24	28
		Hong Kong	178	190	191
Total waste volume			407	407	410

Note: Disclosure of relative information only for warehouses in Taiwan and Hong Kong due to the fact that Shenzhen self-management warehouse has been fully relocated to third-party logistics in 2018.





### ● 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 2019, WPG utilized a total of 189,000 kg recycled cardboard boxes.

Region	2017	2018	2019
Taiwan	67,000	48,000	37,000
Hong Kong	112,000	128,000	150,000
Shenzhen	43,000	42,250	N/A
Total	222,000	221,250	189,000

Note 1: Consumption was reduced due to decreased imports of the warehouse in Taiwan by 19% in 2019 compared with that in 2018.

Note 2: For the Hong Kong warehouse, the increased education and advocacies to employees on a regular basis in recent years have raised employees' environmental and recycling awareness, which led to relative increase in the effectiveness of recycling boxes.

Note 3: Shenzhen warehouse has shifted to a non-self-management warehouse at the end of 2018.

## 5-2 Industry-academia Cooperation

### 5-2-1 Industry-Academia Cooperation in Supply Chain Management

#### ● NCCU 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 industry-academia cooperation has entered its ninth year in 2019, 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 NCCU's "Supply Chain Management Courses" 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 2019, WPG continued to cooperate and participate in the lectures of the College of Business in National Chengchi University, with visits to Linkou Warehouse to promote the students' full understanding on the planning and practical experience of WPG's supply chain management.

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

#### ● IT Internship Program

WPG has organized an IT internship program since 2017, in the hope to assist college students on having an in-depth understanding of WPG's business and industrial environment and determine their future direction on career development. Meanwhile, WPG conveys the core value of: Teamwork, Integrity, Professionalism, and Effectiveness, and allow interns to learn from work, discover different possibilities, accept different challenges, and achieve their

maximum potential at WPG. In 2019, internship program provided 7 internships from National Yunlin University of Science and Technology for fresh graduates, and a total of 2 were hired as full-time employees after the internship program, enabling seamless connections between school and work.

#### ● World Café Leaders Forum - Internship Program

WPG participated in the leaders forum held by the organizer of STP seed talent training program, and discussed with students on their practical opinions on customer gaps of enterprises that participated in the World Café Leaders Forum on a quarterly basis, enabling students to learn how to think independently and solve problems by use of their imagination. For career issues, students can also communicate with various company managers that they are interested in. WPG also seized this opportunity to recruit outstanding students, and provided a three-month CSR internship job opportunity for 2 students.



↑ Companies which have supported World Café Leaders Forum over the years

#### ● Cooperation with AI Research Center of Soochow University

WPG DADATONG is an online sharing platform for WPG's knowledge base. In view of the importance of managing online communities, in 2019 WPG cooperated with the AI Research Center of Soochow University, the team that is good at community management analysis. The "WPG DADATONG - Data Platform Development Project" lays the foundation for WPG DADATONG's data collection and analysis, and can thereby be used as a reference for decision-making on product optimization in the future.

After the project is completed, the lecturer also designed an elective course "User Experience Insight and Analysis". During the course, WPG provides relevant GA to collect and analyze data for help students on their research, in the hope to cultivate students in taking part of the process of product and service optimization in the future. Student can learn the user's analysis experience and thinking, and implementation of procedures and approaches, which thereby help students understand how companies seek exclusive market positioning and product opportunities through scientific and logical approaches.

## 5-3 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 2019, a total of 7,550,000 was donated to the National Chengchi University, National Taipei University of Technology, and House of Dreams Foundation.

### 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 739 people had participated in the courses and seminars.

#### Taipei Electronic Components Suppliers' Association (TECSA) tributors' Lecture Hall

Taipei Electronic Components Suppliers' Association (TECSA) has set up the "Distributors' Lecture Hall" to promote in-service education and enhance talent training in the electronic components distribution industry, as well as pass on knowledge and experiences of the supply chain and distribution industry. Training courses are held once a month in 2019, each course lasts for 3 hours, which invites members and supervisors of TECSA, senior managers of WPG, industry experts, well-known entrepreneurs and scholars to provide lectures. The employees of member companies and industry practitioners were also invited to participate, giving a total of 739 participants in 2019.

#### ● WPG Holdings Lecture Courses

Date	Theme	Lecturer	Number of participants
January 10	Entrepreneurship	Kuo-Tung Tseng	70
July 19	Distributor Value Creation Under Industry 4.0 Smart Manufacturing	Frank Yeh	60
September 24	30 Entrepreneurship Lessons Not Taught in Business Schools - Talent	Kuo-Tung Tseng	125
October 3	30 Entrepreneurship Lessons Not Taught in Business Schools - Talent_Hsinchu	Kuo-Tung Tseng Chairman of YOSUN Group	50

5-3-2 Social Care and Participation

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	Tse-Xin Organic Agriculture Foundation	Coastal Tree Planting of 2,000 Trees
	Society of Wilderness	Earth Hour
	Society of Wilderness	Promote environmental education and beach clean-up activities
Social Welfare Return	Andrew Food Bank	Rice donation
Education for the Vulnerable Ones	House of Dreams	House of Dreams' Standard School of Dreams – Academic Improvement Plan
Education of Art and Humanities	Music Foundation for the Blind in Taipei	The 27th Visually Impaired Music Festival Free EYE Music Charity Concert
	Voice of the Sea Music Band	The Voice of Taiwan - 2019 New Year Concert
	The STP plan	World Café Leaders Forum was held once every quarter, giving a total of 4 times in 2019



In response to global warming and climate change, WPG hoped to promote environmental education via the Tree Planting activity. Motivating colleagues and their families to participate in the activity so that they can understand the importance of coastal windbreaks to the environment. We planned on the "One-Day Tree Planting Tour" activity with the theme of "Let's Work Together on Coastal Tree Planting", and jointly organized two sessions of activities in March together with WPG Holdings Education Foundation and Tse-Xin Organic Agriculture Foundationm, which were participated by a total of 267 people.



Tree planting activity videos and silhouette photos



## 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. For nearly 10 years, WPG developed the park's diversity in the cityscape, and enhanced the overall quality of life through the maintenance of green spaces, which enables neighboring citizens to enjoy the green space and develop the concept of protecting the earth and environment.

## Group Running

WPG's employees and their families totaling up to 300 people are invited to participate in the public welfare group running activities in order to promote a good atmosphere for a healthy lifestyle. This was the first road running activity for some employees and families. This will not only develop exercising habits of employees, but will also help patients in need, showing the enthusiasm and love of WPG's employees.

## Christmas shoe box



In 2019, WPG supported the disadvantaged children in Taipei since its cooperation with the House of Dreams Foundation in 2017. Its employees also made a shoe box gift for the disadvantaged children, and experienced that "it is more blessed to give than to receive" during the preparation process. A total of 320 shoe boxes sent by the House of Dreams Foundation this year, in order to share their love to the society.

[Special Thanks. Sharing Love, Love to Share]

For this year's Christmas love and sharing, we would like to especially thank every colleague from WPG for sharing love and donating a total of 320 shoe boxes as gifts for children in need in Wanhua District!

The shoe boxes bring warmth to our body and soul in the winter season!

We thank WPG's colleagues for their love and support

We would like to express our gratitude to WPG Holdings and various groups for donating a total of 320 shoe boxes as gifts.



### 21 days Green Life

In response to World Earth Day, WPG cooperated with the social enterprise Greenvines in attracting employees to get to know the "21-Day Green Life" activity organized by the social enterprise Greenvines for the third year to echo the "Million Acts of Green" organized by the Taiwan Environmental Information Association. Encourage employees to select 3 acts out of the 21 acts of green that can be done on a daily basis, and share their experience in the internal CSR area. This was participated by a total of 449 employees in Taiwan, and each made at least 3 acts of green within 21 days, indicating a total of 28,287 acts of green in Taiwan. We aim to continue to affect friends and relatives around through this activity, and promote more acts of green.

### Donations to the Food Bank

WPG's employees donated 449 packets (kg) of white rice, while WPG donated 102 packets (kg) in cooperation with Andre Food Bank, giving total donation of 551 packets (kg) of white rice.

### The best charity concert in the visually impaired music festival

WPG supported the 27th Visually Impaired Music Festival - Free EYE Music Charity Concert charity concert, and invited employees to participate in the concert with their friends and families.

### Support and care for remote areas

In 2019, WPI group donated 2,470 thermal bottles to 22 primary schools in the remote areas of Hualien, which enables teachers and students in remote areas to drink warm water in their daily lives, and provides care to areas with poor resources.



### Volunteers of the Energy-Saving Patrol



WPI Group participated in the Energy-Saving Patrol in Taiwan as volunteer for 50 times in 2019, and has won the award organized by BCSD-Taiwan.

### Hand in Hand Love the Earth Coastal Cleanup Activities



WPG participated in the Hand in Hand Love the Earth Coastal Cleanup Activities in April 2019, with a total of 50 participants for coastal cleanup at the coast of Yilan.



### International Coastal Cleanup Day



The AIT Group continued to cooperate with the Society of Wilderness from 2018 to 2019. The International Coastal Cleanup Day was held on September 21, 2019, top level management has led employees to participate in the public event, which attracted many companies for Waiao beach cleanup in Bali, with a total of 643 participants. The coastal clean up lasted for 40 minutes, and 514.9kg of garbage was collected, so that employees have more thorough understanding of "not only picking up (garbage), but also reducing (garbage)."

### Garbage sorting videos



### Tree planting activities for soil and water conservation



# 6

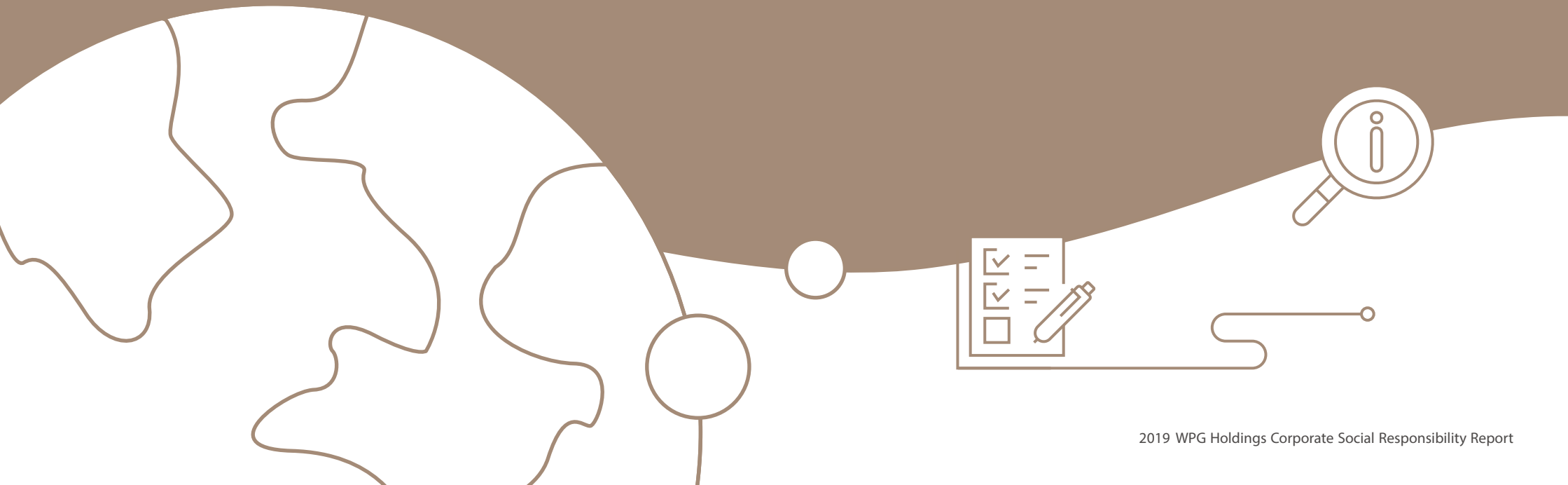
## Appendix

6-1 Assurance Opinion 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 Assurance Opinion Statement



## 獨立保證意見聲明書

## 大聯大投資控股股份有限公司 2019 年企業社會責任報告書

英國標準協會與大聯大投資控股股份有限公司(簡稱大聯大)為相互獨立的公司,英國標準協會除了針對大聯大投資控股股份有限公司 2019 年企業社會責任報告書進行評估和查證外,與大聯大並無任何財務上的關係。

本獨立保證意見聲明書之目的,僅作為對下列大聯大 2019 年企業社會責任報告書所界定範圍內的相關事項進行保證之結論,而不作為其他之用途。除對查證事實提出獨立保證意見聲明書外,對於其他目的之使用,或閱讀此獨立保證意見聲明書的任何人,英國標準協會並不負有或承擔任何有法律或其他之責任。

本獨立保證意見聲明書係英國標準協會審查大聯大提供之相關資訊所作成之結論,因此審查範圍乃基於並侷限在這些提供的資訊內容之內,英國標準協會認為這些資訊內容都是完整且準確的。

對於這份獨立保證意見聲明書所載內容或相關事項之任何疑問,將由大聯大一併回覆。

## 查證範圍

大聯大與英國標準協會協議的查證範圍包括:

1. 本查證作業範疇與大聯大投資控股股份有限公司 2019 年企業社會責任報告書揭露之報告範疇一致。
2. 依照 AA1000 保證標準(2008)及其 2018 年附錄的第 1 應用類型評估大聯大遵循 AA1000 當責性原則(2018)的本質和程度,不包括對於報告書揭露的資訊/數據之可信賴度的查證。

本聲明書以英文作成並已翻譯為中文以供參考。

## 意見聲明

我們總結大聯大企業社會責任報告書內容,對於大聯大之相關運作與績效則提供了一個公平的觀點。基於保證範圍限制事項,大聯大所提供資訊與數據以及抽樣之測試,此報告書並無重大之不實陳述。我們相信有關大聯大 2019 年度的經濟、社會及環境等績效資訊是較正確無誤地呈現。報告書所揭露之績效資訊展現了大聯大對識別利害關係人的努力。

我們的工作是由一組具有依據 AA1000 保證標準(2008)及其 2018 年附錄查證能力之團隊執行,以及策劃和執行這部分的工作,以獲得必要之訊息資料及說明。我們認為就大聯大所提供之足夠證據,表明其依據 AA1000 保證標準(2008)及其 2018 年附錄的報告方法與自我聲明符合 GRI 永續性報導準則核心選項係屬公允的。

## 查證方法

為了收集與作成結論有關的證據,我們執行了以下工作:

- 對來自外部團體的議題相關於大聯大政策進行訪談,以確認本報告書中聲明書的合適性
- 與管理者討論有關利害關係人參與的方式,然而,我們並無直接接觸外部利害關係人
- 訪談 16 位與永續性管理、報告書編製及資訊提供有關的員工
- 審查有關組織的關鍵性發展
- 審查內部稽核的發現
- 審查報告書中所作宣告的支持性證據
- 針對公司報告書及其相關 AA1000 當責性原則(2018)中有關包容性、重大性、回應性及衝擊性原則之流程管理進行審查

## 結論

針對 AA1000 當責性原則(2018)之包容性、重大性、回應性及衝擊性與 GRI 永續性報導準則的詳細審查結果如下:

## 包容性

2019 年報告書反映出大聯大已持續尋求利害關係人的參與,並建立重大永續主題,以發展及達成對企業社會責任具有責任且策略性的回應。報告書中已公正地報告與揭露經濟、社會和環境的訊息,足以支持適當的計畫與目標設定。以我們的專業意見而言,這份報告書涵蓋了大聯大之包容性議題。

## 重大性

大聯大公布對組織及其利害關係人之評估、決策、行動和績效會產生實質性影響與衝擊之重大主題。永續性資訊揭露使利害關係人得以對公司之管理與績效進行判斷。以我們的專業意見而言,這份報告書適切地涵蓋了大聯大之重大性議題。

## 回應性

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

## 衝擊性

大聯大已識別並以平衡和有效之量測及揭露方式公正展現其衝擊。大聯大已確立監督、量測、評估和管理衝擊之流程,從而在組織內實現更有效之決策和結果管理。以我們的專業意見而言,這份報告書涵蓋了大聯大之衝擊性議題。

## GRI 永續性報導準則

大聯大提供有關依據 GRI 永續性報導準則之自我宣告,與相當於“核心選項”(每個涵蓋特定主題 GRI 準則之重大主題,至少一個特定主題的揭露項目依據其全部的報導要求)的相關資料。基於審查的結果,我們確認報告書中參照 GRI 永續性報導準則的社會責任與永續發展之相關揭露項目已被報告、部分報告或省略。以我們的專業意見而言,此自我宣告涵蓋了大聯大的社會責任與永續性主題。

## 保證等級

依據 AA1000 保證標準(2008)及其 2018 年附錄我們審查本聲明書為中度保證等級,如同本聲明書中所描述之範圍與方法。

## 責任

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

## 能力與獨立性

英國標準協會於 1901 年成立,為全球標準與驗證的領導者。本查證團隊係由具專業背景,且接受過如 AA1000AS、ISO 14001、ISO 45001、ISO 14064 及 ISO 9001 之一系列永續性、環境及社會等管理標準的訓練,具有主導稽核員資格之成員組成。本保證係依據 BSI 公平交易準則執行。

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan



Statement No: SRA-TW-2019017  
2020-05-26

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## 6-2 GRI Standards Disclosure Comparison Table

\*Material topics in 2019

General Disclosure		Corresponding Chapters	Page No.
<b>Organizational profile (2016)</b>			
102-1	Name of the organization	The CSR Report	03
102-2	Activities, brands, products, and services	2-2-1 The Business Philosophy, Visions and Objectives	26
		3-1-2 Distribution services to meet customer requirements	43
102-3	Location of headquarters	The CSR Report	03
102-4	Location of operations	2-2-2 Operating Strategy and Business Planning	27
102-5	Ownership and legal form	The 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	26
		2-2-3 Important Annual Operating Indicators	28
102-8	Information on employees and other workers	4-1-2 Human Resources Structure	52-53
102-9	Supply Chain	3-1-2 Distribution services to meet customer requirements	43
		3-4-2 Selection and Management of Service Suppliers	48
102-10	Significant changes to the organization and its supply chain	There are no significant changes in 2019	
102-11	Precautionary Principle or approach	2-3-3 Sophisticated risk management mechanism	34
102-12	External initiatives	There are no external initiatives signed in 2019	
102-13	Membership of associations	3-2-3 Participation and Interaction of Industry Associations	46
<b>Strategy (2016)</b>			
102-14	Statement from senior decision-maker	The Chairman's Commitment and Philosophy	4-5

General Disclosure		Corresponding Chapters	Page No.
102-15	Key impacts, risks, and opportunities	2-3-3 Sophisticated risk management mechanism	34-35
<b>Ethics and integrity (2016)</b>			
102-16	Values, principles, standards, and norms of behavior	2-3-2 Code of Conducts, Ethics, Laws and Regulations	33
<b>Governance (2016)</b>			
102-18	Governance structure	2-3-1 Rights and Responsibility of Corporate Governance Organization	29
		1-2-1 Corporate Sustainability Management Organization	19
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
<b>Stakeholder engagement (2016)</b>			
102-40	List of stakeholder groups	1-1-1 Stakeholder identification and communication	11-12
102-41	Collective bargaining agreements	WPG does not have collective bargaining agreements, but is devoted to promoting labor-management conferences	
102-42	Identifying and selecting stakeholders	1-1-1 Stakeholder identification and communication	11-12
102-43	Approach to stakeholder engagement	1-1-1 Stakeholder identification and communication	13-14
102-44	Key topics and concerns raised	1-1-2 Identification and management of major issues	15
<b>Reporting practice (2016)</b>			
102-45	Entities included in the consolidated financial statements	The 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	16
102-48	Restatements of information	There are no restatements of information for previous report	



General Disclosure		Corresponding Chapters	Page No.
102-49	Changes in reporting	1-1-2 Identification and management of major issues	15
102-50	Reporting period	The CSR Report	03
102-51	Date of most recent report	The CSR Report	03
102-52	Reporting cycle	The CSR Report	03
102-53	Contact point for questions regarding the report	The CSR Report	03
102-54	Claims of reporting in accordance with the GRI Standards	The CSR Report	03
102-55	GRI content index	Appendix GRI Standards Disclosure Comparison Table	75
102-56	External assurance	The CSR Report Appendix Assurance Opinion Statement	03 74
Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	1-1-2 Identification and management of major issues	15
103-2	The management approach and its components	CH1 Promoting Corporate Sustainability	10
		CH2 Improvement of Ethical Governance	22
		CH3 Innovative supply chain management	37
		CH4 Talent Development and Transition	49
103-3	Evaluation of the management approach	CH1 Promoting Corporate Sustainability	10
		CH2 Improvement of Ethical Governance	22
		CH3 Innovative supply chain management	37
		CH4 Talent Development and Transition	49
Economic Aspect		Corresponding Chapters	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	58-59

Economic Aspect		Corresponding Chapters	Page No.
<b>*GRI 202: Market Presence (2016)</b>			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4-2-1 Fair compensation plan	57
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%.	
<b>GRI 203: Indirect Economic Impacts (2016)</b>			
203-1	Development and impacts of infrastructure investments and services supported	5-3 Active Social Participation and Collaboration	68
<b>GRI 204: Procurement Practices (2016)</b>			
204-1	Proportion of spending on local suppliers	3-4-2 Selection and Management of Service Suppliers	48
<b>*GRI 205: Anti-corruption (2016)</b>			
205-3	Confirmed incidents of corruption and actions taken	There is no such situation.	
<b>GRI 206: Anti-competitive Behavior (2016)</b>			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There is no such situation.	
Environmental Aspect		Corresponding Chapters	Page No.
<b>GRI 302: Energy (2016)</b>			
302-1	Energy consumption within the organization	5-1-1 Green Environmental Management	64
<b>GRI 303: Water (2016)</b>			
303-1	Water withdrawal by source	5-1-1 Green Environmental Management	64
<b>GRI 305: Emissions (2016)</b>			
305-2	Energy indirect (Scope 2) GHG emissions	5-1-1 Green Environmental Management	64

Environmental Aspect		Corresponding Chapters	Page No.
<b>GRI 306: Effluents and Waste (2016)</b>			
306-2	Waste by type and disposal method	5-1-2 Waste and consumables management	65
<b>*GRI 307: Environmental Compliance (2016)</b>			
307-1	Non-compliance with environmental laws and regulations	There is no such situation.	
Social Aspect		Corresponding Chapters	Page No.
<b>*GRI 401: Employment (2016)</b>			
401-1	New employee hires and employee turnover	4-1-1 Human Resources Structure	53
401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	4-3-1 Diversified Welfare and Employee Care	58-59
401-3	Parental leave	4-3-1 Diversified Welfare and Employee Care	59
<b>*GRI 403: Occupational Health and Safety (2016)</b>			
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	4-3-3 Occupational health and safety	61
<b>*GRI 404: Training and Education (2016)</b>			
404-1	Average hours of training per year per employee	4-1-2 Talent Development Framework	53
404-3	Percentage of employees receiving regular performance and career development reviews	4-2-2 Appropriate mechanism for performance evaluation	58
<b>GRI 405: Diversity and Equal Opportunity (2016)</b>			
405-1	Diversity of governance bodies and employees	2-3-1 Rights and Responsibility of Corporate Governance Organization	30
		4-1-1 Human Resources Structure	52
405-2	Ratio of basic salary and remuneration of women to men	4-2-1 Fair compensation plan	57

Social Aspect		Corresponding Chapters	Page No.
<b>GRI 406: Non-discrimination (2016)</b>			
406-1	Incidents of discrimination and corrective actions taken	There is no such situation.	
<b>GRI 407: Freedom of Association and Collective Bargaining (2016)</b>			
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.	
<b>GRI 408: Child Labor (2016)</b>			
408-1	Operations and suppliers at significant risk for incidents of child labor	There is no such situation.	
<b>GRI 409: Forced or Compulsory Labor (2016)</b>			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	There is no such situation.	
<b>GRI 411: Rights of Indigenous Peoples (2016)</b>			
411-1	Incidents of violations involving rights of indigenous peoples	There is no such situation.	
<b>*GRI 417: Marketing and Labeling (2016)</b>			
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.	
<b>*GRI 418: Customer Privacy (2016)</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There is no such situation.	
<b>*GRI 419: Socioeconomic Compliance (2016)</b>			
419-1	Non-compliance with laws and regulations in the social and economic area	2-3-2 Code of Conducts, Ethics and Regulations	33

6-3 ISO 26000 Social Responsibility Guidance Comparison Table

Classification	Main Issues	Corresponding Chapters	Page No.	Classification	Main Issues	Corresponding Chapters	Page No.
Organizational Governance	Make decisions and implement a systematic corporate social responsibility philosophy when carrying out an objective	CH1 Promoting Corporate Sustainability	10	Fair Operating Practices	Anti-corruption	CH2 Consistency on Ethical Governance	22
		CH2 Consistency on Ethical Governance	22		Responsible political involvement	CH2 Consistency on Ethical Governance	22
Human Rights	Due diligence	CH4 Talent Development and Transition	49		Fair competition	CH2 Consistency on Ethical Governance	22
	Human right risks situations	CH4 Talent Development and Transition	49		Promote social responsibility in the value chain	CH2 Consistency on Ethical Governance	37
	Avoidance of complicity	CH4 Talent Development and Transition	22		Respect for property rights	CH2 Consistency on Ethical Governance	22
	Resolving grievances	CH4 Talent Development and Transition	49	Consumes Issues	Fair marketing, factual and unbiased information and fair contractual practices	CH3 Innovative supply chain management	37
	Discrimination and vulnerable groups	CH4 Talent Development and Transition	49		Protecting consumers' health and safety	CH3 Innovative supply chain management	37
	Civil and political rights	CH4 Talent Development and Transition	49		Sustainable consumption	CH3 Innovative supply chain management	37
	Economic, social and cultural rights	CH4 Talent Development and Transition	49		Consumer service, support, and complaints and dispute resolution	CH3 Innovative supply chain management	37
	Fundamental principles and rights at work	CH4 Talent Development and Transition	49		Consumer data protection and privacy	CH2 Consistency on Ethical Governance	22
Labor Practices	Employment and employment relationships	CH4 Talent Development and Transition	49		Access to essential services	CH2 Consistency on Ethical Governance	22
	Conditions of work and social protection	CH4 Talent Development and Transition	49		Education and awareness	CH3 Innovative supply chain management	37
	Social dialogue	CH4 Talent Development and Transition	49	Community Participation and Development	Community involvement	CH5 Implementation of public care	62
	Health and safety at work	CH4 Talent Development and Transition	49		Employment creation and skills development	CH5 Implementation of public care	62
	Human development and training in the workplace	CH4 Talent Development and Transition	49		Technology development and access	CH5 Implementation of public care	62
Environment	Prevention of pollution	CH5 Implementation of public care	62		Wealth and income creation	CH5 Implementation of public care	62
	Sustainable resource use	CH5 Implementation of public care	62		Education and culture	CH5 Implementation of public care	62
	Climate change mitigation and adaptation	CH5 Implementation of public care	62		Health	CH5 Implementation of public care	62
	Protection of the environment, biodiversity and restoration of natural habitats	CH5 Implementation of public care	62		Social investment	CH5 Implementation of public care	62

6-4 United Nations Global Compact Comparison Table

Classification	10 Principles		Corresponding Sections	Page No.
Human Rights	Principle 1	Businesses should support and respect internationally recognized human rights	CH4 Talent Development and Transition	49
	Principle 2	Make sure that they are not complicit in human rights abuses	CH4 Talent Development and Transition	49
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	49
	Principle 4	The elimination of all forms of forced and compulsory labor	CH4 Talent Development and Transition	49
	Principle 5	The effective abolition of child labor	CH4 Talent Development and Transition	49
	Principle 6	The elimination of discrimination in respect of employment and occupation	CH4 Talent Development and Transition	49
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges	CH5 Implementation of public care	62
	Principle 8	Undertake initiatives to promote greater environmental responsibility practices	CH5 Implementation of public care	62
	Principle 9	Encourage the development and diffusion of ecofriendly technologies	CH5 Implementation of public care	62
Anti-corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	CH2 Consistency on Ethical Governance	22



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