

A Message from the President

In 2015, following our vision for an active transformation in the company's sustainable development strategy, we proposed the following main business focus areas:

- Enhance the competitiveness of core businesses
- Accelerate the growth and profitability of technology service businesses

Our core businesses include personal computers, servers, mobile phones, and end smart applications. Despite the declining notebook market in the past years and saturation of PC product line markets, we must still continue to grow our business with existing customers. We primarily adjust our existing customers and product combinations to increase gross margin. In addition, to improve internal operational performance we continuously promote simple product designs, automated production processes, instant inventory management, and reducing wastage of production capacity.

Our technology service businesses include display components, touch module, green recycling, after-sale service, medical devices, and educational technology applications. Although investment into these product lines was three to four years ago, the results are slower than our expectation. Furthermore, there are various difficulties and challenges that we must face.

With the oversupply and value degradation in the touch module market, we had to diminish the touch module business scale and merge with our LCM business line. Meanwhile, under the continuous adjustment of green recycling business feasible operating models were identified. With the trend of diverse applications and services driven from big data and Internet of Things (IoT), technology service business is a direction we should move forward toward.

Furthermore, this year we will continue to emphasize the importance of innovation and execution. Regarding innovation, we endeavor to build an environment beneficial for innovation activities. Previously, we actively advocated patent applications. This year, we will encourage our employees to integrate their creativity into the company's creative platform and then use company resources (financial resources, human resources, and technical support) to support and sustain their creativity. Regarding

execution, we emphasize the importance of accountability. We also continuously set goals for research and development and production expenditures, as well as execute improvement plans. In 2015, we changed personnel and the organization structure of business units with poor performance in order to achieve improvement and profit goals.

We acutely realize that corporate social responsibility (CSR) must be incorporated into a corporate management strategy. Promoting CSR can not only bring competitive advantages for the company, but also benefit the company and enhance our corporate social value. This CSR Report covers stakeholders' topics of concern, particularly with regards to labor rights, reduction of greenhouse gases, conflict minerals, and outcomes of supplier management. In addition, we also disclose the sustainable design problems considered in product development, as well as new business development and information management.

Furthermore, we comprehensively and extensively contemplated and took actions at the environmental, social, and economic levels. We considered the plans and response measures that can be strategized, indexed, and implemented under laws and regulations, including when technologies and resources are regulated and limited. In addition, we actualized corporate sustainability, social responsibility policies, and company beliefs, to achieve the proposed company vision to create a mutually beneficial outcome for businesses and society.

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