
Ethical Corporate Management Best Practice Principles Walsin Lihwa Corporation

Article 1 Purpose of Enactment and Applicable Scope

These Principles are adopted to assist Walsin Lihwa (hereafter referred to as the Company) to foster a corporate culture of ethical management and sound development and offer a reference framework for establishing good commercial practices.

These Principles are applicable to the subsidiaries (affiliated enterprises) substantially controlled by the Company as the Company directly or indirectly holds more than 50% of the shares of a subsidiary.

Article 2 Prohibition of Unethical Conducts

When engaging in commercial activities, directors, managers, employees, or mandataries of the Company or persons having substantial control over the Company (substantial controllers) shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty for purposes of acquiring or maintaining benefits ("Unethical Conduct").

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.

Article 3 Types of Benefits

"Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4 Compliance

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

Article 5 Policies

The Company shall abide by its business philosophy of honesty, transparency and responsibility, base its policies on the principle of good faith with approval by its board of directors to establish good corporate governance and risk control and management mechanism to create an operational environment for sustainable development.

Article 6 Prevention Programs and Program Scopes

The Company shall in its own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conducts ("prevention programs"), including operational procedures, guidelines, and training.

When establishing the prevention programs, the Company shall comply with relevant laws and regulations of the territory where the Company and its businesses and organizations are operating.

When developing the prevention programs, the Company is advised to communicate with its staff, labor union members, important trading counterparties, or other stakeholders.

The Company shall establish assessment mechanisms against unethical conducts to regularly analyze the business activities that are possibly at a higher risk of being involved in any unethical conduct within the business scopes. Relevant preventive measures shall accordingly be stipulated with regular review of the appropriateness and effectiveness of such measures.

The prevention programs adopted by the Company shall take into account of applicable domestic and foreign criteria or guidelines, and shall at least include the following preventive measures against:

1. Offering and acceptance of bribes.
 2. Illegal political donations.
 3. Improper charitable donations or sponsorships.
 4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
 5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
 6. Engaging in unfair competitive practices.
 7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in research and development, procurement, manufacture, supply or sale of products and services.
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Article 7 Commitment and Implementation

The Company shall require its board of directors and senior management to provide the statement of their adherence to ethical business management and also require their employees to adhere to ethical business practice as specified in employment terms.

The Company and its affiliated enterprises shall clearly specify their ethical corporate management policies and the commitment by the Company's board of directors and management on rigorous and thorough implementation of such policies in their rules, external documents, and on their websites, and shall carry out the policies in internal management and in commercial activities..

The Company shall document the ethical business management policies, statement, commitment, and implementation as provided in Article 8-1 and 2 for proper safekeeping.

Article 8 Ethical Management of Commercial Activities

The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, customers, or other trading counterparties and whether any of them are involved in any unethical conduct and shall avoid any dealings with anyone so involved.

When entering into contracts with its agents, suppliers, customers, or other trading counterparties, the Company shall include in such contracts terms requiring compliance with its ethical corporate management policy and that in the event the trading counterparties are involved in any unethical conduct, the Company terminate or rescind the contracts may at any time.

Article 9 Prohibition of Offering and Acceptance of Bribes

When conducting business, the Company and its directors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from customers, agents, contractors, suppliers, public servants, or other stakeholders.

Article 10 Prohibition of Illegal Political Donations

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and the Company's own relevant internal operational procedures, and

shall not make such donations in exchange for commercial gains or business advantages.

Article 11 Prohibition of Improper Charitable Donations or Sponsorships

When making or offering donations and sponsorships, the Company and its directors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures and shall not surreptitiously engage in bribery.

Article 12 Prohibition of Offering or Acceptance of Unreasonable Presents, Hospitality, or Other Improper Benefits

The Company and its directors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 13 Prohibition of Infringement of Intellectual Property Rights

The Company and its directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the owner of the intellectual property rights.

Article 14 Prohibition of Engaging in Unfair Competitive Practices

The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 15 Prevention of Stakeholders Damaged by Products or Services

In research and development, procurement, manufacture, provision, or sale of products and services, the Company and its directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. The Company shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders and carry out the policy in its operations to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that

the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.

Article 16 Organization and Duties

The directors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conducts, always review the results of the preventive measures and continually make adjustment to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the Company shall establish a dedicated unit with sufficient resources and competent personnel that is under the board of directors and responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall oversee the following matters, and shall report to the board of directors on a regular basis (at least once a year):

1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Adopting programs based on regular analysis and assessment of the risks associated with unethical conducts within the business scopes to prevent unethical conducts and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conducts.
4. Promoting and coordinating awareness and educational activities with respect to the ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for implementing ethical management are effectively operating and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 17 Compliance for Conducting Business

The Company and its directors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

Article 18 Recusal

The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conducts, and shall also offer appropriate means for directors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the Relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company's directors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the Company to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 19 Accounting and Internal Control

The Company shall establish an effective accounting system and internal control system for business activities possibly at a higher risk of being involved in any unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly to ensure that the design and enforcement of the systems are showing results.

The internal audit unit of the Company shall map out relevant audit plans covering audit objects, scopes, items, and frequencies among others, based on which to periodically examine the Company's prevention program compliance and prepare audit reports and submit the same to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit and may engage

professionals to assist if necessary. The audit results shall be reported to the senior management as well as the internal audit unit and such reports shall also be submitted to the board of directors of the Company.

Article 20 Operational Procedures and Conduct Guidelines

The Company shall guide its directors, managers, employees, and substantial controllers on how to conduct business regarding the following matters:

1. Standards for determining whether improper benefits have been offered or accepted.
 2. Procedures for offering legitimate political donations.
 3. Procedures and the standard rates for offering charitable donations or sponsorships.
 4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
 5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
 6. Regulations and procedures for dealing with suppliers, customers and business transaction counterparties suspected of unethical conducts.
 7. Handling procedures for violations of these Principles.
 8. Disciplinary measures on offenders.
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Article 21 Education, Training, and Appraisal

The chairperson, president, or senior management of the Company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

The Company shall periodically organize training and awareness programs for directors, managers, employees, mandataries, and substantial controllers and invite the Company's commercial transaction counterparties, so that they can understand the Company's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of unethical conducts.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 22 Whistleblowing System and Disciplinary Action

The Company shall adopt a concrete whistleblowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the Company to submit reports.
2. Dedicated personnel or unit to handle whistleblowing: Any tip involving a director of the board or the senior management shall be reported to the Audit Committee. Categories of reported misconducts shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. After investigation into a case: Relevant authorities or the judiciary shall be reported based on the extent of violation for follow-up investigation and/or prosecution when necessary.
4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
5. Acceptance of anonymous reports for the confidentiality of whistleblowers and cases reported.
6. Measures for protecting whistleblowers from inappropriate disciplinary actions due to their whistleblowing.
7. Whistleblowing incentive measures.

When material misconducts or likelihood of material impairments to the Company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistleblowing system shall immediately prepare a report and notify the Audit Committee in written form. The Company shall adopt a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules and shall make immediate disclosure on the Company's internal website of the details of the violation and the actions taken in response.

Article 23 Information Disclosure

The Company shall specifically analyze and assess the effectiveness of its ethical management policy promotion. The Company shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, and the effectiveness of promotion on its company websites, annual reports, and prospectuses, and shall disclose the Ethical Corporate Management Best Practice Principles on the Market Observation Post System.

Article 24 Review and Improvement of Ethical Management Policy and Measures Taken

The Company shall always monitor the development of relevant local and international regulations concerning ethical corporate management and encourage its directors, managers, and employees to make suggestions, based on which its adopted ethical corporate management policy and measures taken will be reviewed and

improved with a view to achieving better implementation of ethical management.

Article 25 Enactment and Implementation

The Company's Ethical Corporate Management Best Practice Principles shall be approved by the board of directors and shall be reported at the shareholders' meeting. The same procedure shall be followed when the Principles have been amended.

When the Ethical Corporate Management Best Practice Principles are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

Enacted on August 13, 2014, the Principles were amended thrice respectively on January 14, 2015, January 19, 2017, and August 2, 2019.
