

Corporate Social Responsibility Report

2019





Corporate Social Responsibility Report

2019

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About the Report

Reporting Basis and Framework

● Guidelines and Principles

The contents and framework of this report are structured according to the core option of the Global Reporting Initiative (GRI) Standards. Disclosures in each dimension are made according to the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies.

● Source and Management of Data

The data in this report are provided by head office and each operating units, and compiled by the CSR Report Team. The report was then reviewed through an administrative process to verify that it serves its purpose. Financial information in the report was audited by certified public accountants.; the environmental safety and health management systems are subject to periodic internal audits, as well as annual external audits, including ISO 14001 and OHSAS 18001^{note}; the greenhouse gas inventory for our Yenshui plant and Taichung plant passed a third party audit in accordance with ISO 14064-1.

● Review and Finalization by Internal Editors

Content in this report was approved by the supervisor of each committee and provided to the CSR Report Team for preparation of the first draft. The draft was reviewed and revised by the team supervisor, and then reviewed by the supervisor of each committee. The revised version after second review was then submitted to the president and chairman through administrative procedure for approval and finalization before being published.

● External Assurance

The Chinese version of this report was externally reviewed by Deloitte & Touche and a Limited Assurance Report was obtained. The report accords with the core GRI Standards and the standards of the Assurance of Non-historical Financial Information Auditing / Review and Guidelines for the Compilation and Declaration of Corporate Social Responsibility Reports of Publically Listed Companies in the assurance reporting standards of the Accounting Research and Development Foundation.

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Manufacturing

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Environment Friendly

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Appendix

Boundary of Data

The contents of this report cover business activities at important locations of Walsin Lihwa Corporation (hereinafter referred to as "Walsin Lihwa", "Walsin" or the "Company") between January 1st, 2019 and December 31st, 2019. The locations include

Taiwan : Taipei Head Office, Hsinchuang plant, Yangmei Plant, Taichung Plant, Yenshui Plant

Mainland China :

Walsin China Investment Co., Ltd. (hereinafter referred to as "Walsin China Investment")

Dongguan Walsin Wire & Cable Co., Ltd. (hereinafter referred to as "Dongguan Walsin")

Jiangyin Walsin Steel Cable Co., Ltd., (hereinafter referred to as "Jiangyin Walsin (Steel Cable)")

Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. (hereinafter referred to as "Shanghai Walsin")

Yantai Walsin Stainless Steel Co., Ltd. (hereinafter referred to as "Yantai Walsin")

Changshu Walsin Specialty Steel Co., Ltd. (hereinafter referred to as "Changshu Walsin")

Jiangyin Walsin Specialty Alloy Materials Co., Ltd. (hereinafter referred to as "Jiangyin Walsin (Specialty Alloy Materials)")

Walsin (Nanjing) Development Co., Ltd. (hereinafter referred to as "Nanjing Walsin (Real Estate)")

Nanjing Walsin Property Management Co., Ltd. (hereinafter referred to as "Nanjing Walsin (Property Mgmt.)")

Malaysia : Walsin Precision Technology Sdn. Bhd.

The historical data revised herein in response to the divestment of Nanjing Walsin Metal Co, Ltd. and another reorganization in 2019 -- as compared to the data in the 2018 CSR report -- are not expected to affect readers' trend judgements. Specific notes are provided to the data not accordingly revised.

Date of Publication and Period

The Company releases its CSR report on an annual basis. The report's electronic is available for download on the Company's official website.

Date of first issue: Published in May 2015

Previous issue: Published in May 2019

Current issue: Published in May 2020

Previous reports: <http://www.walsin.com/csr/cht/download.html>

Contacts

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TEL : 02-8726-2211 ext.6398

E-mail : csr@walsin.com

Company website : www.walsin.com

Note: The Yenshui plant and Dongguan Walsin Wire and Cable Ltd. started to have the OHSAS 18001 implemented in 2019 and their implementation is expected to pass external auditing in 2020.





Message from Chairman

Dear Friends,

Walsin Lihwa always believes corporate social responsibilities (CSR) are a process of ongoing advancement and is therefore committed to active CSR management by sustainability disclosure. Our annual CSR reports comprehensively review the status quo of sustainability at our company and faithfully communicate our corporate values to keep us continuing improving our CSR practice.

Given the strong blow to global economic activities dealt by the COVID-19 pandemic, we have long started to take emergency responsiveness measures by prompt business strategy and production adjustment. We have worked with customers and suppliers to have production and shipment rescheduled and have strengthened promoting epidemic prevention to employees. With necessary epidemic prevention materials distributed to employees and flexible working hours properly arranged, we are able to stay on top of employee health statuses. During the pandemic, we also remain committed to strengthening our cooperation with stakeholders to help maintain mutual competitiveness.

Over the past several years, Walsin Lihwa has been pursuing innovation and transformation by effectively leveraging technology, strategic thinking, and lean-and-mean management to optimize core businesses step by step. The year 2019 posed stiff competition and various challenges to our company but our overall business performance remained consistent and steady. While pursuing core business development and higher profitability, our company continued encouraging employees to achieve the Sustainable Development Goals in their daily work by painstakingly improving interaction with stakeholders, strengthening corporate governance, implementing circular economy, and fulfilling CSR to help create common good and exert positive influence.

Optimization of Corporate Governance to Strengthen Business Integrity

To help enable sustainable business development, promote corporate governance, and strengthen business integrity managed by the board, the board of Walsin Lihwa resolved to establish the Sustainable Development Committee and passed the committee charter by combining the existing CSR Committee and Business Integrity Committee in 2019 to enhance CSR governance with the new committee run by all the independent directors of the board. We also had our Ethical Corporate Management Best Practice Principles amended to develop the mechanism of evaluation of the risks associated with unethical conducts and practices, plan our business integrity policy statement, promote legal compliance, and implement education and training on business integrity, so that business integrity can become institutionalized as one of our corporate values for both internal and external related parties. Ongoing introspection and vigilance helped Walsin Lihwa rank again among the top 5% in the 6th Corporate Governance Assessment conducted by the Corporate Governance Center of the Taiwan Stock Exchange in 2019. Walsin Lihwa has been in the top 5% for 3 consecutive years. Moreover, our company ranked among the top 10% of the Taiwan Stock Exchange-listed companies with market capitalization of more than NT\$10 billion each and not in the electronics or finance industry.

Leverage of Technology for Common Good with Business Partners

In response to changing business and production models as well as emerging trends such as flexible manufacturing and new technologies being leveraged, we have been engaging in smart manufacture system development for manufacture process optimization and investing in technology R&D for product innovations and upgrades to expedite high-value transformation of our company and drive further growth. Our power cable business has made significant progress in green energy and wind power generation development, while our stainless steel business has been offering novel steel products and more various product mixes to strategically expand into the manufacturing service industry by increasing product applications, enhancing product added-values, and offering flexible manufacturing and customization.

Customers and suppliers amount to the strongest backup for Walsin Lihwa and are also the company's key business partners; mutual help and trust are required for the successful long-term relation between our company and key business partners. Accordingly, Walsin Lihwa started to have customer relations management systems implemented at Taiwan plant sites in 2019 for service-oriented business model and service procedure optimization. Supporting the global partnership for sustainable development while developing the value chain value-added influence, we assisted customers in manufacture process optimization and power consumption reduction to help enable green production cooperation with them. We also hosted events for exchange with suppliers at our four plant sites in Taiwan to correctly communicate our CSR policy to them, and the comprehensive and in-depth sharing of different industry practices between our company and partners would help realize economic, environmental, and social sustainability together with partners.

Environmental Friendliness and Resources Recycling

In 2019, we started to have the ISO 45001 Occupational Safety and Health Management System implemented at our plant sites across the Taiwan Strait with contractor management carried out by our Taichung and Yenshui plants in Taiwan for employees to rest assured of their health and safety at work. We also had a databank of job safety procedures and risks assessment implemented in consistency with environment, health, safety, and sustainability management. Moreover, we took the initiative to establish the Walsin occupation health and safety business group with our Yenshui plant to assist 19 companies with fewer than 100 employees at each of these small and medium companies in workplace health and safety management.

In terms of energy saving and carbon emission reduction, we dedicated ourselves to green production process development for waste reduction at sources and energy efficiency improvement. Our energy management system was proved successful in energy saving, carbon emission reduction, and pollution

prevention. In 2019, the coal boiler system at our Hsinchuang plant was replaced by a natural gas boiler system; Shanghai Walsin Lihwa Power Wire and Cable Company replaced its diesel boiler system with an electricity boiler system; and the waste acid at our Yenshui plant was sent to our Taichung plant for processing and reuse to decrease the output of sludge. As a result, the percentage of landfills at our Taiwan sites in 2019 is 43.92% lower than that in the previous year. What we accomplished in 2019 helped decrease environmental impacts from operations, strengthen resource utilization efficiency, and pave the way for circular economy development significantly.

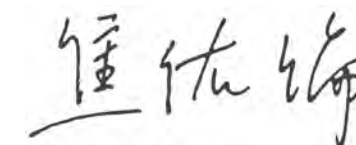
Humanism for Social Communion

Walsin Lihwa considers employees the most important asset and therefore does the best to provide a challenging yet diverse, friendly, and ongoing learning work environment. Our humanistic corporate culture -- along with our well-planned compensation and benefit system -- effectively helps employees subscribe and live up to company core values, and employees are able to take part in strategic company projects through various talent incubation and occupational competence development programs. There are also EMBA opportunities as well as relevant training and workshops to encourage ongoing learning and innovation for right employees in right jobs to do what they excel in, seek self-fulfillment, and grow together with the company.

To better contribute to social communion, Walsin Lihwa combines company resources with employee volunteerism for four CSR initiatives, ongoing corporate citizenship, care for the underprivileged, environmental protection and preservation, and community outreach. In 2019, we supported the Taipei Veterans General Hospital's acquisition of heavy particle cancer treatment equipment to strengthen medical service quality; donated to the Wei Haimin Chinese Opera Foundation to help promote traditional Chinese opera art and the quintessence of Chinese culture; continued funding the Light up the Corner Throughout Taiwan Project for specialty education; supported Chung Yuan Christian University's smart industry 4.0 demonstration site development. Our employees also successfully involved themselves in CSR initiatives.

Walsin Lihwa looks forward to not only perfecting its core businesses but also developing influential corporate citizenship committing to environmental and social sustainability to create a better future for generations to come.

Chairman: Yu-Lon Chiao

A handwritten signature in black ink, appearing to read "鍾文雄" (Zhong Wen-xiong), which is the Chinese name of Yu-Lon Chiao.

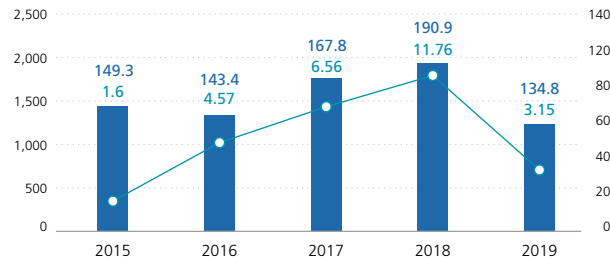
2019 Performance Overview



Economic

Revenue and net profit

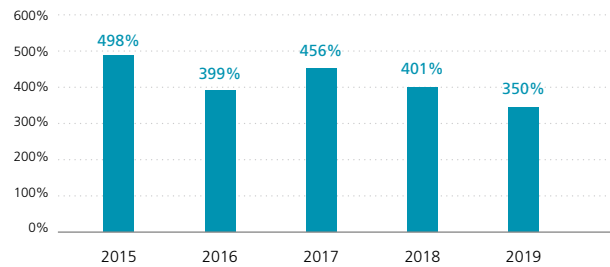
(Unit : NT\$ billion)



Note: The revenues of Nanjing Walsin Metal Co., Ltd. are not recognized because of the divestment of the company in May 2019.

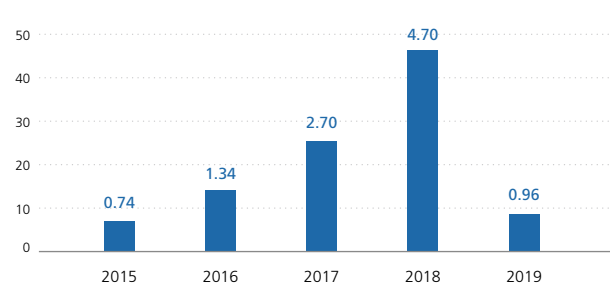
Long-term capital to fixed assets

(Unit : %)



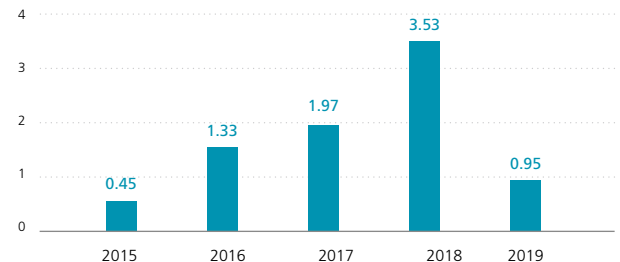
Income tax

(Unit : NT\$ billion)



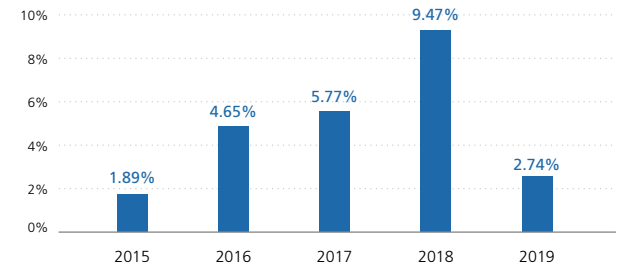
EPS

(Unit : NT\$/share)



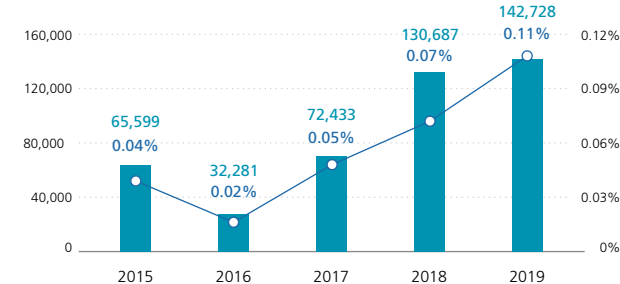
Return on assets

(Unit : %)



R&D expense* and ratio

(Unit : NT\$ thousand : %)

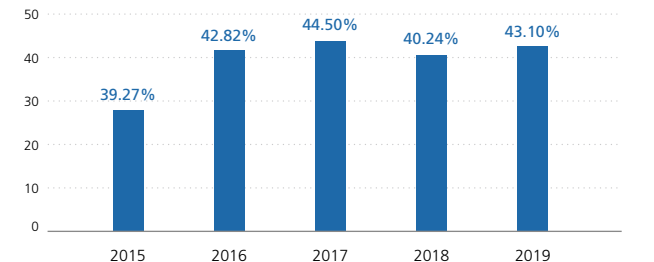


Note: Expenses = Operating cost + Operating expenses

■ R&D expense(NT\$ thousand) —○ ratio(%)

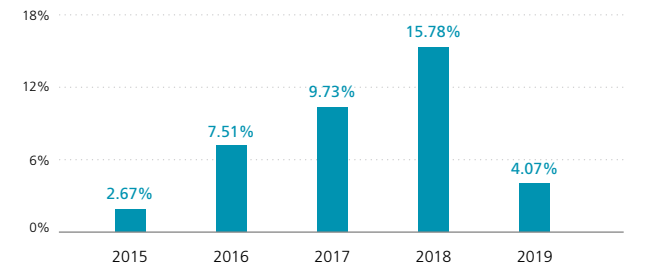
Debt asset ratio

(Unit : %)



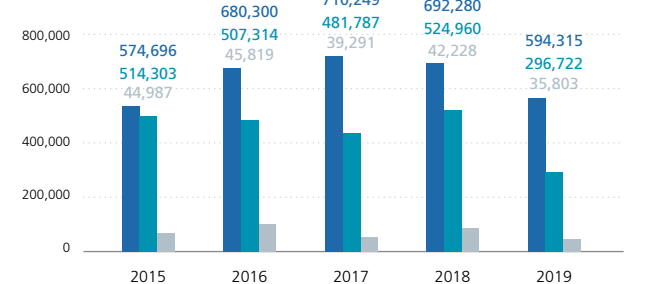
Return on shareholders' equity

(Unit : %)

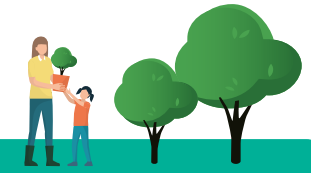


Volume of production

(Unit : ton)

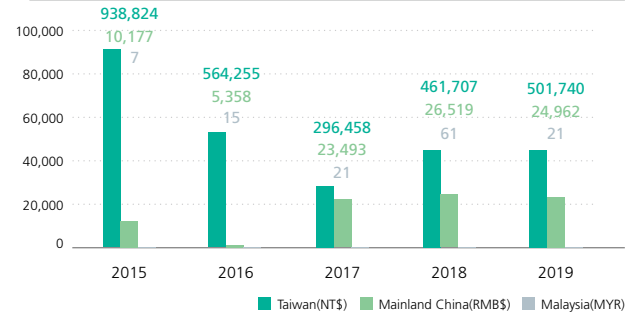


■ Steel-making ■ Copper-making ■ Wire & Cable

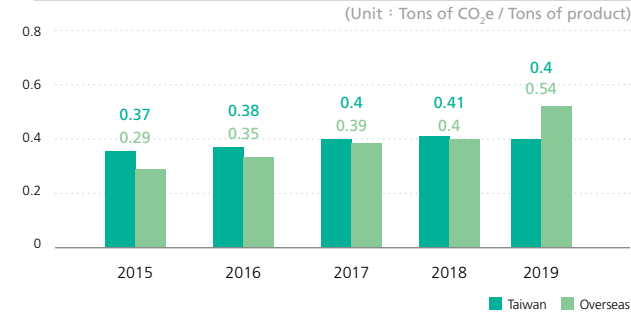


Environmental

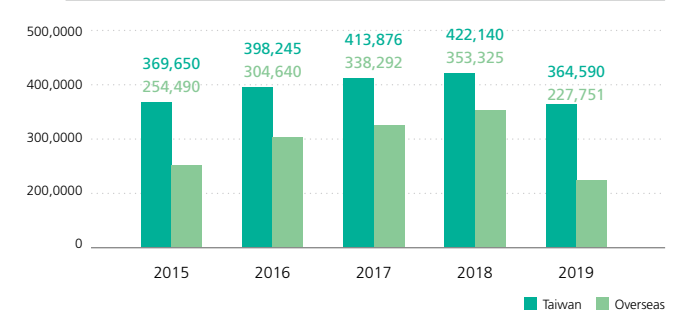
Environmental protection expenses (Unit : thousand)



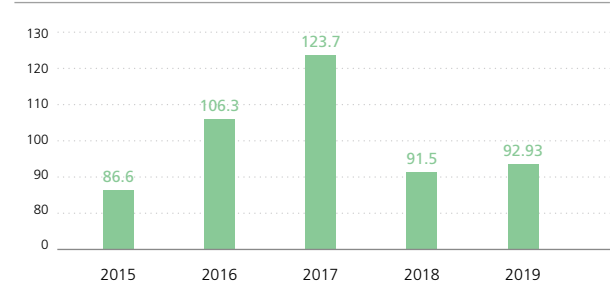
Intensity of greenhouse gas (GHG) emissions (Unit : Tons of CO₂e / Tons of product)



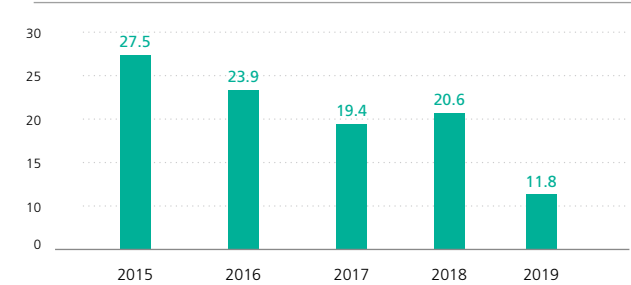
GHG emissions (Scope 1, Scope 2) (Unit : Tons of CO₂e)



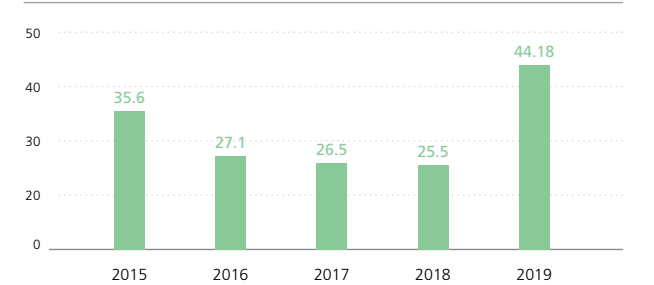
Nitrogen oxide emissions (Taiwan) (Unit : ton)



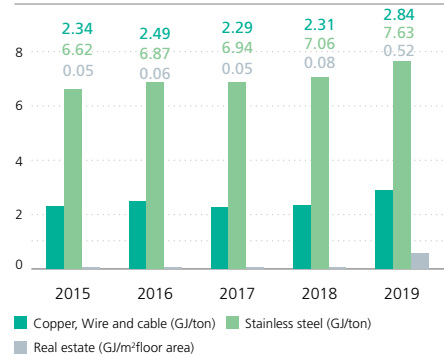
Sulfur oxide emissions (Taiwan) (Unit : ton)



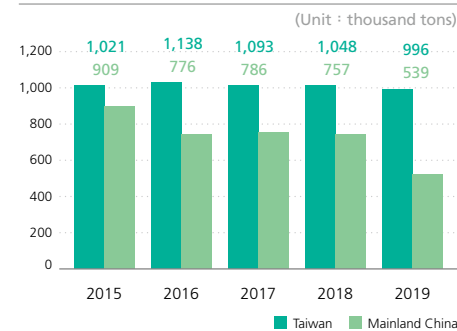
Particulate pollutant emissions (Taiwan) (Unit : ton)



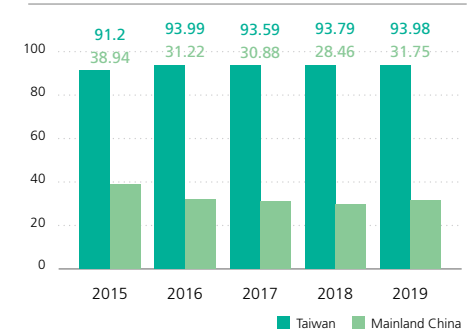
Energy consumption per unit of product



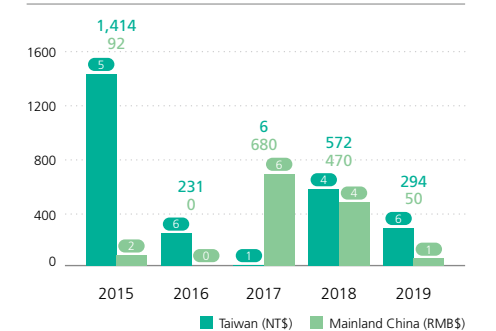
Purchased water withdrawal (Unit : thousand tons)



Process water recycling rate (Unit : %)



Number and amount of environmental protection related fines (Unit : thousand)

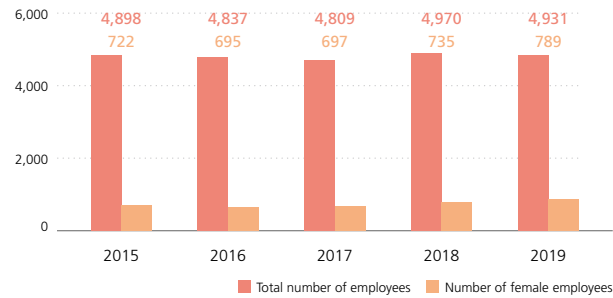




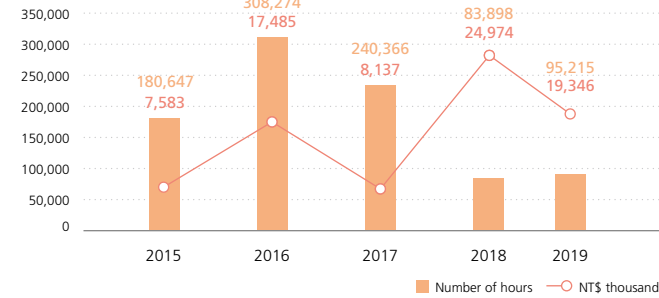
Social

Number of employees

(Unit : persons)

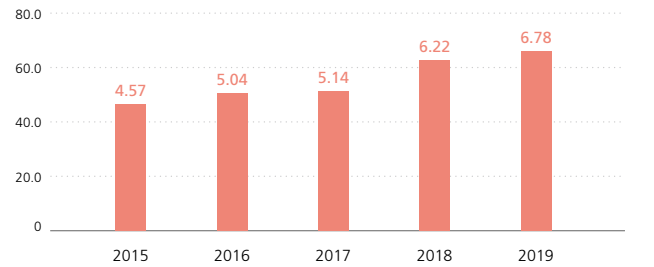


Total employee training hours and expense

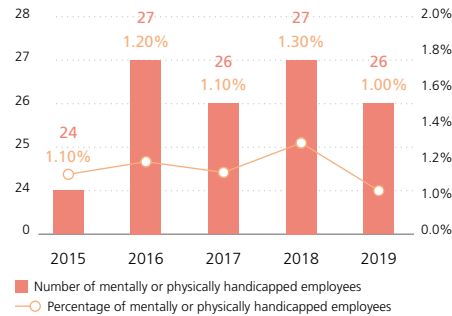


Employee salary and benefits expenses

(Unit : NT\$ billion)

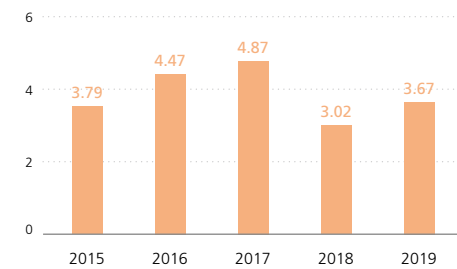


Employment of the mentally or physically handicapped in Taiwan



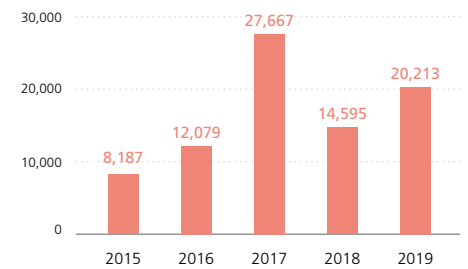
Frequency of disabling injuries

(Unit : Number of disabling injury cases / 1 million work hours)



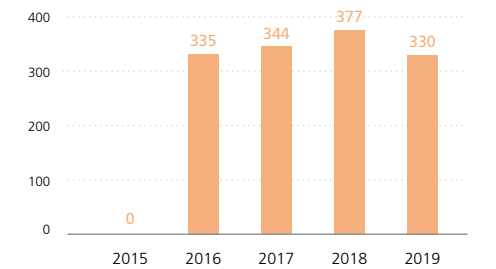
Social engagement and charity expenses

(Unit : NT\$ thousand)



Number of suppliers that signed the Letter of Commitment to CSR

(Unit: Suppliers)



Note: The Letter of Commitment to CSR was established in November 2015.

Awards



Ranked in the Top 5%
in the TWSE's 6th
Corporate Governance Evaluation Award



Won the TOP 50 of Report and
Corporate Sustainability Award at the 2019 Taiwan
Corporate Sustainability Awards (TCSA)


























Included as a constituent stock
in the TWSE CG 100 Index
since 2015

Sustainability Progress at Walsin Lihwa

Walsin Lihwa leverages the advantages of Industry 4.0 to pursue sustainable growth, enable persistent environmental protection and ongoing R&D for innovation, and create values for customers by providing manufacturing service to continue strengthening the company's trustworthiness to customers as well as business partners.

Sustainability Strategy and Implementation Guidelines

Implementation Centers	Sustainability strategy	Implementation Guidelines	Mid- and Long-Term Goals Achieved	SDGs
 Business Integrity	Enhance the functionality of the governance structure, ensure compliance with related regulations, and strive to increase stakeholders' trust	<ul style="list-style-type: none"> Promote legal compliance and provide education and training on business integrity as well as compliance requirements Improve and perfect business integrity-related regulations and systems Amend related regulations to ensure legal compliance Identify the risks associated with business integrity violations at individual plant sites to accordingly develop preventive measures 	<ul style="list-style-type: none"> Continued promoting business integrity by providing relevant education and training while ensuring legal compliance with relevant regulations and systems to enhance employees' consciousness of business integrity and further strengthen the business integrity corporate culture Implemented risks assessment and management effectively to ensure legal compliance and strengthen business integrity 	
	Prioritize employee safety and health, and establish well-rounded policies and regulations which are enforced in each plant	<ul style="list-style-type: none"> Protect labor safety and health, and create a safe working environment 	<ul style="list-style-type: none"> Made good use of occupation health and safety management, contractor management, and IT applications to achieve zero work injury, i.e., Frequency-Severity Indicator (FSI) < 0.5 	
 Environment, Healthy, and Safety	Strengthen energy and resource management to lower the impact of operations on the environment and to develop towards a circular economy	<ul style="list-style-type: none"> Increase resource use efficiency and recycling for a circular economy 	<ul style="list-style-type: none"> Increased the efficiency of water pipe management by 20% Replaced lime for cement production with reduction slags, whose green particles were used to make calcium silicate plates Promoted the use of green particles of oxidized slags as asphalt concrete and subbases as well as the use of oxidized slag powder as functional compressed bricks Promoted the resource recovery of sludge, mill scales, and oxidized aluminum. 	   
		<ul style="list-style-type: none"> Establish energy management mechanisms for energy conservation, carbon reduction, and reduce pollutant emissions 	<ul style="list-style-type: none"> Engaged in clean production process planning as well as advanced equipment and technology development, which were incorporated into the company's energy saving and greenhouse gas reduction initiative action plan to strengthen energy efficiency Improved the accuracy of the company's internal greenhouse gas inventories, established and updated the energy management system, established and reviewed key energy performance indices including Greenhouse gas emission intensity and internal carbon pricing, and implemented carbon footprint management in support of product lifecycle management Engaged in green power deployment at individual plant sites in response to company development and trends of legal compliance 	

Implementation Centers	Sustainability strategy	Implementation Guidelines	Mid- and Long-Term Goals Achieved	SDGs
 Green Operation	Continually develop innovative green products, create shared value with customers, and establish a sustainable business model	<ul style="list-style-type: none"> Develop green products, and improve and quantify the environmental performance of products Develop green processes, and make improvements at source to reduce waste and energy consumption 	<ul style="list-style-type: none"> Implemented the Industry 4.0 production model to strengthen production and quality control Developed high-performance green products Evaluated advanced equipment implementation Engaged in green manufacture process development for energy saving and waste reduction Effectively implemented hazardous materials management 	  
 Customer service and supplier management	Continually engage in customer-centric innovation and R&D, improve production and service models, and strive to create value for customers	<ul style="list-style-type: none"> Establish a service-oriented operation model and optimize the service process to increase customers' trust and create a mutually beneficial situation Apply innovative technology controls and improve product quality; work together with customers to provide the products and services that best meet their needs 	<ul style="list-style-type: none"> Understood how customers use different grades of steel to provide customized solutions Implemented project management of scheduling for development of different grades of steel as well as expedition of problem resolution, and accurately and rapidly responded to customers Provided new online customer service Offered a new business model to the Taiwan electrical materials market and started to take orders Obtained the Danish certification of cables for offshore wind turbine towers Obtained certification of four types of dynamic power cables for large machines Obtained customer certification of three key grades of steel by joint development with customers to realize local procurement <p>Optimization of Supply Chain Management</p> <ul style="list-style-type: none"> Implemented field surveys of supply chain sustainability as well as risks assessment Included supplier sustainability into suppliers assessment Audited major suppliers on a regular basis to ask them to effect improvement and adjusted supplier ratings based on audit results Convened supplier meetings on a regular basis to communicate the key points of supplier management as well as relevant issues and policies 	 
 Employee Relations and Social Engagement	<p>Uphold the concept of total involvement, cultivate top-tier talents and create a happy workplace</p> <p>Promote mutual development with local communities to gain greater social influence</p>	<ul style="list-style-type: none"> Create a happy workplace, improve labor management relationships, and increase employees' affinity and engagement Strengthen talent cultivation and career development planning, and help employees learn, grow, and achieve self-fulfillment Engage in charity to increase its influence in four aspects: Corporate citizenship, care for the underprivileged, environmental protection and preservation, and community outreach 	<ul style="list-style-type: none"> Strengthened employees' understanding of and affinity for the company and their departments by promoting blending of junior and senior employees and subsequent succession, and offered an environment for employee participation Developed diverse paths for career development for employees Strengthened tying in public welfare subjects with core businesses 	       

Please refer to individual chapters of the report for the 2019 Sustainability Development Goals and achievements.

Sustainable Development Goals (SDG) at Walsin Lihwa



3 Good Health and Well-being

Targets

3.4 Lower the death toll from noncontagious diseases through prevention and treatment

SDG Initiatives and Achievements at Walsin Lihwa

- Donated to the Taipei Veteran General Hospital for its acquisition of heavy particle cancer treatment equipment

Chapter Response

6.5 Corporate Citizenship



4 Quality Education

Targets

4.5 Ensure equal access to all levels of education and vocational training for the vulnerable

SDG Initiatives and Achievements at Walsin Lihwa

- Provided funding to the Light up the Corner Throughout Taiwan Project for the five schools to have a better environment, equipment, and faculty for specialty education development
- Arranged newspaper reading and tutoring programs for elementary and junior high school students to help strengthen their language proficiency and bridge the urban-country divide in education

Chapter Response

6.2 Empathizing with the Underprivileged
6.4 Community Outreach



5 Gender Equality

Targets

5.a Undertake reforms to give women equal rights to economic resources

SDG Initiatives and Achievements at Walsin Lihwa

- Increased the average annual compensation for female employees in both Mainland China and Taiwan to 23% higher than that for male employees
- Achieved 100% reinstatement of employees after payless maternity leaves in 2019

Chapter Response

3.1.2 Human Resources Policy



6 Clean Water and Sanitation

Targets

6.3 Decrease wastewater pollution

SDG Initiatives and Achievements at Walsin Lihwa

- Decreased the use of acid fluids and decreased sludge by Acid Regeneration Plant (ARP) implementation
- Increased wastewater recovery percentage to as high as 94% in Taiwan

Chapter Response

5.3.4 Waste and resource recycle
5.3.3 Wastewater treatment

6.4 Increase water utilization efficiency

- Continued increasing water recovery and reuse

5.3.2 Water resource utilization



7 Affordable and Clean Energy

Targets

7.3 Increase energy efficiency

7.a Strengthen renewable energy development

SDG Initiatives and Achievements at Walsin Lihwa

- Made short-, mid-, and long-term plans for energy efficiency enhancement
- Achieved 2.4% power saving in Taiwan and Mainland China in 2019 by energy management platform implementation to regularly review energy efficiency

- Developed renewable energy products such as high-performance stainless steel and industrial cables for solar and wind power generation

Chapter Response

5.2.2 Energy efficiency management

4.2.3 Green Products



8 Decent Work and Economic Growth

Targets

8.2 Pursue industry upgrading to increase product added values

8.3 Support productive activities, decent job creation, entrepreneurship, creativity, and innovation

8.5 Achieve full and productive employment, and equal pay for work of equal value

8.7 Take immediate and effective measures to protect labor rights

8.8 Promote safe and secure working environments of all workers

SDG Initiatives and Achievements at Walsin Lihwa

- Engaged in smart manufacturing for high added-value and high-end application product development as well as transformation into manufacturing service

- Helped suppliers understand suppliers management to together strengthen mutual competitiveness

- Provided fair, reasonable compensation packages and work conditions, and ensured nondiscrimination for equal employment opportunities, no child labor nor forced labor, and no discrimination nor violation of labor rights in 2019

- Implemented the Vision Zero and ISO 45001 for promotion of company-wide participation in mutual aid and safety job procedures, and established the Walsin occupation health and safety business group with the Yenshui plant

Chapter Response

4.1 Product and Technology Innovation

4.5 Sustainable Supply Chain

3.1.2 Human Resources Policy

3.3.2 Safe Work Environment



9 Industry, Innovation and Infrastructure

Targets

9.1 Develop sustainable infrastructure

9.2 Promote inclusive and sustainable industrialization

9.4 Adopt clean and environmentally sound technologies and industrial processes

SDG Initiatives and Achievements at Walsin Lihwa

- Developed industrial cables for solar and wind power generation

- Promoted smart manufacturing for high added-value and high-end application product development as well as transformation into manufacturing service

- Pursued manufacture process improvement to increase productivity and decrease energy consumption, emissions, and waste outputs while promoting waste recovery and reuse for green production development and waste reduction at source

Chapter Response

4.2.3 Green Products

4.1 Product and Technology Innovation

4.2 Green Operation



11 Sustainable Cities and Communities

Targets

11.6 Pay special attention to municipal environment and waste management

SDG Initiatives and Achievements at Walsin Lihwa

- Invested in air pollution control from plant establishment through operation and use of materials to continue various air pollution reduction initiatives, with the coal boiler system at the Hsinchuang plant replaced by a natural gas boiler system and the diesel boiler system at Shanghai Walsin Lihwa Power Wire and Cable Co. replaced by an electric boiler system in 2019
- Continued supporting local environment improvement, disinfection, and environmental protection volunteerism in plant communities, where environment cleaning and landscaping were also provided to nearby roads and parks

Chapter Response

5.3 Resources Recycling and Pollution Prevention
6.4 Community Outreach



12 Responsible Consumption and Production

Targets

12.2 Achieve the efficient use of natural resources

SDG Initiatives and Achievements at Walsin Lihwa

- Improved steelmaking to significantly increase materials recovery, with the reuse percentage of scrap steel at the Yenshui plant increased by 12% to decrease alloy and iron ore consumption
- Made short-, mid-, and long-term plans for energy efficiency enhancement in 2019 to continue saving power and decreasing carbon emissions

Chapter Response

4.2.1 Status on raw material use
5.2.2 Energy efficiency management

12.4 Achieve the environmentally sound management of all wastes
12.5 Substantially reduce waste generation through prevention, reduction, recycling, and reuse

- Invested in waste acid processing equipment, decreased sludge outputs, recovered electric arc furnace dust instead of contract-out dust processing to decrease solidification of such dust, and identified the whereabouts of waste and worked only with qualified waste processing contractors through legal compliance audits
- Increased the reuse percentages of non-hazardous waste and hazardous waste in Taiwan in 2019 respectively by 0.4% and 2.4% than those in 2018 to decrease the landfill percentage in Taiwan by 43.92% (from 1.07% in 2018 to 0.60% in 2019)

5.3.4 Waste and resource recycle

12.6 Encourages companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle

- Published the annual CSR report (beginning 2014)

About the Report



13 Climate Action

Targets

13.1 Strengthen resilience and adaptive capacity to climate related hazards and natural disasters

SDG Initiatives and Achievements at Walsin Lihwa

- Developed highly machinable, resilient, weldable, tough, heat-resistance, and corrosion-resistance and machining stainless steel as well as power cables for offshore wind turbines to help increase power efficiency and decrease carbon emissions

Chapter Response

4.2.3 Green Products



14 Life below Water

Targets

14.1 Prevent and significantly reduce marine pollution of all kinds

SDG Initiatives and Achievements at Walsin Lihwa

- Shared the film Plastic China with 5 Taiwan plant sites in 2019 to help employee understand the influences resulting from plastic garbage and oceans polluted by plastic fragments
- Organized Taiwan plant sites for a beach cleaning event in 2019

Chapter Response

6.3 Caring for Ecology



15 Life on Land

Targets

15.4 Ensure the conservation of mountain ecosystems
15.5 Halt the loss of biodiversity

SDG Initiatives and Achievements at Walsin Lihwa

- Worked with the National Chung Hsing University for provenance protection and restoration of Taiwan indigenous plants

Chapter Response

6.3 Caring for Ecology



16 Peace, Justice and Strong Institutions

Targets

16.5 Substantially reduce corruption and bribery in all their forms

SDG Initiatives and Achievements at Walsin Lihwa

- Amended the company's Ethical Corporate Management Best Practice Principle in 2019, proposed assessment of the risks associated with unethical conducts and practices, conducted business integrity policy statement and implementation planning, and amended the integrity clauses in employment contracts
- Asked suppliers to sign the amended suppliers management letter of consent in 2019 to convey the business integrity policy

Chapter Response

2.4 Business Integrity
4.5 Sustainable Supply Chain

16.b Promote and enforce non-discriminatory laws and policies

- Forbad any unequal treatment and ensured nondiscrimination. Walsin Lihwa Human Rights Policy: <https://www.walsin.com/walsin/page.do?menuId=964>

3.1.2 Human Resources Policy



17 Partnerships for the Goals

Targets

17.17 Encourage and promote effective public, public-private and civil society partnerships

SDG Initiatives and Achievements at Walsin Lihwa

- Participated in trade associations and relevant events to engage in exchange with trade association members and strengthen trade cooperation.
- Assumed an active role in the Chinese International Cooperation Association, Epoch Foundation, Foundation for Peaceful Development Across the Taiwan Strait, and Chinese National Association of Industry and Commerce among others to help facilitate economic, industry, and technology development.

Chapter Response

2.1.2 External collaboration
6.5 Corporate Citizenship

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CHAPTER



Active Communication and Attentiveness to Feedback

1-1 Stakeholder Engagement

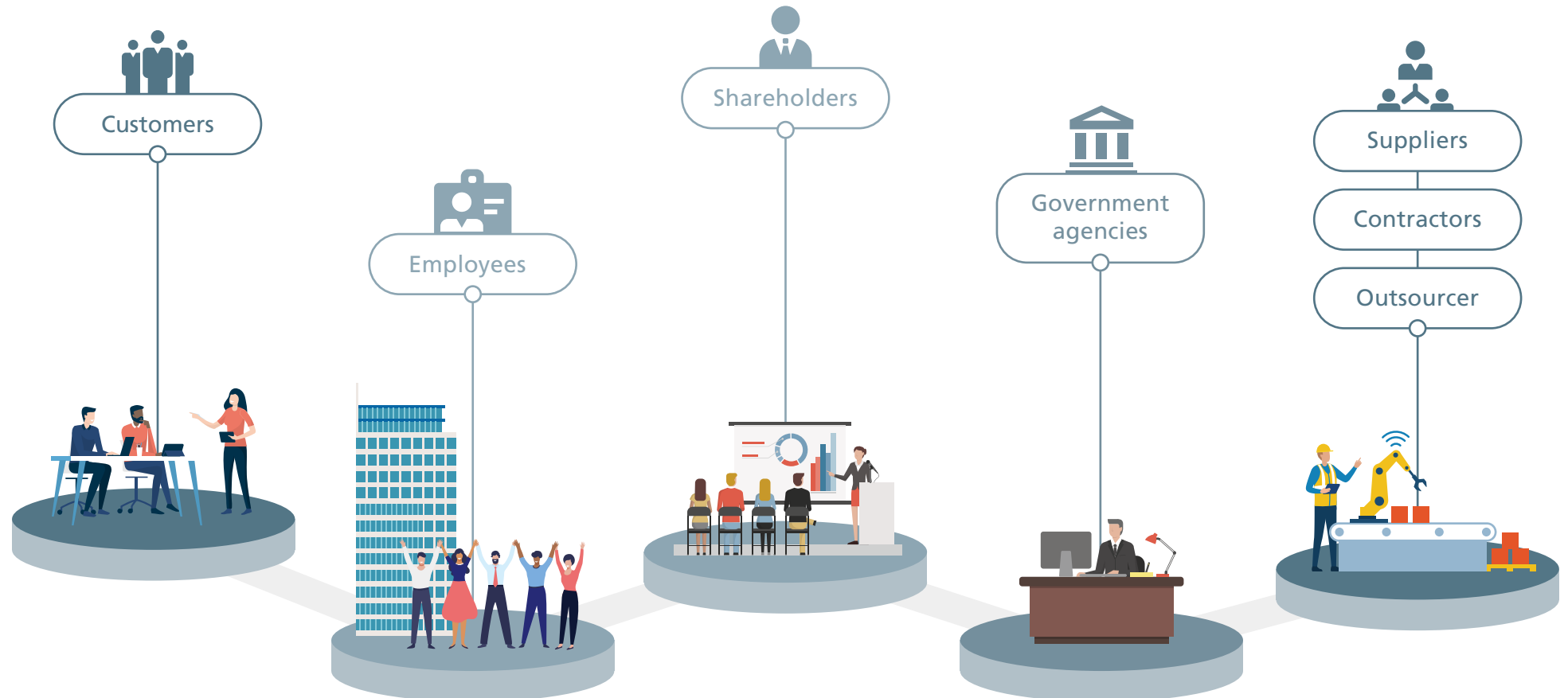
1-2 Material Topic Analysis

1-3 Disclosure of Management Strategies

1.1 Stakeholder Engagement

Material Stakeholders

Walsin Lihwa has been using the AA1000 Accountability Principles -- Dependency, Responsibility, Influence, Tension, and Diverse Perspectives -- to conduct stakeholders analysis. In the 11 categories of stakeholders, more important stakeholders in 2019 based on the analysis by individual departments were customers, employees, shareholders, government agencies, suppliers, contractors, and outsourced companies in sequence of importance. The analysis results were not significantly different from those in 2018, whereas Walsin Lihwa has accordingly established comprehensive channels for communication with stakeholders to accurately understand the issues of concern and actively address such issues for ongoing improvement.



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Major stakeholders	Importance to Walsin	Topics of Concern	Communication / Response Method	Unit Engaging in Communication	Frequency of Communication
 Customers	Customers are the core of Walsin's improvements in products and services; Walsin develops longterm trusting customer relationships.	<ul style="list-style-type: none"> Product quality and safety Customer service and relationship Legal compliance Sustainability strategy Risk management 	Questionnaire survey for materiality identification	Sustainable Development Committee	Once a year
			Customer satisfaction survey Please refer to section 4.4 Mutually Beneficial Value Creation	Business units at each factory	one or two times a year
			Visits to customers	Business units at each factory	Irregular
			Phone, email and feedback sent through mail	Business units at each factory	Immediate
 Employees	Employees provide the impulse for Walsin to move forward. It is their unity and support which enables Walsin to achieve sustainability.	<ul style="list-style-type: none"> Legal compliance Sustainability strategy Occupational health and safety Financial performance Risk management 	Questionnaire survey for materiality identification	Sustainable Development Committee	Once a year
			Environment, Health and Safety Committee Meeting	Environment, Health and Safety Committee	Quarterly
			Labor-management meeting Please refer to section 3.4 Employee Care and Communication	Head Office / Human Resources Units at Factories	Quarterly
			Employee intranet and e-newsletter	Corporate Communication Dept. Head Office / Human Resources Units at Factories	Information on our employee portal is updated twice a month. Announcements and the latest news are irregularly sent
			Complaints and suggestions mailbox and hotline	Auditing Office Head Office / Human Resources Units at Factories	Immediate
			Mechanism for the involvement of all employees	All departments of the Company	Immediate
 Suppliers Contractors Outsourcer	Suppliers/Contractors/ Outsourcers are Walsin's upstream materials and service providers, and are key business partners that support Walsin.	<ul style="list-style-type: none"> Product quality and safety Customer service and relationship Supplier management Sustainability strategy Occupational health and safety 	Questionnaire survey for materiality identification	Sustainable Development Committee	Once a year
			Visits, on-site assessments and audits	Customer Service and Supplier Management Center Procurement units at each factory	Irregular
			Phone, email and letters	Procurement units at each factory	Immediate
			Suppliers' Meetings Please refer to section 4.5 Sustainable Supply Chain	Customer Service and Supplier Management Center Procurement units at each factory	The plants in Hsinchuang, Taichung, Yangmei, and Yenshui convened exchange meetings with suppliers in 2019.

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Major stakeholders	Importance to Walsin	Topics of Concern	Communication / Response Method	Unit Engaging in Communication	Frequency of Communication
 Shareholders	Shareholders are the foundation of Walsin's existence; the shareholders' meeting is the highest level organization that decides the direction of Walsin's development according to the law.	<ul style="list-style-type: none"> Financial performance Sustainability strategy Information Transparency Risk management Corporate governance 	<ul style="list-style-type: none"> General shareholders' meeting 	Shareholders Service Office	Once a year
			<ul style="list-style-type: none"> Publication of annual report 	Accounting Division	Once a year
			<ul style="list-style-type: none"> Investor conferences https://www.walsin.com/walsin/page.do?menuId=886 	Finance Division	two times a year Institutional investor briefings for the 4th quarter of 2018 and the 2nd quarter of 2019 were held online respectively on January 22, 2019 and August 2, 2019
			<ul style="list-style-type: none"> Questionnaire survey for materiality identification 	Sustainable Development Committee	Once a year
			<ul style="list-style-type: none"> Company website 	Corporate Communication Dept. All departments of the Company	Immediate
			<ul style="list-style-type: none"> TWSE Market Observation Post System 	Shareholders Service Office Accounting Division	Immediate
			<ul style="list-style-type: none"> Company spokesperson system 	Spokesman	Immediate
			<ul style="list-style-type: none"> Shareholder service center 	Shareholders Service Office	Immediate
			<ul style="list-style-type: none"> Complaints and suggestions mailbox and hotline 	Auditing Office	Immediate
			<ul style="list-style-type: none"> Questionnaire survey for materiality identification 	Sustainable Development Committee	Once a year
 Government agencies	Government agencies establish regulations for economic, environmental, and social aspects at the highest level; operations at Walsin are based on the latest laws and regulations.	<ul style="list-style-type: none"> Sustainability strategy Legal Compliance Occupational health and safety Society and Community Involvement Human Rights and Equality 	<ul style="list-style-type: none"> Official notification 	All departments of the Company	Irregular
			<ul style="list-style-type: none"> Participation in briefing and conciliation meetings, questionnaires, and training courses on various policies and laws 	Legal Division All departments of the Company	Irregular
			<ul style="list-style-type: none"> Phone, email and electronic communications platforms 		Immediate
			<ul style="list-style-type: none"> TWSE Market Observation Post System 	Shareholders Service Office Accounting Division	Immediate



Contact for stakeholders

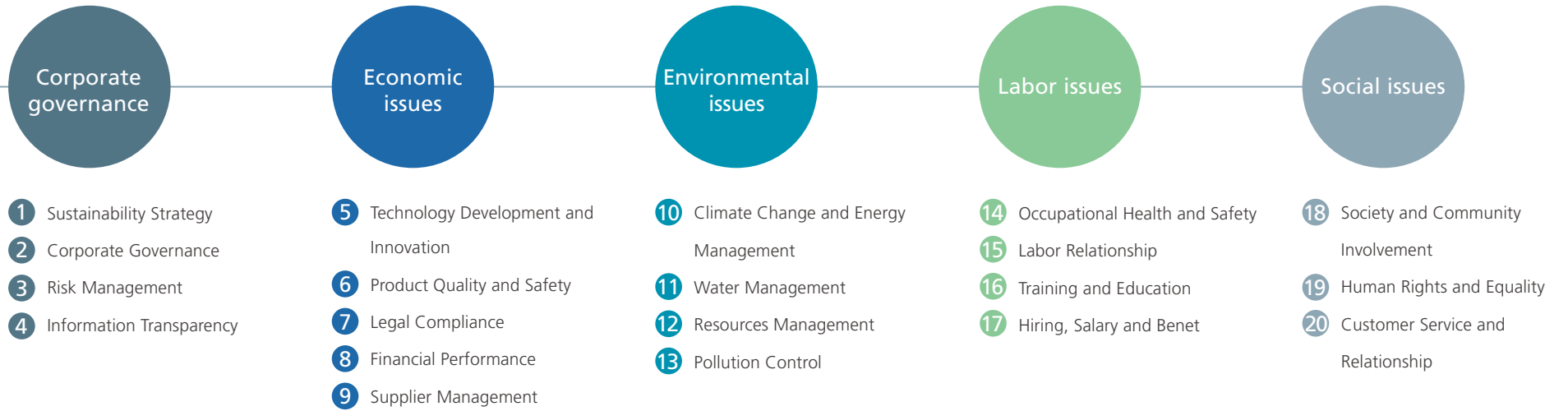
<https://www.walsin.com/walsin/fckPage.do?pageType=contact>

1.2 Material Topic Analysis

To better understand and prioritize sustainability-related corporate governance, economic, environmental, labor right, product responsibility, and social issues, Walsin Lihwa conducted a questionnaire survey of its internal and external stakeholders in 2019 for identification of 20 categories of issues as same as the categories in the previous year.

According to analysis of the stakeholders questionnaire survey findings, the 2019 issues at Walsin Lihwa in sequence of importance were the company's sustainability strategy, legal compliance, occupational health and safety, risk management, pollution control, corporate governance, and customer relations management, based on which 13 corresponding material topics were identified after internal discussion defined the targets and boundaries within and without the organization. The 13 material topics are primarily the information disclosed herein; moreover, the initiatives and strategies for certain issues such as labor relations, employee education and training for career development, suppliers management, and resources reuse are also respectively disclosed.

2019 CSR Issues List



Analyzing the level of attention paid to issues

Target

Material external stakeholder identification

Stakeholders score the **20** issues in the questionnaire based on their level of concern. A total of **215** valid questionnaires were collected.

Evaluating the impact of issues

Target

Senior executives

The survey findings were graded by **11** board members and **15** top-tier executives based on the extent of concern over the issues as well as the issues' impacts on the operation of Walsin Lihwa, overall economy, as well as the environment and society.

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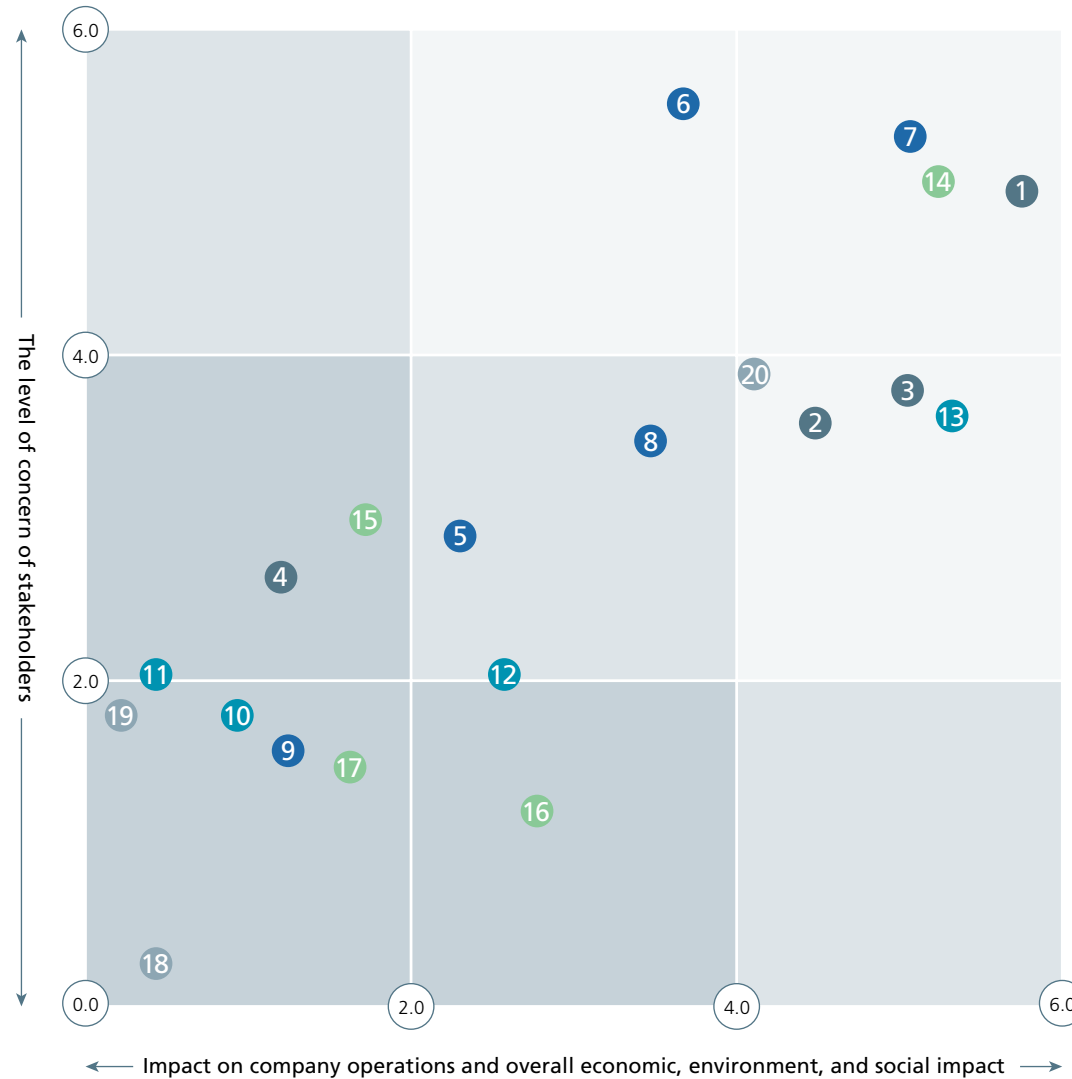
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2019 Materiality Matrix



- 1 Sustainability Strategy
- 2 Corporate Governance
- 3 Risk Management
- 4 Information Transparency
- 5 Technology Development and Innovation
- 6 Product Quality and Safety
- 7 Legal Compliance
- 8 Financial Performance
- 9 Supplier Management
- 10 Climate Change and Energy Management
- 11 Water Management
- 12 Resources Management
- 13 Pollution Control
- 14 Occupational Health and Safety
- 15 Labor Relationship
- 16 Training and Education
- 17 Hiring, Salary and Benet
- 18 Society and Community Involvement
- 19 Human Rights and Equality
- 20 Customer Service and Relationship

1.3 Disclosure of Management Strategies

Material Topics Table

Direct impact : ● Indirect impact : ○

Issues	Significance to Walsin	Material Topics	Internal Impact	External Impact				Chapter Response
			Walsin Lihwa (including each plant and overseas subsidiaries)	Government agencies	Customers	Shareholders	Suppliers Contractors Outsourcers	
Sustainability Strategy	The Sustainable Development Committee establishes sustainability strategies following our vision for sustainability. ESG related management activities are implemented through annual goals and plans execution.	General Disclosure	●	○	●	○	●	Progress Towards Sustainability Chapter 2 Governance Excellence and Business Integrity Chapter 3 Empowerment and Teamwork Chapter 4 Demand Orientation and Smart Manufacturing Chapter 5 Resources Management and Environment Friendly Chapter 6 Local Social Responsibility and Common Prosperity
Legal Compliance	Walsin has established policies and regulations in each area to comply with government regulations and aims to prevent violations harming the Company's business continuity and financial condition.	Environmental Regulatory Compliance	●	○	○	○	●	2.4 Business Integrity 5.3 Resources Recycling and Pollution Prevention
		Social and Economic Regulatory Compliance	●	○	●	○	●	
		Anti-corruption	●	○	○	○	●	
		Anti-competitive Behavior	●	○	●	○	●	
Occupational Health and Safety	Occupational safety and health management measures and policy of Walsin to improve employees' overall health and safety.	Occupational Safety and Health	●	○	○	○	●	3.3 Workplace Health and Safety
Risk Management	We continue to identify and monitor risks and plan response measures to reduce and respond to the impact of internal and external risks.	General Disclosure	●	○	●	●	●	2.4 Business Integrity

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Direct impact : ● Indirect impact : ○

Issues	Significance to Walsin	Material Topics	Internal Impact	External Impact				Chapter Response
			Walsin Lihwa (including each plant and overseas subsidiaries)	Government agencies	Customers	Shareholders	Suppliers Contractors Outsourcers	
Product Quality and Safety	Walsin's practices to improve product quality and ensure that product and material quality comply with health and safety regulations.	Customer Health and Safety	●	○	●	○	●	4.3 Product Quality and Responsibility
	Walsin actively builds relationships with customers to understand what customers need and improve service quality and satisfaction.	Marketing and Labeling	●	○	●	○	●	4.4 Mutually Beneficial Value Creation
Pollution Control	Walsin's strategy for using raw materials and resources in operations, including consumables, improvement of recycling, pollution management, and environmental impact assessments.	Emission	●	○	○	○	●	5.3 Resources Recycling and Pollution Prevention
		Wastewater and Waste	●	○	○	○	●	
		Environmental Regulatory Compliance	●	○	○	○	●	
Corporate Governance	Guidelines and measures to safeguard shareholders' rights, reinforce the composition and operations of the Board of Directors, increase information transparency and implement CSR practices	General Disclosure	●	○	○	●	○	2.2 Governance Framework
Customer Relations Management	Enhanced trustworthiness to customers and mutual growth with customers by service-oriented business model implementation and service process optimization Product and service offerings that best meet customer needs by technology innovation, product quality improvement, and cooperation with customers	General Disclosure	●	○	●	○	●	4.4 Mutually Beneficial Value Creation

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Management Approach Table



Sustainability Strategy

Material Topics	Management mechanisms and purpose	Policy/Commitment/Responsibility	Goals/Resources/Actions/Complaint Mechanisms
General Disclosure	The Sustainable Development Committee is responsible for the establishment of corporate sustainability strategies and vision. The Committee stays up-to-date on the implementation process through periodic meetings, and regularly reports CSR-implementation results to the Board of Directors.	<p>Insistence on integrity and commitment to ongoing improvement of operational effectiveness.</p> <p>Ongoing improvement of corporate governance to ensure business sustainability.</p> <p>Development of a friendly work environment and an innovative learning organization.</p> <p>Thorough safety management to create an outstanding workspace.</p> <p>Effective implementation of carbon reduction and energy to enable green production.</p> <p>Ongoing corporate social responsibility and public interest initiatives.</p>	<ul style="list-style-type: none"> 2019 Goals: <ul style="list-style-type: none"> Strengthen the promotion centers under the Sustainable Development Committee Align the goals of the promotion centers under the Sustainable Development Committee with those of business units Complaint mechanisms: <ul style="list-style-type: none"> CSR mailbox Questionnaire survey for materiality identification



Product Quality and Safety

Material Topics	Management mechanisms and purpose	Policy/Commitment/Responsibility	Goals/Resources/Actions/Complaint Mechanisms
Customer Health and Safety	<ul style="list-style-type: none"> Close attentiveness to the REACH, RoHS, and related directives or regulations to have products inspected on a regular or as-needed basis. Quality management system implementation and perfection to ensure customer satisfaction with product quality. 	The quality of all products complies with domestic and international environmental protection regulations and laws and meets customer needs.	<ul style="list-style-type: none"> Complaint mechanism: <ul style="list-style-type: none"> Customer satisfaction survey Irregular feedback through e-mail, letter, and phone communications Irregular visits to customers Questionnaire survey for materiality identification Customer service contact
Marketing and Labeling	Compliance with local laws and regulations and/or customer requirements in terms of product and service information and labeling and marketing communications	<ul style="list-style-type: none"> Compliance with local laws and regulations in terms of service information and labeling and marketing communications, with products meeting industry, domestic, and foreign test specifications and meeting domestic and foreign certifications Product labelling in compliance with local regulations or customer requirements 	<ul style="list-style-type: none"> Complaint mechanism: <ul style="list-style-type: none"> Customer satisfaction survey Irregular feedback through e-mail, letter, and phone communications Irregular visits to customers Questionnaire survey for materiality identification Customer service contact

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Legal Compliance

Material Topics

- Environmental Regulatory Compliance
- Social and Economic Regulatory Compliance
- Anti-corruption
- Anticompetitive Behavior
- Intellectual Property Law Compliance

Management mechanisms and purpose

- Categorized based on organizational function and the laws relevant to each function; we follow regulatory changes and make proposals where necessary to revise the Articles of Incorporation or internal regulations.
- The Business Integrity Committee under the board of directors is responsible for the implementation of related policies, regulatory compliance training, and supervision of the audit mechanism.
- Create a corporate culture of honest business practices and facilitate sound business development and corporate sustainability.
- Ongoing perfection of the company's intellectual property-related regulations and rules in 2020 to start to establish the company's intellectual property management system.

Policy/Commitment/Responsibility

Integrity is an important part of the company's culture that stress that all business activities must comply with local laws and regulations.

We are committed to complying with laws, regulations, and procedures, and have established an emergency reporting system.

The Company exerts every effort in the following areas to comply with laws and regulations to achieve sustainability:

- External: The Company's Honest Business Practices and Behavioral Guidelines and Operation Procedures for Honest Practices are available on the Company's website.
- Internal: An honest business practice area was established on the internal platform to promote regulatory compliance; Training courses are organized in each plant to promote the importance of regulatory compliance, with business integrity lesson plans provided on the education and training platform.
- Suppliers: The suppliers management policy on the company website asks suppliers to abide by relevant international laws and regulations as well as customer specifications, with business integrity promoted at suppliers conventions and transparency clauses included into supplier contracts to strengthen transaction integrity and eradicate bribery and corruption

Goals/Resources/Actions/Complaint Mechanisms

- 2019 Goals: To create a culture of honest business practices and make it a part of the DNA of every Walsin employee.
 - Resources and actions:
 - Continue to improve related regulations and systems
 - Continue to provide training that promotes regulatory compliance and honest business practices
 - Continue risks assessment system development
 - Continue intellectual property management system development (employees and suppliers)
 - Identify operating practices at every factory that have high risk of violating honest business practices (sales, procurement, EHS)
 - Conduct audits on high-risk business practices
 - Complaint mechanisms are divided into internal and external mechanisms:
 - Internal complaints: Walsin Lihwa has an internal company mailbox and easily accessible internal complaint channels
 - External complaints (violation of honest business practices and sexual harassment)
- TEL: 886-2-8726-2211 ext.6399
E-mail: opinion@walsin.com

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Occupational Health and Safety

Material Topics	Management mechanisms and purpose	Policy/Commitment/Responsibility	Goals/Resources/Actions/Complaint Mechanisms
Occupational Safety and Health	Responsible for the integration and supervision of domestic and overseas factories' occupational safety and health management performances, and gradually establish a safety culture.	Our EHS and energy policy is "Green Manufacturing, Prosperous Enterprise and Sustainable Operations". We are also committed to regulatory compliance, risk control, healthcare promotion and the creation of a friendly and healthy environment to make continuous improvements and thus achieve a better performance.	<ul style="list-style-type: none"> • 2019 Goals: Frequency-Severity Indicator (FSI) <0.5 • Implementation plan : <ul style="list-style-type: none"> - Improve risk assessment tools and risk management practices - Strengthen contractor management and reduce occupational accidents of contractors

Risk Management

Material Topics	Management mechanisms and purpose	Policy/Commitment/Responsibility	Goals/Resources/Actions/Complaint Mechanisms
General Disclosure	<ul style="list-style-type: none"> • Established an internal audit system and independent directors to ensure the effective operation of internal control and reporting mechanisms. • Related departments carry out risk management work to lower the impact of operational risks 	<ul style="list-style-type: none"> • Compliance with related laws and regulations • Operating performance and efficiency • Reports are reliable, timely, transparent, and comply with relevant regulations. 	<ul style="list-style-type: none"> • 2019 Goals: Implement internal audits and operational risk management • Complaint mechanisms: Audits and reports

Pollution Control

Material Topics	Management mechanisms and purpose	Policy/Commitment/Responsibility	Goals/Resources/Actions/Complaint Mechanisms
Emission	Responsible for the integration and supervision of environmental and energy management performance of domestic and overseas factories and gradually stabilize environmental protection operations and energy management.	Our EHS and energy policy is "Green Manufacturing, Prosperous Enterprise and Sustainable Operations". We are also committed to regulatory compliance, risk control, pollution prevention, resources conservation, emissions reductions and improving performance. We improve management practices, integrate resources, upgrade our technologies and cultivate R&D/technology talents in the environmental field to achieve the Company's environmental safety and health management vision: "Energy Conservation, Carbon Reduction, Reutilization, and Recycling."	<ul style="list-style-type: none"> • 2019 Goals: <ul style="list-style-type: none"> - Implement ISO 50001/14064 Systems and quantify energy management - From 2014 to 2020, we aim to reduce electricity consumption and carbon emission every year by 1%. • 2019 Goals: Increase resources reutilization
Wastewater and Waste			
Environmental Regulatory Compliance			<ul style="list-style-type: none"> • 2019 Goals: Compliance with environmental protection: zero shutdowns, zero fines

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Corporate Governance

Material Topics

General Disclosure

Management mechanisms and purpose

Periodic CSR and corporate governance meetings conduct follow-ups on the implementation status of annual plans to protect shareholders' rights, treat shareholders equally, strengthen the Board of Directors' structure and operations, increase information transparency, and fulfill CSR.

Policy/Commitment/Responsibility

Corporate governance is a mechanism for guiding and managing companies to fulfill their responsibilities, protect shareholders' lawful rights, and give consideration to the interests of other stakeholders.

Goals/Resources/Actions/Complaint Mechanisms

Complaint mechanisms: CSR communication



Customer Service and Relationship

Material Topics

General Disclosure

Management mechanisms and purpose

Annual domestic and foreign customer satisfaction surveys conducted by individual business units with ongoing review and follow-up of the progress and performance

Policy/Commitment/Responsibility

Endeavor to provide the products and service customers need to strengthen customer satisfaction

Goals/Resources/Actions/Complaint Mechanisms

- Complaint mechanism:
 - Customer satisfaction survey
 - Irregular feedback through e-mail, letter, and phone communications
 - Irregular visits to customers
 - Questionnaire survey for materiality identification
 - Customer service contact

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CHAPTER



Governance Excellence and Business Integrity

2-1 About Walsin Lihwa

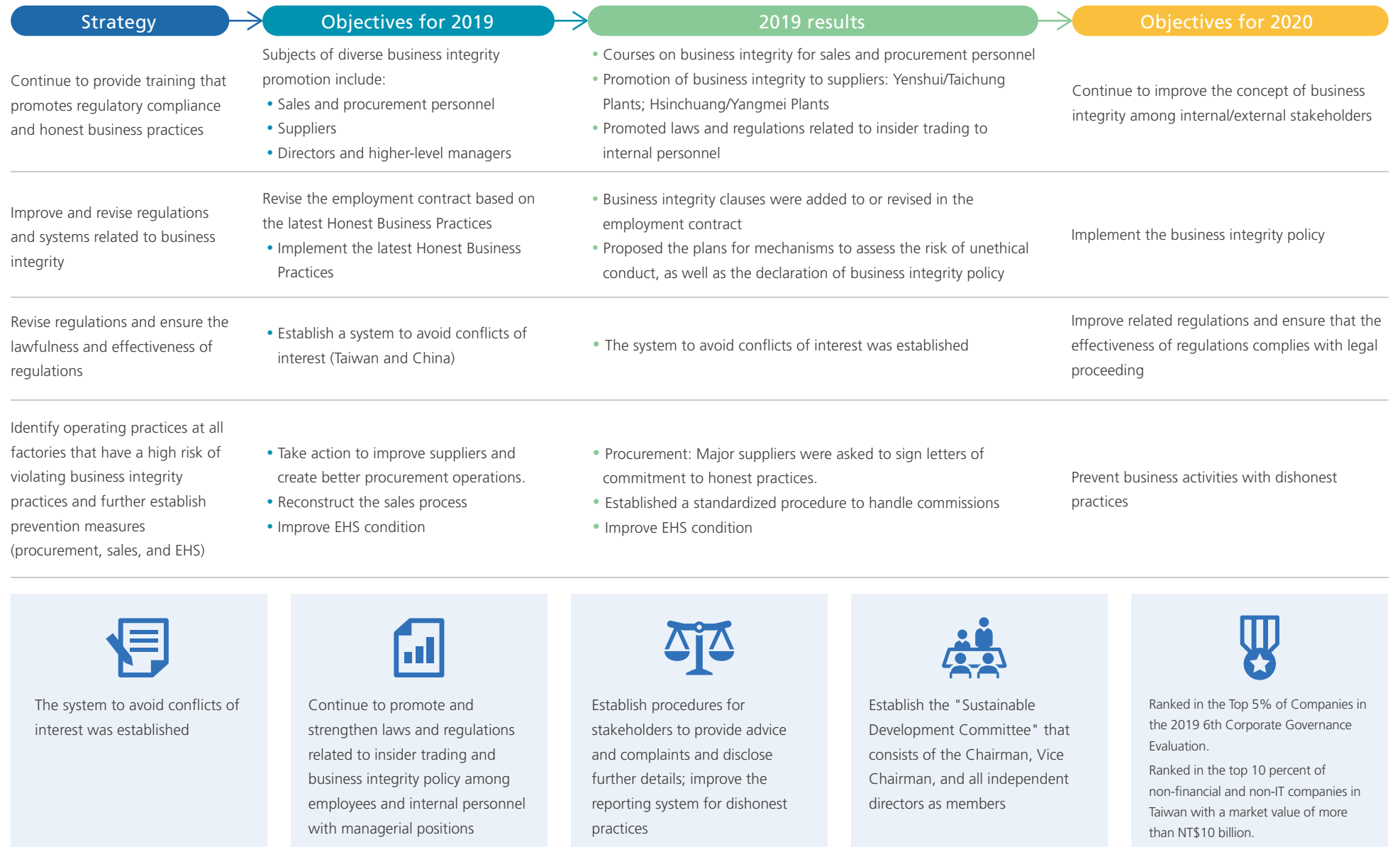
2-2 Governance Framework

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Sustainability promotion strategy

- Enhance the functionality of the governance structure, ensure compliance with related regulations and strive to increase stakeholders' trust in Walsin



2.1 About Walsin Lihwa



2.1.1 Business Development

Walsin Lihwa Corporation was founded in 1966 with a capital of NT\$30 million, and started out as a manufacturer of wire and cable. Walsin Lihwa is currently the leader of the wire and cable and stainless steel industry in Greater China, and is an international enterprise that has successfully entered the real estate business and made investments in the technology industry.

Walsin Lihwa became listed on the Taiwan Stock Exchange in 1972; the company's copper wires, power cables, communications cables, and stainless steel materials are extensively used in infrastructure, including power transmission, telecommunication network, transportation, and industrial production. Consolidated revenue in 2019 was approximately NT\$134.8 billion, and employees totaled 4,931.

Walsin Lihwa began in the early 1990s to actively expand its operations in mainland China, which is now the mainstay of its development, and now has over 10 production and sales locations around the world.

Of Walsin's core businesses, the wire and cable business includes copper materials and power and communication cables. Walsin has a complete line of power cables and communication cables to meet the power and telecommunication demands in Greater China. Our stainless steel business is a stainless steel plant in Asia that specializes in the manufacturing of long whole strip products, such as steel billets, coils, bars, and seamless steel pipes. Walsin focuses on business opportunities from cross-strait trade in the real estate business, and uses its real estate development and management experience accumulated over the last three decades to develop large scale real estate products in cities of China.

Walsin Lihwa began investing in the semiconductor, electronic parts and components, printed circuit boards, photonics, and nancial industries in 1980, and established a number of enterprises including Winbond Electronics Corporation, Walsin Technology Corporation, HannStar Board Corporation, and HannStar Display Corporation. We utilize our experience and achievements from developing the semiconductor and advanced materials industries as a foundation for developing emerging technologies.

Walsin Lihwa has always stayed up-to-date on trends and utilizes a proactive expansion strategy to pursue new growth. We continue to work together with well-known companies and universities in Taiwan and overseas in proprietary technology research, and to develop new products and businesses based on market and customer demand. Walsin Lihwa consistently maintains strict requirements on quality, and has become the best partner of our customers by providing fast, integrated services. While revenue and profits continue to grow, Walsin makes substantial contributions to society and the environment. Growing together with society is a goal we have always worked very hard towards. This is apparent in our daily operations and drives stable progress in economic, social, and environmental development, thereby laying a solid foundation for corporate sustainability.

Industry Supply Chain

Industries and Customers Served

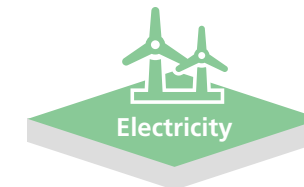
Walsin has established over ten business locations in Taiwan, Mainland China, Southeast Asia, and the United States. We are headquartered in Taiwan with the Asia-Pacific as our growth engine, providing customers with excellent quality and refined services in view of establishing our presence in the global market. Industries and customers we serve include:



Petroleum, Natural gas, Mining, Chemical engineering



Roads, bridges, tunnels, railways, airports, harbors, others

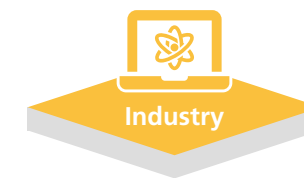


Power generation

Thermal power (coal, gas), nuclear power, hydropower, wind power, solar power

Power transmission and distribution system

National network, power supply bureau, power transmission, power distribution, tertiary industry companies



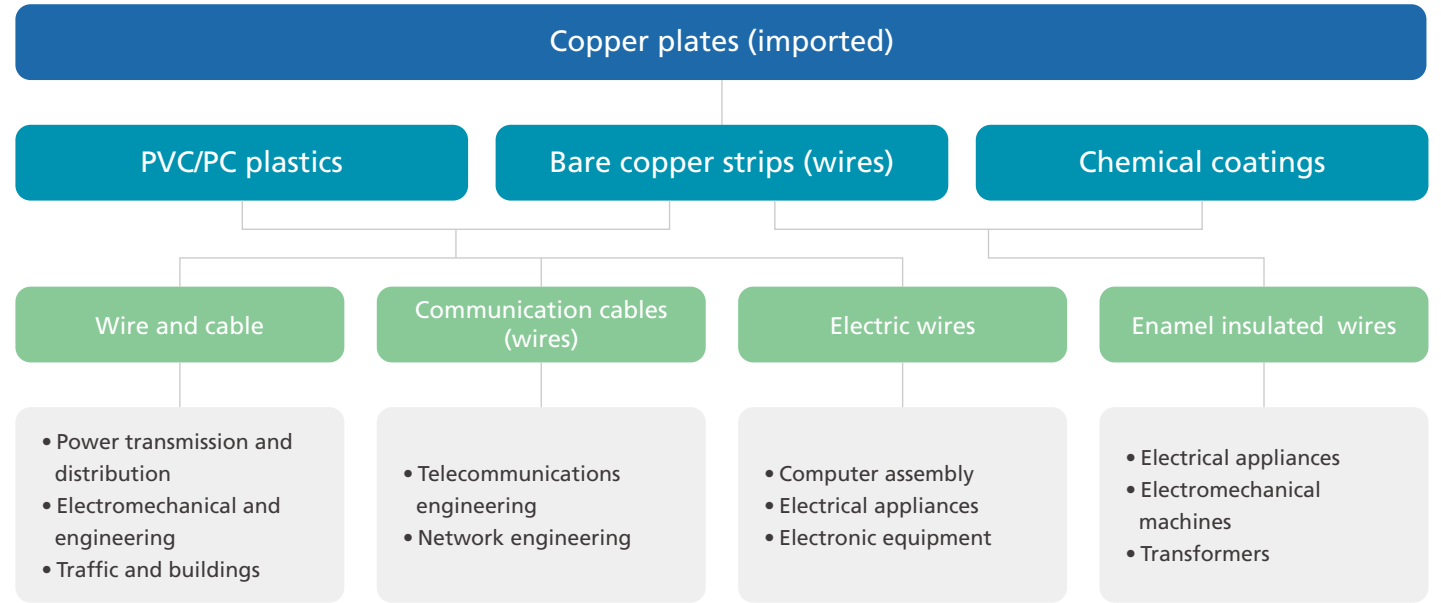
Automated facilities, industrial electronic equipment, vehicles, ships, airplanes, domestic electricity use, medical devices, computer and peripheral equipment



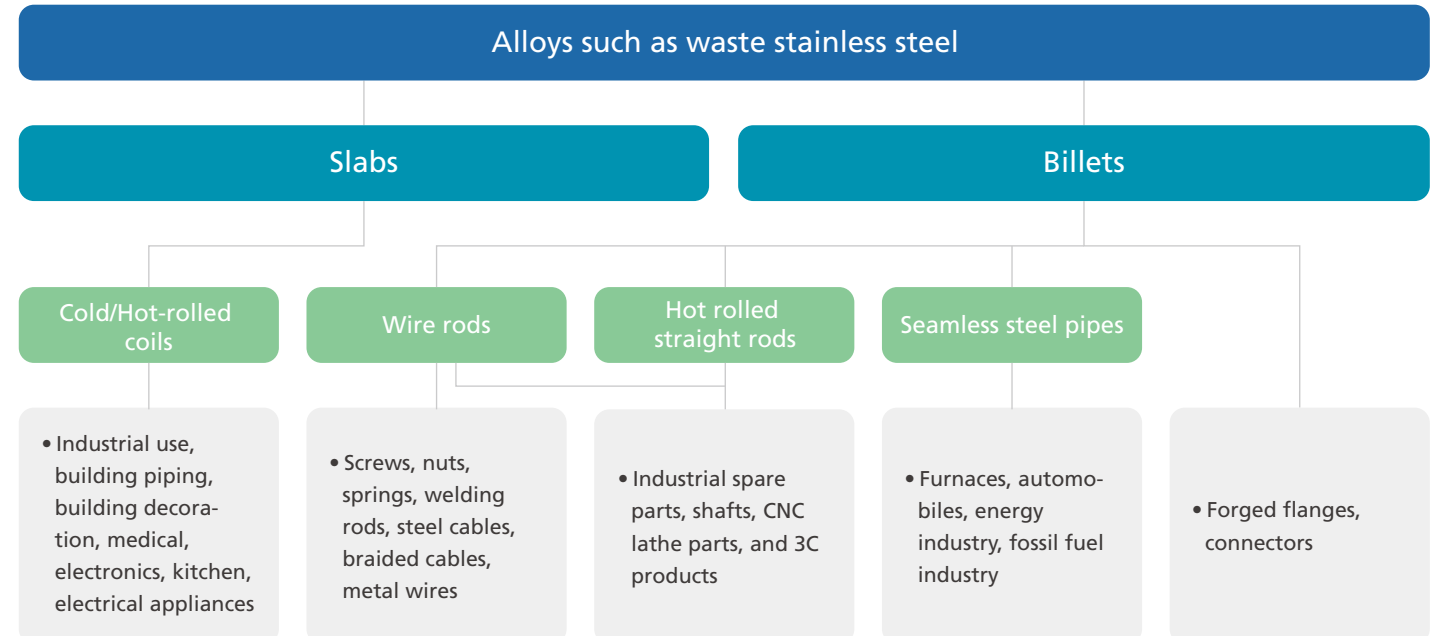
Government buildings, factories and warehouses, public buildings (including shopping centers, commercial centers, and sports facilities), Private houses



Wire and Cable Business



Stainless Steel Business



Business Locations

Walsin Lihwa has dedicated great efforts to developing the infrastructure market in Greater China, and began actively establishing overseas locations in the early 1990s. The Company currently has over ten production and sales centers in Taiwan, Mainland China, and Southeast Asia, especially in the densely populated Yangtze river basin with booming industries and business where Walsin has established copper wire, wire and cable, and stainless steel factories. In recent years, Walsin has further expanded to Bohai Bay. Our dense production and sales network across the Taiwan Strait has shown the benefits of resource integration and can rapidly satisfy customers' needs.

Our headquarters is located in Taipei, Taiwan, and business locations are distributed throughout Taiwan, Mainland China, Malaysia, Indonesia, and California, U.S.A.



2.1.2 External Collaboration

Walsin Lihwa participates in industry associations and engages in exchanges with associations and their members to gain a better understanding of industry trends, market information, and government laws. We have also stepped up our cooperation with other companies so as to keep abreast of the latest technological developments and simultaneously improve our brand image and market visibility.

Category	Association	Member	Director / Supervisor
Industry Exchanges	Taiwan Electric Wire & Cable Industries Association	✓	Standing Director
	Taiwan Electrical and Electronic Manufacturers' Association	✓	Director Yu-Cheng, Chiao is appointed honorary chairman
	Electric-Electronic & Environmental Technology Development Association of R.O.C. (CED)	✓	✓
	Chinese National Federation of Industries	✓	
	Taiwan Telecommunication Engineering Industry Association	✓	
	Taiwan Electrical Contractors Association	✓	
	Chinese National Association of Industry and Commerce, Taiwan	✓	
Social Development	Industrial Safety and Health Association of the R.O.C. (Taiwan)	✓	
	Friends of the Police Association of R.O.C.	✓	Standing Supervisor
	Criminal Investigation Association of R.O.C.	✓	✓
	Cross-Strait CEO Summit	✓	✓
	Chinese International Economic Cooperation Association	✓	
	The Third Wednesday Club	✓	

2.1.3 Milestones and Awards

Honors and Awards



Taiwan

Ranked in the Top **5%** of Companies in the TWSE's 6th Corporate Governance Evaluation in 2019. Ranked in the top 10 percent of non-financial and non-IT companies in Taiwan with a market value of more than NT\$10 billion.

Top50 of Report and Corporate Sustainability Award at the 2019 Taiwan Corporate Sustainability Awards (TCSA)

The 2019 Top 2000 Survey conducted by CommonWealth Magazine (for operations in 2018)

- Ranked **46th** in the Top 50 of Business Performance
- Ranked **25th** among the Most Profitable Manufacturers
- Ranked **25th** among manufacturers in terms of operating revenue

Received the "School Donation Role Model" award from Yilan County Government for the "**Light Up the Corners throughout Taiwan**" project

Taichung Plant

Won in the "**Air Quality Cleaning Zone: Dongfeng Green Corridor Bicycle Path**" evaluation conducted by the Taichung Environmental Protection Bureau



Mainland China

Dongguan Walsin

Top10 exporting industrial companies in Dalang Town, Dongguan City

Yantai Walsin

Runner up for the CSR excellence award as a company operating in the Yantai Economic & Technological Development Area

ONE Mall (in Nanjing Walsin Centro)

Safe Manufacturing Advanced Individual of the Year in Jianye District
Contribution Award for city commercial zones presented by the Nanjing Commercial Real Estate Chamber of Commerce

Business Innovation Award by ADM

Hundred Flowers Award by Jiangsu Shopping Center

Nanjing Walsin (Property Management)

Excellent Member of 2019 in Jianye District Property Management Association

Awarded the best service for property and house safety in Jianye District

Received AAA credit rating as a property business in Jianye District

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Company Development Milestones



- 1966 Walsin Wire & Cable Co., Ltd. established.
- 1969 Walsin Lihwa Wire & Cable Co., Ltd. formed by the merger of the Walsin and Lihwa companies.
- 1972 Company's shares listed on the Taiwan Stock Exchange.
- 1977 Completed the Hsinchuang plant for SCR copper rod production, with annual manufacturing capacity of 50,000 metric tons of low-oxygen-copper rods.
- 1982 Expanded SCR production facilities to increase annual manufacturing capacity to 100,000 metric tons of oxygen-free copper rods.



- 1987
 - Construction of the Yangmei plant completed.
 - Entered the semiconductor IC industry by investing in Winbond Electronics Corp. and Sumi-Pac Corp.
- 1991 Invested in PT. Walsin Lippo Industries in Indonesia to expand aluminum wire business into the Southeast Asian market.
- 1992
 - Company renamed Walsin Lihwa Corporation.
 - Electronics division merged with the acquired Wanbang Electronics to form the new Walsin Technology Corp.
 - Established plants in Shanghai and Jiangyin to produce power cables and steel cables, thus beginning a new chapter in China investment.
- 1993 Expanded into the stainless steel industry by forming Walsin Cartech Stainless Steel, a joint venture with Carpenter Technology Corp. in the U.S.
- 1995 Formed Walsin (China) Investment Co., Ltd. and set up four operating locations in China's major cities, including Hangzhou, Shanghai and Nanjing, for the production of power cables, bare copper wires and fiber optic cables.
- 1997
 - Established stainless steel plants in Changshu and in Baihe, Shanghai, for the production and sale of seamless steel tubes and straight steel bars.
 - Formed HannStar Board Corp. to expand into the PCB industry.
- 1998
 - Conducted enterprise reengineering and full implementation of the SAP enterprise resource management system.
 - Expanded into the TFT-LCD industry by forming HannStar Display Corp.
- 2000 Established the Dongguan plant for bare copper wire production.

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Focus on Core Business Development 2002~2016

- 2002 Expansion of Yenshui stainless steel plant was carried out to include slab steelmaking facilities.
- 2005 Set up new plants in Nanjing, Changshu and Jiangyin to produce copper products as well as seamless steel pipes and steel wire products
- 2007 Expanded steel production capacity by acquiring stake in Yantai Huanghai Iron and Steel Co., Ltd.
- 2008 Borrego Solar System was established in the US to provide solar power system integration service.
- 2009 Completion of the new A6 building in Xinyi Development Zone and the relocation of Walsin Lihwa headquarters.

Successful New Business Development 2017~Present

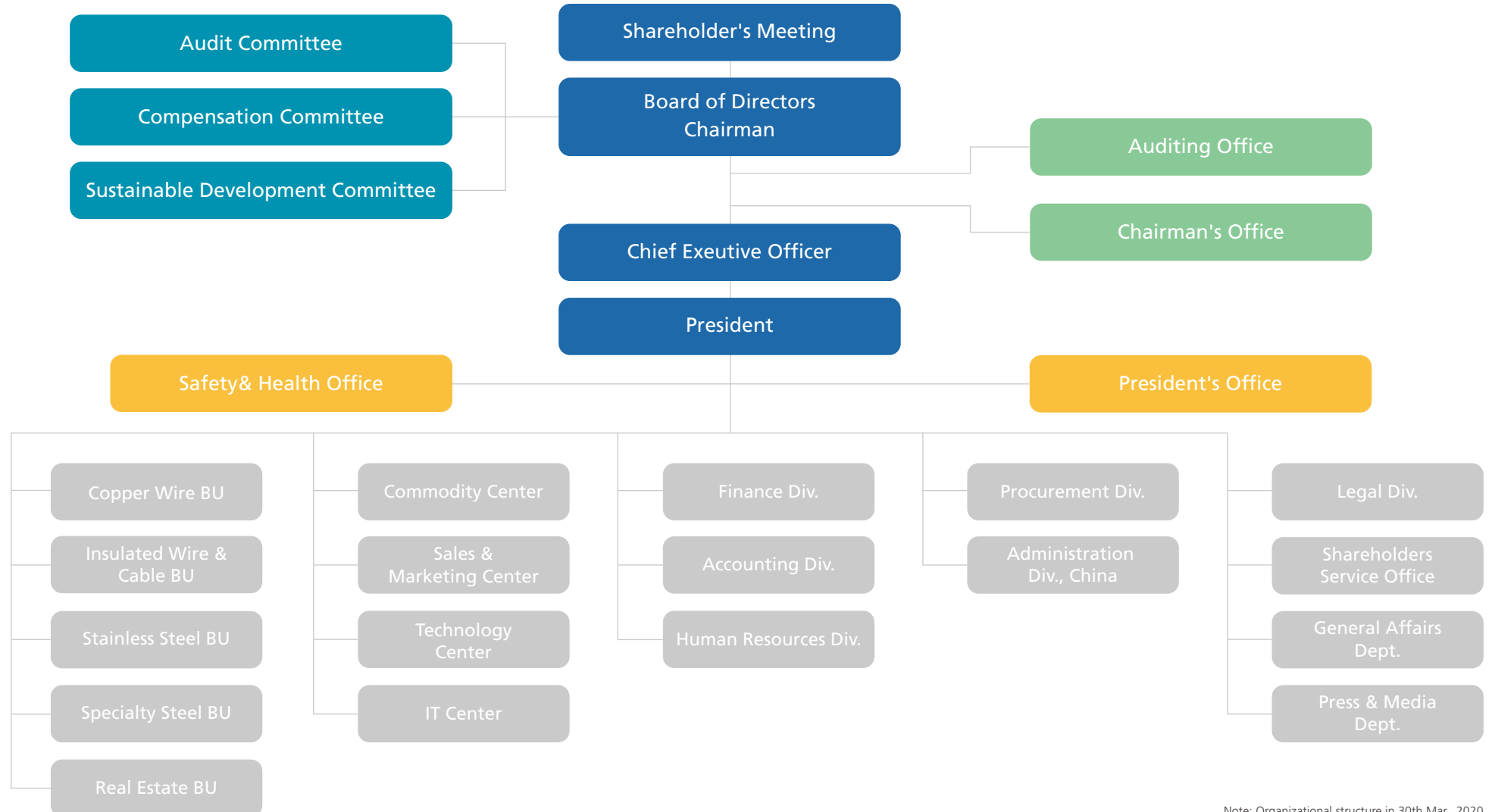
- 2010 Nanjing Walsin Centro began construction of a multi-purpose commercial center spanning one million square meters, which will be developed over several phases, the start of real estate development in mainland China
- 2013 Cold rolled steel coil production officially commenced at the Taichung Harbor stainless steel roll plant.
- 2015 The Corporate Social Responsibility Committee was established.
- 2016 Walsin Lihwa Corporation marked its 50th anniversary.
- 2017 Taiwan and China, have recorded steady increase in overall steelmaking and annual production of 710,000 metric tons.
- 2019
 - Established the Sustainable Development Committee by combining the Corporate Social Responsibility Committee and the Business Integrity Committee
 - "ONE mall" in Nanjing Walsin Centro, Walsin Lihwa's signature work of art in the commercial estate field, commenced operation to become a new landmark in Nanjing



2.2 Governance Framework



2.2.1 Organizational Structure



Note: Organizational structure in 30th Mar., 2020

2.2.2 Board of Directors

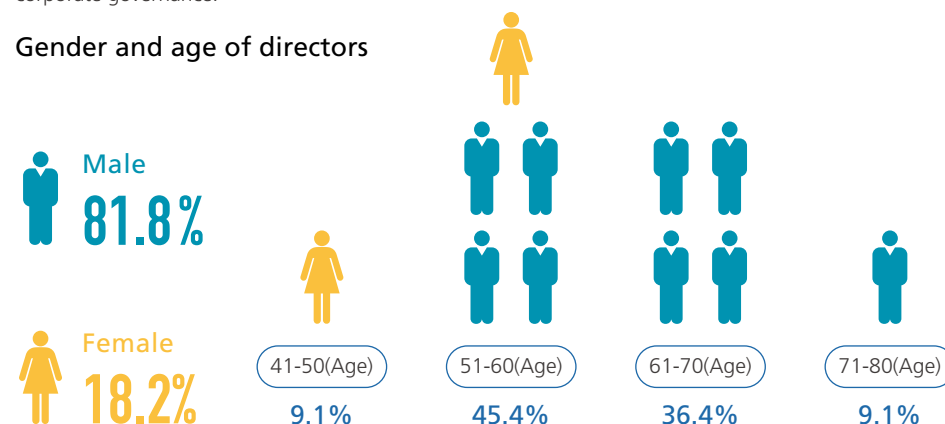
The Board of Directors is the highest level governance unit and decision maker of the Company. The Company's general shareholders' meeting in 2011 approved the revision of its Articles of Incorporation, and established a candidate nomination system for Board elections in accordance with Article 192-1 of the Company Act. During the general shareholders' meeting on May 26, 2017, 18 directors including 4 independent directors were elected.

The term of new directors including independent directors is 3 years. Directors assume the position once they are elected, and the current Board will serve from May 26, 2017 to May 25, 2020. Board meetings are convened at least once a quarter, and the Company convened a total of 8 Board meetings in 2019 with an 88% attendance rate among all directors. Important resolutions of the Board of Directors are disclosed on the Company's website to provide timely and transparent information.

The Company has directors from diverse backgrounds. Directors are all professionals from the management team or managers from related industries that possess expertise in finance, business and accounting and have worked in different fields and occupations. This enables them to effectively perform their duties as Board members, which include establishing and maintaining the Company's vision, values and principles. Board members assist in the promotion of corporate governance and strengthening of business administration, supervise and evaluate policy and business plan implementation by management, and are responsible for the Company's overall economic, social and environmental operations. Board members set out from the perspective of stakeholders and elevate the Company's corporate governance and company value. The Board of Directors does not have any representatives of the underprivileged or stakeholders other than shareholders.

Please refer to our website for information on the continuing education of Board members related to corporate governance.

Gender and age of directors



2.2.3 Operations of Functional Committees

Functional committees under the Board of Directors include the Audit Committee, Compensation Committee, and Sustainable Development Committee. The committees are responsible for establishing and reviewing related policies, promoting and implementing systems, and strengthening Board operations. Members of each committee are summarized in the table below:

Member	Audit Committee	Compensation Committee	Sustainable Development Committee
Hsueh, Ming-Ling Independent Director	○	●	●
Du, King-Ling Independent Director	●	○	●
Chen, Juei-Lung Independent Director	●		●
Chen, Shiang-Chung Independent Director	●	●	●
Chairman			○
Vice Chairman			●
President			Secretary General

convenor ○



Director Profiles and Implementation of Board Diversity →



Important resolutions of the Board of Directors in 2019 →



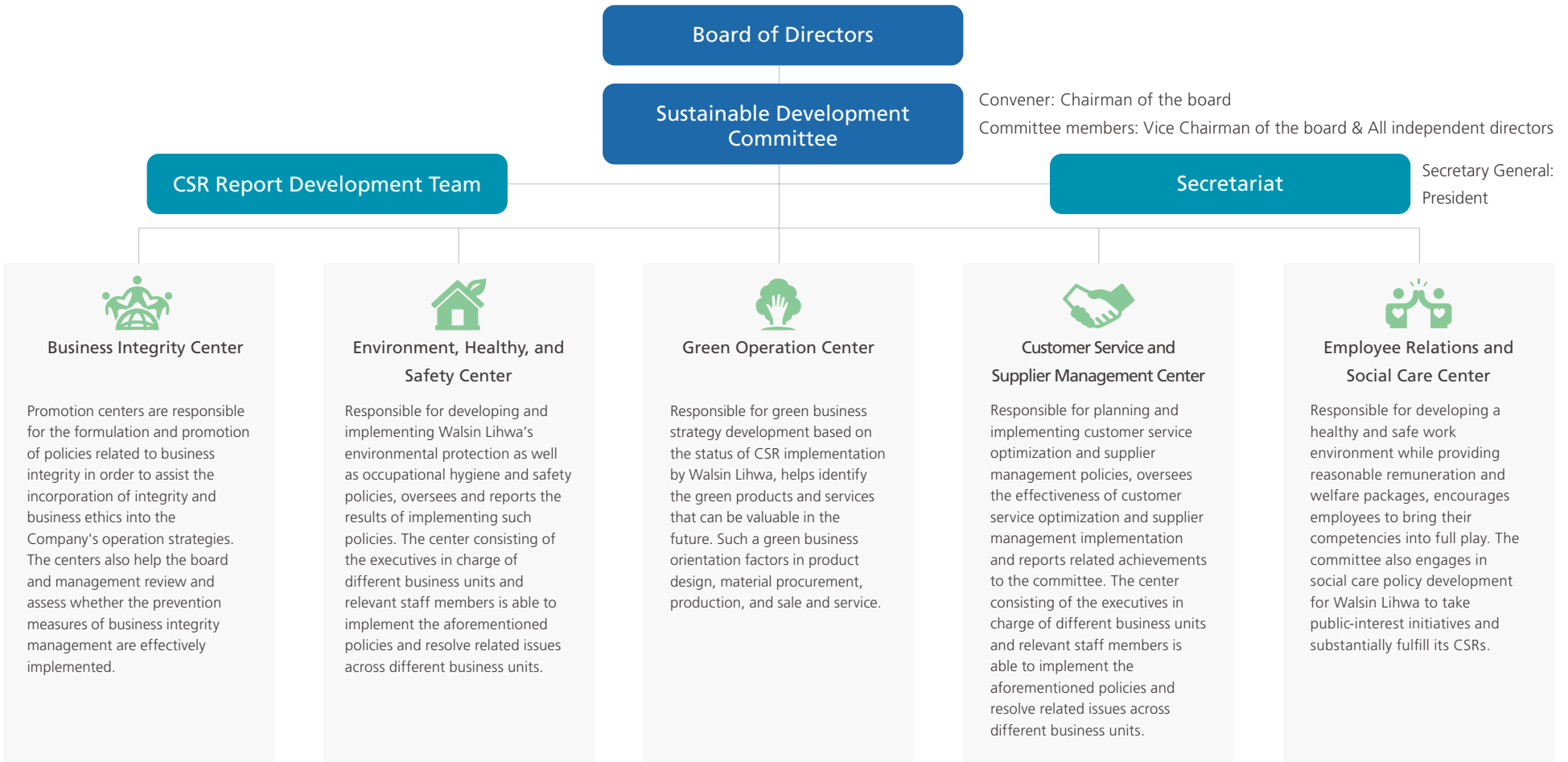
Continuing education status of directors in 2019 →



Duties and Operations of the Audit Committee and Compensation Committee →

Sustainable Development Committee

Walsin Lihwa takes stakeholders' rights and interests seriously in the fulfillment of CSR. As we pursue sustainability and profitability, we are focused on the impact we have on the environment, society, and governance and consequently continue to improve our sustainability performance. Our Corporate Social Responsibility (CSR) Committee was established in April 2015. The establishment and charter of the Sustainable Development Committee were approved in accordance with a resolution made at the 17th meeting of the 18th Board of Directors on November 1, 2019. The previous CSR Committee and the Business Integrity Committee were merged and are now governed by the Sustainable Development Committee in order to complete the sustainable framework of the Company. The Sustainable Development Committee is responsible for establishing corporate sustainability strategies and vision, as well as implementing CSR related work and management. The Committee consists of the Chairperson acting as the convener, and Vice Chairperson and all independent directors as members. There are five promotion centers under the Committee which promote the following: Business Integrity, Environment, Health and Safety (EHS), Green Operations Management, Customer Service and Supplier Management, and Employee and Social Care. The Committee routinely reports the implementation of CSR practices to the Board of Directors. Implementation results in 2018 and the implementation plan for 2019 were reported in January 2019. Implementation results in 2019 and the implementation plan for 2020 were reported in January 2020.



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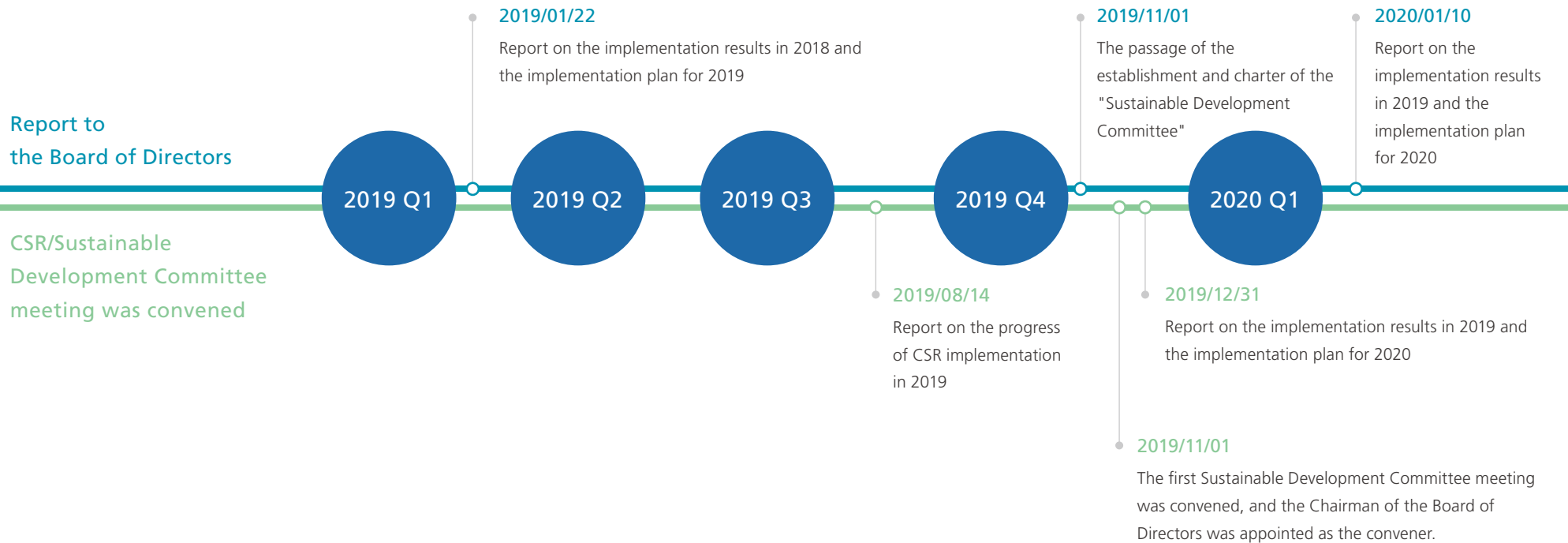
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Sustainable Development Committee Operation

Communication plan	Communication mechanism	Frequency	Status of communication in 2019
Report to the Board of Directors	The Committee shall, on a regular basis, report last year's implementation results as well as the following year's implementation plan to the Board of Directors.	Annual report: Once a year Other issues: On an as-needed basis	Reported the implementation results of CSR in 2018 and the implementation plan for 2019 to the Board of Directors on January 22, 2019. The establishment and charter of the Sustainable Development Committee were approved in accordance with a resolution made at the 17th meeting of the 18th Board of Directors on November 1, 2019.
Follow up of the implementation plan in the current year Report the implementation plan for the following year	The Sustainable Development Committee convenes meetings on a yearly basis. The promotion centers under the Committee report implementation progress/results in the current year and the implementation plan for the following year.	At least two scheduled meetings are to be convened every year	One CSR Committee meeting was convened: Reported the CSR implementation progress in 2019 on August 14, 2019. Two Sustainable Development Committee meetings were convened: The first Sustainable Development Committee meeting was convened on November 1, 2019, and the Chairman of the Board of Directors was appointed as the convener. The second Sustainable Development Committee meeting was convened on December 31, 2019, and the implementation results in 2019 and the implementation plan for 2020 were reported and proposed, respectively.



2.3 Business Performance



2.3.1 Financial Performance

Walsin Lihwa's total capital was NT\$33.3 billion in 2019, consolidated revenue was approximately NT\$134.8 billion, and the number of employees reached nearly 5,000. The Company's three major business units are wire and cable, stainless steel, and commercial real estate. The Wire and Cable BU's revenue was NT\$60.6 billion in 2019, shipping approximately 380,000 tons of bare copper wire and wire and cable. The Stainless Steel BU's revenue was NT\$56.7 billion, shipping approximately 780,000 tons of primary stainless steel products. The Commercial Real Estate BU's income from real estate sales and leasing was NT\$2.1 billion; Income tax expense was NT\$1 billion, accounting for 0.71% of total revenue. The Company's net profit was NT\$3.1 billion.

Category	2019	2018
Operating revenue	134,804	190,915
Gross profit	9,391	15,935
Operating expenses	5,331	4,909
Operating profit	4,059	11,026
Non-operating income and expenses	681	5,645
Pre-tax profit / loss	4,740	16,671
Net profit / loss	3,150	11,757
EPS	0.95	3.53

Unit: NT\$ million

Operating revenue

Revenue in 2019 saw a decrease of NT\$37.7 billion compared to the previous year due to the Company selling shares of Nanjing Walsin Metal Co. Ltd. Revenue in 2019 from residential buildings and office buildings in the Real Estate Business only recognized parking-lot sales, which saw a decrease of NT\$12.4 billion compared to the previous year. The sales of Stainless Steel Business decreased by 60,000 tones, causing a decrease in revenue of NT\$6.4 billion.

Gross profit

Our gross profit was NT\$6.5 billion more in 2018 compared with 2019. This was mainly due to profits acquired from the hand over of phase 2 D land plot and phase 2 office buildings by the Commercial Real Estate Business in 2018.

Operating expenses

The increase in operating expenses in 2019 was the result of an increase in relevant expenses for mall operations in the Commercial Real Estate Business as well as Borrego's business growth.

Non-operating income and expenses

Non-operating income and expenses decreased by NT\$5 billion in 2019 compared to 2018. This was mainly because of the decrease in investment returns due to the slow-growing demand encountered by Walsin Technology and Winbond Electronics. Meanwhile, the losses in investment returns and the hedging losses of stainless steel products and raw material offset the revenues of the copper business in Nanjing.

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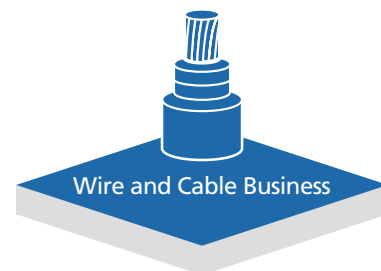
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2.3.2 Business Development Overview and Future Outlooks

The product prices were detached from international raw material prices in 2019 due to the effects of the U.S.-China trade war on the global economy and a significant supply of steel products resulting from the production of nickel iron, which affects the profits of our manufacturing business units as well as re-invested businesses. The overall performance was not as promising as expected compared to 2018 except for the profit growth brought by businesses related to green energy, including cables for Taiwan's green-energy industry and Borrego, which is a re-invested solar energy business in the United States. The Company actively adjusted product portfolios in 2019. We sold Nanjing Copper Factory in the first half of the year, expanded cable sales to Taiwan's industries, developed new steel types, introduced industrial applications of stainless steel products produced by the new steel rolling mill in Yantai, and looked for investment opportunities in upstream raw materials.

As for the prospects of 2020, the global economy is expected to rebound because of the easing tensions of the U.S.-China trade war and the possibility of the U.S. Federal Reserve reducing interest rates. However, global economic recovery is slowing due to the recent coronavirus outbreak. The manufacturing business units of the Company still need to address long-term operational challenges, including significant price fluctuations of raw materials and stricter regulations governing environmental conservation and green energy. On the one hand, the Company strives to expand the markets of industrial product applications and invest in technological applications in an effort to transition to a manufacturing service provider. On the other hand, the Company is increasing strategic investments in upstream raw materials to maintain our growth momentum by taking advantage of the investment in Indonesia that was passed at the beginning of the year to build a nickel-iron plant and a power plant.



The Copper Wire Business Unit adopts the principle of stable operations, and the Company will continue to improve our product quality to maintain our edge against competitors and our market share.

The Wire and Cable Business Unit saw steady profitability from their existing markets and products. The Company is actively developing products for solar power, wind power, and port machinery, and is seeking the opportunity to introduce our cable products to the international market to gain greater market presence.



Facing changes in the industrial supply chain, the Stainless Steel Business Unit continues to improve its product quality through capital expenditures. It is also developing new steel varieties and expanding product specifications to increase the ratio of high-value products and maintain product profitability. An investment was made in Indonesia to establish a nickel-iron plant and accompanying power plant in order to stabilize raw material supply and conduct strategic investments in upstream raw materials.



"One mall" opened successfully at the end of 2019. The number of visitors and business are experiencing steady growth. Its Q1 business performance will be affected due to its temporary shutdown at the beginning of the year amid the novel coronavirus outbreak. The operational goals of the mall, which include steady business growth, an increase in the flow of visitors, and stronger brand levels, are expected to be achieved after the containment of the novel coronavirus.

Construction of the Phase 3 housing products in land plot D of Nanjing Walsin Centro's "Jing Yuan" was completed. The sales of the housing product will begin when its sales permit is granted by the Nanjing municipal government.

Office building products in land plots A and B will be developed and sold in phases. Office building No.6 will be available for leasing in Q3 2020. Building No.1 is currently under construction and scheduled to be completed in 2020.

2.4 Business Integrity



2.4.1 Regulatory Compliance

Regulatory compliance foundation: Corporate culture of "commitment to business integrity"

A so-called corporate culture of "commitment to business integrity" stresses that all business activities must comply with local laws and regulations of Taiwan and the place of business. We stress to our employees that they must refrain from violating relevant laws and regulations for obtaining business profits

Monitoring and Evaluation of Relevant Business Laws and Regulations

We are in the manufacturing industry and our main compliance risks are related to labor and environmental protection laws, as well as the use of conflict minerals. Sales related risks include protection of consumer safety and health rights by the industry's competent authority and the Fair Trade Act. Accounting related risks are mainly related to the Tax Laws, the Tax Collection Regulations in each country, and the Anti Money Laundering Regulation. Public companies are required to comply with the Company Act, Securities and Exchange Act, and corporate governance and CSR related regulations.

We closely follow policy and law changes in Taiwan and overseas that may have a material impact on our business operations and financial positions. Therefore, we follow regulatory changes based on the classification of organizational functions and the laws relevant to each one of them, as described below:

Name of the Law/Regulation	Accountable department	Examine the mechanism (method, frequency)	Regulation revision mechanism
Environmental Protection, Labor Safety and Health-related Regulations	Environmental Safety	Designated personnel collect information on changes in laws and regulations at any time.	Revisions are made according to ISO criteria requirements and relevant laws and regulations.
The Banking Act of the Republic of China, Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies	Financial	Designated personnel collect information on laws and regulations amendments through a variety of channels (competent authority, official website, external consultants, news).	Proposals are made when it is necessary to revise the Articles of Incorporation or internal regulations.
Business Entity Accounting Act, International Financial Reporting Standards (IFRSs), tax laws, and regulations governing the acquisition and disposal of assets	Accounting	Designated personnel collect information on laws and regulations amendments through a variety of channels (competent authority, official website, external consultants, news).	Proposals are made when it is necessary to revise the Articles of Incorporation or internal regulations.
Labor Laws, Personal Information Protection Act	Human Resources	Designated personnel collect information on laws and regulations amendments through a variety of channels (competent authority, official website, external consultants, news).	Proposals are made when it is necessary to revise the Articles of Incorporation or internal regulations.
Company Act, Securities and Exchange Act, Trade Secrets Act, Fair Trade Act, and Intellectual Property Rights Laws	Legal Affairs	Designated personnel collect information on laws and regulations amendments through a variety of channels (competent authority, official website, external consultants, news).	Proposals are made when it is necessary to revise the Articles of Incorporation or internal regulations. External lawyers or internal personnel are irregularly hired to hold laws promotion events based on the scope affected by laws.

The Yenshui Plant faced a fine of NT\$150,000 imposed by the Tainan City Government in 2019 due to the violation of the Regional Plan Act. It was because the Plant stocked machines and materials in the space located in the non-industrial zone. In the short term, the Company is preparing acquired land that was previously owned by Jing Ying plant and Shun Yi leather factory to tackle the issue of insufficient usable land in the Plant. In the long term, the Company strives to achieve thorough improvements by drafting plans according to the Spatial Planning Act, acquiring neighboring land in accordance with the law, applying for the use as an industrial zone, and establishing complete green-belt barriers. Due to the construction of items that were out of the scope prescribed in the construction permit and failure to follow the approved items when building electrical conduits, Walsin (Nanjing) Construction Limited faced a fine of RMB 7,755,719 imposed by the General Administrative Law Enforcement Bureau in Jianye District, Nanjing. Corrections to the aforementioned procedures have been made in accordance with rules by contractors within the deadline.

From the year 2020 to the deadline of this report, the "Regulations Governing the Holding of Board Meetings" of the Company were revised in accordance with a resolution made at the Board of Directors meeting on February 27, 2020 in an effort to comply with the Company Act, business integrity policy, and Honest Business Practices and to improve fraud prevention measures for business integrity.

2.4.2 Integrity Policy

Moral Values and Professional Conduct

Walsin Lihwa is committed to becoming an excellent, sustainable company, and strives to make business integrity a corporate value, so that corporate social responsibility and moral values are integrated into the company's business operations and practiced by its employees. We therefore established Ethical Conduct Guidelines for Directors of the Board, Ethical Conduct Guidelines for Employees, and Regulations Governing the Handling of Business by Employees, and established the Company's corporate culture and value of business integrity by requiring employees to comply with codes of ethical conduct with respect to business ethics, labor relations, environmental protection, safety and health, internal control, corporate governance, and community involvement.

Business Integrity and Anti-corruption

The Company revised its "Honest Business Practices" in 2019 in an effort to implement the values of business integrity and support the government's policies to actively promote honest business practices and the core value of integrity among private sectors. The revisions are summarized below:

- 1 The business integrity policy of the Company was approved by the Board of Directors.
- 2 The assessment mechanism for dishonest practices was established.
- 3 Employees are subject to the conditions of the business integrity policy.
- 4 The formulation of the business integrity policy and its implementation process were documented.
- 5 Allocated resources and personnel for units responsible for business integrity.
- 6 Frequency to report to the Board of Directors by units responsible for business integrity.
- 7 Devised audit plans in response to the risk-assessment results of ethical practices.
- 8 Subsequent actions should be taken after the investigation of whistleblowing reports.
- 9 Allow anonymous whistleblowing.

The Business Integrity Committee and Its Duties

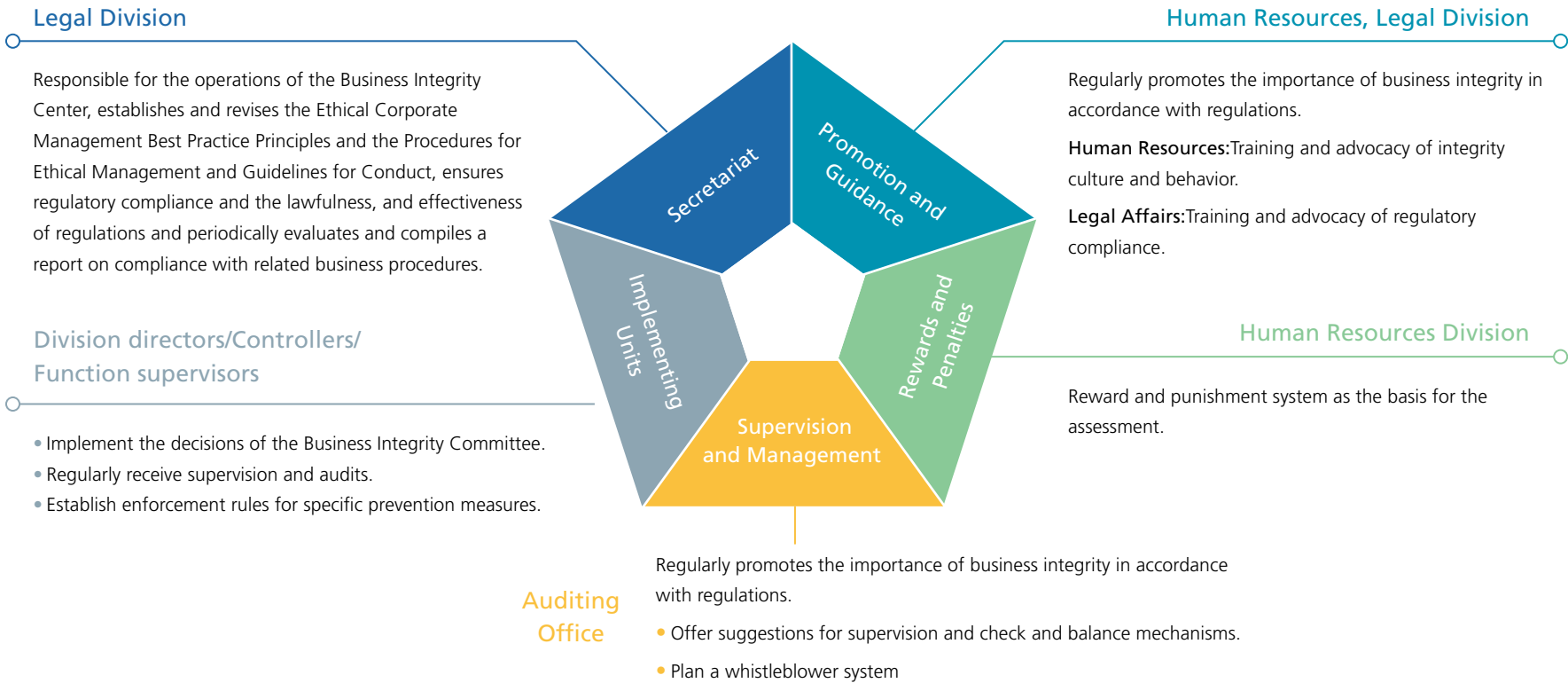
To incorporate integrity and business ethics into the Company's operational strategies and develop corruption and fraud prevention measures in accordance with relevant laws and regulations to ensure honest business practices, the Business Integrity Committee, established in April 2015, reports annually to the Board of Directors. After the passage of the establishment of the Sustainable Development Committee in accordance with a resolution made by the Board of Directors in November 2019, the Business Integrity Committee is now governed by the Sustainable Development Committee and renamed as the Business Integrity Promotion Center.

The Business Integrity Promotion Center is mainly responsible for the following matters:

- 1 The committee assists the incorporation of integrity and business ethics into the company's operation strategies and develops corruption and fraud prevention measures in accordance with relevant laws and regulations to ensure honest business practices.
- 2 Develops programs for preventing dishonest practices, with standard operation procedures and codes of conduct specified in each program.
- 3 Plans internal organization, personnel assignment and the duties of such personnel, so as to ensure mutual-monitoring and check and balance mechanisms are in place for business activities more liable to dishonest practices.
- 4 Promotes and coordinates the business integrity policy through employee education and training.
- 5 Develop a whistleblowing policy and ensure its feasibility.
- 6 Helps the board and management check and assess whether corruption and fraud prevention measures are effectively implemented and reports compliance status in relevant honest business practices on a regular basis.

Members of the Business Integrity Center

We changed the secretariat of the Business Integrity Committee from the Human Resources Division to the Legal Division on April 9, 2018 for regulatory compliance. Members of the Business Integrity Committee are introduced (including the responsibilities of each member) below:



Operating Status of the Business Integrity Committee in 2019

Reported implementation results in 2018 to the Board of Directors

Number of Meetings: **1** / year Attendance Rate: **100%**

Committee members report work items on a quarterly basis

Number of Meetings: **4** / year Attendance Rate: **100%**

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Educational Training and Promotion

Offer training courses according to regulatory changes so employees understand the latest laws and regulations and strengthen their commitment to comply with professional ethics.

1. Key points of legal compliance: Encourage employees of the Legal Division to actively participate in specialized courses in Taiwan and other countries, stay up-to-date on the latest regulatory information, and understand the latest developments in specialized fields of law, such as Corporate Governance, CSR, Anti-Trust (the Fair Trade Act), Anti-Corruption, Insider Trading Prevention, Personal Information Protection, and Trade Secret Protection. Also, build a legal database for employees to use in learning.
2. Convene on a non-periodic basis legal compliance meetings at affiliates to strengthen the legal compliance and risk management of subsidiaries and affiliates, thereby ensuring that all subsidiaries and affiliates adopt the same legal compliance standards as the parent company
3. In addition to a variety of training courses, regulatory compliance-related resources are provided to employees. Other promotion activities are also organized to raise their compliance awareness. For example, educational articles on regulatory compliance are posted on the internal education platform, Walsin Lihwa Academy, so that all employees can access and understand business integrity-related information. The educational articles posted on Walsin Lihwa Academy in 2019 are as follows:

Date	Topics introduced	Target	Number of people
2019/10	General Course for Business Integrity Principles	General Course for Business Integrity Principles	47

4. We are dedicated to creating a stable Walsin culture (from the Company to affiliates, suppliers and trading counterparts). Promote anti-corruption to all directors, employees, and suppliers. The percentage of all 11 directors who have participated in training courses on anti-corruption reached 100%. The Company began actively offering training courses on business integrity and regulatory compliance to procurement personnel and employees in each plant in 2019. The courses were offered to implement and deepen specific measures of the business integrity policy and plans for preventing unethical conduct. The completion rate of the courses was 77.45%. (Each group received 1.5 hours of training.)

Plant	Date	Number of Attendance	Number of People Present	Managerial role	Non-managerial role
Shanghai Walsin	2019/10/15	38	37	6	31
Jiangyin Walsin (Specialty Alloy Materials)	2019/10/16	38	19	9	10
Yantai Walsin	2019/10/16	9	9	2	7
Changshu Walsin	2019/10/17	32	27	7	20
Taichung Plant	2019/11/14	26	23	4	19
Hsinchuang Plant / Yangmei Plant	2019/12/13	61	43	5	38

Note 1: Definition of managerial roles: Division/section chief (inclusive) or above.

Note 2: The percentage of employees who have completed the courses on business integrity for procurement personnel and employees at each plant in 2019 was 2.5%. The percentage was calculated by the number of people present out of the total number of employees.

Furthermore, we began actively promoting business integrity and regulatory compliance (including anti-corruption) to major suppliers in different factories in 2019: (Each batch receives 0.5 hours of training)

Plant Course topic Date Number of major suppliers that participated Percentage of invited major suppliers that participated

Plant	Course topic	Date	Number of major suppliers that participated	Percentage of invited major suppliers that participated
Yenshui Plant / Taichung Plant	Business Integrity: A corporate value that deserves to be protected by all of us	2019/10	32	93.94%
Hsinchuang Plant / Yangmei Plant		2019/11	35	97.22%

Furthermore, we began actively promoting business integrity and regulatory compliance (including anti-corruption) to major suppliers in different factories in 2019: (Each batch receives 0.5 hours of training)

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The Company plans to use the E-learning system as a channel for business integrity education and training in 2020. For employees in certain positions, the Company continues to offer more comprehensive training courses and implement specific measures for the business integrity policy to prevent unethical conduct (including anti-corruption).

We also identified high risk business activities in our factories in 2018, as described below:

Changshu Walsin

Improve procurement processes management



- 1 The procurement department of the Yenshui Plant explained and discussed the 8 devised topics to the procurement department of Changshu Walsin with the full participation of all procurement personnel of Changshu Walsin.
- 2 The following actions were taken for suppliers of Changshu Walsin's 15 major materials: the development of new suppliers, supplier evaluation and technical review, regular review of capital expenditure, and the signing of the Supplier Commitment to Business Integrity.

Shanghai Walsin

Business procedure improvement



- 1 The systematic process for debt collection and tracking of the Shanghai power plant (Shangdian): Daily follow-ups and reviews are conducted by the business administration departments; the collection plans and implementation are made on a monthly basis by responsible departments; and subsequent legal remedies and responses are discussed and approved by the top supervisors and legal personnel. The overdue payables, as of the end of December, saw a significant decrease of NT\$43 million (decrease of 58%).
- 2 Reorganized Shangdian's business process:
 - (1) The reorganized business process includes the addition and evaluation of customers, principles to receive orders, and transactions.
 - (2) contract management of Shangdian; revision and reorganization of Shangdian's management processes involving shipping, receivables, and checks; and the process reorganization for Shangdian's business encroachment cases.
- 3 Procedures for handling commissions: establish a standardized reimbursement and filing procedure for each plant, cancel cash payments for commissions, and review reports on a regular basis.

Changshu Walsin

Improve EHS and create a friendly environment



- 1 Review the performance of purchased wastewater treatment facilities, evaluate and review the performance and expenses of treatments provided by external companies, and review subsequent implementation on a regular basis.
- 2 Formulate precise measures to deal with wastewater separation.
- 3 Conduct soil examination.

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Complaints and Suggestions System

The Company established the "Regulations for Stakeholder Suggestions and Complaints" and set up a designated stakeholder section on the Company's website so that the Stakeholders could offer suggestions and file complaints to the Company's management and internal audit supervisors. The responsible department properly handled the matter after receiving feedback and reported the results to the Audit Committee.

We received 8 complaints in 2019, all matters are handled based on the Company's relevant regulations.

Walsin Lihwa promotes the "Employee Code of Conduct and Rules for Executing Their Tasks" during new employee orientation, so that employees gain an understanding of the Company's "Business Integrity" and business integrity related operating procedures and codes of conduct. Employees could also offer suggestions through the Company's Suggestion Box, which encourages the Employees and Stakeholders to report any suspicious activities or misconducts within the organization or between transacting parties, thereby preventing unlawful conduct or misconduct, including the following aspects:

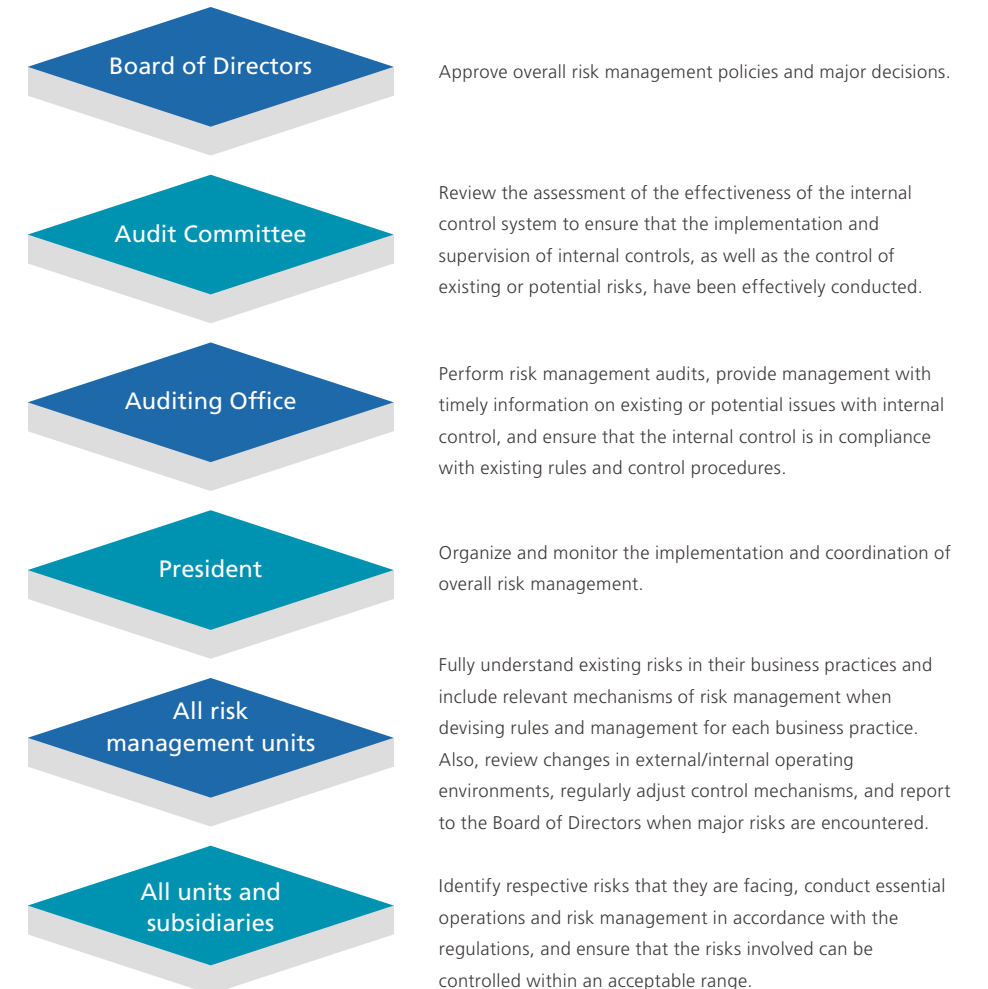


2.4.3 Risk Management

Risk Management Policies and Operations

The risk management of the Company is collectively conducted by the Board of Directors, Audit Committee, President, the President's Office, Auditing Office, risk management units, all units and subsidiaries in an effort to ensure stable the sound operations and sustainable development of the Company.

Risk Management Organization and Duties



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Risk Management Types and Mechanisms

Dimensions	Risk type	Risk management unit <small>Note</small>	Risk description	Control mechanism
Corporate Governance and Economy	Strategic and operating risks	President's office	Strategic risks	The operating units regularly report strategic issues to directors in order to reduce strategic risks through participation, counseling, and monitoring of the board members.
		Accounting division	Operating goals achieved	Attainment of policies and goals each year are managed through business performance meetings.
	Legal risks	Legal division	Penalties for violations	The legal department is responsible for managing legal risks, internal systems, regulatory compliance, disputes and lawsuit events, investments and acquisitions, and intellectual property rights, as well as providing legal advice and handling recommendations.
			Personal information leaks	We established the Regulations for Personal Information Protection Management in December 2014 to protect and manage personal information. The IT, Human Resources, and Legal departments are responsible for personal information protection measures. The Legal department also promotes training courses on the protection of business secrets to ensure the implementation of the duty of confidentiality.
			Employee misconduct	Established the Honest Business Practices, Guidelines for Honest Business Practices and Conduct, and Employee Code of Ethical Conduct to instill the values of honest business practices and create a corporate culture of integrity, which will guide employees to act according to moral standards, thus avoiding the risk of violating the law, and achieving sound corporate governance.
			Transaction risks	Lower the overall legal risks of the Company through the contract system used to manage the status of contract signing and related risks, as well as the seal management system to monitor the issuance, use, and abolishment of the Company's seals. The legal department regularly organize legal education and training to raise employees' awareness of legal risks, so that employees comply with relevant laws when engaging in business activities, which will lower transaction risks. This enables us to prevent and control transaction risks in advance, ensure the Company's regulatory compliance, and comprehensively implement corporate governance.
	Capital expenditure risks	Accounting division	Purchase and management of major equipment	<ul style="list-style-type: none"> • Implementation and amendment of the Rules on Capital Expense Management • Major capital expenditures must be reviewed by the Audit Committee and the Board of Directors.
	Information security risks	It center	Information systems and confidential information protection	<ul style="list-style-type: none"> • Continue to implement advanced information security solutions to effectively protect, manage, and monitor systems, mainframes, and network activity. • Plan and organize data protection mechanisms to lower risks of data leaks by end-users. • Strengthen the protection of external information services and the ability to defend against hacker attacks. • Periodically organize education and training activities to promote new knowledge on information security and enhance the information security awareness of employees. • Periodically conduct disaster readiness drills for important systems, so as to rapidly restore operations when a disaster occurs to ensure the Company's business continuity.

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Dimensions	Risk type	Risk management unit <small>Note</small>	Risk description	Control mechanism
Corporate Governance and Economy	Interest rate fluctuation risks	Finance Division	Interest rate fluctuation	<ul style="list-style-type: none"> Monitor interest rate and market changes, control positions of long-term and short-term loans, and use market tools to fix interest rate costs in a timely manner. Monitor the Company's financial condition and evaluate financing methods and instruments based on annual budget requirements to reduce financing cost. Maintain good relationships with banks to obtain the best interest rates on loans and savings.
	Exchange rate volatility risks	Commodity BG, Risk Management Division	Exchange rate volatility	<ul style="list-style-type: none"> Monitor fluctuations and information in the foreign exchange market on a daily basis, estimate and monitor currency risks derived from imports and exports, and assess foreign exchange risks and changes in gains/losses from the Company's assets and liabilities. Formulate hedging strategies and use hedging instruments, such as spot exchange transactions and forward exchange transactions, for exchange rate hedging. Control foreign exchange risks and carry out hedging for major capital expenditures and fund transfers that will change the Company's foreign currency position. The purpose of market risk management is to control market risks within an acceptable range that enterprises could (or would be willing to) accept and to maximize the rate of return through risk adjustment.
	Risks associated with raw material prices and supply chains	Commodity BG, Risk Management Division	Price fluctuations of raw materials	<ul style="list-style-type: none"> Supplier management: Carefully evaluate and actively develop new sources of materials to prevent being controlled by a few suppliers. Inventory management: Build a safety inventory level, use spot purchases for a certain portion of materials to flexibly respond to our production requirements. Understand the market condition through data collection or market surveys and respond in advance.
		Commodity Procurement Div.	Supply cut off	<ul style="list-style-type: none"> Management of raw material price risks: Market risk management focuses on operations related to the Company's raw materials. The purpose of material risk management is to control market risks within an acceptable range that enterprises could (or would be willing to) accept and to maximize the rate of return through risk adjustment.
	Technology risks	Technical functions of each business group	Prevent the use of outdated technologies and delays in product development caused by sudden market changes	<ul style="list-style-type: none"> To understand the requirements of customers on terminal applications, accelerate the development of technologies related to product materials, production processes, and product applications, we are strengthening our technical capabilities to respond to the rapidly changing external environment. Implement smart manufacturing and utilize the Internet of Things and big data analysis to improve efficiency and quality and reduce cost. Closely follow and respond to changes in competitors, market, industry, and customers, and use this as a basis for production, technology and product development. Develop high value/quality products, provide better customer services, and transition from manufacturing to manufacturing services.

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Dimensions	Risk type	Risk management unit ^{Note}	Risk description	Control mechanism
Environment	Climate change and environmental risks	Environment, Health & Safety Div.	Carbon emission management	<ul style="list-style-type: none"> ● Implement energy management systems and establish energy management performance indicators for effective long-term management. ● Invest in green energy and gradually establish the carbon footprint of products to improve carbon reduction performance and prepare for carbon rights management.
		Environment, Health & Safety Div.	Reduce environmental pollution and energy consumption.	<ul style="list-style-type: none"> ● Continue to improve reclaimed water and waste liquid recycling technologies and reduce raw material and tap water consumption. ● Continue to search for and develop waste reuse technologies to increase the resource reuse rate.
		President's Office		<ul style="list-style-type: none"> ● Improve decision-making and strengthen operational management, including production and process technologies, operational models, and material procurement, in an effort to reduce the impact brought by climate change.
Social	Management risks	Human Resources Div.	Personnel changes Handling employee-employer relations	<ul style="list-style-type: none"> ● Strengthen the employee-employer communication channel to promote harmonious relations. ● Strengthen personnel recruitment channels, employee capability eligibility review, as well as the management, implementation, and monitoring of education and training. ● Strengthen the management measures for the collection, handling, and use of personal information, continue to improve the literation of regulations, and uphold the rights of employees/parties involved. ● Ensure that the management procedures and relevant administrative operations of human resources comply with relevant laws and regulations.
	Occupational safety risks	Environment, Health & Safety Div.	Work environment and employee safety	<ul style="list-style-type: none"> ● Organizing environmental safety and health competency and education training: Implement an environmental safety and health management system that is consistent throughout plants in Taiwan and overseas, identify employees' operating risks through reviews, and continue to lower the incident rate. ● Reinforcement and integration of occupational safety and environmental protection management systems: Integrate the environmental protection and occupational safety and health management system into a Group-wide unified operating model, and provide on-site guidance. Consistent documentation and stable system operations will be required. ● Implementing contractor management: We not only take it upon ourselves to fulfill our CSR, but also require our business partners and contractors to sign an EHS Policy Commitment to jointly abide by EHS regulatory requirements and reduce disasters and pollution. ● Improve occupational hygiene management: Strengthen employee health management, occupational disease prevention, and biological health management in order to improve the physical and mental wellbeing of employees.
	Corporate image risks	Corporate Communication Dept.	Negative image	<ul style="list-style-type: none"> ● Establish a crisis response system for operating risks that may affect the Company's image, establish crisis management mechanisms during normal operations and simulate possible events, and have a spokesperson system in place to speak to external audiences on behalf of the Company, or clarify false information using major information platforms to maintain the Company's image and fully communicate with stakeholders.

Note: The unit names shown are the names of units after the organizational changes in April 2020.

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Internal Audit

The comprehensive internal audit system and Audit Committee of Walsin Lihwa help ensure effective internal control and report.; management also closely monitors the improvement results for internal control deficiencies. The Auditing Office -- an independent unit with chief audit executive and dedicated auditors -- reports directly to the board of directors and regularly attends Board meetings to give reports. The chief audit executive and independent directors of the board shall meet at least once quarterly to report the statuses of internal control and audit implementation to the Audit Committee. In case of major abnormalities, their meetings can be convened anytime. The chief audit executive reports to the chairman of the board, the convener of the Audit Committee, independent directors , and president on an as-needed basis in addition to regular reports to the board of directors. The office may also provide management with timely information on existing or potential issues with internal control through auditing activities.



Please see the Walsin Lihwa website for details [➔](#)

Internal Control

The Company conducts annual risk assessments on the nine trading cycles and operating items in accordance with the FSC's "Regulations Governing Establishment of Internal Control Systems by Public Companies" to strengthen its corporate governance. Business units and division supervisors at the Company's headquarters prepare self-evaluation reports based on the Company's internal control system, and submit the reports to the President and Chairman, so that they are made aware of the implementation of self-supervision by each unit. Each unit describes deficiencies, ranks the deficiencies by their potential impact and emergency, and formulates improvement measures. The five elements of internal control are implemented to ensure the following three major goals are attained:

Five Elements of Internal Control



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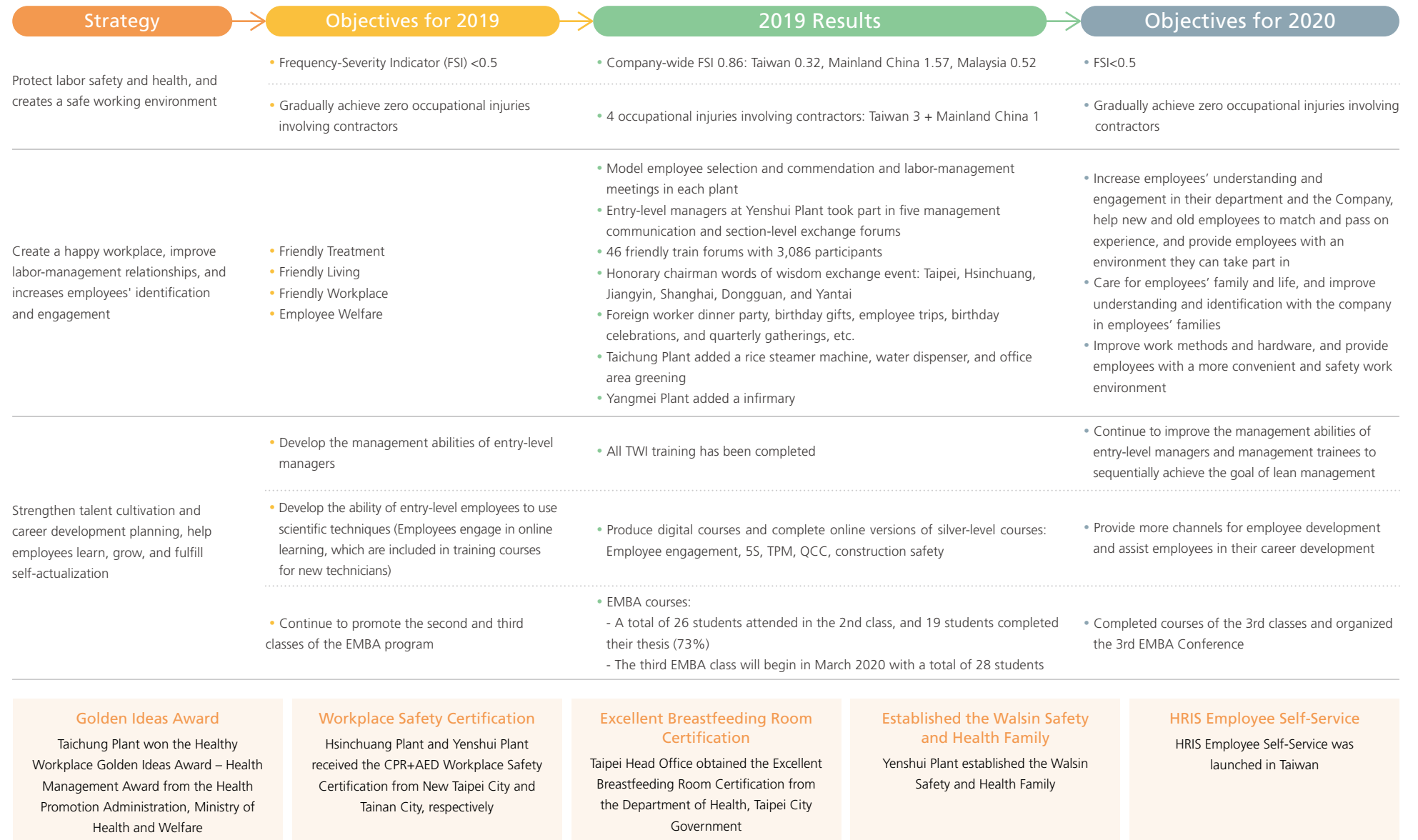
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Sustainability Promotion Strategy

- Prioritize employee safety and health, and establish well-rounded policies and regulations to be enforced in each plant.
- Uphold Walsin's concept of full engagement to cultivate top-tier talent and create a happy workplace.



3.1 Employee Overview and Talent Management Policy



Pursuit for excellence, innovation, learning, and a friendly workplace are to the foundation of business sustainability of Walsin Lihwa. Over the past half century, Walsin has been maintaining and strengthening its down-to-earth approach to running business thanks to the coherence of all employees to work hard together to support the company to overcome many difficulties, keep strengthening itself, and face up to new challenges. As employees are a strong backup to Walsin Lihwa and a precious asset that helps enable business sustainability, Walsin Lihwa is committed to providing employees a friendly workplace, competitive compensation and benefit packages, and continuously initiatives for employee caring solution to strengthen the psychological and physical wellbeing of employees and live up to the company value of respect for people.

3.1.1 Status on Employment

As of the end of December 2019, we have a total of 4,931 employees worldwide (4,142 male, 789 female), most are regular employees, 0.4% are contractors (11 male, 9 female), and the percentage of foreign workers remained at 5%. We do not have any part-time workers.

Employee Structure

Category	Male	Female	Total	Percentage
Regular employees	3,887	780	4,667	94.6%
Contract-based	11	9	20	0.4%
Foreign workers	244	0	244	5.0%
Total	4,142	789	4,931	100%

The Company recruits talent on a merit basis through fair and open channels. We hired nearly 888 new employees in 2019 to satisfy the Company's overall operational requirements, creating opportunities for employment and development.

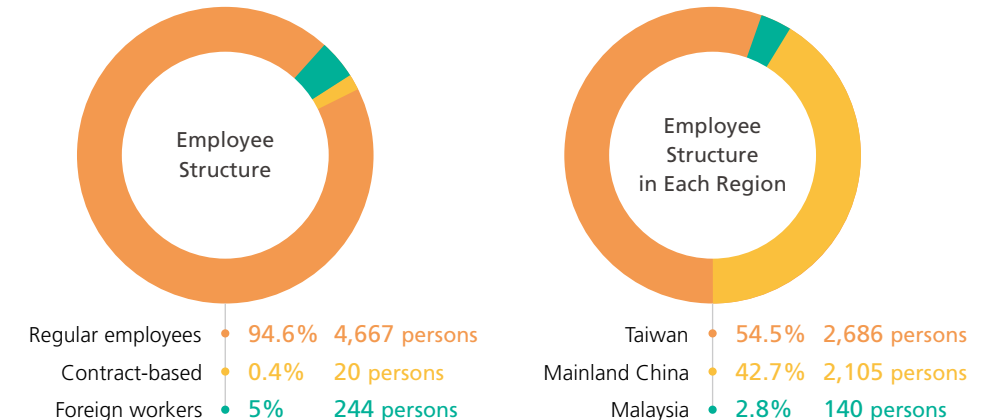
Walsin Lihwa has always maintained that employees are the Company's most important asset. A total of 735 employees resigned in 2019, which is a turnover rate of 15%. Voluntary separation rate was lower than 15% for five consecutive years from 2015 to 2019. When an employee tenders his/her resignation, the human resources unit will verify the resignation and arrange an exit interview to understand the reason for the resignation, urge the employee to remain with the company, and demonstrate care and concern.

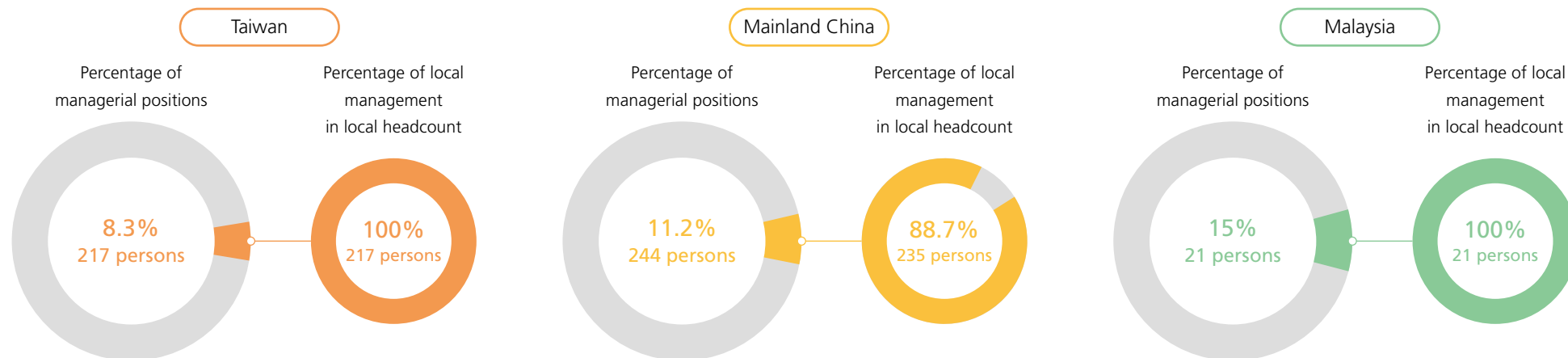
It is the company's policy to hire local employees as a priority throughout its locations. In the case of the management team, managers or above account for 8.3% of all employees in Taiwan and 100%

are locals. manager or above account for 11.2% of all employees in mainland China and 88.7% are locals; among them, the vice president and higher level managers are still mainly from Taiwan. manager or above account for 15% of all employees in Malaysia and 100% are locals.

Employee Structure in Each Region

Category	Male	Female	Total	Percentage
Taiwan	2,374	312	2,686	54.5%
Mainland China	1,651	454	2,105	42.7%
Malaysia	117	23	140	2.8%
Total	4,142	789	4,931	100%





Note: Managerial positions are the positions higher than section or division chiefs.

Total number and ratio of [new and resigned] employees (by gender)

Category	New employees						Resigned employees					
	Male		Female		Total		Male		Female		Total	
	Number of people	Ratio	Number of people	Ratio	Number of people	Ratio	Number of people	Ratio	Number of people	Ratio	Number of people	Ratio
Taiwan	357	15%	48	16%	405	15%	332	14%	26	9%	358	14%
Mainland China	326	19%	142	32%	468	22%	281	17%	83	19%	364	17%
Malaysia	13	10%	2	9%	15	10%	12	10%	1	4%	13	9%
Total	696	17%	192	25%	888	18%	625	15%	110	15%	735	15%

Total number and ratio of [new and resigned] employees (by age groups)

Category	New employees								Resigned employees							
	Below 30		31 to 40		41 to 50		Above 51		Below 30		31 to 40		41 to 50		Above 51	
	Number of people	Ratio	Number of people	Ratio	Number of people	Ratio	Number of people	Ratio	Number of people	Ratio	Number of people	Ratio	Number of people	Ratio	Number of people	Ratio
Taiwan	227	34%	137	14%	33	6%	8	2%	131	20%	144	14%	49	8%	34	9%
Mainland China	205	53%	181	25%	64	8%	18	7%	116	30%	153	21%	66	8%	29	11%
Malaysia	10	17%	3	8%	2	4%	0	0%	9	16%	3	8%	1	2%	0	0%
Total	442	40%	321	18%	99	7%	26	4%	256	23%	300	17%	116	8%	63	10%

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3.1.2 Human Resources Policy

Human Rights Policy

Walsin Lihwa complies with the local laws and regulations wherever the company has business presence to uphold employee human and legal rights in consistency with the Universal Declaration of Human Rights of the United Nations, the United Nations Global Compact, the International Labor Organization Convention, and other internationally recognized human rights conventions and standards to friendly, impartially, reasonably, and respectfully treat all its employees including official and temporary employees, migrant employees, interns, contracted workers, and even business partners.

Guiding principles are as follows:

Healthy and Safe Work Environment Development	Develop a healthy and safe work environment while promptly providing first aid whenever necessary to help decrease health and safety hazards at work and occupational risks.
Fair and Reasonable Compensation and Work Conditions	Effectively protect labor rights for the harmony of labor relations, which factors in the fairness of employment, compensation and fringe benefits, education and training, as well as assessment and promotion criteria while effectively responding to and addressing employee complaints to timely prevent employee rights from being compromised.
Equal Employment Opportunities Without Discrimination	There shall be no discrimination against any job applicant or employee on the basis of race, class, language, thought, religion, political party, place of origin, place of birth, gender, gender orientation, age, marital status, appearance, facial features, and disability.
No Employment of Underaged Workers	Comply with the local labor laws and regulations wherever the company has business presence in consistency with the minimum age requirement for employment to refrain from employing underaged workers.
No Forced Labor	Comply with relevant labor laws and regulations with due attention to employee attendance to work doing away with forced labor.
Respect for Freedom of Association	Respect employees' basic human rights and, in particular, labor human rights such as organization of labor unions, and ensure harmonious labor relations by providing diverse communication channels.
Privacy Protection and Harassment Prevention	Incorporate relevant laws and regulations into new employee orientation and training, which covers sexual harassment prevention, anti-discrimination, working hour management, humanitarian treatment, and healthy and safe work environment development. Prevent workplace violence through available promotion channels and public announcements to help employees understand they are responsible for preventing illegal offenses when performing their duties, and provide an employee complaint hotline to help develop a friendly work environment.
Employee Complaint System and Channel	Provide diverse communication channels including a dedicated line and mailbox, employee intranet, discussion among employees, labor-management meetings, and the Employee Welfare Committee for employees to bring up their issues.
Assistance to Employees in Maintaining Physical and Psychological Wellbeing and Balance between Life and Work	Take care of employees' physical and psychological wellbeing by providing free health checks on a regular basis as well as health management lectures, employee family outings, massage relaxation, cultural, sports, and family day events for employees and their families, as well as employee associations and clubs to facilitate collegial interaction for their balance between life and work.

Regular Review and Assessment of Human Rights Measures to Decrease Related Risks

Identify the risks associated with human rights and accordingly develop corresponding measures to effectively implement the Employee Human Rights Policy by policy effectiveness assessment on a regular basis to control and decrease such risks and perfect the protection of human rights related to different issues. Ensure effective implementation of the Employee Human Rights Policy at individual plant sites through contractual binding of suppliers and relevant requirements with sample checks by the Administration Division and Human Resources Division to ensure compliance with the Employee Human Rights Policy to safeguard employees' physical and psychological wellbeing.

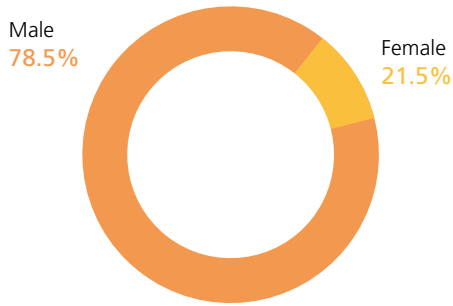
Education and Training

Conduct education and training on human rights protection through meetings with suppliers to ensure human rights protection at suppliers as well as Walsin Lihwa sites:
October 2019: 32 participants including the Taichung and Yenshui plants as well as suppliers
November 2019: 35 participants including the Hsinchuang and Yangmei plants as well as suppliers

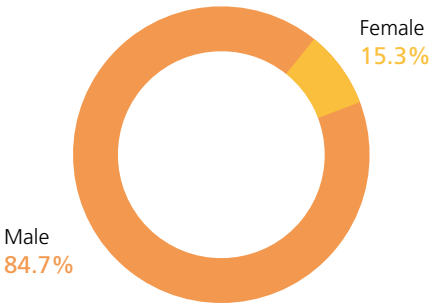
Status on Employment

Because our wire and cable as well as stainless steel operations fall in the heavy manufacturing industry category, the workforce at our plants consists primarily of males and therefore the percentage of male workers is higher than that of female workers. Managers are mainly between the ages of 41 and 50; regular employees are mainly between the ages of 31 and 40. Insulated wire & cable and stainless steel are technology and labor-intensive industries. In terms of educational background, most managers graduated from college or above (inclusive), while regular employees mainly graduated from senior high school or lower. Factoring in prevalent legal prohibitions of employment of child workers, Walsin Lihwa complies with local labor laws and regulations in the areas where it has business presence and does not employ anyone under 16 years old. Walsin Lihwa Taiwan has 26 mentally or physically handicapped employees, amounting to approximately 1% of the total number of employees in Taiwan.

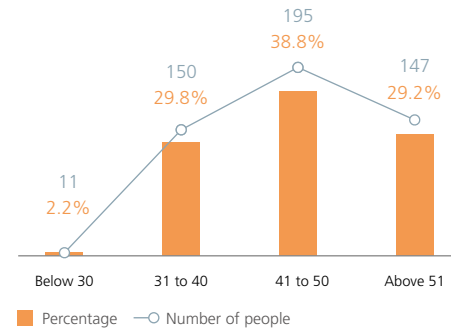
Structure of Managerial positions by Gender



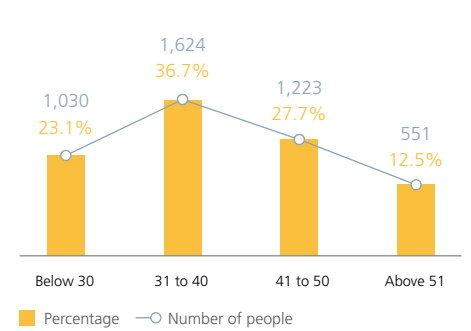
Structure of Regular Employees by Gender



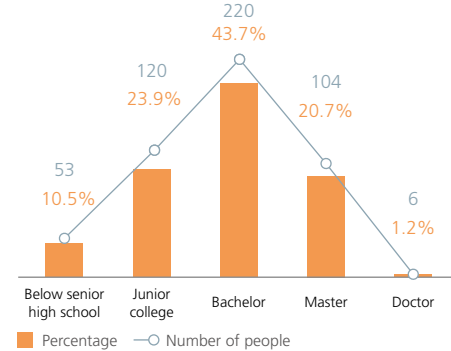
Managerial Positions by Age



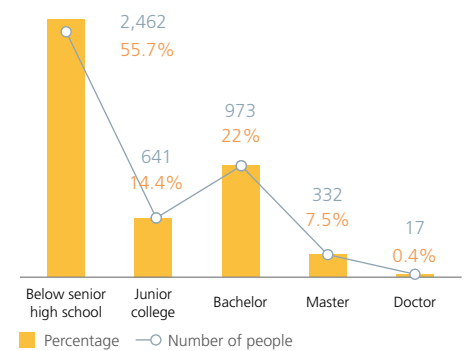
Regular Employees by Age



Managerial Positions by Education



Regular Employees by Education



Note :

The employee overview discloses information of the following Walsin Lihwa sites:
Taiwan: The Taipei head office, Hsinchuang Plant, Yangmei Plant, Taichung Plant, Yenshui Plant, and Chin-Cherng Construction Co.
Mainland China: Walsin China Investment, Dongguan Walsin, Shanghai Walsin, Yantai Walsin, Changshu Walsin, Jiangyin Walsin, Nanjing Walsin (Real Estate), Nanjing Walsin (Property Management), Nanjing Formosa Trade Center
Malaysia: Walsin Precision Technology Sdn. Bhd.

Incentivized Compensation System

Walsin attaches importance to employee benefits and upholds the concept of employee profit sharing. We conduct regular market surveys in hopes of providing employees with competitive overall salaries, so that we can attract outstanding talent to join the team of Walsin Lihwa. Walsin Lihwa offers a competitive salary and compensation system. Permanent employees are entitled to:

- Development of a harmonious capital-labor relation in compliance with relevant local laws and regulations. We comply with relevant local laws and regulations, and strive to establish harmonious labor-management relations within the scope of the law.
- Starting salaries for fresh-out-of-school employees and foreign national workers in compliance with relevant local laws and regulations. Starting salaries for fresh graduates and foreign workers are in compliance with local laws and regulations.
- Reasonable yet competitive total rewards based on the market value of individual professional functions and job contributions to the company. The Company pays reasonable and competitive salaries based on the market value of professional functions, and the contributions of employees in their position.
- Bonuses based on the company business performance, extents to which team objectives are achieved, and individual job contributions to the company. Employees are rewarded with bonuses based on the Company's business performance, team goal attainment, and individual contribution and performance.
- Salaries and benefits based on education levels, work experience, professional knowledge and skills, professional seniority, and personal work performance without discrimination of gender, race, religion, political stance, marital status, and/or union membership. Employees' salaries and compensation are determined by their education, knowledge, skills, professional experience, and individual performance. In no way does gender, race, religious belief, political affiliation, marital status, or membership in a union play a part in these decisions.
- Raises are planned each year based on the Company's profitability and comparison with results of the salary survey.
- Promotions are planned each year based on employees' performance and development potential, organizational requirements, and employees' aptitude and career advancement intentions.

There were 2,547 non-managerial, full-time employees with an average salary of NT\$891,000 in Taiwan in 2019.

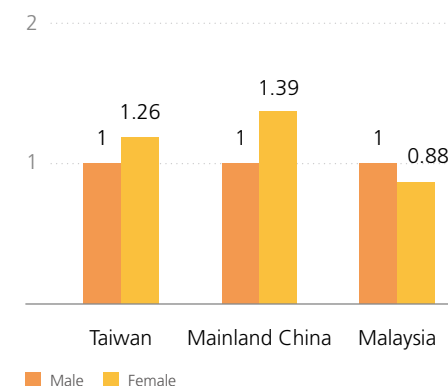
Number of non-managerial, full-time employees in Taiwan, their average salaries and differences from the previous year

Year	Number of full-time employees	Average salary (NT\$1,000)	Median salary (NT\$ thousand)
2018	2,375	931	-
2019	2,394	891	725
Difference	+19	-40	-

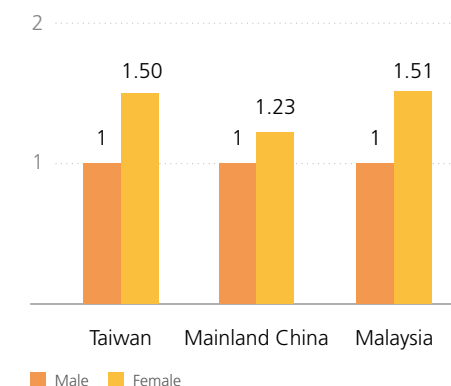
Note: Non-managerial employees refer to all employees (excluding managers), under the same scope of managers reported by the Company and disclosed in the annual report of the Annual Shareholders' Meeting

The times of average remuneration differences by gender and position in 2019 are tabulated as below.

Managerial Positions



Regular Employees



Note1: The remuneration systems at the following Walsin Lihwa sites are disclosed:

Taiwan: The Taipei head office, Yangmei plant, Hsinchuang plant, Yenshui plant, Taichung plant, and Chin-Cherng Construction Co.
Mainland China: Walsin China Investment, Dongguan Walsin, Shanghai Walsin, Yantai Walsin, Changshu Walsin, Jiangyin Walsin, Nanjing Walsin (Real Estate), Nanjing Walsin (Property Management), Nanjing Formosa Trade Center
Malaysia: Walsin Precision Technology Sdn. Bhd.

Note2: Managerial positions are the positions higher than section or division chiefs.

3.2 Growth for All Employees and Talent Transformation



In the business philosophy of our founder Chiao Ting-Piao, talent is of the utmost importance. In his memoir he mentioned that "company investments are investments in talent." Modern human resources management emphasizes: Talent utilization, talent recruitment, talent education, talent retention. This has been the theme throughout Walsin's history.

Employees gained stronger cross-departmental cooperation and project management abilities in 2019 as the Company picked up the pace of transformation, and progress was made in key strategic projects. As they participate in the Company's strategic projects, training courses, workshops, and forums with senior executives, employees gain a better understanding of the trend of Industry 4.0, technology applications, and the Company's plans for implementing Industry 4.0. Under the expectations of their supervisors, employees are conscious of Industry 4.0 when they are thinking about their work, and this is clear in the routine work that all employees take part in.

Talent education and development at Walsin Lihwa are available to all employees without discrimination of age or gender. The company provides annual training based on its policies, strategies, and job competency planning, and such training is available to employees on different levels. Moreover, various types of learning activities help trainees strengthen the effectiveness of learning to apply what they learn to their work and enhance the quality and efficiency of whatever



they do. The status on our training provided to employees in Taiwan, Mainland China, and Malaysia in 2019 is shown in the table below.

Overview of company training:

Area	Statistical items	Male	Female	Subtotal
Taiwan	Total hours	32,665	3,371	36,036
	Total number of employees	21,634	1,827	23,461
	Average training hours	13.8	10.8	13.4
Mainland China	Total hours	39,402	6,423	45,825
	Total number of employees	19,241	3,389	22,630
	Average training hours	24.0	14.3	21.9
Malaysia	Total hours	13,022	332	13,354
	Total number of employees	1,835	107	1,942
	Average training hours	111.3	14.4	95.4

Area	Statistical items	Male	Female	Subtotal
Taiwan	Total hours	7,832	28,204	36,036
	Total number of employees	4,977	18,484	23,461
	Average training hours	31.7	11.6	13.4
Mainland China	Total hours	5,931	39,893	45,824
	Total number of employees	2,430	20,200	22,630
	Average training hours	25.2	21.4	21.9
Malaysia	Total hours	245	13,108	13,353
	Total number of employees	70	1,872	1,942
	Average training hours	11.7	110.2	95.4

Note: Managerial positions refer to team leader and above

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Appendix

Walsin Lihwa lays out the career path of employees through training and performance evaluation, project participation, and internal counseling systems, as described below:



Education and training

We provide necessary training to employees at each level, and use a variety of training methods, such as physical courses, internal workshops, study groups, presentations, sharing events, and overseas visits, to increase employees' willingness to learn and link it to practices at work.



Performance evaluation

We understand the gaps in employees' abilities and their work performance through annual KPI and semi-annual performance reviews, which serve as the basis for training plans.



Project participation

Employees participate in cross-department, cross-disciplinary, and cross-team projects based on their abilities and nature of work and in line with the company's strategy. These participations increase their practical experiences and develop abilities in different aspects.



Internal counselors

Experts in each function are selected to provide technical and practical guidance and pass on their experience.

Dreams Kick-off, Industry 4.0 in Walsin

In order to accelerate the development of Industry 4.0, Walsin Lihwa organized a series of related courses in 2019, including : AI big data analysis, smart manufacturing, etc. A total of 1,090 people finished courses above. Employees are inspired by the courses and become able to better apply their knowledge and concepts in work, driving the Company's progress in Industry 4.0.

We also organized a series of Industry 4.0 Dream State Workshops in 2019. Employees in different positions in Taiwan and China all participated in these workshops. We designed a series of activities and processes, and a team brainstormed courses to inspire creative thinking, allowing participants to experience the team spirit of working together, and also contributing creative ideas for the future of Walsin's Industry 4.0. The course allows employees to come up with Walsin's dream state for Industry 4.0. Employees then review the Company's current state of operations, and propose the first step for making improvements. The series of courses received good feedback from all participants, who all felt that they're greatly benefited.

Strategic Thinking by Mid-level Manager – Management Skill Training

The TWI entry-level manager training that we began providing in 2018 lays a solid foundation for the management skills of entry-level managers. Furthermore, we helped mid-level managers change their management concepts through the MTP Management Training Course (Level 1) in 2019, allowing them to transfer their management style from executing techniques to executing tactics. We provide courses including charismatic leadership, highly efficient work management, cross-organization communication and coordination abilities. It also helps mid-level managers return to work with the human resources management concepts of "selection, education, utilization, and retention" achieving lateral talent management and horizontal resource integration. Walsin Lihwa upholds the spirit of "growth of all employees and talent transformation" when offering the courses above. The courses are not only offered to current managers, but also outstanding employees with potential who are recommended by each unit. (Note: Entry-level managers are Sub-division Chief or above (inclusive) and middle-level managers are Section Manager or above (inclusive))

We cultivated a great deal of extraordinary talent in 2019, and organized 1 batch of TWI and 2 batches of MTP, which had 68 and 178 participants, respectively. Course satisfaction reached 4.5 points (5-point scale) and received good feedback overall, which provided an abundance of management capabilities in 2020. In the future, we will continue to organize related courses to strengthen the management abilities of managers, so that they will be able to lead employees to work with collective wisdom and efforts, and allow Walsin Lihwa to achieve better performance.

3.3 Workplace Health and Safety



3.3.1 Occupational Safety and Health Policy and Philosophy

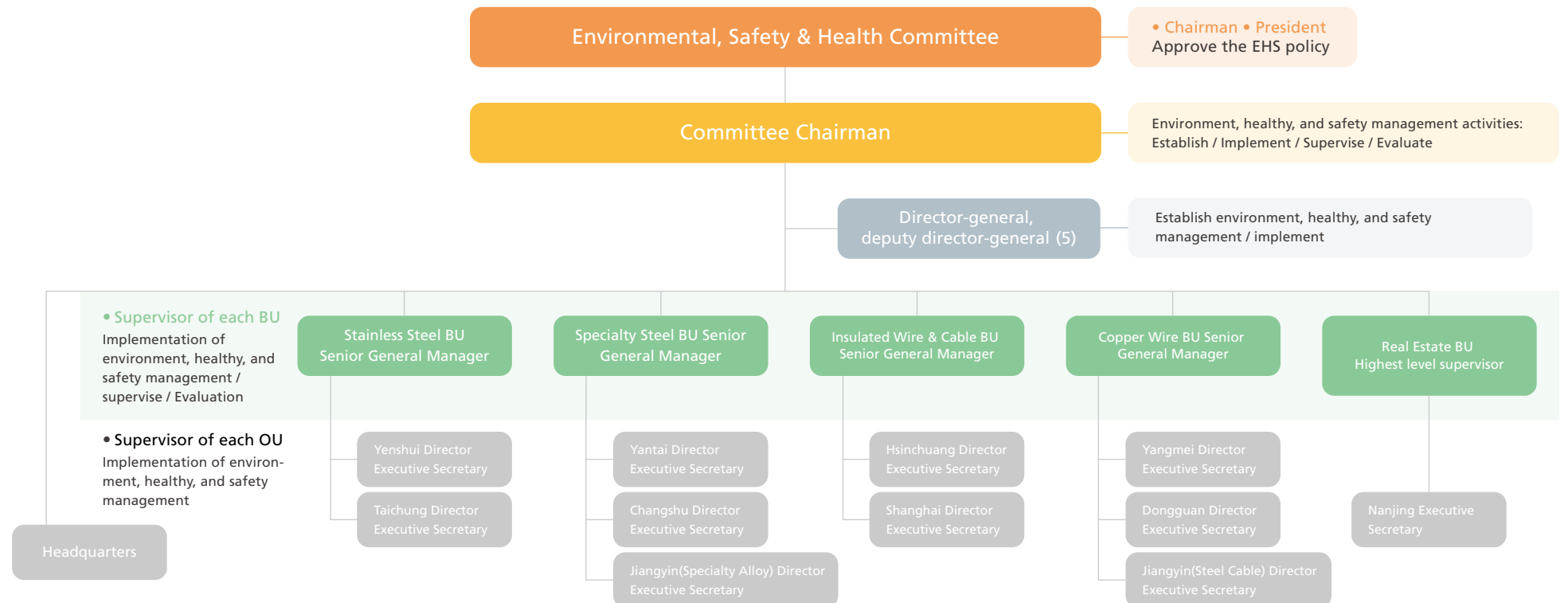
Walsin's EHS Policy achieves harmony and mutual prosperity between individuals, the environment (society), business operations and management performance based on the management strategy of "regulatory compliance, risk control, healthcare, consultation and communication, and performance management."

Walsin's occupational safety and health management is based on its occupational safety and health management system (transition to ISO 45001 is expected to be completed by all BUs in 2020). Performance indicators for each unit are reviewed by the Occupational Safety and Health Committee and Environmental Committee, and are divided into active (implementation of key systems, support from executives at each manufacturing site, management system disclosures) and passive (occupational accidents, penalties imposed by the competent authority) indicators; indicators are planned under

the premise of regulatory compliance. We provide better and more frequent general (special) health examinations to employees than required by law, thereby improving employee safety and health at work. We aim to create a workplace that is safe and friendly in all aspects through management mechanisms.

Established an Environmental, Safety & Health Committee

We established a cross-BU EHS organization – EHS Committee in April 2015 to strengthen our EHS management. The committee is responsible for formulating our EHS policy and implementation plan, and supervises and provides guidance for the EHS performance of manufacturing plants.



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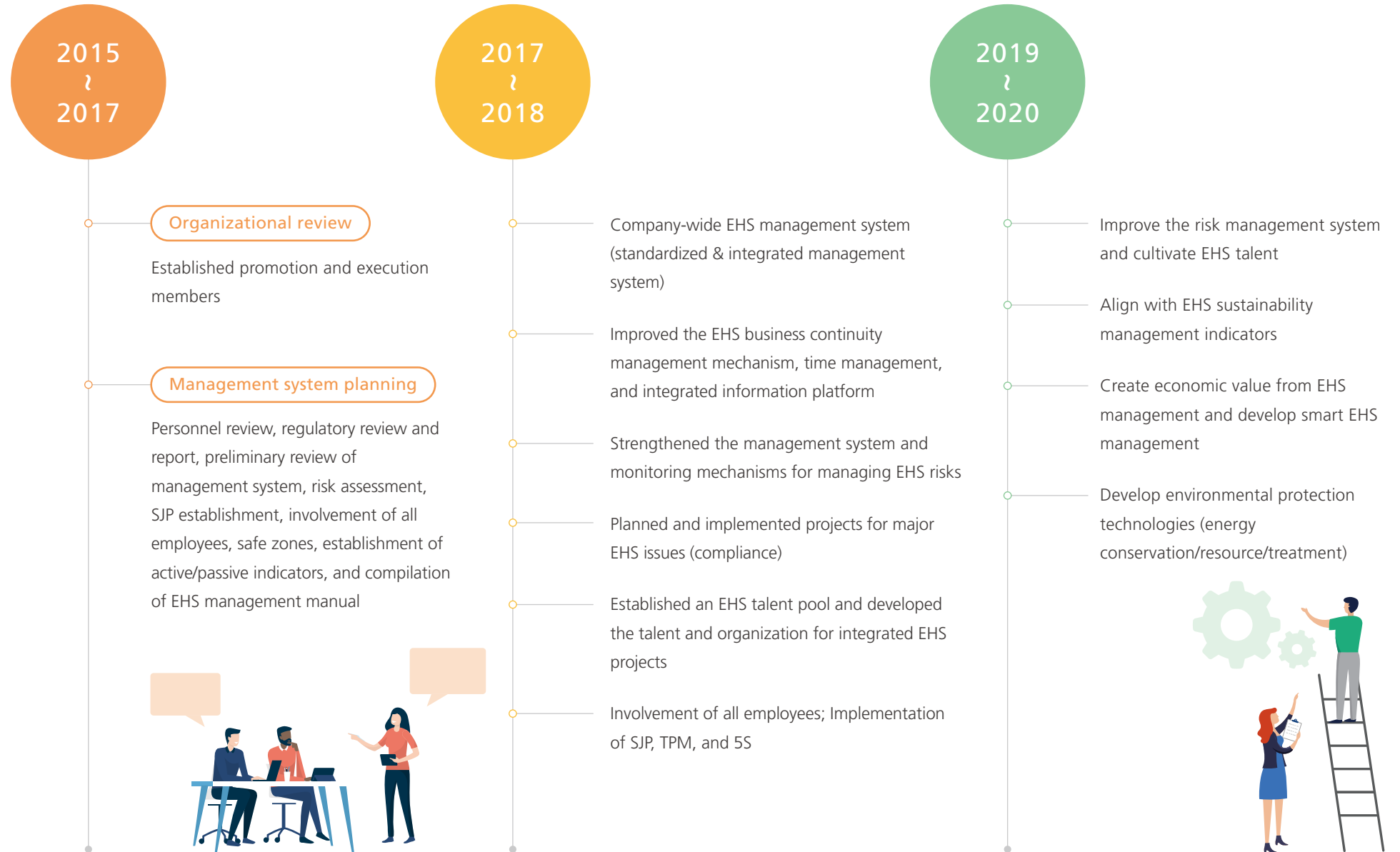
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Main Efforts of the EHS Committee



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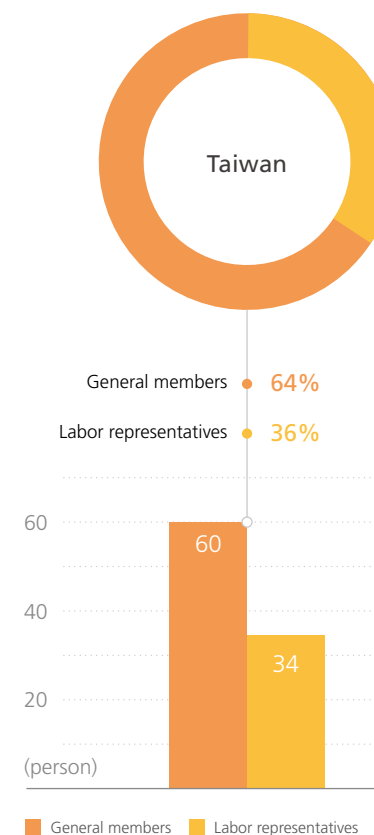
Occupational Safety and Health Committee

Walsin established the Head Office's Occupational Safety and Health Committee in Taiwan to effectively resolve practical issues of EHS. The chairperson position is concurrently held by the chairperson of the EHS Committee, and the labor union has 9 representatives on the Committee (accounting for 33% of all committee members). The Occupational Safety and Health Committee meets on a quarterly basis, and reports EHS management performance in the annual report prepared for the Shareholders' Meeting, so that it can be inspected by the public.

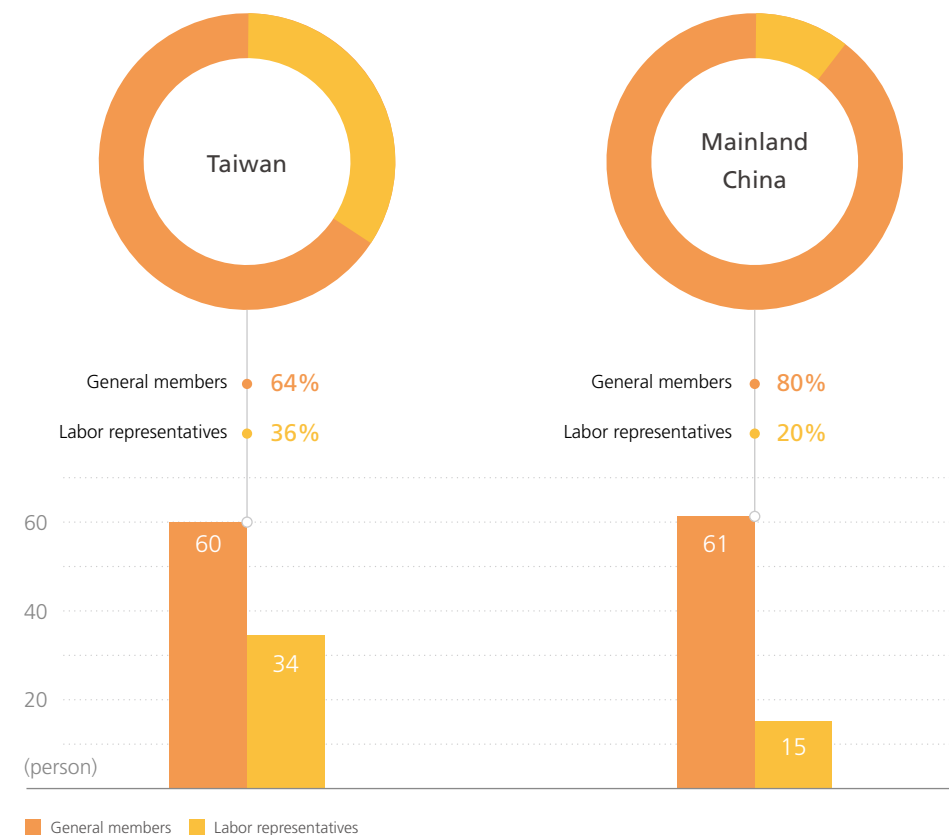
Each plant has its own Occupational Safety and Health Committee (Taiwan) / Production Safety Committee (China). Plants in Taiwan have established an Occupation Safety and Health Committee, and the number of labor representatives comply with regulatory requirements. The committees meet on a quarterly basis.

Composition of the Occupational Safety and Health Committee	Total number of members in the Occupational Safety and Health Committee	Total number of labor representatives in the committee	Number of sessions	Ratio
Taiwan	94	34	28	36.17%
Taipei Head Office	27	9	4	33.33%
Hsinchuang Plant	18	6	4	33.33%
Yangmei Plant	10	4	4	40.00%
Taichung Plant	16	6	4	37.50%
Yenshui Plant	23	9	12	39.13%
Mainland China	76	15	24	19.74%
Shanghai Walsin	11	1	4	9.09%
Dongguan Walsin	10	8	4	80.00%
Changshu Walsin	11	4	4	36.36%
Yantai Walsin	8	1	4	12.50%
Jiangying Walsin (Steel Cable)	18	1	4	5.56%
Jiangying Walsin (Specialty Alloy Materials)	18	0	4	0.00%

Taiwan
Labor representatives
of occupational safety and
health committee



Mainland China
Labor representatives
of occupational safety and
health committee



Number of labor representatives and general members in Taiwan and China

Note: Total number of labor representatives / Total number of people in the committee X 100% = Ratio

3.3.2 Safe Work Environment

Any safety and health risk may cause the Company to sustain major losses from an economic or social perspective, and lower the Company's competitiveness. Therefore, Walsin gradually integrated Vision Zero with ISO 45001, involvement of all employees, safe zones, and SJP, and strives to achieve steady development while prioritizing safety.

Occupational Safety Management Practices

Better than/ Compliant with the law	Comply with or exceed requirements of safety and health laws with achieve zero accidents.
System	Complete the implementation of ISO 45001 (OUs expected to obtain certification on 2020/12/E) and the management system (integration (including implementation of an electronic system) to optimize and simplify operations of the EHS management system).
Risks management	Increase the implementation of SJP and risk management – Plan and implementation of electronic system that integrates SJP & ISO 45001. Risk management system (organization and information) in response to potential EHS risks (better than regulatory requirements).
Training for entry-level employees	Fulfill the safety and health responsibilities of entry-level managers to prevent accidents from occurring; provide and promote safety and health education, and encourage active participation in safety and health activities.
Involvement of all employees in safety and health	Promote the involvement of all employees in activities, and step up the 5S and development of an EHS management culture through shift (section) meetings, brainstorming meetings, and improvement proposals.
Conducting audit	Implement the preventive management and audit system to ensure work environment and operational safety.

Key Points for Promoting a Culture of Safety

- Transition and implementation of ISO 45001 Occupational Health and Safety Management System

Walsin Lihwa believes that integration in occupational safety and health is the first step. Besides integrating current occupational safety and health management standards in the Company, we have strengthened our system based on the ISO 45001 management structure. Our plants in Taiwan (Yenshui and Taichung) and China (Jiangying Walsin (alloy) and Shanghai Walsin) completed the transition to ISO 45001 in 2019, and all plants are expected to complete the transition to ISO 45001 in 2020.



ISO 45001 Optimization Training Situation	Sessions	Attendance Rate	Individuals
Hazard identification and risk assessment	10	96.84%	326
Procurement and contract change management	10	97.93%	326
ISO 45001 Introduction	10	96.27%	295
EHS compliance and law identification	10	96.49%	297
SWOT education and training	1	100.00%	16
ISO 45001 Auditor training	10	92.79%	149
Subtotal	51	96.72%	1,409

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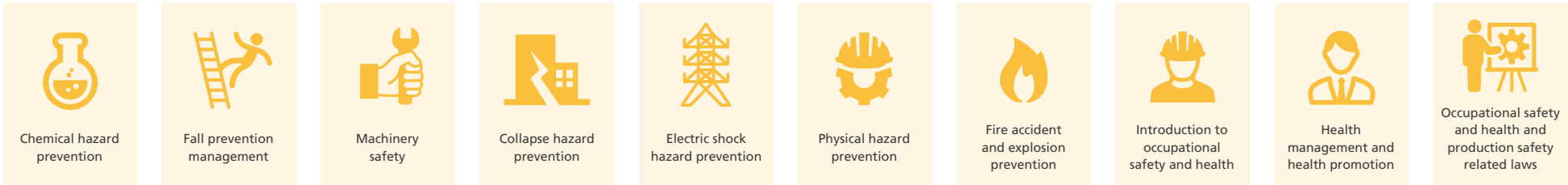
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Occupational Safety and Health e-Learning for Managers at Walsin Lihwa

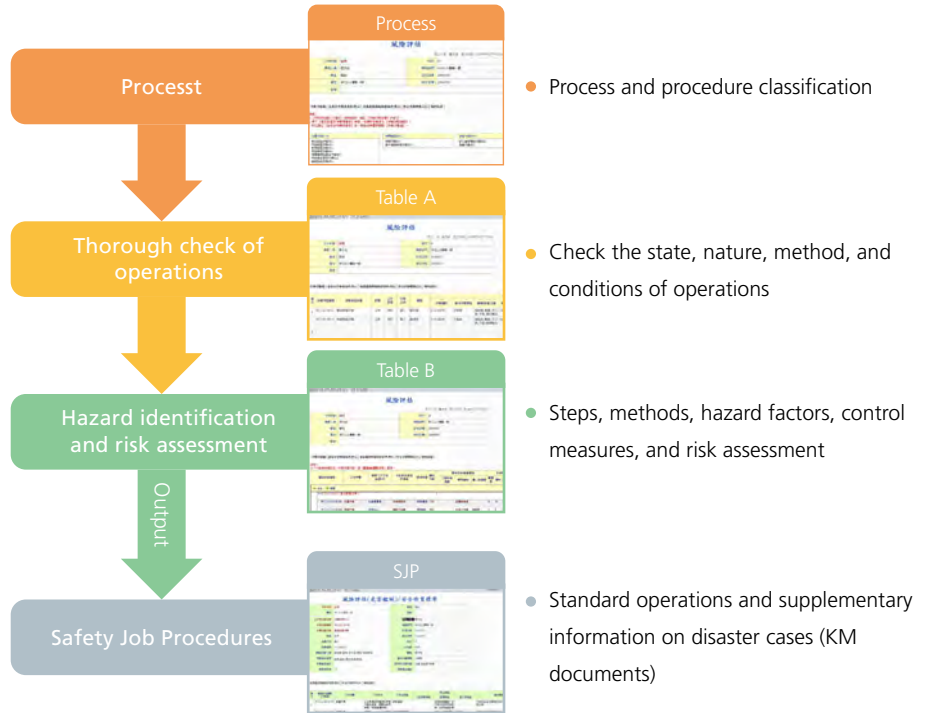
We planned a series of safety management courses in 2019 to level the safe production management and supervision abilities of company-wide production department managers. The courses are provided in domestic and overseas plants via e-learning, allowing managers to jointly study and learn occupational safety and health management practices. A total of 49 managers completed training. We hope that managers will gain basic safety management abilities after completing training, and apply what they learned in the course in practice: including "complete safety spot inspections before operations," "strengthen improvement proposal and self-management activities," "encourage employees to improve the work site and operations," and "implement safety management." Continue to raise employees' safety awareness and deeply embed the Company's safety culture through management that continuously carries out review and improvement.



Implementation SJP and Risk Assessment Database Management System (anticipate hazards/import hazard examples into the database)

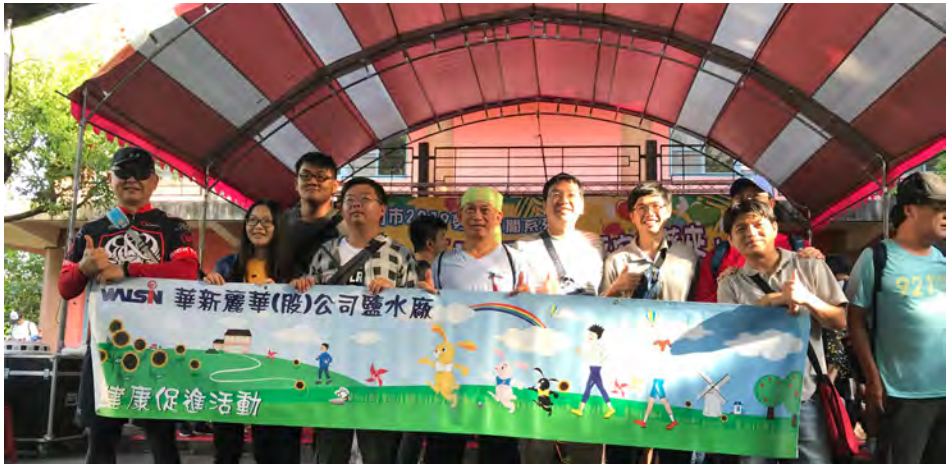
Walsin's safety risk assessment is divided into three aspects, including operating procedures, thorough check of operations, and hazard identification and risk assessment. Walsin Lihwa began revising and compiling "operating procedure risk assessment" and "SJP" at manufacturing plants in 2016. We identify operating procedures/conditions, types of hazards, and risk levels through annual project (dynamic safety observations/safe zones), and then established SJP on this basis.

Safety culture is a multi-faceted concept that must be analyzed from different aspects to be understood. It is completed after discussions between operators in each unit and partners. This way every participant in the establishment will jointly comply with operating procedures. When an accident or false alarm occurs, risk assessment is carried out and the SJP is revised. Allowing workers to take part will make them take work safety seriously. Considering that electronic document management was implemented from the beginning, it is common to find inconsistencies in the way the latest version documents are maintained and used when the occupational safety and health management system is updated. In the light of this, we implemented the SJP and risk assessment database in 2019. Considering the dual systems in China, we plan to also transition to LECD risk management in 2020, which manufacturing plants can boldly use for more convenient verification.



Walsin Safety and Health Family Project

Walsin Lihwa supports the policy of Taiwan's Occupational Safety and Health Administration, Ministry of Labor, and fulfill its CSR by helping elevate the safety and health management by all SMEs, so that they will actively become a core enterprise in the Walsin Safety and Health Family established by the Bureau of Labor. The Yenshui Plant led 19 enterprises with 100 employees or less and organized education and training events in 2019 to fulfill our CSR. The guidance, education and training provided during visits elevates the Company's overall safety culture to achieve the goal of zero occupational accidents.



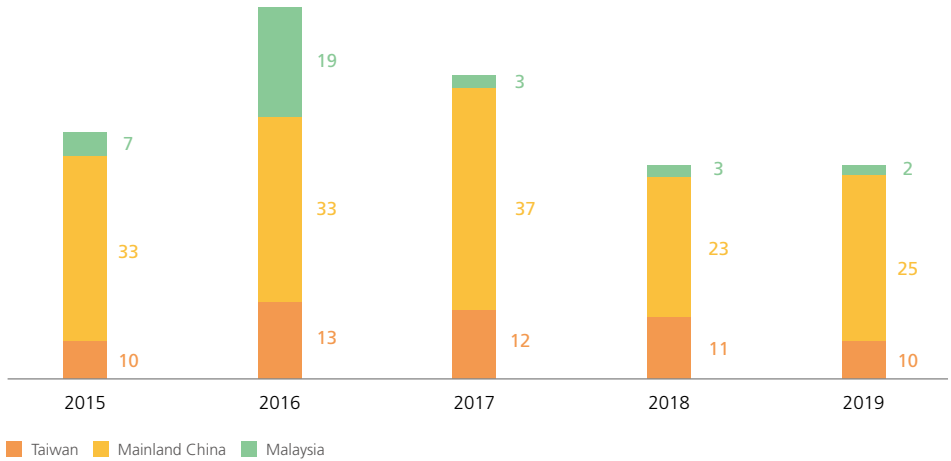
Occupational Accident Management

In 2019, there were a total of 37 occupational accidents in Taiwan and overseas and 4 additional incidents with contractors (no workers deaths). Positions at medium to high risks of occupational accidents are mainly basic-level technicians and operators (78.38%), in which the majority of accidents involved crush injuries (18.92%), falling down and falling objects (each 16.22%), and cuts (1.81%). No employees were diagnosed with occupational diseases in recent years.

Control of the Number of Occupational Accidents in Taiwan and Overseas

Since 2015 (five years), Walsin has reduced the occurrence of occupational accidents through a comprehensive review project, systematic classification of accidents, risk assessment and SJP, scientific methods, and a pragmatic approach. The number of accidents remained the same in the past two years, but Walsin will use ISO 45001 for systematic management in 2020, and strengthen internal control mechanisms in coordination with the newly established contractor management system.

Number of occupational accidents in Taiwan and overseas



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Types of Injuries that Occurred Within the Plants

Target Area Type of injury	Employees			Contractors		
	Taiwan	Mainland China	Malaysia	Taiwan	Mainland China	Malaysia
Falling from heights	1	-	-	-	-	-
Falling down	2	4	-	-	-	-
Collisions	-	1	-	-	-	-
Falling objects	-	6	-	-	-	-
Hit by vehicle	-	1	-	1	-	-
Crushed	3	4	-	-	-	-
Cuts	-	3	1	-	-	-
Getting trampled	1	-	-	-	-	-
Burns	1	1	-	-	-	-
Contact with hazardous substances	-	1	-	-	-	-
Electric shock	-	-	-	1	-	-
Object ruptures	-	2	-	-	-	-
Improper actions	-	-	-	-	1	-
Others	-	2	1	1	-	-
Traffic accidents	2	-	-	-	-	-
Total	10	25	2	3	1	0

Employees' Injury Rate (IR), Lost Day Rate (LDR), and Absenteeism Rate (AR)

Area	IR			LDR			AR		
	Male	Female	Company wide	Male	Female	Company wide	Male	Female	Company wide
Taiwan	0.39	0.00	0.35	12.81	0.00	11.40	0.60%	0.58%	0.60%
Mainland China	1.18	0.00	0.98	100.31	0.00	81.23	1.90%	1.69%	1.86%
Malaysia	1.22	0.00	1.07	16.17	0.00	13.84	3.07%	4.64%	3.29%
Company wide	0.76	0.00	0.66	47.77	0.00	40.82	1.21%	1.34%	1.23%

Contractor's IR and Deaths Due to Performing Duties

Area	IR		
	Male	Female	Company wide
Taiwan	1.38	-	1.32
Mainland China	0.12	-	0.09
Malaysia	-	-	-
Company wide	0.37	-	0.29

Note: A contractor's IR is calculated based on the scheduled work hours.

Formula:

Injury rate (IR) = Total employees with disabling injuries ÷ Total work hours × 200,000

Lost day rate (LDR) = Work days lost due to injury ÷ Scheduled work hours × 200,000

Absenteeism rate (AR) = Number of days absent ÷ Scheduled work days × 100%

Scheduled work days: Calculated using the Company's calendar as "Number of work days * Number of employees."

Scheduled work hours: Scheduled work days * Number of work hours (usually 8 hours)

Actual hours worked: Scheduled work hours + Overtime hours - All hours on leaves

Number of days absent: Personal leave + Sick leave + Work-related injury leave + Absenteeism

Supplementary information: For the statistical analysis of occupational accidents, the number of days in this statistic refers to work days, and lost days are calculated from the day after the accident occurred. Statistics do not include traffic accidents while commuting and minor injuries (less than 1 lost day).

Highlights column – Friendly workplace

Yantai Walsin –

Installation of automated equipment to reduce the risk of hazards

When the cover is being cleaned at steel mill LC, personnel need to go under the cover to clean it, which puts them at risk of being burned by hot slag that falls from the cover. This has happened in the past before.

We purchased a Brokk remote controlled hydraulic scraper in 2019 to switch from manual operation to mechanical arm, avoiding the risk of burns during manual operation.

The concentration of acetylene and hydrocarbon in air separation cold boxes of the Utilities Department was originally inspected by employees once a week, and abnormally high concentration of acetylene and hydrocarbon created the risk of a fire accident or explosion.

An acetylene and hydrocarbon detection device that issues a warning and locks the liquid nitrogen part was installed in air separation cold boxes in August 2019, switching from manual inspection to automatic monitoring. This device can monitor the concentration of acetylene and hydrocarbon, and immediately issues a warning when the concentration is abnormal, allowing personnel to immediately operate the device to prevent a safety incident.



Brokk scraper



Monitoring device

3.3.3 Compliance with Occupational Safety and Health Laws and Regulations

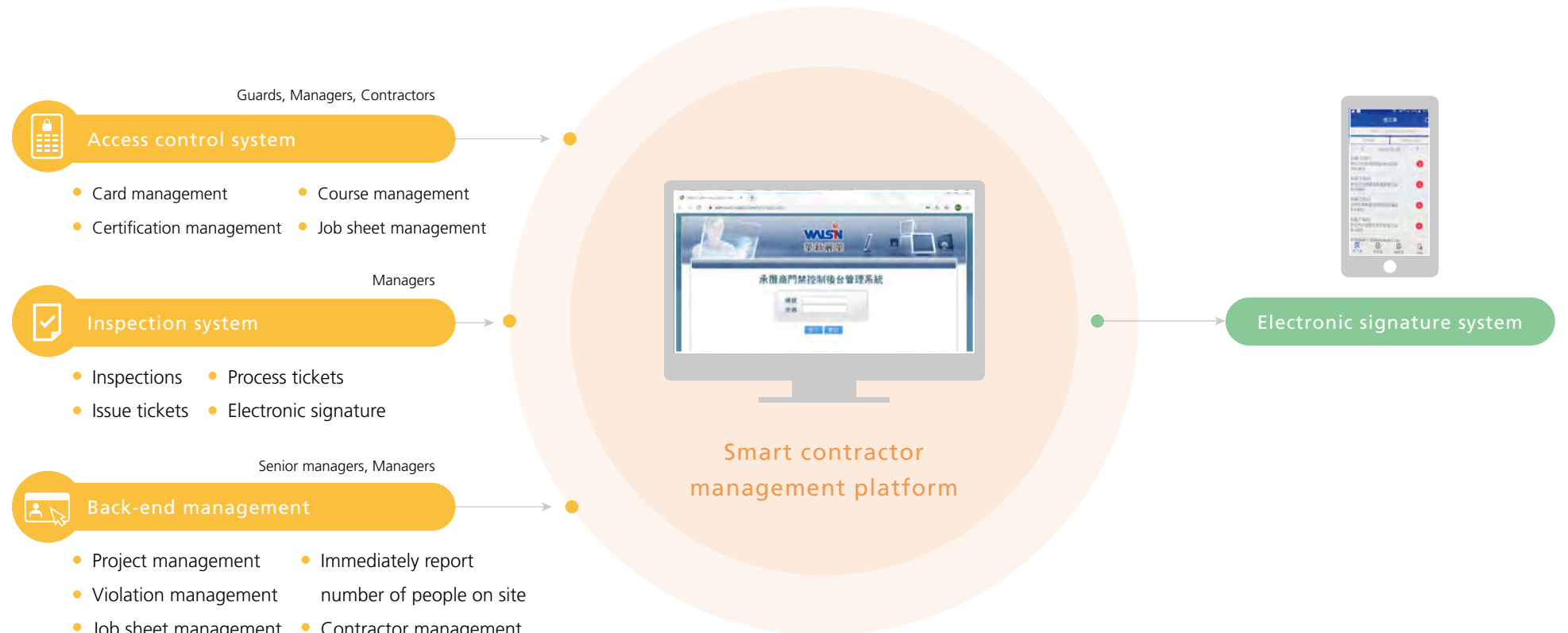
We received 1 partial suspension and 3 non-severe fines (contractor management, failing to periodically inspect special equipment, administrative fine for an occupational accident in the previous year) from the competent authority of safety inspections in 2019. We have reviewed and rectified related deficiencies, and strengthened safety inspections and inspection mechanisms for plant areas, in order to continue raising the safety awareness of all employees and maintain regulatory compliance.

Area	In violation of	Reported by	Penalties other than fines (suspension)	Fines ^{Note}
Taiwan	Occupational Safety and Health Act	Occupational Safety and Health Administration, Ministry of Labor	1 case	NTD 120,000/1 time
Mainland China	Special Equipment Safety Law Measures on Administrative Penalties Against Illegal Acts Concerning Work Safety	Changshu City Administration Bureau for Industry and Commerce, Changshu City Haiyu Town Government	None	RMB 145,500/2 times
Malaysia	-	-	None	0

Note: Walsin's standard for disclosure of a severe fine is NTD100,000/RMB22,000.

3.3.4 Contractor Management and Auditing

We not only take it upon ourselves to fulfill our CSR, but also require our business partners and contractors to sign an EHS Policy Commitment to jointly abide by EHS regulatory requirements and reduce disasters and pollution. We implemented a contractor management system in our Taiwan plants (Taichung Plant and Yenshui Plant) in 2019, and further stressed the importance of management and having a well-rounded system based on our existing foundation in contractor management. We began developing an app for managing on-site operations of contractors, hoping that the layers of supervision will achieve information transparency, ensure the construction measures are properly performed, and promote construction supervision by all employees. This will be implemented in all plants in Taiwan and 1 plant in China on a trial basis in 2020, and will be implemented company-wide in 2021.



3.3.5 Foci on Occupational Health and Safety

Promotion of Occupational Health and Safety

Healthcare and Management

Walsin values employee health and responded to the Occupational Safety and Health Act by stationing nurses in each plant to provide health services starting in 2019. We use the expertise of nurses and health promotion awareness to formulate a complete annual health services plan, including health examinations, follow-up for abnormalities, and organizing health promotion activities, so that all employees can receive comprehensive healthcare. We plan to introduce a health management system and optimize the speed and processes of nurses in 2020, so that they will have more time to engage in exchanges with employees and provide better care for employees.

Walsin views employees as family, and therefore provides better and more frequent health examination services than those required by law. We plan cancer screenings or ultrasound inspections after analyzing past health examination data, and also organize individual consultations, so that employees will better understand their own health conditions. Follow-up is carried out for abnormalities so that these can be detected and treated earlier.

General health examinations were provided in 2019 (Stainless Steel BU – Yenshui Plant and Taichung Plant), while health management covered new employees, current employees, annual health examinations, and special health examinations. Walsin provides employees in special work environments in plants of different BUs with special health examinations in accordance with the law, and carries out classified management, tracking, and health advice. Examination items include high temperature, noise, ionizing radiation, lead, manganese, dust, and nickel. Examination for working night shifts for a long period of time was added in accordance with the law.

The ultimate purpose of health promotion is to empower employees with respect to their health, and to give them the right knowledge about health, a positive attitude towards health, and develop their individual abilities and behavior to improve their health. We hope that this will allow employees to ultimately develop good lifestyles. Therefore, Walsin plans a variety of health promotion activities based on the characteristics of each BU and plant, so as to improve employees physical, mental, and spiritual health. Moreover, we added law promotion, education, and training in 2019. Besides explaining our four major projects, we also explained special health hazards, and also provided first aid training. These efforts allow employees to better understand their own rights and interests, and develops the ability of every employee to save themselves and others.



General health examinations

(Stainless Steel BU – Yenshui Plant and Taichung Plant)

1,474 people in total



Health management

(Company-wide)

1,165 people in total



Examination for working night shifts for a long period of time

(Company-wide)

5,287 people in total



Special health examination

(Company-wide)

1,869 people in total

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Health Promotion Activities

47 sessions **2,135** participants



Seminars on Health Issues

16 sessions **529** participants



Regulatory Promotion,
Education, and Training

77 sessions **1,896** participants



Blood Donation

6 sessions **390** participants

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Success Cases of Occupational Health Promotion



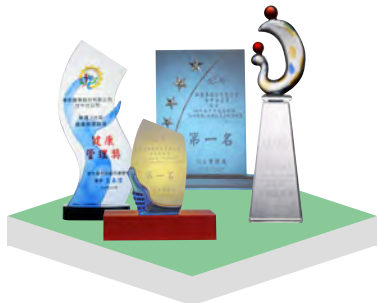
Blood donation activity

Organized **6** blood donation activities where **390** people donated **650** bags of blood



Workplace Safety Certification

Our plants have AEDs and over **70%** of employees have received CPR + AED training.



Taichung Plant

Won numerous awards in the Healthy Workplace Golden Ideas Award organized by the Health Promotion Administration
Health Management Award, 1st place in the Healthy Workplace Weight Loss Contest, 1st place in the Golden Ideas Award for "My Food Plate."



Hsinchuang Plant

Award of Excellence in the Addictive Substance Internal Promotion Contest

Friendly Workplace

Employees are not only good career partners but also an important asset of Walsin Lihwa. Therefore, Walsin Lihwa considers it an essential responsibility to provide a friendly workplace to employees. In 2019, the exchange and experience sharing among the company's 9 plant sites in Mainland China and Taiwan helped enable ongoing improvement of office areas as well as employee restaurants and dormitories, including office equipment procurement and renovation and hygiene management, to provide a comfortable and friendly workplace to every employee.

To strengthen road and traffic safety management throughout the plant sites, the improvement of pedestrian and vehicle separation, parking area planning and setup, and road surface maintenance was continued to ensure orderly traffic throughout the plant sites and protect employees from traffic accidents.



3.4 Employee Care and Communication

Employees are Walsin's most important asset, and also the main force bringing Walsin forward. We care for employees and their family life, listen to their voices, and through communication bring employees together. The Company's vision and culture is centered around working and growing together based on mutual trust.



Diverse Communication Channels

We provide a variety of internal communication channels to facilitate communication and coordination between labor and management, so that we do not overlook employees' voices. We aim to establish good interactions and trust between labor and management, and further improve labor conditions and protect employee rights and interests.

Internal Announcements and Network Communication Platform

Important messages from the Company are posted on Walsin's bulletin board and distributed through the Walsin portal and e-newsletter. These messages provide employees Company-wide with the latest information on corporate culture, business philosophy, business performance, and the latest events at each plant. Online events and surveys are held to create an environment where employees can exchange ideas and share experiences.

HRIS Employee Self-Service System

Walsin strives to improve the work methods of employees, and hopes to provide a more convenient work environment through technology. Employees are not limited by their location when applying for self-service, leave, business travel, and overtime. The system not only provides immediate services, but also allows employees to understand the current progress of their applications through a clear application process! Furthermore, salary/bonus pay slips are now online to contribute to environmental protection. Employees no longer need to worry about leaking or losing their paper copies!



Unions and Labor-Management Meetings

Walsin Lihwa Corporation Union was established in Taiwan based on employees' rights and interests provided by laws and regulations. Employees may freely decide whether or not to join the union without interference or intervention from the Company; 88% of employees in Taipei Headquarters, Hsinchuang Plant, Yangmei Plant, Taichung Plant, and Yenshui Plant have joined the union. Employer representatives are invited to the union's quarterly board meetings and the annual general assembly, during which both parties discuss topics of concern to employees, and also communicate the Company's policy, direction, and goals to union members.

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Walsin Lihwa Corporation Union convened the 3rd meeting of its 14th-term representatives on November 22, 2019. The chairperson attended the meeting that day, and mentioned the international situation and changes in the labor market during his speech. In the future, the Company not only make active efforts for transformation and to drive industrial upgrade, but also direct efforts to ESG principles. The Company hopes to create a sustainable, safe, and lean work environment through big data and smart technology.

A total of 5 meetings were held in Taiwan in 2019 (4 union board meetings, and 1 representatives meeting). In addition to employee salary and benefits related issues, labor-management meetings in 2019 focused on a friendly workplace environment, working hours, work environment, labor safety and health-related issues, such as: work environment improvement and employee healthcare activities. Labor representatives for labor-management meetings are elected during labor representative meetings, and labor-management meetings for all plants in Taiwan are held to increase communication channels and promote harmony between labor and management.

Arrangements and notifications of labor-management meetings at BUs are issued three days to one month in advance. Managers can communicate business philosophy, build a consensus on goals, and employees can express their opinions or give suggestions during labor-management meetings, which further create harmonious labor-management relations.

In China, the subsidiaries Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd., Jiangyin Walsin Steel Cable Co., Ltd., Dongguan Walsin Wire & Cable Ltd., Changshu Walsin Specialty Steel Co., Ltd., and Yantai Walsin Stainless Steel Co., Ltd. also established unions. Employee participation in unions in this region is about 91%.

Employee Grievance Channels

The Company set up an employee grievance hotline, e-mail, and opinion boxes. Employees can use the channels mentioned above or the union to provide their opinion or suggestions. The human resources unit of each plant is responsible for looking into the opinions and needs of employees, and for providing immediate response and assistance.

We received 1 employee complaint in 2019 and have since then handled the complaint, achieving a 100% closing rate.

Furthermore, Walsin prohibits all kinds of sexual harassment and discrimination within the workplace. Employees are assured that they will not be discriminated against based on their race, religious beliefs, skin color, nationality, or gender. In addition to outlining clear rules and policies (e.g. Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment), we also set up employee grievance channels, which have strict confidentiality rules in place to protect the complainant's identity, to create a good work environment for employees. There were no incidents of sexual harassment or discrimination at the Company in 2018.

Shortest Notice for Operational Changes

Major changes in operations that will affect employees' rights and interests and response measures are discussed in labor-management meetings before being implemented. Employees that will be affected are also notified in advance in accordance with the law. Furthermore, the Company also provides support measures, such as assistance with transfers to other internal units, and provides employees with conditions to help them apply for government subsidies. In Taiwan, the Company gives employees notice 10 to 30 days in advance based on employees' seniority in accordance with the Labor Standards Act.

Diverse Employee Benefits

In Taiwan, our Employee Welfare Committee organized pursuant to the Organization Regulations on Employee Welfare Committee is responsible for overall planning of the committee budget and implementation of a variety of employee welfare measures to realize the care for employees at Walsin Lihwa. Every month the company appropriates the employee welfare fund from its monthly revenue as well as the revenue from sales of scraps. In 2019, the total employee welfare fund appropriated amounted to approximately NT\$39.28 million.

Walsin values the mental and physical health of employees, as well as their benefits, and thus provides regular employees with a number of benefits measures to ensure their quality of life and help them achieve work-life balance.



Health Care

- Regular health exams for employees
- Health exam subsidies for managers and expatriates
- Health promotion activities and seminars.



Living and entertainment

- Employee dormitories
- Employee cafeteria
- Commuter bus
- Happiness seminar
- Club activity subsidies
- Birthday celebrations and social events
- Year-end celebrations
- Employee travel subsidies
- Discounts at designated stores



Holiday benefits

- Birthday gift voucher
- Cash/gifts for Chinese New Year, Dragon Boat Festival & Mid-Autumn Festival
- Souvenir on Labor Day



Family care

- Wedding cash gift
- Childbirth subsidy
- Hospitalization consolation money
- Funeral subsidy
- Scholarships for employees and their children
- Interest-free loans (emergency relief loans, education loans for employees' children, and mortgages)
- Group insurance plan for employees' dependents
- Unpaid parental leave



Security protection

- Compensation system
- Pension plan
- Labor Insurance
- National Health Insurance
- Group insurance (life insurance, casualty insurance, medical insurance, and cancer insurance)
- Overseas business trip and expatriate insurance
- Retirement insurance
- Occupational injury insurance
- Medical insurance
- Unemployment insurance
- Childbirth insurance
- Housing EPF
- Employee group accident insurance
- EPF
- Occupational injury insurance
- Employee group accident Insurance

All regions

Taiwan

Mainland China

Malaysia

Note 2: The actual benefits at each plant is planned and designed differently each year based on the condition of the plant

Recognition of Senior Employees and Model Employees

Walsin is grateful for the efforts of every employee for the Company, especially senior employees who have been with the Company for years. Their collective efforts have enabled Walsin to grow stably for over half a century. In 2019, a total of 169 gold medals were awarded to senior employees in Taiwan.

To pass on the Company's common values, Walsin holds model employee selections every March and holds commendation events for model employees in May. The 50 model employees in Taiwan and mainland China in 2019 were commended at their plants. Their outstanding performance was posted on the Company's internal network communication platform, recognizing their contributions to the Company, or actions that can set an example for employees. This encourages other employees to follow in their footsteps and improves overall organizational performance.



Unpaid Parental Leave in Taiwan

Walsin complies with the Act of Gender Equality in Employment and employees who have worked at Walsin for six months or more may apply for unpaid parental leave if they need to take care of children under the age of 3. A total of 229 employees were qualified for unpaid parental leave in 2019, 7 of the employees applied for unpaid parental leave, reinstatement rate was 100% and retention rate was 100%. Statistics are shown below:

Number of unpaid parental leave applicants	Gender		Total
	Male	Female	
Number of employees eligible for unpaid parental leave in 2019 ^{Note}	205	24	229
Number of unpaid parental leave applicants in 2019	4	3	7
Number of employees expected to return from unpaid parental leave in 2019 (A)	3	2	5
Number of employees that actually returned from unpaid parental leave in 2019 (B)	3	2	5
Unpaid parental leave reinstatement rate (B/A) x100%	100%	100%	100%
Number of employees that returned from unpaid parental leave in 2018 (C)	1	1	2
Number of employees that returned from unpaid parental leave in 2017 had continued to serve a full year in 2018 (D)	1	1	2
Unpaid parental leave retention rate (D/C)x100%	100%	100%	100%

Note : Employees who applied for maternity leave or paternity leave in 2017/01/01-2019/12/31 and were still at the Company on 2019/12/31.

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We organized a series of activities in 2019 to create a friendly workplace and promote work-life balance, hoping employees can feel our good intentions, care, and experience great happiness.



Social event for singles

Walsin cares about single employees and encourages them to go outdoors to make friends and hopefully find a significant other and get married. The Taichung Plant and Yenshui Plant organized 2 recreational events for singles in 2019. The elaborately designed activities created opportunities for interaction and exchange, and the relaxed atmosphere allowed people to naturally interact and have fun. All participants highly approved the events. A total of 33 single male employees participated in the events, and many people that met during the events wanted to further get to know each other better. The happiness employees brought back to work also affected other colleagues as well.

This event has been held for three consecutive years, and social event for singles have begun to yield results in 2019 with one couple getting married. In the future, we will continue to organize similar events in hopes of helping employees their significant other, so they will settle down and be happy.



Love to Elderlies

Walsin is not only concerned about its employees, but also extends employee care to the elderly in their families. In the summer of 2019, the vice chairman personally visited each plant to interact and show concern for employees and their elderly family members. Besides promoting filial piety, respect for the elderly, and showing love before it is too late, we also hope to make everyone feel like part of the Walsin family and to strengthen employee commitment. Every part of the event was warm and moving, but filial piety is not a one-day event, and we hoped that employees would show more concern for their hardworking parents. We also hope that employees would spread love and care to every corner of the Company, and wish that employees' parents will be healthy and happy.



Club activities

Walsin encourages employees to participate in health promotion clubs and charity events. Club activities improve employees' relationship with each other, and further improve their mental and physical health and work efficiency. The Company established the Regulations for Subsidizing Club Activities to provide annual subsidies and resources. Current clubs include the softball club, mountain climbing club, cycling club, basketball club, Tai Chi club, heavy motorcycle club, chang shang hua yuan.



A friendly workplace with an emphasis on diversity

Walsin puts a lot of effort into creating a friendly workplace environment with diversity. In work environments with foreign workers, we provide signs and operating manuals in their language, so that they can fully utilize their expertise in a more familiar work method.

Aside from work, we also organize activities for foreign workers who grew up in different cultures, not only to promote work-life balance, but also for workers to feel that the Company cares. For example: During Eid al-Fitr, we let employees with the same religion or culture gather together to celebrate and give each other blessings. We also arranged employee trips for foreign workers that are normally unable to travel too far to see the beauty of Taiwan. We also organize barbecue activities for employees to share cuisine from their hometown!

For employees with disabilities, we assign suitable work based on their individual condition, and periodically show concern about their work situation. We also make suitable adjustments to their shifts. We established fully equipped breastfeeding rooms for female employees after childbirth, and nurses and doctors visit our plants to check on the physical and mental status and provide advice for female employees after returning to the workplace, freeing new mothers from any worries.



Happiness Seminar

Walsin Happiness Seminar was first held in 2011. The highly acclaimed event periodically invites experts in various fields to share their experience in a wide range of topics. Activities held in 2019 include moss ball DIY, old clothes reuse DIY, grass massage tool DIY, turmeric dye DIY, and Movie Theater of Care – Plastic China. We hope that employees engage in DIY activities, attend lectures for spiritual guidance and learn about caring for other forms of life in nature when they have free time, so that they experience therapeutic effects, relieve stress and create a sense of happiness.



Friendly train

Walsin is actively promoting a friendly workplace from a people-oriented approach with love led by the vice chairperson. We organized a series of 46 sessions Friendly Train activities with 3,086 participants, and showed our concern for entry-level employees in each plant through speeches and exchange events on different topics, sharing and practicing the concept of a friendly environment. These efforts help employees make breakthroughs in achieving better work efficiency, and strengthens the organization's soft power. The founder's words of wisdom course pass on the corporate spirit, shapes Walsin's culture, and increases employee commitment.

Retirement pension system

Walsin Lihwa complies with the retirement laws, regulations, and systems in the markets where it has presence to protect employee rights after retirement for retired employees to lead a worrisome life.

(I) Confirmed Pension Program

The pension system for employees in Taiwan is set forth in the Labor Pension Act, and is a defined contribution plan managed by the government; 6% of employees' monthly salary is contributed to a personal account at the Bureau of Labor Insurance. The contribution amounts of the 2018 and 2019 defined contribution plans are listed as expenses in the consolidated statement of comprehensive income as NT\$89,410,000 and NT\$83,553,000.

Subsidiaries located in mainland China set aside a certain percentage (13%-18%) of individual employees' monthly salary as retirement pension, which is deposited by the relevant competent authority in employees' independent savings accounts, in accordance with the local governing laws. The salaries of retired employees are managed by the local social security bureau where the company is located, and employees enjoy retirement pension according to local regulations. When employees reach the statutory age of retirement and have made payments for a cumulative 15 years, they will enjoy basic retirement insurance benefits. Subsidiaries in Malaysia make monthly payments of 12%-13% of employees' salary to the EPF according to regulations of Malaysia's government, providing security after retirement.

(II) Confirmed Benefit Program

The pension system for employees in Taiwan is set forth in the Labor Standards Act, and is a defined benefit pension plan managed by the government. Pension payments are calculated based on the employee's years of employment and average monthly salary for the last 6 months before retirement. The Company makes monthly payments equal to 2% of the total salary of employees who retained their seniority in the old system to their retirement fund, and the Supervisory Committee of Workers' Retirement Preparation Fund deposits the funds into a dedicated account at the Bank of Taiwan under its name. Before the end of the year, if the account's balance is determined to be insufficient to pay workers that reach requirement conditions the following year, then the difference will be deposited into the account before the end of March the following year. The amount of defined benefit plans on 2019 and 2018 consolidated balance sheets are as follows:

	December 31, 2019	December 31, 2018
Current value of defined benefit obligations	1,462,115	1,462,879
Fair value of plan assets	(1,003,009)	(881,651)
Net defined benefit liabilities	459,016	581,228

(Unit: NT\$ thousand)

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Demand Oriented and Smart Manufacturing

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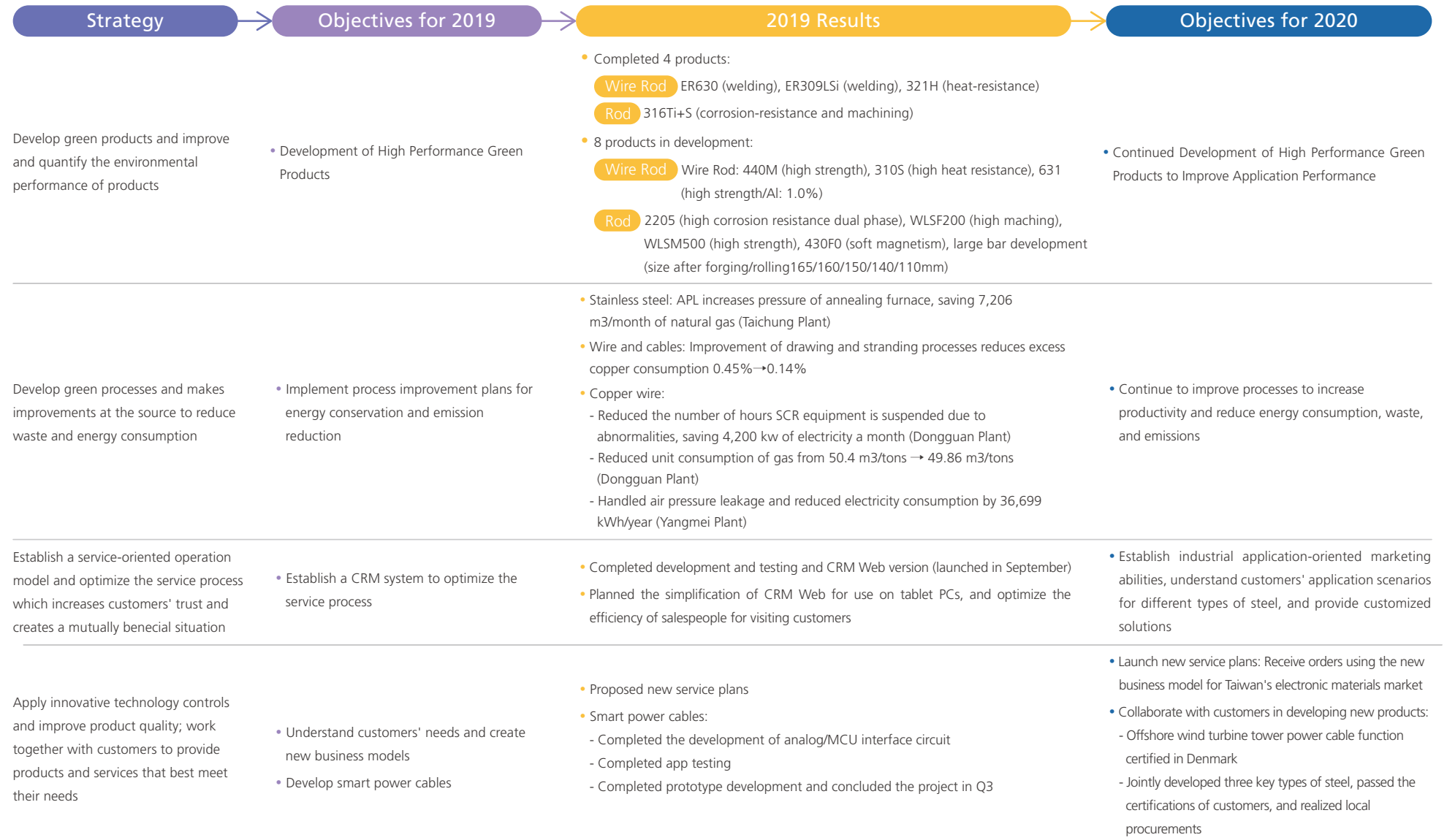
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Sustainability Promotion Strategy

- Continually develop innovative green products, create shared value with customers and establish a sustainable business model
- Continually engage in customer-centric innovation and R&D, improve production and service models and strive to create value for customers
- Comprehensively implement and strengthen supplier sustainability management to mutually grow with our business partners



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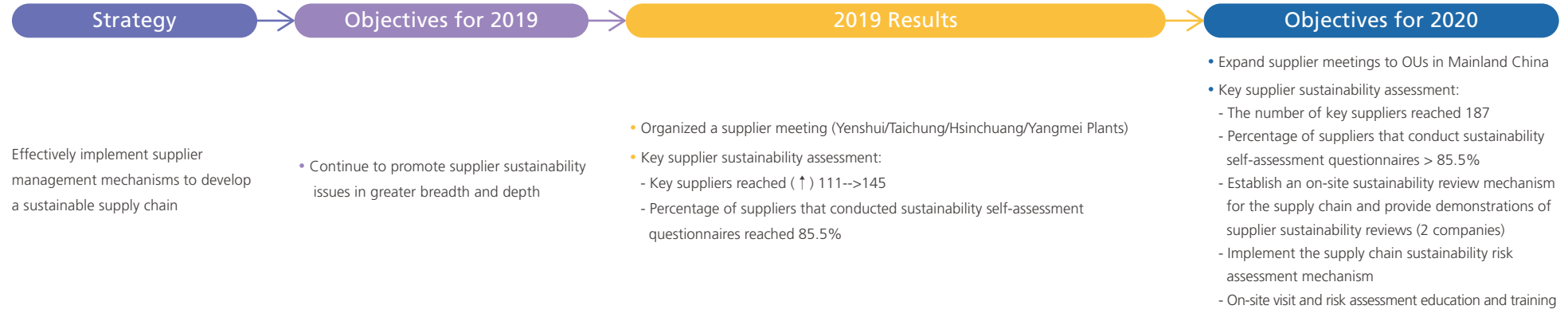
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4.1 Product and Technology Innovation

4.1.1 Transformation Towards Higher Value

Stainless steel, copper wire, and wire and cable are traditional industries. The growingly severe competition from China and Southeast Asia in recent years, which have lower cost and late-mover advantages, have threatened the low price and regular products market, providing excessive demand. In response to this change, we have actively implemented product differentiation, development of products with high added value and high-end application markets, and transition towards manufacturing services, i.e, our strategy is to transformation towards higher value. R&D, innovation, product quality form the most important foundation for our successful transformation and sustainable development.

Product and Technology Development and Innovation Strategy

It is like the saying: "know your enemy and know yourself," we have implemented a series of action plans to achieve our transformation towards higher value, including:

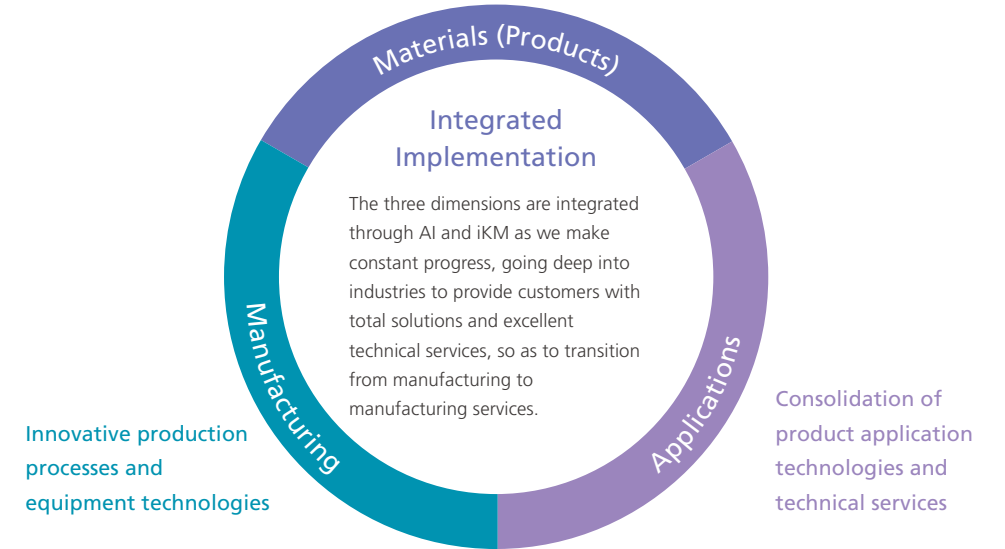
- Analyzing and investigating the production equipment, types of products, industries of application, and technical abilities of the industry benchmark.
- Taking an inventory of our current equipment, products, and technical abilities to verify the gap with the benchmark.
- Modifying equipment and processes, developing products and applications that are provided by others but not Walsin, and close the gap with the benchmark.
- Analyzing and investigating the products and applications needed by industries and end application, and further verifying the required technologies, equipment, and gap.
- Establishing development directions and strategies for industries, applications, products, quality, and technologies, establishing a core capabilities center to develop the core capabilities and technologies required.
- Developing products with high added value and high-end applications industries, and improving our technical capabilities and product quality.

We have significantly improved our R&D, technical, and manufacturing abilities in recent years through this series of action plans, and have developed several high performance new products for high-end applications. We are currently closing the gap with the industry benchmark and pulling away from other competitors, and will achieve the goal of transformation towards higher value.



We established our innovative R&D and technology development strategy in this process:

Deepening Product Materials and Metallurgical Technologies



Furthermore, we set established product development goals and technology development items and directions through the following procedures:

- ▶ Establish industry analysis abilities and conduct industry analysis to determine the necessary materials, related requirements, and market trends in the industry.
- ▶ Establish market survey abilities and conduct market surveys to understand customers, demand, and consumption in the industry.
- ▶ Verify and develop target products, and conduct industrial chain surveys.
- ▶ Verify technology development items and directions.



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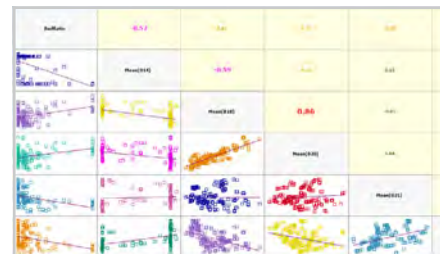
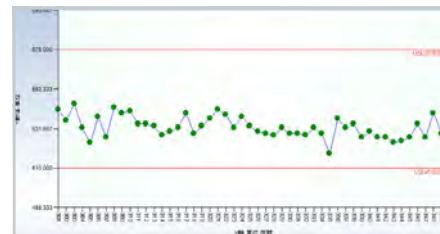
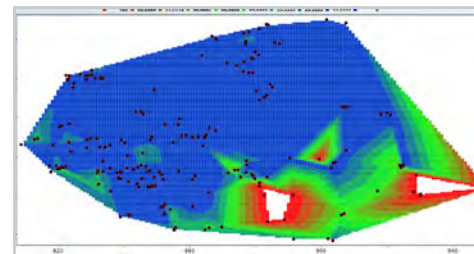
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Smart Manufacturing

After establishing goals, strategies, and directions, it is like the saying: "sharp tools make good work," Walsin Lihwa is actively investing in Industry 4.0, AI, and smart manufacturing to fully utilize the rapid advancements in technology, such as:

- ▶ Establish SPC to monitor and issue warnings for production process parameters and quality, in order to reduce process variation and improve process and quality stability (Cpk).
- ▶ Purchase advanced inspecting and testing equipment and image recognition software to improve the reliability and representativeness of inspecting and testing.
- ▶ Improve and complete the collection of process parameter data for analysis and investigation of the cause of process or quality abnormalities.
- ▶ Develop big data analysis software and analysis methods to improve the efficiency of quality abnormality analysis and achieve better quality.
- ▶ Cultivate big data analysis talent, establish talent training and certification mechanisms, and improve the quality and efficiency of data analysis.

Through the promotion of Industry 4.0, we expect to achieve production monitoring and warning, rapid equipment/process/quality troubleshooting, rapid decision-making, new product design, and shorter development time, etc. We will continue to effectively differentiate and achieve higher efficiency with respect to cost, products, energy conservation, environmental protection, and customer services to enhance our competitive advantages.



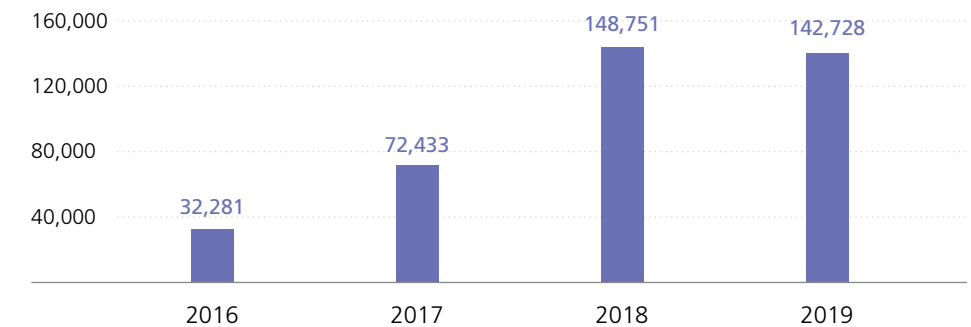
4.1.2 Enhancing R&D and Technological Capabilities

R&D Personnel and Expenditure

For our transformation towards higher value, we are actively investing in R&D and have expanded the scale of R&D with increasing R&D expenditures and personnel each year. This shows that we are investing an increasing amount of R&D resources to upgrade R&D and technological capabilities, and also develop new products, new materials and new technologies.

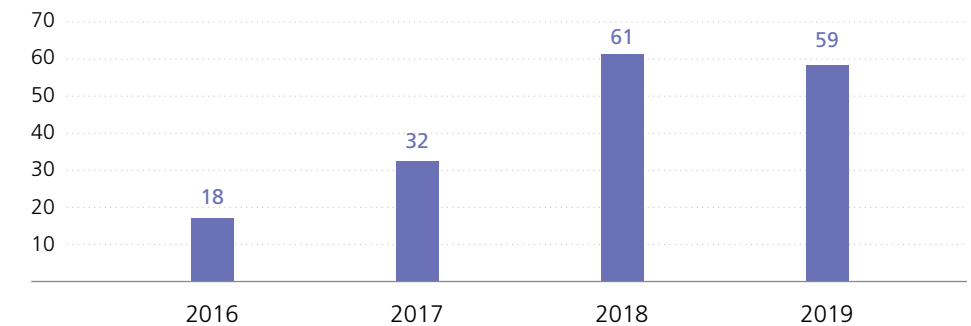
R&D Expenditure

Unit: NT \$thousand



Number of R&D Personnel

Unit: number of personnel



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New Product and Technology R&D Results and Current Projects

Development of new products	New products/categories	Performance and applications
Highly machinable stainless steel -430F(1.4104)	Bar/ Wire rod	Excellent machinability and corrosion resistance, which can be used for the manufacturing of automobile safety and 3C parts and components.
Highly machinable stainless steel -420F	Bar/ Wire rod	Excellent machinability, high strength and corrosion resistance, which can be used as parts and components for the 3C, automobile, and medical industries, among others
Highly resilience stainless steel -631	Wire rod	Excellent resilience, high strength, toughness, and corrosion resistance, and can be used in high-end industries, such as automobile engines and energy industries.
Highly weldable stainless steel -ER 309L/309LSi	Wire rod	Has excellent weldability, used in braided cables, and can be used in the automobile, energy, chemical industries, shipbuilding and water industries
Highly weldable stainless steel -ER 630	Wire rod	Has excellent weldability, high strength, and corrosion resistance, and can be used in high-end industries such as the energy industry
Corrosion resistant stainless steel that can be used for machining -316TiS	Bar	Corrosion resistant, high heat resistance, and can be used for machining, and is mainly used for automobile engine quick connectors and precision pipes and valves
High heat-resistant stainless steel -321H	Bar / Wire rod	Has excellent heat resistance and corrosion resistance, and is mainly used in pipes, valves, fasteners, seamless steel pipes, which can be applied in industries such as the energy and petrochemical industries
High-strength stainless steel -440M	Bar / Wire rod	Has high strength, wear resistance, and corrosion resistance, and is mainly used for linear guideways, bearings, and piston ring in automobile engines
High heat-resistant stainless steel -310S	Wire rod	Has excellent resistance against high temperature oxidation, corrosion, has excellent high temperature strength, and is mainly used in heat treatment furnace conveyors
Smart power cable	Wire and Cable	Power cables have a real-time deterioration sensing system. When power cables deteriorate, the sensing system will send a warning for the company to replace power cables, avoiding suspensions caused by power cable failure

R&D of New Technologies

Effects of water steam, hydrogen and stress on the oxidation of 310 stainless steel at high temperatures

This study was jointly conducted with National Cheng Kung University (NCKU), and discusses the effect of water vapor, hydrogen, and its content on the high temperature oxidation rate of 310 stainless steel. Results can be applied in the development of stainless steel products with high heat resistance.

Research on hydrogen embrittlement sensitivity of 17-4 precipitation-hardening stainless steel

This study was jointly conducted with NCKU, and determines the effect of hydrogen content on the corrosion resistance of 17-4 PH stainless steel (630 SS) in acidic, neutral, and alkaline solution. Results can be applied in the development of 17-4 stainless steel products.

High temperature deformation simulation and testing of nickel chrome stainless steel

This study was jointly conducted with the Industrial Technology Research Institute (ITRI) and tests the mechanical properties and hot workability of stainless steel at high temperatures.

Development of a system for real-time detection of metallographic defects in wire rod

This project jointly develops software for the detection of metallographic defects in stainless steel wire rod with the ITRI

Project for the development of high value metal materials and manufacturing technologies for key industries

The project is jointly implemented with the Metal Industries Research & Development Centre to gain the ability to evaluate the welding properties of stainless steel welding rod

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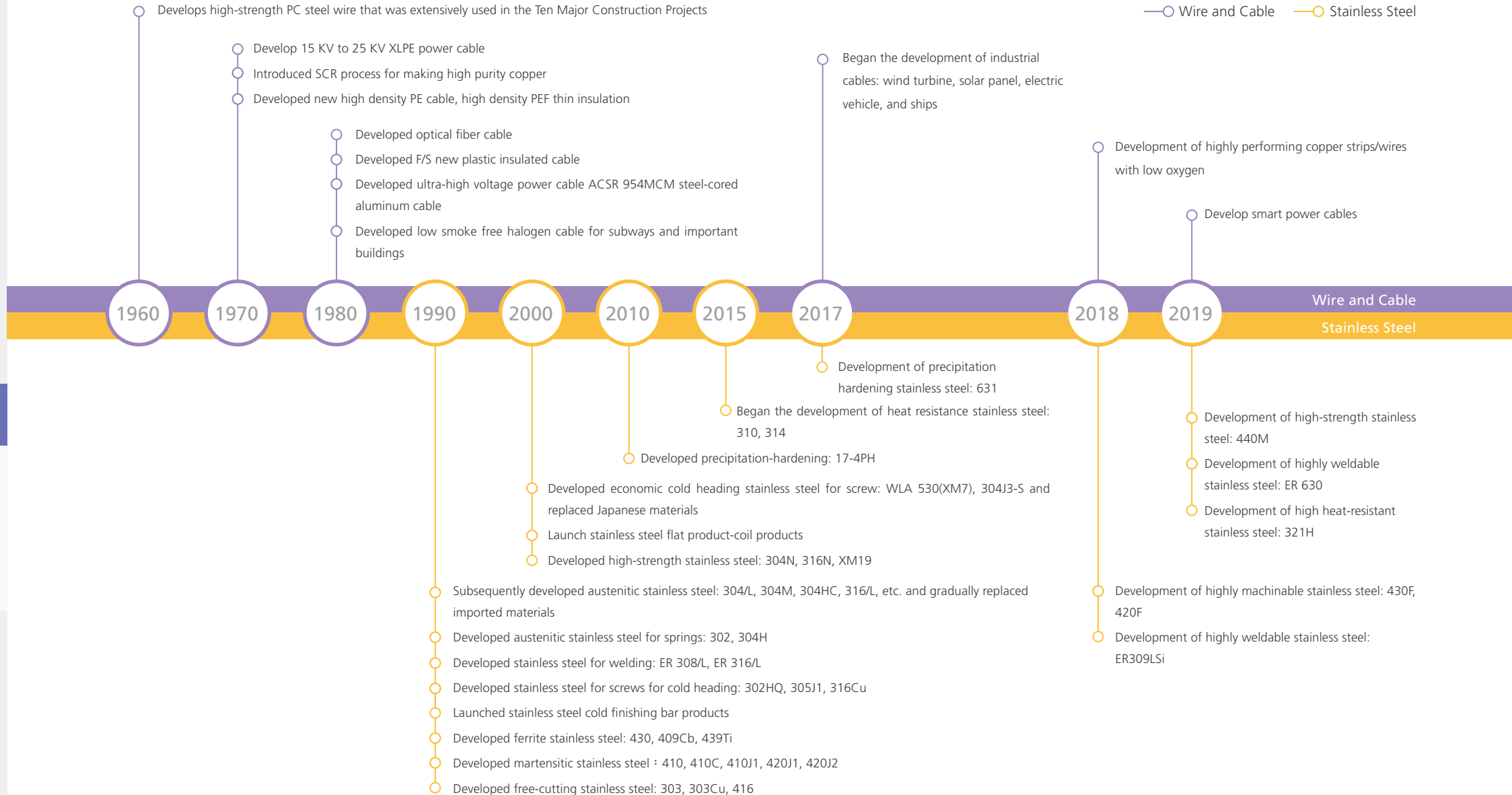
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Continual Product and Technology Innovation

The development of new products below not only involve product development, but also new technology and equipment development. Due to the large number of technologies and equipment that were developed, however, they are not listed in detail.



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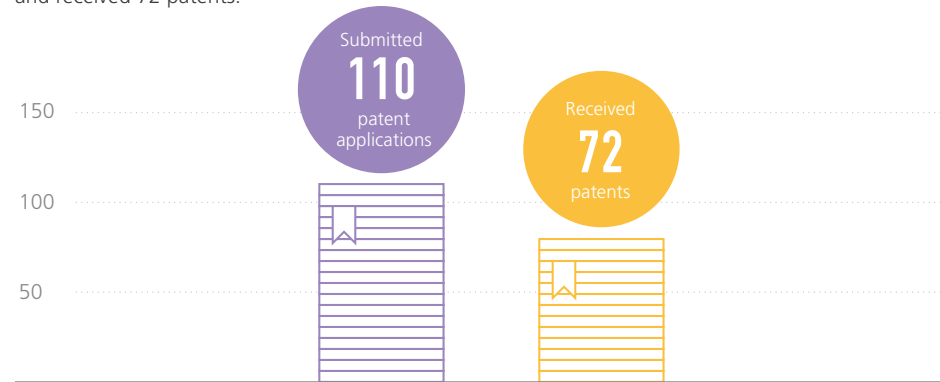
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4.1.3 Innovative R&D and Intellectual Property Rights Protection

Even though Walsin Lihwa's products are all categorized as traditional industry products, it must continue to engage in innovation and R&D to achieve sustainable development. To achieve higher efficiency in innovative R&D, we start from data collection and research. In addition to information on markets, competitors, and literature, patents are also an important source of information for innovative R&D. We have invested even more resources into the innovative R&D of products and technologies, focusing even more on the patents of our competitors, while further strengthening our own patents' retrieval and analysis, infringement evaluations, design around and patent layout capacities.

We attach importance to and respect intellectual property rights, as we exert every effort to protect our intellectual property rights. Applying for patents is an important channel for protecting R&D results as it embodies technological innovation. Over the years, we have submitted 110 patent applications and received 72 patents.



Highlights – Expansion in the Industry

Yantai Walsin – Collaborative Development of New Steel Grades

Walsin Lihwa began looking into applications of stainless steel materials in the boiler industry in 2014. Yantai Walsin and Shengtak New Materials Co., Ltd. signed a MOU in 2019 to begin collaboration in applying stainless steel materials in the boiler industry. We expect to complete the certification of materials in all series products by 2021, and lay a solid foundation for services and product applications in the boiler industry.

4.2 Green Operation



Besides active transformation towards higher value, Walsin Lihwa expects to become a green force for environmental protection and social value. We will incorporate green management into our business management, and strive to reduce raw material consumption, energy consumption, water resource consumption, waste generation, and air pollution, and also develop green products. Therefore, we will continue to add pollution prevention equipment to reduce and avoid the emission of pollutants. Furthermore, we are also promoting the recycling and reuse of waste and wastewater. We will further develop green processes for reduction from the source. We have adopted the following strategies to achieve this concept:

Green Product Strategy

Continue to develop high performance green products and implement product life cycle (PLM). Strive to recycle whenever possible to realize a circular economy and reduce the impact on the environment.

Our goals:

- ▶ Increase the ratio of recycled and reusable raw materials
- ▶ Develop high performance green products to improve application performance
- ▶ Strengthen the green connection with customers

Green Process Development Strategy

Adopt state-of-the-art technologies and equipment to develop into a smart factory for Industry 4.0 and dedicate efforts to develop green processes for energy conservation and waste reduction.

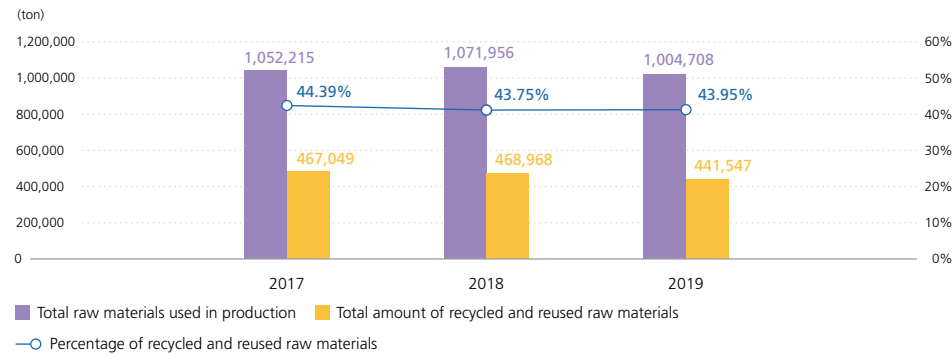
Our goals:

- ▶ Improve processes to increase productivity and reduce energy consumption, waste, and emissions
- ▶ Streamline processes to increase productivity and reduce energy consumption, waste, and emissions
- ▶ Replace production equipment to increase productivity and reduce energy consumption, waste, and emissions
- ▶ Improve pollution prevention to reduce pollution, energy consumption, waste, and emissions

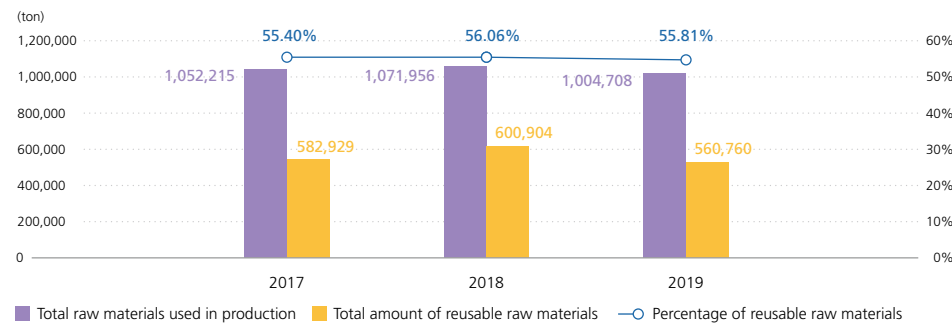
4.2.1 Status on Raw Material Use

Walsin Lihwa uses the electric furnace steel making method to produce stainless steel, which is consistent with the concept of circular economy. Hence, we use large amounts of recycled raw materials - steel scraps. The raw materials used include steel scraps and ferro-alloy. To fully utilize the characteristics of electric furnace steel making, we use a high ratio of recycled steel scraps. All raw materials are non-renewable materials, including: stainless steel scrap, carbon steel scrap, ferrochrome, ferronickel, slabs, steel coils, billets, straight bars, and wire rods. Among these, stainless steel scrap and carbon steel scrap are all recycled materials. Recycled materials accounted for about 43.95% of our raw materials in 2019. Furthermore, ferrochrome, ferronickel, slabs, steel coils, billets, and straight bars are reusable materials, and can be recycled and reused after being processed into finished products. Reusable materials accounted for about 55.81% of our raw materials in 2019.

Stainless steel production raw materials used vs. use of recycled raw materials

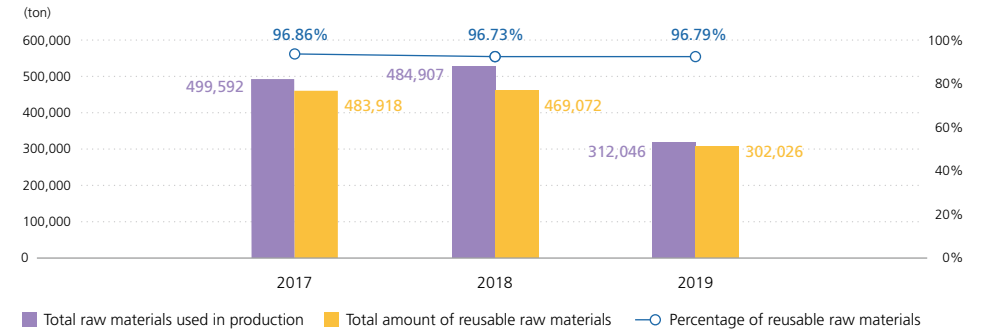


Stainless steel production raw materials used vs. use of reusable raw materials



Pure copper is the main material required for the production of copper wires, wire and cables. Other raw materials include PVC pellets, PE pellets, and plastics, which are all non-renewable materials. Copper is highly reusable and can be viewed as a reusable material. Hence, reusable materials accounted for 96.79% of raw materials used in 2019.

Copper wire and wire & cable production raw materials used vs. use of reusable raw materials



Highlights

The Company uses the electric furnace steel making method to produce stainless steel products, which is consistent with the concept of circular economy, and uses large amounts of recycled steel scraps, reducing the use of metal ores. The Yenshui Plant under our Stainless Steel BU has improved its steel making process abilities, and significantly increased the use of recycled materials - steel scraps by 12% in 2019 compared to 2018, while reducing the use of alloy and iron ores.



4.2.2 Green Manufacture Process Development

We have dedicated our efforts to developing green processes that save resources, water, electricity, and energy consumption, in order to reduce consumption from the source. Our strategy is to use state-of-the-art technologies and facilities to develop highly efficient smart manufacturing factories under Industry 4.0, and develop green processes for energy conservation and waste reduction. We dedicated our efforts to developing the following green processes in 2019:

Manufacture process improvement

- ▶ S43000/S40940 temperature adjustment and mixed grains improvement reduced natural gas consumption and CO₂ emissions (stainless steel)
- ▶ BIC wire rod process improvement resulted in fewer defects and reduced air pollution from grinding (stainless steel)
- ▶ S41600 square bar cold drawing process improvement reduced defective waste returned to the furnace (stainless steel)
- ▶ APL annealing furnace process improvement reduces natural gas consumption (stainless steel)
- ▶ Drawing and stranding process improvement reduced energy consumption (wire and cable)
- ▶ Meter counter improvement reduces residual materials (wire and cable)
- ▶ Reduced suspension due to SCR equipment malfunction and reduced CO₂ emissions by 40 tons/year (copper wire)
- ▶ Reduced unit gas consumption (Dongguan) and reduced CO₂ emissions by 65 tons/year (copper wire)

Manufacture process streamlining

- ▶ Improvement of the steelmaking process to increase the percentage of recycled raw materials used (stainless steel)
- ▶ Cold rolling process improvement reduced time and energy consumption of annealing and pickling process (stainless steel)

Production facility retirement and replacement

- ▶ Pickling process equipment adjustments reduced acidic solution consumption by 7.74kg/MT compared with the previous year (stainless steel)
- ▶ Annealing furnace, boiler replacement and upgrade achieved higher efficiency and lower energy consumption (stainless steel)
- ▶ CCV 150 extruder replacement (wire and cable)
- ▶ Copper liquid stability temperature control equipment upgrade (copper wire)
- ▶ Black smoke coating system upgrade saves energy and reduces carbon emission (copper wire)
- ▶ Automated control of cooling water system for casting saves energy (copper wire)

Improvement of pollution prevention

- ▶ Added new equipment to recycle and reuse mixed acids and wastewater, and reduce nitrate and sludge. Added new equipment to reduce NO_x (stainless steel)
- ▶ Process IPA as per VOCs remediation standard reduces emissions of air pollutants (copper wire)

Highlights

A dense layer of black scale forms on the surface of stainless steel wire rods after high temperature processing. The industry generally uses sulfuric acid and mixed acids for descaling to obtain a silver white surface. The Yenshui Plant under the Stainless Steel BU adjusted pickling process equipment and reduced acidic solution consumption by 7.74kg/MT in 2019 compared to 2018.



4.2.3 Green Products

Based on the concepts of circular economy, eco-friendly, energy conservation and carbon reduction, and toxic-free/low toxicity, Walsin's green product policy is as follows:

- ▶ Prioritize the use of recycled or reusable raw materials
- ▶ Green processes that save energy, save water, reduce waste, reduce emission, and reduce pollution are used in the production process
- ▶ Eco-friendly products that are toxic-free/low toxicity, recyclable, and reusable
- ▶ High performance products that benefit energy conservation and carbon reduction, mitigate global warming, and contribute to environmental protection
- ▶ Packaging materials that are toxic-free/low toxicity, recyclable, or reusable are given priority

Our strategy for developing green products is to "Continue to develop high performance products and implement PLM, strive to recycle whenever possible to realize a circular economy and reduce the impact on the environment." We follow this strategy in the raw materials we use and product design and development, as described below:

Inputs Low Energy Consuming Raw Materials – Recycled, Reusable Raw Materials

As described above, our products, including copper wire, wire and cable, and stainless steel are made using recycled or reusable raw materials whenever possible based on the concept of circular economy, so as to maintain a green Earth.

Outputs High Performance Products – Preventing Global Warming for a Sustainable Planet

The greatest challenge faced by humanity is currently global warming and climate change caused by the emission of greenhouse gases (GHG), which highlights the importance of reducing GHG emissions. Governments and corporations around the world have been committed to promote energy conservation and carbon reduction, and have formulated a variety of measures, such as: Using new sources of energy, reducing waste gas emissions from vehicles and power plants, improving the fuel efficiency of car engines and power plants, and developing lightweight cars, machines, and structures. Materials used to achieve these goals and make this equipment, such as stainless steel and electrical wire and cables, need to have higher heat resistance, corrosion resistance, and higher strength. We strive to develop stainless steel and electrical wires and cables with even better performance to meet the requirements above.

Highlights

The production environment of the petrochemical industry (oil refining and chemical engineering) has relatively more severely corrosive mediums, such as: Cl-, H₂S, H₂, ammonia, strong acids, and strong alkaline, and its production equipment, such as: conveyor pipes, heat exchanger, boiler, etc., all have excellent corrosion resistance, otherwise corrosion can easily cause equipment malfunction and failure. The dual phase stainless steel seamless pipes produced by our Changshu Plant, such as: 2205 and 2507, are widely used in the petrochemical industry for their excellent corrosion resistance, extend the service life of equipment, and reduce equipment malfunction and failure.



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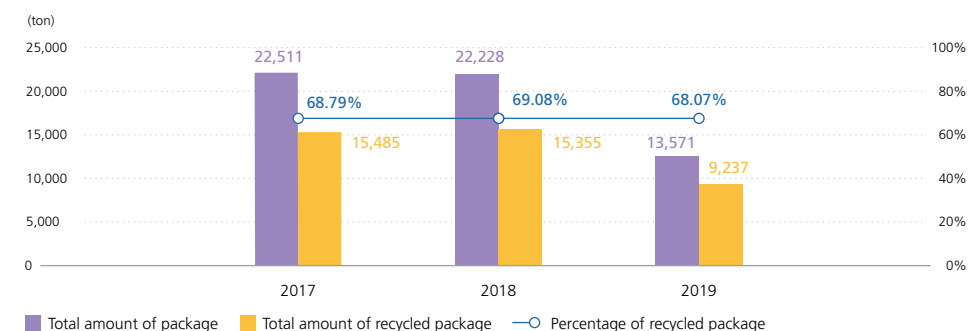
As shown in the table below, we developed a variety of green products in 2019, including high performance stainless steel products such as high machinability, high resilience, high weldability, high strength, high heat resistance, and high corrosion resistance and offshore wind turbine cables, which offer energy conservation and carbon reduction benefits, thus contributing to a sustainable living environment on Earth

	Product	Shape or type	Benefit in environmental protection and energy saving	Application
Stainless steel	High-machinability stainless steel (Ferrite)	Long product	High machinability to prolong service life and high strength for weight reduction	Computer, communication device, and consumer electronics component and part as well as electromagnetic valve core
	High resilience stainless steel	Long product	High resilience improve equipment performance and extends its lifetime. High strength allows for the manufacture of lighter products through enabling materials' weights to be lowered.	3C parts and components, automobiles
	Highly weldable stainless steel	Long product	High weldability improves the welding efficiency and quality of weld bead	Petrochemicals, chemical industries, shipbuilding, automobile and desalination
	High-strength stainless steel(Solid solution strengthening)	Long product	High strength for weight reduction and high corrosion resistance to prolong service life and decrease equipment failures	Industrial shaft for shipbuilding and building pedestal
	High-strength stainless steel (Precipitation hardening)	Long product	High strength for weight reduction and high corrosion resistance to prolong service life and decrease equipment failures	Industrial shaft for shipbuilding, vehicle chain, building pedestal, and mold
	High heat-resistant stainless steel	Long product	High heat resistance to prolong service life and decrease outages resulting from equipment failures	heat treatment furnace conveyors \ Power plant boiler tubes
Wire and Cable	High corrosion-resistant stainless steel (Duplex)	Long product	High corrosion resistance to prolong service life and high strength for weight reduction	Petrochemicals and oil industry heat exchangers and equipment
	Power cable for offshore wind turbine	Power cable	Renewable energy production, i.e., wind power generation	Offshore wind turbine
Copper Wire	High performance copper rod/wires with low oxygen	Copper rod/wires	Higher ductility reduces the number of times wires break and reduces loss	Micro wires, photovoltaic welding base bar, bending resistant cables

4.2.4 Packaging Material Use and Recycling

Due to the characteristics of the stainless steel business, packaging materials (such as plastic packaging, steel strips, etc.) will be damaged and deformed even if they are recycled, and thus cannot be reused, so the packing is directly discarded by customers as a recyclable resource. As for copper materials and the copper wire and cable business, recycled packaging materials are used or packaging materials are recycled. Such materials include: pallets, racks, iron shafts, wood shafts and closure plates. Recycled materials accounted for about 68% of packaging materials in 2019.

Copper wire and wire & cable package material use and recycling



4.3 Product Quality and Responsibility

We are actively implementing the strategy of transformation towards higher value, and the key will be gaining the trust of customers. It is not easy to gain customers' trust, and quality is the most important factor. We believe that quality is not achieved through inspecting, but from doing and management, and the best does not exist, only better. We are actively improving our product quality and aim to develop a reliable and trustworthy quality system.

This is why we have implemented a series of action plans to improve our quality system:

- ▶ Strengthened the authority of the quality assurance department and gave it independent responsibilities and authority.
- ▶ Improved inspecting and testing technologies and used advanced and automated software/hardware for inspecting, testing, monitoring, and warning, so that no defective goods pass through inspection.
- ▶ Strengthened risk analysis and monitored environment and industry changes and trends through internal and external situation analysis and industry analysis, so that we can achieve early response and ensure that customers receive reliable products and services.
- ▶ Strengthened preliminary R&D of products, processes, and applications, and determined the performance and quality requirements of products and process technologies required for production based on pilot studies on industry applications, patents, and literature and industry-academia collaboration, which improve the success rate of new product development.
- ▶ Improved R&D and design abilities and the R&D process, and ensured that product performance and quality meet requirements and achieve customer satisfaction.
- ▶ Improved production abilities and gained solid abilities to reduce variance and produce products that meet strict requirements for high-end applications.
- ▶ Established solid auditing and certification abilities, utilized internal/external audits and second and third party certifications, such as customer certifications, product certifications, and system certifications, and used the concept of PDCA to constantly improve our quality management system.

We will transform our inside-out, bottom-up quality system into an outside-in, top-down quality system, i.e., our quality management system will be customer-oriented and receive the highest level of attention from our senior executives.



4.3.1 Quality Management System Verification

Walsin Lihwa has obtained numerous management system and product certifications under the strategy of persistent R&D of advanced technologies, implementation of PDCA, alignment with international standards, and meeting customers' needs. This has allowed us to enter related industries and overseas markets. We gather information on related industries and trade regulations of different countries. In addition to ISO9001, classification societies such as ABS/BV/DNV/LR.GL/KR/NK/RINA, EU Pressure Equipment Directive (PED), German pressure equipment AD2000, we also obtained the API certification (Changshu Plant), Norsok certification (Changshu Plant), ASME certification (Changshu Plant), JIS Mark (Yenshui Plant, Taichung Plant), BIS certification (Yenshui Plant, Taichung Plant, and IATF16949 Automotive Quality Management System (Yenshui Plant, Jiangyin Plant, Changshu Plant) in response to the needs of different industries. Obtaining third-party certification is the basis for entering an industrial supply chain, expanding the scope for which the company's products can be sold for and sales channels.

We are promoting and have passed third party certifications to meet international standards and the requirements of our customers. Certifications obtained by each plant in the past two years are shown in the table below:

IATF16949 Automotive Quality Management System	Jiangyin Walsin (Specialty Alloy Materials) (2019)	Yenshui Plant (Began in 2020) Taichung Plant (Began in 2020)
Bureau of Indian Standards Certification (BIS)	Taichung Plant (2018)	Yenshui Plant (2019)
Japanese Industrial Standards (JIS)	Taichung Plant (2017)	Yenshui Plant (2019)

Highlights

The Yenshui Plant under our Stainless Steel BU obtained India's BIS certification and Japan's JIS certification in 2019 in response to our transformation and to meet the needs of customers and industries.



JIS G4303/G4318

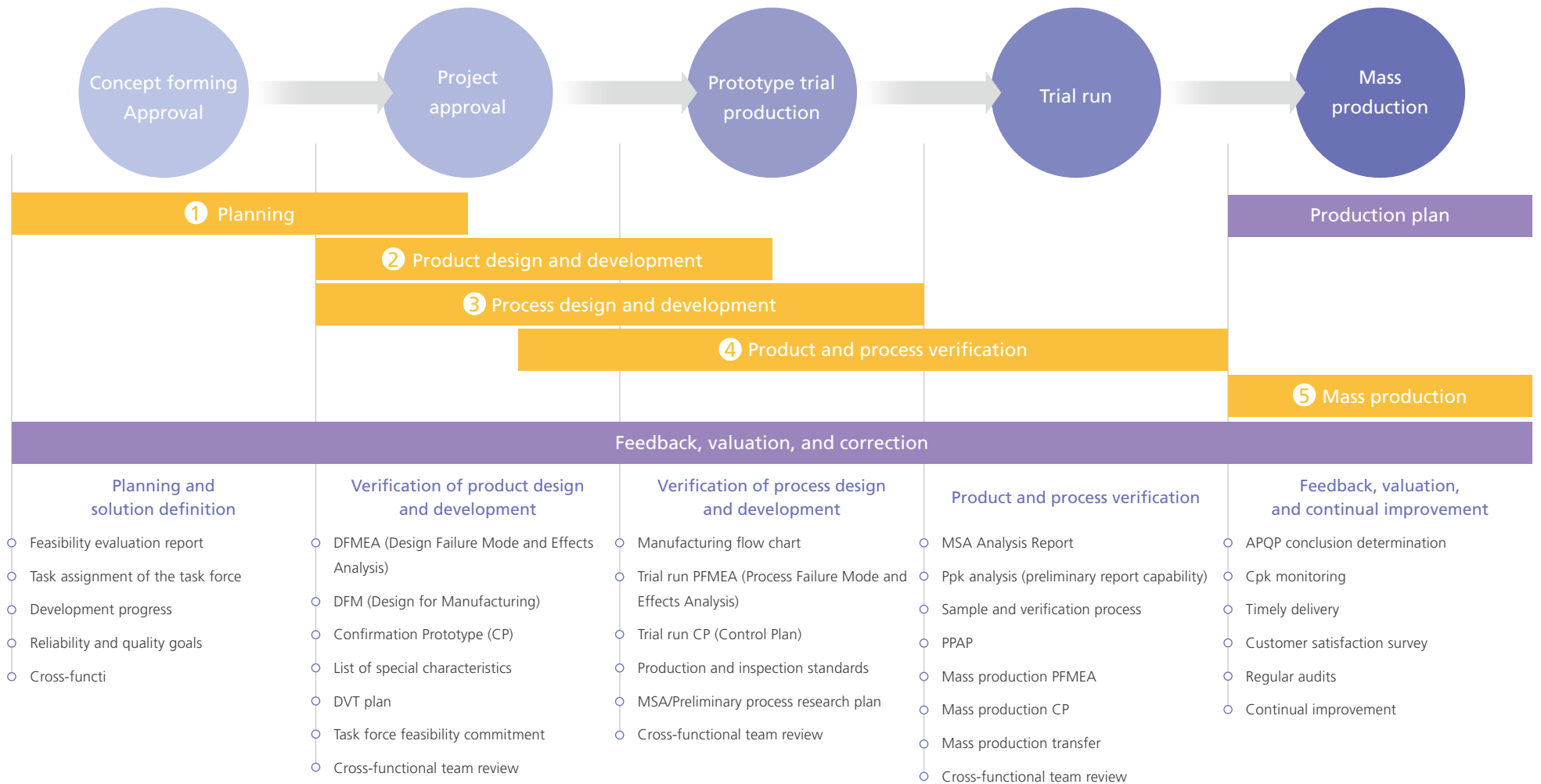


JIS G4308

4.3.2 Strengthening Quality Abilities

As competition becomes growingly severe in traditional industries, transformation towards higher value is the only way for companies to achieve sustainable development, and developing a reliable and trustworthy quality system is the key to success. On this basis, our Stainless Steel BU has implemented the IATF 16949 quality management system, which is the quality standard for the automobile industry, and uses it as a vehicle for modifying and improving our quality system. Using the five cores tools - APQP (Advanced Product Quality Planning), PPAP (Production Part Approval Process), FEMA (Failure Mode and Effects Analysis), MSA (Measurement System Analysis), and SPC (Statistical Process Control), we start from listening to customers' voices and monitoring customers' needs, and established strict management mechanisms for each phase from product design, process design, trial run, mass production, to after-sale service. We developed a quality monitoring system with the assistance of information technology to ensure product quality and achieve customer satisfaction.

Phases and the five core tools



4.3.3 Control of Hazardous Substances in Products

Walsin Lihwa not only manages product and service quality, but also manages hazardous substances from the source and performs hazardous substance tests in accordance with industry related regulations, such as: the RoHS Directive restricting the use of hazardous substances in electrical and electronic equipment, the European Union's REACH substance of very high concern (SVHC), the restriction on sale and use of perfluorooctane sulfonate (PFOS), EN71 European Toy Safety Standards, fire safety regulations and shipping industry asbestos restrictions. These regulations are provided to interested parties at appropriate times for reference. Product acceptance was of 100% in 2019, which indicates that no hazardous substances are added to Walsin Lihwa products in the manufacturing process.

Highlights - Product Quality Improvement

Yantai Walsin - Established a Laboratory for Precision Testing of Materials to Meet Customers' Needs

To ensure product quality, the laboratory is equipped with SPECTRO direct-reading spectrograph, SPECTRO ICP spectrograph, Leco carbon/sulfur analyzer, Leco oxygen/nitrogen/hydrogen analyzer, ARL fluorescence spectrometer, Thermo portable spectrometer, Zeiss scanning electron microscope, Leica metallographic microscope; 13 testing instruments in total. The laboratory obtained the CNAS laboratory accreditation to achieve better and more stable product quality.



Direct-reading spectrograph



Metallographic microscope



Scanning electron microscope



Fluorescence spectrometer

4.4 Mutually Beneficial Value Creation

Mobile power cable break more easily than static power cables, causing production lines to be suspended and result in financial losses. After discussing potential needs that have not been discovered and met with our customers, we utilized academia resources to jointly implement the Ministry of Economic Affairs (MOEA) Technology Development Program (TDP) for value creation, and collaborated with customers and academia in development prototypes of smart products, in hopes of meeting customers' needs and providing customers with products of high added value.

We collaborated with Chung Yuan Christian University in implementing the MOEA TDP "Product and Business Development Plan for Key Technologies of Smart Power Cables," which uses innovative technologies to improve product quality, and provides new products that better meet customers' needs. The collaboration project developed a real-time deterioration sensing system for power cables, and on-site verification was carried out on the customers' beta site. When power cables deteriorate, the sensing system will send a warning to the customer to replace power cables, thus avoiding suspensions caused by power cable failure. Upgraded technologies in the industry no longer require power cables to be dismantled to determine the extent of deterioration and predict its service life. Testing parameters (such as temperature, resistance, and capacitance) are immediately uploaded to the cloud database to provide customers with an option that provides greater value. It also improves after-sale service quality and gains customers' trust. We used the project's R&D results to apply for 9 patents, and received 4 R.O.C. patents as of 2019; we also received 2 utility model patents in Taiwan and China for our processes.

4.4.1 Customer service

To improve customer service quality and optimize the service process, we first implemented a CRM system in our Yenshui Plant in Taiwan in 2019, integrating the customer complaint process so that salespeople can immediately handle complaints. This shortens the response time and improves the service efficiency. The accounts receivable form in the CRM system allows salespeople to achieve better management of customers' credit and accounts receivable, preventing customer dissatisfaction due to late delivery caused by credit problems.

We will step up control of the product development schedule and accelerate product problem-solving through a technical service approach in 2020, hoping to accurately and rapidly respond to customers' needs to promote Walsin Lihwa's brand. Furthermore, we are working closely with customers in the development of new products, and is expecting to complete at least 8 product certifications in 2020.

Walsin Lihwa upholds the spirit and philosophy of serving customers

- ▶ Establish a service-oriented operation model and optimize the service process which increases customers' trust and creates a mutually beneficial situation.
- ▶ Apply innovative technology controls and improve product quality; work together with customers to provide products and services that best meet their needs.

Customer satisfaction survey

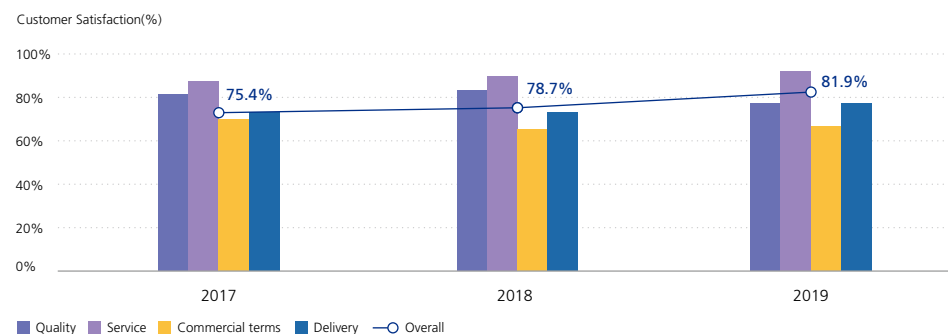
Walsin Lihwa received 472 customer satisfaction questionnaires out of the 678 sent, which is a recovery rate of 69.6% with an overall satisfaction rate of 83.7%.^{Note}

Observing customer satisfaction with each BU in 2019, customer satisfaction improved across-the-board compared to the previous year. This shows that Walsin Lihwa's efforts in customer service have gained the recognition of most customers.

Note: The COVID-19 pandemic in China affected the survey at the beginning of 2020. Hence, the data in this report does not include customer satisfaction survey results of the Commerce & Real Estate BU.

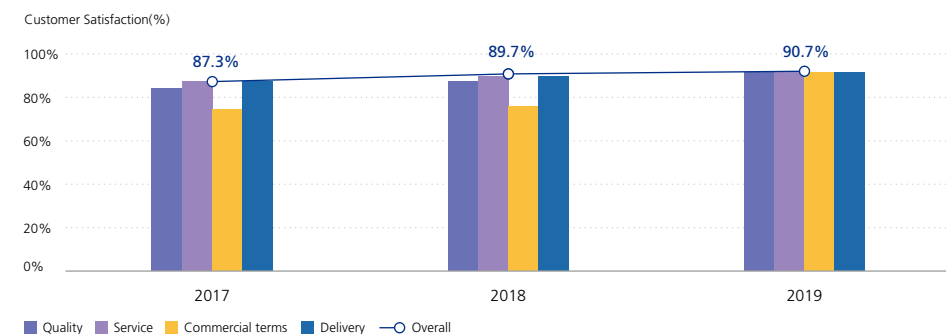
Wire & Cable BU

Data source: Hsinchuang Plant, Shanghai Walsin



Copper Wire BU

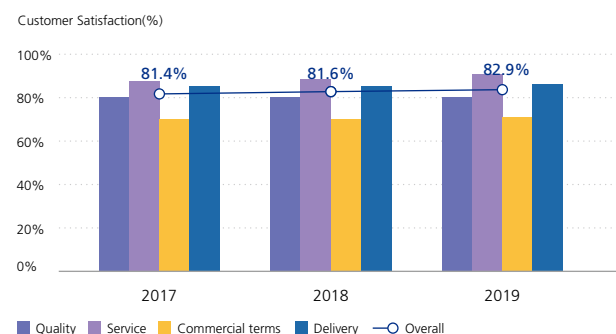
Data source: Yangmei Plant, Dongguan Walsin, Jiangying Walsin (Steel Cable)



Note: Due to organizational changes, the 2019 customer satisfaction data does not include Nanjing Walsin, and Jiangyin Walsin (Steel Cable) is added.

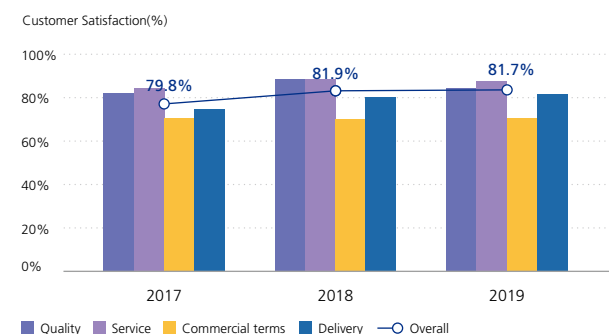
Stainless Steel BU

Data source: Yenshui Plant



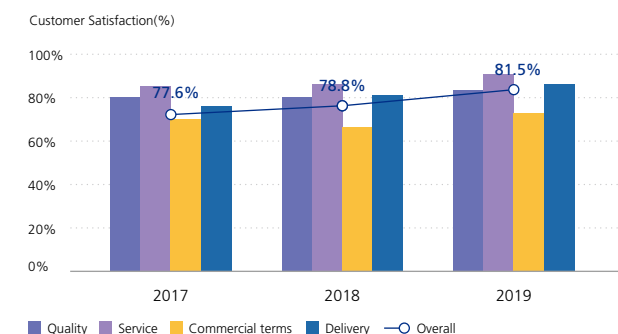
Specialty Steel BU

Data source: Changshu Walsin, Jiangying Walsin (Specialty Alloy Materials), Yantai Walsin



Walsin Precision

Data source: WPT



4.4.2 Protection of Customer Privacy

To protect business secret and customer's privacy, Walsin Lihwa asks employees to obey the regulation of the Employee Code of Ethical Conduct and the regulation of information security. It is prohibited to download, save or revised secret information that hadn't been unauthorized.

No customer complained his/her privacy had been violated in 2019.

4.5 Sustainable Supply Chain



4.5.1 Sustainable Supply Chain Policy

Walsin Lihwa grows together with its partners to strengthen and implement sustainable supplier management. Besides assessing suppliers' quality, timeliness of completion/delivery, prices, services/communication and coordination, we also added CSR to supplier assessment items in 2019. We urged suppliers to jointly comply with CSR-related regulations through supplier self-evaluations, thus exerting our social influence to achieve a balance between economic, social, and environmental aspects that will enable sustainable development.

Supplier Sustainability Policy

- ▶ Inclusion of CSR practices into supplier management
- ▶ Compliance with international regulations and standards as well as customer requirements and standards
- ▶ Green procurement as part of CSR fulfillment
- ▶ Supplier capability enhancement by information exchange and business practice collaboration
- ▶ Prohibiting the use of conflict minerals

Key Supplier Identification

The Company identified key suppliers based on important raw materials, equipment and construction contractors, recycling, and services in order to effectively manage suppliers. Using this principle we identified 145 key suppliers in 2019. Excluding the procurement amount of Nanjing Walsin Metal Co., Ltd. (i.e., the original Nanjing copper OU), which was sold in June 2019, the key suppliers collectively accounted for 79.93% of our total procurements. These 145 suppliers are Walsin Lihwa's important business partners and were targeted for the promotion of supplier CSR and management.

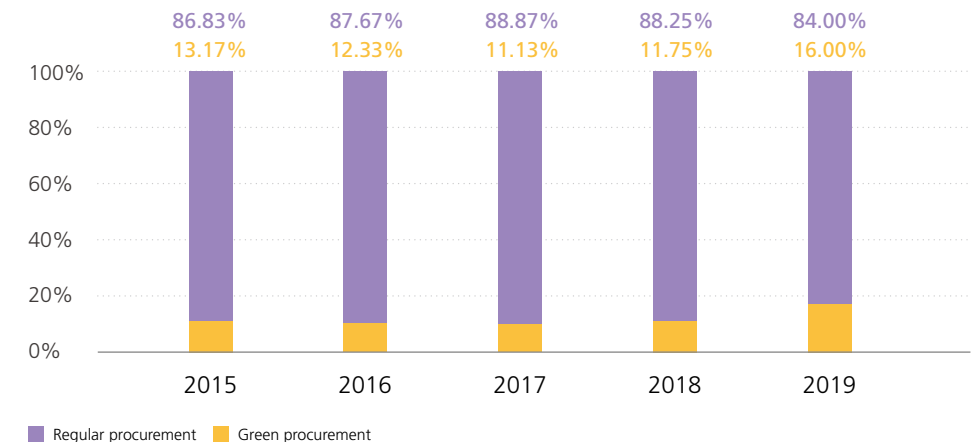
Local Procurement

We work together with our suppliers in the pursuit of corporate sustainability and growth. In recent years, we continued to engage in local procurement. 10.65% of procurements made by our key suppliers in Taiwan are sourced from local suppliers (key metals and minerals in Taiwan are mostly imported from abroad); 99.93% of procurements made by our key suppliers in mainland China are sourced from local suppliers; and 63.05% of procurements made by our key suppliers in Malaysia are sourced from local suppliers. Overall, 28.06% of our key suppliers are local suppliers. Due to the sale of Nanjing Walsin (Copper Wire), the ratio of key suppliers that are local suppliers in 2019 decreased 22.76% compared to 2018.

Green Procurement

To reduce the impact of our products on the environment, we are dedicated to green procurement, and recycle old wood iron shaft and seal plate for reuse, which reduces the amount of new wood iron shaft and seal plate procured, and also reduces the consumption of environmental resources. Green procurements in Taiwan are for recycled packaging materials, such as old wood iron shaft and seal plate, and recycled raw materials. Two green procurements amounted to NT\$10.1 billion in 2019, accounting for 16% of all procurements and up NT\$710 million compared with last year (up 4.25% compared to 2018).

Percentage of Green Procurements



4.5.2 Implementation of Supply Chain Management

Supplier Assessment Mechanism

To ensure our supply chain fulfills its commitment to CSR, complies with the principles for supplier CSR performance appraisal, and jointly promotes sustainable development, we strengthened supplier management mechanisms in 2019, and expanded the scope of the "Supplier Management Commitment to Social Responsibility" to cover more aspects of sustainability. Contents include labor, health and safety, ethics and integrity, environmental protection, prohibiting the use of conflict minerals, and continual improvement. The commitment also establishes key supplier risk assessment, auditing, and guidance mechanisms.



We sent the new version Supplier Management Commitment to Social Responsibility to all suppliers starting in July 2019. As of the end of December 2019, 109 of the 145 key suppliers signed the Supplier Management Commitment to Social Responsibility, which is a signing rate of 75.20%. The number of new suppliers in 2019 was 262, in which 222 suppliers signed the commitment with a signing rate of 84.70%. We will continue to require suppliers to sign the new version commitment.

We established a key supplier risk identification system in 2019 and provided 145 key suppliers with questionnaires on 6 types of sustainability issues relating to economy, environment, and society. Suppliers filled out the CSR Sustainability Self-evaluation Form based on their own situation. A total of 123 suppliers responded as of the end of December 2019. The sustainability management of suppliers is analyzed based on results of the self-evaluation form, and then the probability, level of impact, and warning mechanisms for incidents that will threaten its sustainability are assessed, identifying the threat and impact of incidents that threaten the sustainability of key suppliers on Walsin Lihwa. Based on results, 5 key suppliers were high risk, 73 were medium risk, and 45 were low risk.

Walsin Lihwa plans to conduct on-site audits, interviews, and guidance in 2020 for key suppliers identified as high risk, so as to prevent and reduce the occurrence of risks. We further adjusted the CSR Sustainability Self-evaluation Form based on the characteristics of our stainless steel, wire and cable, and real estate businesses, and identified high risk key suppliers to each BU.

Supplier CSR Meeting

Walsin Lihwa is increasing suppliers' recognition of the Supplier Management Commitment to Social Responsibility to achieve sustainable development, and continues to organize supplier meetings with an increasing focus on CSR. The Yanshui Plant/Taichung Plant of our Stainless Steel BU and Hsinchuang Plant/Yangmei Plant of our Insulated Wire & Cable BU organized supplier meetings in 2019, and used results of the sustainability self-evaluation questionnaire for selecting suppliers, helping suppliers understand how to establish sustainable supply chain management mechanisms, and improving employees' sustainable supply chain promotion and management abilities through sharing cases on the practices of different industries. We hope that our suppliers will jointly comply and exert social influence, and find a balance between the economy, society, environment, and ecology to achieve sustainable development.

Taiwan Yenshui Plant/Taichung Plant – Bringing Suppliers Together to Jointly Fulfill CSR

The Yenshui Plant/Taichung Plant of our Stainless Steel BU held the first Supplier CSR Meeting in October 2019 to communicate the Company's sustainability policy and promote CSR. The face-to-face explanations and Q&A allowed suppliers to understand our "Supplier Sustainability Policy," "Human Rights Policy," "honest business practice," "EHS Policy," "Green Operations," and "Supplier CSR Performance Assessment," as well as their importance and effect on fulfilling CSR, in hopes that our suppliers will jointly promote CSR.

Taiwan Hsinchuang Plant/Yangmei Plant - Mutual Learning and Growth for Better Sustainable Supply Chain Governance

The Hsinchuang Plant/Yangmei Plant of our Insulated Wire & Cable BU held the second Supplier CSR Meeting in November 2019. Besides promoting the Company's Sustainability Policy, Human Rights Policy, EHS Policy, and business integrity, Stark Technology Inc. and I-Sheng Electric Wire & Cable Co., Ltd. were invited to share their experience with promoting CSR. The sharing of practices in different industries encourages suppliers to comprehensively develop economic, environmental, and social management to achieve sustainable supply chain governance.



Better Sustainable Supply Chain Management

We plan to have an external consulting firm provide a Sustainable Supply Chain Management Course in April 2020, so that we can improve sustainable supply chain management. We will also establish a supply chain sustainability on-site review mechanism and supply chain sustainability risk assessment mechanism, in order to improve employees' sustainable supply chain promotion and management abilities.

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CHAPTER



Resources Management and Environment Friendly

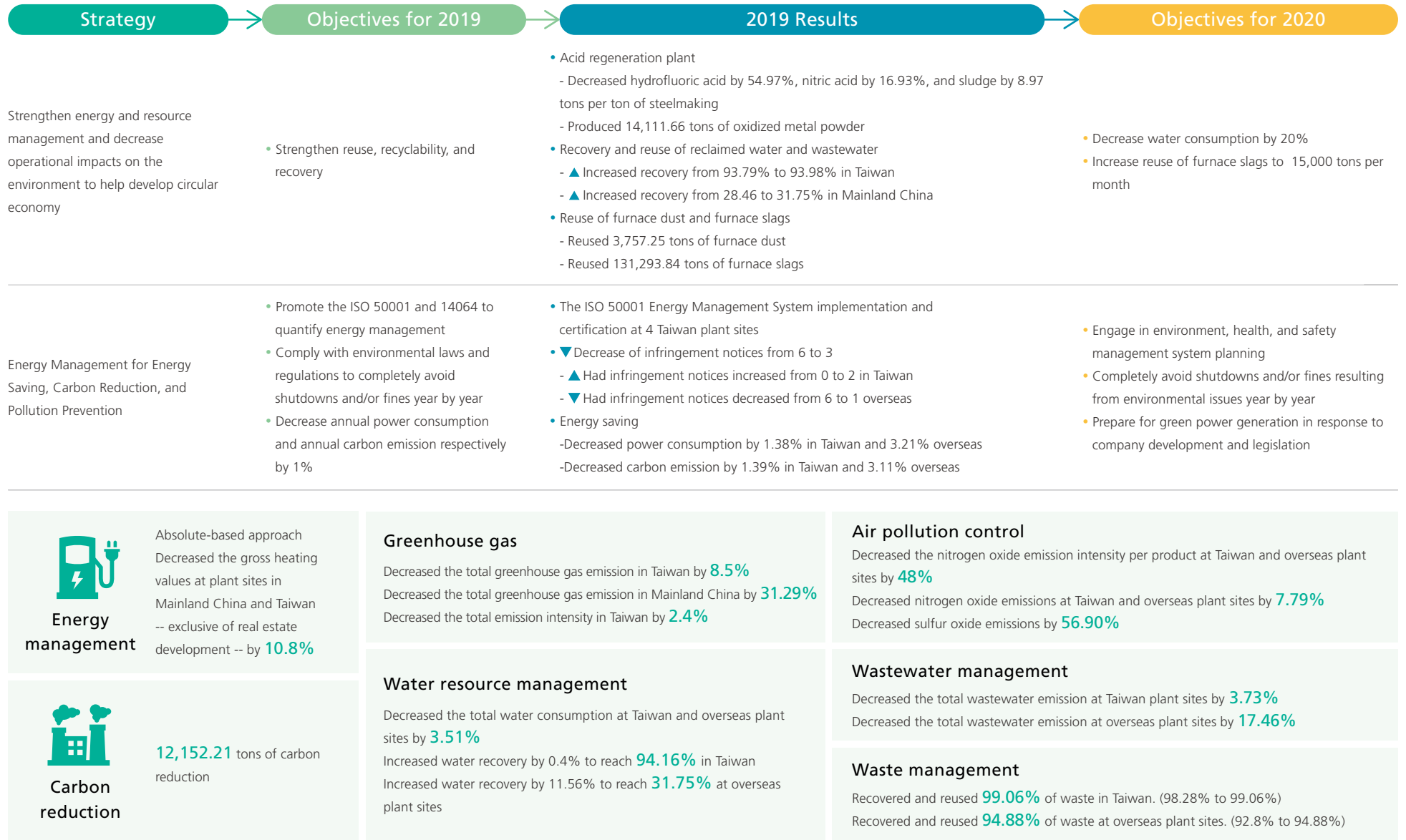
5-1 Environmental and Energy Management Policy

5-2 Climate Change and Energy Management

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Sustainability Promotion Strategy

• Strengthen resource management, decrease environmental impact, and pursue circular economy



Note: The sale of shareholdings in Nanjing Walsin Lihwa Metal Co. to Gree Electric Appliances Inc. of Zhuhai in 2019 accounts for decreased power consumption throughout Walsin Lihwa.

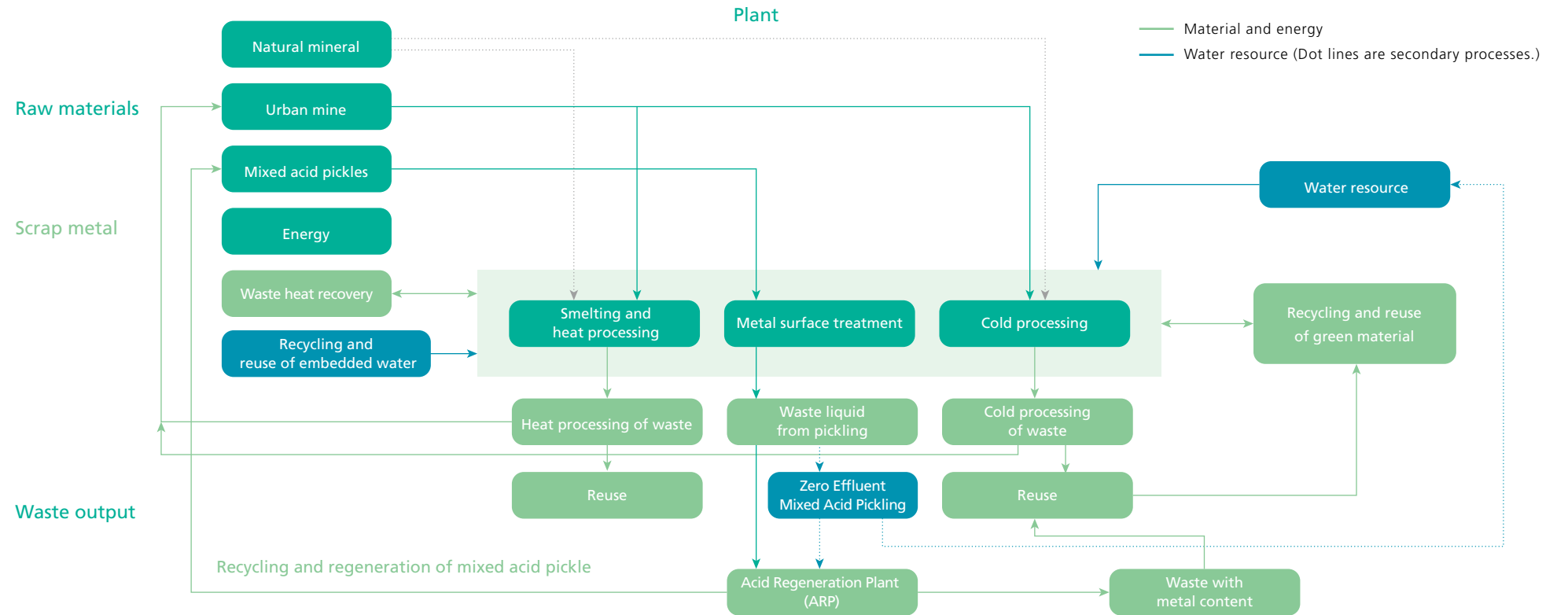
Walsin Lihwa is always committed to fulfil "corporate social responsibility (CSR)" and the environmental sustainability goals. Furthermore, we expect to achieve the goal of "Creating Shared Value (CSV)" and become a diversified manufacturing corporation with environmental co-prosperity through technical upgrade and continuous improvement while our businesses are growing steadfastly.

5.1 Environmental and Energy Management Policy



With commitment to environmental communion by steadfastly strengthening sustainable development, Walsin Lihwa has been investing in environmental protection equipment and resources recycling over the past several to deal with climate change and increasingly scarce natural resources. The company effectively reuses what is readily available instead of mining natural resources by waste heat recovery, waste acid regeneration, reuse of reclaimed water, manufacture process improvement (such as oxy-fuel combustion and yield enhancement), waste disposal and reuse (such as plastic waste, metal scrap and powder, and furnace slags), and investment in solar power generation to demonstrate its "from cradle to cradle" principle and determination for energy saving and carbon emission reduction.

Energy and Resource Recycling at Walsin Lihwa



Pursuing internationalization of the company, Walsin Lihwa has had the ISO 14001, ISO 14064, and ISO 50001 management systems as well as the PAS 2050 standard implemented to support the United Nations' 17 Sustainable Development Goals. Moreover, the building design Walsin Lihwa's head office and overseas subsidiaries factors in local climate conditions by incorporating green building elements such as rainwater recovery processing for garden watering, double low-e glass of 8 centimeters for heat insulation and energy saving, ice storage air conditioning, and ground source heat pumping. Walsin Lihwa demonstrates its determination for business sustainability in terms of green materials, green production, hardware and software investment in energy saving technology development, and academia-industry cooperation to lay a solid foundation for energy saving and emission reduction. Walsin Lihwa plans to seek more opportunities of environmental protection and energy management cooperation with domestic and overseas industries, governments, and supply chains to better contribute itself to climate change adaptation.

Legal Compliance

In 2019, Walsin Lihwa experienced no production stoppage, plant besieged by protesters, or major environmental fine resulting from pollutant leakages. The company will continue its Plan-Do-Check-Action to practice self-regulation, while its Environment, Health, and Safety Committee will also help ensure environmental compliance at individual plant sites by raid inspections of any violation as well as effective implementation of pollution preventive measures.

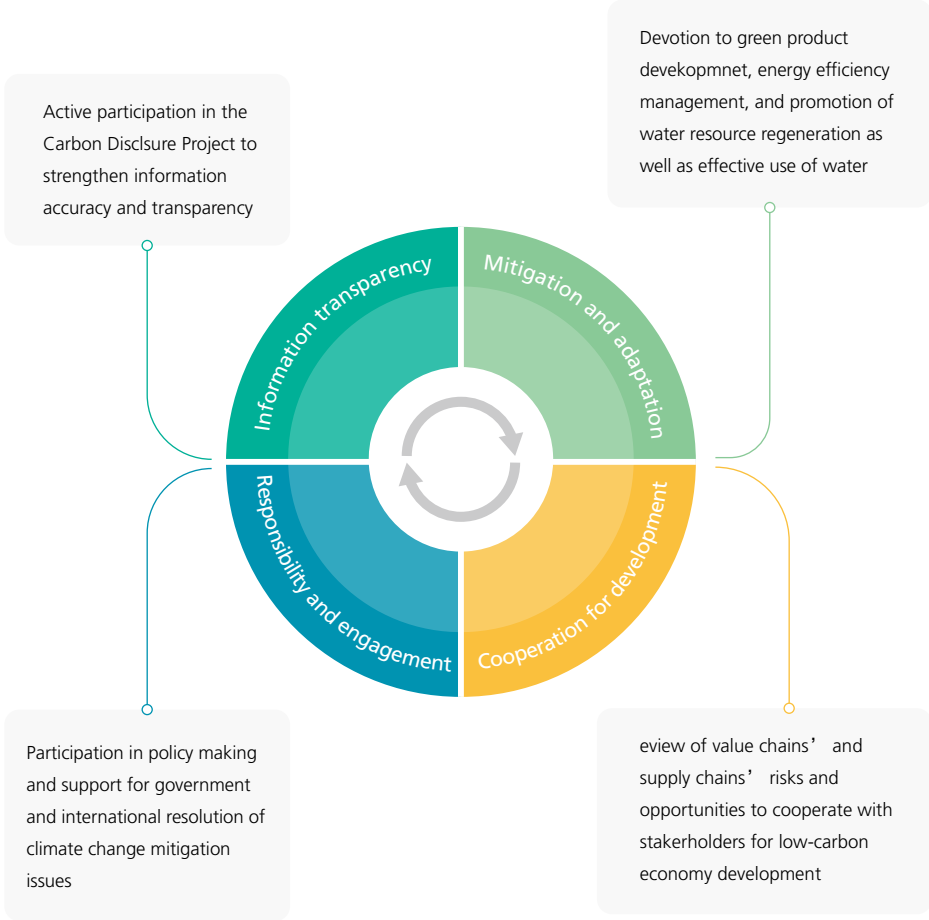
2019 Environmental protection expenditure

Area	Environmental protection expenditure
Taiwan (NT\$)	501,740,378
Mainland China (RMB\$)	24,961,777
Malaysia (MYR\$)	61,023

5.2 Climate Change and Energy Management



Given global warming, extreme weather events, trends of environmental protection and energy saving, and escalating consciousness of health, safety, and ecological conservation, climate change adaptation matters to business viability. Walsin Lihwa understands how businesses are vulnerable to the risks brought in by climate change and accordingly strengthened relevant governance strategies in 2019 to identify climate change risks and develop substantial responding strategies based on its identification results.



5.2.1 Management of Climate Change Risks and Opportunities

In 2019, Walsin Lihwa implemented the company's mechanism of management of climate change risks and opportunities for the executive secretary of its Sustainable Development Committee along with President's Office, Environment, Health, and Safety Promotion Center, and other relevant units to identify -- based on the day-to-day operation at the company -- the possible risk factors associated with climate change; evaluate the climate change risks and opportunities to the company according to the level of impact, vulnerability, as well as possibilities of occurrences; and report the identification results, responding measures, and how such measures are carried out to the Sustainable Development Committee and Board of Directors on a regular basis.

Possible material risks associated with climate change have been evaluated to be the aspects of compliance, climate disasters, and company reputation. The substantial responding strategies developed by Walsin Lihwa based on the identification results cover renewable energy development, effective planning for responsiveness and adaptation to disasters, green product development, and steadfast promotion of energy saving and carbon reduction, which are implemented throughout the company.

Identified Risks Associated with Climate Change and Responding Strategies Developed in 2019

Risk Type	Risk Aspect	Risk Factor	Direct Impact	Responding Strategy
Transformation risk	Compliance	Total greenhouse gas control and carbon trading	<ul style="list-style-type: none"> Limited capacity expansion and increased operating cost 	<ul style="list-style-type: none"> Solar power development and green power procurement
		Mandatory greenhouse gas inventory and disclosure	<ul style="list-style-type: none"> Carbon reduction equipment installation and increased operating cost 	<ul style="list-style-type: none"> Voluntary reduction in exchange for government incentive
Physical risk	Climate disaster	Typhoon and flood	<ul style="list-style-type: none"> Decreased revenue and financial loss resulting from affected production 	<ul style="list-style-type: none"> Climate-resilient development to decrease possible loss resulting from operation suspension
		Drought	<ul style="list-style-type: none"> Increased power consumption, cost, and carbon emission 	<ul style="list-style-type: none"> Regular annual report on energy saving and carbon reduction measure
		Global warming		
	Company reputation	Low-carbon and green product development	<ul style="list-style-type: none"> Increased cost resulting from low-carbon and green product development 	<ul style="list-style-type: none"> Enhancement of low-carbon production and green manufacture
		Impacted company image	<ul style="list-style-type: none"> Company reputation or image damage resulting from failure to live up to stakeholder expectation 	<ul style="list-style-type: none"> Investment in energy saving product development to meet customer need and increase revenue

Energy Saving and Carbon Reduction Management

In 2018, Walsin Lihwa had the ISO 50001 Energy Management System implemented with third-party certification to carry out effective energy management by following individual ISO management guidelines. In 2019, Walsin Lihwa received the ISO 50001 certification of its energy management effectiveness again and continued implementing improvement in accordance with ISO recommendations to development e-management and optimize energy efficiency. Valuing energy-saving technologies for their emission reduction effectiveness, Walsin Lihwa takes inventory of energy consumed by equipment and facilities to identify the opportunities to improve energy efficiency and pursue innovation through industry benchmarking to gradually develop the company into an industry benchmark.

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5.2.2 Energy efficiency management

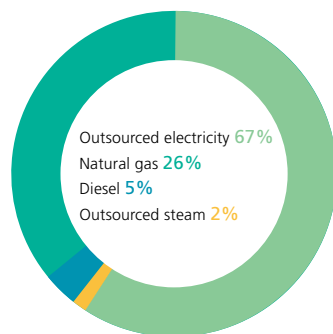
In terms of corporate social responsibility fulfillment in 2019, we continued strengthening our environment, health & safety policy implementation while promoting energy saving and emission reduction to pursue green circular production. In 2019, electricity was the primary energy for production at Walsin Lihwa, followed by natural gas. Other types of energies consumed included petroleum, diesel, and purchased steam among others for company business vehicles as well as cargo transportation and forklifts at our production sites. The energies consumed included direct and indirect energies of 9.12169×10^6 GJ in 2019, when the percentages of calorific values of direct and indirect energies at our Taiwan and overseas sites respectively amounted to 31% and 69%. The types of energies used by product category and caloric value percentages are disclosed as below.

Energy consumption by individual business groups in 2019

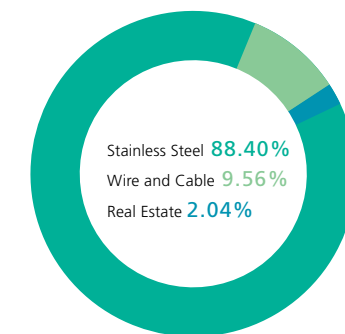
Unit : GJ= 10^9 J

Category		Wire and cable	Stainless steel	Real estate	Total
Indirect Energy	Outsourced electricity	5.20023 x 10 ⁵	5.42085 x 10 ⁶	1.85309 x 10 ⁵	6.12618 x 10 ⁶
	Outsourced steam	0	1.45385 x 10 ⁵	0	1.45385 x 10 ⁵
	Petroleum	0	8.77658 x 10 ²	0	8.77658 x 10 ²
Direct Energy	Diesel	3.24702 x 10 ³	4.21312 x 10 ⁵	0	4.24559 x 10 ⁵
	Fuel oil	1.34937 x 10 ⁴	0	0	1.34937 x 10 ⁴
	Automotive petroleum	5.87805 x 10 ²	2.18593 x 10 ³	5.39121 x 10 ²	3.31286 x 10 ³
	Automotive diesel	5.58640 x 10 ³	6.03216 x 10 ³	0	1.16186 x 10 ⁴
	Liqueed petroleum gas	5.87467 x 10 ²	2.96187 x 10 ³	0	3.54934 x 10 ³
	Natural gas	3.26665 x 10 ⁵	2.06417 x 10 ⁶	0	2.39084 x 10 ⁶
	Ethyne	1.80260 x 10 ³	6.85747 x 10 ¹	0	1.87118 x 10 ³
Total		8.71993 x 10 ⁵	8.06384 x 10 ⁶	1.85848 x 10 ⁵	9.12169 x 10 ⁶

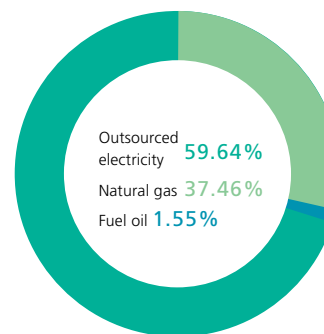
Percentages of consumption of different types of energies



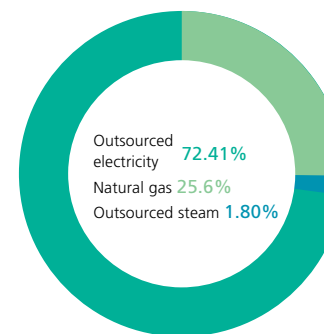
Percentages of energy consumption by individual business



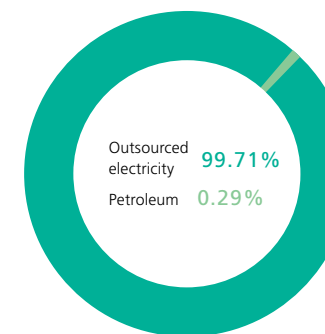
Percentages of consumption of Wire and Cable Business



Percentages of consumption of Stainless Steel Business



Percentages of consumption of Real Estate Business



Note: 1. Energy consumption = Fuel consumption * Fuel calorific value (based on the Bureau of Energy's 2014 manufacturing industry annual audit report)

2. The information above includes Walsin Lihwa's power cable and wire operations in Yangmei, Hsinchuang, Dongguan, and Shanghai; stainless steel operations in Yenshui, Taichung, Yantai, Changshu, Jiangyin, and Malaysia; and real estate development in Nanjing.

3. In 2017, the subcontract work at the Baihe site in Shanghai was transferred to the Jiangyin site. The sale of shareholdings in Nanjing Walsin Metal Co. to Gree Electric Appliances Inc. of Zhuhai in 2019

4. None of the above is renewable energy

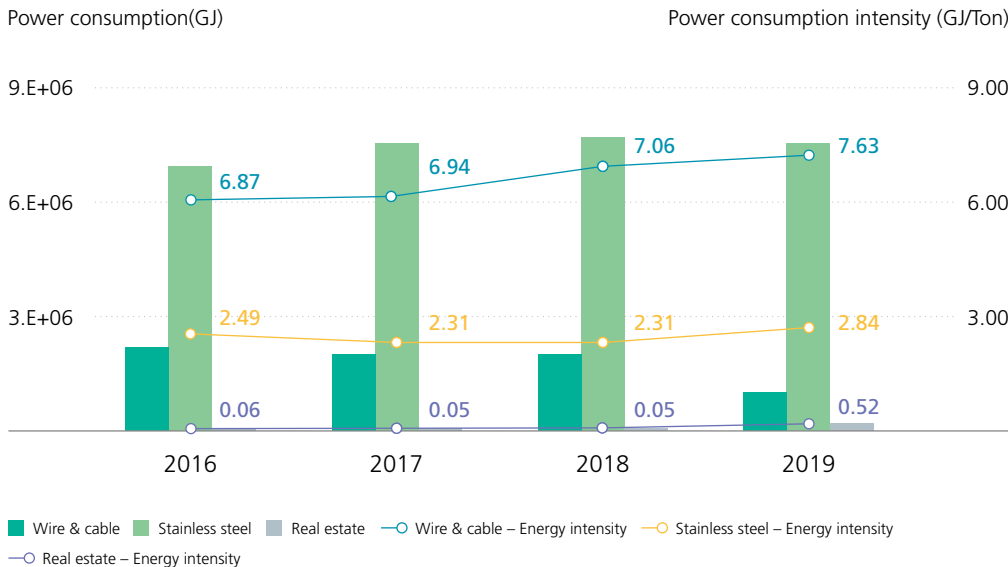
Types of energies consumed from 2016 – 2019:

Year		2016			2017		
Business group		Gross heating value (gigajoule)	Output (ton) (floor area, i.e., m ²)*	Energy intensity	Gross heating value (gigajoule)	Output (ton) (floor area, i.e., m ²)*	Energy intensity
	Wire & cable	2,193,257.56	881,098.66	2.49	1,698,675.07	740,937.79	2.29
	Stainless steel	7,062,432.47	1,028,013.25	6.87	8,115,111.28	1,170,862.18	6.94
	Real estate	37,387.73	602,412.00	0.06	31,424.40	602,412	0.05
Year		2018			2019		
Business group		Gross heating value (gigajoule)	Output (ton) (floor area, i.e., m ²)*	Energy intensity	Gross heating value (gigajoule)	Output (ton) (floor area, i.e., m ²)*	Energy intensity
	Wire & cable	1,683,185.52	728,043.76	2.31	871,993.00	306,618.48	2.84
	Stainless steel	8,343,943.06	1,182,190.52	7.06	8,063,844.41	1,056,536.06	7.63
	Real estate	27,140.12	354,279.60	0.08	185,847.72	355,079.60	0.52

Note: 1. Real estate development's energy intensity is gross heating value (gigajoule) /floor area (m²), and the energy intensity of Specialty Steel and power cable and wire operations is gross heating value (gigajoule) / output (ton)

2. Heat values are based on the unit heating values of energy products in the 2014 energy statistic handbook.

3. A gigajoule is 10⁹ joules



In terms of the 2019 energy consumption intensity per product at Walsin Lihwa, the intensity of power cables and wires as well as stainless steel was higher than that in 2018 primarily because of capacity utilization decreased by an industry structural change whereas natural gas consumption increased by investment in environmental protection equipment. The total energy consumption in 2019 -- exclusive of real estate development -- was 10.8% lower than that in 2018, but the 2019 energy consumption intensity per product was higher than that in 2018 with the intensity of power cables and wires 23% higher and the intensity of stainless steel 8% higher. Nonetheless, Walsin Lihwa continued strengthening energy efficiency by implementing more energy saving measures, pursuing carbon and pollution reduction by effective reuse, and supporting the government's energy saving objectives by energy saving platform development and effecting a comprehensive energy inventory to ensure the most efficient use of energy. In 2020, Walsin Lihwa's plant sites throughout Taiwan will obtain the 2018 version of the ISO 50001 Energy Management System certification as an effort to further enhance energy efficiency and lower the 2020 energy consumption intensity per product and carbon emission per product by 1% as compared to that in the 2019 benchmark year.



Walsin Lihwa Energy Management System

Further Implementation of Energy Saving and Carbon Reduction

As increasingly consumed and scarce natural resources as well as climate change pose great difficulties to mining various types of energy and power infrastructure development, both businesses and individuals must shoulder the responsibility of energy saving and carbon reduction. Therefore, Walsin Lihwa started to implement a variety of energy saving measures in 2015 by establishing energy saving and carbon reduction management teams throughout its plant sites, energy platform implementation, and regular updates on the progress in achieving energy management goals. In 2019, the plants in both Mainland China and Taiwan saved total power consumption by 2.4%, higher than the 1% target set by the Bureau of Energy. Moreover, 80 solutions to carbon reduction were proposed and decreased 12,152.21 tons of CO₂e/year and saved approximately NT\$25,725,363.45 in Taiwan, RMB\$7,694,387.15 in Mainland China, and MYR\$30,776.6 in Malaysia.

Moreover, the Environment, Health, and Safety Committee of Walsin Lihwa set up short-, mid- and long-term plans in 2019 to strengthen energy efficiency management and raise the bar for power saving and carbon reduction, so that environment pollution can be effectively decreased when greenhouse gas emission is lowered while energy utilization becomes very reasonable and efficient to cope with climate change challenges.

Energy Saving at Walsin Lihwa by Area in 2019

Area	Solution	Energy type	Number of solutions	Amount saved	Energy saving (Magajoule)	Carbon reduction (Ton)	Cost saved
Taiwan	Manufacture and office energy saving	Electricity (kWh)	51	5,358.11	46,422.64	2,945.30	NT\$25,725,363
		Natural gas (Kilo cubic meters)	7	1,071.25	40,353.94	2,012.88	
		Others (Ton)	1	117.80	0.00	117.80	
		Total	59	-	86,777.60	5,075.99	
Overseas	Manufacture energy saving	Electricity (kWh)	15	6,074.03	52,625.37	6,271.90	RMB\$7,694,387 MYR\$30,777
		Natural gas (Kilo cubic meters)	1	78.66	2,963.28	157.29	
		Diesel (Kiloliter)	1	16.65	585.38	27.68	
		Steam (Cubic meter)	1	963.90	2,656.51	304.30	
		Liquefied petroleum gas (Kiloliter)	1	3.95	109.70	12.25	
		Others (Ton)	2	185.36	1,605.96	302.80	
		Total	21		60,546.20	7,076.22	

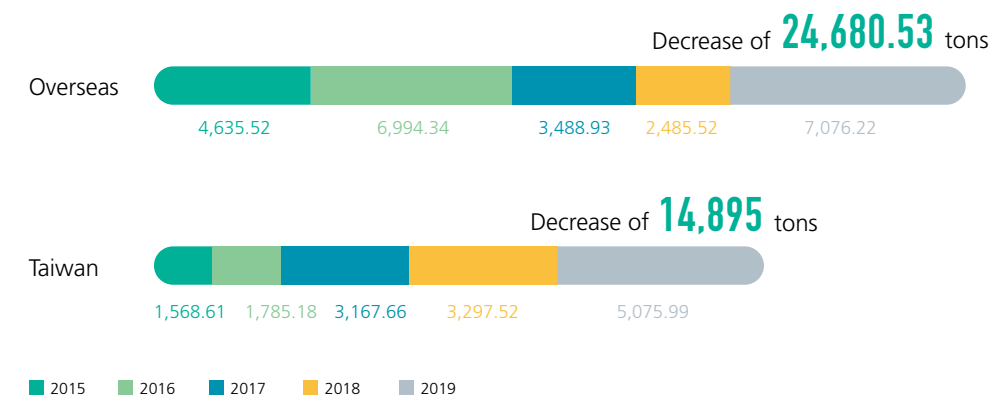
Note: 1. The CO₂ emission equivalent is calculated based on the emission coefficients of electricity, natural gas, petroleum, steam, diesel, and/or others used at individual sites.

2. Scope one: Natural gas, diesel, and others. Scope two: Electricity and purchased steam.

3. The emission amount before equipment replacement or renovation and manufacture process adjustment is the benchmark for carbon reduction calculation.

4. Decreased energy consumption = Amount of energy saving x Calorific value (based on the Table of Heat Content of Energy Products in the Bureau of Energy's 2014 Energy Statistics Handbook)

Carbon reduction from 2015 through 2019



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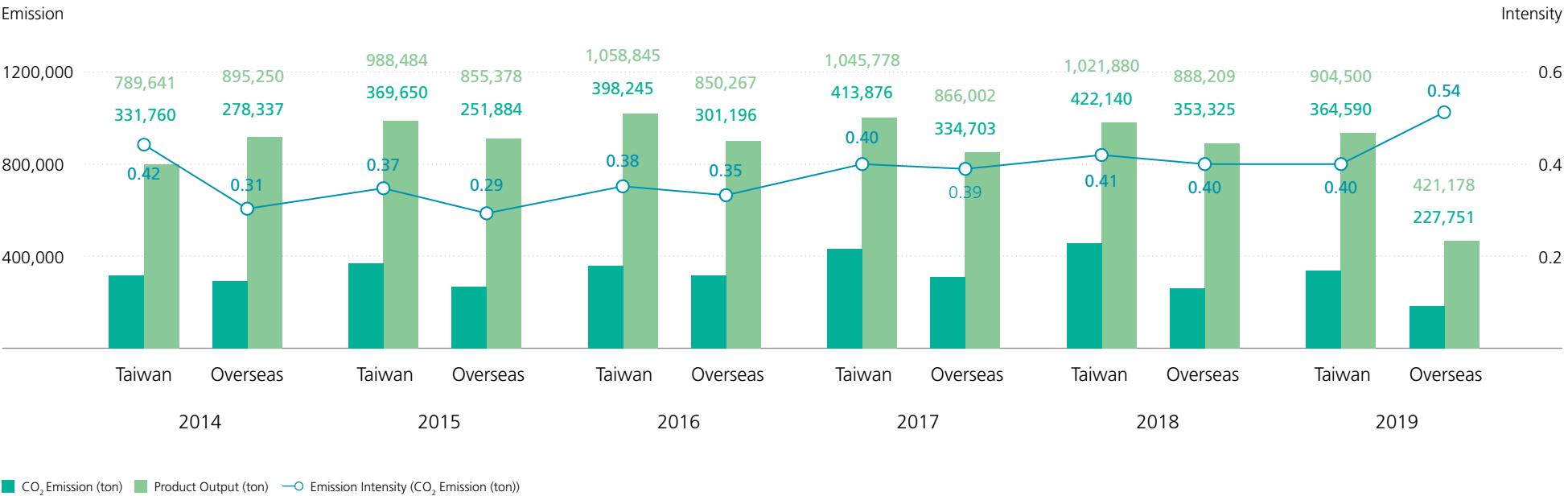
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Greenhouse Gas Inventory

In 2015, Walsin Lihwa set up its environment and safety information platform to inventory greenhouse gas emission and calculate carbon emission per unit of product, collecting information on its Taiwan and overseas sites' self-inventory of greenhouse gas emission on a regular basis. Ongoing annual review, system intellectualization, and greenhouse gas inventory optimization help understand beforehand the quarterly emission status as compared to the same period of the previous year and show a comprehensive trend chart. Moreover, the carbon emission status is subject to quarterly review by the Environment, Health, and Safety Committee for effective carbon emission control, and the company has been promoting conformity with the ISO 14064-1 to its individual sites through verification by third-party accreditation bodies. The Taichung and Yenshui sites in Taiwan have become accredited with the ISO 14064-1 and are expected to be accredited with the latest version of the ISO 14064 in 2021. In every June, the latest ISO certificates accredited to the company as well as the certificate expiration dates are provided on the company's CSR webpage. Walsin Lihwa also actively engages in carbon emission trading in Shanghai to ensure sufficient carbon quotas for the company in the future while painstakingly developing advanced energy saving technologies to strengthen long-term growth opportunities.

Greenhouse gas (GHG) emission and emission intensity at Taiwan and overseas sites



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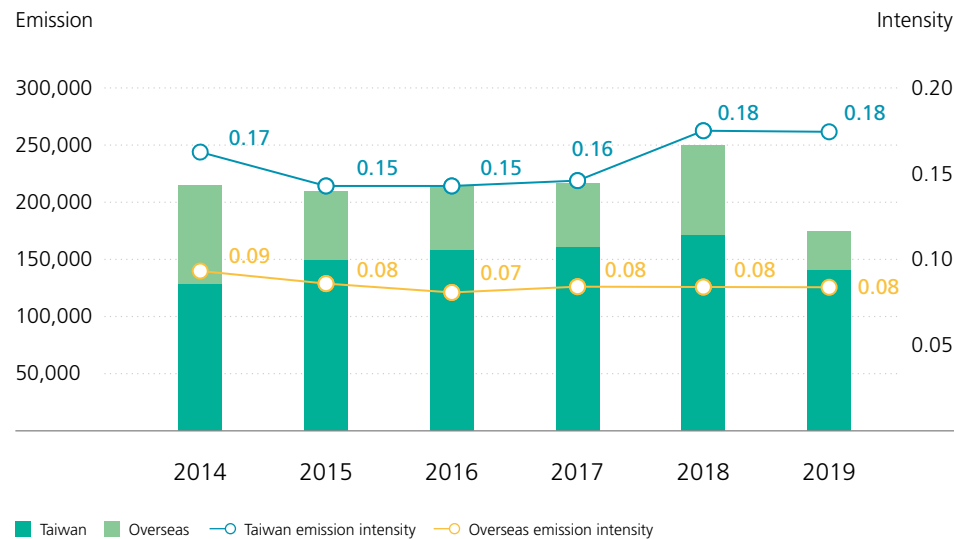
6 Local Social Responsibility and Common Prosperity

Appendix

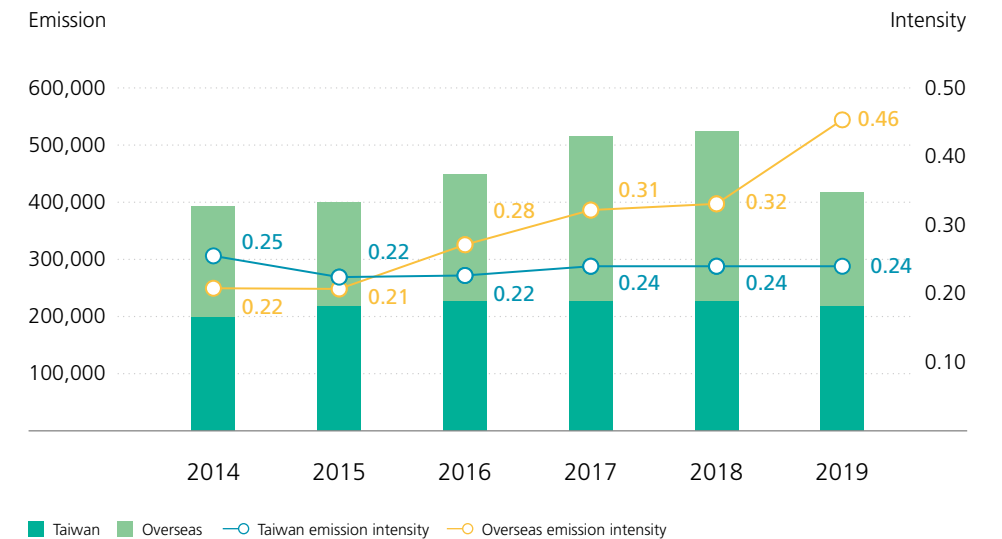
Greenhouse Gas Emission

In 2013, Walsin Lihwa started to audit its greenhouse gas emission intensities (metric tons of CO₂ emission/metric tons of product output), and the intensities at the Taiwan and overseas sites, exclusive of real estate development, were respectively 0.42 and 0.31. In 2014, individual sites of Walsin Lihwa started to actively implement energy saving solutions and, after six years' implementation, the intensities at the Taiwan and overseas sites, exclusive of real estate development, were respectively 0.40 and 0.54 in 2019, respectively 4.7% lower and 74% higher than those in the benchmark year. The intensity increase at the overseas sites can primarily be attributed to the circumstance resulting from product structure adjustments and a plant divestment was very different from that in the benchmark year. Product structures are expected to become steady in 2020, when energy saving and carbon reduction measures along with gradually increased renewable energy utilization will decrease greenhouse gas emission per product to help limit global warming to below 2°C at minimum and then to limit it to below 1.5°C for low-carbon economy development. Walsin Lihwa will continue grasping each and every opportunity of carbon reduction.

Scope One : Direct greenhouse gas (GHG) emission



Scope Two: Indirect greenhouse gas (GHG) emission



Note: 1. Scope One and Two refer respectively to direct and indirect energies, while greenhouse gas (GHG) emission includes CO₂、N₂O、CH₄、HFCs、SF₆

2. Taiwan sites are in Yangmei, Hsinchuang, Yenshui, and Taichung

3. Overseas sites include Dongguan Walsin, Shanghai Walsin, Yantai Walsin, Changshu Walsin, Jiangyin Walsin, and Walsin Precision.

4. The unit of emission is CO₂ emission expressed in metric tons and the unit of intensity is CO₂ emission expressed in metric tons/product output expressed metric tons.

5. The emission coefficient is based on the 6.02 version of the greenhouse gas emission coefficient management table (IPCC 2nd Assessment Report in 1995) published by the Industrial Development Bureau for self-auditing. Global warming potential (CWP) is dealt with by the operational control method.

6. 2014 is the company's benchmark year for energy saving solution implementation.

7. Scope Two emission is calculated by the location-based method.

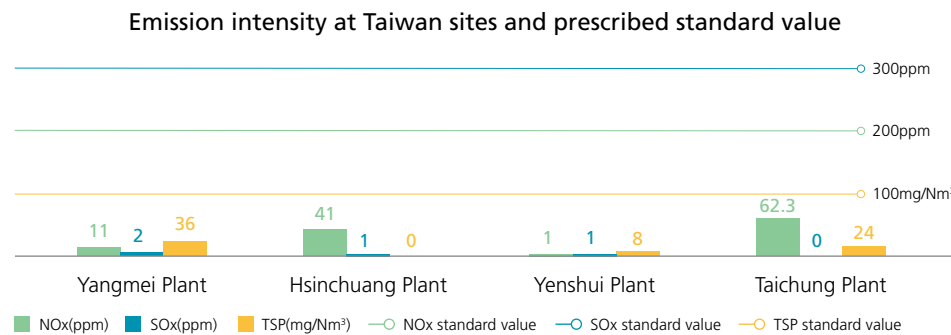
5.3 Resource Recycling and Pollution Prevention



5.3.1 Air pollution control and amount of pollutant emission

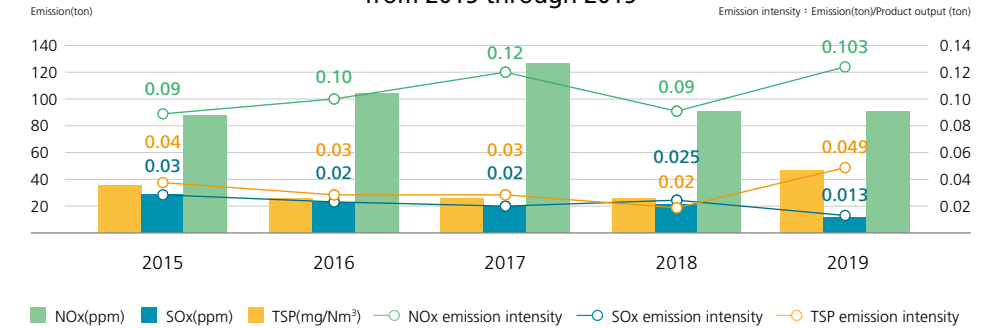
To strengthen many environmental protection initiatives, Walsin Lihwa continues its manufacture process optimization, having various effective air pollution control systems implemented. The company's air pollution prevention measures start from plant setup planning and last through production and use of materials. Its plant design makes good use of best available control technologies, and its production adopts best air pollution prevention equipment to decrease waste exhaust. In 2019, natural gas replaced coal fuel at the company's Hsinchuang plant while electricity replaced diesel at Shanghai Walsin Power Wire and Cable Co. and the overall emission intensity became lower than the upper limit prescribed by law. At Walsin Lihwa, nitrogen oxides (NOx), sulfur oxides (SOx), and suspended particles (TSP) among others are subject to air pollution control. In 2019, the NOx emission intensity per product increased slightly by 14%, the SOx emission intensity per product decreased 48%, and the particle emission was higher than that in 2018 due to increased placement and storage of raw materials as prescribed by law, but the total emission of NOx in Taiwan and overseas was 7.79% lower than that in 2018 and the total emission of SOx decreased 56.90%. With individual pollutants in compliance with relevant environmental protection laws and regulations, the company will continue strengthening its various air pollution reduction initiatives.

NOx, SOx, and TSP emission

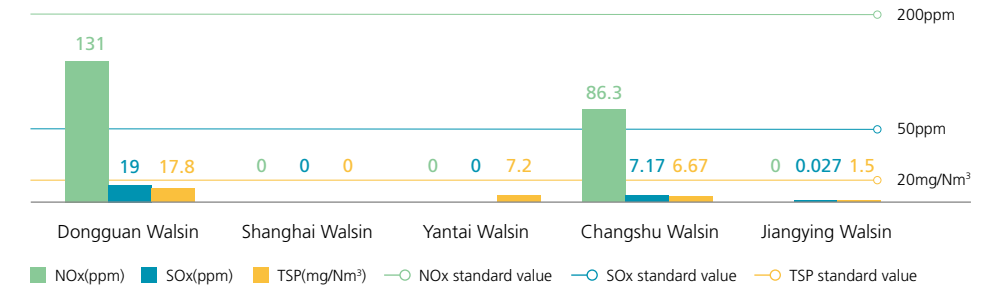


Note: 1. The above emission data are reported to the Environmental Protection Administration in Taiwan and individual local environmental protection bureaus in Mainland China on a regular basis in compliance with relevant laws and regulations. 2. The above annual emission coefficient calculation is based on: Detected intensity * air flow * time. 3. Taiwan sites included: Yangmei Plant, Hsinchuang Plant, Yenshui Plant, Taichung Plant. 4. Overseas sites included: Dongguan Walsin, Shanghai Walsin, Yantai Walsin, Changshu Walsin, Jiangying Walsin, Walsin Precision

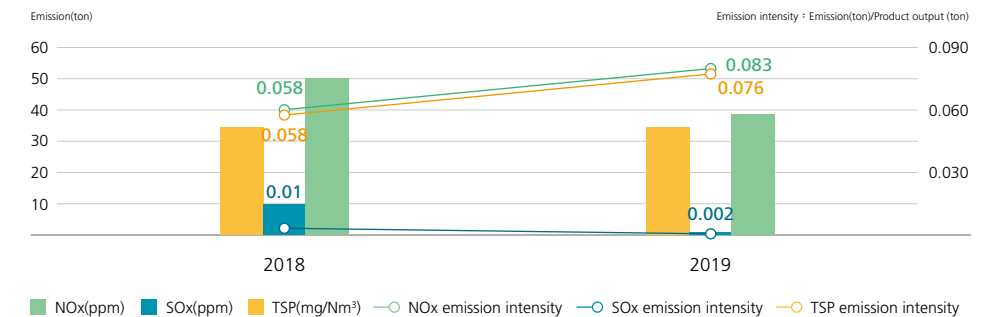
Total amount of waste exhaust and emission intensity at Taiwan sites from 2015 through 2019



Emission intensity at overseas sites and prescribed standard value



Amount of emission and emission intensity at overseas sites from 2018 though 2019



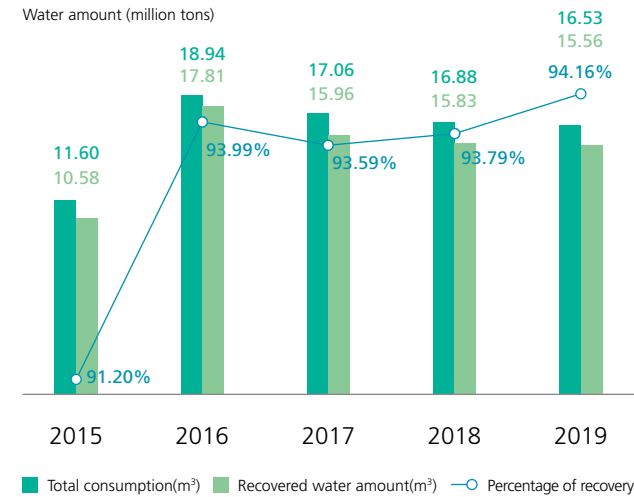
5.3.2 Water resource utilization

Water source and water conservation

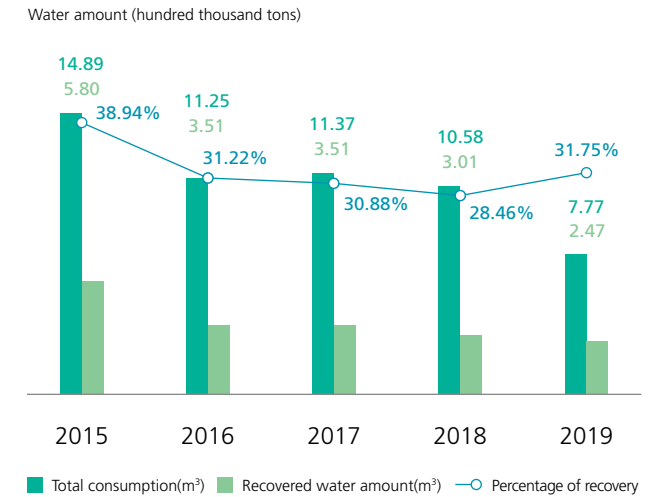
Walsin Lihwa is committed to water resource protection and conservation by the Three R's (Reduce, Reuse, and Recycle), recovering rainwater, process water, and black smoke mist throughout production to save water. Tap water is our primary water resource for production, and the Taiwan sites used a total of 165.27870×10^5 cubic meters of water in 2019, when the overseas sites used 7.76713×10^5 , according to water meter readings and water bills. The 165.27870×10^5 cubic meters and 7.76713×10^5 were 2.1% and 26.56% lower than those in 2018.

The 2019 monthly water consumption at the Taiwan and overseas sites included 8.84156×10^5 cubic meters of tap water, 0.65765×10^5 cubic meters of groundwater, 5.53319×10^5 cubic meters of industrial water, and 158.0104×10^5 cubic meters of water recovered from processes. The consumption of purchased water per product at the Taiwan sites (Yangmei, Hsinchuang, Yenshui, and Taichung) and overseas sites (Dongguan, Shanghai, Yantai, Changshu, Jiangyin, and Malaysia) amounted respectively to 1.07 cubic meters and 1.18 cubic meters, approximately 3.88% and 38.8% higher than those in 2018 (based on water meter readings and water bills). The increase can primarily be attributed to decreased output and a plant divestment but the total water consumption was 3.51% lower than that in 2018 because of ongoing water saving and recovery efforts at Walsin Lihwa, where water recovery and reuse in Taiwan was 0.4% higher than that in 2018 while overseas water recovery and reuse was 11.56% higher than that in 2017. Continuing plant and capacity expansion, Walsin Lihwa achieved absolute water reduction by effective reuse of recovered process water.

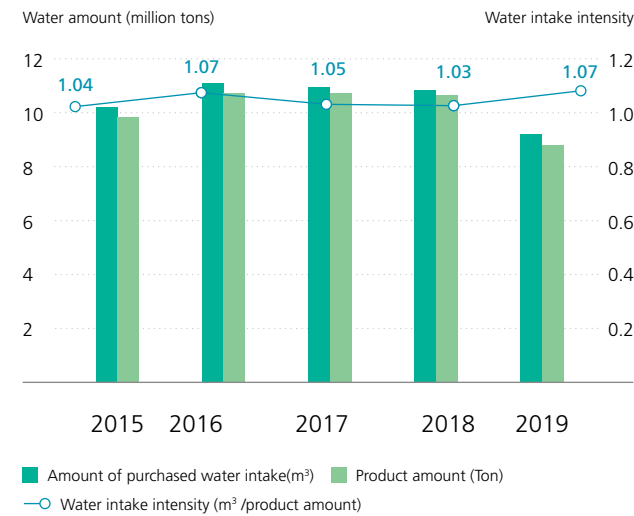
Water use and recovery at Taiwan sites



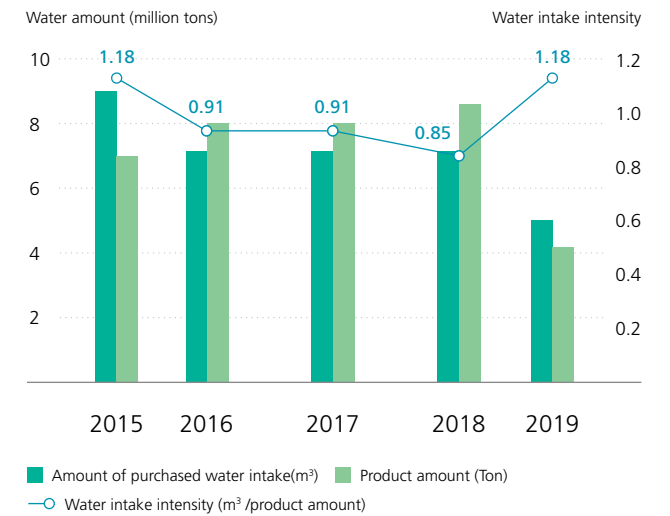
Water use and recovery at overseas sites



Amount of purchased water intake and water intake intensity at Taiwan sites



Amount of purchased water intake and water intake intensity at overseas sites



Note: 1. Consumption of tap water, industrial water, and groundwater is primarily based on water meter readings.
 2. Water is primarily recovered from manufacture processes and cooling water, and the water recovered is recorded by water meters.
 3. Taiwan sites included: Yangmei Plant, Hsinchuang Plant, Yenshui Plant, Taichung Plant
 4. Overseas sites included: Dongguan Walsin, Jiangying Walsin, Shanghai Walsin, Yantai Walsin, Changshu Walsin, Walsin Precision

5.3.3 Wastewater treatment

Wastewater at the individual sites of Walsin Lihwa is properly converted by their wastewater treatment facilities to comply with effluent standards, and there are wastewater quality checks on a regular basis to prevent environmental pollution resulting from wastewater emission. The 2019 total wastewater emission at the Taiwan and overseas sites amounted respectively to 4.51812*10⁵ cubic meters and 0.80573*10⁵ cubic meters, and the total emission in Taiwan and overseas was 6.09% than that in 2018. Walsin Lihwa continued decreasing pollutants in wastewater treatment procedures while increasing wastewater reduction, recovery, and reuse in 2019, when the company's Changshu site achieved zero wastewater emission and recovered and reused all its wastewater through biological processing, reclaimed water recovery, and mechanical vapor recompression (MVR) treatment systems.

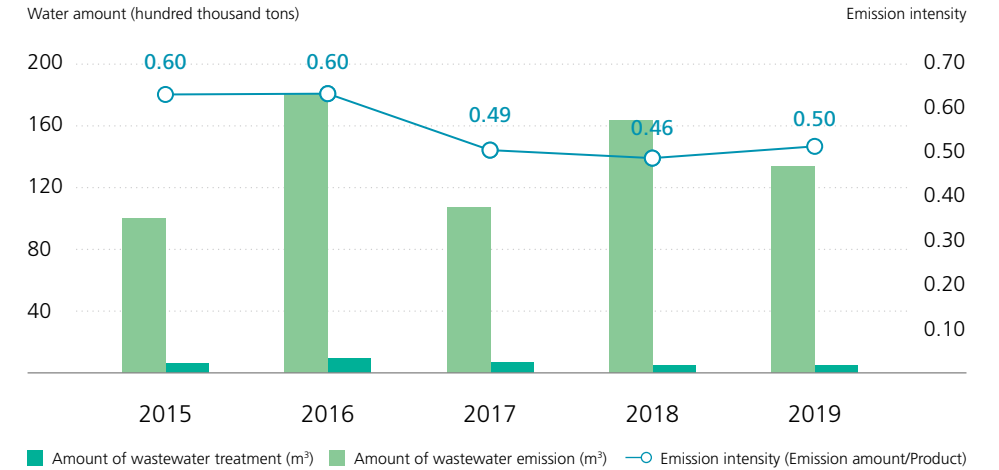
Wastewater emission intensity in Taiwan

Site	BOD	COD	SS	Emission standard	Emission destination
Hsinchuang	12.8	32.2	15.7	Effluent standard: BOD : 30mg/l COD : 100mg/l SS : 30mg/l	Dahan River
Yangmei	Unregulated by environmental law	5.8	2.8		Shezi River
Taichung	10.5	27.6	9.2		Industrial zone piping
Yenshui	Unregulated by environmental law	4.39	5.3	Piping standard: BOD : 300mg/l COD : 550mg/l SS : 300mg/l	Jishui River

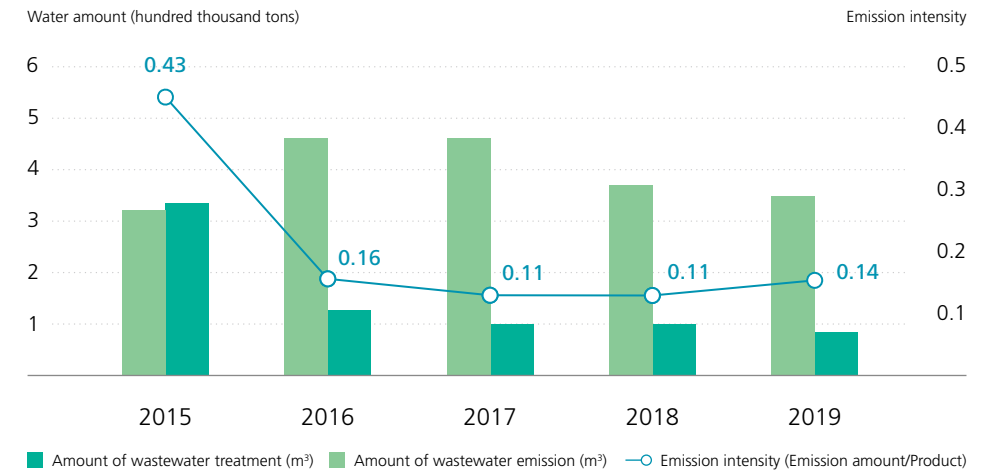
Note: 1. The emission amounts in the above table are based on water meter reading records.
2. Proper wastewater treatment at the Taiwan sites helps make wastewater emission lower than effluent standards.
3. With piping treatment, wastewater at the Taichung site meets effluent standards prior to emission.
4. The data in the above table are the results for water taken from our sites and analyzed by qualified inspection companies

Wastewater emission intensity from 2015 through 2019

Wastewater emission intensity in Taiwan



Wastewater emission intensity in Overseas



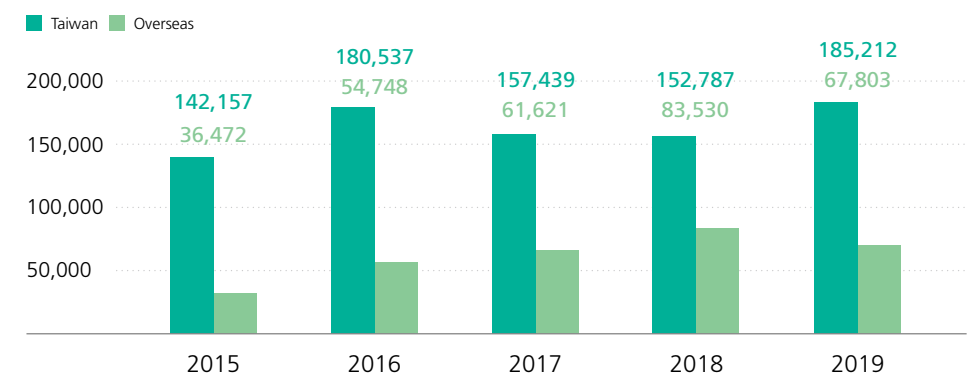
Note: 1. Taiwan sites included: Yangmei Plant, Hsinchuang Plant, Yenshui Plant, Taichung Plant
2. Overseas sites included: Dongguan Walsin, Jiangying Walsin, Shanghai Walsin, Yantai Walsin, Changshu Walsin, Walsin Precision

5.3.4 Waste and resource recycle

Committed to circular economy development and the 4 R's (Reduce, Reuse, Recycle, and Recovery), Walsin Lihwa can have as high as 96% of its used and junked power cables and wires as well as stainless steel products recovered and reused. The overall recovery and reuse rates of non-hazardous and hazardous wastes are respectively 98.82% to 99.54% and 80.94% to 97.20%.Walsin Lihwa recovers and reuses part of its wastes and the rest of the wastes are cleaned up or reused by qualified contractors. In 2019, the reuse of non-hazardous wastes at the Taiwan sites was 0.4% higher than that in 2018, and the reuse of hazardous wastes increased to 2.4%. The percentage of landfills in 2019 at the Taiwan sites was 43.92% lower than that in 2018, decreasing from 1.07% to 0.60% primarily because of decreased sludge output resulting from the Yenshui site' s waste acid treated and reused by the Taichung site. The recovery percentage in 2019 at the overseas sites was 2.23% higher than that in 2018, increasing from 92.81% to 94.88%, primarily because the Yantai site stopped outsourcing electric arc furnace dust treatment to have such dust treated and reused by itself. Walsin Lihwa will keep the percentage of landfills under 1% by ongoing promotion of waste reduction at source as well as waste recovery and reuse throughout its sites, and leverage its whole supply chain to decrease raw material consumption and environmental burdens resulting from production, realize its ideal of circular economy with ongoing development of innovative environmental protection

technologies, strengthen business sustainability, and keep perfecting the audit and control of whereabouts of its wastes as well as waste treatment contractors to ensure legal compliance.

Total amount of wastes at Taiwan and overseas sites from 2015 through 2019



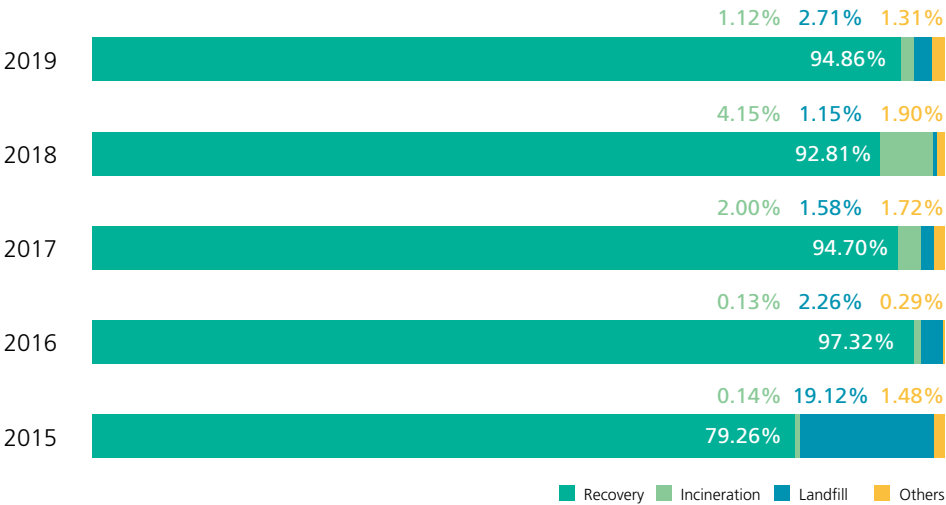
Percentages of different approaches to waste treatment at Taiwan & overseas sites from 2015 through 2019

Area Treatment	Taiwan			Overseas		
	Non-hazardous waste	Hazardous waste	Total	Non-hazardous waste	Hazardous waste	Total
Recovery	146,902.68	36,576.26	183,478.9	52,246.859	12,085.838	64,332.70
Incineration	415.05	0	415.05	175.5	582.47	757.97
Landfill	64.3	1,055.14	1,119.44	424.48	458.57	883.05
Others	198.84	0	198.84	24.467	1,805.297	1,829.76
Total	147,580.87	37,631.4	185,212.3	52,871.306	14,932.175	67,803.48
Recovery percentage	99.54%	97.20%	99.06%	98.82%	80.94%	94.88%
Incineration percentage	0.28%	0.00%	0.22%	0.33%	3.90%	1.12%
Landfill percentage	0.04%	2.80%	0.60%	0.80%	3.07%	1.30%
Others	0.13%	0.00%	0.11%	0.05%	12.09%	2.70%

Percentages of different approaches to waste treatment at Taiwan sites



Percentages of different approaches to waste treatment at Overseas sites



Note: 1. Taiwan sites included: Yangmei Plant, Hsinchuang Plant, Yenshui Plant, Taichung Plant
2. Overseas sites included: Dongguan Walsin, Shanghai Walsin, Yantai Walsin, Changshu Walsin, Jiangying Walsin, Walsin Precision

5.3.5 Legal Compliance

Walsin Lihwa has been effective in decreasing the fines resulting from environmental protection violations over the past several years. In Mainland China in particular, the company has made significant progress in self-environmental regulation as well as ongoing amelioration and improvement in response to environmental protection policy amendments and government requirements. In 2019, Walsin Lihwa received 2 infringement notices for air pollution and 1 infringement notice for water pollution. Amelioration and improvement were accordingly completed afterward.

Area	Incompliance	Plaintiff	Non-monetary penalty (Shutdown)	Fine ^{Note}
Taiwan	Air Pollution Control Act	Environmental Protection Bureaus of Taichung and Tainan	None	NT\$200,000 twice
Mainland China	Regulation on Urban Drainage and Sewage Treatment	Urban Administrative and Law Enforcement Bureau of Jianye District, Nanjing	None	RMB\$50,000 once
Malaysia	None	None	None	None

Note: Only a fine amounting to NT\$100,000 or RMB\$22,000 is considered a material fine subject to disclosure by Walsin Lihwa.

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6.1 Social Engagement Policy

6.2 Empathizing with the Underprivileged

6.3 Caring for Ecology

6.4 Community Outreach

6.5 Corporate Citizenship

Appendix

CHAPTER

6



Local Social Responsibility and Common Prosperity

6-1 Social Engagement Policy

6-2 Empathizing with the Underprivileged

6-3 Caring for Ecology

6-4 Community Outreach

6-5 Corporate Citizenship

Sustainability Promotion Strategy

Promotes mutual development with local communities to gain greater social influence

Strategy	Objectives for 2019	2019 Results	Objectives for 2020
	Solidify the Impact of our Social Influence	<ul style="list-style-type: none"> Donated to the Taipei Veterans General Hospital for its acquisition of heavy particle cancer treatment equipment Donated to the Wei Haimin Chinese Opera Foundation Supported Chung Yuan Christian University's smart industry 4.0 demonstration site development 	<ul style="list-style-type: none"> Continue donation to cultural, medical care, and technology development programs to help strengthen social harmony and prosperity
Engages in charity and increases influence through four major aspects: <ul style="list-style-type: none"> Corporate citizenship Care for the underprivileged Environmental conservation Neighborhood improvements 	Take effective care of the underprivileged	<ul style="list-style-type: none"> Continued funding the Light up the Corner Throughout Taiwan Project for the 3rd year by donating to 5 schools for their promotion of music and physical education and visited 4 of them for filming their training and participation in competition Donated to 12 child welfare organizations throughout Taiwan Held 2 filial piety events Held road race and charity bazaar events 	<ul style="list-style-type: none"> Continue donation to the underprivileged and encourage employees to take part in public interest events
	Strengthen environmental protection and conservation	<ul style="list-style-type: none"> Held an organic market event Organized the plants throughout Taiwan for beach cleaning Provided 11 lectures of environment and ecology education Worked with the National Chung Hsing University for provenance protection and restoration of Taiwan endemic plants 	<ul style="list-style-type: none"> Continue promoting environmental protection and conservation to employees to strengthen their environmental consciousness and understanding of environmental sustainability
	Promote community development	<ul style="list-style-type: none"> Increased Mandarin Daily News reading for elementary and junior high schools to 15 schools in the cities and counties where Walsin Lihwa plants are located and provided bilingual newspaper reading to 25 junior high schools in Kaohsiung Donated to 5 elementary school for after school tutoring in Yenshui Adopted a park in the Taiping district for air quality cleaning in Taichung 	<ul style="list-style-type: none"> Continue community outreach at or near plant sites through various exchange and feedback events to strengthen community relations



Bilingual newspaper reading provided to 25 junior high schools



Donated to the Taipei Veterans General Hospital for its acquisition of heavy particle cancer treatment equipment



Started to adopt the Taiping air quality cleaning district in Taichung

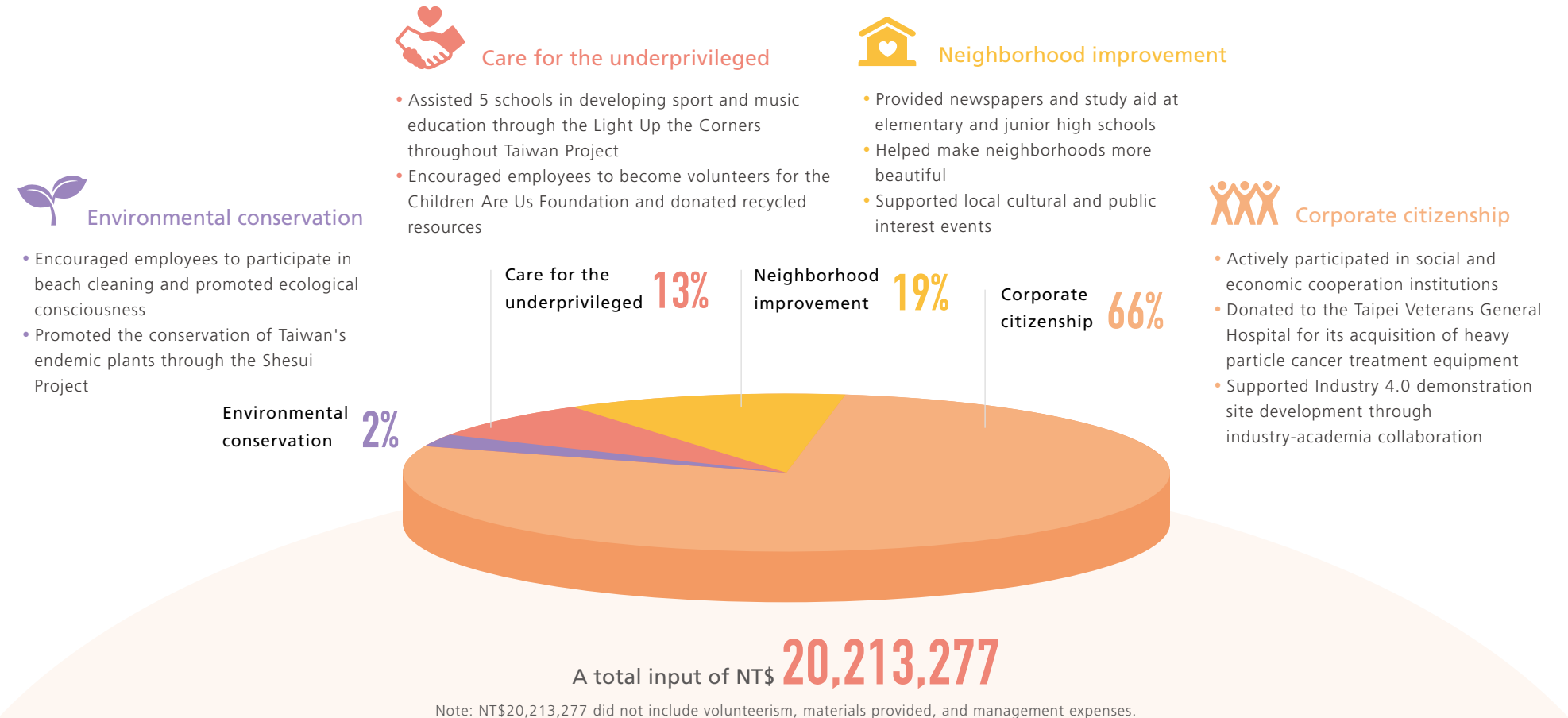
6.1 Social Engagement Policy



Years of commitment to public interest and welfare at Walsin Lihwa has incorporated sustainable development into one of the company's core values. Walsin Lihwa not only pursues ongoing business growth but also dedicates itself to community communion, care for the underprivileged, environmental protection and conservation, neighborhood improvement, and corporate citizenship. Walsin Lihwa employees take part in various events to personally take care of the underprivileged, fulfill corporate citizenship, help resolve social development issues, and expand their positive influences from where they work to nearby communities and beyond.

Social Care Initiatives at Walsin Lihwa

Social participation in 2019



6.2 Empathizing with the Underprivileged

A progressive society requires balanced development in every aspect. In this regard, Walsin Lihwa started with providing education opportunities and good quality of education to underprivileged children to help sow seeds of hope for the future. In 2019, Walsin Lihwa continued funding the Light up the Corner Throughout Taiwan Project and donating to 12 child welfare organizations in Taiwan, volunteering to help mentally challenged children learn baking, donating recycled resources, and hosting the annual family road race and fete in The Village, Nanjing.

6.2.1 “Light Up the Corners throughout Taiwan” Project

To show our gratitude on Walsin's 50th Anniversary, the company implemented the "Light Up the Corners throughout Taiwan" five-year donation plan at the end of 2016, hoping to spread warmth and light. The donations will help 5 elementary and junior high schools in Taiwan, and will provide students with a better teaching environment and facilities for developing sports and music education. In 2019, the 5 elementary and junior high schools that participated in the project all produced inspiring results in various fields.



➤ Highlights of Light up the Corner Throughout Taiwan Project Implementation



Taiwu Elementary School (Pingtung)

Violin and Piano Courses

Outsourced piano and violin teachers to teach the students interested in music on a weekly basis.

Arranged students to perform at school and community events such as Mother's Day, Christmas, and care for tribal seniors celebrations to increase their onstage experiences and motivation of learning, develop their music talent and what they are really interested in, and help them better know themselves through music.



Datong Elementary School (Yilan)

Youth Baseball and Percussion

Won the baseball championship at the 2019 Taiya tribal sports meet, participated in baseball games in Taipei and Hualien, participated in student music contests and performed at various events in Yilan.

Helped expand children's vision through music and sports as well as participation in various contests and games.

Guangwu Junior High School (Hsinchu) Outdoor Experience Courses

Provided outdoor curriculums such as river trekking, mountain hiking, snorkeling, and cycling.

Arranged 4 sessions of mountain hiking in September and October for 200 school performance- and stamina-qualified students accompanied by 3 mountain hiking club members from the stainless steel business unit.



Huaren Junior High School (Hualien) Youth Baseball, Soccer, Dance, Percussion, and Track and Field

Won excellence awards at national classic and modern dance as well as percussion contests, the 1st place at the national youth league baseball championship and the spring finals of the national youth league soccer championship, the 2nd place at the national youth league soccer championship, and broke the records of 100- and 200-meter races at the national youth track and field open in New Taipei.



Gaoshi Elementary School (Pingtung) Soccer, Judo, and Ancient Ballads Troupe

Shown excellent results in soccer, judo, and ancient ballad courses.

Performed well at Yilan and Pingtung county soccer games as well as the national youth soccer conference games, won the 1st place at the Pingtung county elementary school soccer championship, participated in the Pingtung county judo championship, and cited ballads on the Taiwan Lantern Festival.

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6.2.2 Care for the Underprivileged

Walsin Lihwa and its employees consider the education for children very important, and the company regularly donates to the World Vision Taiwan, Taiwan Fund for Children and Families, Child Welfare League Foundation, Lian Xin Yuan Education and Nursing Center, and Chinese Children Home and Shelter Association; a total of NT\$1,600,000 was donated to the 12 children welfare organizations in 2019.



Volunteerism for mentally challenged children

Had 18 employees' involvement in 2019 in the Little Helpers of Love, an employee volunteerism program from a humanistic perspective starting 2012 before every Mid-Autumn Festival to go to a sheltered workshop and restaurant for mentally-challenged children to help them make moon cakes to support the restaurant, share care and love, and develop the children's work skills for them to support themselves and better blend themselves into society.



Donation of child books to remote rural villages

Raised 22 boxes of 837 books throughout Taiwan plant sites in 2019 for donation primarily to Taiwu Elementary School to help enrich the school library and develop students' interest in reading as part of the Light up the Corner Throughout Taiwan Project as well as the company's year-end donation of recycled resources starting 2012.



Public interest and charity events in The Village, Nanjing

Raised RMB\$34,000 for public interest and charity purposes by organizing the annual road race for 294 families and the annual charity bazaar for 135 families in 2019.



Care for elderlies

Promoted filial piety together with Love Network Foundation in 2019 by sending 35 volunteers to visit elderlies living alone to understand their needs in-depth and provide assistance accordingly.



6.3 Caring for Ecology



6.3.1 Promotion of the Protection and Restoration of Taiwan's Endemic Plants

The Baoshan Shesui Project implemented by Walsin Lihwa is intended to cultivate talents for endemic plant conservation, collection and management by working with the College of Agriculture and Natural Resources, National Chung Hsing University to build a seedling cultivation net house and an open seedbed. Efforts are directed towards reforestation, environmental education, conservation and promotion, and protection of Taiwan's diverse plants and animal species. In order to become more focused on the project implementation, we have established the Huabao Conservation and Breeding Co., Ltd. with Winbond Electronics Corporation in 2018. Huabao will focus on Taiwan's forest protection and endemic plant restoration. The project was implemented as scheduled in 2019.

6.3.2 Beach Cleaning and Ecology Education Promotion

Beach Cleaning in Yuanli, Miaoli

Walsin Lihwa started to promote beach cleaning to employees in 2015. In 2019, 240 volunteers consisting of employees from 5 Walsin Lihwa plants in Taiwan along with their families and friends went to Yuanli, Miaoli for beach cleaning. Many young people joined them for the significant volunteerism to help keep a sustainable environment for generations to come. Afterwards, they went to a nearby farm for ecology education and ecological experience.



Film sharing and lectures

The film Plastic China was shared with 5 Walsin Lihwa plants in Taiwan in 2019 to help employees understand plastic garbage issues and oceans increasingly polluted by plastic fragments. There were also relevant lectures shedding light on ethic and gender inequality issues.

Lecturing on reuse of resources

As circular economy for reuse of many resources in daily life has become a focus of attention over the past few years, Walsin Lihwa conducted a worn-out clothes transformation DIY workshop in 2019 at its Taipei head office to teach how to scissor cut such clothes and easily weave the cut into coasters, pot mats, and even floor mats to effectively recycle and reuse what would otherwise be incinerated.



6.3.3 Organic Farming Promotion

Since 2012, Walsin Lihwa has been holding its annual organic farmers' market event at its Taipei head office, where small farmers are invited to provide fresh, organically and sustainably grown fruits and vegetables as well as processed agricultural products for employees to buy such pesticide-free foods and engage in exchange with small farmers to understand the importance of ecological sustainability.



6.4 Community Outreach



Walsin Lihwa's plants in Taiwan continue to support local culture, local activities, and the out underprivileged in communities by effectively using resources to drive community development. Our plants have participated in the following affairs:

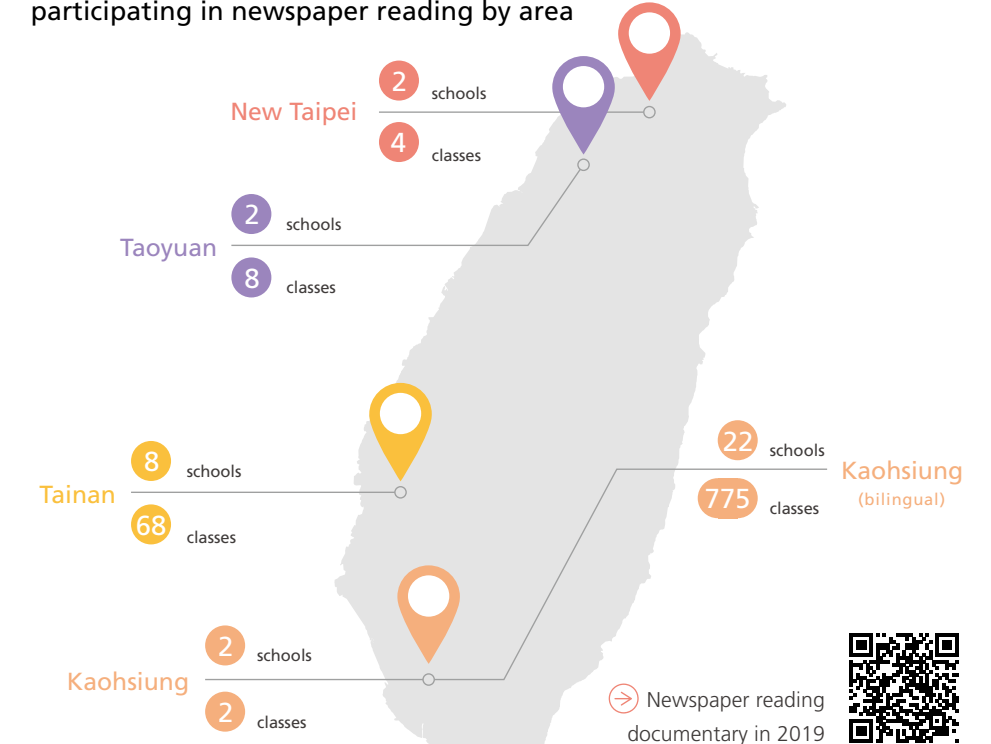
6.4.1 Newspapers and Study Aid at Elementary and Junior High Schools

In the second half of 2014, Walsin Lihwa began working with Mandarin Daily News to provide the newspaper to elementary and junior high schools near Walsin Lihwa plants in Taiwan. Teachers introduce topics reported in the newspaper to students, and broaden their horizons through interactions and discussions, while laying a solid foundation in their linguistic ability. Subscription to Mandarin Daily News was provided to 14 schools including 82 classes in 2019, when 36 volunteers from Walsin Lihwa went to Nansheng Elementary School in Taoyuan and Annei Elementary School in Tainan -- 2 schools in cooperation with Walsin Lihwa for learning facilitated by newspaper reading -- to help make newspaper reading interactively fun and entertaining to stimulate students' interest in learning by concretizing knowledge.

In 2019, Walsin Lihwa also worked with the PSA Charitable Foundation and Mandarin Daily News to provide bilingual newspaper reading at Kaohsiung junior high schools including 775 classes to strengthen their students' aural and reading comprehension, oral fluency, and writing proficiency as well as interest in reading by providing the newspaper's Chinese-English bilingual edition.

Walsin Lihwa also continued its donation to schoolwork guidance at 8 elementary schools in Yenshui to help bridge the urban-country divide in education.

Elementary and junior high schools participating in newspaper reading by area



Volunteerism for assistance in newspaper reading in North Taiwan

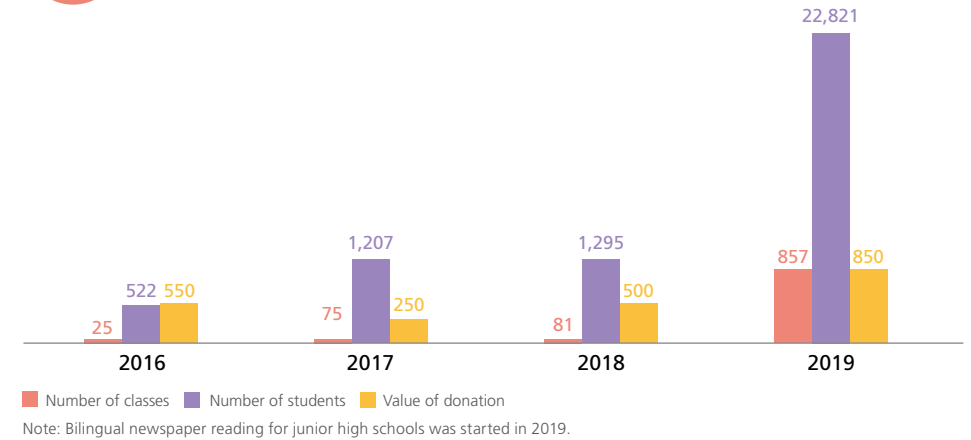
In April 2019, 18 employee volunteers from the Yangmei and Hsinchuang plants visited Nanshing Elementary School in Taoyuan to assist 3 classes of 54 students in 4th and 5th graders in newspaper reading to help make newspaper reading interactively fun and entertaining.

Volunteerism for assistance in newspaper reading in South Taiwan

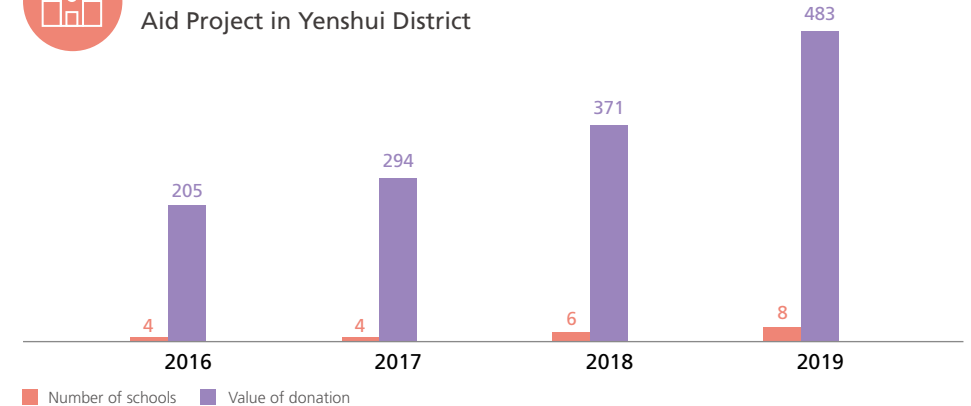
In December 2019, 18 employee volunteers from the Yenshui plant assisted Annei Elementary School in Yenshui District, Tainan in newspaper reading in an interactive manner. Established for almost 30 years, the Yenshui plant has strong affinity for Yenshui and always wants to help local children develop a habit of reading to better understand the world by newspaper subscription donation to 8 elementary schools throughout Yenshui.



Results of the Elementary and Junior High School Newspaper Reading Project



Results of the Elementary School Study Aid Project in Yenshui District



6.4.2 Making Neighborhoods More Beautiful

Our plants in Taiwan support local community environment cleaning, sterilization, and show appreciation to environmental volunteer group. The plants have also continued to give back to local communities by cleaning, maintaining, greening, and beautifying nearby roads or parks, providing local communities with an excellent environment and cityscape. We spent a total of NT\$804,950 in 2019 on planting, cleaning, maintenance, and beauti-fication of the roads and parks we adopted.

Taipei Head Office

Recognized as a "Green Resource Tree Adoption Role Model" by the Taipei City Government for its adoption of greenbelts and sidewalks within the vicinity of Songzhi Park.



Yangmei Plant

Recognized by the Civil Affairs Office of Yangmei District for its adoption of a local greenbelt in 2015 to start a monthly clean-up of an adjacent road



Hsinchuang Plant

Adopted a triangle-shaped piece of green land nearby and trimmed trees outside the factory area.



Taichung Plant



- Adopted Jing 3rd Road and engaged in sidewalk cleaning and tree maintenance
- Started to support the Taichung City Government's air quality cleaning district promotion in 2018 to co-adopt a bike route with a local community, and won an excellence award from the Taichung Environmental Protection Bureau in 2019
- Adopted the Taiping air quality cleaning district in Taichung in 2019

Yenshui Plant

Recognized by the Tainan's City Government for its adoption of the County Road 80 near the plant since 2014, planting trees, and cleaning its vicinity



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6.4.3 Support for Local Events



Support for Local Culture



- Sponsored the Lantern Festival event in Hsisheng Borough, Hsinchuang District, New Taipei
- Assisted in a temple fair event in Hsisheng Borough, Hsinchuang District, New Taipei
- Sponsored the 2019 Taiwan Lantern Festival-Yenshui Beehive Firecrackers Folkloric Celebration
- Sponsored the Mazu festival of Hubi Temple, Yenshui District, Tainan
- Sponsored the Tainan City Yenshui District Office's Yenshui Shopping District Yi Noodles Festival
- Sponsored the Yenshui District Office's 2020 Yuejin Lantern Festival



Community Care



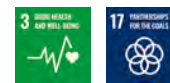
- Sponsored New Taipei's Futian Welfare Foundation's Double Ninth Festival event
- Sponsored the 60th anniversary celebration of Nanshing Elementary School
- Sponsored a local community's Mid-Autumn Festival party as well as a municipal policy promotion event
- Sponsored the events for senior citizens in Yenshui District and Houbi District, Tainan
- Sponsored the Tainan Youngster Recreation Promotion Association's winter donation to the underprivileged in 2019



Good Relationships with Neighbors

- Sponsored activities of New Taipei's Hsinchuang District Guanghua Civil Defense Branch, Guanghua Friends of the Police Station, Guanghua Volunteer Police Brigade, and Hsinchuang Civil Defense Squadron No. 2
- Sponsored the Ghost Festival rituals in Hsinchuang District, New Taipei
- Sponsored a local police station's Mid-Autumn Festival party in Hsinchuang District, New Taipei
- Sponsored community, civic organization, and temple events in Xinying District, Yenshui District, and Houbi District, Tainan
- Sponsored events held by civil defense as well as volunteer firefighter and police units in Yenshui District, Tainan
- Sponsored the Tainan Municipal Sports Federation's labors hiking outing event in 2019
- Sponsored Annei Elementary School's parents education, family workout and commencement ceremony
- Sponsored Yenshui Elementary School's 122nd anniversary sports meet, fete, and commencement ceremony
- Sponsored Renguang Elementary School's year-end thanksgiving event and character education achievements demonstration
- Sponsored the Greater Taiwan Tainan Women's Association's Mid-Autumn Festival reunion and dance works emulation event in Baihe District
- Sponsored a Tainan city assemblywoman's 2019 Mid-Autumn Festival creative rope skipping emulation event
- Sponsored the Xinying Softball Association's Greater Taiwan slow pitch softball invitational match for environmental protection promotion
- Sponsored the Taiwan Karaoke Promotion Association's Double Tenth Day classic old song concert

6.5 Corporate Citizenship



Driving Industrial, Economic, and Technological Development

To drive social development, economic cooperation and exchange, and fulfill its CSR, Walsin Lihwa is actively participating in social and economic cooperation institutions (such as the Chinese International Economic Cooperation Association, Epoch Foundation, Cross-Strait Peace Foundation, Chinese National Association of Industry and Commerce, Taiwan, The Third Wednesday Club, Cross-Straits Common Market Foundation and the Cross-Strait CEO Summit), thereby showing the corporate spirit of social inclusion.

Donation to the Taipei Veterans General Hospital

In 2019, Walsin Lihwa, Winbond Electronics, Passive System Alliance, and Hannstar Display under the Walsin Lihwa Group donated NT\$50 million to the Taipei Veterans General Hospital for the latter's acquisition of heavy particle cancer treatment equipment as well as other advanced equipment and instruments.

The hospital has been developing the latest radiotherapies and precision medicine by R&D investment in eHealth for tumor diagnosis and treatment, and has also brought in Taiwan's first ever heavy particle radiotherapy system to work with its scan radiation and dynamic tracing technologies, so that the precision of diagnosis and treatment can be further enhanced by staying on top of the movement of the organs that shift along with respiration and by support of tumor shapes radiation. The heavy particle radiotherapy system implementation and testing will commence when construction of the hospital's new medical center is completed in June 2020 to timely provide advanced treatment to cancer patients.



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Support Chung Yuan Christian University "Industry 4.0 Industry Academia Collaboration Base" Project

Walsin Lihwa responded to the government's Asia Silicon Valley strategy by supporting industry-academia collaborations for promoting economic and industrial knowledge and technology-related innovation policies. Since 2017, we began to collaborate with Chung Yuan Christian University in the "Smart Manufacturing R&D Center and Industry 4.0 Demonstration Site" for developing a smart technology and manufacturing innovation demonstration center. The center, which was completed in March 2019, will drive innovation in industry and academia through cross-disciplinary technology integration, and serve as a basis for cultivating elite talent for the industry, driving social and economic development.



(Photo / Linglan)

Support for traditional opera culture succession

Traditional Chinese operas can help contemporaries understand ancient times and should be conserved and cherished. Supporting the succession of traditional Chinese operas, Walsin Lihwa donated to the Wei Haimin Chinese Opera Foundation in 2019 to help promote traditional Chinese operas and help more people appreciate the beauty of such operas.

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Appendix 1 Table Comparing Contents of Global Reporting Initiative Standards

* Voluntary Disclosure

GRI Standards	Information Disclosed	Corresponding chapter	Page	Remarks
GENERAL DISCLOSURES				
GRI 102 : GENERAL DISCLOSURES 2016				
Organizational profile				
102-1	Name of the organization	About the Report	002	
102-2	Activities, brands, products, and services	2.1 About Walsin Lihwa	030	
102-3	Location of headquarters	2.1 About Walsin Lihwa	030	
102-4	Location of operations	2.1 About Walsin Lihwa	030	
102-5	Ownership and legal form	2.1 About Walsin Lihwa	030	
102-6	Markets served	2.1 About Walsin Lihwa	030	
102-7	Scale of the organization	2.1 About Walsin Lihwa	030	
102-8	Information on employees and other workers	3.1 Employee Overview and Talent Management Policy	054	
102-9	Supply chain	2.1 About Walsin Lihwa	030	
		4.5 Sustainable Supply Chain	097	
102-10	Significant changes to the organization and its supply chain	About the Report	002	
		2.1 About Walsin Lihwa	030	
		4.5 Sustainable Supply Chain	097	
102-11	Precautionary Principle or approach	2.4 Business Integrity	042	
102-12	External initiatives	2.1 About Walsin Lihwa	030	The Company did not sign any external initiatives.
102-13	Membership of associations	2.1 About Walsin Lihwa	030	

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GRI Standards	Information Disclosed	Corresponding chapter	Page	Remarks
Strategy				
102-14	Statement from senior decision-maker	Message from Chairman	004	
102-15	Key impacts, risks, and opportunities*	Message from Chairman	004	
		2.4 Business Integrity	042	
		5.1 Environmental and Energy Management Policy	102	
		Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	2.4 Business Integrity	042	
102-17	Mechanisms for advice and concerns about ethics*	2.4 Business Integrity	042	
Governance				
102-18	Governance structure	2.2 Governance Framework	036	
102-19	Delegating authority*	2.2 Governance Framework	036	
102-20	Executive-level responsibility for economic, environmental,and social topics*	Message from Chairman	004	
		2.2 Governance Framework	036	
		5.1 Environmental and Energy Management Policy	102	
102-22	Composition of the highest governance body and its committees*	2.2 Governance Framework	036	
Stakeholder engagement				
102-40	List of stakeholder groups	1.1 Stakeholder Engagement	017	
102-41	Collective bargaining agreements			The Company did not sign any collective bargaining agreements with the trade union.
102-42	Identifying and selecting stakeholders	1.1 Stakeholder Engagement	017	
102-43	Approach to stakeholder engagement	1.1 Stakeholder Engagement	017	
102-44	Key topics and concerns raised	1.1 Stakeholder Engagement	017	

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GRI Standards	Information Disclosed	Corresponding chapter	Page	Remarks
Reporting practice				
102-45	Entities included in the consolidated financial statements	2.3 Business Performance	040	Please refer to the Company's 2019 Annual Report. https://www.walsin.com/walsin/page.do?menuId=183
102-46	Defining report content and topic Boundaries	1.2 Material Topic Analysis	020	
102-47	List of material topics	1.2 Material Topic Analysis	020	
		1.3 Disclosure of Management Strategies	022	
102-48	Restatements of information	About the Report	002	
		4.4 Mutually Beneficial Value Creation	095	
102-49	Changes in reporting	About the Report	002	None
102-50	Reporting period	About the Report	002	
102-51	Date of most recent report	About the Report	002	
102-52	Reporting cycle	About the Report	002	
102-53	Contact point for questions regarding the report	About the Report	002	
102-54	Claims of reporting in accordance with the GRI Standards	About the Report	002	
102-55	GRI content index	Appendix 1	130	
102-56	External assurance	About the Report	002	
		Appendix 3	138	
GRI 103 : MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its Boundary	1.3 Disclosure of Management Strategies	022	
103-2	The management approach and its components	1.3 Disclosure of Management Strategies	022	
103-3	Evaluation of the management approach	1.3 Disclosure of Management Strategies	022	
Economic				
GRI 201: ECONOMIC PERFORMANCE 2016				
201-1	Direct economic value generated and distributed*	2.3 Business Performance	040	Please see the annual report and financial statements for complete financial information. https://www.walsin.com/walsin/page.do?menuId=183

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GRI Standards	Information Disclosed	Corresponding chapter	Page	Remarks
201-2	Financial implications and other risks and opportunities due to climate change*	5.2 Climate Change and Energy Management	103	
201-3	Defined benefit plan obligations and other retirement plans*	3.4 Employee Care and Communication	073	
GRI 202: MARKET PRESENCE 2016				
202-2	Proportion of senior management hired from the local community*	3.1 Employee Overview and Talent Management Policy	054	
GRI 204: PROCUREMENT PRACTICES 2016				
204-1	Proportion of spending on local suppliers*	4.5 Sustainable Supply Chain	097	
GRI 205: ANTI-CORRUPTION 2016				
205-2	Communication and training about anti-corruption policies and procedures	2.4 Business Integrity	042	
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.4 Business Integrity	042	None
Environmental				
GRI 301: MATERIALS 2016				
301-1	Materials used by weight or volume*	4.2 Green Operation	087	
301-2	Recycled input materials used*	4.2 Green Operation	087	
301-3	Reclaimed products and their packaging materials*	4.2 Green Operation	087	
GRI 302: ENERGY 2016				
302-1	Energy consumption within the organization*	5.2 Climate Change and Energy Management	103	
302-3	Energy intensity*	5.2 Climate Change and Energy Management	103	
302-4	Reduction of energy consumption*	5.2 Climate Change and Energy Management	103	

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GRI Standards	Information Disclosed	Corresponding chapter	Page	Remarks
GRI 303: WATER 2016				
303-1	Water withdrawal by source*	5.3 Resource Recycling and Pollution Prevention	111	
303-3	Water recycled and reused*	5.3 Resource Recycling and Pollution Prevention	111	
GRI 305: EMISSIONS 2016				
305-1	Direct (Scope 1) GHG emissions	5.2 Climate Change and Energy Management	103	
305-2	Energy indirect (Scope 2) GHG emissions	5.2 Climate Change and Energy Management	103	
305-4	GHG emissions intensity	5.2 Climate Change and Energy Management	103	
305-5	Reduction of GHG emissions	5.2 Climate Change and Energy Management	103	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	5.3 Resource Recycling and Pollution Prevention	111	
GRI 306: EFFLUENTS AND WASTE 2016				
306-1	Water discharge by quality and destination	5.3 Resource Recycling and Pollution Prevention	111	
306-2	Waste by type and disposal method	5.3 Resource Recycling and Pollution Prevention	111	
GRI 307: ENVIRONMENTAL COMPLIANCE 2016				
307-1	Non-compliance with environmental laws and regulations	5.3 Resource Recycling and Pollution Prevention	111	

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GRI Standards	Information Disclosed	Corresponding chapter	Page	Remarks
Social				
GRI 401: EMPLOYMENT 2016				
401-1	New employee hires and employee turnover*	3.1 Employee Overview and Talent Management Policy	054	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees*	3.4 Employee Care and Communication	073	
401-3	Parental leave*	3.4 Employee Care and Communication	073	
GRI 402: LABOR/MANAGEMENT RELATIONS 2016				
402-1	Minimum notice periods regarding operational changes*	3.4 Employee Care and Communication	073	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016				
403-1	Workers representation in formal joint management-worker health and safety committees	3.3 Workplace Health and Safety	061	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	3.3 Workplace Health and Safety	061	
403-3	Workers with high incidence or high risk of diseases related to their occupation	3.3 Workplace Health and Safety	061	
GRI 404: TRAINING AND EDUCATION 2016				
404-1	Average hours of training per year per employee*	3.2 Growth for All Employees and Talent Transformation	059	
404-2	Programs for upgrading employee skills and transition assistance programs*	3.2 Growth for All Employees and Talent Transformation	059	
404-3	Percentage of employees receiving regular performance and career development reviews*	3.2 Growth for All Employees and Talent Transformation	059	All employees are periodically evaluated.
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016				
405-1	Diversity of governance bodies and employees*	2.2 Governance Framework 3.1 Employee Overview and Talent Management Policy	036 054	

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GRI Standards	Information Disclosed	Corresponding chapter	Page	Remarks
405-2	Ratio of basic salary and remuneration of women to men*	3.1 Employee Overview and Talent Management Policy	054	
GRI 406: NON-DISCRIMINATION 2016				
406-1	Incidents of discrimination and corrective actions taken*	3.1 Employee Overview and Talent Management Policy	054	None
GRI 408: CHILD LABOR 2016				
408-1	Operations and suppliers at significant risk for incidents of child labor*	3.1 Employee Overview and Talent Management Policy 4.5 Sustainable Supply Chain	054 097	
GRI 416: CUSTOMER HEALTH AND SAFETY 2016				
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services			None
GRI 417: MARKETING AND LABELING 2016				
417-2	Incidents of non-compliance concerning product and service information and labeling			None
417-3	Incidents of non-compliance concerning marketing communications			None
GRI 418: CUSTOMER PRIVACY 2016				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data*	4.4 Mutually Beneficial Value Creation	095	None
GRI 419: SOCIOECONOMIC COMPLIANCE 2016				
419-1	Non-compliance with laws and regulations in the social and economic area	2.4 Business Integrity 3.1 Employee Overview and Talent Management Policy 3.3 Workplace Health and Safety	042 054 061	
G4 Construction and Real Estate Sector Disclosures				
CRE1	Building Energy Intensity	5.2 Climate Change and Energy Management	103	

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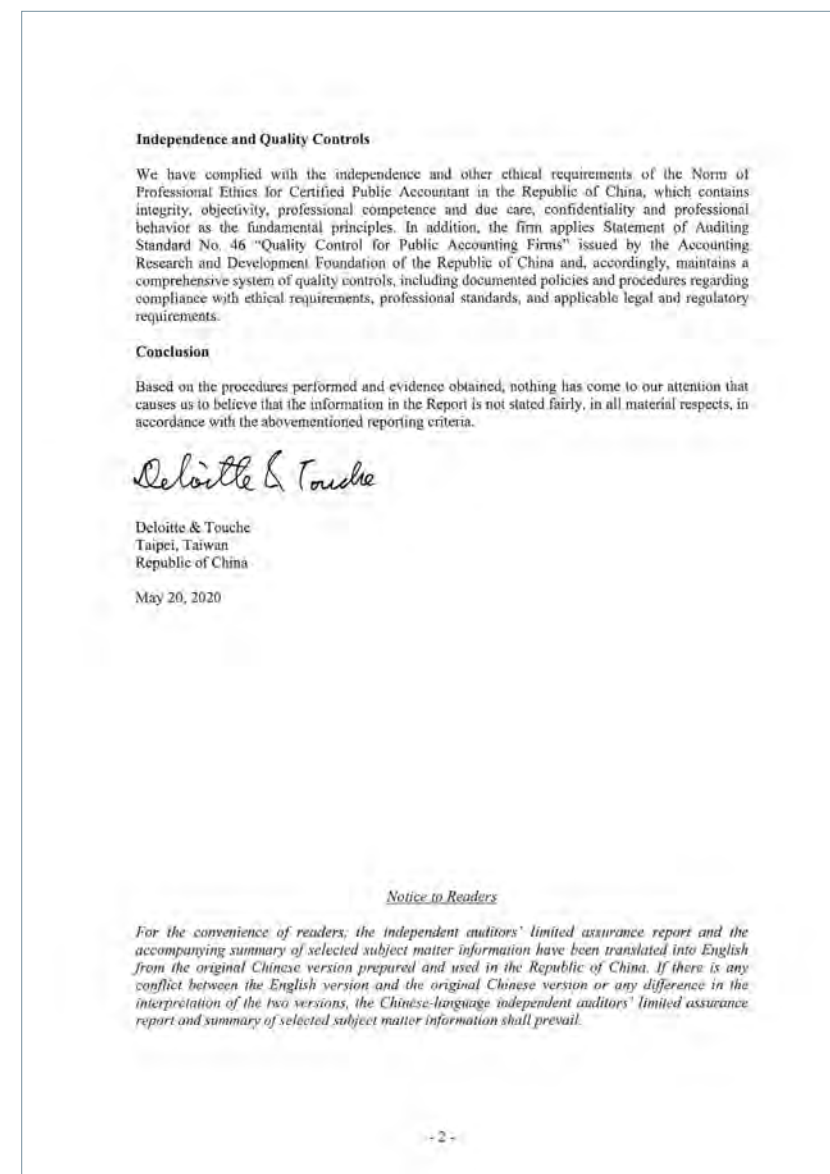
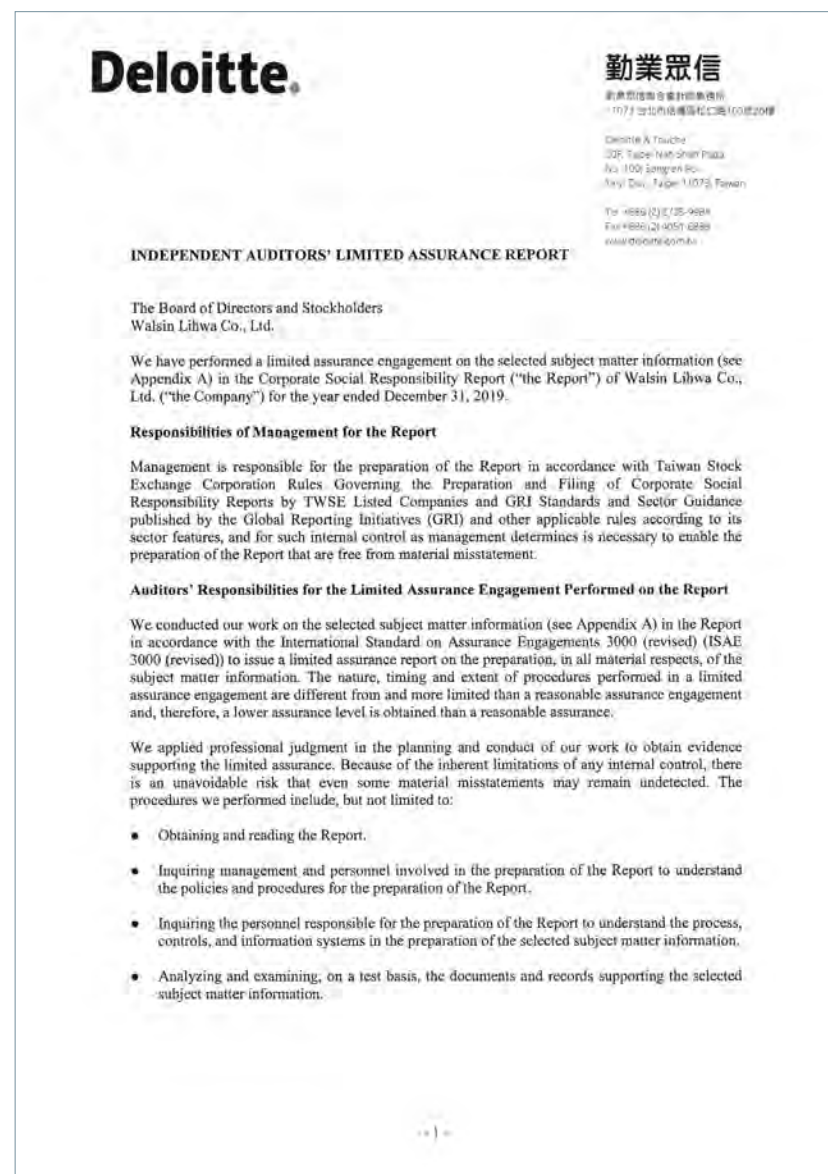
Appendix 2

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Appendix 2 Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies

Information Disclosed	Corresponding chapter	Page	Remarks
Risk assessment of environmental, social, and corporate governance followed by stipulation of relevant performance indicators to manage the material topics identified	2.4.3 Risk management	047	
Number of non-managerial full-time employees, average and median salaries and wages for such employees, and the differences between the aforementioned and those in the previous year	3.1.2 Human Resources Policy	056	
Corporate governance related to climate risks and opportunities, actual and potential climate impacts, identification, assessment, and management of climate-related risks, and indicators and goals for assessment and management of climate-related issues	2.4.3 Risk management 5.2 Climate Change and Energy Management	047 103	

Appendix 3 Independent Auditor's Limited Assurance Report



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Appendix A SUMMARY OF SELECTED SUBJECT MATTER INFORMATION

#	Standards	Descriptions of Indicators	Corresponding Section	Applicable Criteria
1	GRI 205-2 : 2016	Communication and training about anti-corruption policies and procedures	2.4 Business Integrity	Classified by region, the total number and percentage of anti-corruption communication and training organized by members of governance body members, employees and business partners.
2	GRI 301-1 : 2016	Materials used by weight or volume	4.2 Green Operation	The total weight of non-renewable materials used of Yenshui and Yantai Plants.
3	GRI 302-4 : 2016	Reduction of energy consumption	5.2 Climate Change and Energy Management	The energy consumption directly reduced by the Yantai through the action plan of saving and efficiency improvement.
4	GRI 303-1 : 2016	Water withdrawal by source	5.3 Resource Recycling and Pollution Prevention	The total water withdrawal by source of Yenshui Plant.
5	GRI 305-5 : 2016	Reduction of GHG emissions	5.2 Climate Change and Energy Management	The total amount of greenhouse gas emissions directly reduced by Yenshui Plant through reduction measures.
6	GRI 306-2 : 2016	Waste by type and disposal method	5.3 Resource Recycling and Pollution Prevention	The total weight of hazardous and non-hazardous wastes categorized by treatments in Yenshui Plant.
7	GRI 307-1 : 2016	Non-compliance with environmental laws and regulations	5.3 Resource Recycling and Pollution Prevention	The amounts of incidents and fines of non-compliance with environmental regulations.
8	GRI 401-1 : 2016	New employee hires and employee turnover	3.1 Employee Overview and Talent Management Policy	The numbers and rates of new employee hires and employee turnover classified by age, gender, and region.
9	GRI 403-2 : 2016	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	3.3 Workplace Health and Safety	The types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and numbers of work-related fatalities classified by gender and region in Yenshui and Yantai Plants.
10	GRI 404-3 : 2016	Percentage of employees receiving regular performance and career development reviews	3.2 Growth for All Employees and Talent Transformation	Accept regular performance and career development checks as a percentage of total employees.
11	GRI 419-1 : 2016	Non-compliance with laws and regulations in the social and economic area	2.4 Business Integrity 3.1 Employee Overview and Talent Management Policy 3.3 Workplace Health and Safety	The numbers and amounts of penalties imposed by relevant laws and regulations in the social and economic fields.
12	Designated indicator 1	The number of participants of health examinations and health management	3.3 Workplace Health and Safety	The numbers of participants of general health examinations, examination for working night shifts for a long period of time , special health examination and health management in Taiwan.
13	Designated indicator 2	Amount invested in R & D	4.1 Product and Technology Innovation	Amount of R & D invested in the development of new products, new materials and new technologies.
14	Designated indicator 3	Reduced acid consumption during pickling	4.2 Green Operation	Reduced acid consumption in Yenshui Plant in 2019 compared to 2018.
15	Designated indicator 4	Supervisor management ability course completion times and course satisfaction	3.2 Growth for All Employees and Talent Transformation	Statistical results of the number of trainees and the degree of satisfaction of supervisors. (TWI and MTP courses)
16	Designated indicator 5	Number of key suppliers	4.5 Sustainable Supply Chain	Statistical results of the number of key suppliers identified.
17	Designated indicator 6	Self-assessment ratio of supplier sustainability assessment questionnaire	4.5 Sustainable Supply Chain	Key suppliers responded to the identification results of the self-assessment ratio and high, medium and low risks of the sustainability assessment questionnaire.
18	Designated indicator 7	Survey results of customer satisfaction	4.4 Mutually Beneficial Value Creation	The survey results of customer satisfaction by divisions.



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