

Communication between Walsin Lihwa’s Independent Director and Chief Audit Executive in 2019

I. Policy for communication between Walsin Lihwa’s independent directors and Chief Audit Executive

- a. The chief audit executive and independent directors shall, through the Audit Committee, convene at least once quarterly to report how internal audit and control at the company are implemented. They may call ad hoc meetings anytime if any major abnormality or irregularity is identified.
- b. In addition to what is dealt with at the aforementioned regular meetings, the Audit Committee convener and the chief audit executive shall discuss how internal control at the company is implemented on an as-needed basis quarterly.

II. Summary of communication between Independent Directors and Chief Audit Executive

Date	Key Points of Communication	Independent Directors’ Advices	Follow-ups and Results
January 9, 2019, Audit Committee	<ol style="list-style-type: none"> 1. Report on implementation of the resolutions by the Audit Committee on October 24, 2018 2. The chief audit executive’s report to independent directors on the status of communication between independent directors and the chief audit executive in 2018 	<ol style="list-style-type: none"> 1. Management accountability for various industrial safety and environmental protection issues, review of such issues at individual levels of management for improvement measures, and stipulation of such measures 2. Categorical reward-penalty system promotion to basic-level workers with effective assessment to preempt potential issues 	Inclusion of industrial safety and environmental protection issue into reward-penalty criteria with promotion of the awareness of industrial safety and environmental protection
February 15, 2019, Audit Committee	Report on audit implementation in the 4 th quarter of 2018	<ol style="list-style-type: none"> 1. Distinct division between authority and responsibility for penalty fines and general costs and expenses 2. Understanding the root causes of penalty fines and inclusion of the development of solutions to such causes into key performance indices 3. The Auditing Office to gain an understanding of major contract signing and relevant processes to ensure operational compliance 	<ol style="list-style-type: none"> 1. Amendment to division between such authority and responsibility as well as criteria for submission and approval of appropriations of penalty fines 2. Inclusion of penalty fines for industrial safety and environmental protection issues into management performance benchmarking 3. Major contract signing and relevant processes brought to the Auditing Office’s notice

Date	Key Points of Communication	Independent Directors' Advices	Follow-ups and Results
April 19, 2019, Audit Committee	<ol style="list-style-type: none"> 1. Report on audit implementation in the 1st quarter of 2019 2. Revision of Guidelines for Suggestions and Complaints by Stakeholders 	<ol style="list-style-type: none"> 1. Onsite audit of improvement implementation 2. Specific action plans, accountable parties, persons in charge, and timelines to be included into the planning for resolving penalty and/or compliant issues to follow up improvement implementation 	<ol style="list-style-type: none"> 1. Inclusion into the annual audit plan 2. Review of individual proposals for improvement as per instructed with designated personnel to follow up improvement implementation
July 24, 2019, Audit Committee	Report on audit implementation in the 2nd quarter of 2019	Nil	Report on audit implementation in the 2nd quarter of 2019 passed by the Audit Committee and submitted to the board for reporting.
October 23, 2019, Audit Committee	<ol style="list-style-type: none"> 1. Report on audit implementation in the 3rd quarter of 2019 2. Discussion of the 2020 annual audit plan 	<ol style="list-style-type: none"> 1. Business units to control contractors' quality and understand their safety implementation to ensure compliance with relevant safety clauses 2. Nil 	<ol style="list-style-type: none"> 1. Business units required to comply with and implement the contractor management guidelines as stipulated by the Environment, Health, and Safety Committee, with unscheduled checks of compliance and implementation statuses at business units in addition to system support ensuring effective contractor management implementation 2. The 2020 annual audit plan passed by the Audit Committee and submitted to the board for discussion