

WALSI WAL SIN LIHWA

2020 Corporate Social Responsibility Report





2020 Corporate Social
Responsibility Report

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About the Report

Walsin Lihwa Co., Ltd. (hereafter referred to as Walsin Lihwa or the Company) started to issue its annual corporate social responsibility (CSR) report in 2015 according to the core option of the Global Reporting Initiative (GRI) Standards to disclose non-financial information. The English version of the report has become available since 2017 to strengthen communication and transparency. Incorporation of the Sustainability Accounting Standards Board (SASB) standards and the Task Force on Climate related Financial Disclosures (TCFD) recommendations into the 2020 report is intended to provide more complete and transparent information on the environmental, social, and governance (ESG) initiatives at Walsin Lihwa to stakeholders.

Business Scope and Period of Disclosure

The information disclosed herein started on January 1, 2020 and lasted through December 31, 2020.

Walsin Lihwa's business scope covers wire and cable, stainless steel, as well as real estate. What is disclosed herein includes the Company's important business locations including:

Area	Wire and Cable Business	Stainless Steel Business	Real Estate Business	Other
Taiwan	Yangmei Plant Hsinchuang Plant	Yenshui Plant Taichung Plant	Taipei Head Office	
Mainland China	Dongguan Walsin Wire & Cable 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.)")	Walsin China Investment Co., Ltd. (hereinafter referred to as "Walsin China Investment")
Malaysia				Walsin Precision Technology Sdn. Bhd. (hereinafter referred to as " Walsin Precision")

Note: Any difference in what is disclosed herein from the aforementioned business scope will be noted.

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Reporting Basis and Framework

Guidelines and Principles

The contents and framework of this report are structured according to the core option of the GRI Standards, the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies, the SASB standards for the electrical & electronic equipment, iron & steel producers, and the TCFD recommendations.

Source and Management of Data

The data in this report provided by the head office and each operating units and compiled by the CSR Report Team were reviewed by individual promotion centers under the Sustainable Development Committee and then submitted to the President and Chairman of the Board for approval prior to publication of this report. 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 ISO 45001^{note}; and the inventory greenhouse gas emissions at the Yenshui plant and Taichung plant passed a third party audit in accordance with ISO 14064-1.

Note: The plants accredited to ISO 14001 and ISO 45001 are located in both Taiwan and Mainland China.

External Assurance

The Chinese version of this report was externally reviewed by Deloitte & Touche and a Limited Assurance Report was obtained, and meets the core option of the GRI Standards, standards of the Assurance of Non-historical Financial Information Audit or Review, SASB standards, and Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Companies.

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 2020

Current issue: Published in May 2021

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

Contacts

Please contact us if you have any questions or suggestions about this report.

Contact method:

Walsin Lihwa Corporation Corporate Communication Dept.

ADD: 25F, No.1, Songzhi Rd., Taipei 110411, Taiwan

TEL: 02-8726-2211 ext.6398

E-mail: csr@walsin.com

Company website: www.walsin.com



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Message from Chairman

Dear Friends,

Walsin Lihwa values corporate social responsibilities (CSR), and its systematic and effective economic, environmental, and social initiatives help prudently engage in sustainability strategy development that exceeds legal requirements to keep strengthening competitiveness. To comply with relevant international standards and factors in the important information on climate change impacts on finance, our annual CSR reports have been step by step adopting the Sustainability Accounting Standards Board (SASB) and Task Force on Climate-related Financial Disclosures (TCFD) frameworks to disclose financial information related to environmental, social, and governance (ESG) risks for ongoing improvement in sustainability management.

The impact of COVID-19 highlights the importance of corporate support for social communion. Therefore, we keep vigilant of the health of our employees and suppliers by carrying out timely operation model adjustments and providing sufficient pandemic prevention materials to ensure resilient coordination between internal and external operations. As the COVID-19 pandemic has sweepingly changed how the economy works as well as the rules of market, we shall expedite the transformation of our company and intelligitization of operation to cope with the rapidly changing world and neutralize crises and pressure.

Effective Corporate Governance for Risk Management Implementation

The Board of Directors of Walsin Lihwa -- the highest governance body of sustainable business development at the company -- not only features interdisciplinary professional backgrounds but also governs more independent director seats than legal requirements. Our independent directors reelected in 2020 will continue participation in the Sustainable Development Committee to help drive and lead sustainable business development, and our Corporate Governance Best Practice Principles, Corporate Social Responsibility Practice Principles, and Principles for Ethical Management and Guidelines for Conduct are also amended on a regular or as-needed basis to help perfect our ethical management framework and strengthen employee awareness in this regard. In 2020, it was the 4th time that Walsin Lihwa ranked among the top 5% in the Corporate Governance Assessment conducted by the Corporate Governance Center of the Taiwan Stock Exchange. Such an honor celebrated our past endeavors again and will encourage us to keep up our good work.

Facing the escalating climate change risks, Walsin Lihwa had its Risk Management Policy and Procedures enacted and promulgated in 2020 with the TCFD framework incorporated to help identify climate change opportunities and risks, develop company transformation and long-term business strategies, and cope with common global challenges. In 2020, we provided a variety of product mixes through product added value enhancement while working with business partners for joint R&D of product customization to increase industry applications. Supply chain sustainability management was also strengthened by appraisal of the risks associated with key suppliers with follow-up counseling to help supplier chain partners grow together with Walsin Lihwa. The long-term rapport between Walsin Lihwa and supplier chain partners helped timely identification of the inventory and production

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status at suppliers upon the outbreak of COVID-19 for effective coordination. As a result, our raw material supplies were not affected by the pandemic and supply chain risks were minimalized.

Acceleration of Energy Saving and Carbon Reduction for Circular Economy Development

Aware of the emerging trend of circular economy, Walsin Lihwa is committed to manufacturing process optimization, waste reduction at source, and promotion of energy and material recycling and reuse to decrease the environmental impact resulting from production. In terms of our annual objectives for energy saving and carbon reduction, we have been investing in highly energy efficient equipment on production lines and independently developed our e-energy management system for major equipment and facilities. In 2020, the system was certified by the German-based TUV Rheinland, a 3rd party certification authority. Our manufacturing process improvement as well as waste heat recycling and reuse lowered total energy consumption by 9.14% compared to that in 2019. Our 2021 objective for the absolute energy consumption reduction is 10% lower compared to that in 2020.

Resource recycling-wise, we continued our water resource risk analysis in 2020 for operational planning and water resource efficiency management through reduction, reclamation, and reuse of water to ensure the long-term stability of our water supply system. Our R&D for reuse of furnace slags and other waste materials as well as commercialization of regenerated acids won a one-star award from the Environmental Protection Administration in 2020 to celebrate Walsin Lihwa as an outstanding enterprise in circular economy development and promotion of recycling and reuse of regenerated materials. We will continue expediting our resource recycling innovation.

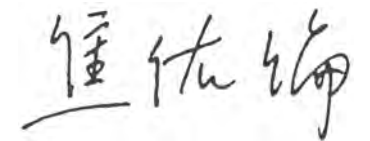
One of World's Best Employers Providing Ongoing Social Care

In 2020, Walsin Lihwa won the 258th in the World Best Employers and the 2nd in Taiwan announced by Forbes because we always believe employees are the greatest business asset. We not only offer industry-competitive compensation and benefits but also commit ourselves to a friendly, healthy, and safe work environment where employees can feel belonged, competent, and a sense of self-esteem to fully fulfill themselves and become what they aspire to be. Our effective implementation of job accountability, focus on shift management, enhancement of employee consciousness of occupational safety,

promotion of exchange and sharing among employees, organization of working groups, encouragement of employee involvement, and core competency projects for strategic transformation are successful in encouraging innovation at all levels of the company and equipping management executives with the knowledge and skills for change management. Such efforts are an attempt to help all our employees grow together with the company.

Providing ongoing care for different social segments, we focus on corporate citizenship, care for the underprivileged, environmental preservation and protection, and community outreach. Walsin Lihwa donated medical equipment to the Heavy Particle Cancer Treatment Center of Taipei Veterans General Hospital. In 2020, the equipment installation has been completed to help contribute to Taiwan's medical care technologies. In the same year, we also continued sponsoring the Wei Haimin Chinese Opera Foundation to help promote the quintessence of Chinese culture; supporting Chung Yuan Christian University's work study program backed up by academia- industry cooperation; and funding the Light up the Corner Throughout Taiwan Project for specialty education development. Our other ongoing CSR initiatives include sponsorship of child welfare organizations, promotion of restoration of Taiwan indigenous species, and local food and agriculture education promotion. Moreover, our employee volunteerism to provide philanthropic donations, help mentally retarded children, and assist newspaper reading at elementary and junior high schools is intended to synergize and sustain individuals' influences to enable ongoing societal progression.

Walsin Lihwa shall face up to pandemic impacts or challenging economic changes to keep strengthening management, increasing added values of products and services, and expanding into low-carbon green industries to accomplish company transformation and create momentum for further growth. We want to bring advantages to ourselves and others as well by working together with our employees, business partners, communities, and other stakeholders for sustainable economic, environmental, and social development to help create better life for future generations to come.

**Chairman: Yu-Lon Chiao**

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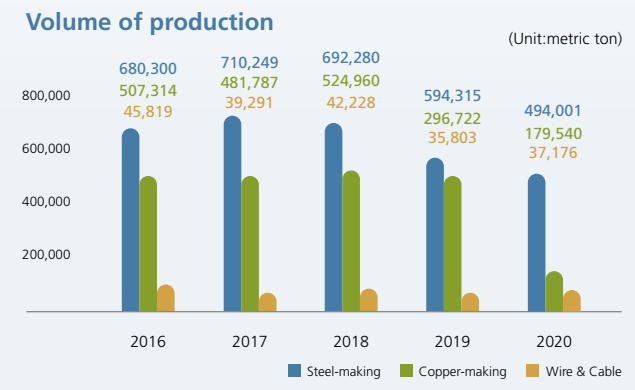
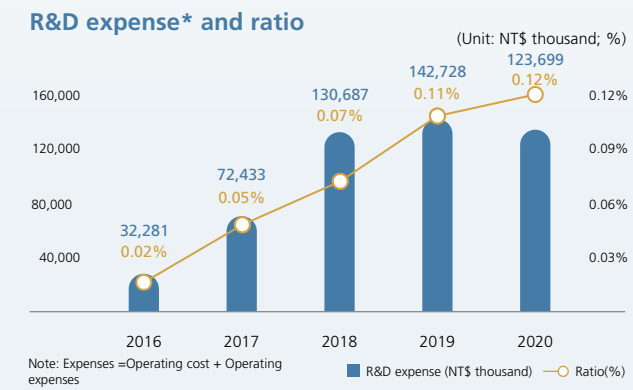
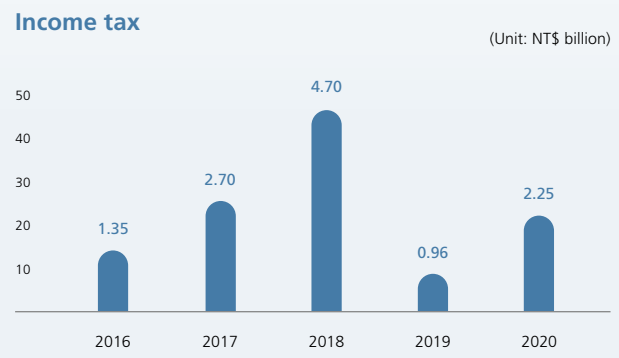
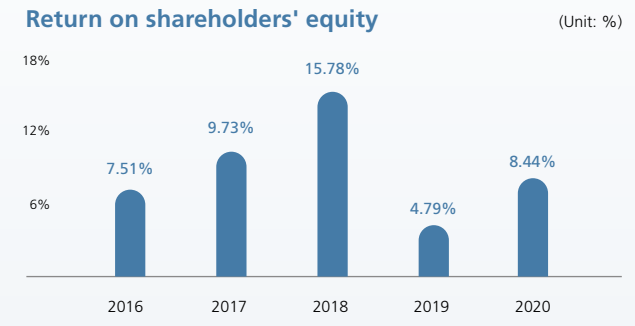
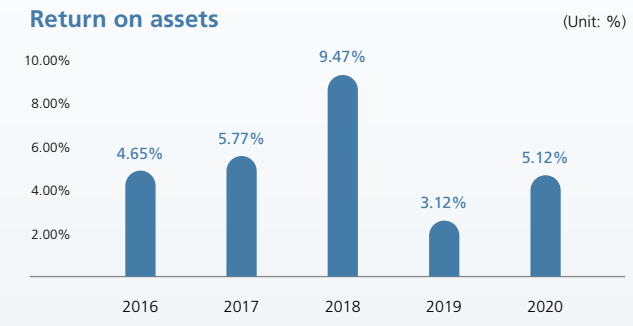
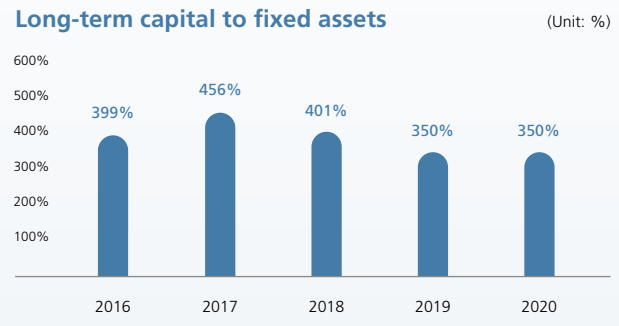
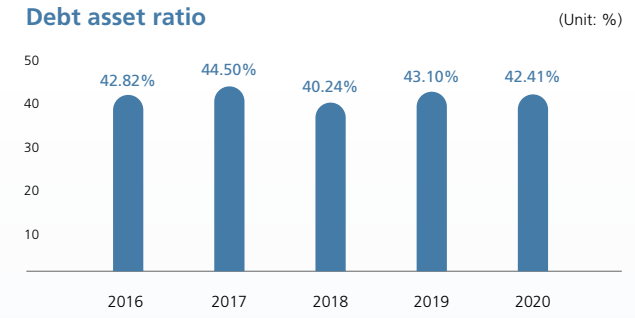
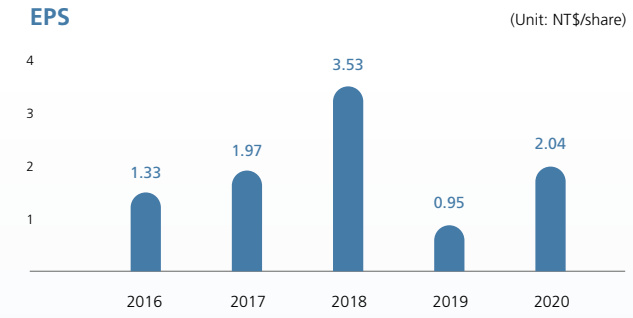
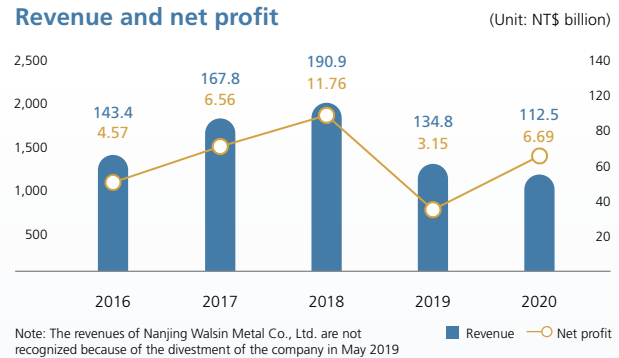
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Economic



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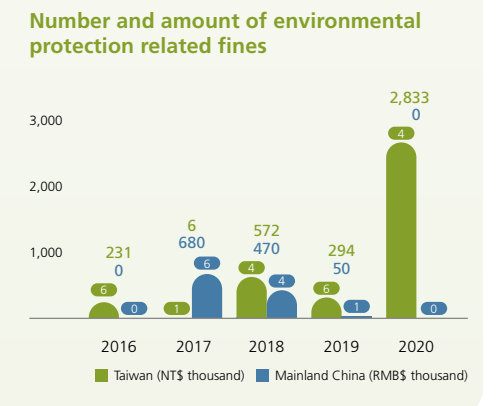
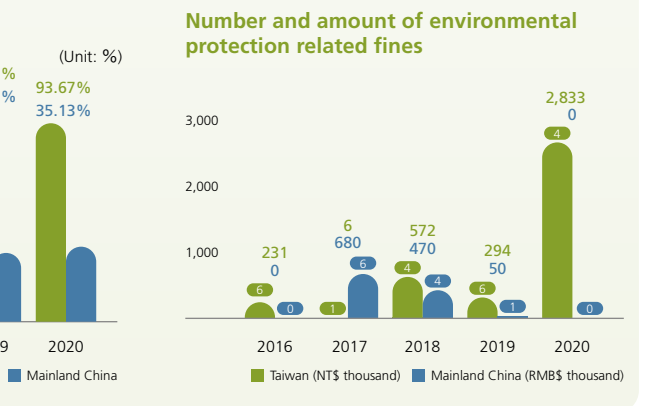
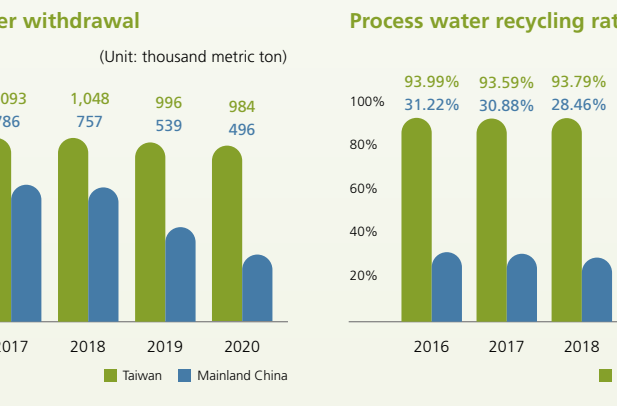
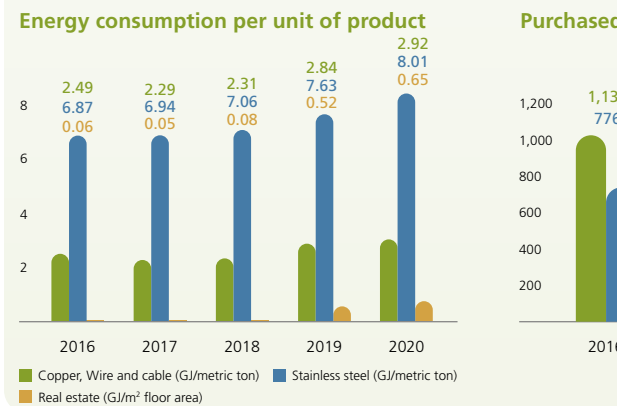
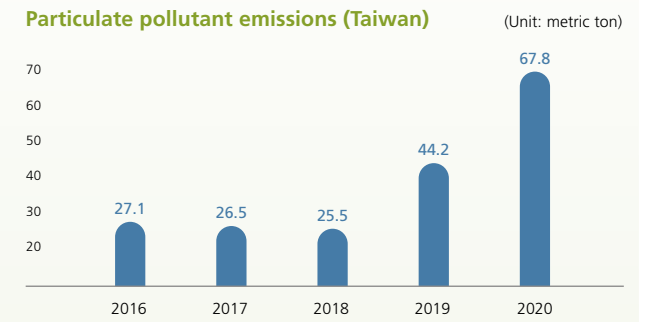
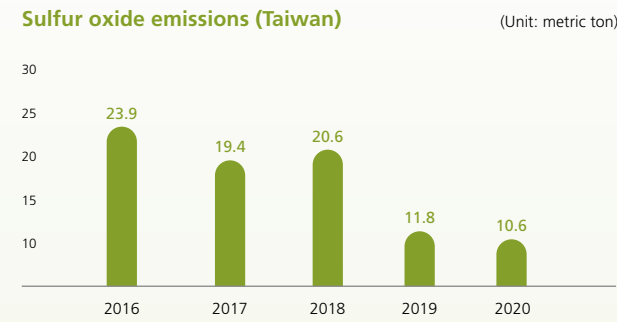
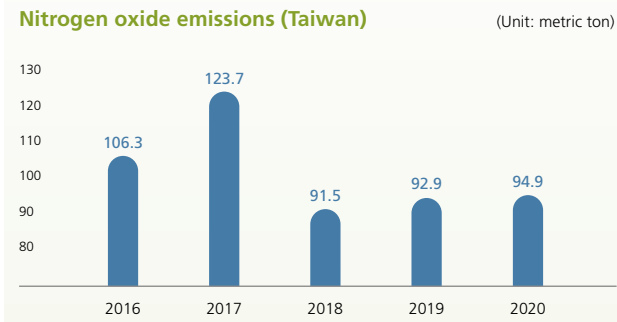
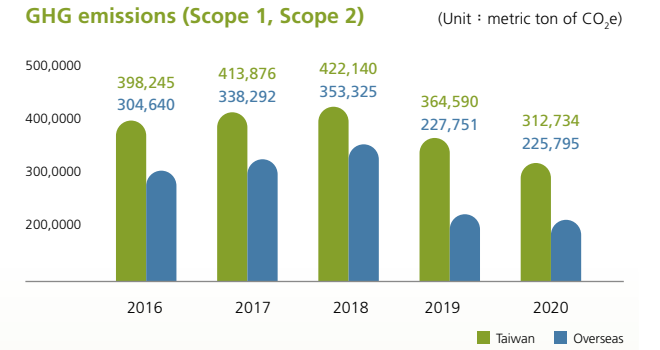
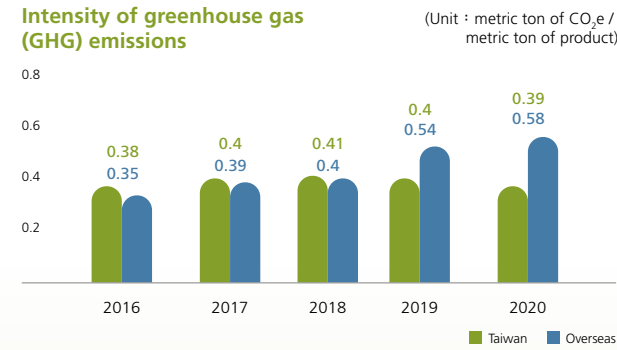
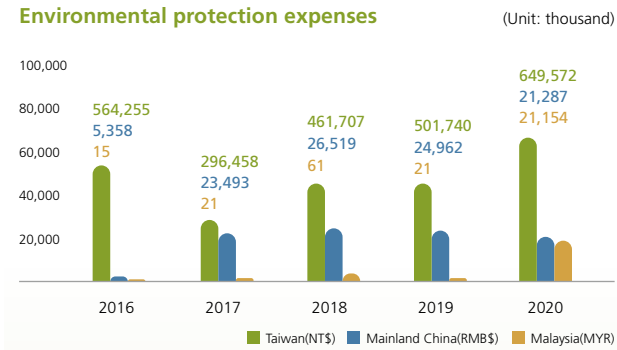
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Environmental



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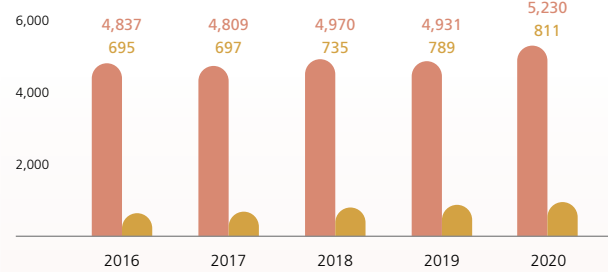
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Social

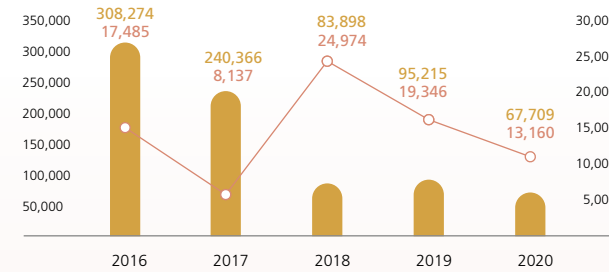
Number of employees

(Unit: persons)



Note: The number of employees at Walsin Lippo Industries in Indonesia was included in 2020.

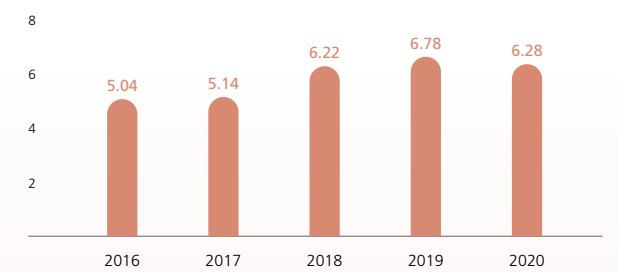
Total employee training hours and expense



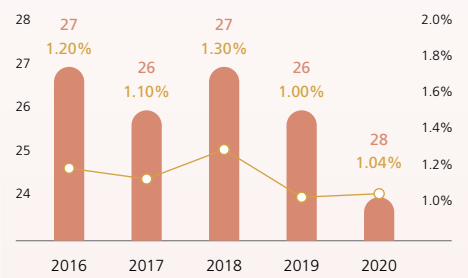
Number of hours — NT\$ thousand

Employee salary and benefits expenses

(Unit : NT\$ billion)



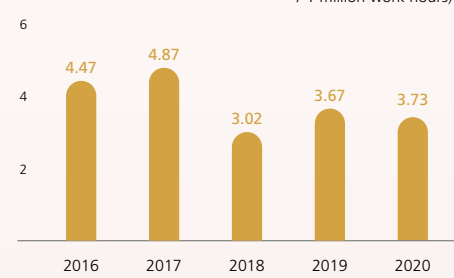
Employment of the mentally or physically handicapped in Taiwan



Number of mentally or physically handicapped employees — Percentage of mentally or physically handicapped employees

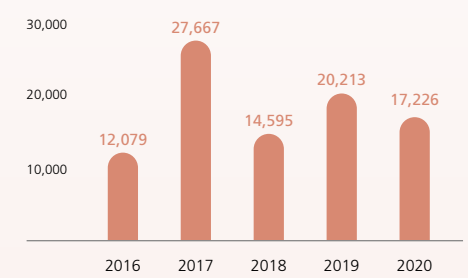
Frequency of disabling injuries

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



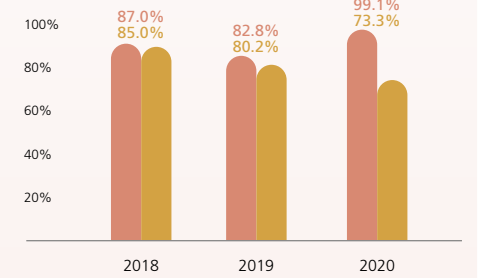
Social engagement and charity expenses

(Unit : NT\$ thousand)



Percentage of suppliers that signed the Letter of Commitment to CSR

(Unit: %)



Key Supplier — New Supplier

Awards



Ranked in the Top 5% in the TWSE's 7th Corporate Governance Evaluation Award



Won the TOP 50 of Report and Corporate Sustainability Award at the 2020 Taiwan Corporate Sustainability Awards(TCSA)



The 258th in the World Best Employers and the 2nd in Taiwan announced by Forbes in 2020



Inclusion into the Taiwan Employment Creation 99 Index

Progress Towards Sustainability

Corporate Vision



Pursuit for continuous growth by leveraging industry 4.0 advantages; insistence on environmental protection, energy efficiency, and R&D for innovation; and servitization of manufacturing for customers value creation to become the most reliable and trustworthy business partners to customers



CSR Policy

- ✓ Insistence on integrity and commitment to ongoing improvement of operational effectiveness
- ✓ Ongoing improvement of corporate governance to ensure business sustainability
- ✓ Development of a friendly work environment and an innovative learning organization
- ✓ Thorough safety management to create an outstanding workspace
- ✓ Effective implementation of carbon reduction and energy efficiency to enable green production
- ✓ Ongoing corporate social responsibility and public interest initiatives



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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 Prohibit unethical conduct 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	Protect labor safety and health, and create a safe working environment	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	<p>Increase resource use efficiency and recycling for a circular economy</p> <p>Establish energy management mechanisms for energy conservation, carbon reduction, and reduce pollutant emissions</p>	<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. 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 	   
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 high-performance green products, improve product applications, and develop a green ecosystem with stainless steel customers Develop green processes, and make improvements at source to reduce waste and energy consumption (stainless steel) Commit to green business development, alleviate policy-related impacts, and stay abreast with future trends of power wire and cable Steadfastly strengthen environmentally friendly and sustainability initiatives to boost competitiveness for power wire and cable products 	<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 	  

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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	<p>Establish a service-oriented operation model and optimize the service process to increase customers' trust and create a mutually beneficial situation (stainless steel)</p> <ul style="list-style-type: none"> Provide cutting of power wire and cable to customer specifications and develop smart logistics to build a new service models to meet customer needs and wants in power wire and cable Apply innovative technology controls and improve product quality; work together with customers to provide the products and services that best meet their needs (stainless steel) 	<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 	 
	Comprehensively implement and strengthen supplier sustainability management to mutually grow with our business partners	Effectively implement supplier management to develop a sustainable supply chain	<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	Uphold the concept of total involvement, cultivate top-tier talents and create a happy workplace	Create a happy workplace, improve labor management relationships, and increase employees' affinity and engagement	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	   
		Strengthen talent cultivation and career development planning, and help employees learn, grow, and achieve self-fulfillment	Developed diverse paths for career development for employees	
	Promote mutual development with local communities to gain greater social influence	Engage in charity to increase its influence in four aspects: Corporate citizenship, care for the underprivileged, environmental protection and preservation, and community outreach	Strengthened tying in public welfare subjects with core businesses	   

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

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Goals	Targets	Taiwan SDGs	SDG Initiatives and Achievements at Walsin Lihwa	Chapter Response
	3.4 Lower the death toll from noncontagious diseases through prevention and treatment	Ensure and improve the health and wellbeing of people at all ages	<ul style="list-style-type: none"> Donated to the Taipei Veteran General Hospital for its acquisition of heavy particle cancer treatment equipment 	6.5 Corporate Citizenship
	4.5 Ensure equal access to all levels of education and vocational training for the vulnerable	Ensure fair and high-quality education is widely available and promote lifelong learning	<ul style="list-style-type: none"> 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 	6.2 Empathizing with the Underprivileged 6.4.1 Newspapers and Study Aid at Elementary and Junior High Schools
	5.a Undertake reforms to give women equal rights to economic resources	Achieve gender quality and all women's empowerment	<ul style="list-style-type: none"> Provided higher average annual compensation for female employees than that for male employees in both Mainland China and Taiwan Achieved 100% reinstatement of employees after payless maternity leaves in 2020 	4.1.2 Human Resources Policy 4.4 Employee Care and Communication
	6.3 Decrease wastewater pollution 6.4 Increase water utilization efficiency	Ensure good environment quality and sustainable resource management	<ul style="list-style-type: none"> Decreased the use of acid fluids and decreased sludge by Acid Regeneration Plant (ARP) implementation Increased wastewater recovery percentage to as high as 93.67% in Taiwan Achieved zero wastewater emission at the Shanghai and Yantai plants Saved 29,928m³ of water by effluent recovery through Zero Effluent Mixed Acid Pickling (ZEMAP) at the Yenshui plant in 2020 Decreased total water consumption by 5.85% as compared to that in 2019 Increased water recovery at overseas plant sites by 10.64% to 35.13% 	5.1 Environmental and Energy Management Policy 5.3.2 Water resource utilization 3.2.2 Green Manufacture Process Development 5.3.2 Water resource utilization
	7.3 Increase energy efficiency 7.a Strengthen renewable energy development	Ensure affordable, stable, and sustainable energy supply is available to everyone	<ul style="list-style-type: none"> Taiwan plants accredited to the new ISO 50001:2018 in 2020 Tested inventory of energy consumption and carbon emissions per unit of major products at the Taiwan plant sites Decreased total power consumption by 2.46% Developed renewable energy products such as high-performance stainless steel and industrial cables for solar and wind power generation Planned for the development of 5,295 KW solar power generation capacity in 3 year to reach 10,521 KW throughout the Company 	3.2.3 Green Products 5.2.2 Energy Saving and Carbon Reduction Management
	8.2 Pursue industry upgrading to increase product added values 8.3 Support productive activities, decent job creation, entrepreneurship, creativity, and innovation	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> 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 	3.1 Product and Technology Innovation 3.5 Sustainable Supply Chain

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Goals	Targets	Taiwan SDGs	SDG Initiatives and Achievements at Walsin Lihwa	Chapter Response	
	8.5 Achieve full and productive employment, and equal pay for work of equal value	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> • The 258th in the World Best Employers and the 2nd in Taiwan announced by Forbes in 2020 • 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 2020 • Accredited to the new ISO 45001 to upgrade occupational health and safety management to equipment safety management • Continued strengthening risk operation safety management, supervision safety management training, operation hazard identification, risk control and management, operation safety standardization of safe job procedures (SJP), and zone defense 	4.1 Employee Overview and Talent Management Policy	
	8.7 Take immediate and effective measures to protect labor rights				
	8.8 Promote safe and secure working environments of all workers				4.3.1 Occupational Safety and Health Policy and Philosophy 4.3.2 Safe Work Environment
	9.1 Develop sustainable infrastructure	Develop affordable, safe, environmentally friendly, resilient, and sustainable transportation	<ul style="list-style-type: none"> • 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 	3.2.3 Green Products	
	9.2 Promote inclusive and sustainable industrialization				3.1 Product and Technology Innovation
	9.4 Adopt clean and environmentally sound technologies and industrial processes				3.2.2 Green Manufacture Process Development
	11.6 Pay special attention to municipal environment and waste management	Make cities and villages inclusive, safe, resilient and sustainable	<ul style="list-style-type: none"> • Increased water resource utilization by regenerating mixed waste acids with the newly installed Zero Effluent Mixed Acid Pickling (ZEMAP) at the Yenshui plant • Completed treatment of volatile organic compounds (VOCs) for the Southwire Continuous Rod System (SCR) • Neutralized NOx resulting from acid pickling with the newly acquired selective catalytic reduction (SCR) system • Decreased NOx emission intensity per unit of product at the Taiwan and overseas plant sites by 20.40% and 48.60% respectively • Reached 99.26% and 95.23% waste recovery and reuse respectively at the Taiwan and overseas plant sites • Decreased landfill to 0.21% and 0.98% respectively at the Taiwan and overseas plant sites • 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 	3.2.2 Green Manufacture Process Development	
					5.3 Resource Recycling and Pollution Prevention
					6.4 Community Outreach
	12.2 Achieve the efficient use of natural resources	Promote green economy and ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> • Decreased wastes resulting from power wire and cable production by equipment meter counter improvement and optimization • Increased recycling and reuse of scrap steel resulting from stainless steel production for 3 consecutive years • Decreased power consumption per metric ton of steel by 6.9 kWh-16.8 kWh after steelmaking technology enhancement to strengthen power efficiency • Decreased the 2020 total power consumption by 2.46% at the plant sites throughout Taiwan and Mainland China 	3.2.1 Status on Raw Material Use	
					3.2.2 Green Manufacture Process Development
					5.2.2 Energy Management

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Goals	Targets	Taiwan SDGs	SDG Initiatives and Achievements at Walsin Lihwa	Chapter Response
	12.4 Achieve the environmentally sound management of all wastes	Promote green economy and ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> Decreased sewage output by the Taichung plant's regeneration and reuse of the Yenshui plant's waste acids Recovered and reused nearly 210,000 metric tons of oxidized slags and nearly 60,000 metric tons of reducing slags by successful R&D of recycling and reusing furnace slags Received a one star award from the Environmental Protection Administration in 2020 for great performance in circular economy development and promotion of recycling and reuse of regenerated materials, and recycling technology innovation Reached 99.26% waste recovery and reuse at the Taiwan plant sites, where landfill was 0.24% in 2020, and reached 94.23% waste recovery and reuse at the overseas plant site, where landfill was 0.98% in 2020 	5.3.4 Waste and resource recycle
	12.5 Substantially reduce waste generation through prevention, reduction, recycling, and reuse			
	12.6 Encourages companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle			
	13.1 Strengthen resilience and adaptive capacity to climate related hazards and natural disasters	Strengthen resilience and adaptive capacity to climate-related disasters, build knowledge and capacity to meet climate change	<ul style="list-style-type: none"> 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 Adopted the TCFD recommendations in 2020 to assess and disclose climate change opportunities and risks 	3.2.3 Green Products 5.2.1 Task Force on Climate-related Financial Disclosures (TCFD)
	15.4 Ensure the conservation of mountain ecosystems 15.5 Halt the loss of biodiversity	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss	<ul style="list-style-type: none"> Worked with the National Chung Hsing University for provenance protection and restoration of Taiwan indigenous plants Shared Toxic Bees, Nature's Mayday -- a documentary -- at the 5 plant sites in Taiwan in 2020 to promote ecological protection 	6.3 Caring for Ecology
	16.5 Substantially reduce corruption and bribery in all their forms	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<ul style="list-style-type: none"> Established unethical conduct risk assessment mechanisms in 2020 Investigated relevant employees and their 2nd degree relatives in 2020 to establish a recusal system to avoid conflicts of interest 	2.4 Business Integrity
	16.b Promote and enforce nondiscriminatory laws and policies		Forbad any unequal treatment and ensured nondiscrimination. Walsin Lihwa Human Rights Policy: https://www.walsin.com/walsin/page.do?menuId=964	4.1.2 Human Resources Policy
	17.17 Encourage and promote effective public, public-private and civil society partnerships	Strengthen the means of implementation and revitalize the global partnership for sustainable development	<ul style="list-style-type: none"> 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. Joined the Center for Corporate Sustainability of Taiwan Institute for Sustainable Energy in 2020 	2.1.2 External Collaboration 6.5 Corporate Citizenship

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Support for the United Nations Global Compact

The Ten Principles of the United Nations Global Compact (UNGC) to encourage sustainable business strategy and policy development include human rights, labor, environmental protection, and anti-corruption among others. Walsin Lihwa is not a UNGC signee but always pays attention to global ESG trends to promote relevant initiatives.

Categories	Ten Principles of the United Nations Global Compact	Approaches at Walsin Lihwa	Chapter Response
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights	Walsin Lihwa complies with the local laws and regulations 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. Guiding principles are as follows:	
	2. Make sure that they are not complicit in human rights abuses		
	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining		
	4. The elimination of all forms of forced and compulsory labor		
	5. The effective abolition of child labor		
Labor	6. The elimination of discrimination in respect of employment and occupation	<ul style="list-style-type: none"> • Healthy and Safe Work Environment Development • Fair and Reasonable Compensation and Work Conditions • Equal Employment Opportunities Without Discrimination • No Employment of Underaged Workers • No Forced Labor • Respect for Freedom of Association • Privacy Protection and Harassment Prevention • Employee Complaint System and Channel • Conduct education and training on human rights protection through meetings with suppliers 	4.1 Employee Overview and Talent Management Policy 4.3 Workplace Health and Safety 4.4 Employee Care and Communication
	7. Businesses should support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> • Develop high-performance green products, improve product applications, and develop a green ecosystem • Commit to green manufacture process development, promote waste reduction at source, and strengthen energy efficiency • Strengthen energy management, promote energy saving and carbon reduction, and decrease waste emissions • Increase resource utilization efficiency by recovery and reuse to help expedite circular economy development 	3.1 Product and Technology Innovation 3.2 Green Operation 5.1 Environmental and Energy Management Policy 5.2 Climate Change and Energy Management 5.3 Resource Recycling and Pollution Prevention
8. Undertake initiatives to promote greater environmental responsibility			
9. Encourage the development and diffusion of environmentally friendly technologies			
Environment		<ul style="list-style-type: none"> • Implement legal compliance promotion as well as education and training on business integrity to strengthen the awareness of compliance • Amended and perfected ethical management guidelines and procedures • Identified high-risk unethical business activities at individual plant sites and developed countermeasures accordingly 	2.4 Business Integrity

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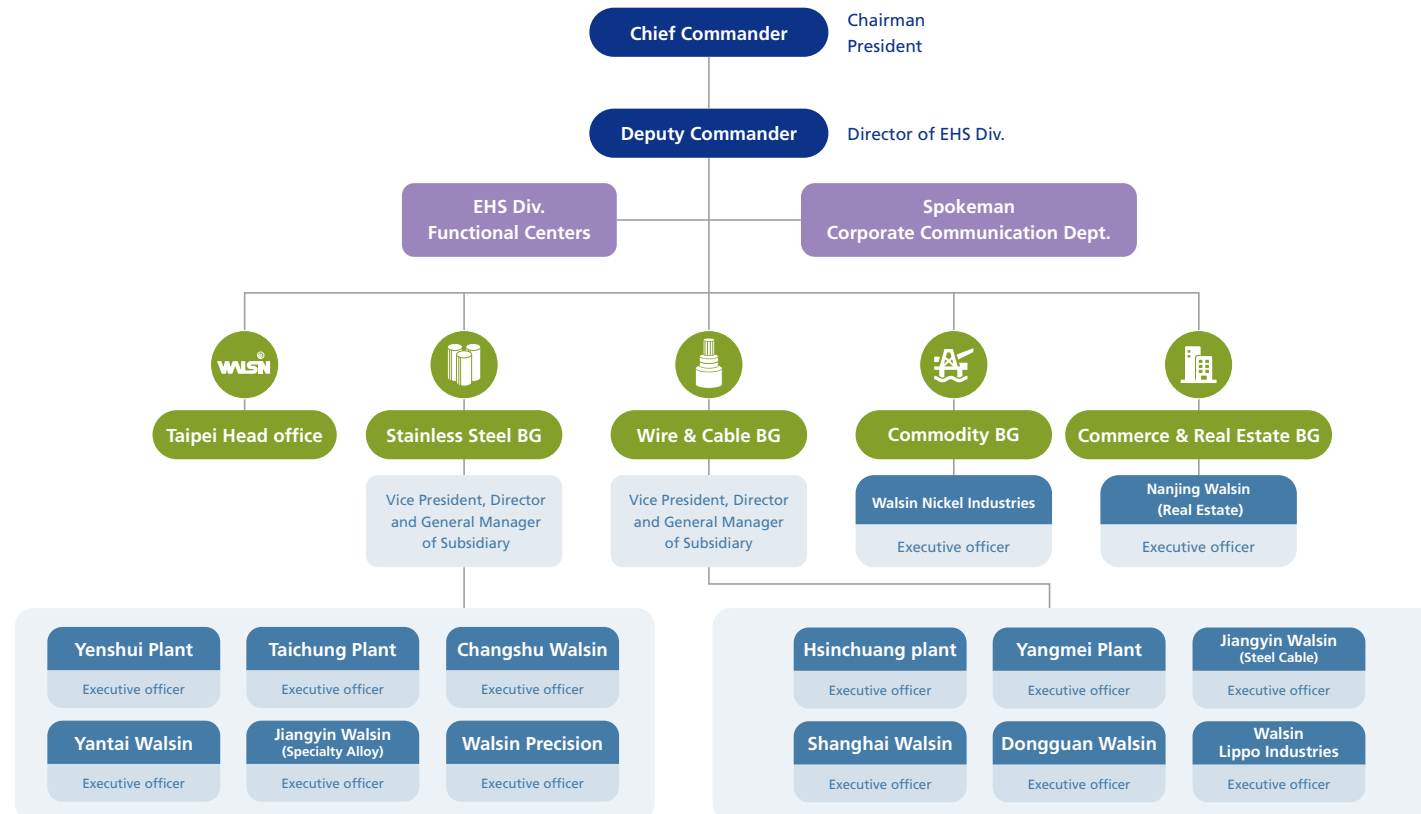
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In January 2020, the Taiwan Centers for Disease Control (CDC) announced the establishment of the "Central Epidemic Command Center (CECC) for Severe and Special Infectious Pneumonia". The Company's Environmental, Health and Safety Committee paid close attention to the development of the COVID-19 pandemic and prepared relevant countermeasures in accordance with the Company's "Epidemic Infectious Disease Preparedness and Response Plan". On January 23, 2020, the Head Office and the plant emergency response teams were established, with the Chairman serving as the commander, and the Environmental Safety Department responsible for coordinating all pandemic prevention work and resource allocation. Each responsible unit regularly reports on the status and handling of each plant and prepares for possible business interruptions in the event of a severe pandemic situation, in order to control and reduce the impact of the pandemic on the Company's operations.

Pandemic Response Unit and Responsible Person



Chief Commander

Supervise the effectiveness of the company's pandemic prevention work.

Deputy Commander

Execute and coordinate the company's pandemic prevention work.

Plant Responsible Person

- Command and coordinate the pandemic prevention work at the plant.
- Set up the pandemic prevention and response teams to carry out pandemic prevention work (including medical tracking group, information integration group, prevention control group, and protective equipment group).

Medical Tracking Group Group Leader

- Notification window of government's Health Bureau
- Provide information and answer inquiries
- Tracking of individuals with suspected symptoms and home quarantine cases

Information Integration Group Group Leader

- External information collection
- Integrate the information of employees in each plant
- Compile and report daily information

Prevention Control Group Group Leader

- Conduct visitor control
- Perform employee and visitor temperature measurement
- Schedule regular disinfection of public areas

Protective Equipment Group Group Leader

- Purchase of masks
- Purchase of ear thermometers, forehead thermometers, and ear muffs
- Purchase of gloves, alcohol and cotton balls
- Other necessary equipment

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Pandemic Prevention 360

In response to the outbreak of the COVID-19 pandemic around the world, Walsin Lihwa set up a company-wide pandemic prevention and response center, initiated the "Business Continuity Management Plan for Pandemic Prevention", and formulated "pandemic prevention measures" in accordance with the government's pandemic prevention policy. The company organized a complete protection network for employee healthcare to ensure 360-degree protection for every employee. A letter was sent to employees from the Chairman, Vice Chairman, and President to explain the company's response measures and to maintain a stable work morale.

During the epidemic period, the Head Office's Epidemic Prevention Command Center kept track of the epidemic situation and epidemic prevention materials at each plant, assisted in the deployment of epidemic prevention materials, and canceled large events and gatherings. During the period of severe pandemic, regional job rotations and some remote work were initiated to ensure the safety of employees and to maintain the company's operation.

In addition, the environmental safety and health, human resources, and plant affairs units at each plant in Taiwan also found out about the work and living needs of migrant workers, promoted pandemic prevention knowledge and measures, and provided pandemic prevention materials and various assistance as needed.

Supply Chain Pandemic Impact and Response

The COVID-19 epidemic in 2020 caused a break in the supply chain of some industries. The Company has actively worked with our supply chain partners at the beginning of the epidemic to confirm the incoming and outgoing stocks of raw materials and to coordinate stocking and production. Under pre-contingency management, there was no significant impact on the incoming raw materials and production in 2020.

With regards to the Wire & Cable Business, domestic procurement of the Taiwan plants has not been affected by the pandemic; while for overseas procurement, the pandemic has affected the production of suppliers and we have suffered delays or failure to receive orders from suppliers. In the second half of 2020, there will be reduced shipping schedules and severe container shortages, which will result in unpredictable and delayed shipments. The Company's countermeasures of developing secondary sources of materials, notifying manufacturers for advance production, and arranging flights have resulted in no significant impact on the Company. In early 2020 Dongguan Walsin was subject to inter-provincial movement control of drivers and trucks. The Company used measures such as adjusting inventory, negotiating delayed delivery date, and applying for special traffic release permits to reduce the Company's production loss. By April 2020, we had gradually returned to normal and suffered no significant impact. The main suppliers of Shanghai Walsin and Jiangying Walsin Steel Cable are located in Jiangxi, Zhejiang, and Shanghai regions, and they began work earlier than other regions in mainland China. According to past experience (Lunar New Year holiday factor and supplier holiday factor), they have prepared materials in advance, so the materials can meet the customers' production demand before the suppliers' normal delivery.

For the Stainless Steel Business, the Taiwan plants generally diversify risks on a regular basis. At the beginning of the epidemic, we actively checked with our overseas supply chain partners to confirm the import and consumption of raw materials. After the outbreak of the epidemic, we checked one by one the overseas factory personnel's work and production status, in order to ensure that the follow-up shipments can be unimpeded. For domestic suppliers, we confirmed that the supply chain is in stock to ensure that raw materials will not be out of stock and affect production. We prepared spare parts for important materials to increase the safe inventory stock quantity. As a result, the Company's stainless steel production has not been affected by the global shipping chaos since the second half of 2020. For the plants in China, through coordination with suppliers, each plant has increased inventory measures and logistical support. The purchase of various raw materials for the plants in mainland China were not affected throughout the year.

▼ 2020/12/14 Tainan Mayor Huang Wei-Che visited the Yenshui Plant to show his concern for migrant workers' pandemic prevention and care.



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Pandemic Management and Response Executio



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Level 4: Red Alert

There is a national pandemic outbreak.

Post-Pandemic Transition Period

Prevention control period(Pandemic period, phase 6)

- 1 Communicate externally about the status of the company's internal pandemic prevention efforts.
- 2 Promptly address rumors and misinformation.
- 3 Promptly convey information to shareholders.
- 4 Increase the frequency of cleaning and disinfection of common areas, including air conditioning systems.
- 5 Implement and evaluate employee and workplace compliance with pandemic prevention measures.
- 6 Liaise with public and private entities to provide professional psychological support resources.
- 7 Avoid in-person contact meetings.
- 8 Continuously check and confirm relevant labor contracts and regulations.
- 9 Evaluate supply chain and support operations to ensure that the sustained operation of necessary functions.
- 10 Coordinate supporting operations in advance to ensure that no situations would occur without warning.
- 11 Monitor impacts and effects through domestic, international, and local information channels.

- 1 Assess physical, economic, and social impact.
- 2 Adjust recovery strategies according to actual conditions.
- 3 Evaluate the potential cost of the next wave of pandemic prevention measures.
- 4 Adjust and implement recovery actions to fully recover to normal operations.
- 5 Promptly convey information to shareholders.
- 6 Assess short-term operational impact.
- 7 Estimate recovery time and costs.
- 8 Review crisis response actions.



(Taipei Head office) Visitors are required to register their names and have their temperature measured.



(Hsinchuang plant) A visitor reception area is designated on premises.



(Taichung plant) A temporary visitor area separated from the plant administration is provided.

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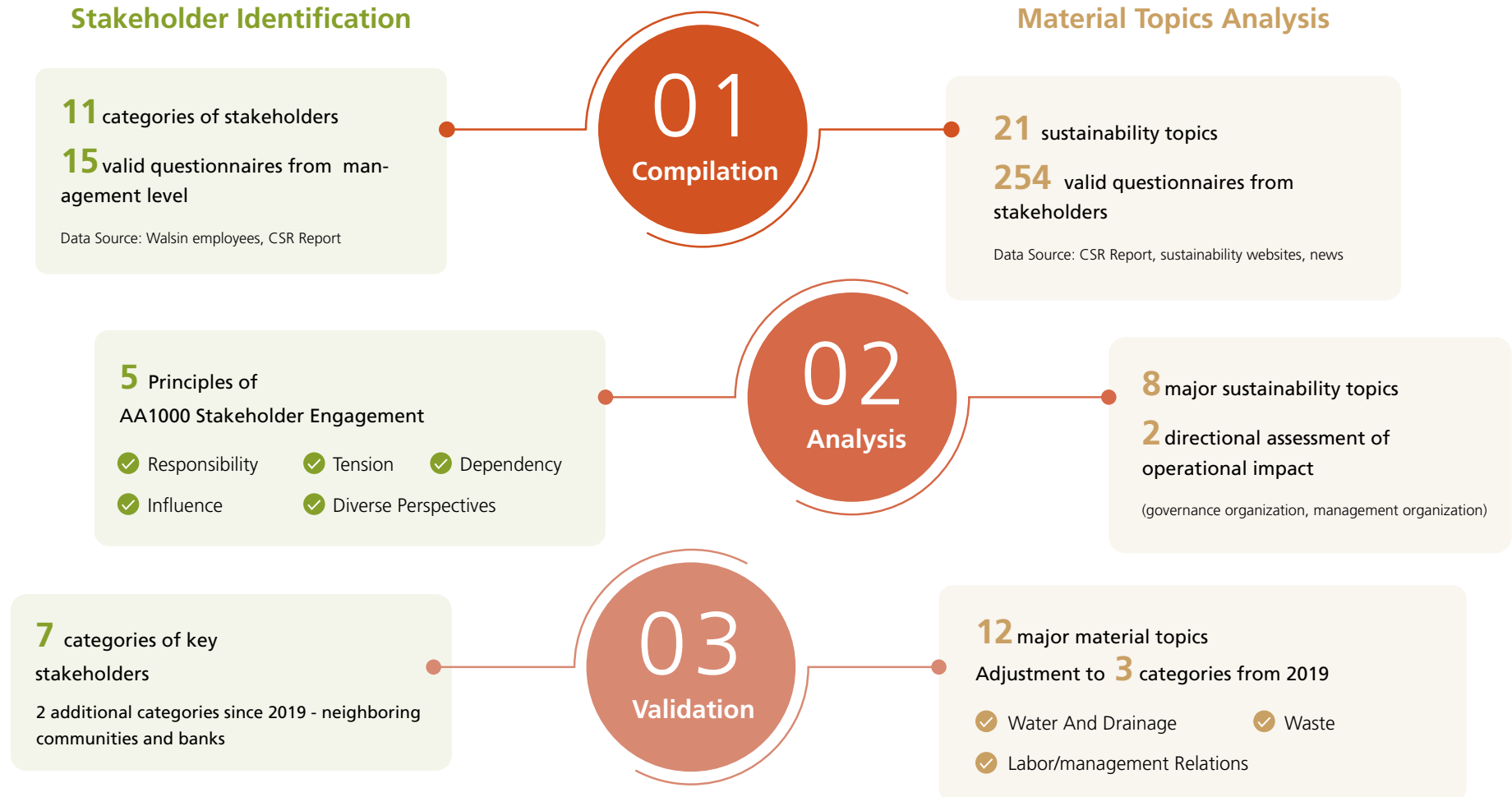
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1.1 Stakeholder Engagement

2020 Stakeholder Identification and Material Topics Analysis Process



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Material Stakeholders

In order to identify key stakeholders, Walsin Lihwa continued to use the five principles of the AA1000 SES Stakeholder Engagement Standard (Responsibility, Influence, Tension, Diversity of Perspectives, and Dependency) to examine 11 categories of major stakeholders, and identified 7 categories of key stakeholders in 2020. Compared with the analysis results in 2019, Walsin Lihwa has added on two additional categories of stakeholders, including the Neighboring Communities and Banks, to actively expand the scope of communication targets. Walsin Lihwa has established complete and comprehensive channels of communication to fully understand the topics with which stakeholders are concerned and specific opinions, in order to actively respond, review, and improve.

Customers



Importance to Walsin

Customers are the core of Walsin's improvements in products and services; Walsin develops longterm trusting customer relationships.

Topics of Concern

- ✔ Product quality and safety
- ✔ Risk management
- ✔ Customer service and relationship
- ✔ Legal compliance
- ✔ Sustainability strategy

Communication/Response Method

Unit Engaging in Communication

Frequency of Communication

• Questionnaire survey for materiality identification	Sustainable Development Committee	Once a year
• Customer satisfaction survey Please refer to section 3.4 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



Importance to Walsin

Employees provide the impulse for Walsin to move forward. It is their unity and support which enables Walsin to achieve sustainability.

Topics of Concern

- ✔ Legal compliance
- ✔ Occupational health and safety
- ✔ Financial performance
- ✔ Sustainability strategy
- ✔ Labor Relationship

Communication/Response Method

Unit Engaging in Communication

Frequency of Communication

• 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 4.4 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
• CSR Mailbox, Complaint Hotline	Auditing Office Head Office / Human Resources Units at Factories	Immediate
• Mechanism for the involvement of all employees	All departments of the Company	Immediate

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Shareholders



Importance to Walsin

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.

Topics of Concern

- ✓ Information transparency
- ✓ Legal compliance
- ✓ Information Security Management
- ✓ Labor Relationship
- ✓ Occupational health and safety

Communication/ Response Method	Unit Engaging in Communication	Frequency of Communication
• General shareholders' meeting	Shareholders Service Office	Once a year
• Publication of annual report	Accounting Division	Once a year
• Investor conferences*	Finance Division	Quarterly
• Questionnaire survey for materiality identification	Sustainable Development Committee	Once a year
• Company website	Corporate Communication Dept./ All departments of the Company	Immediate
• TWSE Market Observation Post System	Shareholders Service Office/ Accounting Division	Immediate
• Company spokesperson system	Spokesman	Immediate
• Shareholder service center	Shareholders Service Office	Immediate
• Complaints and suggestions mailbox and hotline	Auditing Office	Immediate

Government agencies



Importance to Walsin

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.

Topics of Concern

- ✓ Occupational health and safety
- ✓ Labor Relationship
- ✓ Legal compliance
- ✓ Human Rights and Equality
- ✓ Training and Education

Communication/ Response Method	Unit Engaging in Communication	Frequency of Communication
• Questionnaire survey for materiality identification	Sustainable Development Committee	Once a year
• Official notification	All departments of the Company	Irregular
• Participation in briefing and conciliation meetings, questionnaires, and training courses on various policies and laws	Finance Division/All departments of the Company	Irregular
• Phone, email and electronic communications platforms		Immediate
• TWSE Market Observation Post System	Shareholders Service Office /Accounting Division	Immediate



*Investor conferences

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Suppliers, Contractors and Outsourcer



Importance to Walsin

Suppliers/Contractors/Outsourcers are Walsin's upstream materials and service providers, and are key business partners that support Walsin.

Topics of Concern

- ✔ Customer service and relationship
- ✔ Product quality and safety
- ✔ Occupational health and safety
- ✔ Legal compliance
- ✔ Information Security Management

Communication/Response Method	Unit Engaging in Communication	Frequency of Communication
• 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 3.5 Sustainable Supply Chain	Customer Service and Supplier Management Center / Procurement units at each factory	We organized Suppliers Partner Meetings at our Yangmei Plant / Hsinchuang Plant and Taichung Plant / Yenshui Plant in 2020.

Neighboring Communities



Importance to Walsin

Individuals and community organizations in the vicinity of Walsin Lihwa's operations, such as residents in the vicinity of each factory, are frequent stakeholders with whom Walsin Lihwa have frequent interaction.

Topics of Concern

- ✔ Pollution Control
- ✔ Water Management
- ✔ Society and Community Involvement
- ✔ Climate Change and Energy Management
- ✔ Circular Economy

Communication/Response Method	Unit Engaging in Communication	Frequency of Communication
• Questionnaire survey for materiality identification	Sustainable Development Committee	Once a year
• Village Office, Legislators	Administrative units at each factory / Employee relations and social care promotions center	Immediate
• CSR Mailbox, Complaint Hotline		

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Banks



Importance to Walsin

Provide financial assistance to Walsin Lihwa, mainly focusing on the financial performance and sustainability performance of Walsin Lihwa.

Topics of Concern

- Risk management
- Financial Performance
- Corporate Governance
- Legal compliance
- Customer service and relationship

Communication/ Response Method	Unit Engaging in Communication	Frequency of Communication
• Questionnaire survey for materiality identification	Sustainable Development Committee	Once a year
• Publication of annual report	Accounting Division	Once a year
• Investor conferences		Quarterly
• TWSE Market Observation Post System	Finance Division	Irregular
• Phone, email and feedback sent through mail		Immediate



Contact for stakeholders



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1.2 Material Topic Analysis

After identifying the key stakeholders, Walsin Lihwa took into consideration the major trends of the industry in 2020 and the new circular economy, and consolidated the potential sustainability topics of concern to the key stakeholders. In order to understand the sustainability topics' order of priority, Walsin Lihwa surveyed internal and external stakeholders on the 21 sustainability topics mentioned above and collected 254 valid questionnaires in 2020. According to the statistical analysis of stakeholders' questionnaires, the order of the 8 sustainability topics is as follows: legal compliance, sustainability strategy, occupational health and safety, pollution control, product quality and safety, risk management, corporate governance, and labor relationship.

Based on the analyses results of the abovementioned sustainability topics, Walsin Lihwa conducted internal discussions and defined targets and boundaries for every aspect within and without the organization, and 12 corresponding material topics were further identified as the main scope of information disclosures in this report. Out of which, labor relationship replaced customer service and relationship among the major themes in 2019 as a major theme in 2020, which also reflects Walsin Lihwa's efforts to treat employees as important assets of the company and to actively communicate with them to protect their rights and interests. Furthermore, Walsin Lihwa is also gradually promoting the option of full disclosure of GRI guidelines, in order to disclose our response and strategies for certain material topics (such as employee training and education, supplier management, climate change and energy management).

2020 CSR Issues List

Governance, Commitments, and Engagement

- 1 Sustainability Strategy
- 2 Corporate Governance
- 3 Risk Management
- 4 Information Transparency

Economic Performance

- 5 Product R&D and Technology Innovation
- 6 Product Quality and Safety
- 7 Legal Compliance
- 8 Financial Performance
- 9 Information Security
- 10 Supplier Management

Environmental Performance

- 11 Climate Change and Energy Management
- 12 Water Management
- 13 Circular Economy
- 14 Pollution Control

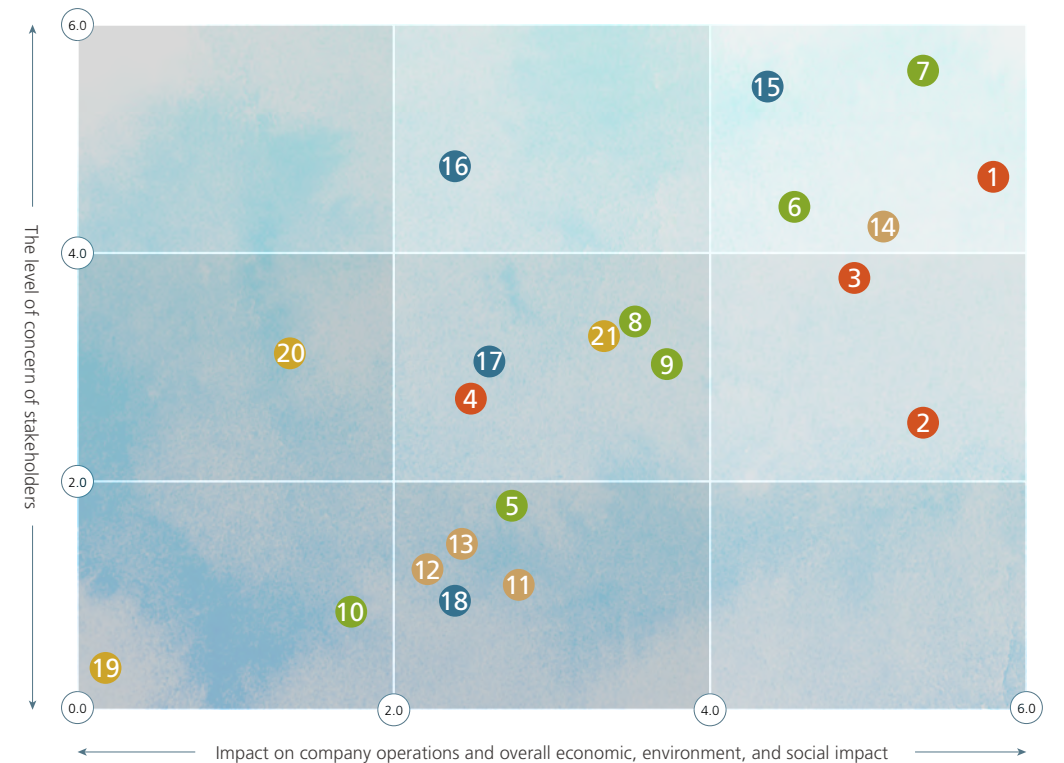
Labor and Human Rights

- 15 Occupational Health and Safety
- 16 Labor Relationship
- 17 Training and Education
- 18 Hiring, Salary and Benefit

Social Performance

- 19 Society and Community Involvement
- 20 Human Rights and Equality
- 21 Customer Service and Relationship

2020 Materiality Matrix



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1.3 Disclosure of Management Strategies

Material Topics Table

High : ● Medium : ○ Low : △

Issues	Significance to Walsin	Material Topics	Internal Impact		External Impact			Chapter Response
			Walsin Lihwa	Government agencies	Customers	Shareholders	Suppliers / Contractors / Outsourcers	
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 Resource Recycling and Pollution Prevention
		Social and Economic Regulatory Compliance	●	△	●	△	●	
		Anti-corruption	●	△	○	△	●	
		Anti-competitive Behavior	●	△	●	△	●	
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 Ethical Governance and Management Chapter 3 Teamwork and Innovation Chapter 4 Employee Care and Empowerment Chapter 5 Energy Saving and Low Carbon for Environmental Protection Chapter 6 Deep Local Roots and Communion
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	●	△	○	△	●	4.3 Workplace Health and Safety

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Issues	Significance to Walsin	Material Topics	Internal Impact		External Impact			Chapter Response
			Walsin Lihwa	Government agencies	Customers	Shareholders	Suppliers / Contractors / Outsourcers	
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 Resource Recycling and Pollution Prevention
		Water and Drainage	●	△	○	△	●	
		Waste	●	△	○	△	●	
		Environmental Regulatory Compliance	●	△	○	△	●	
Product Quality and Safety	Walsin's practices to improve product quality and ensure that product and material quality comply with health and safety regulations. Walsin actively builds relationships with customers to understand what customers need and improve service quality and satisfaction.	Customer Health and Safety	●	△	●	△	●	3.3 Product Quality and Responsibility
		Marketing and Labeling	●	△	●	△	●	3.4 Mutually Beneficial Value Creation
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
Governance, Commitments, and Engagement	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	●	△	●	●	○	2.2.1 Governance Framework
Labor Relationship	Employees are a valuable asset for sustainable management. We care for our employees, provide them with excellent compensation and benefits, consider their safety and health as our top priority, and obtain the consensus of the company, employees, and employers through communication.	Labor Relationship	●	△	○	△	○	4.4 Employee Care and Communication

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Management Approach Table

Material Issues	Material Topics	Management mechanisms and purpose	Policy/Commitment/Responsibility	Goals/Resources/Actions/Complaint Mechanisms
	<ul style="list-style-type: none"> Environmental Regulatory Compliance Social and Economic Regulatory Compliance Anti-corruption Anti-competitive Behavior 	<ul style="list-style-type: none"> 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 Center under the Sustainable Development Committee 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 to establish the company's intellectual property management system. 	<p>Integrity is an important part of the company's culture that stress that all business activities must comply with local laws and regulations.</p> <p>We are committed to complying with laws, regulations, and procedures, and have established an emergency reporting system.</p> <p>The Company exerts every effort in the following areas to comply with laws and regulations to achieve sustainability:</p> <ul style="list-style-type: none"> External: <ol style="list-style-type: none"> The Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" are available on the Company's website. The latest version of the "Intellectual Property Manual" is available on the Company's website. Internal: <ol style="list-style-type: none"> 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. Establish an intellectual property management system, promote compliance with intellectual property laws and regulations, organize education and training, and pass TIPS certification. Suppliers: The Company's supply chain management policy, which requires suppliers to comply with international laws and customers' regulations, is specified on the Company's website. Promote honest business practices and an intellectual property rights system during supplier meetings. A sunset provision, confidentiality clause, and intellectual property rights protection clause, as well as regulations on honest transactions, anti-bribery (anti-corruption), intellectual property rights infringement and other unethical conducts are incorporated in supplier contracts. 	<ul style="list-style-type: none"> Goals: To create a culture of honest business practices and make it a part of the DNA of every Walsin employee. Resources and actions: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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) <p>TEL: 886-2-8726-2211 ext.6399 E-mail: opinion@walsin.com</p>
	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.	<ul style="list-style-type: none"> Insistence on integrity and commitment to ongoing improvement of operational effectiveness. Ongoing improvement of corporate governance to ensure business sustainability. Development of a friendly work environment and an innovative learning organization. Thorough safety management to create an outstanding workspace. Effective implementation of carbon reduction and energy to enable green production. Ongoing corporate social responsibility and public interest initiatives. 	<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

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Material Issues	Material Topics	Management mechanisms and purpose	Policy/Commitment/Responsibility	Goals/Resources/Actions/Complaint Mechanisms
Occupational Health and Safety	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"> • 2020 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
	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. 	<ul style="list-style-type: none"> • The quality of all products complies with domestic and international environmental protection regulations and laws and meets customer needs. • 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. 	<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
Product Quality and Safety	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. 	
	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."	2020 Goals: -Obtain the new version of ISO 50001, pass/implement 14064 Systems, and quantify energy management -From 2014 to 2020, we aim to reduce electricity consumption and carbon emission every year by 1%
Water and Drainage	20% water saving in 2020.			
Waste	2020 Goals: Increase resources reutilization			
Pollution Control	Environmental Regulatory Compliance			2020 Goals: Compliance with environmental protection: zero shutdowns, zero fines.

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Material Issues	Material Topics	Management mechanisms and purpose	Policy/Commitment/Responsibility	Goals/Resources/Actions/Complaint Mechanisms
Risk Management	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. 	Complaint mechanisms: Audits and reports
Governance, Commitments, and Engagement	General Disclosure	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.	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.	CSR mailbox
Labor Relationship	Labor Relationship	Through regular labor-management meetings and dedicated complaint channels, we promote communication between employers and employees to maintain harmony.	<ul style="list-style-type: none"> Policy: Comply with labor laws and regulations Commitment: Protect employees' right to unionize 	<ul style="list-style-type: none"> Resources: Employee intranet and e-newsletter, electronic bulletin board Actions: Quarterly labor-management meetings Channel for filing complaints: Employee complaints mailbox

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Ethical Governance and Management

2.1 About Walsin Lihwa

2.2 Organizational Structure **Material Topics**

2.3 Business Performance

2.4 Business Integrity **Material Topics**

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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

Strategy	Objectives for 2020	2020 results	Objectives for 2021
Continue to provide training that promotes regulatory compliance and honest business practices to instill the concept of regulatory compliance	<p>Subjects of diverse business integrity promotion include</p> <ol style="list-style-type: none"> 1 Sales and procurement personnel 2 Suppliers 3 Directors and higher-level managers 	<ol style="list-style-type: none"> 1 464 sales and procurement executives' participation in online ethical management courses 2 Ethical management promotion to suppliers to the Stainless Steel Business Group and Power Wire and Cable Business Group in November 3 Promotion of the laws and regulations related to insider trading to 11 directors of the board and 39 executives above the manager level 	Continue promoting ethical management to internal and external stakeholders through diverse channels
Improve and revise regulations and systems related to business integrity	<ol style="list-style-type: none"> 1 Keep developing and perfecting intellectual property management and confidentiality management mechanisms 2 Develop unethical conduct risk assessment mechanisms and require the senior management to issue a statement of compliance with the company's ethical management policy 	<ol style="list-style-type: none"> 1 Implementation of the Taiwan Intellectual Property Management System (TIPS) with external authentication 2 Assessment of unethical conduct risks and planning of the senior management's statement of compliance with the Company's ethical management policy 	<ol style="list-style-type: none"> 1 Have the TIPS implemented throughout plant sites to perfect the Company's intellectual property management system 2 Develop audit of and countermeasures against unethical conduct risks to perfect risk management mechanisms
Revise regulations and ensure the lawfulness and effectiveness of regulations	Establish a system to avoid conflicts of interest (Taiwan and Mainland China)	Investigation of the 2nd degree relatives of relevant people at the company to manage their relations with 2nd degree relatives, with the division of powers and responsibilities of the Accounting, Finance, Human Resources, and Procurement Divisions amended, promulgated, and then effected on August 1	Implement recusal of relevant people at the Company for the conflicts of interest associated with their 2nd degree relatives to effectively manage their relations with 2nd degree relatives through systematic information applications
Identify operating practices at all factories that have a high risk of violating business integrity practices and further establish prevention measures	<ol style="list-style-type: none"> 1 Keep perfecting sales, procurement, environmental protection, and occupational safety risk assessment mechanisms 2 Ensure effective compliance with relevant tax laws and regulations in Mainland China 	<ol style="list-style-type: none"> 1 Monthly or bimonthly risk management meetings with the business units in Changshu, Dongguan, Jiangyin, Shanghai, and Yantai based on their individual resolution models 2 Sampling of invoice issuance, allowance on sales, and combination of invoice issuance with next transaction, with improvement implemented based on sampling results 	Identify and audit high risk unethical conduct to prevent such conduct as well as unethical business practices

TIPS

Certification by the TIPS

Top 5%

One of the top 5% in the Corporate Governance Assessment for 4 consecutive years

Top 10%

One of the top 10% in the Corporate Governance Assessment outside the-electronics and financial sectors with a market value higher than NT\$10 billion for 2 consecutive years

Risk Assessment

Establishment of unethical conduct risk assessment mechanisms

Recusal for Conflicts of Interest

Establishment of recusal mechanisms to prevent conflicts of interest associated with 2nd degree relatives

Electronic Processing

Electronic processing of board meeting proceedings

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2.1 About Walsin Lihwa

2.1.1 Business Development

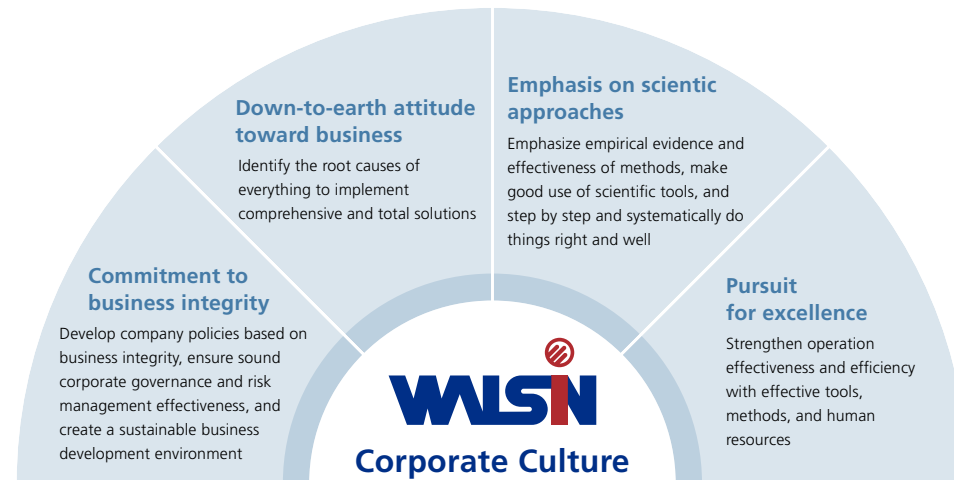


Walsin Lihwa Corporation was founded in 1966 with a capital of NT\$30 million, and started out as a manufacturer of wire and cable. Walsin Lihwa is currently the leader of the wire and cable and stainless steel industry in Greater China, and is an international enterprise that has successfully entered 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 2020 was approximately NT\$112.5 billion, and employees totaled 5,230.

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.



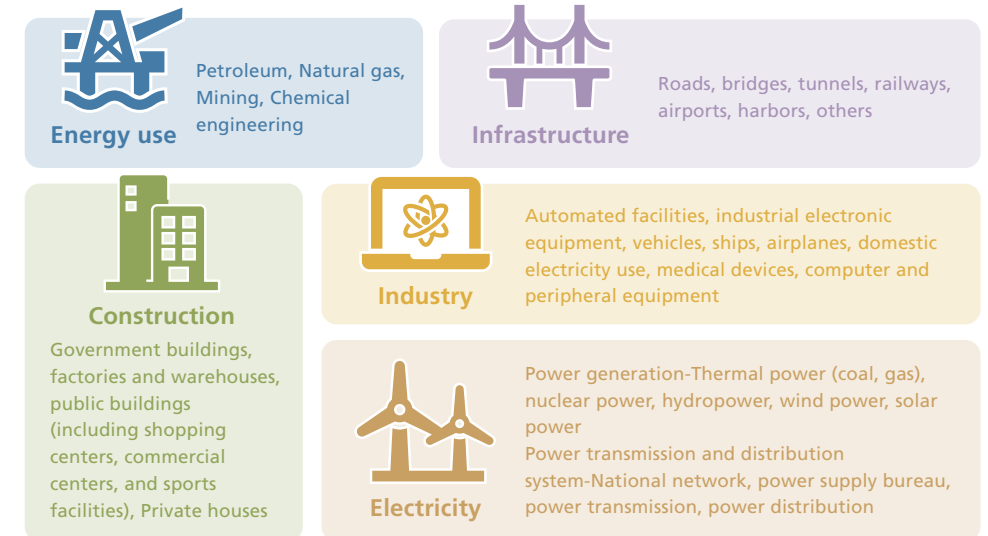
Walsin Lihwa began investing in the semiconductor, electronic parts and components, printed circuit boards, photonics, and financial industries in 1980, and established a number of enterprises including Winbond Electronics Corporation, Walsin Technology Corporation, HannStar Board Corporation, and HannStar 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

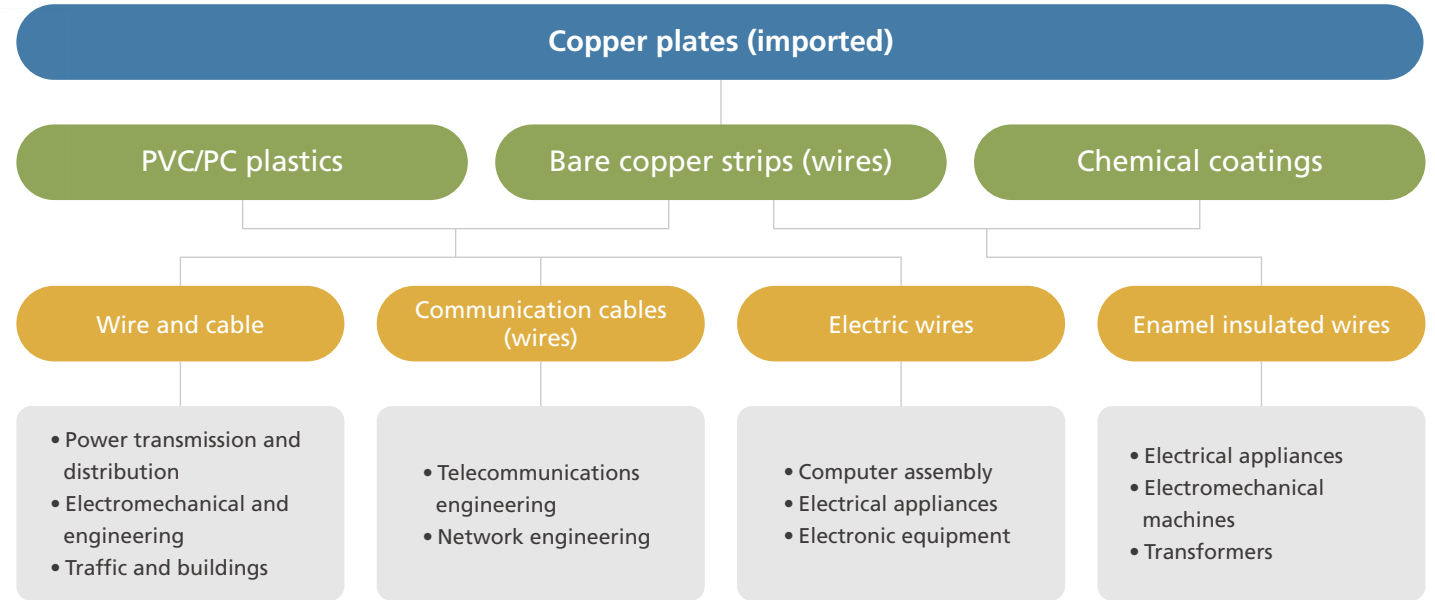
Walsin has established over ten business locations in Taiwan, Mainland China, Southeast Asia, and the United States. We are headquartered in Taiwan with the Asia-Pacific as our growth engine, providing customers with excellent quality and refined services in view of establishing our presence in the global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



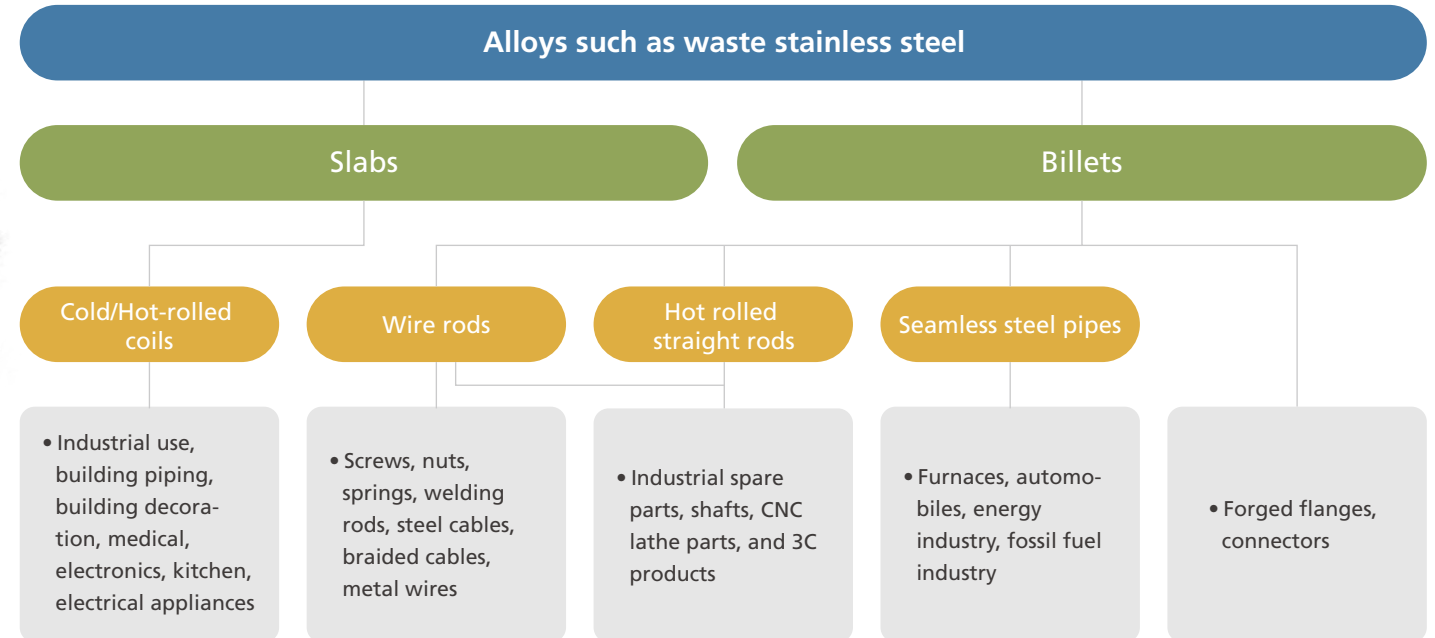
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Wire and Cable Business



Stainless Steel Business



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MAINLAND CHINA

TAIWAN

● Wire and Cable Business ● Stainless Steel Business ● Real Estate Business ● Other Overseas Sites

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	✓	Patricia Chiao, Vice Chairman of Walsin Lihwa, as Vice Chairman of the Association
	Taiwan Electrical and Electronic Manufacturers' Association	✓	Chiao Yu-Cheng, a Director of the Board of Walsin Lihwa, as Policy Advisor to the Association
	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	✓	
	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.	✓	
Social Development	Cross-Strait CEO Summit	✓	
	Chinese International Economic Cooperation Association	✓	
	The Third Wednesday Club	✓	
	Center for Corporate Sustainability	✓	✓

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2.1.3 Milestones and Awards

Company Development Milestones



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Honors and Awards

Environmental



- Taichung Plant
 - Won in the "Air Quality Cleaning Zone: Dongfeng Green Corridor Bicycle Path" evaluation conducted by the Taichung Environmental Protection Bureau
- Walsin (Nanjing) Development Co., Ltd.
 - ▶ Tien-yow Jeme Civil Engineering Prize for outstanding residential community development
 - ▶ LEED-CS 2009 Gold pre-certification

Social



- The 258th in the World Best Employers and the 2nd in Taiwan announced by Forbes in 2020
- Received the "School Donation Role Model" award from Yilan County Government for the "Light Up the Corners throughout Taiwan" project

Governance

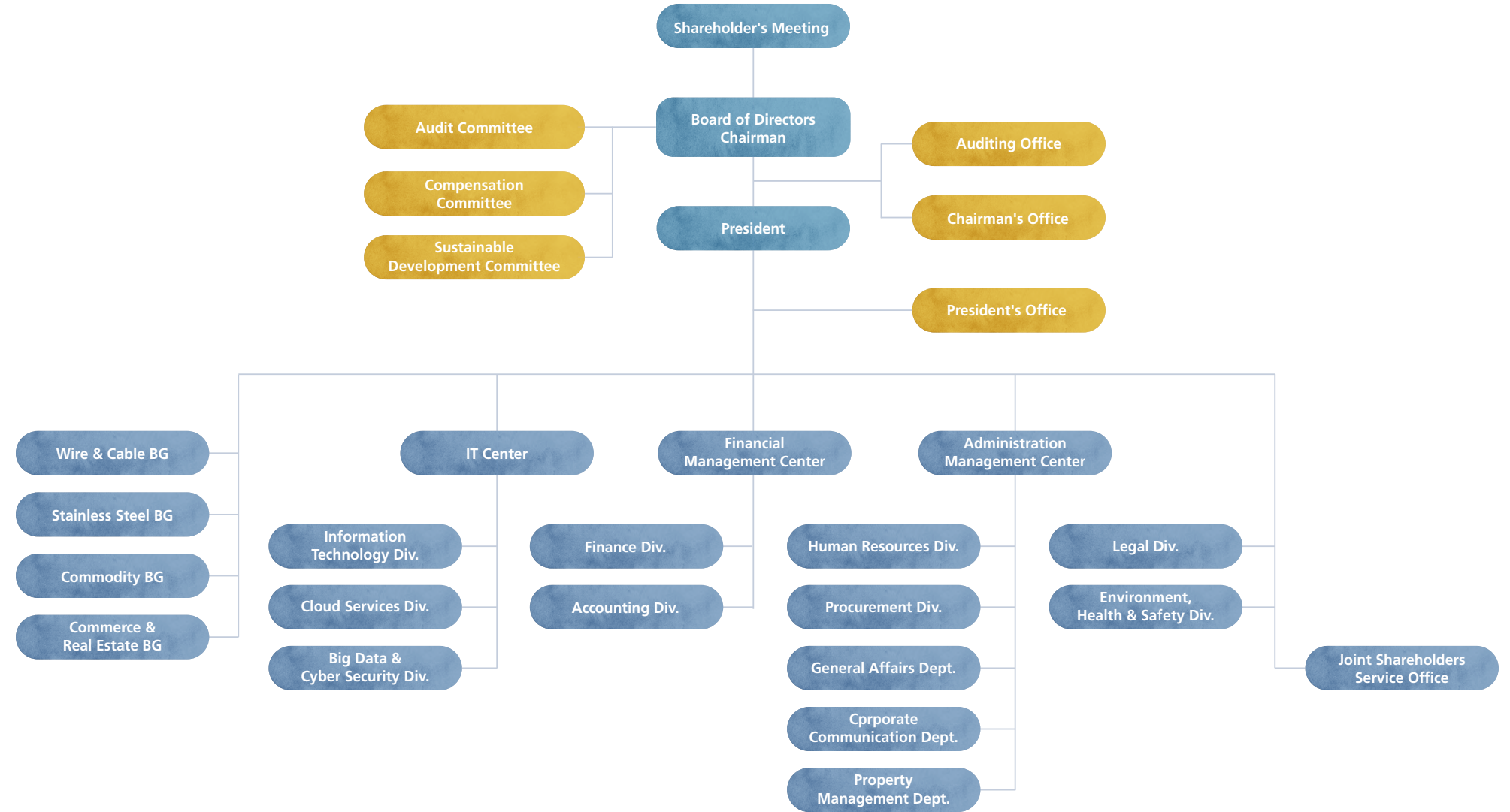


- Ranked in the Top 5% of Companies in the TWSE's 7th Corporate Governance Evaluation in 2020. Ranked in the top 10 percent of non-financial and non-IT companies in Taiwan with a market value of more than NT\$10 billion.
- Top50 of Report and Corporate Sustainability Award at the 2020 Taiwan Corporate Sustainability Awards (TCSA)
- Commonwealth Magazine Taiwan Top 2000 Survey of 2019 business performances
 - ▶ 46th in the top-50 high-performing companies
 - ▶ 1st in the metal manufacture industry
 - ▶ 32nd highest operating income in the manufacture industry
 - ▶ 32nd in the Taiwan top-50 consortiums
- Dongguan Walsin
 - Top10 exporting industrial companies in Dalang Town, Dongguan City
- Jiangyin Walsin
 - ▶ An important backbone enterprise in Jiangyin in 2019
 - ▶ An outstanding foreign investor in 2019
- ONE Mall (in Nanjing Walsin Centro)
 - ▶ A forerunner dubbed by the Nanjing Consumers Association
 - ▶ A forerunner in production safety in 2019
- Nanjing Walsin (Property Management)
 - ▶ Participation in a Nanjing property management demonstration project
 - ▶ An AAA credit status in the property industry in Jianye District, Nanjing
 - ▶ An outstanding service company in Jianye District, Nanjing
 - ▶ An exemplary forerunner in green transformation, information transformation, and intelligence transformation
 - ▶ A forerunner in COVID-19 prevention and control
- Nanjing Taiwan Trade Mart
 - ▶ A forerunner in civilized city development in Nanjing
 - ▶ A forerunner in pandemic prevention and control

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2.2 Organizational Structure

2.2.1 Governance Framework Material Topics



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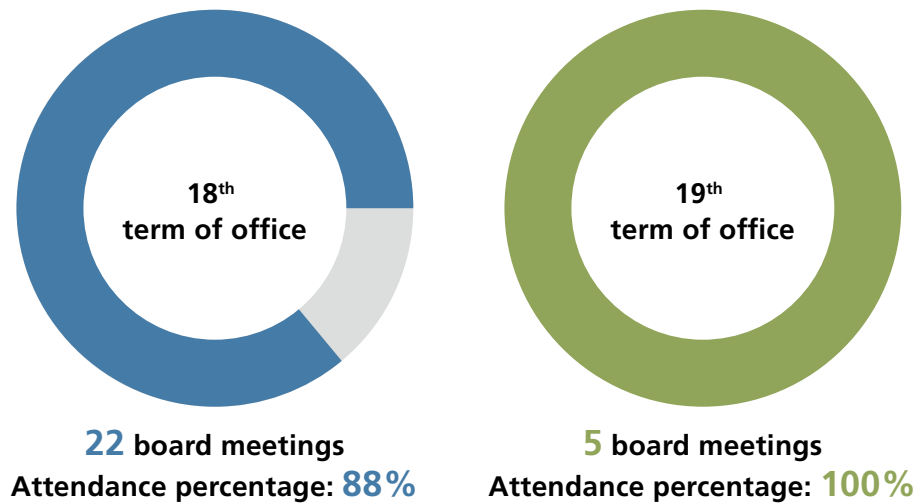
2.2.2 Board of Directors Material Topics

The board of directors is the highest governance body and decision maker of the Company.

The 18th term of office of the board of directors and independent directors of Walsin Lihwa expired on May 28, 2020. During their term of office from May 26, 2017 to May 25, 2020, they convened 22 meetings and their attendance percentage amounted to 88%.

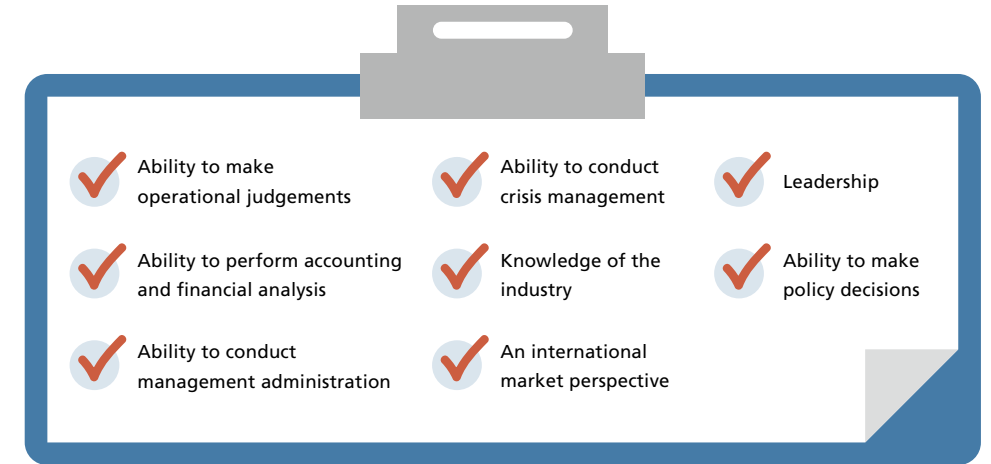
Nomination of the candidates of the 19th term of office of directors and independent directors of Walsin Lihwa adopted the candidates nomination system as prescribed in Article 192-1 of the Company Act for shareholders to elect the directors from among the nominees listed in the roster of director candidates. The number of director and independent director candidates, candidates' names, as well as their qualifications, professionalism, independence, and concurrent positions were passed by the Board on February 27, 2020 and announced accordingly. The 19th term of office was elected pursuant to Article 14 of the Articles of Association at the shareholders' meeting on May 29, 2020. The newly elected 11 directors including 4 independent directors are non-executive directors and have a term of office for 3 years, effective upon being elected, from May 29, 2020 through May 28, 2023. They shall convene at least once quarterly whereas convened 5 meetings from May 29, 2020 to January 22, 2021. Their attendance percentage was 100%, and major bills passed by their meetings were immediately disclosed on the Company's website to provide real-time and transparent information.

Note: The minimum number of independent directors of a Taiwan Stock Exchange-listed company shall be three at least, but Walsin Lihwa is committed to corporate governance and therefore has 4 independent directors, 36% of its Board and higher than what is prescribed by law.



Board Diversity

Pursuant to Article 20 of the Corporate Governance Best Practice Principles of Walsin Lihwa, the board of directors shall possess the following abilities to help optimize corporate governance:



The Board of Walsin Lihwa has diverse backgrounds in the Company's management team, management in relevant industries, accounting, finance, and sales. Different professionalisms and career backgrounds help perform board duties to effectively establish and maintain the Company's vision and value, assist in corporate governance promotion and strengthen management, supervise and assess the management's policy and business plan implementation, take charge of the Company's overall economic, environmental, and social operations based on the perspective of stakeholders, and enhance corporate governance quality and corporate value. Andrew Hsia, one of the directors and a former diplomat known for his international vision, has a good command of the Southeast Asian markets to effectively assist in investment decision-making. Wei-shin Ma, one of the two female directors, excels in techno leadership, operational judgements, and operations management. Patricia Chiao, the other female director, excels in operations management, investment judgements, and human resources. All the independent directors are very knowledgeable about relevant industries and have international market visions. The four independent directors are Ming-Ling Hsueh, Fu-Hsiung Hu, King-Ling Du, and Shiang-Chung Chen. Ming-Ling Hsueh excels in finance, accounting, and corporate governance. Fu-Hsiung Hu is a finance and securities exchange expert also knowledgeable about information technology. King-Ling Du is savvy about the stainless steel industry and assumes an active role in important investment projects by providing investment decision-making counseling. Shiang-Chung Chen excels in techno leadership, is savvy about the stainless steel industry, and provides the stainless steel industry-related investment decision-making counseling^{Note}. There is no representative for the underprivileged or stakeholders other shareholders on the board.

Note: The diverse professional specialties of the board of directors are provided as below:

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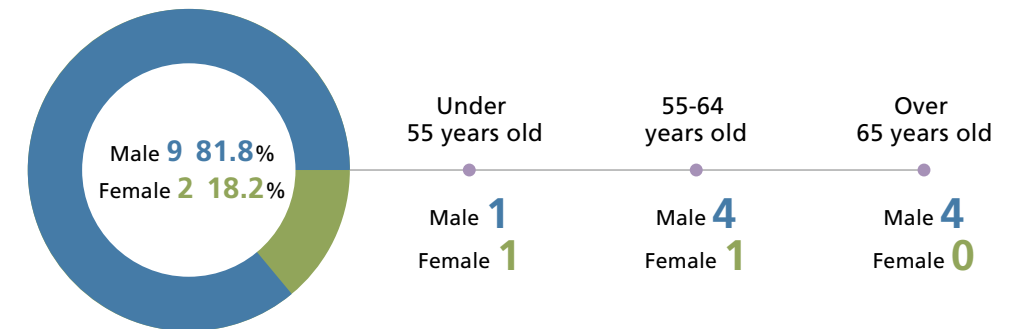
Diverse Professional Specialties of the Board of Directors

Title	Name	Gender	Specialization								
			Management	Industry Knowledge	Finance and Law	Technology	Marketing and Sales	Procurement	International Trade	IT	Green Energy and Environmental Protection
Chairman	Chiao, Yu-Lon	Male	✓	✓		✓	✓				
Vice Chairman	Chiao, Patricia	Female	✓	✓			✓	✓			
Director	Chiao, Yu-Cheng	Male	✓	✓		✓				✓	
Director	Chiao, Yu-Heng	Male	✓	✓		✓				✓	
Director	Hsia, Andrew	Male	✓	✓	✓				✓		
Director	Chen, Pei-Ming	Male	✓	✓		✓	✓			✓	
Director	Ma, Wei-Shin	Female	✓	✓			✓				
Independent Director	Hsueh, Ming-Ling	Male	✓	✓	✓						
Independent Director	Du, King-Ling	Male	✓	✓		✓	✓	✓			✓
Independent Director	Chen, Shiang-Chung	Male	✓	✓			✓			✓	
Independent Director	Hu, Fu-Hsiung	Male	✓	✓	✓				✓		

Gender and Age of Directors

There are 11 directors of the board and 4 of them (36%) are independent directors. None of the independent directors has served 3 consecutive terms. 3 directors are more than 65 years old; 6 are between 55 to 64 years old; and 2 are younger than 55 years. To support the government's Gender Equality Policy Guidelines, increase females' participation in decision-making, and balance the board structure, Walsin Lihwa has 2 female directors of the board (18%). Female directors now amount to 18% of the board, higher than the target of 15%.

Aiming at a younger board of directors, Walsin Lihwa will have the average age of its future directors of the board lowered by 5% as compared to that of the incumbent. The company will accordingly continue inviting competent candidates to join its board based on development strategies as well as internal and external environment changes to help strengthen its board structure balance.



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



Director Proles and Implementation of Board Diversity



Important resolutions of the Board of Directors in 2020



Continuing education status of directors in 2020

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Board Performance Evaluation

Pursuant to the Regulations Governing Board Performance Evaluation of Walsin Lihwa, the board of directors shall conduct an internal board performance evaluation every year by using self-evaluation questionnaires. The evaluation shall also be conducted by an independent professional organization or a panel of external experts and scholars at least once every three years. The evaluation for the current year shall be conducted at year-end. In 2018, the Company commissioned the Taiwan Corporate Governance Association -- an independent third party without any business dealing with the Company -- to evaluate its board performance. The evaluation by the Taiwan Corporate Governance Association along with the guidance and opinion exchange provided by its evaluation panelists helped the Company obtain professional, objective evaluation results and recommendations, which were reported to the board of directors on January 21, 2019. In 2019 and 2020, the board continued optimizing its meeting quality based on recommendations provided by the 2018 external evaluation as well as internal evaluation results. The internal evaluation of board performance in 2020 was completed and the evaluation results were reported to the board on January 22, 2021.



2020 board performance evaluation results

Directors' Recusal for Conflicts of Interest

The Ethical Conduct Guidelines for Directors of the Board and Managerial Officers of Walsin Lihwa require strict abidance by recusal for conflicts of interest and anticorruption. Moreover, pursuant to the Board of Directors Meeting Regulations, if a director has a personal interest in any agenda item or his or her personal interest may prejudice the Company's interest, the director may not participate in discussion and voting, and shall recuse himself or herself from the discussion and voting, and also may not exercise voting rights as a proxy for any other director. The name of any director possibly having an interest relationship, essential content of the interest, and status of recusal were all minuted, and the scope of directors' recusal was accordingly prescribed on February 27, 2020 when a board meeting resolved to have the Board of Directors Meeting Regulations amended.

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:

○ convener

Member	Audit Committee	Compensation Committee	Sustainable Development Committee
Hsueh, Ming-Ling Independent Director	○	✓	✓
Du, King-Ling Independent Director	✓	○	✓
Chen, Shiang-Chung Independent Director	✓	✓	✓
Hu, Fu-Hsiung Independent Director	✓	✓	✓
Chiao, Yu-Lon Chairman			○
Chiao, Patricia Vice Chairman			✓
Pan, Fred President			Secretary General



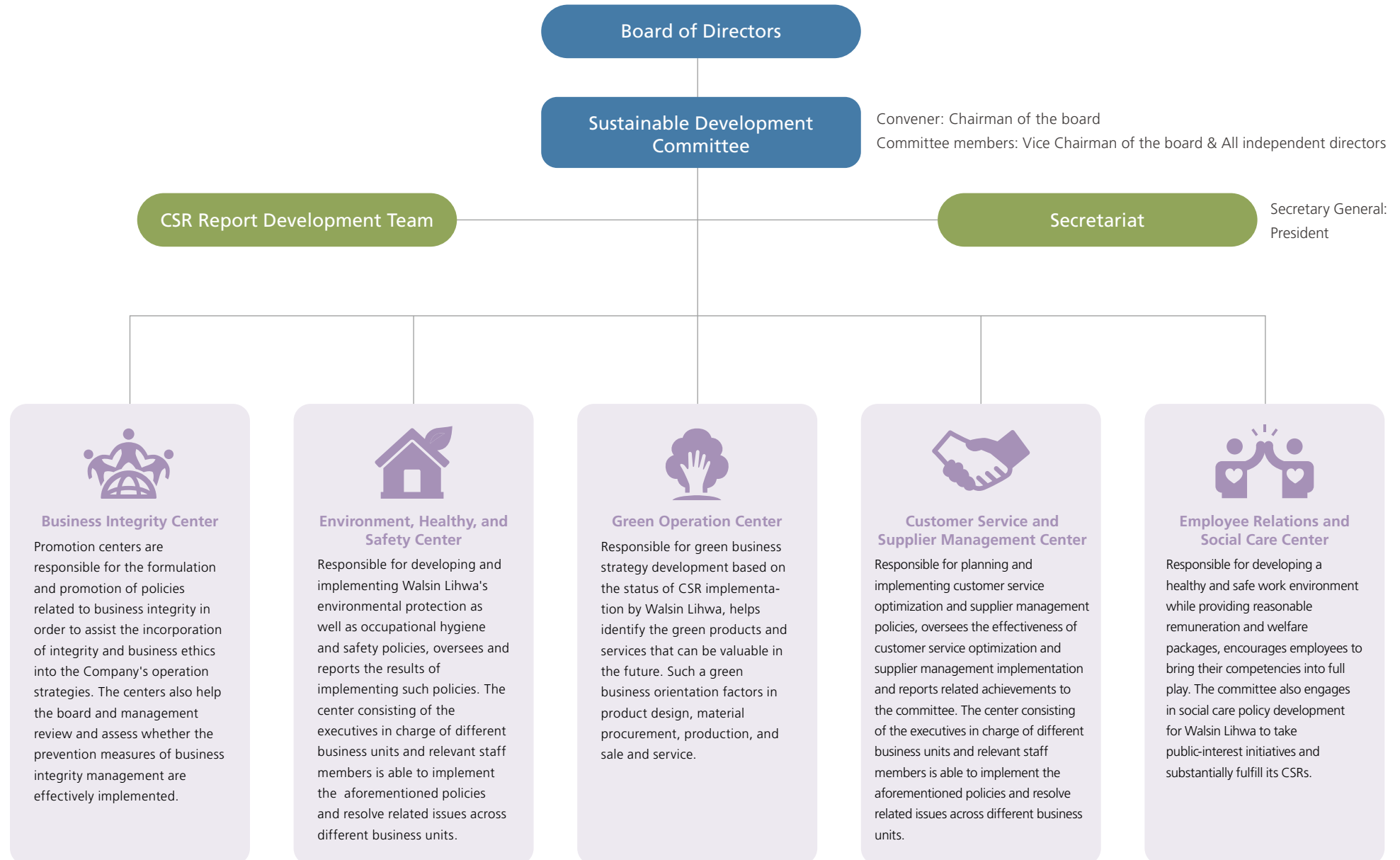
Duties and Operations of the Audit Committee and Compensation Committee

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 Chairman acting as the convener, and Vice Chairman 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 2019 and the implementation plan for 2020 were reported in January 2020. Implementation results in 2020 and the implementation plan for 2021 were reported in January 2021.

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Sustainability Development Committee Organizational Structure



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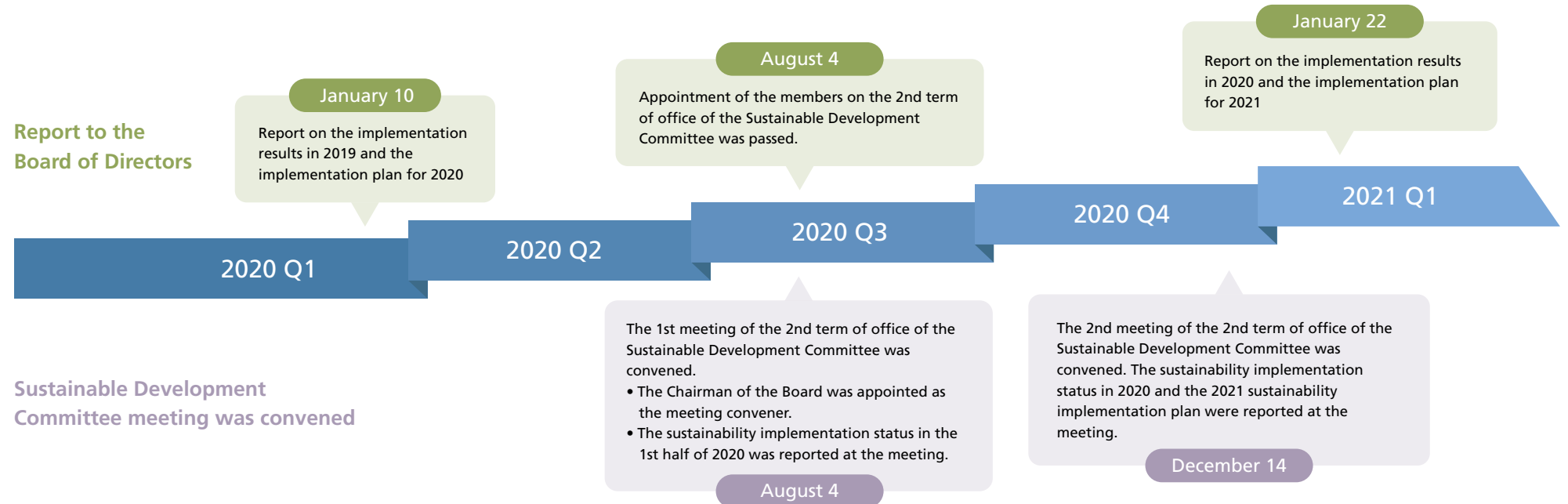
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Sustainable Development Committee Operation

Communication plan	Communication mechanism	Frequency	Status of communication in 2020
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 2019 and the implementation plan for 2020 to the Board of Directors on January 10, 2020.
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	Two Sustainable Development Committee meetings were convened: The first meeting was convened on August 4, 2020, and the Chairman of the Board was appointed as the meeting convener. The sustainability implementation status in the 1st half of 2020 was reported at the meeting. The second meeting was convened on December 14, 2020, and the implementation results in 2020 and the implementation plan for 2021 were reported and proposed, respectively.



Shareholders' Equity

Walsin Lihwa values every shareholder's equity and abides by the Company Act, Securities and Exchange Act, as well as other relevant laws and regulations to treat all shareholders equally. The Company's Joint Shareholders Service Office is responsible for processing shareholders' suggestions and doubts. The Company's website and annual report provide relevant contact information and designated compliant mailboxes to assure timely and proper responses, and disclose the matters related to shareholders' equity and status of the Company's communication with stakeholders.



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2.3 Business Performance

2.3.1 Financial Performance

Walsin Lihwa's total capital was NT\$32.3 billion in 2020, consolidated revenue was approximately NT\$112.5 billion and the number of employees reached nearly 5,000. The Company's three major business units are wire and cable, stainless steel, and real estate. The Wire and Cable BU's revenue was NT\$41.4 billion in 2020, shipping approximately 200,000 metric tons of bare copper wire and wire and cable. The Stainless Steel BU's revenue was NT\$46 billion, shipping approximately 730,000 metric tons of primary stainless steel products. The Real Estate BU's income from real estate sales and leasing was NT\$7.1 billion.

Unit: NT\$ million

Category	2020	2019
Operating revenue	112,547	134,804
Gross profit	12,468	9,391
Operating expenses	5,083	5,331
Operating profit	7,385	4,059
Non-operating income and expenses	1,866	681
Pre-tax profit / loss	9,251	4,740
Net profit / loss	6,691	3,150

Operating revenue

A decrease of NT\$22.2 billion in the 2020 operating revenue primarily resulted from a sale of Nanjing Walsin Metal Co., Ltd. as well as the pandemic impact that decreased the annual revenue by NT\$28.1 billion whereas the real estate business' recognized revenue from its sale of Jing Yuan, a residential building, increased the annual revenue by NT\$5 billion.

Gross profit

An increase of NT\$3.2 billion in the 2020 gross profit primarily resulted from the recognized profit from the aforementioned residential building sale while the gross profit from manufacturing operations remained about the same as that in the previous year.

Operating expenses

A decrease of NT\$200 million in the 2020 operating expenses resulted from the aforementioned revenue decrease that decreased corresponding expenses.

Non-operating income and expenses

The increased non-operating income and expenses in 2020 primarily resulted from increased equity method earnings.

Tax Management

Walsin Lihwa's commitment to ethical management corporate culture requires all business activities to comply with local laws and regulation for sound tax governance and corporate social responsibility fulfillment:

- Comply with local tax laws and regulations as well as international taxation norms for honest tax declaration and payment, abide by the arm's length principle, and refrain from tax evasion transactions,
- Comply with relevant laws and regulations for tax disclosure compliance,
- Ensure tax law compliance through effective internal control and management,
- Factor tax risks and impacts into important decisions and transactions,
- Timely assess and respond to rapid changes in relevant tax laws and regulations to develop corresponding strategies,
- Establish mutual respect and trust with taxation authorities to enable timely communication and counseling on tax issues.

Effective Tax Rate

Unit: NT\$ million

Category	2020	2019
Pre-tax net profit	9,251	4,740
Income tax expense	2,245	957
Effective tax rate	24.27%	20.19%
Income tax payment	2,156	1,056
Cash tax rate	23.31%	22.28%
Income tax percentage in operating revenue	1.99%	0.71%

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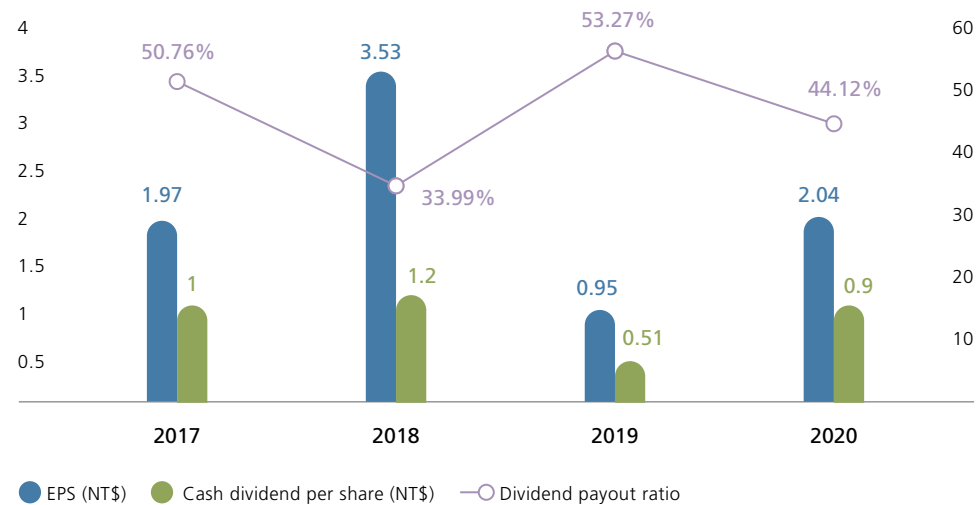
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Dividend Distribution

Walsin Lihwa has a variety of products in different stages of development. To promote sustainable business development, the Company's dividend policy is based on its future plan, industry environment, cash flow requirements, financial structure, and profit status to have dividends distributed on a stable, sustainable basis. After the Company uses its after-tax net profit of the current year to make up accumulated losses, deduct legal reserve, and set aside special reserve, no less than 40% of the balance shall be reserved for dividend distribution in cash or stock. Cash dividends shall not be lower than 70% of total dividends.



2.3.2 Business Development Overview and Future Outlooks

An increase of NT\$3.3 billion in the 2020 operating profit primarily resulted from the aforementioned residential building sale while the gross profit from manufacturing operations remained about the same as that in the previous year. The 2020 net income was NT\$6.7 billion with EPS of NT\$2.04.

In 2021, despite the ongoing pandemic impact on international economy and trade, Walsin Lihwa shall continue promoting its business process reengineering, technology applications for automated production, and vertical integration of supply from upstream to downstream to strengthen core competitiveness, become lean and mean, and seek gradual transformation into the manufacturing service industry.



Wire and Cable Business

Both the domestic and export markets of copper products had a stable growth. Benefiting from new plant construction in Taiwan and green energy business opportunities, the power cable business was able to increase sales in the solar, wind power, and other green energy as well as harbor machinery markets through capital expenditures.



Stainless Steel Business

Despite the changed stainless steel industry value chain, the stainless steel business maintained its profitability by effective classification and use of raw materials, cost reduction, development of new steel grades, and increase of higher added-value products.



Commodity Business

For the stability of upstream material supply, Walsin Lihwa decided to establish Walsin Nickel Industrial Indonesia in early 2020 for nickel pig iron plant and power plant development. The new venture's monthly capacity amounts to 3,000 metric tons of nickel pig iron and mass production is expected to commence in the 2nd half of 2021.



Real Estate Business

The sale and delivery of Jing Yuan, a residential building in Plot D of Walsin Centro in Nanjing, was completed. Business at Nanjing One Mall remained unchanged as that in the previous year, and construction of an office building adjacent to the mall is scheduled to be completed in mid-2022 for lease or sale.

2.4 Business Integrity

2.4.1 Regulatory Compliance Material Topics

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.

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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 to make amendment accordingly and based on ISO standards.	Amend the Company's waste management regulations pursuant to 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, and news) to make timely amendment on an as-needed basis.	Amend the Company's Derivatives Trading Procedures
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, and news) to make timely amendment on an as-needed basis.	Amend the Company's internal control policies and systems pursuant to the Taiwan Depository and Clearing Corporation announcements
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, and news) to make timely amendment on an as-needed basis.	Amend the Company's Ethical Conduct Guidelines for Employees and employee business practices pursuant to the Ethical Corporate Management Best Practice Principles
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, and news) to make amendment accordingly and provide communication on relevant laws and regulations based on the degrees of their impact with such communication provided by the Company itself or external attorneys on an as-needed basis.	Amend the Company's Articles of Incorporation, Procedures for Ethical Management and Guidelines for Conduct, Corporate Governance Best Practice Principles, and Ethical Conduct Guidelines for Directors of the Board and Managerial Officers pursuant to the Company Act, Ethical Corporate Management Best Practice Principles, and relevant government announcements

From the beginning of 2020 to the finalization of this report, Walsin Lihwa amended its Articles of Incorporation, Ethical Corporate Management Best Practice Principles, Corporate Governance Best Practice Principles, Ethical Conduct Guidelines for Directors of the Board and Managerial Officers, Ethical Conduct Guidelines for Employees, and Guidelines for Suggestions and Complaints by Stakeholders to better comply with the Company Act and Ethical Corporate Management Best Practice Principles for TWSE and GTSM Listed Companies, perfect fraud prevention, and stay abreast with the latest changes in relevant laws and regulations.

In 2020, the Yenshui plant was fined of NT\$810,000 for violating the Regional Plan Act because the plant stacked machines and materials among others in non-industrial purpose land. Walsin Lihwa shall implement thorough improvement pursuant to the Spatial Planning Act to accordingly include the plant's surrounding land into its industrial zone application and develop complete green belt isolation.

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2.4.2 Integrity Policy Material Topics

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 "Procedures for Ethical Management and Guidelines for Conduct" in 2020 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 assessment mechanism for dishonest practices was established.
- 2 Expand the scope of directors' recusal for conflicts of interest and require employees to abide by the Ethical Corporate Management Best Practice Principles.
- 3 The formulation of the business integrity policy and its implementation process were documented.
- 4 Allocated resources and personnel for units responsible for business integrity.
- 5 Frequency to report to the Board of Directors by units responsible for business integrity.
- 6 Implement ethical corporate management and ensure implementation effectiveness.
- 7 Subsequent actions should be taken after the investigation of whistleblowing reports.
- 8 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.

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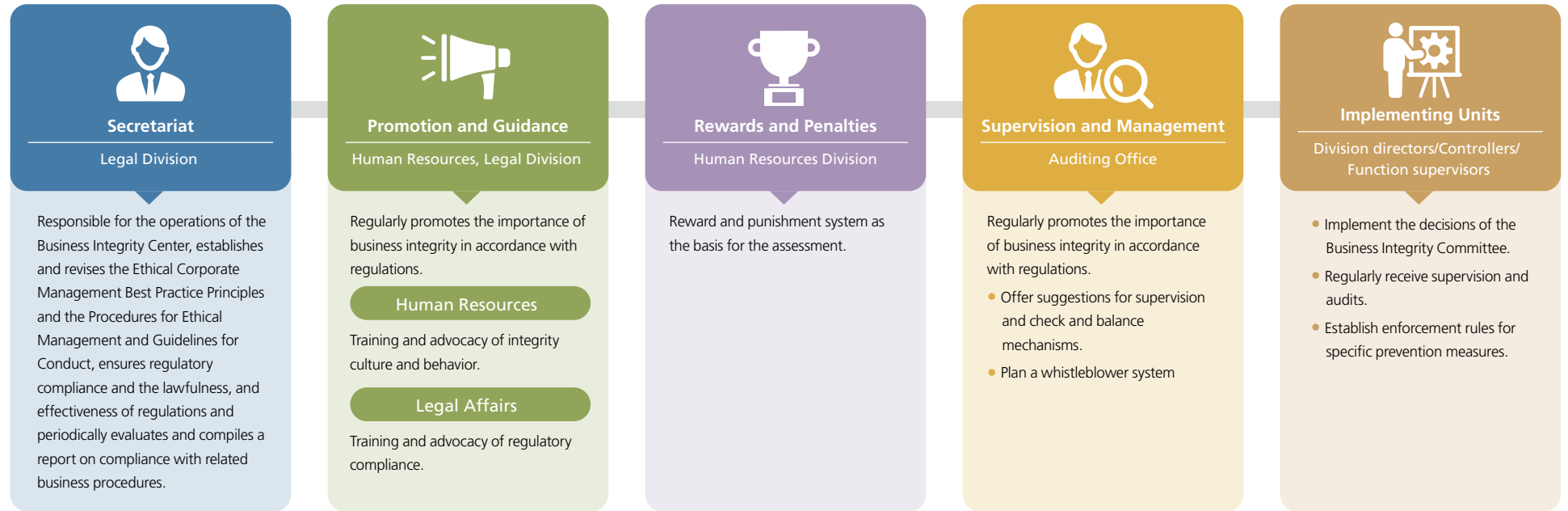
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Members of the Business Integrity Center

The Corporate Governance Director of Walsin Lihwa is in charge of the Company's Business Integrity Center^{Note}. Members of the Business Integrity Center and their duties are introduced as follows.



Operating Status of the Business Integrity Committee in 2020

Reported implementation results in 2020 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%**

Note: A board meeting on June 12, 2019 decided to institute a Corporate Governance Director to arrange board meetings, develop board meeting minutes, assist directors of the board in inauguration and ongoing education, provide them the information necessary for them to perform their duties, assist them in compliance with relevant laws and regulations as well as what is prescribed by the Articles of Incorporation and contracts. Sherry Ho, General Counsel of Walsin Lihwa, was appointed the Corporate Governance Director to help strengthen corporate governance and board effectiveness. She was appointed because of her legal qualification for the position. i.e., more than three years of general counsel experience at a public company.

On January 22, 2021, another board meeting appointed Vice President Hueiping Lo as the Corporate Governance Director to replace Sherry Ho. Hueiping Lo was appointed also because of her legal qualification for the position. i.e., more than three years of financial director experience at a public company.

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Educational Training and Promotion

Walsin Lihwa strengthens ethical management through public commitment, information dissemination, and education and training to embed a corporate culture of business integrity from top to bottom of the Company. The board of directors and senior management are required to sign the Company's ethical management statement to demonstrate their determination in this regard, while relevant information on ethical management is also provided on the Company's website and intranet for the board of directors' reference to highlight the importance of integrity. In 2020, 8 directors, 73% of the board, attended ethical management-related courses. Moreover, there are ethical management education and training including online courses to strengthen the corporate culture of business integrity and commitment to compliance 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.
- 2.Convvene legal compliance meetings at affiliates and subsidiaries on a non-periodic basis to strengthen their legal compliance and risk management and ensure them to adopt the same legal compliance standards as their parent company, and ensure their consistency in implementation of ethical management through concerted review and amendment of the Ethical Conduct Guideline for Employees and other important company regulations.
- 3.Provide corporate governance and ethical management education and training including online promotion supported by sufficient resources on the Company's intranet with foci on ethical management compliance, prohibition of unethical conduct, intellectual property rights, and confidentiality obligations in 2020 to strengthen employee's awareness of legal compliance.

Legal Compliance Meetings at Individual Business Locations (approx. 1 hour per session)

Plant	Date	Required Attendees	Number of Attendees	Managerial-Level Attendees (division and section levels and above)	Non-managerial Attendees
Yantai Walsin, Jiangyin Walsin (Specialty Alloy Materials)	2020/4/9	147	146	62	84
Shanghai Walsin	2020/4/13	47	47	14	33
Jiangyin Walsin (Steel Cable)	2020/4/14	41	41	11	30
Changshu Walsin	2020/4/14	59	59	21	38
Dongguan Walsin	2020/4/14	22	22	18	4
Yangmei Plant	2020/5/6	12	12	1	11
Hsinchuang Plant	2020/5/6	50	50	24	26
Hsinchuang Plant	2020/5/8	35	34	13	21
Taipei Head Office	2020/5/12	33	33	29	4
Taipei Head Office	2020/5/12	22	22	12	10
Nanjing One Mall	2020/5/12	42	42	12	30
Walsin (Nanjing) Development Co., Ltd. and Nanjing Taiwan Trade Mart	2020/5/19	46	43	33	10
Yenshui Plant	2020/5/20	179	169	104	65
Yantai Walsin	2020/5/20	4	4	2	2

Plant	Item	Managerial	Non-managerial	total
Taiwan	Number of Attendees	183	137	320
	number of employees	255	2,421	2,676
	Ratio	71.8%	5.7%	12.0%
Mainland China	Number of Attendees	173	231	404
	number of employees	262	1,849	2,111
	Ratio	66.0%	12.5%	19.1%

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

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Online Courses

Month	Subject	Required Attendees	Number of Attendees
2020/6	Competition and cooperation vis a vis the boundary of-concerted action	Directors of the board, Vice Presidents and above	28
2020/10	Education on rule of law and ethical management against commercial bribery	All employees	910 ^{Note}

Note: 1. The senior management includes vice presidents and above.

2. 910 employees, 17.4% of the Company, completed relevant training and education, and 887 passed examinations.

Offline Physical Courses

Walsin Lihwa is committed to development of its solid corporate culture and also promotes it to its affiliates and subsidiaries, suppliers, and trading counterparts. To effectively implement the Company's Ethical Corporate Management Best Practice Principles and prevent unethical conduct and corruption, advanced courses on ethical management with approx. 1 hour per session in addition to the aforementioned legal compliance meetings and online courses were provided to the employees responsible for logistics, procurement, and sales throughout business locations in 2020.

Plant	Date	Number of Attendance	Number of People Present	Percentage of People Present
Hsinchuang Plant / Yangmei Plant	2020/11/4	102	102	100%
Shanghai Walsin	2020/11/5	61	56	91%
Dongguan Walsin	2020/11/5	27	26	96%
Walsin (Nanjing) Development \ Nanjing Walsin Property Management \ ONE Mall	2020/11/5	79	79	100%
Jiangyin Walsin	2020/11/27	33	12	36%
Changshu Walsin	2020/11/27	42	34	81%
Yantai Walsin	2020/12/17	44	39	87%
Yenshui Plant / Taichung Plant	2020/12/23	136	116	85%

Promotion to Suppliers

In 2020, promotion of ethical management and intellectual right protection was provided to suppliers at individual business locations. Each session of the promotion lasted for approx. 3 hours.

Plant	Course topic	Date	Number of major suppliers that participated
Yenshui Plant / Taichung Plant	Ethical Management Commitment and Intellectual Property Right Policy	2020/10	33
Hsinchuang Plant / Yangmei Plant	Ethical Management Commitment and Intellectual Property Right Policy	2020/11	48

Insider Trading Prevention

Pursuant to the Ethical Conduct Guidelines for Directors of the Board and Managerial Officers of Walsin Lihwa, the board and managerial officers of the Company shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers. In 2020, the confidentiality requirement was further emphasized to the incumbent directors of the board and executives above the managerial officer level.

Month	Subject	Required Attendees	Number of Attendees
2020/12	Insider trading prevention	Directors of the board and executives above the managerial officer level	75, including 11 directors of the board, 38 executives above the division director level, and 26 above the managerial officer level

Conducted ethical management dissemination in 2020

3 times
2,098 participated



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2.4.3 Risk Management Material Topics

Risk Management Policies and Operations

On February 27, 2020, the Company enacted its Risk Management Policy and Procedures at the 19th meeting of the 18th term of office of its board of directors pursuant to the Regulations Governing Establishment of Internal Control System by Public Companies promulgated by the Financial Supervisory Commission. The enactment is intended to help ensure steady operation and sustainable development of the Company to require the board, Audit Committee, Auditing Office, President, President's Office, individual risk management units, individual units, and subsidiaries to together implement and promote risk management.

Risk Management Organization and Duties



Identification of High Risk Business Entities and Risk Management

Risk Evaluation System Development

Facing up to ever changing risk environments while pursuing ongoing improvement of risk management, Walsin Lihwa developed a comprehensive risk evaluation system in 2020 to evaluate risk frequencies and how risks impact operations, prioritize risks, and take risk management measures accordingly with financial, operation, strategy, and hazardous incident considerations factored in.

The risk evaluation system developed in 2020 enables the Business Integrity Center to complete risk identification and evaluation and report its risk identification and evaluation results to the board through the Sustainable Development Committee. To strengthen risk monitoring and control, the implementation results of risk identification, evaluation and control at individual business units will be submitted to the internal audit system in 2021 for documentation and follow-ups.

Improvement of Risk Management

Identification and management of risk business activities at individual plant sites were also strengthened in 2020:

1. Operational risk control meetings at the plant sites in Changshu, Jiangyin, Shanghai, and Yantai on a regular basis to stay updated on their risk business activities associated with sales, logistics, and procurement to timely develop effective management plans and follow up with effective risk control implementation on a regular basis
2. Ongoing improvement of the operating processes at the plant sites in Mainland China by inspecting, sampling, and continuing perfecting their operating processes of environmental protection and occupational safety and health, procurement, sales, and tax administration

Plant	Remark
Changshu Walsin	1. Completion of the revision of relevant procurement regulations based on the 8 major issues identified and discussed in 2019 to effect the revised regulations 2. Incorruptibility statements signed by procurement-related employees as their support for ethical management and integrity
Shanghai Walsin	Operationalization of the collection and tracking of receivables to keep overdue receivables within a reasonable amount
Yantai Walsin	Operationalization of the collection and tracking of receivables to keep overdue receivables within a reasonable amount

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Risk Management Types and Mechanisms

Dimensions	Risk type	Risk management unit	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	<ul style="list-style-type: none"> 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. In 2020, the TIPS was implemented throughout Walsin Lihwa and obtained external authentication to help protect the Company's intellectual property rights, facilitate internal and external communications of intellectual property right issues, resolve intellectual property right disputes, and manage outsourced operations.
			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 Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, and Ethical Conduct Guidelines for Employees 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.
	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.

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Dimensions	Risk type	Risk management unit	Risk description	Control mechanism			
Corporate Governance and Economy	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 BG, Commodity Procurement Division	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. 			
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 collection, processing, and use of personal data to continue improving documentation of personal data and strengthening respect for employees' and interested parties' interests and rights 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	Development of effective crisis management and response mechanisms as well as simulation of likely company image crises enable timely responsiveness, consistent and uniform messages delivered by a well-established spokesperson system, and clarification of misinformation through the Market Observation Post System to maintain the Company's company and facilitate communication with different categories of stakeholders.

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Complaints and Suggestions System

The Company has established the Guidelines for Suggestions and Complaints by Stakeholders and set up a designated stakeholder section on the Company's website for stakeholders to send their suggestions and complaints to the Company's management and internal audit supervisors. Responsible departments are required to properly manage such suggestions and complaints and report the results to the Audit Committee. In 2020, 5 complaints were received and addressed to have the cases closed.

We received 5 complaints in 2020, 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 "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for 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:

- Employee complaints
- Sexual harassment
- Violation of trade secrets
- Violation of business ethics
- Violation of environmental, safety, and health regulations

Fair Trade and Anti-Corruption

In 2020, Walsin Lihwa was not fined for corruption or fraud, or violation of corporate governance or the Fair Trade Act, and there was no director of the board or managerial officer engaging in insider trading.



Intellectual Property Right and Confidential Information Protection

Walsin Lihwa has been pursuing high added-value transformation by effective intellectual property management to encourage R&D, protect its R&D achievements and technologies, enable manufacture process optimization, expedite product innovation and upgrades, and develop smart manufacturing. Therefore, the Company started to have the Taiwan Intellectual Property Management System (TIPS) implemented in 2020 and reported the implementation status and annual implementation plan at a board meeting on November 13, 2020. On December 12, 2020, the Company received the TIPS certification, which is effective through December 31, 2021.



Implementation status of intellectual property management in 2020



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.

Internal Control

Three Major Goals

- 1 Compliance with related laws and regulations
- 2 Operating performance and efficiency
- 3 Reports are reliable, timely, transparent, and comply with relevant regulations

Five Elements of Internal Control

- 1 Control environment
- 2 Information communication
- 3 Risk assessment
- 4 Supervision operations
- 5 Control operations

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- 3-2 Green Operation
- 3-3 Product Quality and Responsibility Material Topics
- 3-4 Mutually Beneficial Value Creation Material Topics
- 3-5 Sustainable Supply Chain

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Sustainability Promotion Strategy

- Continually innovate and develop 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.

Strategy	Objectives for 2020	2020 Results	Objectives for 2021
<p>Develop high performance green products to improve application performance and strengthen the green connection with customers</p>	<p>Development of High Performance Green Products</p>	<p>Wire and Cable</p> <ul style="list-style-type: none"> • Supply green products in response to the green energy policy and become the leading brand of solar PV cable supply in Taiwan • Develop and complete 4 types of lightweight port machinery cable products <p>Stainless Steel</p> <ul style="list-style-type: none"> • Completed 4 products: <ul style="list-style-type: none"> Wire Rod 1 cold-heading stainless steel product, 1 weldability stainless steel product, 1 high strength stainless steel product Bar 1 high strength and free-cutting stainless steel product • 14 products in development: <ul style="list-style-type: none"> Wire Rod 2 high strength and wear-resistant stainless steel products, 1 high strength and heat-resistant stainless steel product, 1 high strength and corrosion-resistant stainless steel product, 2 high heat-resistant products Bar 2 high strength and wear-resistant stainless steel products, 1 high strength and heat-resistant stainless steel product, 1 corrosion-resistant stainless steel product, 2 high machinability products, 2 high heat-resistant products 	<ul style="list-style-type: none"> • Develop special DC & HV insulated wire & cables for offshore wind turbine towers • Develop lightweight industrial insulated wire & cables
<p>Develop green processes and makes improvements at the source to reduce waste and energy consumption</p>	<p>Promote process refinement, replace or revamp production equipment, and add new pollution prevention equipment to save energy and reduce emissions.</p>	<p>Stainless Steel</p> <ul style="list-style-type: none"> • Process refinement: Reduced energy consumption through rolling equipment and process refinement, effectively reducing heating time before rolling of welded steel types – natural gas volume reached 755,649m³ (Yenshui Plant) • Production facility retirement and replacement: Replaced the refractory insulation material of heat treatment furnace and adjusted the sensitivity of temperature controller to reduce energy consumption - natural gas volume reached 102,183m³ (Yenshui Plant) • New pollution prevention equipment: Added on ZEMAP waste mixed acid processing and regeneration equipment to improve plant water utilization and achieved a total water saving of 29,928m³ (Yenshui Plant) 	<ul style="list-style-type: none"> • Continue to develop high strength, high machinability, heat-resistant, wear resistant, and high corrosion-resistant steel types for the construction, automotive, electronics, and tool machinery industries to help downstream customers' parts to become lighter in weight and more durable, and to strengthen the application of core technologies and technical service capabilities to customers. • Continue to promote process refinement, necessary production equipment replacement, and pollution prevention refinement to increase productivity and reduce energy consumption, waste, and emissions.

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Strategy	Objectives for 2020	2020 Results	Objectives for 2021
Establish a service-oriented operation model and optimize the service process which increases customers' trust and creates a mutually beneficial situation	Establish a customized service capability and service model	Wire and Cable <ul style="list-style-type: none"> Attempt customized services according to customers' needs, so that construction time is shortened and waste is reduced. 	<ul style="list-style-type: none"> Optimize the content of customized services and standardize the service process.
Apply innovative technology controls and improve product quality; work together with customers to provide products and services that best meet their needs	Establish industrial application-oriented marketing abilities, understand customers' application scenarios for different types of steel, and provide customized solution	Stainless Steel <ul style="list-style-type: none"> Establish a collaborative service model between marketing/technology/business in the domestic production of automotive components in China, and complete the integration of the material application verification method in the industry chain. 	<ul style="list-style-type: none"> Expand the implementation of the industry operation model and continue to deepen and expand its application in the automotive industry to other industries.
Effectively implement supplier management mechanisms to develop a sustainable supply chain	Collaborate with customers in developing new products: Jointly developed three key steel grades, passed the certifications of customers, and realized local procurements	Stainless Steel <ul style="list-style-type: none"> Development of key steel grades: Two products have been validated for use in end markets and have secured fixed orders, while the remaining one is being validated by the end user. 	<ul style="list-style-type: none"> Expand supplier meetings to OUs in Mainland China Key supplier sustainability assessment: wire and cable 85%, stainless steel 85% Establish supply chain field review mechanism and risk assessment mechanism (wire and cable)
	Continue to promote supplier sustainability issues in greater breadth and depth	<ul style="list-style-type: none"> Organized supplier meetings (Yenshui/Taichung/Hsinchuang/Yangmei Plants). Self-assessment rate of sustainability questionnaires by key suppliers: wire and cable 95%, stainless steel 100%. Conduct education training for supplier onsite review and demonstration of onsite review. 	

Technology Innovation	Green Operation	Quality Management	Customer Service	Supplier Management
<p>12 items</p> <p>Newly developed high functional stainless steel grades of long product</p>	<p>↑ 3%</p> <p>Ratio of recyclable raw materials usage for 3 consecutive years</p>	<p>↓ 29,928m³</p> <p>ZEMAP waste mixed acid processing and regeneration equipment, water saving</p> <p>CE MARK</p> <p>Certified by European Construction Products Regulation (CPR)</p> <p>↓ 755,649m³</p> <p>Rolling equipment and process refinement to reduce natural gas consumption</p> <p>BASEC</p> <p>Wire and cable Hsinchuang Plant obtained BASEC product certification</p>	<p>84.1%</p> <p>Customer satisfaction rate increased for 3 consecutive years with over 84.1%</p>	<p>Supplier Risk Identification</p> <p>Promote risk identification of suppliers and onsite visit demonstration from 2020</p>

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3.1 Product and Technology Innovation



3.1.1 Transformation Towards Higher Value

The Wire and Cable and Stainless Steel industries are important foundations of traditional industries, and they are also mature and competitive industries. In the face of increasingly fierce competition from overseas, Walsin Lihwa implemented our transformation plan from 2014 to 2019. We believe that only through the creation of highly competitive products, solid R&D and manufacturing capabilities, and the deepening of service-oriented application technologies, can we survive and achieve sustainable development. Through continuous development, we have significantly improved our R&D, technologies, and manufacturing capabilities, which have enabled us to develop high performance new products for high-end applications. We are working to close the gap with other competitors, and achieving the goal of transformation towards higher value.

Wire And Cables



By promoting smart manufacturing, developing innovative products and technologies with high margins and high added value, deepen technological capabilities to drive product differentiation, enhance the resilience of the industry supply chain, and actively expand into overseas and green energy markets. Through R&D and technology innovation, we have diversified our collaborative and development scope to include the automotive industry, industrial automation, wind power, and green energy industries. By differentiating our technological capabilities, developing high value-added products and operating in high-end application markets, we are actively transforming from manufacturing to manufacturing services. Innovation through research and development and product quality control are the most important factors for our successful transformation and sustainable development. In response to the government's low-carbon policy for product development and innovation strategy, the Wire & Cable Business has focused on building the green energy industry, developing PV cables for solar energy projects, developing DC & HV insulated wire & cables for offshore wind turbine towers, saving energy consumption during operation and material loss during cable production, and working with customers to develop thin, short and lightweight cables for port machines.

Wire & Cable Business Smart Manufacturing Promotion

1 Develop smart knowledge management expert system

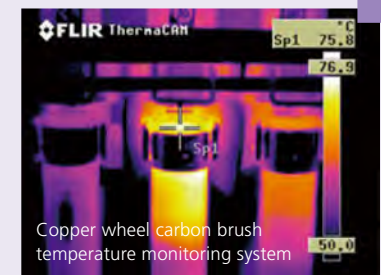
Systematically and continuously store/integrate the knowledge, experience, production/quality information and know-how of the company (organization), and then use analyses and optimization algorithms to provide feedback to support innovative improvements in research and design, smart manufacturing, engineering optimization, and operational decisions to help organizations in decision-making.

2 Develop precise formulation rapid design guidance system

Establish a smart formulation design process to shorten the learning curve, reduce human errors, and achieve systematic preservation of experience and knowledge.

3 Smart early warning maintenance

Smart early warning is one of the mainstream options for equipment maintenance, which can detect abnormalities in advance and arrange planned maintenance immediately to ensure the continuous operation of production equipment, which will prevent downtime for maintenance after damage and incur huge expenses, and also make factory operations smoother and safer.



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Stainless Steel



In response to the changing environment and to escape from the red ocean competition, Walsin has systematically implemented a series of action plans in product, technology development, and innovation strategies by introducing Industry 4.0, smart manufacturing, equipment and process breakthroughs, and industry and market positioning analysis. Through technology resources, we are able to bring about positive transformation, significantly improving R&D, technology, and manufacturing capabilities, and create differentiation and higher efficiency in terms of cost, products, energy conservation, and customer service. Through the following four main focuses, Walsin will gradually gain a head start in this highly competitive arena and stand out from the rest.

Equipment and Process Breakthroughs	Smart Manufacturing Planning and Promotion	Technology Capability Development and Planning	Industry and Market Positioning Analysis
<ol style="list-style-type: none"> 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. 	<ol style="list-style-type: none"> 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. 	<ol style="list-style-type: none"> Materials: Deepening product materials and metallurgic technologies. Manufacturing: Innovative production processes and equipment technologies. Applications: Consolidation of product application technologies and technical services. Integration: The above three dimensions are integrated with intelligence and iKM, going deep into industries to provide with total solutions and excellent technical services, so as to move towards manufacturing services. Establishing development directions and strategies for industries, applications, products, quality, and technologies, establishing a "Core Competence Project" to develop the core capabilities and technologies required. 	<ol style="list-style-type: none"> Analyzing and investigating the products and applications needed by industries and end application, and further verifying the required technologies, equipment, and gap. Establish industry analysis abilities 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. Developing products with high added value and high-end applications industries, and improving our technical capabilities and product quality.

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Stainless Steel Business' Promotion and Implementation of High-Valued Transformation - Towards Smart Manufacturing

Vision

To be the most reliable cold-finishing bar material supplier in Asia in the era of smart manufacturing.

4 Strategic Goals

High value, service, flexibility, and intelligence

Establish Product And Market Positioning

Targeting High Value

Through analysis, cold-finishing bars are positioned as the most important product for the Stainless Steel Business, with high-value applications in industries/markets such as: automotive, oil and gas, energy, petrochemical, shipping, automation, and electronics, which are the vehicles for achieving our strategic goals and practicing our skills. They will also be the stars of tomorrow for Walsin.

Comprehensive Technology Development

Targeting Manufacturing Services

In order to meet the industry/market requirements for high quality and high-end application performance, we have refined our six strengths in material, processing, application, simulation, testing, and certification. In terms of the quality assurance culture, we will use the automotive certification IATF 16949 as a vehicle and transform it into a customer-oriented quality management system to change the traditional manufacturing mindset and shape the manufacturing service capability.

Promote Core Competence Projects

Targeting Smart Manufacturing

We will promote 15 core competence projects. By reviewing the existing technologies and the future technologies required, we will take stock of the competency items to be established and develop core competence projects in four major areas, including steelmaking, hot-rolling, cold-finishing bar, and sales.

Core Competence Projects - Targeting Smart Manufacturing

New technologies such as: Internet of Things, big data analysis, machine learning, 5G, etc. We combine the technology and experience we have accumulated over the years with today's smart new technologies to create more yolks (core products) and derive more whites (core technologies and capabilities) to provide differentiated products and services to the market and customers, in order to win customers' trust and create value. (Below is a reference diagram)

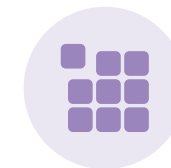
For example, the "VOD Vacuum Smart Monitoring System" that the steelmaking unit wants to establish uses big data analysis technology to find out the characteristics of various failures and causes, and to use this data to set up rules for diagnosis, and then to achieve prediction/early warning, which can ensure stable refining quality, schedule delivery and shipment. In addition, the finishing unit also uses big data analysis technology to establish "pickling concentration smart monitoring module". Through the numerical analysis of a number of parameters, it sets up acid adjustment rules/acid consumption weights to achieve stable control of concentration and optimal process parameters, which helps to reduce pickling costs. The projects undertaken by these units are a significant step forward in enhancing capacity/value creation by combining the accumulated skills and experience of the business group with new technologies.

15 Core Competence Projects

Smart Manufacturing



Big Data Analysis



Export Module Creation



Machine Learning

Apply

Goal

- Smart detection of equipment abnormalities
- Real-time process monitoring, abnormality detection, rapid decision-making, and resolution
- Real-time quality monitoring and prediction prevention

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3.1.2 Enhancing R&D and Technological Capabilities

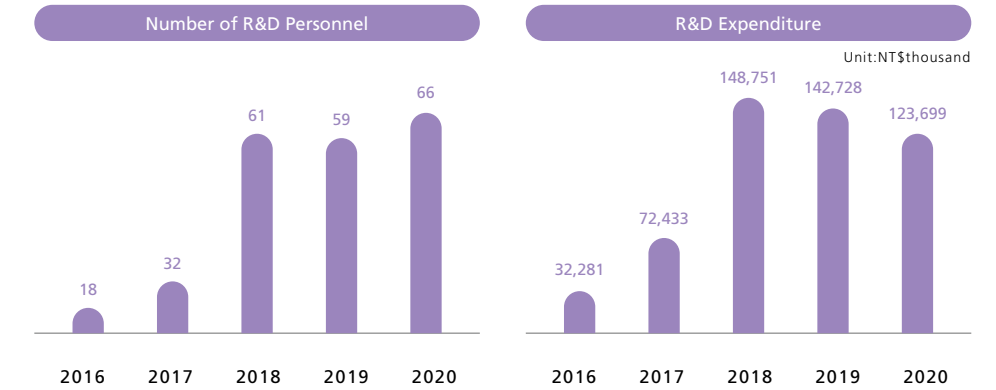
Expand Product Development and Innovation

In order to create product differentiation and move towards a high value-added transformation strategy, Walsin Lihwa is actively investing in R&D and expanding the scale of R&D. We have spared no effort in planning and executing product development and innovation energy in "satisfying customers' product needs", "enhancing product applications", and strengthening "product quality". This demonstrates our determination to continuously invest in R&D and technological capacity, as well as to expand the development of new products, new materials, and new technologies.

Innovation and Technology Refinement to Expand R&D Capabilities

The development of innovative technologies comes from both internal and external demands. Internally, we increase our R&D and manufacturing capabilities to create products that are more in line with market use. Externally, to enhance the competitiveness of our products and to create value for our company and our customers, Walsin has been actively collaborating with universities and research institutes in recent years to improve material properties and to expand our products to meet the needs of the industry

Execution Results



New Product and Technology R&D Results and Current Projects in Stainless steel business group

New Product	Development of new products	New products/categories	Performance	Applications
	Highly machinable stainless steel	Bar/ Wire rod	Excellent machinability and corrosion resistance	Can be used for the manufacturing of automobile safety and 3C parts and components.
	Highly machinable and corrosion-resistant stainless steel	Bar/ Wire rod	Replace leaded (Pb) free-cutting stainless steel with highly machinable and corrosion-resistant stainless steel	Can be used as parts and components for the 3C, automobile, and medical industries, among others
	Highly resilience and precipitation hardening stainless steel	Wire rod	Excellent resilience, high strength, toughness, and corrosion resistance	Can be used in high-end industries, such as automobile engines and energy industries.
	Highly weldable stainless steel	Wire rod	Has excellent weldability	For welding rods, and can be used in the automobile, energy, chemical industries, shipbuilding, and water industries
	High-strength and corrosion-resistant stainless steel	Wire rod	Excellent high strength and corrosion resistance	Used in high strength self-tapping screws for factory and steel structure roofing applications to reduce roof maintenance and extend the life of roofs
	High-strength and corrosion-resistant stainless steel	Wire rod	Has high strength, corrosion resistance, weldability, and toughness	Used in automotive oil supply system components
	High-strength and wear-resistant stainless steel	Bar	Has high strength, wear resistance, and heat resistance	Used in automation industry, robotic arm, transmission and transportation
	High-strength and heat-resistant stainless steel	Bar/ Wire rod	Has high strength, and heat resistance	Used in automotive, energy, and aerospace industries
	High heat-resistant stainless steel	Wire rod	Has excellent resistance against high temperature oxidation, corrosion, has excellent high temperature strength,	Used in industrial heat treatment furnace's high temperature transmission conveyors and furnace tubes

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New Technologies

R&D of New Technologies	Explanation	Cooperative partner
Research on the effects of the external environment on the heat resistance of high temperature stainless steel	Research on the effects of the external environment on the high temperature performance of high temperature stainless steel, which can be applied to the development of high heat-resistant stainless steel products.	National Cheng Kung University
Material failure analysis of high temperature stainless steel materials	Carried out material failure analysis of high temperature stainless steel, which can be applied to the development of high heat-resistant stainless steel products.	National Cheng Kung University
Verification of high temperature performance of high temperature stainless steel	Establish the verification method of the high temperature performance of high temperature stainless steel and carry out the verification.	Industrial Technology Research Institute
Development and application of hot rolling line simulation for high strength and heat-resistant stainless steel	Research on the development and application of hot rolling line simulation for high strength and heat-resistant stainless steel, which can be applied to high alloy stainless steel and superalloy product development.	Chung Yuan Christian University
High strength and heat-resistant stainless steel wire solid solution and aging precipitation heat treatment structure and mechanical properties and their effect on cold-heading properties	Research on the high strength and heat-resistant stainless steel wire solid solution and precipitation heat treatment structure and mechanical properties, which can be applied to high alloy stainless steel and superalloy product development.	Chung Yuan Christian University
Research on the wear behavior of stainless steel wire at high temperature	Conduct research on the wear behavior of stainless steel wire at high temperature	National Tsing Hua University
Development of semi-automatic and automatic welding technology for stainless steel GMAW welding line	Carry out the establishment of welding performance evaluation method and post-weld performance test of welded stainless steel	Metal Industries Research & Development Centre
High temperature deformation simulation and testing of nickel chrome stainless steel	Carry out high temperature deformation simulation and testing of nickel chrome stainless steel	Industrial Technology Research Institute

New Product R&D Results of the Wire & Cable Business

Steel Wire for High-Strength Bridge Cable

Jiangying Walsin has developed a Ø6mm 2060MPa hot-dipped Almelec steel wire for bridge cables, which has made great breakthroughs and innovations in tensile strength and anti-corrosion performance. The overall technology has reached advanced international level and has broad application prospects.



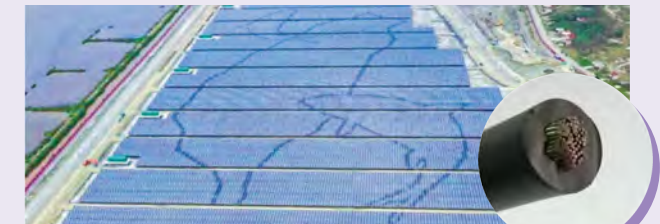
Lightweight Port Machinery Cable Products

By improving the process structure and material formula, we have developed four lightweight port machinery cable products with a 15% weight reduction to meet the needs of port machinery system operators. It is lightweight, has a small outer diameter, good wear resistance, and reduced energy consumption during operation.



Responding to Government's Low-Carbon Policy to Develop Special PV Cables for Solar Farms

We supply green products in response to the green energy policy and have become the leading brand of solar PV cable supply in Taiwan, working with the government to create a low carbon, green energy environment.



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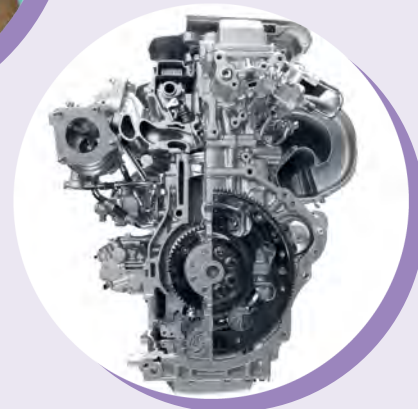
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New Product R&D Results of the Stainless Steel Business

Under the momentum of Industry 4.0 and smart manufacturing, lights-out factories and smart automated plants have become the trend, while robots, robotic arms, tool machineries, and automatic equipment are among the most important equipment for lights-out factories and smart automated plants. Stainless steel with high strength and wear resistance is the main material used for critical parts of robotic arms and automatic equipment, such as: bearings, linear guideways. Since 2019, the Stainless Steel Business has developed the 440 series of high strength and wear-resistant stainless steel. After being tested and certified by customers, it has gradually been used in linear guideways, bearings, and automobile engines, and we have entered this market and become a supplier of raw materials for the industry.



Robotic Arms



Automobile Engines

3.1.3 Innovative R&D and Intellectual Property Rights Protection

In 2020, Walsin promoted the "Taiwan Intellectual Property Management System" (TIPS) to set up a systematic standard for the acquisition, protection, maintenance, and utilization of the company's intellectual property, and to establish systematic management of the company's and organization's intellectual property. The first TIPS-certified factory was the Yenshui Plant.

After the onsite audit and review by the TIPS review committee, the company has passed and obtained the certification and established the intellectual property management system. Internally, it can reduce business risks, improve human resource quality, effectively manage intellectual property, enhance R&D efficiency, and improve information security. Externally, it can enhance the company's image and help to improve market competitiveness.



In 2020, the Stainless Steel Business proposed **5** internal patent applications, **3** of which have filed the application, and patent application bonuses have been granted to **12** people.

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3.2 Green Operation



In recent years, with the rise of green awareness and the limited natural resources, Walsin Lihwa has not only accelerated the high-value transformation to create corporate value, but also continues to pay attention to the application and protection of natural resources. We hope to become the top pioneer in enhancing environmental protection and maintaining social values by developing high-performance green products to help downstream customers and end applications to achieve more energy-saving and carbon-reducing products.

By integrating the concept of green management with business operation, Walsin strives to improve the efficiency of raw material resources, energy, and water resources, and reduce the value of waste and air pollution from the source, in order to achieve a positive relationship between business operations and the natural ecosystem. We continue to add new and improved pollution prevention equipment to reduce and avoid pollution emissions, while promoting the concept of recycling, as well as the reclamation and reuse of waste and wastewater. We are even actively developing green processes to link to sustainable innovations, in order to contribute to the preservation of the earth's beautiful lands and waters.

3.2.1 Status on Raw Material Use

In the manufacturing of copper wire and wire & cable products, Walsin Lihwa uses pure copper as the main raw material and steel as the main raw material for steel cable products. With regards to circular economy, these materials are highly reusable and can be viewed as a reusable material. Hence, reusable materials accounted for 94.72% of raw materials used for wire & cable production in 2020, while non-reusable raw materials such as PVC pellets, PE pellets, and plastic materials were also used.

Walsin produces upstream and downstream stainless steel products, ranging from upstream steel billets, steel ingots, wire rods, and hot-rolled rods to downstream cold-finishing rods, seamless steel pipes, and cold-rolled steel coils, providing customers with the raw materials and applications required for various processes. In the upstream steelmaking process, we uphold the concept of "circular economy" and adopt the electric furnace steelmaking method for production. In order to fully utilize the features of electric furnace steelmaking, we use a large proportion of recycled scrap steel and reusable ferro alloys as the raw materials, including: stainless steel scrap, carbon steel scrap, ferrochrome, ferronickel; and a relatively small percentage of slabs, steel billets, steel coils, steel bars, and wire rods. Out of which, stainless steel scrap and carbon steel scrap are both recycled raw materials. In 2020, recycled raw materials accounted for 44.52% of the total raw materials invested in stainless steel production. 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 55.48% of the total amount of raw materials used in 2020.

We have adopted the following strategies to achieve this concept:



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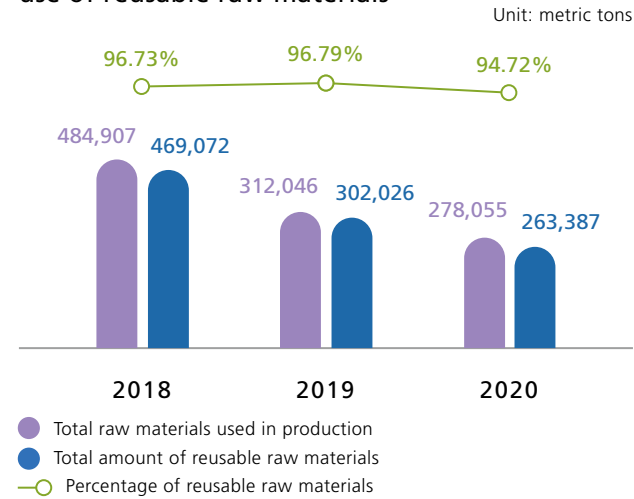
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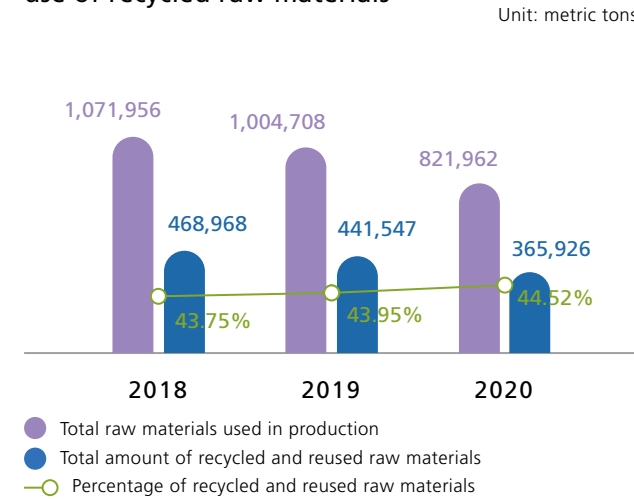
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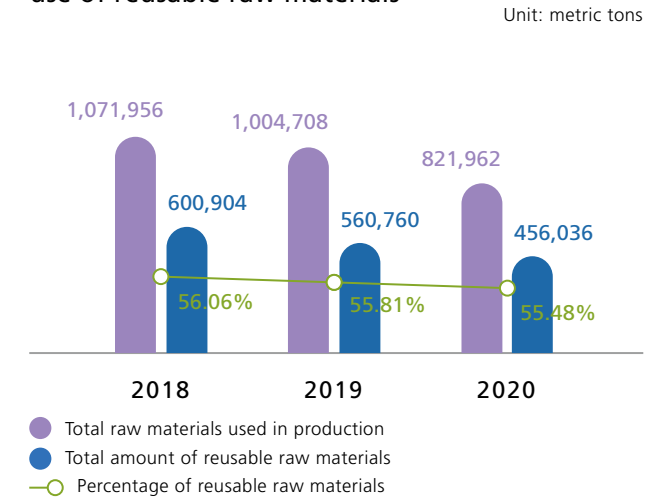
Wire & cable production raw materials used vs. use of reusable raw materials



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



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



Highlights Column

The Company uses the electric arc 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 use ratio of recycled raw materials to scrap steel has increased for three consecutive years from 2018 to 2020, and the recycled raw materials have reached nearly 45%. Compared to the steelmaking method of blast furnace, the use of recycled raw materials (scrap steel) in electric arc furnace steelmaking not only reduces the impact on natural resources, such as the mining of iron oxide, ferronickel, and ferrochrome, to avoid damage to the earth and the natural environment, but also has better benefits for energy saving and reduction on carbon emission.



Natural raw materials
Reduced use of metal ore



Recycled raw materials
Increased use of steel scraps

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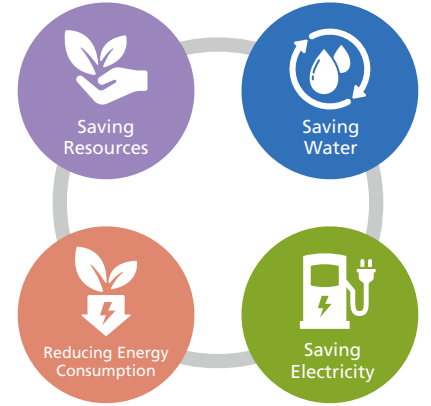
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3.2.2 Green Manufacture Process Development

Under the global trend of green manufacturing, capacity enhancement and cost reduction are no longer the only path forward, green operation development will become the competitive advantage of enterprises. Reduce the energy consumption and environmental impact in the construction, operation, and all stages of the product life cycle, as well as to improve the environmental friendliness of products, in order to meet the goal of industry carbon reduction.

Through the green factory labeling system, Walsin Lihwa not only improves production efficiency but also achieves sustainable coexistence with the environment in the process of hardware equipment, software services, and even manufacturing and production. In addition, we are committed to the principle of green manufacturing process, namely, "saving resources", "saving water", "saving electricity", and "reducing energy consumption". We also set the strategy of "adopting advanced state of the art technology and equipment to move towards the direction of Industry 4.0, creating an efficient factory for smart manufacturing, and realizing the energy-saving and waste-reduction development of the green manufacturing process".

From 2019 onwards, we have continued to promote the three aspects of "process refinement", "retirement and replacement of production equipment", and "new pollution prevention" in order to enhance the effects of energy saving, electricity saving, water saving, and emission reduction. The specific results are as follows:



Promoted Strategy	Goal	Category	2020 KPI	2020 Results	2020 Achievements (some examples are listed)	
Adopt state-of-the-art technologies and equipment to move towards Industry 4.0, develop into a high-performance smart factory and dedicate efforts to develop green processes for energy conservation and waste reduction.	Energy saving, waste reduction and emission reduction by process refinement	Process refinement	Reduce CO2 emissions	180 metric tons of CO ₂ e/year	52.09 metric tons CO ₂ e/month	Furnace fuel process was improved by changing from heavy oil to gas. Reduced energy consumption and CO2 emissions by eliminating electric heating
			Reduced IPA usage and air pollution emissions	Unit consumption 0.791kg/T	Unit consumption 0.650kg/T	Reduce IPA quantitative dosing and IPA no longer added to the finishing oil.
			Reduced energy consumption (Natural Gas-m ³)	560,000	755,649	Using rolling equipment and process refinement: reduced heating time before rolling for welded steels
			Reduced power consumption (kwh)	7,500,000	8,530,501	1. Shut down the cooling water pump and air compressor in the water plant for energy saving in conjunction with the steelmaking off-peak production 2. Execute the control of cold-finishing rod scheduling and air compressor start-up to reduce energy consumption
	Energy saving, waste reduction and emission reduction by equipment refinement	Production facility retirement and replacement	Reduced water consumption	-	Water saving rate of 87.5%	Improve the cleaning method of cooling water tower heat sink material, using submersible pumps to extract process water for recycling and cleaning cooling water tower heat sink material
			Reduced energy consumption (Natural Gas-m ³)	82,000	102,183	Replaced the refractory insulation material of thermal processing furnace and adjusted the sensitivity of temperature controller to reduce energy consumption
			Reduced power consumption (kwh)	5,000	6,679	Replace high-efficiency motor equipment in the thermal processing furnace to improve efficiency and reduce power consumption
			Reduced VOCs emissions	Reduced organic waste emissions	-83.2%	SCR copper strip production line completed organic waste (VOCs) treatment project
			Water saving (m ³)	24,000	29,928	Added on ZEMAP waste mixed acid processing and regeneration equipment to improve water utilization and achieved water saving in the plants (waste mixed acid regenerated as treatable water)
			NOx emission in compliance (ppm)	Compliance with legal requirements< 250	<100	Added a second SCR plant to neutralize NOx from the pickling (nitric acid) process to meet gas regulations

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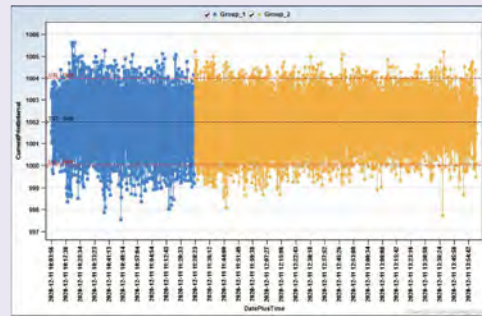
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Precision Metering to Reduce Waste in the Production Process

In view of the increasing importance of precision and rationality of the meters and auxiliary devices of the cable production equipment, we use big data analysis to carry out process improvement and optimization to precisely control the length of each meter of spraying, which greatly improves the accuracy of the metering and reduces the waste production in the production process.



ZEMAP Recycling and Reuse of Waste Acid

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.

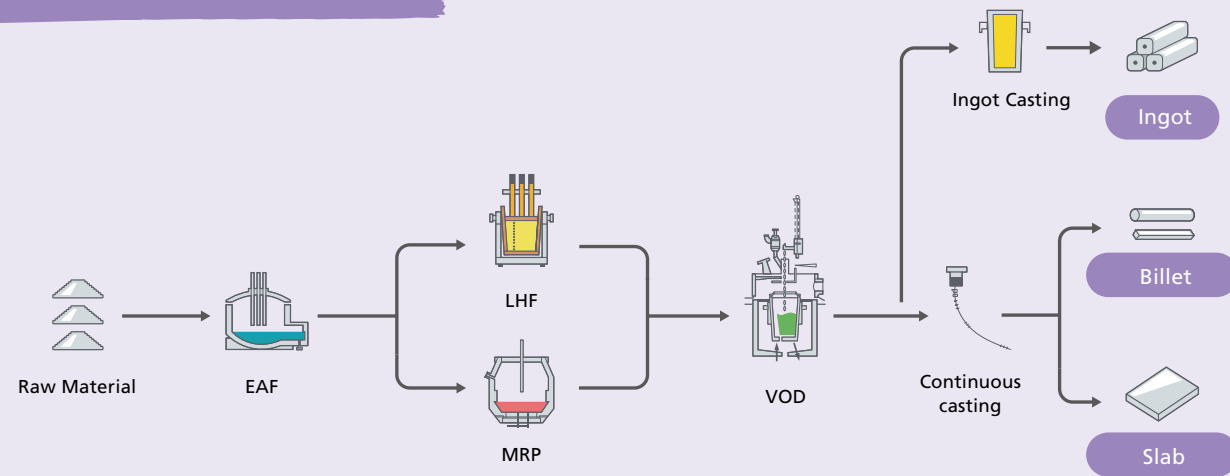
During the pickling process, water is used to remove the residual acid from the surface of steel wire rods, resulting in the generation of discharge water containing waste acid. In order to recycle the waste acid and discharge water, the pickling plant of the Stainless Steel Business' Yenshui Plant has added ZEMAP equipment to treat the discharge water for recycling, saving a total of 29,928 m³ of water in 2020.



Yantai Walsin - Improving Steelmaking Technology and Reducing Energy Consumption in the Production Process

Based on the two-stage and three-stage production process, Walsin has developed an intermediate process to more accurately control the number of furnaces and the temperature of steel output, reducing electricity consumption by 6.9 kWh per ton of finished product compared to the three-stage process and 9.3 kWh compared to the two-stage process.

In addition, through the vacuum furnace technology, the energy consumption of the steel refining process for specific steel types can be reduced, and together with the training of operators, the energy consumption per ton of finished product can be reduced by 16.8 kWh compared to the refining furnace.



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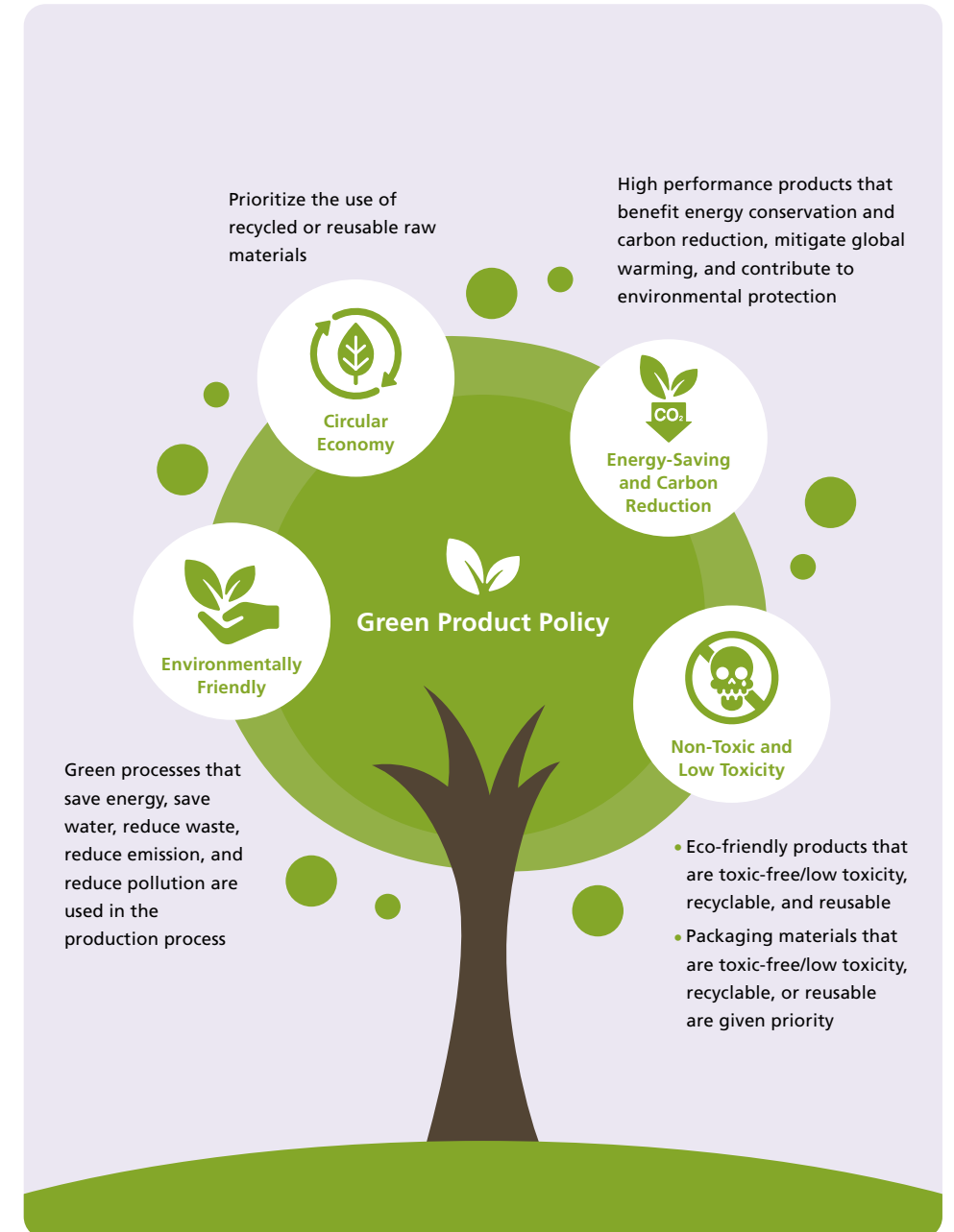
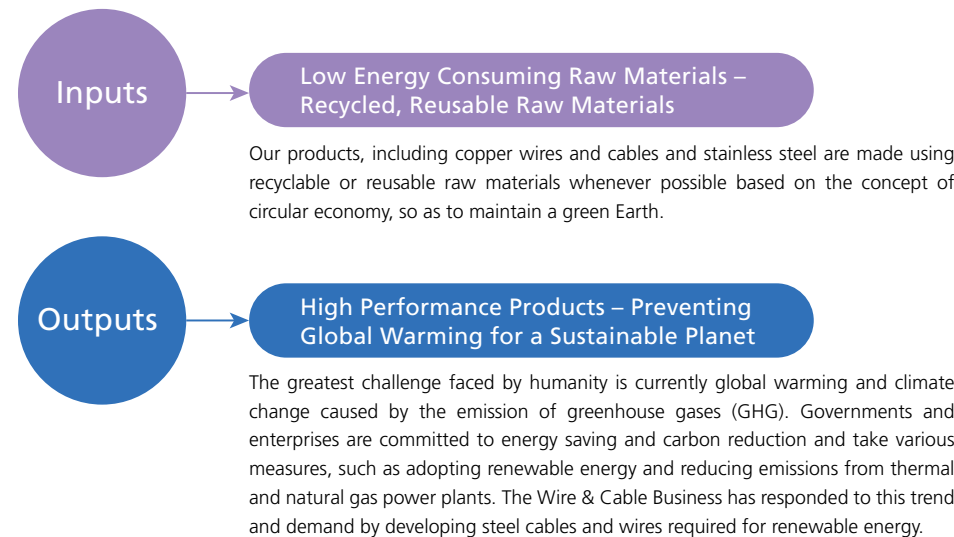
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3.2.3 Green Products

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:

- Circular Economy: Prioritize the use of recycled or reusable raw materials
- Environmentally Friendly: Green processes that save energy, save water, reduce waste, reduce emission, and reduce pollution are used in the production process
- Non-Toxic and Low Toxicity: Eco-friendly products that are toxic-free/low toxicity, recyclable, and reusable
- Energy-Saving and Carbon Reduction: 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

In terms of green product development, our strategy is the "continued development of high performance green products to reduce the impact on the environment by moving toward a circular economy and improving the performance of the application-end." In terms of raw material input, we use "recycled and reusable" as the basis for effective utilization of natural resources. In terms of products, we aim to develop high-performance products that are "anti-global warming and sustainable". We are committed to helping our customers and end-users achieve more energy-efficient and carbon-reducing products and avoid environmental pollution. The details are as follows:



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In addition, reducing waste gas emissions from vehicles and power plants, improving the fuel efficiency of engines and power plants, and developing lightweight cars, machines, and structures, and to achieve greater environmental friendliness, etc. Each of these changes/requirements/breakthroughs is closely related to material science, so materials with higher heat resistance, corrosion resistance, and higher strength are one of the keys to development. Therefore, in the field of stainless steel, Walsin regards it as our responsibility to develop more high-performance and innovative products to meet the needs of the above-mentioned high-end performance needs and to contribute to a sustainable environment.

	Product	Shape or type	Benefit in environmental protection and energy saving	Application
	PV Cable	Power Cable	The cables are connected to the solar panels, which can withstand UV radiation and ensure the power supply of the solar power system, and can be integrated into the grid.	DC cable, AC cable
Wire and Cable	Offshore and onshore wind power cables	Power Cable	Used in wind power generation systems to ensure that when the turbine nacelle is used under different weather conditions, it can collect electricity and integrate into the power grid for use.	Nacelle cable, tower internal cable, high voltage cable
	Wind turbine pre-stressed concrete steel strands	Steel Wire	The high strength and toughness of the wire ensures smooth operation of the nacelle under high wind strength and support in harsh environments.	Wind turbine concrete tower cable
	High-machinability stainless steel (Ferrite)	Long product	High machinability to prolong service life and high strength allows for the manufacture of lighter products through enabling materials' weights to be lowered.	Computer, communication device, and consumer electronics component and part as well as electromagnetic valve core
	High-chrome (Cr) high-machinability stainless steel (Ferrite)	Long product	Replace leaded (Pb) free-cutting stainless steel to prevent Pb hazard to human health and environment. Highly machinable and corrosion-resistant to extend the life of machines and end products.	3C parts and components
	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 and corrosion-resistant stainless steel	Long product	High strength for weight reduction and high corrosion resistance to prolong service life and decrease equipment failures	Plant and steel roofs, automotive fuel supply systems
Stainless steel	High-strength and wear-resistant stainless steel	Long product	High strength for material weight reduction and high wear resistance to reduce wear of parts to maintain equipment performance and prolong service life	Automated equipment, tool machineries, robots, robotic arms
	High-strength and thermal-resistant stainless steel	Long product	High strength for material weight reduction and high heat resistance to prolong service life and decrease equipment failures	Low fuel consumption for automobiles, energy, and power plants
	High heat-resistant stainless steel	Long product	High heat resistance to prolong service life and decrease malfunction resulting from equipment failures - energy saving and carbon reduction	Heat treatment furnace conveyors and heat treatment furnace tubes
	High heat-resistant stainless steel with high creep resistance	Long product	High heat resistance, high-temperature corrosion resistance, high-temperature oxidation resistance and high creep resistance to improve power plant efficiency and boiler life	Power plant ultra supercritical boiler tubes
	High corrosion and heat-resistant stainless steel	Long product	High corrosion resistance to prolong service life and high heat resistance to improve equipment performance for energy saving and carbon reduction	Refinery, petrochemical, and chemical industry reheating furnaces, heat exchangers, condensers

In 2020, Walsin Lihwa generated NT\$334 million in revenue from renewable energy-related products such as solar power installation cables and pre-stressed concrete strands for wind power turbine bases.

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Yenshui Plant - Investing in the Development of Stainless Steel for high fuel-efficient Automobiles

As global warming and climate change have become a serious threat to the human environment, governments around the world have been paying close attention to and enacting stricter environmental regulations, one of which is the increasingly stringent control of carbon emissions by automobile manufacturers. As a result, automobile manufacturers must continue to improve the performance of their vehicles to reduce fuel consumption and CO₂ emissions, and to develop electric vehicles. However, the high market share of electric vehicles cannot be achieved overnight, and there is a transition period during which it is imperative to improve the performance of fuel vehicles to reduce fuel consumption and CO₂ emissions. At this stage, one of the main measures adopted by vehicle manufacturers is to downsize engines and install turbocharging, thus increasing the demand for high-strength and heat-resistant stainless steel materials.

The Stainless Steel Business has been engaged in the research and development of high-strength and heat-resistant stainless steel for automobiles since 2018. After equipment renovation and process development, we finally successfully produced these products in 2020, contributing to energy saving, carbon reduction, and a sustainable earth.

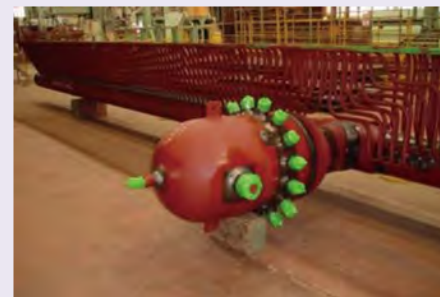


Yantai Walsin - Investing in the Development of Stainless Steel Materials for Ultra Supercritical Boilers

Ultra-supercritical power generation units are the development direction of thermal power generation, and their efficiency is 6-10 % higher than subcritical units, which can save 60,000 metric tons of standard coal per year and has the benefit of improving power generation efficiency and reducing air pollution. Walsin has actively invested in the development of stainless steel materials required for ultra supercritical boilers, which can withstand high pressure/high temperature under a steam temperature up to 650°C and steam pressure up to 25MPa, and has excellent creep resistance, corrosion resistance, and oxidation resistance.



Coal-fired Power Plants



Mixing tank and first-class dispenser in the middle



Superheater piping in the processing process

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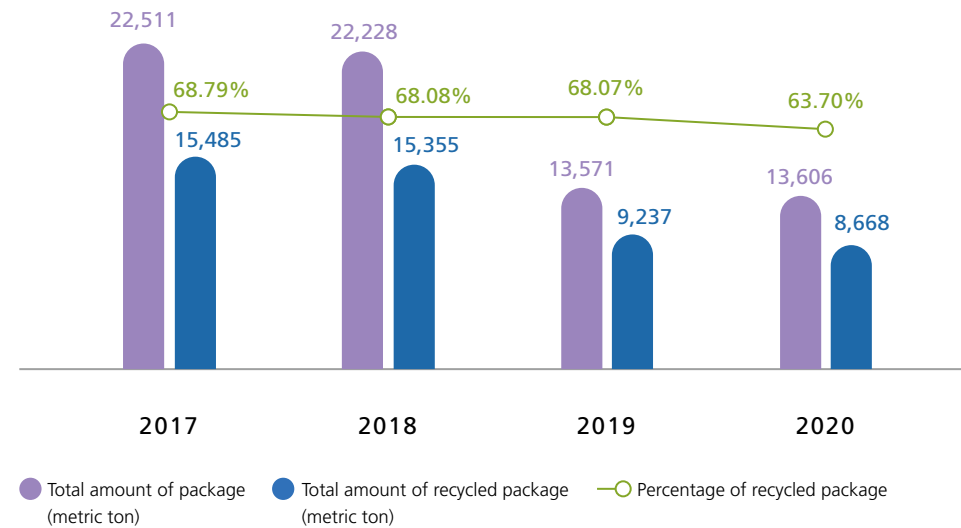
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3.2.4 Packaging Material Use and Recycling

Wire and cable production will recycle the packaging materials used, including pallets, racks, iron shafts, wood shafts and closure plates. Recycled materials accounted for about 63.7% of packaging materials in 2020. Due to the characteristics of the stainless steel production, 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 resources.

Copper wire and wire & cable package material use and recycling



Note: The packaging materials included in the calculation are mainly wooden pallets/trays/closure plates/wood shafts, iron or steel shelves/trays. Not all types of packaging materials are included.



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3.3 Product Quality and Responsibility



Walsin Lihwa is actively engaged in the high-value transformation strategy. In addition to increasing production efficiency and improving product reliability through smart manufacturing, quality is the most important factor in gaining customer trust. We believe that quality is not achieved through testing, 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:

1. Strengthened the authority of the quality assurance department and gave it independent responsibilities and authority.
2. Established a range of inspection equipment, using equipment in line with international manufacturers, and established a testing system in line with TAF test lab standards.
3. 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.
4. Strengthened product portfolio and industry-academic research collaboration to control the performance and quality of products and develop the main raw materials required, in order to enhance the success rate of new product development.
5. Provided customers with various certifications to ensure that product performance and quality meet requirements and achieve customer satisfaction.
6. Improved production abilities and gained solid abilities to reduce variance and produce products that meet strict requirements for high-end applications.
7. 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.

Our past inside-out, bottom-up quality system has been transformed into an outside-in, top-down quality system, where our quality management system will be customer-oriented and receive the highest level of attention from our senior executives.

3.3.1 Quality Management System Verification

Material Topics

Walsin Lihwa has obtained numerous 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 the overseas markets. In the Wire & Cable Business, we have obtained third-party certifications under ISO9001, ABS/BV/DNV-GL/LRKR/NK, and BASEC standards in accordance with the relevant industry information and trade certification regulations of each country as a basis for entering the industry supply chain and expanding our sales applications and channels.

Under the vision of "To be the most reliable cold finishing bar material supplier in Asia in the era of smart manufacturing", the Stainless Steel Business upholds the strategic goal of "high value, service, flexibility, and intelligence" and has incorporated the IATF 16949 process and risk management concept based on the ISO 9001 quality management system. With customer satisfaction as the foundation, we created processes, systematized our operations, and integrated risk management thinking to support the realization of "zero defects" in quality. We have planned the standardized quality management objectives with the same rules and regulations. In the short term, we aim to obtain IATF 16949 automotive quality management system certification for each factory in mainland China and Taiwan, and in the medium and long term, we aim to standardize the quality management system processes in each factory, so that each factory can create "beautiful and precise" and "extremely optimized" quality and services under a common language and standard of quality. Under this goal, in addition to the routine ISO 9001 and ISO/IEC 17025 testing and calibration, each plant is actively implementing and obtaining quality certifications for various industries and customer needs.

For example,

Yenshui Plant: CE MARK (European Construction Products Regulation (CPR))

Changshu Walsin: RS, KR, API Q1 for petrochemical industry, Norsok

Taichung Plant: SASO Saudi Quality Mark (SQM) (under implementation)

Quality certification

Each plant is actively implementing and obtaining quality certifications for various industries and customer needs in 2020. In order to expand the sales market for our customers, we have mastered the regulatory requirements and obtained BASEC product certification for our wire and cable Hsinchuang Plant. The Yenshui Plant under the Stainless Steel Business applied for CPR certification from TÜV Rheinland and was approved by the European Construction Products Regulation. Walsin Lihwa's wire rod and straight rod products meet the requirements of the European Construction Products Regulation and can be labeled with the CE mark, so that customers can trade freely and legally in the UK and European Economic Area without being restricted.



BASEC

CPR

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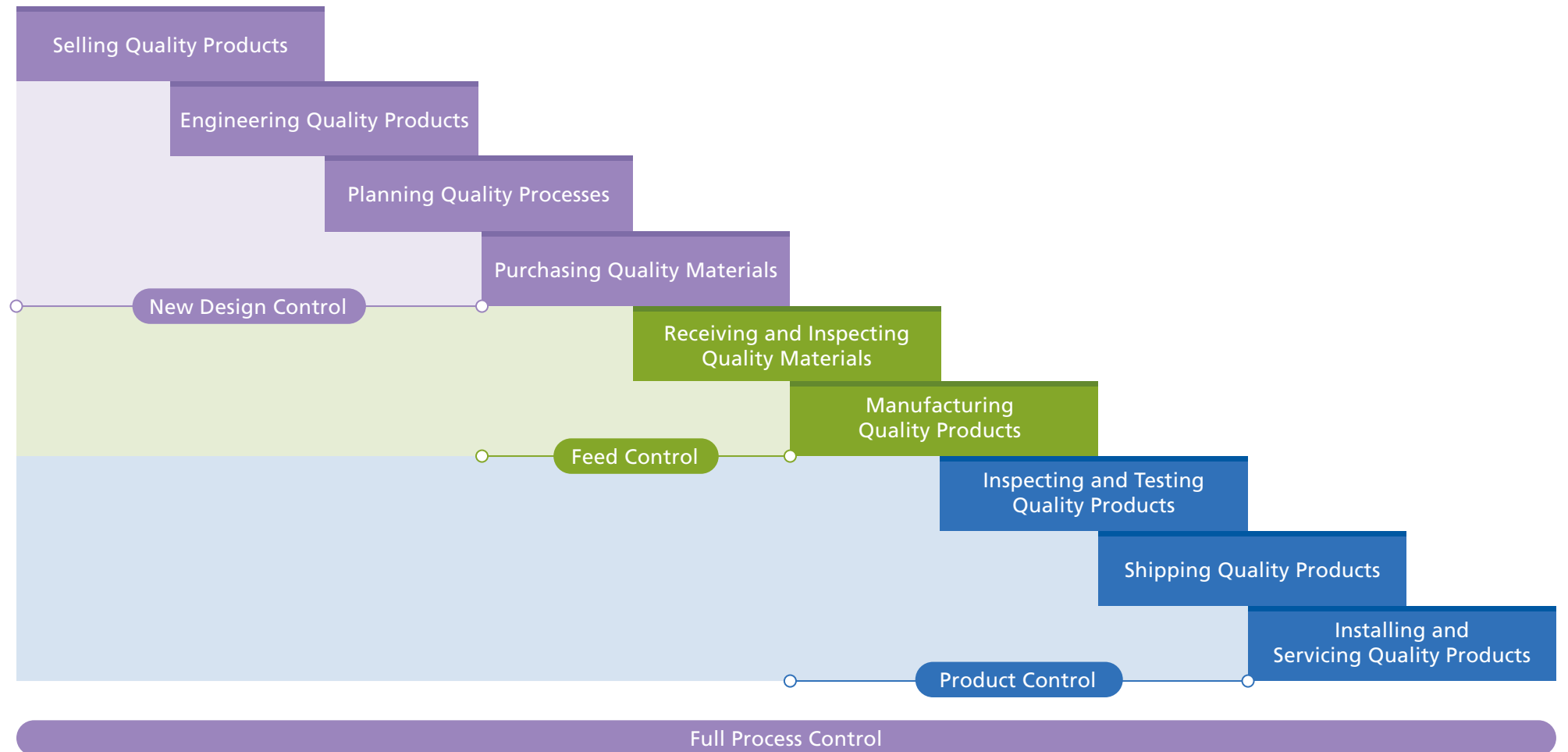
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3.3.2 Strengthening Quality Abilities Material Topics

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 Wire & Cable Business has implemented the IATF 9001 quality management system, and uses it as a vehicle for modifying and improving our quality system. 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.

Production Quality Control Diagram



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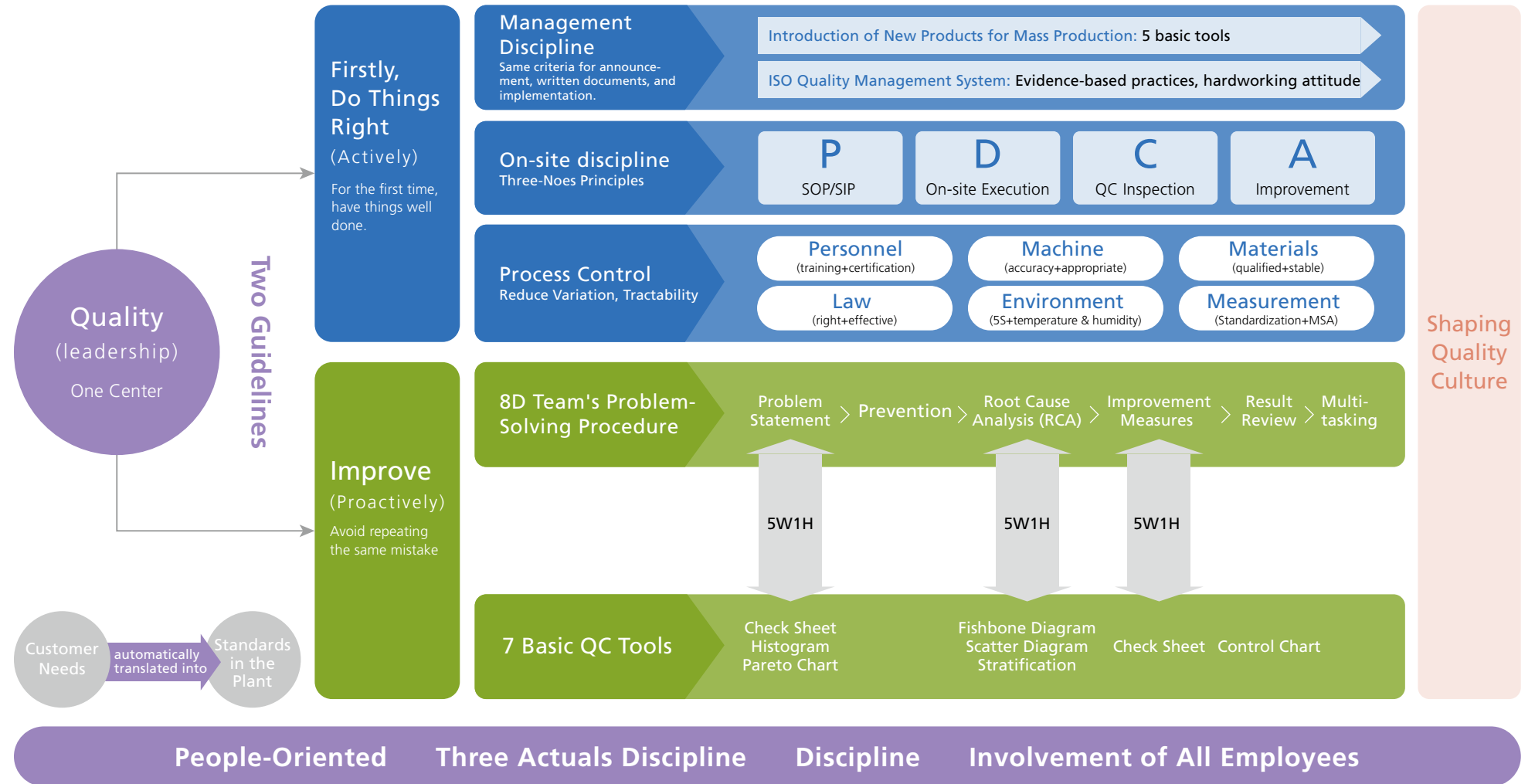
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The Stainless Steel Business continuously improves itself through the cycle of quality management (C → A → P → D), and carries out BPR to strengthen the process and quality in line with the company's medium- and long-term goals. We also promote quality operations and undertake top-level objectives on the basis of "People-Oriented, Three Actuals, Discipline, Involvement of All Employees". Under the quality assurance system, we actively promote the core competencies of leadership, initiative, and proactivity to start the deployment of work, use of smart measures, quality tools, and scientific methods to make proper use of technology, and continue to improve quality precision.

Quality Culture of the Stainless Steel Business



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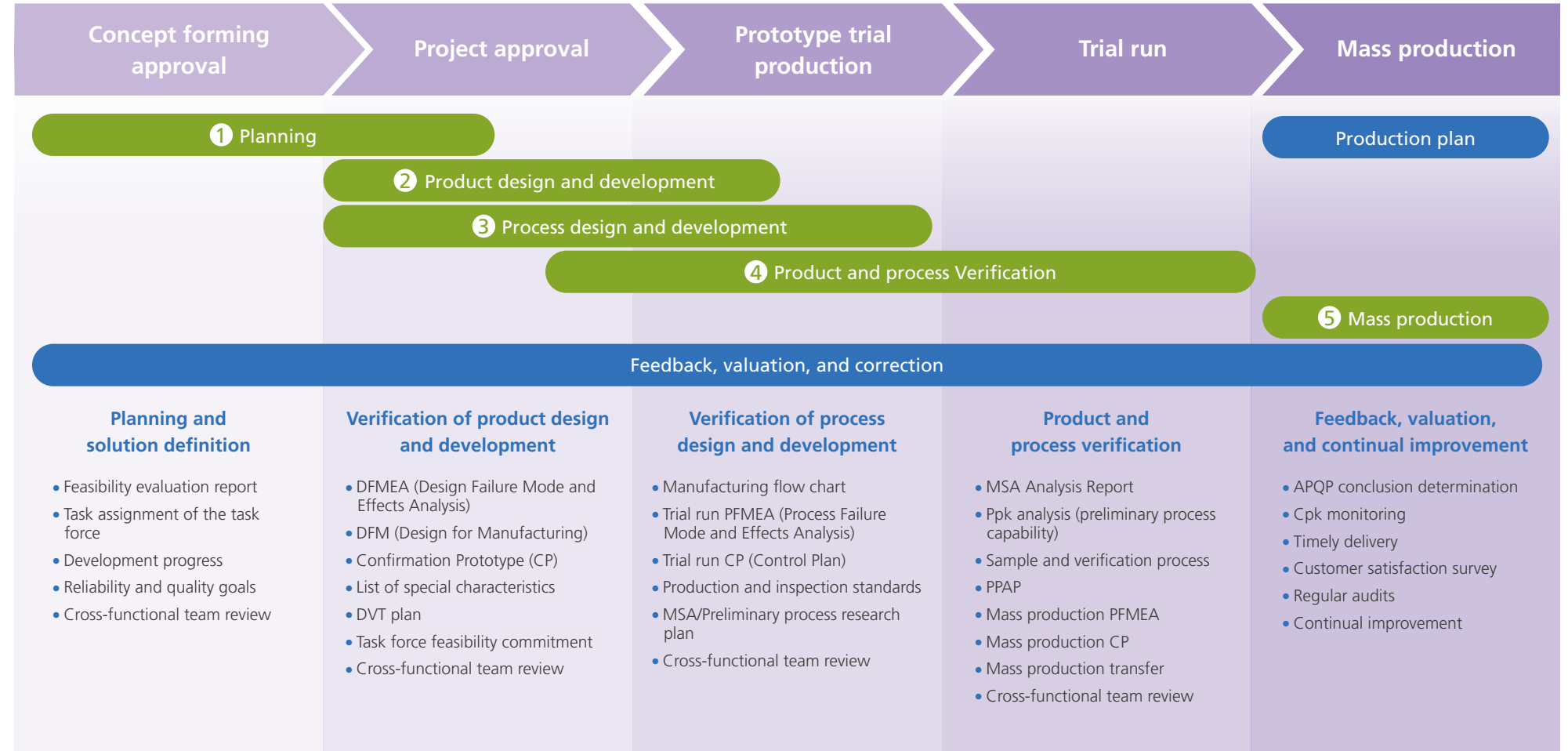
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On this basis, in order to build a reliable and trustworthy quality system, our Stainless Steel Business has been actively engaged in establishing the IATF 16949 quality management system, which is the quality standard for the automobile industry, and uses it as a vehicle for modifying and improving our quality system. Using the five core tools - APQP (Advanced Product Quality Planning), PPAP (Production Part Approval Process), FMEA (Failure Mode and Effects Analysis), MSA (Measurement System Analysis), and SPC (Statistical Process Control), we start from listening to customers' voices and grasping 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.

New Product Design and Development Phases and the Five Core Tools



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3.3.3 Control of Hazardous Substances in Products

Walsin Lihwa firmly believes that it is a corporate obligation and commitment to fulfill its corporate citizenship responsibility and to work together for the good of society. In addition to managing product and service quality, we also manage hazardous substances from the source and perform hazardous substance tests in accordance with industry related regulations, and no hazardous substances are added in the manufacturing process. We also actively monitor the management of chemicals globally and carefully enforce the verification of hazardous substance regulations in related industries. Our wire and cable products comply with the RoHS Directive restricting the use of hazardous substances in electrical and electronic equipment, REACH, and the shipping industry asbestos restrictions. These regulations are provided to stakeholders at appropriate times for reference. Everything was declared RoHS compliant in 2020, which indicates that no hazardous substances are added to our products in the manufacturing process.

Although stainless steel is a green material, Walsin still takes the initiative to adopt low energy consumption and low pollution production process. We regularly send our products to third parties for testing and update the information on hazardous substances. For example, Restriction of Hazardous Substances Directive (EU RoHS 2.0) 2011/65/EU, 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 stakeholders at appropriate times for reference. The product acceptance is 100% every year.

We have no direct sales of Energy Star compliant products. In 2020, there was no violation of information and labeling requirements, or voluntary protocols for products and services; and there were no safety or product safety defects that require removal from the market or recall of products.

3.4 Mutually Beneficial Value Creation

Material Topics



Walsin Lihwa's Spirit and Philosophy of Serving Customers:

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

In 2020, the Wire and Cable Hsinchuang Plant continued to uphold the commitment of serving customers, and provided a customer service online platform where customers can inquire about the specifications and quantity on the surplus or shortage of products. By communication and transfer or goods between customers, not only does it help reduce the long and uncertain inventory period at the customer's end, but can also reduce the waiting time from re-ordering to delivery.

The Yenshui Plant of the Stainless Steel Business integrates information on customer complaint handling and accounts receivable management through the CRM system, allowing it to keep track of the progress of customer complaints and accounts in real time, reducing the time gap between internal and external communication and improving service efficiency.

In 2020, although overseas business travel was limited and the frequency of customer visits was reduced due to the need for pandemic prevention, a number of steel technical conferences were held remotely through online meetings from time to time to interact with customers, in order to understand and obtain feedback from them.

Results from the implementation of the strategic direction: established a collaborative service model between marketing/technology/business in the domestic production of automotive components in China, and completed the integration of the material application verification method in the industry chain, so that the upstream and downstream can work more closely together. We have also completed two key steel grades developed in collaboration with customers and have successfully secured fixed orders. In 2021, the company will continue to extend the implementation of the industry operation model and continue to deepen its application in the automotive industry as well as in other industries.

3.4.1 Customer service

Customer satisfaction survey

The Wire and Cable Business and Stainless Steel Business sent out 612 customer satisfaction questionnaires in 2020 and collected 458 questionnaires, which is a recovery rate of 74.8%; and the overall satisfaction rate was 84.3%. The Real Estate Business collected 277 questionnaires, with a satisfaction rate of 84.7%. Walsin Precision collected 28 questionnaires, with a satisfaction rate of 83.0%. The overall customer satisfaction rate of the company was 84.1%, which was higher than the previous year, reflecting that the company's efforts to continuously improve customer services were recognized by the majority of customers.

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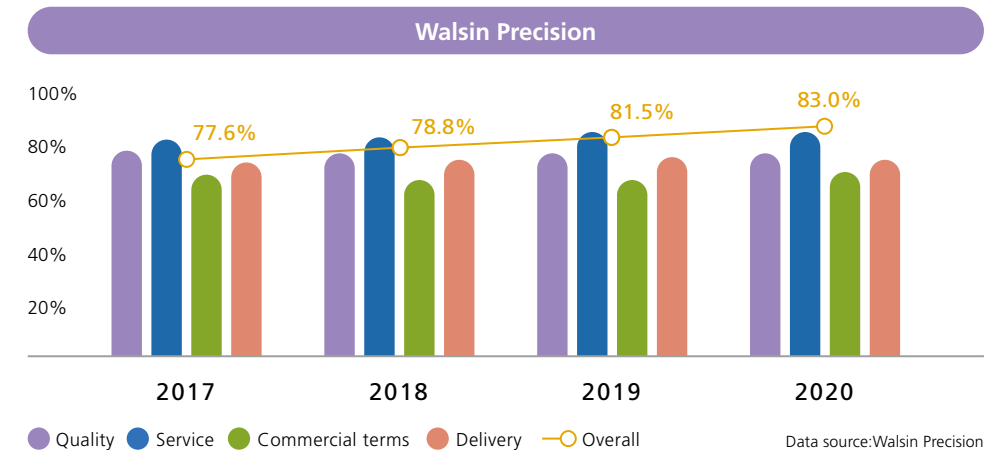
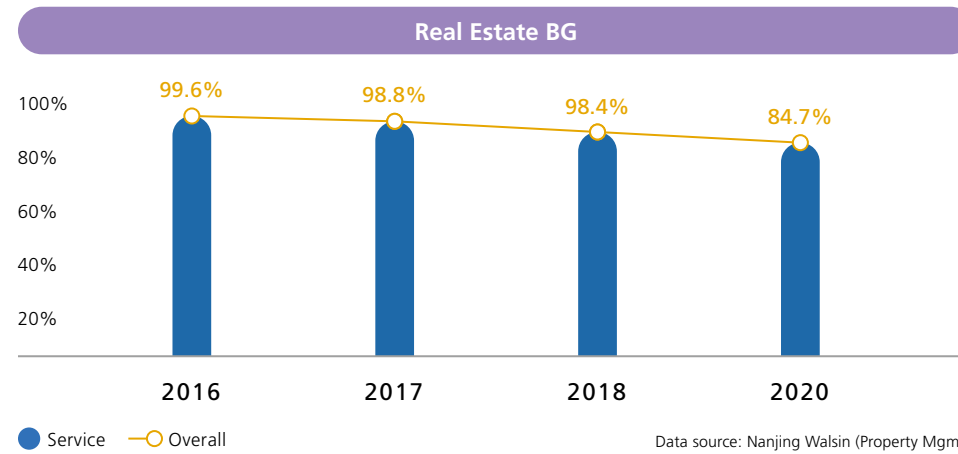
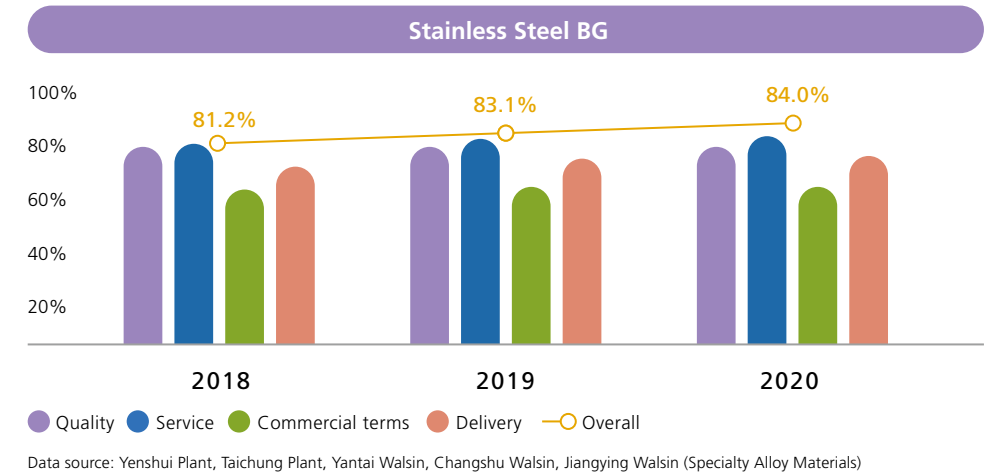
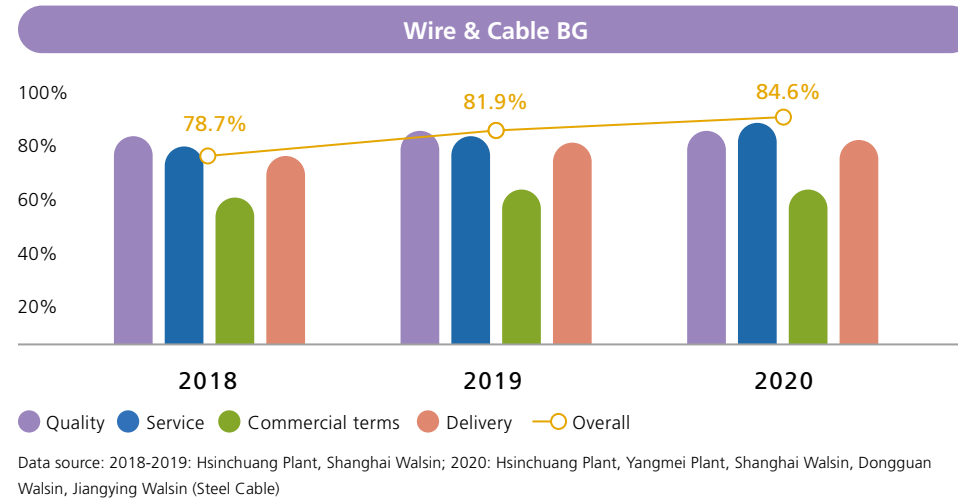
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Customer Satisfaction



Note: 1. Organizational changes took place in April 2020, please refer to the tables and diagrams for the satisfaction rate data for each year. 2. Due to the impact of the COVID-19 pandemic, the Real Estate Business Unit customer satisfaction questionnaire does not include data from 2019.

3.4.2 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 2020.

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3.5 Sustainable Supply Chain

3.5.1 Sustainable Supply Chain Policy



Supplier Sustainability Policy

Supplier Management Implementation and Commitment Strategy

- 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

<h4 style="color: #9c27b0; margin-top: 0;">Strategic Guidelines</h4> <p>Develop short-, medium- and long-term strategies to effectively implement supplier management mechanisms to develop a sustainable supply chain:</p> <ul style="list-style-type: none"> • Short-term - develop sustainable supply chain management • Mid-term - expand the scope of sustainable supply chain management • Long-term - set supplier sustainability performance targets to achieve a strengthened supply chain 	<h4 style="color: #9c27b0; margin-top: 0;">Commitment</h4> <ul style="list-style-type: none"> • Transparency, honesty and fairness, standardization, efficiency and service • Continued control of suppliers' incoming material quality, delivery time and evaluation • Focus on regular supplier onsite audits • Focus on corporate governance, social, and environmental improvement of suppliers • Focus on contractors' construction safety and safety education • Emphasis on supplier employee education and affirmative action
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Key Supplier Identification

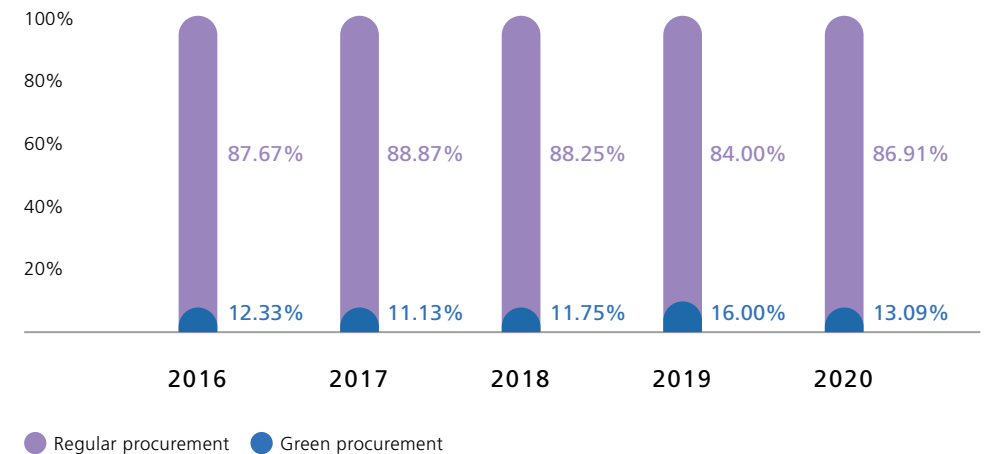
In order to implement effective supplier management, in 2020, Walsin Lihwa identified 111 key suppliers based on important raw materials, equipment and construction contracts, and waste disposal projects according to the principles of procurement amount, importance, influence, and uniqueness. These suppliers will be partners in the joint promotion of corporate social responsibility.

Local Procurement

We work together with our suppliers in the pursuit of corporate sustainability and growth. We continue to engage in local procurement and to promote local economy and reduce energy consumption in transportation. 3.84% 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); 65.39% of procurements made by our key suppliers in mainland China are sourced from local suppliers; and 55.27% of procurements made by our key suppliers in Malaysia are sourced from local suppliers. Overall, 32.25% of our key suppliers are local suppliers, an increase of 4.19% from 28.06% in 2019.

Green Procurement

In order to reduce the impact of our products on the environment, we are committed to green procurement. The Wire & Cable Business recycles old wood iron shafts and seal plated for reuse to reduce the number of new products procured. The Stainless Steel Business actively uses recycled raw materials such as scrap steel, scrap copper, and nickel/chromium crude iron. In 2020, Taiwan plants invested NT\$7.15 billion in green procurement, accounting for approximately 13.09% of the overall procurement ratio in Taiwan.



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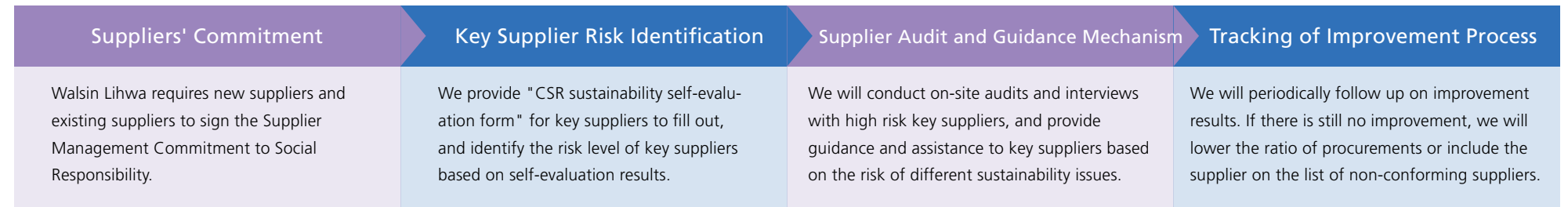
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3.5.2 Implementation of Supply Chain Management

Supplier Assessment Mechanism

In order to strengthen and implement the sustainable management of suppliers, Walsin Lihwa and its partners work together to grow together. In addition to evaluating suppliers' quality, completion/delivery time, price, service/communication and coordination to ensure that they meet the requirements, we strengthened our supplier management mechanism in 2020. We require suppliers to sign the "Supplier Management Commitment to Social Responsibility" to enhance supplier knowledge; furthermore, 105 key suppliers in the Wire and Cable, Stainless Steel, and Real Estate Businesses were encouraged to evaluate their own management status and fill out the new "Corporate Social Responsibility (CSR) Sustainability Self-Assessment Form". The assessment items include economic (sustainability management, supplier management, trade secret protection), social (human rights, health and safety), and environmental (management systems, greenhouse gases, air pollution, waste management) aspects. Based on the results of the self-assessment form, we analyzed the degree of sustainability-oriented management of suppliers. We also evaluated the occurrence rate of sustainability threatening events, the degree of impact caused, and the early warning mechanism. We identified the level of threat and impact that a key supplier would have on the operations of Walsin Lihwa if a sustainability threat event should occur.



We plan to conduct onsite audits and interviews with high risk key suppliers in 2021 and provide guidance and assistance based on the risk of different sustainability issues, to prevent and reduce the chance of risk occurrence. Our measures include:

- (1) Regularly hold communication and discussion meetings to support suppliers' growth and improve their business quality.
- (2) Continue to carry out 100% pre-work safety education and training for existing contractors.
- (3) Onsite checking of suppliers' practices in management, social and environmental aspects, and continue to improve the assessment and checking of deficiencies.

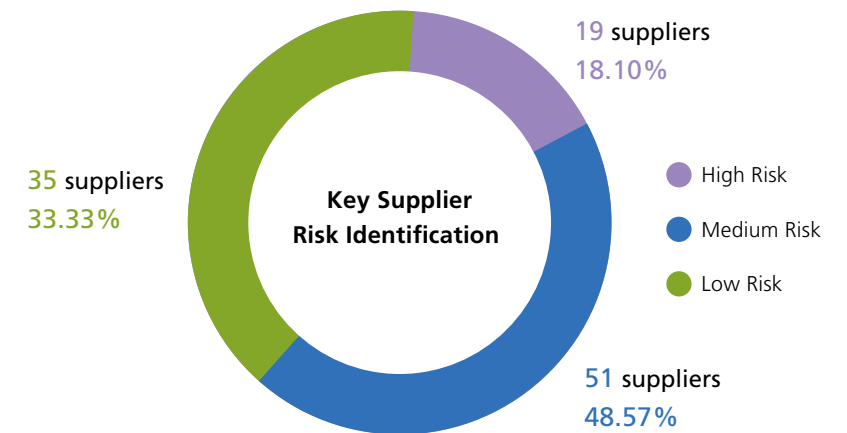
Signing rate of Supplier Management Commitment to Social Responsibility

	Number of Suppliers	Supplier Management Commitment to Social Responsibility		Self-Assessment Form	
		Number of Signatures	Percentage of Signatures	Number of Signatures	Percentage of Signatures
Key Supplier	111	110 ^{note}	99.10%	111	100.00%
New Suppliers	515	385	73.33%	331	63.05%

Note: One supplier didn't sign the Company's Commitment. Because the supplier has published its CSR reports regularly and disclosed its measures about ethical conduct and integrity.

Teamwork and Innovation

Key Supplier Risk Identification Results



Note: Excluding Taipei Headquarters and Walsin Precision key suppliers.

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Sustainable Supply Chain Management Courses

Sustainable Supply Chain Management Courses have been held since October 2020, so that we can improve sustainable supply chain management. We will also establish a supply chain sustainability onsite review mechanism and supply chain sustainability risk assessment mechanism, in order to improve the plant and procurement unit employees' sustainable supply chain promotion and management abilities.

Date	Plant	Target	Course Content and Objectives
October, 2020	Hsinchuang Plant	Procurement staff of Taiwan and Mainland China plants' Wire & Cable Business	"CSR Assessment of Suppliers" "New Explanation for the 2021 CSR Questionnaire for Suppliers"
October, 2020	Hsinchuang Plant	Hsinchuang Plant procurement staff Suppliers	CSR Onsite Visit Demonstration Activity Conducted "Supplier CSR Visits" to confirm the current status of supplier ESG management and provide guidance to suppliers on the knowledge of sustainable practices.
December, 2020	Hsinchuang Plant	Procurement staff of Taiwan and Mainland China plants' Wire & Cable Business	Supplier training and education on risk assessment Analyze the degree of sustainability-oriented management of suppliers Evaluate the occurrence rate, impact level and early warning mechanism of sustainability threats Identify the degree of threat and impact of sustainability threats from key suppliers to the business group and the risk level

Deepen Sustainable Supply Chain Management and Partnership



Wire & Cable Business Supplier Partner Exchange Meeting
(Hsinchuang Plant / Yangmei Plant)

In order to effectively implement the supplier management mechanism and create a sustainable supply chain, the third CSR Supplier Partner Exchange Meeting was held at the Hsinchuang Plant in November 2020. We invited consultants from Deloitte Touche Tohmatsu Limited to explain the contents of the supplier CSR self-assessment questionnaire and how to fill out the questionnaire, in order to help suppliers understand the sustainable supply chain management mechanism and enhance the ability of supplier partners to implement and manage a sustainable supply chain.

Two suppliers who participated in the CSR onsite review shared their experiences, allowing partners to learn from each other and grow together. We will exert our social influence along with our supply chain partners to drive economic, social and environmental balance and sustainable development.



Stainless Steel Business Supplier Partner Exchange Meeting
(Yenshui Plant / Taichung Plant)

In October 2020, we held a CSR supplier partner conference at the Yenshui Plant of the Stainless Steel Business. In addition to promoting CSR principles, we also included integrity announcement, green operations, human and labor rights, and environmental issues. We also introduced the new 2020 Sustainability Self-Assessment Form and the Sustainability Issues Questionnaire. Through the sharing of water resources improvement and brand stories by the participants, we hope that all suppliers can exert social influence on their own paying attention to the management of social and human rights, employee education, and environmental protection.

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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.

Strategy	Objectives for 2020	2020 results	Objectives for 2021
Protect labor safety and health, and creates a safe working environment	<ul style="list-style-type: none"> • Frequency-Severity Indicator (FSI) <0.5 • Gradually achieve zero occupational injuries involving contractors 	<ol style="list-style-type: none"> 1 Company-wide FSI 1.77: Taiwan 0.79, Mainland China 3.16, Malaysia 0 2 3 occupational injuries involving contractors: Taiwan 2, Mainland China 1 <p>(Note: the FSI statistics were analyzed using scheduled work hours)</p>	<ol style="list-style-type: none"> 1 FSI<0.4 2 Gradually achieve zero occupational injuries involving contractors
Create a happy workplace, improve labor-management relationships, and increases employees' identification and engagement	<ul style="list-style-type: none"> • Friendly Treatment • Friendly Living • Friendly Workplace • Employee Welfare 	<ol style="list-style-type: none"> 1 Awarded Forbes' World's Best Employers 2020, No. 2 in Taiwan and No. 258 in the world 2 23 friendly train forums with 1,216 participants 3 Honorary chairman words of wisdom exchange event: 18 sessions, 312 participants 4 Environment Improvement: Employee cafeterias and dormitories (space expanded, noise reduction, furniture updated), parking lots and restrooms renovated 5 Employee travel subsidy implementation rate reached 80%, organized employee health promotion activities, and support for employee club activities 6 Organized quarterly employee-employer meeting 	<ol style="list-style-type: none"> 1 Increase employees' understanding and engagement in their department and the Company, help new and old employees to match and pass on experience, and provide employees with an environment they can take part in. 2 Care for employees' family and life, and improve understanding and identification with the company in employees' families. 3 Improve work methods and hardware, and provide employees with a more convenient and safety work environment
Strengthen talent cultivation and career development planning, help employees learn, grow, and fulfill self-actualization	<ul style="list-style-type: none"> • Develop the management abilities of entry-level managers • Developed employees' systematic thinking ability and knowledge of business administration • Continuously promoted the accumulation of professional knowledge and shortened the learning curve of new employees 	<ol style="list-style-type: none"> 1 TWI completion rate of 87%, recorded the cases of proposed improvements and uploaded to the Walsin Lihwa Academy 2 Organized thesis seminars and experience sharing for 3 EMBA classes 3 Initiated 15 core competency projects and completed interviews with project members 	<ol style="list-style-type: none"> 1 Continue to improve the management abilities of entry-level managers and management trainees to sequentially achieve the goal of lean management. 2 Promoted project management training courses and data skills courses to strengthen employees' diversified competencies and assist them in their career development



World's Best Employers

World's Best Employers 2020, No. 2 in Taiwan and No. 258 in the world



Bronze Medal Award

TTQS Bronze Medal Award (Talent Development Quality Management System)



Healthcare Award

Received the National Outstanding Workplace Health Award (Hsinchuang Plant)



First Place

Taichung City's Workplace Health Promotion Contest - Workplace Health Fitness Walking Promotion Competition (Taichung Plant)



Sports Enterprise Certification

Sports Administration, Ministry of Education (Yenshui Plant)

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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.

4.1 Employee Overview and Talent Management Policy

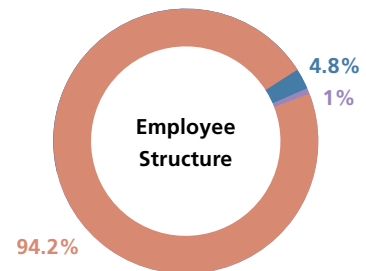


4.1.1 Status on Employment

As of the end of December 2020, we have a total of 5,230 employees worldwide (4,127 male, 800 female), most are regular employees, 1% are contractors (40 male, 11 female), and the percentage of foreign workers remained at 5%. We do not have any part-time workers.

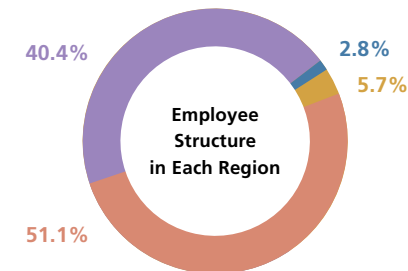
The Company recruits talent on a merit basis through fair and open channels. We hired nearly 801 new employees in 2020 to satisfy the Company's overall operational requirements, creating opportunities for employment and development.

Walsin Lihwa has always maintained that employees are the Company's most important asset. A total of 959 employees resigned in 2020, which is a turnover rate of 19.3%. Voluntary separation rate was lower than 15% since 2018. 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.



	Male	Female	Total
Regular employees	4,127	800	4,927
Contract-based	40	11	51
Migrant workers	252	0	252

Note: Migrant workers were calculated only based on the number of foreign direct employees in Taiwan.



	Male	Female	Total
Taiwan	2,358	318	2,676
Mainland China	1,668	443	2,111
Malaysia	119	25	144
Indonesia	274	25	299

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	361	15%	48	14.7%	409	14.9%	337	14%	35	10.7%	372	13.6%
Mainland China	270	16.4%	79	17.7%	349	16.7%	333	20.3%	124	27.7%	457	21.9%
Malaysia	11	9.3%	0	0%	11	7.7%	20	16.9%	1	4.2%	21	14.8%
Indonesia	32	9.9%	0	0%	32	9.1%	109	33.6%	0	0%	109	31.1%
Total	674	16.2%	127	15.9%	801	16.1%	799	19.2%	160	20.1%	959	19.3%

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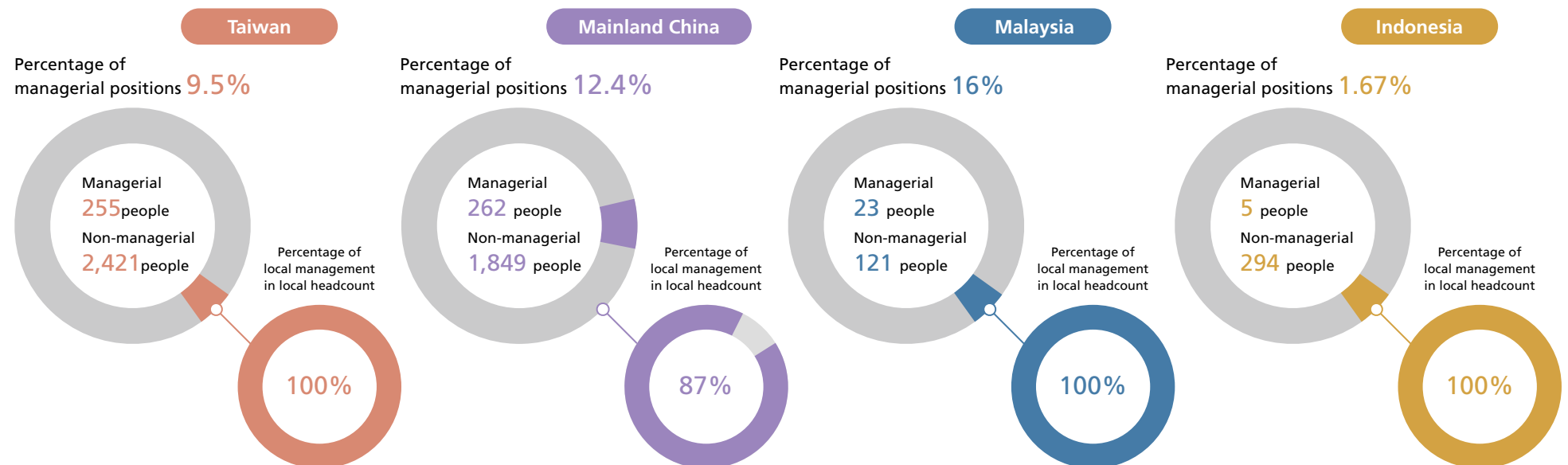
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Total number and ratio of (new and resigned) employees (by age groups)

Category	New employees								Resigned employees							
	Under 30		31-40		41-50		Over 51		Under 30		31-40		41-50		Over 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	229	35%	134	13%	34	5.3%	8	2%	149	22.7%	135	13.1%	48	7.5%	40	9.8%
Mainland China	190	52.3%	119	17.1%	37	5.1%	7	2.3%	145	39.9%	148	21.3%	111	15.3%	53	17.3%
Malaysia	10	41.7%	1	1.5%	0	0%	0	0%	12	50%	4	5.9%	5	10.9%	0	0%
Indonesia	30	21.7%	2	1.8%	0	0%	0	0%	104	75.1%	1	0.9%	1	1.4%	3	18.2%
Total	459	44%	256	14.3%	71	5%	15	2.1%	410	39.3%	288	16%	165	11.7%	96	13.4%

Note: Recruitment rate = New employees in the current year / [(Number of employees as of the end of the previous year + Number of employees as of the end of the current year) / 2], calculated using denominators based on gender and age groups. Turnover rate = Number of employees who resigned in the current year / [(Number of employees as of the end of the previous year + Number of employees as of the end of the current year) / 2], calculated using denominators based on gender and age groups.

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 9.5% of all employees in Taiwan and 100% are locals; manager or above account for 12.4% 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 16% of all employees in Malaysia and 100% are locals; manager or above account for 1.67% of all employees in Indonesia and 100% are locals.



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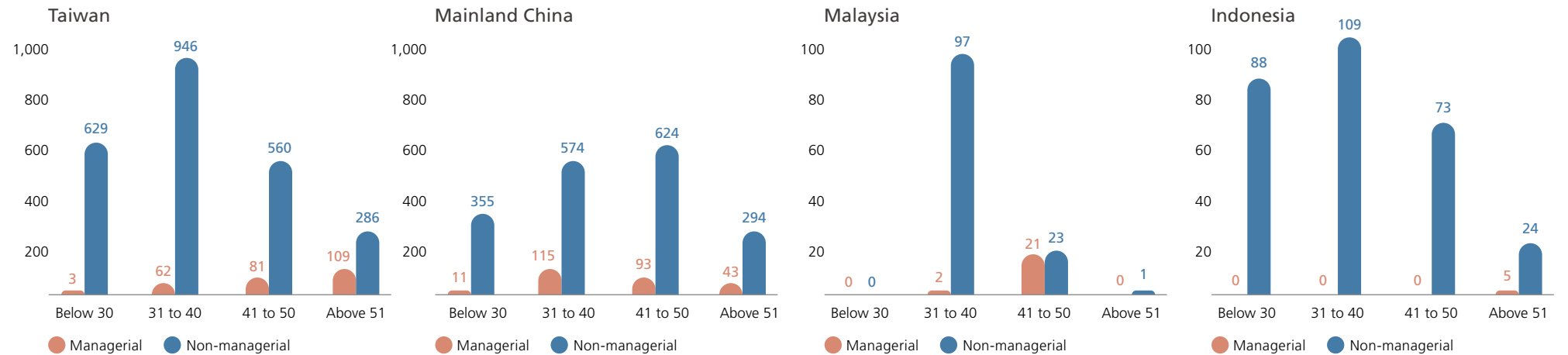
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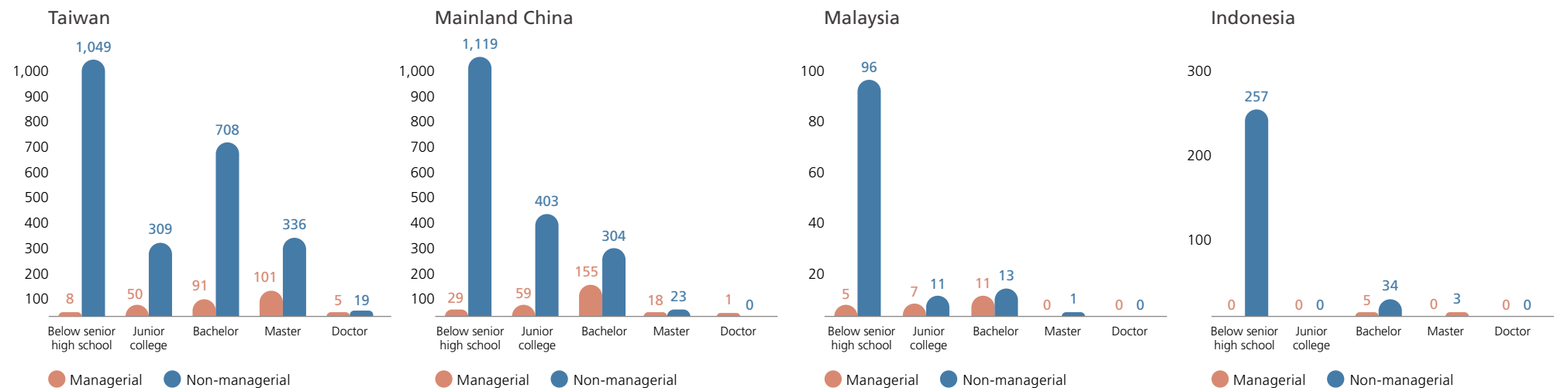
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Because our power cable and wire as well as stainless steel operations fall in the heavy manufacturing industry category, the workforce at our plants consists primarily of males and therefore the percentage of male workers is higher than that of female 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 (inclusive) 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 28 employees with mental or physical disabilities, amounting to approximately 1% of the total number of employees in Taiwan.

Structure of Managerial Positions & Regular Employees by Age

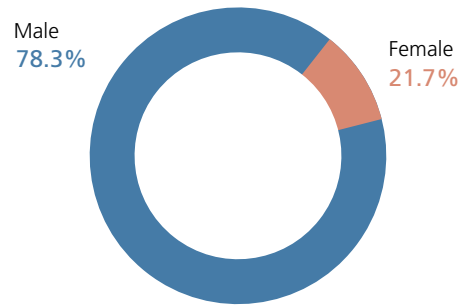


Structure of Managerial Positions & Regular Employees by Education

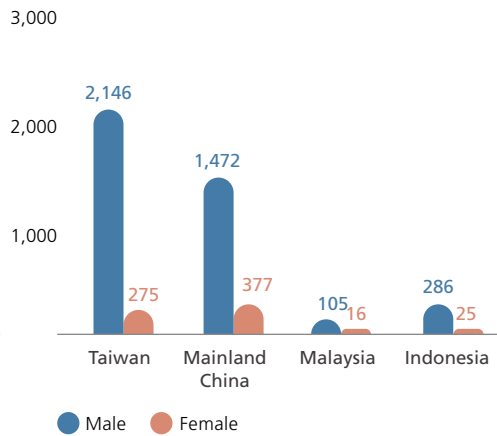
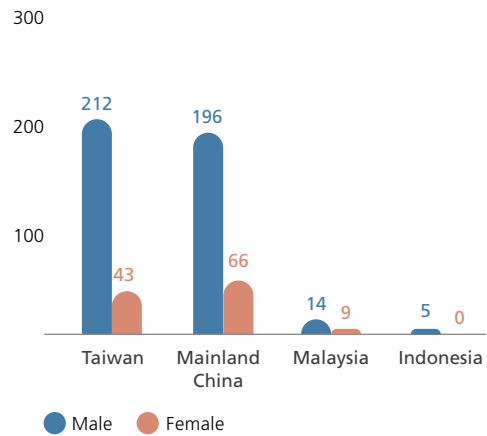
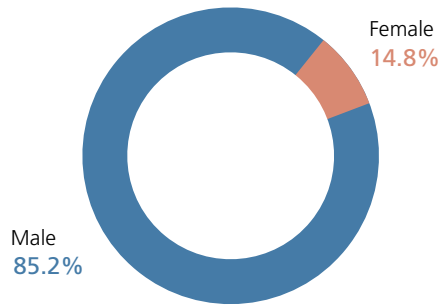


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Structure of Managerial Positions by Gender



Structure of Regular Employees by Gender



Note1: The employee structure at the following Walsin Lihwa sites are disclosed:
 Taiwan: The Taipei head office, Yangmei plant, Hsinchuang plant, Yenshui plant, Taichung plant, and Chin-Cheng Construction Co.
 Mainland China: Walsin China Investment, Dongguan Walsin, Shanghai Walsin, Yantai Walsin, Changshu Walsin, Jiangyin Walsin (Steel Cable), Jiangyin Walsin (Specialty Alloy Materials) Nanjing Walsin (Real Estate), Nanjing Walsin (Property Management), Nanjing Formosa Trade Center
 Malaysia: Walsin Precision Technology Sdn. Bhd.
 Indonesia: PT. Walsin Lippo (Newly disclosed subsidiary PT. Walsin Lippo Industries in 2020)

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



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4.1.2 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**

For the purpose of ensuring employees' equal opportunity in employment, employers are prohibited from discriminating against any employee on the basis of gender (including sexual orientation), race, class, age, marital status, language, thought, religion, political party, place of origin, place of birth, 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**

Harassment Prevention: Conduct relevant regulatory compliance promotion for new recruits, including sexual harassment prevention, anti-discrimination, anti-harassment, working hour management, and the healthy and safe working environment that ensures humane treatment. Moreover, through the relevant announcements, employees can further understand that they also have the responsibility to avoid the abovementioned workplace violence when they are on duty.

Privacy Protection: In the event workplace violence, the company has set the grievance hotline and is committed to protecting employee privacy when they are reporting the case, thereby creating a friendly working environment.

- **Employee Complaint System and Channel**

The Company has set up various communication channels for employee to report problems such as the grievance hotline, grievance mailbox, employee information website, employee platform for discussion, and labor-management meetings.

- **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 2020: 33 participants including the Taichung and Yenshui plants as well as suppliers

November 2020: 48 participants including the Hsinchuang and Yangmei plants as well as suppliers

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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.

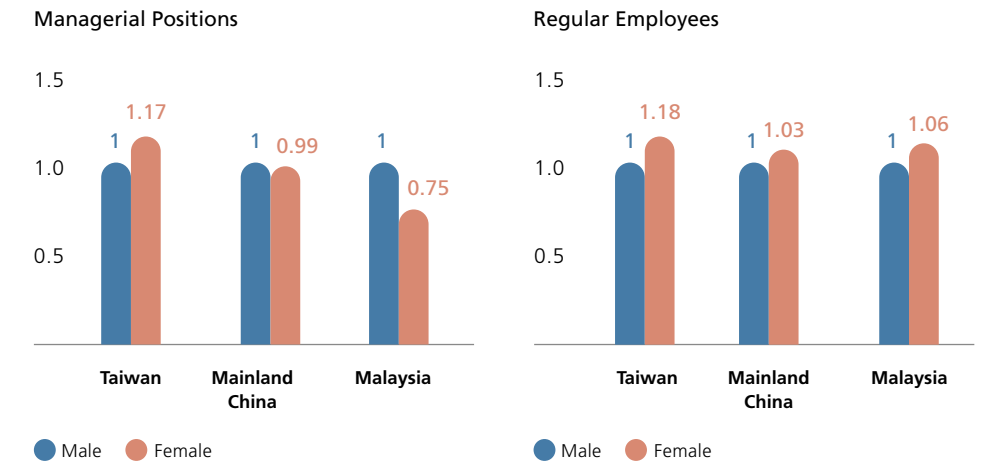
There were 2,536 non-managerial, full-time employees with an average salary of NT\$912,000 in Taiwan in 2020.

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\$ thousand)	Median salary (NT\$ thousand)
2019	2,394	891	725
2020	2,536	912	751
Difference	142	21	26

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.



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 (Steel Cable), Jiangyin Walsin (Specialty Alloy Materials)
 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.

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4.2 Growth for All Employees and Talent Transformation

The year 2020 had been a year full of changes. Since 2013, Walsin has been inspired by the book "Hidden Champions" and embarked on the path of transformation, and each employee has overcome all the difficulties and challenges on the way forward with Walsin. In addition to doing our part, we are also actively looking to the future.

With the change of time and the rapid transformation of the company, we have launched 13 core competency projects this year, in the hopes of laying down a stable foundation for the future vision of Walsin through the participation of all employees, improvement and enhancement, and the spirit of pragmatism. By participating in the projects and receiving guidance from senior colleagues, the employees have gained a better understanding of the company's business structure and have continued to improve their own skills, allowing these experts in their respective positions to pass on their experience and allowing valuable experience to spread to achieve the effect of horizontal exchange. Not only has it created a culture of sharing, but has also cemented the relationship of the Walsin family.

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 ef-ficiency of whatever they do. The status on our training provided to employees in Taiwan, and Mainland China in 2020 is shown in the table below.



Overview of company training

Area	Statistical items	Male	Female	Subtotal	Area	Statistical items	Managerial	Non-managerial	Subtotal
	Total hours	58,201	7,053	65,254		Total hours	5,920	59,334	65,254
Taiwan	Total number of employees	2,358	318	2,676	Taiwan	Total number of employees	255	2,421	2,676
	Average training hours	24.7	22.2	24.4		Average training hours	23.2	24.5	24.4
	Total hours	2,576	363	2,939		Total hours	464	2,475	2,939
Mainland China	Total number of employees	1,668	443	2,111	Mainland China	Total number of employees	262	1,849	2,111
	Average training hours	1.5	0.8	1.4		Average training hours	1.8	1.3	1.4
	Total hours	6,931	111	7,042		Total hours	100	6,942	7,042
Malaysia	Total number of employees	119	25	144	Malaysia	Total number of employees	23	121	144
	Average training hours	58.2	4.4	48.9		Average training hours	4.3	57.4	48.9

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Surfers Mastering the Wave of Change - Agile Leadership of the Management

2020 was a year full of changes. The pandemic has prompted the global industry to accelerate the development of remote work and the digital work culture. With the launch and implementation of major projects, Walsin is also moving forward on the wave of change. At the end of the second quarter, we launched a blended training program through online and offline courses for our managers to build a solid foundation in change management, agile working, and leadership.

In the online training, three courses - "OKR Goal Management Techniques", "Agile Working Management", and "Subordinate Management and Coaching Techniques" were implemented. An "AI Basic Concepts and Applications" course was arranged to strengthen the understanding of the current AI technology based upon the management foundation. Over 200 managers have been trained in the online courses alone. In the offline courses, we also arranged MTP2 management skills development for supervisors, which helped them to strengthen the concept of "change leadership" and transform from tactical executors to strategic planners, with a satisfaction rating of 4.5 out of 5. The overall training arrangement injected new management motivation into the supervisors. The course satisfaction rate was as high as 4.5 out of 5. The overall training arrangement brought new management motivation to the supervisors, and through their collective efforts, a complete change map was drawn for the future strategic vision of Walsin.

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

1. 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.

2. 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.

3. 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 develops abilities in different aspects.

4. Internal counselors

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





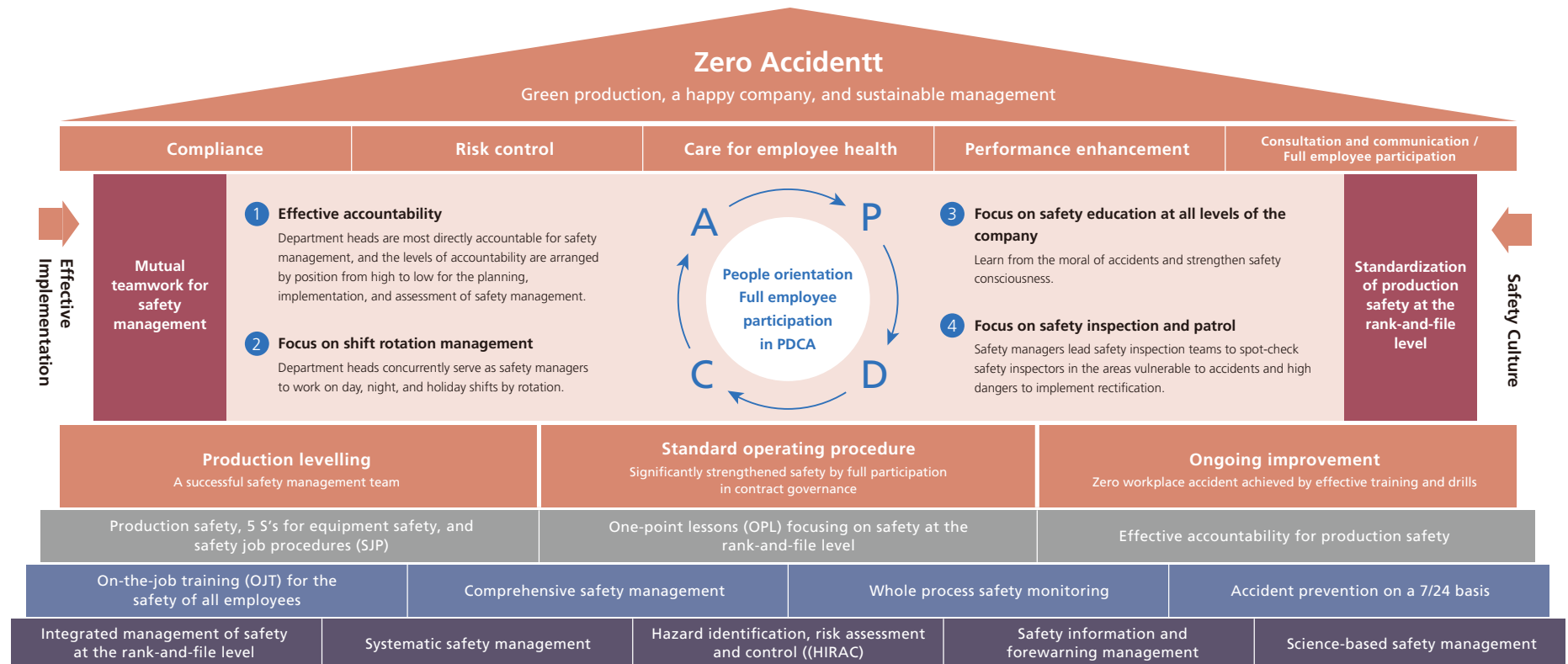
4.3 Workplace Health and Safety

4.3.1 Occupational Safety and Health Policy and Philosophy

Material Topics

Walsin Lihwa's EHS and energy policy is "Green Manufacturing, Prosperous Enterprise and Sustainable Operations". We also aim to promote the sustainable development of occupational safety and health by "shaping a culture of safe production, building a smart environmental safety and health management system, and cultivating environmental safety and health talents". In recent years, we have invested a lot of manpower and resources in enhancing smart factory safety management and real-time information, such as upgrading automated equipment and safety protection devices, establishing real-time monitoring and alarm systems for occupational safety and health (construction management by contractors), improving continuous management of environmental safety and health operations and integrating information platforms (installation of accident information and health management system), and promoting full participation of employees, in order to fulfill our vision of an intrinsically safe enterprise. In 2020, we promoted and completed the validation of the new version of ISO 45001 and upgraded the occupational safety and health risk management system, and the equipment safety management, so as to ensure that the company's occupational safety and health operation management system is complete and the risk information is displayed in real time. In addition, we gradually extended the management of contractors, high-risk operations/equipment management system, as well as implemented electronic systems to overseas plants to control the risk of occupational safety and health incidents.

In terms of occupational hygiene, we have continued to promote a friendly working environment and reduced exposure to harmful factors in the working environment in 2020. At the same time, we promoted healthcare and health promotion activities, as well as prevention and control mechanisms, in order to perfect the workplace health management network and environment.



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Indicator	2020 Goals	Level of Compliance in 2020	2021 Goals	Mid/Long-Term Goals
Company-wide incidents (including workers)	(1) Severe and serious - 0 incidents (2) Minor or above \leq 72 incidents	(1) Severe and serious - 4 incidents (Note 1) (2) Minor or above - 65 incidents	(1) Severe and serious - 0 incidents (2) Minor or above \leq 59 incidents	2025 goals: (1) Severe and serious - 0 incidents (2) Minor or above incidents reduced by 60% compared to 2014
Company-wide Contractors' Disabling Injury Frequency Rate (F.R.) (Note 2) Company-wide Frequency-Severity Indicator (FSI)	(1) FR is better than the average of wire and cable manufacturing industry (2) FSI is better than the average of wire and cable manufacturing industry	(1) FR is better than the average of wire and cable manufacturing industry	(1) Severe and serious - 0 incidents (2) Minor or above FSI \leq 0.4 incidents	2025 goals: (1) Severe and serious - 0 incidents (2) Minor or above FSI incidents reduced by 10% year by year

Note 1: Severe and serious incidents are defined as fatalities, or other injuries from which the worker cannot recover (e.g. amputation), or inability/difficulty to recover to pre-injury health status within 6 months.

Note 2: The Company-wide Contractors' Disabling Injury Frequency Rate (FR) is based mainly on non-employee workers. Since it is difficult to know whether non-employee workers return to the same workplace after recovery from injuries, it is not possible to count the actual number of days lost from work, so the frequency of occurrence (number of persons/million man-hours) is used as the basis for investigation.

Occupational Health and Safety Management System

In 2020 Walsin Lihwa completed the implementation of the ISO 45001 occupational safety and health management system. Performance indicators for each unit are reviewed by the Occupational Safety and Health Committee and Environmental, Health and Safety Committee, and are divided into active (implementation of key systems, support from executives at each plant 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.

The Stainless Steel Business obtained the certification of ISO 45001

The Wire and Cable Business obtained the certification of ISO 45001



Yantai Walsin obtained the certification on December 3, 2020.



Changshu Walsin obtained the certification on December 3, 2020.



Jiangyin Walsin (Specialty Alloy Materials) obtained the certification on December 3, 2020.



Yenshui Plant obtained the certification on December 3, 2020.



Taichung Plant obtained the certification on December 3, 2020.



Jiangyin Walsin obtained the certification on December 3, 2020.



Dongguan Walsin obtained the certification on December 3, 2020.



Shanghai Walsin obtained the certification on December 3, 2020.



Hsinchuang Plant obtained the certification on December 3, 2020.



Yangmei Plant obtained the certification on December 3, 2020.

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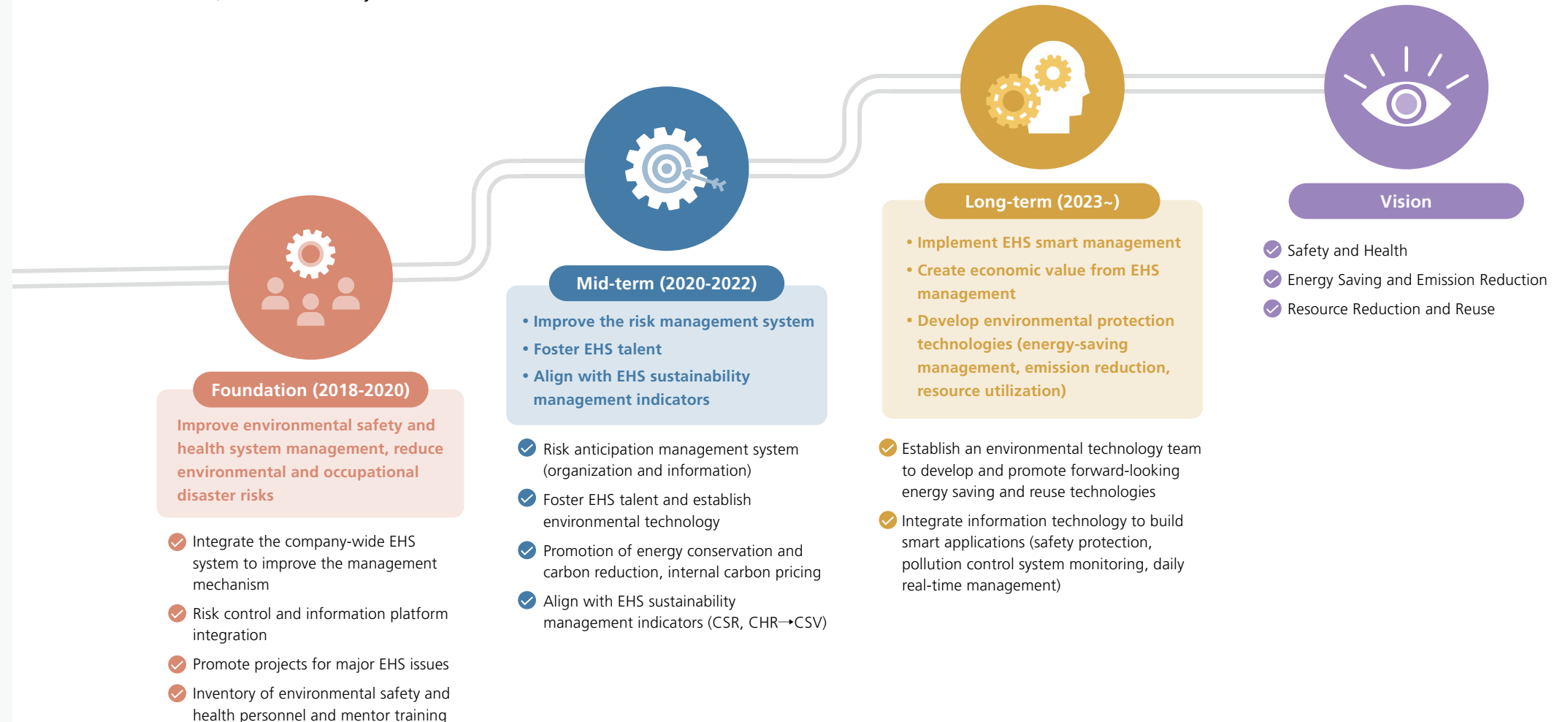
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Occupational Safety and Health Participation, Consultation and Communication

Walsin Lihwa established an "Environmental, Health and Safety 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. Meetings are convened at each plant quarterly to discuss internal accidents, review prevention measures for employee health and safety, analyze disaster problems, and promote work practices.

The responsibilities of the Environmental, Health and Safety Committee include actively participating in relevant meetings within the company, including setting goals and objectives, and resolving issues at the strategic level (Environmental Safety and Health Promotion Center), operational level (each plant) and specific level (project/technical team).

Environment, Health and Safety Committee Goals/Vision



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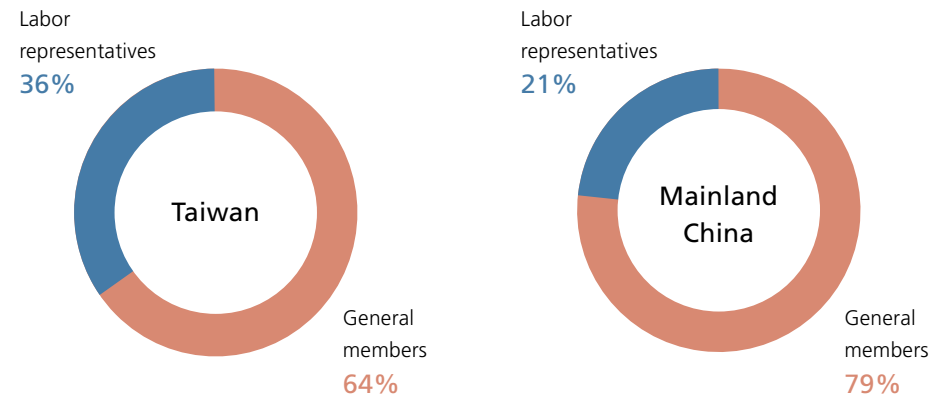
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Occupational Safety and Health Committee

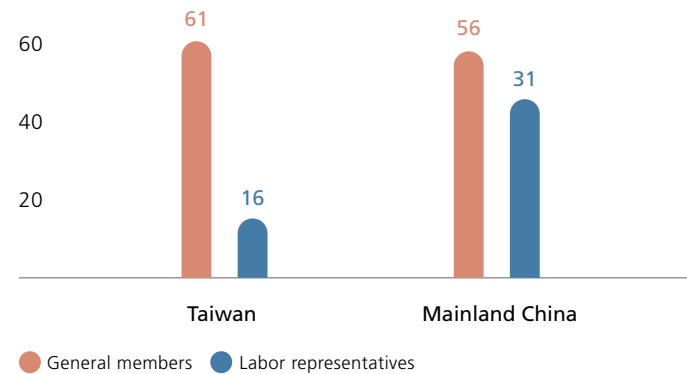
Each of Walsin Lihwa's domestic and overseas plants also has its own Occupational Safety and Health (Taiwan) / Production Safety (China) Committee, which requires a certain percentage of participation by of labor representatives and holds its own review meetings every quarter. In addition to passing on practical experience and spreading the ethical principles of occupational safety, we also provide a platform for our own environmental safety and health meeting minutes system and an electronic signature system for quarterly meeting results, and send internal newsletters through the intranet with subject-related emails to share experiences.

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.

Ratio of Labor Representatives in the Occupational Safety and Health Committee



Number of Labor Representatives and General Members



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	87	31	28	35.63%
Taipei Head Office	23	9	4	39.13%
Hsinchuang Plant	18	5	4	27.78%
Yangmei Plant	10	4	4	40.00%
Taichung Plant	15	5	4	33.33%
Yenshui Plant	21	8	12	38.10%
Mainland China	77	16	24	20.78%
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)	19	1	4	5.26%

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

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4.3.2 Safe Work Environment Material Topics

Walsin Lihwa has been committed to building a solid foundation for the company's safety culture, from the promotion of all-employee participation activities - the establishment of entry-level supervisors' management capability training, the establishment of regular communication meeting platforms (shift/section meetings) in each unit and the promotion of 5S, as well as safety visualization management and promotion of revitalization activities. Furthermore, from 2017 to 2020, we have also implemented training on environmental safety and health management system for middle and senior supervisors, training on high-risk operation safety management for onsite supervisors, supervisor safety management training, promotion of "operation hazard identification and risk control + Safe Job Procedure (SJP) and regional joint prevention". We have carried out these measures to strengthen the responsibility from the overall structure, leadership to individuals, to ensure the degree of implementation and integrity.

Hazard Identification and Risk Control, Incident Investigation and Recurrence Prevention



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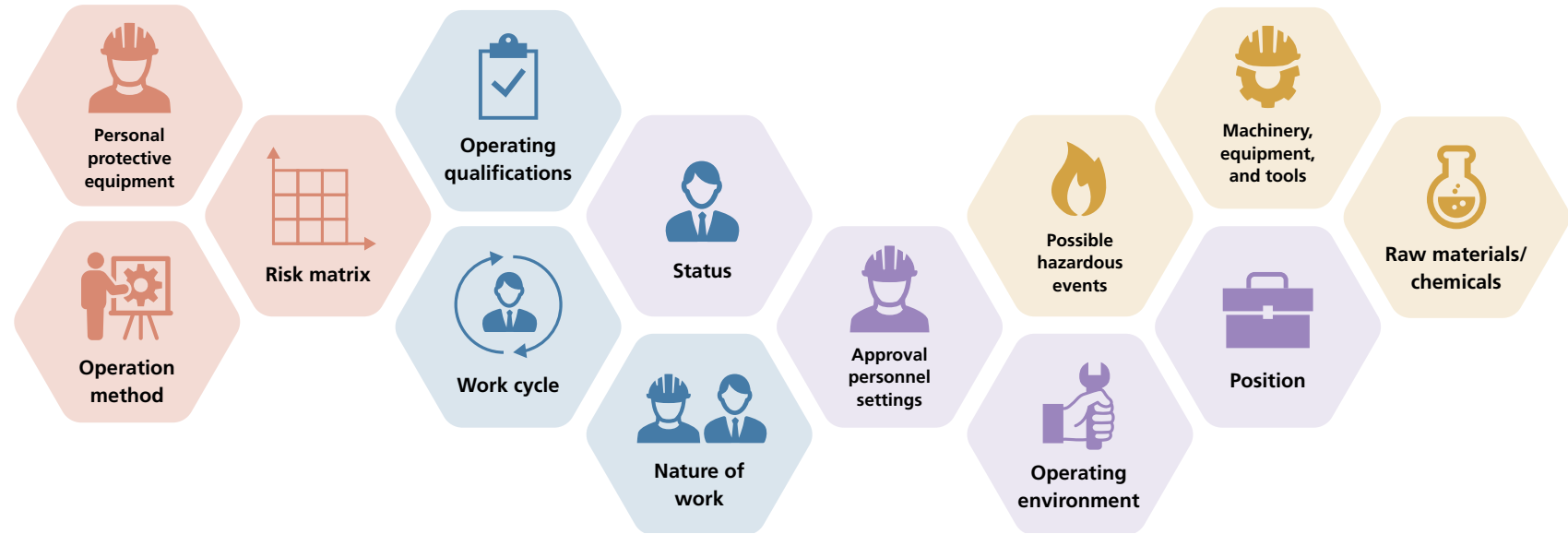
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Hazard identification and risk assessment

The establishment of the risk assessment system is based on the "Risk Assessment Guidelines" of the Occupational Safety and Health Administration, Ministry of Labor in Taiwan and the dual-system LECD risk assessment method in China. In addition, 13 system management modes are set up to meet the industry characteristics of Walsin Lihwa, so that each process and operation step, from preliminary condition inventory, hazard factor determination, to risk assessment identification, can be presented objectively and rationally.



Optimization and Upgrading of "SJP and Risk Assessment Database Management System":

From 2020 onwards, in line with the Group's policy and organizational changes, we will carry out a comprehensive risk assessment system upgrade operation. Through a total of 170 dedicated staff and collaborative partners in 10 plants at home and abroad, a joint discussion was held to revise 2,675 SJP. In this way, each participant will be able to jointly comply with operating procedures. In addition, for this year (2020), there were 65 minor or above incidents in the plants (including minor injuries; Note 1) and 114 false alarm incidents (false alarm accident rate 208.06%; Note 2). All of which were included in the initiation of risk assessment and safety operation standards safety revision, and further allow participation of the workers and their emphasis on work safety.

At the beginning of this system promotion, a lot of electronic documents were used for management, and inconsistencies in the many documented versions were repeatedly seen. In this year's revision, retraining has been carried out to implement one-stop management and implement equipment risk control → daily point inspection and maintenance list → responsible person and real-time access to the risk information. In addition, considering the dual system in China, LECD risk control conversion is scheduled to be increased in 2021 and to add on a special item for "facility/equipment" risk assessment, so that each plant can use openly and facilitate verification.

Note:1.Minor injury = means non-temporary incapacitation status. Cannot work on day of injury, but can return to normal operations the next day.
 2. Work-related near miss frequency rate (NMFR) = number of false alarm events x 200,000/total hours experienced

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Occupational Safety and Health Personnel Training

Occupational safety education and training

Walsin Lihwa believes that the focus of safety and health education and training is to enhance the attitude, awareness, and ability of employees and contractors on safety and health. In recent years, we have gradually digitalized all employees' individual education and training records through the Walsin Lihwa Academy, and can update safety and health training information and provide inquiries in real time, so that the management, control, and verification of safety and health training can be more effective. In addition, in 2020, each plant in Taiwan is actively promoting the "Basic Safety and Health Training for Contractors", allowing new contractor personnel to receive one hour of safety and health education training before job implementation and pass the test before they are allowed to work. Old contractor personnel are required to receive at least one hour of refresher training and pass the test every year. The training classes and hours are as follows.

Occupational Safety and Health Training

Category	Taiwan		Mainland China	
	Individuals	Event	Individuals	Event
New Employee Training	352	-	232	-
Current Employee Training	2,698	714	3,491	843
Project type (including emergency response)	1,935	34	358	41
Pre-site training for outsourced contractors	1,792	119	542	292

Note: The type of project includes professional courses for each plant according to their needs.

In addition to the professional safety and health technique and safety and health management courses, Walsin Lihwa has set up an e-Learning platform to provide the personnel with a convenient and easy self-learning environment and information channel. The platform can also be used for pre-course revision and post-course review of occupational safety and health. It also combines the learning effectiveness and diversification in the physical courses, which can help solidify and deepen the development of knowledge and skills, and to extend the fun of learning and the exploration of new knowledge.

Implementation of Fire Escape and Fire Drills in Taipei Headquarters

Walsin Lihwa organizes emergency escape and fire drills every year. In 2020, a total of 161 personnel at the Taipei Headquarters participated in escape drills. Apart from teaching various emergency responses for escape and conducting drills, employees can experience using fire extinguishers and fire hoses, and can involve in fire fighting process in person.



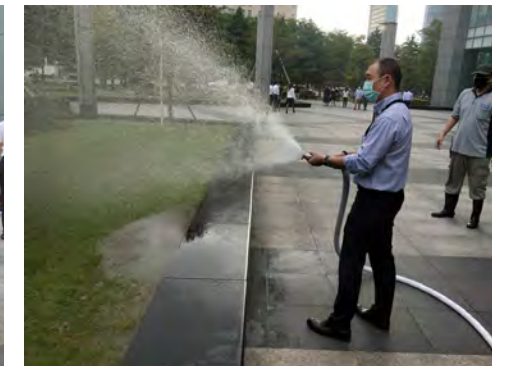
Fire prevention seminar



Escape drills



Fire extinguisher use



Fire hose (firefighting training)

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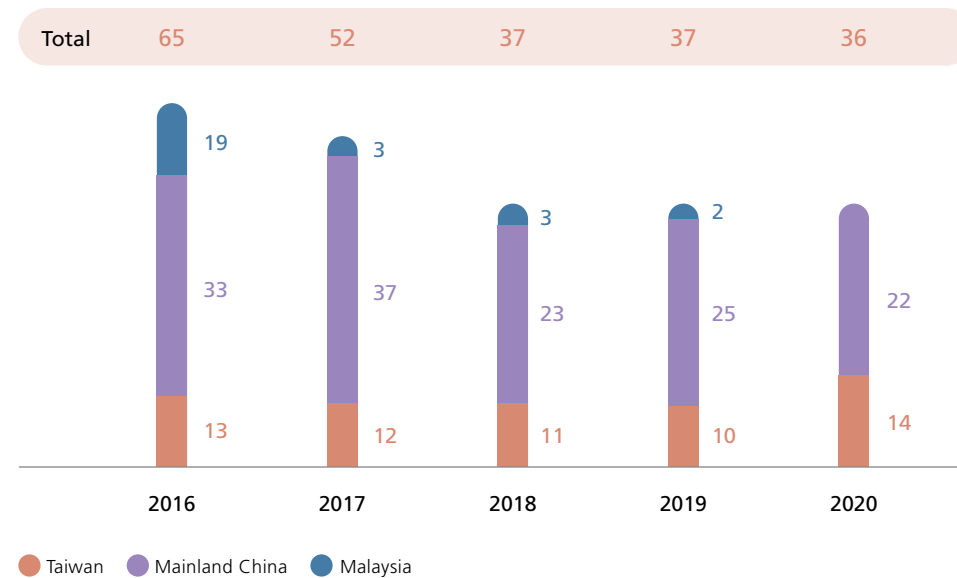
Occupational Injury and Occupations

In 2020, there were 36 occupational injuries (including one death in Mainland China) among the employees of Walsin Lihwa, and 3 occupational injuries among the contractors.

Our company's personnel/medical staff, safety and health, and various departments work together to protect and promote the health of workers, and to regulate the implementation of health examinations for employees in each factory both at home and abroad, so as to independently manage the employees and workers and prevent them from engaging in unsuitable operations. There have been no deaths from occupational diseases or cases of occupational diseases confirmed by a specialist in occupational medicine in the past 6 years.

Number of occupational accidents under control

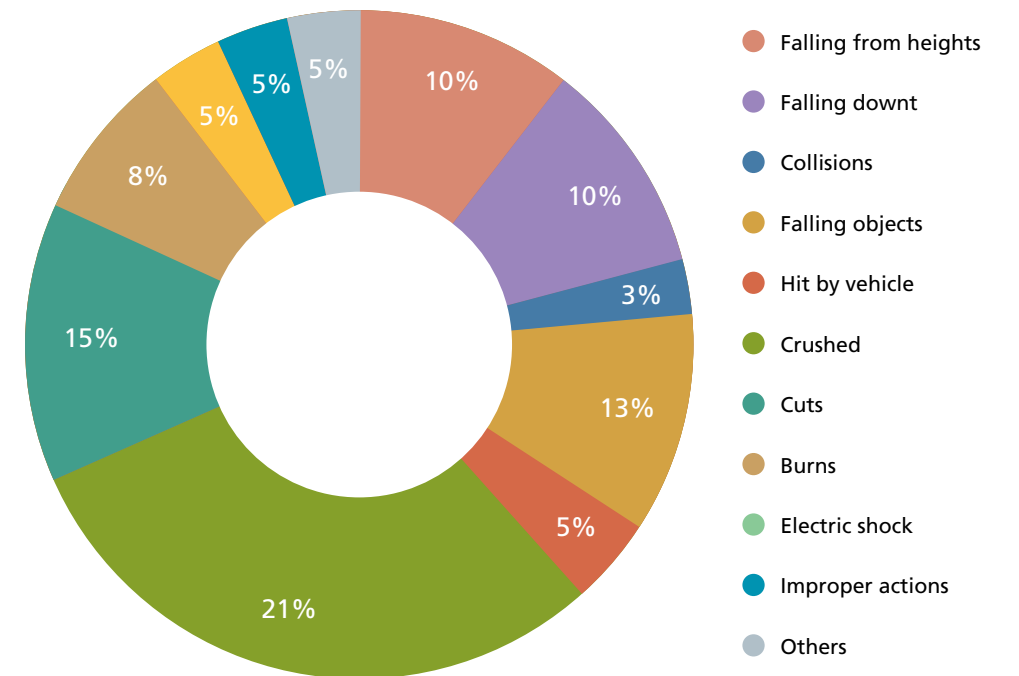
In the past three years (2018-2020), Walsin Lihwa has achieved disaster reduction through comprehensive review projects, systematic classification of accidents, risk assessment and SJP, scientific methods, and a pragmatic approach. The number of accidents remained the same in the past three years, but Walsin Lihwa will use ISO 45001 for systematic management in 2021, and strengthen internal control mechanisms in coordination with the newly established contractor management system.



Major types of occupational injuries in plants

According to the analysis of all accidents this year (including those by contractors), positions at medium to high risks of occupational accidents are mainly basic-level technicians and operators (86.11%), in which the majority of accidents involved crush injuries (20.51%), cuts (each 15.38%), and falling objects (each 12.82%).

Types of Injuries that Occurred Within the Plants



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Types of Injuries that Occurred Within the Plants

Type of injury	Employees				Contractors			
	Taiwan	Mainland China	Malaysia	Total	Taiwan	Mainland China	Malaysia	Total
Falling from heights	0	2	0	2	2	0	0	2
Falling down	2	2	0	4	0	0	0	0
Collisions	0	1	0	1	0	0	0	0
Falling objects	0	5	0	5	0	0	0	0
Hit by vehicle	1	1	0	2	0	0	0	0
Crushed	4	3	0	7	0	1	0	1
Cuts	3	3	0	6	0	0	0	0
Burns	3	0	0	3	0	0	0	0
Contact with hazardous substances	0	0	0	0	0	0	0	0
Electric shock	0	2	0	2	0	0	0	0
Object ruptures	0	0	0	0	0	0	0	0
Improper actions	1	1	0	2	0	0	0	0
Others	0	2	0	2	0	0	0	0
Traffi Totalc accidents	0	0	0	0	0	0	0	0
Total	14	22	0	36	2	1	0	3

Statistical analysis of occupational injuries in plants

Employees Occupational Injury Statistics							
Year	Total hours worked	Occupational Injury			Rate of Death Caused by Occupational Injury	Rate of Serious Occupational Injuries (excluding fatalities)	Recordable Occupational Injury Rate
		Number of Serious Occupational Injuries	Number of Deaths	Number of Occupational Injuries			
2018	11,781,840	1	0	37	-	0.02	0.63
2019	11,169,087	3	0	37	-	0.05	0.66
2020	10,958,450	3	1	36	0.02	0.05	0.66

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Non-Employee Occupational Injury Statistics							
Year	Total hours worked	Occupational Injury			Rate of Death Caused by Occupational Injury	Rate of Serious Occupational Injuries (excluding fatalities)	Recordable Occupational Injury Rate
		Number of Serious Occupational Injuries	Number of Deaths	Number of Occupational Injuries			
2018	5,777,861	0	2	4	0.07	-	0.14
2019	2,776,908	2	0	4	-	0.14	0.29
2020	1,530,514.2	0	0	3	-	-	0.39

Formula:

Death rate caused by occupational injury = Number of deaths ÷ Actual hours worked × 200,000

Rate of serious occupational injuries (excluding fatalities) = Number of people on work-related injury leave for more than 6 months ÷ Actual hours worked × 200,000

Recordable occupational injury rate = (Total number of occupational injuries ÷ Actual hours worked × 200,000)

Employees' actual hours worked: Scheduled work hours + Overtime hours - All hours on leaves

Non-Employees' total hours worked: Scheduled working hours = Number of people x Number of work days x 8 hours

Note:1. 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).

2. The total number of hours worked by non-employees is calculated by using the scheduled working hours, since non-employees (contractors) are not able to count their overtime and leave status.

4.3.3 Compliance with Occupational Safety and Health Laws and Regulations

Material Topics

In 2020, there were a total of 25 inspections conducted by domestic and overseas occupational safety and health inspection units, and a total of 6 cases of fines were imposed. After analyzing the causes, we will make improvements in the following directions:

Reduce the level of environmental safety deficiency and improve disaster improvement

1. Implementation of incident review and promotion: require all occupational accident and disaster locations to be rectified at the site, and require the unit to re-examine the operation, review the risks, and improve the operation procedures according to the situation; in addition, establish disaster cases and implement education and promotion for the SJP to avoid recurrence.
2. Regularly compile disaster analysis and learning: convene quarterly safety committee meetings for review, so that each plant can share learning and remain vigilant.
3. Common operation review and standardization: For the common disasters of mechanical equipment (cutting, crushing) and electrical equipment (inductive), in addition to improving the disaster site, we also review the common operations (disconnection operations) and the standardization of the contractor management mode, so that each factory can follow the same rules and regulations according to local conditions, reduce the complexity of cross-plant (regional) communications, and improve the efficiency of safety management.

Continuously strengthen the intensity of safety and health control

1. Assist environmental safety and health management units in establishing organizational capability and division of labor
2. Integrate with the production system to implement the environmental safety and health management system in the plant, benchmarking learning and leveling (corresponding positions)
3. Specialized safety management: disconnection operation, special equipment, equipment safety...etc.

Area	In violation of	Reported by	Penalties other than fines(suspension)	Total amount of severe fines / number of cases
Taiwan	Occupational Safety and Health Act	Chungkang Branch, Export Processing Zone Administration, MOEA	None	NTD120,000/ 1case
Mainland China	Production Safety Law of the People's Republic of China on the Prevention and Control of Occupational Diseases	Jiangyin People's Government Changshu City Haiyu Town Government Changshu City Administration of Work Safety General Administrative Law Enforcement Bureau of Haiyu Town, Changshu City Yantai Economic and Technological Development Area Administration Bureau for Industry and Commerce	None	RMB 806,000 / 5 cases
Malaysia	None	None	None	None

Note: Standard for disclosure of a severe fine is NTD100,000/RMB23,000.

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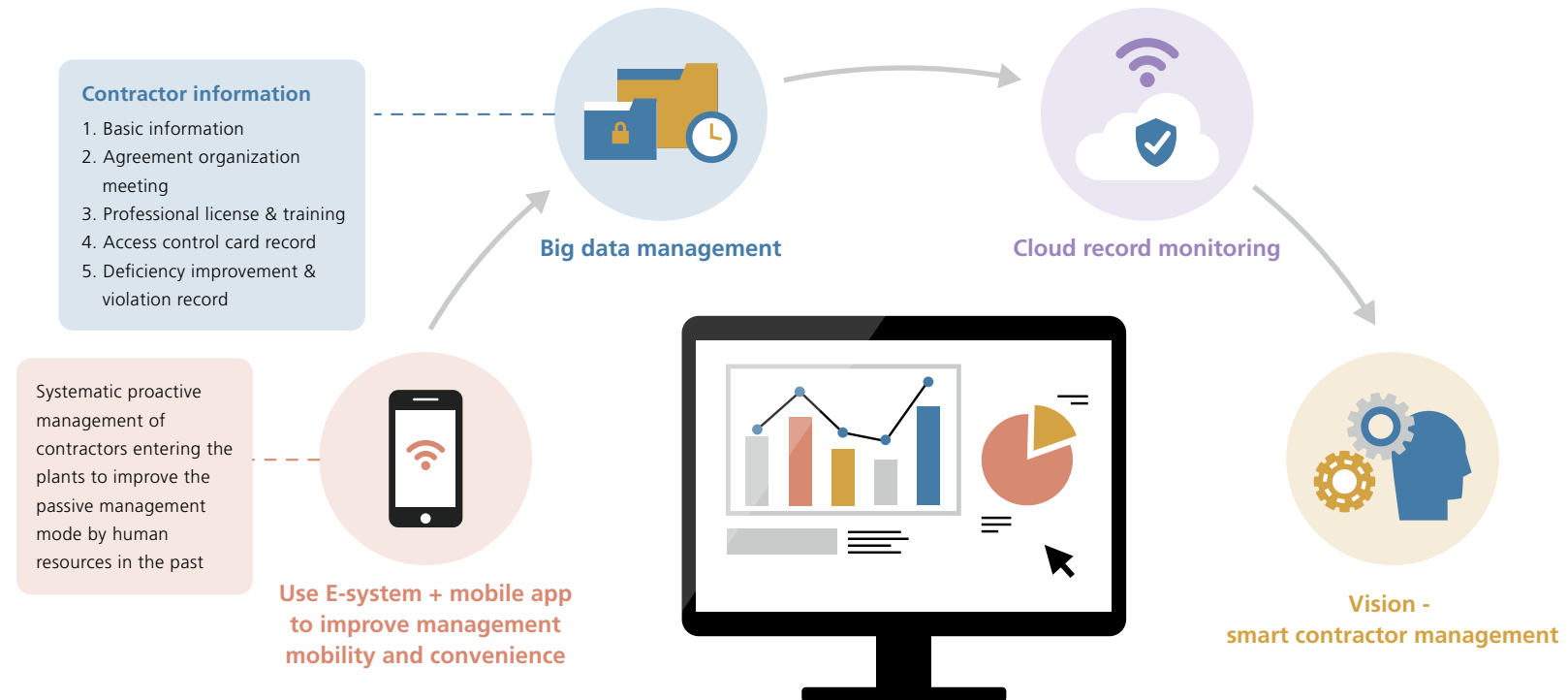
4.3.4 Contractor Management and Auditing Material Topics

Preventing and Mitigating the Impact of Occupational Safety and Health Directly Related to Business Relations

In 2020, the company has implemented a number of control measures for the contractor management system of each plant in Taiwan (control of the entry number at the plants, control of various high-risk hazards, and safety commitments). These include the formulation of "Standardization of Contractor Management Regulations", definition of standardization steps, as well as implementation procedures, key steps, and guidelines. Contractor management is incorporated into all plants through the contracting project plan, and include resident contractors and project contractors. This is to ensure that the ethical principles of Walsin Lihwa's corporate culture and correct occupational safety practices of all workers can be properly disseminated, in order to provide a safe and healthy environment for all employees and workers. Collective priority safety rules must be strictly followed.

Optimization of Contractor Management Information System

We not only take it upon ourselves to fulfill our CSR, but also require our contractors to sign an EHS Policy Commitment to jointly abide by EHS regulatory requirements and reduce disasters and pollution. We first implemented a contractor management system in our Taiwan plants (Yenshui Plant and Taichung Plant) in 2019, and paired a smart management system to our existing foundation in traditional contractor management. We began developing a mobile 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. Through the successful experience of the Yenshui Plant and Taichung Plant, the system was extended to all the plants in Taiwan in the second half of 2020. In 2021, we are planning to expand the system to all factories in Mainland China.



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4.3.5 Foci on Occupational Health and Safety

Promote Employee Care and Establish a Health Management Platform to Create a Healthy Workplace

Employees are the most important assets of an enterprise, and Walsin Lihwa is committed to promoting employee care, health promotion and management, and occupational disease prevention. Every year, we design feasible employee health promotion plans. By focusing on "risk identification management", "health hazard assessment", and "labor environment review", we hold health seminars and health promotion activities to promote preventive medicine and disease prevention, and strengthen the concept of employee health. In 2020, we established a health management system that will allow employees to access health examination information. In addition, employees can also access health education information through the health information platform provided by the system, so that all employees can manage and balance their own health. We want to create a healthy workplace where employees can feel safe, secure, and dedicated to their work.

Health promotion is an important part of primary prevention in preventive medicine, which actively promotes and guides employees to change their health behaviors and habits, as well as increase correct hygiene knowledge, self-efficacy concepts in the health belief model.

Walsin Lihwa is committed to providing a secure working environment for our employees, helping them to balance work and life. The concept of disease prevention, early detection, and early treatment is very important. In order to protect the health of employees and prevent occupational diseases, Walsin Lihwa not only provides health checkup services that are of a better standard and more frequently than stipulated by law, but also promotes a series of activities to strengthen personnel's attention to their own health, such as the prevention and improvement of human engineering, prevention of overwork-induced diseases, prevention and control of unlawful assault, and maternal health protection of workers in accordance with the Occupational Safety and Health Act. In 2020, a total of 18 pregnant female employees received maternal labor health protection, with hazard identification, risk assessment, and job content confirmation completed by healthcare providers through telephone or face-to-face consultations, while health education information was provided during pregnancy and after delivery. Health promotion prevents occupational diseases and leads to better health.

Every year, Walsin Lihwa also conducts health inspections based on risk management and workers involved in tasks with special health hazards (dust, high temperature, ionizing radiation, lead, manganese, nickel, and noise). We then analyze the inspection results and set up a health protection plan for hazards to ensure a good working environment for our employees and to avoid occupational diseases, which can affect individuals and families and even cause losses to the company. Therefore, creating a healthy workplace environment and implementing care and support can enhance employees' confidence in work and productivity, creating a win-win situation.

POINT



General health examinations/ management (Company-wide)
2,396 people in total



Examination for working night shifts for a long period of time (Company-wide)
1,117 people in total



New Employee Health Management (Company-wide)
360 people in total



Workers involved in tasks with special health hazards (Company-wide)
2,562 people in total



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Health Promotion Activities

12 sessions

1,125 participants



Seminars on Health Issues

68 sessions

1,783 participants



Safety and rescue education and training

31 sessions

1,308 participants



Blood Donation

6 sessions

426 participants

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Success Cases of Occupational Health Promotion

"Activation" and "Promotion" of Healthy Workplace Certification

Blood donation activity



Organized 6 blood donation activities, where **426** people donated **738** bags of blood



Taichung Plant

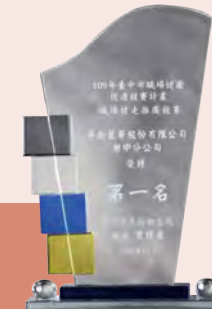
Won the Taichung City's 2020 Workplace Health Promotion Contest - Workplace Health Fitness Walking Promotion Competition, First Place

Yenshui Plant

Awarded the 2020 iSports Enterprise Certification, Sports Administration, Ministry of Education

Hsinchuang Plant

Won the Vitality and Energy Award in the 2020 National Outstanding Workplace Health Award - "Healthcare Award"



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4.4 Employee Care and Communication

Material Topics

Employees are Walsin's most important asset, and also the main force bringing Walsin forward. We care for employees and their family life. At the same time, we also listen to their voices and personal opinions, and through communication, we seek consensus among the company, employees, and employers to create a friendly and symbiotic office environment.

Diverse Communication Channels

In order for employees to efficiently convey their voices to their supervisors, Walsin provides a variety of internal communication channels to facilitate communication and coordination between labor and management. 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 (Friendly Space)

Through Walsin's Friendly Space environment, we help employees upload their work content, meeting minutes, weekly reports, and other work-related matters to the cloud to enhance the transparency of information and the efficiency of communication within the company. The polling and issue discussion area of Friendly Space establishes the exchange of ideas among colleagues. Through the instant messaging function of Friendly Space, employees can quickly communicate with their team members, and colleagues can also connect with each other in this way to increase team cohesion. Both the web version and mobile app version are supported, enabling the internal announcement and online communication platform to function smoothly in real-time.

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.

For example, employee self-service, leave application, business trips, and overtime is no longer limited to the location of the employees. Not only does this apply to the Taiwan plants, the platform for Mainland China was also officially launched in 2020.

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; 85.4% 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.

Walsin Lihwa Corporation Union convened the fourth meeting of its 14th-term representatives on November 6, 2020. The chairman attended the meeting that day, and mentioned the international situation and changes in the labor market during his speech. In the future, the company will not only make active efforts for transformation and to drive industrial upgrade, but also direct efforts to ESG principles. Discussions on the health of employees, the direction of company development, a friendly environment, and the compensation and benefits were also held. 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 2020 (4 union board meetings, and 1 representatives meeting). In addition to employee salary and benefits related issues, labor-management meetings in 2020 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 mainland China, the subsidiaries Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd., Jiangyin Walsin Steel Cable Co., Ltd., Jiangyin Walsin Specialty Alloy Materials 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 95%.



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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 5 employee complaints in 2020, including 4 cases in Taiwan and 1 case in Mainland China. We have since then handled the complaints, 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 2020.


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 2020, the total employee welfare fund appropriated amounted to approximately NT\$33.54 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.

 <p>Health Care</p>	<ul style="list-style-type: none"> Regular health exams for employees Health exam subsidies for managers and expatriates Health promotion activities and seminars.
 <p>Living and entertainment</p>	<ul style="list-style-type: none"> 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 Organic farmers' market Cooking contest City Games
 <p>Holiday benefits</p>	<ul style="list-style-type: none"> Birthday gift voucher Cash/gifts for Chinese New Year, Dragon Boat Festival & Mid-Autumn Festival Souvenir on Labor Day Cash/gifts on Woman's Day Cash gift on National Day
 <p>Family care</p>	<ul style="list-style-type: none"> 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
 <p>Security protection</p>	<ul style="list-style-type: none"> Pension system Retirement pension system 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 Unemployment insurance

Note 1: ● 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

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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 2020, a total of 210 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 55 model employees in Taiwan and mainland China in 2020 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 223 employees were qualified for unpaid parental leave in 2020, 9 of the employees applied for unpaid parental leave, reinstatement rate was 85.7% 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 2020 ^{Note}	201	22	223
Number of unpaid parental leave applicants in 2020	3	6	9
Number of employees expected to return from unpaid parental leave in 2020 (A)	2	5	7
Number of employees that actually returned from unpaid parental leave in 2020 (B)	1	5	6
Unpaid parental leave reinstatement rate (B/A)x100%	50%	100%	85.7%
Number of employees that returned from unpaid parental leave in 2019 (C)	1	1	2
Number of employees that returned from unpaid parental leave in 2018 had continued to serve a full year in 2019 (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 2018/01/01~2020/12/31 and were still at the company on 2020/12/31.



Model employee commendation



Senior employee commendation

We organized a series of activities in 2020 to create a friendly workplace and promote work-life balance, hoping employees can feel our good intentions, care, and experience great happiness.

PTA Newcomer Exchange Activities

Walsin cares about new employees. To enhance new employees' identification with the organization and cross-unit interaction, the Parent Teacher Association (PTA) Newcomer Exchange activities have been actively promoted by Headquarters and each plant since 2020. New employees are divided into different groups according to different departments, and allowed to organize their own activities each quarter throughout the year to fit the four themes of "Sports", "Public Welfare", "Learning", and "Environmental Protection". The company subsidizes NT\$600/person per quarter. The company also invites enthusiastic and experienced internal staff to serve as the mentors of each group, interacting with new employees through guidance to help newcomers quickly understand the culture of Walsin. To date, the new employees have been actively participating in the activities and the response has been very positive. The PTA team has continued to improve the system and scope of activities and keep maintaining the satisfaction rate of 4.5 out of 5 or more. What's more, bringing a more friendly and lively image to the newcomers!



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Sharing Sessions

Walsin values the communication and sharing among our colleagues, in order to strengthen employee cohesion, and create a communication platform. The vice chairman hosted a series of sharing activities, inviting unit supervisors and personnel to share their feelings and insights during the process of performing tasks in their projects or positions. Whether it is frustrations, difficulties, gratitude, sense of accomplishment, or even memorable experiences, we can take this exchange opportunity to explore each other's expertise through the sharing sessions for mutual benefit! In addition to work sharing sessions, we also have "EMBA Sharing Sessions", where we gather colleagues who are participating in the EMBA program to share what they have learned with each other, hoping to bring their knowledge to other colleagues and promote the learning atmosphere.



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, Palm Church.

Employee Care and Empowerment

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 (festival of fastbreaking for Muslims), 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.



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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.

The following DIY seminars were held in 2020: "The World of Indian Borage - Potted Plant Cuttings & Indian Borage Balm DIY", "Stress Relief Beeswax DIY", and "Grass Massage Mallet DIY". Workplace and family relationships seminars: "Enhancing Your Communication Skills", "Passwords of Love with Children", and "The World of Couples - What to Say".

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 chairman. 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.



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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 worryless 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 2019 and 2020 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 2020 and 2019 consolidated balance sheets are as follows:

Unit: NT\$ thousand

	December 31, 2020	December 31, 2019
Current value of defined benefit obligations	1,371,774	1,462,115
Fair value of plan assets	(1,083,800)	(1,003,009)
Net defined benefit liabilities	287,974	459,016



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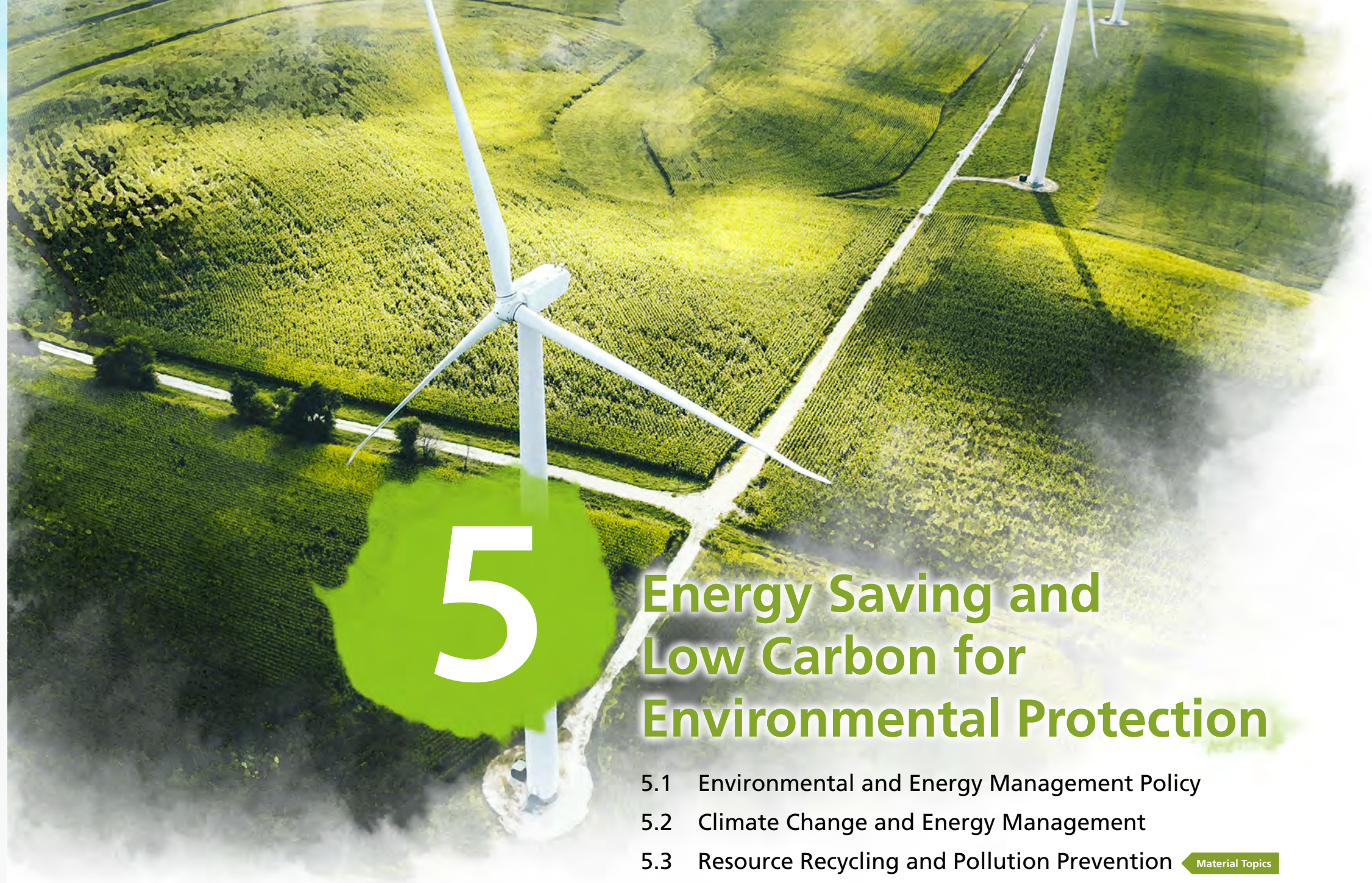
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Sustainability promotion strategy

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

Strategy : Strengthen energy and resource management and decrease operational impacts on the environment to help develop circular economy

Objective	KPI			2020 Results	Implementation Plan for 2021
	Indicator	Objectives for 2020	2020 Results		
Water Resource Management- Decrease water consumption by 15% in 2030 as compared to that in the 2014 benchmark year	Water saving rate	20%	Taiwan 47.43% Overseas 15.79% Total 33.17%	-	<ol style="list-style-type: none"> 1 Increased use of reclaimed water, decreased use of tap water, decreased wastewater emissions, process water saving technology evaluation, and inventory of water leakage points 2 Improvement of water leakage points and abnormal water consumption (at more than 91% of plant sites in 2020)
	Availability of total water utilization management (%)	-	-	100%	
Strengthen reuse, recyclability, and recovery	Reuse of furnace dust (metric ton/month)	≥ 1,000	1,000	-	<ol style="list-style-type: none"> 1 Production of approx. 210,000 metric tons of deoxidized slags and nearly 60,000 metric tons of reducing slags resulting from slag reuse technology development 2 Ongoing guidance provided to plant sites to strengthen waste recyclability and reuse management 3 Utilization of furnace dust through various channels and ongoing supervision of the efficiency of furnace dust utilization and clearance at the Yantai and Yenshui plants
	Reuse of furnace slags (metric ton/month)	≥ 15,000	13,002	3,000 metric tons of oxidized slags per month	
Strengthen reuse, recyclability, and recovery	Waste recovery and reuse rate	≥ 95%	Taiwan 99.26% ↑ Overseas 95.23% ↑ Total 97.25% ↑	≥ 95%	<ol style="list-style-type: none"> 1 Implement recyclability and reuse projects to manage furnace slag recyclability for processing cost reduction by acid regeneration to help circular economy development 2 Resolve reducing slag clearance, study how to enable high-quality recyclability of waste, decrease reducing slags resulting from steelmaking and engage in chemical modification of reducing slags, study and evaluate the uses of low-temperature steam pressure and controlled low-strength materials (CLSM) 3 Arrange water ball milling processing of oxidized slags at the Yantai plant
	Regeneration and reuse of waste acids	-	NT\$5.2 million as a reward for Soil Pollution Remediation Fee refunding	Soil Pollution Remediation Fee refunding	
Strengthen reuse, recyclability, and recovery	Waste acid regeneration and reuse	< 48kg/t	46.5kg/t	<48kg/t	<ol style="list-style-type: none"> 1 Apply for commercialization of regenerated acids for circular economy development 2 Obtain product registration for regenerated acid products to sell such products to the plants that need them (subject to control of the whereabouts of waste acids as well as application for recovery and regeneration planning) 3 Evaluate the Yenshui plant's acid regeneration process implementation related to circular economy development
	Regeneration and reuse of waste acids	-	A decrease by 2/3 (approx. 10 million per year)	-	
Strengthen reuse, recyclability, and recovery	Waste acid regeneration and reuse	< 15 million per year	A decrease by 2/3 (approx. 10 million per year)	-	<ol style="list-style-type: none"> 1 Optimization of waste acid regeneration and reuse (2.400m³/per month) by transporting waste acids from South Taiwan to Central Taiwan for regeneration processing 2 Pending the Environmental Protection Administration's ruling 3 Application for commercialization of regenerated acids to optimize reuse of such acids
	Regeneration and reuse of waste acids	-	NT\$5.2 million as a reward for Soil Pollution Remediation Fee refunding	Soil Pollution Remediation Fee refunding	

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Sustainability promotion strategy

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

Strategy : Energy Management for Energy Saving, Carbon Reduction, and Pollution Prevention

Objective	KPI				2020 Results	Implementation Plan for 2021
	Indicator	Objectives for 2020	2020 Results	Objectives for 2021		
Power Saving and Carbon Reduction- Decrease carbon emissions by 10% in 2025 as compared to that in 2014	Power saving rate	1%	Taiwan 3.56% Overseas 1.75%	1%	<ol style="list-style-type: none"> A total saving of NT\$50,041,896 resulting from power saving and carbon reduction in Taiwan and overseas Obligatory green power consumption analysis and evaluation, and 3-year energy management planning including greenhouse gas inventory, energy management, unit gas emissions, and internal carbon pricing. <ul style="list-style-type: none"> Energy management and completion of renewable energy evaluation in the 3rd quarter of 2020 to set the obligatory renewable energy target of 6 MW Commencement of estimation of carbon emissions per unit of major products in Taiwan in the 3rd quarter of 2020 with the new version of ISO 14064-1 implemented 	<ol style="list-style-type: none"> Complete energy and greenhouse gas management solution development, promote the new version of ISO 14064, and estimate carbon emissions per unit of major products at overseas plant sites from the 2nd quarter of 2021 to the 2nd quarter of 2022 Complete energy management system implementation at Mainland China and overseas plant sites and provide guidance for implementation Engage in solar power efficiency management and supervise the energy efficiency of new projects in Taiwan
	Carbon reduction rate	1%	Taiwan 2.20% Overseas 3.13%	1%		

Objective	KPI				2020 Results	Implementation Plan for 2021
	Indicator	Objectives for 2020	2020 Results	Objectives for 2021		
Comply with environmental laws and regulations to completely avoid shutdowns and/or fines year by year	Number of environmental pollution fines	0	Taiwan 4件 Overseas 0件	0	<ol style="list-style-type: none"> Optimization of environmental protection management and enhancement of waste processing equipment effectiveness <ul style="list-style-type: none"> Compliance with relevant environmental protection laws and regulations by effective supervision Enactment of the Regulations Governing Company Waste Management with promulgation and enforcement throughout plant sites Ongoing monitoring of environmental protection compliance and optimization of SOPs throughout plant sites <ul style="list-style-type: none"> Effluent treatment equipment function evaluation and improvement at the Yenshui plant Guidance provided to the high risk plant sites in Changshu, Jiangyin, Yantai, and Yenshui 	<ol style="list-style-type: none"> Have the Regulations Governing Company Waste Management promulgated and enforced throughout plant sites to keep improving environmental protection management, environmental monitoring, and waste treatment effectiveness Continue monitoring environmental protection to ensure environmental protection compliance and effective implementation of SOPs throughout plant sites Analyze the implementation status at individual plants to provide guidance for improvement Develop environmental protection technologies and professionals step by step
	Number of environmental pollutions	0	0	0		

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Highlights



Energy management

- Absolute-based approach
- Decreased the gross heating values at plant sites in Mainland China and Taiwan -- exclusive of real estate development --by **9.14%**
- E-platform development for energy management on a 3rd party certification organization's positive list



Water resource management

- Decreased the total water consumption: Taiwan **6.06%** ; overseas **1.45%**
- Increased water recovery to reach **94%** in Taiwan
- Increased water recovery by **10.64%** to reach **35.13%** at overseas plant sites
- Decreased **7.9%** of water intake at overseas plant sites



Waste management

- Recovered and reused of waste:
- Taiwan **99.26%** (99.06% to 99.26%); Overseas **95.23%** (94.86% to 95.23%)
- Decreased landfill from **0.6%** to **0.21%** in Taiwan and from **1.31%** to **0.98%** overseas



Greenhouse gas

- Decreased the total greenhouse gas emission: Taiwan **14.22%** ; Mainland China **0.86%**
- Decreased the total emission intensity in Taiwan by **2.5%**



Wastewater management

- Increased the ratio of wastewater treatment to wastewater emissions, i.e., wastewater recovery, by **0.15%** in Taiwan



Carbon reduction

- Decreased **13,921.41** metric tons of carbon, a decrease of **14.55%** as compared to that in the previous year



Air pollution control

- Decreased the nitrogen oxide emission intensity per product :Taiwan **20.40%** ; overseas **48.60%**
- Decreased nitrogen oxide emissions : Taiwan **28.53%** ; overseas **69.29%**

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Walsin Lihwa is committed to corporate social responsibility fulfillment by supporting environmental protection, energy saving and carbon reduction, as well as resource recyclability to achieve the goal of "Creating Shared Value" and become a diverse manufacturing company enabling co-prosperity with the environment through technology upgrades and ongoing improvement to grow business steadily.

5.1 Environmental and Energy Management Policy

With commitment to environmental communion by steadfastly strengthening sustainable development, Walsin Lihwa has been increasing investment in energy saving, carbon reduction, and resources recycling over the past several to deal with climate change and increasingly scarce natural resources. The Company effectively uses green materials and also reuses what is readily available instead of mining natural resources by regeneration and reuse of scrap metals, plastic wastes, and waste acids, water resource recycling, e.g. recycling of process cooling water and reuse of reclaimed water, energy recycling, e.g. waste heat recovery, manufacture process improvement, e.g. oxy-fuel combustion and yield enhancement, waste disposal and reuse, e.g. furnace slags, and green energy investment, e.g. solar power generation to demonstrate its "from cradle to cradle" principle and determination for energy saving and carbon emission reduction. In 2020 Walsin Lihwa received a one star award from the Environmental Protection Administration for its great performance in circular economy development, promotion of recycling and reuse of regenerated materials, and recycling technology innovation. The Company shall continue moving steadfastly towards the vision of circular economy by better contributing itself to business and environmental sustainability.


Pursuing internationalization for years, Walsin Lihwa has had the ISO 14001, ISO 14064, and ISO 50001 management systems as well as the PAS 2050 standard implemented to strengthen integrated management at the Company and support the United Nations 17 Sustainable Development Goals.

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 carbon reduction. Moreover, the building design of 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 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.



2020 Environmental protection expenditure

Under rigorous requirements for environmental pollution control and emission reduction, Walsin Lihwa's product development has been focusing on recyclability and reuse over past several years to help facilitate circular economy development. The Company has brought in advanced resource regeneration equipment supported by various management systems to strengthen recyclability and reuse and decrease emissions year by year, so that environmental impacts resulting from production can be mitigated while environmentally friendly circular economy development can be made more successful by the Company's commitment to recyclability and sustainable management. In addition to pursuing academia-industry cooperation for R&D, Walsin Lihwa has been working with local environmental protection authorities for comprehensive environment monitoring system implementation to stay on top of what exactly happens at individual plant sites and their surroundings to prevent repeated pollution incidents. The Company takes inventory of its greenhouse gas emissions on a regular basis, implements thorough improvement on its premises subject to potential pollution, and increases its investment in environmental protection equipment year by year to demonstrate its commitment to environmental sustainability. The 2020 investment in environmental protection equipment increased from NT\$80,683,509 to NT\$208,858,058, an annual increase by 158.86%.

The investment in environmental protection equipment increased in Taiwan **158.86%**

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5.2 Climate Change and Energy Management



5.2.1 Task Force on Climate-related Financial Disclosures (TCFD)

The focus of the Global Risks Report published by the World Economic Forum since 2005 has changed from economic risks to environmental risks. The biggest risks in 2021 is the failure to act on climate change, evidencing climate change risks are inevitable to businesses. In response to the long-term trend of climate change, Walsin Lihwa has established its Sustainable Development Committee and relevant systems with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) adopted in 2020 to assess and disclose possible climate change opportunities and risks, continue decreasing such possible risks, strengthen resilience, and create sustainable development opportunities.

Governance	Strategy	Risk Management	Indicators and Objectives
<ul style="list-style-type: none"> Walsin Lihwa's Sustainable Development Committee is responsible sustainable development strategy and vision development as well as corporate social responsibility management and promotion. The Chairman of the Board is the convener of the Sustainable Development Committee. The Vice Chairman of the Board and all independent directors are members on the Committee, under which there are 5 promotion centers. The Sustainable Development Committee reports the corporate social responsibility implementation status including climate change issues to the Board of Directors on a regular basis. 	<p>Walsin Lihwa has adopted the TCFD recommendations to disclose information on the material financial impacts of climate-related risks and opportunities, factored in more than 2 climate change scenarios, and completed identification of climate change opportunities and risks.</p>	<ul style="list-style-type: none"> Relevant departments were convened for group discussion and questionnaire surveying in 2020 and 16 climate change risks and 10 climate change opportunities that have significant influence on Walsin Lihwa were identified. The degrees of such influence on finance, products and service, employee safety, and company reputation were comprehensively weighed with cross analysis of the probability of happening of climate change opportunities and risks at Walsin Lihwa. 	<ul style="list-style-type: none"> Strengthen resource utilization efficiency Increase the circular economy projects relevant to resource recyclability and reuse of resources Develop energy management mechanisms Promote energy saving and carbon reduction <p style="text-align: center;">↓</p> <ul style="list-style-type: none"> Water resource management Decrease water consumption by 15% in 2030 as compared to that in the 2014 benchmark year Energy saving and carbon reduction Decrease carbon emissions by 10% in 2025 as compared to that in the 2014 benchmark year

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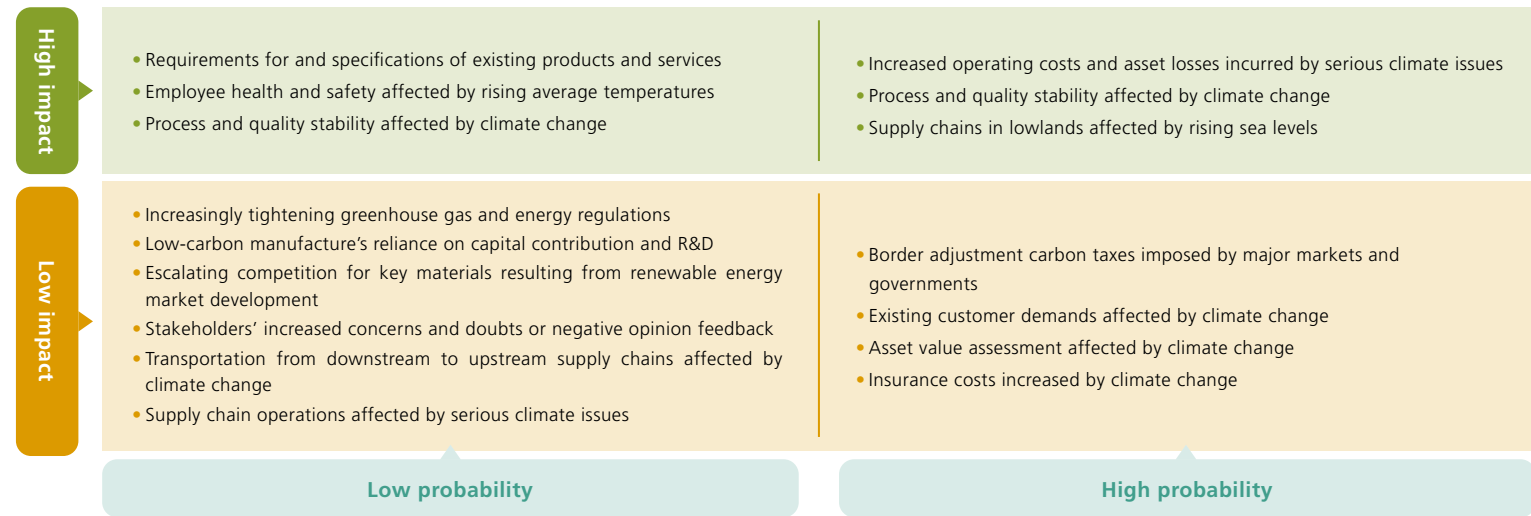
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Management of Climate Change Opportunities and Risks

Adopting the TCFD recommendations and factoring different climate change scenarios into its assessment of possible climate change opportunities and risks, Walsin Lihwa has been studying global climate change, relevant industry trends, as well as the attitudes of internal and external stakeholders to identify the Company's climate change opportunities and risks. Walsin Lihwa shall continue engaging in climate change strategy and measure or countermeasure development based on the identified and prioritized opportunities and risks, their probabilities, as well as the degrees of their influence.

In 2020, the major climate change risks identified were increased operating costs and asset losses incurred by serious climate issues, process and quality stability affected by climate change, and supply chains in lowlands affected by rising sea levels, while the opportunities identified were production efficiency enhanced by automation, availability of renewable low-carbon energies, and participation in carbon trading. The Sustainable Development Committee along with the senior management shall follow up on the identified opportunities and risks on a regular basis to ensure systematic climate change strategy and measure or countermeasure implementation.

Climate Change Risks

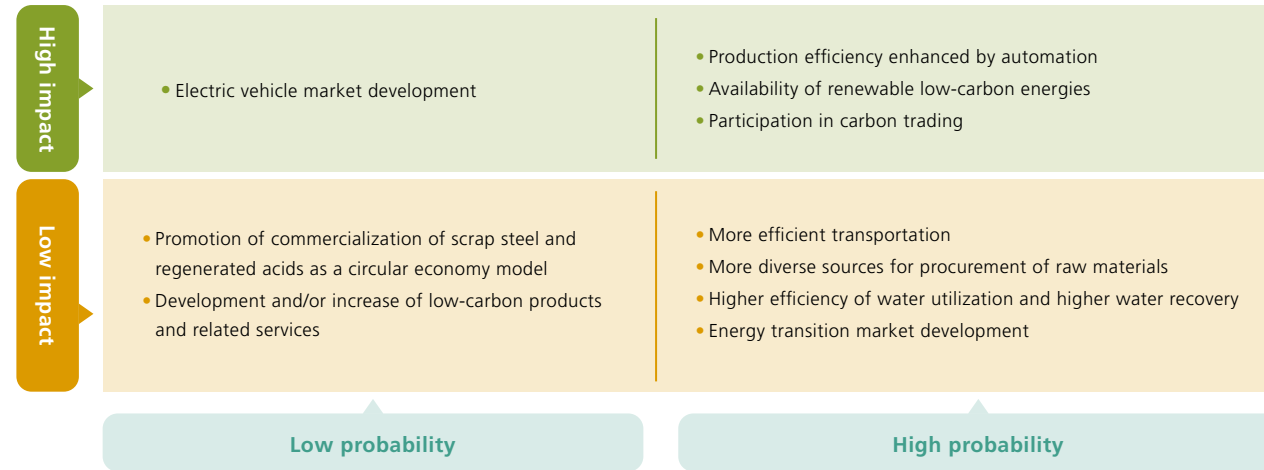


TCFD Risks	Risk Description	Duration of Impact	Financial Impact	Countermeasures ^{note}
Immediate physical risk	Increased operating costs and asset losses incurred by serious climate issues	Short term (1 – 3 years)	Flood prevention facilities fail and result in inundated assets and downtime to affect production capacity, decrease revenues, and may even require extra investment in capital goods.	Assess extreme climates' potential impacts on business locations to commence timely flood and drought prevention
Technology transition risk	Participation in carbon trading	Medium term (3 – 5 years)	Process and quality stability issues may affect production capacity, market demands, and reputation to require extra investment, manufacture process R&D, and testing.	Assess extreme climates' potential impacts on manufacture processes and quality to commence timely investment in relevant production and testing technologies, procurement of necessary R&D equipment, and employment of more R&D professionals
Long-term physical risk	Production efficiency enhanced by automation	Long term (5 – 10 years)	Supply chains in lowlands affected by rising sea levels may require plant relocations, incur increased costs and decreased revenues, or even result in supply chain breakdowns.	Assess rising sea levels' potential impacts on business locations and supply chains to take inventory of major material sources around the world and make adjustment accordingly

Note: Financial quantification of assessment results be implemented based on ISO standards to first estimate the resources inputted. In the medium and long-terms, the TCFD recommendations or financial quantification methods provided by competent authorities in Taiwan will be followed.

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Climate Change Opportunities



TCFD Opportunities	Opportunity Description	Duration of Impact	Financial Impact	Countermeasures ^{note}
Energy source	Availability of renewable low-carbon energies	Short term (1 – 3 years)	The use of renewable low-carbon energies can help decrease greenhouse gas emissions, decrease price sensitivity to carbon trading, respond to the market demands related to climate change, and strengthen company reputation.	Assess the existing roof space at plant sites to set up a certain number of rooftop photovoltaic systems for power generation and power self-sufficiency
Market	Participation in carbon trading	Short term (1 – 3 years)	The governments in major business locations and markets have been promoting carbon reduction and carbon trading. Participation and investment in carbon trading help lower carbon price impacts.	Set up as many rooftop photovoltaic systems as possible and continue market evaluation to increase renewable energy ownership and utilization
Resource efficiency	Production efficiency enhanced by automation	Long term (5 – 10 years)	Automation implementation and enhancement of resource utilization and production efficiency help decrease operating costs while meeting climate change-related demands and strengthening company reputation.	Assess manufacture process and resource utilization efficiency to invest in automation for operating process improvement

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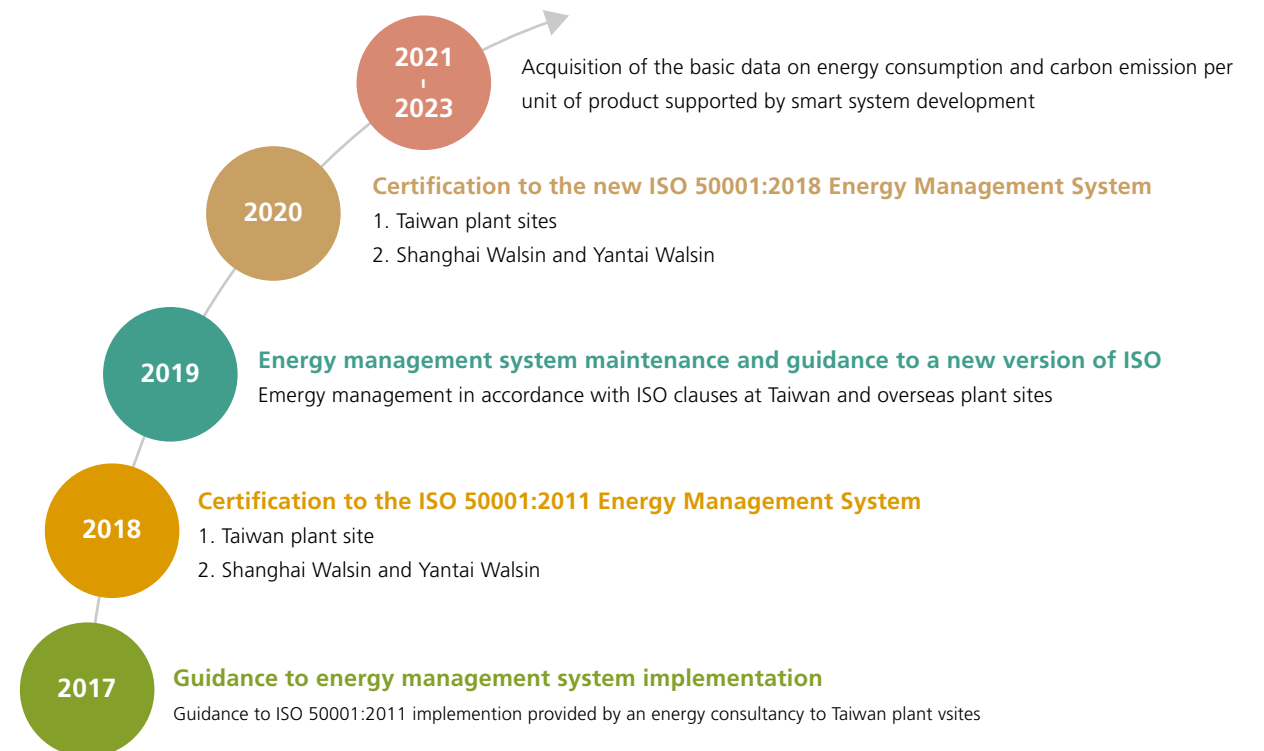
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Energy Saving and Low Carbon for Environmental Protection

5.2.2 Energy Saving and Carbon Reduction Management

The energy saving and carbon reduction management at Walsin Lihwa focuses on lean and mean production, reasonable energy consumption per unit of product, equipment energy efficiency management and improvement, and reduction of energy consumption and carbon emissions resulting from smelting. Walsin Lihwa examines its energy consumption per unit of product by referring to relevant international standards and has been implementing various energy saving and carbon reduction measures throughout the Company while implementing relevant international standards year by year. In 2018, Walsin Lihwa had the ISO 50001 Energy Management System implemented. From 2019 to 2020, an ISO 50001-based e-management system was independently developed and implemented to strengthen real-time energy management and better focus on energy management. In 2020, certification to the new ISO 50001:2018 Energy Management System was accomplished based on what had been achieved, and the ISO 50001 High Level Structure was implemented to address threats and opportunities, enable proactive prevention of unexpected impacts, and enhance energy efficiency accordingly. Moreover, Walsin Lihwa started to take inventory of energy consumption per unit of major products and carbon emissions throughout its Taiwan plant sites in 2020, and the basis data of energy consumption per unit of major products and carbon emissions throughout the Company are expected to become available in 2022 with smart energy management system activation scheduled for 2023. Walsin Lihwa hopes to develop itself into an industry bellwether through e-management system support to strengthen energy management, energy saving technologies, and effectiveness management while leveraging academia, government, and industry cooperation and industry benchmarking for ongoing innovation and improvement.



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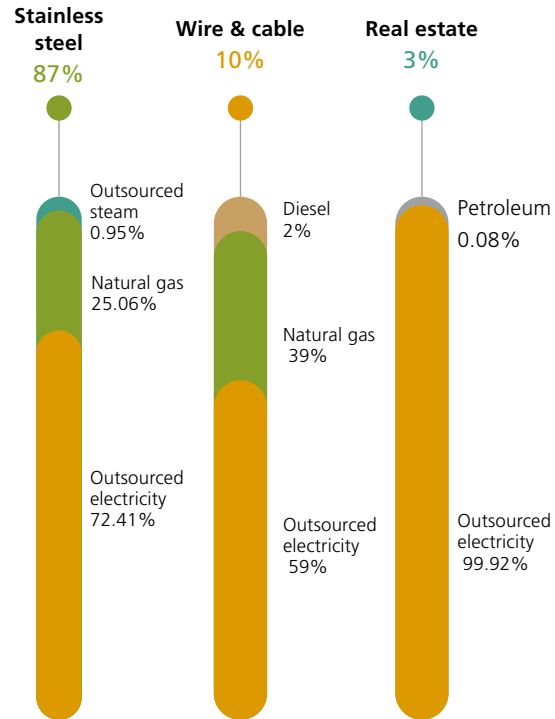
Energy efficiency management

In 2020, Walsin Lihwa continued strengthening its environment, health, and safety policy implementation while promoting energy saving and carbon reduction to pursue green circular production. The ISO 14000 Environment Management System, ISO 50001 Energy Management System, and ISO 14064 Greenhouse Gas Calculation and Verification Management System were used to enable ongoing review and improvement, so that energy consumption and costs can be decreased while energy management effectiveness can be strengthened. 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 8,351.40x10³ GJ in 2020, when the percentages of calorific values of direct and indirect energies at our Taiwan and overseas sites respectively amounted to 30% and 70%. The types of energies used by product category and calorific value percentages are disclosed as below.

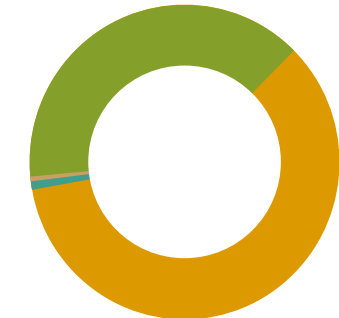
Energy consumption by individual business groups in 2020					Unit: GJ=10 ⁹ J	
	Category	Wire and cable	Stainless steel	Real estate	Total	
Indirect Energy	Outsourced electricity	518.65x10 ³	5,011.66x10 ³	232.07x10 ³	5,762.39x10 ³	
	Outsourced steam	0	69.19x10 ³	0	69.19x10 ³	
	Petroleum	0	0.89x10 ³	0.18x10 ³	1.07x10 ³	
	Diesel	3.80x10 ³	32.33x10 ³	0	36.12 x 10 ³	
Direct Energy	Fuel oil	0	0	0	0	
	Automotive petroleum	0.36x10 ³	1.62x10 ³	0.07x10 ³	2.05x10 ³	
	Automotive diesel	4.81x10 ³	4.77x10 ³	0	9.59x10 ³	
	Liqueed petroleum gas	0.33x10 ³	0.78x10 ³	0	1.12x10 ³	
	Natural gas	343.15x10 ³	2,124.97x10 ³	0	2,468.13x10 ³	
	Ethyne	1.71x10 ³	0.04x10 ³	0	1.76x10 ³	
	Total		872.82x10³	7,246.26x10³	232.32x10³	8,351.40x10³

- Note:1. Energy consumption = Fuel consumption x Fuel calorific value (based on the Bureau of Energy's 2014 manufacturing industry annual audit report)
 2.The information above includes Walsin Lihwa's Wire and wire operations in Yangmei plant, Hsinchuang plant, Dongguan Walsin, Shanghai Walsin, and Jiangyin Walsin (Steel Cable); Stainless steel operations in Yenshui plant, Taichung plant, Yantai Walsin, Changshu Walsin, Jiangyin Walsin (Specialty Alloy Materials), and Walsin Precision; and Real estate in Nanjing Walsin (Property Mgmt.).
 3.None of the above is renewable energy

Percentages of energy consumption by individual business



Percentages of consumption of different types of energies



Percentages of consumption

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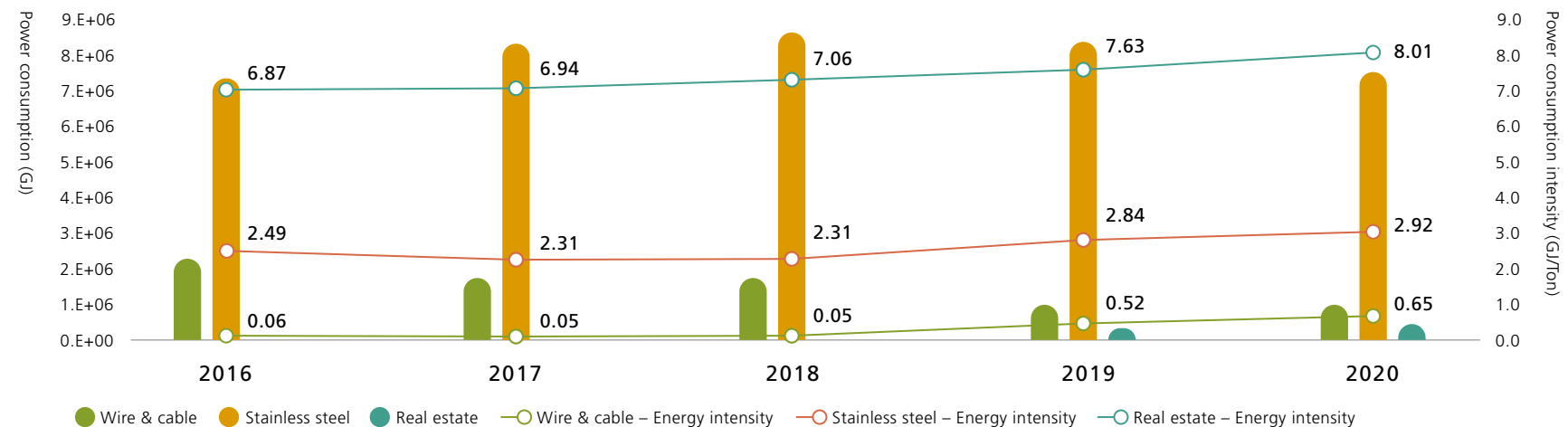
Types of energies consumed

Year	2016			2017			2018		
Business group	Gross heating value (gigajoule)	Output (metric ton) (floor area, i.e., m ²) ^{note}	Energy intensity	Gross heating value (gigajoule)	Output (metric ton) (floor area, i.e., m ²) ^{note}	Energy intensity	Gross heating value (gigajoule)	Output (metric ton) (floor area, i.e., m ²) ^{note}	Energy intensity
Wire & cable	2,193,257.56	881,098.66	2.49	1,698,675.07	740,937.79	2.29	1,683,185.52	728,043.76	2.31
Stainless steel	7,062,432.47	1,028,013.25	6.87	8,115,111.28	1,170,862.18	6.94	8,343,943.06	1,182,190.52	7.06
Real estate	37,387.73	602,412.00	0.06	31,424.40	602,412.00	0.05	27,140.12	354,279.60	0.08

Year	2019			2020		
Business group	Gross heating value (gigajoule)	Output (metric ton) (floor area, i.e., m ²) ^{note}	Energy intensity	Gross heating value (gigajoule)	Output (metric ton) (floor area, i.e., m ²) ^{note}	Energy intensity
Wire & cable	871,993.00	306,618.48	2.84	872,819.25	298,480.12	2.92
Stainless steel	8,063,844.41	1,056,536.06	7.63	7,246,262.27	904,843.31	8.01
Real estate	185,847.72	355,079.60	0.52	232,318.42	355,079.60	0.65

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

Decreased the gross heating values -- exclusive of Real estate -- by **9.14%**



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The 2020 emission intensity per unit of product in the Wire and Cable Business Group and Stainless Steel Business Group was higher than that in 2019 primarily because of increased natural gas consumption vis-à-vis decreased capacity utilization resulting from the COVID-19 affected global economy, overall environment and industrial structure changes, as well as increased environmental protection equipment installation required by increasingly strict environmental protection policies in Taiwan and overseas requiring waste emission reduction. However, the total energy consumption in 2020, excluding the Real estate business, was 9.14% lower than that in the previous year as Walsin Lihwa continued its investment in more energy saving measures and equipment for carbon and pollution reduction, optimization of its e-energy management platform development, and comprehensive inventory of energies to ensure optimized energy utilization. In 2020, the Taiwan plant sites obtained the new ISO 50001: 2018 certification and the e-energy management system development won recognition by TÜV Rheinland, a 3rd party certification organization. Walsin Lihwa looks forward to exploring more opportunities to further improve energy management and lower its 2021 absolute energy consumption by 10% as compared to that in 2020.



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Comprehensive Energy Saving and Carbon Reduction

As climate change as well as increasingly consumed and scarce natural resources pose great difficulties to the development of various energies and power infrastructure development, both businesses and individuals must shoulder the responsibility of energy saving and carbon reduction. Therefore, Walsin Lihwa started to set up annual goals in this regard and implement a variety of energy saving measures in 2015 by establishing energy saving and carbon reduction teams throughout its plant sites, convening status review meetings on a regular basis, and strengthening real-time energy management by e-energy management system implementation. Walsin Lihwa's 4 plants in Taiwan are required to declare their annual power saving rates, and all their annual power saving rates in 2020 were higher than 1% as required by the Bureau of Energy. Their average power saving rate of 3.56% was also higher than 1% as prescribed by the Bureau of Energy. In 2020, the plants in both Mainland China and Taiwan saved total power consumption by 2.46%, and the 74 solutions to carbon reduction proposed in 2020 decreased 13,921.41 metric tons of CO₂e/year and saved approx. NT\$38,056,951 in Taiwan, RMB\$2,762,274 in Mainland China, and MYR\$15,554 in Malaysia.

Moreover, the Environment, Health, and Safety Committee of Walsin Lihwa set up a 3-year energy management plan in 2019 to strengthen energy efficiency management by saving power consumption and decreasing carbon emissions by 1% every year, so that environmental pollution and greenhouse gas emissions can be decreased while reasonable and efficient energy utilization can be made possible to cope with climate change challenges.

POINT



Saved total power consumption by 2.46%



74 solutions to carbon reduction

Decreased **13,921.41** metric tons of CO₂e/year

Renewable Energy Power Generation

In response to the Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity promulgated by the Ministry of Economic Affairs on January 1, 2021, Walsin Lihwa shall complete solar power generation implementation amounting to 10,521 kW, of which 5,226 kW can be sold to Taiwan Power Company. Walsin Lihwa shall also promote EP100 to strengthen energy productivity and efficiency by strengthening equipment and capacity efficiency while including energy efficiency into business strategy development to enable clean technology innovation and carbon reduction.



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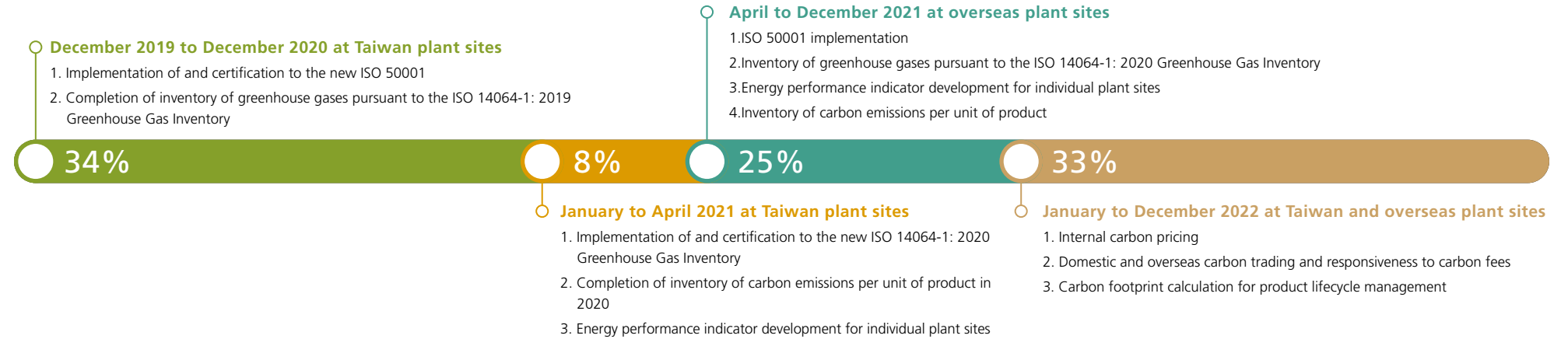
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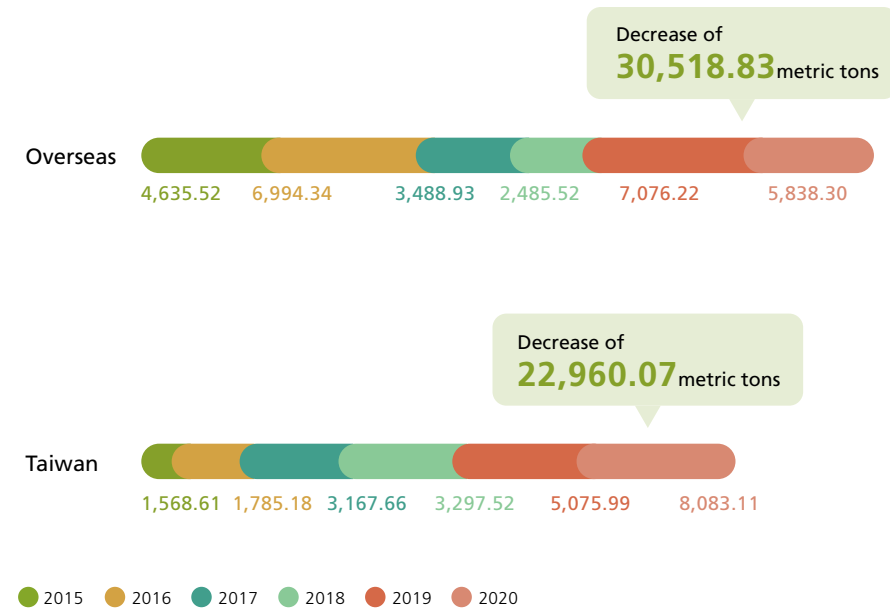
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Progress of 3-Year Energy Management Plan Implementation



Carbon reduction from 2015 through 2020 (Unit:CO₂e metric ton)



Energy Saving at Walsin Lihwa by Area in 2020

Area	Solution	Energy type	Number of solutions	Amount saved	Energy saving (Megajoule)	Carbon reduction (Metric ton)	Cost saved	
Taiwan	Manufacture and office	Electricity (kWh)	54	11,258.68	97,607.22	5,730.66	NT\$ 38,056,951	
		Natural gas (Kilo cubic meters)	4	951.01	35,708.02	1,987.82		
		Others (metric ton)	1	364.63	0.00	364.63		
					-	133,369.66	8,083.11	
Overseas	Manufacture energy saving	Electricity (kWh)	12	4,619.89	40,026.72	4,372.77	RMB\$ 2,762,274 MYR\$ 15,554	
		Natural gas (Kilo cubic meters)	2	563.71	21,234.79	1,232.33		
		Steam (Cubic meter)	1	2,120.00	5,842.72	233.20		
Total					15	67,104.23	5,838.30	Equivalent to NT\$50,038,643.71

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 Caloric value (based on the Table of Heat Content of Energy Products in the Bureau of Energy's 2014 Energy Statistics Handbook)

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Greenhouse Gas Inventory

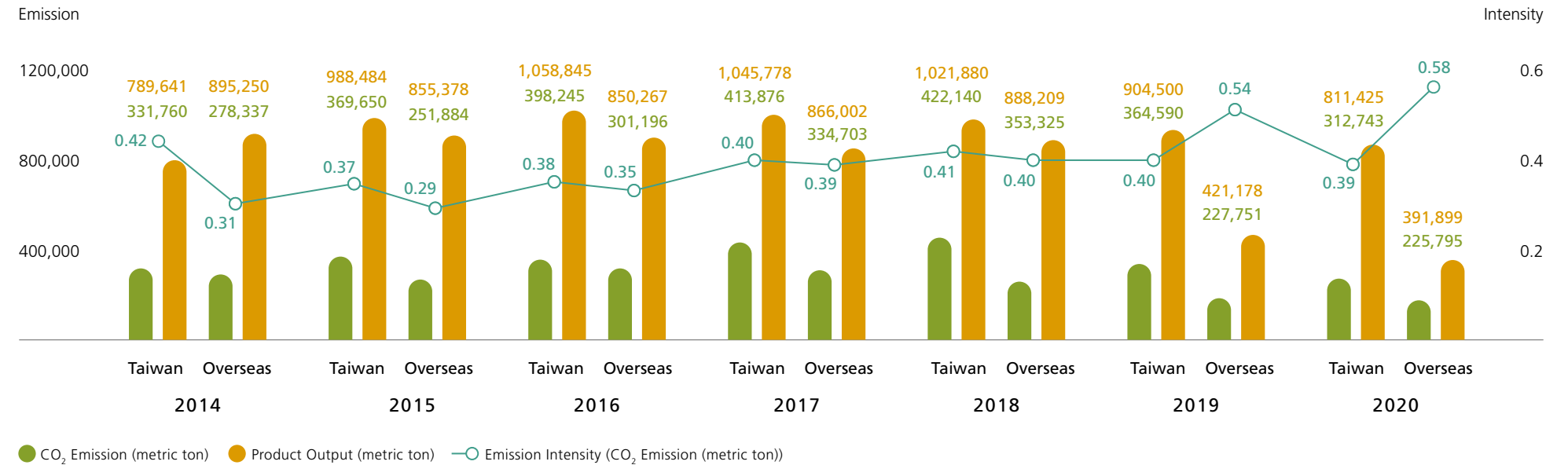
The environmental safety information platform set up by Walsin Lihwa in 2015 takes inventory of greenhouse gas emissions and calculates carbon emissions per unit of product by regularly collecting information on the greenhouse gas emissions inventoried by the Company's Taiwan and overseas sites. Ongoing annual review and system intellectualization continue greenhouse gas inventory optimization, while the e-energy management system helps stay on top of the quarterly emission status to compare it with that in the same period of the previous year and can also show a comprehensive trend chart. The carbon emission status is subject to review by the Environment, Health, and Safety Committee on a regular basis to ensure effective carbon emission control. Moreover, the Company has been systematically promoting the implementation of ISO 14064-1 at individual plant sites to perfect its greenhouse gas control system. The Taichung and Yenshui plants in Taiwan have become accredited with the ISO 14064-1 certification. By the end of every August, the latest ISO certifications accredited to the Company and their validity periods are provided on the Company's CSR webpage. In 2021, the Hsinchuang and Yangmei plants are expected to become accredited with the new ISO 14064:2018 certification, and the implementation of ISO 14064-1 at overseas plant sites is expected to begin and complete respectively in 2021 and 2022. Moreover, Walsin Lihwa has been engaging in overseas carbon trading, in particular in Mainland China, to ensure sufficient carbon quotas for the Company in the future while painstakingly developing advanced energy saving technologies to strengthen long-term growth opportunities.

POINT

- 1 Decreased the total emissions in Taiwan and Mainland China decreased by **9.08%** compared to 2019
- 2 Decreased unit emission intensity in Taiwan by **2.5%** compared to 2019



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



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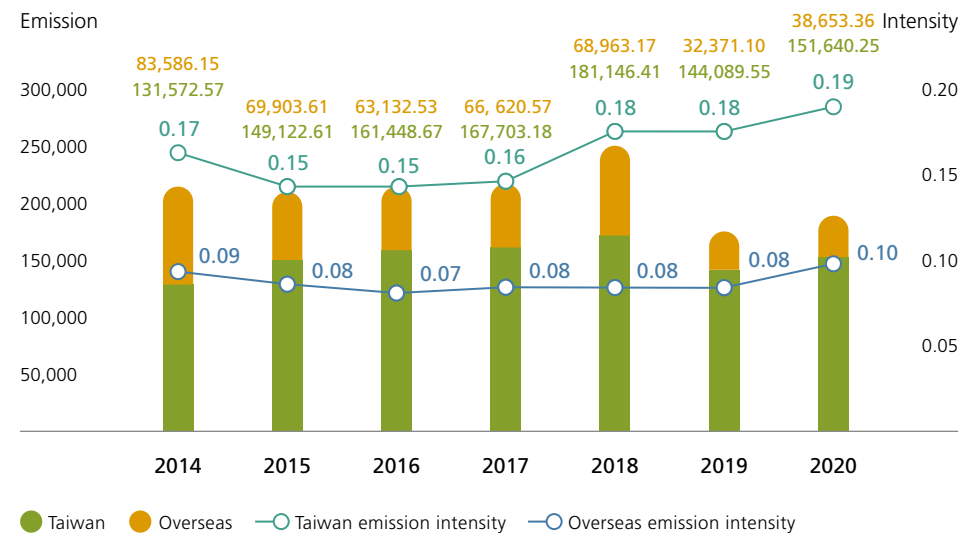
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Greenhouse Gas Emission

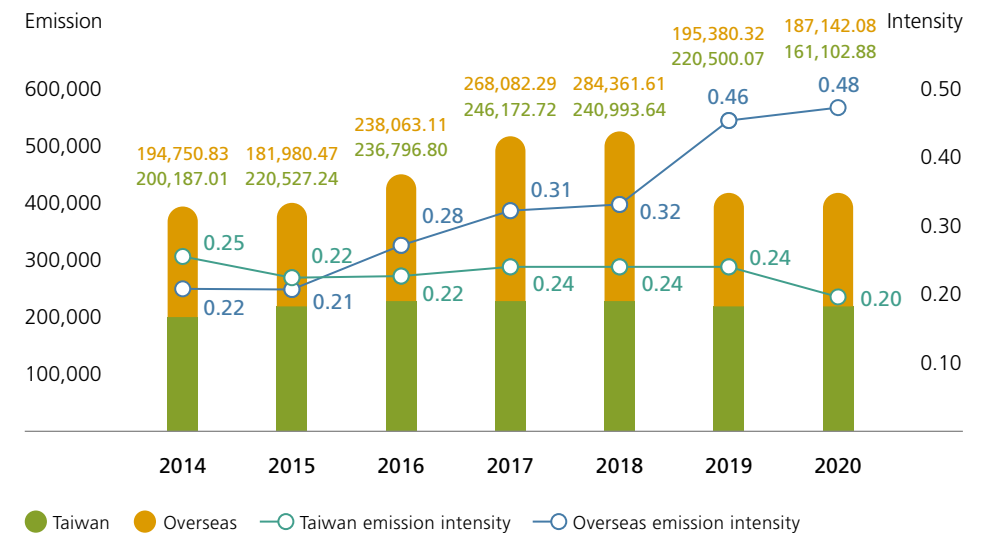
In 2013, Walsin Lihwa started to audit its greenhouse gas emission intensities (metric tons of CO₂ emission/metric tons of product output), and the intensities at the Taiwan and overseas sites, exclusive of real estate development, were respectively 0.42 and 0.31. In 2014, individual sites of Walsin Lihwa started to actively implement energy saving solutions and, after seven years' implementation, the intensities at the Taiwan and overseas sites, exclusive of real estate development, were respectively 0.39 and 0.58 in 2020, respectively 7.1% lower and 7.4% higher than those in the benchmark year. The intensity increase at the overseas sites primarily resulted from the COVID-19 impacts, i.e., production at certain plants was suspended to implement segregation for pandemic prevention and the total capacity utilization in 2020 therefore decreased, but the total CO₂ emissions decreased 13,921.41 metric ton in 2020. After the pandemic situation stabilizes in 2022, effective energy saving and carbon reduction measures along with gradually increasing renewable energy utilization will help decrease greenhouse gas emissions per unit of product. Compliance is the most important about carbon reduction to help limit global warming to below 2°C at least and then to limit it to below 1.5°C. Walsin Lihwa shall continue grasping each and every opportunity of carbon reduction to expedite low-carbon economy development, and shall decrease greenhouse gas emissions per unit of product by 15% in 2030 as compared to that in 2014.

Note: 2014 is the benchmark year for Taiwan plant sites and 2019 is the benchmark year for overseas plant sites. The intensity increase at the overseas plant sites primarily resulted from product structure adjustments and a plant divestment over the past 5 years that made the background very different from that in the benchmark year.

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 included: Dongguan Walsin, Shanghai Walsin, Jiangying Walsin (Steel Cable), Yantai Walsin, Changshu Walsin, Jiangying Walsin (Specialty Alloy Materials), 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 Environmental Protection Administration for self-auditing. Global warming potential (GWP) 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.
- 8. 2014 is the benchmark year for Taiwan plant sites and 2019 is the benchmark year for overseas plant sites. The intensity increase at the overseas plant sites primarily resulted from product structure adjustments and a plant divestment over the past 5 years that made the background very different from that in the benchmark year.

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5.3 Resource Recycling and Pollution Prevention



5.3.1 Air pollution control and amount of pollutant emission

Material Topics

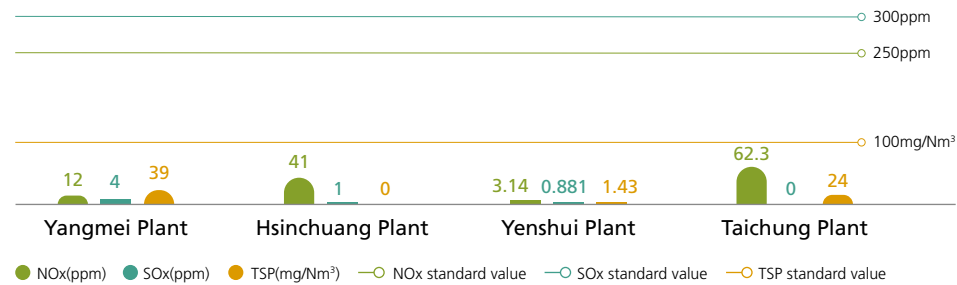
For effective environmental protection and pollution prevention, Walsin Lihwa continues its manufacture process optimization to strengthen air pollution prevention and decrease the output of exhausts. Air pollution prevention at Walsin Lihwa starts from plant setup planning and lasts through production and use of materials. Its plant design makes good use of Best Available Control Technologies (BACT), and its production adopts the best air pollution control equipment to decrease waste exhausts. In 2020, the Yenshui plant had its selective catalytic reduction system implemented to strengthen air pollution control, and clean electric power replaced diesel completely at Shanghai Walsin Lihwa Wire and Cable. In 2020, pollutant emission intensities were all much lower the maximum 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 2020, the NOx emission intensity in Taiwan decreased by 20.4% from that in 2019 and decreased by 48.6% at overseas plant sites. The significant NOx emission intensity decrease can be attributed to successful air pollution control and pollution control equipment improvement. With its individual pollutants in compliance with relevant environmental protection laws and regulations, Walsin Lihwa shall continue strengthening its various air pollution reduction initiatives.

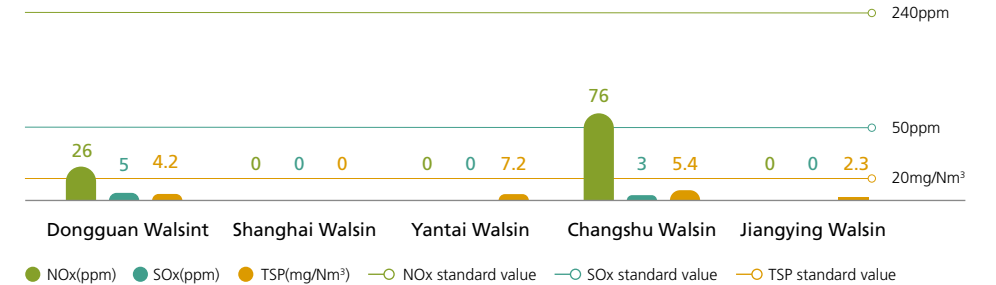
POINT

- NOx Emission intensity in Taiwan ↓ 20.40%
- NOx Emission amount in Mainland China ↓ 48.6%

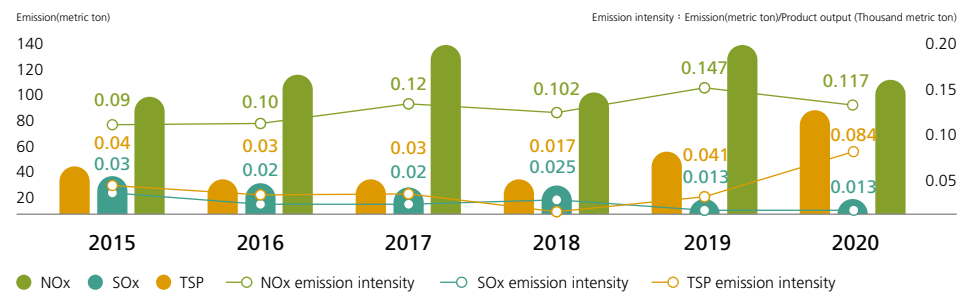
Emission intensity at Taiwan sites and prescribed standard value



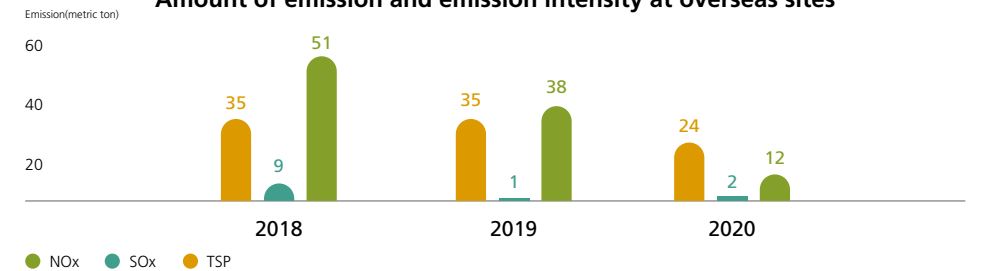
Emission intensity at overseas sites and prescribed standard value



Total amount of waste exhaust and emission intensity at Taiwan sites



Amount of emission and emission intensity at overseas sites



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, but POPs, VOCs, and HAPs are not subject to local environmental protection laws and regulations in Mainland China.
 2. The above annual emission coefficient calculation is based on: Detected intensity x air flow x time.
 3. Taiwan sites included: Yangmei Plant, Hsinchuang Plant, Yenshui Plant, Taichung Plant.
 4. Overseas sites included: Dongguan Walsin, Shanghai Walsin, Jiangying Walsin (Steel Cable), Yantai Walsin, Changshu Walsin, Jiangying Walsin (Specialty Alloy Materials), Walsin Precision

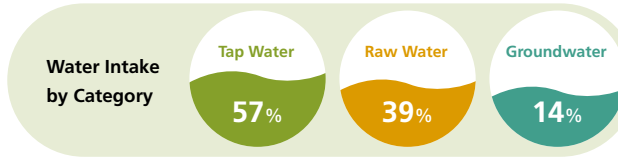
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5.3.2 Water resource utilization Material Topics

Water source and water conservation

With its commitment to water resource conservation and protection, Walsin Lihwa analyzes water resource risks and factors such risks into business sustainability planning to strengthen water resource management efficiency, cope with water shortages, and optimize medium- and long-term water supply stability through the three R's. The Company started to analyze the water use balance at individual plant sites to take inventory of their water recovery potentials in 2017, and started to require individual plant sites to propose various exemplary water saving measures in 2019. The Environment, Health, and Safety Committee made cross comparison of what they proposed and promoted what were proven effective to both the Taiwan and overseas plant sites, which saved water consumption by 33.17% in 2020, higher than the 20% annual water saving goal.

To cope with water shortages, zero wastewater emission and reuse of reclaimed water are successful at Shanghai Walsin Wire and Cable and Yantai Walsin Stainless Steel, 2 high risk overseas plant sites, but Walsin Lihwa shall continue evaluating how to work with local authorities there to help the Shanghai and Yantai plants have access to regenerated water to address unstable water supply resulting from climate change.




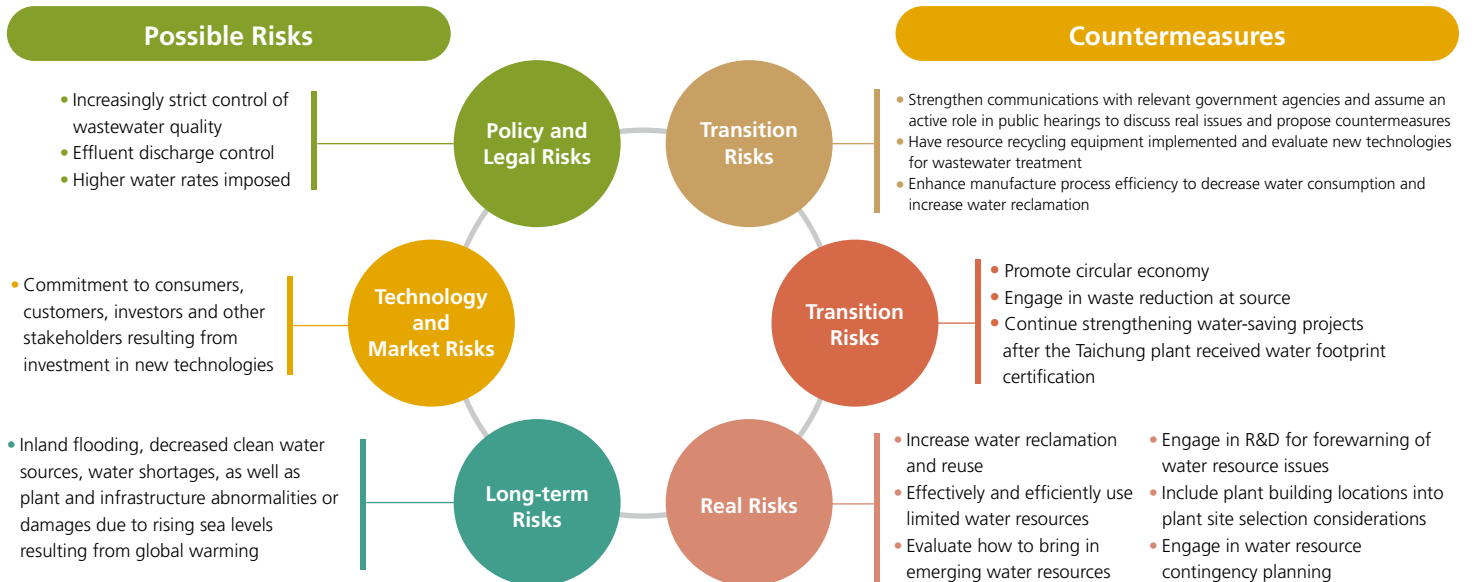
There is no significant impact on local water resources if water intake is lower than **5%** of the total intake in an area.

Plant	Water consumption in the area where each plant is located (million liters)	Tap water intake (million liters)	Tap water intake in the area where each plant is located
Hsinchuang plant	2.0x10 ⁶	106.869	0.050%
Yangmei plant	4.3x10 ⁶	52.097	0.010%
Taichung plant	2.7x10 ⁶	337.478	0.120%
Yenshui plant	1.8x10 ⁶	32.881	0.020%
Shanghai Walsin		6.398	0.002%
Dongguan Walsin		38.22	0.010%
Jiangying Walsin	4x10 ⁶ ~4.5x10 ⁶	100.102	0.025%
Changshu Walsin		138.325	0.035%
Yantai Walsin		21.409	0.005%

Water Resource Management

- Recycling and reuse of process water
- Reuse of reclaimed water
- Reuse of cooling water recovered from environmental protection equipment and public systems





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Major Water Resource Risks at Taiwan Plant Sites

Plant	Basin	Physical Risk	Water Shortage Risk	Groundwater Level Decline Risk	Drought Risk	River Flooding Risk	Coastal Flooding Risk
Hsinchuang plant	Tamsui River	Medium to high (2 - 3)	Low (<10%)	Insignificant	--	Low to medium	Medium to high
Yangmei plant	Dongshi River						
Taichung plant	Taen/Dajia River						
Yenshui plant	Zengwen River						

Note: According to WRI assessment, the plant in Taiwan is low risk of water shortage, and there is no significant impact on local water resources if water intake is lower than 5% of the total intake in an area.

Major Water Resource Risks at Overseas Plant Sites

Plant	Basin	Physical Risk	Water Shortage Risk	Groundwater Level Decline Risk	Drought Risk	River Flooding Risk	Coastal Flooding Risk
Shanghai Walsin	Huwei Lake	High (3 - 4)	High (40 - 80%)	Medium to high (2 - 4 cm per year)	Medium to high	High	Low
Dongguan Walsin	Dongjiang River	Low to medium (1 - 2)	Low (<10%)	Insignificant	Medium	Medium to high	Medium to high
Jiangying Walsin	Yangtze Delta	Low to medium (1 - 2)	Low (<10%)	--	Medium to high	Medium to high	Medium to high
Changshu Walsin	Yangtze Delta	Medium to high (2 - 3)	Low (<10%)	Medium to high (2 - 4 cm per year)	Medium to high	Medium to high	Medium to high
Yantai Walsin	Yellow Sea	Extremely high (4 - 5)	Extremely high (> 80%)	Insignificant	Medium to high	Low	Medium to high
Walsin Precision	Jiyang	Medium to high (2 - 3)	Low (<10%)	Insignificant	Medium	Low to medium	Medium to high

Note: 1. Shanghai Walsin Wire and Cable and Yantai Walsin Stainless Steel are the 2 overseas plant sites facing high risks of water shortages, but zero wastewater emission is proven successful at the steelmaking and power cable plants in Mainland China as their cooling water is all recycled and reused as process water.

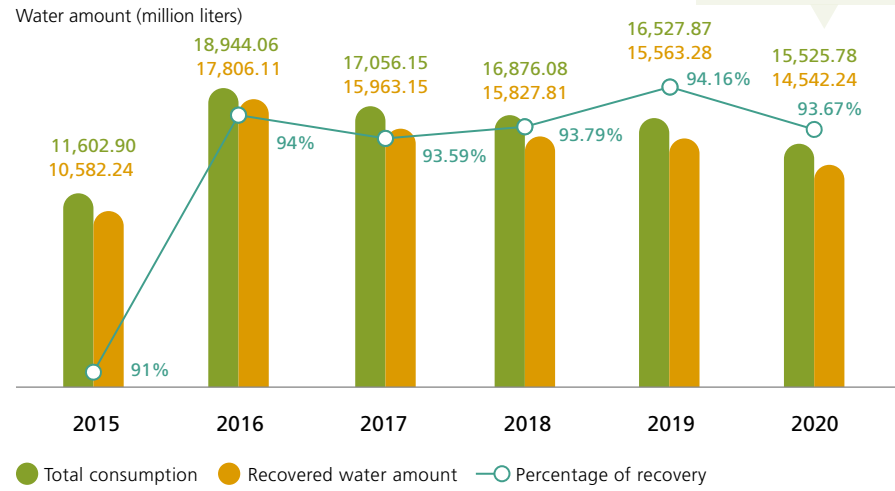
2. Water risk assessment by the Water Resource Institute's Aqueduct Tool: <http://www.wri.org/our-work/project/aqueduct/aqueduct-atlas>

Walsin Lihwa recovers rainwater, process water, and black smoke mist to effectively save water throughout production. Tap water is the primary water resource for production and the Taiwan plant sites used a total of 15,525.784 megaliters of water while the overseas plant sites used 765.923 megaliters in 2020 according to water meter readings, 6.06% and 1.45% lower than those in 2019.

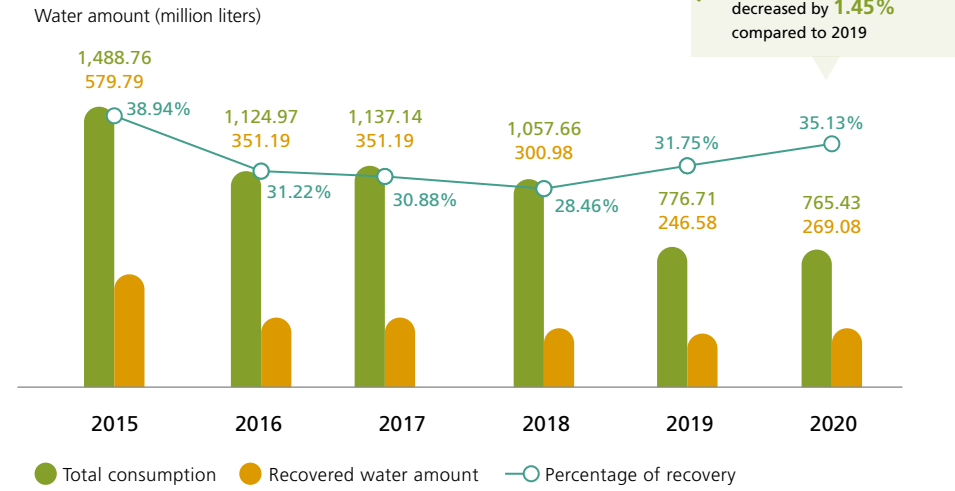
The 2020 monthly water consumption at the Taiwan and overseas plant sites included 849.650 megaliters of tap water, 57.334 megaliters of groundwater, and 572.910 megaliters of industrial water. All the water purchased included freshwater (total dissolved solids ≤1,000 mg/L) and 14,811.315 megaliters of water recovered from processes. The consumption of purchased water at the Taiwan plant sites (Yangmei, Hsinchuang, Yenshui, and Taichung) and overseas plant sites (Dongguan, Yantai, Changshu, Jiangyin, and Malaysia) amounted respectively to 983.549 megaliters and 496.345 megaliters, 1.99% higher and 7.9% lower than those in 2019 (based on water meter readings and water bills). The 1.99% increase primarily resulted from transporting waste acids from South Taiwan to Centra Taiwan for regeneration processing that increased cooling water consumption, but the total water consumption at the Taiwan and overseas plant sites was 5.85% lower than that in 2019 because of ongoing water saving by effective recovery and reuse. In 2020, water recovery at the Taiwan plant sites remained at 94% while water recovery at the overseas plant sites was 10.64% higher than that in 2019. %. Despite continuous plant and capacity expansion, Walsin Lihwa decreased absolute water consumption by effective reuse of recovered process water.

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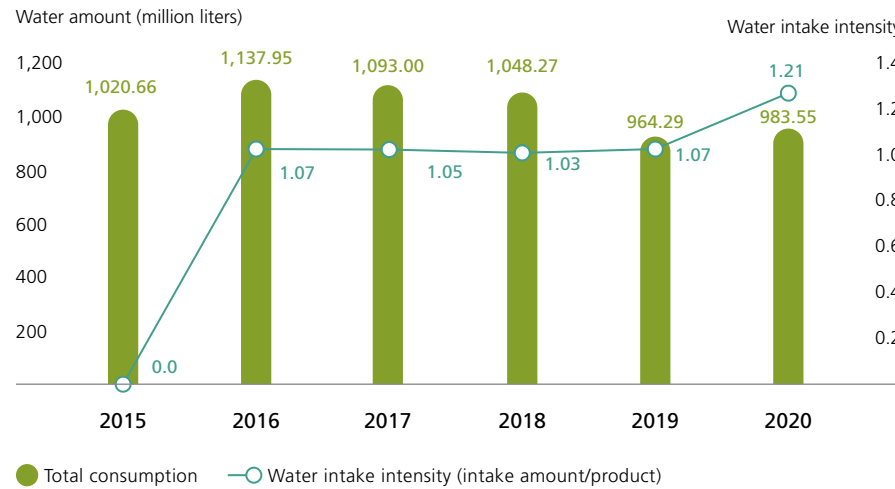
Water use and recovery at Taiwan sites



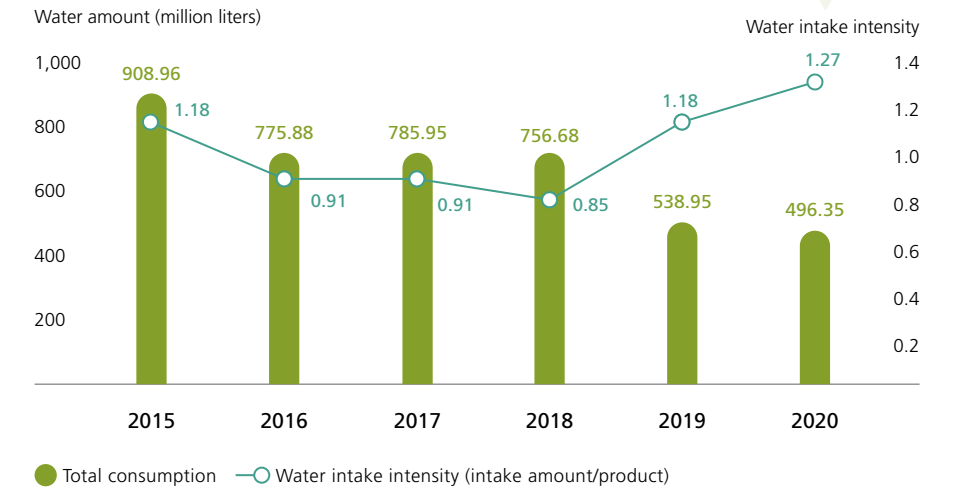
Water use and recovery at overseas sites



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

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5.3.3 Wastewater treatment Material Topics

Wastewater at individual plant sites is properly processed by their wastewater treatment facilities to comply with effluent standards. In addition to self-sampling of wastewater every day, disinterested 3rd party inspection of wastewater quality takes place on a regular basis to prevent environmental impacts resulting from wastewater emission and ensure wastewater quality at individual plant sites to comply with local effluent standards.

The 2020 total wastewater emissions at the Taiwan and overseas plant sites amounted respectively to 4.89636x10² megaliters and 0.826x10² megaliters, 7.48% higher than the emissions in 2019 primarily because a large amount of tap water was used for disinfection on plant premises out of COVID-19 concern and test running of new environmental protection equipment in 2020. At the Taiwan plant sites, the ratio of wastewater treatment to wastewater emissions was 0.15% higher than that in 2019, an increase from 96.67% to 96.72%. Walsin Lihwa shall continue decreasing pollutants in wastewater treatment procedures while strengthening wastewater reduction, recovery, and reuse to achieve zero wastewater emission.

Site	Wastewater emission intensity in Taiwan				
	BOD	COD	SS	Emission standard	Emission destination
Hsinchuang	17.2	38.5	8.3		Dahan River
Yangmei	Unregulated by environmental law	5	4.6	Effluent standard: BOD:30mg/l COD:100mg/l SS:30mg/l	Shezi River
Taichung	102	344	13.3	Piping standard: BOD:300mg/l COD:550mg/l SS:300mg/l	Industrial zone piping
Yenshui	Unregulated by environmental law	26.6	7.5		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.



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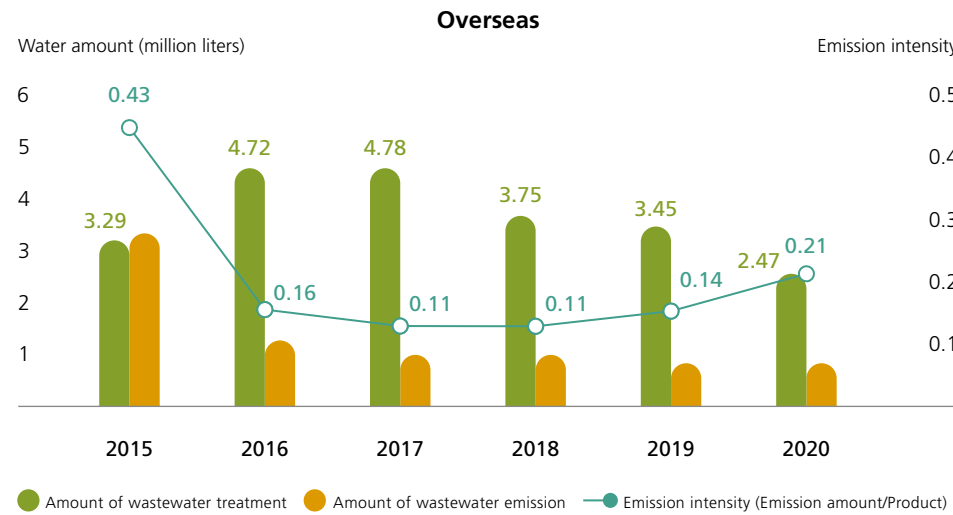
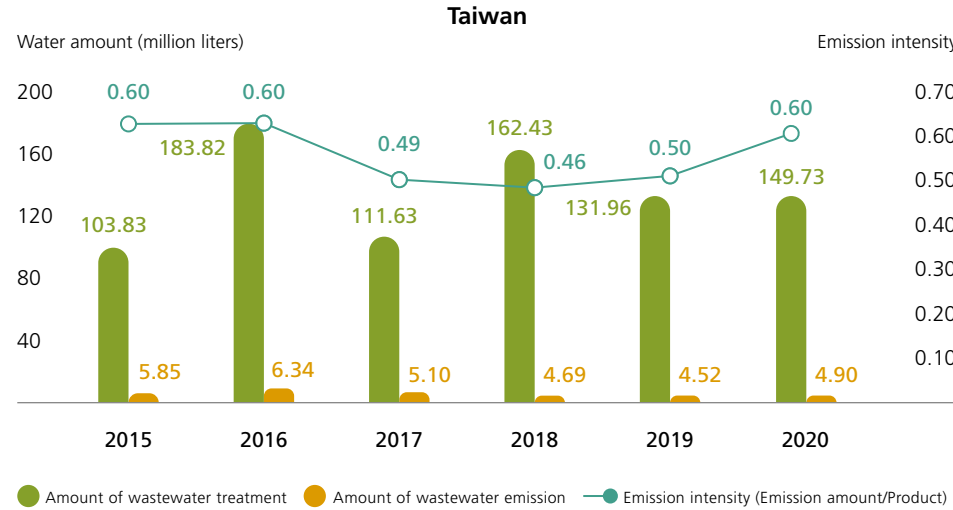
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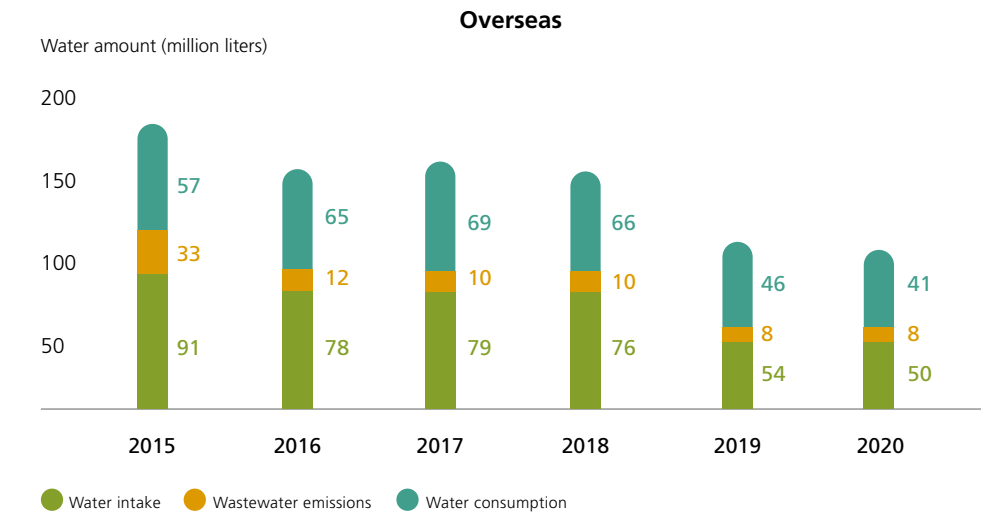
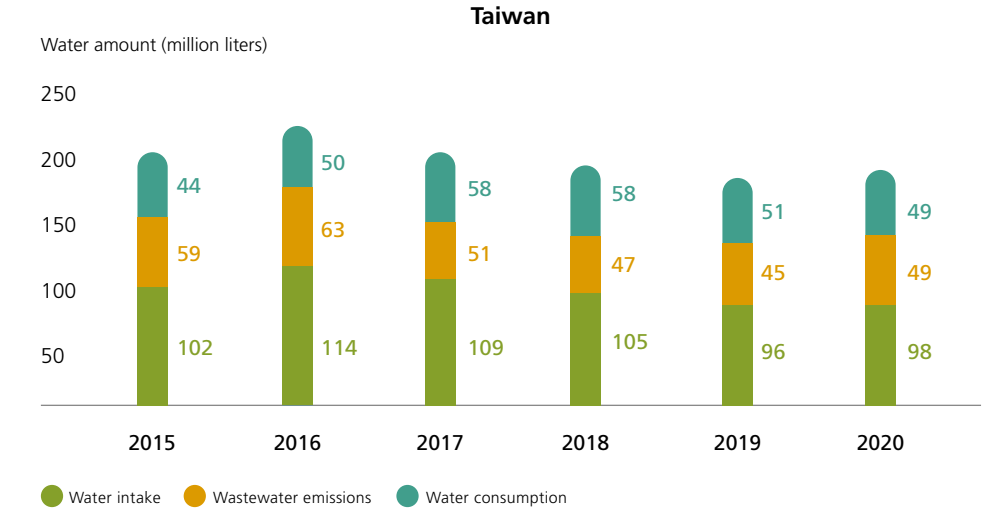
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Wastewater Emission Intensity



Total Water Intake and Emission



Note: 1. Taiwan sites included: Yangmei Plant, Hsinchuang Plant, Yenshui Plant, Taichung Plant; Overseas sites included: Dongguan Walsin, Jianguying Walsin (Steel Cable), Jianguying Walsin (Specialty Alloy Materials), Shanghai Walsin, Yantai Walsin, Changshu Walsin, Walsin Precision
 2. Water consumption = Water intake – Water emission

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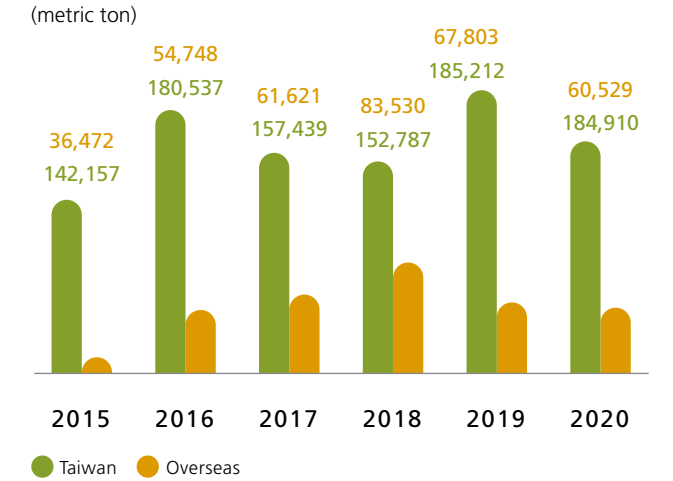
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5.3.4 Waste and resource recycle Material Topics

Committed to circular economy development and 4 R's (Reduce, Reuse, Recycle, and Recovery) for waste output control, Walsin Lihwa recovered and reused 97.25% of its wastes in 2020, 0.29% higher than what was recovered and reused in 2019. 8.05% - 99.38% of non-hazardous wastes were reused and 78.05% - 99.38% of hazardous wastes were reused. Walsin Lihwa recovers and reuses part of its wastes and the rest is cleaned up or reused by qualified contractors. In 2020, reuse of hazardous wastes at the Taiwan plant sites was 2.19% higher than that in 2019 and landfill was 65% lower, a decrease from 0.6% in 2019 to 0.21% primarily because of decreased sludge resulting from transporting all the waste acids from the Yenshui plant in South Taiwan to the Taichung plant in Centra Taiwan for regeneration processing. Landfill at the overseas plant sites was 25.19% lower, a decrease from 1.31% in 2019 to 0.98% primarily because the Yantai plant stopped outsourcing electric arc furnace dust treatment to have such dust treated and reused by itself. Walsin Lihwa aims at keeping the percentage of landfill under 1% and the percentage at the Taiwan plant sites was already under 1% in 2019, while the overseas plant sites have been working hard to try to keep it under 1%. Walsin Lihwa's study of furnace slag recyclability and innovative application of such slags has produced approx. 210,000 metric tons of oxidized slag powder and nearly 60,000 metric tons of reducing slags, which can be developed into engineering particles, cement admixtures, calcium silicate plates, and concrete blocks. Walsin Lihwa shall continue its promotion of waste reduction at source as well as waste recovery and reuse throughout its plant sites, and shall also leverage its whole supply chain to decrease raw material consumption and environmental burdens resulting from production, realize the ideal of circular economy by ongoing development of innovative environmental protection technologies, strengthening business sustainability, perfecting the audit and control of whereabouts of its wastes, and ensuring waste treatment contractors to comply with relevant laws and regulations.

Total amount of wastes at Taiwan and overseas sites



Percentages of different approaches to waste treatment at Taiwan & overseas sites in 2020

Area	Taiwan			Overseas		
	Non-hazardous waste	Hazardous waste	Total	Non-hazardous waste	Hazardous waste	Total
Recovery	127,115.11	56,431.28	183,546.39	49,716.98	7,923.46	57,640.44
Incineration	808.95	-	808.95	121.94	3.00	124.94
Landfill	53.95	342.23	396.18	538.16	52.54	590.70
Others (excluding physical processing)	147.89	10.56	158.45	-	2,172.67	2,172.67
Total	128,125.89	56,784.07	184,909.97	50,377.08	10,151.67	60,528.75
Recovery percentage	99.21%	99.38%	99.26%	98.69%	78.05%	95.23%
Incineration percentage	0.63%	0.00%	0.44%	0.24%	0.03%	0.21%
Landfill percentage	0.04%	0.60%	0.21%	1.07%	0.52%	0.98%
Other Waste Processing Methods (excluding physical processing)	0.12%	0.02%	0.09%	0.00%	21.40%	3.59%

Note: All the hazardous and non-hazardous wastes were processed off site except the recovery of hazardous wastes such as furnace dust at the Yenshui plant and Yantai plant as well as the recovery of 22,572.28 metric tons waste acids at the Taichung plant on their own premises.

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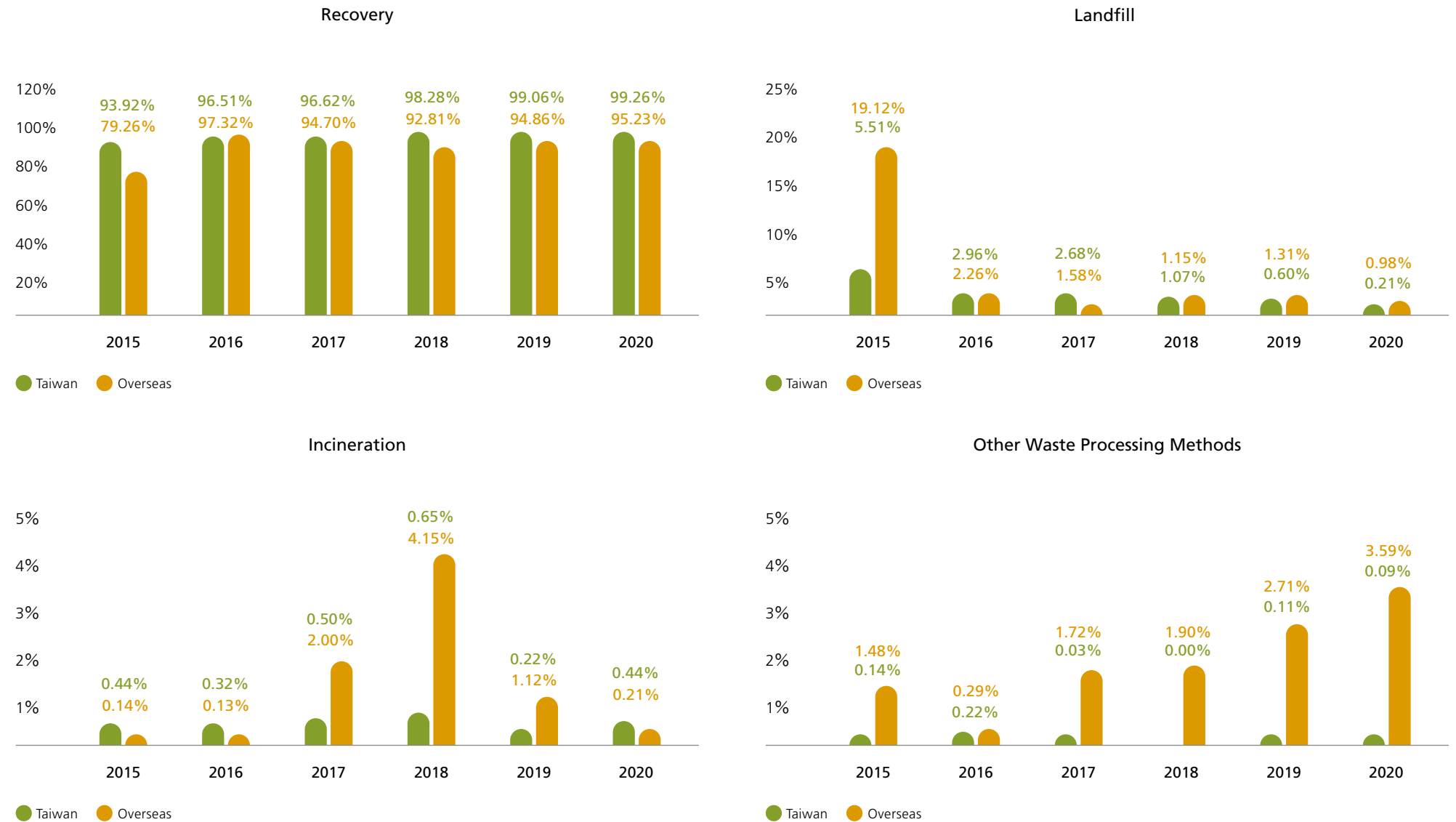
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Percentages of different approaches to waste treatment



Note: 1. Taiwan sites included: Yangmei Plant, Hsinchuang Plant, Yenshui Plant, Taichung Plant

2. Overseas sites included: Dongguan Walsin, Jiangying Walsin (Steel Cable), Shanghai Walsin, Yantai Walsin, Changshu Walsin, Jiangying Walsin (Specialty Alloy Materials), Walsin Precision

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R&D of Furnace Slag Recyclability

The R&D projects on the recyclability of oxidized slags and reducing slags -- byproducts from steelmaking at Walsin Lihwa -- are tabulated as below. The R&D projects have been proceeding successfully thanks to the Circular Economy Promotion Office, Industrial Development Bureau (IDB) of the Ministry of Economic Affairs, Tainan City Government, Ministry of Science and Technology (MOST), Yunlin-Chiayi-Tainan Regional Branch of the Workforce Development Agency of the Ministry of Labor, Conventional Industry Technology Development (CITD) Office, Yunlin-Chiayi-Tainan Regional Branch of the Talent Development Quality Management System (TTQS) of the Ministry of Labor, relevant subcontractors, I-Shou University (ISU), and National Cheng Kung University (NCKU), which assisted Walsin Lihwa in R&D for innovation, legal compliance, and management innovation to develop circular economy for its stainless steel industry.



Walsin Lihwa's widely recognized achievements in R&D of recyclability over the years were advertised by the IDB in BusinesToday.

Energy Saving and Low Carbon for Environmental Protection

Major R&D Project

Recyclability of stainless steel furnace slags for heat-resistant admixture development

The cooperation with the NCKU to develop oxidized slags and reducing slags into a heat-resistant admixture and explore relevant applications is successful thanks to a subsidy of NT\$8.587 million from 2018 to 2021 provided by the MOST, an investment tax credit approved by the IDB, and relevant training assistance from 2018 to 2021 provided by Yunlin-Chiayi-Tainan Regional Branch of the Workforce Development Agency of the Ministry of Labor to help the project proceed steadfastly forward over the past 4 years. Walsin Lihwa is also grateful to the TTQS of the Ministry of Labor for awarding its Bronze Medal to the project twice as well as the NCKU because the achievement in the slag recyclability R&D cooperation with the NCKU is going to receive the GREENGUARD Gold Certification in 2021.

Asphalt concrete pavement development using oxidized slags and long-term tracking of instant pavement collapse prevention effectiveness and pavement permeability

The cooperation with the ISU and NCKU for asphalt concrete pavement development using oxidized slags as well as long-term tracking of the pavement's effective is successful thanks to the compliance review and recommendation provided by the IDB and Tainan City Government for Walsin Lihwa to follow the recommendation and implement long-term tracking and control, the investment tax credit review and recommendation provided by the IDB for Walsin Lihwa to rigorously pursue ongoing innovation, and the review and approval of the project-related training provided by Yunlin-Chiayi-Tainan Regional Branch of the Workforce Development Agency of the Ministry of Labor. Walsin Lihwa is also grateful to the ISU, NCKU, and the project participants at Walsin Lihwa for their joint efforts that are expected to help make the project even more successful.

Flame resistant construction material development using iron powder

The cooperation with the NCKU is intended to use iron powder -- a stainless steel byproduct -- to develop flame resistant construction materials. The NCKU has therefore developed a small flame resistance test furnace to expedite flame resistance experiments and achieved the highest flame resistance standard as prescribed by the Fire Experiment Center of the Architecture and Building Experiment Center, Ministry of the Interior. Walsin Lihwa is grateful to the IDB and CITD Office for a subsidy of NT\$1.5 million and an investment tax credit approved by them.

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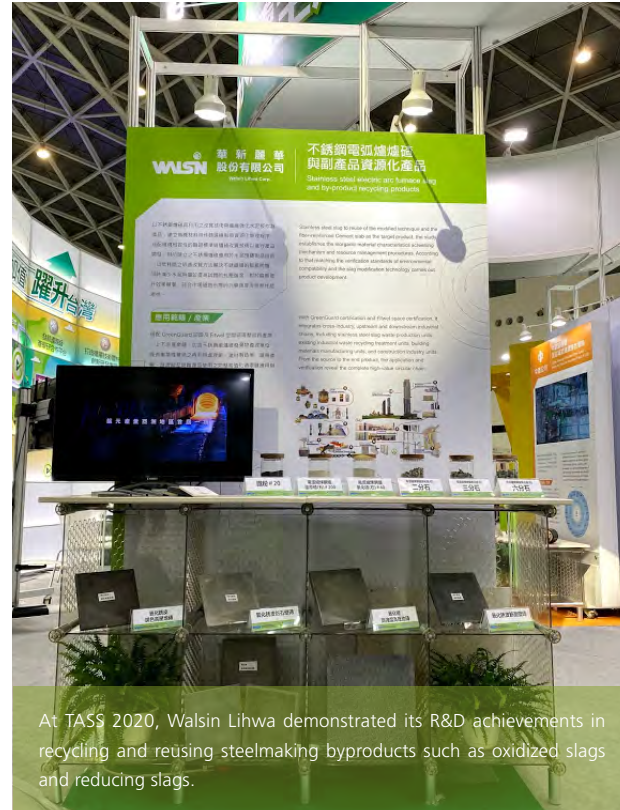
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At TASS 2020, Walsin Lihwa demonstrated its R&D achievements in recycling and reusing steelmaking byproducts such as oxidized slags and reducing slags.

From December 2 to 4, 2020, the Asia's Sustainable Supply and Circular Economy Conference and Exhibition (TASS 2020) took place at the Kaohsiung Exhibition Center. Representatives from the Ministry of Economic Affairs, the IDB, and Chung Hua Institute for Economic Research attended the pre-event press conference. Invited by the Circular Economy Promotion Office, Walsin Lihwa demonstrated the achievements in its R&D cooperation with the NCKU for the recyclability and reuse of oxidized slags and reducing slags at the press conference. Walsin Lihwa's widely recognized achievements were advertised by the IDB in *BusinesToday*. In 2020, Walsin Lihwa was also invited to the International Conference of Sustainable and Innovative Infrastructure 2020 (ICSII 2020) and a seminar on diverse applications of circular materials to share its achievements in R&D for circular economy development.



Walsin Lihwa was invited to ICSII 2020 and a seminar on diverse applications of circular materials to share its achievements in R&D for circular economy development.

From 2018 to 2020, the personnel department and the environment, health, and safety department of the Yenshui plant in conjunction with external lecturers provided 94 training courses amounting to 1,312 hours to help learn how to recycle and reuse oxidized slags and reducing slags. The 3-year initiative won the Bronze Medal twice from the TTQS of the Ministry of Labor.

The TTQS of the Ministry of Labor awarded its Bronze Medal to Walsin Lihwa twice for its participation in TTQS training.



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5.3.5 Legal Compliance Material Topics

In 2020, Walsin Lihwa was fined of approx. NT\$2.8326 million for non-compliance with relevant environmental laws and regulations. The major non-compliance happened at the Yenshui plant, which was fined of NT\$2.376 million for excessive wastewater emissions resulting from a wastewater treatment equipment failure and erroneous internal communication in June 2020. The failed equipment was repaired as soon as possible while the available water treatment facilities were activated immediately, and capital expenditures for relevant equipment were also increased to help strengthen compliance.

In response to the changes in environmental protection policies in Mainland China and Malaysia, Walsin Lihwa implemented improvement accordingly while continuing self-monitoring and control. As a result, there was no fine imposed on Walsin Lihwa for environmental non-compliance in 2020 in Mainland China and Malaysia.

Walsin Lihwa shall continue old equipment replacement while abiding by the Permit Management for Public or Private Waste, strengthening employee education and training, and preventing non-compliance incidents. Walsin Lihwa had no leakage incident in 2020.

Area	Cause	Non-compliance	Status of Improvement	Fine ^{Note}
Yenshui Plant	Excessive effluent and recovered water emissions	Non-compliance with Article 14-1 of the Water Pollution Control Act	Water consumption and emission mechanisms as well as daily consumption limits at individual units were stipulated to activate alert when consumption is approaching daily limits.	NT\$ 135,000
	Excessive effluent emissions	Non-compliance with Article 7-1 of the Water Pollution Control Act	The failed equipment that caused excessive effluent emissions was repaired as soon as possible while the available water treatment facilities were activated immediately, and capital expenditures for relevant equipment were also increased to help strengthen compliance.	NT\$ 2,376,000
	Runoff wastewater in the rain gutter on sunny days resulting from runoff wastewater discharge gate damage	Non-compliance with Article 7-1 of the Water Pollution Control Act	The leakage resulting from runoff wastewater discharge gate damage was immediately contained to have the case closed and follow up with inspection on a regular basis to prevent negligence.	NT\$ 171,600
	Particulate pollutants in the air resulting from converter and vacuum furnaces' ineffective gathering of such pollutants	Non-compliance with Article 32=1 of the Air Pollution Control Act	On December 7, 2020, a report on improvement was submitted for review by the local environmental regulator. The air tightness on premises was examined and repaired to ensure effective dust gathering supported by sprinkler car operation for road dust suppression. On December 15, 2020, the case was closed after re-examination by the local environmental regulator.	NT\$ 150,000

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

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Sustainability promotion strategy

Promotes mutual development with local communities to gain greater social influence

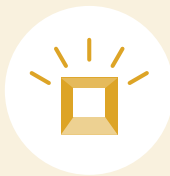
Strategy	Objectives for 2020	2020 results	Objectives for 2021
	Solidify the Impact of our Social influence	<p>Support for medical care, cultural, science and technology, and ESG projects</p> <ul style="list-style-type: none"> Donated to the Taipei Veterans General Hospital for its acquisition of heavy particle cancer treatment equipment Supported the Sukkot – Festival of Shelters in 2020 Donated to the Wei Haimin Chinese Opera Foundation Work study programs at Chung Yuan Christian University and National Chung Hsing University Sponsored the Center for Corporate Sustainability 	<p>Support for medical care, cultural, science and technology, and ESG projects</p> <ul style="list-style-type: none"> Support corporate volunteerism for hospitals Donate to the Wei Haimin Chinese Opera Foundation Work study program at Chung Yuan Christian University Sponsor the Center for Corporate Sustainability
Engages in charity and increases influence through four major aspects:	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 3 of them for filming their training and participation in competition Donated to 12 child welfare organizations throughout Taiwan Volunteerism for mentally challenged children Donated regenerated resources Charity road race and bazaar events organized by Nanjing Centro 	<ul style="list-style-type: none"> Fund the Light up the Corner Throughout Taiwan Project and filming of its achievements Cooperate with the Give Child A Hand Association Sponsor child welfare organizations Volunteerism for mentally challenged children Donate regenerated resources
<ul style="list-style-type: none"> Corporate citizenship Care for the underprivileged Environmental conservation Neighborhood improvements 		<ul style="list-style-type: none"> Held an organic market event Provided 10 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"> Cooperate with small farms for contract farming Organic market promotion Beach cleaning Ecology education lectures Ongoing promotion of species conservation and preservation
	Promote community development	<ul style="list-style-type: none"> Assistance in newspaper reading provided to 16 elementary and junior high schools in the Taiwan plant communities, assistance in bilingual newspaper reading provided to 39 junior high schools, and 2 sessions of employee volunteerism for assistance in newspaper reading Donated to 6 elementary school for after school tutoring in Yenshui Participation in 89 plant community events 8 landscape beautification projects near plant communities 	<ul style="list-style-type: none"> Employee volunteerism to assist in newspaper reading at elementary schools and junior high schools Plant community outreach 1 After school tutoring of elementary school students in the Yenshui plant community 2 Participation in local community events 3 Environmental beautification and optimization near plant sites



Assistance in newspaper reading provided to **25,325** students



Sponsorship of the Taipei Veterans General Hospital's Heavy Particle Cancer Treatment Center



Support for the Sukkot – Festival of Shelters in 2020



Support for the Center for Corporate Sustainability

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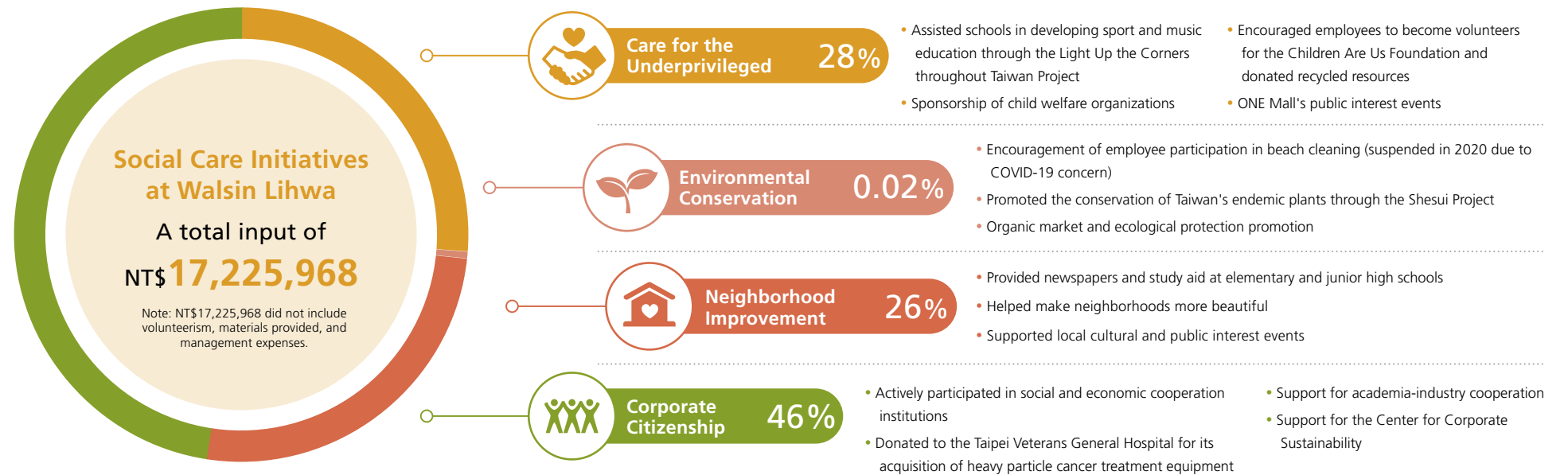
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6.1 Social Engagement Policy



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.



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 2020, 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 at the Huadengfang, Nanjing.

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6.2.1 "Light Up the Corners throughout Taiwan" Project

Celebrating its 50th anniversary in 2016, Walsin Lihwa commenced the Light up the Corner Throughout Taiwan Project, a 5-year sponsorship of 5 elementary and junior high schools in Central, East, South, and West Taiwan to help them have better environments, equipment, and teachers to develop physical and music education unique to themselves. In 2020, many schools suspended their events sponsored by Walsin Lihwa due to COVID-19 concern but the students and teachers at the 5 elementary and junior high schools practiced diligently as usual and demonstrated outstanding progress.

Taiwu Elementary School (Pingtung)

Violin Piano

Every year Taiwu Elementary Schools selects the students interested and talented in piano and violin to take relevant courses on a regular basis to further develop their potential in music and help them better know themselves through music.

The students often perform at the school and local community events, including the school's Mother's Day Carnival events, anniversary celebrations. Christmas concerts, and performances for local aboriginal elderlies to increase their onstage experiences and strengthen their motivation for further learning.



Datong Elementary School (Yilan)

Youth Baseball Percussion

Nearly half of the students of Datong Elementary School are on the school's baseball team and percussion band to participate in relevant competitions to help expand their life experiences and visons through music and sports.

In April 2020, nearly half of the students of the school enjoyed their first win at an elementary school baseball league match, and the percussion band took part in a Yilan County student music competition and was also invited to perform at various county events.



Guangwu Junior High School (Hsinchu)

Outdoor Experience Courses

Guangwu Junior High School's annual outdoor experience courses arrange river tracing, mountain climbing, snorkeling, and cycling to take students outdoors to learn from Mother Nature.

In April 2020, the school selected the students to take part in river tracing based on their physical fitness and school grades. Various training courses were provided beforehand. Braving the chilly springtime, a total of 150 students divided into 2 batches followed their teachers and dragged their feet forward against river currents to leave an unforgettable memory of youth.



Huaren Junior High School (Hualien)

Youth Baseball Soccer Dance

Percussion Track and Field

In 2020, Huaren Junio High School's little league baseball team won the runner-up at an aboriginal teenage baseball championship; its soccer team won the 5th place at the national teenage soccer championship; and its dance class won the 1st place of high distinction awards at the county junior high school dance competition.

Through music and sports, adolescents are able to find what they are good at in addition to schoolwork.



Gaoshi Elementary School (Pingtung)

Ancient Ballads Troupe Soccer

Judo

Gaoshi Elementary School features outstanding soccer, judo, and ancient ballad courses and diligent students of such courses. Its ancient ballad troupe was invited to perform at a local village event in Pingtung, and its judo and soccer teams also scored well.

In July 2020, when its soccer team went to Taipei to take part in a national tournament on behalf of Pingtung, Walsin Lihwa employees went to the soccer field to cheer the team up, telling the team not to feel conceited when winning and not to lose heart when losing because either a win or defeat would be a valuable learning experience and memory.



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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 2020.

Volunteerism for mentally challenged children

Had 17 employees' involvement in 2020 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.

Year-end donation to elderlies

Since 2012, Walsin Lihwa has been donating regenerated resources at the end of every year to help those who in need.

In 2020, Walsin Lihwa continued its annual visit to the elderlies living alone in Maguang, Yunlin County, working with the Love Network Foundation and a local family care center to understand the elderlies' needs and gather 487 unused clothes, daily necessities, food, and home appliances from employees and give them away to the elderlies.



Nanjing Walsin (Real Estate) support for schools' book acquisition sponsorship

The economic development in Guanghe County, Gansu Province lags considerably behind that in its eastern counterparts. Therefore, Nanjing Walsin (Real Estate) donated RMB\$500,000 to the county education bureau in 2020 to help local schools buy books to enrich students' extracurricular knowledge and narrow the education gap between urban-and rural areas as an effort to support the poverty alleviation program in Mainland China.



The quiet workplace made me somewhat nervous. As soon as we reported to the production lines, we started to work as quickly as we could and appeared desperate. However, our child counterparts seemed to be enjoying what they were doing without any awareness of our presence.

— Volunteers of Walsin



Gaining a good understanding of how a social enterprise like this works, I admire the patience and love shown by the workers there to provide a safe environment for to mentally challenged children to acquire job skills, become independent from their families, interact with their peers to help each other, and become part of the society.

— Volunteers of Walsin



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One Mall's Public Interest Activities

Care for elderlies before Chinese New Year

On the eve of the 2020 Chinese New Year, ONE Mall worked with charity and welfare organizations to have staples and oil, Chinese New Year pastries, and cleaning and makeup products among others prepared as Chinese New Year gift packs couriered to the elderlies living alone as warm greetings to them.



Raised RMB\$25,600

Child-parent road races

Two child-parent road races organized by ONE Mall and Huadengfang for public interest causes respectively in May and December 2020 had 452 child-parent participants. The road races calling for donation of 1 dollar for every kilometer run raised RMB\$25,600 for the Wheatland Education Foundation to help improve the quality of living for street cleaners by donating daily necessities to those "city guardians."



More than 200 people were invited to take part in the auction, which raised RMB\$24,775

Charity auction

ONE Mall organized its 4th charity auction on the New Year's Eve. More than 200 people were invited to take part in the auction, which raised RMB\$24,775. All the money raised was donated on the spot to help finance part of the medical expenses for the children suffering from leukemia.



Used book donation

Working with its charity and welfare partners, ONE Mall raised 1,054 used books while the partners also provided 1,054 new books. The used and new books were donated to an elementary school in Suqian City in northern Jiangsu Province. The books brought along the love from ONE Mall to the schoolchildren aspiring to reading.



The project raised online and offline RMB\$77,332

Care for preschool children in poor mountain areas

ONE Mall worked with charity and welfare organizations to invite children from 100 families to complete a "my kindergarten and I" painting project coached by ONE Mall teachers to help raise funds for preschool children in poor mountain areas. The project raised RMB\$77,332 online and offline to help improve the teaching environment and quality at kindergartens in poor mountain areas.



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6.3 Caring For Ecology



Beach Cleaning and Ecology Education Promotion

Walsin Lihwa started its annual beach cleaning promotion in 2015, inviting employees throughout its Taiwan plant sites to take part in beach cleaning as well as ecology education promotion. The annual cleaning activity in 2020 was suspended due to COVID-19 concern but will be resumed when the pandemic situation is resolved.

Mountain environment cleaning

In 2020, Walsin Lihwa's mountain climbing club went to Yinggeshi to support a local mountain cleaning event, helped bring downhill the garbage on the footpath along the mountain slope based on individual physical fitness, and gained a first-hand experience of the importance of environmental preservation and protection for forest and mountain sustainability.

Film sharing and lectures

In 2020, Toxic Bees - Nature's Mayday, a documentary on bees and ecology, was shared with at the company's 5 business sites in Taiwan to help employees deeply understand the close tie between bees and our life, an ecological impact resulting from a sudden decrease of bees and why the decrease happened, as well as the damage on human health caused by improper use or overuse of pesticides.

Ecology lectures and DIY

In 2020, Walsin Lihwa provided 10 sessions of hands-on courses on ecology in Taiwan and helped employees understand various edible and medicinal plants. There were also DIY experiences to strengthen employees' understanding of ecology.



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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 and relevant training were implemented as scheduled in 2020.



Deep Local Roots and Communion

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.

Support for local agriculture

On the 2020 Labor Day, Walsin Lihwa's Employee Welfare Committee ordered pineapples from a farmers' association in South Taiwan as Labor Day gifts for employees to let them know how good the quality of agricultural products in South Taiwan is and also help alleviate the COVID-19 impact on pineapple farmers there.

Upon receiving the order from Walsin Lihwa, the farmers' association called on local farmers to pick high-quality pineapples to cut and peel them to make delicious and solid cake filling retaining natural pineapple fibers and meat. High-quality flour and cream free from artificial trans fats were used to make pineapple cake skins. Golden pineapple cakes were made after stirring, cutting, weighing, molding, and baking.

On behalf of local farmers, the farmers' association extended gratitude to Walsin Lihwa and its employees, looking forward to public support for local agriculture by buying more in-season local fruits and local agricultural specialties.



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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:

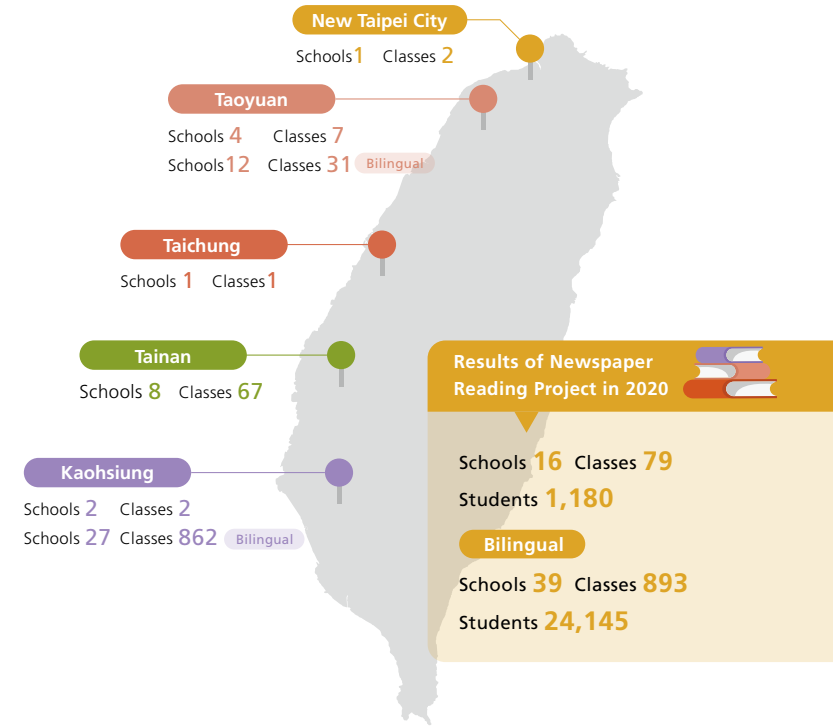
6.4.1 Newspapers and Study Aid at Elementary and Junior High Schools

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.

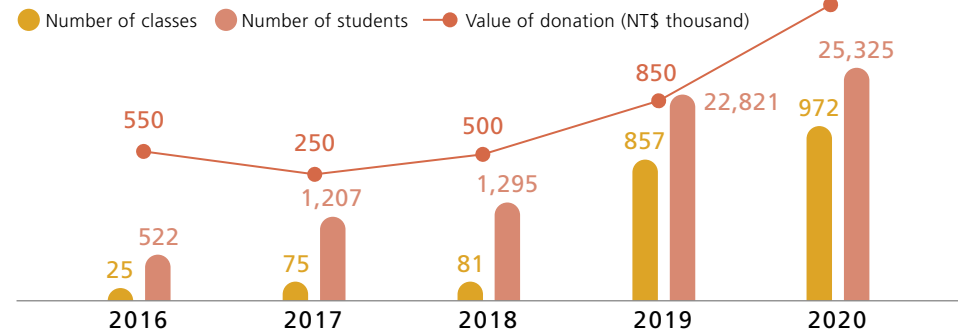
Subscription to Mandarin Daily News was provided to 16 schools including 79 classes, 1,180 students in 2020, when 36 volunteers from Walsin Lihwa went to Yongji Elementary School in New Taipei and Renguang Elementary School in Tainan -- 2 schools in cooperation with Walsin Lihwa for learning facilitated 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 started to work with the PSA Charitable Foundation and Mandarin Daily News' bilingual Youth Journal to provide bilingual newspaper reading at Kaohsiung junior high schools to help strengthen their students' aural and reading comprehension, oral fluency, and writing proficiency as well as interest in reading and what happens around the world. In 2020, the bilingual newspaper reading was provided to 39 schools including their 893 classes and 24,145 students. Walsin Lihwa also continued its donation to schoolwork guidance amounting to NT\$459,000 at 6 elementary schools in Yenshui to help bridge the urban-country divide in education.

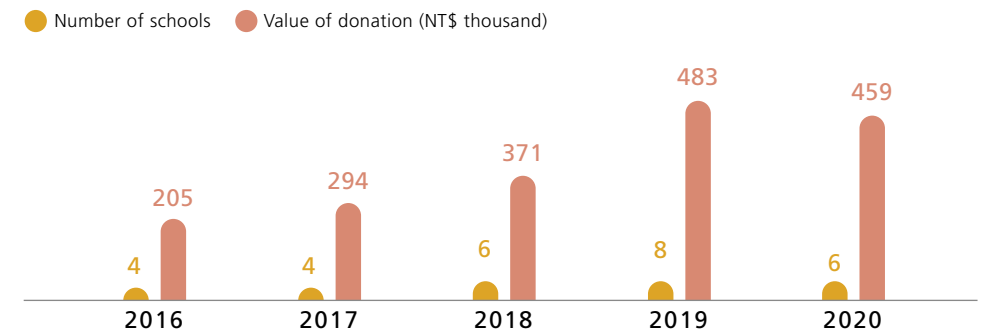
Elementary and junior high schools participating in newspaper reading by area



Results of the Elementary and Junior High School Newspaper Reading Project



Results of the Elementary School Study Aid Project in Yenshui District



Note: Bilingual newspaper reading for junior high schools was started in 2019.

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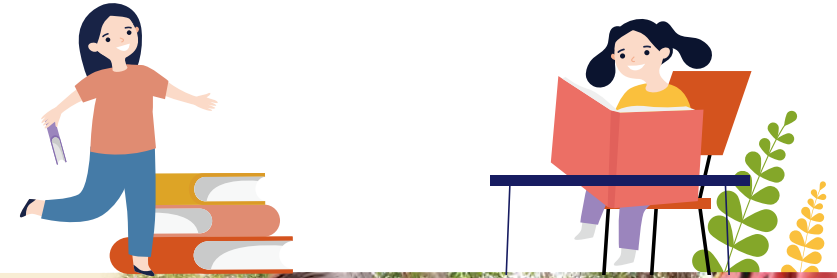
Volunteerism for Assistance in Newspaper Reading

North Taiwan

In September 2020, 21 employee volunteers from the Hsinchuang plant and Taipei head office visited Yongji Elementary School in Yingge District, New Taipei to assist the 2nd graders there in newspaper reading to help make newspaper reading interactively fun and entertaining.



Deep Local Roots and Communion



South Taiwan

In December 2020, 16 employee volunteers from the Yenshui plant visited the local Renguang Elementary School in Tainan to assist 45 students from 1st to 6th grades in newspaper reading in an interactive manner. Established for almost 30 years, the Yenshui plant has strong affinity for Yenshui, treat local children as if they were their own children, and want to help students at the 8 elementary schools there develop a habit of reading to better understand the world by providing newspaper subscription sponsorship to the schools.



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Children Sharing



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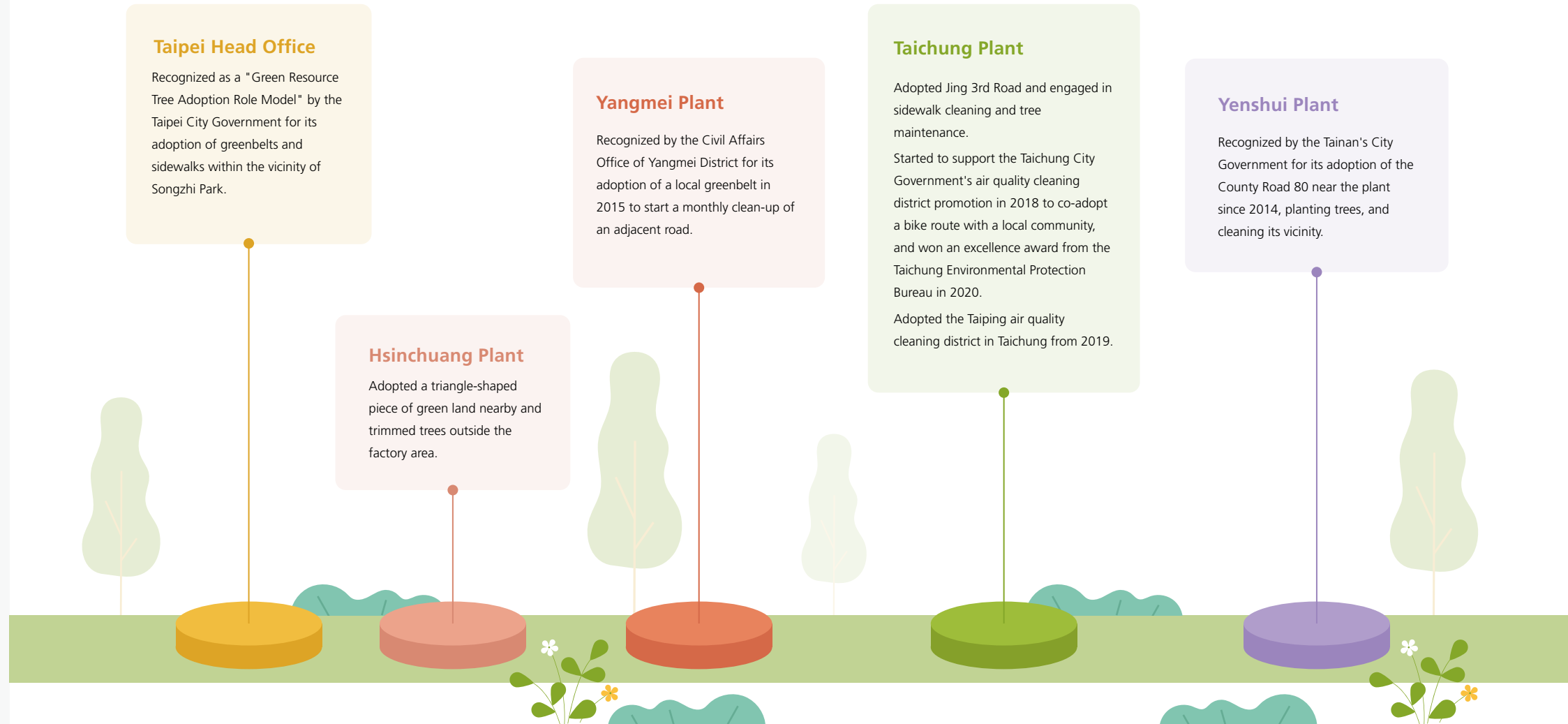
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6.4.2 Making Neighborhoods More Beautiful

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\$818,636 in 2020 on planting, cleaning, maintenance, and beautification of the roads and parks we adopted.



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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 Yenshui District Office's 2020 Yuejin Lantern Festival
- Sponsored the 2020 Taiwan Lantern Festival Yenshui Beehive Firecrackers Folkloric Celebration
- A local temple' Chinese New Year and Lantern Festival events
- Sponsored the Tainan City Yenshui District Office's Yenshui Shopping District Yi Noodles Festival
- A local temple' 30th anniversary celebration



Community Care

- Sponsored New Taipei's Futian Welfare Foundation's Double Ninth Festival event
- A local borough's Mid-Autumn Festival party
- The Taichung Port Export Processing Zone's public interest event
- Sponsored the Tainan Youngster Recreation Promotion Association's winter donation to the underprivileged in 2020
- The Huashan Social Welfare Foundation's regular annual service program and care for elderlies
- Dongyuan Junior High School's basketball team
- The Greater Tainan Development Promotion Association's Chinese New Year feast gathering for local low-income families



Good Relationships with Neighbors

- A local police precinct bureau's Mid-Autumn Festival party
- 2 local volunteer policy associations' Police Day and Mid-Autumn Festival parties
- 2 local police stations' Midyear Festival offering ceremony
- A local police station's AED equipment
- A local police station's Mid-Autumn Festival party
- Vests for a local community patrol team
- Local association, community, and temple events
- Local civil defense, volunteer firefighting, volunteer police units' events
- The Tainan Municipal Sports Federation's hiking outing event for labor health promotion
- A local women's association's annual karaoke contest and promotion of child and female safety
- Yenshui Elementary School's commencement ceremony
- Annei Elementary School's commencement ceremony
- Renguang Elementary School's commencement ceremony
- A local sports association's annual hiking event
- A Paper Windmill Troupe performance to support public interest causes
- The Tainan Municipal Sports Federation's opening ceremony of a local tennis court and an indoor basketball court
- Annei Elementary School's faculty sports event and child-parent sports match
- Renguang Elementary School's character education achievements demonstration and year-end thanksgiving event
- A local community's health lecture and birthday party for elderlies
- Shoulder carry lawnmowers for a local community
- A borough's Dragon Boat Festival event and promotion of dengue fever prevention
- A local community development association's power-saving campaign

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6.5 Corporate Citizenship



Driving Industrial, Economic, Technological and ESG Development

To drive social development, economic cooperation and exchange, and fulfill its CSR, Walsin Lihwa assumes an active role 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, Third Wednesday Club, Cross-Straits Common Market Foundation and the Cross-Strait CEO Summit, and became a member of the Taiwan Center for Corporate Sustainability in 2020 to support the Taiwan Institute for Sustainable Energy promoting the sustainability-related activities, thereby showing the corporate spirit of social inclusion.

Support for Academia Industry Cooperation

The cooperation between Walsin Lihwa and Chung Yuan Christian University, National Chung Hsing University, and National Cheng Kung University covers EMBA programs, endemic plant species conservation and breeding, resource recycling and regeneration, as well as R&D for product innovation and production management to leverage academic research strengths to meet business needs, grow business talents, increase product added values, and strengthen management and service effectiveness.

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. In 2021, advanced treatment to cancer patients is expected to become available at the hospital.

Support for Earth Hour

Aware of climate and ecological abnormalities resulting from global warming, the head office of Walsin Lihwa in Xinyi District, Taipei continued its support for Earth Hour in 2020 by turning off unnecessary

lights and electrical devices for 1 hour. Beginning 20:30 on the last Saturday of March 2020, Walsin Lihwa did so together with other businesses and households in Xinyi District supporting Earth Hour to help promote power management, decrease energy consumption, and call on the public to take substantial action to help resolve global warming and protect Earth.

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 2020 to help promote traditional Chinese operas and help more people appreciate the beauty of such operas.

2020 Sukkot – Festival of Shelters

Supporting art and cultural events, Walsin Lihwa provided the square beside its head office for the 2020 Sukkot-Festival of Shelters. On the square, a glass shelter, an installation artwork by Jewish British artist Leon Fenster was exhibited. On the festival day, there were Israeli song as well as Korean drum and flag dance performances together dancers dressed in kimono and Taiwan aboriginal costume. The cross-cultural and multifaceted event added a further touch of art to Xinyi District.



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102-1	Name of the organization	About the Report	002	
102-2	Activities, brands, products, and services	2.1 About Walsin Lihwa	036	
102-3	Location of headquarters	2.1 About Walsin Lihwa	038	
102-4	Location of operations	2.1 About Walsin Lihwa	038	
102-5	Ownership and legal form	2.1 About Walsin Lihwa	036	
102-6	Markets served	2.1 About Walsin Lihwa	038	
102-7	Scale of the organization	2.1 About Walsin Lihwa	036	
102-8	Information on employees and other workers	4.1 Employee Overview and Talent Management Policy	086	
102-9	Supply chain	2.1 About Walsin Lihwa 3.5 Sustainable Supply Chain	036 081	
102-10	Significant changes to the organization and its supply chain	About the Report 2.1 About Walsin Lihwa 3.5 Sustainable Supply Chain	002 036 081	
102-11	Precautionary Principle or approach	2.4 Business Integrity	054	
102-12	External initiatives			The company did not sign any external initiatives.
102-13	Membership of associations	2.1 About Walsin Lihwa	038	
Strategy				
102-14	Statement from senior decision-maker	Message from Chairman	004	

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102-15	Key impacts, risks, and opportunities	Message from Chairman	004	
		2.4 Business Integrity	054	
		5.1 Environmental and Energy Management Policy	120	
Ethics and integrity				
102-16	Values, principles, standards, and norms of behavior	2.4 Business Integrity	048	
102-17	Mechanisms for advice and concerns about ethics	2.4 Business Integrity	048	
Governance				
102-18	Governance structure	2.2 Governance Framework	041	
102-19	Delegating authority	2.2 Governance Framework	041	
102-20	Executive-level responsibility for economic, environmental, and social topics	Message from Chairman	004	
		2.2 Governance Framework	041	
		5.1 Environmental and Energy Management Policy	118	
102-22	Composition of the highest governance body and its committees	2.2 Governance Framework	041	
Stakeholder engagement				
102-40	List of stakeholder groups	1.1 Stakeholder Engagement	023	
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	023	
102-43	Approach to stakeholder engagement	1.1 Stakeholder Engagement	023	
102-44	Key topics and concerns raised	1.1 Stakeholder Engagement	023	
Reporting practice				
102-45	Entities included in the consolidated financial statements	2.3 Business Performance	047	Please refer to the company's 2020 Annual Report. https://www.walsin.com/walsin/page.do?menuId=183
102-46	Defining report content and topic boundaries	1.2 Material Topic Analysis	028	
102-47	List of material topics	1.2 Material Topic Analysis	028	
		1.3 Disclosure of Management Strategies	029	
102-48	Restatements of information	About the Report	002	None
102-49	Changes in reporting	About the Report	002	
102-50	Reporting period	About the Report	002	

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102-52	Reporting cycle	About the Report	003	
102-53	Contact point for questions regarding the report	About the Report	003	
102-54	Claims of reporting in accordance with the GRI Standards	About the Report	002	
102-55	GRI content index	Appendix 1	156	
102-56	External assurance	About the Report Appendix 4	003 166	
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its Boundary	1.3 Disclosure of Management Strategies	029	
103-2	The management approach and its components	1.3 Disclosure of Management Strategies	029	
103-3	Evaluation of the management approach	1.3 Disclosure of Management Strategies	029	
Economic				
GRI 201: ECONOMIC PERFORMANCE 2016				
201-1	Direct economic value generated and distributed	2.3 Business Performance	047	Please see the annual report and financial statements for complete financial information. https://www.walsin.com/walsin/page.do?menuId=183
201-2	Financial implications and other risks and opportunities due to climate change	5.2 Climate Change and Energy Management	120	
201-3	Defined benefit plan obligations and other retirement plans	4.4 Employee Care and Communication	113	
GRI 202: MARKET PRESENCE 2016				
202-2	Proportion of senior management hired from the local community	4.1 Employee Overview and Talent Management Policy	087	
GRI 204: PROCUREMENT PRACTICES 2016				
204-1	Proportion of spending on local suppliers	3.5 Sustainable Supply Chain	081	
GRI 205: ANTI-CORRUPTION 2016				
205-2	Communication and training about anti-corruption policies and procedures	2.4 Business Integrity	052	
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices			None

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Environmental				
GRI 301: MATERIALS 2016				
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301-2	Recycled input materials used	3.2 Green Operation	067	
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GRI 302: ENERGY 2016				
302-1	Energy consumption within the organization	5.2 Climate Change and Energy Management	124	
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302-4	Reduction of energy consumption	5.2 Climate Change and Energy Management	126	
GRI 303: WATER AND EFFLUENTS 2018				
303-1	Interactions with water as a shared resource	5.3 Resources Recycling and Pollution Prevention	132	
303-2	Management of water discharge-related impacts	5.3 Resources Recycling and Pollution Prevention	135	
303-3	Water withdrawal	5.3 Resources Recycling and Pollution Prevention	132	
303-5	Water consumption	5.3 Resources Recycling and Pollution Prevention	132	
GRI 305: EMISSIONS 2016				
305-1	Direct (Scope 1) GHG emissions	5.2 Climate Change and Energy Management	130	
305-2	Energy indirect (Scope 2) GHG emissions	5.2 Climate Change and Energy Management	130	
305-4	GHG emissions intensity	5.2 Climate Change and Energy Management	130	
305-5	Reduction of GHG emissions	5.2 Climate Change and Energy Management	127	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	5.3 Resources Recycling and Pollution Prevention	131	
GRI 306: EFFLUENTS AND WASTE 2016				
306-1	Water discharge by quality and destination	5.3 Resources Recycling and Pollution Prevention	135	
306-2	Waste by type and disposal method	5.3 Resources Recycling and Pollution Prevention	137	

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GRI Standards	Information Disclosed	Corresponding chapter	Page	Remarks
GRI 307: ENVIRONMENTAL COMPLIANCE 2016				
307-1	Non-compliance with environmental laws and regulations	5.3 Resources Recycling and Pollution Prevention	141	
Social				
GRI 401: EMPLOYMENT 2016				
401-1	New employee hires and employee turnover	4.1 Employee Overview and Talent Management Policy	086	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.4 Employee Care and Communication	109	
401-3	Parental leave	4.4 Employee Care and Communication	110	
GRI 402: LABOR/MANAGEMENT RELATIONS 2016				
402-1	Minimum notice periods regarding operational changes	4.4 Employee Care and Communication	108	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018				
403-1	Occupational health and safety management system	4.3 Workplace Health and Safety	094	
403-2	Hazard identification, risk assessment, and incident investigation	4.3 Workplace Health and Safety	098	
403-3	Occupational health services	4.3 Workplace Health and Safety	105	
403-4	Worker participation, consultation, and communication on occupational health and safety	4.3 Workplace Health and Safety	098	
403-5	Worker training on occupational health and safety	4.3 Workplace Health and Safety	100	
403-6	Promotion of worker health	4.3 Workplace Health and Safety	105	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.3 Workplace Health and Safety	104	
403-9	Work-related injuries	4.3 Workplace Health and Safety	101	
403-10	Work-related ill health	4.3 Workplace Health and Safety	101	
GRI 404: TRAINING AND EDUCATION 2016				
404-1	Average hours of training per year per employee	4.2 Growth for All Employees and Talent Transformation	092	
404-2	Programs for upgrading employee skills and transition assistance programs	4.2 Growth for All Employees and Talent Transformation	093	

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GRI Standards	Information Disclosed	Corresponding chapter	Page	Remarks
404-3	Percentage of employees receiving regular performance and career development reviews	4.2 Growth for All Employees and Talent Transformation	092	1. All employees are periodically evaluated. 2. The company has yet to develop a transition assistance program for its employees whose careers end due to retirement or termination of employee-employer relations.
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016				
405-1	Diversity of governance bodies and employees	2.2 Governance Framework 4.1 Employee Overview and Talent Management Policy	042 086	
405-2	Ratio of basic salary and remuneration of women to men	4.1 Employee Overview and Talent Management Policy	091	
GRI 406: NON-DISCRIMINATION 2016				
406-1	Incidents of discrimination and corrective actions taken			None
GRI 408: CHILD LABOR 2016				
408-1	Operations and suppliers at significant risk for incidents of child labor	3.5 Sustainable Supply Chain 4.1 Employee Overview and Talent Management Policy	090 081	
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			None
GRI 419: SOCIOECONOMIC COMPLIANCE 2016				
419-1	Non-compliance with laws and regulations in the social and economic area	2.4 Business Integrity 4.3 Workplace Health and Safety	049 103	
G4 Construction and Real Estate Sector Disclosures				
CRE1	Building Energy Intensity	5.2 Climate Change and Energy Management	125	

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Appendix 2 Sustainability Accounting Standards Board (SASB) Index

ELECTRICAL & ELECTRONIC EQUIPMENT

Sustainability Disclosure Topics & Accounting Metrics

Topic	Code	Accounting Metrics	Data/Corresponding chapter	
Energy Management	RT-EE-130a.1	(1) Total energy consumed	8,351,399.95x10 ⁹ joule	
		(2) Percentage grid electricity	100.00%	
		(3) Percentage renewable	0.00%	
Hazardous Waste Management	RT-EE-150a.1	Amount of hazardous waste generated	66,935.75 Metric tons	
		Percentage of hazardous waste recycled	96.14%	
		Number of reportable spills	0	
		RT-EE-150a.2	Aggregate quantity of reportable spills	0kg
Product Safety	RT-EE-250a.1	Aggregate quantity of reportable spills recovered	0kg	
		RT-EE-250a.2	Numbers of recalls issued	0
			Total units recalled	0
Product Lifecycle Management	RT-EE-250a.2	Total amount of monetary losses as a result of legal proceedings associated with product safety	NT\$0	
		RT-EE-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	2.73%
		RT-EE-410a.2	Percentage of eligible products, by revenue, that meet ENERGY STAR® criteria	N/A
Materials Sourcing	RT-EE-410a.3	Revenue from renewable energy-related and energy efficiency-related products	NT\$334,240,562	
		RT-EE-440a.1	Description of the management of risks associated with the use of critical materials	2.4.3 Risk Management
			RT-EE-510a.1	Description of policies and practices for prevention of: (1) corruption and bribery
Business Ethics	RT-EE-510a.1	Description of policies and practices for prevention of: (2) anti-competitive behavior	2.4 Business Integrity	
		RT-EE-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	NT\$0
			RT-EE-510a.3	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations

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Activity Metrics

Code	Activity Metric	Data/Corresponding chapter
RT-EE-000.A	Number of units produced by product category	Copper-making 179,540 Metric tons Wire & Cable 37,176 Metric tons Stainless Steel-making 494,001 Metric tons
RT-EE-000.B	Number of employees	5,230 persons

IRON & STEEL PRODUCERS

Sustainability Disclosure Topics & Accounting Metrics

Topic	Code	Accounting Metrics	Data/Corresponding chapter	
Greenhouse Gas Emissions	EM-IS-110a.1	Gross global Scope 1 emissions covered under emissions-limiting regulations	190,316.90 MtCO ₂ e	
		Percentage covered under emissions-limiting regulations	0.00%	
Air Emissions	EM-IS-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	5.2.2 Energy Saving and Carbon Reduction Management	
		Air emissions of: (1) CO	0 Metric tons	
		Air emissions of: (2) NOx (excluding N ₂ O)	106.69 Metric tons	
		Air emissions of: (3) SOx	12.10 Metric tons	
		Air emissions of: (4) particulate matter (PM10)	91.96 Metric tons	
		Air emissions of: (5) manganese (MnO)	0 Metric tons	
		Air emissions of: (6) lead (Pb)	0 Metric tons	
		Air emissions of: (7) volatile organic compounds (VOCs)	114.03 Metric tons	
		Air emissions of: (8) polycyclic aromatic hydrocarbons (PAHs)	0 Metric tons	
		Energy Management	EM-IS-130a.1	(1) Total energy consumed
(2) Percentage grid electricity	100.00%			
(3) Percentage renewable	0.00%			
EM-IS-130a.2	(1) Total fuel consumed			2,519,824.88x10 ⁹ joule
	(2) Percentage coal			2.05%
	(3) Percentage natural gas			97.95%

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Topic	Code	Accounting Metrics	Data/Corresponding chapter
Energy Management	EM-IS-130a.2	(4) Percentage renewable	0.00%
		(1) Total fresh water withdrawn	1,686.02x10 ³ m ³
Water Management	EM-IS-140a.1	(2) Percentage recycled	89.78%
		(3) Percentage in regions with High or Extremely High Baseline Water Stress	12.09%
		Amount of waste generated	245,618.72 Metric tons
Waste Management	EM-IS-150a.1	Percentage hazardous	27.25%
		Percentage recycled	98.20%
		(1) Total recordable incident rate (TRIR) for (a) full-time employees	0.66
Workforce Health & Safety	EM-IS-320a.1	(1) Total recordable incident rate (TRIR) for (b) contract employees	0.39
		(2) Fatality rate for (a) full-time employees	0.02
		(2) Fatality rate for (b) contract employees	0
		(3) Near miss frequency rate (NMFR) for (a) full-time employees	2.08
		(3) Near miss frequency rate (NMFR) for (b) contract employees	0
		Supply Chain Management	EM-IS-430a.1

Activity Metrics

Code	Activity Metric	Data/Corresponding chapter
RT-EE-000.A	Raw steel production from: (1) basic oxygen furnace processes	N/A
	Percentage from: (1) basic oxygen furnace processes	N/A
	Raw steel production from: (2) electric arc furnace processes	494,001 Metric tons
	Percentage from: (2) electric arc furnace processes	100.00%
EM-IS-000.B	Total iron ore production	N/A
EM-IS-000.C	Total coking coal production	N/A

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Appendix 3 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	054	
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	4.1.2 Human Resources Policy	091	
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	054 120	

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Appendix 4 Independent Auditor's Limited Assurance Report



勤業眾信

勤業眾信聯合會計師事務所
11073 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 11073, Taiwan

Tel: +886 (2) 2725-9988
Fax: +886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

The Board of Directors and Stockholders
Walsin Lihwa Co., Ltd.

We have performed a limited assurance engagement on the selected subject matter information (see Appendix A) in the Corporate Social Responsibility Report ("the Report") of Walsin Lihwa Co., Ltd. ("the Company") for the year ended December 31, 2020.

Responsibilities of Management for the Report

Management is responsible for the preparation of the Report in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies and GRI Standards and Sector Guidance published by the Global Reporting Initiatives (GRI) and other applicable rules according to its sector features, and for such internal control as management determines is necessary to enable the preparation of the Report that are free from material misstatement.

Auditors' Responsibilities for the Limited Assurance Engagement Performed on the Report

We conducted our work on the selected subject matter information (see Appendix A) in the Report in accordance with the International Standard on Assurance Engagements 3000 (revised) (ISAE 3000 (revised)) to issue a limited assurance report on the preparation, in all material respects, of the Report. The nature, timing and extent of procedures performed in a limited assurance engagement are different from and more limited than a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We applied professional judgment in the planning and conduct of our work to obtain evidence supporting the limited assurance. Because of the inherent limitations of any internal control, there is an unavoidable risk that even some material misstatements may remain undetected. The procedures we performed include, but not limited to:

- Obtaining and reading the Report.
- Inquiring management and personnel involved in the preparation of the Report to understand the policies and procedures for the preparation of the Report.
- Inquiring the personnel responsible for the preparation of the Report to understand the process, controls, and information systems in the preparation of the selected subject matter information.
- Analyzing and examining, on a test basis, the documents and records supporting the selected subject matter information.

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Inherent Limitations

The subject information included non-financial information, which was under inherent limitations than financial information. The information may involve significant judgment, assumptions and interpretations by the management, and the different stakeholders may have different interpretations of such information.

Independence and Quality Controls

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which contains integrity, objectivity, professional competence and due care, confidentiality and professional behavior as the fundamental principles. In addition, the firm applies Statement of Auditing Standard No. 46 "Quality Control for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China and, accordingly, maintains a comprehensive system of quality controls, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the selected subject matter information in the Report are, in all material respects, not prepared in accordance with the above mentioned reporting criteria.

Other Matters

We shall not be responsible for conducting any further assurance work for any change of the subject matter information or the criteria applied after the issuance date of the Report.



Deloitte & Touche
Taipei, Taiwan
Republic of China

May 14, 2021

Notice to Readers

For the convenience of readers, the independent auditors' limited assurance report and the accompanying summary of selected subject matter information have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' limited assurance report and summary of selected subject matter information shall prevail.

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Appendix A Summary of Selected Subject Matter Information

#	Rules/Standards	Descriptions of Indicators	Corresponding Sections	Applicable Criteria
1	GRI 204-1:2016	Proportion of spending on local suppliers	3.5 Sustainable Supply Chain	Proportion of spending on critical local suppliers of the Yangmei and Hsinchuang sites.
2	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 for governing body members, employees and business partners.
3	GRI 205-3 :2016	Confirmed incidents of corruption and actions taken	2.4 Business Integrity	The number of confirmed incidents of corruption and actions taken.
4	GRI 302-4: 2016	Reduction of energy consumption	5.2 Climate Change and Energy Management	The energy consumption reduced through the energy saving and efficiency improvement action plans of the Yantai, Yangmei and Hsinchuang sites.
5	GRI 303-3: 2018	Water withdrawal	5.3 Resource Recycling and Pollution Prevention	The total water withdrawal by source of the Yantai, Yangmei and Hsinchuang sites.
6	GRI 305-5: 2016	Reduction of GHG emissions	5.2 Climate Change and Energy Management	The greenhouse gas emissions reduced through the emissions reduction action plans of the Yantai, Yangmei and Hsinchuang sites.
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 of the Yantai, Yangmei and Hsinchuang sites.
8	GRI 401-1 :2016	New employee hires and employee turnover	4.1 Employee Overview and Talent Management Policy	The number and percentage of new employee hires and employee turnover classified by age, gender, and region in Taiwan and Mainland China regions.
9	GRI 403-9 :2018	Work-related injuries	4.3 Workplace Health and Safety	The number and rate of high-consequence work-related injuries and recordable work-related injuries, main types of work-related injury, number of hours worked, and the work-related hazards that pose a risk of high-consequence injury of the Yangmei and Hsinchuang sites.
10	GRI 404-1 :2016	Average hours of training per year per employee	4.2 Growth for All Employees and Talent Transformation	The average hours of training per year per employee by gender and position in Taiwan and Mainland China regions.
11	GRI 419-1 :2016	Non-compliance with laws and regulations in the social and economic area	2.4 Business Integrity 4.1 Employee Overview and Talent Management Policy 4.3 Workplace Health and Safety	The numbers and severe fines for non-compliance with relevant laws and regulations in the social and economic area of the Yantai, Yangmei and Hsinchuang sites.
12	RT-EE-150a.1	Amount of hazardous waste generated, percentage recycled.	Appendix 2 Sustainability Accounting Standards Board (SASB) Index	The amount of hazardous waste generated and percentage recycled of the Yangmei and Hsinchuang sites.
13	RT-EE-250a.1	Number of recalls issued, total units recalled	Appendix 2 Sustainability Accounting Standards Board (SASB) Index	The number of recalls issued by the Hsinchuang site.
14	RT-EE-250a.2	Total amount of monetary losses as a result of legal proceedings associated with product safety	Appendix 2 Sustainability Accounting Standards Board (SASB) Index	The total amount of monetary losses as a result of legal proceedings associated with product safety of the Hsinchuang site.
15	RT-EE-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Appendix 2 Sustainability Accounting Standards Board (SASB) Index	The total amount of monetary losses as a result of legal proceedings associated with bribery or corruption of the organization.
16	Designated indicator 1	The number of participants of health promotion activities	4.3 Workplace Health and Safety	The numbers of health promotion events held, participants of the health promotion events, and the number of employees provided with health examination (including general examination and examination for those working night shifts for a long period of time) and health management service in Taiwan.
17	Designated indicator 2	Results of customer satisfaction survey	3.4 Mutually Beneficial Value Creation	The results of customer satisfaction survey of the Yantai, Yangmei and Hsinchuang sites.
18	Designated indicator 3	The use of recycled products and packaging materials	3.2 Green Operation	The weight ratio of recycled packaging materials used in the Yangmei and Hsinchuang sites.
19	Designated indicator 4	The ratio of reusable materials used	3.2 Green Operation	The ratio of reusable materials (copper) used to the total raw materials used in the Yangmei and Hsinchuang sites.
20	Designated indicator 5	The percentage of suppliers responded to the Corporate Social Responsibility (CSR) Sustainability Self-Assessment Form	3.5 Sustainable Supply Chain	The percentage of key suppliers responded to the CSR sustainability self-assessment Form and the signing rate of Supplier Management Commitment to Social Responsibility of Yangmei and Hsinchuang sites.



www.walsin.com

886-2-8726-2211

25F, No.1, Songzhi Rd., Taipei 11047, Taiwan