



# 2021 Sustainability Report







# 2021 Sustainability Report





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About the Report

Walsin Lihwa Corporation (hereafter referred to as Walsin Lihwa or the Company) started to issue its annual sustainability report in 2014 according to 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, 2021 and lasted through December 31, 2021.

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:

Region	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	<ul style="list-style-type: none"><li>Dongguan Walsin Wire &amp; Cable Ltd. (hereinafter referred to as "Dongguan Walsin" )</li><li>Jiangyin Walsin Steel Cable Co., Ltd. (hereinafter referred to as "Jiangyin Walsin (Steel Cable)" )</li><li>Shanghai Walsin Lihwa Power Wire &amp; Cable Co., Ltd. (hereinafter referred to as "Shanghai Walsin")</li></ul>	<ul style="list-style-type: none"><li>Yantai Walsin Stainless Steel Co., Ltd. (hereinafter referred to as "Yantai Walsin" )</li><li>Changshu Walsin Specialty Steel Co., Ltd. (hereinafter referred to as "Changshu Walsin" )</li><li>Jiangyin Walsin Specialty Alloy Materials Co., Ltd. (hereinafter referred to as "Jiangyin Walsin (Specialty Alloy Materials )" )</li></ul>	<ul style="list-style-type: none"><li>Walsin (Nanjing) Development Co., Ltd. (hereinafter referred to as "Nanjing Walsin (Real Estate)" )</li><li>Nanjing Walsin Property Management Co., Ltd. (hereinafter referred to as "Nanjing Walsin (Property Mgmt.)" )</li></ul>	<ul style="list-style-type: none"><li>Walsin China Investment Co., Ltd. (hereinafter referred to as "Walsin China Investment" )</li></ul>
Malaysia				<ul style="list-style-type: none"><li>Walsin Precision Technology Sdn. Bhd. (hereinafter referred to as " Walsin Precision" )</li></ul>

Note: 1. The 2014 – 2020 annual reports are referred to as corporate social responsibility reports.

2. 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 GRI Standards <sup>Note1</sup>, the Rules Governing the Preparation and Filing of Sustainability 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, ISO 14064-1, ISO 45001 and ISO 50001 <sup>Note2</sup>.

### External Assurance

The Chinese version of this report was externally reviewed by Deloitte & Touche in accordance with the Statements of Assurance Engagements Standards No. 1 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” and a Limited Assurance Report was obtained, and meets the GRI Standards, SASB standards, and Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Companies.

## Date of Publication and Period

The Company releases its sustainability 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 2021

Current issue: Published in May 2022

Previous reports: <https://esg.walsin.com/en/report-download>

## Contacts

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

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E-mail: [csr@walsin.com](mailto:csr@walsin.com)

Company website: [www.walsin.com](http://www.walsin.com)

Note: 1. Such reports are compiled according to the Global Reporting Initiative (GRI) Universal Standards 2021 instead of the core or comprehensive options of the previous GRI Standards.

2. Plants that have obtained third party certification

ISO 14001 Environment Management: Individual plants in Taiwan and Mainland China

ISO 14064-1 Green House Gas Inventory: Individual plants in Taiwan

ISO 45001 Occupational Health and Safety Management: Individual plants in Taiwan and Mainland China

ISO 50001 Energy Management: Individual plants in Taiwan and Mainland China as well as Shanghai Walsin and Yantai Walsin



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## Message from Chairman

Dear Friends,

Businesses around the world now face unprecedented challenges incurred by the ongoing impact from the coronavirus pandemic, Russia-Ukraine war crisis, global inflation and rate hike cycle, supply chain breakdowns, shortages of coal and electricity, as well as emerging risks associated with climate change and carbon reduction issues. Despite such challenges, Walsin Lihwa shall move steadfastly forward by proactively strengthening corporate governance, leveraging new technologies, pursuing intelligentization of manufacturing processes, establishing business presence in green energy industries, and strengthening supply chain integration to carry out sustainability in day-to-day operation to rapidly adapt to changes.

Believing environmental, social, and governance (ESG) are necessary for business sustainability, Walsin Lihwa regularly and proactively reviews its ESG practices and complies ESG reports to continue strengthening sustainability by effectively identifying and addressing operational risks. Walsin Lihwa keeps pace with international trends to make ESG disclosure by referring to the Corporate Governance 3.0 - Sustainable Development Roadmap and in compliance with what is required by the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board. In 2021, Walsin Lihwa took the initiative to have the new Universal Standards of the Global Reporting Initiative implemented to enable a comprehensive sustainability review and strengthen the momentum for ongoing growth.

### Effectively Strengthened Corporate Governance for Risk Control and Management

The board of directors of Walsin Lihwa, the highest governance body of sustainability at the company, consists of professionals with different backgrounds to help carry out sustainability through the company's individual promotion centers. In 2021, Walsin Lihwa established its Nomination Committee to set up the criteria for election and appointment of the board of directors and managerial officers as well as nomination of the candidates for the aforementioned positions. The Nomination Committee also implements external evaluations of board performance as a reference for ongoing improvement of board functions and strengthening management mechanisms. For five consecutive years, Walsin Lihwa has ranked among the top 5% in the Corporate Governance Assessment conducted by the Corporate Governance Center of the Taiwan Stock Exchange and the top fifty of Taiwan Corporate Sustainability Award winners. Moreover, Walsin Lihwa has been twice selected as a constituent stock of the the FTSE4Good TIP Taiwan ESG Index and the Taiwan EMP 99 Index, and has a long-term credit rating at twA- assigned by Taiwan Ratings. Walsin Lihwa's achievements in sustainability are widely recognized.

To cope with extreme climate risks, Walsin Lihwa continues improving its climate-related financial disclosures pursuant to the TCFD framework and engages in roll wave planning for identification of climate change opportunities and risks.



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Moreover, to expedite product upgrades and innovations as well as intelligitization of manufacturing processes, revalidation by the Taiwan Intellectual Property Management System was sought in 2021 and the system implemented was at the Hsinchuang plant to further perfect the risk control related to intellectual property management. Supply chain management-wise, Walsin Lihwa promoted sustainability at supplier conferences, arranged sustainability assessment survey, and conducted onsite inspections of supplies to help strengthen supply chain resilience and exert positive influence on supplier partners to strengthen sustainable competitiveness together with them.

### Energy Saving and Carbon Reduction Initiatives for Circular Economy Development

To help strengthen environmental sustainability, Walsin Lihwa always considers environmental protection, energy saving and carbon reduction, as well as resource reuse its top priorities. Therefore, all the emission intensities at Walsin Lihwa are considerably lower than statutory limits and the constant decrease in air pollution intensities at the Taiwan and overseas plants is obvious as a result of their initiatives for air pollution control engineering. In November 2021, all the four plants in Taiwan passed ISO 14064-1 validation and completed their carbon inventory system implementation to timely meet the future needs in carbon management.

To realize circular economy, Walsin Lihwa promotes waste reduction at source as well as recycling and reuse to help mitigate environmental impacts. In 2021, Waltuo Green Resources Corporation was established to commence academia, government, and industry cooperation for waste reclamation, dedicate to value-added manufacturing and R&D for innovation of recycled materials, and establish a resource recovery industry chain. In terms of green manufacture process development, emission reduction is successful by product development and manufacture process optimization as well as equipment energy saving, while green product and material development is steadfastly pursued to expedite the development of low-carbon circular economy and new energies.

### Enhancement of Organizational Momentum and Timely Local Care

Committed to development of a fair, friendly, and reasonable work environment, Walsin Lihwa held its corporate annual convention and a series of employee events in 2021 to celebrate its 55th anniversary while strengthening the consensus on company development directions and employee cohesiveness. In response to the strategic transformation of

Walsin Lihwa, various core competency projects are promoted step by step to employees and proposals for innovation are encouraged at different levels of the company to help develop systematic thinking skills and strengthen the knowledge and ability of intelligent technologies. There is also an employee intranet platform to facilitate team cooperation, strengthen learning communities, and establish learning together playgroups. Under the coronavirus pandemic, Walsin Lihwa is even more attentive to employees' mental and physical wellbeing and provides employees a variety of healthcare assistance including sports center, medical consultation hotline, and blind massage kiosk.

The four pillars of corporate social responsibility fulfillment at Walsin Lihwa are corporate citizenship, care for the underprivileged, environmental protection, and community outreach. In 2021 when confirmed coronavirus cases were surging, Walsin Lihwa promptly financed Lo Sheng Sanatorium and Hospital of the Ministry of Health and Welfare to acquire medical instruments and equipment as well as various anti-pandemic medical supplies to support frontline medical workers. Individual Walsin Lihwa plants also purchase agricultural products in large quantity from small farms to help them make it through the pandemic. Supporting environmental and ecological preservation as well as organic agriculture, Walsin Lihwa also commenced cooperation with Taiwankiwi in 2021 by subscribing to the Taiwan indigenous organic kiwifruits grown by contract farming in an area of 2,644 square meters at this local kiwifruit farm to together shoulder climate change risks with the farm and support environmentally friendly farming.

Facing up to incessant challenges, Walsin Lihwa shall continue leveraging advanced technologies to strengthen productivity and production line efficiency of its core businesses, further improving product applications and competencies for manufacturing service industry and developing the products and services relevant to future trends as an effort to keep pace with post-pandemic economic and industry development trends. Walsin Lihwa is fully aware that today's businesses shall go far beyond profit orientation and creation of value for shareholders to become visionary enough to deliver corporate support for social communion and live up to stakeholders' expectations while pursuing ongoing growth to achieve greater social value.



Chairman, Yu-Lon Chiao



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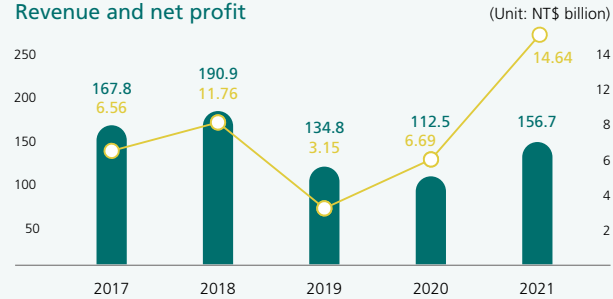
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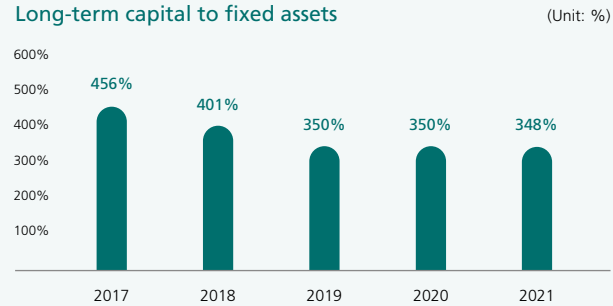
### Economic

#### Revenue and net profit

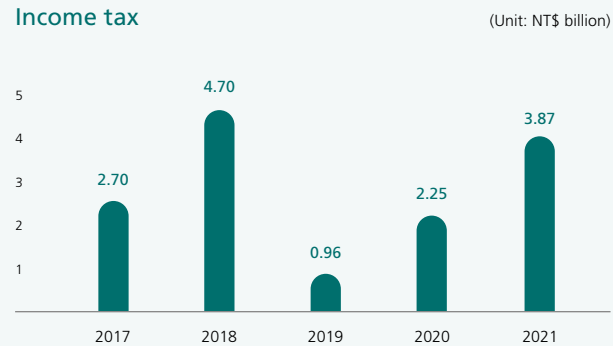


Note: The revenues of Nanjing Walsin Metal Co., Ltd. are not recognized because of the divestment of the company in May 2019

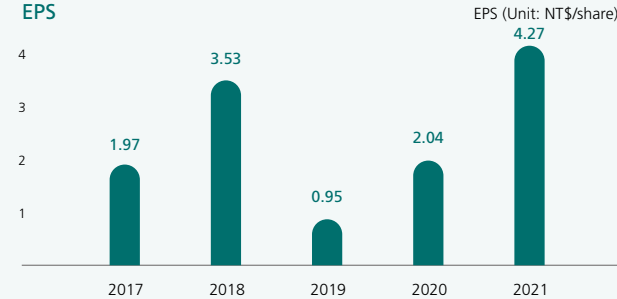
#### Long-term capital to fixed assets



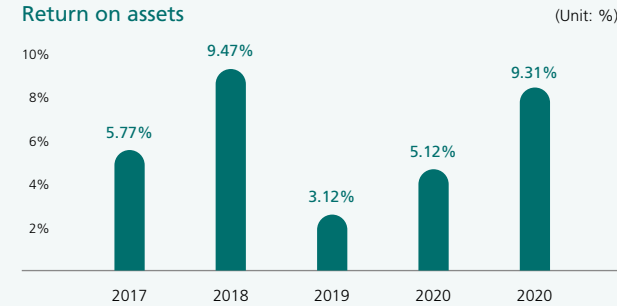
#### Income tax



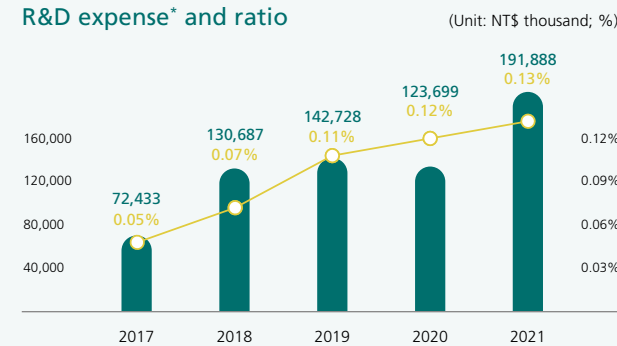
#### EPS



#### Return on assets

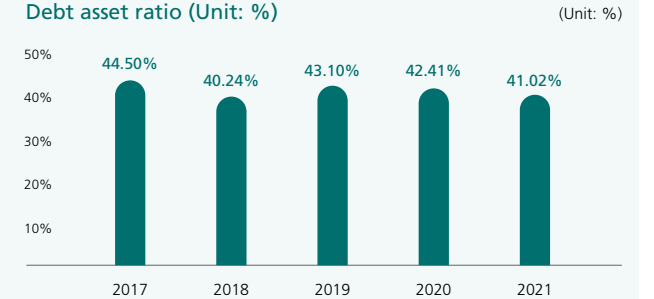


#### R&D expense\* and ratio

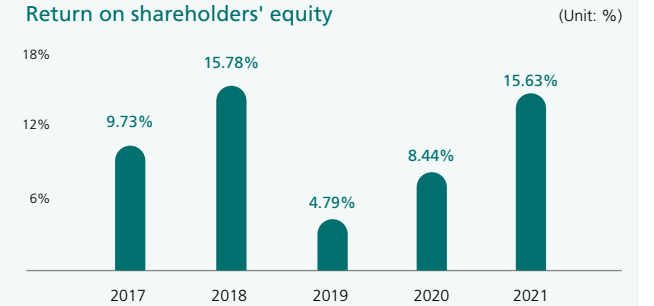


Note: Expenses = Operating cost + Operating expenses

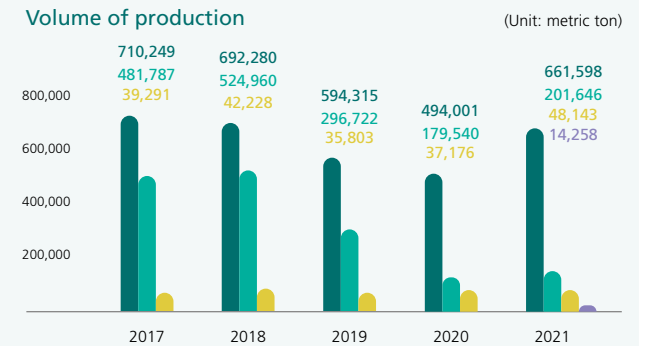
#### Debt asset ratio (Unit: %)



#### Return on shareholders' equity



#### Volume of production



Note: Inclusion of the production of nickel pig iron beginning 2021

■ Steel-making ■ Copper-making ■ Wire & Cable ■ Nickel Pig Iron (Nickel base)



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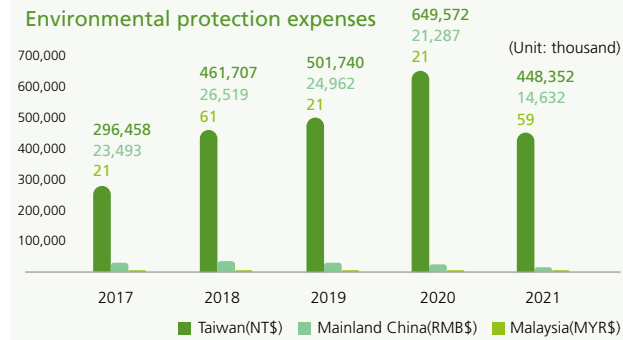
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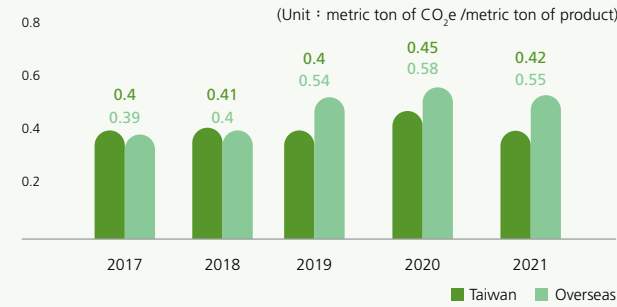
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## Environmental

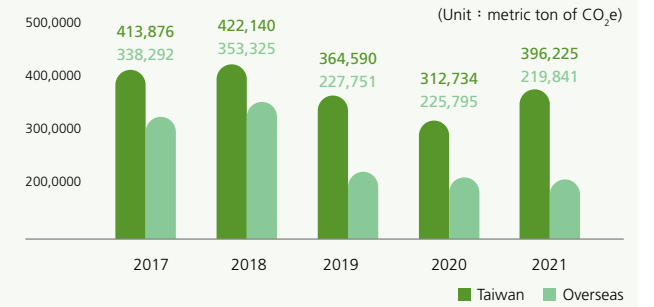
### Environmental protection expenses



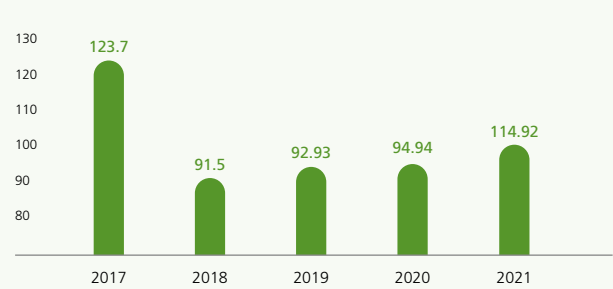
### Intensity of greenhouse gas (GHG) emissions



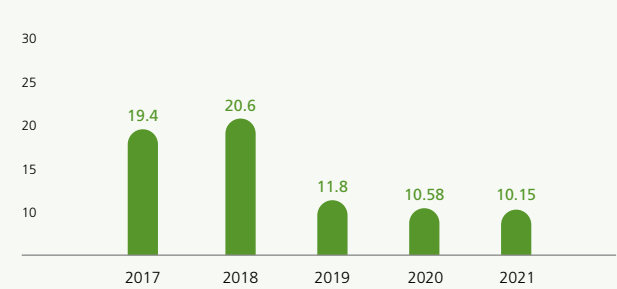
### GHG emissions (Scope 1, Scope 2)



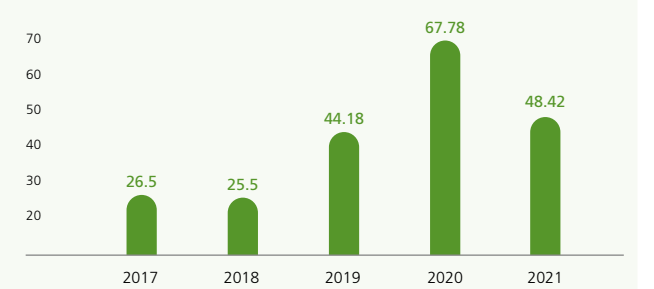
### Nitrogen oxide emissions (Taiwan)



### Sulfur oxide emissions (Taiwan)



### Particulate pollutant emissions (Taiwan)

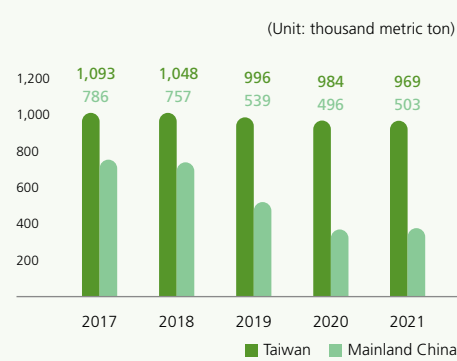


Note: An amendment in 2019 requires inclusion of estimated fugitive slag emissions.

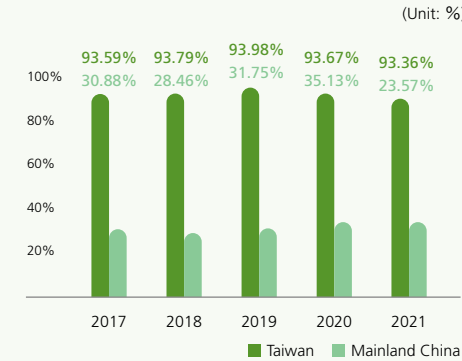
### Energy consumption per unit of product



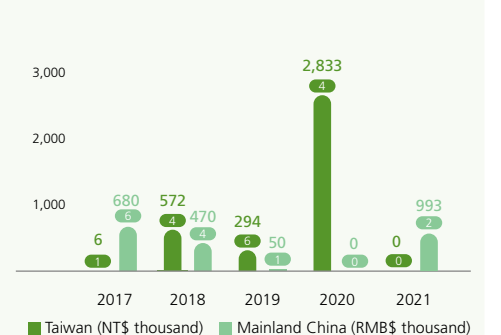
### Purchased water withdrawal



### Process water recycling rate



### Number and amount of environmental protection related fines





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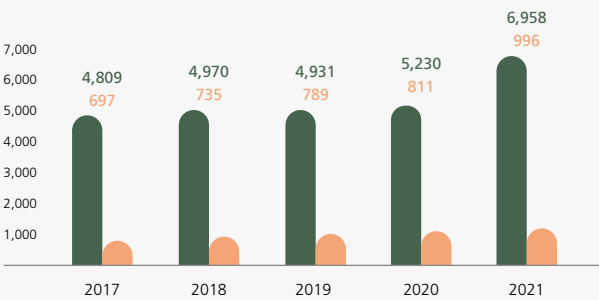
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Social

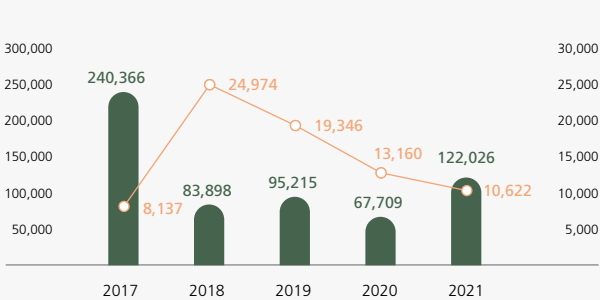
Number of employees



Note: Inclusion of the employee headcounts of PT. Walsin Lippo Industries and Walsin Nickel Industries Indonesia beginning 2020 and 2021 respectively

■ Total employees ■ Number of female employees

Total employee training hours and expense

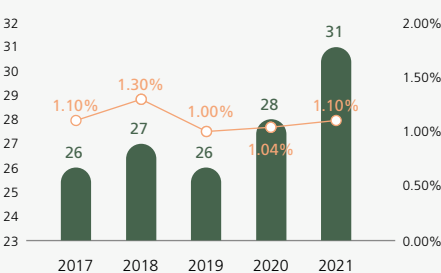


■ Number of hours — NT\$ thousand

Employee salary and benefits expenses

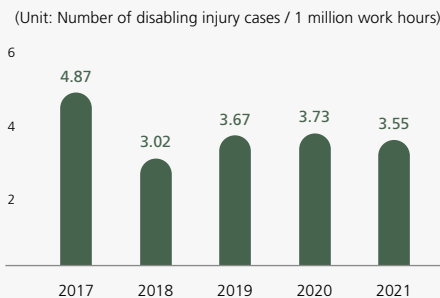


Employment of the mentally or physically handicapped

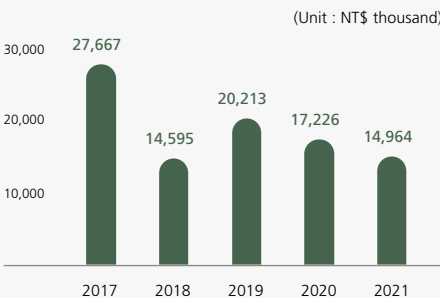


■ Number of mentally or physically handicapped employees  
— Percentage of mentally or physically handicapped employees

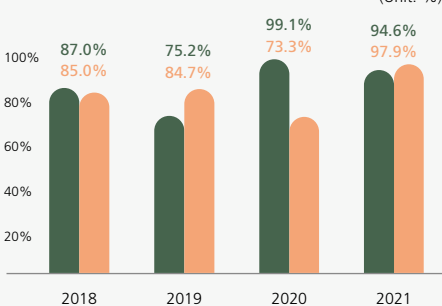
Frequency of disabling injuries



Social engagement and charity expenses



Percentage of suppliers that signed the Letter of Commitment to CSR



■ Key Supplier ■ New Supplier

Awards





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## Progress Towards Sustainability

Material Topics

### Corporate Vision

“

The pursuit of continuous growth by leveraging industry 4.0 advantages; commitment to environmental protection, energy efficiency, R&D and innovation; and devotion towards manufacturing as a service to become the most reliable and trustworthy business partner to our 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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Sustainability Strategy and Implementation Guidelines

Implementation Centers	Sustainability strategy	Implementation Guidelines	Mid- and Long-Term Goals Achieved	SDGs
Business Integrity	Uphold the corporate culture of business integrity to continue improving corporate governance and strengthening stakeholder's trust in Walsin Lihwa	<ul style="list-style-type: none"><li>Promote legal compliance and provide education and training on business integrity as well as compliance requirements</li><li>Improve and perfect business integrity-related regulations and systems</li><li>Implement business integrity and establish anti-bribery management mechanisms</li><li>Identify the risks associated with business integrity violations at individual plant sites to accordingly develop preventive measures</li><li>Amend related regulations to ensure legal compliance</li></ul>	<ul style="list-style-type: none"><li>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</li><li>Implemented risks assessment and management effectively to ensure legal compliance and strengthen business integrity</li></ul>	
	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	<ul style="list-style-type: none"><li>Continued worker counselling and communication to strengthen workplace safety culture development</li><li>Pursued Vision Zero in conjunction with intelligent management of safety</li></ul>	
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	Increase resource use efficiency and recycling for a circular economy	<ul style="list-style-type: none"><li>Kept pace with international environmental, health, and safety sustainability indices to create shared social value by better fulfillment of corporate social and health responsibilities</li><li>Implemented intellectual environmental, health, and safety applications for pollution monitoring and prevention, equipment safety protection, contractor management, as well as daily just-in-time management</li><li>Sought relevant resources and made good use of cooperation opportunities for circular economy business development to establish an open and circular system and enable value enhancement</li><li>Strengthened water resource monitoring and timely responsiveness to stipulate water resource management and relevant coping strategies</li></ul>	   
		Establish energy management mechanisms for energy conservation, carbon reduction, and reduce pollutant emissions	<ul style="list-style-type: none"><li>Engaged in rolling wave planning for greenhouse gas emission adjustments, energy management, and energy saving and carbon reduction strategy development to help achieve net zero in 2050</li><li>Strategically engaged in climate change mitigation and adaptation to support the Energy Productivity 100 and Science Based Targets Initiative to strengthen energy efficiency</li></ul>	



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Implementation Centers	Sustainability strategy	Implementation Guidelines	Mid- and Long-Term Goals Achieved	SDGs
Green Operation	Pursue ongoing improvement and innovation, dedicate to the development of green manufacture process, product, and technology development, create shared value with customers, and establish a sustainable business model	<b>Wire and cable</b> <ul style="list-style-type: none"> <li>• Dedicate to green business development to help mitigate relevant policy impacts and keep pace with future industry trends</li> <li>• Make an exhaustive effort to promote various environmentally friendly and sustainability initiatives to protect the earth's environment while strengthening business competitiveness</li> </ul> <b>Stainless steel</b> <ul style="list-style-type: none"> <li>• Dedicate to innovative green technology development applied to process energy saving, product performances, and industry development while working with partners from upstream to downstream building green supply chain to strengthen carbon reduction</li> </ul> <b>Resources business</b> <ul style="list-style-type: none"> <li>• Realize operation and manufacture process stabilization to ensure effective utilization of resources</li> <li>• Engage in green energy development and carbon reduction to help cope with future risks and grasp potential opportunities</li> </ul>	<b>Wire and cable</b> <ul style="list-style-type: none"> <li>• Engaged in renewable energy and green product development</li> <li>• Developed green products for new energy vehicles and increased green energy utilization</li> <li>• Replaced old equipment with new equipment and engaged in intellectual and high performance management sustym implementation to help decrease carbon emissions per ton of production by 50%</li> </ul> <b>Stainless steel</b> <ul style="list-style-type: none"> <li>• Pursued manufacture process optimization and high-yield green process development</li> <li>• Developed high-performance green products featuing high mechinability, high strength, high heat resistance, and soft meganetism</li> <li>• Expanded into the green industries</li> </ul> <b>Resources business</b> <ul style="list-style-type: none"> <li>• Stablized operation and promoted green energy development and carbon reduction</li> <li>• Engaged in green energy development and carbon reduction to enable effective sustainable development</li> </ul>	  
		<b>Wire and cable</b> <ul style="list-style-type: none"> <li>• 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.</li> </ul> <b>Stainless steel</b> <ul style="list-style-type: none"> <li>• Establish a service-oriented operation model and optimize the service process to increase customers' trust and create a mutually beneficial situation</li> </ul>	<b>Wire and cable</b> <ul style="list-style-type: none"> <li>• Purused capacity expansion to meet the needs of large electric engineering companies</li> </ul> <b>Stainless steel</b> <ul style="list-style-type: none"> <li>• Extend technologies to advanced emerging industries applications. Develop material base on customers's need, helping them transform into high end applications</li> </ul>	 
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	<b>Wire and cable</b> <ul style="list-style-type: none"> <li>• 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.</li> </ul> <b>Stainless steel</b> <ul style="list-style-type: none"> <li>• Establish a service-oriented operation model and optimize the service process to increase customers' trust and create a mutually beneficial situation</li> </ul>	<b>Optimization of Supply Chain Management</b> <ul style="list-style-type: none"> <li>• Continued strengthening onsite inspections of supply chain sustainability and supply chain risk assessment</li> <li>• Required suppliers to improve their high-risk vulnerabilities with counselling provided accordingly based on the inspection and assessment results</li> <li>• Included supplier sustainability into suppliers assessment</li> <li>• Convened supplier meetings on a regular basis to communicate the key points of supplier management as well as relevant issues and policies</li> </ul>	   
		Comprehensively implement and strengthen supplier sustainability management to mutually grow with our business partners	Effectively implement supplier management to develop a sustainable supply chain	
Employee Relations and Social Engagemen	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	Strenthened employees' understanding of and afnity for the company and their departments by promoting blending of junior and senior employees and subsequent succession, and offered an enviornment for employee participation	   
		Promote mutual development with local communities to gain greater social influence	Strengthened talent cultivation and career development planning, and help employees learn, grow, and achieve self-fulfillment	
		Engage in charity to increase its influence in four aspects: Corporate citizenship, care for the underprivileged, environmental protection and preservation, and community outreach	Developed diverse paths for career development for employees	
			Strengthened tying in public welfare subjects with core businesses	

Note: Please refer to individual chapters of the report for the 2021 Sustainability Development Goals and achievements.

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## United Nations Sustainable Development Goals and Taiwan Sustainable Development Goals

Walsin Lihwa pursues sustainable business development and commits itself to corporate social responsibilities. Therefore, there is a Walsin Lihwa Corporate Social Responsibility Policy, and the company's Corporate Governance Best Practice Principles are amended on a regular basis in compliance with what is required by the Taiwan Stock Exchange to effectively carry out the principles. In terms of corporate vision realization, creation of value for customers and co-prosperity with society are steadfastly pursued by leveraging technologies, commitment to energy saving and environmental protection, and support for the United Nations' Sustainable Development Goals (SDGs). Relevant initiatives and achievements are tabulated as below.

United Nations SDGs		Taiwan SDGs	SDG Initiatives and Achievements at Walsin Lihwa	Chapter Response
Goals	Targets			
	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	Provided pandemic relief aids to Lo-Sheng Sanatorium and Hospital of the Ministry of Health and Welfare in 2021	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"> <li>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</li> <li>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</li> </ul>	6.2.1 "Light Up the Corners throughout Taiwan" Project  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"> <li>Provided higher average annual compensation for female employees than that for male employees in both Mainland China and Taiwan</li> <li>Enabled 100% of the employees on unpaid maternity leave in 2021 to return to work after leave</li> </ul>	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"> <li>Enhanced water resource utilization with the ZEMAP, regenerating waste mixed water into treatable water</li> <li>Decreased total emissions from the plants in Taiwan and overseas in 2021 by 0.42% than those in 2020</li> <li>Started to take delivery and test the Yenshui plant's biological treatment pond set up in 2021</li> <li>Saved water by 27,181m<sup>3</sup> in 2021 with the ZEMAP equipment for effluent recycling</li> <li>Decreased water intake per unit of product at the plants in Taiwan and Mainland China respectively by 13.81% and 1.49% in 2021</li> <li>Increased the water recovery rate at the plants in Taiwan by 0.15% to reach 93.8% in 2021</li> </ul>	3.2.2 Green Manufacture Process Development 5.3.3 Wastewater Treatment Chapter 5 2021 Results  3.2.2 Green Manufacture Process Development 5.3.2 Water Resource Utilization
	7.3 Increase energy efficiency	Ensure affordable, stable, and sustainable energy supply is available to everyone	<ul style="list-style-type: none"> <li>Started to estimate carbon emissions per unit of major product and had ISO 14064-1 as well as ISO 50001:2018 implemented at the plants in Taiwan in 2021, when greenhouse gas inventory guidance was also made available to the plants in Mainland China.</li> <li>Decreased the energy consumption per unit of product at the plants in Taiwan and Mainland China, excluding the Real Estate Business Group, by 4.52%</li> <li>Saved power at the plants in Taiwan by 2.71% in 2021</li> </ul>	Chapter 5 2021 Results 5.2.2 Energy Saving and Carbon Reduction Management



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United Nations SDGs		Taiwan SDGs	SDG Initiatives and Achievements at Walsin Lihwa	Chapter Response
Goals	Targets			
	7.a Strengthen renewable energy development	Ensure affordable, stable, and sustainable energy supply is available to everyone	<ul style="list-style-type: none"> <li>Developed renewable energy products such as high-performance stainless steel and industrial cables for solar and wind power generation</li> <li>Implemented solar power generation of 5.5MW as scheduled and the implementation is expected to be completed by the end of 2023</li> </ul>	3.2.3 Green Products Chapter 5 2021 Results
	8.2 Pursue industry upgrading to increase product added values		<ul style="list-style-type: none"> <li>Engaged in smart manufacturing for high added-value and high-end application product development as well as transformation into manufacturing service</li> </ul>	3.1 Product and Technology Innovation
	8.3 Support productive activities, decent job creation, entrepreneurship, creativity, and innovation		<ul style="list-style-type: none"> <li>Helped suppliers understand suppliers management to together strengthen mutual competitiveness</li> </ul>	3.5 Sustainable Supply Chain
	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"> <li>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 2021</li> </ul>	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		<ul style="list-style-type: none"> <li>Decreased the 2021 Frequency Severity Index (FSI) throughout the company to 0.60, 30% lower than that in 2020</li> <li>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</li> </ul>	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"> <li>Developed industrial cables for solar and wind power generation, as well as steel strands for prestressed concrete cylinder pipes of wind turbine towers</li> </ul>	3.2.3 Green Products
	9.2 Promote inclusive and sustainable industrialization		<ul style="list-style-type: none"> <li>Worked with the Taiwan National University to establish a Stainless-Steel Innovation R&amp;D Center</li> <li>Promoted smart manufacturing for high added-value and high-end application product development as well as transformation into manufacturing service</li> </ul>	3.1 Product and Technology Innovation
	9.4 Adopt clean and environmentally sound technologies and industrial processes		<ul style="list-style-type: none"> <li>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</li> </ul>	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"> <li>Decreased wastewater emissions by the use of the ZEMAP, regenerating waste mixed water into treatable water</li> <li>Decreased sulfur oxide emission intensity per unit of product by 17.98% and 22.59% respectively at the Taiwan and overseas plants</li> <li>Decreased particulate emission intensity per unit of product by 38.89% and 23.71% respectively at the Taiwan and overseas plants</li> <li>Increased waste recovery and reuse to 96.84% and decreased waste output by 19%</li> <li>Decreased landfill to 0.25% and 0.99% respectively at the Taiwan and overseas sites</li> <li>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</li> </ul>	3.2.2 Green Manufacture Process Development 5.3 Resource Recycling and Pollution Prevention 5.3.4 Waste and Resource Recycle 6.4 Community Outreach

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Goals	Targets			
	12.2 Achieve the efficient use of natural resources		<ul style="list-style-type: none"> <li>Increased the use of recycled material, i.e., scrap steel, to 41.5% for stainless steel production in 2021</li> <li>Decreased CO<sub>2</sub> emissions by 1,591 metric tons CO<sub>2</sub>e in 2021 by ongoing steelmaking technology enhancement to decrease process energy consumption</li> <li>Saved power by 2.71% at the plants in Taiwan in 2021</li> </ul>	3.2.1 Status on Raw Material Use 3.2.2 Green Manufacture Process Development 5.2.2 Energy Saving and Carbon Reduction Management
	12.4 Achieve the environmentally sound management of all wastes 12.5 Substantially reduce waste generation through prevention, reduction, recycling, and reuse	Promote green economy and ensure sustainable consumption and production patterns	Reached 99.22% waste recovery and reuse at the Taiwan sites, where landfill was 0.25% in 2021, and reached 94.47% waste recovery and reuse at the overseas sites, where landfill was 0.99% in 2021.	5.3.4 Waste and Resource Recycle
	12.6 Encourages companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle		Started to issue the annual CSR report in 2014, started to provide the English version of the report in 2017, and incorporated the SASB standards and the TCFD recommendations into the 2020 report	About the Report
	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"> <li>Developed highly machinable, resilient, weldable, high strength, 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</li> <li>Adopted the TCFD recommendations in 2020 to assess and disclose climate change opportunities and risks</li> </ul>	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"> <li>Worked with the National Chung Hsing University for provenance protection and restoration of Taiwan indigenous plants</li> <li>Adopted contract organic farming of kiwifruits</li> <li>Promoted ecology education and arranged civic ecology practices and relevant lectures</li> </ul>	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"> <li>Continued legal compliance promotion as well as education and training on business integrity in 2021, when all the 1,979 participants passed tests after their education and training</li> <li>Continued strengthening business integrity, including anti-bribery and corruption practices, and legal compliance promotion at supplier conferences in 2021, when 111 suppliers in Taiwan and Mainland China participated in such conferences</li> </ul>	2.4 Business Integrity
	16.b Promote and enforce nondiscriminatory laws and policies		<ul style="list-style-type: none"> <li>Forbad any unequal treatment and ensured nondiscrimination. Walsin Lihwa Human Rights Policy: <a href="https://www.walsin.com/en/about-us/who-we-are/#pills-human-rights">https://www.walsin.com/en/about-us/who-we-are/#pills-human-rights</a></li> </ul>	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"> <li>Participated in trade associations and relevant events to engage in exchange with trade association members and strengthen trade cooperation.</li> <li>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.</li> <li>Join the Center for Corporate Sustainability in 2020.</li> </ul>	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	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.	
	2. Make sure that they are not complicit in human rights abuses		
Labor	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Guiding principles are as follows: <ul style="list-style-type: none"><li>• Healthy and Safe Work Environment Development</li><li>• Fair and Reasonable Compensation and Work Conditions</li><li>• Equal Employment Opportunities Without Discrimination</li><li>• No Employment of Underaged Workers</li><li>• No Forced Labor</li><li>• Respect for Freedom of Association</li><li>• Privacy Protection and Harassment Prevention</li><li>• Employee Complaint System and Channel</li><li>• Conduct education and training on human rights protection through meetings with suppliers</li></ul>	4.1 Employee Overview and Talent Management Policy
	4. The elimination of all forms of forced and compulsory labor		4.3 Workplace Health and Safety
	5. The effective abolition of child labor		4.4 Employee Care and Communication
	6. The elimination of discrimination in respect of employment and occupation		
Environment	7. Businesses should support a precautionary approach to environmental challenges	<ul style="list-style-type: none"><li>• Develop high-performance green products, improve product applications, and develop a green ecosystem</li><li>• Commit to green manufacture process development, promote waste reduction at source, and strengthen energy efficiency</li><li>• Strengthen energy management, promote energy saving and carbon reduction, and decrease waste emissions</li><li>• Increase resource utilization efficiency by recovery and reuse to help expedite circular economy development</li></ul>	3.1 Product and Technology Innovation
	8. Undertake initiatives to promote greater environmental responsibility		3.2 Green Operation
	9. Encourage the development and diffusion of environmentally friendly technologies		5.1 Environmental and Energy Management Policy 5.2 Climate Change and Energy Management 5.3 Resource Recycling and Pollution Prevention
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none"><li>• Implement legal compliance promotion as well as education and training on business integrity to strengthen the awareness of compliance</li><li>• Amended and perfected ethical management guidelines and procedures</li><li>• Further strengthened business integrity and established anti-bribery management mechanisms</li><li>• Identified high-risk unethical business activities at individual plant sites and developed countermeasures accordingly</li></ul>	2.4 Business Integrity

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# 01

## Responsive Listening and Interactive Communication

### 1.1 Stakeholder Engagement

### 1.2 Material Topic Analysis

### 1.3 Disclosure of Management Strategies





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## 1.1 Stakeholder Engagement

### 2021 Stakeholder Identification and Material Topics Analysis Process

#### Stakeholder Identification

Data source: Walsin employees, sustainability report

11 categories of stakeholders

14 valid questionnaires from management level

01  
Compilation



#### Material Topics Analysis

Data source: sustainability report, sustainability websites, news

20 sustainability issues

396 valid questionnaires from stakeholders



5 principles of AA1000 stakeholder engagement

✓ Responsibility    ✓ Tension    ✓ Dependency

✓ Influence    ✓ Diverse Perspectives

02  
Analysis



9 major sustainability topics

2 directional assessment of operational impact  
(governance organization, management organization)



6 categories of material stakeholders

Removal of neighboring communities from the 2020 material stakeholders

03  
Validation



12 major material topics

Addition of economic performance to the 2021 material topics



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Material Stakeholders

When identifying material stakeholders in 2021, Walsin Lihwa continued using 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 6 categories of material stakeholders. In comparison with the analysis results in 2020, neighboring communities were removed from stakeholders in 2021. Walsin Lihwa has established complete and comprehensive communication channels to fully understand the issues of stakeholders’ concern to actively address such issues and seek improvement.



Contact for stakeholders

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.

Issues of Concern

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

Communication / Response Method

Unit Engaging in Communication

Frequency of Communication

Questionnaire survey for materiality identification	Sustainable Development Committee	Once a year
Health and Safety committee meeting	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
Complaint mailbox and hotline <a href="mailto:opinion@walsin.com">opinion@walsin.com</a>	Auditing Office; Head Office / Human Resources Units at Factories	Immediate
Mechanism for the involvement of all employees	All departments of the Company	Immediate

Customers



Importance to Walsin

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

Issues of Concern

- Product quality and safety
- Information security
- Customer service and relationship
- Legal compliance
- Risk management

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

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## 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.

### Issues of Concern

- ✓ Labor Relationship
- ✓ Climate Action
- ✓ Energy Management
- ✓ Waste Management
- ✓ Water Management

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

## 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.

### Issues of Concern

- ✓ Legal compliance
- ✓ Sustainability strategy
- ✓ Risk management
- ✓ Waste Management
- ✓ Financial performance

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	4 times a year
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 <a href="mailto:opinion@walsin.com">opinion@walsin.com</a>	Auditing Office	Immediate



General shareholders' meeting



Publication of annual report



Investor conferences



Shareholder service center



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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.

### Issues of Concern

- ✓ Legal compliance
- ✓ Customer service and relationship
- ✓ Occupational health and safety
- ✓ Product quality and safety
- ✓ Sustainability strategy

### 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 <a href="#">3.5 Sustainable Supply Chain</a>	Customer Service and Supplier Management Center Procurement units at each factory	We organized Suppliers Partner Meetings at our Hsinchuang Plant, Yangmei Plant, Taichung Plant, Yenshui Plant, Shanghai Walsin and Dogguan Walsin in 2021.

## Banks



### Importance to Walsin

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

### Issues of Concern

- ✓ Risk management
- ✓ Financial performance
- ✓ Labor relationship
- ✓ Occupational health and safety
- ✓ Sustainability strategy

### 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
Credit Rating*	Finance Division	Once a year
Investor conferences*	Finance Division	4 times a year
Questionnaire on Sustainability Issues of Stakeholder Concern	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



General shareholders' meeting



Publication of annual report



Credit Rating



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## 1.2 Material Topic Analysis

After identification of its material stakeholders, Walsin Lihwa took into account the important industry trends in 2021, sorted the potential sustainability issues of material stakeholders' concern, removed information transparency and circular economy, changed climate change and energy management as climate action, and renamed pollution control as waste management. To understand the order of importance of sustainability issues, Walsin Lihwa surveyed internal and external stakeholders about the aforementioned 20 sustainability issues in 2021 and received 396 valid questionnaires from the stakeholders. Subsequent statistical analysis came up with 9 material sustainability issues, which by order of importance are legal compliance, occupational health and safety, sustainability strategies, waste management, product quality and safety, financial performance, corporate governance, risk management, and labor relations. Financial performance, non-existent in the 2020 material issues, was added in 2021.

Focusing on the results of analysis of the aforementioned material sustainability issues, internal discussions at Walsin Lihwa defined the targets and boundaries within and without the organization to further identify 12 corresponding material topics as the major subjects disclosed in this report. Economic performance, non-existent in the 2020 material topics, was added in 2021. Walsin Lihwa also took the initiative to disclose the strategies for certain material issues such as employee cultivation and career development, supplier management, climate change, energy saving, and carbon reduction as well as the strategy implementation results.

### 2021 CSR Issues List

#### Governance, Commitments, and Engagement

- 1 Sustainability Strategy
- 2 Corporate Governance
- 3 Risk Management
- 4 Legal Compliance
- 5 Information Security

#### Economic Performance

- 6 Product Development and Technology Innovation
- 7 Product Quality and Safety
- 8 Financial Performance
- 9 Supplier Management

#### Environmental Performance

- 10 Climate Action
- 11 Energy Management
- 12 Waste Management
- 13 Water Management

#### Labor and Human Rights

- 14 Health and Safety
- 15 Labor Relationship
- 16 Training and Education
- 17 Hiring, Salary and Benet

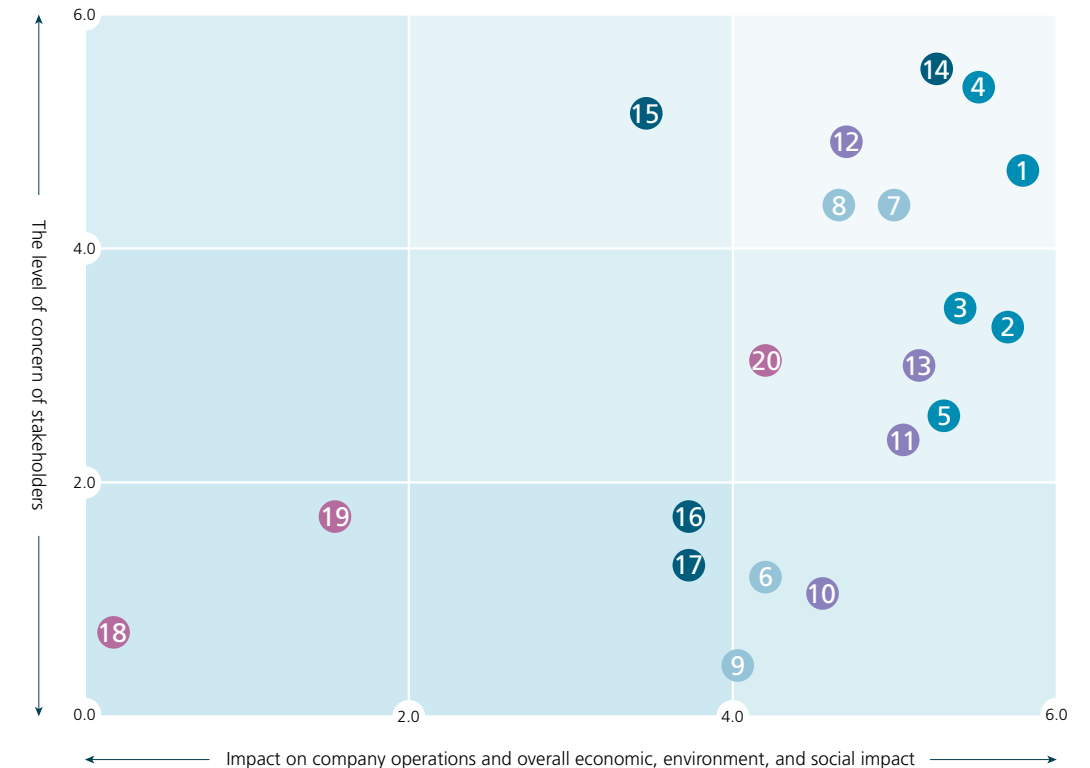
#### Social Performance

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



Questionnaire on Sustainability Issues of Stakeholder Concern

### 2021 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
		Social and Economic Regulatory Compliance	●	△	●	△	●	4.3.3 Compliance with Occupational Safety and Health Laws and Regulations
		Anti-corruption	●	△	○	△	●	4.4 Employee Care and Communication
		Anti-competitive Behavior	●	△	●	△	●	5.3 Resource Recycling and Pollution Prevention
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	●	△	○	△	●	Appendix1 GRI 206: Anti-competitive Behavior 2016
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	●	△	●	△	●	4.3 Workplace Health and Safety
								Progress Towards Sustainability Chapter 2 Ethical Management and Strategic Transformation Chapter 3 Value-added Innovation and Smart Manufacture Chapter 4 Employee Talent Development and Happiness at Work Chapter 5 Energy Saving, Carbon Reduction, and Resource Recycling Chapter 6 Social Engagement and Co-prosperity
Waste Management	Walsin's strategy for using raw materials and resources in operations, including consumables, improvement of recycling, pollution management, and environmental impact assessments.	Emission	●	△	○	△	●	5.2.2 Energy Saving and Carbon Reduction Management 5.3 Resource Recycling and Pollution Prevention
		Water and Effluents	●	△	○	△	●	
		Waste	●	△	○	△	●	
		Environmental Regulatory Compliance	●	△	○	△	●	



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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	
Product Quality and Safety	Walsin's practices to improve product quality and ensure that product and material quality comply with health and safety regulations.	Customer Health and Safety	●	△	●	△	●	3.3 Product Quality and Responsibility
	Walsin actively builds relationships with customers to understand what customers need and improve service quality and satisfaction.	Marketing and Labeling	●	△	●	△	●	3.4 Mutually Beneficial Value Creation Appendix1 GRI 417: Marketing and Labeling 2016
Financial Performance	Walsin Lihwa has developed complete strategies and management mechanisms to strengthen its operational performance and enable sustainable growth.	Economic Performance (added in 2021)	●	△	●	●	○	2.3 Business Performance
Corporate Governance	Guidelines and measures to safeguard shareholders' rights, reinforce the composition and operations of the Board of Directors, increase information transparency and implement CSR practices	General Disclosure	●	△	●	●	○	2.2 Governance Structure
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
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
			<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"> <li>• External: <ol style="list-style-type: none"> <li>1.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.</li> <li>2.The latest version of the "Intellectual Property Manual" is available on the Company's website.</li> </ol> </li> <li>• Internal: <ol style="list-style-type: none"> <li>1.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.</li> <li>2.Establish an intellectual property management system, promote compliance with intellectual property laws and regulations, organize education and training, and pass TIPS certification.</li> </ol> </li> <li>• Suppliers: <p>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.</p> </li> </ul>	<ul style="list-style-type: none"> <li>• Goals: To create a culture of honest business practices and make it a part of the DNA of every Walsin employee.</li> <li>• Resources and actions: <ul style="list-style-type: none"> <li>✓ Continue to improve related regulations and systems</li> <li>✓ Continue to provide training that promotes regulatory compliance and honest business practices</li> <li>✓ Continue risks assessment system development</li> <li>✓ Continue intellectual property management system development (employees and suppliers)</li> <li>✓ Identify operating practices at every factory that have high risk of violating honest business practices (sales, procurement, EHS)</li> <li>✓ Conduct audits on high-risk business practices</li> </ul> </li> <li>• Complaint mechanisms are divided into internal and external mechanisms: <ul style="list-style-type: none"> <li>✓ Internal complaints: Walsin Lihwa has an internal company mailbox and easily accessible internal complaint channels</li> <li>✓ External complaints (violation of honest business practices and sexual harassment) <p>TEL: 886-2-8726-2211 ext.6399</p> <p>E-mail: <a href="mailto:opinion@walsin.com">opinion@walsin.com</a></p> </li> </ul> </li> </ul>

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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"> <li>• 2022 Goals: Frequency-Severity Indicator (FSI) &lt;0.4 Contractor occupational accidents: No injury nor death</li> <li>• Implementation plan: <ul style="list-style-type: none"> <li>✓ Improve risk assessment tools and risk management practices</li> <li>✓ Strengthen contractor management and reduce occupational accidents of contractors</li> </ul> </li> </ul>
Sustainability Strategy	General Disclosure	The Sustainable Development Committee is responsible for the establishment of corporate sustainability strategies and vision. The Committee stays up-to-date on the implementation process through periodic meetings, and regularly reports CSR-implementation results to the Board of Directors.	<p>Insistence on integrity and commitment to ongoing improvement of operational effectiveness.</p> <p>Ongoing improvement of corporate governance to ensure business sustainability.</p> <p>Development of a friendly work environment and an innovative learning organization.</p> <p>Thorough safety management to create an outstanding workspace.</p> <p>Effective implementation of carbon reduction and energy to enable green production.</p> <p>Ongoing corporate social responsibility and public interest initiatives.</p>	<ul style="list-style-type: none"> <li>• Strengthen the promotion centers under the Sustainable Development Committee</li> <li>• Align the goals of the promotion centers under the Sustainable Development Committee with those of business groups</li> <li>• Complaint mechanisms: <ul style="list-style-type: none"> <li>- CSR mailbox: csr@walsin.com</li> <li>- Questionnaire survey for materiality identification</li> </ul> </li> </ul>
Waste Management	Emission	Integration of waste management and supervision of waste management performance at Walsin Lihwa's domestic and overseas plants to establish effective management mechanisms.	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."	<p>2022 Goals:</p> <ul style="list-style-type: none"> <li>- Establishment of key performance indicators related to overseas plants' ISO 50001 implementation and promotion of the ISO 14067 carbon footprint standards</li> <li>- From 2022 to 2025, we aim to reduce electricity consumption and carbon emission every year by 1.5%</li> </ul>
	Water and Effluents			2022 water saving and water utilization management
	Waste			2022 Goals: Increase resources reutilization
	Environmental Regulatory Compliance			2022 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
Product Quality and Safety	Customer Health and Safety	<ul style="list-style-type: none"> <li>Close attention to the EU's REACH and RoHS Directive as well as lists of new hazardous materials and Substances of Very High Concern, and products inspections by competent authorities on a regular or as-needed basis to fulfill health and safety duties</li> <li>Quality management system implementation and perfection to ensure customer satisfaction with product quality.</li> </ul>	<ul style="list-style-type: none"> <li>The quality of all products complies with domestic and international environmental protection regulations and laws and meets customer needs.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Complaint mechanism: <ul style="list-style-type: none"> <li>✓ Customer satisfaction survey</li> <li>✓ Irregular feedback through e-mail, letter, and phone communications</li> <li>✓ Irregular visits to customers</li> <li>✓ Questionnaire survey for materiality identification</li> <li>✓ Customer service contact</li> </ul> </li> </ul>
	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"> <li>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.</li> <li>Product labelling in compliance with local regulations or customer requirements.</li> </ul>	
Financial Performance	Economic Performance	Development of complete strategies and management mechanisms to help achieve sustainable growth and meet the expectations of customers, employees, shareholders, and other stakeholders	Ongoing business performance improvement through strategic integration, digital transformation, and core competitiveness enhancement	Designated phone lines and mailboxes for shareholders and stakeholders: <a href="https://www.walsin.com/en/about-us/contact-us/#pills-stackholders-communication">https://www.walsin.com/en/about-us/contact-us/#pills-stackholders-communication</a>
Corporate Governance	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 E-mail: csr@walsin.com
Risk Management	General Disclosure	<ul style="list-style-type: none"> <li>Established an internal audit system and independent directors to ensure the effective operation of internal control and reporting mechanisms.</li> <li>Related departments carry out risk management work to lower the impact of operational risks.</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with related laws and regulations.</li> <li>Operating performance and efficiency.</li> <li>Reports are reliable, timely, transparent, and comply with relevant regulations.</li> </ul>	Complaint mechanisms: Audits and reports
Labor Relationship	Labor Relationship	Through regular labor-management meetings and dedicated complaint channels, we promote communication between employers and employees to maintain harmony.	Policy: Comply with labor laws and regulations Commitment: Protect employees' right to unionize	<ul style="list-style-type: none"> <li>Resources: Employee intranet and e-newsletter, electronic bulletin board</li> <li>Actions: Quarterly labor-management meetings</li> <li>Channel for filing complaints: Employee complaints mailbox</li> </ul>

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## 02

# Ethical Management and Strategic Transformation

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## Sustainability Promotion Strategy ON

## Commitment to Business Integrity and Ongoing Improvement of Corporate Governance to Strengthen Stakeholders' Trust to Walsin Lihwa

For corporate sustainability realization and effective corporate governance, the Business Integrity Promotion Center governed by the Sustainable Development Committee of Walsin Lihwa is responsible for ethical management for business integrity and corporate social responsibility fulfillment by assisting in incorporation of ethical management into business strategies, setting forth relevant measures pursuant to relevant laws and regulations to ensure business integrity, overseeing the implementation of ethical management, and assessing the implementation results.

Strategy	Objectives for 2021	2021 results	Objectives for 2022
Continue to provide training that promotes regulatory compliance and honest business practices to instill the concept of regulatory compliance	Ongoing promotion of business integrity to internal and external stakeholders through multiple channels	Internal and external promotion of business integrity at supplier conferences as well as in-house online and offline education and training for the board, senior management, and employees in general	Ongoing education and training on business integrity with the education and training divided into entry and advanced levels for differentiation
Improve and revise regulations and systems related to business integrity	Implementation of the Taiwan Intellectual Property Management System at more Walsin Lihwa plants to strengthen intellectual property right management	Class A certification by the Taiwan Intellectual Property Management System for two consecutive years	Standardization of certification management
Enforcement of business integrity supported by anti-bribery management system development	Systematic information applications for effective prevention of conflicts of interest associated with 2 <sup>nd</sup> degree relatives	Effective recusal by the 2 <sup>nd</sup> degree relatives by inclusion of 2 <sup>nd</sup> degree relatives into the human resource information system.	Anti-bribery management system development to step by step require all employees to sign a statement of compliance with the Procedures for Ethical Management and Guidelines for Conduct
Identify operating practices at all factories that have a high risk of violating business integrity practices and further establish prevention measures	Identification and thorough examination of high-risk unethical conduct to prevent unethical business practices	Completion of unethical conduct risk assessment in 2021 at two more overseas sites, Shanghai Walsin Power Wire & Cable and Changshu Walsin Specialty Steel	Countermeasure planning and implementation based on unethical conduct risk assessment results



### Taiwan Corporate Sustainability Award

Among the Top 50 Taiwan Corporate Sustainability Award winners for four consecutive years and a winner of the Corporate Sustainability Report Platinum Award for three consecutive years



### Top 5%

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



### Board Function Enhancement

Establishment of the Nomination Committee



### FTSE4Good TIP Taiwan ESG Index

Inclusion as a constituent stock in the FTSE4Good TIP Taiwan ESG Index twice



### Board Performance Evaluation

Third-party evaluation of the 2021 board performance



### Credit Rating

A long-term credit rating at twA-, short-term credit ratings at twA-2, and stable outlook assigned by Taiwan Ratings



### Class A Certification

Class A certification by the Taiwan Intellectual Property Management System for two consecutive years



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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 2021 was approximately NT\$156.7 billion, and employees totaled 6,958.

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 mainland China. With its 50 years of experience in raw material procurement for the Wire and Cable Business Group and the Stainless Steel Business Group, the Resources Business Group excels in raw material price risk management and has expanded its business to production and sales of upstream materials for stainless steel and developed long-term partnership with customers to help strengthen their competitiveness. 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.

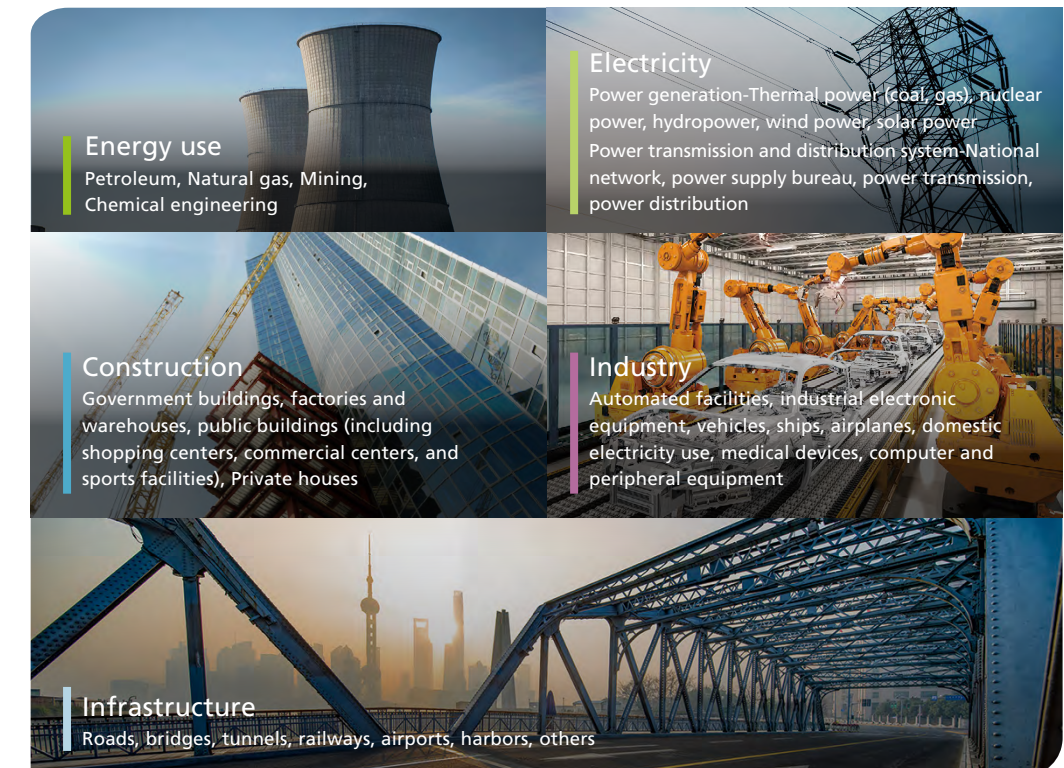
Walsin Lihwa has always stayed up-to-date on trends and utilizes a proactive expansion strategy to pursue new growth. We continue to work together with well-known companies and universities

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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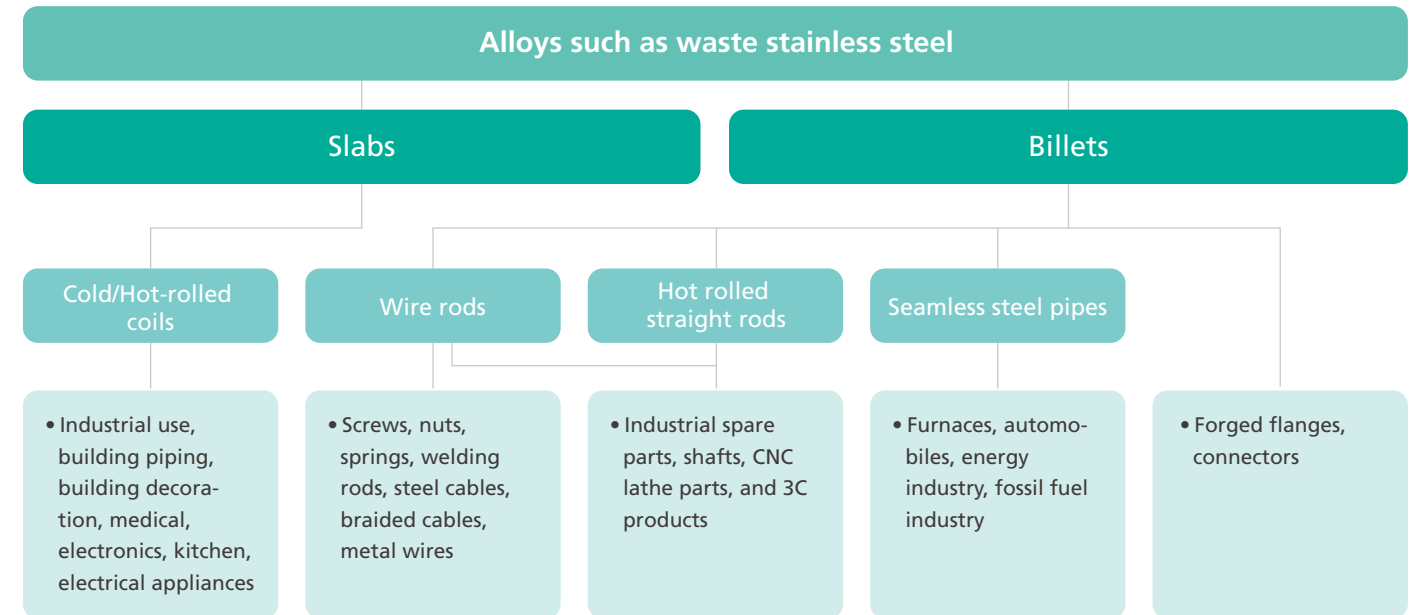
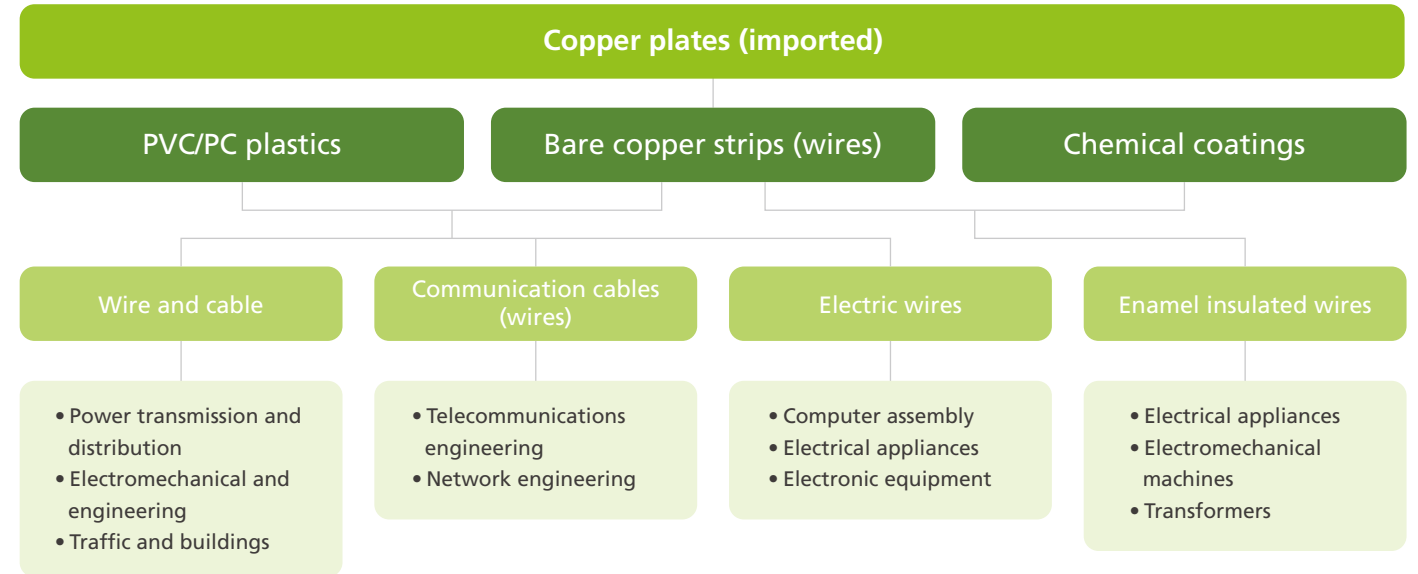
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**Wire and Cable Business**



**Stainless Steel Business**



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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.

Ethical Management and Strategic Transformation

Corporate Culture

Commitment to business integrity

Create a business environment conducive to sustainable development based on business integrity, sound corporate governance, and effective risk management.

Emphasis on scientific approaches

Do things right and well by emphasis on hard evidence and methodology to make good use of scientific tools.

Down-to-earth attitude toward business

Identify the root cause of every issue to enable total solution development.

Pursuit for excellence

Strengthen operational efficiency and effectiveness by making good use effective tools, methods, and human resources.

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 Electrical Contractors Association	✓	
	Chinese National Association of Industry and Commerce, Taiwan	✓	
	Industrial Safety and Health Association of the R.O.C. (Taiwan)	✓	
Social Development	Friends of the Police Association of R.O.C.	✓	Standing Supervisor
	Criminal Investigation Association of R.O.C.	✓	✓
	Cross-Strait CEO Summit	✓	Standing Supervisor
	Chinese International Economic Cooperation Association	✓	
	The Third Wednesday Club	✓	
	Center for Corporate Sustainability	✓	✓



## 2.1.3 Milestones and Awards

### Company Development Milestones



#### Solid Foundation Laid

1966-1986

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



#### Diversification

1987-1997

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



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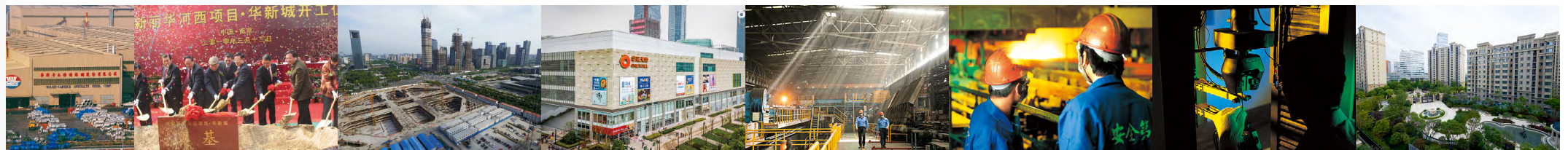
## Focus on Core Business Development 1998-2014

- 1998** • Conducted enterprise reengineering and full implementation of the SAP enterprise resource management system.  
Expanded into the TFT-LCD industry by forming HannStar Display Corp.
- 2000** • Established the Dongguan plant for bare copper wire production.
- 2002** • Expansion of Yenshui stainless steel plant was carried out to include slab steelmaking facilities.
- 2005** • Set up new plants in Nanjing, Changshu and Jiangyin to produce copper products as well as seamless steel pipes and steel wire products.
- 2007** • Expanded steel production capacity by acquiring stake in Yantai Huanghai Iron and Steel Co., Ltd.
- 2008** • Borrego Solar System was established in the US to provide solar power system integration service.
- 2009** • Completion of the new A6 building in Xinyi Development Zone and the relocation of Walsin Lihwa headquarters.
- 2010** • Nanjing Walsin Centro began construction of a multi-purpose commercial center spanning one million square meters, which will be developed over several phases, the start of real estate development in mainland China.
- 2013** • Cold rolled steel coil production officially commenced at the Taichung Harbor stainless steel roll plant.



## Successful New Business Development 2015~Present

- 2015** • The Corporate Social Responsibility Committee was established.
- 2016** • Walsin Lihwa Corporation marked its 50th anniversary.
- 2017** • Taiwan and China, have recorded steady increase in overall steelmaking and annual production of 710,000 metric tons.
- 2019** • Established the Sustainable Development Committee by combining the Corporate Social Responsibility Committee and the Business Integrity Committee.  
"ONE mall" in Nanjing Walsin Centro, Walsin Lihwa's signature work of art in the commercial estate eld, commenced operation to become a new landmark in Nanjing.
- 2020** • Established Walsin Nickel Industrial Indonesia to engage in production and sales of nickel pig iron to stabilize upstream material supply.
- 2021** • Completion of nickel pig iron production line development in Indonesia.



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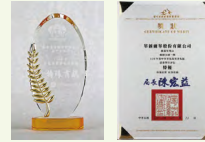
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## 2021 Honors and Awards

### Environmental

#### ● Taichung Plant

- The Environmental Protection Administration's unique contribution award and the Taichung Environmental Protection Bureau's distinction and excellence awards for air quality purification zone adoption
- Green Factory Badge for completing clean production assessment



#### ● Nanjing Walsin (Real Estate)

- WELL health building certification of Walsin Centro 1 office tower



### Social

- Received the "School Donation Role Model" award from Yilan County Government for the "Light Up the Corners throughout Taiwan" project
- Bronze grade in the Ministry of Labor's Total Talent Management System assessment
- **Hsinchuang plant:**  
Corporate Health Responsibility Bronze Award
- **Taichung plant:**  
Health Model Award from the Health Promotion Administration's outstanding healthy workplace selection

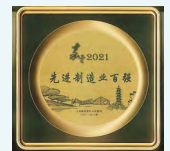


### Governance and Economic

- Ranked in the Top 5% of Companies in the TWSE's 8th Corporate Governance Evaluation in 2021. Ranked in the top 10% of non-financial and non-IT companies in Taiwan with a market value of more than NT\$10 billion.
- Inclusion as a constituent stock in the FTSE4Good TIP Taiwan ESG Index and the Taiwan Employment Creation 99 Index
- Top50 of Report and Corporate Sustainability Award at the 2021 Taiwan Corporate Sustainability Awards (TCSA)
- Certification by the Taiwan Intellectual Property Management System and medaled recognition by the Industrial Development Bureau
- Commonwealth Magazine Taiwan Top 2000 Survey of 2020 business performances
  - 36th highest operating income in the manufacture industry
  - The 41st highest net profit after tax in the manufacture sector



- Shanghai Walsin
  - 2021 Innovation pioneer
  - 2021 One of top-100 advanced manufacturers, Jiading, Shanghai
- Yantai Walsin:
  - Third class award for outstanding corporate social responsibility fulfilment, Yantai Economic and Technological Development Area
- ONE Mall (in Nanjing Walsin Centro)
  - 2020 Forerunner business for consumers to rest assured in Nanjing
  - A forerunner dubbed by the Nanjing Consumers Association
  - 2021 Spectacular shopping venue in Nanjing
  - Advanced and international-class urban center development, Jianye, Nanjing
- Nanjing Walsin (Property Management)
  - 2020 Exemplary coronavirus prevention
  - 2020 Creditable company of property management service
  - 2021 Outstanding property management project Participation in a Nanjing property management demonstration Project- Jingyuan





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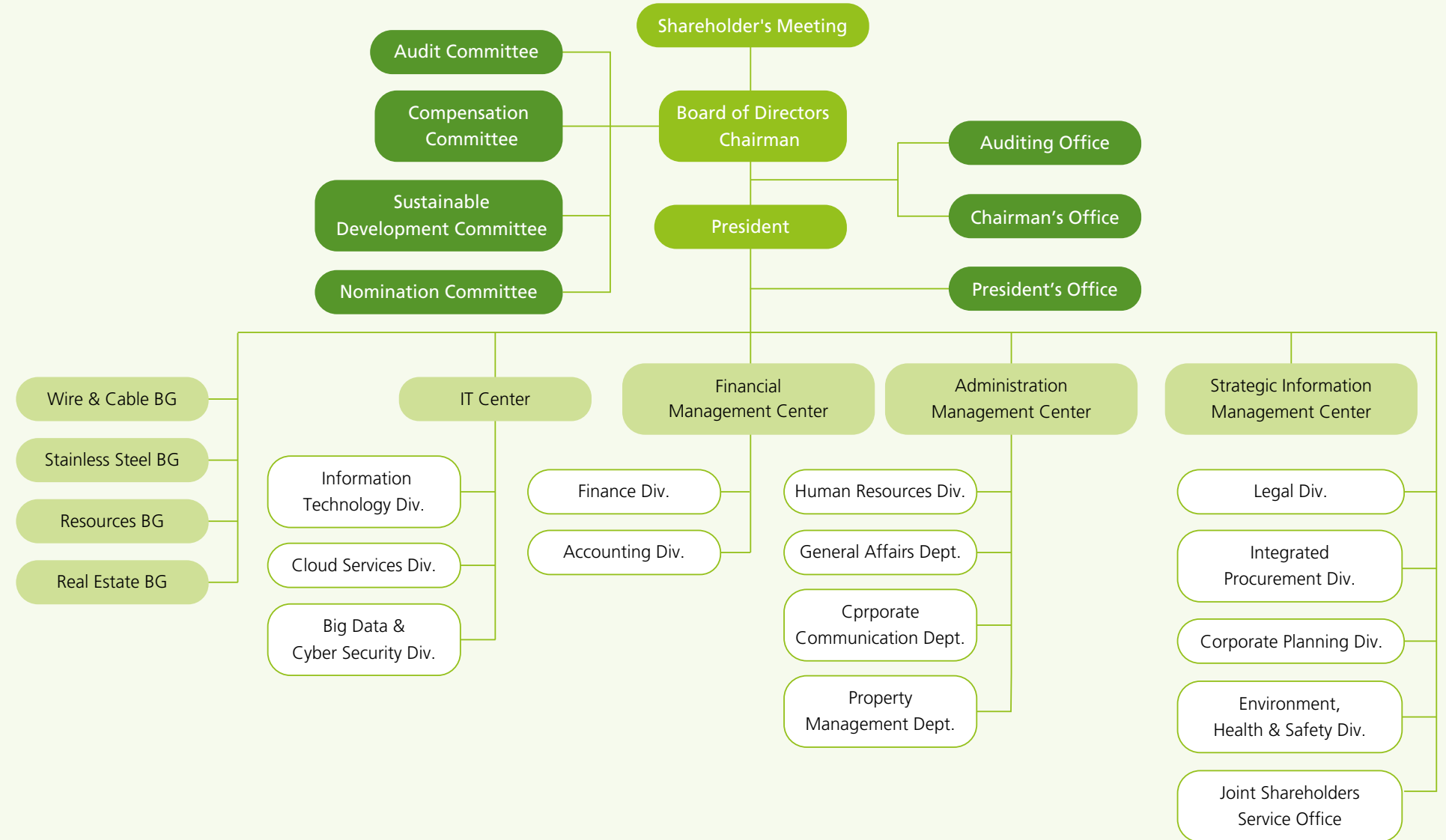
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## 2.2 Governance Structure

Material Topics

### 2.2.1 Governance Framework



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## 2.2.2 Board of Directors

The board of directors is the highest governance body and decision maker of Walsin Lihwa to oversee overall operation management.

On May 29, 2020, a shareholders' meeting was convened and the 19th term of office of the board of directors including independent directors were elected from industry elites as well as accounting and financial professionals in addition to shareholder representatives. The newly elected 11 directors including 4 independent directors have a term of office of 3 years, effective upon being elected, and they shall convene at least once quarterly. From May 29, 2020 through January 11, 2022, they convened 13 board meetings where their attendance was 96.5%. For an effective check and balance system, their meetings' resolutions and actions were all reported to the board for discussion, and major bills passed by their meetings were also immediately disclosed on Walsin Lihwa's website to provide real-time and transparent information.



Important resolutions of the Board of Directors in 2021



Director Proles and Implementation of Board Diversity



Board members in other current positions

### Board Diversity

Pursuant to Article 20 of the Corporate Governance Best Practice Principles of Walsin Lihwa and the Principles for Selection of Board Members and Managerial Officers and Their Ongoing Education and Succession Plans set forth in November 2021 for the board's diverse backgrounds in terms of necessary professional knowledges, experiences, and different genders as well as independence, Walsin Lihwa shall continue inviting qualified candidates to join its board based on company development strategies and as well as internal and external environment changes to strengthen the balance of its board. To realize the vision for corporate governance, Walsin Lihwa's directors of the board come from its management team as well as senior management in relevant industries with different professional backgrounds in accounting, finance, and sales. They can effectively perform board duties to help establish and maintain Walsin Lihwa'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 Walsin Lihwa's overall economic, social, and environmental operations from the perspective of stakeholders, and enhance corporate governance quality and corporate value.

Focusing on strengthening itself in power cables and wires, stainless steel, resources business, as well as commerce and real estate, Walsin Lihwa is expanding into the manufacturing service industry and hopes to become a paradigm of management excellence. Therefore, Yu-Lon Chiao, Chairman of the Board of Walsin Lihwa, is a veteran familiar with and knowledgeable of his company's business domains to stay on top of the context of industry developments. His open-minded leadership also takes into account of a variety of advice. Yu-Cheng Chiao and Yu-Heng Chiao, two directors of the board once hands-on in management and familiar with the company's organization and operations, excel in operation management. 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. Pei-Ming Chen, another director of the board who has spent most of his career in the semiconductor industry and participated in many M&As and international business integration, is a professional and veteran in operation management. Wei-shin Ma, one of the two female directors, excels in techno leadership, operational judgements, and management administration. Patricia Chiao, the other female director, excels in management administration, investment judgements, and human resources. Therefore, all the independent directors of Walsin Lihwa are very knowledgeable about relevant industries and have international market visions. They are Ming-Ling Hsueh, Fu-Hsiung Hu, King-Ling Du, and Shiang-Chung Chen. Fu-Hsiung Hu and Ming-Ling Hsueh excels in finance, accounting, and corporate governance. Fu-Hsiung Hu is an administrative and securities exchange expert also knowledgeable about credit information. King-Ling Du is savvy about the stainless steel industry and skillful in stainless steel industry development and management. Shiang-Chung Chen excels in techno leadership and stays effectively on top of Industry 4.0 developments.

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

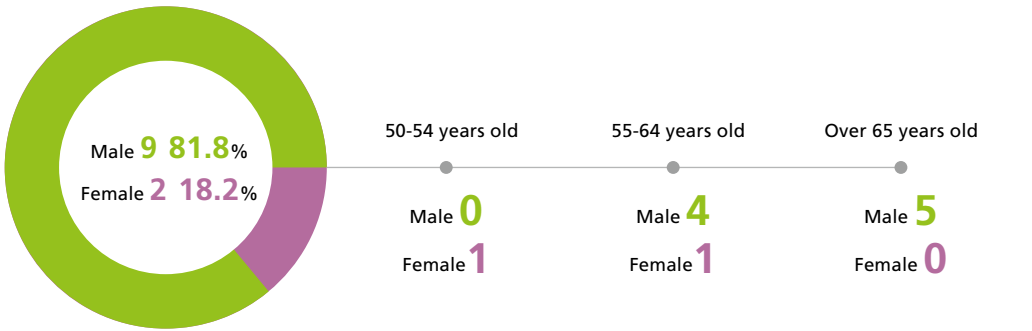
Title	Name	Gender	Specialization									
			Management	Leadership in Decision-making	Industry Knowledge	Finance and Law	Technology	Marketing and Sales	Procurement	International Trade	IT	Green Energy and Environmental Protection
Chairman	Chiao, Yu-Lon	Male	✓	✓	✓	✓	✓	✓				
Vice Chairman	Chiao, Patricia	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. 5 directors are more than 65 years old; 5 are between 55 to 64 years old; and 1 is between 50 to 54 years old. 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%.

Independence of Board Members

The 11 directors of the board including 4 independent directors shall not serve more than 3 terms, so that they can objectively perform their duties as their independence would not be affected by long tenures. None of them has any situation as prescribed in paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act. A Taiwan Stock Exchange-listed company can have only 3 independent directors but Walsin Lihwa has 4, 36% of the board and higher than what is prescribed by law, to better strengthen company management and corporate governance.





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Qualification	Independence <sup>Note</sup>												Number of other public companies in which any Walsin Lihwa director concurrently serves as an independent director
Name	1	2	3	4	5	6	7	8	9	10	11	12	
Chiao, Yu-Lon						✓					✓	✓	0
Chiao, Patricia						✓			✓		✓	✓	0
Chiao, Yu-Cheng	✓					✓					✓	✓	1
Chiao, Yu-Heng	✓					✓	✓	✓	✓		✓	✓	0
Hsia, Andrew	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Ma, Wei-Shin	✓					✓	✓	✓	✓		✓	✓	0
Chen, Pei-Ming	✓		✓	✓		✓	✓		✓	✓	✓		0
Hsueh, Ming-Ling	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Du, King-Ling	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chen, Shiang-Chung	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Hu, Fu-Hsiung	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note: During the 2 years before being elected and during the term of office, a director who meets the following criteria is kindly requested to check ✓ in the corresponding boxes.

(1) Not an-employee of the Company or any of its affiliates.

(2) Not a-director or supervisor of the board of the Company or any of its affiliates (the same does not apply to independent directors appointed in accordance with the Securities and Exchange Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent)

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph (1) or any of the persons in the preceding two subparagraphs (2) and (3)

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act (the same does not apply to independent directors appointed in accordance with the Securities and Exchange Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(6) Not a director, supervisor, or employee of any other company If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person (the same does not apply to independent directors appointed in accordance with the Securities and Exchange Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(7) Not a director (or governor), supervisor, or employee of any other company If the chairperson, general manager, or person holding an equivalent position of that company and a person in any of those positions at that company or institution are the same person or are spouses(the same does not apply to independent directors appointed in accordance with the Securities and Exchange Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent)

(8) Not a director, supervisor, managerial officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company (the same does not apply to any specified company or institution that holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company where independent directors are appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(10) No spousal or familial relationship within the second degree of kinship with other directors.

(11) No situation as prescribed in Article 30 of the Company Act.

(12) Not a director elected to represent any government agency or juristic person as prescribed in Article 27 of the Company Act.

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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. Walsin Lihwa engaged the Taiwan Corporate Governance Association again to evaluate its board performance from October 1, 2020 to September 30, 2021. The association and its executive committee members, independent enough for no business dealing with Walsin Lihwa, implemented the evaluation by onsite interview with relevant board members regarding the board's composition, guidance, authorization, supervision, communication, internal control and risk management, and self-regulation among others with reference to 38 indicators provided Walsin Lihwa. On November 30, a report on the board performance evaluation results was provided to Walsin Lihwa, where the unit responsible for arranging the evaluation reported the evaluation results to the board on January 11, 2022 and also made the report available online. Walsin Lihwa shall continue improving its board performance by optimizing its board meeting quality based on the evaluation results. An internal evaluation of the 2021 board performance was also completed and reported to the board on January 11, 2022.



Results of Board Performance Evaluation in 2021 (Chinese edition)



Results of External Evaluation of Board Performance in 2021 (Chinese edition)

## 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 anti-corruption. 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 shall be minuted for the best interest of stakeholders.

## Enhancement of Corporate Governance by Directors

To strengthen corporate governance as the cornerstone for effective business development to provide high quality products and services while taking care of the interest of customers, communities, employees, shareholders, and other stakeholders, a board meeting on June 12, 2019 passed a resolution to establish a Corporate Governance Director position. The incumbent Corporate Governance Director of Walsin Lihwa is Vice President Hueiping Lo for her legal qualification for the position. i.e., more than three years of financial director experience at a public company.

The Corporate Governance Director is responsible for board meeting and shareholders meeting arrangements, preparation of board meeting and shareholders meeting minutes, assistance in ongoing education and training for directors of the board, provision of information required for performance of duties by directors of the board, assistance in directors of the board's compliance with law as well as other matters as prescribed in the Articles of Incorporation of Walsin Lihwa and/or contracts to help strengthen board performance and corporate governance effectiveness.

2021 Corporate Governance Implementation Status:

- 1.Board meeting and relevant committee meeting arrangements to facilitate meeting proceedings and strengthen recusal for conflicts of interest.
- 2.Provision of information required for performance of duties by directors of the board within the statutory time period to remind them of relevant laws and regulations to be complied with to perform their duties when the board makes a resolution and afterward, and follow through of the progress of how directors' opinions or suggestions are processed after a meeting.
- 3.Amendments to important company bylaws including the Articles of Incorporation, Board of Directors Meeting Regulations, Corporate Governance Best Practice Principles, Standard Operating Procedures for Processing Request Made by Directors of the Board, Regulations Governing Board Performance Evaluation, Procedures for Ethical Management and Guidelines for Conduct, and enactment of the Organization Rules of the Nomination Committee.
- 4.Arrangement of education and training for directors of the board, and provision on a regular basis of information on relevant external education and training opportunities to help enable diversified learning mechanisms with 6 hours of training as required by the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies provided to every director in 2021 to amount to 141 hours of training for all the directors with 100% attendance.
- 5.Provision of information required for performance of duties by directors of the board to help streamline their communication with individual business heads, and assistance in independent directors' communication with the Chief Audit Executive and CPAs to help independent directors effectively perform their duties (the communication status is available on the Company's website).
- 6.Arrangement of evaluation of board performance and individual function committees' performance and external evaluation of board performance evaluation in 2021.



Important resolutions of the Board of Directors in 2021



Continuing education status of directors in 2021

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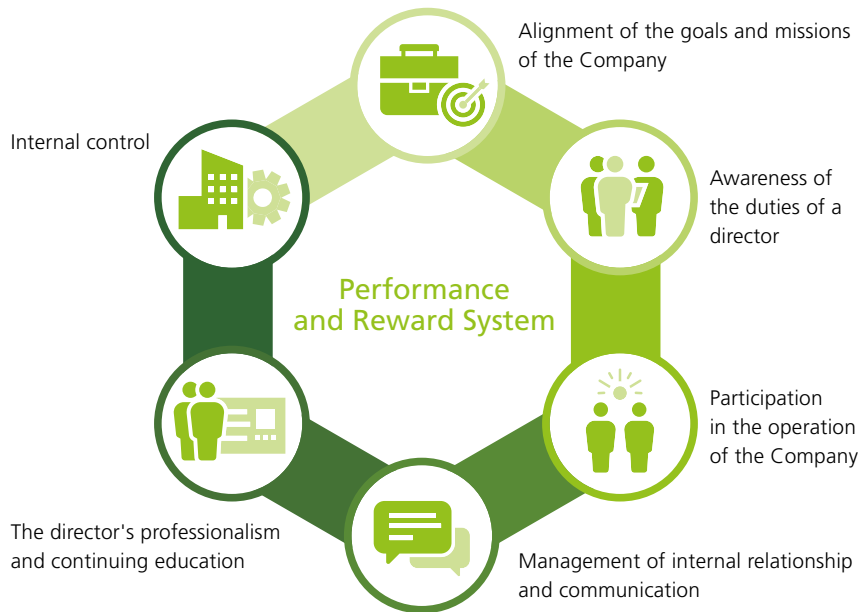
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Performance and Reward System

The criteria for evaluating the board members’ performance should cover the following six aspects:



The Company shall provide the board performance evaluation results to the Nomination Committee as reference for electing or nominating members of the board of directors and shall also provide individual director performance results to the Compensation Committee as reference for its determination of individual directors remunerations.

2.2.3 Operations of Functional Committees

To help strengthen board performance, the board of Walsin Lihwa has four function committees, the Audit Committee, Compensation Committee, Sustainable Development Committee, and Nomination Committee, to assist in the board in fulfilling its oversight responsibilities, setting forth and reviewing relevant policies, expediting effective system implementation, strengthening board operations, and reporting the status of implementation of board resolutions to the board on a regular basis. Members of the function committees are tabulated as below.

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



Operations of Functional Committees

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 shall convene at least twice annually to review the annual plans of the five centers under the committee as well as their plan implementation results to report to the board of directors in the following year.



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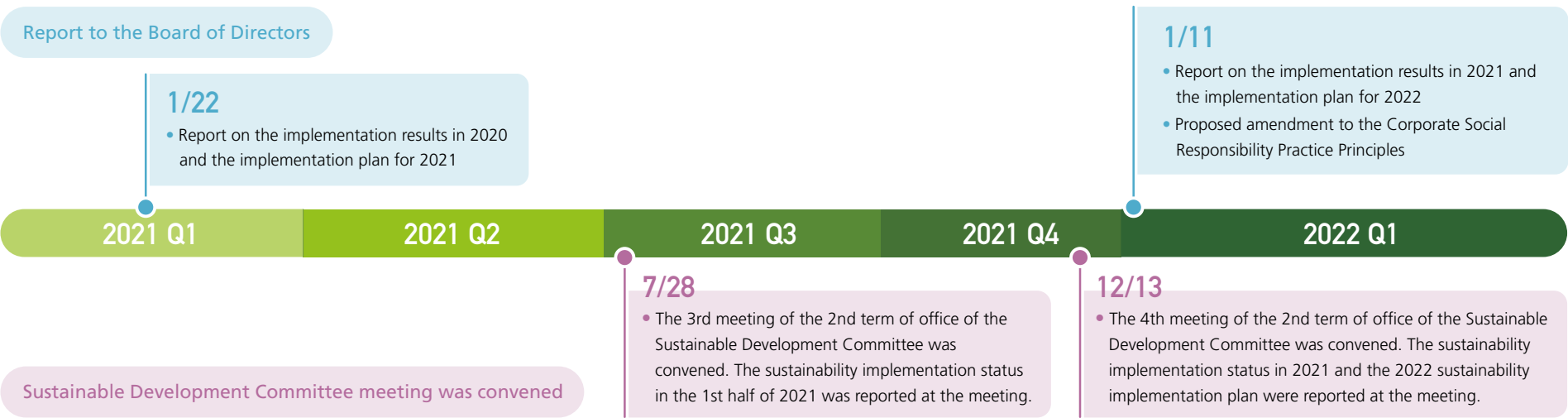
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Sustainable Development Committee Operation

Communication plan	Communication mechanism	Frequency	Status of communication in 2021
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 2020 and the implementation plan for 2021 to the Board of Directors on January 22, 2021.
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 July 28, 2021 to report the implementation status in the 1st half of 2021. The second meeting was convened on December 13, 2021, and the implementation results in 2021 and the implementation plan for 2022 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. On the Company's website there are an Investors page and a Sustainability page to provide real-time information on corporate governance and financial information in both Chinese and English. Moreover, institutional investor briefings take place on a regular basis to timely address investor concerns for investors to raises questions about the Company's financials and gain a thorough understanding of them. A total of 4 investor conference was held in 2021. Walsin Lihwa values communication and exchange with shareholders, whose doubts and suggestions are dedicatedly processed at the Company's Joint Shareholders Service Offices, while shareholders can file complaints any time as relevant contact information and designated compliant mailboxes provided by the Company's website and annual report are readily accessible. The website and annual report also disclose shareholders' equity and the status of communication with stakeholders.



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## 2.3 Business Performance

Material Topics

### 2.3.1 Financial Performance

Walsin Lihwa's total capital was NT\$34.3 billion in 2021, consolidated revenue was approximately NT\$156.7 billion, net profit was 14.6 billion, and the number of employees reached nearly 7,000. The Company's four major business units are wire and cable, stainless steel, resources business, and real estate. The Wire and Cable BU's revenue was NT\$64.4 billion in 2021, shipping approximately 250,000 metric tons of bare copper wire and wire and cable. The Stainless Steel BU's revenue was NT\$65.3 billion, shipping approximately 790,000 metric tons of primary stainless steel products. The Resources Business BU's revenue was NT\$8.6 billion, shipping approximately 10,000 metric tons of primary products. The Real Estate BU's income from real estate sales and leasing was NT\$1.9 billion.

Unit: NT\$ million

Category	2020	2021
Operating revenue	112,547	156,665
Gross profit	12,468	19,809
Operating expenses	5,083	6,464
Operating profit	7,385	13,346
Non-operating income and expenses	1,866	5,777
Pre-tax profit / loss	9,251	19,122
Net profit / loss	6,691	14,643

#### Operating Revenue

Operating revenue increased by NT\$44.1 billion in 2021. Although the Stainless Steel and Wire and Cable Businesses faced significant fluctuations in the supply and demand in the raw material markets, the sales volume of each business unit grew as a result of effective control of material procurement in response to clients' demand, timely adjustment of production capacity, and accurate delivery; the nickel pig iron and power plants also achieved full capacity and sales in 2021, resulting in a 39% increase in operating revenue over the previous year.

#### Gross Profit

In 2021, the gross profit increased by NT\$7.3 billion year-on-year. A better gross profit than the previous year was due to the increase in sales volume, as well as because the Stainless Steel BU and the Wire and Cable effectively improved capacity utilization and controlled costs, and the target of full capacity and sales for the nickel pig iron and power plants was achieved as planned.

Ethical Management and Strategic Transformation

#### Operating Expenses

The increase in operating expenses for 2021 included a significant increase in transportation costs due to the pandemic, in addition to the decrease in expenses corresponding to the increase in operating revenues.

#### Non-Operating Income and Expenses

The increase in non-operating income and expenses in 2021 was mainly due to the increase in income from adopting the equity method.

#### 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.

Unit: NT\$ million

Category	2020	2021
Pre-tax net profit	9,251	19,122
Income tax expense	2,245	3,865
Effective tax rate	24.27%	20.21%
Income tax payment	2,156	1,255
Cash tax rate	23.31%	6.56%
Income tax percentage in operating revenue	1.99%	2.47%



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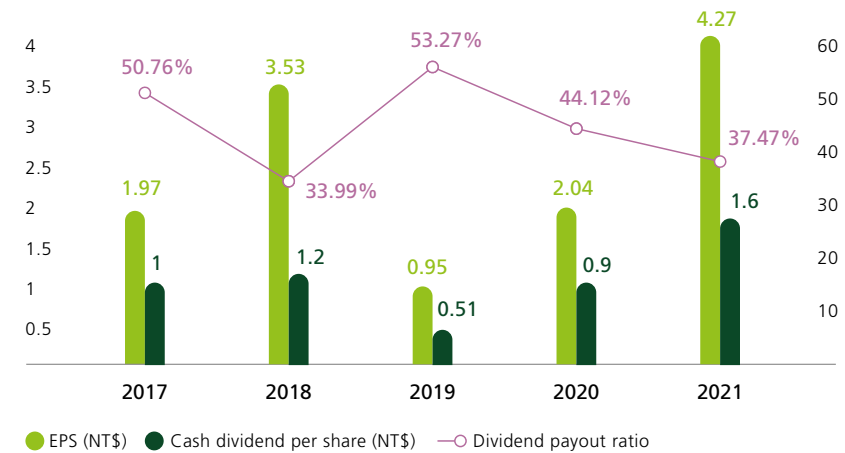
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## Dividend Payout and Dividend Yield

To strengthen corporate sustainability, Walsin Lihwa pays dividends on a conservative, sustainable basis. Pursuant to Article 28 of the Articles of Incorporation of Walsin Lihwa, in case of any earnings on the final account, the Company shall allot as shareholder dividends no lesser than 40% of the balance of such earnings after offsetting its loss, paying income tax, setting aside the legal reserve, and setting aside the special reserve as adjusted based on the net decrease in other shareholders' equity as stipulated in Article 28. Such dividends shall be distributed in cash or in form of shares; cash dividends shall not be lesser than 70% of the total dividend To ensure the stability of the financial structure, and based on the principle of equitable dividend payout, if the Company has no earnings to distribute or has earnings but the amount of earnings is significantly less than the actual earnings distributed previously, the Company may distribute all or part of the reserves or the undistributed earnings in the previous period. If there is a non-recurring, material income in the Company's earnings for the year, all or a part of such income may be retained without being subject to the percentage limitation set forth in Article 28.

Note: Amendment to Article 28 of the Articles of Incorporation was discussed at the 2022 shareholders' meeting on May 13, and the equity method was adopted regarding the calculation basis for dividend payout, i.e., excluding the share of the income generated by the Company's affiliates but adding the cash dividends they distribute to the Company.



Note: From 2017 to 2021, the stock dividend per share is NT\$0.

## 2.3.2 Business Development Overview and Future Outlooks

Walsin Lihwa's 2021 net income after tax amounted to NT\$14.64 billion with EPS of NT\$4.27, its best-ever business performance. The operating incomes of its individual business groups were also significantly higher than those in 2020. In particular, the operating income of the Stainless Steel Business Group reached NT\$5.9 billion, a fourfold increase over the previous year. The Commodity Business Group, benefiting from its investment in nickel pig iron and power plants in Indonesia as well as booming agency business, generated an annual operating income of NT\$4 billion. The Wire and Cable Business Group, boosted by the plant establishment investment by Taiwan businesses returning from overseas, almost doubled its annual operating income to NT\$2.2 billion as compared with that in the previous year. Despite economic volatility, the Company's individual business groups were able to effectively keep pace with market changes and hedge against raw material price fluctuations as well as unstable shipping and delivery schedules to achieve an overall operating profit of NT\$13.3 billion. Driven by the growth in equity investments such as Winbond and Walsin Technology, which generated an equity investment income of NT\$5.4 billion, the Company's 2021 profit reached a record high.

Walsin Lihwa has been pursuing business processes reengineering, smart manufacturing, automated production and, in particular, investment in energy saving, green energies, and circular economy development over the past few years to cope with the challenges facing the Company in the basic industry and the challenges associated with global business transformation. In 2022, the coronavirus pandemic, inflation, global warming, carbon neutrality, and overcapacity in Mainland China will still affect the Company's operations, but ongoing business performance improvement can still be made possible by strategic integration, digital transformation, and core competitiveness enhancement.

### Wire and Cable Business

Grasp the business opportunities from new plant establishment, continue innovative business model development, maintain market leadership, and increase green energy product sales such as solar power and wind power generation products in addition to port machinery through capital expenditure to further strengthen the presence in the power cable and wire market.

### Stainless Steel Business

Continue production process optimization and carbon reduction despite the impacts from pandemic and environmental protection issues while expediting new product development and increasing high value-added products to maintain product competitiveness.

### Resources Business

Integrate raw material procurement and risk management at individual business groups and continue seeking green suppliers to strengthen cooperation with them to keep pace with environmental protection trends and reduce production costs.

### Real Estate Business

Offer Walsin Centro 1 office tower for lease and sale when the tower construction is completed by mid-2022 while adjusting the shop mix at One Mall Nanjing to strengthen operational performance.

2.4 Business Integrity

Material Topics



2.4.1 Regulatory Compliance

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

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

Monitoring and Evaluation of Relevant Business Laws and Regulations

We are in the manufacturing industry and our main compliance risks are related to labor and environmental protection laws, as well as the use of conflict minerals. Sales related risks include protection of consumer safety and health rights by the industry's competent authority and the Fair Trade Act. Accounting related risks are mainly related to the Tax Laws, the Tax Collection Regulations in each country, and the Anti Money Laundering Regulation. Public companies are required to comply with the Company Act, Securities and Exchange Act, and corporate governance and CSR related regulations. We closely follow policy and law changes in Taiwan and overseas that may have a material impact on our business operations and financial positions. Therefore, we follow regulatory changes based on the classification of organizational functions and the laws relevant to each one of them, as described below:

Name of the Law/Regulation	Accountable department	Examine the mechanism (method, frequency)	2021 Results
Environmental Protection, Labor Safety and Health-related Regulations	Environment, Health & Safety Div.	Designated personnel collect information on changes in laws and regulations at any time to make amendment accordingly and based on ISO standards.	Environmental management system optimization, strengthened supervision of waste treatment effectiveness to ensure compliance with relevant environmental protection laws and regulations, amendment to the Regulations Governing Company Waste Management, and enactment of the Contractor Management Regulations with promulgation and enforcement throughout plant sites
Business Entity Accounting Act, International Financial Reporting Standards (IFRSs), tax laws, regulations governing the acquisition and disposal of assets, and Regulations Governing Establishment of Internal Control Systems by Public Companies	Accounting Div.	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.	Amendment to the Company's internal control policies and systems pursuant to relevant changes made by competent government authorities
Company Act, Securities and Exchange Act, Trade Secrets Act, Fair Trade Act, and Intellectual Property Rights Laws	Legal Div.	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.	Amendment to the Company's Intellectual Property Right Management Manual regarding patent management and confidential document management pursuant to relevant changes in the Company Act, Copy Right Act, as well as related announcements and directives
Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies	Corporate Governance	Timely amendment to the Company's bylaws and internal policies with designated personnel to gather information on law changes through multiple channels such as competent authorities, government websites, external consultants, and news media	Amendment to the Company's Articles of Incorporation, Ethical Corporate Management Best Practice Principles, and Procedures for Ethical Management and Guidelines for Conduct pursuant to the Taiwan Stock Exchange's announcements

From the beginning of 2021 to the finalization of this report, Walsin Lihwa amended its Articles of Incorporation, Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, and Intellectual Property Right Management Manual 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.

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## 2.4.2 Integrity Policy

### Moral Values and Professional Conduct

Walsin Lihwa is committed to ethical corporate management, legal compliance, and effective corporate governance and therefore has its Ethical Conduct Guidelines for Directors of the Board and Managerial Officers, Ethical Conduct Guidelines for Employees, and Regulations of Business Handling by Employees to require employees to abide by them to meet the Company's requirements for business ethics, labor relations, environmental protection, occupational health and safety, internal control, corporate governance, and community involvement. Moreover, the Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct are the two pillars of the Company ethical management policy, and relevant information on ethical management for business integrity is also available on the Company's website and intranet to highlight the importance of ethical management.

### Business Integrity and Anti-corruption

With commitment to effective ethical management for business integrity, Walsin Lihwa does not tolerate any corrupt practices, e.g., bribes, frauds, extortions, abuses, embezzlement of company assets, and/or personal interests at the cost of the interests of the Company. The key points of the Company's Procedures for Ethical Management and Guidelines for Conduct are provided as below.

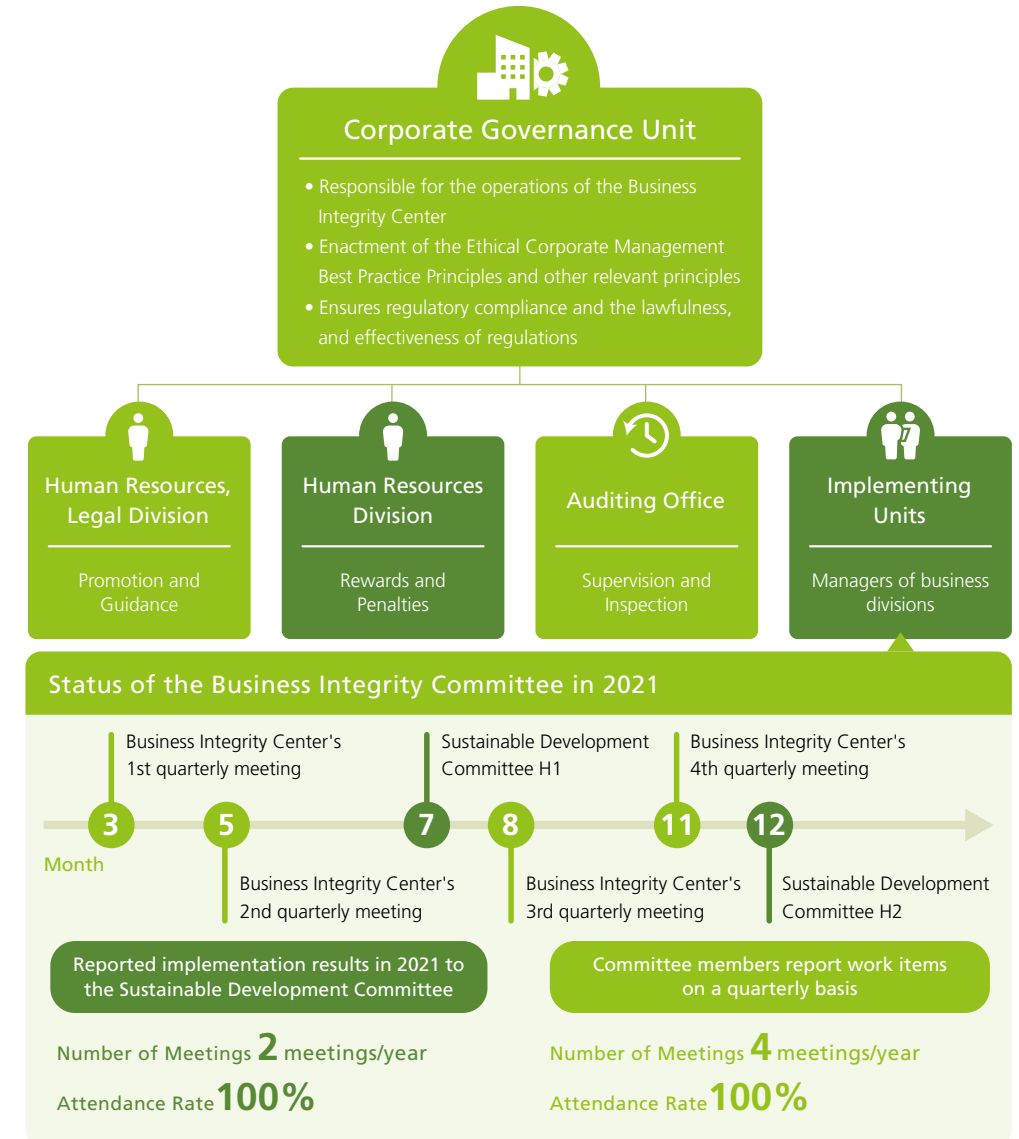
- 1 The assessment mechanism for dishonest practices was established.
- 2 Expand the scope of directors' recusal for conflicts of interest and require employees to abide by the Ethical Corporate Management Best Practice Principles.
- 3 The formulation of the business integrity policy and its implementation 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.

In 2021, the Company was not fined for any violation of corporate governance or anti-corruption policy and there was no employee corruption case nor insider trading committed by directors of the board or senior managerial officers.

Ethical Management and Strategic Transformation

### Members of the Business Integrity Center

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





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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. In 2021, 9 directors, 82% of the board, attended ethical (including anti-corruption) 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. To help directors of the board strengthen their professional knowledge to improve corporate governance, Walsin Lihwa arranges education and training for directors of the board on a regular basis and keeps them updated on relevant law and regulation changes in Taiwan and overseas, in particular, the periods during which stock trading by board members is forbidden before financial statements are released as notified by the Taipei Exchange on December 21, 2021.
2. Comprehension of the key points of legal compliance: Employees are encouraged to attend professional programs in Taiwan or elsewhere in the world to keep themselves updated on the latest law and policy changes as well as the latest developments in specific laws.
3. Commitment to anti-corruption: Suppliers are required to sign statements of commitment to ethical management and business integrity. The Company’s commitment to anti-corruption and relevant anti-corruption practices are also announced at supplier conferences and institutional investor briefings, and there is a complaint channel for stakeholders on the Company’s website.
4. Convene 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.
5. On the Company’s intranet and internal education and training platform Walsin Lihwa Academy, various training programs on ethical management, corporate governance, and legal knowledge are provided to strengthen employees’ awareness of legal compliance. The education, training, and promotion in 2021 focused on compliance with the Ethical Corporate Management Best Practice Principles, intellectual property management, respect for copyrights and patent rights, and confidentiality obligations.

Internal Promotion

To instill correct knowledge of relevant laws and regulations as well as ethical practices throughout the Company, annual education and training on ethical corporate management, anti-corruption, and legal compliance are provided to all employees including new employees. The education and training cover patents, protection of business secrets, as well as ethical management and anti-corruption. All the employee participants shall pass tests after their education and training. In 2021, the 1,979 participants all passed their tests.

Status of Attendance to Ethical Management and Anti-corruption Education and Training

Plant	Item	Total	Managerial <sup>note1</sup>	Non-managerial	Male	Female
Taiwan	Number of Attendees	522	141	381	403	119
	Number of employees	2,817	285	2,532	2,462	355
	Ratio <sup>note2</sup>	19%	49%	15%	16%	34%
Mainland China	Number of Attendees	237	113	124	146	91
	Number of employees	2,066	234	1,832	1,608	458
	Ratio <sup>note2</sup>	11%	48%	7%	9%	20%

Status of Attendance to Legal Compliance Education and Training

Plant	Item	Total	Managerial <sup>note1</sup>	Non-managerial	Male	Female
Taiwan	Number of Attendees	1,119	270	849	871	248
	Number of employees	2,817	285	2,532	2,462	355
	Ratio <sup>note2</sup>	40%	95%	34%	35%	70%
Mainland China	Number of Attendees	101	43	58	60	41
	Number of employees	2,066	234	1,832	1,608	458
	Ratio <sup>note2</sup>	5%	18%	3%	4%	9%

Note: 1. Definition of people in charge: Section and shift leaders and above  
2. Training ratio: Courses that must be passed: Actual attendees/Number of employees in 2021

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In addition to the education and training for all employees, specific courses were provided to specific employees in 2021 to help strengthen corporate legal compliance and ethical management by effectively developing a top-down company culture.

Month	Subject	Required Attendees	Required Attendance	Actual Attendance	Attendance Rate
April, 2021	Ethical management and legal compliance	Resources Business Group employees	48	46	95.8%
August, 2021	Study of important economic and trade issues and sharing of ethical management cases	Directors of the board and senior managerial officers <sup>Note</sup>	26	24	92.3%
August, 2021	Evaluation of effectiveness of the education and training on the Taiwan Intellectual Property Management System	Legal Division employees	22	22	100%

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

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 2021, 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
December, 2021	Insider trading prevention	Directors of the board and executives above the managerial officer level	85 <sup>Note</sup>

Note:including 11 directors of the board, 36 executives above the division director level, 29 above the managerial officer level, and 9 corporate governance officer.

External Promotion

Promotion to suppliers took place at different plants in 2021 and focused on ethical management, anti-corruption, and legal compliance. Each session of the promotion lasted about 0.5 hour.

Date	Plant	Number of major suppliers that participated	Attendance Rate
September, 2021	Shanghai Walsin	12	100%
October, 2021	Dongguan Walsin	12	100%
November, 2021	Hsinchuang Plant / Yangmei Plant	32	100%
November, 2021	Yenshui Plant	55	100%

Walsin Lihwa’s internal promotion throughout 2021 focused on ethical management, patents, and the Taiwan Intellectual Property Management System. 2,156 people participated in the internal promotion; 111 major suppliers were invited to the Company’s external promotion.

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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

Board of Directors	Approve overall risk management policies and major decisions.
Audit Committee	Review the assessment of the effectiveness of the internal control system to ensure that the implementation and supervision of internal controls, as well as the control of existing or potential risks, have been effectively conducted.
Auditing Office	Perform risk management audits, provide the management with timely information on existing or potential issues within internal control, and ensure internal control complies with existing and prescribed control procedures.
President	Organize and monitor the implementation and coordination of overall risk management.
All risk management units	Fully understand existing risks in their business practices and include relevant mechanisms of risk management when devising rules and management for each business practice. Also, review changes in external/internal operating environments, regularly adjust control mechanisms, and report to the Board of Directors when major risks are encountered.
All units and subsidiaries	Identify respective risks that they are facing, conduct essential operations and risk management in accordance with the regulations, and ensure that the risks involved can be controlled within an acceptable range.





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## Risk Types and Risk Control Mechanisms

Walsin Lihwa's risk management is intended to mitigate the impacts from internal and external risks based on the degrees of severity and the Company's business characteristics to identify, monitor, and manage the risks associated with corporate governance as well as economic, environmental, and social issues. The status of risk management is reported to the board on a regular basis. Relevant risk types and risk control mechanisms are tabulated as below.

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.
			Penalties for violations	<ul style="list-style-type: none"> <li>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.</li> <li>Effective control and management of various projects, risks, or disputes at the Company to develop strategies to deal with them and provide legal risk advice</li> <li>Completion of implementation of the Taiwan Intellectual Property Management System with external certification at the head office and Yenshui plant to protect the Company's intellectual property rights by focusing on internal and external communication of intellectual property right issues, related disputes, and outsourcing process and management, and completion of certification by the Taiwan Intellectual Property Management System at the Hsinchuang plant in 2021</li> </ul>
	Legal risks	Legal Division	Personal information leaks	<ul style="list-style-type: none"> <li>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.</li> <li>Ongoing development and perfection of the Company's intellectual property right management in 2021 by enactment of or amendment to company by laws such as confidentiality, patent, academia-industry cooperation, and new product development management regulations</li> </ul>
			Employee misconduct	<ul style="list-style-type: none"> <li>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.</li> <li>Ongoing perfection of business integrity requirements at the Company in 2021 by amendment to the Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct, with the acquisition and payment cycle under supervision by the Business Integrity Promotion Center to implement assessment of unethical practice risks.</li> </ul>
			Transaction Risk	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
	Capital expenditure risks	Accounting Division	Purchase and management of major equipment	<ul style="list-style-type: none"> <li>Implementation and amendment of the Rules on Capital Expense Management.</li> <li>Major capital expenditures must be reviewed by the Audit Committee and the Board of Directors.</li> </ul>

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Dimensions	Risk type	Risk management unit	Risk description	Control mechanism
Corporate Governance and Economy	Information security risks	IT Center	Information systems and confidential information protection	<ul style="list-style-type: none"> <li>Ongoing planning and implementation of information security protection focusing on computer, network, and application vulnerability assessment and improvement such as vulnerability scanning and source code analysis</li> <li>File encryption implementation and secure cloud service planning to decrease sensitive data leakage risks</li> <li>Inspections of website vulnerabilities on a regular basis, and implementation of penetration tests and website risk inspections for timely improvement to ensure website security</li> <li>Promotion during the Information Technology Month and education and training on information security supported by social engineering drills to strengthen employees' awareness of information security</li> <li>Implementation of disaster backup drills to strengthen data security and backup to strengthen the Company's incident responsiveness and maintain the Company's sustainability rating</li> </ul>
	Interest rate fluctuation risks	Finance Division	Interest rate fluctuation	<ul style="list-style-type: none"> <li>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.</li> <li>Monitor the Company's financial condition and evaluate financing methods and instruments based on annual budget requirements to reduce financing cost.</li> <li>Maintain good relationships with banks to obtain the best interest rates on loans and savings.</li> </ul>
	Exchange rate volatility risks	Resources BG, Risk Management Division	Exchange rate volatility	<ul style="list-style-type: none"> <li>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.</li> <li>Formulate hedging strategies and use hedging instruments, such as spot exchange transactions and forward exchange transactions, for exchange rate hedging.</li> <li>Control foreign exchange risks and carry out hedging for major capital expenditures and fund transfers that will change the Company's foreign currency position.</li> <li>Daily confirmation of the Company's foreign exchange risks and gain or loss position in compliance with relevant management requirements</li> <li>Enactment and perfection of the Company's bylaws for foreign exchange management with the Foreign Exchange Risk and Trading Management Regulations, Working Rules for Foreign Exchange Risk and Trading Management, Working Rules for Hedging against Foreign Exchange Risks at Subsidiaries in Mainland China, and Regulations of Foreign Exchange Risk Management and Internal Hedging Prior to Account Establishment set forth in 2021 to strengthen internal risk management</li> </ul>
	Risks associated with raw material prices and supply chains	Resources BG, Risk Management Division	Price fluctuations of raw materials	<ul style="list-style-type: none"> <li>Real-time market intelligence obtained from multiple data sources and statistics databanks</li> <li>Daily monitoring of the Company's raw material and gain or loss positions to make position adjustments according to market situations and confirm the positions at individual business groups are maintained within the prescribed limits of authority</li> <li>Development and perfection of the Company's raw material management bylaws with the Raw Material Position Management Regulations and Regulations for Management of Margins for Derivatives set forth in 2021 to further strengthen internal risk control</li> </ul>
		Resources BG, Commodity Procurement Division	Supply cut off	<ul style="list-style-type: none"> <li>Analysis of the supply in major markets to continue supplier development and assessment by evaluating and grading existing suppliers on a regular basis to ensure the availability of sufficient qualified suppliers</li> <li>Procurement planning based on the production budgets approved by individual business groups as well as production and sales projected by production and sales coordination to factor in supply sources' overall quality, delivery stability and safety stock requirements to flexibly adjust procurement planning and safety stocks while developing a reasonable ratio of futures to spots for procurement</li> <li>Quantity and delivery date negotiations with qualified suppliers to decrease safety stocks and supply failure risks and ensure more flexible and timely supply sources</li> </ul>

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Dimensions	Risk type	Risk management unit	Risk description	Control mechanism
Corporate Governance and Economy	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"> <li>An in-depth understanding of customer-end applications by analysis of customer price enquiry and customer visit reports to examine the Company's technology and equipment capabilities based on which near-term product and technology development objectives are set to provide high value-added and high-quality products and customer service and strengthen presence in the manufacturing service industry</li> <li>Timely updates on global trends as well as relevant laws and regulations industry, and competitor analysis on a regular basis together with short- and long-term perspectives to effectively keep pace with customer, market, industry changes and develop product and technology blueprints corresponding to medium- and long-term developments</li> <li>Perfection of manufacture process control and monitoring, and implementation of online detection in conjunction with SPC and EDA tools to prevent poor quality and strengthen quality improvement efficiency</li> <li>Customer relations enhancement to stay on top of domestic and overseas port operators' needs to develop energy efficient and lightweight power cables as well as optical fiber compound cables for port operation automation</li> <li>Product development targeting carbon reduction and green energy industries, e.g., cables for electric vehicle charging plugs, cables in electric vehicles, cables for energy storage, and offshore wind turbine cables</li> <li>Introduction of thermoplastic elastomer and abrasion-resistant cables to drag chain cables for Industry 4.0 machine tools</li> </ul>
				<ul style="list-style-type: none"> <li>Implement energy management systems and establish energy management performance indicators for effective long-term management.</li> <li>Invest in green energy and gradually establish the carbon footprint of products to improve carbon reduction performance and prepare for carbon rights management.</li> <li>Implementation of major products' carbon footprint verification and estimation of carbon emissions per unit of product at the Taiwan plants in 2020 and the plants in Mainland China in the 4th quarter of 2021.</li> </ul>
Environment	Climate change and environmental risks	Environment, Health & Safety Div.	Carbon emission management	<ul style="list-style-type: none"> <li>Continue to improve reclaimed water and waste liquid recycling technologies and reduce raw material and tap water consumption.</li> <li>Continue to search for and develop waste reuse technologies to increase the resource reuse rate.</li> </ul>
		Environment, Health & Safety Div.	Reduce environmental pollution and energy consumption	<ul style="list-style-type: none"> <li>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.</li> </ul>
Social	Management risks	President's Office	Personnel changes	<ul style="list-style-type: none"> <li>Strengthen the employee-employer communication channel to promote harmonious relations.</li> <li>Strengthen personnel recruitment channels, employee capability eligibility review, as well as the management, implementation, and monitoring of education and training.</li> </ul>
		Human Resources Div.	Handling employee-employer relations	<ul style="list-style-type: none"> <li>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.</li> <li>Ensure that the management procedures and relevant administrative operations of human resources comply with relevant laws and regulations.</li> </ul>
Social	Occupational safety risks	Environment, Health & Safety Div.	Work environment and employee safety	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>Ongoing improvement of risk assessment management and equipment risk assessment in 2021 to promote occupational health and safety management, equipment safety, and emergency power off optimization while strengthening equipment hazard assessment by setting forth integrated management regulations.</li> </ul>



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Dimensions	Risk type	Risk management unit	Risk description	Control mechanism
Social	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.

## 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 5, 2021. On November 22, 2021, the Company received the TIPS certification, which is effective through December 31, 2023.



Implementation status of intellectual property management in 2021

## 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 chief audit executive. Responsible departments are required to properly manage such suggestions and complaints and report the results to the Audit Committee. We received 2 complaints in 2021, 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:

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

## 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. 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 addition to regular reports to the board of directors. 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. The Auditing Office may also provide management with timely information on existing or potential issues with internal control through auditing activities.

## Internal Control



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3.2 Green Operation

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Q Material Topics

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## Sustainability Promotion Strategy ON

- Continuous improvement and innovation to develop green processes, technologies and products to 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 2021	2021 Results	Objectives for 2022
<b>Wire and Cable</b> Committed to the development of a green business to mitigate the impact of policies and meet the future development trend.	Develop special insulated wire and cables for offshore wind turbine towers.	<ul style="list-style-type: none"> <li>• HV cable completed customer certification and entered the supply stage.</li> <li>• DC cable completed electrical performance verification and samples were sent to Denmark for tower testing at room temperature.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop insulated wire and cable modules for green energy applications.               <ol style="list-style-type: none"> <li>1. Develop cables for energy storage systems that meet TÜV requirements.</li> <li>2. Develop wires for new energy vehicles and wire harness for power replenishment systems.</li> </ol> </li> </ul>
<b>Wire and Cable</b> Promotion of sustainable actions to enhance environmental friendliness, protect the global environment, and enhance our competitive edge.	Develop lightweight products.	<ul style="list-style-type: none"> <li>• Replaced the general rubber material with new materials and completed the development of three lightweight products, with an average weight reduction of 20% for the covering insulation material and 15% for the overall cable structure.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop thermoplastic recycling technology of XLPE material for cable insulation and recycle the waste material.</li> </ul>
<b>Stainless Steel / Resources Business</b> Develop and innovate green technologies for process energy saving, product performance, and industry development, and combine upstream, midstream, and downstream to create a carbon reduction and green industry chain	<b>Stainless Steel</b> Development of process optimization - green process for energy saving and carbon reduction	<ul style="list-style-type: none"> <li>• Steelmaking process improvement: “Continuous LD residual steel casting energy-saving recovery” and “improve metal recovery rate of reduction slag process improvement projects, reducing power consumption by 912,022 kWh, and carbon reduction conversion of about 458 MT-CO<sub>2</sub>e</li> <li>• Steel rolling mill process improvement: “Optimization of rolling temperature in rolling mill” and “optimization of rolling process to reduce NG scraping rate” process improvement projects, reducing power consumption by 563,226 kWh, energy consumption and gas volume by 81,507 m<sup>3</sup>, and carbon reduction conversion of about 453 MT-CO<sub>2</sub>e</li> <li>• Refinement process improvement: “Optimization of the process of mixed acid heating” process improvement project, reducing energy consumption and gas volume by 245,613 m<sup>3</sup>, and carbon reduction conversion of about 513 MT-CO<sub>2</sub>e</li> <li>• Cold finishing process improvement: “Bright annealing furnace temperature control and reduction” process improvement project, reducing power consumption by 331,920 kWh, and carbon reduction conversion of about 167 MT- CO<sub>2</sub>e</li> </ul>	<ul style="list-style-type: none"> <li>• Continuously promote process improvement and refinement to increase productivity, effectively reduce power consumption, energy consumption, water saving, waste reduction to achieve carbon emission target.</li> </ul>
	<b>Stainless Steel</b> Development of high performance green products to enhance the performance on the application-end	<ul style="list-style-type: none"> <li>• Completed 4 products: Bar: 1 High strength precipitation-hardening stainless steel product, 3 thermal resistant corrosion-resistant steel products</li> <li>• 10 products in development: Wire rod: 2 high strength wear-resistant stainless steel products, 1 high machinable and corrosion-resistant stainless steel product, 1 high strength and heat-resistant stainless steel product, 1 high strength and corrosion-resistant stainless steel product, 1 thermal-resistant and corrosion-resistant product, 1 soft magnetism stainless steel product Bar: 1 High strength precipitation-hardening stainless steel product, 1 high fatigue-resistant product, 1 thermal resistant corrosion-resistant steel product</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancement of core technologies such as materials, processing and applications, and development of high-performance green products in the direction of “energy conservation and carbon reduction”, “prolonged service life”, and “enhanced material performance”.</li> <li>• Continuously develop high strength, wear resistant, highly machinable, heat resistant, soft magnetic, welding, and dual-phase steel for energy, automotive, tool machinery, and electronics industries to enhance downstream applications in terms of lighter weight, performance, and service life.</li> </ul>



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Strategy	Objectives for 2021	2021 Results	Objectives for 2022
<b>Stainless Steel / Resources Business</b> Develop and innovate green technologies for process energy saving, product performance, and industry development, and combine upstream, midstream, and downstream to create a carbon reduction and green industry chain	<b>Stainless Steel</b> Enter the green industry - green energy, new energy vehicles	<ul style="list-style-type: none"> <li>Provided cold finishing rod products to mid- and downstream customers for processing and final application in temperature management system components for new energy vehicle industry.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen industry research and market survey, identify and plan new product development and technology development projects, and enhance application technology service capabilities to accelerate new product development and successful entry into the green industry.</li> </ul>
	<b>Resources Business<sup>note1</sup></b> (Not applicable)		<ul style="list-style-type: none"> <li>Realize green manufacturing process and refine production plans to meet local environmental regulations in Indonesia.</li> <li>Incorporate the concept of environmental protection into the process design by adopting the RKEF<sup>Note 2</sup> process and introduce an electric dust collection system to recover waste heat and material for re-input to reduce energy consumption.</li> <li>Formulate the reducing agent<sup>Note 3</sup> with coke that has a lower carbon fixation volume.</li> <li>After the full production operation is stabilized, the overall carbon inventory such as production and transportation carbon emissions will be completed, and the research on the optimal ratio of materials will be launched in 2023.</li> <li>Complete plant inspection and acceptance to confirm that the plant design is in compliance with regulations and continue to comply with local environmental regulations.</li> </ul>
<b>Wire and Cable</b> Development of smart logistics, shaping a new service mode to meet customer needs.	Provide service to 3 new customers.	<ul style="list-style-type: none"> <li>Service has been adopted by 3 new customers.</li> <li>Developed 3 labor-saving tools.</li> </ul>	Establish an automated storage and precise handling/distribution system to fully meet the demand of high-mix low-volume customized services.
	<b>Stainless Steel</b> Establish a service-oriented operation model and optimize the service process which increases customers' trust and creates a mutually beneficial situation	Expand the implementation of the industry operation model and continue to deepen and expand its application in the automotive industry to other industries. <ul style="list-style-type: none"> <li>Deepened the operation of the automotive industry in China and continued to obtain new project certification. Promoted industrial steel in Taiwan and overseas, with proven track records with customers in the machinery and automotive industries.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to deepen cooperation with key customers through a service-oriented operation model. Improve quality and delivery services to increase customer satisfaction.</li> </ul>
	Effectively implement supplier management mechanisms to develop a sustainable supply chain	<b>Wire and Cable</b> <ul style="list-style-type: none"> <li>Organized supplier meetings (Hsinchuang / Yangmei Plants / Shanghai Walsin / Dogguan Walsin).</li> <li>Self-assessment rate of sustainability questionnaires by key suppliers: wire and cable 85.71%</li> <li>Completed the formulation of the "Supplier CSR Performance Appraisal Guidelines" for Insulated Wire &amp; Cable.</li> <li>Hsinchuang Plant completed CSR site visits to three suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>Organized supplier conferences to deepen green supply chain management (1 in Taiwan and 1 in China (online))</li> <li>Supervise and assist 74 key suppliers to gradually achieve 100% compliance with the Wire &amp; Cable BG Supplier Code of Conduct.               <ul style="list-style-type: none"> <li>(1) 100% compliance with non-use of conflict minerals</li> <li>(2) Zero environmental pollution (no penalties for the year)</li> <li>(3) No violation of labor human rights (no penalties for the year)</li> </ul> </li> </ul>
		<b>Stainless steel</b> <ul style="list-style-type: none"> <li>Organized supplier meetings (Yenshui)</li> <li>Self-assessment rate of sustainability questionnaires by key suppliers: stainless steel 100%</li> <li>Conduct education training for supplier onsite review and demonstration of onsite review.</li> </ul>	<ul style="list-style-type: none"> <li>Expand supplier meetings to OUs in Mainland China</li> <li>Key supplier sustainability assessment: stainless steel 100%</li> <li>Establish supply chain eld review mechanism and risk assessment mechanism</li> </ul>

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Strategy	Objectives for 2021	2021 Results	Objectives for 2022
Effectively implement supplier management mechanisms to develop a sustainable supply chain	Continue to promote supplier sustainability issues in greater breadth and depth	Resources Business (Not applicable)	<ul style="list-style-type: none"><li>Promote green supply chain projects, complete relevant questionnaires and education training.</li><li>Continue to organize suppliers’ meetings to promote sustainability and green issues.</li><li>Key supplier sustainability assessment: <math>\geq 80\%</math></li><li>Complete risk assessment education and training to develop suppliers’ risk identification capabilities.</li></ul>

Note: 1. In 2021, we established the Resources Business, which is responsible for the procurement of raw materials for the Wire & Cable and Stainless Steel Businesses and risk management of raw material prices. We set up Walsin Nickel Industrial Indonesia to produce and sell nickel-iron, the upstream raw material for stainless steel.  
2. RKEF (Rotary Kiln Electric Furnace) process, ferro-nickel smelting process in laterite nickel ore.  
3. Laterite nickel ore is an oxide containing nickel metal, which needs to be reduced by carbon deoxidation in order to smelt into nickel metal (nickel-iron).

Highlight

 Technology Innovation	<b>Establishment of Walsin-NTU Research and Development Center</b> <ul style="list-style-type: none"><li>The innovative technology R&amp;D center has been established to enhance the research and development capability of new products.(Yenshui Plant)</li></ul>	 Quality Management	<b>IATF 16949</b> <ul style="list-style-type: none"><li>Global Automotive Quality Management System certified(Yenshui Plant)</li></ul>	 Customer Service	<b>Customer satisfaction rate</b> 85.9%
 Green Operation	<b>Water Saving 27,181m<sup>3</sup></b> <ul style="list-style-type: none"><li>ZEMAP waste mixed acid processing and regeneration equipment, saving water resources (Yenshui Plant)</li></ul> <b>Carbon reduction 1,591MT-CO<sub>2</sub>e</b> <ul style="list-style-type: none"><li>Steelmaking, steel rolling mill, cold-finishing processes are improved to reduce carbon emissions. (Yenshui Plant)</li></ul>	<b>RKEF process</b> <ul style="list-style-type: none"><li>Energy-efficient nickel-iron smelting process that recovers residual heat from electric furnaces for re-input(Resources Business)</li></ul> <b>Electric dust removal system</b> <ul style="list-style-type: none"><li>Dust suppression and recycling of residual materials to maintain the working environment and improve the efficiency of raw material usage. (Resources Business)</li></ul>	 Supplier Management	<b>Supplier Risk Identification</b> <ul style="list-style-type: none"><li>Risk identification of suppliers and onsite visit demonstration (Wire and cable, Stainless steel)</li></ul> <b>Suppliers’ meetings</b> <ul style="list-style-type: none"><li>Shanghai Walsin and Dongguan Walsin held the first supplier meeting.</li></ul>	

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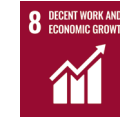
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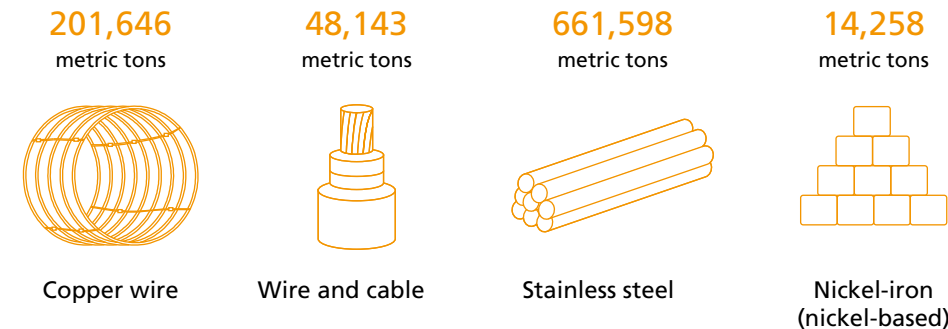
## 3.1 Product and Technology Innovation



### 3.1.1 Transformation Towards Higher Value

Wire and cable and stainless steel are both mature and competitive industries. In the face of the pandemic, global climate change, and increasingly fierce international competition, we believe that only by continuing to build solid R&D and manufacturing capabilities, creating highly competitive products, and deepening service application technologies, and achieving the goal of high-value transformation, can we face the risks and industry competition and achieve sustainable corporate development. Under the influence of Covid-19 and extreme climate disasters, the operation methods of enterprises will change dramatically, and factories will become more digitalized and smart. With the global advocacy of “net zero carbon emission”, the pressure of carbon reduction and transformation has intensified, and enterprises are thinking about how to engage in energy conservation and carbon reduction. Green energy, green materials, green production, and green products will all become necessary options. Under the influence of the rapid advancement of “technology”, 5G, 6G, AIoT, blockchain, and metaverse have brought our world into an unprecedented realm, and enterprises and factories will become more fully intelligent and smart.

#### All Product in 2021



#### High-Value Transformation of the Wire and Cable Business

We will continue to strengthen our corporate structure in terms of human resource cultivation, lean management, and digitalization. We will introduce smart technology into key processes to build up high-level R&D, technology, and manufacturing capabilities to develop new products with high performance and high-end applications, deepen data applications and link cross-domain resources to pursue new business opportunities, and move toward the goal of high-value transformation.

- Nurturing Talent: Promote the cultivation of professional ability and the transmission of senior craftsmen’s experience, technology and knowledge in order to accumulate intangible knowledge capital.
- Lean Management: Continuously transform corporate processes to establish information transparency, rationalization, and standardized processes.
- Digitalization: Promote smart manufacturing, electronic R&D record system, and systematic storage/integration of organizational knowledge, experience, production/quality information and expertise to enhance operational and communication efficiency.
- R&D and Technology Innovation: Deepen technology and R&D energy to drive product differentiation through R&D innovation and product quality control.

In response to the government’s low-carbon policy in product development and innovation strategy, we have been actively expanding overseas markets and building up the green energy industry in recent years. The automotive industry, industrial automation, energy storage systems, wind power, and green energy industries are all areas of cooperation and development for us. We will transform “manufacturing” into “manufacturing services” and strengthen our international presence to enhance the resilience of our industry supply chain. We expect to enhance the value of our products and services by differentiating our technical capabilities, developing high value-added products, and operating in high-end application markets.



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High-Value Transformation of the Stainless Steel Business

In order to transform into a high-value business, the Stainless Steel Business has been implementing a number of systemic programs. The results and action plans are as follows:

Breakthrough Ability (Equipment and Process Breakthroughs)	Create Efficiency (Smart Manufacturing Planning and Promotion)	Demonstrate Innovation (Technology Capability Development and Planning)	Market Expansion (Industry and Market Positioning Analysis)
<p>As a mature industry, stainless steel needs to keep up with the leaders, as well as keep the competitors behind, and it is important to investigate and analyze the competitors’ capability range. Including:</p> <ul style="list-style-type: none"><li>• Benchmarking: Analyze and investigate the production equipment, types of products, industries of application, and technical abilities of the industry pioneers and benchmark.</li><li>• Identifying gaps: Recognize the gap between Walsin and the benchmark companies, in terms of equipment, products, technology, setting up ours directions and goals.</li><li>• Catching up and surpassing: Catch up the benchmark by modifying equipment and processes, developing new products and applications, and outperforming other competitors.</li></ul>	<p>The key to accelerating the transformation is to apply technology well and bring the benefits of technology into full play. Walsin is actively introducing Industry 4.0, smart transformation, and smart manufacturing. Promote the three major automation projects to create differentiation, improving efficiency in manufacturing, quality, cost, and customer service to increase added value.</p> <p><b>Establishment of Automated Production Model</b></p> <p>Through establishing the 3As, including automatic production, automatic dispatching, and automatic transportation, apply smart manufacturing to optimize production, product quality, and production cost, bringing better service to customers and increasing high added value.</p> <p><b>Enhanced Data Application and Early Warning</b></p> <ol style="list-style-type: none"><li>1. 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.</li><li>2. Purchase advanced inspection equipment and image recognition software to improve the reliability and representativeness of testing.</li><li>3. Improve and complete the collection of process parameter data for analysis and investigation of the cause of process or quality abnormalities.</li></ol> <p><b>Analysis Method Construction and Operation</b></p> <p>Use big data analysis to improve the efficiency of quality abnormality analysis to ensure better quality.</p> <p><b>Fostering and Retain Analysis Talents</b></p> <p>Cultivate big data analysis talent, establish talent training and certification mechanisms, and improve the quality and efficiency of data analysis.</p>	<p>In response to trends and customer demands, the development of new products with high performance, high service life expectancy, energy conservation and carbon reduction is the direction and main axis of the stainless steel industry in the future. Through in-plant equipment, process breakthroughs, smart manufacturing, and various core projects, the gap with the pioneers will be narrowed. Promotions strategies include:</p> <p><b>Materials (Products) Technology Deepening</b></p> <p>Developing product materials and metallurgic technologies to improve material performance and meet customer needs.</p> <p><b>Innovation of Production and Process</b></p> <p>Innovative production processes and equipment technologies to enhance product development efficiency.</p> <p><b>Application Technologies and Services Enhancement</b></p> <p>Consolidation of product application technologies and technical services to strengthen product application effectiveness and improve application capability development.</p> <p><b>Integration and refinement/value re-creation</b></p> <p>Integrate the the three items above with smart transformation and intelligent knowledge management (iKM), communicate with customers and understand their needs in each industry, provide complete solutions, and move toward manufacturing services.</p> <p><b>Establishing core technology capability</b></p> <p>We have established the Core Competence Project to develop the core competencies and technologies required by our factories, and to build a competitive advantage through the development and strategy formulation of industry needs, applications, products, quality, and technologies, in order to build up a competitive advantage of “no one has what we have”.</p>	<p>In order to quickly enter the market of high-end applications, we need to understand the industry, technology, and technological changes of competitors and analyze the industry and market positioning, and Walsin performs both by observing from afar and from observing up close, and we have constructed a two-way development blueprint for technology and products:</p> <ul style="list-style-type: none"><li>• Observing from afar: understand and pay attention to the overall environmental trends, and to recognize the changes in the macro environment to find out the direction of future expansion.</li><li>• Observing up close: analyze customer inquiry records, industry development trends, and customer applications to establish technology, equipment and other capabilities and market needs, and establish products that can be developed that meet future needs.</li></ul> <p>According to the aforementioned blueprint, we will establish target products for development and identify projects that drive technology development, supplemented by customer needs to identify the future stars of tomorrow, in order to carry out early expansion. The overall operation can be integrated, including:</p> <ol style="list-style-type: none"><li>1. Analyze and seize the trend of the general environment to establish the future development direction.</li><li>2. Analyze and investigate the products and applications needed by industries, to further verify the gap of technologies and equipment.</li><li>3. Establish industry analysis abilities to determine the necessary materials, related requirements, and market trends in the industry</li><li>4. Establish market survey abilities and conduct market surveys to understand customers, demand, and consumption in the industry.</li><li>5. Verify and develop target products, and conduct industrial chain surveys.</li><li>6. Verify technology development items and directions.</li><li>7. Develop products with high added value and high-end applications industries, improving our technical capabilities and product quality.</li></ol>

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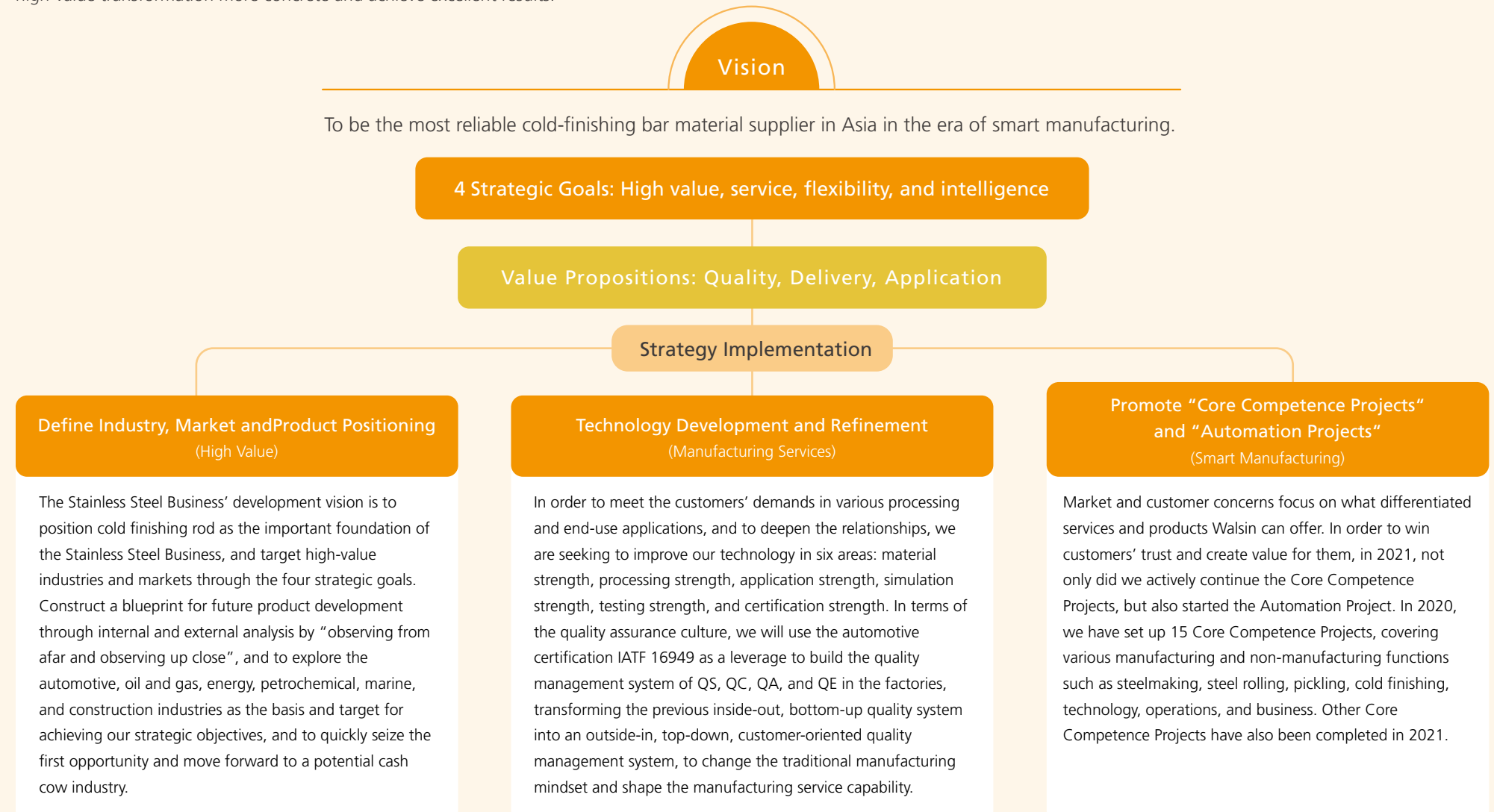
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## 3.1.2 Promotion and Implementation of High Value Transformation - Start from the Core to Embrace Smart Manufacturing

The Stainless Steel Business will continue to focus on its future vision, strategic positioning, and the development of its intrinsic value, and move toward the vision of the Business, the four strategic goals, and the three value propositions. In 2021, we will promote the deepening and integration of professional fields, and strengthen the development of solid industry-academic technologies. We will establish the Smart Manufacturing Promotion Office to realize smart manufacturing, and through the promotion of the aforementioned projects, we will make the goal of high-value transformation more concrete and achieve excellent results.



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### Core Competence Projects

- Steelmaking Core Competence Project: Completed the failure rules and logic in VOD vacuum system, with visualized real-time monitoring and smart early warning.
- Steel Rolling Core Competence Project: Completed vibration analysis system and scratch diagnosis system to effectively give warning and reduce abnormal scratch rate.
- Refinement Core Competence Project: Completed the analysis of the most suitable parameters and range for pickling process, and constructed a smart automatic acid adjustment system for pickling acid concentration.
- Technology Core Competence Project: Mastered the basic definition of wire drawing die mold and obtained the key design and production techniques.

### Automation Project

In 2021, the Stainless Steel Business established the Smart Manufacturing Promotion Office to foster talents in the hope of solving the problems of traditional industries through the smart manufacturing thinking. In the Automation Project, we set the goal of moving towards the 3As. i.e. Automation of Production, Automation of Dispatching, and Automation of Transportation, in order to respond to various trends and issues such as rapid market changes and labor reduction.

- Automation of Production: To avoid problems arising from human intervention and misuse, and to allow flexible mass production according to demand.
- Automation of Dispatching: To make advance preparation to anticipate customers' needs, and avoid the time consuming manual dispatching and make immediate adjustment according to the situation.
- Automation of Transportation: To reduce the time consuming transportation time and solve problems such as unclear information on material handling and storage and material distribution errors.

Through the implementation and promotion of the above two projects, we have been able to rapidly transform our high value and smart manufacturing operations, allowing us to upgrade our production, product quality, production cost optimization, and customer service to a higher level and provide better service value, thereby enhancing our competitive advantage.

Value-added Innovation and Smart Manufacture





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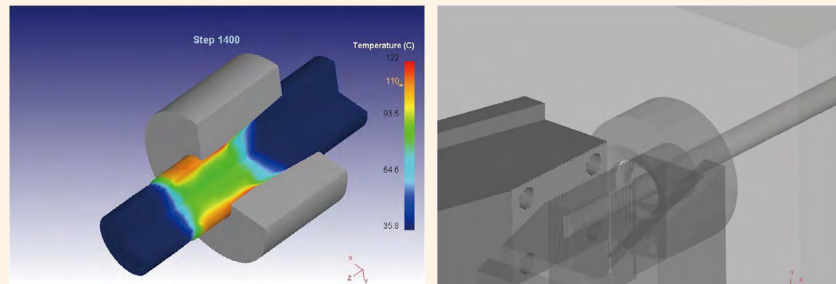
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## Core Competency Project Results - Wire Drawing Die Mold Model CAE Simulation Project

In 2021, a number of core competence projects were completed, including steelmaking, steel rolling mill, cold-finishing processes, technology, and business. Each unit has achieved remarkable results, among which, the “Wire Drawing Die Mold Model CAE Simulation Project” in the technology unit was a key project that has an important impact on the production of Walsin’s cold finishing rods. Through the implementation of this project, the past experience and techniques of the senior craftsmen, as well as the online and offline key parameters were collected and analyzed through big data to build a knowledge database for retention. In addition, through click-and-mortar, using simulation software and the actual online production interaction verification, we gained mastery over “key design and production techniques of the wire drawing die mold”, extending the design technology boundaries and increasing the development of the company’s technological energy. This project is the proof of the Business’ implementation and advancement of smart manufacturing, and established a solid foundation for enhancing capabilities and creating value.



## 3A Automation Project

In response to the development of smart manufacturing, the Stainless Steel Business is promoting the 3A automation project to face the challenges of the internal and external environment through automatic production, automatic dispatching and automatic transportation. It is hoped that with the 3A, process adjustments can be more flexible to meet the rapidly changing market demands. We analyze the data to establish a decision support system to help the onsite production to make real-time decisions. We improve the equipment management by presenting the machine data in a visual way to help the workers understand the production status and manage it more visually and quickly.



## Results and Benefits

Flexible production set up to meet market changes

Situation analysis and management to accelerate real-time decision making

Automated handling and transportation setup to improve efficiency and reduce workplace injuries

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3.1.3 Enhancing R&D and Technological Capabilities

To respond to the rapid changes in the industry and market, create product differentiation, and move towards a high value-added transformation, Walsin 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 service life", in order to provide customers with flexible and customized products to create maximum value for customers.

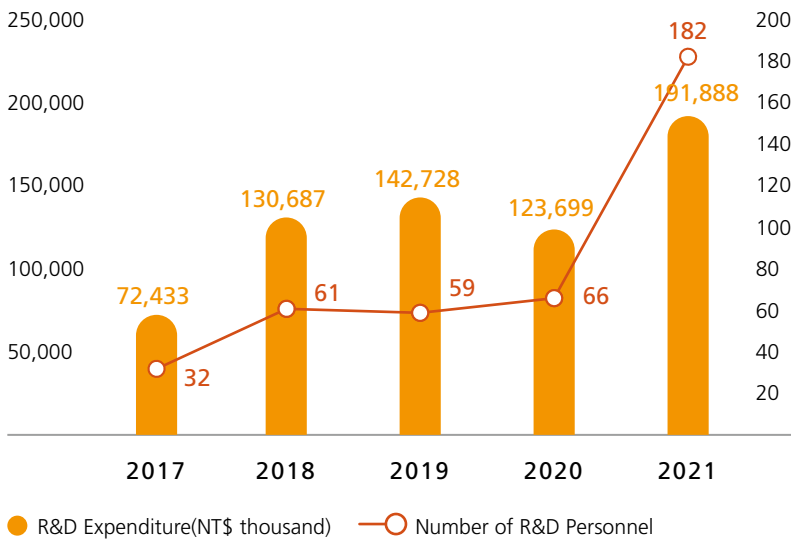
New Product R&D Results of the Wire & Cable Business

- Develop Wind Power Cables: In response to the government's low carbon policy development, we develop cable sets (including main assembly kits) for offshore wind turbines, using low smoke and halogen-free materials and passing low temperature and torsion resistance tests.
- Lightweight Port Machinery Cable Products (carbon emission reduction material): By improving the process structure and materials, we used TPE covering material (recyclable material) to develop 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

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

New Product	Categories	Performance	Applications
High-strength and highly machinable stainless steel	Bar/ Wire rod	Excellent machinability and corrosion resistance	Used in automotive oil supply system 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 and energy industries.
High-strength and corrosion resistant stainless steel	Wire rod	Has 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
Soft magnetic and machinable stainless steel	Bar/ Wire rod	Soft magnetism and excellent machinability	Used in automotive solenoid valve 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, and high temperature strength	Used in industrial heat treatment furnace's high temperature transmission conveyors and furnace tubes
High heat-resistant stainless steel with high creep resistance	Bar	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

Number of R&D Personnel and R&D Expenditure



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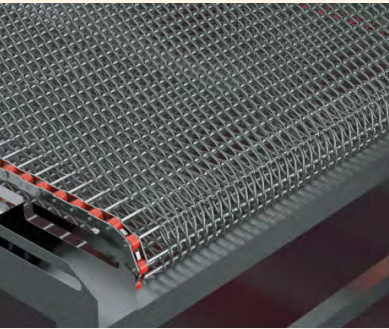
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[Yenshui Plant] High Temperature Mesh Conveyor Belt Stainless Steel Development

With the change of the environment, the goal of “carbon neutral” and “net zero carbon emission” is gradually becoming more and more concrete, and how to improve the performance of materials and extend the service life is regarded as an important key to effectively achieve energy saving and carbon reduction. In the field of industrial development, heat treatment is one of the most important processes to change the hardness and properties of materials through heating, so that the performance and quality of products can be positively improved. Therefore, Walsin continues to invest in the development of high-temperature mesh belts for the heat treatment industry, moving towards heat-resistant stainless steel materials with high strength and high temperature resistance, as well as resistance to creeping, oxidation, and sensitization. In addition to being used by customers in the heat treatment and fastener industries, it also increasing the service life of conveyor belt in sintering furnace for the solar wafer heat treatment, indirectly increasing production efficiency, and fulfilling Walsin’s commitment to global environmental protection.



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, we consider the changes and impacts of the industry and advance our technology to enhance the competitiveness of our products and create shared value for our company and customers. Walsin has been actively collaborating with universities and research institutes in recent years to improve material properties and performance and to expand our products to meet the needs of the industry, not only to provide more diverse products for customer contact, but also to positively influence the growth of our own technology.

• Establishing University Innovation and Research Centers:

Promoting industry-academia collaboration and utilizing external resources is one of the strategies to promote the high-value transformation of Walsin. Through the past collaboration experiences, Walsin has established an excellent rapport with the National Taiwan University and joined hands with outstanding talents in the material field to create a research and development center. It will not only benefit the cultivation of related technical talents, but also speed up the resolution of bottlenecks encountered in development and strengthen the ability to develop new products, so as to take the lead in the industry.

• Industry-Academia Collaboration Research Projects:

Walsin Lihwa has partnered with universities and research institutes in Taiwan to promote various industry-academia collaborations and external research projects. We can achieve both intangible and tangible benefits by deepening the technology foundation, expanding the advantages of product and technology development, strengthening the spread of generic technology thinking, and planning technology blueprints. By combining theoretical knowledge and practical experience, we also expand the depth and scope of process technology and increase the research development energy.

Collaboration Projects	Collaboration Target	Beneficiaries	Collaboration Content
University Innovation and Research Center	National Taiwan University	University Professors/University Students/Research personnel of Walsin Lihwa	Accelerate product development/ industrial application development
Industry-academia collaboration research projects	6 Taiwanese universities	University Professors/University Students/Research personnel of Walsin Lihwa	Solving development bottlenecks/process simulation analysis
Research Institutes	2 Taiwanese research institutes	Research personnel of Walsin Lihwa	Deepen technical refinement/strengthen technical breakthroughs



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## Annual Research Direction and Commissioned Research Projects:

#	Collaboration Theme	Collaboration Content
1	The effect of chemical composition and heat-treatment on the microstructures of stainless steel spring	To understand the core characteristics of precipitation-hardening stainless steel materials for springs and to deepen the design concept
2	Research on stainless steel screws: Optimization of QT heat treatment technology	Refinement of heat treatment technology to improve downstream screw applications and performance
3	Research on microstructure and machinability properties of stainless steel - research on product differences	Research on the impact of material processes on machinability, and the gradual establishment of material properties required by the automotive industry
4	Stress analysis of free-cutting Ferritic Steel	Understanding the influence of process parameters on the microstructure and machinable properties of free-cutting Ferritic Steel
5	The effect of oxygen content on the microstructure and mechanical properties of steel	To establish fatigue shelf life verification technology and nano-level hardness testing technology
6	Research on the effect of reduction process on the organizational evolution and corrosion behavior of Martensite Steel	Analyze reduction process of steelmaking with SDAS analysis mechanism to infer the solidification behavior of steel billets
7	Effect of rolling behavior and heat treatment process on the organizational evolution and mechanical properties of Martensite steel	Analysis of the basic properties of medium and high carbon Martensite steel
8	Research on the correlation between cleanness and wear resistance for linear rail materials made of Martensite Steel	Establishing the key technology of material design for linear rail application
9	Prediction and Ansys simulation application in the continuous casting process of steelmaking	Establishing simulation prediction and application for continuous casting process
10	Development of smart guidance system and knowledge management platform for cold finished bar process	To build a digital platform for cold finishing rod process guidance and integrate new process orders for knowledge management
11	Research on the wear behavior of stainless steel wire at high temperature	Research on the wear behavior of stainless steel wire at high temperature
12	Establishment of stainless steel GMAW welding laboratory and development of automatic welding technology	Carry out the establishment of welding performance evaluation method and post-weld performance test of welded stainless steel
13	High temperature deformation simulation and testing of nickel-chromium stainless steel	Carry out high temperature deformation simulation and testing of nickel chrome stainless steel

Value-added Innovation and Smart Manufacture



## Establishment of Walsin-NTU Stainless Steel Research and Development Center

Walsin Lihwa and National Taiwan University worked in collaboration to establish the "Stainless Steel Research and Development Center" in 2021, combining experts from different fields in industry, academia, and research, in order to breakthrough bottlenecks in process development and strengthen the R&D capability of new products. In addition, achieve breakthroughs in industry and product applications to gain a leading position in the industry ahead of schedule. It is going to make great contributions and results to enhance Walsin Lihwa's research and development capabilities, nurture R&D talents, and strengthen product technology development, which is a big step forward for Walsin to become the most reliable stainless steel supplier in the world.



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### 3.1.4 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.



#### Patent Acquisition

In 2021, the Wire & Cable Business obtained one patent and the Stainless Steel Business proposed **6** internal patent applications, **2** of which have led the application, and patent application bonuses have been granted to **15** people.

#### Wire & Cable Business

The Wire & Cable Business, in line with the TIPS certification, has revised the relevant regulations, inventoried, and set up protection for the business, R&D, and technology-related intellectual property. It also conducted awareness and training for the relevant personnel and successfully obtained the TIPS certification.

- R&D and technology-related data are stored in a dedicated confidential database, access rights are controlled, and relevant files are marked with confidential labels.
- Regulations and controls for providing confidential information to the outside world have been established, where approval procedures and confidential labeling controls are required before the information can be provided.
- When new products are developed, patent investigation and checking for infringement of others' patents must be conducted, and if patent infringement is involved, a patent design-around must be evaluated.

#### Stainless Steel Business

The Yenshui Plant obtained the TIPS certification through the efforts of the personnel in 2020. The Stainless Steel Business continues to promote the protection and application of intellectual property rights in 2021. Through the promotion of TIPS certification, the Stainless Steel Business has a well-developed intellectual property management system, and both new and existing employees properly understand intellectual property concepts. In 2021, the company passed the TIPS Grade A certification, demonstrating that the company's efforts to establish an intellectual property management system have been externally recognized.



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## 3.2 Green Operation



At the 26th Conference of the Parties (COP26) in 2021, countries reached a consensus on global climate action, green environment, energy saving, and carbon reduction, and signed the Glasgow Climate Pact to continue to work towards sustainable environmental development.

In the face of this major issue of carbon reduction, the petrochemical and steel industries are regarded as the primary proponents to making changes. As a member of the stainless steel industry, Walsin Lihwa will not be afraid to accept this challenge and uphold the concept of mutual prosperity between the enterprise and the natural environment. In addition to accelerating the promotion of high-value transformation, we will continue to pay attention to the application and protection of natural resources and develop high-performance green products to achieve more energy-saving and carbon-reducing products for our customers and end-use applications. At the same time, we pay attention to core issues such as "climate warming" and "carbon reduction", and set green manufacturing as the foundation of our sustainable development. Through deepening the concept of green management in daily operations, introducing innovative green technologies, as well as improving the efficiency of raw material resources, energy, water resources, reducing waste and air pollution, and examining continuous process optimization and improvement, we will create a positive relationship between corporate operations and the ecosystem, and contribute to global environmental goals.



Value-added Innovation and Smart Manufacture

### 3.2.1 Status on Raw Material Use

The concept of "circular economy" has become a global consensus, which not only can reduce the waste of natural resources, but is also the most powerful tool for enterprises to respond to "climate change" and "carbon emission reduction" nowadays.

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. In terms of covering materials, with the development of green products, some products have started to introduce reusable TPE and PVC materials to replace PE pellets, plastics, rubber materials and other non-renewable raw materials. In 2021, the percentage of reusable raw materials used in wire and cable production was approximately 94.64%.

The Stainless Steel Business focuses on providing upstream and downstream products required by the industry, ranging from steel billets, steel ingots, wire rods, and hot-rolled rods produced by upstream steelmaking and rolling mills; to downstream cold-finishing rods, seamless steel pipes, and cold-rolled steel coils produced by downstream straight rod, seamless steel pipe, and cold-rolled steel coil mills, providing customers with the raw materials and applications required for various processes. How to effectively "recycle" and "reuse" the raw materials input from upstream and downstream is always a topic of concern for Walsin. 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 iron alloys as the raw materials, including: waste stainless steel, waste carbon steel, ferrochrome, and ferronickel. In addition, other raw materials used include steel billets, slabs, steel coils, and straight bars. Out of which, scrap stainless steel and carbon steel are both recycled raw materials. In 2021, recycled raw materials of the stainless Steel Business accounted for 41.50% 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 58.50% of the total amount of raw materials used in 2021. The use of raw materials above shows that Walsin is actively promoting the concept of "recycling" and "reuse".



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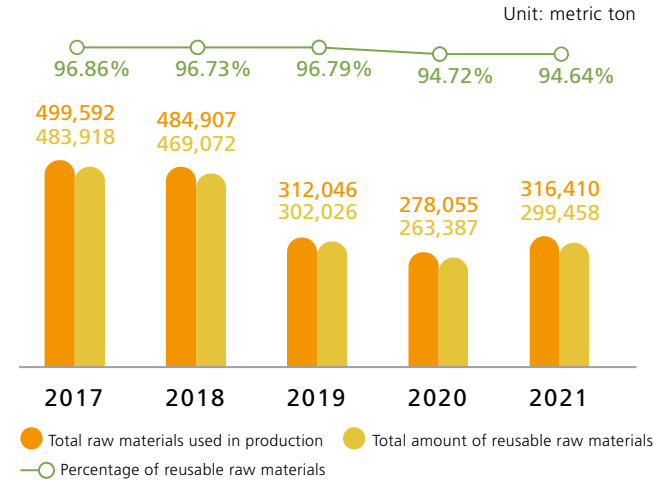
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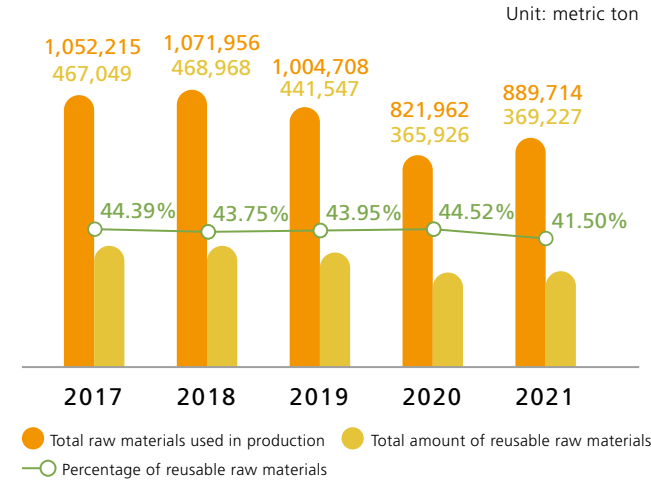
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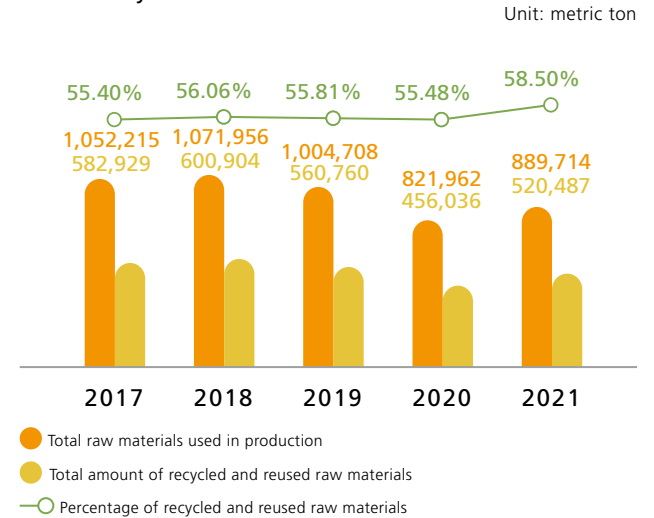
Copper wire and wire&cable production raw materials used vs. use of reusable raw materials



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

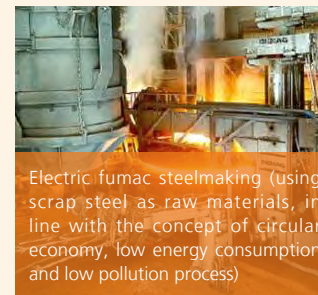


Stainless steel production raw materials used vs. use of recycled raw materials



## Circularity and Sustainability: Electric Furnace Development for Environmentally Friendly Steelmaking

In response to the global trend of energy saving and carbon reduction, the steel industry is regarded as a key player to achieve “carbon neutrality”. The stainless steel of Walsin Lihwa adopts the environmentally friendly electric furnace steelmaking method for product production. Compared to blast furnace steelmaking where the main raw material is iron ore, electric furnace steelmaking can use a large amount of recycled steel scrap as raw material, which not only reduces the use of metal mineral natural resources, but also conforms to the concept of circular economy. In addition, in terms of production energy use, the transformation of electricity is a trend that cannot be delayed. Compared to blast furnaces that use coke as fuel for production, Walsin’s electric furnaces use electricity for production, which is in line with the concept of environmental protection. Furthermore, in recent years, we have gradually increased the rate of green power construction, shifting part of the plant’s electricity use to solar energy, demonstrating that Walsin has made continuous efforts in transformation and has been moving forward.



## Establishment of Solar Power Generation



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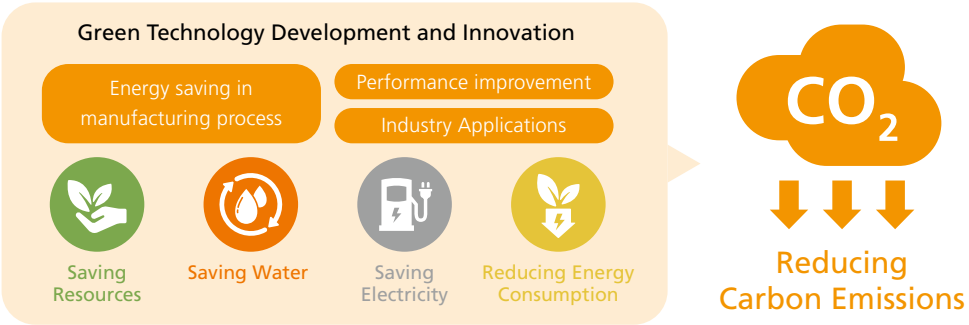
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3.2.2 Green Manufacture Process Development

In order to fulfill the commitment of “environmental sustainability development”, and fulfill the corporate social responsibility and mission of environmental protection, Walsin Lihwa’s Stainless Steel Business focuses on process and technology improvement, with the core strategy of “developing and innovating green technologies for process energy saving, product performance, and industry development”. The focus is on the future expansion of “process and material”, where we are committed to the four main items of “saving resources”, “saving water”, “saving electricity”, and “reducing energy consumption” as the long-term goal of green process development.

Since 2021, the Stainless Steel Business has been focusing on the promotion of “Green Process”, “Green Technology”, and “Production Equipment Retirement and Replacement” to enhance the benefits of energy saving, electricity saving, water saving, and emission reduction, as well as to focus on the effectiveness and impact of “carbon reduction”. We have already achieved concrete results at Yenshui Plant:



Promoted Strategy: Develop and innovate green technologies for process energy saving, product performance, and industry development, and combine upstream, midstream, and downstream to create a carbon reduction and green industry chain.					
Goal	Category	2021 Results ((Electricity/energy/water savings)/year)		2021 Results (Carbon emission reduction/year)	Achievements
Development of process optimization - green process for energy saving and carbon reduction.	Steelmaking process improvement	Reduced power consumption (kwh)	912,022	458 MT-CO <sub>2</sub> e	1.Direct recovery of LD residual molten steel and slag after continuous casting, reducing energy consumption. 2.Reduction of slag and increasing the residual steel, to improve the output, and help to reduce the power consumption of electric furnaces.
	Steel rolling mill process improvement	Reduced power consumption (kwh)	563,226	283 MT-CO <sub>2</sub> e	Optimization of rolling temperature in medium rolling mill to reduce energy consumption.
		Reduced energy consumption (Natural Gas-m <sup>3</sup> )	81,507	170 MT-CO <sub>2</sub> e	Rolling process optimization to reduce scraping rate and the gas consumption during downtime.
	Refinement process improvement	Reduced energy consumption (Natural Gas-m <sup>3</sup> )	245,613	513 MT-CO <sub>2</sub> e	Optimize the heating pattern of mixed acid to reduce the steam consumption to reduce energy consumption.
	Cold finishing process improvement	Reduced power consumption (kwh)	331,920	167 MT-CO <sub>2</sub> e	Reduce bright annealing furnace temperature to save energy and reduce tube breakage.
Energy saving, waste reduction and emission reduction by equipment refinement	Pollution prevention and waste treatment equipment	Water saving (m <sup>3</sup> )	27,181	-	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)

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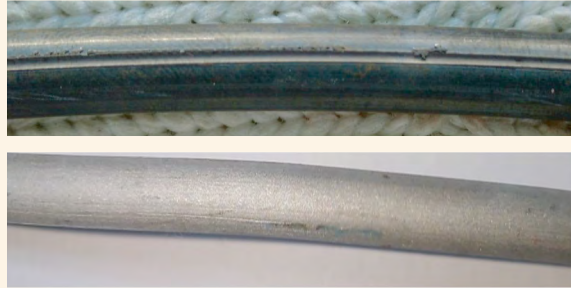
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### [Yenshui Plant] Rolling Process Improvement and Optimization

Through big data analysis, we collected the process parameters of cleaning and scratching, and gradually reduced the 543 factors used in rolling section according to each measurement standard, and found out the 5 key factors with high correlation as the important key factors for improvement. Based on this, we carried out adjustments to reduce the scratching rate, decrease the downtime of abnormal occurrences, and avoid waiting time that steel billets being in the heating furnace. Not only does this enhance the competitiveness of the company's products in the market, but also contributes to energy saving, reducing gas consumption by a total of 81,507 m<sup>3</sup>.



Scratch rate has been improved



Hot rolling process of stainless steel

### 3.2.3 Green Products

In response to the global warming and climate change caused by excessive resource consumption and greenhouse gas emissions, governments and enterprises around the world are committed to energy saving and carbon reduction, and are taking various measures to meet this trend and demand. In response to this trend and demand, the Wire & Cable Business develops cables required for renewable energy, including expanding to PV cables for solar farms, developing DC & HV insulated wire and cables for off-shore wind turbine towers, and developing thin, small, lightweight cables for port machinery systems, and other green products in response to the government's low-carbon policy product development and innovation strategy. The Wire & Cable Business' revenue from renewable energy-related and energy efficiency-related products was NT\$1,107,262,705 in 2021.

#### Green Product Policy of Stainless Steel Business Group

##### Circular Economy

Strengthen green material use and charging, prioritize the use of recycled or reusable raw materials.

##### Energy-Saving and Carbon Reduction

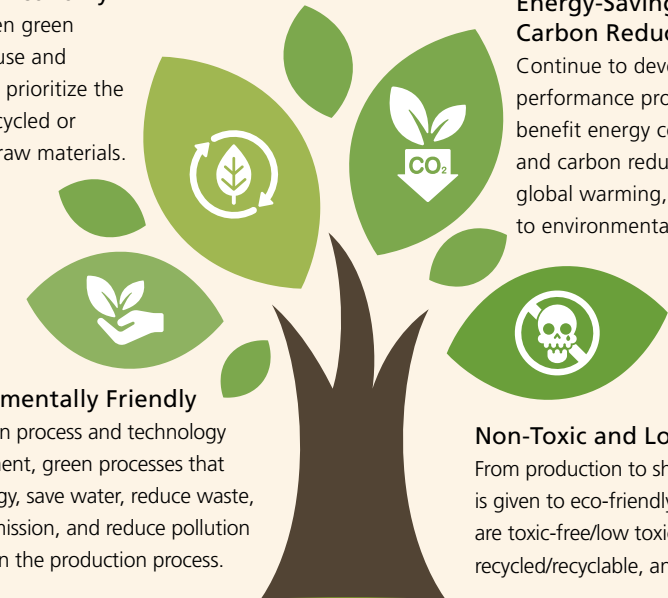
Continue to develop high performance products that benefit energy conservation and carbon reduction, mitigate global warming, and contribute to environmental protection

##### Environmentally Friendly

Strengthen process and technology improvement, 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

From production to shipment, priority is given to eco-friendly products that are toxic-free/low toxicity, recycled/recyclable, and reusable.



Green Product Policy



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The Stainless Steel Business Group has adopted the strategy of “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”, engaging in effective use of natural resources based on “recycling and reusability” of materials used. In the production process, we are improving the development process of our plants based on “energy saving and carbon emission reduction” and continue with refinement and optimization. In terms of products, we aim to develop high-performance products that are “net zero and sustainable”. We are committed to helping our customers and end-users achieve more energy-efficient and carbon-reducing products. The details are as follows:

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

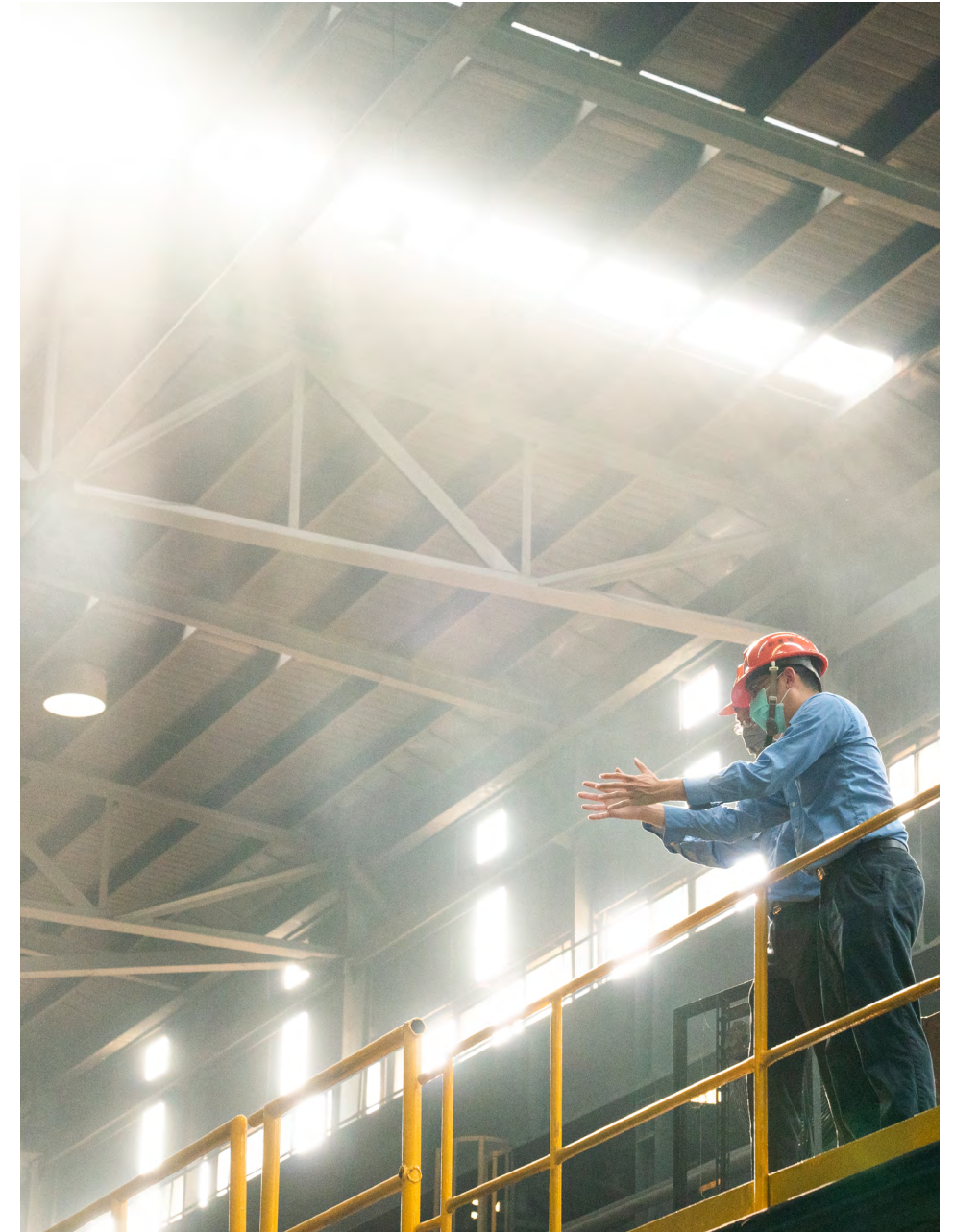
In the production and raw material input of stainless steel products, the Stainless Steel Business attaches great importance to “recycle” and “reuse” and uses recycled and reusable raw materials in production.

### Production → Green process technology - energy saving, carbon emission reduction, emission reduction and waste reduction

In the production process of stainless steel products, we have been focusing on the development of “improvement”, “simplification”, and “refinement”, to uphold the concept that production and environmental protection are compatible. By deepening the process technology to improve the production performance and efficiency of products, we can also reduce energy consumption, save electricity and reduce waste at the same time, bringing positive benefits to emission reduction.

### Outputs → High Performance Products - Net Zero Practice, Sustainable Development

Countries and enterprises around the world are announcing the goal of “net zero carbon emission” and actively promoting motorization/electrification, zero carbon building (ZCB), and the development of new green energy or renewable energy. Such a change requires the cooperation of various industries, including equipment, products, and applications, which are closely related to material suppliers. Thus, the key is to provide materials with longer service life, more energy saving/carbon reduction, higher heat/corrosion resistance, and higher strength. Therefore, in the field of stainless steel materials, Walsin Lihwa is committed to be a pioneer in the research and development of high performance and innovative products to meet the needs of the above-mentioned customers and to achieve sustainable development. We will do our utmost to contribute to environmental sustainability.



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2021 Walsin Lihwa Green Products Development Achievements

	Product	Category	Benefit in environmental protection and energy saving	Application
Wire and cable	PV 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
	Offshore and onshore wind power cables	●	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	○ ●	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
	Lightweight Port Machinery Cable	○ ●	We used TPE covered material (recyclable material), where the cable products come 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.	Chain Cable
Stainless steel	High-strength and highly machinable stainless steel	○ △	With excellent high strength, machinability, and corrosion resistance, it can enhance the performance of energy saving and carbon reduction of equipment, and extend the service life of equipment.	Automotive oil supply system components
	High-chrome (Cr) high-machinability stainless steel (Ferrite)	○ △	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 resilience and precipitation hardening stainless steel	○ ● △	Excellent resilience, high strength, toughness, and corrosion resistance to improve the performance of energy saving and carbon reduction of equipment, and prolong service life.	Used in high-end industries, such as automobile and energy industries
	High-strength and corrosion resistant stainless steel	○ △	High strength for weight reduction and high corrosion resistance to prolong service life and decrease equipment failures.	Plant and steel roofs, automotive fasteners
	Soft magnetic and machinable stainless steel	○ △	Soft magnetic and highly machinable to extend the service life of machine tools and improve the performance of end products.	Used in automotive solenoid valve components
	High-strength and wear-resistant stainless steel	○ △	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	○ ● △	High strength for material weight reduction and high heat resistance to prolong service life and decrease equipment failures.	High temperature resistant parts for automotive, energy industry
	High heat-resistant stainless steel	○ ● △	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	○ ● △	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

Note: ○ Enhanced service life ● Energy conservation and carbon reduction △ Material performance improvement

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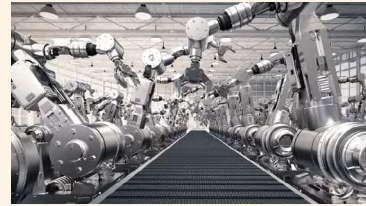
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**[Yenshui Plant] Investment in Automated Equipment - Development of Wear-Resistant Steel for Linear Rail**

With the advent and influence of the era of smart manufacturing and Industry 4.0, the demand for robots, robotic arms, tool machineries, and automatic equipment, and other related industries are rising in the face of the shrinking labor force and cost reduction, making the market demand rise rapidly. In response to the rise of the environmental protection age, countries are paying more attention to energy saving and carbon reduction, and for this reason, manufacturers of automation equipment are making efforts to improve the efficiency and service life of their products to reduce energy consumption. In view of this, the Stainless Steel Business has been developing the Martensite stainless steel used in automatic equipment since 2019, which has the characteristics of high strength and wear resistance, and provides suitable and high quality steel for linear rails. In addition to prolonging the service life of the product, it also contributes to the stability of the machineries during processing and manufacturing, and can withstand the load generated by the machine operation while customers pursue high precision and low wear.



**Jiangyin Walsin (Specialty Alloy Materials) Investment in the Development of Electric Vehicle Related Parts and Materials**

In response to the global wave of energy saving and carbon reduction, new energy vehicles are an important development direction in the automotive industry that countries are striving to promote, especially electric vehicles which are developing most rapidly. All car manufacturers are spending a lot of money on development to meet the requirements of environmental regulations. However, of all the systems inside an electric vehicle, apart from the battery modules, another key item is the temperature control system. Through temperature management, it can achieve stable cabin temperature and normal operation of the power system. A good temperature control system can reduce the power consumption of electric vehicles and enhance the service life of vehicle parts, achieving the goal of efficient energy saving and extending product life cycle.

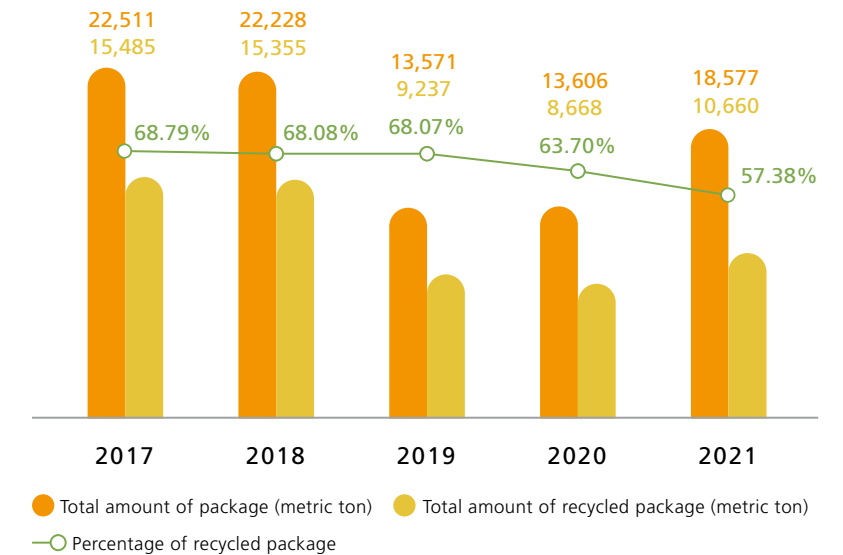
Therefore, in response to the relevant demand, the Walsin Jiangyin plant has made advance preparations and joined hands with related component manufacturers to develop free-cutting stainless steel materials for temperature control system components. We expect to be able to join the global major electric vehicle industry players at a time when electric vehicles start to develop at a rapid pace, and to contribute to the changes in the industry that are already underway, working together to achieve the global goals of energy saving and carbon reduction.

Value-added Innovation and Smart Manufacture

### 3.2.4 Packaging Material Use and Recycling

To reduce the impact on the environment and achieve waste reduction, the Wire & Cable Business uses recycled packaging materials, including pallets, racks, iron shafts, wood shafts and closure plates, as much as possible when shipping copper wire or wire and cable products. In 2021, the use of packaging materials increased by 5,000 metric tons compared to the previous year, and the use of recycled packaging materials increased by 2,000 metric tons, accounting for 57.38% of the annual use of recycled packaging materials. 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: We have no recycled products in 2021. 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

Material Topics

Walsin Lihwa actively promotes a series of quality system action plans, where our quality management system will be customer-oriented and receive the highest level of attention from our senior executives. The quality assurance department has been given independent responsibilities and authority, using equipment in line with international manufacturers, and established a testing system in line with TAF test lab standards. We have established cooperation with third-party testing organizations to mutually confirm testing technology comparisons. At the same time, we 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 provide customers with the various certifications required. This can ensure that the performance and quality of the products can meet the requirements and help customers enter new markets and achieve customer satisfaction.

### 3.3.1 Quality Management System Verification

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/LRKNK, BASEC and LPCB 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 rod material supplier in Asia in the era of smart manufacturing", the Stainless Steel Business hopes to uphold the strategic goal of "high value, service, flexibility, and smart operations" and has incorporated the IATF 16949 process methods and core tools to integrate process and risk management concepts based on the ISO 9001 quality management. In compliance with legal and regulatory requirements, and with customer satisfaction as the foundation, we created the realization of "zero defects" in quality. At the same time, based on the spirit of "lean management" to improve yield, drive cost reduction, and assist in quality improvement, we are market-oriented, while being driven by technology, value, and service to maintain our leading position in the industry. We adopt the same standardized quality management language to create "beautiful and precise" and "extremely optimized" products and services. We also understand the needs of our customers and the market, and have obtained management system certification for each industry and regional product or quality category (e.g.: Industry: Pressure vessel PED/AD 2000, Classification Society Certification (DNV/LR/ABS). National level: Japan JIS MARK product verification, India BIS product verification, etc.). In addition, the company has obtained the laboratory ISO/IEC 17025-testing and calibration field certification to maintain the accuracy and precision of the measurement equipment and testing capabilities. Based on the goal to expand the customer service market and manage the applicable regional and national laws and regulations, the Taiwan plant actively carried out SASO (Saudi Arabia) and IATF 16949 (Global Automotive Quality Management System) in 2021 and conduct third-party certification, and has obtained these two certifications in 2022.

Value-added Innovation and Smart Manufacture



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#### BASEC Product Certification

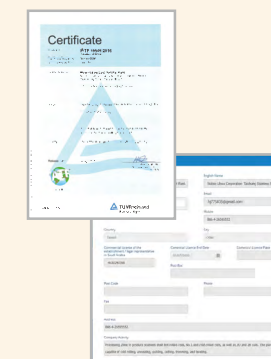
BASEC is an independent certification body for the global wire and cable industry. The certification process is a rigorous check on manufacturers' production processes and controls to ensure compliance with British, European, and international standards, providing assurance of quality and safety for the industry. In the European market, consumers, wholesalers, and installers can be assured that their cable products are safe if they bear the BASEC mark. In 2021, Walsin has obtained all BASEC and LPCB product certifications necessary to enter the European market.



”

#### SASO and IATF 16949 Certification

The wire rod and cold finished bar products of Taiwan under the Stainless Steel Business were certified by Saudi Arabia's SASO and IATF 16949 Global Automotive Quality Management System to meet the requirements of the automotive industry in Saudi Arabia and around the world, helping our customers to trade freely and legally in various economies around the world and expanding their business to create a win-win situation.



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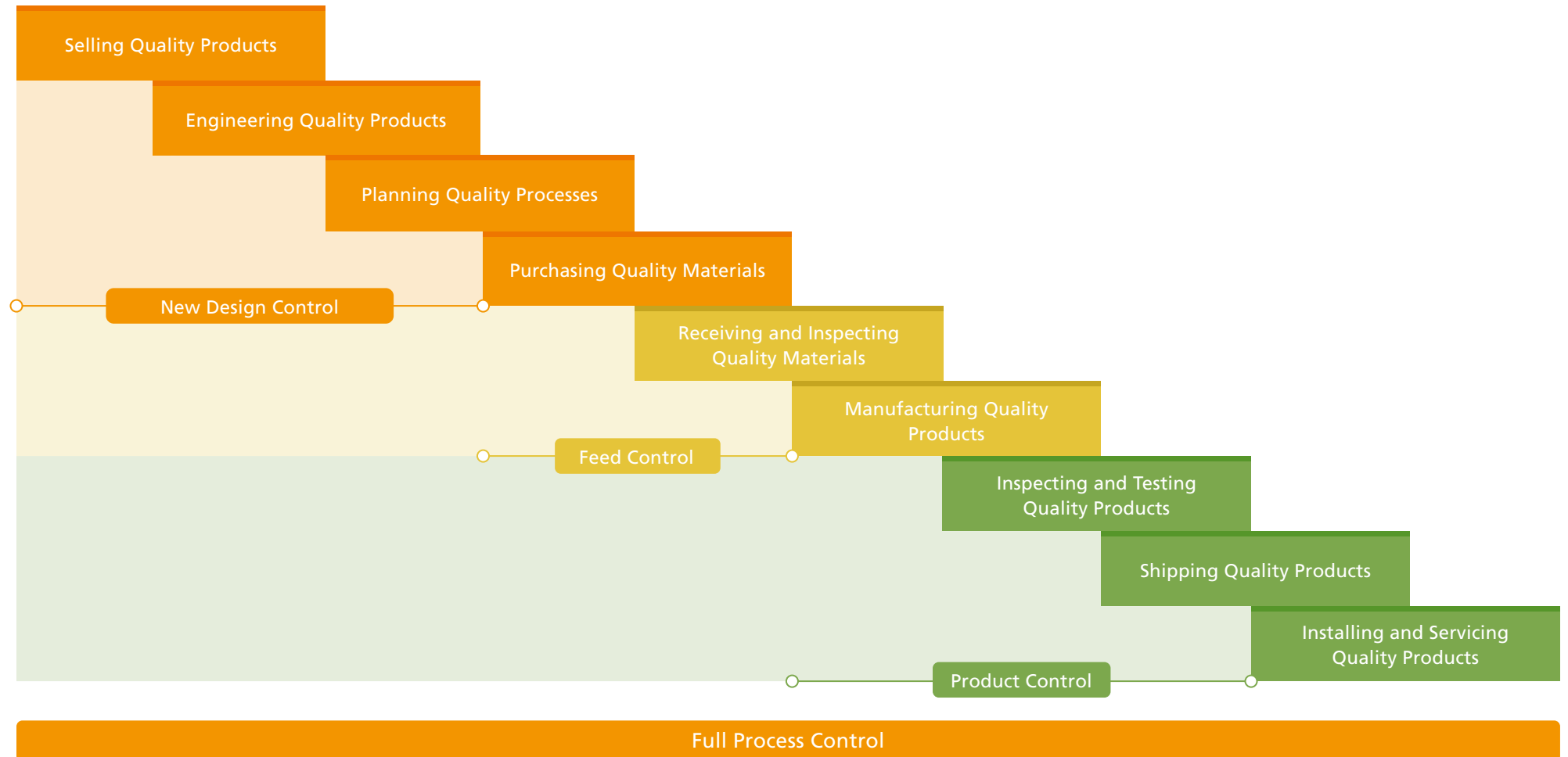
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### 3.3.2 Strengthening Quality Abilities

As competition becomes growingly severe in traditional industries, transformation towards higher value is the only way for companies to achieve sustainable development, and developing a reliable and trustworthy quality system is the key to success. On this basis, our Wire & Cable Business has implemented the ISO 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, pilot production, 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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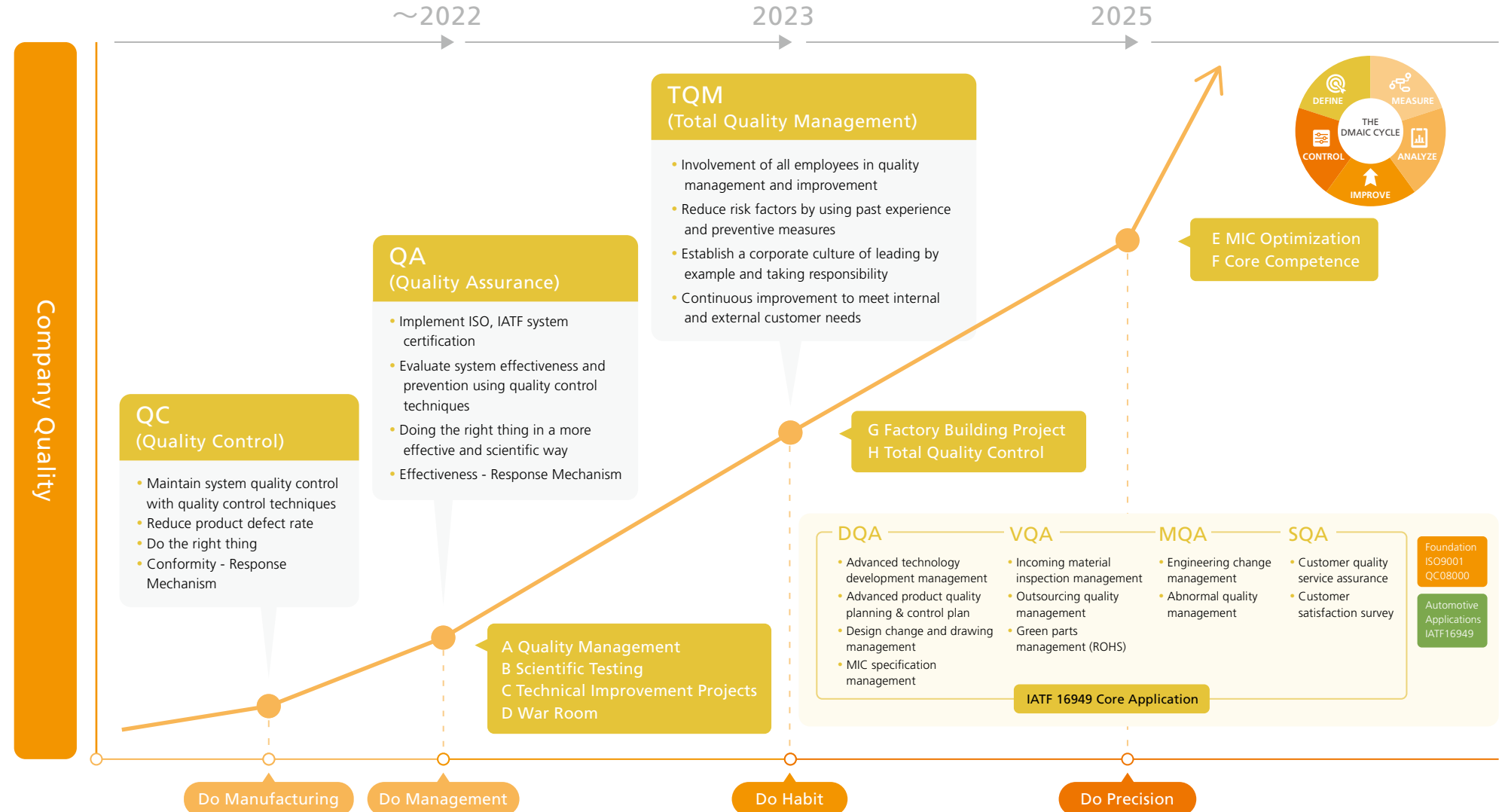
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The Stainless Steel Business continues to refine its quality management system under PDCA and risk management, and to strengthen its operational processes and interfaces in line with the company's business process re-engineering (BPR) projects. We use scientific inspection equipment and smart automation to carry out top-down management, and apply the core competence of "leadership, taking initiative, and proactivity" to promote the related technical improvement, total quality control, and MIC optimization. We strengthen the core competencies of our personnel on a people-oriented basis. Together with scientific inspection and mastering real-time information of the war room, we upgrade quality from manufacturing QC quality control to QA quality assurance, and then internalize independent quality management to become a habit, moving from traditional TQM to the 6 $\sigma$  high precision quality stage.





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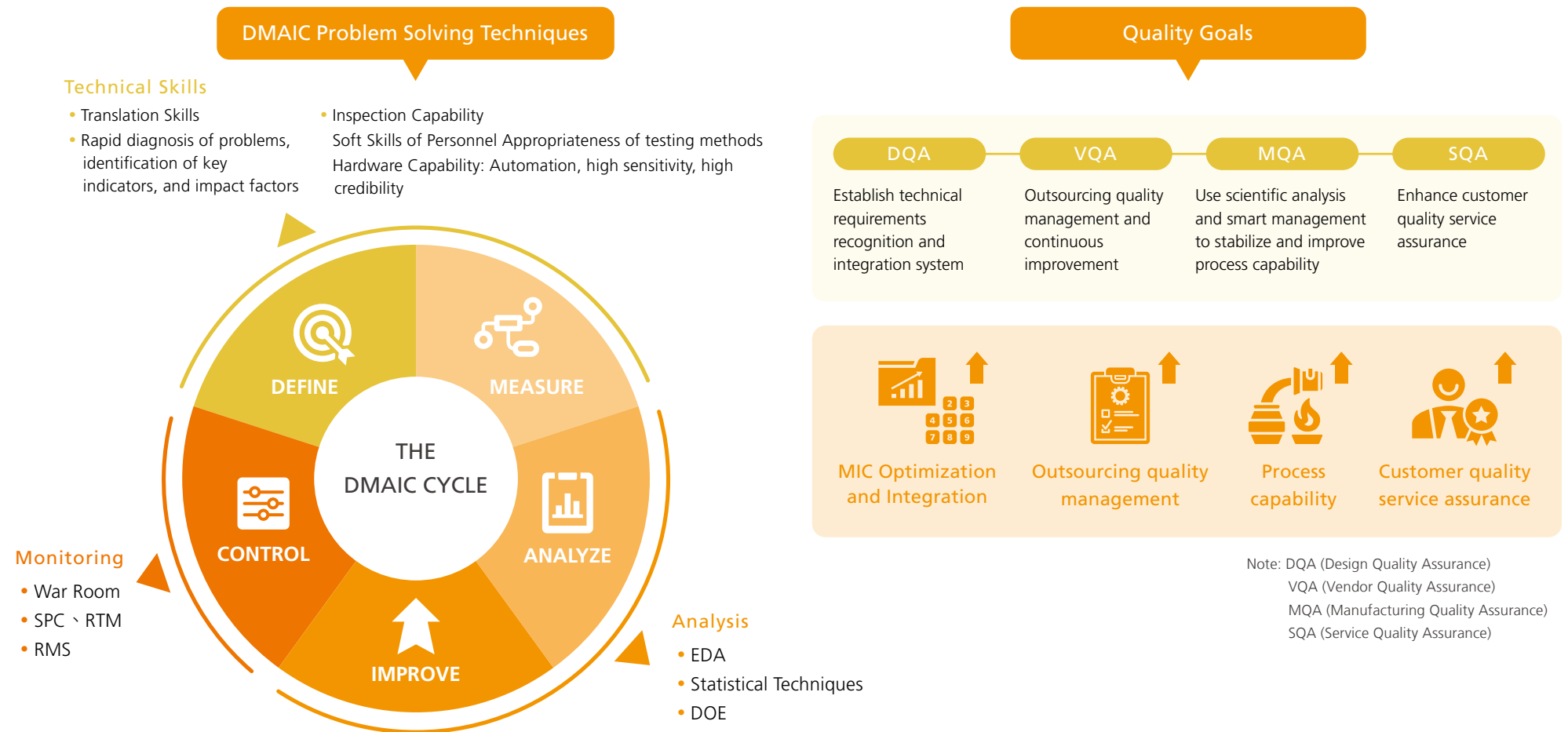
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To create reliable and trustworthy quality (precision and accuracy), Stainless Steel Business Taiwan promotes DMAIC (Define, Measure, Analyze, Improve and Control) problem solving techniques and strengthens the core competencies of quality-related personnel, and applies the quality design of “zero defects” and core tools for the automotive industry in daily operations. We use DQA (Design Quality Assurance), VQA (Vendor Quality Assurance) and in-plant MIC optimization and integration to quickly translate customers’ special requirements to the plant to align with the operation and production process. We use APQP (Advance Product Quality Planning and Control Plan) as a carrier to perform FMEA (Failure Mode and Effects Analysis) and MSA (Measurement System Analysis) together with big data for product and process production feasibility risk assessment. We carry out MQA (Manufacturing Quality Assurance) using the war room, SPC (Statistical Process Control), EDA, DOE experimental design and other scientific analysis and smart management computing and monitoring, to ensure that the quality of production is approved by the customer’s PPAP (Production Part Approval Process). SQA (Service Quality Assurance) is involved in the whole process and we continue to pay attention to the effectiveness of the customer’s material use and provide feedback to the plant to form a dynamic PDCA refinement cycle.

Walsin Lihwa’s highest quality goal is “no end of upward advancement”. From listening to/understanding customers’ needs to product/process design, sample supply, mass production, and after-sales service, we establish management systems and improvement and correction mechanisms at each stage and strictly implement them to ensure that we provide customers with stable quality products and services under optimal processes to create win-win values.



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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 2021, which indicates that no hazardous substances are added to our products in the manufacturing process.

In the manufacturing process of stainless steel products, we independently adopt low energy consumption and low pollution reduction manufacturing process. In addition to not using conflict minerals, the manufacturing process is committed to non-toxic, low toxicity, and no added hazardous substances. We regularly send our products to third parties for testing and provide the information to our customers in a timely manner. The Taiwan plant products comply with the following product hazardous substance control regulations and are regularly inspected every year, with the product hazardous substance tests being 100% compliant with the regulations every year.

Stainless Steel Product Compliance with Regulations and Inspection

	2019	2020	2021
EU RoHS 2.0 European Union Restriction of Hazardous Substances	100%	100%	100%
REACH (SVHC) European Union Candidate List of Substances of Very High Concern (SVHC)	100%	100%	100%
PFOS Restriction on the sale and use of perfluorooctane sulfonic acid	100%	100%	100%
PFOA Perfluorooctanoic acid and related compounds	100%	100%	100%
EN71-3 European toy safety standard	100%	100%	100%

Note: 100% table inspection compliance

3.4 Mutually Beneficial Value Creation

Material Topics



Walsin Lihwa’s Spirit and Philosophy of Serving Customers: Establish a service-oriented operation model and optimize the service process which increases customers’ trust and creates a mutually beneficial situation.

To improve the quality and efficiency of customer service, the Stainless Steel Business has integrated the management of quotation, customer complaints, and billing functions in Taiwan through the CRM system, and plans to introduce the CRM system to Yantai Walsin and Jiangying Walsin in 2022, hoping to bring good service to more customers. The company also attaches great importance to customer feedback. In addition to routine visits and timely handling of product problems, we hold regular technical conferences to interact with customers.

”

Yenshui Plant - Technical Conference

In 2021, Yenshui Plant held 21 technical conferences to discuss important quality issues with customers, track the progress of new product development, and discuss specific technical topics to help customers improve their problems, such as adjusting processing procedures and setting equipment parameters. We worked with our customers to complete the testing of six new products, at the same time, we improved the process and quality of our products to achieve the concept of mutual growth with our customers.

3.4.1 Customer service

Customer satisfaction survey

We sent 1,388 customer satisfaction questionnaires in 2021 and received 1,226 questionnaires, which is a recovery rate of 88.3%. The overall satisfaction rate of 85.9% is 1.8% higher than that of 84.1% in 2020. However, the Wire & Cable Business and Stainless Steel Business were affected by Covid-19, with the production scheduling and delivery affected by the government’s control policy, lack of containers, and soaring sea freight rates. It impacted the factory preparation and delivery of finished products was delayed. In particular, city closures and control measures in some areas of China have had a significant impact, resulting in a decline in customer satisfaction with delivery rates. Walsin responded by improving the raw materials safety stock and pre-arranging shipping bays to avoid delaying the production schedule of customers.

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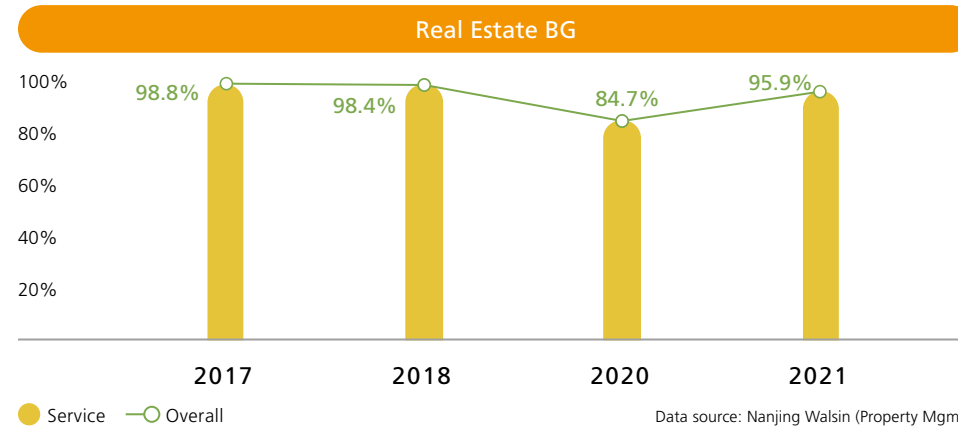
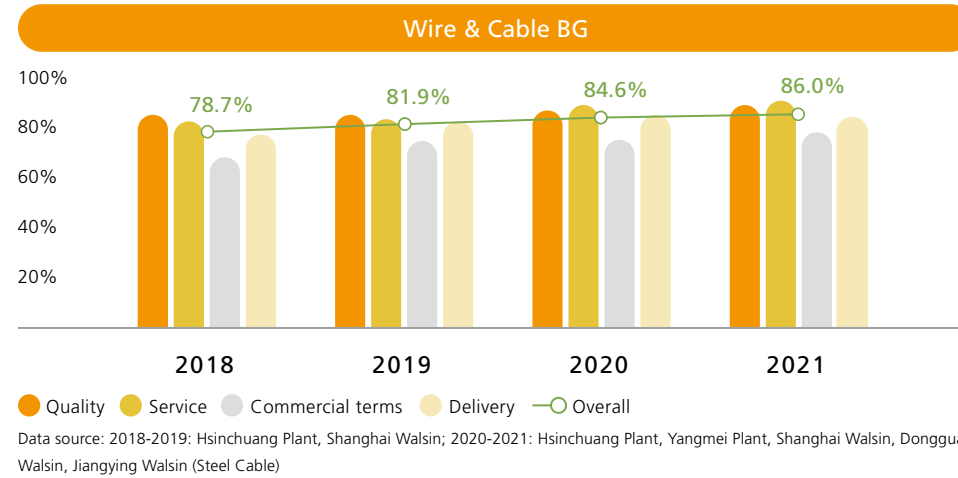
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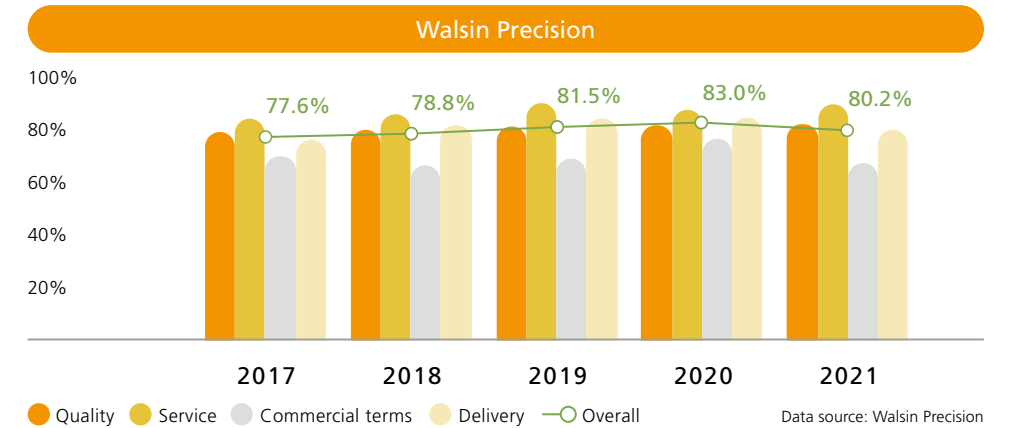
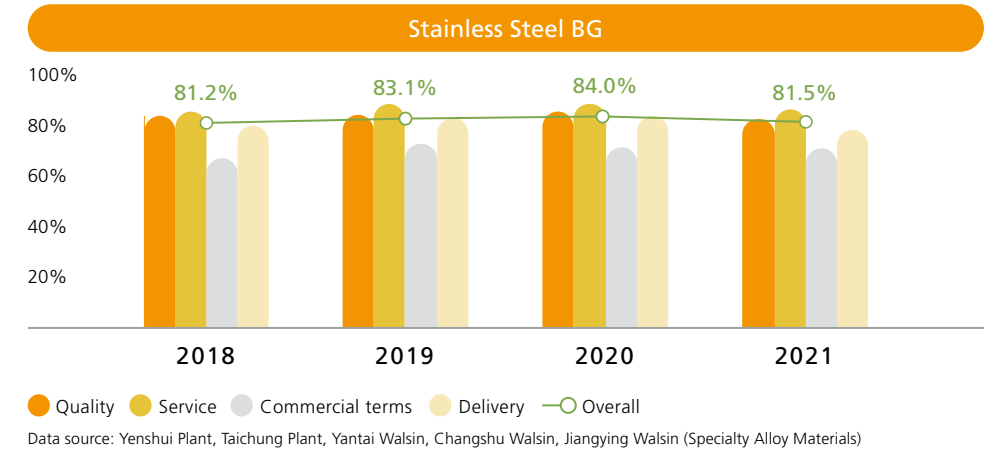
Customer Satisfaction



Note: 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 2021.





## 3.5 Sustainable Supply Chain

### 3.5.1 Sustainable Supply Chain Policy



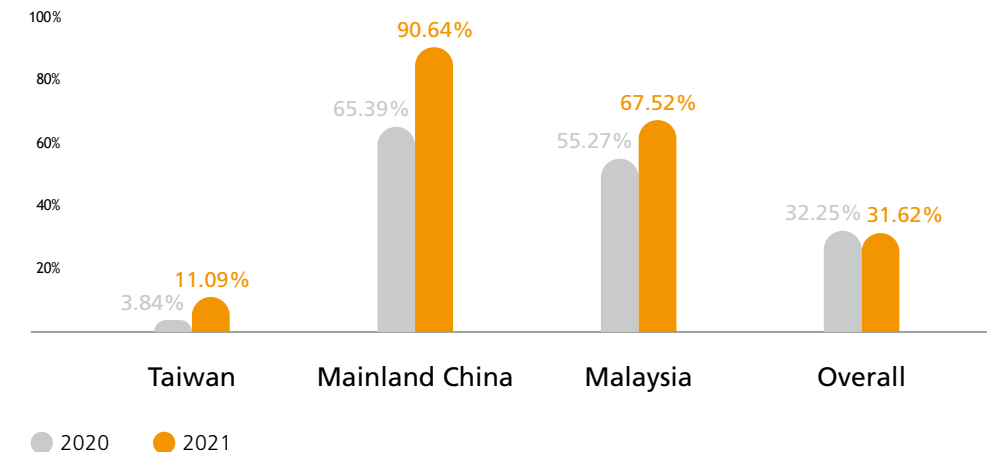
For more information on Walsin Lihwa's upstream, midstream, and downstream supply chain, please refer to 2.1.1 Business Development of this report and the corporate website: <https://www.walsin.com/our-business/>

### Key Supplier Identification

In order to implement effective supplier management, Walsin Lihwa identified 167 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. 11.09% 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); 90.64% of procurements made by our key suppliers in mainland China are sourced from local suppliers; and 67.52% of procurements made by our key suppliers in Malaysia are sourced from local suppliers. Overall, 31.62% of our key suppliers are local suppliers, a decrease of 0.63% compared to 2020.



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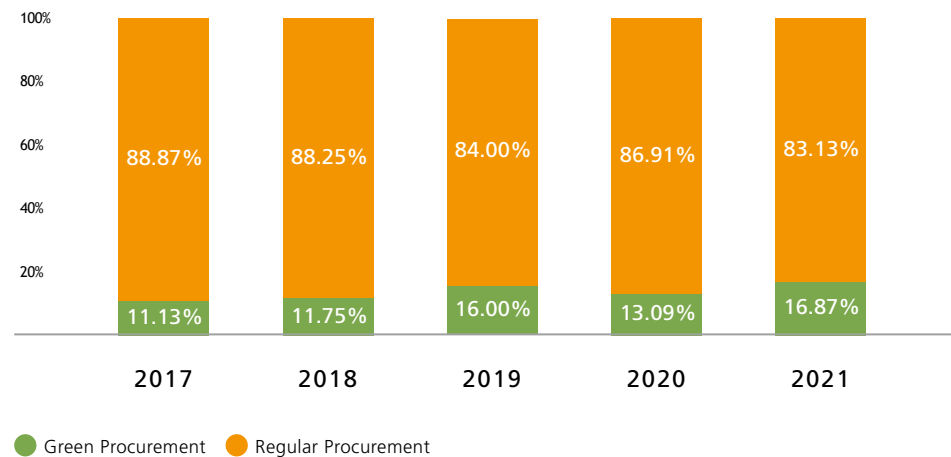
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Green Procurement

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 2021, Taiwan plants invested NT\$14.47 billion in green procurement, accounting for approximately 16.87% of the overall procurement ratio in Taiwan.



● Green Procurement ● Regular Procurement



COVID-19 Supply Chain Risk Management and Countermeasures

Due to the impact of the Covid-19 pandemic, the supply of raw materials continue to be affected by shortage of containers, port congestion, and delayed arrival in 2021. To ensure the supply of raw materials, in addition to internal pre-contingency management to actively stabilize our supply chain partner relationships, Walsin ensured a stable supply of raw materials by regularly reviewing and establishing reasonable safety stock, decentralizing the purchase of goods, and flexibly adjusting the production mix of raw materials.

• Hsinchuang Plant and Yangmei Plant

In response to the Level 3 Alert of the epidemic from May 2021, our employees worked in shifts. The raw material procurement unit maintained raw material procurement operations through pre-built supplier contact mechanisms and online tools (e.g. video conferencing software, communication app, remote work information platform). The supply of domestic raw materials has not been affected by the epidemic. In addition, in order to cope with the delay in the arrival of overseas raw materials due to port congestion, we have developed a second source of raw materials and placed orders and arranged flights earlier. No significant delays has been caused to our production operations overall.

• Shanghai Walsin

To avoid the delay of order delivery due to Yangzhou city closure, we coordinated with customers to move the delivery to a later date for some orders, adjusted the production schedule, and arranged new suppliers to supply materials to ensure the smooth delivery of orders.

• Dongguan Walsin

During the pandemic control period, suppliers' drivers had to be quarantined by 14+7 days after each delivery, so no suppliers were willing to send their staff to the cities under lockdown control. To prevent the supply of a small amount of key raw materials from being cut off, we asked the manufacturers to send the goods to a nearby non-controlled city, and then transferred the goods to Dongguan Walsin by vehicles with quarantine permission to ensure normal production during the pandemic.

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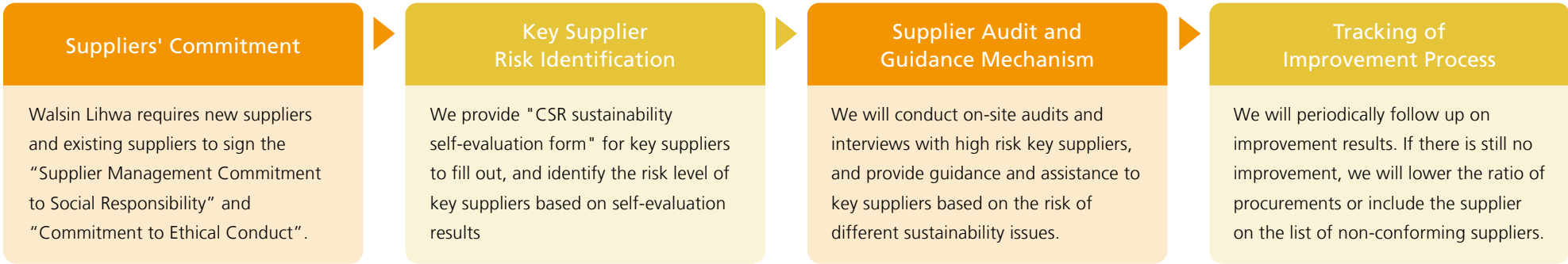
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3.5.2 Implementation of Supply Chain Management



Suppliers’ Commitment to Sustainability and Self-Assessment

Year	Category	Number of Suppliers	Supplier Management Commitment to Social Responsibility <sup>note1</sup>		Commitment to Ethical Conduct <sup>note2</sup>		Self-Assessment Form	
			Number of Signatures	Percentage of Signatures	Number of Signatures	Percentage of Signatures	Number of Signatures	Percentage of Signatures
2019	Key Supplier	145	109	75.20%	N/A	N/A	123	84.83%
	New Suppliers	262	222	84.70%			N/A	N/A
2020	Key Supplier	111	110	99.10%			111	100.00%
	New Suppliers	515	385	73.33%			331	63.05%
2021	Key Supplier	165	156	94.55%	439	91.08%	138	83.64%
	New Suppliers	482	472	97.93%			466	96.68%

Note: 1. In 2019, the “Supplier Management Commitment to Social Responsibility” was revised and issued to key suppliers and new suppliers for signing.  
2. In 2021, the “Commitment to Business Integrity” was revised and renamed as “Commitment to Ethical Conduct”. In 2021, new suppliers were the target of signing the Conduct. Six of the suppliers have published regular sustainability reports and disclosed ethical measures, and are considered to have signed the Conduct.  
3. In 2019, we established a Key Supplier Risk Identification System for key suppliers.

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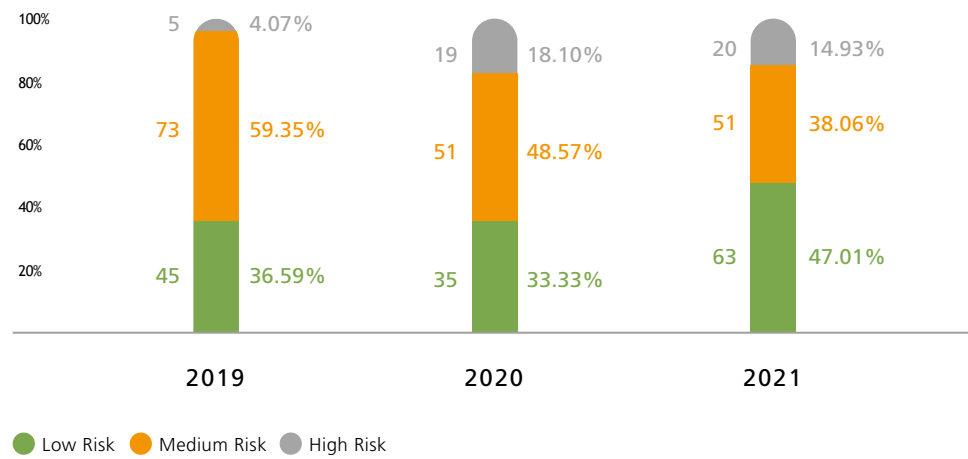
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Supplier Evaluation

To strengthen and implement sustainability of suppliers and to work with partners to build up the strength of the company, Walsin Lihwa not only evaluates suppliers' quality, completion/ delivery time, pricing, service/communication, and coordination to ensure that suppliers can meet the requirements, but we also strengthen the supplier management mechanism by requiring suppliers to fill out the "Supplier Management Commitment to Social Responsibility" to enhance supplier awareness. In 2021, a total of 136 key suppliers in the Wire & Cable Business, Stainless Steel Business, and Real Estate Business were the targets for evaluation. These suppliers would evaluate their own management status and fill out a new version of the "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. The sustainability management of suppliers is analyzed based on results of the self-evaluation form, and then the probability, level of impact, and warning mechanisms for incidents that will threaten its sustainability are assessed, identifying the threat and impact of incidents that threaten the sustainability of key suppliers on Walsin Lihwa's operations.

Key Supplier Risk Identification



Note: Excluding Taipei Headquarters and Walsin Precision key suppliers.

Value-added Innovation and Smart Manufacture

Supplier Audit and Guidance Mechanisms

To enhance the scope and intensity of the supply chain sustainable development, in addition to increasing the number of key suppliers and holding annual supplier conferences in 2021, we selected key suppliers for onsite audits and interviews, and provided 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.

Sustainable Supply Chain Management Courses

Sustainable Supply Chain Management Courses have been held since April 2021, 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
April, 2021	Yenshui Plant	Procurement staff of Taiwan and mainland China plants' stainless steel business	Supplier risk assessment and on-site audit education and training
September, 2021 December, 2021	Yenshui Plant	Procurement staff of Taiwan and mainland China plants' stainless steel business Suppliers	Supplier onsite audit demonstration activity Confirm the current status of supplier ESG management and provide guidance to suppliers on the knowledge of sustainable practices.



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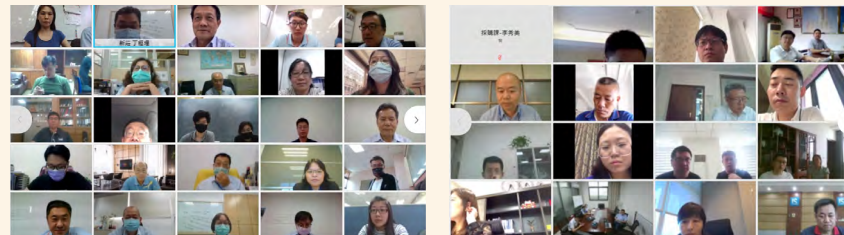
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Deepen Sustainable Supply Chain Management and Partnership

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

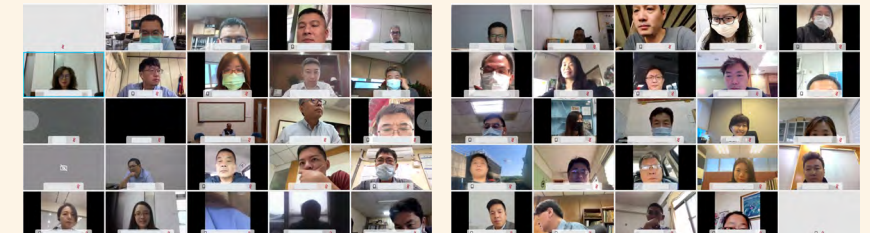
In 2021, Hsinchuang Plant / Yangmei Plant held the fourth supplier meeting via online conferencing. In the face of the increasing impact of climate change around the world and the trend of carbon reduction, "climate change management" was the main axis of this conference. The Environment, Health and Safety Division of the company analyzed the net-zero carbon emission to explain to the participating supplier partners, as well as shared the risks of climate change that enterprises should pay attention to, sustainable business opportunities of the trend of low-carbon economy transformation, and also explained Walsin Lihwa's vision, goals and targets of the green supply chain to be launched in 2022. Supplier partners also took the opportunity to share their insights on "CSR Onsite Visit for Suppliers" and their actions to address climate change.

Shanghai Walsin and Dongguan Walsin held the first Supplier CSR Meeting in 2021. In addition to communicating to suppliers about Walsin Lihwa's sustainability policy, the purpose of implementing CSR, and the requirements for integrity, labor and human rights, and safety and environmental protection. We also interacted with our supplier partners on five topics: sustainability policy, human rights policy, EHS policy, honest business practices, and supplier CSR performance assessment. Through the Q&A sessions, the participants were able to understand the importance of CSR and its impact. We hope that Walsin Lihwa will jointly exert its social influence along with its supply chain partners to drive economic, social and environmental sustainable development.



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

In November 2021, the Stainless Steel Business held an online supplier partner exchange meeting at the Yenshui Plant/Taichung Plant to convey Walsin's ESG governance and management philosophy of business integrity, green operations, labor rights, and environmental protection supply chain management policies, as well as to promote the importance of contractor management and reducing contractor occupational disasters. We hope that all supplier partners can exert social influence, pay attention to management, social and human rights, employee education, and environmental protection. Let's work together to achieve the goal of "common good for society and corporate co-prosperity".





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# 04

## Employee Talent Development and Happiness at Work

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## Sustainability Promotion Strategy ON

- 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 2021	2021 results	Objectives for 2022
Protect labor safety and health, and create a safe working environment	Frequency-Severity Indicator (FSI) <0.4	<ul style="list-style-type: none"> <li>Strengthened and perfected risk management as well as safety job procedures</li> <li>Designated special responsibilities for risk control and management as well as equipment safety management review and integration</li> <li>Developed health and safety management capacity at the plants in Mainland China</li> </ul> <p>Company-wide 0.6 ↑ Taiwan 0.4 → Mainland China 0.86 ↑ Malaysia 0.69 ↑</p>	<ul style="list-style-type: none"> <li>No occupational injury achieved by occupational safety awareness strengthened by full participation in section and shift meetings</li> <li>ISO 45001 implementation for occupational health and safety management, including 5S environment management, Total Productive Maintenance, and safety job procedures</li> </ul>
	No occupation accident at contractors	<ul style="list-style-type: none"> <li>Completed contractor management system implementation at the plants in Taiwan and Mainland China</li> <li>Reviewed contractor standard operating procedures and included the procedures into environment and safety assessment</li> <li>-No death at the Taiwan and overseas plant sites</li> <li>-Yenshui: 2 accidents with 181 days of occupational injury leave</li> <li>-Yantai: 1 accident with 27 days of occupational injury leave</li> </ul>	
Create a happy workplace, improve labor-management relationships, and increase employees' identification and engagement	<ul style="list-style-type: none"> <li>Create a friendly environment, promote harmonious employee and employer relations</li> <li>Pay attention to employee care, enhance employees' identification with the organization</li> <li>Pass on corporate culture, encourage employee participation</li> </ul>	<ul style="list-style-type: none"> <li>8 friendly train forums</li> <li>Honorary chairman words of wisdom exchange event: 70 sessions</li> <li>Factory site environment improvement: Employee cafeteria and dormitory (renovation, bathroom refurbishment), office space improvement (training classroom renovation, video equipment update, pantry refurbishment)</li> <li>Birthday celebration and staff meals (cancelled after Level 3 alert)</li> <li>Organized quarterly employee-employer meeting; PTA activities, young engineers care and exchange events</li> </ul>	<ul style="list-style-type: none"> <li>System friendly, communication friendly</li> <li>Life care, physical and mental care</li> <li>Continuous promotion of corporate culture (Friendly Train Project, Honorary chairperson words of wisdom, Model Employees)</li> </ul>
	Strengthen talent cultivation and career development planning, help employees learn, grow, and fulfill self-actualization	<ul style="list-style-type: none"> <li>TWI/MTP 1 management training for junior and senior managers in Taiwan and mainland China, with a total of 5 sessions</li> <li>Presentation of lean production and technical results</li> <li>Harvard Business Review International Trends article sharing sessions for managers: 3 sessions</li> <li>Final presentation of EMBA class 4</li> <li>Data Skills Development (online course across 6 topics; 11 lectures on smart manufacturing and 2 workshops on design thinking)</li> </ul>	



**TTQS Bronze Medal Award**  
Talent Development Quality Management System



Subsidized by the Ministry of Labor's Corporate Human Resources Enhancement Program (Yenshui Plant)



**Bronze Award**  
CHR Corporate Citizenship (Yenshui Plant)



**Model Healthcare Award**  
Excellent Healthy Workplace Award (Taichung Plant)



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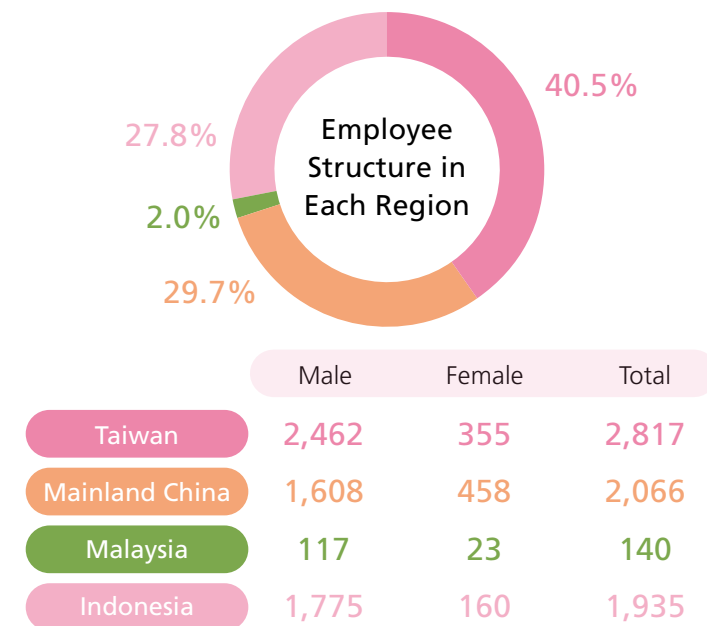
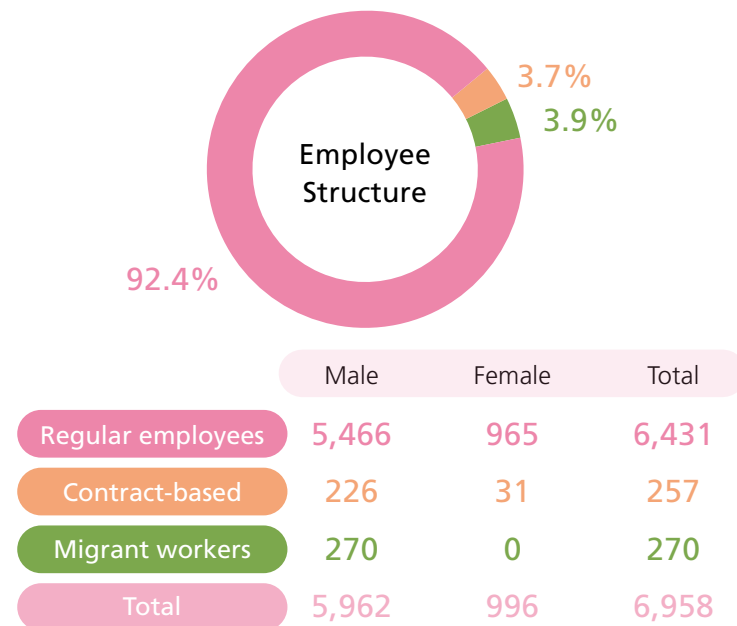
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Pursuit for excellence, innovation, learning, and a friendly workplace are to the foundation of business sustainability of Walsin Lihwa. Over the past half century, Walsin has been maintaining and strengthening its down-to-earth approach to running 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 2021, we have a total of 6,958 employees worldwide (5,466 male, 965 female), most are regular employees, 3.7% are contractors (226 male, 31 female), and the percentage of foreign workers note remained at 4% (all male). We do not have any part-time workers.



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



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The Company recruits talent on a merit basis through fair and open channels. We hired nearly 1,777 new employees in 2021 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 1,030 employees resigned in 2021, which is a turnover rate of 16.1%. 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.

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	378	15.7%	68	20.2%	446	16.2%	316	13.1%	37	11.0%	353	12.9%
	Mainland China	362	22.1%	147	32.6%	509	24.4%	370	22.6%	119	26.4%	489	23.4%
	Malaysia	12	10.2%	0	0%	12	8.5%	14	11.9%	2	8.3%	16	11.3%
	Indonesia	763	58.4%	47	41.8%	810	57.1%	151	11.6%	21	18.7%	172	12.1%
	Total	1,515	27.7%	262	28.4%	1,777	27.8%	851	15.6%	179	19.4%	1,030	16.1%

By age groups	Category	New employees								Resigned employees							
		Under 30		31-40 years		41-50 years		Over 51		Under 30		31-40 years		41-50 years		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	231	36.2%	166	16.1%	37	5.6%	12	2.9%	130	20.3%	146	14.2%	39	5.9%	38	9.2%
	Mainland China	229	63.3%	212	30.4%	53	7.8%	15	4.3%	167	46.1%	176	25.2%	89	13.1%	57	16.3%
	Malaysia	11	55.0%	1	1.5%	0	0.0%	0	0.0%	12	60.0%	1	1.5%	2	4.6%	1	9.5%
	Indonesia	563	71.0%	183	43.1%	63	37.1%	1	3.2%	110	13.9%	42	9.9%	14	8.2%	6	19.0%
	Total	1,034	57.0%	562	25.3%	153	9.8%	28	3.5%	419	23.1%	365	16.4%	144	9.2%	102	12.7%

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.

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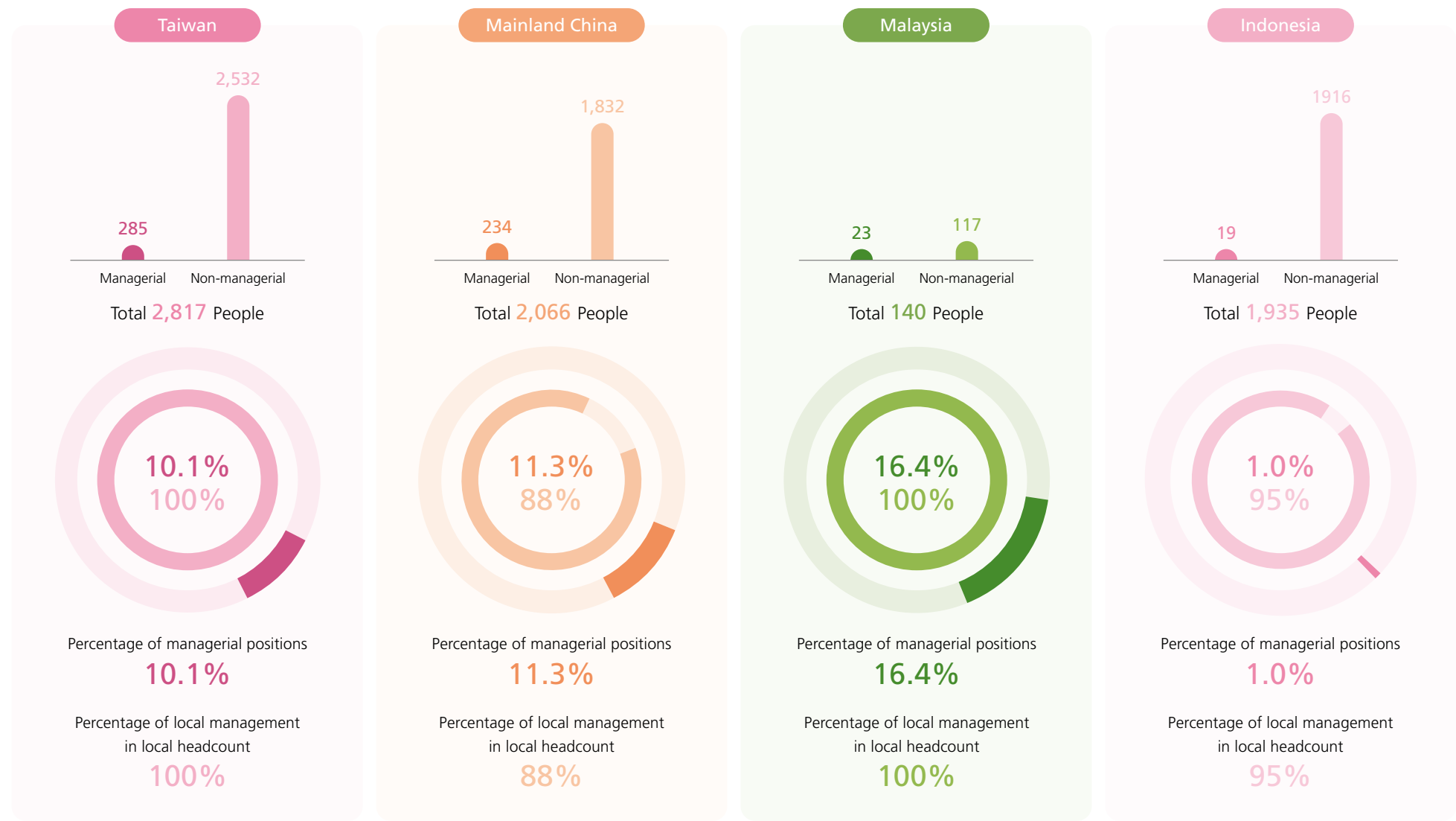
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The company employs local employees in all regions, except in mainland China, where as required by management needs that the vice president and higher level managers are still mainly from Taiwan.

Percentage of Local Management in Local Headcount



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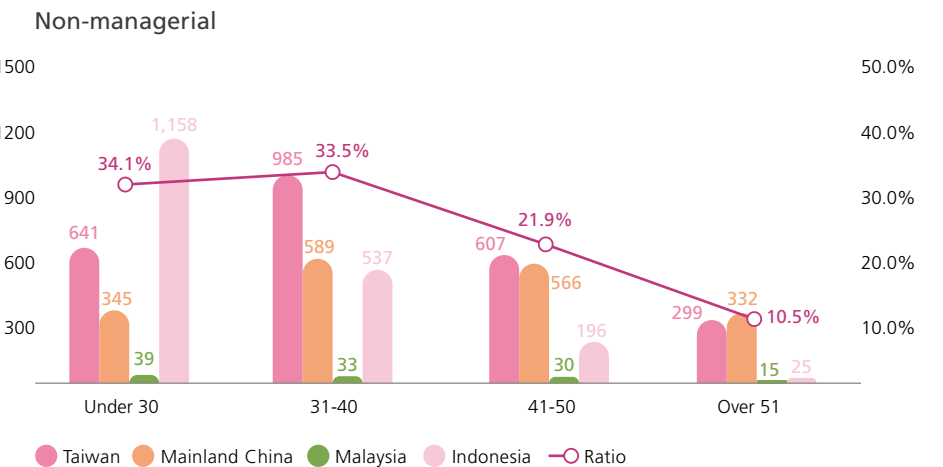
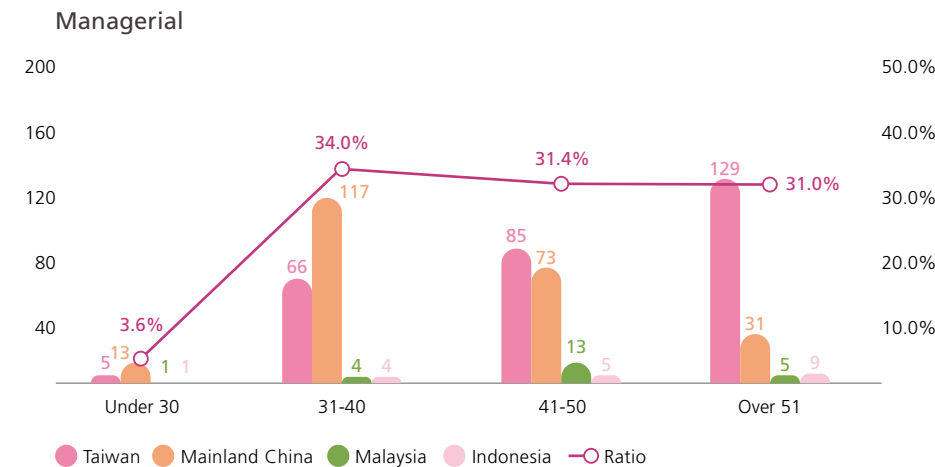
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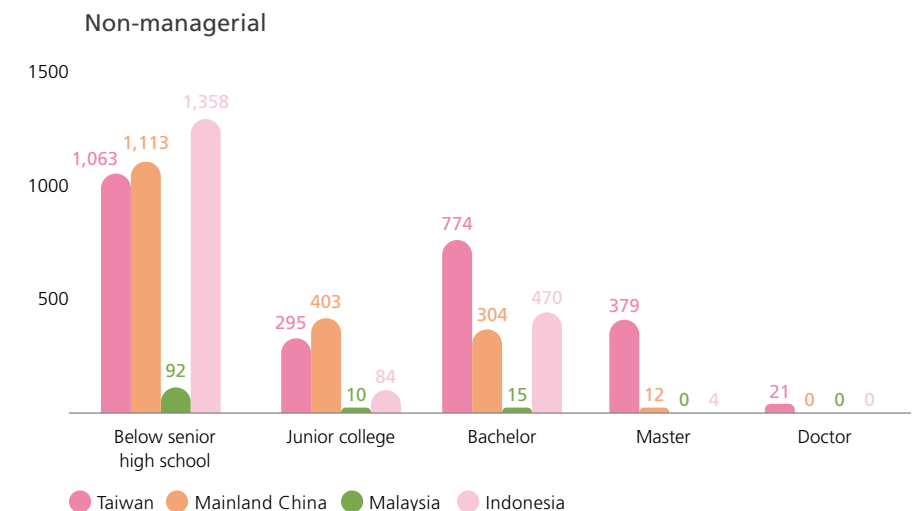
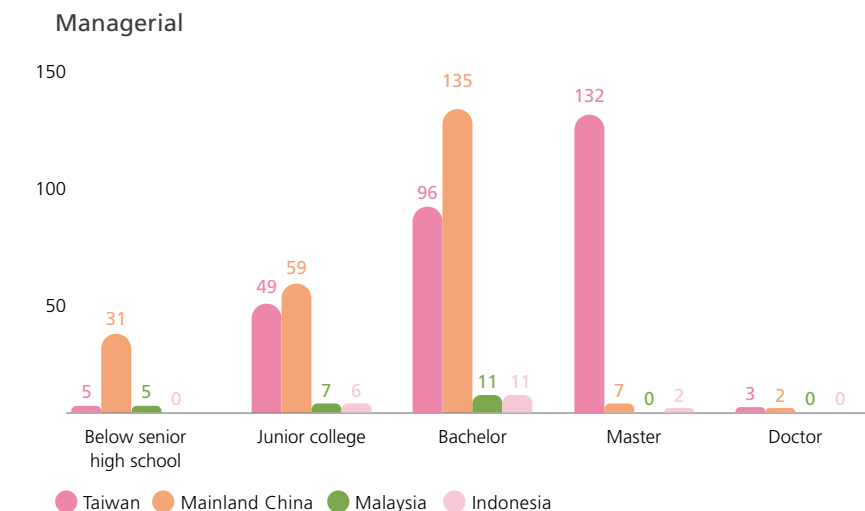
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Because our wire and cable as well as stainless steel operations fall in the heavy manufacturing industry category, the workforce at our plants consists primarily of males and therefore the percentage of male workers is higher than that of female workers. Managers are mainly between the ages of 31 and 40; regular employees are mainly under the ages of 30. 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 31 employees with mental or physical disabilities, amounting to approximately 1.1% 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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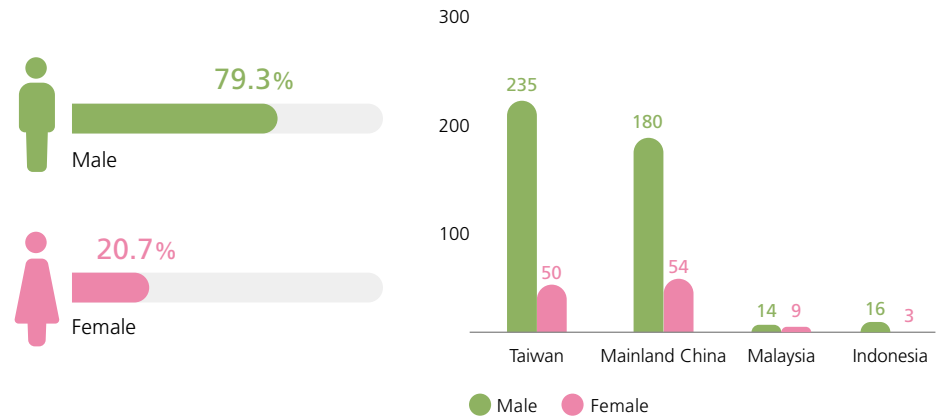
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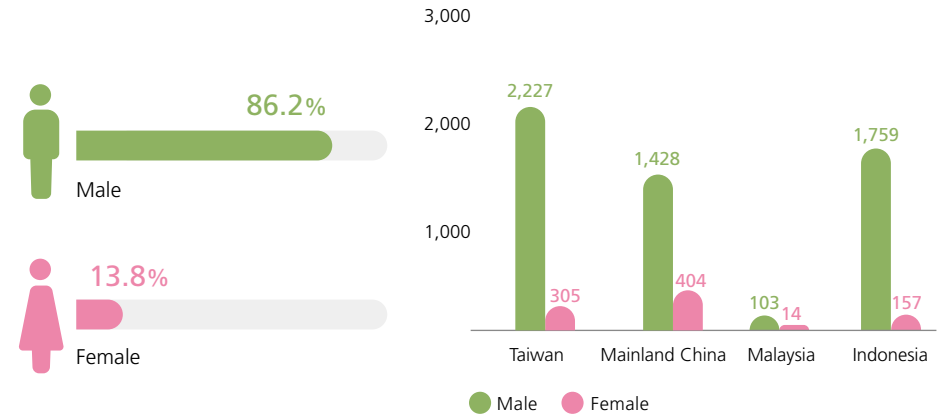
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Structure of Managerial Positions by Gender



Structure of Regular Employees by Gender



Note1: The employee structure at the following Walsin Lihwa sites are disclosed:  
Taiwan: 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.  
Indonesia: PT. Walsin Lippo, PT. Walsin Nickel Industrial (Newly disclosed subsidiary PT. Walsin Nickel Industrial in 2021)

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





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## 4.1.2 Human Resources Policy

### Human Right 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:

September 2021: (Shanghai Walsin) A total of 12 suppliers participated.

October 2021: (Dogguan Walsin) A total of 12 suppliers participated.

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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 2,575 non-managerial, full-time employees with an average salary of NT\$1,189,652 in Taiwan in 2021.

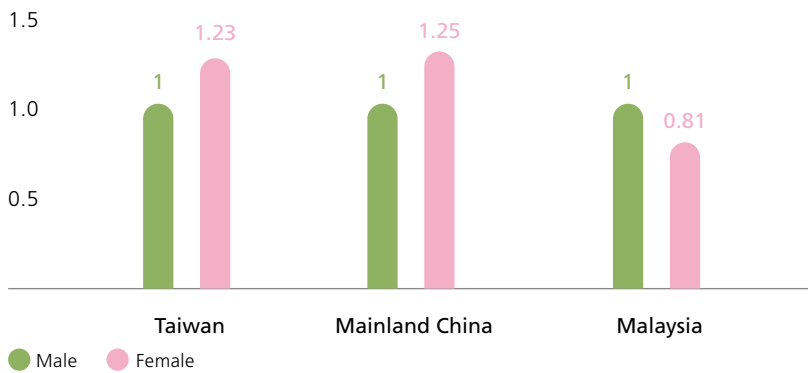
Number of non-managerial, full-time employees in Taiwan, their average salaries and differences from the previous year

Year	Number of full-time employees	Average salary (NT\$ thousand)	Median salary (NT\$ thousand)
2020	2,536	912	751
2021	2,575	1,190	967
Difference	39	278	216

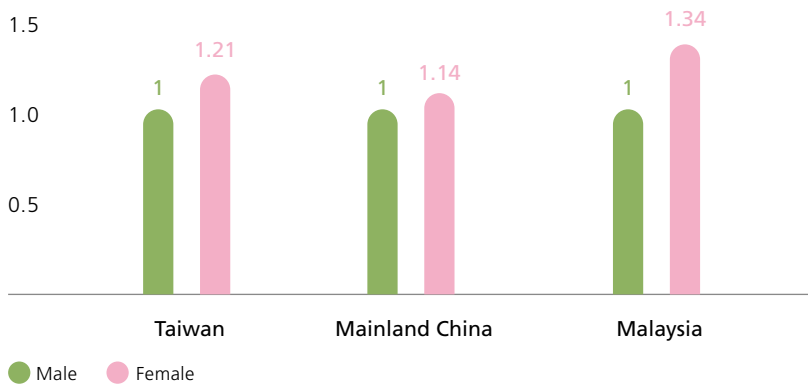
Note: Non-managerial employees refer to all employees (excluding managers), under the same scope of managers reported by the Company and disclosed in the annual report of the Annual Shareholders' Meeting.

The times of average remuneration differences by gender and position in 2021 are tabulated as below

Managerial Positions



Regular Employees



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

In 2021, the world experienced an unprecedentedly severe ordeal, but with the success of vaccine development and increased vaccination coverage, our lives gradually returned to normal and the global economy was on track to recovery. Each and every one of us has been doing our jobs and holding on to our positions as we move forward side by side with Walsin, facing the challenges that have come our way.

With the pandemic driving us forward and the rapid digital transformation of the company, we have taken a big step forward in self-learning for all employees. Through online platforms such as the Walsin Lihwa Academy, our personnel's learning is no longer limited by geography. Together with a hybrid learning design, it extends learning opportunities and strengthens the effectiveness of self-learning by using the in-depth knowledge of online learning and the operation of practical workshops in parallel. With the smart transformation of Walsin, the employees participate in core competency projects, digitization and datafication of work, efficient factory construction, and other cross-discipline cooperation to promote knowledge exchange and learning atmosphere among the personnel. They have injected "learning nutrients" into Walsin and linked these newfound skills to their profession, continuously improving their own abilities and bringing positive influence to their peers, not only creating a culture of organizational learning together, but also creating rapport and bringing the family of Walsin closer together.

Walsin's emphasis on talent development is evident in the allocation of training resources to our colleagues

Overview of Company Training

Area	Statistical items	Male	Female	Subtotal	Area	Statistical items	Male	Female	Subtotal
Taiwan	Total hours	73,938.35	37,251.35	111,189.70	Taiwan	Total hours	24,721.99	86,467.71	111,189.70
	Total number of employees	2,462	355	2,817		Total number of employees	285	2,532	2,817
	Average training hours	30.03	104.93	39.47		Average training hours	86.74	34.15	39.47
Mainland China	Total hours	6,273.33	4,562.81	10,836.14	Mainland China	Total hours	6,317.34	4,518.80	10,836.14
	Total number of employees	1,608	458	2,066		Total number of employees	234	1,832	2,066
	Average training hours	3.90	9.96	5.24		Average training hours	27.00	2.47	5.24
Malaysia	Total hours	9,595.5	82.5	9,678	Malaysia	Total hours	76	9,602	9,678
	Total number of employees	117	23	140		Total number of employees	23	117	140
	Average training hours	82.01	3.59	69.13		Average training hours	3.30	82.07	69.13
Indonesia	Total hours	898	7	905	Indonesia	Total hours	27	878	905
	Total number of employees	270	23	293		Total number of employees	18	275	293
	Average training hours	3.33	0.3	3.09		Average training hours	1.50	3.19	3.09

Note1: The overview of company training at the following Walsin Lihwa sites are disclosed: Taiwan: Taipei head office, Yangmei plant, Hsinchuang plant, Yenshui plant, Taichung plant. / 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 in 2021) Note2: Managerial positions are the positions higher than section or division chiefs.



Training and Learning Process



around the world, creating a friendly workplace environment regardless of gender and age. 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, diversified learning activities help increase employees' interest in learning, which allow them to apply what they learn to their work and enhance the quality and efficiency of whatever they do. From the training provided to employees in Taiwan, China, Malaysia, and Indonesia in 2021, we can feel an increasing willingness to learn. Please refer to the table below.

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## Listen, Perceive, and Act - Training to Meet Employees' Needs

Talent has always been the most important asset of Walsin, and it is important to nurture employees to grow together with the company's transformation. Therefore, the value of the training achievements in 2021 was mainly oriented to two major aspects: Digitization of course resources and application.

### Digitization of Course Resources

With the transformation and plant construction policy of Walsin, a large number of diversified talents were hired in 2021, while the work style of existing talents have also become more diversified. For this purpose, Walsin transformed the standard of training and made themed videos on the internal knowledge, which have been uploaded to the Walsin Lihwa Academy online platform (HRD) open to all personnel, so that they can learn a wide range of knowledge without being constrained by location, department, or time. In 2021, there were an average of 1,020 learners per week and the cumulative number of hours of online learning was 7,734, an increase of 70% and 119% respectively compared to last year. We have received positive comments from our employees for lowering the threshold for cross-disciplinary learning and enabling them to find the precise knowledge they want to learn.

### Key Applications

With the support of digital resources, the distance/physical learning courses in 2021 focus more on behavioral changes. The course content is designed to integrate with work content, transferring personnel's learning to their duties, and is implemented in the project management series, manager training at all stages, and smart manufacturing seminar series. The training can be directly applied to work situations, with the course satisfaction scores reaching 4.4 out of 5.

In terms of system, Walsin 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, distance workshops, online knowledge courses, internal sharing events, study groups, and presentations 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.



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4.3 Workplace Health and Safety

Material Topics



4.3.1 Occupational Safety and Health Policy and Philosophy

Walsin Lihwa is committed to developing itself into a happy enterprise and a friendly workplace by implementing e-management of occupational health and safety risks to analyze and control the impacts from operational risks and equipment safety issues, e.g., standardization of occupational safety and equipment maintenance management. Moreover, intrinsic safety management through focused management is able to step by step review and implement engineering improvement, administrative management, e.g., personnel training, standardization of occupational safety, and equipment maintenance management with monitoring and measurement instruments in conjunction with personal protective equipment to decrease the risks of exposure to hazards. In 2021 with the three focuses on intrinsic safety management, engineering improvement, and enhancement of administrative management for effective supervision, Walsin Lihwa's frequency severity indicator (F.S.I.) was 0.60, 30% lower than that in 2020. The F.S.I. of the plants in Taiwan was 0.4 and that of the overseas plants was 0.85. Moreover, Walsin Lihwa continued optimizing workplace health and decreasing employee exposure to occupational hazards such as dust particles, noises, and ergonomic hazards in 2021 by automation implementation, dust collection system upgrading, and improvement of insulation of noise sources.



Objectives for Occupational Safety

Indicator	2021 Goals	2021 Results	2022 Goals	Mid/Long-Term Goals
Company-wide incidents (including workers)	(1) Severe and serious - 0 incidents (2) Minor or above $\leq$ 80 incidents	(1) Severe and serious - 2 incidents <sup>note1</sup> (2) Minor or above $\leq$ 80 incidents	(1) Severe and serious - 0 incidents <sup>note1</sup> (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 disabling injury frequency rate (F.R.) <sup>Note 2</sup> 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	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: Walsin Lihwa's disabling injury frequency rate (F.R.) analyzes non-company workers, but their actual lost workdays cannot be calculated because they have no regular workplace after their recover from injuries. Therefore, the frequency is based on disabling injuries/1,000,000 employee-hours.

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## Occupational Health and Safety Management System

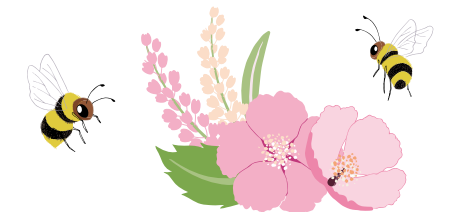
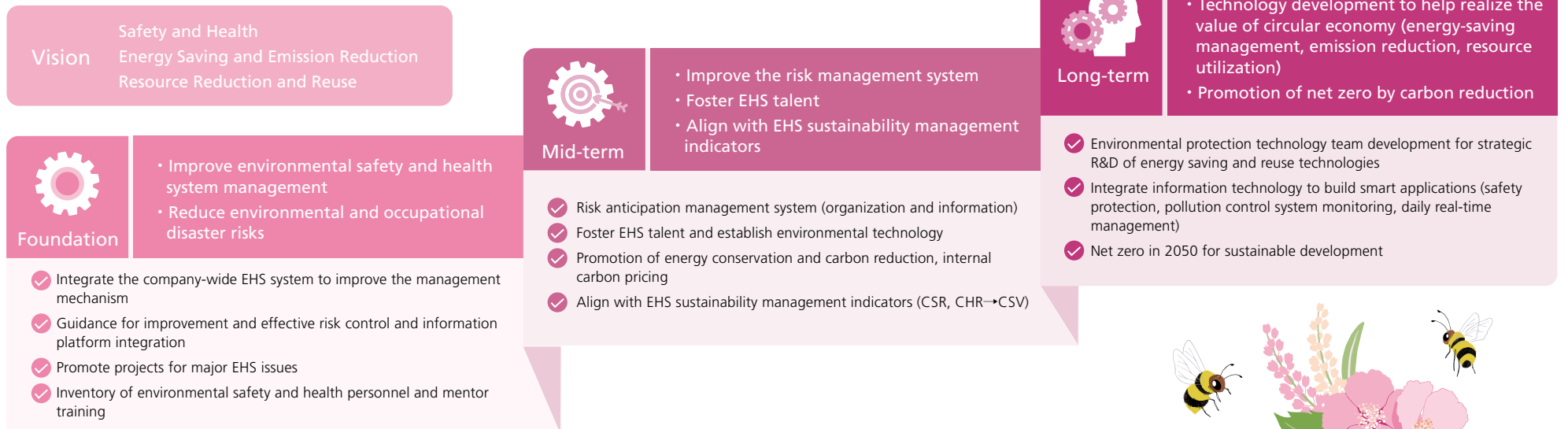
In 2020, Walsin Lihwa completed its ISO 45001 implementation for occupational health and safety management at the Hsinchuang, Yangmei, Taichung, and Yenshui in Taiwan as well as Shanghai Walsin, Dongguan Walsin, Jiangyin Walsin(Steel Cable), Jiangyin Walsin(Specialty Alloy Materials), Changshu Walsin, and Yantai Walsin in Mainland China. Walsin Lihwa continued its dynamic review and improvement to prevent occupational accident recurrences while conducting internal audit exercises and setting up annual occupational health and safety performance indicators to help strengthen occupational safety for comprehensive safety and friendliness at work. The health and safety performance indicators include active indicators such as implementation of key systems, support by senior management at individual plants, and management system disclosures as well as passive indicators such as occupational accidents and penalties imposed by competent authorities in addition to general and special health examinations.

## Occupational Safety and Health Participation, Consultation and Communication

The Environmental, Health and Safety Committee, established in 2015 and responsible for the development and implementation of environmental protection as well as occupational health and safety policies to supervise and provide guidance to the environmental, health, and safety performances at individual Walsin Lihwa plants, conducts quarterly onsite inspections of the plants' health and safety implementation, solutions to safety accidents, as well as analysis of root causes of accidents for effective prevention.



## Environment, Health and Safety Committee Goals / Vision



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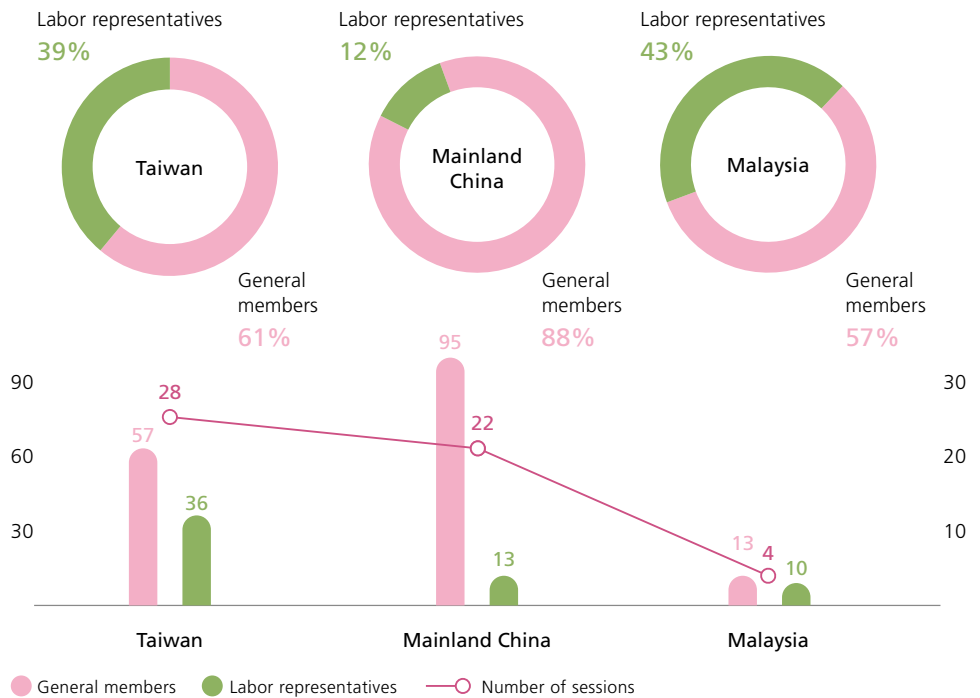
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Occupational Safety and Health Committee

Every Walsin Lihwa plant has its Occupational Safety and Health Committee<sup>Note</sup>, which consists of a certain percentage of labor representatives to convene quarterly meetings on occupational safety-related laws and regulations, promote occupational safety, and deliver meeting minutes and occupational safety information through its meeting minute platform and emails to employees.

Note: Every Walsin Lihwa plant in Taiwan has its Occupational Safety and Health Committee with a certain percentage of labor representatives pursuant to the Occupational Health and Safety Act; There are Work Safety Committees at Walsin Lihwa plants in Mainland China.

Percentage of Labor Representatives



Composition of the Occupational Safety and Health Committee

Plants	General members	Labor representatives	Total number of members in the committee	Ratio <sup>note1</sup>	Number of sessions
Taiwan <sup>note2</sup>	57	36	93	38.71%	28
Taipei Head Office	15	9	24	37.50%	4
Hsinchuang Plant	12	6	18	33.33%	4
Yangmei Plant	7	5	12	41.67%	4
Taichung Plant	10	5	15	33.33%	4
Yenshui Plant	13	11	24	45.83%	12
Mainland China	95	13	108	12.04%	22
Shanghai Walsin	10	1	11	9.09%	4
Dongguan Walsin	2	9	11	81.82%	4
Changshu Walsin	13	1	14	7.14%	4
Yantai Walsin	9	1	10	10.00%	4
Jiangying Walsin (Steel Cable)	34	1	35	2.86%	4
Jiangying Walsin (Specialty Alloy Materials) <sup>note3</sup>	27	0	27	0.00%	2
Malaysia	13	10	23	43.48%	4

Note: 1. Ratio=Total number of labor representatives / Total number of people in the committee x 100%  
2. Labor representative shall be at least one-third of a committee in Taiwan, but there is no such a requirement for the overseas plants.  
3. The labor representatives at Jiangyin Walsin Specialty Alloy Materials are not regular committee members and attend committee meetings as non-voting members on an as-needed basis.

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### 4.3.2 Workplace Safety and Eco-friendly Management

For effective safety management, Walsin Lihwa is committed to its deep-rooted safety culture through division of major responsibilities, matrix project management, cooperation and counseling across departments, and participation by all employees:

- Onsite inspections and ongoing improvement: Plant inspections led by middle and senior executives on a regular basis to strengthen risk inventory and evaluation
- Employee participation and communication: Communication on a regular basis including the Occupational Safety and Health Committee's quarterly meetings, monthly environment, health, and safety meetings at individual plants as well as section and shift meetings to make rules for employee participation and communication and strengthen the communication channels of employee feedback as well as improvement results
- Environmental and safety skill training: Junior executives' management skills, middle and senior executives' environment, health, and safety management system development, site managers' high risk job safety management, and supervisor safety management training
- Control of job hazards and risks:
  - Walsin Lihwa's independently developed and implemented e-management of occupational health and safety risks can analyze and control the impacts from operational risks and equipment safety issues, e.g., standardization of occupational safety and equipment maintenance management. Moreover, intrinsic safety management through focused management is able to step by step review and implement engineering improvement, administrative management, e.g., personnel training, standardization of occupational safety, and equipment maintenance management with monitoring and measurement instruments in conjunction with personal protective equipment to decrease the risks of exposure to hazards.
  - Management project integration and standardization promoted throughout Walsin Lihwa focuses on high-risk projects such as contractor management, hazardous machine and equipment management, energy lock out procedures, and implementation of e-management of health.
  - Company event: Every May is the Environment and Safety Month at Walsin Lihwa, when the importance of the environment and safety, environment and safety achievements, and relevant visions are communicated through the intranet.

## Employee Talent Development and Happiness at Work



### Optimization of Safety Job Procedures and Risk Assessment Databank Management

- In 2021, Walsin Lihwa's risk assessment system optimization focused its Hsinchuang and Yenshui plants as well as Yantai Walsin, Jiangyin Walsin(Specialty Alloy Materials), and Jiangyin Walsin(Steel Cable), which are relatively high-risk sites whose operations are similar. The optimization reviewed 890 safety job procedures there, maintained 617 of the procedures related to high risks and frequent disasters, added relevant cases to certain jobs, and elaborated on such jobs.
- Risk assessment of the 80 incidents above minor injuries (including minor injuries <sup>Note 1)</sup> and 236 false alarms (false alarm rate: 415.93% <sup>Note 2)</sup> in 2021 was conducted to amend relevant safety standards for prevention of recurrence.

- Equipment safety including energy lock-out procedures, special equipment, and production equipment  
→ **Likelihood, Exposure, Consequence, and Danger (LECD) risk evaluation of existing manufacture and maintenance systems to enable comprehensive and effective safety inspections**
- Hazard identification, risk assessment, and safety job procedures (HIRAR & SJP) including operational control and certification, and environmental safety including high risk control
- Contractor management including review, machine, equipment, and operational control, supervision and audit, and training  
→ **Contractor scheduling app for real-time work progress control**
- Safety management training provided to junior, middle, and senior executives
- Environment and safety personnel competency enhancement including counseling, projects, and on-the-job training



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- The amendment was promoted among employees to help do away with inconsistent standards.
  - Every plant was required to implement effective equipment risk control by daily inspections to confirm what needs maintenance and repair and always stay on top of potential risks.
  - In response to Mainland China’s dual systems for risk management, LECD risk control conversion was planned to be implemented in 2022 to review workflow risks and develop a new project of machine and equipment risk assessment.
  - All Walsin Lihwa plant employees were encouraged to propose improvement measures in addition to asking for risk assessment modification and voluntarily withdrawing themselves from work when they find or consider themselves vulnerable to injuries or illness at work. They can be rewarded for the tangible or intangible benefits of what they propose <sup>Note 3</sup>
- 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
- 3: Monetary rewards or praises are provided based on individual plants’ annual budgets and plans.

Occupational safety education and training

To safeguard employee health and safety, individual Walsin Lihwa plants had four categories of education and training on occupational health and safety implemented in 2021 based on accident severity rates, degrees of impact on operations, types of manufacture processes, and work environments . The four categories of education and training are tabulated as below. E-learning has been planned for 2022 to help make training accessible to more employees to further strengthen the occupational safety culture throughout Walsin Lihwa.

Area	Plant	New Employee Training	Current Employee Training (Including retraining for licensing of occupational safety)		Project type (including emergency response)		Pre-site training for outsourced contractors	
		Number of attendees	Number of training sessions	Number of attendees	Number of training sessions	Number of attendees	Number of training sessions	Number of attendees
Taiwan	Taipei Head Office	48	4	8	2	334	0	0
	Hsinchuang Plant	50	46	1,483	2	340	58	192
	Yangmei Plant	17	21	124	2	51	37	143
	Taichung Plant	64	32	133	11	206	34	203
	Yenshui Plant	229	1,213	1,213	22	2,034	64	1,312
Mainland China	Shanghai Walsin	24	48	608	11	136	10	35
	Dongguan Walsin	15	10	71	8	259	1	25
	Jiangyin Walsin (Steel Cable)	35	70	1,760	4	380	8	115
	Jiangyin Walsin (Specialty Alloy Materials)	123	9	76	1	260	12	12
	Changshu Walsin	129	34	4,896	6	572	59	214
Malaysia	Yantai Walsin	82	26	2,450	32	820	80	700
	Walsin Precision	12	18	166	4	48	0	0
	Total	828	1,531	12,988	105	5,440	363	2,951

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

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## Implementation of Fire Escape and Fire Drills in Taipei Headquarters

Walsin Lihwa organizes emergency escape and fire drills every year. In 2021, a total of 167 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 firefighting process in person.



## Occupational Injury and Occupations

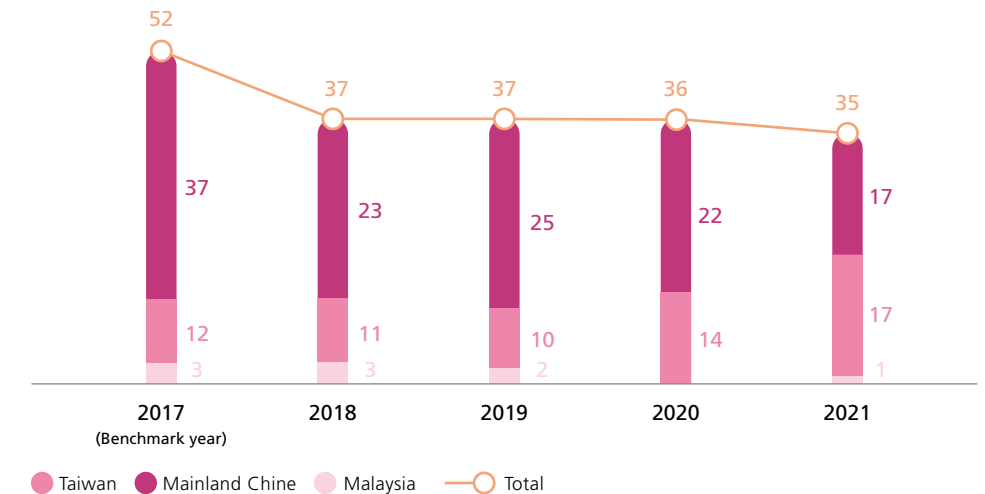
Our company's personnel/medical staff, safety and health, and various departments work together to protect and promote the health of workers, and to regulate the implementation of health examinations for employees in each factory both at home and abroad, so as to independently manage the employees and 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 7 years.

In 2021, there were 35 occupational injuries among the employees of Walsin Lihwa, and 3 occupational injuries among the contractors.

## Occupational Accidents

From 2017 to 2021, Walsin Lihwa decreased occupational accidents through comprehensive project reviews, systematic categorization of accidents, risk assessment and safety job procedures, as well as scientific and pragmatic approaches. The number of accidents remained unchanged for nearly four years (accident decrease in 2021 is 32%<sup>note</sup>), but the ISO 45001 implementation in 2022 in conjunction with the newly developed contractor management system shall be able to continue decreasing occupational injuries.

## Number of Occupational Accidents



Note: Percentage of accident decrease = ((Number of occupational injuries in the benchmark year – Number of occupational injuries in the year in question)/Number of occupational injuries)x100%

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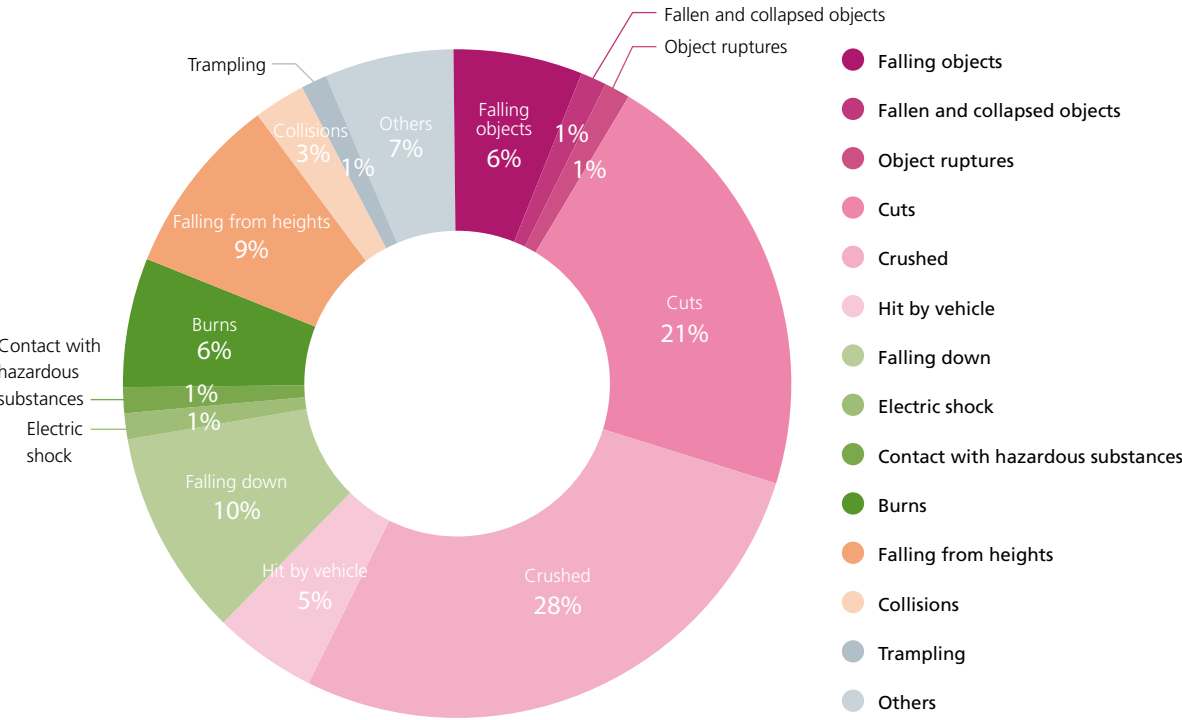
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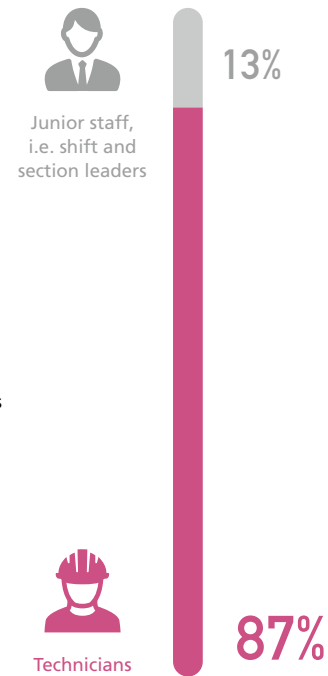
Causes of Injuries at Plants

In 2021, there were 80 accidents including minor injuries and contractor accidents. Basic-level technicians had the highest percentage of accidents, 87.5%. Major types of accidents included crush injuries, 27.5%, cuts 21.25%, falls 10%, and drops 8.75%. In 2022, the awareness of hazards, safety job procedures, and Total Productive Management (TPM) shall be promoted among entry-level employees to help decrease occupational injuries.

Percentages of Injuries at Plants



Percentages of Worker Categories



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	2	1	0	3	2	0	0	2
Falling down	3	3	0	6	0	0	0	0
Falling objects	1	1	0	2	0	1	0	1
Hit by vehicle	2	1	0	3	0	0	0	0
Crushed	5	7	1	13	0	0	0	0
Cuts	2	3	0	5	0	0	0	0
Burns	2	0	0	2	0	0	0	0
Object ruptures	0	1	0	1	0	0	0	0
Total	17	17	1	35	2	1	0	3

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Statistical Analysis of Occupational Injuries in Plants

Employees Occupational Injury Statistics							
Year	Total hours worked	Number of Injuries			Percentages		
		Deaths	Severe Occupational Injuries	Recordable Occupational Injuries	Deaths	Severe Occupational Injuries	Recordable Occupational Injuries
2018	11,781,840	0	1	37	0.00%	1.70%	62.81%
2019	11,169,087	0	3	37	0.00%	5.37%	66.25%
2020	10,958,500	1	3	36	1.83%	5.48%	65.70%
2021	11,348,042	0	1	35	0.00%	1.76%	61.68%

Non-Employee Occupational Injury Statistics							
Year	Total hours worked	Number of Injuries			Percentages		
		Deaths	Severe Occupational Injuries	Recordable Occupational Injuries	Deaths	Severe Occupational Injuries	Recordable Occupational Injuries
2018	5,777,861	2	0	4	6.92%	0.00%	13.85%
2019	2,776,908	0	2	4	0.00%	14.40%	28.81%
2020	1,530,514	0	0	3	0.00%	0.00%	39.20%
2021	3,846,152	0	1	3	0.00%	5.20%	15.60%

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)

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

Note: The number of days means workdays. The number of lost workdays is the number of days beginning the next day of an accident. The number of occupational injuries does not include traffic accidents on the way to and from get off from work or any minor injury not resulting in one lost workday.



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### 4.3.3 Compliance with Occupational Safety and Health Laws and Regulations

In 2021, there were six violations of major<sup>Note</sup> occupational health and safety laws and regulations at the plants in Taiwan and Mainland China, and the fines for the violations were NT\$570,000 and RMB\$140,000, respectively.

Walsin Lihwa shall continue reviewing every accident and penalty to focus on high-risk hazardous operations, highly frequent false alarms, and potential threats. Relevant projects and leveraging information technologies are also expected to help step by step strengthen employees' safety awareness, stay on top of the status of machine and equipment, and effectively control raw material and chemicals by compliance cloud implementation to continue work environment improvement.

In 2021, there was no chemical leakage at Walsin Lihwa.

Plant	Cause	Violation	Improvement	Amount of Fine
Taichung Plant	Occupational accident	Article 6-1 of the Occupational Health and Safety Act	<ul style="list-style-type: none"> <li>No personnel entry is allowed within one meter of a hoist for hoist operator control.</li> <li>Crane hoisting has been changed to single operator operation and shall hoist only one roller seat.</li> <li>The unit's roller seat assembly SOP and SJP have been modified.</li> </ul>	NT\$180,000
Yenshui Plant	Occupational accident	Article 6-1 of the Occupational Health and Safety Act	<ul style="list-style-type: none"> <li>A perpetual safety platform has been set up at the backwater pump gap.</li> <li>Removable protective railing has been set up on the safety platform at the backwater pump gap.</li> <li>Backwater pipe maintenance SJP have been developed.</li> </ul>	NT\$180,000
Yenshui Plant	Occupational accident	Article 26 and 27 of the Occupational Health and Safety Act	<ul style="list-style-type: none"> <li>Inclusion of non-engineering personnel, including transport personnel, into contractor management has been reviewed again.</li> <li>Contractor insurance coverage requirements and hazard notification for non-engineering personnel including transport personnel have been comprehensively reviewed.</li> </ul>	NT\$210,000
Changshu Walsin	Overdue inspection of steam pressure piping	Article 84-1 of the Special Equipment Safety Law	<ul style="list-style-type: none"> <li>The account of stream pressure piping has been reorganized to have the dates of registration and certification, installation supervision and inspection, inspection, and next inspection as well as the exact time of inspection added.</li> <li>Stream pressure piping management is required to timely report the statuses of pipe annual inspections, removals, and replacements.</li> </ul>	RMB\$50,000
Changshu Walsin	Failure to implement subcontractor safety management	Article 46 of the Production Safety Law	<ul style="list-style-type: none"> <li>Contractor management has been strengthened.</li> <li>Contactors are required to have a thorough understanding of their duties and obligations for safety.</li> </ul>	RMB\$35,000
Yantai Walsin	Failure to use safety funds as required	Article 22 of the Administrative Safety Funds of Enterprises Measures for the Accrual and Utilization of Work		
	Failure to timely rectify changed management of emergency response planning	Article 17-1 of the Shandong Province Safe Production Regulations	<ul style="list-style-type: none"> <li>Necessary rectification has been made and the fine payment has been completed.</li> </ul>	RMB\$55,000
	Ineffective safety warning signage	Article 36 of the Measures for the Administration of Contingency Plans for Work Safety Incidents		

Note: The criteria for disclosure of material penalties are NT\$100,000 and RMB\$22,000 respectively.

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## 4.3.4 Contractor Management and Auditing

### Cooperation with Contractors for Workplace Safety Improvement

Since Walsin Lihwa implemented its contractor management system in 2020, 1,286 contractors have been included into the system. In 2021, there were 51,812 Taiwan contractor visits to Walsin Lihwa, 4,317 visits per month.

In the 4th quarter of 2021, contractor management system implementation was completed at the plants in Mainland China, and the Standardization of Contractor Management Regulations and the Contractor Insurance Regulations were also amended to strengthen management of non-engineering contractors including transport contractors while expanding the contractor management system into all the plants to cover their resident contractors, engineering contractors, as well as transport and non-construction contractors.

#### Contractor Health and Safety Management Blue Book

In 2021, the plants in Taiwan started to take multiple contractor control measures including control of the number of contractors entering any plant and individual high-risk hazards in addition to the commitment to contractor health and safety. Walsin Lihwa's Contractor Health and Safety Management Blue Book was also released to promote occupational health and safety to relevant contractors, and the contractor management system was planned to be implemented at the plants in Mainland China in 2022.expanding the contractor management system into all the plants to cover their resident contractors, engineering contractors, as well as transport and non-construction contractors.



#### Optimization of Contractor Management Information System

Smartphone app optimization in conjunction with Walsin Notes for databank management can apply AI to occupational health and safety management to help contractors strengthen their health and safety management performance.



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## 4.3.5 Foci on Occupational Health and Safety

### Healthcare Care Protection Platform Development

Walsin Lihwa's health management system is a platform on which employees can access their health check data over the years, browse relevant health or health education information, and make reservations for health promotion events and lectures as well as doctor counseling, so that the resources for independent health management are readily available to employees. In 2021, 57 health lectures were held to help strengthen employee healthcare and lead employees to change their unhealthy behaviors and habits by instilling correct health knowledge. 2,069 employees attended the lectures.

### Effective COVID-19 Prevention Ensuring Business as Usual

In response to escalating COVID-19 infections while ensuring business as usual despite pandemic prevention in 2021, Walsin Lihwa fully complied with the government's pandemic prevention regulations to strengthen various preventive measures by preparing sufficient surgical masks, medical grade alcohol, disinfectant sprays, and forehead thermometers while setting forth relevant pandemic prevention guidelines and plans. The guidelines and plans included office distancing, flexible work hours, pandemic prevention management for migrant workers, emergency notification and responsiveness, prevention of inflight infections, arrival quarantine, strengthened environmental disinfection on a regular basis, mandatory mask wearing, people traffic control at plant and office entrances and exits, daily temperature taking required for all employees before they go work, daily intelligence gathering on pandemic developments with health education and promotion, daily health status tracking for employee health management, working from home drills, ongoing promotion of employee COVID-19 vaccination to reach a vaccination rate of 93%, and effectively strengthened pandemic prevention. At Walsin Lihwa, corporate citizenship fulfillment under pandemic situations enables proactive preparedness and exhaustive effort among employees with business partners to make it through the difficult time.



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



**Employees health management throughout the company**  
**2,468** people



**Workers involved in tasks with special health hazards (Company-wide)**  
**1,058** people in total





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#### Health Promotion Activities

32 sessions  
924 participants



Yoga against overweight under pandemic lockdown (Yangmei Plant)

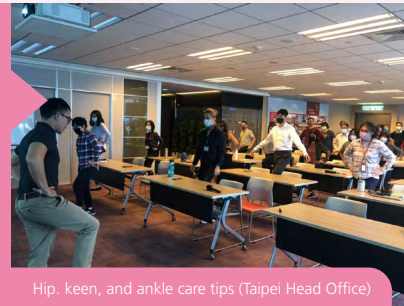


Fat loss for fitness contest (Hsinchuang Plant)



#### Seminars on Health Issues

57 sessions  
2,069 participants



Hip, knee, and ankle care tips (Taipei Head Office)



Health promotion: Coronavirus vaccination (Taichung Plant)



#### Safety and Rescue Education and Training

24 sessions  
1,121 participants



Drop hazard prevention (Hsinchuang Plant)



CPR and AED first aid training (Yenshui Plant)



#### Blood Donation

5 sessions  
379 participants  
658 bags of blood



Taichung Plant



Yenshui Plant

## Success Cases of Occupational Health Promotion

### Hsinchuang Plant



2021 Corporate Health Responsibility Bronze Award

### Taichung Plant



2021 National Occupational Health Paradigm Award

### Yenshui Plant



2021 Tainan City Outstanding Workplace Certification

### Yenshui Plant



2021 Badge of Accredited Health Workplace



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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. We value and listen to the ideas and opinions of employees, and establish a space for friendly communication and mutual trust through various effective communication channels.

### Diverse Communication Channels

In order for employees to efficiently convey their voices to their supervisors, Walsin provides a variety of internal communication (e.g., opinion mailbox, walsin e-paper, etc.) 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.

### 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; 86.4% 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 first meeting of its 15th-term representatives on November 26, 2021. The chairperson attended the meeting that day. In his speech, he not only thanked the employees for their efforts in 2021, but also reminded them of the challenges ahead, including energy and carbon tax issues and changes in the Chinese market. He also pointed out the importance of automation and smart transformation, which will lead to increased added value and competitiveness through productivity enhancement. Finally, he emphasized that the existence of a company is not only about creating financial benefits, but also about the impact on all stakeholders (including suppliers, customers, society, and the environment), and that the company will continue to promote and implement sustainable management.

A total of 5 meetings were held in Taiwan in 2021 (4 union board meetings, and 1 representatives meeting). In addition to employee salary and benefits related issues, labor-management meetings in 2021 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 Yentai Walsin Stainless Steel Co., Ltd. also established unions. Employee participation in unions in this region is about 98%.



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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 2 employee complaints (both in Taiwan) in 2021, both of the complaints had been handled, 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 2021.

Besides employee grievances, our Yenshui Plant was fined a total of NT\$350,000 for violating the extension of working hours specified in Paragraph 2 of Article 32 of the Labor Standards Act after a labor inspection in 2021. The company's management specifically instructed supervisors and HRs in each plant to pay attention to working hour extension, so as to prevent working overtime from affecting employees' mental and physical health.

## 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 2021, the total employee welfare fund appropriated amounted to approximately NT\$52.06 million.

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

 Health Care	<ul style="list-style-type: none"> <li>Regular health exams for employees</li> <li>Health exam subsidies for managers and expatriates</li> <li>Health promotion activities and seminars.</li> </ul>
 Living and Entertainment	<ul style="list-style-type: none"> <li>Employee dormitories</li> <li>Employee cafeteria</li> <li>Commuter bus</li> <li>Happiness seminar</li> <li>Club activity subsidies</li> <li>Birthday celebrations and social events</li> <li>Year-end celebrations</li> <li>Employee travel subsidies</li> <li>Discounts at designated stores</li> <li>Organic farmers' market</li> <li>Cooking contest</li> </ul>
 Holiday Benefits	<ul style="list-style-type: none"> <li>Birthday gift voucher</li> <li>Cash/gifts for Chinese New Year, Dragon Boat Festival &amp; Mid-Autumn Festival</li> <li>Souvenir on Labor Day</li> <li>Work Resumption Bonus</li> <li>Cash/gifts on Woman's Day</li> <li>Cash gift on National Day</li> </ul>
 Family Care	<ul style="list-style-type: none"> <li>Wedding cash gift</li> <li>Childbirth subsidy</li> <li>Hospitalization consolation money</li> <li>Funeral subsidy</li> <li>Scholarships for employees and their children</li> <li>Interest-free loans (emergency relief loans, education loans for employees' children, and mortgages)</li> <li>Group insurance plan for employees' dependents</li> <li>Unpaid parental leave</li> </ul>
 Security Protection	<ul style="list-style-type: none"> <li>Pension system</li> <li>Employee accident insurance</li> <li>Retirement pension system</li> <li>Labor Insurance</li> <li>National Health Insurance</li> <li>Group insurance (life insurance, casualty insurance, medical insurance, and cancer insurance)</li> <li>Overseas business trip and expatriate insurance</li> <li>Retirement insurance</li> <li>Occupational injury insurance</li> <li>Medical insurance</li> <li>Unemployment insurance</li> <li>Childbirth insurance</li> <li>Housing EPF</li> <li>Employee group accident insurance</li> <li>EPF</li> <li>Occupational injury insurance</li> <li>Employee group accident insurance</li> <li>Unemployment insurance</li> </ul>

Note: 1. ● All regions ● Taiwan ● Mainland China ● Malaysia

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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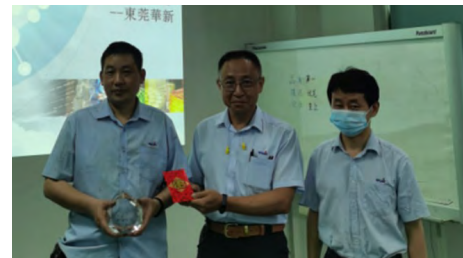
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## Recognition of Senior Employees and Model Employees

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 2021, a total of 146 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 52 model employees in Taiwan and China in 2021 were commended at their plants. This year, for the first time, the Taipei headquarters also conducted an online recognition ceremony, which was very well received. In addition to the commendation activities, 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.



Employee Talent Development and Happiness at Work

## 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 212 employees were qualified for unpaid parental leave in 2021, 3 of the employees applied for unpaid parental leave, reinstatement rate was 100% and retention rate was 100%. Statistics are shown below:

Number of unpaid parental leave applicants	Gender		Total
	Male	Female	
Number of employees eligible for unpaid parental leave in 2021 <sup>Note</sup>	191	21	212
Number of unpaid parental leave applicants in 2021	2	1	3
Number of employees expected to return from unpaid parental leave in 2021 (A)	0	2	2
Number of employees that actually returned from unpaid parental leave in 2021 (B)	0	2	2
Unpaid parental leave reinstatement rate (B/A)x100%	N/A	100%	100%
Number of employees that returned from unpaid parental leave in 2020 (C)	3	3	6
Number of employees that returned from unpaid parental leave in 2020 had continued to serve a full year in 2020 (D)	1	3	4
Unpaid parental leave retention rate (D/C)x100%	33.3%	100%	66.7%

Note: Employees who applied for maternity leave or paternity leave in 2019/01/01~2021/12/31 and were still at the company on 2021/12/31.



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Pandemic Care

In recent years, the COVID-19 pandemic has spread all over the world. The company not only regularly promotes and implements pandemic prevention regulations in accordance with the government's pandemic prevention policy, but also carries out employee care at the same time.

To ensure that employees can work with peace of mind under the pandemic, the company has put forward the "Walsin Pandemic Prevention Measures" from the perspective of employees, containing related regulations and Q&A regarding work, leave transportation, food, and activities during the pandemic period, to help resolve the troubles of employees' daily life during the pandemic. The company's environmental safety unit has also strengthened the implementation of personnel access control, temperature measurement control, daily reports from unit supervisors on employee status (when the pandemic was on the rise), and personal protective measures promotion slogans (wear masks, wash hands regularly, keep social distance, and avoid group gatherings). In conjunction with the government's pandemic prevention efforts, Walsin has promoted the following regulations that offer wider coverage than the laws and regulations:

- 1 Vaccination Leave: In order to implement employee care and encourage employees to get vaccinated, the company provides one day of "paid vaccination leave".
- 2 Pandemic Prevention Care Leave: In accordance with the Ministry of Labor's announcement, if there is a need to take care of school children during the school closure period, employees may apply for the "pandemic prevention care leave".
- 3 The company will fully subsidize the cost of vaccination for those who are away on business trips or those who need to receive vaccinations when delegated to other regions.



In addition, to strengthen the concept of pandemic prevention among employees, the company has introduced them to the COVID-19 virus, the common terminology used by the Central Epidemic Command Center, and how to take precautionary measures through the Walsin Lihwa Academy, so that everyone can do their share for pandemic prevention. For all issues and problems arising from remote work, we have also prepared the "Working-from-Home Quick Guide". The course content includes tutorials on remote working, video conferencing, remote real-time communication channels, and online sign-in/out, so that even during the pandemic, there is no need to worry about work when at home.

The company adopts a positive attitude to fight against the pandemic, so that all employees can build a new lifestyle of pandemic prevention, allowing them to be fully prepared and help protect one another!



We organized a series of activities in 2021 to create a friendly workplace and promote work-life balance, hoping employees can feel our good intentions, care, and experience great happiness.



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## PTA Newcomer Exchange Activities



Walsin cares for new employees and actively promotes a sense of identification with the organization among new employees and encourages cross-department interaction. Since 2020, the Parent Teacher Association (PTA) has been reopened at the headquarters and each plant, and HR has assisted employees to communicate amongst each other on their own through company subsidies. The PTA has been revamped to be carried out via a rolling schedule at the beginning of last year to allow newcomers and senior employees to have more time to get to know one another and build rapport. Due to the rise of the pandemic in 2021, PTA began to invite newcomers to participate in the “PTA Online Corner” online exchange every Friday in response to the government’s pandemic prevention measures and the company’s requirement to work remotely. Through online communication, senior employees and unit managers were invited to share their departmental duties and current status, so as to accelerate newcomers’ understanding of the company’s organization and operation. In the second half of the year when the pandemic eased, two onsite events were held immediately to connect online and offline interactions to make up for the lack of face-to-face communication during the pandemic. In the face of external changes, the HR team continues to build up more opportunities for newcomers to interact with each other independently through the establishment of systems and providing care.

## 55th Anniversary



December 2, 2021 is the 55th anniversary of the founding of Walsin Lihwa. Walsin Lihwa has advanced through half a century, with each generation of employees working together with confidence to keep the company standing in the midst of several storms along the way. This year, each plant celebrated the 55th anniversary together and we hope to continue to create a bright future together.



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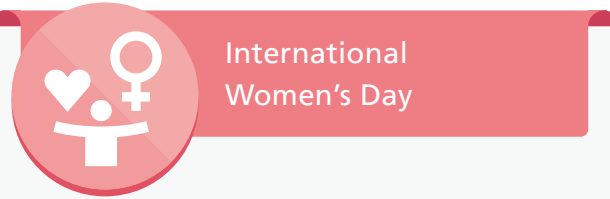
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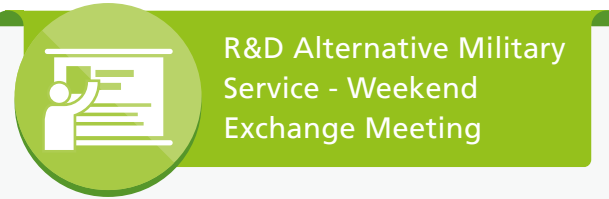
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## International Women's Day



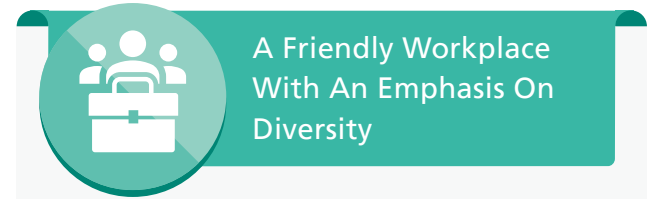
March 8 is International Women's Day, also known as Girls' Day, Goddess Day, Queen's Day...behind these name variations actually demonstrate the elevation of womanly charm. To show recognition to the important contribution of women to the company and their family, each plant used different ways to show respect to women! Female employees in China are entitled to half-day paid leave, and female employees in Taiwan are entitled to a luxury afternoon tea, as a concrete action to thank women for their efforts in the workplace.



## R&D Alternative Military Service - Weekend Exchange Meeting



Walsin views the personnel engaged in alternative military service as potential talents of the company. To enable the new employees to integrate into the working environment and communicate with each other on various topics, Walsin holds workshops and seminars from time to time on workplace care and rights and interests of alternative military service workers. For example, the soft topic seminar - "How to Choose the Right Partner" is held one hour before the end of the work day on Fridays, and speakers are invited to share with employees how to clarify their goals for happiness, analyze the appropriate dating style, and judge the values of their significant others. This approach allows employees to still plan for their own lives while they are busy with work.



## A Friendly Workplace With An Emphasis On Diversity



Walsin is committed to creating a diverse and friendly workplace environment, emphasizing the social management of overseas personnel and respecting multicultural beliefs. Before the pandemic, we regularly held staff activities such as the New Year's dinner after Ramadan and the Spring Festival barbecue, and invited employees to wear traditional costumes so that foreign employees who were far away from home could feel like they were celebrating the holidays together in their hometown. During the pandemic, we also actively cared for the health of our employees, provided health consultation and health education, and worked together to overcome the difficult global pandemic. Walsin's commitment to work with our foreign employees is mutually reciprocated. The manufacturing departments regularly hold quarterly meetings with foreign employees to listen to their feedback and to prevent any labor issues before they arise. Our employees have also performed their jobs with a serious attitude. We have been awarded a certificate of recognition and a monetary reward for the 2021 annual selection of exemplary foreign workers by the Taipei City Government for our employees' dedicated performance at work.

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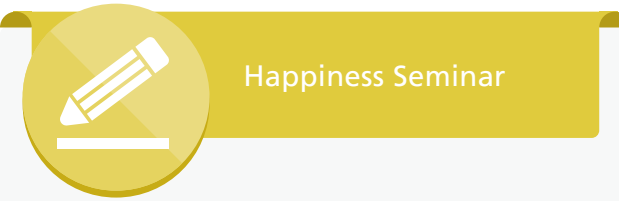
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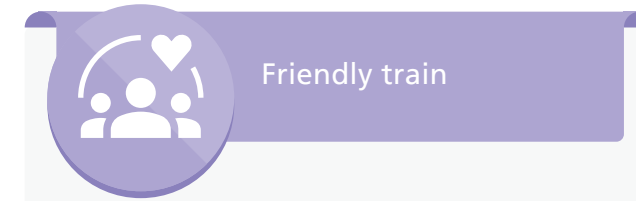
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The company holds various seminars every year, inviting experts and gurus in various fields to share their professional knowledge and provide various activities on a wide range of interesting and diverse topics. We have received overwhelmingly positive feedback from our employees. The following DIY workshops were held in 2021: "Mosaic Collage Puzzle", "Spice Republic", "Becoming a Paper Magician", etc. Workplace and family relationships seminars: "Smart Manufacturing Seminar", "How to Say 'I Love You'", "Communication Workshop", etc. Health promotion seminars: "Hip and Knee Maintenance Tips", "Understanding the Annoying Shoulder and Neck Pain", and "Fighting the Flame in the Body to Create a Non-Inflammatory Body", etc. The lectures not only help our personnel to learn new knowledge, but also help their body and mind to relax and relieve stress.



Walsin Lihwa actively promotes an "altruistic" friendly workplace environment, emphasizing our "people-oriented" focus. The Vice Chairman has personally led a series of Friendly Train activities to shape the company's culture and enhance employees' sense of identification with the company. Nearly 80 events were held in the year. The series of activities include work exchange sessions, founder's words of wisdom courses, "Altruism! Servant Leadership Happy Enterprise 2.0" seminar series, etc. We are committed to communicating with our employees in each plant, spreading care and practicing the concept of "friendly environment". Through the distribution of books and holding book clubs, we encourage employees to continue learning and guide them to have in-depth discussions and exchanges, which is both to pass on the corporate spirit and to lead them to learn and grow together.



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## Friendly Environment



### Friendly Workplace, Walsin Family

We consider all employees and their families to be part of the Walsin Family and have provided health care consultation services for employees in Taiwan since 2021. When our employees have personal and family health or medical consultation needs, they can contact the professional and enthusiastic nurses/resident doctors at each plant to receive the most immediate health care and medical consultation or referral services, helping them to take good care of their loved ones.



Employee Talent Development and Happiness at Work



### Walsin Disabled Service Stress Relief Center

To help our employees alleviate stress in their busy work schedule, Walsin and partnered with Eden Social Welfare Foundation to set up a stress relief space - "Blind Stress Relief Center", in our Taipei headquarters, where people with disabilities are employed to provide massage services. The massage therapists' hands can help to relax the tense body and mind, invigorate the muscles and bones, and lift the spirit of the employees when they take a break from work. At the same time, it also provides a stable and safe working opportunity and place for the visually disadvantaged therapists.



### Exclusive Fitness Space for Employees

In addition to launching a number of workplace health promotion activities at each plant, Walsin built an exclusive fitness space for employees at its Taipei headquarters in 2021. The space is equipped with a variety of exercise equipment to provide employees with a positive and supportive environment for exercise and fitness. We also employ resident trainers to conduct various fitness classes on a regular basis and provide personnel with exercise and fitness consultation and guidance, in order to convey correct exercise concepts and knowledge.



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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 worriless 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 2020 and 2021 defined contribution plans are listed as expenses in the consolidated statement of comprehensive income as NT\$95,977,000 and NT\$89,410,000.

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 2021 and 2020 consolidated balance sheets are as follows:

Unit: NT\$ thousand

	December 31, 2021	December 31, 2020
Current value of defined benefit obligations	1,487,554	1,371,774
Fair value of plan assets	(1,037,916)	(1,083,800)
Net defined benefit liabilities	449,638	287,974





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## Sustainability Promotion Strategy

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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	2021 KPI		2021 Results
Water Resource Management- Decrease water consumption by 15% in 2030 as compared to that in the 2014 benchmark year	Indicator	Objectives	Results
	Water saving rate	-	Taiwan 9.44% Overseas 5.54% Total 8.73%
	Water balance and availability (%)	100%	Ongoing review of individual plants' water balance charts
	Reuse of furnace dust (metric ton/month)	-	Yenshui 824 Yantai 228
Strengthen reuse, recyclability, and recovery	Reuse of furnace slags (metric ton/month)	3,000 (oxidized slags)	Yenshui 6,180 Yantai 2,529
	Waste recovery and reuse rate	≥ 95%	Taiwan 99.22% Overseas 94.47% Total 96.84%
	Regeneration and reuse of waste acids and reduction of sludge	Sludge <48kg per MT	46.4kg/MT
<ol style="list-style-type: none"> <li>Water balance auditing at individual plants</li> <li>Increased use of reclaimed water, decreased use of tap water, decreased wastewater emissions, process water saving technology evaluation (Use of reclaimed water and matchmaking for reclaimed water at the Yenshui plant))</li> <li>Improvement of water leakage points and abnormal water consumption</li> <li>Review of how to resolve cross drainage irregularities at Jiangyin Walsin Specialty Alloy Materials</li> </ol>			
<ol style="list-style-type: none"> <li>Development of multiple channels for reuse of furnace dust, and ongoing improvement of utilization of furnace dust and development of the 2<sup>nd</sup> channel for furnace dust clearance at the Yenshui and Yantai plants</li> <li>Promotion of technology R&amp;D for furnace slag reuse: clearance of about 26,000 tons of oxidized slags over the past several years, and qualification for reuse of oxidized slags on June 3, 2021</li> <li>Postponement of reducing slag clearance to engage in low-temperature steam pressure for reuse process development</li> <li>Ongoing guidance provided to plant sites to strengthen waste recyclability and reuse management</li> </ol>			
<ol style="list-style-type: none"> <li>Optimization of waste acid regeneration and reuse (2,400m<sup>3</sup>/per month) by transporting waste acids from South Taiwan to Central Taiwan for regeneration processing</li> <li>Soil pollution charges for the 4<sup>th</sup> quarter of 2021 discounted by the Environmental Protection Administration in January 2022 for effective maximization of waste acid recycling</li> </ol>			

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

Objective	2021 KPI		2021 Results
Comply with environmental laws and regulations to completely avoid shutdowns and/or fines year by year	Indicator	Objectives	Results
	Number of environmental pollution fines	0	1 case in Taiwan (Yenshui) and 2 cases overseas (Changshu Walsin and Jiangyin Walsin)
<ol style="list-style-type: none"> <li>Perfection of environmental protection management, improvement of supervision of processing equipment efficiency, effective environmental protection for legal compliance, comprehensive waste management at all the plants</li> </ol>			



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Objective		2021 KPI		2021 Results
	Indicator	Objectives	Results	
Comply with environmental laws and regulations to completely avoid shutdowns and/or fines year by year	Number of environmental pollution fines	0	None	<ol style="list-style-type: none"> <li>2 Ongoing monitoring of environmental protection compliance and optimization of environmental protection management and standardization at individual plants <ul style="list-style-type: none"> <li>• Effluent discharge improvement at the Yenshui plant</li> <li>• Counseling provided to the high risk plants in Jiangyin Walsin, Changshu Walsin, and Yenshui plant</li> <li>• Implementation of molybdenum removal from wastewater at the Yenshui plant with a Factory Acceptance Test in May 2021 and completion of implementation of automatic salt feeding in July 2022</li> <li>• Biological treatment pond implementation at the Yenshui plant: Hot commissioning in May 2021 and a Factory Acceptance Test in October 2021</li> </ul> </li> </ol>
Power Saving and Carbon Reduction - Decrease carbon emissions by 10% in 2025 as compared to that in 2014	Power saving rate	>1%	Taiwan 2.71% Overseas 0.47% Total 1.76%	<ol style="list-style-type: none"> <li>1 Clean production and energy-saving solution development: Energy-saving and carbon reduction equivalent to NT\$36,456,102 throughout the Company</li> <li>2 Obligatory green power generation analysis and implementation assessment: Completion of implementation of 5.5MW of solar power generation by the end of 2023</li> <li>3 3-year energy management plan for greenhouse gas inventory management, Carbon emissions per unit of product, and internal carbon pricing <ul style="list-style-type: none"> <li>• Implementation of the new ISO 14064-1:2018 standard and the new version of ISO 50001</li> <li>• Counseling for greenhouse gas inventory provided to the plants in Mainland China</li> </ul> </li> <li>4 Green supply chain and green procurement management</li> <li>5 Proposition of the Company's net zero roadmap and relevant strategies, as well as Energy Productivity 100 and other carbon capture technologies</li> </ol>
	Carbon reduction rate	>1%	Taiwan 1.80% Overseas 0.42% Total 1.31%	
Implementation Plan for 2022				
Energy and Resource Utilization and Water Resource Management	<ul style="list-style-type: none"> <li>• Waste reduction at source and energy management: Energy management system implementation, review of key energy indicators, and effective energy-saving management for clean production</li> <li>• Greenhouse gas management: Improvement of internal greenhouse gas inventory, with carbon emissions per unit of products and internal carbon pricing as management indicators</li> <li>• Enhancement of water recycling and reuse as well as matchmaking for reuse of reclaimed water</li> </ul>			<b>Cultivation of environmental, health, and safety professionals</b> <ul style="list-style-type: none"> <li>• Cultivation of environmental, health, and safety professionals and environmental protection technology development for water treatment, reuse, and energy saving</li> <li>• Development of professionals and organizational skills through integrated environmental, health, and safety projects</li> <li>• Environmental education promotion to strengthen environmental awareness</li> </ul>
	<b>Net zero vision as well as planning and promotion of net zero</b> <ul style="list-style-type: none"> <li>• Short-term planning for renewable energy compliance (10%) and assessment of long-term renewable energy utilization</li> <li>• Green supply chain and green procurement promotion</li> </ul>			<b>Environmental, health, and safety management system development</b> <ul style="list-style-type: none"> <li>• Ongoing optimization of environmental, health, and safety management to stay on top of environmental, health, and safety risks through information platform integration</li> <li>• Predictive risk management to help transform potential environmental, health, and safety risks from being compliant to far beyond what is required by law</li> </ul>
Resource recovery and reuse for circular economy development	<ul style="list-style-type: none"> <li>• Strategic reuse technology development and investment in circular economy</li> <li>• Enhancement of resource recovery and reuse by leveraging environmental protection technologies to pursue commercialization</li> </ul>			

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Highlights

<div><p>Energy Management</p></div> <div><p>Decrease of energy consumption per unit of product</p><ul style="list-style-type: none"><li>↓ 4.52% in energy consumption per unit of product at the plants in Taiwan and Mainland China excluding the Real Estate Business Group</li><li>Completion of e-platform implementation for energy management at the plants in Taiwan and Mainland China</li></ul></div>	<div><p>Waste Management</p></div> <div><p>Recovered and reused of waste</p><ul style="list-style-type: none"><li>Recovery and reuse 96.84%</li><li>Reuse rate of non-hazardous wastes 98.10%~99.03%</li><li>Hazardous wastes 77.77%~99.48%</li></ul><p>Total waste output</p><p>↓ 19% in wastes</p><p>Reuse rate of hazardous wastes</p><p>↑ 0.1% at the Taiwan sites (99.38%~&gt;99.48%)</p><p>Waste landfill rate</p><p>Taiwan sites &lt;0.1%</p><p>Overseas sites &lt;0.1%</p></div>	<div><p>Greenhouse Gas</p></div> <div><p>Total greenhouse gas emission intensity</p><ul style="list-style-type: none"><li>↓ 7.62% (Taiwan sites)</li><li>↓ 4.04% (Overseas sites)</li></ul><p>Total emissions</p><ul style="list-style-type: none"><li>↓ 2.64% (Overseas sites)</li></ul></div>
<div><p>Wastewater Management</p></div> <div><p>Wastewater emissions</p><ul style="list-style-type: none"><li>↓ 0.42% (Taiwan sites)</li></ul><p>Wastewater emission intensity</p><ul style="list-style-type: none"><li>↓ 15% (Taiwan sites)</li></ul></div>	<div><p>Water resource Management</p></div> <div><p>Total water consumption per unit of product</p><p>↓ 13.81% (Taiwan sites)</p><p>↓ 1.49% (Overseas sites)</p><p>Water Intake</p><p>↓ 15.71% (Taiwan sites)</p><p>Water Recovery</p><p>94% (Taiwan sites)</p></div>	<div><p>Air Pollution Control</p></div> <div><p>Sulfur oxide emission intensity per unit of product</p><p>↓ 17.98% (Taiwan sites)</p><p>↓ 22.59% (Overseas sites)</p><p>Sulfur oxide emissions</p><p>↓ 4.11% (Taiwan plants)</p><p>↓ 21.45% (Overseas sites)</p><p>Particle emission intensity per unit of product</p><p>↓ 38.9% (Taiwan sites)</p><p>↓ 23.71% (Overseas sites)</p><p>Particle emissions</p><p>↓ 28.56% (Taiwan sites)</p><p>↓ 22.59% (Overseas sites)</p></div>
<div><p>Carbon Reduction</p></div> <div><p>Decreased 8,086.17 metric tons of carbon, equivalent to a saving of NT\$36,456,102</p></div>		

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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.

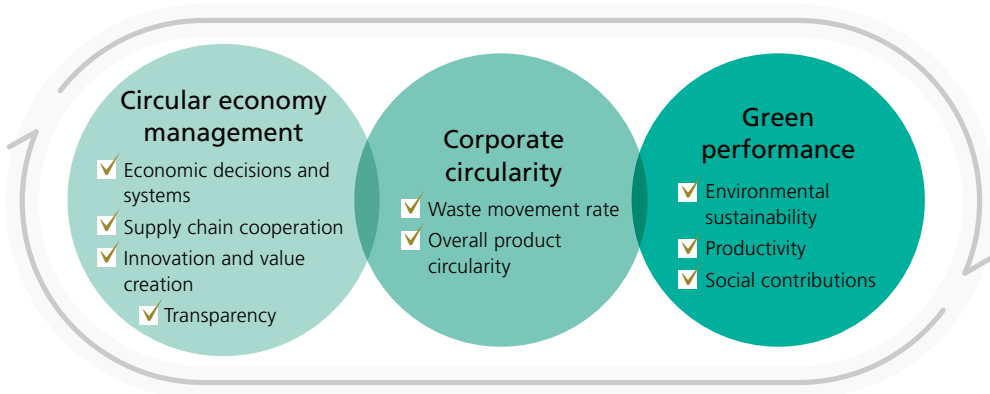
5.1 Environmental and Energy Management Policy



Committed to environmental sustainability and ecological communion for corporate sustainability, Walsin Lihwa started to develop its carbon management, net zero, and resource recycling policies in 2021 in response to climate change issues. Therefore, the Company shall increase investment in energy saving, carbib reduction, and resource recycling year by year to strenghen green sustainability and supply chain management to improve management at source, manufacture process control and management, emission and pollution reduction, recovery and recycling, and sustainable green supply chain development to help achieve environmental sustainability.

- **Management at source** Use of green materials including scrap metals, renewable energy development such as solar power, and smart equipment implementation
- **Manufacture processs control and management and emission and pollution reduction** Chemical energy replacement of some electricity for electrical steel-making furnaces and manufacture process improvement, e.g., pure oxygen combustion to enhance equipment performance and yield
- **Recovery and recycling** Waste recycling such as plastic pellets regenerated from waste plastics and regeneration of waste acids, water resource recycling such as reuse of cooling water from manufacture processes and environmental protection equipment, reuse of recliamed water, energy recycling such as recovery of waste heat., and furnace slag processing for reuse.

Resource Recycling at Walsin Lihwa



Keeping pace with international environmental trends , Walsin Lihwa has had the ISO 14001, ISO 14064, PAS 2050, ISO 50001, and ISO 14067 management systems implemented to start to take inventory of the Company's organization emissions (i.e., Scope 1 and 2 emissions) and then then supply chain emissions (i.e., Scope 3 and 4 emissions) to faciliate individual plants' data gathering of carbon emissions per unit of products, enable comprehensive carbon disclosures, optimize energy management performance indicators, and strengthen carbon management by carbon reduction and green power procurement to help achieve net zero by 2050. In terms of inventory of carbon emissions per unit of product and supply chaln sustainability management, Walsi Lihwa supports carbon neutrality and the United Nations' Sustainable Development Goals by investment in green materials , green production, energy-saving technologies, as well as academia, government, and industry cooperation to demonstrate the Company's commitment to corporate sustainability. Moreover, the Taipei head office and new buildings of overseas subsidiaries feature green building elements based on local climate conditions, e.g., 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.



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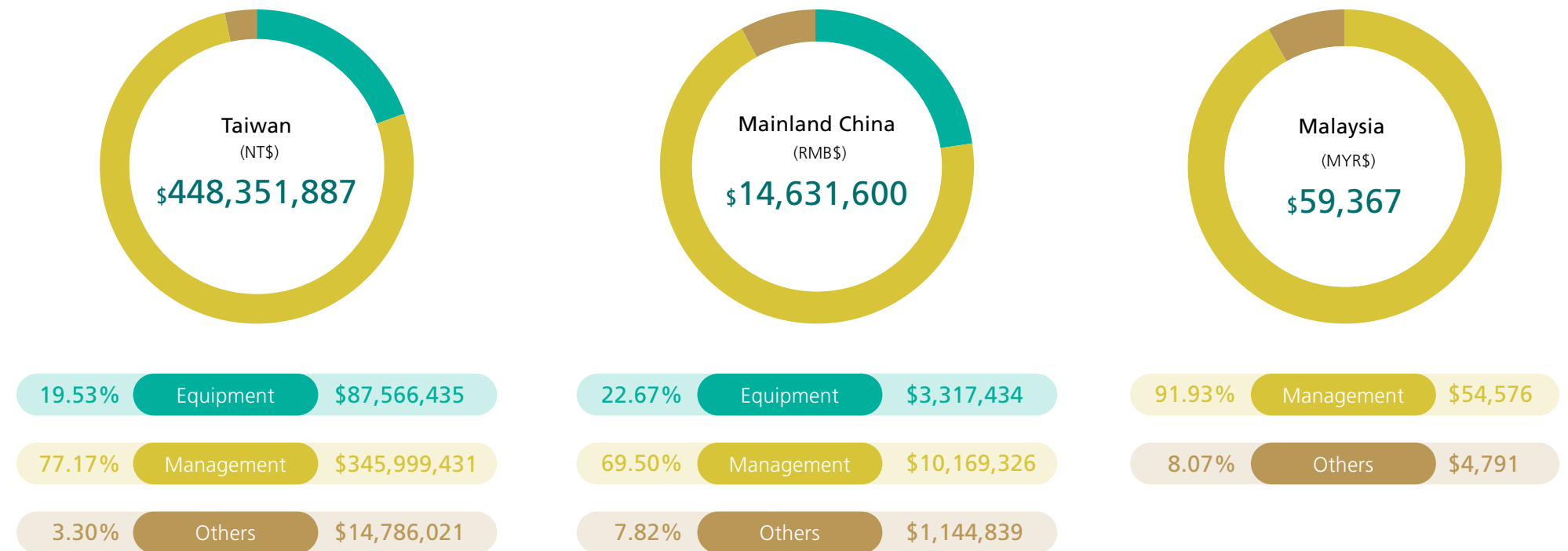
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2021 Environmental Protection Expenditure

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 2021 environmental protection expenditures at the Taiwan and overseas plants totaled NT\$512,231,388.



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## 5.2 Climate Change and Energy Management



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

Aware of how climate change affects corporate sustainability, Walsin Lihwa follows Corporate Governance Blueprint 3.0 and has adopted the Task Force on Climate-related Financial Disclosures (TCFD) to manage climate change-related opportunities and risks. Moreover, the Company discloses four elements -- governance, strategy, risk management, and indicators and objectives -- to identify its significant business opportunities and risks and strengthen various climate adaptation and mitigation initiatives to continue decreasing risks, enhancing resilience, and creating sustainable development opportunities.

Governance	Strategy	Risk Management	Indicators and Objectives
<ul style="list-style-type: none"><li>Walsin Lihwa's Sustainable Development Committee is responsible sustainable development strategy and vision development as well as corporate social responsibility management and promotion.</li><li>The Sustainable Development Committee reports the status of corporate social responsibility implementation related to climate change issues to the Board of Directors on a regular basis. 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.</li><li>The Board of Directors oversees major climate-related risks and provides guidance on management strategies , important action plans, and how objectives should be achieved.</li></ul>	<ul style="list-style-type: none"><li>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.</li></ul>	<ul style="list-style-type: none"><li>Relevant departments were convened for group discussion and questionnaire surveying and 17 climate change risks and 9 climate change opportunities that have significant influence on Walsin Lihwa were identified.</li><li>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.</li></ul>	<ul style="list-style-type: none"><li>Invest in R&amp;D and manufacture process optimization to strengthen resource utilization efficiency</li><li>Increase the circular economy projects relevant to resource recyclability and reuse of resources</li><li>Develop energy management mechanisms</li><li>Increase renewable energy utilization</li><li>Promote energy saving and carbon reduction</li><li>Take inventory of greenhouse gases pursuant to the ISO 14064 standard with third-party verification</li><li>Invest in disaster prevention equipment throughout business locations</li><li>Invest in R&amp;D and manufacture process optimization</li></ul> <div>↓</div> <ul style="list-style-type: none"><li>Water resource management Decrease water consumption by 15% in 2030 as compared to that in the 2014 benchmark year</li><li>Energy saving and carbon reduction Decrease carbon emissions by 10% in 2025 as compared to that in the 2014 benchmark year</li><li>Increase the capacity of renewable energy power generation by 50%</li></ul>

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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 2021, the major climate change risks identified were enactment of energy management-related laws and regulations including mandatory utilization of renewable energies and increasing greenhouse gas emission pricing, extreme climate impacts from supply chain upstream to downstream including transportation, and increased raw material costs, while the opportunities identified were utilization of low-carbon energies, promotion of circular economy solutions, and expansion into new markets. Relevant financial impacts, risk descriptions, countermeasures, and costs are introduced as below.

Climate Change Risks

TCFD Opportunities	Risk Description	Duration of Impact	Financial Impact	Countermeasures	Corresponding Indicators
Immediate physical risk	Extreme climate impacts from supply chain upstream to downstream including transportation	Short term (1 – 3 years)	Decreased revenues and increased expenditures	<ul style="list-style-type: none"><li>Assess how business locations are affected by climate impacts to invest in disaster prevention equipment accordingly</li><li>Decrease the percentage of single supplier sources to strengthen raw material supplier management and operational resilience</li><li>Increase long-term procurement contracts for timely preparation</li></ul>	<ul style="list-style-type: none"><li>Assets or business domains vulnerable to climate risks</li><li>Percentage of single supply sources</li></ul>
Transformation policy risk	Enactment of energy management-related laws and regulations including mandatory utilization of renewable energies and increasing greenhouse gas emission pricing	Medium term (3 – 5 years)	Increased expenditures	<ul style="list-style-type: none"><li>Assess the benefits of increasing utilization of renewable energies to strengthen energy management resilience</li><li>Increase investment in greenhouse gas emission reduction to decrease legal and policy impacts</li><li>Strengthen supply chain sustainability management and assessment to decrease legal and policy impacts on restocking</li></ul>	<ul style="list-style-type: none"><li>Percentage of renewable energy consumption in energy consumption</li><li>Greenhouse gas emissions</li><li>Key supplier evaluation</li></ul>
Market transformation risk	Increased raw material costs	Long term (5 – 10 years)	Increased expenditures	<ul style="list-style-type: none"><li>Engage in R&amp;D of alternative materials</li><li>Develop raw material forecast management</li></ul>	<ul style="list-style-type: none"><li>Raw material R&amp;D budgeting</li></ul>

Matrix Diagram of Climate Change-related Risks

High impact	<ul style="list-style-type: none"><li>Replacement of existing products and services with low-carbon solutions</li><li>Manufacturing process stability and quality affected by climate change</li><li>Escalating competition for key materials resulting from renewable energy market development</li><li>Costs of transformation into low-carbon technologies</li><li>Supply chains in lowlands affected by rising sea levels</li></ul>	<ul style="list-style-type: none"><li>Enactment of energy management-related laws and regulations including mandatory utilization of renewable energies and increasing greenhouse gas emission pricing</li><li>Extreme climate impacts from supply chain upstream to downstream including transportation</li><li>Increased raw material costs</li></ul>
Low impact	<ul style="list-style-type: none"><li>Strengthened control of existing products and services</li><li>Reliance on capital investments in key technologies for low-carbon manufacturing process development</li><li>Employee health and safety affected by climate change</li><li>Enactment of greenhouse gas reduction-related laws and regulations</li></ul>	<ul style="list-style-type: none"><li>Increased operating costs for plant environment maintenance</li><li>Power shortages at business locations</li><li>International low-carbon requirements</li><li>Capacity affected by floods and typhoons</li><li>Insurance costs increased by climate change</li></ul>
Low probability		High probability



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Matrix Diagram of Climate Change-related Opportunities

High impact	<ul style="list-style-type: none"><li>Strengthen production and distribution efficiency</li><li>Keep pace with customer and industry transformation</li></ul>	<ul style="list-style-type: none"><li>Utilization of low-carbon energies</li><li>Promotion of circular economy solutions</li><li>Expansion into new markets</li></ul>
Low impact	<ul style="list-style-type: none"><li>Use new energies and new technologies</li></ul>	<ul style="list-style-type: none"><li>Reduction of water intake and consumption</li><li>Sufficient utilization of residual and waste heat or other energies</li><li>Recovery and reuse</li></ul>
Low probability		High probability



Climate Change Opportunities

TCFD Opportunities	Risk Description	Duration of Impact	Financial Impact	Countermeasures	Corresponding Indicators
Energy source	Utilization of low-carbon energies	Long term (5 – 10 years)	Increased revenues	<ul style="list-style-type: none"><li>Independently develop renewable energy power generation or buy renewable energies such as wind power and green power to decrease product carbon footprints and strengthen product competitiveness</li></ul>	<ul style="list-style-type: none"><li>Percentage of renewable energy consumption in energy consumption</li><li>Greenhouse gas emissions</li></ul>
Resource efficiency	Promotion of circular economy solutions	Long term (5 – 10 years)	Reduce the cost and increased revenues	<ul style="list-style-type: none"><li>Increase resource utilization efficiency, decrease greenhouse gas emissions per unit of product, help customers decrease product carbon footprints, and strengthen customer adhesion</li><li>Promote reuse to facilitate circular economy adoption, develop relevant byproduct applications, decrease waste processing costs, and increase possible product revenues, e.g., what is oxidized and reduced during manufacturing can be used as permeable road pavement to help decrease wastes</li></ul>	<ul style="list-style-type: none"><li>Energy consumption</li><li>Waste recovery percentage</li></ul>
Market	Expansion into new markets	Short term (1 – 3 years)	Increased revenues	<ul style="list-style-type: none"><li>Strengthen product applications for renewable energy industries such as solar and wind power generation as well as electric vehicle charging cables</li></ul>	<ul style="list-style-type: none"><li>Product revenues from renewable energy industries and energy efficiency applications</li></ul>

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## 5.2.2 Energy Saving and Carbon Reduction Management

### Material Topics

Given the frequent climate emergencies in 2021 such as the snowstorm in California, flood in Germany, and draught in Taiwan in addition to net zero by 2050 announced by many countries, the European Union's border adjustment carbon taxes, Taiwan's plan to introduce carbon pricing mechanism in 2023, low-carbon economy development under climate change has become a major policy direction around the world and a challenge to corporate sustainability. Therefore, strengthening carbon asset management is an important strategy for Walsin Lihwa to cope with the impact from how to further reduce of carbon emissions.

As institutional investors around the world have included environmental, social, and governance achievements into their investment criteria while governments have also been pursuing carbon charge legislation, Walsin Lihwa's Environment, Health, and Safety Committee helps individual plants of the Company review their environment, health, and safety management systems, strengthen energy management, and decrease greenhouse gas emissions. With energy-saving and carbon reduction indicators and solutions accordingly provided and attention to global carbon management issues, low-carbon production, and new energy technologies, Walsin Lihwa also hopes to exert influence on green supply chain development by providing counseling to suppliers to facilitate onsite communication and inspections to strengthen green manufacturing capability at the Company's plants and suppliers, better identify and control carbon emissions per unit of product, and ensure the correctness of relevant data on carbon pricing in conjunction with subsequent energy saving and carbon reduction projects.

For effective energy management at Walsin Lihwa, power-saving solutions are reviewed and adjusted on a regular basis and, with policy support and cooperation among engineering, environment, and safety units, the exploration of relevant energy consumption factors helps strengthen energy database development. Walsin Lihwa not only factors in its foreign counterparts' energy consumption indexes per unit of product but also takes various energy management and power-saving measures at its Taiwan and overseas plants, where e-management system implementation up to international standards helps strengthen energy management and power-saving effectiveness. Moreover, academia, government, and industry cooperation, industry benchmarking, and ongoing improvement and innovation are expected to help develop Walsin Lihwa into an industry bellwether in energy management.

## Carbon Management Objectives at Walsin Lihwa



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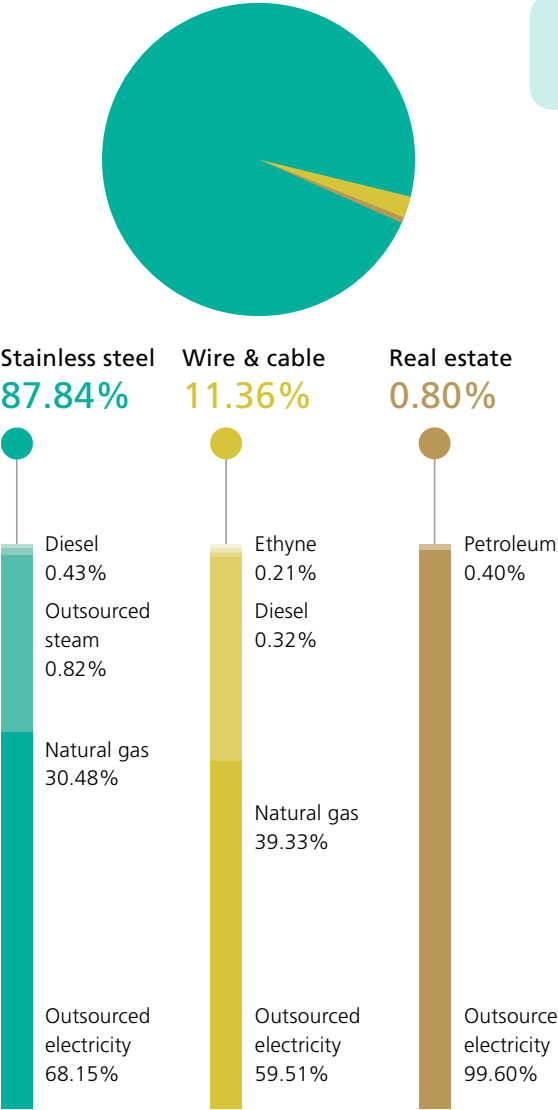
Energy Efficiency Management

In 2021, 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. In 2021, electricity was the primary energy for production at Walsin Lihwa, followed by natural gas, petroleum, diesel, and purchased steam among others for company business vehicles as well as cargo transportation and forklifts at individual plants. The total calorific value of direct and indirect energies amounted to 8,743.14x10<sup>3</sup>GJ, 33% and 67% respectively. The types of energies used by product category and caloric value percentages are tabulated as below.

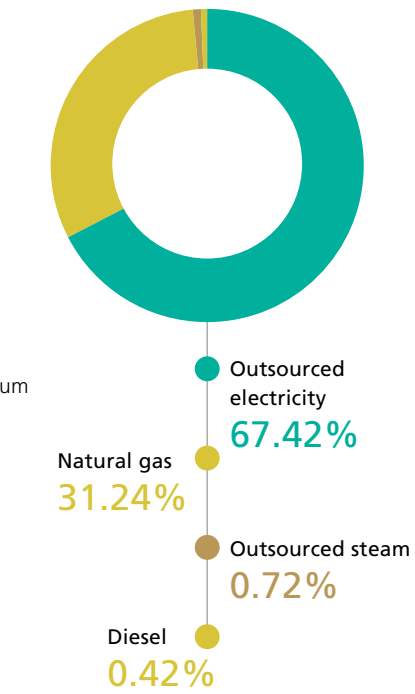
Energy Consumption by Individual Business Groups in 2021					Unit:GJ=10 <sup>9</sup> J
	Category	Wire and cable	Stainless steel	Real estate	Total
Indirect Energy	Outsourced electricity	590.80x10 <sup>3</sup>	5,234.20x10 <sup>3</sup>	69.64x10 <sup>3</sup>	5,894.64x10 <sup>3</sup>
	Outsourced steam	0.00	63.09x10 <sup>3</sup>	0.00	63.09x10 <sup>3</sup>
	Petroleum	0.00	0.56x10 <sup>3</sup>	0.00	0.56x10 <sup>3</sup>
	Diesel	3.16x10 <sup>3</sup>	33.17x10 <sup>3</sup>	0.00	36.33 x 10 <sup>3</sup>
Direct Energy	Fuel oil	0.00	0.00	0.00	0
	Automotive petroleum	0.48x10 <sup>3</sup>	1.79x10 <sup>3</sup>	0.28	2.55x10 <sup>3</sup>
	Automotive diesel	5.44x10 <sup>3</sup>	5.81x10 <sup>3</sup>	0.00	11.25x10 <sup>3</sup>
	Liquefied petroleum gas	0.39x10 <sup>3</sup>	0.92x10 <sup>3</sup>	0.00	1.31x10 <sup>3</sup>
	Natural gas	390.48x10 <sup>3</sup>	2,340.84x10 <sup>3</sup>	0.00	2,731.33x10 <sup>3</sup>
	Ethyne	2.04x10 <sup>3</sup>	0.03x10 <sup>3</sup>	0.00	2.08x10 <sup>3</sup>
Total		992.81x10 <sup>3</sup>	7,680.41x10 <sup>3</sup>	69.92x10 <sup>3</sup>	8,743.14x10 <sup>3</sup>

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, and Shanghai Walsin; Stainless steel operations in Yenshui plant, Taichung plant, Yantai Walsin, Changshu Walsin, Jiangyin Walsin (Specialty Alloy Materials), Jiangyin Walsin (Steel Cable), 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





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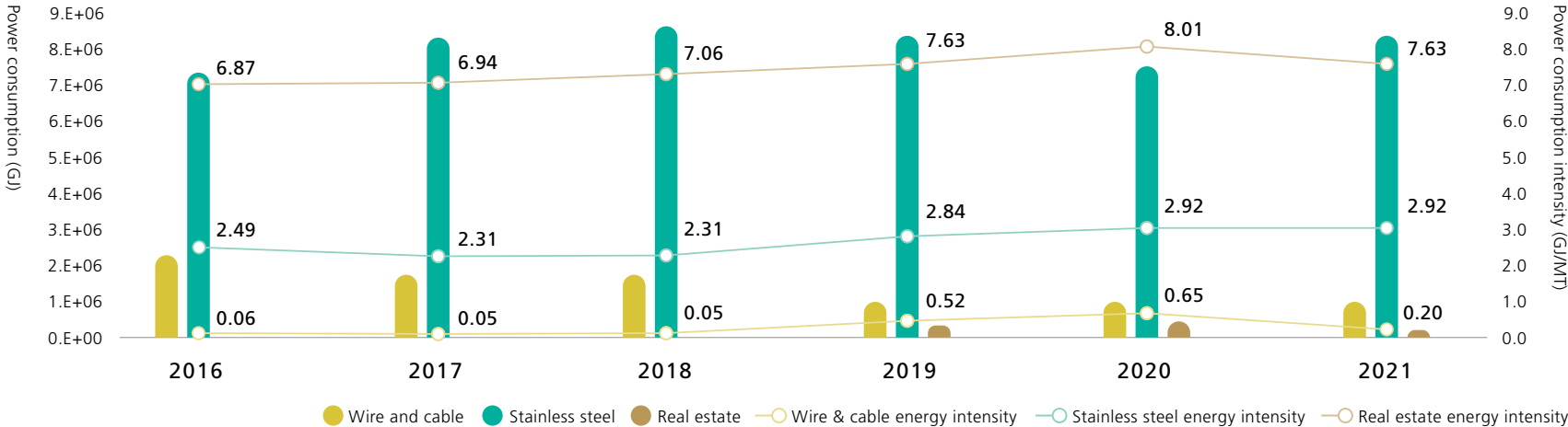
Types of Energies Consumed

Year		2016			2017			2018		
Business group	Gross heating value (gigajoule)	Output (metric ton) (floor area, i.e., m <sup>2</sup> ) <sup>note</sup>	Energy intensity	Gross heating value (gigajoule)	Output (metric ton) (floor area, i.e., m <sup>2</sup> ) <sup>note</sup>	Energy intensity	Gross heating value (gigajoule)	Output (metric ton) (floor area, i.e., m <sup>2</sup> ) <sup>note</sup>	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			2021		
Business group	Gross heating value (gigajoule)	Output (metric ton) (floor area, i.e., m <sup>2</sup> ) <sup>note</sup>	Energy intensity	Gross heating value (gigajoule)	Output (metric ton) (floor area, i.e., m <sup>2</sup> ) <sup>note</sup>	Energy intensity	Gross heating value (gigajoule)	Output (metric ton) (floor area, i.e., m <sup>2</sup> ) <sup>note</sup>	Energy intensity	
Wire & cable	871,993.00	306,618.48	2.84	872,819.25	298,480.12	2.92	992,812.80	339,741.38	2.92	
Stainless steel	8,063,844.41	1,056,536.06	7.63	7,246,262.27	904,843.31	8.01	7,680,406.05	1,006,523.29	7.63	
Real estate	185,847.72	355,079.60	0.52	232,318.42	355,079.60	0.65	69,918.08	355,079.60	0.20	

Note: 1. Real estate development's energy intensity is gross heating value (gigajoule) / floor area (m<sup>2</sup>), 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 10<sup>9</sup> joules.



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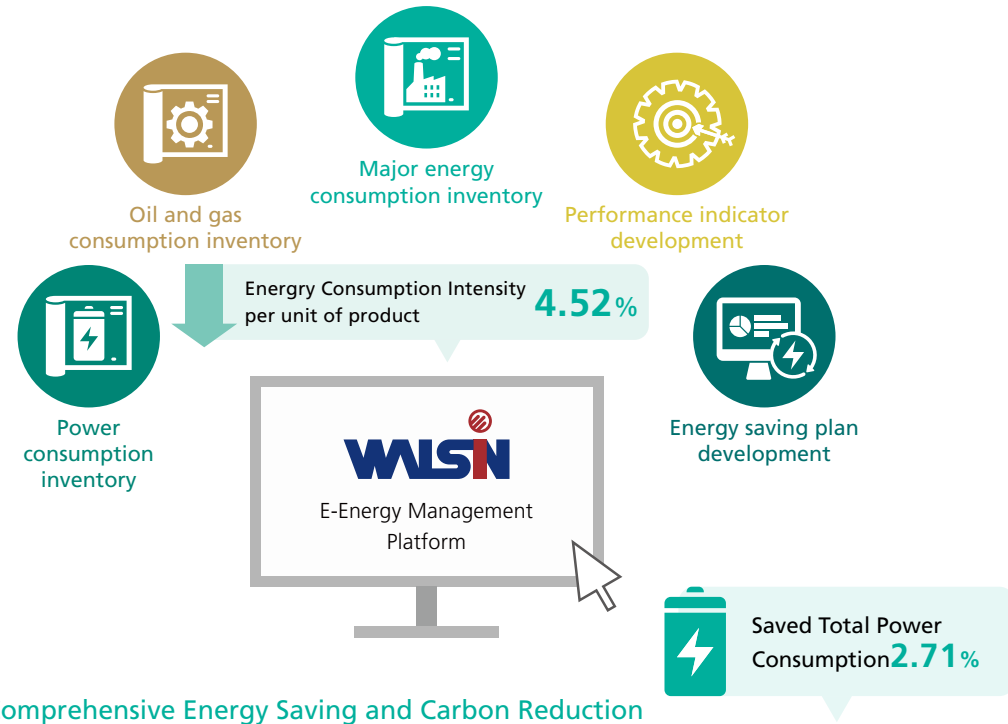
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Supporting the national energy-saving policy, Walsin Lihwa continues investment in various energy-saving solutions as well as carbon and pollution reduction and reuse, e-platform optimization for energy management, and comprehensive energy inventory to ensure energy efficiency optimization. In 2021, the plants in Taiwan and overseas completed the ISO 50001 Energy Management System implementation and set up various equipment performance indicators to identify more opportunities of further improvement of energy saving and carbon reduction. The 2021 energy consumption intensity per unit of product at the Power Wire and Cable Business Group and Stainless Steel Business Group was 4.52% lower than that in 2020. The 2022 objective for energy consumption intensity per unit of product is 5% lower than that in 2021.



## Comprehensive Energy Saving and Carbon Reduction

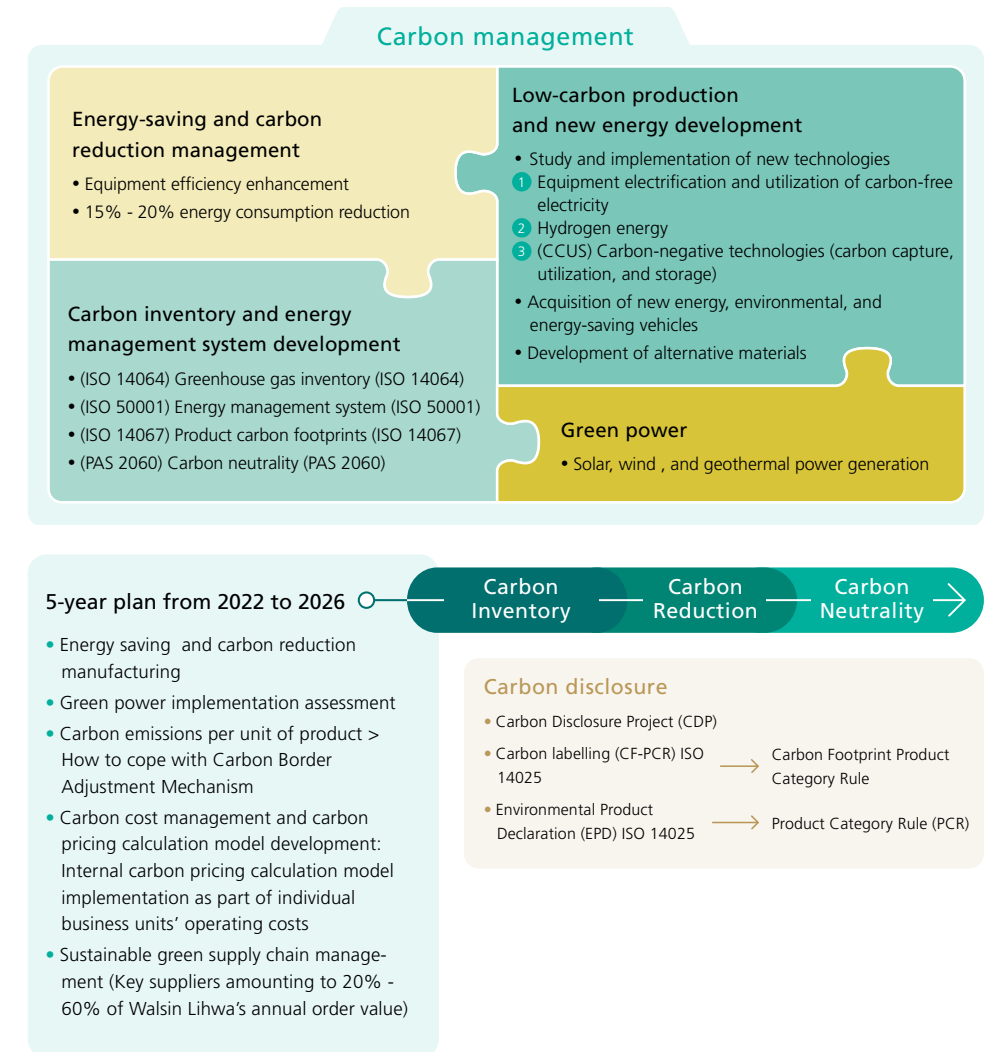
Energy saving and carbon reduction were the world's most concerned sustainability issue in 2021. To decrease energy consumption and greenhouse gas emissions, individual Walsin Lihwa plants established their energy-saving and carbon reduction management units in 2015 to set up annual objectives and corresponding measures while convening meetings on a regular basis to review energy management e-system implementation for real-time management.

Four Walsin Lihwa plants in Taiwan are required to declare their energy data. In 2021, they achieved an annual power saving of 1% as required by the Bureau of Energy, Ministry of Economic Affairs. Their average power saving rate was 2.71%. In 2021, the plants in both Taiwan and Mainland China

saved total power consumption by 1.76%, and the 82 carbon reduction solutions proposed by them decreased 8,086.17 metric tons of CO<sub>2</sub>e/year, and saved NT\$33,785,571 in Taiwan, RMB\$547,77 in Mainland China, and MYR\$44,097 in Malaysia.

For effective energy utilization management, the Environment, Health, and Safety Committee developed a 5-year energy management plan in 2020 to stipulate an annual power-saving and carbon reduction rate of 1% for efficient and reasonable energy utilization to decrease greenhouse gas emissions and face up to the challenge of climate change.

## Net Zero Promotion Strategy



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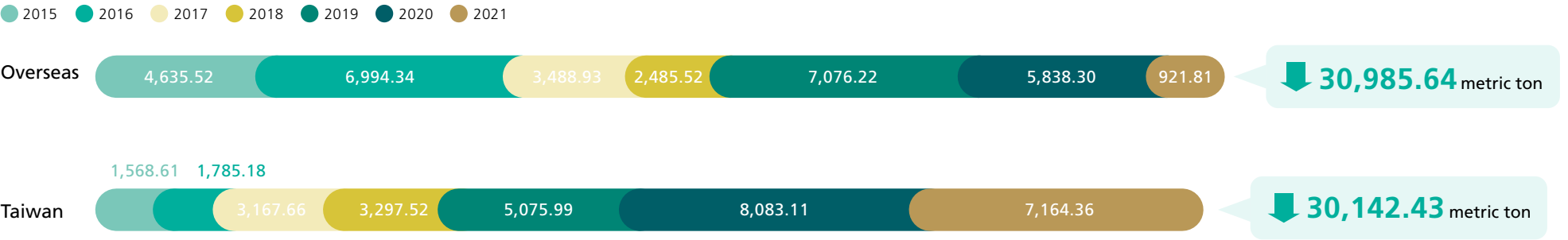
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Energy Saving at Walsin Lihwa by Area in 2021

Area	Solution	Energy type	Number of solutions	Amount saved	Energy saving (Megajoule)	Carbon reduction (Metric ton)	Cost saved
Taiwan	Manufacture and office	Electricity (kWh)	56	11,879.23	102,921.68	6,438.54	NT\$33,785,571
		Natural gas (Kilo cubic meters)	4	349.83	13,178.22	725.82	
		Total	60	-	116,099.91	7,164.36	
Overseas	Manufacture energy saving	Electricity (kWh)	19	1,205.80	10,447.08	873.00	RMB\$547,777
		Natural gas (Kilo cubic meters)	3	29.27	1,102.42	48.82	MYR\$44,097
		Total	22		11,549.50	921.81	Equivalent to NT\$36,456,102

Note: 1. The CO<sub>2</sub> 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)

Carbon reduction from 2015 through 2021 (Unit:CO<sub>2</sub>e metric ton)





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## Greenhouse Gas Inventory

### Environment, Health , and Safety Information Platform

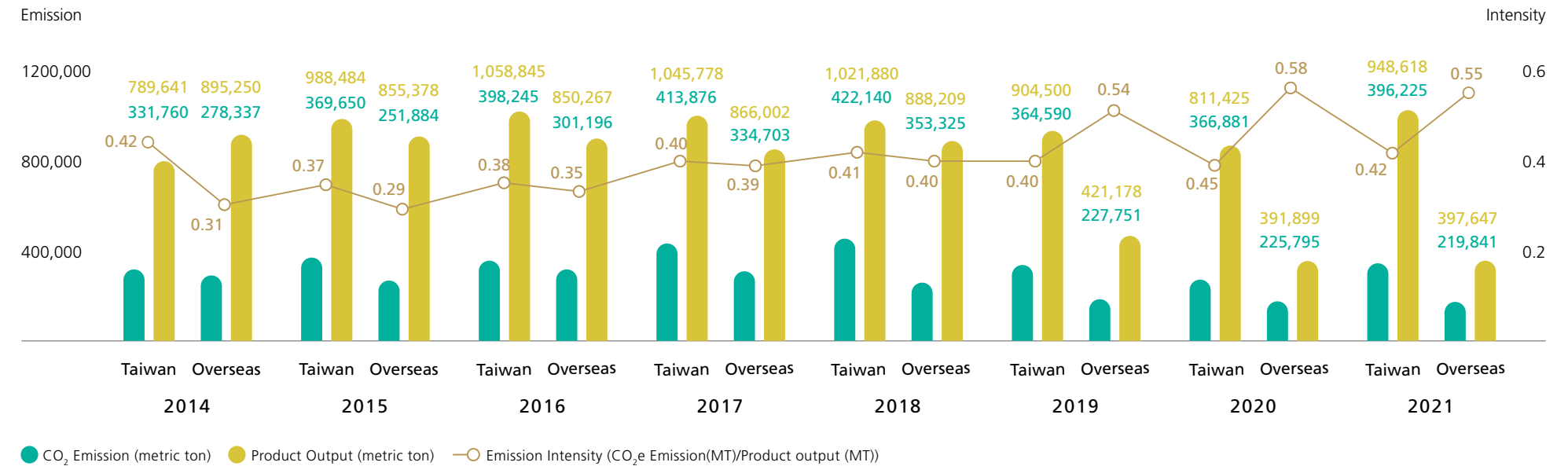
In 2015, Walsin Lihwa started to implement and optimize its environment, health, and safety information system for greenhouse gas inventory and product carbon calculation by gathering data on greenhouse gas emissions at its individual plants for the Environment, Health, and Safety Committee to conduct quarterly reviews of how such emissions are managed.

### ISO 50001 Energy Management System and ISO 14064-1 Greenhouse Gas Inventories

In 2018, Walsin Lihwa commenced its 5-year energy management plan through 2023 based on its ISO 50001 implementation at the Taiwan plants to enable the implementation of ISO 50001 and 14064-1 factoring in operations at individual plants to address their environmental, health, and safety risks. To perfect greenhouse gas management throughout Walsin Lihwa, ISO 14064-1 was implemented at individual plants in 2015, when the Taichung and Yenshui plants' ISO 14064-1 implementation was 3rd-party certified. In 2020, the Hsinchuang and Yangmei plants took inventory of their greenhouse gas emissions pursuant to the ISO 14064-1:2018 standard. In 2021, the implementation of ISO 14064-1:2018 at the 4 plants in Taiwan was all 3rd-party certified. The implementation of ISO 14064-1:2018 at the overseas plants is scheduled for 2022 and expected to be 3rd-party certified by the end of 2022.

Staying on top of the development of carbon credit trading, Walsin Lihwa takes part in carbon trading in Mainland China to help ensure sufficient carbon quotas and shall develop advanced energy-saving technologies to strengthen business sustainability.

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



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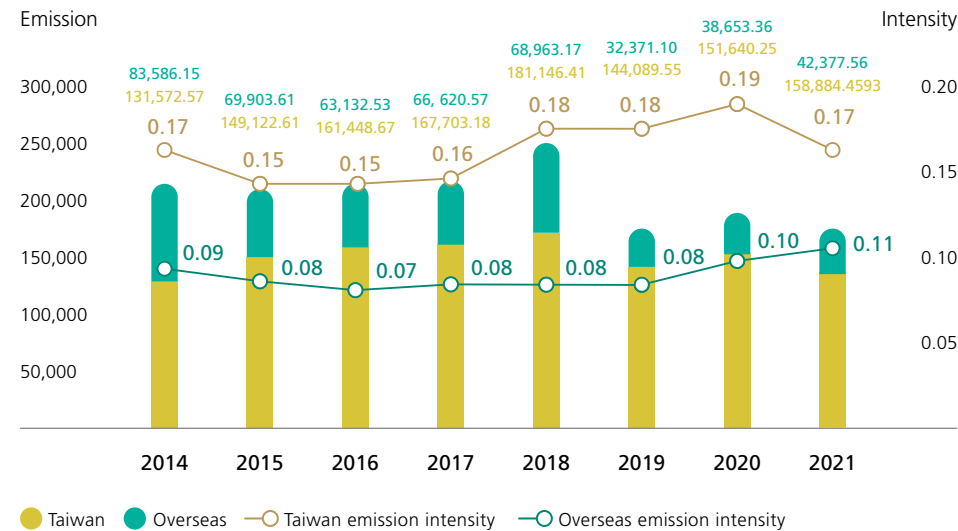
## Greenhouse Gas Emission

In 2014, Walsin Lihwa started to take inventory of greenhouse gas emission intensity, i.e., metric tons of CO<sub>2</sub>e/metric tons of products, and promote various energy-saving initiatives. In 2021, the emission intensities at the Taiwan and overseas plants, excluding the Real Estate Business Group, were 0.42 and 0.55 respectively, 7.6% and 4.4% lower than those in the benchmark year <sup>note</sup>.

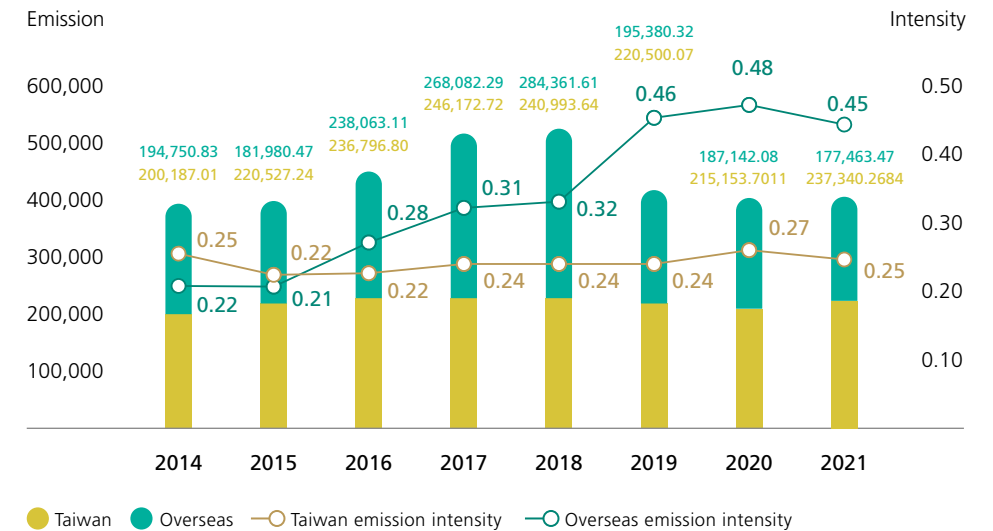
Walsin Lihwa shall continue seeking each and every possible emission reduction solution to reduce greenhouse gas emissions per unit of product by 15% in 2030 as compared to that in 2014 to help expedite low-carbon economy development.

Note: 2014 used to be the benchmark year for comparison of greenhouse gas emissions at Walsin Lihwa but the benchmark year is now 2020 because of product structure considerations and a plant sale.

### 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 CO<sub>2</sub>, N<sub>2</sub>O, CH<sub>4</sub>, HFCs, SF<sub>6</sub>

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 CO<sub>2</sub> emission expressed in metric tons and the unit of intensity is CO<sub>2</sub> 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 2<sup>nd</sup> 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.

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5.3 Resource Recycling and Pollution Prevention

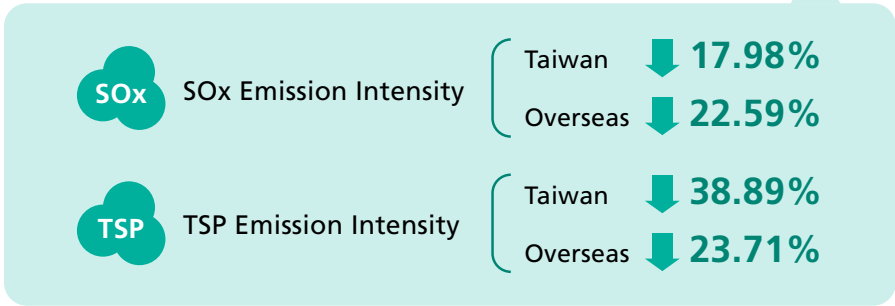


5.3.1 Air pollution control and amount of pollutant emission

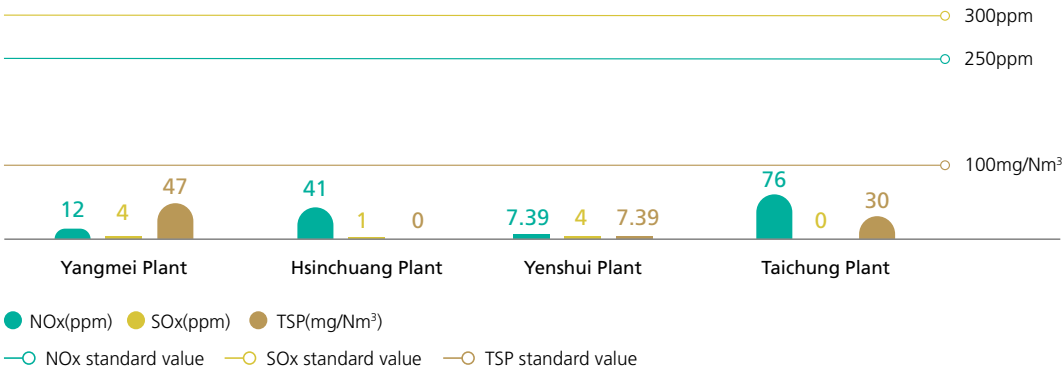
Material Topics

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 2021, pollutant emission intensities at both the Taiwan and overseas plants were all much lower the maximum prescribed by law.

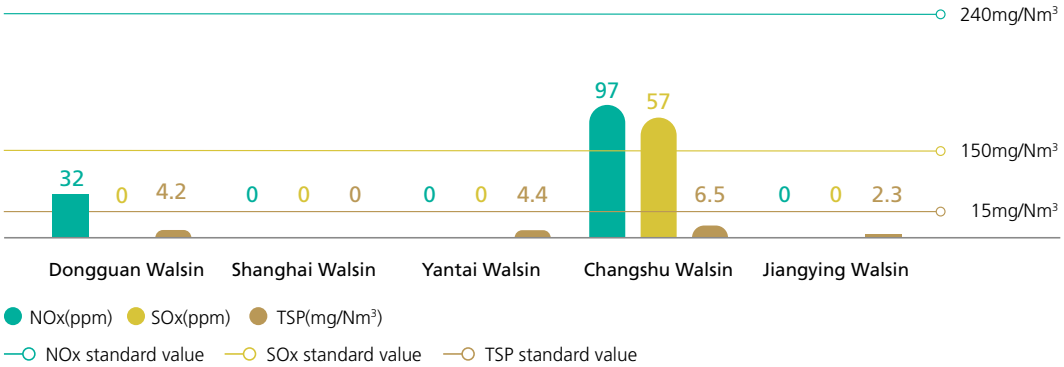
Walsin Lihwa requires air pollutant emissions to be all compliant with environmental protections laws and regulations while continuing strengthening various air pollution reduction engineering initiatives. At Walsin Lihwa, nitrogen oxides (NOx), sulfur oxides (SOx), and suspended particles (TSP) among others are subject to air pollution control. In 2021 at the Taiwan plants, the NOx emission intensity decreased by 17.98% from that in 2020 and the TSP emission intensity decreased by 38.89%. At the overseas plants, the Sox emission intensity decreased by 22.59% from that in 2020 and the TSP emission intensity decreased by 23.71%. The significant decrease in air pollution intensity, in particular, the decreased TSP emission intensity, can be attributed to successful air pollution control and dust collection equipment improvement.



Emission intensity at Taiwan sites and prescribed standard value



Emission intensity at Overseas sites and prescribed standard value





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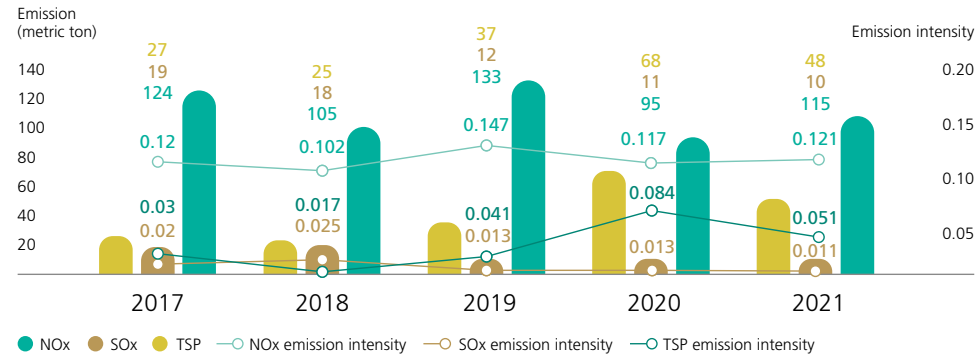
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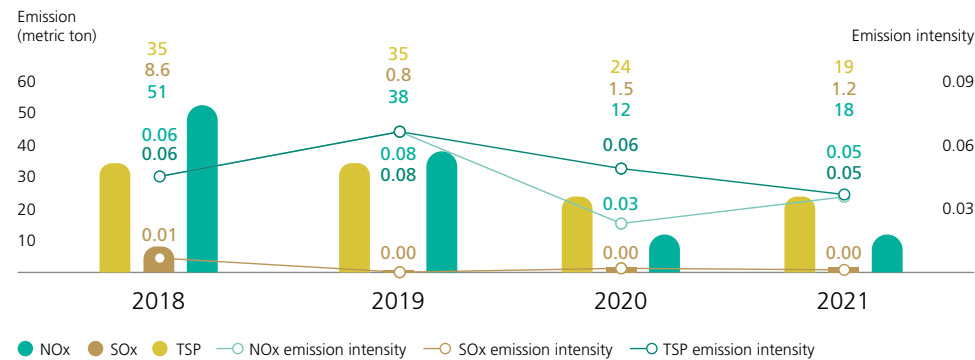
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Total amount of waste exhaust and emission intensity at Taiwan Sites



Emission intensity: Emission(metric ton)/Product output (Thousand metric ton)

Total amount of waste exhaust and emission intensity at Overseas Sites



Emission intensity: Emission(metric ton)/Product output (Thousand metric ton)

- 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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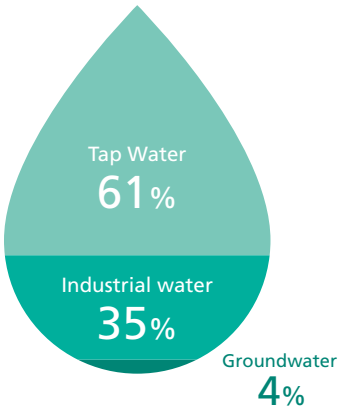
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5.3.2 Water resource utilization

Water source and water conservation

Walsin Lihwa is committed to proper management of water resources and optimization of water recycling. The Company analyzes water risk impacts for business sustainability planning, strengthens management at source, decrease water consumption reasonably while increasing recycling and reuse for better water resource management, ensure water system sustainability, develop water shortage crisis management mechanisms in advance, conduct water balance analysis at individual plants through its environment, health, and safety system and water data platform development to compare water consumption with historical data in the same period for ongoing management improvement. In 2021, management at source, reduction at source, and recycling and reuse were effectively implemented at the Taiwan and overseas plants, where the overall water-saving rate reached as high as 8.73%. Moreover, to cope with water shortages, zero wastewater emission and reuse of reclaimed water were successful at Shanghai Walsin and Yantai Walsin, 2 high risk overseas plants, but Walsin Lihwa shall continue evaluating how to work with local authorities there to help the Shanghai Walsin and Yantai Walsin have access to regenerated water to address unstable water supply resulting from climate change.

Water Intake by Category



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 <sup>6</sup>	118.26	0.006%
Yangmei plant	4.3x10 <sup>6</sup>	48.87	0.0011%
Taichung plant	2.7x10 <sup>6</sup>	364.9	0.014%
Yenshui plant	1.8x10 <sup>6</sup>	31.45	0.0017%
Dongguan Walsin	4x10 <sup>6</sup> ~4.5x10 <sup>6</sup>	38.79	0.00091%
Shanghai Walsin		10.84	0.00026%
Jiangying Walsin		76.62	0.00180%
Changshu Walsin		188.06	0.00442%
Yantai Walsin		19.05	0.00045%

Major Water Resource Risks at Taiwan Plant Sites

Plant	Basin	Total Water Risk	Water Shortage Risk	Groundwater Level Decline Risk	Drought Risk	River Flooding Risk	Coastal Flooding Risk
Hsinchuang plant	Tamsui River	Low to medium (1-2)	Low (<10%)	Insignificant	--	Low to medium	Medium to high
Yangmei plant	Dongshi River						
Taichung plant	Dajia River						
Yenshui plant	Zengwen River						

Note: According to WRI assessment, the plants in Taiwan have a low risk of water shortages, and there is no significant impact on local water resources, suppliers, or relevant stakeholders if water intake is lower than 5% of the total intake in an area.

Water Resource Management

- ✓ Management and Reduction at Source
- ✓ 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 Overseas Plant Sites

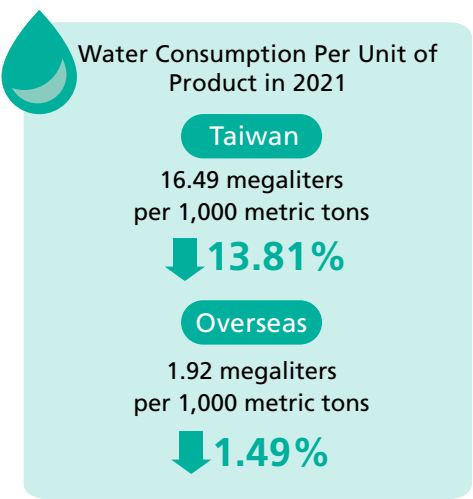
Plant	Basin	Total Water Risk	Water Shortage Risk	Groundwater Level Decline Risk	Drought Risk	River Flooding Risk	Coastal Flooding Risk
Dongguan Walsin	Dongjiang River	Low to medium (1-2)	Low (< 10%)	Insignificant	Medium	Medium to high	Medium to high
Shanghai Walsin	Huwei Lake	High (3-4)	High (40 - 80%)	Medium to high (2 - 4 cm per year)	Medium to high	High	Low
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 and Yantai Walsin 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 plants used a total of 15,644.33 megaliters of water (16.49 megaliters per 1,000 tons) while the overseas plants used 765.09 megaliters (1.92 megaliters per 1,000 tons) in 2021 according to water meter readings, 13.81% and 1.49% lower than those in 2020.

The 2021 water consumption at the Taiwan and overseas plants included 896.83 megaliters of tap water (water from the third-party facilities), 63.39 megaliters of groundwater, and 512.40 megaliters of industrial water (water from the third-party facilities). All the water purchased included freshwater (total dissolved solids ≤1,000 mg/L) and 14,903.64 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 969.21 megaliters and 536.56 megaliters, 1.46% lower and 8.10% higher than those in 2020 (based on water meter readings and water bills). The 2021 water recovery rate at the Taiwan plants was 0.15% higher than that in 2021 (from 93.7% to 93.8%), and the 2021 water recovery rate at the overseas plants was 15.03% lower than that in 2020 (from 29.87% to 35.15%). The 2021 water recovery rate at the overseas plants decreased because production at the Yantai Walsin was suspended for annual maintenance but the overall water consumption and water recovery rate in 2021 improved in terms of absolute water consumption.



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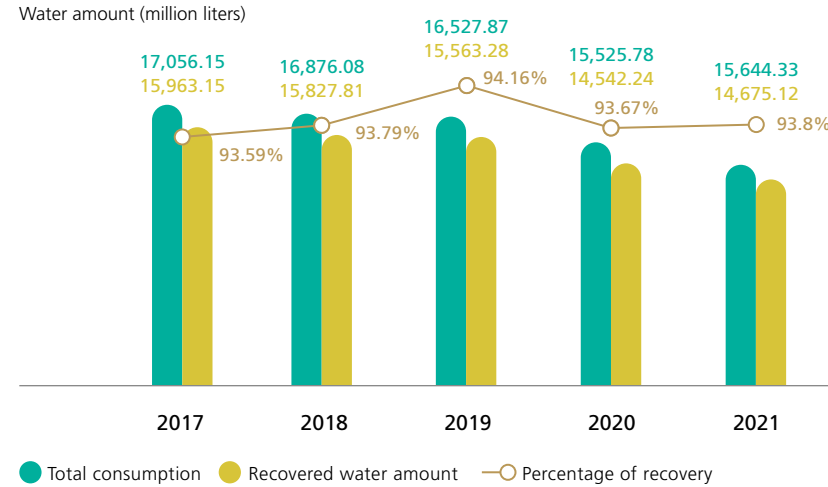
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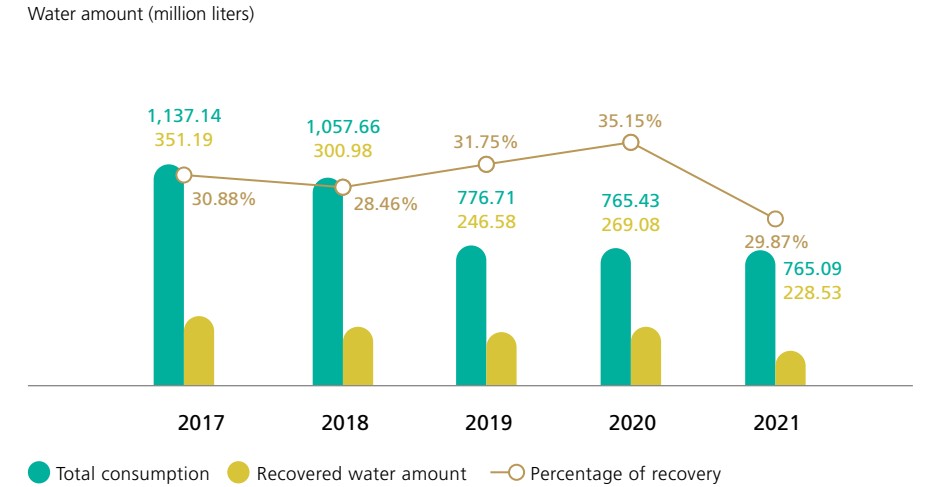
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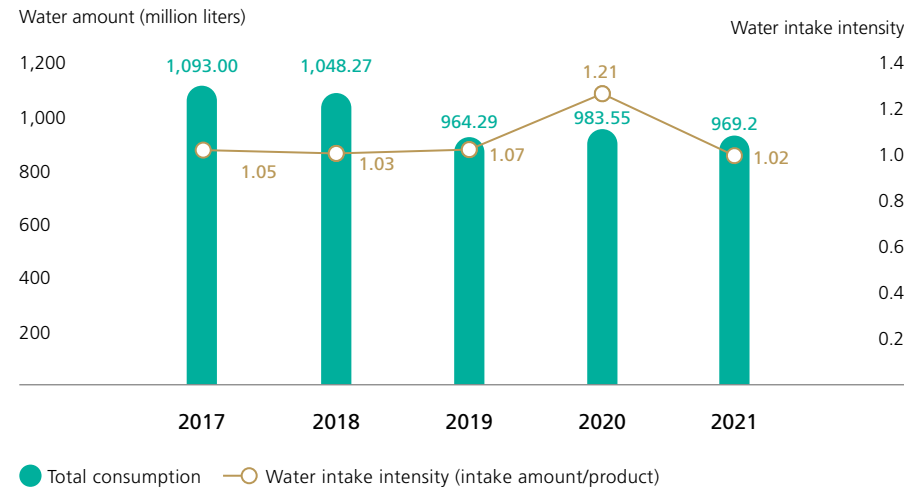
Water Use and Recovery at Taiwan Sites



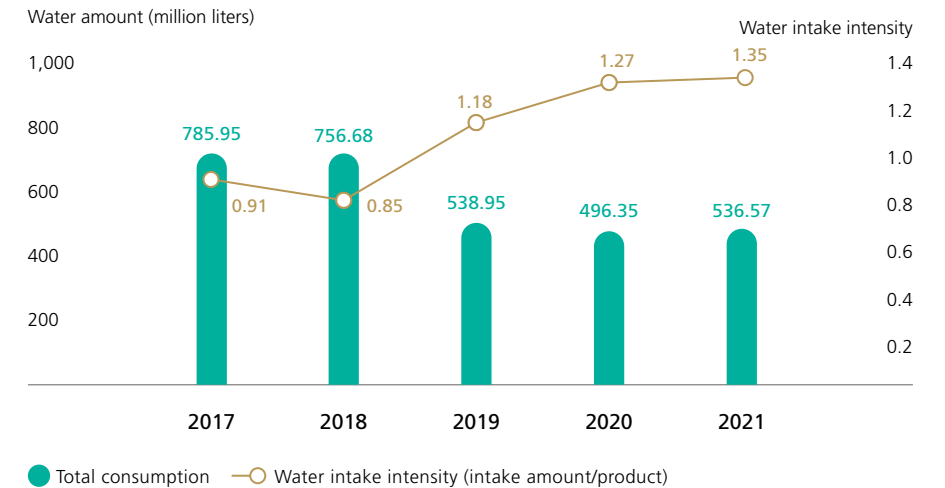
Water Use and Recovery at Overseas Sites



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, Jiangyin Walsin (Steel Cable), Jiangyin Walsin (Specialty Alloy Materials), Shanghai Walsin, Yantai Walsin, Changshu Walsin



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5.3.3 Wastewater Treatment

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 2021 total wastewater emissions at the Taiwan and overseas plants amounted respectively to 4.866x10<sup>2</sup> megaliters and 0.832x10<sup>2</sup> megaliters, 0.42% lower than the 2020 emissions. Walsin Lihwa shall continue decreasing pollution and wastewater emissions while strengthening wastewater management by effective recovery and reuse.

Wastewater Emission Intensity in Taiwan					
Plant	BOD	COD	SS	Emission standard	Emission destination
Hsinchuang Plant	13.1	27.4	4.2	Effluent standard BOD : 30mg/l COD : 100mg/l SS : 30mg/l	Dahan River
Yangmei Plant	Unregulated by environmental law	14.1	6.6		Shezi River
Taichung Plant	11.2	39.8	10.7	Piping standard BOD : 300mg/l COD : 550mg/l SS : 300mg/l	Industrial zone piping
Yenshui Plant	Unregulated by environmental law	18.3	3.2		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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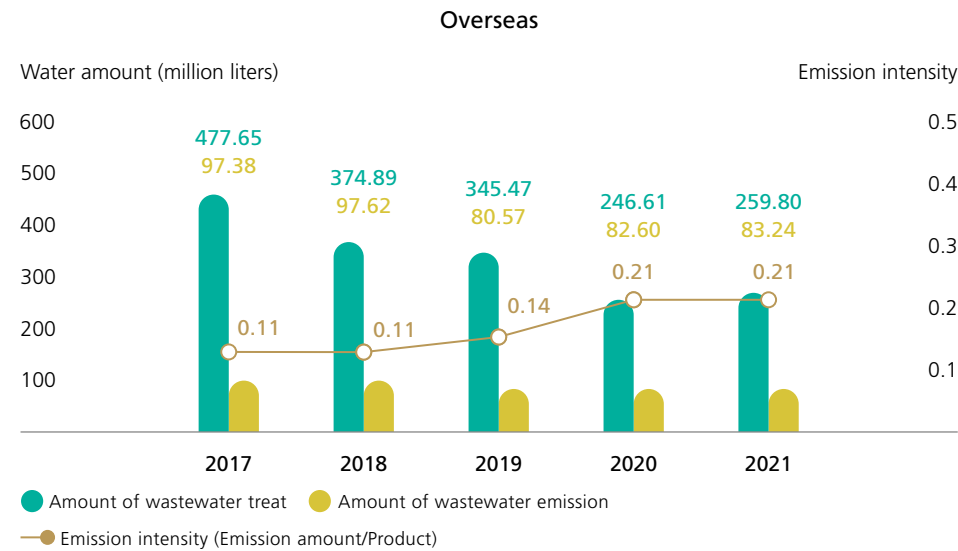
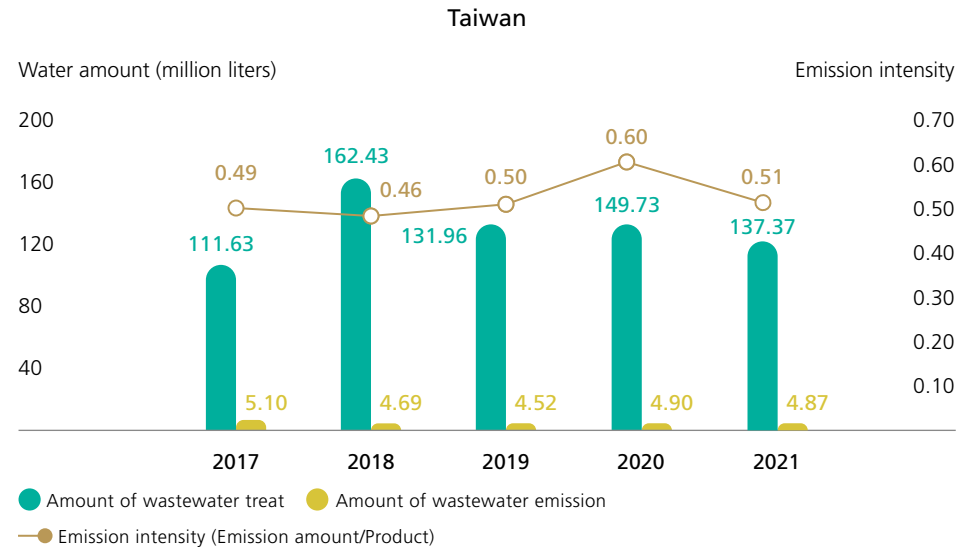
Climate Change and Energy Management

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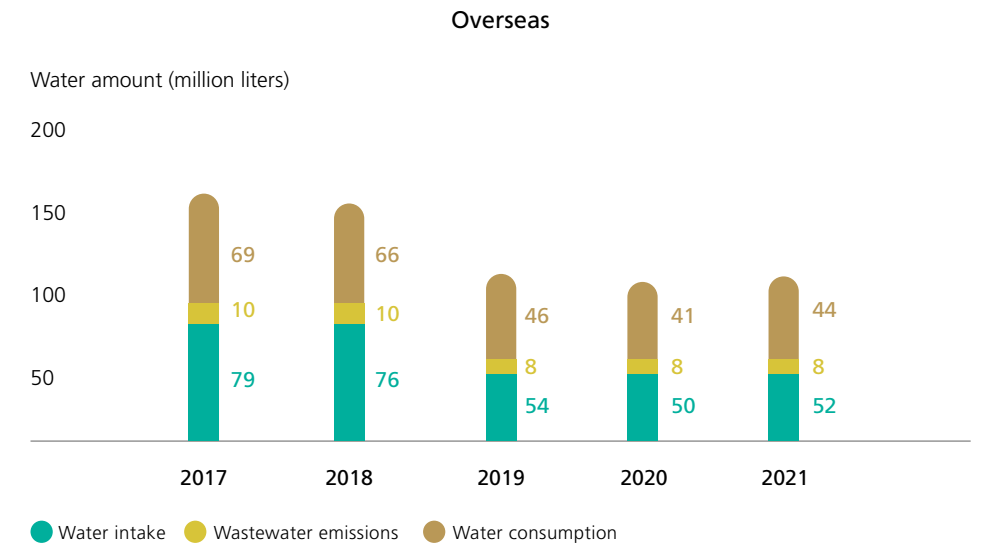
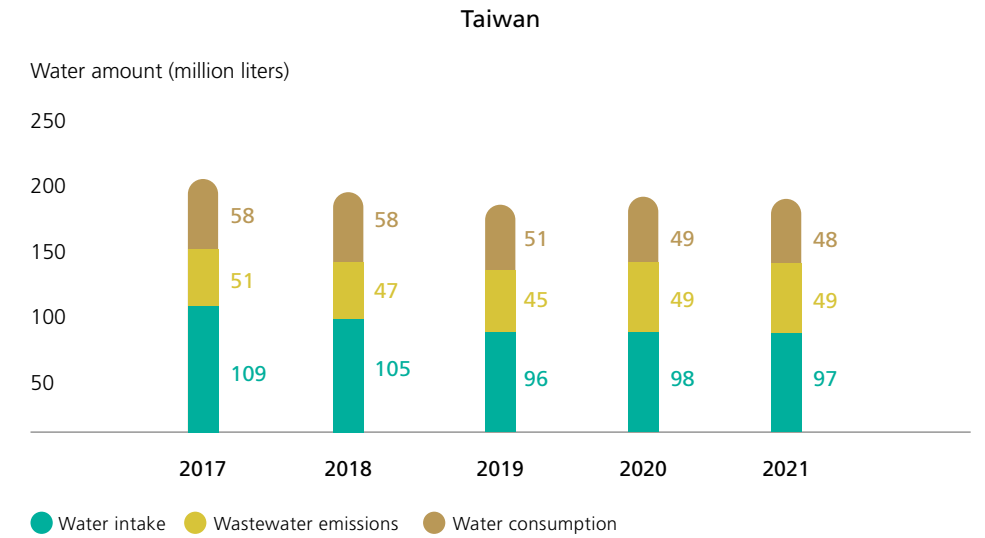
Wastewater Emission Intensity



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

Energy Saving, Carbon Reduction, and Resource Recycling

Total Water Intake and Emission



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5.3.4 Waste and Resource Recycle

Material Topics

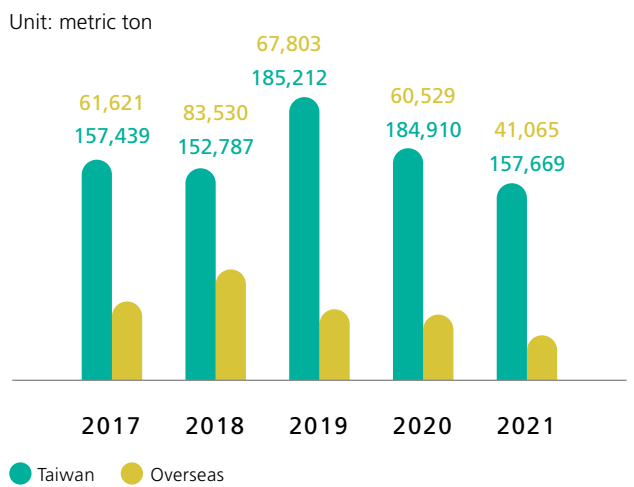
Committed to circular economy development and 4 R's (Reduce, Reuse, Recycle, and Recovery) for waste output control, Walsin Lihwa recovered and reused 96.84% of the wastes from its cooper wire, power cable and wire, and stainless steel production in 2021, including 98.10% - 99.03% of non-hazardous wastes and 77.77% - 99.48% of hazardous wastes. Walsin Lihwa recovers and reuses part of its wastes and the rest is cleaned up or reused by qualified contractors. In 2021, the wastes at the Taiwan and overseas plants were 19% lower than those in 2020. In 2021, reuse of hazardous wastes at the Taiwan plants was 0.1% higher than that of 2020 primarily because all the waste acids at the Yenshui plant in South Taiwan were transported to the Taichung plant in Centra Taiwan for regeneration processing to decrease dust and sludges, while the percentage of landfill at the Taiwan and overseas plants was kept under 1%. Walsin Lihwa shall continue its promotion of waste reduction at source as well as waste recovery and reuse, 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 comply with relevant laws and regulations.

Percentages of Different Approaches to Waste Treatment in 2021

Area	Taiwan			Overseas		
	Non-hazardous waste	Hazardous waste	Total	Non-hazardous waste	Hazardous waste	Total
Treatment						
Recovery	92,408.71	64,024.41	156,433.12	33,086.98	5,706.02	38,793.00
Incineration	745.58	-	745.58	183.55	3.50	187.05
Landfill	60.49	327.36	387.85	407.75	-	407.75
Others (excluding physical processing)	95.45	7.28	102.73	49.50	1,627.30	1,676.80
Total	93,310.23	64,359.05	157,669.28	33,727.78	7,336.82	41,064.59
Recovery percentage	99.03%	99.48%	99.22%	98.10%	77.77%	94.47%
Incineration percentage	0.80%	0.00%	0.47%	0.54%	0.05%	0.46%
Landfill percentage	0.06%	0.51%	0.25%	1.21%	0.00%	0.99%
Others (excluding physical processing)	0.10%	0.01%	0.07%	0.15%	22.18%	4.08%

Note: All the hazardous and non-hazaredous 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 27,067.75 metric tons waste acids at the Taichung plant on their own premises.

Total Amount of Wastes



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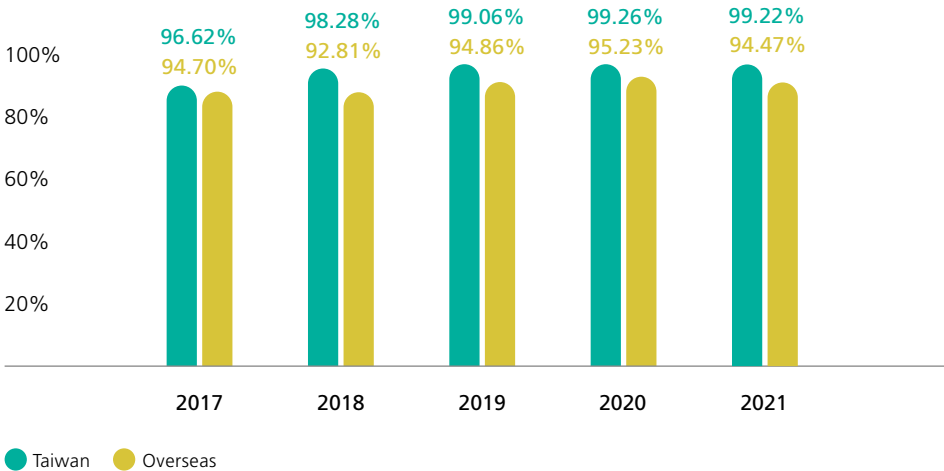
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Resource Recycling and Pollution Prevention

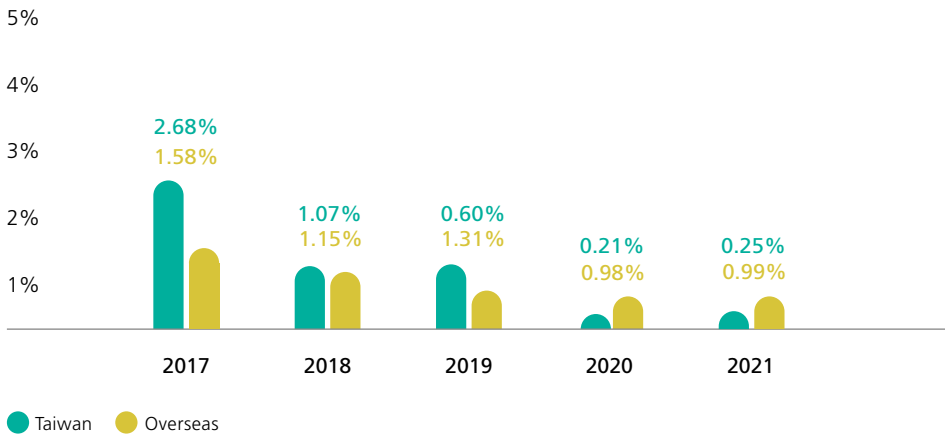
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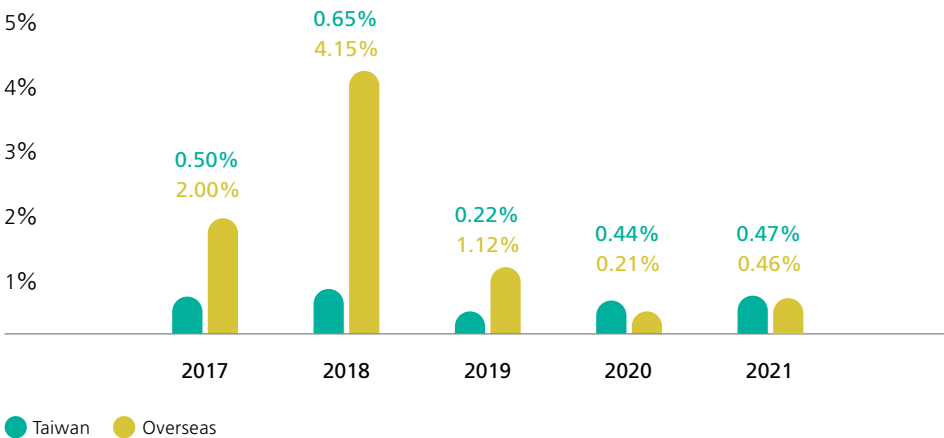
Recovery



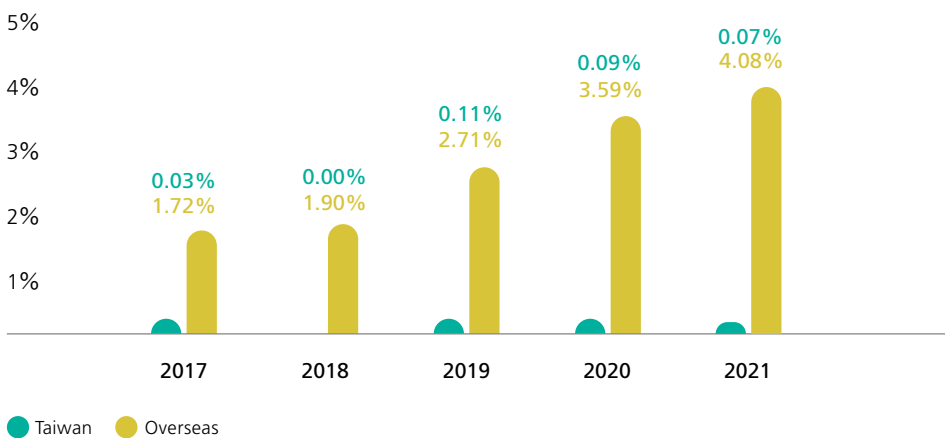
Landfill



Incineration



Other Waste Processing Methods



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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## Recyclability of Furnace Slags for Enhancement of Added-Value

Committed to R&D for innovative applications by recycling stainless steel slags, Walsin Lihwa has developed such slags into road pavement particles, cement admixtures, calcium silicate plates, compressed bricks, and concrete blocks. The road pavement particles are a mature application for asphalt concrete pavement development in several Taiwan cities and counties, and the calcium silicate plates and compressed bricks trail-produced in cooperation with business partners are used at the Company's showcase locations such as its Xinying plant's office and security room. Walsin Lihwa shall continue its promotion of waste reduction at source as well as waste recovery and reuse, 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.

Walsin Lihwa has many R&D projects for the recyclability of byproducts from steelmaking, e.g., oxidized iron powder, oxidized slags and reducing slags, in cooperation with 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, I-Shou University (ISU), and National Cheng Kung University (NCKU), which has been assisting Walsin Lihwa in R&D for the recyclability of furnace slags to help enhance their added value.

### Application of inorganic materials from steelmaking: Flame and soundproof partition structure development

The partition board development project made a feasibility assessment and established a suitable ratio of the partition board to be tested and components. Mechanical and thermal properties as well as flame resistance and soundproof performance were also studied pursuant to the CNS 14705-1 method of test for heat release rate for building materials, based on which the CNS 12514-1 fire-resistance tests were conducted to help align the high added-value recycled building material market with relevant industry chains. Moreover, a study of calcium silicate plates' transmission property is expected to lay a foundation for highly soundproof partition board development.

### Recyclability of stainless steel 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 received the GREENGUARD Gold Certification in 2021.

### Application of stainless steel slags: Long-term tracking of instant pavement collapse prevention effectiveness and pavement permeability

The cooperation with the ISU is successful thanks to the compliance review and recommendation provided by the IDB and Tainan City Government and the investment tax credit review and recommendation provided by the IDB. Walsin Lihwa is also grateful to the ISU, NCKU, and the project participants at Walsin Lihwa for their joint efforts that helped make the long-term tracking results compliant with environmental protection laws and regulations.

Supporting the Paris Agreement and the United Nations' Sustainable Development Goals, the Taiwan Climate Action Expo took place from December 3 to-5, 2021 at the Pier 2 Art Center in Kaohsiung. Invited by the Circular Economy Promotion Office to the expo, Walsin Lihwa and the NCKU demonstrated their recycled products made from steelmaking byproducts such as oxidized and reducing slags, and such R&D achievements were a focus of attention at the event.

From 2018 to 2021, the Yenshui plant's personnel department and environment, health, and safety department invited external lecturers to teach recycling at the plant for as many as 1,787 hours. What was taught focused on study of steelmaking byproducts, i.e., oxidized and reducing slags. The plant's full participation in the annual education and training was recognized by biannual certification by the Talent Development Quality Management System of the Ministry of Labor and won the Ministry's Bronze Medal twice.



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5.3.5 Legal Compliance

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In compliance with environmental protection policies and relevant amendments to strengthen self-regulation and seek ongoing improvement, the plants in Taiwan were free from fines for environmental protection violations in 2021.

In Mainland China, Jiangying Walsin(Steel Cable) and Changshu Walsin were fined a total of RMB\$993,000 in 2021 respectively for pickle liquor treatment and dust removal equipment failures, improper hazardous waste disposal, and three sets of cleaning equipment without any environmental assessment application. The equipment failures were repaired immediately with the monitoring equipment in place activated at the same time, while relevant capital expenditures were made available for old equipment replacement, and permit enforcement as well as employee education and training were strengthened to help achieve legal compliance.

In 2021, there was no wastewater or waste leakage.

Plant	Cause	Non-compliance	Status of Improvement	Fine
Jiangying Walsin (Steel Cable)	1. A pickling spray pump failure with the spray tested to be pH neutral 2. Galvanized wires production’s dust removal piping disconnection and dust removal equipment abnormality	Article 20 of Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution	1. Strengthened preventive maintenance by spray replacement every half month, maintenance management ledger development, preparation of an emergency stock of spare parts to enable prompt maintenance and repair 2. Overload outage alarm implementation, strengthened daily equipment inspections to keep inspection logs, and prevention of human and mechanical errors	RMB\$200,000
Changshu Walsin	Improper hazardous waste disposal and three sets of cleaning equipment without any environmental assessment application	Article 81-2 of the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution Article 79 of the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution Article 15 of the Regulations on the Administration of Construction Project Environmental Protection	Environmental assessment application promptly filed by a qualified contractor with arrangement of 3rd-party environmental protection service at the plant to check non-compliances and make corrections immediately	RMB\$793,000

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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## Social Engagement and Co-prosperity

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## Sustainability Promotion Strategy ON

Promotes mutual development with local communities to gain greater social influence

Strategy: Engages in charity and increases influence through four major aspects: Corporate citizenship, Care for the Underprivileged, Environmental conservation, Neighborhood improvements

### Objectives for 2021

### 2021 results

### Objectives for 2022

#### Solidify the Impact of our Social influence

Goals: 5 projects

**Support for medical care, cultural, education, and ESG projects** Achievements: 11 items

Promoted corporate volunteers for hospitals after the easing of the pandemic

#### Medical Care

- Donated supplies for the prevention of COVID-19 to the Luo-Sheng Sanatorium and Hospital.
- Sponsored COVID-19 testing stations in Taoyuan City in the name of the Group.

#### Cultural

- Donated to the Wei Haimin Chinese Opera Foundation

#### Education

- Work study programs at National Taiwan University, Chung Yuan Christian University and National Chung Hsing University
- Sponsored wire materials for the Workforce Development Agency's "National Skills Competition".

#### ESG

- Sponsored the Center for Corporate Sustainability
- Joined the founding members of the CommonWealth Magazine Sustainability Association.
- Relief donation for the Henan floods (Jiangying Walsin (Steel Cable/Specialty Alloy Materials)
- Co-organized the Interactive Art Exhibition of the NTUST Humanities and Arts Center.

#### Support for medical care, cultural, education, and ESG projects

#### Education

- Continued industry-academia collaboration with the National Taiwan University, Chung Yuan Christian University, and National Chung Hsing University.

#### ESG

- Sponsored the Center for Corporate Sustainability
- Participate in the CommonWealth Magazine Sustainability Association.

#### Take effective care of the underprivileged

Goals: 3 projects, 1 cultural heritage documentary film

Achievements: 3 projects, 1 cultural heritage documentary film  
Suspended the volunteer work for mentally challenged children.

#### 1 Care cooperation with Give Child a Hand Association:

- Sponsorship of Saisiyat songs and cultural heritage for Wufeng Elementary School.
- Created a documentary film and digital project on passing down the cultural heritage of Saisiyat songs.

#### 2 "Light Up the Corners throughout Taiwan" Project

- Sponsored the physical education and music education programs in five schools.
- Supported Taiwu Elementary School's artistic creation.

#### 3 Care for the disadvantaged children:

- Sponsored 12 children's welfare organizations.
- Collection and donation of resources.

#### 1 Cooperate with the Give Child A Hand Association

- 2 "Light Up the Corners throughout Taiwan" 5-year project (Phase II).
- 3 Care of the underprivileged
- Sponsor child welfare organizations
- Volunteerism for mentally challenged children
- Donate regenerated resources

#### Strengthen environmental protection and conservation

Goals: 2 projects, 7 events

Achievements: 4 projects, 4 events

- 1 Huabao Conservation and Breeding Co., Ltd. and National Chung Hsing University seed conservation project implemented as planned.

#### 2 Organic kiwi fruit contracted planting and adoption.

- 3 Held an organic market event
- 4 Ecological education and promotion campaigns (physical and online) at each plant.

#### 1 Continued promotion of seed preservation and conservation program by Huabao.

- 2 Cooperate with small farms for contract farming
- 3 Production of environment-friendly farming public welfare video.
- 4 Organic market promotion
- 5 Ecology education lectures preservation and beach cleaning

#### Promote community development

Goals: 2 projects

Achievements: 4 items

- 1 Elementary and Junior High School Newspaper Reading Project
  - Mandarin newspaper reading : 77 classes in 17 schools with 1,197 students
  - Bilingual newspaper reading: 822 classes in 34 schools with 22,124 students
  - 1 session newspaper reading volunteer

#### 2 Sponsored National Chiayi Industrial Vocational High School Alumni Association's centennial celebration.

- 3 Supported mango farmers in Tainan affected by the pandemic.

#### 4 Community development outreach promotion in the factory areas

- Elementary School Study Aid Project in Yenshui District: 6 elementary schools
- Participation in local community events: 79 projects in 4 plants
- Environmental optimization of the plants' surrounding area: 9 projects in 5 plants
- Taichung plant added one new park adoption.

#### 1 Elementary and Junior High School Newspaper Reading Project: Mandarin and bilingual newspaper reading and volunteer activities

- 2 Plant community outreach:
  - After school tutoring of elementary school students in the Yenshui plant community
  - Participate in local activities such as neighborhood community development, elderly care, folk culture, environmental cleaning, etc.
  - Environmental beautification and optimization near plant sites



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**01 Partnering to Fight the Pandemic**  
Donated supplies for the prevention of COVID-19 to the Luo-Sheng Sanatorium and Hospital



**02 Supporting Small Farmers**  
Supported mango farmers in Tainan affected by the pandemic



**03 Newspaper Reading Project**  
23,321 students participated



**04 Contract Planting Partnership**  
Taiwan native organic kiwi fruits

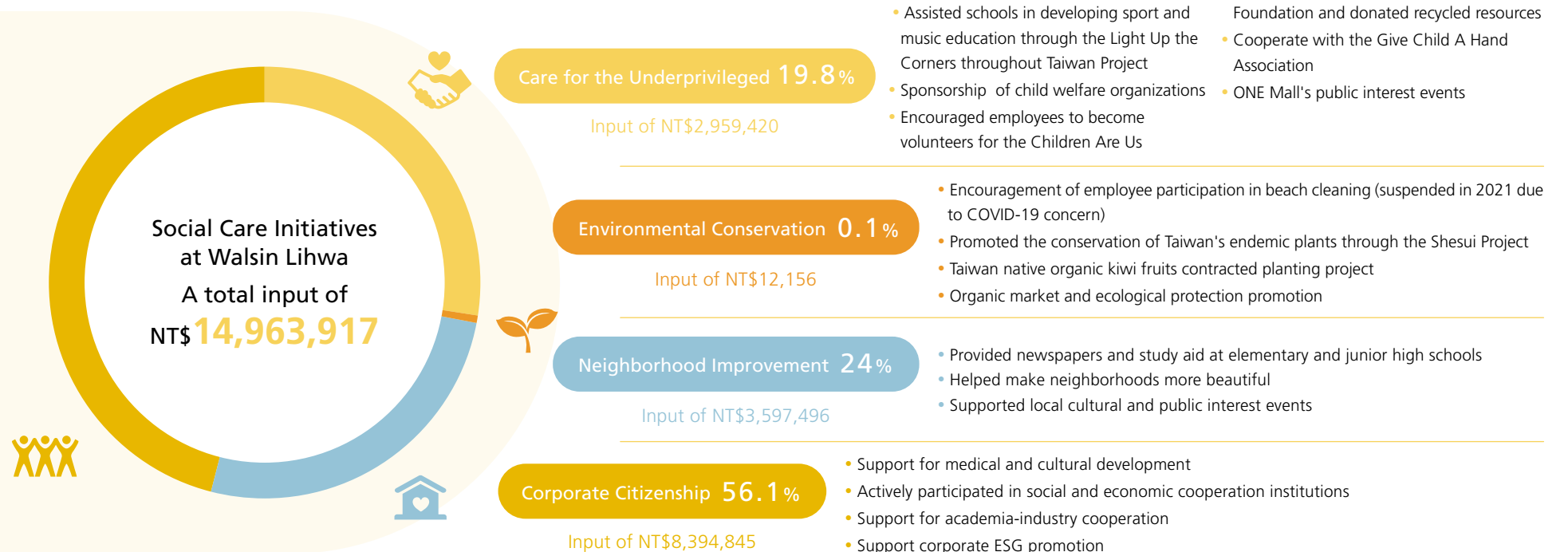


**05 Heritage Record**  
Saisiyat songs and cultural heritage for Wufeng Elementary School

## 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.



Note: The above are direct investment, excluding resource sponsorship, agricultural products subscription, contracted planting, and volunteer contributions.

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## 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 2021, Walsin Lihwa continued funding the Light up the Corner Throughout Taiwan Project and donating to 12 child welfare organizations in Taiwan, donating recycled resources, and hosting the annual family road race and fete at the Huadengfang, Nanjing.

### “Light Up the Corners throughout Taiwan” Project

On Walsin Lihwa’s 50th Anniversary, we implemented the “Light Up the Corners throughout Taiwan” five-year donation plan, hoping to spread our warmth and light. We helped 5 elementary and junior high schools in Taiwan to have a better teaching environment and facilities for developing sports and music education.

In 2021, the year of the 55th anniversary of Walsin Lihwa, we will continue to support five rural schools in northern, central, southern, and eastern Taiwan for five years, including: Hualien’s Huaren Junior High School, Yilan’s Datong Elementary School, Hsinchu’s Guangwu Junior High School, Pingtung’s Taiwu Elementary School, and Pingtung’s Gaoshi Elementary School. We will assist in establishing talent programs, improving the teaching environment and facilities, and developing sports and music education with special features. We have been deeply involved in providing care for the education of disadvantaged children to fulfill our responsibilities as a corporate social citizen and to give back to the community. We hope to keep spreading the warmth and light with our hands, so that more people can feel loved.



**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 elders to increase their onstage experiences and strengthen their motivation for further learning.



**Datong Elementary School (Yilan)**

Youth Baseball Percussion

With only 59 students, Datong Elementary School has a baseball team of 25 players, covering grades three through six, and almost all the boys in the school play baseball. In 2021, the team participated in the National Indigenous Game, Baseball Care Cup, and Indigenous Baseball Cup, and reached the top eight of the National Little League for the first time. Through the Little League team, we hope to cultivate regular work and exercise habits in our students, and to expand their lives and horizons by participating in different competitions.



**Guangwu Junior High School (Hsinchu)**

Outdoor Experience Courses

Guangwu Junior High School believes that nature is the best classroom. Every year, the school arranges river trekking, hiking, snorkeling, and cycling experience courses, and the graduated students also enthusiastically return to the school as staff members. In 2021, Guangwu Junior High School held a river trekking and cycling trip around the island and a hiking trip to Mount Hehuan. Nearly 1,000 students have actively competed to be eligible to participate in the annual outdoor course festival and experience the most beautiful sceneries of their life’s journey.



**Huaren Junior High School (Hualien)**

Youth Baseball Percussion Soccer Track and Field Dance

In 2021, Huaren Junior High School won the championship of the National High School Hardball Division in the Hualien Baseball League and participated in the Nenggao Cup Baseball Tournament, where they were the opening act. The track and field team won seven gold medals in the Hualien County Games, achieving the best result ever; the dance and percussion bands also achieved outstanding performances. We hope that the children will not only learn book knowledge, but also develop their potential in the field of arts and sports.



**Gaoshi Elementary School (Pingtung)**

Ancient Ballads Troupe Soccer Judo

In 2021, the children of Gaoshi Elementary School who participated in the football, judo, and Taiwu Ancient Ballads Troupe talent programs continued to improve their learning and demonstrated their passion and skills. The Mulin Campus only has 22 students, but they won the Pingtung County Mayor’s Cup Football Tournament and were placed fourth in the Warrior Division of the Pingtung Sunshine Cup National Soccer Tournament. The Taiwu Ancient Ballads Troupe and judo teams were invited to Pingtung County events.

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### Supported Taiwu Elementary School's Artistic Creation



In addition to developing music education, Taiwu Elementary School also encourages students to diversified learning through its art program, which is designed to pass down traditional Paiwan woodcarving and embroidery techniques. A public exhibition and charity sale of the graduates' works was planned for 2021, but was cancelled due to the COVID-19 pandemic. To encourage schools to promote art education and support the transmission of traditional arts and crafts, Walsin sponsored a charity sale of students' works to cover the cost of materials and teachers for the art creation program.



### "Light up the Corners Throughout Taiwan" Documentary Film



Highlights I



Highlights II



Highlights III

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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 Social Welfare Foundation, and Chinese Children Home and Shelter Association; a total of NT\$1,600,000 was donated to the 12 children welfare organizations in 2021.

### Year-end donation

Since 2012, the company has been organizing an annual recycling donations event at the end of every year. We hope to help people in need by reusing resources. In 2021, we cooperated with the Pingtung County Indigenous Cultural and Educational Association and collected 656 items of unused household appliances, bookst, food, and daily necessities from the homes of our employees of each factory. We hope these resources can give warmth and strength to those who need it.



### Yenshui Plant's Assistance to Underprivileged Children in Lunar New Year Celebration



For more than a decade, Walsin has been sponsoring family support centers in Chiayi, Tainan, Kaohsiung, Pingtung, Nantou, Taitung, and Hualien counties, so that children not only receive practical help in their lives and growth, but also feel warmth and encouragement in their heart. In February 2021, employees from the Yenshui Plant, local enterprises, and warm-hearted volunteers gathered together to do charity work and cooperated with the Northern Tainan Center for Children and Families to hold the New Year's Eve Gathering event and donated New Year's dishes. Nearly a hundred people gathered together at the Greenness Hotpot restaurant in Xinying District, Tainan City.



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## One Mall's Public Interest Activities in 2021

### Feb Chinese New Year in Jianye District

When the 2021 Chinese New Year was approaching, Nanjing One Mall worked with Fresh Hema to provide fruits, pastries, cooking oils, and other daily life necessities to those who dedicate themselves to urban pandemic prevention in response to government calls for them to spend a happy Chinese New Year.



### Jun Gardenia Charity Sale

Nanjing One Mall organized the households in its vicinity to host a gardenia charity sale as a fundraiser for elementary school reconstruction in Wuwei, Gansu. With 80 child participants and supported by exhibition board introduction of the reconstruction project, the event had about 350 buyers and raised a total of RMB\$2,843.



### Aug Gratitude Extended to Pandemic Prevention Personnel

Throughout the 2021 pandemic, individual departments of Nanjing One Mall organized their employees to provide logistics support to COVID-19 testing sites in Nanjing after ensuring their employees already had adequate pandemic protection for doing so. What was provided included beverages, foods, and skincare products to wholeheartedly thank COVID-19 prevention personnel for their dedication to Nanjing.



### Oct Touring Exhibition of Crossover Art

A touring exhibition of crossover art was organized by Nanjing One Mall in conjunction with Huatai Securities to help promote the protection of Gruidae. The exhibition arranged salon sessions and immersive experiences to showcase the impacts of human behaviors on the existence of Gruidae and nature conservation. Nearly 500 people attended the exhibition and took part in the immersive experiences.



### May Charity Run for Children and Parents

With the motto of "You run a kilometer - I donate a kilometer", One Mall's "Parent-Child Charity Run" called for 1,000 parent-child teams to participate in the event and raised RMB20,400 in 2021. The donations will be used to improve the running environment for visually impaired runners through the Maitian Foundation.



### Jul Run in the Dark

One Mall collaborated with the Rainbow Runner Club and Dark Runner Club organized a 5.2 km charity run consisting of visually impaired runners. Four or five Rainbow Runner Club members teamed up with one visually impaired runner, and the streamlined communication between Rainbow Running Club members and visually impaired runners enabled a barrier free track to the latter. There were about 22 participants.



### Dec Charity Run Donation

Nanjing One Mall worked with Bank SinoPac, the Nanjing Taiwan Business Association, and SinoPac International Leasing Corp. to provide donation to about 60 Dark Runner Club members to help improve the workout environment for visually impaired runners.



### Warmth for Winter in Cooperation with Jianye District Youth League

Warmth for Winter was a charity event organized by Nanjing One Mall in conjunction with the Youth League of Jianye District. The event was intended to provide aid to the youths in need in the district to help make their winter life easier. Nearly RMB\$7,000 were raised at the event, where there were 25 charity booths and more than 400 welfare-minded patrons.



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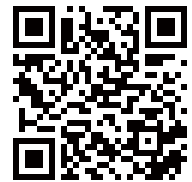


## Saisiyat Songs Recording and Passing Down the Cultural Heritage



The Saisiyat people are mainly found in Wufeng, Hsinchu County, and Nanzhuang, Miaoli County, and are one of the smaller and more culturally endangered groups of Taiwan's indigenous people. With the development of society, the mother tongue of the Saisiyat is gradually diminishing, and the transmission of Saisiyat songs is restricted by the taboo of tribal rituals, which is not conducive to the passing down of their heritage.

In 2021, Walsin collaborated with the Give Child a Hand Association and Wufeng Elementary School to implement the "Recording of Saisiyat Songs". Through interviews with elders, we recorded the origin of festivals, the meaning of the songs, and the current status of tribal culture heritage transmission, as well as recorded the precious transmission process. We hope to help preserve the records of the Saisiyat culture and songs, to help the new generations understand the culture of the tribe, to learn and become familiar with their mother tongue, and to raise public awareness and understanding of the Saisiyat culture through media exposure.



"Saisiyat Ballad Archive Development for Cultural Inheritance" Documentary Film



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## 6.3 Caring For Ecology



### 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 2021.



### Film Sharing and Lectures

Taiwan is located in a subtropical zone with abundant rainfall, but with climate change, droughts and rainstorms are becoming more frequent. In the 2021 Walsin "Caring Cinema" seminar, we focused on water resources, and through the documentary "Day Zero", our employees across the five plant in Taiwan learned more about the need to actively face and respond to the possible water resource problems in the future under the extreme climate.

### Ecology Lectures and DIY

In 2021, Walsin Taiwan held two eco-education seminars to introduce Taiwan's native species of kiwi fruits and various spices and plants, supplemented by DIY activities, so that participating employees could learn about ecological concepts through hands-on experience.



### Organic Kiwi Fruit Contracted Planting and Adoption

To support environmental conservation and organic agriculture development, we cooperated with the "Jianghao Farm young farmer" for the first time in 2021 to adopt 0.26 hectares of farmland for Taiwan's native kiwi fruit farming, as a practical action to support local small farmers who have adopted environmentally-friendly agricultural practices. In the first half of 2021, Taiwan experienced a severe drought due to the increasing severity of the extreme climate, and although the drought was later relieved by short-term heavy rainfall, the heavy rainfall caused major damage to agricultural planting. In the Dahu area of Miaoli, where the Walsin contracted kiwi fruit farmland is located, over 300 millimeter of rain fell in one day, resulting in more than 70% damage and fallen fruit. It also reflected that global carbon emission reduction is an urgent and important task for human beings.

### 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 and 2021 was suspended due to COVID-19 concern but will be resumed when the pandemic situation is resolved.



### 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.

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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

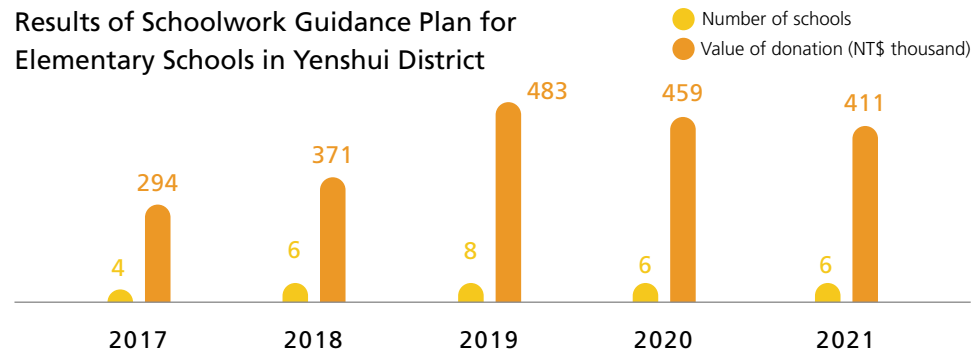
In the second half of 2014, Walsin Lihwa began working with Mandarin Daily News to provide the newspaper to elementary and junior high schools near Walsin Lihwa plants in Taiwan. Teachers introduce topics reported in the newspaper to students, and broaden their horizons through interactions and discussions, while laying a solid foundation in their linguistic ability.

Subscription to Mandarin Daily News was provided to 17 schools including 77 classes in 2021, when 12 volunteers from Walsin Lihwa went to Wenchang Elementary School in Tainan -- the school 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 2021, the bilingual newspaper reading was provided to 34 schools including their 822 classes.

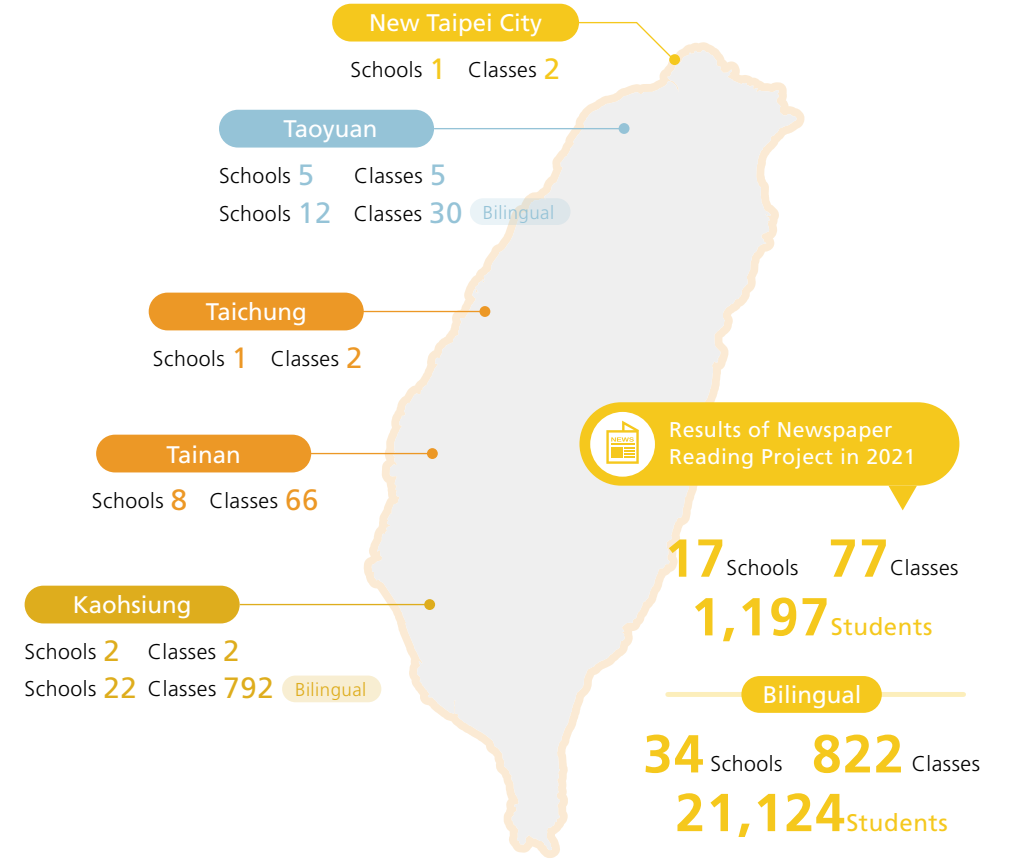
Walsin Lihwa also continued its donation to schoolwork guidance amounting to NT\$410,588 at 6 elementary schools in Yenshui to help bridge the urban-country divide in education.

#### Results of Schoolwork Guidance Plan for Elementary Schools in Yenshui District



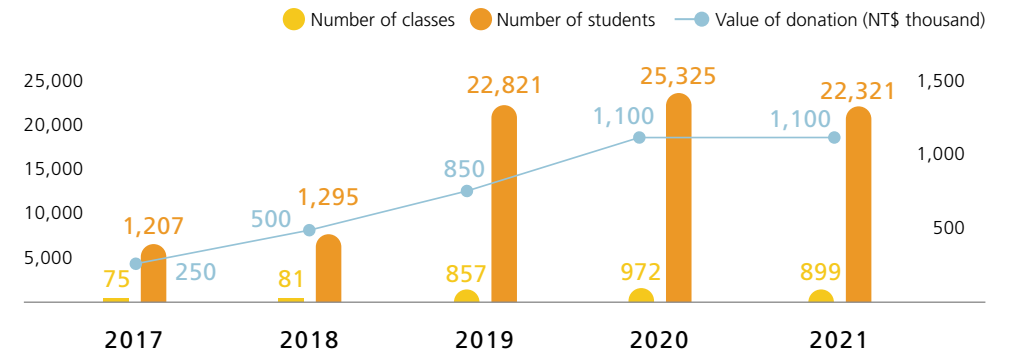
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## Elementary and Junior High Schools Participating in Newspaper Reading by Area



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

#### Results of the Elementary and Junior High School Newspaper Reading Project





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## Volunteerism for Assistance in Newspaper Reading

Due to the Covid-19 pandemic, the reading volunteer program was cancelled for the first half of 2021. In December, when the pandemic was easing, a reading volunteer program was held at Wenchang Elementary School in Yenshui District, Tainan City. There were 12 employees who served as volunteers and interacted with 56 children in grades 1-6 at Wenchang Elementary School. The students went up and down through the school to take on eight challenges, covering pandemic prevention, science, language, and current affairs. Through the games, students learned various life knowledge they would encounter in their lives.



### Sharing from the Students

#### Fourth-grade student Wang Said :

My favorite challenge was the "Mystery Box". Because there were many cool things inside, such as bristle brushes, spiky balls, cups, bowls, etc. Every time I took something out, I go a surprise.

#### Sixth-grade student Wang Said :

The "What Do You Know about Science" challenge has taught her a lot, for example, "man-made satellites can observe the weather but cannot predict earthquakes, and there is gunpower in car airbags.



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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\$847,956 in 2021 on planting, cleaning, maintenance, and beautification of the roads and parks we adopted.

### Taipei Head Office

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

### Hsinchuang Plant

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

### Yangmei Plant

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

### Taichung Plant

Adopted Jing 3rd Road and engaged in sidewalk cleaning and tree maintenance. We jointly adopted Dongfeng Green Corridor Bicycle Path and Liyuan Park Phase II (Taiping District) in response to Taichung's City Government "air quality cleaning zone" event since 2018, and won the "Excellence" and "Distinction" ratings in the evaluation by Taichung's Environmental Protection Bureau in 2021. In 2021, the Liyuan Park Phase I in Taiping District was newly adopted.

### Yenshui Plant

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

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## 6.4.3 Support for Local Events



### Support for Local Culture

- Assisted with the temple fair event in Hsisheng Borough, Xinchuang District, New Taipei City.
- Sponsored the renovation of the Earth God Temple on Gaoshi Road in Yangmei District, Taoyuan City.
- Sponsored the 2021 Taiwan Lantern Festival - Yenshui Bee Fireworks Folkloric Celebration, organized by the Emperor Guan Temple, Yanshui District, Tainan City.
- Sponsored the 2021 Yuejin Lantern Festival - Visitor Center Lantern Project, organized by the Tainan City Yenshui District Office.
- Sponsored the "Yenshui Shopping District Fried Noodles Festival, organized by the Tainan City Yenshui District Office.
- Sponsored the Mazu pilgrimage festival of Hubi Temple, Yenshui District, Tainan City.
- Sponsored the Lord Lei Cultural Festival, organized by Dazhong Temple, Yanshui District, Tainan City.
- Sponsored the Mazu birthday celebration of Hubi Temple, Yenshui District, Tainan City.
- Sponsored the Lord Lee Birthday - Folk Celebration and Prayers Festival, organized by Funan Temple, Yanshui District, Tainan City.
- Sponsored the Annual Festival and Celebration, organized by Zhongxiao Temple, Yanshui District, Tainan City.
- Sponsored the Thanksgiving Ceremony of Hu'an Temple, Jingshui village, Yenshui District, Tainan City.



### Community Care

- Sponsored the "Golden Ox Celebration Center for Children and Families' New Year's Eve Gathering", organized by the Taiwan Fund for Children and Families, Tainan City North Branch Office.
- Sponsored the "Changing Your Future in 2021 - Sending Warmth and Happiness in Winter", organized by the Greater Tainan Development Promotion Association.
- Sponsored the "Do-good mission to help disadvantaged citizens with financial support, resource donations, housing repair and other social welfare work", organized by the Tainan City Yenshui District Office.
- Sponsored the "Spring Festival 2021 Welcoming the New Year and Fraud Prevention Promotion for the Elderly" event, organized by the Yuegang Cultural Exchange Association, Tainan City.



### Good Relationships with Neighbors

- Sponsored the Mid-Autumn Festival Celebration of Guanghua Civil Defense Unit, Xinzhuang Branch, New Taipei City.
- Sponsored the Mid-Autumn Festival Celebration of Guanghua Friends of the Police Association and Xinshu Friends of the Police Association, Xinzhuang District, New Taipei City.
- Sponsored the Ghost Festival and Mid-autumn Festival Celebration at Guanghua Precinct, Xinzhuang District, New Taipei City.
- Sponsored tables, chairs, and metal cabinets for the Xinshu Friends of the Police Association, Xinzhuang District, New Taipei City.
- Assisted Xinzhuang Precinct and Xinshu Police Station in New Taipei City in carrying out their official duties.
- Lent out cafeteria as polling station for the 12/18 referendum
- Sponsored Tainan Xinying District (Piliao/Zhongzheng/Xindong/Huzhen), Yanshui District (Yuegang/Jincheng/Xianshui/Xiazhong/Shuixiu), and Houbi District's community, club, and temple activities.
- Sponsored the "55th School Anniversary and Community Joint Sports Day" of Renguang Elementary School in Yanshui District, Tainan City.
- Sponsored the "School Sports Day" of Yanshui Elementary School in Yanshui District, Tainan City.
- Sponsored Tainan Taekwondo Association to hold the "2021 Nanying Cup National Taekwondo Championships".
- Sponsored the "2021 Annual Year-end Party and Health Talk" organized by the Greater Tainan Houbi Women's Association.
- Sponsored the "2021 Annual Business Marketing and Municipal Visit" organized by the Greater Tainan Xinying Women's Association.
- Sponsored the "2021 Annual Karaoke Competition of Greater Xinying District" organized by the Tainan Municipal Sports Federation.
- Sponsored the "2021 Second Mediation Business Seminar for Mediation Members" organized by the Mediation Committee of the Tainan City Yanshui District Office.
- Sponsored the "2021 First Mediation Business Seminar for Mediation Members" organized by the Mediation Committee of the Tainan City Yanshui District Office.
- Sponsored the "Mid-Autumn Festival Party of the Environmental Protection Volunteer Team", organized by the Zhuxin Community Development Association, Houbi District, Tainan City.



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### Supported Mango Farmers in Tainan to Tide over the Pandemic

The COVID-19 pandemic in 2021 had a great impact on fruit farmers in southern Taiwan. In order to support local agriculture in Taiwan and help small farmers to overcome the pandemic, the company and the labor union worked together to purchase high quality mangoes from Tainan and share them with employees in Taiwan. The president of the labor union visited and selected small farmers in the Nanxi, Nanhua, and Baolai areas of Tainan City and ordered 3,000 boxes (18,000 kg) of Irwin mangoes for distribution to 2,700 employees in Taiwan, hoping to take care of the local farmers in Tainan who were affected by the pandemic and to express our gratitude to the hard-working personnel.



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### "Eat healthy, Support Small Farmers" Purchase of Taiwan's Organic Shiitake Mushroom



The Employee Welfare Committee (EWC) ordered organic shiitake mushroom before the 2021 dragon boat festival to share this local delicacy with all the employees, in order to support the local small farmers of Taiwan. The EWC Vice Chairman said: "Since I grew up in a farming family, I understand the hard work of farmers. We hope to buy the gifts for dragon boat festival directly from the local small farmers, so our employees can receive the gift that is the freshest produce directly from the place of source. Moreover, we hope to help those small farmers adopting eco-friendly farming techniques by purchasing their products. Let us do our share to help Taiwan's agriculture!"



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## 6.5 Corporate Citizenship



### Driving Industrial, Economic, Technological and ESG Development

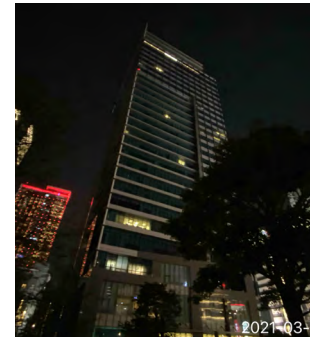
To drive social development, economic cooperation and exchange, and fulfill its CSR, Walsin Lihwa is actively participating in social and economic cooperation institutions (such as the Chinese International Economic Cooperation Association, Epoch Foundation, Cross-Strait Peace Foundation, Chinese National Association of Industry and Commerce Taiwan, The Third Wednesday Club, Cross-Straits Common Market Foundation and the Cross-Strait CEO Summit/Center for Corporate Sustainability). We will also joined the founding members of the CommonWealth Magazine Sustainability Association from 2021 to support sustainability-related activities and thereby demonstrate the corporate spirit of social inclusion.

### Support Industry-Academia Collaboration

Walsin Lihwa actively collaborates with academic institutions such as National Taiwan University, Chung Yuan Christian University, and National Chung Hsing University, in areas covering product innovation development and production management, EMBA, and Taiwan native plant conservation and breeding. By combining the needs of enterprises with the strength of academic research institutions, we can cultivate talents for enterprises and increase the added value of products and the performance of management services.

### Responding to "Earth Hour" and "Blue Lights for World Autism Awareness Day"

In response to the "Earth Hour" and "Blue Lights for World Autism Awareness Day", the Walsin Lihwa headquarters in Hsinyi Building turned off its lights for one hour on the evening of March 7, together with Taipei 101 and other famous buildings in Taiwan, in the hope of raising public awareness of the global warming issue. On April 2, in response to the "Blue Lights for World Autism Awareness Day" campaign, the company lit up blue lights together with more than 50 cities and countries and 3,000 famous buildings and scenic spots around the world, calling on everyone to care for the autistic community and create a friendly and accepting environment for society.



### 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 2021 to help promote traditional Chinese operas and help more people appreciate the beauty of such operas.

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Sponsored Wire Materials for the Workforce Development Agency's "National Skills Competition"



The Ministry of Labor organizes the "National Skills Competition" every year, providing a professional stage for the best performers in various occupations to compete on the same stage, and selects the best young participants with outstanding skills to represent the country in international skills competitions. Hsinchuang Plant under the Wire & Cable Business sponsored the wire materials for the 51st National Skills Competition in the Industrial Control (industrial wiring) category to support the development of vocational training and technical education.



Fighting against the Pandemic Together, Donated to Lo-Sheng Sanatorium and Hospital, Ministry of Health and Welfare



In mid-2021, the COVID-19 pandemic grew rapidly nationwide in Taiwan. In light of the shortage of medical supplies in hospital and increasing medical demands, Walsin donated NT\$1.2 million to Lo-Sheng Sanatorium and Hospital, Ministry of Health and Welfare (MOHW) for purchasing necessary medical supplies and relevant equipment in the hope of providing sufficient supports for medical professionals at the frontline to combat the pandemic.

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Universal Standards					
GRI 1: Foundation 2021					
		GRI content index	Appendix 1	159	
		Claims of reporting in accordance with the GRI Standards	About the Report	2	The report adopting GRI Universal Standards 2021
GRI 2: General Disclosures 2021					
The organization and its reporting practices					
	2-1	Organizational details	About the Report 2.1 About Walsin Lihwa	2 30	
	2-2	Entities included in the organization's sustainability reporting	About the Report	2	
	2-3	Reporting period, frequency and contact point	About the Report	2	
	2-4	Restatements of information	Appendix 2	165	The SASB industry standards were adopted in 2021 for disclosures at the plants suitable for the standards and a retrospective update of the data in 2020 was also made based on the standards.
	2-5	External assurance	About the Report Appendix 4	3 169	
Activities and workers					
	2-6	Activities, value chain and other business relationships	2.1 About Walsin Lihwa	30	
	2-7	Employees	4.1 Employee Overview and Talent Management Policy	88	
	2-8	Workers who are not employees	4.1 Employee Overview and Talent Management Policy	88	
Governance					
	2-9	Governance structure and composition	2.2.2 Board of Directors	37	
	2-10	Nomination and selection of the highest governance body	2.2.2 Board of Directors	37	
	2-11	Chair of the highest governance body	2.2.2 Board of Directors	38	

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	2-16	Communication of critical concerns	2.2.2 Board of Directors	37	
	2-17	Collective knowledge of the highest governance body	2.2.2 Board of Directors 2.2.3 Operations of Functional Committees	37 41	
	2-18	Evaluation of the performance of the highest governance body	2.2.2 Board of Directors	40	
	2-19	Remuneration policies			The highest governance body and the remuneration policy for senior managerial officers are introduced in the <a href="#">2021 annual report</a> : Corporate Governance Report > Remunerations to Directors, President and Vice Presidents in the Most Recent Year
	2-20	Process to determine remuneration			Please refer to the company's <a href="#">2021 Annual Report</a> : Corporate Governance Report > Corporate Governance Status > Composition, duties and operation of the Compensation Committee
	2-21	Annual total compensation ratio			A disclosure of the ratio of the highest annual compensation to the median annual compensation is being studied and not disclosed this time.
Strategy, policies and practices					
●	2-22	Statement on sustainable development strategy	Message from Chairman Progress Towards Sustainability 2.2.3 Operations of Functional Committees	4 9 41	
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	2-25	Processes to remediate negative impacts	2.4.2 Integrity Policy 2.4.3 Risk Management	47 50	
	2-26	Mechanisms for seeking advice and raising concerns	2.4 Business Integrity	46	
	2-27	Compliance with laws and regulations	2.4 Business Integrity 4.3 Workplace Health and Safety 4.4 Employee Care and Communication 5.3 Resource Recycling and Pollution Prevention	46 105 110 144	
	2-28	Membership associations	2.1 About Walsin Lihwa	32	
	Stakeholder engagement				
	2-29	Approach to stakeholder engagement	1.1 Stakeholder Engagement	18	
	2-30	Collective bargaining agreements			The company did not sign any collective bargaining agreements with the trade union.
	GRI 3: Material Topics 2021				
	3-1	Process to determine material topics	1.2 Material Topic Analysis	22	
	3-2	List of material topics	1.3 Disclosure of Management Strategies	23	
	3-3	Management of material topics	1.3 Disclosure of Management Strategies	23	
	Economic topics				
	GRI 201: Economic Performance 2016				
	201-1	Direct economic value generated and distributed	2.3 Business Performance	44	Please refer to the company's <a href="#">2021 Annual Report</a> .
	201-2	Financial implications and other risks and opportunities due to climate change	5.2 Climate Change and Energy Management	124	
	201-3	Defined benefit plan obligations and other retirement plans	4.4 Employee Care and Communication	117	
	GRI 202: Market Presence 2016				
	202-2	Proportion of senior management hired from the local community	4.1 Employee Overview and Talent Management Policy	90	
	GRI 204: Procurement Practices 2016				
	204-1	Proportion of spending on local suppliers	3.5 Sustainable Supply Chain	81	

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Material Topic	GRI Standards	Information Disclosed	Corresponding chapter	Page	Remarks
●	GRI 205: Anti-corruption 2016				
	205-2	Communication and training about anti-corruption policies and procedures	2.4 Business Integrity	47	
	205-3	Confirmed incidents of corruption and actions taken	2.4 Business Integrity	47	No violation
●	GRI 206: Anti-competitive Behavior 2016				
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices			No violation
Environmental topics					
	GRI 301: Materials 2016				
	301-3	Reclaimed products and their packaging materials	3.2 Green Operation	74	
	GRI 302: Energy 2016				
	302-1	Energy consumption within the organization	5.2 Climate Change and Energy Management	128	
	302-3	Energy intensity	5.2 Climate Change and Energy Management	129	
	302-4	Reduction of energy consumption	5.2 Climate Change and Energy Management	130	
●	GRI 303: Water and Effluents 2018				
	303-1	Interactions with water as a shared resource	5.3 Resources Recycling and Pollution Prevention	136	
	303-2	Management of water discharge-related impacts	5.3 Resources Recycling and Pollution Prevention	139	
	303-3	Water withdrawal	5.3 Resources Recycling and Pollution Prevention	136	
	303-5	Water consumption	5.3 Resources Recycling and Pollution Prevention	136	
●	GRI 305: Emissions 2016				
	305-1	Direct (Scope 1) GHG emissions	5.2 Climate Change and Energy Management	133	
	305-2	Energy indirect (Scope 2) GHG emissions	5.2 Climate Change and Energy Management	133	
	305-4	GHG emissions intensity	5.2 Climate Change and Energy Management	133	
	305-5	Reduction of GHG emissions	5.2 Climate Change and Energy Management	130	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	5.3 Resources Recycling and Pollution Prevention	134	

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Material Topic	GRI Standards	Information Disclosed	Corresponding chapter	Page	Remarks
●	GRI 306: Waste 2020				
	306-1	Waste generation and significant waste-related impacts	5.1 Environmental and Energy Management Policy	122	
	306-2	Management of significant waste-related impacts	5.1 Environmental and Energy Management Policy 5.3.4 Waste and Resource Recycle	122 141	
	306-3	Waste generated	5.3.4 Waste and Resource Recycle	141	
	306-4	Waste diverted from disposal	5.3.4 Waste and Resource Recycle	141	
	306-5	Waste directed to disposal	5.3.4 Waste and Resource Recycle	141	
	Social topics				
	GRI 401: Employment 2016				
	401-1	New employee hires and employee turnover	4.1 Employee Overview and Talent Management Policy	89	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.4 Employee Care and Communication	110	
	401-3	Parental leave	4.4 Employee Care and Communication	111	
●	GRI 402: Labor/Management Relations 2016				
	402-1	Minimum notice periods regarding operational changes	4.4 Employee Care and Communication	110	
●	Occupational Health and Safety 2018				
	403-1	Occupational health and safety management system	4.3 Workplace Health and Safety	98	
	403-2	Hazard identification, risk assessment, and incident investigation	4.3 Workplace Health and Safety	100	
	403-3	Occupational health services	4.3 Workplace Health and Safety	107	
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.3 Workplace Health and Safety	100	
	403-5	Worker training on occupational health and safety	4.3 Workplace Health and Safety	101	
	403-6	Promotion of worker health	4.3 Workplace Health and Safety	107	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.3 Workplace Health and Safety	100	
	403-9	Work-related injuries	4.3 Workplace Health and Safety	102	
	403-10	Work-related ill health	4.3 Workplace Health and Safety	102	



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Material Topic	GRI Standards	Information Disclosed	Corresponding chapter	Page	Remarks
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	95	
	404-2	Programs for upgrading employee skills and transition assistance programs			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.
	404-3	Percentage of employees receiving regular performance and career development reviews			All employees are periodically evaluated.
GRI 405: Diversity and Equal Opportunity 2016					
	405-1	Diversity and Equal Opportunity 2016	2.2 Governance Framework 4.1 Employee Overview and Talent Management Policy	38 88	
	405-2	Ratio of basic salary and remuneration of women to men	4.1 Employee Overview and Talent Management Policy	94	
GRI 406: Non-discrimination 2016					
	406-1	Incidents of discrimination and corrective actions taken			No violation
GRI 408: Child Labor 2016					
	408-1	Operations and suppliers at significant risk for incidents of child labor	4.1 Employee Overview and Talent Management Policy 3.5 Sustainable Supply Chain	93 81	
GRI 416: Customer Health and Safety 2016					
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services			No violation
GRI 417: Marketing and Labeling 2016					
	417-2	Incidents of non-compliance concerning product and service information and labeling			No violation
	417-3	Incidents of non-compliance concerning marketing communications			No violation
GRI 418: Customer Privacy 2016					
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.4.2 Protection of Customer Privacy	80	No violation
G4 Construction and Real Estate Sector Disclosures					
	CRE1	Building energy intensity	5.2 Climate Change and Energy Management	129	

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Appendix 2: Sustainability Accounting Standards Board (SASB) Index

Walsin Lihwa’s selection of applicable disclosure topics from the SASB Materiality Map’s 77 industries within 11 thematic sectors takes into account the Company’s operations and what is advised by competent authorities:

■ Sector: Resource Transformation, Extractives & Minerals Processing

■ Industry: Electrical & Electronic Equipment, Iron & Steel Producers

Electrical & Electronic Equipment

Topic Boundaries: wire and cable business unit (Yangmei Plant, Hsinchuang Plant, Dongguan Walsin, Shanghai Walsin, Jiangyin Walsin (Steel Cable))

Sustainability Disclosure Topics & Accounting Metrics

Topic	Code	Accounting Metrics	2020 Quantitative Data <sup>note</sup>	2021 Quantitative Data	Corresponding chapter	Page
Energy Management	RT-EE-130a.1	(1) Total energy consumed	872,819.25x10 <sup>9</sup> joule	992,812.8x10 <sup>9</sup> joule	5.2.2 Energy Saving and Carbon Reduction Management	128
		(2) Percentage grid electricity	100.00%	100.00%	5.2.2 Energy Saving and Carbon Reduction Management	128
		(3) Percentage renewable	0.00%	0.00%	5.2.2 Energy Saving and Carbon Reduction Management	128
Hazardous Waste Management	RT-EE-150a.1	Amount of hazardous waste generated	1,815.13 metric tons	38.05 metric tons	5.3.4 Waste and Resource Recycle	141
		Percentage of hazardous waste recycled	0.00%	0.00%	5.3.4 Waste and Resource Recycle	141
	RT-EE-150a.2	Number of reportable spills	0	0		
		Aggregate quantity of reportable spills	0 kg	0 kg		
		Aggregate quantity of reportable spills recovered	0 kg	0 kg		
Product Safety	RT-EE-250a.1	Numbers of recalls issued	0	0		
		Total units recalled	0	0		
	RT-EE-250a.2	Total amount of monetary losses as a result of legal proceedings associated with product safety	NT\$0	NT\$0		
Product Lifecycle Management	RT-EE-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	7.22%	6.25%		
	RT-EE-410a.2	Percentage of eligible products, by revenue, that meet ENERGY STAR® criteria	N/A	N/A		
	RT-EE-410a.3	Revenue from renewable energy-related and energy efficiency-related products	NT\$334,240,562	NT\$1,107,262,705	3.2.3 Green Products	71
Materials Sourcing	RT-EE-440a.1	Description of the management of risks associated with the use of critical materials			2.4.3 Risk Management	52

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Topic	Code	Accounting Metrics	2020 Quantitative Data <sup>note</sup>	2021 Quantitative Data	Corresponding chapter	Page
Business Ethics	RT-EE-510a.1	Description of policies and practices for prevention of: (1) corruption and bribery			2.4 Business Integrity	46
		Description of policies and practices for prevention of: (2) anti-competitive behavior			2.4 Business Integrity	46
	RT-EE-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	NT\$0	NT\$0		
	RT-EE-510a.3	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	NT\$0	NT\$0		

Activity Metrics

Code	Activity Metric	2020 Quantitative Data <sup>note</sup>	2021 Quantitative Data	Corresponding chapter	Page
RT-EE-000.A	Number of units produced by product category	Copper-making: 179,540 metric tons Wire & Cable: 37,176 metric tons	Copper-making: 201,646 metric tons Wire & Cable: 48,143 metric tons	3.1 Product and Technology Innovation	59
RT-EE-000.B	Number of employees	1,126 persons	1,134 persons		
	The percentage of the revenues of the aforementioned activity metrics and topic boundaries in consolidated revenues	36.1%	41.6%		

Note: The 2020 report disclosed the consolidated data of topic boundaries. The SASB industry standards were adopted in 2021 for disclosures at the plants suitable for the standards. The Company's Wire & Cable Business Group's data were disclosed accordingly and a retrospective update of the data was made based on the standards.

Iron & Steel Producers

Topic Boundaries: Stainless steel business unit ( Yenshui Plant,Taichung Plant,Yantai Walsin,Changshu Walsin,Jiangyin Walsin (Specialty Alloy Materials ),Walsin Precision

Sustainability Disclosure Topics & Accounting Metrics

Topic	Code	Accounting Metrics	2020 Quantitative Data <sup>note</sup>	2021 Quantitative Data	Corresponding Chapter	Page
Greenhouse Gas Emissions	EM-IS-110a.1	Gross global Scope 1 emissions covered under emissions-limiting regulations	171,122.78MT CO <sub>2</sub> e	179,032.53MT CO <sub>2</sub> e	5.2.2 Energy Saving and Carbon Reduction Management	133
		Percentage covered under emissions-limiting regulations	0.00%	0.00%	5.2.2 Energy Saving and Carbon Reduction Management	133
	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	127



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Topic	Code	Accounting Metrics	2020 Quantitative Data <sup>note</sup>	2021 Quantitative Data	Corresponding Chapter	Page
Air Emissions	EM-IS-120a.1	Air emissions of: (1) CO	0 metric tons	0 metric tons	5.3.1 Air Pollution Control and Amount of Pollutant Emission	134
		Air emissions of: (2) NOx (excluding N <sub>2</sub> O)	99.04 metric tons	127.46 metric tons	5.3.1 Air Pollution Control and Amount of Pollutant Emission	134
		Air emissions of: (3) SOx	10.18 metric tons	10.29 metric tons	5.3.1 Air Pollution Control and Amount of Pollutant Emission	134
		Air emissions of: (4) particulate matter (PM <sub>10</sub> )	85.71 metric tons	57.12 metric tons	5.3.1 Air Pollution Control and Amount of Pollutant Emission	134
		Air emissions of: (5) manganese (MnO)	0 metric tons	0 metric tons	5.3.1 Air Pollution Control and Amount of Pollutant Emission	134
		Air emissions of: (6) lead (Pb)	0 metric tons	0 metric tons	5.3.1 Air Pollution Control and Amount of Pollutant Emission	134
		Air emissions of: (7) volatile organic compounds (VOCs)	3.33 metric tons	11.73 metric tons	5.3.1 Air Pollution Control and Amount of Pollutant Emission	134
		Air emissions of: (8) polycyclic aromatic hydrocarbons (PAHs)	0 metric tons	0 metric tons	5.3.1 Air Pollution Control and Amount of Pollutant Emission	134
Energy Management	EM-IS-130a.1	(1) Total energy consumed	7,246,262.27x10 <sup>9</sup> joule	7,680,406.05x10 <sup>9</sup> joule	5.2.2 Energy Saving and Carbon Reduction Management	128
		(2) Percentage grid electricity	100.00%	100.00%	5.2.2 Energy Saving and Carbon Reduction Management	128
		(3) Percentage renewable	0.00%	0.00%	5.2.2 Energy Saving and Carbon Reduction Management	128
	EM-IS-130a.2	(1) Total fuel consumed	2,124,972,460x10 <sup>9</sup> joule	2,340,843,446x10 <sup>9</sup> joule	5.2.2 Energy Saving and Carbon Reduction Management	128
		(2) Percentage coal	0.00%	0.00%	5.2.2 Energy Saving and Carbon Reduction Management	128
		(3) Percentage natural gas	100.00%	100.00%	5.2.2 Energy Saving and Carbon Reduction Management	128
		(4) Percentage renewable	0.00%	0.00%	5.2.2 Energy Saving and Carbon Reduction Management	128
Water Management	EM-IS-140a.1	(1) Total fresh water withdrawn	1,127.69x10 <sup>3</sup> m <sup>3</sup>	1,225.63x10 <sup>3</sup> m <sup>3</sup>	5.3.2 Water Resource Utilization	136
		(2) Percentage recycled	92.86%	92.39%	5.3.2 Water Resource Utilization	138
		(3) Percentage in regions with High or Extremely High Baseline Water Stress	17.51%	17.51%	5.3.2 Water Resource Utilization	136
Waste Management	EM-IS-150a.1	Amount of waste generated	239,235.44 metric tons	195,506.33 metric tons	5.3.4 Waste and Resource Recycle	141
		Percentage hazardous	27.23%	36.65%	5.3.4 Waste and Resource Recycle	141
		Percentage recycled	98.58%	98.53%	5.3.4 Waste and Resource Recycle	141
Workforce Health & Safety	EM-IS-320a.1	(1) Total recordable incident rate (TRIR) for (a) full-time employees	0.00	0.00	4.3.2 Safe Work Environment	104
		(1) Total recordable incident rate (TRIR) for (b) contract employees	1.47	1.78	4.3.2 Safe Work Environment	104
		(2) Fatality rate for (a) full-time employees	0.00	0.00	4.3.2 Safe Work Environment	104

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Topic	Code	Accounting Metrics	2020 Quantitative Data <sup>note</sup>	2021 Quantitative Data	Corresponding Chapter	Page
Workforce Health & Safety	EM-IS-320a.1	(2) Fatality rate for (b) contract employees	0.00	0.00	4.3.2 Safe Work Environment	104
		(3) Near miss frequency rate (NMFR) for (a) full-time employees	3.11	6.22	4.3.2 Safe Work Environment	101
		(3) Near miss frequency rate (NMFR) for (b) contract employees	0.00	0.00	4.3.2 Safe Work Environment	101
Supply Chain Management	EM-IS-430a.1	Discussion of the process for managing iron ore and/or coking coal sourcing risks arising from environmental and social issues		N/A		

Activity Metrics

Code	Activity Metric	2020 Quantitative Data <sup>note</sup>	2021 Quantitative Data	Corresponding Chapter	Page
EM-IS-000.A	Raw steel production from: (1) basic oxygen furnace processes	N/A	N/A		
	Percentage from: (1) basic oxygen furnace processes	N/A	N/A		
	Raw steel production from: (2) electric arc furnace processes	494,001 metric tons	661,598 metric tons	3.1 Product and Technology Innovation	59
	Percentage from: (2) electric arc furnace processes	100.00%	100.00%		
EM-IS-000.B	Percentage from: (2) electric arc furnace processes	N/A	N/A		
EM-IS-000.C	Total iron ore production	N/A	N/A		
	The percentage of the revenues of the aforementioned activity metrics and topic boundaries in consolidated revenues	40.9%	41.7%		

Note: The 2020 report disclosed the consolidated data of topic boundaries. The SASB industry standards were adopted in 2021 for disclosures at the plants suitable for the standards. The Company's Stainless Steel Business Group's data were disclosed accordingly and a retrospective update of the data was made based on the standards.

Appendix 3: Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability 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	1.2 Material Topic Analysis	22	
	2.4.3 Risk Management	50	
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	94	
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	53	
	5.2 Climate Change and Energy Management	124	





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## Appendix A: Summary of Selected Subject Matter Information

#	Assurance Subject Matter(GRI Standards/ SASB <sup>1</sup> Standards)	Descriptions of Indicators	Corresponding Section	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 Taichung site.
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 303-3: 2018	Water withdrawal	5.3 Resource Recycling and Pollution Prevention	The total water withdrawal by source of the Taichung site.
5	GRI 403-4: 2018	Worker participation, consultation, and communication on occupational health and safety	4.3 Workplace Health and Safety	The workers' participation, consultation and communication process of Environment, Health, and Safety Committee of the Jiangyin site.
6	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 of the Taipei head office, Taichung site and Jiangyin site.
7	GRI 418-1: 2016	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.4.2 Protection of Customer Privacy	The number of complaints concerning breaches of customer privacy and losses of customer data of the Taichung site.
8	EM-IS-130a.2	(1) Total fuel consumed, (2) percentage coal, (3) percentage natural gas, (4) percentage renewable	Appendix 2 Sustainability Accounting Standards Board (SASB) Index	The proportion of total fuel and natural gas energy consumption of the Taichung site.
9	EM-IS-150a.1	Amount of waste generated, percentage hazardous, percentage recycled	Appendix 2 Sustainability Accounting Standards Board (SASB) Index	The amount of waste generated, percentage hazardous and percentage recycled of Taichung site.
10	EM-IS 320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) full-time employees and (b) contract employees	Appendix 2 Sustainability Accounting Standards Board (SASB) Index	Total recordable incident rate (TRIR), Fatality rate, Near miss frequency rate (NMFR) for full-time employees and contract employees of Taichung site.
11	RT-EE-410a.3	Revenue from renewable energy-related and energy efficiency-related products	Appendix 2 Sustainability Accounting Standards Board (SASB) Index	Revenue from renewable energy-related products (pre-stressed concrete steel strands) of the Jiangyin site.
12	Designated indicator 1	The percentage of suppliers responded to the Sustainability Self-Assessment Form	3.5 Sustainable Supply Chain	The percentage of suppliers responded to the Sustainability Self-Assessment Form of the Taipei head office.
13	Designated indicator 2	Results of key suppliers' risk identification	3.5 Sustainable Supply Chain	The percentage of key suppliers' risk identification of the Taipei head office.
14	Designated indicator 3	Cost of employee training	2021 Performance Overview	The cost of employee training of the Taipei head office.
15	Designated indicator 4	Total amount of social engagement	6.1 Social Engagement Policy	The total amount of social engagement of the Taipei head office.
16	Designated indicator 5	Results of customer satisfaction survey	3.4 Mutually Beneficial Value Creation	The results of customer satisfaction survey of the Taichung and Jiangyin site.
17	Designated indicator 6	Weight of material used	3.2 Green Operation	The weight of reusable and non-reusable raw materials used of the Taichung site.
18	Designated indicator 7	The ratio of reusable raw materials used	3.2 Green Operation	The proportion of the use of reusable raw materials (rolled coils and wire rods) to the total use of raw materials of the Taichung and Jiangyin site.
19	Designated indicator 8	Violation of environmental compliance	5.3 Resource Recycling and Pollution Prevention 2.4 Business Integrity	The fines and non-monetary penalties for violating environmental compliance of the Taichung and Jiangyin site.
20	Designated indicator 9	Violation of socioeconomic compliance	4.1 Employee Overview and Talent Management Policy 4.3 Workplace Health and Safety	The number and penalty amount for violating socioeconomic compliance of the Taipei head office, Taichung site and Jiangyin site.

<sup>1</sup> Refers to the SASB standards formulated by the Sustainability Accounting Standards Board.





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