

2022

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^{Note1} 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, 2022 and lasted through December 31, 2022. Walsin Lihwa's business scope covers wire and cable, stainless steel, resources business as well as real estate. What is disclosed herein includes the Company's important business locations^{Note2} including:

Region	Taiwan	Mainland China	Malaysia
Wire and Cable Business	Yangmei Plant, Hsinchuang Plant	Dongguan Walsin Wire & Cable Ltd. (hereinafter referred to as "Dongguan Walsin") Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. (hereinafter referred to as "Shanghai Walsin")	
Stainless Steel Business	Yenshui Plant, Taichung Plant	Yantai Walsin Stainless Steel Co., Ltd. (hereinafter referred to as "Yantai Walsin") Changshu Walsin Specialty Steel Co., Ltd. (hereinafter referred to as "Changshu Walsin") Jiangyin Walsin Specialty Alloy Materials Co., Ltd. (hereinafter referred to as "Jiangyin Walsin (Specialty Alloy Materials)") Jiangyin Walsin Steel Cable Co., Ltd. (hereinafter referred to as "Jiangyin Walsin (Steel Cable)")	
Real Estate Business	Taipei Head Office	Walsin (Nanjing) Development Co., Ltd. (hereinafter referred to as "Nanjing Walsin (Real Estate)") Nanjing Walsin Property Management Co., Ltd. (hereinafter referred to as "Nanjing Walsin (Property Mgmt.)")	
Other		Walsin China Investment Co., Ltd. (hereinafter referred to as "Walsin China Investment")	Walsin Precision Technology Sdn. Bhd. (hereinafter referred to as "Walsin Precision")

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.
3. On November 30, 2022, Cogne Acciai Speciali (CAS) in Italy became a Walsin Lihwa subsidiary. The CAS corporate sustainability report is available at <https://www.cogne.com/en>.

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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, 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 14067, ISO 45001, ISO 46001 and ISO 50001^{Note}.

External Assurance

The Chinese version of this report was externally reviewed by Deloitte & Touche in accordance with the Statements of Assurance Engagements Standards No. 3000 "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

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 2022

Current issue: Published in May 2023

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

Contacts

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

Contact method:

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

TEL: 02-8726-2211 ext.6398

E-mail: csr@walsin.com

Company website: www.walsin.com

Note: 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 14067 Carbon Footprint of Products : Hsinchuang Plant

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

ISO 46001 Water Efficiency Management Systems : Taichuang plant

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

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Message from Chairman

Dear Friends,

Global businesses continue to face economic volatility, geopolitical conflicts, shifting competitive landscapes, and escalating trade barriers. In addition, they are confronted with various environmental issues such as climate change, environmental protection, and energy conservation. For Walsin Lihwa in 2022, it is a year full of challenges and opportunities. We remain focused on enhancing our core capabilities by utilizing technology to pursue digital transformation and smart manufacturing, so that we can stay abreast with rapidly changing environment and move steadfastly forward.

Believing business success should be built on sustainable development, Walsin Lihwa reviews its environmental, social, and governance (ESG) practices on a regular basis to proactively identify operational risks, develop medium- and long-term objectives and strategies, and integrate cross-functional resources and strengths to strengthen sustainability initiatives. To continue improving the transparency and quality of sustainability information disclosure, we are an early adopter of the Task Force on Climate Related Financial Disclosures (TCFD) standard and the Sustainability Accounting Standards Board (SASB) standard in line with international trends and also comply with the requirements for disclosure of climate-related information as well as specific industries' disclosure of sustainability indicators announced by the Taiwan Stock Exchange in 2022. Moreover, there are annual sustainability reports to fully disclose our performance against sustainable management indicators and actively respond to the issues of stakeholders' concern.

Ongoing Improvement of Sustainability Governance to Strengthen Risk Control

Corporate governance-wise, Walsin Lihwa's effective implementation of the Taiwan Intellectual Property Management System (TIPS) has earned Class A certification from the TIPS for promoting product innovations and upgrades as well as smart manufacturing to create high added values. Moreover, supplier conventions as well as education and training for the board, senior executives, and employees to promote compliance and integrity take place on a regular basis. In 2022, Walsin Lihwa established the Rules Governing the Preparation and Filing of Sustainability Reports to include the operational procedure for sustainability report preparation and validation into the company internal control system for ongoing improvement of governance. Therefore, Walsin Lihwa has been a Taiwan Corporate Sustainability Award winner multiple times, ranked among the top 5% in the Corporate Governance Assessment conducted by the Corporate Governance Center of the Taiwan Stock Exchange, received a twA- long-term rating and a positive outlook rating from the Taiwan Ratings Corp. The company is also a constituent stock of the FTSE4Good TIP Taiwan ESG Index, Taiwan EMP 99 Index, and Taiwan Corporate Governance 100 index for its widely recognized sustainability performance.

In terms of risk management, Walsin Lihwa has been strengthening its TCFD framework implementation to dynamically assess the opportunities and risks in the framework for long-term transformation strategy development. Aware of the importance of data security in the digital era,

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we implemented the ISO 27001 Information Security Management System in 2022 and obtained third party certification of the implementation to ensure information confidentiality, integrity, and availability throughout the company by effective risk management to strengthen corporate resilience.

Commitment to Energy Development for Effective Energy Saving Transformation

Walsin Lihwa is aware of the importance of energy saving and emission reduction in the manufacture sector to decrease greenhouse gas emissions and strengthen energy efficiency through industry upgrades and energy development. We are committed to high value development of products and does so by starting from our core businesses for resource industry chain development including energy creation, storage, transportation, and utilization to develop green products and materials, so that we can better achieve the objectives of low-carbon circular economy with readily available new energies. In 2022, our cooperation with the National Taiwan University to establish an R&D Innovation Center facilitates the development of green circular technologies, applications of wastes, a green metal supply chain, green energies, as well as energy-saving and carbon reduction technologies.

In response to Taiwan's policy for net zero by 2050 and relevant global trends, Walsin Lihwa has developed a specific net zero roadmap. Over the past several years, the company has been strengthening production process and equipment performance optimization, and completed implementing the ISO 14064-1 standard for its greenhouse gas inventory at the plants in Taiwan and Mainland China and also completed implementing the ISO 50001 Energy Management System. The Taiwan plants' ISO 14064-1 implementation has obtained third-party certification, which is planned to be obtained by the plants in Mainland China in 2023. The Taiwan plants have completed their carbon footprint inventory of major products according to the ISO 14067 standard and the Hsinchuang plant has obtained third-party certification of product carbon footprints.

Enhancement of Organizational Competencies and Stronger Social Engagement

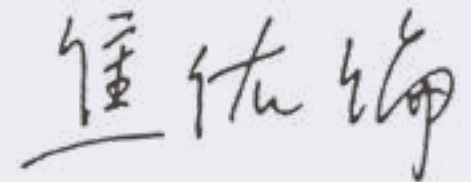
Talents are the most precious assets of Walsin Lihwa. With the advent of the era of intelligence accompanied by ever innovative technologies, Walsin Lihwa lives up to the ideal of full participation throughout the company and dedicates itself to development of a learning environment with study groups, workshops, online courses, the TPS training of professional vocational skills, and learning by doing projects to improve multiple practical experiences and encourage cross-domain knowledge learning, so that employees can

effectively explore their potentials and talents in an environment full of challenges and opportunities. While promoting employee growth, we continue improving the friendly environment at our company to make employees feel happy. There are an employee gym and health counseling courses on a regular basis to take care of employees' physical and mental health, PTA events to strengthen new employees' affinity for the company, emphasis on the management of migrant workers social activities with respect for culture and faith diversity, and multilingual courses to strengthen teamwork interaction.

Social engagement-wise, Walsin Lihwa subscribes to the ideal of common good for both society and businesses to dedicate itself to positive and balanced social development. To rescue an endangered indigenous language in Taiwan for cultural preservation, We have been the first to support the United Nations' International Decade of Indigenous Languages by audio-video recording of an aboriginal ballad class's indigenous language learning by signing and the language spoken by tribal elderlies as a precious cultural heritage archive to demonstrate Taiwan's multicultural vitality. In 2022, we continued helping improve children's education and commenced the 2nd phase of our Light Up the Corners throughout Taiwan project, "50 Questions for Children's Creative Thinking on the Theory of Inventive Problem Solving (TRIZ)" has been donated to 75 elementary and junior high Schools in the neighborhoods of our Taiwan sites, sponsor educational newspaper subscription to help strengthen reading comprehension and after-school tutoring at these schools, and support the Sunshine Social Welfare Foundation's used book donation program. In terms of environmental sustainability, there were promotion of food and agricultural education, contract farming of Taiwan kiwifruits, and a documentary on such farming to support local agriculture, prompt more people to cherish the land of Taiwan, and strengthen public understanding of environmentally friendly farming.

Manifested Corporate Value of Sustainability

Walsin Lihwa not only pursues growth and profitability but also does its best to become a good corporate citizen, incorporate sustainability into its strategic vision, and use core competencies to carry out the ESG ideal in daily operations. Walsin Lihwa hopes all its employees can continue improving themselves on their individual posts to grasp every opportunity to create a better future for society and work with different categories of stakeholders to create even higher value out of sustainability.



Chairman, Yu-Lon Chiao

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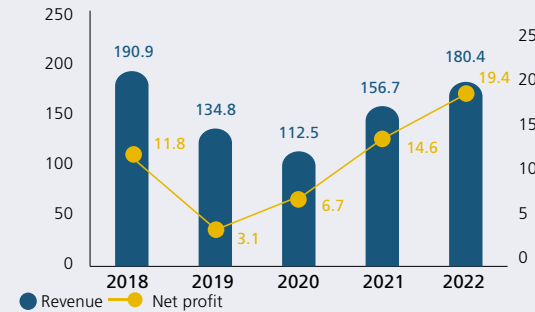
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2022 Performance Overview

Economic

Revenue and net profit

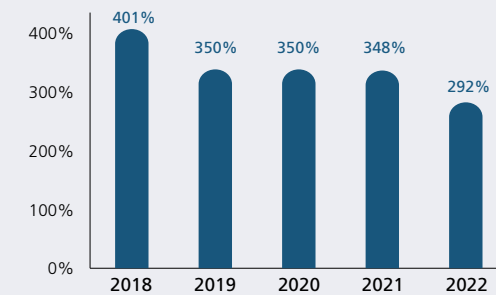
Unit: NT\$ billion



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

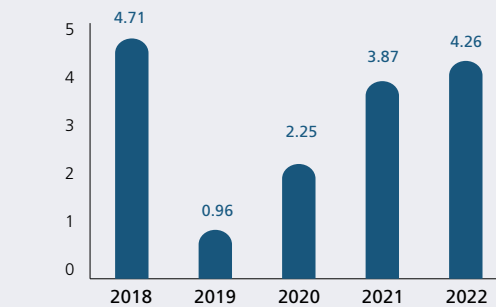
Long-term capital to fixed assets

Unit: %



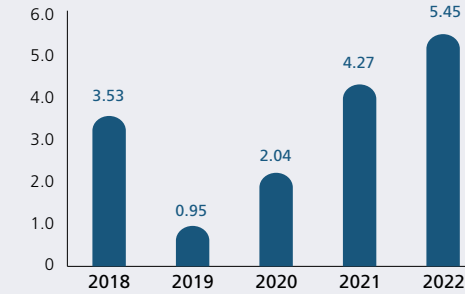
Income tax

Unit: NT\$ billion



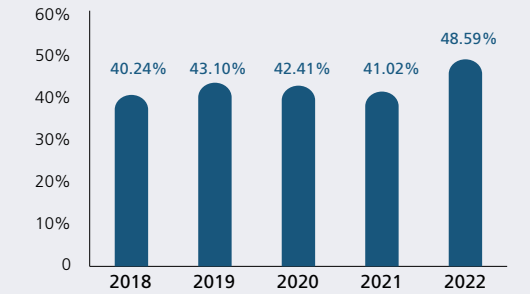
EPS

Unit: NT\$/share



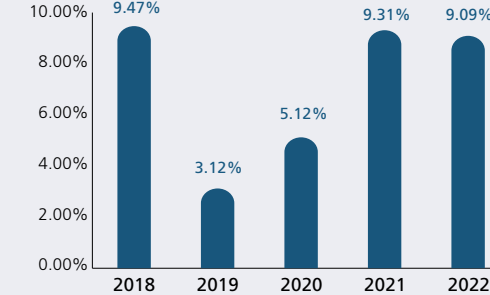
Debt asset ratio

Unit: %



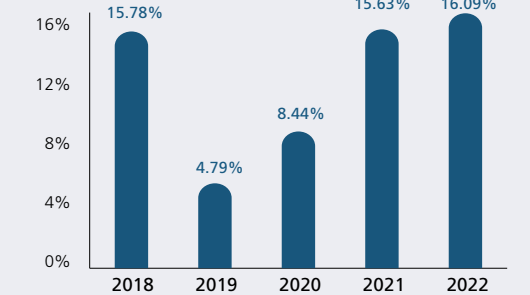
Return on assets

Unit: %



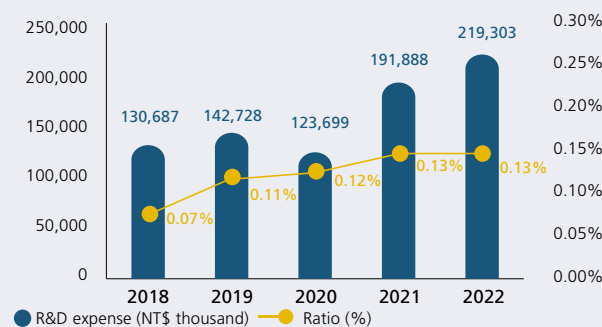
Return on shareholders' equity

Unit: %



R&D expense^{Note} and ratio

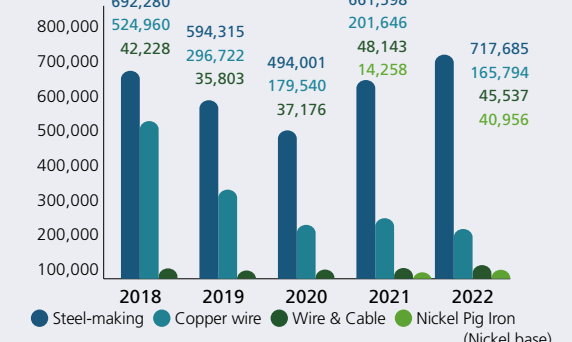
Unit: NT\$ thousand; %



Note: Expenses = Operating cost + Operating expenses

Volume of production

Unit: Mt



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

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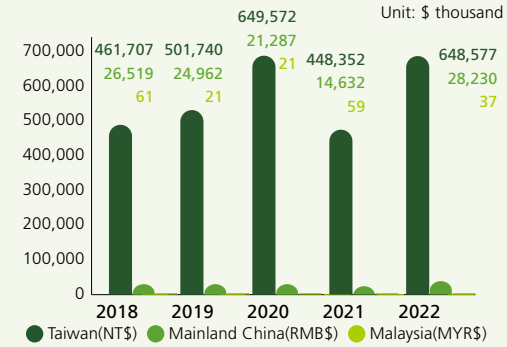
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Environmental

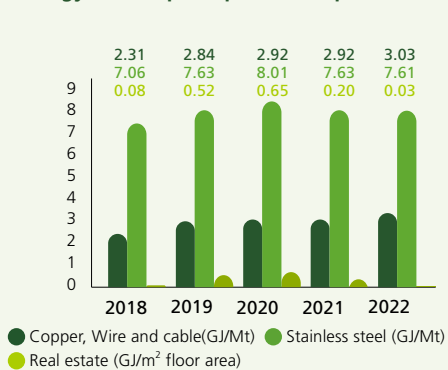
Environmental protection expenses



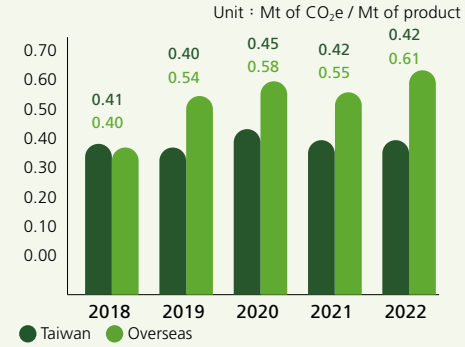
Nitrogen oxide emissions (Taiwan)



Energy consumption per unit of product



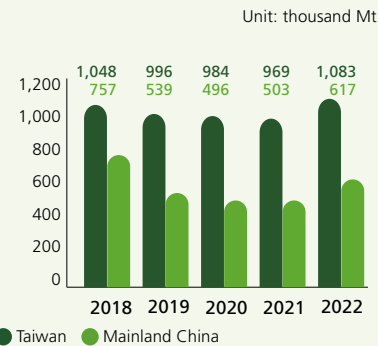
Intensity of greenhouse gas (GHG) emissions



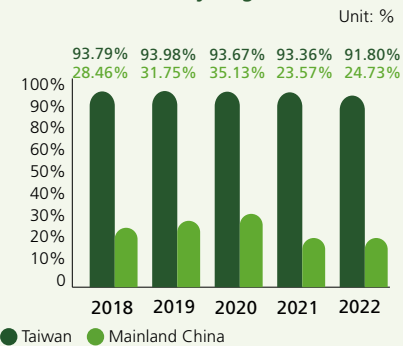
Sulfur oxide emissions (Taiwan)



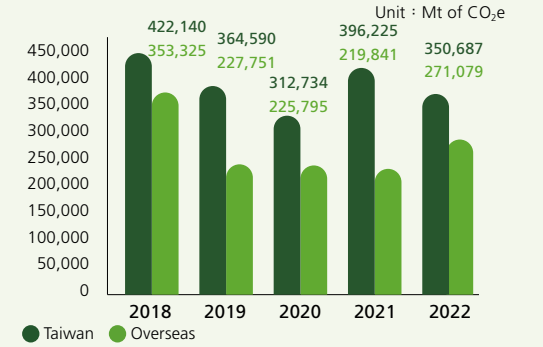
Purchased water withdrawal



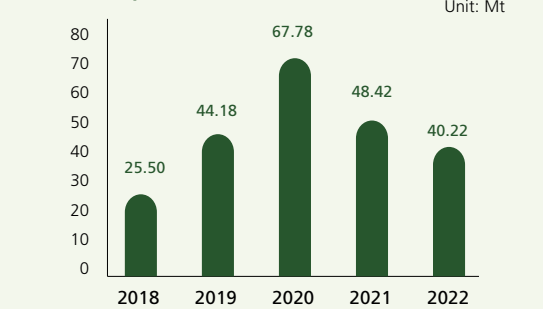
Process water recycling rate



GHG emissions (Scope 1, Scope 2)

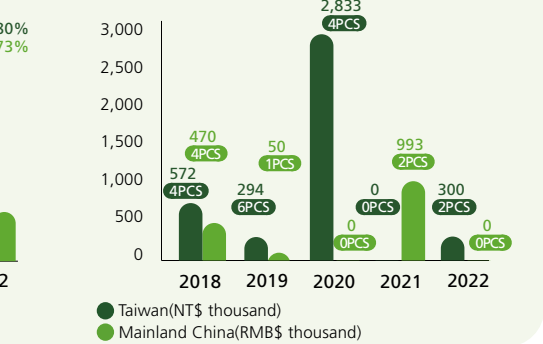


Particulate pollutant emissions (Taiwan)



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

Number and amount of environmental protection related fines



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Social

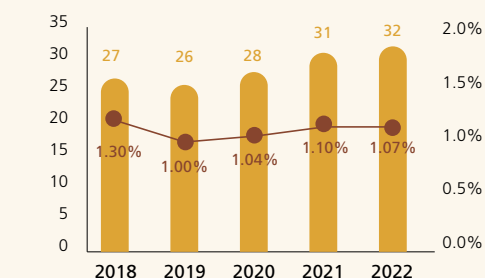
Number of employees



● Total employees ● Number of female employees

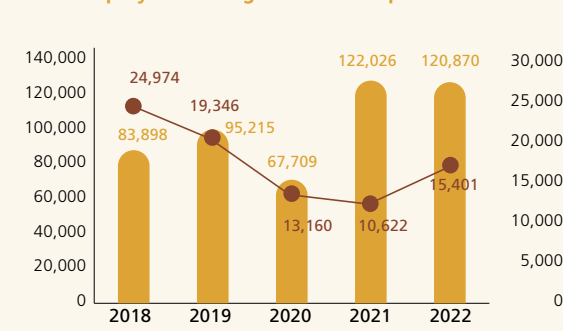
Note: The number of employees of PT. Sunny Metal Industry and Cogne Acciai Speciali was included in 2022.

Employment of the mentally or physically handicapped (Taiwan)



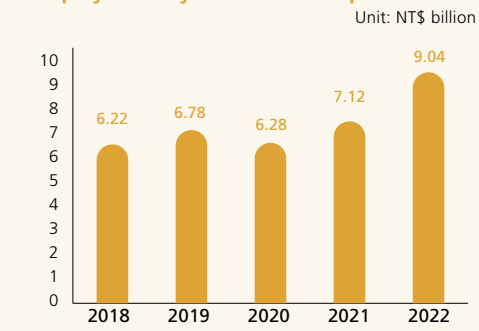
● Number of mentally or physically handicapped employees
— Percentage of mentally or physically handicapped employees

Total employee training hours and expense



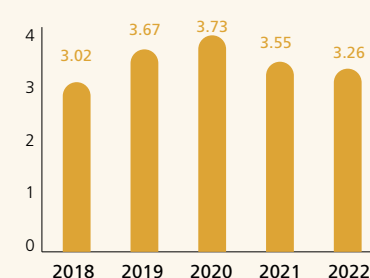
● Number of hours — NT\$ thousand

Employee salary and benefits expenses



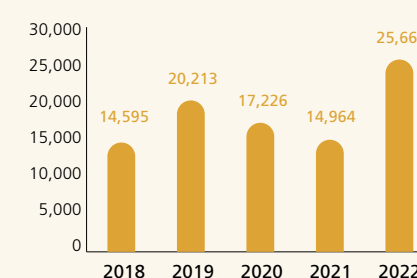
Frequency of disabling injuries

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



Social engagement and charity expenses

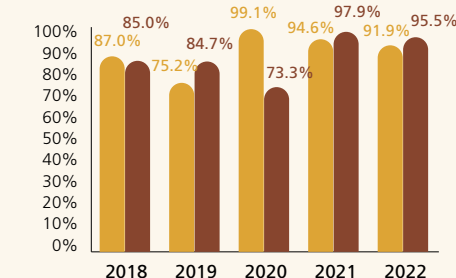
Unit: NT\$ thousand



Note: Total expenses in Taiwan and Mainland China

Percentage of suppliers that signed the Letter of Commitment to CSR

Unit: %



● Key Supplier ● New Supplier



In the **top 5%** of the outstanding companies recognized by the Corporate Governance Evaluation for 6 consecutive years



A Taiwan Corporate **Sustainability Award winner** in 2022 with a Top 100 Corporate Sustainability Award, a platinum award for the sustainability report and a bronze award for the English version of the report



A twa- long-term credit rating and a **positive rating outlook** received from Taiwan Ratings



A constituent stock of the FTSE4Good TIP Taiwan ESG Index, Taiwan Employment Creation 99 Index, and Taiwan Corporate Governance 100 Index



Class A certification by the Taiwan Intellectual Property Management System

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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**
- **Development of a friendly work environment and an innovative learning organization**
- **Effective implementation of carbon reduction and energy efficiency to enable green production**
- **Ongoing improvement of corporate governance to ensure business sustainability**
- **Thorough safety management to create an outstanding workspace**
- **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"> Promote legal compliance and provide education and training on business integrity as well as compliance requirements Improve and perfect business integrity-related regulations and systems Implement business integrity and establish anti-bribery management mechanisms Identify the risks associated with business integrity violations at individual plant sites to accordingly develop preventive measures 	<ul style="list-style-type: none"> Continued promoting business integrity by providing relevant education and training while ensuring legal compliance with relevant regulations and systems to enhance employees' consciousness of business integrity and further strengthen the business integrity corporate culture Implemented risks assessment and management effectively to ensure legal compliance and strengthen business integrity 	
Environment, Healthy, and Safety	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"> Continued worker counselling and communication to strengthen workplace safety culture development Pursued vision Zero in conjunction with intelligent management of safety 	   
	Strengthen energy and resource management to lower the impact of operations on the environment and to develop towards a circular economy	<p>Increase resource use efficiency and recycling for a circular economy</p> <p>Establish energy management mechanisms for energy conservation, carbon reduction, and reduce pollutant emissions</p>	<ul style="list-style-type: none"> Kept pace with international environmental, health, and safety sustainability indices to create shared social value by better fulfillment of corporate social and health responsibilities 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 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 Strengthened water resource monitoring and timely responsiveness to stipulate water resource management and relevant coping strategies 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 Engaged in adaptive adjustment in green house gas emissions and energy management strategies to meet Energy Productivity 100 (EP100) and Science Based Targets Initiative (SBTi) standards and strengthen overall energy efficiency 	
Green Operation	Pursue ongoing improvement and innovation, dedicate to the development of green manufacturing process, product, and technology development, create shared value with customers, and establish a sustainable business mode	<p>Wire and cable</p> <ul style="list-style-type: none"> Commit to green business development and assume an important role in green supply chains Accelerate environment protection and eco-friendly to strengthen competitiveness and circular economy development 	<p>Wire and cable</p> <ul style="list-style-type: none"> Engaged in renewable energy and green product development Developed green products for new energy vehicles and increased green energy utilization Developed offshore wind turbine cables Developed thermoplastic regeneration technology for XLPE insulation materials Developed environmentally friendly and recyclable low-carbon cable materials 	  

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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 manufacturing process, product, and technology development, create shared value with customers, and establish a sustainable business mode	Stainless steel <ul style="list-style-type: none"> Dedicate to innovative green technology development applied to energy saving process, product performances, and industry development while working with partners from upstream to downstream building green supply chain to strengthen carbon reduction Resources business <ul style="list-style-type: none"> To stabilize the operation and manufacturing process to ensure effective utilization of resources To develop green energy and carbon reduction plans to help cope with future risks and grasp potential opportunities 	Stainless steel <ul style="list-style-type: none"> Pursued manufacturing process optimization and high-yield green process development Developed high-performance green products featuring high mechinability, high strength, high heat resistance, and soft meganetism Expanded into the green industries Resources business <ul style="list-style-type: none"> Stablize operation and promote green energy developemnt and carbon reduction plans Continue develop green energy and carbon reduction plans to enable effective sustainable development 	  
		Wire and cable <p>Develop intelligent logistics and shape new service models to meet customer needs.</p> Stainless steel <p>Focus on customers and relevant industry developments to pursue service process optimization, strengthen customer trust, and create win-win with customers</p>	Wire and cable <p>Increasing productivity and serving more customers</p> Stainless steel <p>Improve customer dependence with service value, and assist customers to complete the industrial applications upgrades and transformations.</p>	
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	Wire and cable <p>Develop intelligent logistics and shape new service models to meet customer needs.</p> Stainless steel <p>Focus on customers and relevant industry developments to pursue service process optimization, strengthen customer trust, and create win-win with customers</p>	Wire and cable <p>Increasing productivity and serving more customers</p> Stainless steel <p>Improve customer dependence with service value, and assist customers to complete the industrial applications upgrades and transformations.</p>	 
		Comprehensively implement and strengthen supplier sustainability management to mutually grow with our business partners	Optimization of Supply Chain Management <ul style="list-style-type: none"> Continued strengthening onsite inspections of supply chain sustainability and supply chain risk assessment Required suppliers to improve their high-risk vulnerabilities with counselling provided accordingly based on the inspection and assessment results Included supplier sustainability into suppliers assessment Convened supplier meetings on a regular basis to communicate the key points of supplier management as well as relevant issues and policies 	
Employee Relations and Social 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	Strengthened 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	   
		Strengthen talent cultivation and career development planning, and help employees learn, grow, and achieve self-fulfillment	Developed diverse paths for career development for employees	
Employee Relations and Social Engagemen	Promote mutual development with local communities to gain greater social influence	Engage in charity to increase its influence in four aspects: Corporate citizenship, care for the underprivileged, environmental protection and preservation, and community outreach	Strengthened tying in public welfare subjects with core businesses	  

Note: Please refer to individual chapters of the report for the 2022 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			
4 Quality Education 	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"> Commenced the 2nd phase of the Light Up the Corners Throughout Taiwan Project to help perfect facility and teacher quality at 5 elementary and junior high schools for them to develop feature education Arranged newspaper reading and tutoring programs for elementary and junior high school students to help strengthen their language proficiency and bridge the urban country divide in education 	6.2.1 "Light Up the Corners throughout Taiwan" Project 6.4.1 Newspapers and Study Aid at Elementary and Junior High Schools
5 Gender Equality 	5.a Undertake reforms to give women equal rights to economic resources	Achieve gender quality and all women's empowerment	<ul style="list-style-type: none"> Provided higher average annual compensation for female employees than that for male employees in both Mainland China and Taiwan Enabled 75% of the employees on unpaid maternity leave in 2022 to return to work after leave 	4.1.2 Human Resources Policy 4.4 Employee Care and Communication
6 Clean Water and Sanitation 	6.3 Decrease wastewater pollution	Ensure good environment quality and sustainable resource management	<ul style="list-style-type: none"> ZEMAP waste mixed acid processing and regeneration equipment regenerated waste mixed acid water into treatable water to decrease wastewater emissions 	5.3.2 Water Resource Utilization
	6.4 Increase water utilization efficiency		<ul style="list-style-type: none"> Automatic backflush filter implementation decreased sand filter backwash water by 20,958m³ Total water consumption in Taiwan decreased by 15.58% in 2022, when water consumption per unit of product in Taiwan and overseas decreased by 3.30% and 4.37% respectively The Taichung plant saved 9,728.5 tons of water with its ZEMAP for condensation water recycling and recovery of skin pass mill and tension leveller line cleaning water and steam pipe condensation water The Taichung plant obtained TÜV's ISO 46001 water efficiency management system certification 	Chapter 3 Highlight 5.3.2 Water Resource Utilization
7 Affordable and clean energy 	7.3 Increase energy efficiency	Ensure affordable, stable, and sustainable energy supply is available to everyone	<ul style="list-style-type: none"> The gross calorific value of power cables and wires as well as stainless steel products decreased by 3.37% The energy intensity per unit of stainless steel product decreased by 0.32% Total power saving at the plants in Taiwan and Mainland China reached 5.20% Clean production and power-saving initiatives decreased 22,028.8 tons CO₂e throughout the company E-platform implementation for energy management was completed at the plants in Taiwan and Mainland China 	5.2.2 Energy Saving and Carbon Reduction Management
	7.a Strengthen renewable energy developmen		<ul style="list-style-type: none"> Development renewable energy products such as high-performance stainless steel and industrial cables for solar and wind power generation Installation of 5.5MW solar power generation in progress and expected completion end of 2023 	3.2.3 Green Products Chapter 5 2022 Results

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


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United Nations SDGs		Taiwan SDGs	SDG Initiatives and Achievements at Walsin Lihwa	Chapter Response
Goals	Targets			
8 Decent work and economic growth 	8.2 Pursue industry upgrading to increase product added values	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> Engaged in smart manufacturing for high added-value and high-end application product development as well as transformation into manufacturing service 	3.1 Product and Technology Innovation
	8.3 Support productive activities, decent job creation, entrepreneurship, creativity, and innovation		<ul style="list-style-type: none"> Helped suppliers understand suppliers management to together strengthen mutual competitiveness 	3.4 Sustainable Supply Chain
	8.5 Achieve full and productive employment, and equal pay for work of equal value		<ul style="list-style-type: none"> Provided fair, reasonable compensation packages and work conditions, and ensured nondiscrimination for equal employment opportunities, no child labor nor forced labor 	4.1 Employee Overview and Talent Management Policy
	8.7 Take immediate and effective measures to protect labor rights		<ul style="list-style-type: none"> Frequency Severity Index (FSI) throughout the company to 0.48 Continued strengthening occupational safety risk management based on the Toyota Production System (TPS) with promotion of the Kiken Yochi training (KYT) in conjunction with the Safety Job Procedures (SJP) to strengthen hazard identification 	4.3.1 Occupational Safety and Health Policy and Philosophy 4.3.2 Workplace Safety and Friendly Management
9 Industry, innovation and infrastructure 	9.1 Develop sustainable infrastructure	Develop affordable, safe, environmentally friendly, resilient, and sustainable transportation	<ul style="list-style-type: none"> Developed industrial cables for solar and wind power generation as well as energy storage. Successfully developed cables for EV charging plugs 	3.2.3 Green Products
	9.2 Promote inclusive and sustainable industrialization		<ul style="list-style-type: none"> Worked with the National Taiwan University to establish a Innovation R&D Center Promoted smart manufacturing for high added-value and high-end application product development as well as transformation into manufacturing service 	3.1 Product and Technology Innovation
	9.4 Adopt clean and environmentally sound technologies and industrial processes		<ul style="list-style-type: none"> Pursued manufacture process improvement to increase productivity and decrease energy consumption, emissions, and waste outputs while promoting waste recovery and reuse for green production development and waste reduction at source 	3.2.2 Green Manufacture Process Development
11 Sustainable cities and communities 	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"> Nitrogen oxide emission intensity per unit of product in Taiwan and overseas decreased by 11.95% and 35.09% respectively. Overseas sulfur oxide emission intensity per unit of product decreased by 45.34%. Particle emissions per unit of product in Taiwan decreased by 16.91%. Reuse of recycled waste amounted to 94.56%. Waste landfills in Taiwan and overseas decreased by 0.47% and 0.78% respectively. 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 	5.3 Resource Recycling and Pollution Prevention 5.3.4 Waste and Resource Recycle 6.4 Community Outreach
	12.2 Achieve the efficient use of natural resources		<ul style="list-style-type: none"> Recycled scrap steel used in stainless steelmaking amounted to 34.55%. Continued improving stainless steelmaking and decreasing process energy consumption to decrease annual CO₂ emissions by 1,591 tons. Saved the 2022 power consumption by 5.2% throughout the company. 	3.2.1 Status on Raw Material Use 3.2.2 Green Manufacture Process Development 5.2.2 Energy Saving and Carbon Reduction Management

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Goals	Targets			
12 Responsible consumption and production	12.4 Achieve the environmentally sound management of all wastes 12.5 Substantially reduce waste generation through prevention, reduction, recycling, and reuse 12.6 Encourages companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle	Promote green economy and ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> In 2022, reached 96.22% waste recovery and reuse at the Taiwan sites, where landfill was 0.47%, and reached 92.89% waste recovery and reuse at the overseas sites, where landfill was 0.78%. 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 	5.3.4 Waste and Resource Recycle
13 Climate action	13.1 Strengthen resilience and adaptive capacity to climate related hazards and natural disasters	Strengthen resilience and adaptive capacity to climate-related disasters, build knowledge and capacity to meet climate change	<ul style="list-style-type: none"> Developed photovoltaic (PV) cables for solar power, DC and HV cables for offshore turbines, lightweight cables for port machinery systems, and cables for electric vehicle chargers and power storage Developed highly machinable, resilient, weldable, high-strength, heat-resistant, and corrosion-resistant stainless steel to help increase power efficiency and decrease carbon emissions. Adopted the TCFD recommendations in 2020 to assess and disclose climate change opportunities and risks 	3.2.3 Green Products 5.2.1 Task Force on Climate-related Financial Disclosures (TCFD)
15 Life on land	15.4 Ensure the conservation of mountain ecosystems 15.5 Halt the loss of biodiversity	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss	<ul style="list-style-type: none"> Worked with the National Chung Hsing University for provenance protection and restoration of Taiwan indigenous plants Adopted contract farming of Taiwan kiwifruits and produced a documentary on environmentally friendly farming. Promoted ecology education and arranged civic ecology practices and relevant lectures 	6.3 Caring for Ecology
16 Peace, justice and strong institutions	16.5 Substantially reduce corruption and bribery in all their forms 16.b Promote and enforce nondiscriminatory laws and policies	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"> Continued legal compliance promotion as well as education and training on business integrity in 2022, when all the 1,828 participants passed tests after their education and training Continued strengthening business integrity, including anti-bribery and corruption practices, and legal compliance promotion at supplier conferences in 2022, when 147 suppliers in Taiwan and Mainland China participated in such conferences Forbad any unequal treatment and ensured nondiscrimination. Walsin Lihwa Human Rights Policy: https://www.walsin.com/en/about-us/who-we-are/#pills-human-rights 	2.4 Business Integrity 4.1.2 Human Resources Policy
17 Partnerships for the goals	17.17 Encourage and promote effective public, public-private and civil society partnerships	Strengthen the means of implementation and revitalize the global partnership for sustainable development	<ul style="list-style-type: none"> Participated in trade associations and relevant events to engage in exchange with trade association members and strengthen trade cooperation Assumed an active role in the Chinese International Cooperation Association, Epoch Foundation, Foundation for Peaceful Development Across the Taiwan Strait, and Chinese National Association of Industry and Commerce among others to help facilitate economic, industry, and technology development 	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"> • Healthy and Safe Work Environment Development • Fair and Reasonable Compensation and Work Conditions • Equal Employment Opportunities Without Discrimination • No Employment of Underaged Workers • No Forced Labor • Respect for Freedom of Association • Privacy Protection and Harassment Prevention • Employee Complaint System and Channel • Conduct education and training on human rights protection through meetings with suppliers 	4.1 Employee Overview and Talent Management Policy 4.3 Workplace Health and Safety 4.4 Employee Care and Communication
	4. The elimination of all forms of forced and compulsory labor		
	5. The effective abolition of child labor		
	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"> • Develop high-performance green products, improve product applications, and develop a green ecosystem • Commit to green manufacture process development, promote waste reduction at source, and strengthen energy efficiency • Strengthen energy management, promote energy saving and carbon reduction, and decrease waste emissions • Increase resource utilization efficiency by recovery and reuse to help expedite circular economy development 	3.1 Product and Technology Innovation 3.2 Green Operation 5.1 Environmental and Energy Management Policy 5.2 Climate Strategy and Energy Management 5.3 Resource Recycling and Pollution Prevention
	8. Undertake initiatives to promote greater environmental responsibility		
	9. Encourage the development and diffusion of environmentally friendly technologies		
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none"> • Implement legal compliance promotion as well as education and training on business integrity to strengthen the awareness of compliance • Amended and perfected ethical management guidelines and procedures • Further strengthened business integrity and established anti-bribery management mechanisms • Identified high-risk unethical business activities at individual plant sites and developed countermeasures accordingly 	2.4 Business Integrity

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01

Management Impact and Communication for Engagement

1-1 Stakeholder Engagement

1-2 Material Topic Analysis

1-3 Management of Material Topics



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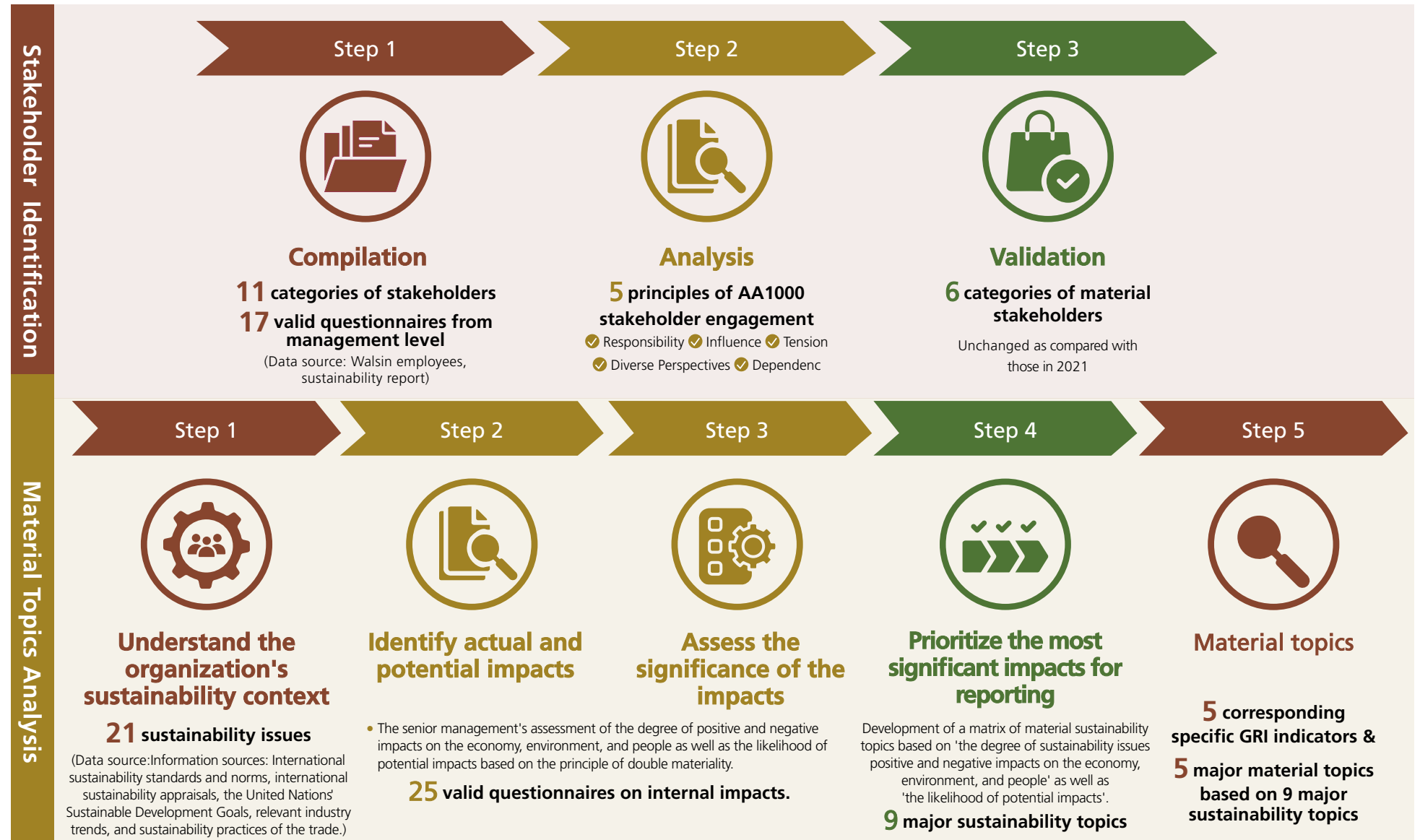
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1.1 Stakeholder Engagement

2022 Stakeholder Identification and Material Topics Analysis Process



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Material Stakeholders

When identifying material stakeholders in 2022, 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. Moreover, 266 valid questionnaires were collected to identify the issues of stakeholders' concern, and the findings were as same as those in 2021. Walsin Lihwa has established complete and comprehensive communication channels to fully understand the issues of their concern to actively address such issues and seek improvement.



Contact for stakeholders



Sustainability Questionnaire

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

- Occupational health and safety
- Product quality and responsibility
- Labor relationship
- Customer service and relationship
- Legal compliance

Communication / Response Method	Unit Engaging in Communication	Frequency of Communication
Questionnaire on sustainability issues of stakeholder concern	Sustainable Development Committee	Once a year
Customer satisfaction survey Please refer to section 3.4 Sustainable Supply Chain		One or two times a year
Visits to customers	Business units at each factory	Irregular
Phone, email and feedback sent through mail		Immediate

Employees



Importance to Walsin

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

Issues of Concern

- Occupational health and safety
- Training and education
- Sustainability strategy
- Waste Management
- Information security management

Communication/ Response Method	Unit Engaging in Communication	Frequency of Communication
Questionnaire on sustainability issues of stakeholder concern	Sustainable Development Committee	Once a year
Environment, health and safety committee meeting	Environment, health and safety committee meeting	Quarterly
Labor-management meeting Please refer to section 4.4 Employee Care and Communication	Head Office / Human Resources Units at Factorie	
Employee intranet and e-newsletter	Corporate Communication Dept. Head Office / Human Resources Units at Factorie	Information on our employee portal is updated twice a month. Announcements and the latest news are irregularly sent
Complaint mailbox and hotline opinion@walsin.com	Auditing Office Head Office / Human Resources Units at Factories	Immediate
Mechanism for the involvement of all employees	All departments of the Company	

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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

- ✓ Legal compliance
- ✓ Air Emissions
- ✓ Water management
- ✓ Labor relationship
- ✓ Occupational health and safety

Communication / Response Method	Unit Engaging in Communication	Frequency of Communication
• Questionnaire on sustainability issues of stakeholder concern	Sustainable Development Committee	Once a year
• Official notification	All departments of the Company	
• 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		
• 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
- ✓ Financial performance
- ✓ Corporate Governance
- ✓ Risk management
- ✓ Labor relationship

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	
• 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	
• TWSE market observation post system	Shareholders Service Office Accounting Division	
• Company spokesperson system	Spokesman	Immediate
• Shareholder service center*	Shareholders Service Office	
• Complaints and suggestions mailbox and hotline opinion@walsin.com	Auditing Office	



General shareholders' meeting



Publication of annual report



Investor conferences



Shareholder Service

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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 ✓ Occupational health and safety ✓ Product quality and responsibility
- ✓ Customer service and relationship ✓ Human rights and equality

Communication / Response Method	Unit Engaging in Communication	Frequency of Communication
• Questionnaire on sustainability issues of stakeholder concern	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 <small>Please refer to section 3.4 Sustainable Supply Chain</small>	Customer Service and Supplier Management Center Procurement units at each factory	4 exchange sessions at the plants in Taiwan and Mainland China for green supply chain experience sharing

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

- ✓ Legal compliance ✓ Risk management ✓ Air emissions ✓ Corporate Governance
- ✓ Financial performance

Communication/ Response Method	Unit Engaging in Communication	Frequency of Communication
• General shareholders' meeting*	Shareholders Service Office	
• Publication of annual report*	Accounting Division	Once a year
• Credit Rating*	Finance Division	
• Investor conferences*		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	
• TWSE market observation post system	Shareholders Service Office Accounting Division	Immediate
• Company spokesperson system	Spokesman	



General shareholders' meeting



Publication of annual report



Credit Rating



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1.2 Material Topic Analysis

Walsin Lihwa summed up its 21 sustainability issues in 2022 by factoring into what is required by the Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD), Carbon Disclosure Project (CDP), MSCI ESG Ratings, Dow Jones Sustainability Index (DJSI), and the United Nations' Sustainable Development Goals (SDGs) as well as relevant industry trends, the results of communication with stakeholders, and evaluation of sustainable practices of the trade. Air Emissions was newly added to the 2022 sustainability issues. To understand the order of importance of the 21 sustainability issues, Walsin Lihwa consulted the definition of materiality in GRI 3: Material Topics 2021 for its senior management's assessment of "the degree of the 21 sustainability issues' significant positive and negative impacts" on the economy, environment, and people" in addition to the company's operation as well as "the likelihood of potential impacts" based on the principle of Double Materiality to accordingly generate the scores

2022 CSR Issues List

Governance Performance

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

Economic Performance

- ⑥ Product Development and Technology Innovation
- ⑦ Product Quality and Responsibility
- ⑧ Financial Performance
- ⑨ Customer Service and Relationship
- ⑩ Supplier Management

Environmental Performance

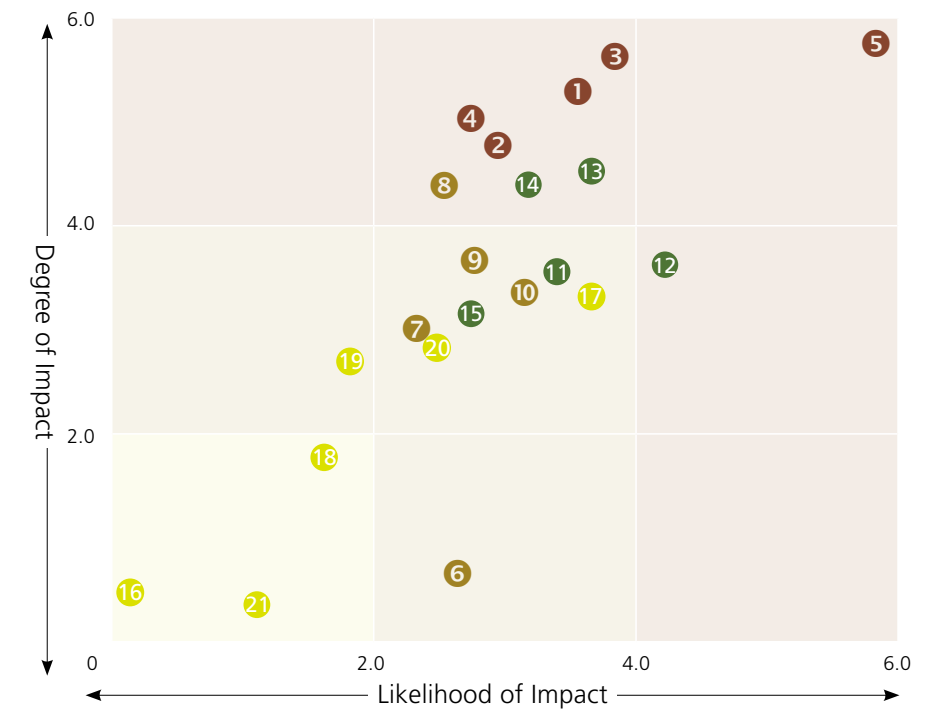
- ⑪ Climate Action
- ⑫ Energy Management
- ⑬ Air Emissions
- ⑭ Waste Management
- ⑮ Water Management

Social Performance

- ⑯ Human Rights and Equality
- ⑰ Occupational Health and Safety
- ⑱ Labor Relationship
- ⑲ Training and Education
- ⑳ Hiring, Salary and Benefit
- ㉑ Society and Community Involvement

of impacts. Moreover, a matrix of material sustainability topics was developed based on "the degree of the 21 sustainability issues' positive and negative impacts on the economy, environment, and people" as well as "the likelihood of potential impacts," and 9 material sustainability issues were identified by factoring in various external stakeholders' opinions. The 9 material sustainability issues by order of importance are information security management, risk management, sustainability strategies, exhaust, energy management, legal compliance, waste management, corporate governance, and occupational health and safety. Compared with those in 2021, information security management, exhaust, and energy management were newly added in 2022, and product quality and responsibility, financial performance, and labor relations were removed. 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 5 corresponding specific GRI topics as the major subjects confirmed by the Sustainable Development Committee together with the senior management as the major subjects disclosed in this report on Walsin Lihwa's strategies dealing with such issues and the strategy implementation results.

2022 Materiality Matrix



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1.3 Management of Material Topics

Material Issues and Impacts on Walsin Lihwa's Relation Value China.

Material Issues	Corresponding GRI Standards for Material Topics	Upstream	Operation	Downstream	
		Equipment and Material Suppliers		Customers	Waste Recovery, Regeneration, and Processing
Governance	Information security management	●△	●△	●△	
	Risk management	●○	●○	●○	▲△
	Sustainability strategy	●○	●△	●○	▲△
	Legal compliance	●○	●○	●○	●○
	Corporate Governance	●○	●○	▲△	
Environmental	Air Emissions	GRI 305: Emissions	▲△	●○	▲△
	Waste Management	GRI 303 Water and Effluents	▲△	●○	
		GRI 306 Waste	▲△	●○	●○
	Energy Management	GRI 302 Energy	▲△	●○	▲△
Social	Occupational health and safety	GRI 403 Occupational Health and Safety	●○	●○	

Note: Actual impacts are those that have already happened, and potential impacts are those that could occur but have not yet occurred.

● Actual positive impacts ○ Actual negative impacts ▲ Potential positive impacts △ Potential negative impacts

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Material Topics Table

Issues	Significance to Walsin	Material Topics	Positive or Negative Impacts	Description of Impacts on the Economy, Environment, and People Including Human Rights	Chapter Response
Informational Security Management	Walsin Lihwa is committed to strengthening information security and protection throughout the company to meet customer needs in information security and fulfill the commitment to information security for customers, shareholders, and all stakeholders.	General Disclosure	<ul style="list-style-type: none"> Business value and reputation creation Customer satisfaction enhancement Compliance with information security as well as privacy laws and regulations to avoid fines for violations. Security risks and ensuing losses incurred by human errors. 	<ul style="list-style-type: none"> Avoidance of the risks of illegalities and ensuing liabilities; corporate reputation and image maintenance; and brand image and credibility augmentation among customers. Customer compensation claims or fine penalties incurred by business information or customer privacy leaks. Maintenance of basic human rights without misusing and leaking personal information and/or infringing personal information rights. Better protection of customer rights and human rights by proper management of customer data to use such data for advertising or other legitimate purposes only. 	2.6 Information security 3.4.3 Customer Service
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.		<ul style="list-style-type: none"> Enhancement of business resilience and mitigation of the impacts from internal and external risks through effective risk management. Financial, reputational, or other losses incurred by material risks in the absence of effective risk management 	<ul style="list-style-type: none"> Avoidance of possible financial, reputational, or other impacts through effective risk management and tracking. Financial impacts incurred by climate change, particularly, extreme climate events, and environmental risks and other impacts incurred by operating expenses derived from policies and laws. Possible operating or reputational impacts resulting from human right and raw material risks incurred by supply chain-related risks. 	2.5 Risk Management
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.		<ul style="list-style-type: none"> Sustainability strategy implementation by the Sustainable Development Committee with various issue management plans to ensure the effectiveness of relevant policies and help achieve business sustainability. 	<ul style="list-style-type: none"> Ongoing improvement of sustainability practices to strengthen business resilience from the governance, economic, environmental, and societal aspects. 	Progress Towards Sustainability 2.2.3 Sustainable Governance Chapter 2 Ethical Management and Corporate Transformation Chapter 3 Industrial Innovation and Value Chain Integration Chapter 4 Employee Incentives, Cultivation, and Empowerment Chapter 5 Climate Strategy Development and Environmental Sustainability Chapter 6 Social Engagement and Local Co-prosperity

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Issues	Significance to Walsin	Material Topics	Positive or Negative Impacts	Description of Impacts on the Economy, Environment, and People Including Human Rights	Chapter Response
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.	General Disclosure	<ul style="list-style-type: none"> Reputational, environmental, and human right impacts incurred by fines for violations and legal liabilities. 	<ul style="list-style-type: none"> Stiff fines or company image damages for noncompliance with relevant governance or economy laws and regulations. Stiff fines or indelible environmental impacts for noncompliance with relevant environmental protection laws and regulations. Stiff fines or human right damages for noncompliance with relevant societal laws and regulations. 	2.4.1 Regulatory Compliance 4.3.3 Compliance with Occupational Safety and Health Laws and Regulations 4.4 Employee Care and Communication 5.3.5 Legal Compliance Appendix 1 GRI 206: Anti-competitive Behavior
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		<ul style="list-style-type: none"> Adherence to the Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct to safeguard stakeholders' rights. Company interests undermined by corruption. 	<ul style="list-style-type: none"> Implementation of the value of ethical management with zero tolerance of corruption, bribes, frauds, blackmails, abuses, asset misappropriations and/or sacrificing company interests for personal gains. Compliance with government regulations, and effective implementation of corporate governance to fulfill corporate social responsibilities in terms of business ethics, labor relations, environmental protection, occupational health and safety. Internal control, and community involvement. 	2.2 Governance Structure
Air Emissions	Mitigation of environmental impacts by effective management of greenhouse gas and pollutant emissions through equipment updating and introduction of relevant systems.	GRI 305 Emissions	<ul style="list-style-type: none"> Negative environmental impacts incurred by greenhouse gas emissions and other pollutants. Possible financial impacts incurred by carbon fees or taxes for greenhouse gas emissions. Net zero to be achieved sooner through effective greenhouse gas emission management to mitigate the risks associated with carbon fees or taxes as well as related expenditures. 	<ul style="list-style-type: none"> Possible environment impacts incurred by exhaust emissions and other air pollutants from production. 	5.1 Environmental and Energy Management Policy 5.2.2 Energy Saving and Carbon Reduction Management 5.3.1 Air Pollution Control and Amount of Pollutant Emission
Waste Management	Walsin's strategy for using raw materials and resources in operations, including consumables, improvement of recycling, pollution management, and environmental impact assessments.	GRI 303 Water and Effluents GRI 306 Waste	<ul style="list-style-type: none"> Mitigation of environmental impacts by factoring in product features for effective implementation of circular economy and waste output reduction. Possible environmental impacts resulting from waste from production not processed by qualified environmental protection companies in accordance with relevant procedures. 	<ul style="list-style-type: none"> Possible negative environmental impacts resulting from waste from production not processed by qualified environmental protection companies in accordance with relevant procedures. 	5.1 Environmental and Energy 5.3.2 Water Resource Utilization 5.3.3 Wastewater Treatment 5.3.4 Waste and Resource Recycle

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Issues	Significance to Walsin	Material Topics	Positive or Negative Impacts	Description of Impacts on the Economy, Environment, and People Including Human Rights	Chapter Response
Energy Management	Development of green circular production by ongoing energy saving and carbon reduction to decrease energy consumption and costs while strengthening energy management.	GRI 302 Energy	<ul style="list-style-type: none"> Enhancement of energy utilization efficiency by effective energy saving and carbon reduction. Risks associated with operating cost increases or business interruptions resulting from improper energy and resource consumption management. 	<ul style="list-style-type: none"> Environmental management system development through planning, implementation, and examination to enable effective energy and resource utilization efficiency. Solar power and energy saving equipment implementation to increase the percentage of renewable energy utilization and decrease greenhouse gas emissions. Enhancement of employee awareness of environmental protection and energy saving. 	5.1 Environmental and Energy Management Policy 5.2.2 Energy Saving and Carbon Reduction Management
Occupational Health and Safety	Walsin implements occupational safety and health management measures and policies to improve employees' overall health and safety.	GRI 403 Occupational Health and Safety	<ul style="list-style-type: none"> Effective occupational health and safety management to help decrease occupational safety incidents. Possible safety incidents resulting from improper occupational health and safety management. 	<ul style="list-style-type: none"> Employee health and workplace safety are the foundation of sustainable development for a company, creating a work environment that ensures the well-being of employees and ensures high operational performance. Safeguarding the safety of the work environment is essential to prevent potential impacts on employee safety and health resulting from occupational accidents. 	4.3 Workplace Health and Safety

Management Approach Table

Material Issues	Material Topics	Management mechanisms and purpose	Policy / Commitment / Responsibility	Goals / Resources / Actions / Complaint Mechanisms
Informational Security Management	General Disclosure	Information security management planning; information security management policy promotion year by year; information security system, process, and specification implementation; and ongoing and comprehensive information security protection technology development.	Maintenance of the confidentiality, integrity, and availability of sensitive customer data and business information to achieve information security protection together by all employees, internal and external information service users, and 3 rd -party service providers.	3 rd -party verification of the ISO 27001 Information Security Management System implemented in 2022; fulfillment of the commitment to information security by the PDCA cycle, with the confidentiality, integrity, and availability of all the company data secured by a comprehensive information security management system to keep strengthening information security management through effective prevention, monitoring, and responsiveness before and throughout any information security event.
Risk Management		<ul style="list-style-type: none"> Established an internal audit system and independent directors to ensure the effective operation of internal control and reporting mechanisms. Related departments carry out risk management work to lower the impact of operational risks. 	<ul style="list-style-type: none"> Compliance with related laws and regulations. Operating performance and efficiency Reports are reliable, timely, transparent, and comply with relevant regulations. 	The chief audit executive's reports at board meetings on a regular basis with at least a quarterly report to the Audit Committee and independent directors on the internal audit and control implementation status.

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Material Issues	Material Topics	Management mechanisms and purpose	Policy / Commitment / Responsibility	Goals / Resources / Actions / Complaint Mechanisms
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 corporate sustainability implementation results to the Board of Directors.	Insistence on integrity and commitment to ongoing improvement of operational effectiveness. Ongoing improvement of corporate governance to ensure business sustainability. Development of a friendly work environment and an innovative learning organization. Thorough safety management to create an outstanding workspace. Effective implementation of carbon reduction and energy to enable green production. Ongoing corporate social responsibility and public interest initiatives.	<ul style="list-style-type: none"> Strengthen the promotion centers under the Sustainable Development Committee Align the goals of the promotion centers under the Sustainable Development Committee with those of business groups Questionnaire on sustainability issues to understand the level of stakeholders' concern of sustainability issues. Complaint mechanisms: csr@walsin.com
	Legal Compliance	<ul style="list-style-type: none"> Categorized based on organizational function and the laws relevant to each function; we follow regulatory changes and make proposals where necessary to revise the Articles of Incorporation or internal regulations The Business Integrity Center under the Sustainable Development Committee is responsible for the implementation of related policies, regulatory compliance training, and supervision of the audit mechanism Create a corporate culture of honest business practices and facilitate sound business development and corporate sustainability. Ongoing perfection of the company's intellectual property-related regulations and rules to establish the company's intellectual property management system. 	<p>Integrity is an important part of the company's culture that stress that all business activities must comply with local laws and regulations. We are committed to complying with laws, regulations, and procedures, and have established an emergency reporting system. The Company exerts every effort in the following areas to comply with laws and regulations to achieve sustainability:</p> <ul style="list-style-type: none"> External: <ul style="list-style-type: none"> The Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" are available on the Company's website. The latest version of the "Intellectual Property Manual" is available on the Company's website. Internal: <ul style="list-style-type: none"> An honest business practice area was established on the internal platform to promote regulatory compliance; Training courses are organized in each plant to promote the importance of regulatory compliance, with business integrity lesson plans provided on the education and training platform. Establish an intellectual property management system, promote compliance with intellectual property laws and regulations, organize education and training, and pass TIPS certification. Suppliers: <ul style="list-style-type: none"> The Company's supply chain management policy, which requires suppliers to comply with international laws and customers' regulations, is specified on the Company's website. Promote honest business practices and an intellectual property rights system during supplier meetings. A sunset provision, confidentiality clause, and intellectual property rights protection clause, as well as regulations on honest transactions, anti-bribery (anti-corruption), intellectual property rights infringement and other unethical conducts are incorporated in supplier contracts. 	<ul style="list-style-type: none"> Goals: To create a culture of honest business practices and make it a part of the DNA of every Walsin employee. Resources and actions: <ul style="list-style-type: none"> Continue to improve related regulations and systems Continue to provide training that promotes regulatory compliance and honest business practices Continue risks assessment system development Continue intellectual property management system development (employees and suppliers) Identify operating practices at every factory that have high risk of violating honest business practices (sales, procurement, EHS) Conduct audits on high-risk business practices Complaint mechanisms are divided into internal and external mechanisms: <ul style="list-style-type: none"> Internal complaints: Walsin Lihwa has an internal company mailbox and easily accessible internal complaint channels External complaints (violation of honest business practices and sexual harassment) TEL: 886-2-8726-2211 ext.6399 E-mail: opinion@walsin.com
	Corporate Governance	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.	<p>CSR mailbox : csr@walsin.com Mailbox and phone for investors and shareholders: https://www.walsin.com/en/about-us/contact-us/#pills-stackholders-communication</p>

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Material Issues	Material Topics	Management mechanisms and purpose	Policy / Commitment / Responsibility	Goals / Resources / Actions / Complaint Mechanisms
Air Emissions	GRI 305 Emissions	Environment, health, and safety information platform implementation for greenhouse gas inventory and product carbon calculation by gathering data on greenhouse gas emissions at individual plants for the Environment, Health, and Safety Committee to conduct quarterly reviews of how such emissions are managed.	Ongoing manufacturing process and air pollution prevention facility optimization for effective environmental protection; air pollution prevention planning and investment at the beginning of plant establishment by using Best Available Control Technologies (BACT); and exhaust reduction throughout production by using the best air pollution prevention equipment.	Annual power saving and carbon reduction by 1.5% through dynamic adjustment of the company's 5-year energy management plan to deal with climate change challenges by reasonable and efficient energy utilization.
Waste Management	GRI 303 Water and Effluents GRI 306 Waste	Stabilization of environmental protection operations and energy management step by step by integration and supervision of environmental protection and energy management performances at domestic and overseas plants.	Our EHS and energy policy is "Green Manufacturing, Employee Happiness Enterprise and Sustainable Operations". We are also committed to regulatory compliance, risk control, pollution prevention, resources conservation, emissions reductions and improving performance. We improve management practices, integrate resources, upgrade our technologies and cultivate R&D/technology talents in the environmental field to achieve the Company's environmental safety and health management vision: "Energy Conservation, Carbon Reduction, Reutilization, and Recycling."	<ul style="list-style-type: none"> Recycling and reuse of furnace slags to decrease furnace slag processing costs and facilitate circular economy by regeneration of waste acids. Resolution to clearance of reducing slags and research of waste recycling and reuse. Research of reduction of reducing slags from steelmaking, and assessment of the uses of low-temperature steam pressure and controlled low-strength materials (CLSM). Circular economy development by application for the reuse of regenerated acids. Product registration of regenerate acids to be sold the factories that are in need of them with effective control of the whereabouts of such acids and filing of recovery and regeneration planning Acid regeneration plant (ARP) implementation assessment and circular economy model development.
Energy Management	GRI 302 Energy	Implementation of the ISO 14000 Environmental Management System, ISO 50001 Energy Management System, and ISO 14064 Greenhouse Gas Calculation and Verification for ongoing review and improvement to decrease energy consumption and costs and strengthen energy management.	The EHS management policy is to "Continuously promote energy conservation and carbon reduction towards green and circular production." The EHS management committee rolled out a five-year energy management plan in 2022, setting a target of achieving a consistent 1.5% annual energy savings and carbon reduction. This aims to encourage the rational and efficient use of energy, reduce greenhouse gas emissions, and address the challenges of climate change.	<ul style="list-style-type: none"> Completion of greenhouse gas inventory and verification at overseas plants in compliance with ISO 14064-1:2018. Completion of energy management SOP implementation and verification at the plants in Mainland China Solar power generation efficiency management as well as supervision of new project implementation in Taiwan. Green supply chain promotion focusing on the key suppliers whose carbon emissions are the highest 20% to gather raw material carbon emission factors and require suppliers to begin environmental, health, and safety management as well as energy management year by year.
Occupational Health and Safety	GRI 403 Occupational Health and Safety	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, Employee Happiness 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"> Implementation of the ISO 45001 Standard for comprehensive production safety management including the 5S Workplace Methodology, Total Productive Management (TPN), and Safety Job Procedures(SJP). Safety awareness developed by workers' full participation in their section and shift meetings to achieve zero work injury, with the Toyota Production System (TPS) and Kiken Yochi Training (KYT) in conjunction with simplified SJP for muscle memory enhancement to deal with high-risk jobs. Effective reward and punishment system implementation to improve environmental protection and occupational safety by strengthening executors' safety awareness and executives' determinedness to help decrease occupational accidents.

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Sustainability Promotion Strategy



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.

Implementation Guidelines	Objectives for 2022	2022 results	Objectives for 2023
Promote ethical management, legal compliance, and relevant education and training	Continue ethical management education and training and customize such education and training based on the degrees of difficulty	Continued education and training to strengthen ethical management and legal compliance through a variety of accesses and courses for the board of directors, senior managerial officers of the Company as well as suppliers at supplier conventions	Comply with relevant domestic and overseas policies as well laws and regulations, and strengthen employee awareness of confidentiality and prevent labor disputes through education and training on relevant information confidentiality, personnel, and fair trade laws
Improve the rules and systems relevant to ethical management	Implement intellectual property management and confidentiality mechanisms step by step at the plants in Mainland China and standardize certificate and license management at the plants in both Taiwan and Mainland China	Reviewed the status of intellectual property management and confidentiality at the plants in Mainland China and amended relevant regulations, standardized document, certificate, and license management, assisted individual plants in implementing relevant standards, and planned for certificate and license management standardization	Continue intellectual property management and confidentiality mechanism implementation at the plants in Mainland China and periodically update relevant company regulations to stay abreast with domestic and international trends of ethical management as well as relevant law changes
Enforcement of business integrity supported by anti-bribery management system development	Develop an anti-bribery management system and require all employees to sign an ethical management policy compliance statement of to strengthen business integrity	Completed the ethical management policy compliance statement signing by the board of directors, senior managerial officers, and new employees	Continue requiring all employees to sign the ethical management policy compliance statement and implementing the interest avoidance system to require the 2 nd -degree relatives of all employees to recuse themselves
Identify operating practices at all factories that have a high risk of violating business integrity practices and further establish prevention measures	Identify high-risk unethical conduct for thorough examination on a regular basis to prevent unethical business practices	Commenced unethical conduct risk assessment at overseas plants in 2021 and completed the assessment at Jiangyin Walsin Steel Cable and Jiangyin Walsin Specialty Alloy Materials in 2022	Implement countermeasures to unethical conduct risk assessment findings and continue strengthening examination of high-risk unethical conduct

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Highlights



Award winner for 7 consecutive years

A Taiwan Corporate Sustainability Award winner for 7 consecutive years from 2016 to 2022, a winner of the Taiwan Top-100 Sustainability Model Company Award in 2022, a platinum award for the Company's sustainability report, and a bronze report for the English version of the report.



FTSE4Good TIP Taiwan ESG Index for 4 times

Inclusion into the FTSE4Good TIP Taiwan ESG Index for 4 times from 2021 to 2022.



Taiwan Corporate Governance 100 Index for 5 times

A constituent stock of the Taiwan Corporate Governance 100 Index for 5 times respectively in 2015, 2017, 2018, 2019, and 2022.



Taiwan Employment Creation 99 Index for 3 times

A constituent stock of the Taiwan Employment Creation 99 Index for 3 times from 2020 to 2022.



A positive rating outlook from Taiwan Ratings

A positive rating outlook as well as "twA-/twA-2" ratings received from Taiwan Ratings.



In the top 5% of the outstanding companies recognized

In the top 5% of the outstanding companies recognized by the Corporate Governance Evaluation for 6 consecutive years from 2017 to 2022.

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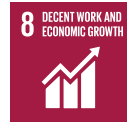
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2.1 About Walsin Lihwa



2.1.1 Business Development

Established in 1966 with a capital of NT\$30 million as a manufacturer of power cables and wires at inception, Walsin Lihwa is now not only a leading company of wire and cable as well as stainless steel in the Greater China region but also an international consortium by successful expansion into the commerce and real estate, resources, renewable energy industries and made investments in the technology industry.

Since 1972, Walsin Lihwa has been listed in the Taiwan Stock Exchange. Walsin Lihwa's 2022 consolidated revenue exceeds NT\$180.4 billion, and the company has approximately 10,000 employees.

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.

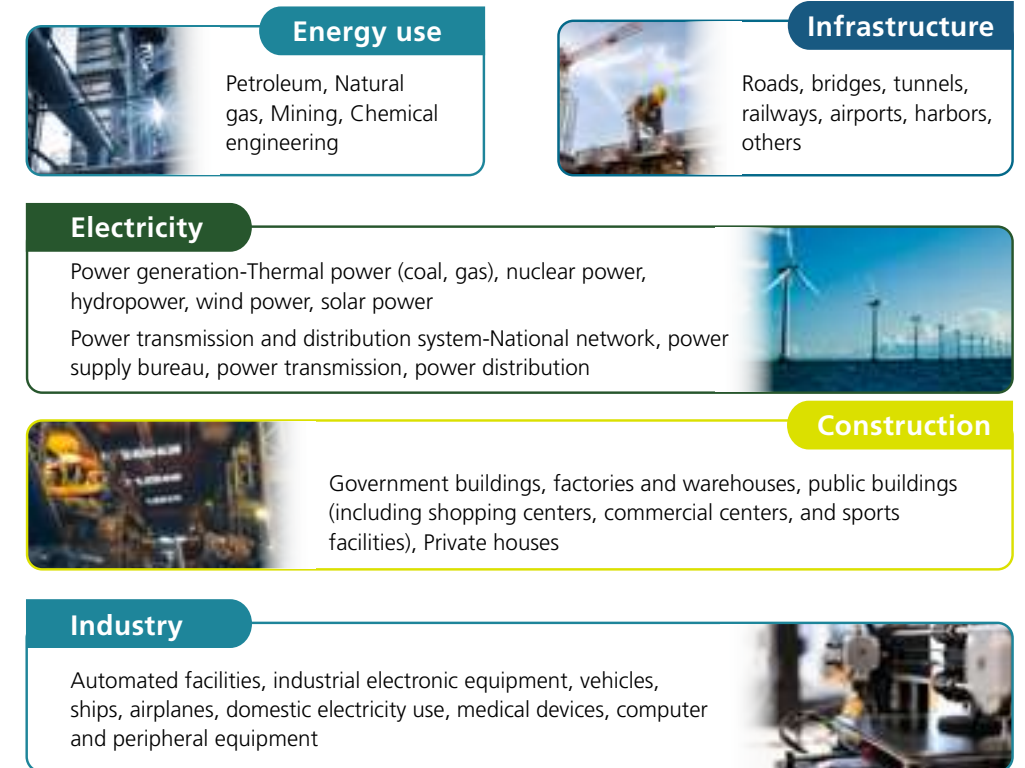
Of Walsin's core businesses, the wire and cable business includes copper materials and power and communication cables. We have comprehensive product range of power cables and communication cables which can fulfill the needs in power and telecommunication demands in Greater China. The Company's stainless steel business manufactures stainless steel billets, wire rods, cold-finished bars, and seamless pipes; it is a global leader in stainless steel long products. 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, the nickel market for battery application and developed long-term partnership with customers to help strengthen their competitiveness. 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. 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, Italy 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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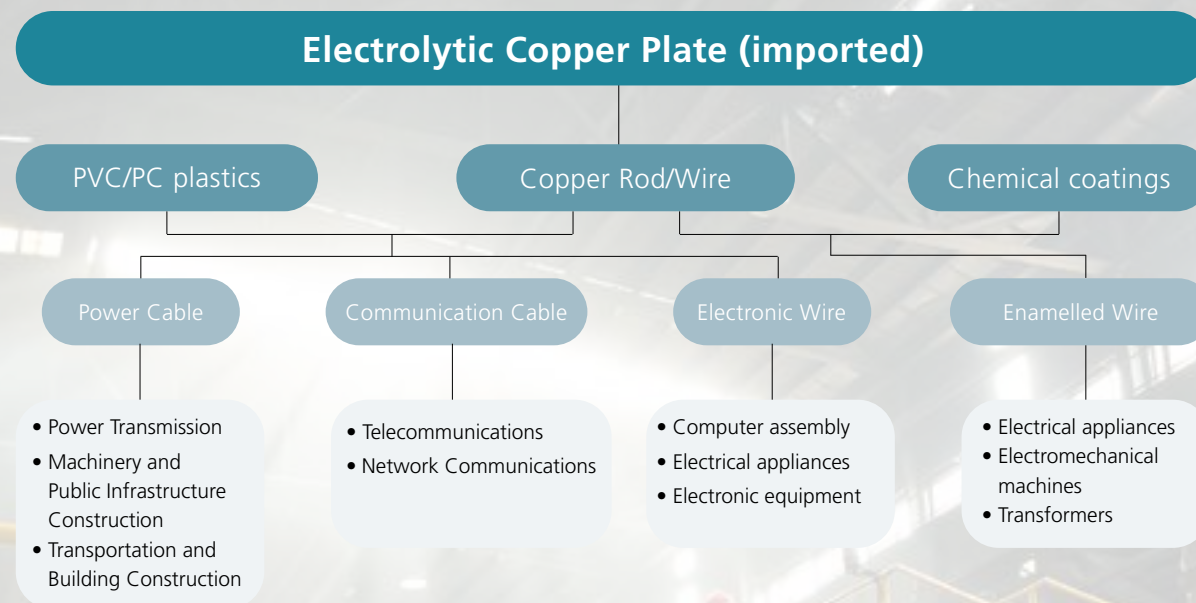
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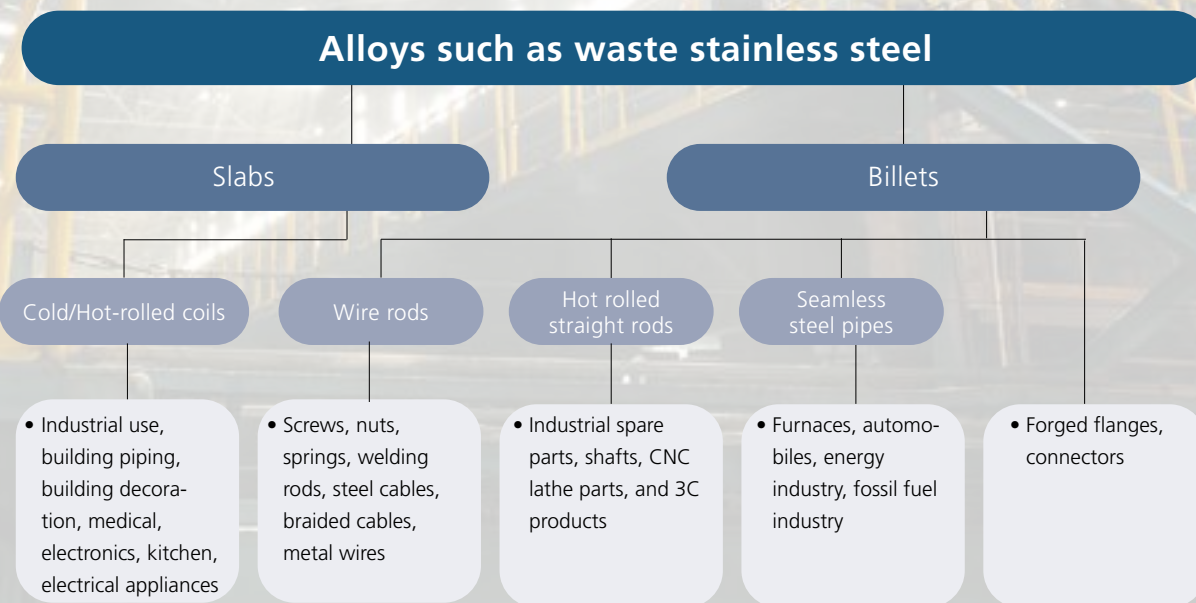
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Wire and Cable Business



Stainless Steel Business



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Business Locations

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



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.

Down-to-earth attitude toward business



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

Emphasis on scientific approaches



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

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	✓	Vice Chairman
	Taiwan Electrical and Electronic Manufacturers' 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	✓	Standing Supervisor
	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	✓	✓

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2.1.3 Milestones and Awards

Company Development Milestones

1966-1986

Solid Foundation Laid

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.



1987-1997

Diversification

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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1998-2014

Focus on Core Business Development

- 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.

2015-Present

Successful New Business Development

- 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.
- 2022** Invested in Cogne Acciai Speciali in Italy for global stainless steel market development.

Invested in PT. Sunny Metal Industry for nickel matte development and expansion into the market of electric vehicle batteries.

Commenced a test run of steel rolling in Yantai for smart manufacturing development.

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2022 Honors and Awards



Environmental

- Taichung Plant :
The Environmental Protection Administration's Community Service Model Award and the Taichung City Environmental Protection Bureau's High Distinction and Excellence Awards for the plant's adoption of Liyuan Park Phase I as an air quality cleaning zone and Dongfeng Green Corridor Bicycle Path.
- Nanjing Walsin (Real Estate) :
T1 office building certified by the US Green Building Council's Leadership in Energy and Environmental Design for Core and Shell Development, with gold-level certification by the Green Building Certification Institute and International WELL Building Institute, too.



Social

- The Light Up the Corners Throughout Taiwan Project recognized by the Yilan County Government as an education sponsorship model.
- The Ministry of Labor's subsidization of the Yenshui plant for human resource improvement.
- A bronze award for implementation of the Talent Quality Management System of the Workforce Development Agency, Ministry of Labor.
- Sports promotion certification provided by the Sports Administration, Ministry of Education to the Hsinchuang plant in 2022.
- Respectively awarded the Healthy Workplace and Badge of Accredited by the National Health Administration of the Ministry of Health and Welfare were Hsinchuang plant and Yangmei plant in 2022.
- Outstanding breastfeeding room certification provided by the Taipei City Department of Health to the Taipei head office.
- CommonHealth Magazine's Corporate Health Responsibility:
 - Gold award: Hsinchuang plant.
 - Bronze award: Taichung plant.
 - Recognition of corporate commitment: Taipei head office, Yangmei plant, and Yenshui plant.



Governance and Economic

- In the top 5% of the outstanding companies of the 9th Corporate Governance Evaluation and in the top 10% of non-financial and non-IT companies in Taiwan with a market value of more than NT\$10 billion.
- A constituent stock of the FTSE4Good TIP Taiwan ESG Index, Taiwan Corporate Governance 100 Index, and Taiwan Employment Creation 99 Index.
- A winner of the Taiwan Top-100 Sustainability Model Company Award in 2022, a platinum award for the company's 2021 sustainability award, and a bronze award for the English version of the report.
- Class A certification by the Taiwan Intellectual Property Management System and recognition by the Industrial Development Bureau.
- CommonWealth Magazine's Taiwan Top-2,000 in 2021:
 - 34th highest operating income in the manufacture sector.
 - 35th highest net profit after tax in the manufacture sector.
- Dongguan Walsin: One of the top-10 revenue companies in Dalang Town, Dongguan City.
- Yantai Walsin:
 - 2nd-class award for outstanding social responsibility fulfillment in the Yellow Sea and Bohai Sea areas.
 - The Yantai Economic and Technological Development Zone's subsidization of the Yantai plant for investment.
- Changshu Walsin:
 - Certification of intellectual property management implementation in Jiangsu Province.
 - A-class quality credit in Jiangsu Province.
 - Advanced technology company certification.
 - An award for contribution to annual tax revenue.
- One Mall in Nanjing:
 - Outstanding safety and security development.
- Nanjing Walsin (Property Mgmt.):
 - A creditable property company in Nanjing.
 - An AAA-class property company in Nanjing.
 - Outstanding property service.
 - Exemplary garbage sorting.



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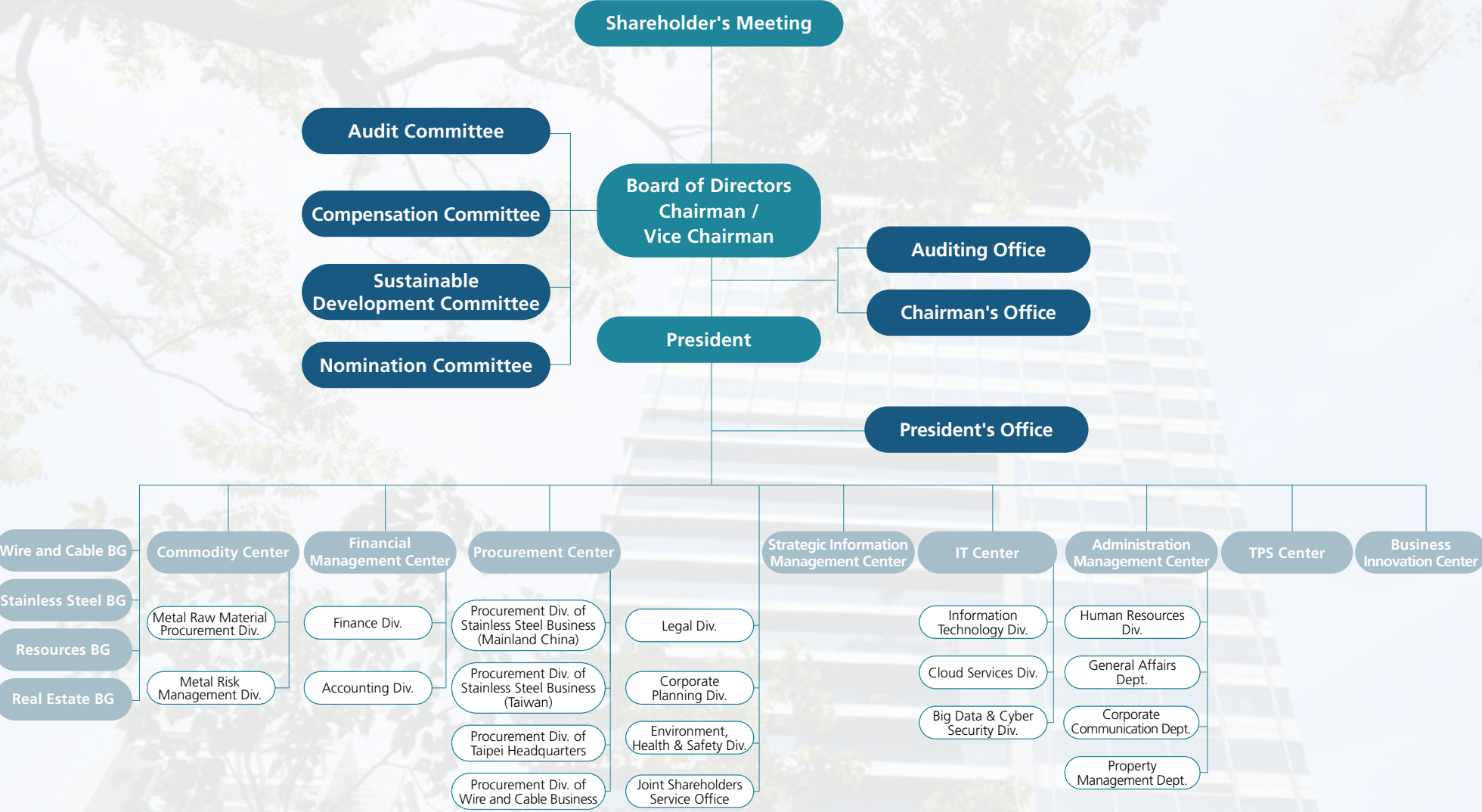
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2.2 Governance Structure

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 10, 2023, they convened 22 board meetings where their attendance was 95%.** 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 2022



Board members
in other current
position



Board of Director
Profiles and Diversity
Implementation Progress

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.

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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	✓	✓	✓	✓				✓	✓	

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 Name	Independence ^{Note}												Number of other public companies in which any Walsin Lihwa director concurrently serves as an independent director
	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
Chin-Xin Investment Co., Ltd Representative: 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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Gender and Age of Directors

Walsin Lihwa has 11 directors of the board. 5 of them 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 structure of its board of directors, Walsin Lihwa has 2 female directors, 18% of the board and higher than the average of 15% at public listed companies in Taiwan.

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 ever year by using self-evaluation questionnaires. The evaluation shall also be conducted by an independent professional organization or a panel of external experts and scholars at least once every three years. The evaluation for the current year shall be conducted at year-end.

In 2018 and 2022, Walsin Lihwa commissioned the Taiwan Corporate Governance Association— an independent third party without any business dealing with the Company— to evaluate 8 major aspects of the board performance. Interviews and questionnaire surveys took place to evaluate the 8 major aspects, including the board's organization, guidance, delegation, supervision, communication, self-discipline, internal control, and risk management. Through the evaluation by the professional organization as well as exchange with and guidance from its panel, Walsin Lihwa is able to benefit from objective and professional evaluation results and recommendations to keep improving its board quality.

An internal evaluation of the 2022 board performance was also completed and reported to the board on January 10, 2023.

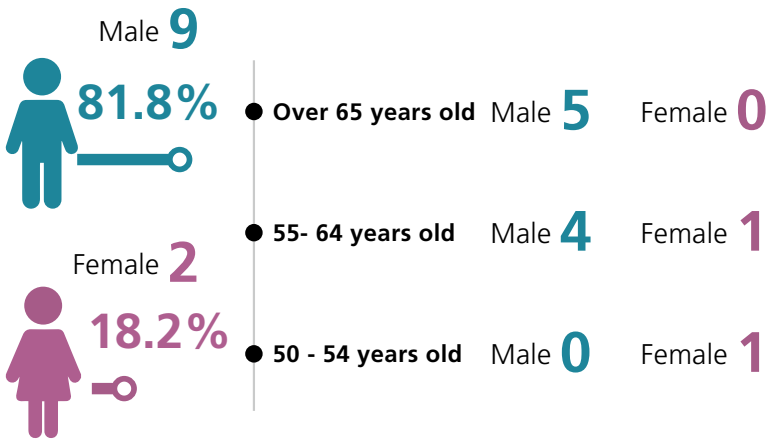
Directors' Recusal for Conflicts of Interest

The Ethical Conduct Guidelines for Directors of the Board and Managerial Officers of Walsin Lihwa require strict abidance by recusal for conflicts of interest and anticorruption. Moreover, pursuant to the Board of Directors Meeting Regulations, if a director has a personal interest in any agenda item or his or her personal interest may prejudice the Company's interest, the director may not participate in discussion and voting, and shall recuse himself or herself from the discussion and voting, and also may not exercise voting rights as a proxy for any other director. The name of any director possibly having an interest relationship, essential content of the interest, and status of recusal 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.



Results of Board Performance Evaluation in 2022 (Chinese edition)



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2022 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 bylaws such as the Articles of Incorporation, Corporate Governance Best Practice Principles, and Regulations Governing Board Performance Evaluation in accordance with the Company's business scopes as well as relevant new laws and regulations.
- 4 Education for directors of the board based on the Company's business characteristics and in accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed Companies and TPEX Listed Companies to periodically inform them of relevant external courses and help enable diversified learning mechanisms: Every director's attendance to annual training of at least 6 hours as required in 2022 with total attendance of 135.5 hours and attendance of 100%.
- 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.
- 7 A revision of the app for digitalization of the information on board meeting proceedings In September 2022 to provide an information exchange platform that enables more real-time data updates as well as rapid and streamlined operation.



Important resolutions of the Board of Directors



Continuing education status of directors

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.

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2.2.3 Sustainable Governance

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.

○ Convener

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

Sustainable Development Committee

Walsin Lihwa takes stakeholders' rights and interests seriously in its CSR fulfillment. While pursuing sustainability and profitability, the company also focuses on its impacts on the environment, society, and governance for ongoing improvement of sustainability. The company established its Corporate Social Responsibility (CSR) Committee in April 2015. On November 1, 2019, the 18th board of directors approved the establishment and charter of a Sustainable Development Committee at its 17th meeting to have the CSR Committee and the Business Integrity Committee merged into the Sustainable Development Committee to complete the Company's sustainability framework. The Sustainable Development Committee is responsible for corporate sustainability strategy and vision development as well as CSR implementation and management. The Chairman of the Board of Walsin Lihwa is the convener of the Sustainable Development Committee, and the Vice Chairman and all independent directors are members on the committee. There are five promotion centers under the committee, Business Integrity, Environment, Health and Safety (EHS), Green Operations Management, Customer Service and Supplier Management, and Employee Relations and Social Care. The committee shall convene at least twice annually to review the five centers' annual plans as well as their plan implementation results to report to the board of directors in the following year.

The Sustainability Development Committee established the "Guidelines for the Compilation of Sustainability Reports" in 2022, which standardizes the procedures for report compilation and verification and incorporates them into the internal control system.



Operations of Functional Committees

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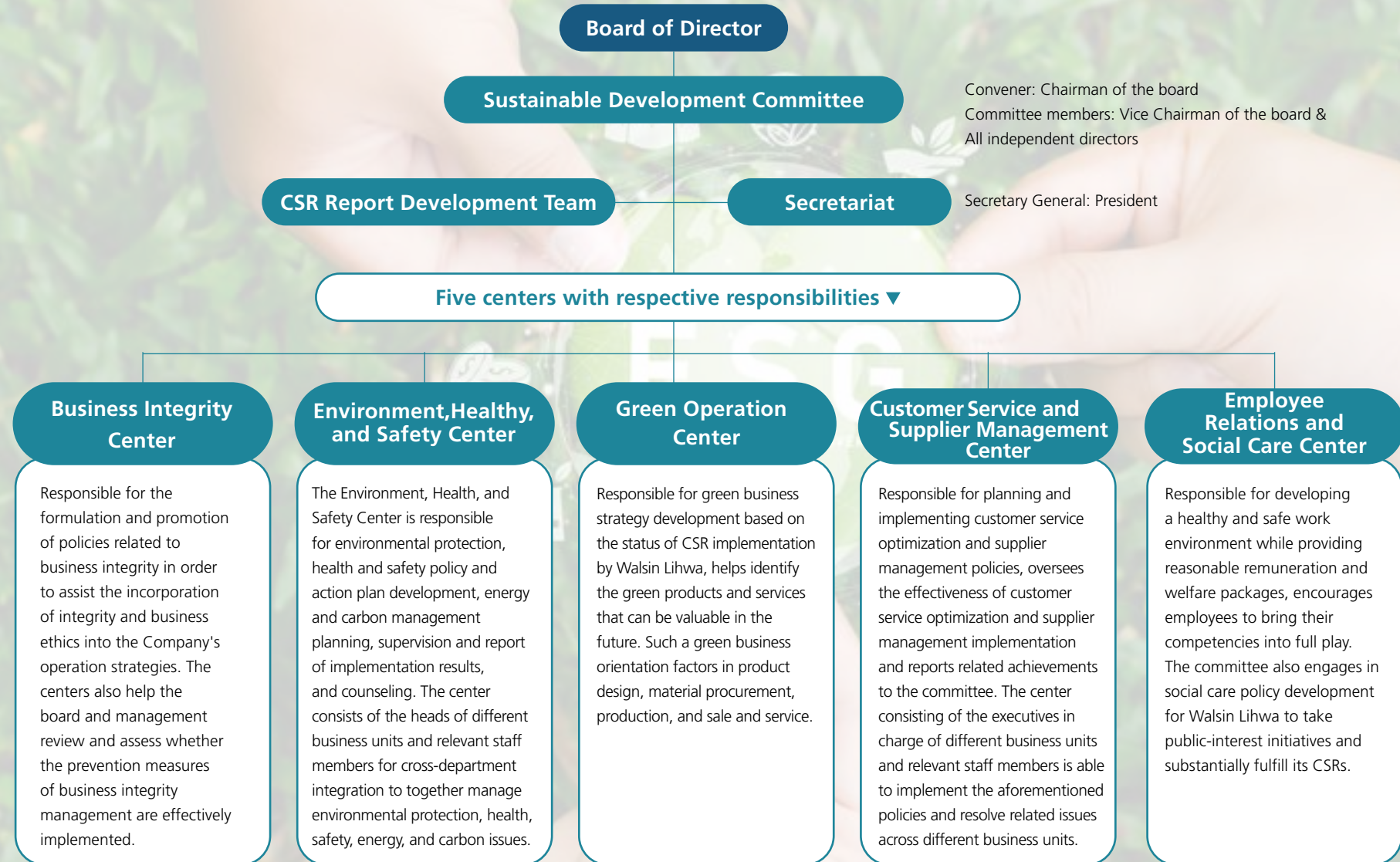
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Sustainable Development Committee Organizational Structure ▼



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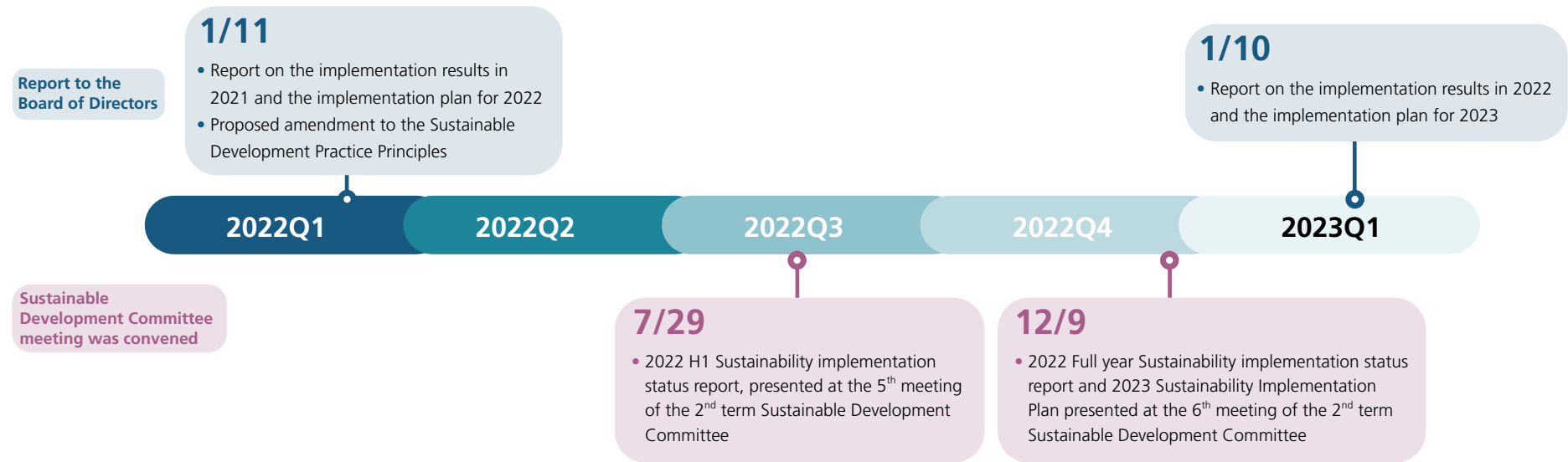
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Sustainable Development Committee Operation

Communication plan	Communication mechanism	Frequency	Status of communication in 2022
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 sustainability development in 2022 and the implementation plan for 2023 to the Board of Directors on January 10, 2023.
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	Convention of 2 Sustainable Development Committee meetings: The 2 nd term of office of the committee's 5 th meeting on the implementation progress in the 1 st half of 2022 on July 29, 2022. The 2 nd term of office of the committee's 6 th meeting on the implementation results in 2022 and the 2023 implementation plan on December 9, 2022.



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 2022. 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

2.3.1 Business Performance

Walsin Lihwa's total capital was NT\$37.3 billion in 2022, consolidated revenue was approximately NT\$180.4 billion, net profit was 19.4 billion, and the number of employees reached nearly 10,000. 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\$58.9 billion in 2022, shipping approximately 210,000 metric tons of bare copper wire and wire and cable. The Stainless Steel BU's revenue was NT\$79 billion, shipping approximately 780,000 metric tons of primary stainless steel products. The Resources Business BU's revenue was NT\$23.5 billion, shipping approximately 40,000 metric tons of primary products. The Real Estate BU's income from real estate sales and leasing was NT\$2 billion.

Unit: NT\$ million

Item	2020	2021	2022
Operating revenue	112,547	156,665	180,401
Gross profit	12,468	19,809	17,346
Operating expenses	5,083	6,464	7,848
Operating profit	7,385	13,346	9,499
Non-operating income and expenses	1,866	5,777	13,903
Pre-tax profit / loss	9,251	19,122	23,402
Net profit / loss	6,691	14,643	19,352

Operation revenue

The 2022 operation revenue increased by NT\$23.7 billion primarily because the Resources Business Group's nickel pig iron and power plants became fully operational and the Stainless Steel Business Group's revenue in Mainland China increased.

Gross profit

The 2022 gross profit decreased by NT\$2.5 billion because Borrego Solar Systems, a subsidiary in the US, was sold in the 2nd quarter of 2022.

Operating expenses

The 2022 operating expenses increased because employee bonuses and remuneration increased along with a higher profit.

Non-operating income and expenses

The non-operating income and expenses increased in 2022 because the incomes from a subsidiary disposal, reinvestments recognized by equity method, and currency exchange gains.

Tax Management

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

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

Effective Tax Rate

Unit: NT\$ million

Item	2020	2021	2022
Pre-tax net profit	9,251	19,122	23,402
Income tax expense	2,245	3,865	4,262
Effective tax rate	24.27%	20.21%	18.21%
Income tax payment	2,156	1,255	2,732
Cash tax rate	23.31%	6.56%	11.67%
Income tax percentage in operating revenue	1.99%	2.47%	2.36%

Dividend Payout and Dividend Yield

After the Company has offset its accumulated losses from previous years and paid all tax due, the Company shall set aside 10% of its net profits as legal reserve, except when the legal reserve equals to the total authorized capital of the Company. From the remainder calculated above plus the surplus retained earnings of previous year, the Company shall set aside or reverse the special reserve as stipulated by the law or the competent authority. Then the board of directors shall draft an earning distribution proposal submitted to the shareholders' meeting for resolution to distribute shareholders'

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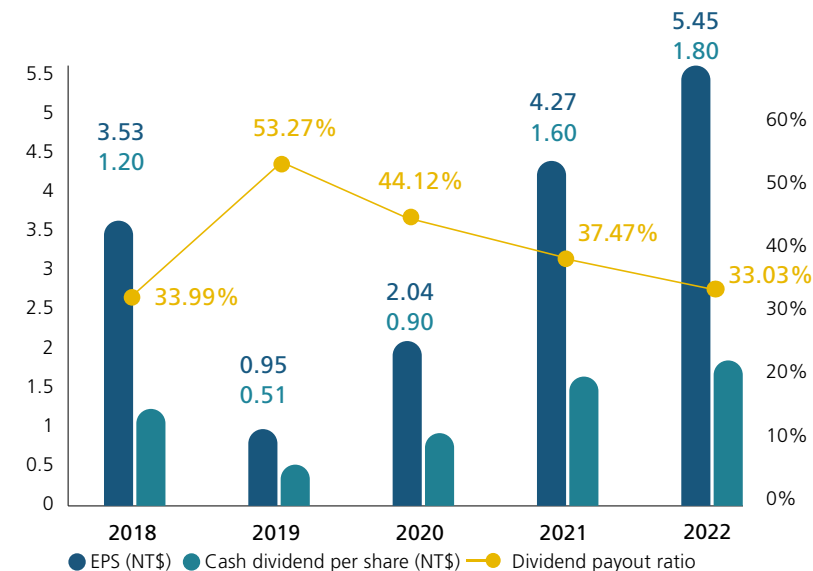
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dividends. If the aforementioned distribution of earnings is made in cash, the board of directors shall be authorized to distribute the earnings with the presence of at least two-thirds of the Directors and the resolution of a majority of the directors present, and to report the distribution to the shareholders' meeting. The setting aside of the legal reserve should be based on the "the total amount of after-tax net income for the period and other profit items adjusted to the current year's undistributed earnings other than after-tax net income for the period."

The share dividend policy of the Company should be stable for the purpose of sustainable operation and development. In case of any earnings on the final account, the Company shall allot as shareholder dividends no less 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 well as deducting the share of the affiliates' interests recognized by equity method and adding the cash dividends paid out by the affiliates to the Company recognized by equity method. Such dividends shall be distributed in cash or in form of shares; cash dividends shall not be less than 70% of the total dividends. 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 the preceding paragraph.



2.3.2 Business Development Overview and Future Outlooks

Walsin Lihwa's 2022 net income of NT\$19.4 billion and an EPS of NT\$5.45 are a historic high. In terms of the performance at its individual business groups, the Wire and Cable Business Group had a steady order growth while increasing its gross margin by grasping the business opportunities from plant construction as well as power grid and green power development in Taiwan, while the Stainless Steel Business Group made significant progress in global production and sale integration by the acquisition of Cogne Acciai Speciali in Italy and smart manufacturing implementation at Yantai Walsin Stainless Steel, and the Resources Business Group became an important business at Walsin Lihwa by increasing the capacity of nickel matte and nickel pig iron production to meet the increasing global demand for stainless steel and nickel for electric vehicle batteries.

In 2023, the Russia-Ukraine war, geopolitics, inflation, environmental sustainability issues, and the demand for new energies are expected to remain as the challenges to business operations. Therefore, Walsin Lihwa shall try to transform such challenges into opportunities and continue driving business process reengineering and digital transformation to strengthen core competitiveness while facilitating circular economy development by investment in energy creation, storage, transportation, and utilization to cope the challenges from ever-changing business environments, climate change, and environmental protection issues.

Wire and Cable

Accelerate the construction of smart manufacturing factories and innovative service models continuously to enhance customer value and sustain market leadership. Seize opportunities in the green energy sector, develop industrial cables and expand into areas like solar power and offshore wind power. Fully commit to the high-voltage power market in domestic grid transmission.

Stainless Steel

Ongoing global production and sale integration by integration of sales and marketing, quality control, and environmental protection; commencement of smart steel rolling for mass production at Yantai Walsin Stainless Steel; and ongoing production process optimization at the Yenshui plant to increase the percentage of high-added value products in conjunction with innovative service model development to enable global leadership in stainless steel long products.

Resources

The capacity expansion plan to complete nickel matte and nickel pig iron production is deemed as an value add to the nickel industry value chain. Ongoing green energy and carbon reduction roadmap development will be able to help meet environmental protection requirements and to reduce production costs.

Real Estate

A stable growth of the office building leasing business with dynamic business mix adjustment for the mall business to increase customer traffic and sales while creating cash flow stability.

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2.4 Business Integrity

2.4.1 Regulatory Compliance



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

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

Monitoring and Evaluation of Relevant Business Laws and Regulations

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

Name of the Law/Regulation	Accountable department	Examine the mechanism (method, frequency)	2022 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 as well as occupational health and safety laws and regulations, and enactment of the Contractor's Blue Book with promulgation and enforcement throughout plant sites.
The Business Entity Accounting Act, International Financial Reporting Standards, Income Tax Act, Regulations Governing the Acquisition and Disposal of Assets by Public Companies, 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.	Amendments to the Company's internal Control System and Procedures for the Acquisition and Disposal of Assets pursuant to competent authorities' requirements.
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, Regulations for Patent Right Management, Regulations for Classified Document Management, and Regulations for Trademark 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 Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities	Corporate Governance	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.	Amendments to the Company's Articles of Incorporation, Sustainable Development Best Practice Principles, Corporate Governance Best Practice Principles, and Procedures for Handling Material Inside Information and Prevention of Insider Trading pursuant to the Taiwan Stock Exchange's announcements.
Labor Standards Act, Personal Data Protection Act, etc.	Human Resources 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.	Amendments to the Company's Regulations of Leave-Taking of Workers in Taiwan and Regulations for Attendance Management of Workers in Taiwan pursuant to relevant labor laws and regulations as well as government announcements.

In 2022, the Company fully complied with the Company Act and the Ethical Management Best Practice Principles for TWSE/GTSM Listed Companies without any serious violation of relevant laws and regulation. The Company also improved its fraud prevention measures to strengthen ethical management by amending its Articles of Incorporation, Ethical Management Best Practice Principles, and Regulations for Patent Right Management to stay abreast with the latest changes in relevant laws and regulations. However, Walsin (Nanjing) Development Co., Ltd. failed to complete construction planning permit application for its One Mall's roof beautification and noise reduction projects, and was fined of RMB\$698,000 by the local Urban Administrative and Law Enforcement Bureau for violation of Article 35 of the Urban and Rural Planning Regulations. Necessary application procedures were completed in 2022, when legal compliance promotion was also strengthened at Walsin (Nanjing) Development.

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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

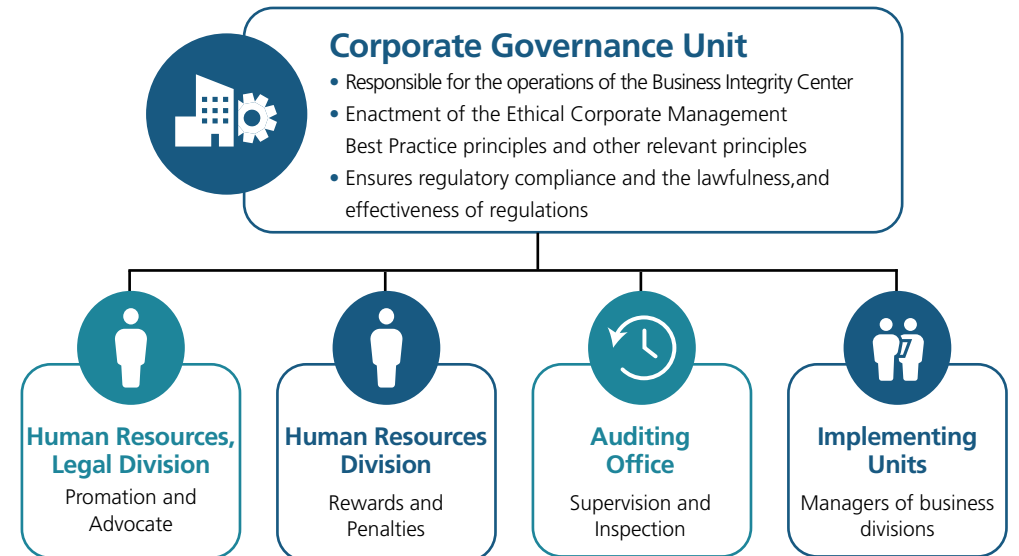
With commitment to effective ethical management for business integrity, Walsin Lihwa does not tolerate any corrupt practices, e.g., bribes, frauds, extortions, abuses, embezzlement of company assets, and/or personal interests at the cost of the interests of the Company. The key points of the Company's 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 2022, the Company had no litigation related to anti-competitive practices and there was no report of such practices at the Company. There was no litigation related to violations of corporate governance, bribes, or corruption, and no director of the board or senior managerial officer was involved in insider trading illegalities.

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.



Status of the Business Integrity Committee in 2022



Reported implementation results in 2022 to the Sustainable Development Committee

Number of Meetings : 2 meetings/year
Attendance Rate : 100%

Committee members report work items on a quarterly basis

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

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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 2022, 8 directors 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.

- Enhancement of corporate governance effectiveness: Arrange education and training for directors of the board on a regular basis and update them on the changes in relevant domestic and overseas laws and regulations including prohibition of insider trading to strengthen their professional knowledge.
- 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.
- Effective implementation of anti-corruption measures: Require suppliers to sign the Supplier Management Commitment and announce the Company's anti-bribery and anti-corruption commitments as well as related measures at supplier conventions and investor briefings, and provide stakeholder communication channels on the Company's website for stakeholders to report any breach of integrity and corruption issue they discover to help the Company activate investigation procedures.
- Enhancement of legal compliance and risk management at affiliates and subsidiaries: 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.
- Enhancement of employees' awareness of legal compliance and integrity: Provide various training programs on ethical management, corporate governance, and legal knowledge on the Company's intranet and internal education and training platform Walsin Lihwa Academy, with foci on ethical management, intellectual property management, business secrets, and confidentiality obligations in 2022.

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, legal compliance, intellectual property rights are provided to all employees including new employees to strengthen their awareness of intellectual property right, business secret, and patent protection as well as ethical management and anticorruption.

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

Plant	Item	Total	Managerial ^{Note1}	Non-managerial	Male	Female
Taiwan	Number of Attendees	613	123	490	444	169
	Number of employees	2,968	571	2,397	2,583	385
	Ratio ^{Note2}	21%	22%	20%	17%	44%
Mainland China	Number of Attendees	338	106	232	204	134
	Number of employees	2,250	439	1,811	1,813	437
	Ratio ^{Note2}	15%	24%	13%	11%	31%

Note: 1. Definition of people in charge: Section and shift leaders and above.2. Training completion rate: Number of the people who have completed their training and passed the test/Number of the employees in the year

Status of Attendance to Legal Compliance Education and Training

Plant	Item	Total	Managerial ^{Note1}	Non-managerial	Male	Female
Taiwan	Number of Attendees	557	101	456	405	152
	Number of employees	2,968	571	2,397	2,583	385
	Ratio ^{Note2}	19%	18%	19%	16%	39%
Mainland China	Number of Attendees	320	100	220	200	120
	Number of employees	2,250	439	1,811	1,813	437
	Ratio ^{Note2}	14%	23%	12%	11%	27%

Note: 1. Definition of people in charge: Section and shift leaders and above 2. Training completion rate: Number of the people who have completed their training and passed the test/Number of the employees in the year

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Education and Training on Intellectual Property Rights

Plant	Item	Total	Managerial ^{Note1}	Non-managerial	Male	Female
Taiwan	Number of Attendees	560	105	455	410	150
	Number of employees	2,968	571	2,397	2,583	385
	Ratio ^{Note2}	19%	18%	19%	16%	39%
Mainland China	Number of Attendees	299	89	210	184	115
	Number of employees	2,250	439	1,811	1,813	437
	Ratio ^{Note2}	13%	20%	12%	10%	26%

Note: 1. Definition of people in charge: Section and shift leaders and above
2. raining completion rate: Number of the people who have completed their training and passed the test/Number of the employees in the year

In addition to the education and training for all employees, specific courses were provided to specific employees to help strengthen corporate legal compliance and ethical management.

Month	Subject	Required Attendees	Required Attendance	Actual Attendance	Attendance Rate
2022/04	Patent right application	R&D personnel at the Yenshui plant	16	16	100.0%
2022/04	Confidentiality obligations and procurement contract requirements	Procurement personnel at the Yenshui plant	12	12	100.0%
2022/08	Self-assessment of their education and training results by the personnel responsible for the Taiwan Intellectual Property Management System implementation	Legal Division employees	20	20	100.0%
2022/09	Fair trade and antitrust practices	Sales and procurement personnel	47	47	100.0%

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 2022, 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
2022/11	Prevention of insider trading and short-term trading	Directors of the board and executives above the managerial officer level	23 (11 directors of the board and 12 executives above the managerial officer level)

External Promotion:

Ethical management, anti-corruption, and legal compliance promotion to suppliers at different plants in 2022 (1 hour per session):

Month	Plant	Number of major suppliers that participatedv
2022/10	Yenshui Plant	39
2022/11	Hsinchung Plant / Yangmei Plant	33
2022/11	Yantai Walsin	49
2022/11	Shanghai Walsin / Dogguan Walsin	26

In 2022, the education and training at the Company focused on ethical management, patents, and the Taiwan Intellectual Property Management System. 951, 877, and 859 people respectively completed the ethical management (including anti-bribery), patent education, and the Taiwan Intellectual Property Management System programs, while the promotion of such subjects was provided to 147 major suppliers.

 Ethical Management and Anti-corruption 951 people	 Intellectual Property Rights 859 people
 Patent Education 877 people	 Key Suppliers Promotion 147 companies

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2.5 Risk Management

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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 Systems 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. They are also required to report the board on a regular basis.



Risk Management Status Report in 2022

Risk Management Organization and Duties



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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.
	Legal risks	Legal Division	Penalties for violations	<ul style="list-style-type: none"> The legal department is responsible for managing legal risks, internal systems, regulatory compliance, disputes and lawsuit events, investments and acquisitions, and intellectual property rights, as well as providing legal advice and handling recommendations. 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. Completion of the Taiwan Intellectual Property Management System implementation in 2020 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, completion of certification by the Taiwan Intellectual Property Management System at the Hsinchuang plant in 2021, and successful passage of sampling inspection in 2022 during the certification valid period.
			Personal information leaks	<ul style="list-style-type: none"> 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. Ongoing development and perfection of the Company's personal data management in 2022 to include legal compliance and the Personal Data Protection Act into the required courses of the year and implement Microsoft Purview to strengthen control of personal data-related classified documents.
			Employee misconduct	<ul style="list-style-type: none"> 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. Ongoing perfection of business integrity requirements at the Company in 2022 by amendment to the Ethical Corporate Management Best Practice Principles, with the acquisition and payment cycle under supervision by the Business Integrity Center to implement assessment of unethical practice risks.
			Transaction Risk	<ul style="list-style-type: none"> Lower the overall legal risks of the Company through the contract system used to manage the status of contract signing and related risks, as well as the seal management system to monitor the issuance, use, and abolishment of the Company's seals. The legal department regularly organize legal education and training to raise employees' awareness of legal risks, so that employees comply with relevant laws when engaging in business activities, which will lower transaction risks. This enables us to prevent and control transaction risks in advance, ensure the Company's regulatory compliance, and comprehensively implement corporate governance.
	Capital expenditure risks	Accounting Division	Purchase and management of major equipment	<ul style="list-style-type: none"> Implementation and amendment of the Rules on Capital Expense Management. Major capital expenditures must be reviewed by the Audit Committee and the Board of Directors.

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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"> 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. File encryption implementation and secure cloud service planning to decrease sensitive data leakage risks. Inspections of website vulnerabilities on a regular basis, and implementation of penetration tests and website risk inspections for timely improvement to ensure website security. 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. 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
	Interest rate fluctuation risks	Finance Division	Interest rate fluctuation	<ul style="list-style-type: none"> Monitor interest rate and market changes, control positions of long-term and short-term loans, and use market tools to fix interest rate costs in a timely manner. Monitor the Company's financial condition and evaluate financing methods and instruments based on annual budget requirements to reduce financing cost. Maintain good relationships with banks to obtain the best interest rates on loans and savings.
	Exchange rate volatility risks	Finance Division	Exchange rate volatility	<ul style="list-style-type: none"> Monitor fluctuations and information in the foreign exchange market on a daily basis, estimate and monitor currency risks derived from imports and exports, and assess foreign exchange risks and changes in gains/losses from the Company's assets and liabilities. Formulate hedging strategies and use hedging instruments, such as spot exchange transactions and forward exchange transactions, for exchange rate hedging. Control foreign exchange risks and carry out hedging for major capital expenditures and fund transfers that will change the Company's foreign currency position. Daily confirmation of the Company's foreign exchange risks and gain or loss position in compliance with relevant management requirements. 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 to strengthen internal risk management
	Risks associated with raw material prices and supply chains	Commodity Center	Price fluctuations of raw materials Supply cut off	<ul style="list-style-type: none"> Real-time market intelligence obtained from multiple data sources and statistics databanks. 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. 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 to further strengthen internal risk control. 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. 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. Quantity and delivery date negotiations with qualified suppliers to decrease safety stocks and supply failure risks and ensure more flexible and timely supply sources.

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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"> 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. 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. Optimization of manufacture process monitoring and control and implementation of online inspection and testing in conjunction with statistical process control (SPC) and engineering data analysis (EDA) to prevent poor quality while strengthening quality improvement efficiency. Research the treatment mechanism and technology of waste XLPE (Cross-linked Polyethylene) and develop thermoplastic regeneration technology for XLPE insulation materials. This initiative aims to recycle and reuse waste materials, increasing the proportion of environmentally friendly packaging materials. Define the material properties and electrical performance parameters that the materials must meet. Utilize recycled materials as substitutes for thermosetting insulation materials in cables, reducing carbon emissions and addressing the issue of waste cable disposal. Explore the development of new products for green energy applications and manufacturing services, including certification of electric vehicle charging plugs and wind turbine cables. Integrate cable carrier products and cable carrier systems, focusing on lightweight and abrasion-resistant cable carriers to meet the needs of Industry 4.0 and manufacturing services. Establish an efficient and intelligent factory in Yangmei, enhancing efficiency through smart manufacturing techniques.
Environment	Climate change and environmental risks	Environment, Health & Safety Div.	Carbon emission management	<ul style="list-style-type: none"> Implement energy management systems and establish energy management performance indicators for effective long-term management. Invest in green energy and gradually establish the carbon footprint of products to improve carbon reduction performance and prepare for carbon rights management. 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.
		President's Office	Reduce environmental pollution and energy consumption	<ul style="list-style-type: none"> Continue to improve reclaimed water and waste liquid recycling technologies and reduce raw material and tap water consumption. Continue to search for and develop waste reuse technologies to increase the resource reuse rate.
Social	Management risks	Human Resources Div.	Personnel changes Handling employee-employer relations	<ul style="list-style-type: none"> Strengthen the employee-employer communication channel to promote harmonious relations. Strengthen personnel recruitment channels, employee capability eligibility review, as well as the management, implementation, and monitoring of education and training. Strengthen the collection, processing, and use of personal data to continue improving documentation of personal data and strengthening respect for employees' and interested parties' interests and rights. Ensure that the management procedures and relevant administrative operations of human resources comply with relevant laws and regulations.

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Dimensions	Risk type	Risk management unit	Risk description	Control mechanism
Social	Occupational safety risks	Environment, Health & Safety Div.	Work environment and employee safety	<ul style="list-style-type: none"> Organizing environmental safety and health competency and education training: Implement an environmental safety and health management system that is consistent throughout plants in Taiwan and overseas, identify employees' operating risks through reviews, and continue to lower the incident rate. Reinforcement and integration of occupational safety and environmental protection management systems: Integrate the environmental protection and occupational safety and health management system into a Group-wide unified operating model, and provide on-site guidance. Consistent documentation and stable system operations will be required. Implementing contractor management: We not only take it upon ourselves to fulfill our CSR, but also require our business partners and contractors to sign an EHS Policy Commitment to jointly abide by EHS regulatory requirements and reduce disasters and pollution. Improve occupational hygiene management: Strengthen employee health management, occupational disease prevention, and biological health management in order to improve the physical and mental wellbeing of employees. Ongoing improvement of risk assessment management and equipment risk assessment to promote occupational health and safety management, and equipment safety while strengthening equipment hazard assessment by setting forth integrated management regulations.
	Corporate image risks	Corporate Communication Dept.	Negative image	<ul style="list-style-type: none"> 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

Through effective intellectual property right management, Walsin Lihwa encourages R&D, protects its technologies and R&D achievements, pursues manufacturing process optimization, expedites product innovations and upgrades, and pursues smart manufacturing to achieve value-added transformation of the Company for ongoing growth. In 2020, the Company commenced the Taiwan Intellectual Property Management System (TIPS) implementation, which was certified in the same year. On November 22, 2021, the Company obtained Class A certification by the TIPS and the certification is valid through December 31, 2023. In June 2022, the Company passed the Institute for Information Technology's sampling inspection of the TIPS implementation at the Company. In August, Microsoft Purview was implemented to strengthen confidential information protection. On November 4, the status report on intellectual property right management in 2022 and the 2023 intellectual property right management plan were submitted and reported to the board.



Implementation status of intellectual property management

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Complaints and Suggestions System

The Company has established the Guidelines for Suggestions and Complaints by Stakeholders and set up a designated stakeholder section on the Company's website for stakeholders to send their suggestions and complaints to the Company's management and chief audit executive. Responsible departments are required to properly manage such suggestions and complaints and report the results to the Audit Committee. We received 5 complaints in 2022, 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



Violation of environmental, safety, and health regulations



Sexual harassment

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.

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2.6 Information Security

Material Topics

Walsin Lihwa's designated team for information security management is committed to strengthening information security protection throughout the Company to increase the Company's information security rating, meet customer requirements for information security, and live up to expectations for information security among customers, shareholders, and other stakeholders. The Company strengthens information security year by year in terms of IT governance, personnel and device protection, network and system control, and border protection. For example, high-authority account management, host security monitoring and inspection, and application security have been strengthened to improve extranet vulnerabilities and network security segmentation for ongoing information security patch deployment as well as data encryption and backup while enhancing employee awareness of information security.

Information Security Management Structure Implementation

Walsin Lihwa is capable of effective information security management by its designated team and senior management's participation to stay abreast with international information security standards for information security risk management framework development and stipulation of relevant policies and regulations.



Designated team for information security

To strengthen information security management for company transformation, Walsin Lihwa established its Big Data and Cyber Security Division in 2017. The division is responsible for information security policy development, planning, coordination, implementation of information security protection, information security risk assessment and management, comprehensive information security planning, and information security management solution development year by year.



Senior management's participation

Walsin Lihwa's IT Steering Committee is the information security management decision-making body for the head office and individual business units. The committee is responsible for reviewing and resolving the matters related to information security management.



Information security management system

Walsin Lihwa's ISO 27001 Information Security Management System implementation in 2022 obtained 3rd-party certification. The Company is committed to the PDCA cycle for effective information security management, and a comprehensive information security management system is in place to ensure the confidentiality, integrity, and availability of all the company data and keep strengthening information security management by effective prevention, monitoring, and responsiveness throughout any information security event.



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Information Security Policy

Objectives of information security: To maintain the confidentiality, completeness, and availability of business information including sensitive information at Walsin Lihwa, all the employees, internal and external information service users, and 3rd-party service contractors are expected to work steadfastly together to achieve the following objectives:

- Comply with relevant laws and regulations to protect company confidential information; prevent unauthorized access, tempering, damage, and/or improper disclosure (compliance).
- Protect company business information from unauthorized access or disclosure to ensure the correctness of every category of business information (protection of business secrets).
- Set up comprehensive business continuity planning and procedures for effective management of information security events to ensure such events are properly responded, controlled, and processed, and conduct scenario drills on a regular basis to ensure ongoing operation of IT systems and information services in case of any information security events.
- Cautiously handle and protect personal information and intellectual property rights pursuant to relevant domestic and overseas requirements (intellectual property).
- Review the status of compliance with information security requirements to ensure effective information security management (PDCA).
- Enhance employees' awareness of information security and reduce the risks associated with how information is used through management review, risk appraisal, internal auditing, education and training, and information security drills (full participation).
- Require all the employees to strengthen compliance with the Information Security Policy as well as relevant regulations and SOPs (full participation).

Development of Information Security Resilience for Effective Information Security

- Develop information security plans for information security policy implementation year by year, bring in information security systems and workflow standards, and continue making information security technologies and relevant protection measures more complete.

- The specific management program has 5 objectives, separation of intranet from extranet, multi-layered security defense, identification of security loopholes or other potential risks by log analysis and security inspection, smart security protection, and behavior analysis by log and big data analysis at the security operation center, which can be achieved step by step through 4 approaches, IT governance, data and equipment protection, network and system control, and boundary defense.

- The specific management program includes:

Confidentiality levels of information assets	Implement adequate access authorization and protection based on the confidentiality levels of information assets to reduce exposure to risks.
Technical measures for information security	Continue bringing in advanced information solutions to enable effective system, host, and network behavior management and protection.
Education and training on information security	Provide education and training on a regular basis to share new knowledge on information security and strengthen employees' awareness of information security.
Disaster backup drills	Focus on important systems to conduct disaster backup drills on a regular basis to rapidly resume operation in case of any disasters.
Information security risk assessment	Evaluate and improve endpoint, server, and network equipment protection, and engage 3 rd party professional services such as the information security inspection and diagnosis provided by the Industrial Development Bureau, Ministry of Economic Affairs.
Identification of and responsiveness to information security events	Develop rapid responsiveness to information security events, i.e., detection of such events as early as possible for rapid responsiveness, containment of attacks, recovery of damaged data and important systems as soon as possible to resume service.

Information Security Structure Optimization to Strengthen Responsiveness Before and Throughout Any Information Security Event

As many renowned companies in Taiwan could not protect themselves from hacker attacks and suffered from severe financial and reputational damages, Walsin Lihwa has developed effective cyber defense capabilities based on the Cyber Kill Chain model.

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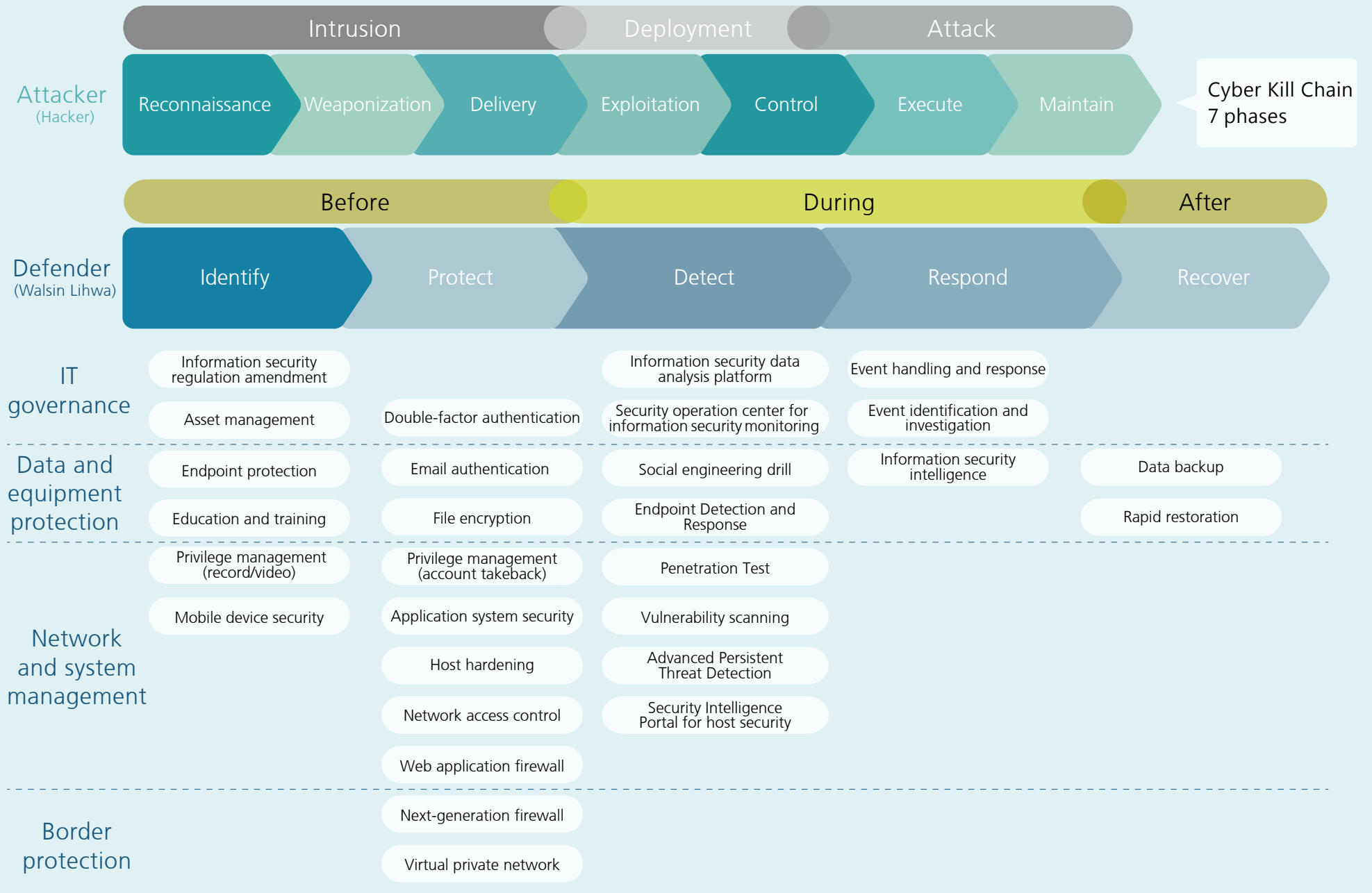
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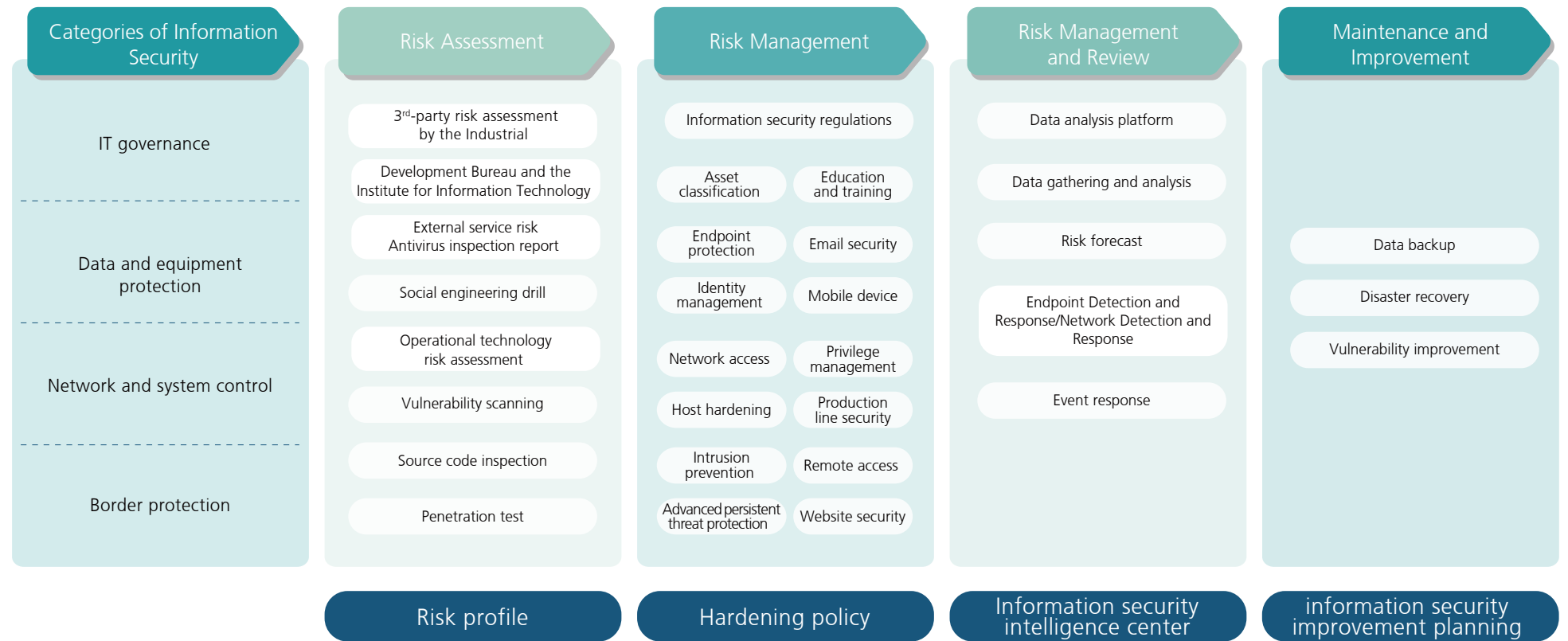
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Information Security Risk Assessment and Management

For effective and timely management of the information security risks identified at the Company, the Company's Big Data and Cyber Security Division has promulgated information security management regulations by factoring in relevant international standards such as the ISO 27005 risk management standards and NIST 800-30 risk assessment framework together with the Executive Yuan's communication and information system risk assessment guideline to identify, assess, and manage risks for systematic risk management structure development.



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Industrial Innovation and Value Chain Integration

3-1 Product and Technology Innovation

3-2 Green Operation

3-3 Product Quality and Responsibility

3-4 Sustainable Supply Chain

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Sustainability Promotion Strategy

- 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.

	Implementation Guidelines	Objectives for 2022	2022 Results	Objectives for 2023
Wire and Cable	Commit to Green Business - Playing a key role in the green supply chain	Develop 2 cable modules for green energy applications	<ul style="list-style-type: none"> ① EV charging plugs passed UL full-series cable certification. ② Developed the material compliant with TÜV energy storage standards. 	Develop of green products for new electric vehicles, the EV charging plugs passed IEC & UL full-series cable certification.
	Accelerate environment protection and enhance our competitive edge. (Circular Economy)	Evaluate the technical feasibility of thermoplastic regeneration technology for XLPE insulation materials	<ul style="list-style-type: none"> • Completed evaluation and assessment on the feasibility of thermoplastic regeneration technology for XLPE insulation materials. 	Advancing towards the goals of recyclable low-carbon cable materials development, as well as promoting recycling and utilization technologies. Committed to engaging in collaborative research and development projects with industry, academia, and research institutions to develop insulation materials that have low carbon emissions and are recyclable.
	Develop intelligent logistics and shape new service models to meet customer needs	Trial implementation of the new service model	<ul style="list-style-type: none"> • Enhanced operational processes (digitalization), optimized customized cutting and distribution capabilities, and served three customers. 	Increase productivity and serve more customers.
Stainless Steel	Develop and innovate green technologies for energy saving process, product performance, and industry development, and combine upstream, midstream, and downstream to create a carbon reduction and green industry chain	Development of process optimization - green process for energy saving and carbon reduction	<ul style="list-style-type: none"> ① Steelmaking process improvement: "Continuous casting machine to reduce BO accidents" and "Optimization of TD Preheater" process improvement projects, reducing power consumption by 76,017 kWh, energy consumption and gas volume by 30,301 m³, and carbon reduction conversion of about 101 Mt-CO₂e. ② Steel rolling mill process improvement: "Optimization of heating time for covered electrode" and "Optimization of feeding time for billet holding furnace" process improvement projects, reducing power consumption by 4,029 kWh, energy consumption and gas volume by 139,246 m³, and carbon reduction conversion of about 299 Mt-CO₂e. ③ Refinement process improvement: "Reduce the high pressure flushing time of pickling line" process improvement project, reducing power consumption by 113,378 kWh, energy consumption and gas volume by 15,054 m³, and carbon reduction conversion of about 88 Mt-CO₂e. ④ Cold finishing process improvement: "Reduce the temperature holding time of specific steel resistance furnace" process improvement project, reducing power consumption by 126,235 kWh, and carbon reduction conversion of about 63 Mt-CO₂e. 	Continuously promote process improvement and refinement to increase productivity, effectively reduce power consumption, energy consumption, water saving, waste reduction to achieve carbon emission target.

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	Implementation Guidelines	Objectives for 2022	2022 Results	Objectives for 2023
Stainless Steel	Develop and innovate green technologies for energy saving process, product performance, and industry development, and combine upstream, midstream, and downstream to create a carbon reduction and green industry chain	Development of high performance green products to enhance the performance on the application-end	<ul style="list-style-type: none"> Complete 6 products: Bar : high strength thermal-resistant stainless steel product, 1 soft magnetism stainless steel product Steel wire rod : 1 high strength wear-resistant stainless steel product, 1 high strength high fatigue-resistant stainless steel product, 2 soft magnetism stainless steel products. 9 products in development : Steel wire rod: 1 high strength wear-resistant stainless steel product, 1 high machinable and corrosion-resistant stainless steel product, 1 high strength thermal-resistant stainless steel product, 1 high strength precipitation hardening stainless steel product, 2 high strength and corrosion-resistant stainless steel products, 1 thermal-resistant and corrosion-resistant stainless steel product, 1 soft magnetism stainless steel product, 1 high strength high fatigue-resistant stainless steel product. 	<ol style="list-style-type: none"> 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". 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.
		Enter the green industry - green energy, new energy vehicles	<ul style="list-style-type: none"> 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. 	<ol style="list-style-type: none"> Strengthen industry research and market survey, identify and plan new product and technology development projects. Enhance application technology service capabilities to accelerate new product development and successful entry into the green industry.
	Focus on customer and industry development, optimizes the service process and enhances customer trust to create a win-win situation	Continue to deepen cooperation with key customers through a service-oriented operation model. Improve quality and delivery services to increase customer satisfaction	<ul style="list-style-type: none"> Promote specialty steel grades/products and obtain several project certifications in Taiwan, China and overseas markets; Use data analysis to improve raw material purchase and production schedule to achieve precise delivery schedules. 	<ol style="list-style-type: none"> Continue to promote high-value products and industrial customer development. Reconstruction of sales department and build the iSCM platform.

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Implementation Guidelines	Objectives for 2022	2022 Results	Objectives for 2023
Effectively implement supplier management mechanisms to develop a sustainable supply chain	Wire and Cable <ol style="list-style-type: none"> Organiz supplier conferences to deepen green supply chain management (1 in Taiwan and 1 in Mainland China (online)) Supervise and assist 74 key suppliers to gradually achieve 100% compliance with the Wire and Cable BG Supplier Code of Conduct. <ul style="list-style-type: none"> 100% compliance with non-use of conflict minerals Zero environmental pollution (no penalties for the year) No violation of labor human rights (no penalties for the year) 	<ol style="list-style-type: none"> Held 2 suppliers' conferences (Taiwan (Online), Mainland China (Online)). Increased to 76 key suppliers, and the completion rate of the Supplier Executive Certification of Compliance reached 89.47%. Completed site visits to three key suppliers. Completed revision of CSR questionnaire database and added questions on the green supply chain. 	<ol style="list-style-type: none"> Organiz 1 physical supplier conference in Taiwan and 1 in Mainland China, and continu to promote green supply chain projects. Increase the number of on-site visits to key suppliers and the return rate of completed questionnaires, request and counsel suppliers to improve high-risk items, and reduce key supplier risks based on the results of on-site audits and evaluations. Key partners are selected based on company policies regarding environmental protection, energy saving, recycling, automation, etc. Promote the signing of "Collaboration with Suppliers".
	Stainless Steel <ol style="list-style-type: none"> Expand the supplier conference to all factories in Mainland China Sustainability assessments by key suppliers: Stainless Steel 100% Established supply chain field review mechanism and risk assessment mechanism 	<ol style="list-style-type: none"> Organized 2 supplier conferences (Taiwan (physical) and Mainland China (online)) to promote Walsin's concept of sustainability and "Green Supply Chain and Carbon Emission Management". Completed site visits to four key suppliers. Developed 8 new suppliers for key products Completed the promotion of green supply chain issues for 3 manufacturers. 	
Resources Business	Incorporate the concept of environmental protection into the process design. Adopt the RKEF process and introduce an electric dust collection system to recycle waste heat and material, in order to re-input and reduce energy consumption	The average activation was 94.1% in 2022, entered into the stable production phase.	<ol style="list-style-type: none"> The average activation of full production plants was $\geq 90\%$. The average activation of plants pending for full production is expected to be $\geq 90\%$.
	<ol style="list-style-type: none"> Formulate the reducing agent with semi-coke that has a lower carbon content After full production operation is stabilized, complete the carbon footprint verification for production and transportation, in order to launch the research regarding optimal ratio of inputted raw material in 2023. 	<ol style="list-style-type: none"> Utilized of oxygen-enriched operation* to increase coal combustion efficiency and to enhance environmental and financial benefits . The main implementation direction of 2022 is to maintain stable production. The planning of a unified feeding area is expected to begin in 2023 to stabilize the quality of input materials. <p>* Oxygen-enriched operation: Improve the oxygen concentration in the rotary kiln to improve the combustion rate of coal, effectively maintain the kiln temperature, and further reduce the total amount of coal used.</p>	Continuously optimize the optimal ratio of the reducing agent and combustion coal to achieve the best production efficiency.
	The factory site complete the plant inspection,confirm the plant design is in compliance with regulations, and to continuously comply with local environmental regulations.	The nickel production plant and power plant have passed all the Environmental Impact Assessment projects in the middle of the year and obtained the environmental permit and operating license.	The factories newly invested in 2022 is expected to complete the inspection and to confirm the design of the factory is compliant with the plan; Continue to cooperate with the local government in the implementation of relevant environmental regulations.

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Highlights

Technology Innovation



Establishment of Walsin-NTU Research and Development Center

The innovative technology R&D center has been established to enhance the research and development capability of new products.



Developed Dynamic Models for Offshore Wind Turbine Tower Cables

Developed offshore wind turbine tower cable assemblies in accordance with the IEC 60840 standard.



Developed Cables for EV Charging Plugs Successfully

Obtained UL, EN, VPC certification, in line with CCS1, CCS2 standards.



Accomplished the Lightweight of Large-Scale Machinery Cables

The lightweight chain cable featured reduced weight, smaller outer diameters, and excellent wear resistance.

Green Operation



Water Saving ↓ 20,958 m³

Structural modification of the auto-clean strainer to reduce backwash water in the sand filter (Yenshui Plant)



Carbon Reduction ↓ 551 Mt-CO₂e

Steelmaking, steel rolling mill, cold-finishing processes are improved to reduce carbon emissions (Yenshui Plant)



Introduction of Reusable TPE and PVC Materials

Replaced non-renewable raw materials such as PE pellets, plastic and rubber material (Hsinchuang plant)

Quality Management



IATF 16949

Global Automotive Quality Management System certified (Yenshui Plant)



Voluntary Product Certification (VPC)

The DC electric vehicle connector assembly and cable assembly obtained the VPC certification from the Standard Inspection Bureau of the Ministry of Economic Affairs (Hsinchuang plant)

Customer Service



Customer Satisfaction

Customer Satisfaction Rate 86.3%



The New Service Model

Provided customized cutting and distribution capabilities and optimized operational process digitalization.

Supplier Management



Supplier Risk Identification

Promoted risk identification of key suppliers and completed 7 onsite visits



Suppliers' meetings

Organized 4 exchange sessions with Taiwan and Mainland China plants and shared experiences on the green supply chain

3.1 Product and Technology Innovation

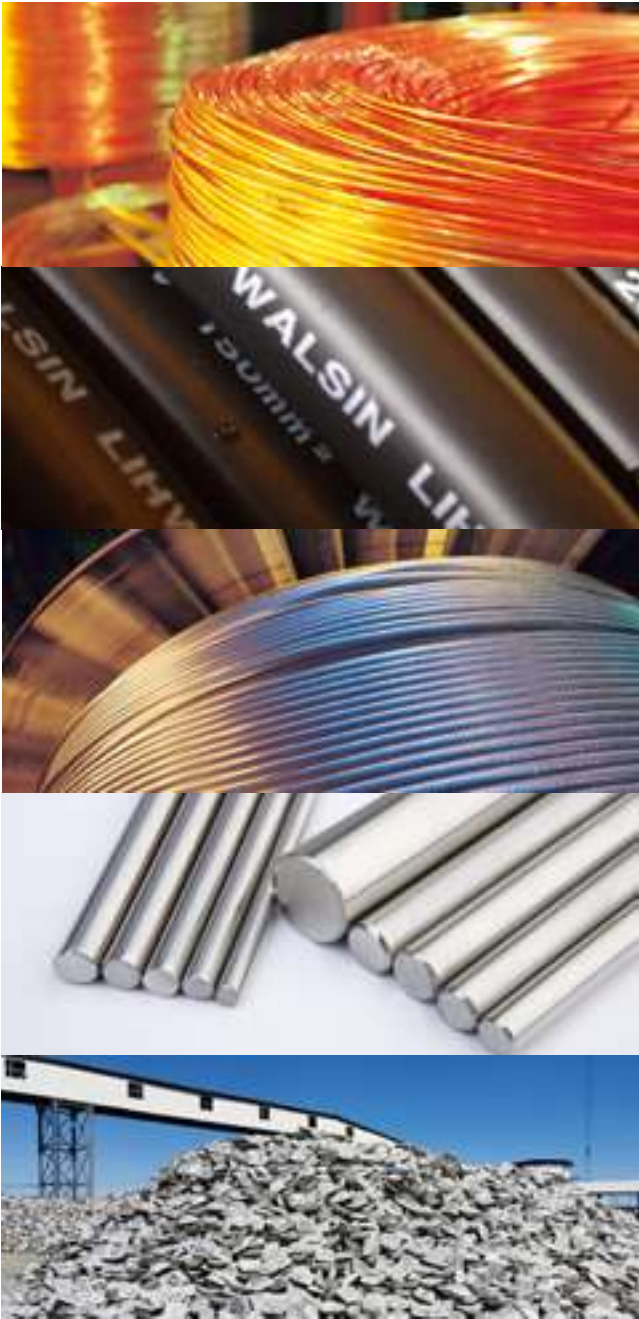


3.1.1 Transformation Towards Higher Value

Both Wire and Cable BG and Stainless Steel BG are mature and competitive industries. Faced with the impact 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 the application of service-oriented 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, there have been significant changes in the way businesses operate. Factories will become more digitalized and intelligent. With the global advocacy of "net zero carbon emission", increasing the pressure for companies to transform and reduce carbon emissions. Energy efficiency, green energy, green materials, green production, and green products have become essential choices for companies. With rapid advancements in technology, such as 5G, 6G, AIoT, and AI, our world is entering uncharted territories. We will become more comprehensively intelligent and digitally transformed.

2020~2022 Product Output of all the products

Unit : Metric tons			
Product	2020	2021	2022
Copper wire	179,540	201,646	165,794
Wire and cable	37,176	48,143	45,537
steel strand	73,254	75,911	66,806
Stainless steel	494,001	661,598	717,685
Nickel-iron (nickel-based)	N/A	14,258	40,956



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High-Value Transformation

To pursue high-value transformation, the Wire and Cable Business and the Stainless Steel Business have simultaneously implemented multiple systematic initiatives. The achievements, progress, and the results of the action plans are as follows :

Pursuit of Excellence

(Breakthrough in Equipment and Processes)

Wire and cable, as well as stainless steel, are both mature industries. The key to success lies in narrowing the gap in equipment and processes compared to competitors and catching up with industry leaders. It is essential to expand the distance from competitors through thorough investigation and analysis of their capabilities. The initiatives include:

Setting benchmarks: Conducted investigations and analyses of benchmark companies in the industry to understand their production equipment, product variety, application industries, and technological capabilities

Identifying gaps: Recognized the gap between Walsin and the benchmark companies, regarding equipment, products, and technology, and set up our directions and goals.

Surpassing: Transformed equipment and processes with our set goals, developing innovative products and applications, and closed the gap with benchmark companies.

Boost Efficiency

(Intelligent Manufacturing Planning and Implementation)

Leveraging technology and harnessing the benefits it brings has been a crucial factor in accelerating our transformation. Walsin has embraced Industry 4.0, automation, and intelligent manufacturing to drive three major automation projects. These initiatives have enabled us to differentiate and enhance manufacturing, quality, cost, and customer service efficiency. As a result, we have been able to increase our value-added offerings.

Established automated production models

Established an automated production mode by implementing the 3As, including automatic production, automatic dispatching, and automatic transportation, leveraging intelligent manufacturing to optimize production, product quality, and manufacturing costs delivering better services to customers and increasing added value.

Strengthened data utilization and early warning capabilities

Stainless Steel Business

- 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.
- ② Purchase advanced inspection equipment and image recognition software to improve the reliability and representativeness of testing.
- ③ Improve and complete the collection of process parameter data for analysis and investigation of the cause of process or quality abnormalities.

Wire and Cable Business

- ① Established a comprehensive facility data collection and monitoring system to gather production process data and analyze the root causes of product defects, thereby improving product yield.
- ② Integrated MES and machine data to provide visual tools for manufacturing, design, and maintenance teams to monitor production status and adjust production strategies in real time, achieving optimal production capacity.
- ③ Developed a real-time facility management system that defines indicator lights to reflect machine status and meet the needs for equipment management.
- ④ Achieved by collecting extensive operational data from machines, we have implemented an equipment predictive diagnostic monitoring system that predicts the timing for equipment maintenance or component replacement, reducing sudden abnormalities.

Analysis method construction and operation

Use big data analysis to improve the efficiency of quality abnormality analysis to ensure better quality.

Fostering and retain analysis talents

Stainless Steel Business

Cultivate big data analysis talent, establish talent training and certification mechanisms, and improve the quality and efficiency of data analysis.

Wire and Cable Business

Operate as a project-based organization to attract and cultivate appropriate technical talents; Establish knowledge repositories and mechanisms for internal online/physical knowledge exchange, thereby centralizing the companies' technical and knowledge resources management.

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Enable Innovation

(Technology Capability Development and Planning)

In response to the evolving trends and customer demands, developing new products with high-performance, long-lasting, energy-efficient, and carbon-reducing is the future direction for the wire and cable and stainless steel industries. Through breakthroughs in equipment, process, intelligent manufacturing, and various core projects, we narrowed the gap with industry pioneers. Our strategies for advancement include the following:

Deepening material (product) technology

Stainless Steel Business

Developing product materials and metallurgic technologies to improve material performance and meet customer needs.

Wire and Cable Business

Continuously optimizing production efficiency and improving product quality to maintain competitiveness and market position.

Innovating production and process

Developing innovative production processes and equipment technologies to enhance product development efficiency.

Strengthening application technology and services

Enhancing product application effectiveness and improving the development of application capabilities through solid product application technology and technical services.

Integration and refinement/value re-creation

Stainless Steel Business:

Integrate three items above with intelligent transformation and intelligent knowledge management (iKM), communicate with customers and understand their needs in each industry, provide complete solutions, and move toward manufacturing services.

Wire and Cable Business

Achieved an innovative production process incorporating the virtual and actual aspects by utilizing advanced techniques and intelligent IT technologies, integrating root cause analysis of problems, field knowledge of on-site personnel, and computer application tools, enabling us to meet diverse customer needs and enhance industry value.

Establishing core technical capability

Stainless Steel Business

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".

Wire and Cable Business

Built a dynamic cable CAE fatigue analysis model based on a large amount of experimental data to strengthen the lifespan prediction and accelerated design verification of active cables.

Market Expansion

(Industry and Market Positioning Analysis)

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 observing up close, and we have constructed a two-way development blueprint for technology and products:

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.

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. 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:

- 1 Analyze and seize the trend of the general environment to establish the future development direction.
- 2 Analyze and investigate the products and applications needed by industries, to further verify the gap of technologies and equipment.
- 3 Establish industry analysis abilities to determine the necessary materials, related requirements, and market trends in the industry
- 4 Establish market survey abilities and conduct market surveys to understand customers, demand, and consumption in the industry.
- 5 Verify and develop target products, and conduct industrial chain surveys.
- 6 Verify technology development items and directions.
- 7 Develop products with high added value and high-end applications industries, improving our technical capabilities and product quality.

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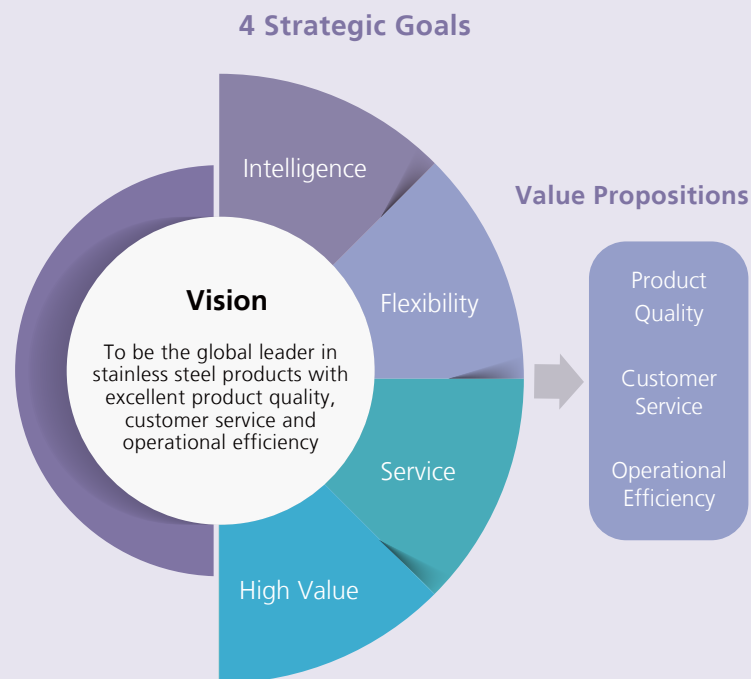
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“Promotion and Implementation of High Value Transformation - Start from the Core to Embrace Intelligent Manufacturing”

Stainless Steel Business

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 2022, we will promote the deepening and integration of professional fields, and strengthen the development of solid industry-academic technologies. We will establish the intelligent Manufacturing Promotion Office to realize intelligent manufacturing, and through the promotion of the aforementioned projects, we will make the goal of high-value transformation more concrete and achieve excellent results.



Operational Efficiency

High Value

Define Industry

The Stainless Steel Business' development vision is to position cold finishing rod as the important foundation of the Stainless Steel Business, and target high-value industries and markets through the four strategic goals. Construct a blueprint for future product development through internal and external analysis by "observing from afar and observing up close", and to explore the automotive, oil and gas, energy, petrochemical, marine, and construction industries as the basis and target for achieving our strategic objectives, and to quickly seize the first opportunity and move forward to a potential cash cow industry.

Manufacturing Services

Technology Development and Refinement

In order to meet the customers' demands in various processing and end-use applications, and to deepen the relationships, we are seeking to improve our technology in six areas: material strength, processing strength, application strength, simulation strength, testing strength, and certification strength. In terms of the quality assurance culture, we will use the automotive certification IATF 16949 as a leverage to build the quality management system of QS, QC, QA, and QE in the factories, transforming the previous inside-out, bottom-up quality system into an outside-in, top-down, customer-oriented quality management system, to change the traditional manufacturing mindset and shape the manufacturing service capability.

Intelligent Manufacturing

Promote "Core Competence Projects" and "Automation Projects"

Market and customer concerns focus on what differentiated services and products Walsin can offer. In order to win customers' trust and create value for them, in 2022, not only did we actively continue the Core Competence Projects, but also started the Automation Project. We have set up Core Competence Projects, covering various manufacturing and non-manufacturing functions such as steelmaking, steel rolling, pickling, cold finishing, technology, operations, and business. Other Core Competence Projects have also been completed in 2022.

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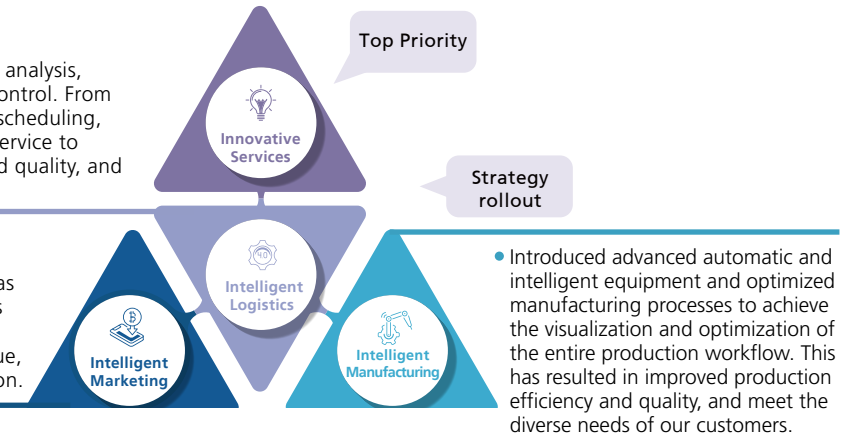
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Promotion and Implementation of High Value Transformation - Start from the Core to Embrace Intelligent Manufacturing

Wire and Cable Business

The Wire and Cable Business Group takes innovative services as its top priority, complemented by strategies for intelligent logistics, marketing, and manufacturing strategies. Enhance value and strengthen the company's resilience by implementing and executing these strategies, striving for new business opportunities, and moving toward high-value transformation.

- Introduced IoT technology and big data analysis, enabling intelligent management and control. From supply chain management, production scheduling, logistics and distribution to after-sales service to improve production efficiency, enhanced quality, and reduced costs.
- In line with the Group's overall strategy of transforming "manufacturing" into "manufacturing services", the Group has introduced value-added services such as automatic order picking and intelligent logistics systems to enhance service value, sales efficiency, and customer satisfaction.

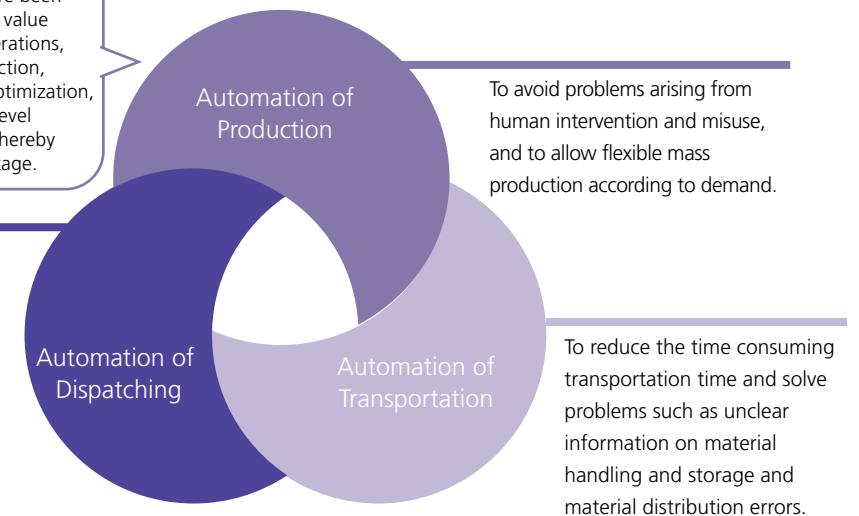


Automation Project

The Stainless Steel Business and Wire and Cable Business established the Intelligent Manufacturing Promotion Office to foster talents in the hope of address various challenges in traditional industries by applying intelligent manufacturing concepts. In the Automation Project, we set our sights on achieving the 3A goals: Automation of Production, Automation of Dispatching, and Automation of Transportation. This strategic approach responds to rapid market changes, labor shortages, and other emerging trends and issues.

Through the implementation and promotion of the Automation Project, we have been able to rapidly transform our high value and intelligent 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.

To make advance preparation to anticipate customers' needs, and avoid the time consuming manual dispatching and make immediate adjustment according to the situation.



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Wire and Cable Business - 3A Automation IoT Project



Transitioning towards high-value transformation and establishing an efficient factory is a crucial initiative task for Walsin. IoT projects enables factory automation and digitization, grasped rapid and accurate monitoring of production conditions, real-time issue detection, and implementation of corresponding measures to enhance management efficiency. The key focus areas are as follows:

Highlighted Items	Explanation
Automatic collection of equipment and production data	We can predict the current status and anticipate possible failures of the machines in advance, carry out preventive maintenance, reduce downtime and loss due to machine failure, and improve equipment operation efficiency and reliability.
Conduct real-time surveillance on production and quality information	Have better control of overall production, reduce human error or material waste in the production process, improve product quality and reliability.
War Room and Central Control Room	Grasps the production situation quickly with accuracy, identifies problems immediately, and takes corresponding measures to improve management efficiency.
Construct information boards	Collect, analyze, and visually display a large amount of production data to provide real-time and transparent production information that can be used as an aid to decision making.
Basic data required for automatic dispatch	By accumulating a large amount of equipment and production data, we can provide the basis for automatic dispatching, automatically scheduling machines and personnel according to production schedules, reducing production waste risks, and further improving production efficiency.

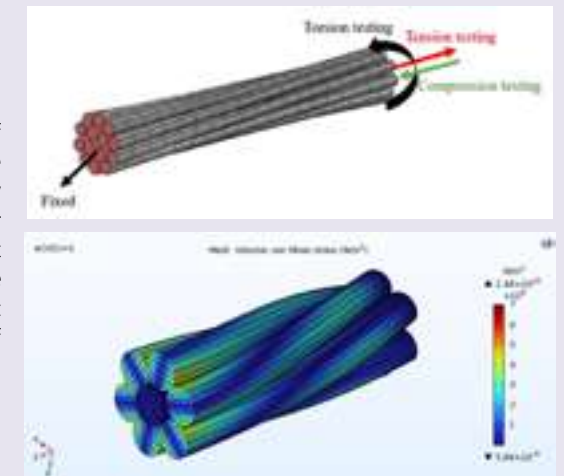


Developed Dynamic Models for Offshore Wind Turbine Tower Cables



In response to net-zero carbon emissions, the government is actively promoting offshore wind power construction, setting a target of 5.6GW cumulatively by 2025 and 1.5GW per year from 2026-2035. Walsin began to research, develop, and certify the cables in the wind turbine towers in 2020 and started shipments in 2022. In addition, the Cable R&D Department and the academic community launched a dynamic cable CAE simulation project to systematically analyze the failure mode of the cables in the previous wind tower and establish physical and mathematical models. Based on a large amount of experimental data obtained during the development stage, including various information and experimental results such as materials, structures, and cable layouts, combined with the analysis of CAE/CAM simulation software, a scientific dynamic cable analysis module is established. Not only can it be used in dynamic cables in wind towers, but it can also be used in other environments based on this in the future, such as the analysis and prediction of dynamic cable performance of submarine cables. The cable test results can be combined with production data and structural material design information to achieve the goal of creating an iKM system for cable design information and optimizing the design of cables. Significantly reduce the development time and accelerate the development process of new products.

Note: This is only a part of the structural simulation



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3.1.2 Enhancing R&D and Technological Capabilities

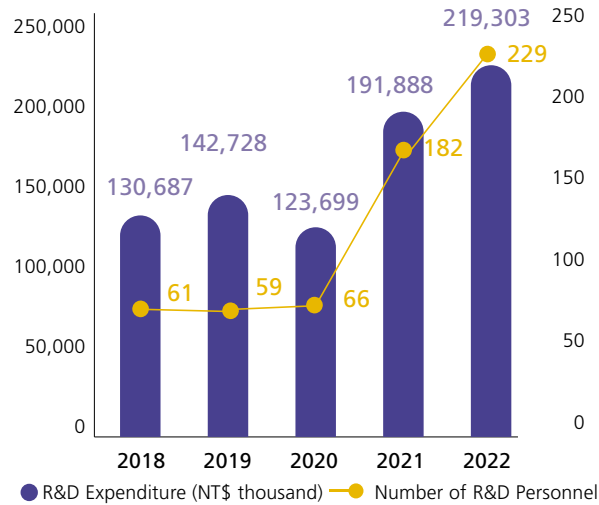
To respond to the rapid changes in the industry and market, create product differentiation, and move towards a high value-added transformation, Walsin is actively investing and expanding the scale of R&D. We have spared no effort in planning and executing product development and innovation energy in "satisfying customers' product needs", "enhancing product applications", "strengthening product quality" and "extending product service life", in order to provide flexible and customized products to create maximum value for customers.

Developments in New Products by the Wire and Cable Business

In response to the government's 2050 net-zero emissions target, the Wire and Cable Business Group has been actively engaged in the development of various related products, including "Wind Turbine Cable", "Lightweight of Large-Scale Machinery Cables" and "Cables for EV Charging Plugs".

New Products	Category	Performance	Fields of Application
Dynamic high pressure cable in the wind turbine tower	High pressure cables	Using low-smoke and halogen-free materials, in line with the IEC 60840 material development, up to 72kV level	Large wind turbine tower cables for off-shore wind farms
DC charging connector cable set	Connector Cable Set	High flexibility, current range 80A~300A, in line with CCS1, CCS2 charging cable standards	Fast-charging plug connectors for electric vehicles
Super flash charge connectors for the charging station	Connector system	Charging connector cable set and liquid-cooling integrated design with currents up to 500A	Super flash-charging plug connectors cable system and accessory equipment for electric vehicle
Cables for Electric Vehicles	High pressure cables	Chemical corrosion resistant, compliant with ISO 19642	high voltage electric power cable for electric vehicles
Lightweight design for dynamic cables	Power cables	Small size, light weight, high flexibility, good wear resistance.	Cable for Industry 4.0 applications such as machine tools, robots, robot arms, and chain cables

Number of R&D Personnel and R&D Expenditure



Development for lightweight and low energy consumption chain cables

The chain cable is mainly used in Industry 4.0 applications, including machine tools, robots, port equipment, etc. Under these fields and applications, cables need to be resistant to fatigue and compound environments. Another additional key point is to keep the cable's service life as long as possible, and also achieve small size and light weight to reduce the energy consumption of the motor.

Based on the customer feedbacks, Walsin decided to reduce the weight and size of the cable, improve and optimize the material and cable structure design, and maintain the original mechanical properties and fatigue resistance. The R&D unit has designed an effective verification tool that can be tested using small-scale samples. Simulation equipment is also used for product verification to ensure stable quality of the cables. According to actual user results and verification from customers, not only can the weight of the cable be reduced by more than 15%, but it will not affect the functional requirements during usage. Reduce power output to achieve the goal of energy saving and carbon reduction.



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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

“

(Yenshui Plant) Development of Soft Magnetic and Machinable Stainless Steel

”



Soft magnetic stainless steel is pervasive in daily life, mainly used in valve switches, and its use is concentrated in automation equipment. With the characteristics of solenoid valves, energy saving and carbon saving can be achieved. For example, the water inlet and outlet solenoid valves in coffee machines for daily use, and the safety air base for automobiles to protect people's lives. Walsin is committed to the development and production of machinable stainless steel with good soft magnetic properties.

“

(Yenshui Plant) Development of Highstrength and Wear-Resistant Stainless Steel

”



With the evolution of Industry 4.0 and production automation, materials with high strength and high wear resistance are increasing day by day, and the demand for linear guide rails and bearing shafts are even greater. By modifying the composition and improving the heat treatment conditions, Yenshui Plant improves the uniformity of carbides, strengthens wear resistance, increases the life of the rails, increases product life cycle, saves energy and carbon in order to provide high-strength and high-wear-resistant stainless steel.

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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, 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

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	Investigate the type, shape, size, distribution of non-metallic inclusions, and analysis of the micro-nano scale hardness test
6	Mechanical properties of stainless steel materials and heat treatment application technology	Establish the CCT diagrams of the Martensite system, and the influence of different heat treatment conditions on the microstructure and mechanical properties
7	Research on heat resistance of materials used in conveyor belts under high temperature in different carbon potential environments	Effect of oxidation resistance of wires under different carbon potentials of constant temperature oxidation and cyclic oxidation
8	Study on the effect of heat treatment on wear resistance of linear rail materials made of Martensite steel	Establishing the key technology of material design for linear rail application
9	Coupling model establishment and numerical simulation of continuous casting mold for stainless steel to secondary cooling zone	Establishing simulation prediction and application for continuous casting process
10	Development of intelligent 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	High temperature deformation simulation and testing of nickel-chromium stainless steel	Carry out high temperature deformation simulation and testing of nickel chrome stainless steel

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Establishment of Walsin-NTU Stainless Steel Research and Development Center

Walsin Lihwa and the National Taiwan University jointly established the "Walsin Lihwa · National Taiwan University Innovation and Research Center" which was inaugurated in 2022 at the College of Engineering of the National Taiwan University. The Center focuses on the industrial and academic research of metal materials, and will devote to green recycling technology issues, developing the application of waste from various businesses, green metal supply chain, green energy and energy saving and carbon reduction technologies, and cultivating talents in related fields. At the same time, the center's office is opened for future industry-academic researches, project publications, product application demonstrations, and talent cultivation, in anticipation of a closer integration of academic resources and industrial applications.



3.1.3 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 2022, the Wire and Cable Business and the Stainless Steel Business filed a total of 16 patent applications and obtained 3 patent certificates. The projects included the DC charging plug connector design and technical invention patents. In order to encourage colleagues to innovate and attach importance to intellectual property rights, a patent application bonus system has been established internally.

Wire and Cable

The Wire and 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 and documents 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.



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Stainless Steel

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 2022, 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.



3.1.4 Intelligent Manufacturing

Actively introduced lean management practices and cooperated with many universities to thoroughly implement lean management, TPS, and DMAIC practices in on-site production management, process improvement, and R&D projects. To achieve the goals of efficient production and process waste reduction. Continuously transform corporate processes to establish information transparency, rationalization, and standardized processes.

The Wire and Cable Business has selected representative projects for presentation through on-site project implementation allowing colleagues from different factories and processes to exchange information and learn from each other during the presentation, and be able to conduct cross-departmental integration and collaboration. At the same time, the engineering, electrical, and mechanical units use the improvement projects and demands from the technology, manufacturing, and quality assurance units to introduce Industry 4.0 practices, and uses sensors, PID control, PLC processing, and other methods to control and collect information. To achieve the maximum benefits of intelligent manufacturing such as timely monitoring, efficiency improvement, quality assurance, and material saving.



(Hsinchuang Plant) Intelligent manufacturing and lean manufacturing projects to reduce PVC plastic waste



The outer diameter control of power cables involves the parameter control between cable quality, specification requirements, and upper and lower manufacturing processes. In the production process, staff with experience will be needed to adjust the process parameters, which presents a certain degree of difficulty in technology inheritance. For this purpose, technical, electrical, and mechanical control engineers work together to develop relevant control systems and software to regulate the linear relationship between production elements in real time, significantly reduce PVC covering material waste, and steadily control the outer diameter of the cable and the true measurement of roundness. Ensure that the cables meet the requirements for each dimensional data. This project not only demonstrates the spirit of inter-departmental cooperation between technical and electrical engineers, but also is the best demonstration of the introduction of Industry 4.0 into cable production.



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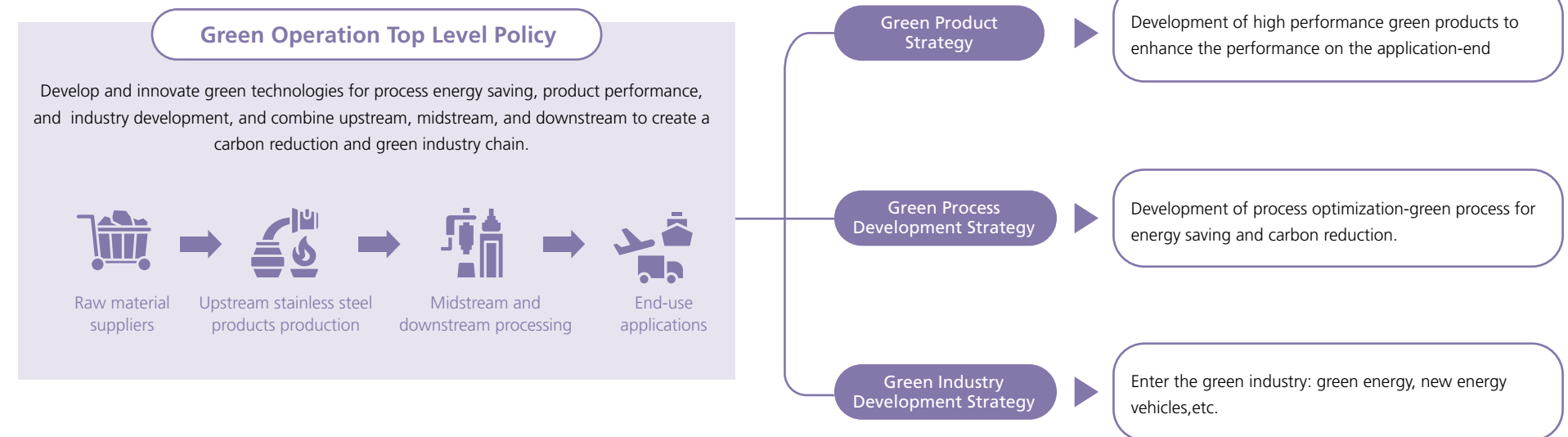
3.2 Green Operation



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.

Green Stainless Steel Industry Chain



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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.

Walsin primarily utilizes pure copper as the primary raw material in manufacturing copper wires and cables. These primary materials possess high recyclability characteristics and can be considered reusable. In terms of insulation materials, with the development of green products, some products have started to incorporate reusable TPE and PVC materials as alternatives to non-renewable materials such as PE pellets, plastics, and rubber compounds. In 2022, the percentage of reusable raw materials used in wire and cable production was approximately 93.14%.

Walsin provides a wide range of stainless steel products, from upstream steel mills and rolling mills producing steel billets, steel ingots, steel wire rods and hot rolled bars to downstream straight bars, seamless steel pipes, cold finished rods and cold rolled steel coils. 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: scrap stainless steel, waste carbon steel, ferrochrome, and ferronickel. In addition, other raw materials used include slabs, steel coils, steel billets, steel bars, and wire rods. Out of which, scrap stainless steel and carbon steel are both recycled raw materials. In 2022, recycled raw materials of the Stainless Steel Business accounted for 34.55% of the total raw materials invested in the 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 65.28% of the total amount of raw materials used in 2022. The use of raw materials above shows that Walsin is actively promoting the concept of "recycling" and "reuse".

Reusable Raw Materials

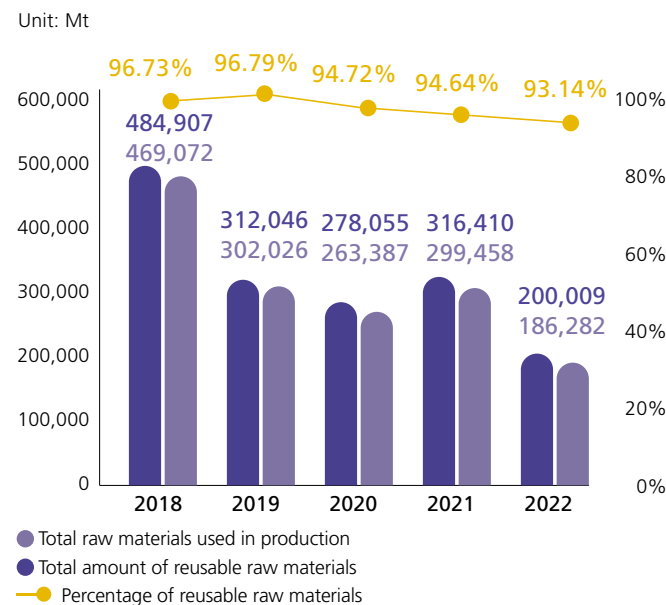


Wire and cable
93.14%

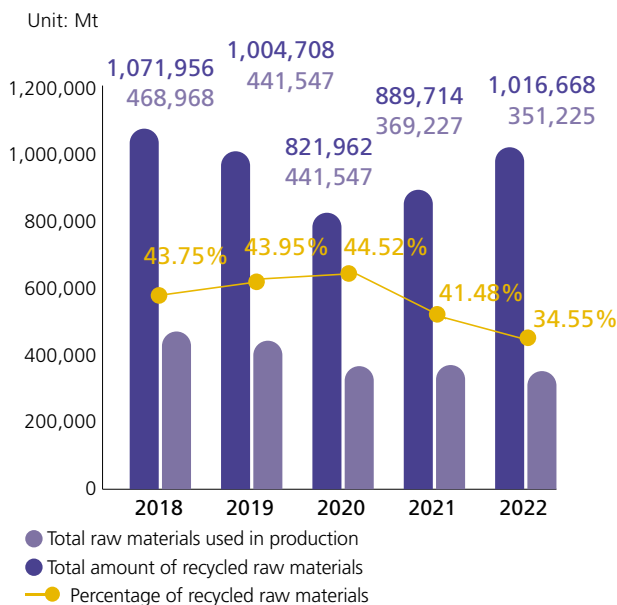


Stainless steel
65.28%

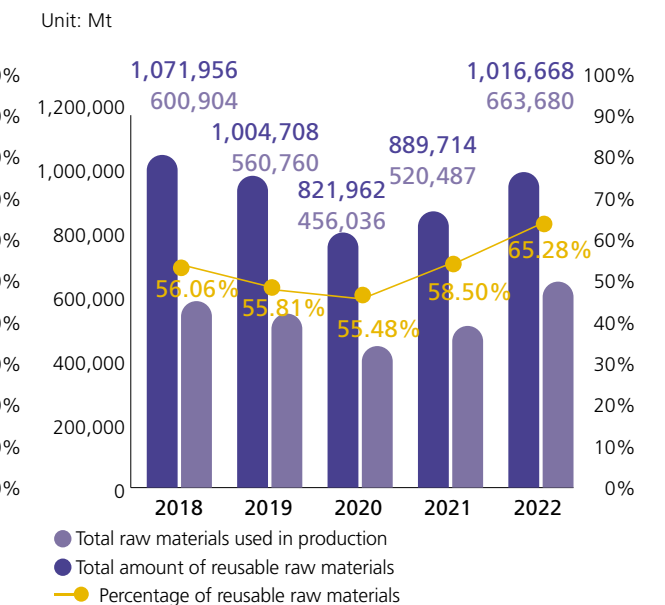
Copper wire and wire and cable production raw materials used vs. use of reusable raw materials



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



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



3.2.2 Green Manufacturing Process Development

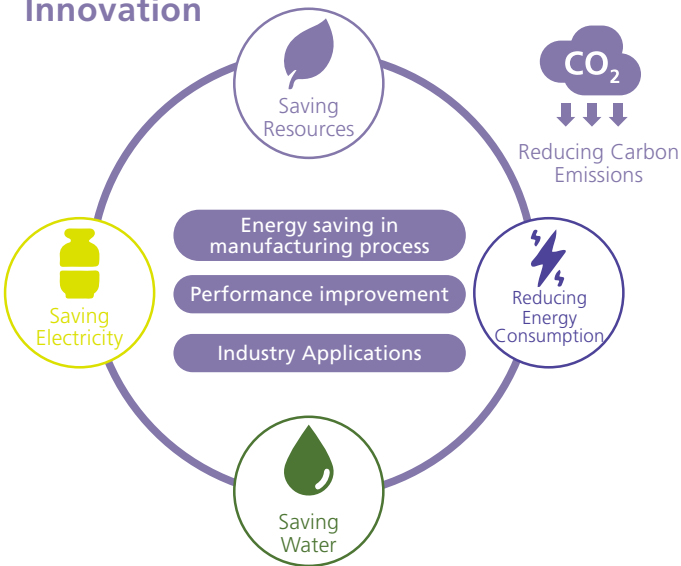
In order to fulfill the commitment of "environmental sustainability development", and fulfill the corporate social responsibility and mission of environmental protection, Walsin Lihwa focuses on process and technology improvement, with the core strategy of "developing and innovating green technologies 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.

The Wire and Cable Business utilized Internet of Things technology and equipment monitoring techniques to collect information and data autonomously. This enabled a clear understanding of the status of production, sales, and manufacturing processes while reducing manual intervention on the production line. The group established highly efficient manufacturing facilities by effectively addressing

product design and manufacturing uncertainties, reducing resource consumption and carbon emissions. In the Taiwan plant, carbon emissions decreased by 3,400 tons in 2022 compared to 2021. In the future, the group aims to achieve an annual carbon reduction of 1.5% by implementing solar power generation, high-performance production equipment, and automated control systems.

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". A total of NT\$1.698 million was invested in steelmaking and public works energy-saving equipment in the Yenshui Plant in 2022, and considerable results was obtained, which are excerpted in the following table:

Green Technology Development and Innovation



Promoted Strategy	Goal	Category	Results ((Electricity/energy/ water savings)/year)		Results (Carbon emission reduction/year)	Achievements	Note
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.	Development of process optimization - green process for energy saving and carbon reduction	Steelmaking process improvement	Reduced power consumption (kWh)	912,022	458 Mt-CO ₂ e	<ul style="list-style-type: none">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.	The Company invested a total of NT\$860,000 in energy saving projects such as replacing the furnace/VOD/CC production line motors with IE3 ultra-high efficiency motors, replacing the cooling fan of the flattener machine and improving the oil pressure operation of the furnace in 2022.
		Steel rolling mill process improvement	Reduced power consumption (kWh)	563,226	283 Mt-CO ₂ e	Optimization of rolling temperature in medium rolling mill to reduce energy consumption.	
			Reduced energy consumption (Natural Gas-m ³)	81,507	170 Mt-CO ₂ e	Rolling process optimization to reduce scraping rate and the gas consumption during downtime.	
		Refinement process improvement	Reduced energy consumption (Natural Gas-m ³)	245,613	513 Mt-CO ₂ e	Optimize the heating pattern of mixed acid to reduce the steam consumption to reduce energy consumption.	
	Energy saving, waste reduction and emission reduction by equipment refinement	Cold finishing process improvement	Reduced power consumption (kWh)	331,920	167 Mt-CO ₂ e	Reduce bright annealing furnace temperature to save energy and reduce tube breakage.	
		Pollution prevention and waste treatment equipment	Water saving (m ³)	20,958		The discharge of the water field was changed to automatic backwash filter filtration to improve the utilization of water resources and achieve water saving in the plant.	

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In order to develop renewable energy products for wind power and electric vehicles, the Wire and Cable Business invested a total of NT\$9.15 million in 2022 in "Experimental equipment for energy-saving wind energy simulations" and "test equipment for charger connectors", which will generate external energy-saving and carbon-reducing benefits in the future.



Optimization of the Stainless Steel Heat Treatment Process



The heat-treated manufacturing parts were designed and verified by experimental DOE, and after small-scale trial production adjustments, the output was able to meet customer specifications. Therefore, the production line was used for trial and mass production, and the heat treatment parameters were modified to reduce the time in the furnace to achieve the best heat treatment effect and energy saving benefit, reducing the gas consumption by a total of 149,389 m³ in 2022.

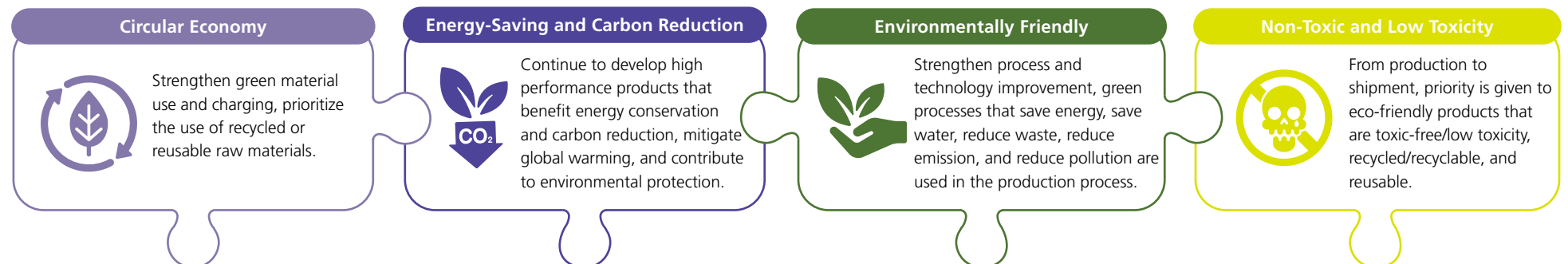


3.2.3 Green Products

In response to the global warming and climate change caused by excessive 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, the Wire and Cable Business expanded its range of PV cables for solar power plants, developed DC & HV cables for offshore wind turbine towers, and created lightweight lines for port machinery. Achieved EV charging plugs passed UL full-series cable certification in 2022. Additionally, the group developed a material compliant with TÜV energy storage standards. And actively worked on projects such as developing recycling processes for cross-linking materials and developing environmentally friendly, low-carbon insulation materials. These initiatives align with the government's low-carbon policy, product development, and innovation strategies. In 2022, the revenue generated by the Wire and Cable Business Group from renewable energy and energy efficiency-related products amounted to NT\$475,796,350.

Note: Our products include solar power cable/solar power busbar copper wire, offshore and onshore wind power cables, and charging connectors for electric vehicles.

Green Product Policy of Stainless Steel Business Group



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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.

• 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.

Walsin Lihwa Green Products Development Achievements

Product		Category	Benefit in environmental protection and energy saving	Application
Wire and cable	Solar (PV) cables	●	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 turbine 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
	Lightweight Cables and Chain Cable	○●	The weight of the cable is reduced by 15% by using recyclable materials, which meets the requirements of equipment system manufacturers. It is lightweight, has a small outer diameter, has good wear resistance, and reduces energy consumption during operation.	Large machinery and equipment, machine tools, automation equipment
	Environmentally Friendly Insulation Materials	●▲	To develop thermoplastic materials with high temperature resistance, high mechanical strength, and good insulation properties to replace cross-linked materials. Possessing characteristics of low carbon emission, recyclability, and environmental friendliness.	Low-voltage power transmission
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

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Product	Category	Benefit in environmental protection and energy saving	Application
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 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
Resistant to post-weld cracking, sensitization and high corrosion resistance of stainless steel for welding	○ ● ▲	High efficiency welding materials with high corrosion resistance and high temperature strength, resistant to sensitization and welding cracking.	Welding electrode, flux cored electrode

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



(Hsinchuang Plant) Developed Cables for EV Charging Plugs Successfully



In response to the 2050 net zero emissions, the government has set the goals of fully electrifying urban buses and public service vehicles by 2030 and reaching 100% sales ratio of electric vehicles sold in the market by 2040. In 2020, Walsin began clarifying the specification and pilot development of charging cables, obtained the international UL/EN certifications, and devoted to the development and patent application of DC fast-charging plug connectors. In 2022, we were certified by the Taiwan VPC, UL, and EN to produce a full range of charging plug connectors to meet market demand.

In 2023, we will actively conduct research and development of new-generation super flash-charging connectors and cables, and propose corresponding solutions in line with the government's policy of "Electrified and carbon-free products".



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“ (Yenshui Plant) Development of High-Strength and Thermal-Resistant Stainless Steel ”

Fuel-fired motor vehicles are still indispensable in the process of low-carbon transportation transformation. The engine constitutes the main component of its power structure, and the "piston ring" plays an important role. Good piston rings can improve the overall engine life, reduce oil consumption, and achieve energy saving and carbon reduction.



“ Jiangyin Walsin (Specialty Alloy Materials) Development of Electric Vehicle Related Parts and Materials ”

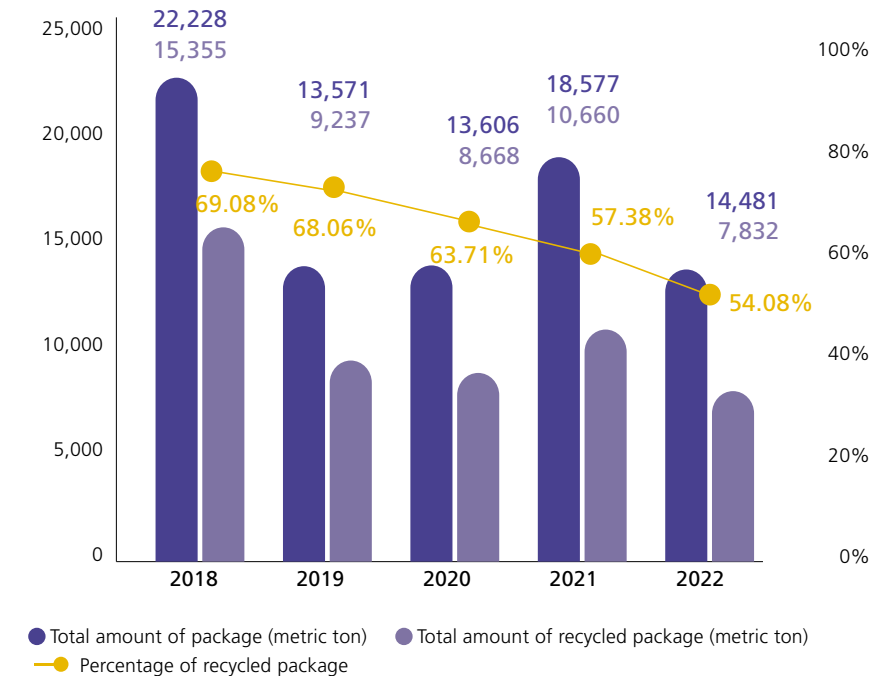
In response to the global trend of energy saving and carbon reduction, all car manufacturers are striving to develop improved products to meet the requirements of environmental regulations. In addition to the adoption of new energy power systems and the reduction of vehicle weight, the upgraded solenoid valve also improves the efficiency of the vehicle engine fuel system, reduces carbon emissions, increases the efficiency of the control cooling system to reduce energy waste, and helps to control the flow of other systems such as the hydraulic system and exhaust system to ensure high system efficiency. Therefore, Jiangyin Walsin has made early preparations for the development of high-efficiency and long-life fast-cutting stainless steel materials for solenoid valves together with component manufacturers to contribute to the carbon reduction change of the automotive industry.



3.2.4 Usage and Recycling of Packaging Materials

To reduce environmental impact and achieve waste reduction goals, the Wire and Cable Business strives to use recycled packaging materials (including but not limited to pallets, iron frames, iron shafts, wooden shafts and closure plates) when shipping copper wires or wire and cable products. Lightweight materials such as reduced-weight steel drums are preferred when new packaging materials are needed. In 2022, the use of packaging materials decreased by 4,000 tons compared to 2021, and the use of recycled packaging materials accounted for 54.08% 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 resource.

Usage and Recycling of Packaging Materials for Wire and Cable Products



Note: We have no recycled products in 2022. The packaging materials included in the calculation are mainly wooden pallets/trays/closure plates/wood shafts, iron or steel shelves/trays. Not all types of packaging materials are included.

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3.3 Product Quality And Responsibility



Walsin Lihwa actively promotes a series of quality system action plans from top to bottom, both in and out, and actively promotes the quality management system based on customer orientation. As the transformation of the economy and industry progresses, the requirements for product quality and environmental protection have increased, and requirements for the safety, reliability, and environmental protection of wire and cable and stainless steel products have become more demanding. Walsin is actively developing intelligent production strategies to improve production efficiency and product reliability. Under the principle of "Innovation and breakthrough to stabilize quality, implementation of management to improve efficiency", we are actively improving product quality, expanding into new markets, and building a reliable and trustworthy quality system:

- ❶ The quality assurance department has been given independent responsibilities and authority.
- ❷ Used testing 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.
- ❸ Strengthened risk analysis and monitored environment and industry changes and trends through internal and external situation analysis and industry analysis in order to achieve early response and ensure that we provide the customers with trustworthy products and services.
- ❹ Strengthened product portfolio and industry-academic research collaboration to control the performance and quality of products and develop the main raw materials required in order to enhance the success rate of new product development, expand new markets, and ensure continued performance growth.
- ❺ Provided customers with various certifications to enter new markets and to achieve customer satisfaction by ensuring the product performance and quality that meets their requirements.

- ❻ Improved production and manufacturing capabilities, introduced and applied Industry 4.0 technology, and possessed solid capabilities to reduce variation and produce industrial cable products.
- ❼ 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.

3.3.1 Quality Management System Verification

Walsin Lihwa has obtained numerous and product certifications under the strategy of "Persistent R&D of advanced technologies", implementation of PDCA, alignment with international standards, and meeting customers' needs. This has allowed us to enter the overseas markets. In the Wire and Cable Business, we have continued to obtain third-party certifications under ISO 9001, ABS/BV/DNV-GL/LRKR/NK, BASEC, LPCB, UL, and VPC 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 global leader in stainless steel long products with excellent product quality, customer service and operational efficiency", the Stainless Steel Business upholds the strategic goal of "high value, service, flexibility, and intelligent 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, Bureau Veritas (BV) Certification. National level: The Japan JIS MARK product verification, India BIS product verification, European Union CE 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.

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“(Hsinchung Plant) Charging Plug Connectors and Cable for DC Electric Vehicle have passed the national standard”

In 2022, the Wire and Cable Business obtained the "Certificate of the Voluntary Product Certification" for "Conductive DC/Composite Charging Equipment for Charging Plug Connectors and Cables for Electric Vehicle " through product testing and factory inspection by the Bureau of Standards, Metrology, and Inspection, Ministry of Economic Affairs. In addition to proving that the quality of Walsin's EV charging products meets national standards, the company also promotes the construction and development of Taiwan's charging facilities and builds a solid foundation for Taiwan's EV industry ecosystem.



“(Yenshui Plant) SASO and IATF 16949 Certification”

Taiwan plant of the Stainless Steel Business obtained the IATF 16949 certification for the global automotive industry quality management system in 2021 for its wire rod and cold finishing rod products. The steel coil products were certified by Saudi Arabia's SASO to meet the requirements of the automotive industry in Saudi Arabia and around the world, helping our customers to trade freely and legally around the world and expanding their business to create a win-win situation.



IATF 16949



SASO

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. With the goal of "Good, but better", the Wire and Cable Business has incorporated the ISO 9001 quality management system into the overall operation of the factory, and employees follow and implement various standard operations. We start from listening to customers' voices and monitoring customers' needs, and established strict management mechanisms for each phase from product design, process design, trial run, mass production, to after-sale service. We developed a quality monitoring system with the assistance of information technology and a complete test program to ensure product quality and achieve customer satisfaction.

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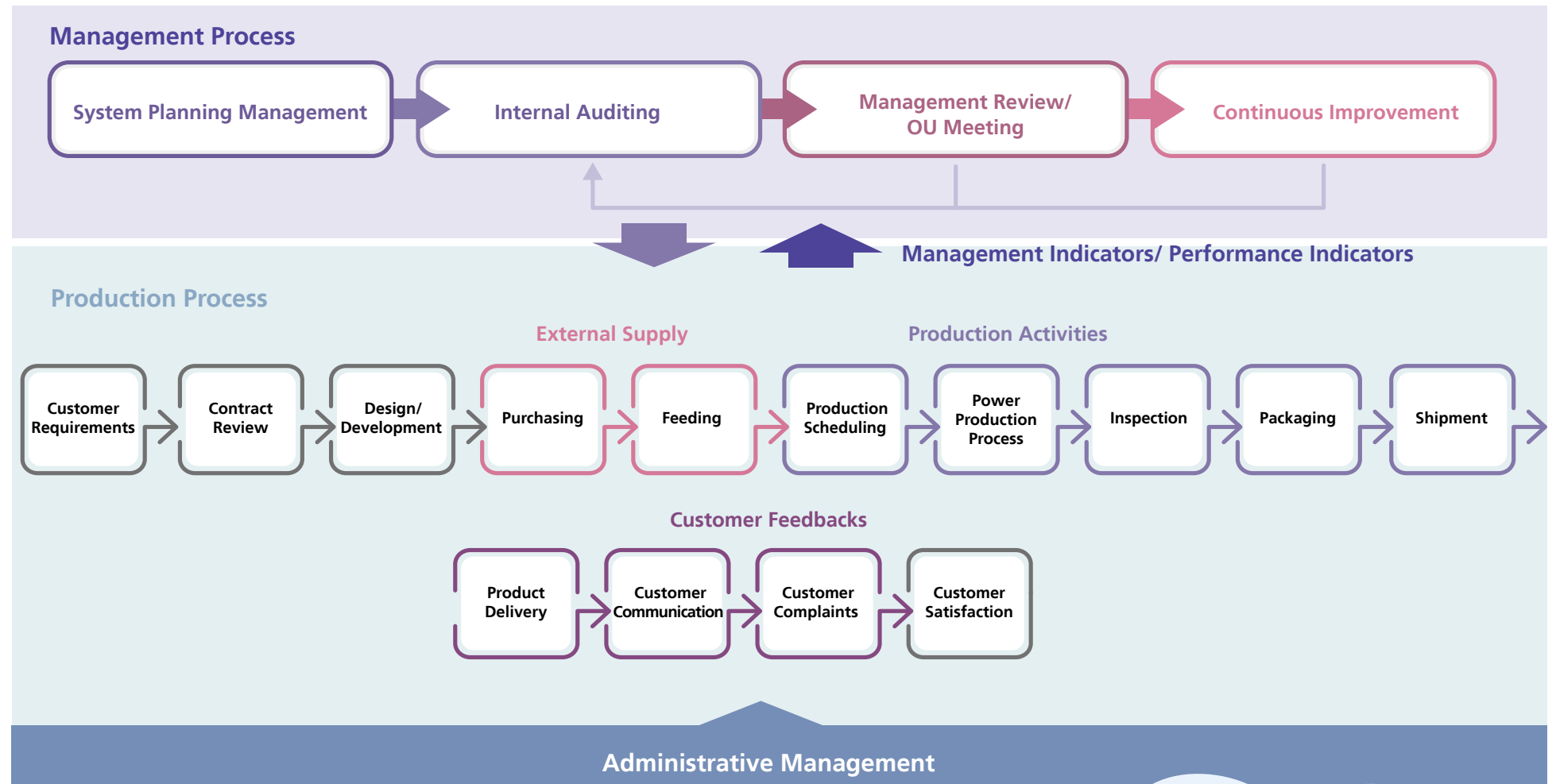
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The Stainless Steel Business continues to refine its quality management system under PDCA and risk management, and to strengthen its operational processes and interfaces in line with the company's Business Process Re-engineering (BPR) projects. We use scientific inspection equipment and intelligent 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 (Metallurgic Index Code) 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.



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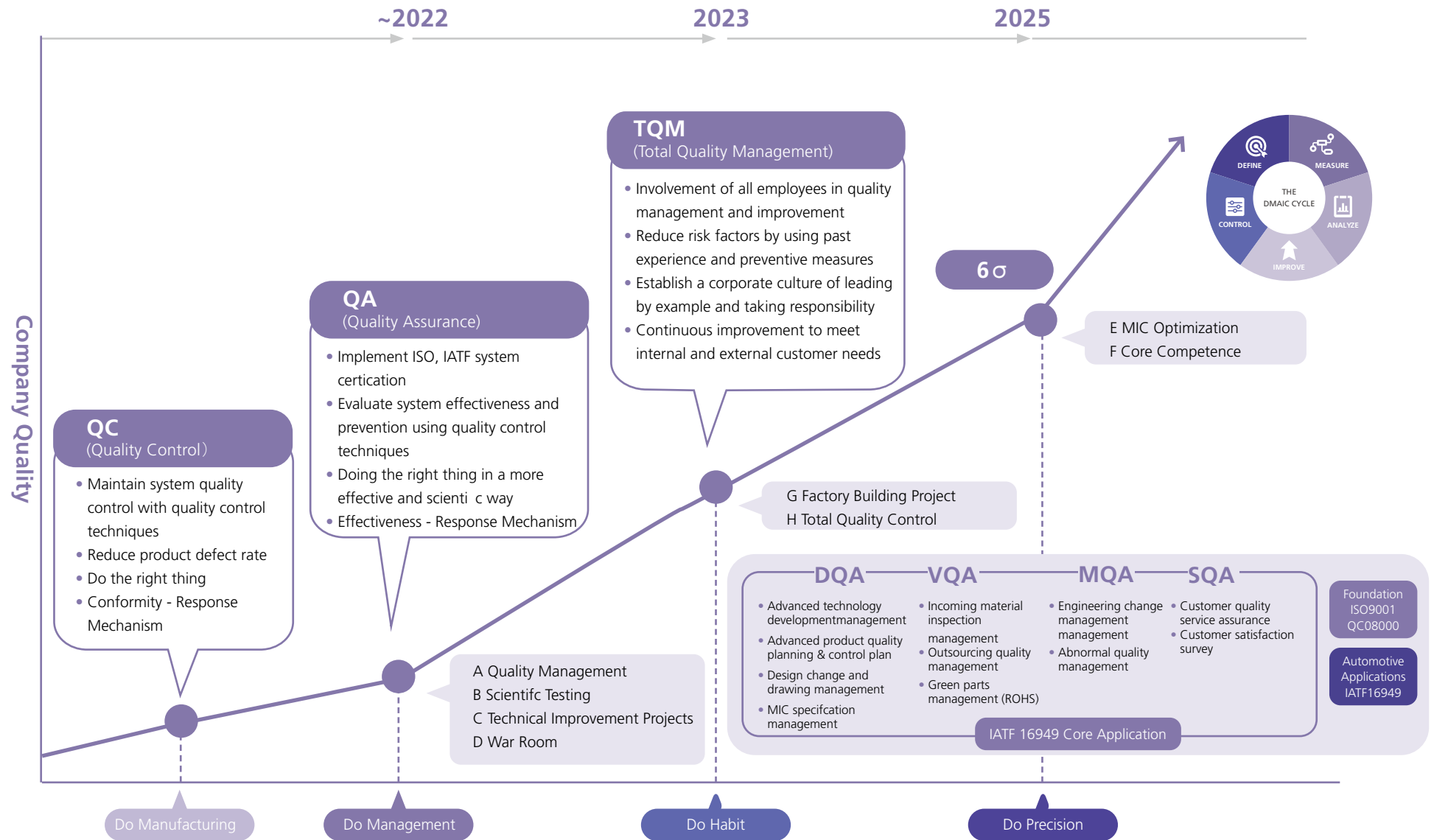
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Stainless Steel Quality Management Promotion Roadmap



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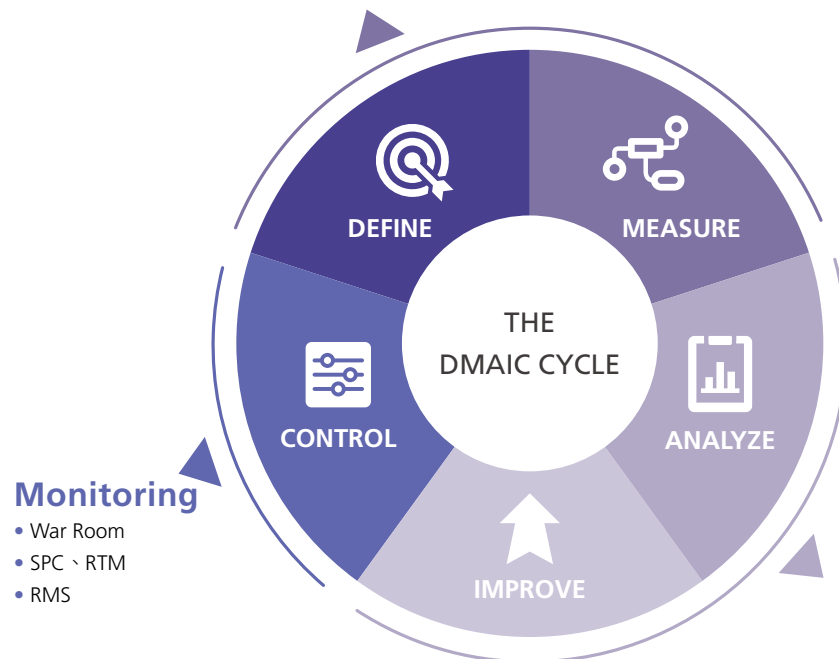
To create reliable and trustworthy quality (precision and accuracy), Stainless Steel Business Taiwan promotes DMAIC (Define, Measure, Analyze, Improve and Control) problem solving techniques and strengthens the core competencies of quality-related personnel, and applies the quality design of "zero defects" 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 intelligent 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.

DMAIC Problem Solving Techniques

Technical Skills

- Translation Skills
- Rapid diagnosis of problems, identification of key indicators, and impact factors
- Inspection Capability Soft Skills of Personnel
- Appropriateness of testing methods Hardware Capability: Automation, high sensitivity, high credibility



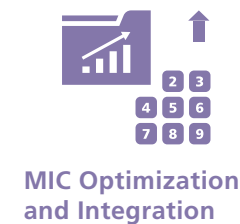
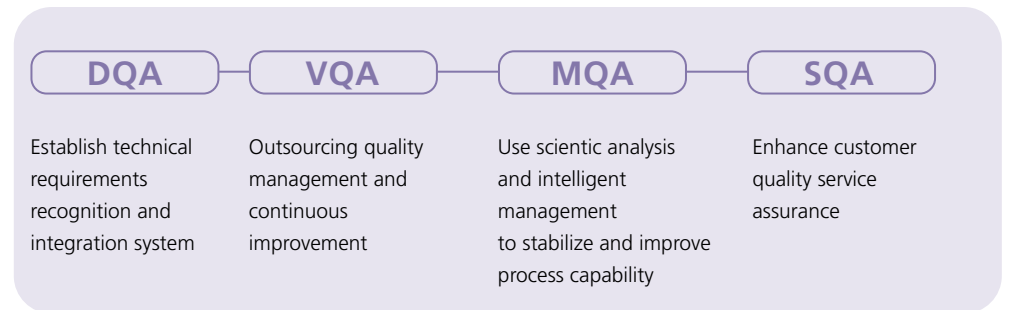
Monitoring

- War Room
- SPC、RTM
- RMS

Analysis

- EDA
- Statistical Techniques
- DOE

Quality Goals



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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.

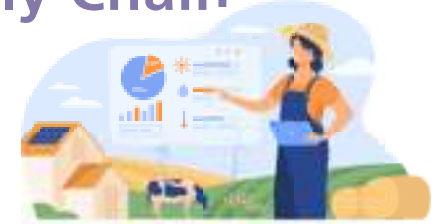
We also actively monitor the management of chemicals globally and carefully enforce the verification of hazardous substance regulations in related industries. Our wire and cable products comply with the RoHS Directive restricting the use of hazardous substances in electrical and electronic equipment, REACH, and the shipping industry asbestos restrictions. These regulations are provided to stakeholders at appropriate times for reference. Everything was declared RoHS compliant in 2022, 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

	2020	2021	2022
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 perfluorooctanesulfonic acid	100%	100%	100%
PFOA			
Perfluorooctanoic acid and related compounds	100%	100%	100%
EN71-3			
European toy safety standard	100%	100%	100%

3.4 Sustainable Supply Chain



3.4.1 Sustainable Supply Chain Policy

Supplier Management Implementation and Commitment Strategy

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

Strategic Guidelines

Develop short-, medium- and long-term strategies to effectively implement supplier management mechanisms to develop a sustainable supply chain:

- Short-term - develop sustainable supply chain management
- Mid-term - expand the scope of sustainable supply chain management
- Long-term - set supplier sustainability performance targets to achieve a strengthened supply chain

Commitment

- Transparency, honesty and fairness, standardization, efficiency, and service
- Continued control of suppliers' material quality, delivery time and evaluation
- Focus on regular supplier onsite audits
- Focus on corporate governance, social, and environmental improvement of suppliers
- Focus on contractors' construction safety and safety education
- Emphasis on supplier employee education and affirmative action

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/en/our-business/>

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Establishment of Procurement Center

For the purpose of corporate governance, integration of procurement resources and the implementation of Walsin Lihwa's procurement culture (sunshine, sustainable, professional, efficient), the company established a procurement center in October 2022 with the goal of establishing a standardized and transparent procurement process. We use information system tools for procurement management, select long-term strategic partners, and work with them to establish a sustainable supply chain, and guide suppliers to develop the common value of corporate social responsibility.

Key Supplier Identification

In order to implement effective supplier management, Walsin Lihwa identified 173 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. This is an increase of 8 companies from 2021, accounting for 62.66% of total purchases. These suppliers will be partners in the joint promotion of a resilient supply chain and corporate social responsibility.

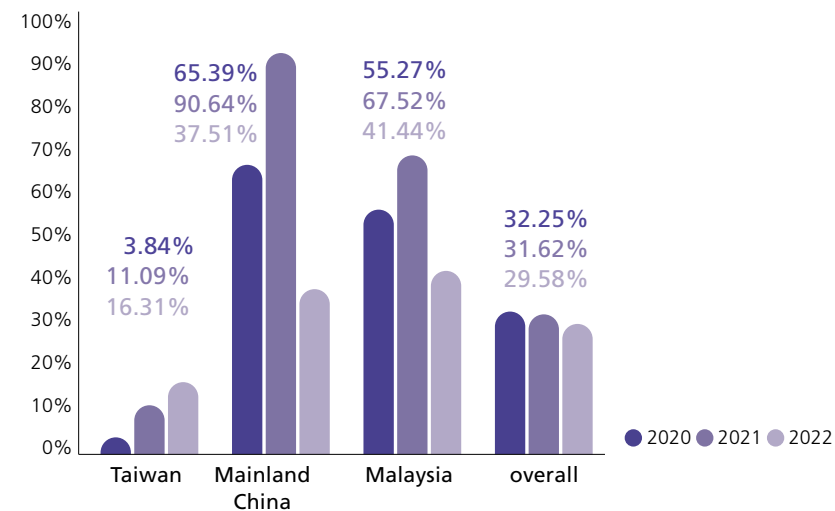
Local Procurement

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. 16.31% 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); 37.51% of procurements made by our key suppliers in mainland China are sourced from local suppliers; and 41.44% of procurements made by our key suppliers in Malaysia are sourced from local suppliers. Overall, 29.58% of our key suppliers are local suppliers, a decrease of 2.04% compared to 2021.

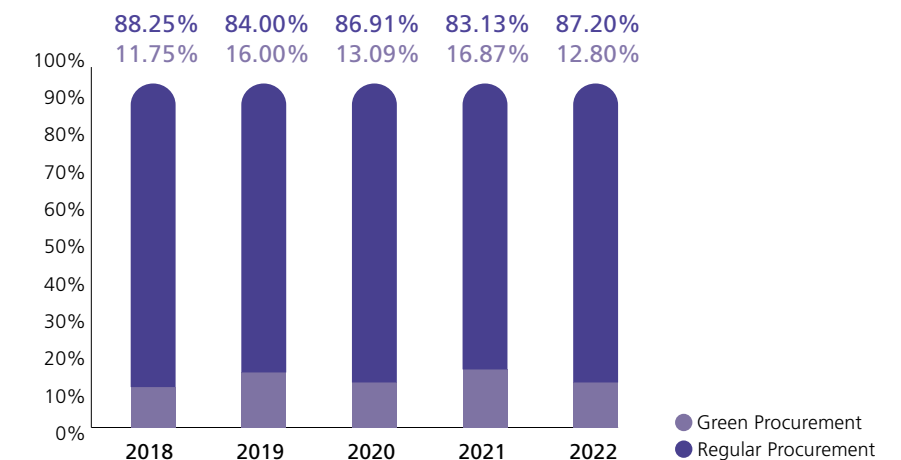
Green Procurement

In order to reduce the impact of our products on the environment, we are committed to green procurement. The Wire and 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 2022, Taiwan plants invested NT\$10.37 billion in green procurement, accounting for approximately 12.80% of the overall procurement ratio in Taiwan.

Local Procurement



Green Procurement



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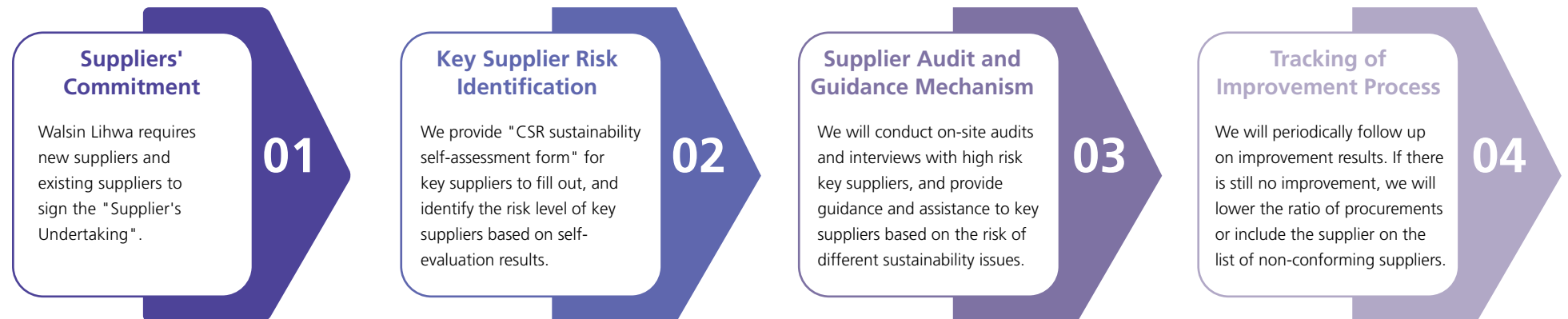
COVID-19 Supply Chain Risk Management and Countermeasures



Due to the impact of the Covid-19 pandemic, 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.

Wire and Cable Business	Stainless Steel Business
We actively develop alternative material sources to increase the flexibility of supply and increase the supply from the Asia-Pacific region (the original medium and low voltage cable materials were purchased from the United States, Europe and other countries, and are instead supplied from the Asia-Pacific region, China, Korea, Japan, etc.) to reduce the impact of transportation on material sources. Strategically increasing the safety stock of certain key materials; In addition, flexible work practices such as teleconferencing, video conferencing or compartmentalization are used to increase the proportion of information operations to enhance operational efficiency.	Since the beginning of the pandemic, the Stainless Steel Business has been actively coordinating with existing suppliers to confirm the status of shipments. All suppliers maintained a smooth production chain during the pandemic outbreak. On the other hand, we have developed the domestic production of raw materials that were imported and successfully increased the development of key items to stabilize the supply as well as reduce the cost.

3.4.2 Implementation of Supply Chain Management



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Suppliers' Commitment to Sustainability and Self-Assessment

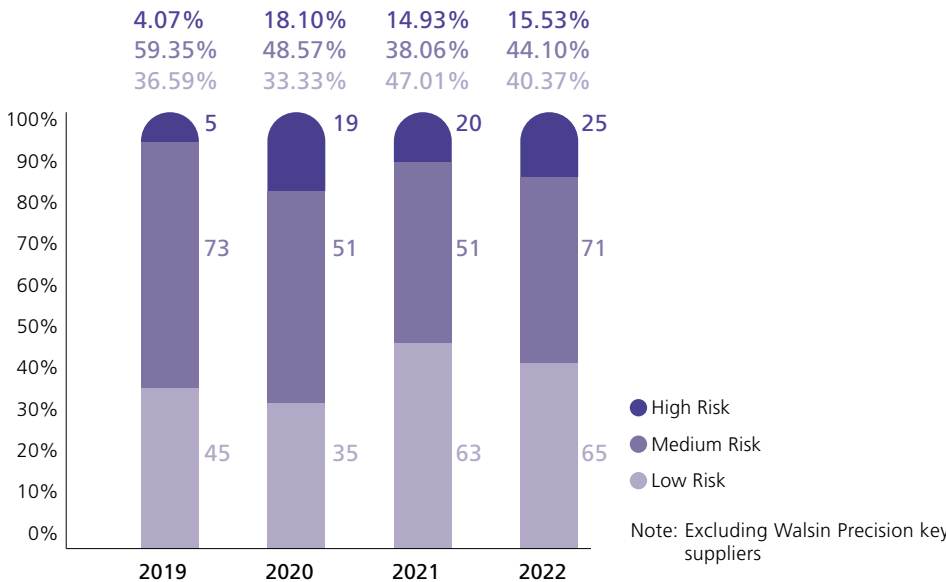
Year	Category	Number of Suppliers	Supplier's Undertaking ^{note1}		Self-Assessment Form	
			Number of Signatures	Percentage of Signatures	Number of Signatures	Percentage of Signatures
2019	Key suppliers	145	109	75.20%	123	84.83%
	New Suppliers	262	222	84.70%	N/A	N/A
2020	Key suppliers	111	110	99.10%	111	100.00%
	New Suppliers	515	385	73.33%	331	63.05%
2021	Key suppliers	165	156	94.55%	138	83.64%
	New Suppliers	482	472	97.93%	466	96.68%
2022	Key suppliers	173	159	91.91%	161	93.06%
	New Suppliers	770	735	95.45%	731	94.94%

Note:
1.In 2022, the "Supplier Executive Certification of Compliance" and "Commitment to Ethical Conduct" merged and reformatted into a new version of "Supplier's Undertaking", which is issued to key suppliers and new suppliers for signing. The Wire and Cable Business has 76 key suppliers, eight of the suppliers have published regular sustainability reports and disclosed ethical measures, and are considered to have signed the Conduct.
2. In 2019, we established a Key Supplier Risk Identification System for key suppliers.

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's Undertaking" to enhance supplier awareness. In 2022, a total of 161 key suppliers in the Wire and 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



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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 2022, 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.
- 4 Establish risk identification mechanisms

Sustainable Supply Chain Management Courses

Sustainable Supply Chain Management Courses have been held since July 2022, 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
July, 2022	Online	Procurement staff of Wire and Cable and Stainless Steel Business	CSR Supplier training and education on risk assessment
December, 2022	Yenshui Plant	Procurement staff of Taiwan plants' Stainless Steel Business	Internal Management Education and Training



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Deepen Sustainable Supply Chain Management and Partnership

Wire and Cable Business Supplier Partner Exchange Meeting

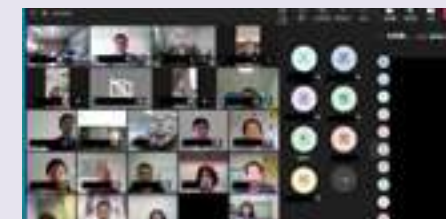
Taiwan (Hsinchuang Plant / Yangmei Plant)

The Hsinchuang/Yangmei Plant held the 5th Supplier Meeting online to continue the promotion and expand the scope and depth of sustainable management issues. At the same time, we explained the future outlook of the cable business group with our supplier partners and invited two exemplary manufacturers to share their experience on the issue of energy saving and carbon reduction to learn and grow together with our partners.



Mainland China (Shanghai Walsin / Dongguan Walsin)

The Shanghai Walsin and Dongguan Walsin Plants held the second CSR supplier meeting in November 2022 with three themes: "Honest Business Practice", "Sustainable Green Supply Chain Management", and "Contractor Blue Book of Safety and Health Management" to exchange and interact with suppliers. The Company also invited our suppliers to share their carbon reduction practices and insights on the issue of climate change, hoping that Walsin Lihwa and our supply chain partners can make an impact together to promote sustainable economic, social, and environmental development.



Stainless Steel Business Supplier Partner Exchange Meeting

Taiwan (Yenshui Plant / Taichung Plant)

In October 2022, the Stainless Steel Taiwan Purchasing Department held a CSR supplier exchange meeting at the Yenshui Plant. With business integrity as the main axis, we promoted the green supply chain, safety and security policy, and contracting terms and conditions with our partners, and we hope that we can work together with them to exert social influence.



Mainland China (Yantai Walsin)

In October 2022, the Stainless Steel China Purchasing Department held an online CSR supplier exchange meeting promoting the green supply chain, safety and security policy, and the contracting terms and conditions with our partners. Through Q&A sessions, the partners are able to understand the importance of practicing corporate social responsibility.



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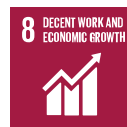
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3.4.3 Customer Service



Walsin Lihwa's Adheres to the Spirit and Philosophy of Serving Customers: Focused on customer and industry development, optimizes the service process and enhances customer trust to create a win-win situation.

In order to improve the quality and efficiency of customer service, the Stainless Steel Business has fully implemented the CRM system in Taiwan and China to integrate the management of business activities such as quotation, customer complaints, and billing to provide high quality and efficient customer service. In terms of production, we will continue to use data analysis to improve the raw material purchase and production schedule to enhance delivery stability, the iSCM system is planned to be built at the Yenshui plant in 2023 to demonstrate specific products. Through interfacing with customers' systems and optimizing information exchange, it will facilitate customers to track order progress and reduce inventory, while shortening order communication time and facilitating production planning so that products can be delivered to customers as scheduled. In the future, we also plan to expand our products and factories to enhance the quality of our services to domestic and overseas customers.

Customer Satisfaction

In order to understand customers' feedback on product quality, the Stainless Steel Business Group held 32 customer technical seminars in 2022 in addition to occasional customer visits, and completed a number of customer material improvements and new product tests. We also strengthened the cross-type product knowledge of our sales staff so that customers can purchase different types of products through one single sales window, which improves the problem of having to deal with multiple windows in the past and enhancing customers' trust in sales staff.

Customer Satisfaction Survey

2022, a total of 1,483 customer satisfaction surveys were issued, and 1,238 copies were returned, with a return rate of 83.5%. Overall satisfaction rate 86.3% increased by 0.4% compared to 85.9% in 2021.

Protection of Customer Privacy

Adhering to the principle of protecting business information and customer privacy, Walsin Lihwa has established regulations such as the "Employee Code of Ethical Conduct" and "Information Security Management Procedures" to prevent unauthorized access, tampering or improper disclosure of information, and to protect customers' privacy and rights. At the same time, through publicity, management review, internal audit, etc., all employees are required to abide by relevant management regulations. In 2022, the Company has not violated the privacy of its customers nor received any complaints from customers about the violation of their privacy.



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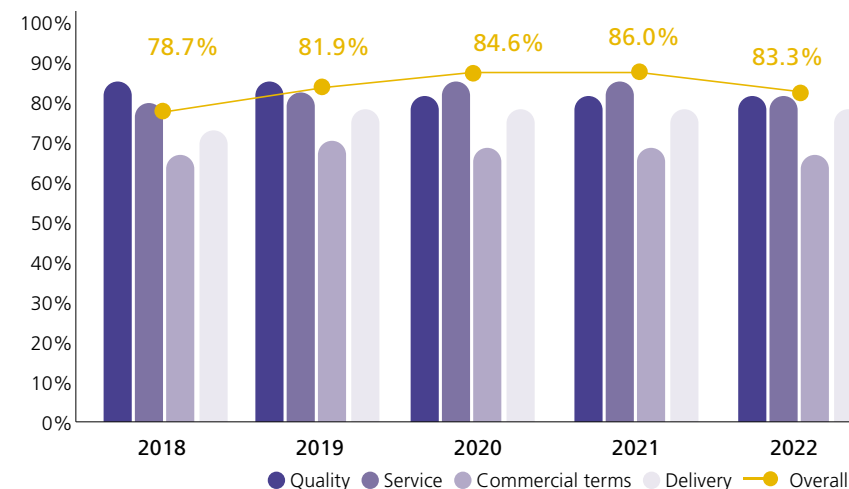
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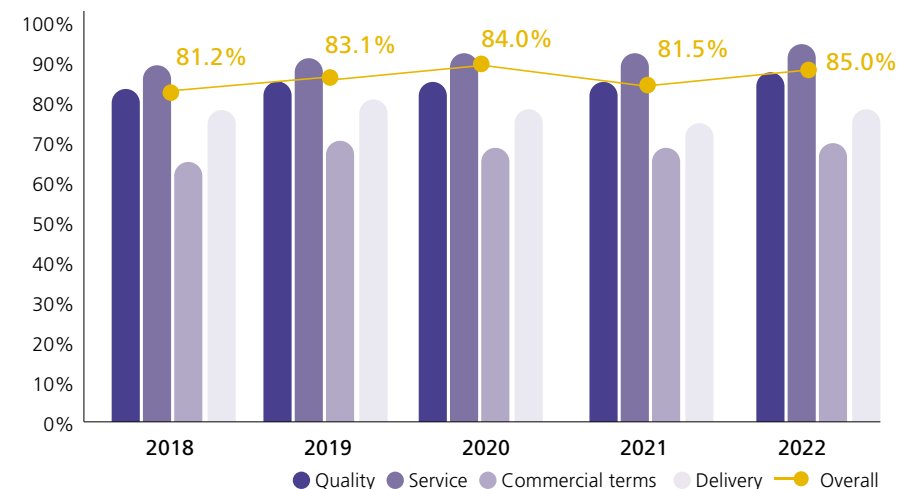
Customer Satisfaction

Wire and Cable BG



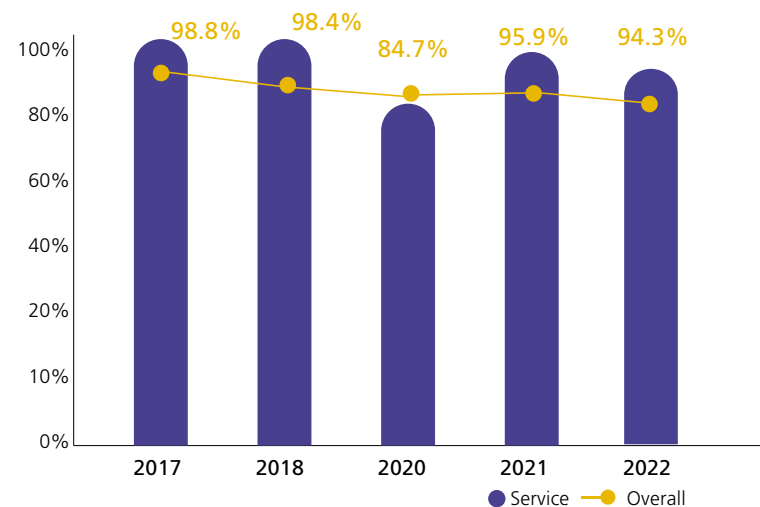
Data source: 2018-2019: Hsinchuang Plant, Shanghai Walsin; 2020-2021: Hsinchuang Plant, Yangmei Plant, Shanghai Walsin, Dongguan Walsin, Jiangying Walsin (Steel Cable); 2022 : Hsinchuang Plant, Yangmei Plant, Shanghai Walsin, Dongguan Walsin

Stainless Steel BG



Data source: 2018-2021 : Yenshui Plant, Jiangying Walsin (Specialty Alloy Materials), Changshu Walsin ; 2022 : Yenshui Plant, Jiangying Walsin (Specialty Alloy Materials), Changshu Walsin, Jiangying Walsin (Steel Cable)

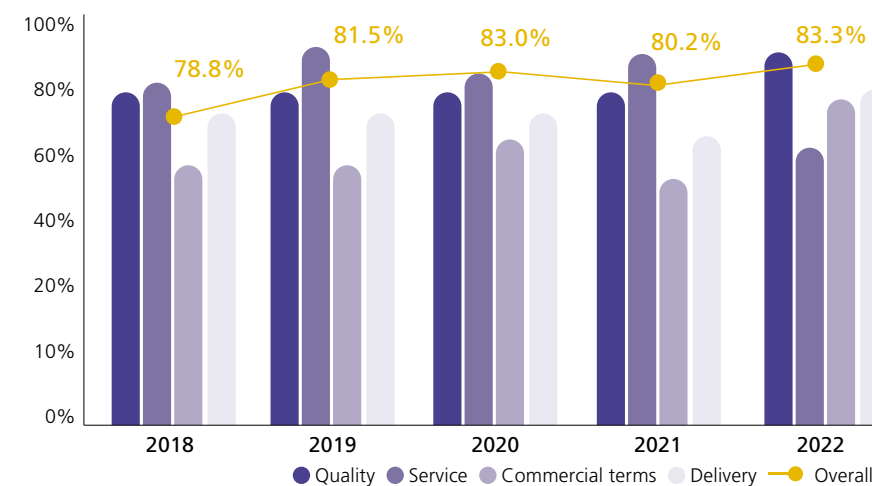
Real Estate BG



Data source : Nanjing Walsin (Property Mgmt.)

Note: Due to the impact of the COVID-19 pandemic, the Real Estate Business Unit customer satisfaction questionnaire does not include data from 2019.

Walsin Precision



Data source: Walsin Precision

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Sustainability Promotion Strategy

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

Implementation Guidelines	Objectives for 2022	2022 results	Objectives for 2023
Protect labor safety and health, and create a safe working environment	Frequency-Severity Indicator (FSI) <0.4	<ol style="list-style-type: none"> 1 Strengthened and perfected risk management as well as safety job procedures 2 Designated special responsibilities for risk control and management as well as equipment safety management review and integration 3 Developed health and safety management capacity at the plants in Company-wide 0.48 ↑ 、Taiwan 0.54 ↑ 、Mainland China 0.78 ↑ 、Malaysia 0.45 ↑ 、Indonesia 0.03 	<ol style="list-style-type: none"> 1 ISO 45001 comprehensive safety production management (5S environmental safety/TPM equipment safety/SJP operation safety)) 2 All employees participate in the team meeting to shape safety awareness and achieve zero occupational injuries. Through lean manufacturing (TPS) and KYT(Kiken Yochi Training) integrating with SJP simplifications, we are able to strengthen muscle memory for high-risk operations. 3 Promote and implement environmental safety standards to strengthen the safety awareness of law enforcement personnel and managers to reduce occupational accidents
	No occupation accident at contractors	<p>System Expansion of the Contractor Management System</p> <ol style="list-style-type: none"> 1 The system has been constructed in both Taiwan and Mainland China plants and are in normal operation. 2 Risk Analysis of Contractor Operations (Review the work procedures and incorporate the safety and environmental assessment system to ensure the implementation of the management in each plant area) 3 0 casualties in Taiwan and overseas factories; Occupational injury (1 case of minor injury at the Taiwan plants) 	
Create a happy workplace, improve labor-management relationships, and increase employees' identification and engagement	<ul style="list-style-type: none"> • System friendly, communication friendly • Life care, physical and mental care • Continuous promotion of corporate culture (Friendly Train Project, Honorary words of wisdom from the founder's, Model Employees) 	<ol style="list-style-type: none"> 1 Honorary chairman words of wisdom exchange event: 28 sessions 2 Book Clubs and Seminars Series: 21 sessions 3 Small book clubs for showing care to young engineers: 4 sessions 4 Family and Parenting Seminars 3 sessions 5 Factory site environment improvement: Renovation of employee cafeterias and dormitories, improvement of office area, friendly communication 6 Monthly birthday celebrations, employee dinners and gatherings 7 Annual communication dinner, quarterly labor-management meetings: The Chairman meets the union over dinner gathering, which circles around the ideas of self leadership, embracing innovation, and communication. 8 PTA: Two Major Events: The Grapefruit Peeling Contest for Mid-Autumn Festival, Thanksgiving Festival for the Year-end Celebrations 9 Talent database optimization and utilization of the manpower dashboard 10 Optimization of the company's social media platforms 11 Annual health examinations 12 Health promotion seminars, education and training, and health preservation activities 13 Appreciation Dinner for Foreign Immigrant Workers 	<ol style="list-style-type: none"> 1 System friendliness and optimization 2 Bilingual and friendly communication of company information in response to the increase of international talents 3 Consolidate the company's development consensus through the Company's annual meeting 4 Monthly birthday celebrations, employee dinners and gatherings, PTA activities 5 Quarterly labor-management meetings 6 Family Days, Birthdays celebrations and Dinner gatherings 7 Care for the foreign migrant workers 8 Employee care for foreign migrant workers 9 Health Promotion Activities 10 Club activities, Single's mixers 11 Care for Filial Piety 12 Happiness Seminars

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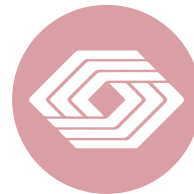
Implementation Guidelines	Objectives for 2022	2022 results	Objectives for 2023
Strengthen talent cultivation and career development planning, help employees learn, grow, and fulfill self-actualization	<ul style="list-style-type: none"> Set up of digital management information platform for junior managers Continuous promotion, review, and deepening of the practical courses Enhance the management ability and business thinking of supervisors Establish a community of learning and culture of learning Continue to build up micro-courses and encourage cross-disciplinary learning of professional knowledge 	<ul style="list-style-type: none"> Presentation of lean production and technical results Presentation of lean production and technical results Lectures on scientific techniques: Over 41 sessions Continuous introduction of TPS problem solving courses Active promotion of Harvard Business Review through e-newsletters and micro-blogs EMBA finals and thesis presentation Annual compulsory courses: law compliance, data power courses and performance-based rating system Establish a community and culture of learning Recognizing the Most Valuable Student (MVP) Use Teams to organize learning communities Establish courses on English proficiency and communication Project Management for Blended Learning 1395 videos uploaded for micro-courses Establish learning promotion activities 	<ul style="list-style-type: none"> Continuous promotion, review, and deepening of the practical courses Presentation of lean production and technical results Promotion of TPS in Taiwan and Mainland China plants Continuous improvement of supervisors' management ability and trend mindset Harvard Business Review International Trends article sharing sessions for managers The EMBA 5 class program was completed and classes have officially started Establish a community and culture of learning <ul style="list-style-type: none"> Optimize annual compulsory courses and performance-based rating system Reward incentive program for the Most Valuable Student (MVP) Encourage employees to organize learning communities (Multi-language programs: Bahasa Indonesia, Chinese, English) Project Management for Blended Learning (PM/ Project management courses for regular employees) Continue to build up micro-courses and encourage cross-disciplinary learning of professional knowledge

Highlights



TTQS Bronze Medal Award

Talent Development Quality Management System from the Workforce Development Agency, Ministry of Labor



Human Resources Enhancement Program

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



Gold Award

Gold award in the Manufacturing Industry on the "Happiest Employees" Award from the 1111 Job Bank



Healthy Workplace

Certification, Health Promotion Administration
Excellent Healthy Workplace (Hsinchuang Plant), Health Promotion Badge (Yangmei Plant)



iSports Enterprise Certification

Sports Administration, Ministry of Education (Hsinchuang Plant)

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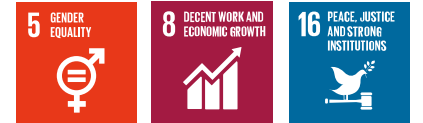
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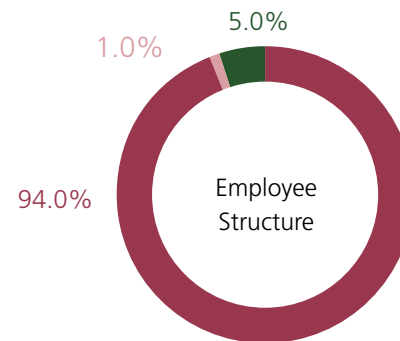
Pursuit for excellence, innovation, learning, and a friendly workplace are to the foundation of business sustainability of Walsin Lihwa. Over the past half century, Walsin has been maintaining and strengthening its down-to-earth approach to running business thanks to the coherence of all employees to 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

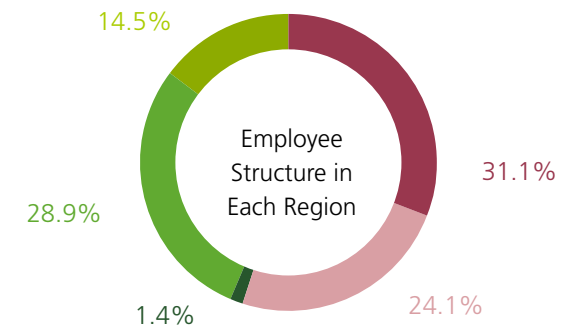
As of the end of December 2022, we have a total of 6,888 employees worldwide (5,444 male, 1,031 female), most are regular employees, 1.0% are contractors (62 male, 9 female), and the percentage of foreign migrant workers^{Note} remained at 5.0% (all male). We do not have any part-time workers.



	Male	Female	Total
Regular employees	5,444	1,031	6,475
Contract-based	62	9	71
Migrant workers	342	0	342
Total	5,848	1,040	6,888

Note: 1. Migrant workers were calculated only based on the number of foreign direct employees in Taiwan.

2. In addition, the average monthly number of non-employee workers entering the factory was about 899 in Taiwan and 212 in mainland China in 2022. The work includes construction, cleaning and clearance, etc.



	Male	Female	Total
Taiwan	2,601	392	2,993
Mainland China	1,866	457	2,323
Malaysia	110	23	133
Indonesia	2,487	297	2,784
Europe	1,183	208	1,391
Total	8,247	1,377	9,624

Note: Employee Profiles by Region New Additions in 2022 include PT. Sunny Metal Industry and CAS in Europe

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The Company recruits talent on a merit basis through fair and open channels. We hired nearly 1,531 new employees in 2022 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 1,105 employees resigned in 2022, which is a turnover rate of 16.0%. 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.

2022 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	491	18.9%	89	22.7%	580	19.4%	356	13.7%	51	13.0%	407	13.6%
Mainland China	641	34.4%	117	25.6%	758	32.6%	383	20.5%	116	25.4%	499	21.5%
Malaysia	14	12.7%	1	4.3%	15	11.3%	16	14.5%	1	4.3%	17	12.8%
Indonesia	148	11.6%	30	17.9%	178	12.4%	171	13.5%	11	6.5%	182	12.6%
Total	1,294	22.1%	237	22.8%	1,531	22.2%	926	15.8%	179	17.2%	1,105	16.0%

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	277	41.2%	221	19.9%	64	8.4%	18	4.0%	153	22.8%	155	14.0%	54	7.1%	45	10.0%
Mainland China	384	78.4%	305	37.3%	60	9.9%	9	2.2%	197	40.2%	178	21.8%	76	12.5%	48	11.8%
Malaysia	7	23.3%	6	15.8%	2	4.7%	0	0.0%	9	30.0%	4	10.5%	2	4.7%	2	9.1%
Indonesia	165	18.8%	12	3.0%	1	0.8%	0	0.0%	137	15.6%	30	7.5%	10	7.9%	5	13.5%
Total	833	40.3%	544	23.3%	127	8.3%	27	2.9%	496	24.0%	367	15.5%	142	9.2%	100	10.9%

Note: Recruitment rate = New employees in the current year/Number of employees as of the end of the current year, 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 current year, calculated using denominators based on gender and age groups.

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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.

Number of Managers/Non-Managerial Personnels in Each Region

	Taiwan			Mainland China			Malaysia			Indonesia		
Year	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Managerial	255	285	303	262	234	233	23	23	23	5	19	18
Non-managerial	2,421	2,532	2,690	1,849	1,832	2,090	121	117	110	294	1,916	1,421
Total	2,676	2,817	2,993	2,111	2,066	2,323	144	140	133	299	1,935	1,439

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

Percentage of local management in local headcount

	Taiwan			Mainland China			Malaysia			Indonesia		
Year	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Percentage of managerial positions	9.5%	10.1%	10.1%	12.4%	11.3%	10.0%	16%	16.4%	17.3%	1.67%	1.0%	1.3%
Percentage of local management in local headcount	100%	100%	99.6%	87%	88%	87.3%	100%	100%	100%	100%	95%	85.7%

Note: 1. Managers refer to managerial positions at or above the sector level (inclusive), and senior managers refer to managerial positions at or above the division level (inclusive). This year, the proportion of local residents employed as senior management is calculated based on the sector level (inclusive) and above.
2. Local refers to the country where the organization operates (and where the employees work), and is proportional to whether the nationality of the employees is equivalent to the local nationality.

Because our wire and cable as well as stainless steel operations fall in the heavy manufacturing industry category, the workforce at our plants consists primarily of males and therefore the percentage of male workers is higher than that of female workers. Managers are mainly between the ages of 41 and 50; regular employees are mainly between the ages of 31 and 40. Insulated wire & cable and stainless steel are technology and labor intensive industries. In terms of educational background, most managers graduated from college or above (inclusive), while regular employees mainly graduated from senior high school (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 32 employees with mental or physical disabilities, amounting to approximately 1.07% of the total number of employees in Taiwan.

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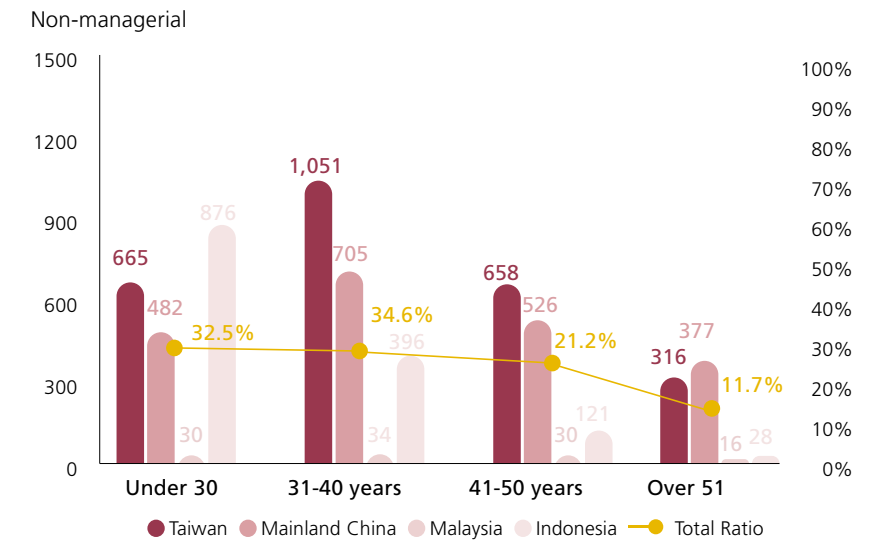
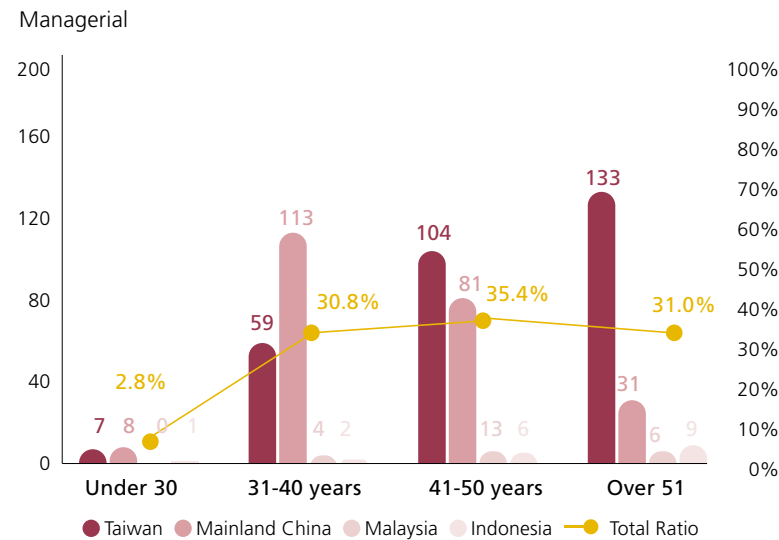
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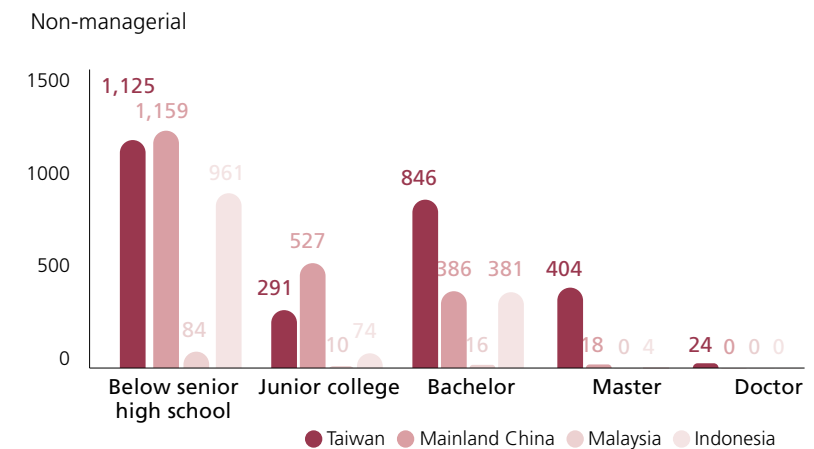
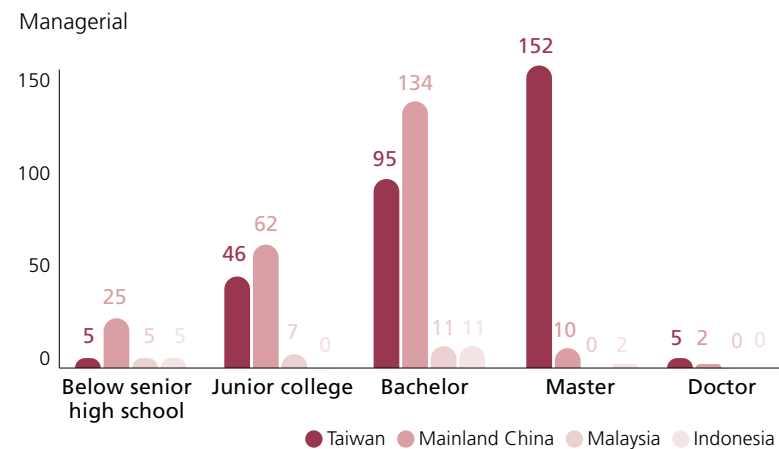
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Structure of Managerial Positions & Regular Employees by Age



Structure of Managerial Positions & Regular Employees by Education



Note: 1. The employee structure 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, PT. Walsin Nickel Industrial
 2. Managerial positions are the positions higher than section or division chiefs.

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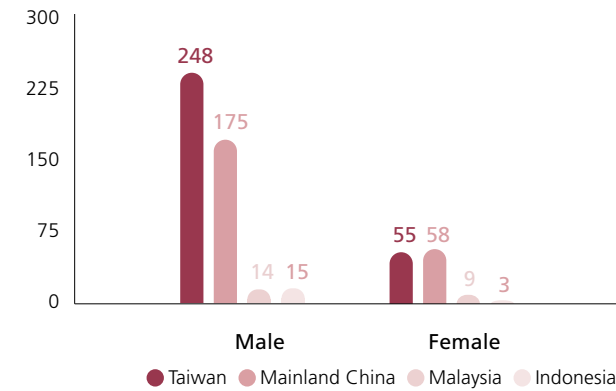
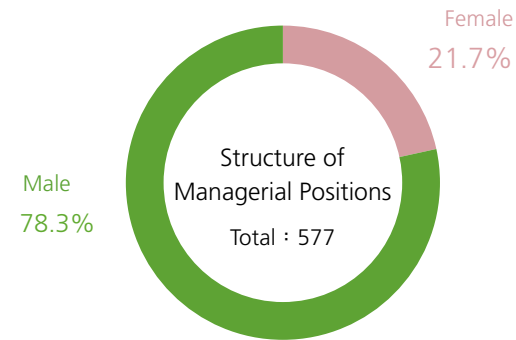
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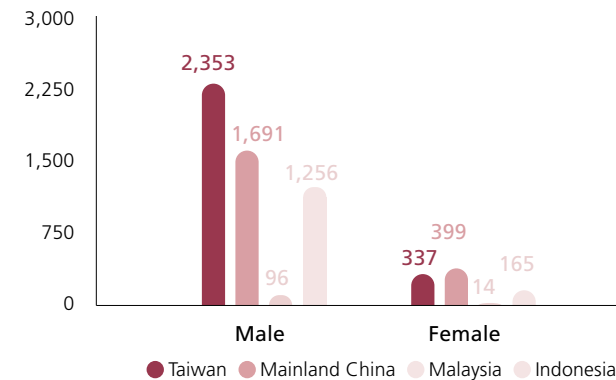
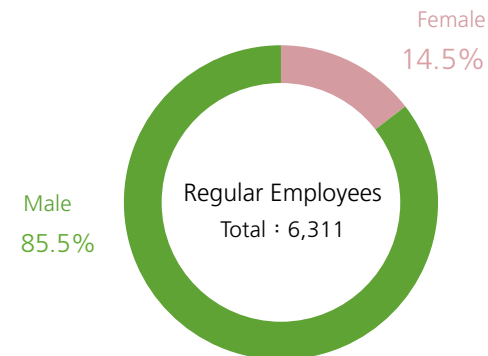
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Structure of Managerial Positions by Gender



Structure of Regular Employees by Gender



Note: 1. The employee structure 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.
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2. 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

Objectives and Actions

Healthy and Safe Work Environment Development

Measures implemented

The ISO 45001 (Occupational Safety and Health Management System), disasters prevention and other improvement activities are introduced to ensure a safe working environment. In addition to providing a safe and healthy working environment in accordance with the laws and regulations, we have set up special units and committees for occupational safety and health, employed professional doctors and nursing staff, conducted regular education and training on safety and health, fire prevention, etc., and taken necessary preventive measures to prevent occupational hazards and reduce the risk factors in the working environment.

Fair and Reasonable Compensation and Work Conditions

Objectives and Actions

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.

Measures implemented

Implementation of Work Equality: Comply with the Act of Gender Equality in Employment in order to protect the equal rights of men and women to work. We handle recruitment, screening, employment, distribution, performance appraisal, promotion, education and training, and welfare measures without differential treatment based on gender.

Equal Employment Opportunities Without Discrimination

Objectives and Actions

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.

Measures implemented

Creating a Diverse and Inclusive Culture: We respect internationally recognized basic human rights, do not discriminate on the basis of gender, race, age, marriage, political affiliation, religious beliefs, nationality, etc., encourage the exchange of ideas, value team members, allow our members to feel sincerity and respect, and actively create a diverse and inclusive workplace.

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No Employment of Underaged Workers

Objectives and Actions

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.

Measures implemented

In order to ensure compliance with corporate social responsibility and ethics, child labor is explicitly prohibited during recruitment operations, and as of the end of December 2022, the total number of employees is 6,888, of which there is no child labor.

No Forced Labor

Objectives and Actions

Comply with relevant labor laws and regulations with due attention to employee attendance to work doing away with forced labor.

Measures implemented

We will not force or coerce any unwilling employee to perform a labor act. The daily and weekly working hours, extended working hours, vacations, special leave and other types of leave for employees are in compliance with the laws and regulations. We also set up a reminder function when employees apply for overtime in the attendance system, and provide overtime pay or compensatory time off after overtime work, and have specialists to review and control the factory working hours on a monthly basis.

Respect for Freedom of Association

Objectives and Actions

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.

Measures implemented

Respecting employees' freedom of association and rights to collective bargaining. According to the Taiwan's Trade Union Act, employees have the right to organize and join labor unions.

Privacy Protection and Harassment Prevention

Objectives and Actions

To ensure humane treatment and a healthy and safe working environment.

Measures implemented

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

Objectives and Actions

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.

Measures implemented

The Auditing Office has set up an e-mail address for complaints and a dedicated personnel will handle the complaints: For the prevention and control of sexual harassment, we set up the "Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace" to protect gender equality at work and to provide a working environment free from sexual harassment for employees and employees who comes in contact with us. In the event of sexual harassment, the victim or his or her representative may file a complaint with the Sexual Harassment Grievance Committee, either verbally or in writing. In addition, the company has established relevant regulations in its internal documents for the protection of employees' human rights and set up a complaint channel for employees when their legal rights are violated or improperly treated and cannot be resolved in a reasonable manner.

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Assistance to Employees in Maintaining Physical and Psychological Wellbeing and Balance between Life and Work

Objectives and Actions

We provide a variety of activities to care for the physical and mental health of our employees.

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

Objectives and Actions

Through the management practices in the human rights management framework, employees, we are able to reduce human rights risks through our efforts or reduce the impact of human rights incidents through remedial measures for the suppliers, partners, and the environment in which we operate.

Education and Training

Objectives and Actions

We continue to train our employees on human rights protection issues and provide training courses on issues such as business conduct standards, anti-corruption, privacy, safe and healthy working environment, and sexual harassment prevention training courses to create a friendly working environment with equality, inclusiveness, and respect. The content of training related to human rights protection is tailored to local conditions and appropriately adjusted in response to different legal requirements in different regions to ensure that colleagues can fully abide by local laws and regulations when performing their tasks.

Measures implemented

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.

Measures implemented

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.

Measures implemented

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 2022: (Shanghai Walsin) A total of 12 suppliers participated. October 2022: (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:

- 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.
- Reasonable yet competitive total rewards based on the market value of individual professional functions and 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.
- 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.

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)
2021	2,575	1,190	967
2022	2,755	1,210	991
difference	180	20	24

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 2022 are tabulated as below

	Managerial Positions		Regular Employees	
	Male	Female	Male	Female
Taiwan	1	1.12	1	1.38
Mainland China	1	0.99	1	1.36
Malaysia	1	0.81	1	1.24

Note: 1. The remuneration systems 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.

2. Managerial positions are the positions higher than section or division chiefs.

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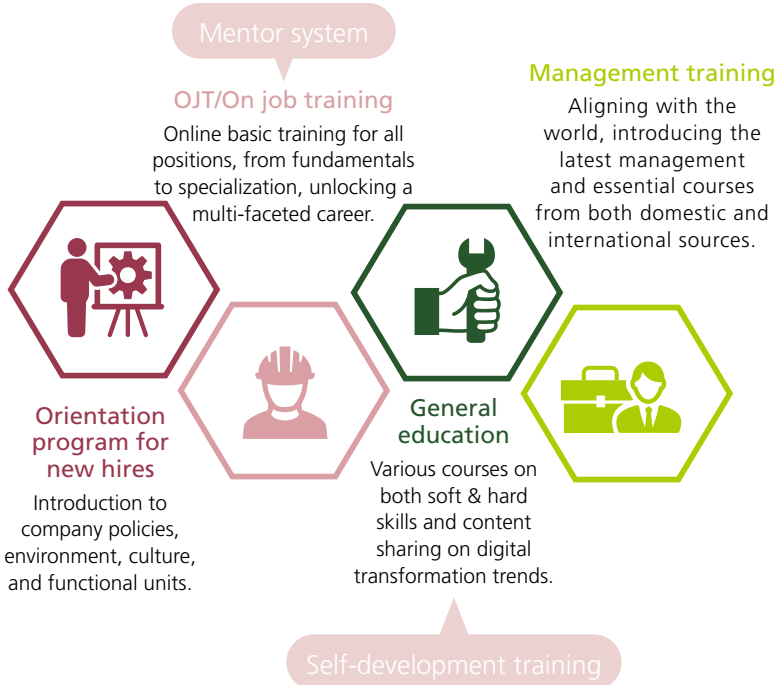
4.2 Growth for All Employees and Talent Transformation



Talent is the most precious treasure here at Walsin Lihwa. With the technology and techniques that are constantly evolving during the era of intelligence, we want every employee to become an explorer of technology and knowledge, to constantly explore new fields, to cross the boundaries of space and professional fields, and to create unlimited possibilities.

Introduced since 2018, Walsin Lihwa Academy served as modernized academic sanctuary with wisdom and creativity that gathers elites across all sectors, and through continuous exchange and learning, we build a learning ecosystem with vitality and creativity. In addition to the traditional book clubs, workshops, professional training and corporate culture development, Walsin Lihwa is also committed to developing various online learning platforms. In 2022, the Harvard Business Review, Data Power Program, and online English courses were introduced and reached a total of 5,729 participants. These programs allowed employees to read independent articles and watch professional videos in a free and relaxed environment, and be able to test the effectiveness of their learning through online tests.

We are committed to shaping an environment based on learning and look forward for our employees to discover their potential and talents in this environment full of opportunities and challenges, and to contribute to the future development of Walsin Lihwa.



Overview of Company Training

		By gender								
Year		2020			2021			2022		
Area	Statistical items	Male	Female	Total	Male	Female	Total	Male	Female	Total
Taiwan	Total hours	58,201.00	7,053.00	65,254.00	73,938.35	37,251.35	111,189.70	93,863.79	13,990.93	107,854.72
	Total number of employees	2,358.00	318.00	2,676.00	2,462.00	355.00	2,817.00	2,594.00	387.00	2,981.00
	Average training hours	24.68	22.18	24.38	30.03	104.93	39.47	36.18	36.15	36.18
Mainland China	Total hours	2,576.00	363.00	2,939.00	6,273.33	4,562.81	10,836.14	8,101.61	4,913.18	13,014.79
	Total number of employees	1,668.00	443.00	2,111.00	1,608.00	458.00	2,066.00	1,866.00	457.00	2,323.00
	Average training hours	1.54	0.82	1.39	3.90	9.96	5.24	4.34	10.75	5.60
Malaysia	Total hours	6,931.00	111.00	7,042.00	9,595.50	82.50	9,678.00	8,569.00	339.00	8,908.00
	Total number of employees	119.00	25.00	144.00	117.00	23.00	140.00	110.00	23.00	133.00
	Average training hours	58.24	4.44	48.90	82.01	3.59	69.13	77.90	14.74	66.98
Indonesia	Total hours				898.00	7.00	905.00	839.00	86.00	925.00
	Total number of employees				270.00	23.00	293.00	268.00	24.00	292.00
	Average training hours				3.33	0.30	3.09	3.13	3.58	3.17

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By grade										
Year		2020			2021			2022		
Area	Statistical items	Managerial	Non-managerial	Total	Managerial	Non-managerial	Total	Managerial	Non-managerial	Total
Taiwan	Total hours	5,920.00	59,334.00	65,254.00	24,721.99	86,467.71	111,189.70	10,926.63	96,928.09	107,854.72
	Total number of employees	255.00	2,421.00	2,676.00	285.00	2,532.00	2,817.00	294.00	2,687.00	2,981.00
	Average training hours	23.20	24.50	24.38	86.74	34.15	39.47	37.17	36.07	36.18
Mainland China	Total hours	464.00	2,475.00	2,939.00	6,317.34	4,518.80	10,836.14	2,795.11	10,219.68	13,014.79
	Total number of employees	262.00	1,849.00	2,111.00	234.00	1,832.00	2,066.00	233.00	2,090.00	2,323.00
	Average training hours	23.20	24.50	1.39	27.00	2.47	5.24	12.00	4.89	5.60
Malaysia	Total hours	100.00	6,942.00	7,042.00	76.00	9,602.00	9,678.00	323.50	8,584.50	8,908.00
	Total number of employees	23.00	121.00	144.00	23.00	117.00	140.00	23.00	110.00	133.00
	Average training hours	23.20	24.50	48.90	3.30	82.07	69.13	14.07	78.04	66.98
Indonesia	Total hours			0.00	0.00	905.00	905.00	168.00	757.00	925.00
	Total number of employees			0.00	5.00	288.00	293.00	18.00	274.00	292.00
	Average training hours			0.00	0.00	3.14	3.09	9.33	2.76	3.17

Note: 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

From agile leadership to lean production, we work together to create a path to excellence

In the wave of changes, the management need to be agile leaders, as agile as surfers to meet the upcoming challenges. At Walsin Lihwa, we place emphasis on professional training for our managers and introduced the essence of Toyota Production System (TPS) from 2022. The TPS training course includes not only theoretical knowledge, but also practical case studies and role plays, allowing supervisors to experience the core values of TPS in depth and apply them to their actual jobs, leading their teams to continuous innovation and progress.

TPS Application in 2022

In 2022, we conducted five training sessions for supervisors at our production bases in Yenshui, Taichung and Yantai, with a total of 277 training participants; Through immersion learning from the unit level to the vice president level, along with TWI promotion for all employees, the Toyota-style production way of working is thoroughly implemented from top to bottom of the entire company.



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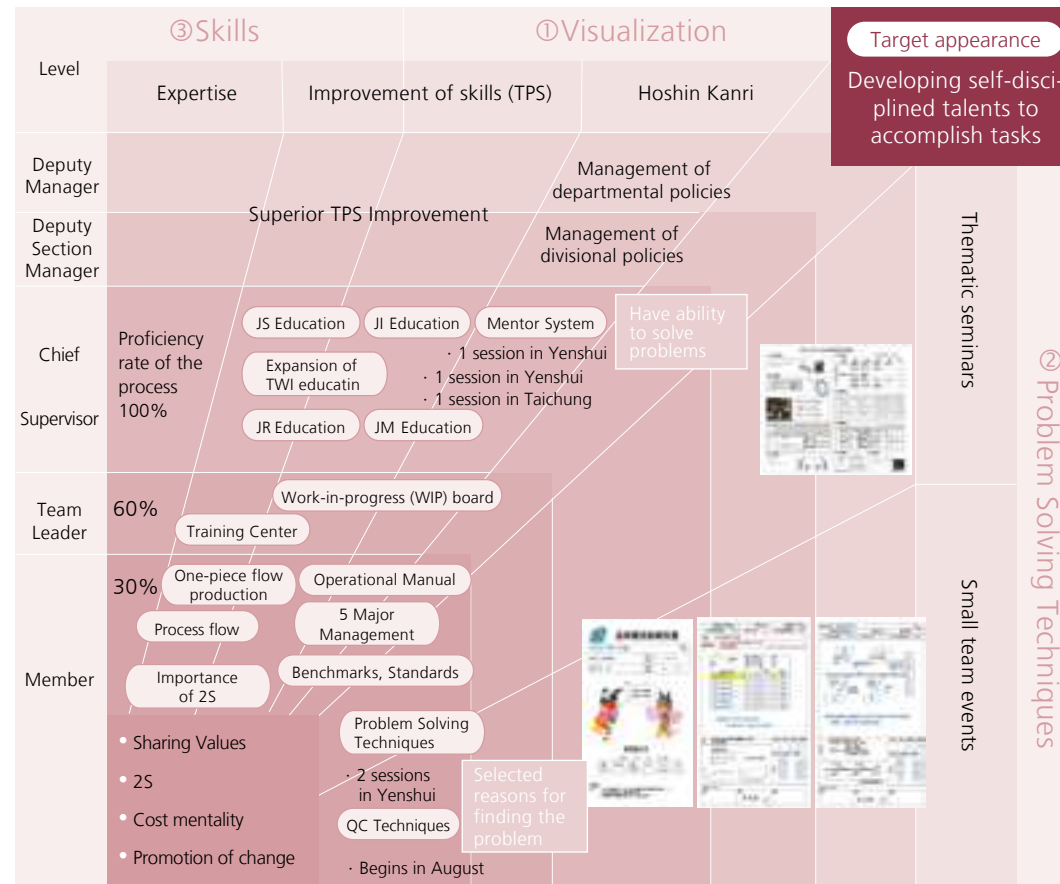
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Achievement Plan for Medium- and Long-Term Talent Developmental Goals



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:

- Education and training: The training content is based on different levels/ professions, including but not limited to online learning platform, courses from the academy, offline workshops, seminars, book clubs, etc.
- Performance evaluation: Learning outcomes bounded to performance was added in 2022 for the first time, and employees who were serious about learning will not only be recognized but also rewarded.
- Project participation: We make use of our colleagues' expertise to work together across different fields, departments, and even locations.
- Internal instructors We provide technical and practical experience sharing through the expertise of our employees from different professional fields.

Recharging on foreign language capabilities

The era of internationalization has arrived, and multilingualism is the key to the rest of the world. In addition to increasing personal career advantages, it also opens up bridges of communication. In order to cultivate international mobile talents and enhance employees' competitiveness in the workplace and communication with colleagues in multinational factories, Walsin not only provides professional training in English, but also offers Indonesian language learning courses in line with the Southbound Policy, so that employees can learn the most authentic New Southbound language in combination with food, clothing, housing, transportation, education and fun.



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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 the development of a "Happy Company" and "Friendly Workplace". In 2019, the Board of Directors approved the establishment of the Sustainability Development Committee's "Environmental, Health, and Safety Management Promotion Center" (equivalent as the former "Environmental, Health and Safety Committee"), which is responsible for the formulation and promotion of company-wide environmental protection, workplace safety and health management policies, as well as the supervision and guidance of environmental safety and health performance in each plant. The committee regularly reviews the implementation status of occupational safety and health plans in each plant, safety accident handling, disaster analysis and prevention.



Occupational Safety Goals

Indicator	2022 Goals	2022 Results	2023 Goals	Mid/Long-Term Goals
Company-wide incidents (including workers)	<ul style="list-style-type: none"> Severe and serious - 0 incidents Minor or above^{Note2} ≤ 59 incidents 	<ul style="list-style-type: none"> Severe and serious - 1 incidents^{Note1} Minor or above ≤ 68 incidents (17 cases of minor injuries, 51 cases of incidents) 	<ul style="list-style-type: none"> Severe and serious - 0 incidents Minor or above ≤ 59 incidents 	2025 goals <ul style="list-style-type: none"> Severe and serious - 0 incidents Minor or above incidents reduced by 30% compared to 2017
Company-wide contractor disabling injury frequency rate (F.R.) Company-wide employee frequency severity indicator (FSI)	<ul style="list-style-type: none"> Severe and serious - 0 incidents Incidents^{Note4} or above FSI ≤ 0.4 	Contractors FR=0 ^{Note3} All employee FSI = 0.48	<ul style="list-style-type: none"> Severe and serious - 0 incidents Incidents^{Note4} or above FSI ≤ 0.4 	2025 goals <ul style="list-style-type: none"> Severe and serious - 0 incidents 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 in the factory.
 2. Minor and above incidents refer to recordable accidents involving minor injuries (less than one day of lost working hours) in the factory.
 3. 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.
 4. The above incidents do not include minor injuries (the number of days lost did not reach 1 day), and the statistics of Walsin Nickel Industry in Indonesia was added in 2022.

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Occupational Health and Safety Management System

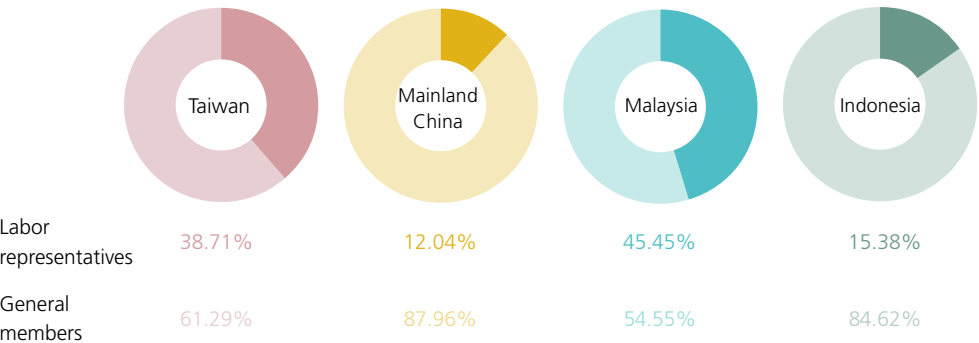
The Company's Occupational Safety and Health management system (ISO 45001) is applicable to all workers (employees, contractors, and visitors) in all factories in Taiwan (Hsinchuang, Yangmei, Taichung, Yenshui), mainland China (Shanghai Walsin, Dongguan Walsin, Jiangyin Walsin (Steel Cable), Jiangyin Walsin (Specialty Alloy Materials), Changshu Walsin, Yantai Walsin), as well as in Indonesia Walsin Nickel Industry. The overall site coverage rate is 73.33% (Taipei headquarters, Nanjing Real Estate, Walsin Precision in Malaysia have not yet passed the verification). The Company continues to implement PDCA to dynamically review management methods for improvement and recurrence prevention, internal audits, and annual occupational safety and health performance index setting and tracking management mechanisms to improve the work safety of employees and establish an all-round safe and friendly workplace. In terms of safety and health performance indicators, including proactive indicators such as key system promotion, senior management support from each plant, and management system disclosure; Passive indicators such as occupational injury accidents and penalties imposed by competent authorities; And general (special) health check frequency and test items, and other indicators.

Occupational Safety and Health Participation, Consultation and Communication

Occupational Safety and Health Committee

Every Walsin Lihwa plant has its Occupational Safety and Health Committee^{Note}, which consists of a certain percentage of labor representatives to convene meetings regularly 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.

Percentage of Labor Representatives



Percentage of Labor Representatives

Composition of the Occupational Safety and Health Committee	Number of people in the Occupational Safety and Health Committee	Total number of labor representatives	Ratio	Number of sessions
Taiwan Sites	93	36	38.71%	28
Taipei Head Office	24	9	37.50%	4
Hsinchuang Plant	18	6	33.33%	4
Yangmei Plant	12	5	41.67%	4
Taichung Plant	15	5	33.33%	4
Yenshui Plant	24	8	33.33%	12
Mainland China Sites	108	13	12.04%	39
Shanghai Walsin	10	1	10.00%	4
Dogguan Walsin	11	9	81.82%	9
Changshu Walsin	14	1	7.14%	10
Yantai Walsin	20	1	5.00%	8
Jiangying Walsin (Steel Cable)	12	1	8.33%	4
Jiangying Walsin (Specialty Alloy Materials)	20	5	25.00%	4
Walsin Precision (Malaysia)	22	10	45.45%	4
Walsin Nickel (Indonesia)	13	2	15.38%	4

Note: Safety and health committees are established in each factory in Taiwan, with the number of worker representatives in compliance with regulations. In mainland China, Malaysia, and Indonesia factories, there are safety production committees.

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4.3.2 Workplace Safety and Friendly Management

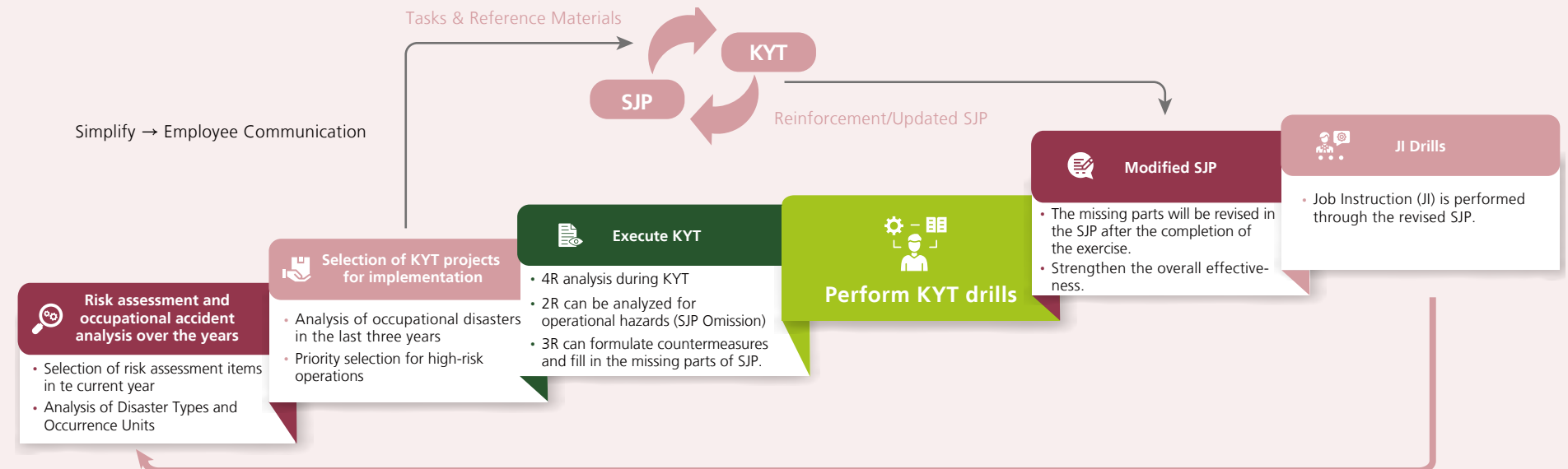
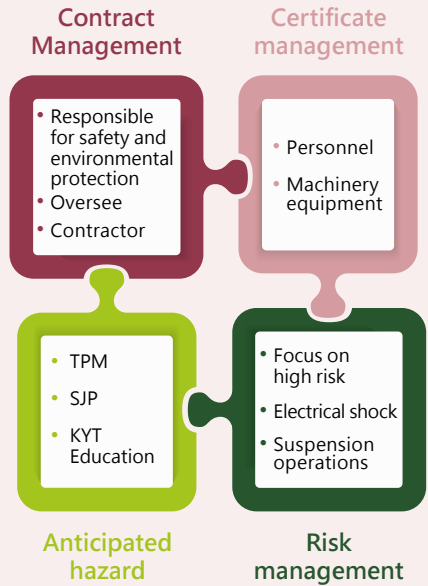
Workplace Safety

1 Operational Safety

During the year 2022, there were 68 incidents (including minor injuries Note 1) and 100 incidents of false alarm (126.59% of near miss frequency rateNote 2) in the entire company. Under the four main axes of "Contract Management", "Certificate Management", "Risk Management", and "Hazard Prediction", we adopt a mobile management approach. In addition to revising the relevant safety operation standards, we promote KYT activities in the spirit of TPS and combine them with SJP (Safe Job Procedures) to inventory and simplify high-risk operations. This year, Taichung and Yenshui Plants will be the target of the preliminary exercises, which will be implemented in daily operations to improve the overall hazard identification. It is scheduled to be fully promoted to all plant areas in 2023.

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 * 200,000/total hours experienced



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2 Environmental safety

• Determine the area of responsibility

Taking the Yenshui Plant as an example, the responsibility areas were established based on the spirit of TPS, and the 2S benchmark was used in combination to clearly standardize the criteria required for the organization and rectification of each area. The daily working environment is maintained by the responsible persons of each area to reduce the possible risks at work.



• Worker Engagement and Communication

Implement occupational safety risk assessment and management, optimize and improve equipment, and reduce the operational risk of personnel hazards. Taking the steel coil strapping operation in the Taichung factory as an example, according to the identified hazard factor - clamping risk, a new semi-automatic strapping machine was installed to replace manual threading and strapping operations with equipment, reducing the risk of personnel being clamped by steel coils.



Before improvements: Manual threading and strapping



After improvements: Use the equipment to carry out strapping and automatically passing under the steel coil

Establish a tracking mechanism to enhance the effective participation of workers in occupational safety and health issues by proposing improvements. Taking the crane suspension steel coil operator in the Taichung Plant as an example, they voluntarily pointed out that the steel coil was not centered due to viewing angle problems or carelessness in operation, and the main hoist was directly raised, and the steel coil fell over due to uneven force during the ascent. Therefore, a flashing brake alarm is

added. When the clamp detects that the steel coil is not centered, it will automatically stop the upward movement and issue an alarm sound and flashes with warning.

• Ergonomics

Take the Yenshui Plant as an example, after hazard identification and risk assessment, a systematic method - HSE quick screening tool was used to screen plant-wide operations to identify critical ergonomics items (38 items) that should be improved; A total of 15 ergonomic improvement cases were completed in 2022, and future improvement will be tracked and optimized item by item according to the plan.

Modify the operating position and lower the upper arm lift



Purchase electronic trucks to ease the loading of the personnel



• Noise reduction improvements

Taking the Yenshui Plant as an example, through the annual operating environment inspection, engineering improvement was carried out for the area with noise above 90 decibels, and was included in the annual management project.



Added soundproofing cotton for equipment



The height of the shelf is improved to reduce bar collision



A new cushion is added to reduce the collision of wire rods.

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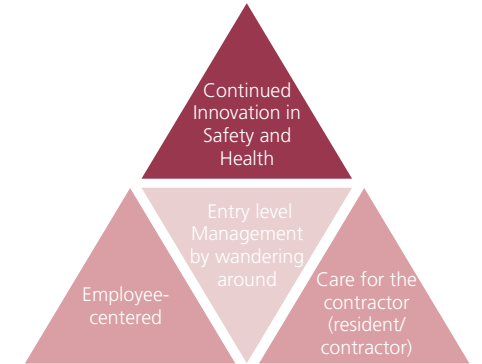
Friendly Management

1 Management by wandering around

Based on the framework of "continuous innovation", "care for contractors" and "employee-centered", the safety and environmental personnel, specialized personnel (supervision) and contractors (subcontractors) are given more time to implement on-site mobile safety management to enhance overall safety awareness and to gradually complete environmental safety projects and disaster reduction policies.

2 Occupational safety education and training

In addition to the necessary training required by law, each plant will develop an annual safety training plan based on the actual production of the department and the different types of jobs on site, combined with the safety accidents of other departments of the business division in the previous year. In 2022, we conducted safety training for "new employees" (1,409 people), "current employees (internal/external)" (19,804 people/931 sessions), and "pre-contractor training" (3,651 people/739 sessions), with a 79.74% training rate for current employees. There are regular training plans organized for the safety and environmental protection personnel, special hazardous operations, and first-aid personnel. For environmental safety external training and certificate collection, a complete certificate system has been established to grasp the trends and needs of each certificate in real time, and we plan to provide online E-Learning courses in 2023 to increase the training rate. Occupational health and safety training sessions in 2022:



		Current Employee Training (Internal training)										Current Employee Training (External training - including certification)						Non-employee	
	Educational training for new employees	First responders		Special Hazardous Operations		Fire escape drills		Emergency response incident		Other Occupational Health		Occupational Safety and Health Specialists (Including legal representatives)		Special equipment/ security operational license dangerous mechanical equipment		Certificate of special operation personnel		Pre-site training for outsourced contractors	
Training before entering the factory	Number of attendees	Number of attendees	sessions	Number of attendees	sessions	Number of attendees	sessions	Number of attendees	sessions	Number of attendees	sessions	Number of attendees	sessions	Number of attendees	sessions	Number of attendees	sessions	Number of attendees	sessions
Taipei Head Office	96	30	1	0	0	248	2	0	0	0	0	5	5	0	0	0	0	0	0
Hsinchuang Plant	92	30	1	1	1	86	2	513	13	513	8	7	5	75	5	175	15	131	56
Yangmei Plant	9	0	0	0	0	100	2	48	5	0	0	1	1	0	0	3	2	176	40
Taichung Plant	70	201	22	72	32	22	1	51	27	439	67	1	1	82	21	140	65	246	35
Yenshui Plant	237	122	7	28	1	23	2	366	21	6,622	108	9	2	24	19	52	33	1,133	57
Taiwan Sites	504	383	31	101	34	479	9	978	66	7,574	183	23	14	181	45	370	115	1,686	188
Shanghai Walsin	25	26	10	11	2	10	1	55	9	108	3	0	0	16	1	7	5	124	33
Dogguan Walsin	5	4	1	1	1	60	1	16	2	360	9	13	7	5	1	1	1	129	39
Jiangying Walsin (Steel Cable)	27	90	3	90	3	80	1	90	3	600	24	15	2	39	5	50	4	92	23
Jiangying Walsin (Specialty Alloy Materials)	76	10	1	30	1	82	2	70	2	522	15	13	2	1	1	41	6	42	16
Changshu Walsin	168	627	24	34	2	516	24	284	33	594	25	11	1	0	0	0	0	523	297
Yantai Walsin	367	121	7	75	1	405	2	262	1	396	18	9	3	56	8	137	46	822	102
Nanjing Walsin	35	0	0	0	0	1,100	2	0	0	0	0	10	1	6	1	0	0	72	21
Mainland China	703	1,012	271	253	10	2,253	33	777	50	2,546	93	71	16	123	17	229	62	1,804	531
Malaysia Walsin Precision	15					85	1	15	1	129	22	6	5	16	3	17	1		
Indonesia Walsin Nickel	187	247	8	119	11	530	7	479	15	479	15	49	2	126	4	266	11	161	20

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Internal - Training



Contractor - Training

Occupational Injuries and Diseases

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 8 years.

In 2022, there were 51 occupational injuries among the employees of Walsin Lihwa, and 0 occupational injury among the contractors.

Occupational Accidents

From 2017 to 2022, Walsin reduced occupational accidents by means of scientific methods and seeking truth from facts through project review, systematic classification of disasters, risk assessment and safe job procedures (SJP). Although the number of disasters increased in 2022, the overall severity of disasters decreased, and we plan to continue to improve and reduce occupational injuries in 2023 through the ISO 45001 standard and the new development of the contractor management system.

Internal - Emergency Drills (including first aid resuscitation)



Number of Occupational Accidents

Year	Taiwan	Mainland China	Malaysia	Indonesia ^{Note3}	Number of occupational injuries	Total days lost	Percentage of accident decrease
2017	12	37	3		52	7,643.0	
2018	11	23	3		37	1,083.5	28.85%
2019	10	25	2		37	1,976.0	28.85%
2020	14	22	0		36	8,092.0	30.77%
2021	17	17	1		35	1,006.0	32.69%
2022	26	20	1	4	51	1,113.5	1.92%

Note: 1. Number of occupational injuries The number of days lost due to occupational injuries of employees in the factory is more than one day.
2. The total number of lost days which were business days.
3. Indonesia Walsin Nickel is included in the disclosure in 2022.
4. Percentage of accident decrease = ((Number of occupational injuries in the benchmark year(2017) – Number of occupational injuries in the year in question)/Number of occupational injuries)x100%

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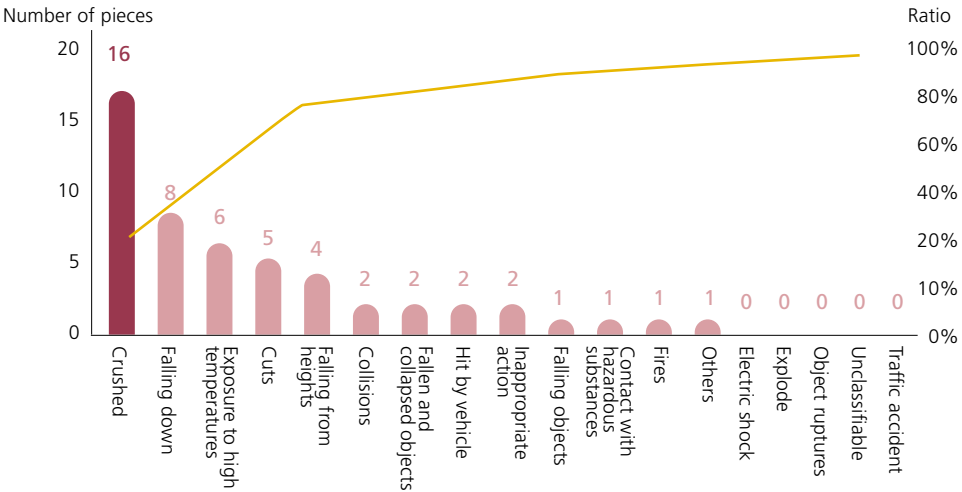
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Causes of Injuries at Plants

According to accident statistics in 2022 (69 accidents including minor injuries and contractor accidents), entry-level technical operators accounted for the highest proportion (91.18%). The main types of accidents were clamping injuries (31.37%), fall (15.69%), high temperature exposure (11.76%), cuts (9.8%) and falling (7.84%). In 2023, we plan to reduce the occurrence of injuries through risk assessment, identification of high-frequency and high-severity operations, improvement of "KYT (HKiken Yochi Training)" techniques to raise awareness of hazards among entry-level employees, and improvement of Total Productive Maintenance (TPM) of machinery and equipment.

Types of Injuries that Occurred Within the Plants



Types of Injuries that Occurred Within the Plants

Type of Injury	Taipei Head Office	Hsinchuang Plant	Yangmei Plant	Taichung Plant	Yenshui Plant	Taiwan Sites	Shanghai Walsin	Jiangying Walsin (Steel Cable)	Jiangying Walsin (Specialty Alloy Materials)	Changshu Walsin	Dogguan Walsin	Yantai Walsin	Nanjing Walsin	Mainland China Sites	Malaysia Walsin Precision	Indonesia Walsin Nickel	Total	Ratio
Falling from heights	0	0	0	0	1	1	0	1	0	1	0	1	0	3	0	0	4	7.84%
Falling down	0	0	0	1	4	5	0	0	0	1	0	0	1	2	0	1	8	15.69%
Collisions	0	0	0	0	0	0	0	0	1	0	0	0	0	1	1	0	2	3.92%
Falling objects	0	0	1	0	0	1	0	0	0	0	0	0	0	0	0	0	1	1.96%
Fallen and collapsed objects	0	0	0	0	1	1	0	0	0	0	0	1	0	1	0	0	2	3.92%
Hit by vehicle	0	0	0	0	1	1	0	0	0	1	0	0	0	1	0	0	2	3.92%
Crushed	0	0	0	1	6	7	0	1	1	5	0	1	0	8	0	1	16	31.37%
Cuts	0	0	0	0	2	2	0	1	0	0	0	1	0	2	0	1	5	9.80%
Exposure to high temperatures	0	0	0	0	5	5	0	0	0	0	0	0	0	0	0	1	6	11.76%
Contact with hazardous substances	0	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0	1	1.96%
Fires	0	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0	1	1.96%
Inappropriate action	0	1	0	0	0	1	0	0	0	1	0	0	0	1	0	0	2	3.92%
Others	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	1	1.96%
Total	0	1	1	2	22	26	0	3	2	10	0	4	1	20	1	4	51	100.00%

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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%
2022	15,798,983.4	0	1	51	0.00%	1.27%	64.56%

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%
2022	1,772,632.7	0	0	0	0.00%	0.00%	0.00%

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.

4.3.3 Compliance with Occupational Safety and Health Laws and Regulations

Material Topics

In 2022, there were four violations of major^{Note} occupational health and safety laws and regulations at the plants in Taiwan and Mainland China, and the fines for the violations were NT\$230,000 and RMB\$131,300, 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 2022, there was no chemical leakage at Walsin Lihwa.

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Plant	Cause	Violation	Improvement	Amount of Fine
Yenshui Plant	Occupational accident	Article 6-1 of the Occupational Health and Safety Act	<div>1 Remind colleagues to walk safely, require to maintain the environment of the responsible area, strengthen safety awareness, and make timely improvements/reports in case of deficiencies.</div> <div>2 Continue to publicize accident cases and preventive countermeasures in the morning meetings, Notes and handover records, team meetings, etc., so that relevant operators can understand how to protect and prevent against them.</div>	NT\$100,000
Yenshui Plant	Occupational accident	Article 6-1 of the Occupational Health and Safety Act	<div>1 New railings are added to the automatic trolleys to prevent the possibility of inadvertent entry.</div> <div>2 Reduce the speed of the automatic trolley.</div> <div>3 Added warning light and alarm bell device on the automatic trolley.</div> <div>4 A new image recognition interlocking device is added above the automatic trolley.</div> <div>5 The standardized test drive requires the development of a test drive plan (including the definition of a complete test drive organization) and standard operating procedures.</div>	NT\$130,000
Jiangying Walsin (Specialty Alloy Materials)	Suspension operations using unqualified driving equipment	Article 40-3 of the Special Equipment Safety Law	Improvements have been completed and qualified certificates have been obtained	RMB\$100,000
Changshu Walsin	Enterprise employees violate the safety operation rules to carry out operations	Article 45 of the Measures for Administrative Penalties against Illegal Acts Concerning Work Safety	<div>1 Provide counseling to workers who violate safety procedures.</div> <div>2 Replacing the arm with the dummy hand in the suspension process to directly support the lifting object.</div> <div>3 Revise the "Safety Operation Standards for Crane Trolleys" and the "Safety Operation Standards for Leveling Operations", and conduct special safety education and training for operating personnel, and implement the "Safety Points Award and Punishment Standards" to prevent operating personnel from operating in violation of regulations.</div>	NT\$31,300

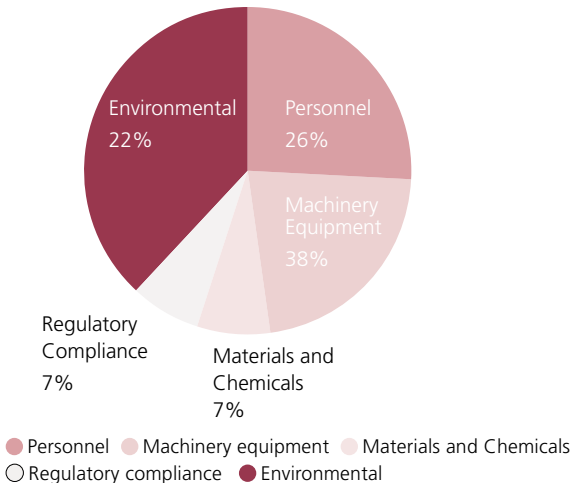
Note: The criteria for disclosure of material penalties are NT\$100,000 and RMB\$22,000 respectively.

4.3.4 Contractor Management and Auditing

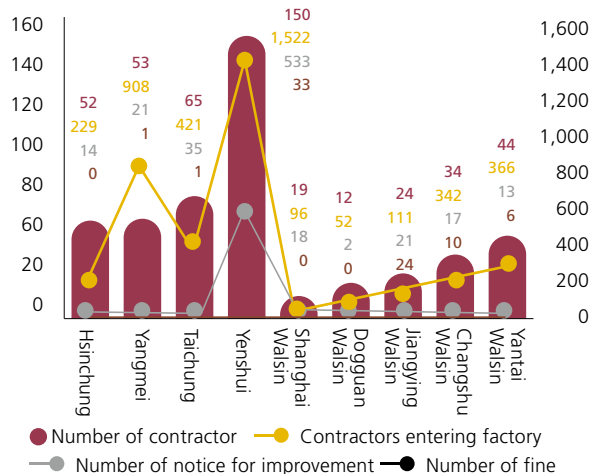
Cooperation with Contractors for Workplace Safety Improvement

Walsin launched the "Contractor Management System" and 453 suppliers have joined so far. A total of 13,113 contractors worked the factory in 2022. Each plant implemented the "Walsin Lihwa Contractor Safety and Health Blue Book", "Standardization of Contractor Management Regulations" and "Contractor Insurance Regulations" and controls, and issued 694 notices for improvement and 75 fines to achieve zero occupational injuries. (Only 1 minor injury incident at the Yenshui Plant).

Type of Notification for Improvement



Contractor Management System



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The "Contracting Instructions-Related Code of Conduct", "Non-engineering (including transportation) contractor hazard notification", and "Operational risk and insurance amount adjustment" were revised in 2022 to simplify unnecessary procedures; All contractors are required to download the "Contracting Instructions" on Walsin's official website before submitting the application to join the team, and sign the "Contractor Commitment Letter" and related occupational safety and health responsibilities; We have set up a complete contractor front-end system, and contractors are required to provide the "code of practice, insurance information, hazard notification, and agreement to organization meeting" documents, for evaluation and screening mechanism. We invest a great deal of resources in counseling and training contractors to reduce risk and ensure the health and safety of all workers.



Walsin's Contractor Security Management Section



Contractor Security Management Section

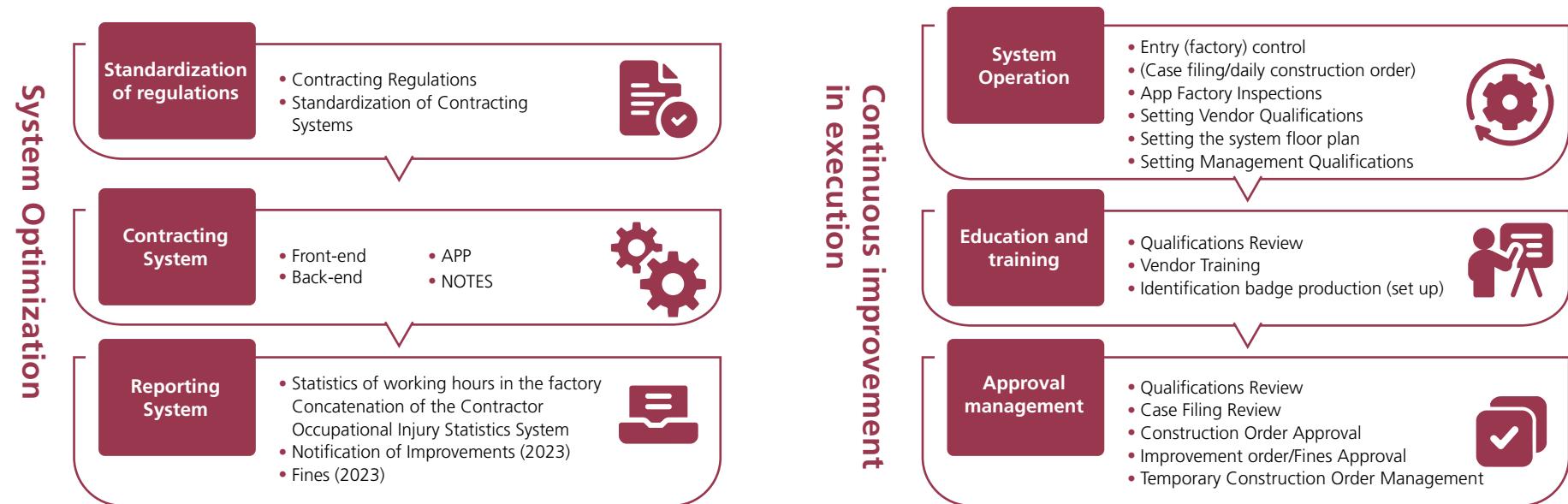


Contracting Instructions



Contractor Commitment Letter

We are committed to the vision of zero injuries under the intelligent contractor management. The PDCA technique is applied to confirm the management effectiveness under the contractor project management in 2022.



4.3.5 Foci on Occupational Health and Safety

Walsin designs a viable employee health promotion program each year. We actively integrate resources from all sides, including introducing external physical fitness testing, yoga classes, and aerobic exercise resources, building an internal supportive environment, set up medical kits and electronic sphygmomanometer, and replacing poor lifestyle with health orientation to achieve proactive personal health management.

To ensure that women can work without worries during their pregnancy and for one year postpartum, Walsin is committed to creating a safe and healthy environment for mothers. A breastfeeding room is set up in the factory area, and the nurses cooperate with the on-site doctors to complete hazard identification, risk assessment and work content confirmation through face-to-face interviews, and provide relevant health education information during the pregnancy and postpartum period. A total of 8 pregnant female employees received maternal worker health protection in 2022.

Every year, we also conduct health inspections based on risk management and special work inspection groups (noise, free radiation, dust, high temperature, lead, manganese, nickel, n-hexane operation). We then analyze the inspection results and set up a health protection plan for hazards to ensure a good working environment for our employees and to avoid occupational diseases.

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Healthy Workplace

At the same time, through organizing health promotion seminars and activities, we can raise the health awareness of our employees and make them feel the company's dedication. A total of 185 sessions were held in 2022, with a total of 3,503 participants.



Employees health management throughout the company **2,265** people



New Employee Health Management **439** people



Workers involved in tasks with special health hazards **1,079** people in total



Health Promotion Activities

17 sessions
617 participants



Comprehensive muscle aerobics. Let's exercise together (Taipei Head Office)



Step-up exercises (Yenshui Plant)



Seminars on Health Issues

104 sessions
1,079 participants



Educational training on prevention of drunk driving (Taichung Plant)



Promotion of noise protection (Hsinchuang Plant)



Safety and Rescue Education and Training

61 sessions
1,516 participants



Emergency safety training (Yangmei Plant)



First aid training CPR+AED (Taipei Head Office)



Blood Donation

3 sessions
291 participants
490 bags of blood



Yenshui Plant



Certificate of Appreciation issued by the Tainan Blood Donation Station in 2022 (Yenshui Plant)

Success Cases of Occupational Health Promotion



Hsinchuang Plant

Won the Gold Award of "CHR Healthy Corporate Citizen" by the Common Health Magazine in 2022



Taichung Plant

Won the Bronze Medal Award of "CHR Healthy Corporate Citizen" by the Common Health Magazine in 2022



Taipei Head Office, Yangmei Plant, Yenshui Plant

Committed to "CHR Healthy Corporate Citizen" issued by the Common Health Magazine in 2022



Hsinchuang Plant

Received for iSports Enterprise Certification, Sports Administration, Ministry of Education



Hsinchuang Plant

Received for Accredited Healthy Workplace and Excellent Promoter issued by the Health Promotion Administration in 2022



Taipei Head Office

Obtained the Quality Breastfeeding Room Certificate issued by the Department of Health, Taipei City Government



Yangmei Plant

Received for Healthy Workplace Certification - Health Promotion Badge

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4.4 Employee Care and Communication

Employees are Walsin's most important asset, and also the main force bringing Walsin forward. We care for employees and their family life. 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; 83.8% 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 5th meeting of its 15th-term representatives on October 25, 2022. A total of 5 meetings were held in Taiwan in 2022 (4 union board meetings, and 1 representatives meeting). In addition to employee salary and benefits related issues, labor-management meetings in 2022 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 99%.

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 4 employee complaints in 2022, all 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 2022.

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

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 2022, the total employee welfare fund appropriated amounted to approximately NT\$54.40 million.

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

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

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 2022, a total of 215 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 54 model employees in Taiwan and Mainland China in 2022 were commended at their plants. 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.



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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 187 employees were qualified for unpaid parental leave in 2022, 5 of the employees applied for unpaid parental leave, reinstatement rate was 75% 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 2022 ^{Note}	164	23	187
Number of unpaid parental leave applicants in 2022	3	2	5
Number of employees expected to return from unpaid parental leave in 2022 (A)	3	1	4
Number of employees that actually returned from unpaid parental leave in 2022 (B)	2	1	3
Unpaid parental leave reinstatement rate (B/A) x100%	66.7%	100.0%	75.0%
Number of employees that returned from unpaid parental leave in 2021 (C)	0	2	2
Number of employees that returned from unpaid parental leave in 2021 had continued to serve a full year in 2022 (D)	0	2	2
Unpaid parental leave retention rate (D/C)x100%	None	100.0%	100.0%

Note: Employees who applied for maternity leave or paternity leave in 2020/01/01~2022/12/31 and were still at the company on 2022/12/31.

We organized a series of activities in 2022 to create a friendly workplace and promote work-life balance, hoping employees can feel our good intentions, care, and experience great happiness.

PTA Newcomer Exchange Activities

Walsin cares 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. When the pandemic eased in 2022, 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. At the end of 2022, in order to thank colleagues for their hard work and efforts throughout the year, we held a PTA appreciation season to thank colleagues while facing 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.



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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 Mainland 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.



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 starting from 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. A total of 1,426 employees used this facility in 2022.



Holding Various Seminars and Activities Periodically

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 seminars were held in 2022: "Spring Couplet and Paintings"; Workplace and family relationships seminars: "Avoiding family dramas - Don't let the generation gap become a real gap", "Emotional Management", "Supervisor's Language Workshop"; Health promotion seminars: "Small Massage ball- Relieve shoulder and neck discomfort". The lectures not only help our personnel to learn new knowledge, but also help their body and mind to relax and relieve stress. We hope to inspire our employees to grow physically and mentally and create positive power by sharing their work and life through activities or courses.



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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 New Taipei City Government for our employees' dedicated performance at work.



Friendly Train

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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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.

1 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 2021 and 2022 defined contribution plans are listed as expenses in the consolidated statement of comprehensive income as NT\$95,977,000 and NT\$109,019,000.

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.

2 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, 2022
Current value of defined benefit obligations	1,487,554	1,332,167
Fair value of plan assets	(1,037,916)	(1,060,075)
Net defined benefit liabilities	449,638	272,092

Regulatory Compliance

Material Topics

Our Yenshui Plant was fined a total of NT\$50,000 for violating the extension of working hours specified in Paragraph 2 of Article 32 of the Labor Standards Act after a labor inspection in 2022. The company's management specially instructed supervisors of talent recruitment units and human resource units in each plant to pay attention to working hour extension, so as to prevent working overtime from affecting employees' mental and physical health.

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Sustainability Promotion Strategy

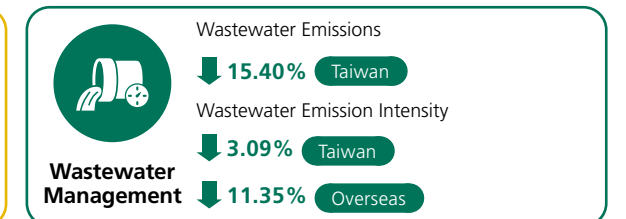
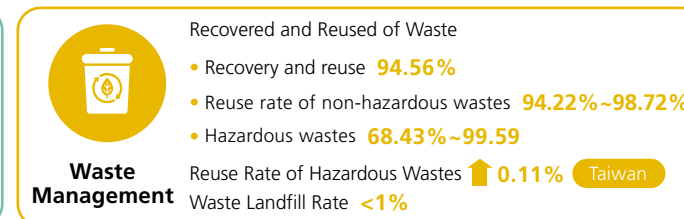
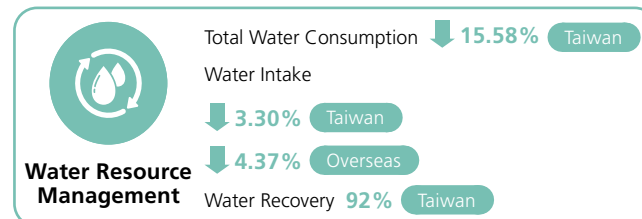
Strengthen resource management, decrease environmental impact, and pursue circular economy



Implementation Guidelines

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

Goals	2022 KPI			2022 Results	Implementation Plan for 2023
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 27.41% Overseas 0.96% Total 7.97%	❶ Water balance auditing at individual plants. ❷ 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) ❸ Improvement of water leakage points and abnormal water consumption ❹ Review of how to resolve cross drainage irregularities at Jiangyin Walsin (Steel Cable) and Jiangyin Walsin (Specialty Alloy Materials)	❶ Rationalization of water utilization with comprehensive solutions to water leakages to strengthen water recycling and reuse. ❷ Control and counseling of the 3 important water-saving solutions proposed by plants to decrease water consumption by 20%. ❸ Ongoing optimization of wastewater and reclaimed water recycling.
Strengthen reuse, recyclability, and recovery	Water balance and availability (%)	100%	Ongoing review of individual plants' water balance charts		
	Reuse of furnace dust (Mt/month)	-	Yenshui 845 Yantai 623	❶ Development of multiple channels for reuse of furnace dust, and ongoing improvement of utilization of furnace dust and development of the 2 nd channel for furnace dust clearance at the Yenshui and Yantai plants. ❷ Promotion of technology R&D for furnace slag reuse: Clearance of approximate 320,000 tons of oxidized slags over the past few years to continue developing the channels of reuse.	❶ Recycling and reuse: Effective management of furnace slag recycling for processing cost reduction and regenerated-acid-based circular economy development. ❷ Reducing slag clearance channel development and research of waste recycling.
	Reuse of furnace slags (Mt/month)	3,000 (oxidized slags)	Yenshui 6,466 Yantai 4,881	❸ Clearance of approximate 64,000 tons of reducing slags over the past few years and application for low-temperature steam pressure processing of such slags as the materials for calcium silicate plates. ❹ Ongoing guidance provided to plant sites to strengthen waste recyclability and reuse management.	❸ Research of reduction of reducing slags in the steelmaking process and assessment of the uses of low-temperature steam pressure and controlled low-strength materials (CLSM).
	Waste recovery and reuse rate	≥ 95%	Taiwan 96.22% Overseas 92.89% Total 94.56%		
	Regeneration and reuse of waste acids and reduction of sludge	Sludge <48kg/t	46.4kg/t	❶ Maximization of waste acid regeneration at the Taiwan plants: 2,400m ³ per month. ❷ The soil pollution charge decreased by 50% (approximately NT\$7million per year) by the Environmental Protection Administration through 2025. ❸ Maximization of waste acid recycling.	❶ Circular economy development: Application for using regenerated acids for recycled product development. ❷ Product registration to be obtained for regenerated acids to sell them the plants that need them, control the whereabouts of such acids, and file the recycling planning. ❸ Acid regeneration plant (ARP) implementation and of assessment circular economy model development.



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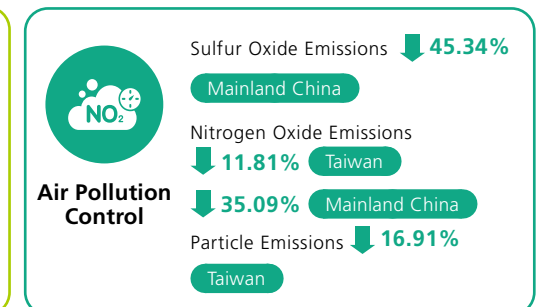
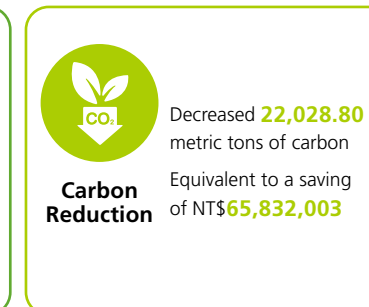
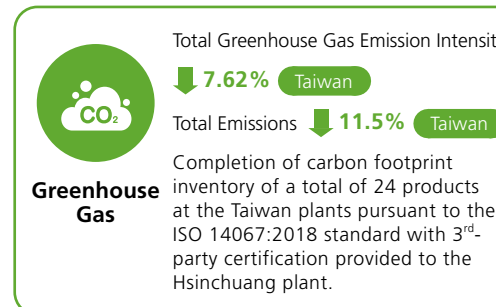
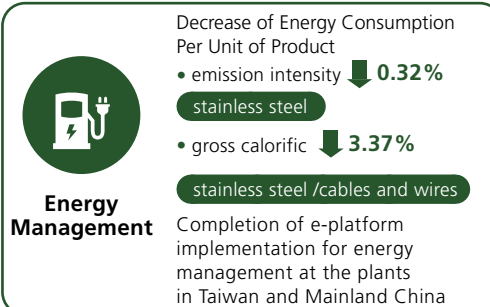
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Implementation Guidelines

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

Goals	2022 KPI			2022 Results	Implementation Plan for 2023
Comply with environmental laws and regulations to completely avoid shutdowns and/or fines year to zero	Indicator	Objectives	Results	<ol style="list-style-type: none"> Perfection of environmental protection management, improvement of supervision of processing equipment efficiency, implementation of the "Environmental Operations Management Measures", and amendment of the "Company-wide Waste Management Measures". Ongoing monitoring of environmental protection compliance and optimization of environmental protection management and standardization at individual plants <ul style="list-style-type: none"> Effluent discharge improvement at the Yenshui plant Counseling provided to the high risk plants Biological treatment pond implementation at the Yenshui plant with permission to discharge effluent obtained at the end of December 2022. 	<ol style="list-style-type: none"> Ongoing improvement of the environmental protection management and monitoring systems at individual plants to strengthen waste processing efficiency. Ongoing monitoring of the environmental protection management compliance at individual plants to enable effective operation standardization. Statistical analysis of the implementation status at individual plants to provide counseling for improvement. Development of environmental protection technologies and relevant talents step by step.
	Number of environmental pollution fines	0	2 case in Taiwan (Yenshui) and 0 cases overseas		
Decrease carbon emissions by 10% in 2025 as compared to that in 2014	Number of environmental pollution fines	0	None	<ol style="list-style-type: none"> Clean production and energy-saving solution development: Energy-saving and carbon reduction equivalent to 22,028.8 Mt/CO₂e throughout the Company Green energy obligation: On track to complete the implementation of a 5.5MW solar power generation project by the end of 2023. 3-year energy management plan for greenhouse gas inventory management, Carbon emissions per unit of product, and internal carbon pricing Implementation of the new ISO 14064-1:2018 standard and the new version of ISO 50001 Counseling provided to greenhouse gas inventory at the plants in Mainland China. Net zero roadmap planning to achieve 16% in 2025, 58% in 2030 and 100% in 2050 ; implement the Energy Productivity 100 (EP100), RE20X5, and carbon management strategies. 	<ol style="list-style-type: none"> Completion of overseas plants' greenhouse gas inventory and certification in compliance with the ISO 14064-1:2018 standard. Completion of energy management SOP development, implementation, and verification at the plants in Mainland China. Solar power generation efficiency management and supervision of new solar power project implementation in Taiwan. Green supply chain promotion focusing on the key suppliers whose carbon emissions are the highest 20% to gather their material carbon emission factor data and require them to improve energy, environment, health, and safety management year by year.
	Power saving rate	>1%	Taiwan 2.02% Overseas 7.18% Total 4.62%		
Power Saving and Carbon Reduction	Carbon reduction rate	>1%	Taiwan 1.69% Overseas 5.94% Total 3.54%		

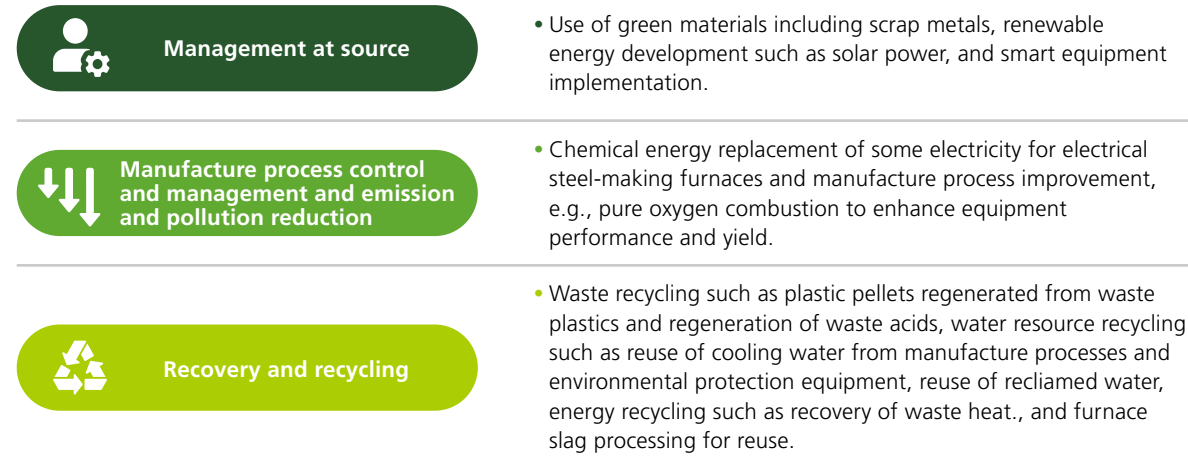


In response to the net zero trend around the world, the European Union's Carbon Border Adjustment Mechanism, and Taiwan's Climate Change Response Act, Walsin Lihwa is committed to effective carbon inventory mechanism development, net zero roadmap planning, and carbon emission reduction to create shared value while pursuing growth, so that the Company can develop itself into an environmentally friendly and diversified manufacturer through technology upgrades and ongoing improvement.

5.1 Environmental and Energy Management Policy



To help address climate change issues, Walsin Lihwa commenced carbon management planning as well as net zero and recycling policy and vision development in 2021 to increase the investment in energy saving, carbon reduction, and recyclability year by year to strengthen sustainable green supply chain management as follows:



In addition to implementation of the ISO 14001, ISO 14064, PAS 2050, ISO 50001, and ISO 14067, Walsin Lihwa started from organizational greenhouse gas inventory (Scope 1 and 2) and proceeded with supplier and transportation greenhouse gas inventory (Scope 3 and 4) step by step to improve collecting the data on carbon emissions per unit of product at individual plants, completeness of carbon disclosure, and energy management performance indicators, so that the Company can achieve net zero by 2050 through carbon reduction and green power development or procurement.

In terms of the inventory of carbon emissions per unit of product and sustainable green supply chain management, Walsin Lihwa supports carbon neutrality and the United Nations' Sustainable Development Goals by its investment in green materials, green production, energy-saving technologies, and academia-industry cooperation to demonstrate the Company's commitment to business sustainability. Moreover, the new buildings of the head office and overseas subsidiaries of Walsin Lihwa adopts applicable green building elements based on local climate conditions, and the Company implements environmental protection and energy management in compliance with relevant government policies while promoting overseas academia, government, and industry cooperation as well as supplier cooperation in Taiwan and overseas to dedicate itself to climate change adaptation.

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Highlight

In 2022 , Walsin (Nanjing) Development Co., Ltd. completed construction of its T1 office building and made it available for business purposes. The building is certified by the US Green Building Council's Leadership in Energy and Environmental Design for Core and Shell Development, with gold-level certification by the Green Building Certification Institute and International WELL Building Institute, too.



T1 office building



LEED certification



WELL certification

2022 Environmental Protection Expenditure

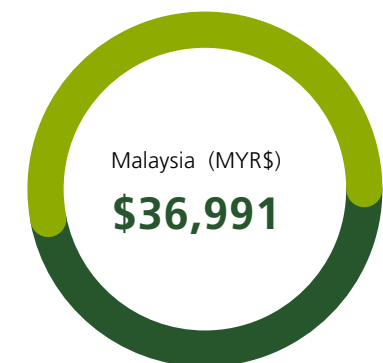
Walsin Lihwa has been improving environmental pollution control and emission reduction while focusing on recyclability and reuse in product development to help facilitate circular economy development. The Company has also brought in advanced resource regeneration equipment supported by various management systems to strengthen recyclability and reuse and decrease emissions, so that environmental impacts resulting from production can be mitigated while environmentally friendly and sustainable circular economy development can be made more valuable. 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 potential pollution areas to enable proactive prevention and improvement, and increases its investment in environmental protection equipment year by year. **The 2022 environmental protection expenditures at the Taiwan and overseas plants totaled NT\$676,844,598.**



Equipment	\$72,470,000	11%
Management	\$559,971,824	86%
Others	\$16,135,374	2%



Equipment	\$18,117,648	64%
Management	\$9,063,861	32%
Others	\$1,048,901	4%



Management	\$19,602	53%
Others	\$17,389	47%

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5.2 Climate Strategy and Energy Management

Material Topics



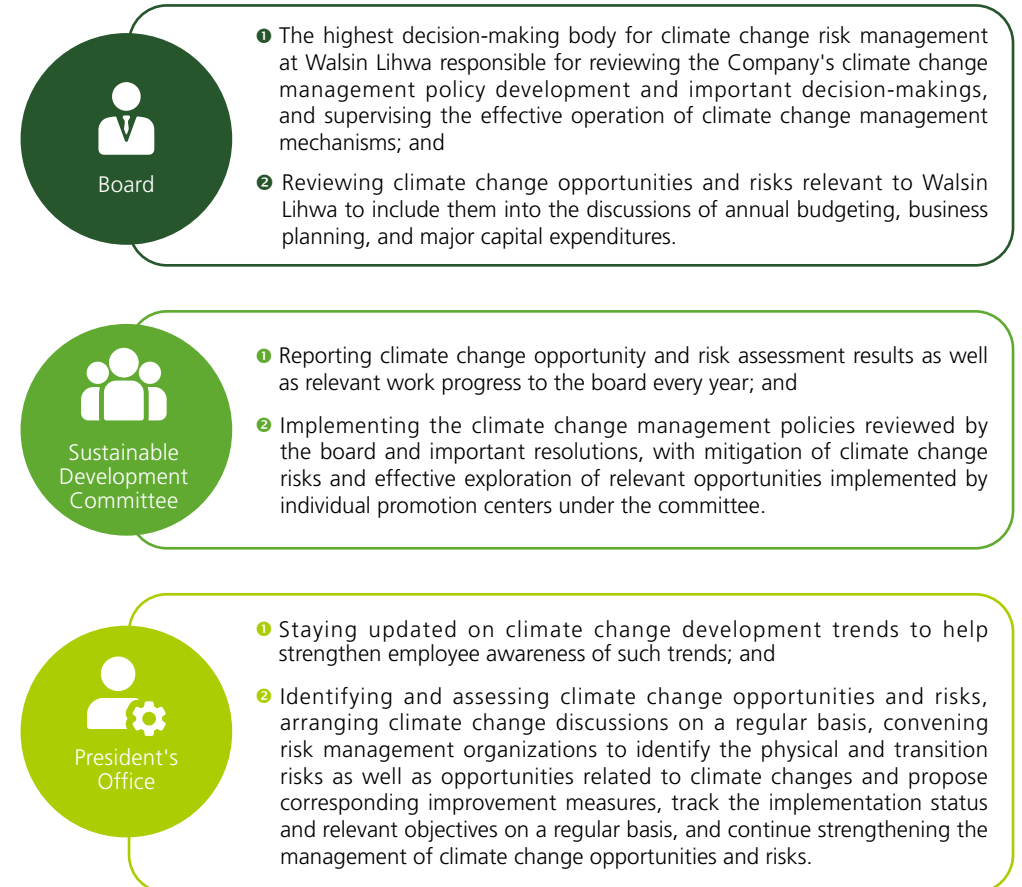
5.2.1 Task Force on Climate-related Financial Disclosures(TCFD)

According to the World Economic Forum's 2023 Global Risks Report, the trend of global risks has changed from economic risks to environmental risks; extreme climate events and climate action failures are considered the mid- and long-term foci. Since the Paris Agreement set the limit on global warming to 1.5 °C, individual governments has been declaring their net zero goals and enacting relevant laws and regulations to strengthen climate change adaptation, and mitigation of climate change impacts has become a global issue. Aware of climate change impacts on business sustainability, Walsin Lihwa has adopted the Task Force on Climate-related Financial Disclosures (TCFD) for risk management to identify significant operational opportunities and risks from four core elements -- governance, strategy, risk management, and indicators and objectives – to strengthen various climate change adaptation and mitigation initiatives to continue decreasing risks, enhancing resilience, and creating sustainable development opportunities.

Climate Change Governance

Climate Change Governance and Management Framework

Walsin Lihwa's climate change governance and management framework is under direct supervision of the board, which monitors major climate risks and guides management strategies, important action plans, and goal achievements. The Sustainable Development Committee under the board is responsible for sustainability policy and vision development as well as sustainability management and promotion. The committee reports the status of sustainability implementation related to climate change issues to the board on a regular basis. The Chairman of the Board is the convener of the committee. The Vice Chairman of the Board and all independent directors are members on the committee. The President's Office is responsible for planning and guiding the responsible departments to identify and manage climate change opportunities and risks, and also reports the trends of relevant issues, impacts, and implementation results to the committee on a regular basis. Relevant responsibilities for dealing with climate change are provided as follows.



Management of Climate Change Opportunities and Risks

1. Climate Change Opportunity and Risk Identification Process

For effective management of climate change opportunities and risks, the President's Office of Walsin Lihwa has included climate change risks into the tracking categories of overall corporate risk management to stay alert of the climate risks that may impact the Company. Such risks include relevant international laws and regulations as well as extreme climate events. Moreover, effective estimation of ensuing financial impacts and management costs enables dynamic adjustment of relevant management mechanisms to facilitate coping strategy development and strengthen the Company's operational resilience.

Possible impacts throughout the operating process are manifested by comprehensive climate risk assessments implemented together by individual departments. Education and training on global risk trends, climate change, TCFD developments and assessment framework, climate change scenario

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settings, as well as derived opportunities and risks strengthen employee awareness of global risk trends and climate change to help them identify related opportunities and risks under different climate change scenario settings and assess the possibilities of their occurrences as well as their impacts.

For climate risk management mechanism and coping strategy development, the Company convened its 2nd meeting focusing on the consolidated opportunities and risks. The Chairman of the Board, President, and other senior executives attended the meeting and made relevant risk management decisions based on which appropriate management strategies should be implemented, e.g., reduction, transfer, retention, or control, with foci on the high risks and highly severe risks identified by individual departments.

Climate Change Opportunity and Risk Identification Process



Assessment Criteria

Assessment of the Possibilities of Risks	Assessment of the Possibilities of Opportunities
Past risk experiences	Past opportunity experiences
When risks will occur	When opportunities will arise
Possibilities of future risks	Possibilities of future opportunities
Assessment of Risk Impact Degrees	Assessment of Opportunity Impact Degrees
Operational impact	Reputational impact
Reputational impact	Financial impact scale
Personnel impact	
Forewarning	
Financial impact scale	

2. Scenario Analysis

Walsin Lihwa has completed identifying climate change opportunities and risks by following the TCFD's guidance and factoring in more than two climate change scenarios.

Types of Climate Change Opportunities and Risks	Scenarios for Coping Strategy Assessment	Scenario Description
① Transition risks ② Opportunities	1.5°C scenario	Low-carbon transformation risks when global warming is below 1.5°C.
Physical risks	The worst-case scenario of global warming in the IPCC's 6 th Assessment Report: SSP5-8.5	Possible impacts on Walsin Lihwa and its value chain incurred by sharp changes in average temperatures, extremely high temperatures, total annual rainfalls, annual maximum 1-day rainfall intensity, annual maximum consecutive fry days, and/or strong typhoons as part of climate change resulting from very high greenhouse emissions, i.e., SSP5-8.5.

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After completion of the identification of climate change opportunities and risks, Walsin Lihwa's 3 high risk factors and 3 high opportunity factors have been identified based on the "possibilities of occurrences" and "degrees of impacts" of such opportunities and risks. The matrix of climate change opportunities and risks is provided as below.

Matrix Diagram of Climate Change-related Risks

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

Matrix Diagram of Climate Change-related Opportunities

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

3. Introduction of Climate Change Opportunities and Risks

Tabulation of Identified Climate Change Risks

Risk Rankings	Numbering of Risks	Risk Types	Risk Factors	Durations of Occurrences
1	001	Transition risks including policy and regulatory risks	Greenhouse emission costs increased by policy and regulatory risks	Short and medium terms
2	002	Acute physical risk	Upstream to downstream supply chains and transportation affected by extreme climate events	Short term
3	003	Transition risks including market risks	Increase in raw material costs	Long term

Note: Short term from 2023 to 2025, medium term from 2025 to 2027, and long term from 2027 to 2032.

Risk 001 – Greenhouse Gas Emission Costs Increased by Policy and Regulatory Risks

Impact Scenario:

In light of increasingly stricter regulations on greenhouse gas emission reduction and increasingly higher greenhouse gas emission pricing, greenhouse gas emissions from production processes are probably subject to carbon fees or taxes to increase operating expenses. Mandatory requirements for using renewable energies, buying green power, or implementing renewable energies also increase operating costs.

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Risk Impact Dimension Assessment	① Increases in greenhouse gas emission costs as well as operating costs and expenditures: Walsin Lihwa's operating expenses will increase because of Individual governments' carbon fee or tax policies focusing on greenhouse gas emissions, business locations under supervision of various authorities, and Taiwan's Climate Change Response Act to impose carbon fees on specific industries.
	② Capital expenditures increased by investment in energy-saving and carbon reduction equipment: Capital expenditures will increase because of upgrades or adoption of low carbon equipment to decrease greenhouse gas emissions. Training of relevant employees for the upgrades or adoption will also increase operating expenses.
	③ Weakened competitiveness of high-carbon emission products resulting from carbon reduction requirements: The Company will be required to further improve carbon reduction because of customer demand for low-carbon products and requirements for commitment to net zero. If carbon reduction is not achieved, there will be reputational and sale impacts. To achieve energy saving and carbon reduction, product or service prices will probably increase because of increased costs, but increased prices may decrease customer demand. If competitors offer more attractive prices, the Company would become less competitive with decreased sales and profits.
	④ Reduced production to meet greenhouse gas emission quotas: Capacity expansion and revenues affected by reduced production to decrease total greenhouse gas emissions.
Financial Impact Dimension Assessment	Increased operating expenses, increased capital expenditures, and decreased incomes.

Risk 002 - Upstream to Downstream Supply Chains and Transportation Affected by Extreme Climate Events

Impact Scenario:

Frequent extreme climate events incur product delivery delays or business interruptions. Losses of specific customers or markets decrease revenues. Extreme climate events also increase supply chain risks, transportation costs, and operating costs.

Risk Impact Dimension Assessment	① Transportation costs increased by extreme climate events: Frequent extreme climate events increase transportation interruption risks, and available flights may therefore decrease. Extra transportation costs will sharply increase as a result of seeking transportation alternatives.
	② Revenues decreased by product delivery delays or interruptions: Raw material production stability is vulnerable to extreme climate events. In particular, if copper bars, plates, and wires as the materials for electrical conductors widely used in many industries are not shipped in time to meet customer needs, ensuing product delivery delays or even supply chain interruptions will decrease revenues.
	③ Default costs for failed contract fulfillment: If suppliers fail to fulfill product delivery contracts or suppliers discontinue production, the Company's production and finance will be impacted. Product delivery irregularities would incur default costs and reputational risks.
Financial Impact Dimension Assessment	Increased operating costs, decreased incomes, and increased costs.

Risk 003 – Increase in Raw Material Costs

Impact Scenario:

Decreased supply of the raw materials in compliance with environmental protection laws and regulations as well as frequent disasters incur shortages of such materials with higher prices, and revenues decrease and costs increase resulting from shipment failures.

Risk Impact Dimension Assessment	① Increased COGS resulting from increased raw material costs: Climate change leads to supply instability and rising energy prices. Ensuing increases in raw material and transportation costs will increase production costs and operating expenses. Suppliers' adoption of low-carbon materials and technologies in compliance with local environmental policies by strengthening R&D or other carbon reduction initiatives, e.g., investment in low-carbon equipment, may transfer relevant costs to their pricing and raw material costs would therefore increase.
	② Weakened price competitiveness resulting from increased raw material prices: Price hikes or using alternative raw materials to reflect rising raw material and transportation costs may affect product quality and pricing, and sales and market shares would therefore be impacted.
Financial Impact Dimension Assessment	Increased operating costs and decreased incomes.

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4. Introduction of Climate Change Opportunities

Tabulation of Identified Climate Change Opportunities

Opportunity Rankings	Numbering of Opportunities	Opportunity Types	Opportunity Factors	Durations of Occurrences
1	001	Energy source opportunities	Use of renewable low-carbon energies	Short term
2	002	Resource efficiency opportunities	Promotion of solutions to circular economy	Long term
3	003	Market opportunities	Expansion into new or emerging markets	Short, medium, and long terms

Note: Short term from 2023 to 2025, medium term from 2025 to 2027, and long term from 2027 to 2032.

Opportunity 001 – Use of Renewable Low-Carbon Energies

Impact Scenario:

Such energies can decrease greenhouse gas emission risks and product carbon footprints to strengthen market competitiveness and increase revenues.

Opportunity Influence Dimension Assessment	① Use of renewable energies to decrease greenhouse gas emissions, strengthen product competitiveness, and decrease carbon tax impacts: To meet customer demand for green, low-carbon products, increasing the use of renewable energies can decrease greenhouse gas emissions from production processes and product carbon footprints to strengthen product competitiveness and increase sales revenues
Financial Impact Dimension Assessment	Increased incomes and decreased costs.

Opportunity 002 – Promotion of Solutions to Circular Economy

Impact Scenario:

Waste reuse decreases waste processing costs while increasing new product revenues. Increasing the use of scrap steel together with waste acid, waste heat, and wastewater recovery decreases resource waste and costs.

Opportunity Influence Dimension Assessment	① Mitigation of environmental impacts and reduction of operating costs by increasing the reuse of materials: <ul style="list-style-type: none"> Increase the percentage of scrap steel used in stainless steelmaking to higher than 80%, decrease raw material consumption, and operating costs, and decrease ortho acid consumption, hazardous waste, and recycling and reuse costs. Increase furnace slag processing facilities to recycle the metals in slags, decrease the use of iron alloys to reduce raw material costs, develop waste acid processing facilities for independent processing of mixed waste acids, decrease transportation costs and greenhouse gas emissions resulting from transportation. Strengthen recycling of waste cables and wires, optimize product recyclability to decrease emissions and waste, provide low-carbon and environmentally friendly products to create win-win green applications with customers. ② Use of the materials facilitating circular economy development to strengthen market competitiveness and increase operating incomes: <ul style="list-style-type: none"> Use the materials facilitating circular economy development to strengthen market competitiveness and win orders to boost incomes. Use recyclable reinforced plastic shafts to significantly reduce disposable shaft consumption to decrease total costs, waste processing costs, and total carbon emissions. Recyclable and repeatedly usable plastic shafts can be equipped with IoT devices to help distributors manage shafts, shaft lengths, and positioning and to be considered as a new and added-value business model. ③ Increase of circular economy applications, production capacity, and operating incomes: Use extra capacity for high-density mixed waste acid or furnace slag processing commissioned by other steel plants, improve performance and decrease manufacturing costs by strengthening regenerated acid, metal powder, and scrap stainless steel recycling, and develop environmentally friendly power cables doing without XLPE processing at the highly efficient Yangmei plant.
Financial Impact Dimension Assessment	Decreased operating costs and increased operating incomes.

Opportunity 003 – Expansion into New or Emerging Markets

Impact Scenario:

Expand into the supply chains of solar and wind power generation as well as electric vehicles to increase the diversity of downstream application industries and revenues.

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Opportunity Influence Dimension Assessment	<p>① Increase of sales and revenues: Leverage independent R&D strengths for effective expansion into the clean energy sector including solar power generation and electric vehicles as relevant industries' output values grow year by year with increasing demand for existing products, and the Company is expected to benefit from increased revenues resulting from increased sales to such industries.</p> <p>② Cooperation with customers to develop new industry applications and facilitate market expansion: Provide the products that meet industry trends and work with customers to develop new industry applications and help customers expand their business to strengthen their relations with the Company.</p>
Financial Impact Dimension Assessment	Increased revenues.
Climate Change Response Strategies	
Risk Response Strategies	<p>① Greenhouse gas emission costs increased by policy and regulatory risks:</p> <ul style="list-style-type: none"> Low-carbon technology R&D: In response to carbon reduction requirements, actively research and develop low-carbon products including low-carbon materials, low-energy production processes, and applications of recyclable materials to factor product lifecycle extension into R&D. Production efficiency and energy utilization efficiency improvement: Establish a highly efficient smart plant with the production equipment and consumables only requiring low-carbon energies and maintain production equipment's higher energy efficiency through scheduling adjustment to strengthen production efficiency, and decrease energy and resource consumption as well as operating costs. Development of renewable energy installed capacity: Set up renewable energy facilities to increase renewable energy power generation capacity. Procurement of renewable energies and carbon credits: Procure renewable energies including solar power and wind power, or procure carbon credits to offset greenhouse gas emissions and mitigate the financial impact resulting from carbon fees or taxes. Carbon capture, utilization, and storage (CCUS) implementation: Invest in CCUS technologies to capture greenhouse gas emissions throughout operation. Supply chain management: Work with upstream suppliers to have 60% of the products made from green materials and support the government's 1+N carbon management program together with customers to decrease carbon emissions from upstream to downstream supply chains. <p>② Upstream to downstream supply chains and transportation affected by extreme climate events:</p> <ul style="list-style-type: none"> Supply chain resilience enhancement: Ensure stable raw material supplies and deliveries by sufficient logistics partners and raw material suppliers to help mitigate extreme climate impacts. <p>③ Increased raw material costs:</p> <ul style="list-style-type: none"> Supply chain resilience enhancement: Ensure multiple raw material supply sources, seek alternative raw materials, and/or change product designs to decrease the need of specific raw materials as well as raw material cost risks, and establish long-term and stable supply chain relations to mitigate raw material price volatility impacts. Increase of waste reuse to decrease the needs of raw materials: Recycle and reuse raw materials to decrease raw material costs and decrease the need of and reliance on raw materials.
Risk Response Costs	<p>✓ Increased operating costs</p> <p>✓ Increased costs</p> <p>✓ Increased capital expenditures</p>
Opportunity Execution Strategies	<p>① Use of renewable low-carbon energies:</p> <ul style="list-style-type: none"> Development of renewable energy installed capacity at the Company: Set up solar energy installed capacity, increase the percentage of green power production, and assess increasing renewable energy power generation capacity including wind power, biomass energy, and cogeneration. Investment in energy utilization efficiency improvement: Assess hydrogen combustion and oxy-fuel combustion as the thermal sources for heat processing. <p>② Promotion of solutions to circular economy:</p> <ul style="list-style-type: none"> Recyclability strength enhancement: Invest in relevant equipment to increase the recyclability of metals in waste acids, recycled aggregates, and slags to decrease raw material consumption and hazardous waste. Production line implementation for circular economy applications: Set up wind separation equipment to process reducing slags into value-added construction materials, recover nearby plants' waste acids by waste acid recovery system development, and engage in circular economy supply chain development. <p>③ Expansion into new or emerging markets:</p> <ul style="list-style-type: none"> Consultation service provided to customers to enable industry transformation together with customers and expansion into new markets: Focus on the supply chains under control to work with customers on a project basis to provide sample materials with technology support to strengthen end users' understanding of the Company' brands for them to seek alternative materials from the Company. Marketing and promotion for emerging market development: Conduct marketing research of relevant industries for potential supply chain profiling and development, and strengthen end users' understanding of Walsin Lihwa by using the Taiwan External Trade Development Council's promotion events and taking part in domestic and overseas exhibitions.
Opportunity Response Costs	<p>✓ Increased capital expenditures</p> <p>✓ Increased costs</p>

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Indicators and Objectives Related to Climate Change

Energy consumption saving

Annual power saving of **3.09%**

Percentage of renewable energy consumption in total energy consumption

Planning to use green electricity

Greenhouse gas emissions

- Annual carbon reduction of **1.5%**
- Completion of estimation of carbon emissions per unit of major product

Circular economy

- Percentage of hydrofluoric recovery higher than **98%** and percentage of nitric acid recovery higher than **50%**
- Annual decrease of oxalic acid consumption by **1,200** tons and hazardous sludge by **6,000** tons.

Supply chain resilience assessment

Complete gathering the material carbon emission factor data of the key suppliers whose carbon emissions are the highest **20%**

Percentage of sales of wind power, solar power, and electric vehicle applications in total revenues

0.3% of total revenues from emerging industries.

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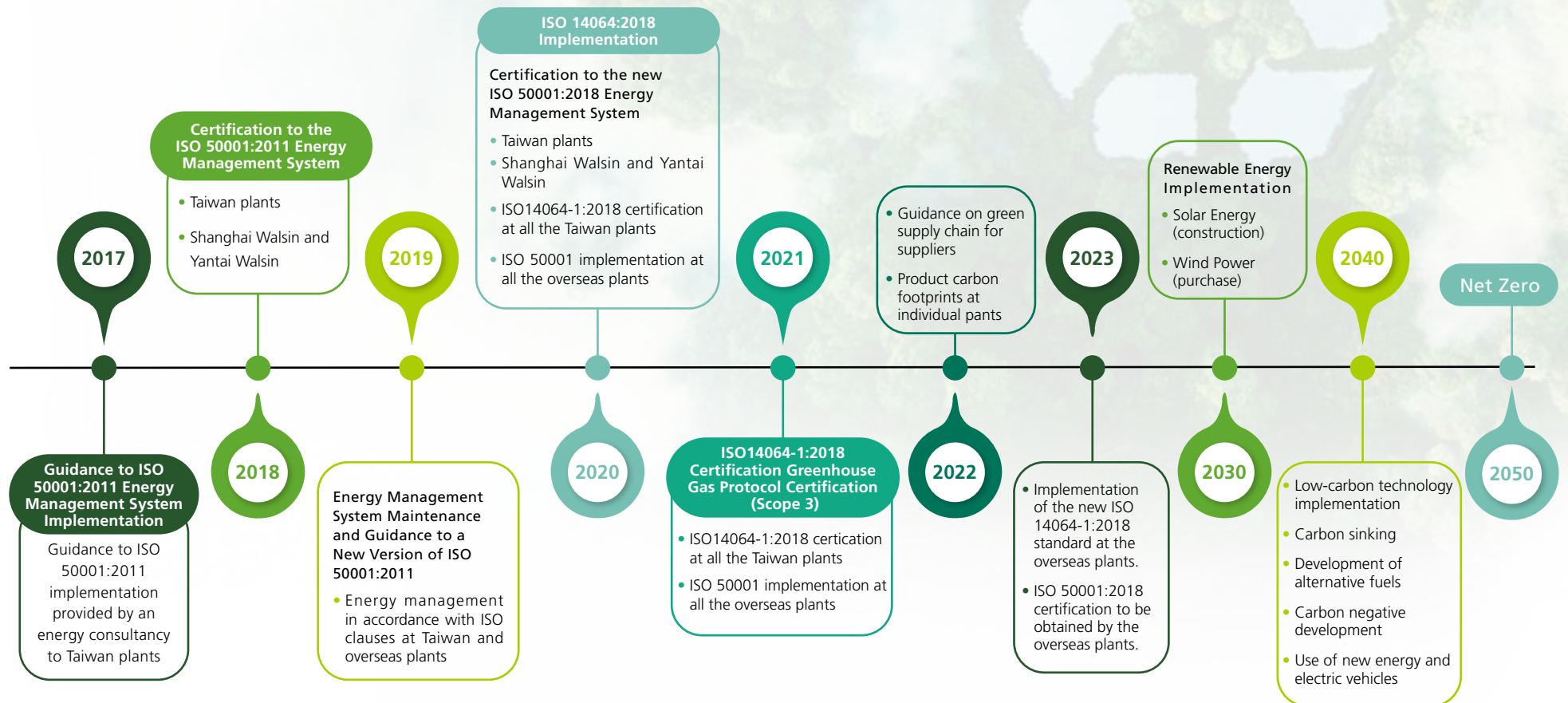
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5.2.2 Energy Saving and Carbon Reduction Management

In response to climate change and the trend of net zero, countries have been announcing their roadmaps to net zero by 2050; the European Union has legislated the Carbon Border Adjustment Mechanism; and Taiwan announced its net zero roadmap in 2022 and will commence tax fee imposition in 2024. Therefore, how to decrease carbon emissions, strengthen carbon asset management, and mitigate possible impacts is an important management issue at Walsin Lihwa.

To achieve net zero, Walsin Lihwa not only adopts scientific approaches to carbon reduction and takes effective and transparent measures but also internalizes the thinking of energy saving and emission reduction into the execution concept throughout the Company while working with supply chains to strengthen carbon and energy management. Doing so is intended to help the Company and its supplier partners effectively strengthen energy saving and carbon reduction to achieve net zero.

Carbon Management Objectives at Walsin Lihwa



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Energy Efficiency Management

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 2022, 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 8,383.61x10³GJ, 29% and 71% respectively. The types of energies used by product category and caloric value percentages are tabulated as below.



Energy Consumption by Individual Business Groups in 2022

Unit: GJ=10⁹J

Category		Wire and Cable	Stainless Steel	Real Estate	Total
Indirect Energy	Outsourced electricity	522.49 x10 ³	5,324.61 x10 ³	3.07 x10 ³	5,850.16 x10 ³
	Outsourced steam	0.00	63.74 x10 ³	0.00	63.74 x10 ³
Direct Energy	Petroleum	0.00	0.92 x10 ³	0.00	0.92 x10 ³
	Diesel	4.22 x10 ³	28.15 x10 ³	0.00	31.93 x10 ³
	Fuel oil	0.00	0.00	0.00	0.00
	Automotive petroleum	0.53 x10 ³	2.05 x10 ³	0.11 x10 ³	2.70 x10 ³
	Automotive diesel	4.88 x10 ³	8.31 x10 ³	0.00	13.19 x10 ³
	Liquefied petroleum gas	0.32 x10 ³	0.93 x10 ³	0.00	1.25 x10 ³
	Natural gas	331.24 x10 ³	2,086.71 x10 ³	0.00	2,417.95 x10 ³
	Ethyne	1.73 x10 ³	0.04 x10 ³	0.00	1.77 x10 ³
Total		865.41 x10 ³	7,515.01 x10 ³	3.18 x10 ³	8,383.61 x10 ³

Note: 1. Energy consumption = Fuel consumption x Fuel caloric value (based on the Bureau of Energy's 2014 manufacturing industry annual audit report)
2.The information above includes Walsin Lihwa's Wire and cable 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

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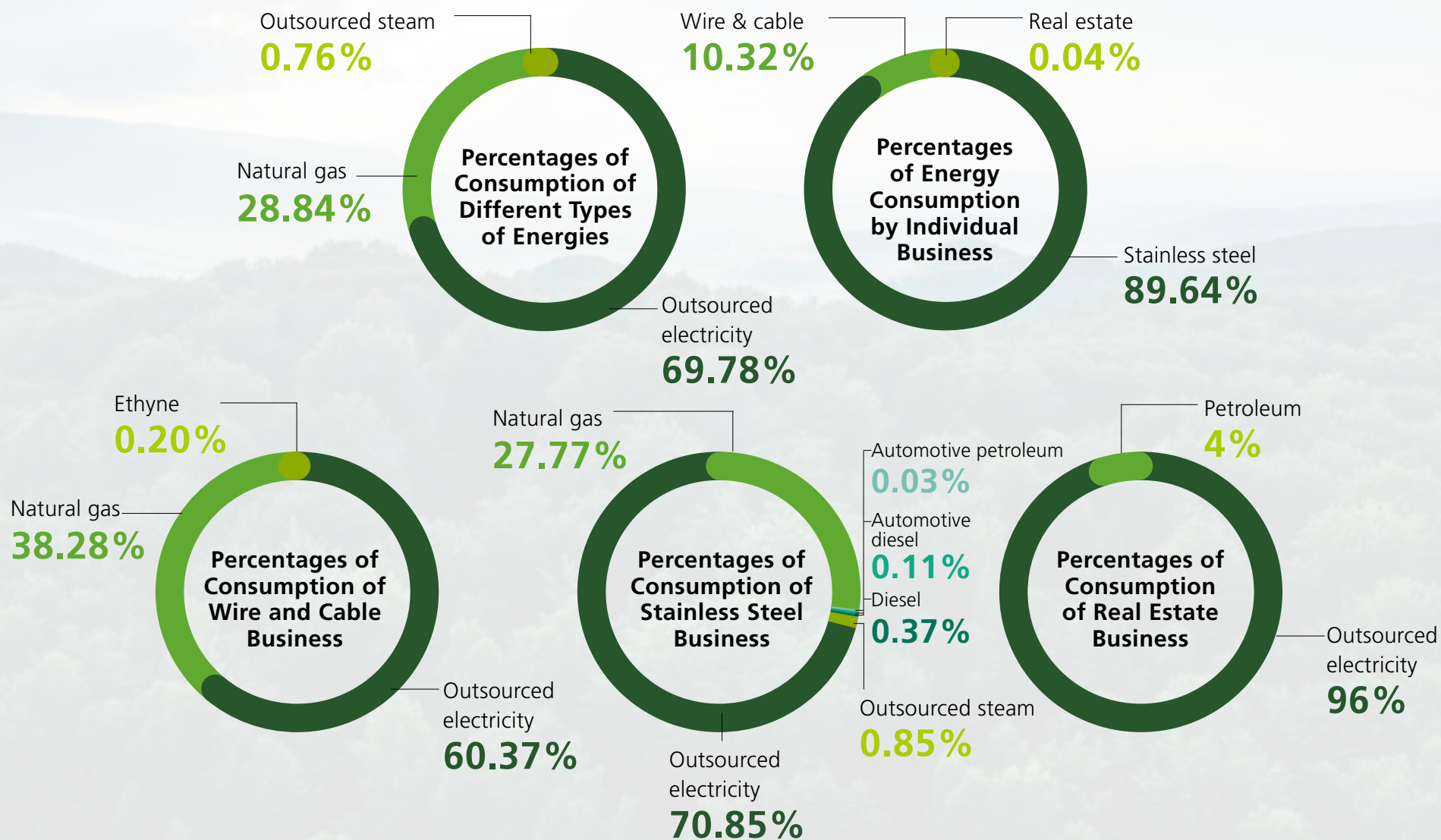
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Types of Energies Consumed

Year	2017			2018			2019		
Business group	Gross heating value (gigajoule)	Output (metric ton) (floor area, i.e., m ²) ^{Note}	Energy intensity	Gross heating value (gigajoule)	Output (metric ton) (floor area, i.e., m ²) ^{Note}	Energy intensity	Gross heating value (gigajoule)	Output (metric ton) (floor area, i.e., m ²) ^{Note}	Energy intensity
Wire & cable	1,711,420.78	740,937.79	2.31	1,683,185.52	728,043.76	2.31	871,993.00	306,618.48	2.84
Stainless steel	8,120,082.77	1,170,862.18	6.94	8,343,943.06	1,182,190.52	7.06	8,063,844.41	1,056,536.06	7.63
Real estate	31,424.40	602,412.00	0.05	27,140.12	355,079.60	0.08	185,847.72	355,079.60	0.52

Year	2020			2021			2022		
Business group	Gross heating value (gigajoule)	Output (metric ton) (floor area, i.e., m ²) ^{Note}	Energy intensity	Gross heating value (gigajoule)	Output (metric ton) (floor area, i.e., m ²) ^{Note}	Energy intensity	Gross heating value (gigajoule)	Output (metric ton) (floor area, i.e., m ²) ^{Note}	Energy intensity
Wire & cable	872,819.25	298,480.12	2.92	992,812.80	339,741.38	2.92	865,414.55	285,663.55	3.03
Stainless steel	7,246,262.27	904,843.31	8.01	7,680,406.05	1,006,523.29	7.63	7,515,011.32	988,054.30	7.61
Real estate	232,318.42	355,079.60	0.65	69,918.08	355,079.60	0.20	3,179.44	105,928.99	0.03

Note: 1. Real estate development's energy intensity is gross heating value (gigajoule) / floor area (m²), and the energy intensity of stainless steel and wire and cable operations is gross heating value (gigajoule) / output (Mt)
 2. Heat values are based on the unit heating values of energy products in the 2014 energy statistic handbook.
 3. A gigajoule is 10⁹ joules.

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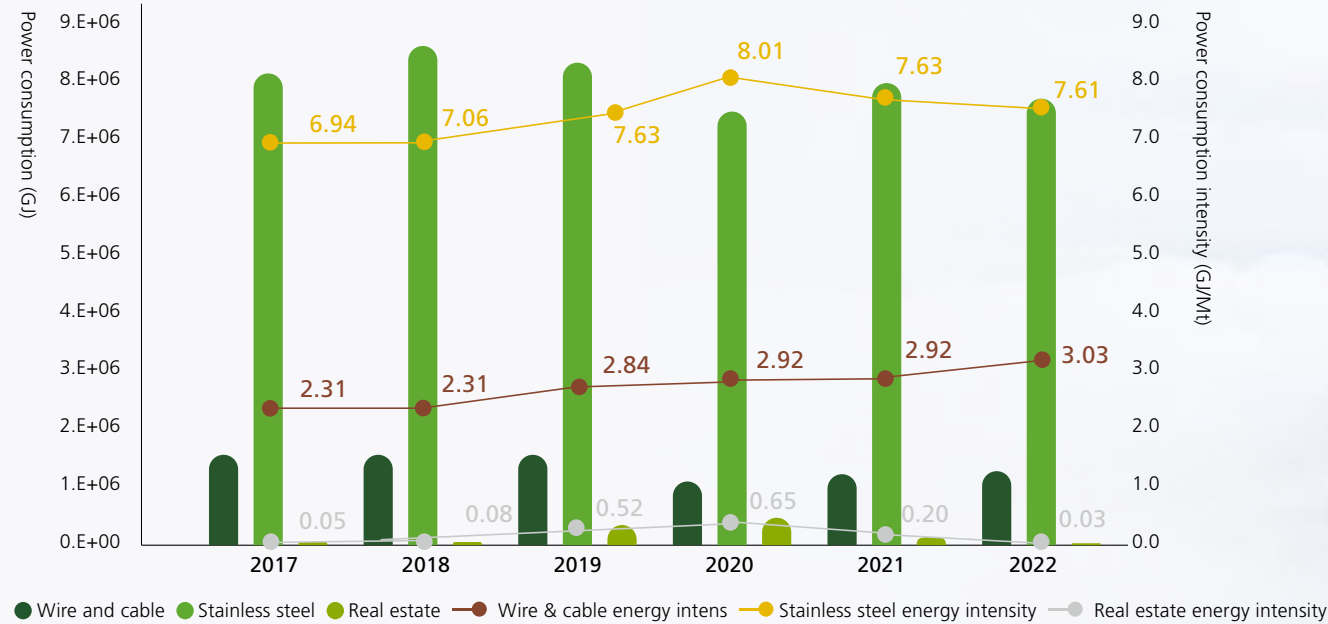
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Supporting the national energy-saving policy, Walsin Lihwa continues investment in various energy saving solutions as well as equipment for carbon and pollution reduction and reuse, e-platform optimization for energy management, and comprehensive energy inventory to ensure energy efficiency optimization. In 2022, 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 for further improvement of energy saving and carbon reduction. **In 2022, the emission intensity per unit of product at the Wire and Cable Business Group was 3.67% higher than that in 2021, and the emission intensity per unit of product at the Stainless Steel Business Group was 0.32% lower than that in 2021. The gross calorific value was 3.37% lower than that in 2021. The 2023 objective for energy consumption per unit of product is 1.5% lower than that in 2022.**



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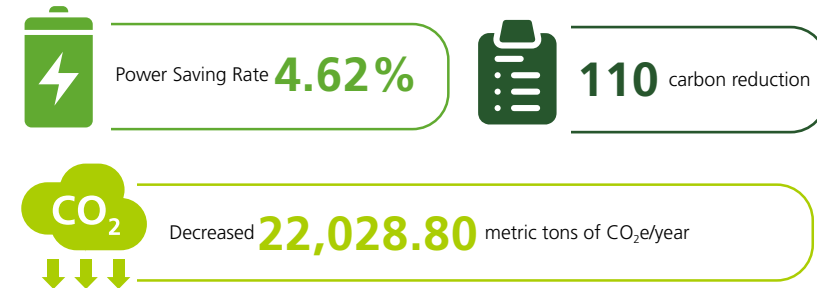
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Comprehensive Energy Saving and Carbon Reduction

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 2022, 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 2.02%. In 2022, the plants in both Taiwan and Mainland China saved total power consumption by 4.62%, and the 110 carbon reduction solutions proposed by them decreased 22,028.80 metric tons of CO₂e/year, and saved NT\$29,534,359 in Taiwan, RMB\$8,214,553 (Equivalent to NT\$36,233,077) in Mainland China, and MYR\$9,935 (Equivalent to NT\$64,567) in Malaysia.

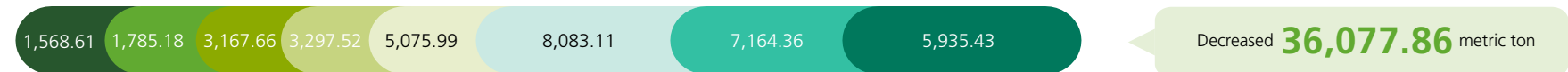


Carbon Reduction from 2015 through 2022 (Unit: MtCO₂e)

Overseas



Taiwan



● 2015 ● 2016 ● 2017 ● 2018 ● 2019 ● 2020 ● 2021 ● 2022

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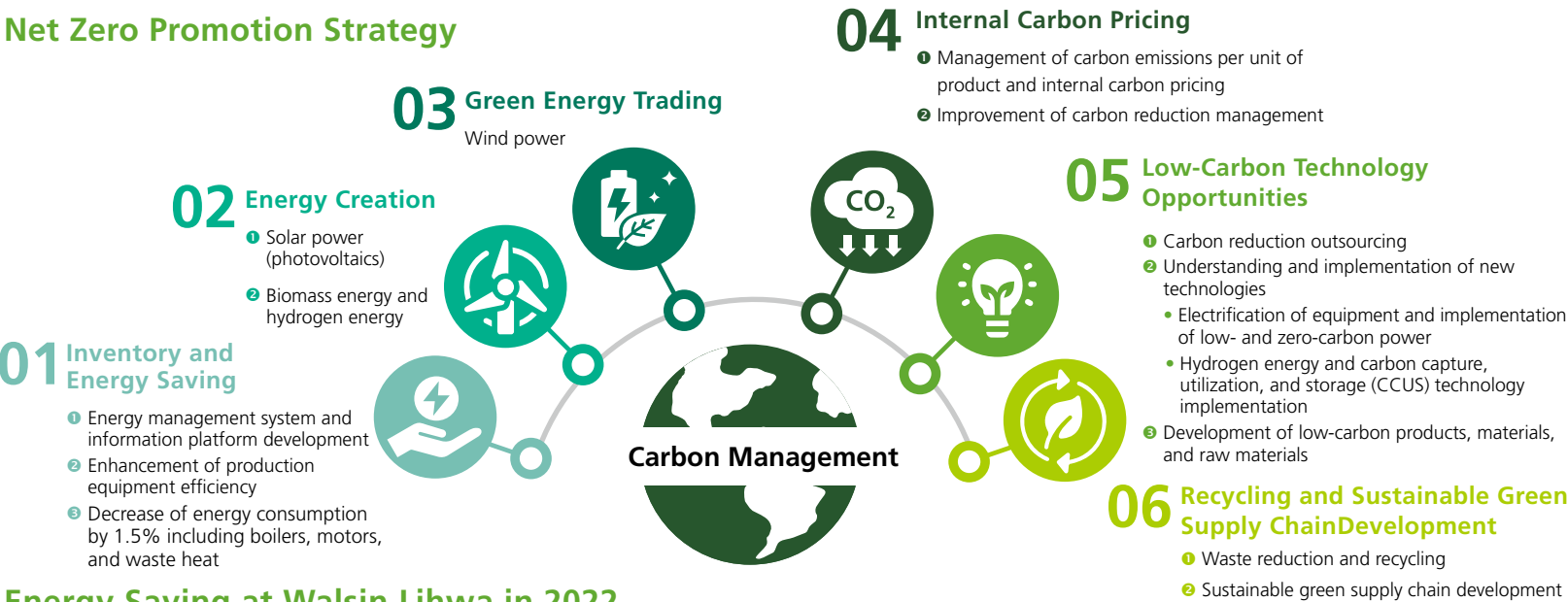
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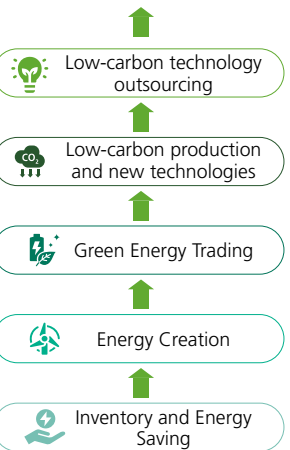
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For effective energy utilization management, the Environment, Health, and Safety Committee developed a 5-year energy management plan in 2022 to stipulate an annual power-saving and carbon reduction rate of 1.5% for efficient and reasonable energy utilization to decrease greenhouse gas emissions and face up to the challenge of climate change.

Net Zero Promotion Strategy



Net Zero by 2050



Energy Saving at Walsin Lihwa in 2022

Area	Solution	Energy type	Number of solutions	Amount saved	Energy saving (Megajoule)	Carbon reduction (MtCO ₂ e)	Cost saved
Taiwan	Manufacture and office	Electricity (Kilo kWh)	72	8,340.94	72,265,904.16	4,282.18	NT\$29,534,359
		Natural gas (Kilo cubic meters)	10	794.66	29,934,842.20	1,653.25	
		Total	82	-	102,200,746.40	5,935.43	
Overseas	Manufacture energy saving	Electricity (Kilo kWh)	18	17,781.42	154,058,222.90	15,441.60	RMB\$8,214,553 (Equivalent to NT\$36,233,077)
		Natural gas (Kilo cubic meters)	8	416.69	15,696,712.30	609.93	
		Diesel (kiloliter)	1	3.17	111,450.86	9.84	MYR\$9,935 (Equivalent to 64,567)
		steam (metric ton)	1	108.08	297,868.48	32.00	
		Total	28	-	170,164,254.50	16,093.37	NT\$36,297,644

Note: 1. The CO₂e emission equivalent is calculated based on the emission coefficients of electricity, natural gas, petroleum, steam, diesel, and/or others used at individual sites.
 2. Scope one: Natural gas, diesel, and others. Scope two: Electricity and purchased steam
 3. The emission amount before equipment replacement or renovation and manufacture process adjustment is the benchmark for carbon reduction calculation.
 4. Decreased energy consumption = Amount of energy saving x Caloric value (based on the Table of Heat Content of Energy Products in the Bureau of Energy's 2014 Energy Statistics Handbook)

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Greenhouse Gas Inventory

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, ISO 14064-1 Greenhouse Gas Inventories and ISO 14067 (product carbon footprint standard)

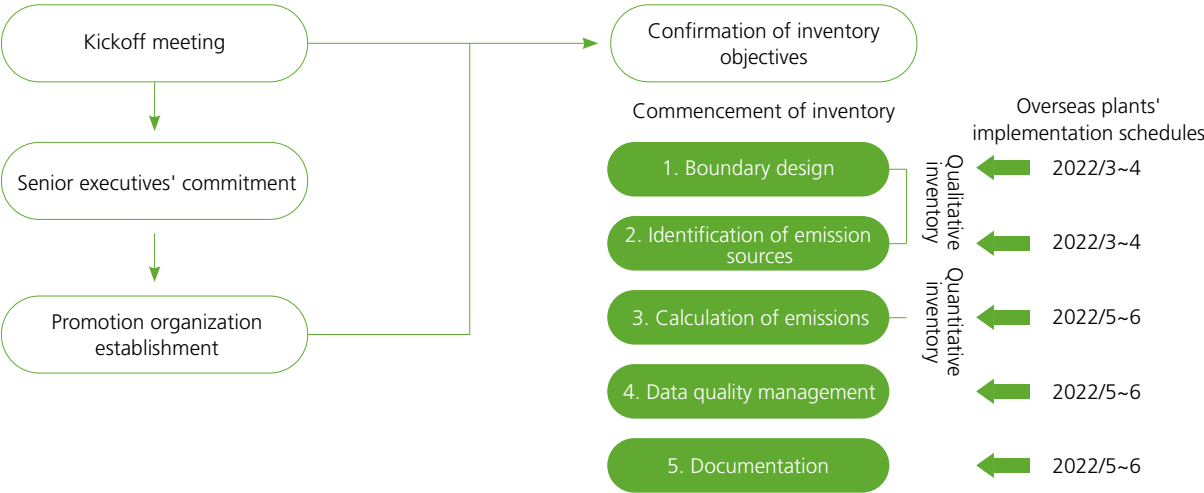
In 2018, the plants in Taiwan started to adopt the ISO 50001 standard based on which there is 5-year energy management program from 2022 to 2027 for dynamic reviews of the status at individual plants every year. The ISO 50001 and ISO 14064-1 will be implemented step by step by taking into account of both production and environment, health, and safety improvement at the plants.

To improve greenhouse gas management throughout the Company, individual plants started to have the ISO 14064-1 standard implemented in 2015, when the implementation at the Taichung plant and Yenshui plant obtained 3rd party certification. In 2020, the Hsinchuang plant and Yangmei plant implemented greenhouse gas emission inventory based on the ISO 14064-1:2018 standard and the overseas plants followed suit in 2022, when implementation of the new ISO 14064-1:2018 standard at the 4 Taiwan plants obtained 3rd party certification. Implementation of the ISO 14064-1:2018 standard at the overseas plants is expected to obtain 3rd party certification in 2023.

Moreover, the 4 Taiwan plants have completed product carbon footprint inventory according to the ISO 14067:2018 standard and the Hsinchuang plant has obtained 3rd party certification in this regard.

With ongoing attention to carbon emissions trading developments, the European Union's Carbon Border Adjustment Mechanism, Taiwan's carbon tax imposition, and internal carbon pricing, Walsin Lihwa is an active participant in the carbon trading market in Mainland China to secure future carbon quotas while developing advanced energy-saving technologies and measures to ensure business sustainability.

Greenhouse Gas Inventory Plan at Overseas Sites



Carbon emissions

Greenhouse gas emission inventory is a cornerstone of carbon risk management to help identify energy-saving opportunities, assess the emission intensity per unit of product, understand the carbon footprints within process boundaries as the first step of carbon disclosure by the power energy storage industry, increase future product opportunities together with green supply chain development, and enable social image improvement. In 2022, Walsin Lihwa completed greenhouse gas emission inventory at its Taiwan and overseas plants according to the ISO 14064-1 standard.

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Product Carbon Footprint Verification at Taiwan Sites

Individual plants' selection of product carbon footprint projects

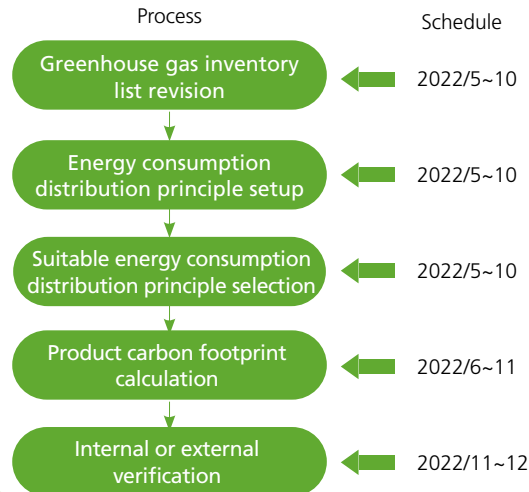
13 Yenshui

7 Taichung

2 Hsinchuang

2 Yangmei

Regulatory requirements and what are highly inquired by customers



Wrap-up report

Green products

Establish product carbon footprint factors and develop green product and sustainable development strategies in response to domestic and overseas regulations as well as customer demand for green product information.

Preliminary Research on Carbon Pricing at Taiwan sites

Approaches to follow-up promotion

Green product development for climate change mitigation and adaptation

Green factory promotion based on the 3R principle

Action ↑

Indicator setting

Discussion Carbon pricing indicators

Aligning

Domestic and overseas environmental data gathering



Early-stage analysis

Social

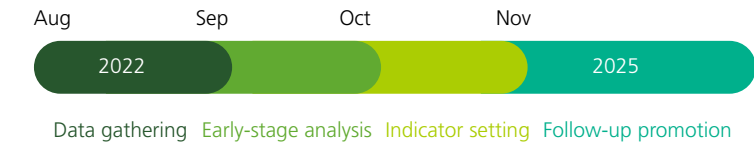
Technological

Economic

Environment

Political

Induction



Green value

Understand the domestic and overseas trends of carbon pricing and tentatively develop the internal carbon pricing strategy at the plants to comply with domestic and overseas regulatory requirements.

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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 CO₂e/Mt of products, and promote various energy-saving initiatives. In 2022, the emission intensities at the Taiwan and overseas plants, excluding the Real Estate Business Group, were 0.42 and 0.61 respectively, 7.6% and 9.69% lower than those in the benchmark year^{note}. The overall greenhouse gas emission intensity per unit of product at the overseas plants increased because of adjusted production resulting from pandemic situations, while the total greenhouse gas emissions at the Taiwan and overseas plants were 11.5% lower and 23.31% higher than those in 2021.

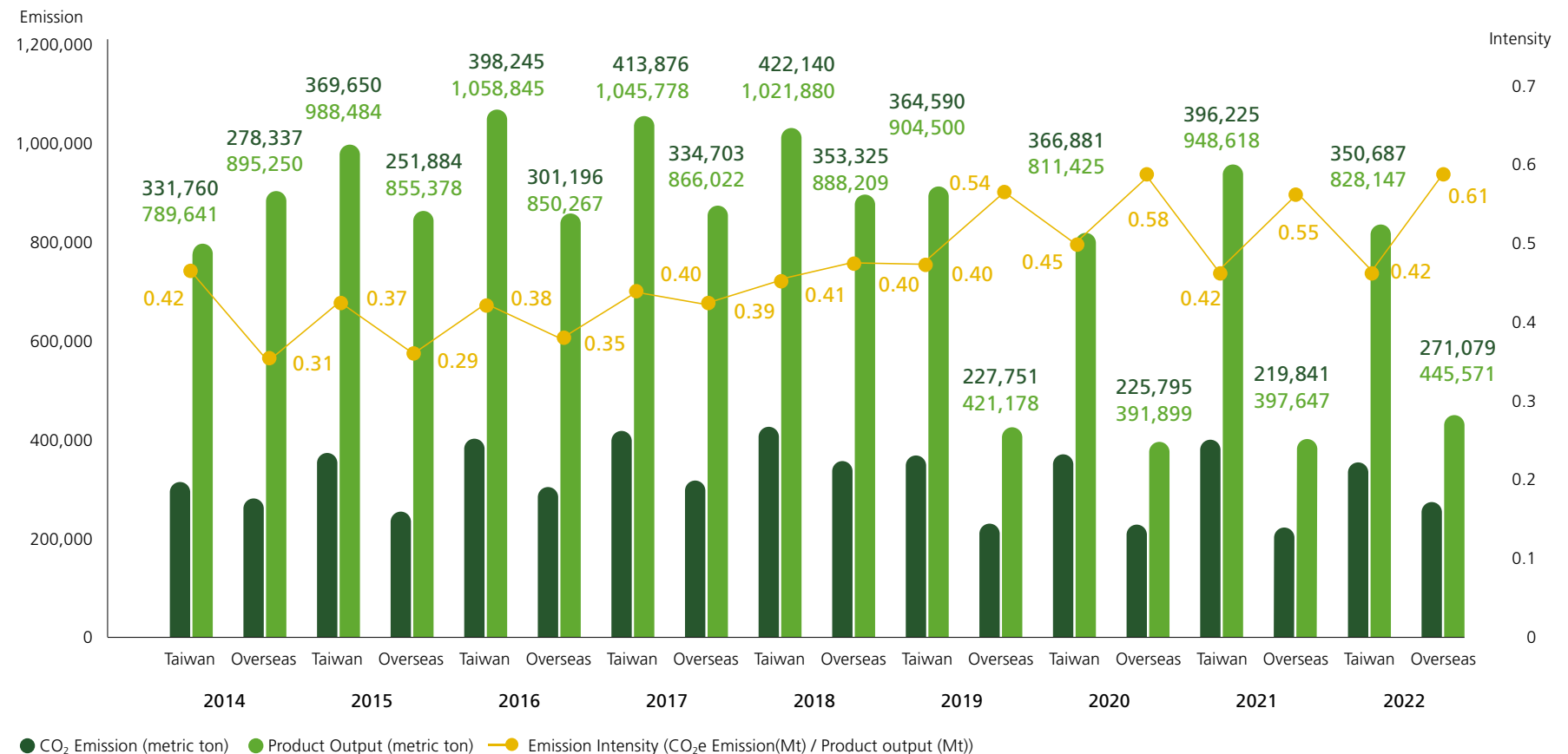
Walsin Lihwa shall continue seeking each and every possible emission reduction solution to reduce greenhouse gas emissions per unit of product by 15% in 2030 as compared to that in 2014 to help expedite low-carbon economy development.

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.

Greenhouse Gas(GHG) Emission and Emission Intensity at Taiwan and Overseas Sites



Total Greenhouse Gas Emissions at Taiwan Sites **↓ 11.5%**



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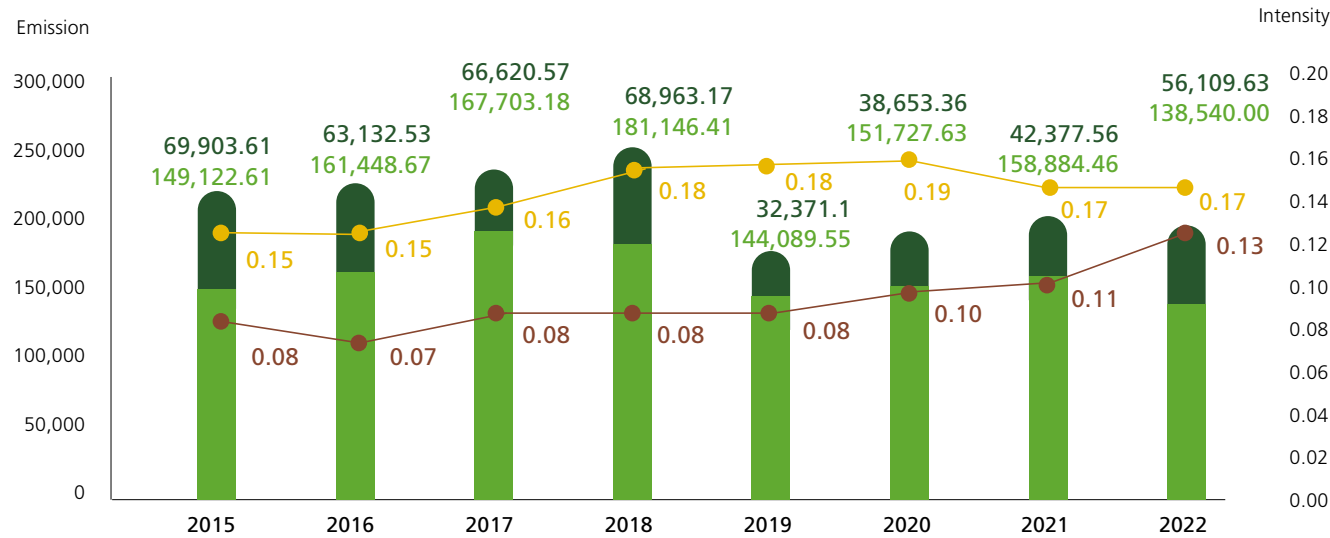
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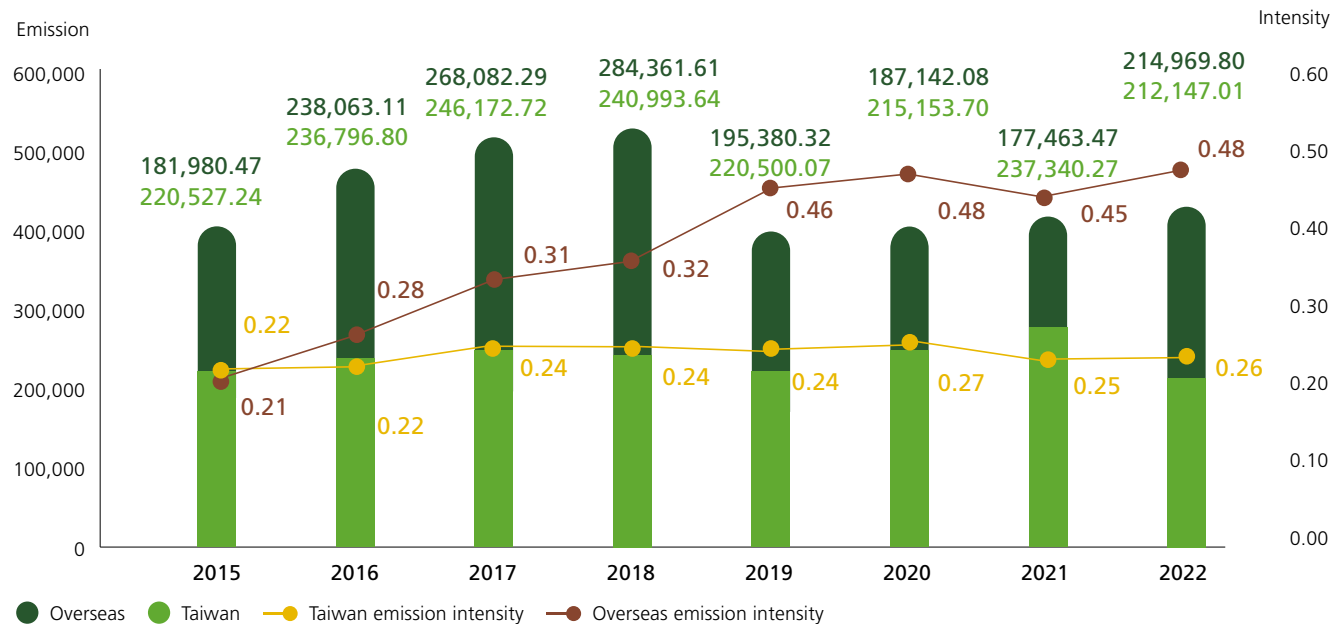
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Scope One: Direct Greenhouse Gas (GHG) Emission



Scope Two: Indirect Greenhouse Gas (GHG) Emission



Note:

1. Scope One and Two refer respectively to direct and indirect energies, while greenhouse gas (GHG) emission includes CO₂, N₂O, CH₄, HFCs, SF₆.
2. Taiwan sites included: Yangmei plant, Hsinchuang plant, Yenshui plant, Taichung plant.
3. Overseas sites included: Dongguan Walsin, Shanghai Walsin, Jiangying Walsin (Steel Cable), Yantai Walsin, Changshu Walsin, Jiangying Walsin (Specialty Alloy Materials), Walsin Precision.
4. The unit of emission is CO₂ emission expressed in metric tons and the unit of intensity is CO₂ emission expressed in metric tons/product output expressed metric tons.
5. The emission coefficient is based on the 6.02 version of the greenhouse gas emission coefficient management table (IPCC 2nd Assessment Report in 1995) published by the Environmental Protection Administration for self-auditing. Global warming potential (CWP) is dealt with by the operational control method.
6. 2014 is the company's benchmark year for energy saving solution implementation.
7. Scope Two emission is calculated by the location-based method.

5.3 Resource Recycling and Pollution Prevention

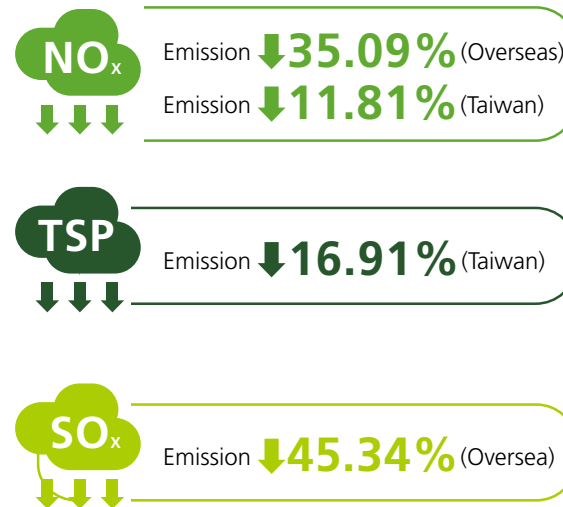


5.3.1 Air Pollution Control and Amount of Pollutant Emission

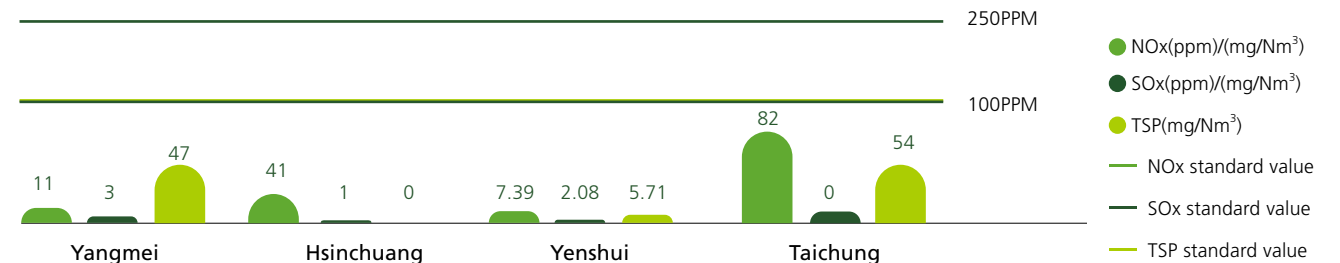
Material Topics

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 2022, pollutant emission intensities at both the Taiwan and overseas plants were all much lower the maximum prescribed by law.

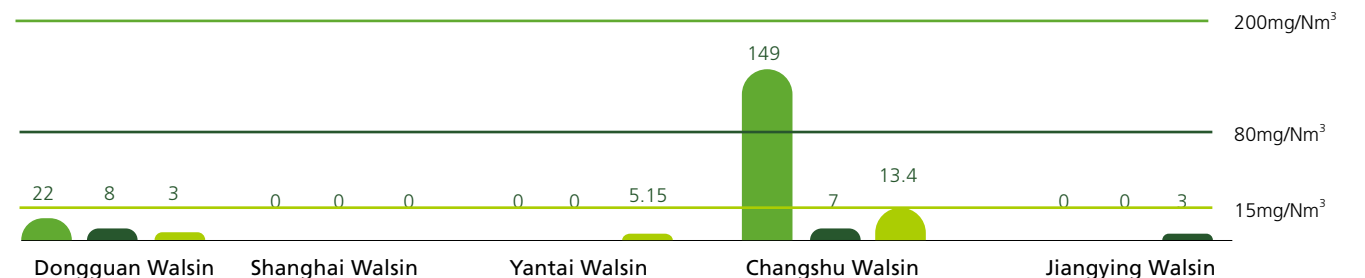
Walsin Lihwa requires air pollutant emissions to be all compliant with environmental protections laws and regulations while continuing strengthening various air pollution reduction engineering initiatives. At Walsin Lihwa, nitrogen oxides (NOx), sulfur oxides (SOx), and suspended particles (TSP) among others are subject to air pollution control. In 2022 at the Taiwan plants, the NOx emission intensity decreased by 11.81% from that in 2021 and the TSP emissions decreased by 16.91%. At the overseas plants, the SOx emissions decreased by 45.34% from that in 2021 and the NOx emissions decreased by 35.09% from that in 2021. 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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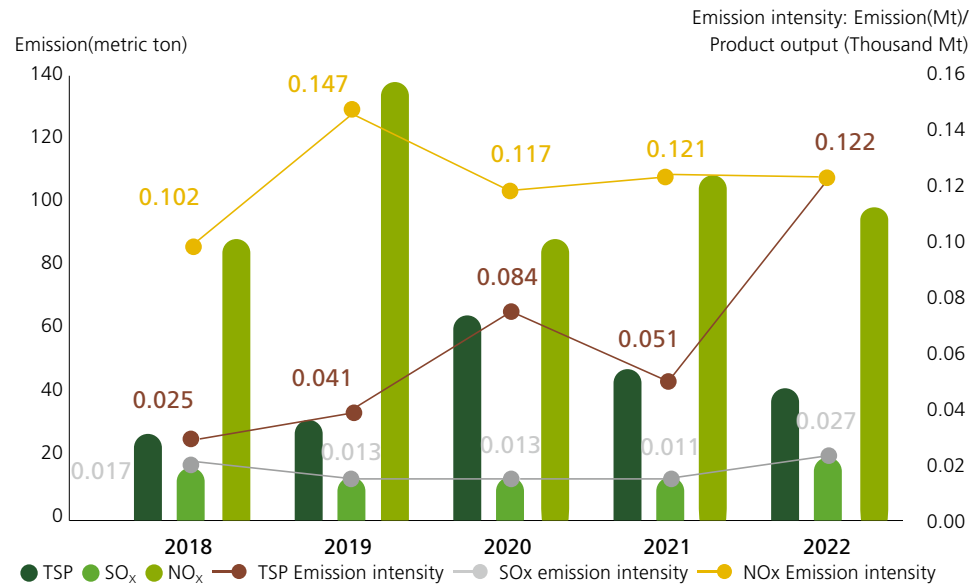
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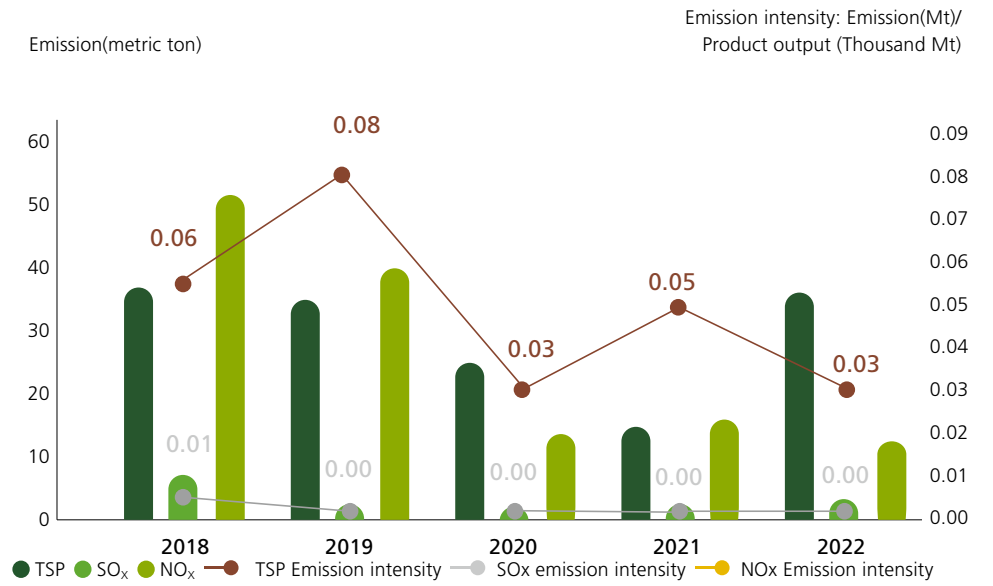
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Total amount of waste exhaust and emission intensity at Taiwan Sites



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

Total amount of waste exhaust and emission intensity at Overseas Sites



5.3.2 Water Resource Utilization

Material Topics

Walsin Lihwa Water Resources Management Policy



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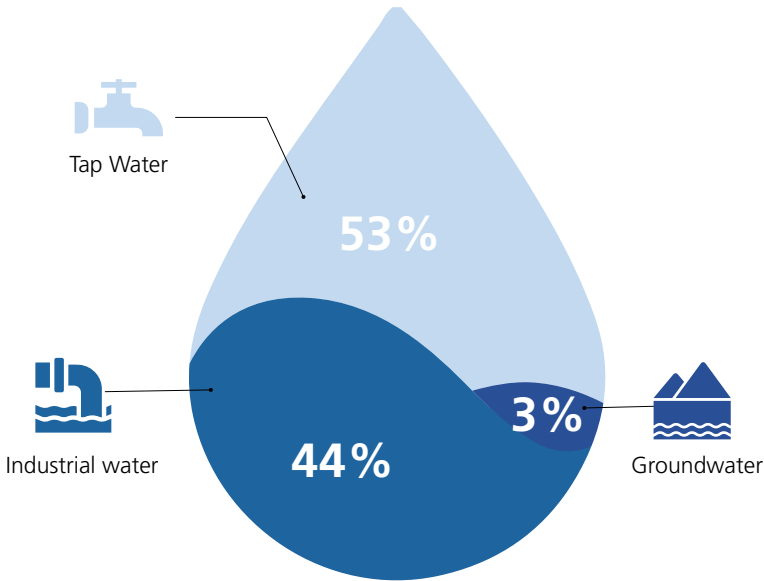
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Water Source and Water Conservation

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 2022, 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 7.97%. 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. Walsin Lihwa shall continue evaluating ways to collaborate with local authorities and access regenerated water to address the unstable water supply resulting from climate change. Walsin have access to regenerated water to address unstable water supply resulting from climate change.

Plant	Water consumption in the area where each plant is located (million liters)	Tap water intake (million liters)	Tap water intake percentage in the area where each plant is located
Hsinchuang plant	2.0x10 ⁶	141.99	0.006%
Yangmei plant	4.3x10 ⁶	34.69	0.0011%
Taichung plant	2.7x10 ⁶	340.47	0.014%
Yenshui plant	1.8x10 ⁶	40.89	0.0017%
Dongguan Walsin		31.54	0.00091%
Shanghai Walsin		7.18	0.00026%
Jiangying Walsin (Steel Cable) & Jiangyin Walsin (Specialty Alloy Materials)	4x10 ⁶ ~4.5x10 ⁶	76.81	0.00180%
Changshu Walsin		186.69	0.00442%
Yantai Walsin		25.62	0.00045%

Water Intake by Category



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Major Water Resource Risks at Taiwan Plants

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.

Major Water Resource Risks at Overseas Plants

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 (2-4cm / year)	Medium to high	High	Low
Jiangying Walsin (Steel Cable) & Jiangyin Walsin (Specialty Alloy Materials)	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 (2-4cm / 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>

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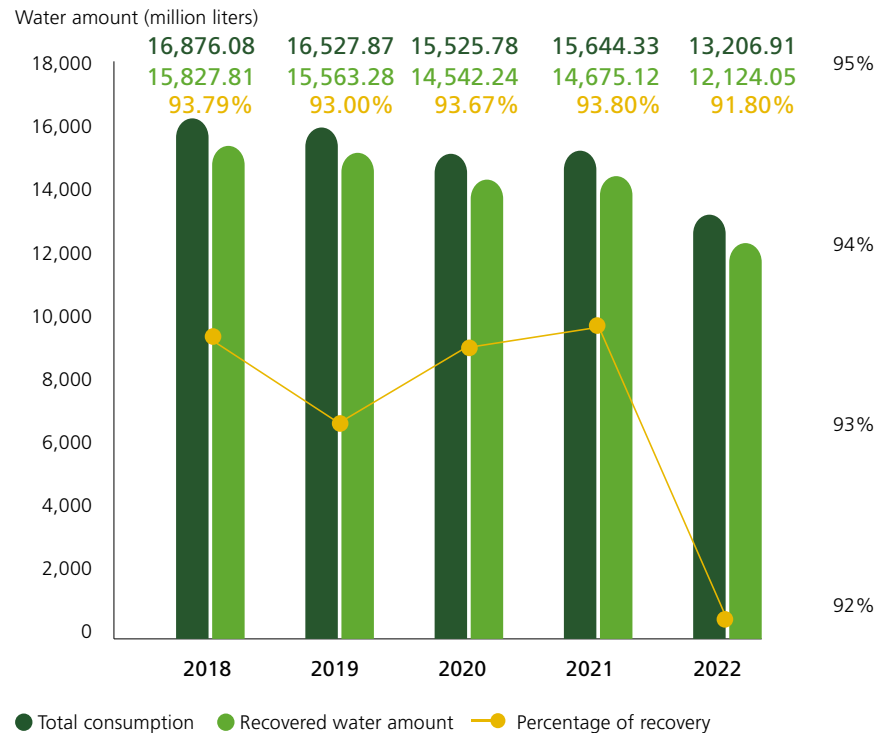
Walsin Lihwa recovers rainwater, process water, and cooling circulating water to effectively save water throughout production. Tap water is the primary water resource for production and the Taiwan plants used a total of 13,206.91 megaliters of water (15.95 m³ per ton) while the overseas plants used 820.05 megaliters (1.84 m³ per ton) in 2022 according to water meter readings, 3.30% and 4.37% lower than those in 2021.

The 2022 water consumption at the Taiwan and overseas plants included 901.34 megaliters of tap water (water from the third-party facilities), 51.36 megaliters of groundwater, and 747.38 megaliters of industrial water (water from the third-party facilities). All the water purchased included freshwater (total dissolved solids ≤1,000 mg/L) and 12,326.88 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 Walsin, Shanghai Walsin, Yantai Walsin, Changshu Walsin, Jiangyin Walsin (Steel Cable), Jiangyin Walsin (Specialty Alloy Materials), and Walsin Precision) amounted respectively to 1,802.86 megaliters and 617.22 megaliters, 12% and 15% higher than those in 2021 (based on water meter readings and water bills). The 2022 water recovery rate at the Taiwan plants was 2% lower than that in 2021 (from 93.8% to 91.8%), and the 2022 water recovery rate at the overseas plants was 5.14% lower than that in 2021 (from 29.87% to 24.73%) primarily because of ongoing decreasing water consumption intensity per unit of product despite increased total water consumption resulting from adjusted product types and adjusted production schedules at some overseas plants under pandemic situations.

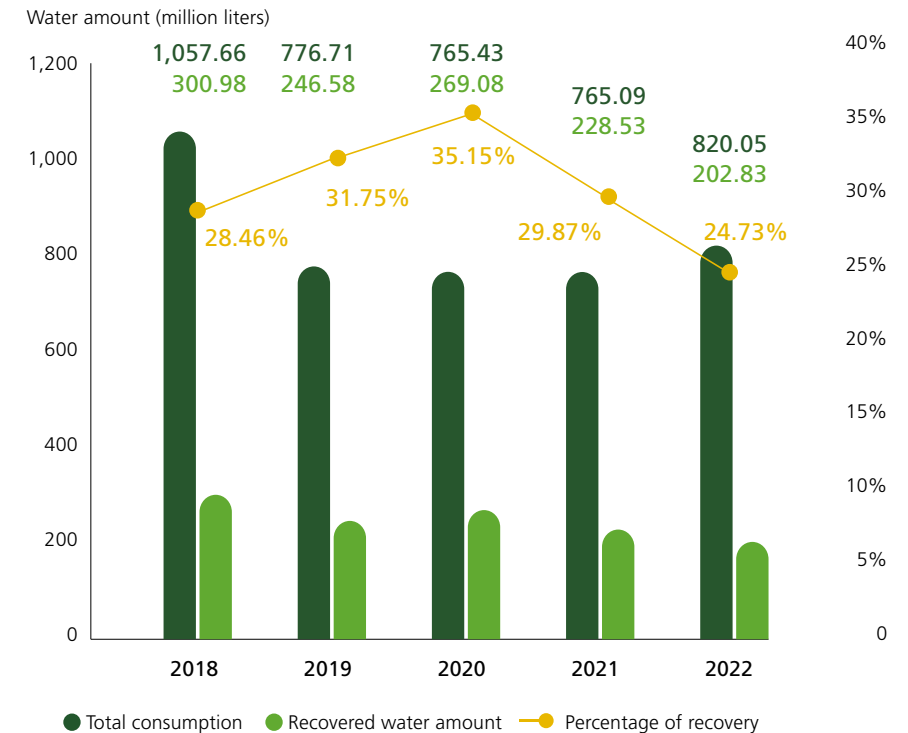
Water Consumption Per Unit of Product in 2022



Water Use and Recovery at Taiwan Sites



Water Use and Recovery at Overseas Sites



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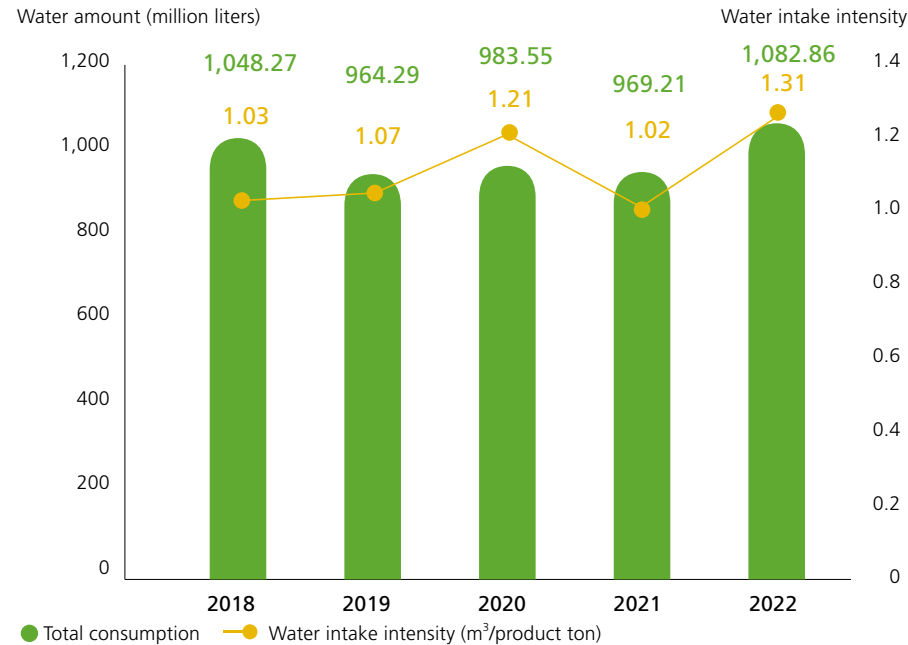
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Amount of Purchased Water Intake and Water Intake Intensity at Taiwan Sites



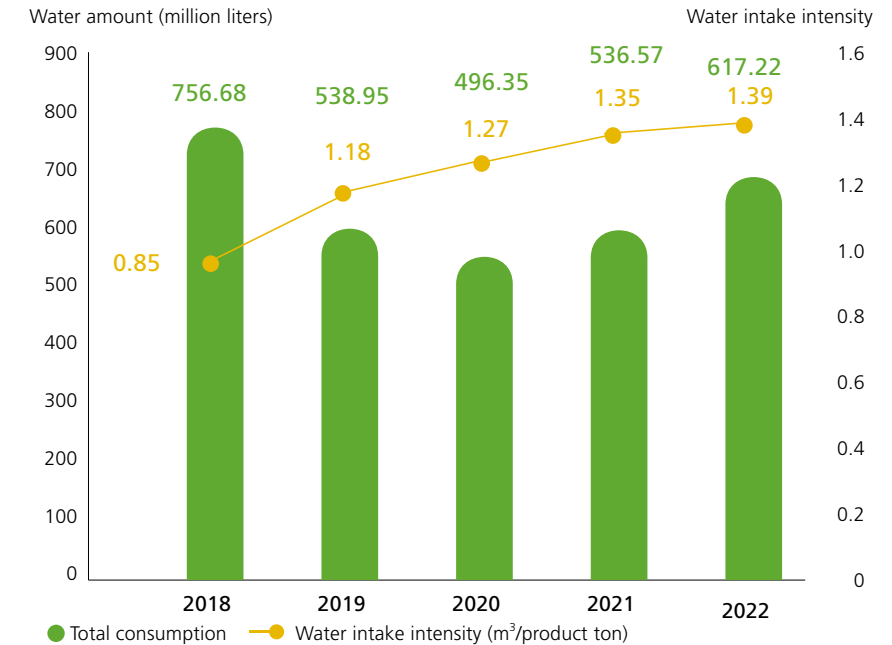
Note: 1. Consumption of tap water, industrial water, and groundwater is primarily based on water meter readings.

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, Walsin Precision

Amount of Purchased Water Intake and Water Intake Intensity at Overseas Sites



TÜV's Certification of ISO 46001 Water Efficiency Management System Obtained by Taichung Plant

In 2022, the Taichung plant established its water efficiency management system according to the ISO 46001 standard and obtained TÜV Rheinland's 3rd party certification of its ISO 46001 Water Efficiency Management System in December.

The Taichung plant's ISO 46001 implementation is intended to strengthen its water resource equipment, system, process, and personnel training efficiency, including the coping strategy and action for water risks and opportunities, water resource efficiency objectives and action plans, operational planning and control, as well as relevant design, water service, product, and equipment procurement, maintenance, and inspection.

Through self-auditing and monthly meetings on energy and water saving as well as emission reduction in 2022, the Taichung plant implemented relevant water-saving projects including replacement of industrial water with condensate from the Zero Effluent Mixed Acid Pickling (ZEMAP) process, adjustment of its skinpass mill and tension levelling line water utilization, and recycling of steam pipeline condensate for its direct water system. As a result, 9,728.5 tons of water were saved in 2022.



TÜV certification

5.3.3 Wastewater Treatment

Walsin Lihwa's wastewater management objectives include pollution and emission reduction as well as recycling. 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.

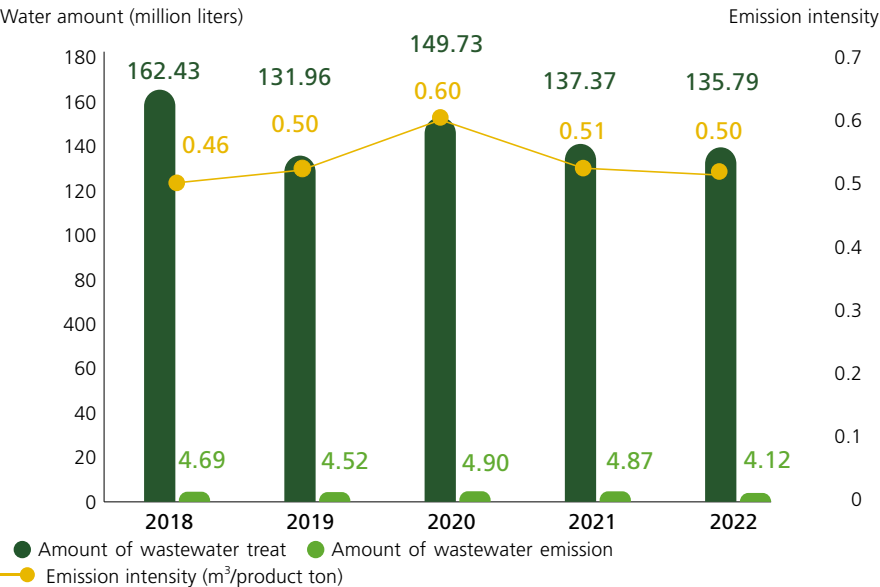
The 2022 total wastewater emissions at the Taiwan and overseas plants amounted respectively to 4.117x10² megaliters and 0.317x10² megaliters, 15% lower than the 2021 emissions.

Wastewater Emission Intensity in Taiwan

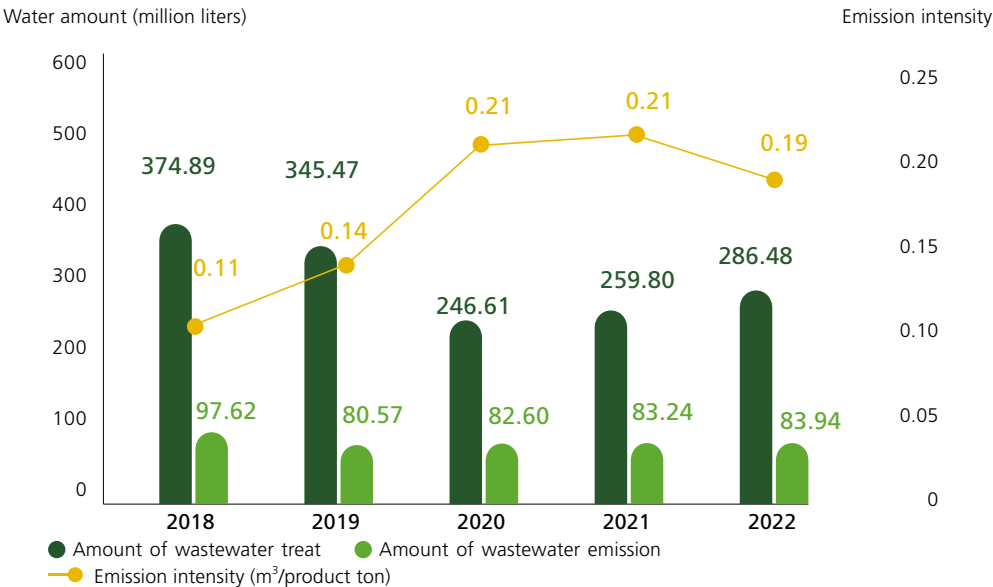
Plant	BOD	COD	SS	Emission standard	Emission destination
Hsinchuang Plant	13.90	36.50	7.80	Effluent standard : BOD : 30mg/l COD : 100mg/l SS : 30mg/l	Dahan River
Yangmei Plant	Unregulated by environmental law	9.50	2.85		Shezi River
Taichung Plant	18.50	48.65	20.50	Piping standard : BOD : 300mg/l COD : 550mg/l SS : 300mg/l	Industrial zone piping
Yenshui Plant	Unregulated by environmental law	24.20	4.70		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 quailed inspection companies.

Wastewater Emission Intensity(Taiwan)



Wastewater Emission Intensity(Overseas)



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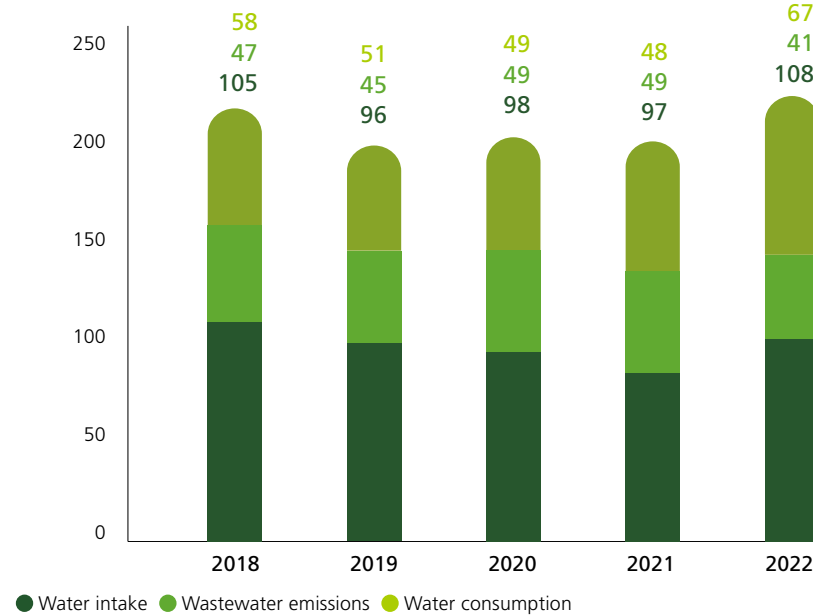
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Total Water Intake and Emission(Taiwan)

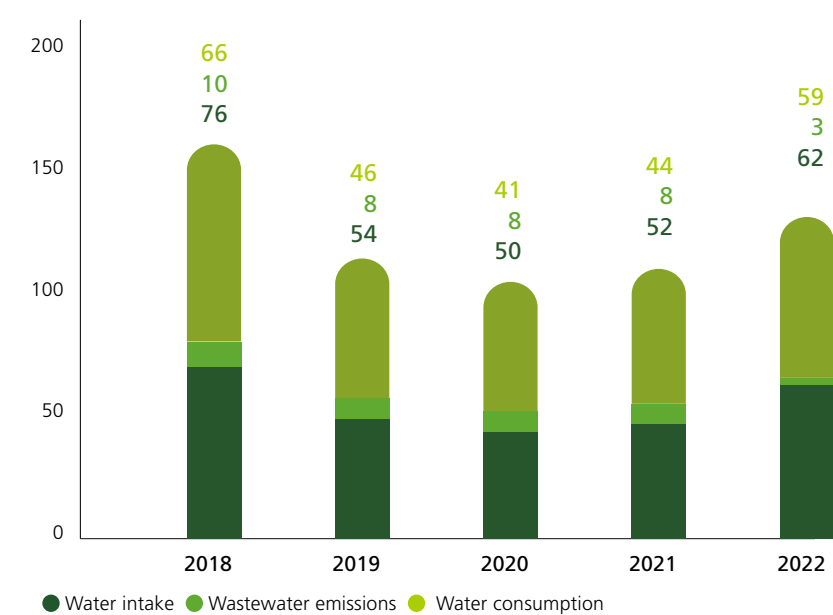
Water amount (million liters)



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

Total Water Intake and Emission(Overseas)

Water amount (million liters)

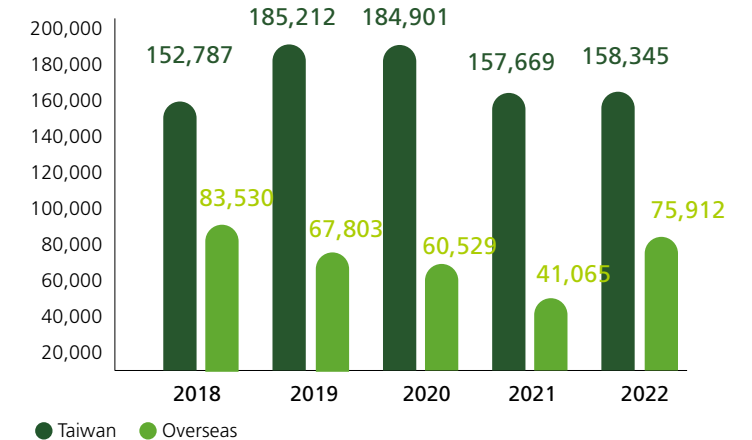


5.3.4 Waste and Resource Recycle [Material Topics](#)

Committed to circular economy development and 4 R's (Reduce, Reuse, Recycle, and Recovery) for waste output control, Walsin Lihwa recovered and reused 94.56% of the wastes from its cooper wire, power cable and wire, and stainless steel production in 2022, including 94.22% - 98.72% of non-hazardous wastes and 68.43% - 99.59% of hazardous wastes. Walsin Lihwa recovers and reuses part of its wastes and the rest is cleaned up or reused by qualified contractors. In 2022, the wastes at the Taiwan and overseas plants were 17.92% higher than those in 2021 primarily because of increased capacity and waste refractory bricks resulting from furnace repairing. In 2022, reuse of hazardous wastes at the Taiwan plants was 0.11% higher than that of 2021 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.

Total Amount of Wastes

Metric ton



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2022 Waste Output and Amount of Waste Processed (Unit: Metric ton)

Area	Taiwan			Overseas		
Treatment	Non-hazardous waste	Hazardous waste	Total	Non-hazardous waste	Hazardous waste	Total
Recovery	93,544.19	58,917.80	152,461.99	60,517.69	9,996.31	70,514.00
Incineration	766.86	-	766.86	104.41	3,310.84	3,415.25
Landfill	512.10	237.74	270.90	591.58	3.56	595.1 4
Others (excluding physical processing)	4,457.47	4.40	4,940.81	89.96	1,297.97	1,387.93
Total	99,280.627	59,159.94	158,440.57	61,303.64	14,608.68	75,912.32
Recovery percentage	94.22%	99.59%	96.23%	98.72%	68.43%	92.89%
Incineration percentage	0.77%	0.00%	0.48%	0.17%	22.66%	4.50%
Landfill percentage	0.03%	0.40%	0.17%	0.96%	0.02%	0.78%
Others (excluding physical processing)	4.97%	0.01%	3.12%	0.15%	8.88%	1.83%

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 Walsin as well as the recovery of 30,794.19 metric tons waste acids at the Taichung plant on their own premises.

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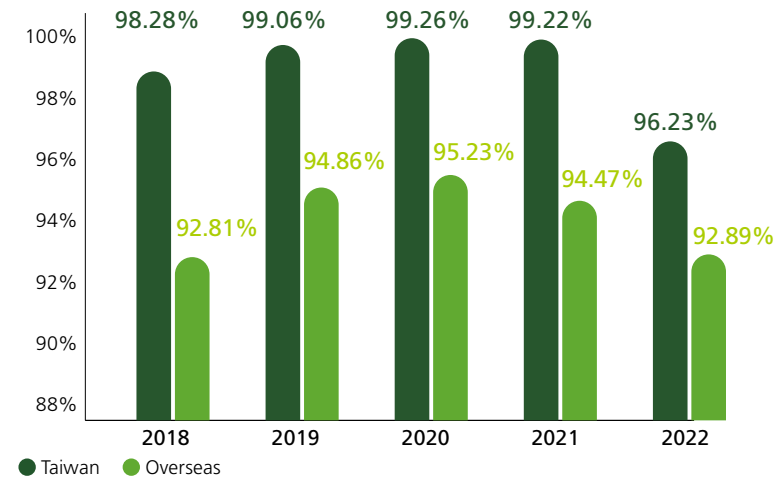
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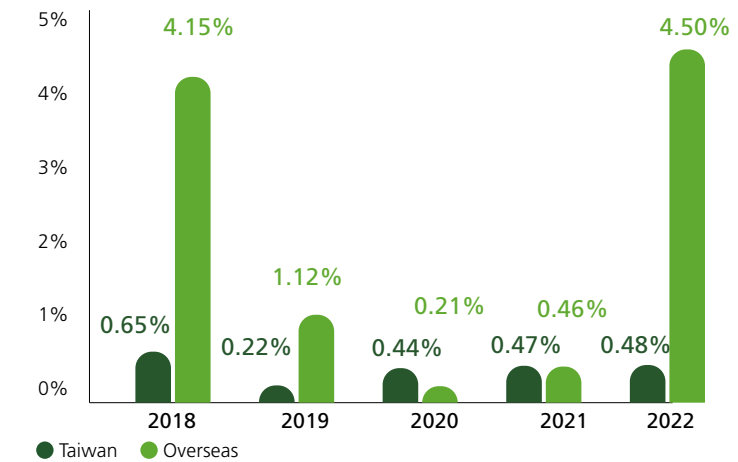
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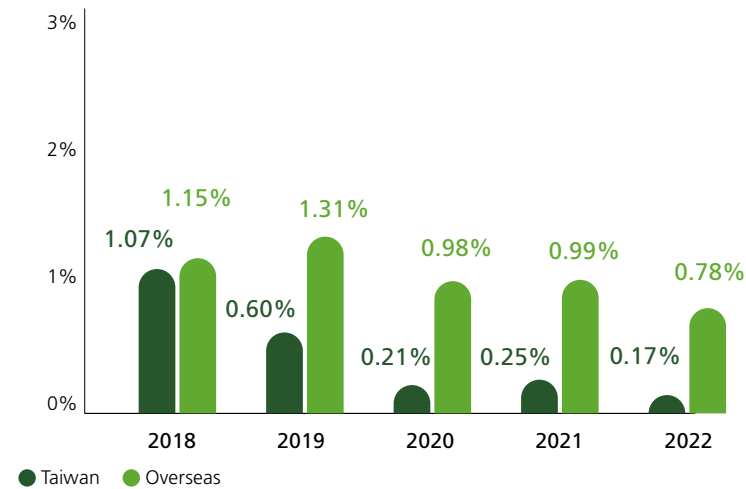
Recovery



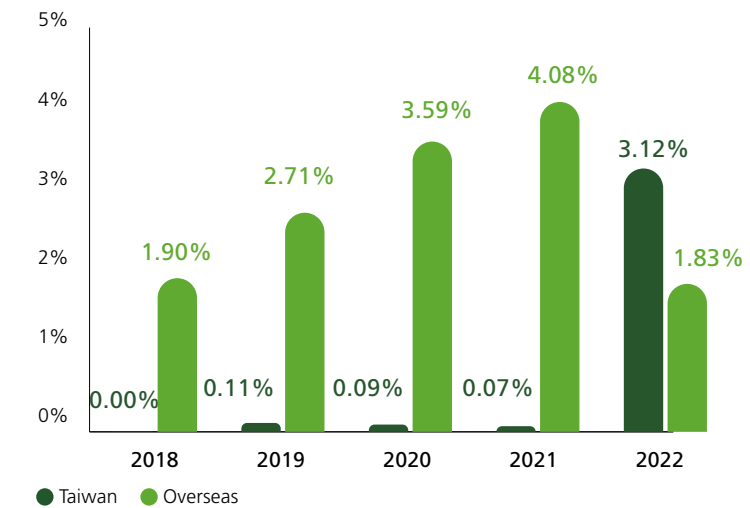
Incineration



Landfill



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”

Walsin Lihwa and its subsidiary Waltuo Green Resources Corp. are committed to R&D for innovative applications and recycling of furnace slags. The potential products developed by them include aggregates for road construction, cement raw material admixtures, fiber reinforced cement boards, indoor high-pressure bricks, and cement blocks. The development of aggregates for road construction is mature and there are 6/8-, 3/8-, and 2/8-inch aggregates as well as sand materials for asphalt concrete and municipal road pavements. In terms of fiber reinforced cement boards and indoor high-pressure bricks, there are many products resulting from trial production cooperation with customers and such products have been used at the Company's showcase locations such as its Xinying plant's office and security room. At present, Walsin Lihwa works with construction material processing companies to promote relevant applications.

The Xinying plant has earned Fitwel's 2 star certification and Green Design's green decoration gold level certification. The certifications evidence the environmental friendliness and safety of recycled furnace slag applications at Walsin Lihwa.

Walsin Lihwa's research of oxidized and reducing slag recycling has commenced many academia, government, and industry R&D cooperation projects, e.g., the development of inorganic materials for fireproof and soundproof applications with the National Science and Technology Council and National Cheng Kung University, education and training on corporate human resource

enhancement related to circular economy development with the Ministry of Labor and National Cheng Kung University, feasibility assessment of stabilization and recycling of oxidized slags with the National Cheng Kung University, how to use oxidized slags as the Xinying plant's subgrade and how to use the materials removed from oxidized slags as recycled asphalt concrete with I-Shou University and the Chinese Society of Pavement Engineering, and early-stage assessment of waste stainless steel recycling and transformation of environmentally recycled high heat resistant ceramic-magnesium calcium materials into ceramics with the Industrial Technology Research Institute to enhance the value of furnace slags and strengthen circular economy industry chain development.



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Major R&D Projects	Period	Introduction
Phase 1 cooperation with the National Science and Technology Council Development of inorganic materials for fireproof and soundproof applications	June 2021 to May 2022	Furnace slag recycling includes construction material development as well as flame, fire resistance, and sound insulation tests of construction materials. Analysis of the test results will be taken into account of full-size product applications. Moreover, the academia, government, and industry cooperation is intended to maintain the quality of raw material screening, enhance the value of recycled furnace slags, and promote recycled furnace slag applications to facilitate implementation of the technologies developed by the project.
Phase 2 cooperation with the National Science and Technology Council Development of inorganic materials for fireproof and soundproof applications	June 2022 to May 2023	Stabilization of inorganic slags based on the phase 1 research model develops reducing slags as construction materials to proceed with trial production of calcium silicate boards. The phase 2 cooperation includes application of inorganic polymerization to the R&D of controlled density materials, R&D of the heating characteristics of construction materials, and implementation and verification of recycled construction materials to recycle reducing slags into construction materials and develop the key technology for stabilization and recycling of inorganic slags.
The Ministry of Labor's corporate human resource enhancement plan Education and training on circular economy development	January 2022 to December 2022	The Ministry of Labor's corporate human resource enhancement plan helps the Yenshui plant strengthen its professionalism in furnace slag R&D. The Yenshui plant also works with the National Cheng Kung University to conduct a series of research and experiments of stainless steelmaking related to circular economy development. To make the research results more relevant to the plant, internal and external lecturers will be arranged to help strengthen the plant's professionalism in furnace slag R&D.
Feasibility assessment of stabilization and recycling of oxidized slags	August 2022 to June 2023	Oxidized slags are used to make cement blocks with an application for reuse of such slags for mass clearance of them at the Yenshui plant.
Use of oxidized slag as the Xinying plant's subgrade	June 2021 till groundwater quality has been monitored for 2 years	Assessment of the feasibility of mixing oxidized slag aggregates into asphalt cement for road pavements is conducted to validate the feasibility and expand oxidized slag aggregates ' applications for pavements and road works.
Use of the planed materials from oxidized slags as recycled asphalt concrete	August 2022 to July 2023	The oxidized slag aggregates removed from the weighbridge's oxidized slag asphalt concrete pavement at the Yenshui plant are studied and assessed to decide whether such aggregates can be promoted for further use in recycled asphalt concrete.
Early-stage assessment of waste stainless steel recycling and transformation of environmentally recycled high heat resistant ceramics-magnesium calcium materials into ceramics	October 2022 to September 2023	Early-stage assessment on reuse of waste from stainless steel industry is conducted.

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5.3.5 Legal Compliance

Material Topics

In compliance with environmental protection policies and relevant amendments to strengthen self-regulation and seek ongoing improvement, the plants in Taiwan were no major fines for environmental protection violations in 2022.

The stainless steel and surface treatment businesses of Walsin Lihwa are subject to scrutiny by central and local government authorities, but there was no production interruption resulting from any pollution spill or any plant besieged by local protesting residents in 2022.

However, there were 2 environmental protection shortcomings in Taiwan, i.e., a storage yard was not covered by dust-proof nets and a continuous monitoring system lacked some calibration records. The shortcomings were promptly improved and operation procedure management was strengthened, too. Self-regulation will continue according to the ISO 14001 environmental management system, and the Company's Environmental, Health, and Safety Committee will also conduct unscheduled inspections of the compliance with environmental protection laws and regulations at individual plants, which will be required to strengthen on-spot inspections of their environmental protection measures to prevent violations resulting from pollution.

In 2022, there was no wastewater or waste leakage.

Plant	Cause	Non-compliance	Status of Improvement	Fine
Yenshui Plant	Absence of air pollution prevention and control measures at its storage yard, no dust proof net covering stacked items, and particulate pollutants on vehicle paths.	Article 23-2 of the Air Pollution Control Act Article 4-1 and Article 6-1-2 of the Management Regulations for Facilities to Control Fugitive Air Pollution from Stationary Pollution Sources	① Daily ground washing to keep road surfaces damp. ② Stacked items covered by dust proof cloth to prevent dust spills.	NT\$150,000
	Continuous opacity monitoring system without zero drift or span drift test (no calibration record)from August 1 to 29	Article 23-2 of the Air Pollution Control Act Article 14-1 of the Management Regulations for Facilities to Continuously Monitor Air Pollution from Stationary Pollution Sources	① Software: Autonomous conformation of whether calibration implementation is normal to send a warning whenever it is not normal. ② Hardware: Examination of UPS power storage on a regular basis to promptly replace whatever is abnormal. ③ Management: Inclusion into daily, monthly, and quarterly work management.	NT\$150,000

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

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Sustainability Promotion Strategy

Promotes mutual development with local communities to gain greater social influence.



Implementation Guidelines

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

	Objectives for 2022	2022 Results	Objectives for 2023
Solidify the Impact of our Social Influence Support for cultural, education, and ESG projects	Goals: 6 projects Education <ul style="list-style-type: none"> Continued industry-academia collaboration with the National Taiwan University, Chung Yuan Christian University, and National Chung Hsing University ESG <ul style="list-style-type: none"> Sponsored the Center for Corporate Sustainability 	Achievements: 8 items Promoted corporate volunteers for hospitals after the easing of the pandemic Medical Care Booked a theater to sponsor the showing of a documentary on a quarantine hotel 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 ESG <ul style="list-style-type: none"> Established the Walsin-NTU Innovation R&D Center Sponsored the Center for Corporate Sustainability 	Cultural Support promotion of the troupes featuring Taiwan's original culture and art Education Continued industry-academia collaboration with the National Taiwan University, Chung Yuan Christian University, and National Chung Hsing University. ESG <ul style="list-style-type: none"> Provide ongoing support to the Walsin-NTU Innovation R&D Center Continue sponsoring the Center for Corporate Sustainability
Take effective care of the underprivileged	Goals: 3 projects, 1 cultural heritage documentary film <ol style="list-style-type: none"> Cooperate with the Give Child A Hand Association "Light Up the Corners throughout Taiwan" 5-year project (Phase II). Care of the underprivileged <ul style="list-style-type: none"> Sponsor child welfare organizations Volunteerism for mentally challenged children Donate regenerated resources 	Achievements: 3 projects, 1 documentary film <ol style="list-style-type: none"> Care cooperation with Give Child a Hand Association: <ul style="list-style-type: none"> Poduced and publicized a documentary on the cultural inheritance of Saisiyat ballads and a digital feature Sponsored a digital image recording program at the Shuangxi Senior High School for new emigrants to Taiwan "Light Up the Corners throughout Taiwan" project (Phase II) <ul style="list-style-type: none"> Sponsored the physical education and music education programs in five schools Care for the disadvantaged children: <ul style="list-style-type: none"> Sponsored 12 children's welfare organizations, collection and donation of resources Suspended the volunteer work for mentally challenged children. 	<ol style="list-style-type: none"> Cooperate with the Give Child A Hand Association <ul style="list-style-type: none"> Continue sponsoring the Wufeng Elementary School's Saisiyat ballad choir and the digital image recording program at the Shuangxi Senior High School for new emigrants to Taiwan Produce a documentary on education for the children of new emigrants to Taiwan and a digital feature "Light Up the Corners throughout Taiwan" 5-year project (Phase II). Care of the underprivileged <ul style="list-style-type: none"> Sponsor child welfare organizations Collection and donation of resources Volunteerism for mentally challenged children
Strengthen Environmental Protection and Conservation	Goals: 2 projects, 7 events <ol style="list-style-type: none"> Continued promotion of seed preservation and conservation program by Huabao Cooperate with small farms for contract farming Production of environment-friendly farming public welfare video Organic market promotion Ecology education lectures preservation and beach cleaning 	Achievements: 2 projects, 6 events <ol style="list-style-type: none"> Huabao Conservation and Breeding Co., Ltd. and National Chung Hsing University seed conservation project implemented as planned. Organic kiwi fruit contracted planting and adoption Held an organic market event Ecological education and promotion campaigns at each plant (4 offline sessions and 1 online session) 	<ol style="list-style-type: none"> Continued promotion of seed preservation and conservation program Continued Cooperate with small farms for contract farming Production of environment-friendly farming public welfare video Organic market promotion Ecology education lectures preservation and beach cleaning

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	Objectives for 2022	2022 Results	Objectives for 2023
Promote Community Development	<p>Goals: 1 projects, 2 events, and 9 environmental optimization initiatives</p> <ol style="list-style-type: none"> ① Elementary and Junior High School Newspaper Reading Project: <ul style="list-style-type: none"> • Mandarin and bilingual newspaper reading and volunteer activities ② Plant community outreach: <ul style="list-style-type: none"> • Elementary School Study Aid Project in Yenshui District • Participate in local activities such as neighborhood community development, elderly care, folk culture, environmental cleaning, etc • Environmental optimization of the plants' surrounding area 	<p>Achievements: 2 projects, 7 events, and 12 environmental optimization initiatives</p> <ol style="list-style-type: none"> ① Elementary and Junior High School Newspaper Reading Project: <ul style="list-style-type: none"> • Mandarin newspaper reading : 78 classes in 17 schools with 1,230 students • Bilingual newspaper reading: 762 classes in 37 schools with 20,195 students • 1 session newspaper reading volunteer (Suspension of a session of volunteer assistance to newspaper reading because of pandemic concern) ② Donation of "50 Questions for Children's Creative Thinking" to Elementary and Junior High Schools ③ Support for small farms by purchasing local agricultural products ④ Community development outreach promotion in the factory areas: <ul style="list-style-type: none"> • Elementary School Study Aid Project in Yenshui District: 5 elementary schools • Participation in local community events: 83 projects in 4 plants • Environmental optimization of the plants' surrounding area: 12 projects in 5 plants (Yenshui plant added 3 new adoption.) 	<ol style="list-style-type: none"> ① Elementary and Junior High School Newspaper Reading Project: <ul style="list-style-type: none"> • Mandarin and bilingual newspaper reading and volunteer activities ② Plant community outreach <ul style="list-style-type: none"> • Sponsorship of the implementation of a meal supply system for local elderlies • Elementary School Study Aid Project in Yenshui District • Participate in local activities such as neighborhood community development, elderly care, folk culture, environmental cleaning, etc. • Environmental optimization of the plants' surrounding area

Highlights



Partnering to Fight the Pandemic

Sponsorship of the showing of a documentary on a quarantine hotel



Innovation R&D Center

Sponsorship of the establishment of the Walsin-NTU Innovation R&D Center



Saisiyat Cultural Inheritance

"Saisiyat Ballad Archive Development for Cultural Inheritance" Documentary Film

[▶ PLAY VIDEO](#)



Theory of Inventive Problem Solving

Donation of "50 Questions for Children's Creative Thinking" to 75 schools



Newspaper Reading Project

21,425 student participants

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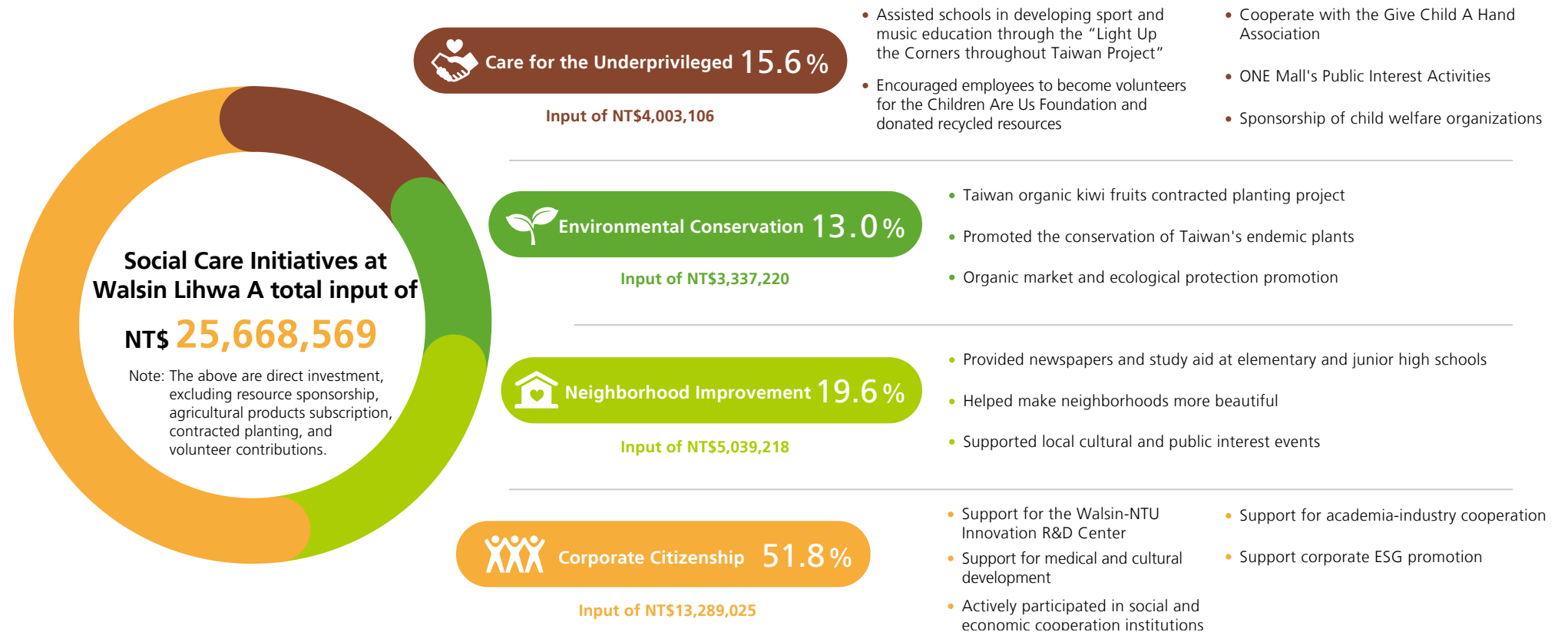
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6.1 Social Engagement Policy



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

Social care aspects of Walsin Lihwa



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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. 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.

6.2.1 "Light Up the Corners throughout Taiwan" Project

Over the past 5 years, Walsin Lihwa has been sponsoring 5 schools in remote rural villages in central, north, and south Taiwan, 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.

The long-term sponsorship has helped perfect their facility and teacher quality to develop featured music and physical education. Walsin Lihwa's commitment to taking care of the underprivileged and elementary education helps fulfill corporate citizen responsibilities and provide feedback to society. The company looks forward to continuously providing its resources to help more people and light up the corners throughout Taiwan.

"Light up the Corners Throughout Taiwan" Documentary Film



Highlights I



Highlights II



Highlights III

1 (Hsinchu) Guangwu Junior High School

Outdoor Experience Courses

Outdoor experience courses are a great tradition of the school and eagerly embraced by students. Graduates from the school return to their alma mater every year to lead their juniors at the school to engage in outdoor activities and impart relevant experiences.

In 2022, nearly 1,000 students took part in stream trekking, cycling around Taiwan, and Hehuan Mountain hiking to learn from Mother Nature. What they enjoyed and endured throughout such outdoor experience courses would become the nutrients for their growth.



4 (Pingtung) Taiwu Elementary School

Violin, Piano

The school's piano and violin clubs invite the students who are gifted and interested in playing music instruments to join them, so that they would be able to benefit from heart and mind cultivation through music, discover what they are really interested in, and better develop their unique potentials.

Moreover, teachers help such students perform at various community and school events, e.g., the school's anniversary celebration, Christmas concert, and entertainment to local tribal elders last year, which helped stimulate students' passion for learning to refine their talents and demonstrate what they are really good at.



5 (Pingtung) Gaoshi Elementary School

Ancient Ballads Troupe, Soccer, Judo

The ongoing strengthening of music and physical education at the school in 2022 maintained students' passion for learning, and ancient ballad, judo, and soccer classes helped develop talent education in addition to intellectual education to help students discover what they really excel in.

The school's ancient ballad troupe performed at various school and local community events, while its judo team took part in different competitions in Pingtung County and won the 2nd place at a county elementary and high school sports meet. At a simplified soccer game there, its 5th-grader and 2nd-grader teams respectively won the 3rd place and the 2nd place.

2 (Yilan) Datong Elementary School

Youth Baseball, Percussion

Through music and physical education attractive enough to students, a little league baseball team and a percussion troupe of the school invite the students who are interested in music and sports to join them and had an extraordinary achievement in 2022, e.g., the percussion troupe's excellence award in the category of percussion ensemble at a Yilan County music competition.

The little league baseball team consists of 3rd to 6th graders and group accommodation is required for the whole team to strengthen team members' daily life disciplines and habit of workout. Training is arranged based on different age brackets, and the enthusiasm for practice is maintained through training during summer and winter breaks as well as various competitions to strengthen both bodies and minds while expanding visions.

3 (Hualien) Huaren Junior High School

Youth Baseball, Percussion, Soccer, Track and Field, Dance

The school is successful in developing various disciplines of art and physical education, and its little league baseball, soccer, and track and field teams as well as dance and percussion troupes all did well in their respective competitions.

The little league baseball team won the 4th place at the Red Leaf Cup in 2022, when the dance troupe won the 1st place in Taiwan in June with a dance choreographed by itself and was invited to perform at the Taiwan Aboriginal Culture Museum to showcase its painstakingly practiced skills.



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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 2022.

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Year-End 2nd-Hand Book Raising

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At the end of 2022, Walsin Lihwa supported the Sunshine Social Welfare Foundation's 2nd-hand book raising program to collect 2nd-hand books from employees. What were collected included a complete and nearly brand new bestselling novel series, learning books for children, lovely picture books, and professional books. What was paid for the books was donated to the Sunshine Social Welfare Foundation as its physical and psychological reconstruction fund to help those who suffered from burns and facial injuries.

One Mall's Public Interest Activities in 2022

One Mall in Hexi New Town, Nanjing is a shopping complex run by Walsin Lihwa. One Mall started to engage in social welfare and conduct various social care events in 2015. In 2022, One Mall provided 11 social care events, which had more than 3,000 participants and raised approximately RMB\$31,000 as well as 800 related items for welfare causes.

May

Citywide Book Donation

A book donation event in cooperation with Nanjing's reading promotion and city of literature promotion associations as well as Nanjing Metro and the Amity Foundation participated in by 300 families.



May, September

Charity Run for Children and Parents

Road races in May and September in cooperation with charity organizations featuring every kilometer run in exchange for donation of RMB\$1 participated in by 455 families with RMB\$ 10,000 raised to enable barrier-free track improvement for visually-impaired runners.



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June

Charity Sale of Gardenia

A charity sale of gardenia in conjunction with nearby communities participated in by 150 children with RMB\$10,500 raised to enable elementary school infrastructure improvement in a remote rural village.



October

Halloween Toy Raiser

500 unused toys raised by a charity organization in Xiushui County, Jiangxi Province from 195 families during the Halloween period for donation to poor children.



July

Crossover Art Exhibition

A crossover art exhibition in cooperation with Carsarte Refrigerator and Fun Square for visitors to view the fantastic galaxy journey paintings by children with autism to communicate that people are born equal in an affectionate manner.



July

Care for Children with Autism

A letter cowritten by Carsarte Refrigerator and Fun Square together with 20 families to convey love and warmth to children with autism.



November

40th Nanjing Animal Adoption Day

Advocacy of care for stray animals by adoption instead of buying to promote harmonious coexistence between animals and humans participated in by 500 people with RMB\$5,000 raised and donated by One Mall to the cause.



December

One Mall Smile Day

Aid provided to poor or low-income families' children with cleft lip and craniofacial dysostosis by cooperation with the Future Smile Charitable Foundation and China Sports Lottery through a smiling tomorrow event participated in by 500 people with RMB\$,5,500 raised.



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6.3 Caring For Ecology



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

Walsin Lihwa promotes Taiwan native plant conservation and collection as well as development of conservation management personnel 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 2022.

Walsin Lihwa Caring Cinema on Energy Saving and Carbon Reduction: Invisible Carbon Emission

In response to various disasters incurred by climate change, how to achieve carbon neutrality has become an inevitable global issue. Therefore, the subject matter of Walsin Lihwa' Caring Cinema lecture was carbon emission, and Beware of Carbon Footprint, the Invisible Carbon Emission, a documentary on Public TV Service was shared with employees at the 5 business locations in Taiwan for them to better understand climate change issues and commit themselves to carbon reduction in daily life.



Ecology Lectures

In 2022, ecology lectures are respectively provided to the 3 plants in Taiwan. Such lectures based on individual plants' geographical locations introduced the ecological features and environmental conservation status of their nearby mountain systems, scenic spots., and footpaths to employees, so that employees would have a better understating of their nearby streams and rivers, seashores, and mountain areas.



Organic Farming Promotion

Since 2012, Walsin Lihwa has been holding its annual organic farm market events at its Taipei head office, where local small farmers are invited to provide fresh, organically 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 soil ecological sustainability. Moreover, a lecture on local organic tea took place in a high tea session at the company's Hsinchuang plant helped employee understand the local tea industry related to the promotion of environmental friendliness to help maintain Taiwan's local diet culture and tradition.

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Environmentally Friendly Farming and Support for Local Agriculture

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In addition to the challenges of the aging labor force and competition from imported agricultural products, Taiwan's agriculture also faces the impact of extreme weather such as droughts and heavy rains. In order to support environmental and ecological conservation as well as local agricultural development, Walsin has been collaborating with the 'Young Farmers of Chunghao Farm' since 2021 to cultivate Taiwan kiwi fruits. In 2022, the "Kiwi Walk" video documentary explored how local production can increase sustainable production, reduce waste, and lower carbon emissions through the documentary of Kiwi-friendly farming, and raise awareness and understanding of domestic-based agriculture through media exposure.



About Kiwifruits

Not many people know kiwifruits are also called macaque peaches and are a Taiwan native plant existing for about 10,000 to 20,000 years, but were started to be grown in New Zealand about 100 years ago. The roots of kiwifruit trees can extend as deep as 3 floors under soil and are good for soil and water conservation. Therefore, environmentally friendly farming of kiwifruits is conducive to animal and plant sustainability.

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6.4 Community Outreach



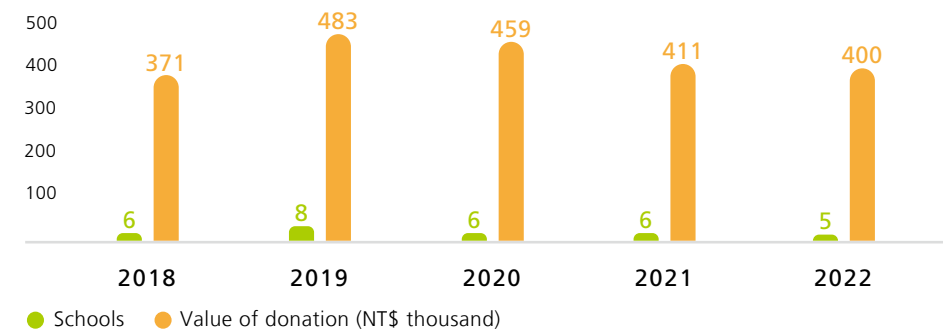
Individual plants of Walsin Lihwa continue paying attention to and assessing the social and environmental opportunities and risks in their respective communities, where they support local culture and relevant events, take care of the underprivileged, effectively use available resources at the plants to promote community development. What they engage in includes:

6.4.1 Newspapers and Study Aid at Elementary and Junior High Schools

In 2014, Walsin Lihwa commenced cooperation with the Mandarin Daily News to provide the newspaper to elementary and junior high schools near its plants in Taiwan. Teachers introduce relevant topics reported in the newspaper to students to broaden their visions through interactive discussions. Moreover, Walsin Lihwa started to work with the PSA Charitable Foundation and the Mandarin Daily News' Bilingual Youth Journal in 2019 to enable bilingual newspaper reading to help strengthen students' aural and reading comprehension, oral fluency, and writing proficiency as well as their interest in reading and what happens around the world.

Walsin Lihwa also continued its donation to schoolwork guidance amounting to NT\$400,369 at 5 elementary schools in Yenshui to help bridge the urban-country divide in education.

Results of Schoolwork Guidance Plan for Elementary Schools in Yenshui District



Elementary and Junior High Schools Participating in Newspaper Reading in 2022

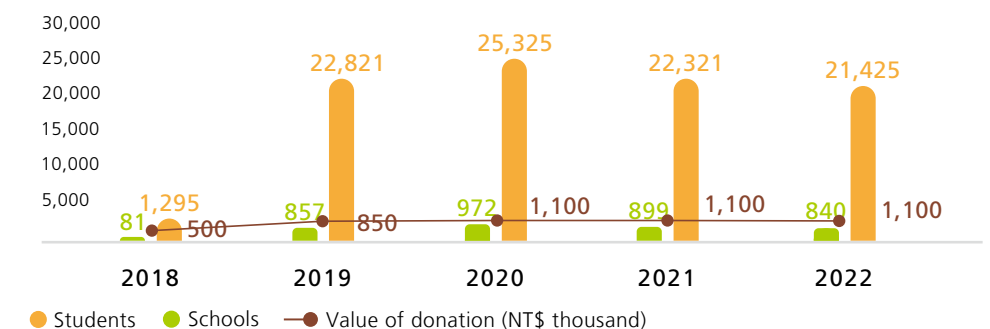
New Taipei City	2 Schools	3 Classes
Taoyuan	5 Schools	7 Classes
Bilingual	12 Schools	19 Classes
Taichung	1 Schools	1 Classes
Tainan	8 Schools	66 Classes
Kaohsiung	1 Schools	1 Classes
Bilingual	25 Schools	743 Classes

Newspaper Reading in 2022

Newspaper Reading	Bilingual
17 Schools	37 Schools
78 Classes	762 Classes
1,230 Students	20,195 Students



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 2022. In November, when the pandemic was easing, a reading volunteer program was held at Shulin Elementary School in Taoyuan City, where 25 employee volunteers from Walsin Lihwa engaged in interaction with the students at the school to help stimulate their interest in language and science studies as well as current events by education through entertainment and concretization of knowledge.



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\$1,567,806 in 2022 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 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 I & II (Taiping District) in response to Taichung's City Government "air quality cleaning zone" event since 2018. In 2022, the adoption of Liyuan Park Phase I and Dongfeng Green Corridor Bicycle Path was respectively commended by the Environmental Protection Administration and the Taichung City Environmental Protection Bureau.

Yenshui Plant

Recognized by the Tainan City Government for its adoption of County Road 80 near the plant since 2014, which includes tree planting and cleaning the surrounding area. Drainage channel cleaning and dredging to the north of the County Road 74, adoption of 3 nearby community parks for park maintenance and weeding, and expansion of greening along the County Road 80 in 2022.



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6.4.3 Support for Local Events



Support for Local Culture

- Assisted with the temple pilgrimage event of the Revered King Baoyi and Cabinet in Hsheng Borough, Xinzhuang District, New Taipei City.
- Sponsored the "Taiwan Lantern Festival Celebrations" organized by the Wumiao Temple, Yenshui District, Tainan City.
- Sponsored the "Xuantian Shandi Birthday Celebration" of Shandi Temple, Tuki Borough, Yenshui District, Tainan City.
- Sponsored the Lord Lee Birthday - Folk Celebration, Prayers and Pilgrimage Festival, organized by Funan Temple, Yenshui District, Tainan City.
- Sponsored the "400th Anniversary of Yenshui Mazu in Taiwan, Lunar New Year Praying Ceremony and Street Pilgrimage Event" organized by the Hubi Temple, Yenshui District, Tainan City.
- Sponsored the "Ceremony for the Protection and Wellbeing" co-hosted by the Taian Temple and 59 Temples, Hobi District, Tainan City.
- Sponsored the "2022 Tour in Yuejin Yenshui Carnival" event organized by the Yenshui District Office, Tainan City.
- Sponsored the "2022 Annual Festival and Celebration", organized by Zhongxiao Temple, Yenshui District, Tainan City.
- Sponsored the "The 200th Anniversary of Chialan Zunwang Cultural Festival", organized by Chialan Temple, Yenshui District, Tainan City.
- Sponsored the "Dade Chanze Birthday Celebration at Chao an Temple" organized by the Zhuxin Community, Houbi District, Tainan City.
- Sponsored the "Holy Emperor Guan Birthday Celebration" of the Wumiao's Disciples Management Committee, Yenshui District, Tainan City.
- Sponsored the "Tiendu Yuanshuai Birthday Celebration and Banquet" organized by the Zhuxin Community, Houbi District, Tainan City.



Community Care

- Sponsored the "Caring for the Disadvantaged" event organized by the Futian Foundation, New Taipei City.
- Sponsored the "Tiger with Fortune 2022 - Sending Warmth and Happiness in Winter", organized by the Greater Tainan Development Promotion Association.
- Sponsored the "Lien Hsiang Culinary Seminar and Women's Health Promotion and Prevention" event organized by the Senior Evergreen Association, Tainan City.
- Sponsored the "2022 Spiritual Health and Energy Conservation Seminar" organized by the Great Tainan Dongshan Women's Association.
- Sponsored the "Dragon Boat Festival Celebration, Caring for the Disadvantaged and Promoting Energy Conservation" event organized by the Yuegang Cultural Exchange Association, Tainan City.
- Sponsored the "2022 Mid-Autumn Festival Celebration and Drug Safety Promotion for the Elderly" and "The 2022 President's Cup Singing Contest and Epidemic Prevention Awareness" events organized by the Fude Community Development Association, Yenshui District, Tainan City.
- Sponsored the "2022 Dragon Boat Festival Rice Dumplings Providing Warmth and Long-term Care Services, Promotion of Women and Children's Welfare" event organized by the Zhongzheng Community Development Association, Xinying District, Tainan City.
- Sponsored the "Financial Support for Disadvantaged Citizens", organized by the Tainan City Yenshui District Office.



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" and "Outstanding Performance Recognition" 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 and Xinshu Precinct, Xinzhuang District, New Taipei City.
- Assisted and sponsored the Ghost Festival Celebrations organized by the Xisheng Borough Office, Xinzhuang District.
- Participated in the networking activities organized by the Civil Defense Company (4 units), Xinzhuang Branch, New Taipei City.
- Lent out the cafeteria of the Hsinchuang plant as polling station for the 2022 government officials election.
- Sponsored the "Glorious October Walk and Promotion of City Government" event organized by Gaoshan Borough, Yangmei District, Taoyuan City.
- Sponsored the "Double Ninth Festival Celebrations - Piliao Community" event organized by the Piliao Borough Office, Xingying District, Tainan City.
- Sponsored the "Longevity Society Birthday Celebration Dinner", organized by the Zhuxin Community Development Association, Houbi District, Tainan City.
- Sponsored the "2022 Double Ninth Festival Memorial Service for the Elderly, and Social Assistance, Mental Health Promotion" event organized by the Zhongzheng Community Development Association, Xinying District, Tainan City.
- Sponsored the "Recognition Ceremony for the Elderly on the Double Ninth Festival in 2022" event organized by the Yenshui Senior Welfare Association, Tainan City.



Good Relationships with Neighbors

- the Hsiachung Community Development Association, Yenshui District, Tainan City.
- Sponsored the "2022 Love You Well New Year's Eve and Epidemic Prevention Promotion at Sinying Station" event organized by the Zhongying Community Development Association, Xingying District, Tainan City.
- Sponsored the "2022 Mid-Autumn Festival- Health Seminar and Sports Injury Prevention Workshop" event organized by the Hobo Community Development Association, Houbi District, Tainan City.
- Sponsored the "Recreational Trip for the Singing Course" organized by the Zhuxin Community Development Association, Houbi District, Tainan City.
- Sponsored the "2022 Longevity Society Birthday Celebration Banquet", organized by the Zhuxin Community Development Association, Houbi District, Tainan City.
- Sponsored the "2022 Taiwanese Literary Book Club Exhibition" event organized by Yenshui Society of Poems, Tainan City.
- Sponsored the "125th School Anniversary" of Yenshui Elementary School in Yenshui District, Tainan City.
- Sponsored the "End of Year Party and Advocacy for Domestic Violence Prevention" event organized by the Yenshui District Office, Tainan City.
- Sponsored the "76th School Anniversary" of Annei Elementary School in Yenshui District, Tainan City.
- Sponsored the "2023 Health and Happiness New Year Eve event at Xinying Station" event organized by the Zhongying Community Development

- Association, Xingying District, Tainan City.
- Sponsored the "Merry Christmas and Happiness with Love Charity Event" organized by the Phalaenopsis Women's Alliance Association, Tainan City.
- Sponsored the "End-of-Year Celebrations and Learning Exhibitions" event organized by the Renguang Elementary School, Yenshui District, Tainan City.
- Sponsored the "End of Year Party and Retiree Reunion Dinner" event organized by the Yenshui District Office, Tainan City.
- Sponsored the "2022 Disaster Prevention Activities - Fun Fair, Games, and Lottery" event organized by the Friends of Firefighters Association.
- Sponsored the "2022 Celebration for Women and Children's day and Health Talk" organized by the Greater Tainan Houbi Women's Association.
- Sponsored "Old-fashioned Rice Cuisine and Energy Saving, Carbon Reduction and Environmental Protection" event Hsindong Community Development Association, Hobi District, Tainan City.
- Sponsored the "2022 President's Cup Rice Dumpling Competition for the Dragon Boat Festivals" event organized by the Shengan Community Development Association, Baihe District, Tainan City.
- Sponsored the 2022 Fun Walk Event organized by the Baihe Women's Association, Greater Tainan.
- Sponsored the "Tainan City Government's 2022 Volunteer Conference - A Carnival of Interests" event organized by Care for Villagers Committee, Tainan City.

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Support for Taiwan Local Agricultural and Fishery Products

Every year the Employee Welfare Committee of Walsin Lihwa buys healthy and natural agricultural products directly from small farms as festival gifts for employees. In 2022, agricultural and fishery products together with pure honey bought from Tainan as well as lotus root powder, a special product of Baihe, Tainan were provided as Dragon Boat Festival, Mid-Autumn Festival, and Chinese New Year gifts for employees for them to rest assured of what they eat while supporting local agricultural and fishery industries.



Donation of "50 Questions about Children's Creative Thinking"



Based on the concept of loving neighbors' children like our own, Walsin Lihwa donated "50 Questions about Children's Creative Thinking" to the libraries of 75 elementary and junior high schools in its plant communities. The donation is intended to help students make good use of the Theory of Inventive Problem Solving (TRIZ) to develop creative thinking from an early age to stimulate future potentials.

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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, Taiwan Center for Corporate Sustainability, CommonWealth Magazine Sustainability Association), thereby showing 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"

The head office of Walsin Lihwa in Xinyi District, Taipei has been supporting Earth Hour by turning off lights on the Earth Hour day for more than 10 years. In the evening of March 26, 2022, the head office together with Taipei 101 and other renowned landmark buildings throughout Taiwan turned off their unnecessary lights for 1 hour as an effort to help change the habit of overconsumption of natural resources, enable effective energy saving and carbon reduction, and safeguard the future for ourselves and our next generations.

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 2022 to help promote traditional Chinese operas and help more people appreciate the beauty of such operas.

Pandemic Prevention Documentary Showing: No Man Is An Island

"No Man Is An Island" is a documentary produced by the HannStar Foundation during the COVID-19 pandemic. The documentary is a record of how the management and employees of Hanns House developed their consensus while doing by trying to transform the hotel into Taiwan's first ever quarantine hotel on the eve of its grand opening. To extend gratitude to the contribution of pandemic prevention personnel and support outstanding local artistic works, Walsin Lihwa sponsored the documentary showing and invited employees and their families to watch the documentary for them to understand everyone is indispensable for pandemic prevention.



Unveiling of Walsin-NTU Innovation R&D Center

The Walsin-NTU Innovation R&D Center, established together by Walsin Lihwa and the National Taiwan University (NTU), strengthens academia-industry cooperation for metal material research and investment in green circular technologies to help develop applications of wastes, a green metal supply chain, green energies, energy saving and carbon reduction technologies while cultivating talents in relevant disciplines. At the unveiling ceremony, the results of a competition of poster design for the first ever technology exchange between Walsin Lihwa and the NTU were also announced and scholarships were awarded to eighteen outstanding students. An exchange session followed the unveiling ceremony for Walsin Lihwa and the faculty of the College of Engineering, NTU to discuss how to have academic resources more closely combined with industry applications to contribute to environmental sustainability and green energy industry development.



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Appendix 1: GRI content index (in accordance with the GRI Standards)

Statement of use Walsin Lihwa Corporation has reported in accordance with the GRI Standards for the period started on January 1, 2022 and lasted through December 31, 2022.

GRI 1 used GRI 1: Foundation 2021

Applicable GRI Sector Standard(s) During the reporting period of this report, no applicable GRI Sector Standards have been issued.

Material Topic	GRI Standards	Information Disclosed	Corresponding Chapter	Page	Remarks
Universal Standard					
GRI 2: General Disclosures 2021					
The organization and its reporting practices					
	2-1	Organizational details	About the Report 2.1 About Walsin Lihwa	2 33	
	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: SASB Index, Steel industry Sustainability indicators (TWSE)	190	Based on the attributes of products, the SASB standard applicable to Jiangyin Walsin was changed to the Iron & Steel Producers industry, and the data for 2020-2021 was updated retroactively.
	2-5	External assurance	About the Report Appendix 5: Independent Auditor's Limited Assurance Report	3 200	
Activities and workers					
	2-6	Activities, value chain and other business relationships	2.1 About Walsin Lihwa	33	
	2-7	Employees	4.1 Employee Overview and Talent Management Policy	103	
	2-8	Workers who are not employees	4.3.2 Workplace Safety and Friendly Management	117	
★	Governance				

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Material Topic	GRI Standards	Information Disclosed	Corresponding Chapter	Page	Remarks
	2-9	Governance structure and composition	2.2 Governance Structure	39	
	2-10	Nomination and selection of the highest governance body	2.2.2 Board of Directors	40	
	2-11	Chair of the highest governance body	2.2.2 Board of Directors	40	
	2-12	Role of the highest governance body in overseeing the management of impacts	2.2.2 Board of Directors 2.2.3 Sustainable Governance	40 45	
	2-13	Delegation of responsibility for managing impacts	2.2.2 Board of Directors 2.2.3 Sustainable Governance	40 45	
	2-14	Role of the highest governance body in sustainability reporting	About the Report	3	
	2-15	Conflicts of interest	2.2.2 Board of Directors	43	
	2-16	Communication of critical concerns	2.2.3 Sustainable Governance	45	
	2-17	Collective knowledge of the highest governance body	2.2.2 Board of Directors 2.2.3 Sustainable Governance	40 45	
	2-18	Evaluation of the performance of the highest governance body	2.2.2 Board of Directors	43	
	2-19	Remuneration policies	2.2.2 Board of Directors 4.1.2 Human Resources Policy	44 111	The highest governance body and the remuneration policy for senior managerial officers are introduced in the 2022 annual report: Corporate Governance Report > Remunerations to Directors, President and Vice Presidents in the Most Recent Year https://www.walsin.com/en/investors/financial-info/#pills-annual-reports
	2-20	Process to determine remuneration	2.2.2 Board of Directors 2.2.3 Sustainable Governance 4.1.2 Human Resources Policy	44 45 111	Please refer to the company's 2022 Annual Report: Corporate Governance Report > Corporate Governance Status > Composition, duties and operation of the Compensation Committee https://www.walsin.com/en/investors/financial-info/#pills-annual-reports
	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					

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Material Topic	GRI Standards	Information Disclosed	Corresponding Chapter	Page	Remarks
★	2-22	Statement on sustainable development strategy	Message from Chairman	4	
			Progress Towards Sustainability	9	
			2.2.3 Sustainable Governance	45	
	2-23	Policy commitments	2.4 Business Integrity	50	
			3.4.1 Sustainable Supply Chain Policy	90	
			4.1.2 Human Resources Policy	108	
	2-24	Embedding policy commitments	2.4.2 Integrity Policy	51	
			3.4.1 Sustainable Supply Chain Policy	90	
			3.4.2 Implementation of Supply Chain Management	94	
			4.1.2 Human Resources Policy	108	
			4.3.1 Occupational Safety and Health Policy and Philosophy	115	
★	2-25	Processes to remediate negative impacts	2.4.2 Integrity Policy	51	
			2.5 Risk Management	54	
★	2-26	Mechanisms for seeking advice and raising concerns	2.4.2 Integrity Policy	51	
			2.5 Risk Management	54	
★	2-27	Compliance with laws and regulations	2.4.1 Regulatory Compliance (economics, governance)	50	
			4.3.3 Compliance with Occupational Safety and Health Laws and Regulations	122	
			4.4 Employee Care and Communication (labor)	131	
			5.3.5 Legal Compliance (environmental)	167	
	2-28	Membership associations	2.1.2 External Collaboration	35	
Stakeholder engagement					
	2-29	Approach to stakeholder engagement	1.1 Stakeholder Engagement	19	
	2-30	Collective bargaining agreements			The company did not sign any collective bargaining agreements with the trade union.

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Material Topic	GRI Standards	Information Disclosed	Corresponding Chapter	Page	Remarks
GRI 3: Material Topics 2021					
	3-1	Process to determine material topics	1.2 Material Topic Analysis	23	
	3-2	List of material topics	1.3 Management of Material topics	24	
	3-3	Management of material topics	1.3 Management of Material topics	24	
Economic topics					
GRI 201: Economic Performance 2016					
	201-1	Direct economic value generated and distributed	2022 Performance Overview (Income tax, Employee salary and benefits expenses) 2.3 Business Performance	6 48	Please refer to the company's 2022 annual report and financial statements. https://www.walsin.com/en/investors/financial-info/#pills-annual-reports
	201-2	Financial implications and other risks and opportunities due to climate change	5.2.1 Task Force on Climate-related Financial Disclosures (TCFD)	137	
	201-3	Defined benefit plan obligations and other retirement plans	4.4 Employee Care and Communication	131	
GRI 202: Market Presence 2016					
	202-2	Proportion of senior management hired from the local community	4.1 Employee Overview and Talent Management Policy Appendix 5, Attachment: Verified Content	105 203	
GRI 204: Procurement Practices 2016					
	204-1	Proportion of spending on local suppliers	3.4.1 Sustainable Supply Chain Policy	93	
GRI 205: Anti-corruption 2016					
	205-2	Communication and training about anti-corruption policies and procedures	2.4.2 Integrity Policy Appendix 5, Attachment: Verified Content	51 203	
	205-3	Confirmed incidents of corruption and actions taken	2.4.2 Integrity Policy Appendix 5, Attachment: Verified Content	51 203	No violation
GRI 206: Anti-competitive Behavior 2016					

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Material Topic	GRI Standards	Information Disclosed	Corresponding Chapter	Page	Remarks
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.4.2 Integrity Policy	51	No violation
Environmental topics					
GRI 301: Materials 2016					
	301-3	Reclaimed products and their packaging materials	3.2.4 Packaging Material Use and Recycling	86	
★ GRI 302: Energy 2016					
	302-1	Energy consumption within the organization	5.2.2 Energy Saving and Carbon Reduction Management	144	
	302-3	Energy intensity	5.2.2 Energy Saving and Carbon Reduction Management	147	
	302-4	Reduction of energy consumption	5.2.2 Energy Saving and Carbon Reduction Management	144	
★ GRI 303: Water and Effluents 2018					
	303-1	Interactions with water as a shared resource	5.3.2 Water resource utilization	156	
	303-2	Management of water discharge-related impacts	5.3.3 Wastewater Treatment	161	
	303-3	Water withdrawal	5.3.2 Water resource utilization	157	
	303-5	Water consumption	5.3.2 Water resource utilization	157	
★ GRI 305: Emissions 2016					
	305-1	Direct (Scope 1) GHG emissions	5.2.2 Energy Saving and Carbon Reduction Management	154	
	305-2	Energy indirect (Scope 2) GHG emissions	5.2.2 Energy Saving and Carbon Reduction Management	154	
	305-4	GHG emissions intensity	5.2.2 Energy Saving and Carbon Reduction Management	153	
	305-5	Reduction of GHG emissions	5.2.2 Energy Saving and Carbon Reduction Management	144	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	5.3.1 Air pollution control and amount of pollutant emission	155	
★ GRI 306: Waste 2020					

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Material Topic	GRI Standards	Information Disclosed	Corresponding Chapter	Page	Remarks
	306-1	Waste generation and significant waste-related impacts	5.1 Environmental and Energy Management Policy 5.3.4 Waste and Resource Recycle	135 162	
	306-2	Management of significant waste-related impacts	3.2.4 Packaging Material Use and Recycling 5.1 Environmental and Energy Management Policy 5.3.4 Waste and Resource Recycle	86 135 162	
	306-3	Waste generated	5.3.4 Waste and Resource Recycle	162	
	306-4	Waste diverted from disposal	5.3.4 Waste and Resource Recycle	162	
	306-5	Waste directed to disposal	5.3.4 Waste and Resource Recycle	162	
Social topics					
GRI 401: Employment 2016					
	401-1	New employee hires and employee turnover	4.1 Employee Overview and Talent Management Policy Appendix 5, Attachment: Verified Content	103 203	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.4 Employee Care and Communication	126	
	401-3	Parental leave	4.4 Employee Care and Communication Appendix 5, Attachment: Verified Content	128 203	
GRI 402: Labor/Management Relations 2016					
	402-1	Minimum notice periods regarding operational changes	4.4 Employee Care and Communication	126	
★ GRI 403: Occupational Health and Safety 2018					
	403-1	Occupational health and safety management system	4.3.1 Occupational Safety and Health Policy and Philosophy	115	
	403-2	Hazard identification, risk assessment, and incident investigation	4.3.2 Workplace Safety and Friendly Management	117	

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Material Topic	GRI Standards	Information Disclosed	Corresponding Chapter	Page	Remarks
	403-3	Occupational health services	4.3.2 Workplace Safety and Friendly Management	120	
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.3 Workplace Health and Safety	116	
	403-5	Worker training on occupational health and safety	4.3.2 Workplace Safety and Friendly Management Appendix 5, Attachment: Verified Content	119 204	
	403-6	Promotion of worker health	4.3.5 Foci on Occupational Health and Safety	124	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.3 Workplace Health and Safety	115	
	403-8	Workers covered by an occupational health and safety management system	4.3.1 Occupational Safety and Health Policy and Philosophy	116	
	403-9	Work-related injuries	4.3.2 Workplace Safety and Friendly Management	120	
	403-10	Work-related ill health	4.3.2 Workplace Safety and Friendly Management	120	
GRI 404: Training and Education 2016					
	404-1	Average hours of training per year per employee	4.2 Growth for All Employee and Talent Transformation Appendix 5, Attachment: Verified Content	112 204	
	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.

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Material Topic	GRI Standards	Information Disclosed	Corresponding Chapter	Page	Remarks
	404-3	Percentage of employees receiving regular performance and career development reviews			All employees are evaluated periodically.
GRI 405: Diversity and Equal Opportunity 2016					
	405-1	Diversity of governance bodies and employees	2.2.2 Board of Directors 4.1 Employee Overview and Talent Management Policy	40 103	
	405-2	Ratio of basic salary and remuneration of women to men	4.1.2 Human Resources Policy	111	
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	4.1.2 Human Resources Policy 3.4.2 Implementation of Supply Chain Management	109 94	
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	3.4.3 Customer service Appendix 5, Attachment: Verified Content	98 204	No violation
G4 Construction and Real Estate Sector Disclosures					
	CRE1	Building energy intensity	5.2.2 Energy Saving and Carbon Reduction Management	147	

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Appendix 2: SASB Index, Sustainability Indicators of Steel Industry Required by TWSE

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 :

■ **Sector:** Resource Transformation, Extractives & Minerals Processing

■ **Industr:** Electrical & Electronic Equipment, Iron & Steel Producers

Electrical & Electronic Equipment

Topic Boundaries: Wire and Cable Business Unit^{Note}(Yangmei Plant, Hsinchuang Plant, Dongguan Walsin, Shanghai Walsin)

Sustainability Disclosure Topics & Accounting Metrics

Topic	Code	Accounting Metrics	Category	2020 Data	2021 Data	2022 Data	Corresponding chapter	Page
Energy Management	RT-EE-130a.1	(1) Total energy consumed	Quantitative	872,819.25x10 ⁹ joules	992,812.8x10 ⁹ joules	865,414.55 x10 ⁹ joules	5.2.2 Energy Saving and Carbon Reduction Management	145
		(2) Percentage grid electricity		100.00%	100.00%	100.00%	5.2.2 Energy Saving and Carbon Reduction Management	145
		(3) Percentage renewable		0.00%	0.00%	0.00%	5.2.2 Energy Saving and Carbon Reduction Management	145
Hazardous Waste Managemen	RT-EE-150a.1	Amount of hazardous waste generated	Quantitative	1,815.13 metric tons	38.05 metric tons	38.36 metric tons	5.3.4 Waste and Resource Recycle	163
		Percentage of hazardous waste recycled		0.00%	0.00%	20.33%	5.3.4 Waste and Resource Recycle	163
	RT-EE-150a.2	Number of reportable spills		0	0	0	5.3.5 Legal Compliance	167
		Aggregate quantity of reportable spills		0 kg	0 kg	0 kg	5.3.5 Legal Compliance	167
		Aggregate quantity of reportable spills recovered		0 kg	0 kg	0 kg	5.3.5 Legal Compliance	167
Product Safety	RT-EE-250a.1	Numbers of recalls issued	Quantitative	0	0	0		
		Total units recalled		0	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	NT\$0		

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Topic	Code	Accounting Metrics	Category	2020 Data	2021 Data	2022 Data	Corresponding chapter	Page
Product Lifecycle Management	RT-EE-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	7.54%	6.48%	8.77%		
	RT-EE-410a.2	Percentage of eligible products, by revenue, that meet ENERGY STAR® criteria		N/A	N/A	N/A		
	RT-EE-410a.3	Revenue from renewable energy-related and energy efficiency-related products		NT\$283,895,094	NT\$1,060,709,258	NT\$475,450,900	3.2.3 Implementation of Supply Chain Management	83
Materials Sourcing	RT-EE-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis				3.4.2 Implementation of Supply Chain Management	94
Business Ethics	RT-EE-510a.1	Description of policies and practices for prevention of: (1) corruption and bribery	Discussion and Analysis				2.4.2 Integrity Policy	51
		Description of policies and practices for prevention of: (2) anti-competitive behavior					2.4.2 Integrity Policy	51
	RT-EE-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Quantitative	NT\$0	NT\$0	NT\$0		
	RT-EE-510a.3	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Quantitative	NT\$0	NT\$0	NT\$0		

Activity Metrics

Code	Activity Metric	Category	2020 Data	2021 Data	2022 Data	Corresponding chapter	Page
RT-EE-000.A	Number of units produced by product category	Quantitative	Copper wire: 179,540 metric tons Wire & Cable: 37,176 metric tons	Copper wire: 201,646 metric tons Wire & Cable: 48,143 metric tons	Copper wire: 165,794 metric tons Wire & Cable: 45,537 metric tons	3.1 Product and Technology Innovation	69
RT-EE-000.B	Number of employees	Quantitative	955 persons	962 persons	999 persons		
	The percentage of revenues of the aforementioned activity metrics and topic boundaries in consolidated revenues	N/A	35.2%	39.8%	32.6%		

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. Based on the attributes of products, the SASB standard applicable to Jiangyin Walsin (Steel Cable) was changed to the Iron & Steel Producers industry, and the data for 2020-2021 was updated retroactively.

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Iron & Steel Producers

Topic Boundaries: Stainless Steel Business Unit^{Note}(Yenshui Plant, Taichung Plant, Yantai Walsin, Changshu Walsin, Jiangyin Walsin (Steel Cable), Jiangyin Walsin (Specialty Alloy Materials), Walsin Precision)

Sustainability Disclosure Topics & Accounting Metrics

Topic	Code	Accounting Metrics	Category	2020 Data	2021 Data	2022 Data	Corresponding chapter	Page
Greenhouse Gas Emissions	EM-IS-110a.1	Gross global Scope 1 emissions covered under emissions-limiting regulations	Quantitative	171,122.78 Mt CO ₂ e	179,032.53 Mt CO ₂ e	176,377.88 Mt CO ₂ e	5.2.2 Energy Saving and Carbon Reduction Management	154
		Percentage covered under emissions-limiting regulations		0.00%	0.00%	0.00%		154
	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	Discussion and Analysis					149
Air Emissions	EM-IS-120a.1	Air emissions of: (1) CO	Quantitative	0 metric tons	0 metric tons	0 metric tons	5.3.1 Air pollution control and amount of pollutant emission Appendix 5, Attachment: Verified Content	155 204
		Air emissions of: (2) NO _x (excluding N ₂ O)		99.04 metric tons	127.46 metric tons	99.75 metric tons		155 204
		Air emissions of: (3) SO _x		10.18 metric tons	10.29 metric tons	22.68 metric tons		155 204
		Air emissions of: (4) particulate matter (PM ₁₀)		85.71metric tons	57.12 metric tons	72.02 metric tons		155 204
		Air emissions of: (5) manganese (MnO)		0 metric tons	0 metric tons	0 metric tons		155 204
		Air emissions of: (6) lead (Pb)		0 metric tons	0 metric tons	0 metric tons		155 204
		Air emissions of: (7) volatile organic compounds (VOCs)		3.33 metric tons	11.73 metric tons	3.94 metric tons		155 204
		Air emissions of: (8) polycyclic aromatic hydrocarbons (PAHs)		0 metric tons	0 metric tons	0 metric tons		155 204

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Topic	Code	Accounting Metrics	Category	2020 Data	2021 Data	2022 Data	Corresponding chapter	Page
Energy Management	EM-IS-130a.1	(1) Total energy consumed	Quantitative	7,246,262.27x10 ⁹ joule	7,680,406.05x10 ⁹ joule	7,515,011.32x10 ⁹ joule	5.2.2 Energy Saving and Carbon Reduction Management Appendix 5, Attachment: Verified Content	145
		(2) Percentage grid electricity		100.00%	100.00%	100.00%		205
		(3) Percentage renewable		0.00%	0.00%	0.00%		145
	EM-IS-130a.2	(1) Total fuel consumed	Quantitative	2,124,972,460x10 ⁹ joule	2,340,843,446x10 ⁹ joule	2,127,096,294 x10 ⁹ joule	5.2.2 Energy Saving and Carbon Reduction Management	205
		(2) Percentage coal		0.00%	0.00%	0.00%		145
		(3) Percentage natural gas		100.00%	100.00%	100.00%		145
		(4) Percentage renewable		0.00%	0.00%	0.00%		145
	EM-IS-140a.1	(1) Total fresh water withdrawn	Quantitative	1,127.69x10 ³ m ³	1,225.63x10 ³ m ³	1,433.31x10 ³ m ³	5.3.2 Water resource utilization	157
		(2) Percentage recycled		92.86%	92.39%	90.00%		159
		(3) Percentage in regions with High or Extremely High Baseline Water Stress		13.10%	16.90%	14.81%		158
Waste Management	EM-IS-150a.1	Amount of waste generated	Quantitative	239,235.44 metric tons	195,506.33 metric tons	231,348.28 metric tons	5.3.4 Waste and Resource Recycle Appendix 5, Attachment: Verified Content	162
		Percentage hazardous		27.23%	36.65%	31.87%		205
		Percentage recycled		98.58%	98.53%	95.31%		162
Workforce Health & Safety	EM-IS-320a.1	(1) Total recordable incident rate (TRIR) for (a) full-time employees	Quantitative	1.43	1.81	1.36	4.3.2 Workplace Safety and Friendly Management Appendix 5, Attachment: Verified Content	205
		(1) Total recordable incident rate (TRIR) for (b) contract employees		0	0	1.72		122
		(2) Fatality rate for (a) full-time employees		0.0259	0.00	0.00		205

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Topic	Code	Accounting Metrics	Category	2020 Data	2021 Data	2022 Data	Corresponding chapter	Page
Workforce Health & Safety	EM-IS-320a.1	(2) Fatality rate for (b) contract employees	Quantitative	0.00	0.00	0.00	4.3.2 Workplace Safety and Friendly Management Appendix 5, Attachment: Verified Content	122 205
		(3) Near miss frequency rate (NMFR) for (a) full-time employees		2.96	5.91	2.34		117 205
		(3) Near miss frequency rate (NMFR) for (b) contract employees		0.00	0.00	0.00		117 205
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	Discussion and Analysis	-	-	-	N/A	

Activity Metric

Code	Activity Metric	Category	2020 Data	2021 Data	2022 Data	Corresponding chapter	Page
EM-IS-000.A	Raw steel production from: (1) basic oxygen furnace processes	Quantitative	N/A	N/A	N/A	3.1 Product and Technology Innovation	69
	Percentage from: (1) basic oxygen furnace processes		N/A	N/A	N/A		
	Raw steel production from: (2) electric arc furnace processes		494,001 metric tons	661,598 metric tons	717,685 metric tons		
	Percentage from: (2) electric arc furnace processes		100.00%	100.00%	100.00%		
EM-IS-000.B	Percentage from: (2) electric arc furnace processes	Quantitative	N/A	N/A	N/A		
EM-IS-000.C	Total iron ore production	Quantitative	N/A	N/A	N/A		
	The percentage of revenues of the aforementioned activity metrics and topic boundaries in consolidated revenues	N/A	42.5%	43.0%	43.8%		

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. Based on the attributes of products, the SASB standard applicable to Jiangyin Walsin (Steel Cable) was changed to the Iron & Steel Producers industry, and the data for 2020-2021 was updated retroactively.

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Sustainability Indicators of Steel Industry Required by TWSE

From 2022, the company will voluntarily follow " the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies " to disclosure the Sustainability Indicators of Steel Industry for the company's stainless steel business unit.

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

Topic	Code	Indicator	Category	Data			Corresponding chapter	Page
				2020	2021	2022		
Energy Management	1	Total energy consumed	Quantitative	7,246,262.27x10 ⁹ joule	7,680,406.05x10 ⁹ joule	7,515,011.32x10 ⁹ joule	5.2.2 Energy Saving and Carbon Reduction Management	145
		Percentage grid electricity		100.00%	100.00%	100.00%	5.2.2 Energy Saving and Carbon Reduction Management	145
		Percentage renewable		0.00%	0.00%	0.00%	5.2.2 Energy Saving and Carbon Reduction Management	145
		Total self-consumption energy ^{note}		0 x10 ⁹ joule	0 x10 ⁹ joule	0 x10 ⁹ joule		
	2	Total fuel consumed	Quantitative	2,124,972,460x10 ⁹ joule	2,340,843,446x10 ⁹ joule	2,126,664,582x10 ⁹ joule	5.2.2 Energy Saving and Carbon Reduction Management	145
		Percentage coal		0.00%	0.00%	0.00%	5.2.2 Energy Saving and Carbon Reduction Management	145
		Percentage natural gas		100.00%	100.00%	100.00%	5.2.2 Energy Saving and Carbon Reduction Management	145
		Percentage renewable		0.00%	0.00%	0.00%	5.2.2 Energy Saving and Carbon Reduction Management	145
Water Management	3	Total fresh water withdrawn	Quantitative	1,127.69 x10 ³ m ³	1,225.63 x10 ³ m ³	1,433.31 x10 ³ m ³	5.3.2 Water resource utilization	157
		Total water consumption		712,308 metric tons	740,167 metric tons	1,016,564 metric tons	5.3.2 Water resource utilization	159

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Topic	Code	Indicator	Category	Data			Corresponding chapter	Page
				2020	2021	2022		
Waste Management	4	Amount of waste generated	Quantitative	239,235.44 metric tons	195,506.33 metric tons	231,348.28 metric tons	5.3.4 Waste and Resource Recycle	162
		Percentage hazardous		27.23%	36.65%	31.87%	5.3.4 Waste and Resource Recycle	163
		Percentage recycled		98.58%	98.53%	95.31%	5.3.4 Waste and Resource Recycle	163
Workforce Health & Safety	5	Total recordable incident rate (TRIR) for (a) full-time employees	Quantitative	1.43	1.81	1.36	4.3.2 Workplace Safety and Friendly Management	122
		Total recordable incident rate (TRIR) for (b) contract employees		0.00	0.00	1.72	4.3.2 Workplace Safety and Friendly Management	122
		(2) Fatality rate for (a) full-time employees		0.0259	0.00	0.00	4.3.2 Workplace Safety and Friendly Management	122
		(2) Fatality rate for (b) contract employees		0.00	0.00	0.00	4.3.2 Workplace Safety and Friendly Management	122
		(3) Near miss frequency rate (NMFR) for (a) full-time employees		2.96	5.91	2.34	4.3.2 Workplace Safety and Friendly Management	117
		(3) Near miss frequency rate (NMFR) for (b) contract employees		0.00	0.00	0.00	4.3.2 Workplace Safety and Friendly Management	117
		Number of Occupational Accidents for (a) full-time employees		55 persons	72 persons	58 persons	4.3.2 Workplace Safety and Friendly Management	122
		Number of Occupational Accidents for (b) contract employees		0 persons	0 persons	1 persons	4.3.2 Workplace Safety and Friendly Management	122
	6	Number of units produced by product category	Quantitative	Stainless steel: 494,001 metric tons	Stainless steel: 661,598 metric tons	Stainless steel: 717,685 metric tons	3.1 Product and Technology Innovation	69
				Steel strand: 73,254 metric tons	Steel strand: 75,911 metric tons	Steel strand: 66,806 metric tons		

Note: The total amount of self-generated and self-consumed energy is defined in Taiwan's " Renewable Energy Development Act ", " Implementation Regulations Governing Renewable Energy Certificates " or related sub-laws.

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Appendix 3: Climate-Related Information Required by TWSE

Implementation of Climate-Related Information

#	Item	Corresponding Chapter	Page	Remarks
1	Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	2.5 Risk Management 5.2.1 Task Force on Climate-related Financial Disclosures (TCFD)	57 137	
2	Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	5.2.1 Task Force on Climate-related Financial Disclosures (TCFD)	139	
3	Describe the financial impact of extreme weather events and transformative actions.	5.2.1 Task Force on Climate-related Financial Disclosures (TCFD)	139	
4	Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	2.5 Risk Management 5.2.1 Task Force on Climate-related Financial Disclosures (TCFD)	54 137	
5	If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	5.2.1 Task Force on Climate-related Financial Disclosures (TCFD)	138	
6	If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	5.2.1 Task Force on Climate-related Financial Disclosures (TCFD)	143	
7	If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.			N/A
8	If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	5.2.2 Energy Saving and Carbon Reduction Management	144	
9	Greenhouse gas inventory and assurance status (separately fill out in table below).	5.2.2 Energy Saving and Carbon Reduction Management	154	

Greenhouse Gas Inventory and Assurance Status in 2022

Basic information of the company

- ☒ Capital of NT\$10 billion or more, iron and steel industry, or cement industry
- ☐ Capital of NT\$5 billion or more but less than NT\$10 billion
- ☐ Capital of less than NT\$5 billion

Minimum required disclosure under the Sustainable Development Roadmap for TWSE/TPEX Listed Companies:

- ☒ Inventory for parent company only ☐ Inventory for all consolidated entities
- ☐ Assurance for parent company only ☐ Assurance for all consolidated entities

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Scope 1 ^{Note 1}	Total emissions (Metric tons CO ₂ e)	Intensity (Metric tons CO ₂ e / NT\$ 1k Revenue) ^{Note 2}	Assurance body	Description of assurance status ^{Note 3}
Walsin Lihwa Corporation	138,540.00	0.00141	TÜV RHEINLAND TAIWAN LTD.	It is estimated that from June to August 2023, a third-party verification company will be arranged to conduct the 2022 annual greenhouse gas inventory verification of Taiwan's various factories.
Subsidiaries merger (Including Dongguan Walsin, Shanghai Walsin, Jiangyin Walsin(Steel Cable), Jiangyin Walsin (Specialty Alloy Materials), Yantai Walsin, Changshu Walsin, Walsin Precision)	56,109.63	0.00129		In 2023, it is planned to arrange a third-party verification company to conduct the 2022 greenhouse gas inventory verification of the subsidiaries listed on the left.
Total	194,649.63	0.00137		
Scope 2 ^{Note 1}	Total emissions (Metric tons CO ₂ e)	Intensity (Metric tons CO ₂ e / NT\$ 1k Revenue) ^{Note 2}	Assurance body	Description of assurance status ^{Note 3}
Walsin Lihwa Corporation	212,147.01	0.00216	TÜV RHEINLAND TAIWAN LTD.	It is estimated that from June to August 2023, a third-party verification company will be arranged to conduct the 2022 annual greenhouse gas inventory verification of Taiwan's various factories.
Subsidiaries merger (Including Dongguan Walsin, Shanghai Walsin, Jiangyin Walsin(Steel Cable), Jiangyin Walsin (Specialty Alloy Materials), Yantai Walsin, Changshu Walsin, Walsin Precision)	214,969.79	0.00494		In 2023, it is planned to arrange a third-party verification company to conduct the 2022 greenhouse gas inventory verification of the subsidiaries listed on the left.
Total	427,116.80	0.00301		

Instructions for Completing the Table:

- Scope 1 and Scope 2 information in this table shall be disclosed according to the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Scope 3 information may be voluntarily disclosed by the business.
- The company may conduct the greenhouse gas inventory in accordance with the following standards:
 - The Greenhouse Gas Protocol (GHG Protocol).
 - ISO 14064-1 issued by the International Organization for Standardization.
- The assurance body shall meet the provisions regarding assurance of sustainability reports prescribed by the TWSE and the TPEx.
- The information for subsidiaries may be reported individually, or in aggregate (e.g., by country or by region), or on a consolidated basis (Note 1).
- The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT\$ 1 thousand) should be disclosed (Note 2).
- The proportion of total emissions from operating sites or subsidiaries not included in the inventory calculation shall not be more than 5%. "Total emissions" above means the quantity of emissions calculated according to the mandatory inventory scope referred to in point 1 of these Instructions for Completing the Table.
- The description of assurance status shall summarize the content of the assurance report of the assurance body, and the complete assurance opinion shall be appended to the annual report (Note 3).

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Appendix 4: Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

Information Disclosed	Corresponding Chapter	Page	Remarks
The 2nd paragraph of Article 3			
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 1.3 Management of Material Topics	23 24	
The 3rd paragraph of Article 3			
Corresponding the content of the disclosure report to the content index of GRI guidelines, and indicating within the report whether each disclosure item has obtained third-party assurance or certification.	Appendix 1: GRI content index Appendix 5: Independent Auditor's Limited Assurance Report	182 200	
The 3rd paragraph of Article 4			
Enhancing disclosure of sustainability indicators according to industry sectors.	Appendix 2: SASB Index, Sustainability Indicators of Steel Industry (TWSE)	195	1. The company belongs to the electrical and cable industry sector and is not required to disclose sustainability indicators in accordance with the stock exchange regulations applicable to specific industry sectors. 2. The company voluntarily adheres to the TWSE's requirement to disclose sustainability indicators for the Steel Industry and follows the SASB Sector Standards for the Electrical & Electronic Equipment and Iron & Steel Producers to disclose relevant indicator information.
Article 4-1			
Special section on disclosing climate-related information.	5.2.1 Task Force on Climate-related Financial Disclosures (TCFD) Appendix 3: Climate-Related Information (TWSE)	137 197	

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Deloitte.

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INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

The Board of Directors and Stockholders
WALSIN LIHWA CORPORATION Ltd.

We have performed a limited assurance engagement on the selected subject matter information (see Appendix) in the Sustainability Report ("the Report") of WALSIN LIHWA CORPORATION Ltd. ("the Company") for the year ended December 31, 2022.

Responsibilities of Management for the Report

Management is responsible for the preparation of the Report in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and Universal Standards, Sector Standards and Topic Standards published by the Global Reporting Initiative (GRI), and for such internal control as management determines is necessary to enable the preparation of the Report that are free from material misstatement.

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

We planned and conducted our work on the selected subject matter information (see Appendix) in the Report in accordance with the Statements of Assurance Engagements Standards 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation of the Republic of China to issue a limited assurance report on the preparation, with no material misstatement in all material respects, of the Report. The nature, timing and extent of procedures performed in a limited assurance engagement are different from and more limited than a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

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

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

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Inherent Limitations

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

Independence and Quality Controls

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which contains integrity, objectivity, professional competence and due care, confidentiality and professional behavior as the fundamental principles. In addition, the firm applies Statement of Quality Management Standard 1 "Quality Management for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China and, accordingly, requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Conclusion

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

Other Matters

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

The engagement partner on the limited assurance report is Yin-Chou Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 5, 2023

Notice to Readers

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

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Appendix A: Summary Of Selected Subject Matter Information

Assurance Subject Matter	Descriptions of Indicators	Corresponding Section	Applicable Criteria
GRI Standards			
GRI 202-2 : 2016	Proportion of senior management hired from the local community	4.1 Employee Overview and Talent Management Policy Appendix 5, Attachment: Verified Content	The proportion of local residents employed in Taiwan is above the sector level (inclusive).
GRI 205-2 : 2016	Communication and training about anti-corruption policies and procedures	2.4.2 Integrity Policy Appendix 5, Attachment: Verified Content	The total number and proportion of anti-corruption communication and training conducted by organizations in Taiwan for members and employees of governance units, and the total number and proportion of anti-corruption communication conducted by business partners.
GRI 205-3 : 2016	Confirmed incidents of corruption and actions taken	2.4.2 Integrity Policy Appendix 5, Attachment: Verified Content	The number of confirmed corruption-related cases in Taiwan and the actions taken.
GRI 401-1 : 2016	New employee hires and employee turnover	4.1 Employee Overview and Talent Management Policy Appendix 5, Attachment: Verified Content	Number and ratio of new employees and resigned employee by gender and age in Taiwan.
GRI 401-3 : 2016	Parental leave	4.4 Employee Care and Communication Appendix 5, Attachment: Verified Content	Number of employees that were eligible and applied for unpaid parental leave, expected and actually returned to work in the reporting period from unpaid parental leave and numbers that were still employed 12 months after their return to work, the unpaid parental leave reinstatement rate and retention rate in Taiwan.
GRI 403-5 : 2016	Worker training on occupational health and safety	4.3.2 Workplace Safety and Friendly Management Appendix 5, Attachment: Verified Content	Occupational safety and health training programs for employees and non-employees of Yenshui Plant and Changshu Walsin.
GRI 404-1 : 2016	Average hours of training per year per employee	4.2 Growth for All Employee and Talent Transformation Appendix 5, Attachment: Verified Content	Average number of training hours per employee per year by gender, managerial and non-managerial in Taiwan.
GRI 418-1 : 2016	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.4.3 Customer service Appendix 5, Attachment: Verified Content	Substantiated complaints from Yenshui plant concerning breaches of customer privacy and losses of customer data.

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Assurance Subject Matter	Descriptions of Indicators	Corresponding Section	Applicable Criteria
SASB¹ Standards			
SASB EM-IS-120a.1	Air emissions of: (1) CO (2) NOx (excluding N ₂ O) (3) SOx (4) particulate matter (PM10) (5) manganese (MnO) (6) lead (Pb) (7) volatile organic compounds (VOCs) (8) polycyclic aromatic hydrocarbons (PAHs)	Appendix 2 SASB Index, Sustainability Indicators of Steel Industry Required by TWSE Appendix 5, Attachment: Verified Content	Total weight of emissions from various types of air pollution sources (nitrogen oxides (excluding N ₂ O), sulfur oxides, particulate matter (PM10)) of Yenshui plant.
SASB EM-IS-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Appendix 2 SASB Index, Sustainability Indicators of Steel Industry Required by TWSE Appendix 5, Attachment: Verified Content	The total energy consumption, proportion of grid and renewable energy of Yenshui plant and Taichung plant.
SASB EM-IS-150a.1	Amount of waste generated, percentage hazardous, percentage recycled	Appendix 2 SASB Index, Sustainability Indicators of Steel Industry Required by TWSE Appendix 5, Attachment: Verified Content	Proportion of waste generated, hazardous waste and recycling rate of Yenshui plant and Changshu Walsin.
SASB 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 SASB Index, Sustainability Indicators of Steel Industry Required by TWSE Appendix 5, Attachment: Verified Content	The total accident rate, mortality rate and false alarm accident rate can be recorded for the contracted employees and full-time employees of the Yenshui plant and Changshu Walsin.
Designated indicator			
Designated indicator 1	Sustainable Development Committee Operation	2.2.3 Sustainable Governance Appendix 5, Attachment: Verified Content	The number of meetings and communication of the sustainable development committee of Head office.
Designated indicator 2	Proportion of green procurement expenditure	Appendix 5, Attachment: Verified Content	The proportion of reusable raw materials purchased amount in Taiwan to the total purchase amount.
Designated indicator 3	The ratio of signing Supplier's Undertaking	Appendix 5, Attachment: Verified Content	The signing rate of Supplier Management Commitment of Head office and Yenshui plant.
Designated indicator 4	Customer satisfaction survey result	Appendix 5, Attachment: Verified Content	The results of customer satisfaction survey in Yenshui Plant and Changshu Walsin.
Designated indicator 5	The ratio of using reusable raw material	Appendix 5, Attachment: Verified Content	The proportion of reusable raw materials used in Yenshui plant and Changshu Walsin.
Designated indicator 6	Violation of environmental regulations	Appendix 5, Attachment: Verified Content	Significant environmental fines in Yenshui Plant and Changshu Walsin.
Designated indicator 7	Total number of health promotion activities	Appendix 5, Attachment: Verified Content	Total number of participants in health promotion activities in Taiwan.

¹ Refers to the SASB standards formulated by the Sustainability Accounting Standards Board.

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Attachment: Verified Content

GRI Standards/ SASB Standards	Descriptions of Indicators	Boundary	Description
GRI 202-2 : 2016	Proportion of senior management hired from the local community	Taiwan Area	<p>Proportion of senior management hired from the local community : 99.6%</p> <p>Note: 1. Managers refer to managerial positions at or above the sector level (inclusive), and senior managers refer to managerial positions at or above the division level (inclusive). This year, the proportion of local residents employed as senior management is calculated based on the sector level (inclusive) and above.</p> <p>Note: 2. Local refers to the country where the organization operates (and where the employees work), and is proportional to whether the nationality of the employees is equivalent to the local nationality.</p>
GRI 205-2 : 2016	Communication and training about anti-corruption policies and procedures	Taiwan Area	<p>Total number and proportion of communication training in anti-corruption policies and procedures:</p> <ol style="list-style-type: none"> 1. Total number of directors in Taiwan who have been communicated with organizational anti-corruption policies and procedures are 11 persons (100%) 2. Total number of 613 (21%) employees in Taiwan have been communicated with anti-corruption policies and procedures to their organizations, including 123 (22%) supervisors and 490 non-supervisors (20%) 3. Total number of 72 (97%) suppliers in Taiwan have been communicated with anti-corruption policies 4. Total number of directors in Taiwan who have attended anti-corruption training are 8 persons (73%) 5. Total number of employees in Taiwan who have attended anti-corruption training are 613 (21%), including 123 (22%) supervisors and 490 non-supervisors (20%)
GRI 205-3 : 2016	Confirmed incidents of corruption and actions taken	Taiwan Area	There were no incidents of corruption in 2022
GRI 401-1 : 2016	New employee hires and employee turnover	Taiwan Area	<p>The amount and ratio of new employee and resigned employee:</p> <ol style="list-style-type: none"> 1. Taiwan's new employee: Total 580 people (19.4%), 491 males (18.9%), 89 females (22.7%), 227 aged under 30 (41.2%), 221 aged 31 to 40 (19.9%), 64 aged 41-50 (8.4%) and 18 aged over 51 (4.0%) 2. Taiwan's resigned employee: Total 407 people (13.6%), 56 males (13.7%), 51 females (13.0%), 153 aged under 30 (22.8%), 155 aged 31 to 40 (14.0%), 54 aged 41-50 (7.1%) and 45 aged over 51 (10.0%)
GRI 401-3 : 2016	Parental leave	Taiwan Area	<p>Total number of employee applied for parental leave:</p> <ol style="list-style-type: none"> 1. Total number of employees that were eligible for unpaid parental leave in 2022: 164 males, 23 females 2. Total number of unpaid parental leave applicants in 2022: 3 males, 2 females 3. Total number of employees that actually returned from unpaid parental leave in 2022: 2 males, 1 female 4. Total number of employees that returned from unpaid parental leave in 2021 had continued to serve a full year in 2022: none male, 2 females 5. The unpaid parental leave reinstatement rate: 66.7% males, 100.0% females 6. The unpaid parental leave retention rate: 0 male, 100.0% females

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GRI Standards/ SASB Standards	Descriptions of Indicators	Boundary	Description
GRI 403-5 : 2016	Worker training on occupational health and safety	Yenshui plant	Worker training on occupational health and safety : 1. Employee: New employees, current employee training (internal training includes first responders, special hazardous operations, fire escape drills, emergency response incident and other occupational health), current employee training (external training includes occupational safety and health specialists, special equipment/ security operational license dangerous mechanical equipment and certificate of special operation personnel) 2. Non-employee: Pre-site training for outsourced contractors
		Changshu Walsin	Worker training on occupational health and safety : 1. Employee: New employees, current employee training (internal training includes first responders, special hazardous operations, fire escape drills, emergency response incident and other occupational health), current employee training (external training includes occupational safety and health specialists, special equipment/ security operational license dangerous mechanical equipment and certificate of special operation personnel) 2. Non-employee: Pre-site training for outsourced contractors
GRI 404-1 : 2016	Average hours of training per year per employee	Taiwan Area	Taiwan Area: 1. Average training hours for male: 36.18, average training hours for female: 36.15 2. Average training hours for managerial: 37.17, average training hours for non-managerial: 36.07 Yanshui Plant: 1. Average training hours for male:45.79, average training hours for female: 59.99 2. Average training hours for managerial: 58.69, average training hours for non-managerial: 45.80
GRI 418-1 : 2016	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Yenshui plant	No substantiated complaints concerning breaches of customer privacy and losses of customer data
SASB EM-IS-120a.1	Air emissions of: (1) CO (2) NOx (excluding N ₂ O) (3) SOx (4) particulate matter (PM10) (5) manganese (MnO) (6) lead (Pb) (7) volatile organic compounds (VOCs) (8) polycyclic aromatic hydrocarbons (PAHs)	Yenshui plant	(1) Carbon monoxide: This is not a controlled item for Walsin Lihwa, so there is no statistical value (2) Nitrogen oxides (excluding N ₂ O): 63.43 metric tons (3) Sulfur oxides: 22.30 metric tons (4) Particulate matter (PM10): 30.41 metric tons (5) Manganese (MnO) : This item is not a controlled project of Walsin Lihwa, so there is no statistical value (6) Lead(Pb) : This item is not a controlled project of Walsin Lihwa, so there is no statistical value (7) Volatile organic compounds (VOCs) : This item is not a controlled project of Walsin Lihwa, so there is no statistical value (8) Polycyclic aromatic hydrocarbons (PAHs): This is not a controlled item for Walsin Lihwa, so there is no statistical value
SASB EM-IS-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Yenshui plant	1.Total energy consumption : 3,666,220.284 GJ 2. Proportion of power grid : 100% 3. Proportion of renewable energy : 0%
		Changshu Walsin	1. Total energy consumption: 507,685.4935 GJ 2. Proportion of power grid: 100% 3. Proportion of renewable energy: 0%

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GRI Standards/ SASB Standards	Descriptions of Indicators	Boundary	Description
SASB EM-IS-150a.1	Amount of waste generated, percentage hazardous, percentage recycled	Yenshui plant	1. Amount of waste generated: 128,037.3 metric tons 2. Proportion of hazardous waste: 26.3% 3. Proportion of waste recycled: 96%
		Changshu Walsin	1. Amount of waste generated: 5,547.73 metric tons 2. Proportion of hazardous waste: 92.01% 3. Proportion of waste recycled: 11.63%
SASB 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	Yenshui plant	1. Full-time employees: (1) Total recordable incident rate (TRIR): 1.91 (2) Fatality rate: 0, (3) Near miss frequency rate (NMFR): 3.19 2. No contract employees
		Changshu Walsin	1. Full-time employees: (1) Total recordable incident rate (TRIR): 1.43 (2) Fatality rate: 0, (3) Near miss frequency rate (NMFR): 0.20 2. Contract employees: (1) Total recordable incident rate (TRIR): 0 (2) Fatality rate: 0, (3) Near miss frequency rate (NMFR): 0
Designated indicator 1	Sustainable Development Committee Operation	Head office	Convention of 2 Sustainable Development Committee meetings in 2022
Designated indicator 2	Proportion of green procurement expenditure	Taiwan Area	"Head office: Proportion of green procurement expenditure: 0% Yenshui plant: Proportion of green procurement expenditure: 23.53%"
Designated indicator 3	The ratio of signing Supplier's Undertaking	Taiwan Area	Supplier management commitment signing rate: 100%
		Yenshui plant	Supplier management commitment signing rate: 100%
Designated indicator 4	Customer satisfaction survey result	Yenshui Plant	Customer Satisfaction Rate: 81%
		Changshu Walsin	Customer Satisfaction Rate: 84%
Designated indicator 5	The ratio of using reusable raw material	Yenshui Plant	The ratio of using reusable raw material: 35.87%
		Changshu Walsin	The ratio of using reusable raw material: 99.99%
Designated indicator 6	Violation of environmental regulations	Yenshui Plant	No significant environmental fines in 2022
		Changshu Walsin	No significant environmental fines in 2022
Designated indicator 7	Total number of health promotion activities	Taiwan Area	"Taiwan Area: Total number of health promotion activities: 3,503 people Yanshui Plant: Total number of health promotion activities: 918 people"



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