

Corporate Governance and Discrepancies between Actual Corporate Governance and the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reason for the Discrepancy

Evaluation item	Implementation status			Discrepancies/ reasons
	Yes	No	Summary	
1. Does the company establish and disclose its own corporate governance best-practice principles based on the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		WNC has established its corporate governance best practice principles based on the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and has disclosed the principles through the MOPS. The principles are established for carrying out corporate governance and to maximize shareholder profits and sustainability in corporate operations.	None
2. Shareholding structure and shareholders’ rights (1) Does the company establish an internal process for handling shareholders’ proposals, questions, disputes, and lawsuits? (2) Does the company maintain information on the identities of major shareholders and their ultimate controlling persons? (3) Does the company establish and implement a risk control mechanism and firewalls between the company and its affiliates? (4) Does the company establish internal regulations to prevent insider trading?	✓ ✓ ✓ ✓		(1) WNC has designated the Shareholder Services Office (TEL: +886-2-6600-7998) to handle shareholders’ proposals and disputes. (2) WNC maintains lists of the major shareholders and their ultimate controlling persons. Changes in the amount of shares held by its directors, officers, and major shareholders are disclosed regularly according to government regulations. (3) WNC has established the appropriate risk control mechanisms and firewalls according to regulations and internal rules, such as “Regulations Governing Supervision and Management of Subsidiaries,” “Procedures Governing Endorsements and Guarantees,” “Procedures Governing Loaning of Funds,” and “Procedures for Acquisition or Disposal of Assets.” (4) WNC has established procedures to control the disclosure of material information and to prevent insider trading. WNC conducts annual training in the second quarter of each year for all its staff. The courses include topics such as avoiding conflicts of interest and prohibiting insider trading. WNC provides information on related stipulations to newly elected directors and executive officers to raise their awareness and sends e-mail messages to remind them of the disclosure of important financial information, so as to	None

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			<p>ensure that the policy of insider trading prevention is well implemented.</p> <p>When conducting its director training on October 29, 2021, WNC invited an instructor to teach a 30 minute course on how to prevent insider trading. Real world examples were provided during the course for discussion. A total of 10 directors and executive officers participated in the course, including the CSO, President & CEO, and CFO (who is also the Corporate Governance Officer).</p> <p>When the Board of Directors amended the Corporate Governance Best Practice Principles during the board meeting on March 9, 2022, an amendment was added stating that WNC insiders shall not trade their stocks within 30 days before the announcement of the Annual Report or within 15 days before the announcement of a quarterly financial statement. After this board meeting, insiders were informed of the date on which the year's Annual Report is expected to be announced and to not trade stocks within 30 days before the announcement of the Annual Report or within 15 days before the announcement of a quarterly financial statement to avoid violations.</p>	
<p>3. Composition and duties of Board of Directors</p> <p>(1) Has the Board of Directors established and implemented plans to diversify the composition of its members?</p> <p>(2) Does the company spontaneously set up functional committees other than the Remuneration Committee and Audit Committee required by law?</p>	<p>✓</p> <p>✓</p>		<p>(1) Director diversification: WNC has established, in the WNC Corporate Governance Best-Practice Principles, and implemented a diversification policy for the composition of the Board. Suitable directors are selected according to their diverse professional competencies and experience. Please refer to Note 1 and content relating to director diversification on page 18 for the specific management objectives and implementation of a diversification policy for board members.</p> <p>(2) Other than the Remuneration Committee and Audit Committee required by law, WNC has also set up an RBA Management Committee as a functional committee to implement Responsible Business Alliance (here after referred to as "RBA") and CSR related measures.</p>	None

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(3) Does the company establish performance evaluation measures/methods for the Board of Directors and conduct regular, annual evaluations, report the performance evaluation results to the Board of Directors, and use such as a reference for the remuneration and nomination for a second term for each independent director?	✓		(3) To strengthen corporate governance, enhance the functions of the Board of Directors, and improve the efficiency of the Board, WNC has established the "Regulations Governing the Board Performance Evaluation," based on which the Board conducts an annual performance evaluation for the Board (including functional committees). The evaluation period runs from January 1 to December 31 of any given year. WNC completed the 2021 performance evaluation for the Board (including functional committees) on February 22, 2022. The secretariat of the Board conducted internal and member evaluation on the aspects of "Overall Board of Directors", "Members of the Board", and "Functional Committees". The evaluation indicators include the degree of participation in WNC's operations, quality of decision-making, the perception of the responsibilities of the Board members, the composition and structure of the Board, internal controls, the election and continued learning of the Directors, understanding of WNC's mission and goals, internal relationship management, and communications. The evaluation results are divided into three levels: exceeds standards, meets standards, and to be improved. The performance evaluations for the 2021 Board and for the functional committees were "exceeds standards" and the results were submitted to the Board on March 9, 2022, to serve as a reference for the Board's continuous improvements of its functions, remuneration setting for the Board and the functional committees, and nomination for directors to serve the next term.	
(4) Does the company conduct regular evaluation of the independence of the CPA?	✓		(4) WNC's Audit Committee and the Board of Directors annually evaluate the independence and competence of the CPA, and request the CPA submit a Confirmation Letter of Independence every year to ensure that they are not involved in other financial interests or business relationships except for matters relating to the attestation fees and the finance/taxation audit service fees paid by WNC. Refer to Note 2 for details on the evaluation items. The CPA shall only be recruited and be involved in the	

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			audits after confirmation of their corporate family members' compliance with the related independence requests.	
4. Does the company assign an appropriate number of competent personnel and appoint a corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors in legal compliance, handling matters relating to board meetings and shareholders' meetings according to the law, and producing minutes of board meetings and shareholders' meetings)?	✓		<p>WNC's CFO, who was appointed as the corporate governance officer at the board meeting held on May 5, 2021, is in charge of corporate governance affairs.</p> <p>The corporate governance officer will be responsible for furnishing information required for business execution by directors, monitoring awareness and compliance with relevant regulations, producing minutes of board meetings and shareholders' meetings, and assisting onboarding and continuous development of directors. Refer to Note 3 for details on the courses completed by WNC's corporate governance officer.</p> <p>2021 corporate governance affairs handled:</p> <ol style="list-style-type: none"> 1. Helped furnish information required for business execution by directors, and arranged required courses. 2. Helped with matters relating to board meetings and shareholders' meetings, and compliance with relevant regulations. 3. Gave seven days' notice prior to each board meeting, convened meetings and prepared meeting information. Reminded directors ahead of time when there were conflict of interest issues. Produced meeting minutes within 20 days of each board meeting. 4. In accordance with applicable laws, completed shareholders' meeting registration, meeting notices, handbooks and minutes before their respective deadlines. 	None
5. Does the company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), create a stakeholders section on its company website, and respond to stakeholders' questions on corporate responsibilities?	✓		<p>WNC has established the appropriate communication channels with suppliers, customers, banks, investors, and other stakeholders to closely follow issues of concern to stakeholders. Communication between various types of stakeholders are included in the "Corporate sustainable development implementation plans and achievements" proposal and submitted to the Board on a regularly basis every year. For more details please refer to the stakeholder communication section of WNC's 2021 Sustainability report and the ESG page of WNC's website.</p>	None

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6. Does the company engage a professional agency to handle shareholder services relating to the annual shareholders' meeting?	✓		WNC has a shareholder services office providing shareholder services relating to the annual shareholders' meeting.	None
7. Disclosure of information (1) Does the company utilize a website to disclose finance, operational, and corporate information? (2) Are there other means of disclosing information (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, and webcasting investors' conference)? (3) Does the company publicly announce and register with the Competent Authority its financial reports within two months of the close of each fiscal year, and announce and register with the Competent Authority its first, second, and third quarter's financial results and the operating status of each month before the specified deadline?	✓ ✓ ✓		(1) WNC has set up a website with information on finance and operations. Related information is also disclosed on the MOPS according to government regulations. (2) WNC has information disclosed in both Chinese-language and English-language websites, and has assigned Ms. Jona Song (CFO) as the chief spokesperson and Ms. Molly Lin (Associate Vice President) as the acting spokesperson to handle information collection and disclosure. (3) WNC announces and registers with the Competent Authority its financial reports, quarterly financial results, and the operating status each month on the MOPS before the specified deadline and uploads the same information on the company website.	None
8. Are there other important discourses that help shareholders to understand the enforcement of corporate	✓		(1) The recruitment policies of WNC conform to government regulations. All employees have equal rights and development opportunities in WNC. (2) WNC signs purchasing contracts with suppliers to protect mutual rights. Those contracts signed since October 2013	None

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governance of the company (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing liability insurance for directors)?			<p>include a compliant statement to meet WNC's Supplier CSR relevant regulations.</p> <p>(3) Please refer to Note 3 for the training courses that WNC's directors and executive officers attended.</p> <p>(4) Implementation of risk management policies and risk evaluation measures: WNC establishes internal management systems based on laws and regulations to conduct risk management and evaluation. Internal audit personnel also conduct regular audits to improve risk management.</p> <p>(5) WNC maintains stable and close relationships with customers to obtain stable and reasonable profits.</p> <p>(6) WNC has purchased liability insurance for Directors and other key employees.</p> <p>(7) When conducting succession planning and selecting succession candidates for board members, WNC takes into account future strategy development and operation plans, diversity requirements for member composition, and the background diversity and independence standards for board members, which include factors such as professional knowledge, technical know-how, experience, and gender. WNC organizes regular talent development meetings in accordance with its three to five year strategic and operational plans to assess its talent inventory, with the aim of establishing talent development strategies and talent selection/cultivation/retention plans for personnel (and their successors) in key positions. Reviews and discussions on talent development progression are also regularly conducted.</p> <p>To improve the skills of high-ranking managers, WNC works with specialists and academic experts from outside WNC and conducts industry benchmarking to enable its high-ranking managers to look at diverse/dynamic competition from strategic perspectives. In addition, WNC has implemented individual development plans (IDP) and on-boarding plans, established a learning platform (training provided by the platform includes designating people to lead important integrated projects, manage overseas branches, and participate in board meetings), provided one-on-one instruction, and organized high-level external training courses for high-ranking managers, with the goal of helping them develop high-level professional management and leaderships skills and assisting them in their new work responsibilities.</p> <p>(8) Intellectual property risk management: In order to protect R&D resources, maintain innovative energy, strengthen competitive advantages, and boost the company's profitability, WNC's operational objectives are integrated</p>	

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			<p>with an intellectual property strategy and a risk management mechanism that ensures operational sustainability.</p> <p>a. Intellectual property strategy</p> <ul style="list-style-type: none"> • Develop and accumulate intellectual property, construct a defensive network to protect WNC, its customers and its suppliers. • Deploy core technological intellectual property, strengthen attack capabilities, and raise the competitive threshold. • Seek out key technologies to license and leverage, form alliances with technological pioneers. • Revitalize intellectual property in order to gain financial benefit. <p>b. Intellectual property risk controls</p> <ul style="list-style-type: none"> • Business contracts stipulate intellectual property guarantee clauses and scope of responsibility. • Where appropriate risk is transferred to suppliers in the supply chain. • Construct an intellectual property infringement handling mechanism. • Allocate intellectual property reserves reasonably in response to litigation risks. • Strategic acquisition of required licensing or technical alliances • Execute patent monitoring of specific targets and technologies <p>c. Intellectual property management plan and execution status for 2021:</p> <ul style="list-style-type: none"> • Intellectual property rights management guidelines, Invention and innovation incentive guidelines, and Product development documents, projects and patent incentives guidelines have been formulated to extend the protective scope of patent rights, trademark rights, authorship rights, commercial secrets and know-how. • Construction of a patent management system to evaluate benefits and manage patent applications and costs • Annual selection and recognition of outstanding patents to encourage employees in their innovation efforts • WNC's 5G Network Infrastructure Acceleration Card won the 2021 Hsinchu Science Park Innovative Product Award. • Intellectual property achievements: by year-end 2021 WNC held a total of 2,061 patents worldwide; 	

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			<p>in 2021 alone 130 patents were awarded to the company.</p> <ul style="list-style-type: none"> • Protection of intellectual property and trade secrets are part of compulsory training courses for new employees. In addition, every year all employees receive related training. Patent-related training courses are organized in Q2 and Q4 each year for new R&D personnel. In 2021 6,385 employees received training for a combined total of 6,253 hours. <p>WNC reports its management plan and execution status for the current year to the BOD in the BOD meeting in the first quarter of every year. WNC reported its 2021 management plan and execution status to the BOD on March 9, 2022.</p> <p>(9) For more details, please refer to WNC's sustainability report.</p>	

9. Please describe the improvements made in response to the most recent corporate governance assessment results published by the Taiwan Stock Exchange and provide the priority items and measures for deficiencies that are not yet addressed.
- (1) WNC has conducted a corporate governance self-assessment for year 2021 based on the regulations of the Taiwan Stock Exchange. The results indicate that WNC's performance ranked among the top 6% to 20% of all companies.
 - (2) Starting 2019, WNC included functional committees into the scope of the Board's annual performance evaluation. The 2021 performance evaluation for the Board (including functional committees) was completed in February 2022, and the results were submitted to the Board.
 - (3) To improve its ability to prevent insider trading, when WNC's Board of Directors amended the Corporate Governance Best Practice Principles during the board meeting on March 9, 2022, an amendment was added stating that WNC insiders shall not trade their stocks within 30 days before the announcement of the Annual Report or within 15 days before the announcement of a quarterly financial statement.
 - (4) WNC will continue to cooperate with the competent authorities with regard to implementation and improvement of the corporate governance assessment in the future.

Note 1: The management goals stated in WNC's diversification policy for its Board of Directors and the implementation status of these goals are listed in the table below:

Goals	Status of achievement
The number of directors who concurrently serve as executive officers in WNC does not exceed one-third of the total number of directors.	Goal achieved
At least one board member is female.	Goal achieved
Independent board members do not serve for more than three terms.	Goal achieved
There are board members with inter-disciplinary expertise.	Goal achieved
The number of independent board members exceeds the number stipulated by law.	Goal achieved

Note 2: Independence and competence of the CPA

1. Evaluation of independence		
No.	Evaluation items	Complied
1	The appointed accountants have served as the audit accountants to WNC for no more than seven years.	V
2	The appointed accountants do not have direct or indirect pecuniary interest in WNC.	V
3	The appointed accountants and WNC do not have any inappropriate stakeholder relationships.	V
4	The accountants or the audit team members have not served as directors or executive officers, or held influential positions in audit cases at WNC in the past two years.	V
5	The appointed accountants do not permit others to practice under their name.	V
6	The appointed accountants and the audit team members do not hold shares in WNC.	V
7	The appointed accountants have no debtor/lender relationships with WNC.	V

8	The appointed accountants have no relationships of collective investment or profit sharing with WNC.	V
9	The appointed accountants are not employed by WNC to perform routine work in exchange for a fixed salary or serve as directors.	V
10	The non-audit services provided by the appointed accountants have no direct influence on material items of audit cases.	V
11	The appointed accountants are not spouses, lineal relatives, direct relatives by marriage, or collateral relatives within the second degree of kinship of any responsible person or managerial officer of WNC.	V
12	The appointed accountants have not received any business-related commissions.	V

2. Evaluation of competence		
No.	Evaluation items	Complied
1	No violations of Article 6 or Article 14 of the Certified Public Accountant Act.	V
2	The accountants have no record of disciplinary infractions with the CPA Disciplinary Committee within the past two years.	V
3	The accounting firm has sufficient scale, resources and regional coverage to handle audit services for WNC.	V
4	The accounting firm has proper quality control procedures. The aspects covered include the levels and main points of the inspection process, the means of handling audit issues and executing judgment, independent quality control inspections, and risk management.	V
5	The accounting firm timely informs the management of the company of any significant issues and developments in risk management, corporate governance, financial accounting and related risk controls.	V

Note 3: Directors' and executive officers' training records in 2021

Title	Name	Date of training	Hosted by	Course title	Hours
Chairman & CSO	Haydn Hsieh	10/26/2021	Taiwan Corporate Governance Association	Management right disputes (with analysis of real world examples)	3
		10/29/2021	Taiwan Corporate Governance Association	Discourse on Corporate Governance 3.0 and director responsibilities	3
		10/29/2021	Taiwan Corporate Governance Association	Strategies for business management and public relations crisis management	3
Director, Wistron Corp. Representative	Frank F.C. Lin	08/18/2021	Securities & Futures Institute	Integrity management regulations and CSR for publicly-traded companies	3
		09/01/2021	Financial Supervisory Commission, R.O.C. (Taiwan)	The 13 th Taipei Corporate Governance Forum	6
		10/29/2021	Taiwan Corporate Governance Association	Discourse on Corporate Governance 3.0 and director responsibilities	3
		10/29/2021	Taiwan Corporate Governance Association	Strategies for business management and public relations crisis management	3
		12/07/2021	Taiwan Stock Exchange	2021 Cathay Sustainable Finance and Climate Change Summit	3
Director, Wistron Corp. Representative	Donald Hwang	10/29/2021	Taiwan Corporate Governance Association	Discourse on Corporate Governance 3.0 and director responsibilities	3
		10/29/2021	Taiwan Corporate Governance Association	Strategies for business management and public relations crisis management	3
Director, President & CEO	Jeffrey Gau	10/29/2021	Taiwan Corporate Governance Association	Discourse on Corporate Governance 3.0 and director responsibilities	3
		10/29/2021	Taiwan Corporate Governance Association	Strategies for business management and public relations crisis management	3
Director	Philip Peng	04/27/2021	Securities & Futures Institute	A look at strategies for employee compensation and bonuses and their utilization	3
		07/27/2021	Taiwan Corporate Governance Association	Evaluation of organizational restructuring and re-registration for overseas holding companies and a look at how multinational enterprises are affected by the global minimum tax rate	1.5
		09/01/2021	Financial Supervisory Commission, R.O.C. (Taiwan)	The 13 th Taipei Corporate Governance Forum	6
		10/26/2021	Taiwan Corporate Governance Association	Management right disputes (with analysis of real world examples)	3
		10/29/2021	Taiwan Corporate Governance Association	Discourse on Corporate Governance 3.0 and director responsibilities	3

Title	Name	Date of training	Hosted by	Course title	Hours
		10/29/2021	Taiwan Corporate Governance Association	Strategies for business management and public relations crisis management	3
		12/07/2021	Taiwan Stock Exchange	2021 Cathay Sustainable Finance and Climate Change Summit	6
Independent Director	Karen Hsin	10/29/2021	Taiwan Corporate Governance Association	Discourse on Corporate Governance 3.0 and director responsibilities	3
		10/29/2021	Taiwan Corporate Governance Association	Strategies for business management and public relations crisis management	3
Independent Director	Neng-Pai Lin	08/19/2021	Securities & Futures Institute	A look at strategies for employee compensation and bonuses and their utilization	3
		09/01/2021	Financial Supervisory Commission, R.O.C. (Taiwan)	The 13 th Taipei Corporate Governance Forum	3
Independent Director	Michael Tsai	12/07/2021	Taiwan Stock Exchange	2021 Cathay Sustainable Finance and Climate Change Summit	6
Independent Director	T. Y. Lay	10/29/2021	Taiwan Corporate Governance Association	Discourse on Corporate Governance 3.0 and director responsibilities	3
		10/29/2021	Taiwan Corporate Governance Association	Strategies for business management and public relations crisis management	3
Corporate Governance Officer (Note)	Jona Song	10/21/2021 to 10/22/2021	Accounting Research and Development Foundation	Continuing education course for principle accounting officers of issuers, securities firms, and securities exchanges	12
		10/29/2021	Taiwan Corporate Governance Association	Discourse on Corporate Governance 3.0 and director responsibilities	3
		10/29/2021	Taiwan Corporate Governance Association	Strategies for business management and public relations crisis management	3
		04/26/2022 to 04/27/2022	Securities & Futures Institute	12-hour practical studies course for first-term board members, supervisors, and corporate governance officers	12

Note: WNC's corporate governance officer took office on May 5, 2021, and has undergone at least 18 hours of training within a year of taking office.