Economy and
Corporate Governance

Company Governance

Wistron ITS is committed to establishing an effective corporate governance structure, protecting and respecting shareholders' rights and interests, strengthening the functions of the Board of Directors, and enhancing information transparency. We will continue to gradually implement various systems and methods to continuously enhance the quality and effectiveness of corporate governance to ensure the implementation of the spirit of corporate governance and the pursuit of maximizing shareholders' equity and the sustainable operation of the enterprise.

We believe that a good board governance system is the fundamental foundation of good corporate governance. In order to strengthen the effective and sound governance mechanism of Wistron ITS' Board of Directors, since October 2010, independent directors and independent supervisors have been added to the Board of Directors, all of whom have extensive experience and reputation in the industry, helping the company to pursue growth while complying with ethical and legal regulations. In 2011, in recognition of the fact that the compensation system for directors and managers is an important aspect of corporate governance and risk management, the Company's Board of Directors resolved to establish a Compensation Committee and established the Company's "Compensation Committee Charter", which is a major step forward in implementing the spirit of corporate governance. The replacement of the supervisory system with an audit committee as approved by the ordinary general meeting of shareholders in 2013. The Audit Committee was established by all independent directors under the Board of Directors to carry out the operations of the Board of Directors and the Audit Committee in accordance with the "Rules of Conduct of Board Meetings" and the "Audit Committee Organizational Rules" and related regulations.

Board of Directors

In accordance with the Articles of Incorporation, the Company has five to nine directors with three-year terms of office. The 13th Board of Directors of the Company was comprised of nine members; however, there are currently only eight active directors, as Mr. Rick Chang resigned on April 1, 2020 due to personal reasons. All of the directors have extensive experience and reputation in the industry, of whom three are Independent Directors. Their independence is in compliance with the "Regulations for the Establishment of Independent Directors and Matters to be Followed by Public Companies". General directors comprise of Mr. Ching Hsiao, Mr. Frank Lin, Mr. David Lee, Mr. Marty Chiou, and Mr. Philip Peng, while the other three Independent Directors are Mr. Frank Juang, Mr. Allen Fan, and Mr. C.K Chieng. The Chairman of the Board of Directors of the Company is elected by the Board of Directors and is the Chairman of the board internally and represents the Company externally. Detailed information about the board members' academic experience, concurrent positions in other companies, attendance and background is disclosed on the company's corporate website and annual report.

The Board of Directors meets at least quarterly and the Company has held a total of six meetings in 2020. The Board of Directors is the highest governance unit of the Company and is primarily responsible for sound oversight functions and strengthening management functions. Board members are required to supervise the management team's compliance with laws and regulations, enhance information transparency, and provide guidance to the management team on major decisions based on their own experience to avoid erroneous policies that

would undermine the company's value in order to establish good ethics and fulfill corporate responsibility to achieve sustainable business operations and protect the interests of shareholders. The management team also reports regularly to the Board of Directors on the Company's operations, development strategies or other important issues, and maintains a smooth and good communication channel with the Board of Directors.

Audit Committee

The operation of the company's audit committee aims to supervise and establish a risk control system. Its scope includes: the appropriate expression of the company's financial statements, the selection (and termination) of the certified accountants and their independence and performance, the effective implementation of the company's internal control, and the company's compliance of laws and regulations and the control of the company's existing or potential risks. In addition, the Audit and Accounting Officer and the Certified Public Accountant attend quarterly meetings of the Audit Committee to report on updates to the internal audit, financial position and relevant laws and regulations.

The Audit Committee may, by resolution, appoint attorneys, accountants or other professionals to conduct audits or provide advice within its terms of reference, and has direct access to the Company's internal auditors, certified public accountants and management. The Audit Committee meets at least quarterly and the Company has held a total of five meetings in 2020, the attendance of which can be found in the Annual Report and the Public Information Bulletin.

Remuneration Committee

The responsibility of the Remuneration Committee of the Company is to formulate and periodically review the remuneration policy for the Company's directors and managers and to make appropriate adjustments in conjunction with the Company's operating performance and objectives in order to attract and retain high caliber personnel and enhance corporate competitiveness. The remuneration of the Company's directors is provided in accordance with the Company's Articles of Incorporation, and any amendment thereto must be approved by the shareholders as a method of measuring the performance of the highest governance unit, taking into account the authority, attendance and other performance evaluations of individual directors. In terms of executive remuneration, it includes a base salary, annual bonus and benefits for fixed items and a combination of bonus, dividends (cash/equity) and share options for variable items, with a focus on variable items. The fixed items are based on the principle of maintaining the Company's average competitive level in the industry. The changes are based on the consolidated results of the Company and its individual operations. The better the operating performance of the company and its individuals, the higher the ratio of moving items to fixed items. The performance evaluation criteria are based on the achievement of annual financial (turnover, profit, etc.), market/customers, organizational and personnel growth/development, and other comprehensive objectives. At the beginning of each year, the evaluation items, objectives and weightings are determined based on the development of the internal and external business environment. The remuneration of managers shall be based on individual performance and shall be reviewed and evaluated individually by the Remuneration Committee and recommended to the Board of Directors for approval.

The Company's Remuneration Committee shall be convened at least twice a year and shall have three members, all of whom are independent directors. On

June 24, 2019, all members elected Mr. Allen Fan as Convener and Chairman of the meeting, the Committee shall invite the Chairman of the board to attend, whom shall abstain from participating in the discussion of motions in which he has an interest. In addition, directors, managers of relevant departments of the Company, internal auditors, accountants, legal advisors or other personnel may attend the meeting and provide relevant necessary information. The Company has held a total of three meetings in 2020, the attendance of which is referenced in the Annual Report and the Public Information Bulletin.

Nomination Committee

On December 21, 2020, the Wistron ITS Board of Directors approved the establishment of a new Nomination Committee. The Nomination Committee is responsible for the selection and review of candidates for directors, managers, and members of various committees under the Board of Directors. It is also responsible for establishing and reviewing the structure and operation of various committees under the Board of Directors.

The Nomination Committee will be convened when necessary and is comprised of five members, which include the Chairman, members of the Board of Directors, and all independent directors of the Remuneration Committee. The members have elected Mr. Chao-Kuo Chiang as Convenor and Chairman of the Committee. If the need arises, the Committee will invite managers of relevant departments inside the company, internal auditors, accountants, legal consultants, and/or other relevant parties to attend Committee meetings and provide necessary information.

Corporate Compliance

Since its public offering in 2010, the Company has complied with the relevant regulations of public companies in formulating various internal operating procedures. Since its listing on the Taiwan Stock Exchange, the Company has also followed up on amendments to the Companies Act, the Securities and Exchange Act, the Personal Data Protection Act and other laws and regulations related to corporate governance and operations to appropriately adjust internal operating procedures, norms and processes. In addition, in order to implement the Company's core values, uphold a high level of professional ethics, and to ensure that employees strictly comply with the Company's relevant operating regulations and standards in their daily work and business, and to maintain the Company's reputation and gain the respect and trust of customers, suppliers and other parties. In addition to incorporating confidentiality obligations into labor contracts, we have established regulations regarding the prohibition of infringement, management of personal data protection, and information security management for all employees.

The Company's management team has been closely monitoring any domestic and international policies and regulations that may affect the Company's operations, finances and business, and has established relevant risk management procedures to enhance employees' awareness of compliance through continuous education and training. Looking back at 2020, the Company acted in accordance with the law and therefore did not suffer any significant monetary fines or other non-monetary penalties.

Anti-corruption and Integrity

In order to improve corporate governance, Wistron ITS has established the

"Code of Corporate Governance Practices," the "Code of Ethical Conduct," and the "Code of Conduct for Ethical Conduct," which clearly define procedures for handling conflicts of interest, gifts and business entertainment, political contributions, and donations or sponsorships, as well as behaviors to be followed by relevant personnel. We expect our customers, suppliers, business partners and other parties with whom we do business to understand and support our integrity policy. For more details, please refer to our website and Public Information Bulletin.

In the future, all new employees in Taiwan will be required to receive industry ethics training to ensure that they fully understand the regulations. All employees have a responsibility to report unethical conduct to the Company through the appropriate channels, and the Company protects its employees from unfair retaliation or treatment when they report or participate in the investigation of incidents.

The effectiveness of the design and implementation of the internal control system, including the accounting system, is evaluated and self-checked annually and reviewed by the auditors, in order to establish a robust anti-corruption management system. In addition, capital, procurement, supply chain management, and administrative units are also classified as potential risk units, which are subject to internal audits or regular work rotations. Any material irregularities should be reported to the Board of Directors.

In the operation of the board of directors' meetings, each director may express opinions and answer questions on matters in which they or the legal entity they represent has an interest and which may be detrimental to the interests of the Company, and may not participate in the discussion and voting, and shall refrain from discussing and voting. In addition, they shall not be entitled to exercise their voting rights on behalf of any other Director.

Externally, before establishing a business relationship with an agent, supplier, customer, or other business counterpart, the Company must evaluate the agent's legality, integrity policies, and record of dishonest behavior. In the course of engaging in business activities, the Company shall explain to the other party the Company's integrity management policy and related regulations, and shall expressly refuse to offer, promise, demand, or accept, directly or indirectly, any form or name of improper benefits, and upon discovering any dishonest behavior, the Company shall immediately cease to deal with the other party and shall be listed as a rejecting party. Compliance with the anti-corruption policy is also included in the terms and conditions of business contracts, including: clear and reasonable payment, handling of cases involving dishonest behavior, and violation of contract terms prohibiting commission, kickbacks or other benefits.

In addition, Wistron ITS will fully communicate Wistron ITS' anti-corruption policy to suppliers, publicize the company's integrity management policies and beliefs, and review the implementation status of the supply every year. As a result of the above advocacy measures and management mechanism, no corruption or ethics violations occurred in 2020.

Public Policies

Public policy is the guiding principle by which public organizations such as governments manage the public affairs of society, and it determines the direction and objectives of management activities. Correct policies and effective implementation will bring good results to the national economy and the development of society and the environment. Wistron ITS has established

a social responsibility policy to address this issue. This policy includes: Wistron ITS is committed to complying with international standards and local laws and regulations related to social responsibility, continuously promoting employee rights and benefits, establishing an honest, healthy, and safe operating environment, and fulfilling social responsibility. The Company keeps abreast of the development of domestic and international corporate public policies and reviews and improves the corporate governance system established by the Company in order to enhance the effectiveness of corporate governance. In addition, the Company has always been politically neutral and has always maintained an objective and low-profile position on public policy. We do not participate in political parties or any political activities, nor do we engage in any lobbying, or make any political contributions. Our employees are free to express their political opinions, and we encourage our employees to fulfill their civic responsibilities and participate in voting for the candidates they deem most desirable for public office.

Protect Client Privacy

"Strictly observing customer confidentiality and adhering to the principle of good faith" is our commitment to customer privacy. We have policies and strict internal control mechanisms in place to guard the information provided by our customers. In addition to controlling software and hardware that contain technical data and data that may involve customer's intellectual property and trade secrets, we also sign confidentiality agreements with customers and suppliers to protect the security of customer's confidential information.

We obtained the Taiwan Intellectual Property Management Standards (TIPS) certification in 2016 to effectively manage our intellectual property in accordance with TIPS specifications, thereby protecting our customers' privacy and safeguarding their interests. The management of our intellectual property has been certified by the state, which also enhances our clients' trust in our company. We have signed a confidentiality agreement with each of our employees at the time of their arrival, and through training and management, we ensure that each employee is able to maintain confidentiality when dealing with customers. Under the specific control mechanism, there was no violation of customer privacy or loss of customer information that harmed the rights of customers in 2020.Economic Performance

Operational Performance
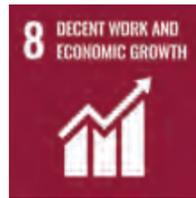
### Operating Income

(Unit: NTD$ Million)

2017	2018	2019	2020
2,785	3,953	5,323	5,101
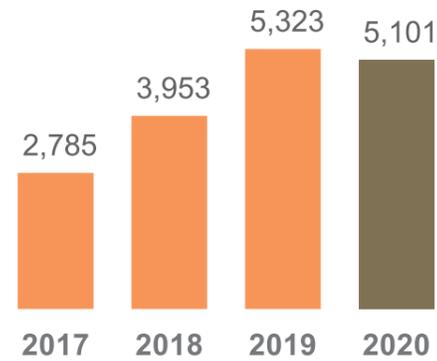
Operating Margin

(Unit: NTD$ Million)

2017	2018	2019	2020
530	929	1,303	1,314
19.0%	23.5%	24.5%	25.8%
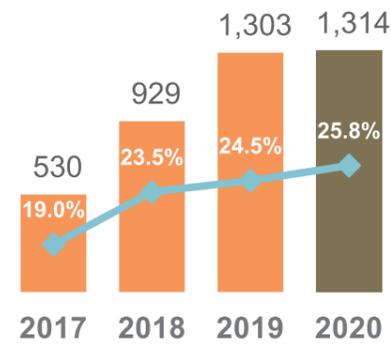
Operating Profit

(Unit: NTD$ Million)

2017	2018	2019	2020
92	207	439	485
3.3%	5.2%	8.2%	9.5%
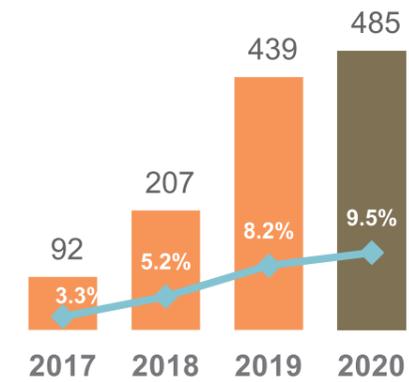
Net Profit after Tax

(Unit: NTD$ Million)

2017	2018	2019	2020
109	253	413	466
3.9%	6.4%	7.8%	9.1%
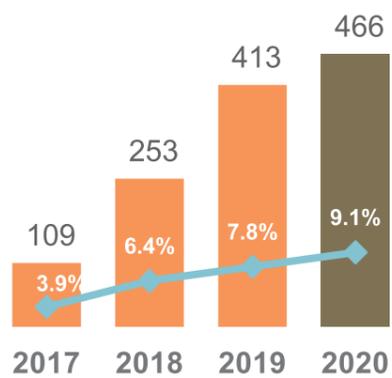
Earnings per Share

(Unit: NTD$ Million) *Retrospectively adjusted

2017	2018	2019	2020
2.10 *	4.75 *	6.23	7.06

Return on Equity (ROE)

2017	2018	2019	2020
11.1%	17.8%	21.0%	21.0%
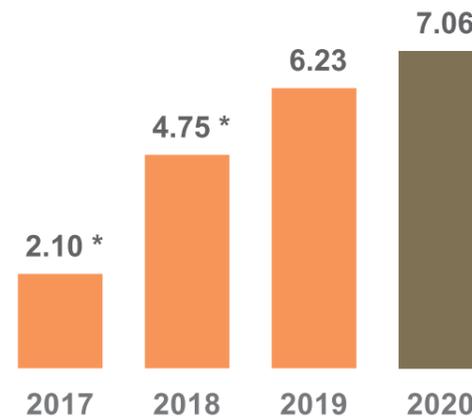
Economic Performance

Wistron ITS continues to enhance client satisfaction and improve service quality, with high quality and reasonable profitability as short-term business development indicators. For the long term, we will strengthen our core competencies and continue to evolve with the trends in information services. We will continue to grow in the four aspects of "quality clients, promising areas of expertise, mainstream new technologies, and service value enhancement" to help our clients make profits, as well as increase employee satisfaction and create long-term value for shareholders. As of recent years, Wistron ITS' Taiwan office has not received any significant government financial assistance. The relevant financial information is disclosed in the following "Financial Performance Snapshot".

Financial Performance Snapshot

Unit: NT$ million

Items	Year 2020		Year 2019	
Operating Income	5,101	100%	5,323	100%
Operating Margin	1,314	26%	1,303	24%
Operating Expenses	-829	-16%	-864	-16%
Operating Profit	485	10%	439	8%
Net Profit Before Tax	549	11%	458	9%
Consolidated Net Income After Tax (incl. Minority Equity)	466	9%	413	8%
Basic Earnings per Share (EPS)	7.06		6.23	
Retained Surplus	1,070		834	
Staff Costs	3,583		3,559	
Employees Remuneration	56		50	
Cash Dividend	329		212	
Stock Dividend	-		-	

Total Capitalization of Debt and Equity

單位：百萬元新台幣

Items	Year 2020		Year 2019	
Assets	3,644	100%	3,362	100%
Shareholders' Equity	2,335	64%	2,109	63%
Short-term Loans (Note)	8	0%	46	2%
Long-term Loan	64	2%	71	2%
Corporate Debt Payable	-	0%	-	0%

(Note) Including long-term loans due within one year

Profitability Analysis

單位：百萬元新台幣

Items		Year 2020	Year 2019
Profitability	Return on Assets (%)	13.44%	13.26%
	Return on Shareholders' Rights (%)	20.97%	20.99%
	Ratio of Net Income Before Tax to Paid-in Capital (%)	82.34%	69%
	Net Profit Rate (%)	9.13%	7.76%
	Earnings per Share (NTD)	7.06	6.23

(Note) For related financial information, please refer to the Company's website homepage/Investor Services (www.wistronits.com).

Product (Service) Sales Status

Wistron ITS is not a brand name or hardware company; therefore, the sales status is shown by major product (service) sales region. In recent years, Chinese and Japanese enterprises have been interacting more frequently with the Taiwan market, and it has become common for Taiwan-invested enterprises to develop in China or Japan. We are actively expanding our network in the Asia Pacific region to provide various information services to our cross-regional customers. The company also established a subsidiary in the United States in 2014 to serve international customers in close proximity, and will continue to grow stronger in the future.

Product (Service) Sales

Unit: NT$ million

Year / Region	Year 2020		Year 2019	
	Sales Amount	Proportion (%)	Sales Amount	Proportion (%)
China	2,769	54%	2,871	54%
Japan	853	17%	833	16%
Taiwan	810	16%	700	13%
Other Countries	669	13%	919	17%
Total	5,101	100%	5,323	100%

Risk Management

Operational Risk Management

To protect shareholders' interests, Wistron ITS focuses on the performance of its business and does not engage in high-risk, high-leverage investment activities. However, Wistron ITS actively evaluates the risks and benefits of introducing new technologies, strengthens the competitiveness of its core businesses, and improves service quality to control operating cost risks. Wistron ITS also holds yearly strategic development meetings to discuss long-term business strategies for future development.

Financial Risk Management

The Company's finance department works closely with its operating units to identify, evaluate and plan mitigation measures to address various financial risks arising from operations. The Board of Directors has written principles for financial-related risk management, and has written policies and guidelines for specific areas and issues, such as foreign exchange risk management and guidelines for the operation of derivative financial instruments, to ensure the adequacy and effectiveness of the implementation of mitigation instruments.

The Company's principal financial risks and management measures:

· Credit Risk: The risk of financial loss arising from customers' failure to meet contractual obligations. In accordance with the credit policy, the financial department shall analyze the credit rating of individual clients and continuously evaluate the credit rating of counterparties and credit limits through the financial system

to control credit risk before granting payment terms and credit limits.

・Exchange Rate Risk: The Company is exposed to exchange rate risk arising from sales, purchases and borrowing transactions that are not denominated in a functional currency. The Company's functional currencies are mainly NTD, as well as RMB, USD and Japanese Yen. The main currencies traded are New Taiwan Dollars (NTD), Renminbi (RMB), US Dollars (USD) and Japanese Yen (JPY). The Company holds foreign currency assets and foreign currency liabilities, which may result in fluctuations in the future cash flows of such assets and liabilities as a result of changes in market exchange rates, creating exchange rate risk. The Company collects information on exchange rates in order to monitor the trend of exchange rates and maintains contact with foreign exchange departments of banks in order to obtain market information and determine the appropriate timing for exchange rate fluctuations.

Climate Change Risk Management

Wistron ITS focuses on global climate change issues. We have been recognising our own greenhouse gas emissions annually since 2015 as a basis for energy saving and carbon reduction. Based on the Task Force on Climate-related Financial Disclosures (TCFD), in 2019 Wistron ITS will

take stock of key climate change risks in terms of governance, strategy and risk management indicators and targets. We also disclosed the progress and results of Wistron ITS' climate change management work according to the TCFD recommendation framework.

TFCD Core Elements

Governance

Strategy

Risk Management

Indicators and Objectives

Governance and Risk Management

Wistron ITS, with members of the Corporate Sustainability and Social Responsibility Implementation Committee, evaluates climate change risk management, formulates strategies, and oversees the promotion and implementation of climate change related issues within the company.

Strategy

Wistron ITS identifies and ranks the relevant risks through a climate change risk matrix, evaluates the possible impact of key risk factors on Wistron ITS' operations, and takes stock of strategies to address them.

Indicators and Objectives

The information services sector is the most important target for climate change mitigation, with energy use being the most important. Every year, Wistron ITS tracks its energy usage in Taiwan and China, and sets energy usage reduction targets.

Climatic Change Risk Factor Identification Program

The Wistron ITS Climate Change Risk Identification Program is as follows:

Create Risk Lists → **Identify & Prioritize** → **Evaluate Key Risks** → **Plan Response Strategies and Management Polices**

We created a climate risk list based on the TCFD's recommendations and industry characteristics. Transformation risks include policy and regulatory risks, technology, market, and business reputation, and physical risks include immediate and long-term climate risks. The assessment is then based on the likelihood and magnitude of impact of climate change risks and opportunities. The following is a list of climate risks and opportunities for Wistron ITS:

Climate Change Risk Analysis

Risk Item			Potential Financial Impact	Responding Measures
Transformation Risk (Transformation risks associated with low carbon economy)	Policy and Regulatory Risk	· International agreements governing the carbon reduction commitments and policies of countries around the world, and Taiwan's implementation of the "Regulations for Implementation of the Greenhouse Gas Reduction and Management Act".	· There may be more stringent GHG emission control to increase the corporate GHG emission reduction liability.	· Set greenhouse gas reduction target commitment, effective control of greenhouse gas emissions. · Take stock of the impact of regulations and the current status of enforcement, and plan in advance for solutions. · Strengthen energy monitoring and management systems to reduce overall electricity consumption by upgrading energy efficiency through equipment replacement and upgrades.
		· Governments of various countries are discussing carbon, energy or environmental taxes.	· Governments of various countries are discussing carbon, energy or environmental taxes.	· Promote and motivate employees to implement energy saving and carbon reduction at all levels of the company.

	Risk Item		Potential Financial Impact	Responding Measures
	Reputational Risks	· Stakeholders and outside groups expect companies to improve environmental performances	· Failure to meet the expectations of interested parties, resulting in damage to the company's image	· To create a company that respects the rights of individuals and can use technology to improve human life and the environment, and to enhance the willingness of long-term investment of investors.
Physical Risks	Reputational Risks	· Stakeholders and outside groups expect companies to improve environmental performances	· Increased repair and maintenance costs due to power outages or equipment failures caused by typhoons or extreme rainfall or snowfall, as well as operational or service disruptions · Disaster and post-disaster response resulted in an increase in operating expenses for Wistron ITS.	· Regularly review whether property insurance coverage needs to be adjusted to address the impact of climate change
	Immediate Risks	· Increase in the frequency of strong typhoons, extreme rainfall or snowfall.	· Have to pay higher electricity bills to maintain a constant temperature for equipments. · High temperatures may increase repair and maintenance costs	· Use of more efficient machinery and equipment · Strengthen energy monitoring and management systems to reduce overall electricity consumption by upgrading energy efficiency through equipment replacement and upgrades.

Climatic Change Opportunity Analysis

	Opportunities	Potential Financial Impact	Responding Measures
Resource Efficiency	Energy, water resources and waste management	· Lower Operational Cost	· Strengthen energy monitoring and management systems to reduce overall electricity consumption by upgrading energy efficiency through equipment replacement and upgrades, in order to contribute in the global effort of reducing carbon emission.
Energy Source	Use of low-carbon alternative or renewable energy sources Adopt an incentive policy	· Potential future annual energy cost savings as the cost of alternative energy sources falls · Reduce the risk of greenhouse gas emissions and therefore reduce sensitivity to changes in the price of carbon trading.	· Progressively assess the use of renewable energy when the market supply and demand are mature.

Economy and Corporate Governance

Information Management

Wistron ITS' core business is information services and we understand the importance of implementing information security. In December 2008, Wistron ITS obtained the international standard ISO/IEC27001:2005 for information security management systems, which was transitioned to ISO/IEC27001:2013 certification in 2013. Wistron ITS' continuous efforts in the field of information security management and its determination to improve the performance of information security are thus demonstrated. In the future, we will strengthen the security control of confidential information related to business operations and the information security of related critical applications to ensure the stable operation of information systems required for continuous business operations, and will continue to improve information security management and practical operations.

Information security is an essential part of Wistron ITS' commitment to our clients. In order to achieve information security objectives, we regularly conduct internal information security audits to review the implementation of information security and ensure the confidentiality, integrity and availability of information through the purpose of the audit, and follow the "Plan-Do-Check-Act Cycle" management mode to improve audit deficiencies. To continuously monitor and review management performance through an institutionalized, documented and systematic management mechanism.

Information security threats are everywhere. In order to implement information security concepts to every employee, interactive eLearning has been implemented, newly recruited employees are to complete information security concepts and practices and pass an exam to strengthen the promotion of information security.

Wistron ITS' Information Security Policy

Purpose of Information Security Policy:

1. Ensuring Information Integrity
2. Safeguarding Corporate Confidentiality
3. Ensure Smooth Company Operations
4. Protecting the Company's Reputation
5. Maintain Credibility in Project Development for Delivery to Client

Vision of Information Security Policy:

1. Enhance Employees' Awareness of Information Security.
2. Avoid Disclosure of Confidential Information.
3. Implementation of Daily System Maintenance.
4. Ensure Zero Down-Time Service.
5. Data Protection Optimization.
6. Improve Business Continuity Plan.

## nformation Security Governance System and Organizational Operation

To enhance information security governance, the Information Security Management Committee was established in July 2008 with an information security promotion committee, an information security officer, an information security promotion team, and an information security auditor. The Information Security Promotion Team is composed of information technology experts and file control personnel, as well as support units such as the Legal Department,

General Administration Department, and Education and Training Department.

The Information Security Management Committee is responsible for defining the scope of information security management, establishing the framework and system of risk management, supervising the operation of the information security management system, analyzing and evaluating the operational risks faced by the Company, regulating the rights and responsibilities of personnel involved in information security operations, reviewing and monitoring the investigation and handling of major security incidents, performing information security management reviews, and communicating and conveying the importance of information security internally.

Organizational Structure of Wistron ITS' Information Security Committee
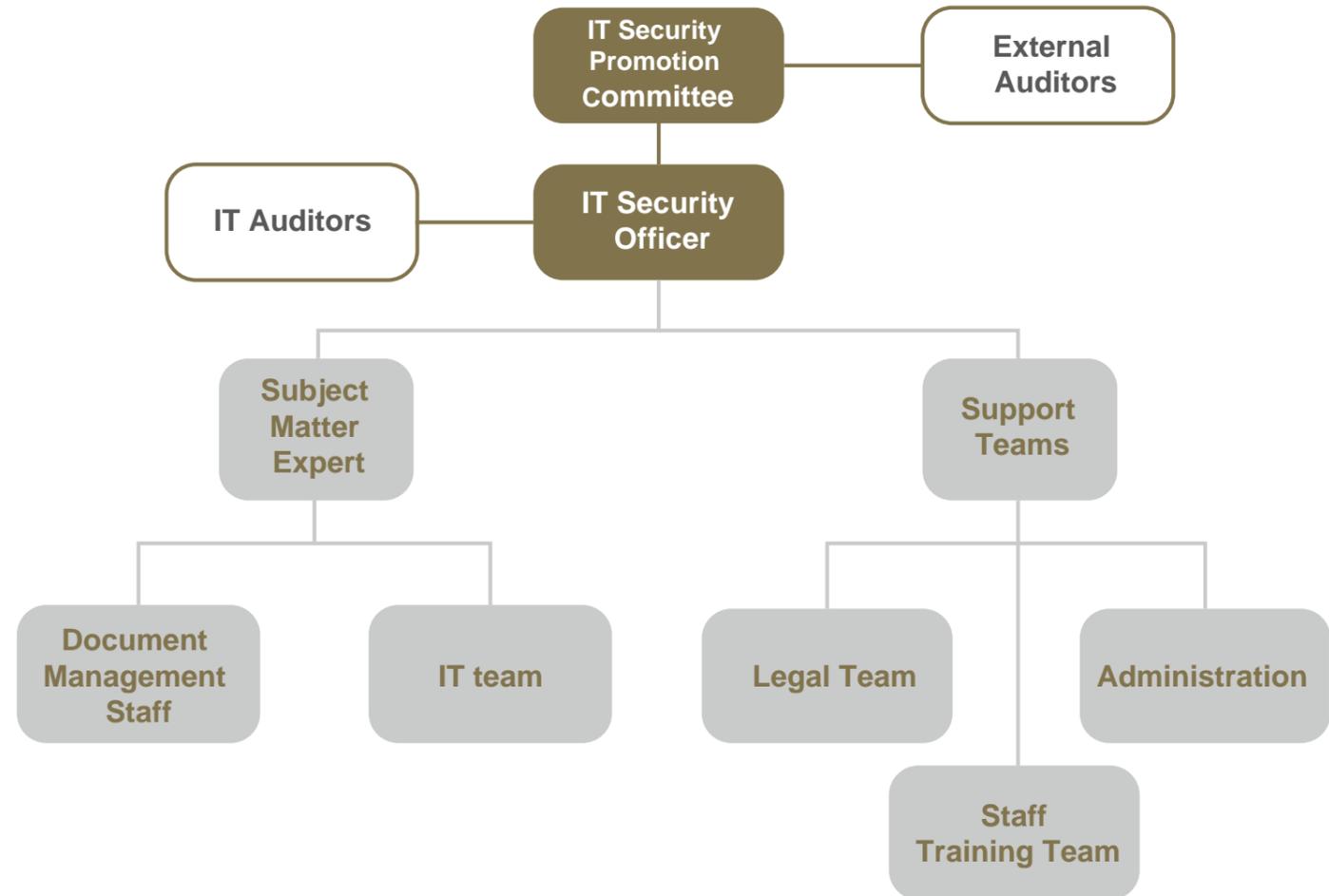
Organization and Operation of the Information Security Management Committee

Plan — IT Management Committee

Action
Improvement Plans /Track Record

Plan
Information Security Policy/ Information Security Goals/ Risk Evaluation Reports/ IT Assets List

Check
Self-Check Plans /Self-Check Findings/ Improvement Plans

Do
Maintain Records for Actions Taken
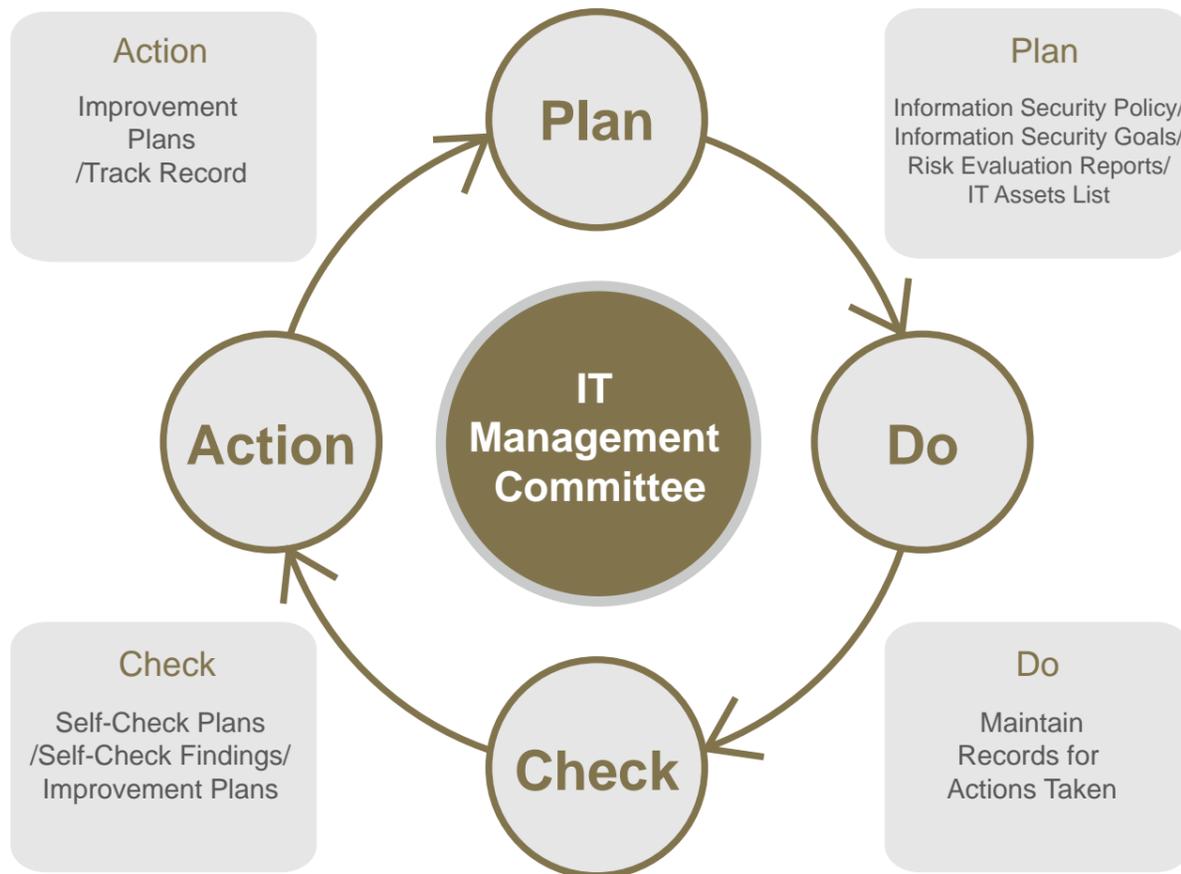
In order to ensure that the company's critical applications (Mail Server, SAP ERP Server, BPM Server, OSS) and critical network MPLS-VPN can continue to operate to ensure uninterrupted business operations, the system design and related practices are as follows:

‧ Specify the Business Impact Analysis (BIA)

‧ HA (High Availability) Architecture Design

‧ Construction of Wuhan Office Backup Data Center (BDC)

‧ Conduct annual DR Rehearsals for critical applications and networks.

SAP ERP DR Rehearsal Impact Analysis Requirements completed in October 2020 with the following drill results:

Key Network Policy	Rehearsal Result
RTO of SAP ERP <=4 hours	10m

[Note] SAP ERP Policy content: RTO: Recovery Time Objective

Economy and Corporate Governance

Summary of Information Security Planning and Response Practices

Information Security Planning	Response Practices
· Enhancing staff education and training on information security · Implementation of information security related procedures · Business Continuity Plan (BCP) maintenance and exercise plan scheduling	· To enhance employees' awareness of information security and reduce the threat of malware, social engineering simulation is advocated through regular social engineering simulation exercises to understand the sensitivity of colleagues to phishing emails. · The following information security management procedures are implemented to reduce risk. 1.File and Record Management Programs 2.Risk Assessment and Risk Management Programs 3.Information Security Internal Audit Management Programs 4.Improvement Measure Programs 5.Information Security Management Audit Programs 6.Information Security Incident Notification Programs 7.Information Asset Management Programs 8.Physical Safety Practice Programs 9.Personnel Safety Management Programs 10.Access Control Management Programs 11.On-line, Change and Configuration Management Programs 12.Network Management Programs 13.Host Management Programs 14.Database Management Programs 15.System Development and Maintenance Security Management Programs 16.Information Technology Equipment Procurement Management Programs 17.Information System Outsourcing Service Management Programs 18.Backup Management Programs 19.Business Continuity Management Programs 20.Information System Account Management Operating Programs 21.Information Security Effectiveness Measurement Program 22.Information Security Project Management Programs · To ensure the continuity of critical applications to ensure uninterrupted business operations, disaster recovery drills are arranged on a regular basis.

Innovation and Service

Improving Technical Services

In addition to the mainstream technologies that our clients are demanding, currently we are also foraying into new technologies such as AI, big data, cloud computing, IoT, and 5G application.

Keeping with our previous big data strategy, Wistron ITS is continuing work in big data warehousing, assisting our clients in digital behavior analysis, digital process optimization, and digital channel expansion, in order to help them personalize financial services and realize the idea of data-driven decision-making. Guided by the trends of financial technology, when collaborating with clients to develop systems, we have placed great emphasis on developments in areas such as big data, Open API (application programming interface), and enterprise middle platform construction. Thinking outside of the box, we have been breaking through the existing framework of the financial system, developing innovative application systems at rapid speed, and quickly making modifications according to market feedback data. This has allowed us to ensure that the functions and services we provide can meet the needs of our clients, and enhance the power of our digital services.

In AI technology, we have done many years of work in smart healthcare, and have had successful application use cases of AI in medical imaging, helping our client use deep learning models and algorithms to detect abnormalities in images of internal organs and to segment these images. This significantly increased the accuracy of liver lesion detection in medical images. Apart from algorithm learning and AI software application development, Wistron ITS has also turned our attention to medical image processing and annotation, which is currently mostly done manually. We have begun research into using AI to support automatic annotation, segmentation algorithms, and lesion detection, working jointly with our clients to welcome a new era where healthcare meets technology.

In addition, as 3D AR/VR (augmented reality/virtual reality), IoT, cloud computing, and AI/ML (machine learning) are trending in the industry, we plan to use our own IP to create real-time 3D visualization application products that integrate AR/VR, with the final goal of industrial automated production.

Research, Development, and Innovation (RD&I)

Wistron ITS has three main Research and Development Centers in Taipei, Wuhan, and Dalian, accumulating great RD&I capabilities in service of our Global 500 clients. Combining our experience collaborating with clients, our teams work together to brainstorm ideas and research technological trends. We have also established reward schemes to encourage project teams to bring out innovative solutions and explore different possibilities.

Wistron ITS implements innovation with different strategies according to the aspects listed below:

‧ RD&I at the Project Team Level

As our project teams work and interact with clients on a daily basis, they fully understand the client's industry and needs. Wistron ITS encourages our teams to formulate RD&I plans according to the client's needs/pain points, helping the

client gain advantages and create strategic value, which in turn allows Wistron ITS to improve our IT service capabilities and remain competitive. This process and our company culture allow us to create innovative value and provide our clients with the services and projects they need. This client-centric innovation approach not only increases Wistron ITS' competitiveness, but also creates value for the clients in their target market. For example, we have successfully applied this approach in fields such as visualization, cloud migration, and industrial automation.

▪ RD&I at the Innovation Center Level

Wistron ITS is focused on RD&I in areas such as AI, big data, cloud, financial technology, IoT, 5G application, and AR/VR, conducting our research from a broader enterprise (client) perspective. For example, as 3D AR/VR, IoT, cloud computing, and AI/ML are trending in the industry, we have set goals in various aspects according to these trends, in order to establish the roles we can play as well as the value and services we can provide. We then formed small teams to construct proofs of concept (PoC). In long-term collaborations, we consider our clients' projects and needs, and combine them with current trends to build tangible results for our clients, in order to seek more business collaboration opportunities at a larger scale. In addition, we are able to leverage the innovative work of our Innovation Centers and add them into the client's ecosystems for discussion. This allows us to substantially modify and complete PoC along with basic implementation plans, and implement them in the client's business ecosystem. We have successfully applied this approach in areas such as IoT, 3D visualization, and multi-cloud integration.

▪ RD&I at the Strategic Collaboration Level

In the future, Wistron ITS will collaborate and interact with various partners and relevant business ecosystems through our Innovation Centers, in order to use our own IP to create real-time 3D visualization application products that integrate AR/VR, with the final goal of industrial automated production.

Creating Service Value

In addition to our performance, we continue to improve the professionalism and quality of our information services. Since 2005, we have obtained CMMI Level 3, ISO 9001, ISO 27001 and TIPS certifications. By optimizing the use of intellectual property and systematically managing the company's intellectual property, it makes the company more competitive and increases clients' trust. In 2017, Wistron ITS further passed ISO20000 Information Technology Service Management System, ISO22301 Business Continuity Management System and many other ISO series certifications, marking Wistron ITS development, quality control, and service management standards as industry leaders.

▪ CMMI Level 5 Certification

In 2020, Wistron ITS attained CMMI Level 5 certification, the highest level of certification offered by the CMMI Institute. This achievement illustrates that our capabilities in software development processes, organization, technology research and development, project management, solution delivery, and other areas meet the highest level of global standards.

CMMI is the abbreviation for Capability Maturity Model Integration, a global evaluation standard for software capability maturity. It is used to help provide improvement factors for the software development process, as well as to evaluate software development capability. As such, CMMI certification is seen as a key for

software companies to open the doors to the global market. There are 5 levels of CMMI certification, with Level 5 being the highest in the system. By achieving Level 5 certification, Wistron ITS has proved that our software capabilities meet the highest standards by not only meeting the requirements for the first 4 levels, but also proving that we possess the necessary software capabilities to prevent unexpected incidents during project execution, as well as to proactively improve process and leverage new technologies for process optimization. This will allow us to gain more competitive advantages in the global market.

Emphasis on Service Responsibility and Quality

To enhance the quality of our services, we also manage the quality of our services through customer satisfaction surveys and customer interviews. In 2020, there were no violations of laws and regulations in connection with the provision of our services.

Client Satisfaction Management

Client satisfaction is an important indicator of customer feedback on the services provided by Wistron ITS. We use clients' satisfaction evaluations and recommendations as the basis for internal operational improvements. At the same time, we are able to adjust the direction of our services in a timely manner in order to achieve maximum benefits for our customers. In order to enhance client satisfaction, we regularly collect client satisfaction data and suggestions through "Client Satisfaction Survey", and provide the relevant information and results to internal organizations for analysis, review and propose follow-up improvement measures to avoid the recurrence of similar problems, so as to maintain clients' trust in the quality of our products and services and become a

long-term and trustworthy partner of our clients.

Wistron ITS' client satisfaction rating is divided into five levels: excellent (5 points), good (4 points), acceptable (3 points), poor (2 points), and inferior (1 point). The rating is based on overall evaluation, project management, professional competence of personnel, service and support, cost/quality/delivery, and cooperation relationship. For clients with low client satisfaction, we will ask the responsible department to propose improvement plans and track the results in a timely manner. In addition, we also conduct client interviews for important clients or major projects to hear our clients feedback.

| Wistron ITS Client Satisfaction Level	Scores
Excellent	5 pts
Good	4 pts
Acceptable	3 pts
Poor	2 pts
Inferior	1 pts

Wistron ITS Client Satisfaction Management Indicators	Description
Project Management Capabilities	Project planning skills, client communication skills, risk awareness and judgment, and confidentiality.
Professional Competence	Adequate project staffing, professional skills, service attitude, and work attitude of expatriates
Service and Support	The performance of Wistron ITS contacts, the ability to respond immediately to customer needs, the ability to solve problems, and the ability to handle change requests.
Cost/Quality/Delivery	Competitive price, product quality, on-time delivery

(Note)The results of this survey are the overall results of the 2014-2020 client satisfaction survey in Taiwan and China.

Results of Client Satisfaction Survey
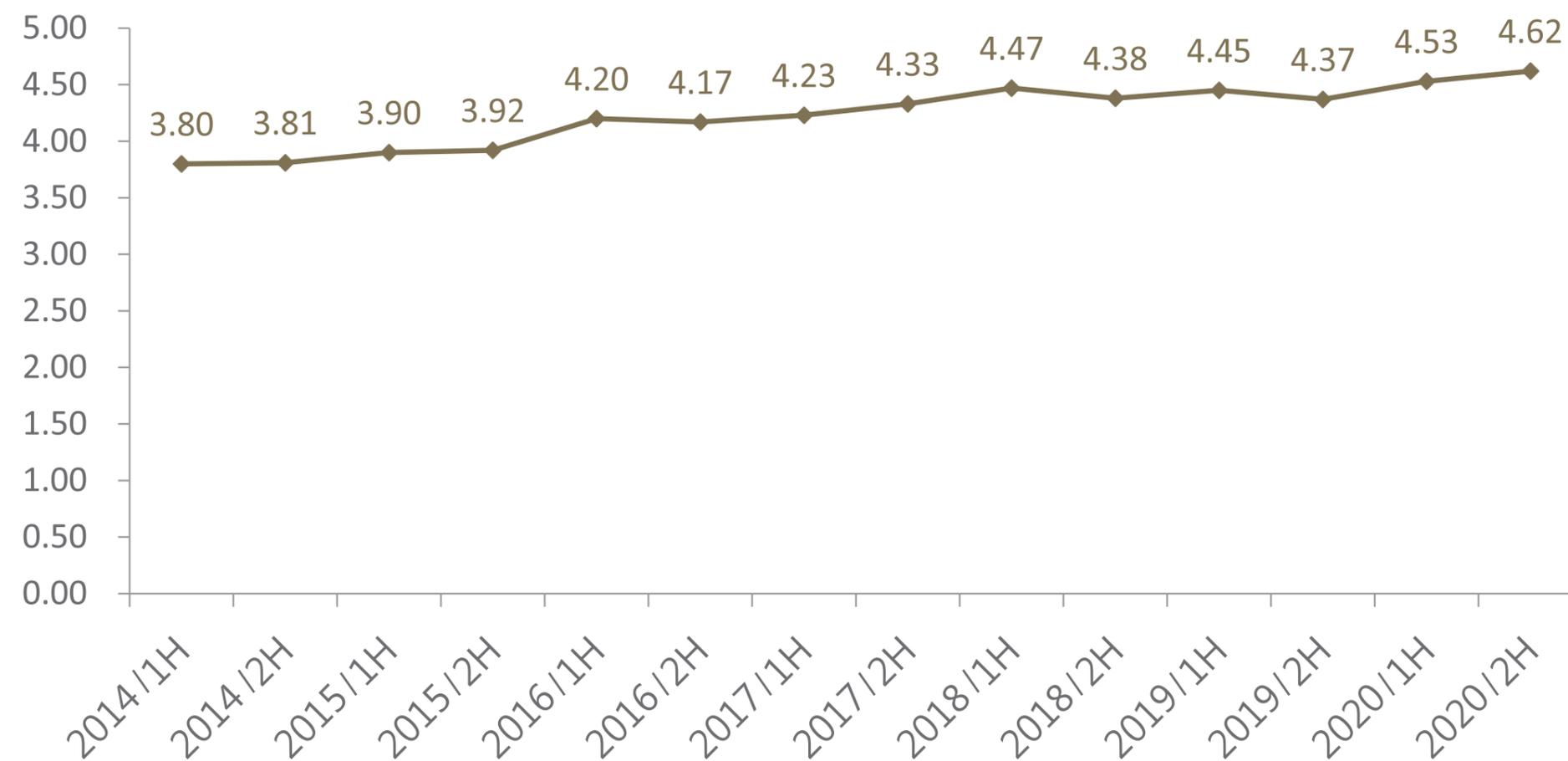
Supplier's Social Responsibility Management

Wistron ITS has long been concerned with social responsibility, environmental protection, labor rights, Occupational Health and Safety, and has made reference to international initiatives and requirements, including the "Electronic Industry Citizenship Coalition Code of Conduct", the "Universal Declaration of Human Rights", and the "UN Guiding Principles on Business and Human Rights", to establish a code of conduct for suppliers.

Wistron ITS provides information-related services. We view our suppliers as important partners and hope to build a long-term, stable supply chain through mutual cooperation. The main supply chains are information service providers, with local supply being the main focus of the local suppliers. In addition to considering suppliers' technical capabilities, quality, and competitive pricing, we require Wistron ITS' suppliers to comply with the following items:

· Consideration of human rights: No forced labor, no child labor, no use of foreign illegal workers, including wages and labor conditions, and safety and health standards require compliance with the laws and regulations of the country and region where they are employed.

· Endorsement of clean procurement: fair and equitable dealings.

· Ensuring Information Security: The proper handling and secure and prudent management of customer information requires that vendors adopt the same level of information security as Wistron ITS.

We have contractual agreements that requires our suppliers to follow Wistron

ITS' Code of Ethical Conduct, Code of Integrity in Business Conduct, and Corporate Social Responsibility (CSR) Report in terms of environmental, safety and health issues, and to work together to promote CSR. We also follow the current environmental protection, labor safety and health laws and regulations, and cooperate with the government to promote environmental protection, energy saving, carbon reduction, and CSR policies to protect the rights and interests of workers and increase profits for clients, in order to create a win-win-win situation for clients, manufacturers, and employees.

Wistron ITS' current vendor management mechanism is as follows:

· New supplier selection: New suppliers are selected based on internal and procurement-related control processes and procurement practices, as well as respect for human rights and labor rights.

· Supplier assessment: Conduct supplier audits and spot checks from time to time, and include supplier quality, performance, and information security quality in the assessment scope.

· It is confirmed in the supplier contract that the company should follow the Code of Ethical Conduct, the Code of Ethical Management, the current environmental protection, labor safety and health laws, and cooperate with the government to promote environmental protection, energy saving and carbon reduction, and enhance corporate social responsibility policies, to jointly protect the rights and interests of employees and increase profits for clients, in order to create a win-win-win situation for clients, manufacturers, and employees.

The supplier audit management indicators are as follows:

Management Indicators	Description
Management Systems	Whether the supplier has education and training programs, and whether the supplier provides employee training from time to time.
Employee Management	Whether or not there are written labor regulations, and advocate that suppliers should not employ child labor, should not discriminate, and should provide reasonable and lawful humane treatment to workers.
Environment Management	Providing a safe workplace, remind the supplier of their environmental responsibility and requires suppliers to be held accountable as well.
Ethics Management	All suppliers have signed contracts, respect the employment ethics, fair trade, clean business, comply with confidentiality agreements and anti-corruption.