



GUC
Global Unichip Corporation

2017 CSR Report

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GUC CSR Policy and Performance



Corporate Social Responsibility Policy

GUC has been considering not only the economic value of corporate creates, but also balance the interests of stakeholders and implement our corporate social responsibilities without hesitation. It builds sustainable value for GUC and its stakeholders.

■ Our vision

Become the world ASIC Supplier Leader.

■ Our mission

To be a flexible ASIC Leader offers total services and implement customers' idea in a short period of time.

■ Our Faith

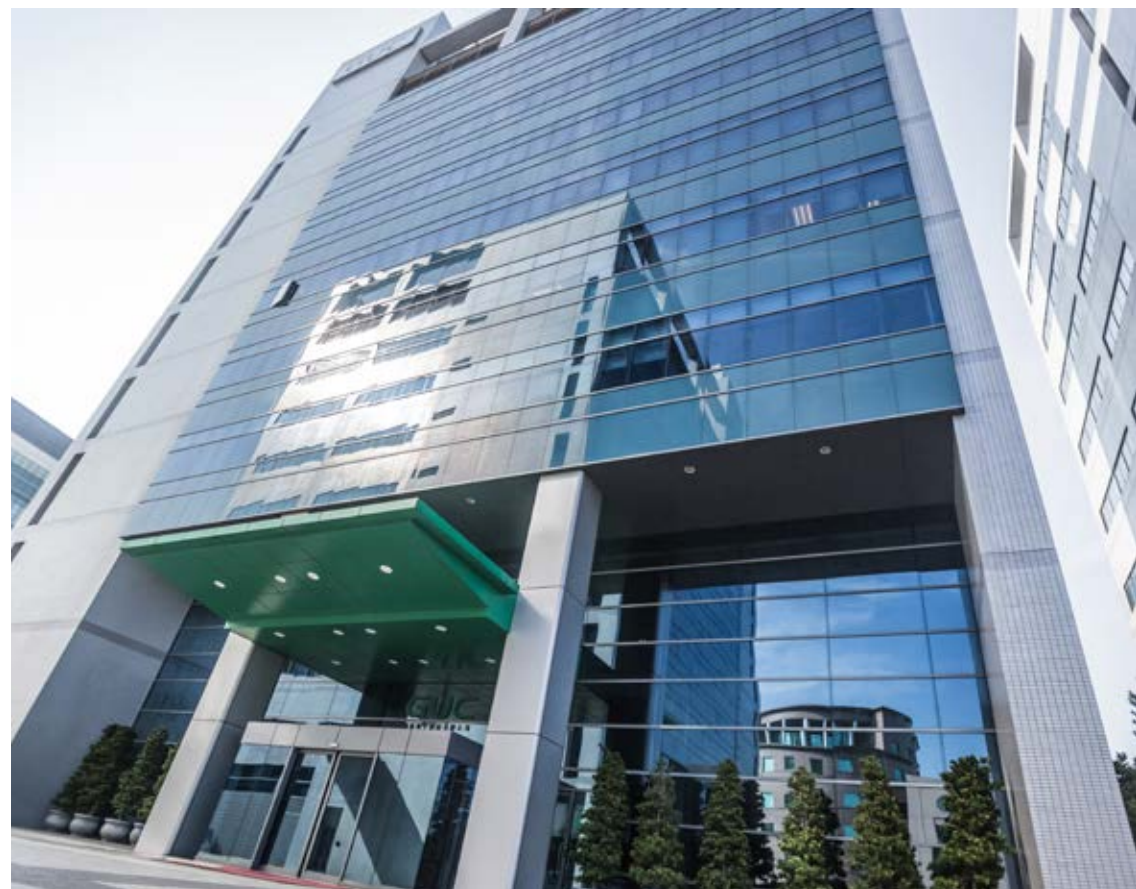
Technological Innovation, Quality Improvement, Excellence Service.

■ Our Implementation Policy

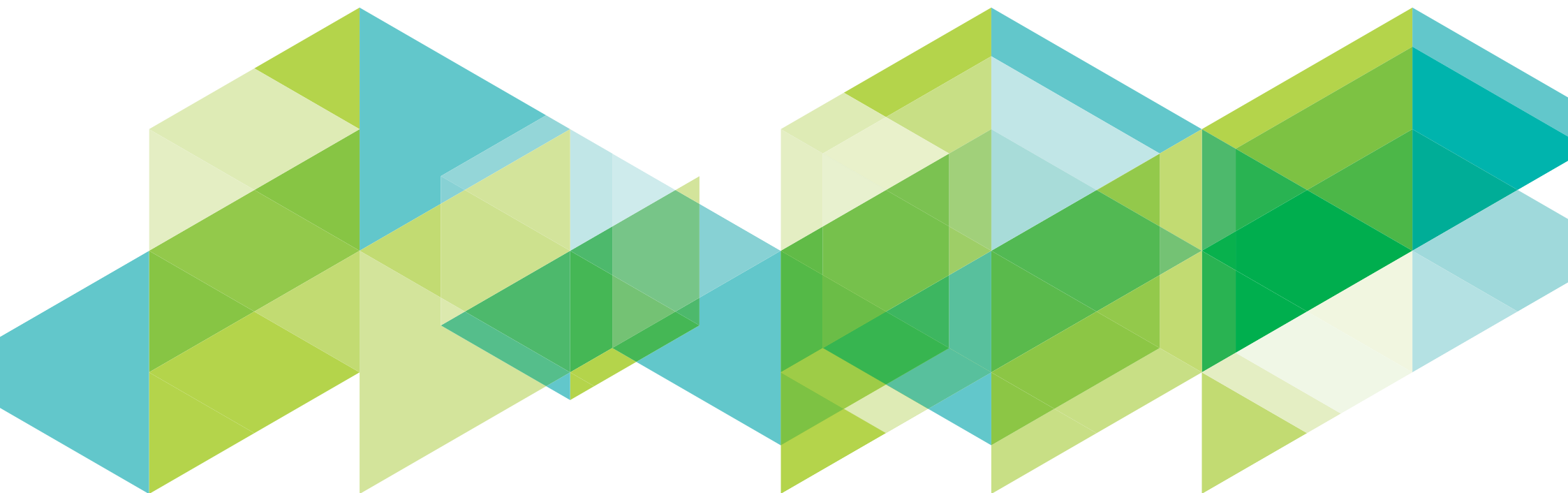
To promote business behavior in keeping with integrity and morals, and to support compliance with legal

order, we have established our internal Ethics Code of Conduct (the 'Code') which is called 'Procedures for Ethical Management, Ethics & Business Code of Conduct.' in accordance with 'Taiwan Corporate Conduct and Ethics Implementation'. Internally, we require all employees to comply with ethical values and business conduct, and report to the board on a regular basis if there is any violation of business ethics.

In environment protection, GUC is committed to environmental sustainability; adhere to the green design and green supply chain, and in pursuit of the best efficiency of resources to reach the goal of waste reduction and pollution prevention and control. In the care of the disadvantaged, GUC combined with the company's resources and employee's spontaneous love, to help people or disadvantaged with money, materials and manpower, and to provide vulnerable groups life assistance and emergency donation.



Company Overview



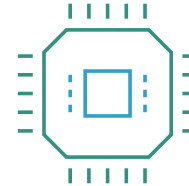
Company Overview

2.1 Important Achievement

In this report, we will discuss the performance of corporate social responsibility in 2017 and how we focus on the issues that stakeholders are paying attention to. More importantly, we hope through the excellent corporate value show, play a friendly society of the positive cycle. Most importantly, through the demonstration of our excellent corporate value, we have exerted a positive society–friendly cycle. Here are some important features:



GUC was listed in the Taiwan High Compensation 100 Index published by Taiwan Stock Exchange for four consecutive years. In 2017, we recruited 116 new employees, which indicate the outstanding result of our talent recruitment.



In 2017, 16nm accounted for 28% of ASIC revenue, and 7nm already contributed revenue.



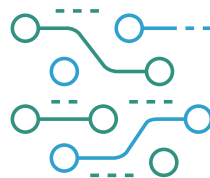
GUC was listed in the Taiwan Corporate Governance 100 Index published by Taiwan Stock Exchange for three consecutive years.



Powerful revenue growth benefited from advanced technologies nodes. Our net sales reached to NT\$12.16 billion, which is the record high, in 2017 with the year-over-year growth rate of 31%, and after-tax profit reached NT\$855 million with the year-over-year growth rate of 55%. Revenue and profit kept growing in last four years.



GUC was awarded “the Top 5% companies” in the 1st, 2nd, 3rd and 4th Information Disclosure Assessment and Corporate Governance Evaluation of the Listed Companies by Taiwan Stock Exchange and GreTai Securities Market.



GUC taped-out 12nm LPDDR4X in 2017 and the power consumption reduced by 40%~50%.



When it comes to energy efficiency, in response to the 2017 annual growth plan, the annual electricity plan: increase / month (5%), the actual execution: electricity increase / month (only 2.1%).



By sharing love and participating in charity activities, GUC developed a positive corporate environment. We worked with the non-profit HsinChu Blind Welfare Association by purchasing massage services from

them, and GUC employees purchased Christmas gifts to sponsor children from disadvantaged families and bring them the opportunity to enjoy and experience the merry atmosphere of Christmas.

2.2 Letter from the CSR Committee Chairperson



Mr. Daniel Chien

Senior Vice President and
Chairperson of the Corporate
Social Responsibility
Committee

GUC benefited from industrial trend driven by strong demand of chip development from system companies. And the most demand is from advanced technology nodes, which is in favor of GUC who is continuously focusing on most advanced technology and contributed to GUC's outperformance in 2017. GUC pledges itself to not only become an indispensable influence in the semiconductor industry, but also to serve as a force for sustainability that pushes society forward, to become a corporate citizen with a positive influence to society, and to build a better future for the next generation.

To serve as a force for sustainability that pushes society forward

As a pioneer in ASIC design service industry, GUC not only committed to the pursuit of keeping the technology leading and excellent services, but also balance the interests of stakeholders and implement our corporate social responsibilities without hesitation. In 2017, CSR Executive Policy focuses on R&D and innovation, design of green products, and friendly working environment, implementation of corporate governance, environmental protection and social welfare.

R&D and innovation

GUC made significant progress in business and technology R&D in 2017. With the customer demand for multi-functional products in more advanced process, GUC continued to invest in leading-edge technology. In 2017, not only 7nm getting started contributing NRE revenue, but 16nm already accounts for 28% of ASIC revenue. At the same time, revenue from system companies accounted for more than 2/3, which can be attributed to increasing demand from system companies for customized ASIC. Looking into electronics industry in the future, GUC will continue to focus on servers, automotive electronics, artificial intelligence, and communication infrastructure, and provide global IC industry the most advanced technology, the best design services, and the most competitive service platform. We hope to meet market demands as well as distancing ourselves from the rest of the competition by actively involved in the development of advanced processes and key silicon IPs.

Design of green products

GUC taped-out 12nm LPDDR4X IP in Aug, 2017 and got certification in Feb, 2018. This IP not only supports LPDDR4X, but also saves 40%~50%

power consumption compared with LPPDDR3, and saves 10%~20% power consumption compared with LPPDDR4. We keep on providing more advanced and energy saving green products to enhance the power consumption of end customers. As we keep on defining the top of the industry's specifications standards, our customers are able to reduce their carbon footprint.

Friendly workplace

We continue to invest huge heavily in our employees. Through our well-organized training and cultivation, we are also devoted in inspiring innovators inside the corporate and concentrating on building up an outstanding and energetic work environment. GUC was awarded the "Amiable Workplace Prize" by the Council of Labor Affairs. We were recognized "Health Management Award" by the Bureau of Health Promotion, Department of Health, Taiwan, R.O.C. GUC was also listed in the Taiwan High Compensation 100 Index published by Taiwan Stock Exchange for four consecutive years.

Corporate Governance

GUC values corporate governance. This is the 4th year that we awarded "the Top 5% companies" in the 4th Corporate Governance Evaluation of Listed Companies by Taiwan Stock Exchange, and GUC was listed in the Taiwan Corporate Governance 100

Index published by Taiwan Stock Exchange for three consecutive years.

Environment protection and social welfare

Environment protection and social welfare through our well-organized management system, GUC is able to implement our environmentally friendly principles for sustainable operations. In daily operations, we implement energy conservation and carbon reduction policies, such as replacing LED lighting fixtures, frequency conversion control cooling tower fans and other devices.

In 2017, we continuously worked with the non-profit HsinChu Blind Welfare Association by purchasing massage services from them. We participate the Accton Cultural & Educational Foundation founded the Christmas Dreams project. This also inspires the industry to help children from disadvantaged families and bring them the opportunity to enjoy and experience the merry atmosphere of Christmas. We sponsored The VLSI Design/CAD Symposium which is an extremely significant and well-organized annual event in Taiwan's IC designing industry. The purpose of this symposium is to discuss the new challenges and issues we face while advancing into the smart electronic era. Moreover, in order to promote communication between government, producers, universities and researchers and increase Taiwan's competitiveness in the leading edge technologies in semiconductor.

GUC has always sought to fulfill its corporate social responsibility. We believe our success is deeply entwined with our stewardship of the natural environment, efficient use of resources and meeting the expectations of our stakeholders to build a better future for the next generation.

Senior Vice President and Chairperson of the Corporate Social Responsibility Committee



2.3 About this Report

Overview

We have earned the Independent Third Party Assurance Statement issued by British Standards Institution (BSI).

This is the 7th time that GUC has prepared a Corporate Social Responsibility (CSR) Report. We will continue to publish these reports on a yearly basis. There is no major organization, structure, ownership, and supply chain changes during the report timeline.

Report Timeline

This report presents GUC's CSR progress for the period from Jan. 1st to Dec. 31st, 2017.

Last Report Date

June 30, 2017.

Report frequency

In annual basis.

Report Scope and Boundaries

The report covers CSR-related data and activities of GUC's Hsinchu Headquarters and Taipei Office in Taiwan only, and does not include our overseas subsidiaries and liaison offices. The data is related to our performance in financial, environmental and social aspects. However, only financial information covers both GUC's Headquarters and its overseas subsidiaries and liaison offices.

Reference

This report follows the Global Reporting Initiative, Sustainability Reporting Standards, (GRI) and in accordance with core option of General Standard Disclosures and Specific Standard Disclosures and a cross-reference table of GRI content index is attached at the end of the report.

Third-Party Assurance

This report has received assurance from third parties. We have earned the Independent Third Party Assurance Statement issued by British Standards Institution (BSI). The criteria used for this assurance are as follows:

- AA1000AS:2008: AA 1000 Assurance Standard.
- AA1000APS:2008: AA 1000 Account Ability Principles Standard

Contact Information

This report is available on GUC's company website. You are welcome to contact us if you have any suggestions or questions concerning this report:

Address: No. 10, Li-Hsin 6th Rd., Hsinchu Science Park, Taiwan, R.O.C.

Tel: +886-3-5646600

Email: irinfo@guc-asic.com

Website: <http://www.guc-asic.com>

2.4 Identify Material Aspects and Boundaries

We identify material aspects and boundaries through identification, prioritization, validation and review. After GUC's internal meeting, we sort out the 'Relevant Topics', which is a list of issues to be included in this CSR Report.

The issues are selected based on the 2 directions from "Global Reporting Initiative, Sustainability Reporting Standards" (GRI) aspects and standard disclosures in the step 1.

Prioritize the referred issues based on the 3 principles for relevant topics in the step 2, which

includes: Stakeholder Inclusiveness: The organization should identify its stakeholders, and explain how it has responded to their reasonable expectations and interests. Materiality:

Reflect the organization's significant economic, environmental and social impacts. Sustainability Context: Discrepancy of the corporation's contribution to the improvement or deterioration of economic, environmental and social conditions, developments, and trends. We use surveys to collect the main issues concerned by our stakeholders and 125 surveys were recovered.

In accordance with the Completeness Principle of GRI, we validate the dimensions of scope and aspect boundaries. The prioritized Material Aspects list has been verified by top decision makers. After the report has been published, a review of this report is prepared for the next reporting cycle. The result of the review would be helpful for the Identification Step for the next reporting cycle. There is not any restated compare to the previous year's report.

▼Material Topics

1. R&D Innovation
2. Sustainable Development
3. Product Quality and Competiveness
4. Employee Relations and Compensation Packages
5. Employee Development
6. Customer Relations

▼Secondary topics

1. Labors' Rights
2. Ethical Practice
3. Corporate Governance
4. Risk Management
5. Supply Chain Management
6. Occupational Safety and Health

▼General topics

1. Environmental Policy
2. Social Participants
3. Legal Compliance
4. Green Products and Productions
5. Environmental Protection Expenditure
6. Greenhouse gas reduction (climate change)
7. Water Resources Management

▼Major considerable aspects and boundaries statistics table

Material topics	GRI materials\ boundaries	Internal	External				
		Employees	Shareholders	Customers	Suppliers	Communities	Academic Institutions
Economic Category	Corporate governance	○	●	●			●
	Ethical Practice : anticorruption, anti-monopoly	○	○	●	●	●	○
	Customers Relations	○	○	●	●	●	○
	Products quality and competitiveness	●	○	●	●	○	○
	R&D Innovation	●	●	●	○	●	●
	Risk Management	○	●	●		●	○
	Sustainable Development	●	●	○	●	○	○
Environmental Indicators	Climate Change (greenhouse gas reduction)						
	Environmental policy						○
	Green Product and Operations			○	○		○
	Environmental energy saving expenditure				○		
	Product Responsibility			○	○		
	Water Resources Management						
Social Category	Social Participants					○	○
	Occupational safety and health	○			●	●	○
	Employee Development	●		○	●	○	●
	Employee relations and Compensation Packages	●	○	○	○	●	●
	Labors' Rights	●	○	○	●	●	○
	Supply Chain Management	○		○	●	○	●

▼List of Material Aspects and Management Policy

R&D Innovation

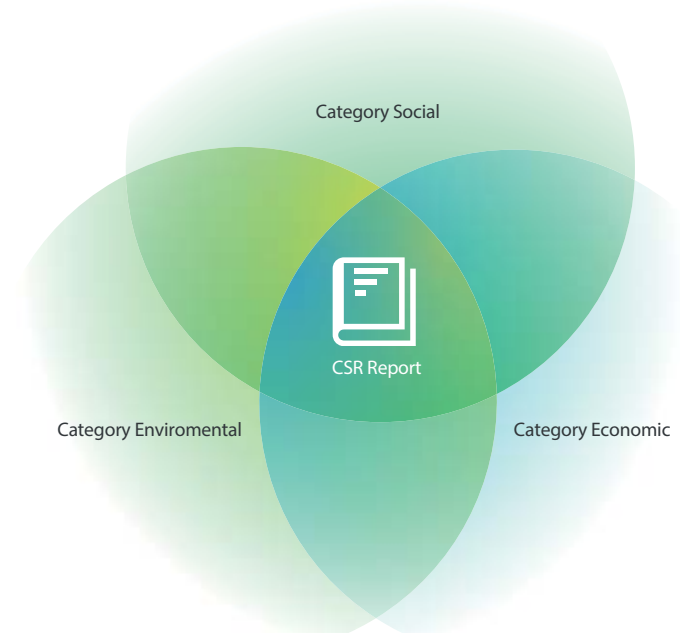
Strategies	Continue to invest design services on leading technology to enhance the competitive position.
Visions	Become the world ASIC & IP Supplier Leader
Resources	Continues to invest R&D resources in 7nm and 5nm leading technology
Actions	<ul style="list-style-type: none"> Establishment of the R&D Department, to be in charge of development, integration, maintenance of innovative products. Technical planning, development and integration for silicon intellectual property in relation to Digital, Mixed-Signal, RF, High-Speed SerDes. Integration techniques for SoC, application and development for software, Development for the designing process of ESL.
GRI Standard Index	GRI 201/G4-EC1
Targets	In 2018, there is Turnkey revenue on 7nm and spec-in projects complete tape-out

Ethical Practice

Strategies	Integrity is important cornerstone for the implementation of corporate social responsibility. It is also the key to sustainability of the company.
Visions	Become the world ASIC & IP Supplier Leader
Resources	Through the efforts of the GUC's "Corporate Social Responsibility Committee" to integrate internal organizations, and they manage issues related to employees, shareholders/investors, customers, suppliers, government, society, etc., and establish work plans to implement GUC'S p social responsibility vision and mission.
Actions	<ul style="list-style-type: none"> In February 2015, the Board approved the "Code of Practice for Corporate Social Responsibility" as the guiding principle for long-term promotion of CSR. Meeting regularly and report to the board very year. Education and training every year for employees to explain key strategies and implementation methods of CSR , and urge all employees to implement the sustainable business vision of the company.
GRI Standard Index	GRI 201/G4-EC1
Targets	Implement corporate governance and equal treatment of stakeholders, commit to environmental protection and public welfare activities, and fulfill social responsibilities.

Product Quality and Competiveness

Strategies	<ul style="list-style-type: none"> Set the company's technological development plan and complete the reliability verification during the design phase. Implement continuous improvement to internalize quality culture
Visions	The competitiveness of customers is the competitiveness of GUC, and GUC is committed to becoming a long-term important partner that customers can trust and depend on for success.
Resources	Expect to encourage employees to strive for excellence through incentives such as award for CIS proposals and public praise.
Actions	<p>With quality policy, two principles are ensured by high-level management:</p> <ul style="list-style-type: none"> To ensure the effective implementation of quality management system, and to achieve quality objectives and quality management system requirements. To ensure that the integrity of the quality management system can be maintained when the quality management system changes its planning. Continuous CIS proposals to improve internal procedure.
GRI Standard Index	GRI 201/G4-EC1
Targets	We are committed to promoting "customized quality services" to help customers achieve market opportunities and strengthen their competitiveness with excellent and reliable product quality.



Employee relations and Compensation Packages

Strategies	Enhance the recognition of all employees in the core values of the company and provide competitive salary and welfare package
Visions	GUC continues to be maintained in the Taiwan High Compensation 100 Index
Resources	Reward or improve employees compensation and benefits at a certain percentage of the company's profit
Actions	<ul style="list-style-type: none"> Establishment of Compensation Committee under the Board of Directors. No gender differences on the compensation. The compensation evaluation criterions are based on the professional abilities and experiences. The HR Department plans and handles the labor relations communication. Regular implementation of Labor-Management Meeting for efficient communication. Establishing "Employee Welfare Committee" with a monthly budget to implement employee welfare activities regularly.
GRI Standard Index	GRI 402/ G4-LA4
Targets	<ul style="list-style-type: none"> Over 80% of letters of appointment are accepted. Headcount turnover rate maintains at the level of 10%~15%.

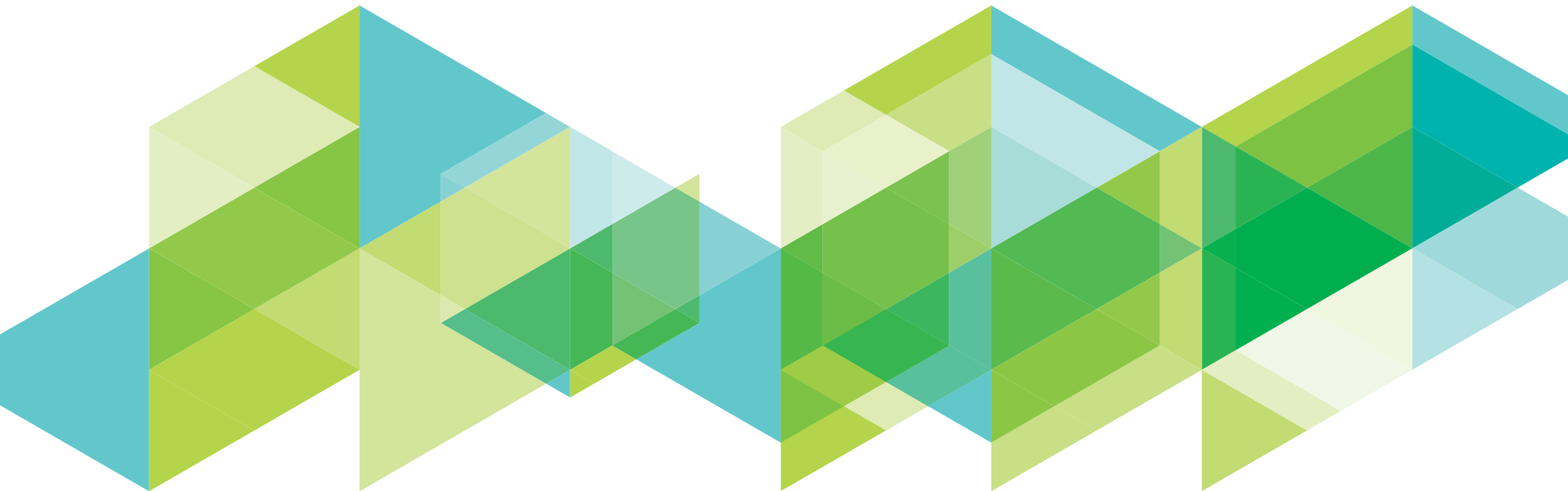
Employee Development

Strategies	<ul style="list-style-type: none"> Strengthen supervisory management ability, talent training and organizational development. Improve the attitude of all employees to continue learning.
Visions	Cooperate with the company's operating plans and objectives to enhance employee effectiveness and increase company's output value and profitability.
Resources	Encourage employees to learn independently and provide subsidies to implement continuous learning and knowledge sharing through a diverse learning style.
Actions	<ul style="list-style-type: none"> Encourage employees to continue their studies to enhance their ability to continue their employment. Arrange relevant education and training to enhance professional skills Arrangement of work rotation to expand the staff multiple functions.
GRI Standard Index	GRI 404/ G4-LA10
Targets	Encourage employees to take the initiative to arrange and plan personal careers, and increase the ratio of internal positions filled by internal employees.

Customers Relations

Strategies	<p>Integrate the workflow of customers and GUC to ensure that all customers' products are on schedule.</p> <p>Ensure security of customer's data.</p>
Visions	Create the best customer service experience and win customer trust to improve customer adhesion to GUC.
Resources	Provide customers with instant communication channels (reply within 24 hours).
Actions	<ul style="list-style-type: none"> Established internal Standard operating procedures and norms, such as 'Confidential Information Protection Policy' and 'Confidential Information Control Protocol'. Every department director has to assign delicate to form 'Proprietary Information Protection' committee, which is responsible for the control of whole company's confidential information. The tasks for the committee include discussing, establishing, auditing and implementing of the privacy operation. The committee is held every two months and will discuss issues about controlling confidential information and make decision. The committee will have interim meetings under certain occasions. E-mail Monitoring USB Data Access Control Installation of surveillance camera. Regularly customer satisfaction survey, and set customer complaints handling approach to achieve good customer relationship maintenance.
GRI Standard Index	GRI 418/ G4- PR8
Targets	<ul style="list-style-type: none"> The annual customer satisfaction survey reached over 95% satisfaction. No complaints in 2017 about Invasion of customer privacy or loss of customer data.

Stakeholder Communication Channels



Stakeholder Communication Channels

According to ‘GUC Social Responsibility Best Practice Principles’, the commission is composed of cross-department representatives in order to implement corporate social responsibility initiatives. GUC sorts out the stakeholders into 7 categories: shareholders, employees, customers, suppliers, government, academic institutions, and society. GUC pursues the sustainable development in order to meet the stakeholders’ demands and expectations. Through the establishment of long-term business development and integrity with a clear, effective, and real-time communication channels to the stakeholders. And representatives from each team continued to communicate with stakeholders and in the ordinary course of business collect questionnaires and comments to the interested parties to do all the management issues and achieve related issues of corporate social responsibility.

The basic objective of this report is as follows:

- Stakeholders concerned to fully understand the question, continued to improve CSR performance.
- Earn stakeholders’ respect, trust, and support to GUC.
- Present GUC’s active and efforts to enhance sustainable corporate social image of GUC .

GUC stakeholders’ management procedures

GUC’s stakeholders’ management procedure is divided into identification, analysis, planning, and management of four steps:

- Identification of stakeholders: Stakeholders are defined within GUC impact on GUC or affected by external groups or individuals. Therefore, we identified GUC’s stakeholders including shareholders, employees, customers, suppliers, government agencies, academic and research institutions and community.
- Analysis of major stakeholders concerned issues: issues of concern after major stakeholders completed questionnaires were collected, according to their degree of concern about the influence and GUC establish communication platform GUC interested parties, and the establishment by the teams in charge of the unit Multiple communication channels, and interested parties aggregated issues of concern, considering the GUC concept of sustainable development, taking into consideration the surface GRI, 19 interested parties identified issues of concern, and the concern suffered by the subject assessment and analysis of significant degree.

- Stakeholders related programs: GUC basis of the preceding analysis of the relevant team result set management approach into their daily or annual work plan and regular review and assessment of the effectiveness of the management approach, as the company sustainable development strategy important reference.
- Interested party management: GUC based on the importance of the interested parties and have varying degrees of interaction with the effective use of company resources and create mutually beneficial win-win relationship.

Stakeholder Interaction General Shareholders

- Annual General Shareholders Meeting is held in Q2
- CSR report & Annual Report are released by annually before the Annual General Shareholders Meeting
- Communicate with GUC by phone and e-mail
- Semi-annual Investor Conference
- Quarterly Financial Report
- Participation in Investor Forum or Investor Conference held by both domestic and foreign investment agent and securities companies

- Reception for investors, domestic and foreign investment agent and securities companies from time to time
- Public information release on MOPS and corporate website

GUC reply

Financial performance/Based on International Financial Accounting Standards, Taiwan-IFRSs and the relevant laws and regulations complete various types of financial statements, and analyze and explain the financial differences of different periods.

Business Strategy/Explanation of GUC's mid-to-long-term development direction and corresponding strategy.

Dividend Policy/ Explanation of GUC's dividend policy and influencing factors.

Corporate governance/ Communication between investors the corporate governance related information.

Employees

- Corporate general announcement
- Quarterly employees conference and other regular meetings
- Mailbox for appeals from employees
- Questionnaire surveys & HR service

- EFS service center
- Employee assistance program

GUC reply

Work-Life Balance / EFS Service Center and External Consulting Assistance

Labor Relations and organizational identification from employees/Staff Communication Conference Q&A

Anti-discrimination and equality of work rights / through internal audit, RBA and other units to monitor

Attract and retain talent / provide competitive compensation and benefits

Human rights policy/compliance with the regulations of the location of the operation site, and treat all employees with dignity

Customers

- Customer audit
- Customer meeting
- Annual tech symposium
- Client satisfaction survey
- Complied with customer's requests of industry

and social responsibility survey.

- Mailbox for appeals from customers

GUC reply

Management of Hazardous Substance of our product / Our company complies with RBA regulations

Environmental Management and Pollution Prevention / /Our company complies with RBA regulations

Customer Service and Satisfaction/ Treatment of dissatisfaction items and tracking

Suppliers

- Supplier information platform
- Supplier audit
- Interviews and meetings
- Questionnaire surveys
- Propaganda of Code of Business Conduct

GUC reply

Conflict Minerals /Request a supplier declaration or signing

Code of Business Conduct& Supplier Code of Conduct/Suppliers are required to follow RBS regulations



Government

- Official documents
- Regulation conference or public hearing
- Corporate financial statement
- Offering relevant reports in response to the demands and regulations from government authorities
- Communication with government authorities via associations or unions
- Industry–Government–Academia seminar

GUC reply

Water resource management/ Recycled water utilization and recycling

Waste management/ Full-time department promote waste reduction, including source reduction, office recycling, etc.

Regulations and system/pay attention to regulations and compliance, and suggestions and responses are timely given through communication channels

Society

- Monthly press release in connection with new technologies and new products
- Monthly Revenue
- Quarterly operating results

- Participation in support programs to media charity activities
- Publishing CSR Report
- Official Website and email
- Participation in disaster relief activities
- Participation in the dream project of the disadvantaged families

GUC reply

Social benefit/ Actively participate in public welfare projects and make contribute to the society'

Academic Institutions

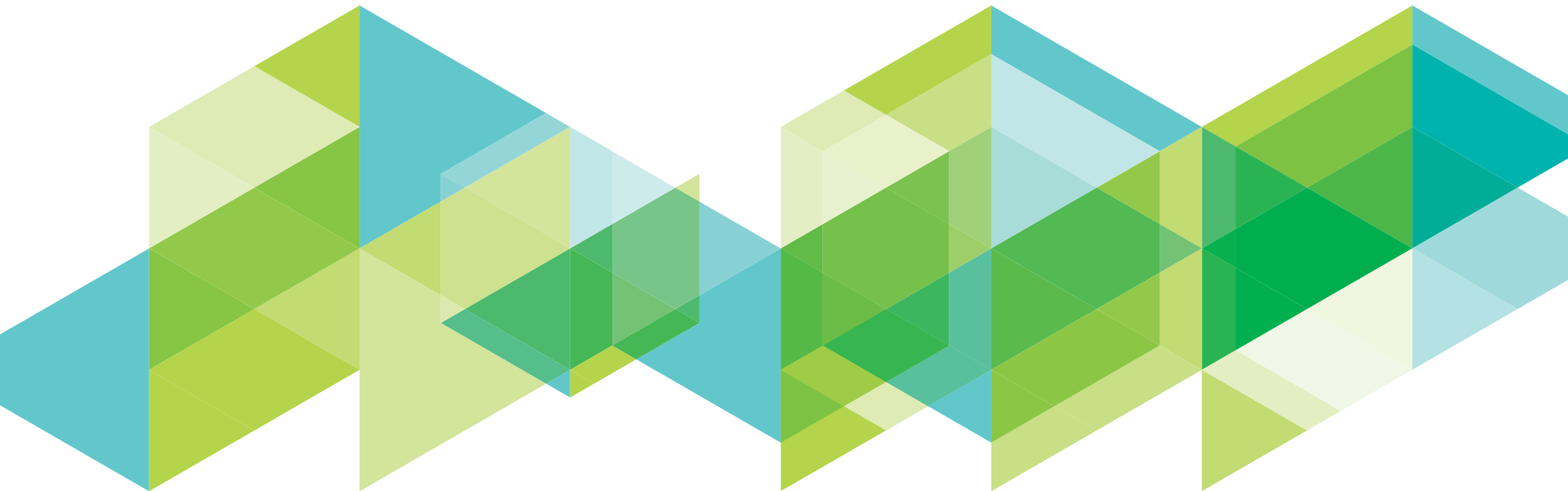
- Questionnaire survey
- Company and school collaboration program
- Summer interim program
- Company visiting program

GUC reply

Talent Recruitment / Talent training, development and providing career guidance.

R&D innovation/encourage patent applications and provide bonuses

About GUC



About GUC

Global Unichip Corporation (GUC) is the Flexible ASIC Leader™ was founded in January, 1998 and headquartered in Hsinchu, Taiwan. We offer full-spectrum services to satisfy today's innovative technology companies unique provide comprehensive flexible customized IC service which is capable to satisfy the unique business and technical requirements of different innovative technology corporations. Harvard Business School published a case study about GUC in 2008, in recognition of our unique and visionary business model.

We aim for providing full-spectrum ASIC design services to assist fabless IC and system companies in secured their market leading position. It is also our goal to pursue excellence to offer the IC design capabilities with the optimize power consumption, the efficient processing speed, great quality and competitively yield rate, as well as the on-time delivery service. GUC's Flexible ASIC Model™ offers full-spectrum services to satisfy today's innovative technology companies' unique operational and technological needs. GUC also committed to providing the most advanced solutions, and embedded CPU design capability through close partnership with TSMC and other key packaging and testing houses for customers target IC devices

of leading edge computing, communications and consumer applications. Thanks to the semiconductor cluster in Taiwan with thorough supply chain of booming IC design houses, foundries, and packaging and testing support, design service providers have expanded significantly. Based in Hsinchu, Taiwan GUC has developed a global reputation with a presence in China, Europe, Japan, Korea, and North America. GUC is publicly traded on the Taiwan Stock Exchange under the symbol 3443. Moreover, we have established the 'Global Unichip Corporate Social Responsibility Best Practice Principles'. This commission is composed of cross-department representatives in order to implement corporate social responsibility initiatives. The Chief Financial Officer is appointed as the Chairman in full charge and the executive performance shall be submitted to the Board of Directors.

Products and Services

Wafer Products & ASIC Design services:

GUC provides complete services from design, wafer manufacturing to packaging and testing.

- Wafer Products & ASIC Design services: GUC provides complete services from design, wafer manufacturing to packaging and testing.

- NRE Non-recurring Engineering: We provide circuit design cell library and various IPs required in the process of product design; provide circuit layouts needed for mask making; subcontract mask making, wafer manufacturing, dicing and packaging to vendors; conduct final testing to get prototype samples for customers.
- MPW Multiple-Project Wafer: MPW integrates multiple design projects of different customers on one single mask and by one wafer engineer run. It is an effective and fast time-to-market chip verification service with cost-sharing in masking and wafer engineering run. Design engineers, before the phase of mass production, are able to timely verify their prototype designs with advanced process technologies and much lower costs.
- Intellectual Property (IP): These are silicon-verified reusable IC designs with specific functions. With the rapid advancement of semiconductor processing technologies, the design industry is trending toward multi-functional chips and SoC (System on a Chip). Reusable IP help customers avoid redundant designs and resources.

Development Programs for New Products

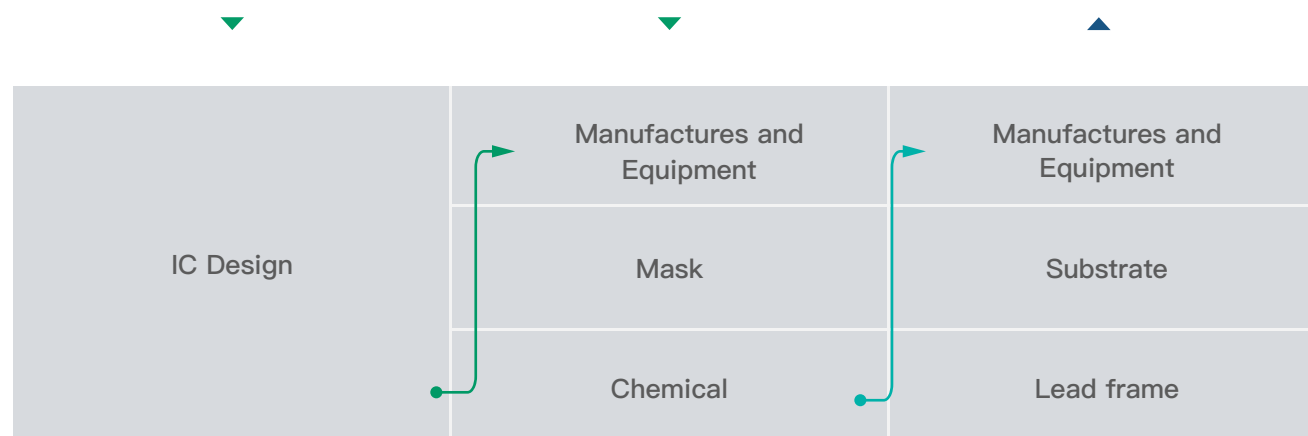
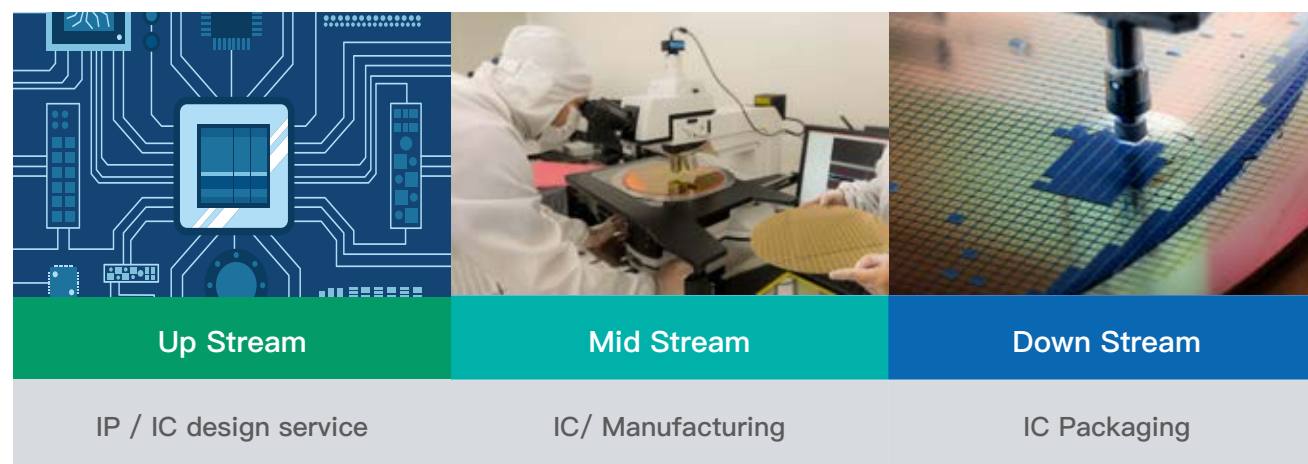
Besides the continuing development of advanced IP in 16nm, 12nm, and 7nm processing technologies, including high speed interfaces such as 10G/28G/56G KR SerDes, PCIe Gen3/4/5, HBM2 Controller/PHY, USB 3.0/3.1, LVDS, DDR3/4/LPDDR3/4/4X/5 Memory Controller/PHY, our company is moving one step closer to forming a partnership with the TSMC in developing SerDes, PCIe Gen4/5, DDR3/44X/5 on a 7nm process. In addition, existing key components such as voltage regulators, power management solutions, ADC/DAC, data converters, and clock generators are also porting with advanced processing technologies. GUC has formed a research team to develop its own memory IP (TCAM, SRAM) to enrich our IP database and to help our customers reduce the cost of IC design.

In semiconductor supply chain, GUC provides the IC design services is on the upstream position. IC manufacturing is on the midstream and IC packing and testing are on the downstream. Implementation the IC design flow is not only considering the hardware spec, but also the software integration as the process technology approach nanometer scale which enable to produce the high efficiency and competitive power consumption IC chips. There are three core values of Flexible ASIC Services model: IP Solution, Chip Implementation, and ASIC Manufacturing. Therefore, GUC executes the

standards of “Green Energy-saving Design” and provide energy-saving products that comply with environmental protection regulations and customers’

requirements. Meanwhile, we play a front-end important role of energy saving and carbon reduction in semiconductor industry.

▼GUC provides ASIC design services , which is in the semiconductor industry chain upstream.



Corporate Governance



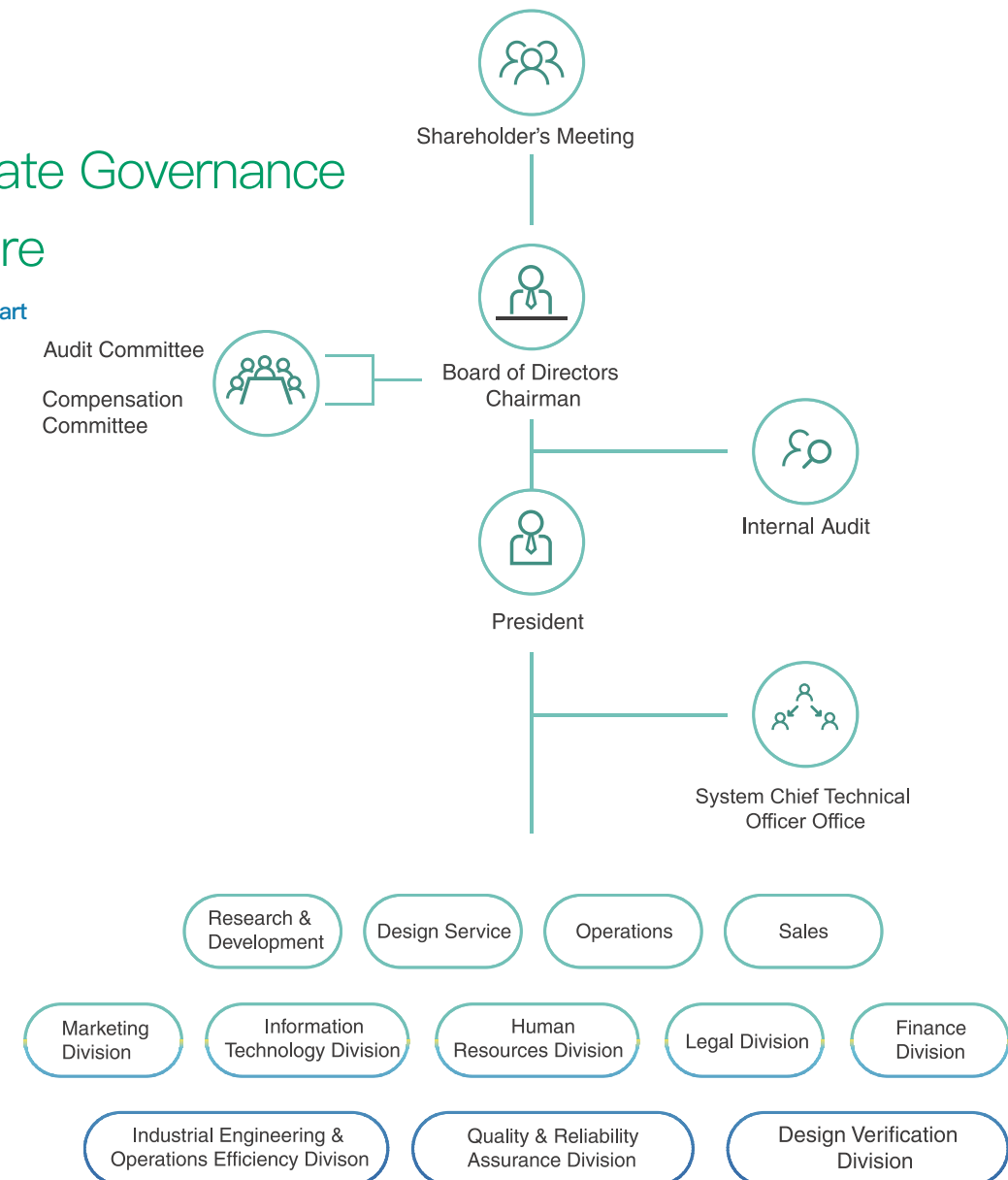
Corporate Governance

5.1 Policies and Guidelines

To ensure the equality of institutional and individual are alien, we deeply well understand the transparency of corporate governance and organization component are become more and more important. We implement corporate governance to maximize our shareholders' interests. This is the 4th year that we were awarded "the Top 5% companies" in the Information Disclosure Assessment and Evaluation of the Listed Companies by Taiwan Stock Exchange, which implies GUC is highly recognized by authorities in safeguard the shareholders' equity, treat the shareholders fairly, enhance the transparency of the information and implement the corporate social responsibility. We are the only IC design company earned this honor.

5.2 Corporate Governance Structure

▼ GUC Organization Chart



▼Our board member

Title	Name	Gender
Chairman	Dr. F.C. Tseng Representative of TSMC"	Male
Director	Ken Chen Representative of TSMC	Male
Director	Lora Ho Representative of TSMC	Female
Director	Dr. Cliff Hou Representative of TSMC	Male
Independent Director"	Benson Liu	Male
Independent Director"	Dr. Chien-Wei Jen	Male
Independent Director"	Dr. Wen-Yeu Wang	Male
Independent Director"	Dr. Chung-Yu Wu	Male
Independent Director"	Dr. Kenneth Kin	Male

Authorization

Based on 'Global Unichip Corporate Social Responsibility Best Practice Principles', the commission is composed of cross department representatives in order to implement corporate social responsibility initiatives. The Chief Financial Officer is appointed as the Chairman in full charge. The executive performance shall be submitted to the Board of Directors. For more information about our corporate governance structure, please see the '2017 GUC Annual Report'.

Third-party awards

- Till 2017, this is the 4th year that we were awarded "the Top 5% companies" in the Corporate Governance Evaluation of Listed Companies by Taiwan Stock Exchange.

- We were awarded "A++" for continuous 4 years in the Information Disclosure Assessment and Evaluation of the Listed Companies by Taiwan Stock Exchange, and we are the only IC design company which earn this award.

Diversified and fully functional board of directors

Our Board of Directors is currently composed of 9 distinguished directors, one is female director, and one of them is manager of GUC. Seven regular board meetings were convened in 2017. The Board of Directors is equipped with diverse knowledge and a great breadth of corporate governance experience. At the same time, independent directors were also appointed to the members of the Audit Committee and the Salary Remuneration Committee. The members of the Board of Directors are chosen by nomination system. We value not only their expertise, but also their integrity and moral reputation.

Independent directors accounted for 56%
to strengthen corporate governance

Candidates for independent directors shall meet the related professional qualification requirements, criteria for independency and restrictions on concurrent positions regulated by the ‘Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies’. This aims to achieve a well-organized, innovative cooperate development strategy, attain efficient management, maintain stockholders’ equity and enhance corporate governance.

Code of Ethics and Business Conduct

To promote business behavior in keeping with integrity and morals, and to support compliance with legal order, we have established our internal Ethics Code of Conduct (the ‘Code’), which is called ‘Procedures for Ethical Management, Ethics & Business Code of Conduct.’ in accordance with ‘Taiwan Corporate Conduct and Ethics Implementation’. All employees, officers and Board members must adhere to the Code and bear a heavy personal responsibility to preserve and to protect GUC’s ethical values and reputation. GUC’s ‘Procedures for Ethical Management, Ethics & Business Code of Conduct.’ is implemented by the Human Resources (HR) Department which is also responsible for the training and management of other departments. Board members supervise related operations through accusation mail box. Also, GUC has established a ‘violation of ethical

conduct accusation system’ section in both Chinese and English. It is also under the HR Department’s responsibility to collect and disclose information. Besides, all commercial contracts are clearly written with ‘Integrity Conduct Term’.

Internally, we require all employees to comply with ethical values and business conduct; externally, suppliers need to follow the referred regulations as well. Suppliers shall sign a ‘GUC Ethics and Business Code of Conduct. Besides, all GUC’s subsidiaries are subject to supervise of human rights and regulation impact analysis as well as corruption risks analysis. Our violation of ethical behavior practitioners reporting system: <http://www1.guc-asic.com:8000/guc/>.

Since 2010, we regularly carry out the "Code of Ethics" training in the fourth quarter of each year, through e-learning to provide teaching materials and test questions. November 2017, 524 employees completed the annual e-learning course, reached 100% rate.

Participation of Union Organizations

GUC participates in industrial union and association proactively. By committing to the associations and unions, GUC expects to devote and contribute to the semiconductor industry.

Technology:

- Taiwan Semiconductor Industry Association , TSIA
- Global Semiconductor Alliance , GSA
- Video Electronics Standards Association , VESA
- JEDEC Solid State Technology Association , JEDEC
- Peripheral Component Interconnect Special Interest Group , PCI-SIG
- Mobile Industry Processor Interface , MIPI
- Institute of Electrical and Electronics Engineers , IEEE
- Universal Serial Bus Implementers Forum , USB-IF
- Taiwan Telematics Industry Association

Management:

- The Allied Association for Science Park Industries
- Taiwan Corporate Governance Association
- Chinese Professional Management Association of Hsinchu
- Chinese Human Resource Management Association
- Chinese Association of Business and Intangible Assets Valuation
- Accounting Research and Development Foundation
- Hsinchu City Nurses Association

5.3 Risk Management

Through the Audit Committee and the Compensation Committee, GUC formulates risk management measures, in order to prevent and to control latent risks and to define orientation and treatment. The following are the enforcement rules for the management principles:

Establishment of the Audit Committee

GUC established the Audit Committee for the implementation for internal control of corporate risk. Four independent directors of the Audit Committee are elected at the Annual General Shareholders' Meeting.

The Audit Committee meeting is convened every quarter to oversee the financial reporting processes, selection of the independent auditors, independence and performance of selected auditors, internal control system and performance, regulatory compliance and the control system in relation to present or latent risk.

Establishment of the Compensation Committee

For the senior management's compensation risk control, we developed a table of "The ratio of the total compensation for Board of Directors, President & Vice Presidents over the net income on the standalone basis financial report". For details, please refer to page 24~25 of our 2016 Annual Report. The operation performance has a positive correlation with the personal capabilities, contribution, and performance of the senior management team.

Establishment of Operating Management Committee

GUC established the Operating Management Committee for the implementation to the corporate operating risk management. The Operating Management Committee

meeting is convened twice of every month. The significant risk may affected the operating will be reported to Board of Directors by the Chairman of Operating Management Committee.

Establishment of Risk Management Principles

GUC has established the 'Subsidiaries Management Principles', 'Internal Control System Statement', 'Operational Regulations for Transactions between Groups, Corporations and Related Parties' and so forth to set up risk control system and firewall mechanisms between affiliated companies. Furthermore, we also have established the 'Norms of Ethics and Business Code of Conduct' to strictly forbid trading securities with undisclosed information.

Emergency response and continuous operation plan

Because Taiwan is located in the seismic belt, the post-earthquake assessment exercise is required to be familiar with the post-earthquake building inspection, and risk is transferred through insurance plan. The company conducts regular firefighting / fire extinguisher training every year to teach all employees to use hand-held fire extinguishers and fire hydrants / fire extinguishers (water cutters), as well as regular fire drills. In addition, through the risk assessment to determine the improvement strategy, and by regular exercise, the impact of the operation of the factory is assessed and preventive measures will be taken to establish a crisis communication mechanism and manpower recovery plan. Through a sound risk management and crisis handling, GUC expects to reduce the uncertainty of business.

5.4 Customer Oriented Services

With regards to customer relations and communications planning, GUC utilizes both regular and unscheduled meetings and visits, quarterly and monthly performance reviews, audits to establish a seamless partnership with our clients. We pursue effectiveness in the services and cooperation with our clients and make further improvements accordingly.

GUC sets up a position in charge of the response and investigation of the interrogation in relation to the environmental protection, social responsibilities, restriction of hazardous substances and conflict minerals from our clients. We also promptly satisfy the requests from downstream and end clients or public sectors by providing adequate information. We carry out customer satisfaction surveys in the first quarter and at the completion of a project as well. In addition, all the precious suggestions from our clients are submitted to the units concerned for further improvement and response to the expectation of our clients.

We carry out a customer satisfaction survey on important clients in the first quarter of every year. In 2017, customer satisfaction survey accomplished a feedback percentage of 80% ; among over 95% of our clients are satisfied with our services.

▼When to implement a customer satisfaction survey

Year	customer satisfaction
2015	>95%
2016	>95%
2017	>95%

- When the project is completed: Within 1 month after the completion of the project, the customer satisfaction survey will be carried out immediately to get the customer feedback in time.
- A customer satisfaction survey on important clients will be carried out in the first quarter of every year.



5.5 Regulatory Compliance



To enable all our employees to understand various legal compliance issues, we provide relevant in-house education, training courses and advocacy resources. For example, the 'Personal Information Protection Act' and the 'Trade Secrets Act'; all of the management team and the related colleagues are required to attend these courses. GUC's management team closely monitors both domestic and foreign government policies and regulatory developments that could have any impact on GUC's business and financial operations. In 2016, GUC was not been subjected to any monetary fines and nonmonetary sanctions for noncompliance with any statutory laws and regulations. Each of our operating activities is subject to domestic and international laws and regulations. Finally, we inspected all of our operations according to the 3 compliance indices disclosed in GRI Standard.

Environmental compliance: no significant amount of fines levied due to non-compliance with laws and regulations concerning environmental laws. Zero non-monetary sanctions.

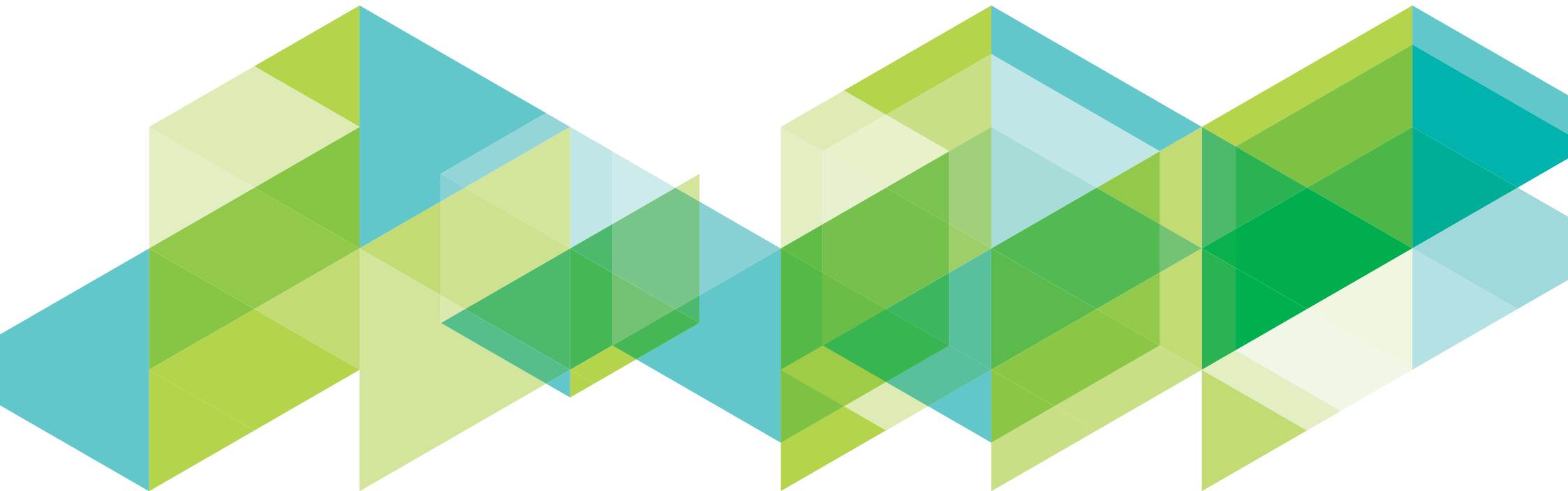
Social compliance: no significant amount of fines levied due to non-compliance with laws and regulations concerning topics like financial reporting,

workplace discrimination, corruption, etc. Zero nonmonetary sanctions.

Sales compliance: no significant amount of fines levied due to non-compliance with laws and regulations concerning the provision and use of products and services during sales process.

- No incidents of corruption reported in 2017.
- No complaints lodged regarding violation of customer privacy or loss of customer data in 2017.
- No incidents reported regarding noncompliance of laws and regulations on marketing communication. These include advertising, promotion and sponsorship in 2017.
- No sales of disputed products reported in 2017.
- No incidents reported regarding non-compliance of laws and regulations on labeling information of goods and services in 2017.
- No incidents reported regarding non-compliance of laws and regulations on safety of products and services during their life cycle in 2017.

Economic Performance



Economic Performance

6.1 Excellent revenue and profit performance

In 2017, GUC continue to create success with advanced technology and best design service. Total revenues for 2017 was NT\$12,161 million, and revenue contributed from advanced process technologies (40nm and below) accounted for 66% of total revenue in 2017. GUC had approximately 50% of total market share and maintain a leading position in Taiwan. In addition, our patent portfolio consists of 239 patents at the end of 2017 to demonstrate GUC's continued ability to innovate. Therefore, we believe that in the next few years, we can still maintain the advantage of leading peers. The following are our key economic performances for this year:

- Total revenues for 2017 was NT\$12,161 million, up by 31% compared to 2016.
- Net income was NT\$855 million, up by 55% compared to the previous year.
- 2017 EPS was NT\$6.38, up by 55 percent compared to 2016, and nearly five years high.
- Gross margin for 2017 was 26%,
- operating margin was 7.7%,
- Return on Equity =22%.

▼ Operating performance statistic table (NT: Million)

	2013	2014	2015	2016	2017	Subtotal
Consolidated Revenue	6,177	6,952	7,762	9,290	12,161	42,342
Tax	103	64	69	81	129	446
Net Profit	289	439	494	551	855	2,628
Directors' remuneration	1	3	4	4	12	24
Employees' cash bonus	33	49	55	60	134	331
Employees' compensation	33	49	55	60	134	331
Employees' stock bonus	0	0	0	0	0	0
Cash dividend	264	402	402	469	670	2,207
Stock dividend	0	0	0	0	0	0

▼ Sales breakdown (NT : Million)

Sales breakdown	2016		2017	
	Amount	%	Amount	%
ASIC& Wafers	6,564	71%	9,266	76%
NRE	2,529	27%	2,642	22%
Others	197	2%	253	2%
Total	9,290	100%	12,161	100%

6.2 Research, Development and Innovation

GUC formed a research team to develop its own memory IP to enrich our IP database and to help our customers reduce the cost of IC design. R&D expenditure in 2017 amounted to NT\$ 1,628,373 thousand. Besides the continuing development of advanced IP in 16nm, 12nm, and 7nm processing technologies, including high speed interfaces such as 10G/28G/56G KR SerDes, PCIe Gen3/4/5, USB 3.0/3.1, LVDS, DDR3/4/LPDDR3/4/4X/5 Memory Controller/PHY, our company is moving one step closer to forming a partnership with the TSMC in developing SerDes, PCIe Gen4/5, DDR3/4X/5 on a 7nm process. In addition, existing key components such as voltage regulators, power management solutions, ADC/DAC, data converters, and clock generators are also porting with advanced processing technologies. GUC has formed a research team to develop its own memory IP to enrich our IP database and to help our customers reduce the cost of IC design.

Latest technologies and new products

- The first Customer ASIC Taped-out in 12nm and 7nm Processes
- Taped-out 7nm HBM2 PHY
- Taped out a 16nm, HBM2 PHY and controller with verified interposer design and CoWoS Package
- Taped-out 16nm TCAM Compiler
- Taped-out 12nm LPDDR4X and OnFi-4 PHY
- Taped-out 28nm 2.4G high speed ADC, a key technology for 5G applications
- Taped-out 28nm 12/16G Serdes for PCIe/SATA/SAS interface

Future R&D plans and projected R&D expenses

For future growth, GUC will continuously invest in 12nm design flow development and plan 7nm design flow development, and continue to develop 16nm high-speed interface SerDes, PCIe Gen4 and LPDDR/DDR Controller & PHY development. NT\$2.65billion will be invested in next two years. And related plans are as follows:

Project	Current progress	Expected R&D investment (NT\$ Million)	Estimated Time of Completion.	The main factors affecting the success of future development
7nm design flow development	Completed 7nm design flow, and 7nm customer chip has been tape-outed on 2018/05/10	350	2018	1. Software vendors development progress 2. Yield improvement progress of foundry 3. 7nm process development schedule of foundry
12nmFFC design flow development	Completed 12nmFFC design flow	60	2Q/18	Yield improvement progress of foundry
Automotive SoC design & testing flow	Automotive design & testing flow has been validated on test chip	60	2018	1. Foundry's support for high temperature (150 degrees) 2. Software vendors development progress
2.5D/3D IC design flow development	2.5D test chip has been tape-outed with interposer design & validation	60	1Q/18	Yield improvement progress and cost control of foundry
16nm 56G PAM-4 SerDes development	Completed PAM-4 signaling DSP+ADC architecture verification. DSP algorithm and 28Gbps/8bits ADC are under development	220	1Q/19	For many important applications, Switch router, AI, HPC...
7nm HBM2.0 PHY development	The test chip has been tape-outed in December, 2017	210	1Q/19	For many important applications, Switch router, AI, HPC...
7nm TCAM compiler development	TCAM silicon proven in 16nm, completed TCAM 7nm circuit design, test chip is under development	120	1Q/19	For many important applications, Switch router, AI
7nm PCIe-4 PHY development	PCIe-4 PHY silicon proven in 16nm	120	2Q/19	For many important applications, Switch router, AI, HPC, SSD...
7nm 28G SerDes development	PCIe-4 PHY silicon proven in 16nm	180	2Q/19	For many important applications, Switch router, AI, HPC...
12nm PCIe-4 PHY development	PCIe-4 PHY silicon proven in 16nm	110	4Q/18	For many important applications, Switch router, AI, HPC, SSD...
12nm 28G SerDes development	PCIe-4 PHY silicon proven in 16nm	150	1Q/19	For many important applications, Switch router, AI, HPC...
16nm 28Gbps/8bits ADC development	PCIe-4 PHY silicon proven in 16nm	120	1Q/19	Key components of 16nm 56G SerDes

Environmental Benchmarks



Environmental Benchmarks

7.1 Policies and Guidelines

GUC RBA Committee is committed to reducing the impact on natural resources and reducing environmental pollution. Long-term usage records and disclosures of electric energy, renewable energy, water resources and raw materials will help us review environmental measures every year, and whether we have gradually reached our established goals. For our performance in relation to our energy saving and efficiency management, please refer to the section on Energy Efficiency in this report.

Also, in response to climate change, GUC take measures to reduce the consumption of natural resources, including improvement of product energy efficiency, green supply chain management, raw materials and waste management, product packaging reduction and recycling, cloud office, carbon dioxide concentration in the operational headquarters reduction and to enhance energy efficiency.

In addition, through our well-organized management system, GUC is able to implement our environmentally friendly principles for sustainable operations. We not only established our Code of Conduct – Responsible Business Alliance, RBA, and

also formed an RBA Committee that is reported directly to the Operational Management Committee.

RBA Committee conducts regular meetings to review and implement RBA.

Third-party Award and Recognition

Awards and recognitions from third parties are valuable feedback and highlight our projects and activities in environmental protection. They also motivate us to improving ourselves constantly. The following are awards and recognitions that we received.

- GUC was awarded the 'Most Outstanding Landscape Award' and 'the Best Environmental Protection Award' by Hsinchu Science Park Administration.



- GUC was certificated as a Sony Green Partner by our customer.
- GUC was certificated as compliant with IECQ EV080000 Restriction of Hazardous Substances.

7.2 Power, Water Resources Management

Statistic for Energy Consumption and CO2 Emission

In 2017, to support our operational growth, the actual electricity increase / month was 2.1%, but still lower than 2017 target (increase 5% / month). Through our long-term record of energy waste statistics, we are able to calculate the CO2 equivalent that we produced. In regard to this issue, GUC has initiated our green living project, expecting to lower the energy consumption gradually.

▼2016~2017 Statistic for Energy Consumption and CO2 Emission

	2016	2017
Electricity Consumption (Degree)	6,281,600	6,416,900
CO2 Emission (tCO2e)	3,317	3,388

Statistic for Water Consumption and CO2 Emission

Our CO2 calculation is based on our long term record of water resource consumption statistics with the detailed of our local water resources usage. In 2017, we increased 20% headcount and revenue growth was 31%, so to support our operational growth, actual water usage increased by 1,900 degrees / year, far beyond 2017 target (increase 330 degrees / year).In regard to this issue, GUC has initiated our green living project, expecting to reduce our water resource consumption.

2017 water-saving target is 330 degrees / year, the implementation of measures:

- Due to the summer temperature soared in 2017 June ~ Oct and the rapid headcount growth in 2017, water consumption for air conditioning is relatively high.
- Completed promotion material for water saving in LF ~ 9F toilets.
- Reply to the Association for the daily use of water and the implementation of water saving.

▼2016~2017 Statistic for Water Consumption and CO2 Emission

	2016	2017
Water Consumption (Degree)	16,763	18,663
CO2 Emission (tCO2e)	2.599	2.893

Energy Intensity Rate

Our electricity intensity rate in 2017 is 0.0528%, and energy intensity rate for water resources is 0.1535%, both are slightly lower than the previous year. This indicates that even though our revenue has increased, we haven't consumed more energy and it demonstrates perfectly that our energy saving policies has taken effect. Moreover, we use the annual revenue data as the measurement standard for electricity and water resource energy intensity rate.

▼Statistic of Energy Intensity Rate, 2016~2017

Measurement Units	2016	2017
Yearly Revenue Unit: NTD\$K	9,290,421	12,160,610
Electricity Consumption Unit: kilowatt	6,281,600	6,416,900
Electricity Intensity Rate	0.0676	0.0528
Water Resource Consumption annually	16,763	18,663
Resources Intensity Rate Unit: %	0.1804	0.1535

7.3 Management of Waste

GUC made zero violations of environmental law and was not subject to heavy fines. We have strictly complied with our corporations Environmental Friendly Principle for Sustainable Operations, and will keep on reducing the environmental impacts brought by employee commuting, as well as delivering products, other products and raw materials during operations. In addition to that, GUC does not have any appeals of environmental impacts filed by our stakeholders.

In the long term, in order to protect stakeholder interests and to be responsible to the environment, GUC will implement regular inspection of its raw material supply process and improve its internal control mechanisms, to ensure that raw materials from conflict regions do not enter into the production process. Our supply chain of electronic raw materials and system for waste management is in accordance with International Environmental Law and our customers' criteria.

We recognize the following environmental policies and regulations set by external agencies.

- Guaranteed Non-Use of Conflict Minerals.
- EU RoHS compliance (Restriction of the use of Hazardous Substance EU PFOS Directive)
- EU PFOS Directive

- REACH (Registration, Evaluation, Authorization and Restriction of Chemical substances)
- WEEE (Waste Electrical and Electronic Equipment directive)
- China RoHS compliance (Administration on the Control of Pollution Caused by Electronic Information Products)
- JIS C 0950:2008
- Korea RoHS compliance (Act for Resource Recycling of Electrical and Electronic Equipment and Vehicles)
- Halogen-free materials
- Suppliers ought to provide 'environment material analysis report on production material' by third party, such as SGS.
- Regulation of other restricted industrial materials and substances.

Life-cycle thinking approach to management is used from the initial product design phase. By investing

heavily in R&D and adopting new energy saving technologies, GUC is able to reduce all potential environmental impact factors in a product's life cycle – from its initial production to the final disposal stage. The 3R green design philosophy (Reduce, Reuse and Recycle) are taken into the consideration at the initial product design phase.

Our services include tangible non-end products and intangible intellectual property (IP). The tangible products we sell are non-end products which are mostly packaged in paper boxes, package foams, wafer cassette and plastic IC trays. At the same time, all of our products are contract manufactured and our suppliers are also required to use certified recycling packaging materials. Packaging for shipment is also 100% recycling packaging materials and our customers can use these for other packaging usages.

▼The hazardous industrial waste, IC waste and raw material waste total 502 KGs in 2017.

	Hazardous industrial waste	General industrial waste			
Category	IC Waste (Unit: KGS)	Paper (Unit: KGS)	Iron (Unit: KGS)	Plastic (Unit: KGS)	Discarded Computer (Unit: set)
Total	502	4,239	414	412	2
Scrap method	Outsourcing	Outsourcing	Outsourcing	Outsourcing	Outsourcing

Note : the outsourcing contractors are licensed by the competent authority clearance and disposal of public or private institutions. In 2017, there is not any violation of the related laws and regulations.

7.4 Energy saving/Carbon reduction

Power energy savings specific measure

Set the energy saving target for 2017 in response to operating growth plans: Electricity Consumption =5% / month; actual implementation: Electricity Consumption =2.1% / month, the implementation measures are as follows :

- Increased by about 150 servers in IT machine room. Total electricity consumption only increased by 11,275 degrees / month.
- 60 LED energy-saving tubes are replaced in the stairwell, saving 55% annually and cut the electricity bill by NT\$34,212, and reducing CO2 emissions by 6,843 kg. It takes 2.2 years to recover the cost of the investment.
- 60 LED energy-saving tubes are replaced in the 2F IT machine room and 3F office relaxation area , cutting the electricity bill by NT\$30,213, and reducing CO2 emissions by 12,165 kg. It takes 2.2 years to recover the cost of the investment.
- Add inverter control on cooling tower fan in the top floor to increase operating efficiency.
- Change 100KVA UPS for the first phase IT machine room, to improve electricity consumption efficiency from 9%~95%.

Cloud Office

In order to promote the paperless office, GUC has established a cloud operating system to reduce use of paper-based documents. Electronic documentation and file system are used for leave requests, purchase requisitions, document verifications, asset transactions, dormitory applications, expense requests, various general affairs applications, sales and services, design and R&D, reimbursement requests, and for other suchlike operations.

In 2017, 144,805 documents were approved through the electronic system, and more than 320,000 sheets of paper and toner cartridges are estimated to be saved.

In addition, we also add video equipment to make good use of remote meetings. 7 sets of video

equipment were purchased at important overseas locations for communication between interested parties and employees, and to reduce the amount of carbon emissions from travel. 50% reduction travel frequency In response to business growth is estimated.

Water Resources Policy

- We set up a raindrop recycling system to water the plants and flowers used for landscaping.
- By reducing the water outflow of faucets and using automatic faucets, we have been able to save water resources.
- We also installed dual-flush toilets.

▼Telecommunication Charges for Multiparty Conferencing(NT\$)

	2013	2014	2015	2016	2017
Telecommunication Charges	122,934	302,136	975,405	1,756,836	2,031,680

Energy Saving Plan will continue in 2018

- LED energy-saving tubes in office will be replaced and will cut the electricity bill by NT\$95,000 per year, and reducing CO2 emissions by 19,059 kg per year.

Other Energy-saving Measures

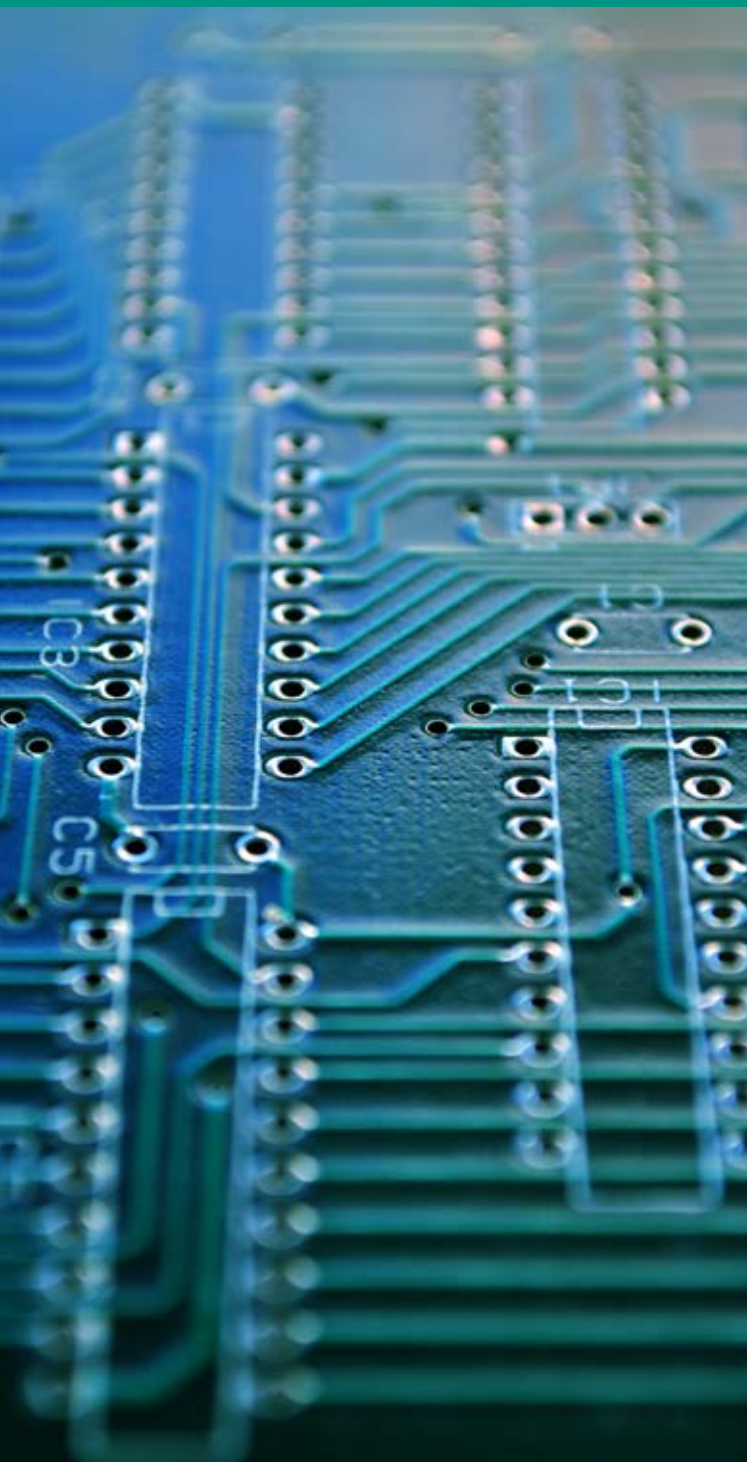
- We have shortened the working hours of ventilation systems in parking lots. The system runs only during the hours of going to and getting off work.
- We encourage our employees to reduce the energy consumption of taking elevators by using stairs.
- We turn off the lights and projectors inside the conference room after having conferences.
- Computers and monitors are turned off during the off hours.
- Water dispensers are monitored by electronic timing controllers. In order to reduce energy consumption during rush hours, machines are set to sterilize water at off-peak hours.
- GUC only purchases air conditioners, refrigerators and other electronic products that are certificated with energy labelling.
- Air conditioners receive periodic maintenance to maintain their high operational efficiency.
- Water chillers are set at 7 °C or above.

- We set the AC at 26°C, which is the most suitable indoor temperature. Considering the differences between sunlight exposure and heating load, window curtains and sheathing paper are installed.
- Fresh-air intake, ventilation in bathrooms, openspace office and office compartments are managed by electronic controllers, to avoid the loss of airconditioning and unnecessary electricity waste.
- The on and off hours for fire extinguishing blowers at the fire-fighting stairway are monitored by electronic controllers.
- Cooling fans for water cooling towers are turned on/ off according to the returned water temperature.
- We installed high efficiency electronic lighting facilities and light tubes in the offices.
- Hallways by windows are lit up with natural lights. Some areas are built with light-pervious roofing.
- We Provide lamps and other auxiliary lighting equipment.
- Emergency stairways are lit up by natural light and equipped with lighting system monitored by electronic controller.
- Every alternate light tube in the parking-lots is switched off during non-office hours. Lights in the office are turned off during lunch break.

▼Energy Efficiency Statistics after Replacing LED energy-saving tubes in 2017

Item	Original tubes	New tubes
Type	T8	LED
Power	20W	9W
Number of tubes/per lamp	4	4
Annual total power consumption/degree	20,736	9,331
Annual total CO2 Emission(kg)	12,442	5,599
Annual total electricity fee	62,208	27,994
Electricity fee saved every year	34,214	
Electricity fee saved(%)every year	55.00%	
Difference of CO2 Emission(kg)	6,843	
CO2 emissions reduced every year	55.00%	
lamps unit price (set)	1,500	
lamps unit price (60 set)	90,000	
lamps installation cost (60 set)	30,000	
lamps maintenance cost (60 set)	20,000	
Lamps total cost(purchase+ installation+ maintenance)	20,000	120,000
Total cost decrease(maintenance cost of 60 set and electricity fee saved)	54,214	
How many years it will take to recover the cost of the energy-saving lamp investment.	2.21	

The initial cost is high when lamps are replaced as energy-saving LED tubes, but it saves 55% power consumption every year, and it takes around 2.2 year to recover the cost of the investment.



7.5 Improve Product Energy Efficiency

- Low power consumption LPDDR4X IP would save 40%~50% electricity.
- The financial impact of climate change on organizational activities and other risks and opportunities have become a global issue in recent years. On December 12, 2015, the Conference of the Parties (COP 21), signed between the signatories of the United Nations Framework Convention on Climate Change (UNFCCC), announced that the 195 countries of the world had no objection to the adoption of the Paris Agreement, and agreed to control the temperature rise well below 2 degrees. At the same time, COP21 also pointed out that to control the increase in carbon dioxide concentration caused by climate change, the key is to enhance the efficiency of the product power and the development of clean energy.
- In Aug, 2018, 12nm low power consumption LPDDR4X IP has been tape-outed and has been validated. This IP not only supports LPDDR4, but also saves 40%~50% electricity compared with LPPDDR3, and saves 10%~20% electricity compared with LPDDR4.

We keep on providing more advanced and energy saving green products to enhance the power consumption of end customers. As we keep on defining the top of the industry's specifications standards, our customers are able to reduce their carbon footprint.

7.6 Green Supply Chain

As a global leading IC Original Design Manufacturer, we have introduced a series of environmentally friendly, energy saving and carbon reduction activities to our suppliers. Through our close cooperation with our upstream and downstream suppliers, we have improved the industry's corporate responsibility and global citizenship awareness. GUC has taken a variety of measures to be environmentally friendly and extended the environmental concepts to our manufacturing and quality management system.

We use only green materials from product design and manufacturing through to packaging.

GUC has expanded these green environmental policies and concepts to the whole supply chain; and in order to be considered as qualified suppliers, all the suppliers for our new products have to meet GUC's requirements. In 2017, all of our product suppliers passed verification to become qualified suppliers.

At the same time, we also require our suppliers, both during on-site operations and transportation, use recycled materials and reduce the amount of expendables being used. For example, reusing the plastic trays used for IC products or using anti electricdamage black boxes and other non-expandable materials to reduce the use of paper boxes while delivering products. Wafers are GUC's main products. In addition to that, Taiwan Semiconductor Manufacturing Co., Ltd. is our main supplier and as well as our major shareholder. Since GUC and TSMC have formed a long-term cooperative relationship, the raw material supply chain is considerably stable.

GUC conducts regular inspection on our suppliers. Warning will be made when an action that violates environmental law is found; improvements should be made within a limited period. Repeat of such circumstances will result in termination of business relationship. At the same time, suppliers are also required to use recycled materials whether in the factory or in transit.

Employee Care



Employee Care

8.1 Policies and Guidelines

We continue to invest huge heavily in our employees. Through our well-organized training and cultivation, we have improved with our employees. GUC highly value equal opportunities and the diverse background of our employees; regardless of their race, gender, age, religion, nationality, or political affiliation. With our well-managed recruiting program, we hire talent through open and fair channels. At the same time, we are also devoted in inspiring innovators inside the corporate and concentrating on building up an outstanding and energetic work environment. And we believe that every employee should be treated fairly and respected, committed to maintaining and respecting internationally recognized human rights. GUC is dedicated to establishing a business culture that encourages creativity and diversity; we also provide our employees a working environment with challenges and reasonable compensation. We value each of the different personal talent and unique point of view, and because of those diversified ideas, we can become the most innovative company in IC industry.

GUC is committed to shaping an enterprise culture that encourages creativity and diversity, and providing employees a challenging working environment with reasonable compensation.

Our major employee care policies are as follows:

Value benefits of employees without gender discrimination. Employees' salaries are based on their academic background, professional experience and personal performance, and compliance with legal requirements. Salary adjustments are conducted annually and bonus is distributed based on the company's annual operations and employee performance.

A certain percentage of the wage is allocated monthly to the trusting fund to purchase the company shares. GUC also allocates a certain amount of money to our employees' trust accounts.

According to law, the employee's retirement plan is established and monthly pension is accrued every month. Also, comprehensive insurance plan in accordance with the law, GUC provides Statutory Labor Insurance and National Health Insurance and group insurance.

Diversified communication channels to strengthen interaction with employees, including periodical management meetings, quarterly employee communication meetings, and e-mail mailbox for direct communication between independent directors, so every employees can express opinions through this channel.

When there are major operational changes that affect employee rights, we will describe in detail

short notice period in collective negotiation. At the same time, we strictly abide by the labor laws to complete the notification process if any labor conditions changes. No major operational changes occurred in 2017 and no labor practice complaints occurred.

In the formal labor health and safety management committee, labor representatives are invited to participate to assist in the supervision and recommendation of occupational health and safety-related planning.

Value the health and safety of employees. In the employee organizations, employees' health and safety related issues are incorporated into the regulations.

We believe that every employee deserves fair treatment and respect. With regard to the international human right, we have taken the UN Universal Declaration of Human Rights and ILO Conventions into account and expected GUC to become an international citizen that protects human right. Furthermore, we communicate with customers, suppliers, investors, employees, and communities about corporate ethics and social values.

GUC was recognized by the "Amiable Workplace Prize" awarded by the Council of Labor Affairs.

We were recognized "Health Management Award" by the Bureau of Health Promotion, Department of Health, Taiwan, R.O.C.

8.2 Human Resource Structure

At the end of 2017, the total number of employees was 524, including 7 managers and 517 general staff. Male comprised 71% and female comprised 29% of all employees in 2017. Employees under the age of 30 accounted for 21.2%, 31–50 year-old employees accounted for 72.7%, above the age of 51 accounted for 6.1%. With master's degree or higher accounted for 66.8%. Domestic supervisor accounts for 100%, The company's supervisor is defined as having direct jurisdiction and is responsible for its day-to-day management, task assignment, and performance.

In 2017, we totally recruited 116 new employees which include 90 persons of male and 26 persons of female. This indicates an outstanding result of expanding our talent pool which also stimulates the national employment environment. We are dedicated to providing job opportunities for the disabled. We hired 3 disabled persons who are meet the requirement of regulation by law. We highly value equal opportunities and the diverse background of our employees; regardless of their race, gender, age, religion, nationality, or political affiliation. With our well-managed recruiting program, we hire talent through open and fair channels. Moreover, in accordance to the Labor Standard Law of the Republic of China, GUC does not hire workers less than sixteen years of age.

Regarding the retention of employees, 56 employees left in 2017 with male employees accounted for 46 people (82%) and female employees accounted for

10 people (18%). Our policies to increase employees' retention is to ensure work-life balance, promote the ability of managers and enforce employees' career.

▼The employees' basic statistic table in 2017

Main category	Secondary category	Male		Female		Total
		No	%	No	%	No
Nationality	Domestic	370	70.6%	149	28.4%	519
	Foreigner	4	0.8%	1	0.2%	5
Total		374	71.4%	150	28.6%	524
Hiring Type	Permanent	373	71.2%	146	27.8%	519
	Contractor	1	0.2%	4	0.8%	5
Total		374	71.4%	150	28.6%	524
Function	Manager	6	1.2%	1	0.2%	7
	Professional	368	70.2%	149	28.4%	517
Total		374	71.4%	150	28.6%	524
Age	Below 30	72	13.8%	39	7.4%	111
	31~50	273	52.1%	108	20.6%	381
	Above 50	29	5.5%	3	0.6%	32
Total		374	71.4%	150	28.6%	524
Degree	Ph.d	13	2.5%	0	0%	13
	Master	281	53.6%	56	10.7%	337
	College	79	15.1%	92	17.5%	171
	Below college	1	0.2%	2	0.4%	3
Total		374	71.4%	150	28.6%	524

▼The new employees and labor turnover statistic table

Main category	Secondary category	Male		Female		Total
		No	%	No	%	No
New Employees	Below 30	27	5.2%	14	2.7%	41
	31~50	60	11.5%	12	2.3%	72
	Above 51	3	0.6%	0	0%	3
	Total	90	17.2%	26	5.0%	116
Labor Turnover	Below 30	10	1.9%	4	0.8%	14
	31~50	33	6.3%	5	1.0%	38
	Above 51	3	0.6%	1	0.2%	4
	Total	46	8.8%	10	1.9%	56



▼Attendance and Hours of Training per Employee per Year by Gender and Employment Position

Main category	Secondary category	Male		Female	
		No	%	No	%
Disabled Hiring		3	100%	0	0%
Salary Difference		No difference			
Absence rate statistics	【A】 Work days in 2017 are 241 days per person.				
	• 241 days * total male employees (374)	90,134 days	71.40%	36,150 days	28.60%
	• 241 days * total female employees (150)				
	【B】 Actual Absence	168 days		145 days	
	【C】 Absence Rate = B/A	0.13%		0.11%	
Total hours of Training per Employee per Year by function	7 managers (hours)	42 hours	50%	42hours	50%
	517 professional (hours)	4,374 hours	76%	1,455 Hours	24%
Average hours of Training per Employee per Year by function	Average Hours of Training (hours)	11.7 hours		10 hours	

8.3 Establish Physical and Mental Health Environment

GUC is devoted to achieving ‘zero accident’ and ‘sustainable environmental development’ and to becoming a world-class benchmarking company of environmental protection, health and safety. We established our Health, Safety and Environment Committee to carry out the formulation and execution of the environmental safety policies. Proportion of Labor Representatives in the Safety and Health Committee in 2017 is over 1/3 • Regular meetings were convened by The Health, Safety and Environment Committee and perform the following policies continuously.

- Offering educational training programs to improve employees’ awareness of safety, health and environmental protection issues.
- Mapping out various health improvement plans to ensure employees’ physical and psychological wellness.
- Regular health and safety propaganda to develop and strengthen staff safety and health concepts
- Ensuring our operations and services meet or exceed applicable regulations and standards for environment protection, health and safety and safety.
- Staying abreast of global issues of environment protection, health and safety evaluate risks and take effective risk management measures.

- Strengthen the awareness and responsibility of all employees for environmental safety and health, and establish friendly environmental health and safety culture.
- Establishing a green supply chain and enhancing performance of environment protection, health and safety with suppliers through experience sharing and collaboration.
- Laying out environmental inspection procedures and regulations, such as: Management

procedures for examining, measuring and testing facilities , Management plans for plant patrolling, maintenance and auto-checking., Common regulations for hazardous products and labelling of hazardous substances, Operating procedures for electrical equipment, Operating standards for warehouses, Operating standards for handling materials, Standard safeguards for physical health and safety, Operating procedures of health and safety in special areas

▼ The 5th Health, Safety and Environment Committee members.

Member representative	Department and in-charge
Committee Representative	General Manager's Office, General Manager
RD waste and lab representative	8F Lab, H.C. Kuo
OP&QRA waste and lab representative	Warehouse, Monica Tsai
EFS Head	Jack Feng
Quality assurance staff	Quality & Reliability Assurance Thomas Chiang
Safety and health staff	HR , Cherie Lin
Welfare Committee representative	General Accounting , Karen Lin
Welfare Committee representative	Design Service , Shu-Ling Lin
Welfare Committee representative	Design Service , F.M. Chang
Medical staff	HR , Cynthia Wen

8.4 Employee Development

Employee training system

The average training hours for our employees in 2017 were about 11.3 hours. The average number of hours of training for male employees was 11.7 hours, and the average number of hours of female employees was 10 hours.

To provide the best learning environment and the most effective training, GUC offers various learning platforms, including physical classrooms, virtual e-classrooms and knowledge management system and learning feedback survey. GUC employees can access to proper training courses via the following approaches:

- New Employee Orientation: In order to let our new employees to get to know the history and development of our company, we ask our managers to share their experiences and

introduce the responsibilities and rights for the employees. Hoping to help the new employees to fit into this big family promptly.

- Training Roadmap: According to different job, seniority, and level to provide tailor-made learning blue print and to provide diversified professional training.
- Personal Efficiency Training: Assisting and promoting the class efficiency organized by our staffs. These courses can be taken by all our employees: for example: enhancing communication skills, time management and etc.
- Management Development Program: Improving the management ability of our managers, and formed a variety of classes for our middle-level managers and employees. For example: work efficiency management and leadership.
- Executive Level Forum: We offer learning forum to our executive level staffs to improve their leading abilities.
- Self-Development: Provide scholarship to support our colleges to attain a higher degree. We also provide language-learning subsidy to encourage language learning. These subsidies include: certain amount of subsidy for taking English, Japanese and other related language lessons. Beside, we also set up on work learning scholarship that includes 'advanced studies', 'scholarship for credits' and 'scholarship for obtaining degree'.
- On job training scholarship: we are setting job training scholarship including "Training Scholarship", "Credit Scholarship", and "Degree Scholarship".

8.5 Performance Management Development

GUC established Performance Management Development System(PMD) to develop our employees' potential and enable them to grow continuously under the fast changes of the environment. Different from the traditional way of evaluation, PMD focuses on the discovery and development of employee's potential, rather than only on past performance. This system can enhance the interaction and communication between the managers and staffs. At the same time, this system also integrated and elevated individual and the organization's performance. The system includes:

- Continued interaction and communication
- Close cooperation of employees and managers
- Performance and Development are equally important
- Performance differentiation identification



8.6 Compensation Program

Competitive salary

GUC was listed in the Taiwan High Compensation 100 Index published by Taiwan Stock Exchange since 2014. We adhere to the principle of profits and interest with our employees, attracting, cultivating and encouraging all varieties of talent. GUC employees' total remuneration does not differ by gender or other reasons. We not only proactively obey the local labor regulations, but also actively participate in salary-survey related associations to ensure GUC's total compensation is competitive. Our compensation policies are:

- Since our injection, we raised the employees' salary in every year.
- Base salary: 12-month base salary and year-end bonus.
- Employee profit sharing: Bonus which is given based on employees' performances and corporate operation.
- Encouraging savings: we implement the employees stock ownership trust.
- Bonus: business bonus, intellectual property bonus, referral bonus and excellent performance bonus.
- Welfare Association of GUC and Bonus: birthday allowance or coupons, holiday vouchers, wedding subsidy and death subsidy.

- Insurance Coverage: Statutory Labor Insurance and National Health Insurance, insurance coverage for employees and relative.

Benefits

- Comprehensive Insurance Plan : In accordance with the law, GUC provides Statutory Labor Insurance and National Health Insurance and group insurance. The groups insurance that we provided includes life insurance, accident insurance, hospital and surgical insurance, accident and medical insurance and cancer insurance. The above mentioned insurance are covered by the company, our employees can enjoy the most favorable rate. Relatives of our employees can join the company's comprehensive insurance plan to enjoy the same care as our employees.
- GUC employees' total remuneration does not differ by gender or other reasons. Total remuneration is based on employee's



qualifications to the requirements of the positions, degrees and personal performance; rather than on race or gender. Wages are given according to degree, professional experience and personal performances, and are compliant with law. We adjust wages given to our employees annually and year-end bonuses are given according to performance and the company's operations.

- A certain percentage of the wage is allocated monthly to the trusting fund to purchase the company shares. GUC also allocates a certain amount of money to our employees' trust accounts.

Rewards

Through employee incentive programs, employees are encouraged to actively pursue sustainable growth. GUC offers a wide range of employee incentive programs including:

- Corporate Transformation Appreciation Award : Encourage employees to create new value in the work continuously.
- Patent Award : Encourage employees to create more patents for the company.
- Seniority Award: Reward employees with long-term contribution to the service and commitment.
- STAR Award: Reward employees with work outstanding work performance.

Personal Leave

GUC provides comprehensive and high quality welfare to take care our employees. Beside the requirements of Taiwan Labor Standards Act, our employees can also enjoy 30 days of sick leave with payment, which includes 15 days of full payment and 15 days of half payment. Employees can apply for leave of absence for reasons such as childcare, military service and medical treatment for serious illness or injury, and then apply for reinstatement.

Standard Pension Fund

Those who qualify for the Labor Standards Act shall receive the pension fund every month. The contribution is supervised by and made in the name of our pension fund committee through the Bank of Taiwan. Those who qualify for the Labor Pension Act shall receive the pension fund in their Bureau of Labor Insurance accounts every month. The contribution is based on an earnings scale approved by the Executive Yuan and has a rate of no less than 6%.

Other Welfare Items

• Health Checks

All new employees receive health examinations before their first work day. GUC offers health examinations for employees every year. If health management is needed after consulting with the doctor, our professional personnel will follow up the case to ensure the health of our employees. In 2016's annual health examination results, there are no occupational factors associated with abnormal cases.

• GUC Family Day

We organize a Family Day regularly, to give family members a better understanding about GUC and to shorten the distance between the company and the relatives of our staff.

• Art Activities

We organized workshops and provide newspaper, books, movies, stories and news that are helpful for our employees' mental health. Through the above mentioned services, we are able to assist individual's problems or problems related with family to ensure the physical and mental balance of our employees in their life and work.

• Year-end Party.

The Year-end Party is held to reward the hard-work of our staff. Our executive level managers personally recorded the opening movie and used the 'you-completed-GUC' concept as the highlight of this movie to show our appreciation of the hard-work contributed by our staff in 2016.

• Sponsored Group Travel:

We spend significant amounts of money on sponsoring the traveling of our employees. The highest subsidy can reach NT\$12,000.

• Wonderful Club Time

We organized 11 clubs and held extremely outstanding club activities; such as table tennis matches, badminton matches, board games, dancing classes, yoga classes, marathon and etc.

• Assistance Plan

We care about the life of our employees. We have entrusted the Hsinchu Lifeline Association's Employees Assistance Center to provide Employee Counseling Plan. This provides free counseling services twice a year. The counseling services can be related with career, family and parenting, interpersonal relationship, relationship and personal pressure.

Comprehensive Facilities

- Cafeteria

We provide the free meals whole day including noodle, vegetarian meal, buffet, and set meal.

- A Library

We have a library that provides all kinds of magazines, books and newspapers.

- An Outdoor Basketball Court

We offer an outdoor basketball court.

- A Gym

We have a well-equipped gym with basketball machine, a Wii game console and table tennis table.

- Free Parking lots

We offer our employees their own spacious parking lots. All of our employees can enjoy this service for free, whether for scooters or car parking. We also set up parking spaces for pregnant women, so that they can enjoy a parking space which is the closest to the exit. We also paved non-slip floor at the turning areas to avoid skidding while turning at the downhill. Through our well-organized plans, we provide our staffs a safe and convenient parking space.

8.7 Following Human Rights

With regard to the international human right, we have taken the UN Universal Declaration of Human Rights into account and expected GUC to become an international citizen that protects human right. A labor union has not been established for our corporation, but communication and collective bargaining are available through regular labor-management conferences based on the labor act. Additional conferences are also held periodically in compliance with article 83 of the Labor Standards Act. Issues like labor-management cooperation, labor relations, working conditions and employee welfare are discussed through further consultation when necessary. And we also require suppliers to comply with the same human rights policy, to build the best practices of human rights in the semiconductor industry. The actions that we have taken in 2017 are:

- No service points or suppliers that violate or damage the freedom for assembly and group negotiating.
- No service points or suppliers that hire child labor.
- No service points or suppliers that push or forces workers into work.
- No cases related to the violation on the rights of indigenous peoples

- No incidents involving indigenous rights violations occurred.
- No cases or appeals related to the violation on human rights.
- No non-discriminatory incidents occurred.
- No violation and fined of relevant regulations in the social category.
- Supply chain of GUC had no obvious and potential native impact related to the violation on human rights.



Social Participation



Society Participation

By sharing love and participating in charity activities, we have deepened our ties with local governments, NGOs, charity associations and communities establishing trust and reputation. This friendship can help GUC to develop a positive corporate environment.

- **Donation of 118 note book computers to Triple E Institute:** Triple-E Institute has been organized by several scholars from universities since September 2008 as a non-profit social group, concerned for "Energy", "Environment" and "Economy".
- **Donation of 68 note book computers to Engineers without borders:** Engineers without borders is a non-profit volunteer organization. The purpose of the establishment is to integrate the power of Taiwanese engineers to engage in social charity, and to give back to the society with professionalism. This organization encourages engineers and students with expertise to achieve the goal of making good use of resources and caring for the planet. Through the practice of the Association's plans, Taiwan will be further illuminated on the stage of the world.
- **Placing purchase orders to help Ms. Qiu-Ju:** This 70-year-old lady was in urgent need for medical treatment due to her husband having been seriously injured in a car accident. With only a meager income from selling palms, she didn't have enough money to cover the medical treatment. We decided to help her by purchasing products from this old lady. We made five batches of purchase orders with a total value of NT\$ 25,350 in 2017.



- **Charitable Donations Launched by Employees:**

–Regularly small charitable donations. Total donation amount in 2017 is NT\$174,000.

–Charity donation is made for every group purchase since June, 2016. Total donation amount in 2017 is NT\$40,000.

–Donation of NT\$325,000 from 176 employees to help kids with Down Syndrome to grow lychee so they can raise fund for people with severe disability. And 17 employees responded to charity sale of those green skin jade purse and made another donation of NT\$10,200.

- **Giving Blood to Save Lives:** We encourage our employees to give blood and 61 people have responded to our call in 2017.
- **HsinChu Blind Welfare Association:** We worked with the non-profit HsinChu Blind Welfare Association by purchasing massage services from them. In 2017, 331 employees experienced this service, which in total amounted to 148 hours contributed the amount of NT\$140,000.
- **Accton Cultural & Educational Foundation :** The Accton Cultural & Educational Foundation founded the Christmas Dreams project, and has held

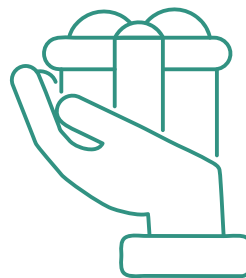
it for fifteen consecutive years. GUC employees purchased Christmas gifts to sponsor 32 children. This also inspires the industry to help children from disadvantaged families and bring them the opportunity to enjoy and experience the merry atmosphere of Christmas.

- **Sponsorship for Seminars**

–The 28th The VLSI Design/CAD Symposium is an extremely significant and well-organized annual event in Taiwan's IC designing industry.

The purpose of this symposium is to discuss the new challenges and issues we face while advancing into the smart electronic era. Moreover, in order to promote communication between government, producers, universities and researchers and increase Taiwan's competitiveness with respect to System-on-Chip (SoC).

–The Industry Technology Research Institute held the 2017 VLSI Symposium and we sponsored NT\$ 50,000 to assist this event. This is a symposium which focusses on , 5G/IoT, wearable, VR/AR, and AI, and the applications and challenges of the future development of semiconductors on Foundry functional diversification.



Appendix



Appendix A : BSI Assurance Opinion Statement

INDEPENDENT ASSURANCE OPINION STATEMENT**Global Unichip Corp. 2017 Corporate Social Responsibility Report**

The British Standards Institution is independent to Global Unichip Corp. (hereafter referred to as GUC in this statement) and has no financial interest in the operation of GUC other than for the assessment and assurance of this report.

This independent assurance opinion statement has been prepared for GUC only for the purposes of assuring its statements relating to its corporate social responsibility (CSR), more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by GUC. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to GUC only.

Scope

The scope of engagement agreed upon with GUC includes the followings:

1. The assurance scope is consistent with the description of Global Unichip Corp. 2017 Corporate Social Responsibility Report.
 2. The evaluation of the nature and extent of the GUC's adherence to all three AA1000 AccountAbility Principles in this report as conducted in accordance with type 1 of AA1000AS (2008) assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.
- This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the GUC 2017 Corporate Social Responsibility Report provides a fair view of the GUC CSR programmes and performances during 2017. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the GUC and the sample taken. We believe that the 2017 economic, social and environmental performance information are fairly represented. The CSR performance information disclosed in the report demonstrate GUC's efforts recognized by its stakeholders.

Our work was carried out by a team of CSR report assurers in accordance with the AA1000 Assurance Standard (2008). We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that GUC's description of their approach to AA1000 Assurance Standard and their self-declaration of 'in accordance' with the GRI Standards(2016): the Core option were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- review of topics raised by external parties that could be relevant to GUC's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers and staffs on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 10 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, materiality and responsiveness as described in the AA1000 AccountAbility Principles Standard (2008).

Conclusions

A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness and the GRI Standards(2016) is set out below:

Inclusivity

This report has reflected a fact that GUC has continually made a commitment to its stakeholders, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. The reporting systems are being developed to deliver the required information. There are fair reporting and disclosures for economic, social and environmental information in this report so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the GUC's inclusivity topics.

Materiality

GUC has established relative procedure in organization level, as the issues which were identified by all departments have been prioritized according to the extent of impact and applicable criterion for sustainable development of company. Therefore, material topics were completely analyzed and the relative information of sustainable development was disclosed to enable its stakeholders to make informed judgments about the organization's management and performance. In our professional opinion the report covers the GUC's material topics.

Responsiveness

GUC has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for GUC is developed and provides the opportunity to further enhance GUC's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the GUC's responsiveness topics.

GRI Sustainability Reporting Standards (GRI Standards)

GUC provided us with their self-declaration of 'in accordance' with the GRI Standards(2016): the Core option (For each material topic covered by a topic-specific GRI Standard, comply with at least one topic-specific disclosure). Based on our review, we confirm that social responsibility and sustainable development disclosures with reference to the GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the GUC's social responsibility and sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000 Assurance Standard (2008) in our review, as defined by the scope and methodology described in this statement.

Responsibility

This CSR report is the responsibility of the GUC's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead Auditors experienced in industrial sector, and trained in a range of sustainability, environmental and social standards including AA1000 AS, ISO 14001, CHSAS 18001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Peter Pu
Managing Director BSI Taiwan
2018-05-30



 **AA1000**
Licensed Assurance Provider
000-4

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Appendix B : GRI Standards

Indicator numbers	Material Topics	Disclosure Item numbers	Disclosure Item	Page(s)
GRI 102 2016				
GRI 102	Organizational Profile	102-1	Name of the organization	17
GRI 102	Organizational Profile	102-2	Activities, brands, products, and services	17
GRI 102	Organizational Profile	102-3	Location of headquarters	17
GRI 102	Organizational Profile	102-4	Location of operations	17
GRI 102	Organizational Profile	102-5	Ownership and legal form	17
GRI 102	Organizational Profile	102-6	Markets served	17
GRI 102	Organizational Profile	102-7	Scale of the organization	17
GRI 102	Organizational Profile	102-8	Information on employees and other workers	40
GRI 102	Organizational Profile	102-9	Supply chain	18
GRI 102	Organizational Profile	102-10	Significant changes to the organization and its supply chain	17
GRI 102	Organizational Profile	102-11	Precautionary Principle or approach	23
GRI 102	Organizational Profile	102-12	External initiatives	31
GRI 102	Organizational Profile	102-13	Membership of associations	22
GRI 102	Strategy	102-14	Statement from senior decision-maker	5
GRI 102	Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	22
GRI 102	Governance	102-18	Governance structure	20

Indicator numbers	Material Topics	Disclosure Item numbers	Disclosure Item	Page(s)
GRI 102 2016				
GRI 102	Stakeholder Engagement	102-40	List of stakeholder groups	13
GRI 102	Stakeholder Engagement	102-41	Collective bargaining agreements	47
GRI 102	Stakeholder Engagement	102-42	Identifying and selecting stakeholders	13
GRI 102	Stakeholder Engagement	102-43	Approach to stakeholder engagement	13
GRI 102	Stakeholder Engagement	102-44	Key topics and concerns raised	13
GRI 102	Reporting Practice	102-45	Entities included in the consolidated financial statements	7
GRI 102	Reporting Practice	102-46	Defining report content and topic Boundaries	7
GRI 102	Reporting Practice	102-47	List of material topics	7
GRI 102	Reporting Practice	102-48	Restatements of information	7
GRI 102	Reporting Practice	102-49	Changes in reporting	7
GRI 102	Reporting Practice	102-50	Reporting period	7
GRI 102	Reporting Practice	102-51	Date of most recent report	7
GRI 102	Reporting Practice	102-52	Reporting cycle	7
GRI 102	Reporting Practice	102-53	Contact point for questions regarding the report	7
GRI 102	Reporting Practice	102-54	Claims of reporting in accordance with the GRI Standards	7
GRI 102	Reporting Practice	102-55	GRI content index	7
GRI 102	Reporting Practice	102-56	External assurance	7

Appendix B : GRI Standards

Indicator numbers	Material Topics	Disclosure Item numbers	Disclosure Item	Page(s)
GRI 103 2016				
GRI 103	Management Approach	103–1	Explanation of the material topic and its Boundary	10
GRI 103	Management Approach	103–2	The management approach and its components	10
GRI 103	Management Approach	103–3	Evaluation of the management approach	10
GRI 200 2016				
GRI 201	Economic Performance	201–3	Defined benefit plan obligations and other retirement plans	46
GRI 202	Market Presence	202–1	Ratios of standard entry level wage by gender compared to local minimum wage	41
GRI 203	Indirect Economic Impacts	203–1	Infrastructure investments and services supported	49
GRI 203	Indirect Economic Impacts	203–2	Significant indirect economic impacts	49
GRI 205	Anti-corruption	205–1	Operations assessed for risks related to corruption	22
GRI 205	Anti-corruption	205–2	Communication and training about anti-corruption policies and procedures	22
GRI 300 2016				
GRI 301	Materials	301–3	Reclaimed products and their packaging materials	33
GRI 302	Energy	302–1	Energy consumption within the organization	32
GRI 302	Energy	302–3	Energy intensity	32
GRI 302	Energy	302–4	Reduction of energy consumption	34
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