

# 2020

# ESG

Environment  
Social  
Corporate

# Report

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# Contents of Report

10<sup>th</sup>

ESG Published  
Report

GRI  
Standards

Reference

This is the 10<sup>th</sup> ESG (ESG) Report that GUC has prepared. We will continue to publish these reports yearly. There were no major organizational, structural, ownership, or supply chain changes during the timeline of this report. This report is not only a response to sustainability issues of concern to stakeholders, including shareholders, employees, customers, suppliers, government, research academies, and society but also reveals our implementation of these major issues in our sustainable development process.

## GUC 2020 ESG Report

This report is prepared according to GRI guidelines specified by the TWSE. We have earned the Independent Third Party GRI Standards & AA1000 Double International Assurance Statement issued by the British Standards Institution (BSI).

## Report Period

This report presents GUC's ESG progress for the period from January 1<sup>st</sup> to December 31<sup>st</sup>, 2020.

## Last Report Date

2019 CSR Report/May 29<sup>th</sup>, 2020

## Report Frequency

On an annual basis



## Report Scope and Boundaries

This report covers data and activities of the GUC's Hsinchu Headquarters, Hsinchu branch, Taipei Office and Tainan Office in Taiwan only. It does not include our overseas subsidiaries and liaison offices. The data is related to our performance in financial, environmental, and social aspects. However, only the financial information covers all entities; social and environmental information covers only Hsinchu HQ.

There are no restatements or obvious changes of the information in the Report Scope and Boundaries compared to the previous report. There is no significant change in the scale, structure, ownership, or supply chain of the Company during the reporting period

## Reference

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

## About photos used in this report

The Report owns purchased copyrights to all images and use certificates of print publication found in this Report.



### Third-Party Assurance

The internal management meeting decided to seek assurance from external third parties. We have entrusted the British Standards Institution (BSI) to perform independent investigations on this report. The BSI has adopted the AA1000AS v3 (AA1000 Assurance Standards) Type 1 and the Moderate Assurance standard formulated by the global NGO Accountability. The BSI report, states that this Report completely covered four major accountability principles including inclusivity, materiality, responsiveness, and impact according to the AA 1000 standard. In the final audit report, the BSI made the following statement:

This report has covered sustainability topics completely, and it is recognizable that the current CSR operation of the Organization has been introduced in regular communication by managerial levels. It is recommended that the future implementation follows CSR policy.

### Contact Information

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

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



# GUC CSR Policy

7

years

Corporate governance  
score at Top 5% for  
seven consecutive years

4.6

%

Electricity consumption  
reduced by 4.6%  
compared to last year

2,198

thousand liters/year

Water consumption  
reduced by 2,198/  
thousand liters/year

## 2.1 Letter from the CSR Committee Chairperson

GUC never ceases in our devotion to society and ecology, even when surrounded by the significant impacts brought forth by the spread of COVID-19 on the global economy and commercial activities. In 2020, we were constantly committed to the efforts of energy performance through amplified investment; plans for carbon reduction and less energy consumption; and a reinforced green supply chain and waste management, which were all executed well by the GUC CSR Committee. This year, the development fund has surpassed NT\$ 2.5 billion which was contributed to amplifying the core capabilities to strengthen the base for operational sustainability. GUC has been and will continue to strive for the goal of sustainable development.

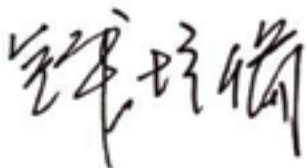
An already-established practice of working from home along with government preventive measures allowed GUC to overcome the challenges of the pandemic gracefully, with even another successful business goal achieved and written down in the Company history. This year we examined the resources on hand and looked to investing more to honor the 17 Sustainable development goals. The involvement of staff also lent tremendously to the actualization of CSR. To live means to constantly give, especially giving back to our society. And this was one of the best ways to do it.

In the years ahead, we will focus on what we have outlined as a response to risk-related subjects. The attention to the risks of environmental, social, and corporate governance (ESG) will grow as the new normal after the COVID-19 pandemic,



as pointed out in one of Moody's reports. Promoted by the government, the "Corporate Governance 3.0-Sustainable Development Roadmap" features exactly this new normal. Under the guidance of associated regulations, we are elevating our Sustainability Report to one in which the focus will be on increasing the quality of the disclosure of non-financial information. Different from the Board strategy meetings that had emphasized the achievement of Company revenue and profit growth, with the current global trends as our guide, each of our employees needs to cultivate ESG issues as core occupational capacities.

An individual has only that much to give before reaching one's limits. However, if we united as a group, an organization, or even an industry, and stepped out with compassion for our environment and our society, it will not be too late or too far gone to realize corporate sustainable development and a one-for-all, all-for-one society. Our goal is to promote corporate sustainable development, and from there, act as a catalyst for an advanced society.



Senior Vice President/  
CSR Committee Chairperson

## **2.2 Our Faith, Mission, and Vision**

### **Technological Innovation, Quality Improvements, and Excellent Service**

GUC was established in January 1998 and after 22 years we still hold strong faith in creativity, the means to make the world a better place and to make the future extraordinary. The constant pursuit for technological innovation, outstanding product quality, and service that touches people's hearts remains as our belief and a never-changing Company purpose.

### **An Extraordinary Future**

Looking back from where we started, the ever-growing journey has kept our designing ability state-of-the-art, with embedded CPUs, and low-power consumption.

GUC also committed to providing the most advanced solutions through close partnership with TSMC and other leading assembly factories for customers target IC devices of advanced communication, computing, and consumer electronics applications. This satisfies the business and technology demands of today's innovative technology companies. The delivery of the IC chip from concept to production through SoC ODM service in record time has marked our persistence in factors such as power consumption, speed, quality, and minimum yield loss. Aiming at becoming a world-leading ASIC provider, GUC is committed to efficiency and quality. Our goal of creating world-class custom IC products and our mission of providing support for successful IC manufacturers to locking better market positions are the driving factors that motivate us and push us to become stronger.

## **2.3 Our Implementation Policy**

To promote business behavior in keeping with integrity and morals, and to support compliance with legal al orders, we have established our internal Ethics Code of Conduct (or the 'Code'). It is called Procedures for Ethical Management, Ethics & Business Code of Conduct and is following the 'Taiwan Corporate

Conduct and Ethics Implementation'. Internally, we require all employees to comply with these ethical values and business conduct and report to the board regularly if there is any violation of business ethics.

In environment protection, GUC is committed to environmental sustainability, adhering to the green design and green supply chain, and is in pursuit of the most efficient use of resources to reach the goals of waste reduction and pollution prevention and control.

Social caring combined with Company resources and employee's spontaneous love, GUC supports disadvantaged people with money, materials, and manpower. GUC also provides vulnerable groups with life assistance and emergency donations. The Company also partakes in planned beach or mountain cleaning activities on family day.

## **2.4 CSR Management & Policy**

In 2015, GUC established the "Corporate Social Responsibility Promotion Committee", and the Board of Directors appointed the Chief Financial Officer as the Chairman of the Committee. Representatives from various departments, including human resources, investor relations, legal, operations, environmental facility safety, finance, customer service, research and development, design services, to name a few, meet regularly every year to promote relevant activities as well as to review their implementation for continuous improvement. The chairman of the committee regularly reports to the Board of Directors on the Corporate Social Responsibility Report as certified by the British Standards Association.

GUC has been considering not only the economic value that the corporation creates, but also the interaction between the Company and its customers, shareholders, government bodies, society, suppliers, and its employees. GUC seeks to balance the interests of these stakeholders and implement our corporate social responsibilities without hesitation. This builds sustainable value for both GUC and its stakeholders. Our management team is committed to establishing a management system that ensures GUC and its suppliers are consistently compliant with our standards.

## **2.5 2020 Key Accomplishments**

In this report, we illustrate the performance of our corporate social responsibility in 2020 and how we focused on the issues that stakeholders deem important. More importantly, through the demonstration of our excellent corporate value, we show that we have exerted a positive and society-friendly cycle. Most notably:

### **Economy**

- Net sales reached NT\$ 13.57 billion in 2020, increased by 27% on a YOY basis.
- After-tax profit was NT\$ 850 million and EPS was NT\$ 6.34 in 2020, increased by 34% on a YOY basis.

- There was a 30% gross profit and 6.3% net profit margin in 2020, an increase of 0.4 percentage point from the previous year's 5.9%.
- Awarded "Top 5% Companies" in the first to seventh Corporate Governance Evaluation of Listed Companies by the Taiwan Stock Exchange.

## Environment

- The 2020 electricity usage target was revised with the addition of 3% due to more employees in 2020. Actual electricity usage decreased 4.6%, showing a prominent result.
- The 2020 water usage target was an additional 522 thousand liters/year. although the number of employees increased by 3% this year, the water consumption was reduced by 2,198 thousand liters/year compared to last year which indicated a positive effect.
- 5nm/7nm HBM2E3.2Gbps PHY+Controller were both silicon-proven in TSMC in 2019, and the efficiency was improved by 30% compared to HBM2.0.
- Development of low power consumption 5nm Pipeline TCAM IP was completed. This IP can be widely used in networking equipment, like IP switch routers and data centers. Additionally, it will significantly increase the efficiency of advanced chips by more than 2GHz. The power consumption can be reduced by 10%~40% because of its flexible design, making it helpful for environmental energy-saving measures.

## Society

- GUC Donated 53 computers and 23 LCD screens to the Triple E Institute in 2020.

## 2.6 Stakeholder Communication Channels

According to the GUC Social Responsibility Best Practice Principles, the commission is composed of cross-departmental representation to implement corporate social responsibility initiatives. GUC places its stakeholders into six categories: shareholders, employees, customers, suppliers, government, and

society. GUC pursues sustainable development to meet the stakeholders' demands and expectations. Long-term business developmental integrity is established through clear, effective, and real-time communication channels to stakeholders. In addition, representatives from each team continue to communicate with stakeholders, and in the ordinary course of business, collect questionnaires and comments from the interested parties. This is to deal with all management-related issues and achieve other issues of corporate social responsibility. The basic objective of this report is as follows:

- Fully understand the major concerns of stakeholders and continue to improve CSR performance.
- Meeting the expectations of different stakeholders is always our goal to ensure that we are a sustainable business.

## 2.7 Stakeholder Management Procedures

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

- Identification of stakeholders: Stakeholders are defined within GUC as those who impact on GUC, or as affected by external groups or individuals. Therefore, we identify GUC's stakeholders like shareholders, employees, customers, suppliers, government agencies, and the community.
- Analysis of major stakeholders' issues: Issues of concern was collected after major stakeholders completed questionnaires. According to the degrees of concern raised about the influence on GUC, a communication platform for interested parties was established for the teams in charge of multiple communication channel units. 19 interested parties then identified and aggregated issues of concern, such as the GUC concept of sustainable development, the surface GRI, as well as subject assessments, and analyses of significant degrees.
- Stakeholders' related programs: Based on the preceding analysis by the relevant teams, the results then determined and incorporated a management approach into daily or annual work plans, with regular review and assessments of the effectiveness of these management approaches, using the company's sustainable development strategy as an important reference to do this.
- Interested party management: GUC creates a mutually beneficial and win-win relationship with varying degrees of interaction with interested parties to practice effective use of company resources



## 2.8 Stakeholder Interaction

▼ GUC stakeholders, concerned topics, communication channels, frequency, and specific procedure chart.

| Stakeholder  | Concerned Topic                                                                                                                                                                                             | Communication Channels                                                                                                              | Frequency     | Achievement                                                                                                                                                                                                                                                                                                                                                            |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Shareholders | <ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Quality &amp; Competence</li> <li>• R&amp;D and Innovation</li> <li>• Risk Management</li> <li>• Sustainable Operations</li> </ul> | Shareholders Meeting                                                                                                                | Each Q2       | <ul style="list-style-type: none"> <li>• 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.</li> </ul>                                                           |
|              |                                                                                                                                                                                                             | ESG Report                                                                                                                          | Annually      |                                                                                                                                                                                                                                                                                                                                                                        |
|              |                                                                                                                                                                                                             | Annual Report                                                                                                                       | Annually      |                                                                                                                                                                                                                                                                                                                                                                        |
|              |                                                                                                                                                                                                             | By phone and e-mail                                                                                                                 | Periodically  |                                                                                                                                                                                                                                                                                                                                                                        |
|              |                                                                                                                                                                                                             | Investor Conference                                                                                                                 | Semi-annually |                                                                                                                                                                                                                                                                                                                                                                        |
|              |                                                                                                                                                                                                             | Quarterly Financial Result                                                                                                          | Quarterly     | <ul style="list-style-type: none"> <li>• Business strategy/ explanation of GUC's mid-to-long-term development direction and corresponding strategy.</li> <li>• Dividend policy/ explanation of GUC's dividend policy and influencing factors.</li> <li>• Corporate governance/ communication between investors on corporate governance-related information.</li> </ul> |
|              |                                                                                                                                                                                                             | Participation in Investor Forum or Investor Conference held by both domestic and foreign investment agency and securities companies | Periodically  |                                                                                                                                                                                                                                                                                                                                                                        |
|              |                                                                                                                                                                                                             | Reception for investors, domestic and foreign investment agencies, and security companies from time to time.                        | Periodically  |                                                                                                                                                                                                                                                                                                                                                                        |
|              |                                                                                                                                                                                                             | Public information is released on MOPS and the corporate website.                                                                   | Periodically  |                                                                                                                                                                                                                                                                                                                                                                        |
|              |                                                                                                                                                                                                             |                                                                                                                                     |               |                                                                                                                                                                                                                                                                                                                                                                        |

| Stakeholder | Concerned Topic                                                                                                                                                                                                                                                   | Communication Channels                                                                                  | Frequency    | Achievement                                                                                                                                                                          |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Employees   | <ul style="list-style-type: none"> <li>• Sustainable Operations</li> <li>• Labor Relations &amp; Remuneration</li> <li>• Labor Rights</li> </ul>                                                                                                                  | Employee Conference                                                                                     | Quarterly    | <ul style="list-style-type: none"> <li>• EFS service center &amp; external consultant requests</li> </ul>                                                                            |
|             |                                                                                                                                                                                                                                                                   | Other regular meetings                                                                                  | Monthly      | <ul style="list-style-type: none"> <li>• Q&amp;A, labor relations, and organizational identification from employees.</li> </ul>                                                      |
|             |                                                                                                                                                                                                                                                                   | Questionnaire, Surveys & HR services                                                                    | Periodically |                                                                                                                                                                                      |
|             |                                                                                                                                                                                                                                                                   | EFS Service Center                                                                                      | Periodically | <ul style="list-style-type: none"> <li>• Anti-discrimination and equality of work rights through internal audits, RBA, and other units to monitor.</li> </ul>                        |
|             |                                                                                                                                                                                                                                                                   | Employee Assistance Program                                                                             | Periodically |                                                                                                                                                                                      |
|             |                                                                                                                                                                                                                                                                   | Mailbox for appeals from employees                                                                      | Periodically | <ul style="list-style-type: none"> <li>• Attract and retain talent/provide competitive compensation and benefits.</li> </ul>                                                         |
|             |                                                                                                                                                                                                                                                                   | Corporate General Announcements                                                                         | Periodically | <ul style="list-style-type: none"> <li>• Human rights policy/compliance with the regulations of the location of the operation site, and treat all employees with dignity.</li> </ul> |
| Customers   | <ul style="list-style-type: none"> <li>• Climate Change (GHG reduction)</li> <li>• Environmental Policy</li> <li>• Green Products and Operations</li> <li>• Expenditure on Energy Saving</li> <li>• Product Responsibility</li> <li>• Water Management</li> </ul> | Customer Audit                                                                                          | Periodically | <ul style="list-style-type: none"> <li>• Management of hazardous substances of our products/GUC complies with RoHS &amp; REACH regulations.</li> </ul>                               |
|             |                                                                                                                                                                                                                                                                   | Customer Meeting                                                                                        | Periodically |                                                                                                                                                                                      |
|             |                                                                                                                                                                                                                                                                   | Annual Tech Symposium                                                                                   | Annually     |                                                                                                                                                                                      |
|             |                                                                                                                                                                                                                                                                   | Customer Satisfaction Survey                                                                            | Annually     | <ul style="list-style-type: none"> <li>• Environmental management and pollution prevention/GUC complies with RBA regulations.</li> </ul>                                             |
|             |                                                                                                                                                                                                                                                                   | Industrial environment and social responsibility survey, and improvement pursuant to customers' request | Periodically |                                                                                                                                                                                      |
|             |                                                                                                                                                                                                                                                                   | Dedicated Email                                                                                         | Periodically | <ul style="list-style-type: none"> <li>• Handling complaints/feedback through questionnaires and surveys from the sales team.</li> </ul>                                             |
|             |                                                                                                                                                                                                                                                                   | Instant response to customer complaints (ACSS system)                                                   | Periodically | <ul style="list-style-type: none"> <li>• Handling and checking customer complaints by the system.</li> </ul>                                                                         |

| Stakeholder | Concerned Topic                                                                                                                                                           | Communication Channels                 | Frequency    | Achievement                                                                                                                                                                                                                                                                                                                                       |
|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Supplier    | <ul style="list-style-type: none"> <li>• Supplier Management</li> <li>• Quality and Competence</li> <li>• Sustainable Operations</li> <li>• Customer Relations</li> </ul> | Supplier Information Platform          | Periodically | <ul style="list-style-type: none"> <li>• Conflict minerals/ request a supplier declaration or signing</li> <li>• Code of Business Conduct &amp; Supplier Code of Conduct/ suppliers are required to follow RBA regulations, by declaration or signing.</li> <li>• Water resource management/ recycled water utilization and recycling.</li> </ul> |
|             |                                                                                                                                                                           | Regular Questionnaire and Surveys      | Annually     | <ul style="list-style-type: none"> <li>• Waste management/ full-time department promoting waste reduction, including source reduction, office recycling, etc.</li> </ul>                                                                                                                                                                          |
|             |                                                                                                                                                                           | Supplier Audit                         | Periodically | <ul style="list-style-type: none"> <li>• Energy management/ promoting the replacement of energy-intensive equipment by Employee Facilities Services.</li> </ul>                                                                                                                                                                                   |
|             |                                                                                                                                                                           | Visits and Meetings                    | Periodically | <ul style="list-style-type: none"> <li>• Regulations and system/ pay attention to regulations and compliance, suggestions, and responses are timeously given through communication channels.</li> </ul>                                                                                                                                           |
|             |                                                                                                                                                                           | Propaganda of Code of Business Conduct | Periodically |                                                                                                                                                                                                                                                                                                                                                   |
|             |                                                                                                                                                                           |                                        |              |                                                                                                                                                                                                                                                                                                                                                   |

| Stakeholder | Concerned Topic                                                                                                                           | Communication Channels                                                                           | Frequency    | Achievement                                                                                                                                                                                             |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Government  |                                                                                                                                           | Corporate Financial Statement                                                                    | Annually     |                                                                                                                                                                                                         |
|             |                                                                                                                                           |                                                                                                  |              | <ul style="list-style-type: none"> <li>• Water resource management/ recycled water utilization and recycling.</li> </ul>                                                                                |
|             | <ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Code of Business Conduct: Anti-corruption, Anti-trust</li> </ul> | Communication with government authorities via associations or unions                             | Periodically | <ul style="list-style-type: none"> <li>• Waste management/ full-time department promoting waste reduction, including source reduction, office recycling, etc.</li> </ul>                                |
|             | <ul style="list-style-type: none"> <li>• Risk management</li> <li>• Sustainable Operations</li> <li>• Product Responsibility</li> </ul>   | Official documents receiving and delivering                                                      | Periodically | <ul style="list-style-type: none"> <li>• Energy management/ promoting the replacement of energy-intensive equipment by Employee Facilities Services.</li> </ul>                                         |
|             | <ul style="list-style-type: none"> <li>• Labor rights</li> <li>• Supplier Management</li> </ul>                                           | Industry-Government-Academia seminar                                                             | Periodically | <ul style="list-style-type: none"> <li>• Regulations and system/ pay attention to regulations and compliance, suggestions, and responses are timeously given through communication channels.</li> </ul> |
|             |                                                                                                                                           | Offering relevant reports in response to the demands and regulations from government authorities | Periodically |                                                                                                                                                                                                         |

| Stakeholder | Concerned Topic                                                                                                                                                                                                                                          | Communication Channels                                                       | Frequency    | Achievement                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Society     | <ul style="list-style-type: none"> <li>• Green Product and Operations</li> <li>• Customer Relations</li> <li>• Product Responsibility</li> <li>• Water Management</li> <li>• Social Participation</li> <li>• Labor Relations and Remuneration</li> </ul> | Monthly Revenue press release                                                | Monthly      | <ul style="list-style-type: none"> <li>• Social benefit/ actively participate in public welfare projects and make contributions to society.</li> <li>• Talent recruitment/ talent training, development, and providing career guidance.</li> <li>• R&amp;D innovation/ encourage patent applications and provide bonuses.</li> <li>• Hire teachers from universities to make suggestions on the issues of business sustainability.</li> </ul> |
|             |                                                                                                                                                                                                                                                          | Quarterly operating results release                                          | Quarterly    |                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|             |                                                                                                                                                                                                                                                          | ESG Report                                                                   | Annually     |                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|             |                                                                                                                                                                                                                                                          | Participation in support programs for charity activities                     | Periodically |                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|             |                                                                                                                                                                                                                                                          | Official Website and Email                                                   | Periodically |                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|             |                                                                                                                                                                                                                                                          | Participation in activities to minimize the risk of damage from the disaster | Periodically |                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|             |                                                                                                                                                                                                                                                          | Press release about new technologies and new products                        | Periodically |                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|             |                                                                                                                                                                                                                                                          | Participation in the dream project of disadvantaged families                 | Periodically |                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|             |                                                                                                                                                                                                                                                          | Questionnaire and survey                                                     | Periodically |                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|             |                                                                                                                                                                                                                                                          | Company and school collaboration program                                     | Periodically |                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|             |                                                                                                                                                                                                                                                          | Summer Intern Program                                                        | Periodically |                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|             |                                                                                                                                                                                                                                                          | Company Visiting Program                                                     | Periodically |                                                                                                                                                                                                                                                                                                                                                                                                                                               |

## 2.9 Identify Material Aspects and Boundaries

We identify material aspects and boundaries through identification, prioritization, validation, and review.

### Step 1. Identification

After GUC's internal meeting and stakeholder survey results (a total of 107 questionnaires were collected), we sorted out the ranking of "Relevant Topics" and "Aspects". This is a list of issues such as GRI Standards and standards of disclosure to be included in this CSR Report.

### Step 2. Prioritization

Based on the following three principles of the Global Reporting Initiative, Sustainability Reporting Standards (GRI), the topics and standard disclosures are ranked accordingly:

- Principle 1. Stakeholder Inclusiveness: The organization should identify its stakeholders, and explain how it has responded to their reasonable expectations and interests.
- Principle 2. Materiality: Reflect the organization's significant economic, environmental, and social impacts.
- Principle 3. Sustainability Context: Discrepancy of the corporation's contribution to the improvement or deterioration of economic, environmental, and social conditions, developments, and trends.

### Step 3. Validation

Per the Completeness Principles of the GRI, we validate the dimensions of scope and aspect boundaries. The scope is all aspects covered in the report, such as economic performance, materials, occupational health and safety, and employee training. And aspect boundaries define the impact boundaries of each material object and the completeness of the information during the reporting period.

### Step 4. Review

The prioritized Material Aspects list has been verified by the top decision-makers. After the report has been published, a review of this report based

on the feedback from stakeholders is prepared for the next reporting cycle. GUC values the survey results from each stakeholder and their opinions have significant meaning and reference. The results of the review will be helpful for the Identification Step of the next reporting cycle.

## **2.9 Stakeholder Identification and Communication**

Based on our strict identification and selection criteria, we determine stakeholders through the internal meetings of the GUC CSR Committee, where potential stakeholders are verified. Following that, the five principles of the Stakeholder Engagement Standards, AA1000 SES 2011, namely Dependency, Responsibility, Tension, Influence, and Diverse Perspectives, are used to identify the stakeholders. This year, the 1) Employees, 2) Investors, 3) Government bodies, 4) Customers, 5) Suppliers, 6) Community/NPOs, 7) Media, and 8) Guild represent the eight stakeholders. The concerned topics from stakeholders are reviewed and responded to accordingly.

Two managerial meetings took place in the HQ to organize stakeholders' opinions about the Company and concerned topics based on the collection of their opinions in 2019. The General Manager, Wang Sheng-Yuan, and his leadership team of business management consultants conducted the review of GUC's GRI Standards Index to determine the concerned topics through interviews with Company departments. The 2020 Materiality is then finalized through an internal resolution, and the responses to the concerned topics are included in the Sustainability Report. There were no significant changes in the materiality and aspect boundaries compared to the previous reporting period.

In addition, the Stakeholders Engagement on the GUC website has included the communication with stakeholders and their contact information. To reflect opinions, suggestions, and complaints, each stakeholder may find corresponding contact methods under "Business Partners", "Investors & Stockholders", and "Business Conduct Reporting" to easily keep the lines of communication open.



## ▼ Material Aspects, Boundaries, and Involvement

● Direct Impact ○ Contributing Impact ▲ Business Impact

| Rank | Material Topic              | Importance to Operations                                                                                                                                                                                                                                                                                                                                                                                          | Internal  |              | External stakeholders |           |                          |         |
|------|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------------|-----------------------|-----------|--------------------------|---------|
|      |                             |                                                                                                                                                                                                                                                                                                                                                                                                                   | Employees | Shareholders | Customers             | Suppliers | Government Organizations | Society |
| 1    | R&D Innovation              | It is our goal to meet the unique business and technological demands of technology innovation companies. To achieve such a goal, we are in constant pursuit of innovation and creating new values for the industry and the market. Not only does it increase product added value, but also seeks optimal interests for our stakeholders - turning this into positive change to affect our society for the better. | ●         | ○            | ▲                     | ●         | ○                        |         |
| 2    | Customer Relations          | To enhance a trustworthy, stable collaboration, in the long run, GUC confirms mutual development goals and partnership consensus through customer meetings, visits, performance reviews, and audits. We expect to elevate customer service efficiency to achieve customer satisfaction and mutual prosperity.                                                                                                     | ●         | ○            | ●                     | ▲         |                          |         |
| 3    | Quality and Competitiveness | The acceleration of technology has shortened the product lifecycle and increase business risks. As part of our services to provide world-class custom-made IC, our enthusiasm for outstanding R&D technology and superior products help our customers create higher added value to the products, reduce market risks, and enhance company competitiveness.                                                        | ○         | ●            | ▲                     | ▲         | ○                        |         |

| Rank | Material Topic          | Importance to Operations                                                                                                                                                                                                                                                                                                                                                                                           | Internal  |              | External stakeholders |           |                          |         |
|------|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------------|-----------------------|-----------|--------------------------|---------|
|      |                         |                                                                                                                                                                                                                                                                                                                                                                                                                    | Employees | Shareholders | Customers             | Suppliers | Government Organizations | Society |
| 4    | Supply Chain Management | To meet customer needs, lower production costs, and increase operational efficiency, GUC builds stable and comprehensive supplier systems, provides incentive systems, as well as communication channels to reach common concepts of quality to ensure that the collaboration with the supplier chain is well-maintained.                                                                                          |           | ●            | ▲                     | ●         | ○                        | ○       |
| 5    | Sustainable Development | It is our goal to meet the unique business and technology demands of today's technologically innovative companies. To achieve such a goal, we are in the constant pursuit of innovation and shaping an innovative corporate culture. Not only does it increase product added value, but it also creates optimal interests for our stakeholders, turning into positive change to affect our society for the better. | ●         | ●            | ▲                     | ▲         | ○                        | ○       |
| 6    | Corporate Governance    | To enhance company performance, protect shareholder rights and interests, GUC ensures the that responsibility of the Board is to execute financial disclosures and internal audits, to fortify the honesty of the GUC governance level, and empower the Company for effective adaptation to any risks, and to run sustainably.                                                                                     | ●         | ●            | ▲                     | ▲         | ○                        | ○       |

| Rank | Material Topic | Importance to Operations                                                                                                                                                                                                                                                                                                                                        | Internal  |              | External stakeholders |           |                          |         |
|------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------------|-----------------------|-----------|--------------------------|---------|
|      |                |                                                                                                                                                                                                                                                                                                                                                                 | Employees | Shareholders | Customers             | Suppliers | Government Organizations | Society |
| 7    | Climate Change | The accelerated global warming and extreme climate disasters have brought significant economic loss to many countries and industries. To mitigate the risk impact of climate change, GUC promotes carbon reduction measures within the Company, amplifies green energy usage, and develops green products to build adaptations to the impact of climate change. | ○         | ○            | ▲                     | ▲         | ●                        | ●       |

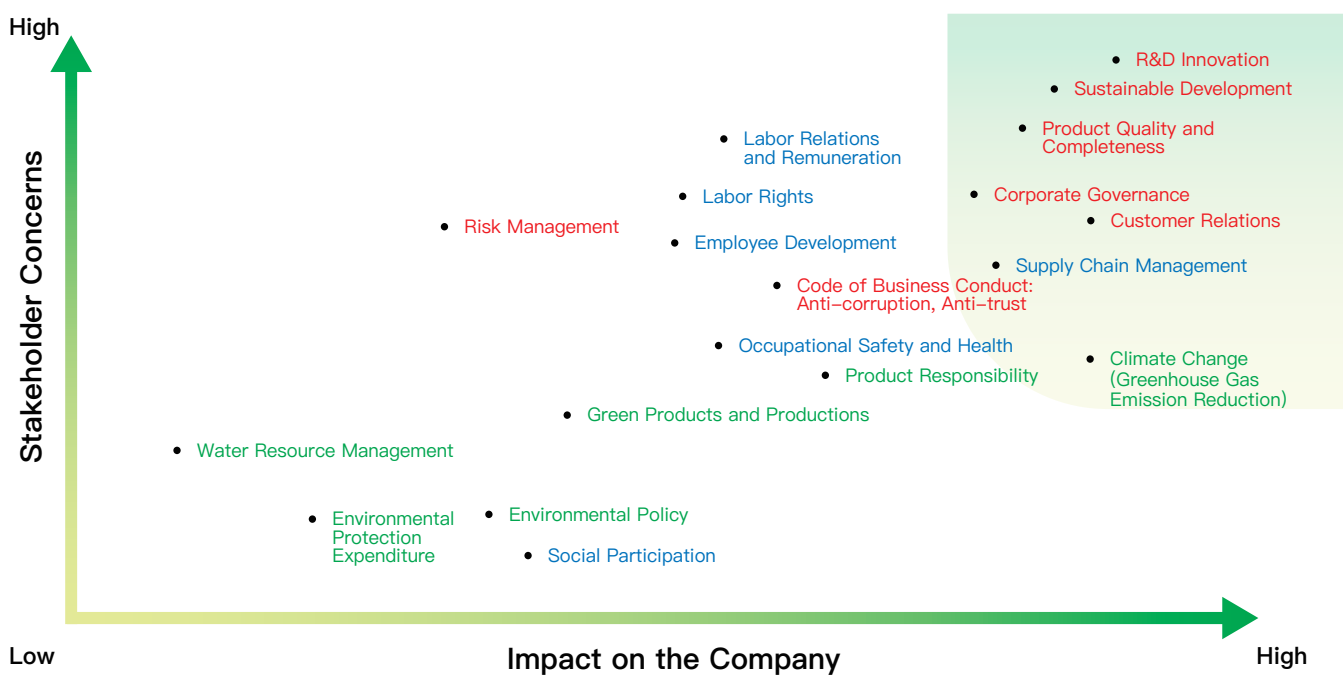
▼ 2020 GUC Material Issue Matrix

Legend:

Environment in green text

Society in blue text

Corporate Governance in red text



## R&D Innovation

|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strategies               | Development of Core Products                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Visions                  | Become the ASIC Lead Supplier                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Resources                | Invested NT\$ 2.5 billion in 2020                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Actions                  | <p>(1) The launch of Die to Die IP product "GLink", 6nm/7nm D2D (Die to Die) IP has been silicon-proven in 4Q20.</p> <p>(2) The launch of 5nm D2D IP "GLink 2.0", which was taped out in 4Q20 and will be silicon-verified in 3Q21.</p> <p>(3) 5nm/6nm GLink-3D IP for 3D SoIC to be taped out in 1Q21.</p> <p>(4) The integration of 2-4 HBM2 is complete. Products mainly for AI and HPC.</p> <p>(5) First industrial launch of 3.6G HBM2E (PHY &amp; Controller) IP all-solution package.</p> <p>(6) Successful development of customized 7nm switching IC with more than 200 112G-LR high-speed SerDes integrated.</p> <p>(7) 6nm IC taped out in 1Q20, silicon-verified in 4Q.</p> <p>(8) Partnership with 5G leading company to build 12nm high-speed AFE IP that supports mmWave and sub-6G. Silicon-verified and adopted by the customer. To be taped out 1Q21.</p> <p>(9) GUC 12nm 32G SerDes was silicon-verified in May 2020. Suitable for AI/HPC/5G.</p> <p>(10) GUC 7nm 32G SerDes was silicon-verified in July 2020. Suitable for AI/HPC/5G.</p> <p>(11) GUC 5nm 32G SerDes was taped out in October 2020 and will be silicon-verified in 2Q21.</p> <p>(12) Offer super low power consumption solution to greatly reduce AI SoC power consumption.</p> <p>(13) Industrial leading spec-in service.</p> |
| GRI Standard Index       | GRI 201                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Effectiveness Assessment | 5nm/7nm HBM2E3.2Gbps PHY+Controller, both of which are silicon-proven in TSMC and the efficiency can be improved by 30% compared with HBM2.0.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Targets                  | Continue to invest in the development of HBM3.& Glink IP.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

## Customers Relations

|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strategies               | QBR analysis of customer problems and continue to prevent and improve them. Conduct security control on customer's information, and integrate the work processes of customers and GUC to ensure that customers' products are successfully released to the market.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Visions                  | Become a long-term and trusted partner of customers, and grow with them based on mutual benefits and win-win.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Resources                | Provide customers with instant communication channels (reply within 24 hours).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Actions                  | <p>(1) Establish internal standard operating procedures and norms, such as the Confidential Information Protection Policy and the Confidential Information Control Protocol.</p> <p>(2) Every department director assigns representatives to form the Proprietary Information Protection Committee, which is responsible for the control of the entire company's confidential information. The tasks for the committee include discussing, establishing, auditing, and implementing the privacy operation. The committee is held every two months and will discuss issues surrounding confidential information control and finding resolutions. The committee launches interim meetings on certain occasions.</p> <p>(3) E-mail Monitoring.</p> <p>(4) USB Data Access Control.</p> <p>(5) Installation of a surveillance camera.</p> <p>(6) Regularly send customer satisfaction surveys, and devise customer complaints handling approach to maintain the customer relationship.</p> |
| GRI Standard Index       | GRI 418                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Effectiveness Assessment | The average score of customer service satisfaction is 96 points.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Targets                  | No complaints in 2020 about the invasion of customer privacy or loss of customer data.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

## Quality and Competitiveness

|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strategies               | <p>(1) Set the company's technological development plan and complete the reliability verification during the design phase.</p> <p>(2) Implement continuous improvement to internalize quality culture.</p>                                                                                                                                                                                                                                              |
| 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 awards for CIS proposals and public praise.                                                                                                                                                                                                                                                                                                                           |
| Actions                  | <p>(1) With quality policies, two principles are ensured through high-level management:</p> <p>(2) To ensure the effective implementation of quality management systems, and to achieve quality objectives and quality management system requirements.</p> <p>(3) To ensure that the integrity of the quality management system can be maintained when it changes its planning.</p> <p>(4) Continuous CIS proposals to improve internal procedures.</p> |
| GRI Standard Index       | GRI 201                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Effectiveness Assessment | Corporate image, service quality, and satisfaction are important indicators that affect loyalty.                                                                                                                                                                                                                                                                                                                                                        |
| 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.                                                                                                                                                                                                                                                              |



## Supply Chain Management

|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strategies               | Build a supply chain that meets RBA requirements.                                                                                                                                                                                                                                                                                                                                                                                       |
| Visions                  | Committed to maintaining long-term cooperative relations with domestic and foreign suppliers, and establish a stable and sustainable supply chain together.                                                                                                                                                                                                                                                                             |
| Resources                | Establish an effective incentive mechanism, a good communication channel, and common values.                                                                                                                                                                                                                                                                                                                                            |
| Actions                  | <ul style="list-style-type: none"> <li>(1) Supplier Information Platform</li> <li>(2) Irregular Supplier Audit</li> <li>(3) Irregular Interviews and Meetings</li> <li>(4) Regular Questionnaire</li> <li>(5) Conflict Resources/request a supplier declaration or signing</li> <li>(6) Code of Business Conduct &amp; Supplier Code of Conduct/suppliers are required to follow RBA regulations, by declaration or signing.</li> </ul> |
| GRI Standard Index       | GRI 204 / GRI 308 / GRI 414                                                                                                                                                                                                                                                                                                                                                                                                             |
| Effectiveness Assessment | Establish a supplier evaluation system through supplier selection procedures and supplier certification methods.                                                                                                                                                                                                                                                                                                                        |
| Targets                  | <ul style="list-style-type: none"> <li>(1) Obtain products or services that meet the quality and quantity requirements.</li> <li>(2) Obtain products or services at the lowest cost.</li> <li>(3) Ensure suppliers provide the best quality service and timely delivery.</li> <li>(4) Develop and maintain good supplier relations and develop potential suppliers.</li> <li>(5) Develop potential suppliers.</li> </ul>                |

## Sustainable Operations

|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strategies               | QBR to analyze, prevent, and improve customer's difficulties. Provide QBR report.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Visions                  | Continuously improve corporate performance through the PDCA spirit, and become global ASIC leaders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Resources                | Through the efforts of the GUC's Corporate Social Responsibility Committee integration of internal organizations, manage issues related to employees, shareholders/investors, customers, suppliers, government, society, etc., and establish work plans to implement GUC's social responsibility vision and mission.                                                                                                                                                                                                                                                                                      |
| Actions                  | <p>(1) Through the efforts of the GUC's Corporate Social Responsibility Committee integration of internal organizations, manage issues related to employees, shareholders/investors, customers, suppliers, government, society, etc., and establish work plans to implement GUC's social responsibility vision and mission.</p> <p>(2) Meeting regularly and reporting annually to the board.</p> <p>(3) Annual education and training for employees to explain key strategies and implementation methods of ESG, and urge all employees to implement the sustainable business vision of the company.</p> |
| GRI Standard Index       | GRI 201                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Effectiveness Assessment | The Board of directors plays the role of supervisor. Every year, the executive performance shall be submitted to the Board of Directors by the CSR committee chairman.                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Targets                  | Implement corporate governance and equal treatment of stakeholders, commit to environmental protection and public welfare activities, and fulfill social responsibilities.                                                                                                                                                                                                                                                                                                                                                                                                                                |

## Corporate Governance

|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strategies               | Per laws and regulations, GUC establishes an effective corporate governance structure and strengthens the functions of the board of directors and audit committee.                                                                                                                                                                                                                                                                                                                                                                  |
| Visions                  | Implement equal treatment of all stakeholders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Resources                | The management team is committed to developing a management system and ensuring that the company continues to improve in compliance with the Corporate Governance Code of Practice.                                                                                                                                                                                                                                                                                                                                                 |
| Actions                  | <ul style="list-style-type: none"> <li>(1) GUC has an audit committee and salary compensation committee under the board of directors.</li> <li>(2) GUC plans to create a full-time position for corporate governance.</li> <li>(3) There is no gender difference in basic salary, and profession and experience are used as evaluation criteria.</li> <li>(4) GUC has already set up a full-time corporate integrity management organization and reports the implementation results to the board of directors regularly.</li> </ul> |
| GRI Standard Index       | GRI 405                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Effectiveness Assessment | GUC was awarded the Top 5% Companies for seven consecutive sessions in the Corporate Governance Evaluation of Listed Companies by the Taiwan Stock Exchange.                                                                                                                                                                                                                                                                                                                                                                        |
| Targets                  | Ensure the maximization of shareholder interests and continue to be listed in the Taiwan Corporate Governance 100 Index.                                                                                                                                                                                                                                                                                                                                                                                                            |

## Climate Change

|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strategies               | Prepare a supplier plan responding to abnormal climate to reduce greenhouse gas emissions from suppliers.                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Visions                  | Mitigate the impact of sustainable business operations on climate change.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Resources                | Actively promote various environmental protection, energy-saving, and carbon reduction measures, reduce greenhouse gas emissions, increase the use of green energy, etc., to mitigate and adjust the operational impact of climate change.                                                                                                                                                                                                                                                                                                                          |
| Actions                  | <p>(1) Green R&amp;D design and green production are required; no environmental pollution, no harmful materials to the environment, and improving resource utilization.</p> <p>(2) GUC received QC080001 certification. Environmental protection is one of the important standards for many well-known international enterprises to choose suppliers.</p> <p>(3) Establish a green image of the enterprise by marketing activities, guide consumers to re-identify the brand value, and promote the sales of green products, and develop green market capacity.</p> |
| GRI Standard Index       | GRI 102-11 / GRI102-15 / GRI 305                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Effectiveness Assessment | <p>(1) Extreme climate causes drought or floods, which will cause water problems in production.</p> <p>(2) If the carbon footprint of exported goods in Taiwan meets European and American regulations.</p> <p>(3) Carbon costs increase due to climate change.</p>                                                                                                                                                                                                                                                                                                 |
| Targets                  | Create a better and safer living environment for ourselves and the next generation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

# Operation Mode

5 nm

Expect silicon  
verification in the  
second quarter 2021

To ensure the equality of institutions and individuals is inalienable, we deeply understand the need and importance of transparency in corporate governance and organizational components. We have implemented corporate governance to maximize our shareholders' interests. This is the 7th year that we were awarded "the Top 5% companies" in the Information Disclosure Assessment and Evaluation of the Listed Companies by the Taiwan Stock Exchange; implying that GUC is highly recognized by authorities in safeguarding its shareholder's equity, treating shareholders fairly, enhancing the transparency of information, and implementing corporate social responsibility. We are the only IC design company that has earned this honor.

## 3.1 About GUC

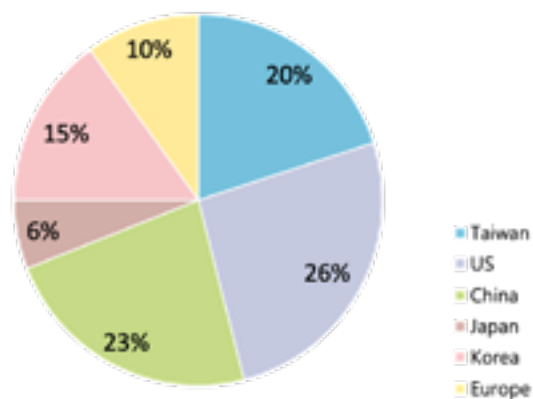
Global Unichip Corporation (GUC) is the Advanced ASIC Leader TM founded in January 1998 and headquartered in Hsinchu, Taiwan. We offer full-spectrum services to satisfy today's innovative technology companies. The provision of a comprehensive advanced customized IC service can satisfy the unique business and technical requirements of different innovative technology corporations. We aim to become positive energy for society, and always seek to serve the interests of our employees, shareholders, investors, customers, suppliers, and society.

We aim to provide full-spectrum ASIC design services to assist cableless IC system companies to secure their market-leading position. It is also our goal to pursue excellence to offer IC design capabilities with optimal power consumption, efficient processing speed, great quality, a competitive yield rate, and efficient delivery service

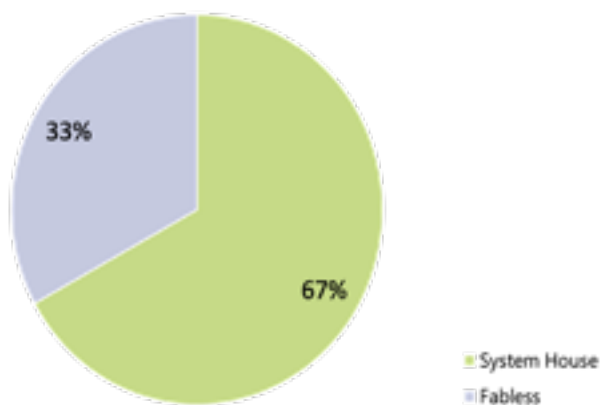
GUC's advanced ASIC Model TM offers full-spectrum services to satisfy today's innovative technology companies' unique operational and technological needs. GUC is also committed to providing the most advanced solutions and embedded CPU design capability. This is done in close partnership with TSMC and other key packaging and testing houses for customers that require IC devices of leading-edge computing, communications, and consumer applications. Our one-stop shopping service helps customers achieve "from design concept, to launch, to mass production" in the shortest time. The SoC includes every critical phase in IC production, with flexibility in service and shipping methods to cater to customer's needs and capabilities. Because of this, small IC design companies need less funding and technology know-how to run their business. We also help customers of custom IC design different from other soft/hardware products – thus, shortening the development procedure. The result is prompt product launching to create higher added value.

Semiconductor manufacturing and designing in Taiwan can be very specific, providing excellent terms for the IC designing industry. Based in Hsinchu, Taiwan, GUC has developed a global reputation of services (AI/ML, networking, digital consumer, industry, and others), with a presence in China, Europe, Japan, Korea, and North America. GUC is publicly traded on the Taiwan Stock Exchange under code 3443.

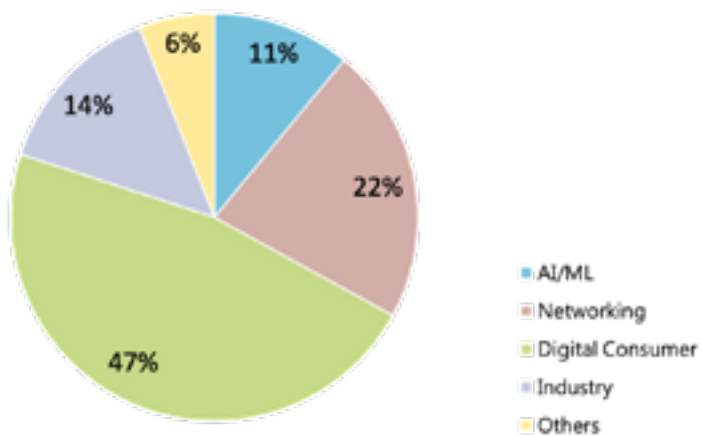
**2020 Sales by regions**



**2020 Sales by clients**







**2020 Sales by applications**






This commission is composed of cross-departmental representatives in order to implement corporate social responsibility initiatives. The Chief Financial Officer is appointed as the Chairman fully in charge and the executive performance shall be submitted to the Board of Directors. The independently-assured Sustainability Report will then be submitted to the Board before publication on the GUC website.



### 3.2 Product s& Services

| SDGs 17 Index                                                                                                                                                                                                | Corresponding Technology        | Actual Application and Description                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p>SDGs 02<br/>End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.</p>          | AI ASIC Chips                   | The imbalance of food distribution in the world is apparent; 1/3 of food is thrown away before reaching dining tables. When AI is introduced into agriculture, robots provide efficient farm work and analyze the consumption of all destinations; joining supply systems of restaurants and shops to track, analyze, and prevent waste caused by improper distribution of the food supply chain.                                                  |
|  <p>SDGs 03<br/>Ensure healthy lives and promote well-being for all at all ages.</p>                                       | AI                              | The increasing maturity of the AI algorithm and big data analysis means that AI is expected to create smart health and medical world. The ever-expanding big data accelerates medical diagnosis, drug development, epidemic disease control, human Genomics, and other medical research, providing solutions to diseases. To achieve greater contribution, GUC presents system-level IP solutions to meet AI applications and these growing needs. |
|  <p>SDGs 04<br/>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.</p> | Immersive multimedia experience | Technology has improved to the extent that today we experience the world beyond our body and senses. The 5G based virtual reality, augmented reality and mixed reality applications can be installed in education where learners can learn in inaccessible places, such as virtual classrooms and meeting rooms during the pandemic. This is all made possible backed by GUC-assisted 5G development.                                              |
|  <p>SDGs 06<br/>Ensure access to water and sanitation for all, and sustainable management of water.</p>                   | AI ASIC chips                   | The unintentional waste of water can increase to the total loss of water. Now, with AI analysis, we can learn the distribution, consumption, transportation, and reservation of water through technology, and achieve utmost distribution and effective use.                                                                                                                                                                                       |

| SDGs 17 Index                                                                                                                                                                                      | Corresponding Technology | Actual Application and Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p>SDGs 09<br/>Build resilient infrastructure, promote sustainable industrialization, and foster innovation.</p> | 5G based intelligent IoT | Now with more advanced 5G technology, home appliances, vehicles, and supportive IoT can connect to cloud services. Additionally, with the remote-control of all equipment and Always-On sensors, a house becomes a smart home capable of sensing incoming disasters.                                                                                                                                                                                                                                                                                                                       |
|  <p>SDGs 12<br/>Ensure sustainable consumption and production patterns.</p>                                      | Glink IP interface       | In an era of AI, HPC, and high-speed Internet, the interface protocols of the chips in e-products require upgrading to optimize processing speed. On the coordination of heterogeneous chips, GUC has developed a silicon-verified/demonstrated Glink interface that bears the responsibility of system performance enhancement. The high throughput and low power consumption of Glink makes high-performance chiplets or large-scale chip partition solutions possible. Thanks to a 15-20W, less is required than other SerDes-based interfaces - a good example of low carbon emission. |
|  <p>SDGs 13<br/>Take urgent action to combat climate change and its impacts.</p>                                | 5nm process              | GUC owns silicon-verified 5nm process IP. When applied to ASIC design, the end products are expected to consume less power and produce calorific power, hence less carbon emissions. It also benefits the cooling system power consumption.                                                                                                                                                                                                                                                                                                                                                |

## Wafer Products & ASIC Design services

GUC provides complete services from design and 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 a circuit design cell library and various IPs required in the process of product design; circuit layouts needed for mask-making; we subcontract mask-making; wafer manufacturing, dicing, and packaging to vendors; and we conduct final testing to get customers prototype samples.
- MPW Multiple-Project Wafer: MPW integrates multiple design projects of different customers in one single mask and by one wafer engineer run. It is an effective and efficient time-to-market chip verification service with cost-sharing in masking and wafer engineering run. Before the phase of mass production, design engineers are able to timeously verify their prototype designs with advanced process technologies of 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.
- With the support of emulator, GUC speeds up the development and verification of SOC hardware (speed increases more than 700 times compared with workstation verification) and shortens the time to market.

## Advanced ASIC Services

In the semiconductor supply chain, GUC provides the IC design services on the upstream position. IC manufacturing is on the midstream and IC packing and testing are on the downstream. Implementation of IC design flow not only considers the hardware spec, but also the software integration as the process technology approach nanometer scale. This enables GUC to produce high efficiency and competitive power consumption IC chips. To cater for the ever-

changing and various demands from clients, our Advanced ASIC Services offer clients an entry into the semiconductor design industry with choices of product concept, specification, development, verification, production, and final product.

There are three core values of the Advanced ASIC Services model:

- IP Solution, Chip Implementation, and ASIC Manufacturing. IP Solution will help customers to reduce chip design time and risk.
- Chip Implementation: GUC works closely with TSMC to establish the know-how of advanced technology in advance, to assist customers in getting familiar with the most advanced and efficient technology, to improve yield, and strengthen market competitiveness. In order to reduce design complexity and time to market, GUC chose ANSYS RedHawk-SC in order to effectively sign off a billion nodes designs. It takes RedHawk-SC less than two days to complete verification and produce reports.
- ASIC Manufacturing: By cooperating with world-class fabs, packaging, and testing companies, as well as other providers, GUC provides customers with professional and high-quality manufacturing services, minimizes barriers to entry and technical risks, and shortens time to market (Time-to-market), and time to volume (Time-to-volume). This ensures high quality, high yield, and on-time delivery, so that customer's valuable resources can be invested in their core capabilities.

### Development Programs for New Products

GUC continues the development of advanced IP including GLink, HBM2/2E/3Controller and PHY, 28G/32GSerDes, PCIe Gen3/4/5, and high-speed ADC/DAC in 7nm, 6nm and 5nm processing technologies. The company also migrates key components, such as Power Management Solutions and Clock Generators to advanced processing technologies. GUC's R&D team is also developing in-house memory IP (TCAM, SRAM) and customized standard cell libraries that enrich our IP/Library portfolio of competitive IP and subsystem solutions. The company's 6nm in-house IP test chip was silicon-verified in 4Q 2020 and is ready for mass production. The 5nm TCAM test chip has taped out and is to be silicon-verified in 2Q21.



# Corporate Governance

Top **5** %  
GUC was awarded  
"Top 5% Companies"  
for seven years in a row

**0** pandemic cases  
0 pandemic cases and  
improved systems  
against COVID-19

"Top 5% Companies" for seven years in a row and received A++ in the Information Disclosure Assessment and Evaluation for six years in a row

## 4.1 Solidify Board Member Functions

### Level Based Authorization

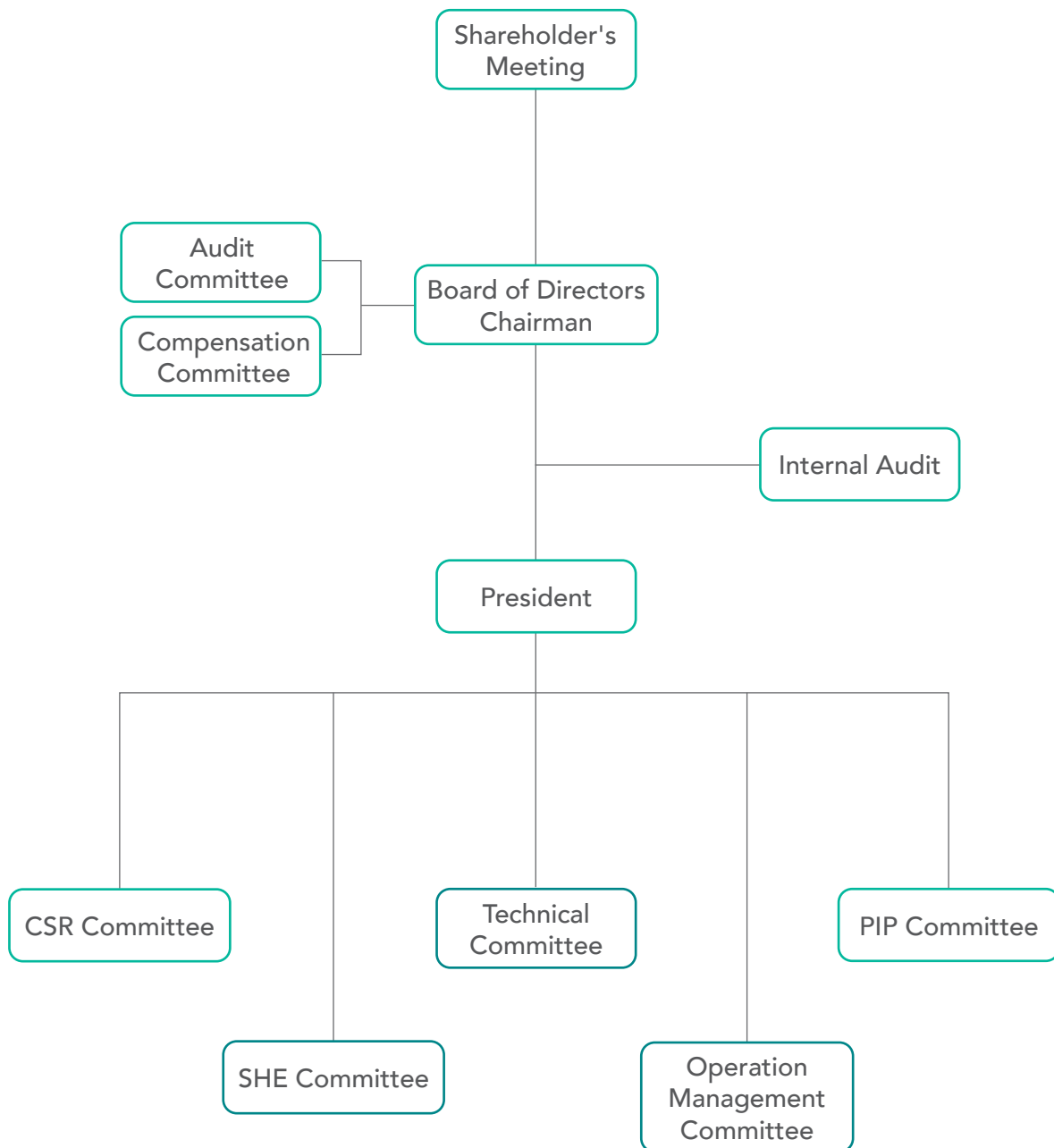
Based on the 'Global Unichip Corporate Social Responsibility Best Practice Principles', the commission is composed of cross-departmental representatives that implement corporate social responsibility initiatives. The Chief Financial Officer is appointed as the Chairman fully in charge. The executive performance shall be submitted to the Board of Directors. For more information about our corporate governance structure, please see the 2020 GUC Annual Report at [https://www.guc-asic.com/zh-tw/investor\\_financial/annual](https://www.guc-asic.com/zh-tw/investor_financial/annual).

### Diversified and Fully Functional Board

Our Board of Directors is currently composed of nine distinguished directors, with one of them being the manager of GUC. The Board of Directors is 50 years old and above, with 56% independent members to ensure corporate governance. Six regular board meetings were convened in 2020. 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 Compensation Committee. The members of the Board of Directors are chosen through a nomination system. We value not only their expertise, but also their integrity and moral reputation.

Candidates for independent directors shall meet the related professional qualification requirements, criteria for independence, 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.

## GUC Structure



▼ Board members

| Title                | Name                                                                              | Term | Gender | Age | Expertise                                                                                                                                                                   |
|----------------------|-----------------------------------------------------------------------------------|------|--------|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chairman             | Taiwan Semiconductor Manufacturing Co., Ltd.<br>Representative:<br>Dr. F.C. Tseng | 7    | Male   | 76  | Management, economy                                                                                                                                                         |
| Director             | Taiwan Semiconductor Manufacturing Co., Ltd.<br>Representative:<br>Dr. Ken Chen   | 3    | Male   | 60  | Management, economy                                                                                                                                                         |
| Director             | Taiwan Semiconductor Manufacturing Co., Ltd.<br>Representative:<br>Wendell Huang  | 2    | Male   | 59  | Management, economy                                                                                                                                                         |
| Director             | Taiwan Semiconductor Manufacturing Co., Ltd.<br>Representative:<br>Dr. Cliff Hou  | 5    | Male   | 59  | Energy-saving product development to adapt to climate change and seize market opportunities                                                                                 |
| Independent Director | Benson Liu                                                                        | 6    | Male   | 71  | Chief of Corporate Governance Committee                                                                                                                                     |
| Independent Director | Dr. Chien-Wei Jen                                                                 | 6    | Male   | 72  | Energy-saving product development to adapt to climate change and seize market opportunities                                                                                 |
| Independent Director | Dr. Wen-Yeu Wang                                                                  | 5    | Male   | 65  | JSD, Stanford University, member of FTC, Exe. Yuan, Dir. of TCB, Taifex Supervisor, Director/Supervisor of TLS, Prof. of College of Law, NTU, lawyer at Sullivan & Cromwell |
| Independent Director | Dr. Chung-Yu Wu                                                                   | 4    | Male   | 70  | Energy-saving product development to adapt to climate change and seize market opportunities                                                                                 |
| Independent Director | Dr. Kenneth Kin                                                                   | 2    | Male   | 74  | Management, economy                                                                                                                                                         |



## ▼ GUC 2020 Board Member Advanced courses &amp; Hours

| Title                | Name             | Course                                                                                                            | 2020 Hours of Course |
|----------------------|------------------|-------------------------------------------------------------------------------------------------------------------|----------------------|
| Independent Director | Dr. Wen-Yeu Wang | 16 <sup>th</sup> Corporate Governance Summit                                                                      | 3                    |
|                      |                  | Impact of new risks on board directors and supervisors                                                            | 3                    |
|                      |                  | Complete guide to director and supervisor info-security                                                           | 3                    |
| Independent Director | Dr. Kenneth Kin  | Battle for management right and case sharing                                                                      | 1.5                  |
|                      |                  | Current D&O Liability Insurance and case sharing                                                                  | 1.5                  |
|                      |                  | COVID-19 impact on global economy                                                                                 | 3.0                  |
| Independent Director | Benson Liu       | Battle for management rights and case sharing                                                                     | 1.5                  |
|                      |                  | Current D&O Liability Insurance and case sharing                                                                  | 1.5                  |
|                      |                  | Listed Company Corporate Governance 3.0-Sustainable Development Roadmap Summit Forum Agenda                       | 3.0                  |
|                      |                  | From Datung case to the collapse and impact of corporate governance                                               | 1.0                  |
|                      |                  | COVID-19 impact on global economy                                                                                 | 3.0                  |
|                      |                  | Post-pandemic, topics to consider on risk management, corporate sustainability and ESG by director and supervisor | 1.0                  |
|                      |                  | Impact investment                                                                                                 | 1.0                  |
| Independent Director | Dr. Chung-Yu Wu  | Regulations on takeover and case study                                                                            | 3.0                  |
|                      |                  | Big data analysis and fraud detect and prevention                                                                 | 3.0                  |
|                      |                  | Director and supervisor's guide on corporate risk management and crisis management                                | 3.0                  |
|                      |                  | COVID-19 impact on global economy                                                                                 | 3.0                  |
|                      |                  | The legal liability and risk management on financial statement fraud                                              | 3.0                  |
|                      |                  | Information Security Governance Trend and Challenges (Part II)                                                    | 3.0                  |
|                      |                  | Information Security Governance Trend and Challenges (Part I)                                                     | 3.0                  |

| Title                                   | Name              | Course                                                                          | 2020 Hours of Course |
|-----------------------------------------|-------------------|---------------------------------------------------------------------------------|----------------------|
| Independent Director                    | Dr. Chien-Wei Jen | Corporate contract liability from insurance                                     | 3.0                  |
|                                         |                   | COVID-19 impact on global economy                                               | 3.0                  |
| Legal entity as director representative | Dr. F.C. Tseng    | Battle for management right and case sharing                                    | 1.5                  |
|                                         |                   | Current D&O Liability Insurance and case sharing                                | 1.5                  |
|                                         |                   | COVID-19 impact on global economy                                               | 3.0                  |
|                                         |                   | Hostile Takeover and Corporate Governance                                       | 1.5                  |
| Legal entity as director representative | Wendell Huang     | Corporate Cost Reduction and the audit control practice of competition strategy | 6.0                  |
| Legal entity as director representative | Dr. Cliff Hou     | Audit Committee advanced case sharing - M&A review and director accountability  | 3.0                  |
|                                         |                   | Battle for management right and case sharing                                    | 1.5                  |
|                                         |                   | Current D&O Liability Insurance and case sharing                                | 1.5                  |
| Legal entity as director representative | Dr. Ken Chen      | Corporate contract liability from insurance                                     | 3.0                  |
|                                         |                   | COVID-19 impact on global economy                                               | 3.0                  |

## Governance Rule

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 the 'Taiwan Corporate Conduct and Ethics Implementation'. GUC's 'Procedures for Ethical Management, Ethics & Business Code of Conduct' is implemented by the Human Resources (HR) Department. The HR Department is also responsible for the training and management of other departments. 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.

Board members supervise related operations through a designated complaint mailbox. Also, GUC has established a 'violation of ethical conduct accusation system' section in both Chinese and English. It is also the HR Department's responsibility to collect and disclose this information.

Internally, we require all employees to comply with our ethical values and business conduct, and externally, suppliers also need to follow the referred regulations. Suppliers sign a 'GUC Ethics and Business Code of Conduct'. Furthermore, all subsidiaries of GUC are subject to supervision of human rights, regulation impact analyses, and corruption risk analyses.

#### ▼ Participation of Union Organizations

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

| Consortium                                             | Membership |
|--------------------------------------------------------|------------|
| Taiwan Semiconductor Industry Association, TSIA        | Member     |
| The Allied Association for Science Park Industries     | Member     |
| Taiwan Corporate Governance Association                | Member     |
| Chinese Professional Management Association of Hsinchu | Member     |
| Accounting Research and Development Foundation         | Member     |
| Hsinchu City Nurses Association                        | Member     |

## **4.2 Risk Management**

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

### **Risk Management Section**

#### **Audit Committee**

GUC established the Audit Committee for the implementation for internal control of corporate risk. The Audit Committee is composed of five independent directors elected at the Annual General Shareholders' Meeting. The Audit Committee meeting is convened at least 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.

#### **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. The operation performance has a positive correlation with the personal capabilities, contribution, and performance of the senior management team.

#### **Operating Risk Management Committee**

The Operating Risk Management Committee meeting is convened every week to inspect the current operation of business strategies and the progress of operation goals. Hosted by the GM and reported by the sales and production teams, significant risks that may affect the operation will be reported to Board of Directors by the Chairman of the 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 a risk control system and firewall mechanisms between affiliated companies. Furthermore, we have also established the 'Norms of Ethics and Business Code of Conduct' to strictly forbid trading securities with undisclosed information.

## Establishment of Risk Management Principle

Since CNY '20, the world has been attacked by COVID-19, leaving a huge impact on global finance markets and the world economy. To reinforce our reaction to the situation caused by the disease, GUC planned preventative measures such as reaction teams to set up proper procedures to ensure human and equipment safety and minimize loss. At the beginning of the pandemic, immediate preventative measures were activated, including non-contact body temperature sensors in the lobby to avoid contact between visitors and receptionists, which could otherwise cause infection.

### ▼ Measures and Risk Management of COVID-19 in 2020

| Situation                      | Strategy                                                                                                                                                                                                                                                                                                                        | Reacting Party                                        |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| Preventative Phase             | Individual and workplace health management <ul style="list-style-type: none"> <li>• Forehead thermometer at all floor levels</li> <li>• Employee autonomous online body temperature update</li> <li>• Employee health monitoring and management</li> <li>• Promote travel destination alerts according to CDC</li> </ul>        | Disease prevention phase - Pandemic decision maker    |
|                                | <ul style="list-style-type: none"> <li>• Visitors to complete health/travel declaration and wear masks</li> <li>• Regular cleaning and disinfection of environmental surfaces with 1:100 sterilizer</li> </ul>                                                                                                                  |                                                       |
| Reaction According to Severity | <ul style="list-style-type: none"> <li>• Regular dissemination of preventative plans and disease updates to all staff</li> <li>• Promote prevention knowledge, including coughing manners and hand sanitation</li> <li>• Provide disease prevention items such as alcohol-based hand sanitizer, masks, and so forth.</li> </ul> | Responding to severe outbreak phase - Contingent team |

### Visitor Control

- 1 \ Body temperature and visitor health declaration for all external individuals entering from L/1. Those who fail to comply are not allowed to enter the work area.
- 2 \ CS team to create visitor list and inform HR of changes every week or every day:
  - One-time visitors: Take body temperature at L/1 by an operator or guard.
  - Long-term visit pass holders: HR to inform all levels in charge to take body temperature according to visitor inventory.
- 3 \ The following procedures should be observed for any external visitors with COVID-19 symptoms:
  - Wear masks and wait at the lobby.
  - Inform corresponding colleagues and advise that a report to CDC for disease control should be made. The visitor should leave and is not allowed to enter the building.
  - If the visitor insists on entering the building, inform corresponding colleagues' manager. Thereafter, inform managers of all floor levels if the visitor does not depart.
- 4 \ Contractor body temperature autonomous control:
  - On-site contractors are required to take their body temperature daily at the operator. Temperature >37.5C or anyone with COVID-19 symptoms is not allowed to enter.
  - Long-term visiting cardholders who are not on-site contractors should be notified by corresponding colleagues and take their temperature at the operators. Temperature >37.5C or anyone with COVID-19 symptoms is not allowed to enter.

### Distribution of Disease Prevention Medical Masks

To satisfy the needs for extra masks in addition to the nine purchasable masks per person per week, GUC has prepared medical masks for employees. On April 22, 2020, we divided the masks into small packets after proper hand and area sanitation. All workers wore plastic gloves and masks throughout the process. Each employee received eight masks for the duration of May to June. The distribution was made on over two days, with a total of 5,136 masks given out.



### Employee Restaurant 3-Phase Preventive Measures

#### Disease prevention enhancement I (2020/2/13)



▲ Notices at all entrances

#### Elevated measure - Employee only (external individuals not allowed)



▲ Elevated measure - Employee only (external individuals not allowed)

### Disease prevention enhancement III (2020/4/6)



▲ Phase III - No dine-in service. Take-out only.

### Preventative Measures for Shareholder Meeting (Occupational Safety)

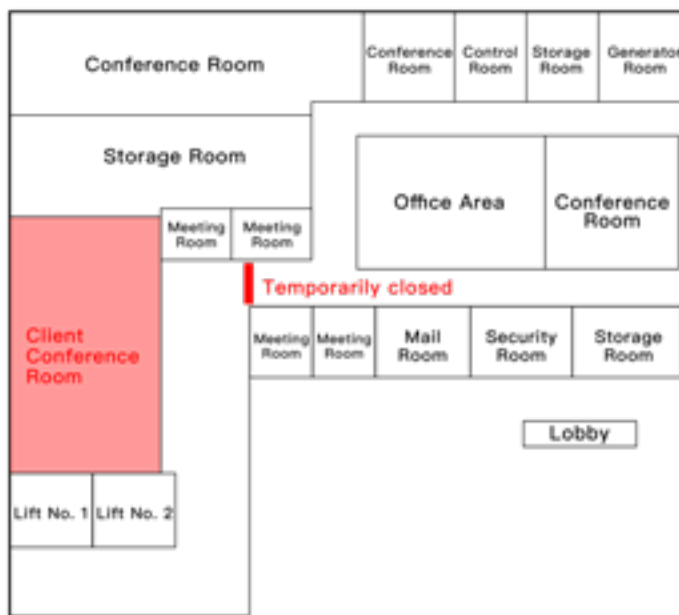
Considering that the Shareholder's meeting was held indoors; a fever screening stop was set up outside the venue. Increased spaces between seats also complied with disease prevention policies.





### Corona Corridor Policy for Visitor Arrangement (Occupational Safety)

To comply with government disease policies, overseas clients were separated from our employees. Independent meeting rooms on the L/1 level were dedicated to overseas clients only. There were also separated routes from the lobby into the building and enclosed L/1 level offices to minimize contact with colleagues.



### Auto Thermometer Sensor at Lobby to Safeguard Receptionists' Health (Occupational Safety)

Non-contact thermometer sensors were placed to avoid contact when taking visitor's temperature



## Stronger immune system to fight against the Pandemic

To promote and protect employees' health against the worsening pandemic, we encourage our colleagues to have a healthy daily diet, as it is more effective for a strong body and immune system to tackle the virus.

### Good Immunity Comes from a Healthy Diet

| Food                | Benefits                                                                                                                                      |
|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Yogurt              | The probiotics help to cleanse the intestine and reduce pathogenic germs. Choose sugar-free or reduced sugar yogurt.                          |
| Oat/Barley          | Rich in $\beta$ -Glucans, anti-microbial, anti-oxidant dietary fiber.                                                                         |
| Egg                 | Rich in Vitamin D, helps calcium absorption, and regulates the human immune system. The Zinc and Selenium in egg yolks are immunity boosters. |
| Sweet potato        | Rich in Vitamin A and a critical nutrient to strong skin mucous membranes.                                                                    |
| Chicken soup        | During cooking, Cysteine will be released to ease early cold symptoms.                                                                        |
| Fatty fish          | Great source of Omega-3, helps improve eyesight, protects our brain, is anti-inflammatory, and helps lose weight.                             |
| Citrus and capsicum | High in Vitamin C, helps build skin barriers, prevent respiratory infections, alleviate symptomatic severity and duration.                    |
| Garlic              | High in Allicin, and helps fight infection and bacteria.                                                                                      |
| Mushroom            | Contains rich nutrients such as selenium, vitamin B2 and nicotinic acid, which can increase the growth and activity of white blood cells.     |
| Shellfish           | High in selenium, and helps leukocytes create cytokine.                                                                                       |
| Tea                 | The rich L-Theanine and tea Polyphenols can stimulate leukocytes and T-cells, and is a good immunity enhancer.                                |
| Beef                | High in zinc, promotes and revitalizes leukocyte growth, and a slight lack of zinc is likely to increase the chance of infection.             |

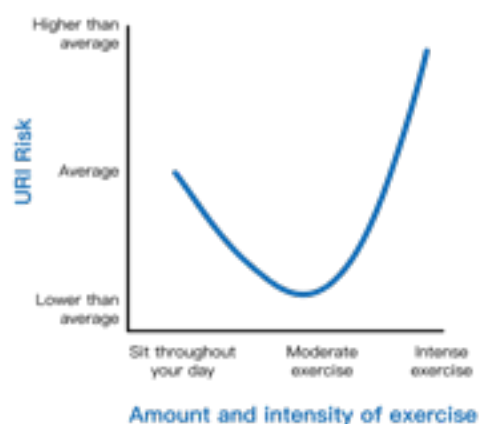
### Gain Immunity Through Sleep

- 1 \ Proper and sufficient hours of sleep: 6 to 8 hours of sleep every night, dependent on an individual's needs. Sleeping from 11 pm until 7 or 8 am contributes the most to our health. Prolonged and deep sleep is beneficial.
- 2 \ Proper exercise: Proper exercise in the daytime helps to increase the duration of deep sleep.
- 3 \ Weight control: Weight problems develop from sleeping issues. Severe snoring from being overweight can induce sleep apnea and decrease the duration of deep sleep.
- 4 \ Proper bedding: A bed should have two to three times the width of an adult's shoulder-to-shoulder length, and should be 190 to 210cm in length. Choose the right hardness, breathability, protection for lower back, and even support for body weight.
- 5 \ Proper sleep positions: Sleep on your right side with slightly bent knees.
  - In this position, the heart receives the least amount of stress, and the liver is in a lower position allowing for better blood supply, both of which are good for metabolism.
  - Through gravity, the food in the stomach is carried forward into Duodenum, contributing to better digestion.
  - Muscles are most relaxed and there is good blood circulation to gain the full amount of rest and relief from fatigue.

### Proper Exercise to Enhance the Immune System

The correlation of intensity of exercise and respiratory infection moves like a "J". When there is no exercise, the chance of getting infected is average; when there is moderate exercise, the chance decreases; and when heavy exercise is done, the chance decreases drastically!

**The Correlation Between Exercise and the Immune System**



### **Illness Comes From Stress**

Our body releases cortisol when facing stress. It is a hormone that can damage the cardiovascular system. Do some practices to improve your awareness, and relax your body from tension, anxiety and, excessive stress.

### **Emergency Response and Continuous Operation Plan**

Because Taiwan is located in the seismic belt, a post-earthquake assessment exercise is required in building inspections, and this determined risk is transferred through an 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. The company also has regular fire drills. In addition, risk assessments determine the improvement strategies, and through regularly exercising the aforementioned, the impact of the operation of the factory is assessed. Thereafter, preventative measures can be taken to establish a crisis communication mechanism and manpower recovery plan. Through sound risk management and crisis handling, GUC expects to reduce business risks.

### **The Risk of Climate Change and Opportunities**

Gathering decisive and forward-looking financial impact information is important so that the organization is aware of the risks and opportunities involved in a low-carbon economy transformation. According to TCFD (Task Force on Climate-related Financial Disclosures), GUC established a set of recommendations for voluntary climate-related financial disclosures that assists to clarify material risks and precisely estimate climate change-related risks and opportunities.

## ▼ Core Components

| Core Component      | GUC Climate Change Response                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Governance          | This is managed by the Quality Engineering and Employee Facility Service. The potential impacts to the internal/external organization caused by related topics will be verified, including verification and evaluation of climate change risks, and a strategic response to climate change is established. Each year, department managers make an ESG performance report to the CSR Committee, along with the following year's adaptation to climate change.                  |
| Strategy            | To produce more convenient, less energy-consuming products, our product design and development is energy-saving, and eco-friendly based. The AI-integrated products operate according to new lifestyle, work pattern, and learning patterns. Through continuous performance, management mechanisms and system establishments, as well as eco-movement between society and industries, the short, medium, and long term goals of adaptation to climate change can be achieved. |
| Risk Management     | To understand and assess the potential significant impact of our products and service on the environment through continuous operation, our Risk Assessment Team runs organizational risk assessments at regular intervals, and design policies and targets according to the results.                                                                                                                                                                                          |
| Metrics and Targets | To mitigate the impact to our environment, it is important to elevate the efficiency of resources and energy. For climate change, our mid-long term goal covers waste minimization, water conservation, and carbon reduction. With 2020 as the benchmark year, our target is to reduce 1% carbon emission by 2025. Moreover, our validation and establishment of energy-saving strategies and actions commenced in 2021.                                                      |

▼ Financial Impact of Climate-Related Risks and Precautions

| Risk                        | Potential Financial Impact                                                                                                                                                                                                                                                                       | 2020 Precautions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Policy and Regulation Risks | <ul style="list-style-type: none"> <li>Increased operation costs (higher compliance, material, and parts costs).</li> <li>Assets in hand write-off and early retirement due to change of policies.</li> <li>Increased cost or less product/service demand due to fines and sentences.</li> </ul> | <ul style="list-style-type: none"> <li>As opposed to the current 3G/4G, the 5G wireless communication transmission is 10x faster and supports various types of application scenarios.</li> <li>Satisfy all new application needs that require low latency and broadband transmission through AI, AR/VR, 8K, and V2X</li> <li>Continue on advanced process design platform project, 2.5D, 3D advanced packaging technology, focus on high performance, low-latency and low power consumption.</li> <li>24 energy-conservation projects in 2020, with a total of 419,895 kWh electricity saved.</li> </ul>                                                                                                             |
| Transition Risk             |                                                                                                                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>Direct the sustainability of our products on energy efficiency, recyclability, and cutting down hazardous materials, so as to amplify product's green competence.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Technology Risks            | <ul style="list-style-type: none"> <li>Capital investment in technology development.</li> <li>Development costs in new and alternative technologies.</li> <li>Decrease in product/service demand.</li> <li>The cost of adopting/ establishing new practices and new processes.</li> </ul>        | <ul style="list-style-type: none"> <li>Continue with N5/3 (5/3 nm) design process, introduce and guide our customers to a more power-efficient N5/3 process, which contributes more to effective power consumption.</li> <li>Continue with the enhancement of existing matured process design to actualize our technology. Successful cases including, among others, providing design services and mass production to two international solar energy companies.</li> <li>To accommodate future growth, our investment continues in 7/5 nm design process optimization, and the development of SerDes, PCIe, LPDDR/DDR Controller &amp; PHY, HBM Controller &amp; PHY, TCAM and High-speed ADC technology.</li> </ul> |

|                | Risk                   | Potential Financial Impact                                                                                                                                                                                                                                                     | 2020 Precautions                                                                                                                                                  |
|----------------|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Physical Risks | Immediate Risks        | <ul style="list-style-type: none"> <li>• Decreased income due to lower productivity (lockout, transportation difficulties, supply chain discontinued).</li> <li>• Affected workforce leads to decrease in revenue and increase in costs (hygiene, safety, absence).</li> </ul> | <ul style="list-style-type: none"> <li>• Control the usage of energy, obtain ISO 14064-1 certificate, energy management system according to ISO 50001.</li> </ul> |
|                | Chronic Physical Risks | <ul style="list-style-type: none"> <li>• Inconsistent room temperature affects instrument and equipment life. Assets in hand write-offs, early retirement, and increased infrastructure costs.</li> </ul>                                                                      |                                                                                                                                                                   |

▼ Financial Impact of Climate-Related Risks and Precautions

| Category              | Potential Financial Impact                                                                                                                                                                                                                                                                                                                          | 2020 Precautions                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Resource Efficiency   | <ul style="list-style-type: none"> <li>• Cut down operation costs (solar energy application, recycle and reuse to reduce costs).</li> <li>• Increase fixed assets value (high-performance green buildings).</li> <li>• Workforce management and planning to minimize manpower cost (hygiene improvement, safety, employee satisfaction).</li> </ul> | <ul style="list-style-type: none"> <li>• Waste reduction: Waste sorting and promote waste reduction. Reduce waste from its origin. Make reusing our priority. Increase recycling efficiency.</li> <li>• Ongoing energy performance management including improvements on building lighting and air conditioning.</li> </ul>                                                                                                                                  |
| Source of Energy      | <ul style="list-style-type: none"> <li>• Reduce operation costs (apply solar energy to reduce energy costs).</li> </ul>                                                                                                                                                                                                                             | <ul style="list-style-type: none"> <li>• Continue the application of green energy such as solar panels, heat pump, and other low polluting energy machines.</li> <li>• Employee transportation, lighting, and air conditioning improvement measures to enable living a low-carbon life.</li> <li>• Obtain green certificates.</li> </ul>                                                                                                                    |
| Products and Services | <ul style="list-style-type: none"> <li>• Increase revenue through low-carbon products and services.</li> <li>• Meet customers' needs for climate adaptation and increase revenue through new solutions.</li> </ul>                                                                                                                                  | <ul style="list-style-type: none"> <li>• Development in solar energy, self-driving cars, and other green energy industry.</li> <li>• Develop and offer autopilot companies autonomous vehicle AI, high-speed calculations, and logical self-test design services.</li> </ul>                                                                                                                                                                                |
| Market                | <ul style="list-style-type: none"> <li>• Increase revenue through developing partnerships with new markets (e.g. government, public organizations, and hospitals).</li> </ul>                                                                                                                                                                       | <ul style="list-style-type: none"> <li>• Investment in government designated critical manufacturers.</li> <li>• Develop 5G related business. 5G transmission is 10x faster than 3G/4G.</li> <li>• Develop an AI market share through AI ASIC design and manufacture, which has a higher performance than ASSP.</li> <li>• Satisfy all new application needs that require low latency and broadband transmissions through AI, AR/VR, 8K, and V2X.</li> </ul> |
| Resilience            | <ul style="list-style-type: none"> <li>• Increase market valuation through resilience planning (e.g. infrastructure, land, and construction).</li> </ul>                                                                                                                                                                                            | <ul style="list-style-type: none"> <li>• Ease the power undersupply issue and prepare the Company with climate change resilience through a solar power generating system.</li> </ul>                                                                                                                                                                                                                                                                        |



## Anti-corruption Initiative

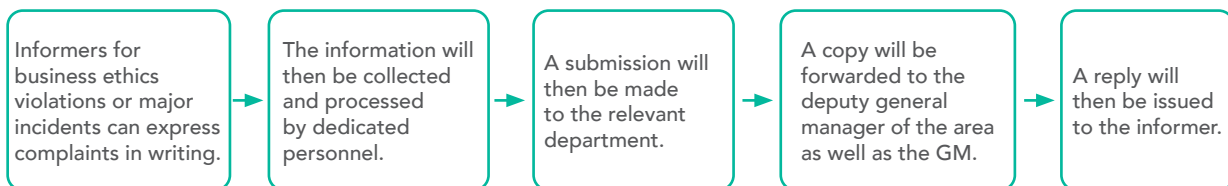
To promote business behavior in keeping with integrity and morals, and to support compliance with legal order, we have established our internal Ethics Code of Conduct ( ‘Procedures for Ethical Management, Ethics & Business Code of Conduct), a reporting system, and implementation measures to follow.

All reported incidents collected from reporting channels inside or outside of GUC are properly recorded and traced. GUC also prevents any form of retaliation by providing proper protection for any individual who, in good faith, reports a suspected violation or participates in an investigation. Stakeholders from clients to shareholders, government, society, suppliers and our employees (and others, including business partners, suppliers, public), can report, fraud, unethical behavior, actual and potential law violations and/or company policy. A dedicated reply channel will keep informers updated with an investigation’ s progress. The cases will be followed and the investigation progress controlled in high-level management meetings.

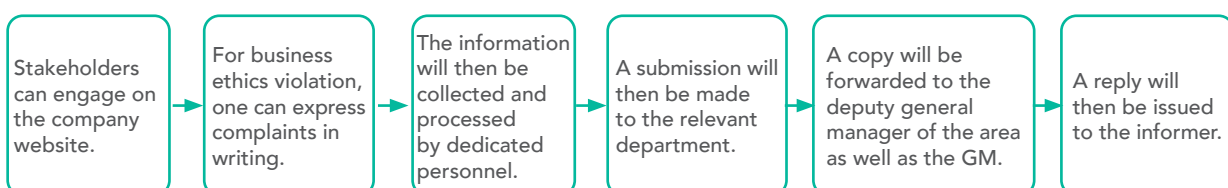
GUC provides training courses on the Ethics Code to employees and managers once a year. Newly recruited employees will receive the training during orientation.

## Grievance Procedure

GUC Employee Grievance:



## External Stakeholders Complaints



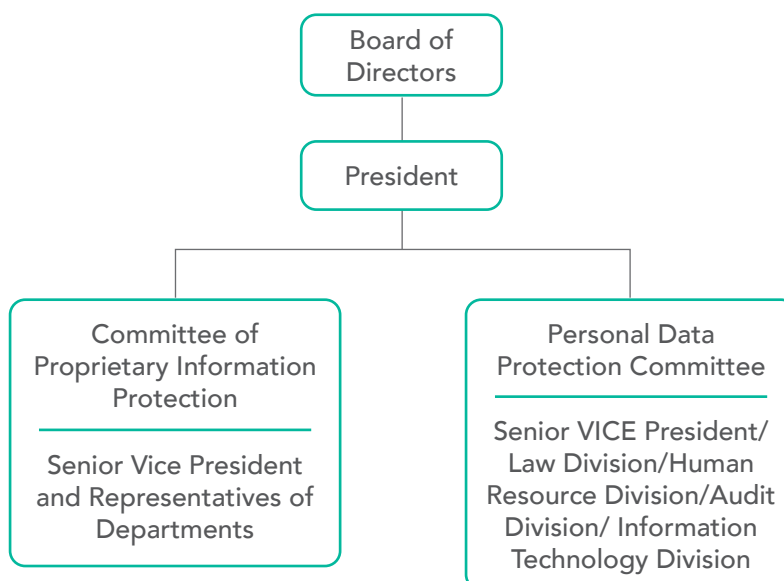
## Information Protection

### Information Protection Policy

GUC ensures that proprietary information, trade secrets, and personal information of its employees are properly protected and also continuously enhances its proprietary information protection capabilities. In addition to complying with international standards, the cybersecurity operations should be able to comply with national laws and regulations. ISO27001 certification is scheduled in 2021.



### Information Protection Management



#### Committee of Proprietary Information Protection

CS team to create visitor list and inform HR of the changes of contractor residents every week or every day:

- Quarterly inspection to ensure the implementation of proprietary information protection.
- Through daily work, GUC promotes the concept and compliance of proprietary information protection.
- As a mandatory course for new personnel, as well as every year all employees must be re-trained to continue to strengthen and enhance the awareness of proprietary information protection.

#### Committee of Personal Information Protection:

In order to ensure that GUC complies with the protection and management of personal data, reduces operational risks, and complies with international standards, we established this Committee to implement data protection and actively promote the protection of personal data, including:

- Development of personal data protection measures and implementation of actions.
- Assessment of personal data risks and creation of management mechanisms.
- Create accident prevention measures, notifications, and contingencies.
- Continuous promotion and education to strengthen the concept of personal data protection to all employees.
- Creation of audit mechanisms to monitor ongoing improvements in personal data protection.

#### **Confidential Information Control Protocol**

- Confidential information should be classified into 3 levels according to its sensitivity and value. All confidential documents should be labeled with these appropriate levels.
- Email a title to add a level of confidentiality before sending.
- Confidential information should not be left in the Company's public areas such as meeting rooms, copy rooms, and in/on/around printers, copy machines and fax machines.
- Discussion of Company secrets, such as customer names and product design specs, in or outside the Company's public areas is strictly prohibited.
- Maintain proper storage of confidential information on desks before leaving. Screen savers should be passcode guarded. Put away and lock notebooks before leaving work.

- Seek management's approval or authorization before disclosure of confidential Company information via email, or before leaving the Company.
- Confidential information should be destroyed or recycled when no longer in use.
- Confidential/data forwarded to personal emails is strictly prohibited. PushMail and WebMail attachments cannot be accessed.
- Personal tablets are not allowed in the office. All USB write-in files will be logged and copied for management inspection.
- Non-GUC employees are not allowed to use the GUC system. All information equipment and network services provided by the Company is strictly for business only. No personal use of the company property is allowed.
- When any employee files for resignation, ITD will pass their user history log to management for inspection. When departing, a confidentiality agreement should be signed. High info-security risk personnel are required to sign non-disclosure agreements.

### **Information Protection Management Performance**

#### 1 ∨ New hires:

Education and training about information protection is required. In 2020, training for 89 new hires and a total of 47 study hours was completed. The training material is available on the internal training platform for all employees to reference.

#### 2 ∨ All employees (including new hires) in Taiwan:

Education and training about information protection is required at least once per year. In 2020, training for 665 employees and a total of 284 study hours was completed. The training material is available on the internal training platform for all employees to reference.

### **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, and 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.

In Taiwan HQ, China, Japan, Korea, US and Europe, GUC sets up a position in charge of the response and investigation in relation to environmental protection, social responsibilities, restriction of hazardous substances, and conflict minerals from our clients. We also received the ISO9001 certification. We also promptly satisfy requests

from downstream, 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. In addition, all the important suggestions from our clients are submitted to the units concerned for further improvement and response in line with the expectations of our clients.



▲ Taiwan Headquarters in Hsinchu City

GUC sets a particular customer complaint handling approach to achieve good customer relationship maintenance; we request that employees reply to a customer within 24 hours after receiving a customer complaint. In 2020, 90% of customer complaints were replied to in time.

#### ▼ Customer Complaint Procedure

- GUC to produce PFA plan for review and execution.
- When there is functional failure, conduct a PFA diagnosis as requested by customers.



Every 1Q and when a project is completed, a customer satisfaction survey will be carried out immediately to get the customer feedback in time. Through scores, opinions, and comparisons with competitors, customers can give us feedback on service quality and performance satisfaction. Our customer satisfaction team will reply to customers with specific answers and demand improvement in the relevant departments. Through precise data analysis, we can position the defect behind the problem and report to high level management teams for mid to long term operation plans.

From 2018 to 2020, customer satisfaction surveys accomplished a feedback percentage of 80%, with over 95% satisfied with our services. The results imply that with advanced technology and increasing competition in the industry, GUC remains a high standard service in gaining customer satisfaction. Our partners left remarks such as "consistent quality", "outstanding team", and "good communication", among all 20 replies.

#### ▼ Customer Satisfaction Survey

| Year | Customer Satisfaction |
|------|-----------------------|
| 2017 | 95%                   |
| 2018 | 95%                   |
| 2019 | 97%                   |
| 2020 | 96%                   |

Note 1: When a project is completed: Within one month after the completion of the project, the customer satisfaction survey will be carried out immediately to receive the customer feedback in time.

Note 2: A customer satisfaction survey for important clients will be carried out in the first quarter of every year.

### ▼ Customer Satisfaction Survey

In our partnerships, our dedication to customers was well-reflected through the following feedback:

- A : Excellent physical design power. GUC managers and members show good teamwork. Good communication on collaboration and cost-related issues.
- B : Our collaboration shows good teamwork.
- C : Great service.
- D : Respect, trust, transparency. Multiple in-person meetings really reinforced the connection.
- E : Good communication.
- F : Open collaboration on design and solution.
- G : Open and honest.
- H : Created a successful IC history.
- I : Outstanding engineering quality.
- J : A member of TSMC VCA.
- K : 1. Though faced with many issues on IP, the great support from GUC R&D and marketing saw us through.  
2. Some forward-looking support on the Arctic project, including development in advance and participation in framework discussion.
- L : Good, consistent quality. Quick response, delivery on time.
- M : Consistent quality.
- N : Consistent resource.
- O : Turnkey saved management costs.
- P : Outstanding team relations.
- Q : 1. We believe in GUC's expertise knowledge.  
2. GUC is involved in many fields, including packaging development, testing, quality, autopilot, etc.
- R : Good relationship with TSMC.
- S : Advanced technology (winning design on 7nm/12nm).
- T : Multiple years of collaboration.

## 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 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 2020, GUC was not 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 the GRI Standard.

- Environmental compliance: No significant number of fines levied due to non-compliance with laws and regulations concerning environmental laws. Zero nonmonetary sanctions.
- Social compliance: No significant number 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 number of fines were levied due to non-compliance with laws and regulations concerning the provision and use of products and services during the sales process.
- No incidents of corruption were reported in 2020.
- No complaints were lodged regarding the violation of customer privacy or loss of customer data in 2020.
- No incidents were reported regarding non-compliance with laws and regulations on marketing communication. These include advertising, promotion, and sponsorship in 2020.
- No sales of disputed products were reported in 2020.
- No incidents were reported regarding non-compliance with laws and regulations on the labeling information of goods and services in 2020.



- No incidents were reported regarding non-compliance with laws and regulations on the safety of products and services during their life cycle in 2020.

# Economic Performance

30 %

Gross Margin in 2020

381 patents

Total of 381 patents  
from GUC by 2020

NT\$ 1.3 Billion

NT\$ 1.3 Billion investment  
in the next 2 years

## 5.1 Revenue and Profitability

Total revenue for 2020 was NT\$ 13,570 million, up by 27% compared to NT\$ 10,710 million in 2019. Net income was NT\$ 850 million, up by 34% compared to the previous year. The 2020 EPS was NT\$ 6.34, up by 34% compared to 2019's EPS of NT\$ 4.73. Both revenue and net income increased and growth of profitability outpaced growth of revenue, which was mainly attributed to well management of operating expense.

Gross margin for 2020 was 30%, declined compared to 33% in 2019, due to more contribution from strategic projects. Operating margin in 2020 was 7.1%, increased compared to 6.5% in 2019. And net profit margin was 6.3%, improved 0.4 ppt compared to 5.9% in 2019.

### ▼ GUC 2019 - 2020 Production Output (Unit: piece NTD 1,000)

| Main Output   | 2019        |           | 2020        |           |
|---------------|-------------|-----------|-------------|-----------|
|               | Output      | Amount    | Output      | Amount    |
| ASIC & Wafers | 122,595,422 | 4,687,052 | 166,212,554 | 5,591,090 |
| NRE           | -           | 1,668,178 | -           | 2,971,329 |
| Others        | -           | 12,972    | -           | 10,650    |
| Total         | 122,595,422 | 6,368,202 | 166,212,554 | 8,573,069 |

## ▼ GUC Main Product Revenue Ratio

| Main Output   | 2019       |         | 2020       |         |
|---------------|------------|---------|------------|---------|
|               | Sales      | Rate    | Sales      | Rate    |
| ASIC & Wafers | 7,188,128  | 67.12%  | 8,524,887  | 62.82%  |
| NRE           | 3,205,782  | 29.93%  | 4,614,332  | 34.01%  |
| Others        | 315,558    | 2.95%   | 430,222    | 3.17%   |
| Total         | 10,710,068 | 100.00% | 13,569,441 | 100.00% |

## ▼ Operating Performance Statistic Table (NT: Million)

|                                          |                                            | 2016  | 2017   | 2018   | 2019   | 2020   | Total  |
|------------------------------------------|--------------------------------------------|-------|--------|--------|--------|--------|--------|
| Direct<br>Economic<br>Value<br>Generated | Revenue                                    | 9,290 | 12,161 | 13,460 | 10,710 | 13,569 | 59,190 |
|                                          | Cost                                       | 6,901 | 8,996  | 9,443  | 7,180  | 9,499  | 42,019 |
|                                          | Profit-Seeking<br>Enterprise<br>Income Tax | 81    | 129    | 159    | 150    | 152    | 671    |
| Economic<br>Value<br>Distributed         | Directors<br>Remuneration                  | 4     | 12     | 14     | 5      | 12     | 47     |
|                                          | Employees<br>Cash Bonus                    | 60    | 134    | 153    | 75     | 134    | 556    |
|                                          | Employees<br>Compensation                  | 60    | 134    | 153    | 75     | 134    | 556    |
|                                          | Cash Dividend                              | 469   | 670    | 670    | 670    | 670    | 3,149  |
| Economic<br>Value<br>Retained            |                                            | 82    | 185    | 318    | -37    | 180    | 728    |

Note 1: Economic value retained = direct economic value generated - economic value distributed.

Note 2: No investment in the community in 2020.

▼ Sales Breakdown (NT : Million)

(NT : Million)

| Sales Item    | 2019   |      | 2020   |      |
|---------------|--------|------|--------|------|
|               | Amount | Rate | Amount | Rate |
| ASIC & Wafers | 7,189  | 67%  | 8,525  | 63%  |
| NRE           | 3,206  | 30%  | 4,614  | 34%  |
| Others        | 315    | 3%   | 430    | 3%   |
| Total         | 10,710 | 100% | 13,569 | 100% |

## 5.2 Research, Development and Innovation

Design capability for the most advanced process nodes is the key factor in ensuring revenue and profit growth for ASIC design service companies. In 2020, about 20% of the revenue of GUC was for 7nm & 16/12nm process nodes. In order to maintain our technology leading position, GUC continued investment in research and development. In addition, our patent portfolio consists of 332 patents at the end of 2020, demonstrating GUC's continued ability to innovate.

### Latest Technologies and New Products

**GUC's remarkable technology breakthroughs and innovative achievements in 2020 are as follows:**

- The total system solution of chiplet interconnect over TSMC InFO or CoWoS interposer by GUC 6nm/7nm D2D (Die to Die) IP "GLink" has been silicon-proven in 4Q20.
- The chiplet interconnect over TSMC InFO or CoWoS interposer by GUC 5nm D2D (Die to Die) IP "GLink 2.0" has been taped out in 4Q20 and is to be silicon-proven in 3Q21.
- 5nm/7nm GLink-3D for 3D SoC IP has taped out in 1Q21.
- Mass production of super large SoC with HBM2/CoWoS for a total of four customers, with the successful integration of 2-4 HBM2. Mainly for AI and HPC applications.
- First 3.6G HBM2E (PHY & Controller) IP total solution with TSMC CoWoS packaging, 5nm/7nm SoC application by customers. Scheduled to be taped out in ——. .
- Successful development of 7nm switch chip. Integration of over 200 lanes

of 112G-LR high-speed SerDes for super big data center. Mass production expected in 4Q.

- 6nm IC taped out in 1Q20, to be silicon-verified in 4Q for customer design and mass production.
- AI/HPC design and 2.5D packaging for large-scale cloud data center using TSMC advanced technology. Expected to enter mass production in 2021.
- Partnership with a 5G leading company to build 12nm high-speed AFE IP that supports mmWave and sub-6G. Silicon-verified and adopted by customers. To be taped out 1Q21.
- GUC 12nm 32G SerDes silicon-verified in May '20, suitable for high-end applications, including AI/HPC/5G.
- GUC 7nm 32G SerDes silicon-verified in Jul '20, suitable for high-end application, including AI/HPC/5G.
- 5nm TCAM taped out in Oct '20, and to be silicon-verified in 2Q21.
- Super low power consumption solution to lower AI SoC chip power needs. Best for edge computing that requires super low power consumption. Currently in the mass production phase.
- Industrial leading spec-in service adopted by super-large data center, AI chip customer, and well-known consumer electronic product manufacturer. In the mass production phase.

## Product Application

### 5G Communication



The 5th generation mobile network has higher broadband, super-low latency, and delivers massive network capacity - everything required by a smart IoT to provide multi-application services. 5G connects everything in society. Novel applications will thrive, such as:

**Smart City:** Generate a consolidated management system for construction, energy, traffic, and air pollution to enhance energy efficiency.

**Smart Life:** 5G transcends barriers, improves medical, educational, cultural, entertainment, and even home experiences. It offers better social welfare and a more convenient life.

GUC's investment in 5G development includes SerDes, high-speed ADC/DAC IP silicon IP solutions, and 7nm and nanometer process investment. It was taped out in 2018 and has telecom operator-verified in multiple countries in 2020; promoting 5G commercialization for an easier, faster mobile network lifestyle.

### **Artificial Intelligence**

The increasing maturity of the AI algorithm and big data analysis means that AI is expected to create a smart health and medical world. The ever-expanding big data accelerates medical diagnosis, drug development, epidemic disease control, human Genomics and other medical research, providing many solutions to diseases. It also provides better medical service based on complete knowledge of human health, and is cost-efficient with improved results. AI makes a great contribution to our society.



The applications cover climate change, water safety, ocean health, clean air, bio-protection, weather and disaster resilience, adaptation to global environment changes, disaster risk minimization, food and water safety, natural resource protection, biodiversity, and human welfare.



GUC helps customers by developing advanced AI ASIC to fulfill AI market needs. Clients may choose to enter the semiconductor design industry starting with product concepts, specifications, development, verification, production and final products, all backed up by our service. GUC's system IP solution is designed for increasing AI application needs. Regarding carbon reduction, the super low power consumption solution reduces the power consumption AI SoC requires, fulfilling the edge computing super low power consumption needs.

## Future R&D Plans and Projected R&D Expenses

To meet the growing ASIC demand for high performance computing (e.g., 5G/Networking, AI/Machine Learning, Server), GUC will continue to develop leading-edge system design solutions and invest in 5nm, 6nm, and 7nm R&D. We place emphasis on high-speed interfaces and memory IP development, such as SerDes, PCIe, LPDDR/DDR Controller & PHY, HBM Controller & PHY, Die-to-Die interface, TCAM, and High speed ADC technologies. A NT\$ 1.3 billion R&D fund is scheduled for the coming two years. The related plans are as follows:

| Item Test                       | Chip Tape Out Schedule or Development Status    | System Validation Schedule |
|---------------------------------|-------------------------------------------------|----------------------------|
| 12nm 16G/12b ADC 2020/DAC       | Taped out at 2020/Q1                            | Validated at 2020/Q3       |
| 12nm GDDR6 PHY                  | Taped out at 2020/Q2                            | Validated at 2020/Q4       |
| 12nm PCIe5 PHY                  | Taped out at 2019/Q3                            | Validated at 2020/Q1       |
| 7nm 32G SerDes                  | Taped out at 2019/Q3                            | Validated at 2020/Q2       |
| 7nm Pipelined TCAM              | Taped out at 2020/Q2                            | Validated at 2021/Q1       |
| 7nm HBM3 Controller & PHY       | Taped out at 2020/Q4                            | Validated at 2021/Q4       |
| 6nm Design Flow                 | Completed 6nm Design Flow Platform              | Validated at 2020/Q1       |
| 7nm & 6nm Die-to-Die Interface  | Taped out at 2020/Q1                            | Validated at 2020/Q4       |
| 5nm Design Flow                 | Completed 5nm Design Flow Platform and tape out | Validated at 2019/Q4       |
| 5nm Die-to-Die Interface        | Taped out at 2020/Q3                            | Validated at 2021/Q2       |
| 5nm HBM2E-3.2G Controller & PHY | Taped out                                       | Validated at 2020/Q2       |
| 5nm PCIe-5 PHY                  | Taped out at 2020/Q4                            | Validated at 2021/Q3       |
| 5nm Generic TCAM                | Taped out at 2020/Q4                            | Validated at 2021/Q3       |
| 5nm Pipelined TCAM              | Taped out at 2020/Q4                            | Validated at 2021/Q3       |





# Environment Protection



Climate change and global warming are international concerns that relate to humans, ecology and the earth. The impact on the earth should be managed and proper responses should be taken. We promote energy and resource saving, reduction of GHG, and waste minimization management as this is part of our social responsibility. Through these actions, we can also elevate the corporate image, reduce operation costs, and ensure sustainable development.

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 and ascertain whether we have gradually reached our established goals every year. Also in response to climate change, GUC takes measures to reduce the consumption of natural resources, through the improvement of product energy efficiency, green supply chain management, raw materials and waste management, product packaging reduction and recycling, a cloud office, and reduction of the concentration of carbon dioxide in the operational headquarters 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), but also formed a RBA Committee that reports directly to the Operational Management Committee. The RBA Committee conducts regular meetings to review and implement RBA.

# 6.1 Green Supply

## Sustainable Management Principles

Our efforts in environmental sustainability as a model is verified and regulated by an independent assurance party. The practice is extended to our suppliers in the hopes of maintaining sustainable development for the Company and the environment.

## Supply Chain Management

As one of the leading IC design and service companies, our direct suppliers have introduced a series of green and energy saving actions, including the IEC QC080000 standard, that and packaging materials should be in compliance with the RoHS Directive 2011/65/EU, 2015/863 (and there are four additional prohibited substances DEHP, BBP, DBP, DIBP), and REACH (Registration, Evaluation, Authorization & Restriction of Chemical substances). We promote the green action policy and concept to the entire supply chain, which means that all new product manufacturers must follow our RBA requirements, sign a regulation declaration, and can only become a qualified supplier after inspection.

By the end of 2020, there were 11 existing suppliers, and all new suppliers replied with the declaration signed. There was no significant actual or potential negative impact from the supply chain to our environment found during the reporting period.

We have close partnerships between upstream and downstream suppliers to enhance industrial social responsibility and world citizenship recognition. GUC takes all kinds of action on environment friendliness, from product design and manufacturing, to packaging. All materials are green-based, thereby introducing eco-protection to our production and quality management systems.



▲ IC-Related Supplier List

## Supplier Audit

GUC's regular supplier audit is based on the following regulations: For any environmental law violations found, we shall give warnings and corrections in a limited time. And contracts will be terminated upon severe violations.

- Code of Conduct - Responsible Business Alliance
- GUC Hazardous Substance Restriction
- Guidelines on GUC Supplier Verification

At the same time, we also require that our suppliers, both during on-site operations and transportation, use recycled materials and reduce the amount of expendables being used. For example, we reuse the plastic trays used for IC products, or use anti-electric damage black boxes and other non-expendable materials to reduce the use of paper boxes while delivering products. Wafers are GUC's main products. In addition to that, the 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. To those vendors who haven't received ISO14001 certification, GUC would suggest QC080000 instead. GUC conducts regular inspections of our suppliers. Warnings will be made when an action that violates environmental law is found; improvements should be made within a limited period. Repeats of such circumstances will result in termination of the business relationship. At the same time, suppliers are also required to use recycled materials whether in the factory or in transit.

### ▼ GUC Environmental Standard of Qualified Supplier's Percentage

| Year                                                      | 2018 | 2019 | 2020 |
|-----------------------------------------------------------|------|------|------|
| Number of Suppliers                                       | 51   | 51   | 53   |
| Number of vendors who received ISO14001 certification     | 48   | 48   | 50   |
| Percentage of vendors who received ISO14001 certification | 94%  | 94%  | 94%  |

### ▼ Local Purchase

|      | Total Amount of Local Purchases | Total Amount of Purchases | The Ratio of Local Purchases |
|------|---------------------------------|---------------------------|------------------------------|
| 2018 | NT\$ 8,959,188,142              | NT\$ 8,965,853,551        | 99.9%                        |
| 2019 | NT\$ 7,496,360,398              | NT\$ 7,531,316,983        | 99.5%                        |
| 2020 | NT\$9,615,235,333               | NT\$9,744,512,379         | 98.7%                        |

## 6.2 Improving Product Energy Efficiency

GUC provides energy consumption models so that IC design engineers are able to optimize energy consumption in the SOC design flow, providing optimal power consumption solutions on packaging design.

GUC continues the development of advanced IP, including GLink, HBM2/2E/3Controller and PHY, 28G/32GSerDes, PCIe Gen3/4/5, and high-speed ADC/DAC in 7nm, 6nm and 5nm processing technologies. The company is also migrating key components such as Power Management Solutions and Clock Generators, to advanced processing technologies. GUC's R&D team is also developing an in-house memory IP (TCAM, SRAM) and customized standard cell libraries that enrich our IP/Library portfolio of competitive IP and subsystem solutions. The company's 6nm in-house IP test chip was silicon-verified in 4Q 2020 and is ready for mass production. 5nm TCAM test chip has taped out and is to be silicon-verified in 2Q21.

### Energy Management

#### Energy Consumption

In 2020, the power consumption decreased compared with the previous year, showing the effectiveness of energy management. Through our long-term record of energy waste statistics, we are able to calculate the CO<sub>2</sub> equivalent we produced. In regard to this issue, GUC expects to lower the energy consumption gradually. For more details about GUC energy conservation and management, please refer to the Discharge Reduction section of the Report.

#### ▼ GUC Power Consumption and GHG Emissions in the Past 5 Years

| Year                   | 2016      | 2017      | 2018      | 2019      | 2020      |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| kWh                    | 6,281,600 | 6,416,900 | 7,035,400 | 6,714,000 | 6,408,300 |
| CO <sub>2</sub> e/ ton | 3,329     | 3,555     | 3,898     | 3,579     | 3262      |
| Joule                  | 22,614    | 23,100    | 25,327    | 24,170    | 23,070    |

Note 1: As the data for 2020 has not yet been disclosed when compiling this Report, the calculation is based on the 2019 announcement of the Energy Bureau in which 1 kWh emits 0.509 kg of CO<sub>2</sub> equivalent.

Note 2: According to GRI Standards, a unit of CO<sub>2</sub> Emission is tCO<sub>2</sub>e.

Note 3: GHG is categorized under Operation Control.

## Energy Intensity

Our electricity intensity rate in 2020 was 0.0472%, 0.0155% lower than the previous year (0.0627%). Power consumption decreased by 4.6% (305,700 kWh).

### ▼ GUC Energy Intensity in the Past 5 Years

| Unit                              | 2016      | 2017       | 2018       | 2019       | 2020       |
|-----------------------------------|-----------|------------|------------|------------|------------|
| Yearly Revenue Unit: NTD thousand | 9,929,000 | 12,160,610 | 13,459,804 | 10,710,086 | 13,569,411 |
| Electricity Consumption Unit: kWh | 6,281,600 | 6,416,900  | 7,035,400  | 6,714,000  | 6,408,300  |
| Electricity Intensity Rate %      | 0.0676    | 0.0528     | 0.0523     | 0.0627     | 0.0472     |

Note: Energy Intensity Rate = Electricity Consumption/ Yearly revenue

## Water Consumption

Our water is 100% sourced from the Taiwan Water Corporation (TWC). CO<sub>2</sub> calculations are based on our long-term record of water resource consumption statistics with the details of our local water resource usage. No ground water, underground water, seawater, produced water or water from third party was used. Through our long-term record of water waste statistics, we are able to calculate the CO<sub>2</sub> equivalent that we produced. Through various water saving measures, this year 1.476 megaliters more was used than the previous year, water intensity 0.123%, reduced by 0.019% year-on-year (was 0.142% in 2019). In regard to this issue, GUC has initiated our green living project, expecting to reduce our water resource consumption gradually. For more details about GUC's energy conservation and management, please refer to the Discharge Reduction section of the report

### ▼ GUC Water Consumption and CO<sub>2</sub> Emission in the Past 5 Years

| Year                    | 2016   | 2017   | 2018   | 2019   | 2020   |
|-------------------------|--------|--------|--------|--------|--------|
| Consumption (Megaliter) | 16.763 | 18.663 | 17.406 | 15.208 | 16.684 |
| CO <sub>2</sub> e/ton*2 | 2.55   | 3.02   | 2.82   | 2.43   | 2.50   |

Note 1: As the data for 2020 has not yet been disclosed when compiling this Report, the calculation is based on the 2019 TWC that 1 m<sup>3</sup> water usage emits 0.150 kg of CO<sub>2</sub> equivalent.

Note 2: According to GRI Standards, a unit of CO<sub>2</sub> Emission is tCO<sub>2</sub>e.

## Water Intensity

0.123% water intensity in 2020, dropped by 0.019% from previous year (0.142%).

### ▼ Water Consumption and Energy Intensity Rate, 2016~2020

| Year                                                        | 2016      | 2017       | 2018       | 2019       | 2020       |
|-------------------------------------------------------------|-----------|------------|------------|------------|------------|
| Yearly Revenue<br>Unit: NTD<br>thousand                     | 9,929,000 | 12,160,610 | 13,459,804 | 10,710,086 | 13,569,411 |
| Water Resource<br>Consumption<br>annually (m <sup>3</sup> ) | 16,763    | 18,663     | 17,406     | 15,208     | 16,684     |
| Water Intensity<br>Rate %                                   | 0.180     | 0.153      | 0.129      | 0.142      | 0.123      |

Note: Water Intensity Rate= Water Consumption/ Yearly revenue

In 2020, the 16.099 Megaliters of sewage discharged were in compliance with the Hsinchu SP sewage discharge standard.

## Waste Management

GUC had zero violations of environmental laws. We have strictly complied with our corporation's Environmentally-Friendly Principle for Sustainable Operations, and will continue to reduce the environmental impacts created by employee commuting, delivering products, and 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 for the environment, GUC will implement regular inspections 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 systems for waste management is in accordance with International Environmental Law and our customer's criteria. We recognize the following environmental policies and regulations set by external agencies:

- Guaranteed conflict-free 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)

▼ Hazardous Industrial Waste, IC Waste, and Raw Material Waste, 2016 to 2020

| Category<br>Year | Hazardous Industrial Waste |                      | General Industrial Waste |                         |                                       |
|------------------|----------------------------|----------------------|--------------------------|-------------------------|---------------------------------------|
|                  | IC Waste<br>(Unit: KGS)    | Paper<br>(Unit: KGS) | Iron<br>(Unit: KGS)      | Plastics<br>(Unit: KGS) | Discarded<br>Computers<br>(Unit: KGS) |
| 2016             | 1.579                      | 3.209                | 0.548                    | 0.552                   | 0.002                                 |
| 2017             | 0.501                      | 4.239                | 0.414                    | 0.412                   | 0.002                                 |
| 2018             | 0.975                      | 14.813               | 0.456                    | 0.411                   | 0                                     |
| 2019             | 0.227                      | 1.473                | 0.074                    | 0.109                   | 0                                     |
| 2020             | 1.07                       | 0.69                 | 0.06                     | 0.08                    | 0                                     |
| Total            | 4.352                      | 24.424               | 1.552                    | 1.564                   | 0.004                                 |
| Scrap<br>method  | Outsourcing                | Outsourcing          | Outsourcing              | Outsourcing             | Outsourcing                           |

Note: The outsourcing contractors are licensed by the competent authorities for clearance and disposal of public or private institutions. From 2016 to 2020, there were no violations of the related laws and regulations.

## Reduction and Recycling of Product Packaging

A lifecycle-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 lifecycle - from its initial production to the final disposal stage. The 3R green design philosophy (Reduce, Reuse and Recycle) are taken into 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 that are mostly packaged in paper boxes, package foams, wafer cassettes, 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 are also 100% recycling packaging materials and our customers can use these for other packaging usages. GUC provides environmentally-friendly chopstick sets to employees to reduce the amount of disposable bamboo chopsticks, thereby reducing the amount of waste generated.

## Emission Reduction

### Energy-Saving Results

In 2020, GUC invested NT\$ 1.16 million for power energy savings. The implementation measures were as follows:

| Measures                                                                                                      | Results                                                                                                 |
|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| LED energy-saving tubes are used in the office and aisle area.                                                | About 84,058 kWh (302.4 MJ) saved annually and CO <sub>2</sub> emissions reduced by 46.6 tons per year. |
| Replacements of high efficiency energy-saving uninterrupted power systems and air conditioners.               | Saved 59,708 kWh (212.4 MJ) annually and reduced CO <sub>2</sub> emissions by 33.1 tons per year.       |
| Air-compressor replacements.                                                                                  | Saved 1,228 kWh (3.6 MJ) annually and reduced CO <sub>2</sub> emissions by 0.7 tons per year.           |
| Replacement and adjustment of air conditioner components to improve efficiency and reduce energy consumption. | Saved about 383 kWh (1378.8 MJ) annually and reduced CO <sub>2</sub> emissions by 0.2 tons per year.    |
| UPS storage room air-cooling fan replacement.                                                                 | Saved 8,956.9 kWh (28.8 MJ) annually and reduced CO <sub>2</sub> emissions by 5.0 tons per year.        |
| Tune down output for air compressor pressure.                                                                 | Saved 4,225 kWh (14.4 MJ) annually and reduced CO <sub>2</sub> emissions by 2.3 kg per year.            |

Note: 1 kWh = 3,600,000 Joule



▲ Replacement of LED lighting in office and hallway areas.

## 2021 Energy-Saving Plan

Our energy saving plan continues in 2021 and is expected to run on NT\$ 300 million with short, mid and long-term goals.

### Short-Midterm Goals:

- T8 office area to switch to LED. Estimated electricity conservation is 33,851 kWh, with 18.8 ton/year CO<sub>2</sub> cut-down.
- UPS and air conditioning replacement for higher energy efficiency. Estimated electricity conservation is 16,377.6 kWh, with 9.1 ton/year CO<sub>2</sub> cut-down.
- Air compressor replacements. Estimated electricity conservation is 67,014.9 kWh, with 37.1 ton/year CO<sub>2</sub> cut-down.

### Long-Term Goals:

- The five-year energy-saving project foresees a 1% electricity conservation per year, with regenerative energy applications in the long run to further reduce carbon emissions.

## Cloud Office

In order to promote a paperless office, GUC has established a cloud operating system to reduce the use of paper-based documents. Electronic documentation and file systems 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 all other similar operations.

In 2020, 241,532 documents were approved through the electronic system, and more than 531,000 sheets of paper and toner cartridges are estimated to have been saved. In addition, we also added video equipment to make good use of remote meetings. 21 sets of video equipment were purchased at important overseas locations for communication between interested parties and employees, and to reduce the amount of carbon emission from travel. A 50% reduction in travel frequency in response to business growth is estimated.

## ▼ GUC 2020 Paperless Action Results

| System                                         | No.     |
|------------------------------------------------|---------|
| Notes + AgentFlow                              | 132,752 |
| ERP                                            | 87,340  |
| PLM                                            | 21,440  |
| sun-total (A)                                  | 241,532 |
| Average Paper Consumption/<br>Per Document (B) | 2.2     |
| Total Paper Saved. (A+B)                       | 531,370 |

## ▼ Telecommunication Charges for Multiparty Conferencing (NT\$)

| Year                      | 2018      | 2019      | 2020      |
|---------------------------|-----------|-----------|-----------|
| Telecommunication Charges | 2,349,521 | 2,584,473 | 2,687,850 |

## Water Conservation Results

The implementation measures in 2020 are as follows:

An additional 1476 m<sup>3</sup> water was used than the previous year; however, water intensity was down by 0.019%.

- 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.
- Strengthen the regular inspection of water equipment, improve the availability of facilities, and repair in time.
- Cooperate with the policy in the science park to strengthen water-saving measures during the water-saving period, and record the water consumption daily to achieve the goal of saving 10% of water in a single month.
- Continue to promote water conservation measures, and post water-saving slogans to remind employees to form water-saving habits.

## ▼ Other Continuous Energy Saving Measures

- 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 conferences.
- Computers and monitors are turned off during off-hours.
- Lights in the office are turned off during lunch break.
- Hallways by windows are lit up with natural light. Some areas are built with light-pervious roofing.
- We provide lamps and other auxiliary lighting equipment.
- Energy/water-saving slogans in toilets, electricity switches, and air conditioners.

- Water dispensers are monitored by electronic timing controllers. In order to reduce energy consumption during rush hours, machines are set to sterilize water during off-peak hours.
- Fresh-air intake, ventilation in bathrooms, open space offices, and office compartments are managed by electronic controllers to avoid the loss of air-conditioning and unnecessary electricity waste.
- Central monitoring system stops at specific times to reduce energy consumption.
- We have shortened the working hours of ventilation systems in parking lots. The system runs only during the hours of starting and leaving work.
- The on and off-hours for fire extinguishers at the fire-fighting stairway are monitored by electronic controllers.
- Every alternate light tube in the parking lots is switched off during non-office hours.
- Emergency stairways are lit up by natural light and equipped with lighting systems monitored by electronic controllers.

- GUC only purchases air conditioners, refrigerators, and other electronic products that are certificated with energy labeling.
- Air conditioners receive periodic maintenance to maintain their high operational efficiency.
- Water chillers are set at 8°C or above.
- The AC is set 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.
- Cooling fans for water cooling towers are turned on/off according to the returned water temperature.
- We use energy-efficient lamps and natural light to reduce energy consumption
- High-efficiency electronic lighting facilities and light tubes installed in the offices.



# Social Prosperity

ISO 45001

ISO 45001 certified  
in 2020.

6.3 hours

Employees average  
training hours: 6.3

We continued to invest a lot in our employees in 2020. Through our well-organized training and cultivation, we have helped our employees to improve. GUC highly values equal opportunities and employs people from diverse backgrounds in terms of 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 to inspiring innovations inside the corporate environment by creating an outstanding and energetic work environment. We believe that every employee should be treated fairly and respected; we are committed to maintaining and respecting internationally recognized human rights. GUC is dedicated to establishing a business culture that encourages creativity and diversity by using the "Universal Declaration of Human Rights" and "International Labor Convention". Furthermore, we also provide our employees with a working environment that offers reasonable compensation. We value each employees' personal talent and unique point of view. It is because of these diversified ideas that we can become the most innovative company in IC industry.

## 7.1 HR Structure

At the end of 2020, the total number of employees was 661, including eight managers and 653 general staff. Males comprised 74.3% and females comprised 25.7% of all employees in 2020. Employees under the age of 30 accounted for 16.9%, 31-50-year-old employees accounted for 74.1%, and 51 years and older accounted for 8.9%. Employees with master's degrees or higher accounted for 70.5%.

In 2020, we recruited 76 new male employees and 33 females. We are dedicated to providing job opportunities for the disabled. We hired two disabled persons and continued recruitment to meet the legal requirements and regulations. We highly value equal opportunities and the diverse background of our employees and do not discriminate based on 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 with 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, 82 employees left in 2020, with male employees accounting for 62 people (75.6%) and female employees accounting for 20 people (24.4%). For GUC, we increase employees retention by ensuring work-life balance, enhancing the ability of managers, and advocating employees' career choices.

▼ Employees basic statistic table in 2020

| Main Category | Secondary Category   | Male   |       | Female |       | Subtotal |        |
|---------------|----------------------|--------|-------|--------|-------|----------|--------|
|               |                      | Number | Rate  | Number | Rate  | Number   | Rate   |
| Nationality   | Taiwanese            | 484    | 73.2% | 169    | 25.6% | 653      | 98.8%  |
|               | Foreigner            | 7      | 1.1%  | 1      | 0.2%  | 8        | 1.2%   |
| Subtotal      |                      | 491    | 74.3% | 170    | 25.7% | 661      | 100.0% |
| Hiring Type   | Permanent            | 491    | 74.3% | 168    | 25.4% | 659      | 99.7%  |
|               | Under contract       | 0      | 0.0%  | 2      | 0.3%  | 2        | 0.3%   |
| Subtotal      |                      | 491    | 74.3% | 170    | 25.7% | 661      | 100.0% |
| Function      | Manager              | 8      | 1.2%  | 0      | 0.0%  | 8        | 1.2%   |
|               | Professional         | 483    | 73.1% | 170    | 25.7% | 653      | 98.8%  |
| Subtotal      |                      | 491    | 74.3% | 170    | 25.7% | 661      | 100.0% |
| Age           | Below 30             | 80     | 12.1% | 32     | 4.8%  | 112      | 16.9%  |
|               | 31~50                | 358    | 54.2% | 132    | 20.0% | 490      | 74.1%  |
|               | Above 50             | 53     | 8.0%  | 6      | 0.9%  | 59       | 8.9%   |
| Subtotal      |                      | 491    | 74.3% | 170    | 25.7% | 661      | 100.0% |
| Degree        | PhD                  | 13     | 2.0%  | 1      | 0.2%  | 14       | 2.1%   |
|               | Master's             | 381    | 57.6% | 71     | 10.7% | 452      | 68.4%  |
|               | College / University | 96     | 14.5% | 96     | 14.5% | 192      | 29.0%  |
|               | Below                | 1      | 0.2%  | 2      | 0.3%  | 3        | 0.5%   |
| Subtotal      |                      | 491    | 74.3% | 170    | 25.7% | 661      | 100.0% |

Note: Ratio=no./total no.

A total of 661 employees by 12/31/2020.

▼ New employees and labor turnover by age and gender

| Main Category     | Secondary Category | Male   |       | Female |       | Subtotal |        |
|-------------------|--------------------|--------|-------|--------|-------|----------|--------|
|                   |                    | Number | Rate  | Number | Rate  | Number   | Rate   |
| New Employees     | Below 30           | 25     | 3.78% | 11     | 1.66% | 36       | 5.44%  |
|                   | 31~50              | 48     | 7.26% | 22     | 3.32% | 70       | 10.59% |
|                   | Above 51           | 3      | 0.4%  | 0      | 0.0%  | 3        | 0.45%  |
|                   | Subtotal           | 76     | 11.4% | 33     | 4.99% | 109      | 16.49% |
| Departed Employee | Below 30           | 5      | 0.75% | 1      | 0.15% | 6        | 0.9%   |
|                   | 31~50              | 53     | 8.01% | 19     | 2.87% | 72       | 10.89% |
|                   | Above 51           | 4      | 0.6%  | 0      | 0.0%  | 4        | 0.6%   |
|                   | Subtotal           | 62     | 9.37% | 20     | 3.02% | 82       | 12.4%  |

Note: Ratio=no. of employee of each category/total no. of employees. A total of 661 employees at the end of 2020.

| Main Category                                               | Secondary Category                                                                                                                           | Male                                                 |      | Female     |      |
|-------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|------|------------|------|
|                                                             |                                                                                                                                              | Number                                               | Rate | Number     | Rate |
| Disabled Hiring                                             |                                                                                                                                              | 3                                                    | 100% | 0          | 0%   |
| Salary Difference                                           |                                                                                                                                              | GUC pay based on professional skills and not gender. |      |            |      |
| Absence rate statistics                                     | <b>【A】</b> Workdays in 2020 are 247 days per person.<br>• 247 days * total male employees (491)<br>• 247 days * total female employees (170) | 121277                                               |      | 41990      |      |
|                                                             | <b>【B】</b> Actual absence                                                                                                                    | 1426                                                 |      | 962        |      |
|                                                             | <b>【C】</b> Absence rate = B/A                                                                                                                | 0.87%                                                |      | 0.59%      |      |
|                                                             |                                                                                                                                              |                                                      |      |            |      |
| Total hours of training per employee per year by function   | 8 Managers (Total hours)                                                                                                                     | 59 Hours                                             | 100% | 0 Hours    | 0%   |
|                                                             | 653 professionals (Total hours)                                                                                                              | 2962 Hours                                           | 72%  | 1149 Hours | 28%  |
| Average hours of training per employee per year by function | Average hours of training per employee                                                                                                       | 6.2 Hours                                            |      | 6.8 Hours  |      |

Note: Absence day= sick leave + occupational injury leave + menstrual leave. Male + female workdays as the denominator.



## 7.2 Employee Assistance Program

### Employee Rights

GUC is committed to shaping an enterprise culture that encourages creativity and diversity, and to providing employees with a challenging working environment and reasonable compensation. Our EFS Service Center/EAP is a realization of employee care.

### Key Policies



#### Remuneration Policy

- Value benefits of employees without gender discrimination. Employees' salaries are based on their academic background, professional experience, personal performance, and complies with legal requirements. Salary adjustments are conducted annually and bonuses are 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 pension is accrued every month. There are also comprehensive insurance plans in accordance with the law; GUC provides Statutory Labor Insurance, National Health Insurance, and group insurance.



#### Protected Rights

- Diversified communication channels to strengthen interaction with employees, including periodical management meetings, quarterly employee and communication meetings. There is also an e-mail mailbox for direct communication between independent directors so every employee can express opinions through this channel.
- When there are major operational changes that affect employee rights, we will describe this in detail after a short notice period for collective negotiation. At the same time, we strictly abide by the existing labor laws to complete the notification process if any labor conditions change. Where an employer terminates a labor contract pursuant to Article 11 or the provisions of Article 13, the provisions set forth below shall govern the minimum period of advance notice: (1) Where a worker has worked continuously for more than three months but less than one year, the notice shall be given ten days in advance. (2) Where a worker has worked continuously for more than one year but less than three years, the notice shall be given twenty days in advance. (3) Where a worker has worked continuously for more than three years, the notice shall be given thirty days in advance.

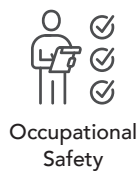
No major operational changes occurred in 2020. Two labor practice complaints occurred, and are currently being tracked and investigated in higher management meetings and by the Audit Committee.

- In the formal labor health and safety management committee, five company representatives, four labor representatives, and one medical personnel are invited to assist in the supervision and recommendation of occupational health and safety-related planning.
- Value the health and safety of employees. In employee organizations, employees' health and safety-related issues are incorporated into the regulations.

1. Food and drink-related work hygiene, inspection, and notice dissemination
2. Medical and health-related projects, including epidemic disease control and reaction plans, medical and health care, and employee health checkups, among others.

95% of the regulations are accounted for by health and safety-related measures.

Zero accidents and environmentally sustainable development.



Target: as a professional systematic chip design service provider, GUC's total-solution design a service are based on ecology, safety, and health as the critical foundations of the Company's operation. Being ISO 45001 certified in 2020 is proof of the constant pursuit for upgraded service and products. GUC is devoted to achieving 'zero accident', 'sustainable environmental development', and to becoming a world-class benchmarking company of environmental protection, health and safety.

- Occupational safety, health, and workplace safety improvement: the open two meters above the RF staircase is covered with a strengthened safety net for potential falling incidents.



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

### ▼ Employee Workplace Rotation

Due to the rental nature of the Lingyang Technology Office, the facilities can be different. To inspire the fair treatment of employees, every year a minimum of 10% of employee workplace is rotated.



▲ Outside Lingyang Technology Office



▲ Rest area of Lingyang Technology Office



▲ Lingyang Technology dining area



▲ Recreational center in Lingyang Technology Office

## Employee Rights

Employees are the most valuable assets to GUC, and we highly value employee opinions. Because of this, we conduct quarterly annual employee satisfaction surveys to develop a solid feedback system that has room for continuous improvement. GUC provides employees with diverse mechanisms to express their opinions, improve employee satisfaction and well-being, and drive our company's team spirit through continuous communication and improvement. This ensures that GUC and employees can make progress and grow together!

Affected by the pandemic, we gave two Nintendo Switches and an Apple Watch to encourage employee participation in the satisfaction survey

### ▼ 2020 Employee Satisfaction Survey

| Category                     |        | Number of participants | Rate   | Satisfaction rate (out of 6) |
|------------------------------|--------|------------------------|--------|------------------------------|
| GUC-TW (No. of participants) |        | 562                    | 100.0% | 5.12                         |
| Gender                       | Male   | 428                    | 76.2%  | 5.19                         |
|                              | Female | 134                    | 23.8%  | 5.02                         |
| Age                          | 20~29  | 111                    | 19.8%  | 5.29                         |
|                              | 30~39  | 212                    | 37.7%  | 5.17                         |
|                              | 40~54  | 226                    | 40.2%  | 5.06                         |
|                              | ≥ 55   | 13                     | 2.3%   | 5.22                         |
| Length of service            | 0~1    | 89                     | 15.8%  | 5.28                         |
|                              | 1~3    | 150                    | 26.7%  | 5.33                         |
|                              | 3~5    | 101                    | 18.0%  | 5.14                         |
|                              | 5~10   | 105                    | 18.7%  | 4.97                         |
|                              | 10+    | 117                    | 20.8%  | 5.00                         |

Note 1: 85% of employees took part in the satisfaction survey as opposed to 82.9% in the previous year.

Note 2: The score (5.12) remains unchanged from last year.

## ▼ Employee Complaint Cases

|                                              | 2019 | 2020 |
|----------------------------------------------|------|------|
| Independent Director inbox (Audit committee) | 1    | 1*   |
| Unethical business conduct report            | 0    | 0    |
| Confirmed unethical business conduct         | 0    | 0    |
| Employee significant complaint               | 0    | 2    |
| Confirmed cases                              | 1    | 2    |
| Sexual harassment and illegal infringement   | 1    | 0    |
| Case completion rate                         | 100% | 100% |

\* The case received by the Independent Director, after investigation was proved to be the same case as one of the Employee Significant Complaint cases.

## 7.3 Healthy Workplace

### Occupational Safety Policy

GUC is devoted to achieving zero-accident, sustainable environmental development, and to becoming a world-class benchmark 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. ISO 45001 certification in 2020 evidences our compliance to international standards. Based on Article 23 of the Occupational Safety and Health Act, our OHSC (Occupational Health and Safety Committee) is established for the review of issues concerning job safety. The proportion of Labor Representatives in the Safety and Health Committee is over 1/3. Regular meetings were convened by the Health, Safety and Environment Committee and perform the following policies continuously. GUC is a professional design service company, and employees of GUC are not engaged in positions with high risks or high incidences of specific diseases. In order to ensure the health and safety of each employee, to avoid health hazards due to workloads, operating environments, or mental stresses, etc., the Health, Safety and Environment Committee held regular meetings periodically, and formulates and implements the following policies according to the announcement of the

Occupational Safety and Health Act: "prevention of diseases caused by abnormal workload", "protection of maternity health", "prevention of occupational diseases caused by humans", and the "prevention of workplace violence".

### Prevention of Diseases Caused By Abnormal Workloads

To follow Article 324-2 of the Occupational Safety and Health Act, GUC continues to screen high-risk groups through assessment data. GUC arranges interviews with doctors for employees who work long hours and display abnormalities in results from their health checks. Working hours will be adjusted or shortened, and even job adjustments, if necessary, can be made to remove these risk factors after counseling with psychologists and health education with nurses.

In 2020, GUC assisted seven high-risk and 17 mid-risk employees with health management activities such as doctor consultations and autonomic nerve detection.

### Protection of Maternity Health

In accordance with Article 30 and Article 31 of the Occupational Safety and Health Act and Article 39 of the Enforcement Rules of the same law, GUC offers lactation rooms that provide comprehensive care and assistance for our employees. We keep track of employees who are pregnant and returning to work after parental leave, including individual hazard assessments, graded management, health protection, and other fitness assessments with a doctor before and after childbirth. We also provide job adjustments if necessary. In 2020, a total of 13 employees (two pregnant, 11 within one year after parental leave, and three nursing mothers) were assisted.

### Prevention of Occupational Diseases Caused by Humans

This project is in place to prevent work-related musculoskeletal hazards and injuries due to long-term exposure to poorly designed working environments, repetitive work, and bad working posture. The "Prevention of Occupational Diseases Caused by Humans" is re-evaluated and improved every year to

contribute to a healthy, comfortable work area.

GUC's operating environment is mainly administrative operations, which may result in occupational diseases due to prolonged sitting postures, excessive use of eyes, incorrect posture, etc. In 2020, the "Nordic Musculoskeletal Questionnaire, NMQ" was used to investigate employees' physical conditions and screen target cases suspected of having musculoskeletal hazards. We arranged professionals to give health and medical advice, and develop improvement plans according to the evaluation results of doctors. In 2020, a total of 45 employees scored three and above in the NMQ, and two were arranged to have one-to-one physical therapy consultations and work environment adjustments.

### Prevention of Workplace Violence

This plan was initiated to protect employees from physical or mental harm in the case of workplace violence. It ensures the safety, and physical and mental health of employees.

### Occupational Safety-Related Training

To provide a healthy and safe work environment, and to prevent similar incidents, GUC incident training and employee repeat training take incident investigation and analysis of our employees' awareness of the causes and avoidance of workplace incidents. A 3-hour occupational safety training (including work safety and training) is covered in an Orientation class so that every employee learns and knows essential safety knowledge. 76 participants in total concluded a 100% participation rate this year.

▼ GUC 2020 Occupational Health and Safety Training Course

| Employee Type      |                   | 2020 Training Course                                                     | Participants | Hours |
|--------------------|-------------------|--------------------------------------------------------------------------|--------------|-------|
| Newly-Hired        | General Training  | Newly-Hired Occupational Health and Safety Training                      | 76           | 3     |
| Existing Employees | General Training  | Emergency Escape Training                                                | 372          | 1     |
|                    | Specific Training | Self-Defense Fire Team Drill                                             | 26           | 3     |
|                    |                   | First-Aid Primary Training                                               | 1            | 18    |
|                    |                   | Occupational Health and Safety Management System Article Explanation     | 8            | 2     |
|                    |                   | Occupational Health and Safety Laws and Regulation Verification Training | 8            | 1     |
|                    |                   | ISO 45001 Hazard Verification Risk Assessment Training                   | 8            | 2     |
|                    |                   | Occupational Health and Safety Target and Program Setup Training         | 8            | 1     |
|                    |                   | ISO 45001 Internal Auditor Training                                      | 9            | 3     |
|                    |                   | Occupational Health and Safety Management Personnel Job Training         | 1            | 15    |
|                    |                   | Total                                                                    |              | 517   |



## 7.4 Better Health

As the foundation of a company lies in its employees, the foundation of an employee is health. It is the source of efficient work and innovative thinking. GUC promotes each staff member to take on the concept of accountability, especially for their own health. The incorporation of a good diet and proper exercise into daily life, and attention to our own health condition is encouraged.

Together with local medical services, GUC provides our employees with professional one-on-one consultations, health lectures, vaccination services, blood donations, EAP, and current healthcare. It is through this that employees receive proper health education and professional advice from nurses. Our goal is to create a health-supported workplace, enhance health awareness, and strong health. In 2020, a total of 623 employees participated in 15 health-related sessions, received HPA healthy workplace certificates, and health promotion marks.

- 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.
- 623 employees participated in 15 health-related sessions in 2020.
- Regular health and safety information to develop and strengthen staff safety and health concepts.
- Ensuring our operations and services meet or exceed applicable regulations and standards for environmental protection, health, and safety.
- Ensuring a safe work environment to prevent work injury and illness.
- Staying abreast of global issues of environment protection, health, and safety. And evaluate risks and take effective risk management measures.
- Strengthen the awareness and responsibility of all employees for environmental safety and health, and establish a friendly environmental health and safety culture.
- Enhancing performance of environment protection, health, and safety with suppliers through experience sharing and collaboration.
- Setting New Goals: Zero-accidents in 2020.
- Laying out environmental inspection procedures and regulations, such as:
  1. Management procedures for examining, measuring and testing facilities
  2. Management plans for plant patrolling
  3. Maintenance and auto-checking
  4. Common regulations for hazardous products and labeling of hazardous substances
  5. Operating procedures for electrical equipment
  6. Operating standards for warehouses
  7. Operating standards for handling materials
  8. Standard safeguards for physical health and safety
  9. Operating procedures of health and safety in special areas

▼ The 8th Health, Safety and Environment Committee members

| Member Representative                 | Department In-Charge                               |
|---------------------------------------|----------------------------------------------------|
| Committee Representative              | General Manager's Office, General Manager/Ken Chen |
| RD Waste and Lab Representative       | RD Lab/Grace Liu                                   |
| OP & QRA Waste and Lab Representative | OP/C.J. Liao                                       |
| Quality Assurance Staff               | Quality & Reliability Assurance/Joe Chuang         |
| Safety and Health Staff               | OSM/Ian Lin                                        |
| Safety and Health Staff               | OSM/Cherie Lin                                     |
| Welfare Committee Representative      | EWC Audit / Shirley Chen                           |
| Welfare Committee Representative      | EWC RD/Charming Liu                                |
| Welfare Committee Representative      | EWC FIN/Joanne Chi                                 |
| Medical Staff                         | HRD/Effy Wu                                        |

## 7.5 Employee Training and Development

### Training Roadmap

The average training hours for our employees in 2020 was 6.3 hours. The average number of hours of training for male employees was 6.2 hours, and the average number of hours of female employees was 6.8 hours. To provide the best learning environment and the most effective training, GUC offers various learning platforms, including physical classrooms, virtual e-classrooms, knowledge management systems, and learning feedback surveys. GUC employees can access proper training courses via the following approaches:

- New Employee Orientation: In order to let our new employees get to know the history and development of our company, we ask that our managers share their experiences, and introduce the relevant responsibilities and rights for employees. Through this, we hope to help new employees quickly and easily fit into the big GUC family.
- Training Roadmap: Provide tailor-made learning blueprints to provide diversified professional training according to different jobs, seniority, and levels.

- **Personal Efficiency Training:** Assisting and promoting the efficiency of classes organized by our staff. These courses can be taken by all our employees. For example, classes such as enhancing communication skills and time management are available.
- **Management Development Program:** Improves the management abilities of our managers, and a variety of classes for our middle-level managers and employees was formed. For example, classes such as work efficiency management and leadership are available.
- **Executive Level Forum:** We offer learning forums to our executive-level staff to improve their leading abilities
- **Self-Development:** Provide scholarships to support our colleges to attain higher degrees. We also provide language-learning subsidies to encourage language learning. These subsidies include certain amounts for taking English, Japanese, and other related language lessons. Besides this, we also set up a work-learning scholarship that includes 'advanced studies', a 'scholarship for credits', and a 'scholarship for obtaining a degree'. The subsidy totaled NT\$ 198,500 in 2020.

### Performance Management Development

GUC established the Performance Management Development System (PMD) to develop our employees' potential and enable them to grow continuously in a fast-changing environment. Different from the traditional way of evaluation, PMD focuses on the discovery and development of an employee's potential, rather than only on their past performance. This system can enhance the interaction and communication between the managers and other staff. At the same time, this system has also integrated and elevated individuals as well as 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

## 7.6 Compensation Program

### Competitive Salary

We adhere to the principle of profits and interests of our employees; attracting, cultivating, and encouraging a variety of talents. GUC employees' total remuneration does not differ by gender or for 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. The average salary of a full-time and non-supervised position in 2020 is NT\$ 2,036 thousand. Our salary policies are:

- GUC raises employee salaries annually.
- Base Salary: 12-month base salary and year-end bonus.
- Employee Profit Sharing: A bonus that is given based on employees' performances and corporate operations.
- Encouraging Savings: We implement employees' stock ownership trusts.
- 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/Pension Plan: In addition to the Labor Insurance, National Health Insurance, and pension allocation, we provide comprehensive group insurance plans to employees.

| Year | Total salary of a full-time and non-managerial position (thousand NT) | The number of full-time and non-managerial employees (per person) | Average salary of a full-time and non-managerial position (thousand NT/per person) | The median salary of a full-time and non-managerial position (thousand NT/per person) |
|------|-----------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 2018 | 1,129,362                                                             | 513                                                               | 2,201                                                                              | 1,792                                                                                 |
| 2019 | 1,200,507                                                             | 565                                                               | 2,125                                                                              | 1,756                                                                                 |
| 2020 | 1,223,705                                                             | 601                                                               | 2,036                                                                              | 1,705                                                                                 |

## Incentive Compensation Plan

Through employee incentive programs, employees are encouraged to actively pursue sustainable growth. Over hundreds of employees have received incentives since 2008. GUC offers a wide range of employee incentive programs including:

- Patent Award: Encourages employees to create more patents for the company.
- STAR Award (individual): Rewards employees with outstanding work performance.
- CTA Award (team): Encourages employees to complete teamwork goals at work.
- CIS Award: Rewards employees to propose suggestions for improvement.
- Seniority Award: Rewards employees with long-term contribution to the service and commitment.



### ▼ GUC 2020 Incentive Program Results (Employee)

| 2020  | Patent Award | STAR Award | CTA Award | CIS Award | Seniority Award |
|-------|--------------|------------|-----------|-----------|-----------------|
| Q1    | 35           | 3          | 38        | 20        | 88              |
| Q2    | 16           | 2          | 18        | 23        |                 |
| Q3    | 40           | 6          | 44        | 60        |                 |
| Q4    | 71           | 3          | 52        | 17        |                 |
| Total | 162          | 14         | 152       | 120       | 88              |

## Welfare and Benefits

- **Sponsored Group Travel:** We spend significant amounts of money on sponsoring the travels of our employees. The highest subsidy can reach NT\$12,000.
- **Convenience store:** GUC provides 0.5% off prices for employees.
- **Promotions and benefits from contracted stores:** The store list is recommended by employees and free movie tickets are provided if their recommendation is listed as a contracted store.
- **Year-end Party:** The year-end party is held to reward the hard work of our staff.
- **Discount price for movie tickets:** Employees only pay NT\$100 of the original price of \$260.
- **Family Movie Day:** GUC hosts this activity one or two times per year in a movie theater for employees and their families.
- **Other Benefits:** Gift Coupons for three major festivals, employee birthdays, movie tickets, gift certificates, discounted prices, and massages from blind masseuses for stress relief.

## Protected Employee Benefits and Interests

- **Comprehensive Insurance Plan:** In accordance with the law, GUC provides Statutory Labor Insurance, National Health Insurance, and group insurance. The group insurance that we provide includes life insurance, accident insurance, hospital and surgical insurance, accident and medical insurance, and cancer insurance. The above-mentioned insurance is covered by the company and our employees can enjoy the most favorable rates. 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 for any other reasons.** Total remuneration is based on an employee's qualifications relative to the requirements of the positions, degrees and personal performance; rather than on race or gender. Wages are given according to degree, professional experience, personal performance, and are compliant with the 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 a wage is allocated monthly to the trust fund purchasing company shares. GUC also allocates a certain amount of money to our employees' trust accounts.

### Superior Leave System

GUC provides comprehensive and high-quality welfare to take care of our employees.

- We have annual leave that is superior to the Labour Act.
- Employees enjoy 30 days of sick leave with payment, and this includes 15 days of full payment and 15 days of half payment.
- Employees can apply for a leave of absence for reasons such as childcare, military service, and medical treatment for serious illness or injury. After this, they can then apply for reinstatement.

### Standard Pension Fund

Those who qualify for the Labor Standards Act shall receive a 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%

### Healthier Work Culture

- Art Activities: We organize workshops and provide newspapers, books, movies, stories and news that are helpful for our employees' mental health.
- Family activities: Activities such as Family Day, movies and one-day trips will get GUC closer to the families of employees and help them maintain their work-life balance.



- Health Checks: All new employees receive health examinations before their first workday. 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 2020's annual health examination results, there were no occupational factors associated with abnormal cases.



- Activities for health promotion: To take care of the physical and mental health of employees and develop the concept of "prevention is better than cure", GUC hosted 15 sessions for a total of 623 participants in 2020, including occupational health and safety training, Training of Prevention of Occupational Diseases Caused by Humans, fat-reduction and muscle-gaining activities, and health promotion activities.
- Wonderful Club Time: We organized 11 clubs and held outstanding club activities such as table tennis matches, badminton matches, board games, dancing classes, yoga classes, and marathons.
- The central kitchen is required to provide low-oil and low-salt diets.
- Employee 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 Plans. This provides free counseling services twice a year. The counseling services can be related to career, family and parenting, interpersonal relationships, and relationship and personal pressure.

### Comprehensive Facilities

- Cafeteria: We provide free meals all day, including noodles, vegetarian meals, buffets, and set meals.
- Outdoor Basketball Court: We offer an outdoor basketball court.
- Gym: We have a well-equipped gym with a basketball machine, a Wii game console, and table tennis.
- 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 have also set up parking spaces for pregnant women to ensure that they can enjoy a parking space that is the closest to the exit. We also added non-slip flooring at the turning areas to avoid skidding while turning downhill. Through our well-organized plans, we provide our staff a safe and convenient parking space.

## 7.7 Social Participation

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

### PC Donation

- We support social welfare works through the donation of 53 decommissioned computers, 23 LCD monitors, 126 hard drives, and 71 solid-state drives to TEI's "your old computers, their new hope" project. Organized by several university scholars in September 2008, the Triple-E Institute is a non-profit social group concerned about "energy, environment, and economy."



### Charitable Donations Launched by Employees:

- This year, 114 GUC employees purchased litchi's grown by a special needs group to support their efforts. Moreover, NT\$ 300,000 was raised through purchasing and taking care of litchi trees. The proceeds went to Chianan patients with severe palsy conditions.
- Regular small charitable donations: Total donation amount in 2020 is NT\$121,940.
- A NT\$5 charity donation is made with every group purchase. The gifts for the organizers of the purchase are donated together with group purchase discounts and charity donations. This totaled NT\$57,800 this year.
- One of our employees suffers from SCA degeneration, and has two children in high school receiving very little support from the family. To support this colleague, GUC staff voluntarily raised NT\$2.02 million for the family.

### Donations for Our Community

- Blood donations to save lives: We encourage our employees to give blood. 57 people have responded to our call in 2020 with 86 packets of blood donated.
- GUC opened a staff restaurant for non-employees, and to provide convenience to the community. Employees can enjoy cheap, good food and beverages, and make the restaurant profitable and operable. Through this, GUC achieves a win-win situation for the community and the public.
- Group meals are provided by GUC's staff restaurant and are also sent to factories nearby.
- HsinChu Blind Welfare Association Partnership: We worked with the non-profit HsinChu Blind Welfare Association by purchasing massage services from them. In 2020, 453 employees experienced this service, which in total amounted to 1397 hours and contributed an amount of NT\$120,000.

## Supporting the Industry

### Being the Sponsor of VLSI 2020

Supported by MOEA Technology Department, the VLSI (Very Large Scale Integration) Symposium kicked off August 10, 2020. Hosted by ITRI, the event gathered Intel, IBM, TSMC, ARM, Micron, Qualcomm, The University of California, Berkeley, and NTU, among others, to share information on semiconductor components and processes, chip design trends, as well as the design and application of system integration. GUC attended the event as a sponsor, showing support for the knowledge sharing of semiconductor-related fields.

### Summer Internship Program

A great opportunity to gain early industrial and work experience and extra financial income to relieve the economic burden for students with little support from family. The summer internship program is open for undergraduate students with the Labour Act conformed payroll system. Through the program, learners can build up early work profiles that benefit their future career development.

| Year | Number of Interns |
|------|-------------------|
| 2018 | 14                |
| 2019 | 14                |
| 2020 | 12                |

Note: For non-fixed vacancies, the number depends on approvals and each recruitment result.





## INDEPENDENT ASSURANCE OPINION STATEMENT

### Global Unichip Corporation 2020 ESG Report

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

This independent assurance opinion statement has been prepared for the stakeholders of 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 Corporation 2020 ESG Report.
2. The evaluation of the nature and extent of the GUC's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability 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 Global Unichip Corporation 2020 ESG Report provides a fair view of the GUC CSR programmes and performances during 2020. The ESG 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 2020 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 AA1000AS v3. 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 AA1000AS v3 and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

### Methodology

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

- a top level review of issues 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 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, Responsiveness and Impact as described in the AA1000AP (2018).

## Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and GRI Standards is set out below:

### Inclusivity

This report has reflected a fact that GUC has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. 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 issues.

### Materiality

GUC publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of GUC and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the GUC's management and performance. In our professional opinion the report covers the GUC's material issues.

### Responsiveness

GUC has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for GUC is developed and continually 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 issues.

### Impact

GUC has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. GUC has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the GUC's impact issues.

### GRI Sustainability Reporting Standards (GRI Standards)

GUC provided us with their self-declaration of in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). Based on our review, we confirm that social responsibility and sustainable development disclosures with reference to 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 AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

### Responsibility

The ESG 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 relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, 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



...making excellence a habit.™

Statement No: SRA-TW-2020060  
2021-05-04

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## GRI102

| GRI Standard  | Disclosure             | Disclosure No. | Material Topic                                               | Chapter                                                                                                                                               |
|---------------|------------------------|----------------|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| GRI 102: 2016 | Organizational Profile | 102-1          | Name of the organization                                     | About GUC                                                                                                                                             |
| GRI 102: 2016 | Organizational Profile | 102-2          | Activities, brands, products, and services                   | About GUC                                                                                                                                             |
| GRI 102: 2016 | Organizational Profile | 102-3          | Location of headquarters                                     | About GUC                                                                                                                                             |
| GRI 102: 2016 | Organizational Profile | 102-4          | Location of operations                                       | About GUC                                                                                                                                             |
| GRI 102: 2016 | Organizational Profile | 102-5          | Ownership and legal form                                     | About GUC                                                                                                                                             |
| GRI 102: 2016 | Organizational Profile | 102-6          | Markets served                                               | About GUC                                                                                                                                             |
| GRI 102: 2016 | Organizational Profile | 102-7          | Scale of the organization                                    | Human Resource Structure<br>Report Scope and Boundaries<br>Revenue and Profitability                                                                  |
| GRI 102: 2016 | Organizational Profile | 102-8          | Information on employees and other workers                   | Human Resource                                                                                                                                        |
| GRI 102: 2016 | Organizational Profile | 102-9          | Supply chain                                                 | Green Supply Chain                                                                                                                                    |
| GRI 102: 2016 | Organizational Profile | 102-10         | Significant changes to the organization and its supply chain | Report Scope and Boundaries                                                                                                                           |
| GRI 102: 2016 | Organizational Profile | 102-11         | Precautionary Principle or approach External initiatives     | Risk Management                                                                                                                                       |
| GRI 102: 2016 | Organizational Profile | 102-12         | External initiatives                                         | About This Report                                                                                                                                     |
| GRI 102: 2016 | Organizational Profile | 102-13         | Membership of associations                                   | Participation of Union Organizations                                                                                                                  |
| GRI 102: 2016 | Strategy               | 102-14         | Statement from senior decision-maker                         | Letter from the CSR Committee Chairperson                                                                                                             |
| GRI 102: 2016 | Strategy               | 102-15         | Key impacts, risks, and opportunities                        | Risk Management<br>Emergency response and continuous operation plan<br>Anti-corruption Initiative Information protection<br>Revenue and Profitability |
| GRI 102: 2016 | Ethics and Integrity   | 102-16         | Values, principles, standards, and norms of behavior         | Our Vision, Mission and Faith                                                                                                                         |





| GRI Standard  | Disclosure             | Disclosure No. | Material Topic                                             | Chapter                                                                   |
|---------------|------------------------|----------------|------------------------------------------------------------|---------------------------------------------------------------------------|
| GRI 102: 2016 | Governance             | 102-18         | Governance structure                                       | Diversified and fully functional Board                                    |
| GRI 102: 2016 | Stakeholder Engagement | 102-40         | List of stakeholder groups                                 | Stakeholder Communication Channels                                        |
| GRI 102: 2016 | Stakeholder Engagement | 102-41         | Collective bargaining agreements                           | Key Policies                                                              |
| GRI 102: 2016 | Stakeholder Engagement | 102-42         | Identifying and selecting stakeholders                     | Stakeholder Communication Channels<br>Stakeholders' Management Procedures |
| GRI 102: 2016 | Stakeholder Engagement | 102-43         | Approach to stakeholder engagement                         | Stakeholder Communication Channels<br>Communication Channels              |
| GRI 102: 2016 | Stakeholder Engagement | 102-44         | Key topics and concerns raised                             | Stakeholder Communication Channels<br>Communication Channels              |
| GRI 102: 2016 | Reporting Practice     | 102-45         | Entities included in the consolidated financial statements | About This Report<br>Revenue and Profitability                            |
| GRI 102: 2016 | Reporting Practice     | 102-46         | Defining report content and topic Boundaries               | About This Report                                                         |
| GRI 102: 2016 | Reporting Practice     | 102-47         | List of material topics                                    | Material Aspects and Boundaries and Involvement                           |
| GRI 102: 2016 | Reporting Practice     | 102-48         | Restatements of information                                | Report Scope and Boundaries                                               |
| GRI 102: 2016 | Reporting Practice     | 102-49         | Changes in reporting                                       | Report Scope and Boundaries                                               |
| GRI 102: 2016 | Reporting Practice     | 102-50         | Reporting period                                           | Reporting Period                                                          |
| GRI 102: 2016 | Reporting Practice     | 102-51         | Date of most recent report                                 | Date of most recent report                                                |
| GRI 102: 2016 | Reporting Practice     | 102-52         | Reporting cycle                                            | Reporting cycle                                                           |
| GRI 102: 2016 | Reporting Practice     | 102-53         | Contact point for questions regarding the report           | Contact Information                                                       |
| GRI 102: 2016 | Reporting Practice     | 102-54         | Claims of reporting in accordance with the GRI Standards   | About This Report<br>Reference                                            |
| GRI 102: 2016 | Reporting Practice     | 102-55         | GRI content index                                          | Appendix: GRI content index                                               |
| GRI 102: 2016 | Reporting Practice     | 102-56         | External assurance                                         | About This Report<br>Third-party Assurance                                |

## GRI200

| GRI Standard  | Disclosure           | Disclosure No. | Material Topic                                                                 | Chapter                                          |
|---------------|----------------------|----------------|--------------------------------------------------------------------------------|--------------------------------------------------|
| GRI 201: 2016 | Economic Performance | 201-1          | Direct economic value generated and distributed                                | 2020 Key Accomplishments Compensation Program    |
| GRI 201: 2016 | Economic Performance | 201-2          | Financial implications and other risks and opportunities due to climate change | Emergency response and continuous operation plan |
| GRI 201: 2016 | Economic Performance | 201-3          | Defined benefit plan obligations and other retirement plans                    | Compensation Program                             |
| GRI 204: 2016 | Economic Performance | 204-1          | Proportion of spending on local suppliers                                      | Local Purchase                                   |

## GRI300

| GRI Standard  | Disclosure                        | Disclosure No. | Material Topic                                                | Chapter               |
|---------------|-----------------------------------|----------------|---------------------------------------------------------------|-----------------------|
| GRI 305: 2016 | Emissions                         | 305-2          | Energy indirect (Scope 2) GHG emissions                       | Energy Consumption    |
| GRI 305: 2016 | Emissions                         | 305-3          | others indirect (Scope 3) GHG emissions                       | Water Consumption     |
| GRI 305: 2016 | Emissions                         | 305-5          | Reduction of GHG emissions                                    | Energy saving results |
| GRI 308: 2016 | Supplier Environmental Assessment | 308-1          | New suppliers that were screened using environmental criteria | Green Supply Chain    |

## GRI400

| GRI Standard  | Disclosure                      | Disclosure No. | Material Topic                                                                               | Chapter                                                            |
|---------------|---------------------------------|----------------|----------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| GRI 405: 2016 | Diversity and Equal Opportunity | 405-1          | Diversity of governance bodies and employees                                                 | Diversified and fully functional Board<br>Human Resource Structure |
| GRI 414: 2016 | Supplier Social Assessment      | 414-1          | New suppliers that were screened using social criteria                                       | Supply chain management                                            |
| GRI 418: 2016 | Customer Privacy                | 418-1          | Substantiated complaints concerning breaches of customer privacy and losses of customer data | No such occurrence                                                 |



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