



Corporate Social Responsibility Report



2018 **CSR**  
REPORT



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# About this Report

This is the 8th time that GUC has prepared a Corporate Social Responsibility (CSR) Report. We will continue to publish these reports on a yearly basis. There is no major organization, structure, ownership, and supply chain changes during the report timeline. This report is not only in response to sustainability issues of concern of stakeholders, including shareholders, employees, customers, suppliers, government, academic institutions, and society, but also reveal our implementation of those major issues in our sustainable development process.

We have earned the Independent Third Party GRI Standards & AA1000 Double International Assurance Statement issued by British Standards Institution (BSI).

## **Report Timeline**

This report presents GUC's CSR progress for the period from Jan. 1st to Dec. 31st, 2018.

## **Last Report Date**

May 30, 2018.

## **Report Frequency**

In annual basis.

## **Report Scope and Boundaries**

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



## Reference

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

## About the Use of this Report Image

100% of the images in this report are copyrighted.

## Third-Party Assurance

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

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

## Contact Information

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

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# GUC CSR Policy

## 2.1 Our vision, mission and Faith

### Our vision

Become the world ASIC Supplier Leader

### Our mission

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

### Our Faith

Technological Innovation, Quality Improvement, Excellence Service

### Our Implementation Policy

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

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



## 2.2 Important Achievement in 2018

In this report, we will discuss the performance of corporate social responsibility in 2018 and how we focus on the issues that stakeholders are paying attention to. More importantly, we hope through the excellent corporate value show, play a friendly society of the positive cycle. Most importantly, through the demonstration of our excellent corporate value, we have exerted a positive society-friendly cycle. Here are some important features:

### Economy

- Our total revenue (including NRE & Turnkey) and profit both reached record levels. Net sales reached NT\$13.46 billion in 2018 with the year-over-year growth rate of 11%, and after-tax profit reached NT\$989 million with the year-over-year growth rate of 16%. EPS was NT\$7.37 in 2018. Revenue and profit kept growing in last five years.
- GUC was listed in the Taiwan High Compensation 100 Index published by Taiwan Stock Exchange for four consecutive years.
- GUC was awarded “the Top 5% companies” in the first to fifth Corporate Governance Evaluation of Listed Companies by Taiwan Stock Exchange.

### Environment

- In response to the operational growth in 2018, GUC set the annual electricity saving target for 2018: increase / month (3%), the actual execution: electricity increase / month (only 2.1%).
- GUC set the annual water saving target for 2018 is a decrease of 186 degrees / year. To support our operational growth, while revenue growth rate is 11% and headcount increase rate is 19% in 2018, actual water saving is 105 degree / year.
- 7nm/16nm HBM2-2.4G PHY+Controller both are silicon-proven in TSMC and the power consumption can be reduced by 20%-50% compared with 28nm.
- Completed chip validation of 7nm/16nm TCAM IP. This IP can be widely used in networking equipment, like IP switch router and data center, and it

will significantly increase the efficiency of advanced chips. The power consumption can be reduced by 12%~80% because of its flexible design.

- Zero accident.

### **Society**

- Donated 15 computers and 20 monitors to the Youth Care Center in 2018.
- We encourage our employees to give blood and save lives and 99 people have responded to our call in 2018.

### **2.3 Letter from the CSR Committee Chairperson**

Revenue and profitability of GUC have continued to grow for five consecutive years. We are the only one made this achievement in the IC design service industry. This is the result of the efforts from many hard-working employees and the support & assistance of relevant stakeholders.

#### **To serve as a force for sustainability that pushes society forward**

In the past few years, GUC has invested a lot of resources in R&D and human resource to enhance our competitiveness and increase the value of customer products, and has learned more about GUC's substantial impact in the value chain to balance the interests of stakeholders and implement our corporate social responsibilities without hesitation.

#### **R&D and innovation**

In order to maintain our technology leading position, GUC continued investment in research and development; hence R&D expense increased 40% in 2018 compared to the previous year. Design capability for the most advanced process nodes is the key factor in ensuring revenue and profit growth for ASIC design service companies. GUC is the first one to provide 7nm design and production service and we completed a number of 7nm projects in 2018. About 31% revenue of GUC is for 7nm & 16/12nm process nodes in 2018. In addition, our patent portfolio consists of 279 patents at the end of 2018 to demonstrate GUC's continued ability to innovate.



Looking into 2019, GUC will choose projects with a more cautious attitude to improve hit rate and increase profitability. At the same time, we will continue to implement core competition strategies, actively improve the quality of design service, and engage in more front-end system design service projects to enhance stickiness of current customers and secure long-term profitability.

### **Ethical Management**

Integrity is the most important core value of GUC's culture. Internally, we continue to instill a high standard of ethical culture by providing training and promotional campaigns. GUC's employees set the tone from the top by acting in compliance with governing legislation and regulations. Externally, we assist our suppliers to understand and act in accordance with GUC's ethical standards. We aim to become a trusted partner for our stakeholders.

### **Friendly workplace**

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

### **Corporate Governance**

GUC values corporate governance. This is the 5th year that we awarded "the Top 5% companies" in the 5th Corporate Governance Evaluation of the Listed Companies by Taiwan Stock Exchange, and GUC was listed in the Taiwan Corporate Governance 100 Index published by Taiwan Stock Exchange for three consecutive years. GUC always plans ahead before the enactment of the law, and actively promote and implement corporate governance to gain long-term trust and support from stakeholders.

## **Environment protection and social welfare**

In 2018, we continuously worked with the non-profit Hsinchu Blind Welfare Association by purchasing massage services from them. We participated in the Accton Cultural & Educational Foundation for the Christmas Dreams project. This also inspires the industry to help children from disadvantaged families and bring them the opportunity to enjoy and experience the merry atmosphere of Christmas. GUC also continues to participate in the activities promoted by Triple E institute to reducing the digital gap in remote area. In the future, we will implement social feedback in conjunction with the Family Day activities and charity activities of our welfare committee.

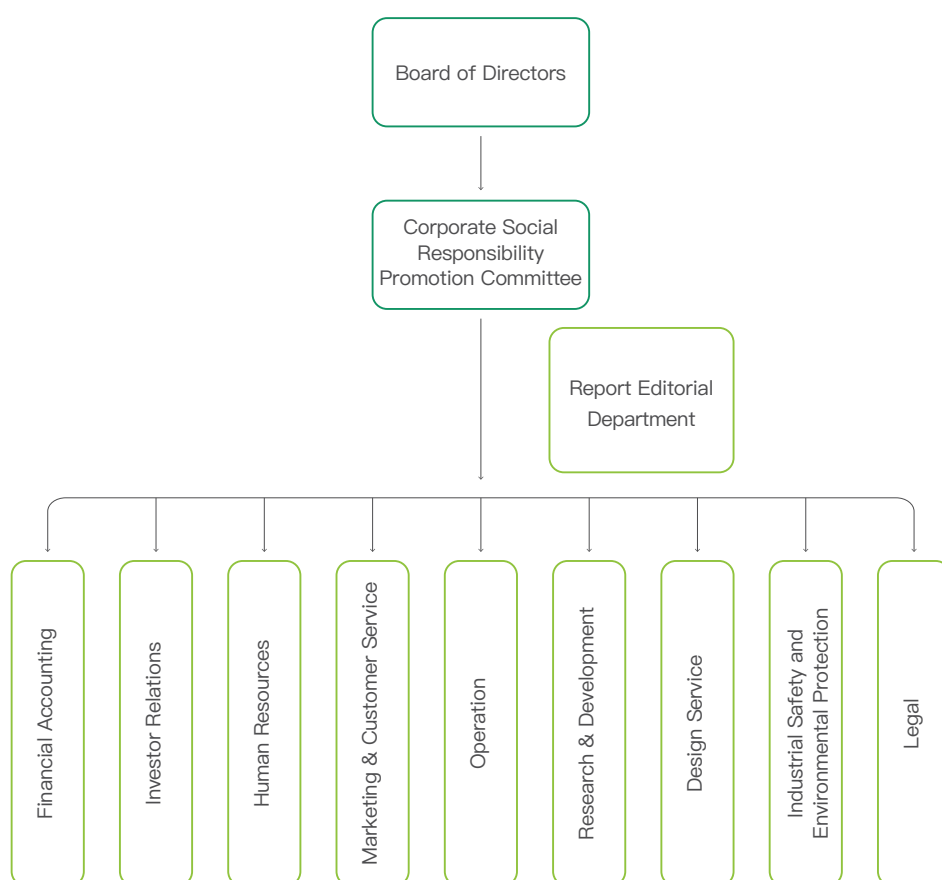
GUC expects to work hand in hand with stakeholders to advance a happy future.

### **Senior Vice President and Chairperson of the Corporate Social Responsibility Committee**



## **2.4 CSR Management**

In 2015, GUC established the “Corporate Social Responsibility Promotion Committee”, and the Board of Directors appointed Chief Financial Officer as 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, etc., meet regularly every year to promote relevant activities and review the implementation for continuous improvement, the chairman of the committee regularly reports to the board of directors the Corporate Social Responsibility Report certified by “British Standards Association”.



## 2.5 CSR Policy

GUC has been considering not only the economic value of corporate creates, but also balance the interests of stakeholders and implement our corporate social responsibilities without hesitation. It builds sustainable value for GUC and its stakeholders. Our management team is committed to establishing a management system to ensure that GUC and suppliers comply with our standard.

## 2.6 Stakeholder Communication Channels

According to 'GUC Social Responsibility Best Practice Principles', the commission is composed of cross-department representatives in order to imple-

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

The basic objective of this report is as follows:

- Stakeholders concerned to fully understand the question, continued to improve CSR performance.
- Meet the expectations of different stakeholders is always our goal to become sustainable business

### **2.6.1 GUC stakeholders' management procedures**

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

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

the subject assessment and analysis of significant degree.

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

## 2.6.2 Stakeholder Interaction

### General Shareholders

- Annual General Shareholders Meeting is held in Q2
- CSR report & Annual Report are released annually
- Financial result is release quarterly
- Communicate with GUC by phone and e-mail
- Semi-annual Investor Conference
- Participation in Investor Forum or Investor Conference held by both domestic and foreign investment agent and securities companies
- Reception for investors, domestic and foreign investment agent and securities companies from time to time
- Public information release on MOPS and corporate website

### GUC reply

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

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

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

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

### **Employees**

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

### **GUC reply**

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

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

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

Attract and retain talent / provide competitive compensation and benefits

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

### **Customers**

- Customer audit
- Customer meeting
- Annual tech symposium
- Client satisfaction survey
- Complied with customer’s requests of industry and social responsibility survey

- Mailbox for appeals from customers

### **GUC reply**

Management of Hazardous Substance of our product / GUC complies with RBA regulations

Environmental Management and Pollution Prevention / GUC complies with RBA regulations

Customer Service and Handling complaints / dissatisfaction and tracking

### **Suppliers**

- Supplier information platform
- Irregular supplier audit
- Irregular interviews and meetings
- Regular questionnaire surveys
- Propaganda of Code of Business Conduct

### **GUC reply**

Conflict Minerals / Request a supplier declaration or signing

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

### **Government**

- Irregular official documents receiving and delivering
- Irregular regulation conference
- Corporate financial statement
- Offering relevant reports in response to the demands and regulations from government authorities
- Communication with government authorities via associations or unions
- Industry–Government–Academia seminar

**GUC reply**

Water resource management / Recycled water utilization and recycling

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

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

**Society**

- Irregular press release about new technologies and new products
- Monthly Revenue press release
- Quarterly operating results release
- Participation in support programs to media charity activities
- Publishing CSR Report
- Official Website and email
- Participation in disaster relief activities
- Participation in the dream project of the disadvantaged families

**GUC reply**

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

**Academic Institutions**

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



**GUC reply**

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

R&D innovation/encourage patent applications and provide bonuses

**2.7 Identify Material Aspects and Boundaries**

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

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

Prioritize the referred issues based on the 3 principles for relevant topics in the step 2, which includes: Stakeholder Inclusiveness: The organization should identify its stakeholders, and explain how it has responded to their reasonable expectations and interests. Materiality:

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

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

**Material Topics**

01. R&D Innovation
02. Customer Relations
03. Sustainable Development
04. Product Quality and Competiveness
05. Labors' Rights
06. Employee Development
07. Corporate Governance

**Secondary Topics**

01. Employee Relations and Compensation Packages
02. Ethical Practice
03. Occupational Safety and Health
04. Risk Management
05. Supply Chain Management
06. Green Products and Productions

**General Topics**

01. Social Participants
02. Environmental Policy
03. Greenhouse gas reduction (climate change)
04. Environmental Protection Expenditure
05. Environmental Management

▼Explanation of major considerable issues : Corporate Governance is a new item in 2018, which indicated that our stakeholders are paying more and more attention on corporate governance.

▼Difference of major considerable issues correspond to GRI topics : GRI403/405 are new major considerable issues in 2018 , but GRI205/206/307/402/419/ are removed from the list, which is because that Labors' Rights and Corporate Governance are major considerable issues after identification.

▼List of Material Topics and Management Policy

▼Analysis statistics of major considerable issues.(●Highly Valued)

Material topics	Internal		External				
	Employees	Shareholders	Customers	Suppliers	Communities	Academic Institutions	
Economic Category	Corporate Governance	○	●	●	○	○	●
	Ethical Practice : anticorruption, anti-monopoly	○	○	○	○	○	●
	Customers Relations	●	●	○	●	●	●
	Products quality and competitiveness	●	●	●	●		●
	R&D Innovation	●	●		●	●	●
	Risk Management	○	○	●	○	○	○
	Sustainable Development	●	●	○	●	●	●
Environmental Indicators	Climate Change (greenhouse gas reduction)						
	Environmental policy						
	Green Product and Operations			○		○	
	Environmental energy saving expenditure						
	Product Responsibility	○	○	●	○		○
	Water Resources Management						

## GUC CSR Policy

Material topics	Internal		External			
	Employees	Shareholders	Customers	Suppliers	Communities	Academic Institutions
Social Participants					○	
Occupational safety and health	○	○		●	●	○
Employee Development	●	●	○	●	○	●
Employee relations and Compensation Packages	●	○	○	○	●	●
Laborers' Rights	●		●	●	●	○
Supply Chain Management	○			●		○

Note: Unable to identify the degree of concern of the government without a questionnaire from the government agencies.

### R&D Innovation

Strategies	Continue to invest design services on leading technology to enhance the competitive position.
Visions	Become the world ASIC & IP Supplier Leader
Resources	Continues to invest R&D resources in 7nm and 5nm leading technology
Actions	<ul style="list-style-type: none"> <li>Establishment of the R&amp;D Department, to be in charge of development, integration, maintenance of innovative products.</li> <li>Technical planning, development and integration for silicon intellectual property in relation to Digital, Mixed-Signal, RF, High-Speed SerDes.</li> <li>Integration techniques for SoC, application and development for software, Development for the designing process of ESL.</li> </ul>
GRI Standard Index	GRI 201
Effectiveness assessment	GUC continued investment in research and development on leading technology, and revenue and profit continued to create new record highs in 2018.
Targets	In 2019, there is Turnkey revenue on 7nm and spec-in projects complete tape-out

## Customers Relations

Strategies	Integrate the workflow of customers and GUC to ensure that all customers' products are on schedule. Ensure security of customer's data.
Visions	Create the best customer service experience and win customer trust to improve customer adhesion to GUC.
Resources	Provide customers with instant communication channels (reply within 24 hours)
Actions	<ul style="list-style-type: none"> <li>Established internal Standard operating procedures and norms, such as 'Confidential Information Protection Policy' and 'Confidential Information Control Protocol'.</li> <li>Every department director has to assign delicate to form 'Proprietary Information Protection' committee, which is responsible for the control of whole company's confidential information. The tasks for the committee include discussing, establishing, auditing and implementing of the privacy operation. The committee is held every two months and will discuss issues about controlling confidential information and make decision. The committee will have interim meetings under certain occasions.</li> <li>E-mail Monitoring</li> <li>USB Data Access Control</li> <li>Installation of surveillance camera.</li> <li>Regularly customer satisfaction survey, and set customer complaints handling approach to achieve good customer relationship maintenance.</li> </ul>
GRI Standard Index	GRI 418
Effectiveness assessment	To maintain customer relationships, GUC can effectively meet the needs of our customers, and the result is visible because of repeating orders from customer and revenue / profit continued to create a new record high.
Targets	<ul style="list-style-type: none"> <li>The annual customer satisfaction survey reached over 95% satisfaction.</li> <li>No complaints in 2018 about Invasion of customer privacy or loss of customer data.</li> </ul>

**Ethical Practice**

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

**Product Quality and Competiveness**

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

Effectiveness assessment	Customer loyalty is an important indicator of sustainable business management. 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.

## Employee Development

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

## GUC CSR Policy

### Labors' Rights

Strategies	GUC upholds the human rights of workers, including gender equality and every employee should be treated with dignity and respect without discrimination. Any inhumane treatment is not tolerated, including sexual harassment, corporal punishment, psychological coercion or verbal abuse.
Visions	Create a work-life balanced working environment with RBA standards as an internal management goal.
Resources	Provide labor and capital communication platform through internal and external mailboxes and complaint channels.
Actions	<ul style="list-style-type: none"> <li>GUC has Responsible Business Alliance (RBA) Code of Conduct, focusing on the human rights of workers and reviews the implementation annually.</li> <li>GUC abides by regulations to hold Labor-Management Meeting quarterly.</li> <li>Employee Communication Meeting is held quarterly to eliminate communication barriers.</li> </ul>
GRI Standard Index	GRI 403
Effectiveness assessment	Number of filing labor disputes
Targets	Advance smooth communication between labor and management, and reach zero labor disputes.

### Corporate Governance

Strategies	In accordance with laws and regulations, GUC establishes an effective corporate governance structure, strengthens the functions of the board of directors and audit committee.
Visions	Implement equal treatment of all stakeholders.
Resources	<ul style="list-style-type: none"> <li>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.</li> </ul>
Actions	<ul style="list-style-type: none"> <li>GUC has audit committee and salary compensation committee under the board of directors.</li> <li>GUC plans to create a full-time position for corporate governance.</li> <li>There is no gender difference in basic salary and profession and experience are used as evaluation criteria.</li> <li>GUC already set up a full time corporate integrity management organization and reported the implementation results to the board of directors on a regular basis.</li> </ul>
GRI Standard Index	GRI 405
Effectiveness assessment	GUC was awarded "the Top 5% companies" for five consecutive sessions in Corporate Governance Evaluation of Listed Companies by Taiwan Stock Exchange.
Targets	Ensure the maximization of shareholders' interests and continue to be listed in the Taiwan Corporate Governance 100 Index.



# 2

# Business Model

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

We aim for providing full-spectrum ASIC design services to assist fabless IC and system companies in secured their market leading position. It is also our goal to pursue excellence to offer the IC design capabilities with the optimize power consumption, the efficient processing speed, great quality and competitively yield rate, as well as the on-time delivery service. GUC's Flexible ASIC Model™ offers full-spectrum services to satisfy today's innovative technology companies' unique operational and technological needs. GUC also committed to providing the most advanced solutions, and embedded CPU design capability through close partnership with TSMC and other key packaging and testing houses for customers target IC devices of leading edge computing, communications and consumer applications. Thanks to the semiconductor cluster in Taiwan with thorough supply chain of booming IC design houses, foundries, and packaging and testing support, design service providers have expanded significantly. Based in Hsinchu, Taiwan GUC has developed a global reputation with a presence in China, Europe, Japan, Korea, and North America. GUC is publicly traded on the Taiwan Stock Exchange under the symbol 3443. Moreover, we have established the 'Global Unichip Corporate Social Responsibility Best Practice Principles'. This commission is composed of cross-department representatives in order to implement corporate social responsibility initiatives. The Chief Financial Officer is appointed as the Chairman in full charge and the executive performance shall be submitted to the Board of Directors.

## **Products and Services**

### **Wafer Products & ASIC Design services:**

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

# 3

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

## Development Programs for New Products

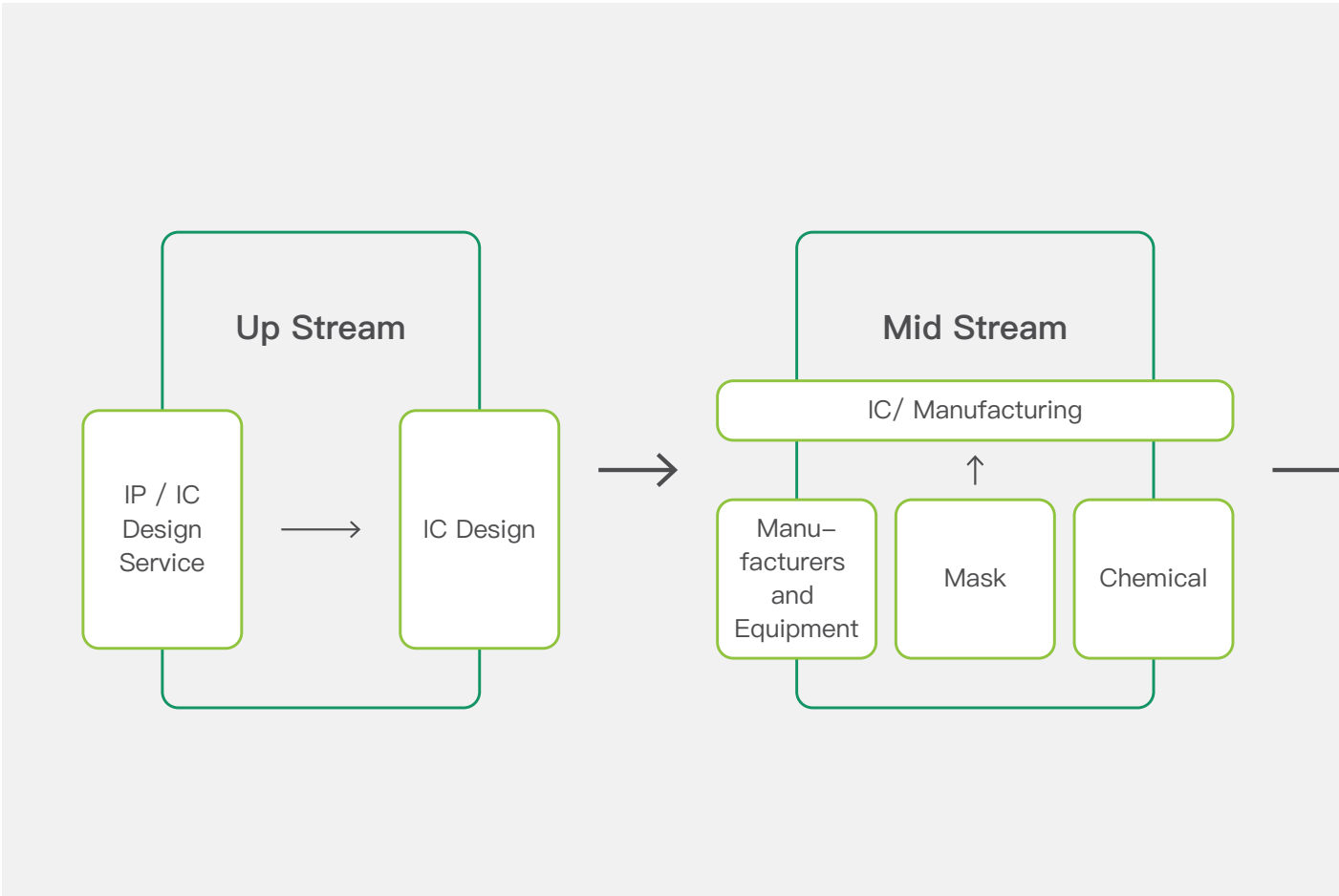
Besides the continuing development of advanced IP in 16nm, 12nm, and 7nm processing technologies, including high speed interfaces such as 16G/28G/32G SerDes, PCIe Gen3/4, HBM2/2EController/PHY, LVDS, DDR3/4&LPDD3/4/4X Memory Controller/PHY. In addition, existing key components such as voltage regulators, power management solutions, ADC/DAC, and clock generators are also porting with advanced processing technologies. GUC has formed a research team to develop our own memory IP (TCAM, SRAM), and customized Standard cell to enrich our IP/Library solutions and to help our customers to provide competitive solutions. In 2H2018, 5nm Design Flow is developing. Test chip will be taped out in 2019Q1.

In semiconductor supply chain, GUC provides the IC design services is on the upstream position. IC manufacturing is on the midstream and IC packing and

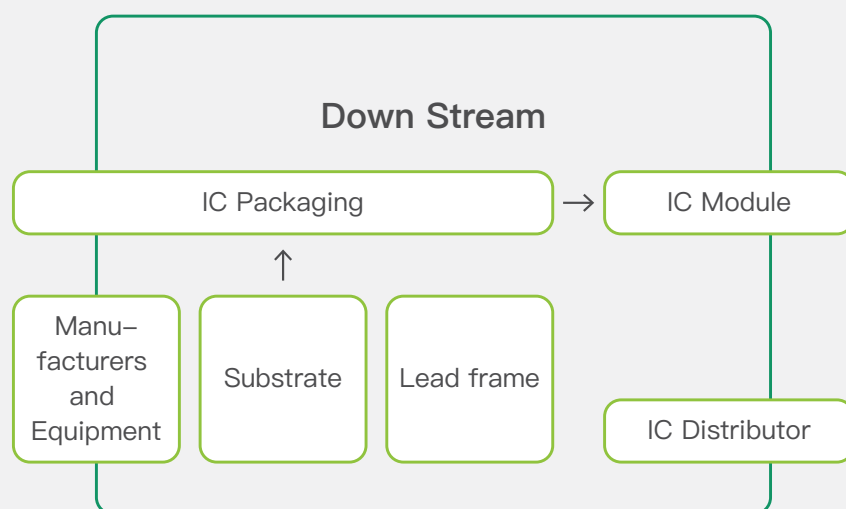
Business Model

testing are on the downstream. Implementation the IC design flow is not only considering the hardware spec, but also the software integration as the process technology approach nanometer scale which enable to produce the high efficiency and competitive power consumption IC chips. There are three core values of Flexible ASIC Services model: IP Solution, Chip Implementation, and

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



ASIC Manufacturing. Therefore, GUC executes the standards of “Green Energy-saving Design” and provide energy-saving products that comply with environmental protection regulations and customers’ requirements. Meanwhile, we play a front-end important role of energy saving and carbon reduction in semiconductor industry.



# Corporate Governance

## 4.1 Policies and Guidelines

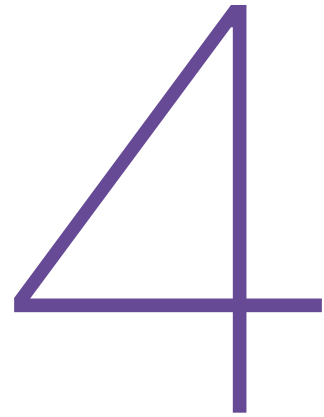
To ensure the equality of institutional and individual are alien, we deeply well understand the transparency of corporate governance and organization component are become more and more important. We implement corporate governance to maximize our shareholders' interests. This is the 5th year that we were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

## 4.2 Corporate Governance Structure

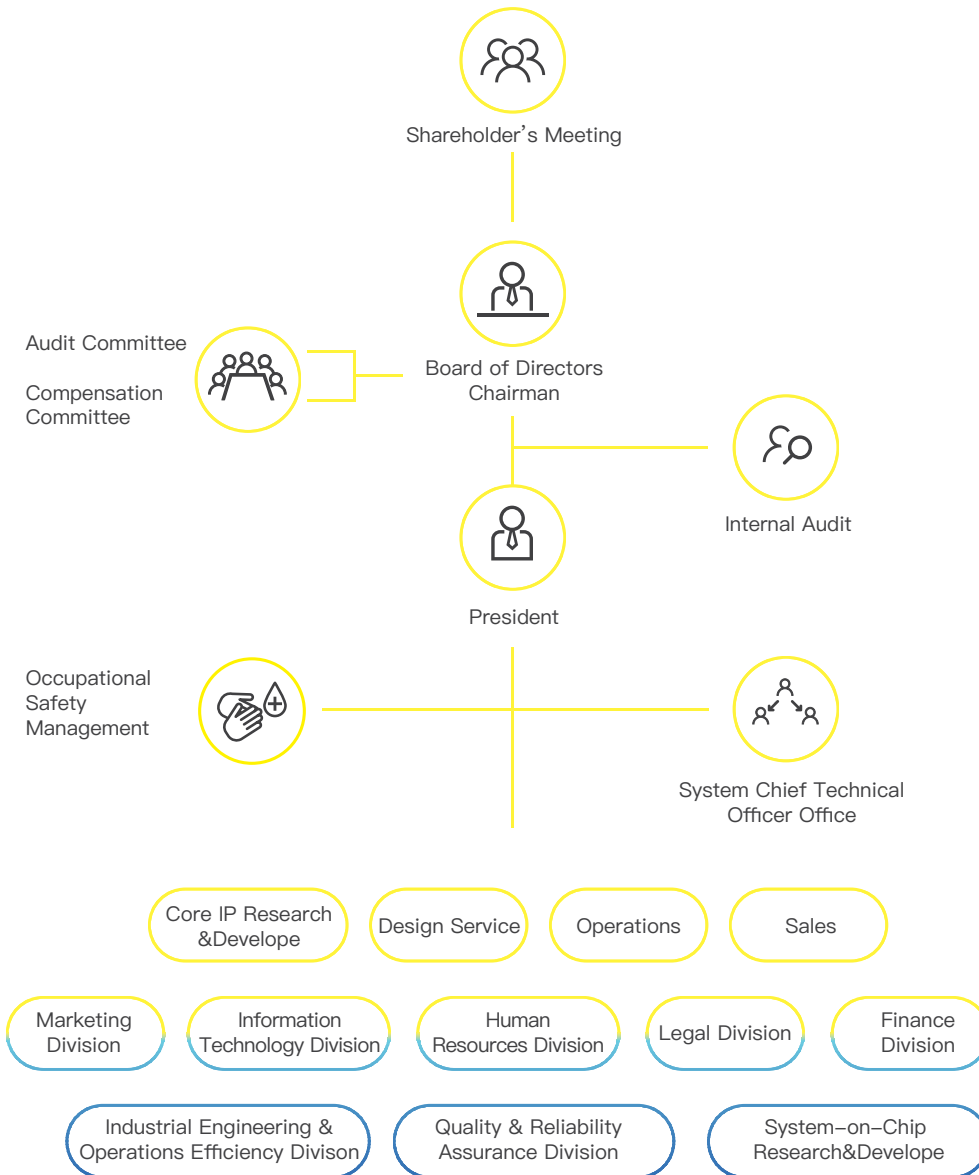
### Our board member

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

Board members are all over 50 years old



GUC Organization Chart



### **Authorization**

Based on ‘Global Unichip Corporate Social Responsibility Best Practice Principles’, the commission is composed of cross department representatives in order to implement corporate social responsibility initiatives. The Chief Financial Officer is appointed as the Chairman in full charge. The executive performance shall be submitted to the Board of Directors. For more information about our corporate governance structure, please see the ‘2018 GUC Annual Report’.

### **Third-party awards**

- Till 2018, we were awarded “the Top 5% companies” in the Corporate Governance Evaluation of the Listed Companies by Taiwan Stock Exchange for five consecutive sessions (first to fifth session).
- We were awarded “A++” for continuous 4 years in the Information Disclosure Assessment and Evaluation of the Listed Companies by Taiwan Stock Exchange, and we are the only IC design company which earn this award.
- We are awarded the “Perseverance Excellence Award” by the British Standards Association (BSI) in 2018.

### **Diversified and fully functional board of directors**

Our Board of Directors is currently composed of 9 distinguished directors, one is female director, and one of them is manager of GUC. Six regular board meetings were convened in 2018. The Board of Directors is equipped with diverse knowledge and a great breadth of corporate governance experience. At the same time, independent directors were also appointed to the members of the Audit Committee and the Salary Remuneration Committee. The members of the Board of Directors are chosen by nomination system. We value not only their expertise, but also their integrity and moral reputation.

Candidates for independent directors shall meet the related professional qualification requirements, criteria for independency and restrictions on concurrent positions regulated by the ‘Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies’. This aims



to achieve a well-organized, innovative cooperate development strategy, attain efficient management, maintain stockholders' equity and enhance corporate governance.

### **Code of Ethics and Business Conduct**

To promote business behavior in keeping with integrity and morals, and to support compliance with legal order, we have established our internal Ethics Code of Conduct (the 'Code'), which is called 'Procedures for Ethical Management, Ethics & Business Code of Conduct.' in accordance with 'Taiwan Corporate Conduct and Ethics Implementation'. Corporate Conduct and Ethics Implementation'. All employees, officers and Board members must adhere to the Code and bear a heavy personal responsibility to preserve and to protect GUC's ethical values and reputation. GUC's 'Procedures for Ethical Management, Ethics & Business Code of Conduct.' is implemented by the Human Resources (HR) Department which is also responsible for the training and management of other departments. Board members supervise related operations through accusation mail box. Also, GUC has established a 'violation of ethical conduct accusation system' section in both Chinese and English. It is also under the HR Department's responsibility to collect and disclose information. Besides, all commercial contracts are clearly written with 'Integrity Conduct Term'.

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

### **Participation of Union Organizations**

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

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

### 4.3 Risk Management

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

#### **Establishment of the Audit Committee**

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

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

#### **Establishment of the Compensation Committee**

For the senior management's compensation risk control, we developed a table of "The ratio of the total compensation for Board of Directors, President & Vice Presidents over the net income on the standalone basis financial report". The operation performance has a positive correlation with the personal capa-

bilities, contribution, and performance of the senior management team.

### **Establishment of Operating Management Committee**

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

### **Establishment of Risk Management Principles**

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

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

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

4.4 Customer Oriented Services

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

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

We carry out a customer satisfaction survey on important clients in the first quarter of every year. In 2018, customer satisfaction survey accomplished a feedback percentage of 80%; among over 95% of our clients are satisfied with our services.

Year	customer satisfaction
2016	>95%
2017	>95%
2018	>95%

▼When to implement a customer satisfaction survey

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

## 4.5 Regulatory Compliance

To enable all our employees to understand various legal compliance issues, we provide relevant in-house education, training courses and advocacy resources. For example, the 'Personal Information Protection Act' and the 'Trade Secrets Act'; all of the management team and the related colleagues are required to attend these courses. GUC's management team closely monitors both domestic and foreign government policies and regulatory developments that could have any impact on GUC's business and financial operations. In 2018, GUC was not been subjected to any monetary fines and nonmonetary sanctions for noncompliance with any statutory laws and regulations. Each of our operating activities is subject to domestic and international laws and regulations. Finally, we inspected all of our operations according to the 3 compliance indices disclosed in GRI Standard.

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

Social compliance: no significant amount of fines levied due to non-compliance with laws and regulations concerning topics like financial reporting, workplace discrimination, corruption, etc. Zero nonmonetary sanctions.

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

- No incidents of corruption reported in 2018.
- No complaints lodged regarding violation of customer privacy or loss of customer data in 2018.
- No incidents reported regarding noncompliance of laws and regulations on marketing communication. These include advertising, promotion and sponsorship in 2018.
- No sales of disputed products reported in 2018.
- No incidents reported regarding non-compliance of laws and regulations on labeling information of goods and services in 2018.
- No incidents reported regarding non-compliance of laws and regulations on safety of products and services during their life cycle in 2018.

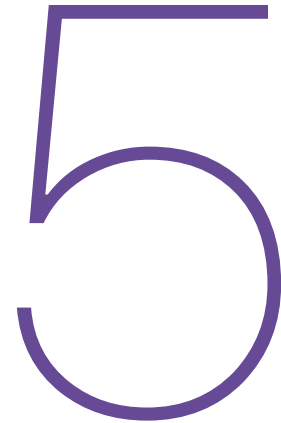
# Economic Performance

## 5.1 Revenue and profitability continue to grow

In 2018, NRE revenue enjoyed a pickup in growth which mainly benefited from AI、cryptocurrency and HPC, and Turnkey revenue was nearly flat affected by the global trade war. Total revenues for 2018 was NT\$13,460 million, up by 11% compared to NT\$12,160 million in 2017. Net income was NT\$988 million, up by 16% compared to the previous year. 2018 EPS was NT\$7.37, up by 16% compared to 2017 EPS of NT\$6.38. Gross margin for 2018 was 30%, operating margin was 8.1%, and net profit margin was 7.3%, increased by 0.3 percentage points from 7.0% in the previous year. Return on Equity =22.6%.

### ▼Operating performance statistic table (NT: Million)

	2014	2015	2016	2017	2018	Subtotal
Consolidated Revenue	6,952	7,762	9,290	12,161	13,460	49,625
Tax	64	69	81	129	159	502
Net Profit	439	494	551	855	988	3,327
Directors' remuneration	3	4	4	12	14	37
Employees' cash bonus	49	55	60	134	153	391
Employees' compensation	49	55	60	134	153	391
Employees' stock bonus	0	0	0	0	0	0
Cash dividend	402	402	469	670	670	2,613
Stock dividend	0	0	0	0	0	0



▼ Sales breakdown (NT : Million)

Sales breakdown	2017		2018	
	Amount	%	Amount	%
ASIC & Wafers	9,266	76%	9,168	68%
NRE	2,642	22%	4,079	30%
Others	253	2%	213	2%
Total	12,161	100%	13,460	100%

## 5.2 Research, Development and Innovation

In order to maintain our technology leading position, GUC continued investment in research and development; hence R&D expense increased 40% in 2018 compared to the previous year. Design capability for the most advanced process nodes is the key factor in ensuring revenue and profit growth for ASIC design service companies. GUC is the first one to provide 7nm design and production service and we completed a number of 7nm projects in 2018. About 31% revenue of GUC is for 7nm & 16/12nm process nodes in 2018. In addition, our patent portfolio consists of 279 patents at the end of 2018 to demonstrate GUC's continued ability to innovate.

### Latest technologies and new products

GUC's remarkable technology breakthrough and innovative achievement in 2018 are as follows:

- GUC 5nm design flow has been successfully developed and 1st GUC 5nm testchip was taped out by Feb'19.
- GUC 7nm design flow has been successfully developed and some customer designs have been taped out smoothly.
- The total solution of 7nm HBM2–2.4G PHY+Controller/TSMC CoWoS Packaging has been in silicon–proven and some customer designs should be taped out in early 2019.
- GUC 7nm TCAM with 2 options (LVT 1.5GHz and ULVT 1.9GHz) has been in silicon–proven.

## Economic Performance

- GUC 12nm LPDDR4/4x PHY and ONFi 4.0 IPs have been in silicon-proven and some customers' designs have been taped out smoothly.
- GUC 12nm 28G SerDes has been in silicon-proven.
- GUC has got the SAS-3/4 certification thru 12nm/16nm EMS-PHY IP.
- The total solution of 16nm HBM2-2.4G PHY+Controller/TSMC CoWoS Packaging has been in silicon-proven and 1st leading customer has been taped out.
- GUC 28nm 2.4G high speed ADC has been in silicon-proven, which is a key technique in 5G wireless communication technology.
- GUC has passed the PCI-SIG PCIe-4 Compliance Test thru 28HPC+ PCIe4 PHY IP with PLDA EP Controller.

### **Future R&D plans and projected R&D expenses**

In order to keep up with the growth, the Company will also keep working in the research and development of the 7nm design process, as well as evaluate and plan for the 5nm process node. Moreover, we will focus on the development of high-speed interface IPs such as SerDes, PCIe Gen4, LPDDR/DDR controller, HBM Controller & PHY, TCAM, and High speed ADC technologies. NT\$4.5billion will be invested in next two years. And related plans are as follows :



Plans in the next 2 year	Progress	R&D Cost (NT\$ million)	System Validation Schedule	Target Applications
Development of 12nm 7.2G/12G ADC	Test chip tape out in 2019/Q2	100	2019/Q4	5G/ Networking
Development of 12nm LPD-DR3/4-4.2G	Test chip tape out in 2019/Q2	100	2019/Q4	AI/ML, Networking, HPC
Development of 12nm ONFi 4.1 PHY	Test chip tape out in 2019/Q2	100	2019/Q4	AI/ML, Networking, HPC
Development of 12nm GDDR6 PHY	Test chip tape out in 2019/Q4	300	2019/Q3	AI/ML, Networking, HPC
Development of 7nm 28G SerDes	Silicon-proven	300	2019/Q2	AI/ML, Networking, HPC
Development of 7nm 32G SerDes	Test chip taped out in 2019/Q1	100	2019/Q4	AI/ML, Networking, HPC
Development of 7nm PCIe-4 PHY	Silicon-proven	200	2019/Q2	AI/ML, Networking, HPC, Storage
Development of 7nm HBM2-2.4G PHY	Silicon-proven	400	2019/Q1	AI/ML, Networking, HPC
Development of 7nm HBM2E-3.2G controller & PHY	Test chip taped out	200	2019/Q4	AI/ML, Networking, HPC
Development of 7nm 16G ADC	Test chip tape-out in 2019/Q3	200	2020/Q2	5G/ Networking
Development of 7nm Pipelined TCAM	Test chip tape-out in 2019/Q3	200	2019/Q4	AI/ML, Networking, HPC
Development of 5nm Design Flow	Test chip taped out	1000	2019/Q4	AI/ML, Networking, HPC
Development of 5nm HBM2E-3.2G controller & PHY	Test chip tape-out in 2019/Q3	600	2020/Q3	AI/ML, Networking, HPC
Development of 5nm PCIe-4 PHY	Test chip tape-out in 2019/Q4	400	2020/Q4	AI/ML, Networking, HPC
Development of 5nm Pipelined TCAM	Test chip tape-out in 2019/Q4	300	2020/Q3	AI/ML, Networking, HPC

# Environmental Benchmarks

## 6.1 Policies and Guidelines

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

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

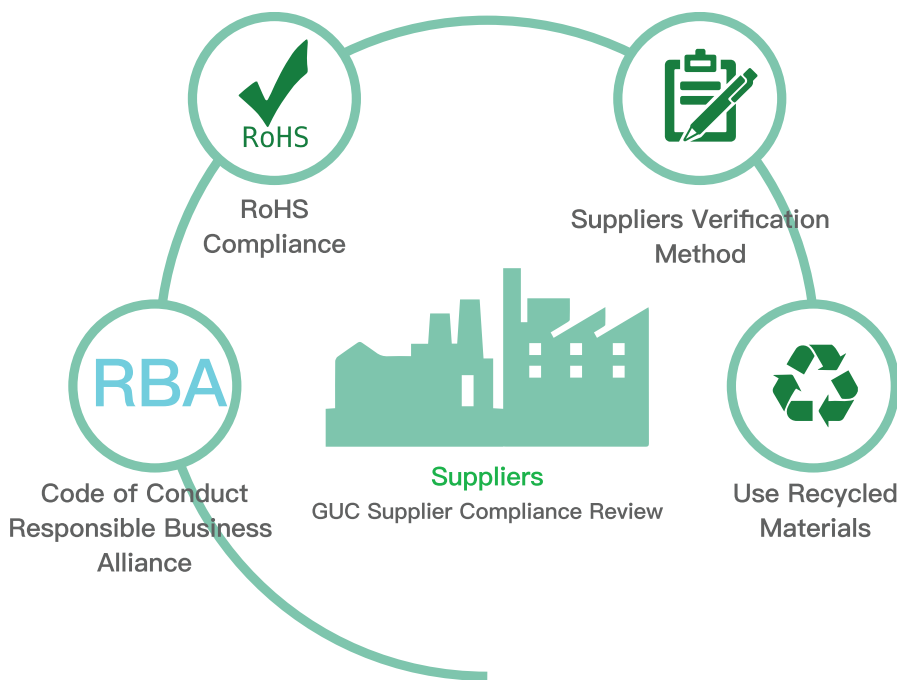
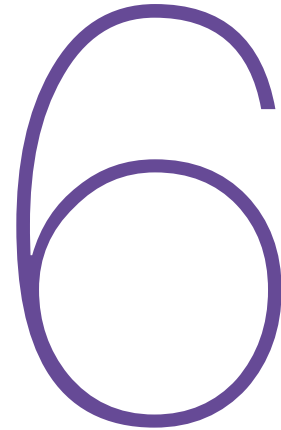
In addition, through our well-organized management system, GUC is able to implement our environmentally friendly principles for sustainable operations. We not only established our Code of Conduct – Responsible Business Alliance, RBA, and also formed an RBA Committee that is reported directly to the Operational Management Committee.

RBA Committee conducts regular meetings to review and implement RBA.

### Third-party Award and Recognition

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

- GUC was certificated as compliant with IECQ EV080000 Restriction of Hazardous Substances.



## 6.2 Power, water resources management

### Statistic for Energy Consumption and CO<sub>2</sub> Emission

In 2018, we increased 19% headcount and revenue growth was 11%. To support our operational growth, we bought 300 high-performance servers which resulted in increase of monthly average power consumption by 48,222 degrees every month, so full year power consumption in 2018 increased by 9.6%. Although the power consumption increased compared with the previous year, the energy intensity decreased compared with 2017 (Please refer to Statistic of Energy Intensity Rate), which shows 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 that we produced. In regard to this issue, GUC has initiated our green living project (please refer to 7.4), expecting to lower the energy consumption gradually. For more details about GUC's energy conservation and management, please refer to the Energy Efficiency section of the report.

## Environmental Benchmarks

### ▼2014~2018 Statistic for Energy Consumption and CO<sub>2</sub> Emission

Year		Total
2014	Electricity Consumption (Degree)	5,681,500
	CO <sub>2</sub> Emission (tCO <sub>2</sub> e )	2,943
	Joules/10 <sup>6</sup>	20,453
2015	Electricity Consumption (Degree)	6,113,000
	CO <sub>2</sub> Emission (tCO <sub>2</sub> e )	3,209
	Joules/10 <sup>6</sup>	22,007
2016	Electricity Consumption (Degree)	6,281,600
	CO <sub>2</sub> Emission (tCO <sub>2</sub> e )	3,329
	Joules/10 <sup>6</sup>	22,614
2017	Electricity Consumption (Degree)	6,416,900
	CO <sub>2</sub> Emission (tCO <sub>2</sub> e )	3,555
	Joules/10 <sup>6</sup>	23,100
2018	Electricity Consumption (Degree)	7,035,400
	CO <sub>2</sub> Emission (tCO <sub>2</sub> e )	3,898
	Joules/10 <sup>6</sup>	25,327

Note 1. According to the announcement of Energy bureau that 1 kWh emits 0.554 kg of CO<sub>2</sub> equivalent

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

Note 3. Measure for weight control is adopted in the calculation of greenhouse gas.

### Statistic for Water Consumption and CO<sub>2</sub> Emission

Our CO<sub>2</sub> calculation is based on our long term record of water resource consumption statistics with the detailed of our local water resources usage. 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, water saving was 1,257 degrees in 2018 compared with the previous year. In regard to this issue, GUC has initiated our green living project (please refer to 7.4), expecting to reduce our water resource consumption gradually.

For more details about GUC's energy conservation and management, please refer to Energy Efficiency section of the report.

#### ▼2014~2018 Statistic for Water Consumption and CO<sub>2</sub> Emission

Year		Total
2014	Water Consumption (Degree)	13,924
	CO <sub>2</sub> Emission (tCO <sub>2</sub> e )	2.16
2015	Water Consumption (Degree)	16,558
	CO <sub>2</sub> Emission (tCO <sub>2</sub> e )	2.55
2016	Water Consumption (Degree)	16,763
	CO <sub>2</sub> Emission (tCO <sub>2</sub> e )	2.55
2017	Water Consumption (Degree)	18,663
	CO <sub>2</sub> Emission (tCO <sub>2</sub> e )	3.02
2018	Water Consumption (Degree)	17,406
	CO <sub>2</sub> Emission (tCO <sub>2</sub> e )	2.82

Note 1. According to the Taiwan water corporation that 1 kWh emits 0.162 kg of CO<sub>2</sub> equivalent

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

#### Energy Intensity Rate

Our electricity intensity rate in 2018 is 0.0522%, and energy intensity rate for water resources is 0.129%, both are much lower than the previous year. This indicates that even though our revenue has increased, we haven't consumed more energy and it demonstrates perfectly that our energy saving policies has taken effect. Moreover, we use the annual revenue data as the measurement standard for electricity and water resource energy intensity rate.

## Environmental Benchmarks

### ▼Statistic of Energy Intensity Rate, 2014~2018

Measurement Units	2014	2015	2016	2017	2018
Yearly Revenue Unit: NTD	6,952,000	7,762,000	9,290,000	12,160,610	13,459,804
Electricity Consumption Unit: kilowatt	5,681,500	6,113,000	6,281,600	6,416,900	7,035,400
Electricity Intensity Rate	0.0817	0.0788	0.0676	0.0528	0.0522
Water Resource Consumption annually	13,924	16,558	16,763	18,663	17,406
Resources Intensity Rate	0.200	0.213	0.180	0.153	0.129

Note 1. Energy Intensity Rate : Electricity Consumption/ Yearly revenue

Note 2. Water Intensity Rate : Water Consumption/ Yearly revenue

### 6.3 Management of Waste

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

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

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

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

### **Reduction and recycling of product packaging**

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

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

Environmental Benchmarks

▼The hazardous industrial waste, IC waste and raw material waste total 4,576.7 KGs from 2015 to 2018.

Category	Hazardous industrial waste		General industrial waste		
	IC Waste (Unit: KGS)	Paper (Unit: KGS)	Iron (Unit: KGS)	Plastic (Unit: KGS)	Discarded Computer (Unit: set)
2015	1,520.13	2,795	423	359	8
2016	1,579.2	3,209	548	552	2
2017	501.66	4,239	414	412	2
2018	975.71	4,570	456	411	0
Total	4,576.7	14,813	1,841	1,734	12
Scrap method	Outsourcing	Outsourcing	Outsourcing	Outsourcing	Outsourcing

Note: the outsourcing contractors are licensed by the competent authority clearance and disposal of public or private institutions. In 2015~2018, there is not any violation of the related laws and regulations.

**6.4 Energy saving/Carbon reduction**

**Power energy savings specific measure**

The implementation measures in 2018 are as follows :

- Increased 300 high performance servers in IT machine room. Total electricity consumption increased by 48,222 degrees / month (174\*109 joules).
- 280 LED energy-saving tubes are replaced in the stairwell, saving 67%(about 82,468 degrees ( 297\*109 joules)) annually and cut the electricity bill by NT\$214,486, and reducing CO2 emissions by 49,497 kg per year. It takes 2.2 years to recover the cost of the investment.
- Change of air condition design in 2F UPS machine room and increased air condition efficiency by 28%.



## Cloud Office

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

In 2018, 132,186 documents were approved through the electronic system, and more than 292,000 sheets of paper and toner cartridges are estimated to be saved.

In addition, we also add video equipment to make good use of remote meetings. 13 sets of video equipment were purchased at important overseas locations for communication between interested parties and employees, and to reduce the amount of carbon emissions from travel. 50% reduction travel frequency in response to business growth is estimated.

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

	2013	2014	2015	2016	2017	2018
Telecommunication Charges	122,934	302,136	975,405	1,756,836	2,013,680	2,349,521

## Water Resources Policy

The implementation measures in 2018 are as follows, and a total of 1,257 tons / kWh of water in 2018 was saved:

- The repair of cracks and leaks of two 60-ton water towers on the top floor of the headquarter was completed.
- We set up a raindrop recycling system to water the plants and flowers used for landscaping.
- By reducing the water outflow of faucets and using automatic faucets, we have been able to save water resources.

## Environmental Benchmarks

- 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 posted a water-saving slogan to remind employees to form water-saving habits.

### **Energy Saving Plan will continue in 2019**

- LED energy-saving tubes in office will be replaced and will cut the electricity bill by NT\$42,800 per year, and reducing CO<sub>2</sub> emissions by 8,566 kg per year.

### **Other Energy-saving Measures**

- We have shortened the working hours of ventilation systems in parking lots. The system runs only during the hours of going to and getting off work.
- We encourage our employees to reduce the energy consumption of taking elevators by using stairs.
- We turn off the lights and projectors inside the conference room after having conferences.
- Computers and monitors are turned off during the off hours.
- Water dispensers are monitored by electronic timing controllers. In order to reduce energy consumption during rush hours, machines are set to sterilize water at off-peak hours.
- GUC only purchases air conditioners, refrigerators and other electronic products that are certificated with energy labelling.
- Air conditioners receive periodic maintenance to maintain their high operational efficiency.
- Water chillers are set at 7°C or above.
- We set the AC at 26°C, which is the most suitable indoor temperature. Considering the differences between sunlight exposure and heating load, window curtains and sheathing paper are installed.

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

### 6.5 Improve product energy efficiency

#### 7nm/16nm HBM2-2.4G PHY+Controller both are silicon-proven

GUC's 7nm/16nm HBM2-2.4G PHY+Controller are already silicon-proven in TSMC. The power consumption is reduced from 3 watts in the 28 nm in 2017 to 2.7 watts in 16 nm 2018, and even reduced to 2.4 watts in 7 nm, a significant reduction of about 20% to 50% compared to 2017.

In addition, further energy savings optimization can be achieved through a comprehensive consideration of the chip/CoWoS/verification board design, and GUC can provide the best efficient high-bandwidth memory and intellectual property products by performing complex wafer/CoWoS/verification board PI/SI collaborative simulation operations. Most of customers, including high-performance computing, deep learning and data center, can benefit from those low-power solutions.

### **7nm/16nm low power consumption TACM IP has been validated**

In Dec, 2018, 7nm/16nm low power consumption TACM IP has been validated successfully. This IP can be widely used in networking equipment, like IP switch router and data center, and it will significantly increase the efficiency of advanced chips. The power consumption also can be reduced because of its flexible design. For example, the 16nm power consumption is 0.129 watts in 2017, and the 7nm can be reduced to 0.115 watts in 2018 by using this switch, which is even reduced to 0.037 watts in the case of the smallest area search compared to 2017. The overall reduction is 10% to 70%.

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

### **6.6 Green Supply Chain**

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

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

GUC has expanded these green environmental policies and concepts to the whole supply chain; and in order to be considered as qualified suppliers, all the suppliers for our new products have to meet GUC's requirements. In 2018, all of our product suppliers passed verification to become qualified suppliers.

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

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

# Employee Care

## 7.1 Policies and guidelines

We continue to invest huge heavily in our employees in 2018. Through our well-organized training and cultivation, we have improved with our employees. GUC highly value equal opportunities and the diverse background of our employees; regardless of their race, gender, age, religion, nationality, or political affiliation. With our well-managed recruiting program, we hire talent through open and fair channels. At the same time, we are also devoted in inspiring innovators inside the corporate and concentrating on building up an outstanding and energetic work environment. And we believe that every employee should be treated fairly and respected, committed to maintaining and respecting internationally recognized human rights. GUC is dedicated to establishing a business culture that encourages creativity and diversity; we also provide our employees a working environment with challenges and reasonable compensation. We value each of the different personal talent and unique point of view, and because of those diversified ideas, we can become the most innovative company in IC industry.

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

Our major employee care policies are as follows:

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

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

According to law, the employee's retirement plan is established and monthly



pension is accrued every month. Also, comprehensive insurance plan In accordance with the law, GUC provides Statutory Labor Insurance and National Health Insurance and group insurance.

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

When there are major operational changes that affect employee rights, we will describe in detail short notice period in collective negotiation. At the same time, we strictly abide by the labor laws to complete the notification process if any labor conditions changes. No major operational changes occurred in 2018 and no labor practice complaints occurred.

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

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

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

## 7.2 Human resource structure

At the end of 2018, the total number of employees was 615, including 7 managers and 608 general staff. Male comprised 74.6% and female comprised 25.4% of all employees in 2018. Employees under the age of 30 accounted for 22.6%, 31–50 year-old employees accounted for 71.1%, above the age of

## Employee Care

51 accounted for 6.3%. With master's degree or higher accounted for 70.3%. Domestic supervisor accounts for 100%, The company's supervisor is defined as having direct jurisdiction and is responsible for its day-to-day management, task assignment, and performance.

In 2018, we totally recruited 152 new employees which include 130 persons of male and 22 persons of female. We are dedicated to providing job opportunities for the disabled. We hired 4 disabled persons and continued recruitment to meet the requirement of regulation by law. We highly value equal opportunities and the diverse background of our employees; regardless of their race, gender, age, religion, nationality, or political affiliation. With our well-managed recruiting program, we hire talent through open and fair channels. Moreover, in accordance to the Labor Standard Law of the Republic of China, GUC does not hire workers less than sixteen years of age.

Regarding the retention of employees, 57 employees left in 2018 with male employees accounted for 41 people (71.9%) and female employees accounted for 16 people (28.1%). Our policies to increase employees' retention is to ensure work-life balance, enhance the ability of managers and enforce employees' career.



## ▼The employees' basic statistic table in 2018

Main category	Secondary category	Male		Female		Total	
		No	%	No	%	No	%
Nationality	Domestic	452	73.5%	155	25.2%	607	
	Foreigner	7	1.1%	1	0.2%	8	
	Total	459	74.6%	156	25.4%	615	
Hiring Type	Permanent	459	74.6%	151	24.6%	610	
	Contractor	0	0%	5	0.8%	5	
	Total	459	74.6%	156	25.4%	615	
Function	Manager	6	0.9%	1	0.2%	7	
	Professional	453	73.7%	155	25.2%	608	
	Total	459	74.6%	156	25.4%	615	
Age	Below 30	104	16.9%	35	5.7%	139	
	31–50	319	51.9%	118	19.2%	437	
	Above 50	36	5.8%	3	0.5%	39	
	Total	459	74.6%	156	25.4%	615	
Degree	Ph.d	16	2.5%	0	0%	16	
	Master	359	58.5%	57	9.3%	416	
	College	83	13.4%	97	15.8%	180	
	Below College	1	0.2%	2	0.3%	3	
	Total	459	74.6%	156	25.4%	615	

Note: % of Master's degree or above is 70.3%

## ▼The new employees and labor turnover statistic table

Main category	Secondary category	Male		Female		Total	
		No	%	No	%	No	%
New Employees	Below 30	53	34.9%	9	5.9%	62	40.8%
	31–50	73	48.0%	13	8.6%	86	56.6%
	Above 51	4	2.6%	0	0%	4	2.6%
	Total	130	85.5%	22	14.5%	152	100%
Labor Turnover	Below 30	6	10.5%	5	8.8%	11	19.3%
	31–50	34	59.6%	11	19.3%	45	78.9%
	Above 51	1	1.8%	0	0%	1	1.8%
	Total	41	71.9%	16	28.1%	57	100%

## Employee Care

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

Main category	Secondary category	Male		Female	
		No	%	No	%
Disabled Hiring		3	75%	1	25%
Salary Difference		No difference			
Absence rate statistics	<b>【A】</b> Work days in 2017 are 241 days per person. <ul style="list-style-type: none"> <li>242 days * total male employees (459)</li> <li>242 days * total female employees (156)</li> </ul>	111,078 days	75.6%	37,752 days	25.4%
	<b>【B】</b> Actual Absence	1,009 days		833 days	
	<b>【C】</b> Absence Rate = B/A	0.68%		0.56%	
Total hours of Training per Employee per Year by function	7 managers (hours)	95 hours	59%	65 hours	41%
	517 professional (hours)	8,039 hours	72%	3,116 hours	28%
Average hours of Training per Employee per Year by function	Average Hours of Training (hours)	17.7 hours		20.4 hours	

### 7.3 Establish Physical and Mental Health Environment

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

- Offering educational training programs to improve employees’ awareness of safety, health and environmental protection issues.
- Mapping out various health improvement plans to ensure employees’ physical and psychological wellness.
- Regular health and safety propaganda to develop and strengthen staff safety and health concepts.
- Ensuring our operations and services meet or exceed applicable regulations and standards for environment protection, health and safety and safety.
- Staying abreast of global issues of environment protection, health and safety evaluate risks and take effective risk management measures.
- Strengthen the awareness and responsibility of all employees for environmental safety and health, and establish friendly environmental health and safety culture.
- Establishing a green supply chain and enhancing performance of environment protection, health and safety with suppliers through experience sharing and collaboration.
- Laying out environmental inspection procedures and regulations, such as: Management procedures for examining, measuring and testing facilities, Management plans for plant patrolling, maintenance and auto-checking., Common regulations for hazardous products and labelling of hazardous substances, Operating procedures for electrical equipment, Operating standards for warehouses, Operating standards for handling materials, Standard safeguards for physical health and safety, Operating procedures of health and safety in special areas.

▼The 6th Health, Safety and Environment Committee members.

Member representative	Department and in-charge
Committee Representative	General Manager's Office, General Manager
RD waste and lab representative	8F Lab, Grace Liu
OP&QRA waste and lab representative	Warehouse, C.J. Liao
EFS Head	Jack Feng
Quality assurance staff	Quality & Reliability Assurance Joe Chuang
Safety and health staff	HR, Cherie Lin
Welfare Committee representative	General Accounting, Joanne Chi
Welfare Committee representative	Audit, Shirley Chen
Welfare Committee representative	Design Service, Charming Liu
Medical staff	HR, Cynthia Wen

7.4 Employee Development

Employee training system

The average training hours for our employees in 2018 were about 18.4 hours. The average number of hours of training for male employees was 17.7 hours, and the average number of hours of female employees was 20.4 hours.

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

- New Employee Orientation: In order to let our new employees to get to know the history and development of our company, we ask our managers to share their experiences and introduce the responsibilities and rights for the employees. Hoping to help the new employees to fir into this big family promptly.
- Training Roadmap: According to different job, seniority, and level to provide tailor-made learning blue print and to provide diversified professional training.

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

### 7.5 Performance Management Development

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

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

## 7.6 Compensation Program

### Competitive salary

GUC was listed in the Taiwan High Compensation 100 Index published by Taiwan Stock Exchange since 2014. We adhere to the principle of profits and interest with our employees, attracting, cultivating and encouraging all varieties of talent. GUC employees' total remuneration does not differ by gender or other reasons. We not only proactively obey the local labor regulations, but also actively participate in salary-survey related associations to ensure GUC's total compensation is competitive. The average salary of a full-time and non-supervised position in 2018 is NT\$2,201. Our compensation policies are:

- Since our injection, we raised the employees' salary in every year.
- Base salary: 12-month base salary and year-end bonus.
- Employee profit sharing: Bonus which is given based on employees' performances and corporate operation.
- Encouraging savings: we implement the employees stock ownership trust.
- Bonus: business bonus, intellectual property bonus, referral bonus and excellent performance bonus.
- Welfare Association of GUC and Bonus: birthday allowance or coupons, holiday vouchers, wedding subsidy and death subsidy.
- Insurance Coverage/ Pension Plan,: In addition to the Labor Insurance, National Health Insurance and pension allocation, we provide comprehensive group insurance plans to employees.

### Benefits

- Comprehensive Insurance Plan: In accordance with the law, GUC provides Statutory Labor Insurance and National Health Insurance and group insurance. The groups insurance that we provided includes life insurance, accident insurance, hospital and surgical insurance, accident and medical insurance and cancer insurance. The above mentioned insurance are covered by the company, our employees can enjoy the most favorable rate. Relatives

of our employees can join the company's comprehensive insurance plan to enjoy the same care as our employees.

- GUC employees' total remuneration does not differ by gender or other reasons. Total remuneration is based on employee's qualifications to the requirements of the positions, degrees and personal performance; rather than on race or gender. Wages are given according to degree, professional experience and personal performances, and are compliant with law. We adjust wages given to our employees annually and year-end bonuses are given according to performance and the company's operations.
- A certain percentage of the wage is allocated monthly to the trusting fund to purchase the company shares. GUC also allocates a certain amount of money to our employees' trust accounts.

## Rewards

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

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

## Personal Leave

GUC provides comprehensive and high quality welfare to take care our employees. Beside the requirements of Taiwan Labor Standards Act, our employees can also enjoy 30 days of sick leave with payment, which includes 15 days of full payment and 15 days of half payment. Employees can apply for leave of

absence for reasons such as childcare, military service and medical treatment for serious illness or injury, and then apply for reinstatement.

### **Standard Pension Fund**

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

### **Other Welfare Items**

- **Health Checks**  
All new employees receive health examinations before their first work day. GUC offers health examinations for employees every year. If health management is needed after consulting with the doctor, our professional personnel will follow up the case to ensure the health of our employees. In 2018's annual health examination results, there are no occupational factors associated with abnormal cases.
- **GUC Family Day**  
We organize a Family Day regularly, to give family members a better understanding about GUC and to shorten the distance between the company and the relatives of our staff.
- **Art Activities**  
We organized workshops and provide newspaper, books, movies, stories and news that are helpful for our employees' mental health. Through the above mentioned services, we are able to assist individual's problems or problems related with family to ensure the physical and mental balance of our employees in their life and work.
- **Year-end Party.**  
The Year-end Party is held to reward the hard-work of our staff. Our executive level managers personally recorded the opening movie and used the



'you-completed-GUC' concept as the highlight of this movie to show our appreciation of the hard-work contributed by our staff in 2018.

- **Sponsored Group Travel**  
We spend significant amounts of money on sponsoring the traveling of our employees. The highest subsidy can reach NT\$12,000.
- **Wonderful Club Time**  
We organized 11 clubs and held extremely outstanding club activities; such as table tennis matches, badminton matches, board games, dancing classes, yoga classes, marathon and etc.
- **Assistance Plan**  
We care about the life of our employees. We have entrusted the Hsinchu Lifeline Association's Employees Assistance Center to provide Employee Counseling Plan. This provides free counseling services twice a year. The counseling services can be related with career, family and parenting, interpersonal relationship, relationship and personal pressure.

### **Comprehensive Facilities**

- **Cafeteria**  
We provide the free meals whole day including noodle, vegetarian meal, buffet, and set meal.
- **An Outdoor Basketball Court**  
We offer an outdoor basketball court.
- **A Gym**  
We have a well-equipped gym with basketball machine, a Wii game console and table tennis table.
- **Free Parking lots**  
We offer our employees their own spacious parking lots. All of our employees can enjoy this service for free, whether for scooters or car parking. We also set up parking spaces for pregnant women, so that they can enjoy a parking space which is the closest to the exit. We also paved non-slip floor at the turning areas to avoid skidding while turning at the downhill. Through our well-organized plans, we provide our staffs a safe and convenient parking space.

### 7.7 Following Human Rights

With regard to the international human right, we have taken the UN Universal Declaration of Human Rights into account and expected GUC to become an international citizen that protects human right. A labor union has not been established for our corporation, but communication and collective bargaining are available through regular labor–management conferences based on the labor act. Additional conferences are also held periodically in compliance with article 83 of the Labor Standards Act. Issues like labor–management cooperation, labor relations, working conditions and employee welfare are discussed through further consultation when necessary. And we also require suppliers to comply with the same human rights policy, to build the best practices of human rights in the semiconductor industry. The actions that we have taken in 2018 are:

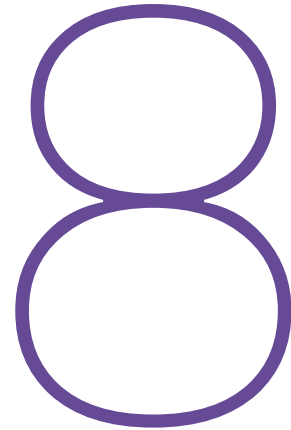
- No service points or suppliers that violate or damage the freedom for assembly and group negotiating.
- No service points or suppliers that hire child labor.
- No service points or suppliers that push or forces workers into work.
- No cases related to the violation on the rights of indigenous peoples.
- No incidents involving indigenous rights violations occurred.
- No cases or appeals related to the violation on human rights.
- No non–discriminatory incidents occurred.
- No violation and fined of relevant regulations in the social category.
- Supply chain of GUC had no obvious and potential native impact related to the violation on human rights.



# Social Participation

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

- Donation of 52 note books to “Triple E Institute”: Triple-E Institute has been organized by several scholars from universities since September 2008 as a non-profit social group, concerned for "Energy", "Environment" and "Economy".
- Donation of 41 note books to “Engineers Without Borders”: Engineers without borders is a non-profit volunteer organization. The purpose of the establishment is to integrate the power of Taiwanese engineers to engage in social charity, and to give back to the society with professionalism. This organization encourages engineers and students with expertise to achieve the goal of making good use of resources and caring for the planet. Through the practice of the Association's plans, Taiwan will be further illuminated on the stage of the world.
- Donated 15 computers and 20 monitors to “Youth Care Center” in 2018. The Youth Care Center assists the disadvantaged and caring young people in the society, through the outreach service, we take the initiative to care for the children and adolescents who need help, and hope to help more high-care teenagers who need help through social work professional services.
- Charitable Donations Launched by Employees:
  - Regularly small charitable donations. Total donation amount in 2018 is NT\$174,000.
  - Charity donation is made for every group purchase since June, 2016. Total donation amount in 2018 is NT\$53,000.
  - Donation of NT\$270,000 from 143 employees to help kids with Down Syndrome to grow lychee so they can raise fund for people with severe disability.
- Giving Blood to Save Lives: We encourage our employees to give blood and 99 people have responded to our call in 2018.



- GUC opens staff restaurant for non-employees, and to provide convenience to the community. Employees can enjoy cheap and good food and beverages and make the restaurant profitable and continue to operate, furthermore, GUC achieves a win-win situation for the community and the public.
- HsinChu Blind Welfare Association: We worked with the non-profit HsinChu Blind Welfare Association by purchasing massage services from them. In 2018, 365 employees experienced this service, which in total amounted to 169 hours contributed the amount of NT\$150,000.
- Accton Cultural & Educational Foundation: The Accton Cultural & Educational Foundation founded the Christmas Dreams project, and has held it for fifteen consecutive years. GUC employees purchased Christmas gifts to sponsor 62 children. This also inspires the industry to help children from disadvantaged families and bring them the opportunity to enjoy and experience the merry atmosphere of Christmas.
- Sponsorship for Seminars
  - The 29th The VLSI Design/CAD Symposium is an extremely significant and well-organized annual event in Taiwan's IC designing industry.
  - The purpose of this symposium is to discuss the new challenges and issues we face while advancing into the smart electronic era. Moreover, in order to promote communication between government, producers, universities and researchers and increase Taiwan's competitiveness with respect to System-on-Chip (SoC).
  - The Industry Technology Research Institute held the 2018 VLSI Symposium and we sponsored NT\$ 50,000 to assist this event. This is a symposium which focusses on AI, 5G, Autonomous Car and the applications and challenges of the future development of semiconductor on Foundry functional diversification.

# Appendix

# 9

Appendix A : BSI Assurance Opinion Statement

## INDEPENDENT ASSURANCE OPINION STATEMENT

### Global Unichip Corp. 2018 Corporate Social Responsibility Report

The British Standards Institution is independent to Global Unichip Corp. (hereafter referred to as GUC in this statement) and has no financial interest in the operation of GUC other than for the assessment and 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 Corp. 2018 Corporate Social Responsibility 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 AA1000 Assurance Standard (2008) with 2018 Addendum assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

#### Opinion Statement

We conclude that the GUC 2018 Corporate Social Responsibility Report provides a fair view of the GUC CSR programmes and performances during 2018. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the GUC and the sample taken. We believe that the 2018 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 (2008) with 2018 Addendum. 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 (2008) with 2018 Addendum 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 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.
- 6 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 (2008) with 2018 Addendum in our review, as defined by the scope and methodology described in this statement.

### Responsibility

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

### Competency and Independence

The assurance team was composed of Lead auditors experienced in 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  
2019-06-03




Taiwan Headquarters: 5th Floor, No. 39, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.

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## Appendix

### Appendix B : GRI Standards

Indicator numbers	Material Topics	Disclosure Item numbers	Disclosure Item	Page(s)
<b>GRI 102: 2016</b>				
GRI 102	Organizational Profile	102-1	Name of the organization	24-27
GRI 102	Organizational Profile	102-2	Activities, brands, products, and services	24-27
GRI 102	Organizational Profile	102-3	Location of headquarters	24-27
GRI 102	Organizational Profile	102-4	Location of operations	24-27
GRI 102	Organizational Profile	102-5	Ownership and legal form	24-27
GRI 102	Organizational Profile	102-6	Markets served	24-27
GRI 102	Organizational Profile	102-7	Scale of the organization	24-27
GRI 102	Organizational Profile	102-8	Information on employees and other workers	24-27
GRI 102	Organizational Profile	102-9	Supply chain	24-27
GRI 102	Organizational Profile	102-10	Significant changes to the organization and its supply chain	24-27
GRI 102	Organizational Profile	102-11	Precautionary Principle or approach	24-27
GRI 102	Organizational Profile	102-12	External initiatives	24-27
GRI 102	Organizational Profile	102-13	Membership of associations	24-27
GRI 102	Strategy	102-14	Statement from senior decision-maker	6
GRI 102	Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	28/34
GRI 102	Governance	102-18	Governance structure	28
GRI 102	Stakeholder Engagement	102-40	List of stakeholder groups	9-18
GRI 102	Stakeholder Engagement	102-41	Collective bargaining agreements	9-18
GRI 102	Stakeholder Engagement	102-42	Identifying and selecting stakeholders	9-18
GRI 102	Stakeholder Engagement	102-43	Approach to stakeholder engagement	9-18
GRI 102	Stakeholder Engagement	102-44	Key topics and concerns raised	9-18
GRI 102	Reporting Practice	102-45	Entities included in the consolidated financial statements	2
GRI 102	Reporting Practice	102-46	Defining report content and topic Boundaries	2
GRI 102	Reporting Practice	102-47	List of material topics	2
GRI 102	Reporting Practice	102-48	Restatements of information	2
GRI 102	Reporting Practice	102-49	Changes in reporting	2
GRI 102	Reporting Practice	102-50	Reporting period	2
GRI 102	Reporting Practice	102-51	Date of most recent report	2
GRI 102	Reporting Practice	102-52	Reporting cycle	2

Indicator numbers	Material Topics	Disclosure Item numbers	Disclosure Item	Page(s)
<b>GRI 102: 2016</b>				
GRI 102	Reporting Practice	102-53	Contact point for questions regarding the report	2
GRI 102	Reporting Practice	102-54	Claims of reporting in accordance with the GRI Standards	2
GRI 102	Reporting Practice	102-55	GRI content index	2
GRI 102	Reporting Practice	102-56	External assurance	2
<b>GRI 103: 2016</b>				
GRI 103	Management Approach	103-1	Explanation of the material topic and its Boundary	28/36/40
GRI 103	Management Approach	103-2	The management approach and its components	28/36/40
GRI 103	Management Approach	103-3	Evaluation of the management approach	28/36/40
<b>GRI 200: 2016</b>				
GRI 201	Economic Performance	201-1	Direct economic value generated and distributed	36
GRI 201	Economic Performance	201-3	Defined benefit plan obligations and other retirement plans	60
GRI 203	Indirect Economic Impacts	203-1	Infrastructure investments and services supported	66
GRI 205	Anti-corruption	205-1	Operations assessed for risks related to corruption	34
<b>GRI 300: 2016</b>				
GRI 302	Energy	302-1	Energy consumption within the organization	40-51
GRI 302	Energy	302-3	Energy intensity	40-51
GRI 302	Energy	302-5	Reductions in energy requirements of products and services	40-51
GRI 305	Emissions	305-2	Energy indirect (Scope 2) GHG emissions	40-51
GRI 305	Emissions	305-5	Reduction of GHG emissions	40-51
GRI 306	Effluents and Waste	306-2	Waste by type and disposal method	40-51
GRI 307	Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	40-51
GRI 308	Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	40-51

## Appendix

### Appendix B : GRI Standards

Indicator numbers	Material Topics	Disclosure Item numbers	Disclosure Item	Page(s)
<b>GRI 400: 2016</b>				
GRI 401	Employment	401-1	New employee hires and employee turnover	52-65
GRI 401	Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	52-65
GRI 403	Occupational Health and Safety	403-1	Workers representation in formal joint management-worker health and safety committees	52-65
GRI 404	Training and Education	404-1	Average hours of training per year per employee	52-65
GRI 405	Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	52-65
GRI 418	Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	52-65



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