

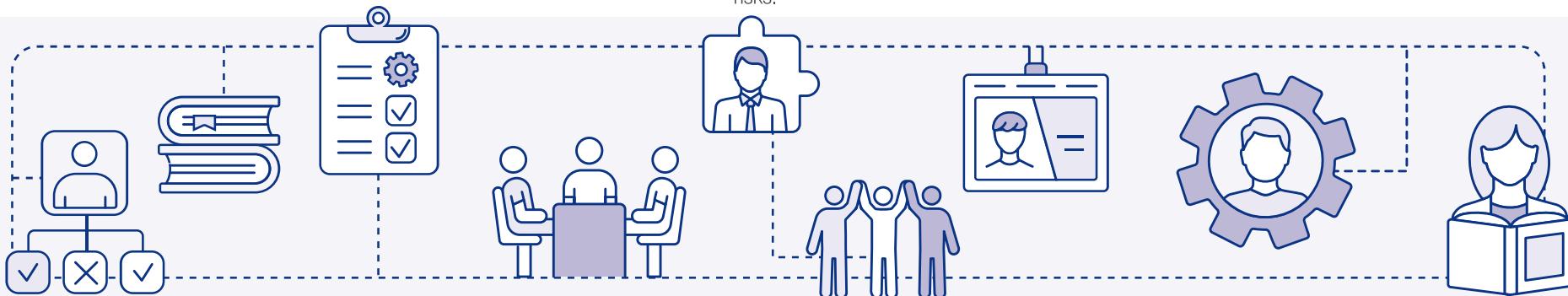


Corporate Governance 3

- 3.1 Corporate Governance Structure and Financial Performance
- 3.2 Functions and Strategies of the Board of Directors
- 3.3 Ethical Corporate Management
- 3.4 Risk Management

Key Results and Strategies

Strategic Approach	Commitment	KPI	2023 Goals and Performance
Corporate Governance Structure and Financial Performance	The management is committed to establishing a management system and ensuring that the Company continuously improves in accordance with corporate governance best practices, guaranteeing the maximization of shareholder value.	Continuously remain as a constituent stock of the Taiwan Corporate Governance Index.	<ul style="list-style-type: none"> Ranked in the top 5% in corporate governance evaluation Constituents of the Taiwan Corporate Governance Index
Functions and Strategies of the Board of Directors	Actively supervise the implementation and execution of established strategies by the management team, and ensure the appropriateness and transparency of internal and external strategy communication.	Report on the performance evaluation of the board of directors.	The performance self-assessment result of the Board of Directors and Functional Committees was excellent.
Ethical Corporate Management	In order to establish a corporate culture of ethical corporate management, and to comply with regulation, it is required that directors and managers issue a statement of compliance with the ethical corporate management policy, and that the code of conduct be stipulated in the employment contracts of employees, with the expectation that all employees should have a clear understanding and faithfully adhere to it.	<ul style="list-style-type: none"> GUC's "Procedures for Ethical Corporate Management and Guidelines of Conduct" "Supplier Code of Conduct" Comply with various laws and regulations 	<ul style="list-style-type: none"> The training on ethical corporate management has achieved a 100% completion rate for the year. 100% Signing the Supplier Code of Conduct There have been no instances of significant fines imposed for violations of laws and regulations in the categories of environment, society, and corporate governance.
Risk Management	Ensure the achievement of the Company's operational goals and vision.	Financial risk, operational risk, legal risk, climate change and environmental risk management, emergency response, strategic risk, and other risks.	Manage all business risks in a safe and controllable manner.



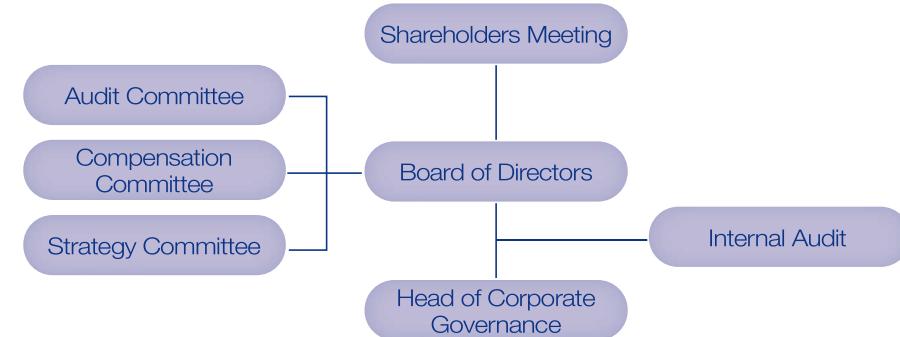
3.1 Corporate Governance Structure and Financial Performance

3.1.1 Dedicated Corporate Governance Unit

On July 30, 2020, the Board of Directors of GUC appointed Daniel Chien, Senior Vice President & CFO of the Company, as the Director of Corporate Governance. A team of 7 individuals from the Finance Department, Legal Department, Internal Audit Unit, and Human Resources Department has been formed to handle corporate governance matters. Their responsibilities include providing data required for board operations, assisting directors in compliance with laws and regulations, organizing board and shareholder meetings in accordance with the law, handling company registration and changes, preparing minutes of board and shareholder meetings, and assisting the board in strengthening its functions to ensure the rights and interests of stakeholders and equal treatment of shareholders. The Board of Directors has functional committees including the Audit Committee, Compensation Committee, and Strategy Committee, which assist the Board in managing corporate governance-related matters and adhere to the Company's Corporate Governance Practices to safeguard shareholder rights as the primary objective and treat all shareholders fairly.

The Board of Directors authorizes the establishment of the Audit Committee, Compensation Committee, and Strategy Committee, respectively, to assist in fulfilling its supervisory responsibilities. Each committee is chaired by an independent director with expertise in the respective field. The chairpersons of the committees regularly report their discussions and decisions to the Board of Directors. For detailed information about each committee, please refer to section "[3.4.1 Risk Management Policy and Framework](#)." In addition, under the leadership of the board of directors and the President, there are committees dedicated to sustainable development, operational management, and net zero. These committees are responsible for long-term and short-term planning and management in relation to the Company's sustainable operations and risk management. They regularly report to the board of directors.

Organizational Structure of GUC



Ranked in the Top 5% in Corporate Governance Evaluation Eight Times

GUC adheres to the principles of corporate governance, which include a high degree of self-discipline, strengthening the role of directors, safeguarding shareholder rights, enhancing transparency of information, and addressing the impact of environmental and social issues on the Company to ensure its sustainable operation. In accordance with this principle, the Company voluntarily established a Corporate Governance Officer to assist the Board of Directors in its operations in 2020. In addition, the Board of Directors has authorized the establishment of an Audit Committee and a Compensation Committee to assist the Board in fulfilling its supervisory responsibilities. The organizational charters of each committee are approved by the board of directors, and the chairpersons of each committee regularly report their discussions and decisions to the board of directors.

GUC has been ranked in the top 5% of the Taiwan Stock Exchange's Corporate Governance Evaluation eight times. This evaluation includes criteria such as the "MSCI Taiwan Index," "FTSE4Good TIP Taiwan ESG Index," "TWSE RAFI® Taiwan High Compensation 100 Index," "TWSE Corporate Governance 100 Index," "FTSE Taiwan Mid-Cap 100 Index," "FTSE TWSE Taiwan 50 Index," demonstrating our strong development in areas such as "protecting shareholder rights and treating shareholders equally," "strengthening board structure and operations," "enhancing information transparency," and "implementing corporate social responsibility."

3.1.2 Various Performance Metrics

Financial Performance

GUC's consolidated net operating revenue for 2023 was NT\$26.241 billion, an increase of 9% compared to the previous year's revenue of NT\$24.04 billion. The net profit after tax was NT\$3.508 billion, a decrease of 5% compared to the previous year. Earnings per share were NT\$26.18, a decrease of approximately 5% from the previous year's NT\$27.69.

The gross profit margin for 2023 was 30.4%, a decrease of 4.3 percentage points from the previous year's 34.7%. This decline was primarily due to a decrease in the gross profit margin of the Turnkey business and a higher revenue proportion. The net profit margin after tax for 2023 was 13.4%, a decrease of 2 percentage points from the previous year's 15.4%.

GUC Recent Annual Production Volume

(Unit: Thousand Quantity; NT\$ thousand)

Main products	2021		2022		2023	
	Volume	Amount	Volume	Amount	Volume	Amount
ASIC and wafer products	176,489	4,712,990	221,629	12,625,874	176,439	14,836,727
Commissioned design (NRE)	-	2,654,621	-	4,088,945	(Note)	3,950,094
Other	-	38,458	-	71,771	(Note)	163,819
Total	176,489	7,406,069	221,629	16,786,590	176,439	18,950,640

Note: The main business of the design service industry is to accept commissioned IC design services. Due to the differences in project contracting and cost allocation, the concept of self-owned wafer manufacturing capacity does not apply, as it is more relevant to the general manufacturing industry.

Operating Performance Statistics for the Past 3 Years

(Unit: NT\$10 million)

Generated Direct Economic Value	Annual	2021	2022	2023
Revenue	15,108	24,040	26,241	
Cost	9,878	15,705	18,265	
Business income tax	281	635	647	
Director remuneration	28	45	45	
Allocated Economic Value				
Employee dividends - Cash	272	668	1,271	
Employee dividends - Bonus	272	668	0	
Shareholder dividends - Cash	938	1,876	1,876	
Retained Economic Value	522	1,834	1,632	

Note 1: Retained economic value = Generated direct economic value - Allocated economic value

Note 2: Green investment of NT\$3.5 million in 2023.

Communication Performance with Shareholders and Investors

GUC's management team formulates management policies based on feedback regarding relationship maintenance, integrating them into daily operations or annual plans. They regularly review and assess the effectiveness of these policies as crucial foundations for the Company's sustainable development strategy. Additionally, they engage with stakeholders to varying degrees based on their importance, effectively utilizing company resources to foster mutually beneficial relationships. For detailed communication channels, please refer to "[2.2 Stakeholder Engagement](#)".

2023 GUC Interactive Sessions and Investor Attendance Statistics:

Annual	2017	2018	2019	2020	2021	2022	2023
Number of Meetings	115	181	127	81	82	124	214
Number of Participants	594	1,158	860	749	971	1,647	1,959
Average Number of Attendees Per Meeting	5.17	6.40	6.77	9.25	11.84	13.28	9.15

3.1.3 Tax Risk Management

GUC has the following tax policies in place to effectively manage the Group's tax risks and apply for tax incentives in accordance with tax regulations, thereby enhancing the Company's tax benefits. The tax policy has been approved by the board of directors and is implemented by the responsible units, who report to the management level to ensure the effective operation of the tax management mechanism.

Tax Policy

- Comply with the tax laws and legislative principles of the operating jurisdiction of the corporate group.
- Not transferring the profits created by the Group Company from high-tax countries to low-tax countries.
- Not using tax structures without commercial substance or engaging in tax planning through tax havens for the purpose of tax avoidance.
- Related party transactions are conducted in accordance with the principles of regular transactions and comply with the internationally recognized transfer pricing guidelines published by the Organization for Economic Co-operation and Development (OECD).
- Approval and changes to tax policies must be approved by the board of directors.



Tax Risk Management and Governance

Tax risk management has been incorporated into GUC's annual Finance and Accounting Department Risk Management Report, which is regularly reported to the CEO by the head of the Finance and Accounting Department. The Chief Financial Officer of the Company bears the ultimate responsibility for tax management, while the day-to-day tax administration and management are entrusted to tax professionals supervised by the Accounting Manager. The accounting supervisor is required to report to the Company's audit committee whether there are any significant tax regulations that may affect the Company. And an external professional organization has been appointed to provide tax consulting services to enhance the quality of tax decision-making. In addition, to enable the Board of Directors to effectively grasp the Company's tax information, the Chief Financial Officer will consider the importance to report significant tax issues to the Board of Directors as needed.

Company Organizational Structure and Main Business Activities

The Taiwanese parent company serves as the primary operating entity for GUC, functioning as the operational headquarters responsible for formulating operational decisions and overseeing management. Its main business activities include ASIC design and turnkey management services for production. In addition, to provide services to customers around the world and meet their needs in a timely manner, the Company has established subsidiary companies in the United States, Japan, China, South Korea, Europe, and Vietnam. The aforementioned subsidiary, commissioned by our Taiwanese parent company, provides product design, technical support, and consulting services to the Company's clients in its home country. Therefore, both our company and its subsidiaries operate in countries that are not low-tax jurisdictions or tax havens, and engage in business activities with commercial substance.

Annual Consolidated Individual Tax Information

(Unit: NT\$ thousand)

Company Name	Country	Main Business Activities	Annual	Number of Employees	Revenue	Pre-Tax Profit/Loss	Income Tax Expense	Actual or Projected Income Tax Payments
GUC	Taiwan	ASIC design and turnkey manufacturing management service	2023	700	26,240,714	4,131,577	623,692	610,369
			2022	697	23,995,308	4,321,985	611,543	589,725
GUC-NA	United States	Product consultation, design, and technical support services	2023	17	230,755	13,950	2,970	5,580
			2022	18	246,643	15,032	5,855	4,855
GUC-JP	Japan	Product consultation, design, and technical support services	2023	39	290,571	18,790	5,530	5,525
			2022	31	255,248	16,491	5,094	5,119
GUC-CN	China	Product consultation, design, and technical support services	2023	28	117,490	8,063	1,853	1,861
			2022	31	110,241	9,782	1,827	1,902
GUC-NJ	China	Product consultation, design, and technical support services	2023	58	476,965	102,177	12,745	10,573
			2022	59	953,104	102,693	9,676	10,850
GUC-EU	Netherlands	Product consultation, design, and technical support services	2023	2	25,536	1,556	81	234
			2022	4	30,045	1,753	288	229
GUC-KR	South Korea	Product consultation, design, and technical support services	2023	1	8,377	452	202	50
			2022	1	7,270	448	49	50
GUC-VN	Vietnam	Product consultation, design, and technical support services	2023	17	21,293	1,227	322	322

Note: The exchange rates for the actual or projected exchange rates for the 2023 fiscal year's revenue, pre-tax profit or loss, income tax expense, and income tax payment are based on the average buying and selling rates of the Taiwan Bank for the current month of each month in the 2023 fiscal year.

Effective Tax Rate and Cash Tax Rate

The effective tax rates of GUC Taiwan's parent company, GUC-NJ, and GUC-EU in 2023 were 15.10%, 12.47%, and 5.14% respectively, which were lower than the average effective tax rate of 15.90% for the "semiconductor and semiconductor equipment" industry published by SAM CSA Companion. The cash tax rates of GUC-NJ and GUC-KR in 2023 were 10.35% and 11.06% respectively, which were lower than the average cash tax rate of 14.12% for the "semiconductor and semiconductor equipment" industry published by SAM CSA Companion. The Company primarily benefits from the investment tax credits obtained in accordance with the provisions of the Industrial Innovation Act for research and development expenditures. Meanwhile, GUC-NJ is eligible for the research and development expense deduction policy and has obtained the qualification of a technology advanced enterprise, thus benefiting from a preferential tax rate of 15% for corporate income tax. Due to the adjustment of overestimated income tax expenses from previous years, GUC-EU's effective tax rate for 2023 was lower than the statutory tax rate of 15%. On the other hand, GUC-KR's lower tax rate is due to the application of a lower tax bracket.

3.1.4 Responsible Investment

In response to climate change and international sustainability trends, and to support green finance and foster sustainable industries, GUC initiated new initiatives in 2023. These include a new green deposit of NT\$300 million and the purchase of green bonds from banks totaling NT\$50 million. These actions demonstrate a commitment to green finance and embody the concept of taking from society and giving back to society. They also aim to instill a sense of environmental consciousness in all employees.

The main reason for collaborating with Mega Bank and SinoPac Bank is that the Green and Sustainable Deposits combine the two ESG characteristics of green and social benefits. The funds deposited by customers are used as the source of funds for green loans and sustainable linked loans. In other words, corporate customers support businesses or companies that are willing to invest in ESG development through deposits. This not only has a positive impact on the environment and society but also aligns with the concept of sustainable innovation of GUC, echoing SDG17 "Partnerships for the Goals" in creating a sustainable future with diverse partners.

Note: Green bonds refer to bonds issued by companies to raise funds specifically for green investment projects.

Company Name	2021		2022		2023 (estimated)	
	Effective Tax Rate (%)	Cash Tax Rate (%)	Effective Tax Rate (%)	Cash Tax Rate (%)	Effective Tax Rate (%)	Cash Tax Rate (%)
GUC	14.71	12.70	14.15	13.64	15.10	14.77
GUC-NA	43.21	41.60	38.95	32.30	21.29	40.00
GUC-JP	30.70	28.83	30.89	31.04	29.43	29.40
GUC-CN	24.01	22.31	18.68	19.44	22.98	23.08
GUC-NJ	12.19	11.87	9.42	10.57	12.47	10.35
GUC-EU	17.58	12.21	16.43	13.06	5.14	15.04
GUC-KR	11.01	10.55	10.94	11.16	44.69	11.06
GUC-VN	-	-	-	-	26.24	26.24

3.2 Functions and Strategies of the Board of Directors

3.2.1 Board of Directors' Functions

GUC places a strong emphasis on the diversity of its board members to enhance corporate governance and promote the sound development of the board's composition and structure. According to the Company's Corporate Governance Guidelines, Article 20 specifies the following capabilities that the board as a whole should possess: 1. Business judgment capability, 2. Accounting and financial analysis capability, 3. Operational management capability, 4. Crisis management capability, 5. Industry knowledge, 6. International market perspective, 7. Leadership capability, and 8. Decision-making capability.

The current board of directors of GUC consists of 9 directors, more than half of whom are 5 independent directors. Directors are all over 50 years old, with males accounting for 89% and females accounting for 11%. There are no spousal or immediate family relationships among the directors. Additionally, only 1 director holds the position of company manager, namely Sean Tai, who also serves as the President of the Company. Therefore, the board of directors is independent. At the same time, the members of the GUC Board of Directors possess diverse complementary abilities across industries. Each member also has industry experience and relevant skills, such as law, finance, accounting, industry, marketing research and development, technology, business management, professional skills, and industry experience. In addition to professional capabilities, the board also ensures the presence of one female director. The implementation of the board of directors'

policy on board member diversity by individual directors of the Company is as follows:

The diversity goals of our board of directors include, but are not limited to, the following two aspects:

1. Basic conditions and values: Gender, age, nationality, and culture, etc. During the 10th Board of Directors election at the Company's 2023 Shareholders' Meeting, one female independent director was appointed. In the future, at least one seat for female directors will be reserved, with the goal of having female directors occupy one-third of all director seats. Additionally, age requirements will be balanced.
2. Professional knowledge and skills: Professional background (such as law, finance, accounting, industry, marketing research and development, or technology), professional skills, and industry experience, etc.

GUC 2023 Board of Directors continuing education courses and total hours: The Company arranges 3 hours of continuing education courses for directors every year. All directors also participate in continuing education courses for at least 3 hours, meeting the standards of corporate governance evaluation. Furthermore, in order to enhance the Board's understanding of ESG and climate governance issues and keep abreast of the latest developments, external experts will be arranged to provide lectures to the Board as deemed necessary. The training situation of directors (including independent directors) is disclosed in the annual shareholders' meeting report every year and is made available on the Company's official website or public information website for investors to access.

For detailed information on directors' continuing education and other disclosures of conflicts of interest involving stakeholders, please refer to the [GUC 2023 annual report](#) or the [Public Information Observation Station](#).



2023 Board Members of GUC

Director's Name	Diversified Core Category	Nationality	Gender	Tenure	Employee	Age	Management and Business Judgment	Finance and Accounting	Crisis Management	Industry Knowledge	International Market Outlook	Leadership and Decision-Making Skills
F.C. Tseng	R.O.C.	Male	8	No	79	V	V	V	V	V	V	V
Sean Tai	R.O.C.	Male	2	Yes	59	V	V	V	V	V	V	V
L.C. Lu	R.O.C.	Male	1	No	63	V		V	V	V	V	V
Wendell Huang	R.O.C.	Male	3	No	62	V	V	V	V	V	V	V
Kenneth Kin	R.O.C.	Male	3	No	77	V		V	V	V	V	V
Jesse Ding	R.O.C.	Male	2	No	70	V	V	V		V	V	V
Tsui-Hui Huang	R.O.C.	Female	2	No	59	V	V	V		V	V	V
Cheng-Wen Wu	R.O.C.	Male	1	No	65	V	V	V	V	V	V	V
Ho-Min Chen	R.O.C.	Male	1	No	67	V	V	V		V	V	V



3.2.2 Nomination Selection

To implement the policy of diversifying the composition of the board members and enhance the overall performance of the Company, as well as to respond to the advocacy in the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" that independent directors should not serve more than three consecutive terms, the Company is gradually improving the structure of the board of directors.

GUC held a board meeting on February 2, 2023, during which the list of candidates for independent directors was approved. In the annual shareholders' meeting of 2023, 9 new directors were elected, including 5 independent directors. After the election, the Company has five independent directors (all), with a term limit under three terms. In addition, the Company ensures diversity by reserving at least one seat for female directors. Directors are required to have professional backgrounds in technology, law, finance, accounting, and management. The list of director candidates is generated through recommendations from industry professionals.

Sean Tai, the director and president of the Company, has over 30 years of experience in the semiconductor industry. He is primarily responsible for overseeing all operational matters and reports to the board of directors. The Company has also established the GUC's "Procedures for Ethical Corporate Management and Guidelines of Conduct" which includes a policy on avoiding conflicts of interest. When carrying out company business, all personnel are required to disclose any situations that may involve a conflict of interest with themselves or the legal entities they represent, or situations that may result in undue benefits for themselves, their spouses, parents, children, or related parties. They must proactively sign

the "Conflict of Interest Disclosure Form" to prevent and mitigate conflicts of interest.

3.2.3 Performance Evaluation

To achieve corporate governance goals and strengthen the functioning of the board of directors, GUC has formulated and passed the "Measures for Directors' Performance Evaluation." Every year, the board of directors and functional committees (including the Audit Committee, Compensation Committee, etc.) conduct self-assessments, as well as individual director self-performance evaluations (through questionnaires). The indicators for evaluating the performance of the board of directors include six aspects: "Degree of Participation in the Company's Operations," "Enhancement of the quality of board decision-making," and "Achievement of annual sustainability performance and strategic objectives."

The Compensation Committee evaluates the results and proposes relevant standards and exact amounts for salary distribution. In the fourth quarter of 2023, GUC completed self-assessment and director self-evaluation with the Board of Directors and the Functional Committee, and reported to the Board of Directors in January 2024. The internal performance evaluation results for the year indicate that the board of directors and board members have performed excellently in improving the quality of board decisions and participating in company operations, meeting the assessment criteria for the "excellent" rating.

In addition to internal self-assessment, GUC also regularly hires external evaluation agencies to conduct board performance evaluations every three years. In 2022, the Company once again commissioned an external

independent assessment agency, the Taiwan Corporate Governance Association, to carry out the relevant operations. The assessment report considers the Company's supervisory trends and experience inheritance, and proposes a phased update of the board members. At the same time, the report suggests that the company establish a nomination committee at an appropriate time, or incorporate the functions of selection, cultivation, and succession planning into the scope of the Compensation Committee, to demonstrate a commitment to corporate governance.

The policy, system, standards, and structure for the payment of remuneration to independent directors shall be based on the responsibilities, risks, and time invested, and shall specify the relationship between the remuneration amount and these factors. The total remuneration for independent directors and non-executive directors shall not exceed 2% of the annual profit, as stipulated in the Company's articles of incorporation. The remuneration payment standards shall be adjusted based on the Company's operational performance and distributed proportionally according to the number of days each director serves.

3.2.4 Internal Audit

Internal Audit Unit

GUC shall establish an internal control system and an internal audit unit responsible for implementing the system, in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies." The main responsibilities of the internal audit unit are to examine and evaluate the effectiveness of internal control systems and risk management processes. With an independent and objective organizational positioning, the unit aims to improve

organizational operations and enhance the added value of the Company, thereby enhancing the effectiveness of corporate governance. It also assists the board of directors and management in achieving the established organizational goals.

The Internal Audit Unit of GUC is an independent unit directly under the Board of Directors, with a dedicated Audit Manager and two dedicated Audit personnel. Audit personnel are required to participate in audit-related courses offered by professional training institutions every year, in order to continuously enhance their professional knowledge and skills. The performance and compensation plan of the audit supervisor shall be discussed and approved by the Compensation Committee and the Board of Directors. The appointment, evaluation, and compensation of audit personnel shall be signed and submitted by the audit supervisor for approval by the Chairman of the Board of Directors. Performance evaluations are conducted once a year.

Internal Audit Process

The internal audit unit formulates an annual audit plan based on the results of risk assessment, including the items to be audited each month. The annual audit plan has been approved by the board of directors and will be implemented in accordance with the internal audit implementation rules. In addition, project audits will be conducted as needed to timely identify potential internal control deficiencies and issue audit reports. The audit unit also urges each department to conduct self-inspections, establish a self-supervision mechanism within the Company, and use the evaluation results as the basis for issuing internal control statements by the Chairman and President of the Company. The internal audit unit conducts follow-up audits on identified

deficiencies, anomalies, or areas for improvement to ensure the effectiveness of the improvements.

The internal audit supervisor reports to the Audit Committee at quarterly meetings on the annual audit plan and its actual implementation, and interacts with independent directors. The internal audit supervisor also provides monthly written reports to the independent directors and engages in necessary communication. The accountant also attends the quarterly Audit Committee meetings to review or audit the financial reports, and to communicate and interact with independent directors on financial, tax, or internal control matters. The independent directors communicate and interact with the Audit Committee, the Chief Financial Officer, the Chief Accountant, the Internal Audit Manager, and the Certified Public Accountant, and record the important content in the minutes of the Audit Committee meeting. For more information on other significant events related to communication with the highest governing body, please refer to the GUC Annual Report. In addition, there is direct communication between the independent directors, internal audit unit, and the auditing accountants, and the communication is good.

3.2.5 Shareholders' Equity

GUC's measures to enhance shareholder's equity include:

1. Implementing Corporate Governance System: The company established the Audit Committee as early as 2008 and the Compensation Committee in 2011, enhancing the Company's remuneration system to improve the transparency of corporate information disclosure and facilitate market supervision. The director candidate nomination system was fully

implemented starting in 2013, and the Corporate Governance Practices Guidelines were established in 2015, strengthening the functions of independent directors and the audit committee, with the aim of achieving a top 5% rating in corporate governance evaluations.

2. Strengthening the prevention of insider trading: The Company strengthens the real-time disclosure of significant information, treating shareholders and investors equally. Starting from the third quarter of 2018, the Company has been publishing financial reports on the same day as the board of directors meeting, ensuring timely and symmetrical information.
3. Shareholders' meetings provide online participation: In order to practice shareholder activism and comply with the principle of equity ownership, in addition to physical shareholders' meetings, online live streaming and electronic voting services are also provided.
4. Stable Dividend Distribution: The Company's dividend policy is based on stability and sustainability. Currently, we are in a phase of operational growth. In the future, the proportion of cash dividends distributed will not be less than 10% of the total dividend amount, depending on the expansion plans and investment capital requirements.

3.3 Ethical Corporate Management

3.3.1 Ethical Corporate Management and Code of Conduct

To establish a corporate culture of ethical corporate management, and to comply with regulations, GUC has formulated the GUC's "Procedures for Ethical Corporate Management and Guidelines of Conduct" in accordance with the national "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies." This document is continuously promoted through channels such as the Company's website, communication meetings, internal regulations, employee education and training, and electronic bulletin boards. In addition to requiring directors and managers to issue statements adhering to the Procedures and Guidelines, the employment conditions also require employees to abide it. All employees at global locations are required to have a clear understanding and faithfully comply with the policy. And establish the "Supplier Code of Conduct" to require suppliers to understand and adhere to it together.

To implement the ethical corporate management in the Company, the Human Resources Department is designated as the responsible unit. It requires directors, managers, employees, appointees, and substantial controllers (hereinafter referred to as Company Personnel) of GUC and its subsidiaries to comply with legal regulations and conduct business activities in a fair and transparent manner based on the principles of integrity. The Company Personnel should avoid any conflicts of interest between personal interests and company interests, and prohibit bribery, acceptance of bribes, provision of illegal political donations, improper charitable donations or sponsorships, unreasonable gifts or exchanges of gifts, improper benefits or hospitality, infringement of intellectual property rights, and engagement in unfair competition. At the same time, the Company Personnel should prevent harm to stakeholders caused by products or services and report regularly to the Board of Directors on compliance assessments. The Company has established the "Corporate Governance Practices Guidelines" and the "Ethical Corporate Management Operating Procedures and Code of Conduct". Please refer to the annual report for complete information.

The dedicated department also regularly conducts education and training for the Company Personnel. We have incorporated the policy of ethical corporate management into

employee performance evaluations and human resources policies. We have established clear and effective reward and punishment systems, including:

- Establish and announce an internal independent whistleblower mailbox for use by internal and external stakeholders:
Whistleblower Email: ombudsman@guc-asic.com
Fax / Telephone: 03-5790696
Mailing Address: No. 10, Li Hsin 6th Road, Hsinchu Science Park, Hsinchu City 300096, Taiwan / Received by Internal Audit Unit of GUC
The Company's Official Website [Irregular Business Conduct Reporting](#)
Audit Committee Chairperson's Email: acinfo@guc-asic.com
- Assign dedicated personnel or units to handle complaints
- Record and preserve the records of the acceptance, investigation process, investigation results, and related documents of the complaint cases.
- The identity and content of the whistleblower shall be kept confidential, and measures shall be taken to protect the whistleblower from any improper treatment as a result of the whistleblowing.
- Establish a system of rewards and penalties for whistleblowers. The disciplinary action will be taken if there is any false accusation.

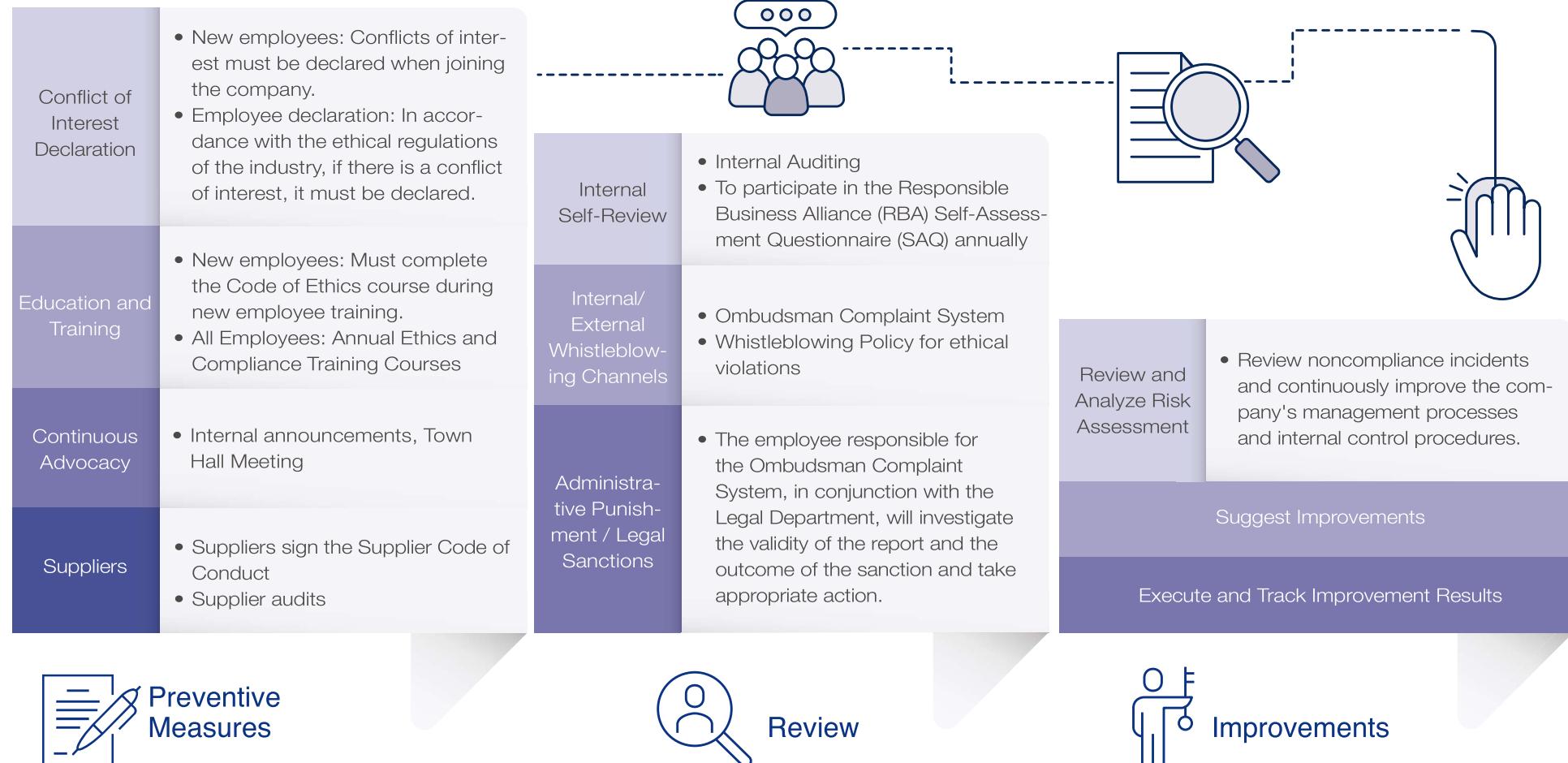
In the event that the Company Personnel violate the ethical corporate management or code of conduct, and such violations pose a significant risk of substantial harm to the Company, an immediate report must be made. The independent directors shall be notified in writing, and appropriate actions, including termination or dismissal, shall be taken in accordance with relevant laws or the Company's personnel regulations.

GUC holds annual code of conduct training for all employees. The training covers topics such as protecting confidential information, Integrity Operation Procedures, Code of Ethics, Prohibition of Insider Trading, and the RBA Code of Conduct. The completion rate

for the year 2023 was 100%. In addition, the Company provides orientation and training for new hires, ensuring that they are informed about important company policies, conflict of interest avoidance, and the prohibition of using their position for personal gain. The

completion rate for new hires in 2023 was also 100%. The completion of the signing of Supplier Code of Conduct also achieved 100%.

Operation Procedure for GUC's Ethical Corporate Management



3.3.2 Legal Compliance

The GUC management team continues to closely monitor any domestic and foreign policies and regulations that may impact the Company's finances and operations. To ensure that all employees understand the importance of legal compliance, the Company has established a management procedure for legal compliance. The President has appointed a senior executive as the compliance officer to oversee compliance matters. In this regard, the legal department has established a real-time mechanism for receiving updates on regulations, timely reminding all departments to pay attention to the updates or amendments of laws and urging them to timely update or amend their operational and management regulations in accordance with the relevant laws within their scope of business. To strengthen the management of legal compliance and establish a clear and appropriate system for the communication, coordination, and dissemination of laws and regulations, each department should designate a dedicated person to be responsible for legal compliance and conduct self-assessments. As for the frequency of self-assessment operations, each department should assess compliance with laws and regulations related to its daily operations or activities every six months. As for the assessment of compliance with laws and regulations, it should be conducted at least once a year. The results of the assessment should be approved by the department's supervisor (at the department level or above) and submitted to the legal department for record.

In addition to understanding various legal compliance issues, the Company also provides relevant education and training resources for public awareness. For example, various channels are used to promote courses on the "Personal Data Protection Act" and the "Trade Secrets Act." It is required for management and relevant colleagues to participate, and all colleagues are required to learn and comply with the GUC's "Procedures for Ethical Corporate Management and Guidelines of Conduct" and the "EICC Code of Conduct." In 2023, GUC did not receive

significant monetary fines or other non-monetary penalties for non-compliance with laws in the categories of economy, environment, and society. There were also no legal disputes related to anti-competitive practices, anti-trust, or monopolistic behavior. All of the Company's operational activities comply with domestic and international laws and regulations, serving as the foundation for our ongoing operational capabilities. In addition, the Company has reviewed the implementation results of the three regulatory compliance indicators required to be disclosed by GRI Standards.

Regarding the protection and management of personal data, the Company has established the Personal Data Protection Management Procedure. All processes related to the collection, processing, utilization, and international transfer of personal data must be conducted in accordance with this procedure. The Personal Data Protection Committee coordinates the continuous improvement and supervision of personal data security maintenance, and establishes an audit mechanism. As for the assessment and management mechanism of personal data risk levels, it is conducted in accordance with the Company's internal regulations on the "Proprietary Information Protection Procedure." Furthermore, according to the Company's "Code of Conduct of the Responsible Business Alliance (RBA)," we are committed to reasonably protecting the personal data and privacy of any individuals who have business dealings with our company, including suppliers, customers, consumers, and employees. We adhere to privacy and data security laws and regulatory requirements when collecting, storing, processing, transmitting, and sharing personal data.

On the other hand, the specific measures taken by the Company for the collection, storage, use, and sharing of customer data are disclosed in the "Privacy Policy" on our website. Furthermore, the Company explicitly discloses the relevant rights of customers and commits to using the data solely for specific purposes.

In terms of compliance with environmental regulations, GUC did not receive any significant fines or sanctions for violating environmental laws and regulations in 2023. The Company also had zero instances of formal complaints filed, processed, and resolved through the official complaint mechanism regarding environmental impacts.

In terms of compliance with social category regulations, there were no violations of regulations resulting in substantial fines in 2023 regarding financial reporting, workplace discrimination, or corruption. Furthermore, there were no sanctions other than fines imposed, and no formal complaints were filed, processed, or resolved through the human rights complaint mechanism.

Finally, in compliance with product sales regulations, there were no incidents in 2023 where significant fines were imposed due to violations of laws and regulations in the process of product sales and the provision and use of services.

There will be no corruption incidents occurring within the year 2023.

No complaints related to infringement of customer privacy or customer data have been reported within the year 2023.

No incidents of violations regarding marketing promotions, including advertising, sales, and sponsorship regulations and voluntary guidelines, have occurred within the year 2023.

No sales of controversial products have occurred within 2023.

No incidents of violations of regulations and voluntary standards regarding product and service information labeling have occurred within the year 2023.

No incidents were reported regarding non-compliance with laws and regulations on the safety of products and services during their life cycle within the year 2023.

3.4 Risk Management

3.4.1 Risk Management Policy and Framework

GUC established the "Risk Management Policy" in 2010 and it was approved by the Board of Directors, serving as the highest guiding principle for risk management in the Company. Each management unit regularly assesses and reviews risk issues in accordance with the Risk Management Operating Procedures, and reports the risk assessment results to the Operation Committee. The President then consolidates significant risk issues and reports them to the Board of Directors on a regular basis.

In the process of business management, it is important to prevent and control potential risks and establish relevant warning measures. And based on the principle of significance, we conduct risk assessments related to the Company's operations. This serves as a reference for our risk management and operational strategies, allowing us to effectively identify, measure, and control various risks within acceptable limits resulting from our business activities.

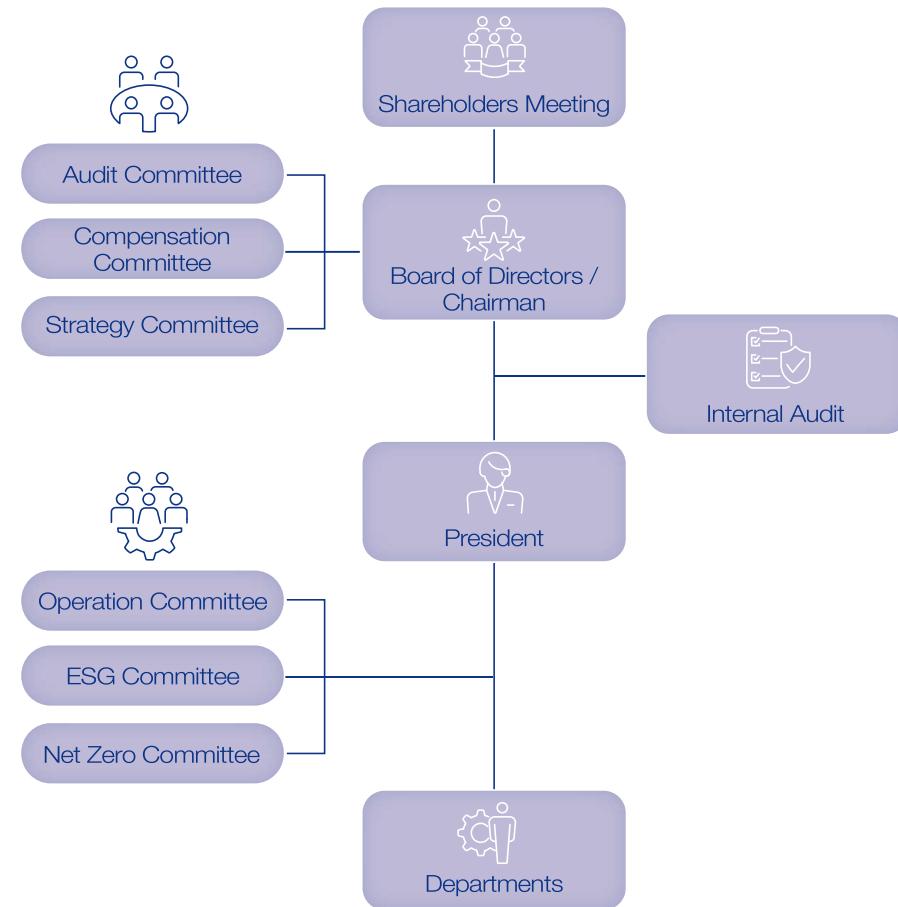
In addition, risk management awareness is also included as one of the performance evaluation indicators for all managerial positions. In performance assessments, risk management is integrated into executives' key performance indicators (KPIs) and linked to rewards. We also encourage employees to regularly review risk management and continuously improve. The risk awareness assessment index encourages managers to calculate risks in order to drive continuous innovation for themselves and their colleagues. Furthermore, it is necessary to assess the potential risks of all new initiatives and make

Risk Management Scope of GUC

- Intellectual property management plan
- Cybersecurity risk
- Contractual Risk
- Product quality and competitiveness
- Climate change and environmental risk management emergency response
- Operational risk

every effort to mitigate these risks. Through risk awareness and management strategies, we ensure that our business operates within the legal boundaries in the most effective manner possible. This is also part of our commitment to ESG, as we strive to create a sustainable and responsible business environment.

Risk Management Framework of GUC



Risk Management Organization

GUC has established Audit Committee, Compensation Committee, and Operation Committee to prevent and control risks that may arise during the management process, and to formulate relevant precautionary measures. Below are our more detailed risk management implementation guidelines.



Audit Committee

The main responsibility of the Audit Committee is corporate risk management. The Audit Committee is composed of five independent directors appointed by the shareholders' meeting. It meets at least once every quarter and is responsible for the following functions: reviewing the Company's financial statements, the appointment and independence of the CPA, monitoring the effective implementation of internal controls, ensuring compliance with relevant laws and regulations, and effectively managing and controlling existing or potential risks.



Compensation Committee

The Compensation Committee evaluates and reviews the allocation ratio of compensation for the senior management team and employee remuneration. The committee has formulated the table of "The Total Remuneration of Directors, President, and Vice President as a Percentage of the After-Tax Net Profit in Individual or Separate Financial Statements". Please refer to the Company's "2023 Annual Report." The committee evaluates and reviews the rationales of the salaries and rewards according to the individual capabilities and contributions to the Company, and performance of the management team, ensuring that the total rewards system balances the interests of all stakeholders and effectively attracts and retains talent.

Director's annual total remuneration includes director's rewards, salary, and bonuses (the latter two only apply to those who are also employees); the remuneration for senior executives includes salary, bonuses, and retirement benefits, which are disclosed regularly in the Company's annual report. The committee has independent directors who provide external diverse perspectives and opinions, and at least four meetings are held each year to review and ensure the competitiveness and reasonableness of compensation.



Strategy Committee

GUC established the Strategy Committee starting from 2022. The 1st Strategy Committee is composed of 5 independent directors and served from October 27, 2022, to May 13, 2023. The 1st session of the 1st Strategy Committee was held on December 1, 2022 to discuss future operational strategies and policies. All committee members attended the meeting in its entirety. After the 2023 board election, the 2nd Strategy Committee is composed of all directors and serves from May 18, 2023, to May 18, 2026. The 1st and 2nd sessions of the 2nd Strategic Committee Meetings were held on May 18, 2023, and December 7, 2023, respectively, to discuss future operational strategies and policies.

The Strategy Committee of the Company is composed of all directors. The responsibilities of this committee include planning and overseeing the following matters:

- The Company's growth strategy includes short-term, medium-term, and long-term development goals and strategies.
- Significant investment and merger plan
- Risk management issues
- Other important strategy issues

The Strategy Committee holds two meetings per year to primarily discuss the Company's long-term strategy and the execution of risk management, as well as the strategies for various target markets and products. Additionally, the committee proposes items that need to be considered and evaluated during business expansion, providing reference for the Company's management team.



Operation Committee

Meetings are held every two weeks to review the implementation of the Company's business strategies and the achievement of operational goals. The meetings are chaired by the President, and reports are presented by the business units and production management units after consolidation. Assess and provide countermeasures for potential risks that could significantly impact the operational plan, and report to the Board of Directors after consolidation by the Chairman of the Operation Committee.

Operation Committee 2023 Annual Operations Report:

- The division level of the Company have reported to the Operation Committee on the risk control situation related to their respective responsibilities, in accordance with the annual plan.
- The President of our company reported to the board of directors on February 2, 2023, regarding the company's long-term plans and significant potential risks, as well as the corresponding measures to address them.
- The Company's legal director reported to the board of directors on October 26, 2023 regarding the Company's contract risk management policy and intellectual property management plan.



ESG Committee

The main responsibilities of the ESG Committee are: (1) Propose a mission or vision for sustainable development and to formulate policies, systems, or relevant management guidelines for sustainable development.(2) Incorporate sustainable development into the company's operational activities and development direction, and establish specific plans for promoting sustainable development.(3) Ensure the timeliness and accuracy of disclosure of information related to sustainable development.



Net Zero Committee

To effectively manage the business risks brought about by climate change, GUC established the Net Zero Committee in 2022, convening meetings twice a year. The main responsibilities include planning and implementing greenhouse gas inventory, energy conservation and carbon emission reduction, establishment and procurement of renewable energy, and guidance on carbon emission reduction in the supply chain based on international standards such as CDP, SBTi, and TCFD. The goal is to achieve net-zero emissions by 2050, with continuous monitoring and control using scientific methods.

Results of GUC's 2023 Risk-Related Training

Risk Scope	Content	Frequency	Trainees
Risk Management of Confidential Information Leakage	Information Security Training	Twice a year	All employees, training completion rate 100%
Legal Compliance Risk Management	Ethical Corporate Management and Code of Conduct	Once a year	All employees, training completion rate 100%
	Emergency Evacuation Drill	Once a year	A total of 382 employees from the Hsinchu headquarters participated in the training.
Environmental Safety Risk Management	Self-Defense Firefighting Unit Drill	Twice a year	A total of 38 employees from the Fire Brigade participated in the training.
	Prevention of Workplace Unlawful Infringement Training	Once a year	All employees, training completion rate 100%

3.4.2 Various Risk Management Measures

To effectively identify and manage operational risks, GUC has established the Risk Management Policy, Risk Management Procedures, Subsidiary Supervision Procedures, Internal Control Statement, and Group Enterprise, Specific Company, and Related Party Transaction Procedures to establish a risk control mechanism with affiliated companies. In addition, the Company has also established the GUC's "Procedures for Ethical Corporate Management and Guidelines of Conduct", which prohibits internal personnel from trading securities with undisclosed information in the market.

To enhance employee cohesiveness and company atmosphere, GUC has established the "Global Unichip Corp. Grievance Policy" to safeguard the legitimate rights and interests of employees, develop a sound labor-management relationship, and improve the management system. We have also established the "Global Unichip Corporation Whistle Blowing Policy" to clearly establish the company's whistleblowing channels and investigation procedures, and to safeguard the company's legal rights and interests.

In terms of protecting information security and personal data, GUC has established the Proprietary Information Protection (PIP) Policy, which outlines the management procedures and regulations for protecting confidential information within the company. This policy ensures the proper control of the Company's trade secrets and undisclosed confidential information to safeguard the best interests of the Company, shareholders, employees, customers, and suppliers.

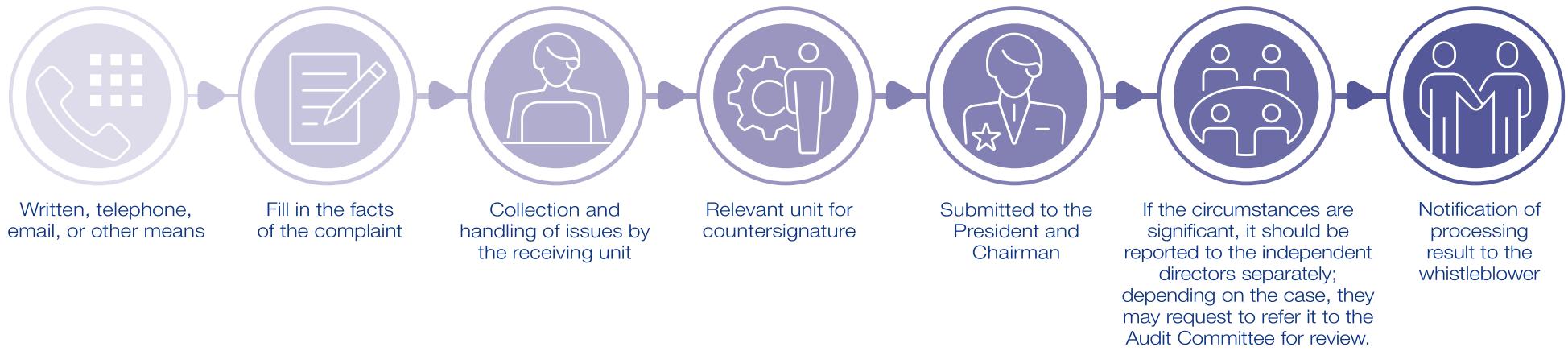
Critical Event Communication

To protect the rights and interests of employees, promote legal compliance, and implement honest business practices, GUC has established written Grievance and Whistleblower Management Policies. Both employees and external individuals can make complaints and reports under protected conditions. After receiving complaints or reports, the Company takes strict measures to protect the personal information of the complainants and informants, and does not impose any adverse actions on them because of the complaints or reports.

GUC Employee or External Stakeholder Grievance Process



GUC Employee or External Stakeholder Whistle-blowing Process



The Data Compilation of Grievance, Reports, and Investigations Received from 2021 to 2023 Summary

Channel	2021	2022	2023
Independent Director Mailbox (Audit Committee)	0	0	1 case ^{Note 1}
Ethical Conduct Reporting	0	0	0
After Investigation, It Was Determined that There Was A Violation of Professional Ethics	0	0	0
Employee Complaint	2 case	4 case	2 case ^{Note 2/Note 3}
Complaints of Sexual Harassment and Unlawful Infringement	0	0	0
Investigated and Established Cases	2 case	0 case	0 case

Note 1: The investigation found that the anonymous report made through regular mail was not based on factual information.

Note 2: Due to the complainant's refusal to participate in the investigation activities, the investigation team was unable to proceed with any procedures or investigations to clarify the contents of the complaint, and therefore, the case was closed.

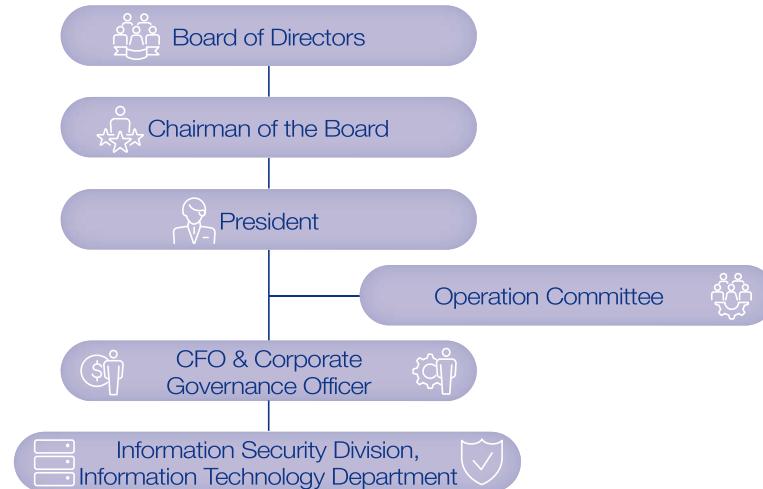
Note 3: The complaint is about convenience in daily life and is not a major complaint case. The responsible department has strengthened the current practices and has got a satisfactory response from the employee.

3.4.3 Information Security Management

GUC's vision for information security is to build a comprehensive defense capability based on the consistency of information security governance, gradually enhancing the ability to protect against all aspects of threats, and creating a robust and effective security defense network. The goal is to become an outstanding company in terms of information security governance maturity. The Information Security Department coordinates the information security system and compliance, and promotes the implementation of related operations, such as establishing information security management standards that comply with regulations and customer requirements, fully implementing the consensus on awareness of information security protection for all employees, protecting the confidentiality, integrity, availability, and legal compliance of company and customer information, and continuously striving to enhance information security awareness and professional capabilities.

Through the use of technology, the Company's Information Security Department identifies information security risks and vulnerabilities, and implements effective strengthening measures to establish a comprehensive governance system and all-round information security protection capabilities. Meanwhile, we are committed to cultivating a strong sense of information security awareness among our colleagues to ensure the organization's collective attention and participation in information security. This will help ensure that GUC maintains a robust and reliable cybersecurity defense system in an ever-changing information security environment.

Information Security Management



Information Security Committee

"Information Security Committee" is responsible for implementing information operation security management planning, establishing and maintaining an information security management system. The information security supervisor oversees the execution of information security operations and the effectiveness of the information security risk management mechanism throughout the Company. They report to the Chief Financial Officer and the Governance Director, and must present the overall effectiveness of information security management organization, related information security management operations, and system execution results at the quarterly senior management meeting and the annual board of directors meeting. The "Information Security Representative Conference" is held annually to review the development plans, implementation results, and communication of relevant information security policies and implementation guidelines.



Committee for Confidential Information Protection (PIP Committee)

The PIP Committee is composed of representatives appointed by department heads from the entire Company, including global subsidiaries. The committee is chaired by a vice president-level executive and holds quarterly meetings to discuss, establish, audit, and promote the Company's confidential information control operations. Protecting confidential information is GUC's commitment to customers, shareholders, and colleagues' recognizes that the protection of confidential information is critical to the Company's current and future competitive advantages. Therefore, the Company has formulated the "Proprietary Information Protection (PIP) Policy," which outlines the management procedures and regulations for protecting confidential information within the Company. This policy ensures the proper control of trade secrets and other confidential information not disclosed to the public, thereby safeguarding the best interests of the Company, shareholders, employees, customers, and suppliers.

The protection of confidential information at GUC is continuously strengthened through the management cycle of Plan-Do-Check-Act (PDCA), which includes planning, execution, auditing, and action. This approach aims to enhance the ability to protect confidential information, improve employees' understanding and awareness of confidential information protection, and reduce the risk of information leakage. In addition to incorporating relevant content on confidential information control into the mandatory training program for new employees, all staff members are required to undergo two annual information security education refresher courses to continuously enhance and elevate their awareness of information security. To enhance employee awareness and capabilities in information security, GUC implements comprehensive training programs. Through daily work and various occasions, the concept of confidential information and compliance measures are advocated. Additionally, management methods are established to incorporate information security and integrity into employee performance evaluations, thereby emphasizing the importance of protecting confidential information.

PIP Training	2021	2022	2023
Total Number of Employees for the Year	757	759	819
Completion Ratio	100%	100%	100%

Note: The number of employees refers to the total number of employees who should receive training during the year, not the total number of employees at the end of the year.

The PIP Committee conducts regular audit activities every quarter to ensure the implementation of the Company's measures for protecting confidential information. In response to PIP violations, management regulations will be established, a reporting system will be implemented, and investigations and disciplinary actions will be conducted according to the nature and severity of the violations. Necessary corrective measures will be taken, and continuous promotion and training will be conducted. The following table lists the PIP violations over the years. Information Security and Privacy Protection: The overall violation rate of employees due to non-compliance with confidential information protection procedures is 0.122% in 2023. The Company did not incur any losses due to significant information security incidents in 2023

Violation of PIP	2021	2022	2023
Number of Employee Violations	6	1	1
Number of Violations by Outsourcing Vendors	0	0	0

Response Strategies for Information Security Risk Management Framework

To address the increasingly complex and evolving challenges of information security, GUC has carefully designed four key strategies within its information security risk management framework. These strategies include enhancing security defense capabilities and maturity assessment, improving security management processes, providing security education and training, and remaining vigilant against emerging risks. The following provides a more detailed description of these four strategies.

1. Enhancing Cybersecurity Defense Capability and Maturity Assessment

To ensure the robustness of the information security system, GUC regularly conducts security system testing and reinforcement. It also conducts at least two operational contingency drills every year to ensure that in the event of abnormality in critical systems, prompt recovery can be achieved, minimizing the impact on operations. At the same time, establish a network security incident response plan and take corresponding notification and recovery actions. Simultaneously, conducting risk analysis and enhancing the information security management system based on objective results and threat

intelligence verified by third parties. The expected target for the 2023 Security Scorecard was 95 points. The score increased from 99 points to 100 points starting from January 2023 and will be maintained at this target every month.



The frequency of external vulnerability scanning has increased from once a month since the end of 2022 to once a week as of the current year 2023. High-risk vulnerabilities are patched within one week of discovery. From the 7th week of 2023 until the end of the year, there have been no external vulnerabilities detected.

2. Enhancing Information Security Management Process

GUC has complied with the ISO27001 international standard for information security in 2021 and obtained certification. Through annual review operations, continuous improvement has been conducted. The ISO 27001 review for the year 2023 has also been successfully completed. In response to the International Organization for Standardization (ISO) officially announcing the ISO/IEC 27001:2022 standard on October 25, 2022, GUC is preparing for the transition of the Information Security Management System (ISMS) and expects to complete the new version certification process in October 2024.



3. Information Security Training

GUC continues to implement employee cybersecurity training to enhance their awareness and capabilities to reduce risks. In addition to including the content related to the control of confidential information as a mandatory training course for new employees, we also hold various drills and awareness campaigns every year to continuously strengthen and

enhance employees' awareness of information security. The following are the Company's drill and awareness initiatives.

- Conduct two social engineering attack simulation drills annually, targeting colleagues who have not passed or have failed twice consecutively. They must participate in additional cybersecurity training to enhance employee awareness of email protection.
- Quarterly cybersecurity awareness campaigns are conducted for all employees, with the topics planned based on current internal and external threat situations.
- All employees are required to undergo PIP cybersecurity education refresher training twice a year.

4. Be Alert to Emerging Risks

ChatGPT emerged on November 30, 2022, as a generative AI with powerful learning capabilities. With its vast database, it can provide many convenient services, such as automatically generating reports and correcting code errors. The model is continuously trained using user input data. However, there are concerns about the potential leakage of sensitive company information if colleagues input confidential data into ChatGPT.

Due to ChatGPT's powerful data aggregation and analysis capabilities, the semiconductor industry has experienced several instances of data leakage, such as uploading program source code to ChatGPT for error fixing, inadvertently exposing highly confidential application code; inputting test modes for identifying defective chips and requesting ChatGPT to improve, but the test sequences for identifying defects must be strictly confidential; converting meeting records into files and handing them over to ChatGPT to generate report documents.

To prevent the leakage of confidential information, GUC has implemented a restriction on the maximum number of input characters for company computers connecting to ChatGPT to prevent the massive leakage of data. Meanwhile, we are evaluating the Microsoft Open AI commercial version to ensure that customer data is not used to retrain the models. We will also implement a dedicated web page for querying to prevent the possibility of data leakage. In addition, we are also evaluating open-source large-scale language model solutions, such as Meta Llama 2 LLM, to establish an internal proprietary AI system, further enhancing our control and protection of data.