



Partnership Prosperity 5

5.1 Green Supply Chain

5.2 Supplier Sustainability
Management Principles

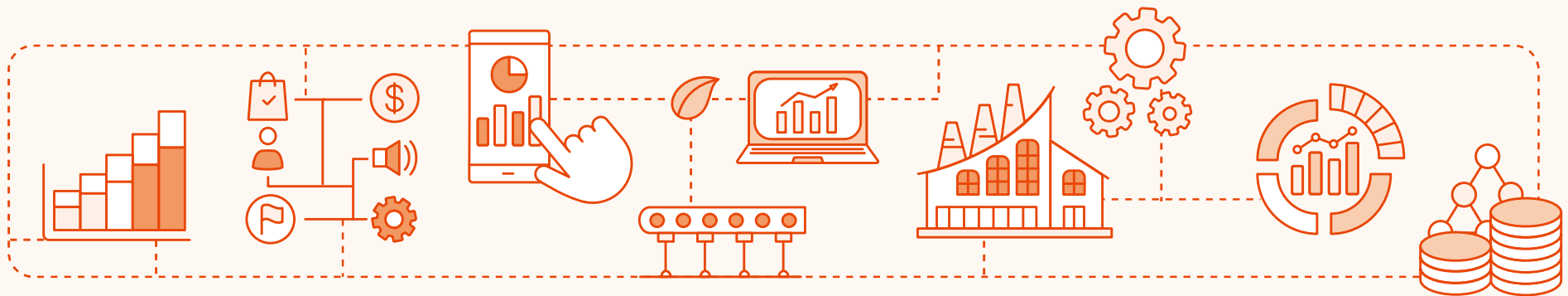
5.3 Supplier Risk Management

5.4 Supplier Evaluation and
Development

5.5 Supply Chain and Environment

Key Results and Strategies

Strategic Approach	Commitment	KPI	2023 Goals and Performance
Green Supply Chain	Localization procurement plan: Local procurement amount ratio (%)	80%	<ul style="list-style-type: none"> 88.6% Local procurement amount: NT\$156 billion
Supplier Sustainability Management Principles	Tier-1 supplier completion rate of RBA Code of Conduct signing (%)	100%	<ul style="list-style-type: none"> 100% Tier-1 Supplier Completion of RBA Code of Conduct signing
Supplier Risk Management	Assessment of geopolitical risk key management principles and political resilience to strengthen supply chain sustainability	100%	<ul style="list-style-type: none"> 100% Tier-1 significant suppliers address geopolitical risks by expanding manufacturing facilities beyond China and Taiwan, thereby achieving risk diversification objectives.
Supplier Evaluation and Development	Tier-1 significant suppliers completion rate of esg sustainability management & risk assessment survey and evaluation (%)	100%	<ul style="list-style-type: none"> 100% Tier-1 significant suppliers Completion of ESG Sustainability Management & Risk Assessment Survey and Evaluation, with no significant risks identified
Supply Chain and Environment	Establish "Biodiversity Commitment" as a performance indicator and goal for both the company and Tier-1 significant suppliers.	100%	<ul style="list-style-type: none"> 100% All Tier-1 significant suppliers sign a Biodiversity Commitment survey document.



5.1 Green Supply Chain

Climate change and global warming are global issues impacting humanity, ecosystems, and the Earth's environment. Therefore, GUC manages and responds to these challenges by promoting and implementing initiatives such as "Planning and conserving energy resources to reduce greenhouse gas emissions" and "Waste reduction management." By fulfilling corporate social responsibility, we enhance the overall image of the Company, reduce operational costs, and ensure sustainable development.

GUC systematically implements environmentally friendly sustainable business principles through management systems. We not only internalize the RBA Code of Conduct as internal behavioral guidelines but also establish the Responsible Business Alliance (RBA) Code of Conduct Committee, which reports directly to the Operations Committee. The RBA Committee convenes regular meetings to assess, review, and implement the code of conduct.

Through the operation of the Environmental and Safety Department and the RBA Committee, GUC is committed to reducing its impact on natural resources and minimizing environmental pollution. The Company quantifies and discloses environmental information, recording the procurement of electricity, renewable energy, water resources, and the use of various raw materials. Long-term information recording and disclosure help us annually review our environmentally friendly measures and progress towards our established goals. Furthermore, the Company actively responds to climate change by implementing action plans to reduce natural resource consumption. These actions include improving product energy efficiency, green supply chain management, raw material and waste management, reducing product packaging and promoting recycling, cloud-based office solutions, reducing carbon dioxide concentrations at operational headquarters, and enhancing energy efficiency.

5.1.1 Value Chain Greenhouse Gas Emissions

As the issue of global climate change continues to escalate, GUC is actively paying attention to the greenhouse gas emissions and related management in supply chain, and has adopted with taking action. When conducting an inventory of greenhouse gas emissions, GUC pays attention to the emissions of products, and have implemented verification measures to cooperate with the supply chain to carry out actions. For example: GUC ICs have changed to Laser marking from Ink process. In the future, GUC will continue to play our role influencing suppliers to reduce their greenhouse gas emissions and will help create a green and sustainable supply chain.

Value chain greenhouse gas emission intensity

Project	2020	2021	2022
Supply Chain Greenhouse Gas Emission Intensity (Unit: tCO ₂ e/Revenue (NT\$M))	3.0	2.0	4.0
Total annual revenue (NTSM)	13,569	15,108	24,040

Note 1: The carbon intensity of suppliers (OSAT and TSMC) is calculated as "CO₂ emissions / GUC revenue" = 96760 / 24040 = 4.0. The purpose of calculating carbon intensity is to observe the trend of carbon intensity "CO₂e / NT\$ million" and continuously request suppliers to take carbon reduction actions. Under the condition of revenue growth, the carbon emission growth rate will be smaller than the revenue growth rate, thereby achieving the goal of gradually reducing greenhouse gas emissions intensity in the supply chain.

Note 2: The increase in greenhouse gas emissions intensity in the supply chain in 2022 was due to suppliers changing the calculation method for greenhouse gas allocation. In addition to production units, non-production units such as research and development centers and support units were included in the calculation, expanding the scope of greenhouse gas emissions data coverage. This change better reflects the actual carbon emissions situation of advanced processes and has been verified by third parties.

5.1.2 Supply Chain Biodiversity Commitment and Zero Deforestation Declaration

GUC, in its commitment to ecological resource conservation, has formulated the "Biodiversity Commitment and Zero Deforestation Declaration," setting it as a performance indicator and goal for both the Company and Tier-1 significant suppliers. The aim is to enhance the positive impact of the entire value chain on biodiversity conservation, encouraging suppliers to assess biodiversity risks at their operational sites to reduce negative environmental impacts. Together, we seek to mitigate potential harm to biodiversity and implement best practices for zero deforestation. Through the Biodiversity Commitment survey, Tier-1 significant suppliers are required to adhere to the following commitments for protecting ecological resources:

- Pledge to refrain from conducting operational activities in or near significant biodiversity areas in the future.
- If existing operational activities or products and services provided involve forest clearing, commit to implementing compensatory measures for forest restoration and terminating any future development activities.
- Commit to ensuring that operational activities and products and services provided meet the standards of zero deforestation, and supervise compliance with regulations through the operation of internal environmental management systems.
- If areas surrounding existing operational activities are identified as biodiversity hotspots, commit to proposing mitigation measures (including avoidance, mitigation, restoration, and compensation).
- Conduct periodic ecological surveys and impact assessments around operational activity sites.
- Collaborate with external partners to fulfill these commitments.

5.2 Supplier Sustainability Management Principles

GUC strives to promote environmentally sustainable development and lead by example in protecting the environment by complying with third-party verification and regulations, and we also extend this principle to our suppliers so that we can grow steadily with environmental sustainability in mind. We require our suppliers to act in accordance with

the supplier compliance guidelines established by GUC to improve labor, human rights, safety and health, environmental protection, business ethics and management system performance, and to continuously reduce the risk of business interruption.

Objective	Short-term	<ul style="list-style-type: none">• Work with Tier-1 significant suppliers to reduce greenhouse gas emissions by more than 2% annually.• 100% signatory code of conduct for Tier-1 significant suppliers by 2023 (based on RBA specifications)	Specific Achievements
	Medium to long term	<ul style="list-style-type: none">• Rspnd to domestic and international green and carbon reduction initiatives, exert influence on suppliers, and take stock of suppliers' greenhouse gas emissions and management measures.	
How to Manage	Responsibility	<ul style="list-style-type: none">• Authority: Operations Department• External Responsibility: Cooperating suppliers	
	Resources	<ul style="list-style-type: none">• The Vice President of Operations is the commander. In addition to the direct staff of the responsible unit, the Human Resources Department and the Employee Facility Services Department will also send staff to assist in the auditing needs.	
	Communication Pipeline	<ul style="list-style-type: none">• Monthly meetings with suppliers to exchange ideas, and at the end of the year, the ESG Excellence Contribution Award is presented to recognize and reward outstanding contributions.	
	Evaluation Mechanism	<ul style="list-style-type: none">• Code of Conduct Compliance Rate• Supplier ESG risk assessment results• Field audit ratio• Supplier response ratio	
			<ul style="list-style-type: none">• Code of Conduct 100% of Tier-1 significant suppliers complete the signing of the Supplier Code of Conduct.• Supplier Social Responsibility Assessment (CSR) 2023 Audit all Tier-1 significant suppliers to achieve Level B or higher, and conduct counseling and communication• Conflict Minerals Ensure that suppliers provide products from reliable• Local Procurement Local purchases will account for 88.6% of the total purchases in 2023 and amount to NT\$15.6 billion• GUC Influence GUC will set targets and include them in the annual supplier CSR assessment, with continuous communication and encouragement to guide suppliers to continuously improvements. At the end of the year, the ESG Excellence Contribution Award will be presented to recognize and reward outstanding contributions.

As a global leader in IC design services, we have introduced a series of green and energy conservation activities to our direct suppliers to avoid environmental pollution caused by raw materials or components. As of 2023, of the 6 suppliers of GUC, 100% have obtained ISO 14001 environmental management system certification or IECQ QC 080000 hazardous material process management system. In addition to ISO 9001, GUC incorporated ISO 14001 certification into its supplier selection criteria in 2022. To achieve a responsible supply chain, 100% of Tier-1 significant suppliers have signed the Declaration of Non-Usage of Harmful Substances. Additionally, all newly added suppliers are required

to achieve 100% completion of the declaration signing. During the reporting period, no significant actual or potential negative environmental impacts from the supply chain occurred.

GUC's main product is wafers, and its main supplier is Taiwan Semiconductor Manufacturing Corporation (TSMC), TSMC is also our largest shareholder and has a long-standing relationship with us, so we have a stable supply of raw materials. In addition, GUC also cooperates with other suppliers. The wafers and packaging materials from

our suppliers must comply with EU RoHS Directive 2011/65/EU and 2015/863 (which bans four additional substances, DEHP, BBP, DBP, DIBP) and the new EU chemical policy (Registration, Evaluation, Authorization, and Restriction of Chemical substances [REACH]). GUC extends the green policy and concept to the whole supply chain. All new suppliers must meet GUC's RBA requirements and sign a declaration of compliance to become a qualified supplier.

GUC also requires suppliers to use recycled materials and reduce the use of consumables, both in the factory and in transit. For example, reusing plastic trays for IC products, or using reusable packaging materials such as anti-static "black boxes" to transport products during production to reduce the use of cardboard boxes. Through close cooperation upstream and downstream of the supply chain, GUC has taken various environmentally friendly actions and adopted green materials in all aspects of product

design, manufacturing, and packaging, and has fully integrated environmental awareness into its production and quality management systems.

Concrete Implementation of Responsible Procurement and Enhanced Risk Awareness Measures:

To further deepen ESG risk management in the supply chain, the "Supply Chain ESG Risk Management Committee" has been established, led by the highest operational executive, who heads an execution team to promote and coordinate the implementation of risk plans across various operational units. The execution team is responsible for convening regular meetings of the risk management committee, formulating supply chain sustainability management strategies, setting medium- and long-term management goals and action plans, and reporting on the implementation status of various risk management initiatives to the risk management committee.

Organizational chart of GUC Supply Chain ESG Risk Management Committee



5.3 Supplier Risk Management

5.3.1 Supply Chain Sustainability Management

GUC conducts risk assessments of suppliers on a regular basis each year to confirm the risk level of our partner suppliers. Suppliers are required to pass engineering assessments and system audits, especially for Tier-1 significant suppliers. In addition to regular QBR reviews on quality, delivery, service, technical support, information interaction, etc., ESG sustainability issues are also added to assess each supplier's risk level. If a supplier's risk assessment level is D, the supplier is classified as a "high-risk supplier" and is required to have countermeasures and follow-up control and review.

The annual audits of Tier-1 significant suppliers were conducted in accordance with the regulations, and the survey results all reached the level of B (Good) or above.

Suppliers Audits - Regular Evaluation Operation

Category	Major Audit Deficiencies	Key Improvement Results
Supplier audits	<ul style="list-style-type: none"> The New Product Introduction (NPI) checklist does not fully comply with the Standard Operating Procedure (SOP) document specifications. 	<ul style="list-style-type: none"> The supplier has updated documents to comply with the actual operating procedures for NPI.
	<ul style="list-style-type: none"> The Corrective Action Request (CAR) omitted updating/uploading to the ECAR system, failing to enforce Rule for relevant department review and closure. 	<ul style="list-style-type: none"> The supplier has added the omitted CAR to the ECAR for completion of review and closure according to specification requirements.
	<ul style="list-style-type: none"> The laser power for laser engraving diminishes with increasing production time, but the specification document does not define the requirement for regular power calibration. 	<ul style="list-style-type: none"> The supplier has completed specification OI-00-325, adding the execution of laser power calibration cycle.
	<ul style="list-style-type: none"> Alignment plates are used for confirming the alignment of heat sinks, but there are no defined specifications for the alignment fixtures (alignment plate & base). 	<ul style="list-style-type: none"> The supplier has established the alignment plate PM rule in the system.

Supplier Audit and Evaluation System

Grade	Score	Levels	Handling
A	≥ 90	Excellent	Can be adjusted to audit once every two years
B	80 ~ 89	Good	Annual audits and coaching
C	70~79	Normal	Annual auditing and requesting suppliers to improve by the deadline
D	< 70	Bad	The quality management department and the relevant departments will discuss whether to continue to use this supplier, and if it necessary to continue to use it, the supplier will be asked to make improvements immediately. If there is no demand, the qualified supplier qualification will be cancelled.

5.3.2 Supplier Screening

To manage the sustainability risk of suppliers consistently, GUC adopted measures to verify supplier's annual procurement amounts, quantities, and content, suppliers are classified into 3 categories. We have defined the criteria for Tier-1 significant suppliers as those whose processing payment amounts account for the top 80% or whose quarterly shipment quantities reach 1 million units. For both Tier-1 and non-Tier-1 suppliers, we have established standards and requirements that align with their processing items or service responsibilities. As of December 2023, we also performed sustainability risk assessment to 6 Tier-1 significant suppliers, response rate reached 100%

Considering the various risks that might occur during operation, GUC shall follow up on the risk status of these suppliers and perform further risk control, additionally, the non-Tier-1 significant suppliers were identified as required, and the definition of non-Tier-1 significant suppliers is (note 1). We will continue to monitor the risk status of non-Tier-1 significant suppliers and establish comprehensive risk management measures.

2023 Supplier Screening & Total number of Suppliers and Supplier Distribution by annual procurement amount

Type of Supplier	Number of suppliers	Supplier Distribution by annual procurement amount	Percentage of suppliers that have already signed RBA Code of Conduct
Total Tier-1 suppliers	40	25.9%	100%
Tier-1 significant suppliers	6	74.1%	100%
non-Tier-1 significant suppliers	12	-	100%



Note 1 Supply to more than two Tier-1 significant suppliers or the supplier who transact through agents.

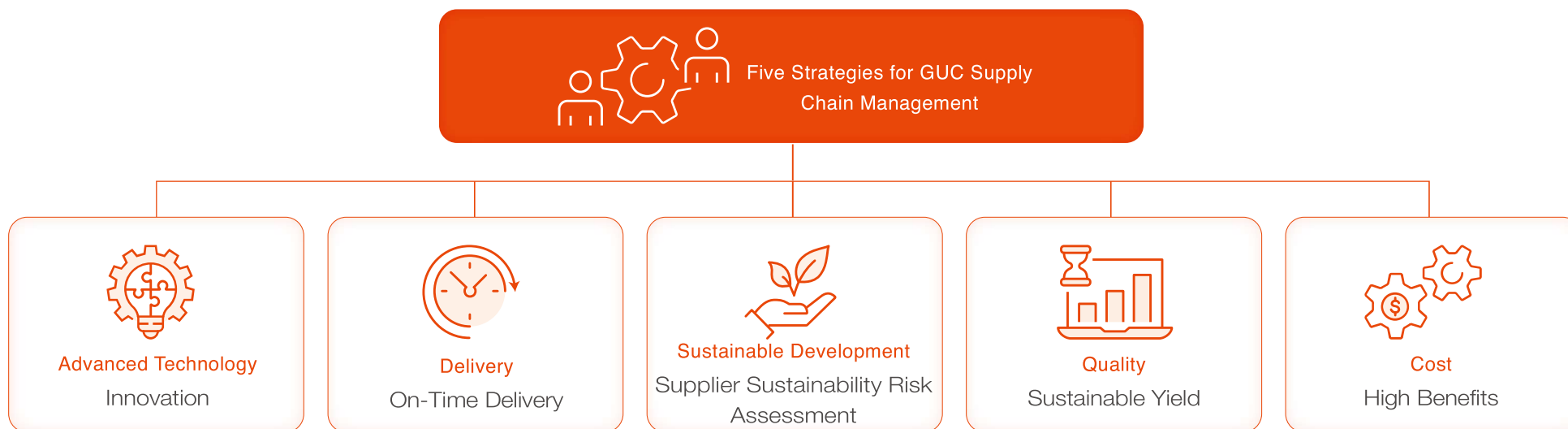
GUC Supplier Identification and Supplier Sustainability Risk Assessment Process

Management Procedure	Risk Levels and Targets for Sustainability Risk Investigations	Sustainability Assessment Mechanism	Execution Content
① Supplier Implementation	New Supplier Establishment	Proactive assessment, conducting initial risk identification based on supplier region and procurement amount	<ul style="list-style-type: none"> Ensuring supplier operations comply with RBA Code of Conduct Supplier operational management Technical capabilities
	Supplier Risk Assessment	Define supplier risk matrix and classification measures based on the results of the Tier-1 supplier SAQ survey, supply chain resilience, and transaction amount	<ul style="list-style-type: none"> Signing of the "GUC Supplier Code of Conduct" RBA Code of Conduct Ethical Practices
② Sustainability Assessment	Risk assessment of Tier-1 significant suppliers	Tier-1 significant suppliers are defined as those whose processing payment amounts account for the top 80% or whose quarterly shipment quantity reaches 1 million units	<ul style="list-style-type: none"> Regular QBR evaluations Signing of the "GUC Supplier Code of Conduct" RBA Code of Conduct Ethical Practices Supplier ESG Sustainability Management Risk Assessment Questionnaire Form
③ On-site Audits and Regular Meetings	Continuous Improvement by Suppliers	Through on-site or written audits, we verify the implementation results of suppliers, comparing them with the validity of various standard certificates, tracking their self-assessment reports and closure follow-ups to ensure that their operational practices meet the requirements of sustainable management	<ul style="list-style-type: none"> Review is conducted on aspects such as quality, delivery time, service, technical support, and information interaction ESG Sustainable Management Assessment Suppliers who pass the risk assessment (≥ 70 points) are classified as preferred procurement targets. Excellent suppliers are selected and awarded the "Annual Excellent ESG Supplier Award."
④ Implementing evaluation management and exit mechanism	High-risk suppliers	Suppliers who fail the on-site audit twice	<ul style="list-style-type: none"> Suppliers who fail the re-examination of issues identified during on-site audits or commit major violations will have their transaction volume reduced or their transactions terminated.

5.3.3 Supplier Sustainability Risk Assessment to Tier-1 Significant Suppliers

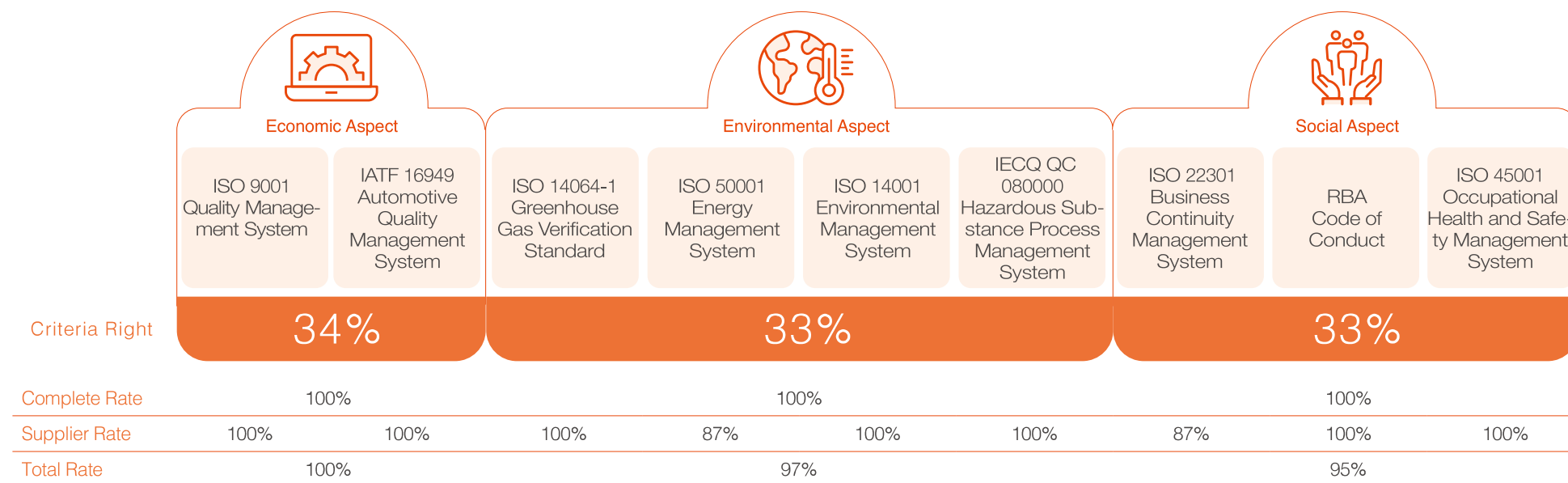
In 2023, GUC conducted assessments on 6 Tier-1 significant suppliers. Based on the results of the supply chain sustainability risk investigation and evaluation, none of the Tier-1 significant suppliers were classified as level D high risk suppliers in the 2023 audit.

Five Strategies for GUC Supply Chain Management



Supply Chain Certification

GUC implements the following management systems to address potential risks across economic, environmental, and social dimensions during ESG risk assessments:

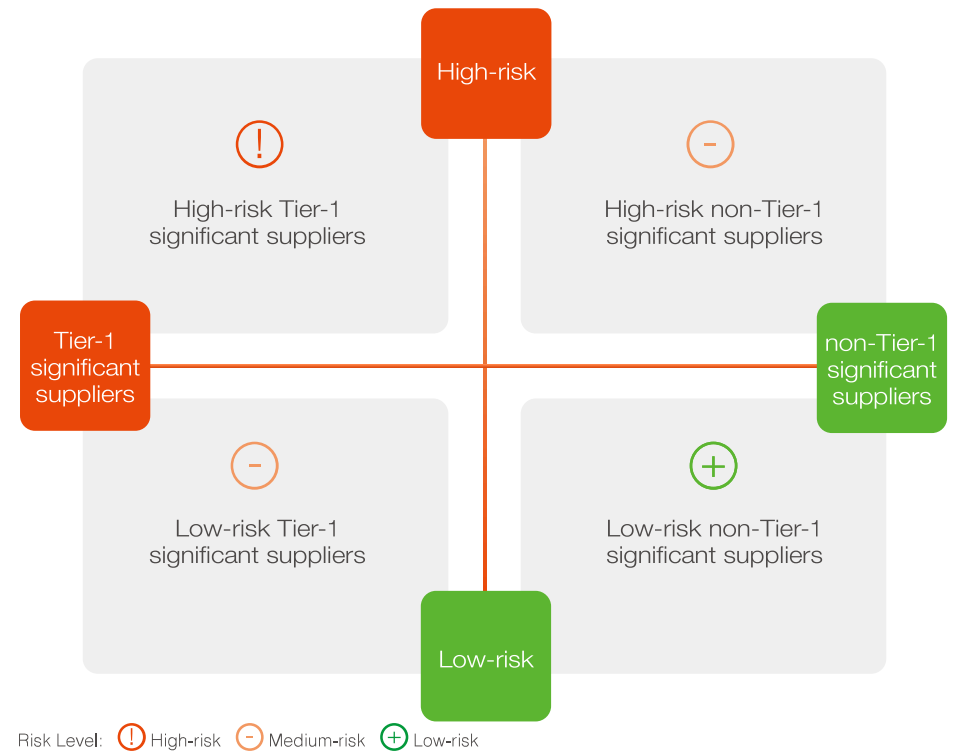


RBA SAQ Risk Assessment

GUC is a member of the Responsible Business Alliance (RBA). The risk of GUC is assessed through the RBA Online platform to prevent potential risks from occurring. In 2023, GUC completed the Self-assessment Questionnaire (SAQ), and the assessment results indicated a "low-risk" level. Additionally, its significant suppliers were requested to complete the RBA self-assessment questionnaire for risk assessment purposes. Every year, the risk ratings obtained by suppliers are regularly reviewed to incorporate them into the overall supply chain risk assessment of GUC.

Supplier Risk Matrix and Classification

GUC utilizes a "Supplier Risk Matrix" to map the probability and impact of risks to the corresponding risk levels. Audits, either onsite or remote, are conducted in six major areas: Supply Chain Operational Risk Management, Quality, Occupational Health and Safety Management, Water/Carbon/Energy Management, Hazardous Substances and Waste Management, and Labor Protection. Potential risks are identified, and suppliers are requested to propose improvement plans and schedules to enhance their awareness of self-management. Through comprehensive strategies, GUC can more effectively address risk challenges.



Supplier Operational Risk Management and Classification	High-risk Tier-1 significant suppliers	Low-risk Tier-1 significant suppliers	High-risk non-Tier-1 significant suppliers	Low-risk non-Tier-1 significant suppliers
Signing of the "GUC Supplier Code of Conduct"	●	●	●	●
Supplier Self-Assessment Questionnaire (SAQ) Evaluation	●	●	●	●
Annual Business Continuity Plan (BCP) Survey	●	●	●	●
Regular Supplier Audits	●	●		
Supplier ESG Sustainability Management & Risk Assessment Questionnaire Survey	●	●		

Performance of Supplier Risk Assessment

GUC invites its Tier-1 significant suppliers partners to work together on the vision of sustainability with a particular focus on the GUC Supplier Code of Conduct, the Non-Use of Conflict Minerals Pledge, the Supplier ESG Sustainability Management & Risk Assessment Questionnaire, among other important issues. In 2023, we completed the first phase of the survey and 100% of Tier-1 significant suppliers signed, indicating their full support the RBA requirements, and pledging that they will not use conflict minerals among other commitments and goals




Supply Chain Monitoring and Responsibility Assessment Survey

"Supply Chain Monitoring and Responsibility Assessment Survey" is a part of GUC's implementation of sustainable supply chain risk management. Our sustainability team identifies 12 main themes based on various trends in sustainability issues and incorporates them into the "Supplier ESG Sustainability Management & Risk Assessment Questionnaire." These themes are categorized into three dimensions: economic, social, and environmental. This strengthens the establishment of supplier management systems, assesses and audits the risks suppliers may face in sustainable development, and then acts appropriately to address them.


From the ESG risk assessment questionnaire, the performance of suppliers is evaluated based on three risk management dimensions: economic, environmental, and social. We compare supplier performance according to weighted criteria, and through auditing, investigation, and improvement measures, we enhance the resilience of the supply chain. We strengthen close cooperation for mutual benefit and prosperity, working together to create sustainability.




12 Sustainable Supply Chain Risk Control Themes

Evaluation Weights	Supplier Management System Dimension	12 Sustainable Supply Chain Risk Management Themes	Annual Audit Items
34%  Economic Aspect	1. Sustainability Management		<ul style="list-style-type: none"> Dept/Org set up for sustainability management Corporate Social Responsibility or Issuance of ESG Reports Response to Carbon Disclosure Project (CDP)
		2. Operation Sustainability	<ul style="list-style-type: none"> ISO 22301 or Business Continuity Management System (BCMS) Related Verification Identification of operational continuity-related risks and formulation of emergency responses Reporting of operational threat incidents
	3. Operation Sustainability Risk Management		<ul style="list-style-type: none"> Policies Related to Risk Management Policies Related to Anti-Corruption and Annual Internal Advocacy and Establishment of Independent Inspection Mechanism Policies Related to Information Security Management
		4. Supply Chain Sustainability Management	<ul style="list-style-type: none"> Verification of Suppliers to Ensure No Violations of Relevant Regulations in the Past 3 Years (e.g., Violation of Company Law, Securities and Exchange Act, etc., Excluding Environmental, Health and Safety, and Labor Rights Events) When selecting suppliers, sustainability (ESG) is considered as a selection criterion. Supplier Code of Conduct or relevant norms are established. Procedures for identifying supplier sustainability risks are defined. The management performance of supplier sustainability risks is audited. Suppliers are required to make improvements regarding the deficiencies identified during audits. Reporting of supplier/supply chain disruption events is conducted.

12 Sustainable Supply Chain Risk Control Themes

Evaluation Weights	Supplier Management System Dimension	12 Sustainable Supply Chain Risk Management Themes	Annual Audit Items
33%  Environmental Aspect		5. Conflict Minerals	<ul style="list-style-type: none"> Commitment to not using conflict minerals, including conducting CMRT (Conflict Minerals Reporting Template) and CRT (Cobalt Reporting Template).
		6. Environmental management	<ul style="list-style-type: none"> ISO 14001 or relevant environmental management system verification Reporting of violations of environmental protection regulations
		7. Carbon management / Energy management (Greenhouse Gas (GHG)) / Energy Management	<ul style="list-style-type: none"> ISO 14064-1 greenhouse gas verification standard verification Greenhouse gas Scope 2 emissions in the most recent year (unit: tCO₂e) Scope 3 emissions for the previous year (unit: tCO₂e) Carbon reduction goals and related measures for the current year ISO 50001 Energy Management System verification
		8. Water Management	<ul style="list-style-type: none"> Ratio of green electricity or renewable energy usage in product-related manufacturing facilities or research centers Is the operating location located in an area with moderate or higher overall water risk? Effectiveness of water resource recycling Water resource reduction targets for the current year Control measures for wastewater discharge or disposal (such as classification, monitoring, control, and treatment)
		9. Hazardous Substance Process Management	<ul style="list-style-type: none"> Verification of IECQ QC 080000:2017 Hazardous Substance Process Management System Implementation of hazardous substance process management education and training Effectiveness of waste recycling Reduction of waste achieved in the current year Are waste disposal facilities licensed and legally registered by the competent authority?

12 Sustainable Supply Chain Risk Control Themes

Evaluation Weights	Supplier Management System Dimension	12 Sustainable Supply Chain Risk Management Themes	Annual Audit Items
33%	 Social Aspect	10. Human Rights	<ul style="list-style-type: none"> Human rights risk assessment/due diligence procedures to identify labor-related impacts/risks Policies/regulations regarding anti-discrimination (including gender, race, religion, etc.) and inhumane treatment (including harassment, abuse, corporal punishment, etc.) Policy/regulation prohibiting the use of child labor Policy/regulation protecting young workers Policy/regulation prohibiting forced labor Policy/regulation allowing workers the freedom of association Identification of significant (salient) human rights issues Identification of vulnerable groups susceptible to human rights impacts (such as women, minorities, disabled persons, indigenous peoples, etc.) Annual execution of human rights education and training
		11. Labor Security	<ul style="list-style-type: none"> Payment of wages compliant with locally established minimum wage regulations Establishment of communication channels or anonymous complaint mechanisms for workers, such as suggestion boxes, complaint hotlines, etc. Proper explanation of labor rights and regulations to employees Incidence of penalties for violations of labor or human rights-related regulations
		12. Occupational Health and Safety Management	<ul style="list-style-type: none"> ISO 45001 certification or verification related to Occupational Health and Safety Management Systems Reporting of occupational injuries or illnesses Reporting of incidents violating labor health and safety regulations

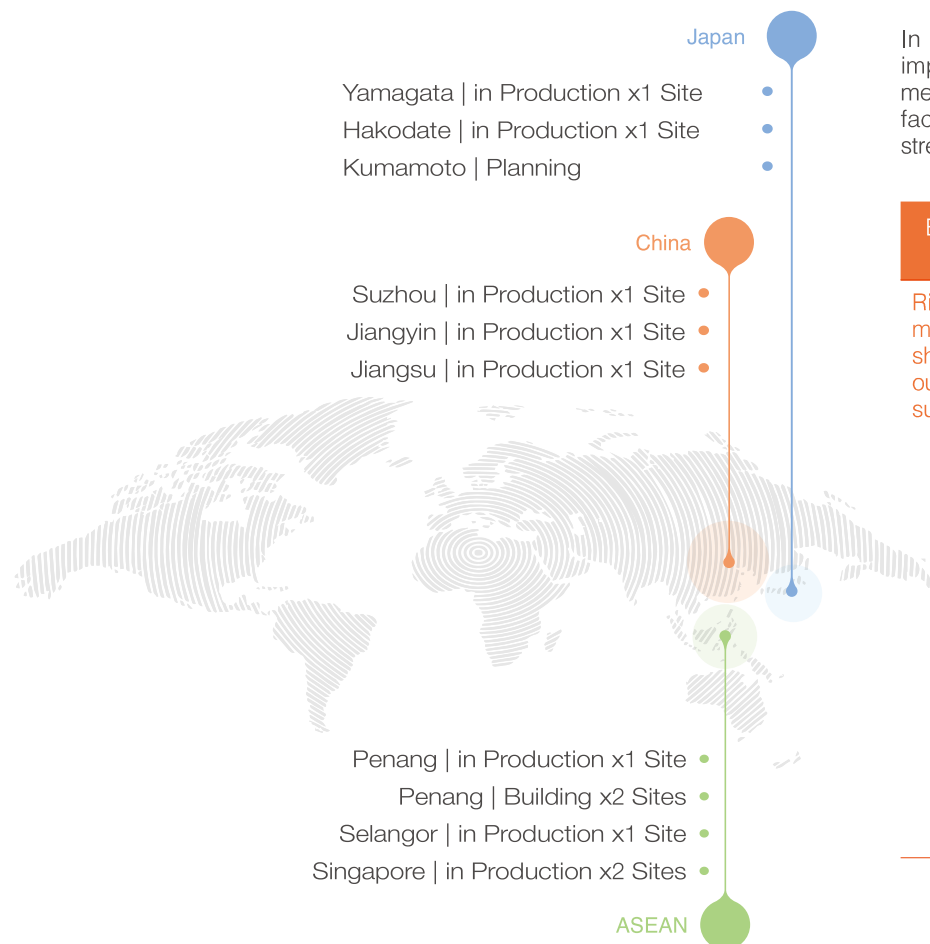
5.3.4 Global Geopolitical Risk Key Management Strategies

Based on this year's Global Risks Perception Survey Ranks, war-induced shortages in raw materials, supply chain disruptions, and high inflation have rapidly escalated the "cost-of-living squeeze" to become the most threatening global crisis in the short term (within the next 2 years). "Natural disasters and extreme weather events" have retained their ranking from last year as the second-most pressing issue, while "geopolitical-economic conflicts" have surged into the top 3 for the first time due to pandemic and war-related factors. Taking a comprehensive view, the World Economic Forum (WEF), based on the survey results, has distilled future global risks into 5 key risk themes (economic, environmental, geopolitical, social, and technological).

In response to these key risk themes and challenges, GUC adheres to the TCFD reporting framework and continuously assesses political, economic, and social risks in emerging markets through the Supply Chain ESG Risk Management Committee. By utilizing regional risk maps, we precisely identify potential risk areas. The Operations Vice Manager, serving as the Chair of the Committee, reviews and evaluates the vulnerability of the Company's operations in different scenarios, and collaborates with suppliers and partners to promote environmental sustainability. We have compiled the types of risks that currently pose potential negative impacts and disruptions to the Company's future operations, as shown in the table below:

Emerging Risks	Risk Description	Potential Impact	Corresponding Strategy
Geopolitical-Economic Conflicts	<ul style="list-style-type: none"> Challenges persist amidst regional disruptions caused by the Russia-Ukraine conflict and tensions in the Middle East. The United States continues to expand its Entity List scope and export control regulations concerning China. Political risks in the Taiwan Strait situation Regional political conflicts leading to trade restrictions and import/export limitations, increasing the complexity of cross-border operations. 	<ul style="list-style-type: none"> Geopolitical risks may introduce policy uncertainties, affecting the Company's long-term strategic planning. Political turmoil can lead to increased trade barriers, adding complexity to cross-border operations. 	<ul style="list-style-type: none"> Conduct comprehensive geopolitical risk assessments, covering factors such as political stability, trade policies, and regional conflicts. Diversified supplier strategy: Adapt to regional risks by establishing a diversified supplier strategy to mitigate risks. Propose a "Global Supply Chain Extension Strategy and Assessment Plan" to reduce reliance on specific regions.
Digital Inequality	<ul style="list-style-type: none"> In high-risk areas, limited access to digital education restricts the application of digital technologies, widening the digital divide and constraining the Company's digital transformation. 	<ul style="list-style-type: none"> Widening technology gap: Digital inequality may result in a widening technology gap, posing a threat to the Company's competitiveness in global markets. Talent shortage: Affecting the Company's digital transformation process. 	<ul style="list-style-type: none"> Technology collaboration: Actively engage in cross-border technology collaboration to promote balanced application. Internal training: Strengthen internal digital technology training for suppliers.
Natural Disasters and Extreme Weather Events	<ul style="list-style-type: none"> Earthquakes, hurricanes, and other natural disasters can potentially damage production facilities, leading to production interruptions. Global warming may result in fluctuations in natural resource prices, increasing production and transportation costs. 	<ul style="list-style-type: none"> Production Interruptions: Natural disasters can lead to production interruptions, impacting supply chain stability. 	<ul style="list-style-type: none"> Climate Risk Assessment: Implement climate risk assessments and develop contingency plans. Green Infrastructure: Promote investments in green infrastructure to enhance environmental sustainability of the Company.
Economic Crisis and Social Turmoil	<ul style="list-style-type: none"> Due to economic instability and social unrest, suppliers are unable to operate normally, leading to supply chain disruptions. This results in decreased consumer confidence, leading to reduced product demand. 	<ul style="list-style-type: none"> Supply chain disruptions: Economic crises may lead to disruptions in certain supply chains, especially those reliant on specific regions. Decreased demand: Social unrest may cause a decline in market demand, impacting performance. 	<ul style="list-style-type: none"> Diversified risk management: Mitigate the direct impact of economic crises and social unrest on the Company through diversification of markets and suppliers. Market monitoring: Expand monitoring mechanisms to anticipate market changes in advance.

Global Supply Chain Extension Strategy and Assessment Plan



5.3.5 Risk Assessment and Management of Key Raw Materials

In order to meet the challenges of supply chain risk assessment and management, GUC has implemented multiple alternative supply chain arrangement, and launched a material preparation mechanism to continuously disperse risks, so as to avoid the impact of political, epidemic and other factors on material shortages and disruptions in the supply chain. Meanwhile, GUC continues to strengthen supply chain control to ensure the supply chain stability.

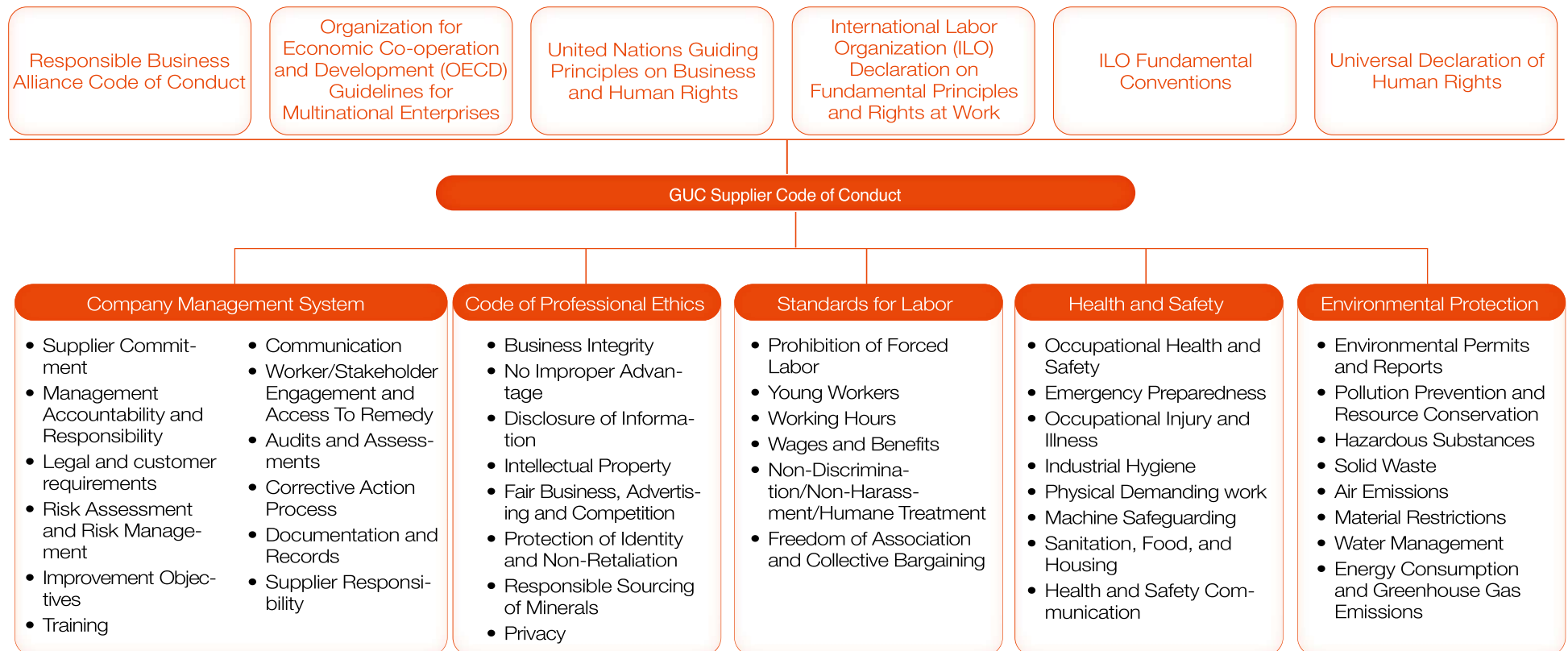
Emerging Risks	Risk Description	Potential Impact	Corresponding Strategy
Risk of material shortage and outage in the supply chain	<ul style="list-style-type: none"> Factors such as political turmoil and epidemics may have a huge impact on the supply chain, causing material shortages and interruptions, which in turn have a major impact on the Company's operations. 	<ul style="list-style-type: none"> The risk of material shortages and disruptions can be increased without proper supply chain risk management 	<ul style="list-style-type: none"> Adopt alternative chain arrangement to have multi-source supply solutions. Conduct strict screening for new suppliers and continuously increase the list of qualified suppliers to diversify maternal sources. Sign long-term capacity assurance contracts with key suppliers for critical raw materials to ensure long-term supply security. Establish a raw material supply chain tracking mechanism to accurately grasp the delivery progress of raw materials, and conduct real-time adjustment of production capacity allocation in a timely manner. Implement second source to disperse supply chain interruption risks.

5.4 Supplier Evaluation and Development

5.4.1 Signing the "Supplier Code of Conduct"

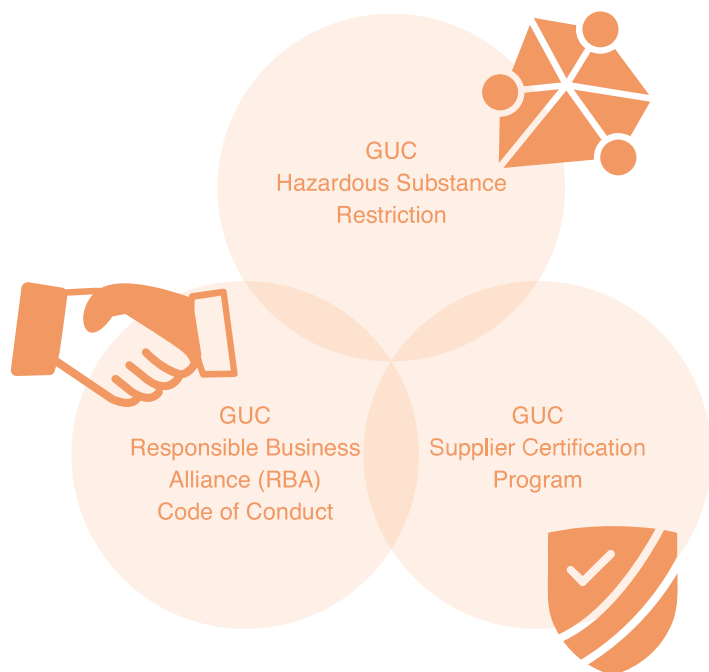
To enable suppliers to understand and gradually implement corporate sustainability, we have developed the "GUC Supplier Code of Conduct and conducted a survey and among all major suppliers, with 100% signing. The Code of Conduct contains the rules and requirements of the Responsible Business Alliance Code of Conduct (RBA 8.0 Code of Conduct). The Supplier Code of Conduct covers five major aspects: labor rights, health

and safety, environmental protection, ethical standards, and corporate governance, comprising a total of 42 corresponding indicators, following internationally recognized social responsibility standards. Suppliers are required to commit to comply with the social responsibility requirements presented within the RBA Code of Conduct.



5.4.2 Supplier Social Responsibility Requirements

GUC regularly audits the suppliers we work with under the following three codes. If we find any violations of environmental regulations, we will issue a warning and impose a deadline for improvement and will terminate our partnership with repeat offenders or serious cases.



5.4.3 ESG Sustainability Education and Training

Sustainable talent is an important part of the Company's future core competitiveness. We hope to enhance the ESG mindset of all employees at GUC through various forms of educational training and encourage employees to combine the concept of sustainability with technology expertise to create a positive cycle of sustainability and business performance. We also provide a variety of volunteer activities for our employees to participate in sustainability issues on a regular basis, to enhance ESG thinking, and to work with our employees toward sustainable development.

In addition, the Company has invited sustainability experts to provide training to colleagues responsible for supply chain management. The training covers various topics, including global ESG and SRI trends, GRI reporting standards, Taiwan's sustainability classification criteria, evaluation focus of international ESG rating agencies, and case studies of ESG in the semiconductor supply chain and quality management.



5.4.4 Supply Chain Cooperation and Exchange

Through annual evaluations, GUC not only convenes seminars to advocate for relevant sustainability issues but also has ESG executives directly communicate sustainability supply chain goals and requirements to suppliers. In December 2023, three "GUC ESG NET ZERO SUPPLY CHAIN SUSTAINABILITY FORUMS" were successfully held, inviting the partners of Tier-1 significant suppliers with a total of approximately 40 participants.

The goal of these forums was to provide in-depth explanations of GUC's annual ESG policies, including vision, mission, and execution policies, and to refine various goals such as green production, the "GUC Supplier Code of Conduct," and energy conservation and emission reduction. We aimed to bring together stakeholders from the semiconductor industry to explore and promote the development of sustainable supply chains and collectively address sustainability issues. Professionals and executives from the supply chain field shared insights, experiences, and best practices to facilitate exchanges and collaboration, focusing on the following three major topics.



GUC ESG NET ZERO SUPPLY CHAIN SUSTAINABILITY FORUM

G GUC established Outstanding ESG Supplier Awards.

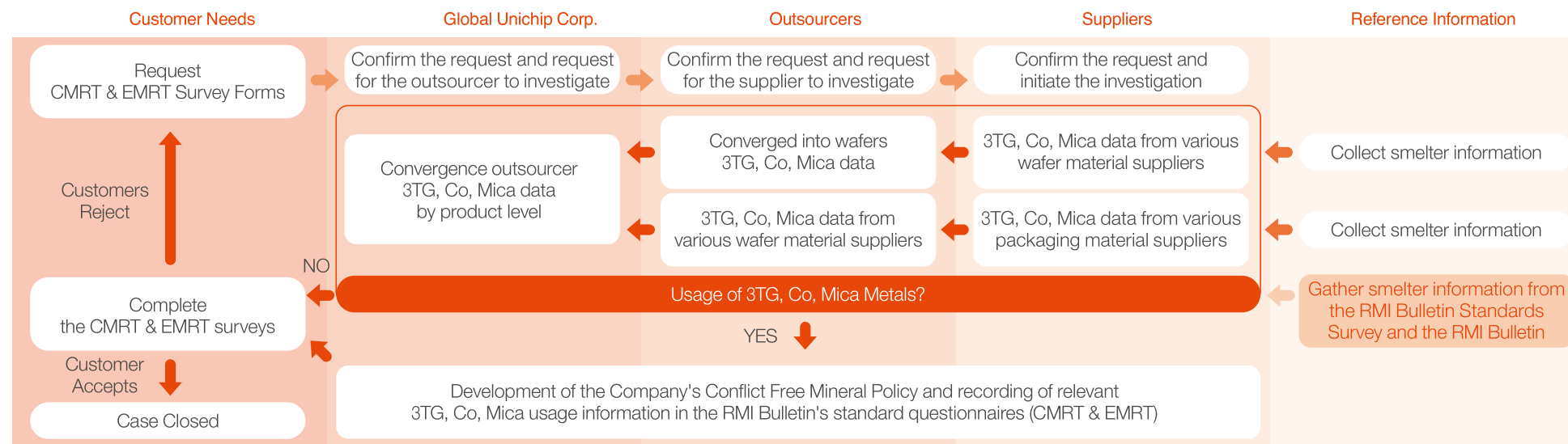
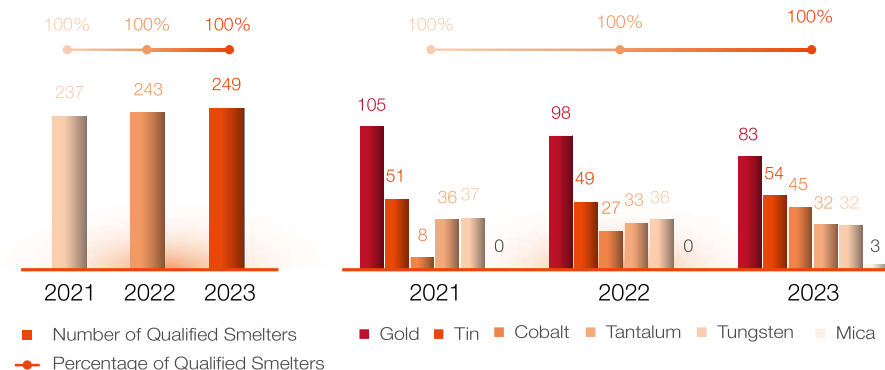
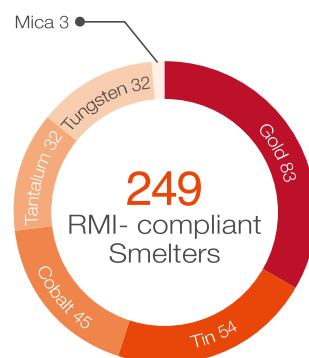
In December 2023, GUC presented the Annual Outstanding ESG Supplier Award to recognize the unwavering commitment of our supplier partners to green procurement, resulting in outstanding environmental contributions within the GUC supply chain. This award acknowledges the delivery of high-quality products including the dedication to environmental sustainability. Through the practice of green procurement, our exceptional supplier partners collaborate with GUC to establish a more sustainable business ecosystem. These efforts not only meet the procurement needs of GUC but also reflect the suppliers' concern for global environmental issues.



5.5 Supply Chain and Environment

5.5.1 Raw Materials Management - No Conflict Minerals

In line with the global trend of human rights protection, customers insist on not using minerals from areas commonly considered to be "conflict mines" or those known to produce "conflict minerals" to produce their products. GUC currently has 249 Responsible Minerals Initiative smelters that use 100% Responsible Minerals to source raw materials such as gold, tungsten, tin, tantalum, and cobalt. We will continue to actively manage supplier conflict mineral due diligence as the CMRT (Conflict Minerals Reporting Template), and CRT (Cobalt Reporting Template) survey versions are updated.



5.5.2 Green Procurement

GUC adheres to the principle of green procurement, and has established comprehensive supplier due diligence and hazardous substance management. Through the Raw Material Procurement Regulations: (1) GUC Responsible Business Alliance (RBA) Code of Conduct, (2) GUC Hazardous Substance Restriction, (3) GUC Supplier Certification Program, we ensure that our products comply with international labor and human rights and environmental management substance regulations, and confirm that our suppliers meet various requirements for environmental protection, safety, and health.

Green Purchasing Initiative

100% of GUC's paper is certified by PEFC, an international non-profit, non-governmental organization based in Switzerland that promotes sustainable forest management through certification by an independent third-party organization. By purchasing paper that meets this certification, GUC supports forest conservation and echoes the SDG 15 "Terrestrial Ecology Conservation" initiative.

GUC is committed to promoting electronic invoicing to replace traditional paper invoices and to improve the efficiency of major suppliers' invoicing operations, resulting in significant savings in paper invoicing. In 2023, we saved about 6,000 paper invoices and reduced carbon emissions by 76.8 kgCO₂e, continuing to move towards paperless.

(Note: Each invoice is calculated based on 2 sheets of A4 paper, and the carbon reduction is calculated based on the Carbon Footprint Information Website of the Environmental Protection Administration, Executive Yuan, Taiwan, which is 3.2 kgCO₂e per pack of 500 sheets of A4 paper)

Local Green Procurement

GUC cares about local economic development and considers timely and local procurement. We are committed to reducing transportation costs, reducing carbon emissions from material transportation, and upholding the principle of local procurement. In 2023, we placed orders for more than NT\$15.6 billion of procurement in Taiwan. At the same time, we are actively working with suppliers to set targets for water, electricity, waste, and carbon reduction to enhance the sustainable development of the local supply chain.

Strengthen Supply Chain Resilience - Develop International Production Strategies

Due to various factors such as accelerated climate change and rising international political tensions, GUC has been expanding its overseas production base, including Japan, Korea, Philippines, and China, considering the resilience of the supply chain and responding to market changes quickly. As a result, the ratio of local procurement decreased slightly in 2023, but the Company continued to maintain a reasonable proportion of local procurement.

GUC's Five Year Local Procurement Data

	Local raw material purchases (Unit: NT\$ million)	Total raw maternal purchases (Unit: NT\$ million)	Percentage of raw materials purchased locally (%)
2019	7,496	7,531	99.5%
2020	9,615	9,744	98.7%
2021	11,850	12,078	98.1%
2022	17,911	19,050	94.0%
2023	15,673	17,681	88.6%

