

# United Microelectronics Corporation

## Corporate Social Responsibility Principles

### Chapter I General Principles

#### Article 1

In order to fulfill corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, UMC follows TWSE/GTSM Principles to promote our corporate social responsibility principles to manage economic, environmental and social risks and impact.

#### Article 2

UMC fulfills corporate social responsibility in the course of our business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive advantages built on corporate social responsibility.

#### Article 3

UMC gives due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

#### Article 4

UMC announced its CSR Vision & Mission and follows the principles "Exercise corporate governance, Foster a sustainable environment, Preserve public welfare, Enhance disclosure of CSR information" to implement corporate social responsibility.

#### Vision:

To advance the global eco-friendly movement by enhancing the value chain through people orientation, environmental co-existence and social responsibility.

#### Mission:

To achieve sustainable growth while supporting our customers through green innovation and corporate responsibility.

#### Article 5

UMC takes into consideration the correlation between the development of domestic and international corporate social responsibility principles and corporate core business operations, and the effect of the operation of individual companies and of our respective business groups as a whole on stakeholders, in establishing our CSR Vision & Mission or relevant management plans for corporate social responsibility programs, which are approved by CS committee, and report to the board.

## **Chapter II Exercising Corporate Governance**

### Article 6

UMC follows the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the Code of Ethical Conduct for TWSE/GTSM Listed Companies to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

### Article 7

UMC' s Board of Directors exercises its duty of care as a good administrator to urge the company to perform its corporate social responsibility initiatives, review the results of the implementation thereof and continually make adjustments so as to ensure the thorough implementation of its corporate social responsibility.

When UMC' s Board of Directors is in the company's performance of its corporate social responsibility initiatives, the following matters shall be included:

1. Identifying the company's corporate social responsibility mission or vision, and relevant management plans;
2. Making corporate social responsibility the guiding principle of the company's operations and development, and ratifying concrete promotional plans for corporate social responsibility initiatives; and
3. Enhancing the timeliness and accuracy of the disclosure of corporate social responsibility information.

The economic, environmental, and social issues from the business operations shall report to the Board of Directors.

### Article 8

UMC shall organize education and training on the implementation of corporate social responsibility

initiatives.

#### Article 9

For the purpose of managing corporate social responsibility initiatives, UMC establishes CS committee to be in charge of proposing and enforcing the corporate social responsibility mission or vision, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the Board of Directors on a periodic basis.

UMC shall adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders.

#### Article 10

UMC establishes a designated section for stakeholders on the company website; provide the communication channel for stakeholders. CS sub-committee should collect the stakeholders concern issues and report the communication results and responds to the CS committee.

### **Chapter III Fostering a Sustainable Environment**

#### Article 11

UMC follows relevant environmental laws, regulations and international standards to properly protect the environment and will endeavor to promote a sustainable environment when engaging in business operations and internal management.

#### Article 12

UMC endeavors to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

#### Article 13

UMC establishes proper environmental management systems. Such systems shall include the following tasks:

1. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
3. Adopting enforcement measures such as concrete plans or action plans, and examining the

results of their operation on a regular basis.

#### Article 14

UMC establishes dedicated unit or assigns dedicated personnel for drafting, promoting, and maintaining relevant environmental management systems and concrete action plans for all site, and should hold environmental education courses for different level employees regularly.

#### Article 15

UMC takes into account the effect of business operations on ecological efficiency, promotes and advocates the concept of sustainable consumption, and conducts research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from the company's business operations:

1. Reduce resource and energy consumption of their products and services.
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
3. Improve recyclability and reusability of raw materials or products.
4. Maximize the sustainability of renewable resources.
5. Enhance the durability of products.
6. Improve efficiency of products and services.

#### Article 16

To improve water use efficiency, UMC announced its Water Management Policy and Commitment as its highest guiding principle.

##### Policy:

Maximize water efficiency, increase ability of valuable downstream chains to withstand water risk, and promote the importance of water resources and conservation.

##### Commitment:

1. Introduce a water risk management system
2. Develop and utilize diverse water sources
3. Use active management indicators to promote water conservation

4. Cooperate with supply chains to reduce water footprint
5. Provide open and transparent water information
6. Widely promote water education

UMC constructs and improves environmental protection treatment facilities to avoid polluting water, air and land, and uses its best efforts to reduce adverse impacts on human health and the environment by adopting the best practical pollution prevention and control measures.

#### Article 17

UMC implements the Climate Change Policy as its highest guiding principle. In addition, the company formulated the UMC Low-Carbon Commitment guidelines for carbon reduction plans. Such strategies should include obtaining carbon credits to promote and minimize the impact of their business operations on climate change.

#### Climate Change Policy

1. Expects to reach carbon neutral
2. To be a low carbon solutions provider
3. To promote the development of a low carbon economy

#### Low-Carbon Commitment

1. Low-carbon design process
2. Energy efficiency optimization
3. Installing high efficiency FCs abatement in new tools
4. Adopting green building standard for new buildings
5. Carbon partnerships with customers and suppliers
6. Complete the carbon footprint inventory for all fabs
7. Invest in the green technology industry

UMC adopts standards or guidelines generally used in Taiwan and abroad to enforce corporate

greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company.
2. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.

## **Chapter IV Preserving Public Welfare**

### Article 18

UMC should comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and the prohibition of discrimination.

UMC should fulfill its responsibility to protect human rights and shall adopt relevant management policies and processes, including:

1. Presenting a corporate policy or statement on human rights.
2. Evaluating the impact of the company's business operations and internal management on human rights, and adopting corresponding handling processes.
3. Reviewing on a regular basis the effectiveness of the corporate policy or statement on human rights.
4. In the event of any infringement of human rights, the company shall disclose the processes for handling the matter with respect to the stakeholders involved.

UMC should comply with the internationally recognized human rights for labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that their human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

UMC should provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised should

be clear, convenient, and unobstructed. A company should respond to any employee's grievance in an appropriate manner.

#### Article 19

UMC should provide information for employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the companies have business operations.

#### Article 20

UMC should provide safe and healthful work environments for their employees, including necessary health and first-aid facilities and should endeavor to curb dangers to employees' safety and health and prevent occupational accidents.

UMC should organize training on safety and health for their employees on a regular basis.

#### Article 21

UMC should create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills.

UMC should appropriately reflect the corporate business performance or achievements in the employee remuneration policy, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.

#### Article 22

UMC should establish a platform to facilitate regular two-way communication between management and employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and decisions.

UMC should respect the employee representatives' rights to negotiate on working conditions, and should provide employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.

UMC should, by reasonable means, inform employees of operation changes that might have material impact.

#### Article 23

UMC should take responsibility for their products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services,

UMC should ensure the transparency and safety of our products and services to protect consumer rights, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

#### Article 24

UMC should ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries.

UMC should follow relevant laws, regulations and international guidelines when marketing or labeling their products and services and should not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

#### Article 25

UMC should evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society.

UMC should provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle such complaints, and comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy while also protecting personal data provided by consumers.

#### Article 26

UMC should assess the impact their procurement has on society as well as the environment of the community that they are procuring from, and should cooperate with their suppliers to jointly implement corporate social responsibility initiatives.

Prior to engaging in commercial dealings, UMC should assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those that do not conform to corporate social responsibility policy.

When UMC enters into a contract with any of their major suppliers, the content should include terms stipulating mutual compliance with corporate social responsibility policy, and the contract may be terminated or rescinded at any time should the supplier violate such policy and cause significant negative impact on the environment and society of the supply source community.

#### Article 27

UMC should evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.



UMC should through commercial activities, non-cash property endowments, volunteer service or other charitable professional services, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote social development.

## **Chapter V Enhancing Disclosure of Corporate Social Responsibility Information**

### Article 28

UMC discloses information according to relevant laws, regulations and the Corporate Governance Best Practice Principles and shall fully disclose relevant and reliable information relating to corporate social responsibility initiatives to improve information transparency. Relevant information relating to corporate social responsibility that should be disclosed include but not limited the following:

1. The CSR Vision & Mission or relevant management plans for corporate social responsibility initiatives.
2. The risks and the impact on the corporate operations and financial conditions arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for realizing the corporate social responsibility initiatives established by the companies, and performance in implementation.
4. Major stakeholders and their concerns.
5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
6. Other information relating to corporate social responsibility initiatives.

### Article 29

UMC adopts internationally and widely recognized standards or guidelines when producing corporate social responsibility reports to disclose the status of their implementation of the corporate social responsibility policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include but not limited the following:

1. The CSR Vision & Mission or relevant management plans for implementing corporate social responsibility initiatives.

2. Major stakeholders and their concerns.

3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.

4. Future improvements and goals.

## **Chapter VI Supplementary Provisions**

### Article 30

UMC monitors at all times the development of domestic and foreign corporate social responsibility standards and the change of business environment so as to examine and improve their established corporate social responsibility framework and to obtain better results from the implementation of the corporate social responsibility policy.

### Article 31

The UMC Corporate Social Responsibility Principles shall be approved by the Board of Director's Meeting . Amendments shall also be approved by the Board.

The Principles were enacted on Oct. 2015.