

UMC Sustainable Development Best Practice Principles

Chapter 1 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 *Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies* to promote our Sustainable Development Best Practice Principles to manage economic, environmental and social risks and impact.

Article 2

UMC fulfills sustainable development 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 sustainable development.

Article 3

In the promotion of sustainable development, 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.

UMC keeps itself current on the development of domestic and international sustainable development standards and changes in the corporate environment, reviews and improves the sustainable development system of UMC, and identifies environmental, social and corporate governance issues related to the company's operations in accordance with the materiality principle. In addition, the company has formulated enterprise risk management policies; through risk management methods and organizations, UMC effectively prevents and controls enterprise risks, comprehensively implements them in daily operations, shapes and deepens the risk culture, and establishes complete and transparent risk communication to maintain steady operations. The company also develops response strategies for major risk issues, regularly submits them to the Board of Directors for approval, and reviews and updates relevant standard operating procedures to ensure the effectiveness of risk management.

Article 4

UMC announced its sustainable development vision & mission and follows the principles "Exercise corporate governance, Foster a sustainable environment, Preserve public welfare, Enhance disclosure of corporate sustainable development information" to implement sustainable development.

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 sustainability issues 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 sustainable development vision & mission, as well as relevant management and promotional plans, which are approved by ESG steering 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 sustainable development initiatives, review the results of the implementation thereof and continually make adjustments so as to ensure the thorough implementation of its sustainable development.

When UMC's Board of Directors promotes the sustainable development goals of the company, the following matters shall be included:

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

The economic, environmental, and social issues from the business operations shall be

reported to the Board of Directors.

Article 8

UMC shall organize education and training on the promotion of sustainable development initiatives.

Article 9

For the purpose of managing sustainable development initiatives, UMC establishes ESG steering committee and CS committee to be in charge of proposing and enforcing the sustainable development mission & vision, systems, 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 committee's task force teams should collect the stakeholders' issues of concern and report the communication and response results to the CS committee on a periodic basis.

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 improve efficiency of energy utilization 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 fab sites, and should hold environmental education courses for employees of all different levels 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 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 the company's 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. UMC shall evaluate the potential present and future risks and opportunities caused by climate change, and take related measures in response.

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 utilization of external energy such as electricity, heating, or steam.

3. Other indirect emissions: emissions from company activities are not indirect emissions from energy, but come from sources owned or controlled by other companies.

UMC is advised to calculate the total greenhouse gas emissions, water consumption, and weight of waste, and should establish company policies for energy conservation, carbon and greenhouse gas reduction, water and waste reduction. Such strategies should minimize the impact of its business operations on climate change.

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 the company's 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. The 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 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 employees on a regular basis.

Article 21

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

UMC shall formulate and implement reasonable employee welfare measures, including remuneration, vacation, and so on, and 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 the company's 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 the company's 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 the company's products and services by following the laws and regulations of the government and relevant standards of the industry.

UMC should follow relevant laws, regulations and international guidelines about customers' health, safety, and privacy when marketing or labeling its 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 its procurement has on society as well as the environment of the community that the company is procuring from, and should cooperate with its 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.

UMC should make clear its supplier management rules, requesting suppliers to follow relevant rules on environmental protection, occupational safety and industrial hygiene, and human rights of workers, etc. When UMC enters into a contract with any of its 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 its 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 Sustainable Development 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 sustainable development initiatives to improve information transparency. Relevant information relating to sustainable development that should be disclosed include but not limited to the following:

1. The sustainable development vision & mission, as well as relevant management and promotional plans.
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 sustainable development initiatives established by the company, 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 sustainable development initiatives.

Article 29

UMC adopts internationally and widely recognized standards or guidelines when producing sustainability reports to disclose the status of the company's implementation of the sustainable development 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 to the following:

1. The sustainable development vision & mission, as well as relevant management and promotional plans.
2. Major stakeholders and their concerns.
3. Results and reviews 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 sustainable

development standards and the change of business environment so as to examine and improve the company's established sustainable development framework and to obtain better results from the promotion of the sustainable development policy.

Article 31

The UMC Sustainable Development Best Practice Principles shall be implemented after the Board of Directors grants approval. The same procedure shall be followed when the principles have been amended.

Remark

1. Any amendment in this principle shall be approved by the Board of Directors.
2. The amendments shall be announced in the M.O.P.S.(Market Observation Post System) by FIN/FIS after getting approval from the Board of Directors.
3. Inform the company website administrative to update the revised the principle.