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Materiality and Stakeholder Engagement & Analysis

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GlobalWafers has redefined its method for materiality assessment in accordance with the four-step materiality determination process provided in the latest GRI Standards (2021). This year, the “degree of concern” and “degree of impact” relating to topics of sustainability are used as the principles for materiality evaluation in identifying and evaluating the 11 material topics of GlobalWafers in terms of corporate governance, economy, environment, and people (including human rights). Lastly, the 25 sustainability topics are ranked according to degree of significance. The top 10 material topics are listed in the Report; also, management approaches are established and targets set for regular follow-up and management. Other material topics are discussed in the Report, but other than observation, no management measures are established and no targets set.

In the future, we will conduct the material topic identification process once every three years (or when there are major revisions and updates in the guidelines) and regularly review the impact of said topics.



- 1.1 Identification of issues | 1.2 Evaluation of degree of concern and degree of impact | 1.3 Prioritize reporting of impact based on highest degree of significance

1.1 Identification of issues





Identifying stakeholders and communicating with them are at the core of corporate social responsibility. Based on operational characteristics and cross-departmental discussions, GlobalWafers has identified its stakeholders, including: employees, customers, shareholders (investors), suppliers (contractors), government agencies (Science Park Bureau, Environmental Protection Bureau, Environmental Protection Administration, Bureau of Energy, Ministry of Labor) and the media, among others. GlobalWafers aims to understand stakeholders' expectations through regular and irregular exchange and engagement over multiple channels; and that understanding is a source of information for sustainability topics and impact evaluation.

★ Stakeholder Engagement and Response

Primary stakeholders	Significance to GlobalWafers	Communication channel	Communication frequency	Issues of concern	Our Responses
 Customers	Company's main source of revenue	Operation meetings	Occasional	<ul style="list-style-type: none"> Service Quality & price Hazardous substances management Business continuity management 	<ul style="list-style-type: none"> Adhere to the spirit of customer satisfaction. The quality assurance unit must conduct interviews and propose the corresponding improvement plan for customer survey items that have lower levels of satisfaction. Actively understand customer voices. When customers have requirements, the organization must evaluate and discuss feasible solutions to meet those requirements.
		Annual customer satisfaction survey	Once a year		
		Customer audit	Occasional		
		Appeal/complaints telephone or email	Occasional		
 Employees/Union	Employees are the Company's most important asset. Only by taking good care of employees can the company and its employees grow together	Internal website and emails	Occasional	<ul style="list-style-type: none"> Occupational safety Human rights Emergency Response Job opportunities Equal pay for equal work between men and women 	<ul style="list-style-type: none"> We believe that employees are GlobalWafers' most important assets, and only through a good, long-term labor-management relationship can we develop the organization sustainably. We have formulated formal provisions and continued to provide bilateral communication via our internal website, complaint mailbox, labor conferences, and face-to-face talks to ensure that employees' voices are valued. To attract and retain outstanding talent, the Company offers competitive salaries and sets the salary adjustment standards yearly according to the relevant data. The Company has established a staff restaurant to provide free meals for employees during work. In addition to statutory labor and health insurance, the Company also provides group insurance superior to that required by law. It offers insurance to enhance employees' protection and protect their right to work depending on the specific social circumstances. For example, we provided epidemic prevention insurance to employees during the pandemic. Moreover, we have also established a welfare committee and additional employee care programs according to law. These include employee travel, festival allowances, health examinations, and community activities. Employees are welcomed to fully participate in the Company's process for welfare improvement and innovation and to help the Company to formulate creative welfare measures. The Company adheres to the concept of ensuring the safety and health of the employee work environment and uses the organization's system to create a healthy and safe working environment for employees.
		Company bulletin board	Occasional		
		Labor-Management Conference (Taiwan)	Four meetings per year		
		Complaint boxes or hotlines	Occasional		
		Performance appraisal interviews	Once a year		
		All organizational meetings	Occasional		
		Union member meeting	Occasional		



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Primary stakeholders	Significance to GlobalWafers	Communication channel	Communication frequency	Issues of concern	Our Responses
Shareholder/ Investor 	All shareholders are investors of the Company, and information to be disclosed shall be disclosed in a fair manner	Shareholders meeting, earnings call, overseas and domestic investment institute seminars, and face-to-face communication meetings	In 2022, held 1 shareholders meeting and 4 earnings calls, and was invited to attend 11 overseas and domestic investment institute seminars	<ul style="list-style-type: none"> Sound finance Integrity & Ethics Risks & Crisis Management Financial performance Management strategies & financial goals Legal Compliance Business continuity management 	<ul style="list-style-type: none"> Continue using our stable financial structure and abundant management experience to engage in performance management and operational improvement, and thus improve overall operational performance. Establish new and strengthen existing close interaction and communication channels with investors, domestic and foreign media, legal persons, and shareholders. Continue improving corporate governance performance and make our commitment to sustainable operations a reality. "Integrity management is achieved by compliance with laws and regulations." That said, the Company has actively organized education and training and integrity management policy advocacy to promote the integrity policy and its importance to directors and employees.
		Company annual report	Once a year		
		News announcement on the company website and the Market Observation Post System	Occasional		
		Collecting and replying to messages via telephone or emails	Occasional		
Suppliers/ Contractors 	Suppliers are the Company's partners and must also maintain our ideals in order to provide services in line with our needs	Operation meetings	Occasional	<ul style="list-style-type: none"> Integrity & Ethics Management strategies & financial goals Source Reduction 	<ul style="list-style-type: none"> Reduce costs by localizing suppliers. Establish a supplier evaluation management process. Formulate contractor management procedures and establish a contractor construction management system to manage all contractors who have entered the plants systematically.
		On-site audit	Occasional		
		Collecting and replying to messages via telephone or emails	Occasional		
Governmental institutes 	Maintain a smooth and positive communication relationship, and convey the Company's determination to comply with legal requirements	Correspondence of official documents, meetings (public hearings or conferences)	Occasional	<ul style="list-style-type: none"> Water Resources Management Waste Management Source Reduction Legal Compliance Climate Change Risks and Opportunities 	<ul style="list-style-type: none"> Regularly review content of regulations and stay up-to-date on the latest regulatory trends. Participate in competent authority regulatory meetings and understand the requirements. Communicate with competent authorities through association or union channels. Cooperate with competent authorities for plant visits or during unscheduled plant audits.
		By communicating and meeting with associations or unions	Occasional		
The Media 	We have a contact channel with the media and provide occasional industry and corporate news that is correct, fair, and objective	Releasing news We occasionally receive interviews from the media and provide industry news	We release an average of 2 to 3 news articles each quarter	<ul style="list-style-type: none"> Climate Change Risks and Opportunities Financial Performance Legal Compliance 	<ul style="list-style-type: none"> Contact the media on occasion to let media professionals conduct interviews that can help them better understand the Company's industry and operating performance. Issue press releases on revenue and earnings calls. Provide transparent information disclosure to comply with the principles of completeness, real-time, and fairness.

✦ Compilation of sustainability topics

In order to find potential material topics, GlobalWafers compiled 25 sustainability topics from international sustainability standards and regulations, the UN's Sustainable Development Goals (SDGs), responsible investment, industry trends, interaction with stakeholders, and investigated the impact caused by each topic.

Source of topics

International Sustainability Standards and Regulations

Reference international sustainability guidelines, such as the GRI Sustainability Reporting Guidelines, Responsible Business Alliance (RBA), Task Force on Climate-Related Financial Disclosures (TCFD), Carbon Disclosure Project (CDP)

SDGs

Assess the 17 SDGs and their 169 targets, and select the actions to which GlobalWafers can contribute

Responsible Investment

Reference rating indicators such as the Dow Jones Sustainability Index (DJSI), MSCI ESG Leaders Indexes), FTSE4Good Index, Sustainability Accounting Standards Board (SASB)

Industry trends

Topics of concern to international sustainable leadership, information technology industry, and other industries

Topics of concern for stakeholders

Topics of concern for stakeholders such as employees, customers, supply chain and business partners, investors, governments and NGOs, academic units, society (including communities and media)

Sustainability Topics

Corporate governance and operations

- Risks and crisis management
- Management strategies and financial goals
- Information security and personal information protection
- Corporate governance
- Integrity & ethics
- Legal compliance

Innovation and Customer Service

- Product quality
- Financial performance and financial soundness
- Sustainable supply chain management
- Innovation management
- Customer service
- Tax

Sustainable Environment

- Air pollution prevention
- Waste Management
- Climate Change Risks and Opportunities
- Water Resources Management
- Prevention of hazardous substances in products
- Source Reduction
- Biodiversity

Friendly workplace (including Human Rights)

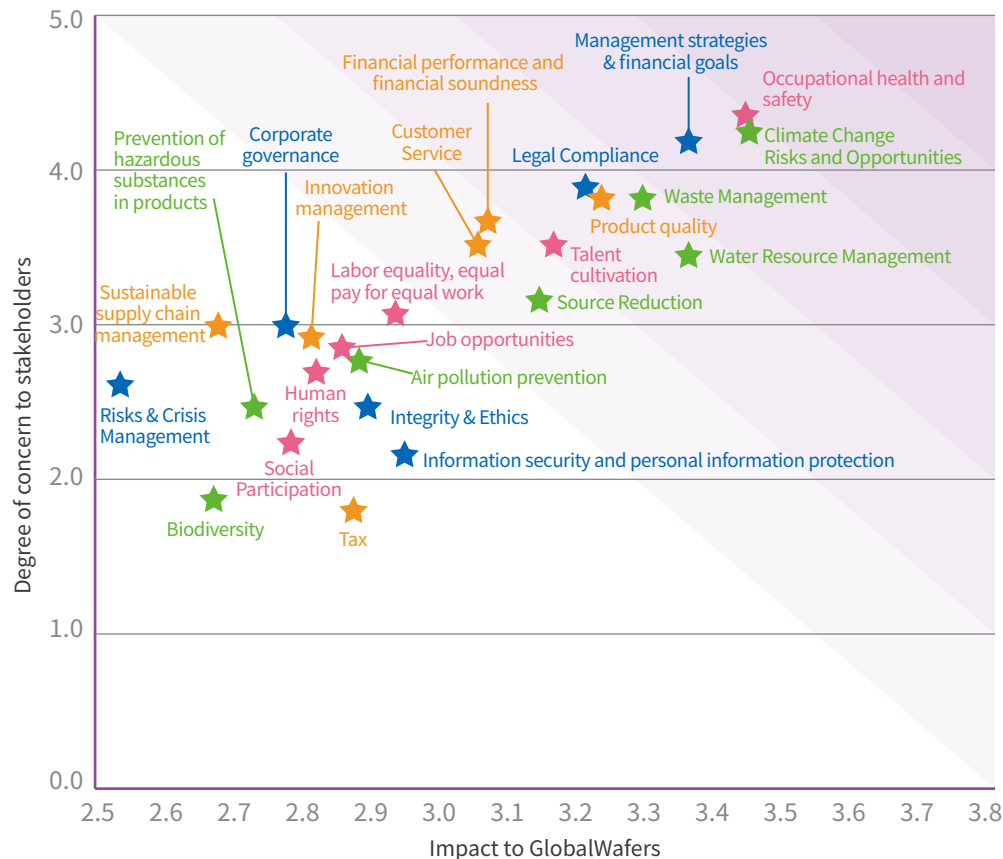
- Occupational health and safety
- Talent cultivation
- Job opportunities
- Labor equality, equal pay for equal work
- Human rights
- Social Participation

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1.2 Evaluation of degree of concern and degree of impact

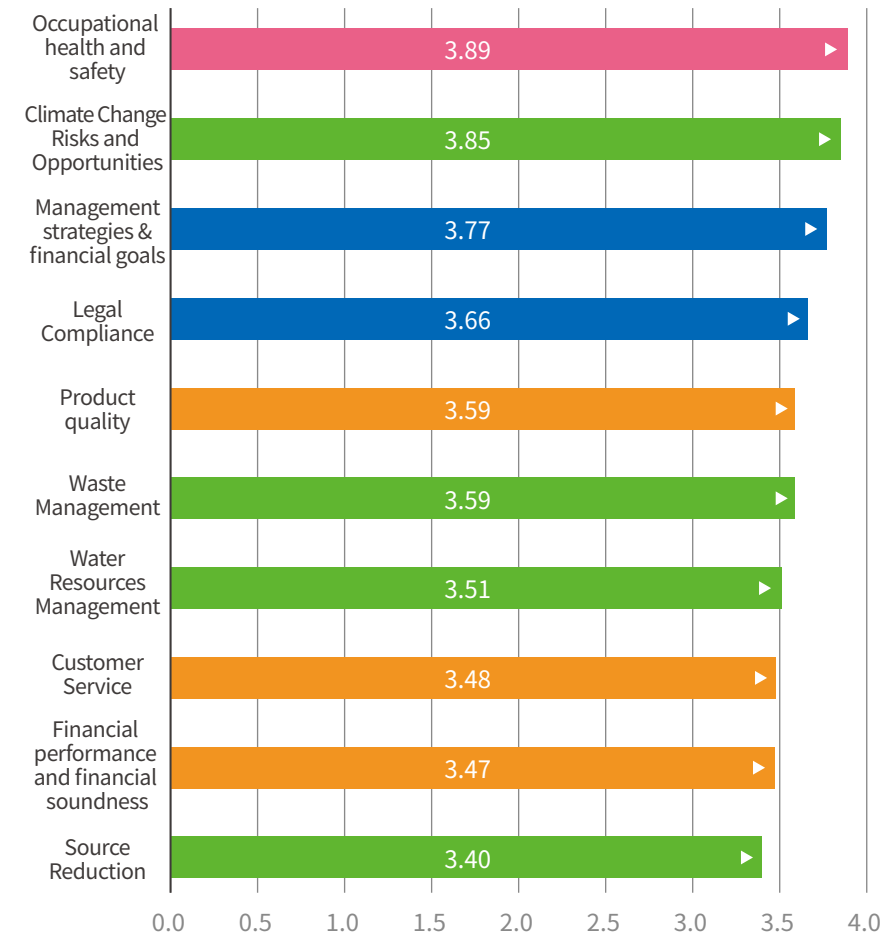
The Corporate Sustainable Development Committee issued the Assessment Survey of Sustainability Issues of Concern and their impact to the representatives of the various groups of the Sustainable Development Committee and the Company's internal supervisors so as to investigate the sustainability topics gathered. The investigation committee assessed the degree of concern and degree of impact of each sustainability topic, and based on the materiality matrix of the results compiled, listed as material topics those with high degree of concern and high degree of impact. GlobalWafers has 11 material topics resulting from our investigation.

Materiality matrix



1.3 Prioritize reporting of impact based on highest degree of significance

Finally, GlobalWafers' material topics are ranked according to the degree of significance. The top 10 material topics are provided in the Report, and a respective management approach is established and targets set for regular follow-up and management. Other topics are disclosed in summary form or not disclosed in this Report.





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Material Topics Boundaries and GlobalWafers' Value Chn Relationship

Topic aspect	Material sustainability topic	Corresponding GRI standard	Corresponding SASB standard	Value chain impact boundary			Report chapter and section
				Upstream	Operations	Downstream	
Economy Aspect	Legal compliance	GRI307 GRI419	-	▲	■	▲	2.2.4 Legal Compliance
	Sound finance	GRI201	-		■		2.3 Operational Performance
	Management strategies and financial goals	GRI201	-	■	■	▲	2.3 Operational Performance
	Financial performance	GRI201	-		■		2.3 Operational Performance
Environment Aspect	Climate Change Risks and Opportunities	GRI305	TC-SC-110a.1 TC-SC-110a.2	■	■	■	4.1 Climate Change Risks and Opportunities
	Water Resources Management	GRI303	TC-SC-140a.1		■	▲	4.3.3 Water Resources Management for Relevant Data and Coverage of Information
	Waste Management	GRI306	TC-SC-150a.1		■	▲	4.2 Waste Management
	Source reduction	GRI301 GRI302 GRI303	TC-SC-130a.1		■		4.3 Source Reduction
People Aspect	Occupational health and safety	GRI403	TC-SC-320a.1 TC-SC-320a.2		■		5.2 Occupational Health and Safety
	Product quality	GRI 2-6	-		■	■	3.1 Innovation Management 3.2 Product Quality 3.3 Customer Service
	Talent cultivation	GRI404	TC-SC-330a.1		■		5.1.3 Talent Cultivation
	Customer service	GRI 2-6	-		■	■	3.1 Innovation Management 3.2 Product Quality 3.3 Customer Service

Impacts: ■ Direct/ ▲ Indirect



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Material Topics and Risk Management

Material topic	Risks consideration	Risk attribute	Risk assessment and mitigation actions	Likelihood and timeframe of occurrence	Severity
Occupational health and safety	<ul style="list-style-type: none"> Earthquake, fire Occupational accidents, chemical hazards 	Potential negative impacts	<ul style="list-style-type: none"> Earthquake or fire damages machinery or equipment, resulting in operational interruption, financial loss 	May occur in the next 3 to 5 years	Moderate-Severe
Climate Change Risks and Opportunities	<ul style="list-style-type: none"> Climate disaster causing operational impact Stakeholders requesting to use renewable energy, resulting in increase in cost that may even affect orders Power shortage or interruption Consideration of the Company's use of renewable energy, RE100 declaration 	<ul style="list-style-type: none"> Potential negative impacts Operational risk 	<ul style="list-style-type: none"> Greenhouse gas emitted by GlobalWafers from operations and production will accelerate global climate change, causing irreversible harm to the environment GlobalWafers continues to optimize energy consuming equipment and energy efficiency to save energy and reduce carbon emissions; it introduced renewable energy and declared to join RE100 	May occur within 3 years' time	Major
Management strategies & financial goals	<ul style="list-style-type: none"> Affected by changes in the international political and economic situation 	Potential operational risk	<ul style="list-style-type: none"> Flexible deployment of global operation sites to mitigate the impact of specific events and strengthen corporate operational resilience 	May occur within the next 3 to 5 years	Moderate-Severe
Legal Compliance	<ul style="list-style-type: none"> Non-compliance matters 	Potential operational risk	<ul style="list-style-type: none"> Weekly updates of changes of domestic laws and regulations Overseas companies follow the general industrial standards, regularly report changes and conduct training across plants 	May occur within the next 3 to 5 years	Moderate-Severe
Product quality	<ul style="list-style-type: none"> Product quality is challenged 	Potential operational risk	<ul style="list-style-type: none"> Abnormal product quality and yield rates may cause products to be scrapped, affecting customer orders and Company operations 	May occur within the next 3 to 5 years	Major
Waste Management	<ul style="list-style-type: none"> Waste not handled appropriately, thus polluting the environment 	Negative impacts	<ul style="list-style-type: none"> Waste handling companies fail to handle the waste according to regulations, indirectly affecting the Company's reputation Implement circular economy, reduce waste generation; optimize waste handling company management 	May occur within the next 3 to 5 years	Moderate
Water Resources Management	<ul style="list-style-type: none"> Climate change results in reduced rainfall, causing water shortages 	Potential negative impacts	<ul style="list-style-type: none"> Implement various water-saving measures and modify process parameters to reduce water usage 	May occur within 3 years' time	Moderate-Severe
Customer Service	<ul style="list-style-type: none"> Leakage of customer specifics and confidential information Products unable to meet customer requirements 	Operational risk	<ul style="list-style-type: none"> Continuously improve quality and focus on product development to enhance customer satisfaction 	May occur within the next 3 to 5 years	Moderate
Financial Performance and Financial Soundness	<ul style="list-style-type: none"> Financial performance affected by macroeconomic changes and exchange rate fluctuations 	Potential operational risk	<ul style="list-style-type: none"> Establish a sound financial structure and maintain stable revenue and profits 	May occur within the next 3 to 5 years	Moderate-Severe
Source Reduction	<ul style="list-style-type: none"> High usage of polysilicon Unable to reduce waste, resulting in environmental pollution 	Potential negative impacts	<ul style="list-style-type: none"> Improve various manufacturing processes to increase production efficiency Recycle waste into resources Introduce clean production technologies and management methods 	May occur within 5 years' time	Moderate