

2.1 Integrity Management and Legal and Regulation Compliance 2.2 Corporate Governance 2.3 Risk Management 2.4 Innovation Management

| Material Topics of This Chapter | Moral Integrity and Code of Conduct | Legal and Regulation Compliance | Corporate Governance | Risk Management | Information Security Management | Innovation Management |
|---------------------------------|---|--|--|---|--|---|
| Management Approach | Construct an effective corporate governance structure and complete education and training system, and be capable of fulfilling responsibility on sustainable governance with the principle of honesty and integrity. | | | Construct an effective risk management mechanism to reduce operational impacts and maintain operational stability. | Enforce corporate information security governance, and promote the planning, supervision and execution of information security management | Connect with technological trends, maintain innovation energy, and retain corporate competitiveness |
| Policy and Action | Establish the "Code of Business Conduct", "CSR Best-Practice Principles", "Employee Ethical Code of Conduct", "Procedural Rules of Board of Directors", "Corporate Governance Best-Practice Principles", "Operating Procedures of Internal Material Information Process", and publicly commit to complying with the Responsible Business Alliance (RBA) since 2011. | | | Establish the Global Operations and Risk Management Center to control the risks on trading, production and sales, and formulate the "Regulations for Group Confidential Information Management", "Regulations for Personal Data Protection and Management", and other relevant internal rules. | <ul style="list-style-type: none"> Establish the Information Security Committee to periodically report to the Group President on information security management practices and outcomes. Review and revise internal management regulations in accordance with domestic/overseas information security regulations and standards (e.g. NIST Cybersecurity Framework) so that information can be applied to realizing group business goals. Continue to provide customers with a safe and high-quality product experience by ensuring that the supply chain complies with the information security policy throughout the R&D, development, support and manufacturing processes. Conduct regular offensive and defensive information security drills, and strengthen information security awareness in the supply chain through information security training. | Formulate the "Rewarding Regulation for Patent" and "Rewarding Regulation for Awarded Products". |
| Vision and Goal | <ul style="list-style-type: none"> The rate of new employees signing the "Employee's Ethical Code of Conduct" reaches 100%. Provide yearly RBA education and training for native and foreign employees, supervisors, and seed lecturers. | <ul style="list-style-type: none"> No substantial violations of laws (with a fine exceeding NTD 1 million). | <ul style="list-style-type: none"> Continue to participate in the Corporate Governance Evaluation and improve governing strategies based on the evaluation results. | <ul style="list-style-type: none"> Continue to expand the scope of operational risk management and improve operational stability. | <ul style="list-style-type: none"> No major information security incidents. Continue to refine the information security management structure; obtain information security-related certifications Strengthen information security education and training among employees and throughout the supply chain | <ul style="list-style-type: none"> The number of patents and awards received each year grows steadily. |
| 2021 Major Achievement | <ul style="list-style-type: none"> [●] The signing rate reached 100%. [●] During 2021, corporate ethical management and anti-corruption training sessions were conducted 170 times and attended by 3,077 people. | <ul style="list-style-type: none"> [●] No violation occurrence in 2021. | <ul style="list-style-type: none"> [●] Ranked between the range of 36~50% in the 2021 corporate governance evaluation. | <ul style="list-style-type: none"> [●] 7 areas of risk were identified for continuous monitoring by dedicated units and the development of response strategies [●] A COVID-19 response team was set up and measures implemented to maintain business continuity. The results were recognized with a silver award in Epidemic Prevention Leadership Award from the Taiwan Immunization Vision and Strategy. [●] There are no breaches of privacy at GIGABYTE in 2021. | <ul style="list-style-type: none"> [●] Continued to distribute education e-mails to enhance information security awareness among employees. [●] There was one hacker attack in 2021. A small number of servers and files were damaged but all are now back in operation again; the Company's production, sales and routine operations were not affected. | <ul style="list-style-type: none"> [●] Awarded 150 patents in 2021, an increase of 51.5% compared with the previous year. [●] Won 26 awards in 2021, 15,667 awards won to date. |

2.1 Integrity Management and Legal and Regulation Compliance

Morality and integrity have been the core corporate culture of GIGABYTE since its foundation. We believe that operating with integrity and taking the responsibility to the society into account is also essential for corporate sustainable development.

GIGABYTE complies with the Responsible Business Alliance (RBA) publicly, self-examines with the highest corporate ethical code of conduct, and establishes the Code of Business Conduct and "Responsible Business Alliance Code of Conduct" to guide equal and safe working environment, legal compliance obligation, external business activities and corporate asset protection. To urge employees to abide by this Code, GIGABYTE requires every new employee to sign the "Employee's Ethical Code of Conduct", and also provides education training of anti-corruption, intellectual property rights, etc., to shape an emphasis on morality and integrity by the whole Company's members. (For more details of the Code of Business Conduct please refer to [GIGABYTE CSR Website](#))

GIGABYTE commits that all business activities fully comply with the laws and regulations of the country and region where GIGABYTE operates and encourages employees to formulate and implement self-standards higher than the basic legal requirements, and also actively promotes social and environmental responsibilities and business ethics in line with internationally recognized standards. The Legal & IP Affairs Division is responsible for regularly supervising and tracking the laws and regulations of domestic and foreign areas where GIGABYTE operates or sells products. All the Company's employment practices, supply chain management, and customer service comply with international relevant trade tariffs, fair trade, hazardous substances prevention, anti-bribery, anti-boycott laws and regulations, human rights standards, and other conventions and regulations.

For employees, GIGABYTE continuing to organize and introduce training on ethical management. Course topics encompassing legal affairs and intellectual property, internal audit and controls, accounting system, and ethical management are offered to managers, general employees and foreign employees based on their requirements to ensure that every employee understands the GIGABYTE ethical management vision and system. Related courses were held 170 times in 2021. 3,077 people received 1,840.7 hours of training.

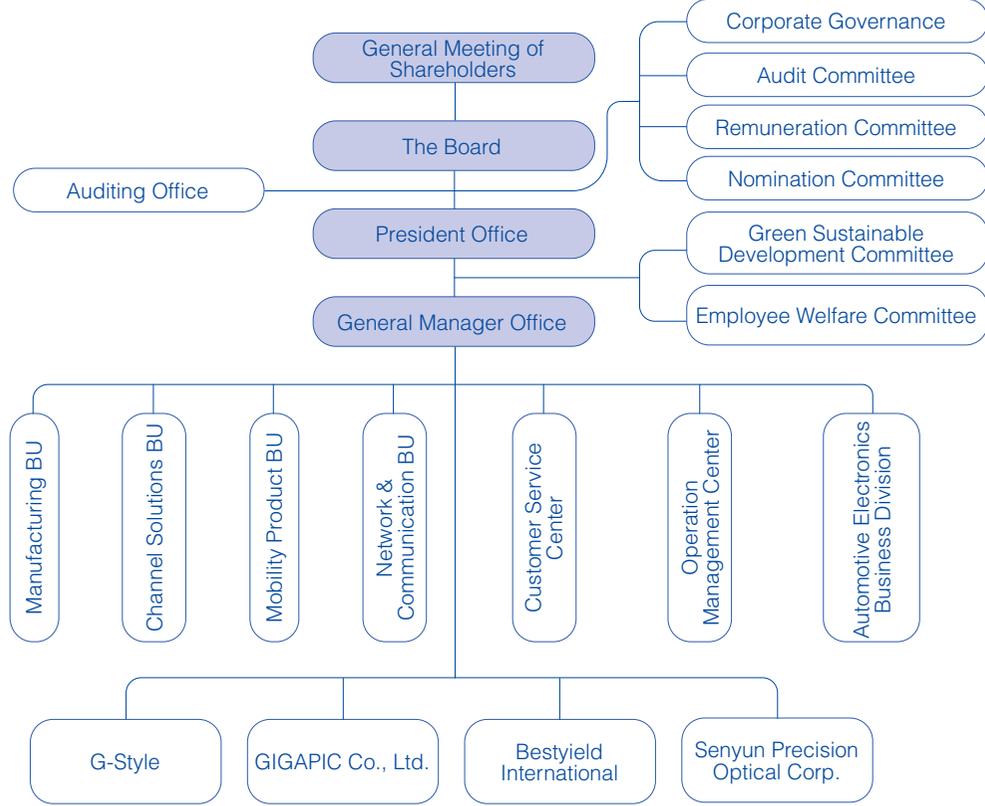
Safe and anonymous grievance channels are provided to employees in addition to proactive training and education. The highest level employees can send suggestions or complaints is the vice president. Once receiving a complaint, it will be treated on a case-by-case basis and disciplinary actions will be taken if necessary. The range of complainants also expands to distributors to ensure that employees always adhere to the ethical boundaries for business dealings. The Company promises that employees would not suffer demotion, penalty, or other

adverse consequences even if their compliance with the ethical rules results in business losses. We hope this would support building an anti-corruption environment. There were no violations of ethics or local laws that occurred in 2021. (For more stakeholder communication channels, please refer to [GIGABYTE Investor Website](#))

2.2 Corporate Governance

Robust corporate governance is the backbone of business operations. By setting a governance organization and a transparent and prudent decision-making process, GIGABYTE ensures that every step of operational strategy can take full account of all stakeholders.

◆ Organization of Corporate Governance



Internal audits and self-inspections are periodically conducted in accordance with corporate governance regulations and principles, and to respect shareholders' interests. Clearly defined rules such as "Rules of Procedure for Board of Directors Meetings" and "Procedures for Handling Material Inside Information" serve to ensure operational transparency and prevent conflicts of interest so that the management team can focus on managing the business and fulfillment of social responsibility.

2.2.1 Board of Directors and Management Team Board of Directors

Board of Directors

The Board of Directors is the highest joint discussion organization for business management activities. In 2021, the GIGABYTE Board of Directors was made up of 9 directors and the Chairman was Mr. Pei-Chen Yeh. The GIGABYTE Board of Directors in 2021 and all were men aged between 51 to 70 years old. The Board was convened 12 times in 2021 with an average attendance of 98.1%.

To ensure the fairness and independence of decision-making as well as rely upon the abundant experiences of professionals from industry and academia, the Board includes 3 independent directors with a professional background in finance, accounting, law, industry, and management. GIGABYTE directors regularly attend development courses on corporate

◆ Comparison of the Annual Remuneration^[1] and Increase Percentage between the Highest-paid Individual and General Employees^[2]

| | Taiwan Bases | | China Bases | |
|-------------------------------------|--|--|--|--|
| | The Highest Annual Remuneration ^[1] | Median Annual Remuneration of General Employee | The Highest Annual Remuneration ^[1] | Median Annual Remuneration of General Employee |
| Ratio to Median Multiple | 25 | 1 | 8.3 | 1 |
| Ratio to Median Increase Percentage | -1.0 | 1 | -0.8 | 1 |

[Note 1] The Annual Remuneration: The sum of fixed salary and floating salary.

[Note 2] General Employees: The statistical benchmark is based on the employees in service at the end of December 2021.

governance, industry trends, and regulatory changes to maintain their professional edge and ability. The Remuneration Committee and Audit Committee were also set up by GIGABYTE in accordance with the law to strengthen the competency of the Board, and to ensure fairness in the appointment of directors and their resolutions.

(For the background of all Directors, please refer to [GIGABYTE Investor Website](#))

(For the continuing education that the Directors participate, please refer to [GIGABYTE's 2021 Annual Report](#))

Remuneration Committee

In order to assess the achievement of performance goals for the Company's directors, supervisors, and managers, and to maintain the appropriateness of individual remuneration, GIGABYTE established the Remuneration Committee in 2011 in accordance with the Securities and Exchange Act. In 2021 the GIGABYTE Remuneration Committee was made up of two independent directors (Mr. Hwei-min Wang, Mr. Zheng-li Yang) and one industry expert (Mr. Peng-Huang Peng). The committee was convened five times and average attendance was 100%.

(For the details of composition, responsibilities and operation condition for the Remuneration Committee, please refer to [GIGABYTE's 2021 Annual Report](#))

Audit Committee

The Audit Committee is to supervise the proper expression of the Company's financial statements and independence and performance of the certified accountants, as well as to ensure the Company's compliance with laws and the effectiveness of the internal control system. The Committee meetings are convened at least once every quarter and convened at any time whenever necessary. A valid resolution must be approved by more than one-half of all members, and meeting minutes would be made according to laws and regulations and retained indefinitely. In 2021 the GIGABYTE Audit Committee was made up of 3 independent directors (Mr. Yi-Hong Chan, Mr. Hwei-Min Wang, and Mr. Zheng-Li Yang). It was convened nine times and average attendance was 100%.

(For more information on the operation of the Audit Committee please refer to the [GIGABYTE's 2021 Annual Report](#))

Nomination Committee

The GIGABYTE Nomination Committee was established on August 3, 2021, to strengthen the functionality of the Board and management mechanism. The Committee members elect one of their members as the convener and chairperson. Members of the current Nomination Committee will serve until the end of their directorship. In 2021 the GIGABYTE Nomination

Committee was made up of one director (Mr. Pei-Chen) and two independent directors (Mr. Hwei-Min Wang and Mr. Zheng-Li Yang). It was convened one time and average attendance was 100%.

(For more information on the operation of the Nomination Committee please refer to the [GIGABYTE's 2021 Annual Report](#))

2.2.2 Internal Audit

GIGABYTE's internal audit unit is an independent unit that reports directly to the Board of Directors. In addition to regular reports at routine Board of Directors meetings, the internal audit unit also reports to the Chairman monthly or anytime when necessary. The internal audit plan is an important part of corporate risk management and can weigh and discover the performance of all departments and operational processes. For example, if there is a deficiency during the audit process, the auditor will immediately notify each audited unit or subsidiary to take appropriate improvement measures. GIGABYTE's internal audit is divided into 10 major audit directions, including salary cycle, product production and equipment cycle, as well as cash-flow-related cycles like receiving/payment and financing, to comprehensively examine the Company's daily operation.

In addition to the internal audit, GIGABYTE regularly discloses company-related information on the Company's website and TSE Market Observation Post System, and actively incorporates external evaluation mechanisms, such as participating in the Corporate Governance Evaluation System by the Financial Supervisory Commission (FSC) every year. GIGABYTE ranked between 36% and 50% in the 8th Corporate Governance Evaluation. We will keep taking the lesson from the evaluative results, list the insufficient part as the priority for future improvement, and expect to gradually improve our corporate governance.

2.3 Risk Management

Sound risk management is the basis of corporate sustainable development. By means of risk controlling and managing process, GIGABYTE first identifies 7 risk dimensions, including operation, finance, innovation, and information security, etc. Further, the potential impact scope of each risk is determined and the risks are assigned to responsible units for sound risk management measures based on their professionals and practical experiences in related fields.

◆ Risk Management and Control Process



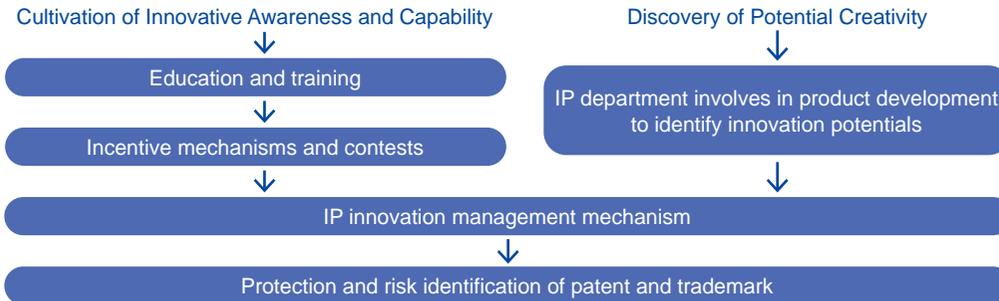
◆ Risk Identification and Management

| Risk Aspect | Operational and Financial Risks | Information Security Risk | Climate Risk | Supply Chain Risk | Occupational Health and Safety Risk | Employee Health Risk | Innovation and Intellectual Property Risk |
|-----------------------|---|--|--|--|--|--|---|
| Risk Boundary | Business | ● | ● | ● | ● | ● | ● |
| | Finance | ● | ● | ● | ● | | ● |
| | Market | ● | ● | ● | ● | | ● |
| | Business Reputation | ● | ● | ● | ● | ● | ● |
| | Supply Chain | | ● | ● | ● | | |
| | Society | ● | ● | ● | ● | ● | ● |
| | Environment | | | ● | ● | ● | |
| Risk Control Measures | <p>Operational Risk Management</p> <p>Establish an Operational Risk Management Center to manage product parts, excess materials, and inventory as well as monitor tax regulations in different regions.</p> <p>Train employees and adjust trade strategies if necessary. Plan to expand the management scope to all potential operational risks in the future.</p> <p>Financial and Accounting Risk Management</p> <p>The Board sets overall financial risk management principles and issues written policies for specific ranges and items such as interest rates, exchange rates, use of derivative and non-derivative financial instruments, and investment of surplus liquidity. These are all implemented by the financial department.</p> | <p>Establish Information Security Committee as the highest governance unit for information security risk management.</p> <p>Revise management regulations in accordance with domestic and overseas information security regulations and standards (e.g. Authorized Economic Operator (AEO), NIST CSF) as necessary to ensure confidentiality, integrity and availability of information.</p> <p>Conduct regular offensive and defensive information security drills and strengthen internal information security awareness through employee training.</p> <p>The "Privacy Protection and Management Regulations" is drawn up to keep customer data secure. There were no leaks of customer data in 2021.</p> | <p>Launch the Green Action Plan, introduce ISO 14064, promote the development of friendly products, and cultivate sustainability awareness among all employees.</p> <p>Participate in the CDP and voluntarily introduce the Task Force on Climate-Related Financial Disclosures (TCFD) framework to build comprehensive processes of climate risk identification, matrix analysis, and scenario analysis that integrate climate-related impacts with finance.</p> <p>Monitored climate-related transition and physical risks along the supply chain in 2019.</p> | <p>Define 4 major management aspects and 15 sub-targets for comprehensively managing supplier quality, price, service and delivery.</p> <p>Strategic orders are also used to reduce the risk of single source materials.</p> <p>CSR audit and sustainability assessments are conducted to assess and identify high-risk suppliers that need for further tracking and management.</p> <p>Introduce a new tiered supplier management system in 2021 to incorporate ESG evaluation into the procurement process and provide a reference for placing orders.</p> | <p>GIGABYTE defines Risk Assessment Procedures for the working environment. Each year, the EHS department compiles the Hazard Identification Form based on the irregular examination of the on-site environment, impact of hazards, and current controls. EHS-related hazards and risks are classified into 4 levels, and each is then inspected in turn to determine the adequacy of the existing management process.</p> | <p>To safeguard employee health and safety from COVID-19, timely internal e-newsletters are distributed and prevention measures are implemented in response to epidemic development.</p> <p>Classify the health condition of employees based on health exam results into 4 levels every year and start the tracking and management mechanism and provide medical subsidies for high-risk groups since 2020; these together with everyday health activities and promotions, overwork and ergonomic injury prevention, and EAPs help to maintain the physical and mental health of employees and reduce the risk of occupational diseases.</p> | <p>Cautiously develop patent and trademark strategies for key technologies of the Company. Also, participate in product and technology development plans every year to actively seek out potential patents.</p> <p>Hold education and training to cultivate employees' sensitivity to intellectual property, and establish rewarding and managing mechanisms to protect the innovations of employees.</p> |
| Related Chapter | Overview of GIGABYTE | None | 3.2 Climate Change Mitigation and Adaptation | 4.1 Sustainable Supply Chain | 5.3.1 Environmental Health and Safety | COVID-19 Epidemic Prevention Management 5.3.2 Healthy and LOHAS Workplace | 2.4 Innovation Management |

2.4 Innovation Management

GIGABYTE continuously focuses on innovative R&D in order to master critical cutting-edge software and hardware technologies so that they can be harnessed to create a better life for all of humanity. A sound management mechanism has been developed by GIGABYTE to help employees turn their creative inspirations into competitive products and services. We also continue implementing the "GIGABYTE Patent Reward" and organizing education/training and proposal challenges in order to cultivate an atmosphere and corporate culture that embraces creativity and reform.

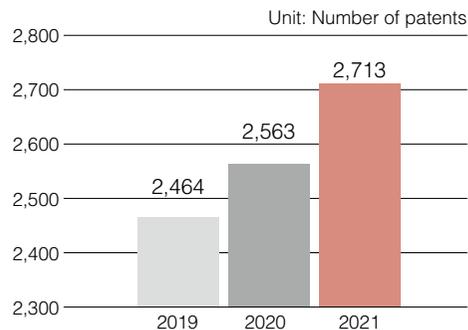
◆ Innovation Management Process



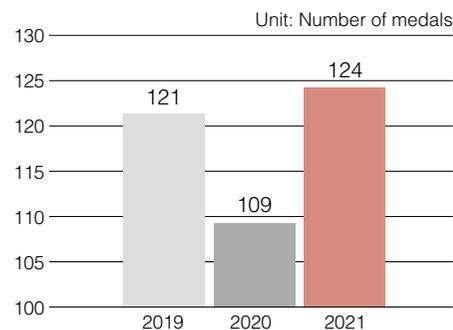
Achievements of Innovation

The Legal Affairs and Intellectual Property Division oversees all patent applications and maintenance activities within the Group. GIGABYTE has obtained more than 100 patents in the last 3 years and the accumulative number of obtained patents up to 2021 is 2,713. Besides, the internal patent rewarding mechanism encourages employees to engage more in innovation development and turn their creativity into reality.

◆ Cumulative Number of Obtained Patents



◆ Number of Medals of Internal Patent Reward



◆ 2021 Innovation Highlights

Smart Healthcare

Smart Fall Detection System



3D depth sensing technology is used to detect human body movement and position with privacy protection. When a fall occurs, the system will immediately alert the nursing personnel so that timely assistance can be provided for injury mitigation. The system effectively improves the quality of healthcare and compensation for gaps in coverage due to a lack of round-the-clock manpower. A teaching hospital in Taoyuan, Taiwan, has already introduced the system for their VIP ward.

Smart Retail



GIGABYTE has launched a wide variety of retail solutions for the sales process, including: the AIoT smart space management system and interactive digital signage to help merchants maximize returns on space; low-power and compact IoT devices suitable for POS and self-check-out systems; delivery robot controllers that help to reduce manpower and delivery costs.

Data Center



Data centers will be the centers of future intellectual technology. Server products based on different processor platforms, immersion cooling technology, as well as software/hardware technologies that support AI and machine learnings from GIGABYTE help users master digital information and apply them to 5G, edge computing, block chains and many other fields.

Latest example: The increasing precision of electronics fabrication processes imposes greater energy and cooling efficiency demands on hardware. The liquid immersion cooling solution offered by GIGABYTE and our partners provides high-density, heat-producing components with effective cooling and power supply protection through direct immersion. Concerns over failure induced by cooling fan vibrations are also eliminated. Our solution helps customers improve their processing performance while also reducing energy consumption and carbon footprint. The solution has now been introduced to the "Immersion Cooling Solution for HPC Data Center" at TSMC.

Intelligent Transportation



GIGABYTE supplies software and hardware platforms with high stability, low delay, and design flexibility that can be used for the control servers of Advanced Driver Assistance Systems (ADAS), In-Vehicle Telematics Control Unit for communications vehicle, License Plate Recognition, and intelligent high-way electronic tolling system to create an obstacle-free intelligent transportation experience for drivers.

(For more innovative technologies from GIGABYTE please refer to [GIGABYTE INDUSTRY](#))