

Partnership Management

4.1 Sustainable Supply Chain 4.2 Customer Relations Management 4.3 Co-Creation of Value with Value Chain Partnerships

Material Topics of This Chapter	Sustainable Supply Chain Management	Conflict Minerals	Customer Relations Management
Management Approach	Improve the quality of the supply chain and the stability of good supply, and deepen the corporate influence to sustainable development through engagement and cooperation with the value chain.	Take the responsibility of corporate citizenship, jointly safeguard human rights, and realize responsible production.	Provide comprehensive after-sales services and create a sound, positive customer experience by responding to customer suggestions and requirements in a timely manner.
Policy and Action	<ul style="list-style-type: none"> Issue the "GIGABYTE Guidelines of Sustainable Procurement". Track supplier-related risks and form corresponding policies. Establish supplier selection mechanisms based on environmental and social criteria. Launch of packaging reduction plan. Hold Supplier Conferences and launch the "Reduction. Sharing. Love the Earth Alliance". 	<ul style="list-style-type: none"> Introduce the Responsible Minerals Initiative (RMI) to investigate the use of 3TG and cobalt mines by first-tier suppliers. 	<ul style="list-style-type: none"> Customer satisfaction surveys are conducted every year and a sound customer complaints resolution process put into place. Define the "Privacy Protection and Management Regulations" in accordance with the Personal Information Protection Act.
Vision and Goal	<ul style="list-style-type: none"> Gradually extend the scope of supplier risk management aspects and develop responding mechanisms. Use supplier tier and evaluation results to determine preferred suppliers when ordering to reduce procurement risk. Non-use of disposable packaging from 2030. Increase the rate of top 100 suppliers participating in the "Reduction. Sharing. Love the Earth Alliance". The reduction progress of Alliance members are periodically checked and provide incentives for meeting reduction targets. 	<ul style="list-style-type: none"> Gradually increase the investigatory number of suppliers to understand the status of the use of conflict minerals. The long-term target is to expand the investigatory scope to 100% suppliers. 	<ul style="list-style-type: none"> Annual customer satisfaction rating reaches above 95%. No leaks of customers' personal information.
2021 Major Achievement	<ul style="list-style-type: none"> [●] Enforcement of supplier evaluation and continued tracking of defects and improvements. [●] Launched new supplier classification system and packaging reduction plan. Information sessions were also conducted for the relevant sales personnel and suppliers. [●] The 2021 Supplier Conference was attended by 71 suppliers, and 21% of participating suppliers were among the top 100 suppliers. [●] In 2020, 62 suppliers who took part in the "Reduction. Sharing. Love the Earth Alliance" joined the "333 Reduction Plan", among them 45% were our top 100 suppliers. [●] Out of the 41 Alliance suppliers that made progress in reductions, 30% reduced their carbon emissions, water usage or waste by at least 3%. 	<ul style="list-style-type: none"> [●] In 2021, 503 suppliers took part in the conflict minerals survey, increasing by 8.6% compared to last year. [●] In 2021, 82% of our top 100 suppliers responded to the conflicts mineral survey or made related declarations or actions. 	<ul style="list-style-type: none"> [●] 2021 customer satisfaction rating was 98.7%. [●] There were no leaks of customers' personal information in 2021.

[●] Stage objective completed [●] In progress [○] Not yet implemented [●] Stage objective not yet achieved

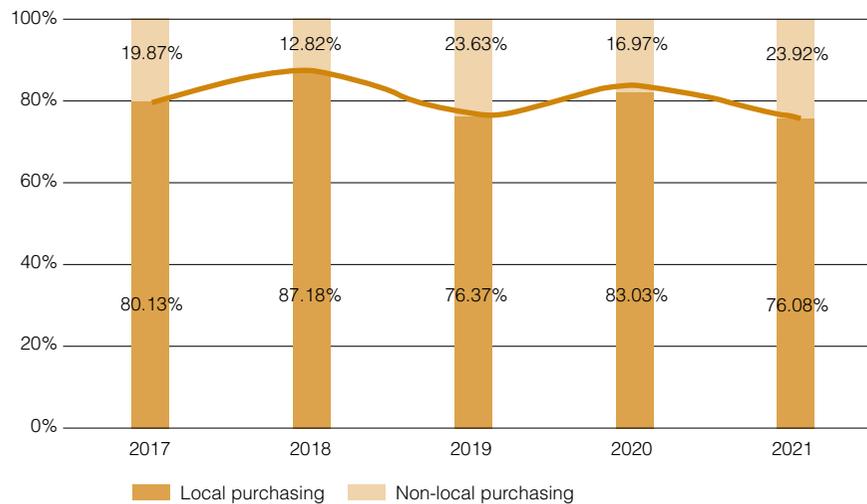
4.1 Sustainable Supply Chain

4.1.1 Overview of Supply Chain

Businesses selecting local suppliers can not only fulfill their social responsibility to the community but also reduce the environmental impact resulting from transportation and distribution over long distances. In 2021, 93.81% of GIGABYTE's first-tier suppliers were located in Asia, followed by 3.60% in the Americas, and 1.87% in Europe. GIGABYTE adheres to local procurement in order to maintain productivity and continuity of operations as well as improve local economic development.

The local procurement rates at all of GIGABYTE's main manufacturing locations (i.e. Nanping, Dongguan, and Ningbo) exceed 75% in recent years. In 2021, NVIDIA and AMD increased the proportion of products shipped from Korea so the local purchasing ratio was 76.08%.

◆ Ratio of Local Purchasing^[1] by Amount^[2] in the Past 5 Years



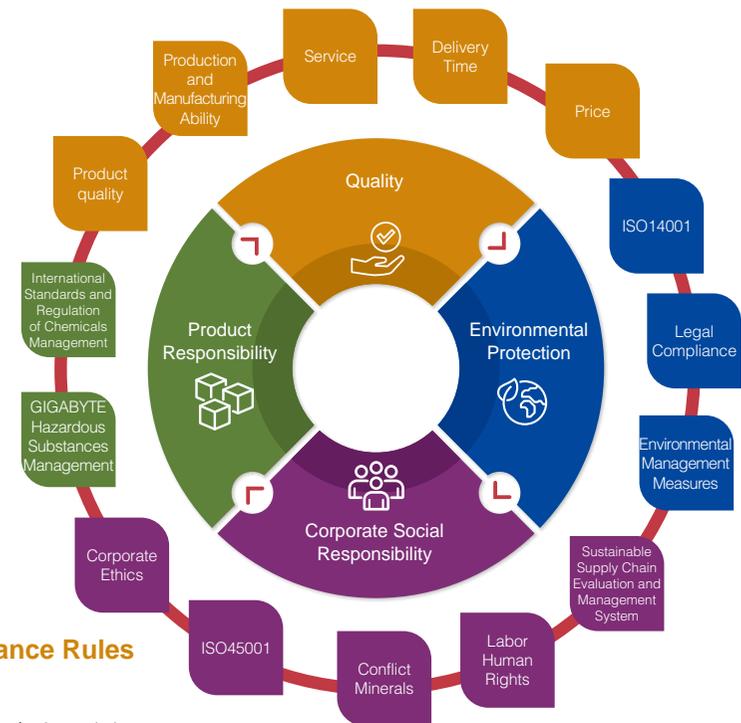
[Note 1] Local: The locations of the material production sites are in the areas where GIGABYTE's main manufacturing bases are located.

[Note 2] Procurement amount: Calculate based on the purchase amount of the year.

4.1.2 Supply Chain Risk Management

In 2018, GIGABYTE officially issued the "GIGABYTE Guidelines of Sustainable Procurement" which applies to the Headquarters, Nanping Factory, two factories in China, and the subsidiaries with substantial influence in Taiwan. We commit to regarding the "Code of Conduct for Responsible Business Alliance" issued by the Responsible Business Alliance (RBA) as the highest guiding principle. 4 major management aspects (including 15 sub-goals) and 4 zero tolerance regulations are set to assess the risk of a supplier. When selecting suppliers, other than the basic requirements like quality, delivery, service, cost, etc., we also investigate and regulate environmental management systems, occupational safety and health systems, corporate social responsibility, hazardous substances, etc., to ensure that the chosen suppliers are in compliance with sustainable procurement standards

◆ Supplier Management and Regulations



4 Zero-tolerance Rules

- Child labor
- Forced labor/prison labor
- Discharge of untreated toxic or hazardous substances/materials
- Behavior that causes immediate physical harm to employees

Identification of High Risk Suppliers

In 2021, GIGABYTE introduced pre-assessment and ratings to classify new and existing suppliers as grade A, B, C or D based on purchasing amount, overall ratings, and compliance with sustainability standards. Re-assessments and mentoring are also conducted for improvement and those graded as D would be progressively weeded out. Regular assessments are conducted on a monthly and quarterly basis to ensure consistent quality in the supply chain.

Supplier Evaluation

Conduct evaluation based on 4 major aspects:

- Quality, price, service, delivery
- Environmental management, occupational safety and health management
- Quality and RoHS system
- Corporate social responsibility practice

Tiering, Rating, and Re-Evaluation

Suppliers are divided into different tiers by their purchasing amount and then given an A – D rating based on their overall evaluation scores.

A : Qualified suppliers
 B : Qualified suppliers
 C : Suppliers under observation (improvement required within 60 days)
 D : Unqualified suppliers (must be re-evaluated within 60 days, and would be included in the cooperation list if the re-evaluation is Class C or above)

The suppliers that meet sustainability criteria are marked with a code S.

Monthly and Quarterly Evaluation

Continue to make monthly and quarterly evaluations based on the status of cooperation. Those with poor performance will be provided with counseling for improvement or replacement. Also, conduct on-site audits of factory area and corporate social responsibility performance.

Conduct weight scoring according to cooperation situation, status of return goods, and negative news in order to identify high-risk suppliers and include these factors into the considerations for procurement.

Track the latest issues and identify the potential risks at the location of suppliers every year. Keep expanding the scope of assessment to respond to any situation change to stabilize the supply chain.

Annual Evaluation and Awards

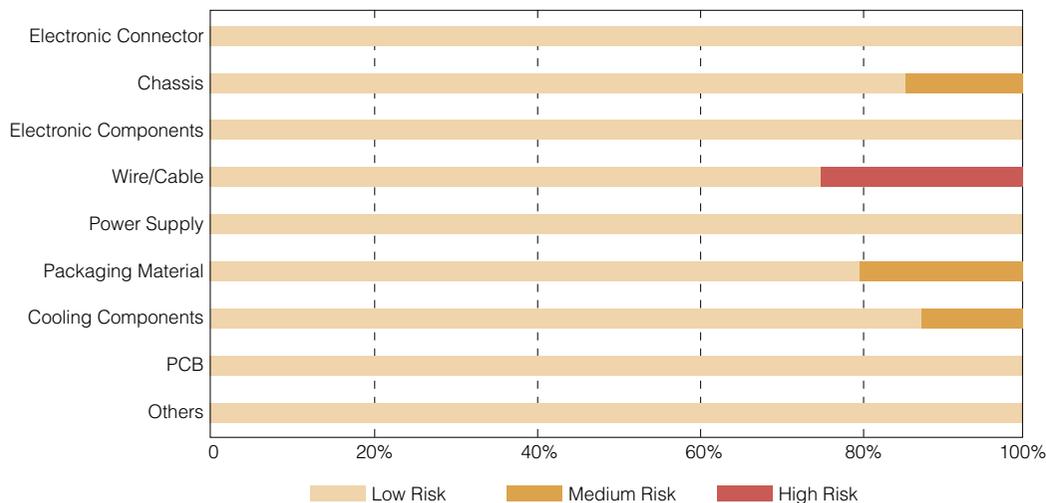
The supplier with excellent performance will be awarded annually. GIGABYTE provides four Awards to well-performed suppliers:

- Corporate Sustainability Award
- Excellent Partner Golden Award
- Best Partner Award
- Best Agent Award

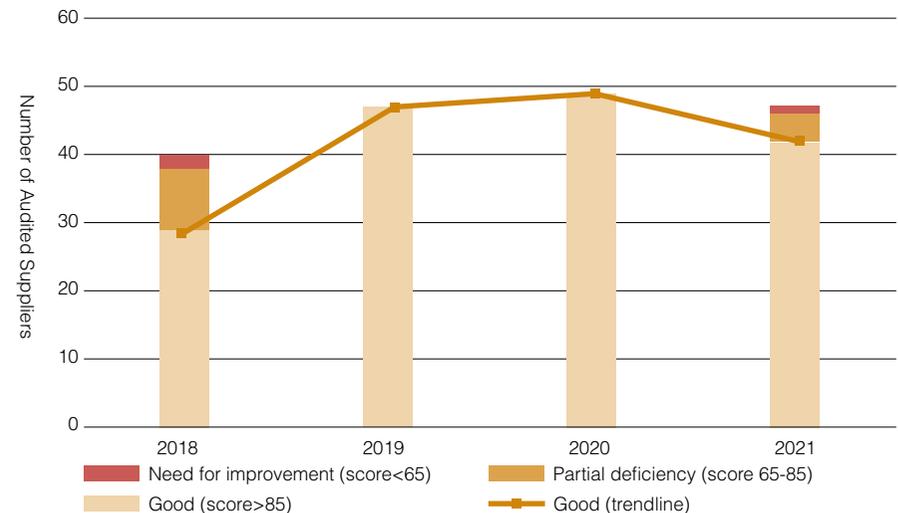
By publicly commending the excellent suppliers, we encourage the suppliers to learn from each other.

In 2021, GIGABYTE audited 47 suppliers for RoHS, quality and CSR. The audit identified 3 suppliers with moderate risk and 1 supplier with high risk, with quality being the most common problem. GIGABYTE is aware of the list and is continuing to track the situation with these suppliers. For CSR, suppliers were assessed against the Responsible Business Alliance (RBA) Code of Conduct in 2021 and nearly 90% of cases were good (scored above 85). The overall average score was 94.8. We will continue to promote related initiatives and projects in the future so that we can lead our supply chain partners in embracing sustainability.

◆ Audit Result of Quality System/RoHS



◆ Audit Result of Supplier CSR Performance

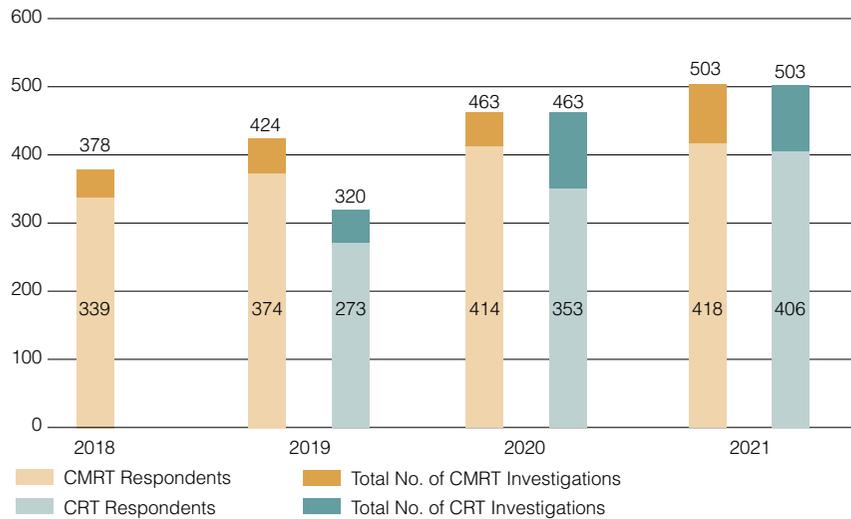


4.1.3 Conflict Minerals Management

Tin, tungsten, tantalum, and gold (3TG) minerals are indispensable raw materials in electronic products. If these minerals are obtained from areas of forced labor, child labor, or armed conflict, they would be considered conflict minerals that oppress and harm of local human rights and living conditions. Therefore, GIGABYTE introduces the Responsible Minerals Initiative (RMI) under the RBA to investigate the use of 3TG minerals by first-tier suppliers, and gradually traces the source through the Conflict Minerals Report Template (CMRT 6.1, CRT 2.2) to further manage raw materials for the purpose of jointly safeguarding human rights and values. GIGABYTE investigated 503 suppliers during 2021 and found being related to 426 3TG and cobalt smelters, of which 380 were qualified (89%). Most were located in Asia followed by Europe. (For a detailed list of smelters/refineries, please refer to the [GIGABYTE CSR website](#))

In 2021, 82% of GIGABYTE's top 100 suppliers of critical components, ranking by purchasing amount, had implemented conflict minerals management. We are continuing to convey the importance of conflict minerals to suppliers through counseling and requirements, expand the scope of investigation year by year, and target to reach 100% implementation among suppliers for the sake of protection of universal human rights.

◆ GIGABYTE Conflict Minerals Investigation



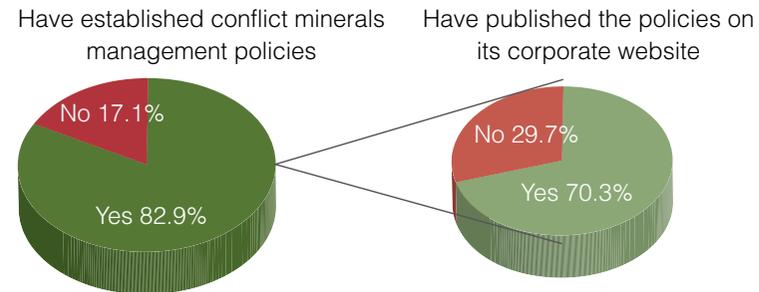
※ CMRT refers to the conflict minerals reporting template for 3TG (Tantalum, Tin, Tungsten, Gold); CRT is conflict minerals reporting template for Cobalt.

3TG Minerals

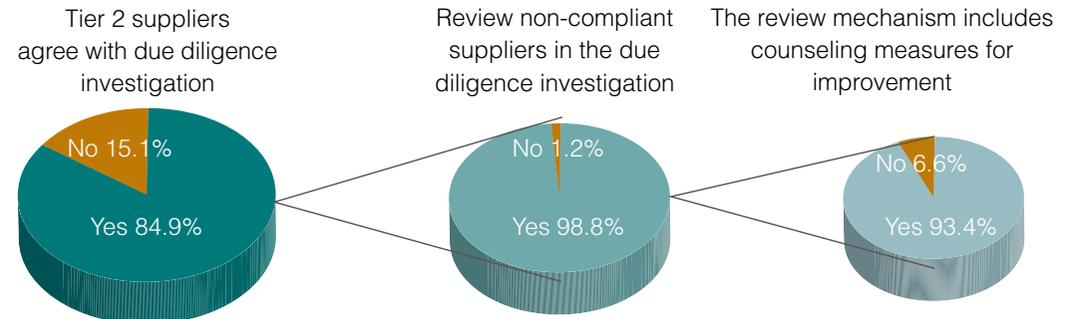
We further conducted statistical analysis on the CMRT responses to understand the actual management of conflict minerals by each supplier, and through their regulations and requirements for upstream to outline the use and management of conflict minerals by second-tier suppliers. After screening the completeness of conflict mineral management policies of all suppliers, we selected 161 companies that surely used 3TG minerals from the Covered Countries in their processes and reviewed their management approaches in order to plan timely control measures in time. The screening result found that only 5 high-risk suppliers had not defined a clearer conflict minerals management policy or conducted due diligence on their supply chains. GIGABYTE has drawn up a list and is formulating a follow-up tracking mechanism.

◆ Conflict Minerals Management Status of All Suppliers

Completeness of Conflict Minerals Management Policy among Tier 1 Suppliers

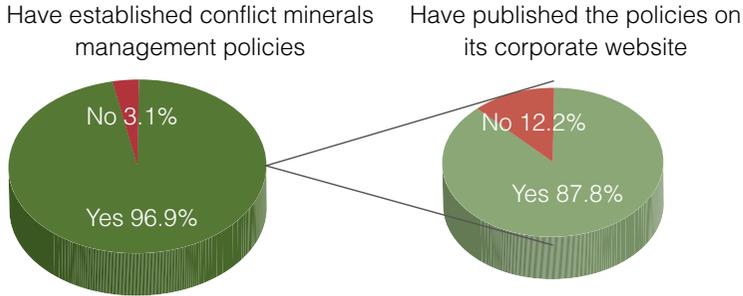


Conflict Minerals Management among Tier 2 suppliers



◆ 3TG Minerals from Covered Countries^[1]

Completeness of Conflict Minerals Management Policy among Tier 1 Suppliers



Conflict Minerals Management among Tier 2 suppliers



[Note 1] Covered countries: The Democratic Republic of the Congo and its neighboring area

Cobalt Mining

According to the cobalt investigation of 406 first-tier suppliers in 2021, only 135 suppliers used it in their production processes. Among them, 84 (62.2%) suppliers have already established cobalt sourcing management policies. Although currently cobalt is not as widely used as 3TG metals, GIGABYTE will continue to expand the scope of cobalt investigation to eliminate human rights oppression caused by conflict minerals.

4.1.4 Supply Chain Engagement and Communication

The reinforcement and maximization of impacts from corporate sustainable development depend on inter-connections and cooperation throughout the entire value chain. GIGABYTE reinforces the engagement and communication with our supply chain through a variety of channels such as evaluations, awards, education and training, and alliances. We strive to build a partnership beyond trade relations and realize the core philosophy of "Reduction. Sharing. Love the Earth" hand in hand.

◆ 2021 Status of Supplier Engagement



Supplier Sustainability Award

GIGABYTE's Supplier Sustainability Evaluation process starts with suppliers self-evaluating their implementation performance in 6 major aspects: CSR management, environmental protection, labor practices and human rights, fair trade, supplier responsibility, and social/local contribution. Afterward, the Supplier Evaluation Team from the Sustainable Development Office conducts fair selection based on 4 major aspects: completeness, rationality, the level of cognition, and the level of attention. The suppliers with better scores would be publicly awarded the Excellent Partner Award at the supplier's year-end party. GIGABYTE hopes that the annual award mechanism can facilitate positive competition between suppliers to pursue more outstanding performance in sustainability. The 2021 supplier year-end party was canceled due to the COVID-19, but GIGABYTE still presented trophies to well-performing suppliers to show our appreciation for their support and assistance over the past year. We also looked forward to further cooperation for realizing the vision of "Reduction. Sharing. Love the Earth" together.



In addition to the awards, we also encourage suppliers to fulfill corporate social responsibility by procurement activities. In 2021, the ratio of GIGABYTE's purchase amount from the suppliers participating in the Supplier Sustainability Evaluation was 75.4%. We will continue to increase the ratio in the future to make suppliers have more incentives in carrying out sustainability and therefore construct a sustainable supply chain.

Supplier Conference

"Net zero emissions" is already a global hot issue. GIGABYTE knows that businesses must take carbon management seriously in order to rise above the fray in a very competitive market. During the 2021 Supplier Conference, the Sustainable Development Office introduced to suppliers with voluntary inventory of carbon emissions (ISO14064-1: 2018) and shared the concept of risk management as well as the strategy and outcomes for strengthening the resilience of sustainable supply chains. We hope this will encourage more supplier partners to join us in forging a sustainable supply chain together. GIGABYTE will continue to ramp up our communication efforts to establish sustainability know-how among our suppliers.

◆ Reduction. Sharing. Love the Earth Alliance Supplier Conference on 16 Sep.



Conference Agenda

- Future of Net Zero
- Corporate Sustainability Strategy

Reduction. Sharing. Love the Earth Alliance

GIGABYTE launched the "333 Reduction Plan" in 2016 and set a target of reducing carbon emissions, water use, and waste by 3% every year. We also invested in tree planting and afforestation to conserve the biodiversity of the earth. At the same time, we invited all of our suppliers to join the "Reduction. Sharing. Love the Earth Alliance" and reach the "333 Reduction" targets together with GIGABYTE. We also expect that the suppliers with significant reduction performance could share their experiences with others to stimulate peer learning and achieve general reductions across the entire supply chain.

◆ Status of "Reduction. Sharing. Love the Earth Alliance" Advocacy



"Reduction. Sharing. Love the Earth Alliance" Reduction Performance

After the Alliance was established, GIGABYTE started to investigate the efforts to reduce carbon emissions, water use, and waste by each Alliance member in 2018. Every effort made was to practice the Alliance's core value of reduction. Furthermore, with an outline of the overall reduction trends, we can then develop a more practical strategy for the future. In 2021, we tracked the reduction statistics from the previous year of 42 companies, including partner suppliers and GIGABYTE itself. The reduction outcomes from 2020 compared to previous years are shown below.

	Carbon Emissions Reduction	Water Reduction	Waste Reduction
Rate of Reduction ≥ 3%	12 companies	12 companies	13 companies
0% < Rate of Reduction < 3%	4 companies	6 companies	1 companies

Explanation of Reduction Analysis Result

The statistics showed that nearly 30% of participated companies met the target. The measures to reach targets included setting concrete reduction targets as well as the promotion of carbon reduction, electricity conservation and waste reduction projects. For example, some upgrade more efficient equipment and promote electricity conservation in the office, while some switch to green electricity. Some suppliers also launched water reclamation in their factories and promote other water-related projects.

GIGABYTE will continue to promote sustainable supply chain management in 2022. In addition to enhancing mutual cohesion by holding beach clean-up events and tree-planting, we will carry out the 5th "Reduction. Sharing. Love the Earth" supplier conference and expect that more suppliers will join the alliance and amplify the benefits from reduction. The suppliers with outstanding performance in 2021 will also be invited to share their experiences. We hope this will boost the interaction between as well as the environmental performance of our suppliers.

4.2 Customer Relations Management

Customer Service and Satisfaction

A positive customer experience is based on not only high-quality and innovative products but also comprehensive after-sales service and timely response to customer suggestions and requirements. This is an important part of GIGABYTE service standards and value. In addition to defining the "Customer Complaints Handling Procedure" and "Customer Questions Handling Procedure," GIGABYTE also conducts periodical satisfaction surveys with an annual customer satisfaction rating of over 95% set as the management goal.

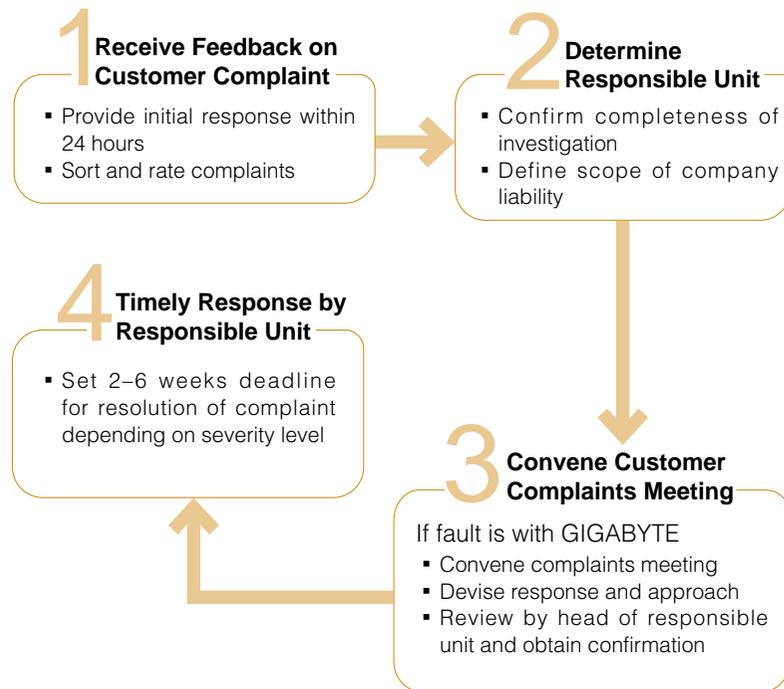
Handling of Customer Rights

A sound customer complaints resolution process has been established by GIGABYTE. There were 8 customer disputes in 2021 mainly from customer complaints over product quality and support process. GIGABYTE reached out to the consumers and resolved the disputes through appropriate responses or product replacement.

Customer Satisfaction in the Past 4 years



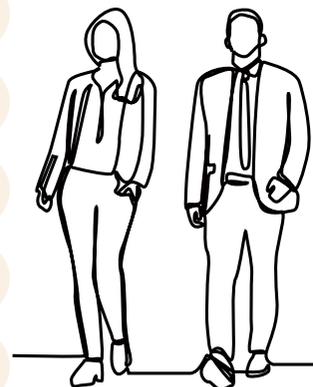
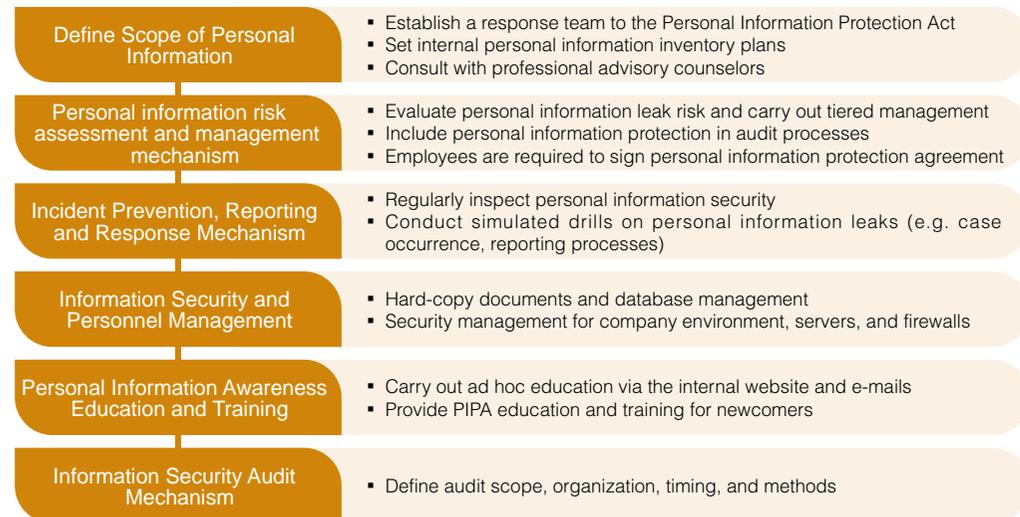
Customer Complaints Handling Procedure



Customer Privacy Protection

GIGABYTE respects the personal information and privacy of our customers. A Personal Information Protection and Management Committee is established in accordance with the government's "Personal Information and Protection Act" to define and enforce the "Personal Information Protection and Management Regulations". Proposals for making future improvements to personal information risks are also developed on an ad hoc basis to protect customer information. There were no leaks of customers' personal information in 2021.

Privacy Protection and Management Regulations



4.3 Co-Creation of Value with Value Chain Partnerships

Corporate sustainability depends on teamwork from every part of the value chain. In addition to defining management strategies and reviewing periodically of partners' performance, we also launched coastal clean-up, tree-planting and other projects that suppliers and customer partners were invited to participate in. We hope these hands-on events will encourage value chain partners to pay more attention to environmental topics and contribute to environmental sustainability together.

Joint Coastal Clean-up with Suppliers

To uphold the GIGABYTE spirit of "Thousand Mile Trek - Go Green Taiwan" round-island trek, GIGABYTE participate in a joint corporate clean-up event at Badouzh in Keelung with LITEON and Compal. GIGABYTE sent out an appeal to our supplier partners from the "Reduction. Sharing. Love the Earth Alliance" and mobilized 110 volunteers to clean up 1,237.4kg of trash in April 2021. Working together to pick up trash and remove waste from the sea not only foster a positive relationship with suppliers but also was a valuable lesson in environmental education.



Tree-planting in Pinglin x Trek 5 km for Water

GIGABYTE has been long for practicing the philosophy of "returning trees to the Earth" by our Vice Chairman Liu Ming-hsiung with 89,399 trees planted for the planet so far. In 2020, we took this another step further by adopting forest land in the Pinglin District and committing to protecting the local water and soil ecology. In November 2021, GIGABYTE mobilized our employees, supplier partners and customers to plant precious tree seedlings by hand. We also supported the "Trek 5 km for Water" event initiated by the Dandelion Foundation. The event raised public awareness on the topic of water resources by letting participants experience the difficulty of accessing water in remote rural areas.



Sustainable Consumption Advocacy

Growing global awareness on sustainability meant that today's consumers no longer look only at product price and functionality when shopping. They also communicate their support for sustainable consumption to businesses by supporting related actions and through peer referrals. The result is a positive feedback cycle of responsible production and consumption. GIGABYTE not only strives to provide eco-friendly products but also invites consumers to participate in the programs combining sales and sustainability. For example, customers were invited to participate in 2021 G+ Earth Day event. For each product with Sweet Lemon label purchased by a consumer, GIGABYTE plants a tree for the planet in his/her name.

G+

5

購買甜檸檬認證商品幫您在地球種樹

活動時間：即日起~2022/4/30

幫您種樹

購買甜檸檬認證商品
幫您在地球種下一棵樹
(有種樹證書唷~)

Mottainai 一起環保愛地球

振興五倍券
5000