

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

Sustainable Governance

2.1 Integrity Management and Legal and Regulation Compliance2.2 Corporate Governance2.3 Risk Management2.4 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 (Voluntary disclosure)
Management Approach	Construct an effective corporate governance structure and complete education and training system, and be capable of fulfilling responsibility for 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.		 Risks are identified in accordance with the risk management process. The degree of impact on the Company and the likelihood of each risk are assessed and ordered in a risk matrix. Comprehensive risk controls are developed by relevant units, such as the Global Operations and Risk Management Center, the Risk Management Section of the Finance Division, and the Quality Risk Department of the Sustainable Development Office. 	 Establish the Information Security Committee to periodically report on information security management practices and outcomes to the Group President. 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	 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. 	 No serious infractions (with monetary penalties in excess of NTD 1 million) 	Continue participating in the Corporate Governance Evaluation and improving governing strategies based on the evaluation results.	 Early identification of risks and formulation of corresponding management strategies to ensure loss mitigation and realization of business targets 	 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. 	The number of patents and awards received each year grows steadily.
2022 Major Achievement	 The signing rate reached 100%. During 2022, corporate ethical management and anti-corruption training sessions were conducted 189 times and attended by 2,897 people. 	[•] There were no major violations at Taiwan bases in 2022 (with monetary penalties exceeding NTD 1 million).	[] Ranked between the range of 36% and 50% in the 2022 corporate governance evaluation.	 10 areas of risk were identified for continuous monitoring by dedicated units and the development of response strategies. There are no breaches of privacy at GIGABYTE in 2022. 	 Organized one information security incident reporting and response drill to enforce the division of labor and improve response proficiency. Conducted employee information security training 711 times and two social engineering drills covering 4,795 people. 	 Acquired 103 patents in 2022, bringing the cumulative total to 2,832 patents. Products won 18 prestigious awards in 2022, including the iF Design Award, Red Dot Design Award, and the Taiwan Excellence Award.

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 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 on anticorruption, intellectual property rights, etc., to shape an emphasis on morality and integrity by the whole Company's members.

(For more details on 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 relevant international 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 continues to organize and introduce training on ethical management. Course topics encompassing legal affairs and intellectual property, internal audit and controls, accounting systems, 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 189 times in 2022. 2,897 people received 4,776.3 hours of training.

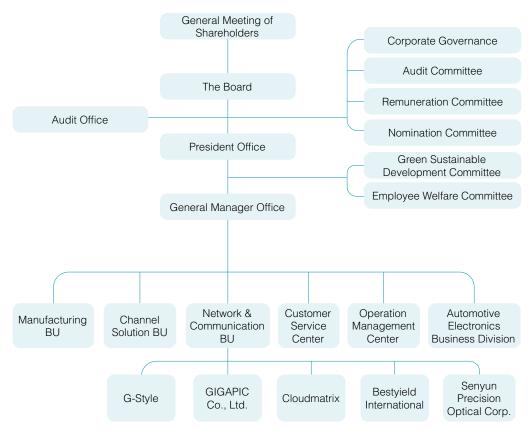
Safe and anonymous grievance channels and proactive training and education are provided to employees. The vice president is the highest level to whom employees can send suggestions or complaints. Once receiving a complaint, it will be treated on a case-by-case basis, and disciplinary actions will be 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 will not suffer demotion, penalty, or other adverse consequences even if their compliance with the ethical rules results in business losses. We hope this will support building an anti-corruption environment. There were no violations of ethics and integrity or serious violations of the law at GIGABYTE's Taiwan bases in 2022.

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.

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" ensure operational transparency and prevent conflicts of interest so that the management team can focus on managing the business and fulfilling social responsibility.

Organization of Corporate Governance



[Note] This graphic was based on the internal organization chart issued in 2022 and does not include the GIGABYTE subsidiary Selita Precision.

2.2.1 Board of Directors and Management Team Board of Directors Board of Directors

The Board of Directors is the top decision-making body for business management activities. The GIGABYTE Board of Directors was made up of 9 directors in 2022, including 6 directors and 3 independent directors. The Chairman of the Board was Mr. Pei-Chen Yeh. All members of the Board were male, aged between 51 and 70, and did not include any directors from a legal background. The material issues most relevant to the professional experience of current board members include corporate governance, financial performance, and innovation management. The Board was convened 9 times during 2022, and average attendance was 98.77%. To boost Board diversity, a goal of increasing the number of female directors and directors with a legal background by at least one has been set.

GIGABYTE directors regularly attend development courses on governance, industry trends, and regulatory changes to maintain their professional edge and ability. The Remuneration Committee and Audit Committee were also set up per the law to strengthen the board's competency and ensure fairness in the appointment of directors and their resolutions.

(For more information on the Board diversity, independence, and professional experiences, please refer to pp.16-20 of the <u>GIGABYTE 2022 Annual Report</u>)

(For more information on each director's continuing education and performance evaluation, please refer to p.37 and pp.45-46 of the GIGABYTE 2022 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 2022 the GIGABYTE Remuneration Committee was made up of 2 independent directors (Mr. Hwei-Min Wang, Mr. Zheng-Li Yang) and 1 industry expert (Mr. Peng-Huang Peng). The committee was convened 4 times, and average attendance was 100%.

(For the details of composition, responsibilities, and operation conditions for the Remuneration Committee, please refer to pp.47-50 of the <u>GIGABYTE 2022 Annual Report</u>)

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	The Highest Annual Remuneration ^[1]	Median Annual Remuneration of General
Ratio to Median Multiple	33.3	1	7.1	1
Ratio to Median Increase Percentage	-0.03	1	0.22	-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 2022.

Audit Committee

The Audit Committee is to supervise the proper expression of the Company's financial statements and the 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 must be made according to laws and regulations and retained indefinitely. In 2022, the Audit Committee comprised 3 independent directors (Mr. Hwei-Min Wang, Mr. Yi-Hong Chan, and Mr. Zheng-Li Yang). It was convened 7 times, and average attendance was 100%.

(For more information on the operation of the Audit Committee, please refer to pp.38-40 of the GIGABYTE 2022 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 2022, the GIGABYTE Nomination Committee was made up of one director (Mr. Pei-Chen Yeh) and two independent directors (Mr. Hwei-Min Wang and Mr. Zheng-Li Yang). According to GIGABYTE's "Rules for Director Election," a candidate nomination system is used for the election of directors, and shareholders elect directors from the nominated candidates.

(For more information on the operation of the Nomination Committee, please refer to pp.50-51 of the GIGABYTE 2022 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 cashflow-related cycles like receiving/payment and financing, to examine the Company's daily operation comprehensively.

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 36-50% among all listed companies in the 9th 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 improve our corporate governance gradually.

2.3 Risk Management

2.3.1 Risk Identification and Management

Sound risk management is fundamental to the sustainability of an enterprise. GIGABYTE used the risk management process to identify 10 areas of risk in 2022. Senior executives above the manager level then participated in evaluating the degree of impact on the Company from each risk and their likelihood. A risk matrix was then drawn up based on the results. The appropriate departments were then commissioned to develop a sound risk management method using their professional knowledge and practical experience in related fields.

GIGABYTE Risk Management Process and Management Actions

01 Risk Identification

[External Environment]

Identify external developing trends related to politics, economics, environment and society to confirm any potential influence on our operation.

[Internal Operation]

Identify potential risk events based on operational processes.

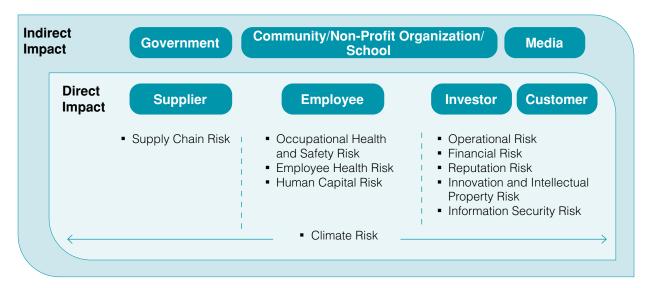
02 Risk Scope Definition

With consideration of daily operational activity, define the direct and indirect impacts of various risks on stakeholders.

Risk
Analysis and
Assessment

Assess the severity of the impact on the company and the likelihood of each identified risk factor, and further draw a risk matrix to distinguish the level of urgency.





Risk Matrix





Overview of GIGABYTE Development Commitment and Sustainable Governance Governance Governance Sustainable Value Chain Workplace Common Good

04 Risk Management

Establish responding measures for those issues with higher risk and instruct related units to review and follow-up on the performance of risk management.

Risk	Description of Risk	Risk Control Measures	Corresponding Chapter
Operational Risk	The risk includes business disruption risk, market demand decline risk, compliance risk, and geopolitical risk.	Information on products, materials and parts, logistics, customs, and taxes are collated by the Group's Operational Risk Management Center. Product compliance, operations, and other related matters are managed through the global operational risk management platform. Employee education and training are also conducted at various times to prevent disruptions to business continuity.	Overview of GIGABYTE
Financial Risk		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.	Overview of GIGABYTE
Information Security Risk	This includes the risks due to the impact of hacker attacks, network failure, software/hardware malfunction on customer privacy and company operations.	 Establish Information Security Committee as the highest governance unit for information security risk management. Revise management regulations in accordance with domestic and overseas information security regulations and standards as necessary to ensure confidentiality, integrity, and availability of information. 	2.3.2 Enhancing Information Security
Supply Chain Risk	Risk of supply chain disruptions and material shortages due to deficiencies in supplier quality, pricing, service, and delivery time; risk to company image from supplier violations of human rights and CSR events.	 The RBA Code of Conduct issued by the Responsible Business Alliance was used as the guiding principle for defining the 4 management aspects (15 sub-targets) and 4 zero-tolerance rules. A new tiered supplier management system was introduced in 2022 to better reflect suppliers' overall sustainability performance. 	4.1 Sustainable Supply Chain
Innovation and Intellectual Property Risk	The risk includes innovative R&D risk, product patent risk, and patent litigation risk.	 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. Hold education and training to cultivate employees' sensitivity to intellectual property and establish rewarding and managing mechanisms to protect the innovations of employees. 	2.4 Innovation Managemnet
Reputation Risk	The risk includes risk from PR events that impact brand image and market reputation.	For special incidents that may affect the Company's brand image, market reputation, and so on, material information and clarifications are issued through the Group corporate communications office through channels such as the corporate website, media, and the Market Observation Post System of the Taiwan Stock Exchange	Please find more information at the MOPS
Climate Risk	The risk to operations due to the increasing frequency of extreme weather events caused by climate change, and risks from customers requiring disclosure of product carbon footprint or reduction of carbon emissions.	 Introduce the TCFD framework and participate in CDP to build a comprehensive climate risk identification process and matrix. Scenario analysis is also conducted to link financial performance and climate impact. Expand to monitor the climate-related transition and physical risks along the supply chain since 2019. 	3.2 Climate Change Mitigation and Adaptation



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Overview of GIGABYTE

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Risk	Description of Risk	Risk Control Measures	Corresponding Chapter
Occupational Health and Safety Risk	The risk includes operating environment risk, dangerous and hazardous substance management risk, disaster prevention and response risk, occupational injury disaster, and contractor management risk.		5.3.1 Environmental Safety and Health
Employee Health Risk	Risk of impact on company operations from labor shortages and employee physical/mental well-being caused by pandemics of general illnesses.	 Promote a tiered health management system and conduct special tracking and management based on the results of health exams each year. Medical subsidies and health management incentives are also provided for high-risk groups. Everyday health activities and promotions, overwork and occupational injury prevention, and EAPs help to maintain the physical and mental well-being of employees as well as reduce the risk of occupational disease. Epidemic prevention measures are announced and implemented in a timely manner in response to COVID-19 developments. 	5.3.2 Healthy and LOHAS Workplace
Human Capital Risk	Risks from shortages of critical technology talent and high employee turnover.	Talent is a critical asset for corporate sustainability. To prevent risks such as a shortage of critical technical talent and high turnover, rigorous talent selection and cultivation are employed to construct a diverse and balanced human resources structure. Talented people from diverse backgrounds are also encouraged to unleash their expertise, creativity, and potential in their work.	5.1 Human Resource Management and Talent Cultivation

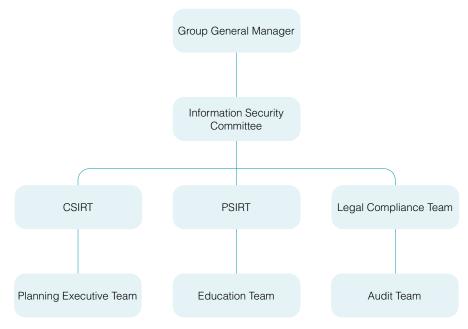
2.3.2 Enhancing Information Security

An Information Security Committee was established by GIGABYTE in 2021. An information security policy and management structure were formulated in accordance with international standards, regulatory requirements, privacy protection, risk management, and crisis management. The Committee is responsible for promoting information security management, planning, supervision, and implementation across the organization. It also regularly reports to the Group General Manager on the effectiveness of information security management activities and systems by the information security management organization.

Information Security Policy

- 1. Information security management rules are reviewed and updated every year in accordance with international information security standards (NIST CSF framework) and domestic/overseas information security regulations.
- 2. Ensure the confidentiality, integrity, and availability of information so that they can be securely, correctly, appropriately and reliability used for the planning, management, and realization of Group targets.
- 3. Ensure that information security management during R&D, product development, cloud services, and manufacturing supply chain are all in compliance with the information security policy in order to effectively reduce management risks, increase the overall maturity of information security, and ensure a safe, quality product experience for customers.
- 4. Enforce information security by conducting regular offensive and defensive information security drills and strengthening internal information security awareness through employee training.

Structure of Management Organization





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Overview of GIGABYTE

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Management Target

Achievement in 2022

Enhance Information Security Maturity

Conducted vulnerability scans and penetration tests to validate overall system security and defenses.

 Organized 1 information security incident reporting and response drill to enforce the division of labor and improve response proficiency.

0 Major Information Security Events

- In response to employees working from home due to COVID-19, deployed high-security protective mechanisms and multi-factor authentication (MFA) to ensure the security and integrity of information operations.
- One of the software suppliers discovered an information security vulnerability in December 2022. Following the
 announcement of the Information Security Bulletin, GIGABYTE immediately assisted our customers in updating
 their systems to improve their information security defenses. There were no significant losses for customers
 afterward.

Strengthen Information Security Education Training for Employees and the Supply Chain

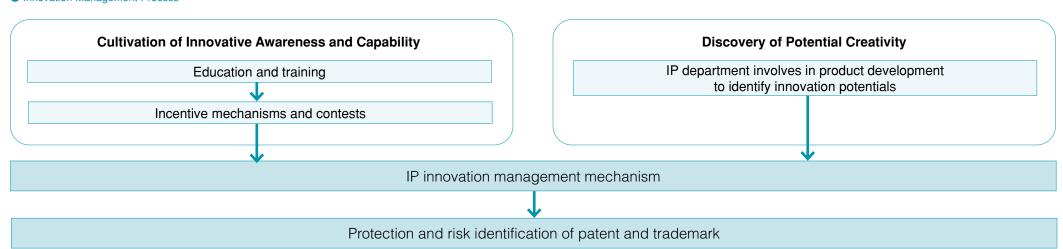
- Deployed anti-phishing protection in response to the continued rise in BEC e-mail fraud. Employee information security training was conducted 711 times as well as two social engineering drills covering 4,795 people.
- Established a joint information security platform for the supply chain.



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



Smart Manufacturing

Warehouse Logistics Automation Solution

Unmanned vehicles play an important role in the trend toward smart

manufacturing. They not only improve efficiency and safety during

production but can also make up for labor shortages caused by COVID-19.

GIGABYTE can supply dependable cutting-edge computing power and

a highly flexible I/O interface for Autonomous Ground Vehicles (AGV)

or Autonomous Mobile Robots (AMR) that have entered widespread

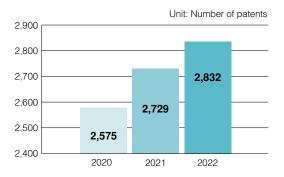
service in recent years. GIGABYTE can also design embedded systems

with industrial-grade shock resistance and fan-less cooling for AGV/AMR

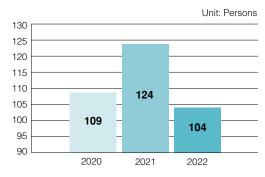
Achievements of Innovation

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 2022 is 2,832. 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 recipients for internal patent incentives



2022 Innovation Highlights

Data Center

Data Center Cooling Solution

Advances in technology meant that processors in next-generation data centers often consume more electricity and produce more heat. GIGABYTE offers a full range of advanced cooling solutions that provide customers with everything from air and liquid to the latest immersion cooling solutions. Our technology can help build low power-consumption, high-performance, and environmentally friendly data centers that reduce energy consumption by up to 90% and power utilization efficiency (PUE) down to 1.08. GIGABYTE solutions are now already used in a variety of fields, including the aerospace, semiconductor, and telecommunications industries. (For more information, please refer Section 3.3.1 Friendly Product)

ions industries. (For applications. A compact footprint help meet the AGV/AMR requirement for high performance with space constraints.

PILOT Automated Driving Control Unit

Intelligent Transportation

The GIGABYTE PILOT Automated Driving Control Unit (ADCU) helped the WinBus crewless bus implement SAE Level 4 high driving automation technology at the Automotive Research & Testing Center. Its three key features include a high-performance processor package for enhanced Al algorithm performance, support for high-speed interfaces and ultra-high connectivity with automotive devices, and a ruggedized design capable of withstanding different weather and road conditions. Potential applications include autonomous driving of vehicles, agricultural machinery, and robots.

Smart Healthcare

Edge Servers Edge Computing Server

GIGABYTE's Edge Servers offer high-density, scalable edge computing servers for use in Internet-of-Things (IoT) devices such as wearable devices and sensors in the smart healthcare field. Its ability to rapidly collect and analyze big data with low latency can help predict future patient health trends. Therefore, medical services can evolve beyond treating diseases to human care and predictive detection of serious illnesses.



Digital Innovation and E-Sports Entertainment

AERO Series Creator Notebook

The AERO series focuses on ultimate performance and color rendering performance. It has received several international third-party certifications to satisfy the demand for perfect color accuracy by pro creators. In addition to TÜV Eyesafe® certified OLED display to reduce harmful blue light effectively, it is also unique in obtaining both X-Rite™ 2.0 Factory Display Calibration and Pantone® Validated certification from the world's most rigorous authorities on color calibration.

AORUS Project Stealth Barebones PC DIY Kit

GIGABYTE and its partners developed the Project Stealth Barebones PC DIY Kit incorporating revolutionary patents and design. A perfect package of cleverly designed, customized components, including ATX-compatible motherboards, graphics cards, and computer casings, can be quickly, efficiently, and safely combined through innovative hidden connectors. The product was recognized with the 2023 CES Innovation Award.