

Corporate Governance

Governance Structure
Financial Performance
Tax

Ethical Management
Risk Management
Information Security

Highlights of Sustainability

Performance of Corporate Governance

Top 5% in 2024 Corporate Governance Evaluation of Listed Companies.

Board of Directors and Functional Committees Performance Assessment

The result of performance self-evaluation of the Board of Directors, Functional Committees, and individual Directors in 2024 were [Excellent].

The Board of Directors' decision-making

The attendance rate of the Board of Directors, the Audit Committee, the Compensation and Remuneration Committee and the Nominating Committee in 2024 were 100%.

Operational Achievements

In 2024, Faraday's consolidated revenue reached NT\$11.06 billion, with a basic EPS of NT\$4.04.

The Linkage to the Executive Compensation and ESG Performance Evaluation

Linking Managers' remuneration to ESG performance evaluation policy and establishing the Clawback Policy.

Increase of the number of female Board members

The proportion of female Board members has been increased to 33.33%, enhancing females' participation in decision-making and strengthening the board structure.



Management Policies

Material sustainability issues	Performance indicators	Goals in 2024	Performance in 2024	Goals in 2025	2030/Long-term Goals
Information security	Maintaining ISO 27001:2022 certificate validity	Achieved	Achieved	Achieved	Complete ISO 27001 certificate renewal audit before expiration in 2026; continuous PDCA improvement
	Information security policy announcement for all the employees once per quarter	100%	100%	100%	Adjust content of information security advocacy based on intelligence assessment
	Implement information security training for all new recruits	100%	100%	100%	Adjust content of training course according to company instruction
	No case on complaints about violation of customer privacy or loss of customer data	0 case	0 case	0 case	Reassess based on the current information security architecture to ensure the protection of customer privacy and data security.
	Conduct information security audit for all suppliers	100%	100%	The results of the information security audit should be quantified with a score, with at least 70% of the suppliers achieving a score of 80 or above.	Assess if the method of data exchange with the supplier needs to be adjusted

Faraday customized goals	Performance indicators	Goals in 2024	Performance in 2024	Goals in 2025	2030/Long-Term Goals
Corporate governance	The ranking of the Corporate Governance evaluation	Top 6%~20%	Top 5%	Top 6%~20%	Top 5%
	The percentage of female Directors	≥ 25%	≥ 33%	≥ 33%	Continuously enhance the diversity and independence of the Board of Directors
	The attendance rate of the Board of Directors and Functional Committees	≥ 90%	100%	≥ 95%	100%
	The numbers of continuing education hours of all Directors.	≥ 3 hours	≥ 6 hours	≥ 6 hours	≥ 6 hours
	The policy on linking managers’ remuneration to ESG performance.	Set up the policy and have reviewed by the Compensation and Remuneration Committee and have resolved by the Board of Directors.	Achieved	Review the rationality and achievement rate of managers’ ESG KPIs at least once a year.	Continuously review and adjust ESG KPIs on a rolling basis, strengthening the connection between managers’ remuneration and sustainability performance.
Ethical management	Coverage rate of ethical management education and training	≥ 90%	100%	≥ 95%	100%
	Signing Rate of Code of Conduct & Workplace Ethics for new recruits	100%	100%	100%	100%
	Corruption and competitive behavior	0 case	0 case	0 case	0 case
	Material Illegal Acts (Fines exceeding USD 10,000)	0 case	0 case	0 case	0 case

Management of Material Sustainability Issues

Information security



Policy/Commitment
Information Security Policy



Impact description
Hacker attacks may lead to leakage of important customer information or temporary interruption in operations following an attack.

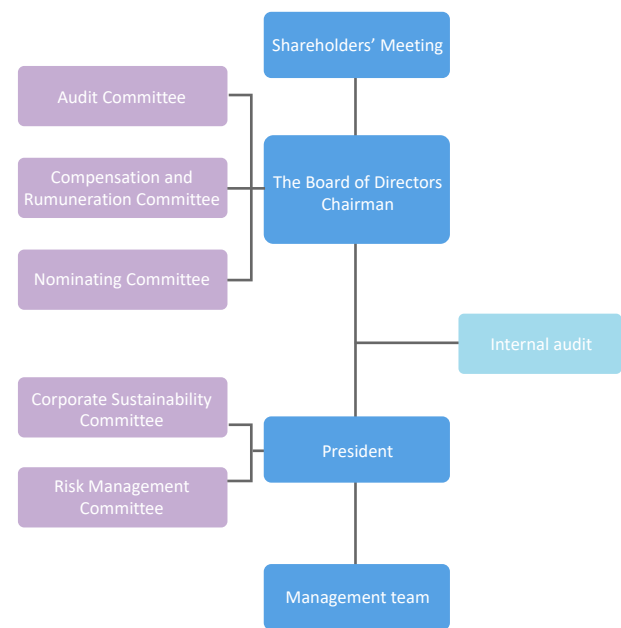


- Key actions
- Regularly collect the intelligence of information security threat to understand the latest attack methods.
 - Regularly execute bug fixes and updates
 - Regularly execute authorization reviews and compliance inspections
 - Regularly execute operational continuity drills to ensure uninterrupted operations
 - Conduct inspections and assessment through external companies or consultants

Governance Structure

By complying with the “Company Act of the Republic of China”, “Securities and Exchange Act”, and other relevant laws and regulations, Faraday has also set up “Corporate Governance Best Practice Principles”, “Ethical Corporate Management Best Practice Principles”, “Insider Trading Prevention Regulations”, “Risk Management Policy”, and “Information Security Policy” as the basis for establishing an effective corporate governance structure to improve corporate governance, and regularly reports to the Board of Directors to protect the rights and interests of shareholders, strengthen the functions of the Board of Directors, respect the rights and interests of stakeholders, and enhance information transparency. We hope that through effective corporate governance operations, we can fulfill our corporate sustainability responsibilities and improve our business performance. The most recent report on the implementation of sustainable development, including ethical management, information security, risk management, intellectual property management, and stakeholder communication, was submitted to the Board of Directors on October 29th, 2024.

Corporate Governance Structure



The Board of Directors and Functional Committees

Faraday conducts business with integrity and transparency of information, and takes shareholder equity as our priorities. The

Board of Directors is made up of specialists from the industry possessing of managerial experience. In accordance with the competent authorities’ laws and regulations, the Audit Committee, The Compensation and Remuneration Committee, and the Nominating Committee have been established under the Board of Directors. These committees assist the board in carrying out its supervisory responsibilities, and establishing the Company’s internal corporate governance mechanisms, thus making implementation of tasks related to corporate governance. For more information on the operations of the Board of Directors and Functional Committees and continuing education of Directors in 2024, please refer to [Faraday’s 2024 Annual Report 3.2 Corporate Governance Implementation Status](#).

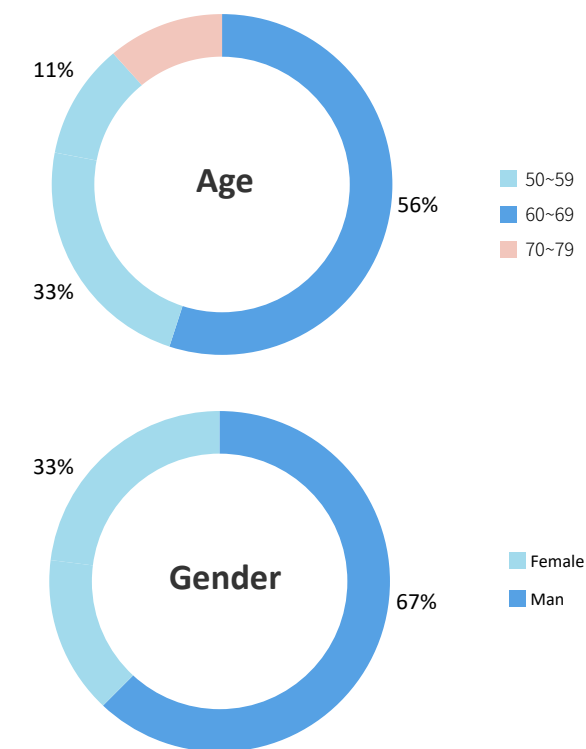
Nomination and election of Directors

The nomination and selection of Directors of Faraday follow the provisions of the “Articles of Incorporation”, adopts the candidate nomination system, and abides by the “Corporate Governance Best Practice Principles” and “Rules for Election of Directors”. It is clearly defined that the election procedure of Director should take the overall composition of the Board of Directors into consideration. Faraday has 7 ~ 11 Directors; the Board of Directors is authorized to set the number of Directors. Directors serve for three years, and capable persons are elected at the shareholders’ meeting. The relevant details of Independent Director candidates’ professional qualifications, shareholding ratios, and limits on concurrent employment, nominations, and election methods follow the relevant legal requirements stipulated by the Company Act and by the Securities and Exchange Act. To strengthen the Director selection process and build up a diverse and professional Board of Directors, the Company established the Nominating Committee on October 24th, 2023. This committee is responsible for setting the standards for the professional knowledge, skills, experience, and gender such diverse backgrounds of the Board members, as well as their independence; then the Committee begins to search for, review, and nominate Director candidates. Directors of Faraday are all equipped with the knowledge, skills, and character required to carry out their professional duties, and uphold a high degree of self-discipline as well. To avoid any proposals that may be owned with the self-interest; thus, directors do not participate in discussion or take votes according to the Company Act. For the Implementation of Directors for interest-related proposals, please refer to [Faraday’s 2024 Annual Report 3.2.1 Operational of Board of Directors](#).

Job Title / Name	The Board of Directors	The Audit Committee	The Compensation and Remuneration Committee	The Nominating Committee	Attendance Rate
Chairman / Chia-Tsung Hung (Representative, UMC)	V (Chairperson)			V	100%
Director / Ying-Sheng Shen (Representative, UMC)	V				100%
Director/ Zeng-Li Huang (Representative, Unimicron)	V				100%
Director / Kuo-Yung Wang	V				100%
Director / Shih-Chin Lin	V				100%
Director / Wen-Ju Tseng	V				100%
Independent director/Bing-Kuan Luo	V	V	V (Convener)	V (Convener)	100%
Independent director/ Wan-Feng Zhou	V	V (Convener)	V	V	100%
Independent director/Li-Ying Yeh	V	V	V		100%

Diversity and independence of the Board of Directors

Members of the 12th Board of Directors in Faraday have 9 Directors (including 3 Independent Directors). To implement gender equality policies, increase female participation in decision-making, and strengthen the board structure, this term has added one more female director, increasing the proportion of female directors to 33.33%, surpassing the original target of 25%. In the future, we plan to increase the number of Independent Directors and strengthen independence and supervisory function of the Board of Directors. As of the end of 2024, there were 3 Directors aged between 50 and 59, 5 Directors aged between 60 and 69, and 1 Director aged over 70. All Independent Directors are in compliance with the regulations of the Securities and Futures Bureau of Financial Supervisory Commission R.O.C (Taiwan) on the independence of Independent Directors, and none of them have the conditions specified in Item 3 and Item 4 of Article 26-3 of the Securities and Exchange Act, and there is no relationship between the Directors of spouses or relatives within the second degree of kinship. For details on the Directors’ educational background, gender, professional qualifications, work experience, diversity, and continuing education, please refer to [Faraday’s 2024 Annual Report 3.1 Information on the company’s directors, general manager, assistant general managers, deputy assistant general managers, and the chiefs of all the company’s divisions and branch units](#) and [3.2 Corporate Governance Implementation Status](#).



The professional background of the Board of Directors of Faraday covers from management, science and engineering, laws, to finance, with most being operators in the technology industry, and they have diverse backgrounds in Industry-academia, academics, and knowledge; they can give professional advice from different points of view, which is greatly helpful for improving the Company’s operating performance and management efficiency, the implementation of diversity of the Board of Directors is as follows:

Job Title	Chairperson	Directors					Independent Directors		
Name	Chia-Tsung Hung	Ying-Sheng Shen	Zeng-Li Huang	Kuo-Yung Wang	Shih-Chin Lin	Wen-Ju Tseng	Bing-Kuan Luo	Wan-Feng Zhou	Li-Ying Yeh
Gender	Male	Male	Male	Male	Male	Female	Male	Female	Female
Age	60~69	60~69	70~79	60~69	50~59	60~69	60~69	50~59	50~59
Concurrent employee status	v			v	v	v			
Term under 3 sessions	-	-	-	-	-	-	v	v	v
Professional background									
Technology	v	v	v	v	v	v		v	v
Finance/Accounting	v	v	v	v	v	v	v	v	v
Law							v		
Professional knowledge and skills									
Industry experience	v	v	v	v	v	v	v	v	v
Ability of making judgement on operation	v	v	v	v	v	v	v	v	v
Management ability	v	v	v	v	v	v	v	v	v
Crisis management ability	v	v	v	v	v	v	v	v	v
International market view	v	v	v	v	v	v	v	v	v
Leadership ability	v	v	v	v	v	v	v	v	v
Sustainable development (ESG)	v	v	v	v	v	v	v	v	v

Performance Evaluation of the Board of Directors and Functional Committees

In order to strengthen corporate governance and enhance the functions of the Board of Directors, Faraday has established “Rules for Performance Evaluation of Board of Directors”. It is clearly stated that an internal self-performance evaluation of the Board of Directors, Functional Committees, and individual Directors shall be carried out internally every year and the Board performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years. The board performance evaluation results shall be completed before the end of the first quarter of the following year, and are reported to the latest Board of Directors, serve as a reference for continuously strengthening the operational efficiency of the Board of Directors. When electing or nominating Directors, the Company shall base its election on the evaluation results of the performance of the Board of Directors and shall base its determination of an individual Director's remuneration on the evaluation results of his or her performance.

In 2024, the overall Board of Directors, Functional Committees, and individual Directors conduct the self-evaluation by adopting internal questionnaire. The evaluation period is from January 1st, 2024 to December 31st, 2024. The questionnaire mainly covers participation in the operation of the company, Improvement of the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the Directors and internal control. According to the previous disclosure of the self-evaluation results from each director (member), the performance evaluation results of the overall Board of Directors, individual directors, and Functional Committees were [Excellent], showing that the overall operation was good.

Evaluation subject	Evaluation aspect
The Board of Directors 4.96	<ul style="list-style-type: none">Participation in the operation of the company 4.96Improvement of the quality of the board of directors' decision making 4.98Composition and structure of the Board of Directors 4.98Election and continuing education of the Board of Directors 4.96Internal control 4.90
Individual Directors 4.98	<ul style="list-style-type: none">Alignment of the goals and missions of the company 4.98Awareness of the duties of a director 5Participation in the operation of the company 4.96Management of internal relationship and communication 4.96The director's professionalism and continuing education 5Internal control 4.96
The Audit Committee 4.93	<ul style="list-style-type: none">Participation in the operation of the company 4.92Awareness of the duties of the Audit Committee 5Improvement of quality of decisions made by the Audit Committee 4.95Makeup of the Audit committee and election of its members 5Internal control 4.78
The Compensation and Remuneration Committee 4.95	<ul style="list-style-type: none">Participation in the operation of the company 4.92Awareness of the duties of the Compensation and Remuneration Committee 4.93Improvement of quality of decisions made by the Compensation and Remuneration Committee 4.95Makeup of the Compensation and Remuneration Committee and election of its members 5
The Nominating Committee 4.97	<ul style="list-style-type: none">Participation in the operation of the company 4.92Awareness of the duties of the Nominating Committee 5Improvement of quality of decisions made by the Nominating Committee 4.94Makeup of the Nominating committee and election of its members 5

Remuneration Policy

Remuneration policy, system, standard, and structure

- Directors’ remuneration of Faraday is in accordance with Article 16 of the Articles of Incorporation. The Board of Directors is authorized to determine the remuneration for Directors based on their level of participation in the operation of the Company and the value of their contribution, and in reference to the standards of industry. In addition, if there is profit of the current year, according to Article 27 of the Articles of Incorporation, the Company shall appropriate no more than 2% as directors’ remuneration. The Company regularly evaluates the remuneration of directors in accordance with the “Rules for Performance Evaluation of Board of Directors”. The relevant performance evaluation and reasonableness of remuneration shall be approved by the Compensation and Remuneration Committee and be resolved by the Board of Directors.
- As to the remuneration of Faraday’s managers, in addition to referring to the Company’s overall operating results and performance, will also take into consideration of the manager’s position, contribution on Company operations, individual performance, financial indicators, sustainable development goals (aspects of environmental, social and corporate governance), etc. And consider the Company’s future risks and refer to payment status of the industry; after reviewing and evaluating individually by the Compensation and Remuneration Committee to evaluate the reasonableness of the overall remuneration and submitted to the Board of Directors for resolution. At the same time, the remuneration system, standards, and structure will be reviewed timely based on the actual operating status and relevant laws and regulations to achieve a balance between the Company's sustainable operation and risk control. If there is profit of the current year, the Company shall appropriate no less than 1% as employees’ remuneration according to Article 27 of the Articles of Incorporation.
- Faraday’s remuneration packages are in accordance with the Compensation and Remuneration Committee Charter. The scope is consistent with the remuneration paid to Directors and Managers listed in the “Regulations Governing Information to be Published in Annual Reports of Public Companies”.

Relevance to the amount of remuneration paid

- The review of related payment standard and system of

Faraday's remuneration policy takes the Company’s overall business status as the main consideration, and the payment standard is approved based on the performance achievement rate and contribution, so as to improve the overall organizational team effectiveness of the Board of Directors and management divisions. In addition, the Company refers to the industry salary standard, review it regularly, so as to reflect the performance of individuals and teams at the same time.

- Any important decision of the management is made after evaluating relevant risk factors. The performance of the decision is reflected on company's profit; therefore, the performance of risk control is relevant with the management’s remuneration.
- The performance evaluation and reasonableness of remuneration for Faraday’s directors and managers are all regularly evaluated and reviewed by the Compensation and Remuneration Committee and the Board of Directors every year. In addition to referring to the performance achievement rate and contribution, the Company's overall operating performance, industry future risks, and development trends are also taken into consideration, and are reviewed at any time according to the actual operating conditions and relevant laws and regulations. Moreover, we will also comprehensively consider the target achievement rate of sustainable development to give reasonable remuneration in order to achieve a balance between the Company’s sustainable operation and risk control. The actual remuneration amount for Directors and Managers in 2024 are approved by the Board of Directors for resolution after reviewed by the Compensation and Remuneration Committee.

For the details on the remunerations of Directors and managers, please refer to [Faraday’s 2024 Annual Report 3.1.5 Remuneration paid during the most recent fiscal year to directors, the general manager, and assistant general managers.](#)

The policy on the connection between executive remuneration and ESG-related performance assessment

- In order to attract and retain key talents to achieve the Company’s short, medium, and long-term goals, and take financial indicators as performance targets, while also including governance, environmental, and social aspects in the performance targets, Faraday aims to strengthen the link between long-term executive compensation and sustainable

performance. This is to encourage employees to put their utmost efforts into achieving Faraday’s operational and corporate sustainability goals, thereby creating even higher benefits for the Company and shareholders, and ensuring that Faraday’s employees’ interests are aligned with those of the shareholders.

- As to the remuneration of Managers, in addition to referring to Faraday’s overall operating results and performance, will also take into consideration of manager’s position, contribution on company’s operation, individual performance, financial indicators, sustainable development goals (environmental, social and corporate governance aspects), etc. And consider the Company’s future risks and refer to the payment status of peers. After reviewing and evaluating individually by the Compensation and Remuneration Committee to evaluate the reasonableness of the overall remuneration and approved to the Board of Directors for resolution. At the same time, the compensation and remuneration system, standards, and structure will be reviewed timely based on the actual operating conditions and relevant laws and regulations to achieve a balance between the Company's sustainable operation and risk control.

Total compensation	Remuneration factors and weights		
Fixed compensation	Based on the responsibilities and relative importance of the position, in reference to industry standards.		
Variable compensation	Financial indicators	60%	Operating Margin, Gross Margin, and Research and Development (R&D) expenses as a percentage of revenue
	Sustainable development indicators	40%	Corporate Governance Evaluation System: 15% Percentage of green electricity used: 15% Occupational injury incidents/Female supervisor ratio: 10%

Notes:

- To account for different compensation purposes, a variety of compensation options will be provided, such as performance bonuses, signing bonuses, employee compensation, and restricted stock units.
- Compensation will be aligned with the execution and achievement of the operational strategies and goals for which each manager is responsible.
- The compensation will be calculated based on the actual cash incentives received during the current fiscal year.

The Clawback Policy

- To enhance corporate governance effectiveness and ensure

the reliability of financial performance, Faraday has formally established the “[Clawback Policy](#)” in 2024. This policy clearly defines the circumstances under which the Company may reclaim specific compensation paid to managers in the event of a material financial statement restatement. The policy is designed to align with the best interests of the Company and its shareholders, and to strengthen the long-term integrity and reliability of corporate governance.

- For details on the [Clawback Policy](#), please refer to the [Document Center](#) in the Sustainability zone of Faraday’s website.

Financial Performance

Operational Results

In the year of 2024, Faraday faced a critical turning point. Amidst shifting global dynamics, international political factors began shaping global trade and supply chains into a “one world, two systems” framework. To navigate the risks brought by these industry changes, Faraday has embraced “diversification” as a core cultural value, enhancing operational flexibility and resilience.By maintaining a diverse customer base and a broad range of product applications, the company has effectively mitigated the impact of single market fluctuations and established a robust revenue structure.

Despite economic headwinds and customer inventory adjustments leading to softer revenue from mainstream mass production in 2024, Faraday’s strategic Business Model 2.0 framework provided stability amid uncertainties and reinforced its long-term growth trajectory. Faraday’s consolidated revenue reached NT\$11.06 billion, an 8% decline compared to the previous year, with a basic EPS of NT\$4.04. Among Faraday’s three main product categories, IP and NRE revenue both hit record highs. IP revenue grew for the fourth consecutive year, reaching NT\$1.56 billion, an 11% increase from the previous year. NRE surged to NT\$2.25 billion, a 30% increase from the previous year, primarily driven by strong growth in advanced process technologies. Mass production revenue however declined 18% from the previous year reaching NT\$7.25 billion mainly due to weakened demand in the mainstream market and inventory adjustments. Overall, Faraday’s transformation under Business Model 2.0 has demonstrated strong operational performance and promising future growth.

Proportion of each product

Unit: NT\$ Thousands

Type of Major Products	2021		2022		2023		2024	
	operation revenue	Proportion	operation revenue	Proportion	operation revenue	Proportion	operation revenue	Proportion
ASICs and Wafer products	5,613,524	69%	10,002,490	77%	8,839,413	74%	7,254,974	66%
NRE (Non-Recurring Engineering)	1,783,467	22%	1,719,859	13%	1,724,577	14%	2,250,312	20%
IP Component and Technology Royalties	688,210	9%	1,342,806	10%	1,401,584	12%	1,559,566	14%
Total	8,085,201	100%	13,065,155	100%	11,965,574	100%	11,064,852	100%

Note 1: The consolidated financial data of Faraday from 2021 to 2024 have been audited by CPAs.
Note 2: For the relevant operation information of Faraday in 2024, please refer to Faraday's 2024 Annual Report – 05. An overview of operations.

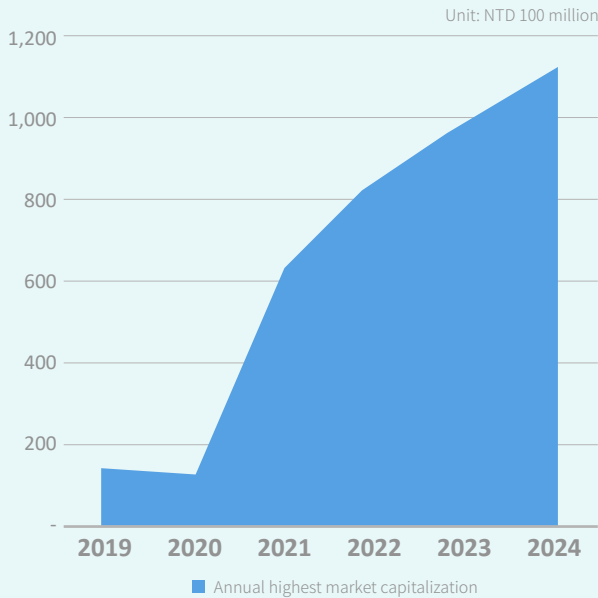
Consolidated Operation Revenue and Profit

Unit: NT\$ Thousands

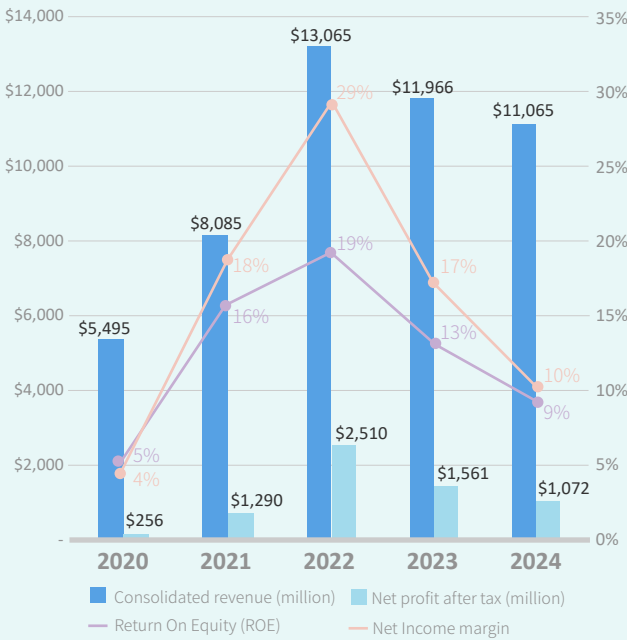
Item	2021	2022	2023	2024
Operation revenues	8,085,201	13,065,155	11,965,574	11,064,852
Operating costs	(3,995,272)	(6,689,746)	(6,658,432)	(6,013,493)
Gross profit	4,089,929	6,375,409	5,307,142	5,051,359
Operating expenses	(2,687,873)	(3,453,995)	(3,351,382)	(3,980,682)
Operating income	1,402,056	2,921,414	1,955,760	1,070,677
Non-operating income and expenses	100,123	136,058	114,584	272,377
Income before income tax	1,502,179	3,057,472	2,070,344	1,343,054
Income tax expense	(212,131)	(547,004)	(509,060)	(271,162)
Net income	1,290,048	2,510,468	1,561,284	1,071,892
Other comprehensive income (loss)	658,253	(870,074)	583,114	(112,951)
Total comprehensive income (loss)	1,948,301	1,640,394	2,144,398	958,941
Earnings Per Share - basic (NT\$)	4.65	9.88	6.39	4.04

Note 1: The consolidated financial data of Faraday from 2021 to 2024 have been audited by CPAs.
Note 2: For the relevant financial data of Faraday in 2024, please refer to Faraday's 2024 Annual Report – 6. A review and analysis of the company's financial position and financial performance, and a listing of risks.
Note 3: Faraday's employee benefits expenses in 2024 amounted to NTD 2,525,852 thousand. For the source of this data, please refer to Faraday's 2024 Consolidated Financial Statements.

Company Market Capitalization



Financial Performance



Dividend Policy

Faraday's policy of dividend distribution shall be based on the current and future investment environment, capital requirements, domestic and international competition and capital budget, etc., taking into account the interests of shareholders, balancing dividends and long-term financial planning of Faraday. Each year, the Board of Directors would draft a distribution proposal and submit which to the Shareholders’ Meeting.

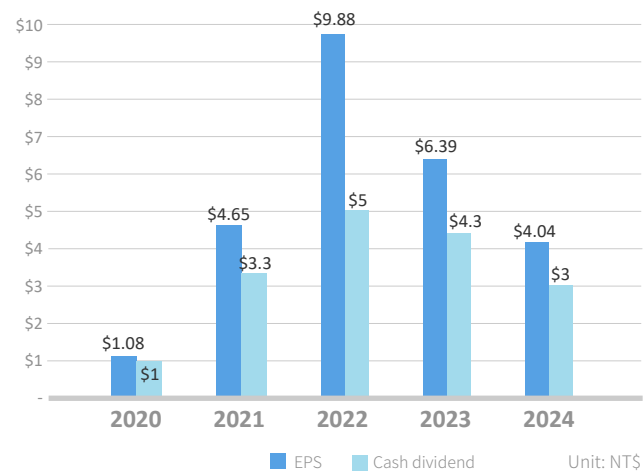
The company may, based on financial, operational, and business factors, distribute all distributable profits for the current year. Under normal circumstances, the amount of dividends distributed by the company shall not be less than 50% of the after-tax earnings for the year. The distribution of shareholders’ dividends may be made in cash or stock, with the proportion of cash dividends shall not be less than ten percent (10%) of the total dividends.

If Faraday’s annual accounts are in surplus, they will be distributed in the following order:

1. Withholding taxes.
2. Breakeven.
3. Deposit 10% of which as statutory surplus reserve.
4. Set or revoke special surplus reserves by law.
5. The accumulated undistributed surplus in the previous period would act as shareholders’ bonus. The shareholders’ bonus will be distributed by the Shareholders’ Meeting, except for the reserved part that will be distributed in subsequent years.

According to the Company Act, the legal reserve must be accumulated until its total reaches the paid-in capital. This reserve may be used to offset losses. In the absence of losses, the portion of the legal reserve that exceeds 25% of the paid-in capital may be distributed to shareholders in proportion to their original shareholdings, either through the issuance of new shares or cash dividends. When distributing profits, a special reserve must be allocated in accordance with legal requirements, based on the net amount of other equity deductions recorded for the current year. If there is a reversal in the balance of these deductions, the company may distribute earnings in proportion to the amount reversed.

Dividend Distribution



Item	2020	2021	2022	2023	2024
Cash dividend (NT\$)	1	3.3	5	4.3	3
EPS(NT\$)	1.08	4.65	9.88	6.39	4.04
Dividend yield rate(%)	93%	71%	51%	67%	74%

Note 1: The annual dividends of Faraday have been paid steadily.
Note 2: For Faraday’s dividend policy and dividend distribution,please refer to Faraday’s 2024 Annual Report – 4.1.3 Company dividend policy and execution

Green Investment

To support green energy and respond to the government’s green energy development goals, Faraday invested in the green bond (P13 CSC 1, code number B801AS) issued by China Steel Corporation (CSC) in May 2024, with a total amount of NT\$50 million. The bond has received green bond certification from the Taipei Exchange (TPEx), aimed at supporting the issuer’s carbon reduction and sustainability projects. As of the end of 2024, the cumulative amount of green bonds invested by Faraday Investments will reach NT\$100 million.

Item	2023	2024
Green Bbond	\$50,000	\$50,000
Green Deposit	\$90,840	-

Tax

Faraday supports tax policies that are helpful for corporate innovation and promoting economic growth, and is committed to information transparency and sustainable development.

Tax policy

- All of the operations are handled according to relevant tax laws and regulations
- Comply with the tax regulations and the legislative spirit of all locations where Faraday operates
- The transactions between affiliated companies are based on “Arm’s Length Principle” and follow the internationally-recognized transfer pricing guidelines released by the Organization for Economic Cooperation and Development (OECD)
- Do not transfer profits created by the Company to low-tax countries
- Do not use tax haven or carry out tax planning for the purpose of tax avoidance
- Use the management mechanism for tax risk assessment, and all important decisions of the Company shall consider the tax impact
- When disclosing tax information, follow the financial report standards and relevant regulations
- Support the government’s tax-related policies for encouraging business innovation
- Build good interrelationships with tax authorities based on mutual trust and information transparency

Tax information

Year	Revenue	Income before tax	Income tax expense	Actual or estimated income tax payments
2021	8,085,201	1,502,179	212,131	189,366
2022	13,065,155	3,057,472	547,004	539,031
2023	11,965,574	2,070,344	509,060	547,071
2024	11,064,852	1,343,054	271,162	191,914

Note: Please refer to the Faraday’s 2024 annual consolidated financial statements for the tax data source.

Tax risk management and governance

Faraday’s tax risk management is incorporated in annual risk management report of Finance (FIN) unit, and the Chief Financial Officer reports regularly to the President. In order to effectively react to tax risks, the Company follows the internal control flow, focuses on identifying, assessing, and managing tax risks from regulatory changes and its operating activities. Faraday makes appropriate measurement, management, and controls of risks; the chief financial officer bears the ultimate responsibility for tax management. Audit Committee is delegated by the Board of Directors to supervise the quality and integrity of the accounting, auditing, reporting, and financial control practices of the Company through periodic review of certain major matters, including accounting policies and procedures, internal control systems, legal compliance (including tax compliance), and corporate risk management, etc. The finance division carries out the daily tax administration and management, and the qualified and experienced external tax professionals assist in meeting the Company’s tax obligations.

Ethical management

Ethical Management Best Practice Principles

The “Ethical Management Unit”, within Faraday’s corporate governance group and under the aegis of the Corporate Sustainability Committee, is expressly responsible for implementing the Company’s corporate governance tasks related to ethical management, anti-corruption, anti-bribery, and legal compliance. The unit holds cross-departmental meetings every quarter to report on the implementation of integrity operations from the previous quarter and to compile and retain records and also reports on the implementation status to the Board of Directors at least once every year. The latest implementation report on ethical management had been reported on October 29th, 2024. In addition, the Company’s “Ethical Management Best Practice Principles” are set by the ethical management unit, and any formulation, amendment, or annulment of these principles must be passed by the Board of Directors. The Company’s Board of Directors has a duty as good caretakers to oversee the Company and prevent unethical conduct, in order to guarantee the implementation of ethical management policy.

Procedures for Ethical Management and Guidelines for Conduct

Faraday abides by the operational philosophy of honesty, transparency, and responsibility, bases policies on the principle of good faith, and establishes good corporate governance and risk control and management mechanisms so as to create an operational environment for sustainable development. We engage in commercial activities in a fair and transparent manner based on the principle of ethical management. The Company has established a risk assessment mechanism against unethical conduct, analyzes and assesses on a regular basis within our scope of business that are at a higher risk of being involved in unethical conduct, establishes prevention programs accordingly, and reviews their adequacy and effectiveness on a regular basis. Before any commercial transactions, the Company takes

into consideration the legality of agents, suppliers, clients, or other trading counterparties to ensure that no unethical behavior is involved, clearly state the Company’s ethical management policy and relevant regulations, and clearly refuse to directly or indirectly provide, promise, request, or accept any improper benefits in any form or name.

The main points of “Procedures for Ethical Management and Guidelines for Conduct” are as follows:



Prohibition against offering or accepting bribes



Prohibition against illegal political donations



Prohibition against improper charitable donations or sponsorship



Prohibition against unreasonable gifts, hospitality, or other improper benefits



Prohibition against infringing intellectual property rights



Prohibition against disclosure of confidential information



Prohibition against unfair competitive conduct



Prohibition against insider trading

Legal Compliance

With the internationalization of its organization and business, Faraday continuously pays attention to and tracks the changes in relevant national policies and laws; at the same time, a dedicated legal division is set up to provide legal consultation and assistance to all the units of the Company through a systematic contract review process. Arrange legal personnel to participate in external training courses to keep abreast of regulatory changes and new knowledge, and check whether the Company’s internal operation-related regulations are adequate and appropriate.

To make employees understand and indeed abide by each regulation and policy, Faraday regularly arranges relevant training courses for directors and colleagues, including professional ethics and anti-corruption, fair trade, insider trading, export administration, information security management and confidential information protection, intellectual property rights protection, personal data and privacy protection, conflict-free minerals and quality management policies, and so on. In addition to face-to-face courses, the teaching methods are carried out through various internal activities such as new recruit training and on-job training. In addition, the Company’s internal website also provides relevant guidelines to establish a correct understanding for colleagues through multiple channels, and the audit unit takes various compliance situations into the inspection scope to implement regulatory compliance. No major violations in 2024 (with fine exceeding USD 10,000).

Prevent Insider Trading

Faraday strictly prohibits insiders such as directors or employees from using information not available in the market to make profits, and regularly conducts insider trading prevention training courses every year. In 2024, directors, managers, and employees participated in insider trading prevention training courses for a total of 699 people/hour. The content of the insider trading prevention course includes insider trading, actors, actual knowledge, material information, trading object, trading timing, specific

timing identification of material information, penalties, short-swing trading, regulated target, regulated periods, regulated object, and disgorgement calculation, etc. The briefing files and audio files are placed in the internal employee system for employees’ reference. In the yearly training course of prohibition from insider trading, Faraday reminds internal personnel such as directors and managers not to trade their stocks during the closed period 30 days prior to the publication of the annual financial report and 15 days prior to the quarterly financial report. In October, 2024, we had already notified directors and managers for the 2025 board meeting date, as well as the closed period prior to the quarterly financial reports to prevent directors and managers from accidentally violated the regulations.

Whistle-Blowing System for Unethical Conduct

Faraday adheres the core value of operational integrity, in accordance with the “Ethical Corporate Management Best Practice Principles” and with the “Procedures for Ethical Management and Guidelines for Conduct”, the Company has established a system for reporting unethical conduct to guarantee the legal rights of whistleblowers. If any behavior is discovered that contravenes the Company’s “Ethical Corporate Management Best Practice Principles” or “Procedures for Ethical Management and Guidelines for Conduct”, it may all be reported. We will handle all reported cases as soon as possible after being accepted and make sure that the investigation process is in fair, just, and confidential methods. We will handle it according to relevant regulations and take appropriate protective measures for the identity of the whistleblower and the content of the reported case. If it is confirmed through investigation that there is a violation of relevant laws or the Company’s operational integrity policies or regulations, the respondent is required to immediately stop the relevant behavior and take appropriate measures. Where the issue is serious, the respondent will be dismissed or fired according to relevant laws or Company management regulations; and where necessary, damages are sought through legal procedures to maintain the Company’s reputation and rights.

Whistleblower Protection Principles

- Handled from a standpoint of confidentiality, fairness and objectivity as top operating principle
- Unless the whistleblower agrees, the name of the whistleblower or any fact sufficient to identify him or her shall not be recorded in public documents.
- Strictly protected whistleblower’s name, work unit, address, telephone number, and e-mail address
- Check the facts with the whistleblower under the circumstance of not to reveal the identity of the whistleblower
- If the whistleblower is an employee, then it is guaranteed that the employee will not be subjected to improper actions as a result of the report.

Whistleblowing Channels

Anyone who finds out Faraday’s personnel may be involved in unethical conduct can report through the following channels:

- Phone: +886.3.578.7888 ext.88119
- Email: whistleblower@faraday-tech.com
- Mail: Auditing unit manager
- No.5, Li-Hsin Rd. III, Hsinchu Science Park, Hsinchu City, Taiwan 30078, R.O.C.

Performance of Ethical Management Policies

Faraday works hard to implement the ethical management policies and bring them into effect. All employees jointly sign the Code of Conduct & Workplace Ethics, and commit to abide by the Company’s regulations. The Company also periodically undertakes training and legal compliance. The Company continuously follows up on and reviews the administrative measures.



Code of Conduct & Workplace Ethics

- Include “Code of Conduct & Workplace Ethics” into the employment contract and training material for new recruit
- Signing rate for “Code of Conduct & Workplace Ethics” of new recruit in 2024: 100%



Training

- Conduct training and propaganda on related ethical management when new recruit on-board and annually
- Training course of ethical management in 2024: 742.5 hours in total for all employees



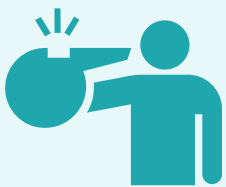
Legal compliance declaration

- Declare and announce the concepts on ethical management in new recruit training and on-job training
- Added real-time updates on internal websites to disclose and remind ethical issues since 2020



Periodic evaluations

- Business unit proceeds the regular self-check and self-evaluate legal compliance
- Audit unit proceeds the regular audit.
- Unethical conduct and anti-competition behavior in 2024: 0



Whistleblower procedure and protection

- Establish a specific whistleblower procedure and handle by the dedicated unit
- All flows should strictly follow the whistleblower protection principle.
- In 2024, external whistleblowing: 1; direct reported by employee: 0 After investigation, the case was found to be inconsistent with the report, so it was closed.

Risk management

Risk management organization

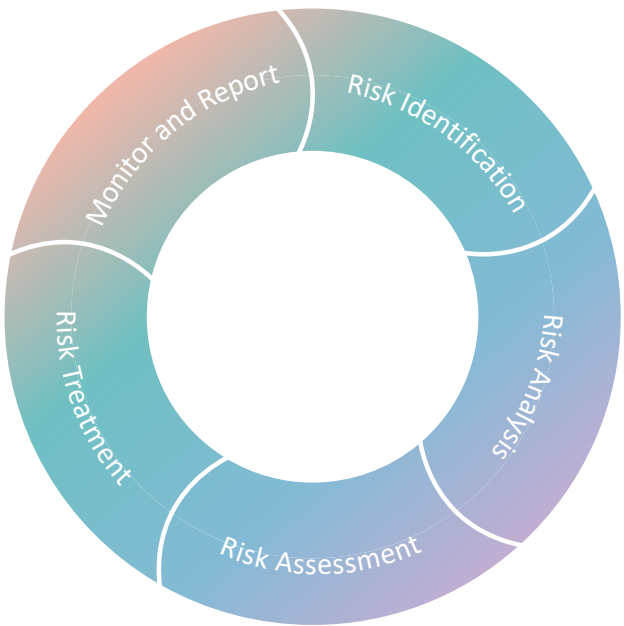
Faraday’s risk management organizational structure includes the Board of Directors, Audit Committee, Risk Management Committee, and management level; regularly supervise and review the risk management policies and continuously refine the risk management mechanisms to ensure that the risks can be controlled within acceptable scope.

- The Board of Directors is Faraday’s highest-level strategic decision-makers for risk management. They are in charge of determining the Company’s risk management policies and structures, and establishing the Company’s risk management culture. The board bears ultimate responsibility for overall risk management.
- The Audit Committee is made up of all independent directors. They meet at least once per quarter; they implement proper presentation of the Company’s financial reports. They also certify selection, independence, and effectiveness of CPAs; effective implementation of the Company’s internal controls; and the Company’s compliance with relevant laws and regulations. They are in charge of controlling the Company’s extant and potential risks.
- The Risk Management Committee implements the enterprise risk management structure in cooperation with each operating unit to ensure that risks are properly assessed and controlled within the Company through monitoring, project discussions, implementation of risk policies and standards; reporting the key risks and control effectiveness of the Company to the Audit Committee every year.
- Risk control mechanisms and business continuity management procedures guarantee that when an emergency occurs, the management level is able to quickly grasp the situation, and to timely take effective response measures, in order to lower the impacts of the risk on Company operations and relevant stakeholders.



Risk management operation flow

Faraday had resolved the “Risk Management Best Practice Principles” in April, 2020 as the top guiding principle for risk management. Faraday identifies, evaluates, and analyzes possible risk impact in advance, especially setting up and implementing risk response strategies for high-risk impact projects. At the same time, we continuously monitor potential risks and improve systemic response capabilities to strengthen risk control, protect shareholders’ rights and interests, enhance competitiveness, and laying the foundation for corporate sustainable operations and development.

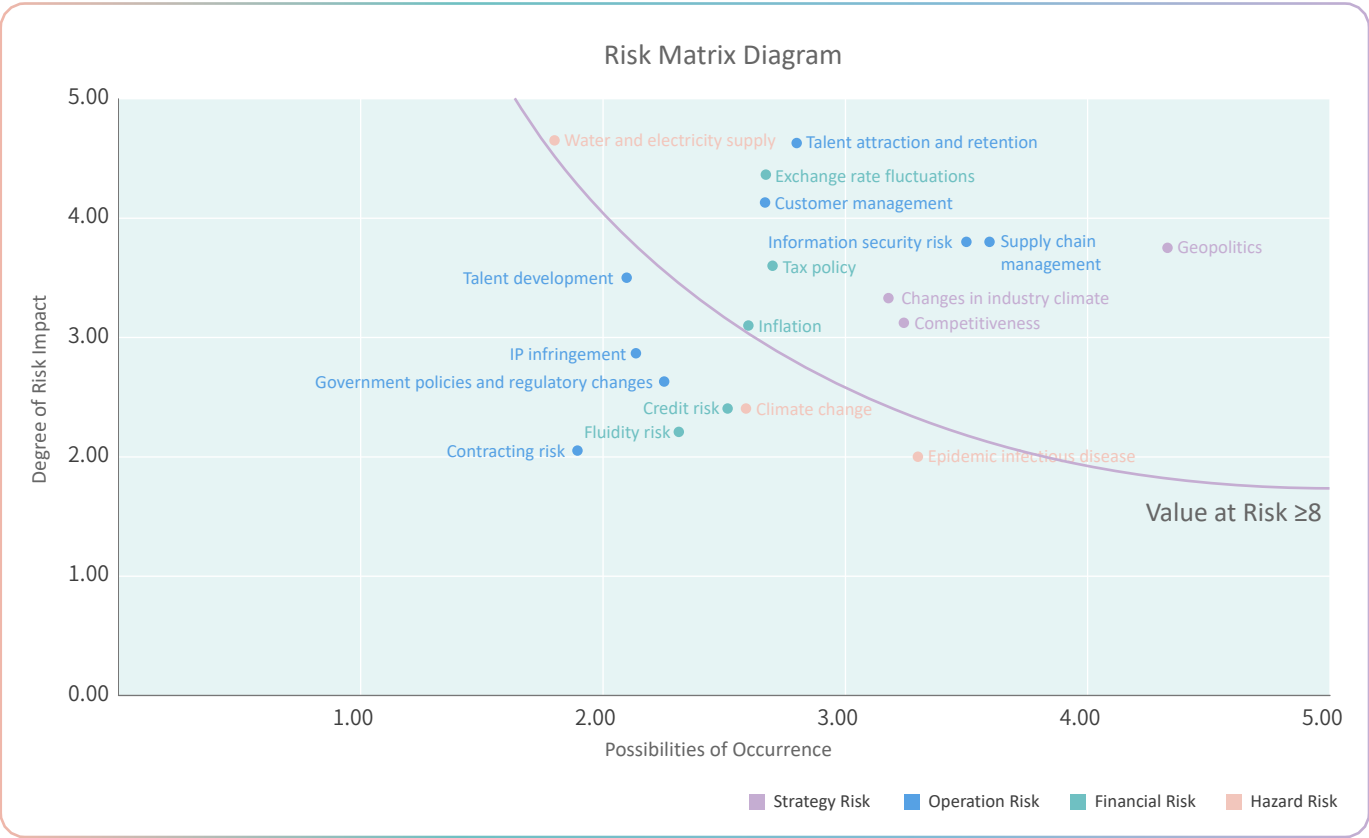


Risk management scope

Faraday assesses each operation and identifies risks as four main scopes of “strategy risk”, “operation risk”, “financial risk”, and “hazard risk”; according to different scopes of risks, plan the corresponding management methods and crisis response methods to lower uncertainties in business operations to the bare minimum.

Risk identification results

In order to ensure the normal operation of the Company and achieve the corporate sustainable operation, Faraday integrates and manages all strategic, operational, financial, and hazard potential risks that may affect operations and profits in a positive and cost-effective manner. Through regular risk assessment, we use the risk matrix diagram to understand the frequency of risk events and the severity of the impact on the Company’s operations, define the priority and level of risks, and adopt corresponding risk management strategies according to the risk level.



Countermeasures of risk management

Risk scope	Risk type	Risk issues	Risk scenarios	Countermeasures
Strategy risk	Industry trend and geopolitics	Changes in industry conditions	<ul style="list-style-type: none">Decline in salesExcess customer inventoryOver-reliance on a single customer	[Increase revenue and control cost] <ul style="list-style-type: none">Expand market, adopt cautious hiring, conduct cost assessment.Carefully select customer projects based on their lifecycle, profitability, and future potential.Avoid over-reliance on a few customers.
		Geopolitics	<ul style="list-style-type: none">Regional conflicts; physical wars; trade wars	[Diversified production] <ul style="list-style-type: none">Emphasize diversified production and complete BCP planning.Pay attention to changes in trade or export restrictions.
	Competitiveness	Advanced process and advanced packaging solution IP Solution completeness Securing strategic resources	<ul style="list-style-type: none">For applications such as advanced computing, AI, and automotive, it will be very challenging to win projects without advanced process technologies and advanced packaging capabilities.The ability to quickly identify and provide a complete IP solution for each customer project is a fundamental requirement for winning projects.Key resources such as HBM small chips and advanced packaging capacity are also essential for AI-related applications.	[Diversified foundry/OSAT supply chain] <ul style="list-style-type: none">Provide complete advanced process and advanced packaging solution. [Flexible complete IP solution] <ul style="list-style-type: none">Develop a solution that integrates in-house IP with third-party IP. [Strategic alliance] <ul style="list-style-type: none">Ensure key components or IP.
Operation risk	Supply chain management	Interruption of supply chain	<ul style="list-style-type: none">Due to war, epidemic, geopolitics, or insufficient production capacity, suppliers are unable to provide raw materials or services, resulting in the inability for Faraday to provide customer products or services.	[Business Continuity Management] <ul style="list-style-type: none">For the issue of interruption of raw material supply, Faraday has established a supply chain sustainability assessment system that incorporates carbon and water risk management and material supply emergency response plans into assessment items to avoid or reduce the use of high-risk supply chains.Equipped with a global supply chain and alternative supply chain mechanism, a second supply chain can be established in advance according to customer needs as an emergency response solution.
		Insufficient production capacity	<ul style="list-style-type: none">Insufficient capacity for key process and key materials	[Material supply management] <ul style="list-style-type: none">Review the supply chain production capacity utilization monthly; immediately activate countermeasures whenever detecting production capacity tension.<ul style="list-style-type: none">To conduct production scheduling in advance to reduce the risk of stockouts or delivery delays.Initiate a secondary supply chain assessment.Negotiate supplying agreement with suppliers in the supply chain.
	Customer management	Slow-moving inventory	Due to the reversal of industry conditions, limited understanding of customer demand or poor internal production control, resulting in slow-moving inventory. For example, <ul style="list-style-type: none">External factors<ul style="list-style-type: none">Customer changes or cancels the order, and the production plan is not changed promptly, thus causing dead stock. Customer order changes or cancellations, with no timely adjustment to the production plan, resulting in dead stock.Poor quality materials from suppliers, beyond the return period, leading to dead stock.Customers return products due to quality or other problems, resulting slow-moving inventory.Internal factors-Sales forecast and planning<ul style="list-style-type: none">Inaccurate market sales forecasts lead to overstocking and dead stock.Frequent changes in the sales plan result in production plan adjustments, causing dead stock.Failing to confirm customer requirements or failing to comprehensively convey relevant information to the manufacturing department, thus resulting in product returns and repairs, leading to dead stock.	[Inventory management] <ul style="list-style-type: none">Rationalize the production and material preparation cycle so that inventory can be reduced immediately in response to industry downturn.Request customer to pay the expense of critical materials in advance to reduce the arrears risk of inactive inventory.Review production plans and inventory status monthly, and immediately adjust production plans to avoid excess materials.
		Export control	<ul style="list-style-type: none">The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has imposed new restrictions, including the addition of entities to the Entity List and process limitations, resulting in limitations on the export of goods and impacting the mainland China market.	[Compliance] <ul style="list-style-type: none">Review the Entity List on a monthly basis to ensure customer compliance.Implement SHTC and EAR export control measures to ensure product compliance.Continue executing CSL inquiries prior to signing NDAs as well as closely following changes in relevant laws and regulations by the U.S. Department of Commerce.

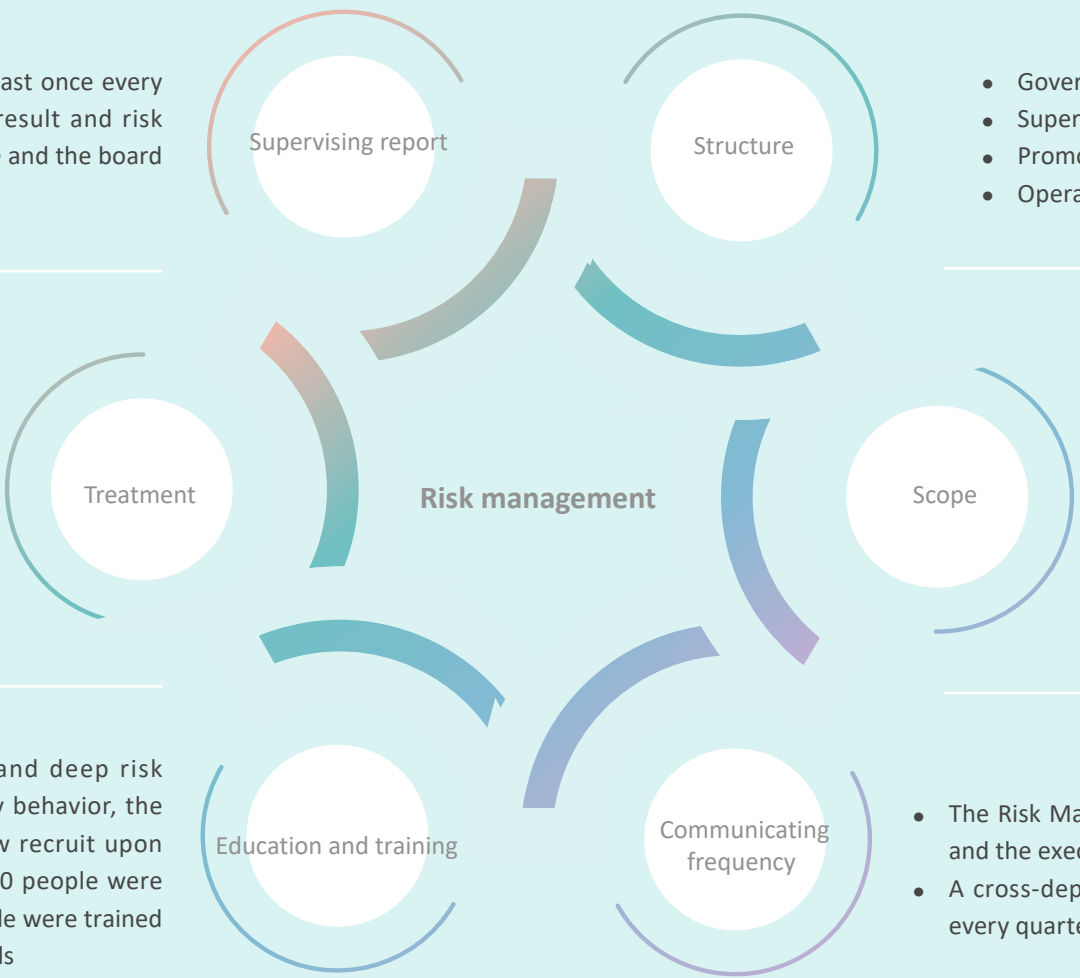
Risk scope	Risk type	Risk issues	Risk scenarios	Countermeasures
Operation risk	Information security risk	Information security	<ul style="list-style-type: none">Introducing external tools without integrating them with existing forms may result in unauthorized configuration changes, potentially allowing external actors to infiltrate the internal environment through these unapproved modifications.A cyberattack on the supplier’s network environment may have led to the theft of information stored by Faraday with the supplier, or potentially provided unauthorized access to Faraday’s internal network through the connection between Faraday and the supplier.Failure to enforce software maintenance agreements, clarify vendor responsibilities, and ensure confidentiality may result in legal disputes, and the loss of evidence could lead to unfavorable outcomes in litigation.	<p>[Information security management]</p> <ul style="list-style-type: none">GuardiCore adjusts the firewall request form accordingly to align with administrative management rules.CyberArk integrates device or account change detection mechanisms to reduce the risk of privileged accounts not being fully governed.Establish supplier management guidelines for all suppliers across the factory.All contracts with factory suppliers must include mandatory information security clauses.
		Internet fraud	<ul style="list-style-type: none">Criminals may impersonate suppliers to trick employees into paying fake invoices or transferring funds to a fictitious account.	<p>[Payment monitoring]</p> <ul style="list-style-type: none">Optimize the Company’s payment processes by establishing effective payment monitoring procedures to ensure that financial transactions are appropriately authorized and audited. For example, at least two authorized personnel should be required to review each payment.
	Human resource development	Talent attraction and retention	<ul style="list-style-type: none">Insufficient availability of qualified talent could impair R&D momentum and the quality of technical services, potentially affecting the company’s operational effectiveness and market competitiveness.	<p>[Talent management]</p> <ul style="list-style-type: none">Global talent strategy deployment; actively recruit international elites and leveraging external resources through outsourcing.Improve the Company’s operating performance to ensure a highly competitive overall compensation package for employees.Implement performance management mechanisms, master key talents and optimize talent retention measures.Build-up a joyful and professional workplace that focuses on the mental balance and professional growth of employees.
Financial risk	Financial market changes	Exchange rate fluctuations	<ul style="list-style-type: none">Exchange losses incurred by the company due to fluctuations in foreign exchange rates.	<p>[Hedging strategies]</p> <ul style="list-style-type: none">Adopt hedging strategies to reduce the company’s exposure to foreign currency long positions.
		Tax policy	<ul style="list-style-type: none">Poor tax planning leads to tax risks and tax violations.If the current tax regulations are amended or new tax laws are implemented, they may have an adverse impact on the company’s profitability, such as under the Controlled Foreign Corporation (CFC) rules.	<p>[Tax governance]</p> <ul style="list-style-type: none">Collaborate with accountants from various countries to plan and gradually adjust the tax planning of each global operating entity relative to the group, and monitor and review it at any time.Pay close attention to domestic and foreign policies and laws that may possibly affect the Company’s finances, while setting up risk management procedures, collecting information, analyzing potential tax implications, and developing countermeasures.
Hazard risk	Water and power supply	Power supply shortage	<ul style="list-style-type: none">Risk of power instability or shortage may directly or indirectly lead to operational disruptions.	<p>[Power supply management]</p> <ul style="list-style-type: none">During an initial power outage, power will be supplied by the UPS. Subsequently, the emergency generator will automatically start and take over the power supply.IT personnel should be notified immediately to initiate server shutdown procedures.Implement rolling tracking and reporting of incident causes and estimated power outage timeAfter Taipower restores power supply, conduct equipment inspection and system startup procedures.
		Water shortage	<ul style="list-style-type: none">Insufficient or shortage of water resources may impact operational activities.	<p>[Water control]</p> <ul style="list-style-type: none">Turn off non-essential water use (such as water for landscape and irrigation) when receiving water rationing notice from the competent authority.The existing water storage capacity of B3F & RF reservoirs is sufficient for 3 days. In the event of a water outage lasting longer than 3 days, water will be supplied using water tankers.

Performance of Risk management

Reports the implementation status to the board of directors at least once every year. The latest implementation report on risk identification result and risk management operation had been reported to the audit committee and the board of directors on October 29th, 2024.

Conduct risk impact assessment and scenario analysis for each risk project. Set up and implement crisis management strategies for medium-and-high-risk impact items

To enhance employees’ risk awareness and build a broad and deep risk management culture; internalize the risk management into daily behavior, the Company conducts regular education and training for each new recruit upon on-board day and for relevant personnel every year. In 2024, 120 people were trained for occupational safety and health, and a total of 972 people were trained in fire safety and disaster drills, training for first-aid, and traffic drills



- Governance unit: The board of directors
- Supervision unit: Audit committee
- Promotion and implementation unit: Risk management committee
- Operation unit: Each operating division

- Strategy risk
- Operation risk
- Financial risk
- Hazard risk

- The Risk Management Committee is supervised and managed by the President, and the executive secretary is acted by the Chief Financial Officer.
- A cross-department risk management progress tracking meeting is held once every quarter and proposes relevant improvement suggestions.

Information security

Purpose of information security

Faraday is the leading manufacturer of ASIC design services and IP R&D and sales; our commitment is information security protection for customers, employees, suppliers, shareholders, and government agencies. We are dedicated to:

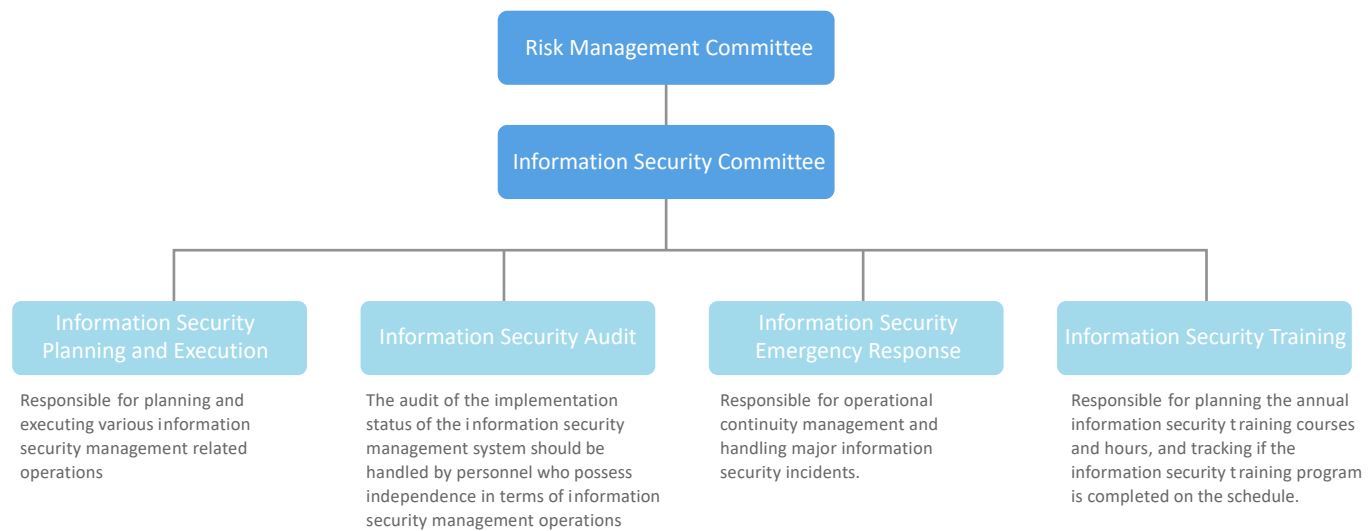
- Protect the interests of customers and partners, abide by legal compliance, business ethics, and trust
- Maintain the Company's R&D and operational results, ensure market competitiveness, and keep sustainable operations

Information security policy

The President clearly states the “Information Security Policy” to commit to implement information security control, reduce information security risks, consolidate intellectual property rights, protect the business secrets for both sides, reduce the information security risks, strengthen the intellectual property rights, and carry out the Company's sustainable operations.

Information committee

- Established Risk Management Committee for cross-divisional integration of the Company’s operating structure. Each operating unit identifies potential risk scenarios and operational impacts on the operation, identifies and implements risk control plans to continuously improve risk management measures and effectiveness
- The Information Security Committee is subordinate to the Risk Management Committee. It sets up information security policies and promotes information security management; build a team that can grasp information security risks in advance, implement information security operations, and respond promptly.



Construct information security framework

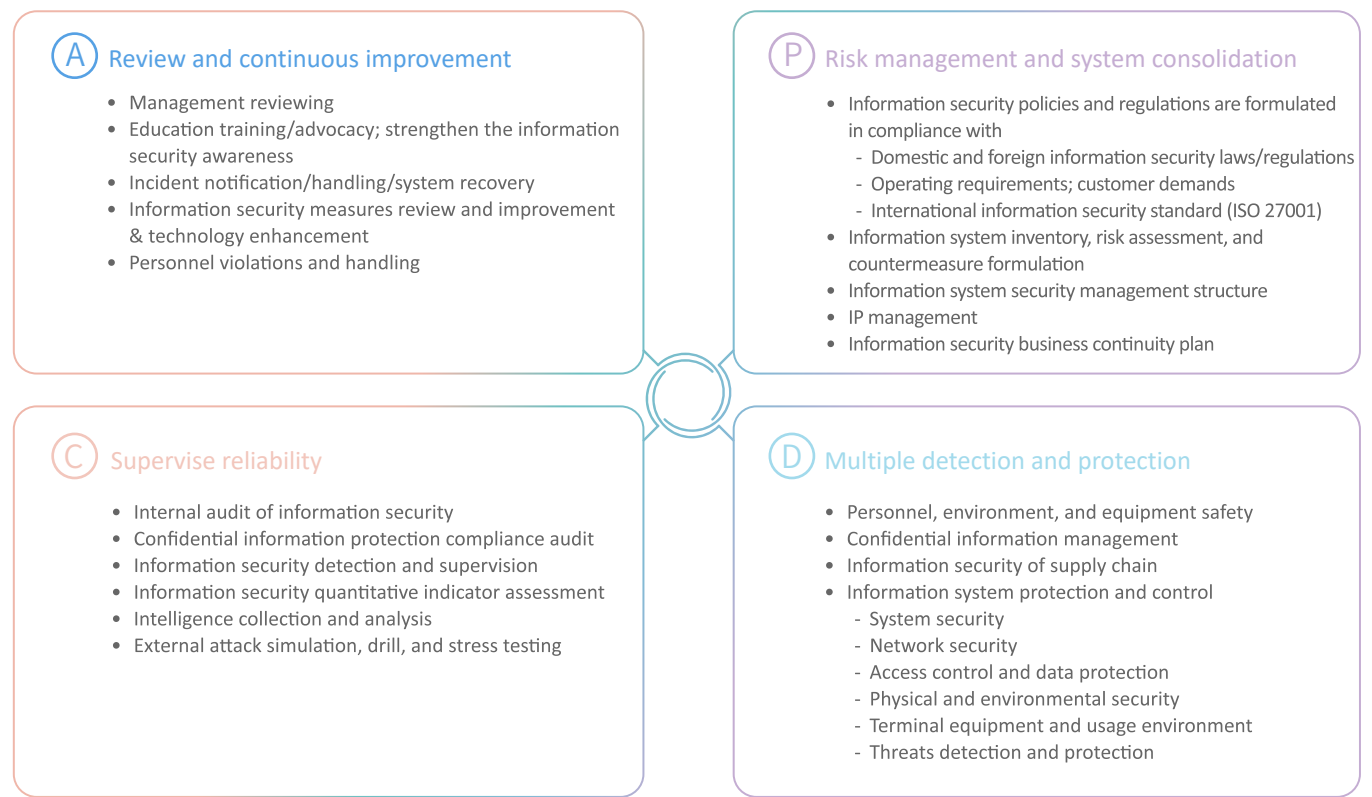
Imported and obtained ISO/IEC 27001:2022 international standard certification

Faraday imported the Information Security Management System (ISMS) in 2023 and obtained the ISO/IEC 27001:2022 international standard certification in November of the same year.

- Import the latest released version of 2022, Faraday complies with the new control items.
- Establish a complete set of information security management standards
- Ensure the confidentiality, integrity, and availability of corporate information security operating flow
- Enhance information security protection emergency response and sustainable development capabilities
- Comply with the regulations governing establishment of internal control systems by public companies
- Increase the confidence of shareholders, investors, and customers in Faraday information environment
- Improve the security of supply chain operations
- Establish information security awareness of employees to reduce the risk of man-made breaches

Information security risk management and PDCA structure

Faraday uses PDCA (Plan-Do-Check-Action) method to continuously strengthen the information security management mechanisms of the organization.



Information security risk impact and countermeasures

Conduct regular risk assessments and implement mitigation plans

- Faraday has established Risk Management Committee to integrate and implement risk control plans and improve risk management measures and effectiveness.
- Faraday develops relevant risk scenarios based on the defined information security objectives, categorized by different risk types. Regular risk assessments are conducted, and any scenarios identified as exceeding the acceptable risk threshold are incorporated into the risk treatment plan for appropriate follow-up actions.

Define information security incident level and the notification flow

In response to the importing ISO 27001, to ensure that whenever information security incident occurs, the notification flow can be promptly implemented according to the incident level, and appropriate and necessary processing or response measures can be taken to reduce the damage that may possibly cause and avoid the recurrence of similar incidents; will especially define event levels and set up corresponding notification flow and handling measures.

Information Security Control Aspects	Risk Description	Countermeasures
Information security technologies	Based on the defense-in-depth concept, an inventory of information security protection measures is conducted from the external to the internal layers to ensure the protection of critical company information and the continuity of business operations.	Strengthen the technical aspect of information security
Personnel information security awareness	As one of the key information security risks, human-related threats must be addressed through continuous awareness-building efforts to ensure all personnel are equipped with the necessary understanding to reduce exposure.	Promote personnel information security awareness
Information security audit	After establishing the entire procedure, regularly review its effectiveness to ensure proper implementation	Execute regular internal and external information security audit
Supply chain management	Supply chain risks have increasingly emerged as a critical component of information security in recent years. Ensuring the implementation of supply chain information security to lower the information security risk arising from the supply chain.	Enhance the protection level of the supply chain

Strengthen the aspect of the information security technology

Faraday implements measures such as network security, access control and data protection, physical and environmental security, terminal equipment and usage environment management, threat detection, protection, system security and supplier security to achieve information security management and prevent both external hacker intrusions and internal leakage of confidential information.

Categories	Category Description	Implementation Item Description
Network security	Manage the segregation between internal and external networks, restrict and limit the internal and external network traffic and behavior, and strengthen external service control restrictions (Including protection measures as email filtering and IPS).	<ul style="list-style-type: none">Upgrade the firewall and regularly implement firewall rule auditingRestrict web browsing and file uploadsControl the incoming and outgoing mailsImplement micro-segmentation to restrict lateral movement across critical systemsImport cloud solutions to enhance the domain environment
Access control and data protection	Restrict permissions for each category based on the principle of least privilege to achieve maximum efficiency with minimal risk, and manage control over confidential data.	<ul style="list-style-type: none">Implement regular audits of accounts and granted permissions, and enforce password policiesEstablish a robust remote access authorization mechanism and adopt multi-factor authentication methods to enhance securityImport TIPS for confidential document management
Physical and environmental security	Physical security access control strengthens the management of key areas and implements inventory checks of assets to ensure the integrity of the controlled scope.	<ul style="list-style-type: none">The office area has restricted access, and key controlled areas are authorized on a least privilege basis, and processing regular auditThe computer room meets the ISO 27001 requirements for relevant monitoring (including temperature and humidity control as well as CCTV measures).Implement various types of asset inventories and establish additional controls for critical equipment
Terminal equipment and usage environment	Office area computers are often points of entry for social engineering attacks; implementing security controls and monitoring on endpoint devices can effectively reduce the risk of such breaches.	<ul style="list-style-type: none">Deploy antivirus software on endpoints, introduce EDR to enhance endpoint protection, and monitor the system 7*24 hours with dedicated personnelControl the use of removable devices and mobile storage media to lower the risk of data leakageSet up a VDI system for centralized management to protect data and enhance its security
Threat detection and protection	The exploration, fixing, and exception management of vulnerabilities and weaknesses should be established. Vulnerabilities can be categorized into various types such as source code, operating systems, applications, and firmware versions. Appropriate measures for managing these different types of vulnerabilities should be implemented to prevent exploitation by malicious actors.	<ul style="list-style-type: none">Exploration: Internal and external intelligence collection, regular vulnerability scanning, information security health check and other projectsFixing: Check the internal environment for similar vulnerabilities based on intelligence and perform subsequent patch. Fixing high (or above) risks after weak scans and health checks are implemented.Exception management: If exception management is necessary for vulnerabilities, then the information should be collected and tracked regularly.
System security	Monitoring of system resources, availability, and events, and issuing alerts for subsequent handling when necessary; establishing a robust backup mechanism and confirming its effectiveness.	<ul style="list-style-type: none">Monitor server system resources and issue alerts for abnormal conditions to facilitate handlingEstablish system recovery SOPs and regularly implement BCP drills for critical systems
Supplier security	Establish supplier management standards in pair with supplier information security with NDA, implement regular audits and track follow-up improvement measures to improve supplier information security	<ul style="list-style-type: none">Establish supplier information security management standardsInventory suppliers and request NDA before data exchangingRegularly implement supplier information security audits and follow-up

Enhance personnel information security awareness

Information security training	<ul style="list-style-type: none">New recruits training: New recruits sign the confidential document upon on-board and receive information security-related education and training to understand the Company's information security policies and requirements. The training rate for global new recruits is 100%.Information security advocacy: Information security policy and case promotion courses are held every year. In 2024, the total number of information security promotion courses worldwide were 3,471 people. Information security training is implemented for all employees. In 2024, a total number of 1,219 employees globally completed the training.
Information security social engineering drill	In order to enhance awareness of social engineering email security for Faraday employees, 2 social engineering drills were conducted for Faraday employees globally in 2024 with a total of 2,039 people. Additional promotion and training are provided to personnel who did not pass the drill to enhance their awareness and understanding.

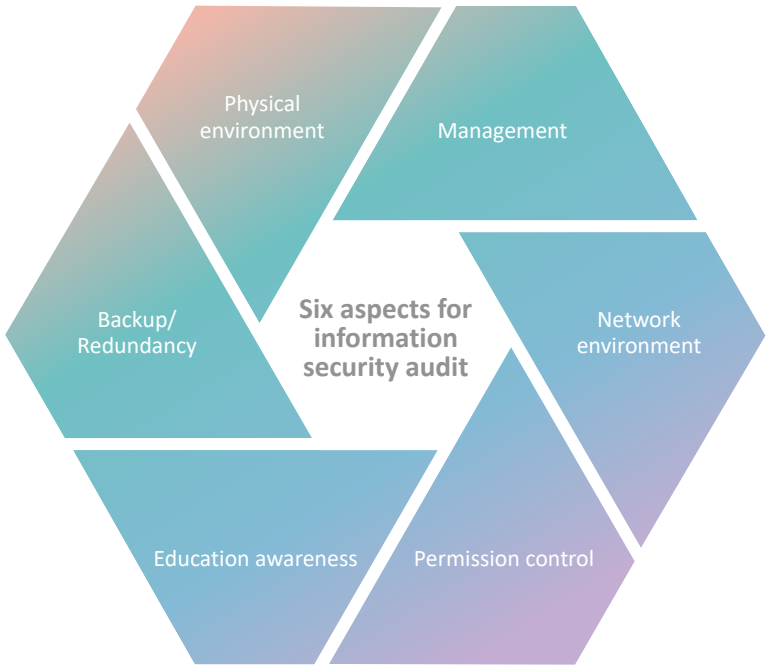
Internal and external audit of information security

Internal audit	<ul style="list-style-type: none">Faraday goes through internal audit of information security according to management policy every year, which is led by the audit team. It conducts the audit for system flow and implementation records in six major aspects of the Company: management, network environment, permission control, education awareness, backup/redundancy, and physical environment to ensure the confidentiality, integrity, and effectiveness of information protection, and continuously enhance information security protection levelsAfter the internal audit, the audit team members will handle and track the corrective measures taken after the audit, and review the effectiveness of ISMS operation in the management review meeting.
External audit	Faraday conducts ISO 27001 external audits every year, assisted by SGS Taiwan Inspection Technology, to conduct audits against ISO/IEC 27001 provisions to ensure that the Company complies with international standards through PDCA.

Enhance protection level of supply chain

Regular evaluation for information security management measures of suppliers

- To ensure the information security of supply chain, Faraday implements and promotes the supply chain information security risk management; in the supplier management and evaluation, the requirements and verification of information security related items are included in the management scope.
- Enhance the protection level of supply chain from six major aspects: management aspect, backup/redundancy, network environment, physical environment, permission control, and education awareness.



- Based on the “Qualification Review of New Outsourcing Supplier”, make request of information security and assessment to new supplier.
- Establish “Supplier Information Security Management Standards” to require suppliers to comply with relevant standards. For qualified suppliers, an audit plan is scheduled every year to audit and confirm the supplier’s information security.

Strengthen control measures for suppliers entering key areas

- To ensure that suppliers are aware of and follow Faraday’s information security regulations, suppliers should sign Non-disclosure agreement before entering key areas; be accompanied by responsible personnel throughout the whole process upon entry; read and sign information security-related promotional documents.
- If due to operational requirements, the portable device of suppliers that need to connect to Faraday’s network environment must be applied in advance, access will be allowed after network and information security checks, and the permission will be cancelled after the operation is completed.

Implementation result for promoting information security measures

In 2024, Faraday passed internal and external information security audits with no major deficiencies, and no major information security incidents such as violations of information security regulations, customer information leaks, and fines, and no complaints due to violations or loss of customer data; 0 case on judicial litigation cases.

Information security intelligence/Incidents response



- 0 case of on complaints about violation of customer privacy or loss of customer information
- 100% of reviewing rate of Mail Out Keyword
- 99.1% of blocking rate of Spam mail
- 12 times of reporting external information security incidents and the countermeasures

Training and advocacy



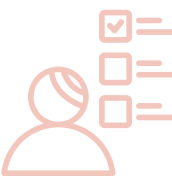
- 100% of new recruits completing information security training
- 1,219 people of completing the information security training on Faraday eCourse
- 4 times of information security advocacy; 3,471 people of finishing the relevant reading
- 2 times of social engineering drills; in a total number of 2,039 people

Personnel employment/Environmental safety



- 100% of new recruits signing for non-disclosure agreement and IP Ownership Requisition Form
- 100% of activating the information security control for Resigning person
- 0 time of unauthorized visitors breaking into the office area
- 0 time of major equipment failure events inside industrial environment

Audit



- 45 times of information security record audit
- 100% of completion rate for regular internal information security audit
- 100% of completion rate for regular external information security audit
- 20 suppliers of passing information security audit

Note: Statistics are based on a global basis.