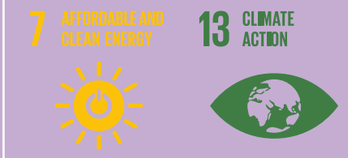
Five execution aspects

Environmental Sustainability

4.1 Climate and Energy Management
4.2 Water Resource and Waste Management
4.3 Sustainable Ecology Promotion
4.4 Green Procurement and Environmental Investment

Focusing on SDGs



Highlights of Sustainability

Corporate Carbon Reduction

Achieve an absolute reduction of 4.5% in carbon emissions in 2024 compared to the 2023 baseline year
Complete greenhouse gas inventories for all consolidated financial statement subsidiaries.

Renewable Energy

Usage ratio reached 7.5%

Green Procurement

Expenditure amount reached NT$51 million
An increase of 16% compared to the previous year

Waste Reduction and Water Conservation

Waste reduction of 24% in 2024 compared to the base year of 2021
Water resource reduction of 21% in 2024 compared to the base year of 2021

Green Investment

Total investment in green bonds amounted to NT$50 million

CDP Rating (First Voluntary Participation)

Climate Change Questionnaire: B (Management Level)
Water Security Questionnaire: B- (Management Level)

Management Policy

Material Sustainability Issues	Performance Indicators	Target in 2024	Result in 2024	Target in 2025	2030/Long-term direction
Climate and energy	Completed greenhouse gas inventory for subsidiaries in the consolidated financial statement	100%	100%	100%	100%
	absolute carbon emission reduction in Scope 1 and Scope 2 compared to the base year of 2023	No growth	4.5%	≧ 10%	≧ 50%
	Renewable energy usage rate	≧ 5%	7.5%	≧ 15%	≧ 55%
	Electricity intensity reduced compared to the base year of 2021	≧ 20%	22%	≧ 22%	≧ 25%

Faraday Customized Target	Performance Indicators	Target in 2024	Result in 2024	Target in 2025	2030/Long-term direction
Environmental Sustainability	ISO 14001 Environmental Management System Certification	100% completion of architecture difference analysis	100%	Pass certification	aintain the validity, suitability, and appropriateness of the certificate
	Water intensity reduced compared to the base year of 2021	20%	21%	25%	27%
	Waste intensity reduced compared to the base year of 2021	20%	24%	25%	27%

Environmental Sustainability Issue Management

Faraday, in its efforts to promote environmental sustainability, follows the “Environmental, Health, and Safety (EHS) Policy” as the highest guiding principle. The Environmental, Health, and Safety (EHS) Committee reviews the implementation status of environmental-related goal management on a quarterly basis. In the third quarter of each year, the senior management representative chairs the EHS Management Review Meeting to review the achievement rates and results of all environmental goals. Faraday is committed to becoming a model company in promoting environmental sustainability and a friendly workplace within the IC design industry. Through the implementation of the ISO 14001:2015 Environmental Management System, Faraday continuously improves its environmental practices based on the principle of continual management system enhancement, aiming to minimize environmental impacts throughout its operations. No environmental violations occurred from 2021 to 2024.

In 2024, Faraday initiated the planning and implementation of the ISO 14001:2015 Environmental Management System, with an external audit scheduled for Q4 2025. The company will continue to maintain the system’s effectiveness through daily operations, regular management reviews, and both internal and external audit processes.

Management of Material Sustainability Issues

Climate and energy

Policy/Commitment

"Environmental Safety and Health Policy", “Climate Change Commitment”, ”Declaration on Biodiversity”

Impact Description

The concentration of greenhouse gas emissions leads to intensified global warming

Key Action

- Establish a net-zero target and review the achievement of annual carbon reduction goals on a yearly basis.
- Continuously promote energy-saving improvements, replace equipment with high-efficiency alternatives, and enhance overall energy efficiency
- Promote energy transition by installing solar panels for self-generation and self-consumption, and sign green electricity transfer agreements
- Implementation and certification of ISO 14001:2015, standardization of management processes, and identification of environmental aspects to reduce environmental impacts throughout the product lifecycle.

4.1 Climate and Energy Management

4.1.1 Task Force on Climate-related Financial Disclosures

Faraday adopts the TCFD (Task Force on Climate-related Financial Disclosures) recommendations for climate-related financial disclosures to manage climate change issues through the framework of governance, strategy, risk management, and metrics and targets. With the Board of Directors as the highest governing body, the company identifies climate-related risks and opportunities, develops corresponding mitigation and adaptation measures. Faraday also establishes performance targets for monitoring and control, and integrates the findings into its overall enterprise risk management system.

Faraday Climate Management Framework

Governance	Strategy	Risk Management	Metric and Target
• Board of Directors The Board of Directors regularly reports on Faraday's sustainability management outcomes during quarterly meetings, with board members reviewing the performance and results (including climate change-related issues). • Sustainability Committee The President serves as the chairperson and holds meetings on a quarterly basis, leading the task force members in formulating sustainability strategies and executing goals (including the supervision of issues related to climate change and corporate impact).	• Risk and Opportunity Identification Following the TCFD framework, categorize the occurrence time of risks and opportunities into short-term, medium-term, and long-term to conduct risk and opportunity identification. • Scenario Analysis Through scenario analysis simulations, explore the extent to which the company is exposed to different scenarios, and how parameters such as carbon taxes and renewable energy costs impact operations.	• Mitigation and Adaptation Develop feasible mitigation and adaptation measures in response to material risks and opportunities. • Risk Integration Incorporate identified findings into the company's risk management framework and analyze them alongside existing operational risks.	• Greenhouse Gas Inventory Conduct a greenhouse gas emissions inventory in accordance with the ISO14064-1 standard. • Management Target Develop a 2050 carbon reduction pathway and establish climate-related environmental indicators, including targets for reducing greenhouse gas emissions, energy resource consumption, and waste generation.

Risk scenario analysis

In its climate scenario analysis, Faraday adopts a range of hypothetical scenarios, including the National Net-Zero Pathway, SSP1-1.9, and SSP5-8.5. These scenarios take into account different levels of climate action, environmental policies, and socio-economic development pathways. The analysis explores potential business scenarios that the company may face, including the impact of parameters such as carbon taxes and renewable energy costs on its operations. Using scenario analysis as a forecasting tool for future climate conditions can help Faraday identify the gap between current external environmental factors and existing internal strategies. This approach allows the company to proactively detect and respond to potential challenges, and to develop more forward-looking strategies to address the risks and opportunities brought by climate change.

Risk type	External scenario selection	External scenario description	Parameter setting and reference tool	Results of potential financial impact analysis
Transition risk	National net zero pathway	Net-Zero Emissions Roadmap, the company is committed to achieving net-zero emissions by 2050.	• Carbon Tax: 300NTD/tCO2e • Renewable Energy Cost: 6NTD/kWh	In the future, Faraday's carbon emissions may continue to rise due to business expansion. Under the increasingly strict net-zero trend, it is necessary to adopt proactive carbon reduction strategies and goals (including carbon reduction in business operations and the development of low-carbon products) to mitigate the significant financial impact brought by climate risks.
Transition risk	SSP1-1.9	Referring to the IPCC Sixth Assessment Report and the SSP1-1.9 emissions pathway, net-zero emissions are expected to be reached around 2055.	• Carbon Tax: Global scenario under SSP1-1.9 pathway • Renewable Energy Cost: 6 NTD/kWh	
Physical risk	SSP5-8.5	Referring to the IPCC Sixth Assessment Report and the SSP5-8.5 scenario, global carbon emissions are expected to double by around 2050.	• Flood: Climate change disaster risk map platform • Landslide/Mountain collapse: National Fire Agency Disaster Prevention and Relief Center	The location of Faraday's headquarters is not directly situated in a high-risk disaster area. Under this scenario analysis, the likelihood of experiencing flooding, landslides, or mountain collapses is extremely low.

Risk and Opportunity Identification and Management

Faraday identifies climate-related risks and opportunities by referencing domestic and international climate trends, as well as questionnaires such as CDP. Based on the company's operational status, Faraday has narrowed down the potential climate change-related issues into 11 key risk topics and 6 opportunities that it may face. Further, through materiality analysis using the parameters of likelihood and impact, the top 5 risks and top 3 opportunities are identified as priority management items. Countermeasure analysis is then conducted, and corresponding management objectives are established, which are subsequently incorporated into the company's Key Sustainability Goals. The Corporate Sustainability Committee regularly reviews the progress of these goals to ensure effective implementation and continuous improvement.

Risk Category	Risk Aspect	Risk	Operational Impact Description	Operational Site Impact	Value chain impact	Impact Timeframe	Response Strategy
Transition	Regulatory	International conventions or agreements	Responding to the international net-zero trend, additional investments in renewable energy and energy-saving activities increase operational costs	Taiwan location	No	Long-term: 5 ~ 10 years	Official announcement of Faraday's 2050 Net-Zero commitment: • Aligned with the most strict international carbon reduction trends, in response to the global net-zero movement and customer expectations for a low-carbon supply chain Planning Faraday's Net-Zero Carbon Reduction Pathway • By developing a concrete pathway, identify the actual resources the company needs to invest. Implementation of solar panels for self-generation and self-consumption • To meet regulatory requirements and simultaneously reduce the cost of purchasing green electricity. • Launch of green electricity procurement plan: • Since 90% of Faraday's carbon emissions are attributed to electricity consumption, green energy procurement is recognized as the primary approach to achieving substantial carbon reduction.
Transition	Market	Customer low-carbon requirements	Failure to meet customer requirements for low-carbon strategy production or low-power chip design, resulting in order losses	Taiwan locations and overseas subsidiaries	No	Medium-term: 2 ~ 5 years	
Transition	Reputation	Investor concerns regarding climate response actions	When investors raise ESG-related proposals, the company can only respond passively or is unable to respond effectively, which may lead to reputational damage.	Taiwan location	No	Medium-term: 2 ~ 5 years	Proactively positioning • Continuously monitor external carbon reduction trends and proactively implement strategies, such as promoting climate disclosures and verification for subsidiaries, and independently planning net-zero pathways.
Physical	Immediate	Tropical cyclone	Increased frequency of work stoppages and voltage reductions leads to loss of production capacity. Extreme weather increases supply chain dispatching and coordination costs	Taiwan location	Upstream supply chain	Long-term: 5 ~ 10 years	Flexible and diverse work modes • Develop and improve remote work mechanism to prevent operational disruptions caused by weather-related conditions Diversified power sources • Implementation of the second phase of solar panels and promotion of energy-saving measures: Establish self-power generation and supply capabilities, combined with improved energy efficiency to reduce the demand for externally purchased electricity. Globalization/Localization of supply chain • Globalization/localization of the supply chain to mitigate the risk of supply chain disruptions caused by climate anomalies in a single region.
Physical	Long-term	Average temperature change (increase)	Global warming leads to increased electricity consumption, resulting in higher operational costs. Extreme weather increases supply chain dispatching and coordination costs	Taiwan location	Upstream supply chain	Long-term: 5 ~ 10 years	

Opportunity Identification

Opportunity identification	Opportunity	Operational Impact Description	Operational Site Impact	Value chain impact	Impact Timeframe	Response Strategy
Resource efficiency	Energy efficiency improvement	Improve energy efficiency in operational processes to reduce electricity consumption and energy costs.	Taiwan location	No	Long-term: 5 ~ 10 years	Carry out energy efficiency and carbon reduction activities annually
Energy source	Low-carbon energy	Adopt low-carbon energy to reduce operational carbon emissions and enhance the company's sustainability reputation	Taiwan location	No	Long-term: 5 ~ 10 years	• Implementation of solar panels for self-generation and self-consumption To meet regulatory requirements and simultaneously reduce the cost of purchasing green electricity. • Launch of green electricity procurement plan Since 90% of Faraday's carbon emissions are attributed to electricity consumption, green energy procurement is recognized as the primary approach to achieving substantial carbon reduction.
Product and service	Low-carbon product or service	Through the development of innovative low-power product technologies and the launch of energy transition products, respond to the net-zero trend and create additional competitiveness and revenue for the company.	Taiwan location	Downstream customers	Medium-term: 2 ~ 5 years	Monitor the revenue contribution of energy transition products. Invest in the R&D costs for low-carbon products

4.1.2Carbon Emission Management

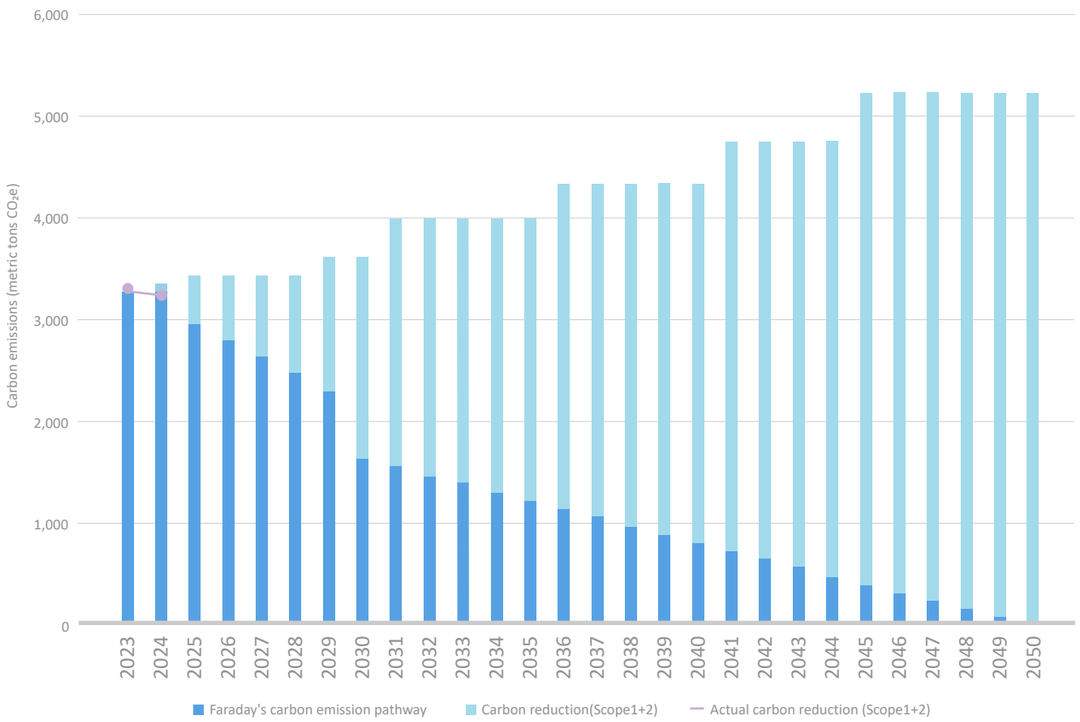
Net-Zero Emissions Commitment

In order to actively respond to the challenges of climate change, Faraday has set specific targets for sustainable development. We have formulated carbon reduction goals based on the Science-Based Targets initiative (SBTi) methodology. For Scope 1 and Scope 2 emissions, we commit to using 2023 as the base year, achieving a 50% reduction in carbon emissions by 2030, and attaining net-zero greenhouse gas emissions by 2050. This commitment supports global efforts to mitigate the greenhouse effect and climate change.

Carbon Reduction Strategies and Goals

Faraday's operational activities primarily focus on chip design and R&D, with no manufacturing facilities. As a result, the main climate impact from our operations comes from carbon emissions generated through energy consumption. In developing the carbon reduction strategy, Faraday not only conducts greenhouse gas inventories but also emphasizes the gradual implementation of energy efficiency and carbon reduction activities, as well as the use of renewable energy. Additionally, we actively engage in low-power or energy transition-related chip design projects to help enhance energy efficiency for both Faraday and global chip users.

Faraday's Net-Zero Carbon Roadmap



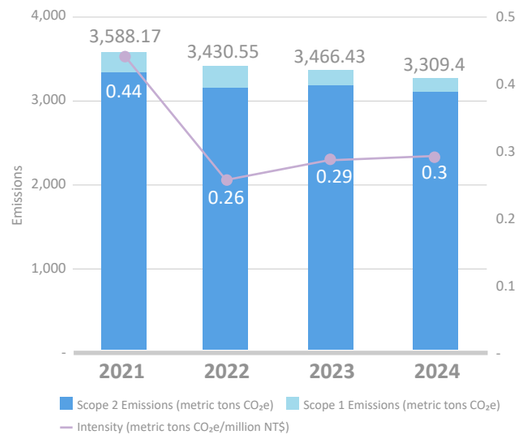
Faraday's Detailed Carbon Reduction Strategies

Category	Management Scope	Strategy Description	Implementation Status
Greenhouse Gas Inventory	Scope 1 ~ Scope 3	Conduct a greenhouse gas inventory annually in accordance with ISO 14064-1 and perform external verification.	• Complete 100% consolidated financial statement boundary greenhouse gas inventory starting from 2023. • Since 2022, Faraday's parent company has completed external verification, and subsidiaries will implement verification by 2026.
Energy efficiency and carbon reduction activities	Scope 2	Conduct annual energy consumption hotspots inventory, implement energy efficiency improvement or energy-saving projects through equipment replacement and upgrades	In 2024, energy-saving projects such as the installation of variable frequency air compressors and replacement of lighting fixtures were implemented, with an estimated annual electricity savings of 101,845 kWh.
Use of renewable energy	Scope 2	Gradually increase the proportion of green electricity usage, aiming to reach 55% by 2030. • Install rooftop solar panels for self-generation and self-consumption • Sign PPAs (Power Purchase Agreements) with green electricity suppliers to procure verified green electricity with power and certificate integration.	• The installed capacity of rooftop solar panels reaches 129.74 kWh. • Green electricity transfer agreements have been signed with two electricity suppliers. • In 2024, the proportion of renewable energy usage reached 7.49%.
Innovative carbon reduction tools	Scope 1 ~ Scope 3	Continuously evaluate new energy efficiency and carbon reduction methods, such as: negative emissions (CCUS), low-carbon energy (hydrogen)	Evaluate the feasibility of future adoption
Carbon credit application/ usage	Scope 1/ Scope 3	• Continuously evaluate internal opportunities for carbon credit applications, and monitor external carbon credit procurement trends. • Use carbon credit tools to achieve the final mile to net-zero emissions	Evaluate the feasibility of future adoption

Carbon Emission Reduction Achievements: Zero Growth in 2024 Emissions Compared to the Baseline Year

Faraday sets annual carbon reduction targets based on its net-zero emissions pathway toward the goal of achieving net-zero by 2050. In 2024, the company's Scope 1 and Scope 2 greenhouse gas emissions amounted to 3,309.40 metric tons, achieving the target of zero growth compared to the 2023 baseline year. Moving forward, Faraday will continue to promote energy efficiency activities and increase the use of renewable energy to steadily advance toward its net-zero target.

Greenhouse Gas Reduction Achievements

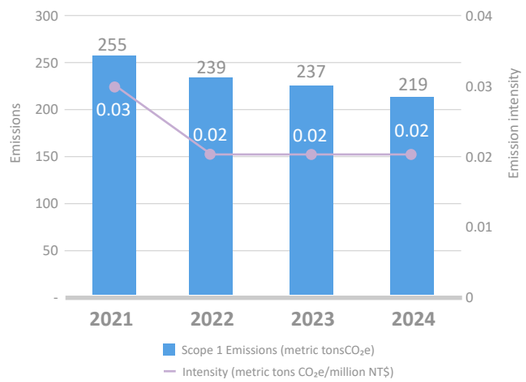


Note1: Scope 2 emissions data is calculated using the Market-based approach.
Note2: Emissions intensity is calculated as emissions per million consolidated revenues.

Greenhouse Gas Inventory

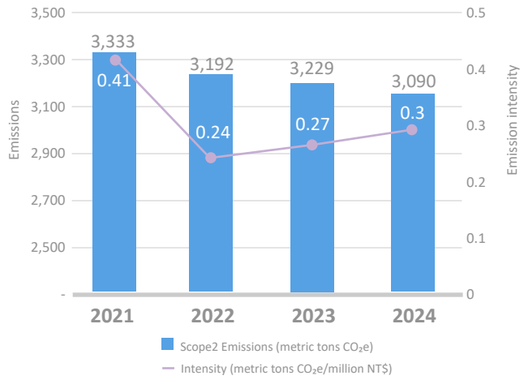
Faraday conducts its greenhouse gas inventory in accordance with ISO 14064-1, and has had its emissions data externally verified since 2022 to ensure data quality. The verified emissions data serves as the basis for assessing carbon reduction performance, and the carbon reduction achievements are reported to the Board of Directors.

Scope 1 Greenhouse Gas Emissions



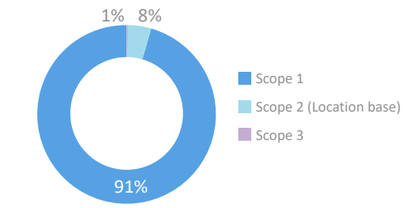
Note : Emissions intensity is calculated as emissions per million consolidated revenues

Scope 2 Greenhouse Gas Emissions

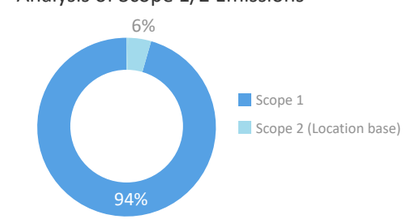


Note 1 : Scope 2 emissions data is calculated using the Market-based approach
Note 2 :Emissions intensity is calculated as emissions per million consolidated revenues

Analysis of Scope 1/2/3 Emissions



Analysis of Scope 1/2 Emissions



2024 GHG Emissions Category (Unit: metric tons CO_2e/Year)

GHG Category	2022	2023	2024	2024 proportion
CO_2	3,854	74,745	39,899	99.5%
CH_4	51	51	27	0.07%
N_2O	0	0	0.027	0%
HFCs	167	168	168	0.42%
PFCs	0	0	-	0%
SF_6	0	0	-	0%
NF_3	0	0	-	0%
Total	4,073	74,964	40,094	100%

Faraday's GHG Emissions (Unit: metric tons CO_2e/year)

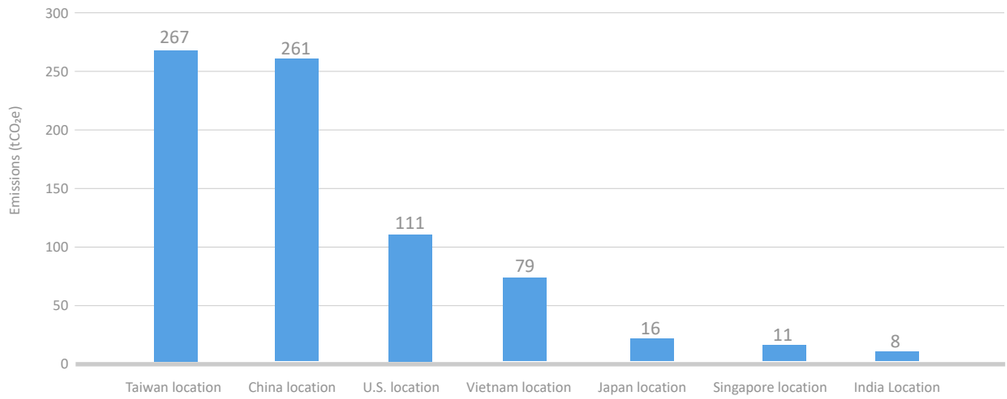
ISO 14064-1 Category	GHG Protocol Category	2021	2022	2023	2024
Direct GHG emissions and removals	Scope 1	255	239	237	219
Category 2 Indirect GHG emissions from energy imported	Scope 2 (Market base)	3,333	3,192	3,229	3,090
	Scope 2 (Location base)	3,333	3,192	3,229	3,287
Category 3 Businiss travial	Scope 3 Category 6: Business travel	Not inventoried	Non-significant	40	34
Category 3 Employee commuting	Scope 3 Category: Employee ommuting	Not inventoried	Non-significant	485	292
Category 4 Purchased goods	Category 3: Fuel and Energy Activities	Not inventoried	637	646	645
Category 4 Waste Disposal And Transport	Category 5: Waste generated in operations	Not inventoried	5.88	6	6
Category 4 Other outsourced business	Category 1: Purchased goods or services	Not inventoried	Not inventoried	70,321	35,571

Note
- The emission boundary includes the Hsinchu headquarters, Taipei office, and Tainan office.
- Scope 1 emission factors are based on the "Ministry of Environment Greenhouse Gas Emission Factor Management Table, Version 6.0.4".
- Scope 2 emission factors are calculated based on the latest annual electricity carbon emission factors announced by the Ministry of Energy.
- The Global Warming Potential (GWP) values are based on the IPCC Sixth Assessment Report (2021)
- Refrigerant emissions are calculated based on refrigerant leakage rates.

Consolidated Financial Statement Subsidiaries Included in the Emissions Boundary

Faraday actively responds to the Financial Supervisory Commission's ("FSC") "Sustainability Roadmap for Listed and OTC Companies." In addition to requiring the parent company to complete third-party verification starting from 2022, the company has also planned for its subsidiaries to undergo verification ahead of schedule by 2026. In 2024, Faraday's consolidated financial statement subsidiaries totaled 13, with combined Scope 1 and Scope 2 greenhouse gas emissions amounting to 752.55 metric tons. When combined with the parent company's emissions, they accounted for approximately 19% of the total emissions.

2024 Subsidiary Greenhouse Gas Emissions (Scope 1 and Scope 2)



4.1.3 Energy management

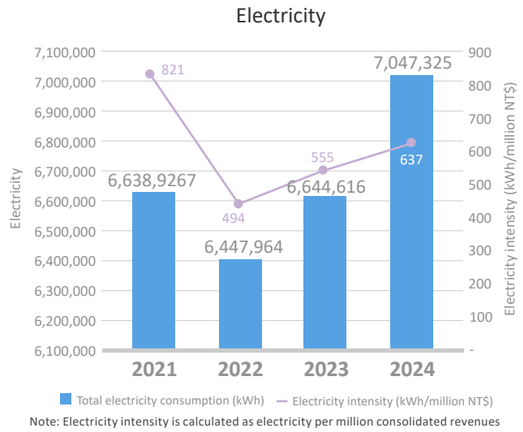
Faraday primarily operates in ASIC (Application-Specific Integrated Circuit) and IP (Silicon Intellectual Property) development, with manufacturing outsourced to specialized foundries. As there are no production processes conducted on-site, more than 90% of energy consumption within the facilities comes from electricity usage. The remaining energy consumption includes the use of petroleum-based fuels such as diesel, gasoline, and liquefied petroleum gas (LPG).

Energy Usage Overview

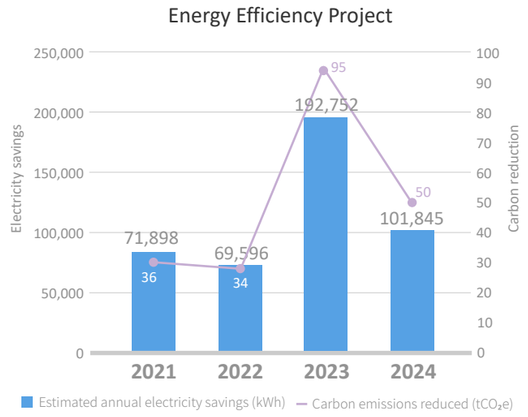
項目		2021	2022	2023	2024
Energy usage status (Unit: GJ)	Purchased electricity consumption (Including green electricity procurement)	23,900.14	23,212.67	23,531.82	24,963.57
	Self-generated renewable energy usage	0	0	388.80	406.80
	Purchased renewable energy usage	0	0	0	1,494.00
	Diesel fuel	35.20	18.78	21.12	22.88
	Gasoline	10.76	17.60	15.28	18.20
	Gas	216.73	301.96	285.19	380.11
Energy usage analysis (Unit: GJ)	Total energy consumption	24,162.83	23,551.01	24,242.21	25,791.56
	Total electricity consumption	23,900.14	23,212.67	23,920.62	25,370.37
	Total renewable energy consumption	0	0	388.80	1,900.80
	Renewable energy usage ratio (%)	0.0%	0.0%	1.6%	7.49%
	Total non-renewable energy consumption	24,162.83	23,551.01	23,853.41	25,384.76
	Percentage of purchased electricity in total electricity consumption (%)	100.0%	100.0%	98.4%	98.4%
	Percentage of purchased electricity in total energy consumption (%)	98.91%	98.56%	97.07%	96.79%

Energy Efficiency Strategies and Goals

Faraday prioritizes electricity conservation as its main energy efficiency strategy. To effectively manage electricity usage and reduce operational carbon emissions, Faraday has established a systematic mechanism to monitor real-time electricity consumption. It regularly uses power analysis tools to identify major energy consumption hotspots and initiates concrete energy-efficiency projects. These projects are evaluated based on significance and feasibility, with annual implementation plans developed in phases. In 2024, Faraday achieved a 22% reduction in electricity intensity compared to the 2021 baseline year, successfully meeting its annual energy-saving target.



Note: Electricity intensity is calculated as electricity per million consolidated revenues



Significant Energy Efficiency Projects and Achievements

Implementation Year	Category	Electricity-saving solution	Estimated annual electricity savings (kWh)	Estimated carbon reduction (metric tons CO_2e)
2024	Lighting	Replace fluorescent lamp with LED light, 438 in total (1F, 7F)	67,260	31.9
	Equipment replacement	Replace fixed-speed air compressors with high-efficiency variable-frequency new air compressors	34,057	16.1
		Replace refrigerators with energy-efficient Class 1 models.	528	0.3
	Total		101,845	48.3
2025	Lighting	Continuously change fluorescent lamp to LED light, estimated 292 in total (6F)	46,056	21.8
	Equipment performance	CH-1(200RT) Install a variable-frequency drive (VFD) on the CH-1 (200 RT) chiller to improve operational efficiency and achieve energy efficiency.	107,604	51.0
	Total		153,660	72.8

Note: The electricity saving benefits recorded in this table are calculated based on the difference in electricity consumption before and after the implementation of the electricity-saving project.

Energy-efficiency case

All 616 fluorescent lamps in the office areas on the 1st and 7th floors were fully replaced with LED lighting, reducing lighting electricity consumption. This results in an annual electricity saving of 67,260 kWh and a reduction of 31.9 metric tons CO_2e per year.

Upgraded the 30HP fixed-frequency air compressor with a high-efficiency variable-frequency air compressor to improve operational efficiency, resulting in an annual electricity saving of 34,057 kWh and a reduction of 16.1 metric tons CO_2e per year.

Faraday routine continuous energy efficiency measures

Energy efficiency category	Implementation Item
Energy efficiency equipment and update	• Select home appliances such as air conditioners and refrigerators with the energy-efficiency label. • Adopt air conditioning chillers and motors equipped with variable-frequency energy-saving devices. • Activate cooling tower fans based on the return water temperature of the cooling system. • Upgrade office lighting to LED light fixtures and lamps.
Energy-efficiency/ Waste-reduction measure and management	• Fresh air intake, bathroom exhaust ventilation, open office areas, and partitioned office air conditioning are set with time-controlled management to reduce cooling loss and unnecessary electricity use. • Emergency stairwells utilize natural daylight through open windows, combined with time-controlled lighting settings. • Parking lot lighting is operated on a timed and staggered basis. • Parking lot supply and exhaust fans are shortened in operating time and remain off during non-working hours. • Water coolers are managed with electronic timers; on holidays, only one water cooler per area is turned on to reduce electricity consumption. • Automatic energy-efficiency measures: Turn off office lights during lunch breaks and reduce air conditioning hourly during after-work hours. • Turn off water supply to landscape fountains. • Continuously promote electricity-saving and water-saving measures, reminding employees to conserve energy. • Enhance regular inspections of water facilities to improve equipment reliability and ensure timely repairs if damaged. • Ensure proper functionality of automatic sensor faucets in restrooms to control water flow and promote water-efficient hygiene. • Moderately reduce water flow from sink faucets to minimize unnecessary waste. • Regularly educate and encourage employees to sort and recycle waste. • Install hand dryers in office restrooms to replace paper towels, reducing paper consumption and waste generation.
Regular detection and inspection	• Engage professional agencies to conduct bi-annual inspections of office lighting and CO_2 levels, and increase green spaces to enhance the sustainability and comfort of the workplace environment. • Perform regular maintenance and inspections of air conditioning systems to ensure efficient operation. • Conduct patrols in office areas every 2 hours starting from 8:00 PM on weekdays and weekends to turn off non-essential or unused lighting and air conditioning.
Regular energy efficiency promotion	• Set office air conditioning temperature to 26°C or higher, and apply heat-insulating paper based on sunlight exposure. • Avoid taking the elevator for trips between two floors; use the stairs instead. • After meetings, turn off the lights, air conditioning, and projector in the meeting room • Managers working in individual offices should turn off the lighting and air conditioning when leaving their desks. • Employees should turn off their computers and monitors when leaving work.

4.1.4 Renewable Energy Usage

Renewable Energy Strategies and Goals

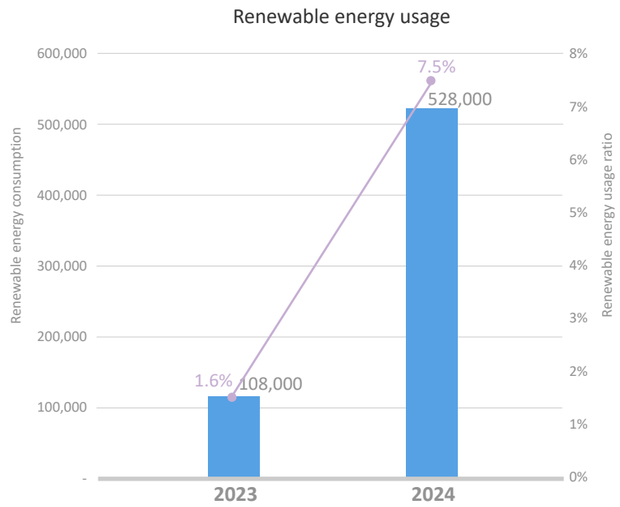
In addition to promoting energy-efficiency, the use of renewable energy is also an important tool for Faraday in reducing carbon emissions. To this end, Faraday has set a target for renewable energy usage, aiming to achieve 55% renewable energy use by 2030. In 2024, through on-site solar panel installation and the procurement of external green electricity, the company reached a green electricity ratio of 7.5%, successfully meeting the annual target set for 2024.

Self-built Solar Power for Self-generation and Self-consumption.

From 2022 to 2024, two phases of rooftop solar panel installation were completed in sequence, with a total installed capacity of 129.74 kW. It is estimated that the annual electricity generation will exceed 140,000 kWh. To ensure the quality of the generation data, Faraday has registered with the National Renewable Energy Certificate Center. All electricity generated from solar panels is certified by the center before being included in the company's renewable energy calculation.

Procurement of Externally Supplied Green Electricity

Starting from 2024, Faraday has signed green electricity transfer agreements with power retailers to gradually increase the procurement of green electricity each year. The company continuously monitors its operational status, forecasts future electricity demand, and regularly reviews the procurement volume to ensure it is sufficient to achieve the established carbon reduction and green electricity usage targets.

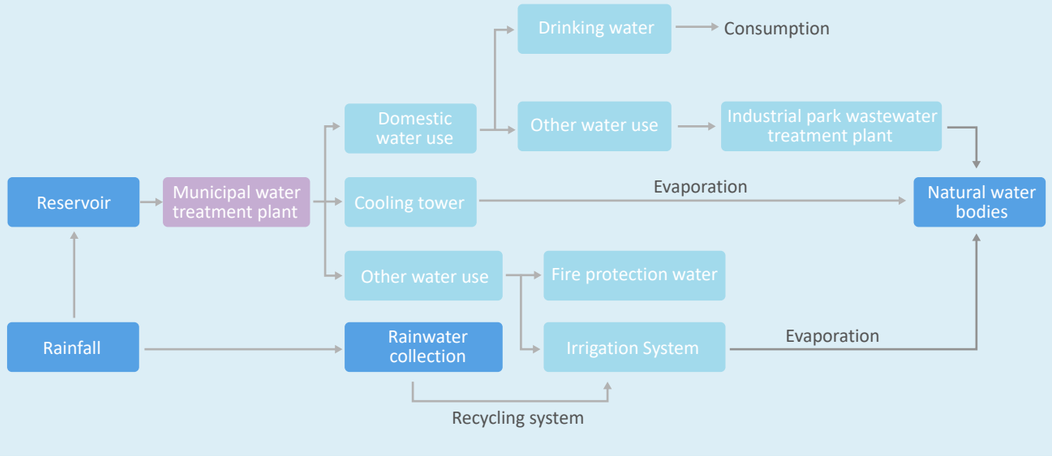


4.2 Water Resource and Waste Management

4.2.1 Water resource management

Faraday obtains 100% of its water resources from the Taiwan Water Corporation, as there are no manufacturing facilities. Water usage is primarily for general domestic purposes and air conditioning systems. The discharged water consists only of regular domestic wastewater, with no process-related wastewater generated.

Water Balance Diagram



Water Resource Usage Data

(Unit: Million Liters)

Item	2021	2022	2023	2024
Water consumption	19.3	19.4	20.3	20.8
Displacement	15.4	15.5	16.2	16.6
Consumptive water use	3.9	3.9	4.1	4.2
Recycled water volume	Not counted	Not counted	Not counted	0.03
Water intensity (Cubic meters per Million Dollars)	2.4	1.5	1.7	1.9

Note 1: Hsinchu headquarters is Faraday's primary operational base; water consumption is calculated based on the Hsinchu operational site, as well as the Taipei and Tainan offices.
Note 2: The water consumption is on the basis of water bill, and the displacement is calculated by 80% of water consumption.

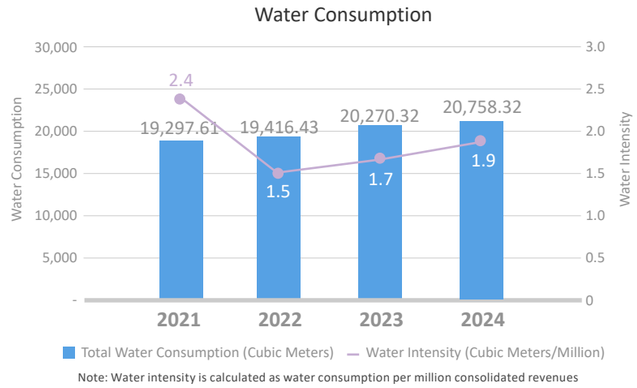
Water stress analysis

Based on the global water stress risk map published by the World Resources Institute (WRI), the current water stress level at the Hsinchu operational site, as well as the Taipei and Tainan offices, is categorized as low to medium (10%–20%). None of the sites are located in high water stress areas.

Location	Hsinchu	Taipei	Tainan
Main water resource	Toucian River, Baoshan Reservoir, Second Baoshan Reservoir	Hsindian River, Feitsui Reservoir	Zengwen River, Zengwen Reservoir, Wushantou Reservoir, Nanhua Reservoir, Jingmian Reservoir, Baihe Reservoir
Water stress risk level	Low ~ Medium (10-20%)	Low ~ Medium (10-20%)	Low ~ Medium (10-20%)
Location proportion of consumptive water in high water stress area	0%	0%	0%
Wastewater Discharge Regulations	"Regulation for the Use and Management of Wastewater Treatment and Sewage System in the Science Park" "Wastewater Quality Standards for the Sewage System in the Hsinchu Park Area, Hsinchu Science Park"	National Effluent Standards	National Effluent Standards
Wastewater treatment plant	Hsinchu Science Park Wastewater Treatment Plant	Neihu Wastewater Treatment Plant	Yongkang Water Resource Recycling Center
Final Discharge Site	Keya River	Keelung River	Yanshui River

Water Conservation Strategies and Goals

Faraday's primary water conservation strategy involves continuously implementing various water-saving measures, adopting equipment with water-efficient labels, conducting regular inspections of water-related facilities, improving equipment availability, promptly repairing damages, and promoting relevant policies among employees. This strategy aims to reduce water consumption and prevent unnecessary waste. In 2024, water intensity decreased by 21% compared to the 2021 baseline year, achieving the annual water conservation target.Starting in November 2024, the original green belt landscape pond was converted into a rainwater recycling system to collect rainfall. The collected rainwater is used for irrigation of plants in the headquarters building, reducing reliance on tap water and promoting environmental protection through the sustainable use of natural resources.



Note: Water intensity is calculated as water consumption per million consolidated revenues

4.2.2 Waste Management

Faraday primarily operates in chip design and does not have manufacturing facilities; therefore, the structure of waste generated is relatively simple. The main categories of waste include general solid waste, recyclable materials, and scrap electronic components. In accordance with the Waste Management Plan and through regular reporting, all generated waste is entrusted to qualified contractors approved by the Environmental Protection Administration for collection and treatment.

Waste Disposal (Unit: metric tons)

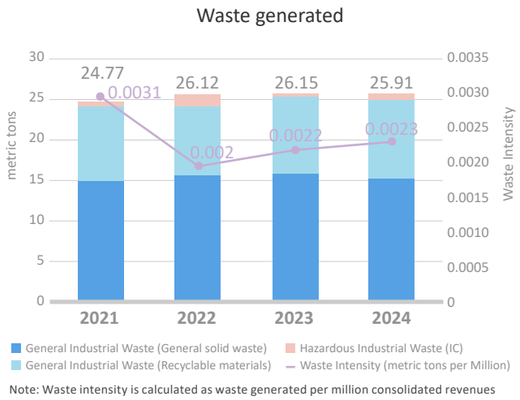
Category	Disposal Site	Waste Type	Disposal Method	2021	2022	2023	2024
General industrial waste	Offsite	General solid waste	Incineration	15.02	15.44	15.87	15.47
	Offsite	Resource recycling	Recycling	9.26	8.67	9.42	9.60
Hazardous industrial waste	Offsite	Scrap Electronic Components and Defective Products	Outsourcing	0.49	2.01	0.87	0.84
Total waste generated				24.77	26.12	26.15	25.91
Waste recycled				9.75	10.68	10.28	10.44
Waste recycling rate (%)				39.37%	40.89%	39.33%	40.28%
Hazardous waste percentage (%)				1.98%	7.70%	3.31%	3.22%
Waste intensity (metric tons per Million Dollars)				0.003	0.0020	0.0022	0.0023

Note
- The Hsinchu headquarters is Faraday's main operational base, and the statistical scope includes the Hsinchu operational site, as well as the Taipei and Tainan offices.
- Note 2: Waste data collection sources: The general solid waste from the Hsinchu operation site is collected and transported by the Hsinchu Science Park Administration under the Ministry of Science and Technology. The 2024 production weight is calculated based on the actual weight measured in July. The recycling weight of recyclable materials is statistically recorded by recycling vendors, and hazardous industrial waste is based on the declared three-part transportation forms.
- Note 3: The Taipei and Tainan offices, being part of general office buildings, have their estimated general industrial waste generation calculated based on the per capita annual waste generation from the Hsinchu operational site. Hazardous industrial waste is produced only at the Hsinchu operational site.
- Note 4: Recyclable waste includes: waste paper, waste iron/aluminum cans, waste plastic containers, waste lighting sources.

Waste Reduction Strategies and Goals

Faraday's main waste sources are office-generated general solid waste and recyclable materials from employee activities. Faraday focuses on implementing waste classification and promoting employee awareness as the main strategies for waste reduction. The disposal of scrap chips is also entrusted to professional waste recycling contractors to recover metal components from the discarded chips, thereby increasing the waste recycling rate and reducing environmental impact.

In 2024, the company achieved a 23.56% reduction in waste generation compared to the 2021 baseline year, successfully meeting its annual waste reduction target.



Note: Waste intensity is calculated as waste generated per million consolidated revenues

4.3 Sustainable Ecology Promotion

4.3.1 Taskforce on Nature-related Financial Disclosures

As one of the first companies in Taiwan to support the TNFD (Task Force on Nature-related Financial Disclosures), Faraday is also the world's first ASIC design service company to advocate for nature-related financial disclosures. The company manages its operations using a framework of governance, strategy, risk and impact management, and metrics and targets. It employs the LEAP methodology in conjunction with the ENCORE database to identify 13 dependency indicators and 11 impact indicators, which are used to identify Faraday's dependencies and impacts on nature, thereby establishing the future management and implementation direction for natural issues.

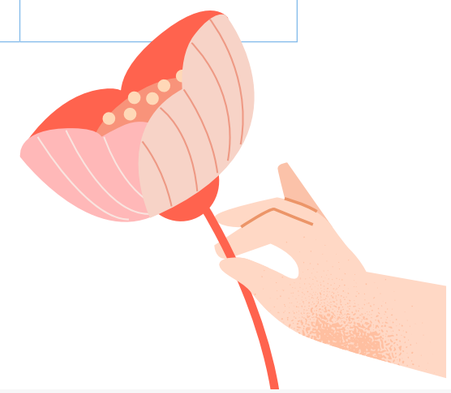
Response to the Industry-Academia Collaboration Program for TNFD

In 2024, Faraday collaborated with CTBC Financial Holding/ TNFD Team at the Graduate Institute of Sustainability Management and Environmental Education, National Taiwan Normal University on Domestic Assessment Tools for TNFD, "Project: Enhancement of the Domestic Natural Database for TNFD Assessment Tools in Taiwan". Faraday has participated in this project as part of the corporate application team. It is expected that the outcomes of the project will enhance the application aspects of the Taiwan local natural database (hereinafter referred to as ENCORE@TW), enabling more Taiwanese enterprises to utilize ENCORE@TW as a localized tool for TNFD risk and opportunity analysis.

Note:
TNFD team members at the Graduate Institute of Sustainability Management and Environmental Education, National Taiwan Normal University.
- Kuan-Hui Lin, project leader, Graduate Institute of Sustainability Management and Environmental Education, National Taiwan Normal University
- Ming-Kuang Chung, Degree Program in Climate Change and Sustainable Development, National Taiwan University
- Wan-Ling Tseng, National Taiwan University Ocean Center
- Full-time project assistants: Yu-Hao Wang and Chia-Hsi Hu
- Part-time project assistants: Cheng-Han Yang, Bei-Chie Chuang, and Liang-Yu Hsu
- Project consultant: Pei-Chun Hsu
- Administrative and technical support: Jen-Ying Li and Yu-Hsiang Lin

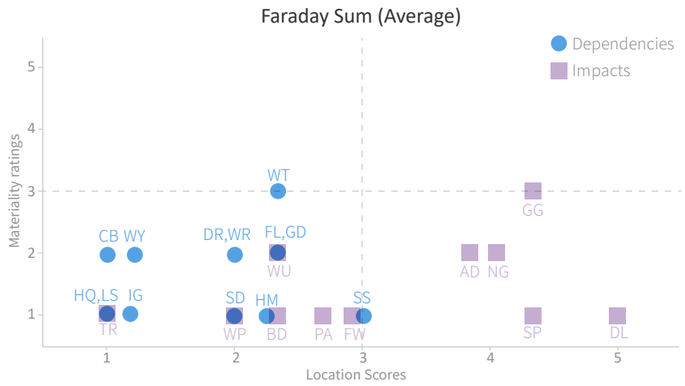
LEAP evaluation process

Locate	Evaluate	Assess	Prepare
Prioritize the analysis of locations in Taiwan, including the Hsinchu headquarters, Taipei office, and Tainan office.	Evaluate the 13 dependence indicators and 11 impact indicators using the two dimensions of (1) location analysis and (2) materiality score.	In the future, based on the materiality results of dependencies and impacts, risks and opportunities will be identified.	Formulate a response plan and disclose it publicly



LEAP Analysis Result

In 2024, after conducting TNFD analysis, Faraday identified through location analysis and materiality analysis that the key issues related to natural environmental impact indicators at this stage are greenhouse gases (GG), air pollution (NG), and atmospheric degradation (AD). In terms of dependencies on the natural environment, the key indicator is Weather Temperature (WT). Based on these findings, Faraday will further deepen its analysis of risks and opportunities, and formulate a response plan.



Impact indicators		Dependency indicators	
Abbreviation	Indicator	Abbreviation	Indicator
WY	Annual Water Yield	TR	Land Use
DR	Drought Intensity	FW	Key Water Bodies
WR	Rainfall Variability	GG	Greenhouse Gases
FL	Flood Potential	NG	Air Pollution
CB	Carbon Stock	SP	Soil Pollution
WT	Temperature Change	WP	Water Pollution
SD	Soil Degradation	DL	Ecological Disturbance
HQ	Habitat Quality	WU	Water Supply Stability
SS	Biodiversity	AD	Atmospheric Degradation
HM	Habitat Change	BD	Habitat Degradation
GD	Geologic Sensitivity	PA	Adjacent Conservation Areas
IG	Intensive Agriculture		
LS	Livestock Farming		

4.3.2 Green Environment and Ecological Education

Green Environment

Faraday has established an 8,340 m² ecological garden at its headquarters, covering 43.9% of the total site area. The garden features over 130 plant species, many of which are native to Taiwan. This diverse natural environment has become a habitat for various forms of wildlife, providing space for them to thrive. The green space not only offers a lush and serene retreat for Faraday employees but also reflects the company's commitment and active contribution to ecological conservation.

A Glimpse of Faraday's Ecological Garden

Supporting Ecological Education

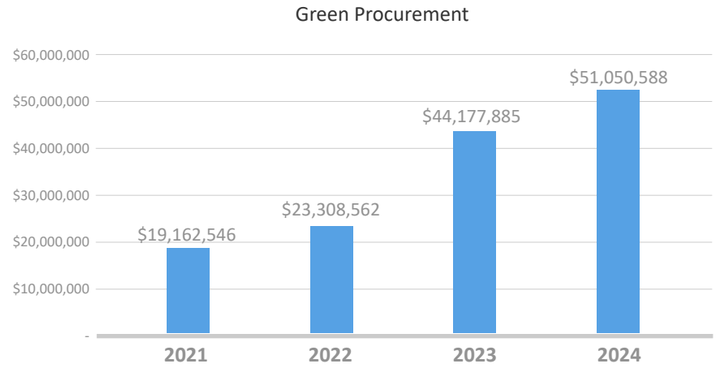
We sponsor the Green Award Program by UMC to support and encourage ecological conservation groups in Taiwan. In addition, Faraday has established an internal ecological conservation promotion group, organizing activities such as ecological lectures, hands-on planting workshops, and field trips. These efforts aim to foster employees' care for nature and encourage their active participation in biodiversity conservation.

Item	Faraday's Role
Green Award	• Since 2017, Faraday has been a partner of the UMC Green Award, and to date, has cu mulatively sponsored NT$1.3 million. • Official website: ecoechoaward.com
Ecological conservation promotion group	Gathers nature enthusiasts and provides a platform for knowledge, skills, and hands-on experiences. Members can learn about various plants, ecological systems, and conservation roles, and irregularly participate in field trips and outdoor exploration activities.
Ecological education lectures	Regularly plan ecological lecture series, featuring expert speakers, to enhance employees' understanding of ecological conservation issues

4.4 Green Procurement and Environmental Investment

4.4.1 Green Procurement Achievements

Faraday actively supports the government's green procurement policy by referencing the green procurement criteria outlined in the Ministry of Environment's Net-Zero Green Living initiative. In our daily procurement process for equipment and supplies, we prioritize products with environmental certifications such as the Ecolabel, Energy Saving Label, and PEFC (Programme for the Endorsement of Forest Certification) for sustainable forestry. Since 2021, the investment in green procurement has shown a steady annual increase.



4.4.2 Environmental and Green Investment

Faraday supports carbon reduction and green project. In addition to advancing our own net-zero and decarbonization efforts, we invest in various solutions related to renewable energy development, energy efficiency improvement, smart city infrastructure, and the circular economy. These investments ensure that our capital expenditures align with the Paris Climate Agreement and the long-term global decarbonization goals.

Category	Item	2021	2022	2023	2024
CAPEX Capital Expenditure (CAPEX)	Installation of solar panels	0	0	6,000,000	2,491,493
	Expenditure on energy-saving activities	20,691,980	24,478,240	52,605,327	51,018,690
	Procurement of green-certified products	39,566	30,322	52,558	31,868
OPEX Operating Expenditure (OPEX)	Green electricity transfer/ certificate fees	0	0	0	1,591,572
	Solar panel maintenance	0	0	0	40,000
	Sewage Disposal Fee	225,378	236,685	257,725	265,650
Green investments	Green bonds	0	0	50,000,000	50,000,000
	Green fixed deposits	0	0	90,840,000	0