

2021

Corporate Sustainability Report



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About this report

Thank you for taking time to read the 2021 Corporate Sustainability Report published by Faraday Technology Co., Ltd. (hereinafter referred to as Faraday). The content of this report upholds the principles of sincerity, pragmatism and transparency, and approaches to the general public; specifically describes Faraday's fulfillment and actions on Corporate Sustainability in 2021. Through this report, stakeholders who are concerned can have a clearer understanding of Faraday's investment and achievements in the economic, environmental and social aspects. We will also take this to continuously self-examine and respond in good faith to the expectations of stakeholders, in order to achieve the goal of sustainable development.

Scope

The reporting period is between January 1 and December 31, 2021, including Faraday's practices, performance metrics and data of economic, environmental and social dimensions in corporate governance, operating performance, sustainable environment, partnerships, employee rights and social care. In addition to the financial data about the affiliated companies and subsidiaries of Faraday in various countries, this report scope is also set to the information of the operating bases in Hsinchu, including Faraday headquarters, and the offices in Taipei and Tainan (excluding overseas operating bases).

Reporting principles

This report collects the internal and external issues relevant to corporate governance, economic, environmental and social aspects of Faraday; helps understand

the issues that stakeholders are concerned about based on materiality analysis; formulates the structure of this report and the key topics of disclosure. In addition, this report is compiled according to the core options (Core) of the GRI Standards, issued by the Global Sustainability Standards Board (GSSB), on its preparation and disclosure of the content.

The statistical data disclosed in the report are compiled and provided by the various authorized units of Faraday. The financial performance data is public information prepared by certified accountants, and is consistent with the company's annual report. The calculation and evaluation for environmental performance are derived from public government information with further computation.

Report audit and Verification

Internal audit: The content of this report is provided by the authority and responsibility team after being approved by the top management of each department. Compiled by the corporate sustainability committee, checked by each authority and responsibility unit manager about the correctness of the content, confirmed by the chairman of the corporate sustainability committee. And then reported to Faraday board of directors. **External verification:** In order to strengthen the correctness and credibility, this report was verified by SGS Taiwan Ltd., an external independent and credible firm, based on AA1000 AS (2018) Type 1, Moderate level assurance and the core option (Core) of the GRI Standards. The SGS ASSURANCE STATEMENT is attached in the appendix of this report.

Report issuance

Faraday publishes a Corporate Sustainability report every year, and provides a downloadable electronic version from the corporate sustainability section of Faraday's official website (<https://www.faraday-tech.com/tw/content/CSR/CorporateSustainability>).

Initial release date: September 2020

Current release date: June 2022

Next release date: Expected June 2023

Your feedback

Faraday sincerely welcomes stakeholders to continuously communicate with us, and provide valuable comments and suggestions through the following contact methods.

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Message from the business operator

2021 was the year with challenges for the global semiconductor industry. The COVID-19 pandemic and the transformation of the geopolitical situation have brought great disturbance and uncertainty to the society. However, with the rise of new trends such as working from home (WFH) and distance learning, the semiconductor industry has ushered in a new wave of demand, and the industrial supply chain is also facing the pressure of tight production capacity. On the one hand, Faraday proceeds a good job in epidemic prevention; on the other hand, strengthens technological development; meanwhile, working closely with customers and the supply chain to keep abreast of the dynamic changes in demand and supply. At Faraday, we attach great importance to the health and safety of our colleagues, and the preparations for epidemic prevention are initiated very early and quite successfully. In terms of business, the company has also actively adjusted its strategy and we try our best to continue to meet the requirements of our customers. Facing various challenges in 2021, Faraday has created new achievements in both business and financial performance with its unique operating model and competitive advantages. 2021 was a year of remarkable growth and progress for Faraday. The new ASIC projects have maintained high grades year after year, and the revenue has achieved excellent performance in all aspects: Silicon Intellectual Property (IP) revenue has hit a 14-year high, the non-recurring engineering (NRE) has also benefited from the booming ASIC projects to set a historical record high. The company's mass production revenue has also been increased for 3 consecutive years, driven by new project shipments. These are the results of long-term accumulation and fully demonstrate the company's solid mid-term and long-term competitiveness. Looking back to the year of 2021, with the efforts of all employees, the annual collective revenue reached NT\$8.09 billion, an increase of 47% over the previous year, reaching the second highest in history; in terms of profit performance, the annual operating profit was even higher than the previous year. It has grown more than nine times in one year to NT\$1.4 billion, operating profit rate has reached 17.3% with basic earnings per share of NT\$4.65.

The main operating results of Faraday in 2021 are as follows:

- The revenue structure was optimized, and the mass production has been entered a stacked growth. Faraday is positioned as an expert in customized ICs, with complete technical layout and unique business model, Faraday is able to focus on the blue ocean market of niche products. Niche products have the characteristics of long life cycle and are less affected by economic fluctuations. Taken as growth drivers, they will bring long-term structural changes to mass production revenue, and strengthen the growth and predictability of revenue. In 2021, under the stacked growth of new projects, mass production became the main driving force, and the revenue increased by 56% compared to the previous year to NT\$5.61 billion, growing for three consecutive years.
- ASIC orders were stable, and non-recurring engineering (NRE) revenue has hit a record high. Faraday's achievements in ASIC orders are obvious to all. With the support of existing customers, the annual order numbers and order amount have remained consistently high even if affected by the epidemic, indicating that the customer has a close cooperation relationship with Faraday and has high customer engagement. In terms of applications, we continue our long-term efforts in niche advantageous applications, including automation applications, artificial intelligence and the Internet of Things (AIoT), network communications, etc. We have made gains in these rapidly developing fields. Faraday orders pay attention first to mass production, and the continuous accumulation of ASIC orders will lay the foundation for the growth of future mass production. In 2021, the NRE revenue increased by 32% and hit a record high of NT\$1.41 billion.
- Focusing on its own IP development, IP revenue hit a 14-year high. Faraday's complete proprietary IP platform is the cornerstone of our business operations, which not only provides IP customization services to reduce design risks, but also brings IP revenue to the company. In addition, Faraday is also actively investing in the IP deployment of advanced processes to prepare for customer future needs. In 2021, IP revenue increased by 27% over the previous year to NT\$1.06 billion, a 14-year high.

Faraday continues to innovate and invest in research and development. In 2021, Faraday's significant technological breakthroughs and achievements including:

- Introduced complete image and display high-speed interface IP in UMC's 40 LP and 28 HPC/28 HPC Plus processes and has been successfully applied in many top high-end products to meet the requirements of various image and display systems.
- Based on UMC's 28 HPC Plus process, it has launched programmable 16G SerDes with high applicability, suitable for both enterprise and consumer products, which can help customers expand business opportunities to more diverse applications.
- Launched LPDDR4/4X PHY IP on Samsung 14 LPC process platform and has passed silicon verification, suitable for multimedia, AR/VR, AI edge computing, AIoT, 5G Netcom and other applications.
- Successfully built a 5G NR mmWave ASIC project, which is used in small cell baseband/IF and RRU (Remote Radio Unit), fully demonstrating the company's comprehensive integrated service capabilities and high-speed interface IP solutions and manufacturing services.
- Launched MIPI D-PHY IP on Samsung 14 LPC process platform and has passed silicon verification, which can support a board range of high-performance display and camera applications to meet customers' specific needs in complex SoC designs.
- Successfully used the self-developed SoReal™ 2.0 virtual platform to help customers quickly build SoC virtual systems and accelerate the software development of industrial IoT systems.

Faraday has also received honors and recognitions in technology research and development and corporate sustainability. Faraday has been dedicated to automotive IP for over a decade. After the design process has passed ISO 26262 certification, Faraday has continued to invest in automotive IP research and development, and applied by worldwide first-tier automotive suppliers. The company also launched memory IP in UMC's 55 nm eFlash process, and successfully received the ISO 26262 ASIL-D Ready certificate, the highest level of automotive

safety, issued by the German certification agency SGS-TÜV. In addition to focusing on its own business, Faraday is also committed to fulfilling its corporate social responsibility. Through cross-departmental teamwork and stakeholder management, Faraday carried out operations such as identification of major ESG issues, risk assessment management, green R&D innovation, etc., and promoted/strengthened 11 major ESG issues and won the AQM x SGS Excellent Quality Practice Award. In addition, the company continuously responded to government agencies and global investment institutions' initiatives for environmental protection, introduced the TCFD climate change-related financial disclosure framework to implement corporate sustainability, and promoted the interaction with community and society by the main topics of "education", "environmental protection", and "helping for the disadvantaged". We have continuously completed a number of campus technology education lectures, sponsored ecological conservation activities and donated a number of charity activities.

In 2021, the company's market capitalization has also grown rapidly with its own business, and Faraday has been selected as a constituent stock of the Taiwan Mid-Cap 100 Index. On the other hand, Faraday has also been continuously selected as a constituent stock of Taiwan High Compensation 100 Index. Looking forward to the future, the company will continue to implement epidemic prevention measures and continue to strengthen the company's fundamentals. We believe that with Faraday's unique operating model and service platform, we are in an excellent position in terms of IP, commissioned design, product application, and customer base. At the end, we would like to thank you again for your long-term support for Faraday Technology. All employees of the company will continue to work hard so as to create maximum value for shareholders.



洪嘉聰
智原科技董事長



王國雍
智原科技總經理

About Faraday

Faraday was founded in Hsinchu Science Park, Taiwan, by 1993 and Hsinchu headquarter is main operating bases; providing ASIC service (Application-Specific Integrated Circuit) and authorization service of intellectual property (IP), as Asia's first vendor. Successively set up the R&D and marketing base in the US, Japan, China, India, and Vietnam to provide timely service to worldwide customer. Faraday is listed on the Taiwan Stock Exchange (TWSE) under ticker number 3035 with capital NT\$2,485,503,130.

curring Engineering (NRE) : ASIC design services, (2) ASIC products: ASIC production turnkey services, and (3) Silicon Intellectual Property (IP)

Faraday ASIC team creates a complete design flow, automatic system, and SoC development platform. With more than 25-year experience, it has delivered thousands of successful designs. Faraday is one of the few leading ASIC vendors with a comprehensive self-developed IP portfolio. We have thousands of silicon-proven IPs helping customers lower integration risk. Meanwhile, Faraday provides IP customization service to meet customers' specific requirement, in terms of power, size, and performance, and so on.

Faraday has conducted strong long-term partnership with the foundry, package, and testing vendors, to strengthen product development and mass production efficiency. With successful chips shipped by the cooperation of Faraday and supply chain partner, the wide ASIC application field includes consumer electronics, multimedia, flat-panel display, communication network, computer peripheral storage equipment, and so on; hundreds of million ASIC chips are shipped annually worldwide.

- 1st

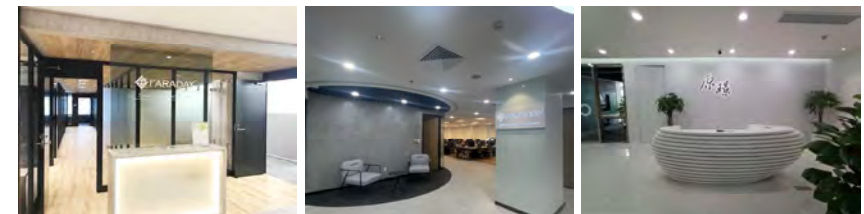
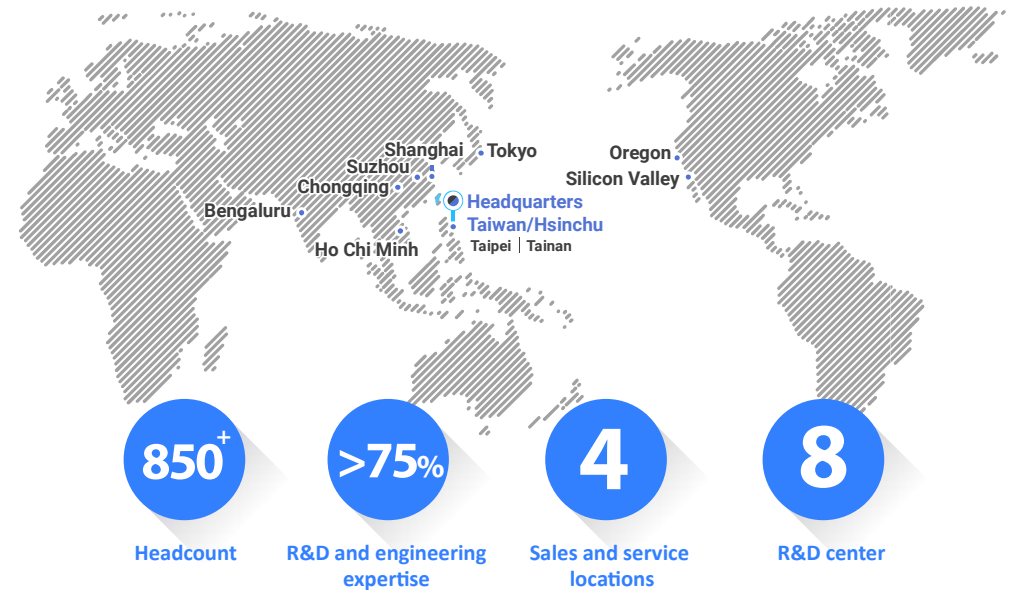
Asian ASIC vendor
- 1
No.

Asian IP vendor
- TOP
2

Foundry-backed ASIC vendor
- TOP
3

Fundamental IP vendor

Faraday has more than 850 employees worldwide, 75% or more of whom are R&D and engineering specialists. Faraday provides products and services of of (1) Non-Re-



Milestone

2021

- Project performance of sustainable ESG new wave, earned recognition of “The First Excellent Quality Practice Award (EQPA)” held by AQM/SGS
- Launched LPDDR4/4X PHY IP on Samsung 14 LPC process platform
- Launched SoReal!™ 2.0 virtual system development platform
- Integrated SoC design service with ARM core
- Launched silicon intellectual property (IP) in compliance with automotive ISO 26262 ASILD certification
- Unveiled complete image and display high-speed interface IPs, including MIPI D-PHY, VBO HS, and LVDS
- Successfully built a 5G NR mmWave ASIC project
- MIPI D-PHY IP on Samsung 14 process platform has passed silicon verification
- Launched programmable 16G SerDes with high applicability on UMC's 28 HPC Plus process
- ARM and RISC-V-based SoC design in support of mainstream process and FinFET process

2020

- Led industry to adopt TCFD framework for corporate sustainability
- Launched Ariel™ SoC Platform to drive IoT development
- Released licensable Gigabit Ethernet PHY on UMC 40LP platform

2019

- Showcased SoCreative!V™ SoC platform
- Launched FIE3240 SoC platform for IoT applications
- Led industry with 28G Programmable SerDes at 28nm for Networking ASIC
- Launched a Complete Set of 22nm Fundamental IP

2018

- ASIC service leveraging Samsung FinFET platform
- The first tape-out at the FinFET process
- Unveiled the Industry's Smallest USB 2.0 OTG PHY IP

2017

- World's first ISO 26262 certified ASIC service company
- Announced world's smallest footprint 40eHV and 40LP SRAM compiler
- World's First Automotive ASIC Qualified for AEC-Q100 and AEC-Q006
- Launched the FPGA-to-ASIC turnkey service

2016

- MIPI IP Subsystem Shipment up to fifteen million
- Delivered 12.5G SerDes PHY & V-by-One PHY on UMC 28nm HPC process
- Announced Uranus™ SoC Development Platform on 55ULP eFlash process

2015

- Delivered a complete set of UMC 55nm eFlash cell libraries and memory compilers
- Announced the silicon-proven imaging subsystem consisting of a single combo PHY IP of MIPI, LVDS, sub-LVDS, and HiSpi

2014

- Delivered a complete set of UMC 28nm cell libraries and memory compilers

2013

- Strengthening its ASIC Design Service Sales Network North America with 10 more agents
- Announced its Dual-core Cortex-A9-based SoC Platform to accelerate SoC Development in Cloud Computing
- Announced the silicon-proven MIPI CSI-2 and DSI solutions

2012

- Delivered a 340 million gate-count SoC at 40nm process
- Extended license for ARM® Cortex™-A9 processors and Mali™-400 MP GPUs
- Optimized a complete IP portfolio for UMC processes ranging from 0.11um to 28nm nodes

2011

- Introduced the high-performance IQ ADC/DAC IP solutions for wireless communications in 55nm
- Cooperated with the customer to launch its 4-port USB 3.0 host controller chip

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2010

- Assisted the customer to get the certification of USB 3.0 host controller
- Introduced its high-performance 1GHz ARMv5 compliant processor - FA726TE
- All Faraday's USB 3.0 PHY and controller solutions got certified with logo on products
- Announced USB 3.0 PHY in UMC 0.11um aluminum process

2009

- SATA 3 PHY & controller first to achieve compliance in UMC's 90nm process
- Offered 55nm/65nm/0.13um miniIO™ with around 40% area-saving and robust ESD performance
- Pioneered to launch the USB 3.0 PHY in UMC 0.13um
- Launched PCIe2.0 at 90nm with passing the compliance test

2008

- Offered the miniaturized cell library miniLib™ in 90nm and 65nm
- Announced the first commercially available 1GHz memory compiler in UMC 90nm
- Offered the first memory compiler in UMC 65nm LL process

2007

- Introduced the ARMv5 compliant ultra-low power core FA606TE and high performance processor FA626TE
- Launched silicon-proven DDR2 memory physical interface IP
- Implemented ultra-small ARM926EJ-S™ hard core in UMC 0.13um process
- Received the Frost & Sullivan Award for "Customer Service Innovation" in the area of VLSI design services

2006

- Introduced a New MP3 Player SoC - FIE7010

2005

- Announced 0.18um Ultra-High-Density Silicon IP platform - "miniIP™"
- Introduced industry's smallest USB 2.0 PHY IP
- Announced low power dissipation platform solution - PowerSlash™

2004

- Introduced the first silicon-proven TFT LCD T-CON Platform FT-300
- Announced its first generic platform SoCreative!™
- Awarded "Outstanding Financial Performance Fables Company" by FSA

2003

- Launched its second ARM based CPU core FA526
- Introduced its USB OTG IP
- Introduced its first SoC platform solution "IA-Composer™"
- Introduced 0.18um IPs for "Serial ATA II PHY" and Controller

2002

- Launched its first ARM based CPU Core FA510
- Developed a comprehensive IP portfolio for UMC 90nm process and beyond

2001
1993

- 2001 Introduced 0.13um libraries for UMC process
- 1999 Listed on Taiwan Security Exchange (TAIEX:3035)
- 1997 ISO 9001 certified
- 1993 Founded in Hsinchu Science Park, Taiwan, as the first fables ASIC design service provider in Asia

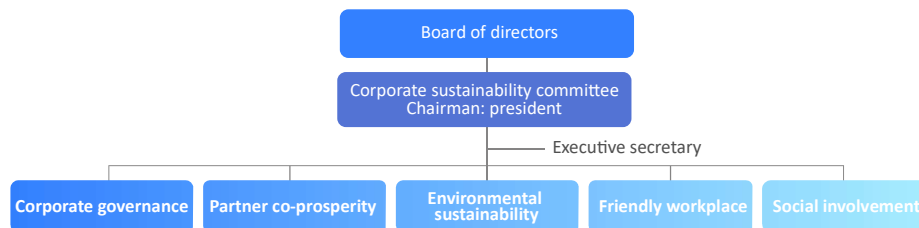
Corporate Sustainability Committee

In carrying out our social responsibility, Faraday is concerned with the rights and interests of stakeholders. As we pursue sustainable operations and profit, we also care deeply about our influence on the environment, society, and governance, while continuing to enhance our sustainable performance. In 2019, the corporate sustainability committee was established. It was tasked with setting the company's corporate sustainability strategy and vision, in order to strengthen the company's governance capacity, protect the environment, and do the utmost to carry out corporate responsibility. The committee is chaired by the president, guided by the highest principle of sustainable corporate growth. The committee meets every year to review how effective the company has been in implementing corporate sustainability, and makes annual reports on implementation results to the board of directors.

The corporate sustainability committee comprises five working groups: Corporate governance; partner co-pros-

perity; environmental sustainability; friendly workplace; and social involvement. These five groups aim to carry out tasks on CSR development. The membership of corporate sustainability committee consists of professionals from different functional departments, all of whom are AVP-level or above, acting as group leaders. An executive secretary is assigned to coordinate the working groups and promote subjects of corporate sustainability.

To make the company's corporate sustainability development strategy a reality, each group formulates corporate sustainability implementation targets based on its authority and responsibility. The sustainability committee meets every half-year, to assess implementation effectiveness for all the corporate sustainability targets based on previous issues, as well as to compile CSR targets and plans for the next phase. Through continuous improvement, they work to achieve the goals of sustainable development.



The functions of the working groups are as follows:

Group	Functions
Corporate governance	Strengthens board of directors' functions and advocates for shareholder interests, integrates relevant departments in setting all manner of corporate governance regulations and systems. In compliance with integrity, assists in optimizing and implementing internal corporate governance mechanisms. Provides customer-oriented service and value, while paying heed to stakeholders' rights, interests, and topics of concern. Guarantees transparency of disclosed information and relevant legal compliance. The ethical management unit within the corporate governance group is responsible for creating a culture of trust and complying with the principle of integrity.
Partner co-prosperity	Enhances customer service and quality-related tasks. Optimizes service quality, raises customer satisfaction rate, while also maintaining customer interests and relevant business confidentiality. Responsible for developing a sustainable supply chain and establishing long-term partnerships with subcontractors, based on quality, cost leadership, delivery & supply, service teams, and sustainability.
Friendly Workplace	Responsible for formulating employee benefits, creating a diverse and inclusively friendly workplace, valuing labor rights, and offering training and development as needed.
Environmental sustainability	Carries out company-wide tasks related to environmental protection, health & safety, energy & water conservation, and greenhouse gas (GHG) management. Coordinates supply chain partners in building a green supply chain, to mutually maintain a friendly industrial environment.
Social involvement	Implements Faraday's external interactions with communities and society as a whole. On the principles of "Education", "Environmental protection", and "Helping for the disadvantaged", Faraday continues to work hard on industry-academia collaboration, campus education promotion, environmental protection, and social activities such as helping for the disadvantaged.

Corporate Sustainability Committee

Sustainability policy and commitment

Faraday’s corporate sustainability policy develops based on economic, environmental, and societal orientations. Through unified resource planning, Faraday has built long-term partnerships with customers, subcontractors, and social groups, and done our utmost to fulfill our duty as a corporate citizen and keep safety, health, and environment on an even keel. We have also established our corporate governance principles in consideration of the United Nations Global Compact, OECD Guidelines for Multinational Enterprises and the Responsible Business Alliance (RBA), we have committed to actively promoting the RBA code of conduct, to guarantee human rights, worker care, workplace safety, anticorruption, environmental protection, and other concerns. Meanwhile, in the cooperation with subcontractors, we also request subcontractors to fully implement the related guidelines.

Faraday is committed to the vision of “Global, environmentally-friendly values that put people at the core, help us live in harmony with the environment, and help us win glory in partnership with society”. We make “Corporate governance, win glory with our partners, environmental sustainability, friendly workplace, and social involvement” our key goals, as we cooperate with our stakeholders to mutually pursue corporate and socially-sustainable growth.

Sustainability Management System

In designing management system, Faraday already ensures that related factors are all in compliance with the guidelines, which can identify and reduce the relevant business risk, and can also continuously promote the improvement of management system.

Open policy and commitment

Upholding the spirit in contributing to the society and

protecting the environment, Faraday promises to fulfill the corporate social responsibility and makes continuous improvement.

Management duty and responsibility

Each business of Faraday has its own designated management representative, regularly reviews the execution status of management system to ensure the applicableness and effectiveness of the management system.

Internal audit and management review

Audit office and quality assurance unit are set in Faraday to regularly execute the internal audit operation and relevant management review. Audit office does the execution review according to the annual audit plan approved by board of directors.

Corrective measures

The operation flows of each business in Faraday are all properly planned, and are standardized and documented. It is expected to do it right the first time in the

planned workflow in order to effectively achieve the operational goals. In the routine work, once the abnormal conditions that do not meet requirements or expectations occur, it is required to timely take the necessary anti-blocking measures to prevent from the expansion of adverse effect; correct abnormal condition, find out and eliminate the cause that results in the abnormal condition, and prevent similar condition from happening again.

Requirement and guideline for subcontractor’s corporate social responsibility

To effectively manage subcontractors, Faraday ensures that subcontractors comply with relevant requirements of corporate sustainability and cooperate with company’s long-term development. Faraday has already formulated related regulations to ensure good quality of supplies, reasonable price, proper delivery time, and good service satisfaction.

Responsible Business Alliance Code of Conduct



Stakeholder engagement

Stakeholder engagement

Since the foundation of Faraday, we have upheld the management principles of honesty, transparency, and responsibility, and we have set integrity as our fundamental policy. By dedicating ourselves to pursuing sustainable development and growth for the company, we create reasonable benefits and value for shareholders, employees and society alike. We build multiple transparent, effective, timely communication channels with all stakeholders, which has won us the trust and support of our stakeholders. We stay constantly alert of stakeholders' desires, suggestions, and needs for the company, which serve as a reference and basis for setting the company's development plans for future corporate social responsibility and future operations, and in turn helps realize our corporate social responsibility value and positive influence.

Identifying stakeholders

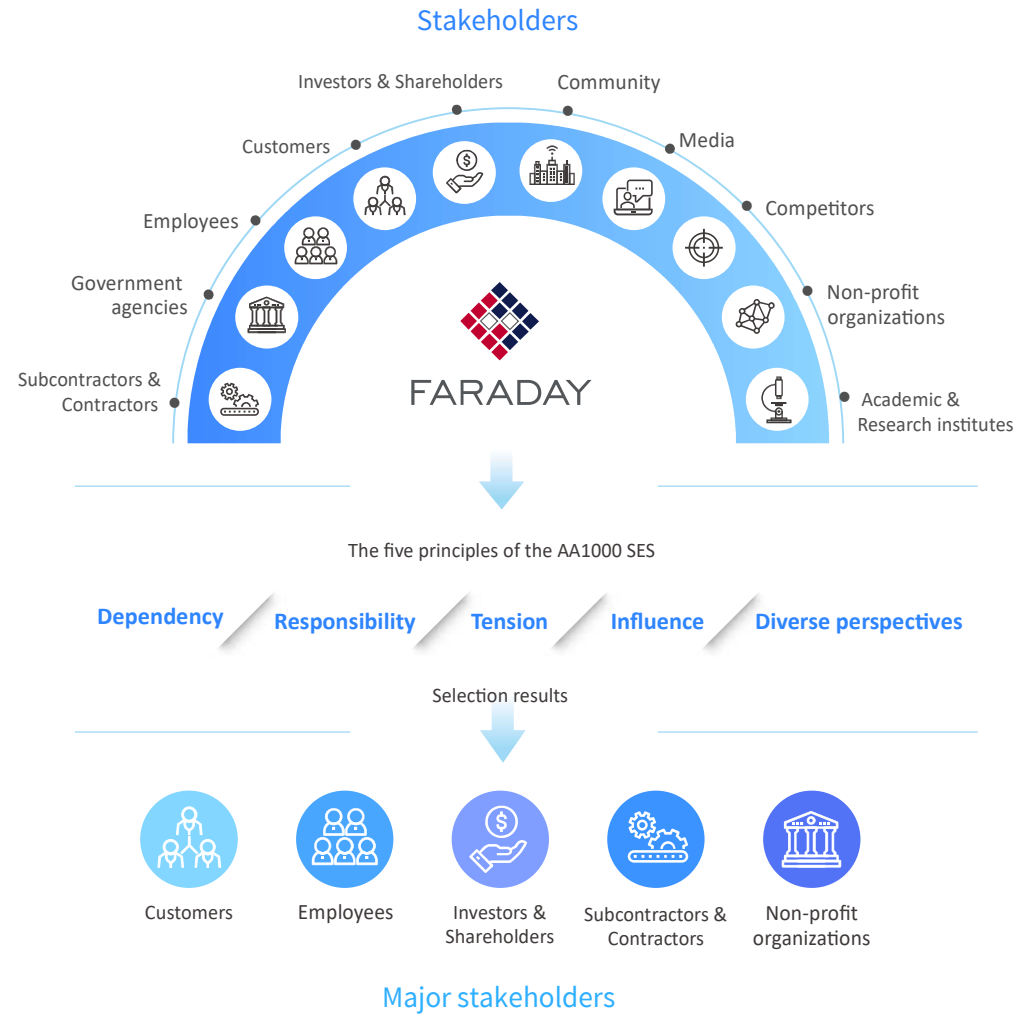
Faraday is a listed company; the company's operational development involves multiple stakeholders. The company employs the principle of materiality, following the GRI standards, and with consideration of the five principles (dependency, responsibility, tension, influence, and diverse perspectives) in the AA1000 Stakeholder Engagement Standard (SES) 2015. Through rules of thumb, the company's major stakeholders are identified.

- Groups or individuals to whom the company's decisions have legal, commercial, or operational

responsibilities.






- Any groups or individuals on whom the company's operations have impact.
- Any groups or individuals who can have an impact on the company's operational performance.

Through an analysis based on the above principles, the stakeholders given priority consideration by the company are: Customers; employees; investors/shareholders; subcontractors/contractors; and government agencies.



Stakeholder engagement

Methods and frequency of communication with

Stakeholder	Relationship to the organization	Topics of concern	Communication actual performance	Communication methods and frequency
 <p>Customers</p>	Customers are Faraday's ideal strategic partners. We uphold a customer-oriented spirit in developing all manner of products and services, dedicating ourselves to help customers succeed.	<ul style="list-style-type: none"> • Customer service management • Competitiveness in R&D, innovation & quality • Sustainable supply chain management • Customer confidentiality & information security 	<ul style="list-style-type: none"> • Phone/email (daily) • Customer satisfaction surveys (quarterly) • Quality meetings (monthly/quarterly) • Customer meetings (irregular) • Customer audits (irregular) 	<ul style="list-style-type: none"> • Customer satisfaction at least 86% in 2021, improvement measures and recurrence prevention of customer issues were all implemented. • Finished and replied 10 CSR-related questionnaires and self-assessment forms from customers. • New product development projects all held meeting with customer by schedule to fully communicate with customer for project specification and progress. • Completed the research and development for a number of mixed-signal silicon IPs based on 22 nm ultra-low power (ULP) process, providing customers with a more complete solution of low-power consumption, to reduce earth energy consumption and redundant carbon emissions.
 <p>Employees</p>	Faraday's most important resource, creating maximum value for the company.	<ul style="list-style-type: none"> • Employee wages and benefits • Employers-employee relations and friendly workplace • Employee safety and health • Employee career development 	<ul style="list-style-type: none"> • Employee forum (quarterly) • Labor and management conference (quarterly) • Occupational safety and health committee (quarterly) • Welfare committee (Half-year) • Training committee (quarterly) • Performance interviews (annual) • Email comment box/bulletin board (irregular) 	<ul style="list-style-type: none"> • Listed as a constituent stock in the TWSE RAFI Taiwan High Compensation 100 Index since 2014. • Over 200 related messages about employee benefits, employee safety and health, information security, legal compliance, and training were announced internally in 2021. Continuously to cultivate talent development, the total training hours are 8651 hours in 2021. • Employee forum, labor and management conference, employee welfare committee, training committee, occupational safety committee, and annual performance review meeting were all held as scheduled.
 <p>Investors & Shareholders</p>	Providing the funding that Faraday needs for business operations.	<ul style="list-style-type: none"> • Corporate governance and operational performance • Risk management • Competitiveness in R&D, innovation & quality 	<ul style="list-style-type: none"> • Shareholder general meeting (annual) • Investor roadshows (quarterly) • Meetings (irregular) • Phone/email (irregular) 	<ul style="list-style-type: none"> • Held online investor conference every quarter, four times a year, and held Shareholders' meeting as scheduled. • Reported material information in English; disclosed interim financial reports in English; 18 material information and announcement in each Chinese/English.
 <p>Subcontractors & Contractors</p>	Providing the resources and services needed for the company's operations, to grow alongside Faraday.	<ul style="list-style-type: none"> • Risk management • Integrity & legal compliance • Sustainable supply chain management 	<ul style="list-style-type: none"> • Phone/email (daily) • Subcontractor audits (quarterly/annual) • Quality meetings (monthly/quarterly) • Customer complaint channels (irregular) 	<ul style="list-style-type: none"> • Continuously requested subcontractors to fulfill the duty of corporate sustainability, and have completed signing "Declaration of Non-use of Conflict Minerals" and "Commitment Not to Use Environmental Substances", achievement rate is 100% • Production suppliers provided quality monthly report every month as scheduled.
 <p>Government agencies</p>	Utilizing the infrastructure and governmental services provided by the government; obeying governmental laws.	<ul style="list-style-type: none"> • Corporate governance and operational performance • Risk management • Integrity & legal compliance • Climate change 	<ul style="list-style-type: none"> • -Market Observation Post System (irregular) • -Official letters exchanged (irregular) • -Various meetings (irregular) • -Labor inspections (irregular) 	<ul style="list-style-type: none"> • Be ranked in the 6th ~ 20th percentile of listed companies in terms of corporate governance evaluation • Continuously listed as a constituent stock in "TWSE RAFI Taiwan High Compensation 100 Index". • Has been approved as a constituent stock in "TWSE Corporate Governance 100 Index". • With the project performance of facing the challenge for sustainable ESG new wave, earned recognition of "The First Excellent Quality Practice Award" held by AQM/SGS. • As the world's first ASIC design service company and Taiwan's top 30 company listed in the supporters of TCFD official website. In compliance with TCFD, disclosed how Faraday responded to climate change and its corresponding risks and opportunities.

Stakeholder engagement

communicating about, and investigating sustainability topics

1 Collecting sustainability issues

Using the GRI sustainability reporting principles, the ISO 26000 social responsibility guidelines, the UN Global Compact, domestic & foreign programs related to sustainability, and benchmark competitors' topics of concern as the basis on which to collect issues; a total of 33 sustainability issues were collected.

2 Organizing sustainability issues

The various constituent members of the sustainability committee analyzed, organized, and compared all the issues, then set 18 sustainability topics.

3 Investigating topics of concern to stakeholders

Via questionnaires, an understanding of different stakeholders' level of concern with each of the sustainability issues was gained, to give stakeholders a chance to express what their sustainability needs are.

There were 12 questionnaires from clients, 47 from employees, 14 from investors/shareholders, 28 from suppliers/contractors, and 8 from government agencies, for a total of 109 questionnaires.

4 Analyzing issues' impacts on company operations

Through the sustainability report and taskforce members, each issue's impact on the company's internal operations was analyzed, and the most material issues were selected.

5 Prioritizing material issues

The scores for each issue's level of concern to stakeholders and degree of impact on the company's operations were multiplied together to derive a total; issues were then ordered by their disclosure priority.

6 Discussing and investigating

Results were analyzed; then, after discussion by internal colleagues, which sustainability issues require disclosure were finally decided.

The sustainability committee did administrative investigation covering issues material to economics, the environment, and society.

7 Setting management goals

Medium- and long-term management goals were set for all material issues, and annual review is done regarding the results.

Stakeholder engagement

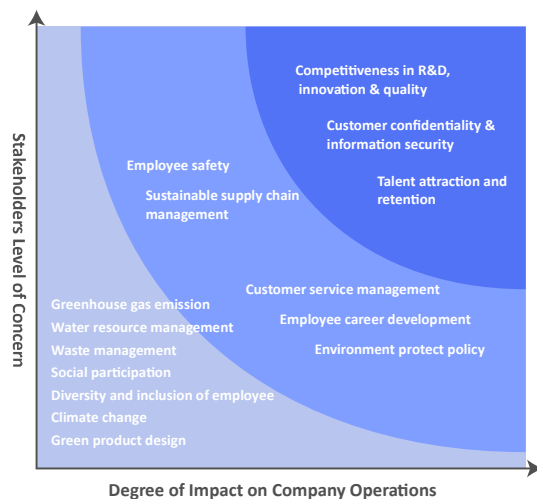
Issues of concern to stakeholders

● Direct impact ○ Indirect impact

Area	Issue	Meaning for Faraday	Relevant GRI issue	Internal		External				Relevant chapter(s)
				Faraday	Employee	Customer	Investors/ Shareholder	Subcontractors/ Contractors	Government agencies	
Economic	Corporate governance	Faraday is dedicated to pursuing sustainable operations and long-term benefit, in order to maintain a leading position in the industry and to create value for stakeholders.	201-1	●	●		●	●		1.2
	Risk management	Establishing robust corporate risk management mechanisms and enhancing the company's ability to respond to crises has become a necessary underpinning for corporate sustainable operations and maintaining corporate competitiveness.	201-2, 205-1	●	●	●	●	○		1.4, 4.2
	Integrity & legal compliance	Compliance with the law's fundamental principles related to sustainable development; operations with integrity are, further, the basic operational environment for creating the company's sustainable development.	419-1	●	●	○	●	○	●	1.3
	Customer service management	"Customer Mindset" is the core of Faraday's corporate culture; doing the utmost to enhance the company's and the customers' competitiveness is the fundamental key to long-term operations.	418-1	●	○	●		●		3.1
	Sustainable supply chain management	Collaboration with global business partners enhances the overall value chain's sustainability record, and lowers potential risks for society and the environment.	201-1, 308-1, 308-2, 414-1, 414-2	●		●		●	●	3.4
	Competitiveness in R&D, innovation & quality	Continuous innovation helps strengthen core competitiveness and make sustainable development a reality.	自訂	●	●	●	●	●	●	2.1, 2.2
	Customer confidentiality & information security	Protection of confidential information is Faraday's commitment to customers, shareholders, employees, subcontractors and other partners; the company makes sure business secrets and partner privacy is safeguarded.	418-1	●	●	●	●	●	●	3.2
Environmental	Environment protect policy	Committed to reducing the environmental footprint, planning sustainable products	307-1	●				●	●	4.1
	Climate change	Respond to climate change, timely grasp the opportunity to identify, and business/finance impact analysis, committed to creating sustainable environmental development	201-2	●					●	4.2
	Greenhouse gas emission and reduction	Good greenhouse gas emissions and energy management can improve operational performance, and reduce environmental load	305-1, 305-2, 305-5	●	●			●	●	4.3
	Water resource management	Water is the foundation of semiconductor industry production, effective water resource management can strengthen competitiveness.	303-3	○						4.3
	Waste management	Reduce product life cycle, environment load at each stage is key target to promote environmental protection.	306-3	●					●	4.5
	Green product design	lowering products' impacts on the environment and society, as well as energy usage. At the same time, by carefully evaluating our choice of low-risk raw materials, Faraday complies with the Hazardous Substance-Free Product Standard.	302-5, 416-1, 416-2	●		●			●	2.3

Stakeholder engagement

Area	Issue	Meaning for Faraday	Relevant GRI issue	Internal		External				Relevant chapter(s)
				Faraday	Employee	Customer	Investors/ Shareholder	Subcontractors/ Contractors	Government agencies	
Societal	Employee safety and health	Maintaining the safety/health of employees and providing good working environment is the basic responsibility of Faraday.	403-1,403-3, 403-5. 403-6, 403-7	●	●				●	5.4
	Employee diversity and inclusion	Protect the basic rights and interests of employees, Provide a harmonious working atmosphere is Faraday's duty.	202-2, 401-1, 401-2, 401-3, 405-2	●	●					5.3
	Talent attraction and retention	Provide competitive overall salary and better-than-legally welfare system, unite cohesion of employees, to be the drive for sustainable development of the company.	201-3, 202-1	●	●			○		5.3
	Employee career development	Faraday considers talent cultivation and development to be extremely important, and the company has robust training resources and learning environments. In compliance with the company's operational goals and policies, Faraday has established a comprehensive training and development system and roadmaps. Through dedication to growing and maintaining high-capacity technical talents, Faraday further strengthens the company's intellectual capital and overall competitiveness.	404-1, 404-3	●	●					5.2
	Social participation	Fully use the innovative technology of Faraday main business, share the benefit from innovation with society, make more people to benefit from the opportunity by technology diffusion, and drive a better future.	203-1	○						6



Determining stakeholders' issues of concern

With regard to the "Stakeholders' Level of Concern" and the "Degree of Impact on Company Operations", and via matrix analysis, material issues are identified. Issues that are high in both "Level of Concern" and in "Degree of Impact on Company Operations" are then identified as issues for high-priority disclosure.

Fixed long-term major issues:

Corporate governance, risk management, integrity & legal compliance

The top three major issues:

Competitiveness in R&D, innovation & quality, customer confidentiality & information security, and talent attraction and retention

Major issues:

Employee safety and health, sustainable supply chain management, customer service management, employee career development, and environment protect policy

Secondary issues:

Greenhouse gas emission and reduction, water resource management, waste management, and social participation, diversity and inclusion of employee, climate change, and green product design.

Material issue management policies

The delineation results give 11 material issues. As required by the GRI standards, the chapters of this report disclose the management programs, and the current status and methods of each program. In addition, medium-term and long-term management goals have been set for each of the material issues.

Material issue	Potential impacts	Directions for implementation and response	Targets for 2021	2021 actual performance	Effectiveness evaluation	Response mechanisms	
						Short-term goals (2022)	Medium- and long-term goals (2024)
Competitiveness in R&D, innovation & quality	Continuing innovation breakthroughs may increase revenues	<ul style="list-style-type: none"> As required by the market and as advanced processes continue to evolve, deploy a robust IP solution library and ASIC design workflow Remain devoted to technology innovations; via a reward system that encourages R&D innovation, and a patent application system that is integrated with the company's operational goals, form both virtuous circles for, and a corporate culture of, R&D innovation, and lay a solid foundation for sustainable corporate operation 	Patent applications≥10	Total of 12 patent applications for 2021	✔	Patent applications≥10	Devoted to technology innovations; via the reward system that encourages R&D innovation, and the patent application system that is integrated with the company's operational goals, form both virtuous circles for, and a corporate culture of, R&D innovation, and lay a solid foundation for sustainable corporate operations
Customer confidentiality & information security	If there are leaks of trade secrets or partner privacy, the company's reputation will be damaged.	Promotion 1) training and education regarding confidentiality and regulations; 2) an information classification system; 3) a partner confidentiality system; 4) data protection technologies and management; and 5) implementation details for information security anomaly analysis and warnings, to create the most secure, strictly-controlled information security safeguards	<ul style="list-style-type: none"> Complaints regarding breaches of customer confidentiality or loss of customer data: 0 Information security policy announcements: 4 times/-year Information security policy classes: Paired with new recruit training, 100% implementation 	<ul style="list-style-type: none"> Complaints regarding breaches of customer confidentiality or loss of customer data: 0 Information security policy announcements: 4 times/-year Information security policy classes: Paired with new recruit training; 100% implementation 	✔	<ul style="list-style-type: none"> Complaints regarding breaches of customer confidentiality or loss of customer data: 0 Information security policy announcements: 4 times/year Information security policy classes: Paired with new recruit training; 100% implementation 	Continue promoting and building up the partner confidentiality system, data protection technologies & management, and implementation details for information security anomaly analysis and warnings. Create the most secure, strictly-controlled information security safeguards.
Integrity & legal compliance	Violations of legal statutes not only affect the company's image and reputation, but may also result in financial risks resulting from fines faced.	Through regular training and education, continue to strengthen the cognition and learning display of managers and employees' work ethics	<ul style="list-style-type: none"> Strengthen advocacy regarding ethical management concepts and policies Handling rate for disciplinary action and whistleblowing regarding unethical conduct 	<ul style="list-style-type: none"> Via intranet and training, advocate ethical management concepts and policies Disciplinary action and whistleblowing regarding unethical conduct: 0 	✔	<ul style="list-style-type: none"> Strengthen advocacy regarding ethical management concepts and policies 100% handling rate for disciplinary action and whistleblowing regarding unethical conduct 	Strengthen advocacy regarding ethical management concepts and policies; implement legal compliance and risk control mechanisms
Corporate governance	Social economy and legal compliance	<ul style="list-style-type: none"> Through building governance organization and implementing internal control mechanism, ensure that all Faraday members and operation indeed follow related laws and regulations. Fulfill the corporate social responsibility and make improvements on economy, environment and society to achieve the goal of sustainable development 	<ul style="list-style-type: none"> Be ranked in the 21st ~ 35th percentile of listed companies in terms of corporate governance evaluation results Director attendance no lower than 80% Strengthen completeness and timely updating of content in the Corporate Governance and Investor Relations sections of the company website Complete and timely updating of the English version of the company website 	<ul style="list-style-type: none"> Be ranked in the 6th ~ 20th percentile of listed companies in terms of corporate governance evaluation results Director attendance: 97.06% Corporate governance section constantly updated and expanded Reported material information in English; disclosed interim financial reports in English and established an English version of the company website 	✔	<ul style="list-style-type: none"> Be ranked in the 6th ~ 20th percentile of listed companies in terms of corporate governance evaluation results Director attendance no lower than 85% Strengthen completeness and timely updating of content in the "Corporate Governance" and "Investor Relations" sections of the company website Complete and timely updating of the English version of the company website 	<ul style="list-style-type: none"> Proactively participate in corporate governance evaluations and further perfect information disclosure Strengthen board of directors' functions and guarantee shareholder equity Through proper communication method to understand stakeholder's reasonable expectation and requirement, and give proper feedback to the important concern of sustainable development issue



Material issue management policies

Material issue	Potential impacts	Directions for implementation and response	Targets for 2021	2021 actual performance	Effectiveness evaluation	Response mechanisms	
						Short-term goals (2022)	Medium- and long-term goals (2024)
Risk management	Operational or supply chain risks getting out of control will cause inability to deliver or financial imbalance, affecting the company's reputation and revenues	Faraday identifies and consolidates significant risks that the company may face in its operations, in terms of the three main areas of "Corporate Governance", "Environment", and "Society". With reference to each risk, the company formulates appropriate management methods and crisis response methods, in hopes of lowering uncertainties in business operations to the bare minimum.	<ul style="list-style-type: none"> Listed professional safety and health training as part of new recruits' required classes Holding at least one disaster drill per year 	<ul style="list-style-type: none"> Listed professional safety and health training as part of new recruits' required classes; in 2021, 135 people were trained. In response to the COVID-19 pandemic, to prevent from the concern of gathering in the drill process and roll-call, scaled down the drill, 44 people were participated in disaster drills. 	✔	<ul style="list-style-type: none"> List professional safety and health training as part of new recruits' required classes Hold at least one disaster drill per year 	Continue to raise employee risk awareness; create a broad and deep risk management culture
Customer service management	Implement ethical management policy	Provide customers with IP & ASIC solutions that are competitive, and with superior products, to enhance the company's competitiveness with customers and customer satisfaction	Customer satisfaction at least 86%	Customer satisfaction: 86%	✔	Customer satisfaction: 88%	Continue improving customer satisfaction
Sustainable supply chain management	A stable supply chain brings with it stable economic benefits, helping to lower the risks of operational interruptions and impacts from increased costs	<ul style="list-style-type: none"> Set evaluation standards for existing and new suppliers; require suppliers to receive ISO9001 and ISO14001 certification in terms of quality and environmental management; also, when introducing new suppliers, prioritize those with QC080000 and OHSAS18001 certifications (or equivalent) Through both regular and random evaluations, audits and reviews of suppliers, guide, continuously track, and improve supplier quality. In order to meet Faraday's requirements in terms of production management, labor rights, ethics, occupational health and safety, and quality, simultaneously win glory in partnership with our partners and meet requirements for environmental sustainability. Optimize the supplier's strength, improve the supplier's quality, reduce the industrial safety accident 	<ul style="list-style-type: none"> 100% ISO9000 and ISO14000 certification rate for wafer, packaging, and testing providers >80% of all wafer, packaging, and testing providers achieve OHSAS 18000 certification Do Conflict Minerals Reporting Template (CMRT) supplier evaluations in accordance with the Responsible Minerals Initiative (RMI) and require suppliers to sign the Declaration of Non-use of Conflict Minerals Onsite audits for 90% or more of suppliers 	<ul style="list-style-type: none"> 100% ISO9000 and ISO14000 certification rate for wafer, packaging, and testing providers 80% of all wafer, packaging, and testing providers achieved OHSAS 18000 certification 100% of suppliers completed signing the Declaration of Non-use of Conflict Minerals 100% onsite audits for suppliers 	✔	<ul style="list-style-type: none"> Maintain 100% ISO9000 and ISO14000 certification rate for wafer, packaging, and testing providers >80% of all wafer, packaging, and testing providers achieve OHSAS 18000 certification Maintain 100% supplier completion rate for signing the Declaration of Non-use of Conflict Minerals 100% onsite audits for suppliers 	<ul style="list-style-type: none"> Maintain 100% ISO9000 and ISO14000 certification rate for wafer, packaging, and testing providers When introducing new suppliers, prioritize those with OHSAS18000 certifications, in order to continually require that all wafer, packaging, and testing providers achieve OHSAS 18000 Maintain 100% supplier completion rate for signing the Declaration of Non-use of Conflict Minerals 100% onsite audits of suppliers annually, in accordance with the audit plan
Green product design	If we are unable to provide products that comply with green regulations, this will result in lost orders and adverse revenue effects.	Carefully evaluate and select raw materials with low hazard levels, in order to comply with the Hazardous Substance-Free Product Standard.	<ul style="list-style-type: none"> Develop ultra-low power consumption 22 nm fundamental IP solutions 100% of suppliers complete signing the Commitment Not to Use Environmental Substances 	<ul style="list-style-type: none"> Completed ultra-low power consumption 22 nm fundamental IP solutions 100% of suppliers completed signing the Commitment Not to Use Environmental Substances 	✔	<ul style="list-style-type: none"> Develop 22 nm functional IP solutions 100% of supplier completion rate for signing the Commitment Not to Use Environmental Substances 	<ul style="list-style-type: none"> Continue to develop ultra-low power consumption-related designs Carefully evaluate and select raw materials with low hazard levels, in order to comply with the Hazardous Substance-Free Product Standard.

Material issue management policies

Material issue	Potential impacts	Directions for implementation and response	Targets for 2021	2021 actual performance	Effectiveness evaluation	Response mechanisms	
						Short-term goals (2022)	Medium- and long-term goals (2024)
Employee diversity and inclusion	Ensure that employees' employment and labor rights are protected, which can create harmonious and inclusive operating benefits and enhance the company's competitiveness	<ul style="list-style-type: none"> Maintain open and transparent communication channels and complaint mechanisms Encourage the employment of people with disabilities to coordinate with government policy Implement workplace maternal care measures 	<ul style="list-style-type: none"> Provide multiple and transparent communication channels and complaint mechanisms 100% handling rate for employee complaint events Meet or exceed the employment quota of people with disabilities regulated by "Person with disabilities rights protection act" Implement workplace maternal care measures; provide nursing areas and facilities that meet requirements; complete 100% risk evaluations for the maternal health protection period 	<ul style="list-style-type: none"> Held Employee forum and Labor and management conference every quarter Employee complaint event: 0 Hired people with disabilities: 4 (Compliance with regulations) Lactation room: 4, all with refrigerators and sink Risk evaluation rate for the maternal health protection: 100% 	✓	<ul style="list-style-type: none"> Provide multiple and transparent communication channels and complaint mechanisms 100% handling rate for employee complaint events Meet or exceed the employment quota of people with disabilities regulated by "Person with disabilities rights protection act" Implement workplace maternal care measures; provide nursing areas and facilities that meet requirements; complete 100% risk evaluations for the maternal health protection period 	<ul style="list-style-type: none"> Establish harmonious employee-employer relations and perfect communication channel to avoid employer-employee disputes and workplace illegalities Take care of minority groups, provide with fair employment opportunity to guarantee employment rights Guarantee a workplace environment of gender equality and opportunities for development
Employee career development	It will strengthen the company's competitiveness and lead to the company's sustainable growth by training superior talents.	Guarantee that employees have comprehensive training resources and learning environments. Realize employees' potential and reinforce the company's core technologies	<ul style="list-style-type: none"> Implement the training in reinforcing core skills, with key course training completion rate achieving 100% for the required training targets Build a global training platform and enhance the proportion of training resources in English 	<ul style="list-style-type: none"> Key course training completion rate for the required training target: 100% Build a global training platform and enhance the proportion of training resources in English <ul style="list-style-type: none"> e-Course Englishization rate: 100% e-Course global training completion rate: 100% 	✓	<ul style="list-style-type: none"> Implement the training in reinforcing core skills, with key course training completion rate achieving 100% for the required training targets Build online training course of professional competence for each division, penetration rate: 90% 	learning environments. Realize employees' potential and reinforce the company's core technologies
Talent attraction and retention	Brain drain will directly affect the company competitiveness.	Provide competitive salary and welfare system	Provide competitive salary and welfare system	<ul style="list-style-type: none"> Constituent stock in 2020 "Taiwan High Compensation 100 Index" announced by Taiwan Stock Exchange Better-than-legally-mandated leave system 	✓	Provide competitive salary and welfare system, talent attraction and retention	Enhance overall business performance, ensure sustainable overall salary
Employee safety and health	Safety and health accident will damage to business reputation and lost time.	<ul style="list-style-type: none"> Implement workplace maternal care measures Plan related disaster drill to minimize the safe and health uncertainty 	<ul style="list-style-type: none"> Implement workplace maternal care measures; provide nursing areas and facilities that meet requirements; complete 100% evaluations for the maternal health protection period Plan to hold one disaster drill per year 	<ul style="list-style-type: none"> Risk evaluation rate for the maternal health protection: 100% Held disaster drill: one time 	✓	<ul style="list-style-type: none"> Implement workplace maternal care measures; provide nursing areas and facilities that meet requirements; complete 100% evaluations for the maternal health protection period Hold at least one disaster drill per year 	<ul style="list-style-type: none"> Complete the risk evaluation during maternal health protection: 100% Hold at least one disaster drill per year

Material issue management policies

Material issue	Potential impacts	Directions for implementation and response	Targets for 2021	2021 actual performance	Effectiveness evaluation	Response mechanisms	
						Short-term goals (2022)	Medium- and long-term goals (2024)
Climate change	Respond to climate change, the operational risks in the financial industry	<ul style="list-style-type: none"> Force on Climate-Related Financial Disclosures, TCFD) Support Task Force on Climate-Related Financial Disclosures (TCFD) Actively participate in Carbon Neutral action 	Responsively support the architecture of Climate-Related Financial Disclosures	<ul style="list-style-type: none"> Already updated and maintained the architecture of Climate-Related Financial Disclosures Achieved the annual goal of energy saving and carbon reduction <ul style="list-style-type: none"> Changed light steel frame lamp (32W*3) on 8F to LED lights (18W*3): 120 in total, estimated electricity savings: 15,000 KWh/Year Changed 200KVA UPS to 75KW UPS with higher efficiency: 1, estimated electricity savings: 37,000 KWh/Year Changed to 50KW UPS with higher efficiency: 1, estimated electricity savings: 17,000 KWh/-Year 		<ul style="list-style-type: none"> Self-check (ISO14064-1: type 1&2) Continuously promote the plan of energy saving and carbon reduction every year: Energy-saving goal \geq 60,000 KWh/Year Build solar energy generation equipment, annual generation output: 100,000 KWh 	<ul style="list-style-type: none"> Enhance the disclosure of carbon emission inventory Implement green power measure Energy-saving and carbon-reduction conduct
Environment protect policy	If not committed to contribute the issue of sustainable environment, the damage will affect the sustainable growth of company.	In product R&D and manufacture, focus on the hazardous substance and waste management	<ul style="list-style-type: none"> Packaging material is 100% Lead-free and Halogen Free. Regular recycling of scraped IC (At least one time per year) 	<ul style="list-style-type: none"> Packaging material is 100% Lead-free and Halogen Free. Recycling of scraped IC in 2021: One time 		<ul style="list-style-type: none"> Continuously meet 100% packaging material of Lead-free and Halogen Free. Continuous management of scraped IC 	<ul style="list-style-type: none"> Packaging material is 100% Lead-free and Halogen Free. Regular recycling of scraped IC (At least one time per year)

Sustainable Development Goals (SDGs)

In September 2015, the United Nations announced the 17 Sustainable Development Goals (SDGs), as part of the 2030 Agenda for Sustainable Development. Reaching these sustainable development goals will depend on inter-national strength; but enterprise will also play a critical role. In correspondence with this, our corporate sustainability committee has identified 8 goals linked and bridged to the SDGs while implementing the CSR process, the committee has linked and bridged together the UN SDGs. They have identified eight SDGs that connect to the company's operational development goals and practical actions. Real progress has been made toward these eight SDGs, thereby creating the benefit of aligning the company's sustainability goals with the UN's.



UN SDG



As one of the world's leading high-tech R&D companies, talents are not only one of the company's resources, but the entire basis for the company's sustainable development. The importance that Faraday places on talent is amply reflected in the workplace environment and conditions that the company provides. We attract and keep talent through high salaries and benefits; we also place particular import on employees' physical & mental health, and personal development. All of this is intended to help talent sustainably develop within the company. In addition, harmonious employer-employee relationships are also beneficial to the company's long-term stable growth. Faraday's multiple internal communication mechanisms help employee suggestions be heard; and quick responses from relevant responsible parties help build a positive, unhindered culture of communication, and make an enlightened work atmosphere a reality

Faraday sustainability principle

Faraday has global talent deployment, innovative R&D momentum, and proactive recruitment of outstanding talent. Our core values in recruitment are "talent first" and identification with the corporate culture. We treat talents of all genders, religions, ethnicities, nationalities, and political parties equally. Faraday always pays attention to human rights, and respects international norms of related labor rights; actively implements the Responsible Business Alliance (RBA) Code of Conduct, treats all regular and temporary employees with respect. Prohibition of forced labor, prohibition of child labor, prohibition of discrimination, humane treatment guarantee, and free association are actively implemented.

Faraday upholds the sustainable management principle of "Seeking excellence, sharing success". We are dedicated to silicon IP solutions and SoC/ASIC design R&D and innovation.

Through plentiful IP innovation experience and a business model of comprehensive ASIC service, Faraday creates synergy for R&D and innovation with partners, to mutually create sustainable business opportunities.

Faraday sustainability results

- ✓ The company provides a diverse learning environment and systematic training resources, which include: An expert training commission; internal-instructor team; overseas agent trainings; seminars on advanced foreign technology; e-course online learning systems; an internal/external training management system; and more.
- ✓ **Talent development program**
We at Faraday do our utmost to grow and maintain our talents. With a talent-matched growth stage and performance development program, individual-development plan, and a mentor/buddy program to supplement all of it, the company's overall competitiveness is consolidated.
- ✓ Awarded in the 2nd National TrainQuali Prizes; honored with the SGS ISO9001 Plus QMS Knowledge Management Benchmark Award.
- ✓ Listed as a constituent stock in the TWSE RAFI Taiwan High Compensation 100 Index since 2014.

- ✓ **Equality implementation and anti-employment discrimination:** Faraday ensures gender-equality workplace environment, and aggressively recruits female employees. New female employees in 2021 account for 33% of all new employees; it shows a substantial growth in comparison to 27% new female employees in 2020.
- ✓ **Fairly offers the training opportunities, advocates learning atmosphere:** average training hours of each employee is 11.6 hours, average hours of male and female employees is 11.6 and 11.4 hours, which approach to the average value.
- ✓ **Diverse Board of directors:** Faraday currently has a total of 9 directors, including 2 female directors (the percentage is 22.2% of all directors), our goal is to reach 25% of female directors, in order to implement gender equality policy, increase female participation in decision-making, and make sound structure for board of directors.

- ✓ R&D and innovation together form one of Faraday's core competitive strengths. R&D engineering talent accounts for more than 75% of the company's total employees. In recent years, R&D investment has surpassed 25% of annual revenue.
- ✓ More than 3,000 IP solutions have been delivered in a wide variety of applications.

Sustainable Development Goals (SDGs)

UN SDG



Faraday sustainability principle

- **Green product design**
Faraday cares about our products' effects on people's lives and on the environment. Thus, all the way from design and development, to raw material extraction, to production, to use, to products being discarded and reaching the end of their life cycle — complies with legal regulations' requirements regarding users' health and safety.
- **Responding to the risks and opportunities that climate change brings**

Based on the management principles of honesty, transparency, and responsibility, we have set integrity as our fundamental policy. We have also established strong corporate governance and risk management mechanisms, to create an operational environment of sustainable development.

Faraday sustainability results

- ✓ 100% of subcontractors have completed signing the Commitment Not to Use Environmental Substances
- ✓ Ultra-low power consumption design: IoT MCU solutions
- ✓ Ultra-low power consumption SoC: 22 nm fundamental component IP solutions
- ✓ Introduced the TCFD framework: Disclosing information in the four major areas of corporate governance; strategy; risk management; and indexing and goals. Providing investors and other stakeholders with the consistent information they need, and joining with suppliers and partners to implement environmentally-sustainable development.

- ✓ Faraday has been ranked in the top 6th ~ 20th percentile of listed companies in terms of corporate governance evaluation results for two consecutive years; it shows that Faraday works well in "Protect shareholder equity and equal treatment to shareholder", "Strengthen Board structure and operation", "Increase information transparency", and "Implement Corporate Social Responsibility".
- ✓ Faraday provides open and transparent communication channels and complaint mechanisms, and advocates ethical management concepts and policies via intranet and training.

1 Corporate governance

- Management
- Operational performance
- Integrity & legal compliance
- Risk management

22.22%

Diverse Board of directors

Faraday currently has a total of 9 directors, including 2 female directors; the percentage is 22.22% of all directors.

NT\$8.09 billion

Financial performance

In 2021, IP revenue had increased to NT\$1.06 billion from the previous year, hit a 14-year high; the order amount of Faraday design service NRE has hit a record high, and MP has grown high for three consecutive years; the annual consolidated revenue has hit to NT\$8.09 billion, more than 47% from the previous year. In terms of profit performance, the operating profit increased by more than 9 times compared with the previous year to NT\$1.4 billion, the operating profit rate reached 17.3%, and the EPS was NT\$4.65.

Excellent

Performance review for Board of directors and functional committee

The 2021 performance evaluation of the overall Board of directors, individual board member, and functional committees met the evaluation standards [Excellent], showing that the overall operation can be evaluated as good.

Top 6%~20%

Corporate governance evaluation

Be ranked in the top 6th ~ 20th percentile of listed companies in terms of corporate governance evaluation results for two consecutive years.

97.06%

Attendance rate for Board of directors and functional committee

In 2021, the actual attendance rate for the board of directors was 97.06%, the actual attendance rate for audit and compensation committee were both 100%, fully participating in the operation of the Board of directors and functional committees.

6 hours

Continuous education for the directors of the Board

In 2021, Faraday's all directors of the Board had completed 6 hours of continuous education by the regulations to keep core values and professional capabilities.

Corporate governance

Management policies

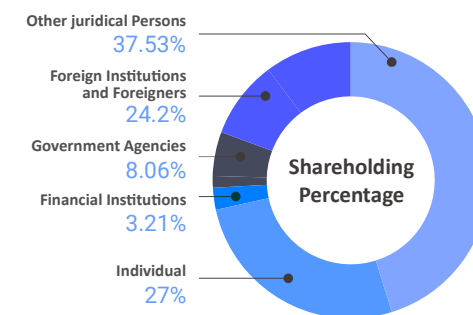
Targets for 2021	2021 actual performance	Effectiveness evaluation	Response mechanism	
			Short-term goals (2022)	Medium- and long-term goals (2024)
<ul style="list-style-type: none"> Be ranked in the 21st ~ 35th percentile of listed companies in terms of corporate governance evaluation results 	<ul style="list-style-type: none"> Be ranked in the top 6th ~ 20th percentile of listed companies in terms of corporate governance evaluation results 	✔	<ul style="list-style-type: none"> Be ranked in the top 6th ~ 20th percentile of listed companies in terms of corporate governance evaluation results 	<ul style="list-style-type: none"> Proactively participate in corporate governance evaluations and further perfect information disclosure Strengthen board of directors' functions and guarantee shareholders' rights and interests Reinforce the communication and information exchange between independent directors, CPAs and internal auditor Through appropriate communication methods to understand the reasonable expectations and needs of stakeholders, and then appropriately respond to their concerns about important sustainable development issues. Strengthen the promotion of the concept of ethical corporate management, the implementation of regulatory compliance and risk control mechanisms Continue to enhance employees' risk awareness and build a broad and deep risk management culture
<ul style="list-style-type: none"> Director attendance no lower than 80% 	<ul style="list-style-type: none"> Director attendance rate is 97.6% 	✔	<ul style="list-style-type: none"> Director attendance no lower than 85% 	
<ul style="list-style-type: none"> Strengthen the disclosure of English information 	<ul style="list-style-type: none"> Reported material information in English; disclosed interim financial reports in English and established an English version of the company website 	✔	<ul style="list-style-type: none"> Complete and timely updating of the English version of the company website 	
<ul style="list-style-type: none"> Strengthen advocacy regarding ethical corporate management concepts and policies 	<ul style="list-style-type: none"> Via intranet and training, advocate ethical corporate management concepts and policies Disciplinary action and whistleblowing regarding unethical conduct: 0 	✔	<ul style="list-style-type: none"> Strengthen advocacy regarding ethical corporate management concepts and policies 100% handling rate for disciplinary action and whistleblowing regarding unethical conduct 	
<ul style="list-style-type: none"> Raise employees' risk awareness 	<ul style="list-style-type: none"> Occupational safety and health training as part of new recruits' required classes; in 2021, 135 people were trained. In response to the COVID-19 pandemic, to prevent from the concern of gathering in the drill process and roll-call, scaled down the disaster drill, 45 people were participated in disaster drills. 	✔	<ul style="list-style-type: none"> Occupational safety and health training as part of new recruits' required classes Hold at least one disaster drill per year 	

Faraday follows the Company Act, the Securities and Exchange Act, and other relevant laws of the Republic of China. In addition, Faraday has laid down the Corporate Governance Best Practice Principles, the Ethical Corporate Management Best Practice Principles, the Insider Trading Prevention Regulations, and the Risk Management Policy to form a basis for compliance for the effective corporate governance framework. This helps to guarantee shareholders' rights and interests, strengthen function of the board of directors, respect the rights and interests of stakeholders, and enhance information transparency. All of this is designed to utilize effective corporate governance operations in carrying out our sustainable corporate operations responsibilities, and to enhance the company's operational effectiveness.

Shareholder Structure

March 26, 2022 / Unit: Shares

Shareholder Type	Government Agencies	Financial Institutions	Other Juridical Persons	Individuals	Foreign Institutions & Persons	Total
No. of people	5	36	342	49,972	340	50,695
Shares Held	20,046,000	7,969,164	93,276,814	67,114,122	60,144,213	248,550,313
Shareholding Percentage	8.06%	3.21%	37.53%	27.00%	24.20%	100.00%



Note: For the list of major shareholders in 2022, please refer to the company's 2021 Annual Report – Section IV, "Capital Raising", subsection 1, "Capital and shares" (IV).

Corporate governance

1.1 Management level

Faraday upholds treating upstanding operations, transparency of information, and shareholder equity as our priorities. The board of directors is made up of specialists from the tech world possessed of managerial experience. In accordance with the competent authorities' laws and regulations, the audit and compensation committees have been established under the board of directors. These committees help the board of directors to carry out its oversight and responsibilities, and to establish the company's internal corporate governance mechanisms, thus making implementation of tasks related to corporate governance a reality.

Board of directors elections and terms

Faraday has seven to eleven directors; the board of directors is authorized to set the number of directors via board resolution. Directors serve for three years, and are elected by those with disposing capacity at the share-

holder meeting. The company's articles of incorporation clearly lay out that the directors (including independent directors) are elected via a candidate nomination system. Independent director candidates' professional qualifications, shareholding ratios, 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. Directors' elections and terms take into consideration the overall configuration of the board of directors. Directors are all equipped with the knowledge, skills and character required to carry out their professional duties.

Board of directors performance evaluation

In order to implement corporate governance and enhance the functions of the board of directors, Faraday has established the performance goals to enhance the

efficiency of the board of directors, and has set the "Board of Directors Performance Evaluation Method" approved by the board of directors in July, 2020. A self-performance evaluation of the board of directors, functional committees, and individual board members are carried out regularly every year. The evaluation indicators include the mastery of the company's goals and tasks, the awareness of responsibilities of the directors, the participation level on company operation, the compliance with laws and regulations, and the selection and continuity of directors. The results of the performance evaluation shall be completed before the end of the first quarter of the next year, and shall be submitted to report at the latest board of directors as a reference for the selection or nomination of directors and the determination of their individual salary and remuneration.

The 2021 overall board of directors and functional committee self-evaluation and director member self-evaluation are based on internal questionnaire self-evaluation. The evaluation period is from January 1st, 2021 to December 31st, 2021. The questionnaire mainly covers the following aspects: The participation level on company operation, the improvement of decision-making quality, the composition and structure of members, the selection and continuous education, and internal control are disclosed by the directors (members) according to the previous disclosure of the self-evaluation results. The performance evaluation of the overall board of directors and functional committees meets the evaluation standards [Excellent], showing that the overall operation can be evaluated as good.

Title	Name	Gender	Major academic/work history
Chairman	Chia-Tsung Hung	Male	Chairman, UMC / Bachelor of Accounting, Tamkang University
	Ying-Sheng Shen	Male	VP, UMC/ Bachelor of Electrical Engineering, Feng Chia University
Director	Zeng-Li Huang	Male	Professor of Accounting, Tamkang University PhD of Accounting, Warwick University, UK
	Kuo-Yung Wang	Male	President, Faraday Technology Master of Industrial Engineering, National Tsing Hua University
	Shih-Chin Lin	Male	COO, Faraday Technology / Master of Electrophysics, National Chiao Tung University
	Wen-Ju Tseng	Female	CFO, Faraday Technology Bachelor of Corporate Management, National Chengchi University
	Ning-Hai Jin	Male	President, Aurora Group Master of Engineering Science, University of Michigan
Independent Director	Bing-Kuan Luo	Male	Director, Mega Venture Capital Co., Ltd. PhD of Management, Shanghai Fudan University
	Wan-Feng Chou	Female	CFO, Dawning Leading / Bachelor of International Trading, Tamkang University

Results of Board Performance Evaluation in 2021

The participation level on company operations **4.90**
 The improvement of decision-making quality on board of director **4.95**
 The composition and structure of board members **4.98**
 The selection and continuous education **4.96**
 The internal control **4.97**

Results of Audit Committee Performance Evaluation in 2021

The participation level on company operations **4.92**
 The awareness of responsibilities of the audit committee **5**
 The improvement of decision-making quality on audit committee **5**
 The composition and selection of the audit committee **5**
 The internal control **5**

Results of Members of the Board Performance Evaluation in 2021

The mastery of the company's goals and tasks **4.96**
 The awareness of responsibilities of the directors **4.96**
 The participation level on company operation **4.93**
 The operation and communication of internal relationship **4.93**
 The professional and continuous education **4.96**
 The internal control **4.93**

Results of Compensation Committee Performance Evaluation in 2021

The participation level on company operations **4.89**
 The awareness of responsibilities of the compensation committee **5**
 The improvement of decision-making quality on compensation committee **4.95**
 The composition and selection of the compensation committee **5**

Full score: 5 points
 Rating: 1 point ~ 5 points

Corporate governance

Implementation of the Board Diversity Policy

Faraday's "Corporate Governance Best Practice Principles" has set up a diversity policy, which clearly stipulates that the composition of the board of directors should consider diversity, and set up the appropriate diversity policy according to its own operation, operation type, and development needs, and without limitation of gender, race, and nationality; in addition to possessing the knowledge, skills, and literacy necessary to perform their duties, in order to achieve the ideal goal of corporate governance, the overall of the board of directors should include the following abilities:

- ✔ Operational judgment ability
- ✔ Accounting and financial analysis ability
- ✔ Operation and management ability
- ✔ Crisis handling ability
- ✔ Industry knowledge
- ✔ International market outlook
- ✔ Leadership ability
- ✔ Decision-making ability and other diversified professional backgrounds

Faraday currently has a total of 9 directors, including 3 independent directors, 2 female directors, and 4 directors with employee identity (The percentage of all directors are 33.3%, 22.2%, and 44.4%, respectively). The target percentage of female directors will be as 25%. As of the end of 2021, a total of 5 directors are aged 50 ~ 59, 2 directors are 60 ~ 69 years old, and 2 directors are over 70 years old. Among them, the independent directors are all in compliance with the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission on the independence of independent directors, and none of them have the conditions specified in Items 3 and 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.

Board of Directors Operations

Charged with

1. The company's business plan
2. Annual and semi-annual financial statements that must be audited by CPAs
3. Adopt or amend the internal control system, and assess the effectiveness of the internal control system
4. Adopt or amend the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others
5. Offering, issuance, and private placement of any equity-type securities
6. Appointment or discharge of financial, accounting, and internal auditing officers
7. Donations to related parties or major donations to non-related parties. However, donations of public welfare nature for emergency relief due to major natural disasters must be submitted to the next board of directors for retroactive recognition

Attendance

In 2021, the board of directors held eight meetings. The board of directors' attendance rate (including attendance in person and through video conference) was 97.06%.

Major Resolutions

Date and session	Content of Issue	Date and session	Content of Issue
2021/02/23 The 14th of the 10th session	<ul style="list-style-type: none"> • The 2020 annual business final accounts have been compiled, the business report and financial statements (including consolidated and individual) and the audit report to be issued by Ernst & Young. • The 2021 annual operation budget of the Company • Reviewed director's remuneration and employee remuneration allocation of the Company in 2020 • Reviewed the independence of accountants and appointed accountants to handle the audit and certificated issues of various financial statements of the Company and the income tax of profit-making enterprises in 2021 • The 2020 annual internal control system statement of the Company • The proposal of date, place and reason for convening at the 2021 shareholders' meeting. • The proposal on the period and place for the acceptance of proposals by shareholders holding more than 1% of the shares at the 2021 shareholders' meeting • The proposal of election for nine directors (including three independent directors) in the 11th session • The proposal of accepted the nomination period and location of the candidates for the 11th session of the Company. • Removal of the restriction on non-competes of directors in Article 209 of the Company Act for newly appointed directors after Faraday's re-election. 	2021/04/27 The 16 th of the 10 th session	<ul style="list-style-type: none"> • The proposal of bank credit line renewal of the Company.
		2021/06/18 The 17 th of the 10 th session	<ul style="list-style-type: none"> • The proposal of change the date for 2021 annual shareholders' meeting of the Company
		110/07/08 The 1 st of the 11th session	<ul style="list-style-type: none"> • The proposal of election for the chairman of the Company. • The proposal of the appointment of members for the 5th compensation committee
		2021/07/27 The 2 nd of the 11 th session	<ul style="list-style-type: none"> • 2021 Q2 financial statements. • The proposal of the directors' compensation of the Company. • The proposal for manager's remuneration of the Company • Amend of "Corporate Governance Best Practice Principles" of the Company • Amend of "Articles of Incorporation" of the Company
		2021/10/26 The 3 rd of the 11 th session	<ul style="list-style-type: none"> • 2021 Q3 financial statements. • Annual audit plan for 2022. • The proposal of bank credit line renewal of the Company • The proposal of the change and remuneration of managers. • Amend of "Procedures for Loaning Funds to Others" of the Company. • Amend of "Operational Procedures for Endorsements/Guarantees" of the Company • Amend of "Ethical Corporate Management Best Practice Principles" of the Company
2021/03/30 The 15 th of the 10 th session	<ul style="list-style-type: none"> • The 2020 earnings distribution statement of the Company • Nominate candidates for the 11th Board of Directors. • Removal of the restriction on non-competes of directors in Article 209 of the Company Act for newly appointed directors after Faraday's re-election • The proposal of appointment of new auditor of the Company. 	2021/12/24 The 4 th of the 11 th session	<ul style="list-style-type: none"> • The proposal of the annual budget plan in 2022.

Corporate governance

Audit Committee Operations

Charged with

- In accordance with Article 14-1 of the Securities and Exchange Act, adopt or amend the internal control systems
- Assessment of internal control system effectiveness
- Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
- A matter bearing on the personal interest of a director
- A material asset or derivatives transaction
- A material monetary loan, endorsement, or provision of guarantee
- The offering, issuance, or private placement of any equity-type securities
- The hiring or dismissal of CPAs, or their compensation
- The appointment or discharge of a financial, accounting, or internal auditing officer
- Annual financial statements signed or stamped by the chairman, managerial officers, and accounting officers; and the semi-annual financial statements must be audited by CPAs.
- Any other material matters so required by the company or the competent authority

Attendance

The three members of the audit committee are all independent directors, and they meet at least once per quarter. They engage in extensive communication with the company's internal auditor and CPAs. In 2021, the audit committee held 5 meetings in total; the independent directors' actual attendance rate (including attendance in person and through video conference) was 100%.

Major Resolutions

Date and session	Content of Issue
2021/2/23 The 11 th of the 2 nd session	<ul style="list-style-type: none"> • The 2020 annual business final accounts have been compiled, the business report and financial statements (including consolidated and individual) and the audit report to be issued by Ernst & Young • Reviewed the independence of the CPAs and appointed the CPAs to handle the audit and signature of financial statements of Faraday and income tax of profit-making enterprises for 2021. • The 2020 annual internal control system Statement.
2021/03/30 The 12 th of the 2 nd session	<ul style="list-style-type: none"> • Appointment of the Company's new audit supervisor.
2021/4/27 The 13 th of the 2 nd session	<ul style="list-style-type: none"> • 2021 Q1 business report of the Company
2021/7/27 The 1 st of the 3 rd session	<ul style="list-style-type: none"> • 2021 Q2 business report of the Company
2021/10/26 The 2 nd of the 3 rd session	<ul style="list-style-type: none"> • 2021 Q3 financial statements. • The proposal for annual audit plan in 2022. • Amend of "Procedures for Loaning Funds to Others" of the Company. • Amend of "Operational Procedures for Endorsements/Guarantees" of the Company.

Compensation Committee Operations

Charged with

- Regularly setting and evaluating the policy, system, standard, and structure of directors and executives for annual and long-term performance and compensation packages
- Regularly evaluating and determining the salaries and remunerations of directors and executives, the achievement of performance goals, and determine the content and total amount of their individual salaries and remunerations.
- Regularly reviewing the organization rules of the compensation committee and propose advice for amendments.

Attendance

The three members of the compensation committee are all independent directors, and they meet at least twice per year. In 2021, the compensation committee held three meetings; the independent directors' actual attendance rate (including attendance in person and through video conference) was 100%.

Major Resolutions

Date and session	Content of Issue
2021/02/23 The 8 th of the 4 th session	<ul style="list-style-type: none"> • The proposal for 2020 directors' remuneration and employee bonus distribution of the Company.
2021/07/27 The 1 st of the 5 th session	<ul style="list-style-type: none"> • The proposal of directors' remuneration. • The proposal of executives' remuneration.
2021/10/26 The 2 nd of the 5 th session	<ul style="list-style-type: none"> • The proposal of the change and remuneration of executives of the Company.

The communication between independent directors with CPAs and internal audit.

Communication method

- There are direct communication channels between independent directors with CPAs and internal audit, and they have good communication.
- At the first meeting of the audit committee each year, the CPAs of the Company will review the results of the annual financial statements of the Company and its subsidiaries at home and abroad, the internal control review, the impact of the revision and issuance of IFRSs on the Company, and other relevant legal requirements. Report to independent directors and communicate if no adjusting entries or statutory amendments have affected the presentation. It also

depends on the revision and publication of IFRSs bulletin, the update of financial and tax laws, internal control related issues or other needs to convene independent director's discussion meeting with the CPAs.

- In addition to the monthly audit report and audit defect improvement tracking report submitted by the Company's internal audit unit to the independent directors, the internal audit supervisor attends each meeting of audit committee and the board of directors, and provides audit business and audit results to the independent directors.

Corporate governance

Communication status between independent directors and the CPAs

Date and session	Communication focusing points	Results for processing
2021/2/5 Pre-meeting of Audit Committee	<ul style="list-style-type: none"> The 2020 consolidated and individual financial statements audit results, key audit items, and internal control audit situation report Communication matters with corporate governance units and management Updated Securities Law Updated Tax Law The 8th corporate governance evaluation index revision introduction Updated IFRS Latest news of Enterprise Accounting Standard 	<ul style="list-style-type: none"> 2020 Financial Statements are submitted to the board of directors for resolution after approval by the audit committee.
2021/4/27 Audit Committee	<ul style="list-style-type: none"> 2021/Q1 financial statements reviewing issues Updated Securities Law Updated Tax Law Communication matters with corporate governance units and management. 	<ul style="list-style-type: none"> 2021Q1 Financial Statements are submitted to the board of directors for resolution after approval by the audit committee.
2021/7/20 Pre-meeting of Audit Committee	<ul style="list-style-type: none"> 2021/Q2 financial statements reviewing issues Updated Securities Law Updated Tax Law 	<ul style="list-style-type: none"> 2021Q2 Financial Statements are submitted to the board of directors for resolution after approval by the audit committee.
2021/10/21 Pre-meeting of Audit Committee	<ul style="list-style-type: none"> 2021/Q3 financial statements reviewing issues The 2021 financial statement auditing plan Updated Securities Law Updated Tax Law 	<ul style="list-style-type: none"> 2021Q3 Financial Statements are submitted to the board of directors for resolution after approval by the audit committee.

Communication status between independent directors and internal audit

Date and session	Communication focusing points	Results for processing
2021/2/23 Audit Committee	<ul style="list-style-type: none"> 2020 Internal Control System statement. 2020 Q4 Internal Audit Operation Execution Report 	<ul style="list-style-type: none"> Submitted to the board of directors for resolution after approval by the audit committee Informed
2021/4/27	<ul style="list-style-type: none"> 2021 Q1 Internal Audit Operation Execution Report 	<ul style="list-style-type: none"> Informed
2021/7/27	<ul style="list-style-type: none"> 2021 Q2 Internal Audit Operation Execution Report 	<ul style="list-style-type: none"> Informed
2021/10/26 Audit Committee	<ul style="list-style-type: none"> 2021 Q3 Internal Audit Operation Execution Report Set up 2022 annual auditing plan 	<ul style="list-style-type: none"> Informed Submitted to the board of directors for resolution after approval by the audit committee.

Corporate governance

Management Team

The Faraday management team possesses many years of experience in the industry; they integrate their extensive experience with the company's goals, and regularly report on the company's operational strategies and outlook to the board of directors, in hopes of creating maximum value for shareholders.



Chairman &
Strategy Officer

Chia-Tsung Hung

Bachelor of Accounting, Tamkang University
main experience / Chairman, UMC



COO

Shih-Chin Lin

Master of Electrophysics,
National Chiao Tung University
main experience / Senior Director, UMC



VP

Jhy-Heng Wang

PhD of Electrical Engineering,
National Taiwan University
main experience / R&D Director, Apache



SAVP

Wen-Ju Tseng

Bachelor of Business Management,
National Chengchi University
main experience / Financial Officer, UMC



SAVP

Rong-Xing Lai

Master of Electrical Engineering,
National Cheng Kung University
main experience / Marketing Manager,
Silicon Integrated Systems



SAVP

Guo-Hua Li

Master of Physics, Tamkang University
main experience / Senior Director, UMC



President

Kuo-Yung Wang

Master of Industrial Engineering,
National Tsing Hua University
main experience / VP, UMC



Senior VP

Chien-Ming Chen

PhD of Information Engineering,
National Tsing Hua University
main experience / Deputy Director, TSMC



VP

Kun-Cheng Wu^(Note)

Master of Information Engineering,
National Chiao Tung University
main experience / Manager, ITRI



SAVP

Chi-Shun Lui

Master of Electrical Engineering,
National Taiwan University
main experience / R&D VP, Prolific



SAVP

Chen-Sing Jian

Master of Electrical Engineering,
National Taiwan University
main experience / Director, Mediatek



SAVP

Shu-Huei Liao

Master of Industrial Engineering and
Engineering Management,
National Tsing Hua University
main experience / Director, Faraday
Technology Corporation

Note: VP, Kun-Cheng Wu has been dismissed from September 6th, 2021.

1.2 Operational Performance

Faraday's primary operational results for 2021:

The revenue structure is optimized, and the mass production has entered a stacked growth

Faraday is positioned as an expert in customized ICs. With its complete technical layout and unique business model, we can focus on the blue ocean market of niche products. Niche products have a long life cycle and are less affected by economic fluctuations. As a growth driver, they will bring long-term structural changes to mass production revenue, and strengthen the growth and predictability of revenue. In 2021, under the growth of new projects, mass production has become the main driving force, and revenue has increased by 56% compared with the previous year to NT\$5.61 billion, growing for three consecutive years.

ASIC received stable cases, and commissioned design revenue hit a record high

Faraday's achievements in ASIC acceptance of cases are obvious to all. With the support of existing customers, even affected by the epidemic, the number of cases received and the amount of orders remained consistently high throughout the year, indicating that the customer and Faraday have a close cooperation relationship and high customer adhesion. In terms of applications, we have continued our long-term efforts in niche applications, including automation applications, artificial intelligence and the Internet of Things (AIoT), network communications, etc. We have made gains in these rapidly developing fields. Faraday received the first mass production of the case, and the continuous accumulation of ASIC cases will lay the foundation for the growth of mass production in the future. In 2021, the commissioned design revenue will increase by 32% and hit a record high of NT\$1.41 billion.

Focusing on Faraday's own IP development, IP revenue has hit a 14-year high

Faraday's complete proprietary IP platform is the corner-

stone of our operations, which not only provides IP customization services to reduce design risks, but also brings IP revenue to the company. In addition, Faraday is also actively investing in the IP deployment of advanced processes to prepare for the future needs of customers. In 2021, IP revenue had increased by 27% from the previous year to NT\$1.06 billion, hit a 14-year high.

Products by percentage of revenue in 2021

Unit: NTD thousand

Major Product Class	Year 2021	
	Revenue	Percentage
ASICs and Wafer Products	5,613,524	69.43%
NRE	1,783,467	22.06%
IP Component and Technology Royalties	688,210	8.51%
Total	8,085,201	100%

Note 1: The consolidated financial information of the company in 2021 has been audited by the CPAs.

Note 2: For the relevant financial information of the Company in 2021, please refer to the Company's 2021 Annual Report – (V) Operation Overview.

Combined 2021 revenue and profits

Unit: NTD thousand

Item	Year 2021
Net sales revenue	8,085,201
Operating costs	(3,995,272)
Gross profit	4,089,929
Operating expenses	(2,687,873)
Net operating profit	1,402,056
Non-operating revenue and expenses	100,123
Net profit before tax	1,502,179
Income tax expense	(212,131)
Net profit for the current period	1,290,048
Other comprehensive income	658,253
Total comprehensive income	1,948,301
Earnings Per Share	4.65

Note 1: The consolidated financial information of the company in 2021 has been audited by the CPAs.

Note 2: For the relevant financial information of the Company in 2021, please refer to the Company's 2021 Annual Report – (VI) Financial Overview

Corporate governance

Stock dividend policies

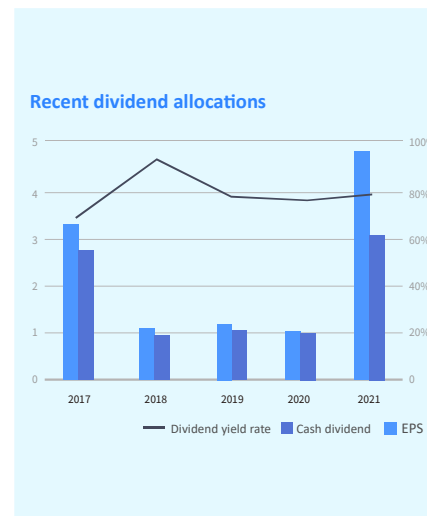
Faraday's stock dividend policy requires examining the company's current and future investment environment, capital requirements, international and domestic competition, capital budgeting, and other factors. It simultaneously requires maintaining shareholder interest, and balancing dividends with the company's long-term financial planning. Every year, in accordance with the law, the board of directors drafts a dividend plan that it submits to the shareholder meeting. As the company's industrial development is currently in a growth stage, and there will be no lack of expansion plans and capital demands in the future, within the allocated dividends for the year, the amount of dividends distributed by the Company shall not be less than 50% of the after-tax profit of the current year,

If the company's final accounts for the year show a profit, it is allocated according to the below priorities:

- ✔ Payment of taxes.
- ✔ Covering losses.
- ✔ 10% set aside as a legal reserve.
- ✔ Special reserve required by law to be set aside or reversed.
- ✔ The remainder plus the previous period's unallocated surplus is the shareholder dividend. Save for any portion that is reserved for later years' dividend resolution, the shareholder dividend is resolved by the shareholder meeting.

among them, the cash dividends are set to be no lower than 10% of the total dividend.

In accordance with the regulations of the Company Act, legal reserve contributions shall be made until the total amount reaches the total paid-in capital. The legal reserve may be used to cover losses. When the company has no losses, then 25% of the amount by which paid-in capital exceeds the legal reserve may be issued as new stock or cash to shareholders, in proportion to their original shareholding percentages. When the company allocates dividends, it must, in accordance with legal requirements, set aside a special reserve for the current year's net other shareholder equity deduction; after this, when there is a reversal to the other shareholder equity deduction, dividends may be issued for the amount of the reversal.



1.3 Integrity & Legal Compliance

Ethical management policy

The "Ethical Management Unit", within the company'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 also reports on the implementation status of such to the board of directors every year. 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. In order to further strengthen the company's ethical management, the auditing unit also includes compliance with the principles within its scope, and periodically reports to the board of directors regarding efforts made to remedy lapses.

Ethical management procedures and guidelines

The company 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. The company engages 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 business activities 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. Prior to any commercial transac-

tions, the company takes into consideration the legality of agents, suppliers, clients, or other trading counterparties, and whether any of them are involved in unethical conduct, to avoid any dealings with persons involved in such. Faraday also makes a statement to trading counterparties about the company's ethical management policy and related rules, and the company clearly refuses to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

The main points of the ethical management procedure and guidelines 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

Corporate governance

Legal Compliance

In response to the internationalization of organization and operation, Faraday continues to pay attention to and track 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 or raise the reminder for update, so as to ensure that the company's policies or regulations are compliant and appropriate.

To enable company colleagues to understand and actually abide by and implement various regulations and policies, Faraday regularly arranges relevant training courses for colleagues, including professional ethics and anti-corruption, fair trade, insider trading, 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 symposiums, new recruit training, and manager meetings. The Company's internal website also provides relevant guidelines to establish a correct understanding for colleagues through multiple channels, and the audit unit also takes various compliance situations into the inspection scope to implement regulatory compliance.

Reporting systems for unethical conduct

In order to implement the core value of operational integrity, in accordance with the "Operational Integrity Regulations" and with the "Operational Integrity Practices & Conduct Guidelines", and in order to guarantee the legal rights of whistleblowers, the Company has established a system for reporting unethical conduct. If any behavior is discovered that contravenes the company's "Operational Integrity Regulations" or "Operational Integrity Practices & Conduct Guidelines", it may be reported. All reported incidents are quickly handled after being accepted; and the investigation process is fair, just, and proceeds according to the relevant regulations. All reported incidents are also handled in a confidential manner; the whistleblower's identity and report contents are kept secret, or appropriate protective measures are taken in accordance with the law. With reported incidents, if investigation reveals there to be violations of relevant laws or of the company's operational integrity policies or regulations, the reported person is required to immediately stop the relevant behavior, and appropriate penalties are imposed. Where the issue is serious, the person is dismissed or fired in accordance with the relevant laws and Company management policies; and where necessary, damages are sought through legal means in order to maintain the Company's reputation, rights, and interest.

Protection for whistleblowers

- Top Principle: Confidential, fair, and objective
- The whistleblower's name, organization, address, phone, and e-mail address must be kept in completely confidential.
- All inquiries and investigations must be done with the whistleblower's anonymity guaranteed.
- If the whistleblower is employee of the company, the company will ensure that the employee is protected from inappropriate actions due to whistle blowing.

Whistleblowing channels

- Anyone who finds that the Company's personnel may be involved in unethical conduct can report through the following channels:
- Phone: + 886-3-5787888 ext. 88119
- E-mail: whistleblower@faraday-tech.com
- Mail: Auditing unit manager, No.5, Li-Hsin Rd. III, Hsinchu Science Park, Hsinchu City, Taiwan 30078

Performance of ethical management policies

The Company works hard to implement the ethical management policies and bring them into effect. All employees 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 education for all employees every year. The Company continually follows up on and reviews the administrative measures, in order to enhance the effectiveness of the Company's ethical management. Relevant implementation results for 2021 are as follows:

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 2021: 100%

Legal compliance declaration

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

Training

- New recruit training, and training and propaganda on related ethical management every year
- Training course of ethical management in 2021: 698.5 hours in total
- Training course of the Insider Trading Prevention Regulations of directors and employees in 2021: 630 hours in total.

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 2021: 0

Whistleblower procedure and protection

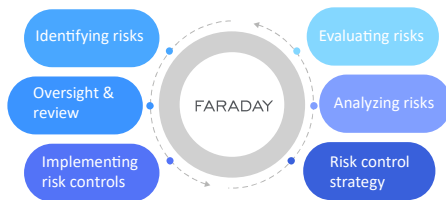
- Establish a specific whistleblower procedure and handle by the dedicated unit
- All flows should strictly follow the whistleblower protection principle.
- External whistleblowing in 2021: 0; direct reports by employee in 2021: 0

Corporate governance

1.4 Risk management

Risk management policy

Before risks ever occur, Faraday performs risk identification, risk evaluation, and risk impact analysis. With high-risk impact items, the company sets out crisis response methods and implements them. The Faraday board of directors and executives regularly oversee and review the risk management policies and continuously refine the risk management mechanisms, in order to effectively keep risks within acceptable limits. After many revisions, the Risk Management Policy the Risk Management Policy was approved by the Board of Directors in April, 2020. It serves as the highest guiding principle for risk management.



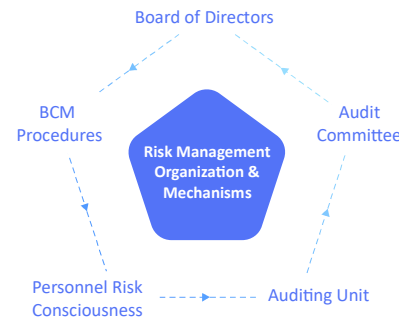
Risk management organization

Faraday’s risk management organizational structure includes the board of directors, audit committee, audit office, and management.

- The board of directors are 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 of setting the Company’s risk management culture. The board bears ultimate responsibility for all 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 auditing department implements auditing tasks in a spirit of independence, and provides suggestions for improvement in a timely manner.
- Risk control mechanisms and business continuity management (BCM) procedures guarantee that when an emergency occurs, the management in every department is able to quickly grasp the situation, and to take timely and effective response measures, in order to lower the impacts of the risk on company operations and relevant stakeholders.



Risk management categories

Faraday collects, makes reference to competitors, identifies, and consolidates significant risks that the company may face in its operations, in terms of the three main areas of Corporate Governance, the Environment, and Society. With reference to each risk, the company considers its controllability, degree of impact, and

likelihood of occurrence. Through this process, seven risk categories have been noted, for which appropriate management methods and crisis response methods have been formulated in hopes of lowering uncertainties in business operations to the bare minimum

Corporate Governance

- Strategic risk
- Market risk
- Credit risk
- Information security risk

Environment

- Climate change risk

Society

- Supply chain risk
- Infectious disease risk

Business continuity management procedures

When emergency incidents occur as a result of disaster, Faraday immediately sets up an emergency response command center, which is headed by the president or highest-ranking executive at the time of the disaster. All departmental-level executives are members of the command center, which carries out tasks related to minimizing disaster damage.



Operational status

- The “Risk Management Policy “ was approved by the Board of Directors in April ,2020, and the implementation of risk management operations and climate change-related risks and opportunities information disclosure was reported to the Board of Directors on July 27, 2021.
- Faraday carried out a fire prevention & protection drill in April and November, 2021. This used disaster scenario training to help employees become familiar with response measures, so that in the event of a disaster, they will be able to minimize impacts in the shortest possible time.
- In order to raise employee risk awareness, a broad and deep risk management culture has been cultivated to internalize risk management as part of employees’ everyday habits. The company has listed professional safety and health training as part of incoming employees’ and relevant members’ required classes; in 2021, 135 employees were trained. In addition, in April/May, 2021, the company has invited the team leader of the Hsinchu Fire Station and the police officer of Hsinchu Police Office to hold the fire prevention and safety training & traffic accident prevention declaration, 55 employees were trained.
- To enhance the awareness of information safety for the employees, each incoming employee should take the required courses on information security policy and relevant cases declaration; the required course includes the regulation on using PC, intellectual property protection, and information security and confidentiality regulation. In 2021, 2078 employees were trained in total.

Corporate governance

Risk management and opportunity benefits

Risk Area	Risk Topic	Impact	Management Method	Crisis Response Methods	Opportunities and Benefits
Corporate governance	Strategic risk	Strategically expanding subsidiaries and staffing, in order to benefit product development technologies, and to enlarge both projects taken on and productivity. Possible risks are turnover risk for working capital, and workplace idling risk due to the economy not performing as predicted.	The Oversight Regulations for Subsidiary Companies have been established; also, equity security investment portfolios must be regularly submitted to upper management for review and approval.	Diversified investment, to cope with price risks for equity securities and other investments	With diversified investment, our group manages the price risk of equity securities and other investments. The investment portfolio information of equity securities needs to be regularly provided to top management of our group for review and approval.
	Credit risk	The risk of contract default damages arising with customers, suppliers, competitors, and others with whom the company has business dealings, when due to the nature of the party itself or other factors, the party does not fulfill its contractual obligations.	Risk evaluations for all transaction counterparties take into holistic consideration factors such as their financial status, their credit rating with the credit rating agency, previous transaction experiences, the current economic climate, and the group's internal evaluation standards. At appropriate times, the group also employs credit enhancement instruments (e.g., advance sales income) to lower credit risks with particular counterparties. The group's financial department manages credit risks for the group's bank deposits, fixed income securities, and other financial instruments in accordance with group policies.	All units respond to credit risks in accordance with credit risk policies, processes, and controls.	Because the group's transaction counterparties are chosen through internal control processes, and are banks with good credit, investment-grade financial institutions, corporate organizations, and government agencies, there are no major credit risks.
	Market risk	Unfavorable market price fluctuations can cause risks for items both on and off the balance sheet. "Market prices" include interest rates, exchange rates, stock prices, and product prices.	Exchange rate risk: Natural hedges and long-dated forward exchange contracts are used to manage exchange rate risk. Long-dated forward exchange contracts are used for values in certain currencies.	Exchange rate risk: A portion of the group's foreign-currency funds receivable and funds payable are designed to be denominated in the same currency, to adapt to exchange rate risk.	Exchange risk: <ul style="list-style-type: none"> When NTD strengthens/weakens against USD by 10%, the profit for the years ended December 31, 2021 and 2020 would decrease / increase by NT\$43,622 thousand and NT\$10,709 thousand, respectively. When NTD strengthens/weakens against RMB by 10%, the profit for the years ended December 31, 2021 and 2020 would decrease / increase by NT\$226,922 thousand and NT\$118,690 thousand, respectively.
			Interest rate risk: The group's interest rate risk primarily arises as a result of fixed deposits with floating interest rates. The group generally uses short-term fixed deposits, and thus the cash flow risk from interest rate fluctuations is extremely low.	Interest rate risk: Reducing investment contract periods for low-liquidity investment products.	Interest rate risk: The cash flow risk from interest rate fluctuations is extremely low.
			Equity price risk: The group holds listed securities, unlisted securities, and other investments. Each includes categories measured at fair value through other comprehensive income. The group invests diversely, to manage price risks from equity securities and other investments.	Equity price risk: Information on the equity security investment portfolio is periodically provided to the group's upper level management for review and approval	Equity price risk: The group manages the price risk of the equity and other investment by multiple investment options. Information for equity combo investment should be periodically reviewed and approved by the group's upper level management.

Corporate governance

Risk management and opportunity benefits

Risk Area	Risk Topic	Impact	Management Method	Crisis Response Methods	Opportunities and Benefits
Corporate governance	Fluidity risk	Unable to realize assets or obtain financing to provide flexible use of funds that may suffer losses	The group maintains financial flexibility through cash and cash equivalents, highly liquid marketable securities and bank borrowings.	<ul style="list-style-type: none"> Cash and cash equivalents to maintain working capital for at least 3 months. Enhancing the recovery rate and period of money from customers. 	The current ratios in 2021 and 2020 are 215.82% and 291.33%, respectively
	Information Security	External hacking attack or leakage of trade secrets, damaging the company's intellectual property, trade secrets, and internal information security	<ul style="list-style-type: none"> Information security manuals Social engineering drill Information security announcement Information security diagnose 	<ul style="list-style-type: none"> Establishing outside-in information security measures to avoid malicious hacking, viruses, blackmail emails, and other external threats. Setting up appropriate protective measures by level of classification. Building employees' consciousness regarding information security through trainings and regular announcements. Regularly evaluating the appropriateness and effectiveness of information security tasks. Setting plans to continually strengthen protective measures, in order to minimize information security risks. Employees sign non-disclosure agreements. When sensitive information is provided to third parties and customers, all are required to sign non-disclosure agreements and agree to the duty of confidentiality. 	The security of the company's intellectual property, trade secrets, and internal data is assured.
Environment	Climate change risk	<p>In order to slow down extreme climate change, the entire world is taking note of whether enterprise is complying with environmental protection trends and standards.</p> <p>Disasters such as floods, droughts, storms, earthquakes, etc., as a result of global climate change, that cause damage harmful to the company's operational environment.</p>	Business continuity management procedures	<ul style="list-style-type: none"> Establishing an emergency response command center, which is headed by the president or highest-ranking executive at the time of the disaster. The center carries out disaster damage-mitigation tasks. Faraday has already established a supply chain sustainability evaluation system, which includes carbon and water risk management and material supply emergency response plans within the scope of evaluations. The supply chain spans the globe. 	Continual review and refinement, combined with guaranteeing that when disasters or their impacts occur, maximum operational goals can be maintained and restored, to obtain and preserve the maximum interests of customers and stakeholders.
Society	Supply chain risk	Suppliers are unable to supply raw materials or services, leading Faraday to be unable to supply products or services to customers.			
	Infectious disease risk	Widespread infectious disease causing operational interruptions such as harm to personnel, labor shortages at suppliers, or shipping delays.			

12

Patent applications

2021: 12 patent cases; accumulative total of 897 global patents granted (More than 360 patents in the U.S.)

1

Won AQM/SGS Excellent Quality Practice Award (EQPA)

With the project performance of facing the challenge for sustainable ESG new wave, Faraday earned recognition of "The First Excellent Quality Practice Award" held by AQM/SGS.

5 functional safety IPs

Passed ISO 26262 ASIL-D advanced functional safety verification

5SRAM and ROM of 55 nm eFlash process have received the ISO 26262 ASIL-D Ready certificate, the highest level of automotive safety, issued by the German certification agency SGS-TÜV. Meanwhile, Faraday also launched 55 nm GPIO that meets ASIL-D Ready, 40 nm MIPI PHY that meets ASIL-B Ready, and the controller area network CAN controller (Controller) applicable for each process.

R&D and innovation

- Competitive strength in quality
- Innovative technology
- Green product design
- Intellectual property management
- R&D results
- Professional association and organization membership

100%

Green product management

The ASIC products provided by Faraday met the Eco-design assessment of hazardous chemical substances, and 100% of subcontractors have completed signing the "Commitment Not to Use Environmental Substances".

30%

Ultra low-power (ULP) consumption SoC

Faraday has completed the research and development for a number of mixed-signal silicon IPs based on 22 nm ultra-low power (ULP) process, providing customers with a complete solution of low-power consumption, and reduce earth energy consumption and redundant carbon emissions.

9

Major technical achievements

- Successfully built a 5G NR mmWave ASIC
- Launched LPDDR4/4X PHY IP on Samsung 14 LPC process
- Launched 16G SerDes on UMC 28 HPC Plus process
- Launched the SoReal™ 2.0 virtual system platform
- Launched automotive IP in compliance with ISO 26262 ASIL-D
- Launched complete image and display high-speed interface IP
- MIPI D-PHY IP on Samsung 14 process platform has passed silicon verification
- Launched the programmable 16G SerDes in UMC 28HPC+ process
- Supports Arm and RISC-V-based SoC design

R&D and innovation

Management Policy

Targets for 2021	2021 actual performance	Effectiveness evaluation	Response mechanism	
			Short-term goals (2022)	Medium- and long-term goals (2024)
<ul style="list-style-type: none"> Patent applications ≥10 	<ul style="list-style-type: none"> Total of 12 patent applications for 2021 	✓	<ul style="list-style-type: none"> Patent applications ≥10 	<ul style="list-style-type: none"> Remain devoted to technology innovations, via the reward system that encourages R&D innovation, and the patent application system that is integrated with the company’s operational goals, form both virtuous circles and a corporate culture to lay a solid foundation for sustainable corporate operations
<ul style="list-style-type: none"> The supplier’s completion rate of signing the “Environmental Substance Non-use Commitment” is 100%. 	<ul style="list-style-type: none"> The supplier’s completion rate of signing the “Environmental Substance Non-use Commitment” is 100%. 	✓	<ul style="list-style-type: none"> The supplier’s completion rate of signing the “Environmental Substance Non-use Commitment” is 100%. 	<ul style="list-style-type: none"> Carefully evaluate and select raw materials with low hazard levels, in order to comply with the Hazardous Substance-Free Product Standard.

Self-developed IP solutions for a wide variety of applications

Faraday is Asia’s first, and still one of the few ASIC vendors to simultaneously have a comprehensive self-developed IP database, with rich project development experience and technical capability. Faraday upholds the sustainable management principle of “Seeking excellence; sharing success”. We are dedicated to silicon IP solutions and SoC/ASIC design R&D and innovation. Our robust database includes more than 3,000 IP solutions, in a wide variety of applications silicon and mass-production proven through a large number of ASIC projects.

Comprehensive ASIC services; simplified SoC development

Our high-efficiency ASIC design process effectively reduces back-end automatic place and route (APR) work scheduling and platform-based SoC comprehensive design services, and helps to further perfect our IP solutions. Faraday ASIC designs have a wide variety of applications, helping customers to shorten chips’ time to market, while simultaneously lowering risks and enhancing cost effectiveness. Through plentiful IP innovation experience and a business model of comprehensive ASIC services, Faraday creates synergy for R&D and innovation with partners, to mutually create sustainable business opportunities.

Faraday was founded in Taiwan, by 1993; providing ASIC service (Application-Specific Integrated Circuit) and authorization service of intellectual property (IP), as Asia’s first fabless semiconductor company.

1st ASIC design service provider certified by ISO 26262

No.1 FPGA-to-ASIC design conversion expert

No.1 Fundamental IP provider

Top 3 Asia IP provider

R&D and innovation

2.1 Competitive strength in quality

Faraday has a strong quality management system. We were the first producer to receive the SGS ISO 9001:2015 certification, and a SGS ISO 9001 Plus Award.

Faraday is the first ASIC design service company to receive the “Road vehicles – Functional safety” ISO 26262 process certification; and the Company has further helped customers to complete the AEC-Q100 and AEC-Q006 reliability certifications. Faraday devotes ourselves to put in place relevant professional know-how and technical services, to respond to the automotive market’s demand for high quality and reliability. By helping customers quickly pass certifications, we provide customers with automotive ASIC solutions that contain both product quality and reliability.



2021 actual performance: AQM/SGS Excellent Quality Practice Award (EPQA):

Faraday has won the first AQM/SGS Excellent Quality Practice Award (EPQA) with the theme of “ESG Sustainability New Wave”. Vice President of SGS, Shi-zhong Huang said that enterprise requires the power of insight, commitment, and execution for continuous improvement on the operation performance or flow. Taking Faraday as an example, it improves ESG performance through quality projects, builds cross-division quality project team, solves cross-division problems, applies quality management methods to solve ESG problems, and elevates execution and systems to better level.



Product quality:

In 2021, Faraday launched a memory compiler that meets the highest ASIL level D for automotive functional safety, including static random access memory (SRAM) and read-only memory (ROM); and gets verified by the German SGS-TÜV and issued the ISO 26262 ASILD-ready

certificate. The memory silicon IP (intellectual property) that passed the verification this time meets the highest level of vehicle functional safety integrity ASIL-D, and provides different combinations of safety mechanisms; meanwhile, by using UMC 55 nm eFlash process, customers can develop highly competitive products with the best configuration of performance and area cost according to their needs. In addition, Faraday has also launched a general-purpose input/output (GPIO) conforming to ISO 26262 ASILD, as well as a physical serial data communication layer (MIPI PHY) and a controller area network (Can controller) conforming to ISO 26262 ASILB. Faraday has been dedicated to automotive IP for over a decade, providing automotive customers with professional services in compliance with ISO 26262, AEC-Q100, and IATF 16949 design and manufacturing, and has been adopted by worldwide first-tier automotive suppliers.



package solutions, we can provide our customers with the best product quality, ample supply, and on-time delivery. As a result of this, Faraday has become a leading producer in the semiconductor market. We supply the widest, most competitive array of solutions in the semiconductor field.

IP Partners



EDA Partners



Production Partners



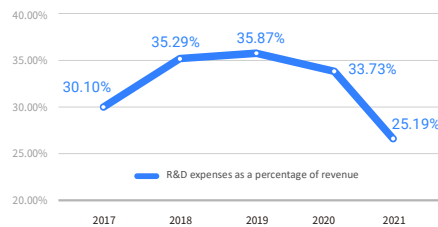
In terms of partner operations, Faraday has established strong collaborative relationships with world-class semiconductor suppliers. This helps guarantee that from IP, to electronic design automation (EDA), to foundry, to

R&D and innovation

2.2 Innovative technology

R&D and innovation together form one of Faraday’s core competitive strengths. R&D engineering talent accounts for more than 75% of the company’s total employees; in recent years, R&D investment has surpassed 25% of annual revenue.

Recent R & D investment

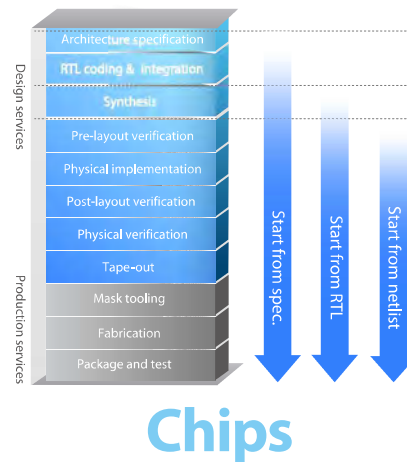


Faraday is focused on innovative technology. Among the wide variety of IP applications created by our R&D team, major IP solutions include: I/O; cell libraries; memory compilers; ARM-compliant CPUs; LPDDR4/4X; DDR4/3; MIPI D-PHY; V-by-One; USB 3.1/2.0; 10/100 Ethernet; Giga Ethernet; SATA3/2; PCIe Gen4/3; 28G reprogrammable SerDes; and hundreds of other peripheral digital and mixed-signal IP solutions.

Our complete customized ASIC design services for customers extend from front-end to mass production.

We at Faraday put everything into advanced process development and using the latest ASIC design methods and tools. Through ideal solutions, we customize the chips according to our customers need. On one hand, we provide customers with a flexible ASIC design platform and innovative ASIC collaboration, to promote win-wins for both customers and Faraday.

On the other hand, we possess strategic foundry partnerships with UMC and Samsung. Faraday has developed fundamental cells and IP solutions with every kind of functionality that advanced processes require, in order to supply the ASIC design services needs of the mainstream market and FinFET processes. Customers can choose to use advanced processes as required by their needs, or use mainstream processes with a wide variety of applications and high cost effectiveness.



Design Based on UMC Process

Faraday and UMC have worked together to develop many standard cell and I/O libraries, covering logic and mixed-signal specialty processes all the way from 0.5 μm to 22 nm. Customers can choose from different processes, voltage options, and mixed mode technologies, to meet their needs in IoT, MCU, smart grid, multi-function printer (MFP), projector, and networking applications.

Design Based on Samsung Process

Faraday has collaborated with Samsung and successfully taped-out many ASIC projects on FinFET platforms, with solutions for many next-generation applications, such as

AI, 5G/infrastructure networking, block chain, cloud storage, high-performance computing (HPC), augmented & virtual reality (AR & VR), and high-end imaging, etc. Faraday provides value-added and customized ASIC design solutions combined with a complete line of IP solutions, to help customers realize innovative products based on FinFET process technologies.

Samsung has brought a revolutionary innovation to the foundry industry through their 3D-structured FinFET technology. This has been the most important technology milestone in the past decade, bringing outstanding transformations for the post-14 nm process transition and superior performance/power/scaling benefits.

>14 nm processes SAMSUNG	Advanced applications AI Cloud HPC	Cutting-edge technology <ul style="list-style-type: none"> • Providing leading edge technologies • Combining third-party & proprietary IP solutions • Innovative applications
	40/28/22 nm UMC	SoC Data communication Projector MFP
<55 nm+ processes UMC	MCU-related AIoT Smart grid Security	

R&D and innovation

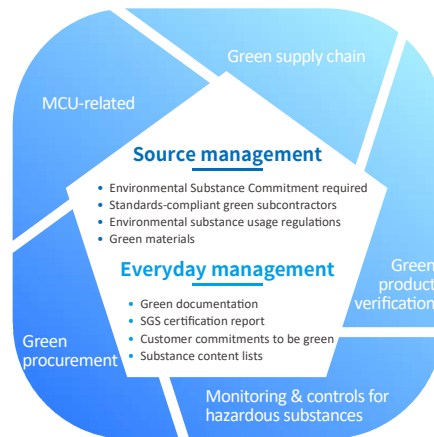
2.3 Green product design

Green product management

Faraday cares about our products' impacts on people's lives and the environment. As a result, all the way from design and development, to raw material extraction, to production, to use, to products being discarded and reaching the end of their life cycle, products provided by Faraday comply with legal regulations' requirements regarding users' health and safety. Specifically in terms of raw material extraction and production, Faraday has established a green supply chain in accordance with the EU Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) and with the EU Chemicals Policy (REACH). Faraday has implemented green procurement, and has also set the Green Environmental Friendliness Policy & Procedures and the Regulations for Environmental Substance Management Procedures. These Faraday policies require that all production subcontractors sign the Commitment Not to Use Environmental Substances, which forbids them from using substances that harm the environment. The policies also require that subcontractors and their superior-tier subcontractors implement monitoring and control for hazardous substances in raw materials and manufacturing. In addition, subcontractors are required to provide third-party test results to guarantee green product and international regulatory compliance.

In the Eco-design Directive, manufacturers of energy-consuming products are obliged to reduce the energy consumption and negative environmental impact of their products at the design stage. The main purpose of the Directive is to reduce energy use, improve the

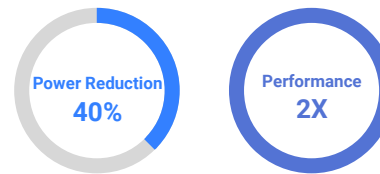
efficiency of energy application, and lower the impact on the environment. The ASIC products provided by Faraday meet the Eco-design assessment of hazardous chemical substances of excluding Cadmium (Cd) and Halogen (Chlorine (Cl), Bromine (Br)).



Improving product power efficiency Low-power consumption design: IoT MCU solutions

With the development of 32-bit CPUs, the breadth of applications for Internet of Things (IoT) and microcontroller unit (MCU) devices has grown to include smart meters, wireless sensors and wearable devices or IoT/MCU applications, based on the high-performance, low-power consumption qualities of the 55ULP and 40ULP eFlash technology, Faraday provides cost-competitive IP and ASIC solutions that include the PowerSlash™ library, memory IP, versatile functional IP

solutions, low-power consumption design methods and the Uranus+™SoC development platform. Whether it's front-end design or back-end integration, we are able to assist customers in accelerating their IoT/MCU SoC development.



Faraday PowerSlash™ IP solutions work across a wide variety of voltages, from 0.81 V to 1.32 V. The unique Turbo Mode helps MCU cores to reduce dynamic power consumption by 40% at nominal clock rates.

Low-power consumption SoC: 22 nm fundamental IP solutions

Faraday has brought out a complete line of fundamental IP solutions based on UMC's 22 nm ultra-low power (ULP) and ultra-low leakage (ULL) processes. The 22 ULP/ULL fundamental IP solutions have already been successfully silicon proven, and include multi-Vt standard cell libraries, ECO libraries, IO libraries, the PowerSlash™ kit, and memory compilers, for huge reductions in power consumption, thus meeting the next generation of SoC design needs.

Faraday's 22ULP/ULL fundamental IP is designed with enhanced routing, as well as optimal power, performance and area (PPA) to address low-power SoC requirements. Compared to 28 nm capabilities, the 22

nm cell library can reduce chip die area by 10% or decrease power consumption by more than 30% at the same performance rate. In addition, the standard cell libraries can work under a wide voltage range, 0.6 V ~ 1.0 V, and support always-on components in SoC with ultra-low leakage; the versatile IO libraries include generic IO, multi-Vt IO, RTC IO, OSC IO, and analog ESD IO. The memory compilers feature dual power rail functions, multiple power-saving modes, and read/write assist functions.

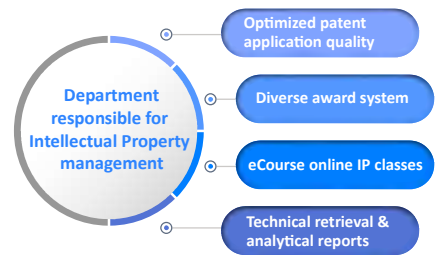
In 2021, Faraday has also completed the research and development of a number of low-power silicon intellectual property, and successively launched GEPHY (FXEDP410EWHNOU), USB 2.0 (FZOTG267NSHNOU), USB U3.1 Gen1 (FZOTG306NSHNOU), MIPI DPHY 1.2 Tx (FXDPHYTX4512NSHNOU), MIPI DPHY 1.2 Rx (FXDPHYRX4112NSHNOU), and other mixed-signal silicon IPs based on UMC 22 nm ultra-low power (ULP) process; providing customers with a more complete solution and reduce energy consumption. It is not only power saving, but also more environmentally friendly.

With Faraday's long-term collaboration with UMC and extensive ASIC experience, we are able to provide customers with professional IP adoption services based on UMC's processes. The new logic library and memory compiler IP solutions we've launched based on UMC's 22 nm technology can help customers grasp business opportunities by developing cost-advantageous, low-power SoC to deploy IoT, AI, telecoms, multimedia, and other emerging applications.

R&D and innovation

2.4 Intellectual property management

Faraday strives for technological innovation. The R&D team has developed comprehensive and diverse IP solutions. In order to protect Faraday’s technical R&D results and strengthen our competitiveness, we have a reward system that encourages R&D innovation, and a patent application system integrated with the company’s operational goals. These systems form both virtuous circles for, and a corporate culture of, R&D innovation; the systems also lay a solid foundation for sustainable corporate operations.



- There is a department responsible for Intellectual Property management, as well as systematic patent management mechanism and processes, to effectively manage all innovation proposals made in the R&D department.
- Assist R&D department in reviewing and optimizing quality of patent applications, in order to enhance the patent application approval rate.
- A diverse incentive system, as well as awards for patent approval, encourage technical R&D personnel to make patent applications.
- Internal eCourse online IP classes reinforce correct notions regarding major cornerstones of patent application law for R&D personnel.

- Based on the progress and needs of technical development, technical retrieval & analytical reports are provided to strengthen R&D capacity.

IP risk alerts and controls

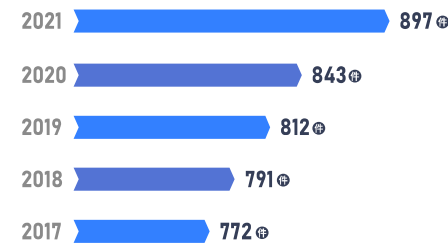
Technical innovation and intellectual property form the cornerstone of the company’s competitive strength. In response to potential risks and industry-related technical issues that are implied within personnel turnover, Faraday adopts proactive management and tracking measures:

- Trade secrets, patent rights, and other principles of patent ownership are emphasized in new employee training, as are legal concepts such as respecting intellectual property.
- The company’s intranet includes a dedicated link to “Information Security Education”, which explains in detail information security restrictions, confidential information protection measures, and matters for employee awareness and compliance.
- An information security system has been established that implements data input-output permissions. Through a multi-track review mechanism, alerts are given before anything happens, classified information leaks are avoided, and data with unknown sources is stopped before it can get in.
- Major industry issues related to technology are tracked and reported on; occasional data exploration and analysis is done with technologies related to the R&D Department’s goals; and an R&D Department Alert and Assistance Risk Plan has been established.

2.5 R&D results

“Both quality and quantity” is Faraday’s strategy and goal for patent application deployment. The company does regular patent property surveys and analyses, in order to effectively keep abreast of our patent property situation, and make sure our resources are efficiently used. We also continuously invest in R&D human and material resources, with a focus on industry technology development related to the company’s operational goals and strengthening our intellectual property protection. All this helps to enhance the visibility and competitive advantages of our R&D capacity.

- More than 897 global patents granted (including more than 361 patents in the U.S.)
- More than 187 patent applications currently in process



Major technical breakthroughs and accomplishments in 2021

- Faraday has been dedicated to automotive IP, our silicon IP has obtained the highest level of ISO 26262 automotive safety certification. Based on UMC (2303) 55 nm eFlash process, the memory generators include static random access memory SRAM and read-only memory ROM. Faraday has received the ISO 26262 ASIL-D Ready certificate, the highest level of automotive safety, issued by the German certification agency SGS-TÜV. Meanwhile, we also launched 55 nm GPIO basic components in compliance with automotive ISO 26262 ASIL-D Ready and 40 nm ASIL-B Ready High-speed image interface MIPI PHY , and the controller area network CAN controller (Controller) applicable for each process.
- Faraday launched complete imaging and display high-speed interface IP on UMC 28 nm and 40 nm processes, including MIPI D-PHY (TX/RX and controller), V-by-One HS (TX/RX and controller), and LVDS (TX/RX and I/O); it has been successfully used in a number of high-end products to meet the needs of various imaging and display systems.
- Faraday launched a highly applicable programmable 16G SerDes with UMC 28 HPC Plus process, which supports multiple high-speed transmission interface protocols and can be applied to consumer and Netcom-related products; in addition to simplifying PCB design, it also lowers the costs, such as applying it to PCIe during Gen4 transmission, the BOM cost will be effectively reduced due to the lower retimer requirements of SerDes. It is suitable for both enterprise and consumer products, and can help customers expand business opportunities to more diverse applications.

R&D and innovation

- ✔ Faraday launched the Samsung 14LPC process LPDDR4/4X PHY IP. Based on the Samsung 14LPC FinFET process, this IP solution has passed silicon verification, not only small in size with low power consumption, but also up to 4.2 Gbps transmission speed, especially suitable for various ASIC applications such as multimedia, AR/VR, AI edge computing, AIoT, IIoT, robotics, multi-function printers, SSDs, 5G, and network communications.
- ✔ Faraday successfully built a 5G NR mmWave ASIC, which is used in small cell baseband/IF and RRU (Remote Radio Unit). With its successful cases, Faraday demonstrated excellent integrated service capabilities and high-speed interface IP solutions to meet the needs of complex designs and manufacturing services for 5G network chips.
- ✔ Faraday uses the SoReal!™ 2.0 virtual system platform to accelerate IIoT system software development, assisting IIoT ASIC projects to successfully perform Linux systems on SoC within a few days, including Linux drivers, ROM code, and information security boot settings to help customers quickly build up SoC virtual systems.
- ✔ Faraday's ARM core SoCs are well recognized and covered with a wide range of applications. The cumulative shipments of SoCs integrating ARM processors (CPUs) have been exceeded for 550 million units. In recent years, this service has been mainly used in 55 nm, 40 nm, and 28 nm process cell phone peripherals, MCU, smart grid, Internet of

Things (IoT), network communications, multi-function printers, industrial automation, projectors, point-of-sale management System (POS System), security monitoring devices, and other fields. It is available to support a wide range of high-performance display devices and camera applications to meet customers' specific needs in complex SoC designs.

- ✔ Faraday announced that MIPI D-PHY has been passed the verification on Samsung 14 nm platform. The IP provides data transfer rates of up to 2.5 Gbps per channel and complies with MIPI DSI and CSI-2 video I/O standards, supporting a wide range of high-performance display devices and camera applications, including image signal processors, ultra-high-definition displays, projectors, pico projectors, AR/VR/MR, wearable devices, 3D sensors, cameras, surveillance systems, and POS systems.
- ✔ Faraday to Showcase ASIC Solutions at DAC in San Francisco, Faraday's booth will showcase comprehensive ASIC solutions designed to help customers enable innovative Arm and RISC-V-based SoC designs efficiently into mainstream and FinFET process technologies.

Launched UMC 28HPC Plus Programmable 16G SerDes with high applicability

For the high-speed interface requirement between various networks and chipsets, it has launched programmable 16 Gbps SerDes solution. Based on UMC's 28 HPC Plus process, this SerDes has three features:

- ✔ Supports more communication protocols for wider applications: PCIe Gen1 ~ Gen4, 10G/40G Base-LR/LR4, 10G Base-KR, JESD204b, Sym/Asym GPON, Sym/Asym 10GPON, Sym EPON, and Sym 10GEPON, etc. It can be used in home gateway unit (HGU), consumer and terminal netcom equipment, industrial control products, etc.
- ✔ More efficient and flexible design to lower various costs:
 - The affordable signal loss is up to 35 dB, supporting larger PCB boards and reducing the required number of external retimers.
 - Supports additional PLL boost stage, which can greatly lower the BOM cost of external PLL
 - Supports both Wire-bond and Flip Chip packaging to lower the packaging costs
- ✔ Provide complete subsystem level IP that integrates controller and physical layer: Faraday provides complete controller and physical layer IP, and integrates it into a complete transmission interface subsystem level IP, such as PCIe Gen4 subsystem and JESD204b subsystem. Faraday also provides evaluation boards and development kits to facilitate customers on designing and verifying the IP and systems.

In order to realize various communication networking in the rapidly changing communication market, Faraday's new-released 16G Serdes solution can shorten the verification time of different communication interfaces, and customers can focus on the unique functions of their own designs without spending additional resources on verifying standardized communication interface. This can help customers greatly reduce the cost and time of high-speed interface integration.

Launched Samsung 14LPC process LPDDR4/4X PHY IP

Faraday launched LPDDR4 and LPDDR4X standard combo PHYs based on Samsung 14LPC FinFET process this year. Based on the Samsung 14LPC FinFET process, this IP solution has passed silicon verification, not only small in size with low power consumption, but also up to 4.2 Gbps transmission speed, especially suitable for various ASIC applications such as multimedia, AR/VR, AI edge computing, AIoT, IIoT, robotics, multi-function printers, SSDs, 5G, and network communications.

Faraday's LPDDR4/4X PHY is equipped with Faraday's self-developed LPDDR4/4X control circuit, which has passed the JEDEC standard compatibility verification and is transmitted through the DFI 4.0 interface. Its compact layout provides two flexible combinations, customers can choose either to place on the edge or corner of the chip. The built-in PLL can effectively suppress clock jitter; and in the choices of DRAM, it can support KGD or packaged single-channel or multi-channel DRAM chips at the same time.

R&D and innovation

Launched SoReal!™ 2.0 Virtual System Platform

The software development time of traditional ASIC design needs to be carried out after the IC manufacturing is completed. However, in response to the rapidly changing market, developers need the proven and scalable solution to make it into the market faster and win the head-start opportunity.

SoReal!™ 2.0 provides customers with a mixed software and hardware virtual system development platform, providing customers with parallel software development at the hardware design stage, accelerating the SoC development schedule, and meeting the needs on both development and market of different hardware ASIC hardware and software.

SoReal!™ 2.0 is a mixed-mode development platform that combines with virtual and real. It provides VDK's rich IP virtual prototypes, debugging and analysis tools, and SoC integrated design reference samples to help customers quickly build SoC virtual systems. It also integrates Faraday's self-developed SoCreative! FPGA development platform, which provides customers with a development environment where they can import their self-designed circuits into the FPGA for integration without additionally constructing their virtual prototypes, realizing the combination of virtual and real circuits. It greatly advances the software development of customized SoC, and helps customers shorten the development time.

By deploying a new generation of SoC virtual development platform, Faraday provides important ASIC value-added services for customers who seek to enter the software development stage early for a variety of application fields.

SoC design service integrating ARM core

The cumulative shipments of SoCs integrating ARM processors (CPUs) have been exceeded for 550 million units. In recent years, this service has been mainly used in 55 nm, 40 nm, and 28 nm process cell phone peripherals, MCU, smart grid, Internet of Things (IoT), network communications, multi-function printers, industrial automation, projectors, point-of-sale management System (POS System), security monitoring devices, and other fields.

Faraday has invested in ARM processor IP development, hardening, and subsystem integration technology for more than 20 years; Faraday owns rich successful experience in various fields of application to meet the needs of customers' special specifications. The actual performances are as follows:

- ✔ Successfully developed the FA series processor IP based on ARM architecture, implemented and mass-produced in various projects of 55 nm, 40 nm, and 28 nm process.
- ✔ The hardening optimized ARM processor covers three series of Cortex A, R and M, including A53, R4, M7 and M4 and other common cores, and successfully integrates the corresponding dedicated subsystems.

Faraday's hardening optimization design process is combined with the self-developed basic component library and memory of each process, it is available to meet the different specifications required by customers to achieve the optimization of performance, power consumption, and area (PPA). In this way, the schedule for chip integration and time-to-market is shortened and the risk of SoC integration is lowered; Faraday, in the market, continuously helps customers to improve the quality of SoC design.

2.6 Professional association and organization membership

	Organization name	Participant status
Industry organizations	Allied Association for Science Park Industries, Taiwan	Member
	Association of Quality Managers	Supervisor
Industry research & technical development	Global Semiconductor Alliance, GSA	
	MIPI Alliance	
	JEDEC Solid State Technology Association	Member
	Peripheral Component Interconnect Special Interest Group, PCI-SIG	
	USB Implementers Forum, USB-IF	

NPS: 9.11

Perfect project management flow

- Customization: To meet customization needs
- Risk assessment: To effectively control project and reduce risk
- Professional service: To assist in solving system verification problem
- Actual performance in 2021: Average NPS (Net Promoter Score) of ASIC project customer feedback = 9.11

0

Complaints regarding breaches of customer confidentiality or loss of customer data

Actual performance in 2021: 0 case

100%

Information safety

- Information security management system: In compliance with the ISO27001 standard
- Actual performance in 2021:
 - Completion rate of new recruit training in information security: 100%
 - Employee information security training: 2078 people
 - Completed information security bug scanning and social engineering drills in cyber security

3
Winning glory with our partners

- Customer service
- Customer confidentiality & information security
- Supply chain status
- Sustainable supply chain management

86%

Positive cycle of customer satisfaction

By collecting customer feedback every year, Faraday makes internal continuous improvement and has been committed to customer satisfaction enhancement. 2021: Customer satisfaction of 86%

KPI: 100%

Sustainable supply chain management

100% ISO9001 and ISO14001 certification rate for subcontractors. Over 80% of subcontractors achieved OHSAS18001 certification. 100% audit rate of subcontractors, follow the spirit of the Responsible Business Alliance (RBA) regulations, value and protect labor rights

100%

Green production

Product met the regulating standards of RoHS, REACH: 100%
Prohibited from using conflict minerals in raw materials: 100%

Winning glory with our partners

Management policies

Targets for 2021	2021 actual performance	Effectiveness evaluation	Response mechanism	
			Short-term goals (2022)	Medium- and long-term goals (2024)
<ul style="list-style-type: none"> Average customer satisfaction at least 86% 	<ul style="list-style-type: none"> Average customer satisfaction 86% 	✓	<ul style="list-style-type: none"> Average customer satisfaction at least 86% 	<ul style="list-style-type: none"> Continue improving average customer satisfaction
<ul style="list-style-type: none"> Complaints regarding breaches of customer confidentiality or loss of customer data: 0 	<ul style="list-style-type: none"> Complaints regarding breaches of customer confidentiality or loss of customer data: 0 	✓	<ul style="list-style-type: none"> Complaints regarding breaches of customer confidentiality or loss of customer data: 0 	<ul style="list-style-type: none"> Continue promoting and building up the partner confidentiality system, data protection technologies & management, and implementation details for information security anomaly analysis and warnings. Create the most secure, strictly-controlled information security safeguards.
<ul style="list-style-type: none"> Information security policy announcements and Information security policy classes 	<ul style="list-style-type: none"> Information security policy announcements: 4 times/year Information security policy classes: Paired with new recruit training, 100% implementation 	✓	<ul style="list-style-type: none"> Information security policy announcements: 4 times/year Information security policy classes: Paired with new recruit training, 100% implementation 	
<ul style="list-style-type: none"> 100% ISO9001 and ISO14001 certification rate for wafer, packaging, and testing subcontractors 	<ul style="list-style-type: none"> 100% ISO9001 quality system management rate for all subcontractors (wafer/packaging/testing) 100% ISO14001 environmental management system standards rate for manufacturing subcontractors (wafer/packaging) 	✓	<ul style="list-style-type: none"> 100% ISO9001 quality system management rate for all subcontractors (wafer/packaging/testing) 100% ISO14001 environmental management system standards rate for manufacturing subcontractors (wafer/packaging) 	<ul style="list-style-type: none"> 100% ISO9001 quality system management rate for all subcontractors (wafer/packaging/testing) 100% ISO14001 environmental management system standards rate for manufacturing subcontractors (wafer/packaging)
<ul style="list-style-type: none"> >75% of all wafer, packaging, and testing subcontractors achieve OHSAS 18000 certification 	<ul style="list-style-type: none"> >80% of all wafer, packaging, and testing subcontractors achieve OHSAS 18000 certification 	✓	<ul style="list-style-type: none"> >80% of all wafer, packaging, and testing subcontractors achieve OHSAS 18000 certification 	<ul style="list-style-type: none"> When introducing new suppliers, prioritize those with OHSAS 18000 certifications, in order to continually require that all wafer, packaging, and testing subcontractors achieve OHSAS 18000
<ul style="list-style-type: none"> Do Conflict Minerals Reporting Template (CMRT) supplier evaluations in accordance with the Responsible Minerals Initiative (RMI) and require suppliers to sign the "Declaration of Non-use of Conflict Minerals" 	<ul style="list-style-type: none"> 100% of suppliers completed signing the "Declaration of Non-use of Conflict Minerals" 	✓	<ul style="list-style-type: none"> 100% of suppliers completed signing the "Declaration of Non-use of Conflict Minerals" 	<ul style="list-style-type: none"> 100% of suppliers completed signing the "Declaration of Non-use of Conflict Minerals"
<ul style="list-style-type: none"> Onsite audits for 90% or more of subcontractors 	<ul style="list-style-type: none"> 100% onsite audits for subcontractors 	✓	<ul style="list-style-type: none"> Onsite audits for 90% or more of subcontractors 	<ul style="list-style-type: none"> Onsite audits for 95% or more of subcontractors

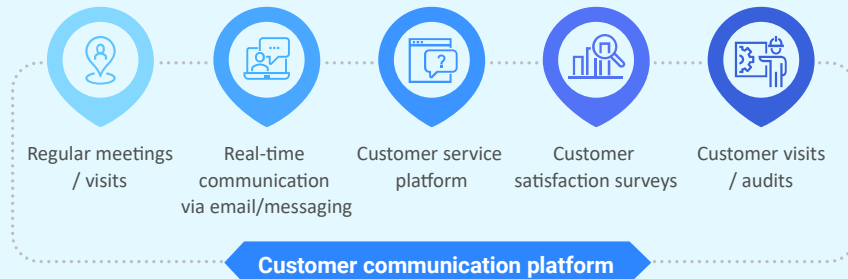
Winning glory with our partners

3.1 Customer service

At Faraday, we treat our customers with great respect. We deeply believe that only if we see our customers as crucial strategic partners will we achieve win-wins and mutually beneficial cooperative relationships. Thus, whether in terms of development, design, or production support, we do our utmost to satisfy our customers' needs and desires.

We need to maintain a timely understanding of customers' needs, and to stimulate interaction and

information exchange with customers. In order to meet these ends, not only do we hold periodic visits and meetings with customers, but we also do annual customer satisfaction surveys. Through review and analysis of questionnaires, we gain a better understanding of our customers' wants and needs; and on the basis of these, we can then map out strategy and improvement plans. This helps ensure that customer needs are properly handled and met, and promotes the company's continuous improvement.



eService customer service platform

In order to help customers receive optimal service, Faraday has established a customer service platform (eService system). When a customer has a question or suggestion regarding products or service, they can first log into the eService platform; once they do so, a specialized staff member will refer their issue to the responsible department. Dedicated personnel then reply with the results to the customer. The eService system also automatically sends the customer a satisfaction survey, to ascertain the customer's level of satisfaction with how the matter was handled, and to provide the customer with optimal, timely service.

Project management flow

In response to customer customization needs, Faraday customizes the project management flow. Since project kick-off, do the risk assessment, provide professional technology service, assist customer in solving system verification problem, effectively control and reduce the risk, and ensure that the project can be successfully mass-produced on schedule.

2021 actual performance: Average NPS (Net Promoter Score) of ASIC project customer feedback = 9.11

(In comparison to 2020 NPS = 8.56, Faraday earns more recognition from customer in 2021; NPS is greatly increased by 0.55 average NPS.)

NPS: 0 ~ 10, 0 means "highly not recommended", 10 means "highly recommended"

Project management flow

Promotion

- Discuss with customer for specification and requirement
- Provide best customized solution according to customer requirement

Design-in

- Arrange the kick-off meeting
- Review the whole specification and do the risk assessment
- Confirm the project process schedule and reach a consensus

Project tracking & schedule control

- Track the project follow-up and ensure major issue to be solved in time
- Monitor the risk and control project process schedule

Mass production

- Mass production by customer order, provide delivery plan and price policy

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Customer satisfaction surveys

In order to guarantee that customers are satisfied with the products and services that Faraday provides, as well as to collect customers' suggestions for internal review and implementation, we have established the Satisfaction Survey Management Procedure. Through this system, we periodically perform review and evaluation of customer satisfaction, and propose corresponding improvement plans; then, in management review meetings, a review and related improvement measures are proposed.

Three aspects of customer satisfaction surveys:

- ✓ Silicon IP quality/service/competitiveness
 - Survey focus: Major key silicon IP solutions
- ✓ Electronic design automation tools & processes
 - Survey focus: Major design tools and key processes
- ✓ ASIC design & production
 - Quality: Wafers; assembly; testing; and reliability
 - Delivery: Design integration; production planning
 - Cost: Competitiveness
 - Service: Customer returns analysis; questionnaires

Customer Satisfaction Survey Management Procedure:

- ▼ **Choose survey respondents:** Based on survey focuses, confirm the list of survey respondents
- ▼ **Send out surveys:** Questionnaires are sent out by survey system
- ▼ **Collect customer surveys:** Dedicated personnel collect customer surveys
- ▼ **Aggregate satisfaction analysis:** Analyzing the three corresponding survey items
- ▼ **Continuous improvement:** Based on analysis results, perform continuous improvement

Average customer satisfaction results

Average customer satisfaction in 2021 was 86% to meet the target. Faraday takes customer very seriously, upholds the faith to grow up with customer; for the items that deserved continuous improvement or single-item improvement. The total quality management committee tasked relevant department with implementing improvements, to realize quality management and enhance customer satisfaction.



Customer feedback collection



Grow up with customer



Internal continuous improvement



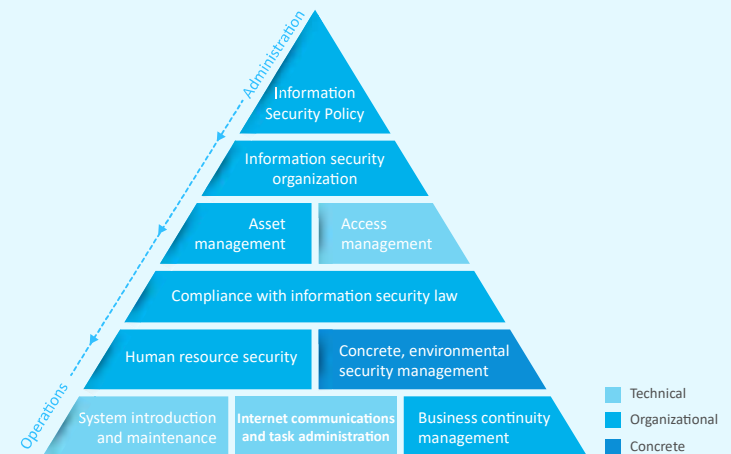
Customer satisfaction enhancement

3.2 Customer confidentiality & information security

Safeguarding trade secrets and customer privacy

Faraday cares deeply about the security and confidentiality of information and assets related to our operations and our partners (including customers, subcontractors, agents, employees, and so on). For this reason, we have formulated confidential document and information management procedures, as well as procedures related to patent management, on how to protect confidential information, including business secret and Intellectual property rights, to ensure that customer confidentiality is fully protected. We have simultaneously established the Faraday Information Security Manual, with reference to the ISO27001 standard, with contents that cover organizational, technical and concrete environmental controls. The Manual includes the Information Security Policy; information security organization; asset

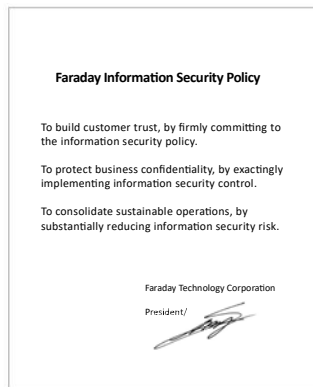
management; access management; information security legal compliance; human resource security; concrete and environmental security management; introduction to and maintenance of information security systems; internet communications and task administration; and information security incident reporting and business continuity management. In addition, the manual adopts the plan, do, check, action (PDCA) cyclical operating mode to establish, implement, maintain, and improve the information security management system (ISMS). Through the application risk management process, the ISMS protects the confidentiality, completeness and availability of information, to appropriately manage risk, and to avoid threats, both internal and external. The ISMS lowers risks from information tasks, protects trade secrets, and maintains cooperating partners' confidentiality.



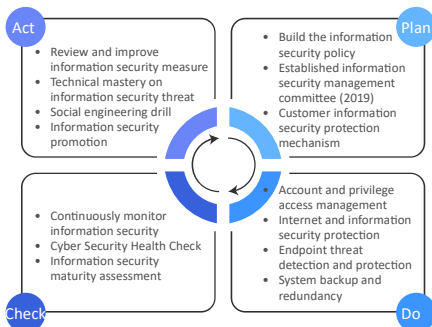
Winning glory with our partners

Information security policy

The president has clearly laid out the “Faraday Information Security Policy”, which commits us to implement information security controls, and to protect partners’ and operational secrets, in order to minimize information security risks and consolidate corporate sustainability.



With reference of ISO27001 standard, PDCA cyclical operating mode is adopted to build the information security management system:

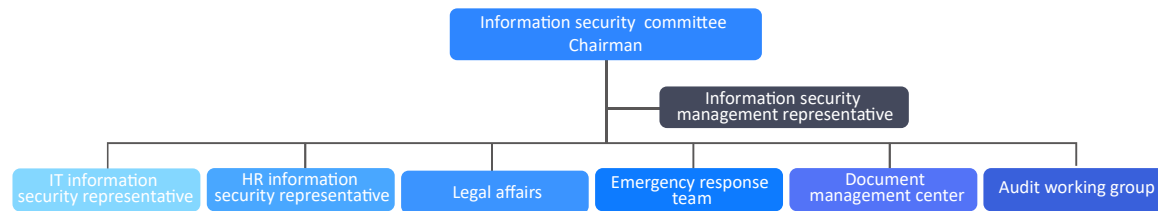


Information security management committee

In 2019, the inter-departmental, multi-functional information security committee was established. The president acts as committee chair; the chair appoints

the VP of operations as information security management representative, who leads the company’s IT department and various information security working groups. Together, they are responsible for establishing, implementing, and continuously improving the informa-

tion security management system. They are also responsible for reporting on information security management system implementation results and items for improvement to the executives. The information security management committee is made up of the following:

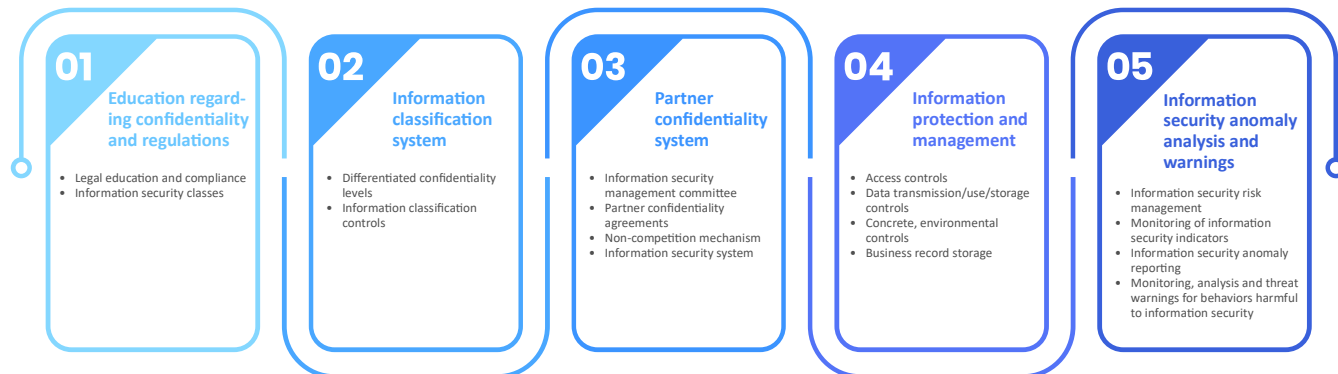


Information security implementation

As a leader in ASIC design service and IP R&D and sales, since the establishment of the company, Faraday has always attached great importance to information securi-

ty management systems, and invested a great deal of human and material resources into this area. We have put in place 1) education regarding confidentiality and regulations; 2) an information classification system; 3) a partner confidentiality system; 4) information protection technologies and management; and 5) implementa-

tion details for information security anomaly analysis and warnings. This means we have the most secure, strictly-controlled information security guarantees. Up to the present, we have received no complaints regarding breaches of customer confidentiality or loss of customer data.



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Information security management mechanism

By creating information security control mechanism and regularly appointing external expert for executing cyber security health check to prevent from external hacking penetration and internal leaks. With the bi-weekly information security meeting report, report the current external information security incident to information security representative, continuously review and

enhance information security protection of internal system. Information software/hardware equipment control includes setting up information security protection and network security systems for the internet and personal devices, such as desktop computers, laptop computers, tablets and smartphones. This helps keep personal data, confidential internal information, and both customers' and subcontractors' information safe.

Account and password protection	<ul style="list-style-type: none"> Mandatory password complexity and regular password changing system
Personnel account and permission management	<ul style="list-style-type: none"> When employees leave their positions, their accounts and permissions are turned off the same day. Periodic review and evaluation of account permissions
Network security control	<ul style="list-style-type: none"> Access logs periodically reviewed Remote access permissions periodically reviewed Permissions for printing, outgoing email and remote access turned off for soon-to-leave employees
Threat detection and prevention	<ul style="list-style-type: none"> Regular security upgrades and vulnerability scanning Automatic virus pattern updates and deployment Deploy endpoint protection tool to detect abnormal behavior
System usability	<ul style="list-style-type: none"> System anomaly handling SOP and regular drills Critical system anomaly backup systems established and strengthened
Confidential information protection	<ul style="list-style-type: none"> Outgoing email review Use log review Connection controls for USB peripheral devices

In order to further implement information security protection mechanism, specially enhance the information security technology inspection and information security solution introduction evaluation, to reduce the information security risk.

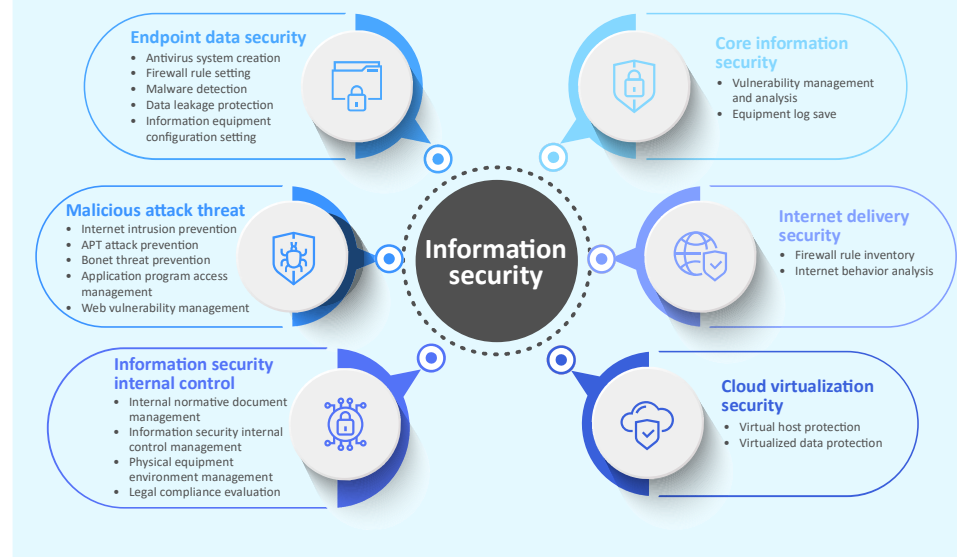
Cyber security health check

- To ensure that Faraday's information environment keeps at the controllable status, execute cyber security health check once every year; the check items include the risk assessment of information security current status, vulnerability scanning, malware detection, penetration testing, packet sniffing, information

equipment configuration baseline checking, and network device checking and so on.

Information security solution introduction

- Hacking methods change rapidly, Faraday not only adopts the traditional antivirus software for endpoint protection, but also adopts the endpoint protection tool of MITRE ATT&CK Gartner Magic Quadrant, in order to protect all endpoint devices, and enforce the malware detection.
- Self adopt management tool to regularly execute vulnerability scanning and vulnerability patching to prevent from that known security bug being exploited.



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Information security training

In order to enhance Faraday personnel consciousness and awareness of information security, "Personnel Information Security Requirements and Training Management Procedures" have been established as a basis for administration.

- **Information security announcement:** Timely through various channels, make an announcement of information security related messages, to raise information security awareness of employees.
- **Information security training**
 - New recruit signs the professional ethics service agreement of practitioners and gets information security related training to understand Faraday's information security policy and requirement.
 - Arranges regular information security policy and security training course when new recruit onboard and every year. 2078 people were trained in 2021. Through continuous training, raise the information security awareness of Faraday employees and be internalized in each operation, in order to implement the most secure and strict information security protection.

Social engineering drills in cyber security

To raise the protection awareness of Faraday employees toward social engineering mail, four times of social engineering drills for all Faraday employees were executed in 2021. For those who fail the social engineering drill, additional trainings were held to enhance the employee's awareness and cognition.

Information security audit system

The information security review team conducts regular internal review of information security, confirms the implementation of information security management practices, and takes implements improvement measures based on the results of the review to continuously effectuate Faraday's information security management system.

With the reference of the updated "Cyber Security Guidelines for TWSE/TPEx-Listed Companies" released by TWSE at the end of 2021, Faraday executes the self-evaluation of internal current status, and draws up 3-year plan based on the review result to effectuate related control measures of information security.

Information security training

- Information security announcement
- New recruit information security training

Information security management

- Information security bug and vulnerability scanning
- Information security report
- Evaluation and introduction of information security solution
- Cyber security health check

Information security audit

- Execute information audit and handling procedure
- Information security record auditing

100% New recruits all finished information security training.

Information security vulnerability scanning

Execute information security bug and vulnerability scanning every year, and completed the bug fix.

703 people were trained

Finished online information security training course

Information security report: 21 times

Report to information security representative about the current external information security incident and response method biweekly

Information security announcement: 4 times

Regular information security announcement every quarter, at least 2000 people read the announcement.

Information security record auditing: at least 50 times

Implement information security record auditing every week

Execution status of information security protection

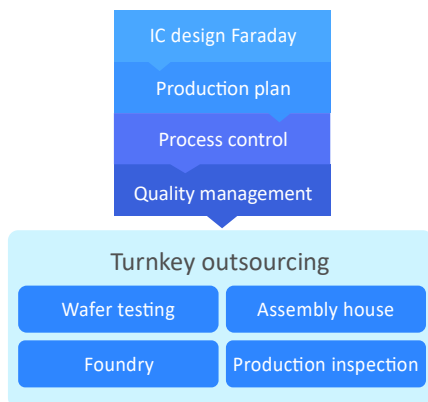


Complaints regarding breaches of customer confidentiality from competent authority or non-competent authority in 2021: 0

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3.3 Supply chain status 3.4 Sustainable supply chain management

Faraday provides customers with complete IC design and turnkey services. During the production process, after Faraday finishing IC design, the follow-up production processing—from wafer to assembly and testing—is all outsourced. The process requires working closely with subcontractors at every stage, and integrating and adjusting the inter-subcontractor processes in order to completely integrate the operation of the entire supply chain.



The subcontractors we currently collaborate with all comply with Faraday’s requirements for product quality, and they provide us with production control capacities that lend us competitive strength. Through continuous monitoring, they provide products that meet both Faraday’s and customers’ expectations.

Faraday divides sustainable supply chain management into two phases. Phase one is evaluations of new subcontractors; phase two is management of approved subcontractors.

New subcontractor evaluation

Faraday uses the standards in “Outsourced Producer Evaluation & Assessment Regulations” as the basis for evaluating the potential subcontractor’s quality, cost, and production flexibility, in order to determine if the subcontractor is sufficiently competitive. Through the systemized “Quality System & Process Checklist”, we confirm whether the subcontractor’s quality system is sufficiently mature, and whether their engineering capacity and environmental, health & safety (EHS) management capacity meet Faraday’s requirements.

- Quality system: ISO9001 is a mandatory requirement.
- Environmental management system: ISO14001 is a mandatory requirement.
- EHS system: OHSAS18001/ISO45001 and QC080000 are bonuses, which are beneficial to the follow-up evaluation.
- RBA item (such as using child labor, forced labor, and so on) will also be included into evaluation. If the subcontractor’s behavior does not meet the requirement or conform to the spirit, Faraday will not regard as approved subcontractor.

ISO9001 \ ISO14001

Foundry(4)	Assembly house(5)	Wafer Probing(2)	Final testing(3)
100% met	100% met	100% met	100% met

81% (13/16) of subcontractors had obtained OHSAS 18001 or equivalent occupational health & safety management systems certification.

New subcontractor evaluation

- Soundness of quality system
- Soundness of environment/safety/health system
- Capacity coordination
- Cost

Onsite audit

- Quality system and process quality audit
- CSR evaluation
- Environment management system

Process capability verification

- Engineering capability verification
- Reliability verification
- Compliance verification of special requirement

Approved subcontractor list



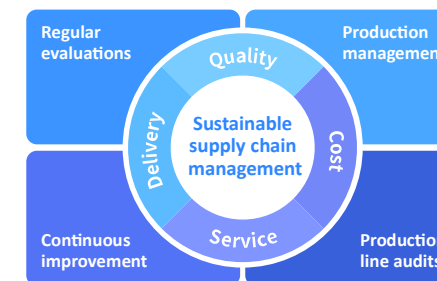
After all items met the requirement, Faraday will include new subcontractor in the approved subcontractor list for management.

Approved subcontractor management

Faraday and subcontractors are like long-term partnership. At this phase, Faraday uses sustainable supply chain management. Four aspects are our focuses:

- Production management
- Subcontractor auditing
- Continuous improvement
- Regular evaluations

Through the four main spindles (Quality, Cost, Delivery, Service; QCDS), continuously review subcontractors’ level of compliance.



Winning glory with our partners

Conflict mineral management

Tantalum, tin, tungsten, and gold are materials required for the functioning of electronic products; they are often used in resistors, capacitors, CPUs, hard drives, memory, motherboards, connectors, and more. However, in recent years, investigations by international organizations have revealed that in the Democratic Republic of the Congo and neighboring countries in central Africa, specifically in mining areas controlled by non-governmental and illegal military groups, illegal metals acquired through forced labor and abuse of child labor frequently constitute the primary source of funds by which local military rebels purchase arms. Such groups use this military might to foment military conflict and rebellion, which creates an environment of human rights violations and environmental degradation. As a result, these kinds of metal have become known internationally as “conflict minerals”.

Faraday requires subcontractors to sign the Declaration of Non-use of Conflict Minerals, and to follow the spirit of the Responsible Business Alliance (RBA) regulations. Faraday only does procurement from subcontractors who are environmentally and socially responsible. We do this in order to avoid illegal mining that results in worker oppression, compulsion through military force, abuse of child labor, environmental destruction, and other problems.



Conflict mineral production management plan and results

- Raw materials procured from smelters and refiners approved by the Responsible Minerals Initiative (RMI):

Targets for 2021	2021 actual performance	Effectiveness evaluation	Response mechanism	
			Short-term goals (2022)	Medium- and long-term goals (2024)
Based on the RMI’s Conflict Minerals Reporting Template (CMRT), investigate subcontractors and require them to sign the “Declaration of Non-use of Conflict Minerals”	100% of subcontractors signed the “Declaration of Non-use of Conflict Minerals”	✔	Maintain 100% of raw material procurement being from RMI-approved smelters and refiners	Maintain 100% of raw material procurement being from RMI-approved smelters and refiners

- For the raw materials used in Faraday products, none of their metal or mineral sources are mined in areas controlled by non-governmental or illegal military groups in the Democratic Republic of the Congo or its neighboring countries.
- Faraday approved subcontractor signing status (Declaration of non-use of conflict minerals: Wafer fabs, assembly providers)

Declaration of non-use of conflict minerals

Signed **13** | Not signed **0**

- Conflict mineral survey
In compliance with the requirement of Responsible Business Alliance (RBA), Faraday is committed to taking due diligence on supply chain, assures gold (Au), tantalum (Ta), tungsten (W), tin (Sn) and cobalt(Co) and other future possible special minerals regulated by Responsible Minerals Initiative (RMI). With the RMI definition questionnaire, take due diligence to assure that the raw materials of the product are all from smelters, refiners, and country of origin recognized by Responsible Minerals Initiative (RMI).

Conflict mineral survey	Number of survey completed in 2021	Survey result
Ta, Sn, Au, W	45	✔
Co	18	✔
Mica	6	✔

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Green product production results

- Based on customer demand, the products supplied by Faraday meet the limits presented in the EU RoHS Directive, and the REACH requirements. In 2021, there were no RoHS or REACH violations that resulted in customer complaints or returns.
- Faraday approved subcontractor signing status

Commitment of Non-use
Environmental Substances | Signed **14** | Not signed **0**

- Commitment of Non-use Environmental Substances: Wafer fabs, assembly providers, testing providers
- Customer entrusted survey completed in 2021

RoHS, REACH survey	Number of survey completed in 2021	Survey result
Restriction of hazardous substances (RoHS) in electrical and electronic equipment	61	✓
Candidate list of Substances of Very High Concern (REACH)	39	✓

A note about RoHS and REACH:

Environmentally-controlled substances include both RoHS and REACH:

The RoHS Directive formally took effect July 1st, 2006. It primarily applies to regulating standards for materials and creation of electronic and electrical products; the Directive is aimed at making them more beneficial to human health and environmental protection. The standards are aimed at eliminating six substances: lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls, and polybrominated diphenyl ethers. A major focus of the regulations is that lead content may not go above 0.1%.

June 4th, 2015, the Official Journal (OJ) of the European Union announced Directive (EU)2015/863, amending the RoHS 2.0 regulations to formally include bis (2-ethylhexyl) phthalate (DEHP), butyl benzyl phthalate (BBP), dibutyl phthalate (DBP) and diisobutyl phthalate (DIBP) within the Annex II restricted substance list. As of this point, the Annex II list contained ten heavily-controlled substances. Following the announcement of this amendment directive, the various European Union member states were required to adopt laws to comply with the Directive by December 31st, 2016, and by July 22nd, 2019, all electrical and electronic products (save medical devices and monitoring and control instruments) imported into the EU were required to meet those requirements. Beginning July 22nd, 2021, medical devices (including in vitro medical devices), and monitoring and control instruments (including industrial monitoring and control instruments) will also be included within the scope of the regulations.

REACH (Registration, Evaluation, and Authorization of Chemicals; No 1907/2006/EC) is a European Union directive to integrate management of chemical substances entering EU borders. In order to meet REACH directive requirements, when a product contains more than 0.1% (w/w) of a substance of very high concern (SVHC) as defined in the REACH directive, consumers must be provided with information on SVHC content in the product.

A note about Conflict Minerals:

Because the arm forces of Congo and its surrounding countries often use the 3T1G mining as the economic sources, which results in regional bloody war. Therefore, the United States Congress passed the "Dodd-Frank Conflict Mineral" Act, on August 22, 2012; public companies listed on the US Stock Exchange are required to fill in "Form SD" every year, to report if using "conflict minerals" in the product manufacturing process since 2013.

Due to the transnational and regional reality of conflict minerals, Regulation (EU) 2017/821 was released in Official Journal of the European Union on May 19, 2017, as the EU version's "Conflict Mineral" act.

According to the regulation requirement, when the annual import volume of 3T1G (Tungsten, Tin, Tantalum, Gold) from Imports/Smelters/Refiners is over the setting quota, the mandatory due diligence is required to ensure that 3T1G comes from non-conflict area.

Item	The United States	EU
Target object	All public companies listed in the United States	Only for "Upstream" enterprises, such as miner, raw material trader, and smelters; "downstream" enterprises, such as component manufacturer, contractor, assembly provider, and personal use, are beyond the scope.
Source of conflict mineral	Democratic republic of the Congo and surrounding countries	Any potential conflict area, as long as the following condition occurs in the area: 1. Being influenced by the highly demand of conflict mineral 2. Civil war with nations to weaken the effective management ability of the authority, such as West Africa, Central Africa, partial areas (South America, East Asia)
Survey threshold setting	None	Yes, annual import volume is over the threshold setting of Annex I.
Third party audit	Necessary	Necessary
Audit exemption	Non-use conflict mineral	Raw material from smelters and refiners of Annex II
Survey principle	Generally Accepted Government Auditing Standards (GAGAS)	OECD Due Diligence Guidance
Competent authority	United States Securities and Exchange Commission	Refer to the competent department from member countries of Annex III

Environmental sustainability

- Environmental protection policy
- Climate change response
- Energy use and greenhouse gas inventory
- Execution plan for energy saving and carbon reduction
- Waste management

1.13%

Annual average energy usage drop rate

From 2015 to 2021, average annual energy usage dropped by 1.13%

19.55%

Annual water saving rate

In 2021, total water usage was less than 2020 by 4,194 KL.

28.87 tons of CO₂e

Annual carbon reduction

Annual carbon reduction was 28.87 tons of CO₂e

8.75 metric tons

Waste resource recycling & reuse

Waste resource recycling was 8.87 metric tons.

0

Environmental incident and penalty

No environmental incident and penalty in 2021

4.1 Environmental protection policy and guideline

In compliance with laws related to the environment and international regulations, Faraday carefully safeguards our natural environment, set up green environmental protection policy in implementation of operational activities and internal management, we do our utmost to achieve the goals of environmental sustainability.

綠色環保政策
Green Environmental Protection Policy

綠色設計生產，禁用有害物質
Green-oriented design and production, ban from using hazardous substances

環保安全衛生，恪遵國際規範
Environmental protection, safety and health abide by international laws and regulations

落實節能減碳，有效防治污染
Implement energy saving and carbon reduction, effective pollution prevention

定期檢視成效，持續管理改善
Regular performance review, continuous management improvement

協同關鍵夥伴，共創環境永續
Collaborate with key stakeholders to co-create environmental sustainability

總經理 

4.2 Climate change response

Support TCFD (Task Force on Climate-Related Financial Disclosures)

The #1 risk listed in the 2019 Global Risk Report, published by the World Economic Forum (WEF), was extreme weather and natural disasters. In response to corporate's responsibility and attention towards climate

warming, Faraday is committed to supporting TCFD, follows four main elements listed in "Recommendations of the Task Force on Climate-related Financial Disclosures": governance; strategy; risk management; and indexing and goals, to disclose how Faraday responds to climate change and its corresponding risk and opportunity.

Governance

Overseen by the corporate sustainability committee, under the board of directors; regularly reports the implementation effectiveness to the board at least once a year

Strategy

- Continuous implementation of the company's greenhouse gas monitoring and energy reduction plan
- Faraday is devoted to developing low power consumption technologies and by adopting production and packing processes that use green, hazard-free substances, we continue to strengthen our customer service and competitive edge.

Risk management

In order to raise the level of concern about climate change risks, we have made plans to include climate change risk factors within the company's risk standards, to be analyzed alongside other extant operational risks.

Indexing and goals

We have set reduction goals for greenhouse gases, energy resources, and waste.

Environmental sustainability

Risk/Opportunity differentiation and financial impact analysis

In accordance with the framework laid out in the TCFD recommendations, published by the Financial Stability Board (FSB) in June 2017, we have implemented inventories and disclosures for climate change risk and opportunity management. This will help stakeholders to more systematically grasp climate change risks and opportunities, as well as financial impacts.

Climate change risk differentiation and financial impact analysis

Risk category	Facet of risk	Climate change risk identification	Potential impact on operations and finances	Management measures for identified climate change risks
Physical risks	Acute Risk	Typhoon/Hurricane frequency and strength increase; severe storm frequency and strength increase	If typhoons and floods are massive and the effect is long-lasting, this may cause damage to our physical facilities, speeding up asset depreciation and increasing physical facility maintenance costs.	For physical facilities, we keep constant tabs on whether the basement pumps are functioning normally. Every time a typhoon or severe storm warning is sent out, we perform preventive measures (e.g., sandbagging, and window & door reinforcement).
	Chronic Risk	Changes in rainfall patterns and severe weather result in water restrictions at company locations	If the water supply is cut off and the stored water supply is insufficient, this will result in the chiller and other major physical facilities being unable to run, which will in turn prevent the physical plant and server rooms that support R&D and design work from working. A water supply cutoff may thus result in company operations halting.	Within company grounds, there is only general-use water, with no water needed for production; our stores of water are sufficient to supply general use for three days or more. When municipal water is insufficient, water trucks are called in to supplement.
		Rising average temperatures result in risks of electricity brownouts or blackouts at company locations	Rising average temperatures will cause physical plant air conditioning and physical facility costs to increase. If there are interruptions in the power supply, this will result in physical facilities and physical plant and server rooms that support R&D and design work being unable to run, and cause interruptions to company operations.	All electricity for physical plant and server room operations is provided through uninterruptible power supplies (UPS). When the municipal power supply is interrupted, the UPS batteries can supply power for a short time. A power generator system also has sufficient fuel stores to supply power to the physical plant and server rooms for ten hours or more; while the power generator is active, fuel tankers can be used to supplement the reservoir, which can support operations for more than a few days.
		Water restrictions, brownouts or blackouts can result in supply chain interruptions or risks of raw material shortages	If rain falls in smaller enough quantities as to result in local water resource shortages, or power shortages, these can both affect the stability of the supply chain, which may result in customer complaints or increased operating expenses.	In addition to globalizing our supply chain, we have also introduced business continuity management procedures. Through these, we do continuous review and improvements. This helps ensure that, when disasters or impacts occur, we are able to fully maintain and return to the maximum possible operational goals; by doing so, we strive to maintain maximum customer and stakeholder equity. With regard to raw material supply problems, Faraday has also established a supply chain sustainability evaluation system, which includes within its scope of evaluations carbon and water risk management, as well as material supply emergency response plans.
		Government carries out energy reduction policies	The Bureau of Energy's laws related to energy reductions required that from 2015 to 2024, average energy usage had to drop by at least 1% per year.	Faraday abides by all laws and regulations. Every year, we submit an energy-saving plan and carry it out. From 2015 to 2021, our average annual energy usage dropped by 1.13%. In the future, we will continue to work hard on energy savings and carbon reduction. We will also comply with future government regulations and energy savings requirements, and reduce our power usage and carbon emissions.
Transition risks	Policy and Legal Risks	Greenhouse gas emission regulations	In response to Taiwan's greenhouse gas reduction and management regulations, the company will need to increase physical plant/company location energy efficiency. There may also be effects from potential carbon tax/carbon trading systems, which will increase operating expenses.	Faraday has not been listed in either round 1 or round 2 of the "public and private premises possessing stationary pollution sources designated and officially announced by the central competent authority" required to submit reports in accordance with the Air Pollution Control Act Article 21, Paragraph 1. There is thus no risk of violating legal regulations. However, we will continue to pay close attention to foreign and domestic regulatory changes, stay abreast of legal trends, and remain prepared.
	Technology Risk	Low-carbon technology transformation	Global progress toward low-carbon transformation will mean going paperless, and accelerating physical plant and physical facility replacement to enhance energy efficiency. This will result in increased operating expenses.	The company has internally adopted technology, and made adjustments to traditional processes and systems, to go paperless and create a smart work environment. Examples include introducing eEPR, eRD, and Skype for Business. This has resulted in a digital transformation. When implementing company-wide maintenance, we also review replacement needs; and we make advance plans to replace old equipment, which helps us deal with equipment that is emitting more carbon and growing less efficiency.
	Market Risk	Changes in customer behavior	Customers are becoming more conscious of sustainability. Their demands for low-carbon products and services are growing, and this may result in more low-carbon services and affect revenues.	The company's market development department keeps a close watch on market trends and customer demand. As such, the department lays out green product development projects (e.g., low power consumption design) to respond to customer behavior or market changes.
	Reputation Risk	Increases in negative stakeholder feedback due to shifting customer preferences	High carbon emission and low climate change resistance may affect customer trust in the company. This will cause the company's reputation to be tarnished, and further affect company revenues.	We have introduced the TCFD framework, to promote climate-related financial disclosures and communication with customers and stakeholders. This maintains customer and stakeholder trust in the company.

Environmental sustainability

Climate change opportunity differentiation and financial impact analysis

Opportunity category	Climate change opportunity identification	Potential impact on operations and finances	Management measures for identified climate change opportunities
Resource Efficiency	Resource recycling	Lowered operating expenses	In order to reduce use of single-use cardboard boxes during transport, we have required suppliers to adopt reusable environmentally friendly boxes with Faraday products.
Energy Source	Policy incentives	Lowered operating expenses	When replacing equipment, we comply with government incentive policies and apply for relevant energy savings subsidies.
Resilience	Adopting energy-saving measures	Lowered operating expenses	Faraday has completed shortening the certification time required during pre-shipping baking. We have guided all testing providers to introduce this technique, which has meant shortening baking time required to as little as one-half of what was originally required, thus reducing energy usage.
Products and services	Developing and innovating new products and services	Increased operating revenues via increased demand for low power consumption products and services	Faraday has brought out ultra-low power (ULP) and ultra-low-leakage (ULL) fundamental IP solutions based on UMC's 22 nm process. These fundamental IP solutions have already been successfully silicon proven, and allow for huge reductions in power consumption, to meet the next generation of SoC design needs. These help customers grasp business opportunities by developing cost-advantageous, low-power SoC to deploy in IoT, AI, data communication, multimedia, and other emerging applications.
	Shifting customer preferences	Putting out green product design choices that match customer preferences, to maintain or increase sales volume	Helping customers produce green products that are environmentally friendly has been Faraday's constant concern; through our rigorous development of low power consumption technologies, and adopting manufacturing processes and packing that are green and free of hazardous substances, we continue to strengthen our customer service and competitive edge.
Markets	Finding new business opportunities	Responding to national government green energy policies, finding new business opportunities as a result, and thus increasing operating revenue	In order to meet our energy reduction goals and promote low-carbon transformation, national governments are proactively promoting smart meter-based infrastructure. Faraday has also proactively deployed precisely the IP solutions and ASIC R&D needed for smart meter chips; we have entered the high-voltage smart grid supply chain, and will continue to strengthen our capacity in IP/ASIC solutions needed for smart meters.

4.3 Energy use and greenhouse gas inventory

Faraday is an ASIC and IP R&D and marketing leader. No production or manufacturing occurs onsite, and thus there are no concerns about waste water, waste gases, toxins, or chemicals. Our production is outsourced to dedicated foundries, and thus the company's internal energy requirements are primarily for general uses such as air conditioning, lighting, and server equipment. The primary power source used is electricity; other energy consumption is extremely minimal. We prohibit waste in all forms, including water and energy. Irregularly, we also give reminders to employees about the energy-saving policy, and continuously improve our "maintain, replace, save, recycle, and reuse" procedures

The total usage of non-renewable energy in 2021: 24,054.90 Gigajoule (GJ)

Power consumption data

In 2021, Faraday used a total of 6,638,927 KWh, the reduction of 198,597 KWh over 2020. The primary reason for the reduction in electricity use is related to

epidemic prevention measures in response to COVID-19. During May and June in 2021, partial employees shifted to work from home (WFH), implemented the energy-saving plan to replace old equipment and improve the electricity efficiency; so that the whole electricity use was obviously decreased. In the future, Faraday will continuously update the related energy-saving equipment to reduce the energy consumption.

2021~2019 power usage

Year	Externally-purchased power (KWh)	GJ
2021	6,638,927	23,900.14
2020	6,837,524	24,615.09
2019	6,423,395	23,124.22

Note 1: Electricity conversion rate is 1 KWh = 0.0036 GJ.

Note 2: Statistics are limited to the Hsinchu location and the Taipei and Tainan offices.

Environmental sustainability

Water consumption data

100% of Faraday's water comes from the Taiwan Water Corporation. Water used is primarily for general purposes; none is used for production. In 2021, total water usage was 17,259 KL, the reduction of 4,194 KL over 2020. Faraday will continue to roll out a variety of water reduction measures and promotion, in hopes of reducing and controlling water resource usage.

2021~2019 water usage

Year	Externally-purchased water (KL)
2021	17,259
2020	21,453
2019	20,650

Note 1: Hsinchu is the primary Faraday operating location; water usage statistics are limited to the Hsinchu location.

Note 2: The Taipei and Tainan offices are part of multi-tenant office buildings. Because their water usage is low and water bills are included within their building maintenance fees, separate data was not available and was thus not included within the statistics.

Energy intensity

2021 energy intensity was 989.38 KWh/million dollars, the reduction of 398.86 KWh/million dollars over 2020. Water intensity was 2.57 KL/million dollars, the reduction of 1.79 KL/million dollars over 2020. Faraday will continue to roll out and implement all manners of measures and promotion for energy saving and carbon reduction, to meet the target of more than 1% annual average power-saving rate, in hopes of gradually reducing resource usage year by year. In the future, Faraday will continuously replace old equipment, adopt energy-saving equipment to reduce the carbon emissions.

2021~2019 Statistics table of energy intensity

	2021	2020	2019
Revenue/million dollars	6,710.16	4,925.30	4,646.36
Electricity use (KWh/year)	6,638,927	6,837,524	6,423,395
Energy intensity (KWh/million dollars)	989.38	1,388.24	1,382.46
Water resource usage (KL/year)	17,259	21,453	20,650
Water intensity (KL/million dollars)	2.57	4.36	4.44

Note 1: Energy intensity: Annual electricity usage/Revenue (Million dollars). Statistics are limited to the Hsinchu location and the Taipei and Tainan offices.

Note 2: Water intensity: Annual water usage/Revenue (Million dollars). The Taipei and Tainan offices are part of multi-tenant office buildings; because their water usage is low and water bills are included within their building maintenance fees, separate data was not available and was thus not included within the statistics.

Greenhouse gas inventory

Faraday adopts the operational control method, with the Hsinchu location as the primary greenhouse gas (GHG) emission inventory site. Classed into direct emissions (scope 1) and indirect emissions (scope 2), total 2021 emissions of GHGs amounted to 3,366.95 metric tons of CO₂e/year. Of this, scope 1 GHG emissions were 34.21 metric tons of CO₂e/year, accounting for 0.99% of total emissions; scope 1 emissions were primarily fugitive CH₄ from the septic tanks. Scope 2 GHG emissions were 3,332.74 metric tons of CO₂e/year, accounting for 98.98% of all emissions. The company's primary source of GHG emissions is externally-purchased power.

Faraday continuously improves our inventorying of GHG emissions and implements relevant management. In accordance with inventory results, we proactively promote GHG reduction measures. Through continuous improvement plans and actions, we lower Faraday's environmental and climate impacts as a result of global warming from GHG emissions, and we do our part for corporate social responsibility.

[Scope 1] 2021 direct source inventory results: Total emissions were 34.21 metric tons of CO₂e, accounting for 0.99% of the total

Emission type	Emission source	GHG type				Emission amount (metric tons of CO ₂ e/year)
		CO ₂	CH ₄	N ₂ O	HFCs	
Stationary sources	Liquefied petroleum gas (LPG)	✓	✓	✓		6.88
	Diesel fuel	✓	✓	✓		2.61
Mobile sources	Gasoline	✓	✓	✓		0.77
Fugitive sources	Septic tanks		✓			1.88
	Refrigerant				✓	21.88
	Fire extinguishers	✓				0.18
Total						34.21

Note 1: GHG emission calculations were carried out by the reference of emission factor listed in "Greenhouse Gas emission factor management table" (Version 6.04).

Note 2: Global warming potential (GWP) values are taken from the IPCC's Fourth Assessment Report (2007): CO₂ = 1, CH₄ = 25, N₂O = 298, HFCs = 1430.

Note 3: Refrigerant emission was calculated by supplementary survey and refrigerant emission factor of 0.09.

Note 4: Hsinchu is Faraday's primary business location; statistics are limited to Hsinchu operations.

Note 5: The Taipei and Tainan offices are part of multi-tenant office buildings; they do not produce any LPG or gasoline/diesel usage.

Note 6: The adjustment for the emission factor of septic tanks will synchronously update the values over the years in 2021 CSR report.

Environmental sustainability

[Scope 2] 2021 indirect source inventory results: Total emissions were 3,332.74 metric tons of CO₂e, accounting for 98.98% of the total

Emission type	Emission Source	GHG type				Emission amount (metric tons of CO ₂ e/year)
		CO ₂	CH ₄	N ₂ O	HFCs	
Indirect energy emissions	Taipower (externally purchased)	✓				3,332.74
Total						3,332.74

Note 1: Using the Bureau of Energy's announced 2020 ratio for energy production vs. carbon emission of 0.502 Kg CO₂e/KWh

2021 ~ 2019 total Faraday GHG emissions in metric tons CO₂e/year (scope 1 & 2)

Year		GHG type						總和	生質排放量
		CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆		
2021	Emission amount (metric tons CO ₂ e/year)	3,343.14	1.89	0.04	21.88	0.00	0.00	3,366.95	0.00
	As percentage of total emissions (%)	99.29	0.06	0.00	0.65	0.00	0.00	100.00	-
2020	Emission amount (metric tons CO ₂ e/year)	3,493	1.93	0.07	0.00	0.00	0.00	3,495	0.00
	As percentage of total emissions (%)	99.94	0.06	0.00	0.00	0.00	0.00	100.00	-
2019	Emission amount (metric tons CO ₂ e/year)	3,281.12	2.03	0.01	0.00	0.00	0.00	3,283.16	0.00
	As percentage of total emissions (%)	99.94	0.06	0.00	0.00	0.00	0.00	100.00	-

2021 ~ 2019 GHG emission intensity

	2021	2020	2019
Revenue/million dollars	6,710.16	4,925.30	4,646.36
GHG emission amount (metric tons of CO ₂ e)	3,366.95	3,495	3,283.16
GHG emission intensity (metric tons of CO ₂ e/million dollars)	0.50	0.71	0.71

Note: GHG emission intensity: GHG emission/Revenue

4.4 Execution plan for energy saving and carbon reduction

Execution plan and result for energy saving in 2021

Investment amount of energy saving plan is NT\$1.569 million

- ✓ Replaced the four old 450 tons of cooling fins with the new ones, enhanced the heat-dissipation efficiency of cooling water, to reduce the electricity of air condition water chiller by 3%, total electricity saving was 20,790 KWh, total carbon reduction was 10.44 tons of CO₂e.
- ✓ Changed 200KVA UPS at 5F to 75KW UPS with higher efficiency, total electricity savings was 63,708 KWh, total carbon reduction was 18.43 tons of CO₂e.



2022 continuous energy-saving plan:

	Item	Description	Estimated annual electricity saving (KWh)
Lighting	Use LED light to replace light steel frame lamp	Changed light steel frame lamp (32W*3) on 8F to LED lights (18W*3): 120 in total	15,000
Electricity	Change adsorption dryer	Changed adsorption dryer of air compressor system with the one of energy-saving type for 3% air consumption, to save the electricity of air compressor system by 12%	63,000
Air conditioning	Replace the old cooling fins of cooling tower with the new one	Replaced four old cooling fins with IE3 high-efficiency motor	6,000
Total			84,000

Environmental sustainability

2022 Renewable energy creation

In facing global warming and climate change that have growing impact on the environment, many countries and areas successively propose the goals and plans to achieve Net Zero Emissions by 2050. Faraday pays attention to environmental protection, continuously plans and executes sustainable environmental protection policy; continuously takes the goal of saving electricity energy by 1% every year, implements energy saving and carbon reduction, continuously evaluates and updates energy-saving equipment to reduce energy consumption and carbon emission. In 2022, solar photovoltaic power generation system is planned to be built on the building roof of Hsinchu headquarter. The installed capacity is expected to be 89.7 KWp, the annual average electricity production is about 100,481 KWh, and the annual carbon emission is 50.44 tons of CO₂e. In the future, continuously plan and execute the energy-saving and carbon emission measures; evaluate the green energy purchasing depending on carbon emission status as middle-term and long-term plan to ensure that the target of Net Zero Emissions by 2050 can be achieved.

Other continuous energy-saving measures:

Energy-saving equipment and update

- Choose air conditioners, refrigerators, and other home electronics that comply with energy-saving labels.
- Use split, energy-saving devices for air conditioning chillers and motors.
- Decide each cooling tower's fan activation based on the tower's return water temperature.
- Replace the lighting for offices with LED lamps and tubes.

Energy-saving measure and management

- Put time controls in place for fresh air intakes, restroom vents, and air conditioning in open-plan and partitioned office areas, to reduce air conditioning loss and unneeded power usage.
- Use natural lighting for emergency stairs, paired with timed lighting controls.
- Use time controls and every-other-light lighting in the parking garage.
- Reduce operating hours of intake/outlet fans in the

parking garage, so that they are not turned on except at beginning and end of work day

- Drinking water dispensers controlled electronically, with dispensers set on holidays to only have one machine on per area.
- Automated energy-saving measures: Air conditioning turned off each hour during afternoon break and at quitting time.
- Continued turning off water to the landscaped pool.
- We have continued to give guidance on energy/water-saving measures, to remind employees to save resources.
- Regular inspection of water facilities has been strengthened, availability has been enhanced, and timely repairs have been carried out when there is damage.
- We have ensured the availability of the restrooms' automatic sensing faucets to put controls on water usage, to save water while maintaining hygiene.
- Sink flow rates have been reduced, to prevent unnecessary waste.

Regular detection and inspection

- Hiring specialized organization to perform office lighting and CO₂ environmental testing every six months; go green in a major way, to enhance the working environment's sustainability and comfort.
- Perform regular inspection and maintenance of air conditioning, to keep air conditioning equipment at a high-efficiency operating state.
- Security staff to do office checks every two hours, starting at 8 pm, to turn off unnecessary lights and air conditioning.

Regular energy-saving promotion

- Set office air conditioners to 26°C or higher, and consider putting up insulation where there is sun exposure
- Take stairs, not elevator, when going up or down only two floors
- When meetings finish, turn off meeting room lights, air conditioning, and projectors
- When senior supervisors leave their offices, they should turn off the lights and air conditioning.
- When employees are leaving for the day, they should turn off their computers and monitors.

4.5 Waste management

Faraday carries out waste management in accordance with the Waste Disposal Act and with the Enterprise Waste Disposal Plan. We also had a Class B waste disposal technician in place, who is responsible for disposal and management matters related to enterprise waste. In addition to following regulations related to waste disposal and EPA requirements, such operations also include reporting the production, storage, elimination and quantities of such waste disposal online. In addition, we follow the methods described in the Enterprise Waste Disposal Plan in contracting EPA-certified, standards-compliant providers to do waste clearance and disposal. In 2021, there were no major contractor violations discovered. In the future, the company will continue to move toward reducing resource usage, lessen waste production, and promote recycling and reuse. By working hard to reduce our environmental burden, and meeting our trash reduction and recycling & reuse goals, we will promote sustainable resource usage and do our part for global environmental friendliness.

With general industrial waste and hazardous industrial waste created by the company, we do regular employee promotion and implement employee trash and recyclable sorting. During the process of cleaning staff collection, they re-check all layers of implementation and control with regards to recycling, in order to help reduce everyday garbage. Statistics show that for 2021, the headquarters produced approximately 23.42 metric tons of waste. Of these, non-hazardous waste accounted for 22.93 metric tons, while hazardous waste accounted for 0.49 metric tons.

In addition, for the wastewater treatment method, Faraday differentiates between the domestic sewage and process wastewater by following "Water Pollution Control Act". There is no wastewater produced from the process, only domestic sewage produced from the workplace which will be discharged into science park sewage treatment system through in-house wastewater disposal facility.

2021 ~ 2019 enterprise waste production and disposal statistics

	2021	2020	2019
General waste (tons)	14.18	16.49	N/A
Resource recycling (tons)	8.75	8.85	8.86
Hazardous industrial waste (tons)	0.49	0.77	1.77
Total weight (tons)	23.42	26.11	10.63
Waste intensity (kg/million dollars)	2.19	3.50	N/A

Note 1: Outsourced disposal businesses are all public and private waste elimination/disposal organizations permitted by the competent authority to eliminate and dispose of the waste type in question.

Note 2: General waste produced at the Hsinchu location is entrusted to the Hsinchu Science Park Bureau for elimination and transportation. The output weight of 2021 was calculated via the actual output scale of August.

Note 3: Hsinchu is Faraday's primary business location; statistics are limited to Hsinchu operations.

Note 4: The Taipei and Tainan offices are part of multi-tenant office buildings; general garbage is handled with other businesses as a unit by the buildings' management committees.

Note 5: Definition of major contractor violation: Any single fine greater than NT\$1 million.

Note 6: Waste intensity: (General waste + Hazardous waste weight)/Revenue (kg/million dollars)

5

Friendly workplace

- An outstanding team
- Talent development
- Happiness in the workplace
- Employee safety and health
- Workplace health management

470.3 hours

Total growth training hours

Continuously cultivated talent development; the total training hours in 2021 is 8,651 hours; the growth rate reached more than 470.3 hours in comparison to the total training hours of 8,180.7 hours in 2020.

0

Employer-employee disputes

Faraday values the opinions and rights of employees, cares for and listens to the various voices and suggestions of employees at any time; establishes multiple channels for employees to reflect their opinions; employee complaint event in 2021: 0 case.

For the **8** consecutive years

Constituent stock in "Taiwan High Compensation 100 Index"

Faraday has been listed as a constituent stock in the "TWSE RAFI Taiwan High Compensation 100 Index" for the eighth consecutive years since 2014.

Over **35,000** square feet

Working environment for enriching body and mind

Provides multi-functional fitness center and sport field of over 35,000 square feet/music café/ ecological roof garden for employees in their spare time to timely feel relaxed and relieve work pressure.

100%

Implementation rate of workplace maternal care measures

Faraday implements workplace maternal care measures; provides nursing areas and facilities that meet requirements; completed 100% evaluations for the maternal health protection period in 2021.

100%

Implementation rate of epidemic prevention and response to COVID-19

The epidemic prevention and response team was quickly organized at the beginning of the epidemic in 2020 with 100% implementation of epidemic prevention measures, including holding weekly epidemic prevention meetings, and cooperated with the relevant regulations of the government authorities to formulate company's response handling procedures, epidemic prevention and management policies, employee health management tracking, epidemic impact assessment, keeping the latest epidemic information, reviewing epidemic prevention measures at any time with rolling adjustments according to the epidemic situation.

Friendly workplace

As the world's leading high-tech R&D Company, talents are not only one of the company's resources, but the entire basis for our sustainable development. The importance that Faraday places on talent is amply reflected in the workplace environment and conditions that Faraday has provided. We are committed to provid-

ing a safe and healthy working environment; to giving employees respect and esteem; to helping employees balance work and life; and to providing good salaries and benefits. Faraday has been selected as a constituent stock in the TWSE RAFI Taiwan High Compensation 100 since 2014 in a row. The Company attracts and keeps

talent through high salaries and benefits; we also pay great attention on employees' physical & mental health, and personal development. The target of all is intended to help talent sustainably develop within the company. In addition, harmonious employer-employee relationships are also beneficial to the company's long-term

stable growth. Faraday's plentiful internal communication mechanisms help employee suggestions be heard; and quick responses from relevant responsible parties help build a positive, unhindered culture of communication, and make an enlightened work atmosphere a reality.

Management policies

Target in 2021	Actual performance in 2021	Effectiveness evaluation	Response mechanisms	
			Short-term goals (2022)	Mid-term goals (2024)
<ul style="list-style-type: none"> Implement the training in reinforcing core skills, with key course training completion rate achieving 100% for the required training targets Build a global training platform and enhance the proportion of training resources in English 	<ul style="list-style-type: none"> Key course training completion rate for the required training target: 100% Build a global training platform/course: <ul style="list-style-type: none"> Quality document Englishization ratio: 100% e-Course Englishization ratio: 100% 	✓	<ul style="list-style-type: none"> Implement the training in reinforcing core skills, with key course training completion rate achieving 100% for the required training targets Build online courses of professional job functions for each division, with a penetration rate of 90% 	<ul style="list-style-type: none"> Guarantee that employees have comprehensive training resources and learning environments. Realize employees' potential and reinforce the company's core technologies Enhance overall business performance, ensure sustainable overall salary Establish a harmonious employer-employee relationships and improve communication channels to avoid employer-employee disputes and workplace illegalities Take care of vulnerable groups, provide them with fair employment opportunities, and protect their employment rights
<ul style="list-style-type: none"> Provide competitive salary and welfare system 	<ul style="list-style-type: none"> Constituent stock in 2021 "Taiwan High Compensation 100 Index" announced by Taiwan Stock Exchange Vacation system is superior to the Labor Standards Act. 	✓	<ul style="list-style-type: none"> Provide competitive salary and welfare system, talent attraction and retention 	<ul style="list-style-type: none"> Guarantee a workplace environment of gender equality and opportunities for development Complete 100% evaluations for the maternal health protection period Hold at least one disaster drill every year
<ul style="list-style-type: none"> Provide open and transparent communication channels and complaint mechanisms 100% handling rate for employee complaint events Meet or exceed the number of employees with disabilities who are recruited by the "Law on the Protection of the Rights and Interests of the Disabled" Implement workplace maternal care measures; provide Breastfeeding Room and facilities that meet requirements; complete 100% evaluations for the maternal health protection period 	<ul style="list-style-type: none"> Held Employee forum and Labor and management conference every quarter Employee complaint event: 0 Hire disabled employees: 4 (in compliance with the laws and regulations) Provide 4 Breastfeeding Room with refrigerators and sinks Maternal health protection evaluations: 100% 	✓	<ul style="list-style-type: none"> Provide open and transparent communication channels and complaint mechanisms 100% handling rate for employee complaint events Meet or exceed the number of employees with disabilities who are recruited by the "Law on the Protection of the Rights and Interests of the Disabled" Implement workplace maternal care measures; provide Breastfeeding Room and facilities that meet requirements; complete 100% evaluations for the maternal health protection period 	
<ul style="list-style-type: none"> Plan for once disaster drill every year 	<ul style="list-style-type: none"> Implementation time for disaster drill: Once 	✓	<ul style="list-style-type: none"> Hold at least one disaster drill every year 	

Friendly workplace

5.1 An outstanding team

Talent deployment

We at Faraday know that our employees are the company's largest asset, and the most critical factor in our success. We have a deep faith that putting the best talents in the perfect positions, and then to let every employee give maximum play to their abilities in their specialized fields; make job content with features of challenging, sustainable and learning is an important mission for Faraday.

Faraday is committed to creating a workplace that can inspire creativity, continuous growth, and dream-building; Faraday wishes that every employee has the greatest stage in the field of professional technology, so that talents can continuously learn and cultivate themselves within the company.

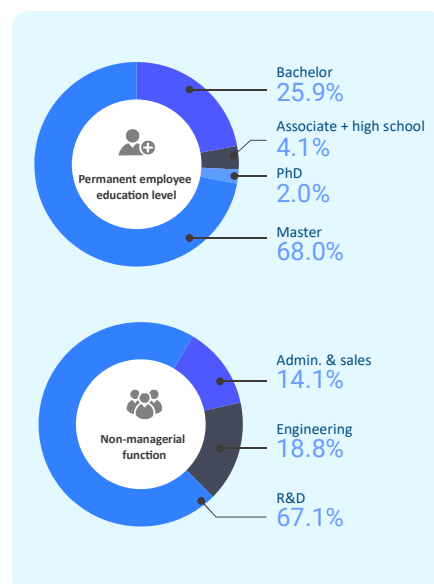
In a fast-changing tech industry, a healthy human resource structure and outstanding talents are major factors for Faraday to be able to stay competitive. In response to our operational growth, Faraday continuously invests resources into talent development to ensure a healthy human structure and quality, which can bring unlimited growth drive to the company.

Recruit from diverse talent

Faraday is committed to a diversified recruitment strategy, actively recruiting professionals from all over the world, and establishing talent tank and R&D centers around the world that meet future needs. The global employees come from Taiwan, China, the United States, Canada, Japan, South Korea, India, Vietnam, Malaysia, Singapore, and Armenia. Talents of different genders, religions, races, nationalities, and political parties are treated equally, and employees are recruited through a fair and open selection process, so that diverse and

stable high-quality talents become the cornerstone of Faraday's growth.

Until the end of 2021, Faraday in Taiwan has a total of 600 employees, and more than 99% are permanent employees. Among the non-managerial employees, R&D and engineering talents have occupied 85.9% of the non-managerial employees; the proportion of permanent employees with a master's degree and PhD degrees are accounted for 70% of the total number of permanent employees, which fully demonstrates that Faraday puts highly emphasis and investment on innovative research and development. In terms of employee classification, non-managerial staff take part for 73.5% among all and managerial staff accounted for 26.5%; 100% employment of senior executive level (associate vice president or above) from nationals of the Republic of China.



According to Article 38 of the "People with Disabilities Rights Protection Act" in Taiwan, the number of employees with disabilities who are employed by an enterprise should not be less than 1% of the total number of employees. Among them, recruiting people with severe or above physical and mental disabilities can be counted by two for each recruit. In order to protect the work rights of disabilities, Faraday positively cooperates with

government policies and recruits 4 disabilities in total (including 2 severe, 1 moderate, and 1 mild) according to the law. The employment ratio is complied with the law, indicating that Faraday takes care of disadvantaged groups, providing them with fair employment opportunities, and protects their employment rights.

Human resource structure

Classification	Type	Gender		Total	
		Male	Female		
(Note 1) Employees	By contract type	Permanent employees (Note 2)	418	173	591
		Temporary employees (Note 2)	4	5	9
		Total by contract type	422	178	600
	By employment type	Full-time (Note 3)	421	178	599
		Part-time (Note 3)	1	0	1
		Total by employment type	422	178	600
	Age distribution	Under 30 years old (included)	79	58	137
		30 ~ 50 years old	276	109	385
		Over 50 years old (included)	67	11	78
		Total by age distribution	422	178	600
By employee function	Managerial (Note 4)	130	29	159	
	Non-managerial	R&D	213	83	296
		Engineering	59	24	83
		Admin. & sales	20	42	62
	Non-managerial subtotal	292	149	441	
Total by employee function	422	178	600		
Labors (Note 5)		6	13	19	

Note 1: Total of 600 employees: Includes 567 at the Hsinchu headquarters, 19 in the Taipei office, and 14 in the Tainan office.

Note 2: Permanent employees: Employees who have signed indefinite contracts; Temporary employees: Employees who have signed definite contracts.

Note 3: Full-time employees: Employees with regular working hours; Part-time employees: Employees paid an hourly wage who work less than regular working hours.

Note 4: Managerial: Management position at or above assistant manager level.

Note 5: Labors: Cleaning, security, café, employee cafeteria, and IT outsourcing staff (only account for 3% of the total; not included within the statistics below)

Friendly workplace

Recruitment and retention

Under the concept of pursuing excellence and sharing success, we are actively looking for outstanding talents who are “logical” in thinking, “enthusiastic” in research and development, and “prompt” in action to join Faraday. We positively use diverse recruitment channels to recruit talents, including corporate websites, job banks, various talent recruitment activities, social media, employee referrals, internship program, etc. to recruit outstanding talents. The criteria for selecting talents are based on their own academic ability, teamwork attitude, and cultural compatibility. Through structured interviews, professional appraisal processes, and suitability assessments, it is believed that the professional selection can be more accurate and effective in recruiting target talents, providing perfect position for suitable talents, and ensuring that the quality of selected talents can align with Faraday's long-term operating goals.

Faraday puts highly emphasis on the development of Taiwan's high-tech industry and talent cultivation, we positively cooperates with government policies and participates in industrial promotion activities. In order to reinforce Faraday's R&D capacity and promote academic exchange opportunities, Faraday steps into campus every year and give keynote speech in key schools; continuously co-works with school for industry-academia collaboration project, builds up bilateral cooperation platforms to jointly contribute for high-tech industry.

In 2021, Faraday has held a total of 3 campus keynote speeches under the premise of co-prosperity between industry and academia, Faraday expects to help young students get to know the high-tech industry and Faraday's values from a technical level, attract talents to join Faraday to make the right career choices.

Corporate website · Job banks · Social media

Efficiently promote the company and attract talents through the internet

Campus recruiting · Keynote speech

Continue to use a forward-looking perspective to cultivate campus, effectively market the company's corporate image, and attract outstanding talents from key schools

Employee referrals · Internship program

Expand talent pool through employee referrals and internship program

Industry-academia collaboration · Industrial activities

Increase the innovative talents through R&D Substitute Service and Industry-academia collaboration projects; positively participate in industrial development activities and promote talent interactions

Manpower distribution of new recruits/departing employees in 2021

	New recruits in 2021				Departing employees in 2021			
	Male		Female		Male		Female	
	Number of new recruits	New recruitment rate ^(Note 1)	Number of new recruits	New recruitment rate ^(Note 1)	Number of new recruits	Turnover rate ^(Note 2)	Number of new recruits	Turnover rate ^(Note 2)
Under 30 years old (included)	44	55.7%	35	60.3%	24	30.4%	12	20.7%
30 ~ 50 years old	49	17.8%	12	11.0%	87	31.5%	17	15.6%
Over 50 years old (included)	1	1.5%	0	0.0%	6	9.0%	0	0.0%
Subtotal	94	22.3%	47	26.4%	117	27.7%	29	16.3%

Note 1: New recruitment rate = Number of new recruits in each category/total number of permanent employees in each category at year end

Note 2: Turnover rate = Number of departing employees in each category/total number of permanent employees in each category at year end



Friendly workplace

5.2 Talent development



Faraday adheres to "interdisciplinary learning" as the cornerstone of the sustainable development of talents; continuously deepens the talent cultivation plan, establishes the R&D professional technology inheritance mechanism and creates interdisciplinary self-learning atmosphere, which are the key success factors for the development of Faraday talents. Faraday provides comprehensive planning in terms of professional skills, general skills or management skills. We set up the training committee and an internal lecturer reward mechanism, it provides on-the-job training and curriculum planning based on professional talents to strengthen the company's intellectual capital and R&D innovative competitiveness.

Training and development system

Training committee

Faraday has set up the "Training Committee" to be responsible for the integration, planning, coordination, implementation, and supervision of the entire company's training operations; effectively taking advantages on training resources, and ensuring that the training strategy is connected with company's future development direction and aligned with the business strategy, to give full play to the synergy of resources. The chairperson of the committee is assumed by the company's senior executives, and the chairperson appoints the training officers according to the types

of courses. Regular meetings are held every quarter to gather department heads and department training members to attend for discussions. The main agenda of the meeting should be: Integrating and formulating the annual training plan, reviewing the training implementation status of the season, forecasting the training plan for the next season, reviewing course syllabus and target audience, reviewing and improving abnormal issues.



Friendly workplace

Development blueprint for talents



In order to keep the competitiveness of Faraday talents, training and development blueprint are consolidated according to human resource development policy at various levels, and Internal and external environmental requirements. The system divides training audience into General Employee, Junior Supervisor, Medium-level manager, and Senior Executive. Training modes are divided into off-the-job training (OFF-JT), on-the-job training (OJT), and self-inspiration, including diverse course contents and instruction methods. The system primarily serves as a training framework for long-term training development, on which all manners of courses can be built. Every annual training plan can be flexibly adjusted by company policy to be coupled with the company's policies and business strategy, in order to nurture the fundamental knowledge, skills and characteristics.

Diverse training programs for various targets

New recruits

Before onboard date, the HR unit and the department supervisor will customize the training plan for the new recruits by the job content, including the new recruit orientation, company life guide, professional and technical courses, information security courses, work safety and hygiene courses, ethical management and human rights policy course, quality document reading, and weekly report writing. Through the mentorship program, new recruits are provided with practical guidance on work and consulting assistance in company life, this helps new recruits quickly fit in the workplace life.

In-service employees

The training committee plans to develop professional courses every year according to the company's strategic goals and plans. It provides in-service employees with internal learning opportunities, sets required elective audiences by the course attributes, and arranges multiple courses: online course recording, online and physical synchronization courses, and provide Chinese and English courses according to requirements, providing global employees with diverse learning opportunities.

Supervisors at all levels

When the junior supervisor first takes office, the company will give [Learning Passport for New Supervisor] to guide the supervisor to understand the management process and system, and assist the supervisor in establishing the manager's mentality and psychological adjustment. The supervisor must complete the one-on-one meeting with subordinates and superior supervisors, and establish team common goals and consensus. The company will also conduct management courses, such as communication and authorization to continuously develop management competency.

Audience	OFF-JT			OJT	Self-Inspiration
	Management Competency	Core Competency	Professional Competency		
Senior Executive	Advanced-level program	<ul style="list-style-type: none"> Competency development program Performance development system 	<ul style="list-style-type: none"> Specialized R&D training Quality management training Labor safety training Professional external training course 	<ul style="list-style-type: none"> Task assignment Job instruction Job rotation Instructor system 	<ul style="list-style-type: none"> Reading Language learning On-the-job training
Medium-level Manager	Intermediate-level program				
Junior Supervisor	Basic-level program				
General Employee					
		New recruit training			

Group workshop, Practical implementation, e-Course, Study group, Library

Friendly workplace

Diverse learning opportunities

Responding to short/mid/long-term business strategies and directions, the training committee annually adjusts the key focus on different training categories which are generated from our training & development system framework. Training categories have been primarily divided into: New recruit training; specialized R&D training; employee health & safety training; management training; general training; and external training (including foreign/domestic training), and agent training. Each category has curriculum policies (target audience, goals, and content), and different programs can be classed into different categories by curriculum characteristics. In addition to dedicating to training resources for new recruits, professionals, and management, the company also puts great emphasis on workplace safety and employee health on both physical and mental. In order to enhance the safety awareness of employees when commuting to and from work, the company especially conducts automobile and motorcycle traffic accident prevention courses. A health seminar will also be held before the health check to assist employees in evaluating the meaning of health check items.



Training category	Goals	Contents
New recruits training	Customized courses are designed depending on the employee's position requirements and professional experience. This helps new recruits quickly acclimatize to the organizational culture and internal processes.	Customized new recruit training program: General knowledge courses; e-Course readings and online tests; OJT follow-up and certification; writing weekly reports Mentor/buddy program New recruit back-training course Integrity management course (Company-wide retraining every year) Information security and cases concepts and policies course (Company-wide retraining every year) Human rights policy course (Company-wide retraining every year) Quality awareness course
Specialized R&D training	Transmitting and sharing key skills; cross-department skill exchange and projects	R&D skill courses Engineering skill courses Quality management skill courses
Employee health & safety training	Raising employee consciousness about workplace safety; lowering risks	New recruit health & safety training Traffic accident prevention Disaster drills Fire safety Occupational security and health general training course First aid personnel training Health lecture
Management training	Guiding managers to implement management consensus; further perfecting and developing managerial skills and leadership abilities	Talent acquisition, training, staffing, and retention Group leadership, communication, and motivation Handling employee errors and conflicts One-on-one meeting with senior executives
General training	Enhancing core competencies; assisting employees in enhancing their fundamental workplace knowledge and abilities	Internal operating system operation courses Courses related to the project system Courses related to rules & regulations
External training (including foreign/domestic training)	Learning and introducing industry trends and new knowledge, to enhance personal and company competitiveness	Employees submit requests for external training based on their professional needs Company selects employees to participate in overseas technology conferences, then will bring learning results back to company and share with coworkers.
Agent training	Ensure that the promotion skills and service quality of the agents can even promptly serve customers and promote company's R&D technology	Analysis of company's overall competitive advantage IP technology, process technology Production service

Friendly workplace

E-Learning platform

E-Learning online learning platform

Faraday's talents are deployed around the world. The online e-Course platform is established to help our global talents mutually share and learn from the training resources. All employees can conduct self-learning via the e-Course platform at all times and places. To ensure the course quality, the training committee periodically reviews course content and target audiences. The platform has been launched globally. In addition to employees in Taiwan headquarters, employees in mainland China, India, Vietnam, Japan, and the United States can also use the resources from this online e-Course platform simultaneously. All the e-Courses have also been recorded in bilingual versions, providing global employees with diverse learning opportunities.

Internal e-learning category

- Management
- New-recruit course
- General-staff course
- RD quality key course
- Dept. OJT course

External e-learning category

- Company promotion
- Data-in criteria
- Quality and reliability

New employee training system

To help new recruits quickly adapt to their work and to help supervisors effectively track the new recruits' orientation status, Faraday has designed the "New Employee Training System" for tracking and authenticating new recruits' learning status. Supervisors are required to confirm the orientation training items before the new recruit reports for work. Depending on the new recruit's background, supervisors can adjust the contents. Once new recruits report for work, they will receive all the customized learning tasks, including e-Courses, OJT, quality document readings, and weekly reports. New recruits have to complete the tasks in accordance with the schedule, and supervisors/mentors are required to approve the task completion. A clear learning structure and course schedule provide new recruits with a systematic learning process and a solid foundation for research and development.

Before new recruit reports for work

Customized learning program

- e-Courses
- OJT items
- Quality document readings
- Weekly reports

Learning program review and authentication

- Completing learning tasks
- Supervisor review and approve the task completion

Learning records tracking

- New recruits and supervisors can check learning progress and feedbacks via the system

Within 3 months during new recruit's probation period

Internal/External training application system

In order to enable the training process to be efficient and effective, Faraday has an internal training application system and an external training application system. To accurately assess the necessity and timeliness of training implementation, the system process is designed strictly. The internal training system process includes: course review, target audience review, course announcements, registration approval, satisfaction surveys and post-exams, and final statistic report; the external training application system process includes: registration approval, participation criteria review, training result assessments, and training records filing. System management can effectively track execution records and implement relevant normative measures.

Internal training

- Course review
- Target audience review
- Course announcements
- Registration approval
- Satisfaction surveys and post-exams
- Final statistic report

External training

- Registration approval
- Participation criteria review
- Training result assessments
- Training records filing

Friendly workplace

Training benefits and achievement

Training execution process

The HR unit implements the daily course start process in accordance with the resolutions of the “Training Committee”, and reports the results of the implementation to the committee on a regular basis. Over the years, through regular meeting reviews and continuous improvement cycles, we have ensured that Faraday’s training can achieve the benefits of both comprehensive planning and active implementation.

Process stage	Department/Supervisor responsibilities	Training Committee
Survey for annual training requirements	Based on the company’s business operation and strategy, both bottom-up and top-down training requirements are proposed	Review and collate training requirements submitted by all departments, to align the training focuses with company’s business strategy
Aggregation and communication for the requirements	Departments should communicate for inter-departmental course requirements, and propose the training goals, target audience, and instructors	
Proposal for training program and budgets	Training proposal, course items, and budgets are confirmed	
Training plan amending and approval	Plan might be adjusted based on suggestions from approval flow	
Implementation for the planned courses	<ul style="list-style-type: none"> Those holding the training: lay out the schedules; compile materials; give instruction Those receiving the training: must complete culmination and give feedbacks 	Periodically review the training course effectiveness; give correction and improvement if necessary
Review on training results and effectiveness	Based on learner and supervisor feedbacks, courses could be improved for much more effectiveness	

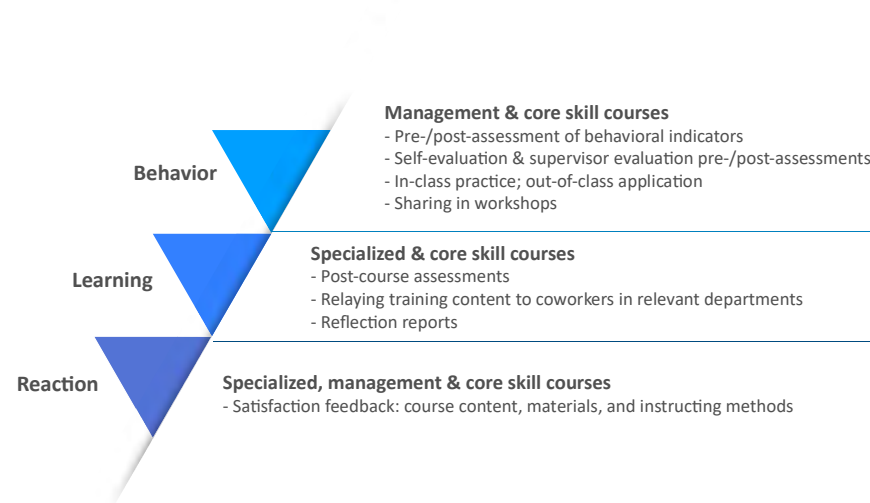
A diverse evaluation program for training effectiveness

Faraday focuses on the substantial benefits and continuous improvement of training courses. Through questionnaire feedback, after-class tests, behavioral rehearsals, experience reports, workshop sharing sessions, etc., it conducts post-course evaluations according to different types of course objectives.

In e-Course and professional function courses, instructors can design post-course exams as tasks to evaluate how effectively the learners have learned. The system also sends out a post-course survey; the feedback serves as a basis for making future course adjustments. In courses related to core skills and management skills, in addition to in-class practice, practical homework is also assigned. Workshops are also arranged so that employees can share their implementation results.

Internal excellent lecturer reward system

In order to encourage the inheritance of internal experience, Faraday has specially set up the “Internal Lecturer Appreciation and Reward Procedure” to improve the quality and effectiveness of teaching and to facilitate the inheritance of knowledge, skills, and experience. The reward system has scoring items in the course content, lecturer teaching skills, and textbook content. Faraday Gathering Award, the Golden Master Award, and the Ingenuity Award are set orderly. The trainees and the training administrators will jointly select the winners. The winners were praised and awarded at the Employee Forum to advocate the cross-departmental learning culture of internal inheritance.



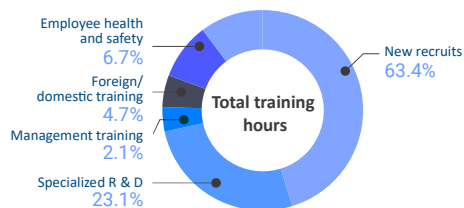
Friendly workplace

Training implementation index

Faraday has always given great importance to investing resources in, and producing results from, employee training. The training materials, target audience, and evaluation methods must all be approved by senior executives or the Training Committee, in order to make sure the courses promote company employees' career development.

In 2021, there were 232 internal training sections (including e-Courses) and 37 external training sections, for a total of 269 training sections done. The company considers new recruit cultivation and transmission of specialized R&D skills to be of supreme importance. As a result, the greatest number of course hours was devoted to new recruit trainings and specialized R&D trainings

In addition, the company allocates the same amount of resources to training, regardless of gender; training attendance was 72% male (4,986 registrations) and 28% female (1,933 registrations). The 2021 average per-employee number of training hours was 11.6 hours (including e-Courses). The average training hours for male and women were 11.6 and 11.4 hours, respectively. Through specialized course training, not only are employees' professional knowledge and skills enriched, but the goals and missions designated by the company are also achieved.



2021 training implementation status

Internal/External training	Training category	Total sections	Attendance ^(Note 1)			Total training hours ^(Note 2)		
			Male	Female	Total	Male	Female	Total
Internal training	New recruits training	122	3,644	1,548	5,192	3,853.5	1632.5	5,486
	Specialized R&D training	63	1,026	289	1,315	1,593	407.5	2,000.5
	Employee health and safety training	24	131	60	191	393	185	578
	Management training	23	162	22	184	162	22	184
External training	Foreign/Domestic training	37	23	14	37	276.5	126	402.5
Total		269	4,986	1,933	6,919	6,278	2,373	8,651

Note 1: Includes total number of 2021 permanent on-duty and non-returning training attendees: 6,919. Total number of 2021 permanent on-duty training attendees: 6,330; total training hours of 2021 non-returning training attendees: 589.

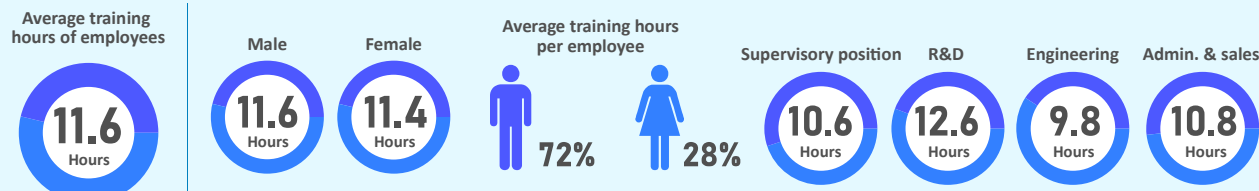
Note 2: Includes total training hours of 2021 permanent on-duty and non-returning employees: 8,651 hours. Total training hours of 2021 permanent on-duty employees: 7,853.5 hours; total training hours of 2021 non-returning employees: 797.5 hours.

2021 employee training hours

Items	All employees		Gender		Employee type				Total in Company-wide
	Male	Female	Managerial Position	Non-managerial position			Total		
				R&D	Engineering	Admin. & sales			
Total training hours ^(Note 1)	6,278	2,373	1,817.5	4,998.5	1,062	773	6,833.5	8,651	
Number of employees ^(Note 2)	541	208	172	397	108	72	577	749	
Average training hours per employee (a/b)	11.6	11.4	10.6	12.6	9.8	10.7	11.8	11.6	

Note 1: Includes total training hours of 2021 permanent on-duty and non-returning employees: 8,651 hours. Total training hours of 2021 permanent on-duty employees: 7,853.5 hours; total training hours of 2021 non-returning employees: 797.5 hours.

Note 2: Includes total number of 2021 permanent on-duty and non-returning employees: 749. Total number of 2021 permanent on-duty employees: 600; total number of 2021 non-returning employees: 149.



Friendly workplace

Talent motivation and development

Faraday positively implements the talent performance management and development system, we provide different work guidance and career development assistance according to various development stages of employees; reviewing employees' performance at work and formulating future development plans through a regular performance review mechanism, which effectively links to company, team, and individual work goals. The inspiring development system can be divided into new recruit caring and guidance system, new recruit evaluation during probationary period, mid-term performance review, annual performance review, and the performance counseling program according to the target and the development stage.



Mentor/buddy program for new recruits

With Faraday's mentor/buddy program, new recruits can quickly become familiar with company's environment and culture



New recruits evaluation during probationary period

Tracking the learning effectiveness for new recruits and comprehensively evaluate their work competency according to the course schedule of the new recruits



Mid-year performance review

Review the work progress and adjust the work direction for employees during the training period or the employees who are designated by supervisor.



Annual performance review

Review the annual work results, formulate future work plans, and discuss the-to-be-developed professional capabilities



Performance counseling program

Assist employees with poor performance to improve their work performance

Mentorship programmes for new recruits

In order to comprehensively assist new recruits in adapting to the workplace, Faraday has established a complete Mentor/buddy program for new recruits, through the "Newcomer Guidelines" webpage, so that new recruits can get the information and assistance they need in a timely way. The supervisor assigns employees in the department as dedicated mentors/buddies to give immediate help in work and life; supervisors and the HR unit will also conduct interviews with new recruits to understand their adaptation status and give feedback and assistance. This helps new recruits quickly become familiar with the company's environment and culture, and quickly acquire knowledge and experience they need. This shortens the learning curve and increases new recruits retention.

A performance development and management system with two-way transparency

Faraday's performance management and development system puts emphasis on mutual communication between subordinates and managers. Supervisors engage in one-on-one performance interviews with their subordinates. Through the interview, they could learn their subordinates' strengths and weaknesses, and then provide timely assist, guidance, improvement, or suggestion in their goal settings to actually achieve the improvement in the work efficiency for individual/organization and the overall performance of the company.

Every employee (Note) must do the annual performance review. In 2021, 90.8% of employees have done annual performance review; the review focuses are: achievement review, improvement items and plan, future prospects, and to-be-developed professional competence. The whole review process is mainly controlled by the Performance Management and Development System. Once supervisors conduct performance interviews, they will submit overall evaluations and comments via the system for subordinates to check. Similarly, subordinates can give feedback to their supervisors via the system. After review, the system will issue a survey on the execution status, and track the implementation of one-on-one performance interview. Faraday will keep the performance feedback mechanism with two-way transparent communication.

Motivating promotion system

Faraday has formulated both "Job Grade and Job Title Procedure" and "Promotion Management Procedure", which clearly regulate the conditions for promotions. Promotions are handled on an annual basis. Through regular performance reviews, supervisors are able to identify key talents as candidates for promotion. Directors and above submit recommendations. Promotions will be effective once approved by the President. In response to the organization management and talent development requirements, supervisors can make promotion recommendations in line with the relevant regulations and procedures. This procedure encourages talents to work their way up, and to keep making contributions in their specialized domain.



Permanent employees	Employed as of Dec. 31, 2021			Numbers ^(Note) & percentages of people receiving year-end performance appraisal				
	Employee function	Male	Female	Total	Male	Female	Total	Percentage
Managerial		130	29	159	126	28	154	96.9%
Non-managerial	R&D	213	83	296	188	69	257	86.8%
	Engineering	59	24	83	54	23	77	92.8%
	Admin. & sales	20	42	62	17	40	57	91.9%
	subtotal	292	149	441	259	132	391	88.7%
Total		522	178	600	385	160	545	90.8%

Note: Permanent employees as of Dec. 31, 2021 does not include: The senior executive president or above; employees who had not yet served three months, and employees on leave of absence.



Friendly workplace

5.3 Happiness in the workplace

Human rights protection

Faraday has always put great emphasis on human rights. We respect international regulations on labor rights, in order to scrupulously abide by the laws in countries where we have a presence. In accordance with the “International Bill of Human Rights”; “ILO Core Labor Rights Conventions”; “Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy”; and other internationally-recognized human rights standards, as well as the relevant labor and gender work equality regulations of the jurisdictions in which we operate, we have proceeded human rights protections, labor policies, and relevant implementation measures.

Faraday also implements the “Responsible Business Alliance” (RBA) Code of Conduct and respect all permanent and temporary employees. We have further implemented prohibitions against coerced labor, child labor, and discrimination; while also guaranteeing humane treatment and freedom of assembly.



Prohibiting coerced labor

- Do not mandate or force any person to engage in labor against their will
- Do not engage in any coercive labor measures toward personnel
- Prohibit forced, bonded (including debt bondage) and indentured labor, and involuntary and exploitative prison labor



Prohibiting discrimination

- Committing employees to avoid harassment and illegal discrimination
- Do not require employees to undergo discriminatory medical examinations
- Hire the 1% of disabled persons required by the People with Disabilities Rights Protection Act



Freedom of assembly

- Respects employees’ legal right of assembly, and rights to join labor organizations, elect representatives, and participate in union benefits
- Holds quarterly Labor and management conference, Employee forum
- Established the Internal Communication Management Procedure, which lay out the various internal communication mechanisms so that every piece of information and communication can be used more effectively



Prohibiting child labor

- Do not hire workers younger than 15 years of age
- Only accept applicants who are at least 18
- Perform ID verifications with those who are hired, to make doubly sure that there are no oversights



Humane treatment

- Established the Prevention, Reporting, and Punishment Policy of Workplace Violence and Sexual Harassment
- Provide employees with a working environment that is professional, mutually respectful, trustworthy, and free from illegal workplace assault and sexual harassment
- Cruel treatment of employees, such as sexual harassment, indecency, corporal punishment, mental or physical coercion, verbal abuse, etc., is strictly forbidden

Salary & benefits

Diversity initiates that go beyond legal compliance

In terms of salary and benefits, Faraday offers not only a competitive overall salary, but also a variety of better-than-legally-mandated measures, such as less than legal working hours and vacations, better-than-legally-mandated health checks, complete insurance coverage in taking care of both employees and their families, diverse welfare subsidies, and diverse activities, etc.

Competitive salary

Faraday provides salary and benefits that are both

sustainable, reasonable, and competitive, in hopes of attracting and keeping the very best outstanding talent. Faraday’s overall compensation system complies with the company’s operational performance, with specifics set on the basis of employees’ duties and personal performance. The overall reward plan has both short-term and long-term balance, and considers the effect of balancing the external market and internal management.

The company makes appropriate adjustments on a regular basis every year based on the overall economic indicators and the overall salary level of the market. The

company has been selected as a constituent stock in the TWSE RAFI Taiwan High Compensation 100 Index for eight years in a row from 2014, maintaining a competitive advantage in terms of average employee salary, total employee salary and salary growth.

Faraday’s fixed hiring salaries for all positions are higher than the government-set minimum standards, and we design a salary system that meets requirement and standard according to government laws, industrial practices, and talent market conditions; there is no unequal treatment due to gender, religion, ethnicity, nationality, or political party.

Overall compensation ratio for male and female by function

By function		Female	Male
Non-managerial	Admin. & sales	0.55	1
	Engineering	0.93	1
	R&D	0.76	1
Managerial position		0.82	1

Note: The reason why male’s compensation was significantly higher than female’s in the admin & sales function is due to differences in duties and responsibilities. More males in this function are senior marketing and sales personnel, with females primarily in administrative, financial, HR, and secretarial administrative management positions. In R&D category, the female salary ratio has decreased, which is due to the number of females added in 2021 were with less seniority and thus relatively low salary.

Friendly workplace

Retirement benefits system

In accordance with the Labor Standards Act and with the Labor Pension Act, employees who joined the company on June 30th, 2005 or earlier enjoy the old pension system. According to the old system, 2% of the monthly salary of each employee eligible for the old pension system is deposited per month into a dedicated old-system pension reserve fund. The reserved fund is currently prepared as NT\$133 million which is enough to meet the needs of currently-relevant employees. With the new pension system, 6% of the monthly salaries of employees eligible for the new system is deposited into individual pension accounts.

Complete insurance coverage

In accordance with the law, Faraday buys labor insurance, national health insurance, and group insurance for all employees. The group insurance coverage includes life insurance, catastrophic illness insurance, accident insurance, accidental & treatment insurance, hospitalization & treatment insurance, and cancer care insurance. All insurance premiums are paid by the company. Employees can also increase their personal insurance coverage level, and can choose to add their loved ones into the company's group insurance at a discounted rate, to enjoy complete coverage along with the employees.

Better-than-legally-mandated working hours and vacations

Better-than-legally-mandated 40 hours per week, Faraday sets work schedules at 39.5 hours per week, and employees can get off work 30 minutes earlier on Friday to avoid bumper to bumper traffic and enjoy weekend holidays earlier. As soon as employees report for work, they enjoy paid leave better than that mandated in the Labor Standards Act; they receive 3 to 5 paid leave days their first year, depending on the month they report for work.

Once seniority requirements are fulfilled, the company also gives full paid leave one year earlier than legally mandated, to give employees more vacation time to schedule.

Parental leave

Faraday gives substantial concern and care to employees who has nursery requirement, including implementing maternal care in workplace, providing breastfeeding/nursing facilities, arranging unpaid leave, job & career re-planning, and relevant benefits & subsidies, helps employees with childcare needs to maintain a balance between family and work.

2021 employee unpaid parental leave applications:

Category	Male	Female	Total
Number of employees eligible for unpaid parental leave in 2021 (A)	44	15	59
Actual number of employees applying for unpaid parental leave in 2021 (B)	0	1	1
Estimated number of reinstatements after taking unpaid parental leave in 2021 (C)	0	1	1
Actual number of reinstatements after taking unpaid parental leave in 2021 (D)	0	1	1
Number of unpaid parental leave employees reinstated in 2020 (E)	0	1	1
Number of unpaid parental leave employees reinstated in 2020 who continued working for one year (F)	0	1	1
Reinstatement rate of parental leave (D/C)	-	100%	100%
Retention rate of parental leave (F/E)	-	100%	100%

Definitions:

- A. Number of employees eligible for unpaid parental leave in 2021: The number of employees who applied for parental leave and maternity leave during the period 2018/01/01 ~ 2021/12/31 and were still in their work positions on 2021/12/31.
- B. Actual number of employees applying for unpaid parental leave in 2021: The number of employees who applied for unpaid parental leave during the period 2021/01/01 ~ 2021/12/31
- C. Estimated number of reinstatements after taking unpaid parental leave in 2021: The number of employees whose unpaid parental leave expired during the period 2021/01/01 ~ 2021/12/31
- D. Actual number of reinstatements after taking unpaid parental leave in 2021: The number of employees whose unpaid parental leave expired during the period 2021/01/01 ~ 2021/12/31 and who were reinstated in their positions after this date
- E. Number of unpaid parental leave employees reinstated in 2020: The number of employees reinstated in their work positions during the period 2020/01/01 ~ 2020/12/31
- F. Number of unpaid parental leave employees reinstated in 2020 who continued working for one year: The number of employees reinstated in their work positions during the period 2020/01/01 ~ 2020/12/31 and were still in their work positions one year thereafter.

Thoughtful and high-quality workplace

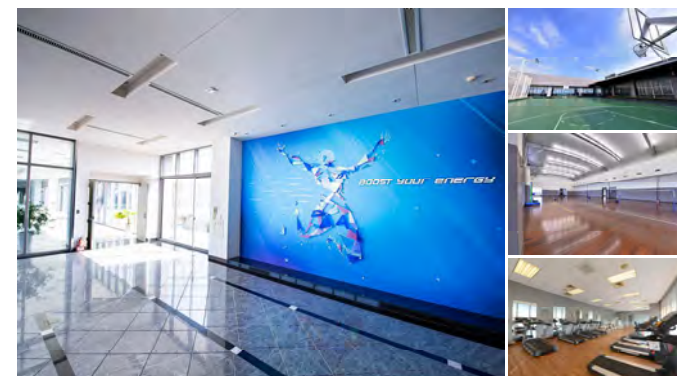
Faraday attaches great importance to the balance between work and life of employees. According to the law, representatives from various departments are appointed to form an employee welfare committee, which is responsible for planning and implementing various activities and welfare measures. In addition to the high-quality working environment and salary conditions provided by the company, activities and welfare projects are meanwhile diversified; make us available to fully take care of the physical and mental health of employees.

Diverse and thoughtful working environment

Faraday provides employees with a safe and comfortable working environment: the HQ building has music café, staff cafeteria, free parking spaces for cars and motorcycles, nursery room, stress relief center, art gallery, well-equipped multi-functional fitness center and sport field over 35,000 square feet, and ecological roofgarden-Zhiyuan and other staff rest areas. With thoughtful environmental facilities, Faraday employees can take a good rest and timely relieve work pressure.

10F Multi-functional fitness center and sport field over 35,000 square feet

Faraday focuses on work balance and physical/mental balance. On the 10th floor of the company, there is a well-equipped and multi-functional fitness center and sport field over 35,000 square feet; planning with outdoor basketball courts, indoor badminton courts, billiards courts, table tennis courts, gymnasiums, rhythm classrooms, basketball-shooting machines, and shower rooms; facilities are diverse and complete.



Friendly workplace

Every year does budget planning for regular maintenance and replacement of venue and equipment; the equipment is purchased every year by employee's suggestion. The gymnasiums replaced 2 sets of treadmills and purchased abdominal wheel rollouts, multi-functional fitness chairs, and jumping ropes in 2021. Gymnasium's facilities in Faraday is comparable to the completeness of general gymnasiums in the market that can fully meet the various fitness needs of employees. The multi-functional fitness center and sport field is also equipped with a number of male and female shower rooms, allowing employees to freshen up after exercising.

In addition to providing perfect and complete venue and equipment, Faraday also positively encourages employees to make good use of these facilities to promote their physical and mental health. At the same time, the venue is often used to hold various ball games and group recreational activities for employees to moderately release their work pressure.



Ecological roof garden

Faraday is committed to providing employees with a comfortable working environment. Many comfortable resting places are available for employees in the office. There are vast greenland, planting, and ecological gardens on the 1st floor of headquarter in Hsinchu Science Park, and an ecological roof garden built on the 10th floor. Hundreds of plants and flowers, and a pavilion are also set up. Employees can take a walk to watch the flowers and plants any time, relaxing mood and releasing

eye fatigue. Because of the successful ecological greening, hundreds of flowers and plants have grown well, and here also attracts a variety of insects and birds come to build nests and inhabit. This ecological garden has been exactly cultivated as a small ecosystem for employees to feel as comfortable as in the nature.

Music café

At the back side of the lobby on 1st floor of Faraday, there sets a stylish music café with high space that is comparable to a 5-star hotel. Light food, coffee, and tea are provided all day; the light meals are also provided at lunch time. When employees are tired, they can order a drink, a light food, or invite 3 to 5 employees to relax in the café.



Diverse welfare measures

Faraday takes care of employees in a comprehensive way. Various welfare subsidies and activities are held to take care of employees both physically and mentally and relieve work pressure.

- ✔ **Thoughtful caring measures:** Provide employees with birthday gift vouchers, maternity gifts, wedding gifts, funeral subsidies, and visually impaired message service for employees to relax from work.
- ✔ **Employee travel allowance:** Encourage employees

to relax in their spare time, or spend more time with their families during vacations. All the employees can plan for own favorite trip, and the company will provide high travel subsidies.

- ✔ **Provide discount gift vouchers and movie tickets** for employees to buy, the special discount of designated shops/stores, and exclusive designated shops/stores APPs for employees to look up related information instantly.

Activities held by company and employee welfare committee

- ✔ **Faraday family day:** Every year, Faraday family day is held in either amusement parks or large outdoor venue. Employees and their families are invited to participate together, so as to shorten the distance between colleague family and Faraday; allowing employees to maintain a proper balance between work and family.
- ✔ **Faraday annual concert on the green:** Every year around the Mid-Autumn Festival, Faraday arranges a wonderful concert on the outdoor greenland on 1F. Employees can invite relatives and friends to go to the concert for enjoying the show of well-known singers or music band. It is also prepared with barbecue and refreshing soft drinks at the party so that all employees can enjoy and relax.
- ✔ **Executive service day:** This is the day when all the directors to get rid of the position title and bring up a warm service for each employee, and improve the interaction between the directors and the employees.
- ✔ **The year-end party:** To compliment and give thanks to all the employees for hard work over the year, the company prepares abundant catering, wonderful performances, and lottery draws.
- ✔ **The theme lecture:** Experts or celebrities in multiple

fields are invited to share all kinds of life themes, such as "investment and financial management, health care, parent-child education, travel and delicacy, lifestyle, and sports & fitness" to be diverse and eventful.

- ✔ **Arts and cultural activities:** Invite art and culture groups to perform, and film presentation for employees to feel ease and relax.
- ✔ **Group recreational activities and sports competitions:** Arrange inter-departmental ball games, group recreational activities, and talent competitions; employees generally participate actively, which not only relieves their work pressures but also increases the interactions among employees.

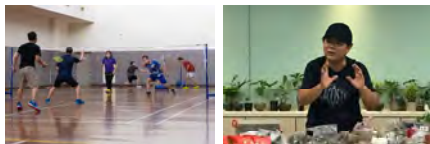


In 2021, due to the impact of the COVID-19 epidemic, considering to maintain the health of employees and avoid group gathering, we held online puzzle games, "the golden brain" and weight-loss & body-sculpting activities; however, for Faraday family day, Faraday annual concert on the green, theme lectures, arts and cultural activities, group recreational activities and sports competitions were cancelled. If the epidemic slows down in 2022, all the activities will be resumed to provide moderate physical and mental relaxation for employees.

Friendly workplace

Employee affinity groups

Faraday encourages employees to participate in club activities, so that employees can cultivate personal interests and release pressure from work. At present, Faraday has a total of 14 clubs, which are wonderful and diverse. In addition to a fixed annual subsidy for club activities, Faraday also has a multi-functional recreational fitness center over 35,000 square feet with complete equipment on the 10th floor of the company. In addition, the company's conference room is open for clubs to use after work. Faraday actively meets the event venue needs of the employee clubs.



In addition to the regular gatherings of club members, there are also various exciting group activities held, such as: basketball games, badminton games, soccer baseball games, table football, bubble football, laser battle, and rope skipping, etc. Not only to relieve the work pressure of employees but also to increase the communication among inter-departmental, supervisors, and employees within the company, and to build Faraday's team cohesion, the club often participates in external competitions on behalf of the company, and wins the game repeatedly.

There are clubs in Faraday as: badminton club, table tennis club, volleyball club, Weifei baseball club, softball club, basketball club, golf club, football club, boxing aerobic club, sports and health management club, reading club, photography club, ukulele club and planting club.

Employee care system

Faraday takes employees as our most important partner of business. In addition to being committed to building a LOHAS and healthy working environment, we also focus on human caring, and are devoted to creating a warm-hearted corporate culture of mutual assistance, to provide a working environment for employees to feel at ease.

Faraday has established an employee care system and real-time online notification system. When an employee has a major unforeseen incident (such as the employee or a loved one being injured and needing hospitalization, or the death of a loved one), their supervisor, employees, and relevant work units are able to give care, consolation, and assistance right away.

Employer-employee communication

Harmonious employer-employee relationships are beneficial to the company's long-term stability and development. Faraday values the opinions and rights of employees, cares for and listens to the various voices and suggestions of employees at any time. We establish multiple channels for employees to reflect their opinions and are dedicated to provide open and transparent communication channels among supervisors, employees, and peers. In addition to making communication flow freely between employees and the company, we have also created a highly participatory workplace, and employees are highly invested in the company. The relations between employers and employees are harmonious.

Faraday internal diverse two-way communication mechanisms help employee comments to receive full play, and relevant responsible units quickly respond to those comments. This creates a strong culture of free communication, and makes an enlightened work atmosphere a reality.

Employee forum with the president; labor and management conference; employee welfare committee; occupational security and healthy committee; employee opinion expression platform; complaint mechanisms; and more forms of communication - all of these help employees relay all manner of issues with work, life and the environment, then have their issues resolved. This creates a diverse and inclusive workplace

Method	Content	Frequency
Employee forum	Build consensus, corporate operating status, and share development strategy	Quarterly
Labor and management conference	Promote employer-employee cooperation, coordination of employer-employee relations, improvement of working conditions, and labor welfare planning, etc.	Quarterly
Employee Welfare committee	Employee welfare issues, activity planning	Bimonthly
Occupational security and healthy committee	Employee occupational safety and health issues	Quarterly
Welcome lunch for new recruits	Express welcome for new recruits; providing on-the-job assistance; responding questions	On the report day of new recruits
Interview for new recruits	Understand the adaptation status and give feedback and assistance to new recruits	In three months after the onboard day of new recruit
Employee opinion expression platform	Any opinions and issues related to the company	Anytime
Complaint mechanism	Reflect or appeal any unfair and unreasonable facts (such as sexual harassment, workplace violence, etc.)	Anytime

Friendly workplace

5.4 Employee safety and health

The occupational safety and health management system

Faraday follows the Taiwan Occupational Safety and Health Management System (TOSHMS) requirements in regularly reviewing implementation results and discussing deficiencies, in order to prevent and reduce occurrence of workplace safety incidents. We continuously perform safety evaluations and inspections; implement occupational safety and health management plans; and carry out both scheduled and unscheduled health & safety inspections and audits. In addition, we identify risk factors; we do management of risk evaluations and controls; and supervisors at all levels oversee safety. This allows systematic operations to prevent incidents from occurring, lowers the undertaken risks to personnel, and enhances workplace safety.



Safety and health policy

Occupational safety & health is a responsibility that every employee bears. In order to maintain a workplace environment of health and safety, prevent occurrence of workplace accidents, and express our commitment to continuous improvement in safety and health management, Faraday has set down the following policy declaration:

Safety and health policy

- Adhere to legal statutes regarding safety & health
- Strengthen employee safety & health training
- Commit to implementing injury-prevention measures
- Complete participation in strengthening risk management
- Monitor and measure workplace hazards
- Continuously improve safety & health effectiveness

President

Safety and health committee

We at Faraday believe that giving employees a safe and healthy workplace is the company’s fundamental duty and responsibility. In order to guarantee employees’ rights and interests related to safety and health, to prevent workplace accidents, and to protect employees’ safety and health, we have established a safety and health committee in Hsinchu headquarter. At their quarterly meetings, the committee reviews matters related to occupational safety, health and environment protection implements all manner of tasks related to occupational safety, health and environment protection. In addition to being chaired by the president, the committee had 1 executive secretary and 8 committee members. Of these, labor representatives accounted for 5 positions, so labor representatives then accounted for 50% of the ten committee members (The labor representative is elected by the labor and management meeting). They help with monitoring and making recommendations regarding planning for workplace health & safety. Other laborers such as cleaning staff, security personnel, etc. do not have a seat on the committee.

Committee members
10 committee members

Labor representatives 50%

Holding meeting Quarterly

Occupational injury prevention

Faraday puts emphasis on the occupational hazard prevention and employees’ physical and mental health issues. In order to strengthen the prevention and control of occupational hazard and ensure labor rights, it is committed to “Safety at first priority and relieved workplace”. Its occupational hazard prevention and protection targets include all employees, contractors, and supplier employees. At the same time, set up “employee care system” and “work injury accident investigation” to keep updated and informed of the related injuries. In addition, we will also formulate the contractor’s hazard notification as related to the contractor. So far, there has no occupational hazard or death case within the company. The company will still uphold the priority of caring for the health and safety of employees, and work hard to prevent and manage accidents.

Occupational accidents/Accident handling process

Reporting

Persons involved or nearby report to security station right away

Handling

Occupational health nurse and health & safety personnel assist in taking care of incident

Investigation & summation

After incident is handled, investigation report is made to assist with future improvements

Friendly workplace

Occupational incident disability statistics

In accordance with the Occupational Safety and Health Administration, Ministry of Labor definition of disabilities due to occupational incidents, if commuting accidents occurring off company grounds are excluded, Faraday had no diseases, injuries, losses of ability, or deaths due to work-related causes in 2021. For the traffic accidents of sporadic employees on their way to and from get off work, the statistics are as follows:

Item	Calculation parameter	2021	2020	2019
Injury rate(IR)	Male	0.264	1.2696	1.4061
	Female	0.657	0.0000	0.0000
	Total IR	0.377	0.9429	1.0498
Occupational disease rate (ODR)	Male	0.0000	0.0000	0.0000
	Female	0.0000	0.0000	0.0000
	Total ODR	0.0000	0.0000	0.0000
Lost day rate(LDR)	Male	0.792	52.0548	11.0142
	Female	0.657	0.0000	0.0000
	Total LDR	0.754	38.6609	8.2231
(AR)	Male	0.001	0.0029	0.0025
	Female	0.003	0.0040	0.0060
	Total AR	0.002	0.0032	0.0034
Annual deaths		0	0	0

- A. Note 1. Light injuries (those that can be resolved through on-the-spot care) are not included within the IR.
 B. Note 2. Injury rate (IR) = (Total number of disabling incidents/total hours worked) * 200,000. (That is, the rate per 100 workers × 50 weeks in a year × 40 hours per week.)
 C. Note 3. Occupational disease rate (ODR) = (Total number of occupational diseases/total hours worked) * 200,000. (That is, the rate per 100 workers × 50 weeks in a year × 40 hours per week.)
 D. Note 4. Lost day rate (LDR) = (Total number of work days lost/total hours worked) * 200,000. (That is, the rate per 100 workers × 50 weeks in a year × 40 hours per week.) "Number of work days" refers to "calendar days", calculated starting the day after the incident.
 E. Note 5. Absentee rate (AR) = (Number of absentee days/total number of work days of all employees for the year) * 100%. This is the actual number of absentee days as a percentage of all days that should have been worked during 2020. "Number of absentee days" includes only those with absences due to injury and sickness leave days; it does not include approved vacation days such as national holidays, unpaid leave, training days, maternity leave, paternity leave, or funeral leave.
 F. Note 6. 2019 - 2021 injury incidents were all as a result of traffic accidents while employees were commuting to or from work.
 G. Note 7. The employee numbers reflected in the data above are calculated on the basis of all permanent employees employed as of Dec. 31st, not including laborers.

Safe and healthy working environment

Faraday abides by relevant regulations on occupational safety and health, regards employees as important assets, provides a safe working environment, creates a high-quality safety culture, reduces the risk of employee health hazards and environmental impact, and creates an environment for sustainable operation.

Response measures to Coronavirus (COVID-19)

Since 2020, the COVID-19 epidemic has been spread internationally, and the confirmed cases in Taiwan starts to spread due to the imported cases. It has spread rapidly among communities in the middle of May 2021, and a few waves are spreading so far.

To prevent the spread of the COVID-19 within the company, to ensure employees' health and the safety, and reduce the impact and damage towards the company caused by the epidemic; the epidemic prevention and response team was quickly organized at the beginning of the epidemic, we held weekly epidemic prevention meetings, and cooperated with the relevant regulations of the government authorities to formulate company's response handling procedures and epidemic prevention policies such as employee health management tracking, epidemic impact assessment, keeping the latest epidemic information, reviewing epidemic prevention measures at any time with rolling adjustments according to the epidemic situation.

Health management of the colleague

- Each floor is equipped with forehead thermometer for body temperature checking.
- Effectively keep updated of the daily health condition and contact history of employees through system questionnaire.
- Employees must wear masks when taking elevators, attending meetings, and waiting in line for meals inside the company.
- If unable to keep the social distance in other places (outdoor in 1

meter; indoor in 1.5 meters), one must wear mask and wash hands with alcohol hand sanitizer placed at each entrance/exit.

- If any cold symptoms, please wear the mask all the time and wash hands with soaps or alcohol hand sanitizer (Please stay home when having fever; can only enter the office without fever symptom.)
- Tracking management for the personnel with flu and high risk; meanwhile, setting a separate office area for self-health management employees with related contact history to work in isolation.
- Manage and control the list of employees whose footprints have overlapped with the confirmed cases; activating WFH program during the period by the degree of risk or response by the mechanism of self-health management.

Health management for visitor/ supplier/ contractor

Faraday conducts rolling adjustments to the measures according to the severity of the epidemic, including all external visitors (external instructors, club coaches, and massagists) to manage the opening of the company area to ensure the health of employees and the safety of the workplace environment

External visitors management:

- Visitor/supplier/contractor should bring and wear their masks when entering the company, check body temperature at reception desk
- Fill in "Visitor Health Declaration Card"
- Visitors who have travelled from overseas or have a fever and respiratory symptoms in the past 14 days, or have been in contact with those listed as home quarantine or self-health management by
- Centers of Disease Control (CDC) are not allowed to enter the company.
- Visitors can only stay in the meeting rooms on the 1st floor; entering office area is not allowed.
- External instructors and club coaches should follow the "Guests/visitors Epidemic Prevention Management Regulation" when entering the company. For those who are not fully vaccinated, masks must be worn throughout the course to keep the social distance.

Friendly workplace

Management policies for going abroad/returning home

- To ensure the health of all employees, Faraday in early 2020 suspended the global two-way business trip and replaced by phone meetings instead.
- In accordance with the regulations from Central Epidemic Command Center (CECC), employees who are returning to Taiwan are required to proceed isolation by the quarantine regulations.
- Set up separate office area for employees who go abroad and return to Taiwan and with high potential risk on infection to proceed self-health management for 7 days.

Reduce office infection risk

Take the following measures to effectively reduce the spread of COVID-19 and reduce the possible infection risk of indoor gathering.

- Open and use the 5th floor office to effectively reduce the personnel density of each floor
- Rolling adjust the maximum number of people in the meeting room
- Diversion of dining line and alternate dining
- Responding to the uninterrupted business continuity: Start work from home (WFH) program up to the severity of the epidemic; in addition, for employees whose job functions cannot fit into WFH program, they are divided

into two groups, A/B, on/off duty by different floors and traffic flow, or working at the office every other week.

Environmental cleansing and disinfection

- Automatic-sensing alcohol sterilizer spray is placed at each elevator entrance on every floor for hand disinfection.
- Rise up the frequency of cleansing and disinfection to the public area (Every two hours)
- The frequency of external ventilation of the air conditioner (AC) (Fresh air from outside of the AC opens for air intake at all times from 9 am to 18 pm)

Preparation for epidemic prevention materials

Evaluate the company's needs according to the guidelines and set various types of epidemic prevention materials and minimum inventory to respond to the changes in the epidemic, such as masks, protective clothing, ear (forehead) thermometers, bleach, alcohol, alcohol automatic sprayers, etc. Furthermore, we signed a COVID-19 group screening and epidemic prevention project with Taipei Veterans General Hospital Hsinchu Branch to meet the company-wide inspection needs when employees are diagnosed.

In response to the epidemic changes, Faraday sets up the rolling epidemic prevention measures according to the relevant regulations from the government authority:

	Stage 1 Sporadic community infection	Stage 2 Local community cases with unknown source of infection	Stage 3 Single week > 3 community cluster cases or 1 day > 10 local community cases with unknown source of infection	Stage 4 Rapidly increasing of local cases (Every day > 100 cases within 14 days and over half of the cases are caused from unknown sources of infection)
Government measures	<ul style="list-style-type: none"> Implement strictly for wearing masks when in a meeting, taking elevator, and taking meals Call off or postpone the mass gathering activity Real-name system for entering/leaving public places, keep the proper social distance, check body temperature, disinfecting with alcohol 	<ul style="list-style-type: none"> People will be fined when not wearing masks Cancel outdoor activities of more than 500 people; indoor activities of more than 100 people Forcefully shutdown the leisure/recreational venues and public areas when necessary 	<ul style="list-style-type: none"> Wear the masks all the time when going out Cancel indoor gathering of more than 5 people, outdoor gathering of more than 10 people Except for necessary services and the medical care facilities, all the rest of the public places should be shut down. To cooperate with disinfection and screening, must not leave the contained area; stop gathering and class suspension 	<ul style="list-style-type: none"> Don't go out unless necessary Fully work/class suspension Implementation of regional blockades and personnel in/out control
Epidemic prevention measures of Faraday	<ul style="list-style-type: none"> Implement strictly for wearing masks when in a meeting, taking elevator, and taking meals Open the club activities and massages Fill in the "Visitor Health Declaration Card" Proceed disinfection in public area once/2 hr 	<ul style="list-style-type: none"> Wear the masks all the time when entering the company Alternate dining (Two rounds) Control the personnel density in the meeting room Suspend club activities and massages Suspend external instructors, coaches, and dependents to enter the company Proceed disinfection in public area once/2 hr Recreational and fitness center on the 10th floor remains opening Fill in the "Visitor Health Declaration Card" 	<ul style="list-style-type: none"> Wear the masks all the time Alternate dining (Three rounds) Replace all the meetings as conference call (con-call) A/B group take turns to work from home every week (WFH program) Proceed disinfection in public area once/1 hr Shutdown the recreational and fitness center on the 10th floor No foreign guests visiting and no foreign visit from employees 	<ul style="list-style-type: none"> Wear the masks all the time Except for A/B group to take turns to work in the office, the rest of the employees are asked to work from home Proceed disinfection in public area once/1 hr

Note 1. Because the global epidemic continues to heat up in the beginning of 2020, global two-way business trip was suspended and replaced by phone/video meetings
 Note 2. If any fever symptoms, entrance to office is prohibited

Note 3. Set up separate office area for employees who are listed as self-health management by the government due to the related epidemic contact history
 Note 4. Fresh air from outside of the AC opens for air intake at all times from 9 am to 18 pm. (The air intake is originally 15 minutes per hour.)

Friendly workplace

SOP flow chart of emergency response for Coronavirus (COVID-19) cases

Confirmed case among employees [Confirmed by Central Epidemic Command Center, (CECC)]

A Confirmed employee

- When a positive diagnosis is confirmed, immediately inform supervisor and the company nurse.
- Provides "list of close contacts" to company nurse (Please refer to the principles as listed in right column.)
- Accept relevant medical care and treatment
- After being diagnosed by a doctor, one still needs to proceed self-health management for 7 days when back to work. Wear a mask all the time and check body temperature in the morning and evening; for any cold symptoms during the period, immediately report to the company nurse.

B Close contacts

- Investigation principles:
- For those who have one of the following conditions, after 14-days work-from-home, keep self-health management for 7 days when back to work:
 - Work with the confirmed employee at the same office block
 - The confirmed employee has one of the following conditions from the 3 days before onset: Close-distance conversation without wearing mask, dining at the same table or smoking together
 - One is confirmed as the high-risk potential person by health unit.
 - Within 3 days before the day of onset of the confirmed employee: Those who wear a mask but talk at close distance (within 1 meter) for more than 15 minutes will be subject to self-health management for 21 days.
 - Proceed self-health management, when having a fever and feel uncomfortable, report it immediately and seek medical attention

C Indirect contacts and environmental disinfection

- After receiving the notification from the confirmed employee, the company nurse will immediately inform all the company employees to go home and work from home for 2 days
- Proceed environmental disinfection for the whole company building
- Non-close contacts employees should back to work on the notified date and wear the mask all the time.

✔ Safe workplace

Faraday identifies and controls workplace safety hazards that employees are likely to encounter (such as electrical devices and other power, fire, vehicular, slipping, tripping, and drop hazards). We control such hazards through correct design, engineering, management & control, preventative maintenance, and safety operation; and when these hazards cannot be completely controlled, we also provide employees with adequate personal protective equipment. In order to prevent potential hazards from resulting in accidents while employees and contractors are performing their work, we have also formulated management and control regulations. These guarantee health and safety for workers and contractors.

The initial design for all software and hardware in the Faraday offices includes protecting employee safety as

the first consideration, to make sure that employees receive the greatest possible safeguards during their work. All the company's entrances and exits are equipped with card scanner-based access devices while the primary entrances and exits have security guard onsite 24 hours a day for employees' safety. All electro-mechanical and fire prevention devices (such as fire alarms and fire extinguishers) are maintained and inspected in annually, quarterly, or monthly by their mandated schedules to guarantee that they are at the state of utmost readiness at all times.

✔ Working environment monitoring

The working environment monitoring is set to ensure that employees are free from harmful substances in the workplace, keep updated of the actual working environment and evaluate the workplace environmental exposure,

provide a healthy and comfortable working environment for labor, formulate a workplace monitoring plan, and entrust a professional team to proceed regular sampling, monitoring, and analysis 2 times a year. The monitoring results of the working environment in recent five years are in compliance with the regulations.

✔ Environmental health

Faraday puts highly emphasis on environmental health and we obey the relevant domestic environmental laws and regulations; we employ professional staff to do daily cleaning, food waste composting, and trash sorting, regular drinking water machine inspections and environmental cleansing. We also place clearly marked recycling bins that comply with environmental laws; and there are regular reminders to all employees about environmental protection and our trash sorting regulations.

We decorate clean restrooms, employee cafeterias and pantry rooms, and set up automatic alcohol sprayers at the elevator entrances and exits of each floor to maintain personal hand hygiene at all times. We also provide clean and hygienic drinking water, food, and storage facilities. These help employees enjoy a good working environment.



Friendly workplace

Safety and health training

Faraday is an IC design and R&D company. We have no production environment, and thus there are minimal concerns about waste water, waste gases, toxins, or chemicals. However, we are deeply conscious that only if we care about safety will we be able to reach our corporate sustainability goals. We are also conscious that employee behavioral safety and attitudes are the key to implementing all our work, so we devote ourselves to stable development on the basis of a “safety first” mindset. We have put in place a preventative management & audit system, to safeguard the working environment and occupational safety, so that employees can put their minds at ease and our clients can be worry-free.

With the safety and health training activities, we build a safe workplace culture, create a healthy workplace atmosphere, strengthen the management goal of safety and health, protect employees’ safety. Therefore, we periodically hold occupational safety trainings, which focus on situations that may occur in different workplace conditions. These include general health & safety training; disaster drills; fire safety drills; training for first-aid responder; employee on-the-job trainings for various occupational health & safety issues; and more.

In addition, for personnel of subcontractor, our “Health & Safety Management Procedures for Contracted Work” requires that they should provide the relevant required health and safety certifications and training information, and they have to be informed of possible hazards when entering the company. This helps to guarantee the safety for subcontracted personnel to work inside the company. 206 employees were taken safety and health-related training course in 2021 with a total training hours of 638 hours.

✔ New recruit safety & health trainings

In order to establish a safe working attitude for new recruits, abide by relevant safety work regulations, and understand the hazards of work and how to respond, report and deal with emergencies, Faraday arranges a series of safety and health training when new employees onboard. To make employees to be quickly familiar with the working environment and the company's safety and health policies and management, thereby reducing occupational injuries caused by being unfamiliar with the working environment. In 2021, the total number of new employees in safety and health training was 136, and the total training hours were 408 hours.

Course name	Total numbers of trainees	Total hours of trainees
New recruit safety & health trainings	136	408
Disaster drills	15	60
Traffic safety and accident prevention propaganda	25	50
Fire safety and self-defense group training	30	120
Total	206	638

✔ Disaster drills

Due to the outbreak of a large number of confirmed local cases of COVID-19 epidemic in May 2021, in order to reduce the gathering of employees during the drill, a small-scale fire group training was carried out to improve employees’ familiarity with disaster drills and enhance the risk and crisis management. In 2021, the total number of participants in the disaster drills was 15, and the total training hours were 60 hours.

✔ First-aid personnel training

According to the labor health protection rules and occupational safety and health education and training rules, it is necessary to set up qualified first-aid personnel as 12 personnel, and during the year, there are up to 13 personnel to enhance the safety and health emergency response capabilities of the company.

✔ Traffic safety and accident prevention propaganda

In order to avoid traffic accidents when employees commute to work, in addition to regularly promoting the concept of safe driving, the traffic team of the Hsinchu City Police Department was specially invited to the company to conduct traffic safety advocacy courses to those high risk groups who had traffic accidents and commute by motorcycle. Strengthened advocacy to the high-risk group, improved employees’ traffic safety knowledge, and developed good habits of safe driving and defensive driving. In 2021, a total of 25 people had participated in traffic safety advocacy courses with the total training hours of 50 hours.

✔ Fire safety and self-defense team training

Faraday sets up a fire self-defense team in accordance with the enforcement rules of the Fire Protection Law, and invited the head of the Hsinchu City Fire Branch to conduct firefighting training in the company; to ensure that when a fire accident occurs, before the firefighters arrive, the self-defense firefighting team organized in the company is able to take action on early warning, immediate fire extinguishing, evacuation guiding, and rescue of the injured under the condition of self-protected to effectively reduce the losses caused by disasters and accidents. In 2021, a total of 30 people had participated in fire safety training with the total training hours of 120 hours.



Friendly workplace

5.5 Workplace health management

In order to provide employees with more diverse health services, Faraday plans a series of health activities according to the four major aspects of medical care, disease prevention, occupational health care, and healthy lifestyles, so as to grasp the physical and mental health status and needs of employees, and create a healthy workplace atmosphere to improve the physical and mental health of employees.

✔ Medical care

• Onsite doctor service

Faraday deploys full-time nurse practitioners and general specialists to provide onsite services according to the labor health protection rules. By the laws and regulations, only 6 times/year of onsite services are required, yet Faraday provides a better onsite service than that of the 12-times/-year by regulations, providing employees with physiological, psychological, and other related consulting services, and by the Occupational Safety and Health Law, Faraday conducts risk level assessment and recommendations for occupational hazards such as human-induced hazards and maternal protection workplaces. In 2021, due to the epidemic, the onsite doctor also provides psychological counseling on the epidemic to relieve the pressure of employees.

• Infectious disease prevention

In order to prevent the spread of influenza in the workplace, the first phase of three stages and five levels in preventive medicine is used to promote health and special protection, and we promote the prevention of infectious diseases and other health information. Faraday holds influenza vaccination every October. Provide employees and family dependants with convenient flu vaccination within the company. In 2021, there were a total of

112 people receiving flu vaccination.

• Case tracking and management

For employees who found health examination reports as abnormal, occupational disasters, or found or received notifications in daily operations, they are graded and tracked according to the type and degree of abnormality and listed as case management.

✔ Prevention of diseases

• General health check for new recruits

Employees who are checked as abnormal after the physical examination will be managed by tracking mechanism. For special cases that need case management, files will be tracked according to the type of cases, and personalized health services will be provided. Taking advantages for the opportunity of onsite doctor service, inviting consultation and proceeding health tracking.

• General health check

Faraday conducts employee health checks with standards superior to laws and regulations and proceeded once every two years; however, it is postponed to the fourth quarter of 2022 due to the epidemic in 2021 to avoid crowd gathering, and the health check is designed by features of workplace and high-risk health, making good use of resources to screen and prevent the cancer that frequently happened among fellow citizens. It is suggested that early detection and early treatment with high prevalence, so as to prevent it from happening.

Before the health check, in order to ensure the quality of the health check service, the selection mechanism of the hospital for proceeding health check is formulated according to the examination

theme of the current year. The suitable examination hospital with both quality and cost-effectiveness is selected to provide employees with the good health check quality and meaningful health check report.

• Sophisticated health check

Faraday plans high-level health check to take care of the health of the senior executives. In addition to hospital check, precision instruments, high-level imaging medical examinations, specialist doctor explanations, and personal health tracking services and medical referrals are also provided to strengthen the comprehensive health care of the company's core personnel.

✔ Occupational Safety and health nursing

In addition to setting up a complete safety and health plan by the Occupational Safety and Health Law (including maternal health protection, abnormal workload-induced disease prevention and management, prevention of unlawful violations in the performance of duties, and human-induced hazard assessment), besides to take advantages on questionnaire results based on the statistical analysis and further management, it is also available to proceed through early detection of the hazards of work factors to prevent the occurrence of workplace diseases, promote personal health, and to improve work quality.

• Maternal health protection plan

The taken measures include hazard assessment and control, physician interview guidance, risk classification management, and work suitability arrangements. Onsite doctors are arranged to identify and evaluate the working environment and occupational hazards, and manage them by

the evaluation results. Arrange interview guidance for employees who meet the maternal health protection, and make necessary arrangements of appropriate work to ensure the physical and mental health for maternal employees of pregnant, postpartum, and breastfeeding.

A breastfeeding collection room is also set up to provide a safe, warm, comfortable, and high-quality environment, including high-privacy compartments, an emergency phone-call line, posting specific columns of childcare such as breastfeeding and child nursing, providing specific refrigerators to keep breastmilk, water dispensers, health education leaflets and manual, comfortable backrest and lumbar pillows and wet wipes, hand towel, alcohol, hand soap, and bottle cleaners for employees to use and continue breastfeeding at ease and improve breastfeeding rates.

In 2021, there were a total of 12 employees on the maternal health protection list that had completed individual hazard assessments, stratified management, and the health protection rate achieved 100%.



Friendly workplace

- Prevention & management plan for ailments induced by exceptional workload**

Faraday is an IC design company. Our office environment is good and clean, and no specific tasks are performed that are high-risk or have high rates of occurrence for specific diseases. However, to safeguard employees' mental and physical health, and to achieve the goal of employee overwork protection and stress management, Faraday sets and implements the "Prevention & Management Plan for Ailments Induced by Exceptional Workload" in accordance with the Occupational Safety and Health Act, Article 324-2, "Employers shall adequately plan and adopt the necessary safety and health measures to prevent ailments induced by exceptional workload, such as working shifts, working at night, and long working hours".

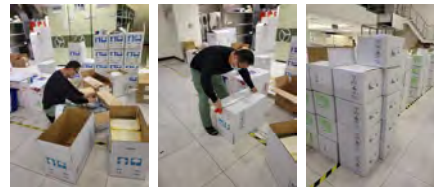
- Human hazard prevention plan**

Faraday positively promotes ergonomic risk management, arranging occupational doctor/nurse, and occupational safety and health personnel to actually walk around to high-risk areas to proceed workplace observation and work hazard assessment according to the ergonomic risk assessment tool, KIM table, providing risk level assessment and plan and taking necessary safety and health measures to prevent related occupational disasters.

If it is found that improvement suggestion is needed, then the human hazards that caused by repetitive work will be reduced by changing the process, operating methods, adjusting working hours, and personal protection, and evaluate the risk and track the improvement by the musculoskeletal injury questionnaire.

If a case of high repetitive work or cumulative muscle discomfort is found, then it is available to use

the musculoskeletal injury checklist to evaluate the hazard score, arrange interviews or further onsite work observation by the chance of the factory medical consultation service, and conduct health and safety education to improve the recognition of human-induced hazard factors among employees to reduce the chance of musculoskeletal soreness.



Please use the following KIM table to perform the work place flow and observation for human hazard risk assessment

- KIM - The evaluation table for lift, hold, and transport**

Category	Rating scale
Lift operation < 5s, Total in 40 times to < 200 times	Time rating: 4
Male holding load from 10 kg to < 20 kg	Holding rating: 2
Bent down in low body posture	Posture rating: 3
Enough space, flat floor, full lighting, temperature as 22 °C to 23 °C; humidity as 40% ~ 60 %	Working rating:0
Risk evaluation: Middle loading	4x(2+3+0) =20

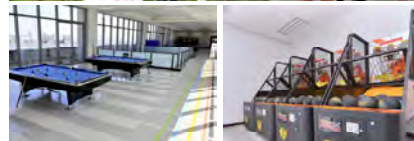
- Prevention plan for illegal infringements on duty**

In order to ensure that employees work in a safe and comfortable working environment and avoid physical or mental harm due to illegal acts, the "Prevention Plan for Illegal Infringements in the Performance of Duties" is specially formulated to properly prevent and deal with workplace violence. When assessing

possible or when workplace violence has already occurred, immediately trigger this plan to protect the physical and mental health and safety of employees. In 2021, there were no incidents of illegal infringement due to performing duties in the company.

- Healthy lifestyle**

As to the hardware equipment, Faraday has a complete fitness and recreational center, including gym, aerobic classroom, basketball courts, badminton courts, table tennis tables, billiard tables, and shooting machines, etc., making all the employees to release the work pressure from busy work by doing exercise; moreover, the employee welfare committee will hold various club activities for employees to participate.



- Health education propaganda**

Faraday provides employees with relevant health information, or arrange relevant health education with health promotion activities, and attach on the company intranet for employees reference at any time. In addition, to effectively develop and establish good habits on doing exercise of employees, it is especially hired professional and well-known fitness coaches to teach employees in correct exercising method and to know how to prevent sports damage. At the same time, employees can take advantage on measuring blood pressure, weight, and body composition analysis for free, so that employees can understand their own health trends, and then effectively manage personal health.

- Health promotion activity**

The purpose of health promotion activities is to make employees understand the importance of a healthy lifestyle to health, eliminate risk factors that endanger health, cultivate a healthy attitude toward life, practice healthy behaviors, and create a healthy workplace ambience. Health promotion activities in 2021 included weight loss and body shape-up, self-management workout points collection activity, blood donation, infectious disease prevention and health education, etc.



Social involvement

- Education promotion
- Ecological sustainability
- Helping the disadvantaged

NT\$200,000

Campus education promotion

Faraday sponsored the baseball team of Tung-Shih junior high school with NTD\$2 million in 10 years (NT\$200,000 every year), hope to help Taiwan physical education in cultivating excellent sports talents, and encourage young students to work hard to keep pursuing their dreams.

35,000 square feet

Green environment

In Hsinchu headquarter, Faraday reserves a 35,000 square feet area to carry out ecological greening, plants hundreds of plants including diverse Taiwan native species, to provide natural space for biological habitat and reproduction.

NT\$80,000

Love subscribing warm winter gifts for Hsinchu Family Support Center

Faraday colleagues have long-term supported Hsinchu family support center by action in order to take care of children and youth of the disadvantaged family. Every year, trigger the love subscribing activity for the annual fair ticket of Hsinchu family support center, and participate in love family gift subscription to warm up children's winter by the planning of the family support center.

100U

Responding to blood donation activities

Every year, Faraday has continued to encourage colleagues to respond to blood donation activities, in order to give to blood banks and create benefits for more people who need blood.

NT\$338,600

Donation for locally disadvantaged groups

With the heart of local care, Faraday combined with colleague power, and continuously showed solicitude for Guanxi Huaguang intelligence development center in Hsinchu County; Huaguang intelligence development center helps those who are poor and disadvantaged with mild/moderate/severe/extremely severe intellectual disabilities, multiple disabilities, and autism.

NT\$1,000,000

Vaccines donation

Faraday denoted NTD\$1 million to Tzu-Chi Foundation in purchasing vaccines for ordinary people's vaccination in the hope of making Taiwan be soon back to healthy life and normal economic activity.

Social involvement

With “Education promotion”, “Ecological sustainability”, and “Helping the Disadvantaged” as our core principles, Faraday takes active actions and encourages colleagues to support and participate together, continues to devote effort to social welfare promotion events such as campus education promotion, environmental protection, and helping the disadvantaged.

6.1 Education promotion

Through experience sharing with the industry and stepping into campus to introduce IC design service industry with numerous students, Faraday expects to promote the vigorous development of the technology industry, and also leads more technological talents to invest in related industries. Faraday also pays attention to sports development, through continuous budget subsidy, encourages young students to work hard to keep pursuing their dreams, and continuously cultivates excellent sports talents.

Campus education promotion

In promoting campus education and technology research, Faraday senior supervisors passionately share their practical industry experiences with students from various institutions, in the hope that through the seminars held by Faraday, students can learn about the history of the IC design service industry and the importance of innovative technology, further encourage the undergraduate students to actively learn and grow so as to become a new force in the technology industry in the future.

- In 2020, five on-campus upper level management talks were organized: At National Tsing Hua University (3 sessions), National Chiao Tung University, National Chung Hsing University

- In 2021, three on-campus upper level management talks were organized: At National Central University (2 sessions), National Chung Hsing University

Sponsor baseball team of Tung-Shih junior high school with NTD\$2 million in 10 years

In 2021, Faraday sponsored the baseball team of Tung-Shih junior high school for the first time. Tung-Shih junior high school is a famous school for baseball, the baseball team has even won the 3rd place of 2018 Chuanfu junior league baseball competition and the 1st place of Chiayi County rubber baseball series in school year of 107. Most of young players come from the disadvantaged family, they need budget subsidy to keep the operation of baseball team that can make the players be without worries. Faraday will continuously sponsor the baseball team with NTD\$2 million in 10 years, hope to help Taiwan physical education in cultivating excellent sports talents, and encourage young students to work hard to keep pursuing their dreams.



6.2 Ecological sustainability

With “Green environment” and “Ecological education” as two main principles, Faraday shows solicitude for biodiversity and environmental protection, gives full play to corporate influence to do our best for the earth, in order to implement the purposes of species conservation and environmental protection.

Green environment

In Hsinchu headquarter, Faraday reserves a thousand square meters area to carry out ecological greening, plants hundreds of plants including diverse Taiwan native species, to provide natural space for biological habitat and reproduction.

Moreover, Faraday has become a partner of UMC Eco Echo Award since 2017, with sponsorship amount of NTD\$250,000 in 2021. With the support of domestic ecological conservation group, Faraday makes the groundbreaking environmental sustainability protection plan to be achieved and does our best to the environmental conservation in Taiwan. Besides, Faraday hopes that green spirit and action can sprout in more people's hearts and continue to spread out to jointly protect the beautiful island.

Ecological education

Within the company, we've established a plant club, “botany club”. Through plant talks, handmade planting courses, and field observations and so on, drive the atmosphere of paying attention to the natural ecology for colleagues and their dependents in a way of educational entertainment.



Social involvement

6.3 Helping the Disadvantaged

Faraday firmly believes that giving back to society cannot be limited to monetary contributions alone. More important is to ignite compassion and join small deeds together to become greater efforts. By integrating colleagues' care and strength, we help colleagues turn their compassion into something bigger and do their part together to help Taiwanese society; together, we help light beacons of hope for the disadvantaged group.

Help Guanxi Huaguang intelligence development center in Hsinchu county with the donation of NTD\$338,600



With the heart of local care, Faraday combined with colleague power, and continuously showed solicitude for Guanxi Huaguang intelligence development center in Hsinchu County with the donation of NTD\$338,600; among them, Faraday denoted NTD\$50,000 and colleagues denoted NTD\$288,600. Huaguang intelli-

gence development center helps those who are poor and disadvantaged with mild/moderate/severe/extremely severe intellectual disabilities, multiple disabilities, and autism.

Donate NTD\$1 million to Tzu-Chi Foundation for purchasing COVID-19 vaccines

In view of the severe Covid-19 epidemic, to get enough vaccines in time is as a matter of urgency, Tzu-Chi Foundation already successfully signed a contract for 5 million doses of the Pfizer-BioNTech (BNT) COVID-19 vaccine on 21st, July, 2021. The purchased vaccines will all denote to the government authority for vaccination. To fulfill the corporate social responsibility and recognize good deeds of Tzu-Chi Foundation, Faraday denoted NTD\$1 million to Tzu-Chi Foundation in purchasing vaccines for ordinary people's vaccination in the hope of making Taiwan be soon back to healthy life and normal economic activity.

Love subscribing warm winter gifts for Hsinchu Family Support Center

Faraday colleagues have long-term supported Hsinchu family support center by action in order to take care of children and youth of the disadvantaged family. Every September, trigger the love subscribing activity for the annual fair ticket of Hsinchu family support center. Besides colleagues participate in the scene of the fair to

have a good time with the children, more colleagues denote the fair tickets to the children who are helped by family support center, in the purpose of making children feel social warmth and bringing a string of happy memories for children every year.

Meanwhile, colleagues also participate in love family gift subscription to warm up children's winter by the planning of the family support center, assist to purchase daily necessities for the assisted family.

In 2021, due to Covid-19 epidemic, Hsinchu family support center cancelled the annual fair, there were still 34 colleagues who donated NTD\$80,000 in total, in response to subscribe the activity of "Love without limit gift", and assist the family support center to purchase new daily necessities, for preparing one "multifunctional cooking and roasting dual-purpose pot" and groceries of rice, rice flour, tissue paper and so on.

Responding to blood donation activities

Every year, Faraday has continued to encourage colleagues to respond to blood donation activities. Blood donation activities were held two times a year to give to blood banks, created benefits for more people who need blood, and performed our corporate social responsibility. Colleagues have been superbly active in supporting this social welfare activity; more than a thousand units have been donated so far. This amply demonstrates how passionately Faraday colleagues support public welfare causes.

In 2021, due to the impact of Covid-19 epidemic, the original blood donation activity in June had been suspended; after the epidemic slowed down in the second half of 2021, the blood donation activity in December resumed. There were 68 participants, donating a total of 100 units of blood.



7 Appendix

- Assurance statement
- GRI Standards Comparison Table



Assurance statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FARADAY TECHNOLOGY CORPORATION'S CORPORATE SUSTAINABILITY REPORT FOR 2021

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION
 SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Faraday Technology Corporation (hereinafter referred to as Faraday) to conduct an independent assurance of the Corporate Sustainability Report for 2021 (hereinafter referred to as the CS Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during verification (2022/05/16-2022/06/08). SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT
 This Assurance Statement is provided with the intention of informing all Faraday's Stakeholders.

RESPONSIBILITIES
 The information in the Faraday's CS Report of 2021 and its presentation are the responsibility of the directors or governing body (as applicable) and management of Faraday. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all Faraday's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options and Level of Assurance	
A.	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B.	AA1000ASV3 Type 1 Moderate Level (AA1000AP Evaluation only)

TWLP5008 issue 2201

SCOPE OF ASSURANCE AND REPORTING CRITERIA
 The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options
1. GRI Standards (Core)
2. AA1000 Accountability Principles (2018)

- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny, and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

ASSURANCE METHODOLOGY
 The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, Sustainability committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION
 Financial data drawn directly from independently audited financial accounts and Task Force on Climate-related Financial Disclosures (TCFD) has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE
 The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from Faraday, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

FINDINGS AND CONCLUSIONS

VERIFICATION/ ASSURANCE OPINION
 On the basis of the methodology described and the verification work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

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AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity
 Faraday has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, sustainability experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, it is encouraged to involve stakeholders in developing and achieving an accountable and strategic response to sustainability.

Materiality
 Faraday has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.


Responsiveness
 The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

Impact
 Faraday has demonstrated a process to identify and fairly represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Measurement and evaluation of its impacts related to material topic were in place at target setting with combination of qualitative and quantitative measurements.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, Faraday's CS Report of 2021, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to have more descriptions of Faraday's involvement with the impacts for each material topic (GRI 103-1), and how efforts were given to mitigate the impacts. When reporting on goals and targets for each material topic, the expected results are suggested to be set, if applicable, with quantitative objectives (GRI 103-2). It is proposed to explain the mechanisms for evaluating the effectiveness of the management approach specifically in the future (GRI 103-3).

Signed:
 For and on behalf of SGS Taiwan Ltd.




David Huang
 Senior Director
 Taipei, Taiwan
 24 June, 2022
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GRI Standards Comparison Table

GRI 102: General Disclosures

Index	Description	Corresponding chapter	Page	Skip/Remark
102-1	Name of the organization	About Faraday	4	
102-2	Activities, brands, products, and services	About Faraday	4	
102-3	Location of headquarters	About Faraday	4	
102-4	Location of operations	About Faraday	4	
102-5	Ownership and legal form	About Faraday	4	
102-6	Markets served	About Faraday	4	
102-7	Scale of the organization	About Faraday	4	
102-8	Information on employees and other workers	5.1 An outstanding team	55	
102-9	Supply chain	3.3 Supply chain status	44	
102-10	Significant changes to the organization and its supply chain			No change
102-11	Precautionary Principle or approach	1.4 Risk management	28	
102-12	External initiatives		48	
102-13	Membership of associations	2.6 Professional association and organization membership	37	
102-14	Statement from senior decision-maker	Message from the President	3	
102-16	Values, principles, standards, and norms of behavior	1.3 Integrity and legal compliance	26	
102-18	Governance structure	The Corporate Sustainability Committee, 1.1 Management level	7, 21	
102-40	List of stakeholder groups	Stakeholder engagement	9	
102-41	Collective bargaining agreements	No establishment of labor unions and bargaining agreements. Faraday builds up communication with employees by holding regular labor-management meetings and providing diverse channels.		No collective bargaining agreements
102-42	Identifying and selecting stakeholders	Stakeholder engagement	9	
102-43	Approach to stakeholder engagement	Stakeholder engagement	9	
102-44	Key topics and concerns raised	Stakeholder engagement	9	
102-45	Entities included in the consolidated financial statements	About this report	2	
102-46	Defining report content and topic boundaries	About this report, Stakeholder engagement	2, 9	

GRI Standards Comparison Table

GRI 102: General Disclosures

Index	Description	Corresponding chapter	Page	Skip/Remark
102-47	List of material topics	Stakeholder engagement	9	
102-48	Restatements of information	About this report	2	
102-49	Changes in reporting	About this report	2	
102-50	Reporting period	About this report	2	
102-51	Date of most recent report	About this report	2	
102-52	Reporting cycle	About this report	2	
102-53	Contact person for questions regarding the report	About this report	2	
102-54	Claims of reporting in accordance with the GRI Standards	About this report	2	
102-55	External assurance	Appendix-Independent Assurance Statement	78	
102-56	GRI content index	Appendix-GRI Standards Comparison Table	77	

GRI Standards Comparison Table

GRI 102: Material topic

Disclosure Title	GRI standards	Index	Description	Corresponding chapter	Page	Skip/Remark
R&D, innovation and competitive strength in quality	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Stakeholder engagement	9	
		103-2	The management approach and its components	Material issue management policies	14	
		103-3	Evaluation of the management approach	Material issue management policies	14	
	Self-defined		R&D investment, Intellectual property management, Competitive strength in quality, Product innovation and Safety	2. R&D and innovation 2.1 Competitive strength in quality 2.2 Innovative technology	31, 32, 33	
Customer Privacy and information security	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Stakeholder engagement	9	
		103-2	The management approach and its components	Material issue management policies	14	
		103-3	Evaluation of the management approach	Material issue management policies	14	
	GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.2 Customer confidentiality & information security	40	
Integrity and legal compliance	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Stakeholder engagement	9	
		103-2	The management approach and its components	Material issue management policies	14	
		103-3	Evaluation of the management approach	Material issue management policies	14	
	GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	1.3 Integrity & legal compliance	26	
	GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices			No anti-competitive behavior issues in 2021
Management Approach and operational performance	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Stakeholder engagement	9	
		103-2	The management approach and its components	Material issue management policies	14	
		103-3	Evaluation of the management approach	Material issue management policies	14	
	GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	1.2 Operational performance	25	
Customer service management	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Stakeholder engagement	9	
		103-2	The management approach and its components	Material issue management policies	14	
		103-3	Evaluation of the management approach	Material issue management policies	14	
	Self-defined		Customer Service Handling	3.1 Customer service	39	
Sustainable supply chain management	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Stakeholder engagement	9	
		103-2	The management approach and its components	Material issue management policies	14	
		103-3	Evaluation of the management approach	Material issue management policies	14	
	GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	3.4 Sustainable supply chain management	44	
	GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	3.4 Sustainable supply chain management	44	

GRI Standards Comparison Table

GRI 102: Material topic

Disclosure Title	GRI standards	Index	Description	Corresponding chapter	Page	Skip/Remark
Talent attraction and retention	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Stakeholder engagement	9	
		103-2	The management approach and its components	Material issue management policies	14	
		103-3	Evaluation of the management approach	Material issue management policies	14	
	GRI 201: Economic Performance 2016	201-3	Defined benefit plan obligations and other retirement plans	5.3 Inclusive workplace	64	
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.3 Inclusive workplace	64		
Diversity and inclusiveness of employees	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Stakeholder engagement	9	
		103-2	The management approach and its components	Material issue management policies	14	
		103-3	Evaluation of the management approach	Material issue management policies	14	
	GRI 401: Employment 2016	401-1	New employee hires and employee turnover	5.1 An outstanding team	55	
		401-2	Benefits provided to permanent employees (not provided to temporary or part-time employees)	5.3 Inclusive workplace	64	
		401-3	Parental leave	5.3 Inclusive workplace	64	
	GRI 202: Market Presence 2016	202-2	Proportion of senior management hired from the local community	5.1 An outstanding team	55	
GRI 405: Diversity and Equal Opportunity 2016	405-2	Ratio of basic salary and remuneration of women to men	5.3 Inclusive workplace	64		
Talent cultivation	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Stakeholder engagement	9	
		103-2	The management approach and its components	Material issue management policies	14	
		103-3	Evaluation of the management approach	Material issue management policies	14	
	GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	5.2 Employee career development	57	
		404-3	Percentage of employees receiving regular performance and career development reviews	5.2 Employee career development	57	
Risk management	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Stakeholder engagement	9	
		103-2	The management approach and its components	Material issue management policies	14	
		103-3	Evaluation of the management approach	Material issue management policies	14	
	GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	1.4 Risk management \ 4.2 Climate change response	28, 48	
Green product design	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Stakeholder engagement	9	
		103-2	The management approach and its components	Material issue management policies	14	
		103-3	Evaluation of the management approach	Material issue management policies	14	
	GRI 302: Energy 2016	302-5	Reductions in energy requirements of products and services	2.3 Green product design	34	
	GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	2.3 Green product design	34	

GRI Standards Comparison Table

GRI 102: Material topic

Disclosure Title	GRI standards	Index	Description	Corresponding chapter	Page	Skip/Remark
Others	GRI 302: Energy 2016	302-1	Energy consumption within the organization	4.3 Energy use and greenhouse gas inventory 4.4 Execution plan for energy saving and carbon reduction	50, 52	
		302-3	Energy intensity	4.3 Energy use and greenhouse gas inventory 4.4 Execution plan for energy saving and carbon reduction	50, 52	
		302-4	Reduction of energy consumption	4.3 Energy use and greenhouse gas inventory 4.4 Execution plan for energy saving and carbon reduction	50, 52	
	GRI 303 : Water and Effluents 2018	303-3	Water withdrawal	4.3 Energy use and greenhouse gas inventory	48	
	GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	4.3 Energy use and greenhouse gas inventory 4.4 Execution plan for energy saving and carbon reduction	50, 52	
		305-2	Energy indirect (Scope 2) GHG emissions	4.3 Energy use and greenhouse gas inventory 4.4 Execution plan for energy saving and carbon reduction	50, 52	
		305-5	Reduction of GHG emissions	4.3 Energy use and greenhouse gas inventory 4.4 Execution plan for energy saving and carbon reduction	50, 52	No non-compliance events concerning environmental laws and regulations occurred in 2021
	GRI 306: Waste 2020	306-3	Waste production	4.5 Waste management	53	
	GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	4.1 Environmental protection policy	46	
	GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	5.4 Employee safety and health	68	
		403-3	Occupational health services	5.4 Employee safety and health	68	
		403-5	Worker training on occupational health and safety	5.4 Employee safety and health	68	
		403-6	Promotion of worker health	5.4 Employee safety and health	68	
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.4 Employee safety and health	68	
	GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken			Incidents of discrimination and corrective actions taken
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples			No incidents of violation occurred in 2021	
GRI 415: Public Policy	415-1	Political contributions			Faraday stands for political neutrality and non-political contribution to political parties, politicians and related agencies.	
Self-defined	203-1	Social involvement	6. Social involvement	75		