



Faraday Sustainability Report





About this report

Letter to Shareholder

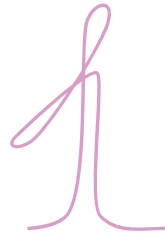
About Faraday

Corporate Sustainability Committee

Materiality analysis and stakeholder engagement

Sustainability performance highlight

Sustainable Development Goals (SDGs)



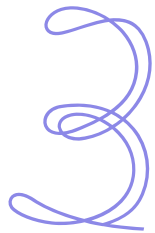
Corporate governance

- 1.1 Management
- 1.2 Operational performance
- 1.3 Integrity & legal compliance
- 1.4 Risk management
- 1.5 Information security



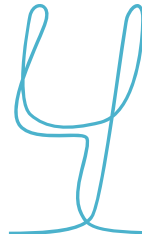
R&D and innovation

- 2.1 Intellectual property management
- 2.2 Core competitiveness
- 2.3 Innovative technology and R&D results
- 2.4 Green product design



Winning glory with our partners

- 3.1 Customer service
- 3.2 Sustainable supply chain management



Friendly Workplace

- 4.1 Global arrangement
- 4.2 Talent cultivation
- 4.3 Happiness in the workplace
- 4.4 Employee safety and health
- 4.5 Health management



Environmental sustainability

- 5.1 Environmental protection policy
- 5.2 Climate change response
- 5.3 Energy use and greenhouse gas management
- 5.4 Execution plan for energy saving and carbon reduction
- 5.5 Water resource management
- 5.6 Waste management



Social contribution

- 6.1 Grounded in nurturing Taiwan baseball talents
- 6.2 Sponsor local children's medical care
- 6.3 Helping local social welfare organization
- 6.4 Support domestic performing group and cultural/artistic activities
- 6.5 Responding to blood donation activities
- 6.6 Education promotion
- 6.7 Sustainable ecology



Appendix

- GRI Standards mapping table
- SASB index table
- ESG information table
- Independent Assurance Opinion Statement



About this report

2022 Sustainability Report



Thank you for taking time to read the 2022 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 social responsibility in 2022. 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, 2022, 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 GRI Standards_2021 and SASB, issued by the Global Sustainability Standards Board (GSSB), on its preparation and disclosure of the content. By referring to GRI standards, Faraday has already reported the quoted information listed in GRI index table within the period from January 1st to December 31st, 2022. 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 the 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 AP (2018) Type 2, 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 sustainability report every year, and provides a downloadable electronic version from the corporate sustainability section of Faraday's official website (<https://www.faradaytech.com/tw/content/CSR/CorporateSustainability>).

Initial release date: September 2020

Current release date: June 2023

Next release date: Expected June 2024

Your feedback

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

Contact person: Jessie Liao, Corporate Sustainability Committee

Address: No. 5, Lixing 3rd Road, Hsinchu Science Industrial Park

Tel: +886-3-5787888 ext. 88293

E-mail: csr@faraday-tech.com

Website: <https://www.faraday-tech.com/tw/content/CSR/StakeholderEngagement> (Stakeholder Engagement)



Letter to Shareholder

2022 was the year with challenges and opportunities for Faraday technology. Uncertainties as the disturbance of the geopolitical situation and global inflation have brought headwind to the global economy. When the supply and demand of the semiconductor industry are changing, Faraday works closely with the supply chain and customers to grasp the changes in supply and demand in real time, doing our best to support the growth of customers externally; while internally, Faraday strengthens technological development and attaches the importance of digitization by through the application of digital technology to improve operating efficiency. With the vertical and horizontal connection for each unit of value within the company, Faraday generates a unique business model and accelerates overall operational growth. 2022 was a bumper year for Faraday, not only did its consolidated revenue break through NT\$10 billion, but its Intellectual Property (IP), Non-Recurring Engineering (NRE) and mass production revenue all hit new highs; among them, the mass production business revenue has grown for four consecutive years, playing a key role in operating growth. With the diligent efforts of all global employees, Faraday has marked a new milestone in 2022, and both consolidated revenue and profit reach the highest in history. In 2022, the consolidated revenue reached NT\$13.07 billion, an increase of 62% compared to the previous year; the basic earnings per share increased by 112% annually to NT\$9.88.

The main operating results of Faraday in 2022 are as follows:

- The penetration rate of key processes has increased, and the revenue of silicon intellectual property has hit a record high in history. Faraday is one of the few ASIC manufacturers with self-developed IPs; with the complete database, Faraday is capable of not only reducing the risk of design integration for customers, but also bringing revenue to the Company. In addition to investing in research and development of key process IP, Faraday also continues to deploy IP and platform development in advanced processes to meet customers' technical planning and process transfer requirements. The brilliant performance of the IP business is the result of Faraday's long-term investment in IP technology development. In 2022, IP revenue increased by 26% compared to the previous year, reaching NT\$1.34 billion, hitting a record high.
- ASIC orders are stable, and Non-Recurring Engineering (NRE) has hit a record high. Faraday has a close cooperation relationship with customers, with the support of long-term customers, the annual order numbers and order amount have remained consistently high. In terms of applications, based on the niche advantageous applications of long produce life cycle, Faraday focuses on quality promotion and efficiency improvement; mainly including four major

application fields: power management, production efficiency, green energy, and life quality; the purpose and value of these applications are highly connected with sustainable development. In 2022, the NRE revenue increased by 22% and hit a record high of NT\$1.72 billion.

- The revenue structure has been optimized, and mass production has also been grown for four consecutive years. Faraday's business model has created a good product application and customer group structure, and also enhanced the Company's operational resilience and ability to resist economic fluctuations. Mass production, as Faraday's recurring income has accounted for more than 70% of the overall revenue. This structure strengthens the growth and predictability of revenue, and also allows Faraday to grow against the trend and achieve good results. In 2022, the mass production revenue increased by as much as 78% compared with the previous year, reaching NT\$10 billion as new record in history.

Faraday continues to innovate and invest in research and development. In 2022, Faraday's significant technological breakthroughs and achievements included:

- Faraday Silicon Intellectual Property has received the certificate of ISO 26262 ASIL-D Ready from SGS-TÜV.

Successfully launched SoCreative!VI™ A600 SoC development platform on Samsung 14 LPP FinFET process; this platform is suitable for fields, such as AIoT, edge computing, multimedia, and communication; Faraday is able to bring up solutions to help customers effectively shorten time to market.

- Completed silicon verification of Gigabit Ethernet PHY IP on UMC 28 HPC Plus process; helping customers to more efficiently develop relevant application on net communication and engineering control.
- Launched FPGA-Go-ASIC™ verification platform; this platform includes SoCreative!™ SoC verification platform and the additional FPGA prototype platform, helping customers accelerate circuit design and system verification.
- Launched IP combo package in Samsung 14LPP FinFET process, including LPDDR4/4X PHY, MIPI D-PHY, V-by-One, FPD-link, LVDS I/O, ONFI I/O, and Memory compiler; available on Samsung SAFE™ IP platform.
- Unveiled design implementation services for FinFET technology in support of multiple fabs; with the use of Faraday's ASIC designing experience and resources to help customers for rapid time-to-market.



- Faraday has collaborated with Infineon to develop a SONOS eFlash platform on UMC's 40uLP process.

Faraday receives honors and recognitions on the aspect of focusing not only on major business but also putting emphasis on the implementation of corporate sustainability. We are selected for the first time in the Corporate Citizenship Awards, "Top 100 Excellence in Corporate Sustainable Citizenship Award", and achieve great results. In corporate governance, Faraday has been ranked in the top 6th ~ 20th percentile of listed companies in terms of corporate governance evaluation results, and is listed to "TWSE Corporate Governance 100 Index", "TWSE Taiwan Mid-Cap 100 Index", and "Taiwan High Compensation 100 Index" for two consecutive years as well as be honored as "Top 100 Best-Performing CEOs in Taiwan 2022" by <<Harvard Business Review>>. Moreover, Faraday is committed to quality management and is awarded the highest level of "Excellence in Quality Practice Award (3 stars)" by the Chinese Society for Quality. It is the first company in the IC design industry to receive this honor. Faraday has also spared no effort in talent cultivation. We cultivate and develop talents with a forward-looking layout and a systematic mechanism. We are awarded the "2022 National Talent Development Award" for large companies by the Ministry of Labor, which symbolizes the highest honor in the field of human resources in Taiwan.

Looking forward to the future, Faraday will uphold the vision of "Inside of every IC, Faraday's value is in sight" and the business philosophy of "creating excellence together"; continuously to strengthen the Company's fundamentals, and cooperate with customers, supply chain partners, and all employees to practice the sustainable operation of the enterprise at the same time and keep moving forward on the road of sustainable development. At the end, we are appreciative of all the shareholders for the long-term support for Faraday Technology. All employees of Faraday will continue to work hard so as to create maximum value for shareholders.

Stan Hung, Chairman

Steve Wang, President



About Faraday

Faraday was founded in Hsinchu Science Park, Taiwan, by 1993; 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, the amount of capital is NT\$2.4 billion.

Faraday has more than 850 employees worldwide, 75% or more of whom are R&D and engineering specialists. We provide excellent products and services with our 30 years of experience in IC design, including:

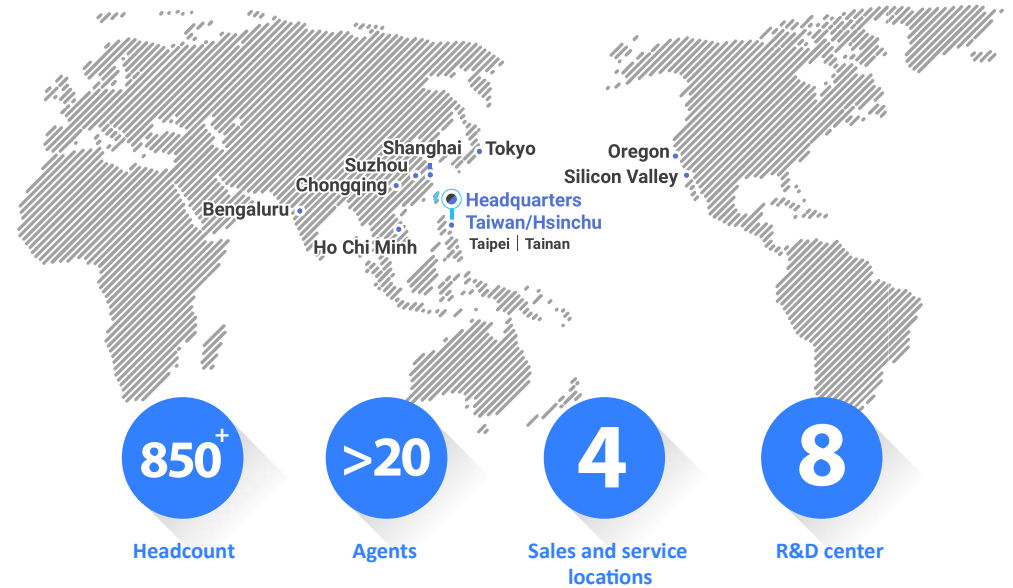
- 1 Non-Recurring Engineering (NRE)
- 2 ASIC product: Mass production of ASIC products entrusted by customers
- 3 Silicon Intellectual Property (SIP)

Faraday provides a complete and flexible IC design service cooperation mode that is dedicated for ASIC. With over 4,000 self-developed silicon-proven IPs, we have close relationship with global supply chain partners. Up to the present, over 2,300 customer product design projects have been completed; hundreds of million ASIC chips are shipped every year, it covers the application fields of consumer electronics, multimedia, flat-panel display, communication network, computer peripheral storage equipment, and so on.

With the vision of "Inside of every IC, Faraday's value is in sight", Faraday continuously integrates multiple resources of global R&D center, service branch, and cooperation partner. We hope to maximize the co-created value with customers, employees, and partners; create excellence together to do our best to bring the world a more convenient life.

Participating associations:

| Type | Organization name | Participation status |
|--|---|----------------------|
| Industrial organization | The allied association for science park industries | Member |
| | Association of Quality Manager | Supervisor |
| | Global Semiconductor Alliance, GSA | |
| | MIPI Alliance | |
| Industry research and technology development | JEDEC Solid State Technology Association | Member |
| | Peripheral Component Interconnect Special Interest Group, PCI-SIG | |
| | USB Implementers Forum, USB-IF | |
| | AI on Chip Taiwan Alliance | |





Milestone

2022

- Launched Cortex-A53 based SoCreative!VI™ SoC development platform to accelerate the development of FinFET chip
- Unveiled SONOS eFlash platform with Infineon on UMC 40uLP
- IP solutions certified by SGS-TÜV for ISO 26262 ASIL-D Ready
- Awarded the "National Talent Development Award" for large companies by the Ministry of Labor
- Awarded the highest level of the 58th "Excellence in Quality Practice Award" (3 stars)

2021

- Put ESG into practice and received AQM/SGS "Excellent Quality Practice Award"
- Announced proven LPDDR4/4X PHY IP and MIPI D-PHY on Samsung 14nm process
- Unveiled complete imaging and display high-speed interface IP set on UMC 28nm and 40nm processes

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



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 Fabless 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 fabless ASIC design service provider in Asia



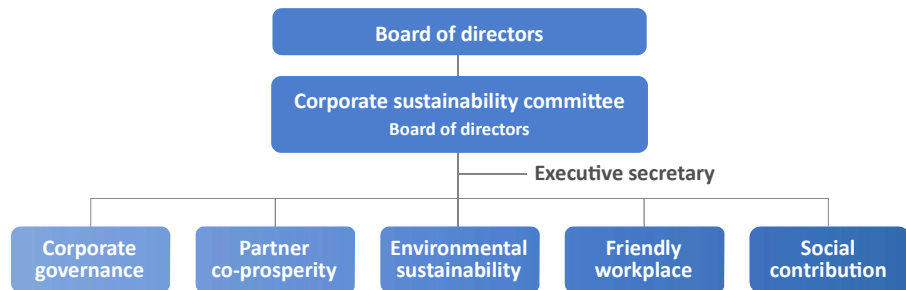
Composition and Functions of the Corporate Sustainability Committee

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. By the authorization from the board of directors, the committee is chaired by the president to manage related performance of sustainability issue, guided by the highest principle of sustainable corporate growth. The committee meets every year to regularly 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-prosperity; environmental sustainability; friendly workplace; and social contribution. 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 inclusive 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 contribution | 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. |



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 "Inside of every IC, Faraday value in sight". We make "Corporate governance, win glory with our partners, environmental sustainability, friendly workplace, and social contribution" 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

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, influence, diverse perspectives, and tension) 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 compa-

ny are: Customers; employees; investors/shareholders; subcontractors/contractors; and government agencies.

Communication status with stakeholders

Sustainable Development Committee will summarize the “Faraday’s communication status with stakeholders” every year and submit to the board of directors for reference; 2022 Faraday’s communication status with stakeholders has been reported to the board of directors on July 26th, 2022; the communication status with stakeholders and the report content are listed below:

| Stakeholder | Relationship to the organization | Topics of priority concern | Communication methods and frequency | Communication actual performance |
|-------------|---|---|---|---|
| Customer | 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 audit (irregular) | <ul style="list-style-type: none"> • 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. • Continuously promote a number of mixed-signal silicon IPs based on Ultra Low-Power process, providing customers with a complete solution of low-power consumption, to reduce earth energy consumption and redundant carbon emissions. |
| Employee | 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 review (annually) • Email comment box/bulletin board (irregularly) | <ul style="list-style-type: none"> • Listed as a constituent stock in “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 2022. Continuously cultivated talent development, the total training hours are 9511.5 hours in 2022. • Employee forum, labor and management conference, employee welfare committee, training committee, occupational safety committee, and annual performance review meeting were all held as scheduled. |



| Stakeholder | Relationship to the organization | Topics of priority concern | Communication methods and frequency | Communication actual performance |
|---|---|---|--|---|
| Investors & Shareholders | 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 (annually) -Investor conference (quarterly) -MOPS (Market Observation Post System) -Meetings (irregularly) -Phone/email (irregularly) | <ul style="list-style-type: none"> Held online investor conference every quarter, four times a year, and held Shareholders' meeting at an early date. Reported material information in English; disclosed quarterly financial report, annual report of shareholder meeting, and related information in English; 32 material information and announcement in Chinese/English |
| Subcontractors & Contractors | 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/annually) Quality meetings (monthly/quarterly) Customer complaint channels (irregularly) | <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. |
| Government agencies | 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"> Corporate governance evaluation and other related certification MOPS (Market Observation Post System) Financial report Shareholders' meeting information Sustainability report | <ul style="list-style-type: none"> Be ranked in the 6th ~ 20th percentile of listed companies in terms of corporate governance evaluation results. Continuously listed as a constituent stock in "TWSE RAFI Taiwan High Compensation 100 Index". Continuously listed as a constituent stock in "TWSE Taiwan Mid-Cap 100 Index". Has been approved as a constituent stock in "TWSE Corporate Governance 100 Index". Awarded as top 15 of "Taiwan's Excellence in Corporate Social Responsibility Award" in Medium Enterprise Group by 2022 CommonWealth Magazine. Selected as "Top 100 Best-Performing CEOs in Taiwan 2022" by Harvard Business Review As the first IC design enterprise to be awarded as the highest level of 2022 "Excellence in Quality Practice Award" (3 stars) by the Chinese Society for Quality. Received the Large Enterprise Award of "2022 National Talent Development Awards, NTDA" by Ministry of Labor. 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. |



Identifying, communicating about, and investigating sustainability topics

Collecting sustainability issues

1

- 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.

Organizing sustainability issues

2

- Various constituent members of the sustainable development committee analyzed, organized, and compared all the issues, then set 18 sustainability issues.

Investigating topics of concern to stakeholders

3

- Via questionnaires every two years, 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.

Analyzing issues' impacts on company operations

4

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

Identifying materiality topic

5

- 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.

Discussing and investigating

6

- Results were analyzed; then, after discussion by internal colleagues, which sustainability issues require disclosure were finally decided.
- The sustainable development committee did administrative investigation on material issues including economics, environment, and society.

Setting management goals

7

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



Materiality analysis and stakeholder engagement

2022 Sustainability Report



● 直接衝擊 ○ 間接衝擊

| Area | Topic type | Impact analysis | Relevant GRI issue | Internal | | External | | | |
|---------------|---|---|-----------------------------------|----------|----------|----------|-----------------------|----------------------------|---------------------|
| | | | | 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 | ● | ● | | ● | ● | |
| | Risk management | Establishing robust corporate risk management mechanisms and enhancing the company's ability to respond to crises have become a necessary underpinning for corporate sustainable operations and maintaining corporate competitiveness. | 201-2, 205-1 | ● | ● | ● | ● | ○ | |
| | Integrity & legal compliance | Compliance with the law's fundamental principles related to sustainable development; operations with integrity are also the basic operational environment for creating the company's sustainable development. | 419-1 | ● | ● | ○ | ● | ○ | ● |
| | 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 are the fundamental keys to long-term operations. | 418-1 | ● | ○ | ● | | ● | |
| | Sustainable supply chain management | Create a responsible and transparent-information subcontractor management system. Take subcontractor's ESG performance into consideration for purchasing decision process, drive subcontractor for sustainable transformation, and reduce possible environmental pollution, occupational safety, and impact on labor rights. Collaboration with global business partners can enhance the overall value chain's sustainability performance, and lower potential risks for society and the environment. | 201-1, 308-1, 308-2, 414-1, 414-2 | ● | | ● | | ● | ● |
| | Competitiveness in R&D, innovation & quality | Continuous innovation can strengthen core competitiveness and make sustainable development a reality. | 自訂 | ● | ● | ● | ● | ● | ● |
| | Customer confidentiality & information security | Protection of confidential information is Faraday's commitment to customers, shareholders, employees, subcontractors and other partners; the company makes sure that business secrets and partner privacy are safeguarded. | 418-1 | ● | ● | ● | ● | ● | ● |
| Environmental | Environment protect policy | Committed to reducing the environmental footprint, planning sustainable products | 307-1 | ● | | | | ● | ● |
| | Climate change | In response to climate change, timely grasp the opportunity to identify, and business/finance impact analysis, committed to creating sustainable environmental development | 201-2, 302-1, 302-3, 302-4 | ● | | | | | ● |
| | Greenhouse gas emission and reduction | The emitted greenhouse gas from Faraday operation and production supply chain will accelerate global climate change; which will result in massive and irreversible harm to the overall environment. Therefore, Faraday works together with subcontractors for carbon reduction, importing renewable energy, and provides customer with more energy-efficient product options. Good greenhouse gas emissions and energy management can improve operational performance, and reduce environmental load. | 305-1, 305-2, 305-5 | ● | ● | | | ● | ● |
| | Water resource management | Water is the foundation of semiconductor industry production, effective water resource management can strengthen competitiveness. | 303-3 | ○ | | | | | |
| | Waste management | Not properly managing product raw materials and waste will cause excessive resource waste and environment pollution. To reduce environment load at each stage of product life cycle is key target to promote environmental protection. | 306-2 | ● | | | | | ● |
| | Green product design | Considering product life cycles, Faraday is dedicated to reducing our environmental footprint, and lowering products' impacts on the environment and society, as well as energy usage. At the same time, by carefully evaluating our choice of low-hazard raw materials in compliance with the Hazardous Substance-Free Product Standard. | 416-1, 416-2 | ● | | ● | | | ● |



● 直接衝擊 ○ 間接衝擊

| Area | Topic type | Impact analysis | Relevant GRI issue | Internal | | External | | | |
|--------|--|--|-----------------------------------|----------|----------|----------|------------------------|-----------------------------|---------------------|
| | | | | Faraday | Employee | Customer | Investors/ Shareholder | Subcontractors/ Contractors | Government agencies |
| Social | Employee safety and health | Maintaining the safety/health of employees and providing good working environment are the basic responsibility of Faraday. | 403-1, 403-3, 403-5, 403-6, 403-7 | ● | ● | | | | ● |
| | Employee diversity and inclusion | To protect the basic rights and interests of employees, and provide a harmonious working atmosphere are Faraday's duty. | 401-1, 401-2 | ● | ● | | | | |
| | 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. | 401-2, 401-3, 405-2 | ● | ● | | ○ | | |
| | Employee training and talent 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 | ● | ● | | | | |
| | Social involvement | Fully use the innovative technology of Faraday main business, share the benefit from innovation with society, make more people to get benefit from the opportunity by technology diffusion, and drive a better future. | 203-1 | ○ | | | | | |

Result for identifying materiality topic

Considering government agencies and legal compliance requirements, corporate governance, risk management, integrity & legal compliance are regarded as fixed high material topics by the resolution of Faraday's sustainable development committee. Other sustainable issues, "Stakeholders' Level of Concern" and "Degree of Impact on Company Operations" adopt matrix analysis to identify material topic. Issues that are high in both "Stakeholders' Level of Concern" and "Degree of Impact on Company Operations" are then identified as "high material topic".

Below are definition and management strategy of topic materiality:

- **High material:** Set up goal, regular tracking management
- **Moderate material:** Create management policy, control by responsible unit
- **Low material:** Low-level impact in the short term, continuous observation

High material topic: Corporate governance, risk management, integrity & legal compliance, competitiveness in R&D/innovation/quality, customer confidentiality & information security, talent attraction and retention

Moderate material topic: Employee safety and health, sustainable supply chain management, customer service management, employee training and talent development, environment protect policy

Low material topic: Greenhouse gas emission and reduction, water resource management, waste management, social participation, employee diversity and inclusion, climate change, green product design





The identification results include 6 high material topics and 5 moderate material topics. The disclosed management policy and current status are listed below.

| Material topic | Potential impact | Promotion and response direction | Goal in 2022 | 2022 actual performance | Effectiveness evaluation | Response mechanism | |
|---|---|--|---|---|--------------------------|---|---|
| | | | | | | Short-term goal (2023) | Medium-term and long-term goals (2025) |
| Corporate governance | <p>If not follow the requirement of corporate governance by government agencies' request, it may result in penalty and cause damage to business reputation.</p> <p>Faraday proactively implements corporate governance, effectively improves the constitution of the enterprise to promote business growth.</p> | <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 top 6% ~ 20% of listed companies in terms of corporate governance evaluation results Director attendance > 85% Strengthen the content completeness and timely updating of content in the "Corporate Governance" and "Investor Relations" sections of the company website Complete and timely update for the English version of the company website | <ul style="list-style-type: none"> "Corporate governance" and "Investor Relations" sections were all timely updated and expanded. Reported material information in English; disclosed quarterly financial reports, annual report of shareholder meeting, and related information in English and established an English version of the company website | ✓ | <ul style="list-style-type: none"> Be ranked in top 6% ~ 20% of listed companies in terms of corporate governance evaluation results Director and functional committee attendance no lower than 85%. All members of the board of directors have completed training hours in accordance with the regulations to master the latest knowledge and effectively perform competency. Strengthen the operation of the board of directors and functional committees; regularly execute performance evaluation Improve the information transparency and the disclosure timeliness so that investors can obtain sufficient and correct information timely Hold investor conference every quarter to complete the communication frequency with investors | <ul style="list-style-type: none"> Proactively participate in evaluation or certification related to corporate governance to implement the specific performance of corporate governance Strengthen board of directors' functions; encourage the establishment of non-statutory functional committees 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. Implementation of promoting sustainable development; actively obtain the third-party assurance or verification to provide information reliability Strengthen the disclosure and completeness of English information to protect the equality of shareholders, keep up with international trends, and raise the company's international reputation |
| Risk management | <p>Operational or supply chain risks getting out of control will cause inability to deliver or financial imbalance, affecting the company's reputation and revenues</p> | <p>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.</p> | <ul style="list-style-type: none"> Holding at least one disaster drill per year Strengthen the risk control of information security and trade secret Include training course of information security policy and case promotion into the required course, strengthen risk awareness | <ul style="list-style-type: none"> In November, emergency drill was held, with up to 495 people participating in the drill. Started to import TIPS and ISO27001 in 2022 2976 people were trained for information security advocacy in 2022 worldwide. | ✓ | <ul style="list-style-type: none"> Hold at least one disaster drill per year Complete TIPS and ISO27001 certification in 2023 Hold related training course of information security risk control every year, continuously strengthen risk control. | <p>Continue raising employee risk awareness; create a broad and deep risk management culture</p> |
| Integrity & legal compliance | <p>Violations of legal statutes not only affect the company's image and reputation, but may also be exposed to financial risks resulting from penalty. Implement ethical management policy, gain the trust of stakeholder</p> | <p>Through regular training and education, continuously strengthen the cognition and learning display of managers and employees' work ethics</p> | <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 | <ul style="list-style-type: none"> Via intranet and training, advocate ethical management concepts and policies Disciplinary action and whistleblowing regarding unethical conduct: 0 case | ✓ | <ul style="list-style-type: none"> Strengthen advocacy regarding ethical management concepts and policies Indeed accept disciplinary action and whistleblowing regarding unethical conduct | <p>Strengthen advocacy regarding ethical management concepts and policies; implement legal compliance and risk control mechanisms</p> |



| Material topic | Potential impact | Promotion and response direction | Goal in 2022 | 2022 actual performance | Effectiveness evaluation | Response mechanism | |
|---|---|--|---|---|--------------------------|--|---|
| | | | | | | Short-term goal (2023) | Medium-term and long-term goals (2025) |
| Competitiveness in R&D, innovation & quality | <p>While creating economic growth, proactively research and develop innovative high-quality product applications by IC design core competence.</p> <p>With the vision of “Inside of every IC, Faraday’s value is in sight” and the business philosophy of “creating excellence together”, cooperate with customers, supply chain partners, and all employees to create excellent product and service quality.</p> | <ul style="list-style-type: none"> As required by the market and as advanced process evolution, deploy a robust IP solution library and ASIC design workflow Devoted to technology innovations; via the reward system that encourages R&D innovation, and a patent application system that is integrated with the company’s operational goals, form virtuous circle and corporate culture of R&D innovation, and lay a solid foundation for sustainable corporate operations | Patent applications ≥ 10 | Total of 10 patent applications for 2022 | ✓ | 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 virtuous circle and corporate culture of R&D innovation, and lay a solid foundation for sustainable corporate operations |
| Customer privacy & information security | If there are leaks of trade secrets or partner privacy, the company’s reputation will be damaged. | Promotion: Advocacy for confidentiality and regulations; create information classification system; build up the partner confidentiality system, data protection technologies and management, and information security anomaly analysis and early warning instruction to implement the most secure and demanding information security protection. | <ul style="list-style-type: none"> Complaints about violation of customer privacy or loss of customer information: 0 Information security policy announcement: 4 times/year Training course for information security policy: Paired with new recruit training, 100% implementation | <ul style="list-style-type: none"> Complaints about violation of customer privacy or loss of customer information: 0 Information security policy announcement: 4 times/year Training course for information security policy: Paired with new recruit training, 100% implementation | ✓ | <ul style="list-style-type: none"> Pass ISO 27001 certification Pass TIPS certification Complaints regarding breaches of customer confidentiality or loss of customer data: 0 Information security policy announcement: 4 times/year Training course for information security policy: Paired with new recruit training, 100% implementation | Through Information Security Committee, continue promoting and building up the partner confidentiality system, data protection technologies & management, and information security anomaly analysis and early warning instruction to implement the most secure and demanding information security protection. |
| Talent attraction and retention | <p>Brain drain will directly affect the company competitiveness.</p> <p>Good talent cultivation policy is an important cornerstone of business continuity.</p> | Provide competitive salary and welfare system; talent attraction and retention | Provide competitive salary and welfare system; talent attraction and retention | <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 | ✓ | <ul style="list-style-type: none"> Provide competitive salary and welfare system; talent attraction and retention Optimize Mentor/buddy program for new recruits to guarantee new recruit retention and development Actively hire local talent to enhance community identity and development | Enhance overall business performance, ensure sustainable overall salary |



| Material topic | Potential impact | Promotion and response direction | Goal in 2022 | 2022 actual performance | Effectiveness evaluation | Response mechanism | |
|--|--|--|--|--|--------------------------|---|---|
| | | | | | | Short-term goal (2023) | Medium-term and long-term goals (2025) |
| 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 are the fundamental keys to long-term operations. | 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 88% | Customer satisfaction at least 88.9% | ✓ | Customer satisfaction at least 89% | Continue improving customer satisfaction |
| Sustainable supply chain management | <p>Create a responsible and transparent-information supplier management system. Take supplier’s ESG performance into consideration for purchasing decision process, drive subcontractor for sustainable transformation, and reduce possible environmental pollution, occupational safety, and impact on labor rights.</p> <p>Good supply chain brings with stable economic benefits, helping to lower the risks of operational interruptions and impacts from increased costs.</p> | <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 ISO45001 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, and reduce the industrial safety accident. | <ul style="list-style-type: none"> 100% ISO9001 and ISO14001 certification rate for all wafer, packaging, and testing providers >80% of all wafer, packaging, and testing providers achieve ISO 45001 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 Over 90% onsite audits for suppliers | <ul style="list-style-type: none"> 100% ISO9001 and ISO14001 certification rate for all wafer, packaging, and testing providers 80% of all wafer, packaging, and testing providers achieved ISO 45001 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"> Completion rate of information security audit deficiency improvement for suppliers: 100% Maintain 100% ISO9001 and ISO14001 certification rate for all wafer, packaging, and testing providers >80% of all wafer, packaging, and testing providers achieve ISO 45001 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"> Ensure information security management and continuous reinforcement for suppliers Maintain 100% ISO9001 and ISO14001 certification rate for all wafer, packaging, and testing providers When introducing new suppliers, prioritize those with ISO 45001 certifications, in order to continually require that all wafer, packaging, and testing providers achieve ISO 45001 certification Maintain 100% supplier completion rate for signing the Declaration of Non-use of Conflict Minerals 100% onsite audits of suppliers every year, in accordance with the audit plan |
| Environment protection policy | If failure to promote environmental sustainability issues, the damage will affect the sustainable growth of company. | As to product R&D and manufacture, focus on the hazardous substance and waste management | Packaging material is 100% Lead-free and Halogen Free. | Packaging material is 100% Lead-free and Halogen Free. | ✓ | Continuously meet 100% packaging material of Lead-free and Halogen Free. | Packaging material is 100% Lead-free and Halogen Free. |



By considering the increased attention from government agencies, the below three low material topics are included into self-management items for continuous observation.

| Material topic | Potential impact | Promotion and response direction | Goal in 2022 | 2022 actual performance | Effectiveness evaluation | Response mechanism | |
|---|--|--|---|--|--------------------------|--|--|
| | | | | | | Short-term goal (2023) | Medium-term and long-term goals (2025) |
| 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"> Implement the training in reinforcing core skills, with key course training completion rate achieving 100% for the required training targets Build professional competency online course for each division, coverage rate: 90% | <ul style="list-style-type: none"> Key course training completion rate for the required training target: 100% Build professional competency online course for each division, coverage rate: 100% | ✓ | <ul style="list-style-type: none"> Implement the training in reinforcing core skills, guarantee R&D driving force Cultivate excellent management talent, promote talent inheritance and organizational sustainability | Guarantee that employees have comprehensive training resources and learning environments. Stimulate employees' potential and reinforce the company's core technologies. |
| Climate change | Respond to climate change, the operational risks in the semiconductor industry | <ul style="list-style-type: none"> (Task Force on Climate-Related Financial Disclosures, TCFD) Support Task Force on Climate-Related Financial Disclosures (TCFD) Actively participate in Carbon Neutral action, enhance Faraday's Green Business Image | <ul style="list-style-type: none"> Responsively support the architecture of Climate-Related Financial Disclosures Build solar energy generation equipment, installed capacity: 89.70 KWp Continuously promote plan for energy saving and carbon reduction every year: energy-saving goal \geq 60,000 KWh/year | <ul style="list-style-type: none"> Already updated and maintained the architecture of Climate-Related Financial Disclosures The solar energy generation equipment was built and enabled on October 14th; the total electricity production of 2022 is 20,122 KWh. Updated three energy-saving equipment, annual electricity saving: 69,596 KWh | ✓ | <ul style="list-style-type: none"> Implement workplace maternal care measures; provide nursing areas, equipment 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 |
| Green product design | If 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 22 nm functional IP solutions 100% of suppliers complete signing the Commitment Not to Use Environmental Substances | <ul style="list-style-type: none"> Cumulatively completed ultra-low power consumption 22 nm fundamental IP solutions: 97, analog IP solutions: 55; a total of 152 IP solutions 100% of suppliers completed signing the Commitment Not to Use Environmental Substances | ✓ | <ul style="list-style-type: none"> Develop ASIC product of ultra-low power consumption and energy saving 100% of suppliers complete signing the Commitment Not to Use Environmental Substances | <ul style="list-style-type: none"> Continuously develop ultra-low power consumption and energy-saving related designs Carefully evaluate and select raw materials with low hazard levels, in order to comply with the Hazardous Substance-Free Product Standard. |



Annual key result and sustainability performance

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.

By the end of 2022, Faraday has completed a total of **203** research and development of low-power silicon intellectual properties, which are applied to customer energy-saving products.

Renewable energy has built. The solar photovoltaic power generation system was self-built on the building roof of Hsinchu headquarter in October, 2022. The total electricity production as of December 31, 2022 is **20,122 KWh**.

Energy-saving equipment all updated on schedule, annual electricity saving: **69,596 KWh**, annual carbon reduction: **35.43 tons** of CO₂e

Average annual power-saving rate dropped by **1.71%** during 2015 ~ 2022.

No environmental incidents and fines in 2022

Amount of waste resource recycling: 8.26 metric tons; recycling of waste resources, recovery rate achieved **33.05%**

100% of suppliers completed signing the "Commitment Not to Use Environmental Substances".

Social

Faraday has awarded "**2022 National Talent Development Award of Ministry of Labor**" – Large Enterprise Award, which is the highest honor award in the field of human resources in Taiwan.

Faraday has been selected as a constituent stock in "**TWSE RAFI Taiwan High Compensation 100 Index**" for 9 consecutive years.

In 2022, Faraday's "Employee Stock Ownership Trust" plan was officially launched; employee participation rate is over **75%**. The Company allocates **100%** of the employee's monthly withdrawal amount as incentives.

In order to provide Faraday employees with a better leisure and sports environment, promote work balance and physical/mental balance, in 2022, Faraday spent over **NT\$ 5 million** to completely renovate the 10F multi-functional fitness center and sport field.

In 2022, Faraday obtained certification of premium breastfeeding room by public health bureau, Hsinchu City.

Faraday increased employee health check expenses by **88%** in 2022.

Grounded in grass roots, nurturing Taiwan excellent baseball talents, sponsoring **NT\$500,000** for the baseball team of Tung-Shih junior high school

Sponsored **NT\$500,000** for children's medical care in Chu-Miao district: Preparation and operation of Hsinchu MacKay Children's Hospital

Help with donation of **NT\$508,688** for local social welfare organization: Huaguang intelligence development center, helping the care of residents who are moderate/severe intellectual disabilities

Governance

Be ranked in the top **6th ~ 20th** percentile of listed companies in terms of corporate governance evaluation results for 3 consecutive years

The combined revenue and profits have double hit a record high in history. The combined revenue in 2022 has reached NT\$13.7 billion, increased by 62% compared to the previous year; the basic earnings per share increased by 112% annually to NT\$9.88.

In 2022, Faraday has won "**Top 100 Excellence in Corporate Sustainable Citizenship Award**".

Faraday has been honored as "Top 100 Best-Performing CEOs in Taiwan 2022" by <<Harvard Business Review>>.

Faraday is listed as a constituent stock of "**TWSE Corporate Governance 100 Index**", "**TWSE Taiwan Mid-Cap 100 Index**", and "**TWSE RAFI Taiwan High Compensation 100 Index**".

Faraday has been awarded the highest level of 2022 "**Excellence in Quality Practice Award (3 stars)**" by the Chinese Society for Quality.

Actual attendance rates for the board of director, audit committee, and compensation committees in 2022 are all **100%**; fully participate in the operation of the board of directors and functional committees.

All directors of the Company have completed the training of **6 hours** in 2022 to maintain their core values and professional capabilities.

2022 patent applications: 10; more than **913** global patents granted

Guard the disadvantaged, overturn the hunger



1 No Poverty



Helped Huaguang intelligence development center

With the heart of local care, Faraday combined with employee power, and continuously showed solicitude for Guanxi Huaguang intelligence development center in Hsinchu County with the donation of NTD\$508,688 in 2022; among them, Faraday denoted NTD\$100,000 and employees denoted NTD\$408,688 for helping those who are poor and disadvantaged with mild/moderate/severe/ extremely severe multiple disabilities and autism.

2 Zero hunger



Love subscribing warm winter gifts for Hsinchu Family Support Center

Faraday employees have long-term supported Hsinchu family support center by action in order to take care of children and youth of the disadvantaged family. Every October, trigger the love subscribing activity for the annual fair ticket of Hsinchu family support center and love supplies. In 2022, employees donated fair tickets worth NTD\$20,300. Also, we donated NTD\$75,000 for love family gift subscription in helping the assisted family to purchase daily necessities.



Implementation of epidemic prevention, 0 days of operation interruption

3 Good Health and Well-Being



Emergency measures in response to COVID-19

In response to the infected colleagues, avoid spreading the virus inside the company, and reduce the impact caused from epidemic and ensure uninterrupted operations, Faraday changed the epidemic prevention policy from “Zero-COVID” to “Mitigation and Coexisting”, then to enterprise self-response in cooperation with government authorities in May, 2022. Under the epidemic situation with increasing number of confirmed cases, we successfully avoided COVID spreading inside the company and achieved 0-Day operational interruption results.

Occupational safety and health nursing

- **Maternal health protection plan**
Enhanced the equipment of breastfeeding collection room to provide a safe, warm, comfortable, and high-quality environment. In 2022, we obtained certification of premium breastfeeding room by public health bureau, Hsinchu City. A total of 11 employees on the maternal health protection list had completed individual hazard assessments, stratified management, and the health protection rate achieved 100%.
- **Human hazard prevention plan**
Faraday positively promotes ergonomic risk management. In 2022, we proceeded risk level assessment of high risk workplace; planned and took necessary safety and health measures to prevent related occupational disasters.
- **Health check plan**
Employee health is greatest asset of the enterprise. Through three-sections and five-levels as mentioned in the prevention healthcare, do various health check and follow-up management. In 2022, comprehensively increased the cost of health check expenses by 88%; and we provided better-than-legally-mandated health check, “Health check every two years, thematic health check items, increase health check expenses”.

Healthy lifestyle

- We are qualified for “Badge of Accredited Healthy Workplace” by Health Promotion Administration, effective date: 2023/01 ~ 2025/12, continuously promote healthy workplace, design thematic health promotion activities and various club activities for colleagues.
- When epidemic slowed down and followed the epidemic prevention regulations of the company, 2022 health promotion activities were held including “Faraday Road Running, Out of addiction/Quit smoking, Carbon monoxide detection, Health lecture by specialist, Blood donation and infectious disease prevention health education”.

Sponsor local children's medical care

Hsinchu MacKay Memorial Hospital sets up Children's Hospital to provide children with advanced medical technology, equipment, drug treatment, and provides economically disadvantaged patients for complete and sound treatment and care during treatment to relieve family financial pressure. Children's hospital has started to operate from November 1st, 2022, relevant resources still need assistance from all sectors of society. In response to the effort of Hsinchu MacKay Children's Hospital in children's medical and vulnerable care, Faraday will denote NT\$ 500,000 every year during 2022 ~ 2025, a total of NT\$ 2 million.

Responding to blood donation activities

Every year, Faraday continuously encourages employees to respond to blood donation activities, in order to create benefits for more people who need blood, and perform our corporate social responsibility. More than a thousand units have been donated so far. In 2022, we donated a total of 101 units of blood. This amply demonstrates how passionately Faraday employees support public welfare causes.



Inheritance and deployment of future talents. Thick planting of innovative research and development energy



4 Quality Education



Deep cultivation in campus, guide young students to understand semiconductor practice, promote industry-academia cooperation

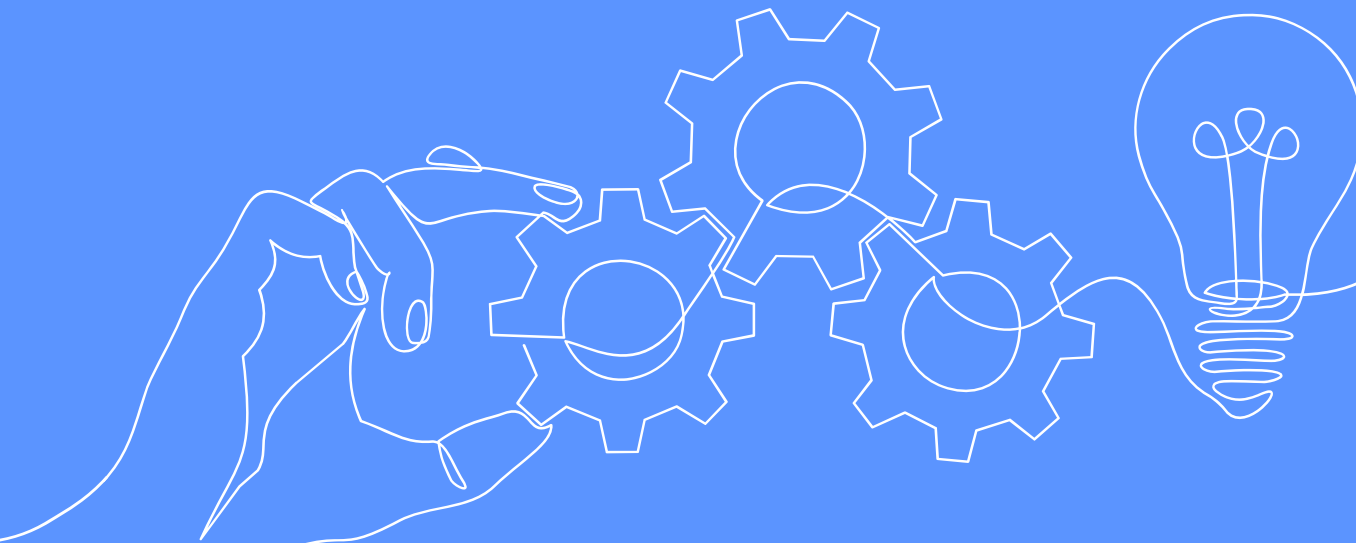
- Faraday hosts keynote speech in the campus and co-works with school in technology research project every year, facilitates academic exchange opportunities, and establishes a two-way communication platform to save and strength Faraday's R&D energy.
- In 2022, not affected by the epidemic, Faraday still hopes to bring more learning enlightenment to students from various institutions. Faraday gave 5 sessions of campus speech by remote and in person. We analyzed the industrial profile of ASIC and IP, helped young students understand the semiconductor industry to make appropriate career choices. More, we went far to Huadong area and held a two-day program of "Elite development class for Cell-based design", and invited the outstanding students to join Faraday. In 2022, we also sponsored "IET International Conference on Engineering Technologies and Applications" to contribute our share to seminar for technology industry.

e-teaching with zero distance, reassuring learning without interruption

- In response to global talent management, learning efficiency improvement and flexibility, Faraday continues launching eCourse every year, and offering distance learning depending on the status of the trainees.
- When the epidemic was severe from 2020 to 2022, in addition to R & D professional courses, Faraday actively introduced online management courses; through the overall systematic eCourse, employees can learn without interruption and simultaneously improve professional and management capabilities.

Grounded in nurturing Taiwan baseball talents

Most of young baseball players come from the disadvantaged family, they need budget subsidy to keep the operation of baseball team and make the players be without worries. Faraday continuously sponsors the baseball team with NTD\$4.7 million in 10 years since 2021, hope to help Taiwan physical education in cultivating excellent sports talents, and encourage young students to work hard to keep pursuing their dreams.



Implement equal rights and anti-discrimination



5 Gender equality



Implement equal rights, anti-employment discrimination

- Faraday guarantees a workplace environment of gender equality and opportunities for development, regardless of gender, everyone has equal opportunity in recruitment, training, and promotion.
- Due to characteristics of technology industry, there are more men than women in Taiwan's departments of science and engineering; Faraday actively recruits female employees, the proportion of female employees has increased year by year, reached 30% in 2022.

Fairly provide education and training opportunities, advocate learning atmosphere

- Faraday encourages employees for self-learning. Employees can learn interdisciplinary majors through multiple eCourse and enjoy abundant training resources without the limitation of duties and time.
- Average training hours of each employee: 13.9 hours, average for male/female: 14.4/12.6 hours, no significant difference.

Board diversity

- Faraday 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: 1. Operational judgment ability 2. Accounting and financial analysis ability 3. Operation and management ability 4. Crisis handling ability 5. Industry knowledge 6. International market outlook 7. Leadership ability 8. Decision-making ability and other diversified professional backgrounds
- Faraday currently has a total of 9 directors, including 2 female directors (The percentage of all directors is 22.2%). In the future, the target percentage of female directors will be as 25%, in order to implement gender equality policy, increase women's participation in decision making for sound board structure.

Gender equality and inclusion

Maternal health protection evaluations: 100%



Environmental-friendly Faraday



6 Clean water and sanitation

Regularly commission the EPA-approved testing agency every quarter to do water quality inspection for drinking water.

The inspection results all met the standards and were announced on the official website of Industrial Security Room.

7 Affordable and clean energy

Use renewable energy

The solar photovoltaic power generation system was self-built on the building roof of Hsinchu headquarter on October 14th, 2022. The installed capacity is 89.70 KWp. The total electricity production as of December 31, 2022 is 20,122 KWh, and the carbon reduction is 10.24 tons of CO₂e. The estimated annual average electricity production is about 93,731 KWh (Annual carbon reduction is 47.71 tons of CO₂e).

14 Life below water

Reuse of waste resource recycling

- Faraday continuously moves 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 promote sustainable resource usage and do our part for global environmental friendliness.
- 2022 waste recycling amount: 8.26 metric tons

15 Life on land

Process waste reduction

- Faraday cooperates with suppliers according to the ECRS principle (Eliminate, Combine, Rearrange, Simplify), simplify the 6 steps of the product delivery from assembly house to the package process in testing house into 2 steps; it can reduce the waste of operation time and raise the package efficiency to 90%.
- The package method from assembly house to testing house has also changed from the original one-time use carton to reusable green box. When scrapping, it can also be handled by recycling to reduce resource waste and environmental impact. We reduced the use of average 38,000 cartons every year.

12 Responsible consumption and production

100% green production

- Product in compliance with RoHS/REACH regulations: 100%
- 100% raw material prohibited from using conflict minerals

13 Climate action

Greenhouse gas inventory

Faraday continuously does greenhouse gas emission inventory and implements various management tasks, and actively promotes various greenhouse gas emission reduction measures according to the inventory results. Through continuous improvement plans and activities, reduce the impact of greenhouse gas emissions on the environment and climate caused by global warming, and do our duty in corporate social responsibility.

Total deduction of carbon-dioxide emissions is 35.43 metric tons/year.

- In 2022, total investment amount for energy-saving equipment update and improvement is NT\$1.25 million. Replaced old cooling fins with high-efficiency motor, changed fluorescent lights in testing area to LED lights, and the adsorption dryer of air compressor system was changed to energy-saving type.
- The total electricity saving in 2022 was 69,596 KWh, total carbon reduction was 35.43 tons of CO₂e.
- Besides the global layout of the supply chain, business continuity management procedures has also been imported. Faraday continuously reviews and improves to ensure that we can fully maintain and return to the top operating goals when a disaster or shock occurs, we fight for and protect the best interests for customers and stakeholders. As to the disruption of raw material supply, Faraday also 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.



Constituent stock in the TWSE RAFI Taiwan High Compensation 100 for 9 consecutive years

8 Decent work and economic growth



Selected as a constituent stock in the TWSE RAFI Taiwan High Compensation 100 for 9 consecutive years, compete and better-than-legally-mandated welfare measures

Faraday has been selected as a constituent stock in “TWSE RAFI Taiwan High Compensation 100 Index” for 9 consecutive years from 2014, maintaining a competitive advantage in terms of average employee salary, total employee salary and salary growth. Faraday offers 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

Care for disadvantaged groups, provide fair employment opportunity, protect employment rights

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 weighted hiring ratio is in compliance with laws and regulations.

Internal referral, corporate Internship

Recruit suitable talents through employee referral and providing internship opportunities

Prohibition of child labor

- Not hire person under the age of 15
- Only recruit candidates over 18 years old
- Do relevant document inspection of the hired employees, double-check to ensure nothing missed

Seeking excellence, sharing success

9 Industry, Innovation and Infrastructure



- 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 4,000 IP solutions have been delivered in a wide variety of applications.
- As of 2022, Faraday has completed a total of 152 research and development of low-power silicon intellectual properties, and successively launched mixed-signal silicon intellectual property based on UMC's 22 nm low-power (ULP) process, provides customers with more complete solutions, and reduces energy consumption. It not only saves electricity, but also more environmentally friendly

17 Partnership for the goals



Global business base, strengthen employment in developing countries

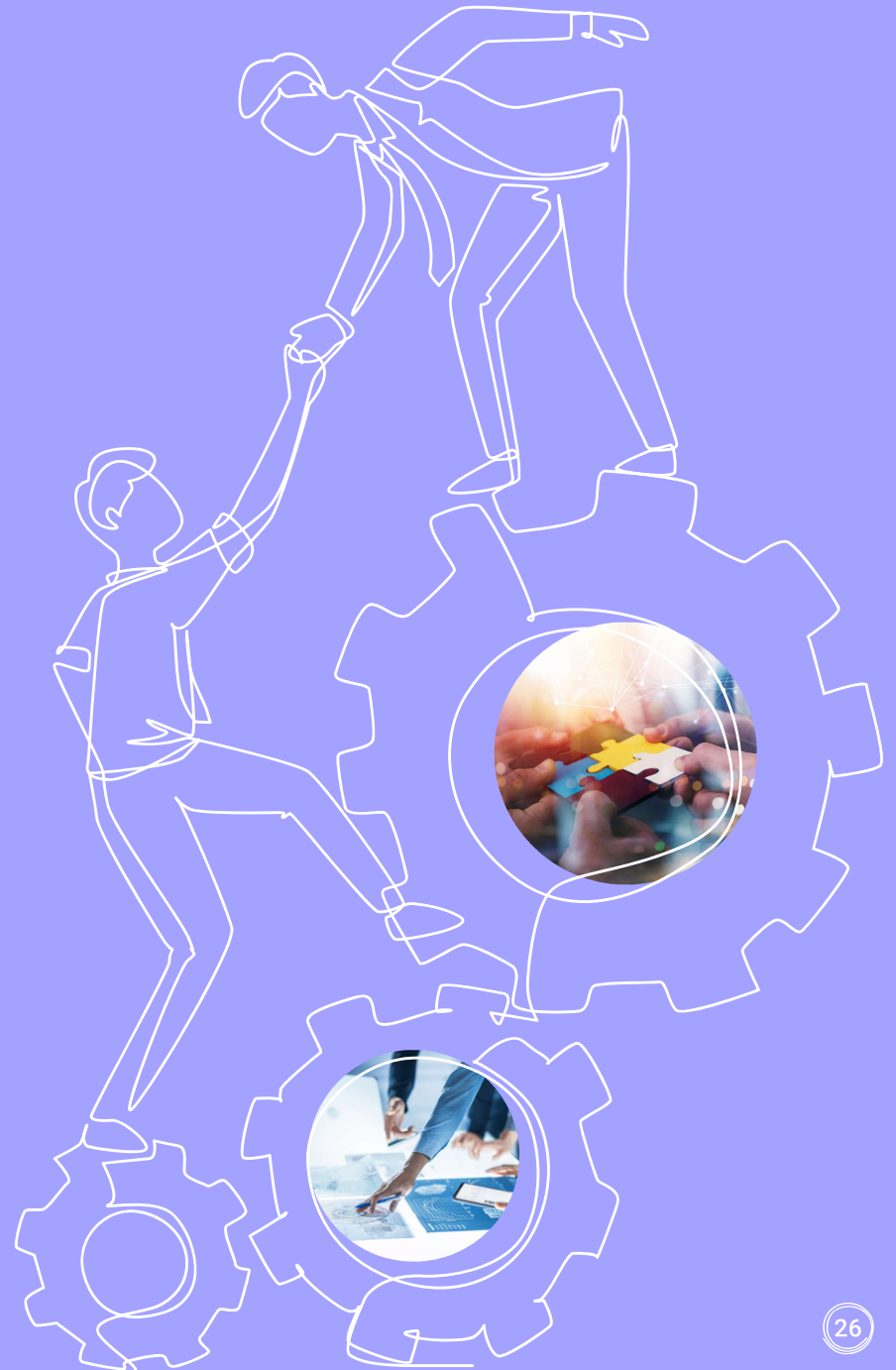
- R & D base in Vietnam/India

Follow the national sustainable development policy to link up with the world

- Follow the corporate governance evaluation requirement from Financial Supervisory Commission
- Follow 2050 net-zero emission roadmap

In response to geopolitical risk, build localized supply chain system to strengthen supply chain resilience

- To meet the needs of customers in different regions, build a localized production line and use local raw materials



Create an inclusive and friendly working environment

10 Reduced inequalities



Provide a diverse/inclusive working environment that respects human rights

- Faraday equally treats talents of different genders, religions, races, nationalities, and political parties. Employees are recruited through a fair and open selection process. Faraday takes care of disadvantaged groups, providing them with fair employment opportunities, and protects their employment rights to avoid employment discrimination.
- Faraday has always put great emphasis on human rights and respects international regulations on labor rights. We implement the "Responsible Business Alliance" (RBA) Code of Conduct and respect all permanent and temporary employees. We have actively implemented prohibitions against forced labor, child labor, and discrimination; while also guaranteeing humane treatment and freedom of assembly.



Strengthen risk/ crisis management

11 Sustainable cities
and communities



Disaster drills

In November, disaster drill was held in order to improve colleagues' familiarity with disaster drills, and strengthen risk/crisis management.

Emergency measures in response to COVID-19

In response to the infected colleagues, avoid spreading the virus inside the company, and reduce the impact caused from epidemic and ensure uninterrupted operations, Faraday changed the epidemic prevention policy from "Zero-COVID" to "Mitigation and Coexisting", then to enterprise self-response in cooperation with government authorities in May, 2022. Under the epidemic situation with increasing number of confirmed cases, we successfully avoided COVID spreading inside the company and achieved 0-Day operational interruption results.



Advocate ethical management, multiple complaint mechanism

16 Peace, justice, and strong institutions



Faraday has been committed to fair trade, we do not participate in market competition in illegal forms such as false advertisements; by following the principles of fair business, strict adherence to integrity standards is required in any commercial fields. It is expressly prohibited for the corruption, extortion and embezzlement behavior of any kind. In addition, the code of Integrity is expressly stipulated. It is required that all colleagues should avoid taking advantage of their positions to conduct direct or indirect profit-seeking behavior for business of management or supervision, so as to obtain improper benefits or other fraud. More, it is prohibited for insiders of directors or employees from making profit by taking advantage of information not available in the market. Regular insider trading prevention training courses are held every year, a total of 615 people/hour in 2022.

Corporate governance evaluation ranking: 6% ~ 20%

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 indicates that Faraday's operational status is good in the aspects of "Protect shareholders' rights/interests and treat shareholders equally", "Strength Board structure and operations", "Improve information transparency", and "Implement corporate social responsibility".

Multiple complaint mechanism

Faraday provides multiple and transparent communication channels and complaint mechanisms; holds Employee forum and Labor and management conference every quarter; 2022 employee complaint event: 0

Actively promote anti-corruption system

- Via intranet and training, Faraday advocates ethical management concepts and policies; 2022 disciplinary action and whistleblowing regarding unethical conduct: 0 case
- Disciplinary action and whistleblowing regarding unethical conduct: 0 case
- Board attendance rate: 97.06%





Corporate governance



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 3 consecutive years

Excellent

Board of directors performance evaluation

A self-performance evaluation of the board of directors, functional committees, and individual board members is carried out every year. The performance evaluation by external professional independent organization is performed every three years, and the evaluation results shall be submitted in the shareholders meeting of the first quarter for continuously strengthening the operational efficiency of the board of directors.

100%

The operation of the board of directors and functional committees

Actual attendance rates for the board of director, audit committee, and compensation committees in 2022 are all 100%; fully participate in the operation of the board of directors and functional committees.

NT\$13.7 billion

Financial Performance

The combined revenue and profits have double hit a record high in history. The combined revenue in 2022 has reached NT\$13.7 billion, increased by 62% compared to the previous year; the basic earnings per share increased by 112% annually to NT\$9.88.

Top 100

Honorary award

In 2022, Faraday has won "Top 100 Excellence in Corporate Sustainable Citizenship Award", and has been honored as "Top 100 Best-Performing CEOs in Taiwan 2022" by <<Harvard Business Review>>; and we are listed as a constituent stock of "TWSE Corporate Governance 100 Index", "TWSE Taiwan Mid-Cap 100 Index", and "TWSE RAFI Taiwan High Compensation 100 Index".

6 hour

Continuing education of directors

All directors of the Company have completed the training of 6 hours in 2022 to maintain their core values and professional capabilities.



In addition to complying with the Company Act, Securities Exchange Act, and other relevant regulations of the Republic of China, Faraday Technology also has established various guidelines and policies such as the “Corporate Government Best Practice Principles”, “Code of Integrity Management”, “Code of Ethical Conduct”,

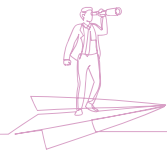
“Insider Trading Prevention Measures”, “Risk Management Policies”, and “Information Security Policies”. These serve as the foundation for building an effective corporate governance framework to enhance corporate governance and are regularly reported to the Board of Directors. The aim is to safeguard shareholders’ rights,

strengthen the functioning of the Board of Directors, respect the interests of stakeholders, and improve information transparency. Through effective corporate governance practices, the company aspires to fulfill its responsibilities for sustainable business operations and enhance corporate performance. The most recent

report to the Board of Directors was on July 26th, 2022, regarding the implementation status of ethical conduct, information security, risk management, intellectual property management, and stakeholder communication, among others.

Management policies and targets

| Targets for 2022 | Actual performance in 2022 | Effectiveness evaluation | Response mechanisms | |
|---|---|--------------------------|--|---|
| | | | Short-term goals (2023) | Medium-term and long-term goals (2025) |
| <ul style="list-style-type: none"> Ranked in the top 6th ~ 20th percentile of listed companies in terms of corporate governance evaluation results | <ul style="list-style-type: none"> Ranked in the top 6th ~ 20th percentile of listed companies in terms of corporate governance evaluation results | ✓ | <ul style="list-style-type: none"> 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 evaluation or certification related to corporate governance to implement the specific performance of corporate governance |
| <ul style="list-style-type: none"> Director attendance no less than 85% | <ul style="list-style-type: none"> Director and functional committee attendance rate are 100%. | ✓ | <ul style="list-style-type: none"> Director and functional committees attendance no less than 85% All members of the board of directors have completed training hours in accordance with the regulations to master the latest knowledge and effectively leverage their expertise. | <ul style="list-style-type: none"> Strengthen board of directors’ functions; encouraging the establishment of non-statutory functional committees |
| <ul style="list-style-type: none"> Improve information transparency and disclosure timeliness | <ul style="list-style-type: none"> The content of the “Corporate governance” and “Investor relations” areas are updated and expanded in real time and uploaded to the MOPS (Market Observation Post System) simultaneously. | ✓ | <ul style="list-style-type: none"> Strengthen the operation of the board of directors and functional committees; regularly execute performance evaluation Improve the information transparency and the disclosure timeliness so that investors can obtain sufficient and correct information in a timely manner | <ul style="list-style-type: none"> 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. |
| <ul style="list-style-type: none"> Strengthen the English information disclosure | <ul style="list-style-type: none"> Reported material information in English; disclosed quarterly financial reports, annual reports of shareholders’ meetings and related information in English; provided complete content and real-time update of company website in English | ✓ | <ul style="list-style-type: none"> Hold investor conference every quarter to frequently communicate with investors | <ul style="list-style-type: none"> Implementation of promoting sustainable development; actively obtain the third-party assurance or verification to provide information reliability Strengthen the disclosure and integrity of English information to protect the equality of shareholders, keep up with international trends and raise the company’s international reputation |
| <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 | <ul style="list-style-type: none"> Advocate ethical management via intranet and training, 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 Indeed accept disciplinary action and whistleblowing regarding unethical conduct | <ul style="list-style-type: none"> Strengthen the promotion of the concept of integrity management, the implementation of regulatory compliance and risk control mechanisms |
| <ul style="list-style-type: none"> Professional safety and health training listed as part of new recruits mandatory classes Hold at least one disaster drill per year Complaints about violation of customer privacy or loss of customer information: 0 Information security policy announcement : 4 times/year Training course for information security policy: Paired with new recruit training, 100% implementation | <ul style="list-style-type: none"> Listed professional safety and health training as part of new recruits mandatory classes; in 2022, 89 people were trained. In November 2022, fire drills and emergency drills were held, with up to 495 people participating in the drills. Complaints about violation of customer privacy or loss of customer information: 0 Information security policy announcement: 4 times/year Training course for information security policy: Paired with new recruit training, 100% implementation | ✓ | <ul style="list-style-type: none"> Professional safety and health training listed as part of new recruits mandatory classes. Hold at least one disaster drill per year. Pass ISO27001 certification. Pass TIPS certification. Complaints about violation of customer privacy or loss of customer information: 0 Information security policy announcement: 4 times/year. Training course for information security policy: Paired with new recruit training, 100% implementation. | <ul style="list-style-type: none"> Continue to enhance employees’ risk awareness and build a broad and deep risk management culture Raise employees’ protection awareness of information security and social engineering Through the Information Security Committee, continuously promote the establishment of partner confidentiality systems, data protection technology and management, and information security anomaly analysis and early warning instruction to implement the most secure and demanding information security protection. |

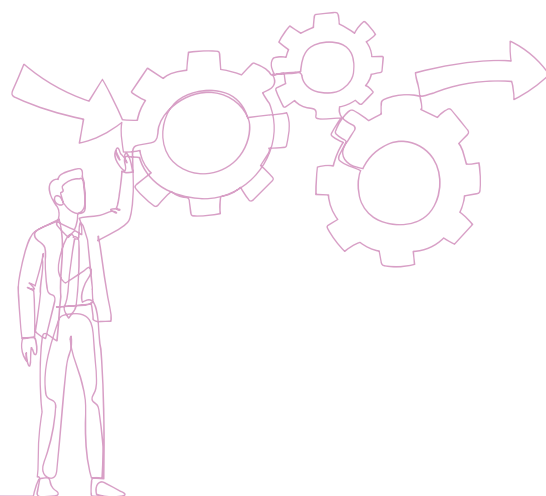


Responsible unit for corporate governance

The company has passed the resolution of the board of directors on February 13, 2020, and appointed Ms. Grace Wun-Ju Tseng, the Vice President and Chief Financial Officer, as the corporate governance officer, and the finance department to act as the corporate governance team to be responsible for corporate governance-related matters, and its main responsibilities are to handle the Board meeting and the shareholders meeting according to the law, providing directors with the necessary information to conduct business, assisting directors in compliance with laws and regulations, handling business registration, and assisting directors in continuing education. Also strengthening the functions of the board of directors, implementing the protection of the rights and interests of stakeholders and equal treatment of shareholders, and etc.

The refresher courses that corporate governance officer has attended in the past two years:

| Date | Organizer | Name of the course | Hour |
|---------------|--|---|------|
| 2021/9/1 | Financial Supervision Commission | The 13th Taipei Governance Forum | 6 |
| 2021/11/2 | Accounting Research and Development Foundation | Legal Compliance Auditing Practices of Enterprise "Investment" and "Mergers and Acquisitions" | 6 |
| 2022/7/27 | Taiwan Stock Exchange | Sustainable Development Roadmap Forum | 2 |
| 2022/11/24~25 | Accounting Research and Development Foundation | Continuing Course of Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges | 12 |



Management level

Faraday upholds conducting business with integrity, transparency of information, and shareholder equity as our priorities. The board of directors is made up of specialists from the tech world possessing 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 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.

| Title | Name | Gender | Major academic/work history |
|-----------------------------|-----------------|--------|---|
| Chairman | Chia-Tsung Hung | Male | Chairman/CSO, UMC / Honorary Doctor of Engineering , National Tsing Hua University |
| | Ying-Sheng Shen | Male | VP, UMC/ Master of Business Administration , EMBA , National Taiwan University |
| | Zeng-Li Huang | Male | Professor of Accounting, Tamkang University PhD of Accounting, Warwick University, UK |
| Director | 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 Yang Ming Chiao Tung University |
| | Wen-Ju Tseng | Female | CFO, Faraday Technology Master of Management , National Yang Ming Chiao Tung University |
| | Ning-Hai Jin | Male | Chairman, Blueocean Optoelectronics Technology Master of Engineering Science, University of Michigan |
| Independent Director | Bing-Kuan Luo | Male | Chairman , Huashan International Consultant PhD of Management, Shanghai Fudan University |
| | Wan-Feng Chou | Female | Senior Director of Finance Division, KYEC / Bachelor of International Trading, Tamkang University |

Board of directors nomination and elections

The nomination and selection of members of Faraday board of directors follows the provisions of the "Articles of Incorporation", adopts the candidate nomination system, and abides by the "Corporate Governance Best Practice Principles" and "Rules for Election of Directors". Faraday has 7 ~ 11 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 shareholder meeting. The relevant details of 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 are all equipped with the knowledge, skills and character required to carry out their professional duties.



Board diversity and independency

Faradays "Corporate Governance Best Practice Principles" and "Rules for Election of Directors" have set up a diversity policy, which clearly stipulates that the composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following three general standards:

- 1 Basic requirements and values: gender, age, nationality, and culture, etc.
- 2 Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.
- 3 Corporate sustainability and social participation: Corporate governance, environmental sustainability, Corporate Social Responsibility, regulatory compliance and human rights protection.

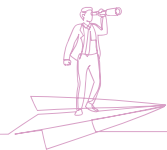
The members of the board of directors shall generally have the necessary knowledge, skills, and competency to perform their duties. Their overall abilities shall be as follows:

- ✔ The ability to make judgement about operations
- ✔ Accounting and financial analysis ability
- ✔ Management ability
- ✔ Crisis management ability
- ✔ Knowledge of the industry
- ✔ International market view
- ✔ Leadership ability
- ✔ Decision-making ability

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 2022, 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 Item 3 and Item 4 of Article 26-3 of the Securities and Exchange Act, and there is no relationship between the directors of spouses or relatives within the second degree of kinship.

The professional background of the members of the board of directors of the Company covers from management, science and engineering, to finance, and they are operators of the technology industry. The members of the board of directors have diverse backgrounds in industry-academia, academics, and knowledge; they can give professional advice from different points of view, which is greatly helpful for improving the Company's operating performance and management efficiency, the implementation status of board diversity is as follows:

| Title | Chairman | Representative of the Legal Director | | Director | | | Independent Director | | |
|--|-----------------|--------------------------------------|---------------|---------------|---------------|--------------|----------------------|---------------|---------------|
| Name | Chia-Tsung Hung | Ying-Sheng Shen | Zeng-Li Huang | Kuo-Yung Wang | Shih-Chin Lin | Wen-Ju Tseng | Ning-Hai Jin | Bing-Kuan Luo | Wan-Feng Chou |
| Gender | Male | Male | Male | Male | Male | Female | Male | Male | Female |
| Age | 61-70 | 51-60 | 71-80 | 51-60 | 51-60 | 51-60 | 71-80 | 61-70 | 51-60 |
| Adjunct Faraday employee | ✔ | | | ✔ | ✔ | ✔ | | | |
| Term for Independent Director (Under 3 years) | | | | | | | ✔ | ✔ | ✔ |
| Professional Background | | | | | | | | | |
| Technology | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | | ✔ |
| Finance | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |
| Law | | | | | | | | ✔ | |
| Professional Knowledge and Skills | | | | | | | | | |
| Industry Experience | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |
| The ability to make judgement about operations | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |
| Management Ability | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |
| Crisis management ability | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |
| International Market View | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |
| Leadership and Decision-making Ability | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |



Continuing education of directors

Faraday integrates various resources of corporate governance, establishes mechanisms and channels of continuing education for directors, so that they can easily obtain relevant information, so as to maintain their core values

and professional advantages/capabilities. Consider the results of the performance evaluation of the board of directors, and consider the Company's main operation route and major business development direction to appropriately arrange the training period and content

for directors to enhance their professional knowledge and assist the effective operation of the board of directors.

According to the "Directions for the Implementation of

Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies", all directors of the Company have completed the annual training hours in 2022. The status of directors' continuous education is as follows:

| Title | Name | Date | Organizer | Course Name | Hours |
|----------------------|-----------------|------------|---|--|-------|
| Chairman | Chia-Tsung Hung | 2022/7/26 | Taiwan Independent Director Association | ESG Sustainability Committee Carbon Inventory, Carbon Inspection and Carbon Reduction Measures Standardization and Practical Operation | 3 |
| | | 2022/10/25 | Taiwan Independent Director Association | Inflation, the Russia-Ukraine War and the latest development trends and strategies of consumer electronics that the U.S against China | 3 |
| Director | Ying-Sheng Shen | 2022/7/26 | Taiwan Independent Director Association | ESG Sustainability Committee Carbon Inventory, Carbon Inspection and Carbon Reduction Measures Standardization and Practical Operation | 3 |
| | | 2022/10/25 | Taiwan Independent Director Association | Inflation, the Russia-Ukraine War and the latest development trends and strategies of consumer electronics that the U.S against China | 3 |
| Director | Zeng-Li Huang | 2022/7/26 | Taiwan Independent Director Association | ESG Sustainability Committee Carbon Inventory, Carbon Inspection and Carbon Reduction Measures Standardization and Practical Operation | 3 |
| | | 2022/10/25 | Taiwan Independent Director Association | Inflation, the Russia-Ukraine War and the latest development trends and strategies of consumer electronics that the U.S against China | 3 |
| Director | Kuo-Yung Wang | 2022/7/26 | Taiwan Independent Director Association | ESG Sustainability Committee Carbon Inventory, Carbon Inspection and Carbon Reduction Measures Standardization and Practical Operation | 3 |
| | | 2022/10/25 | Taiwan Independent Director Association | Inflation, the Russia-Ukraine War and the latest development trends and strategies of consumer electronics that the U.S against China | 3 |
| Director | Shih-Chin Lin | 2022/7/26 | Taiwan Independent Director Association | ESG Sustainability Committee Carbon Inventory, Carbon Inspection and Carbon Reduction Measures Standardization and Practical Operation | 3 |
| | | 2022/10/25 | Taiwan Independent Director Association | Inflation, the Russia-Ukraine War and the latest development trends and strategies of consumer electronics that the U.S against China | 3 |
| Director | Wen-Ju Tseng | 2022/7/26 | Taiwan Independent Director Association | ESG Sustainability Committee Carbon Inventory, Carbon Inspection and Carbon Reduction Measures Standardization and Practical Operation | 3 |
| | | 2022/10/25 | Taiwan Independent Director Association | Inflation, the Russia-Ukraine War and the latest development trends and strategies of consumer electronics that the U.S against China | 3 |
| Independent Director | Ning-Hai Jin | 2022/7/26 | Taiwan Independent Director Association | ESG Sustainability Committee Carbon Inventory, Carbon Inspection and Carbon Reduction Measures Standardization and Practical Operation | 3 |
| | | 2022/10/25 | Taiwan Independent Director Association | Inflation, the Russia-Ukraine War and the latest development trends and strategies of consumer electronics that the U.S against China | 3 |
| Independent Director | Bing-Kuan Luo | 2022/3/09 | Taiwan Independent Director Association | ESG Climate Risk Management- The Hedging Application and Development Trend of Financial Products | 3 |
| | | 2022/4/07 | Taiwan Independent Director Association | How to Analyze Financial Statements to Evaluate the Company's Operating Capabilities, Performance, and the Risks? | 3 |
| | | 2022/4/26 | Taiwan Independent Director Association | In-depth Analysis of Insider Trading and Special Breach of Trust in the Securities Exchange Law and Practical Cases | 3 |
| | | 2022/6/20 | Taiwan Academy of Banking and Finance | Corporate Governance Forum- Principles of Treating Customers Fairly | 3 |
| | | 2022/7/26 | Taiwan Independent Director Association | ESG Sustainability Committee Carbon Inventory, Carbon Inspection and Carbon Reduction Measures Standardization and Practical Operation | 3 |
| | | 2022/8/10 | Taiwan Independent Director Association | Practical Case Analysis of Related Party Transactions and Unconventional Transactions | 3 |
| | | 2022/9/08 | Taiwan Independent Director Association | The Board of Directors Reviews the Risks and Practices of Asset Value | 3 |
| | | 2022/9/28 | Taiwan Independent Director Association | In-depth Analysis of the Impact and Risks of Financial Statements on Business Operations from the Perspective of the Group Chief Financial Officer | 3 |
| | | 2022/10/25 | Taiwan Independent Director Association | Inflation, the Russia-Ukraine War and the latest development trends and strategies of consumer electronics that the U.S against China | 3 |
| | | 2022/11/09 | Taiwan Independent Director Association | How can Independent Directors Detect the Company's Financial Crisis Earlier? | 3 |
| Independent Director | Wan-Feng Chou | 2022/11/22 | Taiwan Independent Director Association | Strategies, Objectives, Major Issues, Financial and Non-Financial Information Disclosure of the ESG Sustainability Report | 3 |
| | | 2022/11/24 | Taiwan Stock Exchange (TWSE), Alliance Advisors Taiwan, Taiwan Corporate Governance Association | International Twin Summit | 2 |
| | | 2022/7/26 | Taiwan Independent Director Association | ESG Sustainability Committee Carbon Inventory, Carbon Inspection and Carbon Reduction Measures Standardization and Practical Operation | 3 |
| | | 2022/7/27 | Taiwan Stock Exchange (TWSE), Taipei Exchange (TPEX) | Sustainable Development Roadmap Forum | 2 |
| | | 2022/10/25 | Taiwan Independent Director Association | Inflation, the Russia-Ukraine War and the latest development trends and strategies of consumer electronics that the U.S against China | 3 |



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” passed by the board in July, 2020. A self-performance evaluation of the board of directors, functional committees, and individual board members is 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. In order to further improve the operational efficiency of the board of directors and strengthen corporate governance, the board of directors approved the revision of the “Board of Directors Performance Evaluation Method” on 2022/10/25, adding that the evaluation should be performed by external professional independent organization or external expert and scholar team at least every three years. The results of the external and internal performance evaluation shall be

completed before the end of the first quarter of the next year, and the latest board report shall be submitted as a reference for continuously strengthening the operational efficiency of the board of directors, the selection or nomination of directors and the determination of their individual salary and remuneration.

The 2022 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, 2022 to December 31st, 2022. 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.

| Results of Board Internal Performance Evaluation in 2022 | Results of Members of the Board Internal Performance Evaluation in 2022 | Results of Audit Committee Internal Performance Evaluation in 2022 | Results of Compensation Committee Internal Performance Evaluation in 2022 |
|---|---|--|--|
| The participation level on company operations 4.74 | The mastery of the Company's goals and tasks 4.96 | The participation level on company operations 5 | The participation level on company operations 5 |
| The improvement of decision-making quality on board of director 4.91 | The awareness of responsibilities of the directors 4.96 | The awareness of responsibilities of the audit committee 5 | The awareness of responsibilities of the compensation committee 5 |
| The selection and continuous education 4.97 | The participation level on company operation 4.9 | The improvement of decision-making quality on audit committee 5 | The improvement of decision-making quality on compensation committee 4.95 |
| The composition and structure of board members 4.93 | The operation and communication of internal relationship 4.93 | The composition and selection of the audit committee 5 | The composition and selection of the compensation committee 5 |
| The internal control 4.97 | The professional and continuing education 4.96 | The internal control 5 | |
| | The internal control 4.93 | | |

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

On October 12, 2022, Faraday entrusted Taiwan Investor Relations Association, an external independent evaluation organization, to evaluate the external performance of the Company's board of directors. The evaluation period is from November 1, 2021 to October 31, 2022. According to the Company's provided documents and disclosed information, and in conjunction with self-assessment questionnaire (covering five aspects of board composition & professional development, the board

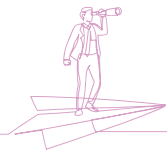
decision-making quality, the board operational effectiveness, internal control & risk management, and the board involvement in ESG) and on-site visiting as the three evaluation methods, and after that issued an evaluation report of board performance on November 21, 2022, based on the evaluation results.

The evaluation report conclusion recommended the following:

1. Set up a functional committee of the “Sustainable Development Committee”
2. Among the Company's directors, the number of directors who are the employees of the Company, parent company, subsidiary, or fellow subsidiary is lower than (including) one-third of directors.
3. Increase the independent function of internal audit personnel to enhance the visibility of external investors on the Company's commitment to sustainable

development, enhance the direct participation of directors, and increase the driving force of rating companies to promote and implement ESG.

The Company has reported the internal and external performance evaluation results of the board of directors at the 10th meeting of the eleventh session of the board of directors on February 21, 2023, and made public announcement of the evaluation results to the MOPS (Market Observation Post System).



Board of directors operations

Charged with

1. The company's business operational plan
2. Annual financial report and the second quarter financial report that must be audited and certified by an accountant.
3. Set up or amend the internal control system, and assess the effectiveness of the internal control system
4. Set up 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 and 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 ratification

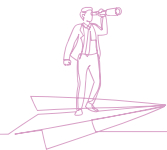
Attendance

In 2022, the board of directors held five meetings. The board of directors' attendance rate was 100%.

Major resolutions

| Date and Session | Content of Issue |
|---|--|
| 2022/02/22 The 5th of the 11th session | <ul style="list-style-type: none"> • Case of the 2021 annual business report and financial statement • Case of the 2021 earnings distribution statement of the Company • Case of the Director's remuneration and employee remuneration allocation of the Company in 2021 • Proposal for manager's remuneration • Case of the 2021 execution for annual audit plan and the effectiveness of the internal control system assessment of the Company • Case of regularly evaluated the independence and the eligibility of attesting CPA of the Company and the appointment for attesting CPA of 2022 • Case of annual bank credit line renewal • Amend case of "Articles of Incorporation" of the Company • Case of convening date, convening reasons, and accept matters related to the proposals of shareholders holding more than 1% of the shares of 2022 annual shareholders meeting of the Company |
| 2022/04/26 The 6th of the 11th session | <ul style="list-style-type: none"> • Case of 2022 Q1 financial report • Set up "Sustainability Development Best Practice Principles" of the Company • Amend case of "Guidelines for the Adoption of Codes of Ethical Conduct" of the Company • Amend case of "Corporate Governance Best Practice Principles" of the Company • Amend case of "Rules of Procedure for Shareholders' Meeting" of the Company • Amend case of "Rules for Election of Directors" of the Company • Amend case of "Procedures for Acquisition or Disposal of Assets" of the Company |

| Date and Session | Content of Issue |
|---|--|
| 2022/07/26 The 7th of the 11th session | <ul style="list-style-type: none"> • Case of 2022 Q2 financial report • Case of handling "Employee Stock Ownership Trust" • Amend case of "Standard Operating Procedures for Handling Requests from Directors" of the Company |
| 2022/10/25 The 8th of the 11th session | <ul style="list-style-type: none"> • Case of 2022 Q3 financial report • Case of 2023 audit plan • Case of establishing a subsidiary in Singapore • Amend case of "Articles of Incorporation" of the Company • Amend case of "Board of Directors Performance Evaluation Method" • Amend case of "Regulations Governing Procedure for Board of Directors Meetings" |
| 2022/12/15 The 9th of the 11th session | <ul style="list-style-type: none"> • Case of 2023 operation budget • Case of bank credit line renewal • Amend case of "Internal Major Information Processing Procedures" of the Company |



Audit committee operations

Charged with

1. In accordance with Article 14-1 of the Securities and Exchange Act, adopt or amend the internal control systems
2. Assessment of internal control system effectiveness
3. 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
4. A matter bearing on the personal interest of a director
5. A material asset or derivatives transaction
6. A material monetary loan, endorsement, or provision of guarantee
7. The offering, issuance, or private placement of any equity-type securities
8. The hiring or dismissal of an attesting CPA, or the compensation given thereto
9. The appointment and discharge of a financial, accounting, or internal auditing officer
10. Annual financial report signed or stamped by the chairman, managerial officers, and accounting officers; and the second quarter financial report audited and attested by a certified public accountant.
11. Any other material matters so required by the company or the competent authority

Attendance

All three positions on the committee are occupied by independent directors, and they meet at least once per quarter. They engage in extensive communication with the company's internal auditing department and attesting CPAs. In 2022, the audit committee held 4 meetings in total; the independent directors' actual attendance rate was 100%.

Major resolutions

| Date and Session | Content of Issue |
|---|---|
| 2022/2/22 The 3rd of the 3rd session | <ul style="list-style-type: none"> • Case of the 2021 annual business report and financial statement • Case of the 2021 earnings distribution statement of the Company • Case of the 2021 execution for annual audit plan and the effectiveness of the internal control system assessment of the Company • Case of regularly evaluated the independence and the eligibility of attesting CPA of the Company and the appointment for attesting CPA of 2022 |
| 2022/4/26 The 4th of the 3rd session | <ul style="list-style-type: none"> • Case of 2022 Q1 financial report • Amend case of "Procedures for Acquiring or Disposing of Assets" of the Company • Amend case of "Guidelines for the Adoption of Codes of Ethical Conduct" of the Company |
| 2022/7/25 The 5th of the 3rd session | <ul style="list-style-type: none"> • Case of 2022 Q2 financial report |
| 2022/10/25 The 6th of the 3rd session | <ul style="list-style-type: none"> • Case of 2022 Q3 financial report • Case of 2022 audit plan |

Compensation committee operations

Charged with

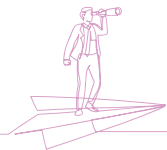
1. Regularly setting and evaluating the policy, system, standard, and structure of director and executive's annual and long-term performance and compensation packages
2. Regularly evaluating and determining the salaries and remunerations of directors and executives, the achievement of performance goals,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

Attendance

All three positions on the compensation committee are occupied by independent directors, and they meet at least twice per year. In 2022, 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 |
|--|--|
| 2022/2/22 The 3rd of the 5th session | <ul style="list-style-type: none"> • The 2021 directors' remuneration and employee bonus distribution proposal of the Company • Proposal for the manager' remuneration |
| 2022/7/26 The 4th of the 5th session | <ul style="list-style-type: none"> • Case of handling "Employee Stock Ownership Trust" |



The communication status between independent directors/CPA and internal audit

Communication method

1. There are direct communication channels between independent directors/CPA and internal audit, and they have good communication.
2. At the first meeting of the audit committee each year, the CPA of the Company will review or 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 CPA.
3. In addition to the monthly audit report and audit defect improvement tracking report sent 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.

Communication between independent directors and CPA

| Date and Session | Content of Issue | Results for processing |
|---|--|---|
| 2022/2/17 Pre-meeting of Audit Committee | <ul style="list-style-type: none"> • The 2021 consolidated and individual financial report 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 • Latest news of Enterprise Accounting Standard • Introduction to the 9th corporate governance evaluation system revision | The 2021 consolidated and individual financial report audit results are submitted to the board of directors for resolution after deliberation and approval by the audit committee |
| 2022/4/21 Pre-meeting of Audit Committee | <ul style="list-style-type: none"> • 2022/Q1 financial statement reviewing issues • Communication matters with corporate governance units and management level • Updated Securities Law | The 2022/Q1 financial report is submitted to the board of directors after being reviewed and approved by the audit committee. |
| 2022/7/15 Pre-meeting of Audit Committee | <ul style="list-style-type: none"> • 2022/Q2 financial statement reviewing issues • Communication matters with corporate governance units and management level • Updated Securities Law • Updated Tax Law | The 2022/Q2 financial report is submitted to the board of directors after being reviewed and approved by the audit committee. |
| 2022/10/21 Pre-meeting of Audit Committee | <ul style="list-style-type: none"> • 2022/Q3 financial statement reviewing issues • Communication matters with corporate governance units and management level • Updated Securities Law | The 2022/Q3 financial report is submitted to the board of directors after being reviewed and approved by the audit committee. |

Communication status between independent directors and internal audit

| Date and Session | Content of Issue | Results for processing |
|--------------------------------------|--|---|
| 2022/2/22 Audit Committee | <ul style="list-style-type: none"> • "Statement of Internal Control System", 2021 | Submitted to the board of directors for resolution after deliberation and approval by the audit committee |
| | <ul style="list-style-type: none"> • 2021 Q4, Internal Audit Operation Execution Report | Informed |
| 2022/4/26 Audit Committee | <ul style="list-style-type: none"> • 2022 Q1, Internal Audit Operation Execution Report | Informed |
| 2022/7/26 Audit Committee | <ul style="list-style-type: none"> • 2022 Q2, Internal Audit Operation Execution Report | Informed |
| 2022/10/25 Audit Committee | <ul style="list-style-type: none"> • 2022 Q3, Internal Audit Operation Execution Report | Informed |
| | <ul style="list-style-type: none"> • Set up 2023 annual auditing plan | Submitted to the board of directors for resolution after deliberation and approval by the audit committee |



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
Honorary Doctor of Engineering,
National Tsinghua University
main experience / Chairman, UMC



President
Kuo-Yung Wang
Master of Industrial Engineering,
National Tsing Hua University
main experience / VP, UMC



COO
Shih-Chin Lin
Master of Electrophysics,
National Yang Ming Chiao Tung University
main experience / Senior Director, UMC



Senior VP
Chien-Ming Chen
PhD of Information Engineering,
National Tsing Hua University
main experience / Deputy Director, TSMC



VP
Jhy-Heng Wang
PhD of Electrical Engineering,
National Taiwan University
main experience / R&D Director, Apache



VP
Wen-Ju Tseng
Master of Management,
National Yang Ming Chiao Tung University
main experience / CFO, Faraday Technology



SAVP
Chi-Shun Lui
Master of Electrical Engineering,
National Taiwan University
main experience / R&D VP, Prolific



SAVP
Rong-Xing Lai
Master of Electrical Engineering,
National Cheng Kung University
main experience / Marketing Manager,
Silicon Integrated Systems



SAVP
Chen-Sing Jian
Master of Electrical Engineering,
National Taiwan University
main experience / Director, Mediatek



SAVP
Guo-Hua Li
Master of Physics, Tamkang University
main experience / Senior Director, UMC



SAVP
Shu-Huei Liao
Master of Industrial Engineering and
Engineering Management,
National Tsing Hua University
main experience / Director, Faraday Technology

Note
1: Senior VP, Chien-Ming Chen has been dismissed from December 22nd, 2022.
2: SAVP, Chi-Shun Lui has been dismissed from February 3rd, 2023.
3: SAVP, Rong-Xing Lai has been dismissed from December 22nd, 2022.
4: SAVP, Guo-Hua Li has been dismissed from July 30th 2022.

The remuneration policy

The remuneration policy, system, standard and structure

- The remuneration of directors shall be in accordance with Article 16 of the Articles of Incorporation. The board of directors is authorized to pay remuneration to the directors according to their level of participation in the operation of the Company and the value of their contribution, and with reference to the industry level. According to Article 27 of the Articles of Incorporation, the Company shall appropriate no more than 2% as director's remuneration, and independent directors shall not participate in director remuneration. The Company regularly evaluates the remuneration of directors in accordance with the "Board of Directors Performance Evaluation Method". The relevant performance assessment and the rationality of remuneration are reviewed by the compensation committee and the board of directors.
- As to the Company's manager remuneration, the work allowances and bonuses are clearly stipulated according to the payroll procedure to empathize with and reward employees for their efforts in work. Relevant bonuses are also awarded based on the Company's annual operational performance, financial status, business status, and personal work performance. In addition, if there is any profit of current year, the Company shall appropriate no less than 10% as employee remuneration according to Article 27 of the Articles of Incorporation.
- The Company's remuneration package is stipulated by the regulations of the compensation committee, and its scope shall be consistent with the to-be-recorded items of director/manager remuneration in the annual report of public company.

Correlation with the remuneration amount

- The review of related payment standard and system for the Company's remuneration policy takes the Company's overall business status as the main consideration, and the payment standard is approved based on the performance achievement rate and contribution, so as to improve the overall organizational team effectiveness of the board of directors and management department. In addition, the Company refers to the industry salary standard, review it regularly, so as to reflect the performance of individuals and teams at the same time.
- The important decisions of the Company's management level are made after balancing the relevant risk factors. The performance of relevant decisions is reflected in the Company's profit status, and then the remuneration of the management level is related to the performance of risk control.
- The reasonable performance review and remuneration of the Company's directors and managers are regularly evaluated and reviewed by the compensation committee and the board of directors every year. In addition to referring to the performance achievement rate and contribution, the Company's overall operating performance, industry future risks, and development trends are also taken into consideration, and review the remuneration system at any time according to the actual operating conditions and relevant laws and regulations. Moreover, after comprehensively considering the current trend of corporate governance, the reasonable remuneration is given to achieve a balance between the Company's sustainable operation and risk control. The actual remuneration amount for directors and managers in 2022 are submitted to the board of directors for resolution after deliberation and approval by the compensation committee.



Operational performance

Faraday's primary operational results for 2022:

- **The penetration rate of key processes has increased, and the revenue of silicon intellectual property has hit a record high in history.**

Faraday is one of the few ASIC manufacturers with self-developed IPs; with the complete database, Faraday is capable of not only reducing the risk of design integration for customers, but also bringing revenue to the Company. In addition to investing in research and development of key process IP, Faraday also continues to deploy IP and platform development in advanced processes to meet customers' technical planning and process transfer requirements. The brilliant performance of the IP business is the result of Faraday's long-term investment in IP technology development. In 2022, IP revenue increased by 26% compared to the previous year, reaching NT\$1.34 billion, hitting a record high.

- **ASIC orders are stable, and Non-Recurring Engineering (NRE) has hit a record high.**

Faraday has a close cooperation relationship with customers, with the support of long-term customers, the annual order numbers and order amount have remained consistently high. In terms of applications, based on the niche advantageous applications of long production life cycle, Faraday focuses on quality promotion and efficiency improvement; mainly including four major application fields: power management, production efficiency, green energy, and life quality; the purpose and value of these applications are highly connected with sustainable development. In 2022, the NRE revenue increased by 22% and hit a record high of NT\$1.72 billion.

- **The revenue structure has been optimized, and mass production has also been grown for four consecutive years.**

Faraday's business model has created a good product application and customer group structure, and also

enhanced the Company's operational resilience and ability to resist economic fluctuations. Mass production, as Faraday's recurring income has accounted for more than 70% of the overall revenue. This structure strengthens the growth and predictability of revenue, and also allows Faraday to grow against the trend and achieve good results. In 2022, the mass production revenue increased by as much as 78% compared with the previous year, reaching NT\$10 billion as new record in history.

Products by percentage of revenue in 2022

| Major Product Class | Year 2022 | |
|---------------------------------------|------------|------------|
| | Revenue | Percentage |
| ASICs and Wafer Products | 10,002,490 | 76.56% |
| NRE | 1,719,859 | 13.16% |
| IP Component and Technology Royalties | 1,342,806 | 10.28% |
| Total | 13,065,155 | 100.00% |

Note 1: The consolidated financial information of the Company in 2022 has been verified and certified by the accountant.

Note 2: For the relevant financial information of the Company in 2022, please refer to the Company's 2022 Annual Report – (V) Operation Overview.

Combined 2022 revenue and profits

Unit: NTD thousand

| Item | Year 2022 |
|------------------------------------|-------------|
| Net sales revenue | 13,065,155 |
| Operating costs | (6,689,746) |
| Gross profit | 6,375,409 |
| Operating expenses | (3,453,995) |
| Net operating profit | 2,921,414 |
| Non-operating revenue and expenses | 136,058 |
| Net profit before tax | 3,057,472 |
| Income tax expense | (547,004) |
| Net profit for the current period | 2,510,468 |
| Other comprehensive income | (870,074) |
| Total comprehensive income | 1,640,394 |
| Earnings Per Share | 9.88 |

Note 1: The consolidated financial information of the Company in 2022 has been verified and certified by the accountant.

Note 2: For the relevant financial information of the Company in 2022, please refer to the Company's 2022 Annual Report – (VI) Financial Overview.

Note 3: The Company's employee benefit expenses in 2022 are NT\$2,507,159,000.

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, among them, the cash dividends are set to be no lower than ten per cent (10%) of the total dividend.

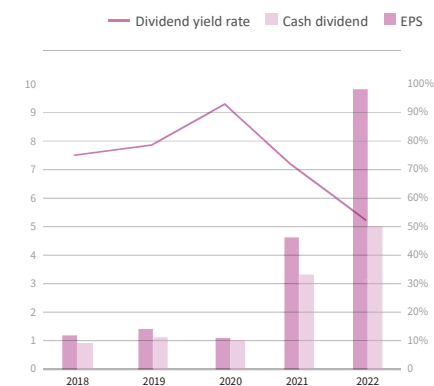
If the Company's final accounts for the year show a profit, it is allocated according to the below priorities:

- 1 Payment of taxes.
- 2 Covering losses.
- 3 10% set aside as a legal reserve.
- 4 Special reserve required by law to be set aside or reversed.
- 5 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.

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.

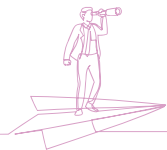
Recent dividend allocations



| Year | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------|------|------|------|------|------|
| Cash dividend | 0.8 | 1.1 | 1 | 3.3 | 5 |
| EPS | 1.06 | 1.4 | 1.08 | 4.65 | 9.88 |
| Dividend yield rate | 75% | 79% | 93% | 71% | 51% |

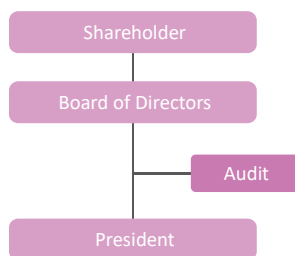
Note 1: The annual dividends of the Company has been steady.

Note 2: For the dividend policy and dividend distribution of the Company, please refer to the Company's 2022 Annual Report - IV, Fundraising Scenario I, Capital and Shares (VI) Company Shares policy and implementation status.



Internal Audit

Faraday Technology has set up internal audit directly under the board of directors, and the implementation items are as follows: The design, implementation, and internal audit inspection of the Company's internal control system, and it is handled in accordance with the guidelines for establishing an internal control system for public companies and relevant laws and regulations.



The purpose of internal audit

The purpose of the Company's internal audit is to assist the board of directors and management level to inspect and review the deficiencies of the internal control system, measure the operation effectiveness and efficiency, the reliability of financial statements, and compliance with relevant laws and regulations; providing timely improvement suggestions to ensure the continuous and effective implementation of the internal control system and serve as a basis for reviewing and revising the internal control system to promote sound management of the Company.

The organization of internal audit

The Company has set up an internal audit unit under the board of directors, the audit office, which is dedicated to the work of internal audit. Assign qualified and appropriate number of full-time internal auditors, and appoint auditing substitute according to the Company's size, business status, management needs and other relevant laws and regulations.

The appointment and discharge of the internal audit supervisor shall be approved by the board of directors and the audit committee. The appointment, discharge, evaluation, and salary of the internal audit supervisor and internal auditors shall be reported to the board of directors or approved by the audit supervisor and reported to the chairman for approval.

The internal auditors participate in continuing education training held by professional organizations every year to ensure their eligibility, and the internal auditor's information such as the name, age, education background, experience, service years, and the received training shall be entered into the MOPS (Market Observation Post System) according to the prescribed format as declaration for future reference.

The operation of internal audit

The annual audit work is carried out according to the audit plan approved by the board of directors, and its implementation and improvement are regularly tracked. If any deficiencies or items that can be improved are found, each department is required to propose an improvement plan and the estimated completion date;

the internal audit will track and review the improvement results. In addition, carry out special audits or reviews if necessary to provide management level with an understanding of the implementation status and potential deficiencies of the internal control system.

Upholding the spirit of transcendence and independence, the internal auditor indeed performs duty from an objective and fair standpoint. In addition to regularly reporting the audit progress and results to the audit committee, the auditor also attends the regular meetings of the board of directors and the audit committee for attendance report.

Tax

Tax policy

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

- ✔ All of the operations are handled according to relevant tax laws and regulations.
- ✔ The transactions between affiliated companies are based on "Arm's Length Principle" and follow the internationally-recognized transfer pricing guidelines published by the Organization for Economic Cooperation and Development (OECD).
- ✔ Transparency of financial statement information, and tax disclosure is handled according to the relevant regulations and standards.
- ✔ Do not use tax haven or carry out tax planning for the purpose of tax avoidance.
- ✔ Do not transfer profits created by the Company to

low-tax countries.

- ✔ Build a relationship of mutual respect with tax authorities based on mutual trust and information transparency.
- ✔ All important decisions of the Company shall consider the tax impact.
- ✔ Analyze the operating environment and use the management mechanism for tax risk assessment.

Tax governance

In order to effectively manage tax risks, the Company follows the internal control process to identify, evaluate, and manage tax risks arising from changes in laws and regulations and its operating activities; the Company measures, manages, and controls risks. The chief financial officer bears the ultimate responsibility for tax management. The board of directors entrusts the audit committee to supervise the Company's implementation of accounting, auditing, financial reporting processes, and financial control quality and integrity. Regularly reviewing major matters, including accounting policies and procedures, internal control systems, and legal compliance (Including tax compliance), corporate risk management; the finance division carries out the daily tax administration and management, and the qualified and experienced external tax professionals assist in fulfilling the Company's tax obligations.

Tax amount

According to the statistics, the tax paid by the company in 2022 is NT\$287,940,000.

Note: Please refer to page 13 of the 2022 annual consolidated financial report for the data source.



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 of the Company are as follows:

Prohibition against offering or accepting bribes

Prohibition against illegal political donations

Prohibition against improper charitable donations or sponsorship

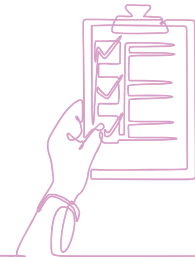
Prohibition against unreasonable gifts, hospitality, or other improper benefits

Prohibition against infringing intellectual property rights

Prohibition against disclosure of confidential information

Prohibition against unfair competitive conduct

Prohibition against insider trading



Guard against insider trading

Faraday Technology prohibits insiders such as directors or employees from using information not available in the market to make profits, and regularly conducts insider trading prevention training courses every year. In 2022, directors and employees conducted insider trading prevention training courses for a total of 615 people/hour. The content of the insider trading prevention course includes: insider trading, actors, actual knowledge, major information, trading object, trading timing, specific timing identification of major information, penalties, short-swing trading, regulated target, regulated periods, regulated object, and disgorgement calculation, etc. The briefing files and audio files will be placed in the internal employee system for reference after training.

In the yearly training course of prohibition from insider trading, Faraday Technology also reminds directors and managers not to trade their stocks during the closed period 30 days before the announcement of the annual financial report and 15 days before the quarterly financial report; in December, 2021, the Company had already notified directors and managers for the 2022 board meeting date, as well as the closed period before the quarterly financial report announcement to prevent directors and managers from accidentally violated the regulations.

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 employee forum, 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. No major violations in 2022.





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 confi-

dential 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 (Anonymous Reporting/No Retaliation)

- Top Operating Principle: Handled from a standpoint of confidentiality, fairness and objectivity.
- The whistleblower’s name, work unit, address, telephone number, and e-mail address should be strictly protected.
- Where whistleblower can be reached should be strictly under the circumstance of being unexposed when proceeding the investigation.
- If the whistleblower is an employee, ensure that the employee will not be dealt with improperly due to the whistleblowing.

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

Performance of ethical management policies

The Company works hard to implement the ethical management policies and bring them into effect. All employees jointly sign the Code of Conduct & Workplace Ethics, and commit to abide by the company’s regulations. The Company also periodically undertakes training

and legal compliance education for all employees. The Company continuously follows up on and reviews the administrative measures, in order to enhance the effectiveness of the Company’s ethical management. Relevant implementation results for 2022 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 2022: 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

Whistleblower procedure and protection

- Establish a specific whistleblower procedure and handle by the dedicated unit
- All flows should strictly follow the whistleblower protection principle.
- In 2022, external whistleblowing: 0; direct reports by employee: 0

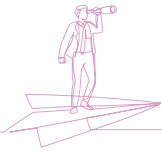
Training

- New recruit training, and training and propaganda on related ethical management every year
- Training course of ethical management in 2022: 658.5 employees 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 2022: 0

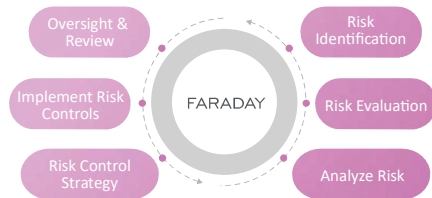




Risk management

Risk management policy

The "Risk Management Policy" of Faraday Technology was passed at the April, 2021 board of directors meeting. It serves as the highest guiding principle for risk management. 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.

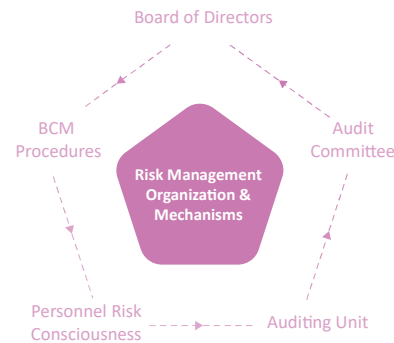


Risk management organization

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 timely.
- 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

Based on the principle of materiality, Faraday Technology identifies and summarizes the significant risks that the Company may face in its operations, in terms of the three main areas of "corporate governance", "environment", and "society"; appropriate management methods and crisis response methods have been formulated in hopes of lowering uncertainties in business operations to the bare minimum.

Based on the principle of materiality, Faraday Technology identifies and summarizes the significant risks that the Company may face in its operations, in terms of the three main areas of "corporate governance", "environment", and "society"; 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
- Credit risk
- Market risk
- Information security risk

Environment

- Climate change risk

Society

- Supply chain risk
- Infectious disease risk



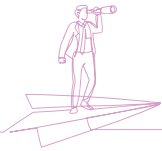
Risk management and opportunity benefits

| 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, the 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. According to the current management and control method, the current credit risk of the transaction counterparty is relatively low, but it is still managed and controlled in the way of major risk management. |
| | 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: • When the NT dollar appreciates/depreciates by 10% against the U.S. dollar and foreign currencies, the profit and loss of the Group in 2022 and 2021 will decrease/increase by NT\$55,016,000 and NT\$43,662,000, respectively. • When the New Taiwan dollar appreciates/ depreciates by 10% against RMB and foreign currencies, the profit and loss of the Group in 2022 and 2021 will decrease/increase by NT\$ 187,897,000 and NT\$ 226,922,000, 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. | |



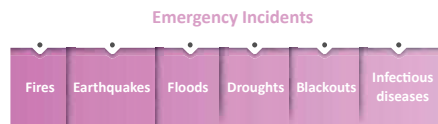
Risk management and opportunity benefits

| 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 2022 and 2021 are 234.71% and 210.86%, 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 | 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. | Environmental protection procedures | Global environmental trends are reviewed annually; environmental protection measures are set in accordance with operational requirements; and internal training and education is done to make sure employees are aware of the impacts of climate change, understand the Company's primary directions for environmental protection for the year, and that they comply with environmental protection policies in their work and business. | Enhance Faraday's green competitiveness and create differentiated value |
| | | 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. | 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. As to the disruption of raw material supply, 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. | | | |



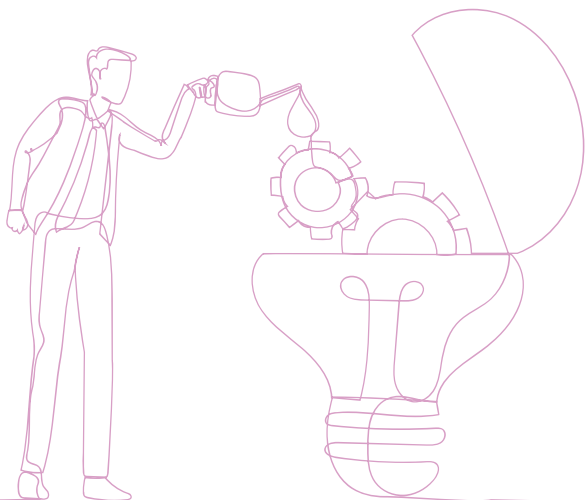
Business continuity management procedures

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 passed at the April, 2020 board of directors meeting, and was reported to the board of directors at July, 26th, 2022 on the topics of risk management operation and the relevant risks on climate change and the opportunity information disclosure.
- Faraday carried out a fire prevention & protection drill in April and November, 2022. 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.
- 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 2022, 2976 employees were trained in total.



Information security

Information security purpose

As a leader in ASIC design service and IP R&D and sales, to guarantee information security is Faraday's commitment to customer, employee, subcontractor, shareholder and government agencies. Faraday has committed to:

- Protect customer's and partner's interests, abide by legal compliance, business ethics and trust
- Maintain Faraday's R&D and business results, ensure market competitiveness for sustainable development

Information security policy

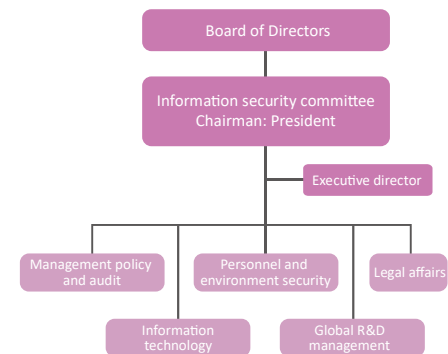
The president has clearly laid out the "Information Security Policy", which commits to implementing information security controls, and protecting mutual operational secrets of business partners, minimizing information security risks, consolidating intellectual property, implementing corporate sustainable development.



Information security governance organization

Faraday has set information security committee. The president acts as committee chair, create executive director together with committee groups; cross-departmental integration of operation management unit, management system and core system. Comprehensively promote information security management policy from the aspects of company operational structure, internal management flow, audit and control, confidential information management. Build a rapid response team that can master information security risk in advance, implement information security maintenance and operation; build and promote the establishment, execution, continuous improvement of information security management system; report to executive management for the implementation effectiveness and to-be-improved items of information security management system.

Organizational structure / duty / operation of committee





Executive director

- With corporate governance and operation management thinking, cope with company development strategy, weigh overall requirement of information security and resource allocation
- Three core responsibilities
 - 1 Integrate resource
 - 2 Implement information security policy
 - 3 Make the best of external reinforcements

Committee duty

- Coordinate to make information security policy, take in charge of planning, executing, supervising, and improving information security management
- Cover three dimensions of policy system, information security management, information technology
- To cope with company growth policy, first to master operation risk, then evaluate information security risk and requirement, in order to implement legal compliance, global resource integration, risk management, detection protection, incident notification, response and mitigation for continuous improvement

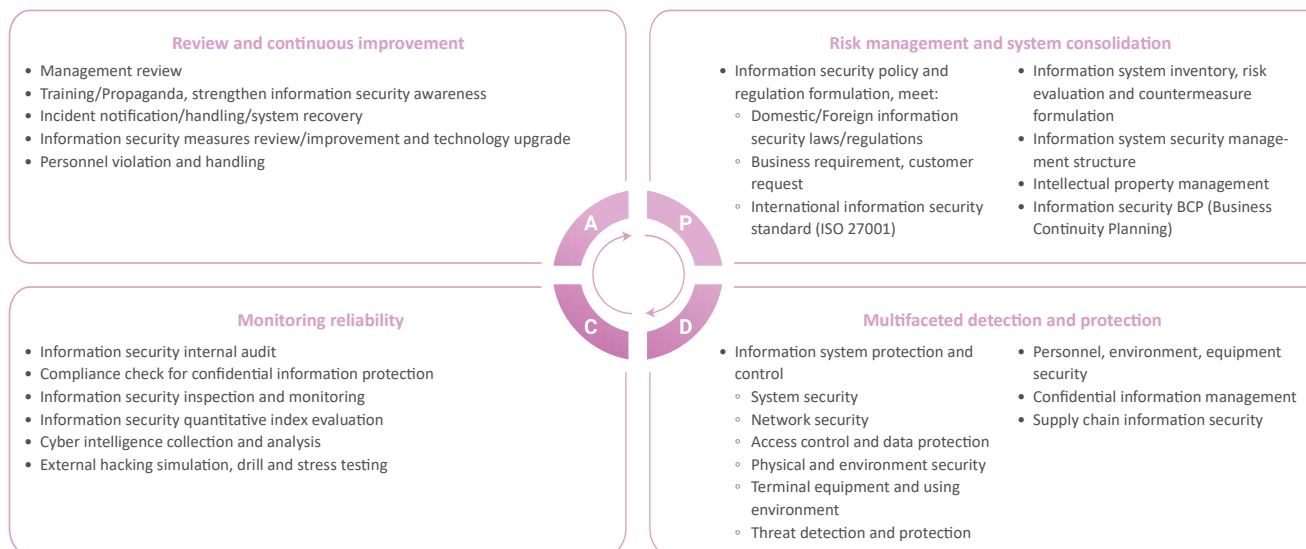
Operation mechanism

- Regular committee meeting
 - Hold meeting every month, execution progress tracking and improvement according to management cycle mechanism of Plan/Do/Check/Action (PDCA)
- Manage review meeting
 - Report to President every quarter for achievement status of information security policy, core issue, performance index
 - Report to board of director every year for information security policy, annual plan, information security result and related issues
- Annual plan meeting
 - Hold meeting by 4th quarter, review information security policy/goal and appropriateness/effectiveness of related execution tasks
 - Set review and revised proposal of current year
 - Plan information security annual plan and budget of the next year

Committee task force

| Team | Function/Duty |
|---|---|
| Management policy and audit | Set information security policy and goal, manage specification and document, promote international standard certification and audit, regularly perform internal audit and management review, Business Continuity Planning (BCP), supply chain information security management, warehouse and engineering asset management/audit and improvement tracking |
| Information technology | System inventory, information security risk evaluation and countermeasures, information security internal/external protection/control/backup/detection/ vulnerability patching, cycle intelligence analysis/early warning, information security incident notification/response/recovery/improvement, execute international standard certification and audit |
| Personnel and environment security | Ensure personnel and environment security; execute personnel appointment management, information security training plan and propaganda, information security awareness motivation, document management, physical environment security control, electricity/air conditioning/fire infrastructure |
| Global R&D management | Global R&D information security requirement and risk evaluation, carry out information security management, implement training/drill, incident response management, R&D resource scheduling, backup mechanism |
| Legal affairs | Import of TIPS intellectual property management system, global legal compliance operation, contract management, legal assistance/proceedings |

Information security risk management and implementation architecture (PDCA)





Risk management and system consolidation

- Information system inventory, risk evaluation and countermeasures formulation
- Information security management system structure
- Intellectual property management (TIPS)
- Information security business continuity planning (BCP of Information Security)
- Information system inventory, risk evaluation and countermeasures formulation

Information security policy and regulation, meet:

- Domestic/Foreign information security laws and regulations
- Business requirement, customer request
- International information security standard (ISO 27001)

Information system inventory, risk evaluation and countermeasures formulation

Regularly do inventory for information system, create asset inventory of core system. And regularly evaluate information security risk; for information security risk that core business and core information system identification may encounter, analyze the impact from loss of confidentiality, integrity, availability, and implement the corresponding control measures from management side or technical side.

Information security management system structure

Faraday has built the overall network and computer related information security protection measures, through continuous review and evaluation of its information security management regulations and procedures to ensure its appropriateness and effectiveness. In addition, to ensure Faraday's intellectual

property, trade secret and internal information security, plan the corresponding management mechanism and crisis response measures by taking various information security risks into consideration.

With reference to ISO27001 standard and NIST Cybersecurity Framework (NIST CSF), it covers related control from the aspects of organization, technology, and physical environment, including information security legal compliance, information security policy, information security organization, asset management, access control, human resource security, physical and environment security management, import and maintenance of information security system, network communication and operation management, information security incident notification and business continuity management, in order to build information security management system.

Faraday has launched to import ISO27001 since the fourth quarter, 2022. It is expected to get certified by December, 2023. By importing ISO27001 information security management system, Faraday can also further strength the adaptability to information security incident and protect the information and asset security between Faraday and customer.

Intellectual property management (TIPS)

Faraday has set up a dedicated department for intellectual property management, which is responsible for creating systematic intellectual property management system and various flows, effectively managing various matters related to intellectual property. As to the potential risks of technical talent flow and industry-related technical issues, positive management and tracking measures are taken. To strength the industrial leader-

ship and keep technical R&D results, Faraday continuously sets up intellectual property plan with link to business goal for strengthening competitive advantage.

In 2023, Faraday will import Taiwan Intellectual Property Management System (TIPS). It is expected to get certified by December, 2023. Through third-party verification, ensure the effectiveness and integrity of Faraday intellectual property management mechanism.

Information security business continuity planning (BCP of Information Security)

According to the impact identified and summarized by information security risk of Faraday risk management organization, when information security incident occurs, Faraday will notify emergency response center by the management procedure of business continuity, and trigger the recovery of execution system or switch of backup system. In order to ensure that key service/equipment are able to continuously be in operation, backup/switch drill must be executed once every year.

Multifaceted detection and protection

- Personnel/Environment/Equipment security
- Confidential information management
- Information system protection and control
- Supply chain information security

Personnel/Environment/Equipment security

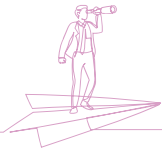
- Personnel appointment management: Complete management procedures of onboard/employment/resign; since onboard, employee signs confidentiality agreement, affidavit for ownership of intellectual property rights/prohibition against

infringing on the confidential information of others/-disclosure of confidential information. During employment, information system and access control are set according to job authority. When employee submits resignation application, information security control procedure will be triggered.

- Environment security management: Entrance access control and 24-hour security guards stationed to ensure employee and asset security. Key area access control will be taken by hierarchical management and control. Visitor registration renewal, only in restricted area, accompanied by colleagues all the way.
- Fire drill and response: Fire marshalling training, escape drill for all staff, and fire alarm simulation exercise will be arranged every year. By situational exercise, all employees can be familiar with emergency procedures.
- Equipment security management: Main electromechanical fire equipment implements annual maintenance to ensure running at best condition. Surveillance video device is set to enhance environment security monitoring.

Confidential information management

Faraday attaches importance to confidential information protection, responsible unit coordinates and promotes confidential information protection policy. With the management cycle of plan, execute, check, and action, continuously strengthen employees' awareness and ability to confidential information protection; indeed protect trade secret and confidential information of company and customer, and reduce the risk of confidential information disclosure. In 2023, confidential information classification and management system will be taken action, to ensure complete and effective protection of company trade secret and confidential information.



Information system protection and control

Faraday implements the measures of network security, access control and data protection, physical and environment security, terminal equipment and using environment management, threat detection and protection, and system security, in order to reach information security management and prevention from external hacking and disclosure of internal secret.

Supply chain information security

To ensure supply chain information security, Faraday implements and promotes the information security risk management of supply chain, takes the request and check of information security related items into management scope during subcontractor management and evaluation.

- As to whole new subcontractor, information security items need to be requested and evaluated according to “New subcontractor qualification operating regulations”.
- As to the approved subcontractors, Faraday sets a subcontractor audit schedule every year; will do audit and confirmation on the production records, production line management, labor management and rights, occupational safety and health, environment security, and information security of subcontractors. In addition, Faraday performs evaluation of approved subcontractors in accordance with “Qualification and Performance Review of Subcontractor” every quarter, regularly supervises and requests for continuous improvement.

Monitoring reliability

- Information security internal audit
- Confidential information protection compliance check
- Information security detection and monitoring
- Information security quantitative index evaluation
- Cyber intelligence collection and analysis
- External hacking simulation/drill/stress testing

Information security internal audit

Faraday regularly performs information security internal audit every year. The audit will be performed by management policy/audit team, the team performs audit of system flows and execution records in six dimensions, management side, network environment, authority control, education awareness, backup/redundancy, physical environment; ensures the confidentiality, integrity, availability of information protection, and continuously implements and enhances the information security protection level.

information get complete protection, Faraday implements and promotes confidential information classification and management system by following confidential information protection policy; through internal audit mechanism, Faraday regularly checks and reviews the execution status of confidential information protection, continuously promotes all employees’ awareness and ability of confidential information protection, strengths confidential protection management mechanism to ensure non-disclosure of confidential information.

Information security detection and monitoring

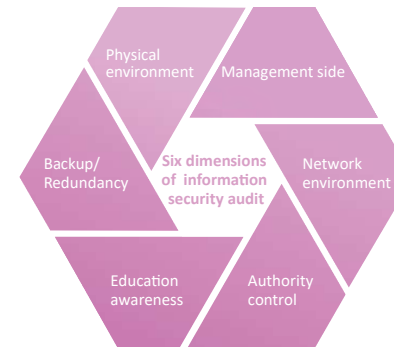
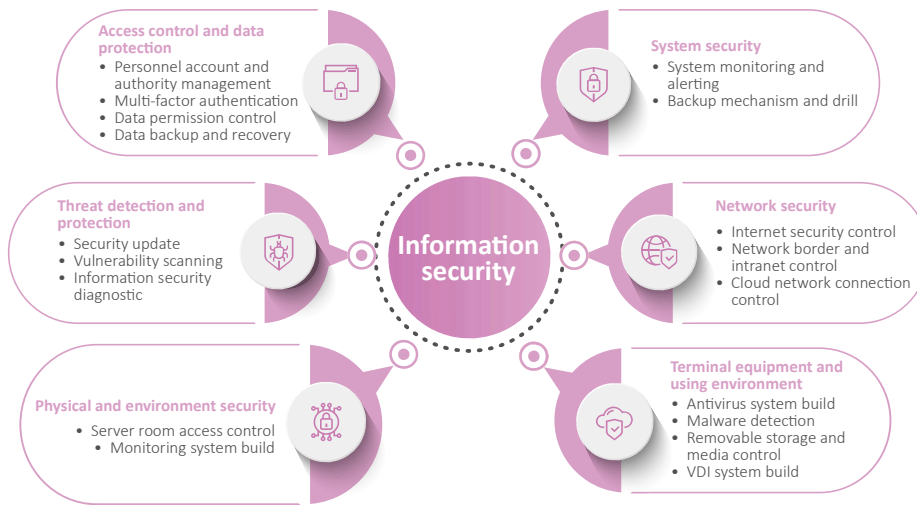
To ensure that Faraday’s information security protection mechanism keeps at good status, on the one hand, Faraday regularly takes management tool to execute vulnerability scanning and patching; on the other hand, Faraday also appoints external experts to execute information security diagnostic every year. The check items include information security current status and risk evaluation, vulnerability scanning, malware detection, penetration testing, packet sniffing, information equipment configuration baseline checking, and network device checking and so on.

Information security quantitative index evaluation

- Ensure to reach over 98% availability of company key service/equipment
- < 2 incidents of major information security breach
- Ensure information security measures or regulations in compliance with requirement of current laws and regulations, need to perform information security internal audit at least once every year
- Ensure that key service/equipment are able to continuously be in operation, backup/switch drill must be executed once every year

Confidential information protection compliance check

To ensure that company trade secret and confidential





Cyber intelligence collection and analysis

In order to raise acuity towards external information security threat and vulnerability information, Faraday actively collects external related cyber intelligence to seize the opportunity of information security early warning; joins the information security sharing and analysis platform of Science Park, Faraday is concerned about information security message posted in information sharing platform. Faraday continuously collects recent external information security incident, by which to check if the information security of internal system is complete, and proposes information security reinforcement measures.

External hacking simulation/drill/stress testing

Co-works with the appointed external experts to execute information security diagnostic every year, performs penetration testing of external service website at the same time, simulates external hacking behavior. The backup drill of external service website is arranged to be executed before downtime of annual maintenance period, to ensure the reliability of backup solution.

Review and continuous improvement

- Management review
- Training/Propaganda, strength information security awareness
- Incident notification/handling/system recovery
- Information security measures review/improvement and technology upgrade
- Personnel violation and handling

Management review

To ensure the continuous improvement and effectiveness enhancement of information security, information security committee regularly reports to board of director and President for the execution status of information security, to ensure operation applicableness and effective-

ness. Also, regularly performs information security audit of internal and supply chain vendor; draws up improvement measures for the discovered matters, and regularly tracks the improvement status.

Training/Propaganda, strength information security awareness

- New recruit training: Once onboard, 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. Global new recruit training rate: 100%
- Information security propaganda: Arranges regular information security policy and security training course every year. 2976 people were trained in 2022 worldwide. Information security training for all employees, trained in 2022 worldwide: 963 people
- Information security social engineering drill: To raise the protection awareness of Faraday employees toward social engineering mail, social engineering drills for global Faraday employees were executed twice in 2022, 1665 people in total. For those who failed the social engineering drill, additional propaganda and training were held to enhance the employee's awareness and cognition.

Incident notification/handling/system recovery

When information security incident occurs, make judgement on the impact and damage scope of the incident, notify information security manager and perform system recovery or trigger backup operation according to SOP. If it is significant impact or the damage involving core business and key facilities, then trigger external notification procedure, including customer, stakeholder and relevant competent authority.

Information security measures review/improvement and technology upgrade

- Endpoint protection: Faraday not only adopts the traditional antivirus software for endpoint protection, but also adopts the malware detection tool, in order to protect all endpoint devices from ransomware attack.
- Using environment protection: Import VDI environment to realize corporate computer environment standardization management, and can improve the control of access file or application program to reduce the risk of data breach. Achieved 50% employees that use VDI in 2022.
- Customer identity authentication protection: For external customers who use Faraday system, trigger multi-factor authentication to strength information security, and meet the requirement of authentication security for customers from various countries.
- Control area monitoring and protection: Strength the filming quality and coverage rate of monitoring equipment, completed the monitoring equipment deployment of HQ server room in 2022. The monitoring scope covers all gateways and aisle of server room.

Personnel violation and handling

If employee involves in violation against Faraday's non-disclosure agreement or fails to comply with information security related regulations, responsible unit will do the investigation, and do the personnel punishment assessment according to violation reason and impact scope, or furtherly take civil and criminal prosecution.

Relevant unis also need to conduct follow-up review and improvement, continuously strength employee's training and propaganda, and track related improvement measures and personnel management.

Information security implementation results

In 2022, Faraday has passed the internal audit without major deficiency, and also there are no major information security incidents of violating information security

regulations, customer information breach, and penalty. There are no complaints due to against customer data protection or loss, and the case of information security related judicial litigation is also zero.

Information security cyber intelligence/Incident response

- 0 times information security breach
- 0 case Complaints regarding breaches of customer confidentiality or loss of customer data
- 100% mail out keyword review rate
- 98.2% spam mail blocking rate
- 25 times report external information security incident and response

Training and Propaganda

- 100% new recruits finished information security training
- 963 people finished online information security training course
- 4 times information security propaganda; 2,976 people finished reading
- 2 times social engineering drill; 1,665 people in total

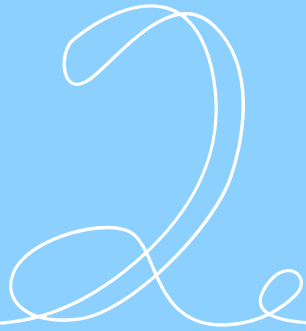
Personnel appointment / Environment security

- 100% new recruitS signed confidentiality agreement, intellectual property ownership affidavit
- 100% information security controll will be triggered on departing employee
- 12 times environment inspection and improvement
- 0 times non-approved visitor break-in office event
- 0 times main facility/equipment failure event

Audit

- 50 times information security record audit
- 100% completion rate of internal security regular audit
- 13 subcontractors passed informaton security audit
- 100% deficiency improvement rate of subcontractor information security audit

Note: Statistical data on the basis of global data



R&D and innovation



10

Patent applications

2022 patent applications: 10; more than 913 global patents granted (including more than 365 patents in the US); more than 68 patent applications currently in process

203

Has cumulatively completed a total of 203 research and development of low-power silicon intellectual properties

Faraday continuously develops low-power design solution, help customers to complete energy-saving low-power product, and continuously moves forward to fulfilling the goal of environmental friendliness, energy-saving and carbon reduction.

100%

Green product commitment

Faraday provides the products in compliance with the EU RoHS Directive and the REACH requirements, and 100% of suppliers completed signing the Commitment Not to Use Environmental Substances.

6

major technological breakthroughs and accomplishments

- Faraday has received the ISO 26262 ASIL-D Ready certificate, the highest level of automotive safety, issued by the German certification agency SGS-TÜV.
- Faraday launches Cortex-A53-based platform to accelerate FinFET SoC development.
- Faraday unveils FPGA-Go-ASIC prototyping platform to accelerate FPGA-Go-ASIC conversion.
- Faraday delivers SAFE™ IP portfolio for Samsung foundry 14LPP process.
- Faraday unveils design implementation services for FinFET Technology targeting all foundries.
- Faraday unveils SONOS eFlash platform with Infineon on UMC 40uLP.

240

Accumulated Faraday Excellent Projects

From 2006 to the present, Faraday has completed a total of 240 excellent projects in enhancing quality/-service/competitiveness of the company.

Excellence in Quality Practice Award

Faraday was won the highest level of 3 stars award in the aspects of Excellence in Quality Practice, including leadership, strategic planning and innovation, customer and market, resource management, operations management, information and knowledge management.



Management policy

| Targets for 2022 | Actual performance in 2022 | Effectiveness evaluation | Response mechanisms | |
|---|---|--------------------------|---|---|
| | | | Short-term goals (2023) | Medium-term and long-term goals (2025) |
| <ul style="list-style-type: none"> Patent applications ≥ 10 | <ul style="list-style-type: none"> Total of 10 patent applications for 2022 | ✓ | <ul style="list-style-type: none"> Patent applications ≥ 10 | <ul style="list-style-type: none"> 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 4,000 IP solutions, in a wide variety of applications silicon and mass-production proven through a large number of ASIC projects.

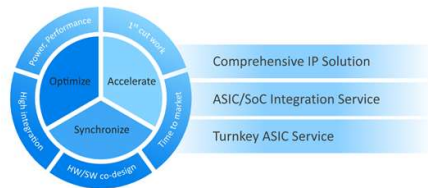
- 1st** Asia fabless ASIC service provider
- 1st** ASIC design service provider certified by ISO 26262
- No.1** FPGA-to-ASIC design conversion expert
- No.1** Asia IP provider
- Top3** Fundamental IP provider





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.



Comprehensive IP solution

The complete IP database of Faraday has a wide variety of applications, and has passed silicon verification and mass production verification in a number of ASIC design projects; Faraday's comprehensive IP solution reduces design integration risks for customers, speeds up time-to-market, and lowers the IP licensing costs.

ASIC/SoC integration service

ASIC/SoC integration service provides customers with solutions to complex chip design integration issues. When the design database is ready, Faraday can generate a complete RTL design through automated integration tools. Generally, it only takes three weeks to complete the RTL design output for non-special design cases.

One-stop ASIC service

Faraday is a leading ASIC manufacturer and as a strategic foundry partner with UMC and Samsung, providing ASIC design services in the market mainstream and FinFET process. Customers can choose advanced processes or widely used mainstream processes with high cost-effectiveness according to their needs.



Stability of Supply Chain



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 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



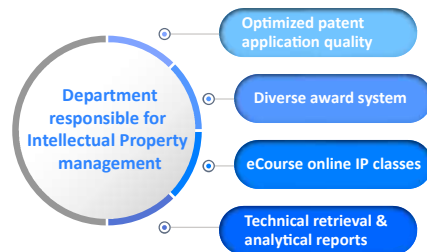
Production Partners





Intellectual property management

With the vision of “Inside of every IC, Faraday’s value is in sight”, and the business philosophy of co-prosperity and win-win with customers, employees and partners, and creating excellence together, Faraday provides customers with diverse and flexible IC design services and silicon intellectual property licensing related service. Through continuous investment in research and development, strengthen technological competitiveness, encourage research and development innovation with diverse reward system, supplemented with a patent layout that meets the Company’s technology development goals, protect research and development results, and form the virtuous circles for R&D innovation and corporate culture; it lays 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 technological development, technical retrieval & analytical reports are provided to strengthen R&D capacity.

IP risk alerts and control

Technological innovation and intellectual property form the cornerstone of the Company’s competitive strength. In response to potential risks of technical personnel turnover and industry-related technological issues, 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 are done with technologies related to the R&D Department’s goals; and R&D Department Alert and Assistance Risk Plan have been established.

Core competitiveness

Faraday promotes total quality management, “promoting everyone in the organization to commit to the pursuit of continuous quality improvement, emphasizing the all employees’ participation, focusing on customer needs and expectations, using statistics for fact management, and achieving high-quality products and services through teamwork to furtherly create performance of operational excellence.”



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





th ~ 20th percentile of listed
s of corporate governance

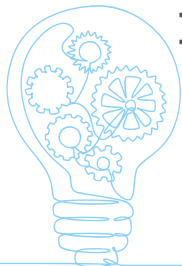
R&D management

With solid own technology, Faraday continuously develops high-quality IP with superior market competitiveness for customers, and completes ASIC design service projects to successfully import into mass production; the core weapon behind is Faraday’s perfect and solid R & D management.

Faraday has built an excellent R&D team and system management. We have successfully and continuously deepened our experience in R&D and mass production technology, implemented R&D management with “PDCA”. Indeed through total management and implementation for continuous improvement, Faraday’s R&D quality has been improved year by year. We are widely adopted and have won recognition by major international manufacturers in product quality, cost, delivery date and service; also bring continuous growth and profits to Faraday.

Faraday will keep on developing IP core technology and complete ASIC product development solutions, establishing long-term stable and win-win partnerships with our global customers, continuously providing high-quality services, and we devote ourselves to the core value that “Inside of every IC, Faraday’s value is in sight”.

- **eRD management system:** It mainly includes IP research and development, ASIC project flow, and document management.
 - IP management system
 - eASIC management system



IP R&D management

Faraday adopts self-built IP management system in IP R&D management, manages and controls IP configuration combinations through IP naming rule, and achieves quality management by the following four dimensions:

IP development phase: Adopt Faraday’s self-built IP folder system to carry out development flow and upload data and record.

IP verification completion phase: Adopt Faraday’s self-built OCEAN (Faraday IP central database) system to carry out IP database management.

IP change and abnormal management: Adopt Faraday’s self-built IP Alarm system to carry out IP change and impact management and control; guaranteeing the using quality of customer IP

IP gradation: By IP status, Faraday has divided IP into 5 grades as an index reference for customer use and quality maturity. Each gradation name and principle are as follows:

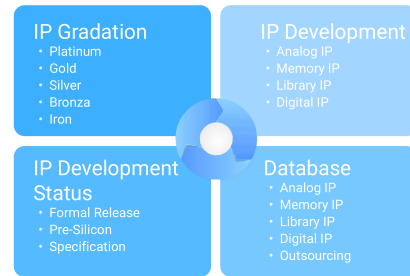
• **Iron grade:** This IP development has been completed, and IP documents have been checked into OCEAN (Faraday IP central database) system, but IP verification has not yet been completed.

• **Bronze grade:** This IP development has been completed; IP documents have been checked into OCEAN (Faraday IP central database) system, IP verification has been completed, but the IP test chip has not been completed physical testing.

• **Silver grade:** This IP development has been completed; IP documents have been checked into OCEAN (Faraday IP central database) system, IP verification has been completed, physical testing and SVR (Silicon Verification Report) of this IP test chip have been completed, but no ASIC products have been used yet.

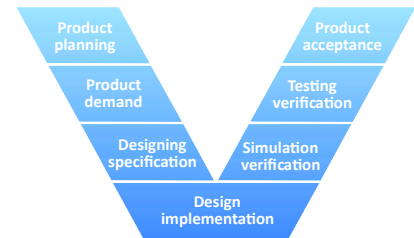
• **Gold grade:** This IP development has been completed; IP documents have been checked into OCEAN (Faraday IP central database) system, IP verification has been completed, physical testing and SVR (Silicon Verification Report) of this IP test chip have been completed, and this IP has mass production experience in more than two ASIC products, and each ASIC product has at least 50 wafers or more than 20,000 chips.

• **Platinum grade:** This IP development has been completed; IP documents have been checked into OCEAN (Faraday IP central database) system, IP verification has been completed, physical testing and SVR (Silicon Verification Report) of this IP test chip have been completed, and this IP has mass production experience in more than five ASIC products, and each ASIC product has at least 50 wafers for more than 20,000 chips.



In addition, 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.

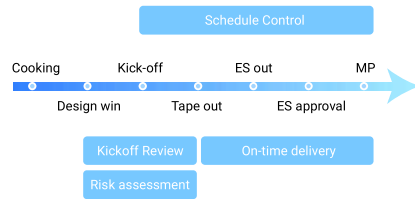
Faraday actively builds up relevant professional knowledge and technical services on R&D design and verification flow; adopts the concept and method of the V model, with setting and confirming the specifications to design products that meet specifications. Through testing and verifying the corresponding specifications to ensure the correctness and reliability of the design results to meet the high quality and reliability requirements of the automotive market. By helping customers quickly pass certifications, we provide customers with automotive IP and ASIC solutions that contain both product quality and reliability.





Project management

Faraday adopts self-built eASIC system for ASIC project management. All flows of ASIC projects are all included into system automatic control from the product cooking with customer at the beginning to the final mass production. At the same time, the information connection between various related systems and ASIC projects is also integrated in exclusive eASIC page for each project, which makes the project information complete and it is convenient to be inquired, so that the information is correct without missing; meeting the quality requirements of “doing the right thing right once” to enhance customer satisfaction year by year.



Project management flow

In response to customized requirement, Faraday customizes the project management process; we conduct risk assessment from the beginning of the project, and provide professional technical services to assist customers for solving system verification problems; effectively control and reduce risks, and ensure that the project is quality guaranteed and on schedule for mass production smoothly.

Promotion

- Discuss the specification requirements with customers
- Provide the best customized solution by customers’ requirements

Design-in

- Arrange the kick-off meeting
- Review the overall specification and go on the risk assessment
- Confirm the project schedule and reach the consensus with customers

Project tracking & schedule control

- Follow-up the project progress in real time to ensure that the important issues can be solved promptly
- Monitor the risk and control the project schedule

Mass production

- Produce by the customers’ order and provide the product supplying plan and price policy

2022 actual performance:

Faraday was awarded the highest level of “Excellence in Quality Practice Award (3 stars)” by the Chinese Society for Quality in 2022. It is the first IC design enterprise to receive this honor: this award encourages domestic private and public enterprises to apply the advanced quality management practice operation mode to effectively improve product and service quality, which is recognized by the industry. Ying-Zhi Wu, chairman of the Excellence in Management Quality Award had said, “Faraday’s business philosophy is to practice the sustainable management of the enterprise. It is committed to creating excellence with employees, customers, and the supply chain partners. Faraday sets up various policies based on three aspects of economy, environment, and society; achieving the vision by promoting and implementing various policies. Faraday earns recognition of “TWSE Corporate Governance 100 Index”, “TWSE Taiwan Mid Cap 100 Index”, and “TWSE RAFI Taiwan High Compensation 100 Index” as well as be honored as “2022 Taiwan Top 100 Best-Performing CEOs” by <<Harvard Business Review>>, and “Top 100 Taiwan’s Excellence in Corporate Social Responsibility Award” by <<CommonWealth Magazine>>. Faraday is indeed the benchmarking enterprise of the corporate governance.”

Faraday has been deeply cultivated in quality management for many years, and has established “Total Quality Management Committee”; senior executives lead all employees to participate in continuous quality improvement activities, horizontally integrate cross-functional teams and continuously promote operation and R&D flow improvement. So far, more than 200 continuous improvement topics have been completed; contents including enhancing product competitiveness, improving customer service, and digitalizing business flow for providing high-quality and cost-effective IP and ASIC

products to meet the multiphase and various needs of Faraday customers.

In addition, Faraday plays an important role in the supply chain of the semiconductor industry, including SoC design platform, ASIC service flow & design method, and silicon intellectual property database, all of which are industry leaders; with its flexible and resilient production supply chain management, Faraday’s rapid response and risk management & control capabilities have earned recognition from global customers. In response to the new wave of ESG (Environmental protection, Social responsibility, Corporate governance) sustainability, Faraday focuses on the main goals of “Corporate governance, Winning glory with our partners, Environmental sustainability, Friendly workplace, and Social contribution” and cooperates with stakeholders, and works together to pursue the sustainable growth of corporate and society.

President of Faraday, Kuo-Yung Wang said, “Faraday upholds the vision of ‘Inside of every IC, Faraday’s value is in sight’ and the business philosophy of “creating excellence together”; cooperate with customers, supply chain partners, and all employees to create excellent products and service quality, making valuable contribution to the society and practicing the sustainable operation of the enterprise.”





Product quality: Faraday has been deeply cultivated in automotive electronic products for many years, and is committed to providing customers with product of high quality and reliability; among them, the mass production quantity has reached more than 2 million units of ASIC shipments. Faraday has earned high recognition of full marks in the quality items of automotive supplier evaluation by customers of first-tier international automotive manufacturers this year. In addition, since this product has been in mass production for many years, it continuously keeps a perfect performance of zero failure rate, which fully demonstrates how brilliant can Faraday's quality and solution effectiveness be in high-reliability products.

“Excellent Project Contest” (The enhancement of quality, service, and competitiveness), with a total of 240 projects from 2006 to 2022: Faraday encourages participation of all employees and the quality culture of continuous improvement, in order to promote Faraday's enterprise spirit of “result-oriented, customer satisfaction”,

this “Excellent Project Contest” award selection activity is especially set up to praise and reward the project team that are committed to quality, service (customer satisfaction) and competitiveness improvement with “concrete achievement and substantial contributions”, so that all colleagues can emulate those better than oneself and then become a trend to shape an excellent corporate culture.

In 2022, there were a total of 16 teams to attend the “Excellent Project Contest”, and 6 project teams among all were awarded as winners and will be honored in public by the President personally with Certificate of Merit and prize money of NTD 20,000 at the staff forum in the first quarter of 2023.

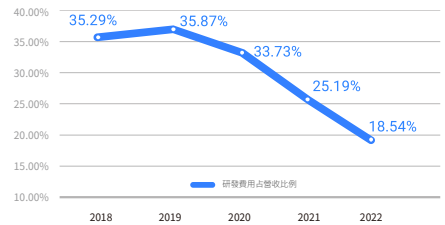
2022 average NPS (Net Promoter Score) of customer feedback on ASIC projects = 9.13 (Compared to NPS = 9.11 in 2021, Faraday has continuously received more recommendations from customers in 2022.) NPS Net Promoter Score: 0 ~ 10 points; 0 is extremely not recommended; 10 is highly recommended.

Innovative technology and R&D achievements

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.

| Year | R&D expenses (Thousand dollars) | Business revenue (Thousand dollars) |
|------|---------------------------------|-------------------------------------|
| 2018 | 1,730,826 | 4,904,658 |
| 2019 | 1,903,489 | 5,306,351 |
| 2020 | 1,853,828 | 5,495,307 |
| 2021 | 2,036,866 | 8,085,201 |
| 2022 | 2,422,237 | 1,3065,155 |

Recent R & D investment

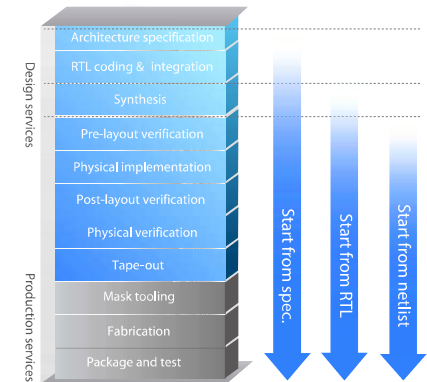


Note: In 2022, Faraday's revenue had greatly grown by more than 60%, resulting in a 6.65% decline in R&D expenses as a percentage of revenue. However, the total amount of R&D expenses invested by Faraday in 2022 went to \$NT 385,371,000 which were still more than the amount in 2021, reached an increase of 18.9%.

Faraday focuses on innovative technology. Among the wide variety of IP applications created by Faraday R&D team, the 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, and 28G reprogrammable SerDes; there have hundreds of peripheral digital and mixed-signal IP solutions been created and developed.

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 at Faraday provide customers with a flexible ASIC design platform and innovative ASIC collaboration, to promote win-wins for both customers and Faraday.

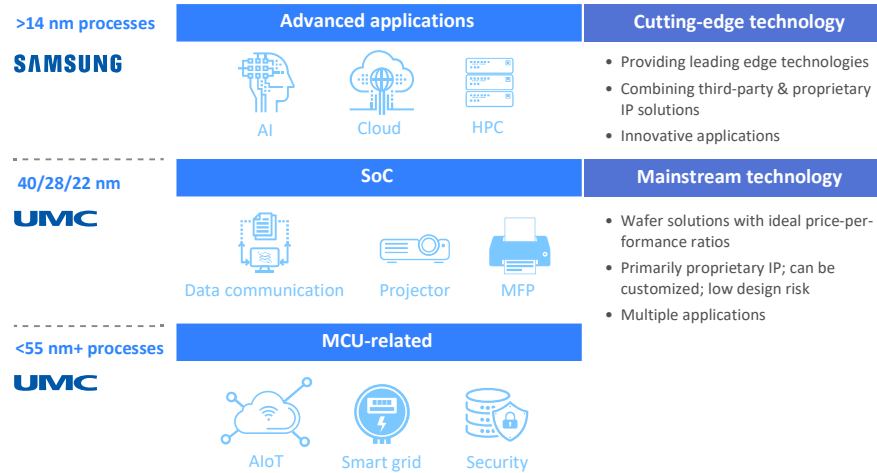


Chips





On the other hand, Faraday possesses 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 Processes

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 wide application needs on in IoT, MCU, smart grid, multi-function printer (MFP), projector, and networking, etc.

Design Based on Samsung Processes

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 technology, 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.

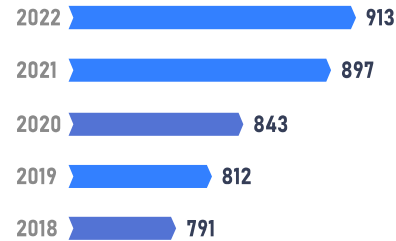
The three dimensional (3D) structure FinFET technology of Samsung has brought revolutionary innovations to the foundry field and is also the most important technological milestone in the industry of the past decades. It brings excellent performance, power consumption, and area benefits for the conversion after the 14 nm process.

R&D Achievements

“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 these help to enhance the visibility and competitive advantages of our R&D capacity.

- ✔ More than 913 global patents granted (including more than 365 patents in the US)
- ✔ More than 68 patent applications currently in process

Patent Granted



Major technological breakthroughs and accomplishments in 2022

- ✔ Faraday has received the ISO 26262 ASIL-D Ready certificate, the highest level of automotive safety, issued by the German certification agency SGS-TÜV.
- ✔ Faraday launches Cortex-A53-based platform to accelerate FinFET SoC development.
- ✔ Faraday unveils FPGA-Go-ASIC prototyping platform to accelerate FPGA-Go-ASIC conversion.

- ✔ Faraday delivers SAFE™ IP portfolio for Samsung foundry 14LPP process.
- ✔ Faraday unveils design implementation services for FinFET Technology targeting all foundries.
- ✔ Faraday unveils SONOS eFlash platform with Infineon on UMC 40uLP.

Faraday Has Received the ISO 26262 ASIL-D Ready Certificate, the Highest Level of Automotive Safety, Issued by the German Certification Agency SGS-TÜV

Faraday has received the certificate of ISO 26262 ASIL-D Ready from SGS-TÜV on its memory compilers, including SRAM and ROM, at UMC’s 55 nm eFlash node. Faraday also offers GPIO fundamental elements compliant with ISO 26262 ASIL-D Ready at 55 nm, MIPI PHY compliant with ASIL-B Ready at 40 nm, and CAN controller for all nodes.

Faraday Launches Cortex-A53-based Platform to Accelerate FinFET SoC Development

Faraday launched SoCreative!VI™ A600 SoC development platform implemented in Samsung Foundry’s 14LPP FinFET process technology. This platform is equipped with Faraday’s A600 SoC chip on an evaluation board and the Linux software development kit (SDK) to create a full-performance system environment, enabling seamless functional verification and system software development in the early development stage. The A600 SoC platform can be used to shorten time-to-market for FinFET’s applications, including AIoT, edge computing, multimedia, and communication.



To meet high-performance and complex SoC design needs, Faraday's A600 SoC features Arm Cortex-A53 quad-core CPU with performance optimization up to 1.5 GHz, and its verified in-house LPDDR4/4X controller and PHY IP/subsystem; in addition, A600 contains other essential high-speed interface IPs such as PCIe Gen4 and USB. By connecting a customer's FPGA board through a USB Type-C cable, SoCreative!VI A600 platform helps customers evaluate and verify their own design blocks in a proven SoC architecture more easily.

Faraday Releases FPGA-Go-ASIC Verification Platform to accelerate FPGA-Go-ASIC Conversion

This solution consists of Faraday's SoCreative!™ SoC platforms and optional FPGA prototyping platforms, providing customers a quick entry into the circuit development and system verification. Combined with its comprehensive FPGA-Go-ASIC service, Faraday is able to help customers enhance chip performance and also develop products more rapidly and cost-effectively.

By leveraging its IP expertise and its in-house IP variety, Faraday pre-integrated and verified the essential IPs required for most SoCs into this prototyping platform, enabling customers to shorten the hardware verification/debugging and software development time. This platform features Arm Cortex-A/M CPU, PCIe, LVDS, DDR, various silicon-proven high speed interface IPs, system peripheral IPs, and

software solutions including OS and drivers; customer can easily integrate their own circuit designs into the FPGA prototyping platform and connect the SoC prototyping platform via the PCIe interface for whole system verification.

Faraday Delivers SAFE™ IP Portfolio for Samsung Foundry 14LPP Process

The 14LPP application-specific IPs have been listed on SAFE™ (Samsung Advanced Foundry Ecosystem) IP system. These FinFET IPs, including LPDDR4/4X PHY, MIPI D-PHY, V-by-One, FPD-link, LVDS I/O, ONFI I/O, and memory compilers, are silicon proven and have already been integrated into the SoC project.

By leveraging Faraday's ASIC design experience, such as edge AI, UHD display, MFP, and network projects, the newly-developed 14LPP IPs fit in applications with enhanced performance requirements and deliver cost-effective designs for customers. In addition, the high-speed interface IPs come with verified subsystems, including PHY, controller, and software driver, to accelerate SoC chip development and mitigate integration risks.

Faraday Unveils Design Implementation Services for FinFET Technology Targeting all Foundries

Faraday unveils the design implementation services for FinFET technology targeting all foundries. This flexible service leverages Faraday's ASIC design experiences and

resources to support global fabless houses, system houses, ASIC providers, and foundries who access advanced FinFET technology (8 nm, 7 nm, 5 nm, and beyond), provided by foundries in any designated section of IC design, for their short time-to-market and efficient resource allocation.

Since establishment in 1993, Faraday has abundant ASIC design experience in a wide range of applications and is acquainted with each part of IC design flow and possible issues for mass production. With the implementation service, Faraday can assist in design integration, design and layout verification, synthesis, DFT implementation, and/or physical implementation.

To protect customer's information security, Faraday engineers remotely connect to the client through a dedicated computer room, the design database is completely controlled by the customer, and the whole process is monitored and recorded. It embraces a dedicated team with a technical project leader for coordination. The implementation flow and schedule can be fully managed via an in-house online system. The remote collaboration is protected via a secured room to guarantee the security of customers' proprietary information as well as make the mass production go smoothly on first tape-out.

Faraday Unveils SONOS eFlash Platform with

Infineon on UMC 40uLP

Faraday has collaborated with Infineon to develop a SONOS eFlash platform on UMC's 40uLP process. This platform includes a newly developed eFlash subsystem IP and complete eFlash testing solution with easy-to-integrate and fast data access features. This total solution facilitates customers to accelerate product development and utilize the flash memory technology more easily; meanwhile, it also simplifies SONOS eFlash testing with a built-in self-test (BIST) function to provide customers solid quality advantages.

To meet the demand for 40 nm low-power and secure eFlash driven by AI, smart grid, IoT, and MCU applications, Faraday and Infineon jointly developed this SONOS eFlash platform. This platform mainly contains a flash memory block, controller and the new subsystem IP. This subsystem includes essential bus interface, integrated clock control circuits and additional features, such as automatic eFlash initialization, simplified erase/write procedure to offload CPU overhead, read/write protection, and a pseudo random write buffer; all of them are available for proceeding seamless IP integration and utilization of SONOS eFlash IP. In addition, this subsystem with BIST enables the chips to be tested on general testing equipment to ensure the flash memory quality and reliability as well as to reduce the testing time.

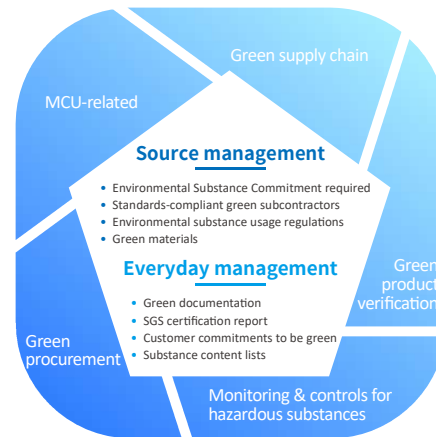


Green product design

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), the EU Chemicals Policy (REACH), and with IEC 62474 Material declaration for products of and for the electro technical industry. Faraday has implemented green procurement, and has also set the "Green Environmental Friendliness Policy & Procedures and the Regulations" and "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. Meanwhile, Faraday conducts due diligence process on suppliers according to the customer's investigation requirements on the composition of product materials, confirms that the customer's product complies with relevant regulations, and provides the customer with survey results of the product conformity.

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)).

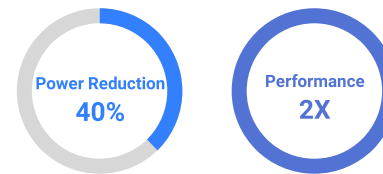


Improving product power efficiency

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/M-

CU 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.

As of 2022, Faraday has completed a total of 203 research and development of low-power silicon intellectual properties, and successively launched mixed-signal silicon intellectual property based on UMC's 22 nm low-power (ULP) process, provides customers with more complete solutions, and reduces energy consumption. It not only saves electricity, 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.



Chip design partner of the green energy industry chain

The green energy industry chain can be divided into two parts as green renewable energy power generation and smart grid. Green renewable energy can be produced through the circular production of nature, and the source is endless. During the production process, it will not cause environmental pollution; at the same time, it also points out that due to the characteristics of green energy recycling, it can also be called renewable energy.

The common green energy usually includes solar energy, hydraulic energy, wind energy, and so on. At present, the technological development directions of various green energy power generation not only have high conversion efficiency, but also strengthen the integration of system security and modularization; among them, solar power generation is then applied to decentralized systems in commercial and home spaces from centralized large-scale power plants.

Whether it is a centralized or decentralized power generation system, in order to achieve the best power

distribution, the transmission and distribution of the smart grid are required. Smart grid hardware includes terminal smart meters and related security communication equipment, supplemented by control software to achieve efficient distribution of power consumption, and then predicts power demand during peak time, makes appropriate power configuration in real time to improve the power supply quality of the overall power grid.

Faraday has been a key chip design partner for green energy industry chain system companies for many years. Faraday provides self-developed IP silicon intellectual property, and platform-based design services that accelerate the chip design process, and cooperates with the management of production processes such as manufacturing, packaging and testing. Faraday has completed dozens of design projects for customers and they are successful mass production/shipment. Faraday has contributed to the green energy industry.

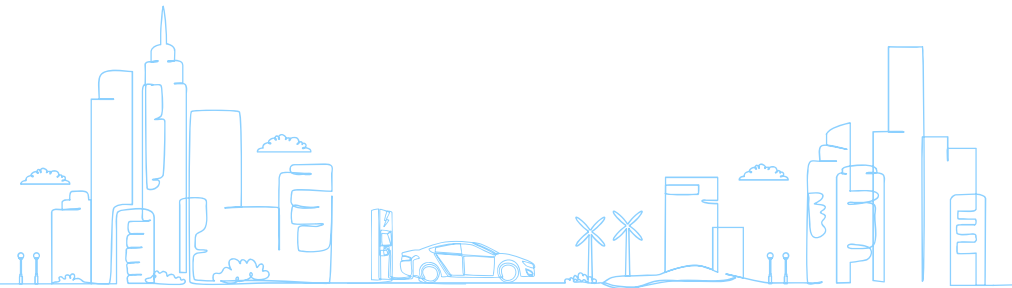
| | Renewable energy | Smart grid |
|---|---|---|
| Advantage of the system provider | Safe, maximum power generation efficiency | Complete grid system, smart meter, concentrator, secure chip, router |
| Faraday design service | STD lib, mC, IO, (netlist-in) Turnkey service | <ul style="list-style-type: none"> Platform design (PBS) Embedded memory (55SST) Turnkey service |
| Cumulative shipments | More than 40 million ASICs | More than 600 million ASICs |

Provide energy-saving design services, and cooperate with customers to complete energy-saving product development

Faraday provides ASIC design service solutions and co-works with our customers to develop system chips; selecting the most suitable process and silicon intellectual properties according to energy-saving requirements, and achieving energy-efficient performance that

reduces power consumption by more than 50% compared with the customer's previous-generation product design. Take the following two products for instance: in 2022, the multi-function printer ASIC reduces the power consumption of 5.23 MW while the hand-held barcode scanner ASIC reduces the power consumption of 4.49 MW; the energy-saving effect is remarkable.

| Product application field | Multi-function printer | Hand-held barcode scanner |
|---|------------------------|---------------------------|
| Process | 28nm | 40nm |
| Power consumption of chips (Design power consumption) | 730mW | 1,670mW |
| Previous-generation process power consumption (Operating at the same frequency) | 1500mW | 3400mW |
| 2021 shipment | Approximately 3.1M | Approximately 1.8M |
| 2021 power savings | 2,387,000W | 3,114,000W |
| 2022 shipment | Approximately 6.8M | Approximately 2.6M |
| 2022 power savings | 5,236,000W | 4,498,000W |





Winning glory with our partners



88.9%

Customer satisfaction

Through collecting customer feedback results every year, the total quality management committee of Faraday tasked relevant departments with implementing continuous improvements to realize quality management, and is committed to enhancing customer satisfaction. 2022: Customer satisfaction of 88.9%

62%

Local procurement

In 2022, Faraday places orders in Taiwan and the procurement value exceeds NT\$3.8 billion, and the procurement value ratio is 62%. In the future, Faraday will continuously strengthen the cooperation with local subcontractor and fulfill our responsibility for environmental sustainability.

100%

All wafer/packaging providers sign the “Declaration of Non-use of Conflict Minerals”

In compliance with the requirement of Responsible Business Alliance (RBA), Faraday is committed to taking due diligence on supply chain, assures that the raw materials of the product are all from smelters, refiners, and country of origin recognized by Responsible Minerals Initiative (RMI). A total of 120 cases have been investigated in 2022, 100% met the requirement.

100%

Subcontractor auditing

Every year, Faraday sets a subcontractor audit schedule for approved subcontractors to ensure that the production line management status and production records meet the requirement; confirm the labor rights of subcontractors, and the safety and health for the working environment in accordance with Faraday's requirement. 2022 implementation rate: 100%

100%

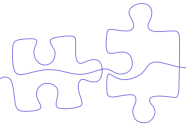
Completion rate of information security audit deficiency improvement for subcontractor

Six aspects of information security management audit for Faraday's subcontractor: (1) management side, (2) network environment, (3) physical environment, (4) authority control, (5) backup/redundancy, (6) education awareness; and request that subcontractor must complete deficiency improvement. 2022 completion rate of information security audit deficiency improvement for subcontractor: 100%

100%

Subcontractor sustainable management

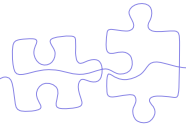
Three evaluation aspects when introducing new subcontractor and annual audit: 1) management side, 2) social side, 3) information security. Every year, regularly request subcontractor to provide evaluation result of sustainable management questionnaire in 5 aspects: A) Labor & Ethic, B) Health & Safety, C) Business Continuity Plan, Information Security, D) Environment & Climate Change, E) Supply Chain Management (SCM); drive supply chain together to make improvement towards sustainable management.



Management policy

| Targets for 2022 | Actual performance in 2022 | Effectiveness evaluation | Response mechanisms | |
|--|--|--------------------------|--|--|
| | | | Short-term goals (2023) | Medium-term and long-term goals (2025) |
| <ul style="list-style-type: none"> Customer satisfaction of over 8 points at least 88% | <ul style="list-style-type: none"> Customer satisfaction of over 8 points at least 89% | ✓ | <ul style="list-style-type: none"> Customer satisfaction of over 8 points at least 89% | <ul style="list-style-type: none"> Continue improving customer satisfaction of over 8 points |
| <ul style="list-style-type: none"> 100% ISO9001 quality system management rate for all providers (wafer/packaging/testing) 100% ISO14001 environmental management system standards rate for manufacturing provider (wafer/packaging) | <ul style="list-style-type: none"> 100% ISO9001 quality system management rate for all providers (wafer/packaging/testing) 100% ISO14001 environmental management system standards rate for manufacturing provider (wafer/packaging) | ✓ | <ul style="list-style-type: none"> 100% ISO9001 quality system management rate for all providers (wafer/packaging/testing) 100% ISO14001 environmental management system standards rate for manufacturing provider (wafer/packaging) | <ul style="list-style-type: none"> 100% ISO9001 quality system management rate for all providers (wafer/packaging/testing) 100% ISO14001 environmental management system standards rate for manufacturing provider (wafer/packaging) |
| <ul style="list-style-type: none"> >80% of all wafer/packaging/testing providers achieve ISO 45001 certification | <ul style="list-style-type: none"> >80% of all wafer/packaging/testing providers achieve ISO 45001 certification | ✓ | <ul style="list-style-type: none"> >80% of all wafer/packaging/testing providers achieve ISO 45001 certification | <ul style="list-style-type: none"> When introducing new suppliers, prioritize those with ISO 45001 certifications, in order to continually require that all wafer/packaging/testing providers achieve ISO 45001 certification |
| <ul style="list-style-type: none"> >85% of all wafer/packaging providers achieve QC080000 certification | <ul style="list-style-type: none"> 89% of all wafer/packaging providers achieve QC080000 certification | ✓ | <ul style="list-style-type: none"> >85% of all wafer/packaging providers achieve QC080000 certification | <ul style="list-style-type: none"> When introducing new suppliers, prioritize those with QC080000 certifications, in order to continually require that all wafer/packaging providers achieve QC080000 certification |
| <ul style="list-style-type: none"> All wafer/packaging providers sign the “Declaration of Non-use of Conflict Minerals” | <ul style="list-style-type: none"> All wafer/packaging providers sign the “Declaration of Non-use of Conflict Minerals” | ✓ | <ul style="list-style-type: none"> >85% of all wafer/packaging providers achieve QC080000 certification | <ul style="list-style-type: none"> 100% of all wafer/packaging providers completed signing the “Declaration of Non-use of Conflict Minerals” |
| <ul style="list-style-type: none"> 100% audit rate for all wafer/packaging/testing providers | <ul style="list-style-type: none"> 100% audit rate for all wafer/packaging/testing providers | ✓ | <ul style="list-style-type: none"> 100% of all wafer/packaging providers completed signing the “Declaration of Non-use of Conflict Minerals” | <ul style="list-style-type: none"> 100% audit rate for all wafer/packaging/testing providers |
| <ul style="list-style-type: none"> 100% completion rate of information security audit deficiency improvement for all wafer/packaging/testing providers | <ul style="list-style-type: none"> 100% completion rate of information security audit deficiency improvement for all wafer/packaging/testing providers | ✓ | <ul style="list-style-type: none"> 100% audit rate for all wafer/packaging/testing providers | <ul style="list-style-type: none"> Ensure information security management and continuous reinforcement for all wafer/packaging/testing providers |



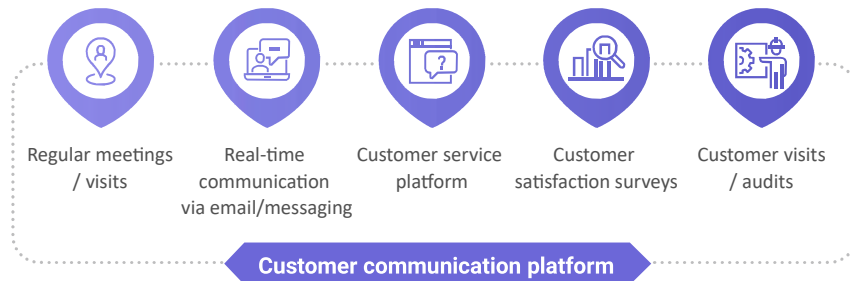


Customer service

At Faraday, we treat our customers with great respect. We deeply believe that only if we regard 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.

In order to timely understand customers' needs and stimulate interaction and information exchange with

customers, Faraday not only holds periodic visits and meetings with customers, but also we 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 or 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 and timely service.

A total of 363 customer registered issues in 2022, closing rate: 100%, of which on-time closing rate of 99.2%, which achieved the KPI target of 98% on-time closing rate.

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:

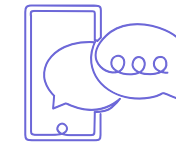
- ✓ **Silicon IP quality/service/competitiveness**
 - Survey focus: Major key silicon IP solutions
- ✓ **Electronic design automation tools & processes**
 - Survey focus: Major design tools and key processes
- ✓ **ASIC design & production**
 - Quality: Wafers; assembly; testing; and reliability
 - Delivery: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

Customer Satisfaction Survey Management Procedure:

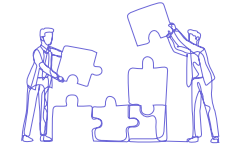
- ▼ Choose survey respondents: Based on survey focuses, confirm the list of survey respondents
- ▼ Send out surveys: Questionnaires are sent out by survey system.
- ▼ Collect customer surveys: Dedicated personnel collect customer surveys.
- ▼ Aggregate satisfaction analysis: Analyzing the three corresponding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

Average customer satisfaction results

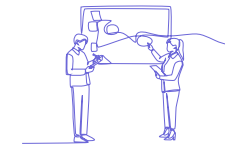
Customer satisfaction of over 8 points in 2022 was 88.9% to meet the target. Faraday takes customer feedback very seriously, upholds the faith to grow up with customer; for the items that deserved continuous improvement or single-item improvement. The total quality management committee tasked relevant departments with implementing improvements, to realize quality management and enhance customer satisfaction.



Customer feedback collection



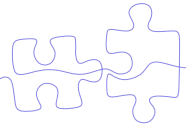
Grow up with customer



Internal continuous improvement



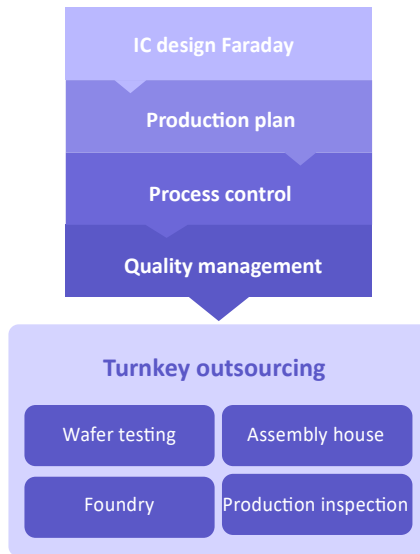
Customer satisfaction enhancement



Sustainable supply chain management

Supply chain overview

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.



In sustainable supply chain management, Faraday performs complete review and audit with objective evidence during new subcontractor evaluation by the aspects of reviewing management system of subcontractor, environment safety and health, and process capability verification; also will do regular review every quarter, ensure that subcontractor can be in compliance with regulations and meet Faraday’s request, in order to ensure stable production and provide satisfactory products and services to end customer.

Faraday also adjusts the proportion of local production in 2022, shares the corporate business result with local subcontractors and practitioners; and reduce carbon emissions during material transportation process to achieve the goal of mutual-benefit/co-prosperity and environmental sustainability.

All subcontractors we currently collaborate with meet with Faraday’s requirement for product quality, and they provide us with good production control capability. Faraday will continuously deepen cooperation with subcontractor to provide products that meet Faraday’s and customer’s expectations.

New subcontractor evaluation

We uses Faraday 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 capability and environmental, health & safety (EHS) management capability, and information security completeness meet Faraday’s requirements.

- **Environmental management system:** ISO14001 is a mandatory requirement for wafer/packaging provider.
- **EHS system:** ISO45001 is bonus, which is beneficial to the follow-up evaluation.
- **Hazardous Substance Process Management System:** QC080000 is bonus for wafer/packaging provider, which is 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 not conform to the spirit, Faraday will not regard as approved subcontractor.
- **Information security completeness:** Confirm from six dimensions, (1) Management side (2) Network environment (3) Physical environment (4) Authority control (5) Backup/Redundancy (6) Education awareness

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

Actual results

- In 2022, all subcontractors (17/17, 100%) got certified to the ISO9001 quality system management.

- In 2022, subcontractors (Wafer/Packaging providers, 9/9, 100%) got certified to the ISO14001 environmental management system.
- In 2022, 88.2% (15/17) of subcontractors had obtained ISO45001 or equivalent occupational health & safety management systems certification.
- In 2022, 88.2% (8/9) of subcontractors had obtained QC080000 Hazardous Substance Process Management System certification.

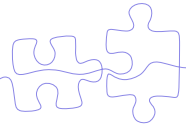
Approved subcontractor management

Faraday and subcontractors are like long-term partnership. Faraday uses sustainable supply chain management mechanism with four aspects:

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

Through the four main spindles (Quality, Cost, Delivery, Service; QCDS), regularly review the compliance level of subcontractors, cooperate with subcontractor for improvement if necessary.

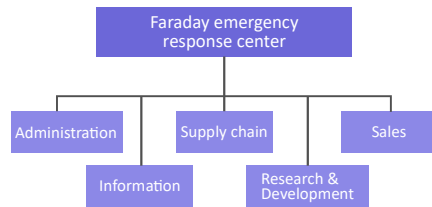




Corporate business continuity

Emergency response mechanism

To fulfill the corporate sustainability, Faraday is also committed to implementing Business Continuity Plan. For example, after the outbreak of COVID-19 pandemic, Faraday quickly established emergency response center, and set five response teams: administration, information, supply chain, research & development, and sales.



First, reviewed the affected part, arranged the project priority and supporting solution; then proceeded the risk control and imported undifferentiated operating system to reduce the possible impact on supply chain and business risk induced by the incident. Therefore, this mechanism earns recognition from global customers by the flexible production supply chain management, quick response and risk control capability.

In first half of 2022, Faraday continuously triggered WFH (Work From Home) for the employees that were affected by the epidemic. With software/hardware for WFH, the related work of subcontractor management could all be capable of normal communication through online meeting, the production quality and lead time were well-controlled; meanwhile, regular weekly/monthly

meetings with each subcontractor were all uninfluenced.

Production continuity management

In addition, in response to the impact from U.S.-China trade war, Faraday follows the import and export related regulations, do inventory and control on the Strategic High-Tech Commodities (SHTC), ensure company to be in compliance with international regulatory requirements; provide safe and legal production supply chain to customer for production.

In 2022, in response to the current status of tight production capacity for semiconductor supply chain, Faraday immediately takes corresponding action to adopt multiple supporting measures, including helping customer for second subcontractor, ordering in advance to get the materials ready for reducing the impact from the long lead time. At the same time, trigger to book the machine and production capacity to the outsourcing factory to ensure the disposable capacity; propose multiple production optimization project, enhance the order and production schedule management, improve the production and shipping process, reduce the deduction rate and so on. Thereby, drive and make great progress in production; not only make every effort to meet expectations of customer order requirement, but also drive the continuous growth of revenue.

Subcontractor sustainable management evaluation

As the upstream of industry chain, Faraday continues cooperating with subcontractor for deepening sustainable management in order to respond to Sustainable Development Goals (SDGs). When introducing new

subcontractor and annual audit, do the risk evaluation for the management system of subcontractor, it is mainly divided into three aspects, 1) management side, 2) social side, 3) information security. In addition, Faraday regularly requests subcontractor to provide self-evaluation result of sustainable management questionnaire every year.

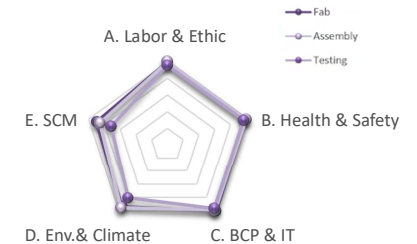
There are five aspects of sustainable management questionnaire, A) Labor & Ethic, B) Health & Safety, C) Business Continuity Plan (BCP), Information Security (IT), D) Env. & Climate Change, E) Supply Chain Management (SCM). These five index drive supply chain together to make improvement towards sustainable management.

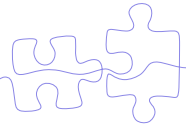
Risk evaluation 1: Risk evaluation of management system

| Aspect | Evaluation standard | Evaluation completion rate(%) | Subcontractor achievement rate(%) |
|----------------------|--|-------------------------------|-----------------------------------|
| Management side | ISO9001 | 100% | 100% |
| | ISO14001 (Wafer/Packaging provider) | 100% | 100% |
| | ISO45001 | 100% | 88.2% |
| | QC080000 (Wafer/Packaging provider) | 100% | 88.2% |
| Social side | CSR self-evaluation/RBA compliance | 100% | 100% |
| Information security | Compliance for six aspects of information security | 100% | 100% |

Risk evaluation 2: Self-evaluation of sustainable management questionnaire

| Evaluation Item | FAB | Assembly | Testing |
|--------------------|-----|----------|---------|
| A. Labor & Ethic | 100 | 100 | 96 |
| B. Health & Safety | 100 | 100 | 95 |
| C. BCP & IT | 100 | 99 | 93 |
| D. Env. & Climate | 96 | 97 | 74 |
| E. SCM | 96 | 84 | 68 |





As to environmental sustainability, Faraday is committed to promoting energy savings and carbon reduction. Not only Faraday has already imported shortening baking time during process early in 2019, in order to make subcontractor reduce energy consumption in the production process; but also Faraday actively requests subcontractor to strength water resource management, carbon emission, energy-saving measures, and renewable energy planning. At the same time, regularly reviews implementation effectiveness with subcontractor.

| 2022 subcontractor responsiveness (Implementation/ Number of manufacturers) | |
|--|-------------|
| Investing in water resource management | 59% (10/17) |
| In response to reduce carbon emission | 65% (11/17) |
| Adopt energy-saving measures | 59% (10/17) |
| Import renewable energy | 29% (5/17) |

Local procurement

In the spirit of taking into account of shareholders' equity, customer satisfaction and environmental sustainability, Faraday is committed to localized procurement. Faraday shares the corporate business result with local subcontractors and practitioners; and reduces carbon emissions during material transportation process to achieve the goal of mutual-benefit/co-prosperity and environmental sustainability.

In 2022, Faraday places orders in Taiwan and the procurement value exceeds NT\$3.8 billion, and the procurement value ratio is 62%. In the future, Faraday

will continuously uphold the above spirit to strength the cooperation with local subcontractor; co-create more values and fulfill our responsibility for environmental sustainability.

The localized procurement value ratio of wafer manufacturing, IC testing, and packaging is 62%.

Subcontractor auditing

Every year, Faraday sets a subcontractor audit schedule for approved subcontractors. Domestic subcontractors undergo onsite confirmation of their production line management status and production records. With overseas subcontractors, if there were no customer complaints in the previous year and there have been no major production anomalies for three consecutive quarters, written audits may be used. In addition, Faraday will also confirm the labor rights of all audited subcontractors, and the safety and health for the working environment.

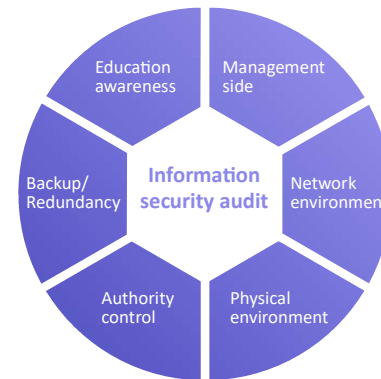
The auditing method is that subcontractor shall do self-auditing according to the checklist of self-evaluation table provided by Faraday. Self-evaluation items include quality system compliance, production control request, and the subcontractor's protection on RBA related items of labor right, safety, health, and environment. After receiving the data, Faraday proceeds the initial review, checks by sampling the corresponding supporting information provided by subcontractor in the online meeting to ensure the record reliability.

Information security audit of subcontractor

In 2022, Faraday starts to include the information security

management system and actual practice of subcontractor into audit items, and the audit items will be confirmed from the six aspects, 1) management side, 2) network environment, 3) physical environment, 4) authority control, 5) backup/redundancy, 6) education awareness, and requests that subcontractor must complete deficiency improvement.

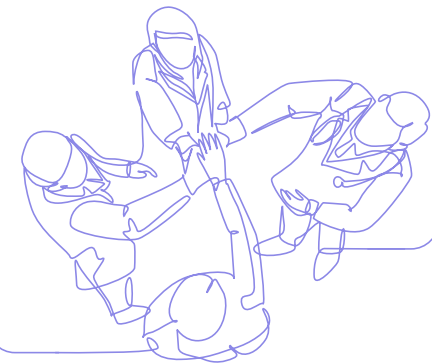
In 2022, 4 major deficiencies were found by the audit of information security item and it has all completed improvement within deadline.

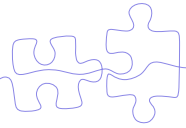


Regular approved subcontractor evaluations

Every quarter, Faraday performs evaluations of approved subcontractors who account for 10% or more of our production, in accordance with "Qualification and Performance Review of Subcontractor". By evaluating the quality, costs, on-time delivery and service of our approved subcontractors, we evaluate whether or not there is opportunity for continuous improvement.

- Quality**
 - Product quality
 - Delay delivery
 - Compliant
 - Yield
- Cost**
 - Competitiveness
 - Cost-reduction target
- Delivery**
 - On-time delivery rate
 - On-time delivery competitiveness
- Service**
 - Coordination
 - Engineering coordination
 - Audit coordination





Faraday applies different handling methods, depending on the subcontractor's grade.

- A+** Procurement department can maintain original procurement rate or adjust as required
- A** Procurement department can maintain original procurement rate or adjust as required
- B** Subcontractor required to make improvements
- C** Coordinates with relevant units to determine whether or not to continue procurement; if not, the subcontractor's approval status is canceled.

The execution status of 2022 is listed in the below table. The tendency of Q3/Q4 gets released due to slowdown of tight production capacity. The lower score resulted from delivery factor has returned to normal.

| | 2022 | | | | 2021 | | | |
|-----------|------|-----|-----|-----|------|-----|-----|-----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| A+ | 54% | 50% | 34% | 41% | 52% | 29% | 41% | 47% |
| A | 46% | 50% | 66% | 52% | 44% | 62% | 59% | 53% |
| B | 0% | 0% | 0% | 7% | 4% | 5% | 0% | 0% |
| C | 0% | 0% | 0% | 0% | 0% | 5% | 0% | 0% |

Conflict mineral management

Conflict mineral management policies

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.

In compliance with the requirement of Responsible Business Alliance (RBA), Faraday is committed to taking due diligence on supply chain, assures gold (Au), cobalt(-Co), tin (Sn), tantalum (Ta), tungsten (W), and other future possible special minerals regulated by Responsible Minerals Initiative (RMI). With the RMI definition questionnaire, take due diligence and require subcontractors to sign the Declaration of Non-use of Conflict Minerals 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 production management results

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

| Targets for 2022 | Actual performance in 2022 | Effectiveness evaluation | Response mechanisms | |
|--|---|--------------------------|--|--|
| | | | Short-term goals (2023) | Medium-term and long-term goals (2025) |
| <ul style="list-style-type: none"> All wafer/packaging providers sign the "Declaration of Non-use of Conflict Minerals" | <ul style="list-style-type: none"> 100% of subcontractors signed the "Declaration of Non-use of Conflict Minerals" | ✔ | <ul style="list-style-type: none"> Maintain 100% of all wafer/packaging providers signing the "Declaration of Non-use of Conflict Minerals" | <ul style="list-style-type: none"> Maintain 100% of all wafer/packaging providers signing the "Declaration of Non-use of Conflict Minerals" |

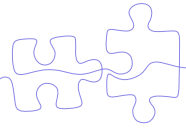
- For the raw materials used in Faraday products, none of their metal or mineral sources are mined in areas controlled by non-governmental or illegal military groups in the Democratic Republic of the Congo or its neighboring countries.

- Faraday approved subcontractor signing status (Declaration of non-use of conflict minerals: Wafer fabs, assembly providers)

| Vendor | Should signed back | Not signed back | Achievement rate |
|---|--------------------|-----------------|------------------|
| Declaration of non-use of conflict minerals | 9 | 0 | 100% |

- Conflict mineral survey

| Conflict mineral survey | Ta, Sn, Au, W | Co | Mica |
|------------------------------------|---------------|----|------|
| Number of survey completed in 2022 | 55 | 35 | 30 |
| Survey result | ✔ | ✔ | ✔ |



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 2022, there were no RoHS or REACH violations that resulted in customer complaints or returns.

- Faraday approved subcontractor signing status

| Vendor | Should signed back | Not signed back | Achievement rate |
|--|--------------------|-----------------|------------------|
| Commitment of Non-use Environmental Substances | 17 | 0 | 100% |

- Commitment of Non-use Environmental Substances: Wafer fabs, assembly providers, testing providers

- Customer entrusted survey completed in 2022

| RoHs, REACH survey | Restriction of hazardous substances (RoHS) in electrical and electronic equipment | Candidate list of Substances of Very High Concern (REACH) |
|------------------------------------|---|---|
| Number of survey completed in 2022 | 58 | 54 |
| Survey result | All met RoHS requirement. ✓ | All met RoHS requirement. ✓ |



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, since January first, 2021, within the European Union, 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.

- Conflict Mineral Comparison Table between EU and the United States

| 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 |

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. Since July 22nd, 2021, medical devices (including in vitro medical devices), and monitoring and control instruments (including industrial monitoring and control instruments) has also been 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.



Friendly workplace



National Talent Development Award

Faraday has been committed to efficient learning, systematic inheritance, and the establishment of learning common resource platform. The achievement of talent cultivation is precise and solid, and thus Faraday has awarded "2022 National Talent Development Award of Ministry of Labor" – Large Enterprise Award.

100%

Incentives of employee stock ownership trust

In 2022, Faraday's "Employee Stock Ownership Trust" plan was officially launched; employee participation rate is over 75%. The Company allocates 100% of the employee's monthly withdrawal amount as incentives.

Nine consecutive years

Constituent stock in "TWSE RAFI Taiwan High Compensation 100 Index"

Has been selected as a constituent stock in "TWSE RAFI Taiwan High Compensation 100 Index" by Taiwan Stock Exchange for 9 consecutive years from 2014

>500 million

Renovate the multi-functional fitness center and sport field

In order to provide Faraday employees with a better leisure and sports environment, promote work balance and physical/mental balance, in 2022, Faraday spent over NT\$ 5 million to completely renovate the 10F multi-functional fitness center and sport field.

100%

Implementation of workplace maternal care measures

Faraday implements workplace maternal care measures, provides breastfeeding collection rooms, equipment and facilities that meet requirements. In 2022, we obtained certification of premium breastfeeding room by public health bureau, Hsinchu City; completed 100% evaluations for the maternal health protection period.

88%

Increase employee health check expenses

Provide health check plan that is better-than-legally-mandated standards, Faraday increased employee health check expenses by 88% in 2022.



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 providing 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 listed as a constituent stock in the "TWSE RAFI Taiwan High Compensation 100 Index" by Taiwan Stock Exchange since 2014 in a row. The Company attracts and retains talent through competitive remuneration 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

| Targets for 2022 | Actual performance in 2022 | Effectiveness evaluation | Response mechanisms | |
|---|--|--------------------------|---|--|
| | | | Short-term goals (2023) | Medium-term and long-term goals (2025) |
| <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 competency for each division, with a penetration rate of 90% | <ul style="list-style-type: none"> Key course training completion rate for the required training target: 100% Build online courses of professional competency for each division, with a penetration rate of 100% | ✔ | <ul style="list-style-type: none"> Implement the training in reinforcing core skills to guarantee R&D driving force Cultivate excellent management talents, promote talent inheritance and organizational sustainability | <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 compensation |
| <ul style="list-style-type: none"> Provide competitive compensation and welfare system; talent attraction and retention | <ul style="list-style-type: none"> Constituent stock in "TWSE RAFI Taiwan High Compensation 100 Index" listed by Taiwan Stock Exchange Better-than-legally-mandated leave system | ✔ | <ul style="list-style-type: none"> Provide competitive compensation and welfare system; talent attraction and retention Optimize mentorship program for new recruits to guarantee new recruit retention and development Actively recruit local talent to enhance community identity and development | <ul style="list-style-type: none"> 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 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 "People with Disabilities Rights Protection Act" Implement workplace maternal care measures; provide breastfeeding collection rooms 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) Obtained certification of premium breastfeeding room by public health bureau, Hsinchu City Provide 4 breastfeeding collection rooms with refrigerators and sinks Maternal health protection evaluations: 100% | ✔ | <ul style="list-style-type: none"> Provide open and transparent communication channels and complaint mechanisms; indeed accept employee complaint events Meet or exceed the number of employees with disabilities who are recruited by the "People with Disabilities Rights Protection Act" Implement workplace maternal care measures; provide breastfeeding collection rooms and facilities that meet requirements; complete 100% evaluations for the maternal health protection period Guarantee a workplace environment of gender equality and opportunities for development; no discrimination of any kind | <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"> Plan for disaster drill once 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 | |



Global deployment

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 recent years, the vigorous development of the global semiconductor industry has led to fierce competition for talents. At the same time, Taiwan is facing the problems of declining birth rate and shortage of scientific and technological talents. Facing the challenge of talent turnover rate, Faraday actively adopts a global deployment and elite policy to ensure that the quality of talent can cope with the strong growth drive of the business.

Gather global elites to ensure operating drive

Faraday has set up 8 R&D centers and 4 sales and service bases globally, and actively recruits international scientific and technological talents. In recent years, new R&D centers have been established in India and Vietnam to ensure sufficient R&D talents to meet performance and technical needs and avoid the risk of manpower shortage.

Actively recruit local talents to enhance community identity and development

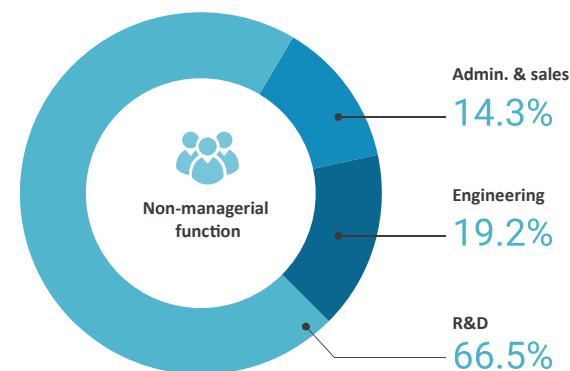
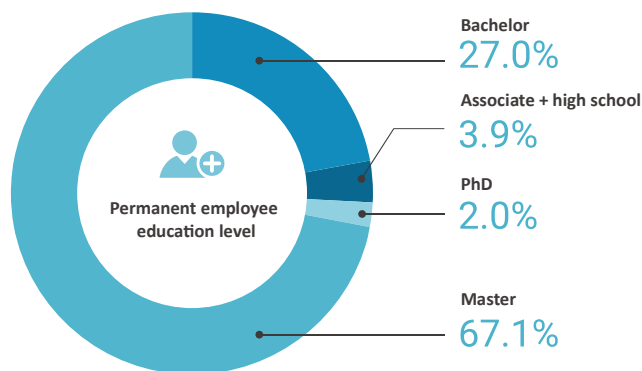
Faraday actively recruits local talents; 99.3% from nationals of the Republic of China. At the same time, Faraday attaches great importance to the community identity and development of the Company's operating locations, actively promotes local employment, and continues to recruit students and talents from the Company's operating locations (Hsinchu, Taipei, Tainan) every year; by the end of 2022, the number of employees employed in the Company's operating locations was 59.6%. It shows the Company's positive contribution to assisting local development, promoting local employment opportunities, and activating local industry-academia cooperation.

Human resource structure

The characteristics of high-quality talents are major factors for Faraday to maintain its competitiveness in a fast-changing industry; Faraday continues to invest resources in the development of outstanding talents to ensure that the quality of talents can respond to strong business growth drive and give full play on their talents.

Until the end of 2022, Faraday in Taiwan has a total of 602 employees, and more than 99% are permanent employees. Among the non-managerial employees,

R&D and engineering talents have occupied 85.7% of the non-managerial employees; the proportion of permanent employees with a master's degree and PhD degrees are accounted for 69% 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 74.4% among all and managerial staff accounted for 25.6%; 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 compiled with the law, indicating that Faraday takes care of disadvantaged groups, providing them with fair employment opportunities, and protects their employment rights.

| Classification | Type | Gender | | Total | | |
|-----------------------------------|----------------------|----------------------------------|----------------|------------|------------|-----|
| | | Male | Female | | | |
| (Note 1) Employees | By contract type | Permanent employees (Note 2) | 418 | 178 | 596 | |
| | | Temporary employees (Note 2) | 2 | 4 | 6 | |
| | | Total by contract type | 420 | 182 | 602 | |
| | By employment type | Full-time (Note 3) | 420 | 182 | 602 | |
| | | Part-time (Note 3) | 0 | 0 | 0 | |
| | | Total by employment type | 420 | 182 | 602 | |
| | Age distribution | Under 30 years old (included) | 80 | 52 | 132 | |
| | | 30 ~ 50 years old | 263 | 116 | 379 | |
| | | Over 50 years old (included) | 77 | 14 | 91 | |
| | | Total by age distribution | 420 | 182 | 602 | |
| | By employee function | Managerial (Note 4) | 122 | 32 | 154 | |
| | | Non-managerial | R&D | 215 | 83 | 298 |
| | | | Engineering | 62 | 24 | 86 |
| | | | Admin. & sales | 21 | 43 | 64 |
| | | Non-managerial subtotal | 298 | 150 | 448 | |
| Total by employee function | 420 | 182 | 602 | | | |
| Laborers (Note 5) | | 7 | 14 | 21 | | |

Note 1: Total of 602 employees: Includes 573 at the Hsinchu headquarters, 16 in the Taipei office, and 13 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: Laborers: Cleaning, security, café, employee cafeteria, and IT outsourcing staff in Hsinchu office are in total of 21 people; there are no such laborers in Taipei and Tainan offices (only account for 3% of the total; not included within the statistics in this report).

Recruitment and retention

Recruit 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.

When hiring foreign employees or expatriates, Faraday assesses the potential risks in the process of recruitment, appointment and expatriation, complies with local and international regulations on employment or expatriation, simultaneously considers the protection of trade secrets, and sets up relevant procedures for staffing management to effectively manage the possible risks of recruiting foreign talents and expatriates.

When recruiting foreign employees or expatriates, all applications such as visas and work permits are handled in accordance with the local foreigner employment regulations to ensure that the Company and colleagues comply with government regulations to prevent from risks.

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.

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

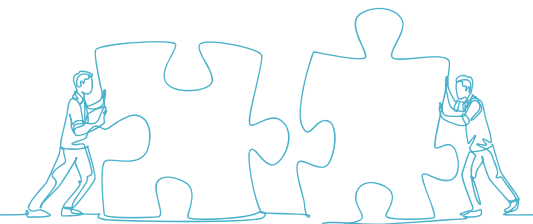
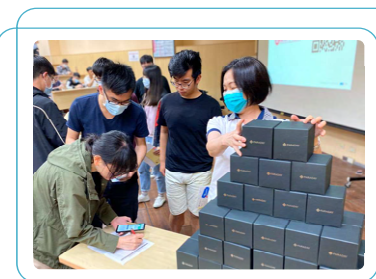
Increase the innovative talents through R&D Substitute Service and Industry-academia collaboration projects; positively participate in industrial development activities and promote talent interactions



Manpower distribution of new recruits/departing employees in 2022

| | New recruits in 2022 | | | | Departing employees in 2022 | | | |
|-------------------------------|------------------------|-------------------------------|------------------------|-------------------------------|-----------------------------|------------------------|------------------------|------------------------|
| | 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) | 34 | 42.5% | 12 | 23.1% | 12 | 15.0% | 6 | 11.5% |
| 30 ~ 50 years old | 24 | 9.1% | 9 | 7.8% | 40 | 15.2% | 9 | 7.8% |
| Over 50 years old (included) | 1 | 1.3% | 0 | 0.0% | 6 | 7.8% | 0 | 0.0% |
| Subtotal | 59 | 14.0% | 21 | 11.5% | 58 | 13.8% | 15 | 8.2% |

Note 1: New recruitment rate = Number of new recruits in each category/total number of employees in each category at year end
 Note 2: Turnover rate = Number of departing employees in each category/ total number of employees in each category at year end



Elite selection

Faraday puts great emphasis on the perfection and precision of the talent selection process; there are comprehensive evaluation tools in terms of talent selection criteria, selection tools, and interviewing skills. We believe that the key point for talent selection is to select the most suitable talents, and we also believe that providing perfect position for suitable talents can enable talents to display and exert more abilities.

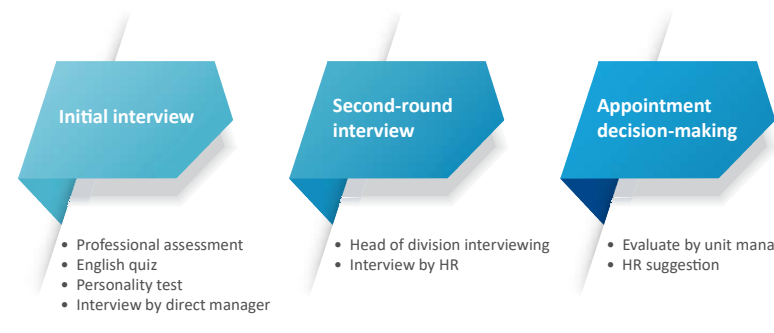
In order to improve the effectiveness of talent selection, Faraday has established a professional quiz bank for each position, and customize the evaluation model for each job according to the professional knowledge and skills required by different jobs; in order to ensure the discriminant validity of the evaluation, each job vacancies all take the core professional items and relevant working experience into the key indicators to plan the content and weight of the examination; the professional ability of the job applicants is checked through paper tests, technical questions and answers, practice, presentations, etc. to ensure that they meet the professional requirements of the job opportunity.

In the initial interview, multiple tests and supervisor interviews are taken as the first screening. The personal-

ity traits and basic abilities of the job applicants are checked through professional assessment, English quiz, and personality test; during the interview, the department manager will go through the process by asking and answering to get a preliminary understanding of the talents in order to grasp the various abilities of talents to meet the requirements of job opportunity.

In the second-round interview, the head of the division and HR do second interview to check and improve the precision of talent selection through being interviewed with more than two supervisors; HR interview then focuses on understanding the characteristics of the job applicants and the culture fit with Faraday to ensure that talents are able to identify with the team and the Company after they join Faraday and become a stable force of Faraday.

The stage of appointment decision-making is the most important part of the elite selection process. Through discussion and evaluation by unit manager and HR, a comprehensive evaluation of talents is carried out from different aspects, and the quality of talents is checked all through a strict and careful screening mechanism in order to achieve the purpose of elite selection.





Talent cultivation

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 Education 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

Education Training Committee

Faraday has set up the "Education 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 quarter, reviewing course syllabus and target audience, reviewing and improving abnormal issues.

ment 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 quarter, reviewing course syllabus and target audience, reviewing and improving abnormal issues.

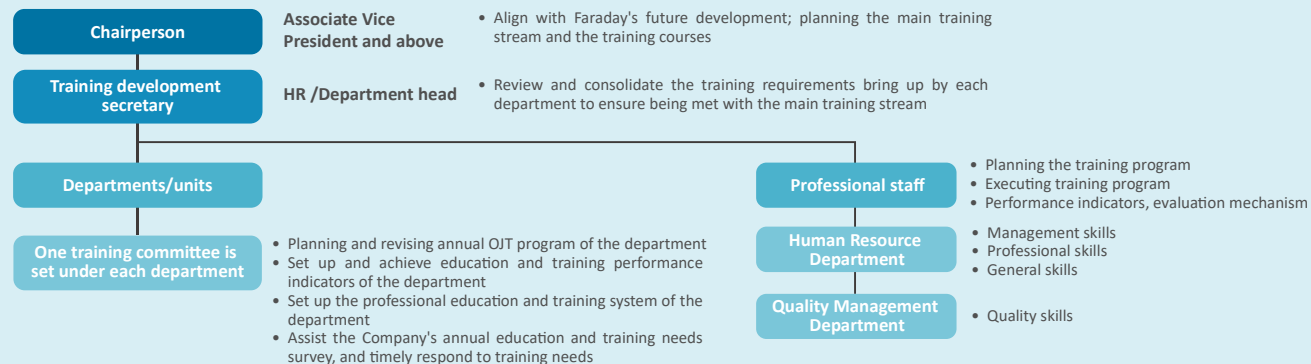
Development blueprint for talents

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 the Company policy to be coupled with the Company's policies and business strategy, in order to nurture the fundamental knowledge, skills and characteristics.

Function

- Integration, planning, coordination, implementation, and execution for company-wide education and training program
- Review of the implementation and suggestions for improvement of company-wide education and training program
- Mastery and planning of the needs for professional training to the divisions
- Coordinate and support company-wide professional education and training resources





Provide multiple training by the audience

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 the Company life, this helps new recruits quickly fit in the workplace life.

In-service employees

The Education 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.

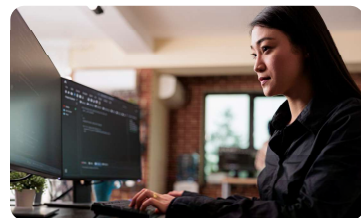
| Audience | OFF-JT | | | OJT | Self-Inspiration |
|----------------------|----------------------------|--|---|---|---|
| | Management Competency | Core Competency | Professional Competency | | |
| Senior Executive | Advanced-level program | <ul style="list-style-type: none"> Competency development program 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



Diverse learning program

Responding to short/mid/long-term business strategies and directions, the Education 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 classified 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. | <ul style="list-style-type: none"> Customized new recruit training program: General knowledge courses; e-Course readings and online tests; OJT follow-up and certification; writing weekly reports Mentorship program New recruit back-training course Integrity management course (The Company-wide retraining every year) Information security and cases concepts and policies course (The Company-wide retraining every year) Human rights policy advocacy courses (The Company-wide retraining every year) Quality awareness course Intellectual property awareness and policy goals |
| Specialized R&D training | Transmitting and sharing key skills; cross-department skill exchange and projects | <ul style="list-style-type: none"> R&D skill courses Engineering skill courses Quality management skill courses Intellectual property management courses |
| Employee health & safety training | Raising employee consciousness about workplace safety; lowering risks | <ul style="list-style-type: none"> New recruit health & safety training Traffic accident prevention Disaster drills Fire safety advocacy Occupational safety 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 | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> Internal operating system operation courses Courses related to the project system Courses related to rules & regulations Social engineering awareness courses |
| External training (including foreign/domestic training) | Learning and introducing industry trends and new knowledge, to enhance personal and company competitiveness | <ul style="list-style-type: none"> 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 the 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 | <ul style="list-style-type: none"> Analysis of the Company's overall competitive advantage IP technology, process technology Production service |



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 Education 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 successively recorded in bilingual versions, providing global employees with diverse learning opportunities.

In order to ensure that the required training employees have exactly implemented the learning, the HR unit regularly updates the course content according to the needs every year and notifies the required training employees to complete the training, and sends the e-Course test and questionnaire task to the employees through the system. The employees must pass the test and feedback the questionnaire to complete the training and reach the training completion standard; the course lecturer will adjust the content appropriately by referring to the feedback from required training employees.

In order to synchronize technical information to global agents in real time, Faraday has also set up an e-Training Course platform to update courses from time to time. The categories include the Company promotion, data-in criteria, quality and reliability, and other related courses.

Internal e-learning category

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

Within 3 months during new recruit's probation period

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

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: participation evaluation and 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



Training benefits and achievement

Training execution process

The HR unit implements the daily course offering process in accordance with the resolutions of the “Education 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.

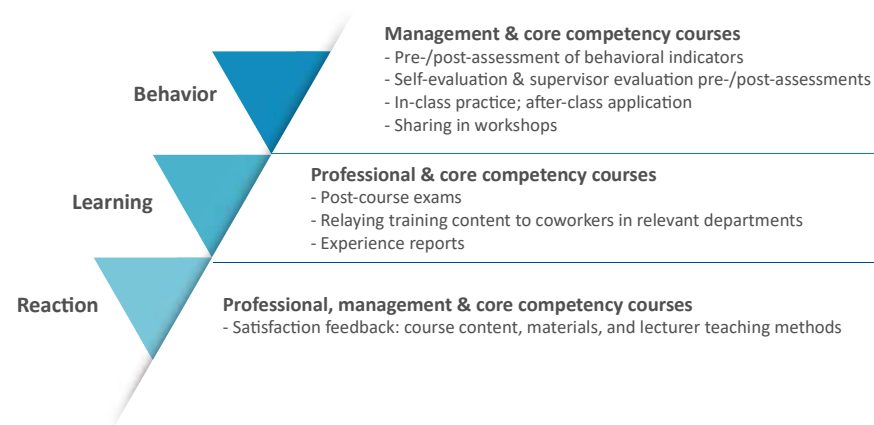
| Process stage | Department/Supervisor responsibilities | Education Training Committee (ETC) |
|--|--|---|
| Survey for annual training requirements | Based on the company’s business operation and strategy, both bottom-up and top-down training requirements are proposed | Review and collate training 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 | Periodically review the training course effectiveness; give correction and improvement if necessary |
| 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 | |
| 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, post-course exams, 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 competency courses, lecturers 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 competency and management competency, 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, the Ingenuity Award, and the best e-Course 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.



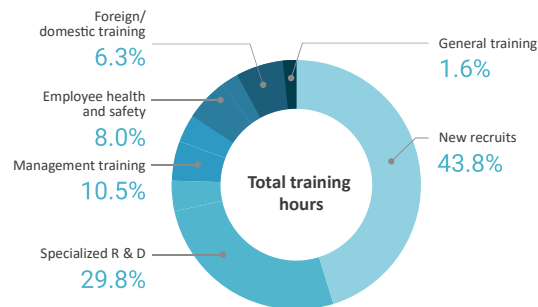


Actual performance on training course

Faraday has always given great importance to investing resources in, and producing results from, employee training. The lecturer selection, training materials, target audience, and evaluation methods of the courses must all be approved by senior executives or the Education Training Committee (ETC), in order to make sure that the courses can be helpful for employees' career development.

In 2022, there were 171 internal training sections (including e-Courses) and 56 external training sections, for a total of 277 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 (5,139 registrations) and 28% female (1,952 registrations), The 2022 average per-employee number of training hours was 13.9 hours (including e-Courses). The average training hours for men and women were 14.4 and 12.6 hours, respectively. Through specialized course training, not only employees' professional knowledge and skills are enriched, but the goals and missions designated by the Company are also achieved.



2022 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 | 84 | 2,819 | 1,177 | 3,996 | 2,939.5 | 1,226.5 | 4,166.0 |
| | Specialized R&D training | 52 | 1,539 | 447 | 1,986 | 2,231.0 | 600.5 | 2,831.5 |
| | Employee health and safety training | 14 | 225 | 131 | 356 | 492.0 | 267.0 | 759.0 |
| | Management training | 17 | 411 | 93 | 504 | 817.1 | 179.9 | 997.0 |
| | General training | 4 | 115 | 70 | 185 | 94.5 | 60.0 | 154.5 |
| External training | Foreign/Domestic training | 56 | 30 | 34 | 64 | 376.0 | 227.5 | 603.5 |
| Total | | 227 | 5,139 | 1,952 | 7,091 | 6,950.1 | 2,561.4 | 9,511.5 |

Note 1: Includes total number of training attendance for 2022 permanent on-duty and non-returning employees. On December 31, 2022, the total number of permanent on-duty employees trained was 6,705; in 2022, the total number of non-returning was 386, a total of 7,091 employees.

Note 2: Includes total training hours of training attendance for 2022 permanent on-duty and non-returning employees. On December 31, 2022, the total training hours of permanent on-duty employees trained was 9,010 hours; in 2022, the total training hours of non-returning was 501.5 hours, a total of 9,511.5 hours.

2022 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) | 6,950.1 | 2,561.4 | 2,488.8 | 5,108.0 | 1,095.2 | 819.5 | 7,022.7 | 9,511.5 | |
| Number of employees ^(Note 2) | 482 | 204 | 164 | 349 | 101 | 72 | 522 | 686 | |
| Average training hours per employee (a/b) | 14.4 | 12.6 | 15.2 | 14.6 | 10.8 | 11.4 | 13.5 | 13.9 | |

Note 1: Includes total training hours of training attendance for 2022 permanent on-duty and non-returning employees. On December 31, 2022, the total training hours of permanent on-duty employees trained was 9,010 hours; in 2022, the total training hours of non-returning was 501.5 hours, a total of 9,511.5 hours.

Note 2: Includes total number of training attendance for 2022 permanent on-duty and non-returning employees. On December 31, 2022, the total number of permanent on-duty employees were 602; in 2022, the total number of non-returning was 84; a total of 686 employees.

| Average training hours of employees | Male | Female | Supervisory position | R&D | Engineering | Admin. & sales | Total training rate of training attendance | |
|-------------------------------------|------------|------------|----------------------|------------|-------------|----------------|--|--------|
| | | | | | | | Male | Female |
| 13.9 hours | 14.6 hours | 12.6 hours | 15.2 hours | 14.6 hours | 10.8 hours | 11.4 hours | 72% | 28% |





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 the Company, team, and individual work goals. The motivation and development system can be divided into mentorship program for new recruits, new recruit evaluation during probationary period, mid-year performance review, annual performance review, and the performance counseling program according to the target and the development stage.

Mentorship 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 program for new recruits

In order to comprehensively assist new recruits in adapting to the workplace as soon as possible, Faraday has established a complete Mentorship 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 rate.

To shorten the adaptation period for Faraday new recruits, extend the development cycle of employees in the workplace, and reduce the risk of talent gaps, the Company will launch "Voice of Newcomers" for new recruits within one year of new recruits' onboard to understand the their feedback towards all phases of the Company, including: job content, supervisory management, department cultural atmosphere, cross-department cooperation, personal future development, and Company environment, provide feedback results to the head of the division, so that supervisors can better understand the adaptation status of new recruits and guide them when necessary.





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 2022, 97% 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 developmental talents as candidates for promotion. Directors and above submit recommendations. Promotions will be effective once approved by the President and Human Resource Evaluation Committee. 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, 2022 | | | Numbers ^(Note) & percentages of people receiving year-end performance appraisal | | | | |
|---------------------|------------------------------|------------|------------|--|------------|------------|--------------|------------|
| | Employee function | Male | Female | Total | Male | Female | Total | Percentage |
| Managerial | 122 | 32 | 154 | 120 | 32 | 152 | 98.7% | |
| Non-managerial | R&D | 215 | 83 | 298 | 211 | 80 | 291 | 97.7% |
| | Engineering | 62 | 24 | 86 | 60 | 22 | 82 | 95.3% |
| | Admin. & sales | 21 | 43 | 64 | 18 | 41 | 59 | 92.2% |
| | Subtotal | 298 | 150 | 448 | 289 | 143 | 432 | 96.4% |
| Total | 420 | 182 | 602 | 409 | 175 | 584 | 97.0% | |

Note: Not include: The senior executive president or above; employees who had not yet served/reinstated three months, and employees on leave of absence.

Internal portal

Online e-review system



National Talent Development Award

Faraday has been committed to efficient learning, systematic inheritance, and the establishment of learning common resource platform. The achievement of talent cultivation is precise and solid, and thus Faraday has earned the national recognition from the jury with the honor of "2022 National Talent Development Award of Ministry of Labor" – Large Enterprise Award. The [National Talent Development Award] symbolizes the highest honor award in the field of human resources in Taiwan. It was established by the Ministry of Labor to integrate the spirit of the "National Human Resource Innovation Award" and "National Training Quality Award" with reference to the evaluation index of international human resource award to encourage enterprise groups to actively cultivate outstanding talents, solidify the quality of talent development, and then enhance the overall competitiveness of the country.

Faraday deeply understands the importance of talent development to the Company's operational growth. Senior executives are highly invested. For two major developments of "stabilizing talent supply" and "optimizing talent quality", we implement the Education Training Committee mechanism to establish a systematic mechanism for the cultivation and development of talents, including the competency test system to identify the professionalism of talents, the e-Course learning database for training and assessment, and the "Future Star Project", etc. to cultivate potential leaders. The series of training system can effectively enhance employees' professions, so that Faraday's R&D capabilities and design service quality have been repeatedly recognized by customers, and the Company's business and performance make remarkable achievements repeatedly.





Workplace of Happiness

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 the operating locations, 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



Compensation and benefits

Diversity initiatives that go beyond legal compliance

In terms of compensation and benefits, Faraday offers not only a competitive overall compensation, but also a variety of better-than-legally-mandated measures, such as less than legal working hours, paid leave better than that mandated in the Labor Standards Act, 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 overall compensation

Faraday provides an overall compensation and benefit system that is fair, reasonable, sustainable, reasonable,

and competitive, in hopes of attracting excellent talents and keeping the existing 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 compensation level of the market. The Company has been selected as a constitu-

ent stock in “TWSE RAFI Taiwan High Compensation 100 Index” by Taiwan Stock Exchange for nine years in a row from 2014, maintaining a competitive advantage in terms of average employee compensation, total employee compensation, and the compensation 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.

Overall compensation ratio for male and female by function

| By function | | Female | Male |
|---------------------|----------------|--------|------|
| Non-managerial | Admin. & sales | 0.58 | 1 |
| | Engineering | 0.86 | 1 |
| | R&D | 0.83 | 1 |
| Managerial position | | 0.80 | 1 |

Description:
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.



Pension system

Faraday plans the pension system in accordance with the Labor Standards Act and with the Labor Pension Act. Employees who joined the Company on June 30th, 2005 (included) or earlier enjoy the old pension system. According to the regulations of the Labor Standards Act, 2% of the monthly salary of each employee eligible for the old pension system is deposited per month into a dedicated old-system pension reserved fund. As of Dec. 31st, 2022, the reserved fund is prepared as NT\$140 million which is enough to meet the needs of current 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.

Employee Stock Ownership Trust

In 2022, the “Employee Stock Ownership Trust” plan was officially launched, and a stock ownership trust committee was dedicatedly established to serve all Faraday employees. When the job tenure of the permanent employees is over one year, they can decide their own monthly withdrawal amount and buy the Company stock by dollar cost averaging, the Company also allocates 100% of the employee's monthly withdrawal amount as incentives, and joint deposits to the trust account. The “Employee Stock Ownership Trust” plan also combines with the Company's annual EPS index to motivate employees to work hard together for the Company's goals, not only achieve the goal of talent retention, but also help employees accumulate wealth and plan for retirement life in the future.

Complete insurance coverage

In accordance with the law, Faraday buys labor insurance and national health insurance, and additionally provides

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 at one's own expense, or can choose to add their loved ones into the Company's group insurance at a discounted rate, to enjoy a more complete insurance coverage plan along with the employees' family.

Better-than-legally-mandated working hours and vacations

Faraday's weekly working hours is better-than-legally-mandated 40 hours, 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 ~ 5 paid leave days in 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 collection 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.

2022 employee unpaid parental leave applications:

| Category | Male | Female | Total |
|---|------|--------|-------|
| Number of employees eligible for unpaid parental leave in 2022 (A) | 43 | 21 | 64 |
| Actual number of employees applying for unpaid parental leave in 2022 (B) | 0 | 7 | 7 |
| Estimated number of reinstatements after taking unpaid parental leave in 2022 (C) | 0 | 5 | 5 |
| Actual number of reinstatements after taking unpaid parental leave in 2022 (D) | 0 | 5 | 5 |
| Number of unpaid parental leave employees reinstated in 2021 (E) | 0 | 1 | 1 |
| Number of unpaid parental leave employees reinstated in 2021 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:

The statistics of A, B, C, and D are the number of employees remain employed on Dec. 31, 2022.

- A. Number of employees eligible for unpaid parental leave in 2022: The number of employees who applied for parental leave and maternity leave during the period 2019/01/01 ~ 2022/12/31.
- B. Actual number of employees applying for unpaid parental leave in 2022: The number of employees who applied for unpaid parental leave during the period 2022/01/01 ~ 2022/12/31
- C. Estimated number of reinstatements after taking unpaid parental leave in 2022: The number of employees whose unpaid parental leave expired during the period 2022/01/01 ~ 2022/12/31
- D. Actual number of reinstatements after taking unpaid parental leave in 2022: The number of employees whose unpaid parental leave expired during the period 2022/01/01 ~ 2022/12/31 and who were reinstated in their positions after this date.
- E. Number of unpaid parental leave employees reinstated in 2021: The number of employees reinstated in their work positions during the period 2021/01/01 ~ 2021/12/31
- F. F. Number of unpaid parental leave employees reinstated in 2021 who continued working for one year: The number of employees reinstated in their work positions during the period 2021/01/01 ~ 2021/12/31 and were still in their work positions one year thereafter





Thoughtful and high-quality workplace

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

Diverse and thoughtful working environment

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

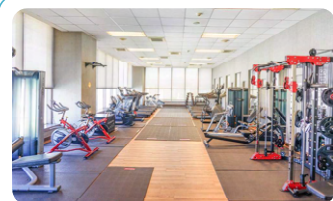
10F Multi-functional fitness center and sport field over 35,000 square feet

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, dart machine, and shower rooms; facilities are diverse and complete.

Every year does budget planning for regular maintenance and replacement of venue and equipment; the

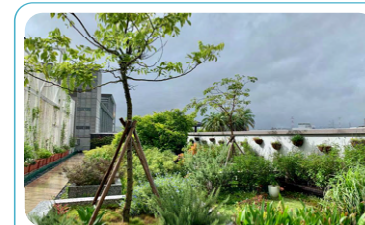
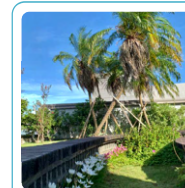
equipment is purchased every year by employee's suggestion. Gymnasium's facilities in Faraday is comparable to the completeness of general gymnasiums in the market that can fully meet the various fitness needs of employees. The multi-functional fitness center and sport field is also equipped with a number of male and female shower rooms, allowing employees to freshen up after exercising.

In order to provide Faraday employees with a better leisure and sports environment, in 2022, the Company spent over NT\$ 5 million to completely renovate the 10F indoor badminton court and outdoor basketball court. 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.



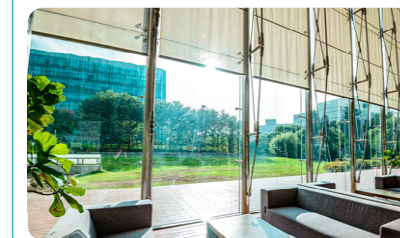
Ecological roof garden

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 are planted; employees can take a walk to watch the flowers and plants any time, relaxing mood and releasing eye fatigue. A pavilion is also set up in the roof garden on 10th floor for employees to enjoy their rest time. 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 ~ 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.

Various welfare and subsidy measures

- ✔ Thoughtful caring measures: Provide employees with birthday gift vouchers, maternity gifts, wedding gifts, funeral subsidies, condolence allowance, and visually impaired massage service for employees to relax from work.
- ✔ Employee travel allowance: Encourage employees to relax in spare time, or spend more time with families during vacations. All the employees can plan for own favorite trip, and the Company will provide high travel subsidies. In 2022, in order to provide more sufficient travel subsidies for employees, it was increased by 30% compared to the previous year; it is more flexible for all the employees to plan for trips.
- ✔ To compliment and give thanks to all the employees for hard work, a Company-wide afternoon tea is offered once a month.
- ✔ 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.
- ✔ In 2022, the Company's revenue increased significantly and shared the operating results with all Faraday employees; and the year-end party bonus had been increased by 40%.

Activities held by the 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.
- ✔ Healthy road running: To encourage employees for outdoor activities, there holds a healthy road running activity on Friday afternoon, divided with groups of "10K Professional group" and "5K Easy-run group". Combine with joy and professionalism to promote both physical and mental health of all 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.

Some activities in 2022 were suspended due to the impact of COVID-19 epidemic, but when the epidemic slowed down, we held online puzzle games, "the golden brain" "travel theme lectures", "healthy road running", "Faraday annual concert on the green", "group recreational 'Dragon Ball' activities", and "Year-end Party". In 2023, all the activities will be resumed to provide moderate physical and mental relaxation for employee.

- ✔ Early Win internship for children of Faraday employees: The workplace experience activity for young students was held every two years, providing exclusive opportunities for children of Faraday employees to explore the career and workplace, and also understand Faraday and its industry. In 2022, a total of 7 children of Faraday employees had participated in the internship activity. The internship units include R&D units and operation support units. The attendance rate of all participants was reached to 99%, and the total satisfaction rate was as high as 90.7%. In terms of curriculum planning, there are not only professional skills experience, softskill general courses, but also career sharing from senior employees, which allow all the participants to create more critical thinking and inspire more sparks in their learnings. Faraday not only takes care of employees but also provides a stage for their children to enlighten and explore themselves.





Employee affinity groups

Faraday encourages employees to participate in affinity groups, so that employees can cultivate personal interests and release pressure from work.

Encourage for affinity group activities

At present, Faraday has a total of 14 clubs, which are wonderful and diverse. In addition to a fixed annual subsidy for affinity-group 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 affinity group activities.

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, dragon ball, 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 affinity groups 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

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.

Employee care system

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.

Condolence allowance

In order to strengthen the Company's care for employees, the condolence management system was launched in 2022. For employees and their immediate family members who are hospitalized or die due to illness or accidents, the Company will provide condolence allowance for employees and their families to be felt taking care by the Company.

Employer-employee communication

Faraday values the opinions and rights of employees, cares for and listens to the various voices and suggestions of employees. We establish multiple communication channels among supervisors, employees, and peers. In addition, we have also created a work environment that employees highly participate in.

Faraday's internal two-way communication channels help the Competent department respond to employees' suggestions efficiently. It builds up a culture of liberal communication.

Employees can send their suggestions about work, life or environment issues through Employee forum, labor and management conference, employee welfare committee, occupational safety and health committee, employee opinion platform and complaint platform. The Competent department will respond and work out best solutions.

A new global platform, Faraday News, has gone online, allowing information sharing among the headquarters and branches globally, not limited by time difference. The information can be about operational performance, technical achievement, and employee activities, etc. Like social media, it comes with the function of pressing likes and leaving comments; all employees can join in and give their opinions easily.

| 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 health 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 |
| Faraday News | Disclosure of Company operating information, quarter report for investor conference R&D technology and results sharing, activity record and highlights of Company activities | Irregularly updated |



Employee safety and health

Occupational safety and health management guideline

Faraday is committed to implementing and continuously improving safety, sanitation, and health, we follow 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. Execute various management plans in a systematic manner to prevent incidents from occurring, lower the undertaken risks to personnel, and enhance 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 occupational 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

To indeed ensure employees' rights and interests related to health and safety, prevent occupational disasters, and ensure the safety and health of employees, Faraday has established safety and health committee in Hsinchu headquarter. At their quarterly meetings, the committee discusses and sets the KPI of environmental safety and health management; reviews, negotiates, and suggests matters related to safety and health; implements all manner of tasks related to occupational safety, health and environment protection.

There are 10 members in the safety and health committee and chaired by the president, the committee had 1 executive secretary and 8 committee members. Of these, labor representatives accounted for 4 positions, so labor representatives then accounted for 40% of the committee (The list of labor representative is passed 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.



Occupational safety and health hazard identification and risk evaluation

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.

Emergency measures in response to COVID-19

After three years of COVID-19 epidemic international peaks, Faraday changed the epidemic prevention policy from "Zero-COVID" to "Mitigation and Coexisting", then to enterprise self-response in cooperation with the Central Epidemic Command Center (CECC) in May, 2022. Under the epidemic situation with increasing number of confirmed cases, we successfully achieved 0-Day operational interruption results.

In response to the changes of the epidemic prevention policy of the Central Epidemic Command Center (CECC), to prevent the spread of the COVID-19 within the Company and reduce the impact and damage towards the Company's operation by the epidemic, a Company-wide epidemic prevention policy presentation was held in early May, 2022; explaining that the policy has changed to "Mitigation" as well as its implementation method. Announcing the correct response and notification process when employees are confirmed cases, establishing employee caring and isolation management mechanism to handle the health status of confirmed employees; for employees who are close contacts or suspected infection, there is a follow-up care mechanism. In addition, we at Faraday prepare the epidemic prevention materials and purchase sufficient rapid screen reagents in advance, and distribute 4 doses of rapid screen reagents to each employee including

outsourcing on-site personnel (cleaning, security, coffee shop, employee cafeterias, IT onsite staff) at the first moment; it is available for immediate use in case of doubt.

To handle and control the latest changes of the epidemic, we hold weekly epidemic prevention meetings, reviewing epidemic prevention regulations and measures with rolling adjustment by the epidemic situation.

"Zero-COVID" at the first stage

2020/01~

- Organized epidemic prevention team
- Rolling adjustment for epidemic prevention policy
- Preparation for epidemic prevention materials

2021/05~

- Adjusted epidemic prevention policy by epidemic alert level
- Encouraged employees for COVID-19 vaccination

"Mitigation and Coexisting" at the second stage

2022/04~

- Adjusted epidemic prevention policy by national policies
- Preparation for rapid screen reagents
- Prevented the spread of internal epidemics



✔ **Response procedure for confirmed employee**

Plan the Company's response measures at each stage according to the severity of the epidemic; implement a risk assessment and management system for confirmed employees, outsourcing on-site personnel, and their close contacts.

✔ **Health management for employee/outsourcing on-site personnel**

- Wear the mask all the time and wash hands when entering the Company
- Employee must wear masks when taking elevators, attending meetings, and waiting in line for meals inside the Company.
- Each floor is equipped with thermometer for body temperature checking; washing hands with alcohol hand sanitizer.
- Confirmed employees self-notification and sets up "Suspected Infection Handling Guidelines" response
- Caring confirmed employees and tracking mechanism for those suspected of infection; setting up a separate rapid screening area for those in need.

✔ **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 lecturers, club coaches, and massagists) 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 can only stay in the meeting rooms on the 1st floor; entering office area is not allowed.

- External lecturers and club coaches should follow the "Suspected Infection Handling Guidelines" when entering the Company. For those who are not fully vaccinated, masks must be worn throughout the course to keep the social distance.

✔ **Management policies for going abroad/returning home**

- Because the global epidemic continues to heat up in the beginning of 2020, to ensure the health of all employees, the global two-way business trip was suspended and replaced by phone/video meetings.
- 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 of infection to proceed self-health management.
- Handle and control the health situation of employees returning to Taiwan from abroad; handling the results of the rapid screening after returning to Taiwan and responding to the self-health management mechanism.

✔ **Reduce office infection risk**

- 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 household fast screening reagent, masks, protective clothing, ear (forehead) thermometers, bleach, alcohol, alcohol automatic sprayers, etc.

✔ **Epidemic prevention achievement**

| Epidemic prevention achievement | First stage Before 2022/4/12 | Second stage After 2022/4/12 |
|---------------------------------|---|--|
| Goal | Strictly control behavioral risks to prevent employees from getting infected and ensure the safety of employees | Company's self-response process to prevent internal spread and ensure for uninterrupted operations |
| Achievement | Zero confirmed employees | <ul style="list-style-type: none"> • Interrupted operation days: 0 • There is no pandemic within the Company. • When a confirmed case occurs, employees respond immediately and correctly according to the Company's infection handling guidelines. |



Hazard identification in the working environment

Faraday identifies and controls workplace safety hazards that employees are likely to encounter (such as electrical devices and other power, fire, vehicle, slipping, tripping, and drop hazards). We control such hazards through correct design/planning, engineering improvement, 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 2022, high-risk operation areas were carried out risk level assessment planning, and took necessary safety and health measures to prevent occupational accidents.



| Work Area | ESD Clean Room | | ESD Laboratory | |
|------------------|--|---|---|---|
| Observation date | 2022/01/21 | | 2022/02/18 | |
| Hazard category | Human hazard | Maternal health protection | Human hazard | Maternal health protection |
| Evaluation basis | Lifting, Holding, Carrying (LHC) Evaluation Form | Maternal Health Protection Workplace and Operation Hazard Assessment Form | Manual Handling Operating (MHO) Checklist | Maternal Health Protection Workplace and Operation Hazard Assessment Form |
| Risk level | Medium load | Level-1 management | Low load | Level-1 management |

| Work Area | Welding Work Area at 5F Lab | | High-low Temperature Testing Area at 5F Lab | |
|------------------|---|---|---|--------------------|
| Observation date | 2022/04/22 | | 2022/04/22、7/27 | |
| Hazard category | Human hazard | Maternal health protection | Maternal health protection | Noise hazard |
| Evaluation basis | Manual Handling Operating (MHO) Checklist | Maternal Health Protection Workplace and Operation Hazard Assessment Form | Maternal Health Protection Workplace and Operation Hazard Assessment Form | Decibel meter |
| Risk level | Low load | Level-1 management | Level-1 management | Level-1 management |



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 commission a professional team to proceed regular sampling, monitoring, and analysis of CO₂ and illuminance 2 times a year. The monitoring results of the working environment in recent five years are all in compliance with the regulations.

Environmental health

Faraday puts high 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 and recycling, 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 facilities as central RO reverse osmosis water dispenser, refrigerator, and coffee machine. These help employees enjoy a good working environment.

Occupational safety and health awareness and cultural shaping

Faraday is an IC design and R&D Company. We have no production environment, and thus there are minimal concerns about industrial waste water, waste gases, toxins, or chemicals. However, we are deeply realized that only if we care about safety will we be able to reach our corporate sustainability goals. We are also realized that employee behavioral safety and attitudes are the key to implementing all the work, so we devote ourselves to stable development on the basis of “safety first”. 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, and protect employees’ safety. We hold different types of safety and health training activities for different types of workplaces, such as 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.

In addition, for personnel of subcontractor, our “Safety and Health Management Procedure for Contractors Operation” requires that they should provide the relevant required health and safety certifications and training information, and they have to be informed of possible hazards, safety and health checks before and during construction when entering the Company. This helps to guarantee the safety for subcontracted personnel to work inside the Company. 662 employees were taken safety and health-related training course in 2022 with a total training hours of 766.5 hours.



| Course name | Total numbers of trainees | Total hours of trainees |
|---|---------------------------|-------------------------|
| New recruit safety & health trainings | 89 | 267 |
| Disaster drills | 495 | 247.5 |
| First-aid personnel initial training | 3 | 48 |
| Traffic safety and accident prevention propaganda | 48 | 96 |
| Fire safety and self-defense group training | 27 | 108 |
| Total | 662 | 766.5 |

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 recruits onboard to make them 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 2022, the total number of new recruits in safety and health training was 89, and the total training hours were 267 hours.

Disaster drills

In order to strengthen all employees' adaptability towards the emergency disaster accident, through holding actual disaster drills, employees can familiarize themselves with the evacuation route, shorten the spending time on evacuation, and count the personnel after evacuation, so as to minimize the injury in case of disaster. In 2022, the total number of participants in the disaster drills was 495; the evacuation of the entire

building and the counting of personnel were completed within 12 minutes and 45 seconds after the alarm sounded.

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 only 12 personnel based on the number of employees in 2022; yet to increase the coverage ratio of first-aid personnel and provide timely and appropriate first-aid treatment, additional 3 employees were sent to participate in the initial training, and the number of qualified first-aid personnel increased to 15 to furtherly protect the basic life safety of employees. In 2023, it is planned to send 3 more personnel to participate in the initial training to increase the coverage density of first-aid personnel.

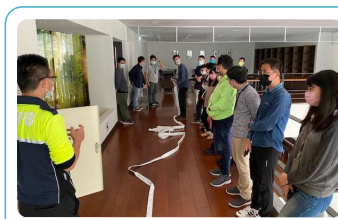
Traffic safety and accident prevention advocacy

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 for strengthening advocacy to the high-risk group, improving employees' traffic safety knowledge, and developing good habits of safe driving and defensive driving. In 2022, a total of 48 people had participated in traffic safety advocacy courses with the total training hours of 96 hours.

Fire safety advocacy 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-protect-ed to effectively reduce the losses caused by disasters and accidents. In 2022, a total of 27 people had participated in fire safety training with the total training hours of 108 hours.



Occupational accident response and effectiveness

Faraday puts emphasis on the occupational disease prevention and employees' physical and mental health issues. In order to strengthen the prevention and control of occupational disease and ensure labor rights, it is committed to "Safety at first priority and relieved workplace". Its occupational disease prevention and protection targets include all employees and contractors. 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 disease 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



Occupational accident disability statistics

In accordance with the Occupational Safety and Health Administration, Ministry of Labor definition of disabilities due to occupational accidents, if commuting accidents occurring off the Company grounds are excluded, Faraday had no diseases, injuries, losses of ability, or deaths due to work-related causes in 2022. For the traffic accidents of sporadic employees on their way to and from get off work, the statistics are as follows:

| Item | Calculation parameter | 2022 | 2021 | 2020 |
|---------------------------------|-----------------------|-------|--------|---------|
| Injury rate(IR) | Male | 0.550 | 0.264 | 1.2696 |
| | Female | 0.000 | 0.657 | 0.0000 |
| | Total IR | 0.387 | 0.377 | 0.9429 |
| Occupational disease rate (ODR) | Male | 0.000 | 0.0000 | 0.0000 |
| | Female | 0.000 | 0.0000 | 0.0000 |
| | Total ODR | 0.000 | 0.0000 | 0.0000 |
| Lost day rate(LDR) | Male | 0.275 | 0.792 | 52.0548 |
| | Female | 0.000 | 0.657 | 0.0000 |
| | Total LDR | 0.194 | 0.754 | 38.6609 |
| Annual deaths | | 0 | 0 | 0 |

Note 1. Light injuries (those that can be resolved through on-the-spot-care) are not included within the IR.

Note 2. Injury rate (IR) = (Total number of disabling incidents/total hours worked) * 200,000. (That is, the rate per 100 workers x 50 weeks in a year x 40 hours per week.

The same definition below) "Total working hours" refers to the calculation based on the number of actual working days per year * 8 hours (The same definition below).

Note 3. Occupational disease rate (ODR) = (Total number of occupational diseases/total hours worked) * 200,000.

Note 4. Lost day rate (LDR) = (Total number of work days lost/total hours worked) * 200,000. "Number of work days" refers to "calendar days", calculated starting the day after the incident.

Note 5. 2019 ~ 2022 injury incidents were all as a result of traffic accidents while employees were commuting to or from work.

Note 6. The employee numbers reflected in the data above are calculated on the basis of all permanent employees employed as of Dec. 31st, not including other laborers.

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 occupational safety and health nursing, life caring and medical care, health check plan, 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.

2022 actual performance

| Subject | Actual performance | Method |
|----------------------------|---|--|
| Maternal health protection | Obtained "Premium breastfeeding room certification" by public health bureau, Hsinchu City | Encourage mothers who return to workplace to keep on breastfeeding after giving birth |
| Health check plan | Increase employee health check expenses by 88% | Provide employee health check that is better-than-legally-mandated standards 1. Health check once every two years 2. Planning for thematic health check items 3. Increase health check expenses |
| Healthy lifestyle | Be qualified for "Badge of Accredited Healthy Workplace" by competent authority - Health Promotion Administration | Validity period: 2023/01~2025/12 Continue to promote a healthy workplace and design thematic health promotion activities |

Occupational safety and health nursing

Faraday sets up a complete safety and health plan for "Maternal health protection, Abnormal workload-induced disease prevention and management, Human-induced hazard assessment, and Prevention of unlawful violations in the performance of duties" by the Occupational Safety and Health Law; taking 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 workplace health, and to improve work quality.

Maternal health protection plan

Faraday optimizes breastfeeding room facilities; providing 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, health education manual, specific refrigerators, water dispensers, comfortable backrest and lumbar pillows, wet wipes, and bottle cleaners for employees to use and continue breastfeeding at ease and improve breastfeeding rates.



Occupational doctor/nurse, and occupational safety and health personnel are arranged to identify the working environment and occupational hazards, and divide the risk level and necessary prevention measures to be taken 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.

- In 2022, there were a total of 11 employees on the maternal health protection list that had completed individual hazard assessments, classification management, and the health protection rate achieved 100%.

Prevention & management plan for ailments induced by exceptional workload

The office environment of Faraday is good, 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

In 2022, Faraday arranges 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 accidents and evaluate the hazard score by the musculoskeletal injury questionnaire. If a case of high

repetitive work or cumulative muscle discomfort is found, then arrange interviews or further onsite work observation by using 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 incidence rate of musculoskeletal soreness.

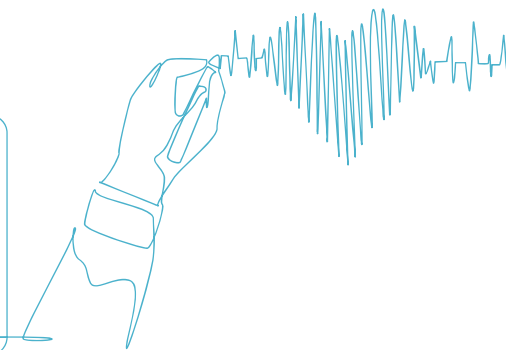
Prevention plan for illegal infringements on duty

In order to ensure that employees work in a safe and comfortable working environment and avoid physical or mental harm due to illegal infringement acts, the "Prevention Plan for Illegal Infringements in the Performance of Duties" is specially set up to properly prevent and deal with workplace violence. When assessing possible or when workplace violence has already occurred, this plan will be immediately triggered to protect the physical and mental health and safety of employees. In 2022, there were 0 case occurred in the Company.

Life caring and 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 10 times/year by regulations, providing employees with relevant health 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 2022, a total of 101 employees were implemented for this onsite service. Due to the annual health check, the number of consultation sessions and quotas after the health check were increased at the same time; providing employees with medical report tracking recommendations by specialist doctor.





Infectious disease prevention

In order to prevent the spread of influenza in the workplace, by the three-sections and five-levels in the prevention healthcare, the first section was achieved to promote health and special protection, and we promote the prevention of infectious diseases and other health information. Also, Faraday holds influenza vaccination every October, provides employees and family dependents with convenient flu vaccination within the Company. In 2022, there were a total of 173 people receiving flu vaccination.

Case tracking and management

For employees who found health examination reports as abnormal, occupational accidents, or found or received notifications in daily operations, the Company nurse will do grading, tracking, listing for case management according to the type and degree of abnormality; providing personalized health management and health education and taking advantages for the opportunity of onsite doctor service, inviting consultation and proceeding health tracking.

Health check plan

Faraday believes that employee health is greatest asset of the enterprise. Through three-sections and five-levels as mentioned in the prevention healthcare, do various health check and follow-up management. In addition to health check items and frequency that are better-than-legally-mandated standards, in 2022, comprehensively increased the cost of health check expenses by 88% for comprehensive protection of employee workplace health.

General health check for new recruits

New recruits after the physical examination will be managed by tracking mechanism according to abnormality standards. For special cases that need case management, will do file tracking by category and

provide personalized health education. In 2022, in order to take care of the health for dispatched workers, they were included to the Company's subsidized medical examination.

General health check

Faraday conducts employee health checks that are better-than-legally-mandated standards and proceeded once every two years; in 2022, we increased the expenses of health checks and held in the fourth quarter. The thematic health check items were designed by the category of high health risk, and planned the screening for cancer of high prevalence rate among fellow citizens. It is suggested that early detection and early treatment, so as to prevent it from happening.

Before the health check, to ensure the quality of the health check service, Faraday selects suitable hospital to implement health check with both quality and cost-effectiveness according to the health check theme of the year, and provide employees with good health check quality and meaningful health check.

During the health check period, keep an eye on the daily check-up rate, so that all employees can be checked as scheduled date; do the deficiency improvement promptly based on the daily health check satisfaction questionnaire and confirm that the hospital has already done sample racking and quality control according to the contract; there were 99.06% of the check-up rate in 2022.

After the health check, according to the health management gradation, the priority is given to those who are major abnormalities for immediate medical service tracking; for those who are level 4 will prioritize the arrangement for one-on-one consultation services with on-site doctors, and referrals to outpatient hospitals for treatment and tracking when necessary. As to employ-

ees of other levels, the Company nurse will provide health education service. In addition, according to the statistical analysis results of the abnormal rate, Faraday plans the health promotion activities in 2023, we will guide employees to build up healthy living habits to achieve the goal of improving personal health; enhance personal health concepts to furtherly expand their influences on family health as well.

To protect the health of employees, it is planned to provide free "Low Dose Spiral Computed Tomography (LDCT)" examinations since 2023 for achieving the health care effect that "prevention is better than cure".

Sophisticated health check

Faraday plans high-level sophisticated health check to take care of the health of the senior executives and the expenses of health checks were increased in 2022. 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.

Healthy lifestyle

In order to let employees understand the importance of a healthy lifestyle, eliminate risk factors that endanger health, cultivate a healthy attitude towards life, practice healthy behaviors, and create a healthy workplace atmosphere; for the hardware equipment at Faraday, we have 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 promotion activity

When epidemic slowed down and followed the epidemic prevention regulations of the Company, 2022 health promotion activities were held including "Faraday Road Running, Out of addiction/Quit smoking, carbon monoxide detection, Health lecture by specialist, Blood donation and infectious disease prevention health education". We also widely invited outsourcing on-site personnel to participate in the activities together.

Out of addiction" quit smoking activity

To be paired with the take-bonus activity of "Quit & Win" by National Health Administration, we encouraged employees to participate in the Company's out of addiction quit smoking activities. Weekly carbon monoxide detection, on-site doctor consultation, and health education by Company nurse were arranged, and have continuously done tracking for effective quitters up to 6 months; we took good care of employees' health to improve the Company image and productivity.

Health lecture by specialist doctor

In 2022, two health lectures were held with the participation of 262 employees in total. We invited specialist doctor of the hospital to give incisive lectures so that employees can obtain correct health information.





Environmental sustainability



1.71%

Average annual power-saving rate

Average annual power-saving rate dropped by 1.71% during 2015 ~ 2022.

35.43 tons of CO₂e

Annual carbon reduction

Energy-saving equipment all updated on schedule, annual electricity saving: 69,596 KWh, annual carbon reduction: 35.43 tons of CO₂e

20,122 KWh

Build renewable energy

The solar photovoltaic power generation system was self-built on the building roof of Hsinchu headquarter on October, 2022. The total electricity production as of December 31, 2022 is 20,122 KWh.



33%

Recycling of waste resources

Amount of waste resource recycling: 8.26 metric tons. Recycling of waste resources, recovery rate achieved 33%

0

Environmental incidents and fines

No environmental incidents and fines in 2022





Environmental protection policy

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

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 supports TCFD, Task Force on Climate-Related Financial Disclosures; we are the world's first ASIC design service company and Taiwan top 30 supporters listed on official TCFD website.

"Climate change is one of the most critical sustainability issues facing the semiconductor industry today. As an application-specific integrated circuit (ASIC) design company specializing in low-power solutions, Faraday gets a step ahead to support the TCFD recommendations. By adopting the TCFD framework, we can effectively disclose climate-related financial risks, opportunities, and strategies of our business and corporate governance for our stakeholders' concerns."

 President & CEO,
Faraday Technology Corporation

By following the TCFD reporting structure, Faraday is supervised by the corporate sustainability committee under the board of directors, the President who serves as chairman reviews the performance and reports to the board of directors at least once every year; so that the board of directors and senior management can understand the impact caused from climate change, and disclosure climate related information with the structure of four scopes: governance/strategy/risk management/indexing and goal listed in "Recommendations of the Task Force on Climate-related Financial Disclosures" announced by TCFD, provide consistent information to investors and other stakeholders, collaborate with

subcontractors/partners to promote environmental sustainable development.

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.



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 energy management related laws and regulations announced by the Bureau of Energy required that from 2015 to 2024, average annual power-saving rate has to drop by over 1% per year. | Faraday abides by all laws and regulations. Every year, we report an energy-saving plan and carry it out. From 2015 to 2022, our average annual power-saving rate dropped by 1.71%. 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 | Climate Change Response Act | In response to Taiwan's Climate Change Response Act, the company needs 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 is a company with paid-in capital of below NT\$ 5 billion; the GHG inventory schedule is at the third stage, the inventory shall be completed in 2026 and the verification shall be completed in 2028. According to the released reference guide and related regulations, the corporate sustainability committee plans the GHG inventory and verification schedule for Faraday and subsidiaries of consolidated financial statement, regularly reports the execution status and result to the board of directors every quarter. |
| | 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. |



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. |
| Adjustment and improvement | 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. |

Energy use and greenhouse gas management

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 power consumption. The primary power source used is externally-purchased electricity. Faraday continuously improves our inventorying of GHG emissions and implements relevant management. In accordance with inventory results, we proactively promote GHG emission reduction measures.

reduction of 187,241 KWh over 2021; 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.

2022 ~ 2020 power usage

| Year | Externally-purchased power (KWh) | GJ |
|------|----------------------------------|------------|
| 2022 | 6,451,688 | 23,226.077 |
| 2021 | 6,638,927 | 23,900.137 |
| 2020 | 6,837,524 | 24,615.086 |

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.

Energy use data

In 2022, Faraday used a total of 6,451,688 KWh, the

2022 ~ 2020 Statistics table of energy intensity

| Year | 2022 | 2021 | 2020 |
|--|------------|-----------|-----------|
| Revenue/million dollars | 11,466.455 | 6,710.159 | 4,925.300 |
| Electricity use (KWh/year) | 6,451,688 | 6,638,927 | 6,837,524 |
| Energy intensity (KWh/million dollars) | 562.657 | 989.384 | 1,388.24 |

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





Greenhouse gas inventory

Financial Supervisory Commission has released “Sustainable Development Roadmap” in March, 2022. Faraday is a company with paid-in capital of below NT\$ 5 billion; the GHG inventory schedule is at the third stage, the inventory shall be completed in 2026 and the verification shall be completed in 2028. According to the released reference guide and related regulations, the corporate sustainability committee plans the GHG inventory and verification schedule for Faraday and subsidiaries of consolidated financial statement, regularly reports the execution status and result to the board of directors every quarter.

Planning table for GHG inventory and verification schedule

| Schedule | | Phase-1 2022~2024 | Phase-2 2025~2027 | Phase-3 2028~2030 |
|-------------------------------------|------------------------|-----------------------|---|----------------------|
| International trend and regulations | GHG inventory planning | 2024 (Parent company) | 2025 (Subsidiaries of consolidated financial statement) | 0 |
| | Verification | X | Faraday (2026) Subsidiaries of consolidated financial statement (2027) | 0 |

Faraday adopts the operational control method, with the Hsinchu location as the primary greenhouse gas (GHG) emission inventory site. 2022 total GHG emissions amounted to 3,395.233 metric tons of CO₂e/year. The direct GHG emissions were 111.324 metric tons of CO₂e/year, accounting for 3.279% of total emissions; the indirect GHG emissions were 3,283.909 metric tons of CO₂e/year, accounting for 96.721% of total emissions. The primary emission source is externally-purchased power.

2022 inventory results of energy indirect emissions: Total emissions were 3,283.909 metric tons of CO₂e, accounting for 96.721% of the total emission

| 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) | ✓ | | | | 3,283.909 |

Note 1: Using the Bureau of Energy's announced 2021 ratio for electricity carbon emission factor of 0.509 Kg CO₂e/KWh. Note 1: Using the Bureau of Energy's announced 2021 ratio for electricity carbon emission factor of 0.509 Kg CO₂e/KWh.

2022 direct source inventory results: Total emissions were 111.324 metric tons of CO₂e, accounting for 3.279% of the total emission

| 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) | ✓ | ✓ | ✓ | | 9.589 |
| | Diesel fuel | ✓ | ✓ | ✓ | | 1.700 |
| Mobile sources | Gasoline | ✓ | ✓ | ✓ | | 1.257 |
| Fugitive sources | Septic tanks | | ✓ | | | 1.623 |
| | Refrigerant | | | | ✓ | 97.155 |
| | Fire extinguishers | ✓ | | | | 0.000 |
| Total | | | | | | 111.324 |

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.
 Note 3: Refrigerant emission is circulated by replenishment (Refrigerant emission increment is refrigerant filling of air conditioner ice water host maintenance.)
 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.

2022 ~ 2020 total Faraday GHG emissions in metric tons CO₂e/year (Direct and indirect)

| Year | | GHG type | | | | | | Total |
|------|--|-----------------|-----------------|------------------|----------|--------|-----------------|-----------|
| | | CO ₂ | CH ₄ | N ₂ O | HFCs | PFCs | SF ₆ | |
| 2022 | Emission amount (metric tons CO ₂ e/year) | 3,296.3907 | 1.6412 | 0.0459 | 97.1550 | 0.0000 | 0.0000 | 3,395.233 |
| | As percentage of total emissions (%) | 97.089 | 0.048 | 0.001 | 2.862 | 0.000 | 0.000 | 100.000 |
| 2021 | Emission amount (metric tons CO ₂ e/year) | 3,343.1416 | 1.8939 | 0.0351 | 243.1000 | 0.0000 | 0.0000 | 3,588.171 |
| | As percentage of total emissions (%) | 93.171 | 0.056 | 0.001 | 6.775 | 0.000 | 0.000 | 100.000 |
| 2020 | Emission amount (metric tons CO ₂ e/year) | 3,493.0031 | 1.9279 | 0.0736 | 0.0000 | 0.0000 | 0.0000 | 3,495.005 |
| | As percentage of total emissions (%) | 99.943 | 0.055 | 0.002 | 0.000 | 0.000 | 0.000 | 100.000 |

Note 1: Faraday does not use biofuel.



Execution plan for energy saving and carbon reduction

2022 energy reduction and result

Investment amount of energy-saving plan is NT\$1.25 million, the details are listed below:

- Changed fluorescent lights (36W) in testing area to LED lights (18W): 115 in total
- 115 fluorescent lights (36W) in testing area were changed to LED lights (18W), the total electricity saving was 17,595 KWh, total carbon reduction was 8.96 tons of CO₂e.



The adsorption dryer of air compressor system was changed to energy-saving type.

- The air consumption of the original adsorption dryer is 15%, the air consumption is reduced to 3% after changing with the one of energy-saving type; it can save the electricity of air compressor system, total electricity saving was 44,161 KWh, total carbon reduction was 22.48 tons of CO₂e.



2022 renewable energy usage

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.

The solar photovoltaic power generation system was self-built on the building roof of Hsinchu headquarter on October 14th, 2022. The installed capacity is 89.70 KWp, and the generated electricity is provided for factory use. The total electricity production as of December 31, 2022 is 20,122 KWh, and the carbon emission is 10.242 tons of CO₂e. The estimated annual average electricity production is about 93,731 KWh (Annual carbon emission is 47.709 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.

2023 continuous energy-saving plan

| | Lighting | Electricity |
|--|---|---|
| Type | Use LED light to replace light steel frame lamp | Replace the old with the new for UPS (Uninterruptible Power Supply) |
| Description | Change light steel frame lamp (32W*3) on 8F to LED lights (18W*3): 120 in total | Replace the old with the new for UPS (Uninterruptible Power Supply) |
| Estimated annual electricity saving (KWh) | 15,120 | 117,820 |
| GHG reduction (Metric tons of CO ₂ e) | 7.697 | 59.970 |
| Total | 67.667 | 128,640 |

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/Waste-reduction 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.
- Regularly promote and implement employee trash sorting and recycling
- Installed 16 hand dryers to replace paper towels in the restrooms, to reduce toilet paper usage and waste output.
- **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 do office checks every two hours starting at 8 pm, 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.



Water resource management

100% of Faraday's water comes from the Taiwan Water Corporation, we do not take surface water, underground water, produced water, third party water. The main use of water is domestic water; it is no process water, and also no waste water produced by process, it is only general domestic sewage from the workplace.

In 2022, total water usage was 18,512.611 KL, the increment of 276.369 KL over 2021. The primary reason is that by the impact from COVID-19 epidemic, employees took turns to office in May ~ July of 2021, therefore the water consumption in office decreased. In 2022, the epidemic slowed down and returned to normal work style, Faraday continues to roll out a variety of water reduction measures and promotion, in hopes of reducing and controlling water resource usage.

2022 ~ 2020 water consumption intensity

| | 2022 | 2021 | 2020 |
|--------------------------------------|------------|------------|------------|
| Revenue/million dollars | 11,466.455 | 6,710.159 | 4,925.300 |
| Water resource usage (KL/year) | 18,512.611 | 18,236.242 | 22,575.292 |
| Water intensity (KL/million dollars) | 1.615 | 2.718 | 4.584 |

Note 1: Water intensity: Annual water usage/Revenue

2022~2010 water usage

| Year | Externally-purchased water (KL) |
|------|---------------------------------|
| 2022 | 18,512.611 |
| 2021 | 18,236.242 |
| 2020 | 22,575.292 |

Note 1: Water usage statistics are limited to the Hsinchu location, and the Taipei and Tainan offices.

Note 2: The Taipei and Tainan offices are part of multi-tenant office buildings. The water usage is converted by the estimation of average annual water consumption per person of Hsinchu location.

Waste management

Faraday carries out waste management in accordance with the Waste Disposal Act and with the Enterprise Waste Disposal Plan. We follow the methods described in the Enterprise Waste Disposal Plan in contracting EPA-certified, standards-compliant providers to do waste clearance and disposal. According to the regulation of the Waste Disposal Act, regularly report the production, storage, elimination and quantities of such waste disposal online every month. 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 created by the company, we do regular employee promotion and implement employee trash and recyclable sorting. During the process of cleaning staff collection, they do layer-by-layer re-check and recycling, and implement general waste reduction. We have achieved the annual goal of over 30% resource recovery rate in 2022. Statistics show that for 2022, the headquarters produced approximately 26.13 metric tons of industrial waste. Of these, general industrial waste accounted for 24.12 metric tons, while hazardous industrial waste accounted for 2.01 metric tons.

2022 ~ 2021 industrial waste disposal status:

| | Waste Type | Disposal Method | 2022 | | 2021 | |
|-----------------------------------|--|-----------------|---------------------------------|-------|---------------------------------|-------|
| | | | Disposal Capacity (metric tons) | Ratio | Disposal Capacity (metric tons) | Ratio |
| General industrial waste | General waste | Incineration | 15.45 | 59% | 14.97 | 61% |
| | Resource recycling (Waste paper, scrap iron/aluminum containers waste lighting source) | Recycling | 8.67 | 33% | 9.18 | 37% |
| Hazardous industrial waste | Scrapped electronic parts and components, leftover scrap and defective goods | Outsourcing | 2.01 | 8% | 0.49 | 2% |
| Total | | | 26.13 | 100% | 24.64 | 100% |

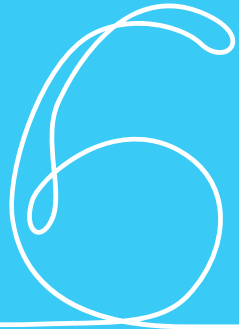
Note 1: Ratio = Disposal capacity of waste type/Total amount of industrial waste

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 2022 was calculated via the actual output scale of July.

Note 3: Hsinchu is Faraday's primary business location; statistics are limited to Hsinchu operations, and the Taipei and Tainan offices.

Note 4: The Taipei and Tainan offices are part of multi-tenant office buildings. It is converted by the estimation of average annual waste production per person of Hsinchu location.





Social contribution



\$500,000

Grounded in nurturing Taiwan baseball talents

Grounded in grass roots, nurturing Taiwan excellent baseball talents, sponsoring the baseball team of Tung-Shih junior high school

\$500,000

Sponsor local children's medical care

Sponsor children's medical care in Chu-Miao district: Preparation and operation of Hsinchu MacKay Children's Hospital

\$508,688

Helping local social welfare organization

Help with donation for local social welfare organization: Huaguang intelligence development center, helping the care of residents who are moderate/severe intellectual disabilities

101U



Responding to blood donation activities

Every year, Faraday continuously encourages employees to respond to blood donation activities in order to give to blood banks, create benefits for more people who need blood.

\$95,300

Subscribing warm winter gifts for Hsinchu Family Support Center

Love subscribing the annual fair ticket of Hsinchu family support center and warm winter gifts, taking care of children from disadvantaged families.

1,000 meters

Sustainable 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.





Faraday makes contribution to society by taking specific and positive actions, encourages employees to participate together, continues to devote effort to social welfare such as helping the local disadvantaged, education promotion, and ecological conservation, including “Grounded in nurturing Taiwan baseball talents”, “Sponsor local children’s medical care”, “Helping local social welfare organization”, “Support cultural and artistic activities”, “Responding to blood donation activities”, “Education promotion”, “Sustainable ecology” as our core principle.

More, Faraday has long term supported domestic cultural and artistic development, regularly invites domestic art group/band/performing artist to perform in the company event every year, and ladles out to domestic cultural and artistic activities.

Grounded in nurturing Taiwan baseball talents

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 continuously sponsors the baseball team with NTD\$4.7 million in 10 years since 2021, hope to help Taiwan physical education in cultivating excellent sports talents, and encourage young students to work hard to keep pursuing their dreams.

Sponsor local children’s medical care

Hsinchu MacKay Memorial Hospital sets up Children’s Hospital in 2022, provides children with advanced medical technology, equipment, drug treatment, and provides economically disadvantaged patients for complete and sound treatment and care during treatment to relieve family financial pressure. Software and hardware preparation for hospitals and the hospital start operating from September 1st, 2022, relevant resources still need assistance from all sectors of society.

In response to the effort of Hsinchu MacKay Children’s Hospital in children’s medical and vulnerable care, Faraday will denote a total of NT\$ 2 million for 4 consecutive years since 2022, in order to sponsor the construction and operation of Hsinchu MacKay Children’s Hospital.



Helping local social welfare organization

Faraday believes that giving back to society cannot be limited to monetary contributions alone. We look forward to igniting compassion and joining small deeds together to become greater efforts. By integrating employees’ care and strength, let employees participate in public welfare, and contribute one’s share to local social welfare groups.

Help Guanxi Huaguang intelligence development center in Hsinchu county with the donation of NTD\$508,688



With the heart of local care, Faraday combined with employee power, and continuously showed solicitude for Guanxi Huaguang intelligence development center in Hsinchu County with the donation of NTD\$508,688; among them, Faraday denoted NTD\$100,000 and employees denoted NTD\$408,688. Hope to directly help those who are poor and disadvantaged with mild/moderate/severe/extremely severe multiple disabilities and autism. Faraday will continue denoting to this development center in 2023.

Love subscribing warm winter gifts for Hsinchu Family Support Center

Faraday employees 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 employees participate in the scene of the fair to have a good time with the children, more employees 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, employees 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 2022, employees donated a total of NTD\$95,300 in the Hsinchu Family Support Center Philanthropy Event. Of these, 46 donated NTD\$75,000 in general living expenses, and 19 bought fair tickets worth NTD\$20,300.

Support domestic performing group and cultural/artistic activities

Faraday has long-term supported and ladles out to domestic performance group and cultural and artistic activity, and they are invited to perform in various events held by the company. When the epidemic slowed down in 2022, Faraday held concert on the green by inviting domestic band and performing artist for performance. In 2023, we will plan more diversely for infusion of arts and cultural activities and actively encourage employees to get more exposure to cultural and artistic activities.





Responding to blood donation activities

Every year, Faraday continuously encourages employees to respond to blood donation activities. Blood donation activities are held two times a year to give to blood banks, create benefits for more people who need blood, and perform our corporate social responsibility. Employees 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 employees support public welfare causes.

In 2022, 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 2022, the blood donation activity in December resumed. There were 74 participants, donating a total of 101 units of blood.



Education promotion

Faraday pays attention to Taiwan's high-tech industrial development and talent cultivation. We actively cooperate with government policy and participate in industry promotion activity; keep co-working with school in technology research project for many years, establish a two-way communication platform to be dedicated to the high-tech industry together.

To save and strength Faraday's R&D energy, and facilitate academic exchange opportunities, we step into campus every year to give keynote speech for chief school. Faraday senior supervisors share their practical industry experiences with students from various institutions, in the hope that under the premise of industry-academia co-prosperity, students can learn about the history of the high-tech industry and Faraday value from the technical level; and encourage the undergraduate students to actively learn and grow so as to become a new force in the technology industry in the future.

In 2022, not affected by the epidemic, Faraday still hopes to bring more learning enlightenment to students from various institutions. When the epidemic is severe, Faraday gives campus speech by remote connection; the connection to campus remains uninterrupted, broadens students' horizons, and cultivates talents with future R&D potential. When the epidemic slowed down, Faraday senior supervisors went far in person to Huadong area and held a two-day program of "Elite development class for Cell-based design", let learning without geographical limitations, provides students in Huadong area an opportunity to get a close look at the IC design service industry and invites the outstanding students to join Faraday.

2020~2022 campus speech session

| Year | Session | School |
|------|---------|---|
| 2020 | 5 | NTHU(3 sessions), NCTU, NCHU |
| 2021 | 3 | NCU(2 sessions), NCHU |
| 2022 | 5 | NCHU(Online), NDHU (Online), NTU of Science and Technology (2 sessions: online/in person), NTU of Technology (Online) |
| | 1 | National Dong Hwa University, held the program of "Elite development class for Cell-based design" |

Sustainable ecology

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

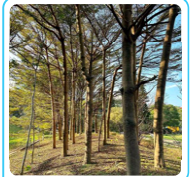
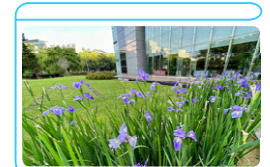
In Hsinchu headquarter, Faraday reserves a thousand square meters area to carry out ecological greening, plants hundreds of plants including diverse Taiwan native species, to provide natural space for biological habitat and reproduction.

Moreover, Faraday has become a partner of UMC Eco Echo Award since 2017, with sponsorship amount of NTD\$250,000 in 2022. 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. Official website of Eco Echo Award: ecoechoaward.com

Ecological education

Within the company, Faraday has 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.





Appendix





GRI 1: Foundation

Statement of use : 2022 Sustainability Report was published with reference to the GRI Guidelines; data information ranges from Jan. 1st to Dec. 31st, 2022.

GR1 use version : GRI 1 : Foundation 2021

GR1 application of industry guidelines : None

GRI 2: General Disclosures

| Index | Disclosure requirement | Report chapter or description | Page | Omissions/Notes |
|-----------------------------------|---|---|----------|-----------------|
| Organization and reporting | | | | |
| 2-1 | Organizational details | About Faraday | 5 | |
| 2-2 | The entities included in report | About this report | 2 | |
| 2-3 | Reporting frequency and contact information | About this report | 2 | |
| 2-4 | Restatement of information | No changes in mergers or acquisitions, reporting periods, business nature and measurement Appendix: | 2 | |
| 2-5 | External assurance | Independent Assurance Opinion Statement | 116,117 | |
| Activities and workers | | | | |
| 2-6 | Activities, value chain and other business relationships | About Faraday | 5 | |
| 2-7 | Employees | Friendly Workplace | 71 | |
| 2-8 | Workers | Friendly Workplace | 71 | |
| Governance | | | | |
| 2-9 | Governance structure and composition | Corporate sustainability committee. 1.Corporate Governance | 8,32 | |
| 2-10 | Nomination and selection of the highest governance body | 1.Corporate Governance | 32 | |
| 2-11 | Chair of the highest governance body | 1.Corporate Governance | 32 | |
| 2-12 | Supervision of impact management from the highest governance body | 1.Corporate Governance | 37 | |
| 2-13 | Delegation of responsibility | Corporate sustainability committee. 1.Corporate Governance | 8,33 | |
| 2-14 | Role of the highest governance body in sustainability reporting | Corporate sustainability committee. 1.Corporate Governance | 8 | |
| 2-15 | Conflicts of interest | 1.Corporate Governance | 10,32,42 | |
| 2-16 | Communication of critical concerns | 1.Corporate Governance | 37 | |
| 2-17 | Collective knowledge of the highest governance body | 1.Corporate Governance | 32 | |
| 2-18 | Performance evaluation of the highest governance body | 1.Corporate Governance | 35 | |
| 2-19 | Remuneration policy | 1.Corporate Governance | 37 | |



GRI 2: General Disclosures

| Index | Disclosure requirement | Report chapter or description | Page | Omissions/Notes |
|--|--|---|-----------------|---|
| Governance | | | | |
| 2-20 | Process to determine remuneration | 1. Corporate Governance | 35 | |
| 2-21 | Annual total compensation ratio | According to Section 5.1.3 "Salary Confidentiality Regulations" in "Payroll Procedure" (SOP# 101-02-300)", salary is supreme confidential information, and disclosure is strictly prohibited. | NA | Maximum annual total compensation is organization confidential information. |
| Strategy, policies and practice | | | | |
| 2-22 | Statement on sustainable development strategy | Letter to shareholder | 3 | |
| 2-23 | Policy commitments | Corporate sustainability committee | 9 | |
| 2-24 | Embedding policy commitments | Corporate sustainability committee | 9 | No major violations in 2022 |
| 2-25 | Processes to remediate negative impacts | Risk management, Climate change, Sustainable supply chain, Talent cultivation, Social contribution | 44,96,65,74,103 | |
| 2-26 | Mechanisms for seeking advice and raising concerns | 1.3 Integrity & Legal Compliance | 42 | |
| 2-27 | Compliance with laws and regulations | 1.3 Integrity & Legal Compliance | 42 | No major violations in 2022 |
| 2-28 | Membership associations | About Faraday | 5 | |
| Stakeholder engagement | | | | |
| 2-29 | Approach to stakeholder engagement | Identifying materiality topic | 10 | |
| 2-30 | Collective bargaining agreements | In compliance with collective bargaining agreement, none has signed collective bargaining agreement. | 10 | |



GRI 3: Material Topics

| GRI | Index | Disclosure requirement | Report chapter or description | Page | Omissions/Notes |
|--|-------|---|--|-------|----------------------|
| GRI 3: Material Topics | 3-1 | Process to determine material topics | Materiality analysis and Stakeholder engagement | 10 | |
| | 3-2 | List of material topics | Materiality analysis and Stakeholder engagement | 13 | |
| | 3-3 | Management of material topics | Materiality analysis and Stakeholder engagement | 15 | |
| Corporate Governance | | | | | |
| GRI 3: Material Topics | 3-3 | Management of material topics | | 15 | |
| GRI 201: Economic performance 2016 | 201-1 | Direct economic value generated and distributed by organization | 1.2 Operational performance | 40 | |
| GRI 207-1: Tax 2019 | 207-1 | Tax policy and Tax governance | 1. Corporate Governance | 41 | |
| GRI 207-2: Tax 2019 | 207-2 | Tax governance, Control and Risk management | 1. Corporate Governance | 41 | |
| Risk Management | | | | | |
| GRI 3: Material Topics | 3-3 | Management of material topics | | 15 | |
| GRI 201: Economic Performance 2016 | 201-2 | Financial implications and other risks and opportunities due to climate change | 1.5 Risk management, 5.2 Climate change response | 18,96 | |
| GRI 207-2: Tax 2019 | 207-2 | Tax governance, Control and Risk management | 1. Corporate Governance | 41 | |
| Integrity & Legal Compliance | | | | | |
| GRI 3: Material Topics | 3-3 | Management of material topics | | 15 | |
| | 205-1 | Already proceeded communication and training about anti-corruption policies and procedures | 1.3 Integrity & legal compliance | 42 | |
| GRI 205: Anti-corruption 2016 | 205-2 | Communication and training about anti-corruption policies and procedures | 1.3 Integrity & legal compliance | 42 | |
| | 205-3 | Confirmed incidents of corruption and actions taken | 1.3 Integrity & legal compliance | 42 | |
| GRI 206: Anti-competitive behavior 2016 | 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | | 43 | No such case in 2022 |
| R&D and Innovation/Quality Competitiveness | | | | | |
| GRI 3: Material Topics | 3-3 | Management of material topics | | 15 | |
| Customized | | R&D investment, Intellectual property management, Quality competitiveness, Product innovation, Safety and so on | 2. R&D and innovation | 53 | |
| Customer Confidentiality & Information Security | | | | | |
| GRI 3: Material Topics | 3-3 | Management of material topics | | 15 | |
| GRI 418: Customer Privacy 2016 | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | 1.4 Information security | 47 | No such case in 2022 |
| Talent Attraction and Retention | | | | | |
| GRI 3: Material Topics | 3-3 | Management of material topics | | 15 | |
| GRI 201: Economic Performance 2016 | 201-3 | Defined benefit plan obligations and other retirement plans | 4.3 Happy workplace | 83 | |
| GRI 202: Market Presence 2016 | 202-1 | Ratios of standard entry level wage by gender compared to local minimum wage | 4.3 Happy workplace | 83 | |



GRI 3: Material Topics

| GRI | Index | Disclosure requirement | Report chapter or description | Page | Omissions/Notes |
|---|-------|---|---|------|-----------------|
| Employee Safety and Health | | | | | |
| GRI 3: Material Topics | 3-3 | Management of material topics | | 15 | |
| GRI 403: Occupational Health and Safety 2018 | 403-1 | Occupational health and safety management system | 4.4 Employee safety and health | 88 | |
| | 403-3 | Occupational health services | 4.4 Employee safety and health | 92 | |
| | 403-5 | Worker training on occupational health and safety | 4.4 Employee safety and health | 90 | |
| | 403-6 | Promotion of worker health | 4.4 Employee safety and health | 92 | |
| | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 4.4 Employee safety and health | 90 | |
| Sustainable Supply Chain Management | | | | | |
| GRI 3: Material Topics | 3-3 | Management of material topics | | 15 | |
| GRI 308: Supplier Environmental Assessment | 308-1 | New suppliers that were screened using environmental criteria | 3.2 Sustainable supply chain management-Subcontractor sustainable management evaluation | 65 | |
| | 308-2 | Negative environmental impacts in the supply chain and actions taken | 3.2 Sustainable supply chain management-Subcontractor sustainable management evaluation | 66 | |
| GRI 414: Supplier Social Assessment 2016 | 414-1 | New suppliers that were screened using social criteria | 3.2 Sustainable supply chain management-Subcontractor sustainable management evaluation | 66 | |
| | 414-2 | Negative social impacts in the supply chain and actions taken | 3.2 Sustainable supply chain management-conflict mineral management | 68 | |
| Customer Service Management | | | | | |
| GRI 3: Material Topics | 3-3 | Management of material topics | | 15 | |
| Customized | | Customer service management practices | 3.1 Customer service | 64 | |
| Employee Training and Talent Development | | | | | |
| GRI 3: Material Topics | 3-3 | Management of material topics | | 15 | |
| GRI 404: Training and Education 2016 | 404-1 | Average hours of training per year per employee | 4.2 Talent nurturing | 80 | |
| | 404-2 | Programs for upgrading employee skills and transition assistance programs | 4.2 Talent nurturing | 75 | |
| | 404-3 | Percentage of employees receiving regular performance and career development reviews | 4.2 Talent nurturing | 81 | |
| Environmental protection policy | | | | | |
| GRI 3: Material Topics | 3-3 | Management of material topics | | 15 | |
| Customized Topic | | Environmental protection policy | 5.1 Environmental protection policy | 96 | |



GRI 3: Material Topics

| GRI | Index | Disclosure requirement | Report chapter or description | Page | Omissions/Notes |
|---|-------|--|---|--------|--|
| General Topic | | | | | |
| GRI 302: Energy 2016 | 302-1 | Energy consumption within the organization | 5.3 Energy use and greenhouse gas management 5.4 Execution plan for energy saving and carbon reduction | 98,100 | |
| | 302-3 | Energy intensity | 5.3 Energy use and greenhouse gas management 5.4 Execution plan for energy saving and carbon reduction | 98,100 | |
| | 302-4 | Reduction of energy consumption | 5.3 Energy use and greenhouse gas management 5.4 Execution plan for energy saving and carbon reduction | 98,100 | |
| GRI 302: Energy 2016 | 302-5 | Reduction in energy requirements of products and services | 2.4 Green product design | 61 | |
| GRI 303 : Water and Effluents 2018 | 303-3 | Water withdrawal | 5.5 Water resource management | 101 | |
| GRI 305: Emissions 2016 | 305-1 | Direct (Scope 1) GHG emissions | 5.3 Energy use and greenhouse gas management 5.4 Execution plan for energy saving and carbon reduction | 98,100 | |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | 5.3 Energy use and greenhouse gas management 5.4 Execution plan for energy saving and carbon reduction | 98,100 | |
| | 305-5 | Reduction of GHG emissions | 5.3 Energy use and greenhouse gas management 5.4 Execution plan for energy saving and carbon reduction | 98,100 | |
| GRI 306: Waste 2020 | 306-3 | Waste generated | 5.6 Waste management | 101 | |
| GRI 401: Employment 2016 | 401-1 | New employee hires and employee turnover | 4.3 Happy workplace | 74 | |
| | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 4.3 Happy workplace | 83 | |
| | 401-3 | Parental leave | 4.3 Happy workplace | 83 | |
| GRI 202: Market Presence | 202-2 | Proportion of senior management hired from the local community | 4.3 Happy workplace | 72 | |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 | Diversity of governance bodies and employees | 1. Corporate governance 4.3 Happy workplace | 32,72 | |
| | 405-2 | Ratio of basic salary and remuneration of women to men | 4.3 Happy workplace | 83 | |
| GRI 406: Non-discrimination 2016 | 406-1 | Incidents of discrimination and corrective actions taken | | NA | No discrimination event in 2022 |
| GRI 411: Rights of Indigenous Peoples 2016 | 411-1 | Incidents of violations involving rights of indigenous peoples | | NA | No discrimination event in 2022 |
| GRI 415: Public Policy | 415-1 | Political contributions | | NA | Keep politically neutral, not donate to political parties, politicians and related organizations |
| GRI 416: Customer Health and Safety | 416-1 | Assessment of the health and safety impacts of product and service categories | 2.4 Green product design | 61 | |
| Customized | | Social contribution | 6. Social contribution | 103 | |



| Disclosure Topic/ Metric Code | Disclosure Metric | Category | Comparison Disclosure | | Abstract |
|---|---|-------------------------|-----------------------|----------|---|
| | | | 2021 | 2022 | |
| Greenhouse gas emission TC-SC-110a.1 | (1) Scope 1: GHG emissions | Quantitative | 255.43 | 111.32 | 2022 total GHG emissions are 3,395.233 metric tons of CO2e/year. The direct GHG emissions are 111.32 metric tons of CO2e/year, accounting for 3.28% of total emissions; the main emission source are effusion of septic tanks and refrigerant filling of air conditioner ice water host maintenance. |
| | (2) Total emissions from fluorides included | Quantitative | 0 | 0 | Faraday is an ASIC and IP licensing service company, is responsible for chip design service and IP development; product manufacturing is all outsourced to dedicated foundry and testing house. The metric data is 0. |
| Greenhouse gas emission TC-SC-110a.2 | Scope 1 "Greenhouse gas management", illustrate the long-term/short-term strategy planning, reduction goal, reduction promotion schedule | Discussion and analysis | | | Update the energy-saving equipment, the goal is to reduce electricity consumption by 1% every year for reducing energy consumption and carbon emission. The middle-term and long-term strategy focus on carbon emission of indirect source, evaluate the green energy purchasing for carbon reduction to ensure that the target of Net Zero Emissions by 2050 can be achieved. |
| Energy management TC-SC-130a.1 | (1) Total energy consumption | Quantitative | 24054.90 | 24159.08 | Faraday 2022 total energy use: 24,159.08(GJ) |
| | (2) Externally-purchased power percentage of total power consumption | Quantitative | 23900.14 | 23226.08 | Total electricity consumption: 23,226.08 (GJ) |
| | (3) Proportion of using renewable energy | Quantitative | 99.36% | 96.14% | Use renewable energy in 2022. The solar photovoltaic power generation system was self-built on the building roof of Hsinchu headquarter on October 14, 2022. The installed capacity is 89.70 KWp. The total electricity production as of December 31, 2022 is 20,122 KWh (72.44GJ), accounting for 0.31% of total electricity consumption. The estimated annual average electricity production is about 93,731 KWh (337.43GJ). |
| Water management TC-SC-140a.1 | (1) Total water withdrawal (Unit: KL) (KL, Thousand KL) | Quantitative | 17.259 | 17.645 | 100% of Faraday's water comes from the Taiwan Water Corporation. The main use of water is domestic water; it is no process water. In 2022, total water usage was 17.645 thousand KL. |
| | (2) Percentage of total water consumption to water withdrawal from areas of high baseline water stress/extreme high baseline water stress | Quantitative | 0% | 0% | According to World Resources Institute (WRI), Faraday operating location is not area of high baseline water stress or extreme high baseline water stress, the data is 0%. |
| Waste management TC-SC-150a.1 | (1) Total production amount of hazardous waste from the production process (Unit: metric tons) | Quantitative | 0.49 | 2.01 | In 2022, the headquarters produced approximately 24.99 metric tons of industrial waste. Of these, general industrial waste accounted for 22.98 metric tons (generate waste of 14.72 metric tons and resource recycling of 8.26 metric tons), while hazardous industrial waste accounted for 2.01 metric tons. Faraday is an ASIC and IP licensing service company, is responsible for chip design service and IP development; product manufacturing is all outsourced to dedicated foundry and testing house. The 2.01 metric tons of hazardous industrial waste is mainly scrapped IC defective products or engineering samples. Faraday contracts disposal firm licensed by a government agency to do hazardous industrial waste clearance and disposal. All hazardous industrial waste are 100% recycled. |
| | (2) Total amount of hazardous waste generated from process/Recycling ratio | Quantitative | 100% | 100% | |
| Employee health and safety TC-SC-320a.1 | Illustrate what measures have been taken to evaluate, monitor, reduce employee's exposure to human health hazards | Discussion and analysis | | | According to the commitment to continuous improvement, implementation of safety/hygiene and health, 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. |



| Disclosure Topic/ Metric Code | Disclosure Metric | Category | Comparison Disclosure | | Abstract |
|---|---|-------------------------|-----------------------|-------|--|
| | | | 2021 | 2022 | |
| Employee health and safety TC-SC-320a.1 | (1) Ratio of traffic accident lost work days | Quantitative | 0.754 | 0.194 | For those high risk groups who had traffic accidents and commute by motorcycle, the company conducts traffic safety advocacy required courses every year for preventing in advance and reducing traffic accidents among employees commuting by motorcycles. More, by indoctrinating the concept of defensive driving, employees can minimize physical injuries in case of accidents. |
| | (2) Maternal health protection plan | Quantitative | 100% | 100% | Arrange interview guidance for employees who meet the maternal health protection, and make necessary arrangements of appropriate work. In 2022, individual hazard assessments, stratified management, and the health protection rate achieved 100%. |
| | (3) Ergonomic risk management - assessment of high risk workplace | Quantitative | 0% | 100% | Arrange 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. |
| Employee health and safety TC-SC-320a.2 | Total financial loss due to incidents related to employee health and safety violations | Quantitative | 0 | 0 | No sickness, injury, incapacity or death and money loss caused by occupation |
| Recruit and manage a global skilled workforce TC-SC-330a.1 | (1) Proportion of foreign employees (Percentage of employees who are foreign nationals) | Quantitative | 0.50% | 0.67% | Faraday is dedicated to diverse employment strategy, we actively recruit worldwide professional talents, establish talent pools and R&D centers that meet future need around the world. Global employees are from Taiwan, China, U.S., Canada, Japan, Korea, India, Vietnam, Malaysia, Singapore, Armenia. (The boundary in the report shall be in Taiwan headquarter, including Taipei and Tainan office.) |
| | (2) Proportion of employees working overseas (Percentage of employees who are overseas employees) | Quantitative | 0.50% | 0.67% | |
| Product lifecycle management TC-SC-410a.1 | Product proportion of the included substances listed in IEC 62474 Material Declaration | Quantitative | 0% | 0% | Faraday is an ASIC and IP licensing service company, is responsible for chip design service and IP development; product manufacturing is all outsourced to dedicated foundry and testing house. Therefore, there are no direct production of the products that need to do IEC 62474 Material Declaration. |
| Product lifecycle management TC-SC-410a.2 | Illustrate energy efficiency of IC product | Quantitative | - | - | For more details, please refer to Section 2.4 "Energy-saving product R&D and design". |
| Material procurement TC-SC-440a.1 | As to key raw material use, disclose the management approach of related risks | Discussion and analysis | | | In compliance with the requirement of Responsible Business Alliance (RBA), Faraday is committed to taking due diligence on supply chain, assures gold (Au), cobalt(Co), tin (Sn), tantalum (Ta), tungsten (W), and other future possible special minerals regulated by Responsible Minerals Initiative (RMI). With the RMI definition questionnaire, we take due diligence, control through eService customer service platform; and require subcontractors to sign the Declaration of Non-use of Conflict Minerals to assure that the raw materials of the product are all from smelters, refiners, and country of origin recognized by Responsible Minerals Initiative (RMI). |
| Intellectual property protection and competitive behavior TC-SC-520a.1 | Total amount of related financial loss regarding regulatory violations of anti-competitive behavior | Quantitative | 0 | 0 | Corruption and anti-competitive behavior: 0 |
| Activity metric TC-SC-000.A | Total production capacity | Quantitative | | | For more details, please refer to "business operation overview" in Faraday annual report. |
| Activity metric TC-SC-000.B | Percentage of production capacity from own factory | Quantitative | 0 | 0 | Faraday is an ASIC and IP licensing service company, is responsible for chip design service and IP development; product manufacturing is all outsourced to dedicated foundry and testing house. The metric data is 0. |



| Issue | Index | 2022 | | | |
|-------------------|--|---|-------------------|--------------------|------------------------|
| Environment facet | | Data | Information scope | Certification Body | Certification standard |
| GHG emissions | Direct GHG emissions (Scope 1)(tons of CO ₂ e) | 111.32 | Parent company | - | - |
| | Indirect energy (Scope 2) (tons of CO ₂ e) | 3,283.91 | Parent company | - | - |
| | Indirect others (Scope 3) (tons of CO ₂ e) | None, no statistical data | | | |
| | GHG emission intensity (tons of CO ₂ e/revenue) | 0.29 | Scope 1+2 | | |
| | Strategy, method, goal of GHG management | <ul style="list-style-type: none"> Strategy for corporate in response to climate change or GHG emission Faraday is IC design industry, 99.32% GHG emission are all indirect emission; the emission source is mainly from water and electricity of air condition and office lighting needs, energy-saving measures have been taken to reduce energy consumption. Execution plan for energy saving and carbon reduction is listed below: (1) Choose air conditioners, refrigerators, and other home electronics that comply with energy-saving labels. (2) Use split, energy-saving devices for air conditioning chillers and motors. (3) Decide each cooling tower's fan activation based on the tower's return water temperature. (4) Replace the lighting for offices with LED lamps and tubes. (5) 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. (6) Use natural lighting for emergency stairs, paired with timed lighting controls. (7) Use time controls and every-other-light lighting in the parking garage. (8) 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. (9) Drinking water dispensers controlled electronically, with dispensers set on holidays to only have one machine on per area. (10) Automated energy-saving measures: Air conditioning turned off each hour during afternoon break and at quitting time. (11) Hiring specialized organization to perform office lighting and CO₂ environmental testing in first and second half of the year; go green in a major way, to enhance the working environment's sustainability and comfort. (12) Perform regular inspection and maintenance of air conditioning, to keep air conditioning equipment at a high-efficiency operating state. (13) Security staff do office checks every two hours starting at 8 pm, turn off unnecessary lights and air conditioning. (14) Regular energy-saving promotion: Set office air conditioners to 26°C or higher, and consider putting up insulation where there is sun exposure. (15) Take stairs, not elevator, when going up or down only two floors. (16) When meetings finish, turn off meeting room lights, air conditioning, and projectors. (17) When senior supervisors leave their offices, they should turn off the lights and air conditioning. (18) When employees are leaving for the day, they should turn off their computers and monitors. Reduction goal of corporate GHG emission Faraday pays attention to environmental protection, continuously plans and executes sustainable environmental protection policy. Every year, continues to meet the goal of 1% energy-saving rate, implements energy saving and carbon reduction, and keeps evaluating and updating power-saving equipment in order to reduce energy consumption and carbon emissions. Budget and plan for corporate GHG emission reduction 2022 energy-saving execution plan and results: Investment amount of energy-saving plan is NT\$1.25 million, the details are listed below: (1) 115 fluorescent lights (36W) in testing area were changed to LED lights (18W), the total electricity saving was 17,595 KWh, total carbon reduction was 8.96 tons of CO₂e. (2) The air consumption of the adsorption dryer is 15%, the air consumption is reduced to 3% after changing with the one of energy-saving type; it can save the electricity of air compressor system, total electricity saving was 44,161.2 KWh, total carbon reduction was 22.48 tons of CO₂e. (3) Replaced four old cooling fans with IE3 high-efficiency motor of 92.4%, total electricity saving was 7,840 KWh, total carbon reduction was 3.99 tons of CO₂e. 2023 continuous energy-saving plan: (1) Lighting: Change light steel frame lamp (32W*3) on 8F to LED lights (18W*3): 120 in total, the estimated annual electricity saving is about 15,000 KWh/year. (2) Electricity: Change UPS#1 (160KW) on 8F server room to model with high efficiency of over 95% to save electricity, the estimated annual electricity saving is about 156,600 KWh/year. 2022 renewable energy construction: Faraday has self-built the solar photovoltaic power generation system on the building roof of Hsinchu headquarter on October 14th, 2022. The installed capacity is 89.70 KWp, and the generated electricity is provided for factory use. The total electricity production as of December 31, 2022 is 20,122 KWh, and the carbon emission is 10.24 tons of CO₂e. The estimated annual average electricity production is about 93,731 KWh (Annual carbon emission is 47.71 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. Carbon reduction effect for customer or consumer brought from corporate product or service Faraday has brought out fundamental IP solutions based on UMC's 22 nm ultra-low power (ULP) and ultra-low leakage (ULL) processes. The fundamental IP solutions have already been successfully silicon proven for huge reductions in power consumption to meet the next generation of SoC design needs. 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. | | | |
| Energy management | Renewable energy utilization rate | 2022: 0.31% | | | |
| | Improve energy efficiency | In the future, Faraday will continuously do equipment replacement, and adopt energy-saving equipment to reduce carbon emission. | | | |
| | Usage policy for recycled materials | Faraday has constructed the solar photovoltaic power generation system on the building roof of Hsinchu headquarter on October 14th, 2022; the installed capacity is 89.70 KWp. | | | |



| Issue | Index | 2022 | | | |
|---------------------------|--|---|-------------------|--------------------|------------------------|
| | | Data | Information scope | Certification Body | Certification standard |
| Water resource management | Water (KL) | 17,645 | Parent company | - | - |
| | Water intensity (KL/Revenue) | 1.54 | | | |
| | Water resource management or reduction goal | 100% of Faraday's water comes from the Taiwan Water Corporation. The main use of water is domestic water, and it is no process water. Faraday will continue to roll out a variety of water reduction measures and promotion, in hopes of reducing and controlling water resource usage. | | | |
| Waste management | Hazardous waste (metric tons) | 1.54 | Parent company | - | - |
| | Non-hazardous waste (metric tons) | 22.98 | | | |
| | Total weight (Hazardous + Non-hazardous) (metric tons) | 24.52 | | | |
| | Waste intensity (metric tons/revenue) | 0.0020 | | | |
| | Waste management policy or reduction goal | In the future, Faraday 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. | | | |



| Issue | Index | 2022 | |
|-----------------------------------|--|--------|------------|
| Social facet | | | |
| Human resource development | Average of employee benefit (Thousand dollars/person) (Disclosure by June 2nd every year) | | 3,108 |
| | Average of employee salary (Thousand dollars/person) (Disclosure by June 2nd every year) | | 2,847 |
| | Average salary of non-manager full-time employee (Thousand dollars/person) (Disclosure by July 1st every year) | | - 2,550 |
| | Median salary of non-manager full-time employee (Thousand dollars/person) (Disclosure by July 1st every year) | | 2,072 |
| | Female manager ratio | | 20.78% |
| | Person of occupational accidents | | 0人 |
| | Person ratio of occupational accidents (Person of occupational accidents/total persons) | | 0.00% |
| Governance facet | | | |
| Board of directors | Board seat (seat) | | 9 |
| | Independent director seat (seat) | | 3 |
| | Female director seat and ratio | 2seats | 22.22% |
| | Board attendance rate of directors | | 100.00% |
| | Ratio of director/supervisor's training hour in compliance with regulation | | 100.00% |
| Investor communication | Number of investor conference per year (times) | | 4 |



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FARADAY TECHNOLOGY CO., LTD.'S SUSTAINABILITY REPORT FOR 2022

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Faraday Technology Co., Ltd. (hereinafter referred to as FARADAY) to conduct an independent assurance of the Sustainability Report for 2022. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 to assess Sustainability Report whether included the sampled text, and data in accompanying tables, contained in the report presented during verification (2023/02/09-2023/06/15) in FARADAY headquarter.

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 Sustainability Report for 2022 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 Sustainability 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 and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

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

| Assurance Standard Options | Level of Assurance |
|----------------------------|---|
| A | SGS ESG & SRA Assurance Protocols (baed on GRI Principles and guidance in AA1000) |
| B | AA1000ASv3 Type 2 Moderate Level (AA1000AP Evaluation plus evaluation of Specified Performance Information) |
| C | AA1000ASv3 Type 2 High Level (AA1000AP Evaluation plus evaluation of Specified Performance Information) Disclosure of GRI Standards as listed below: 303-3:2018 Water withdrawal 306-3:2108 Waste generated |

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 Universal Standard (2021) (Reference) |
| 2 | AA1000 Accountability Principles (2018) |
| 3 | SASB : SEMICONDUCTORS version 2018-10 |

- evaluation of content veracity of the sustainability performance information in relation to the determined material topics (as listed in Appendix A of this statement) at a moderate level of scrutiny for FARADAY, and applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018);
- AA1000 Assurance Standard v3 Type 2 evaluation of the report content veracity at a high level of scrutiny for 2 disclosures of GRI 303-3:2018 Water withdrawal and GRI 306-3:2020 Waste generated that reveal the sustainability performance information.
- evaluation of the report against the requirements of Global Reporting Initiative Universal Standards (2021) listed in the GRI content index where the organization has referenced for the preparation of the reported information; and
- evaluation of the report against the SASB Disclosures and Metrics included in the SEMICONDUCTORS Sustainability Accounting Standard (VERSION 2018-10) and conducted alongside an evaluation of accuracy assurance at moderate level of scrutiny.

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, Sustainability working group 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 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

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.

AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

FARADAY has clear engagement method and frequency for different stakeholder, such as employees, customers, investors, suppliers and governments. The engagement outcomes also be reviewed regularly for identifying stockholders' concerns. For future reporting, FARADAY may consider setting engagement goals or metrics to confirm effectiveness of enqagement.



Materiality

FARADAY has established materiality determination process that is applied across the corporate. Formal review sorted stakeholders and those issues by significance. The systematic process with senior management involvement addresses material topics 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. FARADAY compiled report in a comprehensive, timely, accessible and balanced way, using suitable reporting principles, frameworks and guidelines that support comparability of information.

Impact

FARADAY has demonstrated a process on 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 Sustainability Report of 2022, is reporting with reference to the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021. The significant impacts were assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021 and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to FARADAY's sustainability development policy and strategy including senior management involve and commitment. For future reporting, FARADAY is encouraged to more emphasize impact analysis on the economy, environment, and people in material topics identification process, which would make sustainability development route more reasonable and clearer.

SASB CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

FARADAY has referenced with SASB's Standard, SEMICONDUCTORS, version 2018-10 to disclose information of material topics that are vital for enterprise value creation. The reporting boundaries of the disclosed information correspond to FARADAY's Sustainability Report for 2022. FARADAY used SASB accounting and activity metrics to assess and manage the topic-related risks and opportunities, where relevant quantitative information was assessed for its accuracy and completeness to support the comparability of the data reported. Process to identify, assess, and manage topic-related risks and opportunities were integrated into FARADAY's overall management process. It is recommended that building information collection and verification system could enhance continuous improvement.

Signed:

For and on behalf of SGS Taiwan Ltd.

Stephen Pao
 Knowledge Deputy General Manager
 Taipei, Taiwan
 13 June, 2023
WWW.SGS.COM



APPENDIX A

ASSURANCE OF MATERIAL TOPICS AND CORRESPONDING SUSTAINABILITY PERFORMANCE

| Material Topics | Corresponding Sustainability Performance |
|---|---|
| Corporate governance | GRI 201: Economic Performance 2016 |
| Risk Management | GRI 201: Economic Performance 2016 |
| Integrity & Legal Compliance | GRI 205: Anti-corruption 2016 GRI 206: Anti-competitive Behavior 2016 |
| Competitiveness In R&D/ Innovation/Quality | R&D and Innovation |
| Customer Confidentiality & Information Security | GRI 418: Customer Privacy 2016 |
| Talent Attraction and Retention | GRI 201: Economic Performance 2016 GRI 202: Market Presence 2016 |
| Employee safety and health | GRI 403: Occupational Health and Safety 2018 |
| Sustainable Supply Chain Management | GRI 308: Supplier Environmental Assessment 2016 GRI 414: Supplier Social Assessment 2016 |
| Customer Service Management | Winning glory with our partners |
| Talent Development | GRI 404: Training and Education 2016 |
| Environment Protect Policy | Environment Protect Policy |