



FARADAY

2023 Faraday Sustainability Report

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Preface

About this report

Thank you for taking time to read the 2023 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 public; describes Faraday's fulfillment and actions on corporate sustainability in 2023. Through this report, stakeholders 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 target of corporate sustainable development.

Reporting scope

The disclosed information of this report covers 2023 (from January 1 to December 31, 2023, same as 2023 financial report) Faraday's practices and performance data of economic, environmental and social dimensions in corporate governance, operating performance, sustainable environment, partnerships, employee rights and social care. The financial data includes the affiliated companies and subsidiaries of Faraday in various countries, and the remaining report only includes the information of the operating bases in Hsinchu and the offices in Taipei and Tainan.

Reporting principles

This report collects the internal and external issues relevant to corporate governance, economic, environmental and social aspects of Faraday; analyze and understand the issues that stakeholders are concerned about based on materiality; formulates the structure of this report and the key topics of disclosure. Meanwhile, this report is prepared and disclosed according to Global Reporting Initiative, GRI and Sustainability Accounting Standards Board, SASB- Semiconductor Industry Code issued. 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, 2023. The statistical data disclosed in the report are all provided by each responsible unit 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 each responsible team after being approved by the top management of each department. Compiled by the corporate sustainability committee, checked by each responsible 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: This report was verified by SGS Taiwan Ltd., an impartial and independent third-party, 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.faraday-tech.com/tw/content/CSR/CorporateSustainability>)

Initial release date: September, 2020

Current release date: June, 2024

Next release date: Expected June, 2025

Your feedback

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

Contact information

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Sustainability Committee

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Website: <https://www.faraday-tech.com/tw/content/CSR/>

[StakeholderEngagement](#) (Stakeholder Engagement)

Message from the business operator

Look back to 2023, under the influence of economic, social and environmental uncertainties such as global inflation, geopolitics, regional wars, and extreme climate, the demand from terminal market became weakened and the annual growth of the semiconductor industry slowed down. It is a big challenge for business operations and global supply chain management. Facing market and industry fluctuations, Faraday works closely with customers and supply chain. Although the industry faces short-term headwinds, the mass production revenue declines compared to last year due to the impact from customer inventory adjustments and a high revenue base period; the long-term development of the silicon intellectual property (IP) and ASIC industries still works positively. Driven by multiple applications, Faraday IP and Non-recurring engineering Expense (NRE) revenue have reached new highs continuously; and make remarkable achievement for 3 consecutive years of growth. Thanks to the diligent efforts of all Faraday global employees, the consolidated revenue stands firm have reached NT\$12 billion, which are abundant and excellent results.

Facing changes in the global environment, Faraday continuously expands the organizational resource to invest in ESG, aggressively puts “ESG policy” and “Sustainable execution structure” into practice, comprehensively cultivates deeply in three major aspects of ESG.

In the aspect of environmental sustainability, according to the GHG inventory schedule, Faraday is at the third stage (Inventory in 2026 and verification in 2028). However, Faraday responds more actively to climate change risk, has completed inventory three years ahead of schedule in 2023, and will do third party verification four years ahead of schedule in 2024. More, Faraday makes specific

commitments on meeting the material targets for carbon reduction of 50% by 2030 and GHG net zero emissions by 2050; we plan to gradually reduce the GHG emissions, work together with supply chain to implement low-carbon management, show green mobility.

In the aspect of social inclusion, Faraday is dedicated to creating workplace culture and working environments of Diversity, Equity and Inclusion (DEI), and receives “Premium Award for “Promoting Workplace Gender Equality” of Hsinchu Science Park. We have finished the significant human rights issue survey, set up a group on human rights and have done Human Rights Due Diligence, as the basis to promote prevention, mitigation and remedial measures and relevant education training. In addition, we comprehensively implement human rights protection from the viewpoint of stakeholder, conduct human rights audit of supplier, request partners of supply chain to follow the same standards for commitment to protecting human rights. What’s more, Faraday also actively fulfills Sustainable Development Goals, SDGs; other than collaborating with universities and cultivating semiconductor talent, we also sponsor local children medical resources, local social welfare institution, and domestic arts and cultural groups; and we support Taiwan baseball talent development, give back to social needs, and inject momentum into social development.

In the aspect of corporate governance, Faraday has recognized by Taiwan stock exchange for 3 consecutive years. It has been ranked in the top 6th ~ 20th percentile of listed companies in terms of corporate governance evaluation results, and is included in “Taiwan Corporate Governance 100 Index”, “Taiwan Medium-sized Enterprise 100 Index”, “Taiwan High Compensation 100 Index”, and the constituent stocks of “Customized Taiwan IC Design

Total Return Index”. Faraday has also been included in international Sustainability Index for the first time, including MSCI ESG rating, FTSE Russell ESG rating, and S&P Global ESG rating; which indicates that Faraday’s corporate sustainability efforts are recognized by investors. With the commitment of information security implementation, the Company has obtained ISO/IEC 27001:2022 Information Security Management System certification, we are among the first batch of certified companies for this new version of the provisions. In intellectual property management, Faraday passed the certification of Taiwan Intellectual Property Management System (TIPS) to strengthen the creation, protection, and operation of intellectual property.

Looking forward to the future, Faraday will continuously fulfill ESG three major responsibilities. While pursuing sustainable operations, we will pay attention to stakeholders’ rights and interests, actively respond to their expectations. We are committed to implement our ESG vision of “Improve human welfare with technological innovation”, drive better development of industry, society, and country.

Stan Hung, Chairman

Steve Wang, President

About Faraday

Faraday was founded in 1993, with the headquarter in Hsinchu Science Park, Taiwan; providing ASIC service (Application-Specific Integrated Circuit) and licensing service of Intellectual Property (IP), as Asia’s first vendor. Faraday is listed on the Taiwan Stock Exchange (TWSE) under ticker number 3035, the amount of capital is NT\$2.485 billion. Faraday has more than 950 employees worldwide, 80% or more of whom are R&D and engineering specialists. We provide excellent products and services with over 30 years of experience in IC design, including:

- ASIC Non-Recurring Engineering (NRE)
- ASIC Mass Production (MP)
- Silicon Intellectual Property (SIP)
- Faraday Total Advanced Packing Solution



Asian ASIC vendor



Asian IP vendor



Foundry-backed ASIC vendor



Fundamental IP vendor

Global deployment

Faraday takes Taiwan as its operation and R&D headquarters, sets up 10 R&D centers and 4 sales service bases in the US, Japan, China, India, Vietnam, and Singapore to provide timely service to worldwide customer.



Headcount



Sales and service locations



R&D center



Innovation advantage and core value

Faraday provides a complete and flexible IC design service cooperation model that is dedicated for ASIC, and we are few ASIC vendors with complete self-developed IP database at the same time. With over 4,000 self-developed silicon-proven IPs, we can significantly reduce integration risks for customer. Meanwhile, Faraday offers IP customized service to meet special requirements of consumption, size, and efficiency. In addition, Faraday has long-term close relationship with global supply chain partners of wafer, packaging, and testing; we significantly improve product development and mass production efficiency for customer. Up to the present, over 3,000 customer product design projects have been completed; hundreds of million ASIC chips are shipped every year, it covers the niche fields of high-speed computing, automotive, communication network, industrial automation, energy management, green energy, and other high-end applications.

Sustainable innovation

- Faraday founded for over 30 years, R&D talents of 80%
- Investment of 20% ~ 30% of revenue in technology R&D every year
- Cumulative 450 external technology patents
- Database of over 4000 silicon IPs
- Design experience of over 2500 system customized chip developments
- Over 140 million ASIC chips shipped every year

Innovation advantage

- Complete key process and advanced process IP database (Self-controlled core technology)
- Excellent SoC design capability (Complete flow basis, wide application field, abundant R&D experience)
- Highly-customized design service and mass production model
- Comprehensively system quality guarantee
- Swift deployment of global supply chain

Value to customer

- Rapid access to complete IP solution with competitive advantage
- Highly customized and design flexibility
- Reduce system-design integration risk
- Improve chip development efficiency (performance, consumption, area)
- Shorten product development and mass production schedule
- Long-term reliable and stable partner

Vision

With the vision of “Inside of every IC, Faraday’s value is in sight”, Faraday continuously integrates global R&D center, service base and cooperation partner; promotes technological innovation and improves the extended application of human welfare field. Create excellence together with customers, employees, and partners to bring the world a life with more happiness and convenience.

Mission

As the Custom IC Expert, Faraday continuously develops core technology, provides customer customized design and mass production service, assists customer in troubleshooting issues of design difficulty or insufficient design resource, achieves success of customer product; and creates synergy value with customers, employees, and partners for win-

win and co-prosperity. Faraday’s technology applications focus on three application directions of improving human welfare: high-speed computing, quality enhancement and efficiency improvement; and cover five application fields: cloud infrastructure, green energy, life quality, energy management, and production efficiency.

Business philosophy

Faraday upholds three business philosophies, provides high-quality IP and ASIC design service through global elite team for win-win and co-prosperity with customers, employees, and partners. We create a friendly workplace with joy and pro works in harmony, and promote employees for continuous learning and business result sharing; create a green and comfortable environment, work together with supply chain partners for environmental sustainability and protect human welfare.

Synergy for Excellence

Build an excellent team, deeply nurture IP technology, provide high-quality IP and ASIC design service through digitalized, systemized, and global management, achieve success of customer product, continuously create synergy with customers, employees, and partners for win-win and co-prosperity.

Joys and Pro Works in Harmony

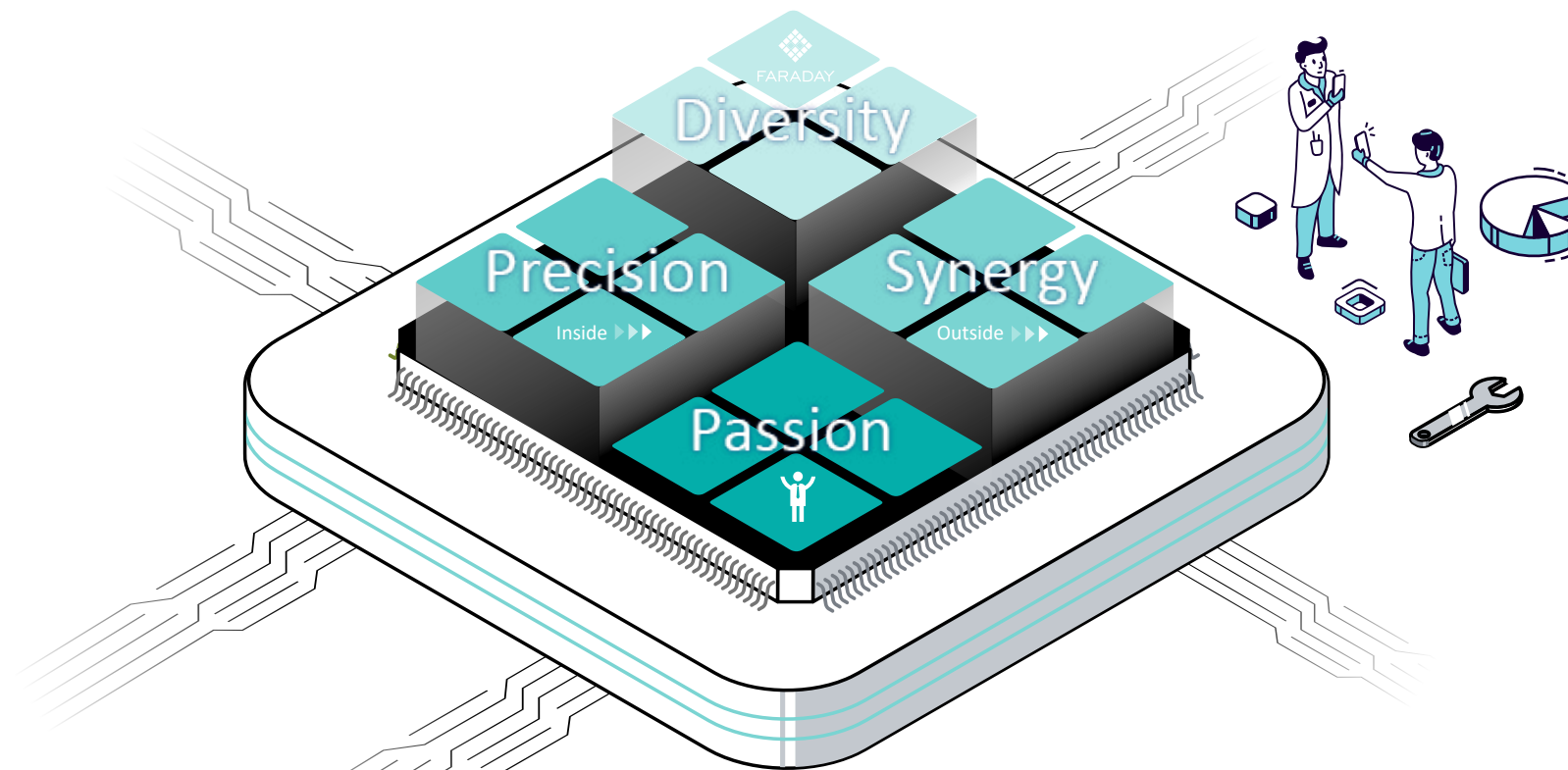
Talent is core capital of the company, and they are with high professional requirement and expectation of joys in harmony. From talent selection, talent cultivation, talent retention, promote employees to learn growing, create Faraday value together and share business result for the commitment to talent sustainability.

Flourish Life in Green

Build a green and comfortable environment, create a workplace of diverse, equity, inclusion, and safety, emphasize on physical and mental health of employees, and commitment to building a friendly workplace. Provide high-performance/low power consumption technological solution, promote global energy transition and extended application of human welfare field; and build green supply chain, reduce environmental footprint together with cooperation partner for the commitment to environmental sustainability.



Recognition and honor



D

Diversity



Flexibility

Complete business model combination, respond to various market needs



Resilience

Deployment in global supply chain and professional talents, strengthen sustainable business cornerstone

S

Synergy



Trust

Work together with customer and ecosystem partner, synergy for excellence



Accountability

Active and aggressive, no shirk responsibility, target-oriented and make an all-out effort

P

Passion



Concentricity

Harmony but different, unity without bias, create collaborative culture with mutual trust and mutual support



Abundance

By a positive attitude to create a life with joys and pro works in harmony

P

Precision



Orderly

Object in position, everything by rule, create complete system for continuous operation



Discipline

Demonstrate highly self-discipline, implement execution force and rigorous attitude

Corporate performance

- Be ranked in the top 6th ~ 20th percentile of listed companies in terms of corporate governance evaluation results
- Continuously listed in constituent stocks of “TWSE RAFI® Taiwan High Compensation 100 Index”
- Continuously listed in constituent stocks of “TWSE Taiwan Mid-Cap 100 Index”
- Continuously listed in constituent stocks of “TWSE Corporate Governance 100 Index”
- Has been approved as constituent stock of “TIP Customized Taiwan IC Design Total Return Index” in 2023
- Received 2023 AQM Excellent Quality Practice Award (R&D and Innovation)
- Ranked first among the “Top 50 in Operational Performance” in the survey of Taiwan Top 2000 enterprises by CommonWealth Magazine in 2023
- Awarded the highest level of “Excellence in Quality Practice Award (3 stars)” by the Chinese Society for Quality in 2022
- Honored as “Top 100 Best-Performing CEOs in Taiwan 2022” by <<Harvard Business Review>> in 2022

Sustainable performance

Sustainable development

Earned “Top 100 Excellence in Corporate Sustainable Citizenship Award” in 2022

Green operation

- Faraday becomes the first ASIC design service company globally to advocate for TNFD and one of the Taiwan top 14 pioneer TNFD-supported enterprises in 2024.
- Earned “Green Leadership” and “Corporate Sustainability Reporting” of Asia Responsible Enterprise Awards in 2023.
- Faraday became the world’s first ASIC design service company and the top 30 supporters in Taiwan listed in the TCFD official website in 2020.

Quality system

Earned ANQ recognition for Excellence in Quality Practice Award in 2023

Intellectual Property

Passed the certification of “Taiwan Intellectual Property Management System (TIPS) Class A” from Industrial Development Administration, Ministry of Economic Affairs in 2023

Talent sustainability

- Joins “TALENT, in Taiwan” in 2024 (Taiwan Talent Sustainability Development Alliance)
- Awarded the Premium Award for “Promoting Workplace Gender Equality” from Hsinchu Science Park Bureau, National Science and Technology Council in 2023
- Awarded the “Taiwan I sports Certification” from Sports Administration, Ministry of Education in 2023
- Award the “Badge of Accredited Healthy Workplace” from Health Promotion Administration, Ministry of Health and Welfare in 2023
- Awarded the “National Talent Development Award” for large companies by the Ministry of Labor in 2022

Information security

Obtained ISO/IEC 27001:2022 Information Security Management System certification in 2023





Milestones

2023	<ul style="list-style-type: none">Awarded 1st place at "Top 50 in Operation Performance of 2000 Enterprises in Taiwan" by Commonwealth MagazineUnveiled 2.5D/3D Advanced Package Service for ChipletsCollaborated in Arm Total Design to provide Arm Neoverse CSS-based design servicesReceived ISO/IEC 27001:2022 certification for Information Security Management SystemRewarded “ANQ Recognition for Excellence in Quality Practice” by ANQ-Asian Network for Quality	2016	<ul style="list-style-type: none">MIPI IP Subsystem Shipment up to fifteen millionDelivered 12.5G SerDes PHY & V-by-One PHY on UMC 28nm HPC processAnnounced Uranus™ SoC Development Platform on 55ULP eFlash process
2022	<ul style="list-style-type: none">Launched Cortex-A53 based SoCreative!VI™ SoC development platform to accelerate the development of FinFET chipUnveiled SONOS eFlash platform with Infineon on UMC 40uLPIP solutions certified by SGS-TÜV for ISO 26262 ASIL-D ReadyAwarded the "National Talent Development Award" for large companies by the Ministry of LaborAwarded the highest level of the 58th "Excellence in Quality Practice Award" (3 stars)	2015	<ul style="list-style-type: none">Delivered a complete set of UMC 55nm eFlash cell libraries and memory compilersAnnounced the silicon-proven imaging subsystem consisting of a single combo PHY IP of MIPI, LVDS, sub-LVDS, and HiSPi
2021	<ul style="list-style-type: none">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 processUnveiled complete imaging and display high-speed interface IP set on UMC 28nm and 40nm processes	2014	<ul style="list-style-type: none">Delivered a complete set of UMC 28nm cell libraries and memory compilers
2020	<ul style="list-style-type: none">Led industry to adopt TCFD framework for corporate sustainabilityLaunched Ariel™ SoC Platform to drive IoT developmentReleased licensable Gigabit Ethernet PHY on UMC 40LP platform	2013	<ul style="list-style-type: none">Strengthening its ASIC Design Service Sales Network North America with 10 more agentsAnnounced its Dual-core Cortex-A9-based SoC Platform to accelerate SoC Development in Cloud ComputingAnnounced the silicon-proven MIPI CSI-2 and DSI solutions
2019	<ul style="list-style-type: none">Showcased SoCreative!V™ SoC platformLaunched FIE3240 SoC platform for IoT applicationsLed industry with 28G Programmable SerDes at 28nm for Networking ASICLaunched a Complete Set of 22nm Fundamental IP	2012	<ul style="list-style-type: none">Delivered a 340 million gate-count SoC at 40nm processExtended license for ARM® Cortex™-A9 processors and Mali™-400 MP GPUsOptimized a complete IP portfolio for UMC processes ranging from 0.11um to 28nm nodes
2018	<ul style="list-style-type: none">ASIC service leveraging Samsung FinFET platformThe first tape-out at the FinFET processUnveiled the Industry's Smallest USB 2.0 OTG PHY IP	2011	<ul style="list-style-type: none">Introduced the high-performance IQ ADC/DAC IP solutions for wireless communications in 55nmCooperated with the customer to launch its 4-port USB 3.0 host controller chip
2017	<ul style="list-style-type: none">World’s first ISO 26262 certified ASIC service companyAnnounced world's smallest footprint 40eHV and 40LP SRAM compilerWorld's First Automotive ASIC Qualified for AEC-Q100 and AEC-Q006Launched the FPGA-to-ASIC turnkey service	2010	<ul style="list-style-type: none">Assisted the customer to get the certification of USB 3.0 host controllerIntroduced its high-performance 1GHz ARMv5 compliant processor - FA726TEAll Faraday's USB 3.0 PHY and controller solutions got certified with logo on productsAnnounced USB 3.0 PHY in UMC 0.11um aluminum process
		2009	<ul style="list-style-type: none">SATA 3 PHY & controller first to achieve compliance in UMC's 90nm processOffered 55nm/65nm/0.13μm miniIO™ with around 40% area-saving and robust ESD performancePioneered to launch the USB 3.0 PHY in UMC 0.13umLaunched 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 0.13μm 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 0.18μm 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 0.18μm 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

- 2001 Introduced 0.13μm 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

1993

Association participation

Category	Institute Name	Participation identity
Industry organization	The allied association for science park industries	Member
	Association of Quality Manager (AQM)	Supervisor
Industrial research and technology development	Global Semiconductor Alliance, GSA	Member
	MIPI Alliance	
	Peripheral Component Interconnect Special Interest Group, PCI-SIG	
	USB Implementers Forum, USB-IF	
	AI on Chip Taiwan Alliance (AITA)	

Sustainable development strategy



Execution structure of sustainability

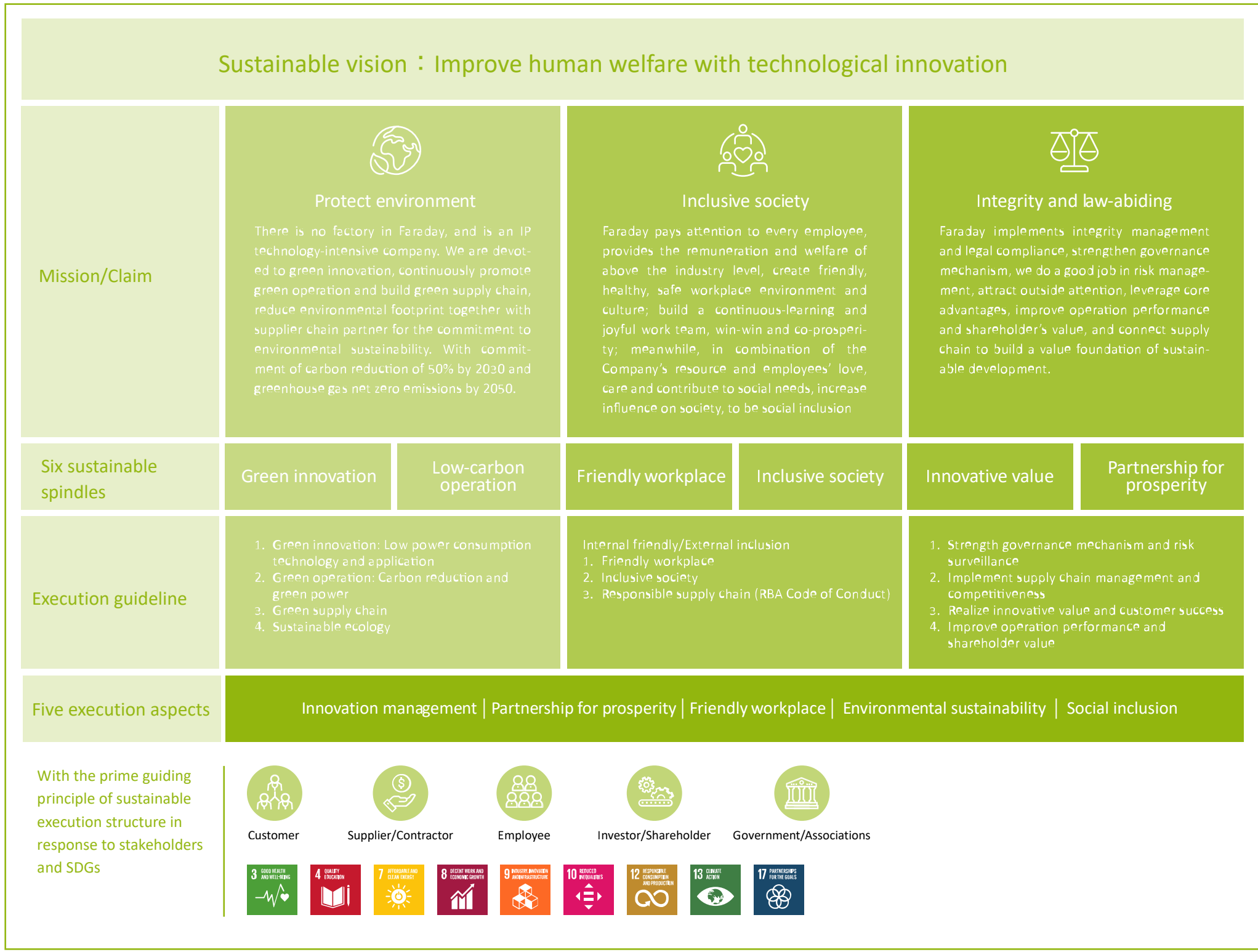
Sustainable development strategy

Faraday is committed to putting operational strategy and business philosophy into practice, follows ESG policy and execution structure of sustainability to implement sustainable development in ASIC design service industry and daily operation to ensure steady growth of the company’s operation; and improve efficiency in all aspects of ESG to reduce possible negative impact. Meanwhile, Faraday continuously communicates and cooperates with stakeholders (customer, supplier/contractor, employee, investor/shareholder, and government/associations) to create sustainable value together.

ESG policy



ESG sustainable execution structure



Corporate Sustainability Committee

Faraday established the Corporate Sustainability Committee in 2019. It is responsible for setting the 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 President serves as the Chairman to manage related performance of sustainable issue, with the prime guiding principle of ESG policy and sustainable execution structure. Through regular meeting every year, the committee reviews the promotion results of corporate sustainability, and makes annual reports on implementation results to the board of directors.

The Corporate Sustainability Committee integrates cross-division resources, builds the execution working groups. According to five sustainable execution aspects of innovation management, partnership for prosperity, friendly workplace, environmental sustainability, and social inclusion; and promotes the development, execution tracking and management of stakeholder-related issues of customer, supplier/contractor, employee, investor/shareholder, and government/associations.

Operating model of Sustainability Committee



Stakeholder engagement and materiality analysis

Stakeholder engagement

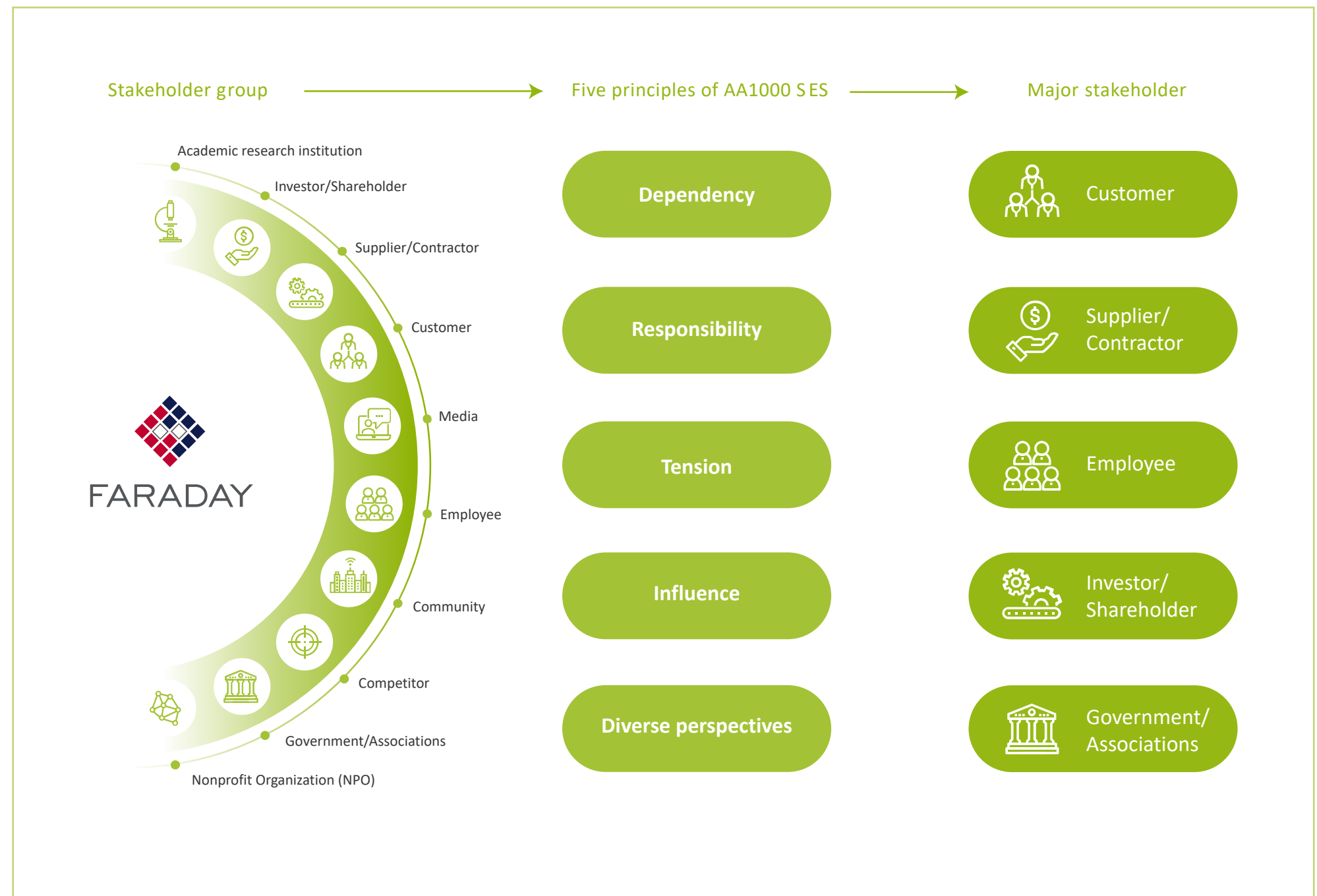
Faraday upholds the management principles of honesty, transparency, and responsibility, and we have set the policy with integrity as the basis. By dedicating ourselves to pursuing sustainable development and growth for the company, we create reasonable benefits and value for shareholders, employees and society alike. We build multiple transparent, effective, timely communication channels with all stakeholders, which has won us the trust and support of our stakeholders. And we instantly grasp the expectation and needs from stakeholders to the Company, which serve as the basis for setting the operation development plans for corporate sustainable development strategy in order to realize ultimate target and value of corporate sustainable development.

Identifying stakeholders

As the listed company, Faraday'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 to identify the company's major stakeholders through rules of thumb.

- Groups or individuals to whom the company's decisions have legal, financial, or operational responsibilities.
- Any groups or individuals on whom the company's operations have impact.
- Any groups or individuals who can have an impact on the company's operational performance.

Through an analysis based on the above principles, the stakeholders given priority consideration by the company include customer, employee, investor/shareholder, supplier/contractor, and government/associations.





Communication status with stakeholders

Sustainability Committee summarizes the “Faraday’s communication status with stakeholders” every year and submits to the board of directors for reference; 2023 Faraday’s communication status with stakeholders has been reported to the board of directors on October 24th, 2023; the communication status with stakeholders and the report content are listed below.

Stakeholder	Relevance to the organization	Priority issue	Communication methods and frequency	Communication actual performance
Customer	Customers are Faraday’s best strategic partners. Upholding a customer-oriented spirit, we continuously develop all kinds of products and services and dedicate ourselves to help customers succeed.	<ul style="list-style-type: none">Customer service managementR&D innovation and quality competitivenessSustainable management of supply chainCustomer privacy and information security	<ul style="list-style-type: none">Phone/email (daily)Customer satisfaction survey (quarterly)Quality meeting (monthly/quarterly)Customer meeting (irregular)Customer audit (irregular)	<ul style="list-style-type: none">2023 customer satisfaction reached 87.2%, improvement measures and recurrence prevention of customer issues were all implemented.Finished and replied 18 ESG-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 maxim um value for the company.	<ul style="list-style-type: none">Employee wages and welfaresEmployers-employee relations and friendly workplaceOccupational safety and healthEmployee career development	<ul style="list-style-type: none">Employee forum (quarterly)Labor 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)Employee satisfaction survey (annually)Human rights due diligence (every three years)	<ul style="list-style-type: none">Listed as a constituent stock in “TWSE RAFI Taiwan High Compensation 100 Index” since 2014Internally announced over 200 related messages about employee welfare, occupational safety and health, information security, legal compliance, and training in 2023. Continuously cultivated talent development, the total training hours are 9511 hours in 2023.Employee forum, labor management conference, employee welfare committee, training committee, occupational safety committee, and annual performance review meeting all held as scheduled.Conducted employee satisfaction survey every year, satisfaction reached 94%; based on care and compassion for colleagues, add better-than-legally paternity care leave of 3 days (Miscarriage under 20 weeks of pregnancy)Conducted employee Human Rights Due Diligence (HRDD) in 2023, Faraday’s human rights related issues are all low risks. Among them, human rights issues with medium impact are listed as Faraday’s important human rights issues; we will continuously optimize human rights issue management and regularly track the execution results.
Investor/ Shareholder	Provide the funding that Faraday needs for business operations.	<ul style="list-style-type: none">Corporate governance and operational performanceRisk managementCompetitiveness in R&D, innovation & quality	<ul style="list-style-type: none">Shareholder general meeting (annually)MOPS (Market Observation Post System)(irregularly)Investor conference (quarterly)Meetings (irregularly)Phone/email (irregularly)	<ul style="list-style-type: none">Held online investor conference every quarter, four times throughout the year, and held Shareholders' meeting early in the end of May.Made material information announcement in Chinese/English at the same time, disclosed quarterly financial report, annual report of shareholder meeting, and related information in Chinese/English; 28 material information and announcement in Chinese/English in 2023
Supplier/ Contractor	Provide the resources and services needed for the company’s operations, to grow alongside Faraday.	<ul style="list-style-type: none">Risk managementIntegrity & legal complianceSustainable management of supply chain	<ul style="list-style-type: none">Phone/email (daily)Supplier audit (quarterly/yearly)Quality meetings (monthly/quarterly)Customer complaint channels (irregularly)	<ul style="list-style-type: none">Continuously requested suppliers to fulfill the responsibility 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.Conducted RBA audit to supplier when annual audit, the audit result in 2023 showed that 100% supplier all met RBA’s requirement.Conducted Human Rights Due Diligence to supplier in 2023, listed the middle risk issues as Faraday’s important human rights issues; will continuously optimize the audit management of supplier and regularly track the execution results.
Government/ Associations	Utilize the infrastructure and governmental services provided by the government agencies and associations; obeying governmental laws.	<ul style="list-style-type: none">Corporate governance and operational performanceRisk managementIntegrity & legal complianceClimate change	<ul style="list-style-type: none">Corporate governance evaluation and other related certification (yearly)MOPS (Market Observation Post System)(irregularly)Financial report (quarterly)Shareholders' meeting information (yearly)Sustainability report (yearly)	<ul style="list-style-type: none">Be ranked in the 6th ~ 20th percentile of listed companies in terms of corporate governance evaluation results for 3 consecutive years.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”.Continuously listed as a constituent stock in “TWSE Corporate Governance 100 Index”.Has been approved as a constituent stock in “TIP Customized Taiwan IC Design Total Return Index” in October 2023.Awarded Premium Award for “Promoting Workplace Gender Equality” from Hsinchu Science Park Bureau, National Science and Technology Council in 2023.Awarded the “Taiwan I sports Certification” from Sports Administration, Ministry of Education in 2023Workplace” from Health Promotion Administration, Ministry of Health and Welfare in 2023Earned “Green Leadership” and “Corporate Sustainability Reporting” of Asia Responsible Enterprise Awards in 2023.Earned ANQ recognition for Excellence in Quality Practice Award in 2023, standing out among more than 50 countries and regional organizations in Asia, getting recognition for Faraday’s excellent quality management.Received 2023 AQM Excellent Quality Practice Award (R&D and Innovation)Be the world’s first ASIC design service company and the top 30 supporters in Taiwan listed in the TCFD official website.Faraday is one of the first batch of Taskforce on Nature-related Financial Disclosures (TNFD) architecture imported Taiwan enterprises; Faraday is also the world’s first ASIC design service company to advocate for TNFD.

Identifying, communicating about, and investigating ESG materiality issue



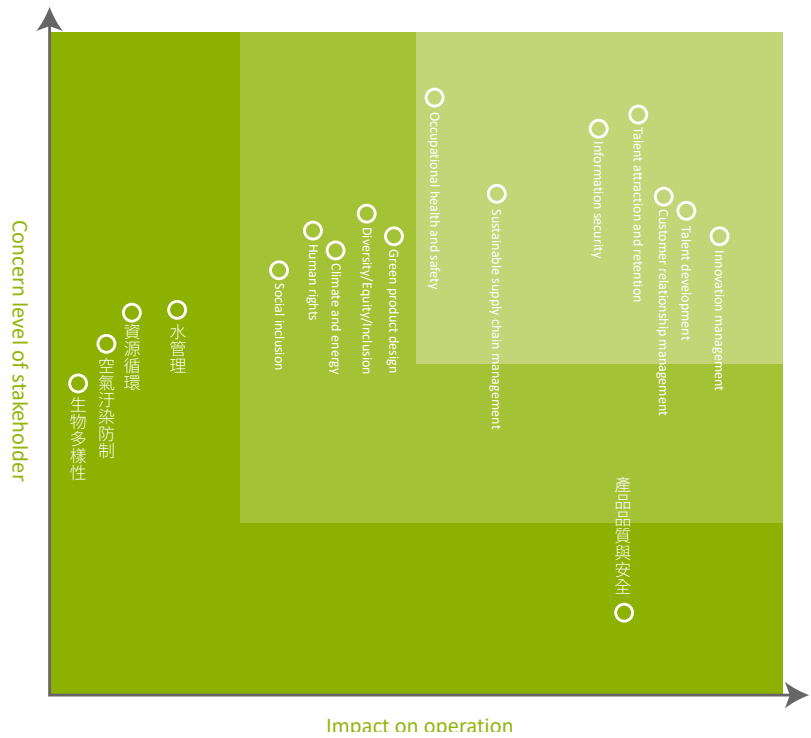
Investigating concerned issue of stakeholders

In 2023, by questionnaire to know the stakeholder’s concern level of various sustainable issues and the requirement of sustainable information. There were 20 questionnaires from customers, 113 from employees, 17 from investors/shareholders, 35 from suppliers/contractors, and 18 from government/associations, which are 203 questionnaires in total.

Materiality issue

Among the preliminary identifying 24 ESG issues, there are 7 issues of governance including corporate governance, financial performance, risk management, business continuity management, professional ethics, tax, legal compliance, which are general disclosure and result-orientation and will not be included in the long-term target. However, relevant information will still be regularly disclosed in annual report, company website, sustainability report, ESG website and ESG newsletter. From the 17 issues of non-governance, take two parameters to do the dynamic materiality matrix analysis, which are “concern from stakeholder” and “significant impact on company’s operation”. Then, add “global top 10 risk correlation” as double materiality analysis parameter; there are 12 issues in total as materiality issue with priority.

- Economic aspect: Innovation management, sustainable supply chain management, customer relationship management, information security
- Environmental aspect: Green product design, climate and energy
- Social aspect: Diversity/Equity/Inclusion, talent attraction and retention, talent development, human rights, occupational health and safety, social inclusion



Evaluation table for materiality analysis

Aspect	Issue	Highly-concerned from stakeholder	Significant impact on company’s operation	Global top 10 risk correlation	Set long-term target priority
Governance	Corporate governance	●	●		
	Financial performance	●	●		
	Risk management	●	●	●	
	Business continuity management	●	●	●	
	Professional ethics	●			
	Tax			●	
	Legal compliance	●		●	
Economic	Innovation management		●	●	✓
	Product quality and safety		●		
	Sustainable supply chain management	●	●	●	✓
	Customer relationship management	●	●		✓
	Information security	●	●	●	✓
Environment	Green product design	●		●	✓
	Climate and energy	●		●	✓
	Water management			●	
	Resource circularity			●	
	Air pollution control			●	
	Biodiversity			●	
Society	Diversity/Equity/Inclusion	●	●	●	✓
	Talent attraction and talent retention	●	●	●	✓
	Talent development	●	●	●	✓
	Human rights	●		●	✓
	Occupational health and safety	●	●	●	✓
	Social inclusion	●		●	✓



Material topic management

Faraday Corporate Sustainability Committee will do the overall evaluation for the identifying 12 material issues and they are included in Faraday’s five execution aspects of sustainability.

Material sustainable issue	Meaning to Faraday	Potential impact analysis	Impact location of supplier chain						GRI topic	Faraday five sustainable execution aspect	Policy and promotion strategy
			Faraday	Employee	Customer	Investor and shareholder	Supplier and contractor	Government and associations			
Innovation management	Through continuous innovation to strength core competitiveness for implementation of sustainable development	<p>While creating economic growth, research and develop innovative high-quality application chip product by core capability of IP development to meet market needs immediately.</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>	●	●	●	●	●	●	Faraday customized sustainable issue	Innovation management	<u>Sustainable policy and commitment</u>
Green product design	Consider product life cycle, be devoted to reducing environment footprint, reduce impact the impact of products on the environment and society; while carefully evaluating the selection of low-hazard raw material, comply with product of Hazardous Substance Free	If unable to provide the products that comply with green regulations, may loss order and affect the revenue.	●		●			●	GRI 302: Energy	Innovation management	<u>Sustainable policy and commitment</u>
Customer relationship management	To ensure long-term trust and support from customers, enhancing the competitiveness of the Company and customer is the key basis for Faraday’s long-term management, including leading technology, quality assurance and product competitive advantage.	Unable to meet customer needs in product or service, it will affect the customer’s trust on the Company, and then result in the impact on order and revenue.	●	○	●		●	●	GRI 416: Customer Health and Safety GRI 418: Customer Privacy	Partnership for prosperity	<u>Information security policy</u>
Sustainable supplier chain management	Cooperate with global corporate partners, improve the sustainable performance of the overall value chain, and reduce the potential risks related to the society and environment.	Create responsible and information transparency supplier management system, drive supplier transformation as low-carbon and responsible supply chain, reduce possible impacts on environment pollution, occupational safety, and labor rights; and reduce the risk of operational disruption and the impact of increasing costs.	●		●		●	●	GRI 308: Supplier Environmental Assessment GRI 407: Freedom of Association and Collective Bargaining GRI 408: Child Labor GRI 409: Forced or Compulsory Labor GRI 414: Supplier Social Assessment	Partnership for prosperity	Faraday supplier code of conduct
Diversity/Equity/Inclusion	Protect basic rights and interests of employees, provide a harmonious working atmosphere	Recruit diverse talent, ensure employee employment and labor rights be protected, make everyone all feels the workplace culture of equity and inclusion, to achieve a harmonious and inclusive operating performance. If employee is unable to feel free to express oneself and reach one's full potential, it will affect talent sustainability and enterprise competitiveness.	●	●				○	GRI 202: Market Presence GRI 401: Employment GRI 405: Diversity and Equal Opportunity GRI 406: Non-discrimination	Friendly workplace	<u>DEI (Diversity, Equity and Inclusion) statement</u>
Talent attraction and retention	Provide the overall remuneration with competitiveness and a better-than-legal welfare system; gather the centripetal force of employees to be driving force of sustainable development for the Company.	Active talent attraction and retention policy is an important cornerstone of business continuity. Talent poverty or brain drain will directly affect the company competitiveness.	●	●	○	○			GRI 201: Economic Performance GRI 202: Market Presence GRI 401: Employment	Friendly workplace	Global talent blueprint



Material sustainable issue	Meaning to Faraday	Potential impact analysis	Impact location of supplier chain						GRI topic	Faraday five sustainable execution aspect	Policy and promotion strategy
			Faraday	Employee	Customer	Investor and shareholder	Supplier and contractor	Government and associations			
Talent development	Faraday emphasizes on talent cultivation and development, we have complete training resources and learning environment; align with operational target and strategy to build system and scenario for comprehensive training and development; is devoted to the cultivation and inheritance of high-quality tech talents for accumulating the Company's intellectual capital and overall competitiveness.	Cultivating excellent talents can strength the Company's competitiveness and ensure the sustainable growth of the Company; if without solid talent development policy, it will cause the stagnation of employee's professional skills, and then affect the technology development and operation of the Company.	●	●	○	○			GRI 404: Training and Education	Friendly workplace	Talent cultivation management strategy
Human rights	Faraday respects human rights, create a fair and dignified working environment; at the same time, requests supply chain partner to pay attention to important human rights issues together, and is devoted to practice commitment and responsibility for human rights.	Faraday's performance in human rights governance will affect the business reputation from internal (employee) and external (customer, government agencies or international institutions); if any human rights event, it will cause impact on business operation and corporate image.	●	●	●	●	●	●	GRI 406: Non-discrimination GRI 407: Freedom of Association and Collective Bargaining GRI 408: Child Labor GRI 409: Forced or Compulsory Labor	Friendly workplace	Faraday human rights policy
Occupational health and safety	Faraday's basic responsibility is to keep the life safety and health of employee, and provide good working environment.	Safety and health incident will threat the health and safety of employee's life, and result in business property damage, even the risk of operational disruption.	●	●		○		●	GRI 403: Occupational Health and Safety	Friendly workplace	Safety and health policy
Climate and energy	In response to climate change, immediately grasp opportunity to identify and analyze the impact on operation and finance, we are devoted to environment sustainable development. Good greenhouse gas emissions and energy management can improve operational performance and reduce environment loading.	In response to climate change, possible risks on the production and operation of semiconductor industry.	●					●	GRI 201: Economic Performance GRI 302: Energy GRI 305: Emissions	Environmental sustainability	Green environmental protection policy
Social inclusion	Give full play to the innovation management of Faraday's business, share the advantage brought from technological innovation with society, make more people to benefit from the opportunities brought about by the spread of technology, and drive a better future.	The Company invests relevant resource in making contribution to society, increases the trust and support of society and stakeholder to the Company.	○					○	GRI 203: Indirect Economic Impacts	Social inclusion	Drive social development, exert social influence, respond to social welfare
Information security	Confidential information protection is Faraday's commitment to customer, shareholder, employee, and supplier to ensure that business secret and business partner privacy are protected.	If any leaks of the business secret or business partner privacy, there will be impact on the Company's credibility and competitiveness, and damage the interests of business partner.	●	●	●	●	●	●	GRI 418: Customer Privacy	Corporate governance (Note 1)	Information security policy

Note 1: Corporate governance is not the Faraday-defined five execution aspects of sustainability.
Note 2: In comparison to 2022, "corporate governance", "risk management", and "integrity and legal compliance" are governance aspects, which are not included in materiality impact, "environmental protection policy", "water resource management", and "waste management" are deleted by considering the correlation of the company's operation. In addition, add "human rights" in materiality issue by 2023.



Performance management indicator of Material Topic

Material topic	Promotion and response direction	Target in 2023	Actual performance in 2023	Effectiveness evaluation	Response mechanism	
					Short-term target (2024)	Medium-term and long-term target (2025)
Innovation management	<ul style="list-style-type: none">According to market demand and advanced process evolution, deploy complete IP database and ASIC design flowBe devoted to technological innovation, and by reward mechanism of encouraging R&D innovation to combine operation target of the Company, deploy patent application to form virtuous cycle for R&D innovation and corporate culture, and lay a solid foundation for corporate sustainable management.	<ul style="list-style-type: none">Patent applications in 2023 \geq 10Pass TIPS class A certification	<ul style="list-style-type: none">Total of 10 patent applications in 2023Has passed TIPS class A certification in 2023	✓	<ul style="list-style-type: none">Patent applications in 2024 \geq 10To pass TIPS class A re-certification in 2024	<ul style="list-style-type: none">By reward mechanism of encouraging R&D innovation to combine operation target of the Company, deploy patent application to form virtuous cycle for R&D innovation and corporate cultureStep by step, promote TIPS management system to other technical division of the Company
Green product design	<ul style="list-style-type: none">Develop low power consumption technology and develop ASIC product for energy-efficiency purpose	<ul style="list-style-type: none">Develop low power consumption technology and low power consumption platformDevelop ASIC product for energy-efficiency purpose, to make the proportion of green-energy product design projects be doubled	<ul style="list-style-type: none">By 2023, has completed 14 nm low power consumption design: 39, others in 40 nm SONOS low power consumption: 175Continuously cultivated and increased the proportion of green energy product design projects, have substantially increased for more than three ~ four times in the past five years.	✓	<ul style="list-style-type: none">Continuous design direction for low power consumption and 100% adoption of 40 nm SONOS platformContinuously cultivate various ASIC products of low power consumption and energy-efficiency purpose, increase the proportion of design project	<ul style="list-style-type: none">Continuous low power consumption technology development and low power consumption platform developmentContinuously cultivate various ASIC product of low power consumption and energy-efficiency application field, increase the proportion of design project; while increasing year by year the proportion of low power consumption design project in revenue, to make Faraday move forward to high “green”.
Customer relationship management	<ul style="list-style-type: none">Provide customer with competitive IP/ASIC solution and good quality, to improve the company’s/customer’s competitiveness and customer satisfaction	<ul style="list-style-type: none">Achievement rate of ISO9001 and ISO14001 certification for all wafer, packaging, and testing suppliers	<ul style="list-style-type: none">Customer satisfaction: 87.2%On-schedule closing rate of eService customer questionnaire: 99.5%	✓	<ul style="list-style-type: none">Customer satisfaction: over 87%On-schedule closing rate of eService customer questionnaire: 98%	<ul style="list-style-type: none">Continuously and steadily increase customer satisfactionOn-schedule closing rate of eService customer questionnaire: 98%
Sustainable supply chain management	<ul style="list-style-type: none">Formulate “Supplier code of conduct”, request supplier to follow responsible supply chain and low-carbon supply chainSet up the assessment criteria of supplier and new supplier, request supplier to obtain the ISO9001 and ISO14001 certification in the aspect of quality and environment management; meanwhile, import new supplier of ISO45001 or the same level certification with priorityRegularly/Irregularly make assessment, audit and review to supplier, guide and continuously track to improve the quality of supplier, in order to meet the requirement of production management, labor rights, ethics, occupational safety and health, quality; partnership for prosperity to achieve the requirement for environment sustainable target	<ul style="list-style-type: none">Achievement rate of ISO9001 and ISO14001 certification for all wafer, packaging, and testing suppliersOver 80% of wafer, packaging, and testing suppliers achieve ISO45001 certification100% achievement rate of supplier signing the following documents:<ul style="list-style-type: none">Declaration of Non-use of Conflict MineralsCommitment of Not to Use Environmental SubstancesFaraday Supplier Code of Conduct Commitment (including carbon reduction requirement)Supplier audit rate achieve 100% (including the audits of production quality management, supplier code of conduct, and information security)	<ul style="list-style-type: none">Achievement rate of ISO9001 and ISO14001 certification for all wafer, packaging, and testing suppliers: 100%92.9% of wafer, packaging, and testing suppliers achieve ISO45001 certificationAchievement rate of supplier signing the following documents: 100%<ul style="list-style-type: none">Declaration of Non-use of Conflict MineralsCommitment of Not to Use Environmental SubstancesFaraday Supplier Code of Conduct Commitment (including carbon reduction requirement)Supplier audit rate achieved 100%, including the audits of production quality management, supplier code of conduct, and information security	✓	<ul style="list-style-type: none">Achievement rate of ISO9001 and ISO14001 certification for all wafer, packaging, and testing suppliersOver 80% of wafer, packaging, and testing suppliers achieve ISO45001 certification100% achievement rate of supplier signing the following documents:<ul style="list-style-type: none">Declaration of Non-use of Conflict MineralsCommitment of Not to Use Environmental SubstancesFaraday Supplier Code of Conduct Commitment (including carbon reduction requirement)100% completion rate of supplier sustainable risk assessmentSupplier audit rate achieve 100% (including the audits of production quality management, supplier code of conduct, and information security)	<ul style="list-style-type: none">All suppliers achieve carbon reduction of 20% by 2030 (base year: 2023)All wafer, packaging, and testing suppliers achieve ISO9001 and ISO14001 certificationsOver 80% of wafer, packaging, and testing suppliers achieve ISO45001 certificationContinuously request all suppliers to meet:<ul style="list-style-type: none">Non-use of Conflict MineralsCommitment of Not to Use Environmental SubstancesFaraday Supplier Code of ConductSupplier audit rate: 100%



Material topic	Promotion and response direction	Target in 2023	Actual performance in 2023	Effectiveness evaluation	Response mechanism	
					Short-term target (2024)	Medium-term and long-term target (2025)
Diversity/Equity/Inclusion	<ul style="list-style-type: none">• Be devoted to provide diverse/equal/inclusive workplace culture and working environment• Align with government policy for employment of people with disabilities• Implement gender equality policy, guarantee a workplace environment of gender equality and opportunities for development, put an end to any form of discrimination• Implement workplace maternal care measures, create a female friendly environment• Keep open and transparent communication and complaint channels	<ul style="list-style-type: none">• Promote the workplace culture and environment in line with the values of diversity, equity, and inclusion• Equal employment of disabled or disadvantaged groups, guarantee the right to work<ul style="list-style-type: none">• Employment of people with disabilities, which meet or exceed the regulation in “Person with disabilities rights protection act”• Guarantee a workplace environment of gender equality and opportunities for development, put an end to discrimination<ul style="list-style-type: none">• 100% implementation of female/male with the same starting salary in the same job position/job grade• 100% guarantee fairness of remuneration and promotion• Provide multiple and transparent communication and complaint channels<ul style="list-style-type: none">• Employee forum and Labor management conference are held every quarter• Employee satisfaction of over 90%• Definitely accept complaint case: 100%	<ul style="list-style-type: none">• Promote the workplace culture and environment in line with the values of diversity, equity, and inclusion<ul style="list-style-type: none">• Released “Declaration of Diversity, Equity, and Inclusion” in official website and ESG report• Received Premium Award for “Promoting Workplace Gender Equality” of Hsinchu Science Park in 2023• Equal employment of disabled or disadvantaged groups, guarantee the right to work<ul style="list-style-type: none">• Employment of people with disabilities, which exceed the regulation in “Person with disabilities rights protection act”• Guarantee a workplace environment of gender equality and opportunities for development, put an end to discrimination<ul style="list-style-type: none">• 100% implementation of female/male with the same starting salary in the same job position/job grade• 100% guarantee fairness of remuneration and promotion• Provide multiple and transparent communication and complaint channels<ul style="list-style-type: none">• Employee forum and Labor management conference were held every quarter.• Employee satisfaction: 94%• No complaint case	✓	<ul style="list-style-type: none">• Promote the workplace culture and environment in line with the values of diversity, equity, and inclusion<ul style="list-style-type: none">• Through promotion and training, deliver the values of diversity, equity and inclusion• Equal employment of disabled or disadvantaged groups, guarantee the right to work<ul style="list-style-type: none">• Employment of people with disabilities, which meet or exceed the regulation in “Person with disabilities rights protection act”• Guarantee a workplace environment of gender equality and opportunities for development, put an end to discrimination<ul style="list-style-type: none">• 100% implementation of female/male with the same starting salary in the same job position/job grade• 100% guarantee fairness of remuneration and promotion• Provide multiple and transparent communication and complaint channels<ul style="list-style-type: none">• Hold employee forum and Labor management conference every quarter.• Employee satisfaction of over 90%• Definitely accept complaint case: 100%	<p>Actively convey the understanding and recognition of diversity, equity and inclusion from management level and colleagues, practice the target of talent sustainability together</p> <p>Diversity</p> <ul style="list-style-type: none">• Continuously recruit diverse talent, build a combination of diverse management level and employees• No discrimination or harassment in any form <p>Equity</p> <ul style="list-style-type: none">• Respect individual difference and uniqueness of every employee, give opportunities and resources based on individual difference• Equal employment of disabled or disadvantaged groups, guarantee the right to work• Guarantee a workplace environment of gender equality and opportunities for development• Guarantee fairness of remuneration and promotion, create an environment where every employee can do their best and be treated equally <p>Inclusion</p> <ul style="list-style-type: none">• Establish harmonious employee-employer relations and perfect communication channel to avoid employer-employee disputes and workplace illegalities• Create a female friendly environment, and implement workplace maternal care and protection measures

Material topic	Promotion and response direction	Target in 2023	Actual performance in 2023	Effectiveness evaluation	Response mechanism	
					Short-term target (2024)	Medium-term and long-term target (2025)
Talent attraction and retention	<ul style="list-style-type: none">Global talent strategic deployment, elite selectionRegular inventory to grasp key talent, provide talent retention measure to reduce the risk of key talent lossImprove operational performance of the company, guarantee the employees’ overall rewards with highly competitiveness to attract and retain excellent talentCreate a friendly workplace with joy and profession inclusion, emphasis on physical and mental balance of employee and professional growth, attract and retain talent.	<ul style="list-style-type: none">Elite selection with strict professional control<ul style="list-style-type: none">Execution rate of professional evaluation: 100%Provide competitive remuneration and welfare system<ul style="list-style-type: none">Be included in constituent stock of “TWSE RAFI® Taiwan High Compensation 100 Index” announced by Taiwan Stock ExchangeProvide better-than-legal working hours and leave systemOptimize mentorship program for new recruits<ul style="list-style-type: none">Retention rate of newcomer within one year of employment: over 80%Satisfaction score of “Voice of Newcomers”: over score of 85Regular inventory and develop key talent<ul style="list-style-type: none">Retention rate of excellent talent: over 70%Create a joyful and friendly workplace, encourage colleagues to participate in annual key activities<ul style="list-style-type: none">Annual key activities Colleague participation rate: over 80%, colleague satisfaction: over score of 88Family day activity (Faraday 30th anniversary)Dependents participation rate: over 60%	<ul style="list-style-type: none">Elite selection with strict professional control<ul style="list-style-type: none">Execution rate of professional evaluation: 100%Provide competitive remuneration and welfare system<ul style="list-style-type: none">Consecutively listed in constituent stock of “TWSE RAFI® Taiwan High Compensation 100 Index” announced by Taiwan Stock Exchange since 2014better-than-legal working hours and leave system<ul style="list-style-type: none">Better-than-regulations, 10 days of paid leave for each employeeAdd public service leave of 2 days and paternity caring leave of 3 daysOptimize newcomer care and guidance mechanism<ul style="list-style-type: none">Retention rate of newcomer within one year of employment: 90.9%Satisfaction score of “Annual Voice of Newcomers” was score of 88.6.Regular inventory and develop key talent<ul style="list-style-type: none">Retention rate of excellent talent: 85%Create a joyful and friendly workplace, encourage colleagues to participate in annual key activities<ul style="list-style-type: none">Participation rate of annual key activities: 92%, colleague satisfaction: score of 90.2Dependents participation rate for Faraday 30th anniversary activity: 66.4%	✓	<ul style="list-style-type: none">Elite selection with strict professional control<ul style="list-style-type: none">Execution rate of professional evaluation: 100%Provide competitive remuneration and welfare system<ul style="list-style-type: none">Be included in constituent stock of “TWSE RAFI® Taiwan High Compensation 100 Index” announced by Taiwan Stock ExchangeProvide better-than-legal working hours and leave systemOptimize mentorship program for new recruits<ul style="list-style-type: none">Retention rate of newcomer within one year of employment: over 80%100% implement newcomer assessment and guidance mechanismRegular inventory and develop key talent<ul style="list-style-type: none">Retention rate of excellent talent: over 70%Create a joyful and friendly workplace, encourage colleagues to participate in annual key activities<ul style="list-style-type: none">Annual key activities Colleague participation rate: over 80%, satisfaction: over score of 88Family day activityDependents participation rate: over 50%	<ul style="list-style-type: none">Global elite selection and continuous optimize talent retention measure, give full play to the effectiveness of talents<ul style="list-style-type: none">Actively expand recruit channels to recruit diverse talentImplement professional talent controlProvide attractive talent retention measure, raise retention rate of key talentImprove operational performance of the company, guarantee the employees’ overall rewards with highly competitiveness to attract and retain excellent talent<ul style="list-style-type: none">Be included in constituent stock of “TWSE RAFI® Taiwan High Compensation 100 Index” announced by Taiwan Stock ExchangeProvide better-than-legal working hours and leave systemContinuously pay attention to physical and mental health of employee and learning growth, be devoted to create a friendly and inclusive workplace environmentImprove employee participation rate of company activities and satisfaction



Material topic	Promotion and response direction	Target in 2023	Actual performance in 2023	Effectiveness evaluation	Response mechanism	
					Short-term target (2024)	Medium-term and long-term target (2025)
Talent development	<ul style="list-style-type: none">Build a systematic digital cultivation mechanism, cultivate organizational knowledge and talent inheritance, consolidate core competitiveness of the company and implement sustainable developmentRegular inventory to grasp key talent, provide career development planning, implement talent cultivation and inheritance	<ul style="list-style-type: none">Implement training in key skills, guarantee R&D driving force<ul style="list-style-type: none">Completion rate of required R&D key course: 100%Externalize tacit knowledge, continuously promote internal R&D technology inheritance<ul style="list-style-type: none">Proportion of internal lecturer in R&D courses: over 80%Update and finish building eCourse by planCultivate excellent management talent, promote talent inheritance and organizational sustainability<ul style="list-style-type: none">Internal promotion rate of management talent: over 70%	<ul style="list-style-type: none">Implement training in key skills, guarantee R&D driving force<ul style="list-style-type: none">Completion rate of required R&D key course: 100%Externalize tacit knowledge, continuously promote internal R&D technology inheritance<ul style="list-style-type: none">Proportion of internal lecturer in R&D courses: 84.2%Updated and finished building eCourse by planCultivate excellent management talent, promote talent inheritance and organizational sustainability<ul style="list-style-type: none">Internal promotion rate of management talent: 78.3%	✓	<ul style="list-style-type: none">Implement the training in reinforcing key skills, guarantee R&D driving force<ul style="list-style-type: none">Completion rate of required R&D key course: 100%Externalize tacit knowledge, continuously promote internal R&D technology inheritance<ul style="list-style-type: none">Proportion of internal lecturer in R&D courses: over 80%Update and finish building eCourse by planTraining localization, finish the eCourse building plan at overseas baseCultivate excellent management talent, promote talent inheritance and organizational sustainability<ul style="list-style-type: none">Internal promotion rate of management talent: over 70%	<ul style="list-style-type: none">Ensure comprehensive training resources and learning environment for employee, reinforce the Company’s intellectual capital and overall competitiveness<ul style="list-style-type: none">Strengthen education committee mechanism, improve training execution effectivenessOptimize systematic global digital learning resource, continuously promote externalization of tacit knowledge<ul style="list-style-type: none">Optimize eCourse content and execution effectiveness, strengthen institutional valueBuild talent echelon, carry out talent cultivation, ensure technology inheritance and organizational development<ul style="list-style-type: none">Regular inventory and cultivate key talent, provide development planning of “right person in the right place”Strengthen supervisor development and management trainee to respond to organizational development and planning at any timeImprove individual work efficiency, facilitate learning and growing of colleague
Human rights	<p>Respect human rights, actively create a fair and dignified working environment, fulfill commitment and responsibilities to human rights</p> <ul style="list-style-type: none">Respect free labor rightsProvide a safe and healthy working environmentBuild an open communication channelRespect freedom of associationImplement privacy protection and information securityExecute risk assessment of human rights and information disclosure	<ul style="list-style-type: none">Fulfill commitment and responsibilities to human rights, create a dignified working environment<ul style="list-style-type: none">Announcement of “Human Rights Policy”Regular promotion of human rights policy, training completion rate: 100%Comply with international and relevant regulations of labor human rights at various operating bases<ul style="list-style-type: none">No human rights violationsExecute Human Rights Due Diligence (HRDD) and supplier human rights audit<ul style="list-style-type: none">Execute human rights due diligence of employee and supplier every three years/every yearPublic disclosure of the investigation result and management measure in official website and ESG reportRequest supply chain partner to follow the same standards for the commitment of human rights protectionSet hot lines for human rights complaints and reporting<ul style="list-style-type: none">Definitely accept complaint case	<ul style="list-style-type: none">Fulfill commitment and responsibilities to human rights, create a dignified working environment<ul style="list-style-type: none">Implement “Human Rights Policy”Regular promotion of human rights policy, training completion rate: 100%Comply with international and relevant regulations of labor human rights at various operating bases<ul style="list-style-type: none">No human rights violationsComply with international and relevant regulations of labor human rights at various operating bases<ul style="list-style-type: none">No human rights violationsExecute Human Rights Due Diligence (HRDD) and supplier human rights audit<ul style="list-style-type: none">Executed Human Rights Due Diligence for employee and supplier in 2023Public disclosure of the investigation result and management measure in official website and ESG reportRequest supply chain partner to follow the same standards for the commitment of human rights protectionSet hot lines for human rights complaints and reporting<ul style="list-style-type: none">No complaint case	✓	<ul style="list-style-type: none">Fulfill commitment and responsibilities to human rights, create a dignified working environment<ul style="list-style-type: none">Implement “Human Rights Policy”Regular promotion of human rights policy, training completion rate: 100%Comply with international and relevant regulations of labor human rights at various operating bases<ul style="list-style-type: none">No human rights violationsExecute Human Rights Due Diligence, public disclosure of the investigation result and management measure<ul style="list-style-type: none">Execute human rights due diligence for employee and supplier every three years/every yearPublic disclosure of the investigation result and management measure in official website and ESG reportRequest supply chain partner to follow the same standards for the commitment of human rights protectionSet hot lines for human rights complaints and reporting<ul style="list-style-type: none">Definitely accept complaint case	<ul style="list-style-type: none">Fulfill commitment and responsibilities to human rights, create a dignified working environment<ul style="list-style-type: none">Implement “Human Rights Policy”Continuously strengthen human rights awarenessComply with international and relevant regulations of human rights at various operating bases, implement human rights protection<ul style="list-style-type: none">No human rights violationsDefinitely accept complaint caseRegularly do Human Rights Due Diligence for employee and supplier, and set prevention, mitigation and remedial measures, to reduce the risk impact on human rightsImplement the risk issue management of human rights and information disclosure, ensure that stakeholders pay attention to and understand important human rights issue<ul style="list-style-type: none">Disclosure of management measure and action on human rights issues every yearContinuously request supply chain partners to pay attention to important human rights issue together, follow the same standards and make commitment on human rights protection



Material topic	Promotion and response direction	Target in 2023	Actual performance in 2023	Effectiveness evaluation	Response mechanism	
					Short-term target (2024)	Medium-term and long-term target (2025)
Occupational health and safety	<div>Protect and implement a safe and healthy working environment</div> <ul style="list-style-type: none">Reduce occupational health and safety riskImplement workplace maternal care measuresPlan related disaster drill to minimize the safe and health uncertainty	<ul style="list-style-type: none">Implement workplace safety<ul style="list-style-type: none">CPR+AED training density accumulatively ≥ 25%Disaster drill: Holding at least one drill per yearImplement healthy workplace<ul style="list-style-type: none">Implement workplace maternal care measures; provide nursing areas, equipment and facilities that meet requirementsComplete risk evaluations for the maternal health protection periodComplete health promotion activities: ≥ 3	<ul style="list-style-type: none">Award the “Badge of Accredited Healthy Workplace” from Health Promotion Administration, Ministry of Health and WelfareAwarded the “Taiwan I sports Certification” from Sports Administration, Ministry of EducationImplement workplace safety<ul style="list-style-type: none">Improved the CPR+AED training density, accumulative training completion rate: 39%Completed disaster drill, with up to 553 people participating in the drill.Implement healthy workplace<ul style="list-style-type: none">Completed workplace maternal care measures; provide nursing areas, equipment and facilities that meet requirementsComplete risk evaluations for the maternal health protection periodCompleted health promotion activities: 4	✓	<ul style="list-style-type: none">Implement workplace safety<ul style="list-style-type: none">Implement workplace hazard identification and risk assessmentParticipation frequency of CPR+AED training accumulatively over three times: ≥ 10% of total employeesHolding at least one disaster drill per yearImplement healthy workplace<ul style="list-style-type: none">Implement workplace maternal care measures; provide nursing areas, equipment and facilities that meet requirementsComplete risk evaluations for the maternal health protection periodHealth promotion activities: ≥ 3Participate in the healthy workplace accreditation from Health Promotion Administration, Ministry of Health and Welfare	<ul style="list-style-type: none">Participate in the healthy workplace accreditation from Health Promotion Administration, Ministry of Health and Welfare every three yearsParticipate in Taiwan I sports Certification from Sports Administration, Ministry of Education every three yearsImplement workplace safety<ul style="list-style-type: none">Implement workplace hazard identification and risk assessment, to meet zero occupational accidentIncrease participation frequency of CPR+AED training accumulatively over three times before 2026: ≥ 25% of total employeesHolding at least one disaster drill per yearImplement health workplace<ul style="list-style-type: none">Implement workplace maternal care measures; provide nursing areas, equipment and facilities that meet requirementsComplete risk evaluations for the maternal health protection periodImprove health promotion activity
Climate and energy	<ul style="list-style-type: none">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">GHG inventory and verificationGreenhouse gas will be reduced compared to the base year of 2023Renewable energy setup and procurementContinuously promote energy efficiency and carbon reduction plan, set the target of annual energy saving by 60,000 kWh	<ul style="list-style-type: none">Completed GHG inventory in parent company (Scope 1 ~ 3)Completed the planning of pathway for carbon reductionPower generation from renewable energy in 2023: 106,880 kWh in totalCompleted the update of energy-efficiency equipment: 3; annual electricity saving target: 192,752 kWh; greenhouse gas reduction: 95.413 metric of tons CO₂e	✓	<ul style="list-style-type: none">Third-party verification for greenhouse gas in parent company (ISO14064-1: Scope 1 ~ 2)GHG inventory in subsidiary (Scope 1 ~ 2)Greenhouse gas emissions are the same as the base year.Construction Phase 2 of renewable energy power generation equipmentContinuously promote energy efficiency and carbon reduction plan every year, set the annual electricity saving target: 80,000 kWh	<ul style="list-style-type: none">Carbon reduction 50% by 2030 (Scope 1 ~ 2)Third-party verification for greenhouse gas in parent company and subsidiary (ISO14064-1: Scope 1 ~ 2)Greenhouse gas emissions is -15% than the base year.Add procurement of renewable energyContinuously promote energy efficiency and carbon reduction plan every year, set the annual electricity saving target: 80,000 kWh
Social inclusion	<ul style="list-style-type: none">In combination of the Company’s resource and employees’ love, care and contribute to social needs, increase influence on society, to be social inclusionPromote social development and talent cultivationIncrease our influence on societySupport public welfare activities and help social welfare groups	<ul style="list-style-type: none">Cooperative education of semiconductor industry with two collegesInvite domestic arts and cultural groups for 2 showsMake contribution and donation in assisting medical, education and local social welfare organizations: four organizations in total, total amount ≥ NT\$1.1 million	<ul style="list-style-type: none">Cooperative education of semiconductor industry with two collegesInvited domestic arts and cultural groups for 3 showsMade contribution and donation in assisting medical, education and local social welfare organizations: four organizations in total, total amount of NT\$1.656 million	✓	<ul style="list-style-type: none">Cooperative education of semiconductor industry with two collegesInvite domestic arts and cultural groups for 2 showsMake contribution and donation in assisting medical, education and local social welfare organizations: four organizations in total, total amount ≥ NT\$1.1 millionDonation of second-hand supplies: 2 times	<ul style="list-style-type: none">Cooperative education of semiconductor industry with two collegesInvite domestic arts and cultural groups for 2 showsMake contribution and donation in assisting medical, education and local social welfare organizations: four organizations in total, total amount ≥ NT\$1.2 millionDonation of second-hand supplies: 2 times
Information security	<ul style="list-style-type: none">Implement the most secure and strict information protectionPromote confidentiality and regulationsBuild information rating systemBuild partner confidential systemInformation protection technology and managementInformation abnormality analysis and early warning	<ul style="list-style-type: none">Pass ISO 27001:2022 certificationInformation security policy announcement: four times per yearPaired with new recruit training, 100% implementation of training course for information security policyComplaints about violation of customer privacy or loss of customer information: 0	<ul style="list-style-type: none">2023/11/19~2026/11/19 Obtained ISO 27001:2022 certification by 2023/11/28, news release by 2023/12/1, certificate validity period: 2023/11/19 ~ 2026/11/19Completed playing the promotional video of information security in February and August; conducted information security announcement at employee forum in April and OctoberAll newcomers completed the training course for information security policy when onboard.Complaints about violation of customer privacy or loss of customer information: 0	✓	<ul style="list-style-type: none">Complete corrective sheet, risk handling plan and regular execution items formulated by ISO 27001, and pass external audit to keep the validity of certificateImplement information security announcement every quarterImplement newcomer’s training course for information security policyComplaints about violation of customer privacy or loss of customer information: 0	<ul style="list-style-type: none">Complete the replace certificate of ISO 27001 before validity date of 2026Adjust the content of information security announcement according to intelligence evaluationAdjust the content of training course according to the current regulations of the companyProtect customer privacy and information security



Highlight for Faraday sustainable performance

<div>Environmental</div>	Earned “Green Leadership” and “Corporate Sustainability Reporting” of Asia Responsible Enterprise Awards in 2023		<div>Social</div>	Continuously listed in constituent stocks of “TWSE RAFI® Taiwan High Compensation 100 Index” released by Taiwan Stock Exchange since 2014		<div>Corporate Governance</div>	Be ranked in the top 6 th ~ 20 th percentile of listed companies in terms of corporate governance evaluation results for 3 consecutive years	Continuously listed in Sustainalytics ESG risk rating
	Power generation: 108,000 kWh in total in 2023, obtained T-REC	Completed GHG inventory in parent company (Scope 1 ~ 3) in 2023		Received Premium Award for “Promoting Workplace Gender Equality” from Hsinchu Science Park Bureau, National Science and Technology Council in 2023			Continuously listed in constituent stocks of “TWSE Taiwan Mid-Cap 100 Index” and “TWSE Corporate Governance 100 Index”	
Faraday became the world’s first ASIC design service company and the top 30 supporters in Taiwan listed in the TCFD official website.	 In Hsinchu headquarter, Faraday reserves an area of a thousand square meters to carry out ecological greening, plants hundreds of plants including diverse Taiwan native species, to provide natural space for biological habitat and reproduction.	Awarded the “Taiwan I sports Certification” from Sports Administration, Ministry of Education in 2023		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.		More than 943 global patents granted	Passed the certification of “Taiwan Intellectual Property Management System (TIPS) Class A”	Listed in MSCI ESG rating in 2023 for the first time Listed in FTST Russell ESG rating in 2023 for the first time Listed in S&P Global ESG rating in 2023 for the first time
One of the first batch of enterprises in the world to import Taskforce on Nature-related Financial Disclosures (TNFD), also the world’s first ASIC design service company who takes the lead in initiatives on TNFD		Award the “Badge of Accredited Healthy Workplace” from Health Promotion Administration, Ministry of Health and Welfare in 2023		Joins “TALENT, in Taiwan” in 2024 (Taiwan talent sustainability action alliance)				
Completed updating 3 energy efficiency equipment, annual electricity saving: 192,752 kWh, greenhouse gas reduction: 95.413 metric tons of CO ₂ e	 By the end of 2023, Faraday has completed 39 items of 14 nm low power consumption design, and 175 items built in 40 nm low power consumption platform. Continuously cultivated and increased the proportion of green energy product design projects, substantially increased triple ~ quadruple for the past 5 years.	 Faraday’s “Employee Stock Ownership Trust” plan was officially launched since 2022; employee participation rate is over 75%. The Company allocates 100% of the employee's monthly withdrawal amount as incentives.		Invited domestic arts and cultural groups for 3 shows	Executed Human Rights Due Diligence (HRDD) for employees and suppliers in 2023	Earned Asian Network for Quality (ANQ) recognition for Excellence in Quality Practice Award in 2023; stand out from over 50 countries and regional organizations in Asia Received 2023 AQM Excellent Quality Practice Award (R&D and Innovation)		In the name of subsidy, Sinble Technology Pte. Ltd. (Singapore), invested in green deposit issued by United Overseas Bank (UOB), Singapore; SGD4 million in total.
Specific commitment on meeting the material target for carbon reduction of 50% by 2030, and GHG zero emissions by 2050				Made contribution and donation in assisting 4 local social welfare organizations, total amount of NT\$1.15 million				

Focus on Sustainable Development Goals (SDGs)

In 2015, the United Nations announced the Sustainable Development Goals (SDGs), including 17 Goals, which covers 169 Targets and 230 indicators, providing guidance for the whole world for action together and moving forwards to sustainable development. Faraday as one of the global citizens and semiconductor industry chain, build Faraday’s execution structure of sustainability through Sustainable Committee. According to three aspects of environment, society, and governance, develop six sustainable spindles of

green innovation, low-carbon operation, friendly workplace, inclusive society, innovation value, and Partnership for prosperity; and implement Faraday’s sustainable spirit in five execution aspects of innovation management, partnership for prosperity, friendly workplace, sustainable environment, and social inclusion. Under the leading from Sustainable Committee, and with reference of “Integrating the SDGs into Corporate Reporting: A Practical Guide” to prioritize SDGs identification, focus the five execution aspects on 9

SDGs, including SDG 3 (Good Health and Wellbeing), SDG 4 (Quality Education), SDG 7 (Affordable and Clean Energy), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), SDG 10 (Reduce Inequality), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), and SDG 17 (Partnership for the Goals). According to 9 SDGs, Faraday promotes sustainable action plans and makes concrete implementation of relevant execution results, side by side with the worldwide

benchmark, work together for sustainable future of the earth.

Sustainable vision

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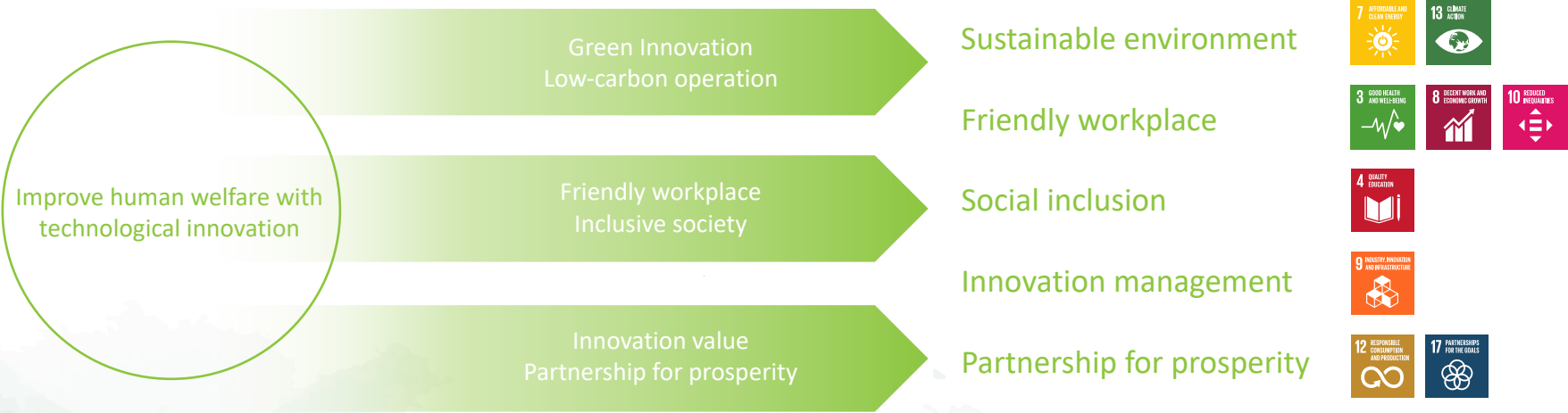
Six promotion spindles

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Five execution aspects

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Focus on SDGs



Faraday's actions and promotion results in response to SDGs

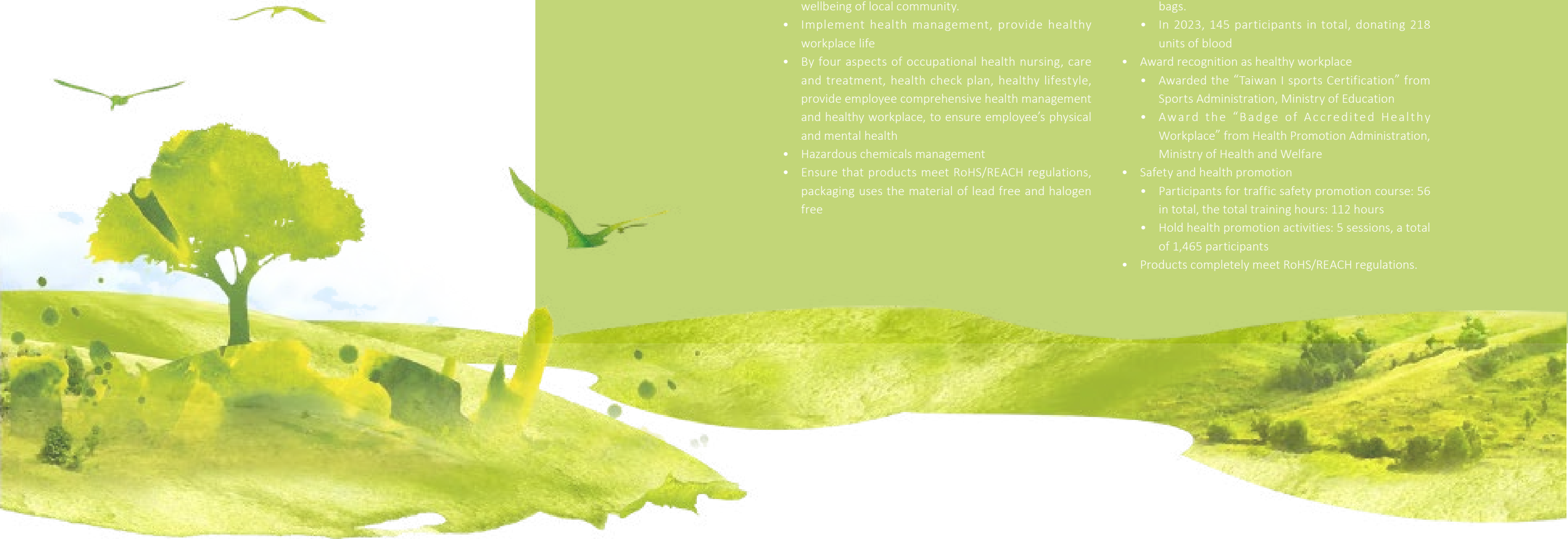


Faraday's Sustainable Action

- Improve medical resources of community, encourage participation of public welfare activities
- Sponsored local children medical resource, responded to blood donation activities, encourage employee to participate in public welfare activities, participated in charity sale held by family support center and public welfare unit; hope to create positive public welfare atmosphere inside the company, inject more vigor into the social public welfare, and promote the health and wellbeing of local community.
- Implement health management, provide healthy workplace life
- By four aspects of occupational health nursing, care and treatment, health check plan, healthy lifestyle, provide employee comprehensive health management and healthy workplace, to ensure employee's physical and mental health
- Hazardous chemicals management
- Ensure that products meet RoHS/REACH regulations, packaging uses the material of lead free and halogen free

Execution results in 2023

- Sponsored Hsinchu MacKay Memorial Hospital, children hospital was locally-built and operated
 - Denotation of NT\$2 million in total for 4 consecutive years since 2022
- Responded to blood donation activities for meeting medical needs of community
 - Holds blood donation activities twice every year, it has been more than 15 years now.
 - The cumulative amount has exceeded 3000 blood bags.
 - In 2023, 145 participants in total, donating 218 units of blood
- Award recognition as healthy workplace
 - Awarded the "Taiwan I sports Certification" from Sports Administration, Ministry of Education
 - Award the "Badge of Accredited Healthy Workplace" from Health Promotion Administration, Ministry of Health and Welfare
- Safety and health promotion
 - Participants for traffic safety promotion course: 56 in total, the total training hours: 112 hours
 - Hold health promotion activities: 5 sessions, a total of 1,465 participants
- Products completely meet RoHS/REACH regulations.





Faraday's Sustainable Action

- Promote inheritance and development of Taiwan high-tech talents
We are devoted to efficient learning and system inheritance, build learning platform of resource sharing, can provide complete planning no matter in professional skills, general knowledge skills or management skill. Employee can take training course based on job expertise, improve individual workplace competitiveness, and can cooperate and communicate with Faraday's global professionals, become world-class talent to make contribution on Taiwan semiconductor industry.
- Sprout in campus, cultivate in talent for Taiwan semiconductor industry
 - Industry-academia cooperation, cooperate with school for technology development programs
Promote communication opportunity with academia, there are long-term industry-academia cooperation projects with National Chung Cheng University and National Taipei University. Provide funding and related equipment, setup individual scholarship and advance offer plan, offer internship opportunities and professional mentors. Hope to attract and cultivate more excellent semiconductor talents, to achieve the win-win target for both academia and enterprise.
 - Workplace learning plan for college and graduate students
Provide workplace exploring opportunity for college and graduate students, through diverse learning activities, help students to know high-tech industry in advance, and be prepared for future learning fields and career planning.
 - Lecture in key universities
Holds lecture in the campus, Faraday senior supervisors share their practical industry experiences with students from various institutions, students can have a deep understanding of the high-tech industry from the technical level, encourage the students to actively develop skills required by industry so as to become a new force in the technology industry in the future.
- Grounded in primary education, sponsored the baseball team of Tung-Shih junior high school
Provide subsidy to assist the baseball team to update and purchase necessary training and equipment, create a more complete training environment for young players, cultivate excellent sports talents for our country

- Care for the disadvantaged and provide education opportunity, donate Guanxi Huaguang intelligence development center
In combination with corporate and employee powers, Faraday cares for local poor and disadvantaged groups and continuously donates Guanxi Huaguang intelligence development center in Hsinchu County. We assist in improving hardware facility and purchasing rehabilitation equipment for making those who are with multiple disabilities to be well taken care of and good learning environment.

Execution results in 2023

- Awarded "2022 National Talent Development Award of Ministry of Labor" – Large Enterprise Award
- Total training hours in 2023: 13,143 hours, 10,982 people in total
- Industry-academia R&D project cooperation
 - R&D project cooperation school: National Chung Cheng University and National Taipei University
 - Sponsor research funding and scholarship: NT\$2 million in total
 - A total of 38 students for industry-academia cooperation from 2021 to 2023
- Workplace learning plan for college and graduate students
 - A total of 17 students participated from 2017 to 2023, cumulative scholarship of NT\$17,000, the experienced hours: 2,720 hours in total
- Lecture in key universities
 - 17 campus speech in total from 2019 to 2023, 1710 participants in total
 - In 2022, held lecture in National Dong Hwa University, held the program of "Elite development class for Cell-based design", strengthen the cultivation of talents in eastern area.
- Sponsored the baseball team of Tung-Shih junior high school
 - Has sponsored since 2021, and the cumulative sponsorship will be of NT\$4.7 million by 2030.
- Donating Guanxi Huaguang intelligence development center
 - Has sponsored since 2020, with the donation of about NT\$1,500,000 from Faraday and employees; in 2023, the donation is NT\$500,000.



Faraday's Sustainable Action

- Promote energy efficiency activity, replace the old with new equipment
Update energy efficiency equipment every year, and dig out potential energy efficiency opportunity, develop specific energy efficiency projects, make evaluation according to materiality and feasibility, planning phase by phase for the promotion and development plan of the current year and next year
- Import renewable energy power generation
The solar power panel was self-built on the building roof of headquarter, the generated electricity was all provided for own use, and the power generation result was linked to National Renewable Energy Certification Center for strengthening the quality of green power.
- Low power consumption technology R&D
Continuously develop low power consumption technology and chip design solution, assist customer in completing low power consumption product

Execution results in 2023

- Result for energy reduction
Promote three energy efficiency projects, annual electricity saving: 192,752 kWh in total; it is estimated to make contribution for effectiveness of carbon reduction: 95.413 metric tons of CO₂e
- Renewable energy self-consumption
The solar power generation equipment with the installed capacity of 89.70 KWp has been completed on the building roof of Hsinchu headquarter. The electricity production in 2023 is 108,000 kWh in total and received the Renewable Energy Certification (T-REC).
- Low power consumption technology R&D
 - Cumulative kick-off projects for low power consumption IP technology of 55nm below: 2,350
 - By 2023, has completed 14 nm low power consumption design: 39, others in 40 nm SONOS low power consumption: 175





Faraday' s Sustainable Action

- Actively improve operating performance, guarantee corporate sustainability
Focus on high value-added products, through digital, systematic, and global management to provide high-quality IP and ASIC design service, improve operating performance, ensure operating results and sustainable development of the company
- Provide competitive remuneration and welfare system
Provide competitive remuneration and better-than-legal welfare system, and make timely adjustment on salary and welfare policy of the company, ensure that the overall remuneration is market competitive, optimize the life quality of employees and their families
- Create a working environment with profession and joy inclusion
Focus on employee employees' work-life balance, provide good working environment, diverse activities and welfare items, to create a friendly workplace, ensure to take full care of the physical and mental health of colleagues.
- Nurturing talent for society, promote industry-academia cooperation
Emphasis on Taiwan high-tech industry development and talent cultivation, provide students internship and advance offer opportunity, and invest in technical cooperation with school, assist students to be in line with industry early.
- Protect human rights, implement the protection of labor rights
 - Pay attention to human rights, respect international regulations on labor rights, in order to scrupulously abide by the laws in countries where we have a presence, respect all employees and workers. Implement human rights policy, prohibitions against coerced labor, child labor, and discrimination; and also provide equal working opportunity and remuneration system, guarantee the labor rights of people with disabilities or disadvantaged groups.
 - Request supply chain partner to follow the same standards, pay attention to important human rights issues together and make the commitment of human rights protection
 - Trigger the flow of Human Rights Due Diligence (HRDD), the investigation scope includes Faraday employees and suppliers. Human Rights Due Diligence (HRDD) refers to United Nations Guiding Principles on Business and Human Rights (UNGPs) and GRI Universal Standards, regularly review the management status of human rights. Plan to conduct Human Rights Due Diligence at least once every three years, review the management performance of human rights issue, set up relevant prevention and remedial measures, and make public disclosure of investigation results for Human Rights Due Diligence (HRDD).
- Provide a healthy and safe working environment
Keep the safety and health of working environment, prevent from occupational accident, continuously strengthen safety and health management, fully implement the protection of employee safety and health in the workplace

Execution results in 2023

- 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 in constituent stocks of "TWSE Taiwan Mid-Cap 100 Index"
- Continuously listed as a constituent stock in "TWSE Corporate Governance 100 Index".
- The consolidated revenue has reached NT\$12 billion in 2023.
- Hired employees with disabilities in 2023: 5 (Comply with legal requirements)
- Assist students to be in line with industry early
 - Advance offer for excellent talents in 2023: 16
 - Advance offer for excellent talents from 2021 to 2023: 73 in total
- Execute Human Rights Due Diligence (HRDD) and supplier human rights audit
 - Execute Human Rights Due Diligence (HRDD) for employees and suppliers, public disclosure of the investigation result and management measure in official website and ESG report
 - No human rights violations
- Relevant training hours of human rights policy: 686.5 hours
- No disciplinary incident, sexual harassment incident or workplace violence incident
- Create a joyful and friendly workplace, ensure employee's physical and mental health
 - Participation rate of key activity: 92%, colleague satisfaction rate: 90.2%
 - Employee satisfaction rate: 94%
- Implement workplace safety
 - Cumulative training completion rate of CPR+AED: 39%
 - Completed disaster drill, with up to 553 people participating in the drill.
 - No disease, injury, disablement, or death case that results from occupation in 2023



Faraday's Sustainable Action

- Promoter of energy transition and smart applications
Research and develop high-efficiency and low power consumption chip technology, chip is developed towards five applications of green energy, life quality, energy management, production efficiency and high-speed computing, to meet the product application purpose of “improve human welfare” or “energy transition”, promote energy transition of global industry and improve energy efficiency.
- Encourage innovation R&D
Align with semiconductor technology to evolutionary development of IP, and provide IP protection with the management mechanism that has passed TIPS certification.
- R&D manpower investment
- Keep high-proportion R&D talents, continuously improve the patent granted

Execution results in 2023

- Faraday energy transition and smart application performance
 - Revenue proportion of related products: 83.67%
 - Kick-off projects of related products: 34
- Passed the certification of “Taiwan Intellectual Property Management System (TIPS) Class A”
- Faraday R&D capability
 - Proportion of R&D members: 80%
 - Cumulative patent granted: 943



Faraday's Sustainable Action

- Create friendly workplace of Diversity, Equity and Inclusion (DEI)
Provide workplace culture and working environments of Diversity, Equity and Inclusion (DEI), create a friendly workplace atmosphere; through the friendly measures such as better-than-legally female care, work flexibility, parenting encouragement, provide appropriate support to colleagues, implement DEI statement, fulfill talent sustainability.
- Gender equality policy
Implement gender equality policy, respect and treat equally to employees with all genders and sex orientation. In the workplace environment of high-tech industry that the ratio of male employees is usually higher than the ratio of female employees, Faraday actively hire, retain and promote female professional talents, all employees share the same resource in remuneration, promotion and learning regardless of gender.

Faraday is also devoted to providing female friendly and maternal care measures, diligently creates a workplace environment with gender equality and work equality.

Execution results in 2023

- Received Premium Award for “Promoting Workplace Gender Equality” from Hsinchu Science Park Bureau, National Science and Technology Council
- Female friendly
 - Encourage to recruit female colleagues, the proportion of new female employees in recent three years raises from 26% to 34%.
 - Actively retain female employees, the proportion of female colleagues on duty in recent three years raises from 26% to 31%.
 - Diligently promote female colleagues, the proportion of female supervisors in Faraday raises from 18% to 21%.
- Maternal protection
 - For pregnant women only, adjustable ergonomic chair (worth of NT\$160,000)
 - Dedicated car parking space for pregnant women
 - Subsidy expenses for newborns per birth: NT\$12,000
 - Obtained certification of premium breastfeeding room by public health bureau, Hsinchu City in 2022



Faraday's Sustainable Action

- Waste reduction actively
Implement waste reduction and recycle, continuously move towards the target of resource efficiency, reduce waste generation, promote sustainable use of resource
- Sustainable procurement strategy
- Upholding the spirit of taking into account shareholder rights, customer satisfaction, and environmental sustainability, Faraday is devoted to local procurement; we share the business results with local supplier and practitioners, and reduce the carbon emissions during material transportation process. Meanwhile, we also follow the RBA guideline to request supplier to sign “Declaration of Non-use of Conflict Minerals”; we only make procurement to those suppliers who are environmentally and socially responsible, to prevent from the problems caused by illegal mining, such as labor oppression, forced coercion, abuse of child labor, and ecological damage.
- Sustainable education training
Include sustainable issues into internal education training plan, regularly import the course for internal colleagues and track the training results.

Execution results in 2023

- Waste recycling rate: 36%
- Responsible fair procurement
 - Local procurement ratio: 44%
 - Due diligence of conflict minerals: 100% compliant
- Course for sustainable issues (Courses which are integrated by Corporate Sustainability Committee and highly linked to sustainable issue) proportion of total training hours: 45.8%, total training hours: 6017 hours



Faraday's Sustainable Action

- Climate issue management
 - Execute greenhouse gas inventory every year, take control of organizational carbon emissions and hot spot for major carbon emissions, in order to promote the follow-up strategy of carbon reduction
 - Adopt TCFD initiative as management structure of climate issue, including four scopes of Governance, Strategy, Risk Management, Metrics and Targets, provide investors and other stakeholders with climate-related information in systematic information structure, and collaborate with suppliers/partners to promote environmental sustainable development
- Participate in green finance
Respond to green finance plan, invest funding and promote environment sustainable development with industry together

Execution results in 2023

- Set up target of 2050 Net Zero
 - Set up the target to achieve carbon reduction of 50% by 2030, and meet greenhouse gas net zero by 2050
 - All suppliers achieve carbon reduction of 20% by 2030.
- Respond to green finance project
 - Invested in green bond issued by UMC, NT\$50 million in total by September, 2023.
 - In the name of subsidy, Sinble Technology Pte. Ltd. (Singapore), invested in green deposit issued by United Overseas Bank (UOB), Singapore; SGD4 million in total.



Faraday's Sustainable Action

- Pay attention to international trends
Follow policy and sustainable strategies of various countries, by comprehensively considering international trends and policy guidelines of the host country, all bases shall respond appropriately and import necessary sustainable actions.
- Share good practice with supply chain partner
Set up Supplier Code of Conduct, ask supplier sign commitment, coordinate with regular supplier assessment, ensure that suppliers comply with international sustainable trends and regulations, and trigger project of supplier engagement, to co-operate with supplier.
- Global deployment of tech talents
Global business development plan, set up R&D and marketing bases in U.S., Japan, China, Singapore, India and Vietnam to cultivating local tech talents.
- Cooperative education support plan with international students
Faraday is devoted to cultivation of global

semiconductor talents, invests in industry-academia cooperation of international students. We take the lead in launching cooperative education projects with foreign students in National Taipei University. We sponsored foreign students to come to Taiwan to join semiconductor talent cultivation and recruit outstanding students for employment.

Execution results in 2023

- Supplier chain management
 - Coverage rate of signing Faraday Supplier Code of Conduct Commitment: 93.33%
 - Audit completion rate: 100%, improvement rate of major deficiencies: 100%
- Globally set up 9 R&D centers and 4 sales and service bases
- Sponsor and assist in international students
 - Sponsored scholarship of two-year master degree for foreign students since 2022
 - In 2023, hire one foreign student from cooperation project.

Five execution aspects of sustainability

Innovation management

4,000 Owning database of more than 4000 IPs

943 Cumulative granted patents worldwide over 943 cases

2,350 Have developed 2,350 low power consumption IPs

83.67% Energy transition and smart application-related products accounted for 83.67% of revenue

80% R&D engineering talents account for more than 80% of total employees

A Has passed TIPS class A certification and obtained certificate



Performance management indicators for material topics

Material topics	Performance indicator	2023		Target in 2024	Target in 2026
		Target	Result		
Innovation management	Patent application	Patent applications ≥ 10	A total of 10 patent applications	Patent applications ≥ 10	By reward mechanism of encouraging R&D innovation to combine operation target of the Company, deploy patent application to form virtuous cycle for R&D innovation and corporate culture
	Intellectual property management	Pass TIPS class A certification	Indeed passed TIPS class A certification	Pass TIPS class A certification	Promote the TIPS management system to all technical divisions of the Company
	Low power consumption design	Develop low power consumption design and low power consumption platform	Completed 14 nm low power consumption design: 39, others in 40 nm SONOS low power consumption: 175	Continuous design direction for low power consumption and 100% adoption of 40 nm SONOS platform	Continuously develop low power consumption product and low power consumption platform
	Products related to energy transition and smart applications	Develop ASIC product for energy efficiency purpose, to make the proportion of green-energy product design projects be doubled	Green products such as smart meters and solar systems (including smart grids) have substantially increased for more than three ~ four times in the past five years.	Continuously cultivate various ASIC products of low power consumption and energy efficiency purpose, increase the proportion of design project	Continuously cultivate various ASIC product of low power consumption and energy efficiency application field, increase the proportion of design project; while increasing year by year the proportion of low power consumption design project in revenue, to make Faraday move forward to high “green”.

Corresponding SDGs 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



1.1 Core competitiveness

1.1.1 Complete IP database

With three decades of rich experience in IP development, Faraday spares no effort in technology R&D and innovation, and has accumulated more than 4,000 self-developed IPs; and have been silicon proven and mass-production proven in ASIC design projects, which can meet ASIC customers’ diverse applications in different fields.

Faraday’s diverse and complete IP database cannot only effectively save the development resources required for each ASIC design project, but also lay a good foundation for the project development capabilities and technological experience of R&D personnel, creating non-stop innovation drive.

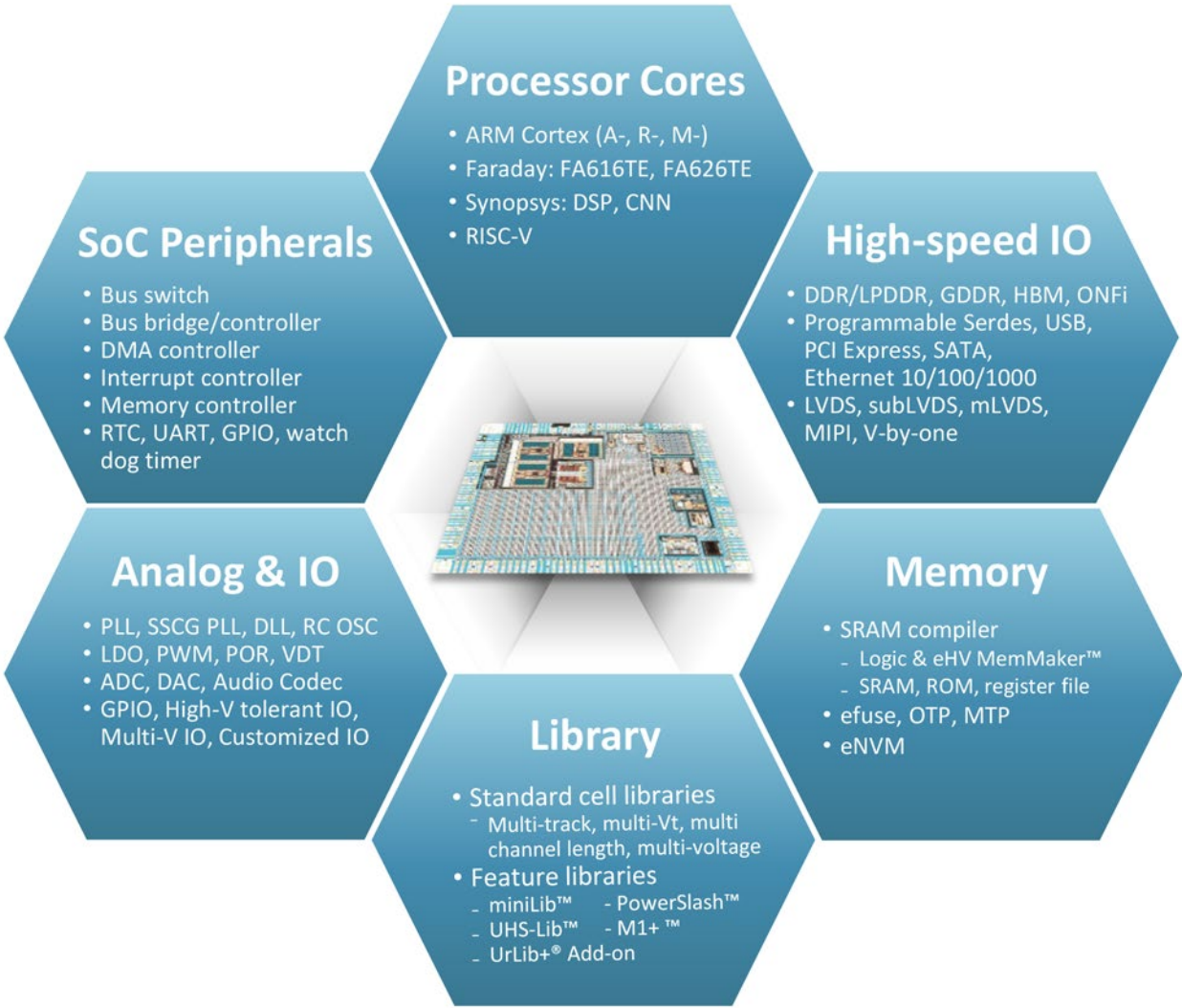
As the first ASIC manufacturer established in Asia with a complete self-developed IP database, Faraday leverages years of experience and continuously innovative technologies to help customers save considerable IP licensing fees, improve chip integration, and reduce chip development risks.

Faraday’s complete IP database covering key processes and advanced processes



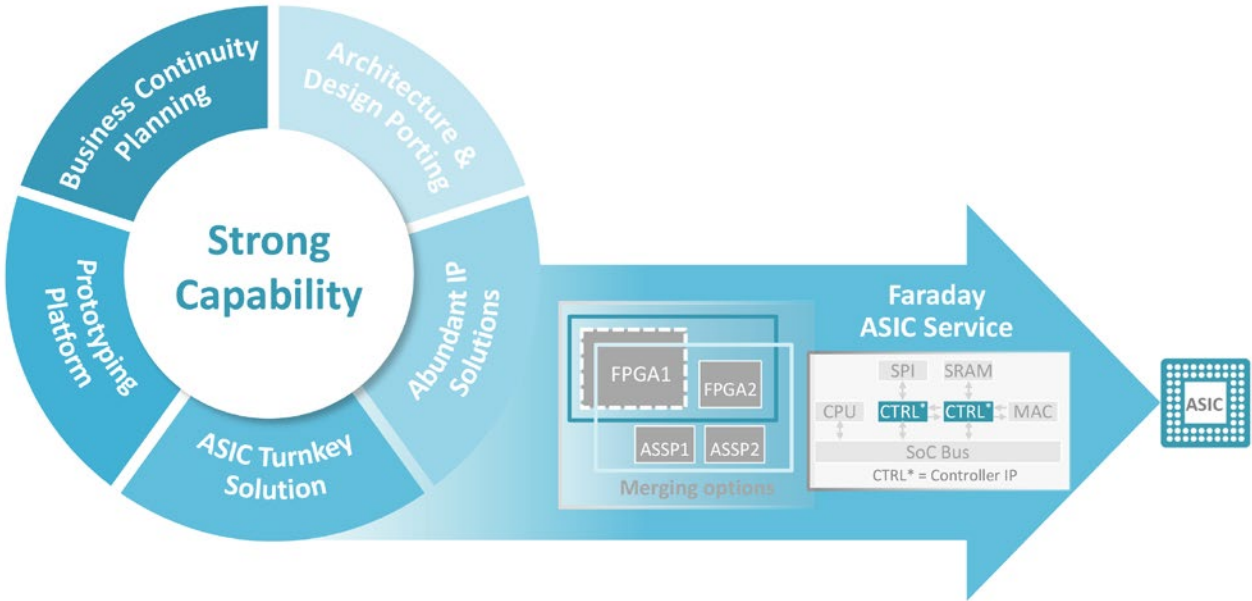
Faraday IP covering six major technology fields

Faraday’s IP database can be divided into six major technology fields by classification, including Processor Cores, High-speed IO, Memory, Library, Analog & IO, and SoC Peripherals. Each technical field contains a variety of IPs; Faraday also provides comprehensive IP service solutions while assisting customers on chip design.



1.1.2 Highly-efficient ASIC design service

Faraday has comprehensive and diverse ASIC design capabilities, including providing the competitive service items such as the best IP solutions, platform-based SoC integrated design, and Turnkey service. Combined with highly-efficient ASIC design flow, not only can it speed up the time to market of customers’ products, but it also provides chip designs according to different application needs, and improves the cost competitiveness, safety and reliability of products.

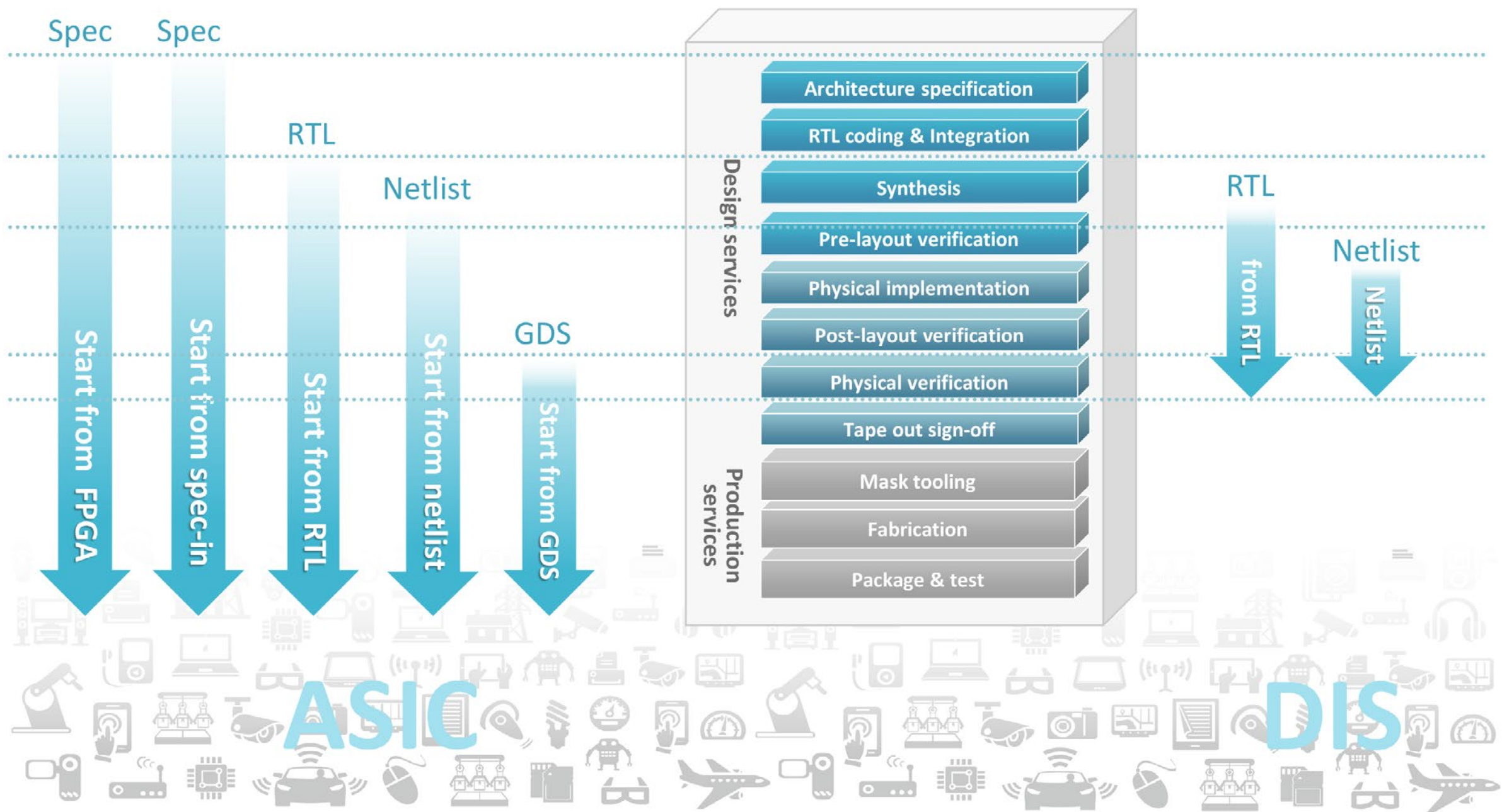


In addition to comprehensive design capabilities, Faraday has also developed complete design flow and solutions for customized chip services, with IP services, design services, and mass production services as its three core items. By combining automated integration tools and the platform to produce RTL and other designs, effectively solving complex chip design integration problems of customer products in a short period of time, allowing customers to focus more on the development of core technologies and to realize high-efficiency professional specialization.

Efficient innovation is the target that Faraday has always focused on. Under the trend of increasingly complex chip design, Faraday continuously makes technological breakthroughs, shares development experiences with partners and customers, establishes the core thinking of R&D innovation, and embody the sustainable value in every IC developed by Faraday.

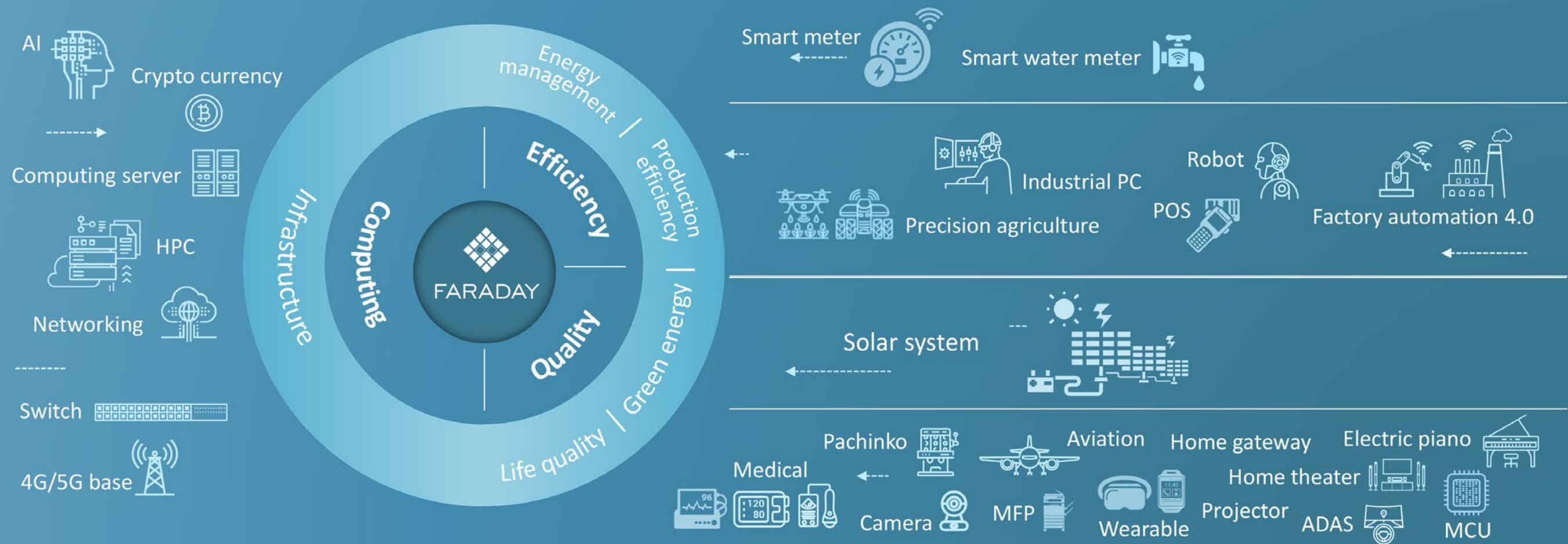
Complete ASIC design service model

Faraday has strategic partnership with foundry such as UMC, Samsung and Intel. We provide customers with complete process choices whether it is a high-performance advanced process or a key process for various applications, ASIC design services for the corresponding process are all deployed. Faraday provides one-stop ASIC services, from design to final production and testing, ensures that every link of the customer’s design project from upstream to downstream is interconnected to reduce project risks and improve production efficiency.



ASIC application solutions

ASIC technology applications mostly focus on three major directions as high-speed computing, quality improvement, and efficiency promotion; covering five major application fields, such as cloud computing infrastructure, green energy, life quality, energy management, and production efficiency.



Total Advanced Packaging Solution

Advanced packaging technology is an important cornerstone for semiconductor process technology to enter the next generation. Through advanced packaging technology, chip products can be optimized in terms of performance, size, heat dissipation, cost, and power consumption. In providing customers with packaging solutions, Faraday provides customers with customized 2.5D/3D advanced packaging services. As a neutral service provider, Faraday can provide more technological support and efficiency on high-end packaging services such as multi-source chips, packaging, and manufacturing.

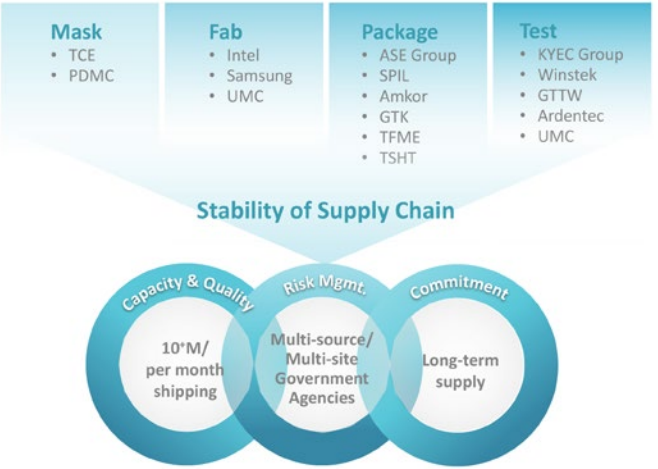
Architecture diagram of advanced packaging

Through long-term cooperation with UMC and well-known assembly houses in Taiwan, Faraday can support customized passive/active interposer manufacturing including Through Silicon Via (TSV); provide advanced packaging services, and effectively manage 2.5D/3D packaging process.



Solid supply chain partnership

As a leading manufacturer of comprehensive ASIC design services, Faraday cooperates with the world’s top semiconductor suppliers to establish long-term mutual-trust relationships and provide high-quality and competitive technology and mass production services. From IP and EDA software tools of the design side to the foundry, packaging, and testing of the production side, we work with suppliers together to create chips with good quality to meet customer needs.



IP suppliers



EDA suppliers



Production suppliers



1.1.3 Innovative R&D management

Faraday R&D management upholds to the purpose of “management innovation”, by establishing R&D management system, “eRD”, we have successively deepened our experience and energy in R&D and mass production technology, implemented “PDCA” of R&D management. Through executing comprehensive quality management, R&D quality has been improved year by year. Major international manufacturers widely adopted and recognized Faraday in product quality, cost, delivery date, and service; this also brings stable growth and profits to Faraday.

Faraday keeps on developing IP core technology and complete ASIC product development solutions, establish long-term stable and win-win partnerships with our global customers; provide high-quality services and is devoting ourselves to creating ICs that benefit mankind and express Faraday’s value.

IP R&D management

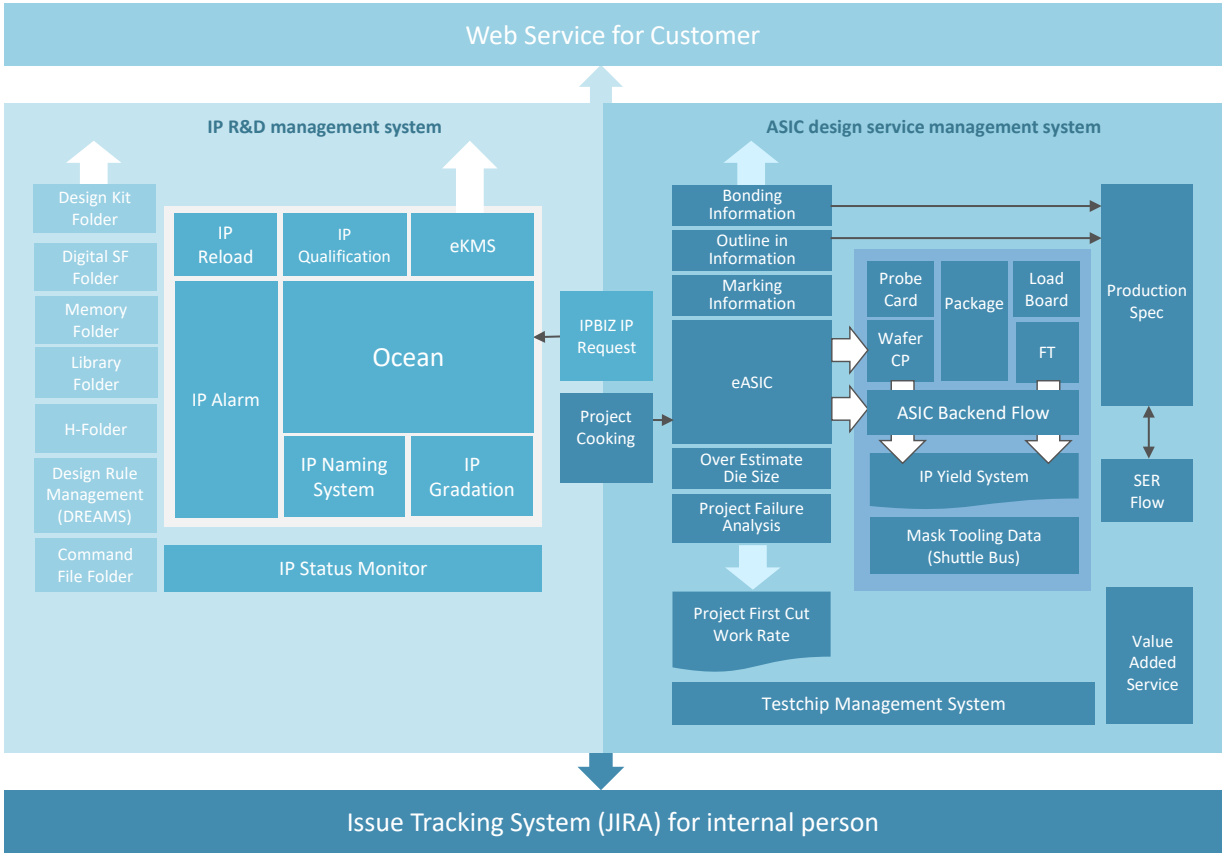
Faraday adopts self-built IP R&D management system, which can classify, manage, control, and develop IP data and conduct quality management by the following four phases.

- IP development phase: Adopt self-built Folder system to record development flow and relevant data.
- IP completion phase: Adopt self-built OCEAN (Faraday IP central database) system to manage IP database.

- IP status management: Adopt self-built IP Center to collect IP status and by self-built IP Alarm system to carry out IP change and impact management and control; and guarantee the used quality of customer IP. IP status has divided into 5 grades to indicate each IP’s quality maturity. Each grade name and principle are as follows:
- IP delivery methods: Adopt self-built eService system for customers to obtain project-related IP documents and information

eRD R&D management system

Faraday’s eRD system is divided into two core modules: “IP R&D Management System” and “ASIC Design Service Management System”. These two modules cross-link data and share information with each other in the eRD system, which make the R&D flow to run smoothly; meanwhile, it is supplemented by Web Service to provide customers with the latest information and project management tools (JIRA) to facilitate progress tracking.



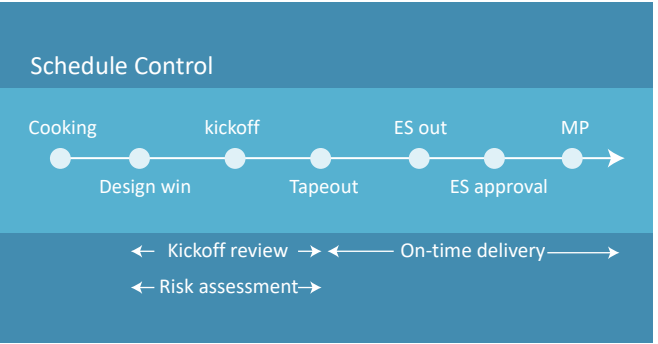
Grade	Description
Iron grade (Iron)	This IP development has been completed, and IP documents have been checked into OCEAN (Faraday IP central database) system, but relevant IP verification has not yet been completed.
Bronze grade (Bronze)	This IP development has been completed, and IP documents have been checked into OCEAN (Faraday IP central database) system, relevant IP verification has been completed, but physical testing of this IP test chip has not yet been completed.
Silver grade (Silver)	This IP development has been completed, and IP documents have been checked into OCEAN (Faraday IP central database) system, relevant IP verification, physical testing of this IP test chip, and SVR (Silicon Verification Report) have been completed, but no ASIC products have been used yet.
Gold grade (Gold)	This IP development has been completed, and IP documents have been checked into OCEAN (Faraday IP central database) system, relevant IP verification, physical testing of this IP test chip, and SVR (Silicon Verification Report) have been completed. This IP has mass production experience for more than two ASIC products, and each ASIC product has at least 50 wafers or more than 20,000 chips.
Platinum grade (Platinum)	This IP development has been completed, and IP documents have been checked into OCEAN (Faraday IP central database) system, relevant IP verification, physical testing of this IP test chip, and SVR (Silicon Verification Report) have been completed. The physical testing and SVR (Silicon Verification Report) of IP-related verification and test chips have been completed, and have been applied to the mass production of more than 5 ASIC products. The mass production quantity of each ASIC product is greater than 50 wafers or 20,000 wafers.

ASIC design service flow management

Faraday provides ASIC customers with complete and diverse business model solutions. In the aspect of ASIC R&D management, we use our self-built digital eASIC management system to import the entire flow of the ASIC project from product planning (Cooking) with customers to the final introduction of the product into mass production into digital control. The information on related systems and ASIC projects is also completely connected to the dedicated page of each eASIC project. Users can easily query the complete ASIC project information to ensure the accuracy of the information without missing any details and to achieve the requirement of R&D quality at first time. Through R&D flow management, we improve quality and efficiency to strengthen our innovation competitiveness.

Precise ASIC R&D schedule management

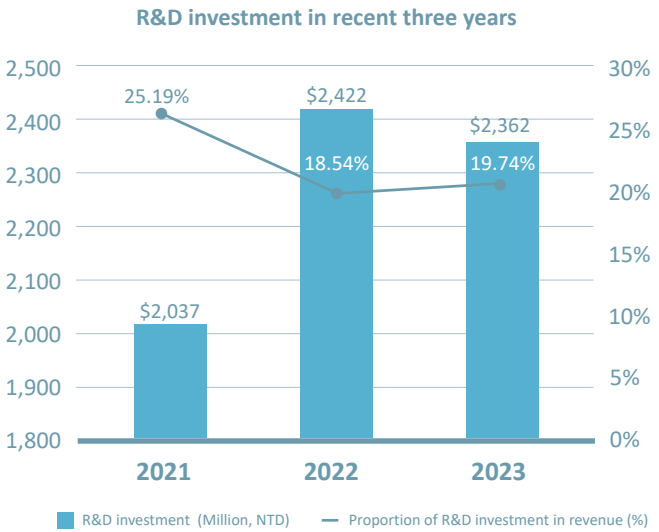
ASIC design flow is complex. Faraday uses the “ADMIRE system” to control the details and schedule of each stage during the actual development flow. It also has a reminder mechanism so that project managers, R&D personnel, and even customers can understand task execution status and bottlenecks to solve problems immediately through the system.



1.2 Innovative technology and R&D results

1.2.1 Innovative technology

R&D innovation is Faraday’s core competitiveness; R&D engineering talents account for more than 80% of the total number of employees. In recent years, Faraday has invested 20% ~ 30% of its revenue in R&D.



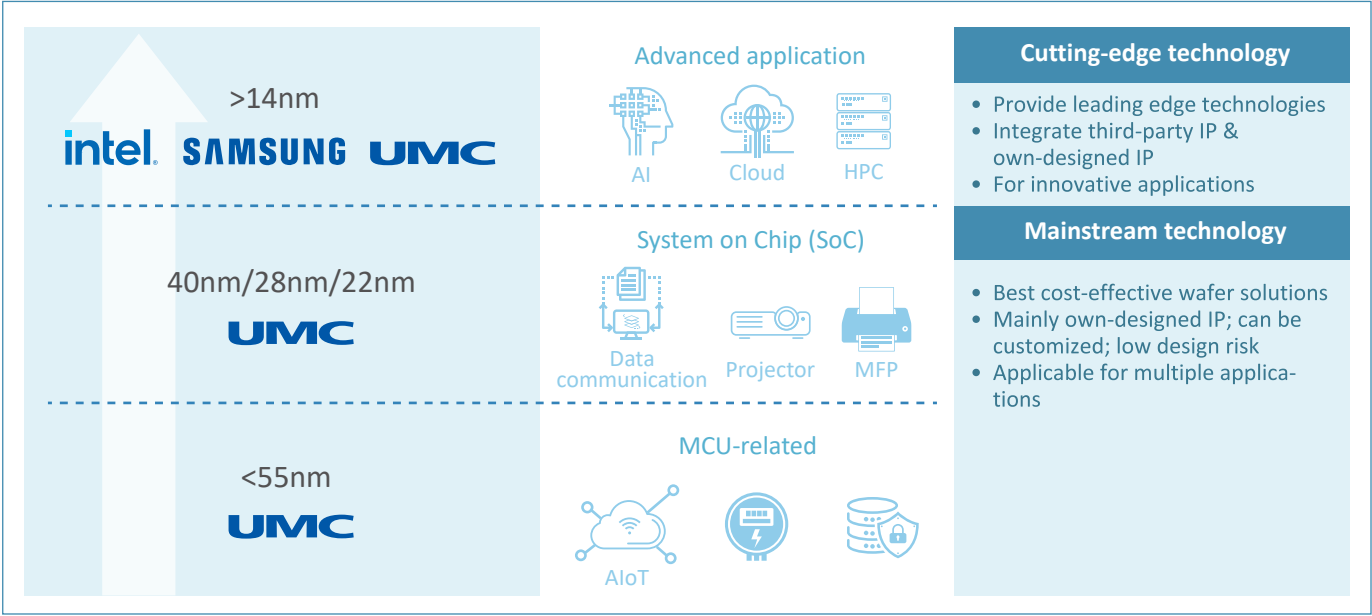
In the aspect of process technology upgrades, Faraday has strategic partnership with foundry, UMC, Samsung, and Intel. Faraday is committed to developing basic cells and various functional IP required for advanced processes; providing customers market-critical and advanced process of ASIC design services. According to customer needs, they can choose advanced processes, or key processes with a wide range of cost-effective key processes.

Design based on key processes

Faraday has collaborated with UMC and Samsung to develop a number of standard cell and interface cell libraries, covering special process of logic and Mixed-Mode signal overall from 0.5 μm to 14 nm. Customers can choose different process, voltage, and Mixed-Mode technologies based on their needs to meet wide application fields such as the IoT, MCU, smart grids, multi-function printer (MFP), projectors, and networking, etc. In addition, Faraday acquired Aragio Solutions paired with the group’s operating strategy to achieve strategic investment and deployment synergies, enhance core competitiveness in response to long-term operational needs and expand industrial scale. The main business of Aragio Solutions is high-speed transmission interface I/O and ESD IP solutions, its customers include target foundries such as TSMC, and its processes have covered from 65 nm to 5 nm.

Design based on advanced processes

Faraday has successfully collaborated with UMC, Samsung, and Intel on multiple ASIC projects of advanced processes. To focus on next-generation application products, such as AI, 5G infrastructure networking, block chain, cloud storage, high-performance computing (HPC), augmented reality & virtual reality (AR & VR), and advanced imaging technology; Faraday provides value-added and customized ASIC design solutions with integrated complete IP to help customers realize innovative products based on advanced process technology.

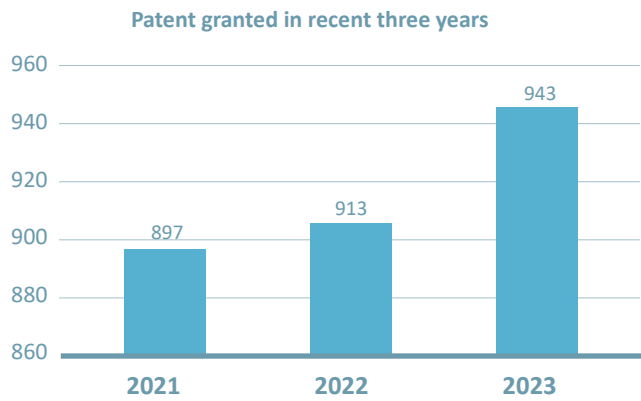




1.2.2 R&D results and patent deployment

Faraday’s patent application deployment strategy and targets take both quality and quantity into account. We regularly conduct inventory and analysis of patent assets to effectively grasp the current status of patent assets and use resources more effectively. In the future, we will continuously invest in R&D manpower and resources, pay attention to the development of industrial technologies related to the Company’s operating targets, strengthen the protection of intellectual property, and enhance the visibility and competitive advantages of Faraday’s R&D capability.

- More than 943 global patents granted (including more than 375 patents in the U.S.)
- More than 61 patent applications currently in process



Result highlight

Faraday developed the Infineon SONOS eFlash subsystem based on UMC’s 40ULP process and passed the chip quality and reliability verification.

Faraday Ariel™ SoC uses UMC’s 40 nm ultra-low power (40ULP) process and uses Infineon’s SONOS eFlash embedded flash memory technology. It has successfully passed complete quality and reliability verification, including being placed at 125 °C for 1,000 hours to proceed High Temperature Operating Life Test (HTOL) reliability test, data storage characteristics evaluation at 125 °C, and durability read and write test of more than 100,000 times. Through

testing of physical chips under extreme conditions, it was confirmed that Infineon’s SONOS eFlash macro IP is a qualified and reliable eNVM solution based on UMC’s 40ULP process.

Faraday exclusively provides SONOS eFlash subsystem solutions on the UMC 40ULP platform, which is suitable for application products that require high performance and low power consumption, such as artificial intelligence Internet of Things (AIoT), Microcontroller Unit (MCU), and smart grids.

Launched a new generation of Gigabit Ethernet PHY on UMC’s 28 HPC Plus platform

The 4-port Gigabit Ethernet PHY silicon IP has been launched on UMC’s 28 nm HPC Plus process platform and has passed silicon verification. GPHY uses SAR ADC technology to provide excellent PPA (power consumption, performance, and area) strengthens, and adopts advanced digital signal processing algorithms to significantly improve the signal-to-noise ratio in multi-port operations, aiming to improve chip performance and accelerate product development to meet the needs of highly integrated SoCs for applications such as networking, consuming electronics, and industrial automation.

Compared with the previous generation design, the newly launched GPHY significantly reduces the power consumption of each port by 33%, and uses digital signal processing (DSP) technology with advanced algorithms to reduce signal interference between multi-port networks and improved signal quality. Compared to Faraday 40 nm 4-port GPHY, the signal-to-noise ratio is improved by 1 dB ~ 2 dB. This PHY supports multiple standard protocols in the industry, including 1000BASE-T, 100BASE-TX, 10BASE-T_e, 100BASE-FX, IEEE 802.3, 802.3u, 802.3ab, and ANSI X3.263-1995 (FDDI-TP-PMD); it can seamlessly integrate UMC’s 3.3 V and 1.8 V I/O, and it is suitable for 28 HPC Plus low-power SoC platform to ensure excellent power efficiency and performance.

Launched SerDes advanced technical service plan to

accelerate ASIC mass production

Faraday’s SerDes advanced technical service solution includes SerDes IP based on UMC 28 nm process and its corresponding IP Advanced Service, IPA; providing IP subsystem integration, PHY hard core integration and implementation, and IP signal interference and power interference (SI/PI) after being packaged and integrated into the system circuit board.

Among them, the IP subsystem can shorten the time to integrate and verify high-speed interface standard protocols; the PHY hard core integration and implementation can ensure that the IP maintains the same excellent performance under special configuration requirements of the customer or when the hard core is reused. In addition, Faraday provides circuit board layout suggestions and SI/PI simulation analysis for sharing system integration experience to reduce integration errors and increase the stability of data transmission on the system. IP Advanced Service (IPA) uses Faraday’s own chip automatic test equipment (ATE) and relevant measuring instruments to conduct high and low temperature tests in the shortest time according to the debugging process requirements and correct various design problems as early as possible to accelerate mass production schedule and improve production yield.

Launched 2.5D/3D advanced packaging service of chiplets

Launched 2.5D/3D advanced packaging services; connecting chiplets through exclusive chip interposer manufacturing services. We will conduct research on Interposer requirements, including chip size, TSV, micro-bump pitch and quantity, circuit layout planning, substrate, power analysis, and thermal simulation evaluation to gain an in-depth understanding of chiplets information and evaluate the feasibility of Interposer manufacturing and packaging. This comprehensively improves the success rate of advanced packaging solutions and ensures the best packaging structure at the early stages of the project. Meanwhile, Faraday works closely with the first-class wafer foundries and test packaging suppliers to ensure production capacity,

yield, quality, reliability, and production schedule, thereby achieve seamless integration of multi-source chiplets and then ensure the success of the project.

Completed UMC 14 nm IP combo chip verification

Cooperate with UMC to conduct chip verification of IPs related to the 14 nm LPC process, providing UMC foundry customers with adoption, including LPDDR5/4X/4 6.0G PHY, MIPI 4.5Gbps C/D-PHY, USB 2.0 OTG PHY, LVDS I/O, Multiple-Voltage I/O, and memory compiler; all completed the tape-out flow of chip production and it is estimated to complete relevant functional verification in 2024.

These UMC 14 nm IPs inherit their ASIC design experiences for diverse applications, such as edge artificial intelligence, ultra-high-definition displays, multi-function transaction processors and network applications, etc., and are suitable for various applications that need to improve the data transmission performance and provide customers with cost-competitive design advantages. In addition, all high-speed interface IPs have been verified through subsystem integration, including PHY physical layer circuits, connection layer controllers and software drivers, etc., accelerate SoC chip development and reduce customer integration risks.

Launched chip design services supporting advanced processes targeting all foundries

Launched chip design implementation services supporting advanced processes targeting all foundries; using of Faraday’s ASIC design experiences and resources, the main customers are fabless IC design houses, system houses, ASIC providers, or foundries. Customers specify customized process (8 nm, 7 nm, 5 nm, and more advanced process) and foundries for production, based on its own R&D resource allocation and have Faraday for designated section of IC design to accelerate its time-to-market.





1.3 Sustainable green product

Faraday adheres to the sustainable concept of “Improve human welfare with technological innovation” and actively develops high-efficiency, low power consumption chip technology, focus on five major applications: green energy, life quality, energy management, production efficiency, and cloud computing infrastructure to promote global energy transition and improve human welfare.

1.3.1 Low power consumption technology R&D

Low power consumption IP technology solutions

As of 2023, Faraday has completed a total of 2,350 low power consumption IP R&D, and has successively launched Mixed-Mode signal IP based on UMC’s 14 nm process to provide customers with more complete solutions to reduce energy consumption and achieve the environmental protection target of power saving.

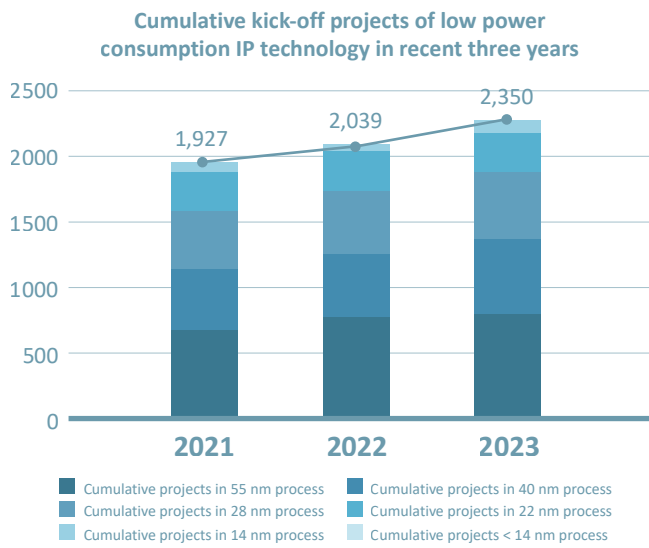
Develop low power consumption SoC: 14 nm fundamental cell IP solutions

Faraday has launched fundamental IP solutions based on UMC’s 14 nm process, including multi-Vt standard cell libraries, ECO cell libraries, IO cell libraries, PowerSlash low power consumption control kit, and memory compilers, for huge reductions in power consumption, thus satisfying the design needs for next generation of SoC.

For low power consumption SoC requirement, Faraday’s fundamental cell IP is designed with enhanced routing, as well as optimal power, performance, and area. Compared to 22 nm capabilities, the 14 nm cell library can reduce chip die area by 10% or decrease power consumption

by more than 30% at the same performance. In addition, the standard cell libraries can work under a wide voltage range, 0.8 V ~ 0.9 V, and support always-on circuit 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.

With Faraday’s long-term collaboration with UMC and extensive ASIC experiences, we are able to provide customers with professional IP adoption services based on UMC’s processes. The new logic cell libraries and memory compiler IP solutions we’ve launched based on UMC’s 14 nm technology help customers grasp business opportunities by developing cost-advantageous, low power SoC to deploy IoT, AI, telecoms, multimedia, and other emerging applications.



Provides customer with chip system energy efficiency solution

Faraday provides ASIC design service solutions and co-works with our customers to develop system chips; selecting the most suitable process and IP according to energy efficiency requirements, and it helps reduce power consumption

by more than 50% for customers. Take the following two products for instance: The smart meter ASIC produced in 2023 brought an annual power saving of 876,876,000 kWh, while the solar ASIC came with an annual power saving of 833,514,000 kWh.

Item	Application field	
	Smart meter	Solar energy
Process	55nm	110nm
Power consumption of chips compared with the previous-generation product design (Operating at the same frequency)	51.33%	50.88%
Estimated annual energy saving	kWh	876,876,000
	GJ	3,156,754
		833,514,000
		3,000,650

Result highlight UMC 40uLP SONOS eFlash low power consumption platform

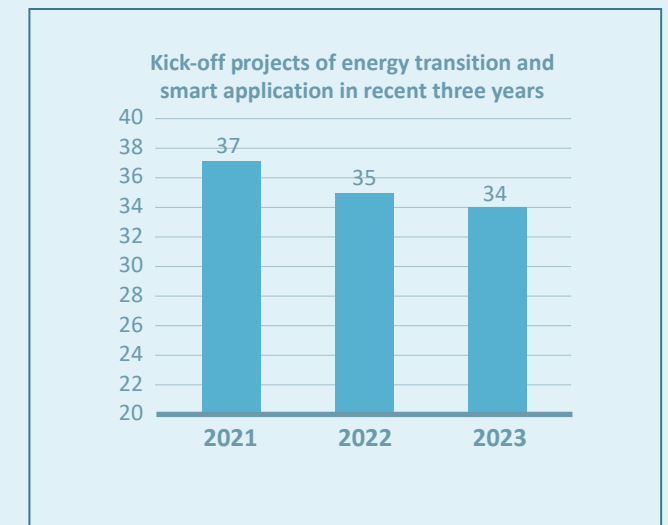
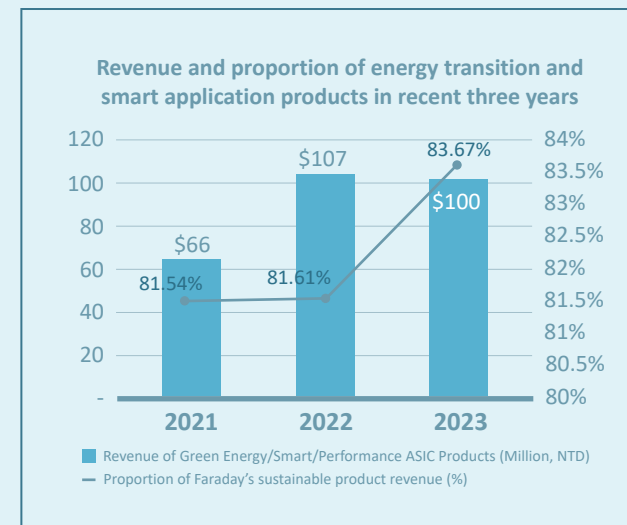
To satisfy the demand for 40 nm low power and secure eFlash driven by AI, smart grid, IoT, and MCU applications, Faraday and Infineon jointly developed this SONOS eFlash platform on UMC 40 nm uLP process. This platform includes a newly developed eFlash subsystem IP and complete eFlash testing solution with easy-to-integrate and fast data access features can facilitate customers to accelerate product development and utilize the flash memory technology more easily; meanwhile, it also simplifies SONOS eFlash testing through built-in self-test (BIST) functions to provide customers with firm quality advantages.

This SONOS eFlash platform mainly contains a flash memory block, controller, and the new developed eFlash subsystem IP. This subsystem integrates bus interface circuits and integrated clock control circuits, providing automatic eFlash initialization, simplified erase/write procedure, read/write protection of eFlash memory, and a pseudo random write buffer; all of them are available for proceeding seamless 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.

1.3.2 Promoter of the energy transition and smart application

Faraday actively promotes developing products related to green energy, intelligence, and efficiency improvement, and hopes to contribute to the world's energy transition targets through Faraday's professional design and R&D capabilities. We apply our products to smart meters, solar systems (including smart grids), Switch, office automation, industrial automation, precision agriculture, PoS products, and other green sustainable products. Faraday's energy transition and smart application related products in revenue of 2023 accounted for 83.67%, and its proportion will continuously increase in the future.

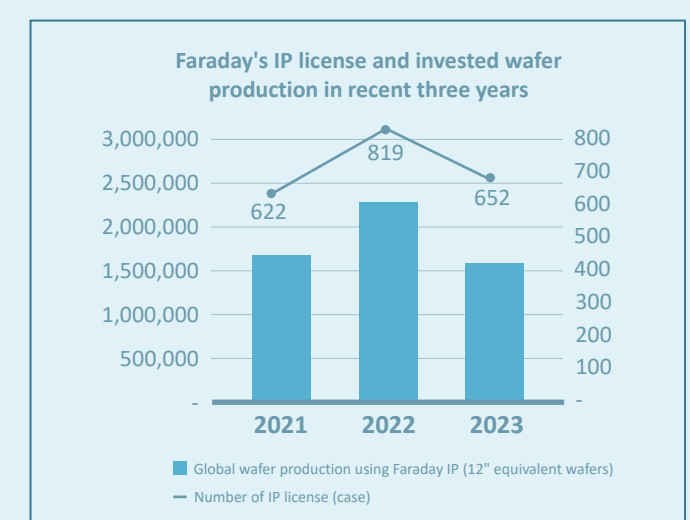
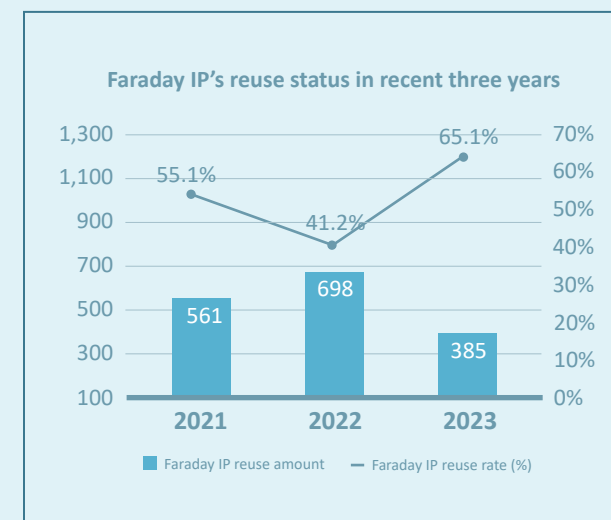
Faraday has been a key chip design partner for green energy industry chain system companies for many years. We provide self-developed IPs, as well as platform design services that accelerate the chip design flow, and cooperate with the effective management of production flow such as manufacturing, packaging, and testing. We have completed the development of dozens of customer design projects and successfully mass-produced and shipped. Bring business success to customers and contribute to the global green energy industry.



1.3.3 Promote sustainable value of chip R&D innovation by IP technology

The progress of human science and technology is highly correlated with chip technology. With the continuous breakthroughs in chip process technology, the power consumption and performance of each chip are continuously optimized towards higher generations; the core technology mastered by IP is very critical to promote the development of chip products. Faraday has rich IP database and R&D capabilities, and is deeply trusted by many customers and partners. High-quality IP not only helps our customers reduce the risks of system chip design integration, but also improves the efficiency and success rate of chip R&D.

As the promoter of IP's core technical services, Faraday allows customers to focus on the development and innovation of specific applications and functions of chips, and create more technological products that benefit mankind and the earth together.



1.4 Intellectual property management

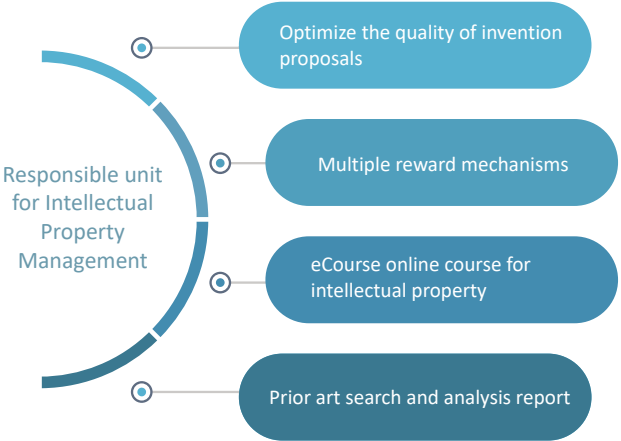
Faraday adheres to the belief of “Improve human welfare with technological innovation” and works with customers, employees, and partners for co-prosperity and win-win and create excellence together in business philosophy. We provide customers with complete ASIC design services and IP licensing related services, and focus on technological innovation. By reward mechanism of encouraging R&D innovation to combine operation target of the Company, deploy patent application to form virtuous cycle for R&D innovation; continuously enhance technological competitiveness to achieve mutual growth and success.

Faraday commits to adopting the following policies:

- Patents deployment for R&D results protection
- Encourage R&D innovation
- Strengthen the acquisition, protection, maintenance, and use of intellectual property rights
- Strengthen employees’ concepts of intellectual property and legal concept
- Implement patent assets inventory
- Risk warning and control of intellectual property

1.4.1 Practice of intellectual property management

- Establish a dedicated division for intellectual property rights management, set up a systematic patent management system and various flows to effectively manage each innovation proposal of the R&D division.
- Assist R&D division in reviewing and optimizing the quality of invention proposals to increase the granted rate of patent applications
- Establish a diverse reward mechanism and handle the awarding of granted patents to encourage R&D personnel to submit invention applications
- Arrange internal online eCourse of intellectual property rights to strengthen R&D personnel’s correct concepts such as legal requirements for patent applications
- Provide technology prior art search and analysis reports based on technological R&D progress and needs to strengthen R&D capabilities



1.4.2 Risk warning and control of intellectual property rights

Technological innovation and intellectual property protection are the cornerstones of the Company’s competitiveness. Faraday takes active management and tracking measures for potential risks of technical talent flow and industry-related technical issues.

- Strengthen the principles of ownership of rights such as business secrets and patent rights, and promote legal concepts such as respect for intellectual property rights during new recruit training.
- The Company’s internal webpage has dedicated link for guiding “Information Security Advocacy”, which details various information security controls, confidential information protection measures, and matters that employees should pay attention to and cooperate with.
- Establish an information security system, adopt information entry and exit authority management, and use a diversion review mechanism for advance warning and avoid inappropriate leakage of confidential information, or to block information from unknown sources.
- Actively track and report on major industry issues in related technical fields, irregularly select technologies related to the R&D divisional targets for data exploration and analysis, and establish R&D divisional warnings and assist in risk planning.

Result highlight

Has passed TIPS class A certification and obtained certificate

Faraday has passed the certification of “Taiwan Intellectual Property Management System (TIPS) Class A”, and obtained the certificate of “Taiwan Intellectual Property Management System (TIPS) Class A” from Industrial Development Administration, Ministry of Economic Affairs.

It demonstrates that Faraday’s effectiveness in managing and protecting intellectual property has been recognized. To promote R&D innovation, Faraday actively promotes diverse patent application and reward mechanism, including regularly holding award events of granted patents, providing a technology prior art search system, arranging internal intellectual property education and training courses to offer R&D personnel with necessary information on patent application laws.

Additionally, Faraday has established a management indicator system for patent asset inventory and granted rate analysis to effectively control risks related to intellectual property rights and improve the management system. By strengthening the acquisition, protection, maintenance, and use of intellectual property rights and implementing patent asset inventories, we can fully understand the actual status of patent assets. Meanwhile, combined with operation targets, we enhance the technological competitiveness of R&D and innovation, and externally enhance market competitiveness to make a significant contribution to Faraday’s long-term operating results as well.



Certificate scan file

Five execution aspects of sustainability

Partnership for prosperity

87.2% Customer satisfaction: 87.2%

99.5% eService customer questionnaire
on-time closing rate: 99.5%

20% 20% carbon reduction by 2030 from
all suppliers (2023 as base year)

100% Information security audit rate for
supplier: 100%

100% Sustainable RBA audit rate for
supply chain: 100%

- Honored as Excellent Partner Rank 1 from customer
- Earned 2023 ANQ recognition for Excellence in Quality Practice Award
- Received 2023 AQM Excellent Quality Practice Award (R&D and Innovation)





Performance management indicator of material topics

Material topics	Performance indicator	2023		Target in 2024	Target in 2026
		Target	Result		
Customer relationship management	Customer satisfaction ratio	87%	87.2%	87%	Continuously improve customer satisfaction rate
	eService customer questionnaire on-time closing rate	98%	99.5%	98%	98%
Sustainable supply chain management	Achievement rate of obtaining ISO9001 quality system management for all wafer/packaging/testing suppliers	100%	100%	100%	100%
	Achievement rate of obtaining ISO14001 environmental management system standard for wafer and packaging manufacturing suppliers	100%	100%	100%	100%
	Achievement rate of obtaining ISO 45001 certification for all wafer/packaging/testing suppliers	> 80%	92.9%	> 80%	When introducing new suppliers, prioritize those with ISO 45001 certification, and continuously require that all wafer/packaging/testing suppliers achieve ISO 45001 certification
	Achievement rate of obtaining QC080000 certification for all wafer/packaging suppliers	100%	88.9%	> 80%	When introducing new suppliers, prioritize those with QC080000 certifications, and continuously require that all wafer/packaging suppliers achieve QC080000 certification
	Achievement rate of supplier signing the following documents <ul style="list-style-type: none">Declaration of Non-use of Conflict MineralsCommitment of Non-use Environmental SubstancesCommitment of Faraday Supplier Code of Conduct (including carbon reduction requirements)	100%	100%	100%	100%
	Audit rate for all wafer/packaging/testing suppliers (including audit of production quality management, supplier code of conduct and information security)	100%	100%	100%	100%
	Carbon reduction of supplier	Set carbon reduction target of supplier	Setting completed	20% carbon reduction by 2030 from all suppliers (2023 as base year)	

Corresponding SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

17 PARTNERSHIPS FOR THE GOALS



Faraday’s partnership for prosperity puts emphasis on the mutual beneficial cooperation, co-prosperity and intergrowth, sustainable common good for the upstream and downstream of value chain. We attach importance to customer needs, keep good customer relationship through providing product quality and safety that meet customer specifications and service quality superior to the same industry. Meanwhile, Faraday requests global suppliers to propose criteria in accordance with Responsible Business Alliance (RBA), pays attention to human rights and labor rights, co-works with global suppliers, actively proposes overall operational contingency plan, promotes business continuity plan and risk prevention management.

2.1 Quality management

Faraday is committed to providing global customers with excellent IP and ASIC design service. In order to ensure customer satisfaction, our management team pays special attention to the quality management of each key flow. Other than continuously promoting TQM (Total Quality Management), we actively do pre-diagnosis and after-prevention to the issues and defects, and promote various effective preventive measures. In addition, Faraday continuously promotes quality improvement. Excellent

project contest is held every year, in the enterprise spirit of “result-oriented, customer satisfaction” to praise and award the project team those who are dedicated to improving quality/service (customer satisfaction)/competitiveness, and with “concrete results and substantial contribution”. Through such measures, it is expected to inspire all colleagues to seek excellence, create quality culture of striving for perfection, to ensure customer getting products with satisfactory quality and the best service.

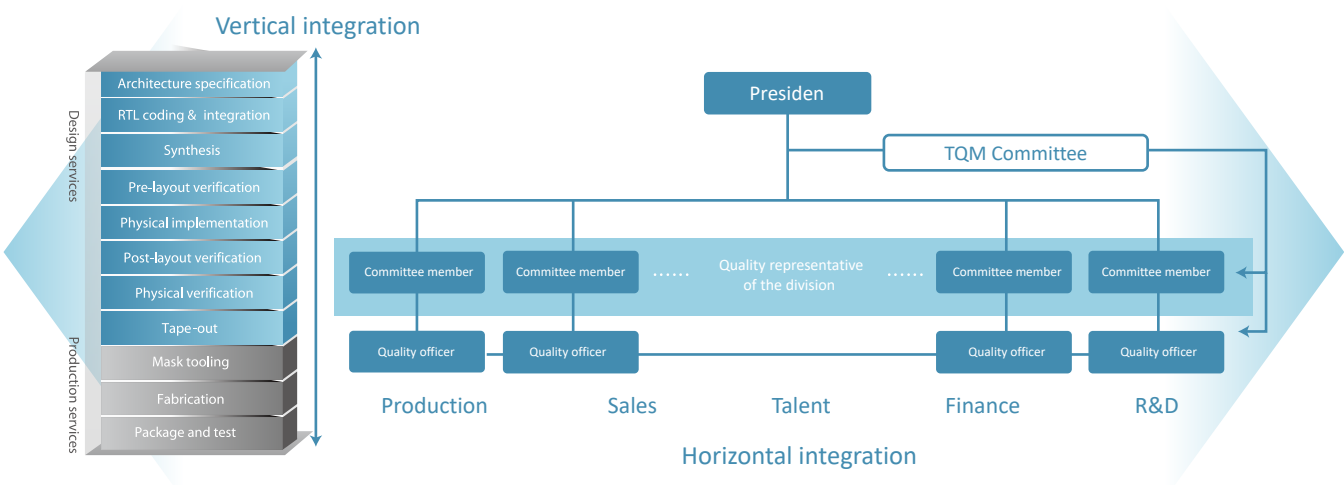
2.1.1 Quality policy

Faraday sets quality policy and promulgates after approval by the President, to be as a guideline for promoting quality management.

Quality policy

2.1.2 TQM, Total Quality Management

Organization and structure of TQM, Total Quality Management



Strategy and target

Quality strategy

Strategy	Execution content
Strengthen quality culture	Continuously promote improvement activity, strengthen internal quality culture.
Enhance quality capability	<ul style="list-style-type: none"> Provide relevant quality education and training, implement to take root in quality capability Hold relevant quality forum, promote improvement of quality capability Advocate quality continuous improvement, show quality capability results by improvement project
Achieve quality delivery	According to customer specification needs and Faraday R&D technology roadmap, from design development stage to manufacturing production stage, all passed Faraday's quality management requirement to ensure that all products can achieve customer satisfaction quality.

Quality target

In consideration of internal/external opportunity, risk assessment and customer expectations, TQM committee will set the R&D and operational quality target according to Faraday's quality policy; and review the results every year, plan relevant resource and improvement actions, work hard to achieve quality target.

Customer orientation
Only with customer satisfaction, can such product and service be of quality

Prevention in advance
Emphasis on prevention in advance instead of detection afterwards

Full participation
Urge entire personnel all with consensus of seeking high quality

Education and training
Develop individual potential, emphasis on employee on-the-job training

Continuous improvement
Continuous improvement and enhancement, raise overall quality

Fact management
Suit the remedy to the case can then continuously meet customer needs

Quality commitment
Commitment to quality from top to bottom, to form a culture of quality

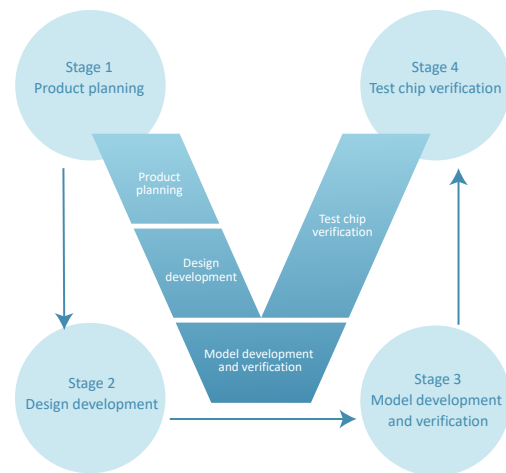
Faraday promotes TQM, Total Quality Management, takes the quality as core and participation of all employees as base, achieves participation of all employees and implements the quality management throughout the entire flow by horizontal and vertical integration; and continuously strengthens quality competitiveness in order to fully achieve quality delivery that meets customer needs, we are committed to providing product and service quality beyond customer expectation.

- Build the quality concept for all employees, train the quality base
- Deploy and introduce digital Total Quality Management system
- Implement monitoring quality plan and quality design
- Quality concept of customer orientation
- Management of measurement and monitoring
- Promote quality improvement tool and activity

2.1.3 Product quality and safety

Faraday takes the product life cycle (product concept development, R&D, certification, manufacturing and production, storage, transportation and supply, use and service, reuse or recycle) as management scope, reduces environmental impact through quality management, and assures customer health and safety. In gatekeeping the product quality, follow the V-model concept in the R&D design flow, implement product design, production quality verification, review and validation. In gatekeeping the product safety, product R&D and outsourcing production manufacturing all choose the material conforming to international environmental regulations, and use IC packaging material conforming to UL 94 flammability rating to ensure product safety. Through digitalized design flow management and quality assurance of product testing, all materials are all tested and verified by the third-party impartial unit; and the information is marked on the product packaging. The manufacturing and product sales of supply chain, as for operation within life cycle, all comply with legal requirements to meet customer expectations for products, ensure information privacy and security, and provide ASIC electronic component product taking into account consumer health and safety. (By revenue, the calculation is 73.88% excluding ODM and IP cell/technical royalty.)

In 2023, no violation cases and fines related to health or safety regulations have occurred in Faraday.



2.1.4 Digitalized quality system

Faraday provides high-quality customized ASIC products that meet customer needs and the best consistent design and production turnkey service; builds the quality management system suitable for various products. In the operation flows of “IP design development”, “ASIC design service”, “mass production technology development”, “testing technology development”, “reliability verification” and “engineering change management”, build digitalized eRD management system; at the same time in the product specifications of procurement/quotations/orders/work orders and sales relevant operation scope, build complete digitalized eERP management system, promote continuous quality improvement in the structure of total quality management, to ensure quality competitiveness for customer satisfaction.

Faraday quality management system

Sustainable supply chain management

- New supplier assessment
- Qualified supplier quarterly performance review
- Supplier audit
- Low-carbon supply chain management

R&D innovation management

- IP development management
- ASIC project management

Product production management

- Product incoming inspection
- Process change management
- Product abnormality management
- Reliability testing and monitoring

Customer service management

- Customer satisfaction survey
- Customer complaint management
- Customer questionnaire management
- Customer visit/audit

Result highlight

- Following being awarded for “Excellence in Quality Practice Award (3 stars)” by the Chinese Society for Quality in 2022, Faraday earned 2023 ANQ recognition for Excellence in Quality Practice Award in 2023. We stand out from over 50 countries and regional organizations in Asia, which re-affirm Faraday’s excellence in quality management.



- Received 2023 AQM Excellent Quality Practice Award (R&D and Innovation)
- Award project: 40uLP SONOS eFlash innovation SoC development platform



2.2 Customer service

2.2.1 Customer communication platform

At Faraday, we treat our customers with great respect. Whether in terms of product development, design, and mass production support, we do our utmost to meet customer needs and expectations. We deeply believe that only if we regard our customers as crucial strategic partners will we achieve mutually-beneficial/win-win and mutual-trust / intergrowth cooperative relationships.

In order to timely understand customer 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 deeper 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.

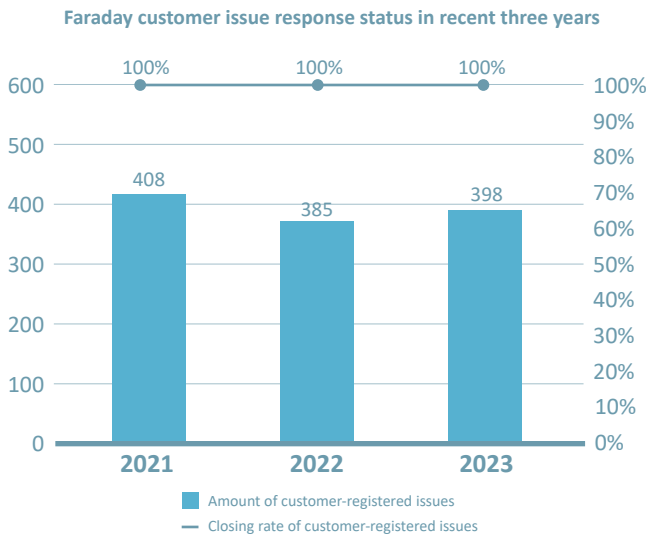
Customer communication platform



eService customer service platform

In order to help customer to receive optimal service, Faraday has established a customer service platform (eService system). When customer has a question or suggestion regarding products or service, they can propose it in the eService platform; the dedicated personnel will handle it immediately for customers, then the dedicated personnel will reply with the handling results to the customer before the closing date. At the same time, eService system automatically sends a satisfaction questionnaire to customer, to confirm whether customer is satisfied with the handling results.

A total of 382 customer registered issues in 2023, on-schedule closing rate of 99.5%, which achieved the KPI target of 98% on-schedule closing rate.



Reference website: <https://www.faraday-tech.com/eserviceii>

2023 customer commissioned survey status for sustainability related issues

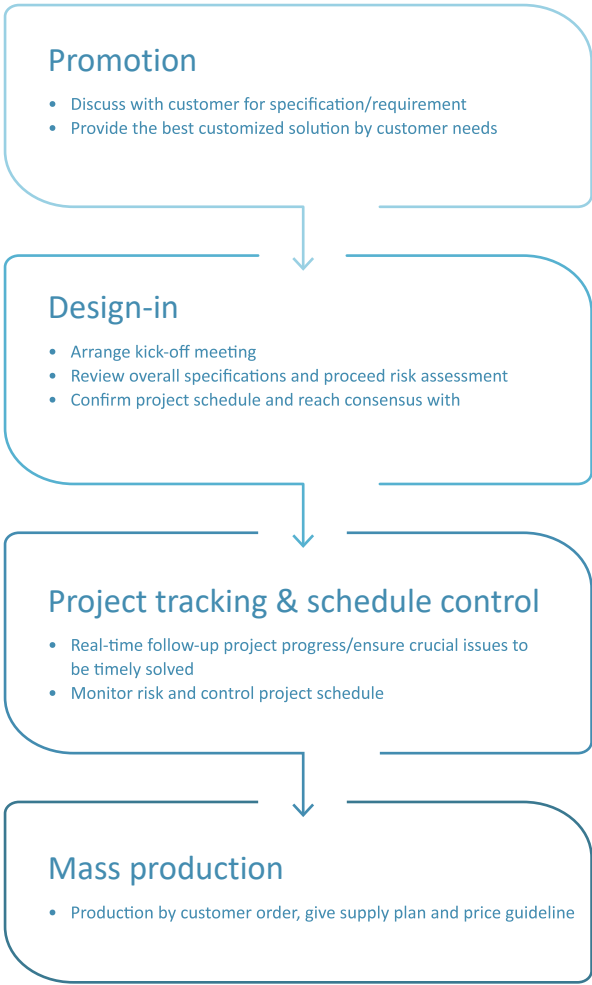
Survey item	Survey cases completed in 2023	Survey result
Restriction of hazardous substances (RoHS) in electrical and electronic equipment	71 cases	All met RoHS requirement.
Candidate list of Substances of Very High Concern (REACH)	92 cases	All met REACH requirement.
ESG execution status	17 cases	Met customer requirement

2.2.2 ASIC project management

Faraday ASIC project management adopts self-developed eASIC system, all flows from the beginning of planning product with customers to the last of product into mass production are all controlled by system automation. Meanwhile, other relevant systems and ASIC project information series connection are also integrated in the exclusive webpage of eASIC project; so that project information can get immediate, complete and correct management.

Project management flow

In response to the customized need from customer, Faraday customizes the project management flow; once the project is triggered, then proceeds the risk assessment, provides professional technology service, assists customer in solving system verification problem, effectively controls and reduces risk, to ensure that project can be on time, on quality for smooth mass production.

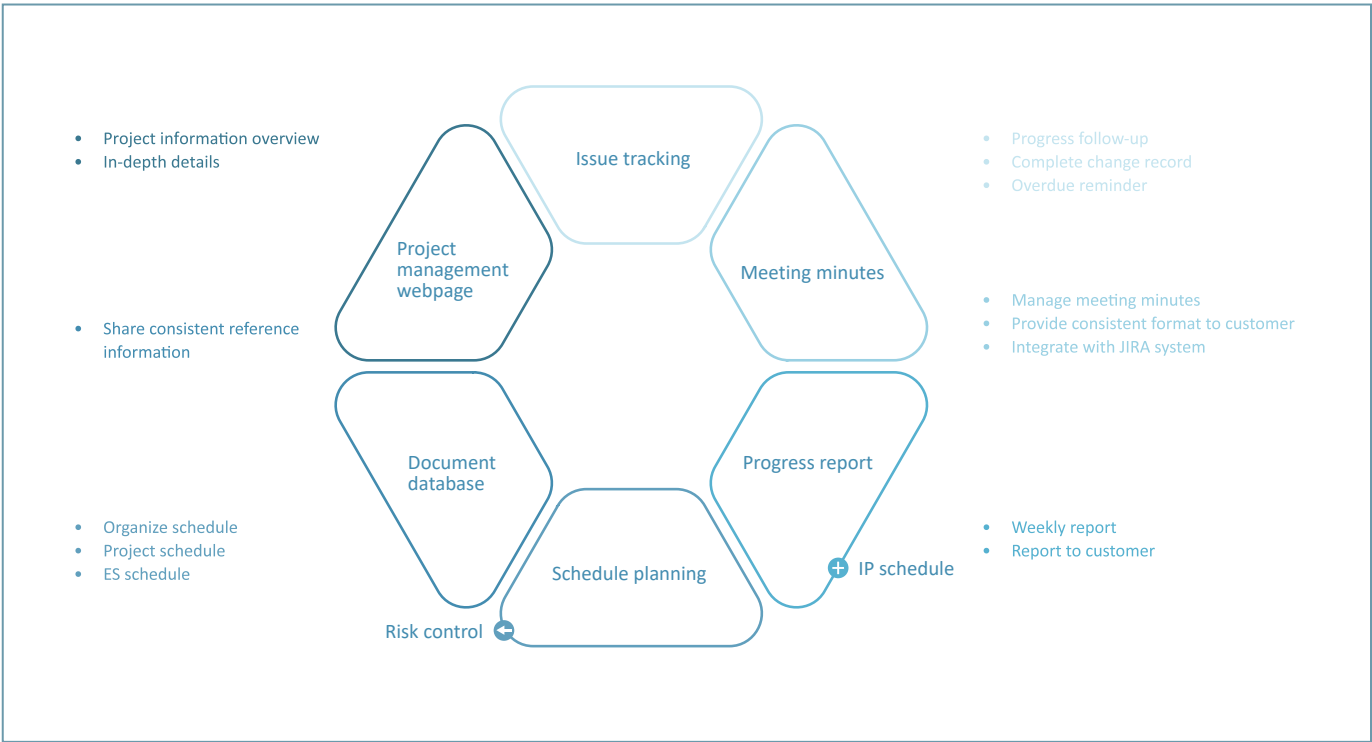


ADMIRE (ASIC Design and Manufacturing Integrated Reference)

ADMIRE which is project management webpage customized according to ASIC project, records in detail the project overall planning, comprehensively controls the development schedule, real-time updates the project progress and meeting minutes, and connects to JIRA system for tracking relevant issues and control risks; so that the project progress will be clear at a glance and real-time feedback to customers on the latest status.

ADDC system (ASIC Design Data Control)

Faraday provides ADDC system, it can be used for data exchange and version control with customer through ADDC system; customer uses specific IP address secure tunnel connection to download or upload files for data/privacy protection, and only those who participate in the project can login for checking relevant files.



2.2.3 Customer satisfaction survey

Faraday creates “customer satisfaction survey management procedure”, regularly reviews and evaluates customer satisfaction, and proposes the corresponding improvement plan, then submits a review in the management review meeting, feedbacks relevant improvement measures.

Three aspects of customer satisfaction surveys:

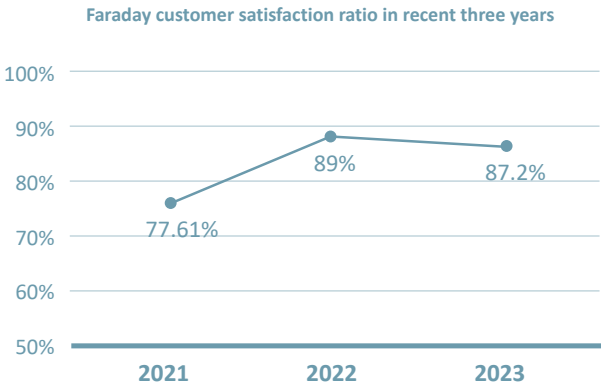
Aspect	Survey item
IP quality/service/competitiveness	Major key IP
Electronic design automation tools & flows	Major design tools and key flow
ASIC (Application Specific Integrated Circuit) design and production	Quality: Wafer; assembly; testing; and reliability Delivery: Design integration; production planning Cost: Competitiveness Service: Customer returns analysis; questionnaires

Customer Satisfaction Survey Management Procedure:

- Choose respondents: Based on survey focuses, confirm the list of survey respondents
- Send out questionnaires: Questionnaires are sent out by questionnaire system.
- Collect customer questionnaire: Dedicated personnel collect customer questionnaire.
- Summary of satisfaction analysis: Analyze corresponding survey items of three aspects
- Continuous improvement: Make continuous improvement based on analysis results



Customer satisfaction by score of over 8 in 2023 was 87.2% to meet the target of 87%. Faraday firmly believes in the concept of growing up with customers, we always attach importance to customer feedback. For the items that deserved continuous improvement or single-item improvement, the total quality management committee tasked relevant units for improvements. Aiming to continuously improve customer satisfaction, we ensure that our relationship with customer continuously develops in a steady and good direction.



Result highlight

Customer's Excellent Partner

Faraday has long-term cooperation with customer, makes joint development of ASIC projects, among them, we successively develop multiple ASIC projects for Multi-function Printer of Japan customer. We earned highly recognized by customers for quality, so that we won long-term orders from customer. Faraday always adheres to the concept of “Business Continuity Plan” to ensure a continuous supply of products that customers need.

During 2021 ~ 2022, the global faced chip shortage brought from COVID-19 epidemic. Faraday insists on the principle of win-win with customer, actively uses strategies to seize opportunities for secure production capacity of wafer casting. Even though under the condition of global chip shortage, we still can fully meet customer needs of chip requirement in 2022 with continuous stable supply. Therefore, we are honored to be awarded as 2023 ~ 2024 Excellent Partner Rank 1 from customer in 2023.

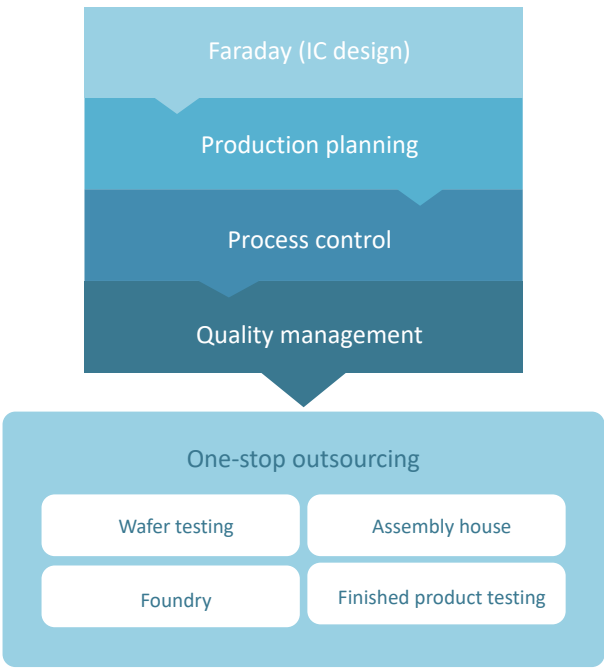


2.3 Sustainable supply chain management

2.3.1 Supply chain overview

Faraday has complete IC design and turnkey supply chain. During the production process, the IC design stage has been completely done inside Faraday, and from wafer manufacturing to assembly and testing are all outsourced to the qualified supplier. In the whole process, Faraday has close cooperation with each supplier, integrate each aspect of supply chain to ensure smooth operation of production flow.

In sustainable supply chain management, Faraday not only pays attention to the quality management system and process capability verification of supplier, but also reviews the supplier's performance in the aspects of human rights management, environment safety and health, energy-



efficiency carbon-reduction and resource management according to RBA regulations. For new supplier assessment, we will go through complete review, conduct the audit by the objective evidence; at the same time, will regularly review the qualified supplier to ensure that all suppliers can be in compliance with regulations and meet Faraday's request, in order to provide stable production and satisfactory products and services to end customer.

For the suppliers currently collaborating with Faraday, they are all with good process control capability to meet the requirement of production quality. Faraday will continuously deepen cooperation with supplier to provide products that meet the quality requirement of Faraday and customer's expectations.

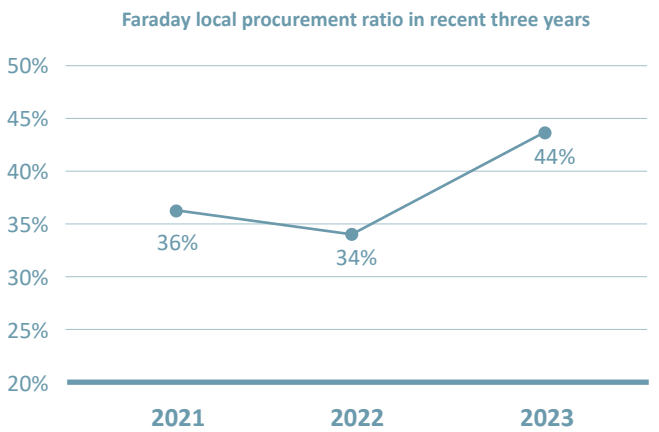
Local production

In the spirit of taking into account of shareholders' equity, customer satisfaction and environmental sustainability, Faraday is committed to local procurement and production, in order to reach the target of mutual-benefit/co-prosperity and environmental sustainability.

The semiconductor industry accelerates the trend and development of local production due to the influence of the epidemic, trade war and geopolitics in recent years. Local production not only lowers the transportation cost and time, reduces the carbon emissions of transportation, eases the burden to environment, but also improves the timeliness and quality of product, prevents the production capacity shortage resulted from supply chain disruption or tension. For this reason, Faraday continuously strengthens the cooperation with local supplier, to create more values together. In 2023, Faraday's localized procurement amount ratio of wafer manufacturing, IC testing, and packaging is 44%.

Faraday supplier global distribution and procurement amount ratio

Supplier type	Number of company	Procurement amount ratio of current year	Distribution of suppliers by country
Wafer	1	66.50%	Taiwan, China, Singapore
Packaging	7	25.60%	Taiwan, China
Testing	7	7.90%	Taiwan, China



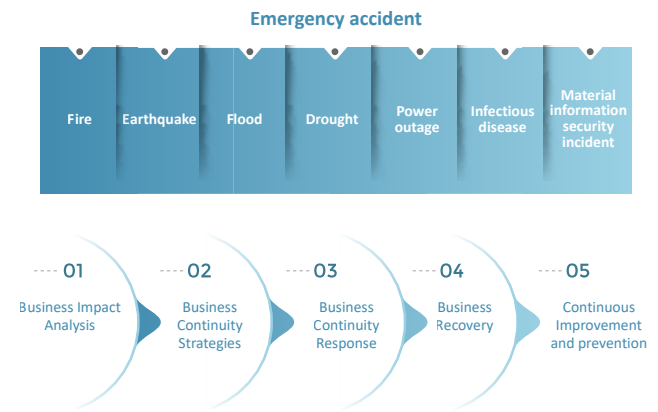
Key raw material management

Key raw material	Potential risk analysis	Management measures
Substrate	Substrate and lead frame are special materials, and its production cycle is longer. Under the condition of tight market production capacity, it easily leads to supply shortage to cause impact on the customer's shipping delivery.	<ul style="list-style-type: none"> Build second supplier Booking production capacity in advance
Lead frame		

2.3.2 Production business continuity plan

Faraday is committed to implementing corporate BCP (Business Continuity Plan), in response to the operational impact caused from the risks of natural disaster, global epidemic and geopolitics, to ensure the continuous supply capability for customer. Faraday builds solid capability of corporate business continuity, we have smoothly met challenges from natural disasters such as earthquakes and windstorms many times, and we respond to the risks and impacts brought by the global epidemic through continuous improvement and reinforcement.

Faraday has built the emergency response center, and set five response teams: administration, information, supply chain, R&D, and sales. According to operation flow, first analyze each affected aspect, then arrange the case sequence and support plan, do risk elimination to reduce the impact of the incident on supply chain and operation.



Production operation risk control

As to production operation risk, Faraday tasks the following measures to lower the risk of material out of stock and production disruption:

- Through quick and rigorous engineering certification system, actively assist customer in opening secondary supply source, including secondary supplier, alternative testing platform, alternative material and so on, thereby expand production capacity and improve the flexibility of production capacity dispatch.
- Integrate customer requirement, sign the agreement of safeguard on production capacity with strategic supplier, and strive for production capacity and delivery priority for customer.
- Integrate customer requirement and product technology evolution pathway, sign the agreement of safeguard on production capacity with key packaging raw material supplier, to ensure the stability of production capacity and delivery date.
- Through the cooperation with strategic supplier, carry out optimization planning of long-term production capacity for wafer manufacturing, strive for annual wafer production capacity for customer, and meet the unplanned requirement of production capacity for customer when necessary.

Production business continuity plan

In production business continuity plan, while coping with geopolitical risks, besides the above-mentioned operation mechanism and method, Faraday abides by import/export related regulations, makes inventory and control to Strategic High-Tech Commodities (SHTC), in order to ensure the compliance with international regulations, protect operational safety and shareholders' equity.

In addition, to further meet customer consideration on geopolitical risks, Faraday actively evaluates to establish production locations beyond both sides of the Taiwan Strait, the evaluation scope includes mask manufacturer, foundry, packaging and testing factory, in order to improve continuous operation capability.

In view of the increased focus on continuous operation issues from customer and various stakeholders, Faraday improves the regular communication with customer. Besides regularly updating the measures of continuous operation plan, we also evaluate various alternative risks and put forward countermeasures, enhance mutual communication and understanding to improve the sense of security and satisfaction for customer.

2.3.3 Supply chain assessment management

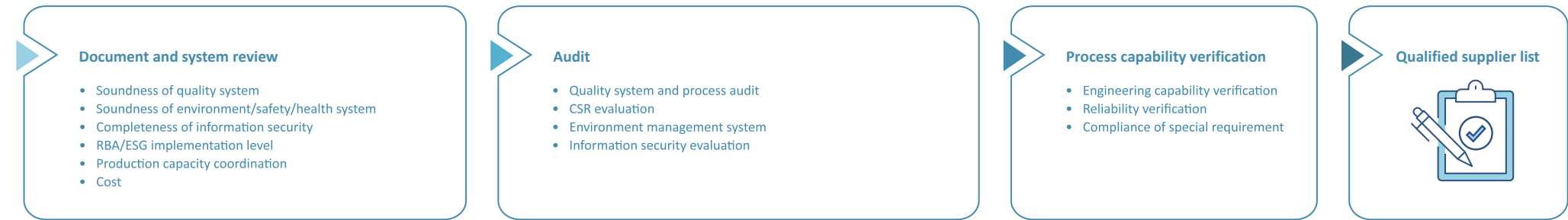
New supplier assessment

Faraday makes an assessment of new supplier according to the regulation listed in “Qualification and Performance Review of Subcontractor”. By evaluating the items of quality, cost, and production capacity coordination, we confirm whether the supplier is competitive enough, and confirm the maturity level of supplier’s quality system by

the systematized “Quality and Process Survey Checklist”, and whether its engineering capability meets Faraday’ requirements.

Moreover, the strategies of environment management, safety, ethic, and prohibited /restricted substances

management will be taken as the important indicators for new supplier assessment. Faraday will make classification by the industry category of suppliers, create the corresponding checklist to review the conformance level of assessment indicator.



Checklist for new supplier assessment

	ISO9001 Quality System	ISO14001 Environment Management System	Conflict Mineral	RBA Responsible Supply Chain	Information Security	ISO45001 Occupational Health & Safety	QC080000 Hazardous Substance Process Management System
	Must	Must	Must	Must	Must	Optional	Optional
FAB	●	●	●	●	●	●	●
Assembly	●	●	●	●	●	●	●
Testing	●			●	●	●	
Backend	●			●	●	●	

- Quality system: All suppliers must comply with ISO9001.
- Environment management system: All manufacturing suppliers must comply with ISO14001.
- Supporting data for non-use of conflict minerals: Manufacturing suppliers must provide relevant proof.
- Occupational safety management system: Compliance with ISO45001 standard as the bonus item, which is beneficial to the assessment.
- Hazardous Substance Process Management System: Compliance with QC080000 standard as the bonus item, which is beneficial to the assessment.
- RBA item, such as using child labor, forced labor, and so on, supplier must comply with “Faraday Supplier Code of Conduct”
- Information security: Confirm from the six aspects of management, network environment, physical environment, authority control, backup/redundancy, and education awareness



Qualified supplier management and assessment

When new supplier passes the assessment flow, it will go to the stage of sustainable supply chain management. We will focus on the four aspects of production management, supplier audit, continuous improvement, and regular rating at this stage; and will review the conformance level of supplier by the five spindles of quality, cost, delivery, service (QCDS), and supplier sustainability.



Quarterly rating for qualified supplier

Every quarter, Faraday makes rating for qualified suppliers who account for more than 10% of our production in accordance with “Qualification and Performance Review of Subcontractor”. The rating items include the quality, cost, delivery and service of each supplier, and review if there are opportunities for continuous improvement. Additionally, as the upstream of industry chain, Faraday actively responds to Sustainable Development Goals (SDGs), deepens the sustainable management of supplier, includes the risk evaluation of supplier’s management system into the quarterly rating items. It is mainly divided into two categories, sustainable issue (Management side, social side, and information security) and RBA (focus on labor rights, legal violation).

Quarterly rating requirement for Faraday supplier

Rating Category	Rating Item	Q1	Q2	Q3	Q4
Quality	Product quality, delivery, complaint, yield	●	●	●	●
Cost	Competitiveness, price reduction target	●			
Delivery	Delivery achievement rate, Delivery competitiveness	●	●	●	●
Service	Coordination, engineering coordination, audit coordination	●	●	●	●
Sustainable issue	Management side, social side, information security		●		
RBA	Labor rights, legal violation	●	●	●	●

Quarterly rating result of Faraday supplier in recent three years

	2021				2022				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
A+	54%	50%	34%	41%	52%	29%	41%	47%	24%	33%	33%	40%
A	46%	50%	66%	52%	44%	62%	59%	53%	76%	67%	67%	60%
B	0%	0%	0%	7%	4%	5%	0%	0%	0%	0%	0%	0%
C	0%	0%	0%	0%	0%	5%	0%	0%	0%	0%	0%	0%

Sustainable issue rating status of qualified supplier in 2023

	Item	Target	Supplier Achievement Rate	Result
Management side	ISO9001	100%	100%	Achieved
	ISO14001 (Wafer, packaging supplier)	100%	100%	Achieved
	ISO45001	80%	92.9%	Achieved
	QC080000 (Wafer, packaging supplier)	80%	88.9%	Achieved
Social side	• CSR self-assessment/ RBA conformity • Non-use of Conflict Minerals (Wafer, packaging supplier)	100%	100%	Achieved
Information security	Conformity of six aspects for information security	100%	100%	Achieved

After finishing the supplier rating, Faraday formulates corresponding handling methods depending on different grades.

- A+

Can keep original procurement ratio or adjust by requirement
- A

Keep original procurement rate or adjust by requirement
- B

Request supplier for improvement
- C

Coordinates with relevant units to discuss whether to continue adoption; if no requirement, disqualify its subcontractor qualification.





Annual assessment of qualified supplier

Faraday conducts qualified supplier audit every year. When being audited, supplier should first self-check according to the self-check list provided by Faraday, the items includes the conformity of quality system, production control requirement, RBA related items of labor rights, safety/

health, environment protection, and information security item. When actual execution of supplier audit, we will take different assessment methods according to the region where the supplier is located.

Supplier Type	Assessment Method
Domestic supplier	On-site confirm the production line management status and production record of supplier
Overseas supplier	If there are no customer complaints for the supplier in the previous year, and no major production abnormality for three consecutive seasons; then it will adopt the written auditing depending on the situation. After receiving relevant data, Faraday will do preliminary review, then do random sampling in the online meeting, ask supplier to provide corresponding supporting data to ensure the record reliability.

Rating status and result for Faraday supplier in recent three years

Item	Unit	2021	2022	2023
Foundry	Number of supplier	1	1	1
	Audit completion rate	100%	100%	100%
	Major defect improvement rate	No major defect	No major defect	No major defect
Assembly house	Number of supplier	7	7	7
	Audit completion rate	100%	100%	100%
	Major defect improvement rate	No major defect	100%(2/2)	100% (2/2)
Testing house	Number of supplier	8	9	7
	Audit completion rate	100%	100%	100%
	Major defect improvement rate	No major defect	100%(2/2)	100%(3/3)
Overall assessment status of supplier	Number of supplier	16	17	15
	Audit completion rate	100%	100%	100%
	Major defect improvement rate	No major defect	100%	100%

Note 1: “Systematic risk” is major defect.
Note 2: Additional information of rating status and result
2021: Due to the impact of Covid-19 epidemic, supplier auditing was all changed to remote conference.
2022: Smoothly completed all suppliers auditing and provided guidance to complete all improvement items.
2023: Smoothly completed all suppliers auditing in quality system, sustainable management and information security, and provided guidance to complete all improvement items. (including suppliers in different factories).

Main findings and improvements of assessment

Audit aspect	Main findings	Improvement action
Occupational health/safety	Fire extinguisher in the factory entrance was obscured by objects, which affected the acquisition of fire equipment.	Promoted the awareness of work safety to factory personnel, the fire equipment such as fire extinguisher cannot be obscured.
	Cannot see emergency exit light in partial area of warehouse, the emergency exit light was not set either above the passage in the adjacent area.	Already added emergency exit light in the area, and review if there are the same condition in other areas.
Quality system	After production machine maintenance, go on production without re-confirming the production information.	Re-confirmed the production information, then go on production.
	<ul style="list-style-type: none">It is suggested to import hardcopy production record into system for follow-up management and tracking.When monitoring the amount of environmental dust-fall, has not confirmed the outlier.	It is required to re-measure the value when the monitoring values meet the specification but the value with bigger difference than usual.
	<ul style="list-style-type: none">When the temperature is over the control limit, the facility personnel only fine-tune air conditioner without taking other positive actions, which resulted in 9 items in a row over the control limit.Tooling has been returned to the warehouse but not indeed been registered.	It is regulated in the implementation rules that when the key items has continuously been over the control limit or specifications, the production line needs to be stopped for investigation of level abnormal product, to avoid expanding the problem.
	The verification information of production line expansion machine is only saved in personal computer, not saved in the system for control.	Requested to use system for verification of expansion machine and release control, and the verification data must be saved in the system.

Apart from onsite audit, Faraday has imported questionnaire of supplier sustainable management since 2023, and the suppliers are requested to regularly provide the self-assessment result of sustainable management questionnaire every year. The sustainable management questionnaire

mainly covers five aspects: labor rights and ethics, health and safety, business continuity plan and information security, environment and climate change, and supply chain management.

Sustainable self-assessment management of qualified supplier

Questionnaire score percentage in 2023 RBA				
Assessment Item		Foundry	Packaging	Testing
A	Labor and ethics	91.5	90.2	84.2
B	Health and safety	100.0	98.4	100.0
C	Business continuity plan and information security	94.6	97.6	89.5
D	Environment and climate change	96.7	74.9	68.8
E	Supply chain management	83.6	78.3	74.6



Responsible supply chain

The level of supplier’s compliance with “Faraday supplier code of conduct” is one of the important factors in Faraday’s procurement decision-making. Faraday evaluates the cooperation partner according to this code of conduct, ensures that suppliers can meet the requirements in the corporate governance, environment, and society, including the performance of energy/resource use, waste disposal, response to climate change, biodiversity and labor rights, such as the requirement of minimum wage regulations, prohibition of child labor and limitation of overtime. When it is found that the supplier’s conduct does not meet the requirement of “Faraday supplier code of conduct”, and is unwilling to cooperate or complete all improvement requests within the deadline; it may damage the business cooperation relationship between supplier and Faraday, and the worst case includes the termination of the relationship.

Item	2021	2022	2023
ISO9001	100%	100%	100%
ISO14001	100%	100%	100%
ISO45001	81%	88%	87%
ISO27001	69%	65%	80%

Document coverage rate of Faraday supplier sustainability-related commitments in recent three years

Item	2021	2022	2023
Declaration of Non-use of Conflict Minerals	100%	100%	100%
Commitment of Non-use Environmental Substances	100%	100%	100%
Commitment for Faraday supplier code of conduct (including carbon-reduction requirement)	Document not been created yet		93.33%

Due diligence of Faraday supplier in recent three years

Item	unit	2021	2022	2023
Conflict Minerals	Number of supplier	13	9	8
	Compliance proportion	100%	100%	100%
Prohibited and Restricted Substances	Number of supplier	16	17	15
	Compliance proportion	100%	100%	100%
Human rights	Number of supplier	--	17	15
	Compliance proportion	--	100%	100%

Management for conflict minerals

Following RBA code of conduct, Faraday asks supplier to sign the “Declaration of Non-use of Conflict Minerals”, only makes procurement to the suppliers who are environmentally and socially responsible to prevent from the problems caused by illegal mining, such as labor oppression, forced coercion, abuse of child labor, and ecological damage.

- Raw materials are purchased from the smelters approved by RMI (the Responsible Minerals Initiative).
- Not use the metal minerals from the high risk areas which are identified by Organization for Economic Co-operation and Development (OECD)

Survey Item	Case number of survey in 2023	Survey result
Ta, Tin, Tungsten, Gold	78 cases	Met
Co, Mica	43 cases	Met

2.3.4 Green supply chain

Faraday is devoted to promoting green production, encourages the suppliers to implement the energy efficiency and carbon reduction measures, to reduce the energy consumption. We actively request the suppliers to improve water stewardship, reduce carbon emissions, promote energy efficiency measures and use renewable energy; at the same time, we also regularly make carbon footprint verification to the suppliers, and review the effectiveness of the measure implementation. Currently, over 95% of Faraday’s total carbon emissions from supply chain has been regulated by SBTi, and it will also drive more suppliers to promote aggressive target of net zero carbon emission in the future.

Carbon management of supply chain

When the supplier makes the production for Faraday products in 2022, the total amount of carbon emissions for production line is 70321.13tCO₂e

Process Type	Carbon emissions(tCO ₂ e)	Proportion of carbon emissions	Calculation method
FAB	59,678.84	84%	Carbon footprint
Assembly	8,036.68	11%	Total emissions, proportion allocation by revenue or production capacity (Scope 1 + Scope 2)
Testing+Packing	2,605.61	4%	

Target and strategy for carbon reduction of Faraday supplier

Target for carbon reduction	Pathway and check for carbon reduction	Action/As	Result
20% carbon reduction by 2030 from all suppliers (2023 as base year)	20% carbon reduction by 2030 from all suppliers. By calculating the carbon emissions produced from Faraday production process every year to confirm if the carbon reduction result of supplier meets the target.	<ul style="list-style-type: none">Assist the testing supplier in importing the principle of ECRS (Eliminate, Combine, Rearrange, Simplify), optimize work flow, reduce the waste of resource, human resource, and time in the processProvide guidance to supplier for importing the optimization techniques of baking process, to improve efficiency and qualityRequest the supplier to use the recyclable static box instead of disposable carton in the transportation process	<ul style="list-style-type: none">Completed providing guidance to two suppliers in reducing invalid or duplicate workReduced the baking time for each batch from 8 hours to 5 hoursReduce the consumption of about 42,000 cartons every year, meanwhile, reduce the working time by 1,633 hours

Prohibited and Restricted Substances Management

In hazardous substance management, Faraday abides by the laws and regulations and customer requirement to provide the products in compliance with EU (RoHS) (Restriction of the use of certain hazardous substance in EEE) and REACH requirement. Meanwhile, we actively make product survey and evaluate the alternative plan for the new PFAS prohibition (Per/Poly fluoro alkyl substance).In 2023, there was no complaint or returns resulted from RoHS or REACH violations.



Result highlight

Product survey and alternative plan for PFAS prohibition

The Maine Legislature of the U.S. was initially enacted “An Act To Stop Perfluoroalkyl and Polyfluoroalkyl Substances Pollution” by July, 2021. The law requires that selling products in Maine with added PFAS needs to be reported to the Maine department of Environment Protection beginning on January 1st, 2023. Effective January 1st, 2030, any product containing intentionally added PFAS

may not be sold. Also, 3M announced that it will exit per- and polyfluoroalkyl substance (PFAS) manufacturing by 2025.

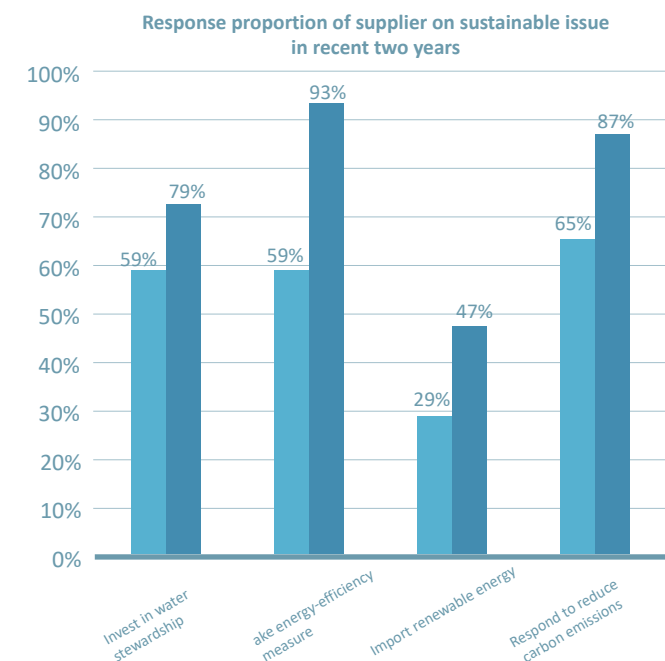
Faraday products does not use the raw material from PFAS manufacturing from 3M, in other raw material with PFAS, 61% have alternative material, the other 39% is now evaluating the alternative plan.

2.3.5 Supply chain guidance and cooperation

Faraday regularly promotes the code of conduct to the suppliers, ensure that the suppliers can meet our requirements in the aspects of corporate governance, environment, and social responsibility, and assist the testing supplier in importing the principle of ECRS (Eliminate,

Combine, Rearrange, Simplify) to optimize work flow, reduce the waste of disposable resource, human resource, and time in the process. We are devoted to building more responsible and high-efficient supply chain to provide customer with better product and service.

Supplier engagement result



Supplier engagement action for carbon reduction

In 2019, Faraday has proposed the carbon reduction proposal of optimization baking process before delivery. By estimation, it can help to assist suppliers in reducing 30% ~ 40% of carbon emissions caused by baking. After several years of promotion and maturity, we start to promote it to all suppliers since 2023, and provide free optimization methods to assist suppliers in importing into standard process. It is expected to at least reduce carbon emissions of more than 100 tons every year.

Item	2021	2022	2023
Saving baking power consumption(kWh)	514,694	566,280	282,744
Carbon emission factor (KgCO ₂ e/kWh)	0.509	0.495	0.494
Saving carbon emissions(tCO ₂ e)	262	280	140

Electricity carbon emission factor in 2022: 0.495CO₂e
Electricity carbon emission factor in 2023: 0.494CO₂e

Promotion on Faraday Supplier Code of Conduct and education training for baking optimization method



Regularly cooperate with supplier for optimization process

Through ECRS and PDCA to reduce the process waste

Task Item	Improvement opportunity	Improvement measure	Performance
Accessory management	Jig return operation needs two personnel of jig house to operate together, many processes in the operation flow, result in the waste of human resource and operation time	Modify jig return storage operation system	<ul style="list-style-type: none"> Combine and simplify the jig return operation process Reduce 50% operation time of personnel operation each time, enhance the personnel operation efficiency
FT operation	FT station needs to print out the hardcopy testing report for each lot to check quantity by OP, and to be unified recycling and kept when in shipment, which resulted in many processes of personnel operation and waste of paper	Paperless for FT testing report	<ul style="list-style-type: none"> Paperless for FT testing report Change manual comparison to system comparison, enhance the operation correctness, save personnel operation time
FT operation	The stage in the runcard is fixed, the invalid stage that product has not passed still needs to be confirmed for stamping, which resulted in invalid operation, waste of time	Delete the invalid stage in the runcard	Reduce the invalid check operation of personnel
Packing operation	The operator needs to fill in the same data repeatedly into the runcard of “Vacuum resting time record” and “Vacuum product packaging control table”, which resulted in too many repetitive operation, waste of time	<ul style="list-style-type: none"> Cancel “Vacuum resting time record” and “Vacuum product packaging control table” By the operation sequence, integrate the to-be-filled column into the packing stage in the runcard 	<ul style="list-style-type: none"> Reduce waste of paper Shorten the fill-in time of operation record by 90%

Five execution aspects of sustainability

Friendly workplace

- Announced human rights policy and executed Human Rights Due Diligence
- Released “Diversity, Equity and Inclusion Statement”

4.4% Corporate fertility rate has reached 4.4%, and it was awarded as the platinum level of the corporate fertility survey by “Global Views Monthly”.

3.3 million Full subsidy to all employees for high-level low-dose lung CT scan (1152-slice) with project investment amount of NT\$3.3 million

High Compensation 100

Selected as a constituent stock in “TWSE RAFI Taiwan High Compensation 100 Index” for 10 consecutive years

Premium Award for “Promoting Workplace Gender Equality” of Hsinchu Science Park in 2023

“Taiwan I Sports Certification” and “Badge of Accredited Healthy Workplace” in 2023





Performance management indicators for material topics

Material topics	Performance indicator	2023		Target in 2024	Target in 2026
		Target	Result		
Human rights	Human rights management	<ul style="list-style-type: none">Fulfill commitment and responsibilities to human rights and create a dignified working environment<ul style="list-style-type: none">Announcement of “Human Rights Policy”Regularly promote human rights policy, with a 100% training completion rateComply with international and relevant regulations of labor human rights at various operating bases<ul style="list-style-type: none">No human rights violationsPerform human rights due diligence and supplier human rights audits<ul style="list-style-type: none">Conduct employee and supplier human rights due diligence every three years/every yearPublic disclosure of the investigation result and management measure in official website and ESG reportRequest supply chain partner to follow the same standards for the commitment of human rights protectionSet hot lines for human rights complaints and reporting<ul style="list-style-type: none">Definitely accept complaint case	<ul style="list-style-type: none">Fulfill commitment and responsibilities to human rights and create a dignified working environment<ul style="list-style-type: none">Announcement of “Human Rights Policy” in official website and ESG reportRegularly promoted human rights policies, with a 100% training completion rateComply with international and relevant regulations of labor human rights at various operating bases<ul style="list-style-type: none">No human rights violationsPerformed human rights due diligence and supplier human rights audits<ul style="list-style-type: none">Performed human rights due diligence for both employees and suppliers in 2023Public disclosure of the investigation result and management measure in official website and ESG reportRequest supply chain partner to follow the same standards for the commitment of human rights protectionSet hot lines for human rights complaints and reporting<ul style="list-style-type: none">No compliant cases	<ul style="list-style-type: none">Fulfill commitment and responsibilities to human rights and create a dignified working environment<ul style="list-style-type: none">Implement “Human rights policy”Regularly promote human rights policies, with a 100% training completion rateComply with international and relevant regulations of labor human rights at various operating bases<ul style="list-style-type: none">No human rights violationsPerform human rights due diligence; disclose the results of due diligence and management measures in public<ul style="list-style-type: none">Conduct employee and supplier human rights due diligence every three years/every yearPublic disclosure of the investigation result and management measure in official website and ESG reportRequest supply chain partner to follow the same standards for the commitment of human rights protectionSet hot lines for human rights complaints and reporting<ul style="list-style-type: none">Definitely accept complaint case	<ul style="list-style-type: none">Fulfill commitment and responsibilities to human rights and create a dignified working environment<ul style="list-style-type: none">Implement “Human rights policy”Continuously strengthen the awareness of human rightsComply with international and relevant regulations of human rights at various operating bases, implement human rights protection<ul style="list-style-type: none">No human rights violationsDefinitely accept complaint caseRegularly conduct human rights due diligence on employees and suppliers, and set up prevention, mitigation, and remedial measures to reduce the impact of human rights risksImplement human rights risk issue management and information disclosure to ensure that stakeholders pay attention to and understand important human rights issues<ul style="list-style-type: none">Disclosure of management measure and action on human rights issues every yearContinuously request supply chain partners to pay attention to important human rights issue together, follow the same standards and make commitment on human rights protection
	Human rights due diligence				
	Human rights complaint and reporting hotline				
	Supplier human rights management				
Diversity, Equity, and Inclusion	Promote a workplace culture and environment in line with the values of diversity, equity, and inclusion	<ul style="list-style-type: none">Promote a workplace culture and environment in line with the values of diversity, equity, and inclusionEqually employ people with disabilities or disadvantaged groups and protect their work rights<ul style="list-style-type: none">Hire disabled employees; meet or exceed the regulations of “People with Disabilities Rights Protection Act”Guarantee a workplace environment of gender equality and opportunities for development; eliminating discrimination<ul style="list-style-type: none">100% implementation for both male and female employees of the same position/job grade with the same starting compensation100% guarantee for the fairness of remuneration and promotionProvide open and transparent communication and complaint channels for employees<ul style="list-style-type: none">Hold employee forum and labor management conference every quarterEmployee satisfaction rate is higher than 90%.100% definitely accept complaint event	<ul style="list-style-type: none">Promoted a workplace culture and environment in line with the values of diversity, equity, and inclusion<ul style="list-style-type: none">Released “Faraday Technology Declara on of Diversity, Equity and Inclusion ” in official website and ESG reportReceived Premium Award for “Promoting Workplace Gender Equality” of Hsinchu Science Park in 2023Equally employed people with disabilities or disadvantaged groups and protect their work rights<ul style="list-style-type: none">Hired disabled employees; met or exceeded the regulations of “People with Disabilities Rights Protection Act”Guarantee workplace environment of gender equality and opportunities for development; put an end to discrimination<ul style="list-style-type: none">100% implementation for both male and female employees of the same position/job grade with the same starting compensation100% guarantee for the fairness of remuneration and promotionProvided open and transparent communication and complaint channels for employees<ul style="list-style-type: none">Held employee forum and labor management conference every quarterEmployee satisfaction rate is 94%.No compliant cases	<ul style="list-style-type: none">Promote a workplace culture and environment in line with the values of diversity, equity, and inclusion<ul style="list-style-type: none">Through promotion and training, deliver the values of diversity, equity and inclusionEqually employ people with disabilities or disadvantaged groups and protect their work rights<ul style="list-style-type: none">Hire disabled employees; meet or exceed the regulations of “People with Disabilities Rights Protection Act”Guarantee workplace environment of gender equity and opportunities for development; put an end to discrimination<ul style="list-style-type: none">100% implementation for both male and female employees of the same position/job grade with the same starting compensation100% guarantee for the fairness of remuneration and promotionProvide open and transparent communication and complaint channels for employees<ul style="list-style-type: none">Hold employee forum and labor management conference every quarterEmployee satisfaction rate exceeds 90%.Definitely accept complaint cases	Actively convey the understanding and recognition of diversity, equity and inclusion from management level and colleagues, practice the target of talent sustainability together Diversity <ul style="list-style-type: none">Continuously recruit diverse talents and build a diverse management level and employee portfolioEliminate any forms of discrimination and harassment Equity <ul style="list-style-type: none">Respect the individual differences and uniqueness of each employee, and provide opportunities and resources according to individual differencesEqually employ people with disabilities or disadvantaged groups and protect their work rightsGuarantee workplace environment of gender equality and opportunities for developmentGuarantee for the fairness of remuneration and promotion; create an environment where every employee can leverage to their full potential and be treated equally Inclusion <ul style="list-style-type: none">Establish harmonious labor relations and improve communication channels to avoid labor disputes and illegal incidents in the workplaceCreate a female-friendly environment and implement maternal care and protection measures in the workplace
	Equally employ people with disabilities or disadvantaged groups and protect their work rights				
	Workplace environment of gender equality and opportunities for development; put an end to any form of discrimination				
	Provide open and transparent communication and complaint channels				



Material topics	Performance indicator	2023		Target in 2024	Target in 2026
		Target	Result		
Talent attraction and retention	Elite selection with strict professional control	<ul style="list-style-type: none">Elite selection with strict professional control<ul style="list-style-type: none">100% professional assessment execution rateProvide competitive remuneration and welfare system<ul style="list-style-type: none">Be included in constituent stock of “TWSE RAFI Taiwan High Compensation 100 Index”Provide better-than-legal working hours and leave system	<ul style="list-style-type: none">Elite selection with strict professional control<ul style="list-style-type: none">100% professional assessment execution rateProvided competitive remuneration and welfare system<ul style="list-style-type: none">Consecutively listed in constituent stock of “TWSE RAFI Taiwan High Compensation 100 Index” since 2014Provide better-than-legal working hours and leave system<ul style="list-style-type: none">Better-than-regulations, 10 days of paid leave for each employeeAdded public service leave of 2 days and paternity caring leave of 3 days	<ul style="list-style-type: none">Elite selection with strict professional control<ul style="list-style-type: none">100% professional assessment execution rateProvide competitive remuneration and welfare system<ul style="list-style-type: none">Be included in constituent stock of “TWSE RAFI Taiwan High Compensation 100 Index”Provide better-than-legal working hours and leave systemOptimize mentorship program for new recruits<ul style="list-style-type: none">Retention rate of new recruits within one year of employment is higher than 80%.100% implementation of new recruits assessment and guidance mechanism	<ul style="list-style-type: none">Global elite selection and continuous optimize talent retention measure, give full play to the effectiveness of talents<ul style="list-style-type: none">Positively expand recruitment channels; recruit diverse talentsImplementation of strictly professional controlProvide attractive talent retention measures to improve the retention rate of key talentsEnhance overall business performance and ensure sustainable overall compensation for talent attraction and retention<ul style="list-style-type: none">Be included in a constituent stock of “TWSE RAFI Taiwan High Compensation 100 Index”Provide better-than-legal working hours and leave systemContinuously pay attention to physical and mental health of employee and learning growth, be devoted to create a friendly and inclusive workplace environment<ul style="list-style-type: none">Increase the participation rate and satisfaction rate of employees in Company activities
	Provide competitive remuneration and welfare system	<ul style="list-style-type: none">Optimize mentorship program for new recruits<ul style="list-style-type: none">Retention rate of new recruits within one year of employment is higher than 80%.Satisfaction score of “Voice of Newcomers”: over score of 85	<ul style="list-style-type: none">Optimized mentorship program for new recruits<ul style="list-style-type: none">Retention rate of new recruits within one year of employment was higher than 90.9%Satisfaction score of “Annual Voice of Newcomers” was score of 88.6.	<ul style="list-style-type: none">Regular inventory and develop key talents<ul style="list-style-type: none">Retention rate of excellent talent: over 70%Create a joyful and friendly workplace; encourage employees to participate in annual key activities<ul style="list-style-type: none">Colleague participation rate of annual key activities: over 80%, colleague satisfaction: over score of 88	
	Optimize mentorship program for new recruits	<ul style="list-style-type: none">Regular inventory and develop key talents<ul style="list-style-type: none">Retention rate of excellent talent: over 70%Create a joyful and friendly workplace; encourage employees to participate in annual key activities<ul style="list-style-type: none">Colleague participation rate of annual key activities: over 80%, colleague satisfaction: over score of 88Dependents participation rate in Family Day (Faraday’s 30th Anniversary) is over 60%.	<ul style="list-style-type: none">Regular inventory and develop key talents<ul style="list-style-type: none">Retention rate of excellent talent: 85%Created a joyful and friendly workplace; encouraged employees to participate in annual key activities<ul style="list-style-type: none">Participation rate of annual key activities: 92%, colleague satisfaction: score of 90.2Dependents participation rate in Faraday’s 30th Anniversary was 66.4%.	<ul style="list-style-type: none">Create a joyful and friendly workplace; encourage employees to participate in annual key activities<ul style="list-style-type: none">Colleague participation rate of annual key activities: over 80%, colleague satisfaction: over score of 88Dependents participation rate in Family Day is higher than 50%.	
	Regularly inventory and develop key talents				
	Create a joyful and friendly workplace; encourage employees to participate in annual key activities				
Talent development	Implement training in key skills, guarantee R&D driving force	<ul style="list-style-type: none">Implement training in key skills, guarantee R&D driving force<ul style="list-style-type: none">100% key R&D course training completion rate for the required training targetExternalize tacit knowledge, continuously promote internal R&D technology inheritance<ul style="list-style-type: none">Proportion of internal lecturer in R&D courses: over 80%Update and finish building eCourse by planCultivate excellent management talents, promote talent inheritance and organizational sustainability<ul style="list-style-type: none">Internal promotion rate of management talent: over 70%	<ul style="list-style-type: none">Implement training in key skills, guarantee R&D driving force<ul style="list-style-type: none">100% key R&D course training completion rate for the required training targetExternalize tacit knowledge, continuously promote internal R&D technology inheritance<ul style="list-style-type: none">Proportion of internal lecturer in R&D courses: 84.2%Updated and finished building eCourse by planCultivate excellent management talents, promote talent inheritance and organizational sustainability<ul style="list-style-type: none">Internal promotion rate of management talent: 78.3%	<ul style="list-style-type: none">Implement the training in reinforcing key skills, guarantee R&D driving force<ul style="list-style-type: none">100% key R&D course training completion rate for the required training targetExternalize tacit knowledge, continuously promote internal R&D technology inheritance<ul style="list-style-type: none">Proportion of internal lecturer in R&D courses: over 80%Update and finish building eCourse by planTraining localized and complete eCourse establishment plan for overseas baseCultivate excellent management talents, promote talent inheritance and organizational sustainability<ul style="list-style-type: none">Internal promotion rate of management talent: over 70%	<ul style="list-style-type: none">Ensure comprehensive training resources and learning environment for employee, reinforce the Company’s intellectual capital and overall competitiveness<ul style="list-style-type: none">Strengthen the Education Training Committee mechanism and improve training implementation efficiencyOptimize systematic global digital learning resource, continuously promote externalization of tacit knowledge<ul style="list-style-type: none">Optimize eCourse content and execution efficiency to strengthen institutional valueBuild talent echelon, carry out talent cultivation, ensure technology inheritance and organizational development<ul style="list-style-type: none">Regular inventory and cultivate key talent, provide development planning of “right person in the right place”Strengthen supervisor development and management trainee to respond to organizational development and planning at any timeImprove individual work efficiency, facilitate learning and growing of colleague
	Externalize tacit knowledge, continuously promote internal R&D technology inheritance				
	Cultivate excellent management talents, promote talent inheritance and organizational sustainability				



Material topics	Performance indicator	2023		Target in 2024	Target in 2026
		Target	Result		
Occupational health and safety	Implement workplace safety	<ul style="list-style-type: none">Implement workplace safetyThe cumulative density of CPR+AED training is ≥ 25%.Disaster drill: Hold at least once every yearImplement healthy workplaceImplement workplace maternal care measures; provide breastfeeding collection rooms and facilities that meet requirements	<ul style="list-style-type: none">Awarded “Badge of Accredited Healthy Workplace” by Health Promotion Administration, Ministry of Health and WelfareAwarded the “Sports Enterprise Certification” from Sports Administration, Ministry of EducationImplemented workplace safety<ul style="list-style-type: none">Increased the density of CPR+AED training with cumulative training completion rate of 39%Completed disaster drill, with up to 553 people participating in the drill.Implemented healthy workplace<ul style="list-style-type: none">Implemented workplace maternal care measures; provided breastfeeding collection rooms and facilities that met requirementsCompleted evaluations for the maternal health protection periodCompleted four health promotion activities	<ul style="list-style-type: none">Implement workplace safety<ul style="list-style-type: none">Implement workplace hazard identification and risk assessmentParticipation frequency of CPR+AED training accumulatively over three times: ≥ 10% of total employeesHold at least one disaster drill every yearImplement healthy workplace<ul style="list-style-type: none">Implement workplace maternal care measures; provide breastfeeding collection rooms and facilities that meet requirementsComplete evaluations for the maternal health protection periodMore than three health promotion activitiesParticipate in the healthy workplace accreditation from Health Promotion Administration, Ministry of Health and Welfare	<ul style="list-style-type: none">Participate in the healthy workplace certification from the Health Promotion Administration, Ministry of Health and Welfare every three yearsParticipate in sports enterprise certification from Sports Administration, Ministry of Education every three yearsImplement workplace safety<ul style="list-style-type: none">Implement workplace hazard identification and risk assessment to achieve zero occupational accidentsIncrease participation frequency of CPR+AED training accumulatively over three times before 2026: ≥ 25% of total employeesHold at least one disaster drill every yearImplement healthy workplace<ul style="list-style-type: none">Implement workplace maternal care measures; provide breastfeeding collection rooms and facilities that meet requirementsComplete evaluations for the maternal health protection periodEnhance health promotion activities
	Implement healthy workplace	<ul style="list-style-type: none">Complete evaluations for the maternal health protection periodComplete more than three health promotion activities			
	Obtain relevant national healthy workplace certifications				

Corresponding SDGs

3GOOD HEALTH AND WELL-BEING

8DECENT WORK AND ECONOMIC GROWTH

10REDUCED INEQUALITIES

As the world’s leading IP technology-intensive high-tech company, we know that talents are the Company’s core assets and the foundation for corporate sustainable development. Faraday’s emphasis on talents is fully reflected in the workplace environment and conditions provided by the Company. We are committed to providing industry-leading wages and welfares, creating a friendly, healthy, and safe workplace environment, practicing human rights policies, ensuring that employees are respected and dignified, and assist employees in achieving work-life balance.

Faraday has been listed in the constituent stock of the “TWSE RAFI Taiwan High Compensation 100 Index” every year since 2014. In addition to attracting and retaining talents with high-level remuneration and welfare, we also attach great importance to the physical and mental health and personal growth of our employees, and hope that talents will develop sustainably in the Company. In addition, we attach great importance to the harmony of labor-management relations, which helps talents for long-term and stable development in the Company. Faraday has established a variety of internal communication mechanisms to allow employees’ opinions to be fully expressed, and relevant responsible units will quickly respond to employees’ requirements; establish a good communication culture and a lively and open working atmosphere.



3.1 Respect human rights Diversity and equity

3.1.1 Human rights policy

Faraday Technology has always put great emphasis on human rights, actively creates a fair and dignified working environment, and practices its commitment and responsibility to human rights. Faraday Technology follows international regulations on labor rights and supports the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises, International Labor Office Tripartite Declaration of Principles (ILO), the UN Universal Declaration of Human Rights (UDHR), the UN Global Compact (UNGC), the UN Human Rights Norms For Business and other international human rights standards; abides by local labor and human rights-related laws and regulations in each branch office around the world, and actively implements

the Responsible Business Alliance (RBA) Code of Conduct to set up relevant human rights protection, labor policies and related implementation measures to be dedicated to protecting human rights.

Faraday Technology human rights policy applies to all personnel of global permanent employees, contract employees and temporary workers, interns, and workers of Faraday Technology, domestic and overseas branches and investment business; meanwhile, our supply chain partners are required to follow the same standards, jointly pay attention to important human rights issues, and commit to protecting human rights.

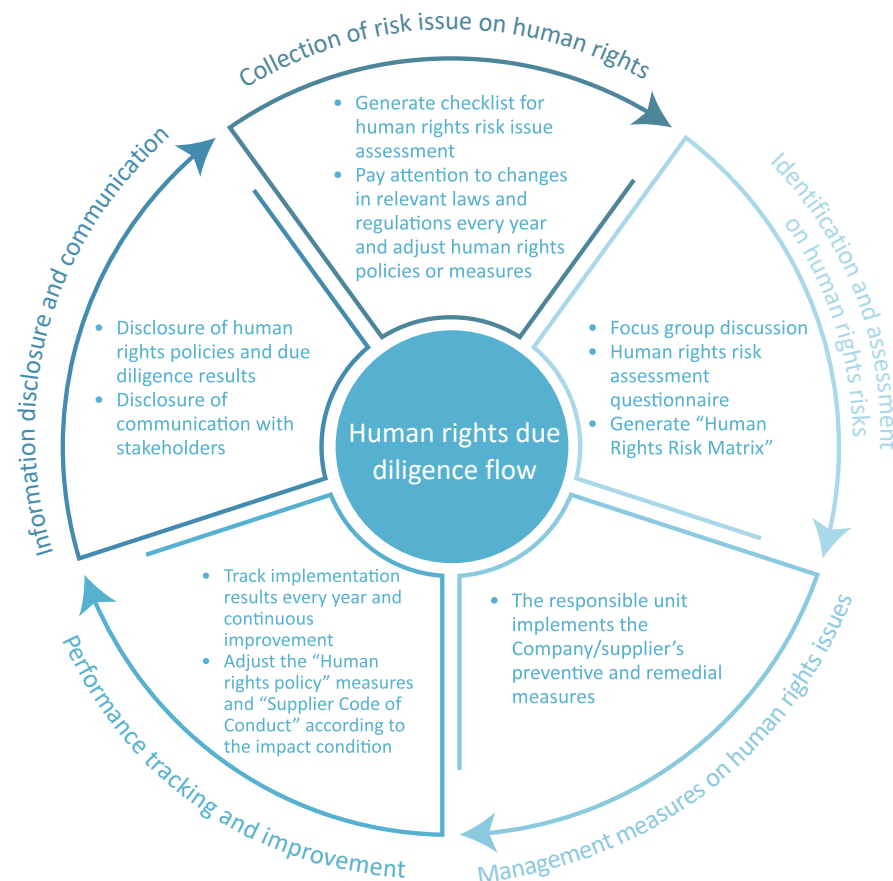
Faraday Human Rights Policy Management Principles

- Respect the rights to work
- Ensuring workplace equality
- Providing a safe and healthy working environment
- Build up open communication channels
- Respect freedom of association
- Implement the privacy protection and information security
- Execute risk assessment of human rights and information disclosure

[Faraday human rights policy](#)

3.1.2 Human rights due diligence

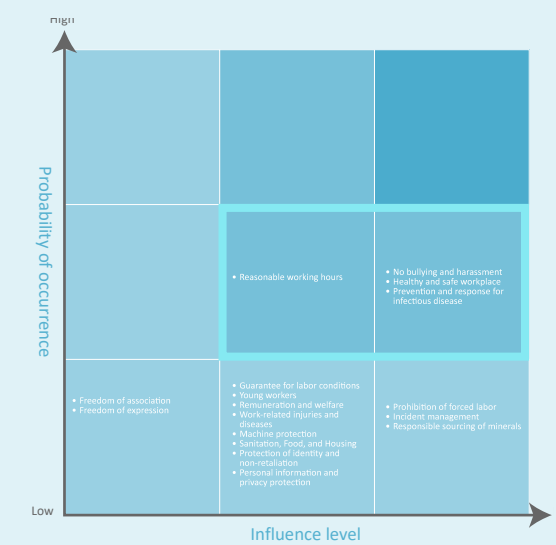
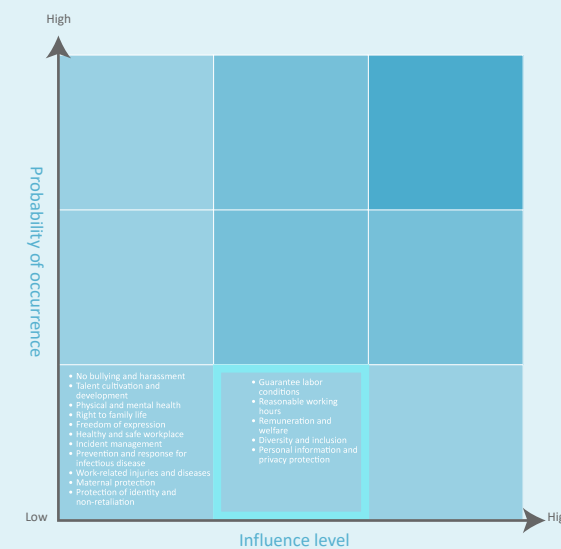
To fully fulfill corporate social responsibilities and guarantee the effective implementation of human rights management during operations, Faraday has executed human rights due diligence flow since 2023. The scope of the investigation includes Faraday employees and suppliers. Our human rights due diligence refers to the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the Global Reporting Initiative (GRI) Standards to regularly review the status of human rights management; we plan to conduct due diligence at least every three years to review the management performance of human rights issues; set up relevant preventive and remedial measures, and make public disclosure of human rights due diligence results.



Identification results on human rights risk issues in 2023

In the aspect of employees, all 16 human rights issues are at low risk level. Faraday positively strengthens the management of human rights issues and creates a workplace environment that respect human rights. There listed 5 human rights issues among those 16 with low probability of occurrence and medium impact as important human rights issues, and will continuously optimize corresponding management measures.

In the aspect of supplier, 13 items among 17 human rights issue are at low risk level while 4 items are at medium risk level. Faraday has listed 4 medium-risk level issues among those 17 as important human rights issues, and will continuously request suppliers to pay attention to human rights management and implement audit management of suppliers.





Faraday’s management measures for important human rights issues:

There are a total of 9 important human rights issues for employees and suppliers; among all, human rights issue of “reasonable working hours” is duplicate, and a total of 8 human rights risk issues are listed as important human rights issues for Faraday. Faraday will continuously optimize and implement human rights management measures, and regularly track the implementation results.

Issues of human rights risk	Impacted target	Prevention measures	Remedial measures
Reasonable working hours	Employee	<ul style="list-style-type: none">Formulate attendance management regulation and set up an overtime application system, stipulating that employees must apply for overtime in advance and can only work overtime after the approval from their manager.Manage the maximum hours of overtime application for employees through the system to guarantee that monthly working hours comply with labor laws and regulationsReasonable work schedule planning to avoid manpower shortages and reduce the overtime requirement	<ul style="list-style-type: none">After working overtime for emergency or temporary requirements, the necessary rest shall be provided and overtime payment or compensatory leave hours shall be paid to protect the rights and interests of employees.Grasp the overtime status of employees based on the overtime system, and notify division managers to promptly assist employees with longer working hours for proper allocation of work
	Supplier	<ul style="list-style-type: none">Include this item into the annual audit checklist for new suppliers and qualified suppliers; request to provide supporting data for confirmation during on-site audits.	<ul style="list-style-type: none">If the supplier fails to meet the requirements and is unwilling to improve within the time limit requested by Faraday, the commercial partnership between the supplier and Faraday may be damaged; the most serious case may include the termination of the partnership.
Guarantee for labor conditions	Employee	<ul style="list-style-type: none">Strictly abide by various labor laws and regulations to guarantee that the working environment or labor conditions meet legal requirements, and protect employees’ basic work rights	<ul style="list-style-type: none">If there is a change in labor conditions that affects the rights and interests of employees, then the adjustments and reviews of the adverse effects will be made immediately.
Remuneration and welfare	Employee	<ul style="list-style-type: none">Guarantee employee wage in compliance with relevant remuneration Act, including minimum wage, overtime payment, etc.Appropriate adjustments are made regularly every year based on macroeconomic indicators and overall market remuneration levels.The overall reward mechanism is linked with the Company's revenue, and performance rewards are differentiated based on positions and individual contributions.Provide multiple welfare subsidies and emergency consolation money	<ul style="list-style-type: none">If any wage discrepancies, it will be repaid and reviewed immediately to avoid being happened again.Re-examine the Company’s remuneration and welfare system, set up and execute adjustment plans
Diversity and inclusion	Employee	<ul style="list-style-type: none">Positively convey the understanding and recognition of diversity, equity, and inclusion to management level and employees, and jointly implement the target of talent sustainabilityRespect human rights; positively create a fair and dignified working environment; human rights training is a required course for all employees and hold retraining course every year.Equally employ people with disabilities or disadvantaged groups to protect equal right to workPromote and implement the Company’s “Prevention, Reporting, and Punishment Policy of Work Violence and Sexual Harassment”Set up the mechanism of human rights, sexual harassment, and gender equality complaints and reports	<ul style="list-style-type: none">If illegal or sexual harassment occurs in the workplace, guarantee smooth channels for complaints and conduct confidential investigations. Those found to be involved will be punished and reported to the competent authority.
Personal information and privacy protection	Employee	<ul style="list-style-type: none">Comply with privacy and information security laws and regulatory requirements while collecting, storing, processing, spreading, and sharing personal informationFormulate and implement regulations to strengthen personal information protection, formulate information security policies to manage and protect the security and privacy of information assetsImplement account and data usage access control, establish an information security monitoring system, plan and execute information leakage simulation drills, and perform vulnerability scan to prevent hacker intrusionsRegularly obtain ISO 27001 certification and perform internal security auditsRegularly conduct information security policy advocacy and training to reduce the chance of privacy leakageInclude this item in the annual audit checklist for new suppliers and qualified suppliers; conduct interviews during on-site audits	<ul style="list-style-type: none">If relevant incidents occur, notify the case party immediately and handle the incidents appropriatelyRe-examine the information security protection mechanism and strengthen information security monitoring vulnerability
No bullying and harassment	Supplier	<ul style="list-style-type: none">Include this item in the annual audit checklist for new suppliers and qualified suppliers; conduct interviews during on-site audits	<ul style="list-style-type: none">If the supplier fails to meet the requirements and is unwilling to improve within the time limit required by Faraday, it may damage the business partnership between the supplier and Faraday. The most serious case may include the termination of the partnership.
Healthy and safe workplace	Supplier	<ul style="list-style-type: none">Include this item in the annual audit checklist for new suppliers and qualified suppliers, and confirm the environment and acting methods during on-site audits	<ul style="list-style-type: none">If the supplier fails to meet the requirements and is unwilling to improve within the time limit required by Faraday, it may damage the business partnership between the supplier and Faraday. The most serious case may include the termination of the partnership.
Prevention and response for infectious disease	Supplier	<ul style="list-style-type: none">Include this item in the annual audit checklist for new suppliers and qualified suppliers, and confirm the environment and acting methods during on-site audits	<ul style="list-style-type: none">If the supplier fails to meet the requirements and is unwilling to improve within the time limit required by Faraday, it may damage the business partnership between the supplier and Faraday. The most serious case may include the termination of the partnership.

3.1.3 Human rights mitigation measures

- Relevant training on human rights policy in 2023: 686.5 hours
- Disciplinary violations, sexual harassment incidents, and illegal violations in the workplace in 2023: 0 case

Onboard training and legal compliance

Each new recruit is given pre-employment training and advocacy on Company's relevant regulations formulated by government labor laws, international norms and Company human rights policies, so that new recruits can fully understand the Company's emphasis on human rights on the first day.

Sexual harassment prevention and promotion

We use posters and internal websites to make public and regularly promote the correct concepts of sexual harassment prevention and strengthen the workplace culture of gender equality; we also provide an exclusive complaint channel and procedure so that employees can seek help through relevant channels when they feel that they are being harassed in the workplace.

Protection against illegal infringement in the workplace

The Company has clearly set up "Prevention, Reporting, and Punishment Policy of Work Violence and Sexual Harassment" to help employees understand what workplace bullying is, and know how to avoid when employees perform their duties in the workplace and suffer from illegal infringement, they can seek for help from complaint channels and be protected.

eCourse for legal advocacy

In order to improve training efficiency, a series of eCourse is planned and recorded for important regulations so that employees can participate in according to their needs without time and space restrictions. Regular retraining and completion of relevant tests are required every year to implement regulations and improve related labor safety awareness.

3.1.4 Diversity, Equity, and Inclusion (DEI)

Faraday Technology is committed to providing a workplace culture and working environment with diversity, equity and inclusion (DEI). Faraday Technology recruits diverse talents, welcomes talents of different races, nationalities, religions, political parties, genders, ages, sexual orientations, identities, backgrounds, and personalities to join Faraday Technology. Faraday Technology also actively eliminates any forms of discrimination and harassment and strives to build a combination of diverse management and employees; gives full play to the synergy of the team and creates excellence together.

Faraday Technology respects the differences and uniqueness of each employee, commits to equal employment of disabled or disadvantaged groups, protects equal rights to work, and provides opportunities and resources based on individual differences. Faraday Technology also attaches importance to the fairness of employee remuneration and promotion opportunities, and is diligently in creating the environment where every employee can bring into full play and be treated equally, and gain a sense of value and accomplishment at work.

Faraday Technology is committed to creating a friendly and inclusive workplace atmosphere. Through diverse and open communication channels, employees can freely express their opinions and maintain good mutual trust and communication with the management, so that everyone can gain a sense of trust and the feeling of belonging at workplace.

Faraday Technology firmly believes that only by embracing diverse talents, respecting the uniqueness of each employee, and creating an equal and inclusive workplace culture can we inspire more innovation and breakthroughs among our employees. Faraday Technology also actively conveys the management and employees' understanding and recognition for the value of diversity, equity and inclusion, and work together to implement the goal of talent sustainability.

Faraday Technology Declaration of Diversity, Equity and Inclusion

Faraday joins [2024TALENT, in Taiwan, Taiwan Talent Sustainability Action Alliance]

Faraday attaches great importance to the sustainable development of talents. In order to respond to the global talent diversity, equity, and inclusion (DEI) trend, we strive

for creating a DEI workplace for our employees and join the "2024 TALENT, in Taiwan, Taiwan Talent Sustainability Action Alliance" to support six major talent sustainability actions with practical strategies and actions, including meaning and value, diversity and inclusion, rewards and motivation, physical & mental and health, cultivation and growth, communication and experience. Faraday implements the "Human Rights Policy" and the "Declaration of Diversity, Equity and Inclusion" with actions to create a better future for every worker.

Responsive businesses/organizations in 2024



Won the honor of the "Outstanding Institution for Promoting Workplace Gender Equality - Premium Award" of Hsinchu Science Park, National Science and Technology Council

Faraday continuously promotes workplace equality and implement values such as diversity, equity, and inclusion within the Company. We positively create a friendly workplace atmosphere and provide appropriate support to our employees through friendly measures such as better-than-legal female care, work flexibility, and encouragement of childcare, and create a working environment with diversity and sharing-good. In 2023, Faraday won the honor of "Outstanding Institute for Promoting Workplace Gender Equality – Premium Award" from the Hsinchu Science Park, National Science and Technology Council.



3.1.5 Gender equality policy

Faraday positively implements gender equality policies; respects and treats employees of all genders and sexual orientations equally. In the high-tech industry, the proportion of male employees is generally higher than that of female employees. Faraday positively recruits, retains, and promotes female professionals. All employees, regardless of gender, enjoy equal resources in terms of remuneration, promotion, and learning. At the same time, we are committed to providing female-friendly and maternal care measures and diligently creating a workplace environment with gender equality and equal rights at work.

Promoting results

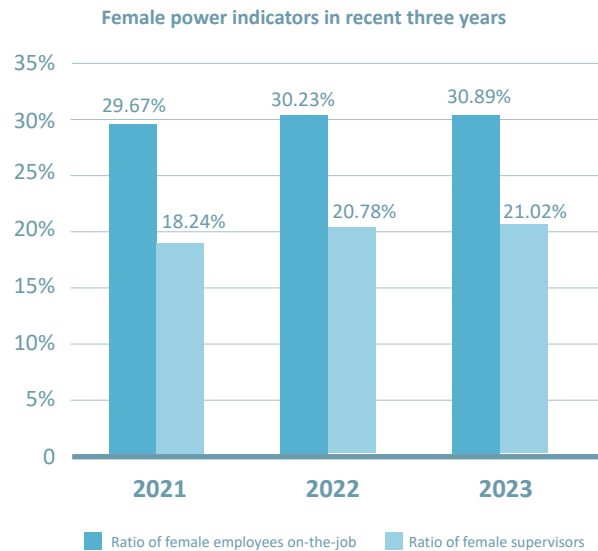
Female friendly

- Encourage the hiring of female employees. The proportion of new female employees in 2023 were 33.90%, which is higher than twice the proportion of female graduates from electrical engineering departments in Taiwan.
- Positively retain female employees, continuously recruit and retain outstanding professional female employees, provide a gender-equal and friendly workplace environment; the proportion of female employees on-the-job has raised from 29.67% to 30.89% in recent three years.
- Diligently promote female employees, the promotion channel is transparent and smooth; female employees own fair promotion opportunities. In recent three years, the proportion of female supervisors at Faraday has raised from 18.24% to 21.02%.

Maternal protection

- Implement maternal care measures in the workplace; provide exclusive friendly parking spaces for pregnant female employees, ergonomic chairs for pregnant female employees, highly subsidies of newborns, better-than-legal breastfeeding room facilities, and obtained the certification of premium breastfeeding room by Public Health Bureau, Hsinchu City.
- Well-organize the maternal health protection plan; arrange employees who meet maternal health protection standards to receive interview guidance, prevent

possible hazards in the workplace, plan appropriate work arrangements in advance to guarantee the physical and mental health of pregnant, postpartum, and breastfeeding of maternal employees.



3.1.6 Human rights communication/grievance channel

Human rights complaint and reporting hotline

- Discrimination, illegal violations in the workplace, violence, bullying, and other human rights-related issues
- TEL:886-3-5787888 ext. 84885
- e-mail:grievance@faraday-tech.com

Sexual harassment and gender equality complaint hotline

- Sexual harassment and gender equality-related issues
- TEL:886-3-5787888 ext. 88995
- e-mail:sexhara@faraday-tech.com

Anyone who experiences, witnesses, or hears of illegal infringements such as workplace discrimination or harassment can complain through the above channels.

After receiving complaint, it will be strictly abided by the whistleblower protection system (anonymous reporting, non-retaliation); investigate in a confidential manner, and punish those found to be involved.

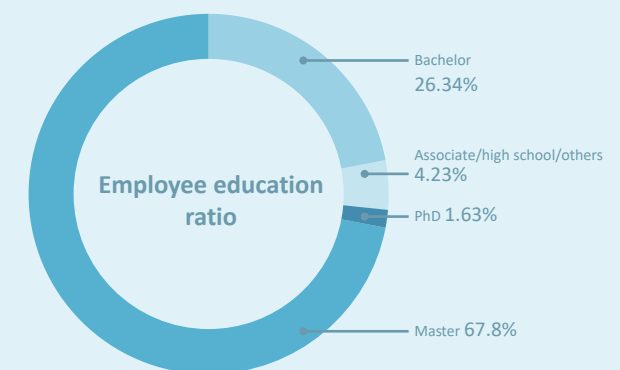
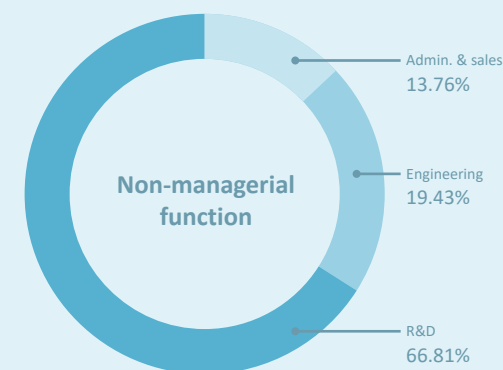
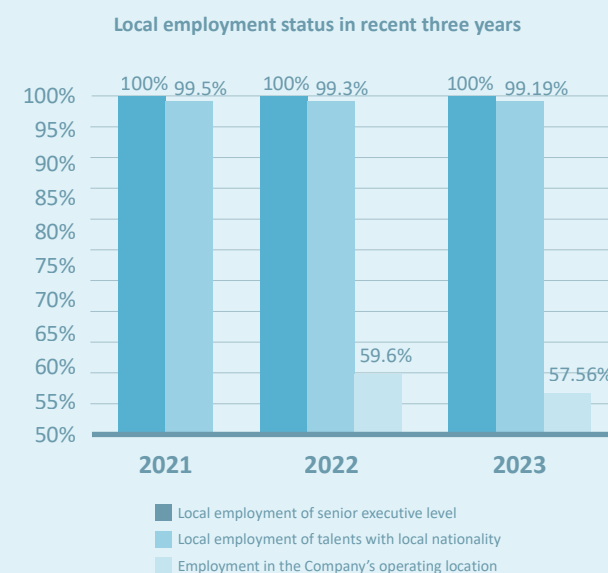
3.2 Deeply cultivation in Taiwan and global deployment

Gather global elites to guarantee operating driving force

Faraday has set up 10 R&D centers and 4 sales and service locations globally, and positively recruits international scientific and technological talents to guarantee R&D driving force and helps to enhance talent development and technology inheritance, to reduce the risk of industrial talent competition.

Positively recruit talents of local nationality to enhance local community identity and development

Faraday positively recruits talents of local nationality; 99.19% from nationals of the Republic of China. Faraday attaches great importance to the community identity and development of the Company's operating locations, positively promotes local employment, and continuously recruits students and talents from the Company's operating locations (Hsinchu, Taipei, and Tainan) every year; by the end of 2023, the number of employees employed in the Company's operating locations was 57.56%. It is expected to assist local development, increase local employment opportunities, and activate local industry-academia cooperation.



3.2.1 Human resource structure

The characteristics of high-quality talents are an important factor for Faraday to keep its competitiveness in the fast-changing technology industry. We continuously invest resources in the development of outstanding talents to guarantee that they can cope with the driving force required for technological development and business growth and give full play on their talents.

Until the end of 2023, Faraday in Taiwan has a total of 615 employees, and more than 99% are permanent on-duty employees. Among the non-managerial employees, R&D and engineering talents have occupied 86.24% of the non-managerial employees; the proportion of permanent on-duty employees with a master's degree and PhD degrees are accounted for 69.4% of the total number of permanent on-duty employees, which fully demonstrates that Faraday puts highly emphasis and investment on innovative R&D. In terms of employee classification, non-managerial staff takes part for 74.47% among all and managerial staff accounted for 25.53%; 100% employment of senior executive level (Director 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 5 disabilities in total, including 2 severe, 2 moderate, and 1 mild according to the law. The employment ratio is compiled with the law, we take care of disadvantaged groups by providing them with fair employment opportunities, and protects their employment rights.

Classification		Type		Gender		Total
				Male	Female	
Employee ^(Note 1)	By contract type	Permanent on-duty employees ^(Note 2)		423	188	611
		Temporary employees ^(Note 2)		2	2	4
		Total by contract type		425	190	615
	By employment type	Full-time ^(Note 3)		425	190	615
		Part-time ^(Note 3)		0	0	0
		Total by employment type		425	190	615
	Age distribution	Under 30 years old (included)		78	55	133
		30 ~ 50 years old		262	112	374
		Over 50 years old (included)		85	23	108
		Total by age distribution		425	190	615
	By employee function	Managerial ^(Note 4)		124	33	157
		Non- managerial	R&D	219	87	306
			Engineering	59	30	89
			Admin. & sales	23	40	63
		Non-managerial subtotal		301	157	458
		Total by employee function		425	190	615
Workers ^(Note 5)				7	14	21

Note 1: Total of 615 employees: Including 583 at the Hsinchu headquarters, 16 in the Taipei office, and 16 in the Tainan office.
Note 2: Permanent on-duty 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: Workers: Cleaning, security, café, employee cafeteria, and IT outsourcing staff in Hsinchu office are in total of 21 people; there are no such workers in Taipei and Tainan offices (only account for 3% ~ 4% of the total; not included within the statistics in this report.)

3.2.2 Recruitment and retention

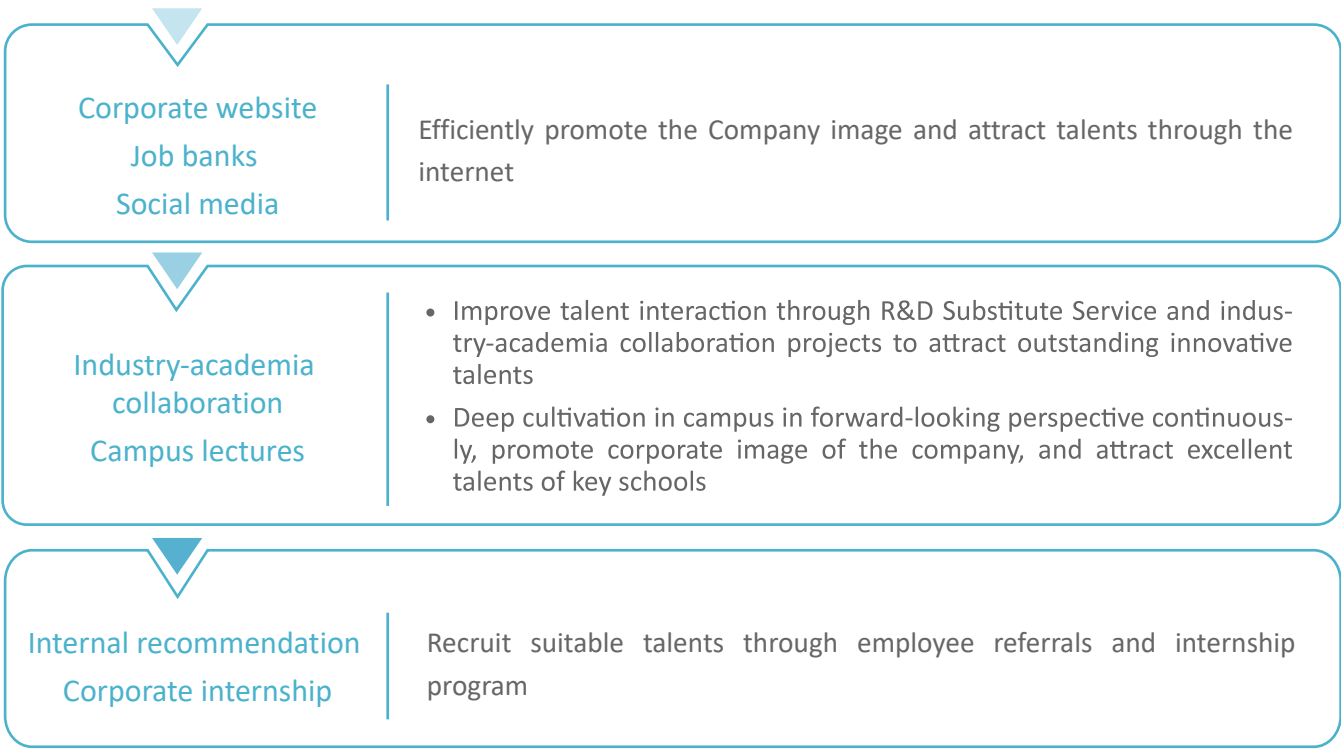
Diverse recruitment

Faraday positively recruits diverse professionals globally with different races, nationalities, religions, political parties, genders, ages, sexual orientations, identities, backgrounds, and personalities, and recruits employees through a fair and open selection procedure to achieve diversity and stability. High-quality talents have become the cornerstone of Faraday’s growth.

Faraday employees come from all over the world, including Taiwan, China, the United States, Canada, Japan, South Korea, India, Vietnam, Malaysia, Singapore, the Philippines, and Armenia. When hiring foreign employees or expatriates, we implement the potential risks assessment in the process of recruitment, appointment, and expatriation, complies with local and international regulations on employment or

expatriation, and 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. Meanwhile, all applications such as visas and work permits are handled in accordance with the local foreigner employment regulations to guarantee that the Company and employees comply with government regulations to prevent from potential risks.

Faraday takes advantages on multiple recruitment channels to recruit talents, including the official website, human resources bank, various recruitment activities, social media, internal recommendations and corporate internships to recruit outstanding talents to join our team.



Industry-academia collaboration & campus lecture

Faraday positively participates in industry-academia collaboration projects and has deeply cultivated in long-term cooperation with educational institutions to cultivate scientific and technological talents; through the cooperation of industry-academia R&D project, it enhances its contribution and influence in industry and academia; at the same time, we also attract outstanding school talents in advance to enhance the professional skills of employees and the competitiveness of the Company.

- Faraday Technology – National Chung Cheng University Chip Design Center
 - Faraday has established SoC Center in National Chung Cheng University.
 - Faraday conducts collaborating research with industry and academia to execute development projects and improve R&D efficiency.
 - Faraday exchanges professional theories with the academia to bring into comprehensive effect between industry and academia, and improve the professional skills of R&D personnel.
 - Faraday provides internship opportunities and industry mentorship for master’s and doctoral students, and can pre-recruit outstanding talents.
 - Enhance the contribution and influence of both parties in industry and academia through the publication of projects and journal results
- National Taipei University Educational Cooperation – Technical consulting and sponsorship plan
 - Faraday cooperates with professors from National Taipei University by combining the Company’s R&D needs as research topic for master’s and doctoral students.
 - Faraday assigns industry experts to guide students of domestic and foreign students on R&D projects, sponsors equipment and scholarships, and invests in international student cooperation plans to pre-recruit outstanding talents.

- Early Win – Workplace learning program for college and graduate students
 - Faraday provides career exploration opportunities for college students and graduate students to help them understand Faraday and the high-tech industry earlier.
 - Faraday assigns dedicated mentors to provide real-time experience and learning guidance in the workplace.
 - Faraday provides a variety of learning activities, covering professional practices and general training
 - Faraday helps students expand their horizons and explore their potential to prepare themselves for future study fields and career planning in advance.
- Deeply cultivation in campus – lectures at key universities
 - Understand the high-tech industry from a technical perspective: Faraday helps students understand the context of the semiconductor industry through lectures on technical aspects and industry analysis.
 - Career sharing from technical industry engineers: Faraday guides students to make appropriate career choices through career sharing
 - Promote industry-academia interaction: Faraday has successively held dozens of lectures at top universities such as National Taiwan University, National Tsing Hua University, National Yang Ming Chiao Tung University, National Cheng Kung University, National Central University, National Chung Hsing University, National Chung Cheng University, National Taipei University of Technology, and National Taiwan University of Science and Technology; make contribution to talent cultivation in Taiwan’s semiconductor industry.

Elite selection

Faraday attaches great importance to the perfection and accuracy of the talent selection process. There are well-prepared evaluation tools in terms of talent selection criteria, selection tools, and interviewing skills. We use professional academic ability, teamwork attitude, and cultural fit as the criteria for talent selection. Through professional evaluation flow, structured interviews, and suitability assessments, we make professional talent selection more accurate and to effectively recruit target talents, ensuring that the quality

of talents can meet the Company’s long-term operating targets.

In terms of professional abilities, Faraday has established a test question bank for each position and customized an evaluation model, and comprehensively evaluates and inspects talents through paper tests, technical Q&A, practice, and presentations, etc. The professional ability of job seekers is achieved through a strict and careful selection mechanism to achieve the purpose of elite selection.



Manpower distribution of new recruits/departing employees in 2023

	New recruits in 2023				Departing employees in 2023			
	Male		Female		Male		Female	
	Numbers of new recruits	New recruitment rate <small>(Note 1)</small>	Numbers of new recruits	New recruitment rate <small>(Note 1)</small>	Numbers of new recruits	Turnover rate <small>(Note 2)</small>	Numbers of new recruits	Turnover rate <small>(Note 2)</small>
Under 30 years old (included)	21	26.92%	14	25.45%	7	8.97%	3	5.45%
30 ~ 50 years old	16	6.11%	6	5.36%	20	7.63%	8	7.14%
50 years old above (included)	2	2.35%	0	0%	7	8.24%	0	0%
Total	39	9.18%	20	10.53%	34	8.00%	11	5.79%

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

3.3 Talent cultivation, sustainable learning

Faraday is committed to efficient learning and systematic inheritance, and has established a resource-sharing learning platform. The results of talent cultivation are specific and solid. In 2022, we were awarded the “National Talent Development Awards (NTDA)” Large-scale Corporation Award by the Taiwan Ministry of Labor, the highest honor in the domestic human resources field. This is the recognition of Faraday’s dedicated efforts in talent development.



Faraday is well aware of the importance of talent development to company operations, and implements the Education Training Committee mechanism with two major directions: “stable talent supply” and “optimize talent quality”, and establishes a systematic talent cultivation and development mechanism, including a competence testing system that identifies the professionalism of talents, e-Course learning database for training and assessment, and supervisor development project to cultivate potential cadres; the Company’s R&D strength and the quality for design service have been repeatedly affirmed by customers.

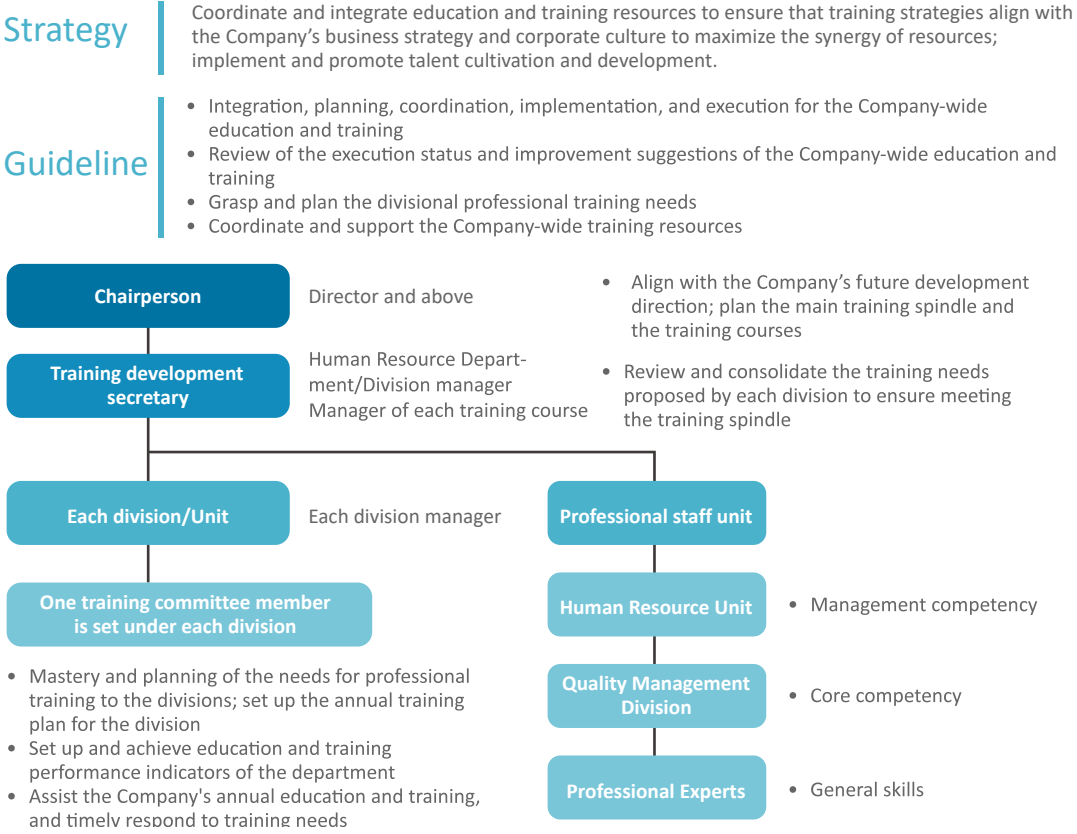
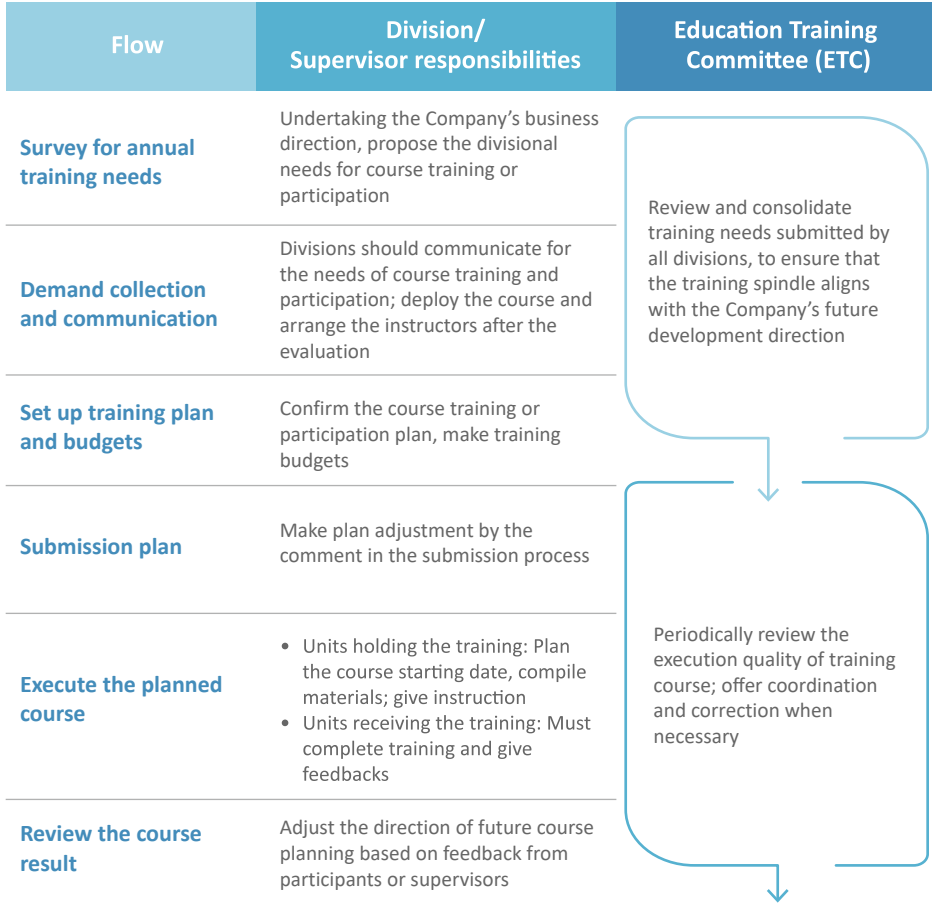
3.3.1 Training development system

Education Training Committee

Faraday has established an “Education Training Committee”, with the Company’s senior executives as the chairperson. The chairperson appoints Training Development Secretary according to the types of courses. Meetings are held regularly every quarter, and Division Manager and division training committee members are invited to participate in discussions.

The policy and purpose of the committee is to effectively utilize education and training resources to guarantee that the training strategy is linked with the Company’s future development direction and aligned with the business strategy, so as to maximize the synergy of resources. Based on the operational policy of training integration, planning, coordination, implementation, review and continuous

improvement, starting from the Company’s operational direction, with the target of improving the actual training execution effect, we propose training needs and report the execution results to the committee; over the years, we have regular meetings to review and continuously improve for ensuring that our education and training can have both comprehensive planning and active implementation.



Development blueprint for talents

In order to continuously keep the competitive advantage of internal talents, Faraday designs an education and training development blueprint based on the human resources development strategy of all levels and the needs of internal and external environments. According to the training model, it is divided as Off-Job-Training (OFF-JT), On-Job-Training (OJT), and self-inspiration, covering a variety of course contents and guidance methods. This system is the framework for long-term training and development. Based on it, education and training develop courses and cultivate employees’ knowledge, skills, and characteristics required for organizational performance.

- Provide diverse training according to the audiences

New recruits

Before onboard date, the HR unit and the hiring manager will firstly customize a new recruit training plan based on the job description, and use a mentorship program to provide new recruits with practical work guidance and company-related life consultation to help them quickly adapt work life.

In-service employees

The Education Training Committee plans annual training courses based on the Company’s strategic targets and provides internal learning opportunities for in-service employees, sets required/elective audiences by the course attributes, and arrange a variety of course options, including Chinese and English courses to provide diverse learning opportunities for global employees.

Supervisors at all levels

Provide relevant resources for the competency required by supervisors at different levels, assist supervisors in coping with management issues, and develop appropriate response capabilities.

Audience	OFF-JT			OJT	Self-inspiration
	Management Competency	Core Competency	Profession 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	General-course program				
		New recruit training			
Group workshop, Practical implementation, e-Course, Study group, Library					

Audience	Developing items
Junior supervisor	<ul style="list-style-type: none"> • Learning Passport for New Supervisor: Assist new supervisors in preparing for taking office, provide all-round guidance, assist with psychological adjustment and establish a manager’s mentality • Management Regulations: Be familiar with the Company’s management rules and administrative systems to facilitate the daily management for the division • Key executive meetings: Through in-depth communication, reach a consensus on target management and mentalitymanagement and mentality • Management course training: Improve supervisors’ management skills and application capabilities through course lectures and workshops
Senior-medium supervisor	<ul style="list-style-type: none"> • Senior leadership forum: Regularly hold company strategy and development interaction forums to establish consensus and collaboration among leadership • Business development forum: Discuss industry trends and share marketing business, cultivate business acumen, and shape leaders with surpassed vision





Diverse learning course

Based on the training and development system structure, Faraday Education Training Committee adjusts the execution focus on course categories according to the short-term and medium-term business strategy direction and carries out more complete planning. Each category has corresponding curriculum policies. We are not only committed to providing training resources related to New Recruits, Research and

Development, and Leadership Management, but also attach great importance to Environmental, Safety and Health and the physical and mental health of employees. Therefore, we also offer training courses such as automobile and motorcycle traffic accident prevention courses and health lectures to ensure the safety and health of employees.

Course Categories	Targets
New Recruits	Customized courses are provided depending on the employee’s position needs and professional experience. This helps new recruits quickly fit in the organizational culture and internal processes.
General	Strengthen core competencies; assist employees in promoting their fundamental workplace knowledge and abilities
Research and Development	Engineering and technical professional training, inheritance, and sharing; promote cross-divisional technical interactions and practical case discussions
Leadership Management	Cultivate management talents, assist supervisors in establishing knowledge and methods of leadership and management, and furtherly develop management practices and leadership abilities
Environmental, Safety and Health	Strengthen workplace safety knowledge of employees; lower the risk of work safety
Total Quality Management	Implement the Company’s quality policy and strengthen the quality awareness and management regulations of all employees
Information Security	Develop correct information security concepts to enhance the intensity of information security protection
Intellectual Property Management	Improve employees’ awareness of intellectual property and strengthen corporate competitiveness and innovation value
ESG	Implement Faraday’s sustainability policies and commitments, practice the five sustainability execution directions, ensure the Company’s sustainable development and fulfill its corporate social responsibilities.
Domestic/Foreign training	Learn and import industry trends and new knowledge, to enhance personal and the Company’s competitiveness
Agent training	Ensure that the promotion skills and service quality of the agents to promptly serve customers and promote the Company's R&D technology

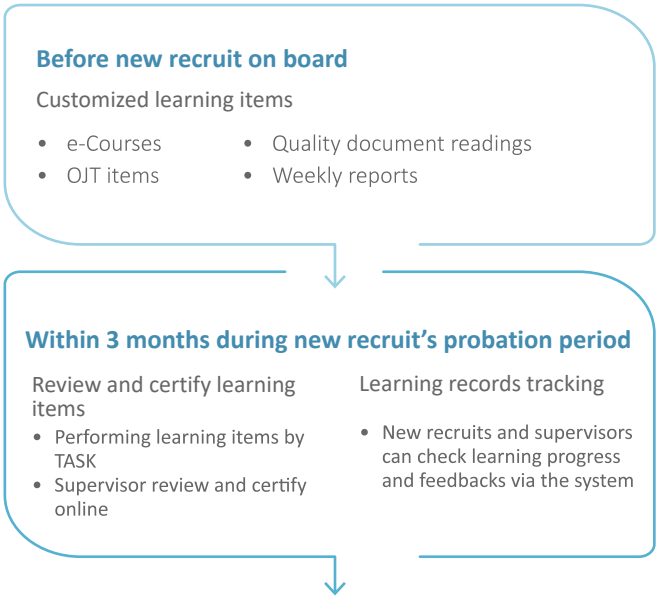
3.3.2 E-Learning platform

E-Learning platform

We have established an online learning e-Course platform for employees around the world to share learning resources and master the latest professional knowledge. After the course is launched, the Education Committee regularly reviews the course content and required training personnel to ensure the quality and effectiveness of the course. In addition to employees, agents can also synchronize technical information in real time through this learning platform to improve their technical standards and service quality to customers.

New Employee Training System

To pair with the new recruits’ guidance system and assessment system, we have established an electronic version of “New Employee Training System” for tracking and certify new recruits’ learning status, help them adapt to work quickly, and also assist supervisors in effectively grasping the new recruits’ adaptation status. Supervisors must confirm learning projects before new recruits on board, adjust learning content and set up learning plans based on their qualifications; provide clear learning structures and timetables to new recruits with a systematic learning process to consolidate basic professional knowledge.



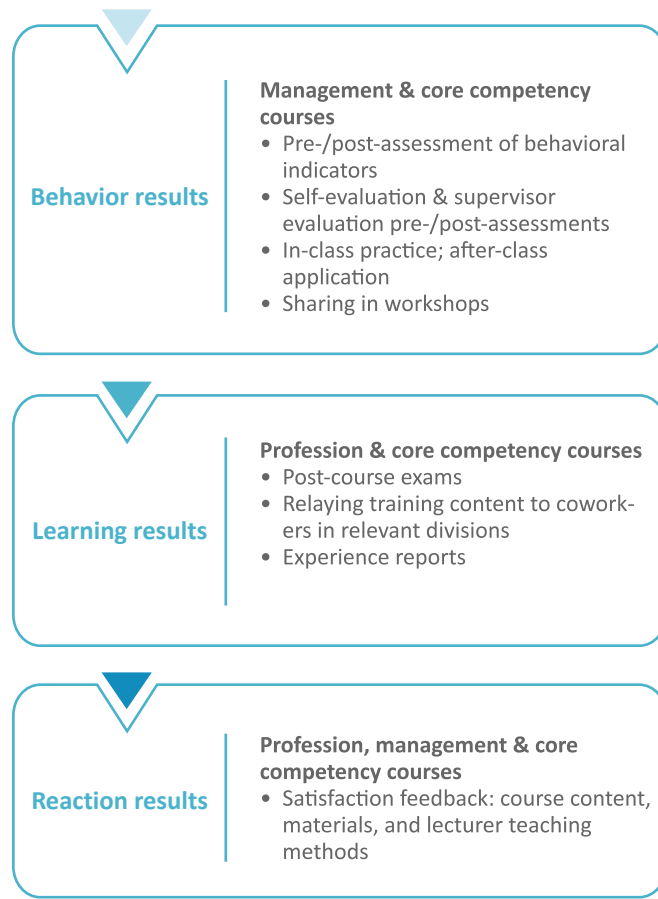
Internal/External training application system

To make the training flow to be more efficient and effective, Faraday has established an internal training application system and an external training application system to manage and track execution records and implement training effectiveness evaluation.

3.3.3 Training benefits and achievement

Diverse evaluation plan for training effectiveness

Faraday attaches great importance to the substantive effectiveness and continuous improvement of training courses. We conduct post-course effectiveness evaluations for different types of course objectives through questionnaire feedback, post-course tests, behavioral drills, experience reports, workshop sharing sessions, etc.



Actual performance on training course

Faraday attaches great importance to the resource input and output efficiency of employee education and training. The selection of course trainers, teaching materials, trainees, and evaluation methods are all reviewed by senior management level or the Education Training Committee. Due to the uniqueness of the ASIC industry, R&D energy mainly comes from the accumulation of practical experience when executing projects. Therefore, the experience gained by senior employees in the process of taking on projects is the key knowledge base. Of our Research and Development and Total Quality Management-related courses in 2023, up to 86.67% were developed and taught by internal trainers. Through the inheritance and spreading of internal knowledge, we promote technological innovation and hope that the courses will contribute to the career development of employees.

In 2023, Faraday actually organized 266 sessions of internal training (including e-Course), participated in 76 sessions of external training, and executed a total of 342 sessions of courses. We attach great importance to the cultivation of new recruits and the inheritance of R&D expertise, so the highest proportion of course execution hours is for new recruits training and R&D professional training. In addition, Faraday invests equal resources in the allocation of education and training resources regardless of gender. Male employees account for 70.38% (7,729 people) of the total number of trainees, while female employees account for 29.62% (3,253 people). This ratio is close to Faraday’s manpower structure of male and female ratio (69.11%: 30.89%). The average training hours per employee is 19.79 hours (including e-Course), and the average training hours for both male and female employees are 19.76 hours and 19.86 hours, respectively. Through professional course training, we not only enrich our employees’ professional knowledge and skills, but also achieve the targets and tasks assigned by the Company.

In addition to permanent on-duty and contracted employees, we also value other workers who serve in Faraday, such as cleaning, security, café, employee cafeteria,

and IT outsourcing staff; provide them with Environmental, Safety and Health, Integrity Management, Human Rights Policy, and Declaration for Information Security Policy and Case Study such work-related training courses; a total of 114 people were trained in 2023; this is to protect the rights and safety of employees and workers while working at Faraday, and also ensure that the Company’s human rights, information security, and ethics training plans have covered all workers.

We encourage our employees to continue their trainings and positively obtain professional certificates/licenses; since 2018 to nowadays, we had subsidized our employees to obtain a total of 90 certificates and licenses; encouraging employees to strengthen and apply their profession competency.

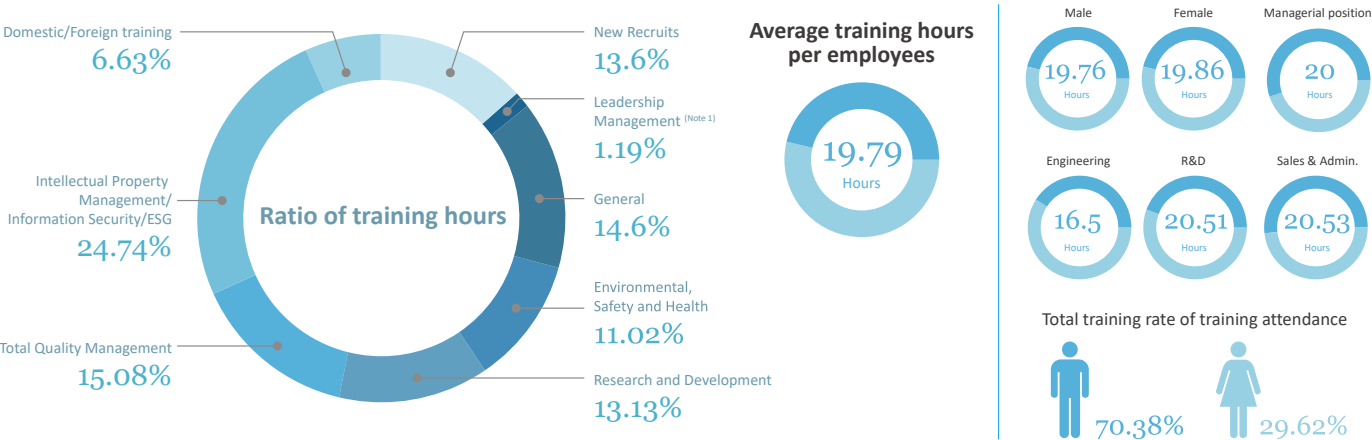
Faraday has spared no effort in investing in ESG and firmly believes that the core driving force for enterprises to practice ESG comes from the participation of every employee. In order to equip all employees with ESG concepts, we invest a lot of resources. In addition to the training courses planned and implemented by the Corporate Sustainability Committee, courses that are highly connected to sustainability issues also receive great attention. In 2023, courses on sustainability issues (courses coordinated by the Corporate Sustainability Committee and highly linked to sustainability issues) were account for 45.78% of the total training hours, and the total training hours were 6,017 hours. These courses will help employees improve their awareness of corporate sustainable development, and then take more sustainable actions.



2023 training implementation overview

Classification	Training categories	Total sessions	Total attendance ^(Note 1)			Total attendance hours ^(Note 2)		
			Male	Female	Total	Male	Female	Total
Internal training	New Recruits	156	1,078	480	1,558	1,223	565	1,788
	Leadership Management	13	113	24	137	130.5	26.5	157
	General	6	1,330	589	1,919	1,330	589	1,919
	Environmental, Safety and Health	12	536	401	937	858.5	590	1,448.5
	Research and Development	41	1,010	374	1,384	1,262	463.5	1,725.5
	Total Quality Management	15	1,373	522	1,895	1,440.6	540.9	1,981.5
	Intellectual Property Management	12	1,649	535	2,184	1,731	565	2,296
	Information Security	6	534	231	765	539	233	772
	ESG	5	53	45	98	100	84	184
External training	Domestic/Foreign training	76	53	52	105	457.5	414	871.5
Total		342	7,729	3,253	10,982	9,072.1	4,070.9	13,143

Note 1: Includes total number of training attendance for 2023 permanent on-duty (including employees leave of absence) and departing employees. On December 31, 2023, the total number of permanent on-duty employees (including employees on leave of absence) trained was 10,612; in 2023, the total number of departing employees was 370, a total of 10,982 employees.
 Note 2: Includes total training hours of training attendance for 2023 permanent on-duty (including employees on leave of absence) and departing employees. On December 31, 2023, the total training hours of permanent on-duty employees trained was 12,734.4 hours; in 2023, the total training hours of departing employees was 408.6 hours, a total of 13,143 hours.
 Note 3: This ESG training category only counts for the training courses of Corporate Sustainability Committee and does not include courses that are highly linked to sustainability issues.



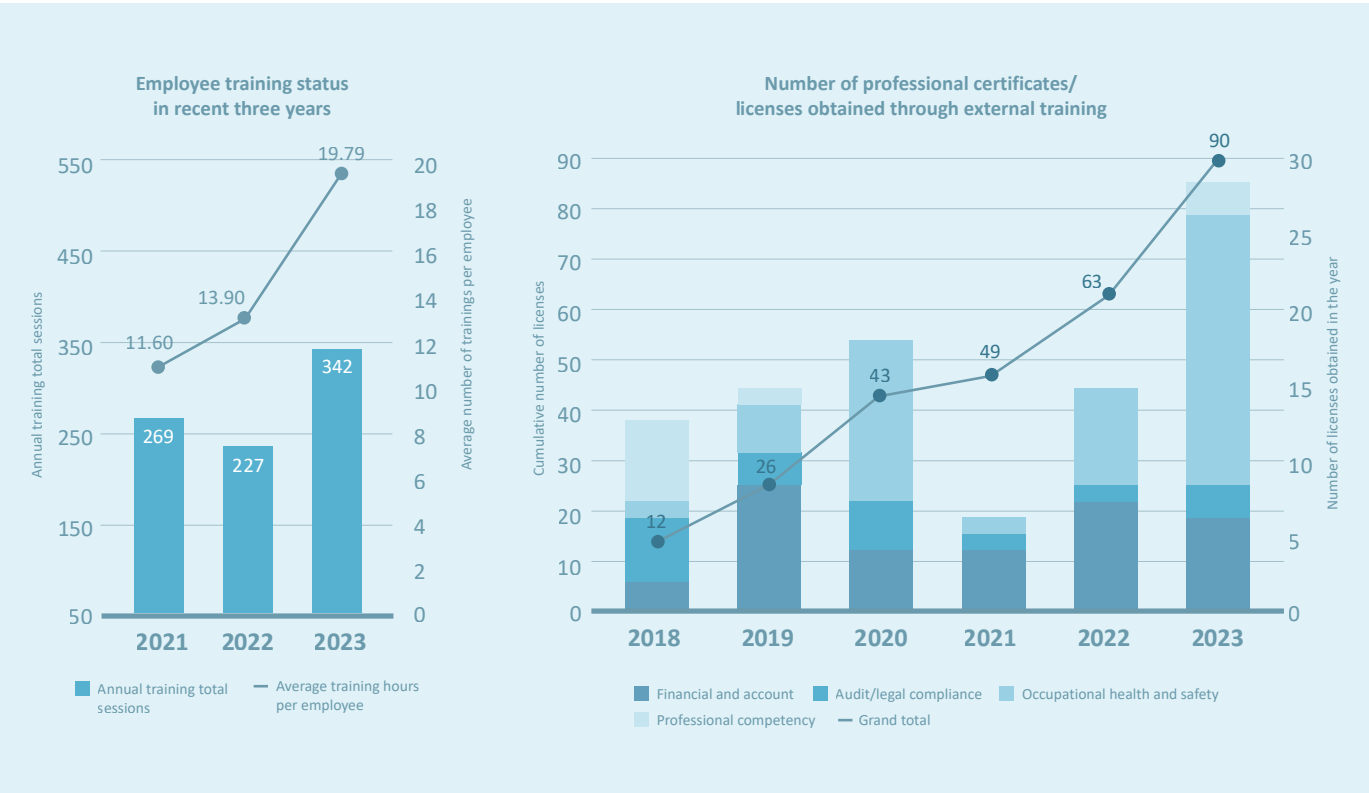
Note 1: Courses in the leadership management category provide different forms of resources based on different supervisory levels, such as high-level leadership forums, etc. Please refer to the chapter of “Training Development System” for more details.

2023 employee training hours

Item	Gender		Employee Function					Total
	Male	Female	Managerial position	Non-Managerial position				
				R&D	Engineering	Admin. & Sales	Sum	
a. Total training hours ^(Note 1)	9,072.1	4,070.9	3,240	6,787.5	1,617	1,498.5	9,903	13,143
b. Number of employees ^(Note 2)	459	205	162	331	98	73	502	664
c. Average training hours per employee (a/b)	19.76	19.86	20	20.51	16.5	20.53	19.73	19.79

Note 1: Includes total training hours of training attendance for 2023 permanent on-duty (including employees on leave of absence) and departing employees. On December 31, 2023, the total training hours of permanent on-duty employees (including employees on leave of absence) trained was 12,734.4 hours; in 2023, the total training hours of departing employees was 408.6 hours, a total of 13,143 hours.

Note 2: Includes total number of training attendance for 2023 permanent on-duty (including employees on leave of absence) and departing employees. On December 31, 2023, the total number of permanent on-duty employees (including 4 employees on leave of absence) were 619; in 2023, the total number of departing employees was 45; a total of 664 employees.



3.3.4 Talent motivation and development

Faraday positively implements systems of talent performance management and development and provides employees with appropriate work guidance and career development assistance based on their different development stages. We evaluate employees’ performance at work through a regular performance appraisal mechanism and set up future development plans to effectively link to the Company, team, and individual work targets. The motivation and development system can be divided into mentorship program for new recruits, New Recruits evaluation during probationary period, Mid-year Performance Appraisal, Year-end Performance Appraisal, and Performance improvement and consultant plan according to the target and the development stage.

Mentorship program for new recruits
 With Faraday’s mentorship program, new recruits can quickly become familiar with the Company’s environment and culture.

New Recruits evaluation during probationary period
 Tracking the learning results for new recruits and comprehensively evaluate their work competency according to the course schedule of the new recruits

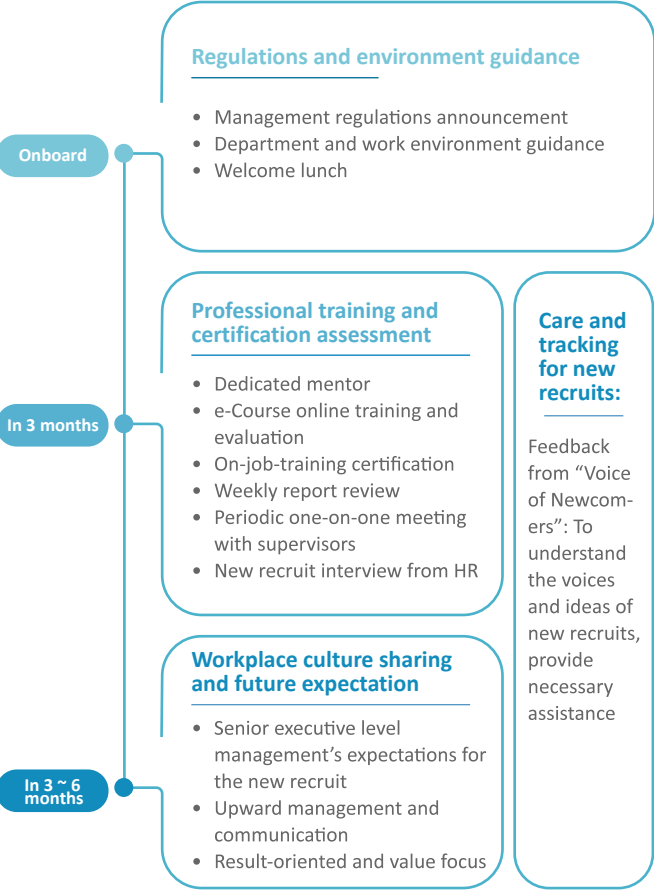
Mid-year Performance Appraisal
 Review the work progress and adjust the work direction for employees during the training period or the employees who are designated by supervisor.

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

Performance improvement and consultant plan
 Assist employees with poor performance in improving 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. In addition to the dedicated “Newcomer Guidelines” webpage, new recruits can get the information and assistance they need in a timely way. There is also an employee served as dedicated mentor in the division to give immediate help in work and life. Meanwhile, we also conduct “Voice of Newcomers”, supervisor interviews, and HR interviews to understand the voices and ideas of new recruits, provide them necessary assistance, shorten the learning curve of new recruits, quickly become familiar with the Company’s environment and culture, and quickly acquire knowledge and experience they need; improve the retention rate of new recruits. In 2023, the annual average retention rate for new employees was 90.91%.

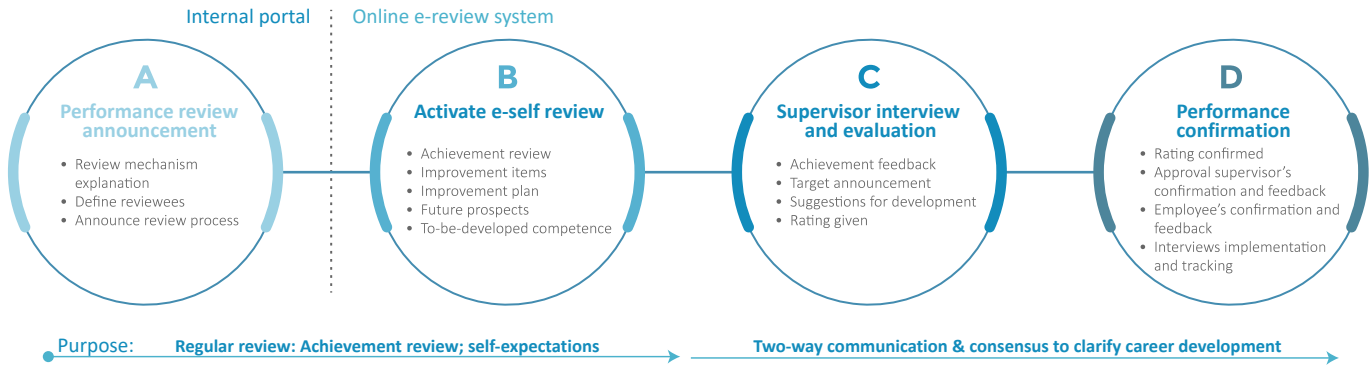


A performance development and management system with two-way transparency

Faraday’s performance management and development system puts emphasis on mutual communication, supervisors are available to understand the strengths and weaknesses of employees through one-on-one performance interviews with subordinates, and then provide timely assistance, guidance, corrections, or suggestions for their work targets to truly improve work effectiveness of individuals and the organization and the Company’s overall performance. Every Faraday employee (Note) is required to participate in the annual performance appraisal. In 2023, the ratio of employees who received the performance appraisal were 97.24%; the audit process is mainly controlled by the performance management system, and supervisors and employees give overall suggestions and feedback on the system to achieve two-way transparent communication and performance feedback.

Permanent on-duty /Contracted employee		Employed as of Dec. 31, 2023 ^(Note 1)			Numbers & percentages of people ^(Note2) receiving year-end performance appraisal		
Employee function		Male	Female	Total	Male	Female	Total
Managerial		124	33	157	122	33	155
Non-Managerial	R&D	219	87	306	215	82	297
	Engineering	59	30	89	57	30	87
	Admin. & Sales	23	40	63	20	39	59
	Summary	301	157	458	292	151	443
Total		425	190	615	414	184	598
							97.24%

Note 1: Permanent on-duty and contracted employee; not including: employees on leave of absence and workers
 Note 2: Excluding the senior executive president or above, employees who had not yet served/reinstated three months, and partial of the contracted employees (Massage therapist).



Motivational promotion system

Faraday has set up the “Job Grade and Job Title Procedure” and the “Promotion Management Procedure” to clearly standardize the criteria for promotion. Promotions are carried out regularly every year; through regular performance evaluations, supervisors can identify and select suitable candidates for promotion. The supervisors at the division manager level or above submits the promotion reports; suitable candidates are promoted after approval by the President and the Human Resource Evaluation Committee. In response to organizational management and talent development needs, supervisors can submit job title promotions in accordance with relevant methods and procedures to encourage talents to develop upward and continuously contribute their talents.

3.4 Generous remuneration Thoughtful welfare

3.4.1 Competitive remuneration and welfare

Faraday provides market-competitive remuneration and welfare policies to attract outstanding talents. The company provides salary adjustments, differentiated bonuses and employee compensation systems based on individual performance, responsibilities and future development potential in order to attract, retain and motivate outstanding employees. The company also actively participates in remuneration surveys, reviews and analyzes the results of the remuneration surveys every year, and adjusts remuneration policies in a timely manner to ensure that the overall remuneration is competitive in the market. Faraday has been consecutively listed as the constituent stock of “TWSE RAFI Taiwan High Compensation 100 Index” since 2014. Its average employee remuneration, total employee remuneration, and remuneration growth have all maintained competitive advantages.

3.4.2 Performance-oriented remuneration system

Faraday’s remuneration system design is based on job function and work performance. The formulation and implementation of various remuneration systems do not differ based on gender, region, race, religion, political stance, marital status, and sexual orientation, so as to guarantee that employees receive fair and reasonable remuneration. Both the starting salary and subsequent wage adjustments are based on individual work performance and relevant seniority. The employee remuneration and welfare we provide are better-than-legally-mandated, including minimum wages, working hours, insurance, pension systems, and other legal welfare. In order to protect the rights and interests of grassroots employees, we review the salary payment level every year to guarantee that it is higher than the minimum wage. In 2023, the average salary of Faraday employees was more than NT\$2 million, by conversion into monthly income, that is about 7 times higher than the current minimum wage in Taiwan. For grassroots R&D staff, their starting monthly income is about 2.46 times higher than the minimum wages in Taiwan.

Overall remuneration ratio for male and female by function

	By function	Female	Male
Non-managerial position	R&D	0.85	1
	Engineering	0.84	1
	Admin. & Sales	0.61	1
Managerial position		0.85	1

Note: Due to the different job functions and the differences in the number of male and female employees in the scope of Admin. & Sales, the differences in gender remuneration gap is relatively significant.

Average and median salary (NT\$ thousand)

Year	2021	2022	2023
Numbers of permanent on-duty employees	586	591	599
Average salary	2,073	2,550	2,323
Median salary	1,633	2,072	1,980

Note: In accordance with the regulations of the Taiwan Stock Exchange, Faraday has disclosed the number for permanent on-duty employees, average salary, and median salary starting of non-managerial position positions since 2020. The statistical method is according to the regulations by the Taiwan Stock Exchange, excluding supervisors (managers) and statistical personnel who meet the exclusion exemption. Those who have been employed for less than one year are calculated by weighting the period of employment, and employee remuneration is based on accrual. All employee remuneration that has not yet been paid is the approximate amount

3.4.3 Stable pension system

Faraday provides a definite benefit pension plan in accordance with the “Labor Standards Act”, and has established a Labor Pension Reserve Fund Supervision Committee to implement labor pension-related issues in accordance with the law. Since July 1, 2005, Faraday has provided a definite pension plan in accordance with the “Labor Pension Act”, and all personnel participate in the relevant pension plan. In addition to setting labor pension reserve fund by the law, a professional actuarial consulting firm conducts an actuarial pension assessment for defined benefit retirement plans every year to comply with the legal requirements for the public disclosure of financial statements of listed companies and ensure that pensions are fully allocated (Please refer to the financial report in the appendix of the 2023 annual report for details of the related allocations rate and withdrawal amount) to protect employees’ rights and interests in receiving pensions in the future, and to guarantee that employees have stable pension withdrawals and payments with a well-organized financial system.

3.4.4 Employee Stock Ownership Trust

Faraday has launched an employee stock ownership trust plan in 2022 and established a stock ownership trust committee. Participants can decide the monthly withdrawal amount and purchase company stocks in a regular fixed amount. The Company’s simultaneous withdrawals are the same as the employees’ monthly withdrawals. The amount is used as bonus and jointly deposited into a dedicated trust account, and the employee participation rate exceeds 75%. The employee stock ownership trust plan links the Company’s EPS indicators to encourage employees to work together for the Company’s targets, while helping employees accumulate wealth and plan for retirement life in the future.

3.4.5 Better-than-legal working hours and leave

Faraday provides better-than-legal annual leave system and flexible working hours; each employee is given an average of more than 10 days of paid leave, including a half-hour reduction in working hours every Friday, 7 days of paid flexible leave; and in 2023, added paid public service leave for two days and paternity care leave for three days, which allow employees for the balance of individual and family care.

3.4.6 Comprehensive insurance system

Faraday provides social insurance that complies with laws and regulations to protect the basic rights and interests of employees. In addition to providing labor insurance (including employment insurance) and health insurance in accordance with the law, we also provide additional group insurance, including life insurance, critical illness insurance, medical insurance, accident insurance, cancer insurance, and overseas travel safety insurance for business trips to protect employees on both work and life safety. We provide family dependent group insurance plans for employees’ dependent, and more than 40% of employees choose to include their dependents in the Company’s group insurance. Faraday also offers insurance company on-site service once a week to provide employees with insurance knowledge and insurance claims-related rights.

3.4.7 Parental leave, unpaid leave rate, reinstatement rate

Faraday provides employees with childcare needs with substantial care and attention, including implementing maternal care in the workplace, providing breastfeeding facilities, arranging unpaid parental leave, job & career re-planning, and other related welfare measures, so that employees can take care of both family and work.

2023 employee unpaid parental leave applications:

Items	Male	Female	Total
Number of employees eligible for unpaid parental leave in 2023 (A)	47	20	67
Actual number of employees applying for unpaid parental leave in 2023 (B)	0	3	3
Estimated number of reinstatements after taking unpaid parental leave in 2023 (C)	0	4	4
Actual number of reinstatements after taking unpaid parental leave in 2023 (D)	0	4	4
Number of unpaid parental leave employees reinstated in 2022 (E)	0	5	5
Number of unpaid parental leave employees reinstated in 2022 who continued working for one year (F)	0	4	4
Reinstatement rate (D/C)	-	100%	100%
Retention rate (F/E)	-	80%	80%

Definitions: The statistics of A, B, C, and D are the number of employees remain employed on Dec. 31, 2023.
A. Number of employees eligible for unpaid parental leave in 2023: The number of employees who applied for parental leave and maternity leave during the period 2020/01/01 ~ 2023/12/31.
B. Actual number of employees applying for unpaid parental leave in 2023: The number of employees who applied for unpaid parental leave during the period 2023/01/01 ~ 2023/12/31
C. Estimated number of reinstatements after taking unpaid parental leave in 2023: 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 2023: The number of employees whose unpaid parental leave expired during the period 2023/01/01 ~ 2023/12/31 and who were reinstated in their positions after this date.
E. Number of unpaid parental leave employees reinstated in 2022: The number of employees reinstated in their work positions during the period 2022/01/01 ~ 2022/12/31

3.5 LOHAS inclusion Happiness in workplace

Faraday values the work-life balance of employees and provides a high-quality working environment. Representatives from each division are appointed to form an Employee Welfare Committee according to the law, which is responsible for planning and executing various activities and welfare measures. The activities and welfare projects are diverse and can fully take care of employees’ physical and mental health.

3.5.1 Thoughtful and comfortable space planning & environment facility

Faraday provides employees with comfortable working environment: The HQ building has music café, staff cafeteria, parking spaces for cars and motorcycles, breastfeeding collection rooms, stress relief center, art gallery, leisure sports and fitness center, leisure garden and various staff rest areas for employees to take a good rest and timely relieve work pressure.

- Free and sufficient parking spaces for cars and motorcycles
Faraday has free and sufficient parking spaces for automobiles and motorcycles in the HQ building. Each employee can be allocated a parking space to solve the parking problem on work. Moreover, our parking lot also provides free overnight parking for employees who live near the Company to solve the problem of finding a parking space.
- Multi-functional fitness center and sport field over thousands of square feet
Faraday values employees’ work and physical and mental balance, and is committed to providing a comfortable working environment for employees. It has a fully equipped multi-functional leisure sports and fitness center with thousands of square feet on the 10th floor of the headquarters building, planning with outdoor basketball courts, indoor badminton courts, billiards courts, table tennis courts, gymnasiums, rhythm classrooms, basketball-shooting machines, dart machine, and shower rooms; all have annual expenses for regular maintenance and replacement of old venues

and equipment, and new equipment is purchased based on employee suggestions. Faraday Gym has complete equipment to meet the various fitness needs of employees. The leisure sports and fitness center is equipped with multiple shower rooms for employees to freshen up after exercise. Faraday positively promotes sports culture and enhances the physical and mental health of its employees. It often holds various ball games and group recreation activities to build team morale and relieve work pressure appropriately.

- Ecological green space and roof garden
Faraday HQ building retains thousands of square feet of ecological green space and sets up a roof garden on the 10th floor of the building; hundreds of plants and flowers are planted, attracting insects and birds to nest and inhabit, forming an ecological botanical garden. Employees can enjoy the green space at any time to relax in the garden, feel the nature, and relieve physical and mental stress.
- Music café
There is an elegant and high-ceiling music cafe on the first floor of Faraday, which provides coffee, tea, light meals, and lunch. Employees can take a break from work and go to the cafe to relax or discuss work.



3.5.2 Diverse welfare subsidy measures

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

- Thoughtful caring measures
Provide employees with birthday gift vouchers, maternity gifts, wedding gifts, funeral subsidies, condolence allowance, and visually impaired massage service
- Employee travel allowance
Provide high travel subsidies; encouraging employees to relax in spare time, or spending more time with families during vacations
- Faraday lunch banquet, special lunch cuisine and afternoon tea
Once a month, all employees are treated with exquisite special lunch cuisine and beverages for afternoon tea to sympathize with employees' hard work and inspire their morale.
- Dedicated voucher and designated shops
Provide gift vouchers and movie tickets for employees to buy, and provide discount from designated shops and its APPs for real-time inquiry
- Sharing achievements, generous year-end party and bonuses
Provide generous year-end party and bonus draws; all employees share the operating achievements.

3.5.3 Activities held by Employee Welfare Committee - Inspire team morale and joy

The Employee Welfare Committee holds various employee activities and invites dependents to enjoy together; enhance team morale and create a joyful workplace atmosphere; improve centripetal force from employees and their families to the Company.

Variety activities for gathering joy and boosting team morale

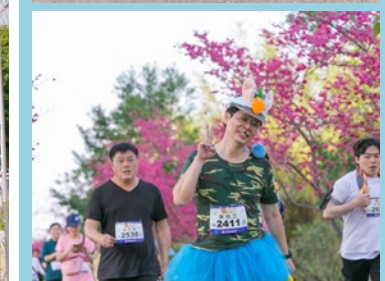
- Family Day: In 2023, the Faraday 30th Anniversary Family Day was grandly held, we invited dependents and overseas employees to join together; arranged interesting competitions, and invited state banquet chefs to serve catered dinners. The participation rate of employees is nearly 90%, and the participation rate of family dependents is more than 60%, the overall satisfaction rate exceeds 90%.
- Annual road running activity: Encourage employees to go

outdoors, we hold healthy road running activities during working hours. There are "10K Professional group" and "5K Easy-run group" as options, lowering the threshold for road running so that all employees can join the activity.

- Annual concert on the greenland: Every year before or after the Mid-Autumn Festival, we hold concert by inviting well-known singers and bands to perform outdoor greenland on the first floor. Employees can invite their dependents for participation. Barbecue and refreshing beverages are provided on site, allowing employees to fully enjoy the atmosphere of the autumn evening.
- Executive service day: This is the day when all the directors 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.
- 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.
- 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, sports & fitness, and ecological environment" to be diverse and eventful.
- Arts and cultural activities: Invite domestic art and culture groups to perform and 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 increases the interactions among directors and employees.

Encourage and support for employee club activities

Faraday encourages employees to participate in club activities, cultivating personal interests and balancing life besides work. Currently, we have a total of 14 clubs, offering fixed annual subsidy for club activities every year, and subsidize the fees of external coaches and lecturers for clubs since 2023. In addition to regular gatherings, each club also often represents the Company in external competitions and makes remarkable achievements repeatedly.

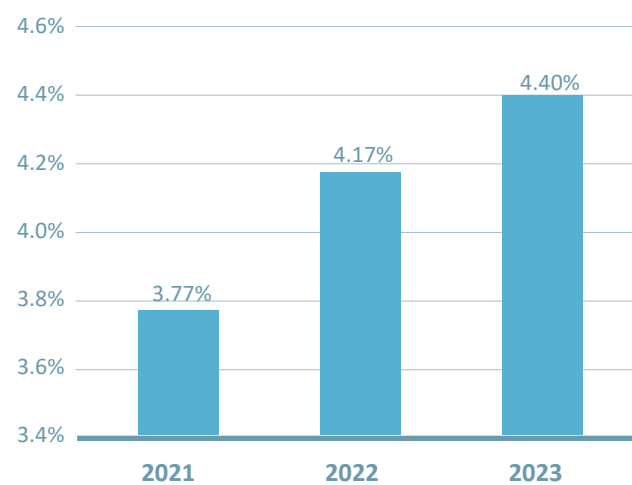


3.5.4 Encourage and support employee fertility

In addition to increasing maternity bonuses and providing various child-friendly measures, Faraday has also adopted multidimensional female-exclusive welfare measures to protect the physical and mental health of pregnant, postpartum, and breastfeeding employees. Faraday's fertility rate in 2023 has reached 4.4%, much higher than the average of national enterprise of 3.05%, and we were awarded as the platinum level of the corporate fertility survey by "Global Views Monthly".

- **Encourage employee fertility**
Increase the per-birth newborn subsidy to NT\$12,000 for employees' children and grandchildren.
- **Flexible working hours, showing solicitude for employees' efforts on work/family care and commuting**
Provide flexible working hours for half an hour from Monday to Thursday and one hour on Fridays, balance individual and family care.
- **Ergonomic chair for pregnant mothers**
We provide adjustable ergonomic chairs for pregnant mothers to relieve discomfort caused by backache, inability to lie forward, and swollen feet during pregnancy.
- **Friendly dedicated car parking spaces**
A dedicated parking space with wider width is set up near the elevator entrance to make it easier for pregnant and disabled employees to get on and off the car. Sensor lights are installed in the driveway to provide employees with more thoughtful caring and convenience.

"Enterprise Fertility" indicator in recent three years



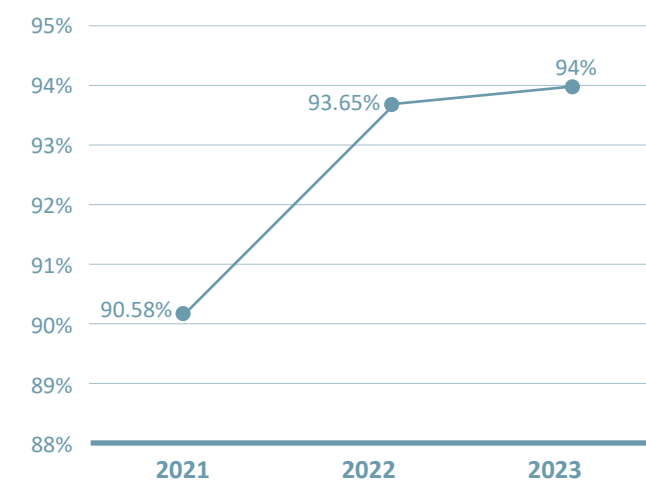
3.5.5 Employee communication

Harmonious labor-management relations contribute to the Company's long-term and stable development. Faraday values the opinions and rights of its employees, and cares about and listens to their various opinions and suggestions at any time. We have established multiple channels for employees to reflect their opinions, and are committed to providing an open and transparent two-way communication environment between director, employees, and peers. Not only does it allow employees to communicate with the Company smoothly, but also creating a highly engaging work environment and harmonious labor-employer relations. Employees can report problems in work, life, and environment through various channels such as the employee forum between the President and all employees, labor management conference, Employee Welfare Committees, Occupational Health and Safety Committees, employee opinion expression platforms, and complaint mechanisms, and have them resolved. We regularly conduct employee satisfaction surveys every year, and employee satisfaction in 2023 reached 94%.

Methods	Content	Frequency
Faraday News Global sharing platform	<ul style="list-style-type: none">• Disclosure of Company operating information and quarterly reports of investor conference• R&D technology and result sharing• Company event minutes and highlights	Promptly
Employee forum	<ul style="list-style-type: none">• Build consensus, corporate operating status, and share development strategy	Quarterly
Labor management conference	<ul style="list-style-type: none">• Promote employer-employee cooperation, coordination of employer-employee relations, improvement of labor conditions, and labor welfare planning, etc.	Quarterly
Employee Welfare Committee	<ul style="list-style-type: none">• Employee welfare issues, activity planning	Bimonthly
Occupational Health and Safety Committee	<ul style="list-style-type: none">• Employee occupational health and safety issues	Quarterly
Welcome lunch for new recruits	<ul style="list-style-type: none">• Express welcome for new recruits; provide onboard assistance, respond questions	Onboard day of new recruits
Interview for new recruits	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Any opinions and issues related to the Company	Promptly
Complaint mechanism	<ul style="list-style-type: none">• Reflect or appeal any unfair and unreasonable facts (such as sexual harassment, workplace violence, etc.)	Promptly
Employee satisfaction survey	<ul style="list-style-type: none">• Employees' satisfaction with the Company's various measures and related suggestions	Every year

Faraday News, the Faraday's internal global information sharing platform, facilitates information exchange between the headquarters and external sites, including operational performance, technical achievements, and employee activities, without being restricted by distance or time zone. Faraday News has set up the social media functions of "like and comment" to allow readers to interact and give feedback.

Satisfaction ratio among Faraday employees in recent three years



3.6 Occupational Health and Safety

3.6.1 Management guideline for occupational health and safety

Faraday is committed to continuously improving safety, hygiene, and a healthy working environment. In addition to setting up dedicated units and personnel in accordance with the “Occupational Safety and Health Act” to coordinate Company safety, hygiene, and health promotion affairs, it also adopts the requirements of the “TOSHMS Taiwan Occupational Safety and Health Management System” for cyclic improvement management. We implement various management plans based on systematic operation methods, regularly review implementation results and review deficiencies to prevent and reduce the incidence of occupational disasters, and provide employees with a healthy and safe working environment.

[Safety and health policy](#)

Safety and health policy

Occupational health and safety is the responsibility of every member. Faraday is committed to continuously improving the safety and health management of the working environment and setting up safety and health policies to prevent occupational accidents.

Safety and Health Committee

In order to prevent occupational accidents and guarantee the safety and health of employees, Faraday has established a Safety and Health Committee at its Hsinchu headquarters, which holds quarterly meetings to discuss and set the KPIs for environmental, safety, and health management; review, coordinate, and advise safety and health-related issues; and promote occupational health, safety, and environmental protection and other related tasks. The committee has a total of 11 members, including the President as the chairperson, 1 executive secretary, and 9 committee members; among them, there are 5 labor representatives, accounting for 45% of the committee (the list of labor representatives is approved by the labor management conference) to assist in supervising and advising careers health and safety-related planning, while other workers, such as outsourcing cleaning staff and security are not represented on the committee.



Identification and risk assessment of operating environment hazards

Faraday complies with relevant occupational health and safety regulations; identify and control hazard sources that employees are easily exposed to in the workplace (such as electrical appliances and other energy sources, fires, vehicles, slips, trips, and falls, etc.), and through correct control measures such as design planning, engineering improvement, management control, preventive maintenance, and safe operation to provide employees with appropriate protective equipment.

- Operating environment monitoring
We have set up a working environment monitoring plan and regularly entrust a professional team to sample, monitor, and analyze CO2 and illumination twice a year to understand the actual status of the working environment and guarantee that employees avoid exposure to harmful substances. The results of operating environment monitoring in recent five years are all in compliance with regulations.
- Environmental health
Faraday complies with environmental protection laws and regulations, employing professionals to perform daily environmental cleaning, food waste recycling, garbage classification and recycling, regular drinking fountain water quality testing, and environmental disinfection. Meanwhile, Faraday has set up resource recycling bins that comply with environmental protection laws and clearly marked them, and conducts regular inspections of all employees. Employees are promoted to do environmental protection and followed garbage classification regulations.

Infectious disease prevention mechanism

During the COVID-19 epidemic period for more than three years, Faraday set up epidemic prevention policies and multiple measures based on the Company’s situation. With the cooperation of all employees, it successfully achieved

uninterrupted operations. Since May 1, 2023, in line with the epidemic prevention policy announced by the Central Epidemic Command Center, after the severe special infectious pneumonia (COVID-19) was downgraded to the fourth category of notifiable infectious disease, various epidemic prevention measures returned to normal.

- Post-COVID-19 review
With the purpose of “ensuring the safety of employees and uninterrupted operations for the Company”, Faraday has adjusted its epidemic prevention measures on a rolling basis in response to the epidemic, and conducted an internal epidemic prevention summary on April 25, 2023, to move towards a new life after the epidemic.
- Infectious disease risk countermeasures
In order to effectively respond to various risks and actively set up and implement management mechanisms, the newly added countermeasures are as follows.
 - Monitor international and domestic epidemic trends at any time
 - Set up epidemic prevention measures based on the characteristics of infectious diseases
 - Set up and prepare minimum stocks of epidemic prevention materials, such as forehead thermometers, surgical masks, alcohol, and protective clothing

3.6.2 Occupational health and safety awareness and culture shaping

Employees’ awareness of occupational safety and how to cooperate with safety measures are the key to guarantee safety targets. Faraday implements preventive management and audit systems to ensure the safety of the working environment and operating procedures, making employees feel at ease and improving Customers’ confidence in Faraday allows the Company for stable development on the premise of employee safety.

Emergency response plan

In order to prevent accidents caused by various types of disasters in the workplace, we have set up emergency response plans and conducted drills in advance to prevent and reduce possible losses to personnel, equipment, and property.

- Evacuation drills

In order to improve the Company’s employees’ adaptability when emergencies occur, actual drills and post-evacuation personnel counting are used to familiarize employees with the escape routes, shorten the time required for personnel evacuation, and minimize losses. In the 2023 evacuation drills at the headquarters, a total of 553 people participated, including outsourcing workers, and the evacuation and personnel inventory of the entire building were completed within 13 minutes and 56 seconds after the alarm bell sounded.



- First aid training
In accordance with the labor health protection rules and occupational health and safety training rules, we have set up 19 qualified first aid personnel at the headquarter, which is higher than the legal limit of 12. In addition, in order to improve employees’ ability to respond to emergencies at the workplace, CPR+AED courses are conducted every year. As of 2023, 39% of the Company’s employees have participated in this course.
- Additional setup of AED
In order to promote the popularization of CPR+AED emergency rescue information and deepen the correct concept of first aid, we have increased the density of AED installations and installed AEDs with smart connection management systems in the lobby on the 1st floor and the leisure and sports center on the 10th floor.

- Traffic safety and accident prevention advocacy
 In order to reduce traffic accidents among employees during commuting, we regularly promote the concept of safe driving and invite the Traffic Team of Hsinchu City Police Office to the Company for traffic safety promotion courses to strengthen the safety concepts for high-risk groups such as those who have experienced traffic accidents and commute to work on motorcycles. In 2023, a total of 56 people participated in the traffic safety promotion course, with a total of 112 hours of training.

Safety awareness training

Faraday uses health and safety training activities to build a safe workplace culture, create a healthy workplace atmosphere, and strengthen health and safety management targets to ensure employee safety. Conduct various types of health and safety training for different types of workplaces to ensure that employees have the appropriate safety awareness and knowledge at work.

2023 implementation results for health and safety related training

Course name	Total training people	Total training hours
Health and safety training for new recruits	58	174
CPR + AED trainings	121	181.5
Traffic safety and accident prevention advocacy	56	112
Fire safety training and self-defense fire safety group training	50	200
Evacuation drills	553	276.5
Total	838	944

3.6.3 Occupational accident response and results

Faraday attaches great importance to the prevention and control of occupational diseases and the physical and mental health of employees; it adheres to the concept of “Safety First, Safe Workplace”. The objects of occupational disease prevention and protection include all employees and contractors, and it has also set up an “Employee Care System” and “Work Injury Accident Investigation”, to grasp and report related accident injuries in real time.

Moreover, we have also developed hazard notification measures for our contractors. So far, we have not had any deaths caused by occupational diseases or injuries.

Occupational accident or accident handling flow



Occupational accident disability statistics

The work attribute of Faraday is office work, and the main type of occupational accidents is traffic accidents that occur when employees are commuting back and forth from the work. In order to cope with this type of disaster and reduce the incidence, Faraday regularly organizes traffic safety and accident prevention publicity courses to help employees raise up their traffic safety awareness to achieve the purpose of reducing occupational accidents.

According to the “Occupational Accidents Disability Certification of the Occupational Safety and Health” by administration of the Ministry of Labor, if commuting accidents occur outside the Company were excluded, then Faraday had zero case of occupational illness, injury, disability, or death in 2023.

Item	Calculation rules	2021	2022	2023
Injury rate (IR)	Male	0.26	0.55	0.55
	Female	0.66	0	0.63
	Total IR	0.38	0.39	0.57
Occupational disease ratio (ODR)	Male	0	0	0
	Female	0	0	0
	Total ODR rate	0	0	0
Lost days rate (LDR) Lost days ratio	Male	0.79	0.28	2.47
	Female	0.66	0	0
	Total LDR	0.75	0.19	1.72
Number of annual death		0	0	0

Note 1: Minor injuries (It can be treated by on-site first aid) are not included in the injury rate (IR).
 Note 2: Injury rate (IR) = (Total number of disabling injuries/Total experienced working hours) * 200,000, (Refers to the rate per 100 employees based on 50 weeks per year, and 40 working hours per week; the same definition as follows). The “Total experienced working hours” refers to the calculation based on the actual number of working days per year * 8 hours (The same definition as follows)
 Note 3: Occupational disease ratio (ODR) = (Total number of occupational diseases/Total experienced working hours) * 200,000.
 Note 4: Lost Days Rate (LDR) Lost Days Ratio = (Total lost working days/Total experienced working hours) * 200,000. “The lost working days” means “days followed by calendar”; starting from the day after the incident.
 Note 5: All work-related injuries that occurred from 2019 ~ 2023 were traffic accidents caused by employees on their way back and forth to the work.
 Note 6: The above number of employees is calculated based on all employees in service on 31st, December of the current year, excluding other workers.
 Note 7: In addition to permanent on-duty employees, Faraday's office area also has service workers such as group catering, cleaning, and security. The probability of occupational accidents is low, and there were no statistical records of occupational accidents in 2023.

3.6.4 Occupational health management

In accordance with the “Occupational Safety and Health Act”, Faraday has set up plans and procedures for maternal health protection, prevention of diseases caused by abnormal workload, prevention of human-related hazards, and prevention of illegal infringement during the performance of duties. It conducts questionnaire surveys by using evaluation scales, and conducts statistical analysis and further management, to early detect of potential hazards of work factors, prevent workplace diseases, promote workplace health, and improve work quality.

Maternal health protection plan

It has passed the premium breastfeeding collection room and management standards to provide a safe, warm, comfortable, and high-quality environment to encourage female employees who return to the workplace after childbirth for continuous breastfeeding, including high-privacy cubicles, emergency phone-call lines, breastfeeding and child care columns, maternal health education handbook, as well as complete breastfeeding room-specific items, are convenient for employees to use and promote breastfeeding rates.

We also arrange medical and occupational health and safety personnel to conduct hazard assessments in high-risk work areas, and provide interview guidance and necessary work suitability arrangements as needed to ensure the physical and mental health of pregnant, postpartum, and breastfeeding employees.

- Complete 11 individual hazard assessments, hierarchical management, and health protection in 2023, with a completion rate of 100%

Prevention plan of diseases caused by abnormal workload

Faraday has good office environment and there contains no special work contents with high risks or high incidence of specific diseases. However, in order to ensure the physical and mental health of employees, according to the “Article 324-2 of the Facility Regulations” of the “Occupational Safety and Health Act”, the “Abnormal Workload Prompts Disease Prevention Management Plan” has been set up.

Prevention plan of ergonomic hazards

Through the musculoskeletal symptom questionnaire, there are 15 high-risk employees selected for taking hazard risk assessments, and they are confirmed as not direct work-related hazard risk and had improved after consultation and guidance by the factory doctor with proper medical rehabilitation. In order to reduce the incidence of musculoskeletal soreness among employees, we provide ergonomic chairs in a company-wide ranges as to improve work efficiency at the same time.

Prevention plan of unlawful infringement in the performance of duties

In order to ensure that employees work in a safe and comfortable working environment and prevent illegal infringements, the “Prevention plan of unlawful infringement in the performance of duties” has been especially formulated to strictly handle workplace violence incidents to maintain the physical and mental health and safety of employees. There were no workplace violence incidents occurred in Faraday in 2023.

3.7 Employee health protection

Faraday has been committed to promoting a healthy workplace in recent years and has planned a series activities of health management and health promotion to create a healthy workplace atmosphere to provide employees with comprehensive health resources.

3.7.1 Results and highlights

Certification for sports enterprise and healthy workplace

Faraday was awarded with “2023 Taiwan I Sports Certification” and “Badge of Accredited Healthy Workplace” issued by the Sports Administration, Ministry of Education and Health Promotion Administration, Ministry of Health and Welfare, respectively.

We positively promote a healthy workplace, provide comprehensive health resources, organize various group sports, health lectures, and health promotion activities to fully practice the spirit of “professionalism and joyful

inclusion”, and leading the sports trend.

We have equipped professional gyms, rhythm classrooms, badminton courts, and basketball courts in the leisure center, and hold a series of “Go for Energetic” sports activities every year for employees to feel that the Company attaches great importance to employee health. Faraday not only pays attention to the seriousness and professionalism of work, it is an enterprise that attaches great importance to the physical and mental health of employees.



3.7.2 Health management

Improve health examination and tracking plan

Faraday conducts various health examinations and follow-up management through three stages and five levels of preventive medicine. In addition to providing better-than-legal health examination items and frequencies in 2023, we even increased the budget and enhanced health examination planning to comprehensively protect the health of employees.

- Better-than-legal standards, plan the annual themed health checkups and delicate health checkups based on analysis
Increase the frequency of employee health examinations, plan annual health examinations and delicate health examinations every two years, and design themed health examination projects based on categories with higher health risks. In order to ensure the quality of health examination services, we select qualified and efficient

health examination hospitals based on the examination theme of the year, and professionally plan meaningful examination projects to ensure that employees receiving good health examination quality and substantial benefits.

- Full subsidy of NT\$7,500 to each employee for high-level low-dose lung CT scan (1152-slice)

Due to the trend of younger people to be diagnosed for lung cancer in recent years, this disease is usually at the middle or late stages when diagnosed, and the golden treatment opportunity is missed that caused surgical treatment to be impossible. Prevention is better than cure. We had cooperated with Hsinchu MacKay Memorial Hospital to launch the project of high-level low-dose lung CT scan (1152-slice) in 2023. An estimated investment of NT\$3.3 million will be used to grasp the risks of highly fatal diseases with practical actions to protect all employees.

Item	2023
Estimated number of employees	300
Actual execution number of employees	290
Participation rate of employees	97%
Amount of investment	\$1,852,520

- On-site services from specialist doctors
Provide better-than-legal health consulting services, arrange occupational doctors, occupational nurses, and occupational health and safety personnel to conduct risk level assessments in high-risk operating areas, and take necessary health and safety measures to prevent occupational accidents.

Concern and care mechanism

Provide one-on-one medical resource assistance, caring, and condition tracking for employees with physical and mental cases:

- When it is received that employees or their dependents need medical assistance, our company nurses will immediately activate the care system mechanism and cooperate with Hsinchu Regional Teaching Center

- MacKay Memorial Hospital and National Taiwan University Hsinchu Hospital to provide timely medical resource assistance in making employees and their dependents feel reassured. At the same time, we also provide emergency consolation money to relieve stress in a timely manner.
- After the health examination, the real-time follow-up services for major abnormalities will be provided first according to hierarchical health management. We give priority to arranging one-on-one consultation services for fourth-level employees with on-site doctor, and then make referrals to the hospital for outpatient treatment and follow-up when necessary; employees at other levels are provided with health education services by Company nurses. In addition, we planned health promotion activities in 2023 based on the results of abnormal rate statistical analysis.
- For situations such as abnormal health check reports, traffic accidents, or employee illness notifications, the Company nurses will provide grading, tracking, and health education care based on the type and degree of abnormalities, and list them as cases in the tracking care system to ensure that each employee receives appropriate health management and care.

3.7.3 Health promotion

In order to encourage employees to practice a healthier lifestyle, Faraday plans annual health promotion activities based on the results of employees’ annual health examinations. According to statistics on the abnormal rate of health examination results in 2023, three major abnormal conditions were analyzed: abnormal BMI, total cholesterol, and low-density lipoprotein. To this end, we have planned a series of road running and weight loss activities to encourage employees to adjust their lifestyle attitudes and practice healthy behaviors.

Health education and sports culture cultivation plan

- Annual healthy road running activity

Employees are encouraged to participate in outdoor activities. The healthy road running activity has been held every year since 2022. There are options of 5 kilometers and 10 kilometers for employees with different exercise habits to participate in. Different zodiac-themed finisher medals are designed every year to stimulate employees to participate in every year, offering participants with completion gifts as well as exquisite post-race meals that makes the entire event to be joyful and well-organized. So far, the employee participation rate has exceeded 90%, and the overall event satisfaction has been exceeded 90% as well.

- Get rid of body fat; Be slim and healthy; Weight loss activities

We provide a healthy weight loss plan for employees whose BMI exceeds the standard, with the target of losing their weight by 3 kilograms and achieving a BMI of 1.3 to improve employee health and the Company’s image. Through nutritionist lectures, club coaches accompanying for doing exercise and other activities, employees are provided with motivation for regular exercise and tips for correct dietary selection, thus establishing correct daily habits.
- Hold three health lectures by specialist doctors from the medical center every year

Invite specialist doctors from the medical center to the Company to provide correct health information to help employees eliminate health-threatening factors in their lives and cultivate a healthy attitude towards life.
- Advocacy of the amendments to “Tobacco Hazards Prevention Act” and online questionnaire drawing and gifting activities

In response to the 2023 amendments to the “Tobacco Hazards Prevention Act” by Ministry of Health and Welfare, we have carried out the advocacy for critical amendments and held prize-winning quiz activities, and made referrals for employees who are willing to quit smoking to the smoking cessation hotline service to create a smoke-free workplace and a healthy environment with fresh air.

Execution results for activities in 2023

Activity items	Session	Total participants
Road running	1	518
Health lectures by specialist doctors	3	490
Get rid of body fat; be slim and healthy weight loss activities	1	99
Advocacy of the amendments to “Tobacco Hazards Prevention Act”	1	358
Total	6	1,465



Five execution aspects of sustainability

Environmental sustainability

Net-Zero

Declaration of 2050 Net-Zero target

TNFD

The world's first ASIC design service company who takes the lead in initiatives on TNFD (Taskforce on Nature-related Financial Disclosures)

108,000

Power generation from renewable energy: 108,000 kWh in total

192,725

Annual electricity saving from energy efficiency project reaching 192,752 kWh

8.92 million

Energy efficiency investment reaching NT\$8.92 million

Received the "Green Leadership Award" of 2023 Asia Responsible Enterprise Award

Performance management indicator of material topics

Material topics	Performance indicator	2023		Target in 2024	Target in 2026
		Target	Result		
Climate and energy	GHG inventory and verification	GHG inventory in parent company	Completed GHG inventory in parent company	<div><div>• Third-party verification for greenhouse gas in parent company</div><div>• GHG inventory in subsidiary (Scope 1 ~ 2)</div></div>	<div><div>• Keep inventory and verification in parent company</div><div>• Third-party verification for greenhouse gas in subsidiary (Scope 1 ~ 2)</div></div>
	Net-Zero target: Reduction of greenhouse gas than the base year of 2023	Completed the planning of pathway for carbon reduction		Same as the base year	-15% than the base year
	Renewable energy procurement and setup	Setup and purchase renewable energy	<div><div>• Power generation: 108,000 kWh in total</div><div>• Obtained T-REC (Taiwan Renewable Energy Certification)</div></div>	Construction Phase 2 of renewable energy power generation equipment	Add procurement of renewable energy
	Energy efficiency project	Annual energy efficiency target: 60,000 kWh	Annual electricity saving: 192,752 kWh	Energy efficiency target: 80,000 kWh	Energy efficiency target: 80,000 kWh
Non-material topics	Water consumption per capita	Annual water consumption per capita ≤ 35 KL	Water consumption per capita: 31.87 KL	Annual water consumption per capita ≤ 35 KL	Annual water consumption per capita ≤ 35 KL

Corresponding SDGs

7

AFFORDABLE AND CLEAN ENERGY

13

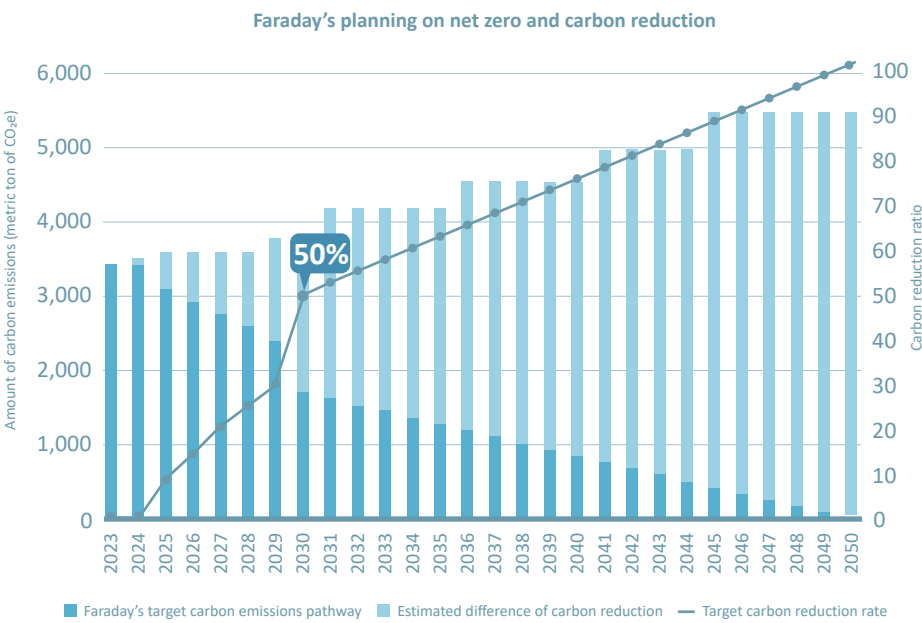
CLIMATE ACTION

4.1 Environmental commitment and policy

4.1.1 Commitment of Net Zero by 2050

In order to actively respond to the challenges of climate change, Faraday has set the specific target for sustainable development direction. With the reference of SBTi (Science Based Targets initiative), the target of carbon reduction has been set that as to the emissions in Scope 1 and Scope 2, we promise to achieve carbon reduction of 50% by 2030, and meet net-zero target by 2050 (take 2023 as the base year); help the world mitigate the greenhouse effect and climate change, keep a beautiful and healthy sustainable environment.

As an IP design house with focus on R&D and without production line, Faraday uses renewable energy in headquarters building in order to reduce carbon footprint, and also deeply grasp the pathway of carbon reduction and process. Externally, we provide low power consumption solution, assist in accomplishing energy transition and enhancing the energy usage effectiveness; furtherly build green supply chain, request suppliers to set aggressive target and pathway for carbon reduction; co-work with supply chain partners, play a leading role in industry chain, reduce the overall environmental footprint to influence more widely on sustainable development.



Year	Carbon reduction strategy					Remark
	GHG inventory execution	Promotion of energy efficiency project	Self-built solar panel	Green power procurement	Carbon credit procurement	
2023~2024	●	●	●			
2025~2029	●	●	●	●		
2030	●	●	●	●		Achieve 50% carbon reduction
2030~2049	●	●	●	●		
2050	●	●	●	●	●	Achieve net zero

4.1.2 Green environmental protection policy

In compliance with the government environment related laws and international regulations, Faraday safeguards our natural environment in an appropriate manner, independently sets up a series of green environmental protection policy, and incorporates it into in the operational activities and internal management. We make concrete implementation at the practical operational level, and do our utmost to achieve the targets of environmental sustainability. At the same time, Faraday pays attention to raising the environmental awareness of employees, irregularly holds relevant activities of green environmental protection, and builds the green office.

Green environmental protection policy

4.2 Climate and natural environment response (TCFD & TNFD)

According to “The Global Risks Report” from World Economic Forum (WEF), we are now facing numerous and increasingly severe global risks, including the major issues of biodiversity loss, climate action failure, and extreme weather. These risks are closely related to climate change, and its challenges also arise accordingly. When climate change and biodiversity loss are threatened, the whole ecosystem will also be severely affected. Therefore, we urgently need a more comprehensive perspective to respond to the risks and challenges.

Faraday has always been actively concerned about the issues of natural environment and sustainable development; we are aware of the potential impacts on corporate production and social stability from the risks of climate change and natural environment. In order to respond the challenges, we actively participate in government and international initiatives, Faraday actively imports the frameworks of TCFD (Task Force on Climate-Related Financial Disclosures), TNFD (Taskforce on Nature-related Financial Disclosures), incorporates the climate risk into corporate and financial planning, mitigates negative impacts on ecology and natural environment as possible, promotes actions of sustainable energy efficiency and emission reduction and effective use of resources within

the enterprise.

4.2.1 Task Force on Climate-Related Financial Disclosures

Faraday pays attention to the impact of climate issues on the enterprise, also supports the framework of TCFD (Task Force on Climate-Related Financial Disclosures); we are the first ASIC design service company in the support list of TCFD official website and one of the top 30 Taiwan companies.

Faraday sets up the Corporate Sustainability Committee under the Board of Directors, the President who serves as chairman reviews the sustainable performance of the company and regularly reports the execution status to the Board of Directors every year, ensures that the Board of Directors and senior management level can deeply understand the impact caused from climate change on the company. Meanwhile, we adopt the framework of “Recommendations of the Task Force on Climate-related Financial Disclosures” announced by TCFD, it includes four scopes of Governance, Strategy, Risk Management, Metrics and Targets, provide investors and other stakeholders with climate-related information in systematic information structure, and collaborate with suppliers/partners to promote environmental sustainable development.



Overview of Faraday TCFD management framework

Governance
<ul style="list-style-type: none"> The Board of Directors regularly reviews the performance and result of corporate sustainable management (including climate change issue). The President serves as the chairman of Corporate Sustainability Committee, leads the strategic direction for corporate sustainability and sets up the target, including supervising the relevant issues of climate change and corporate impact, regularly reports the performance and result of corporate sustainable management to the Board of Directors at least once every year.
Strategy
<ul style="list-style-type: none"> Commitment to following the TCFD framework, analyze the impact from short/middle/long-term climate change risks and opportunities Through the simulation of scenario analysis, investigate the impact level on operations from different parameters of carbon tax and renewable energy expense when the enterprise is exposed to different scenarios. Continuously promote greenhouse gas detection and energy efficiency plan Be devoted to promoting development of low power consumption technology, adopting green and hazardous substance free production process and packaging materials, enhancing customer service and competitive advantage
Risk Management
<ul style="list-style-type: none"> Identify climate risk and opportunity according to the result of scenario analysis Identify feasible management measures for material risks and opportunities In order to raise the level of climate change risk, incorporate the risk factor of climate change into the risk guideline of the company, and analyze together with other existing operational risks
Metrics and Targets
<ul style="list-style-type: none"> Develop climate relevant environmental metrics, including the targets of greenhouse gas reduction, energy/resource usage reduction, and waste reduction Do inventory of GHG emissions according to ISO14064-1 standards

4.2.2 Taskforce on Nature-related Financial Disclosures

It has been pointed out at World Economic Forum that human beings have caused globally extinction of 83% wild mammals and 50% plants; at the same time, have seriously intruded three-fourths non-ice layer soils and two-thirds sea environment. This kind of large-scale natural resource and biodiversity loss will become the core roots of the future

global turmoil, produce huge risk directly or indirectly to the financial and market system, seriously threaten the safety and welfare of countries, enterprises and people.

In order to protect the natural resource and biodiversity of earth, prevent ecological imbalance from causing global turmoil, 74 global organizations in different areas, including biological, financial, enterprise, and the government regulatory agencies and other institutions, have announced the establishment of TNFD. TNFD proposed the Beta version in 2022 and officially announced the formal Version 1.0 of “The Taskforce on Nature-related Financial Disclosures” framework guideline in September, 2023. It is used to promote corporate, financial institution and other organizations to disclose its risks and opportunities relevant with natural environment, thereby more comprehensively understand and respond to the impact brought from global natural crisis.

Recognizing the urgent need for a comprehensive approach to address natural losses and climate change issues, Faraday decided to take action early and joined the TNFD platform in April 2023, to take initiative and promote nature-related financial disclosures and nature-related dependency, impacts, risks and opportunities. And we started to adopt the TNFD v1.0 framework as guideline since September, 2023. The unveiling of the first list of organizations embracing TNFD at the World Economic Forum Annual Meeting included a total of 320 companies worldwide, with 14 from Taiwan. Faraday is one of the listed company; we are one of the first batch of TNFD-supported Taiwan enterprises; more, Faraday is the first ASIC design service company globally to advocate for TNFD.

We believe that all efforts will help raise the business and public awareness of natural risks and biodiversity issues and promote the achievement of sustainable development, and encourage enterprise to more actively manage and reduce the negative impact on ecosystem. In the future, we look forward to seeing more enterprises and organizations join this action, protect our shared earth and biodiversity together.

4.2.3 Risk scenario analysis

In the risk scenario analysis, Faraday adopts various hypothetical scenario, such as national net zero pathway, SSP1-1.9, and SSP5-8.5; takes into consideration of different climate actions, environmental policy and social development pathway to investigate possible scenarios that corporate may face, including the impact level on operations from different parameters of carbon tax and renewable energy expense. We use scenario analysis as estimation tool for future status of climate change, it will help Faraday take control of gap between the current potential external environment and the existing internal strategy, detect early and meet the possible challenge, respond with a more forward-looking strategy to the risks and opportunities from climate change.

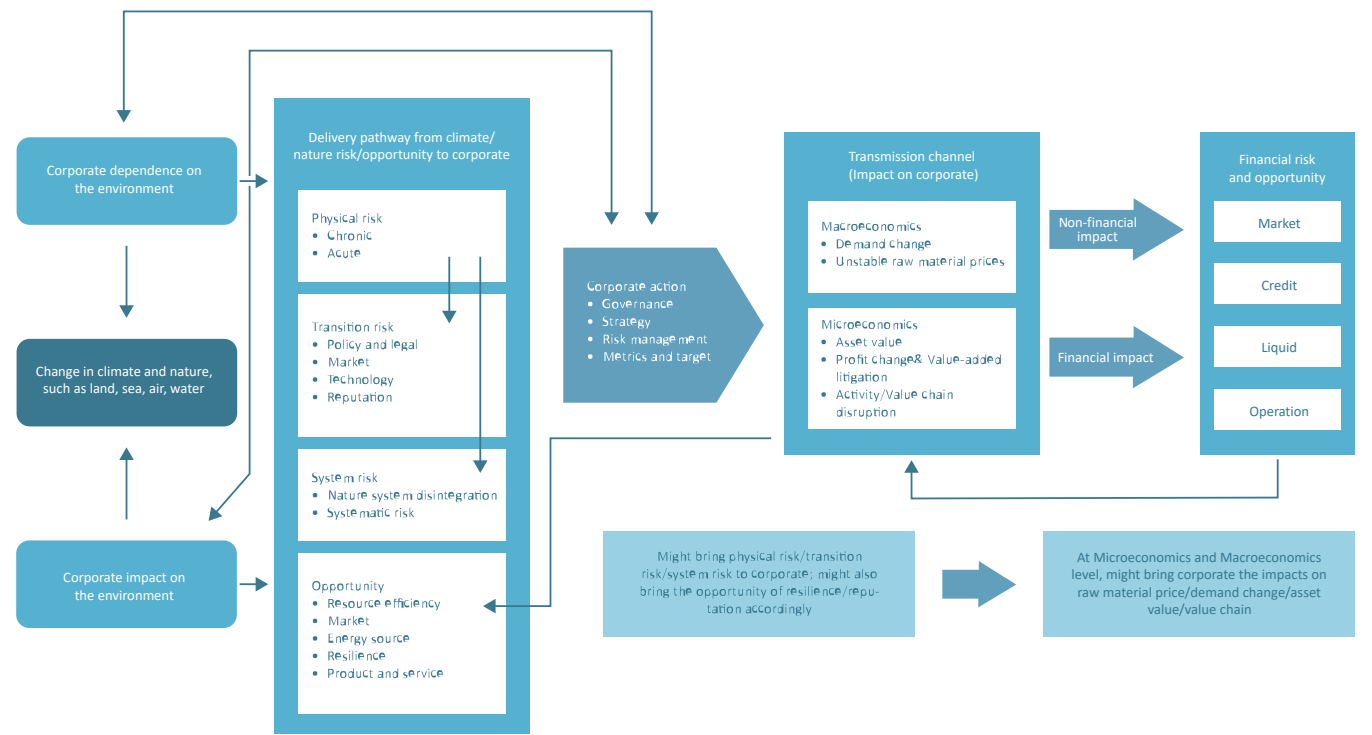
Below is the detailed information of the selected external scenarios, parameter settings, and results within Faraday scenario analysis for providing more specific reference:

Selection and result of scenario analysis

Risk type	External scenario selection	External scenario description	Parameter setting and reference tool	Analysis result
Transition risk	National net zero pathway	Referring to the net zero pathway by 2050 plan announced by government, will meet net zero by 2050.	<ul style="list-style-type: none"> Carbon tax:300NTD/tCCO₂e Renewable energy cost: 6NTD/kWh 	Faraday's future carbon emissions may continuously rise due to business expansion, under the trend of increasingly strict net-zero, need to import aggressive strategy and target for carbon reduction (including carbon reduction for business operations and low-carbon product development), to reduce the material financial impact from climate risk.
Transition risk	SSP1-1.9	Referring to "IPCC Sixth Assessment Report", the allowed emissions of SSP1-1.9 will meet net zero by 2055.	<ul style="list-style-type: none"> Carbon tax: SSP1-1.9 worldwide Renewable energy cost: 6NTD/kWh 	
Physical risk	SSP5-8.5	Referring to the SSP5-8.5 scenario in "IPCC Sixth Assessment Report", the global carbon emissions will be doubled by 2050.	<ul style="list-style-type: none"> Flood: Climate change disaster risk system Mudslide/Landslide: National Science & Technology Center for Disaster Reduction 	The location of Faraday headquarters is not directly located at the site of disaster potentials, the occurrence possibility of the flood, mudslide or landslide is extremely low.

4.2.4 Risk/Opportunity identification and financial impact analysis

With reference of TCFD and TNFD framework requirements, Faraday integrates the risk and opportunity assessment procedure into the same flow, to ensure that when proceeding the subsequent environmental-orientation financial impact, can achieve the comprehensive considerations and benefits. After completing the risk and opportunity identification, will do the overall review, form a more complete management framework, by developing appropriate response measures to more effectively protect the corporate long-term value.





Climate change and natural environmental risk

Risk category	Risk dimension	Climate change risk identification	Potential impact on operation and finance	Management measures for identified climate change risks
Physical risk	Acute risk	Typhoon, hurricane, and rainstorm frequency and impact intensity	If typhoon and flood are larger scale and stay longer, this may cause damage to physical facilities, speed up asset depreciation and increase physical facility maintenance costs.	<ul style="list-style-type: none">For physical facilities, ensure normal function of the basement pumps at any time. When facing with extreme weather warnings of typhoon or heavy rain, take preventive measures in advance, including sandbagging, and window & door reinforcement, to mitigate the possible impact of flooding, minimize the loss to ensure safety and operation of office area.
	Chronic Risk	Changes in rainfall patterns and severe weather may result in risk of water supply restrictions at operational locations	If the water supply is cut off and the stored water supply is insufficient, major physical facilities such as chiller and server in computer room for R&D design are unable to run, may result in company operational disruption.	<ul style="list-style-type: none">There is only general-use water in the office area, with no water needed for production; the existing water storage equipment are sufficient to supply general use for three days or more.When municipal water is insufficient, water-carrying mode can be activated for supplement of water tank, to ensure that water system in the office area can maintain reliable and stable operation.
		Rising average temperatures may lead to the impact on power rationing or blackouts at the operational locations	Rising average temperatures will increase the relevant electricity costs of computer room air conditioning factory facilities. When there are interruptions in the power supply, this will result in all factory facilities and computer server room for R&D and design work being unable to run, and cause interruptions to company operations.	<ul style="list-style-type: none">The operation of computer room server is provided through uninterruptible power supplies (UPS). In case of power outage, the UPS batteries can supply power for a short time. Meanwhile, power generator system will be triggered, the existing oil storage capacity can supply power to computer room server for ten hours or more. More, fuel tankers can also be triggered to supplement the generator oil tank, which can support the computer room server for several days, to ensure normal operation of the system.
		Water or electricity rationing can result in supply chain interruptions or risks of raw material shortages	If there is too little rainfall as to result in regional water or electricity shortages, these can both affect the stability of the supply chain, which may result in customer complaints or increased operating expenses.	<ul style="list-style-type: none">In addition to supply chain globalization, to reduce the impact on the overall operations from specific areas, at the same time, import business continuity management procedures, including continuous review and improvements. This helps to ensure that, when disasters or impacts occur, be able to fully maintain and quickly return to the highest operational target; strive to maintain maximum customer and stakeholder equity.As to raw material supply disruption issues, Faraday has established a supply chain sustainability assessment system, which includes the emergency response plan of carbon/water risk management and material supply into the assessment items. Through the overall consideration of environmental and sustainable factors, ensure the company be able to continuous operation in a variety of environments to guarantee overall business stability.
		Government promotes energy efficiency policy.	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.	<ul style="list-style-type: none">Faraday abides by regulations and policies. Every year, report an energy efficiency plan and carry it out. From 2015 to 2023, average annual power-saving rate dropped by 1.65%; Faraday is committed to improving energy efficiency and reducing power consumption.In the future, will continuously achieve more results in energy efficiency and carbon reduction. In comply with future government regulations and power savings requirements, furtherly reduce power consumption and carbon emissions, and Faraday is devoted to meeting the target of environment protection and sustainable improvement.
Transition risk	Legal policy	Climate Change and Nature Environment Response Act	In comply with the regulations of Taiwan’s Climate Change and Nature Environment Response Act, the company needs to improve the energy efficiency of computer room and operational location. More, there may be effects from potential carbon tax/carbon trading systems, which will increase operating expenses.	<ul style="list-style-type: none">Faraday is a company with paid-in capital of below NT\$ 5 billion; the GHG inventory schedule is at the third stage (Inventory in 2026 and verification in 2028). But, Faraday responds more actively to climate change, has completed inventory early in 2023, and will do verification in 2024. 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	Low-carbon technology transition	The progress of global low-carbon transition technology will give rise to the trend of paperless; while accelerating equipment replacement of computer room and factory facility, to enhance energy efficiency and then increase the operating expenses.	<ul style="list-style-type: none">The company internally adopts relevant technology, and makes adjustments to traditional flows and systems, promotes paperless, such importing the digitalized tools, eEPR, eRD, and Skype for Business, to improve work efficiency and achieve a more flexible and smart work environment.In the process of implementing company-wide maintenance, while reviewing equipment replacement needs, evaluate equipment performance degradation, take the growth of carbon emissions into consideration, ensure the equipment of the company to provide high-efficient output and lower carbon emissions.
	Market	Customer behavior change	The rising for customer awareness of sustainable development, the increasing demands for product and service for low-carbon emission products and services, and this may lead to customer shifting to more low-carbon emission services and affect company revenues.	<ul style="list-style-type: none">The company’s market development division keeps insight and attention to market trends and customer needs. In response to customer behavior and market change, set the green product development plan, including improving the current product or developing brand new low-power consumption design to provide solutions that are more in line with green standards, meet customer requirement to consolidate the company’s position in the market.
	Reputation	Increases in negative stakeholder feedback due to shifting customer preference	High carbon emission and low climate resilience may affect customer trust in the company. This will cause the company’s reputation to be tarnished, and further affect company revenues.	<ul style="list-style-type: none">Has imported the TCFD framework, promote climate-related financial disclosures, meanwhile enhancing effective communication with customers and stakeholders, in order to maintain the sense of trust from customer and stakeholder to the company.
Systematic risk	Nature system	<ul style="list-style-type: none">Natural disaster risks such as hurricanes, floods, droughts, sea-level riseEcological damage risk, such as deforestation, land development, biodiversity lossClimate change risk, such as heat, climate extremes, ocean acidification	Environmental events such as natural disaster, ecological damage, climate change might cause impact on the business activities of corporate’s production, supply chain, logistics, further damage the corporate’s market position and customer relationship.	<ul style="list-style-type: none">Create risk assessment and business continuity management mechanism, evaluate and control the possible impact from environmental risks such as natural disasters, ecological damage, and climate change, plan early and take preventive measures, to reduce corporate loss caused by environmental events.

Climate change/nature environment opportunity identification and financial impact analysis

Opportunity category	Climate change opportunity identification	Potential impact on operation and finance	Management measure on identifying climate change opportunity
Resource Efficiency	Resource recycling	Reduce operating cost	In order to reduce the used carton consumption during transportation, suppliers are requested to adopt reusable environmental protection boxes with Faraday products, to replace disposable cartons.
Energy Source	Policy incentives	Reduce operating cost	When replacing equipment, comply with government incentive policies and apply for relevant energy efficiency subsidies.
Adjustment and improvement	Adopt energy efficiency measure	Reduce operating cost	After completing the verification of shortening the pre-shipping baking time, assist all testing suppliers to import this technique. It has successfully shorted the baking time by up to 50% to effectively reduce energy consumption.
Product and service	R & D innovative products and services	Meet the requirement of low-power consumption product and service, raise revenue	Launched a series of ultra-low power (ULP) and ultra-low-leakage (ULL) fundamental IP solutions based on UMC 22 nm process, and have already been successfully silicon proven. It can significantly reduce the power consumption to meet the next generation of SoC design needs and help customers grasp business opportunities by developing low-power SoC, deploying in IoT, AI, data communication, multimedia, and other emerging applications with better cost advantage.
	Customer preference shifting	Launch green product designs meeting customer preference, to keep or increase sales volume	Faraday is devoted to promoting the development on low-power consumption technology, and adopts the production process and packing materials with green and free of hazardous substances, to continuously strengthen customer service and competitive advantage.
Market	Explore new business opportunity	Responding to national government green energy policies, develop new business opportunity, to increase revenue	In order to meet the energy efficiency target, promote low-carbon energy transition, national governments promote smart meter-based infrastructure. Faraday has proactively deployed the related IP and ASIC R&D needed for smart meter IC; Faraday has successfully entered the high-voltage smart grid supply chain, and will continuously strengthen capability in IP/ASIC solutions needed for smart meters.

4.3 Energy and greenhouse gas management

4.3.1 Carbon management and verification planning

Faraday actively responds to the “Sustainable Development Roadmap” released by Financial Supervisory Commission, we have completed inventory for parent company and subsidiary in consolidated statement in 2024, which is three years ahead of regulations. And we plan to do third-party verification early in 2026.

The parent company has completed the inventory of Scope 1 ~ 3 emissions since 2022, and has done the third-party verification to ensure the data quality, will also regularly reports the progress and result of related performance to the Board of Directors every quarter.

GHG inventory and verification schedule planning

	2023	2024	2025	2026	2027	2028	2029
Company with capital of below NT\$5 billion				Inventory for privately-owned company	Complete inventory for subsidiary of consolidated statement	Complete verification for privately-owned company	Complete inventory for subsidiary of consolidated statement
Inventory	Parent company	Parent company + subsidiary	Parent company + subsidiary	Parent company + subsidiary	Parent company + subsidiary	Parent company + subsidiary	Parent company + subsidiary
Schedule							
Verification		Parent company	Parent company	Parent company	Parent company + subsidiary	Parent company + subsidiary	Parent company + subsidiary

4.3.2 Carbon Inventory

Faraday adopts the operational control, with the Hsinchu headquarter, Taipei and Tainan office as the GHG emissions inventory site. 2023 Scope 1 and Scope 2 total GHG emissions amounted to 3,468 metric ton of CO₂e. Among them, the direct GHG emissions were 233 metric ton of CO₂e/year, accounting for 7% of total emissions; the indirect GHG emissions were 3,236 metric ton of CO₂e, accounting for 93% of total emissions. The primary emission source is purchased electricity.

2023 Faraday Scope 1 and Scope 2 GHG Emissions

(Unit: metric ton of CO₂e/year)

Category	Emission Type	2021	2022	2023
Scope 1	Diesel fuel, gasoline, liquefied petroleum gas, septic tanks, refrigerant, fire extinguisher	255.43	238.79	237.34
Scope 2	Purchased electricity (Location base)	3,332.74	3,191.76	3,229.09
Emissions in total		3,588.17	3,430.55	3,466.43

Note 1: GHG emission was calculated by the reference of emission factor listed in "Greenhouse Gas emission factor management table" (Version 6.0.4) from Ministry of Environment.

Note 2: Global warming potential (GWP) values are taken from the IPCC’s Sixth Assessment Report (2021):CO₂=1、CH₄=27.9、N₂O=273、HFCs=1530

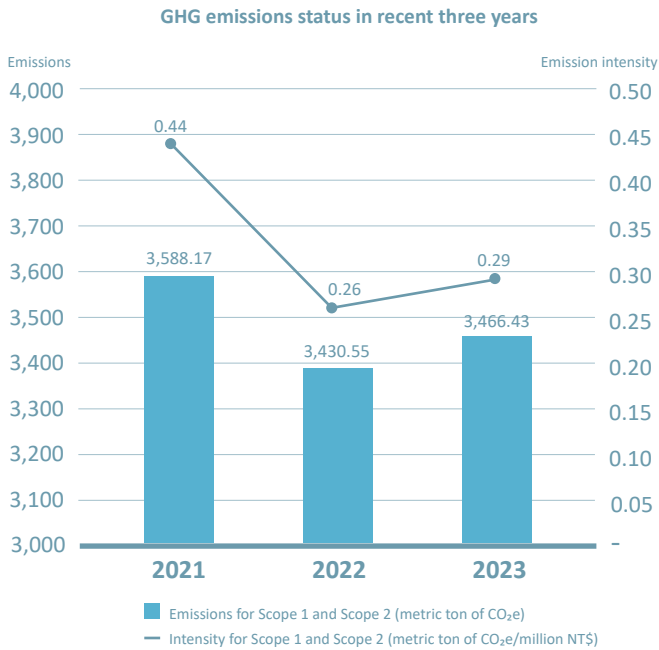
Note 3: Refrigerant emission is circulated by refrigerant emission rate since 2023. Statistics include Hsinchu operational location, Taipei and Tainan offices.

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

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

Note 6: Using the 2023 ratio for electricity carbon emission factor of 0.494 Kg CO₂e/KWh as calculation, which is announced by Energy Administration, Ministry of Economic Affairs.

Note 7: Faraday does not use biofuel.



Note 1: GHG intensity: Greenhouse gas emissions/millions of revenue

2023 Faraday Scope 3 GHG Emissions

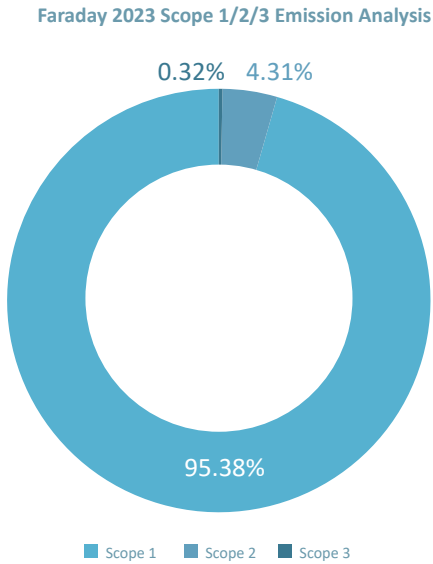
(Unit: metric ton of CO₂e/year)

ISO 14064-1 分類	GHG Protocol 分類	2022	2023
Category 3 Indirect emission: Transportation	6: Business travel	Non-material	39.81
	7: Employee commuting	Non-material	484.97
Category 4 Indirect emission: Products used by an organization	1: Purchased goods or services	636.83	70,321.13
	3: Fuel and energy purchased by the organization (Not included in Scope 1 or 2)	5.88	645.52
	5: Waste generated in operation	Non-material	5.87
Scope 3 total emissions		642.7	71,497.31

2023 Scope 1/2/3 GHG Emissions

(by gas type, Unit: metric ton of CO₂e/year)

GHG type								
Emissions	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	Total
	4,745.17	1.02	0.03	167.52	-	-	-	74,963.73



4.3.3 Energy management

As the leading company in ASIC and IP R&D and marketing, Faraday’s production is commissioned by professional OEMs. No production or manufacturing occurs onsite, and thus the company’s energy requirements are primarily for general uses such as air conditioning (about 29%), lighting and others (about 27%), and computer room server equipment (about 44%). The primary power source used is purchased electricity.

In order to effectively manage the energy use status and reduce the operating carbon emissions, Faraday has built the systematic mechanism to record the real-time power consumption status, and find out the energy consumption hot spots regularly by using the electricity analysis tool. Every year, promote energy efficiency improvement and energy efficiency and carbon reduction project; meanwhile, with the supplement of renewable energy use, reduce the impact on the environment caused from energy use; it is expected that while maintaining efficient operations, more environmentally friendly management solution can also be planned.

Energy use data

In 2023, Faraday used a total of 6,644,616 KWh, the increase of 196,652 KWh over 2022, it is mainly because that information equipment has been purchased in the IT room and made the rising of electricity consumption. In response to the increasing electricity consumption, Faraday will continuously plan the relevant energy efficiency equipment update every year to effectivity reduce the energy consumption and to raise the energy use.

2021 ~ 2023 Electricity consumption

(Unit : kWh)

Item	2021	2022	2023
Purchased electricity consumption	6,638,927	6,447,964	6,536,616
Renewable energy consumption	No use	No use	108,000
Total electricity consumption	6,638,927	6,447,964	6,644,616

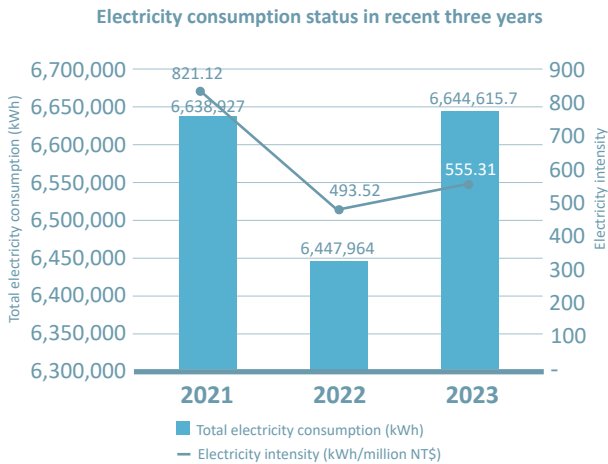
Note 1: Statistics are limited to the Hsinchu operational location and the Taipei and Tainan offices.

2021~2023 Energy use status

(Unit : GJ)

Item		2021	2022	2023
Energy use status	Purchased electricity	23,900.14	23,212.67	23,531.82
	Self-generated renewable energy	-	-	388.8
	Diesel fuel	35.2	18.78	21.12
	Gasoline	10.76	17.60	15.28
	Gas	216.73	301.96	285.19
Energy use analysis	Total renewable energy usage amount	-	-	388.8
	Total electricity	23,900.14	23,212.67	23,920.62
	Use ratio of renewable energy	0%	0%	1.63%
	Total energy usage amount	24,162.83	23,551.01	24,242.21
	Energy proportion of purchased electricity/total energy	98.91%	98.56%	97.07%

Note: Conversion unit coefficient: 1 KWh = 0.0036 (GJ), 1 liter of diesel fuel = 0.0352 (GJ), 1 liter of gasoline = 0.033 (GJ), 1 liter of gas = 0.028 (GJ)



Note 1: Electricity intensity: Annual electricity usage/millions of revenue.
Note 2: Statistics are limited to the Hsinchu operational location and the Taipei and Tainan offices.

Energy efficiency and carbon reduction

Faraday continuously updates the energy efficiency equipment every year, and also actively explores potential opportunities of energy efficiency, develop the specific energy efficiency project, makes evaluations depending on the materiality and feasibility, does the phase planning for the development plan of the year and next year. In addition to the efforts in the implementation side, the concept of energy efficiency and carbon reduction is also integrated into colleague’s life; through the automatic energy efficiency setting in the daily office equipment, do the corresponding promotion to achieve that every colleague can easily participate in energy efficiency action in both work and life. More, there is also inspection mechanism to ensure that the energy efficiency strategy can keep certain effectiveness in the actual operation and continuously track and improve performance.

2023 annual energy reduction and performance

Electricity-saving plan	Annual electricity-saving (kWh)	GHG reduction (metric ton of CO ₂ e)	Energy efficiency plan investment (Ten thousand NT\$)
Use LED light to replace fluorescent lamp, 162 in total (8F)	25,935	12.81	892
Use 95% high efficient new machine to replace equipment of 80% efficiency	114,840	56.73	
Use 18 SSD (Solid State Disk) to replace RPM disk, 432 in total	51,977	25.68	
Total	192,752	95.22	

Note 1: The electricity-saving benefit recorded in this table is calculated by the electricity difference before and after the execution of electricity-saving project.

Sharing for power-saving cases

- 1A total of 162 fluorescent lamps in 8F office areas, all are changed to LED light to reduce lighting electricity, the annual electricity saving is 25,935 kWh, and the annual carbon reduction is 12.81 tons of CO₂e
- 2Change one UPS on 8F IT room with high efficiency of over 95% to improve operation efficiency, the annual electricity saving is 114,840 kWh, and the annual carbon reduction is 56.73 tons of CO₂e
- 3Change to SSD (Solid State Disk) in IT room, in replace of RPM disk to save power loss, the annual power saving is 51,977 kWh, and the annual carbon reduction is 25.68 tons of CO₂e

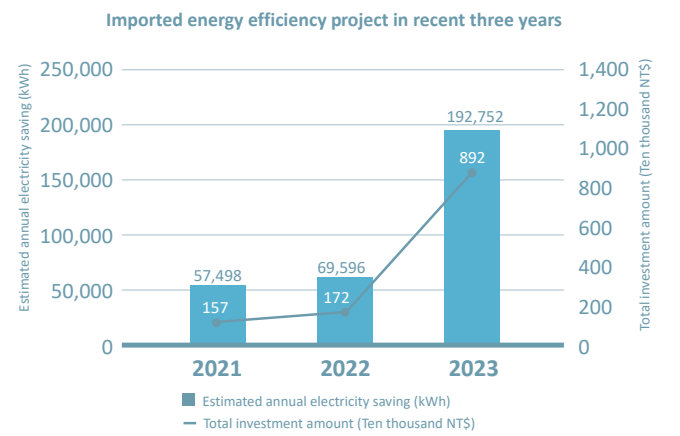


2024 continuous energy efficiency plan

		Estimated annual electricity-saving	GHG reduction (metric of tons CO ₂ e)
Lighting	Change fluorescent lamp to LED light Will continuously change fluorescent lamp to LED light, estimated 616 in total (6F, 7F)	93,936 KWh	46.4 metric of tons CO ₂ e
Electricity	Replace the old with the new air compressor 30HP fixed frequency air compressor will be changed to variable frequency model	34,057 KWh	16.82 metric of tons CO ₂ e
Total		127,993 KWh	62.23 metric of tons CO ₂ e

Faraday routine continuous energy efficiency measures

Energy efficiency category	Implementation item
Energy efficiency equipment and update	<ul style="list-style-type: none">Choose air conditioners, refrigerators, and other home electronics that comply with energy labelsUse variable-frequency, energy-efficiency 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-efficiency/ Waste-reduction measure and management	<ul style="list-style-type: none">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 dayDrinking 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.Turn off water to the landscaped pool.Continuously promote energy-saving/water-saving measures, to remind employees for energy savingStrengthened regular inspection of water facilities, enhanced facility availability, and can be timely repaired when there is damage.Ensured the availability of the restrooms’ automatic sensing faucets to put controls on water usage, to save water while maintaining hygiene.Moderately reduced sink flow rates, to prevent from unnecessary waste.Regularly promote and implement employee trash sorting and recyclingInstalled hand dryers to replace paper towels in the restrooms, to reduce toilet paper usage and waste output.
Regular detection and inspection	<ul style="list-style-type: none">Hiring specialized organization to perform office lighting and CO2 environmental testing every six months; and increase green space, 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.Do office checks every two hours on weekends and starting at 8 p.m. on weekdays, turn off unnecessary lights and air conditioning.
Regular energy efficiency promotion	<ul style="list-style-type: none">Set office air conditioners to 26 ° C or higher, and consider putting up insulation where there is sun exposureTake stairs, not elevator, when going up or down only two floorsWhen meetings finish, turn off meeting room lights, air conditioning, and projectorsWhen senior supervisors leave their offices, they should turn off the lights and air conditioning.When employees are leaving for the day, they should turn off their computers and monitors.



4.3.4 Renewable energy use

Facing the serious impact of global warming and climate change on the environment, Faraday has set the specific sustainable development plan, with the target of meeting net zero mission by 2050, in response to Taiwan's Pathway to Net-Zero Emissions in 2050, and further is consistent with the carbon reduction schedule of Paris Agreement. This is not a simple challenge, but it is our commitment to earth sustainability.

The solar power panel self-built on the roof of headquarter

Faraday has completed Phase 1 project of the solar power generation equipment on the building roof of Hsinchu headquarter on October 14th, 2022. The installed capacity is 89.70 KWp, and the generated green power is all provided for factory use, achieve the green supply of own energy, which is also the key step of reducing carbon emission. In order to promote the application of renewable energy, we have already planned to proceed Phase 2 project of the solar power generation equipment in 2024, the estimated installed capacity is 40.04 KWp, and the estimated annual electricity production is about 35,509 KWh.

Setting status of solar panel

Item	Phase 1 project	Phase 2 project
Installed capacity	89.70KWp	40.04KWp
Annual electricity production	108,000 kWh	35,509 kWh
Estimated carbon reduction	53 metric ton of CO ₂ e	18 metric ton of CO ₂ e

Electricity production received Renewable Energy Certification (T-REC)

In order to ensure green power quality, Faraday has registered at National Renewable Energy Certification Center, received the issued Renewable Energy Certification (T-REC); we have received a total of 108 certificates, which are equivalent to the green power of electricity production about reaching 108,000 kWh. These certificates will be used as emission credits of GHG Scope 2 (Market base), and will be used and announced in the Renewable Energy Certification Center. In the future, we will also continuously plan and implement energy efficiency and carbon reduction measures, evaluate whether to purchase green power depending on the following status of carbon reduction, to ensure to meet the target of Net Zero Emissions by 2050.



4.4 Water resource management

Faraday's water resource all come from the Taiwan Water Corporation, the main use of water is domestic water and air conditioning water; with no production process operations, no process water, it is only general domestic sewage from the workplace, and no waste water produced by production.

Climate change causes the probability rising of heavy rain and drought, which results in more scarce and precious of water resource. Therefore, Faraday continuously takes various water-saving measures, choose the equipment with water efficiency label, enhance the regular inspection of water equipment, improve the equipment availability, damage repaired in time, and promote relevant policy to the colleagues, in order to reduce water consumption and prevent from unnecessary water to reduce the load on the environment.

Faraday has done the water stress analysis with reference to Aqueduct Water Risk Atlas released by World Resources Institute (WRI); in the Hsinchu operational location, Taipei and Tainan offices, the level of water stress is all at low ~ middle (10% ~ 20%), no location is at the area of high water stress.

4.4.1 Water resource use data

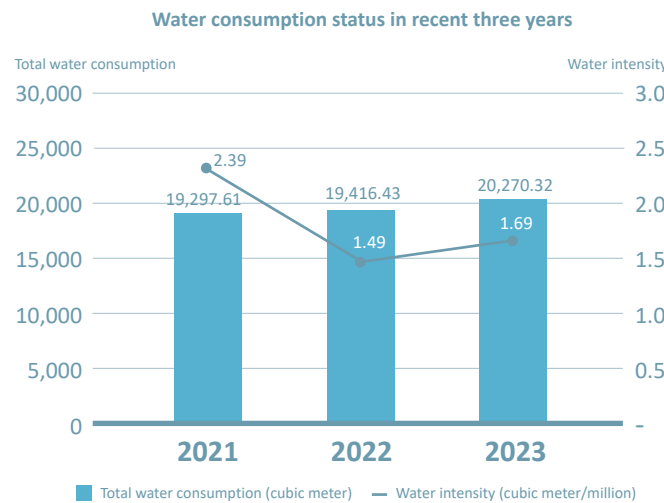
2021 ~ 2023 water consumption statistics

Item	Unit	2021	2022	2023
Water consumption	million liter	19.30	19.42	20.27
Displacement	million liter	15.44	15.53	16.22
Consumptive water use	million liter	3.86	3.88	4.05
Water consumption per capita in Hsinchu location	cubic meter	32.16	31.17	31.87

Note 1: Hsinchu is Faraday's primary operational location; statistics are limited to the Hsinchu operational location, and the Taipei and Tainan offices.

Note 2: The water consumption is on the basis of water bill, and the displacement is calculated by 80% of water consumption.

Note 3: The Taipei and Tainan officers are part of multi-tenant office buildings. The water consumption is converted by the estimation of annual water consumption per capita of Hsinchu operational location.



Note 1: Water intensity: Annual water usage (cubic meter/millions of revenue)

4.4.2 Water stress analysis

Water usage analysis in Faraday Hsinchu headquarter

Item	Description
Main water resource	Toucian River, Baoshan Reservoir, Second Baoshan Reservoir
Water stress level	Low~Medium(10-20%)
Location proportion of consumptive water in high water stress area	0%
Wastewater management regulations	“Regulation for the Use and Management of Wastewater Treatment and Sewage System in the Science Park”, “Water quality standard for the accommodation capacity of drainage in Hsinchu Science Park”
Wastewater treatment plant	Hsinchu Science Park wastewater treatment plant
Final drainage ground	Keya River

4.5 Waste management

Faraday carries out waste management in accordance with the Waste Disposal Act and with the Enterprise Waste Disposal Plan. By following the methods described in the Enterprise Waste Disposal Plan in contracting EPA-certified, standards-compliant providers to do waste clearance and disposal. At the same time, 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 continuously move toward reducing resource usage, lessen waste production, and promote recycling and reuse; promote sustainable resource usage to reduce environmental burden for creating a global environmental protection together.

Faraday main waste is general industrial waste, besides regular publicity to employees, promote employee trash sorting and recycling; the cleaning staff also check layer-by layer when doing trash collection, recheck and recycle reusable resource for implementing domestic waste reduction. We have achieved the annual target of over 30% resource recovery rate in 2023. The total industrial waste in 2023 was 26.15 metric ton, including general industrial waste of 9.42 metric ton, and hazardous industrial waste of 0.87 metric ton.

4.5.1 Waste disposal data

2021 ~ 2023 Industrial waste disposal status (Unit: metric ton)

Category	Disposal site	Waste type	Disposal method	2021	2022	2023
General industrial waste	Offsite	Domestic waste	Incineration	15.02	15.44	15.87
	Offsite	Resource recycling (Waste paper, scrap iron/ aluminum containers waste lighting source	Recycling	9.21	8.67	9.42
Hazardous industrial waste	Offsite	Scrapped electronic parts and components, leftover scrap and defective goods	Outsourcing	0.49	2.01	0.87
Total waste				24.72	26.12	26.15
Amount of waste recycling				9.7	10.68	10.28
Waste recycling rate				39.25%	40.89%	39.33%

Note 1: Hsinchu is Faraday's primary operational location; statistics are limited to the Hsinchu operational location, and the Taipei and Tainan offices.

Note 2: The collection source of waste data: General waste produced at the Hsinchu location is entrusted to the Hsinchu Science Park Bureau for elimination and transportation. The output weight of 2023 was calculated via the actual output scale of July. The recycling weight of “resource recycling” was calculated by recycling manufacturers; hazardous industrial waste was calculated by the declared triplicate of clearance and disposal.

Note 3: The Taipei and Tainan officers are part of multi-tenant office buildings. It is converted by the estimation of annual general industrial waste output per capita of Hsinchu operational location; hazardous industrial waste is only generated at Hsinchu operational location.



4.6 Sustainable ecology

Faraday pays attention to biodiversity and environmental protection, takes "green environment" and "ecological education" as the two main spindles to respond to ecological sustainable action. Upholding corporate social responsibility, we will continuously promote relevant plan and activity, leverage corporate influence, promote sustainable development of ecological environment, and practice the target of species conservation and environmental protection. Take an active role in the mission to protect the earth, leave a better living environment for future generations.

4.6.1 Biodiversity Initiative

In respond to national initiatives for nature conservation, Faraday imports the TCFD, TNFD, and SASB financial disclosure standards in the corporate operation, fulfills corporate social responsibility, ensures the financial disclosure of transparency and accuracy, takes climate risk, nature related risk and sustainable development factor into the corporate strategic planning.

In addition to management level, we leverage Faraday’s core technology, are devoted to developing low-power IP, assist customer in creating key chip for green sustainable application product, provide green solution, support customer for building more energy efficient and environmental friendly products; and import green production flow, reduce the impact on environment from production process, through technology innovation and sustainable management, protect and promote ecological sustainability while developing the economy to fulfill the target of co-prosperity.

“Faraday not only adheres to TNFD disclosure standards but will continue to deepen its commitment to ecological sustainability, contributing its efforts to the global conservation of the environment. We look forward to more enterprises and organizations joining this action, collectively safeguarding our precious Earth and biodiversity,” said Steve Wang, President of Faraday.

4.6.2 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. This rich and diverse nature environment has become natural space for biological habitat and reproduction. This green belt is not only an office decoration, but also Faraday’s actual investment and commitment on ecological protection.

4.6.3 Ecological education

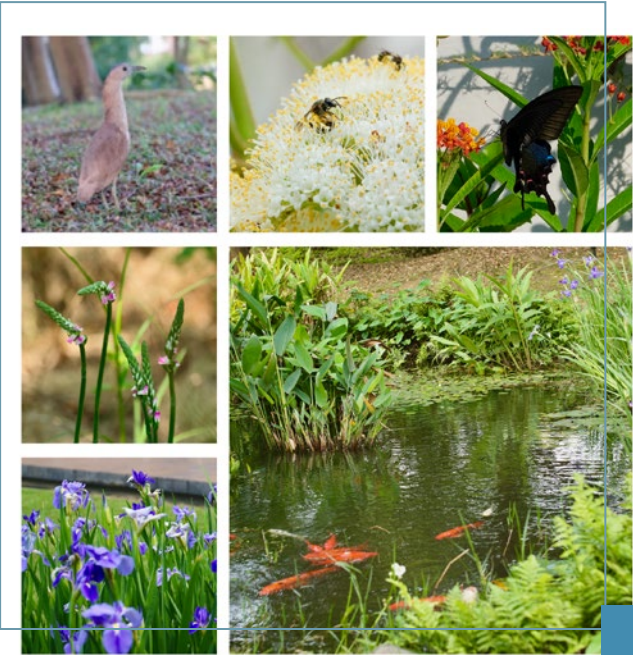
Faraday has become a partner of UMC Eco Echo Award since 2017. The annual sponsorship was NT\$100,000 from 2017 to 2019; and the annual sponsorship amount was increased to NT\$250,000 from 2020 to 2023; it shows our firm support for green environmental protection, a total of NT\$1.3 million has been sponsored so far. With this supporting action, we assist domestic ecological conservation group to promote the groundbreaking environmental sustainability protection plan, do our parts for the environmental conservation in Taiwan and keep this lane for continuous prosperity.

In addition to integrating environmental protection concept into corporate culture, we implement environment sustainable actions internally, through the cooperation with UMC Eco Echo Award, hope to make this concept be deeply rooted in the hearts of more people, motivate more enterprises and individuals to participate in environmental protection actions, protect the beautiful earth together, and provide a pure and greenery environment for future generation.

- Eco Echo Award**
 Eco Echo Award is hosted by UMC, it sets the award bonus to support and encourage Taiwan ecological conservation groups, make more plans with both environmental sustainable development and groundbreaking to be achieved, do our part for the Taiwan environmental conservation.
ecoechoaward.com
- Botany club**

To promote employee’ concern and participation in natural ecology, Faraday established club related to understanding plants, “botany club”. This club provides the activities of plant lectures, hand-made planting course and field trips; stimulate employee’s interest to the plant world in educational and entertaining way, at the same time, strengthen care for the natural ecology, and then jointly participate in ecological conservation actions.

“Botany club” gathers plant-lovers, it provides an exchange platform for sharing relevant knowledge, skills and practical experience. The club member can understand the characteristics and ecological background of various plants, and their roles in the environmental conservation in the plant lectures; the hand-made planting courses provide the opportunities for club members to participate and grow plant by oneself for feeling the delicate balance of ecological system. Besides, the club also irregularly arranges the field trip led by experts, walks into nature to learn the plant’s ecological behavior in the natural environment.



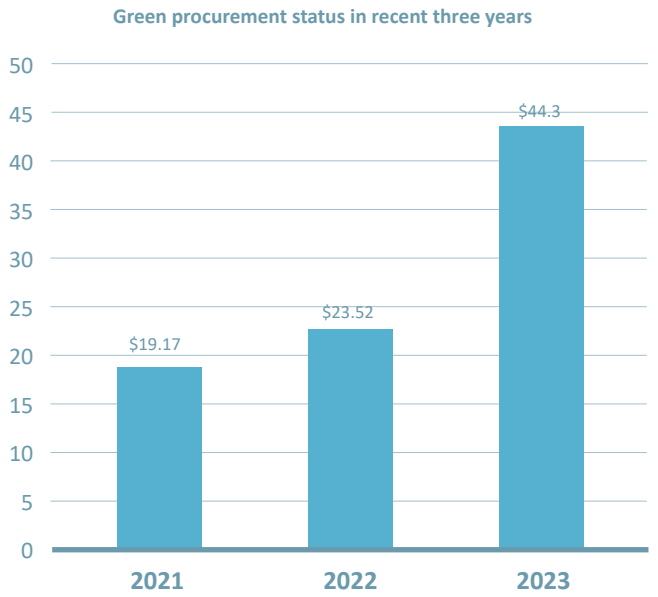
4.7 Green procurement

4.7.1 Respond to green procurement

In respond to government green procurement policy, Faraday refers to the identification method of green procurement in Green Lifestyle, Ministry of Environment, prioritize the products with Green Mark or Energy Label in the daily equipment or supplies procurement flow; through every procurement cooperation case to do our part for the sustainable development of the earth.

Faraday main green procurement item

Procurement item	Identified by green procurement
PC/Server	Green Mark
Lighting lamps	LED lamps
Office paper	Green Mark, PEFC FSC™
Equipment of general affairs	Level-1/Level-2 Energy Label



Five execution aspects of sustainability

Social inclusion

1.2

Grounded in nurturing Taiwan baseball talents, sponsored the baseball team of Tung-Shih junior high school which is famous for baseball since 2021, cumulative sponsorship of NT\$1.2 million

650,000

Invested in helping local social welfare institution, donated to local social welfare institution - Guanxi Huaguang intelligence development center, and subscription activity for Hsinchu Family Support Center, total amount of NT\$650,000

2.01

Demonstrated Faraday's social influence, sponsored local children medical resource (Hsinchu MacKay Memorial Hospital), supported domestic arts and cultural development and supported independent media, investment amount NT\$2.01 million

218

Responding to blood donation activities, donating a total of 218 units of blood in 2023

16

Encourage colleagues to participate in public welfare activities, make contribution to society, provide colleagues with public service leave of 16 hours per year (Paid leave)





Performance management indicator of material topics

Material topics	Performance indicator	2023		Target in 2024	Target in 2026
		Target	Result		
Social inclusion	Social contribution and donation helping	Make contribution and donation in assisting medical, education and local social welfare institutions: four institutions in total, total amount \geq NT\$1.1 million	Made contribution and donation in assisting medical, education and local social welfare institutions: four institutions in total, total amount of NT\$1.656 million	Make contribution and donation in assisting medical, education and local social welfare institutions: four institutions in total, total amount \geq NT\$1.1 million	Make contribution and donation in assisting medical, education and local social welfare institutions: four institutions in total, total amount \geq NT\$1.1 million
	Arts and cultural support	Invite domestic arts and cultural groups for 2 shows	Invite domestic arts and cultural groups for 3 shows	Invite domestic arts and cultural groups for 2 shows	Invite domestic arts and cultural groups for 2 shows
	Cooperative education of semiconductor industry	Cooperative education of semiconductor industry with two colleges	Cooperative education of semiconductor industry with two colleges	Cooperative education of semiconductor industry with two colleges	Cooperative education of semiconductor industry with two colleges

Corresponding SDGs



Faraday is continuously devoted to social participation, makes contribution to society by specific and active actions, including the diverse fields of support for education promotion, local medical resource, culture and art development, helping for the disadvantaged, social welfare. We expect to use our own strength while encouraging employees to participate together in bringing upward motivation to society.

5.1 Social development

5.1.1 Cultivate talents for semiconductor

Taiwan’s semiconductor industry plays a crucial role in global technology and economic development, the corresponding scientific and technological talents are the key resources for the rise and fall of industries, improving the quality of science and engineering talents is the national immediate priority. As the important role in the upstream of semiconductor supply chain, Faraday pays special attention to Taiwan high-tech industry development and talent cultivation, actively incorporates with government policy, and participates in the industry-academia promotion activity, our mission is to cultivate Taiwan IC design talents.

To save and strengthen R&D capabilities, Faraday promotes the exchange opportunities with the academia, holds lecture in the campus, 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 further encourage the undergraduate students to actively develop skills required by industry so as to become a new force in the technology industry in the future.

More, in order to encourage excellent youths to continuously join the semiconductor field, Faraday works on industry-academia cooperation projects with National Chung Cheng University and National Taipei University. Faraday not only provides funding and related equipment, but also sets scholarship and advance offer plan; hope to give a stage for excellent youths to show their talents. At the same time, through academic and industry collaboration, Faraday expands the notability in academia to attract more excellent talents for semiconductor, achieve the win-win target for academia and enterprise.

Faraday National Chung Cheng University SoC Center

In order to invite excellent youths for joining Faraday, we have built the laboratory of SoC center at National Chung Cheng University, provided project funding and related equipment; through co-research with academia to improve the product R&D efficiency and quality. Meanwhile, the students participating in the project not only can obtain professional resource support from the industry, but also can get the pre-recruitment opportunities. They can make arrangement in semiconductor field in advance, and lay the foundation for future career.

Cooperative education with National Taipei University – technological consulting and sponsor plan

In order to recruit excellent international analog circuit design talents, Faraday cooperates with the laboratory of department of electrical engineering at National Taipei University, arrange master's seminar course to visit and exchange in Faraday headquarter, directly interact with the supervisors in relevant fields; students can obtain analog professional knowledge and development experience sharing in the real working scenario to broaden one’s view. Faraday also provides scholarship for excellent students and advance offer plan, further provides generous onboarding bonus after graduation. Faraday sincerely invites domestic/overseas excellent youths to join Faraday together, reach one's full potential and fulfill one’s dream.

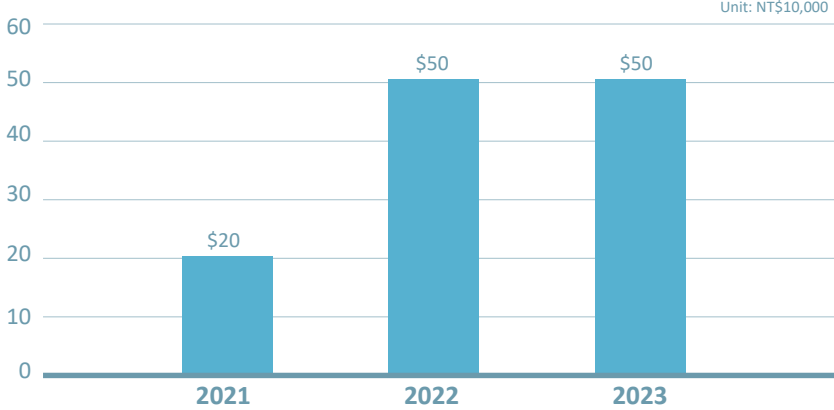


5.1.2 Grounded in nurturing Taiwan baseball talents

Faraday has sponsored the baseball team of Tung-Shih junior high school which is famous for baseball since 2021, and the cumulative sponsorship will be of NT\$4.7 million by 2030.

The baseball team of Tung-Shih junior high school has even won the 3rd place of 2018 Chuanfu junior league baseball competition, the 1st place of Chiayi County rubber baseball series, and continuously won the 3rd place of Junior High School Softball League in 2022 and 2023, which shows their excellent strengths. Most of players come from the disadvantaged family, to better support this group of passionate youths, Faraday provided subsidy to assist the baseball team to update and purchase necessary training and equipment, to create a more complete training environment that does not fall behind others, live up to their talents and efforts. Hope they can become a new force of Taiwan baseball in the future, to inject more vitality into national sports development.

Sponsorship amount to the baseball team of Tung-Shih junior high school in recent three years



5.2 Social influence

5.2.1 Sponsor local children's medical resource

In response to the effort of Hsinchu MacKay Hospital to provide more complete children's local 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.

Hsinchu MacKay Children's Hospital started operations on September 1, 2022; at the initial stage, there are 200 hospital beds for children and will expand to 400 beds in the long run. It introduces advanced medical technology, instrument and drug treatment for children, substantially increases the children medical capacity in Hsinchu area; provides more medical resource for sick kids to have a more immediate and appropriate medical environment. Meanwhile, it provides economically disadvantaged patients for complete and sound treatment and care to relieve family financial pressure. Relevant resources still need assistance from all sectors of society.

5.2.2 Hire local talents, promote local identity and development

Faraday pays attention to the community identity and development at the operational location, and we are devoted to deepening the connection with local community to promote local economic prosperity together. In talent recruitment, local hiring is the primary consideration; we recruit the excellent students and professional talents from the operational locations of Hsinchu, Taipei, and Tainan to increase the local employment opportunities. As of the end of 2023, the number of employees employed by Faraday at the operational location reaches 57.56% of total employees. It not only shows our concern for local community development, but also shows that Faraday actively participates and contributes in promoting local employment and perking up local industry-academia exchanges.

5.2.3 Support domestic cultural/artistic industry development

Faraday has long-term supported domestic cultural/artistic industry development, and they are invited to perform in various events held by the company. Domestic bands, artists and cultural workers are invited to perform in the activities held by the company multiple times every year, such as year-end party, concert on the green, family day, celebrity lecture, not only providing art creator a platform to show their talents, but also enriching internal cultural atmosphere. Employees can obtain more opportunities to engage in cultural and artistic activities; on the one hand, change the work pressure, on the other hand, cultivate employees' creativity and artistic thinking.

We believe that the influence of culture and art is not only at the performance spot, the inclusion and exchange of culture and art also enrich corporate culture and bring positive influence on the society. Hope through the positive interaction among art, enterprise and society to create a cultural environment full of creativity and energy, further promote the prosperity of culture and art.



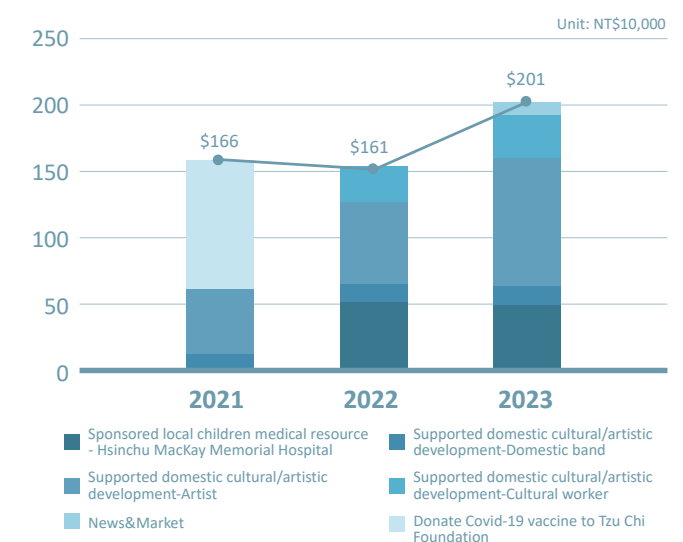
5.2.4 Sponsor to support independent media, pay attention to local issues

Faraday supports multiple independent media development, makes small sponsorship on "News&Market". Independent media plays an important role in providing comprehensive information and neutral viewpoints in the society. Hope that more important issues can be more comprehensively and reasonably concerned and discussed, promote the society for deeper understanding and reflection on local issues, further affect the public policy to develop in more complete and sound direction.

"News&Market" is an independent media in Taiwan, which mainly focuses on the important issues of agriculture, food production and environmental protection, sometimes with thematic analysis and reporting to assist the public in quickly understanding complex and important social issues; provides in-depth information for guiding readers to think deeply. In addition, also invite authors from all walks of life for participation, publish the articles with diverse topics, including food, farming, farmland preservation, food education, green energy life; and there is Life Literature Supplement as the themes of food/drink, ecology, agriculture/forestry/ fishery/animal husbandry, to provide rich and multilevel reading experience.

News&Market <https://www.newsmarket.com.tw/>

Amount of invested social influence in recent three years



5.3 Social assistance and public welfare

In the practice of social contribution, Faraday not only supports the public welfare matters, but also hope to inspire more people to join the ranks of public welfare. Therefore, Faraday holds various different activities and takes corresponding measures to encourage employees for participating in public welfare activities. Hope to create positive public welfare atmosphere inside the company, embody corporate values to form cohesion within the enterprise; also inject more vigor into the social public welfare, expand the influence on society.

5.3.1 Helping local social welfare institution

Donating Guanxi Huaguang intelligence development center

In combination with the powers from the company and employees, Faraday cares for local disadvantaged units and continuously donates Guanxi Huaguang intelligence development center in Hsinchu County. With the donation of about NT\$500,000 in 2023 (Faraday denoted NT\$100,000 and employees denoted NT\$403,099); Faraday assists in purchasing hardware and rehabilitation equipment to improve the healing environment for those who are recipients in the center, and makes those who are poor and disadvantaged with mild/moderate/severe/extremely severe multiple disabilities and autism be well taken care of.

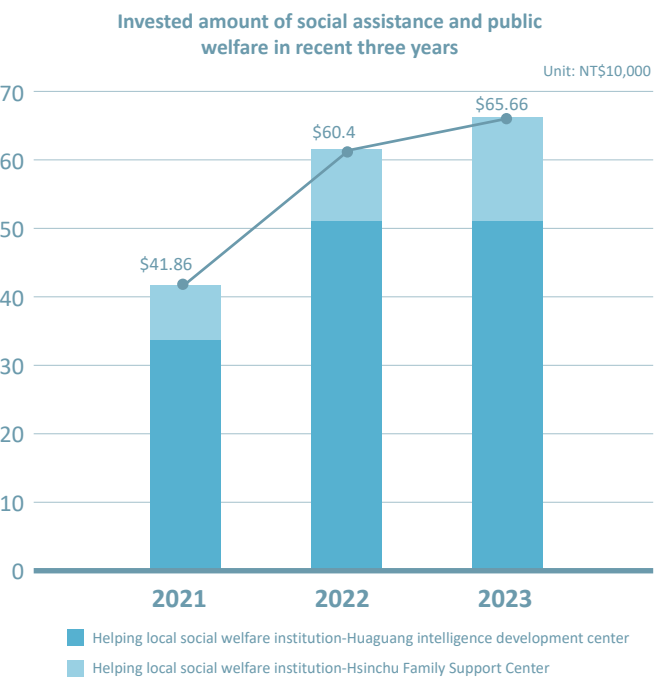


Subscribing warm winter gifts for Hsinchu Family Support Center

Faraday employees have long-term supported Hsinchu family support center by actual action to assist children and youth of the disadvantaged family. Every October, trigger the subscribing activity for the annual fair ticket of Hsinchu family support center. Most employees who participate in subscribing also denote the fair tickets to the children who are helped by family support center, let children have opportunity to choose their favorite items at the fair, feel the joyful atmosphere together, and also connect children’s happy memories every year.

In addition, Faraday employees also participate in “love family gift subscription to warm up children’s winter” planned by the family support center, assist in purchasing daily necessities for the assisted family.

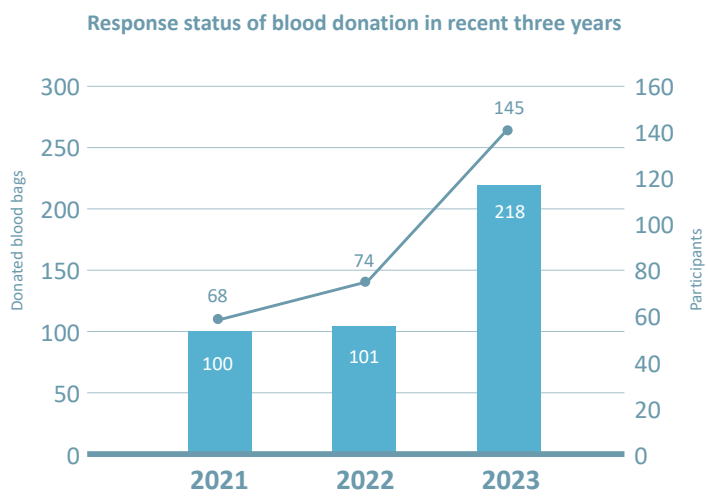
In 2023, Faraday employees donated a total of NT\$150,000 in the Hsinchu Family Support Center Philanthropy Event. (65 donated NT\$119,000 in general living expenses, and 26 bought fair tickets worth NT\$34,500.)



5.3.2 Participating in public welfare activity

Responding to blood donation activities

Faraday holds blood donation activities twice every year, invites blood donation cart to the company to make it easy for employees to participate in this public welfare activity. It has been more than 15 years now, and the cumulative amount has exceeded 3000 blood bags; it is used to help medical needs in community for benefiting more patients, and practices corporate social responsibility at the same time. Employees are very enthusiastically participated in this social welfare activity; it is not only the number we are so proud of, but also the real performance of Faraday employees’ enthusiastic participation in public welfare. There were two blood donation activities in 2023, 145 participants in total, donating 218 units of blood.



Public service leave

In order to encourage employees to participate in public welfare activity for social contribution, Faraday specially sets up the public service leave of 16 hours every year (paid leave); provides the time support to encourage employee to independently participate in social service of different fields such as environmental protection activities, community volunteers, and educational support. Hope that every employee can participate and strengthen care for society, fulfill civil responsibility, build a better society together; also go a step further to build a positive and loving corporate culture.



Corporate governance

Top 6%~20% Be ranked in the top 6th ~ 20th percentile of listed companies in terms of corporate governance evaluation results for 4 consecutive years.

EPS 6.39 In 2023, consolidated revenue reaching NT\$12 billion, with basic earnings per share of NT\$6.39.

100% The attendance rate of Board of Directors, Audit Committee, and Compensation and Remuneration Committee in 2023 was 100%.

An internal performance evaluation of the Board of Directors, Functional Committees, and individual board members in 2023 was Excellent.

Establish the Nomination Committee to strengthen the director selection system and build diversified and professional board members.

Has been included in various indices such as “Taiwan Corporate Governance 100 Index”, “Taiwan Mid-Cap 100 Index”, “Taiwan High Compensation 100 Index”, and “TIP Customized Taiwan IC Design Total Return Index”



Performance management indicators for material topics

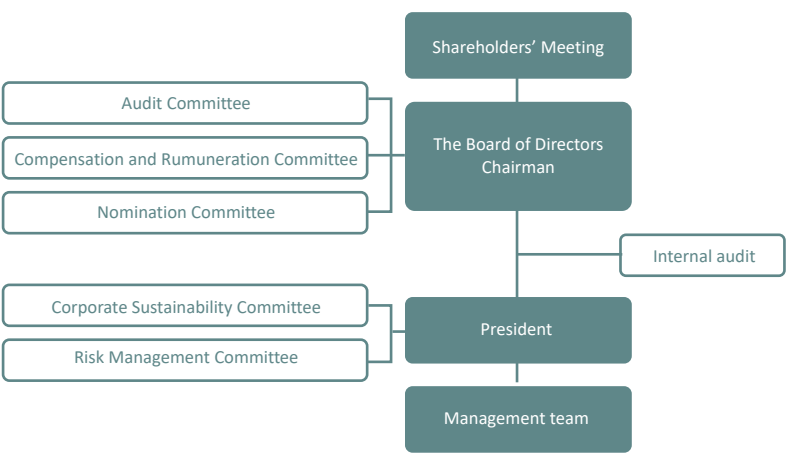
Material topic	Performance indicator	2023		Target in 2024	Target in 2026
		Target	Results		
Information security	Introduced the Information Security Management System (ISMS)	Assessed and certified of ISO 27001:2022	Obtained ISO 27001:2022 certification on November, 28th	Complete corrective processing sheet, Risk Handling Plans, and routine implementation items specified in ISO 27001, and maintain certificate validity through external audits	Complete ISO 27001 certificate renewal audit before expiration in 2026
	Information security policy advocacy	Information security policy announcement 4 times a year	Complete information security promotion videos in February and August; information security policy advocacy at employee forum in April and October	Implement information security advocacy quarterly	Adjust content of information security advocacy based on intelligence assessment
	Strengthen the awareness for new recruits	Paired with new recruit training, 100% implementation for the training course of information security policy	All new recruits complete information security policy training course upon on-board	Implement information security policy advocacy for new recruits	Adjust content of training course according to current company instruction
	Protect customer privacy and information	There are no complaints about infringement of customer privacy or loss of customer information.	0 complaints about infringement of customer privacy or loss of customer information.	There are no case on complaints about infringement of customer privacy or loss of customer information.	Protect customer privacy and information security

Governance structure

In accordance with the "Company Act", "Securities and Exchange Act" and other relevant laws and regulations, Faraday has formulated the "Corporate Governance Best Practice Principles ", "Ethical Corporate Management Best Practice Principles", "Adoption of Codes of Ethical Conduct", "Procedures for the Prevention of Insider Trading", "Risk Management Best Practice Principles" and "Information Security Policy" are used as the basis for establishing a corporate governance structure to improve corporate governance and report to the board of directors regularly to protect the rights and interests of shareholders, strengthen the functions of the board of directors, respect the rights

and interests of stakeholders, and enhance information transparency. We hope that through effective corporate governance operations, we can fulfill our corporate sustainability responsibilities and improve our business performance. The most recent reported to the board of directors on the implementation of integrity management, information security, risk management, intellectual property management, and stakeholder communication was on October 24th, 2023.

Corporate governance structure





The Board of Directors and Committees

Faraday operates with integrity, information is transparent, and gives priority to shareholders' rights. The board of directors is composed of professionals with operation and management experience in the technology industry. In accordance with the legislation and regulations of the competent authority, the Audit Committee and the Compensation and Remuneration committee are established under the board of directors to assist the board of directors in fulfilling its supervisory responsibilities, establishing corporate governance mechanisms, and implementing corporate governance-related tasks. In order to strengthen the director selection system and diversify and professionalize the board of directors, Faraday had formally established the Nomination Committee on October 24, 2023, which was responsible for finding, reviewing and nominating the candidates of the board of directors, and evaluating the performance of the board of directors, each committee, and each director; Evaluating the independence of independent directors, planning and implementing training plans and succession plans of directors. For the director’s training information in 2023, please refer to Faraday’s 2023 Annual Report-4.3 Corporate Governance Operation.

Job Title/Name	Board of Directors	Audit Committee	Compensation and Remuneration Committee	Nomination Committee	Attendance rate
Chairman / Chia-Tsung Hung (Representative of UMC)	Chairperson			✓	100%
Director / Ying-Sheng Shen (Representative of UMC)	✓				100%
Director / Zeng-Li Huang (Representative, Unimicron)	✓				100%
Director / Kuo-Yung Wang	✓				100%
Director / Shih-Chin Lin	✓				100%
Director / Wen-Ju Tseng	✓				100%
Independent director / Ning-Hai Jin	✓	✓	Convener		100%
Independent director / Bing-Kuan Luo	✓	Convener	✓	✓	100%
Independent director / Wan-Fen Zhou	✓	✓	✓	Convener	100%

Nomination and election of the Board of Directors

The nomination and selection of members of the board of directors of Faraday complies with the provisions of the "Articles of Incorporation", adopts the candidate nomination system, and abides by the "Corporate Governance Best Practice Principles" and "Procedures

for Election of Directors". It is clearly stipulated that the selection of the company's directors should consider the overall configuration of the board of directors. Faraday has seven to eleven directors, and the number of directors is authorized by the board of directors to decide. The term of board of the directors is three years, and they shall be elected by the shareholders' meeting from persons with

legal capacity. The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the Company Act and Securities and Exchange Act, and other relevant laws and regulations. All members of the company's board

of directors have the necessary knowledge, skills and accomplishments to perform their duties, and uphold a high degree of self-discipline as well; in order to avoid conflicts of interest, we avoid any proposals that may be owned with the self-interest; thus, directors do not participate in discussion or take votes according to the Company Act.



Diversity and Independence of the Board of Directors

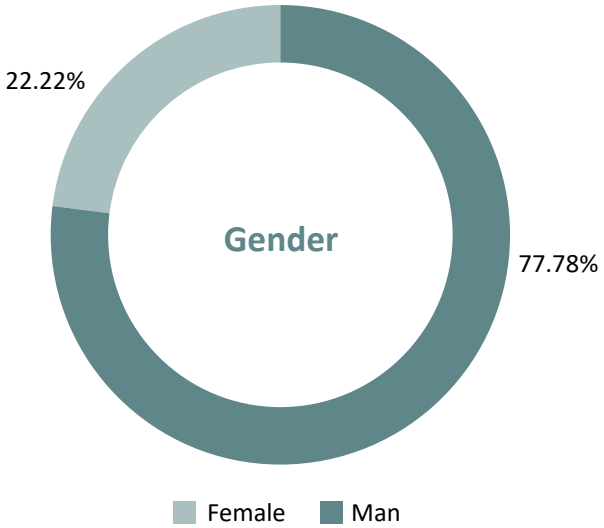
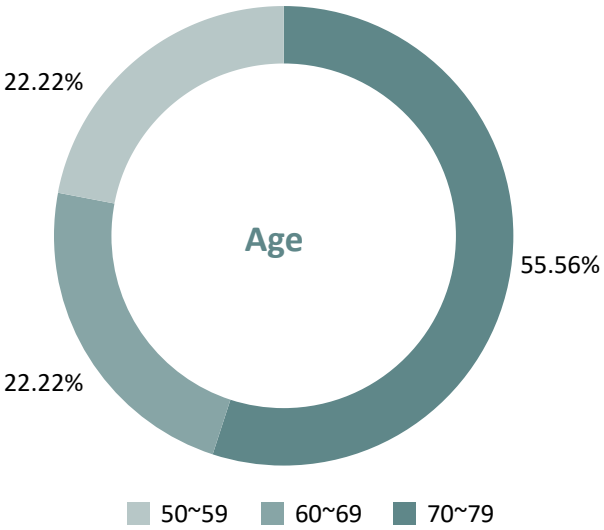
Faraday currently has a total of 9 directors, including 3 independent directors, 2 female directors, and 4 directors with employee identity (The percentage of all directors are 33.3%, 22.2%, and 44.4%, respectively). The target percentage of female directors will be as 25%. As of the end of 2023, a total of 5 directors were aged 50 ~ 59 years old, 2

directors were 60 ~ 69 years old, and 2 directors were over 70 years old. All independent directors are 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 Faraday covers management, science and technology, and finance. The members of the board of

directors have diverse backgrounds in industry, education, academics, and knowledge, and can give professional advice from different perspectives, which is helpful for improving the company's operating performance and management efficiency. The implementation of the diversity of board members is as follows:

Job Title/Name	Nationality	Gender	Age	Term for independent director (Under 3 sessions)	Professional background			Professional competency							
					Finance	Law	Technology	Ability of making judgement on operations	Accounting and financial analysis ability	Management ability	management ability	Industry Knowledge	International market view	Leadership ability	Decision-making ability
Chairman/ Chia-Tsung Hung (Representative of UMC)	R.O.C.	Male	60~69		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Director/ Ying-Sheng Shen (Representative of UMC)	R.O.C.	Male	50~59		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Director/ Zeng-Li Huang (Representative of Unimicron)	R.O.C.	Male	70~79		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Director/ Kuo-Yung Wang	R.O.C.	Male	50~59		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Director / Shih-Chin Lin	R.O.C.	Male	50~59		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Director / Wen-Ju Tseng	R.O.C.	Female	50~59		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent director/ Ning-Hai Jin	R.O.C.	Male	70~79	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent director/ Bing-Kuan Luo	R.O.C.	Male	60~69	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Independent director/ Wan-Fen Zhou	R.O.C.	Female	50~59	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓





Operational performance

Amidst global inflation and geopolitical uncertainties in 2023, the semiconductor industry witnessed a slowdown in annual growth due to weakening demand in end markets. In response to these industry shifts, our company faced challenges of declining customer demand and inventory adjustments. Internally, we actively managed inventory, while externally, we closely collaborated with customers and partners across the supply chain to navigate market challenges together. Despite short-term headwinds in the industry with the impact of customer inventory and a high revenue base from the previous year, our silicon intellectual property (IP) and ASIC business continued to show positive long-term development. Driven by diverse applications, revenue from IP and non-recurring engineering (NRE) continued to reach new record highs, marking a three-year consecutive growth milestone. With relentless efforts from Faraday’s global workforce, the consolidated revenue reaching NT\$12 billion, with basic EPS of NT\$6.39.

Continuous growth in silicon intellectual property (IP) revenue for three consecutive years.

- Continuous growth in silicon intellectual property (IP) revenue for three consecutive years. Despite geopolitical challenges and market differentiation globally, Faraday, as one of the few ASIC manufacturers with IP development capabilities, not only deepened its penetration in existing key processes but also expanded new cooperation opportunities. IP revenue saw a significant increase, reaching NT\$1.4 billion driven by licensing fees.
- Advanced process and advanced packaging greatly contributed to NRE. In the face of diverse production demands from global customers, Faraday’s unwavering goal has been to strengthen sustainable operations. We continuously enhance operational quality and collaborate with supply chain partners to provide ASIC cross-geographical production support services, thereby mitigating manufacturing risks arising from economic,

geopolitical, and other factors, and earning recognition from customers worldwide. Our focus remains on the fundamentals of the company. Over the past few years, we have bolstered our research and development capabilities and dedicated ourselves to technological advancement. Not only have we development proprietary IP in advanced processes, but we have also elevated our design capabilities through flexible operational models and strategic collaborations. These enhancements and initiatives have enhanced our competitiveness and earned us customer recognition, leading to successful design win of 14nm AI SoC ASIC. Additionally, Faraday stands out as one of the few ASIC manufacturers with both design and management capabilities in the advanced packaging market. As a neutral service provider, the company offers “Faraday’s Total Advanced Packaging” solutions, leveraging SoC design expertise, flexible operational models, and experience in sustainable supply chain management, successfully securing multiple design wins. We are optimistic about the demand from emerging technological domains, which is expected to bring abundant business opportunities to Faraday. NRE revenue reached new record high, amounting to NT\$1.72 billion.

- Due to weakened demand in end markets and inventory adjustments, mass production revenue decreased by 12% from the previous year to NT\$8.84 billion. However, Faraday’s accumulation of hundreds of design win projects over the years has laid a robust foundation for growth, and the accelerating volume of projects preparing for mass production serves as an indicator for future mass production performance. As the ASIC industry enters the era of advanced process and advanced packaging, Faraday will continue to consolidate its position in mature process with niche applications while venturing into new technological fields. Leveraging Faraday’s thirty years of technical expertise, increased investment in technology research and R&D resource, and strategic collaborations through various business models, the Company aims to enhance and transform its value in this new era, translating this to valuable revenue.

Proportion of operating income of each product in 2023

Major Product Type	2023	
	Revenue	Percentage
ASICs and Wafer products	8,839,413	73.88%
NRE (Non-Recurring Engineering)	1,724,577	14.41%
IP Component and Technology Royalties	1,401,584	11.71%
Total	11,965,574	100.00%

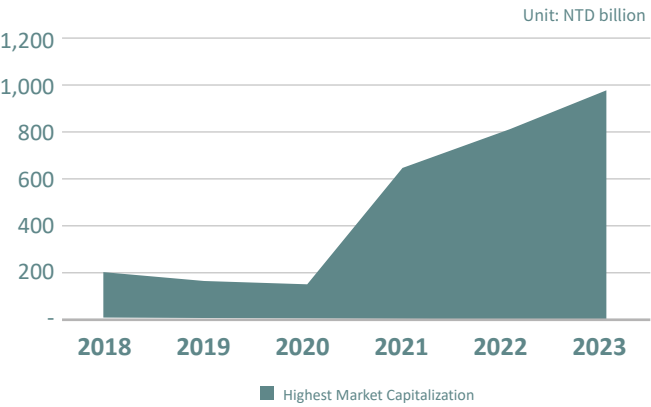
Unit: NT\$ thousand
Note 1: The consolidated financial data of the Company in 2023 has been audited by CPAs.
Note 2: For the relevant operation information of the Company in 2023, please refer to Faraday’s 2023 Annual Report – 06. Operations Overview.

Consolidated operation revenue and profits in 2023

Item	2023
Operating expenses	11,965,574
Operating income	(6,658,432)
Non-operating income and expenses	5,307,142
Operating expenses	(3,351,382)
Operating income	1,955,760
Non-operating income and expenses	114,584
Income before income tax	2,070,344
Income tax expense	(509,060)
Net income	1,561,284
Other comprehensive income (loss)	583,114
Total comprehensive income	2,144,398
Earnings Per Share (NT\$)	6.39

Unit: NT\$ thousand
Note 1: The consolidated financial data of the Company in 2023 has been audited by CPAs.
Note 2: For the relevant financial data of the Company in 2023, please refer to Faraday’s 2023 Annual Report – 07. Financial Status.
Note 3: The Company’s employee benefits expenses in 2023 are NTD\$2,322,153 thousand.

Faraday’s Market Capitalization in recent years



Dividend policy

Faraday’s policy of dividend distribution shall be based on the current and future investment environment, capital requirements, domestic and international competition and capital budget, etc., taking into account the interests of shareholders, balancing dividends and long-term financial planning of Faraday. Each year, the Board of Directors would draft a distribution proposal and submit which to the Shareholders’ Meeting. The Company can allocate the entire distributable surplus for the current year based on financial, business and operating factors. The distribution of shareholder dividends may be made in cash or stock, with the proportion of cash dividends shall not be less than ten percent (10%) of the total dividends.

According to the Company’s Articles of Incorporation, current year’s earnings, if any, shall be distributed in the following order:

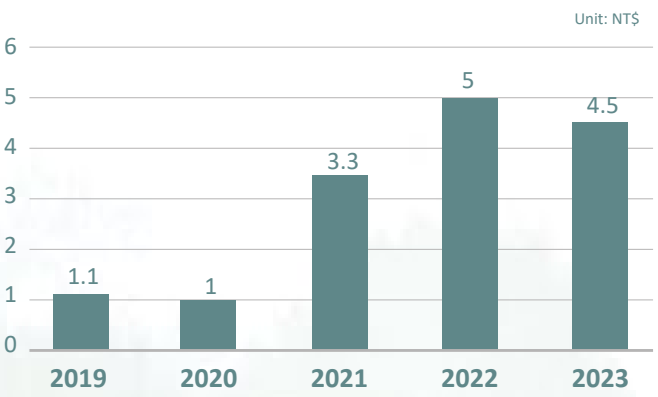
- Reserve for tax payments
- Offset accumulated losses in previous years
- Legal reserve, which is 10% of leftover profits
- Allocation or reverse of special reserves as required by law or government authorities
- The remaining net profits and the retained earnings from previous years will be allocated as shareholders’ dividend. Except partial retained earnings will be distributed in future years, the distribution proposal is resolved by shareholder’s meeting.

According to the Company Act, the Company needs to



set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to offset the deficit of the Company. When the Company does not have deficit, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders. When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

Dividend distribution in recent years



Item	2019	2020	2021	2022	2023
Cash dividend	1.1	1	3.3	5	4.5
EPS	1.4	1.08	4.65	9.88	6.39
Dividend yield rate	79%	93%	71%	51%	70%

Note 1: The annual dividends of Faraday have been paid steadily.
 Note 2: For Faraday’s dividend policy and dividend distribution, please refer to Faraday’s 2023 Annual Report –5.1.6 Company dividend policy and execution

Tax

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

Tax policy

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

Tax risk management and governance

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

Tax amount

According to the statistics, the tax paid by the Company in 2023 was NT\$554,662 thousand.

Note: Please refer to the Faraday’s 2023 annual consolidated financial report for the data source.

Green investment

Green bond

To support green energy and respond to the government’s green energy development goals, Faraday invested in the green bond (Bond Name: P12 UMC 1, Code: B638BH) issued by UMC in September 2023, with a total amount of NT\$50 million. This bond has obtained the green bond accreditation by the Taipei Exchange (TPEX), which is designed to support the carbon reduction and green plans of the invested companies.

Green deposit

Faraday invested a total amount of SGD 4 million in green deposits issued by United Overseas Bank (UOB) Singapore Head Office through its subsidiary, Sinble Technology Pte. Ltd. . Funds from this green deposit will be used for financing solutions for qualifying assets and activities based on specific ESG criteria such as developing renewable energy, improving energy efficiency, smart city infrastructure, and circular economy areas. All project items meet with the United Nations Sustainable Development Goals (SDGs).

Integrity and Compliance

Ethical management policy

The “Ethical Management Unit”, within Faraday’s corporate governance group and under the aegis of the Corporate Sustainability Committee, is expressly responsible for implementing the Company’s corporate governance tasks related to ethical management, anti-corruption, anti-bribery, and legal compliance. The unit also reports on the implementation status to the Board of Directors at least once every year. The latest implementation report on ethical management had been reported on October 24th, 2023. In addition, the Company’s “Ethical Corporate Management Best Practice Principles” are set by the ethical management unit, and any formulation, amendment, or annulment of these principles must be resolved by the Board of Directors. The Board of Directors has a duty as good caretakers to oversee the Company and prevent unethical conduct, in order to guarantee the implementation of ethical management policy.

Procedures for Ethical Management and Guidelines for Conduct

Faraday abides by the operational philosophy of honesty, transparency, and responsibility, bases policies on the principle of good faith, and establishes good corporate governance and risk control and management mechanisms so as to create an operational environment for sustainable development. We engage in commercial activities in a fair and transparent manner based on the principle of ethical management. The Company has established a risk assessment mechanism against unethical conduct, analyzes and assesses on a regular basis within our scope of business that are at a higher risk of being involved in unethical conduct, establishes prevention programs accordingly, and reviews their adequacy and effectiveness on a regular basis. Before any commercial transactions, the Company takes into consideration the legality of agents, suppliers, clients, or other trading counterparties to ensure that no unethical behavior is involved, clearly state the Company’s ethical management policy and relevant regulations, and clearly refuse to directly or indirectly provide, promise, request, or accept any improper benefits in any form or name.

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

Prohibition against offering or accepting bribes

Prohibition against illegal political donations

Prohibition against improper charitable donations or sponsorship

Prohibition against unreasonable gifts, hospitality, or other improper benefits

Prohibition against infringing intellectual property rights

Prohibition against disclosure of confidential information

Prohibition against unfair competitive conduct

Prohibition against insider trading

Legal Compliance

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

To make employees understand and indeed abide by each regulation and policy, Faraday regularly arranges relevant training courses for directors and colleagues, including professional ethics and anti-corruption, fair trade, insider trading, 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. In addition, the Company’s internal website also provides relevant guidelines to establish a correct understanding for colleagues through multiple channels, and the audit unit takes various compliance situations into the inspection scope to implement regulatory compliance. No major violations in 2023 (with fine exceeds NT\$1 million).

Prevent insider trading

Faraday strictly prohibits insiders such as directors or employees from using information not available in the market to make profits, and regularly conducts insider trading prevention training courses every year. In 2023, directors and employees participated in insider trading prevention training courses for a total of 660 people/hour. The content of the insider trading prevention course includes insider trading, actors, actual knowledge, material information, trading object, trading timing, specific timing identification of material information, penalties, short-swing trading, regulated target, regulated periods, regulated

object, and disgorgement calculation, etc. The briefing files and audio files are placed in the internal employee system for employees’ reference.

In the yearly training course of prohibition from insider trading, Faraday reminds directors and managers not to trade their stocks during the closed period 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports. In December, 2023, we had already notified directors and managers for the 2024 board meeting date, as well as the closed period prior to the publication of the quarterly financial reports to prevent directors and managers from accidentally violated the regulations.

Whistle-Blowing system for unethical conduct

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

Protection for whistleblowers

- Handled from a standpoint of confidentiality, fairness and objectivity as top operating principle
- Unless the whistleblower agrees, the name of the whistleblower or any fact sufficient to identify him or her shall not be recorded in public documents.
- Strictly protected whistleblower’s name, work unit, address, telephone number, and e-mail address
- Check the facts with the whistleblower under the circumstance of not to reveal the identity of the whistleblower

Whistleblowing channels

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

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

Performance of ethical management policies

Faraday works hard to implement the ethical management policies and bring them into effect. All employees jointly sign the Code of Conduct & Workplace Ethics, and commit to abide by the Company’s regulations. The Company also periodically undertakes training and legal compliance. The Company continuously follows up on and reviews the administrative measures; the relevant implementation results for 2023 were 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 2023: 100%

Training

- Conduct training and propaganda on related ethical management when new recruit on-board and annually
- Training course of ethical management in 2023: 688.5 hours in total for all employees

Legal compliance declaration

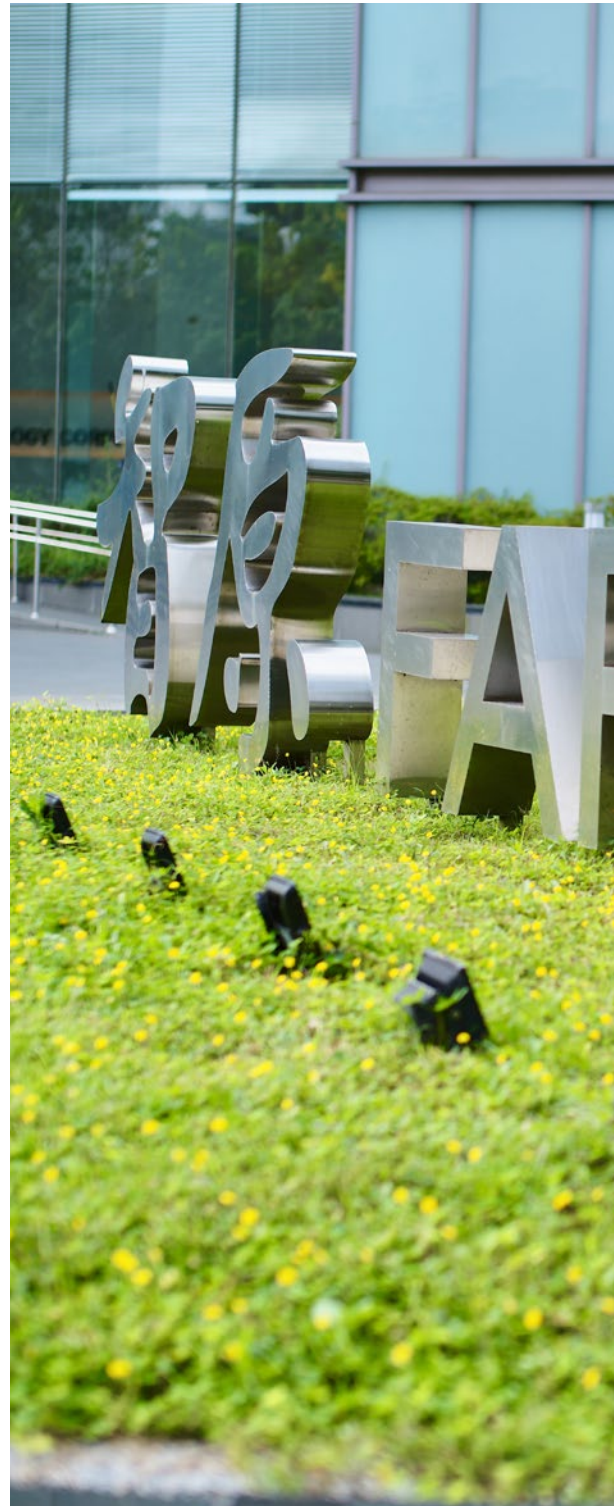
- Declare and announce the concepts on ethical management in labor and management conference, new recruit training, and on-job training
- Added real-time updates on internal websites to disclose and remind ethical issues since 2020

Periodic evaluations

- Business unit proceeds the regular self-check and self-evaluate legal compliance
- Audit unit proceeds the regular audit.
- Unethical conduct and anti-competition behavior in 2023: 0

Whistleblower procedure and protection

- Establish a specific whistleblower procedure and handle by the dedicated unit
- All flows should strictly follow the whistleblower protection principle.
- In 2023, external whistleblowing: 0; direct reported by employee: 0



Risk management

Risk management operation flow

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



Risk management organization

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

- The Board of Directors is Faraday’s highest-level strategic decision-makers for risk management. They are in charge of determining the Company’s risk management

policies and structures, and establishing the Company’s risk management culture. The board bears ultimate responsibility for overall risk management.

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



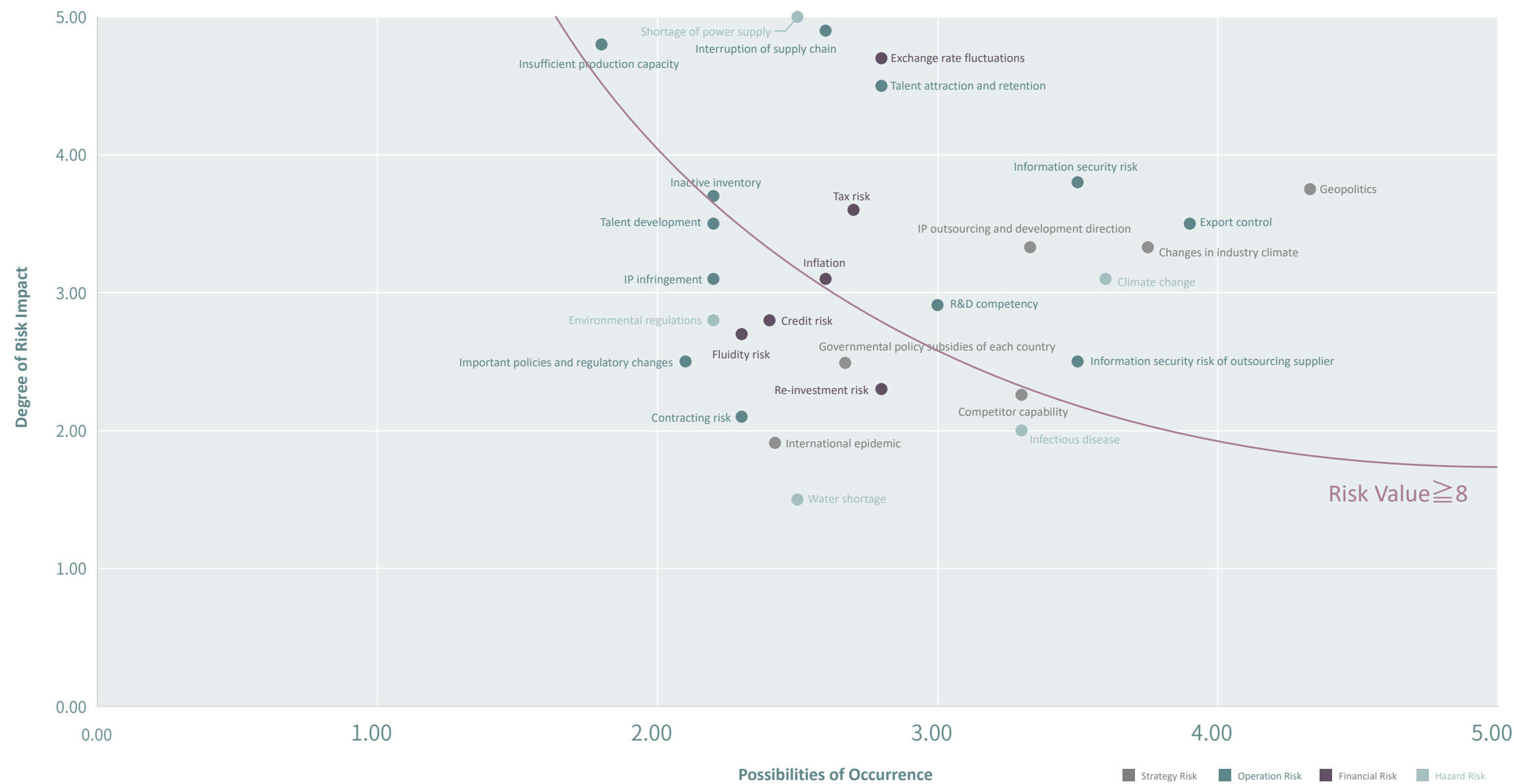
Risk management scope

Faraday assesses each operation and identifies risks as four main scopes of “Strategy Risk”, “Operation Risk”, “Financial Risk”, and “Hazard Risk”; according to different scopes of risks, plan the corresponding management methods and crisis response methods to lower uncertainties in business operations to the bare minimum.



Risk identification results

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





Countermeasures of risk management

Risk scope	Risk issue	Risk scenarios	Management methods	Countermeasures
Strategy risk	Geopolitics	<ul style="list-style-type: none">Regional conflicts; physical wars; trade wars	<ul style="list-style-type: none">Allocate production locations and implement Business Continuity Planning (BCP)Find out solutions for China and the U.S. customers, respectively	<ul style="list-style-type: none">Provide FAQs for business units for response reference and fully communicate with customersAfter Biden-Xi meeting in APEC, China-United States relations showed signs of easing; continuously pay attention to it.Conducted analysis report on China-United States chip restriction in monthly marketing meetingDue to the Israeli-Palestinian conflict, sales regularly updates the recent status of Israeli customers in sales weekly meeting
	Changes in industry climate	<ul style="list-style-type: none">Changes in the overall economic environment have caused industry downturns, which will lead to an overall decline in sales and affect the Company's revenueDue to changes in market demand, the originally defined specifications do not meet the market demand, thus the customer delay project kick-off or re-trigger the project	<ul style="list-style-type: none">Continuous observationSemiconductor inventory destocking began in 2023, and it is estimated to return to normal state in the first half of 2024.Inflation in the United States has been eased due to the interest rate increases, and interest rate cuts are expected to begin in the second half of 2024.The large-scale release of mature process capacity in China may affect partial orders of UMCs.The Company's strategic has changed the target of integrating advanced processes such as 3D IC and Neoverse CSS, and moves towards the third stage of paradigm shift.	<ul style="list-style-type: none">Keep quick understanding of market sales conditions to set up response strategies, and continuously control expenses and reduce production costs to withstand the impact of changes in the economic environment and uncertainty on operationsWait for the customer's confirmation on new specifications and communicate in advance to understand the direction and obtain solutions in advance
	IP outsourcing and development direction	<ul style="list-style-type: none">Third-party IP purchased in advance or self-developed IP specifications do not meet customer needsThe impact on the Company of the new technologies in the market, such as CXL, UCI-e, 2.5D/3D, APL, and Chiplets	<ul style="list-style-type: none">The business side understands customer plans and needs in real time and provide immediate feedbacks. The procurement division communicates with the supplier; re-coordinate the use of IP in the new contract.At the beginning of IP development, the specifications need to be coordinated and confirmed by multiple parties, rather than decided by the R&D divisions alone.	<ul style="list-style-type: none">Sign up more flexible contracts with customers to reduce strategic risksThe Marketing division continuously does research and analyze 3D IC related technologies, such as UCle, CXL, 3D Blox and market trends, and regularly reports to the CEO/COO.The development direction is determined based on customer needs and response strategies, rather than decided by the R&D divisions alone
	Competitor capability	<ul style="list-style-type: none">Technical capabilities of competitor and its collaborator	<ul style="list-style-type: none">Control of daily news	<ul style="list-style-type: none">Observing specific chip design service companies, seek opportunities to promote cooperation for DIS or 3D IC
	Governmental policy subsidies of each country	<ul style="list-style-type: none">The US' attitude towards FED policy, such as dovish or hawkishUS chip ban version 2.0EU new rule for corporate taxation-; carbon border adjustment mechanism	<ul style="list-style-type: none">More interaction with customers, understand local policies and subsidies, and seek suitable entry point	<ul style="list-style-type: none">Keep an eye on important policy changes at both domestic and foreign, collect information on relevant laws and policies, assigning personnel to participate in relevant promotional meetings organized by government agencies from time to time.Continuously pay attention to international policies, including global regulations, politics, and economic conditions in order to timely adjust production allocation and production capacity expansion plans, etc.
	International epidemic	<ul style="list-style-type: none">Epidemics, such as COVID-19, measles	<ul style="list-style-type: none">Initial stage<ul style="list-style-type: none">Monitor epidemic status and rolling adjustment of countermeasuresCombine internal and external resources to provide effective information for employeesImplement epidemic investigation on returnees from endemic areas and implement epidemic prevention measuresPandemic stage<ul style="list-style-type: none">Establish an emergency response team and set up the disaster prevention countermeasureMinimize disasters and avoid operational interruptions	<ul style="list-style-type: none">Monitor the development trends of international and domestic epidemics at any time and provide rolling epidemic prevention measures and countermeasures for different infectious diseases.Prepare relevant epidemic prevention materials and establish minimum inventory
Operation risk	Export control	<ul style="list-style-type: none">Import and export regulations among various countries, such as the U.S. Bureau of Industry and Security (BIS)'s control of technology and the entity control list, may impact on contract performance.	<ul style="list-style-type: none">When signing a Non-disclosure agreement with the collaborate party, the legal unit will conduct a CSL query through the U.S. Department of Commerce website.If the collaborate party is included in the entity list, notify the Sales unit immediately.	<ul style="list-style-type: none">Continuously perform CSL inquiries before signing a Non-disclosure agreement (NDA), and at the same time closely track and pay attention to changes in relevant controlling regulations of the U.S. Department of Commerce.
	Information security risk	<ul style="list-style-type: none">Older versions of systems that are no longer supported by the original manufacturer cannot fix security issues such as vulnerabilities.	<ul style="list-style-type: none">Default log recording for each information systemInstall anti-virus software and endpoint protection for each systemRestrict external network access or isolate network segmentsBack up the data regularly and test the data recovery effectiveness	<ul style="list-style-type: none">The newly purchased Nutanix launches to upgrade partial old operating system versionsHosts that cannot be upgraded shall use the host firewall to perform network micro-segmentation, and limit the incoming and outgoing trafficPerform software whitelist control on serverControl the available executable program on server





Risk scope	Risk issue	Risk scenarios	Management methods	Countermeasures
Operation risk	Information security risk	<ul style="list-style-type: none">The information asset management mechanism is not implemented, and users install unauthorized software on their own, resulting in backdoor leaks and compliance issues.	<ul style="list-style-type: none">General user domain accounts do not have permission to install software on their own. Users who need to install software on their own for business purposes must fill in the application form and obtain software installation permission within the validity period after approval.Some PCs have been incorporated into the Virtual Desktop Infrastructure (VDI) for software whitelist master management.	<ul style="list-style-type: none">Implement software installation control for VDI and computers, and the software list is reviewed regularly every year. Remind the risks of unauthorized software installation to enhance the information security awareness of employees.
		<ul style="list-style-type: none">The Company’s network services may not have a secure encrypted transmission mechanism, or there may be expired or invalid certificates, causing the potential risks on information leakage.	<ul style="list-style-type: none">There is a secure and encrypted transmission mechanism for websites serving external services.Internal websites are equipped with a network segment isolation mechanism through firewalls.	<ul style="list-style-type: none">Established an encrypted transmission mechanism for internal websites, and uses host firewalls to control traffic for important website hosts.
		<ul style="list-style-type: none">Failure to implement password policy controls thus resulted in system account and data being stolen	<ul style="list-style-type: none">The login/logout of important systems has been included in the Log Server and kept audit trail.	<ul style="list-style-type: none">Important information system privileged accounts are included in CyberArk for unified management.Take inventory of systems that fail to apply password policies and make exception management in accordance with procedural requirements
		<ul style="list-style-type: none">As to the collection of user activities, abnormality, failures, and other relevant incident tracking records, cannot be analyzed or trigger alarm based on the analysis logic.	<ul style="list-style-type: none">Has kept the audit logs of important systems or services, but due to manpower or resource limitation, cannot effectively analyze errors or abnormality in the logs in real time.	<ul style="list-style-type: none">It is expected to import Security Information and Event Management (SIEM) to collect and analyze important system user activities, abnormality, failures, and other related event tracking records, and set alarm thresholds to be immediately handled when potential information security incidents are discovered.
	Interruption of supply chain	<ul style="list-style-type: none">Due to war, epidemic, geopolitics, or insufficient production capacity, suppliers are unable to provide raw materials or services, resulting in the inability for Faraday to provide customer products or services.	<p>Business Continuity Planning (BCP)</p> <ul style="list-style-type: none">For the issue of interruption of raw material supply, Faraday has established a supply chain sustainability assessment system that incorporates carbon and water risk management and material supply emergency response plans into assessment items to avoid or reduce the use of high-risk supply chains.Equipped with a global supply chain and alternative supply chain mechanism, a second supply chain can be established in advance according to customer needs as an emergency response solution.	<ul style="list-style-type: none">Political tensions across the Taiwan Strait (2024Q2) Actively engages in multi-regional cooperation with OSAT/FDY supply chains around the world to reduce the risks posed by geopolitical tensions and conflicts<ul style="list-style-type: none">Action 1: Added evaluation and import of ASE Penang OSATAction 2: New projects in Europe and US are given priority to assign NCNT supply chain (i.e.: FAB12i)Israeli-Palestinian war (Active) The Israeli-Palestinian war affects shipping traffic and then affect the product delivery for Israeli customers.<ul style="list-style-type: none">Solution 1: Complete production one month earlier in advance and arrange shipping at the beginning of the monthSolution 2: Coordinate with customers to provide delivery locations outside of IsraelPFAS shortage (2023/12) Investigate the impact of FDY/OSAT on PFAS material shortages and plan for alternative materials
	Talent attraction and retention	<ul style="list-style-type: none">Insufficient talent capability will affect the Company’s sales and technical services	<ul style="list-style-type: none">Global talent strategy deployment; actively recruit international R&D elitesImprove the Company’s operating performance to ensure highly competitive rewards to attract and retain outstanding talentsRegularly do inventory and master key talents, develop talent retention measures to reduce the risk of losing key talents.Create a friendly workplace; put emphasis on employees’ physical and mental balance and the professional growth to attract and retain outstanding talents	<ul style="list-style-type: none">Actively expand recruitment channels, accelerate the recruitment of international R&D elites, and ensure operational driving forceContinuously enrich soft activities and improve hardware equipment to promote the physical and mental health of employees and gather the centripetal force
	Information security risk of outsourcing supplier	<ul style="list-style-type: none">Fail to implement the software maintenance contract of supplier or clarify the contractual liability and confidentiality agreement, if there is a legal dispute, the lawsuit may fail due to the loss of evidence and data.	<ul style="list-style-type: none">The preservation of contracts is handled by dedicated unit of Faraday. The electronic contract documents are unitedly managed by the legal unit in the eContract system, and the hardcopies are attached in the document control center (DCC) for centralized storage; implementing outsourcing supplier to sign up Non-disclosure agreement (NDA) and establishing related mandate contracts.	<ul style="list-style-type: none">List the outsourcing supplier who need to make additions or new contracts.Formulate the terms of confidentiality and information security that meet the requirement of the Company's current operating and information security regulations, and request upstream vendors to re-formulate the contract.
	R&D debugging capability	<ul style="list-style-type: none">The product cannot be mass-produced due to program errors.The IP and IP subsystem database are not fully verified before being released; errors may be hidden and require time-consuming debugging afterwards, resulting in increasing costs and delays in mass production schedules.	<ul style="list-style-type: none">The IP Application Center (IPA) and the IP business divisions accumulate system knowledge and take advantages of the past case experiences to solve problems.IP Application Center (IPA) provides a standardized two-factor authentication process based on the customer environment.	<ul style="list-style-type: none">Internal experience accumulation and training of IP Application Center (IPA)Reuse purchased Open Innovation Platform (Open Innovation Platform; OIP) to reduce the risk of debuggingPBS and IPA are familiar with the system architectures of MFP, smartgrid, eFlash, SoC and other similar terminal systems used by customers and predict possible problems to reduce debugging work.Hold internal MOT & Debug Forum discussions and sharing every year





Risk scope	Risk issue	Risk scenarios	Management methods	Countermeasures
Operation risk	Insufficient production capacity	<ul style="list-style-type: none">• Rising purchasing prices lead to increasing production costs• The purchase is too concentrated and faces the risk of material shortage. For example, the supplier’s production capacity is insufficient or the material shortage may occur due to accidents or natural disasters.	<p>Business Continuity Management Procedure (BCP)</p> <ul style="list-style-type: none">• Equipped with a global supply chain and alternative supply chain mechanism, and can establish a second supply chain according to customer needs as an emergency response plan.• Establish strategic supplier partnerships and provide Faraday priority production capacity support when the overall industry production capacity is tight.	<p>Review supply chain capacity utilization monthly and initiate countermeasures immediately when detecting tight capacity. For example:</p> <ul style="list-style-type: none">• Schedule production in advance to reduce the risk of stockouts or delivery delays• Initiate second supply chain assessment
	Inactive inventory	<p>Due to the industry climate downturn, low understanding of customer demand, or inactive inventory due to poor internal production control, for example:</p> <ul style="list-style-type: none">• External cause<ul style="list-style-type: none">• Customer changes or cancels the order, and the production plan is not changed promptly, causing excess materials.• The supplier’s materials are of poor quality and the return time has expired, causing excess materials• Customers return products due to quality or other problems, causing inactive inventory• Internal cause: Prediction, planning of sales<ul style="list-style-type: none">• The market sales forecast is inaccurate, causing excessive preparation of materials and excess materials.• The sales plan is constantly changing, and the production plan is jointly changed, causing excess materials.• Failure to confirm customer needs, or failure to fully convey relevant message to the manufacturing division, causing product returns for repair and excess materials.	<ul style="list-style-type: none">• Has established a unified order/production plan/inventory management control mechanism. There are documented SOPs, and the control requirements are actually implemented. Use PDCA flow to go through relevant evaluations and continuous improvements.	<ul style="list-style-type: none">• Rationalize the production and material preparation cycle so that inventory can be reduced immediately in response to industry downturn.• Request customer to pay the expense of critical materials in advance to reduce the arrears risk of inactive inventory.• Review production plans and inventory status monthly, and immediately adjust production plans to avoid excess materials.
	Talent development	<ul style="list-style-type: none">• Incomplete planning for talent cultivation will affect the Company’s competitiveness and talent inheritance.	<ul style="list-style-type: none">• Construct a systematic digital training mechanism to deepen the inheritance of organizational knowledge and talents• Regularly do inventory and mastering key talents to provide career development plans	<ul style="list-style-type: none">• Improve the digital training content of external sites and accelerate the inheritance of global technology and talents• Optimize the development and reserve of supervisors and R&D talents to strengthen organizational value
	IP infringement	<p>R&D records are not completely kept resulting in that the Company’s intellectual property rights may not be fully protected; it may cause litigation and damage compensation.</p>	<ul style="list-style-type: none">• Import TIPS system; comprehensively consider the operational strategy, intellectual property strategy, and R&D strategy to strengthen protection and utilize intellectual property rights. Also, through the intellectual property training to enhance the employees’ concept of intellectual property protection and indeed execute relevant measures.	<ul style="list-style-type: none">• Faraday plans to pass TIPS A level re-verification in 2024, and continuously strengthens R&D management and protection of intellectual property rights through TIPS normative structure.
	Important policy and regulatory changes	<ul style="list-style-type: none">• Regulatory changes may cause the current operating model to the risk of legal violation.	<ul style="list-style-type: none">• Continuously pay attention to and track important national policies and laws; assign legal personnel to participate in external training courses in order to timely grasp changes in laws and regulations and new knowledge, and review/update relevant regulations for the Company’s operations at any time to ensure that each policy or regulation is compliant and appropriate.	<ul style="list-style-type: none">• Continuously pay attention to and track important policies and laws, and assign legal personnel to participate in external training courses to timely grasp changes in laws and regulations and new knowledge.
	Contracting risk	<ul style="list-style-type: none">• Contracts signed without completing the contract review process, and whose terms have not been properly evaluated and negotiated may cause litigation and compensation.	<ul style="list-style-type: none">• An eContract online contract review and approval system has been established, requiring the completion of the eContract process before signing a contract to ensure that the contract terms have been reviewed by all responsible units.• Include the introduction of eContract system flow into eCourse for new recruits training	<ul style="list-style-type: none">• Continuously promotes that the eContract online review and approval process should be completed before signing a contract.



Risk scope	Risk issue	Risk scenarios	Management methods	Countermeasures
Financial risk	Exchange rate fluctuations	<ul style="list-style-type: none">The Company's exchange losses due to market exchange rate fluctuations	<ul style="list-style-type: none">Adopt hedging strategies to reduce the proportion of foreign currency held	<ul style="list-style-type: none">Adheres to a firm and stable foreign exchange strategy, dynamically adjusts foreign exchange assets and liability positions, and at the same time, with the help of hedging tools to control the impact of exchange rate fluctuations on the Company's overall operations.
	Tax risk	<ul style="list-style-type: none">Poor tax planning leads to risks of tax violations.	<ul style="list-style-type: none">Collaborate with accountants from various countries to plan and gradually adjust the tax planning of each global operating entity relative to the group, and monitor and review it at any time	<ul style="list-style-type: none">Review group transfer pricing more frequently to avoid losses, severe fluctuations, and net profit margins that reported lower than industrial level to reduce audit risks
		<ul style="list-style-type: none">When current Tax Act is revised or new Tax Act is implemented, it may have an adverse impact on the Company's profits, such as CFC.	<ul style="list-style-type: none">Pay close attention to domestic and foreign policies and laws that may possibly affect the Company's finances, while setting up risk management procedures, collecting information, analyzing potential tax implications, and developing countermeasures.	<ul style="list-style-type: none">Regularly track and analyze tax situations, keep abreast of revisions to Tax Acts, and identify possible impacts on the Company in advance.
	Inflation	<ul style="list-style-type: none">Inflation causing the rising costs and decreasing market demand	<ul style="list-style-type: none">Review prices; strictly control costs and inventory levels	<ul style="list-style-type: none">Through the negotiation mechanism with customers, on the premise of improving higher-quality products and services, estimates the possible price elasticity of demand for products and re-examine product pricing strategies in order to strive for quality profit margins.Strengthen the management of supply chain and strictly monitor the cost
	Credit risk	<ul style="list-style-type: none">Customer cannot make payment for goods.	<ul style="list-style-type: none">Manage the credit risk by credit risk policies, procedures, and controls. 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, such as advance payment to lower credit risks with particular counterparties.	<ul style="list-style-type: none">Adopt advance payment to effectively reduce credit risk for customers of higher credit risk
	Reinvestment risk	<ul style="list-style-type: none">Subsidiary funding gap	<ul style="list-style-type: none">Review future funding and profit and loss status of each subsidiary at regular weekly/monthly meetings.	<ul style="list-style-type: none">Regularly track the financial operating status of each subsidiary through monthly reports and weekly meetings, and regularly revise forecasts to grasp future fund utilization.
	Fluidity risk	<ul style="list-style-type: none">The fund supply cannot meet the capital needs.	<ul style="list-style-type: none">Maintain financial flexibility through cash, cash equivalents, and highly liquid securities.	<ul style="list-style-type: none">Plan in advance of short-term, medium-term, and long-term capital needs for the future; supplemented by cash capital increase, financing loan, and other solutions
Hazard risk	Shortage of power supply	<ul style="list-style-type: none">Power rationing/power outage at operating site	<ul style="list-style-type: none">When instant voltage reduction occurred, no worries to be powered by UPS equipmentPower trip without warning<ul style="list-style-type: none">Power supply will be provided by UPS within 5 minutes of the initial power outage, and the emergency generator will automatically start to generate electricity and then connect to the power supply.Notify relevant IT personnel as soon as possible to execute server shutdown proceduresRolling tracking and reporting of incident causes and estimated power outage timeAfter Taipower restores power supply, the equipment inspection and startup shall be conducted.Planned power cuts/power outage<ul style="list-style-type: none">Announce power outage time in advanceIT computer room server and factory equipment preliminary shutdownAfter Taipower restores power supply, the equipment inspection and startup shall be conducted.	<ul style="list-style-type: none">Regular maintenance and testing of factory equipmentPreventive replacement for UPS backup power modules of IT computer rooms; batteries converted to dual circuits every 5 yearsGo through monthly emergency generator commissioning test



Risk scope	Risk issue	Risk scenarios	Management methods	Countermeasures
Hazard risk	Climate change	<p>Transition risk</p> <ul style="list-style-type: none">• GHG emission control and carbon tax/carbon fee collection• Green energy policies cause investment and operating costs to rise.• Customers demand low-carbon strategies to align with trends• Failure to comply with policies, laws and regulations, or the targets of international climate change action initiatives, causing negative news for the Company• Shareholders raise ESG-related proposals at shareholders’ meetings, and the Company can only respond passively or be unable to respond. <p>Physical risk</p> <ul style="list-style-type: none">• Extreme climate increases supply chain scheduling costs.• Strong typhoon/extreme rainfall causes increasing frequency of work suspensions and voltage-drop.• Increased drought affects production• Warming increases electricity consumption.	<ul style="list-style-type: none">• Actively responds to government and international initiatives and actively imports the Task Force on Climate-Related Financial Disclosures (TCFD) and The Taskforce on Nature-related Financial Disclosures (TNFD)• The Corporate Sustainability Committee regularly reviews the potential impact of climate change and natural environmental risks on corporate, and proposes response measures one by one.	<ul style="list-style-type: none">• The GHG inventory was completed in 2023 ahead of the schedule, and third-party verification is expected to be carried out in 2024. In accordance with the released reference guidelines and relevant regulations, Faraday plans the GHG inventory and verification schedule of the Company and its consolidated subsidiaries in the Corporate Sustainability Committee, and regularly reports the implementation progress and results to the Board of Directors every quarter.
	Infectious disease	<ul style="list-style-type: none">• Cluster infection in the factory to result in suspended operations	<ul style="list-style-type: none">• Establish an emergency response team and formulate disaster prevention countermeasures• Monitor epidemic status and rolling adjustment countermeasures• Combine internal and external resources to provide effective information for employees• Minimize disasters and avoid operational interruptions	<ul style="list-style-type: none">• Monitor the development trends of international and domestic epidemics at any time and provide rolling epidemic prevention measures and countermeasures for different infectious diseases• Well-prepared relevant epidemic prevention materials and set up the standard of minimum stocks
	Environmental laws and regulations	<ul style="list-style-type: none">• Failure to properly grasp the environmental protection trends may affect the competitiveness of enterprises.	<ul style="list-style-type: none">• Regularly review international environmental protection trends every year; set the environmental protection measures based on operational needs, and go through internal training and promotion to make employees aware of the impact of climate change, understand the Company’s annual environmental protection priorities, and cooperate with environmental policy on various tasks.	<ul style="list-style-type: none">• Regularly review relevant newly-added domestic and foreign environmental protection regulations or trends and initiatives every month• Formulate and propose appropriate measures and countermeasures
	Water shortage	<ul style="list-style-type: none">• Water rationing or water outage at operating sites	<ul style="list-style-type: none">• The existing water storage capacity of B3F & RF reservoir are available for water supplying for 3 days• Turn off non-essential water use (such as water for landscape and irrigation) when receiving water rationing notice from the competent authority.• In case of water outage for more than 3 days, start the water tanker to carry water to fill up the reservoir.	<ul style="list-style-type: none">• Continuously measure and monitor water usage at operating sites to improve operational water use efficiency• Regularly maintain water-saving equipment and promote relevant policies to employees to reduce water consumption and unnecessary waste

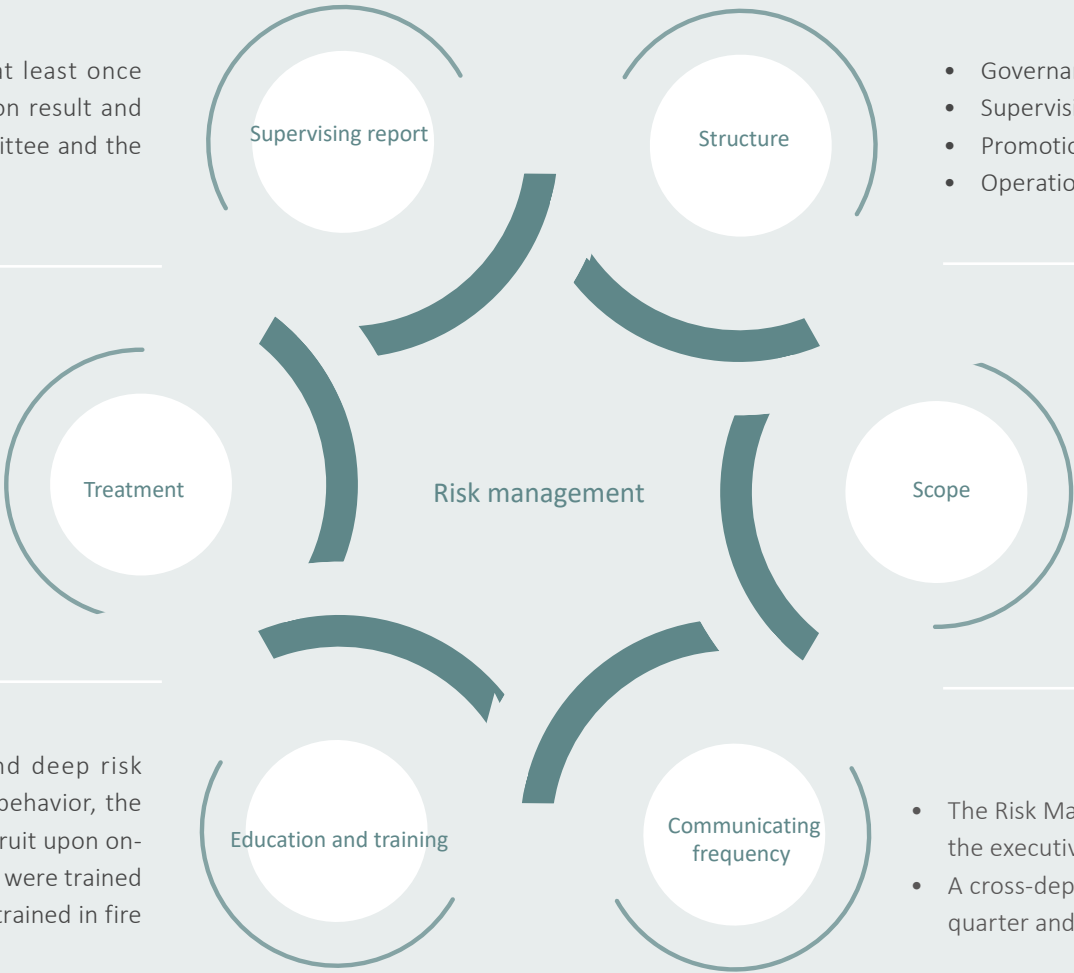


Performance of Risk management

Reports the implementation status to the board of directors at least once every year. The latest implementation report on risk identification result and risk management operation had been reported to the audit committee and the board of directors on October 24th, 2023.

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

To enhance employees' risk awareness and build a broad and deep risk management culture; internalize the risk management into daily behavior, the Company conducts regular education and training for each new recruit upon on-board day and for relevant personnel every year. In 2023, 78 people were trained for occupational safety and health, and a total of 780 people were trained in fire safety and evacuation drills, training for first-aid, and traffic drills.



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

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

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

Information security

Purpose of information security

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

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

Information security policy

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



Information Security Committee

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



Shape information security culture, strengthen information security technology

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

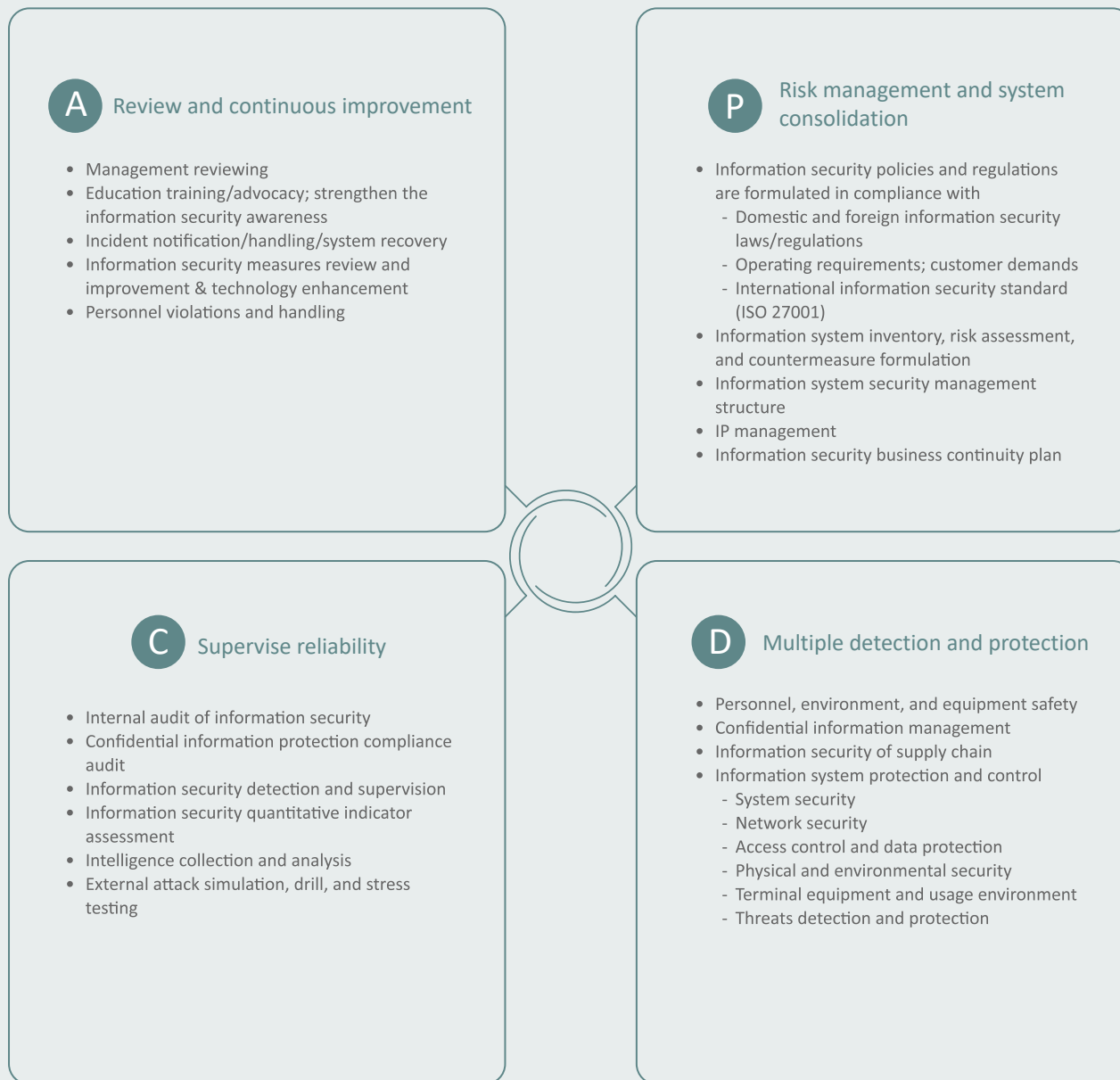
Faraday imported the Information Security Management System (ISMS) in 2023 and obtained the ISO/IEC 27001:2022 international standard certification in November of the same year.

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



Information security risk management and PDCA structure

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

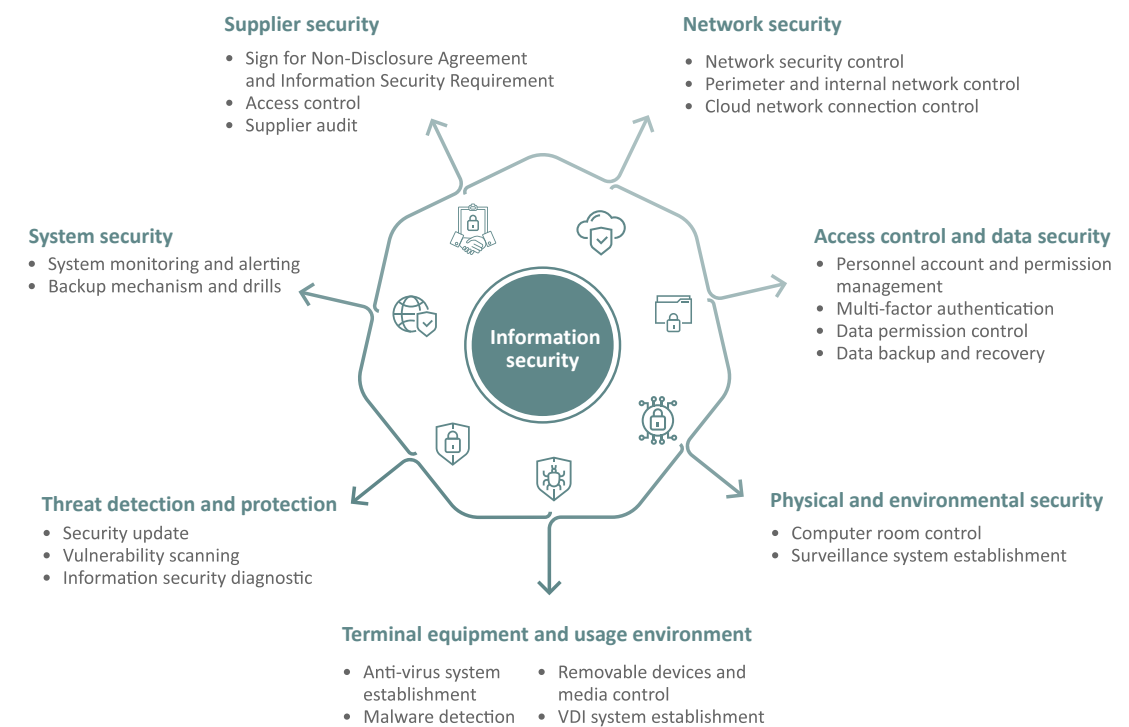


Strengthen the aspect of information security technology

Faraday implements measures such as network security, access control and data protection, physical and environmental security, terminal equipment and usage environment management, threat detection, protection, system security and supplier security to effectively prevent external hacker intrusion and internal secret leakage, and ensure the security and reliability of the Company's information asset.

- Network security: Deploy security equipment at the network perimeter to control internal and external network traffic, restrict web browsing, file uploading, etc.
- Access control and data protection: Account and permission inventory and control, using multi-factor authentication mechanism, and backing up important data, etc.
- Physical and environmental security: Restrict access permission of key area, establish surveillance system

- Terminal equipment and usage environment: Deploy anti-virus software on endpoints, import EDR to strengthen terminal equipment protection, and monitor by dedicated personnel all year around, control removable devices and removable storage media; build VDI system for centralized management to achieve data security and improve data security.
- Threat detection and protection: Regularly perform security updates, perform vulnerability scans and information security diagnostic to detect if any vulnerabilities exist in the information environment
- System security: Establish system resources and abnormality monitoring and alerting mechanisms, complete backup SOP, and performing important system and database recovery drills
- Supplier security: All service suppliers are required to sign NDA and related information security requirements, need to register first and sign the supplier notice before entering key areas, and regularly perform supplier audits to improve supplier information security.



Information security training and social engineering drills

Information security training

- New recruits training:
New recruits sign the professional ethics service agreement upon on-board and receive information security-related education and training to understand the Company's information security policies and requirements.
- Information security advocacy:
Information security policy and case promotion courses are held every year. In 2023, the total number of information security promotion courses worldwide were 2,962 people. Information security training is implemented for all employees. In 2023, a total number of 1,130 employees globally completed the training.
- Information security social engineering drills:
In order to enhance the protection awareness of social engineering email for Faraday employees, 2 social engineering drills were conducted for Faraday employees globally in 2023 with a total of 1,794 people. Additional publicity and training were provided to those who failed the drill shall receive additional advocacy and training.

Internal and external audit of information security

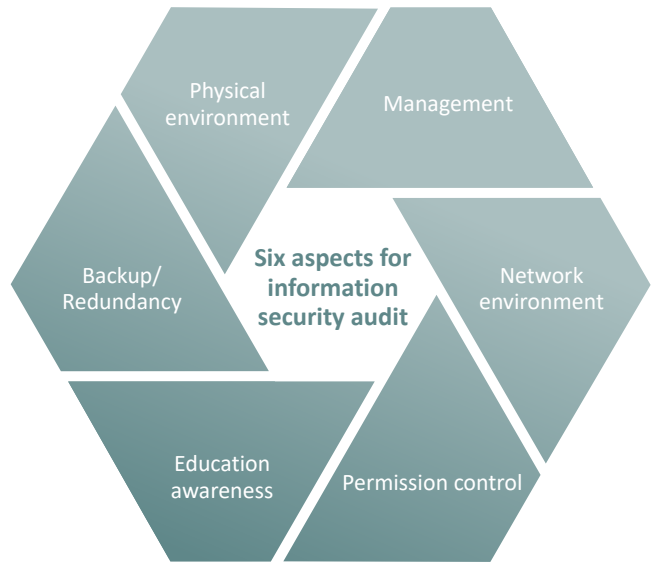
Faraday goes through internal audit of information security according to management policy every year, which is led by the audit team. It conducts the audit for system flow and implementation records in six major aspects of the Company: management, network environment, permission control, education awareness, backup/redundancy, and physical environment to ensure the confidentiality, integrity, and effectiveness of information protection, and continuously improve information security protection levels.

Faraday conducts ISO 27001 external audits every year, assisted by SGS Taiwan Inspection Technology, to conduct audits against ISO/IEC 27001 provisions to ensure that the Company complies with international standards through PDCA.

Improve protection level of supply chain

Regular evaluation for information security management measures of suppliers

- Promote the information security risk management of the supply chain and incorporates the requirements and inspections of information security-related items into the scopes of supplier management and evaluation.
- Improve the protection level of supply chain from six major aspects: management, backup/redundancy, network environment, physical environment, permission control, and education awareness.
- Based on the “Qualification Review of New Outsourcing Supplier”, make request of information security and assessment to new supplier; conduct information security audits and confirmation on existing qualified suppliers every year.



Strengthen control measures for suppliers entering key areas

- To ensure that suppliers are aware of and follow Faraday’s information security regulations, suppliers should sign Non-disclosure agreement before entering key areas; be accompanied by responsible personnel throughout the whole process upon entry; read and sign information security-related promotional documents.

- If due to operational requirements, the portable device of suppliers that need to connect to Faraday’s network environment must be applied in advance, access will be allowed after network and information security checks, and the permission will be cancelled after the operation is completed.

Information security risk impact and countermeasures

Regular implementation of risk assessment and handling plan

- Faraday has established Risk Management Committee to integrate and implement risk control plans and improve risk management measures and effectiveness.
- Faraday develops relevant risk scenarios according to different risk types based on the set information security targets, regularly implements risk assessments, and incorporates the scenarios that exceed the acceptable risk value into risk treatment plans based on the assessment results.

Define information security incident level and the notification flow

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

Implementation result for promoting information security measures

In 2023, Faraday passed internal and external information security audits with no major deficiencies, and no major information security incidents such as violations of information security regulations, customer information leaks, and fines, and no complaints due to violations or loss of customer data; 0 case on judicial litigation cases.

Information security intelligence/Incidents response

0 case of on complaints about violation of customer privacy or loss of customer information

100% of reviewing rate of Mail Out Keyword

99.2% of blocking rate of Spam mail

14 times of reporting external information security incidents and the countermeasures

Training and advocacy

100% of new recruits completing information security training

1,130 people of completing the information security training on Faraday eCourse

4 times information security advocacy; 2,962 people of finishing the relevant reading

2 times of social engineering drills; in a total number of 1,794 people

Personnel employment/Environmental safety

100% of new recruits signing for non-disclosure agreement and IP Ownership Requisition Form

100% of activating the information security control for Resigning person

12 times of environmental inspection and improvement

0 times of unauthorized visitors breaking into the office area

0 times of major equipment failure events inside industrial environment

Audit

50 times of information security record audit

100% of completion rate for regular internal information security audit

100% of completion rate for regular external information security audit

16 suppliers of passing information security audit



GRI content index

Statement of use: 2023 Sustainability Report was published with reference to the GRI Guidelines; data information ranges from Jan. 1st to Dec. 31st, 2023.

The used GR1: GRI 1 : Foundation 2021

Applicable GR1 sector standard: None

GRI 2: General Disclosures 2021

Indicator	Disclosure requirement	Chapter in report or description	Page	Omission/Note
The organization and is reporting practices				
2-1	Organizational details	About Faraday	5	
2-2	Entities included in the organization’s sustainability reporting	About this report	3	
2-3	Reporting period, frequency and contact point	About this report	3	
2-4	Restatements of information	<ul style="list-style-type: none">No major changes in reporting periods, information disclosure method, business nature and measurement methodsIn order to be consistent for the calculation base of performance indicators between internal stakeholder and external stakeholder, the data indicator to be used for revenue information calculation in sustainability report is totally changed to consolidated revenue from 2023.	--	--
2-5	External assurance	Appendix: Third party assurance statement	133	
Activities and workers				
2-6	Activities, value chain and other business relationships	About Faraday 2.3 Sustainable supply chain management	5, 52	
2-7	Employees	3.2.1 Manpower structure	65	
2-8	Workers who are not employees	3.2.1 Manpower structure		
Governance				
2-9	Governance structure and composition	Corporate governance: Governance structure As to the term for the Board of Directors, please refer to “Relevant information of directors and key managers” in 2023 annual report.	98	
2-10	Nomination and selection of the highest governance body	Corporate governance: Nomination and election for the Board of Directors Corporate governance: Diversity and Independence for the Board of Directors	99, 100	
2-11	Chair of the highest governance body	Corporate governance: Board of Directors and Committee	99	
2-12	Role of the highest governance body in sustainability reporting	Corporate governance: Board of Directors and Committee Sustainable development strategy: Corporate Sustainability Committee	99, 13	
2-13	Delegation of responsibility for managing impacts	Corporate governance: Risk management Sustainable development strategy: Corporate Sustainability Committee	106, 13	
2-14	Role of the highest governance body in sustainability reporting	Faraday Sustainability Report has been included in the regular review item by the Board of Directors, it will be formally published after review and approval by the Board of Directors.		
2-15	onflicts of interest	Corporate governance: Integrity and compliance For the detailed information, please refer to member profile for the Board of Directors, list of major shareholders, top 10 shareholders, major supplier data and major trade customer data in recent two years, relevant data of affiliated company in 2023 annual report.	104	
2-16	Communication of critical concerns	Sustainable development strategy: Stakeholder engagement and materiality analysis	14	





Indicator	Disclosure requirement	Chapter in report or description	Page	Omission/Note
2-17	Collective knowledge of the highest governance body	Corporate governance: Performance evaluation of Board of Directors For the detailed information, please refer to “the progress of training of directors” in 2023 annual report,.	101	
2-18	Evaluation of the performance of the highest governance body	Corporate governance: Performance evaluation of Board of Directors	101	
2-19	Remuneration policies	Corporate governance: Remuneration policy	101	
2-20	Process to determine remuneration	Corporate governance: Remuneration policy	101	
2-21	Annual total compensation ratio	--	--	Compensation is organizational confidential information
Strategy, policies and practices				
2-22	Statement on sustainable development strategy	Message from the business operator	4	
2-23	Policy commitments	Sustainable development strategy: ESG sustainable execution architecture 3.1.1 Human rights policy The disclosure status of Faraday policy commitment, please refer to the website: Corporate Sustainability	18, 62	
2-24	Embedding policy commitments	Sustainable development strategy: ESG sustainable execution architecture Sustainable development strategy: Corporate Sustainability Committee 3.3.3 Training effectiveness and results	12, 13, 70	
2-25	Processes to remediate negative impacts	Sustainable development strategy: Stakeholder engagement and materiality analysis 3.1.3 Human rights mitigation measures 3.1.6 Human rights communication/complaint channel Corporate governance: Integrity and compliance	14, 64 65, 104	
2-26	Mechanisms for seeking advice and raising concerns	Sustainable development strategy: Stakeholder engagement and materiality analysis Human rights mitigation measures Corporate governance: Integrity and compliance If employees have any concerns arising from the workplace, Faraday will all handle with an open mind. Employees can respond to HR contact person through various means of communication (including direct inquiry or by supervisor), and there are relevant training and promotion.	14, 64 104	
2-27	Compliance with laws and regulations	Corporate governance: Integrity and compliance In 2022 ~ 2023, no legal violation and penalty event in Faraday. (Definition of major legal violation: Single major violation > NT\$1 million)	104	
2-28	Membership associations	About Faraday	5	
Stakeholder engagement				
2-29	Approach to stakeholder engagement	Sustainable development strategy: Stakeholder engagement and materiality analysis	14	
2-30	Collective bargaining agreements	No guild in Faraday, hence no collective agreement.	--	--





GRI 3: Material Topics 2021

Indicator	Disclosure requirement	Chapter in report or description	Page	Omission/Note
3-1	Process to determine material topics	Sustainable development strategy: Stakeholder engagement and materiality analysis	14	
3-2	List of material topics	Sustainable development strategy: Materiality issue	17	
3-3	Management of material topics	Sustainable development strategy: Material topics management approach	20	

Particular Topics Topic-specific disclosures

List of Faraday material topics

#	Material Topic	#	Material Topic	#	Material Topic	#	Material Topic
1	Innovation management	4	Sustainable supply chain management	7	Talent development	10	Climate and energy
2	Green product design	5	Diversity/Equality/Inclusion	8	Human rights	11	Social inclusion
3	Customer relationship management	6	Talent attraction and retention	9	Occupational safety and health	12	Information security

GRI standards	Material topic	Indicator	Disclosure requirement	Chapter in report or description	Page	Omission/Note
GRI 201 Economic Performance 2016	Self-disclosure	201-1	Direct economic value generated and distributed by organization	Corporate governance: Operating performance	102	
		201-2	Financial implications and other risks and opportunities due to climate change	4.2 Response to climate and natural environment (TCFD & TNFD)	83	
		201-3	Defined benefit plan obligations and other retirement plans	3.4.3 Solid pension system	73	
GRI 202 Market Presence 2016	#5 #6	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	3.4.2 Performance-oriented remuneration system	73	
		202-2	Proportion of senior management hired from the local community	3.2 Deep cultivation in Taiwan, global deployment	65	
GRI 203 Indirect Economic Impacts 2016	#11	203-1	Infrastructure investments and services supported	5. Social inclusion	92	
GRI 205 Anti-corruption 2016	Self-disclosure	205-1	Operations assessed for risks related to corruption	Corporate governance: Integrity and compliance	104	
		205-2	Communication and training about anti-corruption policies and procedures	Corporate governance: Integrity and compliance	104	
		205-3	Confirmed incidents of corruption and actions taken	No complaint for anti-corruption event in 2023	--	--
GRI 206 Anti-competitive Behavior 2016	Self-disclosure	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No complaint for anti-trust event in 2023	--	--



GRI standards	Material topic	Indicator	Disclosure requirement	Chapter in report or description	Page	Omission/Note
GRI 207 Tax 2019	Self-disclosure	207-1	Approach to tax	Corporate governance: Tax	103	
		207-2	Tax governance, control, and risk management	Corporate governance: Tax	103	
		207-3	Stakeholder engagement and management of concerns related to tax	Corporate governance: Tax	103	
GRI 302 Energy 2016	#2 #10	302-1	Energy consumption within the organization	4.3.3Energy management	87	
		302-3	Energy intensity	4.3.3Energy management	87	
		302-4	Reduction of energy consumption	4.3.3 Energy management	87	
		302-5	Reductions in energy requirements of products and services	1.3.1 Low-power consumption technology R&D	43	
GRI 303 Water and Effluents 2018	Self-disclosure	303-2	Management of water discharge related impacts	4.4.2 Water stress analysis	90	
		303-3	Water withdrawal	4.4.1 Water resource statistics	90	
		303-4	Water discharge	4.4.1 Water resource statistics	90	
		303-5	Water consumption	4.4.1 Water resource statistics	90	
GRI 305 Emissions 2016	#10	305-1	Direct (Scope 1) GHG emissions	4.3.2 Carbon Inventory	86	
		305-2	Energy indirect (Scope 2) GHG emissions	4.3.2 Carbon Inventory	86	
		305-3	Other indirect (Scope 3) GHG emissions	4.3.2 Carbon Inventory	86	
		305-4	GHG emissions intensity	4.3.2 Carbon Inventory	86	
		305-5	Reduction of GHG emissions	4.3.3 Energy management	86	
		305-6	Emissions of ozone-depleting substances (ODS)	No use	--	--
		305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Faraday is not the legal classified enterprise of air pollution, not applicable	--	--



GRI standards	Material topic	Indicator	Disclosure requirement	Chapter in report or description	Page	Omission/Note
GRI 306 Waste 2020	Self-disclosure	306-3	Waste generated	4.5 Waste management	90	
		306-4	Waste diverted from disposal	4.5 Waste management	90	
		306-5	Waste directed to disposal	4.5 Waste management	90	
GRI 308 Supplier Environmental Assessment 2016	#4	308-1	New suppliers that were screened using environmental criteria	2.3.3 Supply chain assessment management	53	
		308-2	Negative environmental impacts in the supply chain and actions taken	2.3.3 Supply chain assessment management	53	
GRI 401 Employment 2016	#5 #6	401-1	New employee hires and employee turnover	3.2.2 Recruitment and retention	66	
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	3.4.1 Competitive remuneration and welfare	73	
		401-3	Parental leave	3.4.7 Parental leave, parental leave rate, reinstatement rate	74	





GRI standards	Material topic	Indicator	Disclosure requirement	Chapter in report or description	Page	Omission/Note
GRI 403 Occupational Health and Safety 2018	#9	403-1	Occupational health and safety management system	3.6 Occupational health and safety	77	
		403-2	Hazard identification, risk assessment, and incident investigation	3.6 Occupational health and safety	77	
		403-3	Occupational health services	3.7.2 Health management	79	
		403-4	Worker participation, consultation, and communication on occupational health and safety	3.6 Occupational health and safety	77	
		403-5	Worker training on occupational health and safet	3.6.2 Awareness and culture shaping of occupational health and safety	77	
		403-6	Promotion of worker health	3.7.2 Health management	79	
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.6.3 Occupational accident response and effectiveness	78	
		403-8	Workers covered by an occupational health and safety management system	3.6.1 Management approach to occupational health and safety	77	
		403-9	Work-related injuries	3.6.3 Occupational accident response and effectiveness	77	
		403-10	Work-related ill health	3.6.3 Occupational accident response and effectiveness	77	
GRI 404 Training and education 2016	#7	404-1	Average hours of training per year per employee	3.3.3 Training effectiveness and results	70	
		404-2	Programs for upgrading employee skills and transition assistance programs	<ul style="list-style-type: none">Has regularly organized the corresponding training course according to different competencyAs to employees whose employment relationship is terminated due to retirement or other reasons, withdraw pension by law to support employees’ retirement life; as to employees whose employment is terminated due to other reasons, Faraday can provide appropriate assistance based on individual needs.	--	
		404-3	Percentage of employees receiving regular performance and career development reviews	3.3.4 Talent motivation and development	72	





GRI standards	Material topic	Indicator	Disclosure requirement	Chapter in report or description	Page	Omission/Note
GRI 405: Diversity and equal opportunity 2016	#5	405-1	Diversity of governance bodies and employees	Corporate governance: Diversity and Independence for the Board of Directors 3.2.1 Manpower structure	100, 65	
		405-2	Ratio of basic salary and remuneration of women to men	3.4.2 Performance-oriented remuneration system	73	
GRI 406: Non-discrimination 2016	#5 #8	406-1	Incidents of discrimination and corrective actions taken	No complaint for discrimination event in 2023	--	--
GRI 407: Freedom of Association and Collective Bargainin 2016	#4 #8	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	1. Operation base: Through the flow of Human Rights Due Diligence, this issue is not Faraday significant risk issue according to the result of labor-management meeting. 2. Supplier: Through expert meeting, this issue is not significant risk issue by the confirmation from the division head of responsible unit in professional knowledge and supplier questionnaire result.	--	
GRI 408: Child Labor 2016	#4 #8	408-1	Operations and suppliers at significant risk for incidents of child labor	3. Operation base: Through the flow of Human Rights Due Diligence, this issue is not Faraday significant risk issue according to the result of labor-management meeting. 4. Supplier: Through expert meeting, this issue is not significant risk issue by the confirmation from the division head of responsible unit in professional knowledge and supplier questionnaire result.	--	
GRI 409: Forced or Compulsory Labor 2016	#4 #8	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	5. Operation base: Through the flow of Human Rights Due Diligence, this issue is not Faraday significant risk issue according to the result of labor-management meeting. 6. Supplier: Through expert meeting, this issue is not significant risk issue by the confirmation from the division head of responsible unit in professional knowledge and supplier questionnaire result.	--	
GRI 411: Rights of Indigenous Peoples 2016	Self-disclosure	411-1	Incidents of violations involving rights of indigenous peoples	No complaint for infringement of indigenous people in 2023	--	--
GRI 414: Supplier Social Assessment 2016	#4	414-1	New suppliers that were screened using social criteria	2.3.3 Supply chain assessment management	53	
		414-2	Negative social impacts in the supply chain and actions taken	2.3.3 Supply chain assessment management	53	
GRI 416 Customer Health and Safety 2016	#3	416-1	Assessment of the health and safety impacts of product and service categories	2.1.3 Product quality and safety	49	--
		416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No complaint for health and safety regulations of relevant product and service in 2023	--	--
GRI 418: Customer Privacy 2016	#3	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No complaint for breaches of customer privacy or losses of customer data in 2023	--	--





SASB index-Semiconductors

Disclosure topic/Metric code	Disclosure metric	Chapter in report or description	Metric response
Greenhouse Gas Emissions TC-SC-110a.1	Scope 1: GHG emissions (metric ton of CO ₂ e)	4.3.2 Carbon Inventory	2023 Scope 1: GHG emission is 237.34 metric ton of CO ₂ e
	Total emissions from fluorides included (metric ton of CO ₂ e)	Faraday is an ASIC and IP licensing service company, it is mainly responsible for chip design service and IP development; product manufacturing is all outsourced to dedicated foundry and testing house. Therefore, it is not applicable.	
Greenhouse Gas Emissions TC-SC-110a.2	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	4.3.2 Carbon Inventory	The ratio of “Faraday’s scope 1 emissions” to “the emissions of scope 1 and scope 2) is 4.62%; therefore, integrate the carbon reduction planning of scope 1 and scope 2, and the final target is to meet Net Zero by 2050 with the main strategy of green power.
Energy management TC-SC-130a.1	Total energy consumed (GJ)	4.3.3 Energy management	Total energy consumption in 2023: 24,242 GJ
	Percentage grid electricity (%)	4.3.3 Energy management	Purchased power ratio of total power consumption in 2023: 97.07%
	Percentage renewable energy (%)	4.3.3 Energy management	Renewable energy usage of total power consumption in 2023 is 1.63%.
Water management TC-SC-140a.1	Total water withdrawal (Unit: m ³)	4.4.1 Water resource statistics	Total water withdrawal in 2023: 20,270.32 m ³
	Percentage of total water consumption to water withdrawal from areas of high baseline water stress/extreme high baseline water stress	4.4.2 Water stress analysis	According to World Resources Institute (WRI), Faraday operating location is not area of high baseline water stress or extreme high baseline water; the metric data: 0%
Waste management TC-SC-150a.1	Total production amount of hazardous waste from the production process (Unit: metric ton)	4.5.1 Waste management statistics	Hazardous industrial waste in 2023: 0.87 metric ton
	Recycling ratio of hazardous waste generated from production process (%)	4.5.1 Waste management statistics	Recycling ratio of hazardous industrial waste in 2023: 100%
Workforce Health & Safety TC-SC-320a.1	Description of efforts to assess, monitor, and reduce exposure of workforce to human health hazards	3.6 Occupational health and safety	Take implementation and continuous improvement of safety/hygiene and health as commitment, not only Faraday sets up dedicated unit and personnel for overall planning of safety/hygiene and health promotion according to Occupational Safety and Health Act, but also Faraday follows the Taiwan Occupational Safety and Health Management System (TOSHMS) requirements to do PDCA management, regularly review the implementation results and deficiencies, prevent and reduce incidence rate of workplace safety accidents. Based on the systematic operation to execute various management plan, and provide a healthy and safe working environment for employees.
Workforce Health & Safety TC-SC-320a.2	Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations (NTD)	No complaint for health and safety regulation of product and service in 2023	--
Recruiting & Managing a Global & Skilled Workforce TC-SC-330a.1	Proportion of foreign employees (Percentage of employees who are foreign nationals)	3.2 Deep cultivation in Taiwan, global deployment	Proportion of foreign employees: 0.81%
	Proportion of employees working overseas (Percentage of employees who are overseas employees)		Proportion of employees working overseas: 0.81%
Product lifecycle management TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances (%)	Faraday is an ASIC and IP licensing service company, it is mainly 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.	



Disclosure topic/Metric code	Disclosure metric	Chapter in report or description	Metric response
Product lifecycle management TC-SC-410a.2	Processor energy efficiency at a system-level for: (1) servers, (2) desktops and (3) laptops	Faraday is an ASIC and IP licensing service company, it is mainly responsible for chip design service and IP development; it is not directly involved in energy efficiency management of terminal products of (1) Server (2) Desktop computer (3) Laptop computer; therefore, it is not applicable.	
Materials Sourcing TC-SC-440a.1	Description of the management of risks associated with the use of critical materials	2.3.1 Supply chain overview	--
Intellectual Property Protection & Competitive Behavior TC-SC-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	No complaint for anti-trust event in 2023	Complaint for anti-trust event in 2023: 0
Activity metrics TC-SC-000.A	Total production	For relevant information, please refer to operation overview in 2023 annual report.	
Activity metrics TC-SC-000.B	Percentage of production from owned facilities	Faraday is an ASIC and IP licensing service company, it is mainly responsible for chip design service and IP development; product manufacturing is all outsourced to dedicated foundry and testing house.	Percentage of production capacity from own factory: 0%



TCFD disclosure comparison table

Category	Recommended disclosure item	Chapter in report or description	Page
Governance	Describe the board's oversight of climate-related risks and opportunities.	The Board of Directors regularly review the performance and result of corporate sustainable management, including climate change issue.	--
	Describe management's role in assessing and managing climate-related risks and opportunities	The President serves as the chairman of Corporate Sustainability Committee, leads the strategic direction for corporate sustainability and sets up the target, including supervising the relevant issues of climate change and corporate impact, regularly reports the performance and result of corporate sustainable management to the Board of Directors at least once a year.	--
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Commitment to following the TCFD framework, analyze the impact from short/middle/long-term climate change risks and opportunities 4.2.4 Risk/Opportunity identification and financial impact analysis	84
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	4.2.4 Risk/Opportunity identification and financial impact analysis	84
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 °C or lower scenario.	Through the simulation of scenario analysis, investigate the impact level on operations from different parameters of carbon tax and renewable energy expense when corporates are exposed to different scenarios. 4.2.3 Risk scenario analysis	84
Risk management	Describe the organization's processes for identifying and assessing climate-related risks.	4.2.4 Risk/Opportunity identification and financial impact analysis	84
	Describe the organization's processes for managing climate-related risks	4.2.4 Risk/Opportunity identification and financial impact analysis	84
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Corporate governance/Risk management	106
Metrics and targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	4. Environmental sustainability/Management approach	82
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	4.3.2 Carbon Inventory	86
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	4. Environmental sustainability/Management approach	82





Taiwan Stock Exchange: Sustainability disclosure indicators for semiconductor industry

No.	Indicator	Indicator Category	Annual disclosure status	Unit
1	Total energy consumption, percentage of purchased electricity, and percentage of renewable energy usage	Quantitative	4.3.3 Energy management	Billion joules (GJ), Percentage (%)
2	Total water withdrawal and total water consumption	Quantitative	4.4.1 Water resource statistics	Thousand cubic meters (m³)
3	The weight of hazardous waste generated, and the recycling percentage	Quantitative	4.5.1 Waste management statistics	Metric ton (t), Percentage (%)
4	Explain the occupational accident categories, number of people and ratio	Quantitative	3.6.3 Occupational accident response and effectiveness	Ratio (%), Quantity
5	Disclosure of product life cycle management: Including weight of scrap products and electronic waste, and percentage of recycling	Quantitative	Faraday is an ASIC and IP licensing service company, it is mainly responsible for chip design service and IP development; the business scope is not directly involved in product terminal disposal, therefore, it is not applicable.	Metric ton (t), Percentage (%)
6	Description of the risk management associated with the use of key materials	Qualitative description	2.3.1 Supply chain overview	Not applicable
7	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Quantitative	No complaint for anti-trust event in 2023	Reporting currency
8	Main product output by product type	Quantitative	Please refer to operational overview in 2023 annual report.	Depending on product type





Taiwan Stock Exchange: Climate-related information of the listed companies

Item	Implementation status
Explain the supervision and governance to climate-related risks and opportunities from the Board of Directors and the management	Faraday follows the reporting frameworks of TCFD and TNFD, 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, make the Board of Directors and senior management to understand the impact caused from climate change; disclose relevant information of climate and natural environment with four scopes of Governance, Strategy, Risk Management, Metrics and Targets, provide information that is consistent with the needs of investors and other stakeholders. Meanwhile, collaborate with suppliers/partners to promote environmental sustainable development together.
Explain how the identified climate risks and opportunities affect the corporate business, strategy and finance (Short-term, middle-term, long-term)	Faraday performs climate impact analysis in two aspects of risk and opportunity, respectively, the identified major climate impact items include the transition risk and physical risk, for example: <ul style="list-style-type: none">• Water supply interruption results in operation disruption.• The rise of average temperature increases the electricity cost.• Tax and carbon fee increases the operating cost. As to the major climate impact items, Faraday also analyzes and develops the corresponding management strategies, which already have complete measures in place to respond to all impacts, and reduce the influence of climate on operations.
Explain the impact on finance from extreme weather event and transition action	From various financial aspects (including revenue, direct or indirect cost, capital expenditure), Faraday analyze the financial impact of the company from extreme climate event, please refer to the official website or Faraday sustainability report.
Explain the identification and evaluation of climate risk, and how to integrate the management flow into the overall risk management system	Faraday formulates “Risk Management Policy” as the prime directive of internal risk management. The Board of Directors is the highest decision-making unit, takes three major aspects of “Corporate governance”, “Environment”, and “society” to identify and induce significant risk which may face during business operation; and plan the corresponding management method and crisis response for various risks, hope to minimize the business uncertainty (Climate change risk is the important risk management scope of environmental orientation).
If using the scenario analysis to evaluate the resilience in facing climate change risk, should state the used scenarios, parameters, assumptions, analytical factors and key financial influence	Faraday's climate scenario analysis will consider various hypothetical scenario, such as net zero pathway, SSP1-1.9, SSP5-8.5, investigate the impact level on operations from different parameters of carbon tax and renewable energy expense when corporate is exposed to the above scenarios.
If there are transition plans in response to managing climate related risks, state the plan content, and the indicators and targets which are used to identify and manage physical risk and transition risk.	Faraday draws up to meet net zero emissions by 2050 as transition core commitment of corporate in response to climate risk, specific carbon reduction target: as to the emissions in Scope 1 and Scope 2, take 2023 as the base year and achieve carbon reduction of 50% by 2030, and meet greenhouse gas net zero by 2050. Main promotion actions including: <ul style="list-style-type: none">• With green innovation, provide high-efficiency and low-power consumption technology solution• Promote green operation, improve energy utilization efficiency, and use renewable energy, grasp the pathway of carbon reduction and process• Build green supply chain, request suppliers to set aggressive target and pathway for carbon reduction
If using internal carbon pricing as planning tool, should explain the price setting base.	At the current stage, Faraday does not actually implement the internal carbon pricing, but we understand that internal carbon pricing will be an effective tool to drive various units of corporate to implement carbon reduction. In the future, Faraday will continuously develop feasible method, and import the internal carbon pricing as corporate’s important carbon reduction strategy tool at the right time.
If setting climate related targets, should explain the information of the covering activities, greenhouse gas emission scope, planning schedule, annual achievement progress; if using carbon offset or Renewable Energy Certificates (RECs) to meet the related target, should explain the source and quantity of carbon offset credit or the quantity of RECs.	Faraday’s specific target of carbon reduction is that as to the emissions in Scope 1 and Scope 2, take 2023 as the base year and achieve carbon reduction of 50% by 2030, and meet greenhouse gas net zero by 2050. In addition, also set the targets of renewable energy use and energy efficiency, please refer to “Environmental sustainability” in Sustainability Report for the detailed target descriptions and achievement status.
Greenhouse gas inventory and assurance status, and reduction target/strategy and specific action plans (also fill in 1-1 and 1-2)	For related information, please refer to the below 1-1 and 1-2.





Taiwan Stock Exchange: 1-1 Greenhouse gas inventory and assurance status (Data year: 2023)

Basic information of the Company <input type="checkbox"/> Companies with a capital amount of NT\$10 billion or more, steel industry, cement industry <input type="checkbox"/> Companies with a capital amount of NT\$5 billion or more, but less than NT\$10 billion <input checked="" type="checkbox"/> Companies with a capital amount of less than NT\$5 billion	By the regulation of Sustainable Development Roadmap, at least should disclose <input type="checkbox"/> Parent-company-only inventory <input type="checkbox"/> Subsidiary inventory with a consolidated financial report <input type="checkbox"/> Parent-company-only assurance <input type="checkbox"/> Subsidiary assurance with a consolidated financial report
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Scope 1	Total emissions (metric ton of CO2e)	Intensity (metric ton of CO2e/thousand NT\$)	Assurance institution	Assurance status description
Faraday (Parent company)	237.34	0.02	SGS	Verify by ISO 14064-1
Subsidiary	Plan to trigger inventory plan by 2024			
Total	237.34	0.02		
Scope 2	Total emissions (metric ton of CO2e)	Intensity (metric ton of CO2e/thousand NT\$)	Assurance institution	Assurance status description
Faraday (Parent company)	3229.09	0.27	SGS	Verify by ISO 14064-1
Subsidiary	Plan to trigger inventory plan by 2024			
Total	3229.09	0.27		
Scope 3	For detailed information, please refer to “Energy and greenhouse gas management” in Sustainability Report.			



Taiwan Stock Exchange: 1-2 Description for Carbon reduction target, strategy and specific action plan

Item	Description
Carton reduction target	Faraday draws up to meet net zero emissions by 2050 as transition core commitment of corporate in response to climate risk, specific carbon reduction target: as to the emissions in Scope 1 and Scope 2, take 2023 as the base year and achieve carbon reduction of 50% by 2030, and meet greenhouse gas net zero by 2050.
Carbon reduction strategy	<ul style="list-style-type: none">Faraday is a company with paid-in capital of below NT\$ 5 billion; the GHG inventory schedule is at the third stage (Inventory by 2026, verification by 2028) according to the “Sustainable Development Roadmap”. However, Faraday responds actively to climate change, has completed inventory early in 2023, and will do third-party verification in 2024.Faraday takes the 2023 greenhouse gas emissions as the base year of carbon-reduction target, develops the planning of pathway for carbon reduction. The main carbon reduction strategy is to implement energy efficiency and carbon reduction project, solar panel deployment, and green power procurement, to reduce corporate carbon emissions year by year. Meanwhile, with the reference of international carbon reduction initiatives, sets up 2030 as the checking point of middle-term carbon reduction strategy for carbon reduction of 50%, in the hope to achieve the long-term target of net zero emissions by 2050.
Specific action plan for carbon reduction	<p>Promote energy efficiency and carbon reduction activities within the company</p> <ul style="list-style-type: none">There are a total of three electricity-saving promotion plan in 2023, including changing lighting lamps to LED lamps, replacing high-efficiency equipment and changing Solid State Disk; it is estimated to save annual electricity of 192,752 (kWh), carbon reduction of 95.22 (metric ton of CO2e). <p>Use renewable energy</p> <ul style="list-style-type: none">Phase 1 project of the solar power generation equipment has been completed on the building roof of Hsinchu headquarter on October 14th, 2022. The installed capacity is 89.70 KWp and has registered at National Renewable Energy Certification Center, take the monthly power generation to receive the issued Renewable Energy Certification (T-REC); we have received a total of 108 certificates, there are the green power of 108,000 kWh in total and carbon reduction of 53.35 (metric ton of CO2e)



ESG performance indicator

Issue	Indicator	Unit	2021	2022	2023
Board of Directors	Board seats	Seat	9	9	9
	Independent director seats	Seat	3	3	3
	Female director seats and ratio	Seat, %	Two seats, 22.22%	Two seats, 22.22%	Two seats, 22.22%
	Attendance rate of Directors	%	97.06%	100.00%	100.00%
Investor communication	Times for annual investor conference	times	4	4	4
R&D expense	Amount	Thousand NT\$	\$ 2,036,866	\$2,422,237	\$ 2,362,449
	Proportion of revenue	%	25.19%	18.54%	19.74%
Patent	Cumulative patent granted	Patent granted	897	913	943
Greenhouse gas management	Direct GHG emissions (Scope 1)	metric ton of CO ₂ e	255.43	238.79	237.34
	Energy indirect (Scope 2)	metric ton of CO ₂ e	3332.74	3191.76	3229.09
	Other indirect (Scope 3)	metric ton of CO ₂ e	No relevant statistical data	642.70	71,497.31
	GHG emissions intensity (Scope 1 + 2)	metric ton of CO ₂ e /millions of revenue	0.44	0.26	0.29
Energy management	Total energy usage amount	GJ	24,162.83	23,551.01	24,242.21
	Renewable energy usage amount	kWh	0	0	108,000
	Renewable energy usage rate	%	0.00%	0.00%	1.63%
Water stewardship	Water withdraw	cubic meter	19,297.61	19,416.43	20,270.32
	Water discharge	cubic meter	15,438.09	15,533.14	16,216.26
	Water consumption	cubic meter	3,859.52	3,883.29	4,054.06
	Water intensity	cubic meter/millions of revenue	2.39	1.49	1.69



Issue	Indicator	Unit	2021	2022	2023
Waste management	Hazardous waste	metric ton	0.49	2.01	0.87
	Domestic waste	metric ton	15.02	15.44	15.87
	Resource recycling	metric ton	9.21	8.67	9.42
	Total weight	metric ton	24.72	26.12	26.15
	Waste intensity	cubic meter/millions of revenue	0.003	0.002	0.002
Manpower development	Average salary of non-managerial full-time employees	thousand NT\$/person	2,073	2,550	2,323
	Middle salary of non-managerial full-time employees	thousand NT\$/person	1,633	2,072	1,980
	Ratio of female in managerial position	%	18.24%	20.78%	21.02%
	Local employment	%	99.50%	99.30%	99.19%
	Local hire at operation base	%	-	59.60%	74.31%
	Average training hour	hour	11.6	13.9	19.79
	New entry rate	%	23.50%	13.29%	9.59%
	Turnover rate	%	24.33%	12.13%	7.32%
Health & Safety	Number of people for occupational accident	Person	0	0	0
Social welfare	Sponsorship amount	NT\$	\$418,600	\$603,988	\$656,599





Independent third party assurance statement

ASSURANCE STATEMENT

SGS TAIWAN LTD.’S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FARADAY TECHNOLOGY CORPORATION’S SUSTAINABILITY REPORT FOR 2023

NATURE AND SCOPE OF THE ASSURANCE

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Faraday Technology Corporation (hereinafter referred to as FARADAY) to conduct an independent assurance of the Sustainability Report for 2023. The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standardv3 Type 2 Moderate level to assess whether the text and data in accompanying tables contained in the report and complies with the GRI Standards and AA1000 Accountability Principles (2018), where the data related to GRI 303-3 (total water withdrawal) and GRI 306-3 (total waste generated) were assessed at Type 2 High level during on-site assurance (2024/05/07-2024/6/14) in FARADAY headquarter. The boundary of this report includes FARADAY Taiwan operational sites’ specific performance data included the sampled text, and data in accompanying tables, contained in the report presented. The assurance process did not include the evaluation of specific performance information outside the scope, such as climate-related financial disclosures (TCFD) and The Taskforce on Nature-related Financial Disclosures (TNFD).

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 of 2023 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 assurance 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 (based 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 exclusively for GRI 303-3 and GRI 306-3 (AA1000AP Evaluation plus evaluation of Specified Performance Information)

SCOPE OF ASSURANCE AND REPORTING CRITERIA

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

Reporting Criteria Options	
1	GRI Standards (Reference)
2	AA1000 Accountability Principles (2018)
3	SASB (Semiconductors)

- The evaluation includes AA1000 Assurance Standard v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018).
- The evaluation of the reliability and quality of specified sustainability performance information in FARADAY’s Sustainability Report is limited to determined material topics or those clearly marked in the report for FARADAY as conducted in accordance with type 2 of AA1000AS v3 sustainability assurance engagement at a moderate level of scrutiny, where data related to GRI 303-3 (total water withdrawal) and GRI 306-3 (total waste generated) were assessed at Type 2 high level,
- The evaluation of the report against the requirements of GRI Standards is listed in the GRI content index as material in the report and is conducted with reference to the Standards.
- The evaluation of the report against the SASB Disclosures and Metrics included in the Semiconductors Sustainability Accounting Standard (VERSION 2023-12) 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 committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts, Task Force on Climate-related Financial Disclosures (TCFD) and The Taskforce on Nature-related Financial Disclosures (TNFD) related disclosures.





STATEMENT OF INDEPENDENCE AND COMPETENCE

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

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

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the assurance work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is 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 demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, direct-two ways stakeholder engagement is recommended to have better views of stakeholder needs, concerns, and expectations.

Materiality

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

Responsiveness

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

Impact

FARADAY has demonstrated a process on identify and 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 2023, 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 contributions to sustainability development. For future reporting, when determining the significance of the organization's negative and positive impacts, the severity/scale and scope and likelihood are to be taken into account using effective criteria.

SASB CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

FARADAY has referenced with SASB's Standard, Semiconductors, VERSION 2023-12 to disclose information of material topics that are vital for enterprise value creation. The reporting boundaries of the disclosed information correspond to the Sustainability Report of 2023. 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. For continuous improvement, process to identify, assess, and manage topic-related risks and opportunities were recommended to be integrated into FARADAY's overall management process with more thorough disclosures for monitoring and benchmarking the respective performances.

Signed:
For and on behalf of SGS Taiwan Ltd.

Stephen Pao
Business Assurance Director
Taipei, Taiwan
24 July, 2024
WWW.SGS.COM



AA1000
Licensed Report
000-8/V3-D2PHQ

