2024 Faraday Sustainability Report

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Preface

About this report

Thank you for taking time to read the 2024 Sustainability Report published by Faraday Technology Co., Ltd. (hereinafter referred to as Faraday). Adhering to principles of sincerity, pragmatism and transparency, this report accurately presents Faraday's practices and achievements in corporate sustainability for the year 2024. Through this report, stakeholders can gain a comprehensive understanding of Faraday's investment and achievements in the economic, environmental, and social aspects. We will also take this opportunity to self-examine and actively respond to the expectations of all stakeholders, with the goal of achieving corporate sustainable development.

Reporting scope

The disclosed information of this report covers 2024 (from January 1 to December 31, 2024, consistent with 2024 financial report), detailing Faraday's practices and performance data in economic, environmental and social dimensions such as corporate governance, innovation management, partnership for partnership for prosperity, friendly workplace, environmental sustainability and social inclusion. The scope of information disclosure primarily focuses on Faraday's parent company (including the headquarters in Hsinchu, as well as offices in Taipei and Tainan), covering more than 75% of the consolidated revenue. Some data also includes subsidiaries with 100% ownership by Faraday that are part of the consolidated financial statements (including locations in Taiwan, China, the United States, Vietnam, Japan, Singapore, and India). The information coverage disclosure ratio is summarized in the table below:

Sustainability Information	Coverage of Consolidated Financial Statements Revenue Ratio
Financial information	100%
Greenhouse gas emissions	100%
Other sustainability information	>75%

Reporting principles

This report follows the materiality principle to analyze internal and external environmental factors and issues of concern for stakeholders within Faraday, and it outlines the framework and key information disclosures. The report is compiled based on the guidelines of the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) semiconductor industry standards, and it follows GRI standards to report relevant information from January 1, 2024, to December 31, 2024. The disclosed statistical data is provided by various responsible departments of Faraday. The financial performance data has been audited and certified by accountants and is consistent with the company's annual report data. Environmental performance is based on government public information and internal calculations.

Report Writing and Quality Control

This report is coordinated by the Corporate Sustainability Committee, with editing teams formed from various responsible departments for each issue. The editing teams collect data and compile content based on the information disclosure framework for annual material sustainability issues; and regular meetings are held to review the content. After the President approves the final draft, it is submitted to the Board of Directors for resolution.

- Internal audit: After completing the initial draft, the responsible manager for each chapter reviews the content and conducts internal cross-audits to ensure the quality of the data and information.
- External verification: An impartial and independent third-party organization (SGS) has been commissioned to verify the content based on AA1000 AP (2018) Type 2 – Moderate Level Assurance. The SGS ASSURANCE STATEMENT is attached in the appendix of this report.

Management Systems: The information disclosed in this report is managed through the aforementioned flows and is also reinforced by international management systems or standards to enhance the effectiveness of the management flows or the accuracy of the information.

Issue	Verification Status	Coverage
Quality	ISO9001	Hsinchu operating base, Taipei/Tainan offices
Information Security	ISO 27001	Hsinchu operating base, Taipei/Tainan offices
Intellectual Property	TIPs	Hsinchu operating base, Taipei/Tainan offices
Greenhouse gas	ISO 14064-1	Hsinchu operating base, Taipei/Tainan offices
Environment	ISO 14001	Preparation in progress; certification expected by 2025
Workplace safety	ISO 45001	Preparation in progress; certification expected by 2025

Report issuance

Faraday has issued a Sustainability Report on an annual basis since the publication of its first report in 2020, with a total of six reports published to date.

Previous reports can be found on the official corporate sustainability website

- Initial release date: September 2020
- Current release date: June 2025
- Next release date: Expected June 2026

Feedback

Faraday sincerely welcomes communication with all stakeholders. We have dedicated contact channels for different issues. For feedback or guidance on this report or sustainability development issues, please use the following contact information.

Contact information

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- Address: No. 5, Lixing 3rd Road, Hsinchu Science Industrial Park
- Tel: +886-3-5787888 ext. 84064
- E-mail: csr@faraday-tech.com
- Sustainability Website

Message from the business operator

In 2024, Faraday Technology faced a critical turning point. This year, international politics influenced global trade and supply chains, leading to a "one world, two systems" landscape. To respond to the risks arising from industrial changes, Faraday internalized "diversity" as a core culture to enhance operational flexibility and resilience. By diversifying its customer base and product applications, Faraday effectively reduces the impact of single market fluctuations and builds a solid revenue structure. Faraday established R&D and business bases in Taiwan, China, Vietnam, India, the United States, Japan, and Singapore. Through cooperation with foundries and OSAT partners, Faraday has achieved a global multi-site production layout to flexibly adjust R&D and production supply. This year, Faraday further solidified its commitment to diverse business models by developing the Business Model 2.0 strategy, integrating its offerings into six key domains: continued IP and mature process businesses, as well as new additions such as chip physical design services, advanced processes, and 2.5D/3D advanced packaging. These domains will collectively infuse new momentum into future operational growth.

In response to the challenges and opportunities presented by the broader environment, Faraday continues to integrate its operational strategies with the execution structure of sustainability to ensure steady growth. The company promotes sustainable actions across the three aspects of ESG (Environment, Social, and Governance).

Green innovation Low-carbon operation

Faraday focuses on the research and development of high-performance, low-power ICs, providing customers with energy-efficient chip system solutions. We also promote the development of chip applications in green energy, energy management, and efficiency improvements, thereby facilitating global energy transitions and enhancing human welfare.

In response to the challenges of climate change, we actively take on the responsibility of environmental sustainability and are committed to achieving net-zero greenhouse gas emissions by 2050, and steadily implement annual carbon reduction pathway targets. Renewable energy has been actively adopted, with the first phase of the solar power system installed and operational since 2022, and the second phase fully operational by 2024, which increased the capacity for self-generated green electricity by an additional 45%. Additionally, green electricity procurement contracts have been signed to start using externally purchased green electricity, bringing Faraday's total renewable energy usage ratio to RE7.5. We establish a low-carbon supply chain, set carbon reduction targets for the supply chain, promote greenhouse gas inventory and verification among suppliers, and incorporate carbon reduction into supplier evaluation criteria. Faraday demonstrates its firm commitment to achieving net-zero targets through concrete actions and data, thereby being selected as one of the "Top 100 Carbon Competitiveness" companies by Business Weekly, standing out among nearly a thousand listed companies.

Friendly workplace Inclusive society

In 2024, Faraday carefully revised the “Human Rights Policy”, further committing to support multiple international conventions and standards related to women, children, persons with disabilities, and migrant workers. The policy also integrates human rights issues across all levels of corporate operations, extending the scope of human rights protection to include global full-time employees, contract and temporary workers, interns, workers and supply chain partners to broader stakeholders, collectively focusing on human rights issues and committing to protect human rights.

Constantly striving for improvement in promoting a friendly workplace, Faraday provides competitive compensation and benefits, and has been consecutively selected as the constituent stock of “Taiwan High Compensation 100 Index”. Committed to a friendly, healthy, and accident-free environment, Faraday promotes a series of employee health management and promotion activities every year. In 2023 and 2024, Faraday fully subsidizes advanced low-dose CT lung screenings for all employees aged 30 and above, achieving notable preventive health outcomes. The overall performance has earned recognition as an outstanding enterprise for “Active Evaluation of Occupational Health and Safety Performance” by Occupational Safety and Health Administration. By increasing maternity benefits, providing childcare-friendly measures, and hosting parent-child activities, the number of new babies born to employees has steadily increased year by year, Faraday has been honored as a Platinum-level outstanding company in the Fertility Survey by Global Views Monthly.

In the aspect of industry talent cultivation, in 2024, Faraday continues to deepen the industry-academia collaboration with National Chung Cheng University, National Taipei University, and National Taiwan University of Science and Technology, providing research funding and scholarships to support the development of outstanding semiconductor talent.

Integrity management Sustainable governance

In the aspect of corporate governance, in 2024 we added a female independent director to enhance gender diversity on the Board of Directors. Linking senior executive compensation to ESG sustainability results and establishing a clawback policy for manager compensation, we are firmly committed to advancing our sustainability progress. Faraday has been ranked in the top 5th percentile of listed companies in terms of corporate governance evaluation results, and is included in the constituents of “TSEC Taiwan Mid-Cap 100 Index”, “TWSE Taiwan Technology Index”, “TIP Taiwan Semiconductor 30 ETF”, and “Taiwan High Compensation 100 Index”. External sustainability assessments and index, including the Taiwan Sustainability Assessment, MSCI ESG, FTSE Russell ESG, and S&P Global ESG, have all upgraded their ratings, continuously receiving recognition from investors. The President has made the list of the "Top 100 Best-Performing CEOs in Taiwan" by Harvard Business Review for two consecutive terms.

Outlook for the future

In 2024, Faraday was awarded the 20th "National Sustainable Development Award" by the National Council for Sustainable Development. This award is considered the highest honor for sustainable development performance in Taiwan, and Faraday is the first IC design company to receive this national recognition and affirmation. The concepts of corporate social responsibility and sustainable development have been internalized as Faraday's business philosophy and corporate culture. Guided by the sustainable vision of " Advancing human well-being through technological innovation ," and following the "ESG Policy" and "Sustainable Execution Structure", we deepen the practice of sustainable development in our core business and daily operations, driving value creation driving value creation across all ESG dimensions.


Stan Hung, Chairman

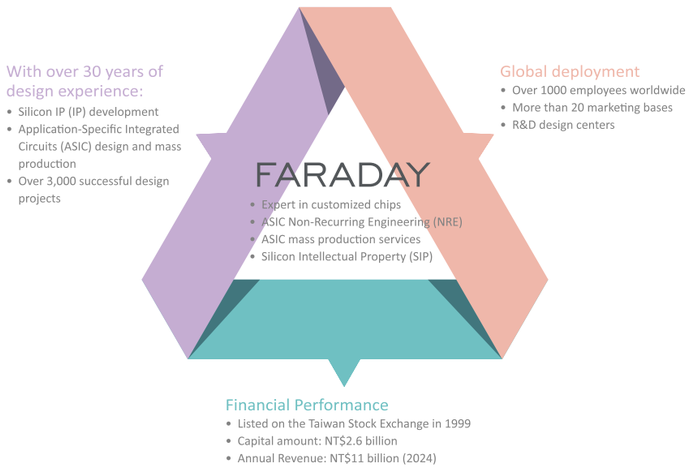

Steve Wang, President

About Faraday

Faraday was founded in 1993, with the headquarter in Hsinchu Science Park, Taiwan. It is the first ASIC (Application-Specific Integrated Circuit) service company in Asia and provides silicon IP licensing services. Faraday is listed on the Taiwan Stock Exchange (stock code: 3035) with a paid-up capital of NT$2.6 billion. The company has over 1,000 employees globally, with more than 80% being R&D and engineering professionals. Leveraging over 30 years of IC design experience, Faraday offers excellent products and services.

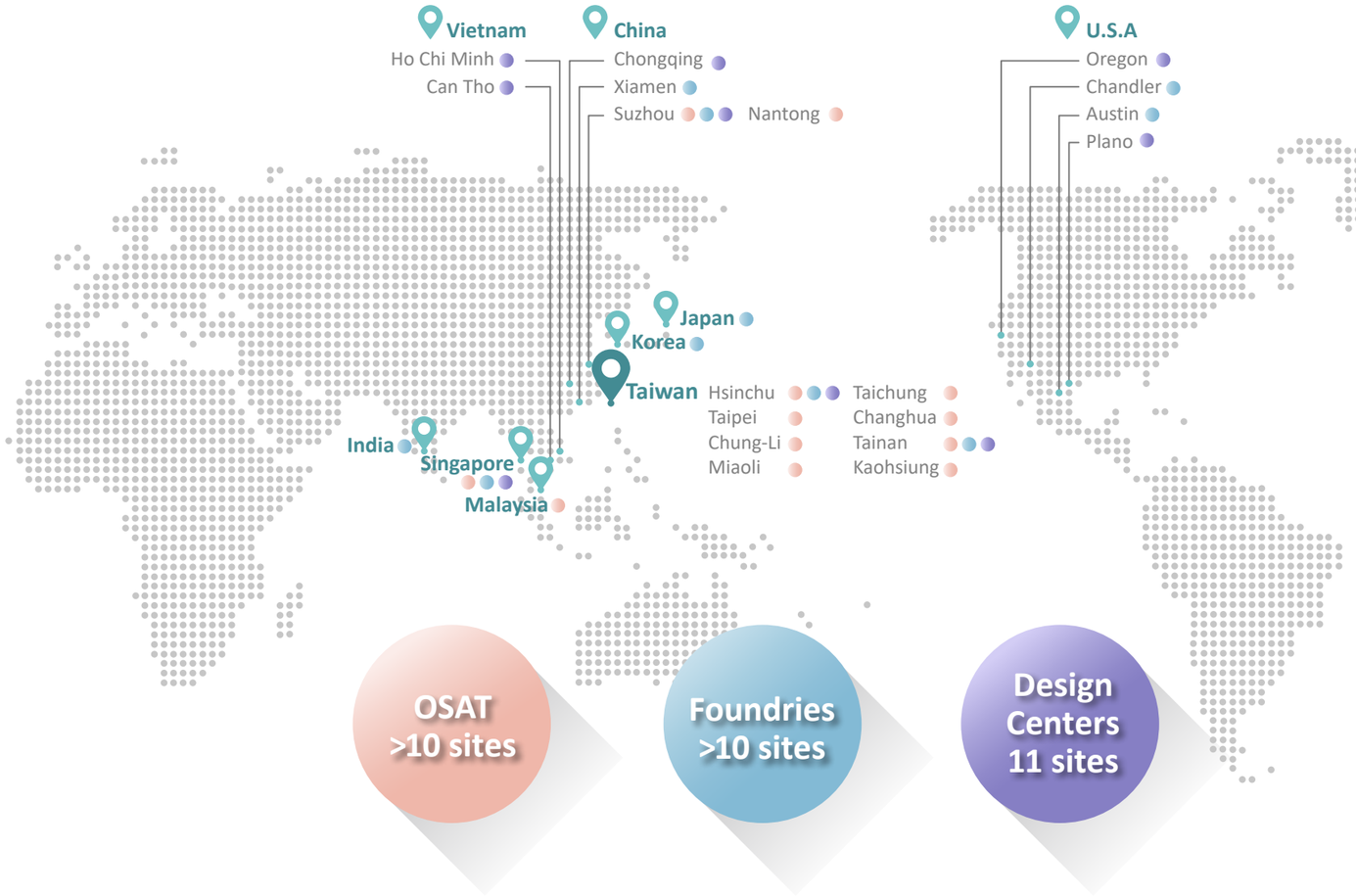
Technology Development and Product Applications

As an expert in customized chips, Faraday continuously advance its core technologies to provide professional customized design and mass production services for customers. We assist in overcoming design challenges and resource constraints to ensure the success of customer products. Faraday's chip technology applications are dedicated to enhancing human welfare, focusing on high-speed computing, quality enhancement, and efficiency optimization. The applications cover five major areas: cloud and AI high-speed computing, green energy technology, life quality, energy management, and production efficiency.



Diverse deployment

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



Vision and Business Philosophy

With the vision of “Inside of every IC, Faraday’s value is in sight”, Faraday promotes technological innovation and is dedicated to promoting global energy transition and 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.

Inside of every IC, Faraday’s value is in sight

Synergy for Excellence

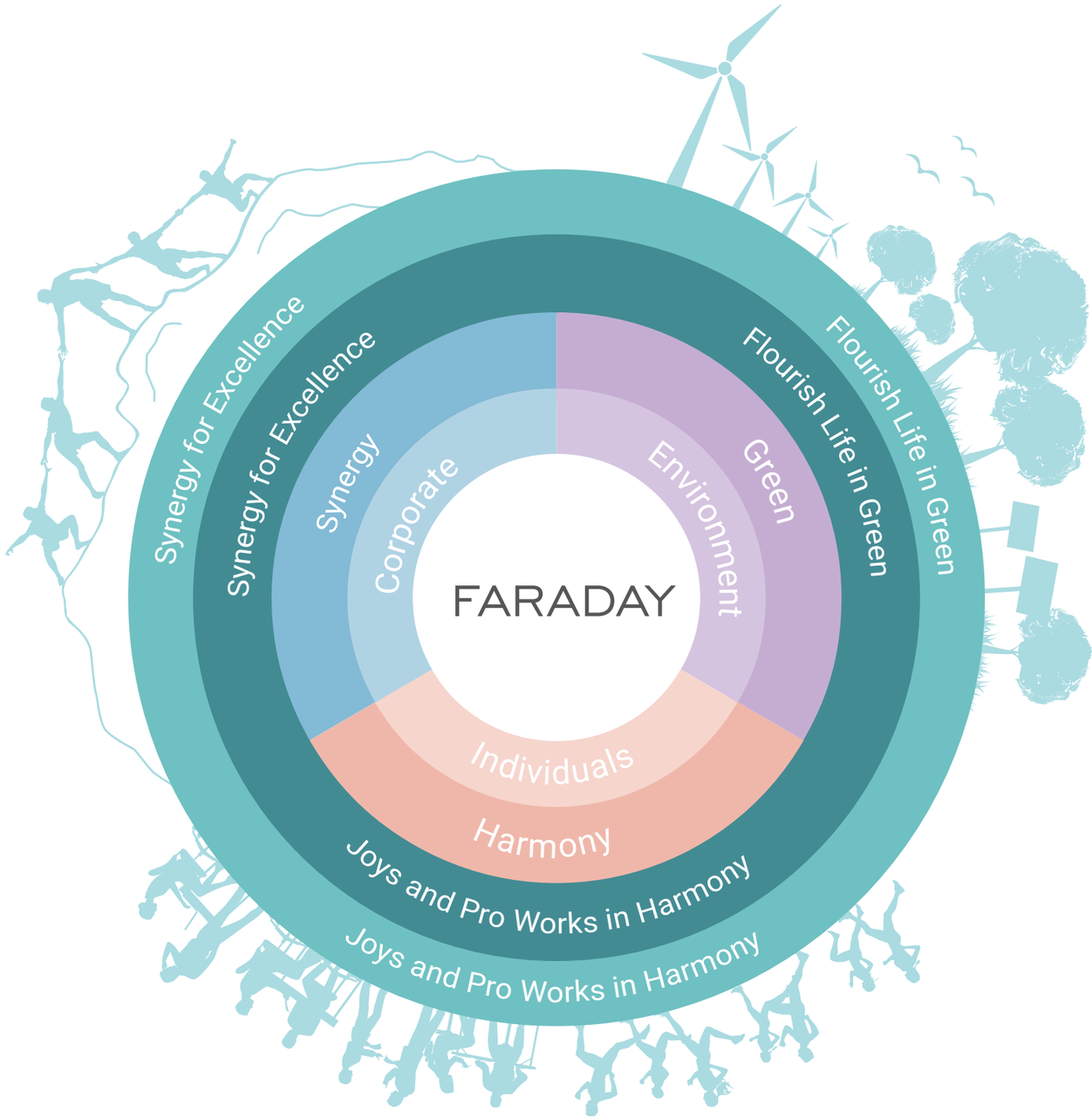
- Build an excellent team, deeply nurture IP technology, provide high-quality IP and ASIC design service through digitalized, systemized, and global management, achieve success of customer product
- Continuously create synergy with customers, employees, and partners for win-win and co-prosperity.

Joys and Pro Works in Harmony

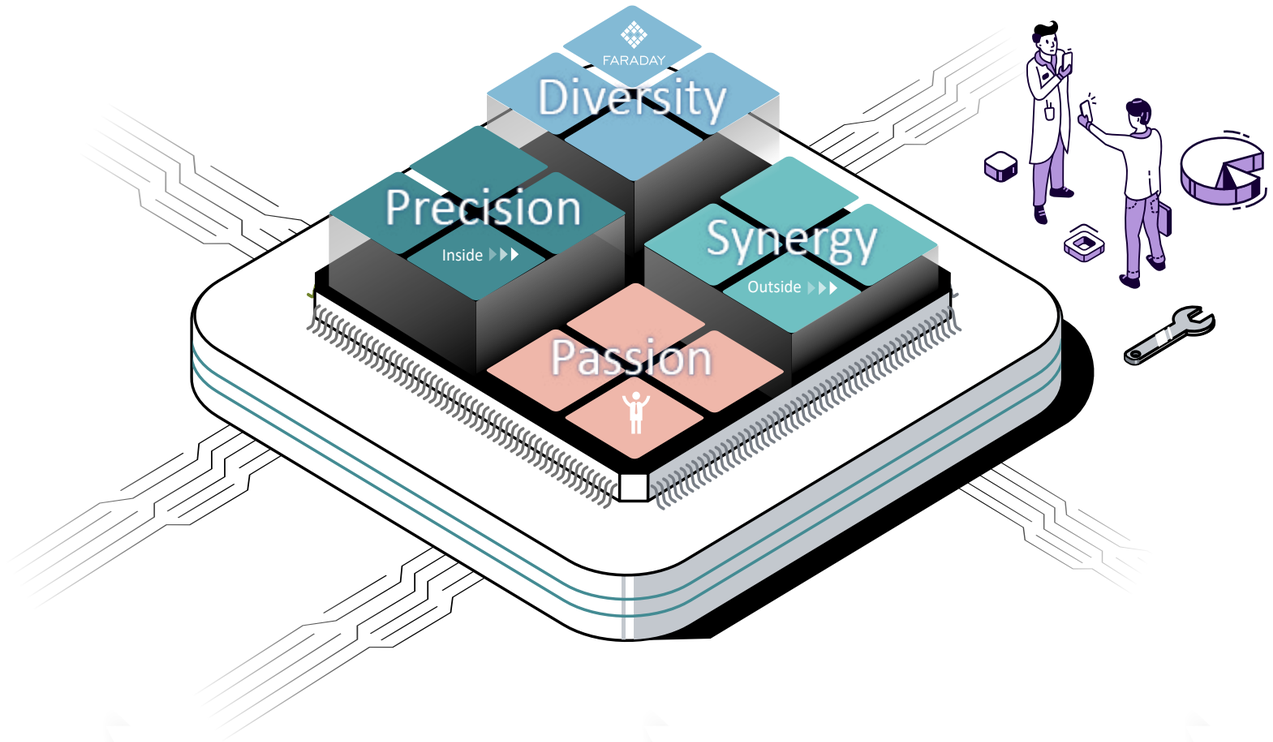
- Talent is core capital of the company, and they are with high professional requirement and expectation of joys in harmony. From talent selection, talent cultivation, talent retention, promote employees to learn growing
- Create Faraday value together and share business result for the commitment to 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
- Promote low-carbon operations and build green supply chain, working together with cooperation partners for the commitment to environmental sustainability



Corporate culture: Value and behavior demonstration



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

Engagement in Associations and Initiatives

Faraday actively participates in external associations or initiatives, by engaging in regular discussions, ensures corporate sustainable development to be aligned with global trends and meets stakeholder expectations. We also maintain a consistent stance on climate change and initiatives that we engage with, working together for mutual progress and growth.

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)	

Initiatives participation

Category	Initiatives Name	Participation identity
Sustainable Development	Task Force on Climate-related Financial Disclosures (TCFD) (Dissolved and merged into ISSB in 2023)	Initiatives supporting enterprise
	Task Force on Nature-related Financial Disclosures (TNFD)	Pioneering initiatives enterprise
	2024 Taiwan Sustainable Talent Action Alliance	Initiative enterprise

Recognition and honor

2024 key achievement

National Development Council
National Sustainable Development Award

TCSA Taiwan Corporate Sustainability Award
Sustainability Report Award - Gold Award

Taiwan Stock Exchange and Taipei Exchange.
Corporate Governance Accreditation Top 5%

Asia Pacific Enterprise Awards, APEA
Corporate Excellence Award

Occupational Safety and Health Administration
Outstanding enterprise for "Active Evaluation of Corporate Sustainability Report Disclosure of Occupational Health and Safety Performance"

Business Weekly
Top 100 Carbon Competitiveness

Sustainability Awards/Certifications

Category	Achievement	Description
Sustainability Comprehensive Category	National Development Council National Sustainable Development Award	2024 (The first IC design house to receive this award)
	TCSA Taiwan Corporate Sustainability Award Sustainability Report Award - Gold Award	2024
	CommonWealth Magazine “Excellent Performance” in TRIPS (Temperature Rising Index for Pathways)	2024 (The first IC design house to receive this award)
Environmental	Business Weekly Top 100 Carbon Competitiveness	2024 (Ranked #1 in the IC Design Industry)
Social	Outstanding enterprise for “Active Evaluation of Corporate Sustainability Report Disclosure of Occupational Health and Safety Performance”	2024
	Health Promotion Administration, Ministry of Health and Welfare, Executive Yuan Excellence Award of “Healthy Workplace”	2024
	Hsinchu Science Park Bureau, National Science and Technology Council, Executive Yuan Promotion of workplace equality and fair employment	2023
	Ministry of Labor, Executive Yuan National Talent Development Award	2022
	Public Health Bureau, Hsinchu City Friendly breastfeeding room - Premium	2022~2024
	Health Promotion Administration, Ministry of Health and Welfare, Executive Yuan “Badge of Accredited Healthy Workplace”	2022~2024
	Sports Administration, Ministry of Education, Executive Yuan “iSports Enterprise Certification”	2023~2024
	Global Views Monthly “Platinum-Level Fertility Enterprise”	2023

Category	Achievement	Description
Governance	Harvard Business Review Taiwan Top 100 Best-Performing CEOs	2024, 2022
	Asia Pacific Enterprise Awards, APEA Corporate Excellence Award	2024
	AQM, Association of Quality Manager Excellent Quality Practice Award – Quality Improvement category	2021, 2023~2024
	CommonWealth Magazine Top 50 Operational Performance	2023 (Ranked #1)
	CommonWealth Magazine Top 100 Excellence in Corporate Social Responsibility Award	2022

Sustainability Evaluation and Index

Category	Achievement	Description
Domestic evaluation	Taiwan Sustainability Assessment (AA)	2024
	Corporate Governance Assessment 6~10%	2020~2024 (5 consecutive years)
Domestic index	TWSE RAFI® Taiwan High Compensation 100 Index	2014~2024 (11 consecutive years)
	TSEC Taiwan Mid-Cap 100 Index	2022~2024 (3 consecutive years)
	TIP Taiwan Semiconductor 30 ETF	Selected in 2024
	TWSE Taiwan Technology Index	Selected in 2024
Foreign evaluation	CDP Climate Questionnaire: B CDP Water Security Questionnaire: B-	2024
Customer evaluation	EcoVadis Certification	2024

Annual Sustainability Performance Highlights

ENVIRONMENT

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

Renewable Energy
Renewable energy usage reaches 7.5%

Green Procurement
Green procurement expenditure amounts to NT$51 million, representing a 16% increase from the previous year.

Green Investment
Total investment in green bonds reaches NT$50 million.

Energy Transition and Smart Application Products
Revenue contribution from energy transition and smart application products reaches 82%.

SOCIAL

Development of female power
Proportion of female employees reaches 32%.

Retention rate of new recruits
Retention rate of new recruits within one year reaches 94%.

Internal Promotion
Internal promotion rate for managerial personnel reaches 77%.

Outstanding Enterprise of “Occupational Health and Safety Excellence”
Recognized as an “Outstanding enterprise” for “Active Evaluation of Corporate Sustainability Report Disclosure of Occupational Health and Safety Performance” by Occupational Safety and Health Administration.

Social Influence and Social Welfare Contributions
- Social influence-related contributions totaled NT$1.63 million.
- Contributions to local social welfare organizations reach NT$660,000.
- Sponsorship of the Tung-shih Junior High School Baseball Team in Chiayi County accumulates NT$1.7 million.

GOVERNANCE

ESG-Linked Compensation
Policies linking executive compensation with ESG performance evaluations and clawback policy for manager compensation have been established.

Performance Evaluation for Board of Directors and Functional Committee
Internal performance evaluation results for the board of directors, functional committees, and individual board members are rated as "Excellent."

Female Participation Rate in Decision-Making
Female directors account for 33%, increasing female participation in decision-making and strengthening the structure for Board of Directors.

Supplier carbon reduction
Supplier carbon emission intensity decreases by 6.5% compared to the 2023 baseline year.

Local Procurement
Local procurement ratio reaches 55%, an 11% increase from 2023.

Sustainable Development Strategy

ESG Execution Structure of Sustainability

Sustainability Governance and Corporate Sustainability Committee

Materiality Analysis and Stakeholder Communication

Sustainability Strategy Integrating Sustainability Issues and SDGs

ESG Execution Structure of Sustainability

Faraday has set its sustainability vision as “Advancing human well-being through technological innovation” and has formulated the ESG Policy to establish the ESG execution structure of sustainability, in order to enhance positive impacts and reduce potential risks. At the same time, we actively communicate and collaborate with stakeholders (including customers, suppliers/contractors, employees, investors/shareholders, and government/associations) to align with national and global SDGs (Sustainable Development Goals).

ESG Execution Structure of Sustainability

Sustainable vision：Improve human welfare with technological innovation

Mission/Claim	**Protect environment** There is no factory in Faraday, and is an IP technology-intensive company. We are devoted to green innovation, continuously promote green operation and build green supply chain, reduce environmental footprint together with supplier chain partner for the commitment to environmental sustainability. With commitment of carbon reduction of 50% by 2030 and greenhouse gas net zero emissions by 2050.	**Inclusive society** Faraday pays attention to every employee, provides the remuneration and welfare of above the industry level, create friendly, healthy, safe workplace environment and culture; build a continuous-learning and joyful work team, win-win and co-prosperity; meanwhile, in combination of the Company’s resource and employees’ love, care and contribute to social needs, increase influence on society, to be social inclusion	**Integrity and law-abiding** Faraday implements integrity management and legal compliance, strengthen governance mechanism, we do a good job in risk management, attract outside attention, leverage core advantages, improve operation performance and shareholder’s value, and connect supply chain to build a value foundation of sustainable development.	
Six sustainable spindles	Green innovation / Low-carbon operation	Friendly workplace / Inclusive society	Innovative value / Partnership for prosperity	
Execution guideline	1. Green innovation: Low power consumption technology and application 2. Green operation: Carbon reduction and green power 3. Green supply chain 4. Sustainable ecology	Internal friendly/External inclusion 1. Friendly workplace 2. Inclusive society 3. Responsible supply chain (RBA Code of Conduct)	1. Strength governance mechanism and risk surveillance 2. Implement supply chain management and competitiveness 3. Realize innovative value and customer success 4. Improve operation performance and shareholder value	
Five execution aspects	Innovation management | Partnership for prosperity | Friendly workplace | Environmental sustainability | Social inclusion			

With the prime guiding principle of sustainable execution structure in response to stakeholders and SDGs

Customer | Supplier/Contractor | Employee | Investor/Shareholder | Government/Associations

Sustainability Governance and Corporate Sustainability Committee

Sustainability Governance and the Board of Directors

Faraday regards the Board of Directors as the highest governance body for sustainability issues, and the Corporate Sustainability Committee is responsible for planning and submitting sustainability-related proposals to the Board on a quarterly basis. Board members actively support sustainable development and regularly participate in relevant continuing education courses.

Overview of Board of Directors' Participation in Sustainability-related Proposals and Training for the Fiscal Year 2024

- Each quarter: Report on climate-related issues (including progress of greenhouse gas inventory, formulation of carbon reduction strategies, green electricity procurement plans, and so on)
- Q3: Achievements of the Sustainability Report
- Q4: Execution Report of the Corporate Sustainability Committee (including risk management, information security management, ethical issues, stakeholder communication, and material sustainability issue)

Item	Board participation in sustainability proposal	Board Sustainability Issue Training
Q1	• Climate Change Response Quarterly Report	NA
Q2	• Climate Change Response Quarterly Report	NA
Q3	• Climate Change Response Quarterly Report • Achievements of the Sustainability Report	Gender Equality and Prevention of Sexual Harassment Awareness
Q4	• Climate Change Response Quarterly Report • Execution Status Report of the Corporate Sustainability Committee • Material sustainability issue	Carbon Connection: Courses on Carbon Fees, Carbon Tax, Carbon Credits, and Carbon Trading

Relationship diagram of Board of Directors and the Corporate Sustainability Committee

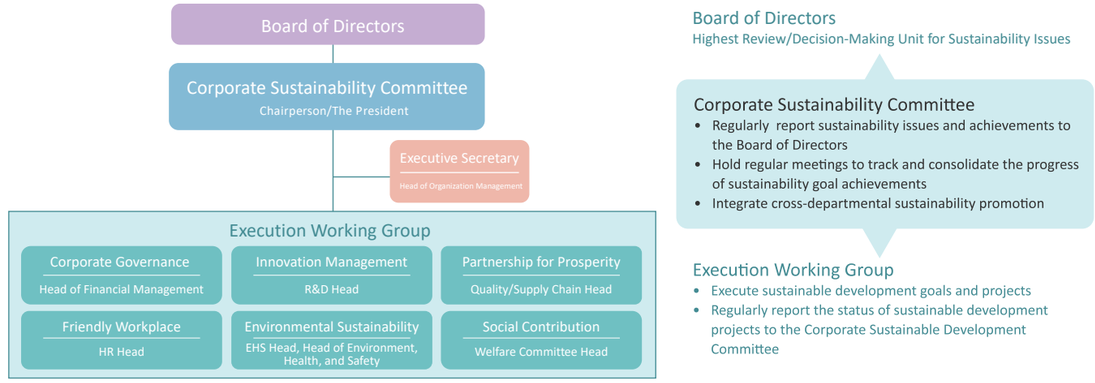
Corporate Sustainability Committee

Faraday established the Corporate Sustainability Committee in 2019, with the President appointed as Chairperson by the Board of Directors to coordinate sustainable development implementation and performance management, serving as a bridge between the Board of Directors and the organization. The committee holds quarterly meetings to review the corporate sustainability implementation achievements and to plan material sustainability topics for reporting to the Board of Directors.

Corporate Sustainability Committee Execution Working Group

The committee integrates cross-departmental resources and establishes six working groups based on the five sustainability execution aspects, as well as the Corporate Governance Team. The President appoints responsible managers to handle the execution and management of short-term, medium-term, and long-term sustainability goals and key projects. Since 2024, sustainability development indicators have been included as one of the components for managerial variable remuneration. For more details, please refer to the Corporate Governance section.

Operating model of Sustainability Committee



Materiality analysis and stakeholder communication

Analysis flow for Faraday's Material Sustainability Issue

Faraday conducts a material sustainability issue analysis at least once every three years to ensure the effectiveness of its sustainability strategy and to respond to stakeholder concerns regarding sustainability information. We use the GRI standard identification flow to create an impact matrix based on the level of sustainability and operational impact, conduct a dual materiality analysis, and incorporate the level of concern from external stakeholders. The top ten issues with significant impact are identified as core issues. After discussion by an expert group, twelve material sustainability issues were defined. These were approved by the Board of Directors and integrated into Faraday's five sustainability execution aspects, with corresponding management policies and goals established. Identification analysis for sustainable impact level was added in 2024, while the operational impact and external stakeholder concern levels were based on the 2023 achievements. The next analysis will be conducted in 2025.

1 Collection of sustainability issue list

Refer to domestic/international sustainability trends to compile a list of potential material sustainability issues

A total of 23 sustainability issues
Governance: 7 issues, Economic: 5 issues, Environmental: 6 issues, Social: 5 issues

2 Identification of stakeholder concern levels

Five key stakeholder surveys for concern levels regarding the 23 sustainability issues

A total of 193 questionnaires
Customers: 20 questionnaires,
Investors/Shareholders: 17 questionnaires,
Employees: 113 questionnaires,
Suppliers/Contractors: 36 questionnaires,
Government/Associations: 7 questionnaires

3 Identification of operational impact levels

Survey from Faraday's management team on the operational impact level of the 23 sustainability issues

A total of 11 questionnaires
Operational decision-making: 4 questionnaires
Finance department: 1 questionnaire
IT Department: 1 questionnaire
General Affairs department: 1 questionnaire
HR Department: 2 questionnaires
Quality department: 2 questionnaires

4 Identification of sustainability impact levels

An expert team was formed by the Corporate Sustainability Committee to analyze the impact level of the 23 sustainability issues on economic, environmental, and social dimensions (including human rights).

A team of nine experts in total, covering the fields of finance, quality, legal, human resources, R&D, IT, and facility management.

5 Determination of material sustainability issues

Create materiality matrix
Ranking based on stakeholder concerns, operational impact, and sustainability impact

The top 10 sustainability issues with the highest impact significance determined as major sustainability issues.
1. Submit to the General Manager for review.
2. Submit to the Board of Directors for approval.

Note: Stakeholder identification flow
Faraday identifies key stakeholders based on the principle of materiality, following the GRI standards and the five principles of the AA1000 Stakeholder Engagement Standard (SES, 2015): dependency, responsibility, influence, diverse perspectives, and tension; those key stakeholders include customers, employees, investors/shareholders, suppliers/contractors, and government/associations

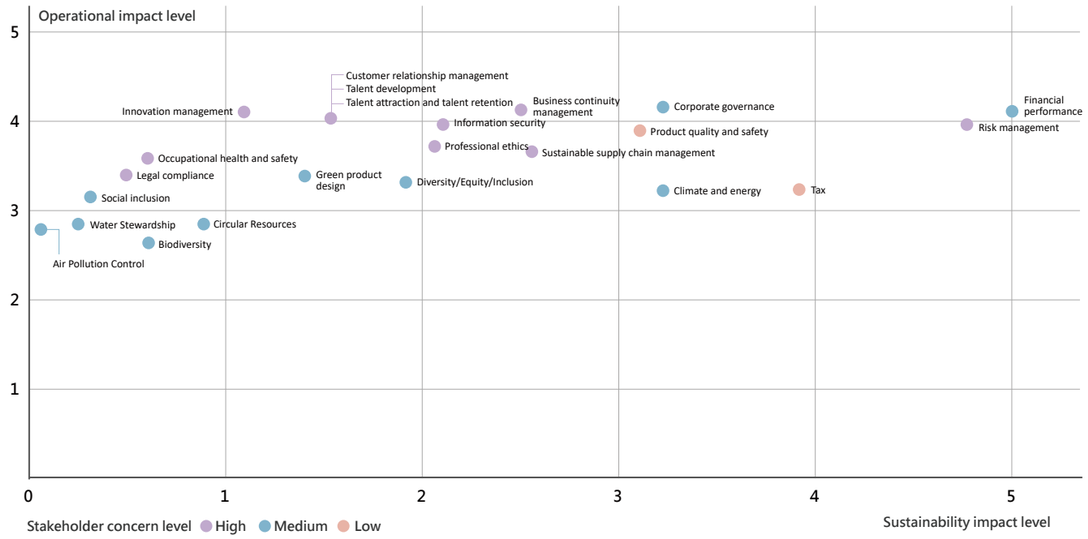
Communication of Material Sustainability Issues

Communication Target	Communication Content	2023	2024
Corporate Sustainability Committee	Identification of sustainability impact levels Impact level of the 23 sustainability issues on external ESG aspects		V (Added in 2024)
Faraday's management team	Identification of operational impact levels Impact level of the 23 sustainability issues on the corporation	V	V (Continued from 2023 results)
External stakeholder	Identification of stakeholder concern levels Concern level of the 23 sustainability issues on the corporation	V	V (Continued from 2023 results)

Impact Level Matrix Analysis

Among the 23 sustainability issues, seven governance-related issues are categorized for general disclosure and result-oriented reporting, and are therefore not included in the ranking. The remaining 16 issues undergo a dual materiality analysis based on "sustainability impact level" and "operational impact level", with the concern level from external stakeholders incorporated to enhance diverse perspectives on issues. After thorough discussion by the Corporate Sustainability Committee, the issues were consolidated into 12 material sustainability issues, which were then submitted to the Board of Directors for approval. In 2024, "Product Quality and Safety" was added, while the "Human Rights" issue was removed (incorporated into the overall sustainability impact analysis for consideration).

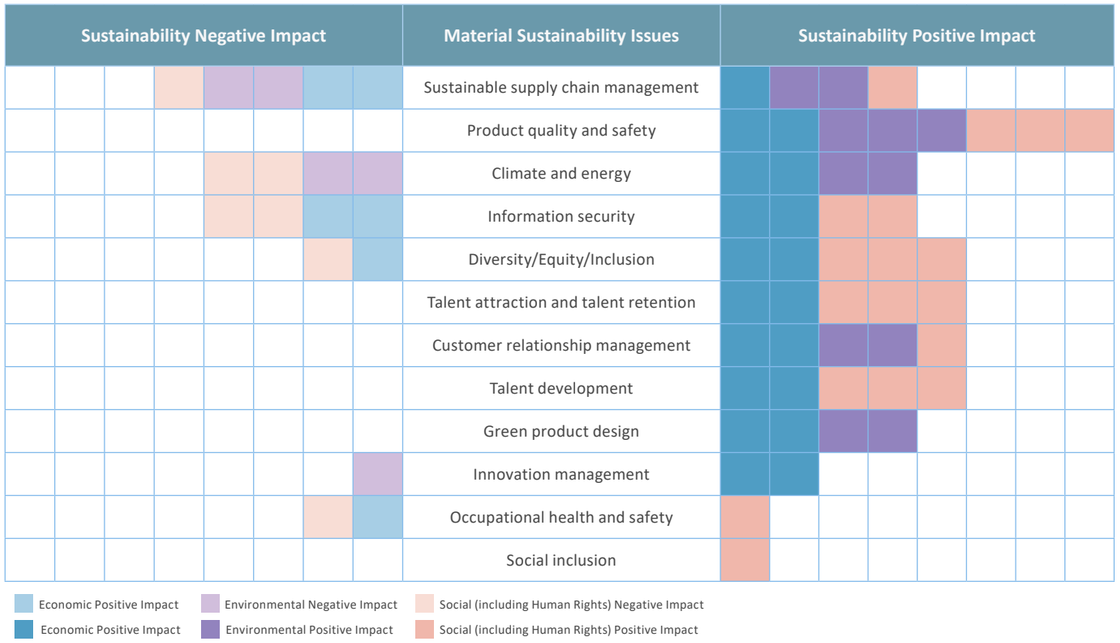
2024 Impact significance matrix



Aspect	Material Sustainability Issue	Aspect	General Issue
Economic	Innovation management	Governance	Financial performance
	Product quality and safety		Risk management
	Information security		Tax
	Sustainable supply chain management		Corporate governance
	Customer relationship management		Business continuity management
Environment	Climate and energy		Professional ethics
	Green product design		Legal compliance
Society	Diversity/Equity/Inclusion		
	Talent development		
	Talent attraction and talent retention		
	Occupational health and safety		
	Social inclusion		

Sustainability Impact Level Analysis

For the 12 identified material sustainability issues, categorized by economic, environment, and society (including human rights), and classified into three levels according to positive and negative impacts, the ranking is as follows:



Material Sustainability Issues

After approval by the Board of Directors, Faraday Corporate Sustainability Committee conducted a comprehensive assessment of the 12 material sustainability issues. The committee evaluated the inclusiveness of the sustainability strategy in conjunction with Faraday's five sustainability execution aspects, serving as the basis for reporting in accordance with the GRI Standards, the identified material sustainability issues will also be incorporated into the company's risk management process for reference.

Material sustainability issues	Significance to Faraday	Impact location of supplier chain						GRI topic	Disclosure section
		Faraday	Employee	Customer	Investor/ Shareholder	Supplier/ Contractor	Government/ Association		
Product quality and safety	Deliver high-quality and safe products to enhance customer collaboration willingness and optimize the end-user experience.	●	○	●		●		GRI 416: Customer Health and Safety	Partnership for prosperity
Climate and energy	Respond to climate change by enhancing operational and financial resilience and reducing environmental impact.	●					●	GRI 201: Economic Performance GRI 302: Energy GRI 305: Emissions	Environmental Sustainability
Sustainable supplier chain management*	Collaborate with global partners to enhance overall sustainability performance and reduce social and environmental risks.	●		●		●	●	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
Information security*	Ensure the protection of confidential information and partner privacy to safeguard corporate reputation and competitiveness.	●	●	●	●	●	●	GRI 418: Customer Privacy	Corporate governance
Talent attraction and talent retention*	Offer competitive remuneration and benefits to enhance employee engagement and drive sustainable business development	●		○	○			GRI 201: Economic Performance GRI 202: Market Presence GRI 401: Employment	Friendly workplace
Customer relationship management*	Enhance technology, quality, and competitiveness to ensure customer trust and long-term collaboration	●	○					GRI 418: Customer Privacy	Partnership for prosperity
Talent development	Faraday places great importance on talent cultivation and development, and provides comprehensive training resources and a supportive learning environment. In alignment with the company's operational goals and strategies, we have established a comprehensive training and development system and scenario. We are devoted to the cultivation and inheritance of high-quality technical talents to accumulate the Company's intellectual capital and enhance its overall competitiveness.	●	●	○	○			GRI 404: Training and Education	Friendly workplace
Diversity/Equity/Inclusion	Protecting the basic rights and interests of employees and providing a harmonious working atmosphere is Faraday's fundamental responsibility.	●	●				○	GRI 202: Market Presence GRI 401: Employment GRI 405: Diversity and Equal Opportunity GRI 406: Non-discrimination GRI 407: Freedom of Association and Collective Bargaining GRI 408: Child Labor GRI 409: Forced or Compulsory Labor	Friendly workplace
Innovation management	Drive sustainable innovation to strengthen core competitiveness.	●	●	●	●	●	●	Faraday-defined sustainability issues	Innovation management
Green product design	Reduce the environmental footprint of products by selecting low-hazard raw materials in compliance with environmental standards.	●		●			●	GRI 302: Energy	Innovation management
Occupational health and safety	Ensure employee safety and health, and provide a good working environment.	●	●		○		●	GRI 403: Occupational Health and Safety	Friendly workplace
Social inclusion	Leverage Faraday Technology's core innovative technology, share the advantage brought from technological innovation with society, enable more people to benefit from the opportunities brought by technology diffusion, and drive a better future.	○					○	GRI 203: Indirect Economic Impacts	Social inclusion

Note: * Incorporate into the annual material risk items. ● Direct impact ○ Indirect impact

Stakeholder Communication

The Corporate Sustainability Committee regularly communicates with stakeholders and collects sustainability issues of concern, based on the material sustainability issue analysis flow. Each year, the committee compiles "Faraday's Stakeholder Communication Status" and submits it to the Board of Directors for review (most recent report date: October 29, 2024).

Stakeholder	Significance to Faraday	Communication Channels/Frequency	Concerned Sustainability Issues	2024 Communication Achievement
Customer	Best strategic partner, dedicated to customer-oriented product and service development to support customer success.	• Phone/email (daily) • Quality meeting (monthly/quarterly) • Customer satisfaction survey (quarterly) • Customer meeting (irregularly) • Customer questionnaire and audit (irregularly) • Customer audit (irregularly)	• Customer relationship management • Innovation management • Product quality and safety • Sustainable supply chain management • Information security	• Customer satisfaction reached 88.7% (out of 100%), and improvement measures as well as preventive actions for customer-identified issues have been implemented. • Responded to 26 customer ESG-related questionnaires or guidelines. • Participated in a total of five customer audits. • Participated in sustainability assessments, including EcoVadis and CDP, in response to customer requests.

Employee	The most important resource, creating the greatest value for the company.	• Employee forum (quarterly)
		• Labor management conference (quarterly)
		• Training committee (quarterly)
		• Occupational safety and health committee (quarterly)
		• Welfare committee (half-year)
		• Performance review (annually)
		• Employee satisfaction survey (annually)
		• Human rights due diligence (every three years)
		• Email comment box/bulletin board (irregularly)
			• Talent attraction and talent retention
			• Diversity/Equity/Inclusion
			• development
			• Occupational health and safety
				• Hold the following meetings regularly, totaling 18 sessions:
				  - Employee forum (quarterly)
				  - Labor management conference (quarterly)
				  - Training committee (quarterly)
				  - Occupational safety and health committee (quarterly)
				  - Welfare committee (half-year)
				• Annual performance review: Implementation rate exceeds 80%
				• Newcomer interviews: Implementation rate is 100%
				• Employee satisfaction survey: 92%
				• Human Rights Due Diligence: Implementation rate of 100%; human rights violations reported: 0 case
				• Global announcements/shares: Over 200 posts

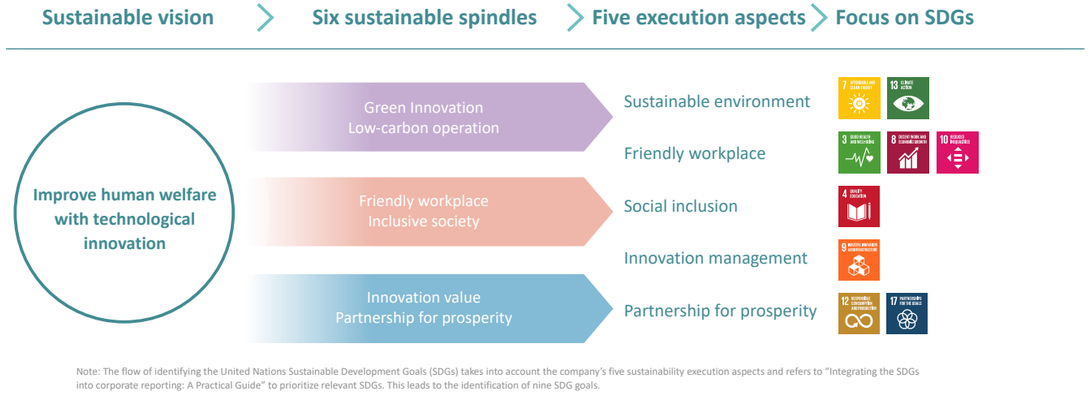
Investor/ Shareholder	Provides operating capital and focuses on financial and governance performance.	• Investor conference (quarterly) • Shareholder general meeting (annually) • Quarterly financial reports and annual report (quarterly/annually) • MOPS (Market Observation Post System) (irregularly) • Meetings (irregularly) • Phone/email (irregularly)	• Corporate governance* • Financial performance* • Risk management* • Innovation management • Product quality and safety	• Held quarterly online investor conference to thoroughly explain the current quarter's operational performance and outlook to investors, totaling 4 sessions per year. • Participated in a total of 13 domestic and international broker forums to effectively communicate the company's operational status and strategies to institutional investors. • Held online or in-person meetings with domestic and international investment institutions several times a week. Through nearly a hundred meetings, investors are informed about the company's value and competitiveness. • Exceeding legal requirements, the shareholders' meeting is held by the end of May to improve the situation of concentrated scheduling for shareholders' meetings. • Both the interim financial reports and annual financial reports are published in Chinese and English versions, exceeding legal requirements by being released early, ensuring transparency of information. • Simultaneously provided 42 material information in both Chinese and English, facilitating information access for foreign investment institutions. • Collaborate with stakeholders to respond to sustainability assessments from international rating agencies such as FTSE, S&P CSA, and MSCI.
Supplier/ Contractor	Provide operational resources and services to co-create a sustainable supply chain.	• Phone/email (daily) • Supplier audit (quarterly/yearly) • Quality monthly report (monthly) • Customer Complaint Channels (irregular) • Supplier Sustainability Communication (irregular)	• Risk management* • Integrity in operation* • Sustainable Supply Chain Management	• Conducted a total of 15 RBA audits for suppliers, with 100% of suppliers meeting RBA requirements. • 100% of production suppliers provide a quality monthly report every month. • Complete the evaluation of production suppliers quarterly with a 100% completion rate. • Suppliers complete corrective and preventive actions for production abnormalities with a 100% completion rate. • Suppliers have completed signing the "No Conflict Minerals Declaration" and the "Environmental Substances Non-Use Commitment," with a 100% completion rate. • In 2024, conducted human rights due diligence for suppliers. Issues of moderate risk will be identified as key human rights issues for Faraday. Will continue to optimize supplier audit management and regularly track the execution results.
Government/ Associations	Adhere to government regulations and leverage government resources.	• Corporate governance evaluations and index assessment (yearly) • MOPS (Market Observation Post System) (irregularly) • Financial report (quarterly) • Shareholder Meeting Materials (yearly) • Sustainability report (yearly) • Government Correspondence and Activities (irregularly)	• Corporate governance* • Financial performance* • Risk management • Integrity in operation* • Climate and energy	• Participated in corporate governance evaluations and achieved a ranking among the top 5% of companies. • In response to national sustainable development goals and received the "National Sustainable Development Award" for the year 2024. • In response to the Occupational Safety and Health Administration's promotion of occupational health and safety, received recognition as an outstanding enterprise in the "Active Evaluation of Corporate Sustainability Report Disclosure of Occupational Health and Safety Indicators” • In response to the health promotion activities of Health Promotion Administration, Ministry of Health and Welfare, received the Excellence Award in the "Workplace Posture Management and Competition." • In response to the national 12 key strategies for net-zero emissions, initiating green electricity transfer, promoting energy-saving project, and advancing green finance. • Completed GHG inventory for parent and subsidiary companies, ahead of the schedule outlined in the FSC's Sustainable Development Roadmap (2027). • Serve as a committee member and officer of the Taiwan Science Park Industrial Association's Professional Committee, providing professional advice, consultation, and acting as a bridge for communication with the government. • Participated in 38 public hearings, seminars, or training sessions organized by the government and industry associations.

Note: * refers to general issues under corporate governance.

Sustainability Strategy Integrating Sustainability Issues and SDGs

Faraday Sustainability Strategy

As a global citizen and an important member of the semiconductor supply chain, Faraday establishes the execution structure of sustainability through its sustainability committee. Based on the three ESG pillars of environment, society, and governance, Faraday has developed six key sustainable spindles: green innovation and low-carbon operation, friendly workplace, inclusive society, innovative value, partnership for prosperity. We implement the five execution aspects - innovation management, partnership for prosperity, friendly workplace, environmental sustainability, and social inclusion - to effectively realize the spirit of sustainability. During the target-setting process, align with material sustainability issues and focus on the United Nations Sustainable Development Goals (SDGs)Note; implement corresponding sustainability action plans to ensure concrete execution results, synchronize with global sustainability benchmarks to jointly create a sustainable future.



Note: The flow of identifying the United Nations Sustainable Development Goals (SDGs) takes into account the company's five sustainability execution aspects and refers to "Integrating the SDGs into corporate reporting: A Practical Guide" to prioritize relevant SDGs. This leads to the identification of nine SDG goals.

Faraday's Core Sustainability Strategy				Incorporating External Sustainability Frameworks		Countermeasures and Performance Tracking
Sustainability Policy	**Corporate governance and five execution aspects**	**Corresponding policy/commitment**	**Management strategy**	**SDGs**	**Material Sustainability Issue**	**Management Policy and Achievement**
"Faraday ESG Policy"	Corporate governance	"Sustainability Best Practices Guidelines" "Information Security Policy"	Incorporate sustainability issues into the core considerations of corporate governance and business strategy		• General issue in governance • Information security	Refer to corporate governance
	Innovation management	Through continuous innovation to strengthen core competitiveness to achieve sustainable development	With innovative technology, promote global energy transition and smart development through welfare products.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Innovation management • Green product design	Refer to innovation management
	Partnership for prosperity	"Faraday Supplier Code of Conduct"	Mutually beneficial partnerships with upstream and downstream value chain, shared prosperity, sustainable goodness	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS	• Product quality and safety • Sustainable supply chain management • Customer relationship management	Refer to partnership for prosperity
	Friendly workplace	"Faraday Technology Human Rights Policy" "Faraday Technology Declaration of Diversity, Equity and Inclusion" "Environmental Safety and Health Policy"	Provide a competitive remuneration and welfare system, create a safe and healthy working environment, and establish a friendly workplace that is people-oriented and integrates joy with professionalism.	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	• Talent attraction and talent retention • Talent development • Diversity/Equity/Inclusion • Occupational health and safety	Refer to friendly workplace
	Environmental sustainability	"Environmental Safety and Health Policy" "Climate Change Commitment" "Declaration on Biodiversity"	Reduce the environmental impact of business operations and integrate environmental sustainability principles into the company's sustainability strategy and operational planning.	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	• Climate and energy	Refer to environmental sustainability
	Social inclusion	Promote social development, exert social influence, respond to social welfare	Promote social development, enhance social influence, social assistance and public welfare	4 QUALITY EDUCATION	• Social inclusion	Refer to social inclusion

Five execution aspects

Innovation Management

1.1 Core competency

1.2 Innovation and R&D results

1.3 Low power consumption technology R&D and sustainable products

1.4 Intellectual property management

Focusing on SDGs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Highlights of Sustainability

IP data base

Owning database of more than 4,000 IPs

Low power consumption Silicon IP

Have developed 2,942 low power consumption silicon IPs

R&D talents

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

Patent

Cumulative granted patents worldwide over 967 cases

Sustainable products

Energy transition and smart application-related products accounted for 82% of revenue

Research and development

R&D expenses account for 27% of the total

Management Policy

Material Sustainability Issues	Performance Indicators	Target in 2024	Result in 2024	Target in 2025	2030/Long-term direction
Innovation management	Cases of patent application	≥ 10	A total of 10 patent applications	≥ 11	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
	Pass TIPS class A re-certification	Maintain the validity of the verification statement	Maintain the validity of TIPS class A	Maintain the validity of the verification statement	Promote the TIPS management system to all technical divisions of the Company
Green product design	Promote low power consumption design	> 80% implementation completion rate on 14 nm low power design and 40 nm SONOS low power platform	> 86% completion rate on 14 nm low power design and 40nm SONOS low power platform	> 90% implementation completion rate on 14 nm low power design and 40 nm SONOS low power platform	Continuously develop low power consumption product and low power consumption platform
	Faraday's revenue share of sustainable products (Green energy/smart/efficiency related)	>70%	Faraday's revenue from sustainable products (green energy/smart/efficiency related) accounted for 82%	>70%	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".

Management of Material Sustainability Issues

Innovation management

Policies/Commitment
Strengthen core competitiveness through continuous innovation and implement sustainable development.

Impact Description
Failing to grasp market trends promptly will hinder the advancement of new technologies.

Key Actions
- Review regularly; implement catchup plan
- Adjust product plan

Green product design

Policies/Commitment
Continuously pursue green innovation and develop low power technology and system applications

Impact Description
The product development did not meet expectations, resulting in excessive use of resources and increased environmental burdens.

Key Actions
- Continuously develop cases of green sustainable product
- Continuously advance process technology to reduce product energy consumption

1.1 Core competency

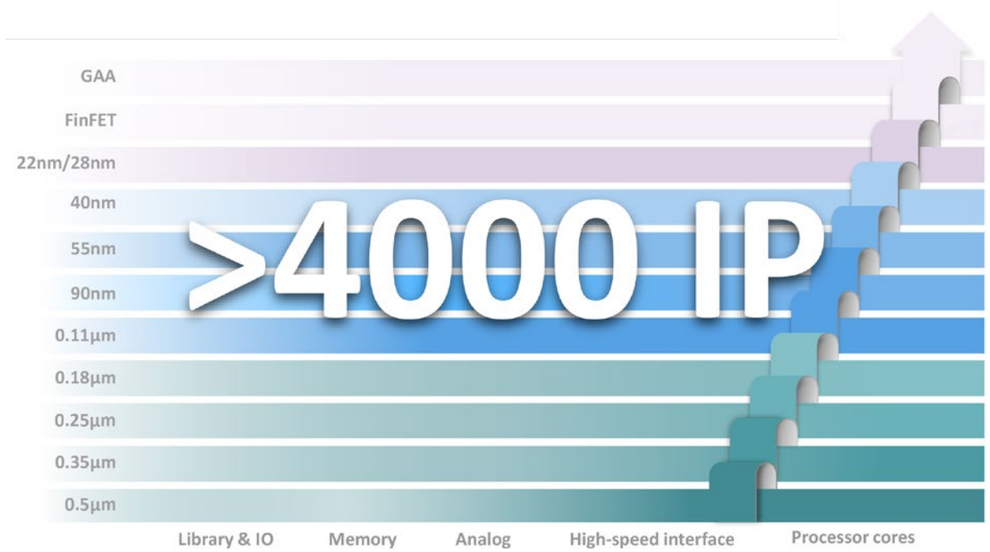
1.1.1 Complete IP database

With three decades of rich experience in silicon 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.

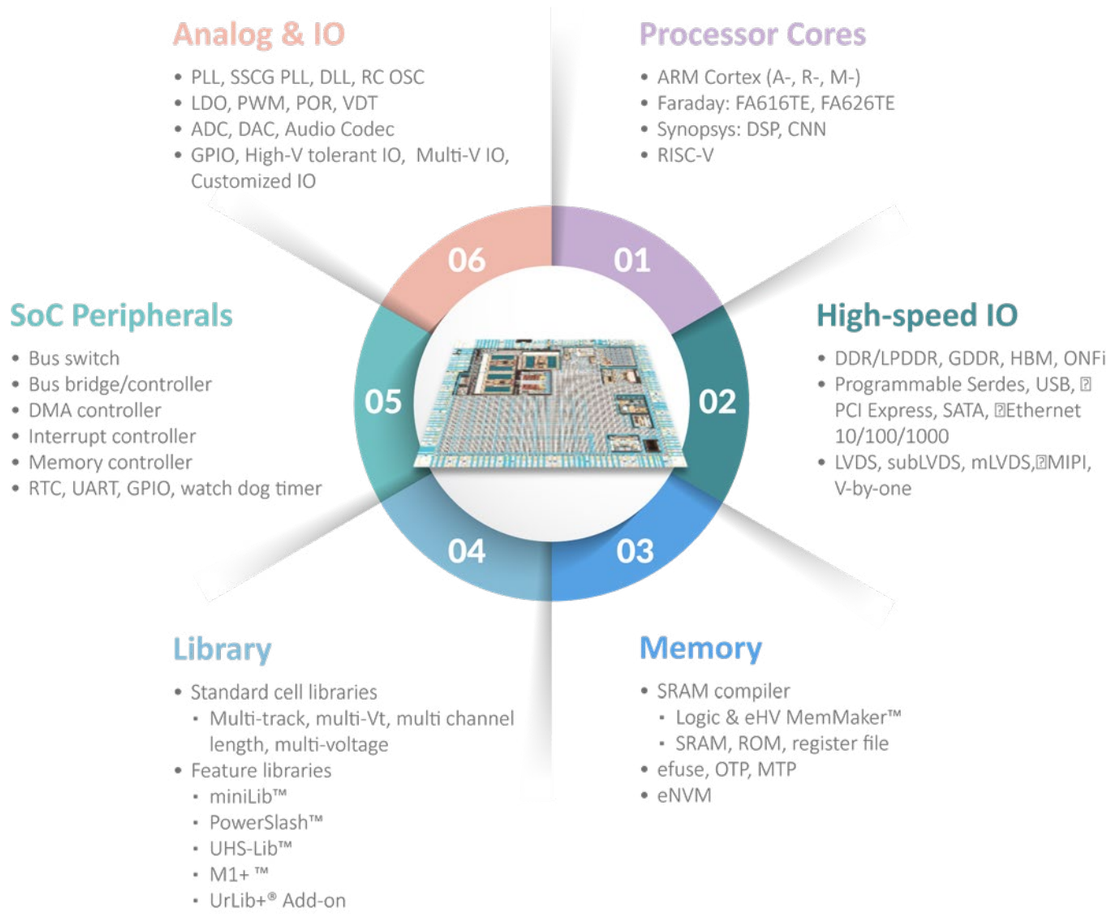
As the first ASIC manufacturer established in Asia with a complete self-developed IP database, Faraday leverages years of experience and continuously innovative technologies to help customers save considerable IP licensing fees, improve chip integration, and reduce chip development risks.

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



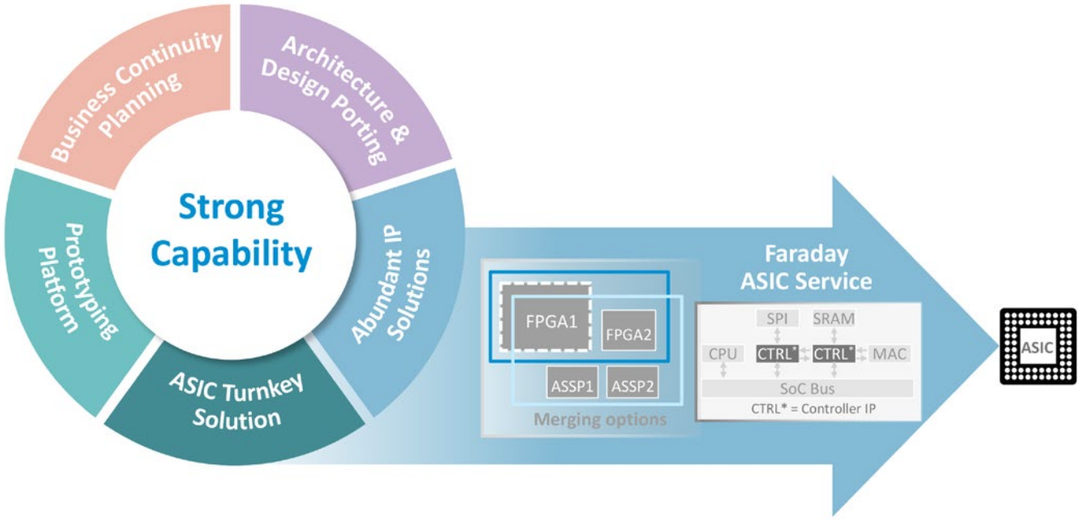
Faraday IP covering six major technology fields

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.

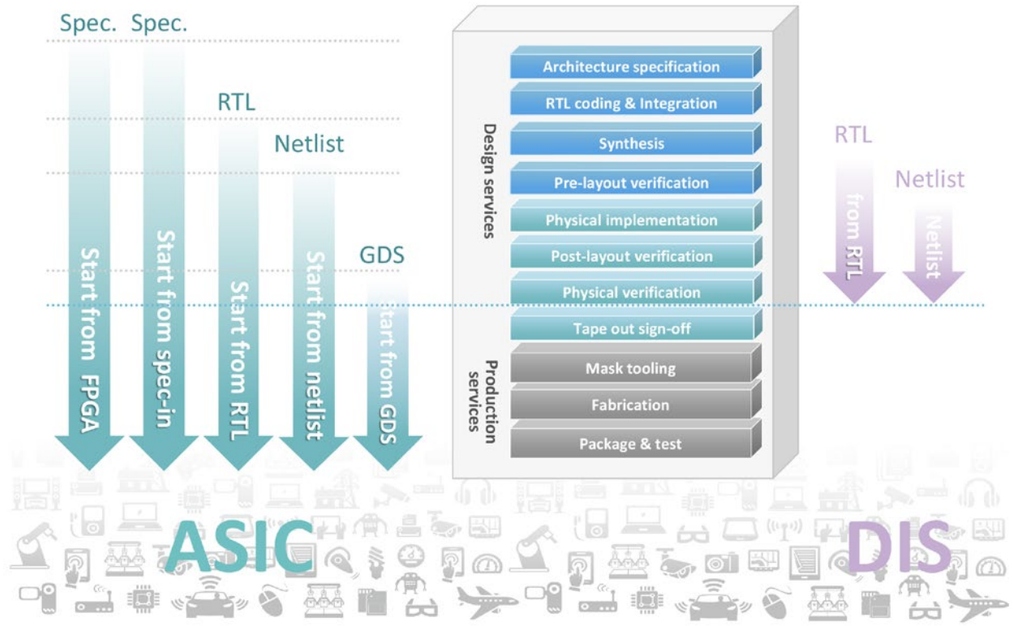


In addition to comprehensive design capabilities, Faraday has also developed complete design flow and solutions for customized chip services, with IP services, design services, and mass production services as its three core items. By combining automated integration tools and the platform to produce RTL 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.

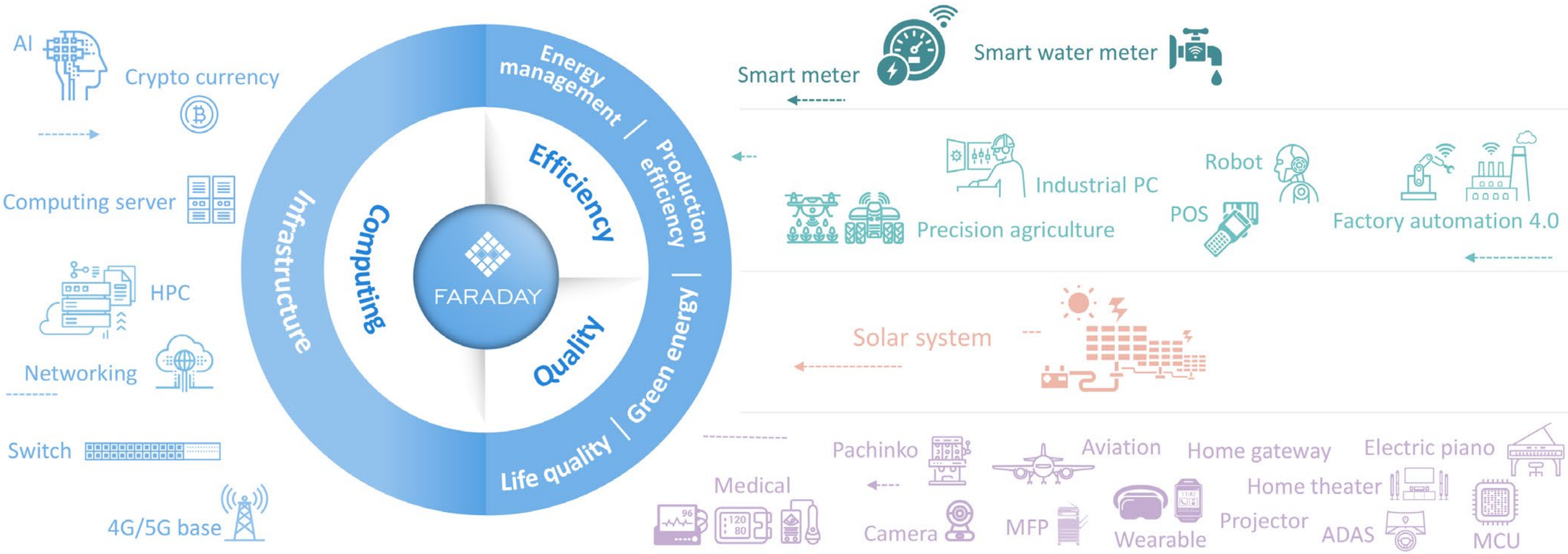
Complete ASIC Design Service Model

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

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

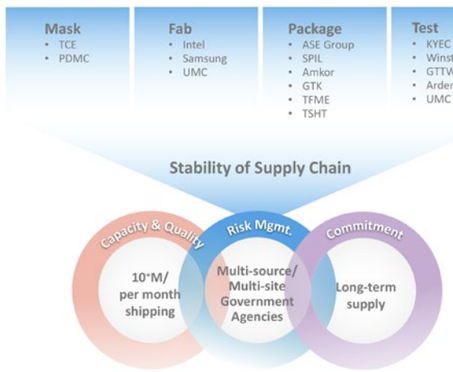
Advanced packaging technology is an important cornerstone for semiconductor process technology to enter the next generation. Through advanced packaging technology, chip products can be optimized in terms of performance, size, heat dissipation, cost, and power consumption. In providing customers with 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

ANDES TECHNOLOGY, arm, cadence, CEVA, ememory, Infineon, PUFsecurity, Rambus, SECURE-IC, Silicon Creations, Silicon Library Inc., SYNOPSYS

EDA suppliers

Ansys, cadence, KEYSIGHT, SIEMENS, SYNOPSYS

Production

Amkor Technology, Ardentec A testing partner you can trust, ASE GROUP 日月光集團, GREATEK, GT, intel, KYEC, PDMC, SAMSUNG, SPIL, TCE, TF 通宝微電, UMC, Wavetek, Winstek, 华天科技

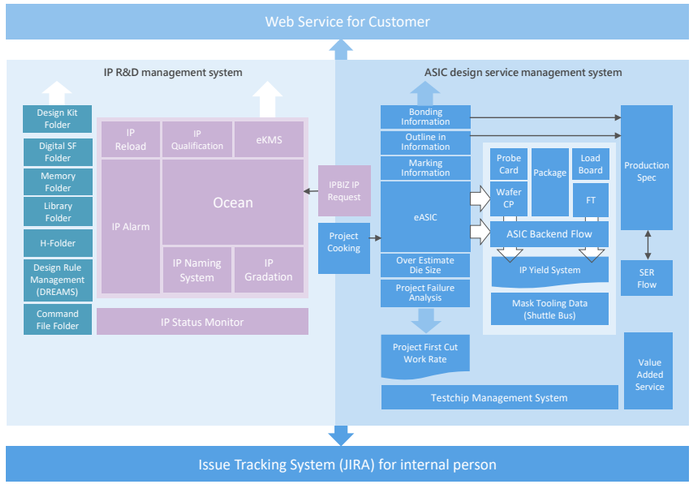
1.1.3 Innovative R&D management

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 in 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.

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.



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 stages.

- 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:
  Faraday IP Status Gradation Form
- IP delivery methods
  Adopt self-built eService system for customers to obtain project-related IP documents and information

Faraday IP Status Gradation Form

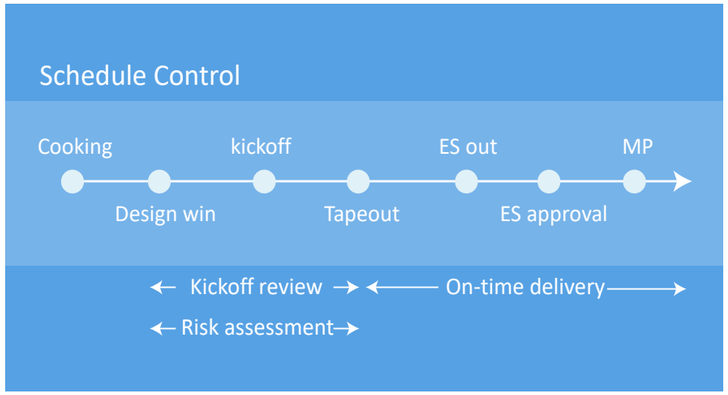
Gradation	Description
Iron grade	This IP development has been completed, and IP documents have been checked into OCEAN (Faraday IP central database) system, but relevant IP verification has not yet been completed.
Bronze grade	This IP development has been completed, and IP documents have been checked 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	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	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, and have been applied to the mass production of more than 2 ASIC products. The mass production quantity of each ASIC product is greater than 50 wafers or 20,000 chips.
Platinum grade	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 chips.

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

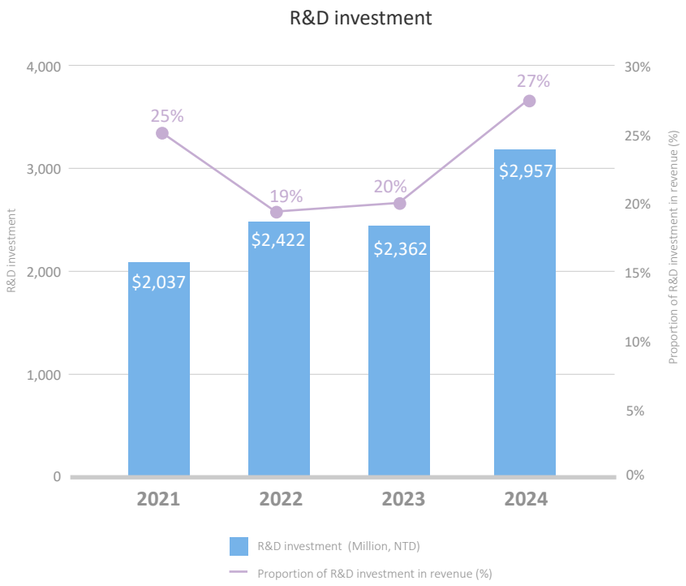
ASIC design flow is complex. Faraday uses the “ADMIRE system” to control the details and schedule of each stage during the actual development flow. It also has a reminder mechanism so that project managers, R&D personnel, and even customers can understand task execution status and bottlenecks to solve 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 competency; R&D engineering talents account for more than 80% of the total number of employees. In recent year, Faraday has invested 20% ~ 30% of its revenue in R&D.



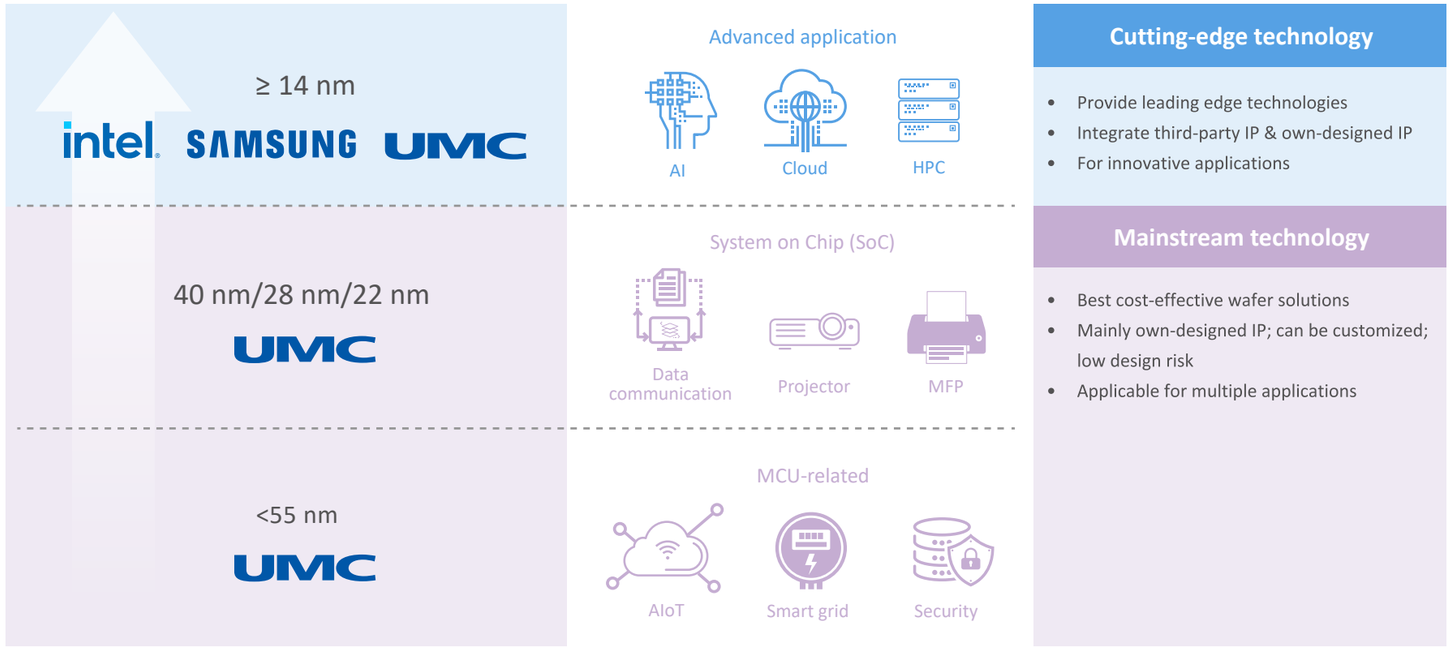
In the aspect of process technology upgrades, Faraday has strategic partnership with foundry, UMC, Samsung, and Intel. Faraday is committed to developing basic cells and various functional IP required for advanced processes; providing customers market-critical and advanced process of ASIC design services. 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 4 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

Collaborated in Arm Total Design to provide Arm Neoverse CSS-based design services

Has become an Arm® Total Design services partner, with rich experiences in Arm IP design and ASIC services, we provide integration and hard macro solutions for Arm Neoverse™ Compute Subsystem (CSS). Our aim is to meet the demands of advanced cloud, high-performance computing (HPC), and artificial intelligence (AI) chips.

Launched the HiSpeedKit™-HS platform for high-speed interface IP system validation

Launched HiSpeedKit™-HS platform to enhance and simplify the verification process of high-speed interface IP subsystems. In addition to supporting Faraday's own IP, the Company can integrate third-party interface control circuits through built-in FPGA to conduct complete software and hardware verification, reduce risks, and shorten design integration time.

The HiSpeedKit-HS platform provides IP design and system integration. Chip designers can integrate interface IP and perform system testing in a real SoC environment. This platform is equipped with an Arm Cortex® A53 processor and Faraday's own high-speed interface IPs such as DDR 4 PHY, PCIe Gen 4 PHY and Gigabit Ethernet PHY. In addition to ensuring that these PHY IP test chips have passed system verification, the control circuit is further integrated to ensure the integrity and quality of the integrated high-speed interface subsystem, reduce future integration risks, accelerate the design and production schedule, and provide early performance experience in various system software applications.

Launched 22 nm image sensor interface MIPI D-PHY IP

The 22 nm MIPI D-PHY IP supports a 0.8 V low-power operating voltage version, which reduces power consumption by 12% and IP area by 10% compared to the 28 nm solution. It also supports TX transmission channels from 80 Mbps to 2.5 Gbps, which is particularly suitable for high-resolution or high-frame rate video applications. The RX IO combination can be customized to meet the needs of different device interfaces with flexible data and clock channel configurations.

The 22nm V-by-One HS PHY IP complies with the V-by-One HS V1.4/1.5 standard and supports transmission rates from 600Mbps to 4Gbps. Compared with the 28nm version, the 22nm low-power version reduces power consumption by 20% and reduces IP area by 30% at an operating voltage of 0.8V. This IP supports data scrambling and CDR (clock data recovery) functions, which can effectively solve the signal skew problem and reduce EMI impact.

Faraday continues to invest in high-speed imaging interface solutions, providing application-oriented design services, including IP customization services such as multi-channel configuration and IO interface combination, and assisting in seamlessly transferring designs to other processes.

Launched an advanced packaging collaboration platform to support multi-sourced chiplet integration

Launched an advanced packaging collaborative service platform to integrate chiplets from different suppliers or semiconductor factories, simplify the overall advanced packaging process, simplify the overall advanced packaging process, and provide core services such as design, packaging and production.

This service platform can provide one-stop solutions according to customer needs, integrating vertical division suppliers of small chips, HBM high-bandwidth memory, interposer and 2.5D/3D packaging, including small chip design, test analysis, production planning, outsourcing purchasing, inventory management, and 2.5D/3D advanced packaging services.

Announcing the development of a 64-core Arm-based SoC on Intel's 18A process technology

Collaborating with Arm and Intel to develop a 64-core SoC on Intel's 18A process, integrating the Arm® Neoverse™ Computing Subsystem (CSS) to provide excellent performance and power efficiency for large-scale data centers, edge infrastructure and advanced 5G networks, accelerating high-performance computing (HPC) and data center applications.

This SoC will be the core of Faraday's next-generation platform, helping customers accelerate the development of ASICs and customized SoCs related to data center servers and high-performance computing (HPC). In addition, the peripheral IP of the Arm Total Design ecosystem will be further integrated to ensure the smooth integration and verification of SoCs on Intel's 18A process, and to simplify the front-end design process of the SoC architecture to shorten the chip development cycle.

1.3 Low power consumption technology R&D and sustainable products

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

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

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.

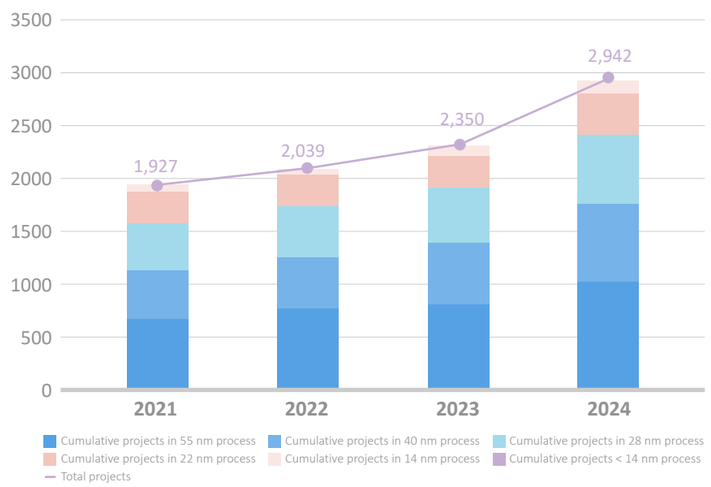
For low power consumption SoC requirement, Faraday’s fundamental cell IP is designed with enhanced routing, as well as optimal power, performance, and area.Compared to 22 nm capabilities, the 14 nm cell library can reduce chip die area by 10% or decrease power consumption by more than 30% at the same performance. In addition, this standard cell library operates across a wide voltage range from 0.8 V to 0.9 V and supports low-leakage operation for Always-on circuits in SoCs. The diverse I/O cell library includes general-purpose I/O, multi-voltage I/O, RTC I/O, OSC I/O, and analog ESD I/O. 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.

Low power consumption IP technology solutions

As of 2024, Faraday has completed a total of 2,942 low power consumption silicon 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.

Cumulative kick-off projects of low power consumption IP technology



Provides customer with chip system energy efficiency solution

Faraday provides ASIC design solutions and collaborates closely with customers in the co-development of system-on-chip (SoC) products. By selecting the most suitable process technology and silicon IP based on energy-saving requirements, Faraday enables customers to reduce power consumption by more than 50%. Take the following two products as examples, the smart meter ASIC, cumulatively produced up to 2024, has contributed 1,585,122,000 kWh in annual power savings, while the solar ASIC has contributed 924,442,800 kWh.

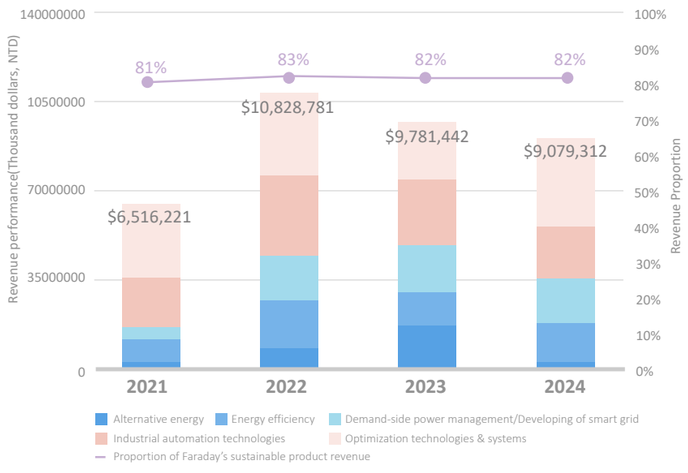
Item		Application field	
		Smart meter	Solar energy
Process		55nm	110nm
Power consumption reduction compared to the previous-generation chip design (at the same operating frequency)		51.33%	50.88%
Estimated Annual Energy Savings Contribution	kWh	1,585,122,000	924,442,800
	GJ	5,706,394	3,327,967

1.3.2 Promoter of the energy transition and smart applications

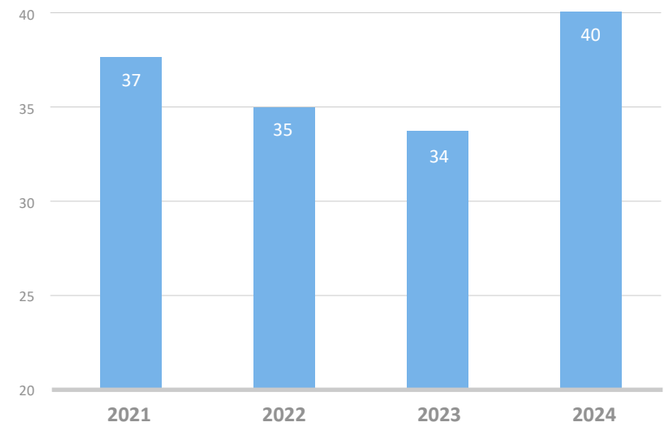
Faraday actively drives the development of products related to green energy, smart technologies, and efficiency enhancement, aiming to contribute to global energy transition goals through our professional design and R&D capabilities. Our product portfolio is applied in various green and sustainable fields, including smart meters, solar systems (including smart grids), Switch, office automation, industrial automation, precision agriculture, and PoS devices. In 2024, revenue from energy transition and smart application-related products accounted for 82% of total revenue, and this proportion is expected to continue growing in the future.

Faraday has long been a key chip design partner for system companies in the green energy industry chain. 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 successfully completed the development of dozens of customer design projects and achieved mass production and product shipments, bringing commercial success to our customers and contributing to the global green energy industry.

Revenue and proportion of sustainability-related products



Kick-off projects of energy transition and smart application

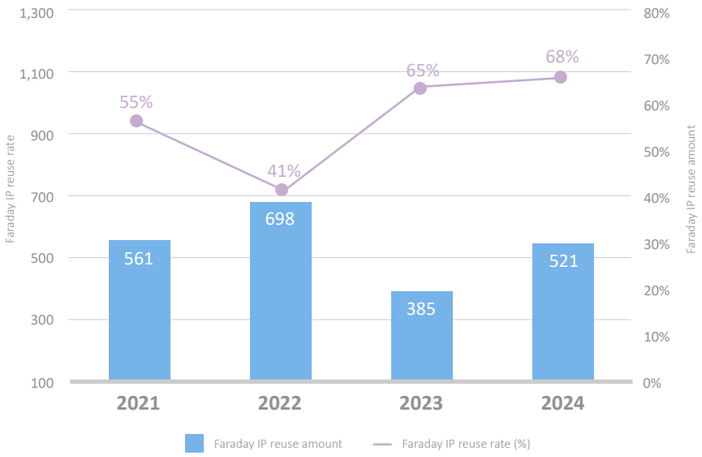


1.3.3 Promote sustainable value of chip R&D innovation by silicon IP technology

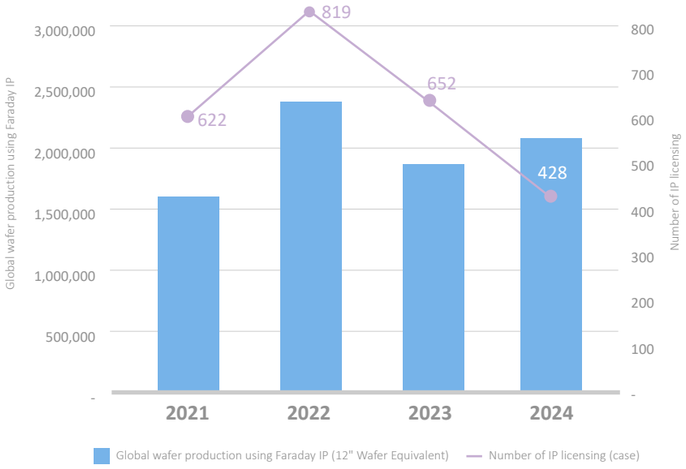
The advancement of human technology is closely tied to developments in chip technology. As chip manufacturing processes continue to break through new barriers, the power consumption and performance of each chip are consistently improved in each new generation. The core technologies embedded in silicon IP play a critical role in driving the development of next-generation chip products. Faraday possesses a rich silicon IP portfolio and robust R&D capabilities, which have earned the trust of numerous customers and partners. High-quality silicon IP not only reduces the risks associated with system-on-chip (SoC) integration but also enhances the efficiency and success rate of chip R&D.

As a driver of silicon IP core technology services, Faraday enables customers to focus on the development and innovation of chip-specific applications and functionalities, jointly creating more technology products that benefit mankind and the planet.

Silicon IP's reuse status



Silicon IP Licensing and Wafer Production Volume



1.4 Intellectual property management

Faraday adheres to the belief of “Improve human welfare with technological innovation” and the business philosophy of achieving co-prosperity, win-win, and shared synergy for excellence with customers, employees, and partners. 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:

- Deployment of patents to protect R&D outcomes
- Encouragement of R&D innovation
- Strengthening the acquisition, protection, maintenance, and use of intellectual property rights
- Enhancing employees’ understanding of intellectual property and legal concept
- Implementing a patent asset inventory
- Risk warning and control of intellectual property

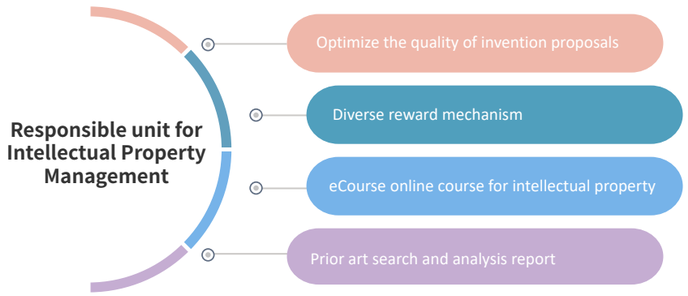
Import Taiwan Intellectual Property Management Standards (TIPS)

In 2023, Faraday has passed the certification of “Taiwan Intellectual Property Management System (TIPS) Class A” to strengthen Faraday's management in protecting intellectual property. 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.

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



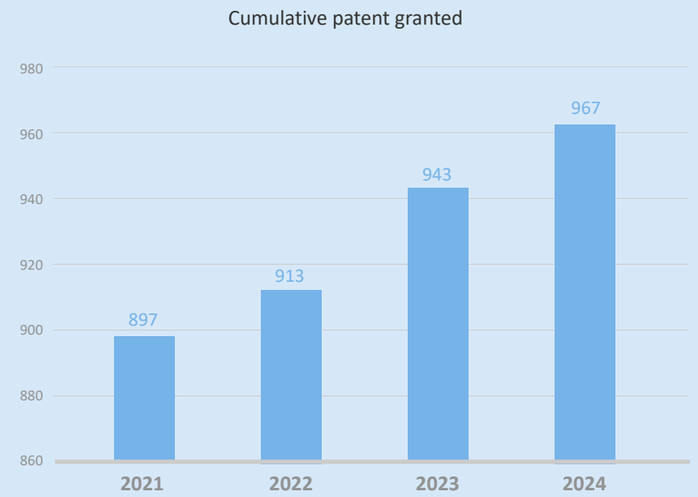
1.4.2 Risk warning and control of intellectual property right

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

1.4.3 Patent deployment

Faraday’s patent application deployment strategy and targets take both quality and quantity into account. We regularly conduct patent asset inventory and analysis 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 967 global patents granted (including more than 379 patents in the U.S.)**
- **More than 66 patent applications currently in process**

Five execution aspects

Partnership for Prosperity

2.1 Quality Management

2.2 Customer Service

2.3 Sustainable Supply Chain Management

Focusing on SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

17 PARTNERSHIPS FOR THE GOALS

Highlights of Sustainability

Product Safety

After customer completed new product verification in 2024, number of cases requiring engineering change orders (ECO) attributable to Faraday's responsibility: 0
Customer complaints violating product safety: 0

Quality Improvement

Major quality improvement projects in R&D and operations under TQM: 24 projects
R&D quality improvement projects: 13 projects
Operational quality improvement projects: 11 projects

Sustainable Supply Chain

Establish a sustainability risk assessment mechanism for qualified suppliers
In 2024, there were no high-risk suppliers among the qualified suppliers.

Low-Carbon Supply Chain

Supplier carbon emission intensity reduced by 6.41%, achieving the 2024 target of a 3% reduction.

Local Procurement

Increasing the proportion of local procurement for three consecutive years
In 2024, the local procurement ratio reached 55%, an increase of 11% compared to 2023.

External Recognition

Awarded two annual awards from the 2024 AQM Quality Management AssociationExcellent Quality Practice Award (EQPA) in Quality Improvement Category
Excellent Quality Practice Award (EQPA) in Cross-Departmental Collaboration Category

Management Policy

Material Sustainability Issues	Performance Indicators	Target in 2024	Result in 2024	Target in 2025	2030/Long-term direction
Product Quality Safety	Customer complaints violating product safety	0 case	0 case	0 case	0 case
Customer Relationship Management	Customer satisfaction ratio	87%	89%	87%	Continuously improved
	eService customer questionnaire on-time closure rate	98%	99.7%	98%	98%
Sustainable Supply Chain Management	Percentage of wafer and packaging manufacturing suppliers obtaining ISO14001 environmental management system certification: 100%	100%	100%	100%	100%
	Percentage of wafer, packaging, and testing suppliers obtaining ISO45001 certification: 92.9%	> 80%	93%	> 80%	Prioritize suppliers with ISO 45001 certification, and continuously require all wafer, packaging, and testing suppliers to achieve ISO45001 certification.
	Percentage of wafer and packaging suppliers obtaining QC080000 certification	> 80%	100%	> 80%	Prioritize suppliers with QC 080000 certification, and continuously require all wafer and packaging suppliers to achieve QC080000 certification.
	• Supplier achievement rate in signing the following documents: 1. Declaration of Non-use of Conflict Minerals 2. Commitment of Non-use Environmental Substances 3. Commitment of Faraday Supplier Code of Conduct (including RBA human rights and carbon reduction requirements)	100%	100%	100%	Achievement rate of signatures from wafer, packaging, and testing suppliers: 100%
	Supplier carbon emission intensity (tCO_2e/per million of outsourcing cost) has decreased compared to 2023.	3%	6.5%	6%	All wafer, packaging, and testing suppliers are expected to achieve an average carbon reduction of 20% by 2030 (with 2023 as the base year)

Faraday Customized Target	Performance Indicators	Target in 2024	Result in 2024	Target in 2025	2030/Long-term direction
Partnership for Prosperity	Percentage of wafer, packaging, and testing suppliers achieving ISO9001 quality management system certification	100%	100%	100%	100%
	Audit coverage rate for wafer, packaging, and testing suppliers (including audits on production quality management, supplier code of conduct, and information security)	100%	100%	100%	Audit achievement rate for wafer, packaging, and testing suppliers: 100%

Management of Material Sustainability Issues

Product quality and safety

Policy / Commitment
Comply with the "Environmental, Health, and Safety Policy" (including prohibition of hazardous substances) and the Conflict-Free Minerals policy.

Impact Description
Failure to meet product quality and safety regulations may lead to returns, safety risks, reputational damage, and losses for both customers and the company.

Key Action
Ensure that suppliers sign the following documents, with an achievement rate of 100%:
- Declaration of Non-use of Conflict Minerals
- Commitment of Non-use Environmental Substances
- Commitment of Faraday Supplier Code of Conduct (including RBA human rights and carbon reduction requirements)

Customer Relationship Management

Policy / Commitment
Ensure technological leadership, quality assurance, and product competitiveness to maintain customer trust and support.

Impact Description
If customer satisfaction declines, it may lead to customer attrition and affect the company's long-term growth momentum.

Key Action
- Establish effective communication channels to fully understand customer needs
- Meet regulatory requirements and promote supply chain compliance
- Continuously improve customer service to enhance customer satisfaction

Sustainable Supply Chain Management

Policy / Commitment
Collaborate with global partners to enhance the sustainability performance of the value chain and reduce social and environmental risks.

Impact Description
- Insufficient supply chain resilience may impact product delivery
- Uncontrolled hazardous substances may damage reputation, cause financial losses, and lead to environmental pollution
- Failure of suppliers to meet human rights standards may result in reputational damage and legal non-compliance.

Key Action
- Establish a supplier risk management mechanism, including new supplier assessments, audits of qualified suppliers, quarterly performance evaluations, and ESG questionnaires and risk assessments for qualified suppliers
- Strengthen environmental and human rights supervision in the supply chain to promote continuous improvement and optimization

2.1 Quality Management

Faraday is committed to providing global customers with excellent IP and ASIC design service, and has gained long-term recognition through high-quality products and services. We emphasize quality management in key processes, continuously promoting Total Quality Management (TQM), and also reduce issues and defects through pre-diagnosis and post-preventive actions. In addition, we encourage R&D and operational units to proactively propose quality improvement projects, share their achievements in regular TQM meetings, and participate in outstanding project competitions. These efforts reward teams that demonstrate "concrete results and substantial contributions" in quality, service (customer satisfaction), and competitiveness enhancement, thereby reinforcing a culture of quality and ensuring that customers benefit from Faraday's commitment to delivering high-quality products and services.

2.1.1 Quality Policy

Faraday has established "Quality Policy", which is issued after approval by the President, to be as a guideline for quality management.

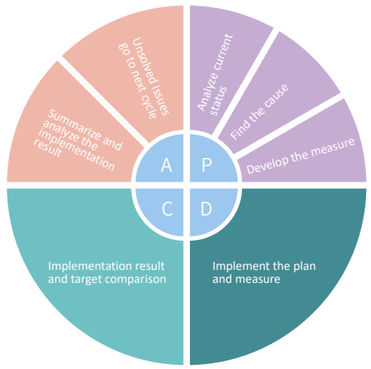
Strategy and Target

Quality Strategy

Strategy	Execution content	2024 Performance
Strengthen quality culture	• Continuously promote improvement activity • Strengthen internal quality culture	• Departmental quality officers completed 166 self-conducted monthly audits in compliance with ISO 9001:2015. • Completed 24 major quality enhancement projects
Enhance quality capability	• Provide quality-related training • Host quality improvement forums and experience-sharing sessions • Promote quality enhancement through project-based competitions	• 17 TQM training sessions, totaling 1,902.5 person-hours • Hosted Debug Forum, MOT Forum, and Outstanding Project Experience Sharing Sessions • 13 teams qualified for the Outstanding Project Competition, with 6 teams ultimately selected as winners • Excellent Quality Practice Award (EQPA) from the AQM Quality Management Association in the "Quality Improvement" and "Cross-Departmental Collaboration" categories
Achieve quality delivery	• Ensure that products meet quality requirements from design development to manufacturing	• Number of engineering change orders (ECO) caused by Faraday's responsibility after product verification: 0

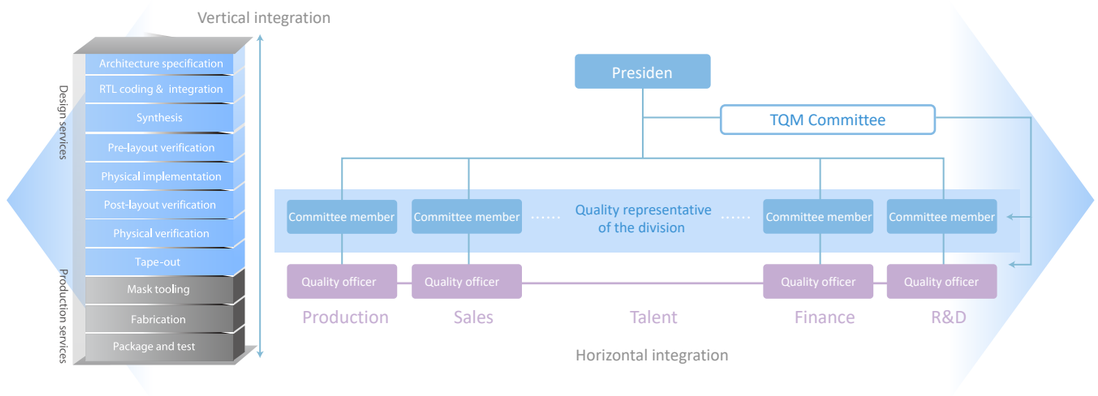
Quality Target

The TQM committee will set R&D and operational quality objectives based on the Quality Policy, integrating internal and external risk assessments and customer expectations. It reviews progress annually, allocates resources, and plans improvement actions to ensure the achievement of quality targets.



2.1.2 TQM, Total Quality Management

Organization and structure of TQM, Total Quality Management



Faraday implements TQM, a total quality management system that takes quality as the core and is based on full employee participation. Through horizontal and vertical integration, it strengthens quality competitiveness and provides products and services that exceed customer expectations.

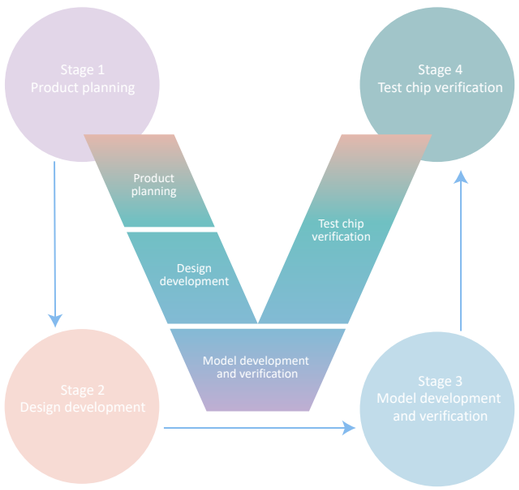
- Establish a quality mindset across all employees and promote foundational training
- Introduce a digital quality management system
- Strengthen quality planning and design monitoring
- Enhance quality with a customer-need-oriented approach
- Reinforce measurement and monitoring mechanisms
- Implement quality improvement tools and activities

2.1.3 Product quality and safety

Faraday applies product life cycle management (development, R&D, certification, manufacturing and production, storage, transportation and supply, use and service, reuse or recycling) as the scope to ensure customer health and safety.

- Design Quality: The R&D design process follows the V-model to implement verification and validation of product design and manufacturing quality.
- Material Safety: Utilize materials that comply with international environmental regulations and employ IC packaging materials that meet the UL94 V0 flammability rating.
- Digitalization and Labeling: Achieve quality through digitalized processes and testing, and clearly mark relevant information on product packaging.
- Supply Chain Management: Ensure that both manufacturing and sales operations comply with regulations and maintain information security.

Faraday had no violations or fines related to health and safety regulations in 2024.



2.1.4 Digital Quality System

Faraday provides high-quality customized ASIC products and has established a digital quality management system to optimize its integrated design and production turnkey services.

- eRD Management System: IP design development, ASIC design services, mass production technology development, testing technology development, reliability verification, and engineering change management
- eERP Management System: Covers procurement, quotation, orders, work order product specifications, and sales-related activities」
- Added "Report Express Automated Reporting Platform" in 2024
  - Unified report portal with access control
  - Standardized report format
  - Synchronized report and database data
  - Auto-generated charts and plots

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

Achievement Highlight

We were awarded the “2024 AQM Excellence in Quality Award” by the Association of Quality Managers (AQM), recognizing our outstanding performance in quality management.

Past Honors:

- 2023: "40ULP SONOS eFlash Innovative SoC Development Platform" won the AQM R&D Innovation Award.
- 2024: "Digital System Integration to Enhance Decision-making Quality" won the Grand Award in Quality Improvement Category "Promoting Energy Efficiency and Carbon Reduction with Digital Linkage to Suppliers" won the Grand Award in the Cross-Departmental Collaboration Category.

These two outstanding cases demonstrate exceptional performance in digital management, cross-domain collaboration, waste reduction, and carbon emission reduction. They serve as a model for companies facing the dual challenges of digital transformation and green transition.

We will continue to promote comprehensive quality management, continuously improving the quality of our products and services to earn our customers' respect and trust.


新竹市品質經理人協會2024年度研討會暨AQM卓越品質獎頒獎典禮

選選出多元跨域得獎人/得獎團隊與產業界進行交流分享

By 新聞中心 - 2024/11/30 595

2.2 Customer Service

2.2.1 Customer Communication Platform

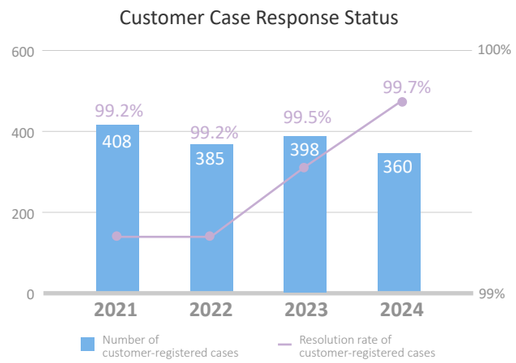
Faraday upholds a customer-first philosophy, fulfilling customer needs and expectations in product development, design, and mass production support. We regard our customers as strategic partners, fostering mutual trust and collaboration to achieve a win-win outcome.

To promptly understand customer needs and strengthen communication, we conduct regular visits to key customers and hold meetings for updates and discussions. An annual customer satisfaction survey is conducted to gather feedback. Through in-depth analysis of the survey results, we develop strategies and improvement plans to ensure that customer requirements are effectively addressed and fulfilled.

eService Customer Service Platform

To enhance service efficiency, Faraday has established the eService customer service platform. Customers can submit product- or service-related questions or suggestions through the platform, which are promptly handled by designated personnel and responded to before the case resolution deadline. In addition, the eService system automatically sends out satisfaction surveys to confirm customer satisfaction with the resolution.

In 2024, a total of 360 customer cases were received, with a timely resolution rate of 99.7%, exceeding the KPI target of 98%.



2024 Customer-Commissioned Survey Results on Sustainability Issues

Survey Item	Completed Cases	Survey Result
Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS)	95 cases	All meet RoHS requirements.
Candidate List of Substances of Very High Concern (REACH)	100 cases	All meet REACH requirements.
Conflict Minerals (CMRT)	81 cases	All meet the Responsible Minerals Initiative (RMI) requirements.
Sustainability Implementation Status	17 cases	Meet customer requirements

2.2.2 ASIC Project Management

Faraday employs its self-developed eASIC system to digitally manage ASIC projects, from product planning to mass production. The system is integrated with other relevant systems to ensure that project information is real-time, complete, and accurate.

Project management flow

In response to customers' customized requirements, Faraday tailors a dedicated project management process. From project initiation, a risk assessment is conducted, and professional technical support is provided to assist customers in resolving system verification issues, ensuring that the project achieves smooth and on-time mass production with high quality.

ADMIRE (ASIC Design and Manufacturing Integrated Reference)

ADMIRE, a management platform tailored for ASIC projects, provides complete project records and real-time information, and is connected to the JiRA system to track issues and risks, ensure project information transparency, and provide customers with real-time feedback on the latest status.

ADDC System (ASIC Design Data Control)

Faraday provides customers with a secure data exchange and version control mechanism through the ADDC system. Customers use a specific IP secure channel to download or upload files to protect data privacy and limit access to only project-related personnel. In 2024, Faraday had no complaints of customer privacy violations or data loss.

ASIC Product Import and Export Control Management:

Faraday complies with Taiwan's Ministry of Economic Affairs (MOEA) import and export regulations and adheres to the Internal Compliance Program (ICP) for internal export control. New customers and orders must undergo a red flag list review to exclude restricted end-users and applications. Customers are required to sign an EAR (Export Administration Regulations) compliance questionnaire. In addition, all ASIC products are subjected to SHTC (Strategic High-Tech Commodities) screening to ensure compliance with export control regulations.

2.2.3 Customer satisfaction survey

Faraday has established a "Customer Satisfaction Survey Management Procedure," regularly reviewing and evaluating customer satisfaction, and proposing corresponding improvement plans for discussion and action items in management review meetings.

Survey Aspect

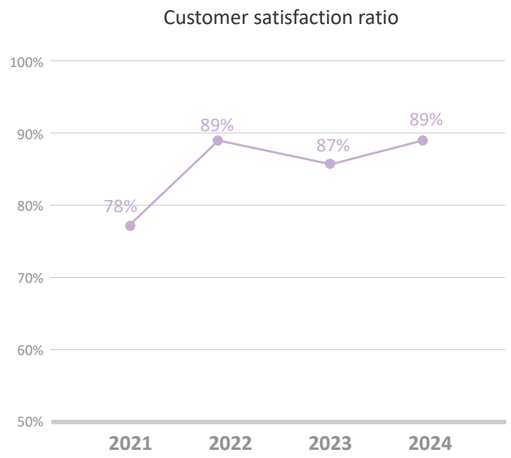
Aspect	Survey Item
IP quality/service/competitiveness	Major key IP
Electronic design automation tools & flows	Major design tools and key flow
ASIC design and production	• Quality: Wafer; assembly; testing; and reliability • Delivery: Design integration; production planning • Cost: Competitiveness • Service: Customer return analysis, questionnaire survey

Survey flow

- Identify respondents: Confirm the list based on the survey items
- Distribute questionnaires: Send out questionnaires through the system
- Collect questionnaires: Retrieve the questionnaires by designated personnel
- Summarize and analyze satisfaction: Conduct satisfaction analysis across three aspects
- Improvement and follow-up: Continuously optimize services based on the analysis results

2024 Survey Results

The proportion of customer satisfaction scores reaching 8 or above was 89%, exceeding the target of 87%. Faraday stays committed to the concept of growing together with customers, paying close attention to customer feedback, and driving improvements through the Total Quality Management Committee to ensure a strong and stable customer relationship.



Achievement Highlight

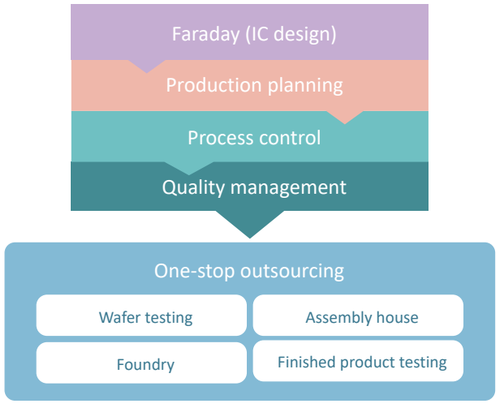
Faraday has been deeply rooted in the global ASIC market, maintaining long-term collaborations with agents in Europe, Japan, and South Korea to ensure timely technical and business support.

In 2024, we held an Agent Training event, inviting global technical and sales teams, along with regional agents, to gather at our Hsinchu headquarters. This ensured that our service teams remained aligned and up-to-date with the latest technical knowledge and service offerings, truly delivering "uncompromised professionalism" and "time-zone-free service."

2.3 Sustainable Supply Chain Management

2.3.1 Supply chain overview

Faraday offers comprehensive IC design and one-stop turnkey services. After completing IC design, the wafer fabrication, packaging, and testing processes are outsourced to qualified suppliers. Faraday maintains close collaboration with its suppliers to integrate the supply chain and ensure smooth production.

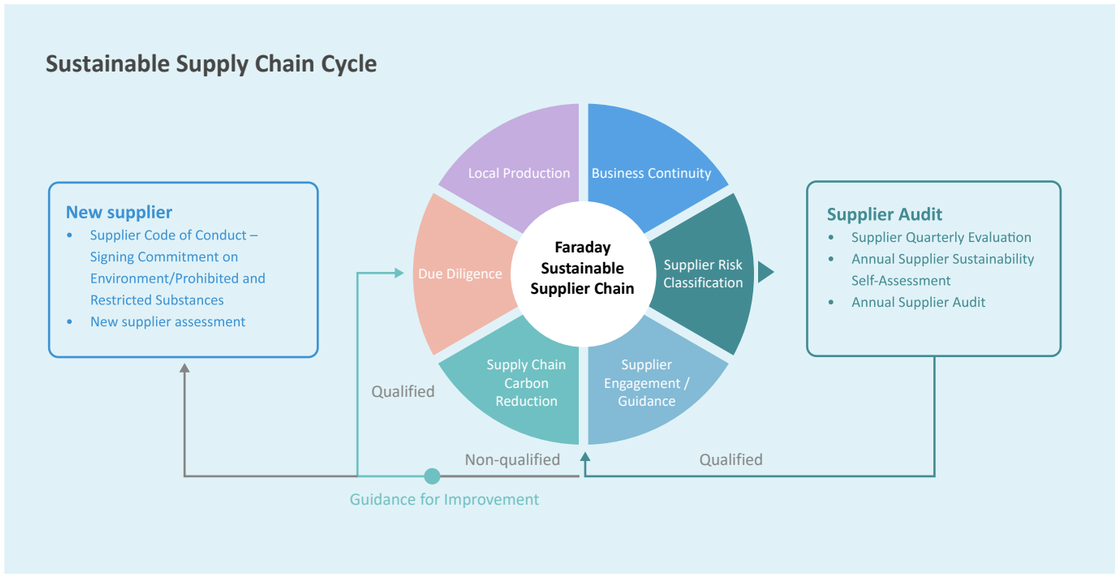


Sustainable Supply Chain Management and Procurement Policy

When introducing new suppliers, Faraday conducts a comprehensive audit to ensure compliance with relevant regulations and internal standards. We also regularly perform sustainability evaluations on qualified suppliers to ensure their corporate governance, environmental practices, and social responsibility align with the "Faraday Supplier Code of Conduct". The results of these assessments serve as a key reference for procurement decisions. The key assessment criteria are outlined in the table below.

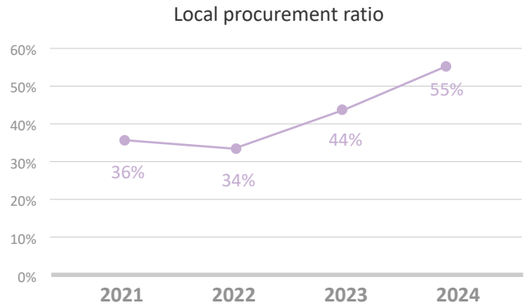
- Labor and human rights (minimum wage must meet basic living needs, prohibition of child labor, and limitation of overtime work)
- Energy and resource utilization
- Waste management
- Climate change response
- Environmental impact of the production process
- Biodiversity conservation

If a supplier violates the "Faraday Supplier Code of Conduct" and fails to make improvements, the most severe consequence is the termination of the business relationship.



Local Production

Faraday is committed to local procurement and production to reduce carbon emissions and enhance delivery efficiency and product quality. In 2024, the proportion of Faraday's procurement from local suppliers reached 55%.

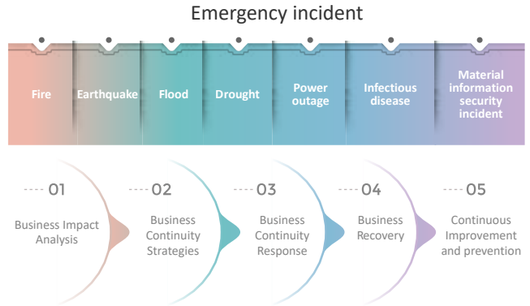


Supplier Global Distribution and Procurement Ratio

Supplier Category	Number of Suppliers	Procurement Ratio	Supplier Countries
Foundry	4	57%	Taiwan, China, Singapore
Packaging house	6	68%	Taiwan, China
Test house	5	38%	Taiwan, China

2.3.2 Production Business Continuity Plan

Faraday implements a Business Continuity Plan (BCP) and has established an Emergency Response Command Center to address risks such as natural disasters, public health emergencies, and geopolitical events, ensuring continuous product supply. The Emergency Response Command Center consists of five response teams: Administration, IT, Supply Chain, R&D, and Sales. The plan is regularly updated, and communication with customers and stakeholders is strengthened to enhance supply chain resilience.



Production and Operational Risk Management

To mitigate production risks, Faraday has implemented the following measures:

- Establishing secondary supply sources, such as alternative suppliers, test platforms, and materials.
- Signing capacity assurance agreements with strategic suppliers to ensure stable production capacity and delivery schedules.
- Engaging in long-term production planning to secure production capacity to fulfill customer requirements.
- Complying with import and export regulations, with a 100% audit of high-tech goods (SHTC) to ensure alignment with international standards.

Production Business Continuity Results

Key Raw Material Management

Key Material	Potential Risk Analysis	Management Measures
Substrate	Substrates and lead frames are specialized materials with long production lead time. In situations of constrained market capacity, they are susceptible to supply shortages, which may impact customer delivery schedules	• Establish a second supplier • Reserve production capacity in advance
Lead Frame		

2024 global supply chain deployment

Supplier Category/ Region	Taiwan	China	Europe	Southeast Asia
Foundry	V	V		V
Packaging house	V	V		V(Added)
Test house	V	V	V(Added)	

A new test house in Europe and a new packaging site in Malaysia have been added to meet customer demand.

Product Risk Control Results

Item	Number of completed cases	Result
SHTC investigation	44 cases	100% achieved
EAR Compliance	28 cases	100% response rate

2.3.3 Supply Chain Assessment Management

New Supplier Assessment

Faraday evaluates new suppliers in accordance with the "Qualification and Performance Review of Subcontractors", covering aspects such as quality, cost and capacity, environmental management, occupational safety, ethics, and the use of prohibited/restricted substances. The "Quality System and Process Checklist" is also used to verify whether the supplier's quality system and engineering capabilities meet the required standards. In 2024, Faraday didn't introduce any new suppliers, but existing qualified suppliers add new production site that also meet environmental management requirements.

Faraday classifies suppliers according to their production type and establishes corresponding checklists to assess compliance.

Document and system review
- Soundness of quality system
- Soundness of environment/safety/health system
- Completeness of information security
- RBA/ESG implementation level
- Production capacity coordination
- Cost

Audit
- Quality system and process audit
- CSR evaluation
- Environment management system
- Information security evaluation

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

Qualified supplier list

Checklist Items for New Supplier Assessment

Item	Management Boundary	Description
ISO9001 Quality Management System	All suppliers	Must comply with
ISO14001 Environmental Management System	Fab and Packaging house	Must comply with
ISO45001 Occupational Health and Safety	All suppliers	Bonus point item in assessment
QC080000 Hazardous Substance Process Management System	Fab and Packaging house	Bonus point item in assessment
Conflict Minerals Management	Fab and Packaging house	Manufacturing suppliers must provide proof.
Faraday Supplier Code of Conduct	All suppliers	Must comply with
Information Security	All suppliers	Verify from six key aspects: management, network environment, physical environment, access control, backup and redundancy, and education and awareness.

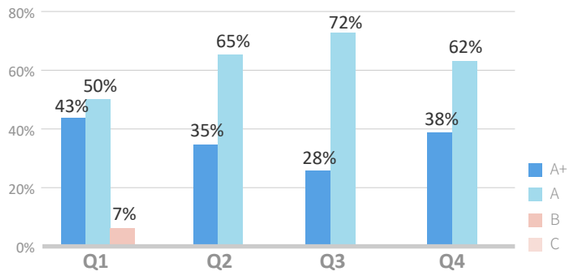
Quarterly Evaluation of Qualified Suppliers

Qualified suppliers enter the sustainable management stage, with a focus on four key areas: production management, supplier audits, continuous improvement, and regular evaluations. Each quarter, suppliers whose contribution to production exceeds 10% are evaluated based on Quality, Cost, Delivery, and Service (QCDS), as well as sustainable management performance, and review continuous improvement efforts. In terms of environmental impact assessment, suppliers must evaluate the environmental impact throughout the product life cycle—from raw material sourcing, design, manufacturing, logistics and transportation, to customer use. The goal is to comprehensively assess and minimize environmental impact at every stage, ensuring the effectiveness of the ISO 14001 certification.

Faraday actively responds to the United Nations Sustainable Development Goals (SDGs) and continues to deepen sustainable supplier management. We have integrated key sustainability issues, including management, social responsibility, and information security, as well as the Responsible Business Alliance (RBA) criteria, which emphasize labor rights and legal compliance into our quarterly supplier evaluation criteria. In Q1 2024, a packaging house had poor communication with Faraday on the FCCSP production line, resulting in a B-level evaluation. The procurement team has coordinated and resolved the issue.

Rating Category	Rating Item	Q1	Q2	Q3	Q4
Quality	Product quality, delivery, customer complaints, and yield	●	●	●	●
Cost	Competitiveness, price reduction targets	●			
Delivery	Achievement rate, competitiveness	●	●	●	●
Service	Engineering & Audit cooperation level	●	●	●	●
Sustainability Issues	Management, Social, and Information Security		●		
RBA	Labor rights and legal compliance	●	●	●	●

2024 Supplier Quarterly Evaluation Status



Rating Levels and Remedial Actions

- A⁺~A: Maintain the original procurement ratio or adjust as required
- B: Require the supplier to make improvements.
- C: The relevant department will discuss whether to continue using the supplier, and the supplier may be disqualified as a qualified supplier.

Annual Audit of Qualified Supplier

Faraday conducts annual audits of qualified suppliers. Before the audit, suppliers are required to complete a self-assessment using Faraday's self-assessment checklist, which includes items such as quality systems, production control, and supplier RBA compliance. Faraday adopts appropriate audit methods based on the supplier's geographic location.

Supplier Type	Audit Method
Domestic suppliers	On-site verification to assess environmental hygiene, occupational safety, production line management, and production records.
Overseas suppliers	For suppliers with no complaints in the previous year and no major production abnormalities in the past three consecutive quarters, a document-based audit is applied. Faraday first conducts a preliminary review of the relevant documentation, and then performs random sampling during an online meeting, requesting corresponding supporting evidence to ensure the reliability of the records.

Annual Audit Results of Qualified Suppliers Over the Past Four Years

Item	Unit	2021	2022	2023	2024
Foundry	Number of assessed suppliers	1	1	1	4
	Audit completion rate	100%	100%	100%	100%
	Major deficiency improvement rate	No major deficiencies	No major deficiencies	No major deficiencies	No major deficiencies
Packaging house	Number of assessed suppliers	7	7	7	6
	Audit completion rate	100%	100%	100%	100%
	Major deficiency improvement rate	No major deficiencies	100%(2/2)	100% (2/2)	No major deficiencies
Test house	Number of assessed suppliers	8	9	7	5
	Audit completion rate	100%	100%	100%	100%
	Major deficiency improvement rate	No major deficiencies	100%(2/2)	100%(3/3)	100%(3/3)
Overall Supplier Assessment Status	Number of assessed suppliers	16	17	15	15
	Audit completion rate	100%	100%	100%	100%
	Major deficiency improvement rate	No major deficiencies	100%	100%	100%

Note: Any item classified as a "systematic risk" is considered a "major deficiency".

2024 Audit Findings for Qualified Suppliers

Positive findings	• A packaging house introduced robotic arms for loading and unloading trays in the wire bond process, significantly reducing human-induced material drop incidents. • No violations of the Labor Standards Act were found among all audited suppliers. • Two test houses are expected to adopt solar energy as a renewable energy source by 2025, in support of Faraday's 2030 target of reducing carbon emissions by 20%.
Major deficiency	Three suppliers stored lead-containing solder in their component rooms, violating the lead-free operation regulations. After verification, the material was confirmed not to be used in Faraday products; however, it still poses potential pollution risks. We have required its immediate discontinuation and established a control mechanism to prevent recurrence of similar incidents.

2.3.4 Responsible supply chain

Faraday pays close attention to suppliers' quality management systems and process capabilities. In accordance with "Faraday Supplier Code of Conduct", the company evaluates suppliers on their performance in areas such as human rights, environmental sustainability, occupational health and safety, energy conservation, carbon reduction, and resource management. All current suppliers possess strong quality and process management capabilities and comply with the relevant criteria and standards. We will continue to deepen our collaboration to deliver products that meet quality requirements and customer expectations.

Conflict Minerals Management

Faraday follows the RBA (Responsible Business Alliance) guidelines and requires suppliers to sign a Conflict-Free Minerals Declaration. This ensures that raw materials are sourced from smelters recognized by the Responsible Minerals Initiative (RMI) and excludes minerals from high-risk regions identified by the Organization for Economic Co-operation and Development (OECD). We only procure from suppliers who are responsible for both environmental and social practices, in order to avoid issues such as labor exploitation, forced labor, child labor, and environmental degradation caused by illegal mining. The conflict mineral sources for the foundry are 100% third-party certified. Among the six packaging houses, three have obtained third-party certification, accounting for 79% of total production.

Traceability of Raw Materials

Faraday can trace the sources of raw materials for all products through the production lot number in the suppliers' production management systems. This traceability includes information such as the raw material manufacturer, item type, material lot number, and place of production.

Sustainable Self-Assessment Management for Qualified Suppliers

Faraday requires qualified suppliers to submit their annual self-assessment results for the Sustainable Management Questionnaire. The assessment covers five key areas: labor rights and ethics, health and safety, business continuity and information security, environmental and climate change, and supply chain management.

2024 Supplier Sustainability Questionnaire Score Summary

Assessment Item		Foundry	Packaging house	Test house
A	Labor rights and ethics	91.5	89.7	86
B	Health and safety	100	100	100
C	Business continuity and information security	94.6	98.1	95.9
D	Environmental and climate change	96.7	74.9	74.2
E	Supply chain management	89.8	80.2	74

Coverage Rate of Supplier Sustainability Commitment Documents Over the Past Four Years

Item	Unit	2021	2022	2023	2024
Coverage rate of Conflict-Free Minerals Declarations	Signature coverage rate	100%	100%	100%	100%
	Number of signed suppliers	13	9	8	10
Coverage rate of Non-Use Commitments for Hazardous Substances	Signature coverage rate	100%	100%	100%	100%
	Number of signed suppliers	16	17	15	15
Coverage rate of Faraday Supplier Code of Conduct Commitment (Including Carbon Reduction Requirements)	Signature coverage rate	Document not yet created		93.33%	100%
	Number of signed suppliers			14	15

Supplier Due Diligence Over the Past Four Years

Item	Unit	2021	2022	2023	2024
Conflict Minerals	Number of suppliers investigated	13	9	8	10
	Compliance proportion	100%	100%	100%	100%
Prohibited and Restricted Substances	Number of suppliers investigated	16	17	15	15
	Compliance proportion	100%	100%	100%	100%
Human rights	Number of suppliers investigated	--	17	15	15
	Compliance proportion	--	100%	100%	100%

Sustainability Risk Level of Qualified Suppliers in 2024: No High-Risk Suppliers

Item	Supplier	Certificate Validity(5)	Compliance with Faraday Supplier Code of Conduct(6)	Carbon Management(2)	Water Resource Management(1)	Reusable Energy Plan(2)	Conflict Minerals Management in Downstream Suppliers(2)	ESG Score(18)	Risk Level High:≤8 Medium:9~13 Low:≥14
Foundry	A	5	6	2	1	2	2	18 /18	Low
	B	5	6	2	1	2	2	18 /18	Low
	C	5	6	2	1	2	2	18 /18	Low
	D	5	6	2	1	2	2	18 /18	Low
Packaging house	E	5	6	1	1	2	2	17 /18	Low
	F	5	6	1	1	2	2	17 /18	Low
	G	5	6	1	1	2	2	18 /18	Low
	H	4	6	1	1	2	1	15 /18	Low
	I	5	6	1	1	No plan	1	14/18	Low
	J	5	6	1	1	No plan	1	14 /18	Low
Test house	K	5	6	1	1	2	1	16 /18	Low
	L	3	6	1	1	2	1	14 /18	Low
	M	3	6	1	No plan	Under review for 2025	1	11/18	Medium
	N	4	6	1	No plan	Under review for 2025	1	12/18	Medium
	O	2	6	1	No plan	No plan	1	10 /18	Medium

Note:
Certificate Validity includes ISO 27001, ISO 45001, QC 080000, ISO 14001, and ISO 9001.
Carbon Management includes carbon footprint and carbon inventory.
Conflict Minerals Management in Downstream Suppliers includes declaration and third-party due diligence.
Risk Level Description: High-risk suppliers must submit an improvement plan, while medium- and low-risk suppliers are subject to continuous monitoring.

2.3.5 Green Supply Chain

Faraday is committed to promoting green production and requires suppliers to strengthen water resource management, set water conservation targets, reduce carbon emissions, implement energy-saving measures, and utilize renewable energy to lower energy consumption in manufacturing processes. Regular carbon footprint assessments are also conducted to evaluate the effectiveness of carbon reduction and water conservation. Currently, over 95% of the supply chain's carbon emissions are aligned with the Science-Based Targets initiative (SBTi). Moving forward, the company will continue to encourage suppliers to move toward net-zero carbon emissions.

Supplier Carbon Reduction Targets

Faraday has set a target to reduce the supplier carbon intensity (tCO_2e per million NT dollars of outsourced manufacturing costs) by 20% by 2030 compared to the 2023 baseline. In 2024, a 6.41% reduction in carbon emissions was achieved, exceeding the annual target of 3%.

Supplier Carbon Reduction Actions

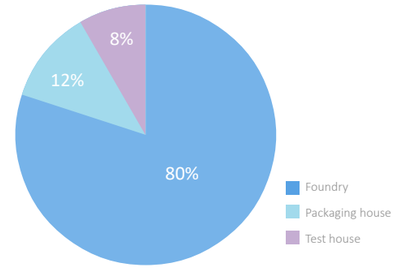
In 2019, Faraday proposed a no-cost carbon reduction solution to optimize the pre-shipment baking process, which is estimated to help suppliers reduce carbon emissions by 30 ~ 40%. Since 2023, the solution has been fully integrated into standard processes, with an expected annual reduction of over 100 metric tons of CO_2.

Supplier Carbon Emissions (tCO_2e)

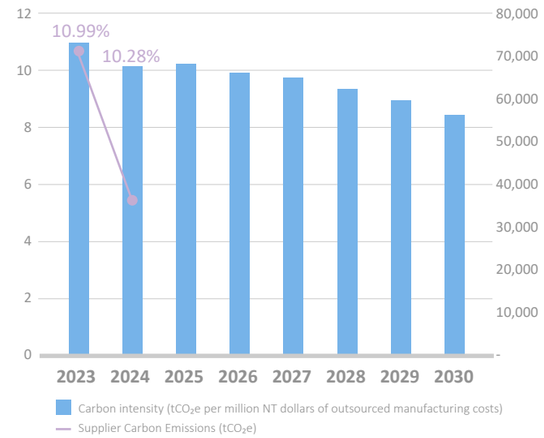
Item	Data source	2023	2024
Foundry	Carbon footprint x Fab shipping wafer q'ty	59,678.84	28,290.73
Packaging house	• Carbon footprint X IC shipping q'ty • Total Scope 1 and 2 emissions, allocated based on the proportion of Faraday's business	8,036.68	4,330.41
Test house	Total Scope 1 and 2 emissions, allocated based on the proportion of Faraday's business	2,605.61	2,949.86
Total		70,321.13	35,571

Note: The carbon emissions information disclosed by suppliers in a given year is the carbon emissions data for the previous year.

Supplier Carbon Emissions Proportion



Supplier carbon reduction pathway



Supplier Carbon Reduction Results

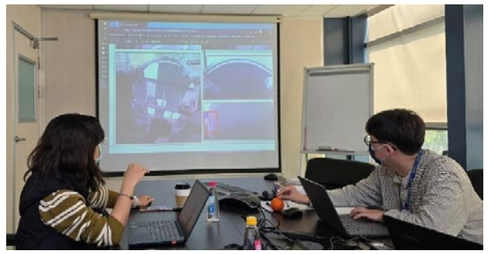
Item	2022	2023	2024
Electricity Saved in Baking Process (kWh)	566,280	282,744	180,101
Carbon Emission Factor ($kgCO_2e/kWh$)	0.495	0.494	0.494
Carbon Emissions Saved (tCO_2e)	280	140	89

2.3.6 Supply Chain Guidance and Collaboration

Faraday regularly provides sustainability-related training to both suppliers and internal staff, enhancing awareness and practical application in areas such as corporate governance, environmental protection, and social responsibility. We also assist suppliers in implementing the ECRS method (Eliminate, Combine, Rearrange, Simplify) to optimize operational processes and reduce waste in terms of single-use resources, labor, and time, thereby building a responsible and efficient supply chain.

Supplier Sustainability Courses	Target Audience
Faraday's Environmental, Health, and Safety Policy	• Procurement unit and supplier management • Procurement, facilities, quality, and operations Units
Supplier Code of Conduct	
Supplier Sustainability Risk Assessment	
Supplier Quality Case Sharing: Regular sharing of quality cases, reduce product detention rates, and enhance operational smoothness.	

Improvement Principles	Duplicate validation may be waived where the packaging material has already been used by other Faraday suppliers.
Implementation Method	Suppliers are required to confirm whether the packaging material has already been used internally by referring to the list provided by Faraday.
Benefit	After streamlining the process, the time required for suppliers to introduce new packaging materials can be reduced by approximately three weeks. This also promotes the establishment of a second source, thereby enhancing supply chain stability."



Five execution aspects

Friendly workplace

3.1 Respect human rights

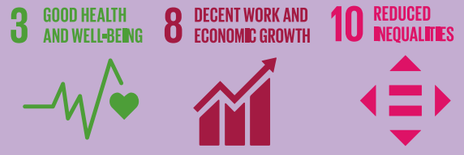
3.2 Diversity, Equity and Inclusion (DEI)

3.3 Talent attraction and retention

3.4 Talent development

3.5 Occupational health and safety

Focusing on SDGs



Highlights of Sustainability

Paid leave for encouraging childbearing and parenting

We offer better-than-legal paid leave for maternity leave, pregnancy checkup accompaniment and paternity leave, paternity caring leave, and maternity and baby safe leave. In addition to the mandated 63 days of maternity leave and pregnancy checkup accompaniment and paternity leave, employees are entitled to an additional 25 days of paid leave

High compensation 100

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

Proportion of female colleagues

Puts high emphasis on career development of “female power” with female employees accounting for 32%

Retention rate of new recruits

A complete mechanism for learning, caring, and guiding new recruits to shorten their learning curve and improve their retention rate; the retention rate of new recruits is as high as 94% in average within one year on-boarding

Internal promotion rate of management talent

Actively cultivate and promote management talents, with the internal promotion rate of management talents accounting for 77%

Outstanding enterprise of occupational health and safety

“Outstanding enterprise” for “Active Evaluation of Corporate Sustainability Report Disclosure of Occupational Health and Safety Performance” by Occupational Safety and Health Administration, Ministry of Labor

Management Policy

Material sustainability issues	Performance indicators	Target in 2024	Result in 2024	Target in 2025	2030/Long-term direction
Diversity, Equity and Inclusion	Human rights and DEI training completion rate	100%	100%	100%	100%
	Human rights due diligence execution rate (Employee: Once every three years; Supplier: Every year)	100%	100%	100%	100%
	Human rights violations	0 case	0 case	0 case	0 case
	Hire disabled employees	≥ Quorum	Exceeding quorum	≥ Quorum	≥ Quorum
	Gender equality awareness/Sexual harassment prevention training completion rate	100%	100%	100%	100%
	Guarantee for the fairness of remuneration and promotion	100%	100%	100%	100%
	Regularly hold employee forum and labor management conference	Hold quarterly	Hold quarterly	Hold quarterly	Hold quarterly
	Establish employee resource groups/communities	-	1	≥ 1	≥ 2
	Female employees proportion	-	32%	≥ 20%	≥ 20%
	Female supervisor proportion	-	21%	≥ 20%	≥ 20%
Talent attraction and retention	Average retention rate of new recruits within one year of employment	≥ 80%	94%	≥ 80%	≥ 80%
	“TWSE RAFI Taiwan High Compensation 100 Index”	Listed in the constituent stock	Listed in the constituent stock	Listed in the constituent stock	Listed in the constituent stock
	Provide better-than-legal working hours and leave system	Exceeding regulatory standards	Exceeding regulatory standards	Exceeding regulatory standards	Exceeding regulatory standards
	Employee satisfaction rate	≥ 90%	92%	≥ 90%	≥ 90%
	Employee Stock Ownership Plan (ESOP) participation rate	-	75%	≥ 70%	≥ 80%
	Remuneration competitiveness reaching the market median ratio	-	100%	100%	100%
	Application rate for thematic physical examinations subsidies	>85%	100%	≥ 90%	≥ 90%
Talent development	R&D key training courses completion rate	100%	100%	100%	100%
	Proportion of internal trainer in R&D quality courses	≥ 80%	93%	≥ 80%	≥ 80%
	Average retention rate of excellent talents in recent three years	≥ 70%	87%	≥ 70%	≥ 70%
	Internal promotion rate of management talent	≥ 70%	77%	≥ 70%	≥ 70%

Material sustainability issues	Performance indicators	Target in 2024	Result in 2024	Target in 2025	2030/Long-term direction
Occupational health and safety	Number of occupational accidents	≤1	0	≤1	≤1
	Verify ISO 45001:2018	100% completion rate for architecture gap analysis	100% completion rate for architecture gap analysis	Pass the verification	• Maintain the validity, relevance, and appropriateness of the certificate. • Continuous improvement
	Obtain relevant national healthy workplace certifications and competition	≥ 2 items	• Within the validity period of certification: 2 items • Awarded excellence in “Shake in workplace, stay in health” from Health Promotion Administration, Ministry of Health and Welfare • Awarded as “Outstanding enterprise” for “Active Evaluation of Corporate Sustainability Report Disclosure of Occupational Health and Safety Performance” by Occupational Safety and Health Administration, Ministry of Labor	≥ 2 items	≥ 2 items
	Multiple health promotion activities	≥ 3 items	4 items (1 item as globally)	≥ 3 items	≥ 3 items
	Coverage of CPR + AED accumulated up to three times per individual	≥ 10%	10%	≥ 15%	≥ 20%

Management of Material Sustainability Issues

Diversity, Equity and Inclusion

Policies/Commitment
"Faraday Technology Human Rights Policy"
"Faraday Technology Declaration of Diversity, Equity and Inclusion"

Impact description
If a workplace cannot accommodate diverse talents, protect the labor rights of different groups, and create an inclusive culture where everyone feels valued, then employees will be unable to express themselves freely and utilize their strengths. This will consequently impact talent sustainability and the Company’s competitiveness.

Key actions
- 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
- Provide a workplace environment of gender equality and opportunities for development, put an end to discrimination
- Provide multiple and transparent communication and grievance channels

Talent attraction and retention

Policies/Commitment
Faraday provides a competitive total remuneration and welfare system, implementing elite selection and continuously optimizing talent retention measures. We actively pay attention to physical and mental health of employee and learning growth. We are committed to fostering a friendly workplace where joy and professionalism in harmony, in order to maximize the sustainable value of our talent.

Impact description
Insufficient talent quality may affect R&D driving force and technical services, thereby impacting the Company's operational performance and competitiveness.

Key actions
- Global talent strategic deployment; actively recruiting international elites
- Improve operational performance of the company, guarantee the employees’ overall rewards with highly competitiveness
- Faraday positively implements systems of talent performance management
- Create a friendly workplace where joy and professionalism in harmony, focusing on employees’ work-life balance and professional growth

Talent development

Policies/Commitment
Faraday emphasizes on talent cultivation and development, aligns with the Company’s operational strategies and targets, and is committed to cultivating and inheriting high-quality technological talents, while providing comprehensive training resources and a learning environment to ensure talent sustainability and strengthen institutional value.

Impact description
Without a well-organized talent development strategy, it is possible to cause employees’ professional skills to stagnate, hinders the organization’s talent inheritance, and thus affects the Company’s technological development and corporate sustainability.

Key actions
- Establish systematic digital education training mechanism to effectively inherit knowledge of the organization
- Grasp key talents, driving professional competency and strengthening career development
- Cultivate excellent management talents, improving talent inheritance and organization sustainability

Occupational health and safety

Policies/Commitment
"Environmental Safety and Health Policy"

Impact description
Failure to implement occupational safety and health management may cause potential hazards during operation activities, leading to employee injuries or disabilities.

Key actions
- Implement and verify ISO 45001:2018 management system in 2025, strengthening the standardization of environmental safety and health management
- Handle and eliminate the risk of exposure to hazards in personnel operations through systematic and comprehensive risk assessment
- Protect safety and health for workers

3.1 Respect human rights

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 right. The Company is committed to supporting the following international relevant labor and human rights standards and norms: International Bill of Human Rights, Universal Declaration of Human Right (UDHR), United Nations Global Compact (UNGC), United Nations Guiding Principles on Business and Human Rights (UNGPs), Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), ILO Declaration on Fundamental Principles and Rights at Work, OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, OECD Due Diligence Guidance for Responsible Business Conduct, and RBA Code of Conduct.

Faraday reviews its human rights policy annually to ensure compliance with the latest international human rights conventions and incorporates human rights issues into all aspects of business operations, aiming to prevent and avoid any human rights impacts. In 2024, Faraday carefully revised the “Human Rights Policy”, aligning with the National Human Rights Commission of Taiwan’s active advocacy for the domestication or domestic effective legal status of core United Nations human rights conventions. This revision further commits Faraday to supporting multiple international standards and regulations related to female and children rights. At the same time, the scope of human rights protection is extended from employees and supply chain partners to a broader range of stakeholders, including clients, communities, and other individuals connected to Faraday’s operational development.

The main management policies are as follows:

- 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

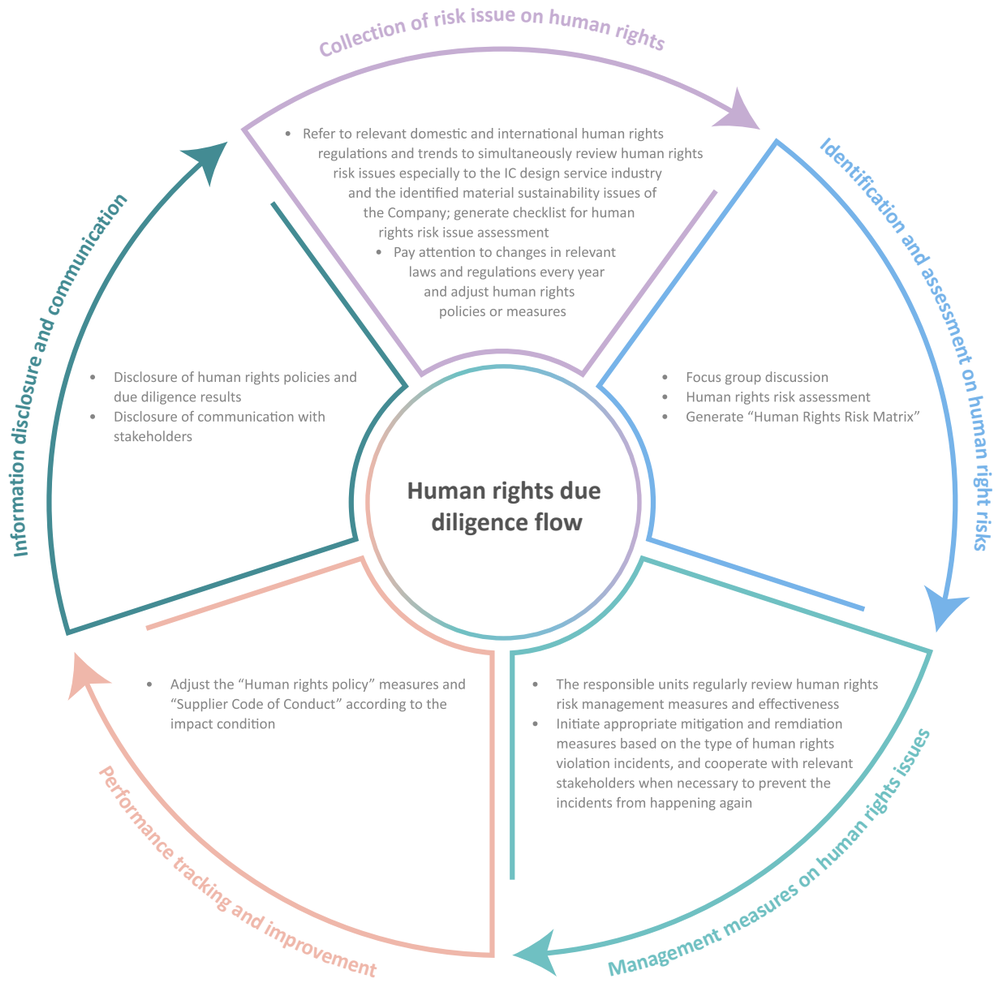
Faraday Human Rights Policy

3.1.2 Human right governance mechanism

The Board of Directors is the highest-level human rights governance unit of Faraday, responsible for supervising and guiding the implementation and management of human rights issues. Faraday’s human rights issues are coordinated and executed by a task force under the Corporate Sustainability Committee, known as the “Friendly Workplace Task Force.” The task force includes representatives from Human Resources, Environmental, Safety and Health, and Remuneration & Welfare, and is responsible for integrating and coordinating cross-functional resources to advance human rights management. It regularly reports the outcomes of human rights governance to the “Corporate Sustainability Committee” and the Board of Directors.

3.1.3 Human rights due diligence

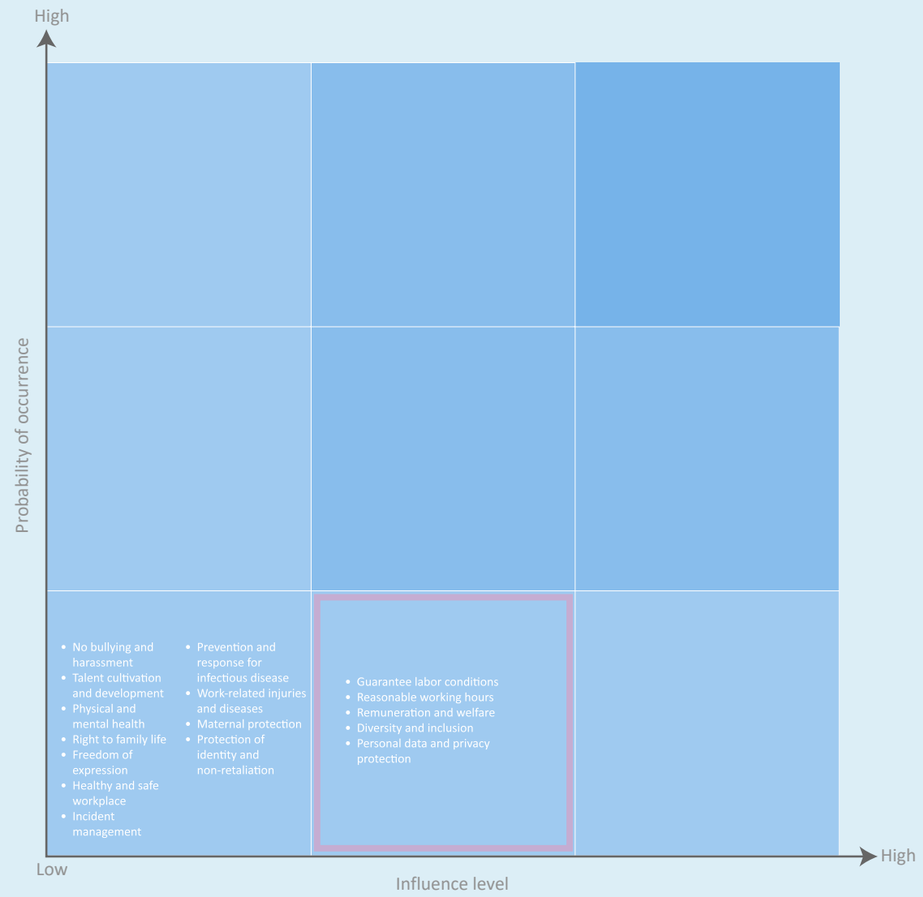
To fulfill its corporate social responsibilities and ensure the effective implementation of human rights policies, Faraday regularly conducts human rights due diligence. In addition to monitoring global human rights regulatory trends, the company also reviews human rights risks specific to the IC design services industry, as well as the human rights-related material sustainability issues identified in its sustainability assessments. Faraday identifies, evaluates, and addresses the actual or potential impacts of its operations on human rights. The human rights due diligence process follows the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the GRI Standards. It regularly assesses the performance of human rights management, establishes preventive and remedial measures, and publicly discloses the results of its due diligence.



Human Rights Risk Issue Identification Results in 2024

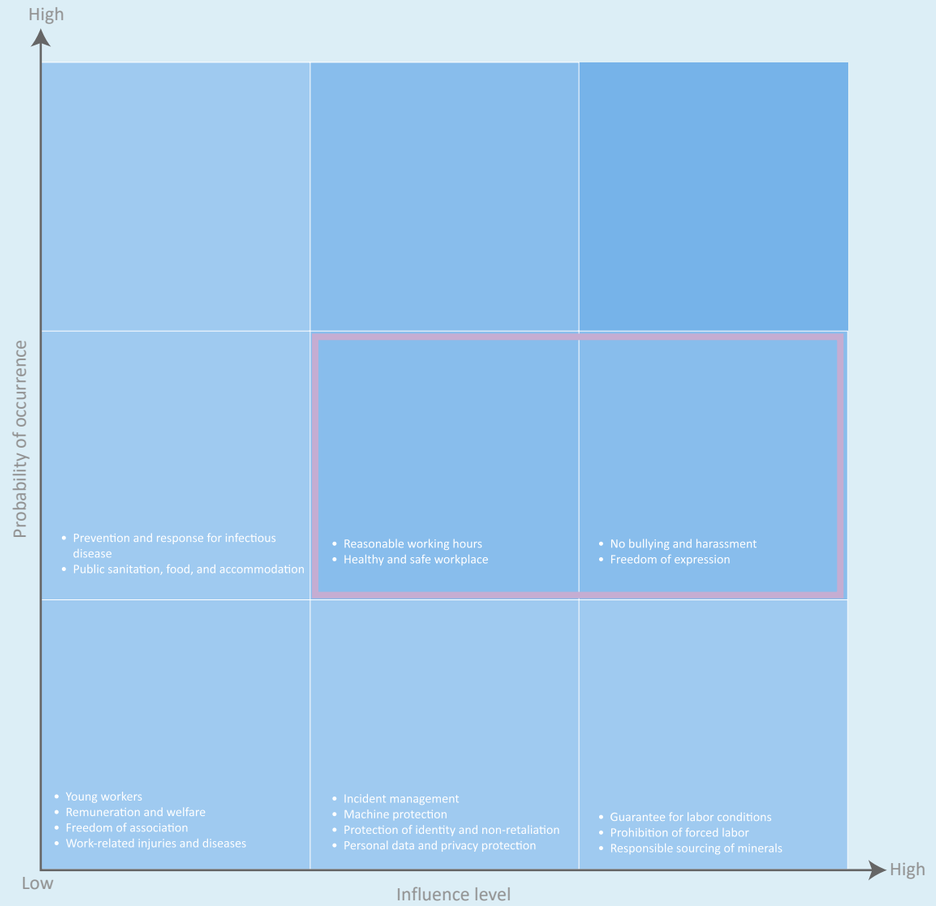
Employee

Human rights risk issue identification results	Frequency
All 16 listed human rights issues are at low risk level. Faraday positively lists 5 human rights issues among those 16 with low probability of occurrence and medium impact as important human rights issues.	• At least once per three years • Execution year: 2023 • Next expected execution year: 2026



Supplier

Human rights risk issue identification results	Frequency
There are 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.	• Once every year • Execution year: 2024 • Next expected execution year: 2025



Important management measures and effectiveness check for human rights risk issues:

Faraday regularly reviews human rights risk management measures and effectiveness, and continuously improves based on internal and external recommendations and evaluation results to implement our commitment to human rights protection. Once a human rights violation is confirmed, Faraday will initiate appropriate mitigation and remediation measures based on the type of incident, and cooperate with relevant stakeholders when necessary to prevent the incidents from happening again.

Human rights risk issues	Impact targets	Prevention/mitigation measures Adaptation measures/system management/audit enhancement/ facility upgrading/training/warring system	Remediation measures Restoring the affected stakeholders to the situation they would be in had the adverse impact not occurred /providing appropriate financial or non-financial compensation/discipline/correction measures	Effectiveness evaluation for 2024
Reasonable working hours	Employee	• 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 regulations • Reasonable work schedule planning to avoid manpower shortages and reduce the overtime requirement	• 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	• Both working hours and attendance management comply with the laws and regulations
	Supplier	• Include this item into the annual audit checklist for new suppliers and qualified suppliers; request to provide supporting data for confirming during on-site audit	• 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	• For annual supplier audits; three employees are sampled from each supplier, covering both day and night shift direct staffs; the working hours and overtime pay are in compliance with regulations of Labor Standards Act
Guarantee for labor conditions	Employee	• 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	• 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	• No violation of labor laws and regulations
Remuneration and welfare	Employee	• Ensure compliance of employee wages with relevant labor laws, including minimum wage and overtime payment requirements • 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	• If any wage discrepancies, it will be repaid and reviewed immediately to avoid being happened again. • Re-exam the Company's remuneration and welfare system, set up and execute adjustment plans	• Remuneration and welfare are in compliance with remuneration strategy and laws and regulations.
Diversity and inclusion	Employee	• Implement and promote diversity, equity, and inclusion (DEI) policies to enhance human rights protection awareness, and arrange all employees to participate in human rights and DEI-related training courses annually • Equally employ people with disabilities or disadvantaged groups to protect equal right to work • Promote and implement the Company's "Prevention, Reporting, and Punishment Policy of Work Violence" and "Reporting and Punishment Policy of Sexual Harassment Preventive Measure"	• 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	• No complaints were reported • 100% completion rate of Human rights and DEI training
Personal data and privacy protection	Employee	• Comply with privacy and information security laws and regulatory requirements while collecting, storing, processing, spreading, and sharing personal data • Formulate and implement regulations to strengthen personal data protection, formulate information security policies to manage and protect the security and privacy of information asset • Regularly obtain ISO 27001 certification and perform internal information security audits • Information security policy awareness and training to reduce the chance of privacy leakage • Account and data access control	• Establish and implement an information security monitoring system, plan and conduct simulated data leakage drills, and perform vulnerability scanning to prevent hacker intrusions • If relevant incidents occur, notify the case party immediately and handle the incidents appropriately	• No personal data breaches occurred
No bullying and harassment	Supplier	• 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 • Quarterly check through government websites to determine if there are any violations of relevant laws and regulations resulting in penalties	• 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	• A supplier experienced conflict incident on its production line. During the audit, it was confirmed that the supplier had implemented corrective counter measurement to prevent recurrence. No abnormalities were found in the remaining suppliers
Healthy and safe workplace	Supplier			• Except for one supplier who has not obtained the ISO 45001 certification, all other suppliers have successfully acquired the ISO 45001 certification • Suppliers who have not obtained certification have established relevant standards to construct a healthy and safe workplace environment
Freedom of expression	Supplier			• New issue; continuously track the effectiveness

*Note: "Prevention and Response to Infectious Diseases" was identified as a medium-level human rights risk issue among suppliers in 2023 and was included in the management of important human rights risk topics. As the epidemic has been eased in 2024, all suppliershave established legally mandated emergency procedures for infectious diseases. As a result, the 2024 identification result categorized it as a low-level human rights risk issue and it was not included in the list of important human rights risk issues.

Human rights mitigation measures

- Implement training and awareness programs: Regularly conduct advocacy and training on human rights protection-related laws and regulations for all global employees, contract and temporary employee, interns, and workers to enhance all employees' awareness and sense of responsibility for human rights protection
- Human rights awareness and training hours in 2024: 4,002.5 hours

Course categories	Training hours
Human rights policy awareness and training courses	742.5
Sexual harassment prevention, gender equality, and DEI courses	664.0
Information security awareness and intellectual property confidential information protection courses	800.5
Ethics and integrity awareness and training course	1441.5
Environmental and occupational health and safety education course	354.0
Total	4,002.5

- Establish a human rights communication/ grievance mechanism: Establish an independent and confidential grievance channel where anyone can anonymously report human rights-related issues, and ensure prompt response and implementation of subsequent remedial restoration, compensation, punishment and corrective measures
- Disciplinary violations, sexual harassment incidents, and illegal violations in the workplace: 0 case

Human rights communication/grievance channel/ grievance flow

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

01 **Complain through grievance channel**

02 **Company initiates an official investigation**

03 **Convene an investigation and handling meeting**

04 **Implement the resolution**

05 **Case closure and improvement**

3.2 Diversity, Equity, and Inclusion (DEI)

3.2.1 DEI Commitment and performance

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.

2024 TALENT, in Taiwan, Taiwan Talent Sustainability Action Alliance

Faraday attaches great importance to the sustainable development of talents. Implementing the "Human Rights Policy" and the "Declaration of Diversity, Equity and Inclusion" through action; joining the "2024 TALENT, in Taiwan, Taiwan Talent Sustainability Action Alliance" to support six major talent sustainability actions with practical actions, including meaning and value, diversity and inclusion, rewards and motivation, physical & mental and health, cultivation and growth, communication and experience.

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

Faraday promotes workplace equality and implement values such as diversity, equity, and inclusion within the Company. We positively create a friendly workplace atmosphere. Faraday won the honor of "Outstanding Institute for Promoting Workplace Gender Equality – Premium Award" from the Hsinchu Science Park, National Science and Technology Council.

DEI promotion strategy and effectiveness

Faraday is actively devoting in DEI, hoping to have a positive influence on society. We aim to create a diverse, equity, and inclusive (DEI) work environment. The president and senior executives supervise and oversee the establishment of a dedicated unit to coordinate planning for formulating management strategies and action plans, and review the implementation progress and promotion results through regular meetings to ensure the DEI implementation.

Strategy Promotion	Key plan	Management actions and performances
Respect talent diversity; provide equal opportunities, and promote career development	Promote youth employment	• Industry-academia collaboration (National Chung Cheng University/National Taipei University/National Taiwan University of Science and Technology) • Campus lecture (National Taiwan University/National Tsing Hua University/National Yang Ming Chiao Tung University/National Cheng Kung University) • Early Win workplace learning program • The Youth's Employment Ultimate Program • Proportion of the youth under 30 years old in the past three years: 22% of employed employees and over 58% of new employees
	Emphasis on career development of "female power"	• The proportion of new female employees in 2024 was 30%, which is three times higher than the proportion of female graduates in Taiwan's electronic engineering majors • The proportion of female colleagues in recent five years has been increased from 26% to 32% • The proportion of female supervisors has been increased from 19% to 21% in recent five years
	Respect individual differences and have equal development opportunities	• Respect the diversity and uniqueness of talents, have equal opportunities of interview and recruitment, and ensure equal employment rights • Fair and open selection and recruitment of employees, securing high-quality talents • Ensure fairness in remuneration and promotion, formulate an open talent promotion system, and ensure that every employee has equal promotion opportunities
Build an inclusive workplace that values employees' needs and their physical and mental development	Emphasis on human rights and gender equality, and strengthen awareness among all employees	• Establish grievance channels for human rights, sexual harassment, and gender equality • Formulate human rights policies and implement awareness and training programs related to human rights • Formulate measures to prevent sexual harassment and implement awareness programs on gender equality and sexual harassment prevention
	Establish a diverse community and create a harmonious communication channel	• Encourage employees to voice their opinions by forming the "Voice of the Workplace" team composed of cross-unit colleagues, integrating employees' feedback into company policies • Regularly hold employee forum and labor management conference
	Focus on employees of different nationalities; promote cultural integration and accelerate the learning curve	• Establish global information platform- Faraday News • Break through language barriers and establish multilingual eCourse • Assign a dedicated mentor to foreign new recruits and provide them with an environmental orientation manual
	Enhance employees' sense of belonging and assist them in family care	• Encourage employee childbearing and parenting and provide a system that is better-than-legally-mandated: maternity gifts, family care leave, maternity leave up to 70 days, pregnancy checkup accompaniment and paternity leave up to 10 days, maternity care leave, baby safety leave • Corporate fertility rate has reached 5%, and it was awarded as the platinum level of the corporate fertility survey by "Global Views Monthly" • Promote flexible working hours for employees to balance individual and family care • Value employees' families and warmly invite their participation in company events and theme lecture
	Actively hold team build team morale; support for employee club activities	• Annual road running and walking • Lawn concert • Executive service day • Cross-department competition • Generous subsidies for club lecturers and registration costs
	Fully equipped working environment and facilities, emphasize employees' mental and physical health	• Free parking space; dedicated parking space for pregnant and disabled employees • Fitness center and sport field over thousands of square feet • Roof garden

3.2.2 Respect talent diversity and promote career development

Diversified talent recruitment

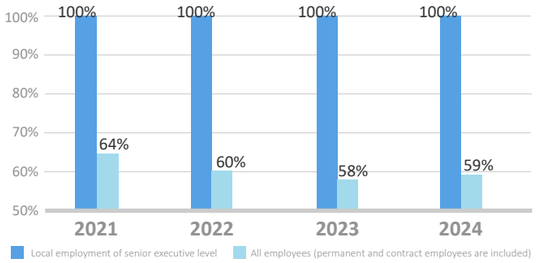
- Gather global elites to guarantee operating driving force

Faraday and its subsidiaries have 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. Employees of Faraday and its subsidiaries 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.

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

Faraday positively recruits talents of local nationality; employees of 99% from nationals of the Republic of China, and 100% employment of senior executive level 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 2024, the number of employees employed in the Company's operating locations was 59%. It is expected to assist local development, increase local employment opportunities, and activate local industry-academia cooperation.

Local employment status



Note 1: The definitions for local appointment are as follows:
Employees with office location in Hsinchu: Registered in Taoyuan, Hsinchu, and Miaoli areas
Employees with office location in Taipei: Registered in Taipei, New Taipei City, and Keelung areas
Employees with office location in Tainan: Registered in Tainan area

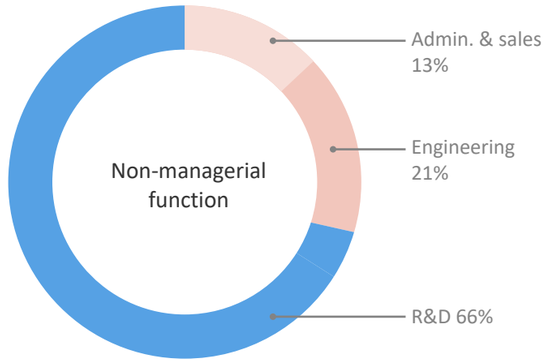
- Collect a diverse talent pool and ensure equitable access to employment opportunities
  - Faraday positively recruits diverse professionals globally with different races, nationalities, religions, political parties, genders, ages, sexual orientations (LGBTIQ+), identities, backgrounds, and personalities. Every candidate is granted equal opportunities for interviews and hiring, ensuring equal employment rights.
  - Recruit employees through a fair and open selection procedure to achieve diversity and stability. High-quality talents have become the cornerstone of Faraday's growth.
  - We value the unique qualities of every employee and are committed to providing equal access to career growth and promotion opportunities for all.
- Human resource structure
  - Faraday in Taiwan has a total of 641 employees, and more than 99% are permanent on-duty employees
  - Non-managerial staff takes part for 76%; managerial staff accounted for 24%
  - Highly attach great importance to and invest in R&D and innovative manpower: R&D and engineering talents have occupied 87% of the non-managerial employees
  - Local appointment of senior executives: 100% employment of director or above level from nationals of the Republic of China
  - Vibrant organization: In recent three years, the proportion of employees under 30 years accounted for 22%, and the proportion of new employees accounted for more than 58%

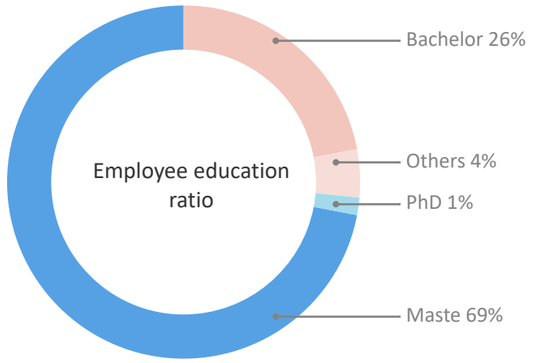
According to Article 38 of the "People with Disabilities Rights Protection Act" in Taiwan, the number of employees with disabilities who are employed by an enterprise should not be less than 1% of the total number of employees. Among them, recruiting people with severe or above physical and mental disabilities 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 3 severe/extremely severe, 1 moderate, and 1 mild according to the law; the weighted employment rate of disabilities reached over 1%, which is better-than-legally-mandated. 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.

Employee categories		Total number of employees	The employment rate and numbers of the disabilities							
			Number of mild employees	Number of moderate employees	Number of severe/ extreme severe employees	Number of disabled employees	Number of disabled employees (%)	Weighted headcount	Weighted Headcount (%)	Quorum(%)
Managerial		154	0	1	0	1	0.6%	1	0.6%	1.2%
Non-managerial	R&D	321	0	0	0	0	0%	0	0%	
	Engineering	101	1	0	1	2	2%	3	3%	
	Admin. & sales	65	0	0	2	2	3.1%	4	6.2%	

Classification		Type		Gender				Total	Total(%)
				Male	Male(%)	Female	Female(%)		
Employee (Note 1)	By contract type	Permanent on-duty employees (Note 2)		435	68%	203	32%	638	100%
		Temporary employees (Note 2)		2	0.3%	1	0.1%	3	0%
		Total by contract type		437	68%	204	32%	641	100%
	By employment type	Full-time (Note 3)		437	68%	204	32%	641	100%
		Part-time (Note 3)		0	0%	0	0%	0	0%
		Total by employment type		437	68%	204	32%	641	100%
	Age distribution	Under 30 years old (included)		83	13%	57	9%	140	22%
		30 ~ 50 years old		249	39%	117	18%	366	57%
		Over 50 years old (included)		105	16%	30	5%	135	21%
		Total by age distribution		437	68%	204	32%	641	100%
	By employee category	Managerial (Note 4)		121	19%	33	5%	154	24%
		Non-managerial	R&D	225	35%	96	15%	321	50%
			Engineering	68	11%	33	5%	101	16%
			Admin. & sales	23	4%	42	7%	65	10%
		Non-managerial subtotal		316	49%	171	27%	487	76%
		Total by employee category		437	68%	204	32%	641	100%
Workers (Note 5)				7	-	14	-	21	-

Note 1: The basis for calculating the number of employees is in-service employees as of 2024/12/31 (inclusive), excluding those who remain leave of absence. Total of 641 employees: Including 611 at the Hsinchu headquarters, 13 in the Taipei office, and 17 in the Tainan office
Note 2: Permanent on-duty employees: Employees who have signed indefinite contracts; Temporary employees: Employees who have signed definite contracts. (Employee category: Administration and Sales)
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 who are not employees: Cleaning, security, café, employee cafeteria, and IT outsourcing staff in Hsinchu office are in total of 21 people; there are no such workers who are not employees in Taipei and Tainan offices (only account for 3% ~ 4% of the total; not included within the statistics in this report.)
Note 6: Employees without guaranteed working hours: 0
Note 7: All percentages in the chart are rounded to the nearest integer





Promote youth employment

Faraday deeply cultivates the next generation of technology talents through industry-academia interaction, through cooperation with universities and colleges in Taiwan, it promotes industry-academia interaction, lectures, research funding and internship programs, and is committed to improving the competitiveness of young students. It not only achieves the sustainable development of technology education, but also enhances driving force to Taiwan's technology industry, achieving a win-win situation for both sides of enterprises and academia.

- Key practices to deepen industry-academia interaction:
  - Provide research funding, equipment sponsorship and scholarships to fully support industry-academia technology contributions
  - Provide internship and pre-employment opportunities to cultivate future core talents
  - Technical topics and R&D projects under industry-academia collaboration

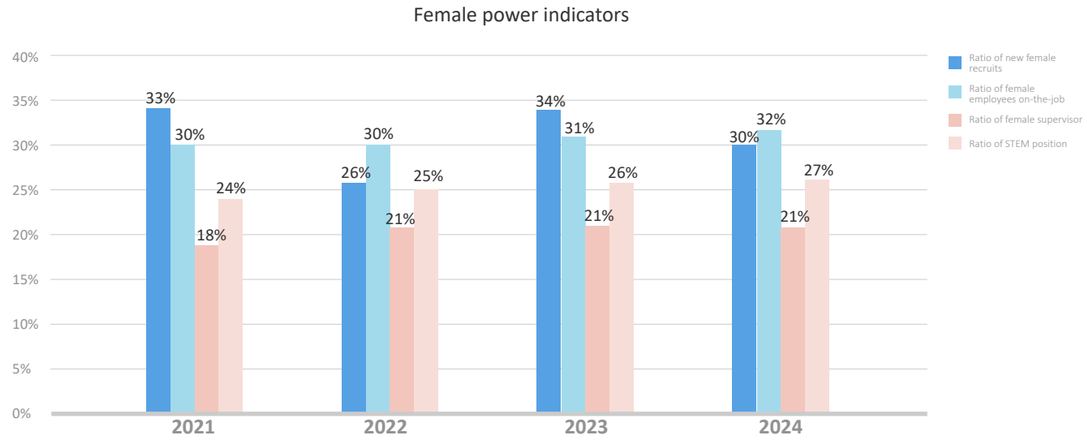
Academic institutions	Collaboration content
National Chung Cheng University	• Established a dedicated chip design center, funded research projects, and provided equipment support • Provided technical guidance to cultivate IC design talents • Jointly published journal articles and conference proceedings
National Taipei University	• Conducted research projects that integrate the company's development needs as research topics for master's and doctoral students • Establish international cooperation programs to train domestic and foreign students, provide guidance from technical industry engineers to provide career opportunities for talents • Offer industry-academia interaction, meet industry experts, and learn the knowledge and development experience of analog circuits
National Taiwan University of Science and Technology	• Industry-academia joint research for breakthroughs in key IP technologies • Collaborating for publication of results: Journal and patents

- Early Win – Workplace learning program for college and graduate students
  - Faraday assigns dedicated mentors to provide real-time experience in the workplace; help students understand high-tech industry earlier
  - Assist young students in expanding their horizons and exploring their potential, and prepare them in advance for future study fields and career planning
  - A variety of learning activities that combine design professional practice with general training to comprehensively improve technical and soft skills
- Deeply cultivation in campus lectures and technical interaction
  - Hold 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); where senior executives analyze the trends and development of the semiconductor industry from a technical perspective to help young students understand the pulse of the industry
  - Guide students to make appropriate career choices through technical perspective and practical experiences
- The Youth's Employment Ultimate Program
  - Respond to government policies by actively recruiting young talents; adopt a practical training approach of "hire first, train later" to rapidly cultivate the required talents
  - Individual guidance from workplace mentors through on-the-job training models helps youth quickly acquire key employment competencies

Value female power career development

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.

- Encourage the hiring of female employees: The proportion of new female employees in 2024 were 30%, which is higher than IC design industry performance of year 2023 in recent three years (Source: Refer to the Corporate Sustainability Reports of each company)
- Positively retain female employees: The proportion of STEM female employees has raised from 24% to 27% in recent four years
- Diligently promote female employees: In recent three years, the proportion offemale supervisors at Faraday has raised from 18% to 21%



Classification	Male/Female	2021	2022	2023	2024
Junior management	Male	84	78	79	73
	Female	21	23	21	21
	Female (%)	20%	21%	21%	22%
Middle management	Male	34	33	35	33
	Female	5	6	9	9
	Female (%)	13%	15%	21%	21%
Top management	Male	12	11	10	15
	Female	3	3	3	3
	Female (%)	20%	21%	23%	17%
Total in all management positions	Male	130	122	124	121
	Female	29	32	33	33
	Female (%)	18%	21%	21%	21%
Managment positions in revenue-generating functions	Male	129	121	123	120
	Female	23	26	26	26
	Female (%)	15%	18%	17%	18%
STEM-related positions	Male	380	379	383	391
	Female	120	123	136	148
	Female (%)	24%	25%	26%	27%

3.2.3 Build inclusive workplace, listen to employees' needs

Sexual Harassment Prevention Program to Promote Gender Equality Awareness

Through e-Course learning, we enhance employees' self-protection awareness and deepen their understanding of gender equality, fostering a culture of respect and protection for others. Additional training on prevention and handling procedures is provided to managerial staff and sexual harassment investigators, reinforcing their responsibility in maintaining a respectful, inclusive, and harmonious workplace. In 2024, the completion rate for the sexual harassment prevention awareness program reached 100% for all employees, including supervisors and investigators.

Voice of the workplace: Listen to employees, integrate employees' opinions into company policies

We encourage employees to express their opinions and have teamed up the "Voice of the Workplace" composed of cross-department employees. Through collaboration among employees with diverse backgrounds, ages, genders, cultures, and professional expertise, the team promotes cross-generational communication and knowledge sharing in a joyful and inclusive atmosphere. By collecting employees' feedback and integrating it into company policies, the team proposes creative and employee-centric activities during more than 20 project meetings and regular meetings annually, incorporating these insights into the Company's daily operations to create an innovative and employee-friendly work environment.

Focus on employees of all nationalities, promote cultural integration, and accelerate the learning curve at work

- Establish a global cross-cultural information-sharing platform (Faraday News)

Establish a global cross-cultural information sharing platform (Faraday News), centered on promoting international cultural exchange, the platform showcases cultural activities from different regions through articles and videos. With like and comment functions, this platform allows global employees to interact and engage in discussions, thereby deepening respect and appreciation for diverse cultures. This helps create a more open and harmonious work environment and realizes the values of diversity, equity, and inclusion. In 2024, the platform shared more than 20 posts, with a total of 5,732 views.

- Overcome language barriers by building multi-language e-Course

To respond to the growth of overseas R&D teams, recruitment, and cultivation of local talents, we actively develop multi-language e-Courses to enhance learning effectiveness and shorten the learning curve

- Assign dedicated mentors and provide orientation manuals for foreign new recruits

When foreign employees are on-boarded, we offer work guidance and life information including the introductions from accommodation, transportation, to the nearby commercial areas to help them adapt to company policies and environment, and integrate into local life.

Encourage and support employee childbearing and parenting

Faraday has implemented multidimensional, dedicated welfare measures to encourage and support employees in childbearing and parenting.Faraday's fertility rate has steadily increased to 5%, significantly higher than the national average, and we were awarded as the platinum level of the corporate fertility survey by "Global Views Monthly".

- Maternal protection
  - Implement maternal care measures in the workplace, including dedicated parking spaces for pregnant employees, ergonomic chairs, and generous newborn allowances; 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; guarantee the physical and mental health of pregnant, postpartum, and breastfeeding of maternal employee
- Encourage fertility and family care, provide better-than-legal leave and attendance system

Items	Legal regulation	Better-than-legal standard measures
Family care leave	Included in the calculation of 14 days of personal leave	An additional 7 days will be granted, which will not be included in the calculation of personal leave.
Maternity leave	56 days	The number of days granted increases according to the number of births, with a maximum of 70 days.
Pregnancy checkup accompaniment and paternity leave	7 days	The number of days granted increases according to the number of births, with a maximum of 10 days.
Paternity caring leave	None	If the spouse has not yet obtained the maternal health education handbook but occurs the miscarriage, employee will be given full pay for 3 days.
Maternity and Baby Safe leave (Fetal protection requirement)	Fetal protection leave is included in the 30-day sick leave calculation, with half salary paid.	An additional 5 days of full paid fetal protection leave will be granted, which will not be included in the calculation of sick leave.
Maternity gifts	None	Newborn subsidy for per-birth is NT$12,000, including employees' children and grandchildren.
Flexible working hours	Must be subject to labor-management negotiation and application	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; the working hours are even shorten to 7.5 hours on Fridays; these are all for employees to balance individual and family care.

- Parental and unpaid leave

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.

Items	Male	Female	Total
Number of employees eligible for unpaid parental leave in 2024 (A)	50	26	76
Actual number of employees applying for unpaid parental leave in 2024 (B)	0	2	2
Estimated number of reinstatements after taking unpaid parental leave in 2024 (C)	0	4	4
Actual number of reinstatements after taking unpaid parental leave in 2024 (D)	0	4	4
Number of unpaid parental leave employees reinstated in 2022 (E)	0	3	3
Number of unpaid parental leave employees reinstated in 2022 who continued working for one year (F)	0	2	2
Reinstatement rate (D/C)	-	100%	100%
Retention rate (F/E)	-	67%	67%

Definitions:
The statistical data for A, B, C, and D are for those who were employed in 2024.
A. Number of employees eligible for unpaid parental leave in 2024: The number of employees who applied for pregnancy checkup accompaniment and paternity leave and maternity leave, and the number of people with birth certificates attached during the period 2021/01/01 ~ 2024/12/31.
B. Actual number of employees applying for unpaid parental leave in 2024: The number of employees who applied for unpaid parental leave during the period 2024/01/01 ~ 2024/12/31.
C. Estimated number of reinstatements after taking unpaid parental leave in 2024: The number of employees whose unpaid parental leave expired during the period 2024/01/01 ~ 2024/12/31.
D. Actual number of reinstatements after taking unpaid parental leave in 2024: The number of employees whose unpaid parental leave expired during the period 2024/01/01 ~ 2024/12/31 and who were reinstated in their positions after this date.
E. Number of unpaid parental leave employees reinstated in 2023: The number of employees reinstated in their work positions during the period 2023/01/01 ~ 2023/12/31
F. Number of employees reinstated for one year after unpaid parental leave in 2023: The number of employees reinstated in their work positions for one year after unpaid parental leave and remains employed during the period 2023/01/01 ~ 2023/12/31.

Various activities to foster joy and boost team morale

The Employee Welfare Committee organizes a variety of employee activities to enhance team morale and foster a joyful workplace atmosphere. Family-oriented events are especially arranged to encourage participation from employees' dependents, thereby strengthening the sense of belonging and loyalty between employees and their families toward the company.

- Enhance team morale and centripetal force; create harmonious workplace
  - 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
  - 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
  - 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
  - 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
- Invite employees' dependents to join in the fun and focus on employees' family needs
  - Family day: Hold family day activities in theme parks or large outdoor venues every year and invite employees' families to participate in to closer employees' families to Faraday and allows employees to maintain a proper work-family balance
  - Lawn concert: Every year around the Mid-Autumn Festival, we host a concert on the outdoor lawn, inviting well-known singers and bands to perform. Employees are welcome to bring their families to join in the fun. Barbecue meals and refreshing beverages are provided on site, allowing staff to fully enjoy the pleasant autumn evening atmosphere
  - Children's Day activities: This activity is exclusively dedicated for employees' children, including rotation tournament, bouncy castles, and theater performances, allowing children to fully enjoy the fun and creating a joyful atmosphere among families
  - Theme lecture: Experts and celebrities from various fields are invited to share insights on diverse lifestyle topics such as health and wellness, parent-child education, travel and cuisine, lifestyle enhancement, sports and fitness, and environmental sustainability. These lectures provide employees with valuable knowledge and diverse perspectives. Depending on the nature of the lecture, the company also invites employees' dependents to participate

Promote and support employee club activities

Faraday encourages employees to participate in club activities to cultivate personal interests and maintain a healthy work-life balance. Currently, the company supports over 10 employee clubs, providing annual funding for club activities and subsidizing the costs of external coaches and lecturers. In addition to regular meetings and events, these clubs frequently represent the company in external competitions and have consistently achieved outstanding results.

Promote a secure work-life balance and create a space with a sense of belonging and lifestyle

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.

- Spacious and comfortable office space: Each employee has 4m^2 of personal space
- Free and sufficient parking spaces for cars and motorcycles: Each employee can be allocated a parking space and our parking lot also provides free overnight parking for employees; moreover, we provide exclusive friendly parking spaces for pregnant female employees
- Fitness center and sport field (Covering 3,600 m^2):Both indoor and outdoor multi-sport ball courts, billiards courts, table tennis courts, gymnasiums, rhythm classrooms, basketball-shooting machines, dart machine, hockey game 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 to satisfy the various fitness needs of employees. Among all, the center is equipped with 6 user-friendly shower rooms for employees to freshen up after exercise, improving the efficiency of facilities' using
- Ecological green space (Covering 4830 m^2): Retain thousands of square feet of ecological green space, 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
- Music café:An elegant and high-ceiling music café, providing coffee, tea, light meals, and lunch. Employees can take a break during work intervals








Freedom of association and multiple communication channels

Faraday values the opinions and rights of its employees, and cares about and listens to their various opinions and suggestions at any time. The employees of Faraday shall have the right to form associations freely. Employees can reflect their opinions on 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, Education Training Committee, Environmental Safety and Health Committees, employee opinion expression platforms, Employee community and complaint mechanisms, and have them resolved. Taiwan holds labor-management conference regularly in accordance with the law. Labor representatives communicate and coordinate with management to discuss the rights and interests of all employees through quarterly labor-management conference, covering 63% of employee worldwide. In addition to Taiwan, other global locations such as Vietnam and China also comply with local laws and regulations to protect employees' rights to freely associate and form trade unions. At the same time, we regularly conduct employee satisfaction surveys every year, and employee satisfaction in 2024 reached 92%. 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.

Method	Communication content	Frequency
Faraday News Global sharing platform	• Disclosure of Company operating information and quarterly reports of investor conference • R&D technology and result sharing • Company event minutes and highlights	Anytime
Employee forum	• Build consensus, corporate operating status, and share development strategy	Quarterly
Labor management conference	• Promote employer-employee cooperation, coordination of employer-employee relations, improvement of labor conditions, and labor welfare planning, etc.	Quarterly
Employee Welfare Committee	• Employee welfare issues, activity planning	Bimonthly
Education Training Committee	• Implementation and reviewing of employee education and training	Quarterly
Environmental Safety and Health Committee	• Employee occupational health and safety issues	Quarterly
Welcome lunch for new recruits	• Express welcome for new recruits; provide onboard assistance, respond questions	Onboard day of new recruits
Interview for new recruits	• Understand the adaptation status and give feedback and assistance to new recruits	In three months within the onboard day of new recruits
Employee opinion expression platform	• Any opinions and issues related to the Company	Anytime
Employee community	• Encourage employees to express their opinions, integrating employees' feedback into company policies	Anytime
Complain mechanism	• Reflect or appeal any unfair and unreasonable facts (such as sexual harassment, workplace violence, etc.)	Anytime
Employee satisfaction survey	• Employees' satisfaction with the Company's various measures and related suggestions	Every year

3.3 Talent attraction and retention

3.3.1 Recruitment and retention

Faraday attracts diverse talents through fair and open election procedures and diversified recruitment channels. To ensure the accuracy of the selection process, we have a complete evaluation mechanism in terms of selection criteria, election tools, and interview skills. Through customized professional evaluation models and structured interviews, we accurately select target talents that meet the Company's needs and help achieve long-term operational goals.

**Corporate website
Job banks
Social media**

- Faraday Technology recruitment website
- 104 Job bank
- LinkedIn/Facebook

**Industry-academia interaction
Campus lectures**

- National Chung Cheng University Chip Design Center collaborating program
- National Taipei University educational cooperation and technical consulting plan
- National Taiwan University of Science and Technology educational cooperation and technical consulting plan
- Lecture for deeply cultivation in campus and technical interaction
- The Youth's Employment Ultimate Program

**Internal recommendation
Corporate internship**

- Employee referrals and reward measures
- Internship program by industry-academia interaction
- Early Win program-Workplace learning program for college and graduate students

Initial interview

- Professional assessment
- English quiz
- Personality test
- Interview by direct manager

Second-round interview

- Interview by Division Manager
- Interview by HR

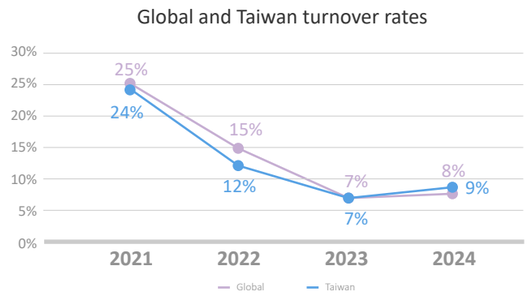
Appointment decision-making

- Evaluation by managers
- HR suggestion

Manpower distribution of new recruits/departing employees in 2024

In 2024, Faraday Technology hired 84 new full-time employees at its headquarters, approximately 58% of whom were 30 years old or younger. This helps maintain a relatively young workforce, balancing talent development with intergenerational knowledge transfer, and continues to fuel innovation in R&D.

In addition, the global and Taiwan turnover rates in 2024 were 8% and 9%, respectively; both lower than the overall turnover rate of 19% in Taiwan's electronic information industry. (Source: 104 Job Bank 2024 [Human Resources F.B.I. Research Report]) Faraday retains outstanding employees through employee care and personal development plans, achieving the goal of talent sustainability.



	New recruits in 2024				Departing employees in 2024			
	Male		Female		Male		Female	
	Number of new recruits	New recruitment rate(Note 1)	Number of new recruits	New recruitment rate(Note 1)	Number of departing employees	Turnover rate(Note 2)	Number of departing employees	Turnover rate(Note 2)
Under 30 years old (included)	31	37%	18	32%	8	10%	4	7%
30 ~ 50 years old	24	10%	6	5%	34	14%	8	7%
50 years old above (included)	4	4%	1	3%	4	4%	2	7%
Total	59	14%	25	12%	46	11%	14	7%

Note 1: New recruitment rate = Number of new recruits in each category/total number of employees in each category at year end. The number of new recruits does not include those who are in leave of absence or reinstatement

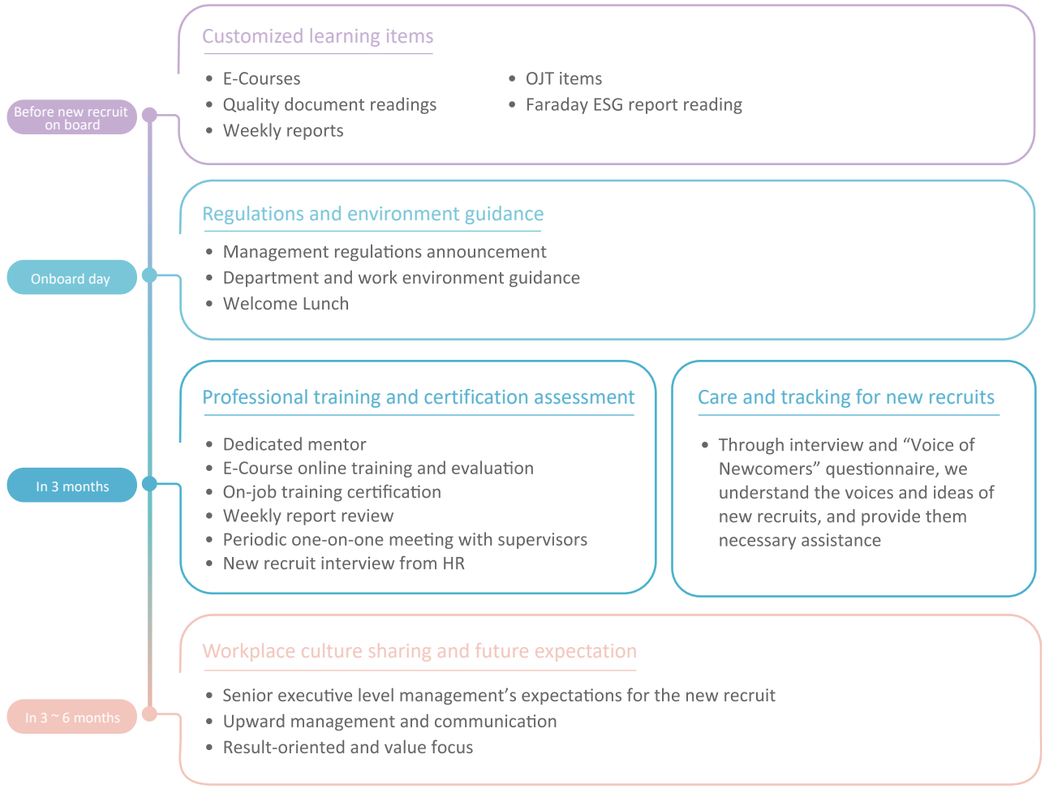
Note 2: Turnover rate = Number of departing employees in each category/total number of employees in each category at year end. The number of departing employees includes retirees but does not include those who are in leave of absence.

Learning and mentorship program for new recruits

Faraday has established a comprehensive onboarding system that includes learning, care, and mentorship programs to help new recruits quickly get up to speed and integrate into the company. Through the systematic and customized "New Employee Training ", the learning status of new recruits is tracked and verified, basic professional knowledge is consolidated, and supervisors are helped to understand the status of new recruits. New recruits can also get the information and assistance they need in real time on the exclusive "Newcomer Guidelines" webpage. In addition, 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. The proportion of satisfied and very satisfied number of new recruits from the "2024 Voice of Newcomers" had reach 100%; in 2024, the annual average retention rate for new employees was 94%(Note).

(Note: The average retention rate of new recruits within one year of employment: The average of monthly statistics for the year. Monthly statistics: The number of new recruits within one year of employment remains employed at the end of the month / total number of new recruits within one year of employment at the end of the month.)

Aspects	Descriptions
Work characteristics/content	Fitness between the job and the competence of new recruits
Supervisor leadership/Ways of guidance	The extent to which new recruits feel they can perform well at work and wins opportunities to develop under the leadership of their supervisor
Culture/vibe inside the department	New recruits' perception of department atmosphere, intrinsic motivation and feelings
Cross-department partnerships	The amount of effort that new recruits need to put in when collaborating across departments and the degree to which the collaboration is smooth
Future development	New recruits' confidence in their current career development



3.3.2 Remuneration and welfare

Faraday is devoted to providing market-competitive remuneration and welfare policies to attract and retain outstanding talents. Through a complete remuneration policy, performance-oriented bonus system, and diversified employee welfares, we ensure that employees can continue to grow in a stable working environment while working together with the company to achieve shared goals.

Remuneration commitment

Faraday is committed to providing employees with a living wage that exceeds the minimum wage standard, further ensuring the quality of life of employees and their families. In 2024, the average employee salary reached NT$ 2 million, Faraday's starting salary for new grassroots R&D personnel (regardless of location or gender) is 2.4 times the basic wage in Taiwan, demonstrating Faraday's fulfillment of its remuneration commitment. Faraday will continue to optimize its remuneration system to provide employees with stable financial security; supporting personal growth and corporate sustainability.

Competitive remuneration and talent retention measures

Faraday provides market-competitive remuneration. The remuneration system is designed based on factors such as job position, seniority, and performance, and offers various levels and forms of pay, including regular salary adjustments, long-term service bonuses, and performance-based rewards. It also includes project-based incentives and annual dividends, ensuring that employee contributions are fairly and equitably recognized.

To achieve the goal of attracting and retaining top talents, Faraday regularly conducts market data analysis and internal compensation optimization, reviewing and adjusting employees' salaries, working hours, and welfare benefits to ensure that 100% of the compensation level meets the market median standard. Faraday has been consecutively listed as the constituent stock of "TWSE RAFI Taiwan High Compensation 100 Index" since 2014, demonstrating the Company's high emphasis and commitment to employee remuneration.

In terms of talent retention, Faraday implements various talent-retention strategies to enhance employee satisfaction and loyalty, including career development planning, cross-department job rotation, and participation in international projects, helping employees accumulate experience and improve their capabilities. Meanwhile, Faraday provides family-friendly measures to create a positive work and life environment, ensuring the stable growth of talents and achieving mutual growth between Faraday and its employees.

Faraday will keep a close watch on market compensation trends, strengthen the fairness and competitiveness of its remuneration system through transparent salary policies and actively optimize talent retention measures, promoting the Company's long-term sustainable development and supporting its commitment to corporate sustainability.

Average and median salary (NT$ thousand)

Year	2021	2022	2023	2024
Numbers of permanent on-duty employees	586	591	599	625
Average salary	2,073	2,550	2,323	2,089
Median salary	1,633	2,072	1,980	1,802

Note 1: In 2024, the annual total compensation ratio of the highest paid employee to the median of other employees (excluding the highest paid employee) is 12.1:1. Compared to 2023, the salary change ratio between the highest-paid and median-paid employees in 2024 is 1.26:1 (the change is calculated as "2024 salary minus 2023 salary, divided by 2023 salary")., the overall salary is on a downward trend. This statistic is calculated based on employees in 2024 and does not include temporary staff and short-term employees.
Note 2: Compensation includes regular salary (base salary, fixed allowances, bonuses), overtime pay and non-recurring salary (allowances, bonuses, remuneration, etc.), excluding pensions and stock-based payments, and is calculated on an annualized basis.
Note 3: The average salary decreased from 2023 to 2024 mainly due to the reduced profits of the Company in 2024, which affected employee bonuses and salary structures. It is also due to the increase in the proportion of entry-level positions and the adjustment of human resource allocation in some units.

Performance-oriented and remuneration fairness

Faraday implements a performance-oriented remuneration system, designing compensation based on job roles and work achievements, and regularly reviews the remuneration structure to ensure alignment with market trends. Through performance-based bonuses, project bonuses, and annual salary adjustment mechanisms, we motivate employees to create value and support both employee and company growth, ensuring sustained leadership in a rapidly changing market.

Faraday emphasizes remuneration fairness and is committed to achieving consistency in compensation for the same positions and promoting gender equality. We ensure that the remuneration and promotion mechanisms are 100% determined by job requirements and individual performance, without differences based on gender, race, age, religion, marital status, or sexual orientation. To achieve a fair and non-discriminatory environment, the Company establishes transparent criteria, regularly reviews remuneration structures and promotion processes, and strengthens internal oversight to promote a culture of gender equality and diversity and inclusion.

Annual overall remuneration ratio of male employees to female employees by job function in 2024 (Female as the benchmark = 1)

Job level	Job function	Basic compensation ratio	Total Remuneration ratio
Non-managerial position	R&D	1.12	1.13
	Engineering	1.15	1.15
	Admin. & Sales	1.51	1.63
Managerial position		1.23	1.22

Note: The table uses female remuneration as the benchmark (= 1) to present the relative remuneration of male. Values greater than 1 indicate that the average male remuneration is higher than that of females. Basic compensation refers to the "regular fixed monthly salary" in the monthly salary structure in December 2024, calculated on an annualized basis (×12). In non-managerial positions, there is a significant gender remuneration ratio gap (basic compensation and total remuneration) in administrative and sales (Admin. & Sales) positions. This is primarily due to the fact that more males are employed in senior marketing and sales positions, while more females hold junior roles in administration, finance, and human resources, leading to differences in the overall remuneration structure.

Pension system

Faraday provides a comprehensive and legally compliant pension plan in accordance with the "Labor Standards Act" and the "Labor Pension Act". A Labor Pension Reserve Fund Supervision Committee has been established to ensure the legality and transparency of contributions and supervision mechanisms. Since July 1, 2005, the Company has been legally required to offer individual pension accounts for employees, and all employees participate in the relevant pension plan. The contribution rate is reviewed and adjusted regularly to ensure a stable life after retirement. In addition, regarding the old pension system, the Company has already fully funded the required contributions to guarantee that employees' existing rights are adequately protected. All related contribution amounts and expenditures are disclosed in the Company's annual report, demonstrating its commitment to integrity and responsible management.

Insurance system

Faraday is committed to providing an insurance system that is comprehensive and complies with laws and regulations to protect the basic rights, well-being, and safety 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 fully protect employees on both work and life safety. To further enhance this protection, the Company provides flexible group insurance options, and more than 40% of employees choose to include their dependents in the Company's expanded group insurance. Meanwhile, the Company offers on-site insurance services weekly to assist employees in understanding their insurance claims-related rights and raising their awareness of risk management. Through diversified insurance programs, Faraday ensures the health and welfare of its employees.

Employee stock ownership trust plan

Faraday launched the Employee Stock Ownership Trust program in 2022 to encourage employees to participate in the Company's growth and share in its achievements, thereby strengthening alignment between employee and corporate targets. Participants can voluntarily allocate a portion of their monthly salary to purchase company shares. The company matches this contribution at the same ratio, and the combined amount is deposited into a dedicated trust account. Employees can also apply to adjust their withdrawal amount every quarter, which provides high flexibility, and with features of encouragement and sustainability. To date, the participation rate has exceeded 75%, demonstrating strong employee recognition and acceptance of the program. Tied to the company's financial performance, the program not only allows employees to benefit from the company's growth but also helps them build long-term wealth and plan for future retirement.

Diverse welfare and generous subsidies

- Thoughtful caring measures: Provide employees with birthday gift vouchers, maternity gifts, wedding gifts, funeral subsidies, condolence allowance, and visually impaired message service
- Employee travel allowance: Provide high travel subsidies; encouraging employees to relax in spare time, or spending more time with families during vacation
- High-standard health care: Provide medical assistance and condolence allowance, and fully subsidize Low dose CT scan for lung (1152-slice) for all employees
- Faraday lunch banquet, exquisite special cuisine offered: Once a month, all employees are treated with exquisite special cuisine and beverages 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

Better-than-legal working hours and paid leave

Faraday Technology provides better-than-legal working hours and leave, offering an average of more than 10 days of paid leave per employee, including a half-hour reduction in working hours every Friday and 7 days of paid flexible leave. In addition, to encourage childbirth and family care, the company has specifically increased the number of days for maternal protection leave, allowing employees to balance personal and family cares.

Items	Legal regulation	Better-than-legal standard measures
Holidays	12 national holidays every year	Additional 7 days of floating holidays (total of 19 days including statutory national holidays)
Annual leave	Recognize days based on the start date of employment	Provide annual leave with a better-than-legal calculation basis and grant annual leave in advance, allowing employees to enjoy their leave rights earlier.
Working hours	40 hours per week	39.5 hours per week
Public service leave	None	2 days for public service leave annually
Paternity caring leave	None	If the spouse has not yet obtained the maternal health education handbook but occurs the miscarriage, employee will be given full pay for 3 days.
Maternity leave	56 days	The number of days granted increases according to the number of births, with a maximum of 70 days.
Pregnancy checkup accompaniment and paternity leave	7 days	The number of days granted increases according to the number of births, with a maximum of 10 days.
Maternity and Baby Safe leave(Fetal protection requirement)	Fetal protection leave is included in the 30-day sick leave calculation, with half salary paid	An additional 5 days of full paid fetal protection leave will be granted, which will not be included in the calculation of sick leave.
Family care leave	Included in the calculation of 14 days of personal leave	An additional 7 days will be granted, which will not be included in the calculation of personal leave.

3.4 Talent development

Faraday is committed to efficient learning and systematic inheritance, 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. This is the recognition of Faraday’s dedicated efforts in talent development.

3.4.1 Training development system

Education Training Committee

Faraday recognizes the critical role of talent development in driving company growth. To ensure investment and engagement in talent cultivation across the organization, Faraday has established an “Education Training Committee ”, chaired by senior executives, with department-level and above managers serving as ex officio members. The committee will coordinate and plan the main operation route in accordance with the Company’s future development direction, and conduct regular meetings to review and continuously improve to ensure that training needs are highly connected with company operations.

The continuous improvement of the operating model over the years has created a good learning atmosphere at Faraday. Through diversified course categories and various learning modes, we have stimulated the motivation, attitude, and ability of our colleagues to learn independently, created an environment for lifelong learning, and promoted the sustainable development of talents.

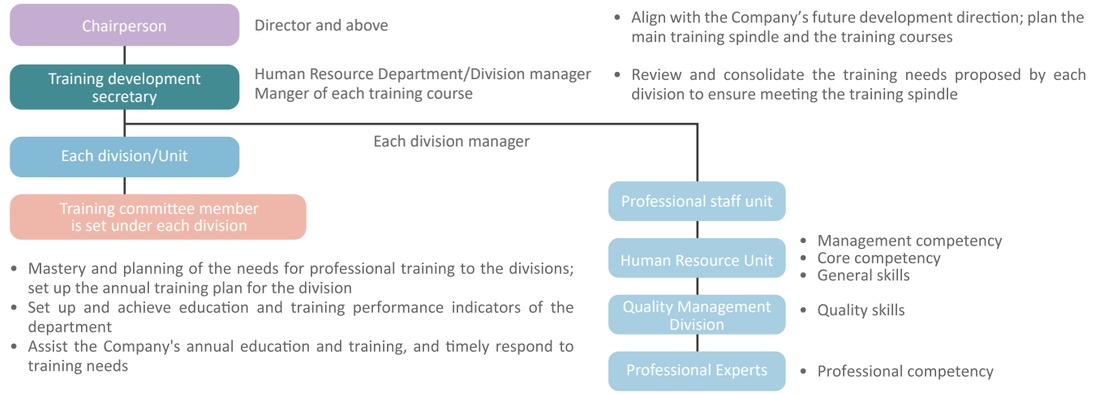
Flow	Division/Supervisor responsibilities	Education Training Committee (ETC)
Survey for annual training needs	Undertaking the Company’s business direction, propose the divisional needs for course training or participation	Review and consolidate training needs submitted by all divisions, to ensure that the training spindle aligns with the Company’s future development direction
Demand collection and communication	Divisions should communicate for the needs of course training and participation; deploy the course and arrange the instructors after the evaluation	
Set up training plan and budgets	Confirm the course training or participation plan, make training budgets	
Submission plan	Make plan adjustment by the comment in the submission process	
Execute the planned course	• Units holding the training: Plan the course starting date, compile materials; give instruction • Units receiving the training: Must complete training and give feedbacks	
Review the course result	Adjust the direction of future course planning based on feedback from participants or supervisors	Periodically review the execution quality of training course; offer coordination and correction when necessary

Strategy

Coordinate and integrate education and training resources to ensure that training strategies align with the Company’s business strategy and corporate culture to maximize the synergy of resources; implement and promote talent cultivation and development.

Guideline

- Integration, planning, coordination, implementation, and execution for the Company-wide education and training
- Review of the execution status and improvement suggestions of the Company-wide education and training
- Grasp and plan the divisional professional training needs
- Coordinate and support the Company-wide training resources



Development blueprint for 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, 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.

Audience	OFF-JT			OJT	Self-inspiration
	Management Competency	Core Competency	Profession Competency		
Senior Executive	Advanced-level program	• Competency development program • Performance development system	• Specialized R&D training • Quality management training • Labor safety training • Professional external training course	• Task assignment • Job instruction • Job rotation • Instructor system	• 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

- Digital management and learning
  - Internal/External training management system: This system is used to manage and track execution records and implement training effectiveness evaluation, ensuring that the training process is efficient and beneficial.
  - E-Learning platform: Online learning is a key enabler of microlearning, allowing global employees to learn flexibly and conveniently, access shared learning resources, and stay up to date with the latest professional knowledge.

Provide diverse training according to the audiences

Required target	Cultivated items
New recruits	• The HR unit and hiring manager customize new recruit training plan based on the job description • Mentorship program provides new recruits with practical work guidance and company-related life consultation
In-service employees	• Education Training Committee plans annual training courses based on the Company's strategy. • Execute and implement diverse training by the course attributes • Provide multilingual courses to enable global employees to quickly learn and understand
Junior supervisor	• 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 mentality • Faraday leadership: Summarize the essential competencies and qualities of managers should have, and achieve comprehensive leadership thinking through management practice discussions and QA sessions. • Efficient communication: Enhance soft skills in communication and expression, including presentation in meetings, social communication, and the imparting of techniques for an international perspective. • Management tools and methods: Effective tools and methods used by high-performance managers to efficiently achieve goals and complete tasks • Management practice workshop: Apply the management tools, methods, and communication skills learned in the course to real work cases for sharing and exchange, ensuring practical application of knowledge
Senior-medium supervisor	• 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

Interdisciplinary learning is the core of sustainable talent development and lifelong learning. Based on the training and development blueprint, Faraday plans the execution priorities for various courses according to short- and medium-term business strategies to carry out more comprehensive planning and offer diverse learning opportunities.

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 competency; 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 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

3.4.2 Training effectiveness and result

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.

Level 1 Reaction

Definition
- After class, participants will evaluate their satisfaction with the course content, teaching materials, lecturers and teaching methods, and overall benefits

Effectiveness in 2024
- The average satisfaction score of internal training courses reached 93.3 points

Level 2 Learning

Definition
- Assess the effectiveness of participant learning by post-class evaluations, training transfer, and submission of experience reports

Effectiveness in 2024
- The completion rate of key course assessments reached 100%, with an average score of 91

Level 3 Behavior

Definition
- Whether the participants apply what they have learned to their work after the training

Effectiveness in 2024
- For management course; the average improvement in managerial behaviors, as measured by pre-training and post-training assessments, reached 13%

Level 4 Result

Definition
- The business benefits that training brings to Faraday

Effectiveness in 2024
- Internal promotion rate of managerial talents reached 77%
- Average retention rate of excellent talents in recent three years reached 87%

Actual performance on training course

Faraday attaches great importance to the resource input and output efficiency of employee education and training, 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 Quality-related courses in 2024, up to 93% were developed and taught by internal trainers. Through the inheritance and spreading of internal knowledge, we promote technological innovation. To actively encourage the inheritance of experience, Faraday conducts excellent trainer selection activities every year and give thanks to all the trainers for their contribution on Teacher's Day.

To ensure that our employees to keep pace with the times, we encourage our employees to continue their trainings and positively obtain professional certificates/licenses, a total of 102 professional certificates/licenses have been obtained cumulatively from 2018 to 2024. With a lifelong learning attitude, we encourage our employees to strengthen and exert their professional competency and become experts in various fields.

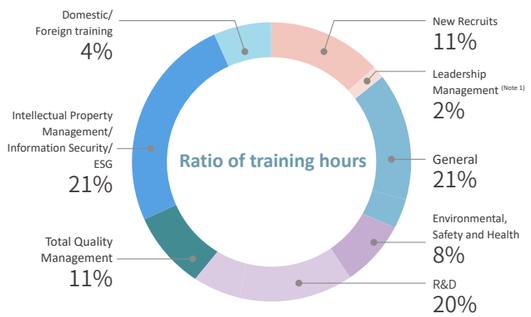
2024 training implementation overview

Category	Training category	Total sessions	Total attendance[Note 1]			Total attendance hours[Note 2]		
			Male	Female	Total	Male	Female	Total
Internal training	New Recruits	166	1,071	482	1,553	1,342	923.5	1,965.5
	Leadership Management	16	185	62	247	310	99.5	409.5
	General	29	1,886	950	2,791	2,640	1,021	3,661
	Environmental, Safety and Health	14	515	304	819	873	526.5	1,399.5
	Research and Development	49	2,360	720	3,080	2,652.5	818.5	3,471
	Total Quality Management	17	1,075	366	1,441	1,426.5	476	1,902.5
	Intellectual Property Management	10	2,044	776	2,820	2,052	782.5	2,834.5
	Information Security	10	494	239	733	483.5	234	717.5
	ESG [Note 3]	5	17	23	40	51	75	126
External training	Domestic/ Foreign Training	75	39	55	94	249	380.5	629.5
Total		391	9,686	3,932	13,618	12,079.5	5,037	17,116.5

Note 1: Includes total number of training attendance for 2024 permanent on-duty (including employees on leave of absence) and departing employees. On December 31, 2024, the total number of permanent on-duty employees (including employees on leave of absence) trained was 12,872; in 2024, the total number of departing employees was 746, a total of 13,618 employees.
Note 2: Includes total training hours of training attendance for 2024 permanent on-duty (including employees on leave of absence) and departing employees. On December 31, 2024, the total training hours of permanent on-duty employees trained was 16,165.5 hours; in 2024, the total training hours of departing employees was 951.0 hours, a total of 17,116.5 hours. The data in the above-mentioned Note 1 and Note 2 include permanent employees, contract employees, and workers who are not employees.
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.

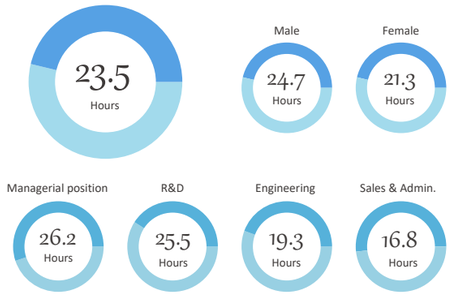
We also value other workers who are not employees who serve in Faraday, such as cleaning, security, café, employee cafeteria, and IT outsourcing staff. We provide them with general training courses covering environmental, safety and health practices, integrity management, human rights policies, information security, insider trading prevention, and sexual harassment prevention. A total of 170 people were trained in 2024; 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 who are not employees.

Ratio of training hours

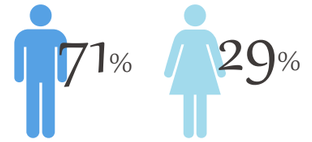


Note 1: Courses in the leadership management category provide different forms of resources based on different supervisory levels, such as Senior leadership forum, etc. Please refer to the chapter of "Training Development System" for more details.

Average training hours per employees



Total training rate of training attendance

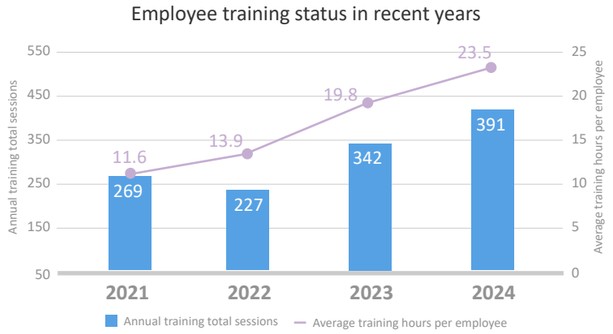


2024 employee training hours

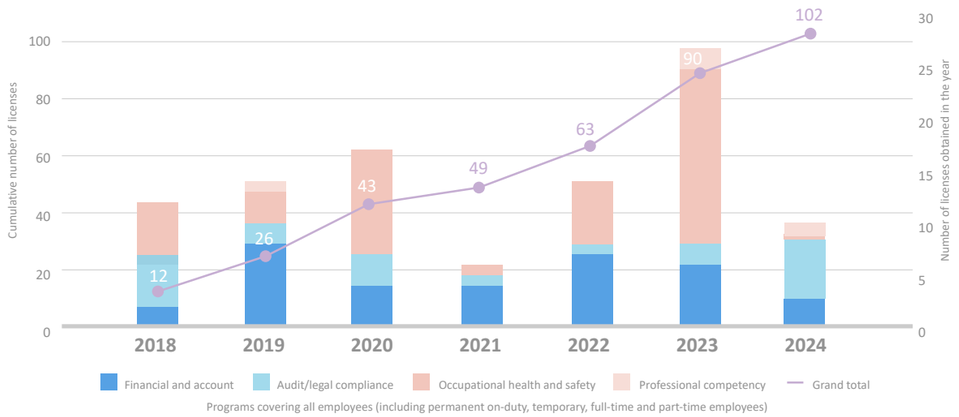
Items	Gender		Employee Category					Total
	Male	Female	Managerial Position	Non-Managerial Position				
				R&D	Engineering	Admin. & Sales	Sum	
a. Total training hours (Note 1)	12,079.5	5,037	4,472	8,890.5	2,120.5	1,633.5	12,644.5	17,116.5
b. Number of employees (Note 2)	490	237	171	349	110	97	556	727
Average training hours per employee (a/b)	24.7	21.3	26.2	25.5	19.3	16.8	22.7	23.5

Note 1:
Includes total number of training attendance for 2024 permanent on-duty (including employees on leave of absence) and departing employees. On December 31, 2024, the total number of permanent on-duty employees (including employees on leave of absence) were 12,872; in 2024, the total number of departing employees was 746; a total of 13,618 employees. The above data includes permanent on-duty, contract employees, and workers who are not employees.
Note 2:
Includes total number of permanent on-duty employees in 2024 (including employees on leave of absence) and departing employees. On December 31, 2024, the total number of permanent on-duty employees (including employees on leave of absence) were 662; in 2024, the total number of departing employees was 65; a total of 727 employees. The above data includes full-time employees, contract employees, and workers who are not employees.

Employee training status in recent years



Number of professional certificates/licenses obtained through external training



Programs covering all employees (including permanent on-duty, temporary, full-time and part-time employees)

ESG sustainable development thinking and cultural shaping

Faraday is deeply committed in investing in ESG and firmly believes that the core driving force for enterprises to practice ESG comes from the participation of every employee. We convey the consensus on ESG sustainability to all employees in various forms, encouraging all Faraday employees to jointly fulfill corporate social responsibilities.

In terms of training courses, 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 2024, courses on sustainability issues (courses coordinated by the Corporate Sustainability Committee and highly linked to sustainability issues) accounted for as high as 50% of the total training hours, and the total training hours were 8,466.5 hours. These courses will help employees improve their awareness of corporate sustainable development, and then take more sustainable actions.

Form/Occasion	Subject/Description	
Training	Training courses	Courses highly linked to sustainability issues accounted for as high as 50% of the total training hours
	New Employee Training	List Faraday's sustainability report as a must-read document to help new employees quickly understand Faraday and build a consensus on ESG sustainability
Issue share	ESG Time	Faraday's internal platform sets up an ESG specific column to enhance employees' consensus on sustainability and share results: • ESG news and trends • Faraday's highlights in ESG field
	Employee forum	• Why ESG matters ! • Global sustainability trends • The necessity of sustainability issues for Faraday • Faraday's sustainable actions
	Senior leadership forum	• Faraday 2025 ESG Prospects • Faraday's sustainability strategy • Customer ESG Requirement • Supply Chain ESG Status • Faraday's green innovation and sustainable design blueprint
	Corporate Sustainability Committee	• The Greenhouse Gas Inventory for Faraday Technology subsidiary • The latest GRI revision trends and material

Global Agent Training & Technical Exchange Conference

In the face of an increasingly competitive chip design industry, Faraday recognizes the critical role of knowledge dissemination in driving operational growth. We regularly host agent training and exchange conferences, serving as the best support for our agents in their business endeavors. Through the rigorous review and approval of senior management, we provide comprehensive and reliable learning resources. We simultaneously update technical information through both in-person and online learning platforms, effectively enhancing technical proficiency and customer service quality. In 2024, agents from around the world were invited to participate in the event (USA, Italy, South Korea, Japan, China, and Taiwan), with four main themes and 16 special topics presented. Attendance rates and overall satisfaction both exceeded 90%.

Four main themes

- Advanced Process
- Advanced Package
- Key Service
- Key IP

Training for management competencies: Blended learning; combining online learning and practical exercises

Consciously incorporating talent development and leadership management capabilities into the strategy of corporate sustainability, and cultivating leadership talents who are adaptable to market changes and have a big picture mindset, is the key pillar of corporate sustainability. A blended learning method that combines online courses, physical lectures, and physical drill workshops on management tools and methods & efficient communication allows supervisors to grasp the key points of the course and apply them in practice at work. In 2024, a total of 25 actual management case studies were conducted, and cross-departmental supervisors took this opportunity to discuss cross-generational communication and collaboration skills, while strengthening course concepts and producing synergies. The average growth rate of trainees' management behavior before and after the test was as high as 13%.

Blended learning design

- Online and physical learning: Management leadership tools and skills learning
- Practical application sharing in the workplace - Applying theoretical practice to work
- Management practice workshop - Increase the opportunities for cross-departmental and cross-generational communication and understanding, thereby generating more exchanges and collaborations, while strengthening course concepts and generating synergies.

"English Elite Program" to respond to global deployment

In response to Faraday's ongoing efforts to build a global R&D team and actively recruit international technology talents, the "English Elite Program" was launched in 2024 to provide employees with systematic online English speaking course resources. This program aims to enhance business English communication skills and improve cross-departmental and cross-border communication capabilities. Participants have shown enthusiastic feedback and a proactive attitude toward learning, with an 80% pass rate for level upgrades.

3.4.3 Performance management and development

Faraday values employees' lifelong learning and development, and actively implements talent performance management and development systems. We provide appropriate work guidance and career support according to employees' different development stages. Each year, senior executives lead the formulation of the Company's strategic goals and action plans, which are then translated into management by objectives (MBO) by individual and department teams. Through multidimensional performance review mechanism twice a year, we evaluate employees' work outcomes, effectively aligning the Company's, team's, and individual's goals. We implement agile management to enforce the efficient communication. The Company also regularly conducts talent inventory, combined with a succession plan, to realize a sustainable approach to talent and team development.

Annual Team Work Objective Review
The company conducts an annual business strategy objective meeting, during which each department must report on its work achievements and future goal outlooks.

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

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

New Recruits Evaluation during Probationary Period
Tracking the learning results for new recruits and comprehen - sively evaluate their work competency according to the course schedule of the new recruits.

Performance Improvement and Consultant Plan
Assist employees with poor performance in improving their work performance.

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.

Promotion System & Talent Succession Plan
Regularly conduct talent inventory to assess employees' competen - cies and performance, provide opportunities for technical and managerial roles, encourage career advancement.

Multidimensional Performance Appraisal
Provide suggestions and feedback for colleagues involved in cross-departmental project collaboration.

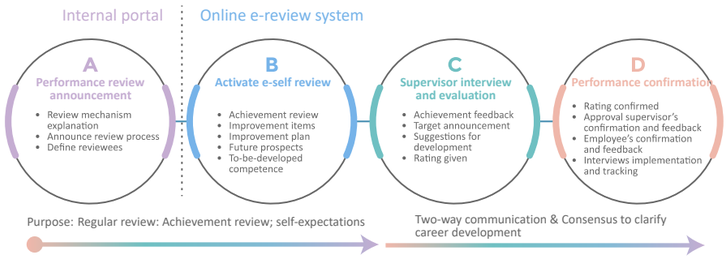
Agile Work Management
Respond swiftly to internal and external environmental changes by rapidly detecting and promptly addressing issues, in order to continuously enhance the quality and efficiency of work outputs.

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 year-end performance appraisal. In 2024, the ratio of employees who received the performance appraisal were 95%; and one-on-one interview execution rate were 93%; 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, 2024 (Note 1)			Numbers & Percentages of People (Note2) Receiving Year-end Performance Appraisal			
Employee Category		Male	Female	Total	Male	Female	Total	Percentage
Managerial		121	33	154	118	33	151	98%
Non-managerial	R&D	225	96	321	208	89	297	93%
	Engineering	68	33	101	66	32	98	97%
	Admin. & Sales	23	42	65	20	40	60	92%
	Summary	316	171	487	294	161	455	93%
Total		437	204	641	412	194	606	95%

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



Comprehensive performance appraisal indicators

Faraday attaches great importance to the functional development of employees and the degree of competence required for their job positions. In addition to qualitative performance results and future prospects, the assessment items also include scale assessments of various functions to serve as gap analysis for future personal development plans.

Character of appraisal	Appraisal items
Qualitative	• Performance review • Future prospects
Quantitative	• Professional competency – Professional learning and application • Core competency – Problem analysis and solution – Be proactive – Team work • Management competency – Target/performance management – Project management – Management team – Transformational leadership

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 expertise.

3.5 Occupational Safety, Health, and Hygiene

Faraday emphasizes providing practical safety, health and healthy workplace management. Each year, the Company follows the labor inspection guidelines issued by the Ministry of Labor and the needs and expectations of stakeholders to formulate the occupational safety and health management plan for the coming year. The Environmental Safety and Health Committee reviews the implementation progress every quarter to ensure the safety and health of all workers.

3.5.1 Environmental Safety and Health Policy

Faraday attaches great importance to the needs and expectations of stakeholders on occupational safety and health issues. It considers the operating process and formulates the "Environmental Safety and Health Policy", which is signed and announced by the President; revealing high-level commitments and declaring the Company's healthy workforce goals, and implementing standardized management procedures.

Standardized management procedures	Management measures	Implementation frequencies
<< Corporate Sustainability Handbook >> <<Fire Safety Plan>> <<Environmental Safety and Health Management Handbook>> << Environmental Safety and Health Management Procedure>> <<Environmental Safety and Health Regulations Identification Procedures>>	Implement public safety inspection for architectures	Once every two years
	Fire equipment testing and maintenance application	Once a year
	Implement Company-wide disaster drill	Once a year
	Implement work environment monitoring and review the appropriateness of monitoring sampling plan strategy	Twice a year
	Physical examinations	Every year

3.5.2 Occupational safety and health implementation results

Faraday is committed to creating a "Healthy, LOHAS (Lifestyle of Health and Sustainability), and Happy Workplace" as the core mission for promoting a friendly and inclusive work environment. We strive to build employees' awareness of safety, hygiene, and health, supported by relevant protective measures and health promotion activities as the main management strategies. In 2024, our health promotion activities achieved remarkable results, earning us the "Excellence Award" from the Health Promotion Administration, Ministry of Health and Welfare, under the Active Workplace, Healthy Workers program. We have also been recognized as "Outstanding enterprise" for "Active Evaluation of Corporate Sustainability Report Disclosure of Occupational Health and Safety Performance" by Occupational Safety and Health Administration, Ministry of Labor.

Promotion of Safety, Health, and Hygiene Implementation Measures in 2024

Classification	Implementation items	Session	Participation numbers of employees	Participation numbers of workers
Occupational Safety Type	New recruits occupational safety and health training	17	89	29
	Occupational safety and health training for permanent on-duty employees	2	2	0
	Refresher training for supervisors of organic solvent operations	1	1	0
	Traffic safety training course	1	51	1
	CPR+AED training	6	176	0
	Disaster drill	1	54	4
	Evacuation drill	1	553	13
Health Promotion Type	Supervisor physical examinations	9	58	0
	Annual physical examinations	3	458	3
	Road running activity	1	540	5
	Global walking challenge	1	504	1
	Specialist Physicians Health Lectures	3	405	0
	Kinesio taping course series	6	53	0

3.5.3 Occupational safety and health management

Occupational Safety and Health Management System Importation and Verification

Faraday has established an Environmental Safety, and Health Committee to regularly track the implementation of safety and hygiene measures. To enhance workplace safety, hygiene, and health, the Company imported the implementation of the Occupational Safety and Health Management System (ISO 45001:2018) in 2024 and plans to complete external verification by 2025. Based on the ISO 45001 system framework, the management scope includes all workers at Faraday, (includes employees, subcontractors, and self-employed workers); promoting risk assessment in occupational safety and health management and to ensure continuous improvement.

In 2024, the Company has already completed the analysis of differences between the existing compliance system and the provisions of ISO 45001:2018, and fully integrated the system with operational processes, achieving 100% analysis and structural alignment.

Operating Conditions of Environmental Safety and Health Committee in 2024

Membership structure	One chairperson
	Six committee members
	Four selected labor management conference representatives
Responsibility	Review 15 items of occupational safety and health management plan
	Promote and communicate environmental safety and health issues to stakeholders
Regular meeting	Once a quarter; an additional temporary meeting hold when necessary
Material topics	Comply with laws and regulations to continuously improve workplace hazard identification and risk opportunity management measures
	Proposed 2 safety issues and 3 hygiene issues; all improvement accounted 100%

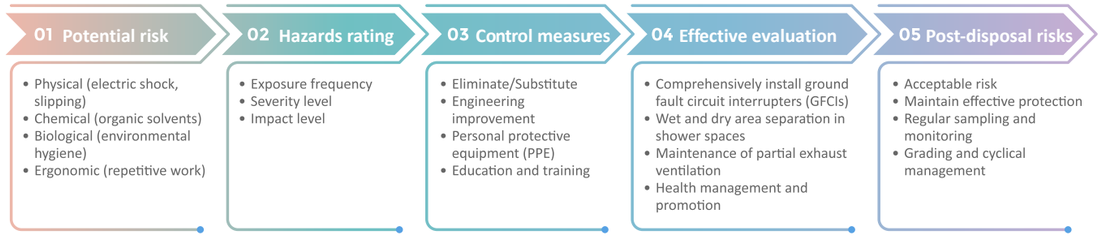
Note: When communicating safety and health issues with workers who are not employees, the responsible personnel will review and revise the contract content based on the recommendations of the safety and health personnel to ensure that workers who are not employees to understand the relevant safety and health regulations of Faraday.

Hazards identification and risk assessment

Faraday has established the “Risk and Opportunity Identification and Environmental Consideration, Impact Assessment, and Control Procedure” based onthe operational conditions. This procedure systematically identifies operational activities, assesses risks and opportunities, and proposes effective control measures for employees, stakeholders, and the workplace to uncover potential occupational safety and health risks and hazards, and implement corresponding management strategies. The 2024 risk analysis results indicate that the primary sources of unacceptable occupational safety risks for Faraday are slips and electric shocks, both of which have been included in the occupational safety and health promotion measures management project.

Guidance of risk analysis

Risk analysis flow



Ensure occupational safety and health

Faraday launches cyclical risk assessment and audit systems, promoting comprehensive safety and health management from the perspectives of people, environment, and behavior to ensure that the working environment and operational procedures are both compliant and functional. We actively engage in two-way communication with workers, and encourage proactive identification of potential workplace hazards with suggestions for improvement made by employees. The occupational safety and health management unit and the responsible unit jointly respond and take actions. In case of an emergency is occurred and the circumstance is reasonable after investigation, no punishment will be taken; employees are granted the right to self-evacuate, following the principle of protecting workers as the highest priority.

Promotion of occupational safety and health Measures

Occupational Safety and Health Items	Implementation Measures
Laws and regulation identification	• Identify regulations every quarter, confirm 24 revised regulations, and establish corresponding safety and health measures
Standardize procedure	• There are 20 existing TOSHMS Level 2 documents, which will be converged and integrated into 9 optimized management procedures in 2024, in line with ISO 45001:2018 specifications
Hazards identification/Risk assessment	• Three polynomial assessment forms for hazards, risks, and opportunities are simplified into one form with practical thinking, which is used as a dynamic document and periodic updates • Apply a grading control strategy, identify 29 hazards in routine and non-routine work activities, and minimize risks through management procedures or SOPs • Establish channels for grievance on gender equality, sexual harassment, and illegal workplace infringement, and mechanisms to protect victims from being treated without immediate disciplinary action, and convey correct understanding to employees through the company-wide e-Course required training courses
Operation environment monitoring	• Review once every six months to determine the appropriateness of the sampling strategy plan based on physical and chemical factors in the work environment • Test the company-wide illumination, carbon dioxide, and organic solvents conditions every six months, announce the test results on the company network for public knowledge, and make compliance declarations available on the official website for reference
Chemical management	• Complete chemical declarations 4 times per quarter to ensure effective and consistent information
Procurement management	• Reviewed 87 occupational safety and health procurement cases, all of which were in compliance
Contractor management	• Established 26 contractors who are qualified in accordance with the Occupational Safety and Health Act and strengthened the necessary safety and health management of contractors • There were 110 contractor entries into the workplace in 2024, during which work environment hazard notifications and awareness programs related to occupational safety and health regulations were conducted. One near miss of fire alarm triggered accidentally was recorded

Occupational Safety and Health Items	Implementation Measures
Change management	• There were 0 changes in contractor application, and all were processed in accordance with the source review of the contract
Disaster management	• Strengthen emergency response to complex disasters and revise the drill script and emergency response procedures twice • Implemented a company-wide evacuation drill, with 600 people supposed to be present, 553 employees actually present, 13 workers actually present, and the evacuation assembly roll call time was 10 minutes and 20 seconds
Patrol and inspection implementation	• 261 pre-operation inspections of organic solvents were carried out at the operation site, with 0 false alarms • Carried out 261 pre-operation inspections of high-pressure gas cylinders and pipelines on-site, with 0 false alarms • Carried out 48 company-wide environmental safety and sanitation inspections and proposed 6 improvement suggestions, all of which have been closed
Popularize CPR+AED emergency rescue knowledge	• 19 qualified first aid personnel are set up, which is better-than-legal • Hold CPR+AED courses annually • In 2024, the coverage rate of employees who have received training for 3 times (included) in total in the Company was 10%
Other safety and health management	• Carried out company-wide environmental sanitation disinfection 8 times to provide a healthy working environment • Implement the pruning of trees planted outdoors at the headquarters that are too high or too long to improve the visibility of traffic signs for road users and prevent wild winds from causing trees fall that affects other road users • Repaired the circular passage at main entrance of headquarter to prevent workers from tripping or falling and getting injured

Notification
- Abnormal incident finder
- Fire alarm triggered
- Company general service /Fire prevention manager/Occupational safety and health personnel

Handling
- Activate the firefighting team
- Company-wide evacuation

Investigation report
- Effective Action Measures
- Teaching material and experience inheritance

Occupational accident disability statistics

In 2024, Faraday did not experience any occupational accidents or occupational diseases without legally certified and was not subject to any penalties related to occupational safety violations. The incidents contributing to the injury rate were primarily traffic accidents occurring during employees' commuting to and from work (a total of 3 times in 2024). To continuously reduce the injury rate, the Company holds quarterly Environmental, Safety, and Health Committee meetings to reinforce awareness and provide refresher training. On a yearly basis, the Company invites the Traffic Police Brigade, Hsinchu City Police Bureau to conduct on-site traffic safety training to lower the occurrence of traffic-related accidents.

Indicator	Classification	2021	2022	2023	2024
Attendance rate (AR)	Male (%)	0.10%	0.13%	0.23%	0.19%
	Female (%)	0.35%	0.33%	0.47%	0.54%
	Total AR	0.17%	0.19%	0.31%	0.30%
Occupational disease ratio (ODR)	Male (%)	0%	0%	0%	0%
	Female (%)	0%	0%	0%	0%
	Total ODR (%)	0%	0%	0%	0%
Disabling Injury Frequency Rate (FR)	Male	1.32	2.75	2.75	2.61
	Female	3.29	0.00	3.16	2.89
	Total FR	1.88	1.94	2.87	2.70
Disabling Injury Severity Rate (SR)	Male	4	1	12	40
	Female	3	0	0	3
	Total SR	4	1	9	29
Frequency-Severity Indicator (FSI)	Male	0.05	0.04	0.13	0.25
	Female	0.03	0.00	0.00	0.03
	Total FSI	0.09	0.04	0.16	0.31
Lost working days	Male	3	1	9	31
	Female	1	0	0	1
	Total lost working days	4	1	9	32

Note 1: Attendance rate (AR) = Total attendance days/Total working days
Note 2: Occupational disease ratio (ODR) = Total OD * 1000000/Total working hours
Note 3: Disabling Injury Frequency Rate (FR) = Number of lost work pieces (rest time greater than 8 hours)*1,000,000/Total working hours
Note 4: Disabling Injury Frequency Rate (SR) = Lost working days*1000000/total working hours
Note 5: Frequency-Severity Indicator (FSI) = √ (SR*FR/1000)
Note 6: In 2024, 641 employees worked a total of 1,111,929 hours (based on the number of people reporting monthly occupational accidents). Faraday's office also has 21 permanent on-site workers who are not employees, including those responsible for catering, cleaning, and security. There were no cases of disability caused by occupational accidents in 2024, worked in a total of 42,000 hours (21 workers who are not employees working 250 days a year, 8 hours a day)
Note 7: The reason for the increasing disability injury rate and the disability injury severity rate in 2024 was that three traffic accidents occurred on the way to and off from work by employees in 2024, resulting in hospitalization and recuperation at home

3.5.4 Comprehensive health management

The goal of workplace health management is to help employees develop good health habits and have a healthy workplace and life. Based on four aspects, namely occupational hygiene, physical examinations and management, health promotion, and health protection. Faraday understands the physical and mental health status and needs of employees, therefore planning a series of health promotion activities to create a healthy workplace.

Four major protection plans

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
  - Safe, warm, comfortable; premium breastfeeding collection room
  - Complete the hazard assessments in high-risk work areas
  - Complete individual hazard assessments, hierarchical management, and health protection with a completion rate of 100%
  - The ergonomic chairs for pregnant female employees; dedicated parking space
- Prevention of diseases caused by abnormal workload
  - Ten-year cardiovascular disease risk assessment
  - Questionnaire identification and assessment
  - Monthly attendance control
  - Case caring and management
- Prevention plan of unlawful infringement in the performance of duties
  - No incidents of workplace violence in 2024
- Prevention plan of ergonomic hazards
  - Provide ergonomic chairs in a company-wide range
  - Musculoskeletal symptom questionnaire
  - A total of 135 participants joined the health lecture on Kinesio Taping Method
  - A total of 53 participants attended six sessions of the Kinesio Taping Method

Strategic physical examinations

To comprehensively safeguard employee health, we conduct various physical examinations and subsequent tracking management through the three stages and five levels of preventive medicine, offering health examination items and frequencies that are better-than-legal. We also design featured health examination programs targeting categories with higher health risks.

Featured physical examinations plan

Managers' physical examination is arranged at cooperating hospitals for examination. For the 2024 general physical examinations, the focus is on hepatitis types A, B, and C, in collaboration with the National Taiwan University Hospital, Hsinchu Branch to provide physical examinations items exceeding regulatory requirements. Comprehensive examinations and follow-up management are conducted to ensure high-quality physical examinations services and substantial benefits. In 2024, free physical examinations will also be expanded for workers. The examination status is as follows:

Item	Manager physical examinations	General physical examinations	Worker
Number of people receiving health check-up	58	458	1
Health check-up rate	100%	100%	Free to attend

Full subsidy of high-level low-dose lung CT scan (1152-slice)

The risk of lung cancer in Taiwan has been increasing annually and is becoming among prevalent among younger populations. In order to avoid missing the critical treatment timing, the Company fully subsidized the high-end 1152-slice low dose CT scan for lung examination for all colleagues over 30 years old in 2023 and 2024. We cooperated with Hsinchu Mackay Memorial Hospital to continuously track and assist with the examination results based on the risk level, and the prevention effect was remarkable.

Items	2023	2024	Total
Estimated number of employees	300	224	524
Actual number of employees executed	290	213	503
Participation rate of employees	97%	95%	96%
Overseas employees	-	13	13
Amount of investment	$1,852,520	$1,437,300	$3,289,820

Global health promotion activity

The president and senior executive often express their concern and attention to employees' health in activities and promote activities aimed at maintaining a healthy body. The principles for planning health promotion activities are as follows:

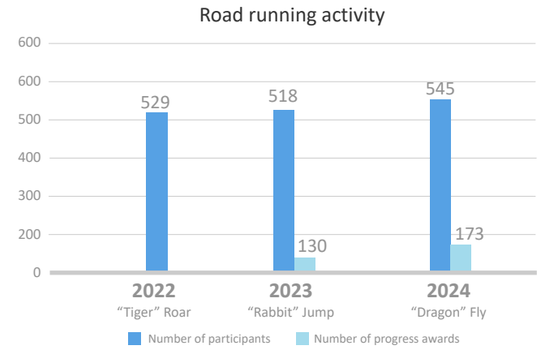
- Constructing a hardware environment to provide a comprehensive fitness and recreational center
- Establish diverse clubs and fitness programs
- Hold health promotion related activities and team sports competitions
- Cultivate a habit of exercise, form a culture of fitness, and shape a health-conscious value

Global health road running activity

The road running event has two options as "5 KM Fun Run" and "10 KM Professional Race". The employee participation rate has exceeded 90%, and the overall event satisfaction has been exceeded 90% as well; making it a key highlight of our annual health promotion initiatives.

- Leader participation: The annual road running event has become a significant company event, and the activity is always opened by the president in person, with all senior executives actively participating to maintain a vibrant and engaged atmosphere

- We encourage employees to challenge themselves through activities incorporating competition and rewards for both performance and progress. This creates a challenging as well as enjoyable experience. Individual annual performance improvements reached 25% in 2023 and 32% in 2024, with the detailed results presented in the following table:



- Overseas base: Shanghai, Suzhou, and Vietnam also held road running events, with a participation rate of 90%

- The road running event was not only held in Hsinchu home venue but also simultaneously held in the Taipei and Tainan. In 2024, the activity was expanded to overseas bases—Shanghai and Suzhou in China, as well as Vietnam — these overseas bases also participated in the event together, with an overall participation rate reaching 90%

“Global” walking challenge

- 505 employees have participated worldwide, and the challenge lasted for 3 months
  In order to encourage employees around the world to move for health and develop regular exercise habits, we held a “global” walking challenge by promoting easy-to-start walking activities. A total of 505 employees have participated, accumulating 20,664 challenge days in total, with 20% of participants achieving the 90-day target

- Initially, employees had a low average daily step count. Through the activity, the average was increased to 7,500 steps per day
  With the strong support of the president, the company held its first-ever walking challenge that included both the headquarters and global subsidiaries. This event enabled employees, who typically had lower step counts, to increase their average daily steps to 7,500. Throughout the activity, team members encouraged one another, fostering a culture of regular physical activity and healthy habits

- Achieved tree-planting results through cross-industry collaboration
  Through our collaboration with the fitness software company “Walkii Green Forest”, we conducted a walking step-counting activity linked to tree-planting in the Green Forest initiative. This fun competition aimed to boost employee participation. After 90 days of effort, the achievement rate reached 46% [20,664 days / (505 people × 90 days)], successfully planting 7 saplings



- Three health lectures are held by specialist physician from the medical center every year
  A specialist physician from the medical center was invited to the company to provide accurate health information, help employees identify and eliminate health risks in their daily lives, and foster a healthy lifestyle. The number of participants and satisfaction rates are shown in the table below:

Item/Month	March	July	November
Number of participants	135	104	166
Satisfaction rate	91.6 points	94.5 points	90.9 points

Hold two team sports competitions annually

- One ball game and team competition event in each half of the year, with a participation rate of 60% for each event
  Each event is organized by employees who form their own teams, and the number of participants has been increasing year by year. In addition to achieving the physical benefits of exercise, the team practices before the competition help foster a sports culture within the company. This not only strengthens team spirit across departments but also allows employees to experience the company’s thoughtful and innovative efforts in promoting both physical and mental health.

- The activity items are innovative and have not been repeated within three years, thereby enhancing the fun and diversity of the competition
  Faraday has been organizing team sports competitions since 2012. With the exception of a temporary suspension between 2020 and 2021 due to the risks associated with the COVID-19 pandemic, the company has consistently held a variety of engaging team sports events. These exciting activities include basketball, badminton, kickball, human table soccer, bubble football, laser tag, long rope jumping, dragon ball, and more. The activity items are not only innovative but also have not been repeated within three-year period.

Infectious disease prevention and management measures

Faraday emphasizes disease prevention and health promotion, advocating the principle of “prevention is better than cure.” In addition to tracking and paying attention to global infectious disease outbreaks, we also assist employees in planning preventive measures based on the latest epidemic situation in the countries they are scheduled for business trips. Meanwhile, we arrange travel medicine outpatient services to provide vaccination, ensuring employee safety. To promote the prevention of seasonal infectious diseases, the company nurse handles the infectious disease information promptly and refer to the disease prevention measures announced by the Disease Control and Prevention Bureau, Ministry of Health and Welfare. We remind employees to maintain proper hygiene at home and during travel. Each year, in collaboration with the employee clinic in the Science Park, we organize influenza and shingles vaccination programs to protect employees’ health.

Month	September	October	December
Item	Zoster vaccine	Influenza vaccine	Zoster vaccine
Participation rate	10%	27%	10%

Employee concern and care mechanism

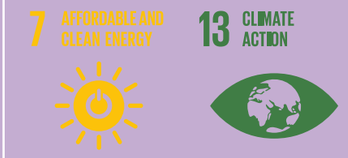
Faraday cooperates with Hsinchu Regional Teaching Center - MacKay Memorial Hospital and National Taiwan University Hsinchu Hospital. When it is received that employees or their dependents need medical assistance, or employees with physical and mental cases, our company full-time nurse who has been assigned according to the law will then immediately activate the care system mechanism; classifying based on the type and severe of abnormalities, providing one-on-one medical resource assistance, caring, and condition tracking 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. We also cooperate with the Hsinchu Science Park Employee Clinic to provide on-site specialist physician services, providing health consultation services that is better-than-legal regulations.

Five execution aspects

Environmental Sustainability

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

Focusing on SDGs



Highlights of Sustainability

Corporate Carbon Reduction

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

Renewable Energy

Usage ratio reached 7.5%

Green Procurement

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

Waste Reduction and Water Conservation

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

Green Investment

Total investment in green bonds amounted to NT$50 million

CDP Rating (First Voluntary Participation)

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

Management Policy

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

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

Environmental Sustainability Issue Management

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

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

Management of Material Sustainability Issues

Climate and energy

Policy/Commitment

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

Impact Description

The concentration of greenhouse gas emissions leads to intensified global warming

Key Action

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

4.1 Climate and Energy Management

4.1.1 Task Force on Climate-related Financial Disclosures

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

Faraday Climate Management Framework

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

Risk scenario analysis

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

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

Risk and Opportunity Identification and Management

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

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

Opportunity Identification

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

4.1.2Carbon Emission Management

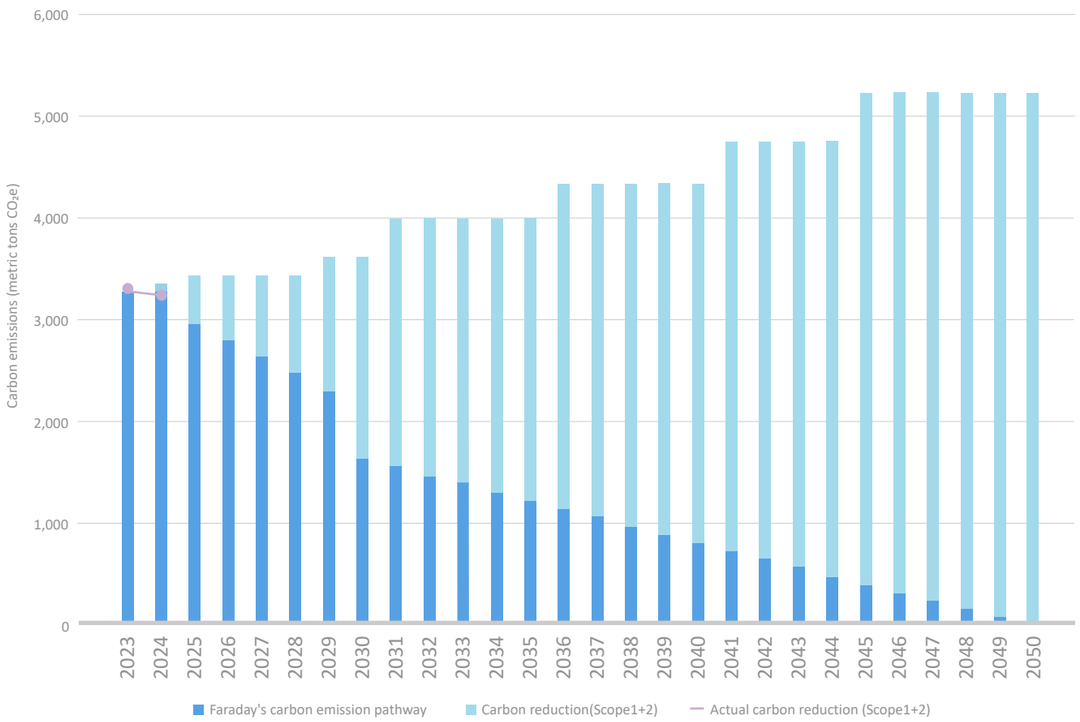
Net-Zero Emissions Commitment

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

Carbon Reduction Strategies and Goals

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

Faraday's Net-Zero Carbon Roadmap



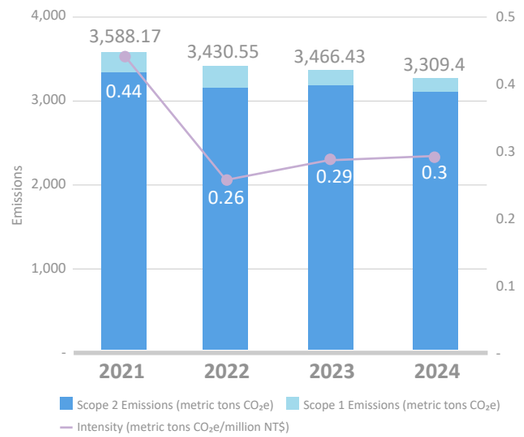
Faraday's Detailed Carbon Reduction Strategies

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

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

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

Greenhouse Gas Reduction Achievements

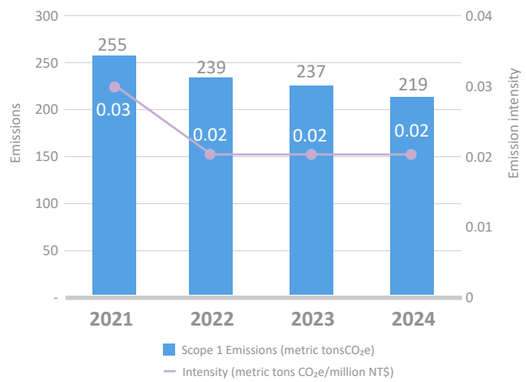


Note1: Scope 2 emissions data is calculated using the Market-based approach.
Note2: Emissions intensity is calculated as emissions per million consolidated revenues.

Greenhouse Gas Inventory

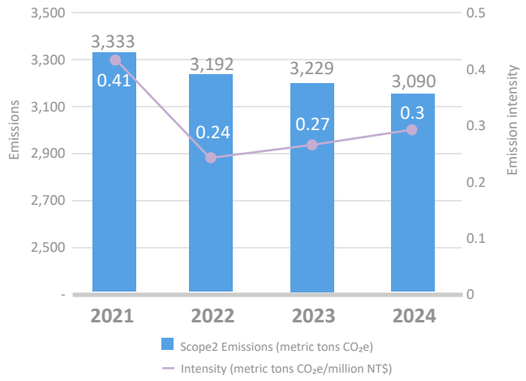
Faraday conducts its greenhouse gas inventory in accordance with ISO 14064-1, and has had its emissions data externally verified since 2022 to ensure data quality. The verified emissions data serves as the basis for assessing carbon reduction performance, and the carbon reduction achievements are reported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

Scope 1 Greenhouse Gas Emissions



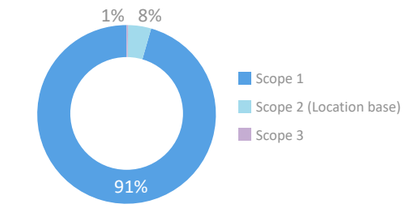
Note : Emissions intensity is calculated as emissions per million consolidated revenues

Scope 2 Greenhouse Gas Emissions

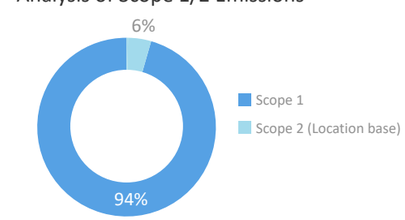


Note 1 : Scope 2 emissions data is calculated using the Market-based approach
Note 2 :Emissions intensity is calculated as emissions per million consolidated revenues

Analysis of Scope 1/2/3 Emissions



Analysis of Scope 1/2 Emissions



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

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

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

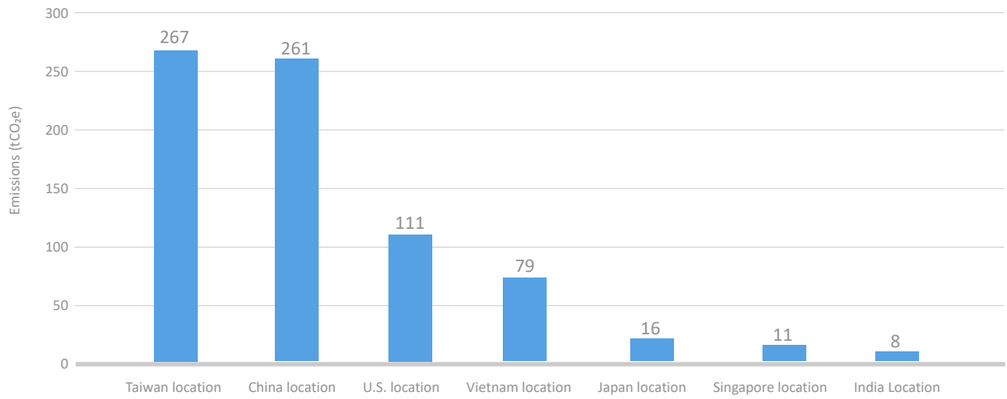
ISO 14064-1 Category	GHG Protocol Category	2021	2022	2023	2024
Direct GHG emissions and removals	Scope 1	255	239	237	219
Category 2 Indirect GHG emissions from energy imported	Scope 2 (Market base)	3,333	3,192	3,229	3,090
	Scope 2 (Location base)	3,333	3,192	3,229	3,287
Category 3 Businiss travial	Scope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

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

Consolidated Financial Statement Subsidiaries Included in the Emissions Boundary

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

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



4.1.3 Energy management

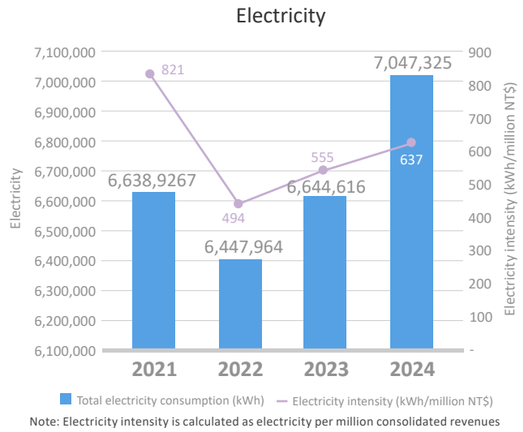
Faraday primarily operates in ASIC (Application-Specific Integrated Circuit) and IP (Silicon Intellectual Property) development, with manufacturing outsourced to specialized foundries. As there are no production processes conducted on-site, more than 90% of energy consumption within the facilities comes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

Energy Usage Overview

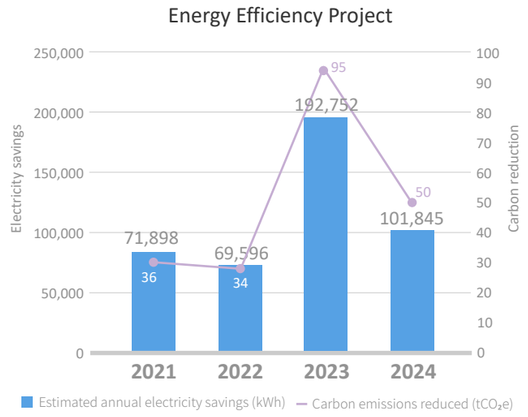
項目		2021	2022	2023	2024
Energy usage status (Unit: GJ)	Purchased electricity consumption (Including green electricity procurement)	23,900.14	23,212.67	23,531.82	24,963.57
	Self-generated renewable energy usage	0	0	388.80	406.80
	Purchased renewable energy usage	0	0	0	1,494.00
	Diesel fuel	35.20	18.78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

Energy Efficiency Strategies and Goals

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



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



Significant Energy Efficiency Projects and Achievements

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

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

Energy-efficiency case

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

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

Faraday routine continuous energy efficiency measures

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

4.1.4 Renewable Energy Usage

Renewable Energy Strategies and Goals

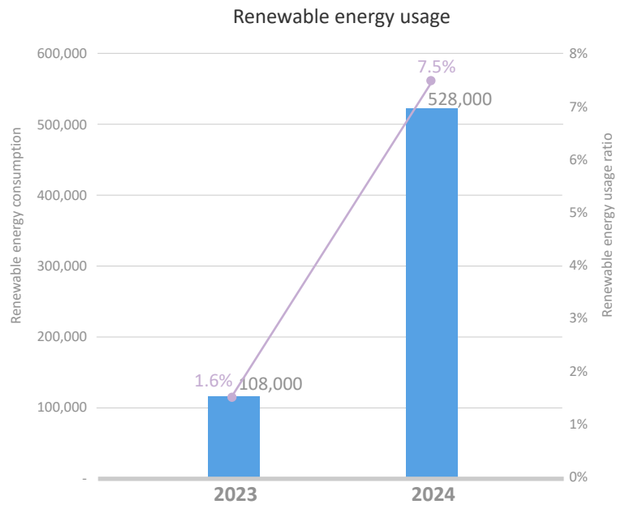
In addition to promoting energy-efficiency, the use of renewable energy is also an important tool for Faraday in reducing carbon emissions. To this end, Faraday has set a target for renewable energy usage, aiming to achieve 55% renewable energy use by 2030. In 2024, through on-site solar panel installation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

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

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

Procurement of Externally Supplied Green Electricity

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

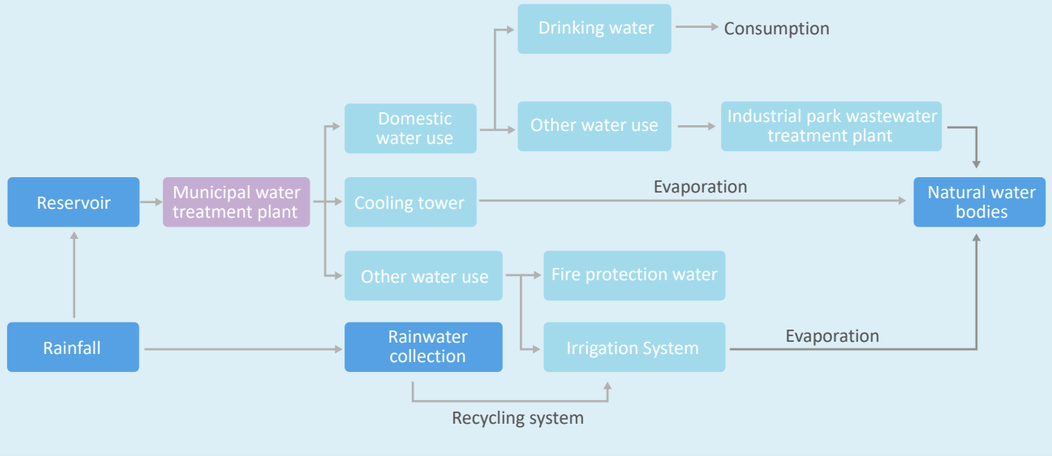


4.2 Water Resource and Waste Management

4.2.1 Water resource management

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

Water Balance Diagram



Water Resource Usage Data

(Unit: Million Liters)

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

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

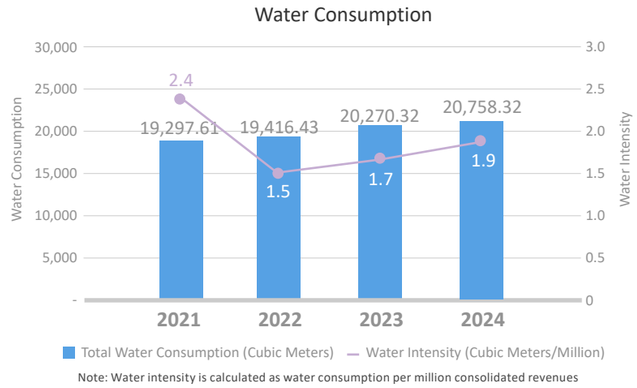
Water stress analysis

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

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

Water Conservation Strategies and Goals

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



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

4.2.2 Waste Management

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

Waste Disposal (Unit: metric tons)

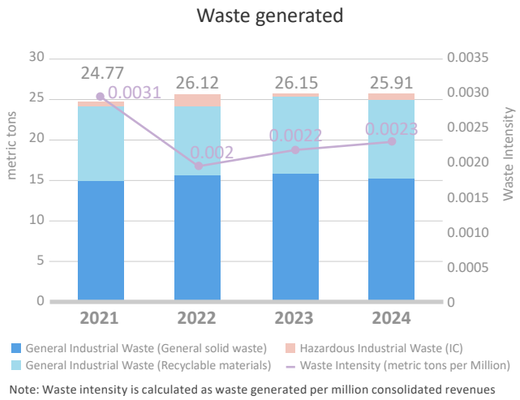
Category	Disposal Site	Waste Type	Disposal Method	2021	2022	2023	2024
General industrial waste	Offsite	General solid waste	Incineration	15.02	15.44	15.87	15.47
	Offsite	Resource recycling	Recycling	9.26	8.67	9.42	9.60
Hazardous industrial waste	Offsite	Scrap Electronic Components and Defective Products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

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

Waste Reduction Strategies and Goals

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

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



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

4.3 Sustainable Ecology Promotion

4.3.1 Taskforce on Nature-related Financial Disclosures

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

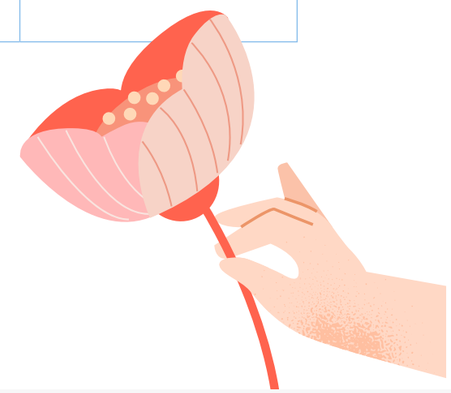
Response to the Industry-Academia Collaboration Program for TNFD

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

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

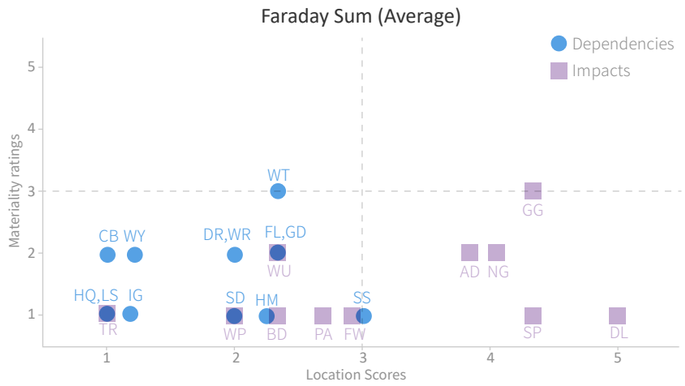
LEAP evaluation process

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



LEAP Analysis Result

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



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

4.3.2 Green Environment and Ecological Education

Green Environment

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

A Glimpse of Faraday's Ecological Garden

Supporting Ecological Education

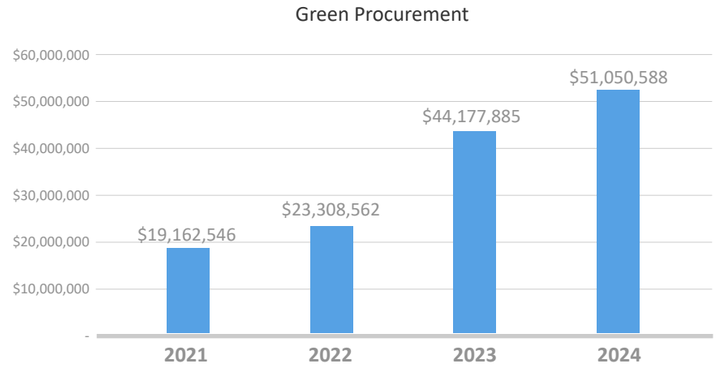
We sponsor the Green Award Program by UMC to support and encourage ecological conservation groups in Taiwan. In addition, Faraday has established an internal ecological conservation promotion group, organizing activities such as ecological lectures, hands-on planting workshops, and field trips. These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

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

4.4 Green Procurement and Environmental Investment

4.4.1 Green Procurement Achievements

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



4.4.2 Environmental and Green Investment

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

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

Five execution aspects

Social inclusion

5.1 Social Development

5.2 Social Influence

5.3 Social Assistance and Public Welfare

Focusing on SDGs

4 QUALITY EDUCATION

Highlights of Sustainability

Rooting Talent Cultivation in Taiwanese Baseball

Since 2021, Faraday has sponsored the Tung-Shih Junior High School baseball team in Chiayi County. As of 2024, the total sponsorship amount has reached NT$1.7 million.

Semiconductor Industry-Academia Partnership

Partnering with National Taiwan University of Science and Technology, National Taipei University, and National Chung Cheng University to jointly promote semiconductor industry-academia partnership.

Social Influence Investment

In 2024, Faraday invested NT$1.63 million to support Hsinchu MacKay Children's Hospital, domestic arts and cultural development, and independent media.

Support for Local Social Welfare Institutions

A donation of NT$660,000 was provided to support the Huaguang Intelligence Development Center and activities organized by the Hsinchu Family Support Center.

Response to Blood Donation Campaigns

In 2024, a total of 176 units of blood were donated.

Encouragement of Public Welfare Participation

Each employee is provided with 16 hours of paid public service leave annually. In 2024, the total accumulated public service hours amounted to 142 hours.

Management Policy

Material Sustainability Issues	Indicators	2024		2025	2030
		Target	Result	Target	Long-term direction
Social inclusion	Support and donation to medical, educational, and local social welfare institutions	4 institutions, total amount ≥ NT$1.1 million	4 institutions, total amount ≥ NT$1.15 million	4 institutions, total amount ≥ NT$1.1 million	Continuously expand the scope and amount of support
	Invite domestic arts and cultural groups for performance	≥2 performances	2 performances	≥2 performances	Continuously promote domestic arts and cultural performances
	Semiconductor Industry-Academia Partnership	≥2 universities	3 universities	≥2 universities	Steadily expand the scope of industry-academia partnerships
	Volunteer service activities	≥2 events	2 events	≥3 events	≥4 events

Management of Material Sustainability Issues

Social Inclusion

Policy/Commitment

Through social assistance and public welfare activities, promote social development and expand social influence. Actively encourage employee participation to fulfill corporate social responsibility.

Impact description

By investing resources to support schools, hospitals, and disadvantaged groups, efforts are made to help these institutions continue their development and enhance social welfare

Key action

- Promote Social Development: Cultivate semiconductor talent and support sports talent training.
- Enhance Social Influence: Support domestic cultural industries and address social needs such as local medical resources.
- Social Assistance and Public Welfare: Support local social welfare institutions and promote public welfare participation.

5.1 Social Development

Cultivating Semiconductor Talents

Faraday is deeply committed to industry-academia collaboration, dedicated to nurturing the next generation of technology talent. Through cooperation with universities and colleges across Taiwan, we promote academic-industry exchange, host seminars, provide research funding, and support internship programs. These programs aim to enhance the competitiveness of young students, not only advancing the sustainability of science and technology education but also injecting new momentum into Taiwan's technology industry, achieving a win-win outcome for both the enterprise and academia.

Key Practices for Strengthening Industry-Academia Collaboration

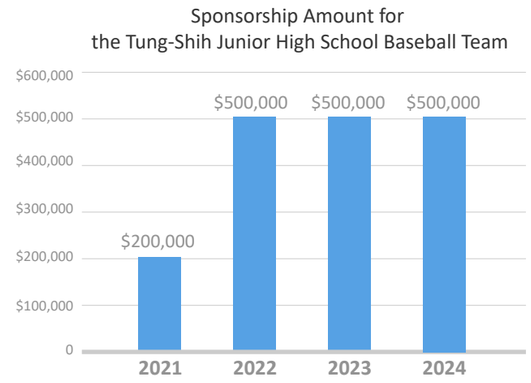
- Provide research funding, equipment sponsorship, and scholarships to support technological development in industry and academia.
- Offer internship and pre-employment opportunities to cultivate future core talents.
- Jointly promote technical topics and R&D projects under industry-academia collaboration.

Academic Institutions	Collaboration Content
National Chung Cheng University	• Established a dedicated chip design center, funded research projects, and provided equipment support • Provided technical guidance to cultivate IC design talents • Jointly published journal articles and conference proceedings
National Taipei University	• Conducted research projects that integrate the company's development needs as research topics for master's and doctoral students • Promoted international collaboration programs to cultivate both local and international students, providing industry mentorship and career development opportunities • Arranged site visits and exchanges to learn about analog circuit development and its industrial applications
National Taiwan University of Science and Technology	• Industry-academia joint research for breakthroughs in key IP technologies • Sponsor scholarships and offer pre-employment opportunities for outstanding talents • Co-publish research findings and patents in academic journals

Rooting Talent Cultivation in Taiwanese Baseball

Since 2021, Faraday has continuously sponsored the Tung-Shih Junior High School baseball team in Chiayi County, with a total sponsorship amount reaching NT$1.7 million by 2024. The company plans to reach a total sponsorship of NT$4.7 million by 2030 to support the development of baseball talent in Taiwan.

The Tung-Shih Junior High School baseball team has consistently achieved outstanding results, including the 3rd place in the 2018 Chuanfu Cup National Junior Baseball Championship and the championship in the Chiayi County Softball League. In 2022 and 2023, the team consecutively secured the 3rd place in the National Junior Softball Championship. In 2024, the team achieved the 8th place in the National Junior Softball Championship, the runner-up in the Peitian Palace Holy Mother Cup Junior Baseball Championship, the championship in the Pucheng Cup Junior Baseball Invitational, and the championship in the Miaoli Tongluo Cup Baseball Championship, demonstrating its exceptional strength. Most of the team players come from disadvantaged families. Through continuous sponsorship, Faraday provides a more comprehensive training environment to help them maximize their potential. The goal is to nurture a new generation of promising talents and inject fresh energy into Taiwanese baseball.



5.2 Social Influence

Sponsoring Local Children's Medical Resources

Since 2022, Faraday has supported Hsinchu MacKay Hospital in its efforts to enhance local children's medical resources. As of 2024, a total of NT$1.5 million has been contributed, with a goal of reaching NT$2 million by 2025 to support the construction and operation of the children's hospital.

Hsinchu MacKay Children's Hospital was officially opened on September 1, 2022, with an initial capacity of 200 beds. Plans are in place to expand the hospital to 400 beds in the future. The hospital has introduced advanced medical technologies, equipment, and pharmaceutical treatments, significantly enhancing pediatric healthcare capacity in the Hsinchu region. It also provides treatment and care for disadvantaged children, helping to alleviate the financial burden on their families.

Hiring Local Talent to Promote Community Identity and Development

Faraday is committed to fostering shared prosperity with the regions where it operates, and prioritizes the recruitment of local talent in key operational areas such as Hsinchu, Taipei, and Tainan, in order to promote local economic development and community identity. As of the end of 2024, 59.44% of employees at Faraday's operational locations are local residents, creating more employment opportunities for the local community.

Supporting the Development of Domestic Cultural and Artistic Industries

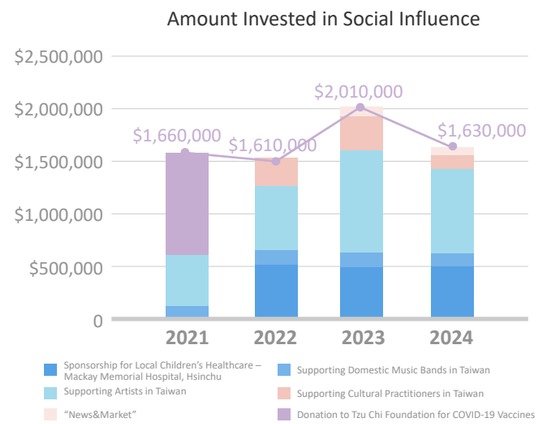
Faraday has long been committed to supporting the development of Taiwan's cultural and artistic industries. The company regularly invites local bands, artists, and cultural professionals to perform at events such as year-end party, lawn concert, family day, and celebrity lectures. These activities provide a platform for artistic creators to showcase their talents, enrich the company's cultural atmosphere, and foster diverse cultural experiences among employees.

We aim to foster a creative and vibrant cultural environment through positive interaction among art, business, and society, and to drive the development of the cultural and artistic industries.

Sponsoring Independent Media to Focus on Local Issues

Faraday supports the development of diverse media and sponsors "News&Market" annually. The effort promotes public awareness and rational discussion of local issues, contributing to the development of more sound and constructive public policies.
"News&Market" is an independent media organization based in Taiwan that focuses on critical issues such as agriculture, food production, and environmental protection. Through in-depth thematic reporting, it helps the public understand complex social issues. It also invites experts from various fields to contribute articles on topics such as farmland preservation, food education, and sustainable living. A lifestyle literature supplement, themed around food, ecology, and agriculture, forestry, fisheries, and animal husbandry, is also featured, offering readers a rich and multi-layered reading experience.

"News&Market" https://www.newsmarket.com.tw/



5.3 Social Assistance and Public Welfare

Faraday is committed to social contribution. In addition to directly supporting public welfare matters, the company actively organizes a wide range of community activities and related efforts to encourage employee participation and cultivate a positive culture of social responsibility, thereby injecting inject more vigor into the social public welfare.

Public service leave

To encourage employees to participate in public welfare activities, we provide 16 public service leave hours per year (paid leave), allowing staff to flexibly engage in social services across various areas such as environmental protection, community volunteering, and educational support. In 2024, employees collectively contributed a total of 142 hours to public welfare activities.

Supporting Local Social Welfare Institutions

- Donation to Huaguang Intelligence Development Center
  Faraday, together with its employees, continues to support the Huaguang Intelligence Development Center in Guanxi, Hsinchu County. In 2024, a total of approximately NT$546,400 was contributed (NT$100,000 from the company and NT$446,400 from employees) to assist in the purchase of hardware and rehabilitation equipment, aiming to enhance the care environment and provide better support for individuals with multiple disabilities and autism from disadvantaged backgrounds.

- Adopt winter gifts for the Hsinchu Family Support Center
  Every October, Faraday employees launch a campaign to purchase annual fair tickets for the Hsinchu Family Support Center. These tickets are then donated to children receiving assistance from the center, allowing them to choose items of their choice at the fair.

  In addition, employees participate in the center's "Warming Children's Winter, Love Family Gifts" gift adoption program, helping supported families acquire essential daily necessities.

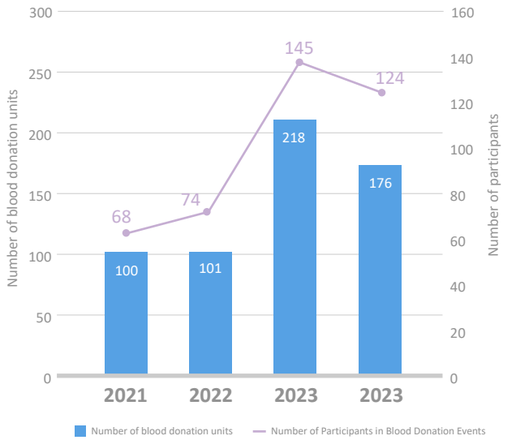
  In 2024, employees contributed a total of approximately NT$117,200 through charitable gift adoption activities, with 50 employees donating NT$88,000 for living supplies and 29 employees donating NT$29,200 for fair tickets.

Participation in Public Welfare Activities

- Blood Donation Campaigns
  Faraday has been organizing two blood donation events annually for over 15 years. To date, employees have collectively donated more than 3,000 units of blood.

  In 2024, a total of 124 participants took part in the two events, donating 176 units of blood.

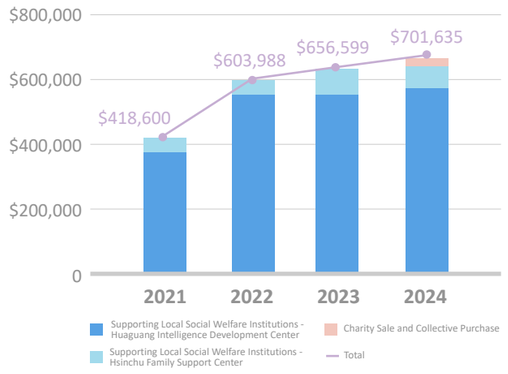
Blood Donation Participation Status



- Charitable Collection of Second-hand Items
  In 2024, Faraday organized two second-hand donation events, collecting used books, student learning materials, and household appliances to promote a circular economy and support the needs of disadvantaged families.
  - A total of 464 second-hand books were donated to the Sunshine Foundation, with the proceeds specifically designated for the care of children with burn injuries and facial disfigurements.
  - 33 sets of learning materials and household appliances were donated to the Hsinchu Family Support Center.

- Charity Sale and Collective Purchase
  Faraday has long supported charity sales organized by sheltered workshops. In 2024, the company invited Jixian Sheltered Workshop to conduct a charity sale on-site, providing employment opportunities for people with disabilities and supporting them in achieving self-fulfillment.

Amount Invested in Social Assistance and Public Welfare



Corporate Governance

Governance Structure
Financial Performance
Tax
Ethical Management
Risk Management
Information Security

Highlights of Sustainability

Performance of Corporate Governance

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

Board of Directors and Functional Committees Performance Assessment

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

The Board of Directors' decision-making

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

Operational Achievements

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

The Linkage to the Executive Compensation and ESG Performance Evaluation

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

Increase of the number of female Board members

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

Management Policies

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

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

Management of Material Sustainability Issues

Information security

Policy/Commitment

Information Security Policy

Impact description

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

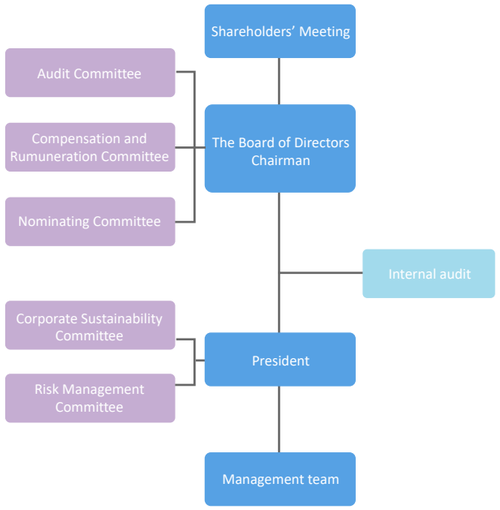
Key actions

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

Governance Structure

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

Corporate Governance Structure



The Board of Directors and Functional Committees

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

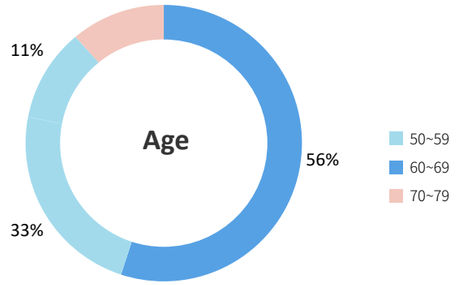
Nomination and election of Directors

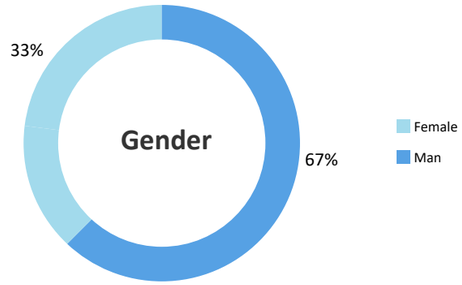
The nomination and selection of Directors of Faraday follow the provisions of the "Articles of Incorporation", adopts the candidate nomination system, and abides by the "Corporate Governance Best Practice Principles" and "Rules for Election of Directors". It is clearly defined that the election procedure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

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

Diversity and independence of the Board of Directors

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





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

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

Performance Evaluation of the Board of Directors and Functional Committees

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

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

Evaluation subject	Evaluation aspect
The Board of Directors 4.96	• Participation in the operation of the company 4.96 • Improvement of the quality of the board of directors' decision making 4.98 • Composition and structure of the Board of Directors 4.98 • Election and continuing education of the Board of Directors 4.96 • Internal control 4.90
Individual Directors 4.98	• Alignment of the goals and missions of the company 4.98 • Awareness of the duties of a director 5 • Participation in the operation of the company 4.96 • Management of internal relationship and communication 4.96 • The director's professionalism and continuing education 5 • Internal control 4.96
The Audit Committee 4.93	• Participation in the operation of the company 4.92 • Awareness of the duties of the Audit Committee 5 • Improvement of quality of decisions made by the Audit Committee 4.95 • Makeup of the Audit committee and election of its members 5 • Internal control 4.78
The Compensation and Remuneration Committee 4.95	• Participation in the operation of the company 4.92 • Awareness of the duties of the Compensation and Remuneration Committee 4.93 • Improvement of quality of decisions made by the Compensation and Remuneration Committee 4.95 • Makeup of the Compensation and Remuneration Committee and election of its members 5
The Nominating Committee 4.97	• Participation in the operation of the company 4.92 • Awareness of the duties of the Nominating Committee 5 • Improvement of quality of decisions made by the Nominating Committee 4.94 • Makeup of the Nominating committee and election of its members 5

Remuneration Policy

Remuneration policy, system, standard, and structure

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

Relevance to the amount of remuneration paid

- The review of related payment standard and system of Faraday's remuneration policy takes the Company's overall business status as the main consideration, and the payment standard is approved based on the performance achievement rate and contribution, so as to improve the overall organizational team effectiveness of the Board of Directors and management divisions. In addition, the Company refers to the industry salary standard, review it regularly, so as to reflect the performance of individuals and teams at the same time.
- Any important decision of the management is made after evaluating relevant risk factors. The performance of the decision is reflected on company's profit; therefore, the performance of risk control is relevant with the management's remuneration.
- The performance evaluation and reasonableness of remuneration for Faraday's directors and managers are all regularly evaluated and reviewed by the Compensation and Remuneration Committee and the Board of Directors every year. In addition to referring to the performance achievement rate and contribution, the Company's overall operating performance, industry future risks, and development trends are also taken into consideration, and are reviewed at any time according to the actual operating conditions and relevant laws and regulations. Moreover, we will also comprehensively consider the target achievement rate of sustainable development to give reasonable remuneration in order to achieve a balance between the Company's sustainable operation and risk control. The actual remuneration amount for Directors and Managers in 2024 are approved by the Board of Directors for resolution after reviewed by the Compensation and Remuneration Committee.

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

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

- In order to attract and retain key talents to achieve the Company's short, medium, and long-term goals, and take financial indicators as performance targets, while also including governance, environmental, and social aspects in the performance targets, Faraday aims to strengthen the link between long-term executive compensation and sustainable performance. This is to encourage employees to put their utmost efforts into achieving Faraday's operational and corporate sustainability goals, thereby creating even higher benefits for the Company and shareholders, and ensuring that Faraday's employees' interests are aligned with those of the shareholders.
- As to the remuneration of Managers, in addition to referring to Faraday's overall operating results and performance, will also take into consideration of manager's position, contribution on company's operation, individual performance, financial indicators, sustainable development goals (environmental, social and corporate governance aspects), etc. And consider the Company's future risks and refer to the payment status of peers. After reviewing and evaluating individually by the Compensation and Remuneration Committee to evaluate the reasonableness of the overall remuneration and approved to the Board of Directors for resolution. At the same time, the compensation and remuneration system, standards, and structure will be reviewed timely based on the actual operating conditions and relevant laws and regulations to achieve a balance between the Company's sustainable operation and risk control.

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

Notes:

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

The Clawback Policy

- To enhance corporate governance effectiveness and ensure the reliability of financial performance, Faraday has formally established the "Clawback Policy" in 2024. This policy clearly defines the circumstances under which the Company may reclaim specific compensation paid to managers in the event of a material financial statement restatement. The policy is designed to align with the best interests of the Company and its shareholders, and to strengthen the long-term integrity and reliability of corporate governance.
- For details on the Clawback Policy, please refer to the Document Center in the Sustainability zone of Faraday's website.

Financial Performance

Operational Results

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

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

Proportion of each product

Unit: NT$ Thousands

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

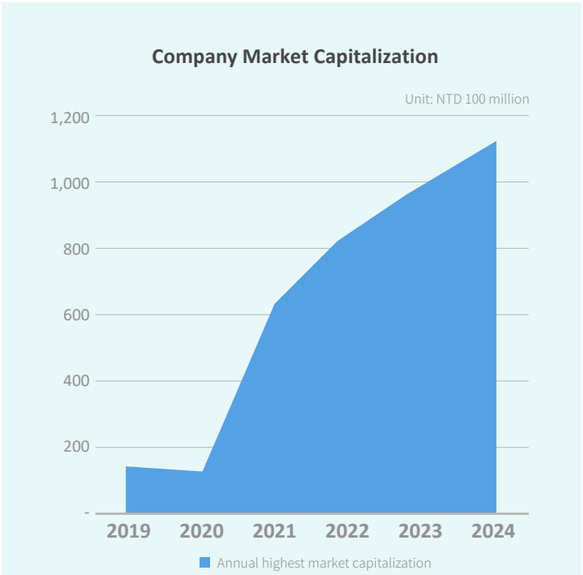
Note 1: The consolidated financial data of Faraday from 2021 to 2024 have been audited by CPAs.
Note 2: For the relevant operation information of Faraday in 2024, please refer to Faraday's 2024 Annual Report – 05. An overview of operations.

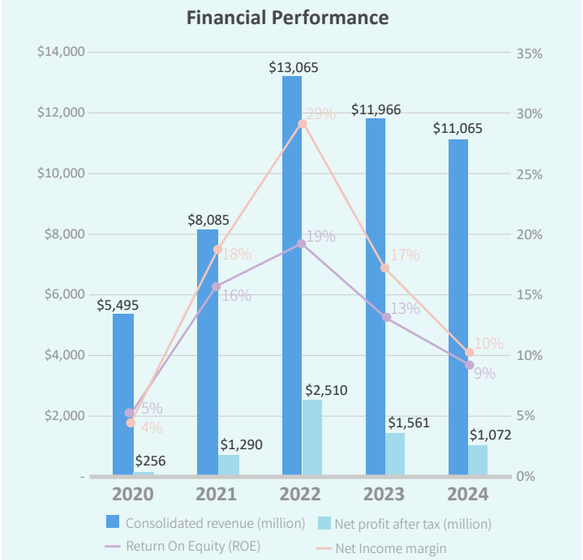
Consolidated Operation Revenue and Profit

Unit: NT$ Thousands

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

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





Dividend Policy

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

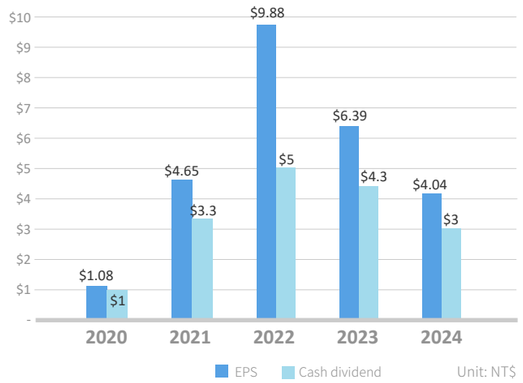
The company may, based on financial, operational, and business factors, distribute all distributable profits for the current year. Under normal circumstances, the amount of dividends distributed by the company shall not be less than 50% of the after-tax earnings for the year. The distribution of shareholders'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

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

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

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

Dividend Distribution



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

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

Green Investment

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

Unit: NT$ Thousands

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

Tax

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

Tax policy

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

Tax information

Unit: NT$ Thousands

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

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

Tax risk management and governance

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

Ethical management

Ethical Management Best Practice Principles

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

Procedures for Ethical Management and Guidelines for Conduct

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

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

- **Prohibition against offering or accepting bribes**
- **Prohibition against illegal political donations**
- **Prohibition against improper charitable donations or sponsorship**
- **Prohibition against unreasonable gifts, hospitality, or other improper benefits**
- **Prohibition against infringing intellectual property rights**
- **Prohibition against disclosure of confidential information**
- **Prohibition against unfair competitive conduct**
- **Prohibition against insider trading**

Legal Compliance

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

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

Prevent Insider Trading

Faraday strictly prohibits insiders such as directors or employees from using information not available in the market to make profits, and regularly conducts insider trading prevention training courses every year. In 2024, directors, managers, and employees participated in insider trading prevention training courses for a total of 699 people/hour. The content of the insider trading prevention course includes insider trading, actors, actual knowledge, material information, trading object, trading timing, specific timing identification of material information, penalties, short-swing trading, regulated target, regulated periods, regulated object, and disgorgement calculation, etc. The briefing files and audio files are placed in the internal employee system for employees’ reference.In the yearly training course of prohibition from insider trading, Faraday reminds internal personnel such as directors and managers not to trade their stocks during the closed period 30 days prior to the publication of the annual financial report and 15 days prior to the quarterly financial report. In October, 2024, we had already notified directors and managers for the 2025 board meeting date, as well as the closed period prior to the quarterly financial reports to prevent directors and managers from accidently violated the regulations.

Whistle-Blowing System for Unethical Conduct

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

Whistleblower Protection Principles

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

Whistleblowing Channels

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

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

Performance of Ethical Management Policies

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

Code of Conduct & Workplace Ethics

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

Training

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

Legal compliance declaration

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

Periodic evaluations

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

Whistleblower procedure and protection

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

Risk management

Risk management organization

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

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

Risk management operation flow

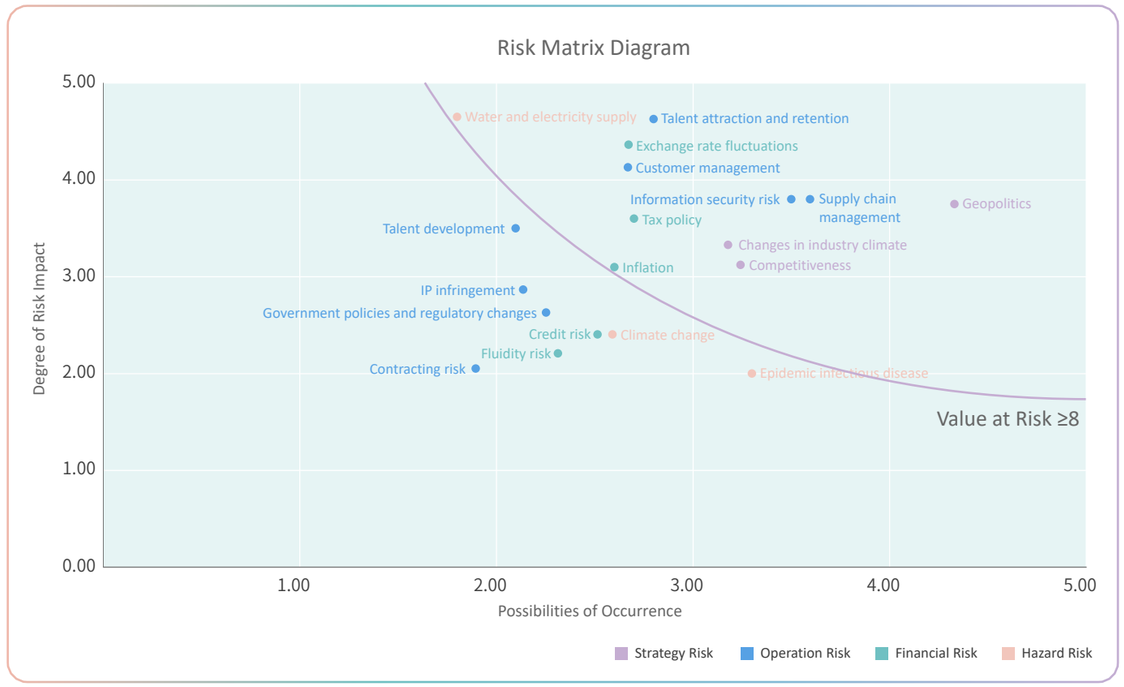
Faraday had resolved the "Risk Management Best Practice Principles" in April, 2020 as the top guiding principle for risk management. Faraday identifies, evaluates, and analyzes possible risk impact in advance, especially setting up and implementing risk response strategies for high-risk impact projects.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

Risk management scope

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

Risk identification results

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



Countermeasures of risk management

Risk scope	Risk type	Risk issues	Risk scenarios	Countermeasures
Strategy risk	Industry trend and geopolitics	Changes in industry conditions	• Decline in sales • Excess customer inventory • Over-reliance on a single customer	[Increase revenue and control cost] • Expand market, adopt cautious hiring, conduct cost assessment. • Carefully select customer projects based on their lifecycle, profitability, and future potential. • Avoid over-reliance on a few customers.
		Geopolitics	• Regional conflicts; physical wars; trade wars	[Diversified production] • Emphasize diversified production and complete BCP planning. • Pay attention to changes in trade or export restrictions.
	Competitiveness	Advanced process and advanced packaging solution IP Solution completeness Securing strategic resources	• For applications such as advanced computing, AI, and automotive, it will be very challenging to win projects without advanced process technologies and advanced packaging capabilities. • The ability to quickly identify and provide a complete IP solution for each customer project is a fundamental requirement for winning projects. • Key resources such as HBM small chips and advanced packaging capacity are also essential for AI-related applications.	[Diversified foundry/OSAT supply chain] • Provide complete advanced process and advanced packaging solution. [Flexible complete IP solution] • Develop a solution that integrates in-house IP with third-party IP. [Strategic alliance] • Ensure key components or IP.
Operation risk	Supply chain management	Interruption of supply chain	• Due to war, epidemic, geopolitics, or insufficient production capacity, suppliers are unable to provide raw materials or services, resulting in the inability for Faraday to provide customer products or services.	[Business Continuity Management] • For the issue of interruption of raw material supply, Faraday has established a supply chain sustainability assessment system that incorporates carbon and water risk management and material supply emergency response plans into assessment items to avoid or reduce the use of high-risk supply chains. • Equipped with a global supply chain and alternative supply chain mechanism, a second supply chain can be established in advance according to customer needs as an emergency response solution.
		Insufficient production capacity	• Insufficient capacity for key process and key materials	[Material supply management] • Review the supply chain production capacity utilization monthly; immediately activate countermeasures whenever detecting production capacity tension. – To conduct production scheduling in advance to reduce the risk of stockouts or delivery delays. – Initiate a secondary supply chain assessment. – Negotiate supplying agreement with suppliers in the supply chain.
	Customer management	Slow-moving inventory	Due to the reversal of industry conditions, limited understanding of customer demand or poor internal production control, resulting in slow-moving inventory. For example, • External factors – Customer changes or cancels the order, and the production plan is not changed promptly, thus causing dead stock. Customer order changes or cancellations, with no timely adjustment to the production plan, resulting in dead stock. – Poor quality materials from suppliers, beyond the return period, leading to dead stock. – Customers return products due to quality or other problems, resulting slow-moving inventory. • Internal factors-Sales forecast and planning – Inaccurate market sales forecasts lead to overstocking and dead stock. – Frequent changes in the sales plan result in production plan adjustments, causing dead stock. – Failing to confirm customer requirements or failing to comprehensively convey relevant information to the manufacturing department, thus resulting in product returns and repairs, leading to dead stock.	[Inventory management] • Rationalize the production and material preparation cycle so that inventory can be reduced immediately in response to industry downturn. • Request customer to pay the expense of critical materials in advance to reduce the arrears risk of inactive inventory. • Review production plans and inventory status monthly, and immediately adjust production plans to avoid excess materials.
		Export control	• The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has imposed new restrictions, including the addition of entities to the Entity List and process limitations, resulting in limitations on the export of goods and impacting the mainland China market.	[Compliance] • Review the Entity List on a monthly basis to ensure customer compliance. • Implement SHTC and EAR export control measures to ensure product compliance. • Continue executing CSL inquiries prior to signing NDAs as well as closely following changes in relevant laws and regulations by the U.S. Department of Commerce.

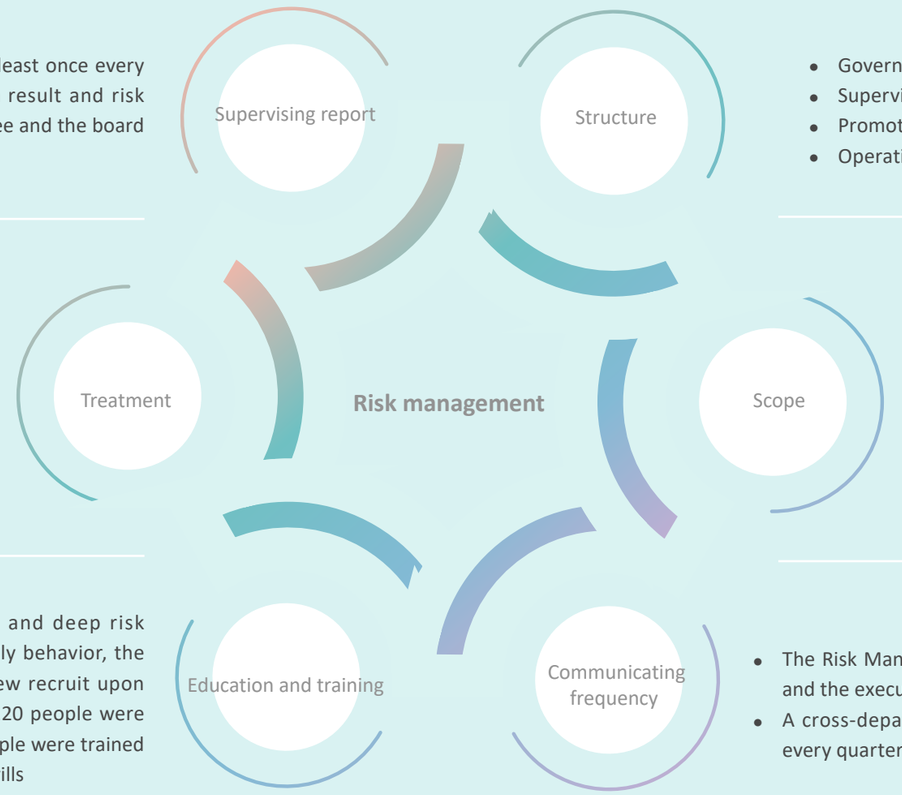
Risk scope	Risk type	Risk issues	Risk scenarios	Countermeasures
Operation risk	Information security risk	Information security	• Introducing external tools without integrating them with existing forms may result in unauthorized configuration changes, potentially allowing external actors to infiltrate the internal environment through these unapproved modifications. • A cyberattack on the supplier's network environment may have led to the theft of information stored by Faraday with the supplier, or potentially provided unauthorized access to Faraday's internal network through the connection between Faraday and the supplier. • Failure to enforce software maintenance agreements, clarify vendor responsibilities, and ensure confidentiality may result in legal disputes, and the loss of evidence could lead to unfavorable outcomes in litigation.	[Information security management] • GuardiCore adjusts the firewall request form accordingly to align with administrative management rules. • CyberArk integrates device or account change detection mechanisms to reduce the risk of privileged accounts not being fully governed. • Establish supplier management guidelines for all suppliers across the factory. • All contracts with factory suppliers must include mandatory information security clauses.
		Internet fraud	• Criminals may impersonate suppliers to trick employees into paying fake invoices or transferring funds to a fictitious account.	[Payment monitoring] • Optimize the Company's payment processes by establishing effective payment monitoring procedures to ensure that financial transactions are appropriately authorized and audited. For example, at least two authorized personnel should be required to review each payment.
	Human resource development	Talent attraction and retention	• Insufficient availability of qualified talent could impair R&D momentum and the quality of technical services, potentially affecting the company's operational effectiveness and market competitiveness.	[Talent management] • Global talent strategy deployment; actively recruit international elites and leveraging external resources through outsourcing. • Improve the Company's operating performance to ensure a highly competitive overall compensation package for employees. • Implement performance management mechanisms, master key talents and optimize talent retention measures. • Build-up a joyful and professional workplace that focuses on the mental balance and professional growth of employees.
Financial risk	Financial market changes	Exchange rate fluctuations	• Exchange losses incurred by the company due to fluctuations in foreign exchange rates.	[Hedging strategies] • Adopt hedging strategies to reduce the company's exposure to foreign currency long positions.
		Tax policy	• Poor tax planning leads to tax risks and tax violations. • If the current tax regulations are amended or new tax laws are implemented, they may have an adverse impact on the company's profitability, such as under the Controlled Foreign Corporation (CFC) rules.	[Tax governance] • Collaborate with accountants from various countries to plan and gradually adjust the tax planning of each global operating entity relative to the group, and monitor and review it at any time. • Pay close attention to domestic and foreign policies and laws that may possibly affect the Company's finances, while setting up risk management procedures, collecting information, analyzing potential tax implications, and developing countermeasures.
Hazard risk	Water and power supply	Power supply shortage	• Risk of power instability or shortage may directly or indirectly lead to operational disruptions.	[Power supply management] • During an initial power outage, power will be supplied by the UPS. Subsequently, the emergency generator will automatically start and take over the power supply. • IT personnel should be notified immediately to initiate server shutdown procedures. • Implement rolling tracking and reporting of incident causes and estimated power outage time • After Taipower restores power supply, conduct equipment inspection and system startup procedures.
		Water shortage	• Insufficient or shortage of water resources may impact operational activities.	[Water control] • Turn off non-essential water use (such as water for landscape and irrigation) when receiving water rationing notice from the competent authority. • The existing water storage capacity of B3F & RF reservoirs is sufficient for 3 days. In the event of a water outage lasting longer than 3 days, water will be supplied using water tankers.

Performance of Risk management

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

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

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



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

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

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

Information security

Purpose of information security

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

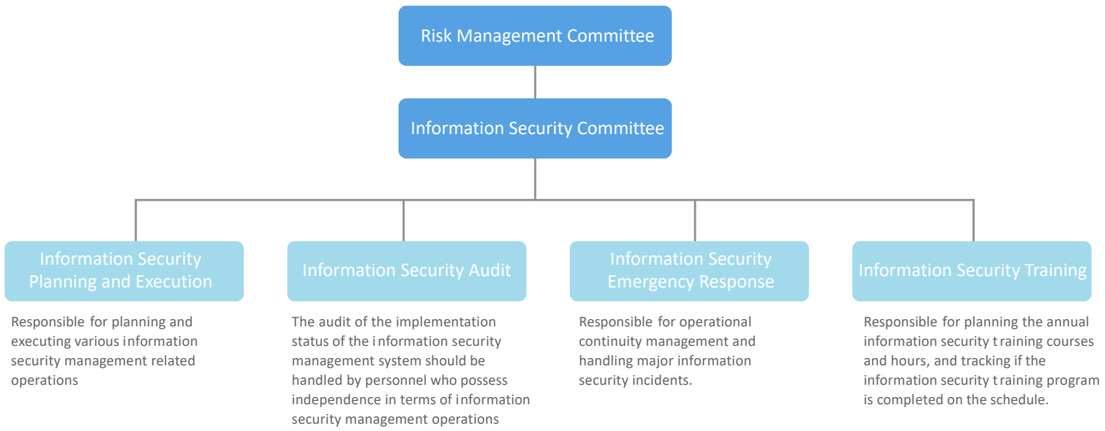
- Protect the interests of customers and partners, abide by legal compliance, business ethics, and trust
- Maintain the Company's R&D and operational results, ensure market competitiveness, and keep sustainable operations

Information security policy

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

Information committee

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



Construct information security framework

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

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

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

Information security risk management and PDCA structure

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

(A) Review and continuous improvement

- Management reviewing
- Education training/advocacy; strengthen the information security awareness
- Incident notification/handling/system recovery
- Information security measures review and improvement & technology enhancement
- Personnel violations and handling

(P) Risk management and system consolidation

- Information security policies and regulations are formulated in compliance with
  - Domestic and foreign information security laws/regulations
  - Operating requirements; customer demands
  - International information security standard (ISO 27001)
- Information system inventory, risk assessment, and countermeasure formulation
- Information system security management structure
- IP management
- Information security business continuity plan

(C) Supervise reliability

- Internal audit of information security
- Confidential information protection compliance audit
- Information security detection and supervision
- Information security quantitative indicator assessment
- Intelligence collection and analysis
- External attack simulation, drill, and stress testing

(D) Multiple detection and protection

- Personnel, environment, and equipment safety
- Confidential information management
- Information security of supply chain
- Information system protection and control
  - System security
  - Network security
  - Access control and data protection
  - Physical and environmental security
  - Terminal equipment and usage environment
  - Threats detection and protection

Information security risk impact and countermeasures

Conduct regular risk assessments and implement mitigation plans

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

Define information security incident level and the notification flow

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

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

Strengthen the aspect of the information security technology

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

Categories	Category Description	Implementation Item Description
Network security	Manage the segregation between internal and external networks, restrict and limit the internal and external network traffic and behavior, and strengthen external service control restrictions (Including protection measures as email filtering and IPS).	• Upgrade the firewall and regularly implement firewall rule auditing • Restrict web browsing and file uploads • Control the incoming and outgoing mails • Implement micro-segmentation to restrict lateral movement across critical systems • Import cloud solutions to enhance the domain environment
Access control and data protection	Restrict permissions for each category based on the principle of least privilege to achieve maximum efficiency with minimal risk, and manage control over confidential data.	• Implement regular audits of accounts and granted permissions, and enforce password policies • Establish a robust remote access authorization mechanism and adopt multi-factor authentication methods to enhance security • Import TIPS for confidential document management
Physical and environmental security	Physical security access control strengthens the management of key areas and implements inventory checks of assets to ensure the integrity of the controlled scope.	• The office area has restricted access, and key controlled areas are authorized on a least privilege basis, and processing regular audit • The computer room meets the ISO 27001 requirements for relevant monitoring (including temperature and humidity control as well as CCTV measures). • Implement various types of asset inventories and establish additional controls for critical equipment
Terminal equipment and usage environment	Office area computers are often points of entry for social engineering attacks; implementing security controls and monitoring on endpoint devices can effectively reduce the risk of such breaches.	• Deploy antivirus software on endpoints, introduce EDR to enhance endpoint protection, and monitor the system 7*24 hours with dedicated personnel • Control the use of removable devices and mobile storage media to lower the risk of data leakage • Set up a VDI system for centralized management to protect data and enhance its security
Threat detection and protection	The exploration, fixing, and exception management of vulnerabilities and weaknesses should be established. Vulnerabilities can be categorized into various types such as source code, operating systems, applications, and firmware versions. Appropriate measures for managing these different types of vulnerabilities should be implemented to prevent exploitation by malicious actors.	• Exploration: Internal and external intelligence collection, regular vulnerability scanning, information security health check and other projects • Fixing: Check the internal environment for similar vulnerabilities based on intelligence and perform subsequent patch. Fixing high (or above) risks after weak scans and health checks are implemented. • Exception management: If exception management is necessary for vulnerabilities, then the information should be collected and tracked regularly.
System security	Monitoring of system resources, availability, and events, and issuing alerts for subsequent handling when necessary; establishing a robust backup mechanism and confirming its effectiveness.	• Monitor server system resources and issue alerts for abnormal conditions to facilitate handling • Establish system recovery SOPs and regularly implement BCP drills for critical systems
Supplier security	Establish supplier management standards in pair with supplier information security with NDA, implement regular audits and track follow-up improvement measures to improve supplier information security	• Establish supplier information security management standards • Inventory suppliers and request NDA before data exchanging • Regularly implement supplier information security audits and follow-up

Enhance personnel information security awareness

Information security training	• New recruits training: New recruits sign the confidential document upon on-board and receive information security-related education and training to understand the Company's information security policies and requirements. The training rate for global new recruits is 100%. • Information security advocacy: Information security policy and case promotion courses are held every year. In 2024, the total number of information security promotion courses worldwide were 3,471 people. Information security training is implemented for all employees. In 2024, a total number of 1,219 employees globally completed the training.
Information security social engineering drill	In order to enhance awareness of social engineering email security for Faraday employees, 2 social engineering drills were conducted for Faraday employees globally in 2024 with a total of 2,039 people. Additional promotion and training are provided to personnel who did not pass the drill to enhance their awareness and understanding.

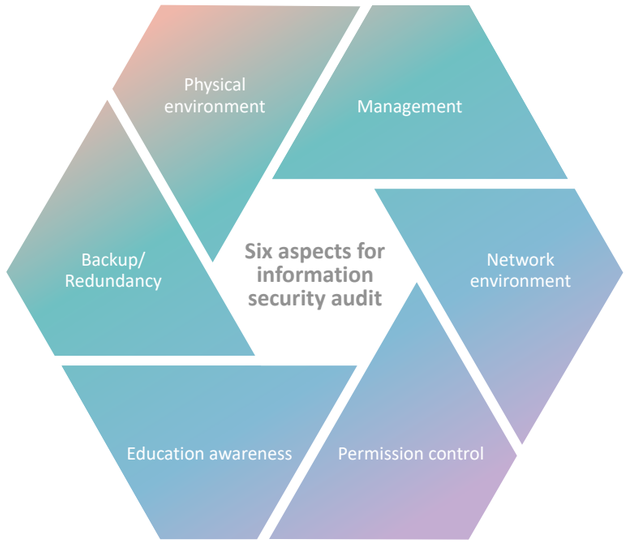
Internal and external audit of information security

Internal audit	• Faraday goes through internal audit of information security according to management policy every year, which is led by the audit team. It conducts the audit for system flow and implementation records in six major aspects of the Company: management, network environment, permission control, education awareness, backup/redundancy, and physical environment to ensure the confidentiality, integrity, and effectiveness of information protection, and continuously enhance information security protection levels • After the internal audit, the audit team members will handle and track the corrective measures taken after the audit, and review the effectiveness of ISMS operation in the management review meeting.
External audit	Faraday conducts ISO 27001 external audits every year, assisted by SGS Taiwan Inspection Technology, to conduct audits against ISO/IEC 27001 provisions to ensure that the Company complies with international standards through PDCA.

Enhance protection level of supply chain

Regular evaluation for information security management measures of suppliers

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



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

Strengthen control measures for suppliers entering key areas

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

Implementation result for promoting information security measures

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

Information security intelligence/Incidents response

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

Training and advocacy

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

Personnel employment/Environmental safety

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

Audit

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

Note: Statistics are based on a global basis.

Appendix

GRI content index

SASB index-Semiconductors

TCFD disclosure comparison table

United Nations Global Compact Index

Taiwan Stock Exchange: Sustainability disclosure indicators for semiconductor industry

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

ESG performance indicator

Independent third party assurance statement

GRI content index

Statement of use: This 2024 Sustainability Report is prepared in accordance with the GRI. The scope of data and information covered in this report is from January 1 to December 31, 2024.
GRI 1 Used: GRI 1: Foundation 2021
Applicable GRI Sector Standard(s): None

GRI 2 General Disclosures

Indicator	Disclosure requirement	Chapter in report or description	Page	Omission/Note
Organization and Reporting				
2-1	Organizational details	Preface: About Faraday	5	
2-2	Entities included in the organization's sustainability reporting	Preface: About this report	3	
2-3	Reporting period, frequency and contact point	Preface: About this report	3	
2-4	Restatements of information	1. No major changes in reporting periods, information disclosure method, business nature and measurement methods 2. In "Innovation Management" section, the revenue proportion of products related to energy transition and smart applications has been slightly adjusted compared to the 2023 Sustainability Report, due to refinements in the financial calculation methodology. 3. In "Friendly Workplace" section, the calculation method for disability-related statistics has been revised, taking into account the GRI requirements and the focus areas of international sustainability trends.	--	--
2-5	External assurance	Appendix: Independent third party assurance statement	144	
Activities and workers				
2-6	Activities, value chain and other business relationships	Preface: About Faraday 1.1 Core Competitiveness 2.3 Sustainable supply chain	5 21 38	
2-7	Employees	Respect Talent Diversity and Promote Career Development	51	
2-8	Workers who are not employees	3.2.2 Respect Talent Diversity and Promote Career Development	51	
Governance				
2-9	Governance structure and composition	Corporate governance: Governance structure Sustainable development strategy: Sustainability Governance and Corporate Sustainability Committee	85 13	
2-10	Nomination and selection of the highest governance body	Corporate governance: Governance structure	85	
2-11	Chair of the highest governance body	Corporate governance: Governance structure	85	
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate governance: Governance structure Sustainable development strategy: Sustainability Governance and Corporate Sustainability Committee Sustainable development strategy: Materiality Analysis and Stakeholder Communication	85 13 14	
2-13	Delegation of responsibility for managing impacts	Corporate governance: Governance structure Corporate governance: Risk management Sustainable development strategy: Sustainability Governance and Corporate Sustainability Committee Sustainable development strategy: Materiality Analysis and Stakeholder Communication	85 92 13 14	
2-14	Role of the highest governance body in sustainability reporting	Sustainable development strategy: Sustainability Governance and Corporate Sustainability Committee	13	

Indicator	Disclosure requirement	Chapter in report or description	Page	Omission/Note
2-15	Conflicts of interest	Corporate governance: Nomination and election of Directors 2024 Annual Report: Corporate Governance Report, Financing Activities, and Operational Overview	85	
2-16	Communication of critical concerns	Sustainable development strategy: Sustainability Governance and Corporate Sustainability Committee Sustainable development strategy: Materiality Analysis and Stakeholder Communication No specific material events requiring reporting to the Board of Directors in 2024	13 14	
2-17	Collective knowledge of the highest governance body	2024 Annual Report: Continuing Education of Directors in 2024	--	--
2-18	Evaluation of the performance of the highest governance body	Corporate governance: Governance structure	85	
2-19	Remuneration policies	Corporate governance: Governance structure	85	
2-20	Process to determine remuneration	Corporate governance: Governance structure	85	
2-21	Annual total compensation ratio	3.3.2 Remuneration and welfare	56	
Strategy, policies and practices				
2-22	Statement on sustainable development strategy	Preface: Message from the business operator	4	
2-23	Policy commitments	Sustainable development strategy: Sustainable strategy integrating sustainable issues and SDGs For the disclosure status of Faraday's policy commitments, please refer to the website link: Corporate Sustainability	18	
2-24	Embedding policy commitments	Sustainable development strategy: ESG Execution Structure of Sustainability Sustainable development strategy: Sustainable strategy integrating sustainable issues and SDGs 3.4.2 Training effectiveness and results	12 18 60	
2-25	Processes to remediate negative impacts	Sustainable development strategy: Sustainable strategy integrating sustainable issues and SDGs For detailed remedial measures, please refer to the management policy section of each chapter.	18	
2-26	Mechanisms for seeking advice and raising concerns	Sustainable development strategy: stakeholder communication For any concerns employees may raise in the workplace, Faraday maintains an open and supportive approach. Employees may raise their concerns with the HR contact through various communication methods (including direct inquiry or by supervisor), and relevant training and awareness programs are in place.	17	
2-27	Compliance with laws and regulations	Corporate governance: Integrity Management In 2023~2024, no material legal violation in Faraday (fines exceeding USD 10,000), amount of fines for violations during the period: 0	90	
2-28	Membership associations	Preface: Engagement in Associations and Initiatives	8	
Stakeholder engagement				
2-29	Approach to stakeholder engagement	Sustainable development strategy: Materiality Analysis and Stakeholder Communication	17	
2-30	Collective bargaining agreements	Faraday has no union and therefore does not have a collective bargaining agreement. 3.2.3 Build inclusive workplace, listen to employees' needs	53	

GRI 3: Material Topics

Indicator	Disclosure requirement	Chapter in report or description	Page	Omission/ Note
3-1	Process to determine material topics	Sustainable development strategy: Materiality Analysis and Stakeholder Communication	14	
3-2	List of material topics	Sustainable development strategy: Materiality Analysis and Stakeholder Communication	14	
3-3	Management of material topics	Sustainable development strategy: Materiality Analysis and Stakeholder Communication	14	

Specific Topic Disclosures

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	87	
		201-2	Financial implications and other risks and opportunities due to climate change	4.1 Climate and energy management	70	
		201-3	Defined benefit plan obligations and other retirement plans	3.3.2 Remuneration and welfare	56	
GRI 202: Market Presence 2016	Diversity/Equity/Inclusion, talent attraction and talent retention	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	3.3.2 Remuneration and welfare	56	
		202-2	Proportion of senior management hired from the local community	3.2.2 Respect Talent Diversity and Promote Career Development	51	
GRI 203: Indirect Economic Impacts 2016	Social inclusion	203-1	Infrastructure investments and services supported	Social inclusion: Management Policy 5.3 Social assistance and public welfare	80 82	
		203-2	Significant indirect economic impacts	No significant positive or negative indirect economic impact were identified during the assessment year	--	
GRI 205: Anti-corruption 2016	Self-disclosure	205-1	Operations assessed for risks related to corruption	(Corruption-related topics have been identified as low-risk matters through the company's initial risk assessment.)	92	
		205-2	Communication and training about anti-corruption policies and procedures	Corporate governance: Management Policy Corporate governance: Integrity Management	84 90	
		205-3	Confirmed incidents of corruption and actions taken	Corporate governance: Integrity Management (In 2024, the company received one external whistleblowing case and zero employee-initiated whistleblowing cases. After the case was accepted and investigated, it was found to be inconsistent with the whistleblowing information; thus, it was subsequently closed.)	90	
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 2024	--	--
GRI 207: Tax 2019	Self-disclosure	207-1	Approach to tax	Corporate governance: Tax	89	
		207-2	Tax governance, control, and risk management	Corporate governance: Tax	89	
		207-3	Stakeholder engagement and management of concerns related to tax	Corporate governance: Tax	89	

GRI standards	Material topic	Indicator	Disclosure requirement	Chapter in report or description	Page	Omission/Note
GRI 302: Energy 2016	Green product design, climate and energy	302-1	Energy consumption within the organization	4.1.4 Energy management	74	
		302-2	Energy consumption outside of the organization	--	--	The data collection methodology is under development.
		302-3	Energy intensity	4.1.4 Energy management	74	
		302-4	Reduction of energy consumption	4.1.4 Energy management	74	
		302-5	Reductions in energy requirements of products and services	1.3.1 Low-power consumption technology R&D	29	
GRI 303 : Water and Effluents 2018	Self-disclosure	303-2	Management of water discharge related impacts	4.2.1 Water resource management	76	
		303-3	Water withdrawal	4.2.1 Water resource management	76	
		303-4	Water discharge	4.2.1 Water resource management	76	
		303-5	Water consumption	4.2.1 Water resource management	76	
GRI 305: Emissions 2016	Climate and energy	305-1	Direct (Scope 1) GHG emissions	4.1.2 Carbon emission management	72	
		305-2	Energy indirect (Scope 2) GHG emissions	4.1.2 Carbon emission management	72	
		305-3	Other indirect (Scope 3) GHG emissions	4.1.2 Carbon emission management	72	
		305-4	GHG emissions intensity	4.1.2 Carbon emission management	72	
		305-5	Reduction of GHG emissions	4.1.3 Energy management	74	
		305-6	Emissions of ozone-depleting substances (ODS)	Use of Ozone-Depleting Substances (ODS): None	--	--
		305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Faraday is not a legally designated air pollution control company and therefore this item is not applicable.	--	--
GRI 306: Waste 2020	Self-disclosure	306-3	Waste generated	4.2.2 Waste management	77	
		306-4	Waste diverted from disposal	4.2.2 Waste management	77	
		306-5	Waste directed to disposal	4.2.2 Waste management	77	
GRI 308: Supplier Environmental Assessment 2016	Sustainable supply chain management	308-1	New suppliers that were screened using environmental criteria	Partnership for Prosperity: Management Policy (Sustainable supply chain management) 2.3.3 Supply chain assessment management	33 39	
		308-2	Negative environmental impacts in the supply chain and actions taken	2.3.3 Supply chain assessment management	39	
GRI 401: Employment 2016	Diversity/Equity/Inclusion, talent attraction and talent retention	401-1	New employee hires and employee turnover	3.3.1 Recruitment and retention	55	
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	3.3.2 Remuneration and welfare	56	
		401-3	Parental leave	3.2.3 Build an inclusive workplace, listen to employees' needs	53	

GRI standards	Material topic	Indicator	Disclosure requirement	Chapter in report or description	Page	Omission/Note
GRI 403: Occupational Health and Safety 2018	Occupational health and safety	403-1	Occupational safety and health management system	3.5.3 Occupational safety and health management	64	
		403-2	Hazard identification, risk assessment, and incident investigation	3.5.3 Occupational safety and health management	64	
		403-3	Occupational health services	3.5.4 Comprehensive health management	66	
		403-4	Worker participation, consultation, and communication on occupational health and safety	3.5.3 Occupational safety and health management	64	
		403-5	Worker training on occupational health and safety	3.5.2 Safety and health implementation results	63	
		403-6	Promotion of worker health	3.5.4 Comprehensive health management	66	
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.5.1 Environmental, Health and Safety Policy 3.5.3 Occupational safety and health management	63	
		403-8	Workers covered by an occupational health and safety management system	3.5.3 Occupational safety and health management	64	
		403-9	Work-related injuries	3.5.3 Occupational safety and health management	64	
		403-10	Work-related ill health	3.5.3 Occupational safety and health management	64	
GRI 404: Training and education 2016	Talent development	404-1	Average hours of training per year per employee	3.4.2 Training effectiveness and results	60	
		404-2	Programs for upgrading employee skills and transition assistance programs	Has regularly organized the corresponding training course according to different competency; Faraday provides global employees with access to learning resources and shares professional knowledge, to achieve the goal of to achieve sustainable talent development and lifelong learning.	--	--
		404-3	Percentage of employees receiving regular performance and career development reviews	3.4.3 Performance management and development	62	
GRI 405: Diversity and equal opportunity 2016	Diversity/Equity/Inclusion	405-1	Diversity of governance bodies and employees	Corporate governance: Governance structure 3.2.2 Respect Talent Diversity and Promote Career Development	85 51	
		405-2	Ratio of basic salary and remuneration of women to men	3.3.2 Remuneration and welfare	56	
GRI 406: Non-discrimination 2016	Diversity/Equity/Inclusion	406-1	Incidents of discrimination and corrective actions taken	2024 No complaint for discrimination event in 2024	--	--
GRI 407: Freedom of Association and Collective Bargaining 2016	Diversity/Equity/Inclusion, sustainable supply chain management	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	1. Operation base:. The employees of Faraday shall have the right to form associations freely. Labor representatives communicate and coordinate with management to discuss the rights and interests of all employees through quarterly labor-management conference, covering 63% of employee worldwide. In addition to Taiwan, other global locations such as Vietnam and China also comply with local laws and regulations to protect employees' rights to freely associate and form trade unions. 2. Supplier: “Faraday Supplier Code of Conduct” clearly states that labor rights encompass freedom of association and the right to collective bargaining.	--	--
GRI 408: Child Labor 2016	Diversity/Equity/Inclusion, sustainable supply chain management	408-1	Operations and suppliers at significant risk for incidents of child labor	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: “Faraday Supplier Code of Conduct” clearly states that no child labor shall be used in any manufacturing process. “Child labor” refers to employing anyone under 15 years of age, or who has not reached the mandatory school age, or the minimum legal working age in that country/region (the highest of these three ages applies)."	--	--

GRI standards	Material topic	Indicator	Disclosure requirement	Chapter in report or description	Page	Omission/Note
GRI 409: Forced or Compulsory Labor 2016	Diversity/Equity/Inclusion, sustainable supply chain management	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	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: "Faraday Supplier Code of Conduct" clearly states the prohibition of forced labor.	--	--
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 2024	33 39	
GRI414: Supplier Social Assessment 2016	Sustainable supply chain management	414-1	New suppliers that were screened using social criteria	Partnership for Prosperity: Management Policy (Sustainable supply chain management) 2.3.3 Supply chain assessment management	33 39	
		414-2	Negative social impacts in the supply chain and actions taken	2.3.3 Supply chain assessment management (100% suppliers are all included in the sustainable risk assessment.)	39	
GRI 416: Customer Health and Safety 2016	Customer relationship management	416-1	Assessment of the health and safety impacts of product and service categories	2.3.4 Responsible supply chain Over the past three years, suppliers signed "Environmental Non-Use Agreements" and completed "Supplier Restricted Substances Due Diligence": both are 100%	--	--
		416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No violations and penalties reported regarding health and safety regulations for Faraday in 2024.	--	--
GRI 418: Customer Privacy 2016	Customer relationship management	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.2.2 ASIC project management No complaint for breaches of customer privacy or losses of customer data in 2024	--	--

SASB index-Semiconductors

Disclosure topic/Metric code	Disclosure metric	Chapter in report or description	Disclosure response
Greenhouse Gas Emissions TC-SC-110a.1	Gross global Scope 1 emissions (metric tons CO_2e)	4.1.2 Carbon emission management	2024 Scope 1: GHG emission is 237.34 metric tons CO_2e.
	Total emissions from perfluorinated compounds (metric tons CO_2e)	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-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	4.1.2 Carbon emission management	The ratio of "Faraday's scope 1 emissions" to "the emissions of scope 1 and scope 2) is <10%; 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 electricity.
Energy management TC-SC-130a.1	Total energy consumed (GJ)	4.1.4 Energy management	Total energy consumption in 2024: 25,789.85 GJ
	Percentage grid electricity (%)	4.1.4 Energy management	Purchased power ratio of total power consumption in 2024: 98.04%
	Percentage renewable	4.1.4 Energy management	Renewable energy usage of total power consumption in 2024 is 7.49%.
Water management TC-SC-140a.1	Total water withdrawn, percentage of each in regions with High or Extremely High Baseline Water Stress (m3)	4.2.1 Water resource management	Total water withdrawal in 2024: 20,758.32 m^3 Faraday operating location is not area of high baseline water stress or extreme high baseline water.
	Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress (%)	4.2.1 Water resource management	Faraday operating location is not area of high baseline water stress or extreme high baseline water.
Waste management TC-SC-150a.1	Amount of hazardous waste from manufacturing (metric tons)	4.2.2 Waste management	Hazardous industrial waste in 2024: 0.84 metric tons
	Percentage recycled of hazardous waste from manufacturing (%)	4.2.2 Waste management	Percentage recycled of hazardous industrial waste in 2024: 100%
Employee Health & Safety TC-SC-320a.1	Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards	3.5.1 Environmental Safety and Health Policy 3.5.2 Occupational safety and health implementation results 3.5.3 Occupational safety and health management	For details, please refer to chapter description.
Employee Health & Safety TC-SC-320a.2	Total amount of monetary losses as a result of legal proceedings associated with employee safety and health violations (NTD)	No complaint for health and safety regulation in 2024	NTD: 0
Recruiting & Managing a Global & Skilled Workforce TC-SC-330a.1	Percentage of employees who need a work visa	3.2.2 Respect Talent Diversity and Promote Career Development	Percentage of employees holding visas: 1.09% (Including foreign employees employed in Taiwan and those assigned overseas)
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.	
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) servers (2) desktops (3) laptops; therefore, it is not applicable.	
Materials Sourcing TC-SC-440a.1	Description of the management of risks associated with the use of critical materials	Faraday's production practices do not involve the use of special metals identified by the United States National Research Council (NRC) 2.3.2 Production Business Continuity Plan	For details, please refer to chapter description.
Intellectual Property Protection & Competitive Behavior TC-SC-520a.1	Total monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations (NTD)	No event in 2024	NTD: 0
Activity metrics TC-SC-000.A	Total production	ASIC Products: 37,440 (thousands of units) Wafer Products: 21,584 (pieces) Outsourced Design: 121 (units)	
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.	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	Board of Directors The quarterly board meeting regularly reports on the outcomes of Faraday's sustainability management, and the board members review the performance and result (including climate change issue).	70
	Describe management's role in assessing and managing climate-related risks and opportunities	Corporate sustainability committee The President serves as the chairman of Corporate Sustainability Committee, holds meeting quarterly, to lead the working group members in developing sustainability strategies and executing targets (including overseeing issues related to climate change and the company's impacts).	70
Strategy	Describe the climate-related risks and opportunities identified by the organization across the short-, medium-, and long-term.	4.1.1 Task Force on Climate-Related Financial Disclosures (Commitment to following the TCFD framework, analyze the impact from short/middle/long-term climate change risks and opportunities)	70
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning		
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	4.1.1 Task Force on Climate-Related Financial Disclosures (Faraday employs various hypothetical scenarios in its climate scenario analysis, such as the national net-zero pathway, SSP1-1.9, and SSP5-8.5, to consider different climate actions, environmental policies, and socio-economic development pathways. This analysis explores potential situations the company may face and assesses the impact of different parameters, such as carbon taxes and renewable energy costs, on its operations.)	70
Risk management	Describe the organization's processes for identifying and assessing climate-related risks	4.1.1 Task Force on Climate-Related Financial Disclosures (Faraday identifies climate-related risks and opportunities through its climate risk opportunity identification process by referencing both domestic and international climate issue trends and the CDP questionnaire to establish a list of climate risks and opportunities. Based on the company's operational status, it has consolidated 11 potential risk issues and 6 opportunities related to climate change. By conducting materiality analysis using parameters of probability and impact, the company has identified the top 5 risks and top 3 opportunities as priority management items.)	70
	Describe the organization's processes for managing climate-related risks		
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Corporate governance/Risk management (Include identification results in company risk management, analyzing with existing operational risks.)	92
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	Environmental sustainability/Management policy	69
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	4.1.2 Carbon emission management	72
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Environmental sustainability/Management policy	69

United Nations Global Compact Index

Category	10 principles	Faraday strategy	Corresponding chapter
Human rights	Businesses should support and respect the protection of internationally proclaimed human rights	Formulate “Human Rights Policy” Commit to supporting international labor rights standards and regulations, and strive to safeguard human rights.	3.1 Respect human rights
	Make sure that they are not complicit in human rights abuses	Formulate “Human Rights Policy” Formulate “Supplier Code of Conduct”	3.1 Respect human rights 2.3 Sustainable Supply Chain Management
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Formulate “Human Rights Policy” and “Declaration of Diversity, Equity and Inclusion” Respect for employees' legal right to freedom of association, participation in peaceful assemblies, and collective bargaining	3.1 Respect human rights 3.2 Diversity, Equity, and Inclusion (DEI)
	The elimination of all forms of forced and compulsory labor	Formulate “Human Rights Policy” Respect all personnel's free will to work, prohibit forced labor, human trafficking, and any restrictions on freedom of movement	3.1 Respect human rights
	The effective abolition of child labor	No child labor, and no employment of workers under the legal working age	3.1 Respect human rights
	The elimination of discrimination in respect of employment and occupation	Formulate “Human Rights Policy” and “Declaration of Diversity, Equity and Inclusion” Create an diverse, equal, and inclusive workplace; prohibit any forms of discrimination and harassment	3.1 Respect human rights 3.2 Diversity, Equity, and Inclusion (DEI)
Environment	Businesses should support a precautionary approach to environmental challenges	Formulate “Environmental, Health and Safety Policy”	4. Environmental sustainability
	Undertake initiatives to promote greater environmental responsibility	Formulate “Environmental, Health and Safety Policy”	4. Environmental sustainability
	Encourage the development and diffusion of environmentally friendly technologies	Continuously develop low-power consumption technology Set a target for the proportion of revenue from sustainable products	1.3 Low-power consumption technology R&D and sustainable product
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery	Formulate “Ethical Corporate Management Best Practice Principles” Regularly holds integrity management meetings	Integrity Management

Taiwan Stock Exchange: Sustainability disclosure indicators for semiconductor industry

No.	Metric	Unit	Annual disclosure
1	Total energy consumption	billion joules (GJ	25,789.85 GJ
	Percentage of purchased electricity	Percentage (%)	98.04%
	Percentage of renewable energy usage	Percentage (%)	7.49%
2	Total water withdrawal	cubic meters (m3)	20,758.32 m3
	Total water consumption		4,151.66 m3
3	Total hazardous waste output	tonne (t)	0.84 tonne
	The hazardous waste recycling rate	Percentage (%)	100%
4	Occupational accident categories	Quantity	No occupational accident
	Number of occupational injured	Quantity	0
	Occupational injury categories and ratios	Ratio (%)	0%
5	Disclosure of product life cycle management: Including the weight of scrap products and electronic waste	tonne (t)	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.
	Disclosure of product life cycle management: Including the percentage of recycling for scrap products and electronic waste	Percentage (%)	
6	Description of the risk management associated with the use of key materials	Not applicable	2.3.2 Production Business Continuity Plan
7	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Currency	No event in 2024
8	The main product output by product category	By product category	ASIC Products: 37,440 (thousands of units) Wafer Products: 21,584 (pieces) Outsourced Design: 121 (units)

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

<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr><td>Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities</td><td>Faraday's climate change response and risk opportunity management are supervised by the Corporate Sustainability Committee under the Board of Directors. The Chairperson (the President) reports to the Board of Directors quarterly on the climate change response strategies and the progress of related projects. The agenda items include progress of greenhouse gas inventory, formulation of carbon reduction strategies, green electricity procurement project, and so on.</td></tr>
<tr><td>Describe how identified climate-related risks and opportunities impact the company’s business, strategy, and financials (short-term, medium-term, and long-term).</td><td>Faraday refers to the TCFD (Task Force on Climate-related Financial Disclosures) reporting framework to conduct short-term, medium-term, and long-term climate impact analysis from the two key aspects of risks and opportunities. The identified major climate impact items include aspects of transition risks and physical risks, as illustrated below:
<table>
<tr><th>Category</th><th>Aspect</th><th>Issue</th><th>Operational impact description</th><th>Timeframe</th></tr>
<tr><td>Transition risk</td><td>Regulations</td><td>International conventions or agreements</td><td>In response to the international net-zero trend, additional investments in renewable energy and energy efficiency activities have been made, leading to increased operational costs</td><td>Long-term: 5 ~ 10 years</td></tr>
<tr><td>Opportunity</td><td>Product and service</td><td>Low-carbon products or services</td><td>Through the development of innovative low-power product technologies and the launch of energy transition-related products, the company responds to the net-zero trend, creating additional competitiveness and revenue</td><td>Medium-term: 2 ~ 5 years</td></tr>
</table>
As to the identified major climate impact items, Faraday has also analyzed and developed corresponding management measures. To date, comprehensive mitigation strategies have been implemented for all impact aspects to reduce the impacts of climate change on its business operations.</td></tr>
<tr><td>Describe the impact of extreme climate events and transition actions on financial matters</td><td>Faraday conducts a financial impact analysis on the enterprise from multiple financial perspectives (including revenue, direct or indirect costs, capital expenditures, and so on) regarding extreme climate events or transition actions, with examples as follows:
1. Capital expenditure on solar panel systems for self-generation and self-consumption
2. Green electricity transfer cost incurred to achieve the annual carbon reduction targets
3. Cost of replacing energy-consuming equipment
4. R&D expenses for chip development aimed at energy transition
Faraday believes that the current financial investments are aligned with international net-zero trends, and thus the financial impact can be transformed into positive outcomes, including improved operational performance, reduced compliance risks, and enhanced customer satisfaction</td></tr>
<tr><td>Describe the identification and assessment of climate risks, and how to integrate the management flow into the overall risk management system</td><td>Faraday has established a "Risk Management Policy" as the highest guiding principle for internal risk management. The policy is regularly reviewed and evaluated by the company's Audit Committee and management level. Climate change risks have been incorporated as a mandatory item in the risk identification process. Through regular risk assessments, the company identifies, evaluates, and analyzes potential risk impacts. A risk matrix is used to assess the frequency of risk events and their impact on business operations, thereby defining the priority and level of each risk. Based on the risk level, corresponding risk management strategies are implemented.</td></tr>
<tr><td>If using scenario analysis to evaluate resilience to climate change risks, the scenarios, parameters, assumptions, analytical factors, and key financial impacts should be clearly defined.</td><td>Faraday conducts climate scenario analysis by considering multiple hypothetical scenarios, such as the national net-zero pathway, SSP1-1.9, and SSP5-8.5, to explore how the company is exposed to operational impacts under these scenarios, particularly in terms of parameters such as carbon taxes and renewable energy costs.</td></tr>
<tr><td>If there is a transition plan in response to manage climate-related risks, please describe the content of the plan, as well as the indicators and targets used to identify and manage physical risks and transition risks.</td><td>Faraday has set achieving net-zero emissions by 2050 as the core strategic direction for its climate risk response and transition plan, and has developed corresponding action plans based on this goal, including:
Greenhouse gas (GHG) inventory: Perform annual greenhouse gas inventory with third-party verification
Internal carbon reduction: Implement annual energy efficiency and carbon reduction projects, and implement solar panels for self-generation and self-consumption
Green electricity procurement: Launch a green electricity transfer program, gradually increase the proportion of renewable energy used year by year
Green supply chain: Require suppliers to establish proactive carbon reduction targets and pathways
Green innovation: Provide high-performance and low-power technical solutions</td></tr>
<tr><td>If using internal carbon pricing as a planning tool, the basis for setting the price should be explained.</td><td>At the current stage, Faraday has not yet implemented internal carbon pricing. However, we recognize that internal carbon pricing can serve as an effective mechanism to drive carbon reduction across all business units. Looking ahead, Faraday will continue to explore and develop feasible methodologies for implementing internal carbon pricing. We aim to introduce it at the appropriate time as a key tool of our corporate carbon reduction strategy.</td></tr>
<tr><td>If climate-related targets are set, the scope of activities covered, scope of greenhouse gas emissions, planning schedules, and annual progress should be described. If carbon offsets or renewable energy certificates (RECs) are used to meet these targets, the sources and quantities of the carbon reduction allowances being offset, or the number of RECs used, should also be explained.</td><td>Faraday is committed to achieving net-zero emissions by 2050 as a long-term goal. The company has set annual emission reduction targets starting from the baseline year, and take the purchase of renewable energy certificates (RECs) as one of the tools used for carbon reduction. The achievement progress for the 2024 target is as follows:
2024 carbon reduction target: Zero growth compared to 2023
2024 actual result for carbon reduction: carbon reduction > 4.5%, meeting the target of zero growth.
2024 renewable energy certificates (RECs) purchased: 415 certificates</td></tr>
<tr><td>Greenhouse gas Inventory and verification status, as well as emission reduction targets, strategies, and specific action plans (to be filled in Sections 1-1 and 1-2).</td><td>For relevant information, please refer to Table 1-1 and Table 1-2 below.</td></tr>
</table>

Taiwan Stock Exchange: 1-1 Greenhouse Gas Inventory and Assurance (Reporting Period: 2023 ~ 2024)

Basic company information
☐ Companies with capital exceeding NT$10 billion, in the steel or cement industries
☐ Companies with capital between NT$5 billion and NT$10 billion
■ Companies with capital below NT$5 billion

According to the guidelines of the Sustainable Development Roadmap for Listed/OTC Companies, at least the following disclosures should be made:
☐ Parent Company Individual GHG Inventory ☐ Consolidated Financial Statement Subsidiary GHG Inventory
☐ Parent Company Individual Assurance ☐ Consolidated Financial Statement Subsidiary Assurance

Scope	2023		2024		Assurance	
	Total emissions	Intensity	Total emissions	Intensity	Assurance body	Assurance statement
Scope 1: Direct emissions						
Parent company	237.34	0.02	219.24	0.02	SGS	Achieved ISO 14064-3 with a reasonable level of assurance
Consolidated financial statement subsidiaries	52.22	0.004	44.45	0.004	None	None
Scope 2: Indirect emissions from energy use						
Parent company	3,229.09	0.27	3,090.16	0.28	SGS	Achieved ISO 14064-3 with a reasonable level of assurance
Consolidated financial statement subsidiaries	610.53	0.051	708.10	0.064	None	None
Scope 3: Other Indirect Emissions						
Parent company	71,497.3	5.98	3,309.40	3.31	SGS	Achieved ISO 14064-3 with a reasonable level of assurance
Consolidated financial statement subsidiaries	No inventory					

Note:
CO_2e Unit of Emissions: Metric tons CO_2e
CO_2e/Unit of Intensity: Metric tons CO_2e per million NTD

1-2 Taiwan Stock Exchange: 1-2 Carbon Reduction Targets, Strategies, and Implementation Plan

Carbon reduction target: To reduce carbon emissions by 50% by 2030 compared to the 2023 baseline year, and achieve net-zero emissions by 2050 (for Scope 1 and Scope 2 emissions)
Carbon Reduction Strategies and Implementation Plan

Carbon reduction strategies	Implementation plan
Greenhouse gas (GHG) inventory	Perform annual greenhouse gas inventory with third-party verification
Internal carbon reduction	Promote annual energy efficiency and carbon reduction projects, and implement solar panels for self-generation and self-consumption
Green electricity procurement	Launch a green electricity transfer program, gradually increase the proportion of renewable energy used year by year
Green supply chain	Require suppliers to establish proactive carbon reduction targets and pathways
Green innovation	Provide high-performance and low-power technical solutions

ESG performance indicator

ESG category	Indicator	Unit	2021	2022	2023	2024
Corporate governance	Number of board seats	seat	9	9	9	9
	Number of independent director seats	seat	3	3	3	3
	Number and percentage of female director seats	seat/%	2 seats/22%	2 seats/22%	2 seats/22%	3 seats/33%
	Director attendance rate at board meetings	%	97.06%	100.00%	100.00%	100.00%
	Number of investor briefings held annually	times	8	5	5	8
	Number of board meetings reporting on sustainable issue	times	1	2	4	4
	Number of Risk Committee meetings	times	0	0	6	6
	Consolidated revenue	thousand NTD	$8,085,201	$13,065,155	$11,965,574	$11,064,852
	Net income after tax	thousand NTD	$1,290,048	$2,510,468	$1,561,284	$1,071,892
	R&D expenses	thousand NTD	$ 2,036,866	$2,422,237	$2,362,449	$2,956,912
	Percentage of R&D expenses to revenue	%	25.19%	18.54%	19.74%	26.72%
Innovation management	Cumulative Number of Patents Obtained	Number of patents	897	913	943	967
	Proportion of revenue from sustainable products	%	81.28%	81.50%	82.52%	82.19%
	Cumulative number of low-power IP technology design and development projects	Number of projects	1927	2039	2350	2942
Partnership for Prosperity	Local procurement ratio	%	36%	34%	44%	55%
	Customer satisfaction reaching "Satisfactory" level	%	78%	89%	87%	89%
	Number of supplier audits conducted	Number of suppliers	16	17	15	15
	Coverage rate for supplier code of conduct commitments	%	The document has not been created yet.	The document has not been created yet.	93%	100%

ESG category	Indicator	Unit	2021	2022	2023	2024
Friendly workplace	Number of Employees (Taiwan Location)	Total number of employees	600	602	615	641
	Percentage of female newcomers	%	33%	26%	34%	30%
	Percentage of current female employees	%	30%	30%	31%	32%
	Percentage of female supervisors	%	18%	21%	21%	21%
	Hiring local talent	%	99.50%	99.30%	99.19%	99.38%
	Employment in the company's operating locations	%	-	59.60%	57.56%	59.44%
	Local employment of senior executive management	%	100%	100%	100%	100%
	New recruitment rate	%	23.50%	13.29%	9.59%	13.10%
	Turnover rate	%	24.33%	12.13%	7.32%	9.36%
	Average training hours per employee	hours	12	14	20	24
	Average salary of full-time non-managerial employees	thousand NTD per person	2,073	2,550	2,323	2,008
	Median salary of full-time non-managerial employees	thousand NTD per person	1,633	2,072	1,980	1,728
	Human rights-related complaint cases	Number of cases	0	0	0	0
	Number of occupational accidents	Number of employees	0	0	0	0

ESG category	Indicator	Unit	2021	2022	2023	2024
Environmental sustainability	Scope 1 Emissions	Metric tons CO_2e	255.43	238.79	237.34	219.24
	Scope 1 Emissions intensity	Metric tons CO_2e per million revenue	0.03	0.02	0.02	0.02
	Scope 2 Emissions (Market-based)	Metric tons CO_2e	3332.74	3191.76	3229.09	3090.16
	Scope 2 Emissions Intensity (Market-based)	Metric tons CO_2e per million revenue	0.41	0.24	0.27	0.28
	Scope 2 Emissions (Location-based)	Metric tons CO_2e	3332.74	3191.76	3229.09	3286.87
	Scope 2 Emissions intensity (Location-based)	Metric tons CO_2e per million revenue	0.41	0.24	0.27	0.30
	Scope 3 Emissions	CO_2e Metric tons CO_2e	No relevant data available	642.7037	71,497.31	36,547.72
	Total energy consumption	kWh	6,682,204.39	6,501,718.87	6,694,876.43	7,112,246.84
	Non-Renewable Energy Consumption	kWh	6,682,204.39	6,501,718.87	6,586,876.43	6,999,246.84
	Total Electricity Consumption	kWh	6,638,927	6,447,964	6,644,616	7,047,325
	Electricity Intensity	kWh per million revenue	821	494	555	637
	Renewable Energy Consumption	kWh	0	0	108,000	528,000
	Renewable Energy Usage Rate	%	0.00%	0.00%	1.63%	7.49%
	Water withdrawal	Cubic meters (m^3)	19,297.61	19,416.43	20,270.32	20,758.32
	Water discharge	Cubic meters (m^3)	15,438.09	15,533.14	16,216.26	16,606.65
	Water consumption	Cubic meters (m^3)	3,859.52	3,883.29	4,054.06	4,151.66
	Water intensity	m^3 per million revenue	2.39	1.49	1.69	1.88
	Total waster generation	Metric tons	24.77	26.12	26.15	25.91
	Hazardous Waste	Metric tons	0.49	2.01	0.87	0.84
	Waste recycling rate	Metric tons	39%	41%	39%	40%
	Waste intensity	Metric tons per million revenue	0.0031	0.0020	0.0022	0.0023
	Environmental violations	Number of cases	0	0	0	0
Social inclusion	Amount of Social and Community Contributions	NT$	$418,600	$603,988	$656,599	$701,600

Independent third party assurance statement

SGS

ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FARADAY TECHNOLOGY CORPORATION'S SUSTAINABILITY REPORT FOR 2024

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 2024 (hereinafter referred to as the Report). The assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standardv3 Type 2 Moderate level during 2025/07/09 to 2025/08/13, 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. The boundary of this report primarily covers Faraday Taiwan and partially includes certain overseas sites where relevant.

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 sustainability information in the Faraday's Sustainability Report of 2024 and its presentation are the responsibility of the 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 text, data, graphs and statements within the scope of assurance based upon sufficient and appropriate objective evidence.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The assurance of this report has been conducted according to the AA1000 Assurance Standard (AA1000AS v3), a standard used globally to provide assurance on sustainability-related information across organizations of all types, including the evaluation of the nature and extent to which an organization adheres to the AccountAbility Principles (AA1000AP,2018).

Assurance has been conducted at a type 2 moderate level of scrutiny for the disclosures of GRI standards and SASB Semiconductors Sustainability Accounting Standard (Version 2023-12), whereas GRI 303-3 and GRI 306-3 were assessed at type 2 high level of scrutiny.

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:

TWLPP 5008 Issue 2502

Reporting Criteria Options	
1	AA1000 Accountability Principles (2018)
2	In Accordance with GRI Standards
3	SASB Semiconductors Sustainability Accounting Standard (Version 2023-12)

- 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 as conducted in accordance with type 2 of AA1000AS v3 sustainability assurance engagement at a moderate level of scrutiny for Faraday, 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.
- The evaluation of the report against the requirements of GRI Standards, includes GRI 1, GRI 2, GRI 3, 200, 300 and 400 series claimed in the GRI content index as material and is conducted in accordance with the standards.

SPECIFIED PERFORMANCE INFORMATION AND DISCLOSURES INCLUDED IN SCOPE

The specified performance information includes the data for 2024, which is related to GRI 2, GRI 3, GRI 200, 300 and 400 series claimed in the GRI content index as material, and disclosures related to GRI 303-3, GRI 306-3, and SASB Semiconductors Sector Standard, version 2023-12 in Faraday's Sustainability Report.

ASSURANCE METHODOLOGY

The assurance comprised a combination of desktop research, interviews with relevant employees, superintendents, and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS

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

INDEPENDENCE AND COMPETENCE

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

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

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FINDINGS AND CONCLUSIONS

ASSURANCE OPINION

On the basis of the methodology described and the assurance work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the AA1000 AccountAbility Principles (2018).

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

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

INCLUSIVITY

Faraday has actively pursued stakeholder inclusivity by conducting surveys and maintaining communications with employees, customers, investors, suppliers, and other stakeholders, thereby strengthening its understanding of their concerns. To further improve future disclosures, the adoption of more direct and interactive engagement channels is recommended to obtain a clearer understanding of stakeholder needs, concerns, and expectations related to sustainability development.

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's process identifies and communicates impacts covering a wide range of environmental, social, and governance issues, derived from numerous sources such as operational activities, corporate policies, programs, decision-making processes, products, services, and performance outcomes. For each material topic, impact measurement and evaluation were carried out during target-setting, combining qualitative insights with quantitative analysis.

QUALITY AND RELIABILITY OF SPECIFIED PERFORMANCE INFORMATION

Following the verification work performed, our review of Faraday's management documents, including procedures and records, concluded that the specified performance information within the scope of assurance is reliable under a moderate level of scrutiny, whereas the disclosures for GRI 303-3 and GRI 306-3 were assessed under a high level of scrutiny.

ADHERENCE TO GRI

The report, Faraday's Sustainability Report of 2024, is reporting in accordance with the GRI Universal Standards 2021. The significant impacts were assessed and disclosed in accordance with the guidance defined in GRI 3: Material Topic 2021 and the relevant 200/300/400 series Topic Standard related to the material topics claimed in the GRI content index. The report has properly disclosed information related to Faraday's contributions to sustainability development. For future reporting, it is recommended that the organization integrate the identification and evaluation of sustainability-related risks and opportunities into the materiality assessment process, thereby providing a more holistic basis for understanding and managing each material topic, supporting strategic decision-making, and enhancing future disclosures in alignment with evolving international standards.

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ADHERENCE TO SASB

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 SASB information correspond to the financial data reported in Faraday's Sustainability Report of 2024. Faraday applied SASB accounting and activity metrics to assess and manage specific sustainability topics. Relevant quantitative information was evaluated for accuracy and completeness to support the comparability of the reported data. For continuous improvement, it is recommended that the processes for identifying, assessing, and managing topic-related risks and opportunities be integrated into Faraday's overall management framework, accompanied by more comprehensive disclosures to facilitate the monitoring and benchmarking of respective performances.

Signed:
For and on behalf of SGS Taiwan Ltd.

AA1000
Licensed Report
000-8/V3-YDAW1

Stephen Pao
Business Assurance Director
Taipei, Taiwan
19 August, 2025
WWW.SGS.COM

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Inside of every IC, Faraday value in sight

FARADAY