

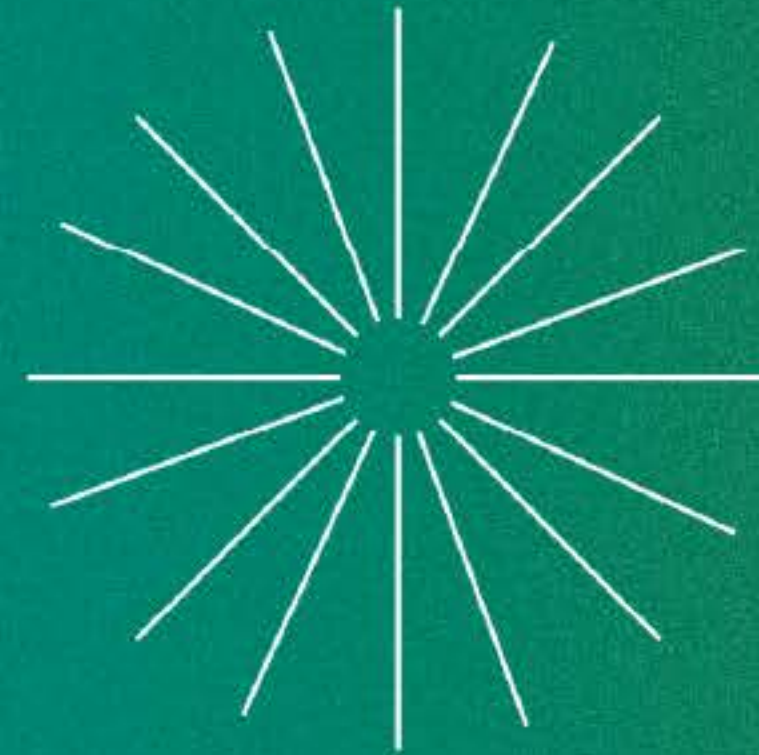
# 2023

Holtek  
Semiconductor Inc.  
Sustainability Report

## ESG REPORT

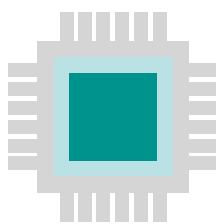
### PASSION FOR INNOVATION

Holtek is a sincere and trustworthy partner that you can rely upon for your long term investment.





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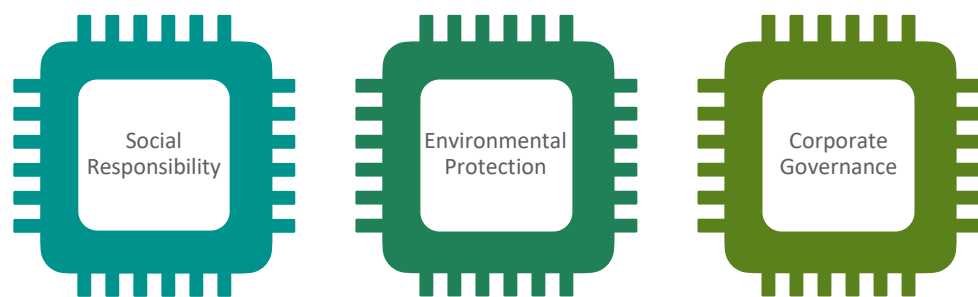
About This Report

This is the eighth sustainability report of Holtek Semiconductor Inc. (hereinafter referred to as Holtek) since its first voluntary publishing of the sustainability report (corporate social responsibility report) in 2015. The content of the report adheres to the principles of ethics, practicality, transparency and openness, and specifically elaborates on the practice and action of Holtek in sustainable development.

The 2023 Sustainability Report of Holtek focuses on the investment and achievements in environmental protection, social responsibility and corporate governance. The Company will take the opportunity to continue self-review, respond to the issues of stakeholder concern, and respond in good faith to the needs of stakeholders from all fields, and continue to be committed to practicing corporate sustainable development to create shared value.

Reporting Scope

The scope of information disclosed in this report is based on the operating headquarters of Hsinchu Science Park in Taiwan (excluding overseas operating bases), and the financial information covers all entities in Holtek’s consolidated financial statements; the social and environmental information only covers the Hsinchu headquarters.



Report Principle

Internal and external issues as well as issued related to corporate governance, economy, environment, and human rights of Holtek are collected in this report. The structure of this report and the focus of information disclosure is formulated based on materiality analysis to understand the issues of concern to stakeholders. At the same time, the content of the report is prepared and disclosed according to the GRI Standards 2021 released by the Global Sustainability Standards Board (GSSB).

The statistical data disclosed in the report were compiled and provided by various responsible units of Holtek. The financial performance data is publicly available information certified by CPAs, and consistent with the data and dates (January 1 to December 31, 2023) of the Company’s annual report ( [https://www.holtek.com/page/investor\\_relations/Financial\\_Statement/annual\\_report](https://www.holtek.com/page/investor_relations/Financial_Statement/annual_report) ). The calculation and estimation basis for environmental performance is based on publicly available government information and our own calculations.

Report Issuance

Please download the reports issued in the past years from the “Sustainability Report” section.

[https://www.holtek.com/page/about\\_holtek/responsibility/sustainability](https://www.holtek.com/page/about_holtek/responsibility/sustainability)

First issue date: December 2015 | Date of this issuance: Aug 2024 (issued every year)

Feedback

Holtek sincerely welcomes stakeholders from all fields to continue communicating with us and provide valuable opinions and guidance through the following methods.

Report Audit and Verification

Internal audit: The content of this report is provided by each responsible group after inspection by the unit head. After the report is compiled by the Enterprise Sustainability Committee, the correctness of the content is reviewed by the head of each responsible unit, and then confirmed by the chair of the Enterprise Sustainability Committee and submitted to the board of directors.

External verification: In order to enhance accuracy and credibility of this report, the independent and credible British Standards Association Taiwan Branch (BSI Taiwan) is entrusted to conduct investigation based on AA1000 AS V3 Type 1 Moderate Assurance Level and GRI Standards 2021. Please refer to the appendix of this report for the assurance statement. Holtek and BSI are independent companies; except for conducting verification, BSI has no financial relationship with Holtek. At present, the organization’s corporate social responsibility operations have been included in the regular communication with the management, and the president also participates in the initial meeting for investigation, which is worth affirming. In the future, it will continue to be implemented in accordance with the corporate social responsibility policy.

Resource Management Center / Holtek Semiconductor Inc.

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## Message from the Management

### Company Development

In 2023, the semiconductor industry continued to face economic downturns, impacted by unfavorable factors such as global inflation and rising interest rates. Additionally, during the pandemic-induced shortage, customers placed excessive orders, leading to an overstocked supply chain. Product prices dropped due to the sharp decline in demand and increased competition, making inventory reduction and adjustment a common challenge across the semiconductor industry. As a result, Holtek’ s operations were negatively affected by the macroeconomic environment, showing a decline compared to the previous year. °

In 2023, Holtek’s consolidated revenue was NT\$2.596 billion, a decrease of 57% compared to NT\$6.016 billion in the previous year. The gross margin dropped to 50.4%, and net income attributable to the parent company was NT\$112 million, a 90% drop compared to NT\$1.106 billion in the previous year. The earnings per share (EPS) were NT\$0.49.

Holtek continues to focus on microcontroller (MCU) products, actively investing in IC research and development related to "green energy saving, smart living, and security protection applications" to enhance the functionality and performance of its existing MCU products. By integrating various digital modules (input sensing modules, output driving modules, output display modules, wireless communication modules, etc.), Holtek aims to continually improve product quality and performance, with the goal of providing customers with more functional and complete solutions.

### Environmental Sustainability

As global corporate sustainability gains increasing importance, in addition to continuing its focus on MCU development and RF wireless technology, Holtek is also prioritizing the development of green, energy-saving products. The company is continually developing high-performance, low-power products to meet customers' carbon reduction needs and to capture key trends in the end market. In addition to the development of new technologies, Holtek has implemented energy-saving and carbon-reduction measures, such as improving lighting systems and replacing outdated equipment to reduce energy consumption. At the same time, employee awareness of energy conservation and environmental protection has been strengthened through training and promotion.

Looking forward, Holtek will continue to advance carbon reduction initiatives to mitigate the greenhouse effect and collaborate with suppliers on sustainability issues, expanding its green influence and contributing to the fight against climate change. Furthermore, in response to the environmental protection initiatives of government agencies and global investment institutions, Holtek has adopted the TCFD (Task Force on Climate-related Financial Disclosures) framework to implement corporate sustainability.

### Social Engagement

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### Inclusive Workplace

Holtek views talent as the foundation of corporate competitiveness and considers it key to achieving corporate sustainability. To enhance the quality and development advantages of employees, the company encourages and arranges for employees to participate in internal and external training courses. Holtek also promotes a balance between work and life, offering a variety of general education course options to diversify talent development. Employees are encouraged to continuously improve and enhance their competencies. In cooperation with agents and solution companies, Holtek provides professional courses to upgrade skills, and through industry-academia collaboration and campus recruitment programs, the company cultivates the next generation of technical professionals.

Holtek's emphasis on talent is not limited to talent development. The company also provides a healthy and safe working environment and has been repeatedly selected as a constituent stock of the "Taiwan High Compensation 100 Index" announced by the Taiwan Stock Exchange. Additionally, harmonious labor relations contribute to the long-term stability of the company. Holtek has established diverse communication channels to ensure employees' voices are heard, and a dedicated email system is available for reporting unlawful infringements, upholding a "zero tolerance" policy against workplace violations. The company also actively implements maternal health care measures and promotes maternal health protection consultations.

Holtek is people-oriented and respects human rights, treating individuals equally regardless of gender, religion, race, nationality, or political affiliation. The company adheres to international labor rights standards and implements the "RBA (Responsible Business Alliance) Code of Conduct."

### Future Outlook

In 2024, the international political and economic landscape continues to face numerous risks and challenges. The ongoing conflicts between Russia-Ukraine and Israel-Palestine, along with global inflation and interest rate hikes, remain unresolved, influencing the economic outlook and consumer willingness to spend. The ongoing U.S.-China trade tensions and rising geopolitical risks have prompted countries to strengthen the "security" and "resilience" of their semiconductor supply chains, leading to the introduction of various chip acts. This may raise concerns about potential future wafer overcapacity, which could disrupt supply-demand balance.

China's supply chain is moving toward self-sufficiency, which is expected to intensify low-cost competition. Additionally, the real estate crisis in China has further exacerbated the challenges facing its consumer market and industrial environment. In response to this environment filled with both crises and opportunities, Holtek continues to invest in professional technologies to enhance its core competitiveness. At the same time, the company is expanding its presence in the professional module market to provide customers with fast and convenient solutions, while actively developing the Indian and Southeast Asian markets to generate the next wave of operational growth momentum.

Holtek is also committed to balancing operational and ESG development, from product development to energy conservation and carbon reduction in daily operations, to maximize corporate value and fulfill its corporate social responsibility.

Chi-Yung Wu

- Chairman -

Armstrong Tsai

- President -

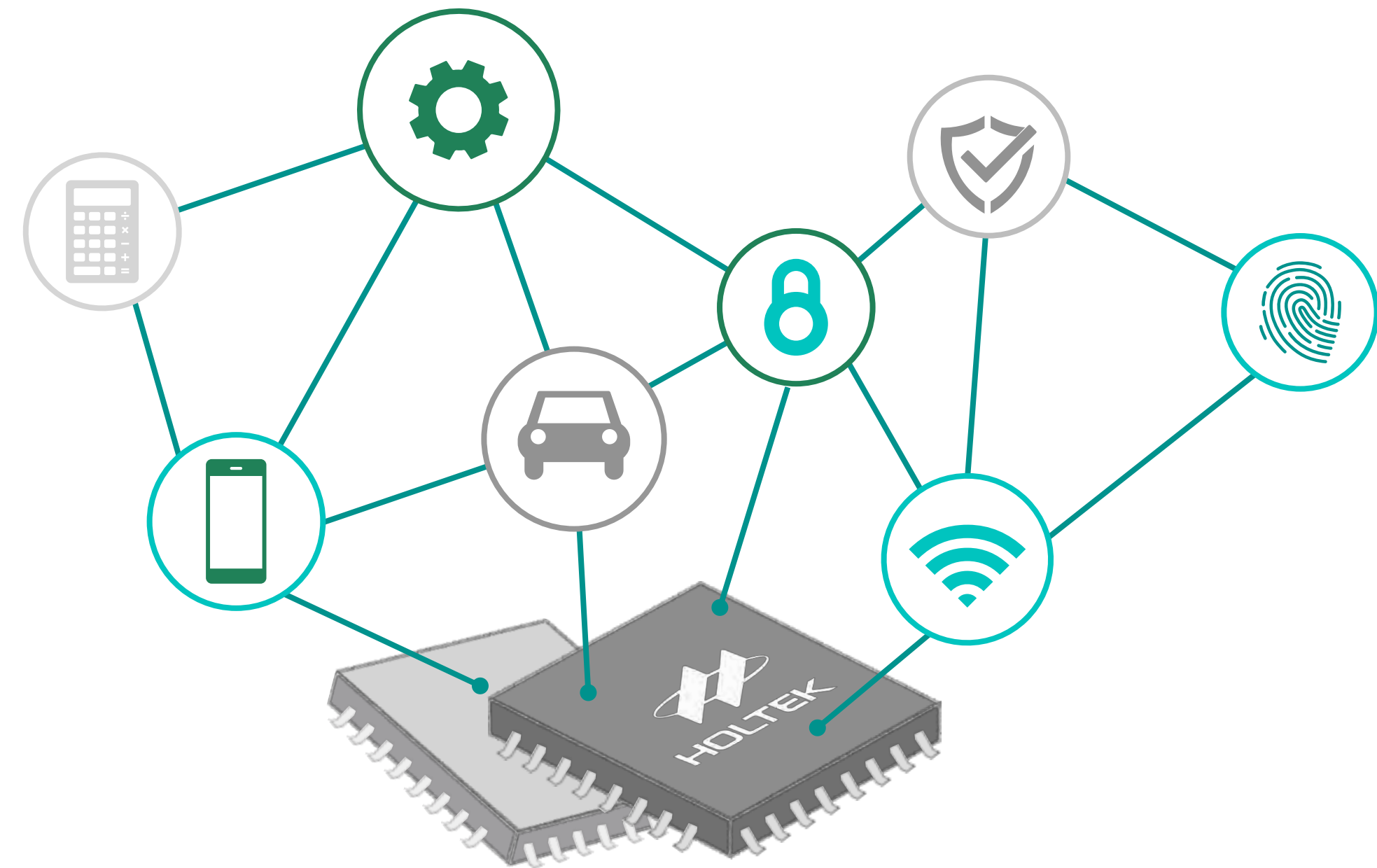


## About Holtek

- Holtek has long been committed to the design, R&D and sale of 8-bit and 32-bit MCU ICs and their peripheral components. Since its establishment in 1998, the Company has been committed to the R&D of new products and technological innovations. Combined with its mastery of market trends, the Company expects to provide the most competitive MCUs, peripheral ICs and solutions in the vast electronic market. The Company was approved to be listed on the Taiwan Stock Exchange in 2004, with stock code 6202. In the period that this report covers, Holtek did not undergo significant changes in organizational scale, structure, ownership and supply chain.
- At present, the business scope mainly includes the R&D and sale of 8-bit and 32-bit MCUs and MCU peripherals. The core technology is the design of the chips of MCUs and MCU peripherals. The products include general and specialized (ASSP) MCUs, peripheral components, and integrated digital modules, which are gradually expanded to various product application solutions, as well as algorithms and development platforms. The application scope covers different fields such as smart homes, safety protection, health care, Internet of Things, computer peripherals, brushless DC (BLDC) motor control, and industrial control. Matched with advanced manufacturing processes and the special packaging of foundries to meet the application needs of different customers and products. The Company offers a full range of standard and special application product (ASSP) MCUs and various types of digital modules (input sensing modules, output driver modules, output display modules, wireless communication modules, etc.), while continuously improving product quality and efficiency. Our product development goal is to provide customers with complete solutions with more functions. We hope that the Company can create stable revenue and profit returns in the future.

## Enterprise Management and Outlook

- Due to the increasing emphasis on sustainable operation of global ESG enterprises, in addition to continuing to focus on the R&D of 32-bit and 8-bit MCU and RF wireless radio frequency technology, Holtek is focusing on the development of green energy-saving products: brushless DC (BLDC) motor controller MCUs adopt highly integrated SoC MCUs to effectively minimize the PCB size and optimize driver-level switch efficiency to reduce switch losses, and they use algorithms to achieve stable rotation speed and quietness. Facing the global net zero carbon emissions target and green and low-carbon life requirements, the Company has developed NFC tag power receiving ICs, which can receive energy from mobile phones or NFC readers and convert it into usable electrical energy; with lower power consumption MCUs, battery pollution to the environment can be reduced to help with circuit simplification and product miniaturization. Looking ahead to the future, as a member of the global community, Holtek will closely follow global trends, achieve the carbon neutrality goal, and continue to uphold the principles of green innovation and intelligence to play a positive role in corporate social responsibility and sustainable development issues.





## Milestones in Strengthening Corporate Governance

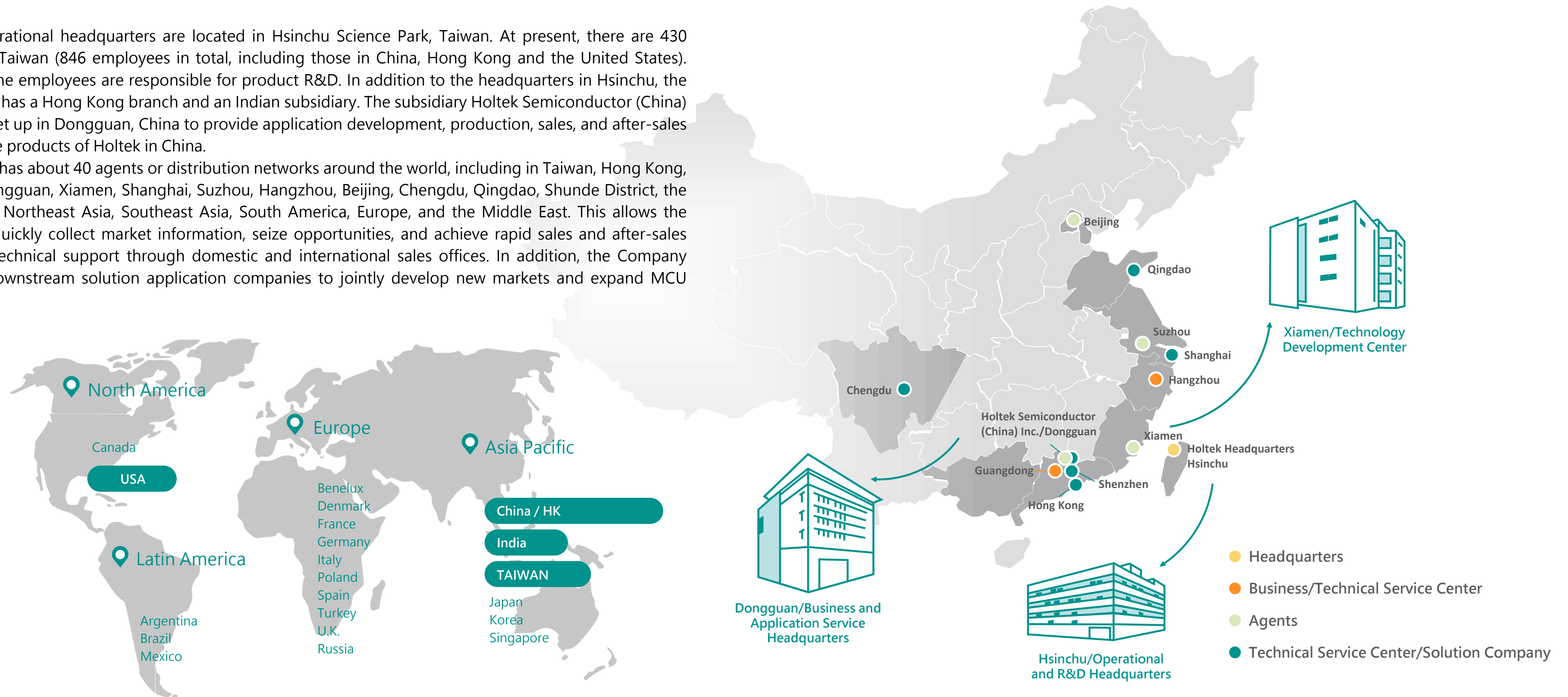
1983	<ul style="list-style-type: none"> <li>Hoder Integrated Circuit</li> </ul>	2012	<ul style="list-style-type: none"> <li>Established the subsidiary Holtek Semiconductor (China) Inc. in Dongguan.</li> </ul>	2019	<ul style="list-style-type: none"> <li>Rated among the top 5% listed companies in the fifth Corporate Governance Evaluation.</li> </ul>
1988	<ul style="list-style-type: none"> <li>Holtek Semiconductor Inc.</li> </ul>	2013	<ul style="list-style-type: none"> <li>Passed the Qi standard of the WPC Alliance.</li> </ul>	2020	<ul style="list-style-type: none"> <li>STREAM electronic musical instrument application music/voice MCU and development platform.</li> <li>MCU and sensors for various fire prevention/security products.</li> </ul>
1998	<ul style="list-style-type: none"> <li>Established Holtek Semiconductor Inc.</li> </ul>	2014	<ul style="list-style-type: none"> <li>The IC company with UL 60730-1 software certification.</li> <li>Established the Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</li> <li>Established the Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</li> <li>Established the Corporate Social Responsibility Best Practice Principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.</li> </ul>	2021	<ul style="list-style-type: none"> <li>Total revenue exceeded NT\$7.1 billion.</li> <li>Passed UL/IEC 60730-1 Class B motor control software safety certification.</li> <li>Launched Arm® Cortex® -M0+ Bluetooth 5.2 low power Bluetooth MCU.</li> </ul>
2000	<ul style="list-style-type: none"> <li>Passed international ISO 9001 quality assurance certification.</li> <li>Set up two independent director seats.</li> </ul>	2015	<ul style="list-style-type: none"> <li>Launched Arm® Cortex® -M0+.</li> <li>1mm fingerprint recognition sensor.</li> <li>Established the Code of Ethical Conduct</li> <li>Selected as Potential Enterprise in the Third Backbone Enterprises.</li> </ul>	2022	<ul style="list-style-type: none"> <li>Cumulative sales volume of 32-bit MCUs reached 150 million pieces.</li> <li>Launched a 32-bit BLDC motor product development platform HCT (red blood cell volume ratio), and dedicated MCU for blood glucose meter and its solution.</li> <li>Launched various types of digital sensor modules.</li> </ul>
2003	<ul style="list-style-type: none"> <li>Passed international ISO 14001 environmental management certification</li> <li>Obtained SONY "Green Partner" certification.</li> </ul>	2016	<ul style="list-style-type: none"> <li>Established the Board Performance Evaluation Measures, Whistleblowing System and Audit Committee Organizational Charter.</li> <li>Purchase liability insurance for directors.</li> </ul>	2023	<ul style="list-style-type: none"> <li>Established a "Risk Management Committee"</li> <li>Launched the first 32-bit Arm® Cortex®-M4 core, catering to a wide range of application scenarios such as smart homes, industrial control, embedded systems, and motor control</li> </ul>
2004	<ul style="list-style-type: none"> <li>The Company's stock was listed.</li> </ul>	2017	<ul style="list-style-type: none"> <li>Rated among the top 5% listed companies in the third Corporate Governance Evaluation.</li> </ul>		
2005	<ul style="list-style-type: none"> <li>The first Holtek Cup MCU Campus Competition in Taiwan</li> <li>Obtained ASUS "Green Partner" certification</li> <li>Obtained Samsung Electronics "ECO Partner" certification</li> </ul>	2018	<ul style="list-style-type: none"> <li>Received the GSA Award of Best Semiconductor Company in Financial Management.</li> </ul>		
2006	<ul style="list-style-type: none"> <li>The first Holtek Cup MCU Campus Competition was held in China.</li> <li>Passed international OHSAS 18001 occupational safety and health management certification.</li> </ul>				
2007	<ul style="list-style-type: none"> <li>Launched an 8-bit flash MCU that meets industrial specifications.</li> <li>Passed IECQ QC080000 hazardous substance process management international certification.</li> </ul>				
2011	<ul style="list-style-type: none"> <li>Launched Arm® Cortex® -M3 HT32 Flash MCU.</li> <li>Established the Compensation Committee.</li> </ul>				



## Global Layout

Holtek's operational headquarters are located in Hsinchu Science Park, Taiwan. At present, there are 430 employees in Taiwan (846 employees in total, including those in China, Hong Kong and the United States). Over 67% of the employees are responsible for product R&D. In addition to the headquarters in Hsinchu, the Company also has a Hong Kong branch and an Indian subsidiary. The subsidiary Holtek Semiconductor (China) Co., Ltd. was set up in Dongguan, China to provide application development, production, sales, and after-sales services for the products of Holtek in China.

The Company has about 40 agents or distribution networks around the world, including in Taiwan, Hong Kong, Shenzhen, Dongguan, Xiamen, Shanghai, Suzhou, Hangzhou, Beijing, Chengdu, Qingdao, Shunde District, the United States, Northeast Asia, Southeast Asia, South America, Europe, and the Middle East. This allows the Company to quickly collect market information, seize opportunities, and achieve rapid sales and after-sales services and technical support through domestic and international sales offices. In addition, the Company reinvests in downstream solution application companies to jointly develop new markets and expand MCU outlets.

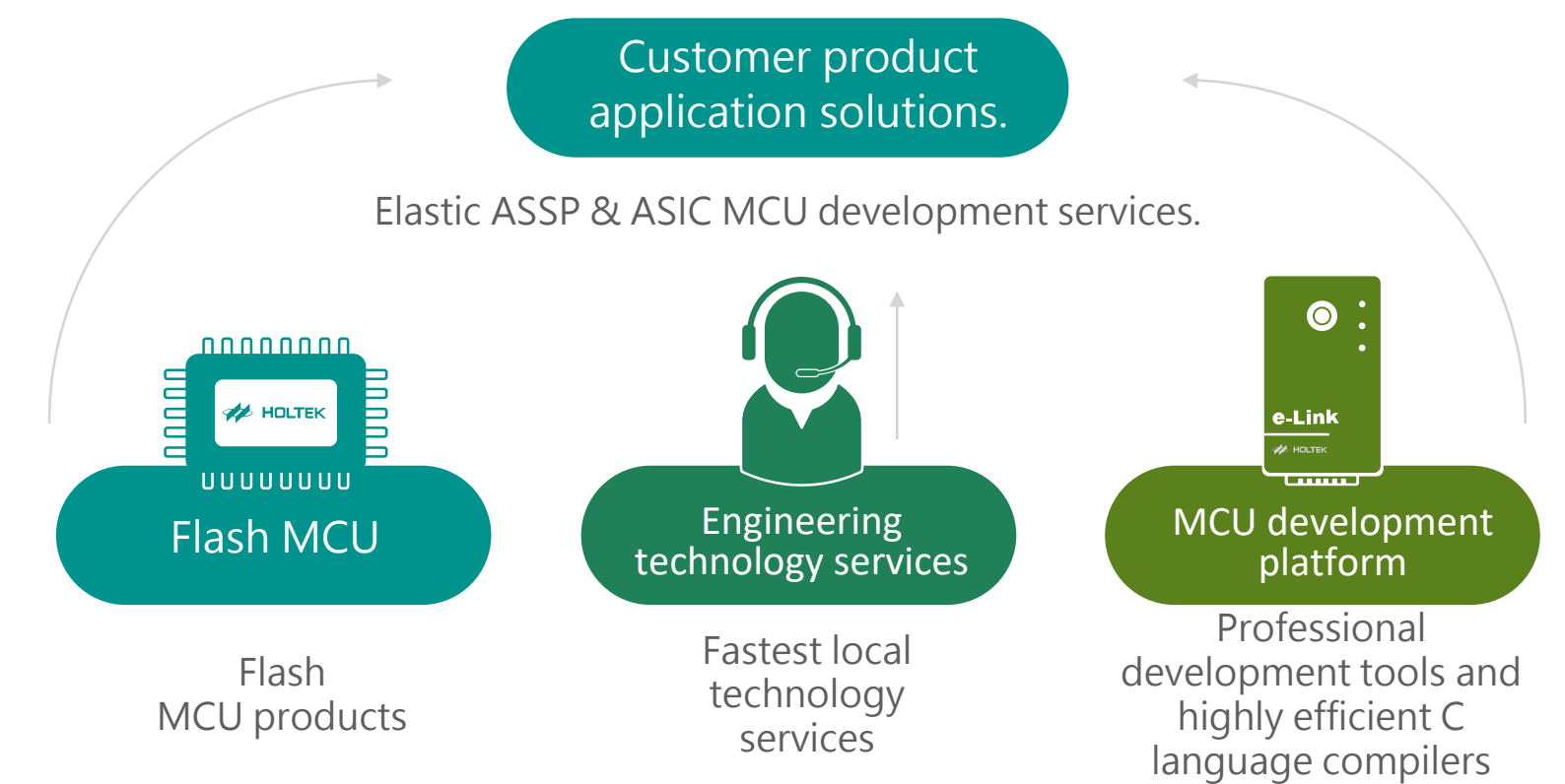




## Core Competitiveness

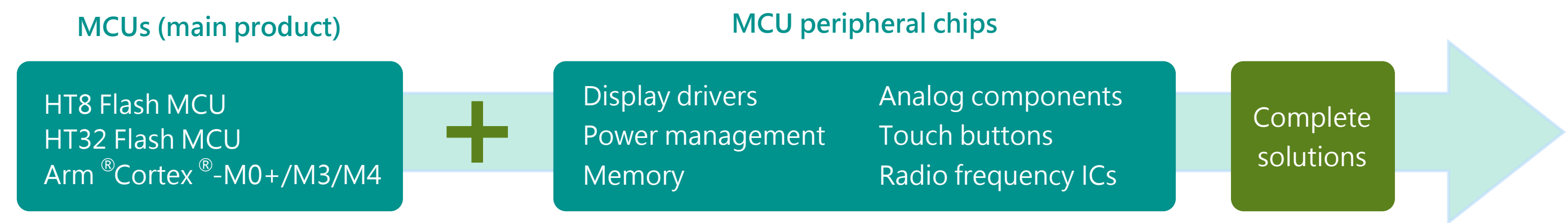
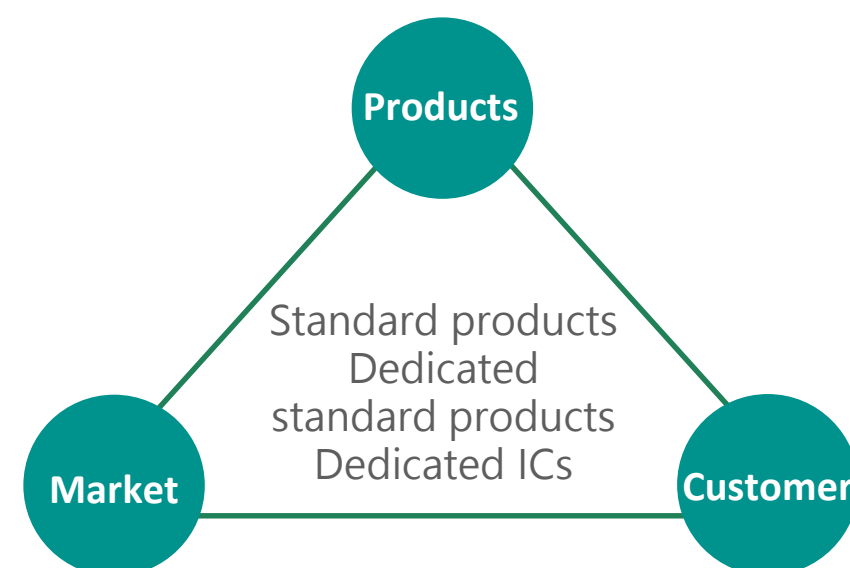
Holtek has formed a team in the field of semiconductor IC design since 1983 and has accumulated a wealth of intellectual property rights and patents for many years. We are familiar with customer and market needs and have the full support of several front-end wafer factories and back-end packaging and testing factories. At the same time, we have established local sales and technical service bases in Taiwan, China, the United States and India. Therefore, the Company is able to provide customers with:

1. Best product quality (low power, high electrostatic damage Protection and anti-noise ability).
2. Shortest product delivery time.
3. Best value for money products.
4. Providing OTP and flash MCU products.
5. Fastest local technology services.
6. Elastic ASSP & ASIC MCU development services.
7. Professional development tools and highly efficient C language compilers.








## Holtek's Products

Holtek's products focus on the core technology of MCU and its peripheral ICs. The main application scope includes all kinds of standard and embedded MCUs, screen display IC products, power management IC products, computer peripheral IC products, communication IC products, memory IC products, analog IC products, touch control switch IC products, financial products, health care products, security products, motor control products and Internet of Things products. The Company requires its products to meet global application requirements and attaches great importance to meeting special regional needs. For individual customers, the Company also provides commissioned design services specifically for ASIC MCUs and develops ASSP MCUs for specific application areas to fully meet the needs of various markets.





The Company has a complete series of IC products, covering a wide range of application fields, including computer, communication, consumer, smart home appliance, industrial equipment, medical measurement and IoT products:

Main Products		MCU Products	<div>1. A series of 32-bit flash MCU with Arm ® Cortex ® - M as the core.</div> <div>2. A series of 8-bit flash MCU with HT8 as the core.</div> <div>3. BS series 8-bit touch controlled flash MCU.</div>
		RF SoC MCU Products	<div>1. Electric motorcycle alarms, electric bicycle anti-theft products, smart-home wireless remote controls, wireless doorbells and security anti-theft products.</div> <div>2. Low power Bluetooth (BLE), transmission control products for health measurement, home appliances, and intelligent equipment information inquiry applications.</div> <div>3. IoT products and applications such as sub-1 GHz expanded frequency wireless communication products and intelligent four meters.</div>
		Home Appliances	<div>All kinds of MCUs for small home appliances, display control MCU for home appliance panels and touch button MCUs for home appliances.</div>
		Computer Products	<div>Keyboards, mice, e-sports keyboards, USB bridges, PDF data loggers, etc.</div>
		Display Products	<div>Digital meter displays, audio-visual and home appliance displays, automotive displays, electronic shelf label displays, wearable product displays, and constant-current LED displays.</div>
		Power Management Products	<div>Home appliance power supply boards, chargers, smoke detectors, power banks, wireless chargers, smart electricity meters, lithium-battery personal care products (shavers, nasal hair knives, facial cleaners and electric hair clippers), flashlights and other ASSP MCUs.</div>
		Financial Products	<div>Dynamic password generators, challenge response dynamic password generators, credit card dynamic verification codes (DCV), NFC value storage cards, smart card readers, financial machines and tools related to needs for scanning and identification based on currency, credit cards, and ID cards such as note counting and verifying machines, point clearance machines, ATMs, EPD flash MCUs, ultra-low power flash MCUs, ID card identifiers, etc.</div>
		IoT Products	<div>Internet of Things technology based on Wi Fi and BLE (low-power Bluetooth) using 32-bit flash MCUs to provide complete solutions for small home appliances, health monitoring, medical care, smart bracelets and other IoT related products.</div> <div>Accompanied by an AI image recognition processors, we provide identification system solutions for banknotes, license plates, faces, objects and hand gestures.</div>
		Security Products	<div>Smoke/temperature sensing fire detection alarms, PM2.5 sensors, CO/GAS detection alarms, PIR/uWave sensors, etc.</div>
		Health Measurement Products	<div>Sphygmomanometers, glucose meters, blood oxygen meters, thermometers, electronic scales, price-computing instruments, body fat scales, infrared temperature measurement instruments, atomizers and proximity sensors.</div>
Applications		BLDC Motors	<div>Electric tools, gardening tools, air purifiers, vacuum cleaners, DC fans, ceiling fans, computer fans, electric bicycles and electric scooters.</div>
		Voice Products	<div>Electronic keyboards, percussion instruments, music synthesizers, early education toys, and offline voice recognition product areas.</div>



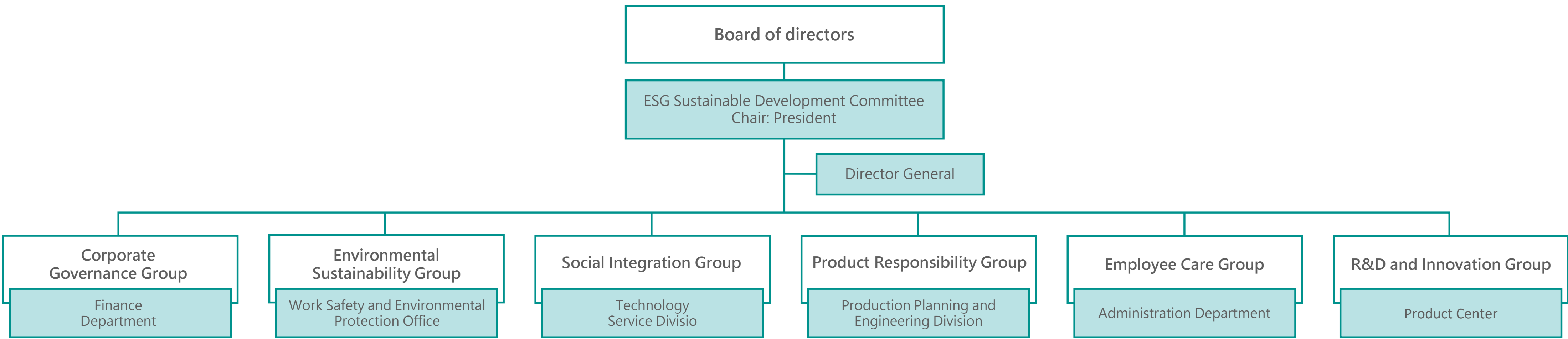
# ESG Sustainable Development Committee

Holtek has been committed to practicing corporate social responsibility and paying attention to the rights and interests of stakeholders for many years. While maintaining sustainable operation and profitability, the Company has successfully established the ESG Sustainable Development Committee, which combines the operational core to establish strategic sustainable directions and project promotion. The Company established the Corporate Social Responsibility Committee in 2018 and renamed it to the ESG Sustainable Development Committee in 2021. The chairman designated the president as the chair of the Committee with six working groups, namely environmental sustainability, corporate governance, employee care, R&D innovation, product responsibility, and social integration. The members come from relevant departments, and middle and senior executives are appointed as group leaders to coordinate relevant affairs, including formulating and reviewing the Company’s corporate social responsibility and sustainable development policies, management guidelines, and specific promotion plans.

Each year, the company regularly reports to the Board of Directors on the annual ESG sustainability performance and key significant events, including policy goals, key sustainability plans, and performance results for the Board’s approval. In 2023, no major incidents were identified. In July 2023, proposals submitted to the Board of Directors included: corporate social responsibility performance, communication with stakeholders, performance evaluations of the Board and functional committees, and specific achievements in corporate governance. The Board of Directors listened to management’s report on the progress of major ESG issues and provided feedback on the feasibility of strategies presented. The Board also urged management to make timely adjustments where necessary.

**Note:** Holtek defines significant events as transactions or events involving an amount equal to or exceeding 20% of the company’s paid-in capital, 10% of total assets, or NT\$300 million. If a significant event occurs that affects stakeholders, the responsible unit must report the matter and the resolution plan to the ESG Sustainability Development Committee.

The board of directors will listen to the management’s report on the progress of material ESG issues, provide feedback on the feasibility of the strategies based on the content of the management’s report, and urge the management in a timely manner to make adjustments.



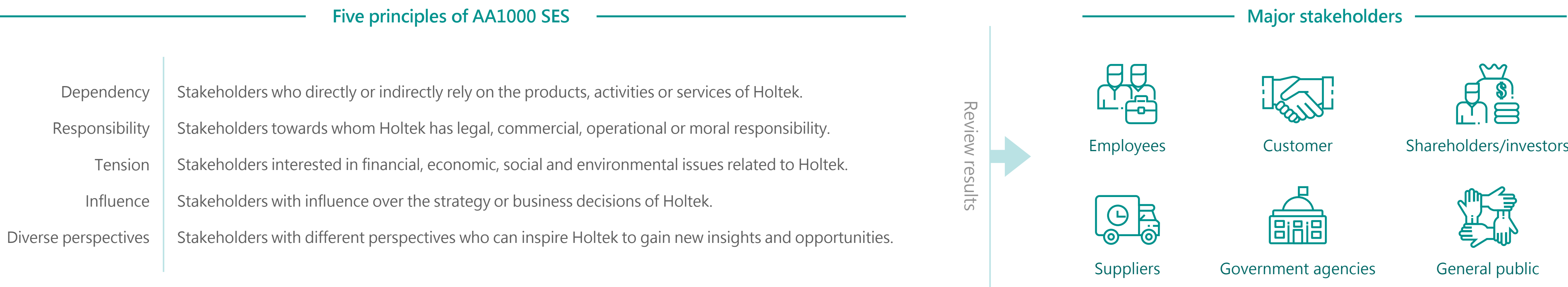


# Stakeholder Engagement

"Stakeholders" generally refer to groups or individuals that influence or are influenced by the goals of an organization. As a publicly listed company, Holtek's business development involves multiple stakeholders. To ensure that the report can be more accurately focused and achieve effective communication, it is necessary to identify the company's key stakeholders. Through input from various departments within the company, a list of stakeholders is created, which is then consolidated, summarized, and discussed by the ESG Sustainability Committee members. This process establishes mechanisms for stakeholder communication and identification, serving as a reference for the company's corporate social responsibility (CSR) and future operational development plans, with the goal of realizing the value and positive impact of corporate social responsibility.

## Identify Stakeholders




Holtek refers to the global non-profit organization AccountAbility and uses the five key principles of the AA1000 SES (AA1000 Stakeholder Engagement Standard 2015) — Dependency, Responsibility, Tension, Influence, and Diverse Perspectives — to identify stakeholders. After assessment, six key stakeholder groups for focused communication were identified: employees, shareholders/investors, customers, suppliers, government agencies, and the general public.








### Major Issues of Stakeholder Concern, Communication Channels and Frequency

Holtek continuously communicates and negotiates important issues with various stakeholders through diverse communication channels in an open and transparent manner, in order to ensure that the concerns and expectations of various stakeholders are included in Holtek’ s operational strategies and goals, and to respond to stakeholders with substantive operational results. The communication channels with various important stakeholders are summarized as follows:

Stakeholder	Meaning to Holtek and communication purpose	Issue of concern	Communication method and frequency		2023 communication achievements
 <p>Employees</p>	<p>Employees are the most important assets of Holtek and the most important foundation for the Company’ s sustainable operation.</p> <p>Purpose: To improve work efficiency and talent retention rate.</p>	<p>Workplace health and safety Human rights of workers Employee career development Talent attraction and retention</p>	<ul style="list-style-type: none"> <li>Labor-management meeting (quarterly)</li> <li>Occupational Safety and Health Committee (quarterly)</li> <li>Training (irregularly)</li> <li>Employee Welfare Committee meeting (quarterly)</li> <li>Medical staff (irregularly)</li> </ul>	<p>Contact point: Director Li of the Administrative Management Department</p> <p>e-mail : <a href="mailto:liman1103@holtek.com.tw">liman1103@holtek.com.tw</a></p>	<ul style="list-style-type: none"> <li>Regular health check-ups, various benefits, social club activities, and regularly organized health promotion activities. A total of 5,780 hours and 3,353 participants in internal and external employee education and training.</li> <li>Quarterly labor-management meetings and Occupational Safety and Health Committee meetings are held, with internal mailboxes and department meetings set up to provide channels for two-way communication between employees and supervisors.</li> <li>No whistleblower cases were reported in 2023.</li> </ul>
 <p>Shareholders / investors</p>	<p>The support of shareholders and investors is the sustainable support of Holtek.</p> <p>Purpose: Create continuous and stable profits to maximize the returns to shareholders</p>	<p>Operational performance Ethical corporate management Risk management Corporate Governance Information Security</p>	<ul style="list-style-type: none"> <li>General shareholders’ meetings (May each year).</li> <li>Corporate briefings (quarterly)</li> <li>Monthly Revenue Announcements (once per month)</li> <li>Domestic and International Meetings (irregular)</li> </ul>	<p>Contact point: Ms. Wang, Investor Relations and News Contact</p> <p>e-mail : <a href="mailto:ir@holtek.com.tw">ir@holtek.com.tw</a></p>	<ul style="list-style-type: none"> <li>Hold quarterly in-person/online investor conferences, with a total of 4 events throughout the year.</li> <li>Hold an annual general meeting in the second quarter to present financial and operational information.</li> <li>Organize more than 15 in-person and online investor meetings throughout the year.</li> <li>Report significant information in English, disclose quarterly financial reports, shareholder meeting annual reports, and related materials in English. Major announcements and information are disclosed in both Chinese and English.</li> </ul>
 <p>Customer</p>	<p>Holtek is committed to providing high-quality products and services, hoping to meet customers needs and expectations.</p> <p>Purpose: To provide products that better meet customer needs.</p>	<p>Product quality and delivery time Supply chain management Engineering technology and application capabilities</p>	<ul style="list-style-type: none"> <li>Senior executive customer visit (irregularly)</li> <li>Customer satisfaction survey (regularly)</li> <li>Agent business meeting (regularly)</li> </ul>	<p>Contact point: The Company’ s website has a dedicated section for stakeholders to establish communication channels between business units and various regions, as well as dedicated responsible persons, phone numbers and emails.</p>	<ul style="list-style-type: none"> <li>Conduct annual customer satisfaction surveys, with an overall average satisfaction score of 4.47 out of 5.</li> <li>Hold monthly business meetings and technical seminars with major distributors</li> <li>100% submission of green products complying with RoHS, REACH, and lead-free standards to customers.</li> <li>In 2023, no complaints were received regarding the infringement of customer privacy.</li> </ul>

If these issues are linked to material issues, please refer to the Material Management Principles.



Stakeholder	Meaning to Holtek and communication purpose	Issue of concern	Communication method and frequency		2023 communication achievements
 Suppliers	<p>Suppliers are important partners in the operation of the Company, and through close cooperation, we strive for enterprise sustainability together</p> <p>Purpose: To ensure the quality of supplier services and maintain good supplier relations.</p>	<p>Implementation of green products Supplier services and privacy Payment ability and financial risks</p>	<ul style="list-style-type: none"> <li>Supplier business meeting (irregularly)</li> <li>Supplier evaluation (quarterly)</li> <li>Supplier audit and quality inspection (regularly)</li> <li>Supplier ISO certification (regularly)</li> </ul>	<p>Contact point: Deputy Manager Zeng of the Quality Assurance Department</p> <p>e-mail : <a href="mailto:jadis@holtek.com.tw">jadis@holtek.com.tw</a></p>	<ul style="list-style-type: none"> <li>Hold monthly meetings with key suppliers to review quality issues.</li> <li>Conduct quarterly supplier evaluations to ensure compliance with supplier standards.</li> <li>Completed 40% of supplier video audits (on-site audits were not possible due to the ongoing impact of COVID-19).</li> <li>100% of major Taiwanese partner suppliers have obtained ISO 14001 Environmental Management System certification.</li> </ul>
 Government agencies	<p>Follow the laws and regulations of government agencies, and comply in carrying out inspections and supervision.</p> <p>Purpose: To comply with laws and regulations to ensure that the Company implements corporate governance practices.</p>	<p>Corporate Governance and Operational Performance Risk Management Integrity and Compliance Climate Change</p>	<ul style="list-style-type: none"> <li>Public Information Observation Post</li> <li>Announcements (irregular)</li> <li>Government Agency Websites</li> <li>Public Government Policies/Regulations Official Correspondence</li> </ul>	<p>Contact point: Ms. Wang, Investor Relations and News Contact</p> <p>e-mail : <a href="mailto:ir@holtek.com.tw">ir@holtek.com.tw</a></p>	<ul style="list-style-type: none"> <li>Corporate governance evaluation ranked in the 21% to 35% range among listed companies.</li> <li>Implemented regulatory compliance by attending promotional meetings and promptly communicating with regulatory authorities to execute required tasks.</li> <li>Irregularly confirm financial report audits and other major accounting and audit issues with accountants.</li> <li>No significant legal violations occurred in 2023.</li> </ul>
 General public	<p>Actively interact with community neighbors and groups to fulfill corporate social responsibility.</p> <p>Purpose: Sustainable operation and appropriately giving back to the society.</p>	<p>Community participation and industry-academia cooperation. Social welfare and charitable donations.</p>	<ul style="list-style-type: none"> <li>Industry-academia cooperation (irregularly).</li> <li>Providing vocational training and practical training opportunities in the enterprise for students (irregularly).</li> <li>Annual Holtek Cup (regularly)</li> <li>Donating to and purchasing products from disadvantaged groups (irregularly)</li> </ul>	<p>Contact point: Ms. Wang, Investor Relations and News Contact</p> <p>e-mail : <a href="mailto:ir@holtek.com.tw">ir@holtek.com.tw</a></p>	<ul style="list-style-type: none"> <li>The Holtek Cup Creative Competition has been held for 18 consecutive years, with NT\$2.53 million invested in 2023, involving 100 teams from 20 universities.</li> <li>Promoted the Holtek University Program, donating equipment and providing teaching support to a national university.</li> <li>Supported National Yunlin University of Science and Technology's interdisciplinary design program by organizing the "International Interdisciplinary Integrated Design Workshop" and the "Creative Wireless Charging Module Design" competition.</li> <li>Purchased holiday gift boxes primarily from disadvantaged groups and promoted locally produced Taiwanese agricultural products, while actively seeking suitable social welfare groups that align with Holtek's donation philosophy.</li> </ul>

If these issues are linked to material issues, please refer to the Material Management Principles.



# Materiality Identification Process

Holtek places great importance on the issues relevant to various stakeholders. To ensure that the contents of the sustainability report align with stakeholder expectations, Holtek follows the 2021 version of the GRI Standards for sustainability reporting. Through discussions within the ESG Sustainability Task Force, Holtek identifies sustainability issues of concern to internal and external stakeholders. These issues are then analyzed and ranked based on both internal and external relevance, leading to the identification of Holtek's material topics for 2023. This information is used to create a materiality matrix, clearly illustrating the distribution of topics valued by stakeholders. This approach helps Holtek effectively understand the relationships and intensity between material topics and continuously monitor trends and develop strategies to address important issues.

## Step 1: Summarize Sustainability Issues

The collection of sustainability issues considers the Taiwan Stock Exchange's regulations for the preparation and submission of sustainability reports by listed companies, the GRI Standards, and international mainstream sustainability indicators (such as the United Nations Sustainable Development Goals (SDGs), the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD), the MSCI Sustainability Index, the Responsible Business Alliance (RBA) Code of Conduct, etc.). It also takes into account relevant topics in the domestic and international semiconductor industries, as well as the company's medium- and long-term vision and daily operations. Through comprehensive evaluation, 15 sustainability issues were identified, covering aspects such as corporate governance, economics, environment, climate change, human rights, and employee care, which serve as the topics for exploring material issues.

## Step 2: Analyze the Impact of Issues on Company Operations

Following the updated definition of materiality in the GRI Standards (2021), the Sustainability Report Task Force engaged in discussions to analyze the impact of each issue on the company's sustainable operations, and identified material issues.

## Step 3: Prioritization of Material Issues

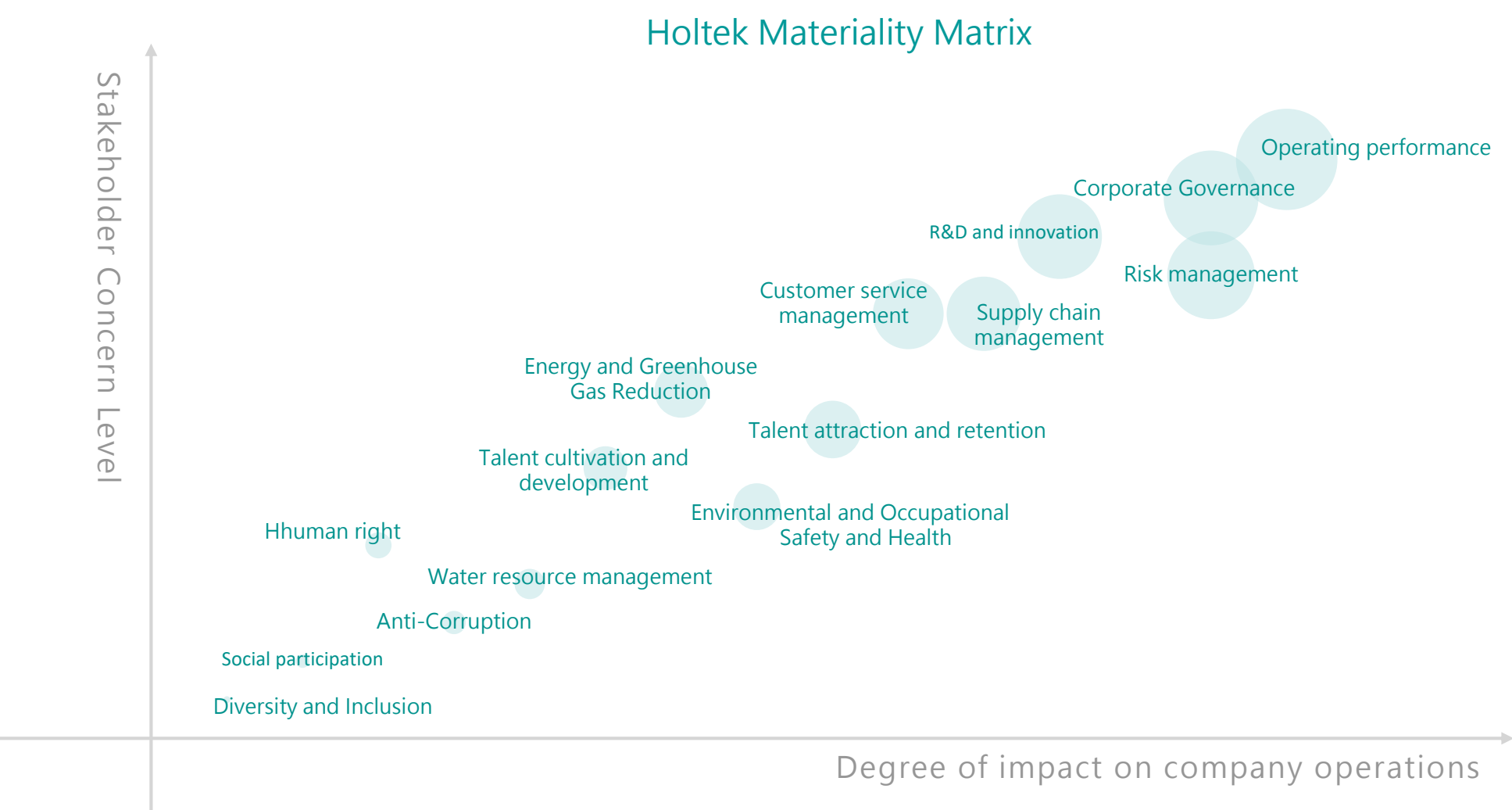
Based on the results of Step 2, which assessed stakeholder concerns, a matrix analysis was conducted to select the 10 sustainability issues with the greatest impact on operations and highest levels of stakeholder concern. These include operational performance, corporate governance, sustainable supply chain management, talent attraction and retention, and energy and greenhouse gas reduction. For these 10 sustainability issues, the positive and negative impacts on the economy, environment, and people were ranked and discussed with the Sustainability Development Committee, resulting in the identification of Holtek's key sustainability issues for 2023.

## Step 4: Define the Scope Boundaries of Material Issues

Define the impact boundaries of each material issue within the value chain to ensure that Holtek's strategic layout and influence in the three major areas—economic, environmental, and social—are fully reflected and highly relevant, as well as to assess the intensity of potential impacts. Please refer to the section on Holtek's 2023 Material Topic Management Guidelines for more details.

## Step 5: Review and Discussion

Holtek's material topics are identified through internal impact assessments and the integration of stakeholder perspectives. The final decision is confirmed by the highest responsible person of the Sustainability Development Committee. Moving forward, we will continue to engage with stakeholders regularly and on an ad-hoc basis to understand the positive and negative impacts Holtek faces, as well as external stakeholder expectations. Through the annual materiality identification process, we will consolidate internal and external perspectives to define key sustainability topics. For each material topic, Holtek establishes management guidelines and action plans, setting goals and indicators based on data-driven strategies. Progress is tracked regularly to ensure effective outcomes.

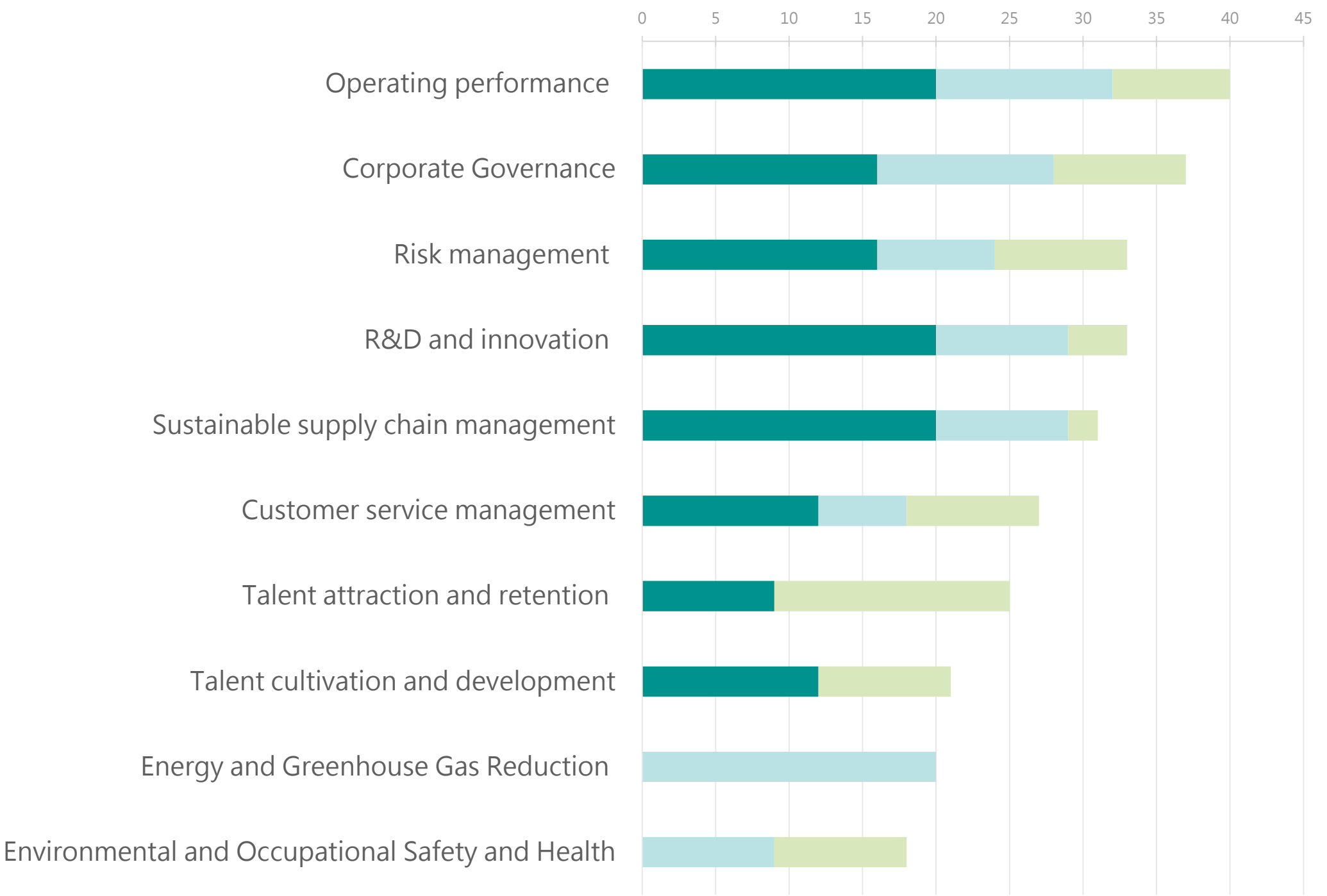




Materiality Impact Significance Assessment

1. Quantitative Impact Assessment: The positive and negative impacts of material issues on the economy, environment, and people (including human rights), as well as the likelihood of occurrence, are each scored on a scale of 1 to 5. Internal discussions and scoring are conducted by relevant departments, and the Sustainability Development Committee working group consolidates the results. An example is as follows:
2. Materiality Impact Assessment Results: The Sustainability Development Committee working group calculated the quantitative impact results of the 10 material issues. After considering recommendations from the management team, the following assessment results were obtained:

Major issues	Actual and potential impact											
	Economy				Environment				People (including human rights)			
	Degree of impact		Probability		Degree of impact		Probability		Degree of impact		Probability	
	Positive	Negative	Positive	Negative	Positive	Negative	Positive	Negative	Positive	Negative	Positive	Negative
Operating performance	5		4		4		3		4		2	
Corporate Governance	4		4		4		3		3		3	
Risk management	4		4		4		2		3		3	
R&D and innovation	4		5		3		3		2		2	
Sustainable supply chain management	5		4		3		3		2		1	
Customer service management	4		3		3		2		3		3	
Talent attraction and retention	3		3						4		4	
Energy and Greenhouse Gas Reduction					5		4					
Environmental and Occupational Safety and Health					3		3		3		3	
Talent cultivation and development	4		3						3		3	





Each important sustainability issue identified by Holtek covers the impact boundary in the value chain, in order to ensure that it fully reflects the three major aspects of environment, people and corporate governance, and to define the disclosure status of entities within and outside the organization:

● Direct impact ○ Indirect impact

Material topic	Corresponding topic-specific GRI Standards	Importance to Holtek	Within the organization		Outside the organization				
			Holtek	Employees	Customer	Shareholders/investors	Suppliers	Government agencies	Social groups
Operating performance	201-1	In order to meet the key economic development requirements of the current market, Holtek provides customers with the most complete system design support and services based on the principle of customer orientation. We are committed to pursuing sustainable operation and stable profits, contributing to the growth of global partners, and working together to create diverse values.	●	●	●	●	●		
Corporate Governance	205-02, 205-03, 206-01	Continuously strengthen the functions of the board of directors, refine the corporate governance system in accordance with the requirements of laws and corporate governance evaluation, while safeguarding the rights and interests of stakeholders.	●	●	●	●	●		
Customer service management	416-02, 418-01	Fully understand customer feedback on Holtek, identify customer concerns, and solve customer problems.	●		●		●	●	
Sustainable supply chain management	308-01, 414-01	Holtek has established a stable and sound supplier system through supplier evaluation and supplier certification, in hopes of maintaining long-term and good cooperative relations with supply chain partners, and to strive for a sustainable supply chain.	●		●		●	●	
R&D and Innovation		Focus on increasing chip integration, reducing product development complexity, enhancing customer loyalty, and improving industry competitiveness to achieve the goals of innovation and sustainable development.	●	●	●	●	○		○
Talent attraction and retention	401-01, 401-02, 401-03, 405-02	Actively recruit outstanding talent and pay attention to talent retention. Provide fair and competitive compensation and benefits, and improve employee engagement and loyalty.	●	●		○			
Risk management		Establishing a comprehensive corporate risk management mechanism and enhancing the company's crisis response capabilities have become essential foundations for sustainable business operations and maintaining corporate competitiveness.	●	●	●	●	○		
Workplace safety and health	403-01, 403-02, 403-03, 403-04, 403-05, 403-06, 403-07, 403-09, 403-10	Build a sound occupational safety and health management system based on the core goal of adhering to the occupational safety and health policy, and regularly review and improve it with the PDCA cycle to ensure work safety and health.	●	●				●	
Talent cultivation and development	404-01, 404-02	Emphasize a sound human resources structure and talent cultivation, build a training system, and provide comprehensive training. Holtek has always attached great importance to a sound human resources structure and talent cultivation, and has constructed a training system based on the Company' s business policies to provide comprehensive training courses.	●	●					
Energy and greenhouse gas emission reduction	302-01, 302-04, 302-05, 305-04, 305-05	In order to reduce and manage greenhouse gas emissions, and to address the development of the global climate change issue, goals and plans are formulated based on the requirements of company operations and stakeholders, and various electricity and raw material conservation plans are implemented to reduce greenhouse gas emissions.	●	●			●	●	



## Material Topic Management Principles

We correspond the material issues obtained from the evaluation to the material topics of the GRI Standards, and establish management policies and evaluation mechanisms and manage related issues in an institutionalized and systematic manner, in order to implement the commitment to corporate sustainable development. We disclose relevant sustainable performance according to the needs of stakeholders to achieve the purpose of communication.

Material topic	Management principle	Positive impact	Negative impact/mitigation and preventive measures	Corresponding specific GRI Standards	Disclosure chapter
Operating performance	Holtek continues to demonstrate strong ambition and continuously develops MCUs that are widely recognized and welcomed by the global market. Holtek provides customers with the most complete system design support and services based on the principle of customer orientation. We are committed to pursuing sustainable operation and stable profit, contributing to the growth of global partners, and working together to create diverse values.	The Russia-Ukraine war, Global inflation and the slowdown in China's economy have led to a sharp decline in demand for consumer electronics. As a result, Holtek is actively expanding into overseas markets. In India, for instance, operations will extend from the current base in Bangalore to Delhi. It is expected that the company's performance in the Indian market will grow by 50% in 2024.	Due to the sluggish end market of consumer electronics, coupled with increasingly fierce price competition among Chinese MCU manufacturers, the Company's inventory level is on the high side. The Company will prioritize inventory reduction while continuously implementing the development of key products, actively reducing related expenses internally, and strengthening the development of overseas markets to provide comprehensive services to global customers.	201-1	1.1 Operating Performance
Corporate Governance	Continuously strengthen the functions of the board of directors, refine the corporate governance system in accordance with the requirements of laws and corporate governance evaluation, while safeguarding the rights and interests of stakeholders.	Implementing laws and regulations and cooperating in the execution of inspection and supervision: An effective corporate governance framework has been established to protect shareholder rights and interests, strengthen the functions of the board of directors, improve the functions of the Audit Committee/Compensation Committee, respect the rights and interests of stakeholders, improve information transparency, and continue to maintain a ranking of 6% to 20% in the corporate governance evaluation.	Holtek has further standardized the management of major internal information, disclosed succession planning and operations, and increased board seats for female directors in response to international trends. We have already completed the following: 1. By establishing governance structures and implementing internal control mechanisms, we ensure that all personnel and operations within the company adhere to relevant laws and regulations. 2. Formulated succession plans for board members and important management personnel. 3. One female director was selected in the election of directors to improve the diversity of the board.	205-02, 205-03, 206-01	1.2 Company Structure
Customer service management	Fully understand customer feedback on Holtek, identify customer concerns, and solve customer problems.	The Company has established a sales and technical service system that is different from those of other competitors and serves customers from the perspective of customers. This has gained the recognition and affirmation from customers in the global competitive environment.	During the COVID-19 pandemic, customer visits decreased and most communication was done through video or email. In the future, we will gradually increase the frequency of customer visits and communicate face-to-face with them to exchange opinions and assist them in solving problems.	416-02, 418-01	3.1 Customer Service
Sustainable Supply Chain Management	Enhance the sustainable quality of the supply chain and work with suppliers to prioritize issues related to quality, green products, safety, health, and environmental protection.	Strive for the best cooperation in aspects such as quality, delivery time, service and price: 1. Establish a competitive supply environment. 2. Select suppliers, eliminating weak ones while retaining strong ones. 3. Cost down and risk diversification.	1. 2023 was the most chaotic year in terms of production and sales. Rapidly decreased due to a drop in market demand, caused the Company's inventory has increased, leading to a larger gap between production and sales than expected. Therefore, Holtek slowed down the production of the wafer factory and reduced the outsourcing of the packaging and testing factory. 2. Holtek's demand on social responsibility in the supply chain is relatively weak. Therefore, Holtek added in the New Outsourced Vendor Evaluation Application Form the evaluation item of whether the supplier has introduced the SA8000 social responsibility standard.	308-01, 414-01	3.3 Sustainable Supply Chain Management



## Material Topic Management Principles

We correspond the material issues obtained from the evaluation to the material topics of the GRI Standards, and establish management policies and evaluation mechanisms and manage related issues in an institutionalized and systematic manner, in order to implement the commitment to corporate sustainable development. We disclose relevant sustainable performance according to the needs of stakeholders to achieve the purpose of communication.

Material topic	Management principle	Positive impact	Negative impact/mitigation and preventive measures	Corresponding specific GRI Standards	Disclosure chapter
R&D and Innovation	<p>Technological Leadership Advantage: By continuously innovating and conducting research and development, we can maintain a leading position in the technology field and gain a competitive edge in the market.</p> <p>Continuous Product Improvement: Innovative research and development enable the company to enhance the performance, power consumption, and functionality of existing products, allowing us to offer higher quality and more advanced products that meet market demands.</p> <p>Expanding Application Areas: Developing customized solutions tailored to the needs of different markets and industries, thereby broadening the product’s range of applications and further enhancing market competitiveness.</p> <p>Technology Transfer and Commercialization: Technology can be converted into practical products and services through methods such as technology transfer, licensing, and partnerships, thereby realizing its commercial value.</p> <p>Reducing Material Usage: Higher integration levels reduce the number of components used, enhance production efficiency, and decrease waste when products are disposed of, aligning with green and environmental sustainability goals.</p> <p>Systematic Management: Assessing R&amp;D capabilities, development costs, and promotion cycles helps the company manage its resources and costs more effectively.</p>	<ol style="list-style-type: none"><li>1. Technological leadership advantage: Through continuous innovative R&amp;D, the Company can keep its leading position in the field of technology and win a competitive advantage in the market.</li><li>2. Continuous product Improvement: Innovative R&amp;D enables the Company to improve the performance, power consumption, functionality, and other aspects of existing products, thus providing higher quality and more advanced products to meet market demands.</li><li>3. Expanding application areas: Develop customized solutions tailored to different market and industry needs, thereby expanding the application range of products and further improving market competitiveness.</li><li>4. Technology transfer and commercialization: Technology can be transformed into actual products and services through means of technology transfer, technology authorization and partnerships to achieve commercial value.</li><li>5. Creating job opportunities: Innovative R&amp;D activities can create more job opportunities, attract and cultivate high-quality professional talent, and promote the cultivation and development of technological talent.</li><li>6. Promoting industry development: Helps to promote the progress and development of the entire industry, and brings more business opportunities and economic growth.</li></ol>	<p>Holtek is facing the following negative impacts in innovative R&amp;D, and has taken preventive measures:</p> <ol style="list-style-type: none"><li>1. Technological change: The emergence of new technologies and design methods may have an impact on our existing design processes and skill requirements.</li><li>2. Increasingly complex design: The increasing complexity of IC design may put pressure on the design team as the design process becomes more difficult. Strengthen modular design and simulation testing to shorten the R&amp;D cycle and increase the coverage of simulation testing.</li><li>3. Market pressure: Market pressure often forces the Company to shorten the design cycle and release products early. This may increase errors and risks, affecting product quality.</li><li>4. Continuous learning and skill updates: Design teams should maintain their learning of new technologies and design methods, and continuously update their skills.</li><li>5. Technical research and evaluation: Pay attention to industry trends and technological developments, and conduct technical research and evaluation to ensure which technologies have the most impact on our own business.</li><li>6. Emphasis on quality and validation: Conduct strict validation processes, including the use of simulation, testing and validation tools to ensure product reliability and performance.</li><li>7. Risk management: When facing market pressure, the Company shall conduct risk assessments and develop response strategies.</li><li>8. Team collaboration and communication: Promote collaboration and rational communication within and outside the team to reduce disputes among departments</li></ol>	-	CH2 R&D and Innovation



Material Topic Management Principles

We correspond the material issues obtained from the evaluation to the material topics of the GRI Standards, and establish management policies and evaluation mechanisms and manage related issues in an institutionalized and systematic manner, in order to implement the commitment to corporate sustainable development. We disclose relevant sustainable performance according to the needs of stakeholders to achieve the purpose of communication.

Material topic	Management principle	Positive impact	Negative impact/mitigation and preventive measures	Corresponding specific GRI Standards	Disclosure chapter
Talent attraction and retention	Actively recruit outstanding talent and pay attention to talent retention. Provide fair and competitive compensation and benefits, and improve employee engagement and loyalty.	Holtek has been selected as a constituent stock of the Taiwan High Compensation 100 Index for nine consecutive years. In addition to year-end bonuses and employee dividends, employees share the Company's operating profits, while the Company provides a good work environment and conditions for employees and takes into account their physical and mental health, in order to achieve a balance between work and life.	Although Holtek continues to provide job opportunities for people with physical and mental disabilities in the hope to attract more suitable people with physical and mental disabilities, due to the characteristics of the work, the annual weighted ratio of employees with physical and mental disabilities is less than 1% of the total employees, and the Company has paid the subsidy difference according to law. Additionally, Holtek has engaged the Hsinchu Employment Center to post job vacancies that comply with the Employment Rights Protection Act for Persons with Disabilities, and continues to strive for full employment of qualified individuals.	401-01, 401-02, 401-03, 405-02	5.2 Talent Attraction and Retention
Risk management	Improve the enterprise risk management mechanism, regularly evaluate and review it to reduce the negative impact of unexpected events on the enterprise, respond to potential crises, and pursue corporate sustainable operation.	A "Risk Management Policy" has been established as the highest guiding principle for risk management. Additionally, crisis response strategies have been formulated and implemented to ensure the company's continuous operation and to mitigate the impact of potential risks.	In July 2023, the "Risk Management Committee" was established under the supervision of the Audit Committee. The committee is responsible for formulating risk management policies, planning significant risk management matters, driving and coordinating risk management activities, and overseeing improvements in risk monitoring.	-	1.4 Risk Management
Workplace safety and health	Build a sound occupational safety and health management system based on the core goal of adhering to the occupational safety and health policy, and regularly review and improve it with the PDCA cycle to ensure work safety and health.	Good occupational health and safety are key to the sustainable operation of enterprises. Comply with regulatory obligations, effectively control and mitigate hazards through risk assessment management, training, equipment management, and so on, and carry out safety and health management based on ISO 45001-1 to construct a healthy and safe workplace environment and create a good corporate social image.	Although the Company has had no occupational injuries in the work environment, employees on and off duty still have frequent traffic accidents. As employees are the most important asset of an enterprise, to reduce the occurrence of traffic accidents, the Company regularly advocates and invites professional external lecturers to share road safety tips, so as to enhance the awareness of employees on safe driving and reduce the number of traffic accidents.	403-01, 403-02, 403-03, 403-04, 403-05, 403-06, 403-07, 403-09, 403-10	4.1 Environmental and Occupational Safety and Health
Talent cultivation and development	Ensure that employees have comprehensive training resources and learning environment, stimulate their potential, and cultivate the Company's core technologies.	A good talent cultivation policy is an important cornerstone for the sustainable operation of an enterprise. Holtek is people-oriented and focuses on developing employees' personal potential and professional interests, as well as cultivating a new generation of professional and technical talent through programs such as industry-academia cooperation and campus recruitment.	In the past, Holtek lacked diversified courses in talent cultivation and only focused on professional and management courses. In recent years, with the approval of the Education and Training Committee, it has gradually added courses in work, life and general education for diversity in talent cultivation and development.	404-01, 404-02	5.3 Employee Development and Training
Energy and greenhouse gas reduction	In order to reduce and manage greenhouse gas emissions, and to address the development of the global climate change issue, goals and plans are formulated based on the requirements of company operations and stakeholders, and various electricity and raw material conservation plans are implemented to reduce greenhouse gas emissions.	In 2023, following the guidance of the Environmental Protection Agency, the Company conducted its own inventory of Scope I and Scope II. With total carbon emissions of less than 25,000 tons, the Company is not a controlled public institution under the Agency. The Greenhouse Gas Inventory Promotion Group also reduced and managed greenhouse gas emissions by upgrading to energy-saving equipment and implementing energy-saving production management.	Greenhouse gases are currently inventoried by the Company and have not been verified by a third-party company, making them less credible. In order to improve the quality and effectiveness of the data, third-party certification will be evaluated in 2023. It is expected that a credible third party will conduct the certification according to ISO 14064-1 in 2026.	302-01, 302-04, 302-05, 305-04, 305-05	4.3 Energy and Greenhouse Gas Reduction



United Nations Sustainable Development Goals (SDGs)

Holtek has the responsibility and obligation to participate in the tasks of SDGs and looks forward to helping more people in the future. Through the implementation of the SDGs, the Company is committed to eradicating poverty, creating economic growth, protecting the ecological environment, and reducing inequality.

SDGs  
Target

16Peace, justice and strong institutions



8Decent work and economic growth



3Good health and happiness



4Quality education



17Partnerships for the goals



Material issues	Corporate Governance		Operating performance	Risk management	Healthy workplace	Employee development and training	Sustainable supply chain management
Promotion measures	<ul style="list-style-type: none"><li>Holtek refers to the guidance of the competent authority to formulate practical rules for corporate governance, upholds legal compliance awareness when engaging in all business activities, fulfills corporate governance responsibility, establishes a good corporate governance system, and maintains smooth communication channels with stakeholders to safeguard their legitimate rights and interests.</li></ul>		<ul style="list-style-type: none"><li>In the face of rapid changes in the overall economy, we will continue to research and innovate, pursue stable profits, and achieve the goal of sustainable operation.</li></ul>	<ul style="list-style-type: none"><li>Improve the enterprise risk management mechanism, regularly evaluate and review it to reduce the negative impact of unexpected events on the enterprise, respond to potential crises, and pursue corporate sustainable operation.</li></ul>	<ul style="list-style-type: none"><li>Provide a safe, healthy and friendly work environment.</li><li>Commit to promoting a healthy workplace, enhancing employees' independent health management, and reducing disease risks.</li><li>Implement employee health checks to track major abnormalities and promote physical and mental health through prevention and treatment.</li><li>Promote consultation on the protection of maternal health.</li><li>Strengthen the ability to manage health risks.</li><li>Conduct physician on-site consultation services to take care of the physical and mental health of employees.</li></ul>	<ul style="list-style-type: none"><li>Strengthen the functional capability training of basic, intermediate, and high-level supervisors.</li><li>Provide a diverse learning environment and systematic training resources, as well as an internal/external training management system.</li></ul>	<ul style="list-style-type: none"><li>Regularly conduct annual supply chain vendor audits, continuously track and review deficiencies for high-risk vendors, and request them to make improvements.</li></ul>
Corresponding chapter or section	CH1 Corporate Governance		1.1 Operating Performance   1.4 Risk Management		5.5 Healthy Workplace	5.3 Employee Development and Training	3.3 Sustainable Supply Chain Management



SDGs  
Target

9 Industry, Innovation and Infrastructure



10 Reducing inequality




5 Gender equality



12 Responsible consumption and production



8 Decent work and economic growth



Material issues	R&D and Innovation				Global layout to attract outstanding talent				Implement green operations				Employee benefits			
Promotion measures	<ul style="list-style-type: none"><li>■ Increase computation speed</li><li>■ Reduce product power consumption</li><li>■ Focus on the fields of security and healthcare.</li></ul>				<ul style="list-style-type: none"><li>■ Actively attract talent through global market layout and innovative R&amp;D. The core value of talent recruitment is cultural identity and talent selection.</li><li>■ Holtek is committed to respecting human rights and treating talent of different genders, religions, races, nationalities and political parties equally. We also respect international human rights norms in related activities and implement the Responsible Business Alliance (RBA) Code of Conduct.</li><li>■ We prohibit forced labor, the use of child labor, and discrimination to ensure humane treatment and freedom of association. In 2023, employees participated in training courses related to human rights protection 1,748 times, totaling 2,717 hours.</li></ul>				<ul style="list-style-type: none"><li>■ Implement environmental protection and continuously reduce greenhouse gas emissions.</li><li>■ 100% of the materials are compliant with RoHS and REACH without halogen.</li><li>■ Increase disclosure of water and waste information.</li><li>■ Continuously release sustainability reports to increase the quality of information disclosure.</li><li>■ Conflict mineral management: Due diligence and effective avoidance of conflict mineral sources is carried out to meet customer demands and increase product prices.</li></ul>				<ul style="list-style-type: none"><li>■ Improve employee literacy, proactively care for employees, and establish a plan for employee health and well-being, with the goal of optimizing their welfare.</li></ul>			
Corresponding chapter or section	CH2 R&D and Innovation				5.2 Talent Attraction and Retention				CH4 Environmental Sustainability				5.4 Salary and Benefits			



# 01

## Corporate Governance CH1

- 1.1 Operating Performance
- 1.2 Governance Framework
- 1.3 Ethics and Integrity
- 1.4 Risk Management
- 1.5 Information Security Management
- 1.6 Participation in Associations and Organizations



### Corporate Governance Evaluation

21~35 %

The Company's performance in the 2023 Corporate Governance Evaluation ranked among 21% to 35% of listed companies.

### Attendance rate of the board of directors

98 %

In 2022, the actual attendance rate of the board of directors reached 98%, fully demonstrate the effective operation of the Board of Directors.

### Financial performance

25.96 billion

In 2023, the revenue reached NT\$2.596 billion, the net profit was NT\$0.112 billion, the gross margin reached 50.4%, and EPS was NT\$0.49.

### Educational Training Courses on Ethical Management

645 / 286  
hours participants

In 2023, a total of 286 participants attended educational training courses related to ethical management, with a combined total of 645 hours.

### Directors' continuing education

6 hours

In 2023, all directors of the Company completed 6 hours of continuing education in accordance with regulations to protect the Company's core values and professional abilities.

### Evaluation of the performance of the Board of Directors

Excellent

The performance of the entire board of directors and functional committees meets the standards.



1. Corporate Governance

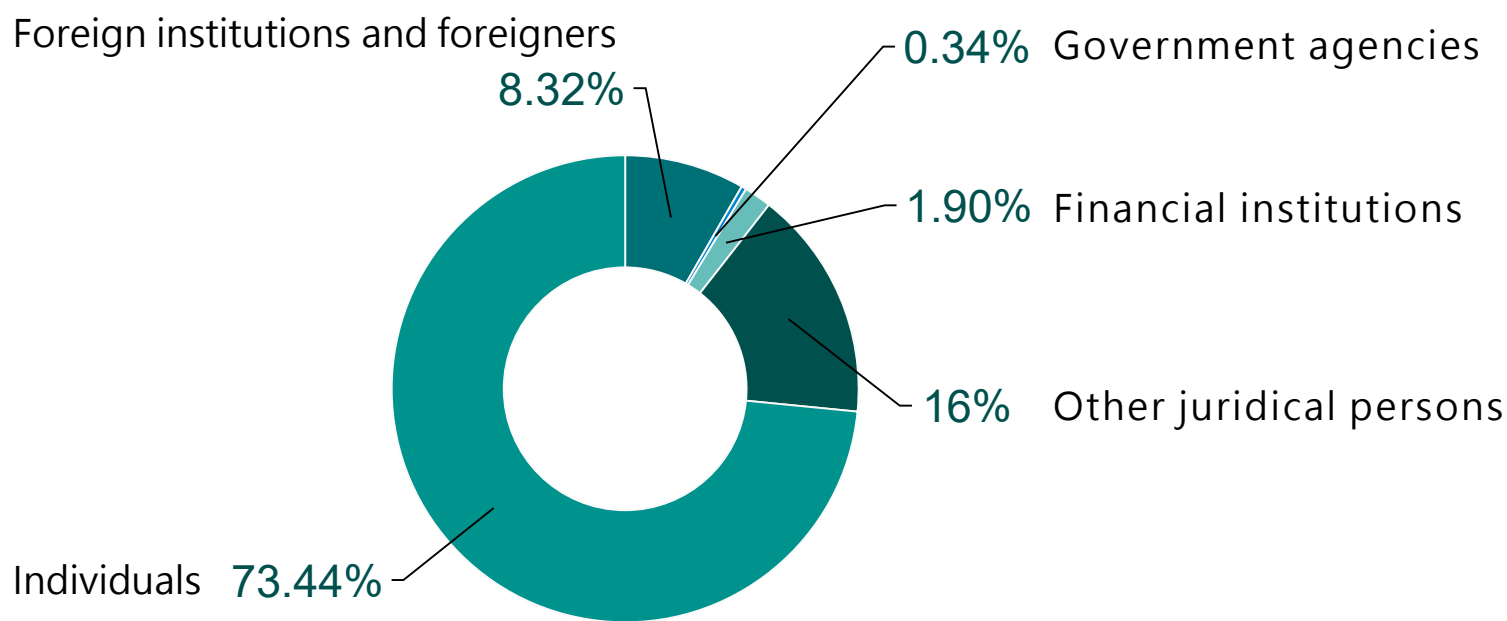
In addition to complying with the Company Act of the Republic of China, the Securities and Exchange Act, and other relevant regulations, the company has also established the "Corporate Governance Best Practice Principles," the "Ethical Corporate Management Best Practice Principles," the "Procedures for Internal Material Information Processing," the "Insider Trading Prevention Measures," and the "Risk Management Policy" as guidelines for building an effective corporate governance framework.. These are intended to protect shareholders' rights, strengthen the functions of the Board of Directors, respect the rights of stakeholders, and enhance information transparency. The company aims to achieve sustainable business operations and improve performance through effective corporate governance practices.

Material topics	Goals for 2023	Actual performance in 2023	Goals for 2024	Mid-term goals	Long-term goals
Operating performance	<ul style="list-style-type: none"><li>* Maintain stable revenue growth</li><li>* Increase in the market share growth of 32 bits MCU.</li><li>* Maintain a flexible and robust financial system to support various R&amp;D business needs.</li></ul>	<ul style="list-style-type: none"><li>* 2023 revenue was 2.596 billion, with a gross profit margin of 50.4%.</li><li>* In 2023, R&amp;D expenses amounted to NT\$812 million, accounting for 31% of operating revenue.</li></ul>	<ul style="list-style-type: none"><li>* Maintain stable revenue growth</li><li>* Increase the proportion of overseas revenue.</li><li>* Focus on various consumer and commercial end-use products, assisting brand clients in providing solutions to drive business growth.</li></ul>	<ul style="list-style-type: none"><li>* Improve the Company' s operating income and gross profit margin on a long-term basis.</li><li>* Continue innovating, reduce chip costs, ensure competitive pricing, and increase profit margins</li></ul>	Pay attention to industry dynamics and market trends, analyze threats from competitors, and strengthen the company's R&D and innovation advantages to meet shareholder expectations and increase investor confidence
Corporate Governance	<ul style="list-style-type: none"><li>* Rank among the top in the Corporate Governance Evaluation for listed companies 6%-20%</li><li>* The attendance rate of the board of directors shall not be less than 90%.</li></ul>	<ul style="list-style-type: none"><li>* Corporate governance evaluation ranks in the top 21%-35% of listed companies.</li><li>* Board meeting attendance rate: 98%.</li></ul>	<ul style="list-style-type: none"><li>* Corporate governance evaluation ranks in the top 6%-20% of listed companies.</li><li>* Board meeting attendance rate is not less than 90%.</li></ul>	<ul style="list-style-type: none"><li>* Continuously improve the management mechanism of functional committees and strengthen the board of directors' corporate governance.</li><li>* No major legal violations.</li></ul>	
Risk management	Enhancement of the employees' risk awareness.	<ul style="list-style-type: none"><li>* In July 2023, a Risk Management Committee was established to improve corporate risk management.</li><li>* In 2023, the total hours of occupational safety and health education and training amounted to 2,197.6 hours, an increase of 60% compared to 2022.</li></ul>	<ul style="list-style-type: none"><li>* Enhance the employees 'risk awareness.</li><li>* Strengthen the control and management of major risks</li></ul>	Each unit conducts risk identification, assessment and response for the medium to long-term internal and external risks of the enterprise, and reduces enterprise risks and achieves enterprise goals.	

Shareholder Structure

March 31, 2024 | Unit: shares

Quantity/shareholder structure	Government agencies	Financial institutions	Other juridical persons	Individuals	Foreign institutions and foreigners	Total
Number of people	3	8	245	47,930	139	48,325
Shares held	779,380	4,300,330	36,185,731	166,088,208	18,814,551	226,168,200
Shareholding ratio (%)	0.34%	1.90%	16.00%	73.44%	8.32%	100%





1.1 Operating Performance

- In 2023, as the global semiconductor market faced a sharp decline in consumer end-market demand and excessively high inventory levels across the supply chain, product prices fell rapidly, and competition intensified. This resulted in a significant impact on the company's annual revenue, gross profit margin, and net profit, with a 57% decrease compared to the previous year. The total annual consolidated revenue amounted to NT\$2.596 billion. In response to the uncertainties in the macroeconomic environment and broader challenges in 2023, the company expects that the inventory adjustments by distributors will be nearing completion in the first half of 2024. We will diversify our product offerings and establish a unique sales and technical service system distinct from other competitors, aiming to gain customer recognition and approval in the highly competitive global market.
- In terms of business development, with the establishment of offices around the world and the deepening of strategic cooperation with clients, we are actively expanding into overseas markets to increase the proportion of overseas revenue.
- In terms of product development, we will continue to innovate and strengthen our existing product lines. Additionally, in line with the global trend of AIoT development, we have launched several development projects in areas such as Arm® Cortex®-M4 32-bit MCU, BMduino, modules, digital sensors, and algorithms. These projects aim to meet the application needs of customers in different fields and enhance product differentiation and mass production efficiency.
- In the future, we will expand the application range of 32-bit MCUs across various fields. By collaborating with different specialized partners, we will extend our ecosystem and accelerate the development of products needed by end customers in these applications through the introduction of innovative design solutions.

Proportion of revenue from major products in the past three years

Unit :NT\$ thousand

Main products	2021		2022		2023	
	Revenue	Ratio	Revenue	Ratio	Revenue	Ratio
MCU ICs	5,636,589	78%	4,842,981	81%	2,050,893	79%
Peripheral ICs	1,426,615	20%	1,128,253	19%	519,213	20%
Income from tool development and design	64,546	1%	44,734	-	25,961	1%
Total	7,127,750	100.00%	6,015,968	100.00%	2,596,067	100.00%

Statistics of operational performance in the past three years

	2021	2022	2023	Unit
Paid-in capital	2,261,682	2,261,682	2,261,682	NT\$ thousand
Operating revenue	7,127,750	6,015,968	2,596,067	NT\$ thousand
Gross profit from operations	3,641,699	3,044,369	1,100,598	NT\$ thousand
Income tax	522,147	258,653	(36,464)	NT\$ thousand
Profit for the period	2,044,064	1,106,374	114,741	NT\$ thousand
Earnings per share after tax	9.04	4.89	0.49	NT\$
Net value per share	25.01	20.69	17.86	NT\$
Employee salary and welfare expenses	1,452,324	1,229,121	883,581	NT\$ thousand
Cash dividend	1,031,327	1,837,141	904,673	NT\$ thousand
Community investment	1,838	2,710	1,094	NT\$ thousand
Return on assets	29	15	1.86	%
Return on equity	40	21	2.59	%

Note: For operating costs, please refer to the consolidated comprehensive income statement on page 108 of the annual report.

Dividend policy

- Holtek’ s policy for dividend distribution depends on factors such as the Company’ s current and future investment environment, funding needs, domestic and international competition, and capital budget, while paying attention to shareholder interests, balancing dividends, and the Company’ s long-term financial planning. Every year the board of directors formulates the dividend distribution scheme in accordance with the law and submits it to the shareholders’ meeting. Taking into account the financial situation, business condition and operational factors, the Company drafts the dividend distribution scheme based on the distributable earnings of the year and the earnings in past years, and proposes to the shareholders’ meeting to distribute no less than 50% of the net profit after tax. Among the shareholder dividends, the cash dividend shall not be less than 50% of the total cash and stock dividends distributed to shareholders in the year.

Cash dividend and dividend payout ratio

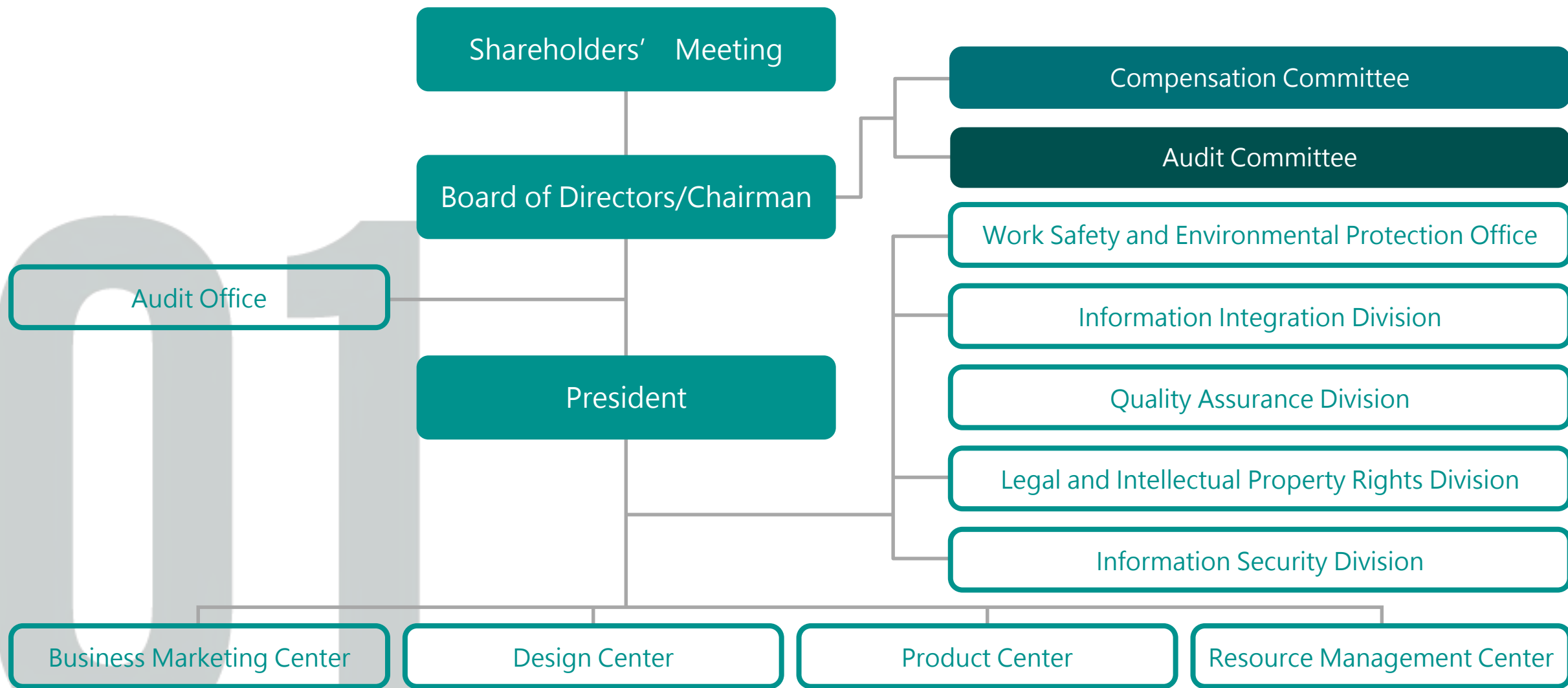
Item / year	2020	2021	2022	2023
Cash dividend	4.56	8.12	4.00	0.45
Payout ratio (%)	100%	90%	82%	92%



1.2 Governance Framework

Company structure

- The company adopts a hierarchical authorization approach, with the Chairman authorizing the General Manager to act as the management representative. The responsibilities are then distributed to various departments for operational tasks. For more information on the corporate governance structure and the operational responsibilities of each department, please refer to our 2023 Annual Report. °
- The Board of Directors is composed of professionals with management experience in the technology industry. In accordance with legislation and regulations set by regulatory authorities, the Board has established an Audit Committee and a Compensation Committee to assist in fulfilling its supervisory responsibilities. These committees help to establish internal corporate governance mechanisms and ensure the implementation of related corporate governance operations.
- Chairman Chi-Yung Wu concurrently holds the position of CEO of the Company. In order to develop and grow Holtek' s MCU business and continue to increase its global market share, Chairman Chi-Yung Wu is appointed as the CEO. Chairman Wu has focused on the operation and management of the semiconductor industry for more than 40 years, and he has the leadership, operational judgment and industrial knowledge. The Company hopes to leverage Chairman Wu' s rich experience and leadership to make Holtek grow and thrive.
- In response to regulatory requirements, the Information Security Division was established in November 2023 to strengthen information security management.



Operation status of the board of directors and functional committees

Board of Directors	Compensation Committee	Audit Committee
Organization	Organization	Organization
Set up in October 1998	Set up in October 2011	Set up in May 2016
Committee members	Committee members	Committee members
8 directors, including 2 independent directors	3 memebers	2 independent directors
Responsibility	Responsibility	Responsibility
1. Actively perform the responsibility of supervision and hold regular meetings every quarter. 2. Assist the management in formulating policies that align with the Company' s objectives. 3. Simultaneously meet the short, medium and long-term strategic planning expected by shareholders and stakeholders.	1. Establish and regularly review the policies, systems, standards and structures for evaluating the performance and compensation of directors and managers. 2. Regularly evaluate and determine the compensation of directors and managers.	1. Supervise the proper presentation of the company's financial statements. 2. Ensure the effectiveness of internal control operations. 3. Adherence to laws, regulations, and potential risks.
Operation status	Operation status	Operation status
In 2023, 7 meetings were held, and the members' attendance was 98%.	In 2023, 4 meetings were held, and the members' attendance was 83%.	In 2023, 6 meetings were held, and the members' attendance was 93%.



Implementation status of the diversification policy for board members

**Independence and diversity of directors:**  
According to Article 20 of the company's "Corporate Governance Best Practice Principles," the composition of the Board of Directors should consider diversity, and appropriate diversity policies should be formulated based on the company's operations, business model, and development needs. The specific management objectives of the company's diversity policy are as follows:

- A

To ensure a sound Board of Directors structure, the goal is to have at least one female director
- B

To strengthen the supervisory function of the Board of Directors, more than half of the independent directors shall not serve for more than three consecutive terms.

The members of the Board of Directors are all elected in accordance with the company's Articles of Incorporation through a candidate nomination system. The "Board of Directors Election Method" is used to select board members who are responsible for the company's operations and supervision, aiming to achieve the ideal goals of corporate governance. The overall capabilities that the Board of Directors should possess are as follows:

- A

Operational Judgment Capability
- B

Accounting and Financial Analysis Capability
- C

Management Capability
- D

Crisis Management Capability
- E

Industry Knowledge
- F

International Market Perspective
- G

Leadership Capability
- H

Decision-Making Capability

Name	Gender	Age	an employee of the company	Term of Independent Director (Less than 3 years)	Professional Background			Professional Knowledge and Skills					
					Technology	Finance	Law	Industry Experience	Operational judgment ability	Business management ability	Crisis handling ability	International market perspective	Decision ability
Chairman Chi-Yung Wu	Male	71-75	V		V	V	V	V	V	V	V	V	V
Director Jung-Tsung Tsai	Male	51-60	V		V	V	V	V	V	V	V	V	V
Director Kuo-Tung Kao	Male	61-70			V	V	V	V	V	V	V	V	V
Director Chi Chang	Male	61-70	V		V	V	V	V	V	V	V	V	V
Director Yuan-Ho Liu	Male	61-70	V		V			V	V	V	V	V	V
Director Min-Kun Wang	Male	61-70	V		V			V	V	V	V	V	V
Independent director Chi-Tian Hsing	Male	75-80			V	V	V	V	V	V	V	V	V
Independent director Rui-Ting Hsu	Female	51-60		V		V	V	V	V	V	V	V	V

Note: This is the ninth term of the board of directors, with a term of office from May 24, 2022, to May 23, 2025.



**The company's 9th Board of Directors consists of nine directors (six general directors and three independent directors, with independent directors accounting for 33%)**

As of the printing date of the annual report, the current Board of Directors of the company consists of 8 members, comprising 7 male directors and 1 female director, including 2 independent directors (25%), 1 external director (13%), and 5 directors who are also employees (62%). In May 2023, one director was elected to fill a vacancy; in June 2023, one independent director resigned, and a new director will be elected in May 2024 to fill the vacancy. All directors are of the same nationality, with their ages distributed as follows: 2 directors aged 51-60, 4 directors aged 61-70, 1 director aged 71-75, and 1 director aged 76-80. The independent directors all meet the independence requirements set by the Securities and Futures Bureau of the Financial Supervisory Commission, and none of them are subject to the restrictions set out in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act. There are no relationships of spouses or relatives within the second degree kinship among the directors.



< Corporate Governance Best Practice Principles >

Please refer to page 8-9 of the annual report for directors' positions in other companies, and pages 206-210 of the annual report for cross-shareholdings between Holtek and suppliers. Shareholders holding more than 10% of the shares are considered controlling shareholders, and Holtek does not have any controlling shareholders.

**Communication of independent directors with CPAs and internal auditors:**

The independent directors have direct communication channels with the certifying CPAs and internal auditors, and the communication situation is good. At the first annual Audit Committee meeting, the certifying CPA reports to the independent directors on the review or audit results of the annual financial statements of the Company and its domestic and foreign subsidiaries as well as internal control audit results, the impact of the revision and issuance of IFRS bulletins on the Company, and other relevant legal requirements. In addition to submitting an audit report and improvement tracking report on audit deficiencies to the independent directors on a monthly basis, the internal audit supervisor attends each Audit Committee meeting and board meeting to explain the audit business, audit results, and tracking situation to the independent directors.



Operation status of the board of directors

- The company's Board of Directors fulfills its corporate governance responsibilities by overseeing the operational strategies and reviewing the business performance of the management team. This includes governance, environmental and social impact, risks and opportunities, among other factors. The Board also listens to the operational strategies of the management and considers the perspectives of stakeholders, providing professional and objective opinions to ensure the company's sustainable development. All major resolutions of the Board of Directors are promptly disclosed on the Market Observation Post System of the Taiwan Stock Exchange and the official website. Additionally, the company discloses its Articles of Incorporation, the Rules of Procedure for Board Meetings, directors' remuneration, the operation of the Board of Directors, and the execution of matters related to conflict of interest avoidance, allowing domestic and international stakeholders to access this information in a timely manner.
- The Board of Directors of the company holds meetings at least once every quarter. In 2023, a total of 7 board meetings were held, with an average attendance rate of 98%. The Board also follows the "Guidelines for the Continuing Education of Directors and Supervisors of TWSE/TPEx Listed Companies" to participate in external training. Newly appointed directors are required to undergo at least 12 hours of training in their first year, and at least 6 hours of training annually from the second year onward. Reappointed directors are also required to undergo at least 6 hours of training annually during their terms. In 2023, the training topics included professional courses such as "Analysis of the Key Points of the New Corporate Governance Blueprint and Compliance," "Cybersecurity Governance Strategy for Listed Companies from the Perspective of ESG and Corporate Sustainable Development," and "The Green Industrial Revolution of 2030/2050." All directors met the required training hours in 2023, with a total of 8 directors and independent directors completing 54 hours of training in total.

Responsibilities of the board of directors

- |   |  |    |  |
|---|--|----|--|
| 1 | Review of business policies and decisions.           | 6  | Implementation of the resolutions of the shareholders' meeting.            |
| 2 | Budget review  | 7  | Review of capital increase or reduction proposals.                         |
| 3 | Review of final accounts.                            | 8  | Review of proposals for earnings distribution or compensation for losses.  |
| 4 | Review of amendments to the Articles of Association. | 9  | Review of important external contracts.                                    |
| 5 | Recruitment and dismissal of important employees.    | 10 | Other responsibilities by law or by resolutions of shareholders' meetings. |

Directors' remuneration policy

- According to Article 19 of the company's Articles of Incorporation, when directors perform their duties, the company may provide remuneration regardless of the company's operating profits or losses. The remuneration is authorized by the Board of Directors based on the director's level of participation in company operations and the value of their contributions, and it is determined within the maximum salary grade set by the company's remuneration policy. If there are profits in the current year, up to 1.5% may be allocated as directors' remuneration in accordance with Article 24 of the company's Articles of Incorporation. The business execution expenses consider that independent directors concurrently serve on functional committees such as the Audit Committee and the Compensation Committee, where they assume greater responsibilities, risks, and time commitment compared to general directors. Therefore, they may be provided with allowances for travel expenses and attendance at functional committee meetings. • The company regularly evaluates the performance and remuneration of directors according to the "Board of Directors Performance Evaluation Measures," and the Compensation Committee discusses the distribution of directors' remuneration within the aforementioned amounts based on each director's level of business execution. The final distribution is then submitted to the Board of Directors for approval.

Compensation of senior managers

- Senior management compensation includes monthly salaries, quarterly bonuses, and year-end performance bonuses. The company has established "Personnel Compensation Systems," "Starting Salary and Salary Adjustment Regulations," and "Standards for Quarterly Bonus Distribution to Employees." According to Article 24 of the company's Articles of Incorporation, 5% to 15% of profits must be allocated as employee compensation
- The compensation amount allocated to each senior executive is determined by referencing the typical levels provided in the industry, considering the company's annual performance, individual roles, and contributions. Reasonable compensation is granted after approval in the General Manager's Office meeting, reviewed by the Compensation Committee, and submitted to the Board of Directors for approval

Correlation between compensation, operating performance and future risks

- The company's remuneration policy, including relevant payment standards and systems, is reviewed annually. This review involves industry salary surveys, exit interviews with departing employees, the company's operational status, and individual performance evaluations. The salary policy is formulated and discussed in senior management meetings, and appropriate adjustments are made to employees' salaries to ensure they align with market standards and maintain fairness.
- The performance evaluation and remuneration of the company's directors and managers are regularly assessed and reviewed by the Compensation Committee and the Board of Directors each year. This process aims to minimize the potential occurrence and relevance of future risks while considering operational performance. The remuneration system is also reviewed in a timely manner based on actual business conditions and relevant regulations to ensure a balanced management of risks and rewards. •
- The performance related to ESG management has not yet been incorporated into the compensation policies for the highest governance and senior management. It is expected to be completed within two years.



Implementation status of board performance evaluation

- In order to examine the performance of directors, Holtek passed the Board Performance Evaluation Measures through the board meeting in 2016. At the end of December each year, the performance evaluation of the board, its members and various functional committees is conducted and submitted to the board meeting. The Company’ s procedures for setting the remuneration of directors, in addition to the provisions of the Company’ s Articles of Association, shall be based on the above-mentioned measures and relevant measures of functional committees. The performance evaluation measures and reasonableness of the compensation are carefully verified by the functional committees and the board of directors, and the director’ s remuneration system is reviewed at all times based on the actual business situation and relevant laws and regulations.
- On January 29, 2024, a report was presented to the Board of Directors. The performance evaluations for the Board of Directors, individual board members, the Audit Committee, and the Compensation Committee for the year 2023 were all rated as "Excellent." The evaluation process was executed by the Compensation Committee, which compiled relevant information and conducted surveys. The final results were compiled and reported to the Board of Directors, along with detailed explanations, to improve corporate governance and achieve the goal of sustainable business operations.

Evaluation cycle	Evaluation scope	Evaluation content
Performed once a year.	Board of directors Individual board members Audit Committee Compensation Committee	<div>  Evaluation of the performance of the board of directors  </div> <p>Level of participation in the Company’ s operations, improvement in the quality of board decisions, composition and structure of the board, selection and further education of directors, and internal control.</p> <div>  Evaluation of the performance of board members  </div> <p>Mastery of company goals and tasks, understanding of directors’ responsibilities, level of participation in the Company’ s operations, internal relationship management and communication, expertise and further education of directors, and internal control.</p> <div>  Evaluation of the performance of the Audit Committee  </div> <p>Level of participation in the Company’ s operations, understanding of the responsibilities of the Audit Committee, improvement in the decision-making quality of the Audit Committee, composition and selection of Audit Committee members, and internal control.</p> <div>  Evaluation of the performance of the Compensation Committee  </div> <p>Level of participation in the Company’ s operations, understanding of the responsibilities of the Compensation Committee, improvement in the decision-making quality of the Compensation Committee, composition and selection of Compensation Committee members, and internal control.</p>
Evaluation period	Evaluation method	
From January 1, 2023, to December 31, 2023.	Self-evaluation of the board of directors Self-evaluation of board members Self-evaluation of the Audit Committee Self-evaluation of the Compensation Committee	



Investor relations

- The Company attaches great importance to the maintenance of shareholders’ rights and interests. In addition to holding the general shareholders’ meeting every year and implementing matters resolved by the shareholders’ meeting in accordance with relevant laws and regulations, the Company also holds quarterly corporate briefings to regularly disclose financial data and the operational status to global investors, and posts information related to corporate briefings simultaneously on the Company’ s website in Chinese and English ( [www.holtek.com.tw](http://www.holtek.com.tw) ) to provide accurate, timely and transparent business strategies, operating conditions and financial figures.
- In addition, the Company has established a spokesperson system (Spokesperson: Jung-Tsung Tsai, President; Acting Spokesperson: Ming-Tung Liao, Division Director), and designated dedicated personnel to be responsible for collecting and disclosing company information (contact person: Shan-Yu Wang; contact:+886-3-563-1999 extension 1619/email: [ir@holtek.com.tw](mailto:ir@holtek.com.tw) ). Material events, corporate governance, and regulatory announcements are also uploaded to the Company’ s website to facilitate investors and stakeholders to immediately receive the latest information.

Spokesperson system



Spokesperson:  
**Jung-Tsung Tsai, President**



Acting Spokesperson:  
**Ming-Tung Liao, Division Director**

Responsible for collection and disclosure of information of the Company

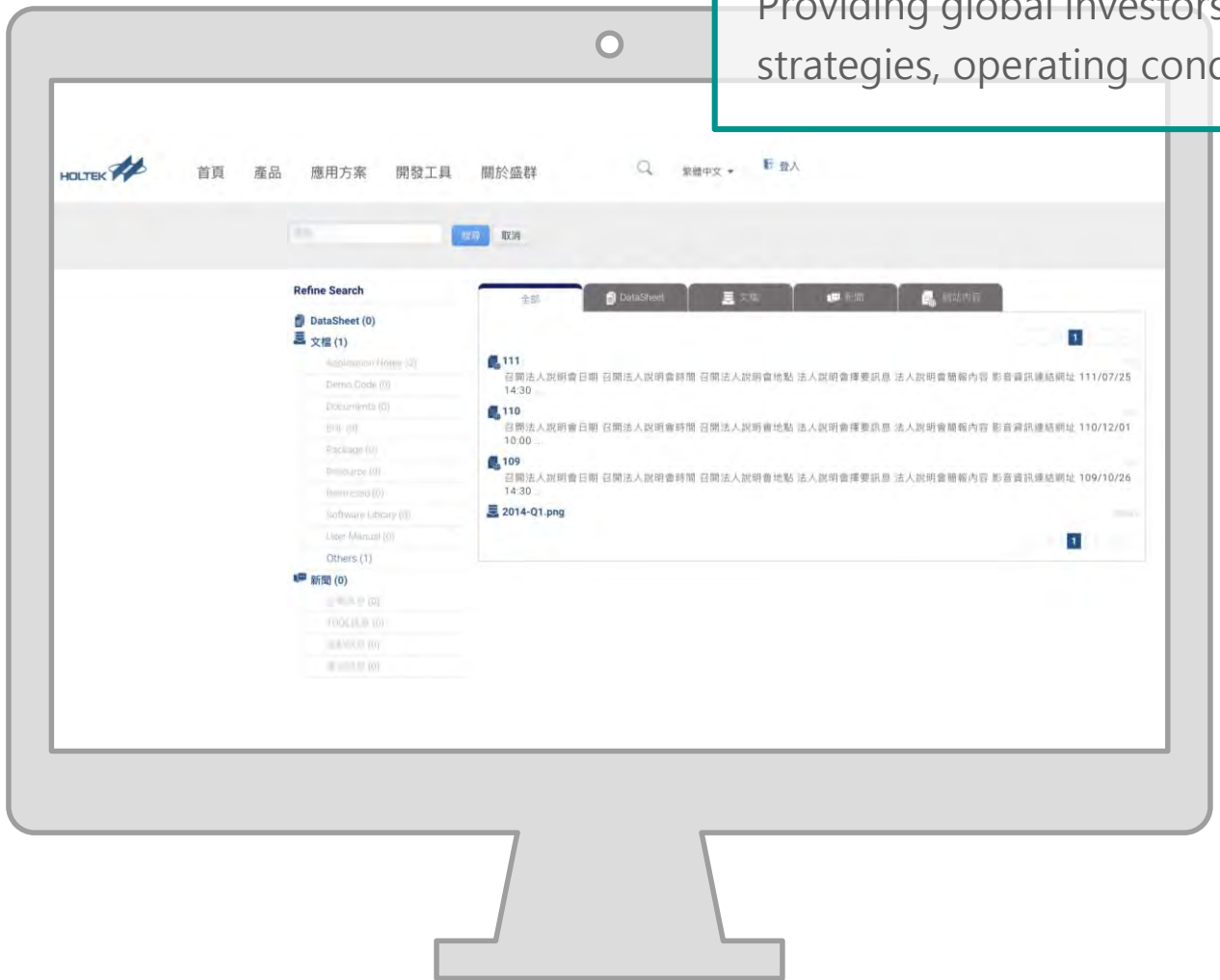


Contact person:  
**Shan-Yu Wang**  
Contact  
Telephone : +886-3-563-1999 ext. 1619  
Email: : [ir@holtek.com.tw](mailto:ir@holtek.com.tw)

Information related to corporate briefings is simultaneously posted on the Company’ s website in Chinese and English.

[www.holtek.com.tw](http://www.holtek.com.tw) |

Providing global investors with correct, timely and transparent business strategies, operating conditions and financial figures.





1.3 Ethics and Integrity

Appeal and whistleblowing channels

- Holtek engages in all business activities based on “ethics” , complies with government decrees and business ethics, and never allows corruption and any form of fraud. Through a clear and effective disciplinary system, the Company also ensures that employees will never accept any form of requests and forward agreements, nor accept any bribes or other improper interests. Holtek has set up and announced a whistleblowing channel on its official website, and both internal and external personnel can access the public whistleblowing mailbox ( [liman1103@holtek.com.tw](mailto:liman1103@holtek.com.tw) ) to report directly to the Company. In accordance with the Occupational Safety and Health Act and its implementation rules, the Sexual Harassment Prevention Act and the Personal Data Protection Act, the Company keeps confidential information such as the whistleblower’ s personal data and other information sufficient to prove the identity of the whistleblower, and will not provide it to any third party unless it is necessary for the investigation, so as to avoid unfairness and harm to the whistleblower. The whistleblower can also request preventive measures for any potential damage.
- All directors and managers have signed the Declaration of the Ethical Corporate Management Best Practice Principles.

Zero tolerance policy for corrupt behavior.

The Company adopts a zero tolerance policy for corruption, strictly forbids bribery and taking bribes, making illegal political contributions, improper charity donations, giving or accepting unreasonable gifts, hospitality or other illegitimate interests, and requires employees to understand the legitimacy and ethical corporate management policies of agents, suppliers, customers and other business contacts before establishing business relations with them.

Avoid business dealings with unethical business partners for commercial transactions.

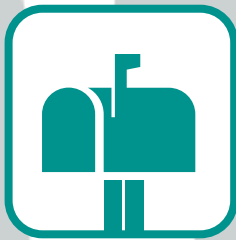


In order to avoid engaging in business dealings with unethical agents, suppliers, customers or other business partners, if a counterparty is found to have engaged in unethical behavior in business dealings or cooperation, the Company should immediately stop business dealings and refuse it for future dealings, in order to implement the Company’ s ethical corporate management policy.

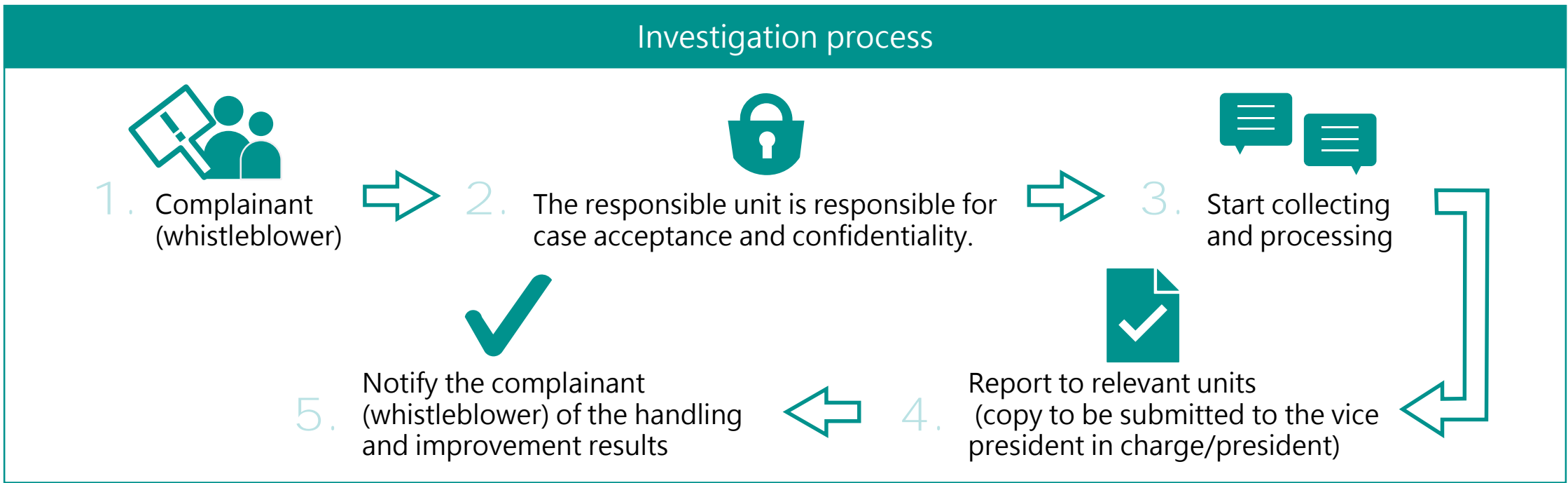
Established the Ethical Corporate Management Best Practice Principles and the Whistleblowing System.

The Company has established the Ethical Corporate Management Best Practice Principles and the Whistleblowing System, formulated policies to prevent conflicts of interest, and has appropriate channels for expressing opinions. If anyone is reported for unethical or illegal behavior, the case will be handled by dedicated personnel.

- The whistleblowing system established by the Company is disclosed on the Company’ s website ( [https://www.holtek.com/page/about\\_holtek/CorporateGovernance/corporate\\_governance](https://www.holtek.com/page/about_holtek/CorporateGovernance/corporate_governance) ) · to facilitate the whistleblower’ s reporting.

Stakeholder/employee complaint (whistleblowing) process:

Whistleblowing channels			Complaint statistics	
			Year	Number of cases
 Correspondence address Special Committee for Reporting, No.3, Yanxin 2nd Road, Hsinchu Science Park	 Email liman1103@holtek.com.tw	 Whistleblower hotline Extension of the Administrative Department Head	2021	0
			2022	0
			2023	0





Ethical norms

Policies or commitments	Public link	Approving level	Stakeholder	How to implement policies or commitments
Ethical Corporate Management Best Practice Principles	<a href="#">Policy link</a>	Board of directors	Shareholders/investors	Training courses related to ethical corporate management held in 2023: 645 hours and 286 times in total.

- Holtek has formulated the Code of Ethical Conduct to guide the behavior of the Company’ s directors and managers to comply with ethical standards and make stakeholders of the Company more aware of the Company’ s ethical standards, in order to prevent conflicts of interest and avoid opportunities for personal gain.
- The information related to ethical business practices is published on Holtek’s official website, providing insight to directors, employees, and stakeholders. This ensures the implementation of the company's commitment to ethical business practices, the prevention of conflicts of interest, the avoidance of improper benefits and infringement or leakage of confidential information, and the maintenance of fairness in competition and transactions. All members of the Board of Directors have signed the Statement of Ethical Business Conduct and have recused themselves from related party transactions. When a director engages in activities within the company's business scope for themselves or others, prior approval from the shareholders' meeting must be obtained in accordance with legal requirements.
- The company regularly conducts training courses related to ethical business practices. In 2023, these courses covered compliance with laws and regulations related to ethical business practices, accounting systems, internal controls, protection of trade secrets, and copyright protection, with a total of 286 participants and 645 hours of training. Holtek will continue to emphasize the importance of ethical business practices and moral standards. Every employee is responsible for upholding the company's reputation by adhering to the highest ethical standards. The audit department also incorporates compliance with these practices into its audit scope to ensure regulatory adherence. Since its establishment, there have been no cases of corruption, violations of business ethics, or breaches of integrity.
- Legal compliance:  
Enterprise operation strictly in accordance with laws and regulations is a practice of social responsibility, and one of the keys to sustainable operation. Holtek’ s products and services are distributed worldwide. To ensure compliance with relevant global legal norms, a dedicated legal affairs unit is set up to closely monitor the formulation and development of legal regulations that may have an impact on the Company, and a compliance evaluation system for laws, policies, and regulations has been established to assist each unit in implementing various norms.  
The Company identifies and manages laws and regulations related to operations, environmental protection, services, and so on, implements legal monitoring, and determines whether material events are events involving criminal responsibility or regulatory provisions, are judged by the competent authority as major violations, or are fined for over NT\$1 million. The principles that need to be disclosed in the sustainability report and the goals to be achieved for balanced reporting and information transparency. There were no major illegal incidents in 2023.

Note: Heritage IP LLC filed a patent infringement lawsuit against the Company’ s subsidiary Holtek Semiconductor USA Inc. in the Central District Court (CDCA) of California on November 30, 2022, claiming infringement of its US patent rights. The court announced on May 17, 2023, that the plaintiff voluntarily withdrew the lawsuit, and the case was closed.

Directors or managers



Prevention of conflicts of interest



Avoidance of opportunities for personal gain



Fair trade and compliance with laws and regulations



1.4 Risk Management

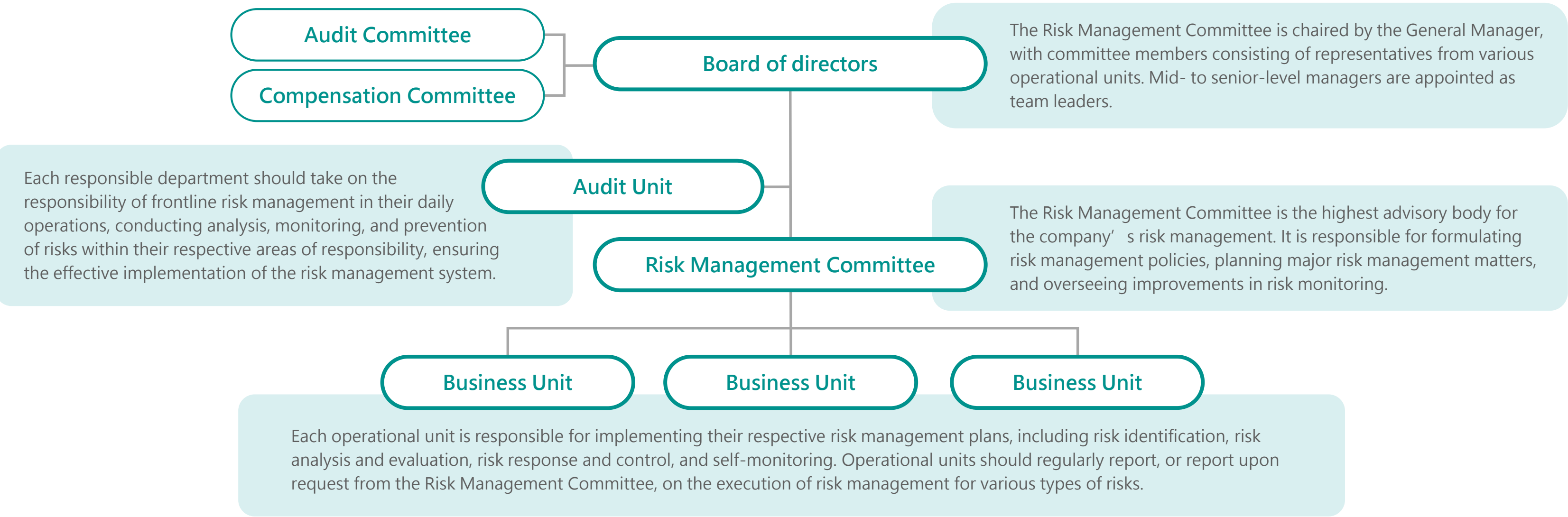
Policies or commitments	Public link	Approving level	Stakeholder	How to implement policies or commitments
Risk Management Methods and Procedures	<a href="#">Policy link</a>	Board of directors	Shareholders/Investors, Employees, Customers, Suppliers	Training related to risk management held in 2023: 784 employees and 334 hours in total.

- In view of the increasing emphasis on corporate risk management internationally, companies often face unpredictable risks during their operations. Holtek proactively identifies, assesses, and analyzes the impact of potential risks, subsequently formulating crisis response measures for high-risk items and ensuring their implementation. The Board of Directors and management regularly supervise and review the risk management policy, continually refining the risk management mechanism to effectively control risks within acceptable limits.
- Our company complies with Article 44 of the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" to establish an effective risk management mechanism. This mechanism is designed to assess and monitor the company's risk-bearing capacity, the current status of risks undertaken, determine risk response strategies, and ensure adherence to risk management procedures. The "Risk Management Policy" has been established as the highest guiding principle for the company's risk management.

Risk management organization and mechanism

The Board of Directors is the highest supervisory and decision-making body for the company's risk management. To enhance the Board's oversight of the company's risk management, the "Risk Management Committee" was established in July 2023, as approved by the Board. It operates under the supervision of the Audit Committee and is responsible for formulating risk management policies, planning significant risk management matters, executing and coordinating risk management activities, and supervising the improvement of risk monitoring. The Risk Management Committee holds regular meetings annually, during which each operational unit reports on the management mechanisms of various risks to ensure the effectiveness of the risk management program and related control operations. Additionally, the General Manager reports annually to the Audit Committee and the Board of Directors on the operation of the committee.

Risk Management Organization Chart





Analysis and evaluation of key risk matters

Holtek's risk management includes strategic risk, operational risk, financial risk, and hazard risk, as well as incorporating risks related to climate change. Through risk identification, risk analysis and evaluation, risk response and control, risk monitoring, and risk reporting procedures, crisis response strategies are formulated and implemented to ensure the company's continuous operations and to mitigate the impact of potential risks, achieving the goal of sustainable corporate development. The General Manager or relevant operational supervisors are responsible for risk assessments and responses for various operational plans and oversee the coordinated execution of overall risk management. Risk management operations and their effectiveness are reported to the Board of Directors at least once a year to ensure the effectiveness of the risk management mechanism.

Risk Issues	Management Mechanism / Response Measures	Opportunity Benefits
Technology Development and Competitive Landscape	<div>1. Technology Research and Evaluation: Focus on industry and technological changes, regularly analyze industry trends, product development, and competitive conditions, and develop short-, medium-, and long-term development plans.</div> <div>2. Enhancing R&amp;D Capabilities: Innovation in research and development allows the company to improve the performance, power consumption, and functionality of existing products, meeting market demands.</div> <div>3. Expanding Application Fields: Provide customized solutions based on the needs of different markets and industries, expanding the range of product applications and further enhancing market competitiveness.</div>	The products have a wide range of applications, and the comprehensive product line offers significant development potential. By actively responding to customer needs and establishing global marketing, we work together to create diverse value
Information Security	<div>1. Regularly assess the appropriateness and effectiveness of information security operations to reduce information security risks °</div> <div>2. External websites are equipped with a Web Application Firewall (WAF) to enhance system functionality; two-factor authentication is implemented to strengthen personal identification; databases are secured through off-site backups and cloud-based application system backups to establish protective measures.</div> <div>3. Education and Training: Regularly provide employees with information security announcements and training; conduct regular social engineering drills to raise employees' awareness of information security.</div>	Ensure the security of the company' s intellectual property, trade secrets, and internal information.
Financial Risk	<div>1. The impact of interest rate fluctuations on the company primarily relates to fixed-term deposits and short-term loans, and there is no significant risk</div> <div>2. Exchange rate fluctuations: Managed through natural hedging and forward foreign exchange contracts to reduce the impact of exchange rate fluctuations</div> <div>3. Strategic Investment: The company's investments are primarily aligned with operational development needs, aimed at establishing a comprehensive sales and technical service system to enhance operational performance and reduce financial risk.</div> <div>4. Liquidity and Credit Risk: The company's primary customers are reputable domestic and international companies, and credit is controlled according to the credit management procedures, with no significant credit risk. The company continuously monitors the minimum operating working capital to ensure liquidity.</div>	Manage exchange rates, interest rates, strategic investments, liquidity, and credit to ensure sound financial operations. This will safeguard the interests of customers, suppliers, shareholders, and employees, while also increasing their trust in the company.
Climate Change Risk	<div>1. To reduce and manage greenhouse gas emissions and address global climate change issues, the company has set goals and plans based on operational needs and stakeholder requirements. Various power and raw material conservation measures are being implemented to reduce greenhouse gas emissions.</div> <div>2. A greenhouse gas inventory plan has been initiated, and a greenhouse gas promotion team has been established. The company aims to achieve ISO 14064-1 certification by the year 2026.</div> <div>3. Continuously strengthen supply chain risk management to reduce the operational impact of potential disasters.</div>	In response to the potential impacts of climate change, management mechanisms and preventive measures are implemented in advance. The company continuously strengthens its environmental management systems, green product development, and green supply chain management to ensure sustainable development.
Regulatory Compliance	<div>1. Assign dedicated personnel to regularly monitor legal changes and ensure they are implemented in the company' s operations, updating relevant policies and regulations in a timely manner according to the law.</div> <div>2. If the evaluation of legal changes indicates a risk of litigation or penalties, the responsible departments, along with the Legal and Intellectual Property Office, will jointly adopt appropriate response measures.</div>	Ensure compliance with regulations to guarantee the legality of the company 's operations.
2023 Operational Status	<div>The Board of Directors has approved the establishment of the "Risk Management Policy," and on October 30, 2023, a report on the implementation of risk management was presented to the Board.</div> <div>In accordance with the fire safety plan, the company conducted annual emergency evacuation drills in May and November 2023 to familiarize employees with response measures, aiming to minimize impact in the event of a disaster.</div> <div>To enhance employee awareness of risks and foster a broad and deep risk management culture, making risk management a part of daily behavior, the company provides occupational safety and health training to every new employee upon arrival and to relevant personnel on an annual basis. In 2023, 1,023 employees participated in the training. Additionally, officers from the Hsinchu City Traffic Police were invited in September 2023 to provide training on traffic safety and handling traffic accidents. The Occupational Safety and Environmental Protection Office also regularly promotes safety precautions within the company.</div>	



1.5 Information Security Management

Policies or commitments	Public link	Approving level	Stakeholder	How to implement policies or commitments
Information security policies	<a href="#">Policy link</a>	Board of directors	Employees, Customers, Suppliers	Information Security Training Held in 2023:A total of 53 hours and 30 participants.

The company’s Information Security Committee is chaired by the General Manager, with the Director of the Information Security Office serving as the Information Security Officer. The committee consists of members from the audit, information security, IT, CAD (IC design process development), HR, and legal and intellectual property departments. They are responsible for the establishment, implementation, and continuous improvement of the Information Security Policy, ensuring the security of the company’s intellectual property, trade secrets, and internal information. The General Manager reports annually to the Board of Directors on the effectiveness of the Information Security implementation, reviewing the appropriateness and effectiveness of the policy, and continuously enhancing security measures to reduce information security risks.

2023 Information Security Committee Execution Report:

The Information and Communication Security Committee holds regular annual meetings to review the appropriateness and effectiveness of the security policies, continuously enhancing security measures to reduce information and communication security risks.

Information and Communication Security Training

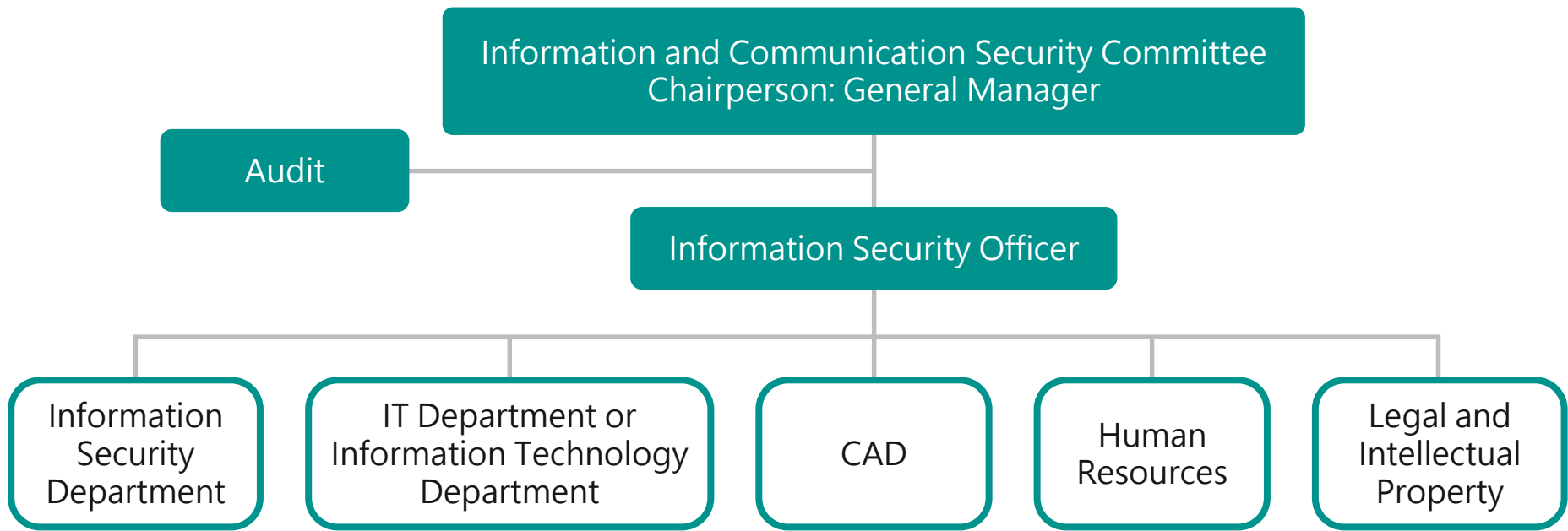
- ✓ Information Security Awareness Promotion: Regularly provide employees with information on security-related topics to raise awareness of information and communication security.
- ✓ Information Security Training: Every new employee receives information security training upon joining the company to understand the company’s security policies and requirements. In 2023, a total of 22 new employees participated, with a combined total of 29.3 training hours.

**Audit:** The Audit Office regularly inspects the implementation of information and communication security management practices and takes corrective actions based on audit results to ensure the continuous and effective operation of information security management. Accountants regularly audit information operations, such as privileged accounts and whether passwords are regularly updated. If deficiencies are found, improvements are required and the results are tracked.

**Social Engineering Drills:** Regular email social engineering drills are conducted by sending phishing simulation emails to employees. The ratio of employees who open or click on the content is recorded and analyzed, with additional training provided to those who open or click on the emails.

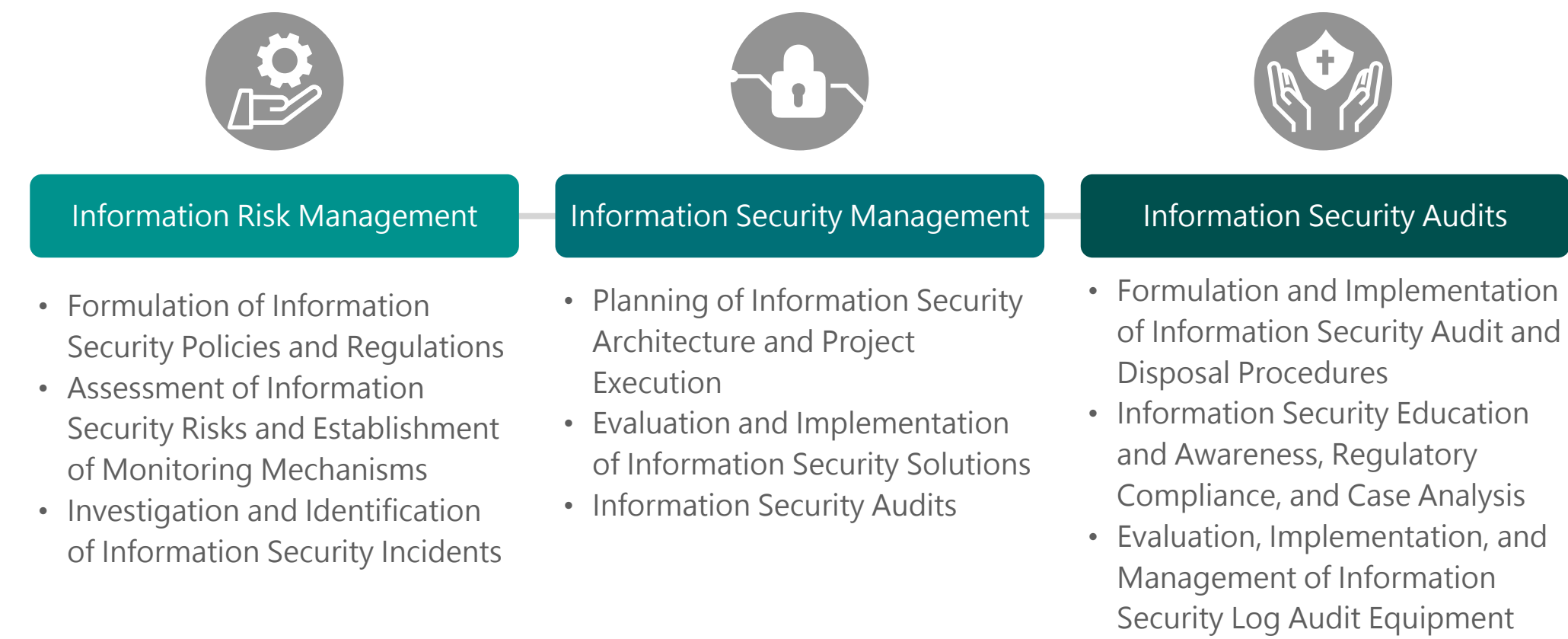
In 2023, no major information security incidents occurred that resulted in losses or negatively impacted operations or reputation.

The organizational chart of the Information and Communication Security Committee is as follows:



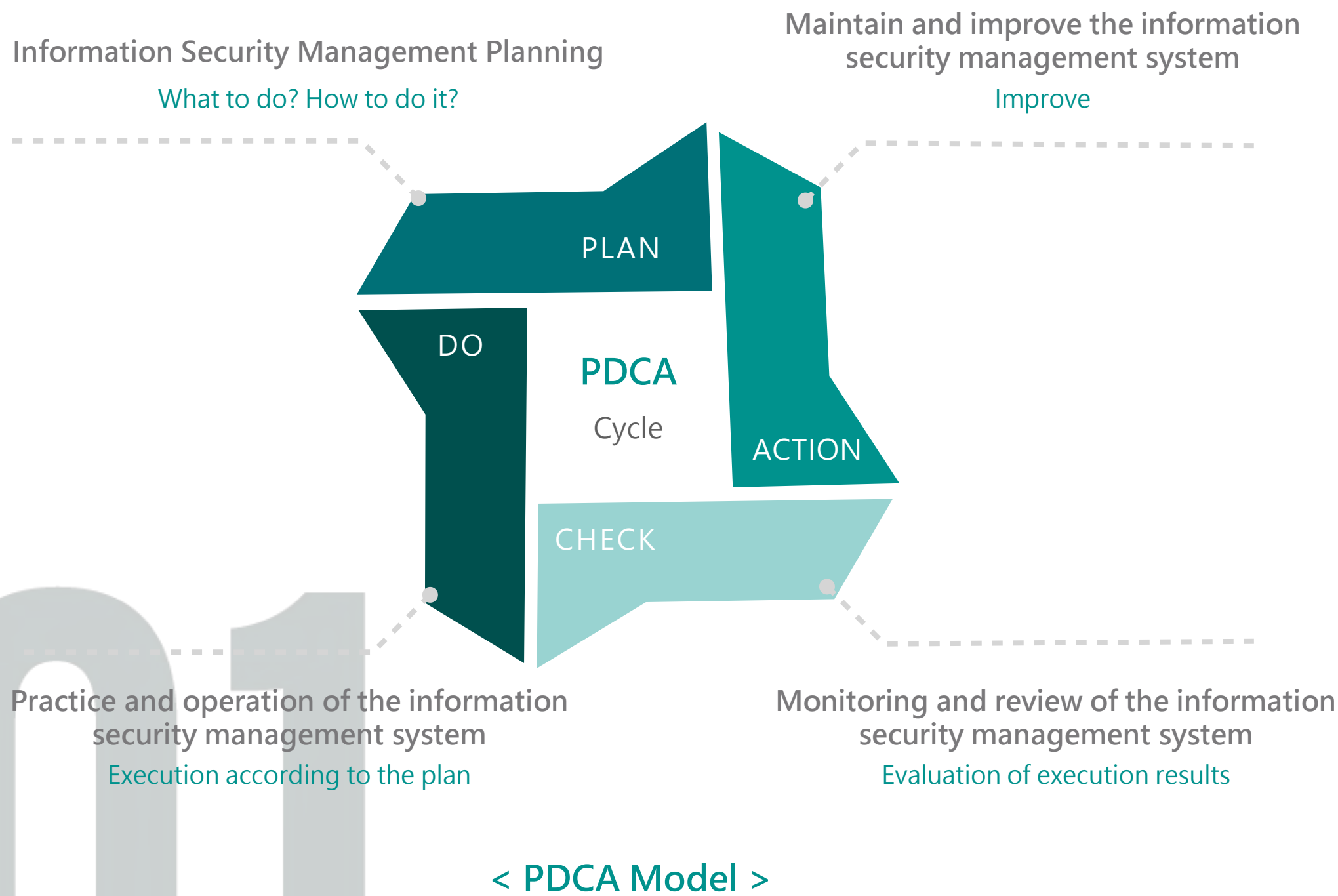
Holtek places great importance on information security and the protection of confidential information. Through the three aspects of information risk management, information security management, and information security auditing, along with the spirit of PDCA (Plan-Do-Check-Act), Holtek implements comprehensive information security protection.

< Holtek Information Security Protection Execution Status >





Our company's information security policy covers both the company and its subsidiaries, addressing three key areas: information security risk management, information security management, and information security auditing. Following the Plan-Do-Check-Act (PDCA) model, we continually review the applicability of our information security policy and the effectiveness of protective measures to ensure continuous improvement.



### Risk management organization

1. Identify: Establish organizational rules to manage network security risks for systems, personnel, assets, data and functions.
2. Protect: Establish and implement appropriate security measures to ensure the operation of important services.
3. Detect: Develop and implement appropriate actions to identify the occurrence of network security incidents.
4. Respond: Plan and implement appropriate actions for detected network security incidents.
5. Recover: Formulate and implement appropriate measures to repair functions and services damaged due to network security incidents.

### Risk management organization

In CSF, there are 7 clear steps to assist organizations in conducting information security risk assessment, and judging information security maturity according to the framework. Firstly, screen out information security control measures that meet the needs of the organization, then rank the information security risks of the organization, prioritize the handling of more serious information security vulnerabilities, and establish a complete management cycle to gradually improve the overall maturity of information security.

- Step 1** Determine the priorities and scope.
- Step 2** Confirm organizational goals and directions.
- Step 3** Describe the current information security status.
- Step 4** Conduct risk assessment.
- Step 5** Describe the information security status of the target
- Step 6** Identify and analyze the gap and prioritize.
- Step 7** Implement the action plan.



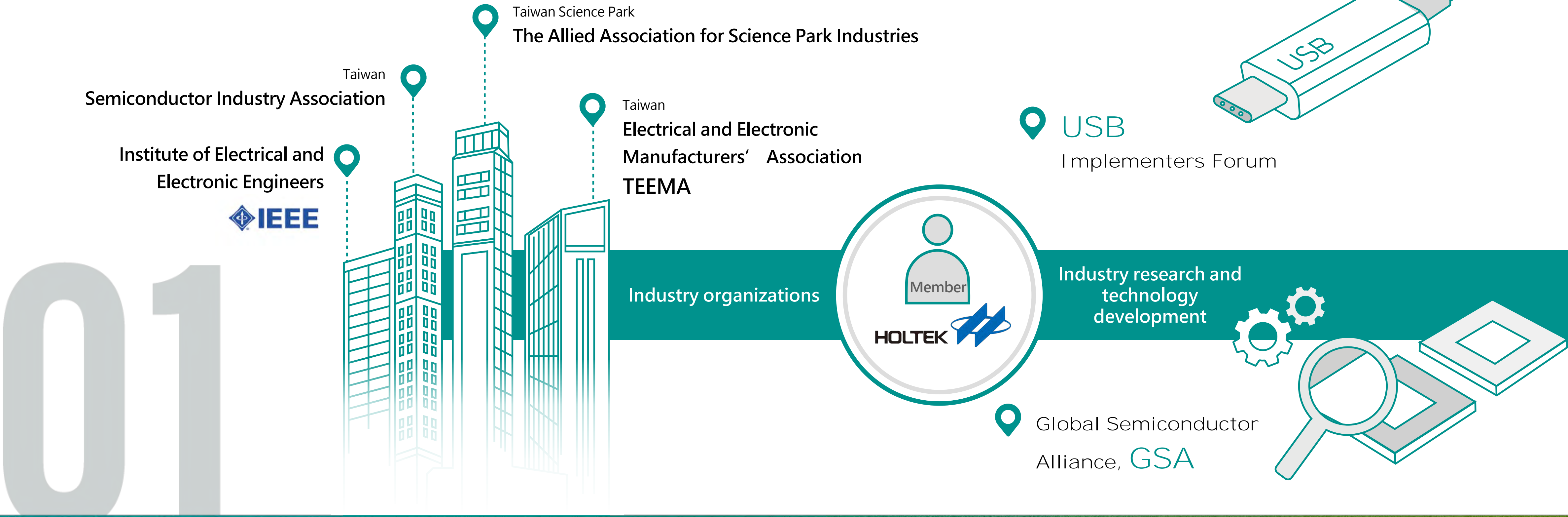
Information security management mechanism

Information Security Control Measures	Risk Description	Response Measures	Expected Benefits
Equipment/Endpoint Hardware	Unknown devices connecting to the network may cause security vulnerabilities.	Only authorized devices are allowed to connect to the company's network.	Enhance endpoint security
Equipment/Endpoint Hardware	Failure to update the operating system in a timely manner results in unpatched security vulnerabilities.	1. Distribute and monitor update status 2. Use tools to perform server vulnerability scans and fix the issues	Strengthen endpoint security
Applications/Certification	Application passwords may be leaked or compromised.	Multi-factor authentication: Implement WAF (Web Application Firewall) to protect web applications by monitoring HTTP traffic, comparing it with virus and malware databases, filtering suspicious traffic, and blocking malicious traffic from entering.	Reduce the chances of unauthorized system logins
Network/Certification	Domain passwords may be leaked or compromised.	Multi-factor authentication: Implement two-factor authentication for external websites, using mobile authentication to enhance personal identification.	Reduce the risk of unauthorized system logins.
Network/Connection Control	Unnecessary connection services may lead to server attacks.	Adopt next-generation firewalls to control connections.	Ensure that only necessary connection services are provided.
Data/Confidential Data	Possibility of data leakage	Adopt an encryption management system to restrict specific users to accessing confidential data only within the company.	Confidential data can only be accessed within the company.
Data / Loss	Data loss caused by storage device failure	1. Local backup and off-site backup 2. Establish cloud backup systems for databases and application systems	If data is lost, it can be immediately restored from the backup system.
Personnel /Employees	Lack of security awareness becomes a vulnerability.	Strengthen internal employee training and regularly provide information security announcements to employees.	Increase security awareness, making employees the best line of defense.
Personnel/IT Staff	Inability to keep up with the latest security technologies.	1. Participate in external training programs 2. Join SP-ISAC (Science Park Information Sharing and Analysis Center) to receive the latest security updates via email periodically	Stay up-to-date with the latest security intelligence and technologies.

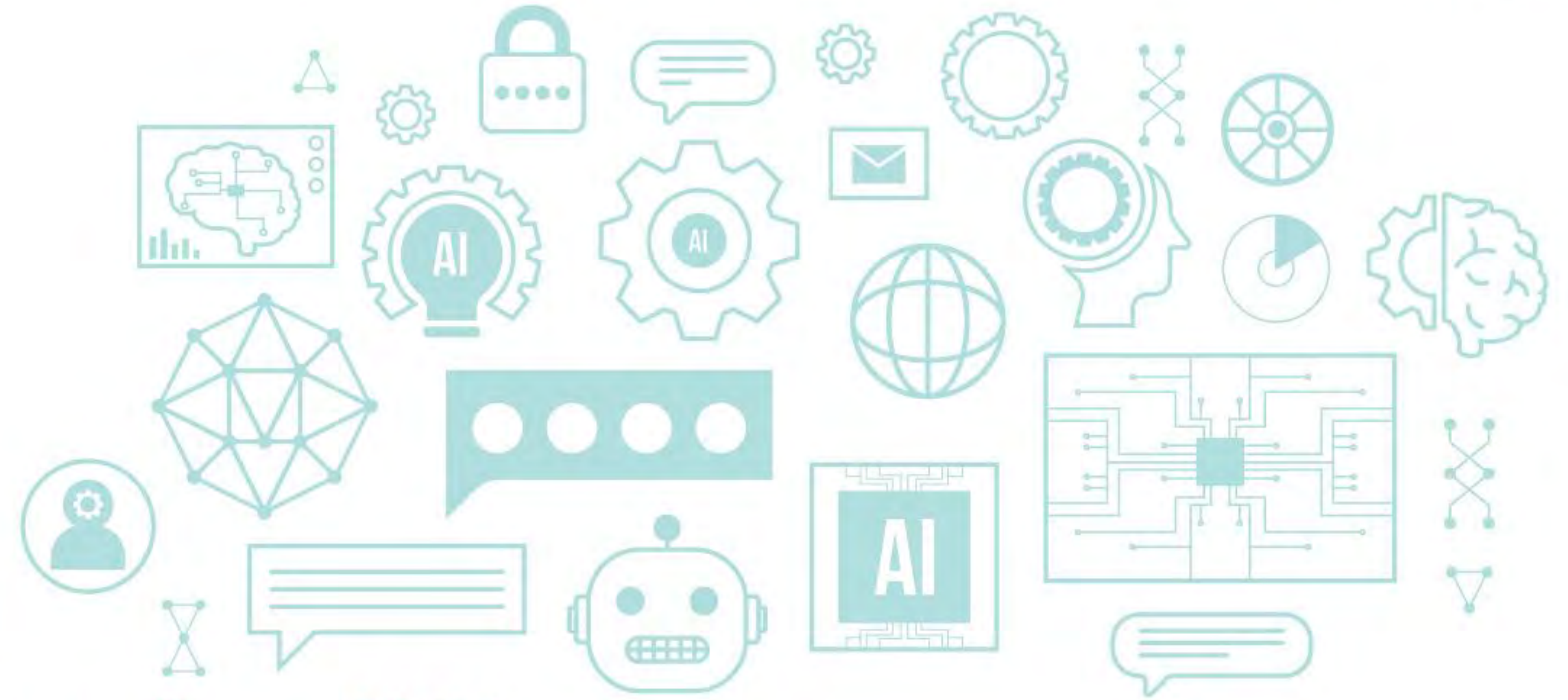


1.6 Participation in Associations and Organizations

- In order to improve the professional competitiveness and product visibility of the enterprise, Holtek actively participates in professional domestic and international organizations to enhance the strength and competitiveness of the Company and the overall industry.
- Through communication, professional experience and market environment information is exchanged to jointly lead domestic and international industry trends and expand contributions. The external associations and organizations that Holtek participates in as a member are as follows.







# 02

## R & D and Innovation CH2

2.1 Innovative Technologies

2.2 Green Products

2.3 Intellectual Property Management



2. R&D and Innovation

Goals and Achievements

Material topics	Goals for 2023	Actual performance in 2023	Goals for 2024	Mid-term goals	Long-term goals
R&D and Innovation	<ul style="list-style-type: none"><li>Target for new IC product development projects: 80 projects completed, with an expected achievement rate of 85%.</li><li>Set the photomask revision rate to less than 12% and the design revision rate to less than 20%.</li><li>Target for product application solutions: 32 solutions completed, with an expected achievement rate of 88%.</li><li>Target for key technology IP development projects: 7 projects completed, with an expected achievement rate of 75%.</li><li>Target for specialized training courses: 17 courses, with a total of 50 hours of instruction, and an expected 765 participants.</li><li>Holtek has a total of 20 patents pending globally. The target for 2023 is to obtain 10 patent certificates worldwide, with an expected achievement rate of 50%.</li></ul>	<ul style="list-style-type: none"><li>Completed a Total of 83 New IC Product Development Projects Completed, with an Achievement Rate of 103%</li><li>Annual photomask Revision Rate: 12.3%, a design revision change rate of less than 15.3%</li><li>Completed a Total of 24 Product Application Solutions Completed, Complete a total of 24 product application solutions, with an expected achievement rate of 75%.</li><li>Completed 0 Key Technology IP Development Projects Completed</li><li>Completed a total of 27 specialized training courses were scheduled, with a total of 49 hours of instruction. The training was attended by 1,143 participants.</li><li>Holtek obtained a total of 22 patents globally in 2023.</li><li>Continued to participate in seven associations to enhance Holtek’s product R&amp;D capabilities.</li></ul>	<ul style="list-style-type: none"><li>Target for New IC Product Development Projects: 92 Projects, with an Expected Achievement Rate of 87%</li><li>Set Mask Revision Rate to Less than 12%, and Design Revision Rate to Less than 20%</li><li>Target for Product Application Solutions: 27 Solutions, with an Expected Achievement Rate of 80%</li><li>Target for Professional Technical Training Courses: 15 Courses, with a Total of 30 Training Hours, and an Estimated 330 Participants</li><li>Holtek has a Total of 15 Patents Pending Globally, with a 2024 Target to Obtain 7 Patent Certificates Worldwide, and an Expected Achievement Rate of 53.3%</li></ul>	<ul style="list-style-type: none"><li>The new IC output increasing at an annual achievement rate of 87%.</li><li>A photomask change rate less than 12%, and the design revision change rate less than 20%.</li><li>The target annual completion rate for the number of product application solutions is set at 90%</li><li>The target annual completion rate for the number of key technology IPs is 80%.</li><li>The number of professional training courses offered each year should reach 15 courses or a total of 30 hours of class time.</li><li>The annual completion rate for obtaining global patents is 55%.</li></ul>	<ul style="list-style-type: none"><li>The new IC output increasing at an annual achievement rate of 90%.</li><li>A photomask change rate less than 10%, and the design revision change rate less than 20%.</li><li>The target annual completion rate for the number of product application solutions is set at 90%</li><li>The target annual completion rate for the number of key technology IPs is 80%.</li><li>The number of professional training courses offered each year should reach 15 courses or a total of 30 hours of class time.</li><li>The annual completion rate for obtaining global patents is 60%.</li></ul>

- Factors influencing photomask revisions include not only the failure to meet design specifications but also minor adjustments during the product promotion phase to accommodate new customer requirements. To address design specification issues, the design department is required to enhance circuit simulation coverage to reduce the frequency of photomask revisions.
- HOLTEK strictly demands high quality for application solutions posted on its official website and closely monitors market demands for adjustments and trade-offs. Only after this thorough process are solutions published online for reference, which results in a longer overall timeframe. To improve, the company plans to conduct evaluations and gather comprehensive market information during the early stages of application solution development, aiming to reduce the need for repeated adjustments later.
- The design complexity of key technology IPs is high and requires rigorous testing, resulting in a longer development time. Therefore, the target for key technology IPs set for 2023 is expected to yield results by Q1 2025.



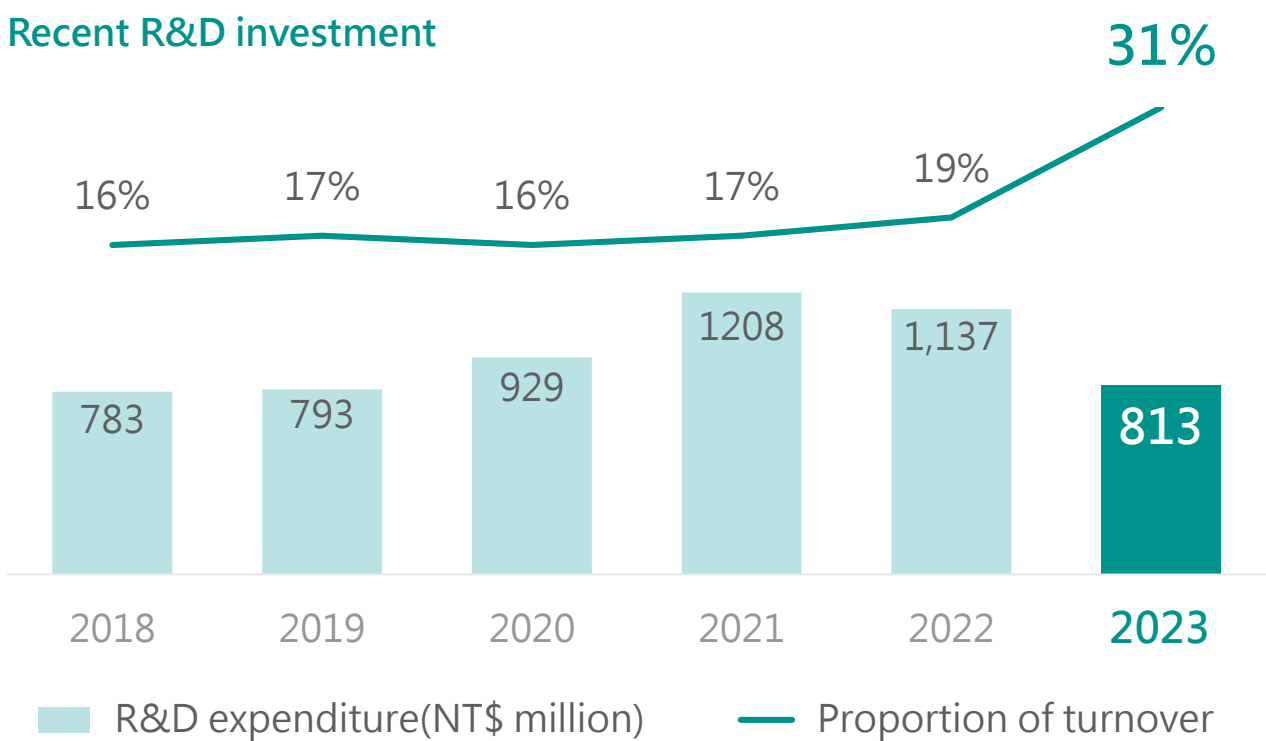
2.1 Innovative Technologies

- Since its establishment in 1998, Holtek has continuously focused on the R&D of new products and technological innovation, investing about 15-20% of its annual turnover in these areas. In 2023, R&D expenses accounted for 31% of the turnover. Due to a market downturn resulting in decreased revenue, the proportion of R&D expenses has been higher than in previous years.
- Holtek Semiconductor possesses excellent innovative technologies in the field of microcontroller units (MCUs). An MCU is a single chip that integrates electronic components such as microprocessors, memory, input/output controllers, and clocks, enabling various control and processing functions. In addition to offering general-purpose MCUs that broadly meet various product applications, Holtek focuses on Application-Specific Standard Products (ASSP) MCUs. These ASSP MCUs provide higher chip integration, typically reducing discrete components by 30% to 50% and also minimizing PCB size. This not only enhances production efficiency and reduces carbon emissions but also decreases product waste components, promoting green design for products.

Main characteristics of the innovative technology of Holtek’ s MCUs:

- 1. High performance:** Holtek’ s MCU products are designed specifically for high performance and high efficiency. They integrate advanced processing technologies such as ARM Cortex-M0+/M3/M4 to provide high-speed processing capabilities. This allows for rapid data processing and real-time control of various applications.
  - 2. Low power consumption:** Holtek’ s MCU products are designed for low power consumption. Their power saving mode and energy-saving design can extend the battery life of portable devices, making them an ideal choice for IoT applications.
  - 3. Security:** Holtek’ s MCU products have advanced security functions, which can defend against various threats such as tampering, hacker attacks and data leakage. These include secure startup, encryption and other security mechanisms to ensure data integrity and confidentiality.
  - 4. Rich Functionality:** Integrates dedicated IPs for specific application areas within a single package, reducing the PCB size and discrete components of the end product, and improving production efficiency. The integrated IP circuits can independently control power supply, making energy-efficient product design easier.
- Holtek improves its technology research and development capability by participating in various associations and organizations. At present, we have participated in the USB Implementers Forum (USB-IF), Wireless Charging Consortium (WPC), Institute of Electrical and Electronic Engineers (IEEE), Taiwan Semiconductor Industry Association (TSIA), SEMI Auto IC Master’ s Automotive Chip Guide, IEK Industrial Information Network, DigiTimes, and more. Through the various technical seminars, forums and research projects held by such associations, Holtek can understand the latest technological trends and future development directions, thereby guiding and accelerating the R&D of new technologies and improving the Company’ s technical level.

Recent R&D investment





Holtek MCU technology Impact on environment, society , and corporate governance

Environment

- Energy Efficiency: MCUs enhance computational power, reduce operation time, and lower average power consumption.
- Carbon emission reduction: MCUs are mainly used in various fields such as smart home appliances, home automation, industrial control, healthcare and safety monitoring, which can effectively reduce carbon emissions.
- Green Manufacturing: Highly integrated designs can significantly simplify the number of active/passive components in products, reducing waste generation and thereby decreasing environmental pollution.

Society

- Improving production efficiency: MCUs can realize automated and intelligent production, improve production efficiency, create more business models, and increase employment opportunities.
- Improving quality of life: MCUs can be applied in various fields such as smart homes, smart healthcare and security monitoring to improve people's quality of life.
- Promoting educational development: Holtek has established an MCU laboratory with industry-academia cooperation with many domestic universities, and hosts the Holtek Cup Microcontroller Competition every year to enable students to take the lead in obtaining the skills needed for success in the rapidly developing technological environment.

Corporate governance

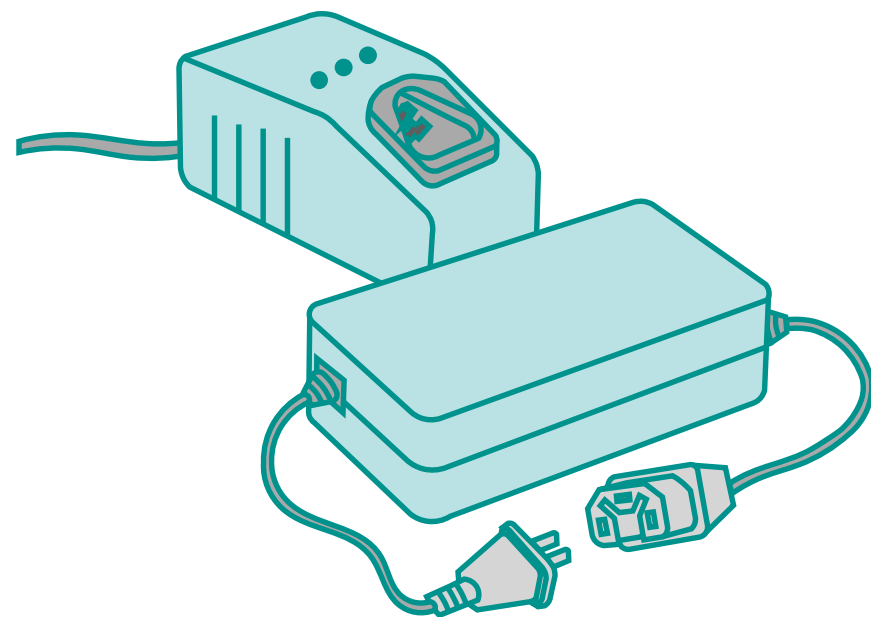
- Protection of intellectual property rights: Innovative technology requires the collection of R&D data that requires manpower and material resources. Holtek not only established a systematic intellectual property right protection system, but also established innovation incentive measures to encourage employees to submit applications.
- Security risk management and control: Holtek's MCU products have a complete set of security risk management and control mechanisms from design to shipment, with the aim of ensuring the security of terminal product use.
- Automation: Automation improves the efficiency and production capacity of the development process, which enables Holtek to bring products to the market faster and more economically. In addition, automation improves the accuracy and consistency of the design process, resulting in higher quality MCU products.

Overall, Holtek's innovative technology is a powerful tool for developers looking to create efficient, secure and multifunctional MCU solutions. With the continuous growth of demand for IoT devices, Holtek's MCU products will become more important in the development of innovative IoT applications.



2.2 Green Products

Battery Charger  
ASSP MCU



- Power batteries for electric vehicles, power tools, and vacuum cleaners make life more convenient while also having a positive impact on the Earth's environment. These power batteries require different charging modes during the charging process, which relies on chargers to precisely control the charging voltage and current to provide optimal charging performance and ensure battery performance and lifespan.
- The Battery Charge ASSP MCU developed by HOLTEK integrates dual OPAs, high-precision reference voltage, and a DAC (Digital to Analog Converter), enabling more precise voltage and current control, which significantly enhances charger efficiency and performance. Additionally, it features In-Application Programming, allowing adaptation to different battery charging needs through parameter updates without the need for re-manufacturing.
- Holtek's Battery Charge ASSP MCU series offers a calibration platform for fixtures, facilitating automated production and thus enhancing production efficiency. Calibration time has been reduced from several minutes to just a few seconds, significantly shortening production time and decreasing energy consumption.

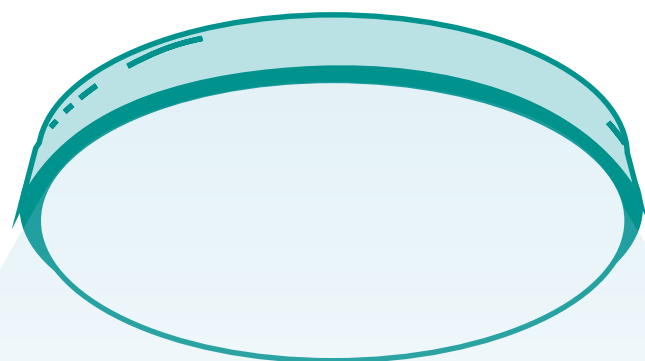
3~8 Cell BMS  
ASSP MCU



- Lithium batteries offer advantages such as high energy density, long cycle life, and no memory effect. However, their lithium material is flammable, requiring careful management of voltage, current, and temperature during charging and discharging. In motor applications, batteries are often connected in series to provide higher output voltage. Due to the differing characteristics of individual batteries, long-term use can result in variations in voltage across each battery, affecting their lifespan and overall performance. Therefore, charging management and balance charging are essential functions for the use of lithium batteries.
- Based on the 32-bit Arm® Cortex®-M0+ core, Holtek's solution is applied to 3-8 cell lithium battery products. It integrates high-precision battery voltage detection internally, monitoring the charging and discharging voltage of each battery. With passive balance charging, it reduces the charging current for batteries with higher voltage. The new generation of lithium battery protection ASSP MCU features a sleep mode that significantly lowers standby power consumption. For example, with a 36V battery pack, the daily energy consumption in sleep mode is 312mJ, compared to 7776mJ in the standby mode of the previous generation, representing a 96% reduction. The sleep mode helps prevent battery over-discharge during storage or transportation. The lithium battery protection ASSP MCU provides comprehensive battery management and charging protection, extending battery life and enhancing battery safety.



Energy Saving  
LED Lighting  
System

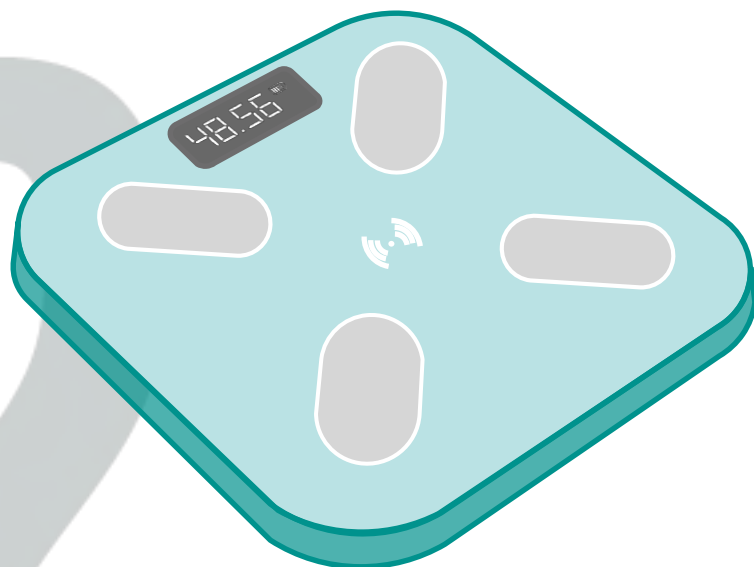


LEDs offer numerous advantages, such as being environmentally friendly, capable of adapting to both high and low-temperature environments, having longer lifespans, reducing maintenance costs, consuming low power, providing high luminous efficiency, exhibiting low light decay, offering a rich color gamut, instant illumination, and being resistant to damage. In daily life, inefficient and non-eco-friendly fluorescent lamps are gradually being replaced by LED lights, contributing to the environment and the future of the world.

Holtek's LED driver ICs precisely control LED current, supporting wide voltage designs that accommodate global power supplies. With a power factor (PF) of over 0.9, they meet EU LED lighting regulatory requirements, where a higher power factor indicates less energy loss, fulfilling the needs of energy-efficient product designs. Utilizing boundary conduction mode, these ICs achieve high power factor characteristics while reducing switching losses, improving system efficiency, and enhancing EMI performance. They also incorporate comprehensive protection mechanisms, such as open circuit, short circuit, overcurrent, and over-temperature protection, ensuring safe operation.

Holtek's 220V 50W LED driver, based on its LED driver IC, was tested with a standby power consumption of 0.3W, which is 40% lower than the 0.5W limit set by the EU ErP Directive (EU2019/2020), reducing daily energy consumption by 17.28kJ. Additionally, when connected to a 55V LED panel, the driver achieved 90.3% efficiency, surpassing the ErP requirement of 84.86% for 50W systems. This results in a daily energy saving of 85.2Wh, equivalent to 360.7kJ, compared to the ErP directive.

Body Fat Scale  
ASSP MCU



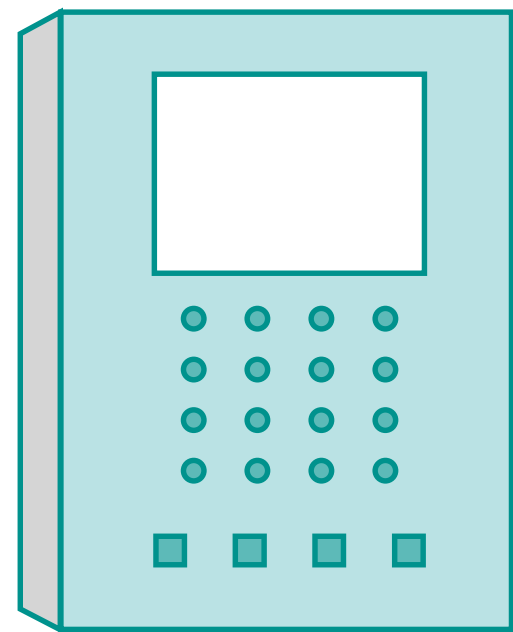
As living standards improve, people have begun to pay more attention to their dietary habits and lifestyles. In this context, body fat scales have become popular products, offering body composition data such as bone density, body fat percentage, muscle mass, and visceral fat levels. These scales provide a way to monitor the benefits of exercise and diet control through data analysis.

Holtek has developed a body fat scale ASSP MCU based on a 24-bit Delta Sigma A/D converter, integrated with specialized circuits for body fat measurement. Using sine wave measurement, it offers better repeatability and measurement accuracy, providing a wide output frequency range. By adjusting the frequency, it can measure the impedance at different subcutaneous depths. Its high level of integration also minimizes the number of discrete components required, reducing the PCB size, making it suitable for both four-electrode home models and eight-electrode professional models.

For professional models, Holtek's Bluetooth module can also be integrated to upload measurement data to smartphones. Combined with the manufacturer's big data system, this enables the latest calculation methods to be applied, making the measurement data even more accurate.



Smoke  
Detector/Peripheral ASSP MCU for  
Fire Alarm  
Control Panels



- Fire alarm control panels are essential safety devices in modern buildings and industrial sites, designed to detect fires early and send rapid alerts, effectively safeguarding lives and property.
- Fire alarm control panel systems are classified into P-type (non-addressable) and R-type (addressable) panels. P-type panels use wired loops to divide alarm zones, identifying only the general alarm area, making them suitable for small offices and stores. R-type panels assign a unique address to each detector, facilitating maintenance and management while pinpointing the exact fire location for efficient rescue operations. Additionally, R-type panels can integrate with emergency evacuation systems to plan escape routes, forming a comprehensive smart fire safety system ideal for large buildings, hospitals, and airports.
- Most fire alarm control panels on the market operate at 24V. Holtek's product integrates an LDO with a voltage tolerance of 42V, providing double the operating voltage for enhanced reliability. In R-type panel applications, voltage communication is used to monitor the status of each addressed device. Holtek's product integrates a non-polarized input circuit to improve communication speed and enhance interference resistance, eliminating wiring errors caused by voltage polarity confusion.
- The new generation product also reduces energy consumption, with daily power usage of 41.47J, compared to 54.95J for the previous generation, a reduction of 24.5%.

Smoke Detector  
ASSP MCU



- Smoke detectors are required to be installed under regulations in many countries, ensuring a stable market presence. The trend in product development is towards lower false alarm rates and a ten-year product lifespan.
- Currently, the leading technology for smoke detectors is optical detection, which has evolved from single-wavelength to dual-wavelength detection. This advancement improves the recognition of smoke from fires or cooking steam, significantly reducing false alarms and enhancing user experience. Holtek's smoke detector ASSP MCU supports dual-wavelength detection and has passed certifications in North America (UL) and China (GB). Additionally, the MCU's low-power design meets the ten-year battery life requirement, reducing the inconvenience of battery replacements.
- Given these features, Holtek offers various series of smoke detector ASSP MCUs, including Fire Alarm Control System, battery-operated types, and wireless communication types. Holtek continues to engage with new customers and expand its product range to meet diverse global product demands, contributing to residential safety.

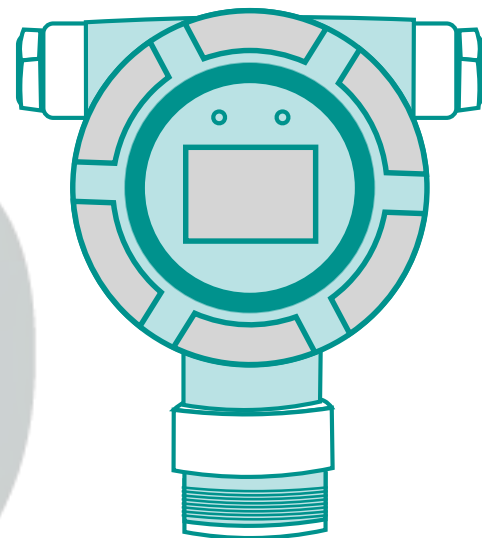


**BLDC ASSP MCU**  
Applied in  
Garden Tools



- As living standards improve and green spaces are expanded, the demand for garden tools has increased. Traditionally, garden tools used gasoline engines, which caused issues like exhaust emissions and noise pollution. With the rise in environmental awareness, there is a gradual shift from gasoline to electric power.
- Garden tools often face situations where the motor needs to restart and operate intermittently, leading to significant back electromotive force (EMF) and interference signals, which makes design challenging. Holtek's BLDC Motor MCU includes a hardware back EMF filter, providing clean signals to the MCU for accurate computation and control, while also reducing the number of external components, thus helping to minimize the circuit area.
- This solution has been adopted by reputable companies in Mainland China with stable shipments. The BLDC Motor MCU is widely applicable, extending beyond garden tools to include electric tools, pedestal fans, cooling fans, and massage guns. Holtek continues to develop higher voltage product lines to explore more application opportunities.

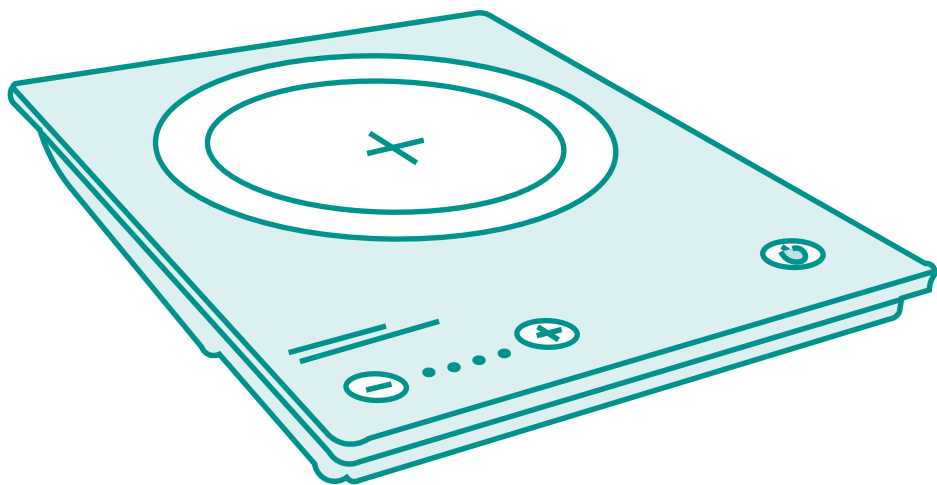
**24-Bit Delta Sigma A/D MCU**  
Applied in  
Industrial  
Transmitters



- A transmitter is a device that converts various physical signals (such as pressure, temperature, flow, and level) into standard signals and transmits them to control rooms or display equipment located hundreds of meters away. It is primarily used in industrial fields such as power plants, chemical plants, and smelting operations. With the advancement of industry, transmitters play a crucial role in creating smarter automation systems, monitoring and adjusting production environments, and ensuring stable production quality and a safe working environment.
- Holtek's 24-Bit Delta Sigma A/D MCU features excellent anti-interference capability, making it suitable for industrial environments. The built-in analog-to-digital circuitry provides high-precision resolution to meet the sampling requirements of various sensors (such as pressure and temperature). Additionally, it includes an operational amplifier for generating the industry-standard 4mA to 20mA communication signals. This MCU, with its streamlined peripheral circuitry, is particularly well-suited for compact transmitter applications, offering reliable signals for automation and safety monitoring.

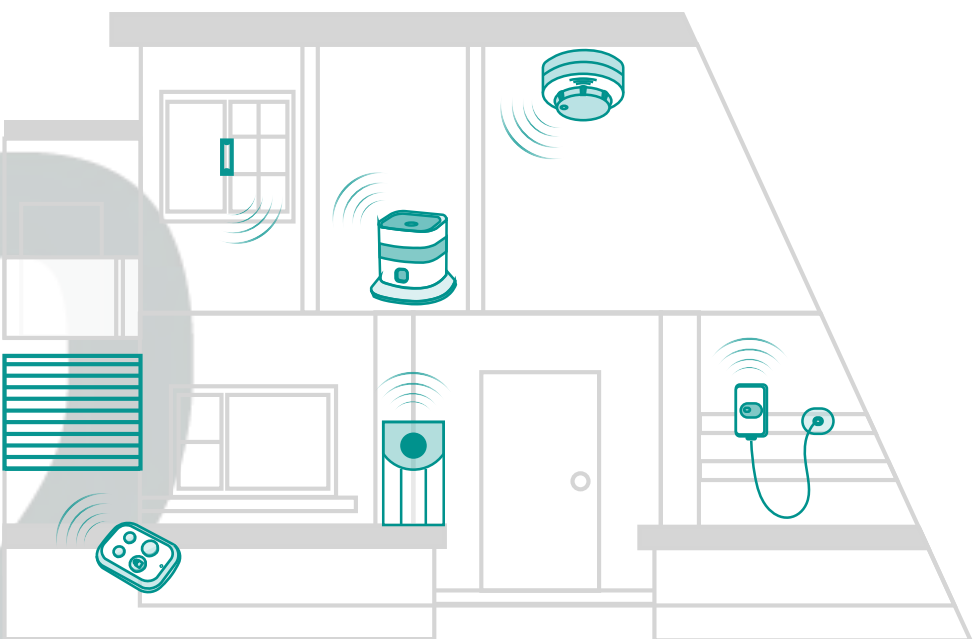


Household/Commercial Induction Cooktop ASSP MCU



- Induction cooktops generate heat only when in contact with cookware, resulting in high thermal efficiency and reduced energy waste. Additionally, the use of induction cooking eliminates open flames, thus avoiding gas leaks and carbon monoxide production, significantly enhancing cooking safety.
- The principle of an induction cooktop involves generating an alternating magnetic field through coils, which heats the cookware. This process produces significant interference signals that affect the power supply. Therefore, manufacturers need to incorporate numerous protective components to suppress these interference signals.
- Holtek's dedicated MCU for induction cooktops integrates hardware dithering technology to reduce peak voltage in Insulated Gate Bipolar Transistors (IGBTs), improving component reliability and reducing damage probability. It also helps in evenly distributing interference signals, making it easier to pass product certification tests. Additionally, the MCU reduces the number of required protective components, thereby shrinking the circuit area. The MCU also includes multiple hardware protections such as over-voltage/current, over-temperature, and phase detection, enhancing the safety and reliability of induction cooktops and contributing to greater convenience in daily life.

SUB-1GHz Series Applied in IoT, Smart Home, Smart Cities, and Industrial Control



- Wireless communication eliminates cumbersome wiring and frees devices from fixed locations, creating endless possibilities in an era where everything is connected. Compared to the 2.4GHz band, the SUB-1GHz band offers better penetration, longer transmission distances, and lower power consumption, making it crucial in wireless communication.
- Holtek's SUB-1GHz Wireless Series supports global frequency bands and features optimized receiver sensitivity and increased transmission power. Communication distances can exceed 500 meters, improving data stability for both indoor and outdoor use, and reducing the need for retransmission and additional power consumption. The series includes automatic transceiver functionality, allowing the MCU to remain in sleep mode until data needs processing, making it ideal for battery-powered applications with infrequent data transmission, such as wireless smoke detectors, automatic meter reading systems, and smart home devices.
- Holtek continues to monitor global wireless protocol trends and plans to integrate digital signal processing units to simplify protocol use and shorten customer development timelines.



Holtek MCU products are applied in various fields including home appliances, energy management, motor drives, healthcare, security, and industrial sectors. To enhance product competitiveness and ensure sustainable corporate development, the long-term planning blueprint is as follows:

01	<b>Define Goals and Requirements:</b> Clearly define the objectives and requirements of the product. This includes goals such as energy savings, improved energy efficiency, reduced carbon emissions, enhanced energy monitoring, and support for renewable energy.
02	<b>Market Research:</b> Conduct market surveys to understand the needs and trends of the target market. Assess the competitive landscape, key players, and potential collaboration opportunities in the field. Additionally, evaluate the product's potential value and competitive advantages in the market.
03	<b>Technical Development:</b> Set short-term and long-term development goals, with phased design to facilitate rapid market entry. Enhance customer interaction and continuously improve functionality.
04	<b>Partnerships:</b> Provide development platforms, deepen customer support, and establish long-term, mutually trusted partnerships for shared growth and benefits.
05	<b>Testing and Validation:</b> Conduct tests and validation to ensure the product meets the expected performance and functional requirements. Perform field tests and verify the product in actual application scenarios.
06	<b>Application Promotion:</b> Implement agent training programs, organize seminars and new product launches, and contribute to industry forums to enhance industry visibility. Additionally, provide application solutions, development platforms, and professional technical teams to accelerate customer adoption of solutions.
07	<b>Continuous Improvement and Investment:</b> Continuously enhance and optimize products while investing in the research and development of new technologies.



2.3 Intellectual Property Management

Improve intellectual property management and effectively utilize the achievements of intellectual property.

- The Company has a Legal and Intellectual Property Rights Division responsible for handling intellectual property related affairs to establish a systematic management system for patents, trademarks, and integrated circuit layout and design and effectively manage various intellectual property rights.
- More than 900 global patent applications and more than 700 global patent certifications.

Patent application statistics in the past three years

Year	Number of cases
2021	23
2022	18
2023	21

Patent certification statistics in the past three years

Year	Number of cases
2021	19
2022	22
2023	22

Trademark application and extension statistics in the past three years

Year	Number of applications	Number of extensions
2021	9	4
2022	8	3
2023	8	2

Copyright registration statistics in the past two years

Year	Number of registrations
2022	6
2023	7

Circuit layout design exclusive right application statistics in the past three years

Year	Number of cases
2021	6
2022	16
2023	16



Encourage innovative research and innovation, and establish independent intellectual property.

- Different companies within the Group have formulated different patent management measures tailored to local conditions, clearly defined incentive measures, and continuously incentivize employees to submit patent applications.
- Hold patent proposal reviews and evaluations to ensure the quality of patent applications.
- Over the years, the cumulative number of patent inventors has exceeded 600. From 2021 to 2023, there were 19 patent inventors.

Refine the intellectual property system to enhance the Company's competitive strength.

- Provide lectures on intellectual property management for new employees to introduce and promote the Company's intellectual property management policies. In 2023, three sessions were held, with a total of 44 participants and a total of 66 course hours.
- Provide intellectual property related training for in-service employees, with lecture topics covering legal concepts and applications such as business secrets, patents and copyrights, in order to strengthen employees' awareness and cognition of intellectual property protection. In 2023, Four sessions were held, with a total of 201 participants and a total of 237 course hours.
- Conduct face-to-face interviews with resigned employees before leaving and strengthen guidance on the relevant regulations on intellectual property that should be followed after leaving. The advocacy reached 31.5 hours in 2023.
- Strategically obtain necessary technical authorizations from specific semiconductor and other technology companies, so that the Company can immediately receive intellectual property protection and minimize shareholder equity losses and operational risks caused by claims and lawsuits related to intellectual property rights.

Respect intellectual property rights; do not infringe or be infringed upon.

- Maintain close contact with external patent consultants and regulatory authorities to improve review efficiency and obtain high-quality patent protection.
- Defend the rights of the Company's intellectual property rights against those who infringe upon them to ensure our rights and interests. In the past three years, we have sent three warning letters and filed three lawsuits.
- Conduct patent technology search and analysis based on R&D and development needs, in order to reduce the risk of infringement by the Company, and avoid the losses of shareholders and our customers. In the past three years, over sixty patent technologies required for R&D have been searched and analyzed.
- Monitor the status of competitors' patents, effectively grasp the layout and technological trends of the intellectual property of industry peers. As of 2023, we have regularly monitored 58 competitors and over 3,000 related patents, and produced patent monitoring reports and regularly provided them to our R&D units for reference.

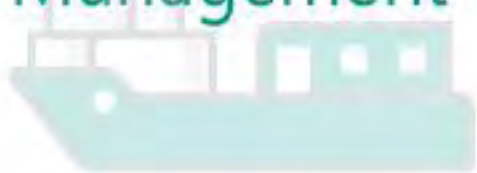


03

Product Responsibility CH3

- 3.1 Customer Service
- 3.2 Supply Chain Overview

- 3.3 Sustainable Supply Chain Management



0 Cases

Cases of complaints received by the end of 2023 due to customer privacy violations.

Deliver green products compliant with RoHS, REACH, and halogen-free standards to customers.

Key suppliers have obtained ISO 14001 environmental management system certification.

Suppliers have obtained ISO 9001 quality management system certification.

100 %

Raw materials do not use conflict minerals.

Key suppliers have obtained ISO 45001 occupational health and safety management system certification.



3. Product Liability

Policy or Commitment	Public Link	Approval Level	Stakeholders	How to Implement Policies or Commitments
Quality Policy, Hazardous Substances Process Management Policy	<a href="#">Policy Link</a>	General Manager	Employees, Customers, Suppliers	Quality / Hazardous Substances Process Management Training in 2023: 94 hours and 72 participants

1. Our company values product quality, and both our operations and product quality adhere to the ISO 9001 international standards. We have established procedures such as the 'Customer Satisfaction Operating Procedures,' 'Customer Complaint Handling Procedures,' and 'Customer Return Handling Procedures.' Additionally, we have set up a customer service section on our website to promptly address and resolve customer complaints.
2. To comply with international standards, our company strictly adheres to relevant safety, environmental, and labor protection regulations in our research and development, procurement, and production processes. This ensures that the products we ship meet these standards and protect the interests of our customers.
3. Our products comply with international environmental regulations, meeting the requirements of the EU RoHS and REACH directives. They are clearly labeled on the packaging to ensure that they do not contain harmful substances that could harm human health. Our products comply with international environmental regulations, meeting the requirements of the EU RoHS and REACH directives. They are clearly labeled on the packaging to ensure that they do not contain harmful substances that could harm human health.

● Achievement   ○ Not Achieved					
Significant Topics	2023 Goals	2023 Achievements	2024 Goals	Mid-term Goals	Long-term Goals
Customer Service Management.	Customer Satisfaction Survey Response Rate: 90%..	● Customer satisfaction survey response rate: 92.86%	Customer Satisfaction Survey Response Rate: 100%	Achieve the target response rate for customer satisfaction surveys.	Achieved the target response rate for customer satisfaction surveys.
	Completed 70% of Supplier On-site or Video Audits.	○ Complete 40% of supplier video audits (due to the ongoing impact of COVID-19, on-site audits are not feasible).	Complete 70% of on-site or video audits of key suppliers.	Increase the rate of on-site supplier audits.	Thoroughly understand customer expectations and work with all suppliers to emphasize international environmental requirements.
	100% of Products Submitted to Customers Complying with RoHS, REACH, and Halogen-Free Green Standards.	● 100% of Products Submitted to Customers Complying with RoHS, REACH, and Halogen-Free Green Standards	Submit 100% of products that comply with RoHS, REACH, and halogen-free green standards to customers.	Continuously comply with RoHS, REACH, and halogen-free green product requirements.	Continuously monitor domestic and international environmental issues and requirements, respond to and comply with international standards, and collaborate with suppliers to emphasize international environmental requirements.
	100% of Major Partner Suppliers * Obtained ISO 14001 Environmental Management System Certification.	● 100% of Major Partner Suppliers Obtained ISO 14001 Environmental Management System Certification.	100% of key partner suppliers obtain ISO 14001 Environmental Management System certification.	In addition to ISO 14001 Environmental Management System certification, key partner suppliers must also obtain the following certification	Continuously monitor domestic and international environmental issues and requirements, respond to and comply with international standards, and work with suppliers to emphasize international environmental requirements.
Sustainable Supply Chain Magement.	100% of Major Partner Suppliers * Obtained ISO 45001 Occupational Health and Safety Management System Certification	● 100% of Major Partner Suppliers Obtained ISO 45001 Occupational Health and Safety Management System Certification	100% of key partner suppliers obtain ISO 45001 Occupational Health and Safety Management System certification.	In addition to ISO 45001 Occupational Health and Safety Management System certification, key partner suppliers must also obtain the following certification	Continuously monitor domestic and international safety and health issues and requirements, respond to and comply with international standards, and work with suppliers to emphasize international safety and health requirements.

\* Major partner suppliers refer to those whose contract manufacturing accounts for more than 5% of the total production volume.

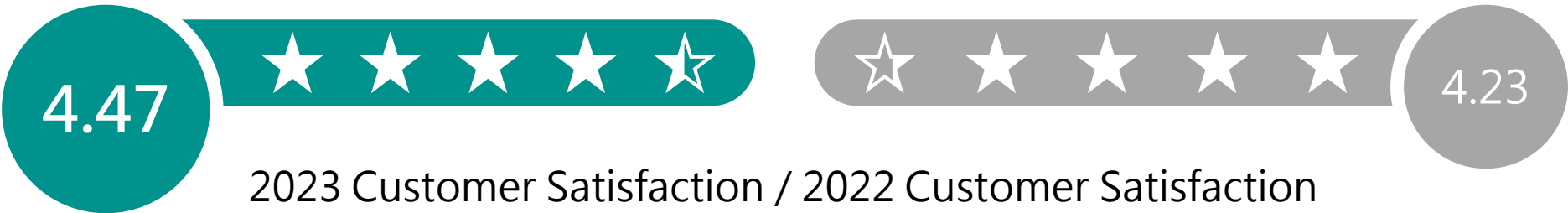


3.1 Customer service

Customer feedback and suggestions

- At Holtek, we uphold a customer-first service philosophy and conduct an annual customer satisfaction survey each January. In 2023, the overall average satisfaction score was 4.47 out of a maximum of 5. For this survey, 56 questionnaires were distributed, and 52 were returned, resulting in a response rate of 92.86%
- Holtek regularly analyzes, reviews, and plans action strategies based on customer satisfaction. In 2023, there were a total of 39 pieces of feedback from customers or agents, primarily focusing on service, delivery times, and new product development. Holtek is committed to ongoing improvements in these areas to provide higher quality service and earn customer approval.

	Quantity of questionnaires issued	Quantity of questionnaires returned	Response rate
Customer/Agent	56	52	92.86%



Protect customer privacy

- Board members or managers are obligated to maintain confidentiality regarding information about the company or its clients, except where disclosure is authorized or required by law. Confidential information includes any unpublished data that could potentially be used by competitors or leaked in a way that could harm the company or its clients.
- When collaborating with clients on development projects, the company will sign a confidentiality agreement to honor the cooperative spirit of the contract. The company is committed to adhering to the client's requirements, safeguarding both parties' collaborative mechanisms and business secrets, and ensuring proper management and execution.
- The company has established a Code of Integrity and set up a Legal and Intellectual Property Department responsible for developing and enforcing procedures for managing, preserving, and protecting business secrets. This ensures the ongoing effectiveness of these procedures. Additionally, it is explicitly mandated that all employees must strictly adhere to regulations concerning business confidentiality and are prohibited from disclosing any information they are aware of related to the company's business secrets.
- Establish a stringent access control and surveillance system to continuously monitor and manage the entry and exit of personnel and vehicles.
- In 2023, there were no complaints received regarding breaches of customer privacy.



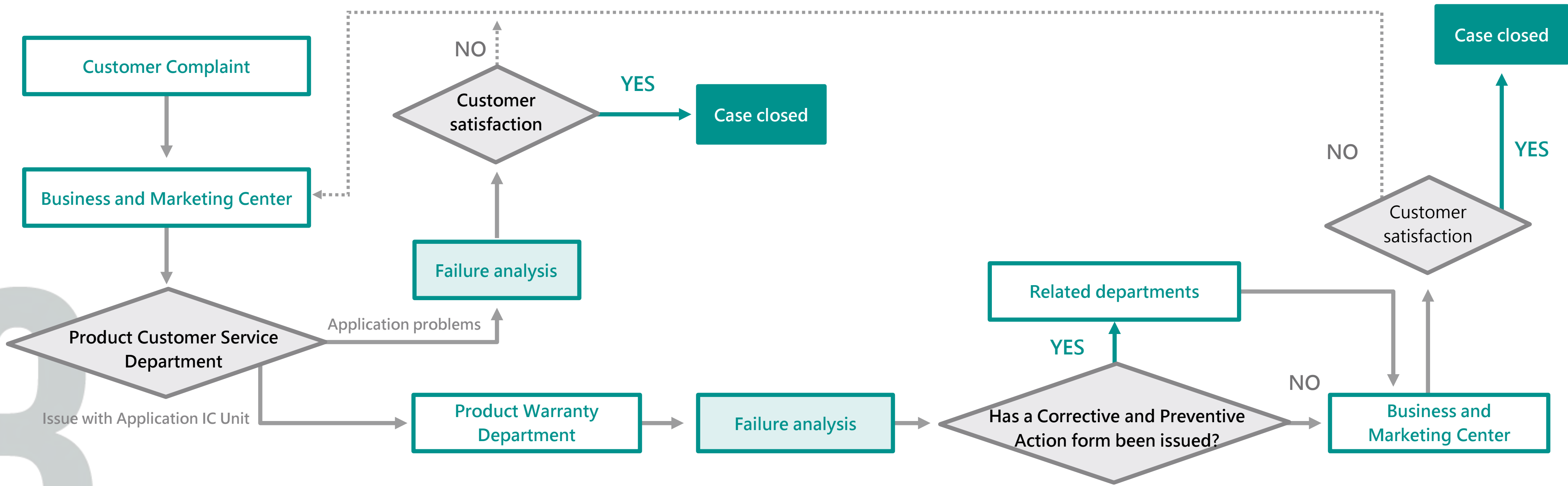


Customer return (FAE) analysis and statistics

Year	2021	2022	2023
Number of cases	171	123	181

Note : In the 2023 FAE analysis and statistics, 105 cases were identified as non-IC related issues.

Customer complaint handling

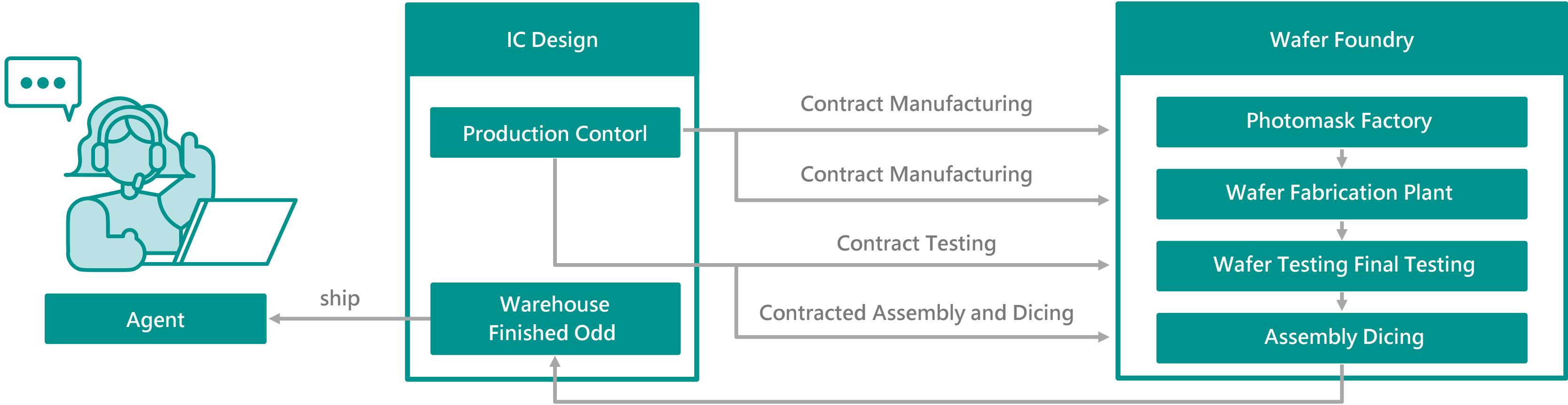


▲ Customer complaint handling flow chart



### 3.2 Supply Chain Summary

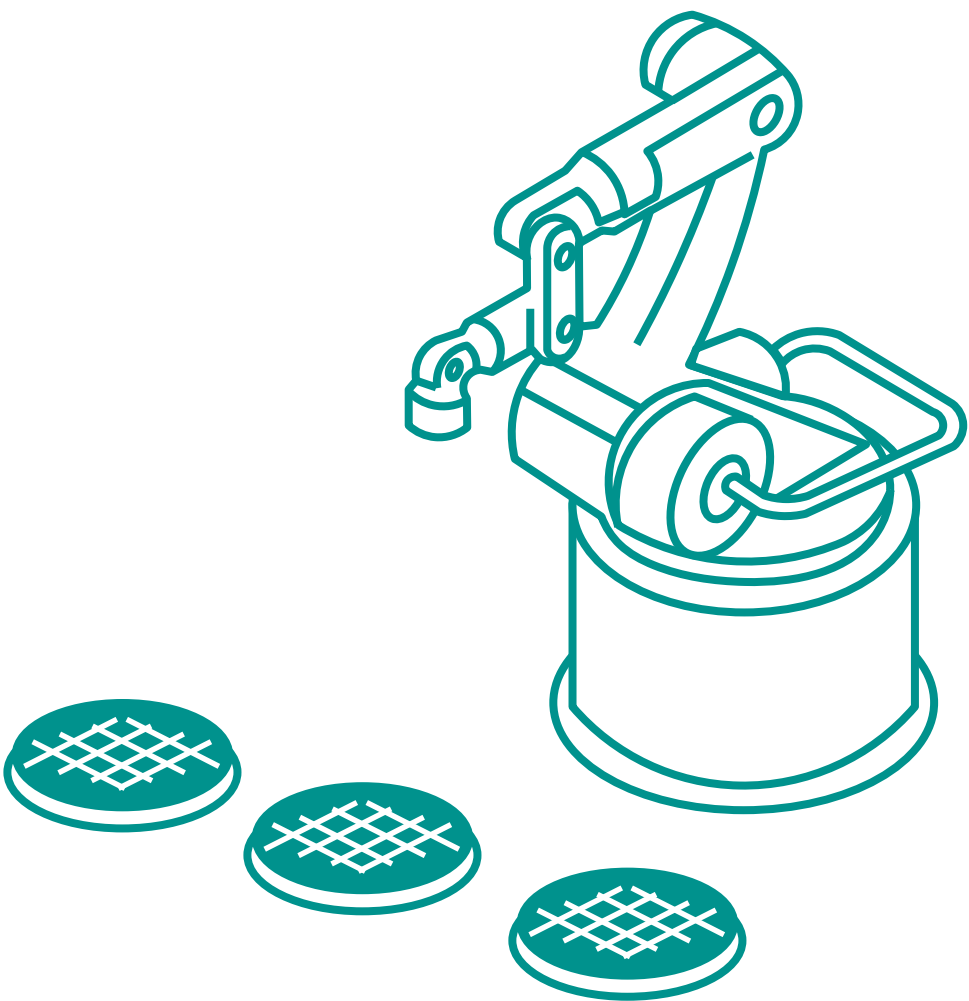
To meet customer needs and enhance competitiveness, Holtek integrates agents, suppliers, and customers. We focus on minimizing supply chain costs and achieving operational goals. Before forming business relationships, we verify the legality, integrity, and honesty of our partners to ensure fair and transparent practices without bribery.



▲ Supply chain flowchart

#### Supplier relationships

- Our main suppliers are well-known, reputable companies both domestically and internationally. We value long-term partnerships with them.
1. We ensure our suppliers meet international environmental and labor safety standards and are committed to a green supply chain
  2. We work with key suppliers who pass social responsibility audits by SGS or INTERTEK and regularly review materials and factories to ensure they meet environmental and labor safety standards.

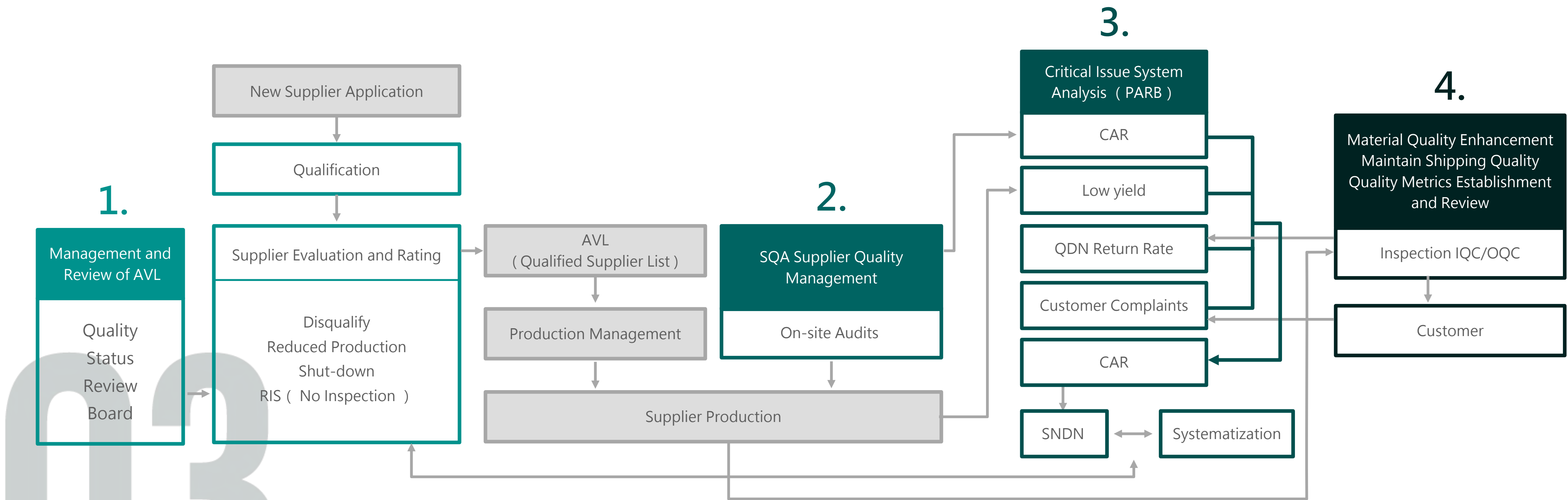




3.3 Sustainable Supply Chain Management

New supplier assessment and management policy

To uphold corporate social responsibility, Holtek assesses and manages new suppliers based on internal regulations. We enforce green policies throughout the supply chain, requiring suppliers to meet our standards and adopt environmental protection practices.



▲ Holtek New Supplier Management Flowchart.  
In this document, 'New Suppliers' refers exclusively to 'Tier 1 manufacturers,' not to general procurement vendors.

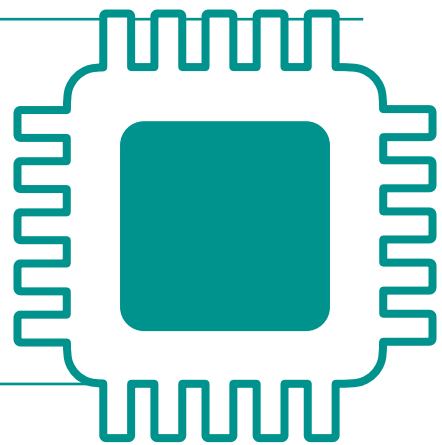


Action Items	Execution Details	Communication Methods
New Supplier Assessment	Environmental Management System	Does the supplier have an environmental management system?
	Environmental Management Requirements	Are environmental management requirements imposed on material suppliers?
	Meets Holtek’ s Green Standards	Meet Holtek’ s Environmental Material Standards
	Meets Social Standards	Does the supplier adhere to SA8000 Social Responsibility Standards or meet related social responsibility requirements?
Current Supplier Management	Dedicated Team and Personnel	Establish a dedicated team to ensure effective green environmental management of products.
	Prohibition of Harmful Substances	In accordance with RoHS and REACH regulations, the use of environmentally harmful substances is prohibited.
	Raw Materials Meet Hazardous Substance Standards	Suppliers must also provide reports certifying that components or materials are free of harmful substances, in accordance with Shengqun's requirements.
	Hazardous Substance Agreement	There must be a written agreement between the supplier and at least the primary supplier to prohibit the use of environmentally hazardous substances.
	Regular Hazardous Substance Reports	Suppliers must regularly submit third-party hazardous substance test reports for packaging materials.
	Regularly Provide CSR Certificates	Suppliers must regularly provide ISO 9001, ISO 14001, QC 080000, ISO 45001, or other relevant certificates related to environmental standards and corporate social responsibility (GRI Report).
	Provide a Conflict Minerals Certificate	Suppliers must submit a "Conflict-Free Minerals Certificate," proving that the metals used in their products do not come from regions controlled by rebel groups or illegal militias.



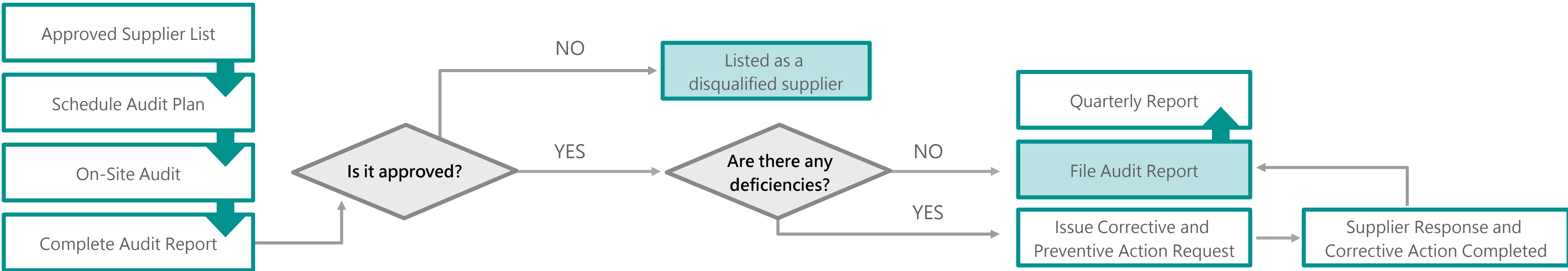
New supplier audit process

Operational Process	Operating Unit	Operational Instructions	Operational Form	
Request for Supplier Information	Production Management Department	Consider cost or supplier delivery capability to find a 2nd source mechanism, facilitating procurement adjustments and price negotiations. Verify the supplier's background (company profile) and ensure that the supplier's internal chemical substance control complies with RoHS regulations.	Request Form: Obtain Supplier Basic Information	1. Supplier Basic Information 2. Quality System Certification Certificate 3. Non-Harmful Substances Certificate 4. SGS Analysis Report; SDS Safety Data Sheet 5. Purchased Products Check List-Buy & Sell items
Find Relevant Suppliers		Primary raw material suppliers must have ISO certification.	Supplier Audit Documentation	( You must provide the information for items 3, 4, and 5 in the table; otherwise, you cannot become an approved supplier for the company. )
Data Review	Quality Assurance Department		1. FAB / Assembly / Dicing / Test / Buy&Sell : Outsourced Supplier On-Site Inspection Confirmation Form	
	Production Management Department	Quality Assurance Department/Production Management Department Evaluation Team	2. Assembly / Dicing / Test : Obtain Qual.- run Report · Approved suppliers will conduct a Pilot Run, adjust based on test batch yields, and decide on full-scale production release. 3. Assembly : Reliability Reportx 1	
Supplier Audit		Jointly adjudicated by the Quality Assurance Department and Production Management Department	Approved Supplier Notification	
Supplier Approval	Quality Assurance Department	Must be announced to relevant departments for awareness	Approved Supplier List	
Approved Supplier Registration	Quality Assurance Department		1. Quality Record 2. Approved Supplier List	
	Production Management Department	ICP Inspection reports must be updated annually by suppliers	3. New Supplier Audit Checklist 4. Supplier Review Documentation	





### Approved supplier audit process



### Supplier risk assessment

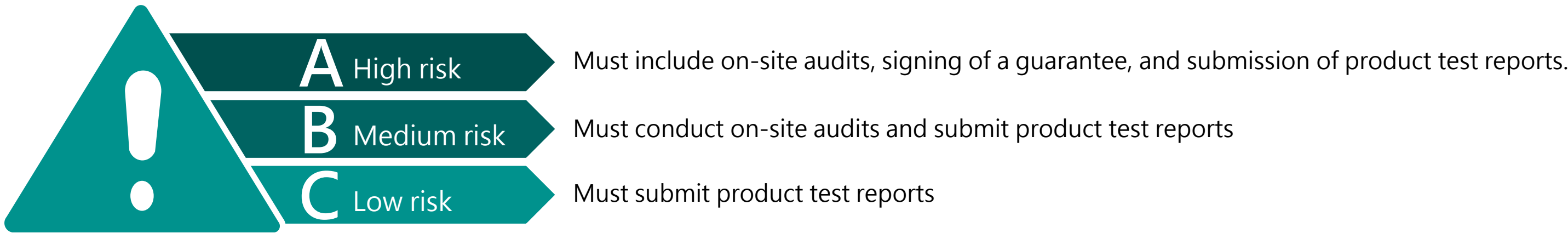
- Semiconductor evaluates supplier risk based on three aspects: quality, environment, and hazardous substances. :
1. Quality Aspect: Quality management is prioritized. All suppliers must have ISO 9001 certification, and those in the automotive supply chain must have IATF 16949 certification to ensure they meet customer quality requirements.
  2. Environmental Aspect: Suppliers and their primary raw material suppliers must obtain ISO 14001 certification to implement environmentally friendly policies.
  3. Safety and Health Aspect: Suppliers are required to assess and independently implement a safety and health management system.
  4. Hazardous Substances Aspect: Suppliers must meet our hazardous substances requirements. We classify them into high, medium, and low-risk categories, with stricter controls for high-risk suppliers to ensure compliance with customer and international standards

### Implementation of semiconductor's supplier management policies and regulations

1. Establish supplier rules for compliance with quality, environmental, and safety standards.
  - ( 1 ) Quality: Suppliers must meet all quality indicators and audit requirements.
  - ( 2 ) Environmental aspect: In addition to requiring suppliers to meet international environmental standards, the main raw material suppliers must also comply with these standards.
  - ( 3 ) Occupational safety and health: Suppliers are required to meet international standards, and there will be an additional review of any sanctions from regulatory authorities over the past three years due to violations of local occupational safety and health regulations to ensure effective management.



2. Suppliers are required to conduct regular self-assessments, and Shengqun will perform audits based on these results. Suppliers will be classified into three risk levels: A, B, and C. :

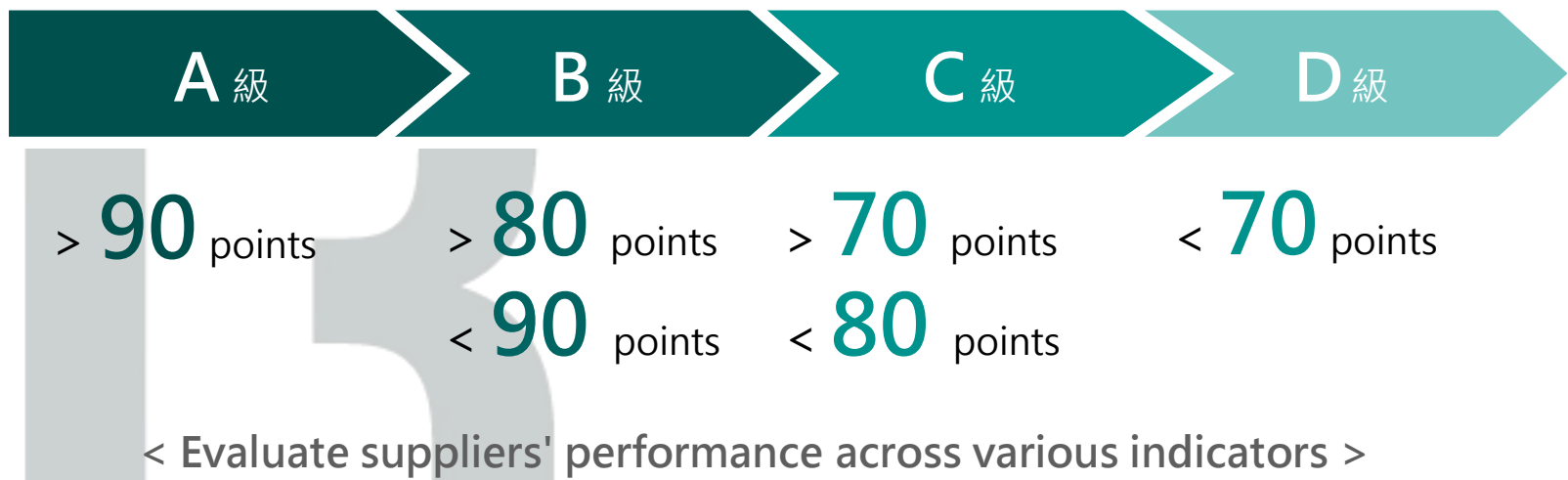


3. Based on a win-win strategy, view suppliers as close partners, fostering positive interaction and communication to address their weaknesses, enhance their strengths, and apply these improvements across all suppliers

4. Through systems or on-site methods, provide irregular training, communication, and outreach to suppliers, informing them of Shengqun's new requirements due to international regulations changes. When necessary, offer guidance to help them meet Shengqun' s standards.

- ( 1 ) Major requirement: Hold a supplier conference, inviting suppliers to Shengqun for education and training to achieve optimal interaction between both parties.
- ( 2 ) Regular requirement: Issue Shengqun's new requirements through the system and ask suppliers to conduct internal training based on these new requirements.
- ( 3 ) In case of major deficiencies, Shengqun will assign specialists to provide targeted guidance at the supplier's location

5. Quarterly, assess suppliers' performance on quality, delivery, service, and management systems as a reference for sustainable cooperation between both parties.



- ( 1 ) Quality performance indicators: production yield and inspection pass rate
- ( 2 ) Delivery performance indicator: on-time delivery accuracy .
- ( 3 ) Service performance indicators: responsiveness to demands, complaint handling, and processing unit price.
- ( 4 ) Implement SA8000 social responsibility standards.
- ( 5 ) Renewable energy or environmental sustainability measures.
- ( 6 ) Management system performance indicators: ISO 9001, ISO 14001, ISO 45001, QC 080000, and IATF 16949.
- ( 7 ) Evaluation levels: A (90+), B (80-89), C (70-79), D (below 70)



Supply chain audit

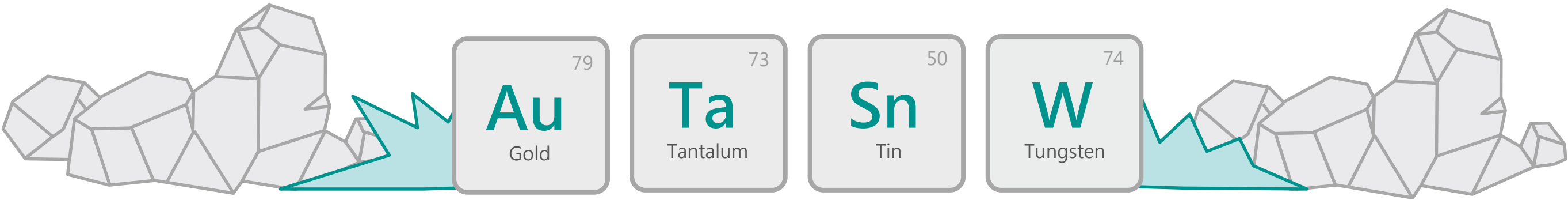
- Due to Holtek's emphasis on quality, we actively conduct on-site supplier audits. However, due to the global COVID-19 pandemic, on-site audits cannot be fully implemented. Currently, we are using a combination of on-site and document audits, with 6 suppliers audited on-site and 9 through document reviews. We will continue to strive to increase the proportion of on-site audits to ensure suppliers meet quality standards.
- Holtek's professional auditors plan and conduct on-site audits, focusing on production areas to ensure high product quality. In addition to reviewing basic quality documentation, we monitor production processes closely. We rigorously verify the effectiveness of corrective actions to eliminate potential quality risks.
- Alongside on-site quality audits, we also perform audits of hazardous substances (HSF) management systems. For high-risk packaging plants in the supply chain, we apply the same rigorous methods, using evaluation checklists to verify and confirm compliance with Holtek's green product standards.

Statistical interval	Number of audited suppliers	Main locations	Evaluation methods	Number of audits	Video audit results
2023/1/1 ~ 2023/12/31	15 suppliers	Taiwan / China	Supplier evaluation scores and deficiencies	6 suppliers (On-site audit) 9 suppliers (Document review)	All identified deficiencies were corrected and passed Holtek's quality audit

Conflict minerals policy

- As a responsible corporate citizen, Holtek, in line with corporate social responsibility and respect for international human rights, makes the following statement regarding metals sourced from armed conflicts, illegal mining, or poor working conditions (referred to as "conflict minerals"). Holtek will implement measures to avoid the use of such conflict minerals in our products. We require suppliers to thoroughly investigate whether the sources of metals such as gold (Au), tantalum (Ta), tin (Sn), and tungsten (W) in their products come from the Democratic Republic of the Congo and, if necessary, to provide information obtained from such investigations. We will continue to monitor and address the impacts of conflict minerals.

03





04

Environmental Sustainability CH4

- 4.1 Environmental and Occupational Safety and Health
- 4.2 Response to Climate Change

- 4.3 Energy and Greenhouse Gas Reduction
- 4.4 Waste Management

Cumulative power saving 111,357 KW/year

Since the launch of the power saving plan in 2020, the cumulative annual power savings has been approximately 111,357 KW/year.

Environmental safety and health training 159 %

The total training time in 2023 was 2,197.5 hours, an increase of 159% from 816 hours in 2022.

Occupational disasters 0 cases

There were no occupational disasters in the workplace in 2023 (including employees and contractors).

Environmental protection incidents 0 cases

There were no environmental protection incidents or fines in 2023.

Safety and health incidents 0 cases

There were no fines or major incidents in 2023.

ISO management system ISO 14001 / ISO 45001

Certified by an independent third-party verification agency and continuously effective

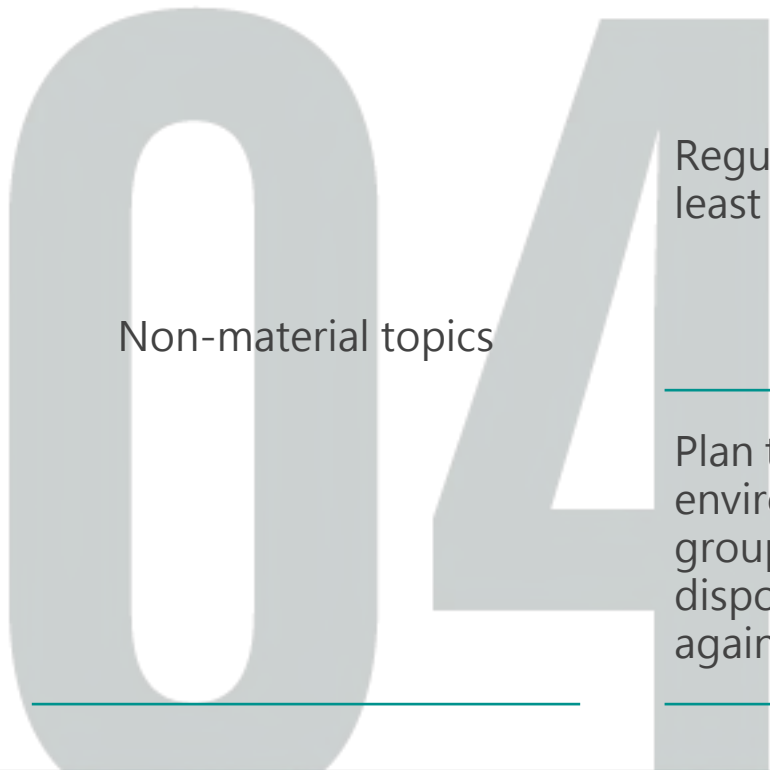


4. Environmental Sustainability

Drive Goals and Performance

● Achievement   ◉ Partially achieved   ○ Not Achieved

Material topics	Goals for 2023	Actual performance in 2023	Goals for 2024	Mid-term goals	Long-term goals
occupational safety and health	No occupational disaster disabilities determined - "Zero occupational disasters" .	● No occupational disaster disability occurred.	No occupational disaster disabilities determined - "Zero occupational disasters" .	Implement environmental and safety and health training to enhance employee safety awareness.	Enhance the overall safety culture and environmental protection awareness of the Company.
	80% achievement rate of the annual environment and safety and health training plan.	● 88.4% achievement rate of annual environment and safety and health training plan.	80% achievement rate of the annual environment and safety and health training plan.		
Energy and greenhouse gas reduction	Establishment of greenhouse gas inventory architecture.	◉ We have signed a partnership program with GHG third-party verification companies and coaching companies	Review the existing energy metering methods and plan/set up metering equipment to obtain more accurate data.	External ISO 14064-1 certification.	Continuously monitoring changes in domestic and international regulations, understanding trends in regulatory changes, and being prepared to respond accordingly.
	Compliance with Episil Technology to improve various energy-saving monitoring equipment and measures	● Accumulated power savings of 111,357 kW/year	Analyze the structure of electricity consumption and reformulate the carbon reduction plan.		
Non-material topics	Regular recycling of scrapped ICs (at least once a year).	● Recycled scrapped ICs 2 times in total.	Investigation and analysis of the packaging of shipped products, and the formulation of packaging reduction and environmentally friendly packaging plans.	More than 80% of the pulp in the shipping and distribution boxes is made of recycled pulp. The mixing ratio of plastic recycled materials with environmentally friendly fillers is more than 30%.	The printing area of the carton accounts for 40% of the surface area of the box. Design new specifications to make their packaging more streamlined.
	Plan to use stainless steel tableware or environment-friendly tableware for group meals. It is estimated that disposable tableware will not be used again from 2023.	● In 2023, the group meal has used melamine tableware and reused	—	—	—





4.1 Environmental and Occupational Safety and Health

Policies or commitments	Public link	Approving level	Stakeholder	How to implement policies or commitments
Safety and health policies and environmental policies	<a href="#">Policy link</a>	President	Employees, customers, suppliers	Safety and health training in 2023: 57.5 hours and 46 people in total

Environmental and occupational safety and health management system

- The Company obtained the international OHSAS 18001 occupational safety and health management system certification in 2006, and completed the ISO 45001:2018 conversion certification in 2019 (valid until November 26, 2024). The ISO 14001: 2015 environmental management system (valid until November 23, 2024) has been certified by a third-party independent certification agency and continues to be valid. The Company’s management system covers relevant employees in the Hsinchu headquarters who carry out related work and activities, including employees and contractors for IC design, development, sales, quality inspection and contracting.
- Holtek encourages employees to consult and participate in environmental, safety, and health issues, and regularly promotes continuous improvement activities for various employee related environmental, safety, and health tasks, including environmental, safety and health related training, work environment monitoring, and contractor management. Through the PDCA cycle, continuous improvement is carried out, and environmental, safety, and health performance indicators are regularly reviewed at the Occupational Safety and Health Committee meeting and the ISO 14001 and ISO 45001 Advanced Management Review Meeting to create a good work environment and protect the physical and mental health and safety of employees.

Safety and health policy

- Comply with safety and health laws and regulations and implement safety and health operation guidelines.
- Reduce occupational safety and health risks, and eliminate occupational safety and health hazards.
- Implement communication and promotion of safety and health training and establish a safety and health audit and review system.
- Encourage workers to consult and participate, and commit to implementing continuous improvement activities.

Environmental policy

- Comply with regulatory requirements, and fulfill corporate responsibilities.
- Continuously improve the environment and enhance environmental performance.
- Commit to pollution prevention and sustainable business development.

Certification



ISO 45001 occupational safety and health management system



ISO 14001 environmental management system





4.1 Environmental and Occupational Safety and Health | 4.2 Response to Climate Change | 4.3 Energy and Greenhouse Gas Reduction | 4.4 Waste Management

In accordance with laws and regulations, a safety and health consultation unit called the Occupational Safety and Health Committee has been established to study and strengthen occupational safety and health issues and to propose suggestions and regularly review safety and health implementation matters. A first level safety and health management unit, the Work Safety and Environmental Protection Office, has been established and professional personnel was hired (a Class A occupational safety and health business supervisor and an occupational safety and health administrator), responsible for promoting occupational safety and health and environmental protection related businesses. According to the regulations on labor health protection, nurses and physicians are appointed to provide labor health services.

The member structure of the Occupational Safety and Health Committee is as follows:  
In addition to the president as the chair, the Committee has one executive secretary and nine members, four of whom are labor representatives, accounting for 40% of the Committee's 10 members (labor representatives are jointly elected by the employees) to assist in supervising and recommending occupational health and safety related plans. Other workers, such as outsourced cleaning personnel and security guards, do not have representative seats in the Committee.

An annual ISO 14001 and ISO 45001 High Level Management Review Meeting and a quarterly Occupational Safety and Health Committee meeting is held, and the progress of environmental and safety and health matters is reported to the Committee on a weekly basis. In accordance with the Occupational Safety and Health Act and its sub-laws, the occupational safety and health management plan, the prevention plan for human hazards, the prevention plan for illegal infringement during the performance of duties, the prevention and management plan for diseases caused by abnormal workload, the maternal health protection plan, and the hazard communication plan have been established with the Occupational Safety and Health Committee consulted for opinions, and they are regularly reviewed and revised. In 2023, a total of three proposals were implemented, and all were completed in the current year.

The Company has an online Communication Processing Form system that provides employees with direct feedback on relevant environmental and occupational safety and health issues. In addition, a dedicated mailbox for accusation of illegal infringement has been set up, and the mail is jointly received by the President's Office, the Director of the Administration and Management Department, and the Director of the Legal Affairs and Intellectual Property Rights Department. The accusation method is publicly announced, and a "zero tolerance" policy for illegal infringements in the workplace has been implemented.

In addition to the channels above, employees can directly reflect relevant occupational safety and health issues at the Occupational Safety and Health Committee meeting through labor representatives.

Occupational Safety and Health Committee

First level safety and health management unit  
Work Safety and Environmental Protection Office



The Occupational Safety and Health Committee holds regular meetings, with relevant responsibilities as follows:





Hazard identification, risk assessment and accident investigation

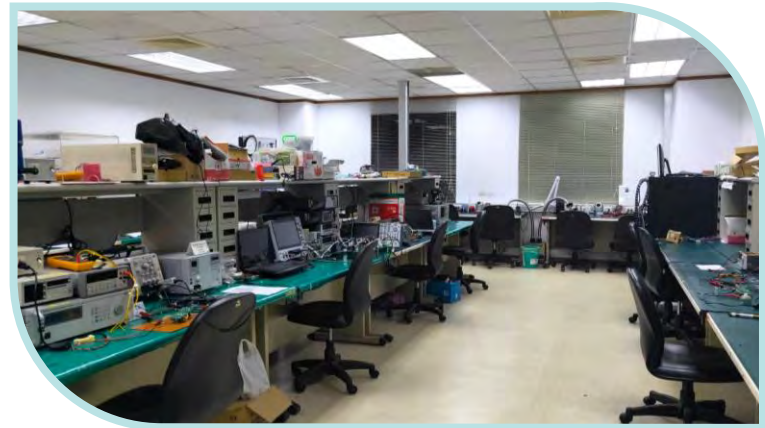
Below is a description of the prevention measures for software and hardware related hazards in the Company's work environment:

Work environment

- Access control management: The company's entrances and exits, warehouses are equipped with access control systems, employee identification cards, visitor/contractor renewal registration, 24-hour security guards and other measures to prevent unauthorized people from entering and leaving the company without authorization
- Safety control system: fire alarm system, 24-hour closed-circuit monitor device, high-voltage motor room installation i.e. early smoke detection alarm system, fire fighting facilities, oxygen detector, etc., the above regular maintenance/correction.
- Laboratories and computer rooms: Regularly inspect the noise in the area to ensure compliance with regulatory requirements. (The company does not have the required noise working environment and personnel).
- Public areas: Lighting equipment in the parking lot is installed in accordance with the requirements of laws and regulations, and security personnel patrol regularly to ensure the safety of colleagues; The elevator is entrusted to qualified elevator manufacturers for maintenance every month and quarter according to laws and regulations, and inspected every six months according to laws and regulations; The cleaning staff of the restaurant regularly cleans to ensure the safety and hygiene of the dining environment for colleagues.
- Automatic warehousing: The area is equipped with a fence to control the entry and exit of personnel, and the warehouse management staff turns on and off the power when they go to and from work, and locks the management during maintenance to ensure the safety of the operation.

Regular monitoring

- Drinking water: In order to maintain the hygienic quality and health of drinking water for employees, the manufacturer is commissioned to conduct sampling tests for the E. coli bacteria in drinking water dispensers every quarter (all meet the standards), and regularly implement office cleaning and disinfection operations to ensure a safe and comfortable working environment.
- Operating Environment Monitoring:
  1. The company's chemicals are mainly used for soft soldering operations of IC design, and the amount of chemicals used is very small, and the operation is a situation where the operation time is short. However, in order to ensure that employees are protected from the hazards of chemicals in the workplace, grasp the actual situation of the workplace working environment and assess the exposure of the working environment, formulate a working environment monitoring plan, include relevant chemicals in the self-assessment project, and invite labor representatives to jointly confirm and implement the work after the completion of the formulation.
  2. The testing entrusts a professional monitoring agency to regularly collect, monitor and analyze samples twice a year.
  3. In the past five years, the results of operating environment monitoring have been in line with laws and regulations.





To prevent occupational disasters and diseases, relevant prevention plans are implemented and regularly reviewed in accordance with the Occupational Safety and Health Act and its sub-laws to reduce occupational safety and health risks and eliminate occupational safety and health hazards.

Abnormal workload induced disease prevention and management plan

- In accordance with Article 6 of the Occupational Safety and Health Act, the Abnormal Work Load Induced Disease Prevention Plan has been established to prevent employees from experiencing sudden illnesses caused by abnormal work loads and to prevent, plan, and take necessary safety and health measures for diseases caused by abnormal work loads. The identification and evaluation of high-risk groups can be divided into two stages.
- The first phase of the assessment in 2023 is 1.61% (a decrease of 3.69% compared with 2022), and the overall occurrence ratio of [personnel interaction] and [work environment] is better, although [work design] is better than that in 2022 The annual survey is high (probability), but the response score (severity) is low.
- The Administration and Management Office refers to the content of the "Overload Scale" and screens out high-risk groups based on employees' working hours and health examination data, and asks high-risk personnel to fill in the "Overload Assessment Questionnaire" for the second stage of assessment, arranges on-site doctor interviews, provides medical advice and health guidance, and continues to pay attention to the health of employees.

Prevention plan for illegal infringements during the performance of duties

- In accordance with Article 6 of the Occupational Safety and Health Act and the Company' s Measures for Handling Illegal Infringements in the Workplace, we have established a Prevention Plan For Illegal Infringements During The Performance Of Duties, which includes behavior construction, written statements to prevent workplace violence, hazard identification, questionnaire survey, and a dedicated 885 ( "Help Me" in Chinese) complaint box. We also offer training courses on hazard prevention and communication skills to prevent illegal infringements in the workplace.
- No complaints were received in 2023.
- A quarterly workplace illegal infringement questionnaire survey is conducted at the supervisory level to provide case studies, regulatory information, and promotion of the Company' s regulations through the questionnaire. The supervisors' responses are summarized and reported to the President' s Office. Through the questionnaire and content design, each supervisor' s awareness level of infringement prevention is understood, and relevant advocacy is incorporated to remind relevant details about avoiding the occurrence of infringements.

Work adaptability programme for the middle-aged and elderly

- In accordance with Article 6 of the Occupational Safety and Health Act and Article 5 of the Employment Promotion Act for the Middle-aged and Elderly, we have established a work plan for the middle-aged and elderly, including health management processes, hazard identification and risk assessment, and prevention and improvement measures to reduce work risks.
- In 2023, 0.02% of all employees who are 45 years old or older have risk factors, and we will provide physician consultation and preventive health care and health education according to individual conditions.



Note: For maternal health protection plans, please refer to 5.5 Healthy Workplace.

Human-induced hazard prevention plan

- In accordance with Article 6 of the Occupational Safety and Health Act and Article 324 of the Occupational Safety and Health Facility Rules, a Human-Induced Hazard Prevention Plan has been established to prevent the occurrence of work-related musculoskeletal injuries and diseases of the Company' s workers in situations where the design of an unsatisfactory work environment, repetitive work, poor work posture, or improper work time management may occur.
- The Company has an automatic warehousing system, which has been in continuous use since its completion in December 1998. Conveyor belts, automatic guided transport vehicles and machines are used to reduce manpower and labor loads and improve warehouse management efficiency through electronic systems. An electronic system, the automatic warehousing system (AS/RS) is used to call out the goods of the required item number from the designated storage location. The goods stored on shelves are transported to the workbench using an automatic guided transport vehicle, and there is no need for manual taking goods in/out. The Company has a total of three workstations, which are distributed to the work areas of warehouse management personnel according to system instructions to reduce the musculoskeletal load on warehouse management personnel.
- In 2023, employees with a pain index greater than 3 (accounting for 1.2% of all employees,a decrease of 2.2% compared with 2022) received on-site physician consultation and health guidance (regardless of whether it was caused by work or not). Relevant health and education information was also posted on the bulletin board.



To prevent occupational disasters and diseases, relevant prevention plans are implemented and regularly reviewed in accordance with the Occupational Safety and Health Act and its sub-laws to reduce occupational safety and health risks and eliminate occupational safety and health hazards.

### General hazard knowledge plan

- The Company's chemicals are mainly used in laboratories. In order for employees to really know the information of hazardous chemicals and prevent the occurrence of occupational disasters, the Company has formulated the General Hazard Knowledge Plan in conjunction with relevant control measures for implementation, including establishing a list of chemicals to manage and understand the applicable sites, as well as the use, storage and safety stock of the Company's hazardous substances, hazard labeling and disclosure of safety data sheets, in order to reduce the occurrence of hazards.
- If the chemicals disposed of or used within the Company meet the national standard CNS15030 chemical classification and pose health hazards, their hazards and exposure levels shall be evaluated regularly or irregularly (before chemical changes), the risk levels shall be classified and corresponding hierarchical management measures shall be taken.
- In 2023, the company will review the current operation status and reduce the types of chemicals used, and at present, the company only has the chemicals necessary for soft welding operations, and all chemical hazard risk assessment results are low risk, and hazard labeling, preparation of lists and disclosure of safety data sheets have been completed.
- The use of chemicals by contractors shall be managed in accordance with the Contractors' Safety, Health and Environmental Protection Management Guidelines.

### Contractor management

- Pre-operation: including construction order application, hazard notification, and agreement organization meeting, each contractor who enters the company must complete the safety and health training and obtain the industrial safety training certificate.
- Contractor Training: Every contractor who joins the company must complete the safety and health training and obtain the industrial safety training certificate. In response to the epidemic situation and environmental disinfection, we set up cleaning supplies to promote precautions for cleaning personnel, and conduct lectures and tests on the classification of cleaning personnel's waste once a year to ensure operational safety and enhance awareness.
- Construction management: If there is a high-risk operation, a permit should be applied for in accordance with the hazardous work permit specifications before it can be carried out. The entrusted contractor shall conduct regular inspections to avoid hazards.
- Others: Require the main contractor to sign an occupational safety and health commitment letter to ensure that the contractor complies with the relevant safety and health laws and regulations.

Note: For suppliers, please refer to 3. Product Responsibilities.

### Hazard identification, risk assessment

- Holtek is a pure IC design company, and the production and manufacturing processes of products are all carried out by professional factories without any factories set up by Holtek. The majority of employees work in the office, while some work in laboratories, warehouses and computer rooms. Safety, health and environmental related risks are elevated through the Hazard Identification and Risk Assessment Management Procedure and the Environmental Aspect Inspection and Identification and Control Procedures. For the health aspect, the Labor Health Service Plan is implemented, and chemicals are evaluated based on the Hazardous Chemical Assessment and Grading and the results of work environment testing. The abovementioned evaluation is carried out by ISO 45001 or ISO 14001 trained personnel of each department, the nursing personnel, and occupational safety and health management personnel based on business content and professional abilities.
- Comprehensive analysis of the top three risks in 2023 are, in order, the physical injury of the rotating blade fan of the motor experiment, the high-voltage power of the experimental machine, and the traffic and road traffic accidents of commuting to and from work. The first two erect isolation fences/boards through engineering control to avoid direct contact with personnel, and strengthen the education and training of operators and post warning signs to reduce hazards/ Risk. In another commuting traffic road traffic accident, due to the unstable environmental hazards, defensive driving was advocated from time to time, and the traffic police team of the Hsinchu City Police Department was invited to conduct safety publicity during the traffic safety month, so as to strengthen the awareness of colleagues on the right of way and traffic laws and regulations, and enhance the traffic safety awareness of colleagues.



In 2023, there were no occupational disability accidents (including employees and contractors), and no occupational diseases were diagnosed by occupational medicine specialists. Please refer to the table below for the number of injured persons and information in the past three years.

Type	Number of injuries due to occupational disasters in the Company			Number of fatalities due to occupational disasters	Lost working days	Disabling injury frequency rate	Disabling injury severity rate	Total injury index
	2021	2022	2023					
Year	2021	2022	2023			2023		
Workplace	0	0	0	0	—	—	—	—
Traffic accident	3	5	0	0	—	—	—	—

Note 1. Disabling injury frequency rate = (total number of times of injury loss per person × 10<sup>-6</sup>) ÷ total work hours

Note 2. Disabling injury severity rate = (total number of days of injury loss × 10<sup>-6</sup>) ÷ total work hours

Note 3. Total injury index = √ (disabling injury frequency rate × disabling injury severity rate) ÷ 1000

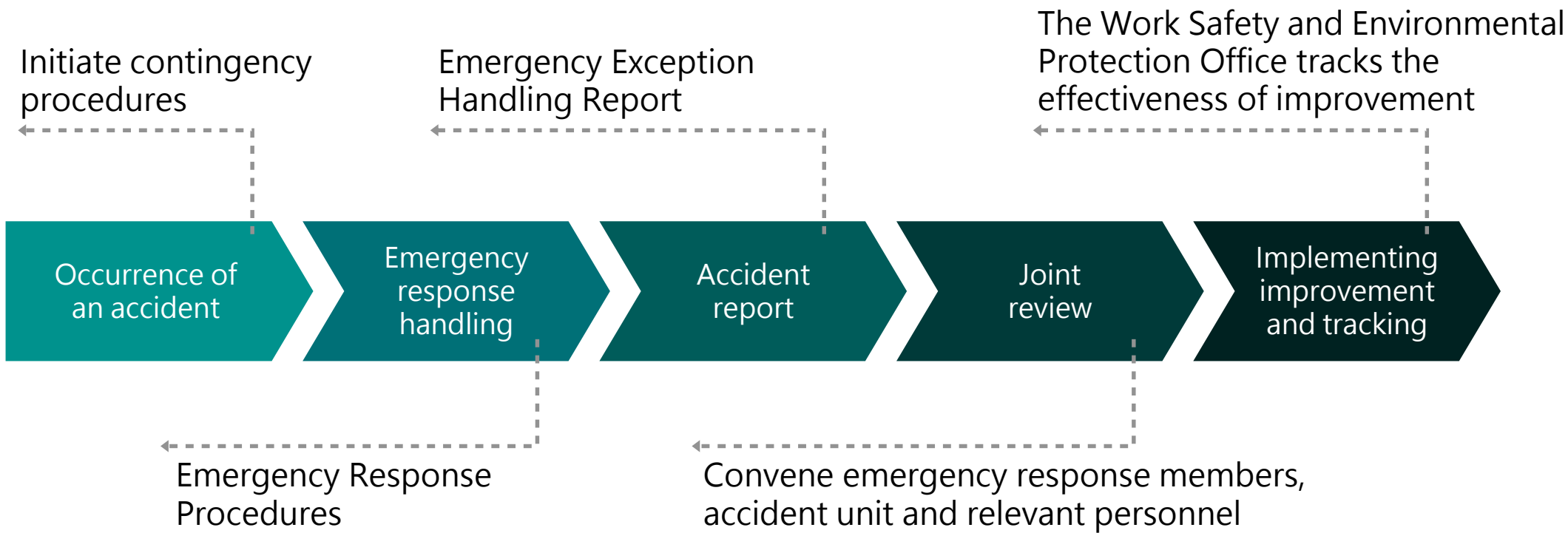
Note 4. Only Holtek employees are counted in traffic accidents.

In response to the Company's emergency or unexpected events, the "Emergency Response Operating Procedures" have been formulated to take appropriate contingency measures. When the emergency accident is handled, the unit where the accident occurred fills in the "Emergency Abnormal Handling Report", and if an occupational accident occurs, the colleagues of the unit will fill in the "Occupational Disaster Notification Form", and the Industrial Safety and Environmental Protection Office will track and review and analyze the investigation of the occupational disaster, convene the emergency treatment members, the accident unit and related personnel to prevent the accident from happening again and minimize the loss, if there is a modification of the relevant procedures or documents, it will be in accordance with the "Education and Training Implementation Specification" Perform advocacy education.

In addition to the above, the company's occupational safety and health management regulations clearly stipulate that when there is an immediate danger in the workplace, the worker can stop the operation and retreat to a safe place without endangering the safety of other workers, and immediately report to the on-site supervisor, and the company will not take adverse punishment.

In 2023, there was a total of 1 false alarm accident (classified as collision), and after the report, a hazard review was conducted, on-site improvement was set up to set up protective measures, and advocacy was strengthened to prevent the recurrence of injury accidents.

< Process for Investigating Occupational Accidents >





Environmental safety and health training

Policies or commitments	Public link	Approving level	Stakeholder
Quality policy, no harmful substance process management policy, environmental policy, and safety and health policy	<a href="#">Policy link</a>	President	Employees, customers, suppliers

In order to improve employees' knowledge of work safety and health, more than 1,681 people participated in environmental safety and health education and training , emergency response, fire training and other courses for new and in-service employees, and professional licensed personnel participated in qualified training institutions in 2023 The total number of training hours participated exceeded 2,197.5 hours.

	object	Brief description	Frequency and number of participants
General safety and hygiene	New recruits	<ul style="list-style-type: none"><li>Complete the reading and quiz of the "Safety and Health Code" and "Handling of Workplace Illegal Infringement Incidents" within 2 weeks of employment.</li><li>Introduction to occupational safety and health-related laws and regulations, occupational safety and health policies, company regulations, and precautions.</li></ul>	<ul style="list-style-type: none"><li>Training Hours/Number of Participants : 69 / 46</li><li>Participation rate : 100%</li><li>Satisfaction : 93 points (maximum 100 points)</li></ul>
	Incumbents	<ul style="list-style-type: none"><li>The course includes occupational safety and health information, hazard identification, risk assessment, and occupational accident occurrence and prevention.</li></ul>	<ul style="list-style-type: none"><li>Training Hours/Number of Participants : 432 / 432</li><li>Participation rate : 100%</li></ul>
Handling or using hazardous chemicals	New recruits	<ul style="list-style-type: none"><li>Laws and regulations related to chemical management, hazard awareness, GHS, personal protective equipment, emergency response measures, etc.</li></ul>	<ul style="list-style-type: none"><li>Training Hours/Number of Participants : 69 / 23</li><li>Participation rate : 100%</li></ul>
	Incumbents	<ul style="list-style-type: none"><li>Laws and regulations related to chemical management, hazard knowledge, GHS, accident case sharing, accident handling and prevention, etc.</li></ul>	<ul style="list-style-type: none"><li>Training Hours/Number of Participants : 242 / 242</li><li>Participation rate : 100%</li></ul>
Emergency response	Fire self-defense crew	<ul style="list-style-type: none"><li>Invite the fire department to conduct training on fire regulations, fire protection, actual fire extinguishing and first aid.</li></ul>	<ul style="list-style-type: none"><li>Training Hours/Number of Participants : 273 / 164</li><li>Participation rate : 100%</li></ul>
	All colleagues	<ul style="list-style-type: none"><li>Evacuation drills, setting evacuation times for drills and reviewing and improving them.</li></ul>	<ul style="list-style-type: none"><li>Training Hours/Number of Participants : 340 / 340</li><li>Participation rate : 92.6%</li></ul>
environmental protection	New recruits	<ul style="list-style-type: none"><li>Including environmental protection regulations, the company's related environmental protection facilities, and the inclusion of environmental sustainability issues and climate change, etc., so that new colleagues have a basic understanding.</li></ul>	<ul style="list-style-type: none"><li>Training Hours/Number of Participants : 23 / 23</li><li>Participation rate : 100%</li></ul>
Relevant environmental safety and health training	Classes are taught according to the target audience	<ul style="list-style-type: none"><li>Occupational Safety and Health Committee, Health Promotion Courses, Civil Protection Corps, Illegal Infringement, Greenhouse Gas Inventory, Carbon Footprint, etc.</li></ul>	<ul style="list-style-type: none"><li>Training Hours/Number of Participants : 710.5 / 402</li><li>Completion rate : 100%</li></ul>
Professional License	Occupational safety and health management personnel, first aid personnel, forklift operators, nursing personnel	<ul style="list-style-type: none"><li>In accordance with the rules of occupational safety and health education and training, regular retraining is carried out at professional training institutions.</li></ul>	<ul style="list-style-type: none"><li>Training Hours/Number of Participants : 39 / 9</li><li>License return training rate : 100%</li></ul>



Firefighting training



Evacuate and evacuate



First aid training



Environmental and safety and health performance indicators

The implementation and promotion of environment and safety and health can reduce environmental hazards and prevent personnel injuries; energy conservation is planned and implemented to reduce the environmental impact of company-related activities, and safety and health matters are ensured to comply with relevant laws and regulations to achieve the goal of sustainable operation. Holtek regularly reviews its environmental safety and health performance to ensure achieving the goals, targets and related requirements. The achievement of relevant indicators and execution status are detailed in the table below:

Item	Performance indicator	2022	2023	Unit
Active performance	Degree of achievement of environmental safety and health goals	100	100	%
	Number of environmental and occupational safety and health related training sessions	38	60	Sessions
	Number of environmental and occupational safety and health related training participants	1200	1681	People
	Number of environmental and occupational safety and health related training hours	1381.5	2197.5	Hours
	Compliance rate of safety and health certificate setting	100	100	%
	Automatic check deficiency rate	98	99.7	%
	Number of environmental safety and health regulation promotions	34	19	Sessions
Passive performance	Disabling injury frequency rate (FR)	—	—	—
	Disabling injury severity rate (SR)	—	—	—
	Total injury index (FSI)	—	—	—
	Disabling injury frequency rate (FR) of contractors	—	—	—
	Disabling injury severity rate (SR) of contractors	—	—	—
	Total injury index (FSI) of contractors within the factory	—	—	—
	Non-compliance rate of environmental safety and health testing	0	0	%
	Number of traffic accidents outside the factory	5	2	Sessions

Note 1: The statistical period of the achievement of environmental safety and health goals and targets is 2022/09~2023/08; 2023/09~2024/08 88.4% of the submissions are completed before the deadline, and the rest are 2023/01~2023/12.  
Note 2: The number of off-site traffic accidents includes those who do not meet the definition of occupational accident statistics declaration of the Occupational Safety Administration.



4.2 Response to Climate Change

Holtek follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) through the four core elements: "Governance," "Strategy," "Risk Management," and "Metrics and Targets." By establishing a risk framework, Holtek identifies significant risks and opportunities that may impact operations and proposes related management actions and response strategies.

| The Role of the Board of Directors in Supervision and Management. |

The Corporate Sustainability Development Committee, supervised by the Board of Directors, is Holtek's highest-level organization for addressing climate change. The committee holds regular working group meetings annually, chaired by the General Manager. The topics discussed include climate risks to the company's operational sites, energy efficiency assessments, and environmental impact evaluations and goal-setting within the supply chain. The committee regularly reports the implementation status and results to the Board of Directors.

| Processes, procedures, and systems related to climate change risks. |

- 1. Processes for reviewing and assessing climate risks.
- 2. Procedures for managing climate-related risks.
- 3. Integration of climate-related risks into the overall risk management system.



| Identification |

Identify short-term and medium- to long-term climate-related risks and opportunities.

| Finance |

The potential impact of climate risks and opportunities on operations, strategy, and finance.

| Flexibility |

Flexible strategies for different climate scenarios.

| Indicator |

Indicators for assessing climate related risks and opportunities

| Greenhouse gases |

Disclose Scope I and Scope II greenhouse gas emissions and related risks.

| Goal achievement |

Level of goal achievement.

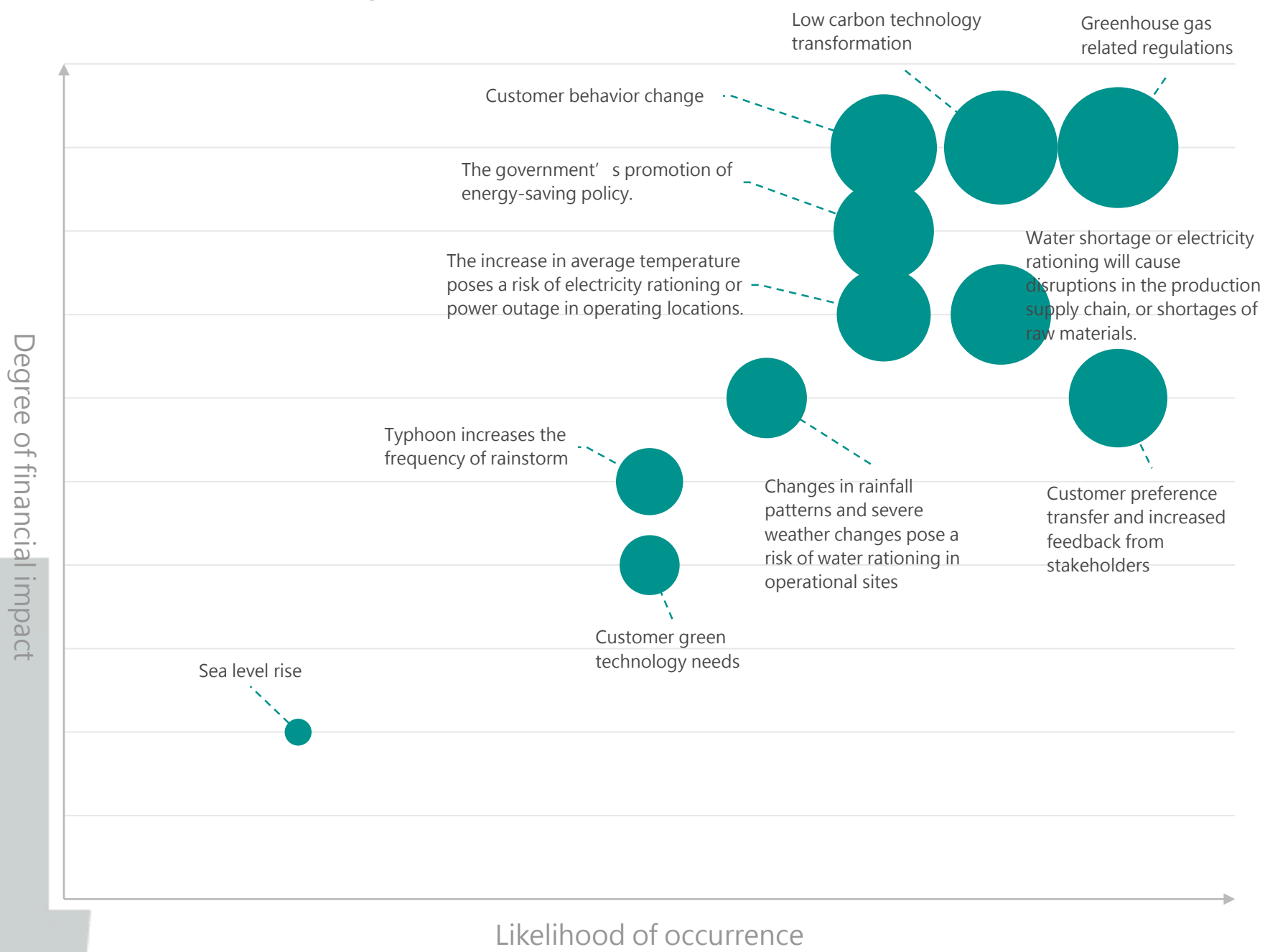


Please refer to the following figure for the climate change risk and opportunity matrix:

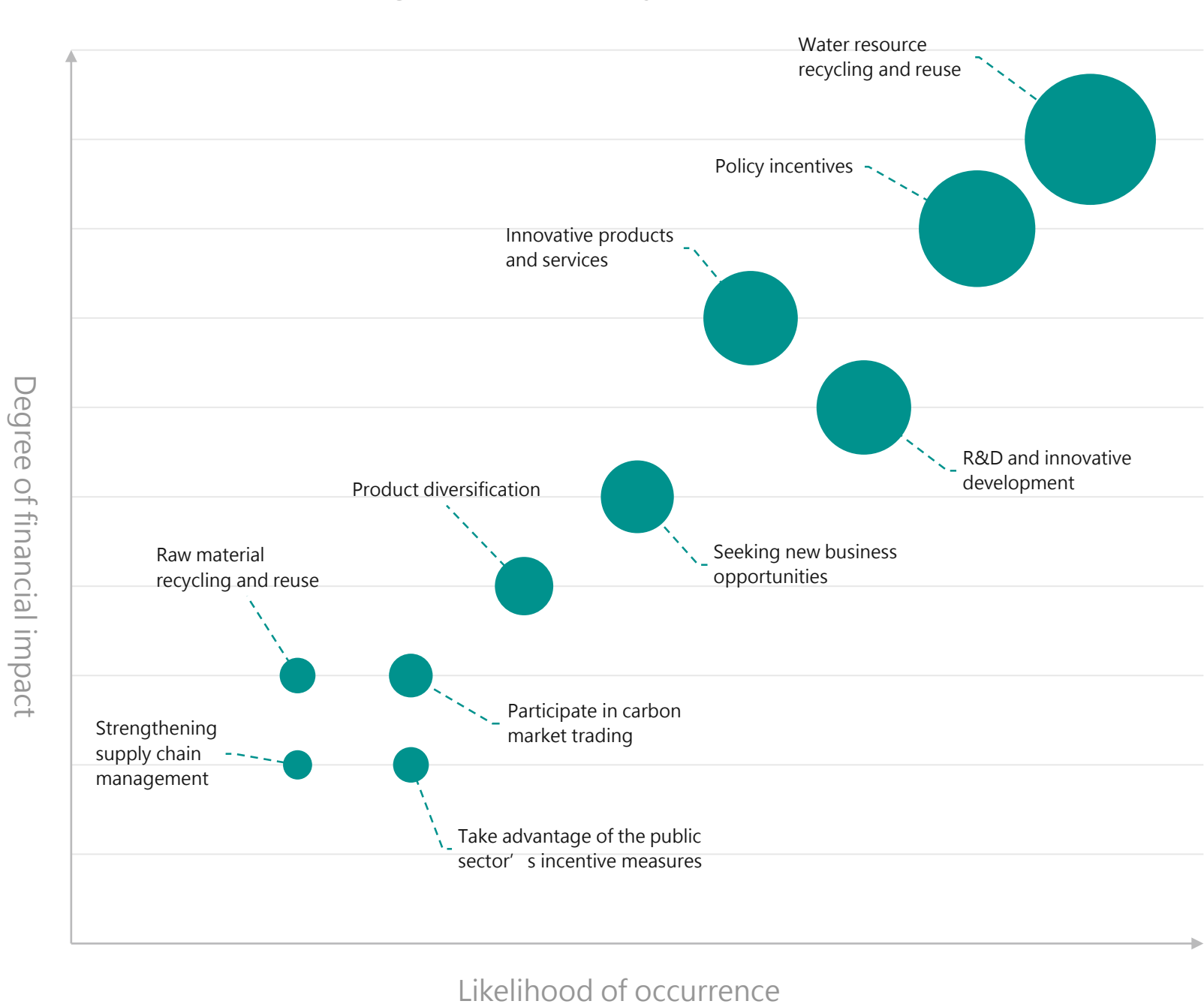
Scoring criteria: If the likelihood of occurrence and the degree of financial impact are greater than 4 points each, they are selected as significant risks and opportunities.



Holtek Climate Change “Risk” Matrix



Holtek Climate Change “Opportunity” Matrix





The company's climate change risks and corresponding measures are explained in the following table:

Risk		Description		
		Climate Change Risk Identification	Potential Operational and Financial Impacts	Management measures for climate change risks
Transformation risks	Policy and Legal Risks	Greenhouse gas-related regulations	Short-term impact :  Extreme weather events may cause Holtek to suffer property damage, reduced revenue, increased insurance costs, and other impacts.	Short-term goals  • Holtek is not listed as a regulated entity by the EPA under the announced 'Sources Required to Inventory and Report Greenhouse Gas Emissions.' However, Holtek continues to monitor regulatory trends and prepares accordingly.
			Medium- to long-term impact :  In response to Taiwan's greenhouse gas regulations, Holtek must improve energy efficiency and may face increased operating costs due to potential carbon taxes and carbon trading systems.	Medium- to long-term goals  • Establish carbon reduction targets and action plans to reduce carbon emissions and address the challenges of climate change. • Initiate a greenhouse gas inventory plan, form a greenhouse gas inventory task force, and disclose Holtek's greenhouse gas emissions.
	Technology Risk	Low-carbon technology transition	Short-term impact :  It may be necessary to adjust product or service strategies to address the impacts of climate change.	Short-term goals  • Continue developing lower power consumption chips.
			Medium- to long-term impact :  A transition to a low-carbon economy may be necessary to address the challenges of climate change. With increasing demand for energy-saving and carbon-reducing products, Holtek may need to adjust its operational model to develop new products or services and expand its market.	Medium- to long-term goals  • Develop green products to meet market demand and enhance competitiveness. • Provide solutions that comply with all market product efficiency regulations and standards.
	Market Risk	Changes in customer behavior	Short-term impact :  Extreme weather events may cause operational disruptions and damage to the supply chain, affecting revenue and profitability.	Short-term goals  • Continue developing lower power consumption chips.
	Reputation Risk	Customer preference shift Increased stakeholder feedback	Medium- to long-term impact :  Climate change may lead to changes in market structure, requiring a repositioning of market status. As market trends evolve, customers may demand green product certifications and other environmental requirements. Failure to meet these demands could result in a decrease in demand for products and services. °	Medium- to long-term goals  • Adjust the operational model to transition to a low-carbon economy in response to the challenges of climate change. • Provide solutions that comply with all market product efficiency regulations and standards.
			Short-term impact :  Extreme weather events may cause Holtek to suffer property damage, reduced revenue, increased insurance costs, and other impacts.	Implement the TCFD framework to enhance climate-related financial disclosures and communication with customers and stakeholders, thereby maintaining their trust in the company.
			Medium- to long-term impact :  Holtek may need to bear the costs of carbon emissions and climate change-related legal liabilities. High carbon emissions and low climate resilience could affect customer trust in the company, damaging its reputation and further impacting its revenue.	



The company's climate change risks and corresponding measures are explained in the following table:

Risk		Description		
		Climate Change Risk Identification	Potential Operational and Financial Impacts	Management measures for climate change risks
Physical risks	Acute Risk	Government promotes energy-saving policies	Governments around the world are implementing carbon emission control measures, prompting industries to transition to a low-carbon economy. The Bureau of Energy of the Ministry of Economic Affairs requires an average energy savings of at least 1% between 2015 and 2024.	In response to carbon emission regulations, possible transformation actions include developing green products and joining the carbon neutrality initiative. Holtek follows regulatory policies by submitting and implementing energy-saving plans annually, with an expected annual energy savings rate of 1% in the future to reduce electricity consumption and carbon emissions.
		Water shortages or power outages cause disruptions in the production supply chain or raw material shortages	Insufficient rainfall or power shortages may affect the stability of the supply chain processes, leading to customer complaints or increased operational costs.	In addition to the global deployment of the supply chain, an emergency response team has been established to develop contingency and service level plans, continuously review and improve, and ensure that the highest operational goals can be fully maintained in the event of a disaster or impact.
		Rising average temperatures increase the risk of power outages at operational sites	Rising average temperatures increase air conditioning costs for server rooms, and if power supply is interrupted, it will cause facility equipment to stop functioning, leading to operational disruptions for the company.	When power is interrupted, the server room is equipped with an Uninterruptible Power Supply (UPS); emergency power generation devices are in place to supply electricity for several days or more.
	Chronic Risk	Changes in rainfall patterns and extreme weather increase the risk of water shortages at operational sites	If the water supply is interrupted and storage levels are insufficient, key facility equipment will be unable to operate, causing the server rooms that support research and design to stop functioning.	The existing water storage capacity within the plant can support domestic water needs for more than 3 days. In the event of insufficient tap water supply, water trucks will be deployed to replenish the water tank.
		Typhoons increase the frequency of heavy rainfall	If a typhoon or flood is severe and the impact lasts too long, it may cause damage to facility equipment, affecting Holtek's normal operations.	For facility operations, ensure that underground water pumps are functioning properly and implement protective measures in advance.



Please refer to the table below for explanations on opportunities from climate change:

Opportunities	Description		
	Climate change risk identification	Potential operational and financial impact	Management measures for climate change risks
Resource Efficiency	Water resource recycling and reuse	Reduce water usage and consumption.	<ul style="list-style-type: none"><li>All water supply devices are equipped with frequency converters to stabilize water pressure. Sensor-operated faucets are installed in all public restrooms, and water-saving certified products are purchased to effectively control water usage and reduce unnecessary water waste.</li><li>A system is designed to collect rainwater for reuse in applications where it does not come into direct contact with humans.</li></ul>
Energy Source	Policy incentives	Reduce operating costs.	When replacing equipment, apply for relevant energy-saving subsidies in line with government subsidy policies.
Products and Services	Development of innovative products and services	Develop innovative green technologies and low-carbon products to meet customers’ needs for low-carbon products through product differentiation.	<ul style="list-style-type: none"><li>Continue developing white goods (household appliances).</li><li>Collaborate with customers to reduce product energy consumption through innovative design.</li></ul>
Markets	Seeking new business opportunities	Comply with the green energy policies of every country to seek new business opportunities and increase business revenue.	The new product operation focuses on energy, including chargers for two-wheel/three-wheel electric vehicles, energy storage systems, lithium battery chargers, and BLDC motor applications. Holtek aims to continuously develop more green products as its development goal.
Resilience	Product diversification	Increase revenue through new products and services that ensure resilience.	Serve customers from the perspective of their needs, and actively develop specialized 32-bit MCUs to meet the demands of high-end and more complex products.





4.3 Energy and Greenhouse Gas Reduction

The Company is committed to improving the utilization rate of various resources, with pollution prevention and continuous improvement as the basic framework for development to research and develop energy-saving and carbon-reducing green products, improve technology and reduce environmental impact, and introduce the green supply chain to implement environmental protection education, cherish water resources, and maintain a beautiful world.

1. Strategies for response to climate change or greenhouse gas management

- Adhering to the business philosophy of corporate sustainable development, deeply recognizing the importance of environmental protection, and continuously moving towards strengthening environmental management systems, enhancing green product development, and strengthening green supply chain management to ensure the competitiveness of the industry.

2. Greenhouse gas emission reduction goal

- Various electricity and raw material conservation plans are implemented in accordance with operational goals and plans to reduce greenhouse gas emissions.

3. Carbon reduction effects of products or services on customers or consumers

- With the attention to environmental protection and energy-saving issues, energy-saving technology has become a global focus. The Company's electronic products from product development to production management are mainly focused on energy conservation and carbon reduction, such as actively investing in AC/DC energy-saving applications, improving traditional power consumption, and directly developing stable power management chips with low energy and low power consumption. We are committed to reducing product carbon footprints in accordance with international standards, providing customers with better environment friendly products, and maintaining a better planet. Please refer to Chapter 2 R&D and Innovation for details.

4. Strategies for response to climate change or greenhouse gas management

- The Company's measures to promote energy conservation and carbon reduction are as follows:

Office energy-saving measures	A. Central air conditioning: Air conditioning is turned on and off according to the season, and the constant temperature is set at 26 degrees Celsius to reduce electricity bills. B. Lighting control: Lighting zoning management is implemented to strengthen energy utilization efficiency. C. Computer control: Computers are shut down after work, the results are regularly reported to unit supervisors, and information security, energy conservation and carbon reduction are ensured.
Equipment management	A. Energy saving measures for computer rooms: Server virtualization is implemented to save electricity and related equipment. B. Equipment maintenance: Equipment maintenance contracts are signed to maintain the best efficiency of equipment operation and reduce energy consumption. C. Turn on the power-saving mode of water dispensers and office machines to reduce standby energy consumption.
Strengthening employees' concept of environmental sustainability	A. Employees are encouraged to exercise more, take stairs more, and take elevators less. B. Company staff turn off the computer, air conditioning and lighting power after work. C. The environmental protection course for new employees includes climate change issues to enhance their awareness of environmental sustainability. D. Energy conservation habits are continuously promoted among the staff, such as posting promotional slogans and electronic announcements.
Procurement management	A. Electrical equipment related to office and laboratory use with environmental protection and energy-saving marks will be prioritized for procurement. B. The host, monitor, and computer (including laptop) of the information room are in line with the international energy saving standards.
Product shipment management	The Company has set up an automatic warehousing system (AS/RS), which can improve the efficiency of the entry and exit of goods, reduce error rates, and reduce personnel deployment. In addition, the goods are consolidated for shipment, the packaging is streamlined, and the shipment volume is reduced to minimize transportation trips and achieve energy-saving and carbon reduction effects.



- Greenhouse gas inventory is carried out annually in accordance with the guidelines for greenhouse gas inventory and registration of the Ministry of Environment, including carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), and hydrofluorocarbons (HFCs), perfluorocarbons (PFCS), sulfur hexafluoride (SF<sub>6</sub>), nitrogen trifluoride (NF<sub>3</sub>) and other 7 gases. In order to fully grasp the current status of greenhouse gas use and use it as a verification of the effectiveness of reduction. At this stage, emission sources that are not controlled by the Ministry of Environment and need to be inventoried and registered in greenhouse gas emissions.
- In 2022, the greenhouse gas inventory plan has been launched and a greenhouse gas inventory promotion team has been established, and the results of the independent inventory in 2023 are as follows:

Item	Emission type	Emission source	Greenhouse gas type				Emission volume (tCO <sub>2</sub> e/year)		
			CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	HFCs	2021	2022	2023
Scope I	Fugitive emission source	Septic tank		v			35.0192	34.4658	35.8115
	Fugitive emission source	Extinguisher	v				—	0.0000	0.0900
	Fugitive emission source	Coolant				v	—	53.1125	0.7846
Scope II	Indirect energy emissions	Purchased electricity	v				1363.06	1395.4987	1218.3060

Greenhouse gas type	2021	2022	2023
Scope I	35.0192	87.5783	36.6861
Scope II	1363.06	1395.4987	1218.3060
CO2 Total emission volume (tCO <sub>2</sub> e/year)	1398.0792	1483.0770	1254.9922
Annual revenue (NT\$ thousand)	6,614,774	6,015,968	2,596,067
Greenhouse gas emission intensity (tCO <sub>2</sub> e/ NT\$ thousand)	0.00021	0.00025	0.00048

- Note 1. CO<sub>2</sub> emissions are calculated according to the Ministry of Environment's Greenhouse Gas Emission Factor Management Table (version 6.0.4).
- Note 2. Since 2022, the Company has initiated its own inventory, so 2022 is the base year, if there is a change in the operating boundary, the ownership and control of the greenhouse gas source or greenhouse gas sink are moved into or out of the organizational boundary, and the greenhouse gas quantification method changes. If there is a significant change in greenhouse gas emissions or removals, the base year will be revised together.
- Note 3. The purchased electricity in 2022~2023 includes the company's bases in Taiwan, and only the information of Shengqun headquarters is included before 2021.
- Note 4. Greenhouse Gas Emissions Intensity: Total CO<sub>2</sub> Emissions/Annual Revenue.
- Note 5. In this report, the Scope 2 purchased electricity is based on the electricity emission factor published by the Energy Bureau of the Ministry of Economic Affairs, which is 0.509 kg CO<sub>2</sub>e/kWh in 2021. Electricity emission factor for 2022 0.495 kg CO<sub>2</sub>e/kWh; The 2023 electricity emission factor is 0.494 kg CO<sub>2</sub>e/kWh.

- The emission sources owned or controlled within the boundaries of the company 's organization, including septic tanks, fire extinguishers, refrigerators, air conditioners and experimental machines, etc., have no fixed sources or mobile sources, among which the emergency generator (without the diesel storage tank belonging to HOLTEK) is entrusted to EPISIL Maintenance. In addition, our processes are outsourced to professional manufacturers, so there are no process emission sources.
- Most of the energy needs are general livelihood needs such as air conditioning, lighting and server equipment, and 100% of the input energy is purchased electricity, and no renewable energy or fuel is used. HOLTEK shares the meter with EPISIL, and the apportionment ratio is calculated based on the type of equipment, the size of the office area and the number of employees, and the apportionment ratio is 13.2% in 2021~2023. The remaining locations are calculated based on meter reading records and Taiwan power electricity bills, including utility electricity charges.
- The Company has not yet obtained ISO 14064-1 certification and plans to complete the 2025 third-party verification in 2026.



2023 Energy Structure:

Energy type	Source	Applications	Volume used (kWh)	Conversion result (million joules)	Energy intensity (million joules/NT\$ thousand)
Power	Taiwan Power	Electricity facilities of the entire company	2,466,207	8,878,344	3.4199

Note 1. The electricity conversion unit is 1 kWh of electricity = 3.6 million joules.

Greenhouse gas reduction achievements

- The company's energy consumption is mainly office electricity, and the energy-consuming equipment is the three major sources of air-conditioning equipment, lighting equipment and office equipment, and the energy-saving measures are aimed at the main energy-consuming equipment, such as replacing equipment (LED lighting), improving efficiency (replacing inverters & motors), reducing consumption (zonal switching, standby energy saving) and enhancing environmental protection awareness (regular advocacy and education and training). to achieve energy saving targets.
- From the start of the LED lighting retrofit project schedule in 2020 to 2023, all office areas have been renovated, leaving only hard-to-replace areas such as computer rooms and stairwells, with an estimated cumulative greenhouse gas reduction of 56.31 CO<sub>2</sub>e/ton (Scope 2).

Reduction plan	Year	Annual electricity savings (kWh)	Greenhouse gas reduction (kg CO <sub>2</sub> e)	Conversion result (million joules)	Cost (NT\$ thousand)
LED lighting replacement project	2020	7,717.6336	3,874.2521	27,783.4808	86.67
	2021	80,990.2626	41,224.0437	291,564.9454	454.86
	2022	20,135.2886	9,966.9679	72,487.0390	102.45
	2023	2,514.7465	1,242.2848	9,053.0875	9.72
	Total	111,357.9313	56,307.5484	400,888.5528	653.70



Water resources and water intensity

In order to grasp the company's water risk level, the water risk tool (Aqueduct) developed with reference to the public database of the World Resources Institute (WRI) confirms that the overall risk in Taiwan is low to medium risk, and the company mainly uses general domestic water and air conditioning water, and no process water. HOLTEK water use is managed in accordance with the water use plan, and relevant water-saving measures are implemented in accordance with the relevant regulations of Hsinchu Science Park and EPISIL.

The source of water consumption is Taiwan Water Supply Company and shares the water number with EPISIL, and the proportion is apportioned according to the water consumption of the water project and the number of employees. The apportionment ratio in 2021~2023 is 8.4%, and the statistics of HOLTEK's water use in the past three years are shown in the table below.

Item	2021	2022	2023
Total water intake	15,674	15,638	11,851
CO <sub>2</sub> /ton generated by water use	2.52	2.44	1.85
Total water consumption	—	13,448	9,661
Annual revenue (NT\$ thousand)	6,614,774	6,015,968	2,596,067
Water usage intensity	0.0022	0.0026	0.0046

- Note 1. Since the Taiwan Water Supply Company has not yet announced the 2023 water discharge factor announcement, the 2023 data in this table adopts the 2022 water discharge factor standard, with 1 per production systemdegrees of water will produce 0.156 kg of carbon dioxide equivalent. For the remaining years, the water discharge factor for that year is used to calculate. The water emission factor for 2021 was 0.161 kg CO<sub>2</sub>e.
- Note 2. In tCO<sub>2</sub>e according to GRI Standards.
- Note 3. Water use intensity: annual water use/annual revenue.
- Note 4. Total water intake and total water consumption unit: thousand cubic meters (m<sup>3</sup>).
- Note 5. Scope of information: HOLTEK Headquarters and EPISIL Office.

- Water for people's livelihood shall be included in the sewage sewers of Hsinchu Science Park, and shall be handled and used in accordance with the relevant regulations on the use and management of sewers in the Science Park. The Company has been reviewed and approved by the competent environmental protection authority and is not a designated institution that shall be inspected and approved by the designated announcement of the water pollution prevention and control measures.
- All water supply devices are equipped with frequency converters to stabilize water pressure, public toilets are fully equipped with sensor faucets, and products with water-saving labels are purchased to effectively control water consumption and reduce unnecessary water waste.
- Design rainwater non-landing facilities, concentrate rainwater and then use it to water that does not come into direct contact with the human body.
- The planting part is made of chrysanthemum, which is not only suitable for Taiwan's climate and drought resistance, humidity resistance, and can adapt to various soils. There is no need for watering after planting, and there is no need to apply fertilizer for barren tolerance, reducing water consumption and soil load.





4.4 Waste Management

- To ensure the flow and proper disposal of waste, qualified waste cleaning and reuse vendors are carefully selected. An annual audit is conducted on hazardous waste vendors to review their certification documents and on-site operations. We ensure that waste is properly disposed of or reused in accordance with regulatory requirements, in order to assume the responsibility of waste management supervision. Due to the Company’ s lack of actual production and manufacturing activities, the waste mainly consists of household waste from business employees, followed by hazardous business waste mixed with hardware waste.
- As of the end of 2023, there have been no incidents causing environmental impact or complaints from internal and external stakeholders of Holtek.
- The specific goal of Holtek’ s waste management is to reduce and reclaim waste, in order to pay attention to environmental protection issues of the Earth while maintaining stable revenue growth.

Waste reduction measures

1. Continuously promote the electronic document management system, such as online archiving of contracts where relevant contracts of the unit can be queried according to the level of authority, in order to reduce paper consumption. Additionally, encourage the use of effective and executable methods such as double-sided printing and multi sheet printing to achieve the energy and carbon saving goal.
2. Implement the recycling management and resource classification of waste such as kitchen waste, empty toner cartridges, iron and aluminum and glass cans, waste paper and PET bottles, and assign professional personnel to dispose of and classify the waste.
3. In line with government policies, electronic invoices have been used for operations since 2018 to be in compliance with the environmental protection spirit of energy conservation and carbon reduction.

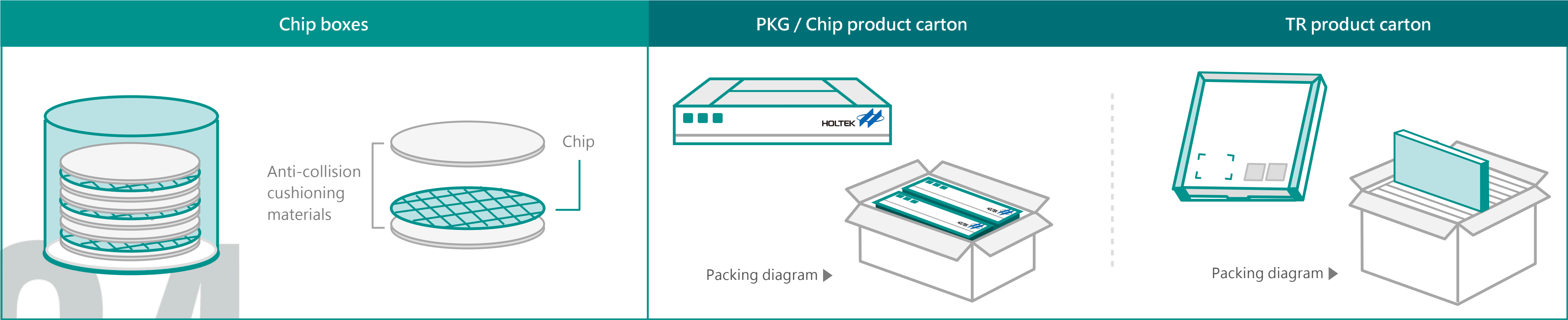
Waste type	Disposal method	Disposal volume (ton or unit)			Description
		2021	2022	2023	
Daily life waste	Incineration	8.1074	9.3092	8.9503	Including employees’ daily life waste and general business waste.
Resource recycling items	Recycling	3.3525	1.7854	1.3213	Including iron cans, aluminum cans, PET bottles, plastic containers, aluminum foil packs, paper containers and other resource recycling items.
Mixed metal scrap	Outsourcing	0.1700	0.3535	0.1500	The total of E-0217 waste electronic components, leftover products and defective products, as well as E-0222 waste printed circuit boards with attached components.
Total		11.6299	11.0946	10.4216	
Information products	Donation / Recycling	—	81	129	Computer and other information products are donated to ASUS Foundation’ s Project Hope for recycled computers.

- Note 1. The treatment method for hazardous waste (mixed metal scrap) is physical treatment, so the percentage of hazardous waste generated is 0%.
- Note 2. To date (2024/01), the computer donations have reduced CO<sub>2</sub> emissions by a total of 5.114 metric tons, which translates to about 426.143 trees cut down. (Source: ASUS Foundation).
- Note 3. Scope of information: HOLTEK Headquarters and EPISIL Office.



Packaging materials

- The company's products are entrusted to professional manufacturers to manufacture, so the company actually only for product shipment packaging and inspection. According to the product category, shipping area, product quantity and customer requirements, the minimum packaging limit is planned to effectively reduce the waste of packaging materials and resources.
- The bulk of packaging materials is recyclable materials (such as: cartons, boat boxes, chip round boxes and some anti-collision cushioning materials, etc.), 2023 The percentage of renewable packaging materials used by weight in the year was 91.4%.
  - In 2023, a total of 1,240 cartons will be reused, and if they are unusable, they will be handed over to resource recyclers to reduce environmental impact.
  - More than 75% of the packaging cartons are made of recycled pulp.
  - Effectively control the amount of packaging used, and save about 10~30% according to the product category.
- Through the above measures, we will reduce the amount of waste generated and contribute to environmental sustainability and resource reuse.





05

Employee Care CH5



- 5.1 Work Team
- 5.2 Talent Attraction and Retention
- 5.3 Employee Development and Training
- 5.4 Salary and Benefits
- 5.5 Healthy Workplace

Salary for non-supervisory positions in 2023 Median / Average NT\$1,100,000 / NT\$1,185,000

Selected as a constituent stock of High Paying 100 Index For a total of 10 years

Convening of labor-management meetings 4 times

Annual training program opening rate 148%

Health education 21 times

Usage frequency of lactation room 114 times

A leave system superior to the requirement of the Labor Standards Act Flexible leave 7 days



5. Employee Care

● Achievement   ○ Not Achieved

Material topics	Goals for 2023	Actual performance in 2023	Goals for 2024	Mid-term goals	Long-term goals
Talent attraction and retention	<ul style="list-style-type: none"><li>• Provide a competitive compensation and welfare system.</li><li>• Provide a comfortable work environment.</li><li>• Provide diverse and smooth communication channels.</li><li>• Continuously encourage employees to make good use of the Company' s tour subsidies and participate in tour activities on their own (or along with their families), under the premise of safe pandemic prevention, the participation rate should reach ≥ 93%.</li><li>• Increase the Company' s day trip allocation amount.</li></ul>	<ul style="list-style-type: none"><li>● Selected as a constituent stock of Taiwan High Compensation 100 Index for ten consecutive years.</li><li>● A leave system superior to the requirements of the Labor Standards Act, and an additional seven days of flexible leave are offered.</li><li>● Four labor-management meetings were held.</li><li>○ The number of employees who used the Company' s tour subsidies and participated in tour activities on their own (or along with their families) accounted for 84% of all the Company' s employees, and did not meet the set target (the target is ≥ 93%; due to the easing of COVID-19 pandemic, the number of participants increased slightly).</li></ul>	<ul style="list-style-type: none"><li>• Provide a competitive compensation and welfare system.</li><li>• Maintain healthy employee recruitment and turnover rates.</li><li>• Increase the number of recruitment posts for industry-university collaboration.</li><li>• Provide a comfortable work environment.</li><li>• Provide diverse and smooth communication channels.</li><li>• Continuously encourage employees to make good use of the Company' s tour subsidies and participate in tour activities on their own (or along with their families) under the premise of safe pandemic prevention; the participation rate should reach ≥ 93%.</li></ul>	<ul style="list-style-type: none"><li>• Provide a competitive compensation and welfare system in compliance with the Company' s needs in each stage.</li><li>• Smooth communication channels to cultivate the loyalty of employees.</li><li>• Continuously encouraging employees to make good use of the Company' s tour subsidies and participate in tour activities on their own (or along with their families); the participation rate is 98%.</li><li>• Company activities will incorporate public welfare as much as possible, and add the concept of environmental sustainability.</li><li>• Conduct employee satisfaction surveys.</li></ul>	<ul style="list-style-type: none"><li>• Achieve talent retention through a competitive compensation and benefit system.</li><li>• Establish harmonious labor-management relations and improve communication channels to avoid labor-management disputes and illegal incidents in the workplace.</li><li>• Maintain the rate of employees using the Company' s tour subsidies and participating in tour activities on their own (or along with their families) at 98%.</li><li>• Plan the launch of diverse and multiple activities.</li></ul>
Talent cultivation and development	<ul style="list-style-type: none"><li>• Diversify annual training courses.</li><li>• Regularly provide health education information to enhance employees' correct health concepts.</li><li>• Implement measures for maternal care in the workplace.</li><li>• Hold health promotion activities once a quarter.</li><li>• Implement emergency measures for COVID-19.</li></ul>	<ul style="list-style-type: none"><li>● To implement employees of their work-life-balance by ESG concept, we' ve doubled the number of courses from the previous year and added "General Knowledge" courses.</li><li>● Regular emails been sent 21 times to provide health information.</li><li>● Four health promotion activities were held with the participation rate of each exceeding 100%. Updated lactation room equipment and provided related items needed for breastfeeding (pumping) free of charge.</li><li>● Organized 7 health promotion events with a total of 177 participants.</li><li>● Implemented 100% of COVID-19 emergency measures. As the pandemic command center downgraded the pandemic response level from May 1, 2023, and 'Severe Special Infectious Pneumonia (COVID-19) was adjusted to a Category IV infectious disease, the Company continued to issue pandemic notifications and adjust measures accordingly.</li></ul>	<ul style="list-style-type: none"><li>• To strengthen employees' soft skills of "Management" and "General Knowledge".</li><li>• Regularly provide health education information to enhance employees' correct health concepts.</li><li>• Implement measures for maternal care in the workplace.</li><li>• Hold health promotion activities once a quarter.</li></ul>	<ul style="list-style-type: none"><li>• Offer pre-recorded online courses by various fields experts that all employees may have the opportunity to participate in class.</li><li>• Start the generation alternation and inheritance, cultivate the new generation of talents.</li><li>• Work with agents/distributors to improve professional skills.</li><li>• Employees voluntarily participate in health promotion activities.</li><li>• Implement measures for maternal health care in the workplace, and complete 100% risk assessment during the maternal health protection period.</li></ul>	<ul style="list-style-type: none"><li>• Enhance the training planning map to cultivate generalists.</li><li>• Plan and execute health promotion activities annually.</li><li>• Ensure gender equality and a friendly work environment.</li></ul>



5.1 Work Team

At the end of 2023, excluding employees of reinvested companies, Holtek had a total of 416 employees, including 2 non-local employees (1 from Indonesia and 1 from Pakistan). A total of 13 employees were stationed overseas (11 in China, 1 in the United States and 1 in India), with the proportion of dispatched personnel accounting for 3.1% of the overall employee population. We are continually striving to strengthen sound human resources structure and talent cultivation, and the talent layout of each product line is seen as the driving force of R&D momentum. The main working location of our teams is Hsinchu, accounting for 90% of the manpower, while the rest of the workforce is located in Taipei and overseas. A good work environment allows the outstanding talent of the Company to cooperate and grow with each other, and this is a win-win situation for the Company and the employees. The product layout accelerates development and makes demand closer to the market, providing users with innovative technological experiences.

Holtek employee information for 2023

**Employees**  
Holtek has 416 permanent employees and no temporary employees; there are a total of 416 full-time employees (including 2 with mild physical and mental disabilities), and no part-time employees. The statistics below are of permanent employees. Due to the fact that the semiconductor technology industry is still dominated by men, the proportion of male employees reached 76% and female employees 24% in 2023. In recent years, we have actively cultivated female employees as supervisors; the proportion of female supervisors is 17%, while the proportion of male supervisors is 83%.

Type	Male		Female	
	Number of people	Ratio	Number of people	Ratio
General staff	110	66%	57	34%
Supervisors	207	83%	42	17%
Total	317	76%	99	24%

Note: The statistics of employee numbers are as of December 31, 2023; supervisory positions are at or above the level of section head.

**Non-employee workers**  
Holtek’s non-employee workers include 2 security personnel and 4 cleaning personnel.

Type	Category	Male		Female	
		Number of people	Ratio	Number of people	Ratio
Job Category	R&D	255	61%	25	6%
	General engineering	41	10%	15	4%
	Management	21	5%	59	14%
Education	PhD	4	1%	0	0%
	Master’s degree	210	50%	20	5%
	University or college	102	25%	78	19%
	Others	1	0%	1	0%
Years of service	Less than 3 years	65	16%	20	5%
	3 to 6 years	48	11%	14	3%
	6 to 10 years	62	15%	12	3%
	10 years and above	142	34%	53	13%
Age	Less than 30 years old	50	12%	8	2%
	30 to 50 years old	165	40%	66	16%
	50 years old and above	102	24%	25	6%
Work location	Taiwan	305	73%	98	24%
	China	10	3%	1	0%
	USA	1	0%	0	0%
	India	1	0%	0	0%

Note: The date of the statistics for the number of employees is as of December 31, 2023, and the male/female ratio is calculated based on the number of employees of different types within the same category.



5.2 Talent Attraction and Retention

Holtek actively recruits through external and internal channels, and in addition to recruiting talent through human resource banks, we also encourage employees to recommend specific talent internally. On the institutional level, counselors are set up to assist in solving work problems for talent, and multiple training programs are planned to enrich employee management and professionalism and strengthen the professional and versatile abilities of the labor force.

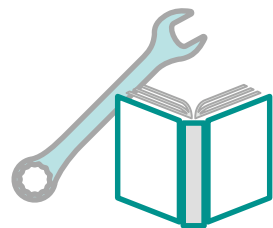
Diversified recruitment channels and talent cultivation

Holtek cooperates with specific universities through the annual Holtek Innovation Competition, encouraging to promote students’ focus on MCU application practice through a dual cooperation model of industry and school. More importantly, the competition cultivates teamwork among students and allows students to experience the workplace early and establish future career plans.



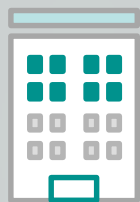
Holtek Innovation Competition

Holtek’s products and corporate culture are passed on through the annual Holtek Innovation Competition, and special talent is explored through evaluations by teachers.



Internship plan

Internship opportunities are provided that integrate industry and education and connect with the workplace early through a dual-track internship model.



R&D alternative military service

Recruiting R&D alternative military personnel to engage in technological R&D work.



Industry-academia cooperation

A cooperation model has been established for innovative research between high-tech industries and universities to trigger attention to practical experience in MCU applications.

Situation of new employees from 2021 to 2023

To assist new employees in quickly adapting to the workplace and culture, Holtek focuses on the two aspects of “recruitment and appointment procedures” and “new talent development training”, including designing solutions such as “new talent interview process optimization” and “new talent course training”, so that new employees can quickly grasp the Company’s corporate culture, industrial overview, and related occupational safety knowledge through the interview and training process.

The total new employee rate of Holtek in 2023 was 5.9%. The total number and proportion of new employees are shown in the table below:

Distribution of new employees		2021		2022		2023	
		Number of people	Ratio	Number of people	Ratio	Number of people	Ratio
Gender	Male	45	13%	29	9%	20	6%
	Female	15	15%	10	10%	5	5%
Age	Less than 30 years old	39	48%	27	33%	13	22%
	30 to 50 years old	21	8%	12	5%	11	5%
	50 years old and above	0	0%	0	0%	1	1%
Work Location	Taiwan	57	13%	39	9%	25	6%
	China	3	21%	0	0%	0	0%
Number of people		60		39		25	
Annual new employee proportion		14.1%		9.6%		5.9%	

Note : 1. The statistics are of permanent employees, and the period of the statistics is from January 1 to December 31 of each year.  
2. Distribution ratio of new employees: Number of employees in the category / total number of employees in the group.  
3. Annual total new employee rate: Total number of new employees for the year / ((number of employees at the beginning of the year + number of employees at the end of the year) / 2).



「Holtek innovation competition」

- The Holtek Innovation Competition is a national campus competition held regularly to build a creativity platform for students to apply what they have learned. In addition to the engineering departments, the disciplines participating in the competition have gradually come to include students from the creative design department in recent years to develop Innovation products and a complete product appearance design, in order to promote the goal of product technology transformation and commercialization.
- In 2023, a total of 100 teams from 20 universities participated in the Holtek Innovation Competition. This year's competition continued to involve STEAM in cross-disciplinary creative design to expand the cooperation between industrial design departments and electronic and electrical engineering disciplines.



Retention and care systems

Statistics and distribution of resigning employees from 2021 to 2023

- The total turnover rate of Holtek in 2023 was 10.6%. The turnover rate has remained around 10.2% in the past three years. This is mainly achieved through the planning of the compensation structure in conjunction with profit sharing and quarterly bonuses, in order to achieve the effectiveness of talent retention.

Distribution of resigning employees		2021		2022		2023	
		Number of People	Ratio	Number of People	Ratio	Number of People	Ratio
Gender	Male	28	8%	38	11%	39	12%
	Female	10	10%	11	11%	6	6%
Age	Less than 30 years old	11	14%	11	13%	18	31%
	30 to 50 years old	19	7%	31	13%	20	9%
	50 years old and above	8	7%	7	6%	7	6%
Work Location	Taiwan	37	9%	48	11%	44	11%
	China	1	7%	1	8%	1	9%
Number of People		38		49		45	
Total annual resignation rate		8.8%		11.1%		10.6%	

- Note :
- The statistics are of permanent employees, and the period of the statistics is from January 1 to December 31 of each year.
  - Distribution ratio of resigning employees: Number of employees in the category / total number of employees in the group.
  - Annual total resigning employee rate: Total number of resigning employees for the year / ((number of employees at the beginning of the year + number of employees at the end of the year) / 2).

Retention rate of new employees

- In order to assist new employees in accelerating their learning and adaptation to the new environment and to help them overcome doubts and difficulties, Holtek aims to integrate new employees into the work team as soon as possible to make their work smoother. From the moment new employees join the team, a dedicated guidance system is arranged with counselors designated by department heads to provide guidance and care; there are also training courses for new employees to help them play an active role in the Company's culture and core values. According to statistics in 2023, the retention rate of new employees within one year was about 72%, and the retention rate of new employees within three years was about 70%. In 2023, the Company was negatively affected by the overall environment, and the retention rate of new employees was slightly lower than that in the previous year.

Various types of new employees	2021	2022	2023
Retention rate of new employees within one year	93%	87%	72%
Retention rate of new employees within three years	80%	76%	70%

Note: The statistics are of permanent employees.



5.3 Employee Development and Training

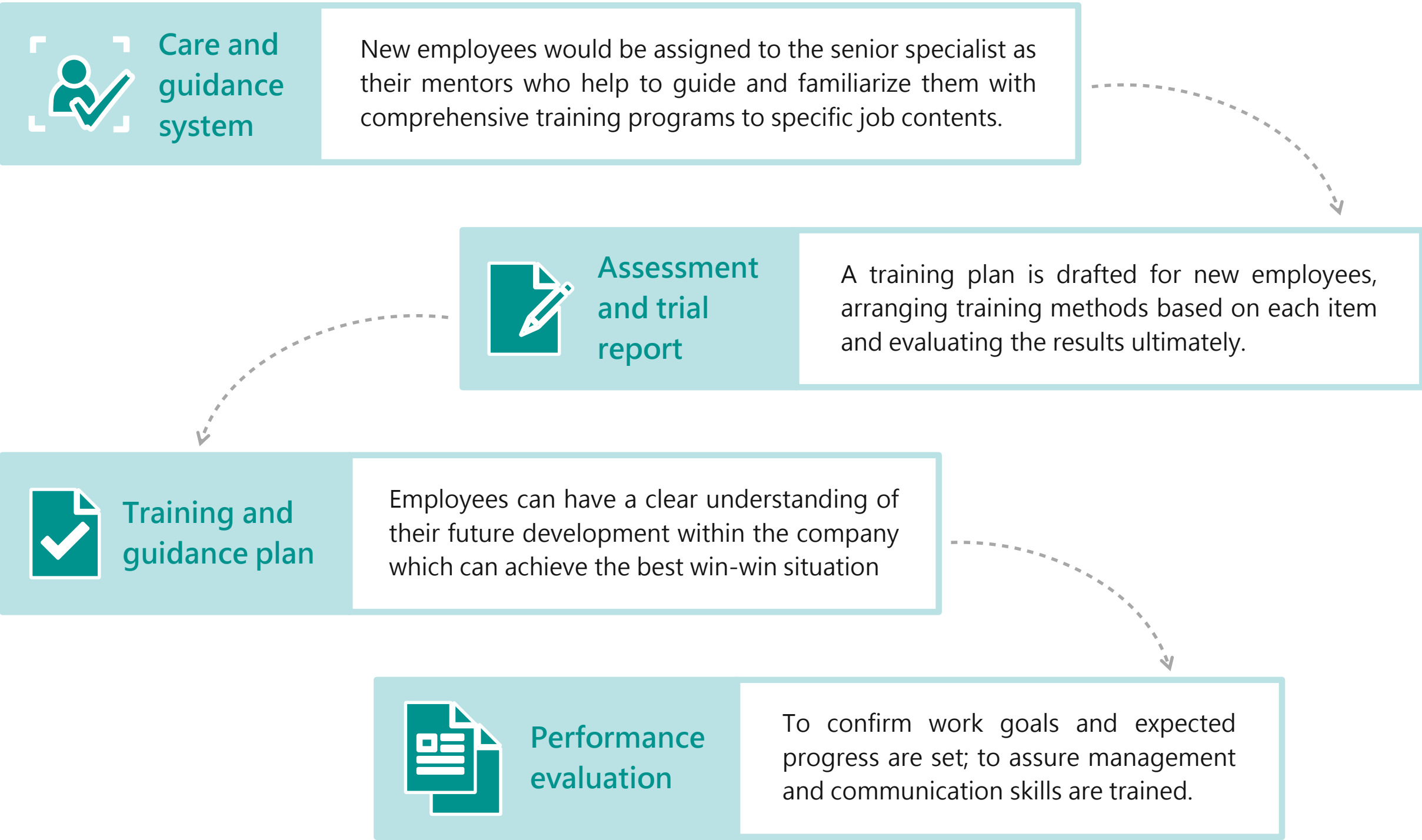
To cultivate talents, Holtek make the budget for employees to attend external class; furthermore, Administration Div. would collect the annual training plan from the department heads who would plan courses based on the Company's development goals and the needs of each department with Training Committee, then design internal training programs for each employees' career growth within a comprehensive career training system.

Development blueprint

HR Department would offer a class for new employees about company culture, administrative affairs, financial reimbursements, ICP overview, quality policies, intellectual property rights, information security, and occupational safety and health. Additionally, new employees would be assigned to the senior specialist as their mentors who help to guide and familiarize them with comprehensive training programs to specific job contents. Based on the evaluation of the Performance Evaluation Measures and promotion channels and paths of Holtek, employees can have a clear understanding of their future development within the company. In order to facilitate their development, employees will enhance their functional strengths which can achieve the best win-win situation for the company and employees.

Training plans

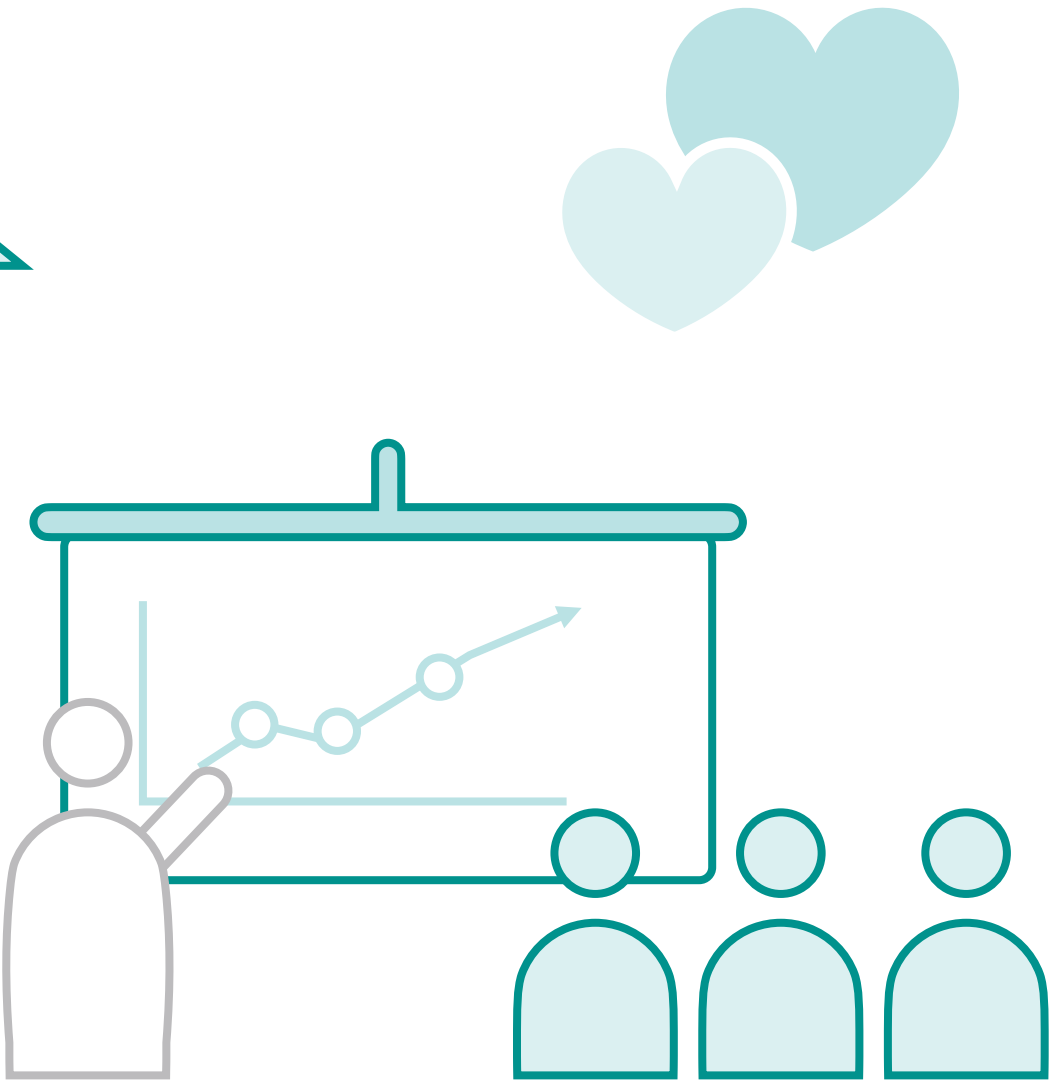
Outstanding employees have always been the main source of a company's competitive advantages. Holtek evaluates the internal and external environmental conditions based on the company's development goals and conducts a comprehensive assessment of internal human resource demand and supply. To pursue Holtek's goals, we offer consulting jobs to retired employees based on their individual skill and assistance plans for being laid off employees those various human resource planning processes can be determined what kind of talents are needed. Holtek provides suitable environment and sorted training opportunities for potential talents to enhance and stimulate their potential abilities which for continuously creating successful rollouts.





- 1. Diversified learning resources and channels: Establishing a training platform, integrating all course information, training systems, and data queries, developing e-learning and knowledge management systems, and establishing an online teaching satisfaction survey.
- 2. On-the-job training: Senior engineers may apply for the on-the-job training programs in domestic universities to enhance their professional R&D technology and management abilities to meet the needs of Holtek’ s future management and development.
- 3. Self development: Cultivating employees’ professional abilities could build their confidence and experiencing teamwork may enhance their communication management skills. In addition, cultivating senior employees as core leaders and classifying management courses by different levels of positions, including entry-level, mid-level and senior executives to enhance management skills and performance.

Stage	 New employee training	 On-the-job training	 Leadership training
Training type	Company policies and procedures 	1. Tech professional courses. 2. Quality courses. 3. Occupational safety and health courses. 4. Intellectual property rights courses.	1. Management knowledge. 2. Management skills. 3. Management behaviors. 
Training goals	1. Getting familiar with the Company’ s organization structure and regulations. 2. Understanding quality policies and occupational safety and health.	1. Strengthening the work schedules. 2. Enhancing professional skills. 3. Teaching and granting knowledge and skills.	1. Cultivating and enriching the management ability for managers. 2. Broaden the scope and vision of management. 3. Promoting company policies and operational directions.
Course contents	1. Teamwork training. 2. Regular courses. 3. Job responsibilities. 	1. Owning department training. 2. Internal training by Holtek. 3. Online learning courses. 4. External training.	1. Strategy implementation. 2. Logical innovation. 3. Problem analysis. 4. Efficiency improvement. 5. Talent development. 6. Communication and coordination. 7. Teamwork.



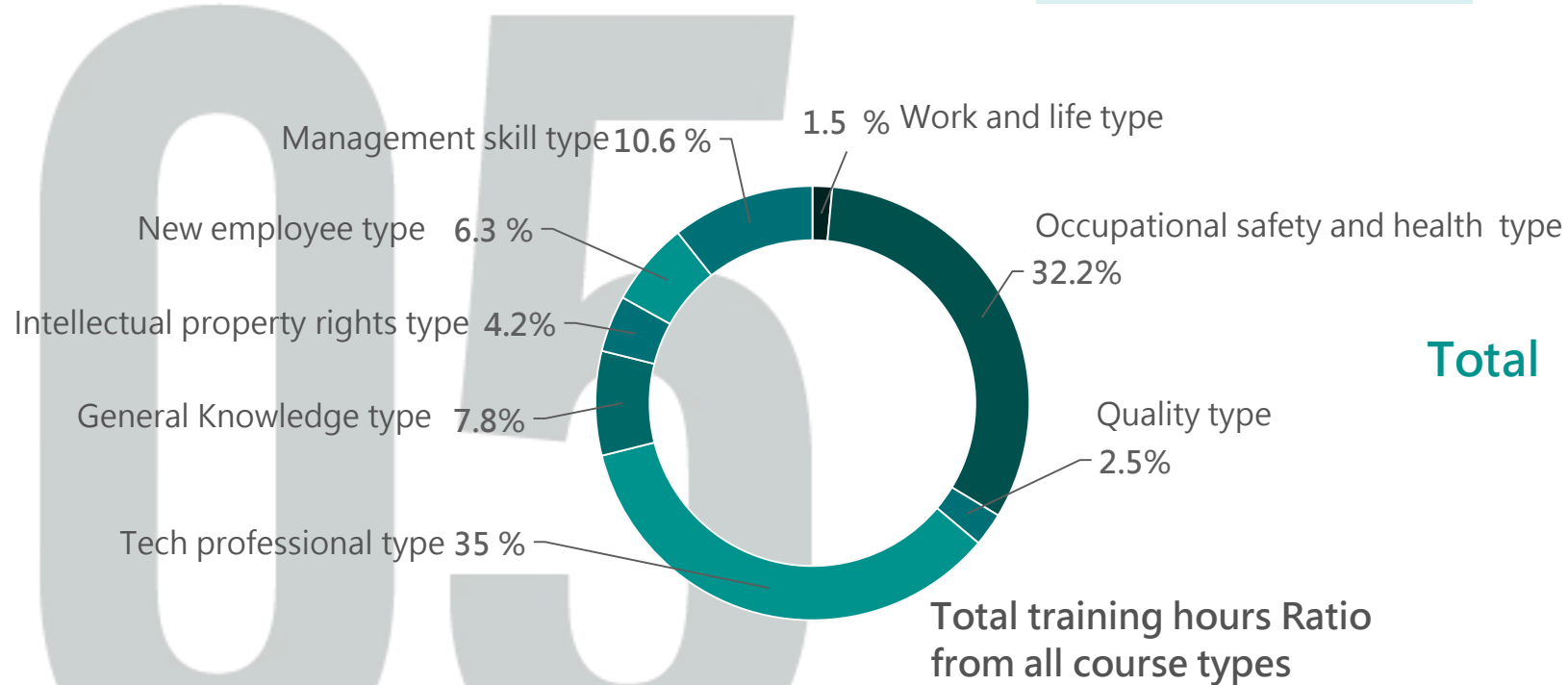


Implementation of training courses

- Holtek considers great importance to the implementation of employee training that Administration Div. would collect the annual training plans from the department heads with Training Committee. In 2023, we arranged 138 internal and external courses with a total of 5,780 training hours and 3,353 participants. The average training hours of each employee were 13.9 hours, and the average training hours for both genders were about 12.7 hours. The greatest proportion of training hour is “professional and technical courses” at 35%, followed by “Occupational safety and health courses” at 32.2%.
- Holtek actively promotes human rights education and provides relevant trainings such as employee information security, business secrets, personal data protection, ethical corporate management, and occupational safety and health. In 2023, we’ve arranged courses with a total of 2,717 training hours and 1,748 participants.

Overview of training execution in 2023

External training							Course type	Number of course	Internal training					
Total training hours			Total number of trainees			Number of course			Total number of trainees			Total training hours		
Total	Male	Female	Total	Male	Female				Total	Male	Female	Total	Male	Female
0	0	0	0	0	0	0	Work and life type	3	85	61	24	85	61	24
145	48	97	27	8	19	27	Occupational safety and health type	15	1,391	1,067	324	1,715	1,310	405
6	6	0	2	2	0	2	Quality type	3	94	66	28	138	99	39
0	0	0	0	0	0	0	Tech professional type	11	1,143	1,041	102	2,021	1,841	180
3	3	0	1	1	0	1	General Knowledge type	5	182	142	40	446	356	90
7	7	0	2	2	0	2	Intellectual property rights type	3	129	122	7	236	225	11
0	0	0	0	0	0	0	New employee type	4	44	40	4	363	330	33
131	55	76	35	17	18	35	Management skill type	27	218	169	49	484	398	86

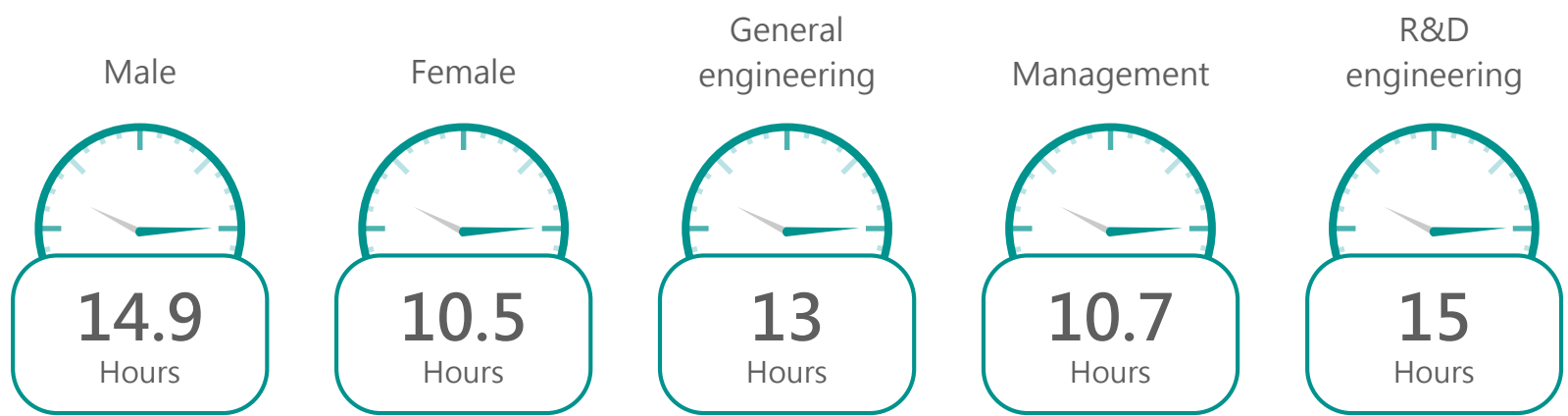
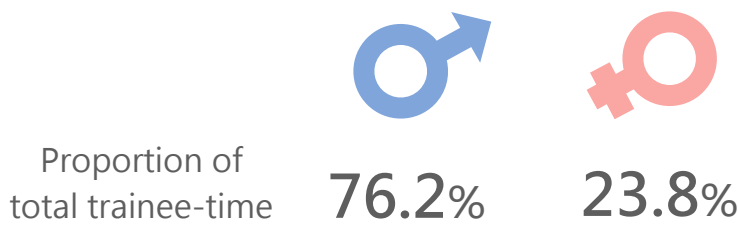


Total

Total number	138		
Total number of trainees	2,738	615	3,353
	Male	Female	Total
Total training hours	4,738	1,042	5,780

Employee training hours in 2023

All employees	Gender		Job Category			Total
Item	Male	Female	General engineering	Management	R&D engineering	
Total training hours	4,738	1,042	728	859	4,193	5,780
Number of employees	317	99	56	80	280	416
Average training hours per employee	14.9	10.5	13	10.7	15	13.9





5.4 Salary and Benefits

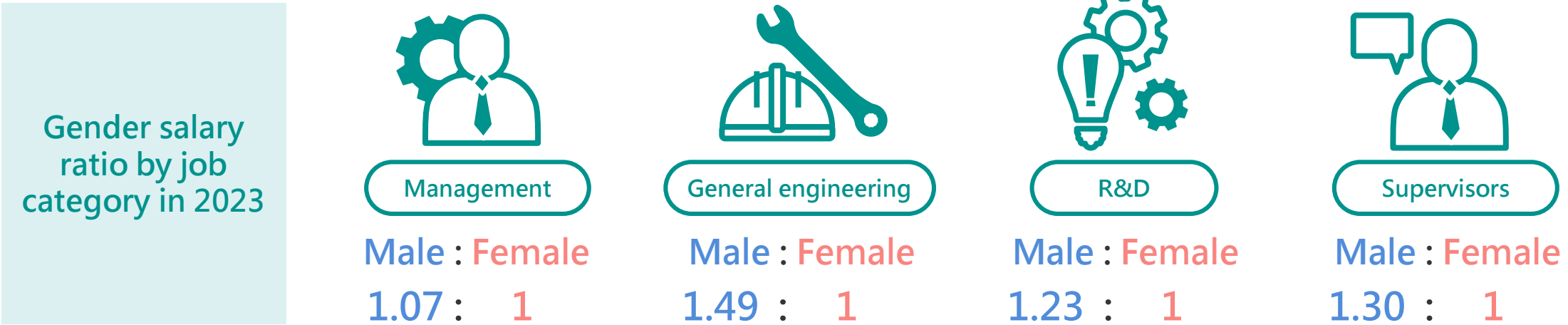
Holtek has been continuously selected as a constituent stock of the Taiwan High Compensation 100 Index of the Taiwan Stock Exchange. The constituent stocks are screened based on employee compensation, and their weight is determined by fundamental factors such as “total employee compensation” , “average employee compensation growth rate” , and “net profit” , making the index cover both corporate social responsibility and investment efficiency. The number of full-time employees over the years who have not held supervisory positions as well as their average and median salaries can be queried on the Market Observation Post System (mops.twse.com.tw). The ratio of the annual total compensation of the highest paid individual to the median annual total compensation of other employees of the organization (excluding the highest paid individual) was 4.07 in 2023; the ratio of the percentage increase in the highest paid individual’ s annual total compensation to the median increase in the average annual total compensation of other employees in the organization (excluding the highest paid individual) was 2.0.

Item	Unit: NT\$ thousand		
	2021	2022	2023
Employee benefit expenses (including salary, labor and health insurance, pension)	1,146,785	873,183	530,686
Number of full-time employees not holding supervisory positions	411	423	409
Total compensation of full-time employees not holding supervisory positions	836,809	571,573	484,641
Average compensation of full-time employees not holding supervisory positions	2,036	1,348	1,185
Median compensation of full-time employees not holding supervisory positions	1,796	1,642	1,100

Fair compensation and employee benefits

The compensation system of Holtek employees is based on educational background and professional seniority for compensation evaluation, and does not vary due to gender, region, race, religion, political stance or marital status. In each job category, the same standards are adopted for both genders of employees to implement gender equality. At present, the main operating base of the Company is the Hsinchu headquarters in Taiwan. All employee salaries are above the minimum wage required by the Labor Standards Act.

- \$ Remuneration policies:
  - 1. Directors’ and managers’ compensation: Includes fixed salary, allowances, bonuses, salary adjustment and severance pay. It is reviewed and evaluated by the Compensation Committee before implementation.
  - 2. Employee compensation: Holtek formulates the compensation policy annually through peer compensation surveys, interviews with departing employees, and based on company operation status and personal performance. After discussions at the senior management meeting, appropriate adjustments are made to employees’ compensation to ensure that the compensation meets market standards and fairness.
- \$ Compensation distribution: 12 months of fixed salary and two months of salary as the annual bonus based on performance.
- \$ Performance-based salary adjustment: Salary adjustments are made annually in accordance with company policies and based on the individual performance of employees.
- \$ Employee bonus: Bonuses are directly related to the Company’ s operational performance, team performance and individual performance.
- \$ Awards: Includes operation awards, patent awards and excellent employee recognition awards.
- \$ Welfare funds of the Employee Welfare Committee: Birthday gift money or vouchers, new year and festival gift vouchers, and subsidies for weddings and funerals.
- \$ Insurance/pension: Employees are enrolled in labor and health insurance as required by law, and 6% of the salary is appropriated as labor pension; there is also a well planned group insurance system.



Note:

1. The statistics are of permanent employees.
2. Supervisor are defined as supervisors at or above the level of section head.
3. R&D engineering is defined as engagement in R&D work such as product design and development.
4. General engineering is defined as maintaining or handling engineering related work.
5. Management is defined as non-engineering positions.



Pension system






In accordance with the Labor Standards Act and the Regulations for the Allocation and Management of the Workers’ Retirement Reserve Funds of the old system, for those who meet the retirement seniority requirement of the old system, the Company allocates retirement reserve of 4% of the total salary to a special account at the Bank of Taiwan every month, and allocate the full amount of the retirement reserve through the actuary’s calculation every year, thereby protecting the rights and interests of employees to apply for retirement pension in the future. For employees who are subject to the Labor Pension Regulations, the Company will deposit 6% of their personal salary into the personal labor pension account every month. Employees can also voluntarily contribute 0-6% to the pension account jointly.

Comprehensive insurance plan

Holtek takes out labor insurance, national health insurance and group comprehensive insurance for its employees in accordance with the law. In addition to labor insurance protection, employees also enjoy comprehensive insurance coverage such as life insurance, accident insurance, hospitalization and surgical medical insurance, accident medical insurance, and medical cancer insurance. The group insurance premium is fully borne by the Company, and family members can also join the group comprehensive insurance at their own expense to share complete insurance protection with employees. The staff’s overseas business trips are covered by high-value travel insurance to provide sufficient protection for the staff.

Welfare planning and execution

Holtek provides a diverse welfare system and care for its employees as well as a good work environment and conditions, while taking into account their physical and mental health to make their work and life equally important. At the same time, the Employee Welfare Committee has been set up to provide employees with a richer and more diverse experience of activities after work.

 Activity type	 Award/subsidy type	 Health type	 Work hour/holiday type	 Arts and literature type
<p>♥ <b>Employee travel and family activities</b></p> <p>The Company holds activities for employees and their relatives to visit the nature, exercise and participate in group activities to relax the body and mind, and also to promote activities between employees and their families.</p>	<p>♥ <b>Awards</b></p> <p>Year-end bonuses and employee dividends to share the Company’s operating profit.</p>	<p>♥ <b>Regular on-site consultation with physicians.</b></p>	<p>♥ <b>Five-day work week</b></p> <p>Holiday activities are fully arranged.</p>	<p>♥ <b>Life lectures</b></p> <p>Lectures on stress relief and culture are arranged so that employees can gain a variety of knowledge.</p>
<p>♥ <b>Club activities</b></p> <p>The Company provides subsidies for the establishment of various recreational clubs, such as the table tennis club, badminton club, yoga club and board games club, to encourage employees to cultivate a sports atmosphere in their spare time, relieve stress, and enhance friendship and interaction among employees.</p>	<p>♥ <b>Travel subsidies</b></p> <p>Domestic and foreign tourism subsidies for the staff which are flexibly adjusted to subsidies for pandemic prevention materials during the pandemic period.</p>	<p>♥ <b>Health checks</b></p> <p>Regular free health checks are provided to understand the physical health status of employees, as well as to allow them to check their own physical condition.</p>	<p>♥ <b>Flexible leave</b></p> <p>Seven days of flexible leave superior to the requirements of the Labor Standards Act are provided to enable employees to better arrange their holidays.</p>	<p>♥ <b>Book gift certificates</b></p> <p>Book gift certificates are provided to employees in the first and the second half of the year to enhance employees’ knowledge in the intellectual domain.</p>
<p>♥ <b>Festival activities</b></p> <p>Year-end parties, regular luncheons, group discounts and company special offers.</p>	<p>♥ <b>Festival subsidies</b></p> <p>Year-end and festival gift certificates and birthday gift certificates.</p>	<p>♥ <b>Workplace nurses</b></p> <p>Professional nurses are hired to provide employee health management, arrange physical examination content, and plan health promotion activities.</p>	<p>♥ <b>No compensatory work on Saturdays</b></p> <p>When government agencies have compensatory work shifts on Saturdays, the Company will arrange a unified holiday and maintain the weekly rest frequency.</p>	<p>♥ <b>Book gift certificates</b></p> <p>Employees are encouraged to participate in film appreciation and have fun together with family members.</p>
	<p>♥ <b>Subsidies for ceremonies and customs</b></p> <p>Wedding, funeral and festive money subsidies, maternity allowance and hospitalization allowance.</p>	<p>♥ <b>Group insurance</b></p> <p>Employee group insurance, life insurance, injury insurance, medical insurance, and cancer insurance are provided to enable employees to enjoy better medical quality.</p>	<p>♥ <b>Flexible commuting time</b></p> <p>The start and end times of work can be flexibly adjusted within one hour for employees to arrange for family care.</p>	<p>♥ <b>Leisure activities</b></p> <p>The Employee Welfare Committee holds various interesting activities for all employees every year, such as games and competitions and local food tasting, to enrich employees’ life experience.</p>
	<p>♥ <b>Training subsidies</b></p> <p>Annual external training subsidies.</p>	<p>♥ <b>Leisure activity areas</b></p> <p>Fitness equipment area, aerobics classroom, medical lounge, etc.</p>	<p>♥ <b>Adjustment of working hours during childcare periods</b></p> <p>When raising children under three years old, the working hours can be reduced by one hour per day or adjusted.</p>	<p>♥ <b>Book, newspaper, and magazine areas</b></p> <p>There are books, newspapers and magazines available for free reading by employees.</p>
	<p>♥ <b>Meal subsidies</b></p> <p>Subsidies for regular luncheons.</p>	<p>♥ <b>Employee cafeteria</b></p> <p>Various balanced catering services are provided.</p>		



5.5 Healthy Workplace

The Company’s occupational safety and health policies is followed to develop a health management service plan, based on which health promotion measures are implemented, with the aim of improving employees’ physical and mental health and creating a healthy workplace.

Human rights protection

Policies or commitments	Public link	Approval level	Stakeholder	How to implement policies or commitments
Human rights policy	<a href="#">Policy link</a>	President	Employees	Training related to human rights protection held in 2023: 1,748 employees and 2,717 hours in total.

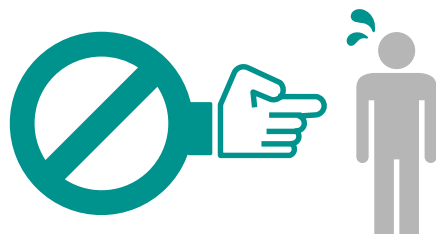
1.



Prohibition of forced labor

- When the employment relationship is established, a written labor contract is signed in accordance with the law.
- The contract stipulates that the employment relationship is established by mutual agreement, and there is a prohibition of forced labor, no illegal human trafficking, and opposition to the slavery system.

2.



Prohibition of discrimination

- All tangible or intangible sexual harassment and discriminatory behavior in the workplace are prohibited.
- It is explicitly stated that race, gender, age, marital status, political stance or religious beliefs will not be used as the criteria for employee appointment, assessment or promotion.

3.



Freedom of association

- Open and direct communication between employees and the management is the most effective way to address workplace and salary issues.
- The rights of employees, including freedom of association, participation in labor-management meetings, and appointment of labor-management representatives are respected.

4.



Prohibition of child labor

- Employment of child labor under the age of 16 is prohibited.
- Any behavior that may cause the employment of child labor is not allowed.

5.



Humane treatment

- Employees may not be subjected to cruel and inhumane treatment, including any form of sexual harassment, abuse, corporal punishment, mental or physical oppression or verbal abuse.
- This also includes threats to engage in any such behavior.



Health management

Regular labor health  
service physician visits

22

Man-times

- Regularly arrange for labor health service physicians to be stationed at the factory to provide assessment, advice, and health consultation to high-risk workers.

Health  
education

21

times

- Provide health information and health-related knowledge through education to enable employees to understand healthy lifestyles and behaviors.

Holding health  
lectures

136

participants

- Hire professional lecturers to provide rich and professional experience and information in the workplace through online or physical courses for employees' references, and promotion of physical and mental health.

Employee  
health checks

308

participants

- Regularly commission medical institutions to the Company every year to arrange employee physical health examinations that are superior to regulatory requirements, in the hope that through multiple examinations, employees can better understand their physical health issues and needs.

Employee Health Report  
Inquiry Platform

- To effectively utilize health check-up data, the IT department developed an 'Employee Health Report Inquiry Platform'. Through this platform, historical health check-up data and abnormal items can be compared. Health management personnel and on-site doctors will also provide care and follow-up on major abnormalities, offering health promotion recommendations and suggestions.

Friendly and  
healthy workplace

3

contractors

- Major contractors are required to sign an occupational safety and health commitment letter to ensure that the personnel dispatched by the contractor to Holtek undergo regular medical examinations and insurance.
- The Company holds health promotion activities or health consultations, and contracted personnel can register and participate together.

Holding health  
promotion activities

41

Man-times

- Through precision instruments, health testing is provided to assist in vaccination activities, prevent epidemics, and enhance the health and self-protection of employees.

Maternal health  
protection plan

- In accordance with the Occupational Safety and Health Act, implement maternal health protection measures for female workers engaged in jobs that may pose risks to maternal health.
- Set up lactation room and designated parking spaces for pregnant women. Regularly track the company's maternal health protection list and arrange for occupational health service doctors to conduct interviews, ensuring the physical and mental well-being of pregnant, postpartum, and breastfeeding female employees.
- In 2023, a total of 4 maternal health hazard assessments and level management were completed, with a 100% health protection rate.

Lactation room  
usage frequency

114

Man-times

- Encourage employees to continue breastfeeding their newborns after childbirth by setting up lactation room for female staff. Additionally, provide necessary breastfeeding (pumping) items and a separate refrigerator free of charge, ensuring that employees can continue breastfeeding with peace of mind after returning to work.



Friendly workplace parenting policy

Encouragement of childbirth

01	The Company attaches great importance to employees’ childbirths. During pregnancy and childbirth, in addition to providing maternity leave, paternity check up and paternity leave, miscarriage prevention leave and maternity leave in accordance with the law, maternity allowances are provided to reward childbirth.
02	The Company has set up a lactation room internally and provides a reasonable amount of break time for lactation.
03	The Company has signed contracts with daycare providers for providing childcare benefits for employees.
04	Employees may reduce or adjust their working hours to spent time on primary childcare for children under three years old.
05	The Company has set up reserved parking spaces to provide friendly parking spaces for pregnant women.
06	The friendly workplace childcare policy has led to a retention rate of 75% among female employees after giving birth in the past two years.

Job retention and salary suspension system for childcare

In order to achieve family and work balance for employees, Holtek explicitly stipulates in the work rules that after serving for six months and before each child reaches the age of three, an employee may apply for unpaid leave for childcare, without affecting the performance evaluation or being subject to other adverse penalties, so as to protect employees’ work rights and establish a friendly family and workplace environment.

Statistics by gender on job resumption and retention after parental leave:

	2023	
	Male	Female
Number of employees eligible for unpaid childcare leave application in 2023	19	7
Number of applicants for parental leave in 2023	0	2
Expected number of reinstatements in 2023 (a)	0	4
Actual number of reinstatements in 2023 (b)	0	3
Reinstatement rate in 2023: (b) / (a)	-	75%
Actual number of reinstatements from parental leave in 2022 (c)	0	2
Number of employees continuing working for one year after reinstatement from parental leave in 2022 (d)	0	2
Retention rate in 2023: (d) / (c)	-	100%

Note: 1. Number of employees eligible for unpaid leave application for childcare in 2023: The number of employees having children under three years old after serving for six months during the period from January 1, 2023, to December 31, 2023.  
2. Number of applicants for parental leave in 2023: Employees applying for parental leave during the period from January 1, 2023, to December 31, 2023.  
3. Expected number of employees to be reinstated in 2023: Employees with unpaid childcare leave during the period from January 1, 2023, to December 31, 2023.



# 06

## Social Harmony CH6

6.1 Holtek Cup

6.2 Industry-Academia Cooperation

6.3 Public Service Activities

6.4 Support for Disadvantaged People



### Holtek Cup Creative Competition

The event has been held for 18 consecutive years, with an investment of NTD\$2.53 million this year and a total of 100 teams from 20 universities and colleges participating in the event.

### Promoting industry-academia cooperation and cross-disciplinary innovation

Collaborated with National Tsing Hua University in R&D, and supported National Yunlin University of Science and Technology in organizing lectures and competitions for cross-disciplinary design programs.

### Promoting the Holtek University Program

Organization of teaching cooperation exchange and donation of teaching equipment to one school

### Supporting Social Welfare Helping the Disadvantaged

Promoting various donation and sheltered workshop purchase activities



6. Social Harmony

Goals and Achievements

● Achievement   ○ Not Achieved

Target 2023	2023 Results	Target 2024	Mid-term objectives	Long-term objectives
Holtek University Project: support universities and training institutes to organize microcontroller (MCU) teaching courses, with a target of 4 institutions.	○ Donated MCU teaching equipment to 1 university with value of NTD\$1.09 million. Organized teaching and promotion exchanges with 5 schools, and delay the joint lab cooperation to 2024 with the new BMduino product.	Holtek University Project: Support universities and training institutes to organize microcontroller (MCU) teaching courses, targeting 5 institutions.	Holtek Microcontroller (MCU) Joint Laboratory was established with the school and is rooted in the campus and provides preferential job opportunities for students who participating in competitions and industry-academia collaboration projects.	
Organize Holtek Cup Creative Competition: Encourage students to use Holtek microcontrollers (MCUs) to participate in the competition and project development, with a target participation size of 100 teams and a target expenditure of NTD\$2.6 million.	● Organized the 18th Holtek Cup Creative Competition, with 100 teams from 20 schools and 316 students participating in the competition; the total expenditure on competition activities and prizes amounted to NTD\$2.53 million.	Organize Holtek Cup Creative Competition: Encourage students to use Holtek microcontrollers (MCUs) to participate in the competition and project development, with a target participation size of 100 teams and a target expenditure of NTD\$2.6 million.	To support the creative activities of domestic universities and colleges, to promote cooperation in competition activities, and to promote cross-disciplinary innovative application practices.	Promote social participation and industry-academia cooperation to foster professional talents, introduce talents and create business opportunities, strengthen students' MCU application and innovation ability through training programs, and connect with the industry's latest technology to promote industrial upgrading and strengthen the overall competitiveness of the industry.
Introduction of talents : Through competition or teaching cooperation, the Company shall recommend $\geq 2$ persons to work for the Company according to the target of employment demand.	○ During the year, due to company policy, the deferral of talent acquisition was suspended.	Introduction of talents : Through competition or teaching cooperation, the Company shall recommend $\geq 2$ persons to work for the Company according to the target of employment demand.	Introduction of talents : Through competition or teaching cooperation, the Company shall recommend $\geq 2$ persons to work for the Company according to the target of employment demand.	
Promote industry-academia collaboration: collaborate with the academia in R&D, support cross-disciplinary innovation and enhance talent nurturing, target $\geq 2$ .	● Collaborated with National Tsing Hua University on one R&D project. Co-support with BEST MODULES Corp. to organize the "International Cross-Domain Integrated Design Workshop" and "Creative Wireless Charging Module Design" competitions for the Cross-Domain Integrated Design Program at National Yunlin University of Science and Technology.	Promote industry-academia collaboration: collaborate with the academia in R&D, support cross-disciplinary innovation and enhance talent nurturing, target $\geq 2$ .	Discover outstanding product creativity and technology development in academia, and promote commercialization.	



## 6.1 Holtek Cup / 6.2 Industry-Academia Cooperation

Combining resources to promote STEAM engineering literacy education

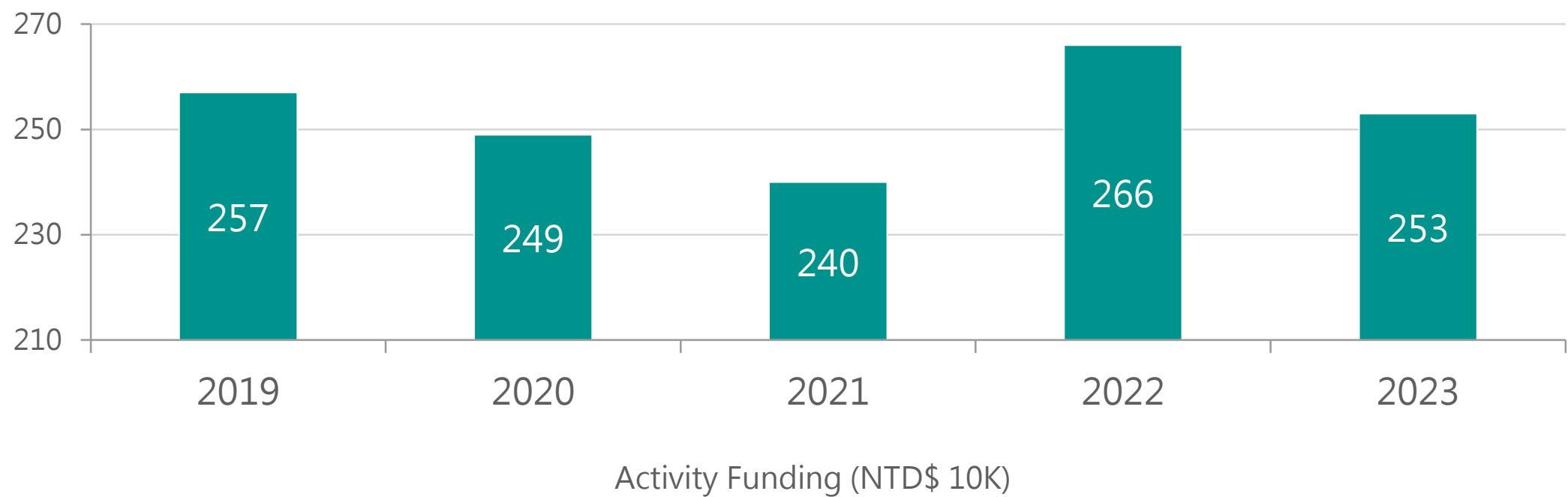
Holtek Semiconductor has integrated ESG sustainable development into its corporate strategy, taking practical actions to promote social inclusion and industrial talent cultivation. In order to further cultivate talents for higher education, Holtek Semiconductor has combined its resources to establish the “Best Modules STEAM Education Development Association” in 2023. This project will allocate resources to develop and promote software, hardware and teaching materials for STEAM engineering literacy education, and establish the Holtek University program for joint labs and faculty collaboration. Holtek Semiconductor also continues to organize the Holtek Cup MCU Creative Competition, which promotes the cultivation of talent and cross-disciplinary innovation in the information and communications industry and the electronics industry, and facilitates a mechanism for the continuous cultivation of outstanding talent.



## STEAM Education

Funds invested in the Holtek Cup in the past five years

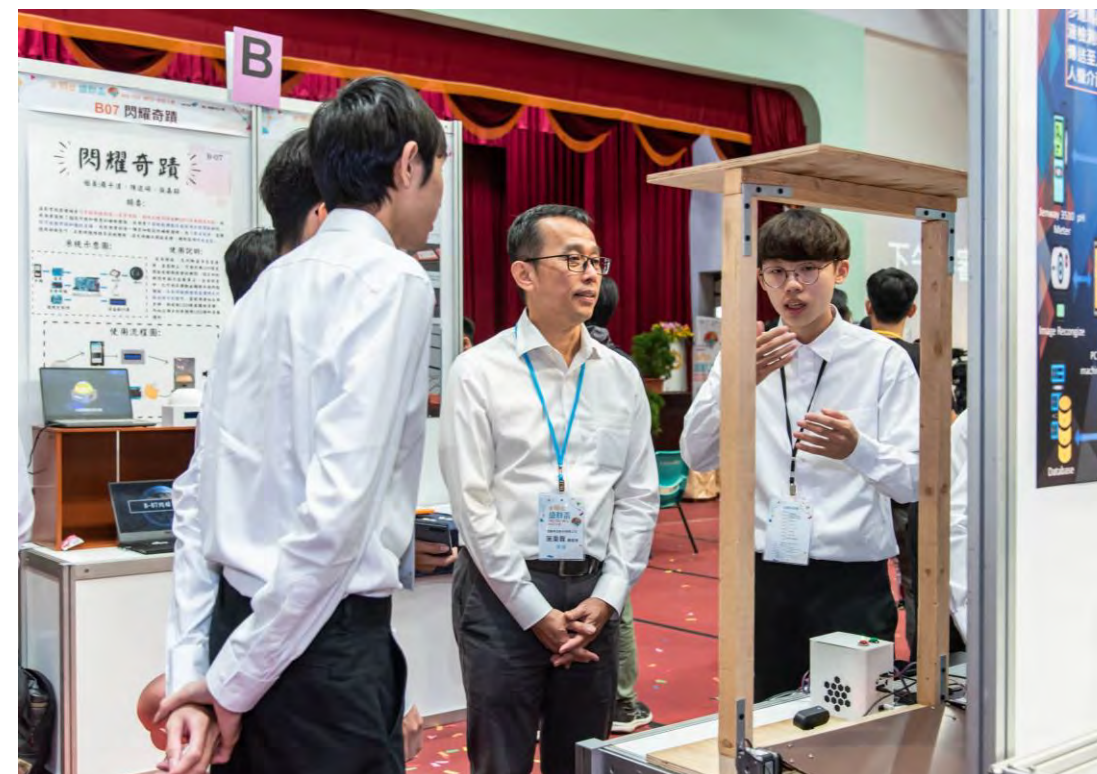
Holtek Cup MCU Creative Competition





## Industry-academia cooperation promotes professional talent cultivation and applied innovation

Holtek emphasizes the development trend of MCU and STEAM education. Based on our rich experience in MCU design and application development, we have set up a professional digital sensor development team and established our own production line, and combined with our product creativity, we have launched the BMduino-UNO development kit, so that the STEAM education can keep up with the times and the trend of the times, and we have continuously invested in human resources and funds in order to strengthen the cooperation between the industry and the academia, and to promote the cross-field innovation. We also continue to invest in human resources to strengthen industry-academia cooperation and promote cross-disciplinary innovation. In terms of industry-academia cooperation, we assist universities and colleges in organizing relevant teaching courses and donating laboratory teaching equipment, provide teachers with the microcontrollers and professional modules they need for teaching and research, and regularly organize the Holtek Cup National Campus Microcontroller Creative Competition to provide a platform for exchanges between universities and colleges, which has been held for 18 times since 2005, and has become a relatively large-scale microcontroller competition of higher quality in the country. In the area of cross-discipline innovation, we are working with our subsidiary, BESTMODULES, to seek cooperation with creative application competitions that share the same goals and objectives, and to provide opportunities for cross-discipline teachers to guide students in applying what they have learned. In addition, we continue to cooperate with national training institutions to offer microcontroller application related courses to cultivate microcontroller application professionals with both theoretical and practical skills, to shorten the gap between learning and application, and to strengthen the practical operation ability.



▲ The 18th Holtek Cup MCU Creativity Competition was held at the National Taiwan University of Science and Technology.



## Supporting cross-disciplinary innovation

STEAM education emphasizes the cultivation of creative talents, the promotion of hands-on work and innovative applications, problem solving, and cross-disciplinary collaboration. The Company continues to combine the innovative design energy of its subsidiary, Best Modules Corp., with the goal of promoting cross-disciplinary collaboration to achieve human self-development, and develops newer modules and development boards that are easy to use for product development, which is conducive to the practice of innovative design and lowers the threshold for product development. In addition to the existing engineering departments, students from the creative design department will continue to participate in the competition. They will conduct research and development of creative products with a complete product design to promote the technological transfer and commercialization of their works.



Teaching Cooperation and Exchange (Department of Electrical Engineering, Chung Yuan Christian University)



Support National Yunlin University of Science and Technology cross-domain design program to organize thematic design competitions

# 國際跨域整合 設計工作坊

7/26(三)  
9:00~16:00

上午設計三館 DA103  
下午 雲科自造者中心

報名表單

**Grant Baker**  
Senior Lecturer, School of Architecture Design and the Built Environment (Nottingham Trent University, UK)

**Nick Vasiljevic**  
實踐大學國際企業英語學士/碩士學位課程 專任助理教授  
(2011) 台灣傑出企業經理人協會金峰獎  
荷蘭派立(Pilot Fish) 設計公司執行長(2007-2011) 領導團  
陳榮輝iF, Red Dot, IDEA, 台灣精品等大獎

課程 Session	主講者 Speaker	主題 Topic
9:00-10:00 專題講座1 Key note speech1	Grant Baker	Sustainable product design in the UK
10:00-11:00 專題講座2 Key note speech2	Nick Vasiljevic	ESG oriented sustainable service design in Europe 歐洲ESG導向的永續服務設計
11:00-12:00 科技設計跨域交流 The interplay of design and technology	倍創科技徐仁凱處長 詹敦學老師	倍創科技arduino 微控制模組相介紹 Introduction of BMDuino based MCU modules
12:00-13:00 午餐	DA106 教室	交流餐敘
13:00-15:00 自造者中心參訪與分組工作坊 Visit maker center Workshop in	Grant Baker Nick Vasiljevic 詹敦學 跨域整合設計 碩士學位課程 周亞寬 Joseb 政化資產管理系 林義隆 資訊工程學系	Developing innovative design concepts of sustainable product/service.

主辦單位

協辦單位

Support National Yunlin University of Science and Technology International Seminar on Cross-domain Integrated Design



6.3 Public Service Activities / 6.4 Support for Disadvantaged People

The Company's gift box purchasing for the Three Festivals focuses on the purchase of gift boxes for disadvantaged organizations and the promotion of Taiwan's homemade agricultural products. The Company also actively seeks out social welfare organizations that are suitable and in line with Holtek's philosophy of donations in order to do its part for the earth's environment and the community and encourages its employees to take the initiative to participate in public service activities and donations, donating materials to the Hsinchu Spinal Cord Injury Association, the Taipei Lost Parent Welfare Foundation, and the World Peace Council, which helps disadvantaged children receive proper care. In addition, we support high-tech industry seminars to accelerate industrial upgrading and expand our international vision. In the future, we will continue to pay attention to social enterprise matchmaking activities, and through many exchanges with social enterprises, we hope to improve social problems such as employment of the disadvantaged, environmental protection, education and culture, and agricultural business, so that social enterprises can have a better environment for development.



Public service activities / vulnerable groups goals and achievements

Target 2023	2023 Results	Target 2024	Medium-term objectives	Long-term goals
<p>Purchased Mid-Autumn and Spring Festival gift boxes from disadvantaged groups 2 times.</p> <p>Donated materials 2 times and funds 1 time.</p> <p>Organized 2 blood donation activities in a year.</p> <p>Organized second-hand goods donation activities 1 time.</p>	<p>● Spring Wine Gift Boxes purchased from Heart Road Social Welfare Foundation; Mid-Autumn Gift Boxes purchased from True Beauty Social Welfare Foundation.</p> <p>● Donated materials to the Hsinchu Spinal Cord Injury Association 2 times.</p> <p>● The Welfare Committee organized 2 blood donation activities and 1 goods donation activity.</p> <p>● The Welfare Committee donated 3 times to the Taipei City Foundation for the Welfare of Disabled Children and 3 times to the Foundation for World Peace.</p>	<p>Purchased Mid-Autumn and Spring Festival gift boxes from disadvantaged groups 2 times.</p> <p>Donated materials 2 times and funds 1 time.</p> <p>Organized 2 blood donation activities in a year.</p> <p>Organized second-hand goods donation activities 1 time.</p>	<p>Promote colleagues to participate in social welfare activities once a year.</p> <p>The amount of donations from disadvantaged organizations will be increased by 20% annually.</p>	<p>Social welfare activities are organized by Holtek.</p> <p>The participation rate of our colleagues in social welfare activities is 90%.</p>

● Achievement ○ Not Achieved



GRI 2: General Disclosures 2021

GRI Standards number	Disclosure item	Disclosure chapter or section/reason for omission	Page number
1. The organization and its reporting practices			
GRI 2-1	Organizational details	About This Report	02
GRI 2-2	Entities included in the organization's sustainability reporting	About This Report	02
GRI 2-3	Reporting period, frequency and contact point	About This Report	02
GRI 2-4	Restatements of information	No mergers and acquisitions or change changes in the reporting period, business nature and measurement methods	-
GRI 2-5	External assurance	About This Report	02
2. Activities and workers			
GRI 2-6	Activities, value chain and other business relationships	Supply Chain Overview, About Holtek	53,06
GRI 2-7	Employees	Work Team	84
GRI 2-8	Workers who are not employees	Work Team	84
3. Governance			
GRI 2-9	Governance structure and composition	Governance Framework	24,25
GRI 2-10	Nomination and selection of the highest governance body	Governance Framework	25
GRI 2-11	Chair of the highest governance body	Governance Framework	25
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	ESG Sustainable Development Committee	09
GRI 2-13	Delegation of responsibility for managing impacts	ESG Sustainable Development Committee	09
GRI 2-14	Role of the highest governance body in sustainability reporting	ESG Sustainable Development Committee	09
GRI 2-15	Conflicts of interest	Governance Framework	24

GRI Standards number	Disclosure item	Disclosure chapter or section/reason for omission	Page number
GRI 2-16	Communication of critical concerns	ESG Sustainable Development Committee	09
GRI 2-17	Collective knowledge of the highest governance body	Governance Framework	26
GRI 2-18	Evaluation of the performance of the highest governance body	ESG related management performance has not been included in the performance evaluation items of the board of directors, but is expected to be completed within three years.	28
GRI 2-19	Remuneration policies	ESG related management performance has not been included in the remuneration policies of the top governance unit and senior management, but is expected to be completed within three years.	27
GRI 2-20	Process to determine remuneration	Governance Framework	27
GRI 2-21	Annual total compensation ratio	Salary and Benefits	90
4. Strategy, policies and practices			
GRI 2-22	Statement on sustainable development strategy	Message from the Management	03
GRI 2-23	Policy commitments	Healthy Workplace	31, 63, 92
GRI 2-24	Embedding policy commitments	Healthy Workplace, Governance Framework	31, 32, 34, 51, 63, 69, 92
GRI 2-25	Processes to remediate negative impacts	Ethics and Integrity, Product Responsibility	29,51
GRI 2-26	Mechanisms for seeking advice and raising concerns	Ethics and Integrity	29
GRI 2-27	Compliance with laws and regulations	There were no major legal violations.	31
GRI 2-28	Membership associations	Participation in Associations and Organizations	36
5. Stakeholder engagement			
GRI 2-29	Approach to stakeholder engagement	Stakeholder Engagement	10
GRI 2-30	Collective bargaining agreements	No trade unions or collective bargaining agreements have been established; regular communication with employees takes place through labor-management meetings and diverse means.	-



Topic-Specific GRI Standards

GRI Standards number	Disclosure item	Description	Corresponding chapter or section	Page number
GRI 3-1	Process for Determining Material Topics	Identification of Major Topics	About This Report	10
GRI 3-2	List of Material Topics	Identification of Major Topics	About This Report	16
GRI Standards number	Disclosure item	Description	Corresponding chapter or section	Page number
Major Topic: Operating Performance				
GRI 3-3	Material Topic Management	Explanation of Material Topics and Their Boundaries.	Material Topic Management Principles	16
GRI 201: Economic Performance 2016	201-01	Direct economic value generated and distributed	1.1 Operating Performance	23
Material Topic: Corporate Governance				
GRI 3-3	Material Topic Management	Explanation of Material Topics and Their Boundaries.	Material Topic Management Principles	16
GRI 205: Anti-corruption 2016	205-03	Confirmed incidents of corruption and actions taken	1.3 Ethics and Integrity	29
GRI 206: Anti-competitive Behavior 2016	206-01	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No such incidents in 2023.	-
Material Topic: Customer Service Management				
GRI 3-3	Material Topic Management	Explanation of Material Topics and Their Boundaries.	Material Topic Management Principles	16
GRI 416: Customer Health and Safety 2016	416-02	Incidents of non-compliance concerning the health and safety impacts of products and services	No violations in 2023.	-
GRI 418: Customer Privacy 2016	418-01	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.1 Customer Service	51

GRI Standards number	Disclosure item	Description	Corresponding chapter or section	Page number
Material Topic: Sustainable Supply Chain Management				
GRI 3-3	Material Topic Management	Explanation of Material Topics and Their Boundaries.	Material Topic Management Principles	16
GRI 308: Supplier Environmental Assessment 2016	308-01	New suppliers that were screened using environmental criteria	3.3 Sustainable Supply Chain Management	55
GRI 414: Supplier Social Assessment 2016	414-01	New suppliers that were screened using social criteria	3.3 Sustainable Supply Chain Management	55
Material Topic: R&D and Innovation				
GRI 3-3	Material Topic Management	Explanation of Material Topics and Their Boundaries.	Material Topic Management Principles	16
Material Topic: Talent Attraction and Retention				
GRI 3-3	Material Topic Management	Explanation of Material Topics and Their Boundaries.	Material Topic Management Principles	16
GRI 401: Employment 2016	401-01	New employee hires and employee turnover	5.2 Talent Attraction and Retention	85, 86
	401-02	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.4 Salary and Benefits	90, 94
	401-03	Parental leave	5.5 Healthy Workplace	94
GRI 405: Diversity and Equal Opportunity 2016	405-02	Ratio of basic salary and remuneration of women to men	5.4 Salary and Benefits	90
Material Topic: Risk Management				
GRI 3-3	Material Topic Management	Explanation of Material Topics and Their Boundaries.	Material Topic Management Principles	16
Material Topic: Workplace Safety and Health				
GRI 3-3	Material Topic Management	Explanation of Material Topics and Their Boundaries.	Material Topic Management Principles	16
GRI 403: Occupational Health and Safety 2018	403-01	Occupational health and safety management system	4.1 Environmental and Occupational Safety and Health	62
	403-02	Hazard Identification, Risk Assessment and Accident Investigation	4.1 Environmental and Occupational Safety and Health	67, 68



Topic-Specific GRI Standards

GRI Standards number	Disclosure item	Description	Corresponding chapter or section	Page number
GRI 403: Occupational Health and Safety 2018	403-03	Occupational health services	5.5 Healthy Workplace	93
	403-04	Worker participation, consultation, and communication on occupational health and safety	4.1 Environmental and Occupational Safety and Health	63
	403-05	Worker training on occupational health and safety	4.1 Environmental and Occupational Safety and Health	70
	403-06	Promotion of worker health	5.5 Healthy Workplace	93
	403-07	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.1 Environmental and Occupational Safety and Health	66, 67
	403-09	Work-related injuries	4.1 Environmental and Occupational Safety and Health	65
	403-10	Work-related ill health	4.1 Environmental and Occupational Safety and Health	68
Material Topic: Talent Attraction and Retention				
GRI 3-3	Material Topic Management	Explanation of Material Topics and Their Boundaries.	Material Topic Management Principles	16
GRI 404: Training and Education 2016	404-01	Average hours of training per year per employee	5.3 Employee Development and Training	89
	404-02	Programs for upgrading employee skills and transition assistance programs	5.3 Employee Development and Training	88

GRI Standards number	Disclosure item	Description	Corresponding chapter or section	Page number
Material Topic: Energy and Greenhouse Gas Reduction				
GRI 3-3	Material Topic Management	Explanation of Material Topics and Their Boundaries.	Material Topic Management Principles	16
GRI 302: Energy 2016	302-01	Energy consumption within the organization	4.3 Energy and Greenhouse Gas Reduction	77, 78
	302-04	Reduction of energy consumption	4.3 Energy and Greenhouse Gas Reduction	78
	302-05	Reductions in energy requirements of products and services	2.1 Innovative Technologies	40
GRI 305: Emissions 2016	305-04	GHG emissions intensity	4.3 Energy and Greenhouse Gas Reduction	77
	305-05	Reduction of GHG emissions	4.3 Energy and Greenhouse Gas Reduction	78



SASB Indicator Comparison Table

Material topics	Indicator number	Disclosure indicator	Corresponding chapter or section	Page number	Material topics
Greenhouse Gas Emissions and Reductions	TC-SC-110a.1	Quantitative	Global total emissions of greenhouse gases in Scope I	4.3 Energy and Greenhouse Gas Reduction	77
			Total emission of perfluorinated compound (converted to carbon dioxide equivalent)	4.3 Energy and Greenhouse Gas Reduction	77
	TC-SC-110a.2	Discussion and Analysis	Disclosure of long-term and short-term strategies or plans for reduction of emissions in Scope I, emission reduction targets, and performance analysis	4.3 Energy and Greenhouse Gas Reduction	76
Energy management in the manufacturing process	TC-SC-130a.1	Quantitative	Total Energy Consumption	4.3 Energy and Greenhouse Gas Reduction	77
			Proportion of electricity used in the power grid	4.3 Energy and Greenhouse Gas Reduction	77
			Proportion of renewable energy used	4.3 Energy and Greenhouse Gas Reduction	77
Water resource management	TC-SC-140a.1	Quantitative	Total water intake and proportion in areas with high water pressure	4.3 Energy and Greenhouse Gas Reduction	79
			Total water consumption and proportion in areas with high water pressure	4.3 Energy and Greenhouse Gas Reduction	79
Waste Management	TC-SC-150a.1	Quantitative	Hazardous waste generated during the manufacturing process and recycling ratio	4.4 Waste Management	80
Workplace Health and Safety	TC-SC-320a.1	Discussion and Analysis	Description of how to evaluate methods for monitoring and reduce employee exposure to hazardous environments	4.1 Environmental and Occupational Safety and Health	66, 67
	TC-SC-320a.2	Quantitative	Total amount of monetary losses caused by violations of legal events related to employee health and safety	No violations of the law in 2023.	-
Recruitment and management of global professionals	TC-SC-330a.1	Percentage	Percentage of Employees Requiring Work Visas	5.1 Work Team	84
Product Lifecycle Management	TC-SC-410a.1	Quantitative	Revenue proportion of products containing IEC 62474 substances	Holtek does not directly produce products that require declaration of IEC 62474 substances.	-
	TC-SC-410a.2	Quantitative	Processor energy efficiency on the overall system level: (1) servers; (2) desktop computers; (3) laptop computers	The products sold by Holtek are components and not end products, so this is not applicable	-
Raw Material Procurement	TC-SC-440a.1	Discussion and Analysis	Description of risk management related to the use of key materials.	3.3 Sustainable Supply Chain Management	59
Intellectual Property Protection and Competitive Behavior	TC-SC-520a.1	Quantitative	Total monetary losses caused by legal events related to anti-competitive behavior	No violations of the law in 2023.	-
Total Production	TC-SC-000.A	Quantitative	Depending on Product Type	2. R&D and innovation	39
Percentage of Production from Owned Facilities	TC-SC-000.B	Quantitative	Percentage of Production in Owned Factories (%)	100%	-



Sustainability Disclosure Indicator - Semiconductor Industry

No.	Indicator	Indicator Type	Unit	Corresponding chapter or section	Page number
1	Total energy consumption, percentage of purchased electricity and utilization rate of renewable energy	Quantification	billion GJ, %	4.3 Energy and Greenhouse Gas Reduction	77
2	Total water intake and total water consumption	Quantification	1000 m³	4.3 Energy and Greenhouse Gas Reduction	79
3	Weight and recovery percentage of hazardous waste generated	Quantification	metric ton (t), percentage (%)	4.4 Waste Management	80
4	Describe the type, number of people and ratio of occupational hazards.	Quantification	Percentage (%), quantity	4.1 Environmental and Occupational Safety and Health	65
5	Disclosure of product lifecycle management: including the weight of scrapped products and electronic waste and the percentage of recycling (Note 1).	Quantification	metric ton (t), percentage (%)	4.4 Waste Management	80
6	Description of risk management related to the use of key materials.	Qualitative description	Not applicable.	3.3 Sustainable Supply Chain Management	59
7	Total monetary loss caused by legal proceedings related to anti-competitive practice regulations.	Quantification	Currency for reporting	1.3 Ethical Corporate Management	30
8	Production volume of main products by category	Quantification	Varies by product type	1.1 Operating Performance	23

Note 1: If it includes the sale of leftover materials or other recycling treatments, relevant explanations should be provided

Sustainability Disclosure Indicator - Semiconductor Industry

No.	Item	Corresponding chapter or section	Page number
1	Explain the board' s and the management' s oversight and governance of climate related risks and opportunities.	4.2 Response to Climate Change	72
2	Explain how the identified climate risks and opportunities affect the Company' s business, strategy and finance (short-term, medium-term and long-term).		
3	Explain the financial impact of extreme climate events and transformation actions.		
4	Describe how the identification, assessment and management processes of climate risks are integrated into the overall risk management system.	There is no related planning at the moment	-
5	If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions and analysis factors used and main financial impacts should be explained.		
6	If there is a transformation plan for managing climate related risks, explain the content of the plan and the indicators used to identify and manage physical and transformation risks and objectives.		
7	If internal carbon pricing is used as a planning tool, the basis for pricing should be explained.		
8	If climate related goals have been set, information should be provided on the activities covered, greenhouse gas emission scopes, planning period, and annual progress achieved. If carbon offsetting or renewable energy certificates (RECs) are used to achieve relevant goals, the sources and quantities of carbon credits or the number of RECs for the offsetting should be stated.		



Independent Third Party Verification Opinion



2023 Holtek Semiconductor ESG Report

The British Standards Institution is independent to Holtek Semiconductor Inc. (hereafter referred to as Holtek in this statement) and has no financial interest in the operation of Holtek other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of Holtek only for the purposes of assuring its statements relating to its ESG report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by Holtek. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Holtek only.

Scope

The scope of engagement agreed upon with Holtek includes the followings.

1. The assurance scope is consistent with the description of 2023 Holtek Semiconductor ESG Report.
2. The evaluation of the nature and extent of the Holtek's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.
3. The assessment of disclosure to be in conformance with the applicable SASB industry standard(s) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the 2023 Holtek Semiconductor ESG Report provides a fair view of the Holtek sustainability programmes and performances during 2023. The ESG report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the Holtek and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate Holtek's efforts recognized by its stakeholders.

Our work was carried out by a team of ESG report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Holtek's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards and SASB Standard(s) were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a review of issues raised by external parties that could be relevant to Holtek's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 15 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness, and Impact as described in the AA1000AP (2018).
- an assessment of the organization's use of metrics or targets of SASB Standard(s) to assess and manage topic-related risks and opportunities.

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness, and Impact of AA1000AP (2018), GRI Standards and SASB Standard(s) is set out below.

Inclusivity

This report has reflected a fact that Holtek has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Holtek's inclusivity issues.

Materiality

Holtek publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of Holtek and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the Holtek's management and performance. In our professional opinion the report covers the Holtek's material issues.

Responsiveness

Holtek has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for Holtek is developed and continually provides the opportunity to further enhance Holtek's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the Holtek's responsiveness issues.

Impact

Holtek has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. Holtek has established processes to monitor, measure, evaluate, and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the Holtek's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

Holtek provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported, or omitted. In our professional opinion the self-declaration covers the Holtek's sustainability topics.

SASB Standards

Holtek provided us with their self-declaration of in accordance with SASB Standard(s) (Semiconductors Sustainability Accounting Standard, version 2023-12). Based on our review, we confirm that the sustainability disclosure topics & accounting metrics of SASB Standard(s) (Semiconductors Sustainability Accounting Standard, version 2023-12) are reported, partially reported, or omitted. In our professional opinion the self-declaration covers disclosure topics, associated accounting metrics and activity metrics for applicable SASB industry standard(s).

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

The moderate level assurance provided is in accordance with AA1000AS v3 in our review of SASB Standard(s).

Responsibility

The ESG report is the responsibility of the Holtek's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064, and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

  
Peter Pu, Managing Director BSI Taiwan



Statement No: SRA-TW-783255  
2024-06-24

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