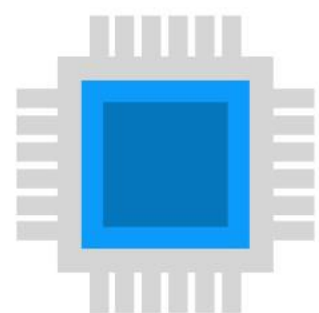
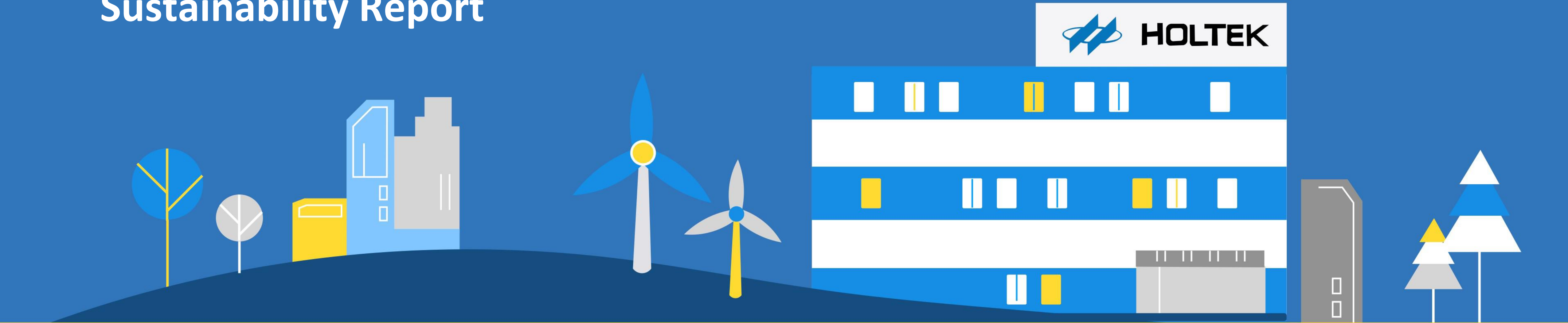


2022



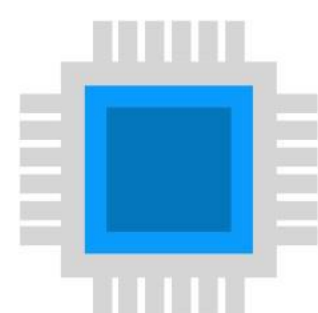
Holtek Semiconductor Inc. Sustainability Report



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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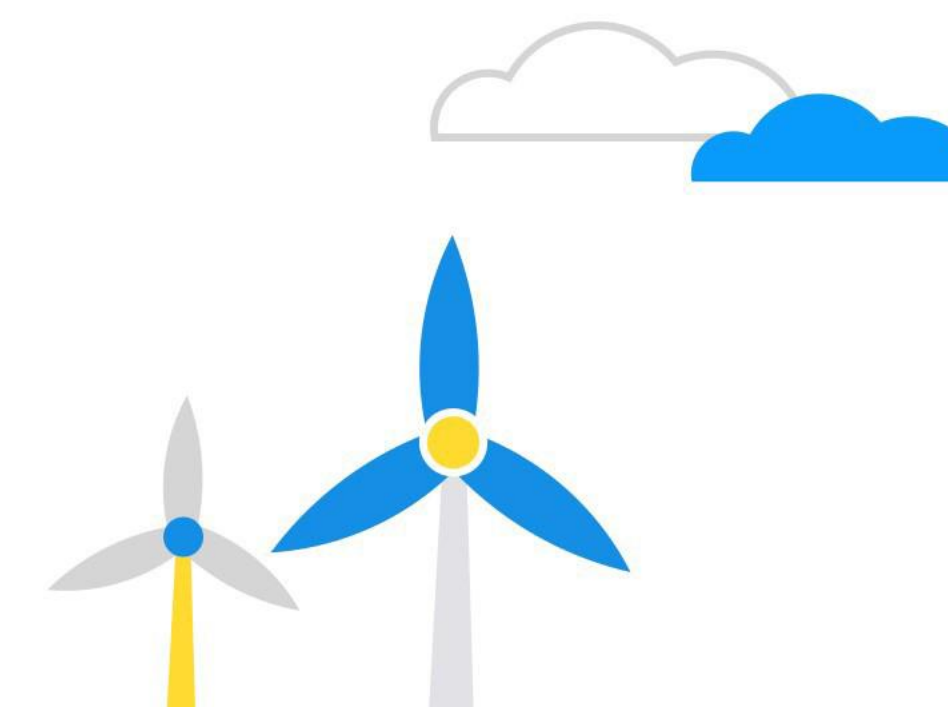
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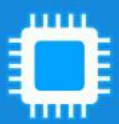
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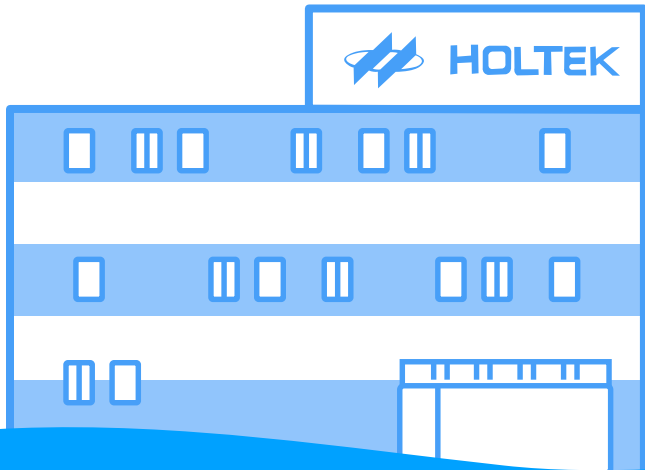
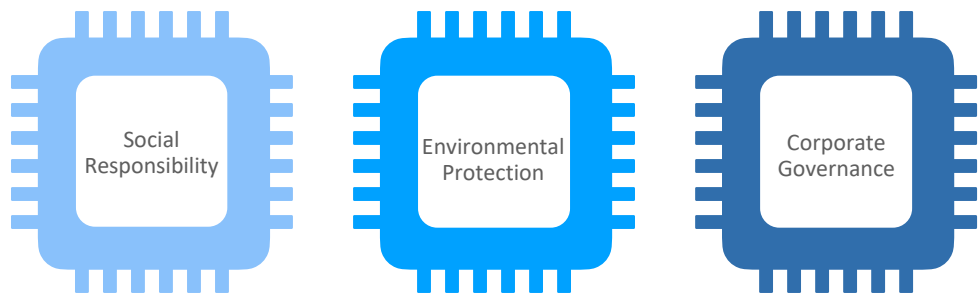


About This Report

- 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 2022 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, 2022) of the Company’s annual report (https://www.holtek.com.tw/annual_report). The calculation and estimation basis for environmental performance is based on publicly available government information and our own calculations.

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.

Report Issuance

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

<https://www.holtek.com.tw/web/guest/responsibility/responsibility>

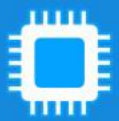
First issue date: December 2015
Date of this issuance: June 2023
(issued every year)

Feedback

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

Resource Management Center/Holtek Semiconductor Inc.

Contact: Shan-Yu Wang
Address: No.3, Yanxin 2nd Road, Hsinchu Science Park
Telephone: +886-3-563-1999 ext. 1619
Email: ir@holtek.com.tw
Official website:
<https://www.holtek.com.tw/stakeholdersconcerns>
Stakeholder Section



Message from the Chairman

Message from the Chairman

2022 was a year of many changes. Originally, it was hoped that with the COVID-19 pandemic under control, the border control policy would have been gradually eased, and global economic activities would have been revived, with the semiconductor industry full of expectations about the recovery of the global economy. However, with the war between Russia and Ukraine, plus the intensification of trade and technology frictions between China and the United States and the closure of China which led to a sudden halt in various activities, the global economy experienced a major crisis of inflation. The trend from a chip shortage due to the strong demand in various application fields to a sudden shrinking in demand affected the semiconductor industry, which made it difficult for consumer electronics related companies from the upstream to the downstream to have breakthroughs in their operating performance. This was beyond the estimation of the management teams of the IC industry. As Holtek was also affected by the rapid decline in global consumption and the impact of domestic demand and export stagnation in China, its overall performance in 2022 was not satisfactory.

Holtek focuses on the development and sale of microcontroller units (MCUs) and peripheral ICs. More importantly, 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. In 2022, the Company's annual revenue was NT\$6.016 billion, 16% lower than the NT\$7.128 in 2021; the gross profit margin decreased to 50.6%, and the after-tax profit attributable to the parent company was NT\$1.106 billion, 46% lower than the NT\$2.044 billion in the previous year. The after-tax earnings per share were NT\$4.89.

The overview of the Company's operations in 2022 is summarized and explained in terms of product development, business and production as follows:

In terms of product development, the Company launched eight types of MCU ICs in 2022 for a total of 52 products: 8-bit and 32-bit MCUs; factory LCD and LED driver ICs; touch controls; RF wireless communication hopping code MCUs; BLDC motor control and driver MCUs; smart card reading application MCUs; safety protection smoke sensing, smoke sensing drive and smoke sensing networking MCUs; and electric tool chargers. The Company also launched eight products of the 2nd-generation proximity sensing module/gas detection digital sensor and three development platforms. These products can meet customer product needs in different fields and improve customer product differentiation and mass production efficiency.

In terms of business promotion, pandemic prevention policies around the world all differ. China still continued its blockade to control infection, causing a production halt and shrinking internal demand. In addition, end customers shifted the manufacturing focus away from China, affecting all business promotion activities, which led to a 60% decline in the Company's revenue in 2022. On the other hand, the Company continued expanding new markets and customers in India and emerging developing countries in accordance with established goals and plans; products and customer sources have continued to increase, and the overall overseas operating revenue increased by 26%, which is a very good performance.

This was the most chaotic year in terms of production and sales. The orders that could not be delivered in the first half of the year rapidly decreased due to a drop in market demand in the second half of the year, and the fact that the price of wafer packaging remained high caused the Company's inventory to suddenly increase rapidly, leading to a larger gap between production and sales than expected. This was the main reason why the production management unit could not smoothly respond to changes in customer demand, and failed to achieve the annual delivery target in 2022.

Operational priorities for 2023:

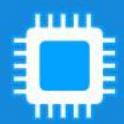
At present, all demand for downstream consumer electronics is slowing down, and the inventory reduction of finished products is slow. In 2023, there is a sufficient wafer production capacity supply, but the price has not decreased as expected. The Company will prioritize inventory reduction, continue implementing the development of key products, actively reduce related expenses internally, and strengthen the development of overseas markets to provide comprehensive services to global customers.

Holtek not only focuses on the development and sales of microcontroller products (MCU) and peripheral ICs, but also actively invests in enterprise sustainability. The Company operates through inter-departmental team collaboration and stakeholder management to identify material ESG topics, manage risk assessments, and conduct green R&D and innovation to promote the strengthening of ten material ESG topics. In addition, the Company continues to respond to government agencies' and global investment institutions' initiatives on environmental protection, introducing the Task Force on Climate-Related Financial Disclosures (TCFD) framework to implement corporate sustainability while continuing to donate to multiple charity activities.

In response to the last and most important indicator of the United Nations' Sustainable Development Goals (SDGs), "establish a diverse partnership, and work together to promote a sustainability vision", Holtek focuses on co-creation and cooperation with external industry chain partners in terms of both commercial layouts and sustainable processes, hoping that the entire industry chain can prosper and develop together and jointly break new ground in sustainability.

Chi-Yung Wu, Chairman

Kuo-Tung Kao, President



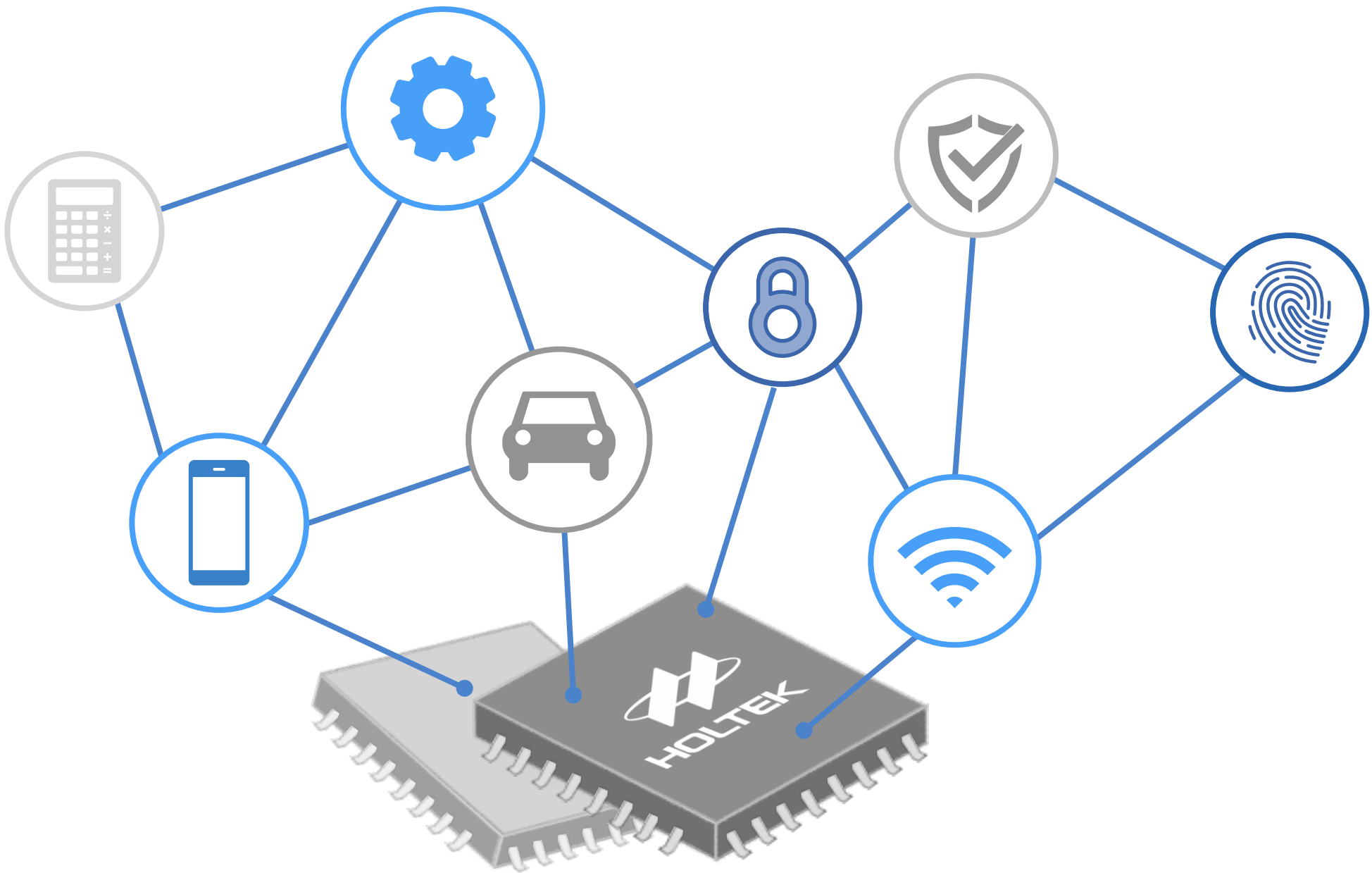
About Holtek

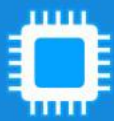
- Holtek has long been committed to the design, R&D and sale of 8-bit and 32-bit MCU ICs and their peripheral components. Since its establishment in 1998, the Company has been committed to the R&D of new products and technological innovations. Combined with its mastery of market trends, the Company expects 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.

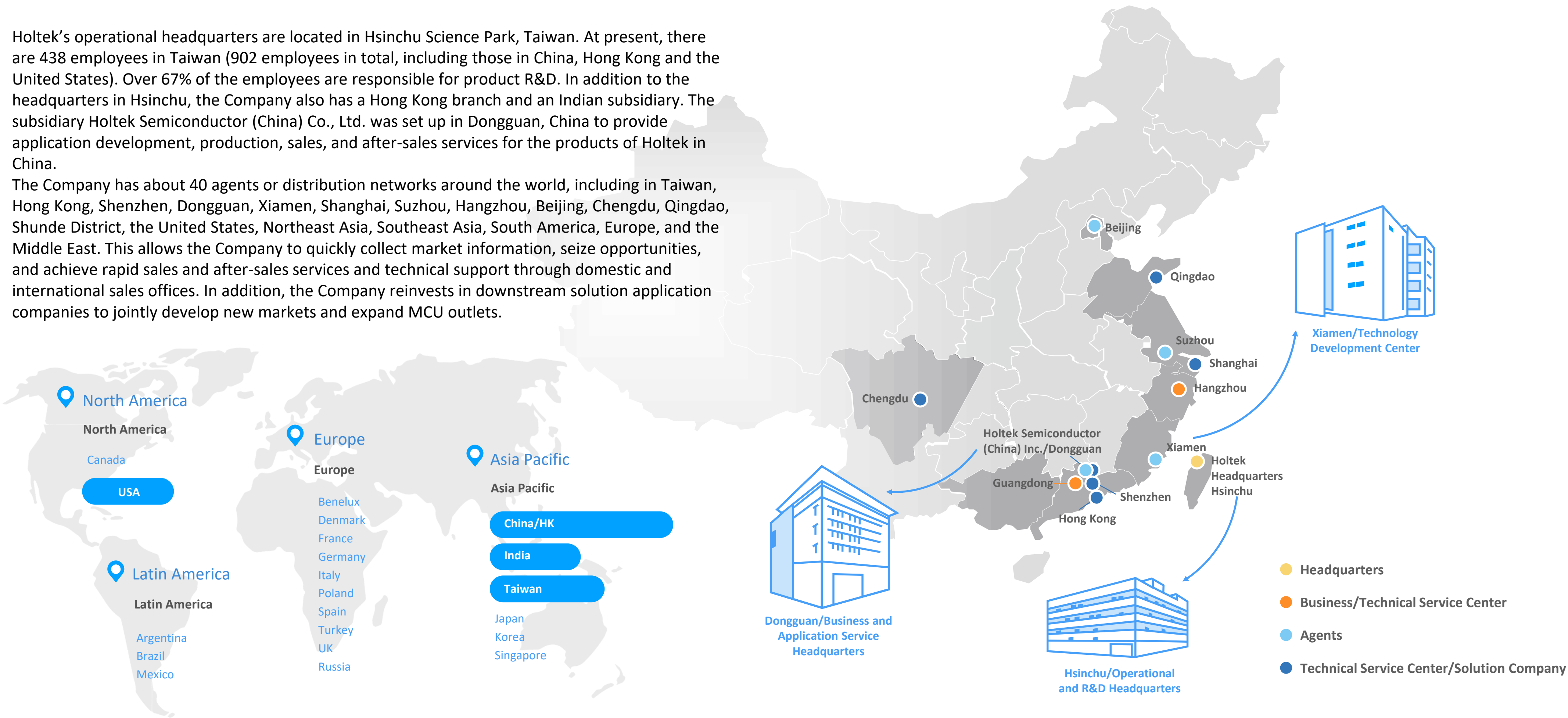


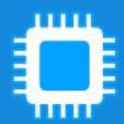


Global Layout

Holtek’s operational headquarters are located in Hsinchu Science Park, Taiwan. At present, there are 438 employees in Taiwan (902 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.

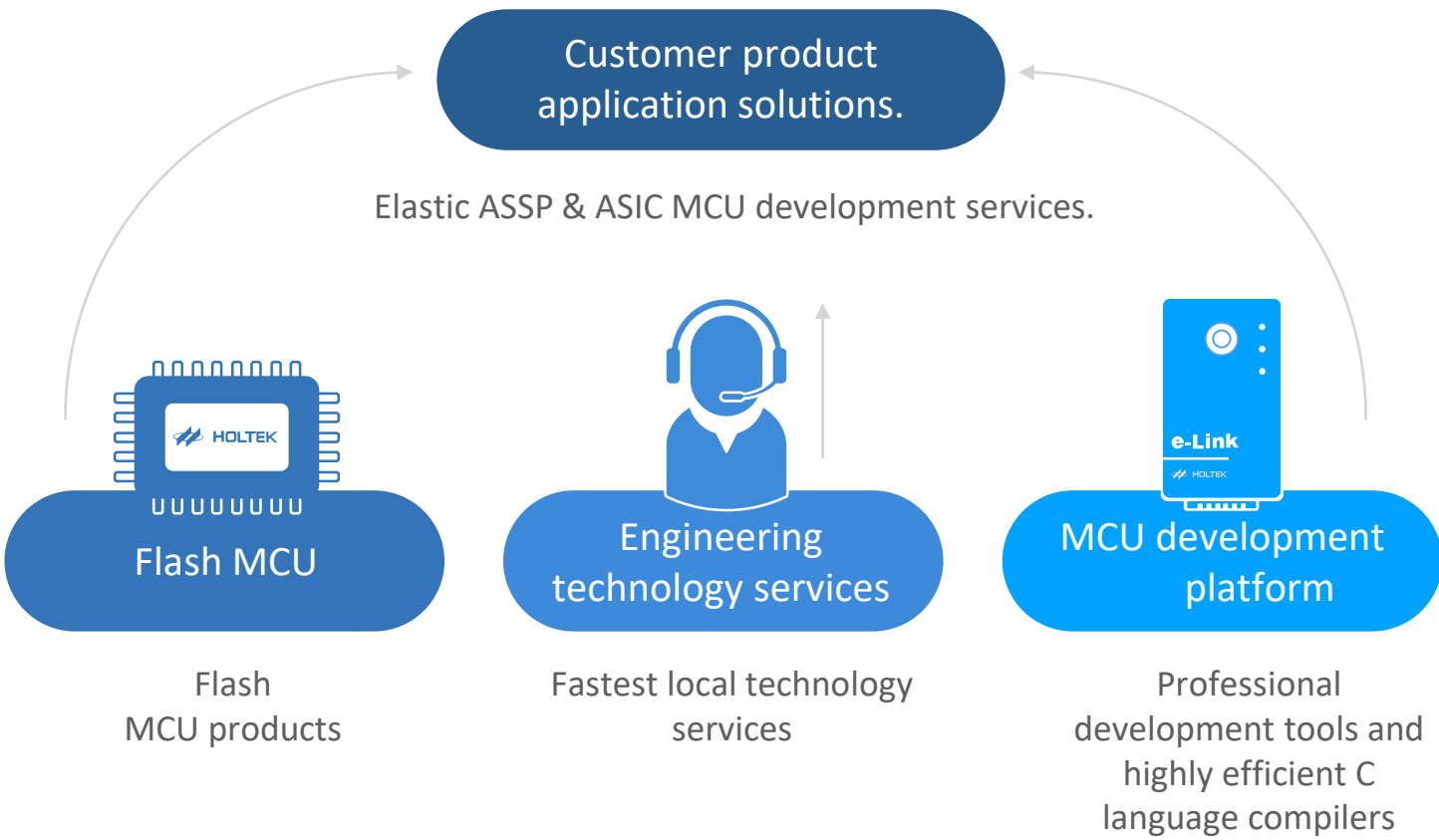
Best value for money products.
4.

Providing OTP and flash MCU products.
5.

Fastest local technology services.
6.

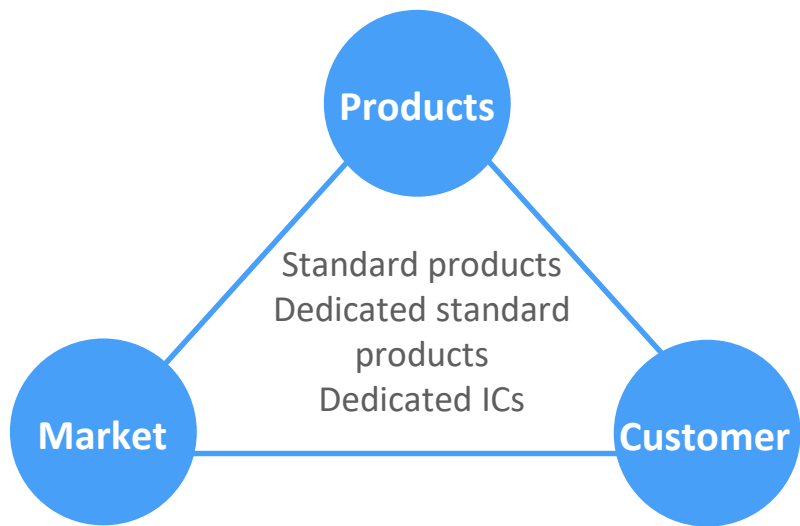
Elastic ASSP & ASIC MCU development services.
7.

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.



MCUs (main product)

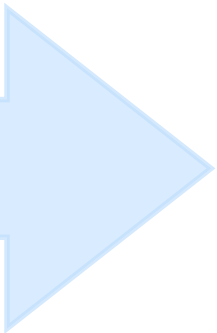
HT8 Flash MCU
HT32 Flash MCU
Arm®Cortex®-M0+/M3/M4



MCU peripheral chips

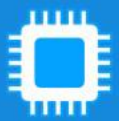
Display drivers
Power management
Memory
Analog components
Touch buttons
Radio frequency ICs

Complete solutions



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:

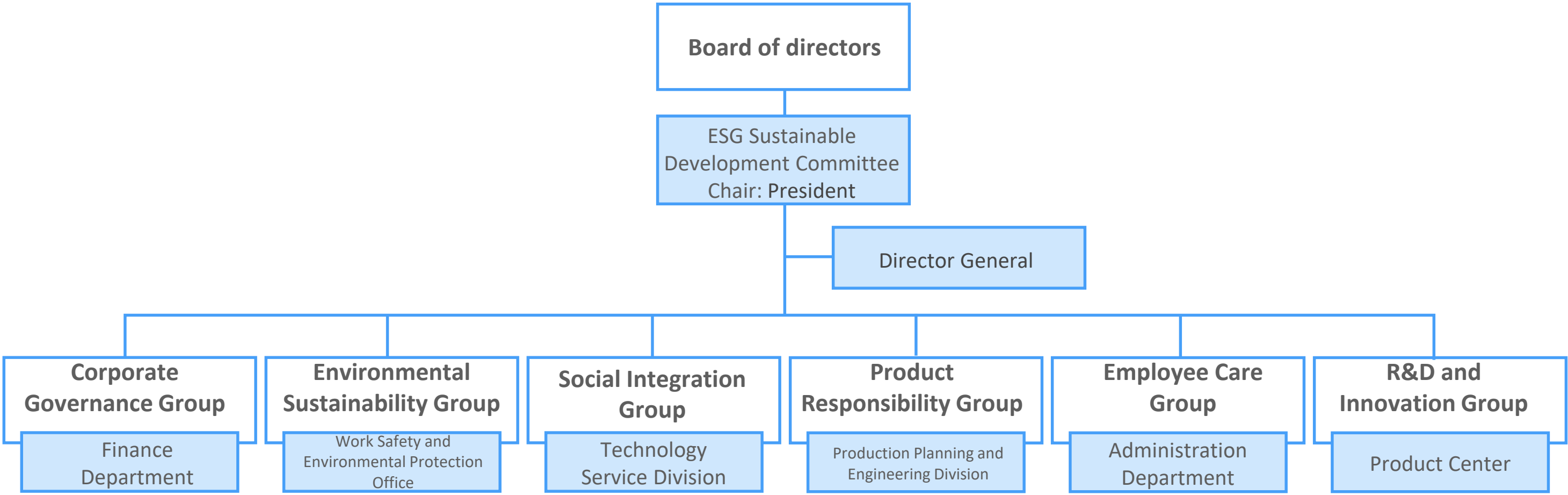
Main Products		MCU Products	Applications	1. A series of 32-bit flash MCU with Arm ® Cortex ® - M as the core. 2. A series of 8-bit flash MCU with HT8 as the core. 3. BS series 8-bit touch controlled flash MCU.
		RF SoC MCU Products		1. Electric motorcycle alarms, electric bicycle anti-theft products, smart-home wireless remote controls, wireless doorbells and security anti-theft products. 2. Low power Bluetooth (BLE), transmission control products for health measurement, home appliances, and intelligent equipment information inquiry applications. 3. IoT products and applications such as sub-1 GHz expanded frequency wireless communication products and intelligent four meters.
		Home Appliances		All kinds of MCUs for small home appliances, display control MCU for home appliance panels and touch button MCUs for home appliances.
		Computer Products		Keyboards, mice, e-sports keyboards, USB bridges, PDF data loggers, etc.
		Display Products		Digital meter displays, audio-visual and home appliance displays, automotive displays, electronic shelf label displays, wearable product displays, and constant-current LED displays.
		Power Management Products		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.
		Financial Products		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.
		IoT Products		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. Accompanied by an AI image recognition processors, we provide identification system solutions for banknotes, license plates, faces, objects and hand gestures.
		Security Products		Smoke/temperature sensing fire detection alarms, PM2.5 sensors, CO/GAS detection alarms, PIR/uWave sensors, etc.
		Health Measurement Products		Sphygmomanometers, glucose meters, blood oxygen meters, thermometers, electronic scales, price-computing instruments, body fat scales, infrared temperature measurement instruments, atomizers and proximity sensors.
		BLDC Motors		Electric tools, gardening tools, air purifiers, vacuum cleaners, DC fans, ceiling fans, computer fans, electric bicycles and electric scooters.

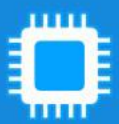


ESG Sustainable Development Committee

- 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.
- The Committee regularly reports to the board of directors on the annual ESG corporate sustainability execution performance and major events, including policy goals, key sustainable plans and achievements for the approval and guidance of the board of directors. No major events were discovered in 2022. In the near future, a report will be presented at the Q3 2023 board meeting to identify major topics of concern and respond to the United Nations Sustainable Development Goals (SDGs) through stakeholder engagement, and to disclose the results of the sustainability goals and sustainable innovation projects. If there are any negative situations that affect stakeholders, the responsible unit shall report the cause and handling method of the matter to the ESG Corporate Sustainable Development Committee.

Note: Holtek defines a major event as: the amount affected by the transaction or event reaches 20% of the Company’s paid-in capital, 10% of its total assets, or more than NT\$300 million. If there are any major events that affect stakeholders, the responsible unit shall report the cause and handling method of the matter to the ESG Corporate Sustainable 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.

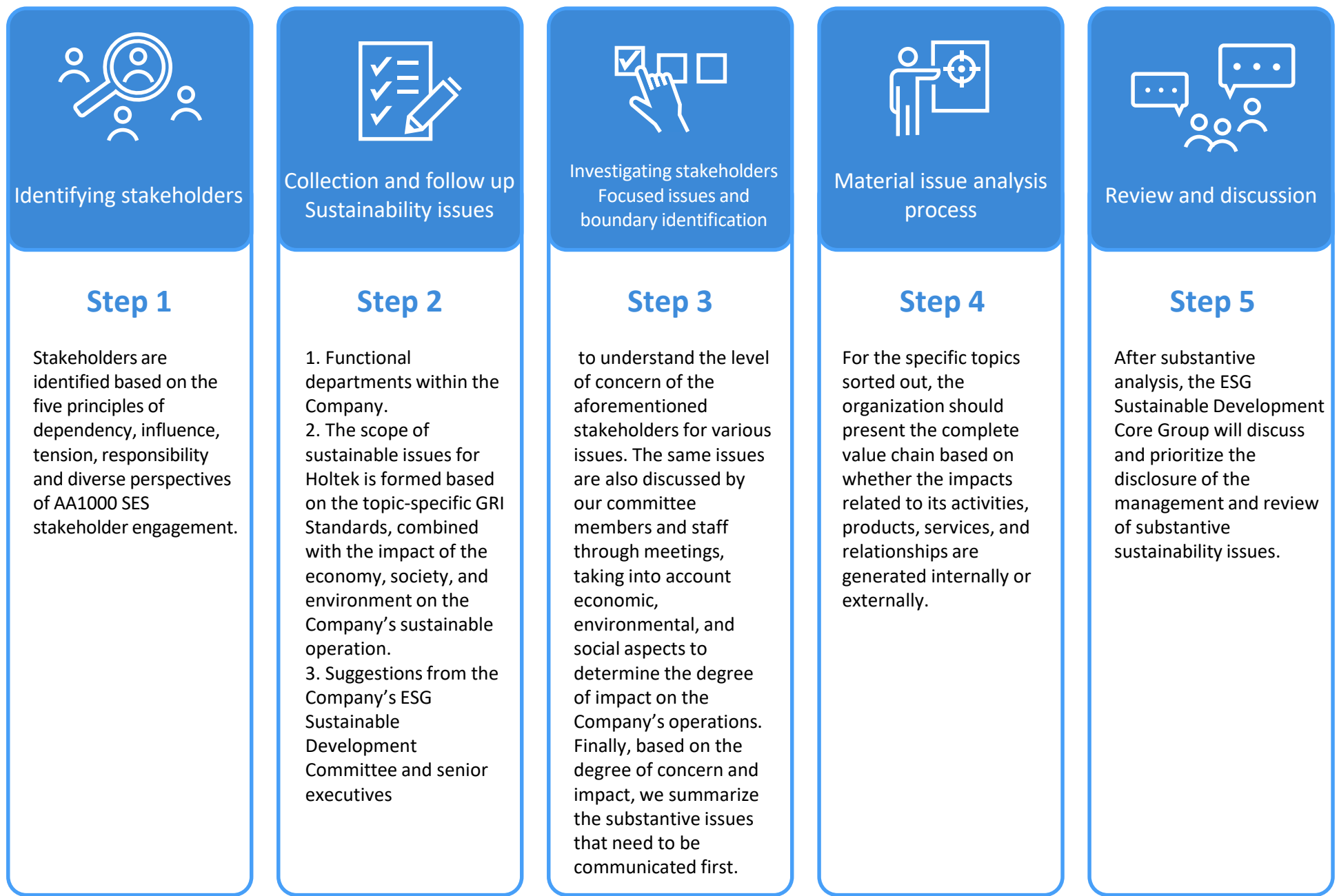




Stakeholder Engagement

- In addition to pursuing ethics, integrity and sustainable operation, Holtek actively responds to major issues of stakeholder concern, hoping to maximize the value of sustainability. In order to maintain effective communication with stakeholders, Holtek has developed a management mechanism for stakeholder communication and identification, and discloses it through this report and the stakeholder section on the Company's website.

Sustainable issue management process

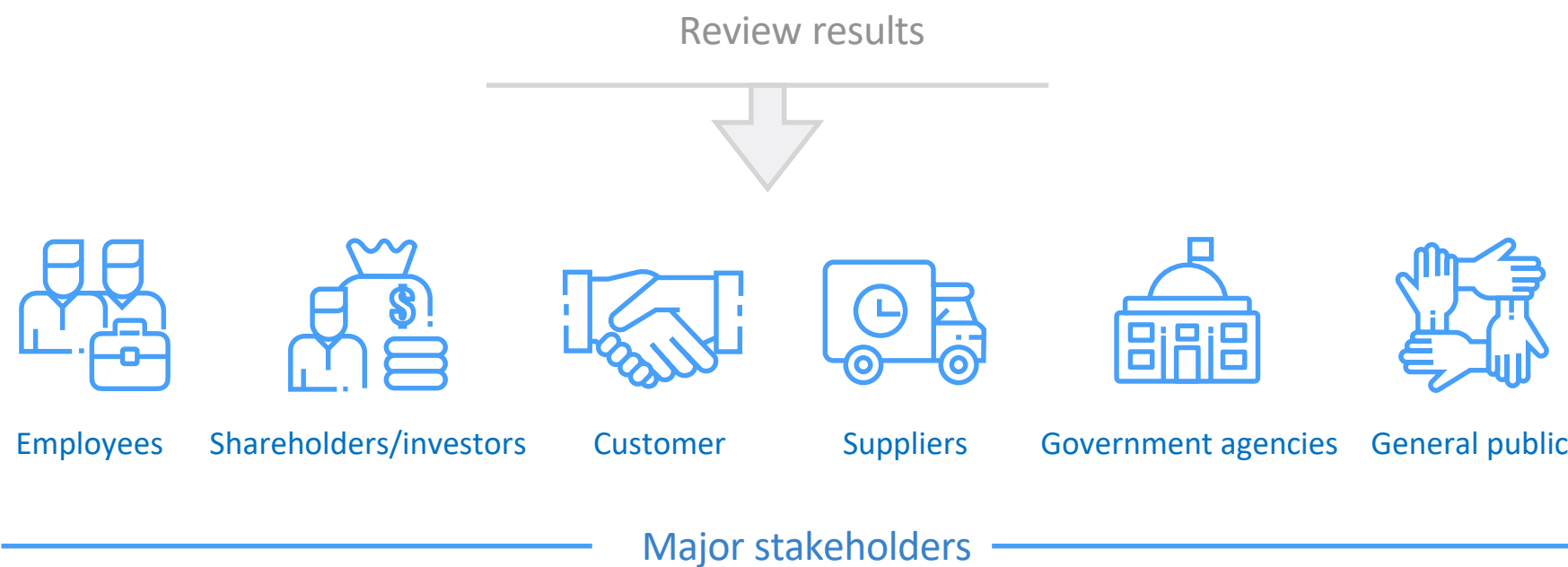


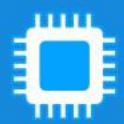
Step 1: Identify stakeholders

- We identify stakeholders based on any groups or individuals who are affected by the impact generated through operations, or who are concerned about the performance of our corporate sustainable development, and by referring to the five principles of the AA1000 SES (AA1000 Stakeholder Engagement Standard 2015) stakeholder engagement standards, which are dependence, influence, tension, responsibility and multiple viewpoints. After careful examination, six types of key stakeholders for communication have been identified: employees, shareholders/investors, customers, suppliers, government agencies, and the general public.

Five principles of AA1000 SES

Dependency	Stakeholders who directly or indirectly rely on the products, activities or services of Holtek.
Responsibility	Stakeholders towards whom Holtek has legal, commercial, operational or moral responsibility.
Tension	Stakeholders interested in financial, economic, social and environmental issues related to Holtek.
Influence	Stakeholders with influence over the strategy or business decisions of Holtek.
Diverse perspectives	Stakeholders with different perspectives who can inspire Holtek to gain new insights and opportunities.



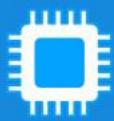


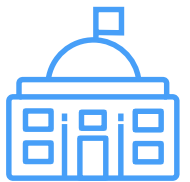
Major issues of stakeholder concern, communication channels and frequency

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:

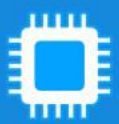
Stakeholder	Meaning to Holtek and communication purpose	Issue of concern	Communication method and frequency		2022 communication achievements
 Employees	Employees are the most important assets of Holtek and the most important foundation for the Company’s sustainable operation Purpose: To improve work efficiency and talent retention rate.	Workplace health and safety Human rights of workers Employee career development Talent attraction and retention	- Labor-management meeting (quarterly) - Training (irregularly) - Employee Welfare Committee meeting (quarterly) - Medical staff (irregularly)	Contact point: Director Li of the Administrative Management Department Email: liman1103@holtek.com.tw	- Regular health checks and various welfare/club activities, and three health promotion activities (due to the pandemic, the number of outside parties entering the factory was reduced). - Internal and external and training for employees, totaling 4,471 hours and 2,341 times. - Quarterly labor-management meetings and Occupational Safety and Health Committee meetings are held, and internal mailboxes/departmental meetings are set up for the employees and supervisors at all levels to express their opinions and conduct two-way communication. There were no whistleblowing cases in 2022.
 Shareholders/ investors	The support of shareholders and investors is the sustainable support of Holtek. Purpose: Create continuous and stable profits to maximize the returns to shareholders.	Operational performance Ethical corporate management Risk management Corporate Governance	- General shareholders’ meetings (May each year). - Corporate briefings (regularly) - Small corporate investor meeting/phone/email (irregularly)	Contact point: Ms. Wang, Investor Relations and News Contact e-mail : ir@holtek.com.tw	- A general shareholders’ meeting is held every May to explain financial and operational information. - Over 20 physical and online corporate investor meetings were held in the year.
 Customer	Holtek is committed to providing high-quality products and services, hoping to meet customers’ needs and expectations. Purpose: To provide products that better meet customer needs.	Product quality and delivery time Supply chain management Engineering technology and application capabilities	- Senior executive customer visit (irregularly) - Customer satisfaction survey (regularly) - Agent business meeting (regularly)	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.	- An annual customer satisfaction survey is conducted, with an overall average satisfaction score of 4.23 points (up to 5 points). - Monthly business meetings and technical seminars are held with major agents. 100% of the products delivered to customers are green products compliant with RoHS and REACH without halogen. - In 2022, there were no customer complaints due to privacy infringements.

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		2022 communication achievements
 Suppliers	Suppliers are important partners in the operation of the Company, and through close cooperation, we strive for enterprise sustainability together Purpose: To ensure the quality of supplier services and maintain good supplier relations.	Implementation of green products Supplier services and privacy Payment ability and financial risks	- Supplier business meeting (irregularly) - Supplier evaluation (quarterly) - Supplier audit and quality inspection (regularly) - Supplier ISO certification (regularly)	Contact point: Deputy Manager Zeng of the Quality Assurance Department E-mail: jadis@holtek.com.tw	- Monthly meetings are held with major suppliers to review quality issues. - Quarterly supplier evaluations are held to ensure compliance with supplier standards. 59% of supplier video audits were completed (on-site audits were unable to be carried out due to the continuing impact of COVID-19). 100% of major Taiwanese partner suppliers have obtained ISO 14001 environmental management system certification.
 Government agencies	Follow the laws and regulations of government agencies, and comply in carrying out inspections and supervision. Purpose: To comply with laws and regulations to ensure that the Company implements corporate governance practices.	Material information of the Company Legal compliance Disclosure of company information Labor-management relations and gender equality Tax payment Industry upgrade	- Official documents, emails and meetings (irregularly) - Promotion meetings and public hearings (irregularly) - Issuing letters and orders (irregularly)	Contact point: Investor Relations and News Contact Ms. Wang e-mail: ir@holtek.com.tw	- To comply with laws and regulations, in addition to participating in publicity and promotion meetings, timely communication with competent authorities on the businesses to be executed is carried out. - The audit status of financial reports and other significant accounting audit issues is irregularly confirmed with CPAs. - There were no major legal violations in 2022.
 General public	Actively interact with community neighbors and groups to fulfill corporate social responsibility. Purpose: Sustainable operation and appropriately giving back to the society.	Community participation and industry-academia cooperation. Social welfare and charitable donations.	- Industry-academia cooperation (irregularly). - Providing vocational training and practical training opportunities in the enterprise for students (irregularly). - Annual Holtek Cup (regularly) - Donating to and purchasing products from disadvantaged groups (irregularly)	Contact point: Investor Relations and News Contact Ms. Wang e-mail: ir@holtek.com.tw	- The company has held the Holtek Cup Creativity Competition for 17 consecutive years, with an investment of NT\$2.66 million in 2022. A total of 107 teams from 22 universities participated. - The Company has implemented the Holtek University program, donated equipment and teaching support to three national universities, and assisted Yunjianan Vocational Training Center under the Ministry of Labor in handling skill training. - The Company is committed to talent cultivation through industry-academia cooperation, with a total of seven students selected for employment through competitions and recommendations by professors. - Supported the Creative Product Design Department of I-Shou University in organizing the Creative Wireless Charging Module Design competition. - Assisted National Chin-Yi University in promoting the HT32 MCU research and development results in the Holtek Cup competition's media for display and promotion. - The gift boxes purchased for the three festivals are mainly gift boxes from disadvantaged groups and Taiwan's agricultural products. At the same time, the Company actively seeks suitable social welfare groups that meet its concept of donation.

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



Step 2: Collect and pay attention to sustainability issues



Economic aspect

- \$ Operating performance
- \$ Risk management
- \$ Ethics and legal compliance

- \$ Corporate Governance
- \$ Customer privacy and information security
- \$ R&D and innovation and quality competitiveness



Environmental aspect

- Environmental protection policy
- Greenhouse gas emissions and reductions
- Waste disposal
- Green product design

- Water resource management
- Energy management
- Climate change
- Noise control

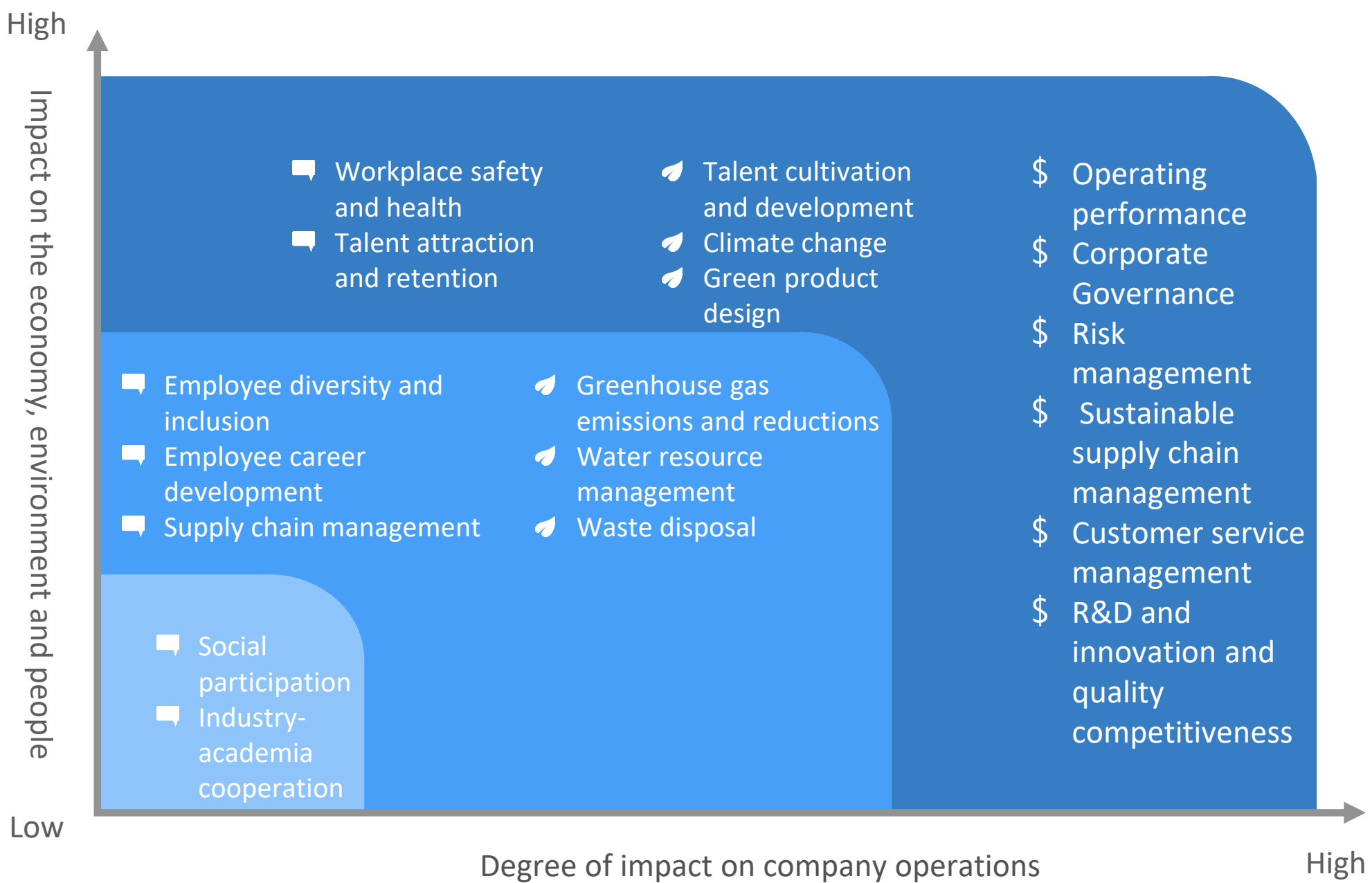


Social aspect

- Workplace safety and health
- Employee diversity and inclusion
- Talent attraction and retention
- Labor-management relations
- Discrimination
- Social participation
- Employee career development

- Supply chain management
- Fair competition
- Industry-academia cooperation
- Forced and compulsory labor
- Anti-corruption
- Fair trade

This table is only for preliminary analysis purposes, and a detailed impact assessment will be conducted later to determine material topics.



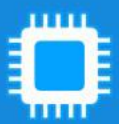


Step 3: Investigate issues of stakeholder concern and identify boundaries

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	Investors/sha reholders	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		In order to meet the needs of customers, we actively seek changes and create new value for our products and markets.	●	●	●	●	○		○
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		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.	●	●	●	●	○		
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.	●	●			●	●	



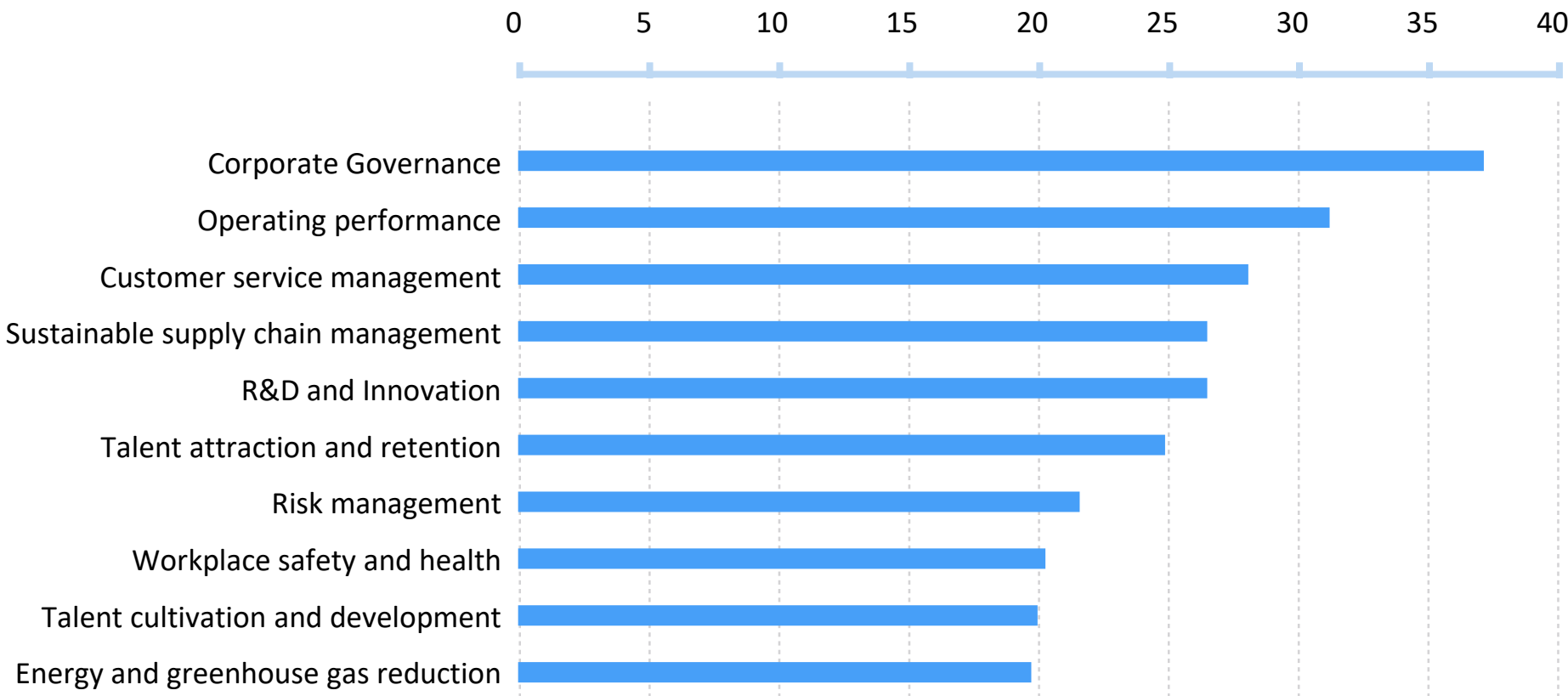
Step 4: Analysis process of material issues

- Holtek has redefined the materiality identification method following the four-stage materiality identification process of the latest GRI Standards (2021). Different from relying on the ESG Sustainable Development Committee’s evaluation group to understand the “level of concern” of stakeholders regarding issues, this year the topic has been changed to “impact” as the principle for evaluating whether there is materiality, so as to further evaluate the materiality of major issues in terms of economy, environment, and human rights to serve as the basis for sustainable development strategy planning, as well as the foundation for information disclosure in this report.
- We referred to the AA1000 Accountability Principle (2018) and the GRI Sustainability Reporting Standards examine sustainability issues and conduct materiality analysis based on the four principles of inclusivity, materiality, responsiveness, and impact and the five steps of establishment, collection, investigation, analysis, and approval, to enable the management to effectively allocate resources and plan short, medium and long-term sustainable development strategies.

- (1) Quantitative Impact: The impact and probability of major issues on the economy, environment and people (including human rights) are divided into 1 to 5 points. Relevant units discuss and rate them internally, and the working group of the Sustainable Development Committee then compiles them. Examples are as follows:

Material issues	Actual and potential impact						Economy
	Economy		Environment		People (including human rights)		
	Degree of impact	Probability	Degree of impact	Probability	Degree of impact	Probability	
Operating performance	5	5	-	-	2.5	2.5	31.25
Corporate Governance	5	5	-	-	3.5	3.5	37.25
Risk management	4	3.5	3	2.5	-	-	21.5
Customer service management	3.5	3.5			4	4	28.25
Sustainable supply chain management	3.5	3			4	4	26.5
Energy and greenhouse gas reduction	-	-	5	4	-	-	20
Talent attraction and retention	-	-	-	-	5	5	25
Talent cultivation and development	-	-	-	-	5	4	20
Workplace safety and health					4.5	4.5	20.25
R&D and Innovation	4	3.5	3.5	3.5			26.25

- (2) Order of impacts: The working group of the Sustainable Development Committee has calculated the quantitative results of the impact of ten material issues. After comprehensively reviewing the suggestions of the management team, the results are presented in the following figure:



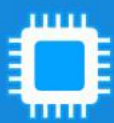
Step 5: Review and discussion

- The material topics of Holtek are identified through processes including internal impact assessment and integration of stakeholder perspectives. The final decision will be confirmed by the highest responsible person of the Sustainable Development Committee. In the future, we will continue to use regular and irregular contact opportunities with stakeholders to immediately understand the positive and negative impacts faced by Holtek, and the expectations of external stakeholders towards us. In addition, through the opportunity of annual materiality identification, we consolidate the Company’s internal and external perspectives, and converge them into material sustainability topics. For material topics, Holtek establishes management policies and action plans, as well as goals and indicators based on data-driven measurement strategies, and regularly tracks the results.

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.

Material topic	Management principle	Positive impact	Negative impact/mitigation and preventive measures	Corresponding specific GRI Standards	Disclosure chapter
R&D and Innovation	1. Strengthen R&D and production management. 2. Improve R&D technology capabilities. 3. Strengthen intellectual property rights protection.	1. Technological leadership advantage: Through continuous innovative R&D, the Company can keep its leading position in the field of technology and win a competitive advantage in the market. 2. Continuous product Improvement: Innovative R&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. 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. 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. 5. Creating job opportunities: Innovative R&D activities can create more job opportunities, attract and cultivate high-quality professional talent, and promote the cultivation and development of technological talent. 6. Promoting industry development: Helps to promote the progress and development of the entire industry, and brings more business opportunities and economic growth.	Holtek is facing the following negative impacts in innovative R&D, and has taken preventive measures: 1. Technological change: The emergence of new technologies and design methods may have an impact on our existing design processes and skill requirements. 2. Increasingly complex design: The increasing complexity of IC design may put pressure on the design team as the design process becomes more difficult. 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. 4. Continuous learning and skill updates: Design teams should maintain their learning of new technologies and design methods, and continuously update their skills. 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. 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. 7. Risk management: When facing market pressure, the Company shall conduct risk assessments and develop response strategies. 8. Team collaboration and communication: Promote collaboration and rational communication within and outside the team to reduce disputes among departments.	-	CH2 R&D and Innovation
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.	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.	The Information Security Committee has been established to reduce information security risks by continuously improving information security protection measures, including information security training and advocacy and implementing internal and external information operation audits.	In response to the health crisis caused by the COVID-19 pandemic, Holtek has established the Pandemic Prevention Command Group to adjust pandemic prevention measures in a rolling manner according to the development of the pandemic, so as to ensure the health of employees, and implement various pandemic prevention policies.	-	1.4 Risk Management



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.

SDG

16Peace, justice and strong institutions

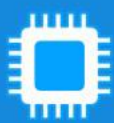
8Decent work and economic growth

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	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.	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.	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.	- Provide a safe, healthy and friendly work environment. - Commit to promoting a healthy workplace, enhancing employees' independent health management, and reducing disease risks. - Implement employee health checks to track major abnormalities and promote physical and mental health through prevention and treatment. - Promote consultation on the protection of maternal health. - Strengthen the ability to manage health risks. - Conduct physician on-site consultation services to take care of the physical and mental health of employees.	- Strengthen the functional capability training of basic, intermediate, and high-level supervisors. - Provide a diverse learning environment and systematic training resources, as well as an internal/external training management system.	Regularly conduct annual supply chain vendor audits, continuously track and review deficiencies for high-risk vendors, and request them to make improvements.
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



	Material issues			
	R&D and Innovation	Global layout to attract outstanding talent	Implement green operations	Employee benefits
Promotion measures	The Company continuously conducts R&D and technological innovation on new products to fully meet the needs of customers in various markets.	- Actively attract talent through global market layout and innovative R&D. The core value of talent recruitment is cultural identity and talent selection. - 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. - We prohibit forced labor, the use of child labor, and discrimination to ensure humane treatment and freedom of association. In 2022, employees participated in training courses related to human rights protection 748 times, totaling 950 hours.	- Implement environmental protection and continuously reduce greenhouse gas emissions. 100% of the materials are compliant with RoHS and REACH, without halogen. - Increase disclosure of water and waste information. - Continuously release sustainability reports to increase the quality of information disclosure. - Conflict mineral management: Due diligence and effective avoidance of conflict mineral sources is carried out to meet customer demands and increase product prices.	Improve employee literacy, proactively care for employees, and establish a plan for employee health and well-being, with the goal of optimizing their welfare.
Corresponding chapter or section	CH2 R&D and Innovation	5.2 Talent Attraction and Retention	CH4 Environmental Sustainability	5.4 Salary and Benefits



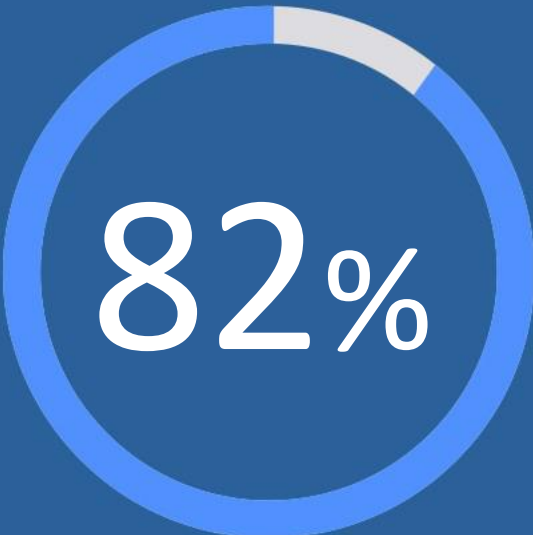
Corporate Governance Evaluation

The Company’s performance in the 2022 Corporate Governance Evaluation ranked among top 6 to 20% of listed companies.



Financial performance

In 2022, the revenue reached NT\$6.016 billion, the net profit was NT\$1.106 billion, the gross margin reached 50.6%, and EPS was NT\$4.89.



Dividend policy

Holtek has been steadily paying dividends every year for nearly five years, with a distribution rate of no less than 82%.



Directors’ continuing education

In 2022, 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.



Attendance rate of the board of directors and functional committees

In 2022, the actual attendance rate of the board of directors reached 100%, and the actual attendance rate of the audit and compensation committees was both 100%; the members fully participated in the operation of the board of directors and functional committees.



Evaluation of the performance of the Board of Directors

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

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

1. Corporate Governance

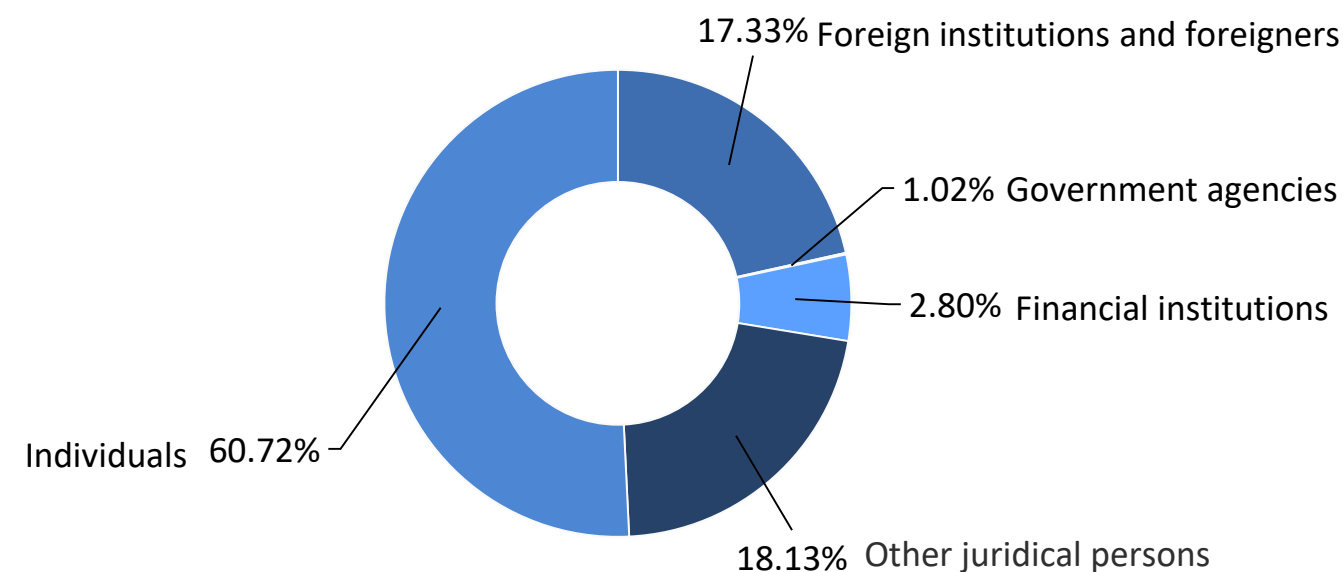
- In addition to complying with the Company Act, the Securities and Exchange Act and other relevant laws and regulations of the Republic of China, Holtek has formulated the Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, Procedures for Internal Material Information Processing, Insider Trading Prevention Measures and Risk Management Policy as the basis for establishing an effective corporate governance framework, in order to protect shareholders' rights and interests, strengthen the functions of the board of directors, respect the rights and interests of stakeholders, and enhance information transparency. The Company expects to practice its sustainable corporate responsibility and improve its operational performance through effective corporate governance operation.

Material topics	Goals for 2022	Actual performance in 2022	Goals for 2023	Mid-term goals	Long-term goals
Operating performance	* Maintain stable revenue growth. * Increase in the market share growth of 32 bits MCU.	* The 2022 revenue was NT\$6.016 billion, with a gross margin of 50.6%. * The 2022 cash dividend was NT\$4 per share.	* Grow both revenue and profit. * Maintain a flexible and robust financial system to support various R&D business needs. * Deeply cultivate various consumer and commercial terminal application products and assist brand customers in providing solutions to promote business performance growth.	* Improve the Company's operating income and gross profit margin on a long-term basis. * Continuously innovate to reduce chip costs, ensure competitive prices, and increase profitability.	Pay attention to the industry pulse and market trends, analyze the threats from competitors, and strengthen the R&D and innovation advantages, so as to meet the expectations of shareholders and increase investor confidence.
Corporate Governance	* Rank among the top in the Corporate Governance Evaluation for listed companies 6%-20% * The attendance rate of the board of directors shall not be less than 90%.	* Rank among the top in the Corporate Governance Evaluation for listed companies 6%-20% * The attendance rate of the board of directors was 100%.	* Rank among the top in the Corporate Governance Evaluation for listed companies 6%-20% * The attendance rate of the board of directors shall not be less than 90%.	* Continuously improve the management mechanism of functional committees and strengthen the board of directors' corporate governance. * No major legal violations.	
Risk management	Enhancement of the employees' risk awareness.	* Developed risk management policies to improve corporate risk management. * The total hours for occupational safety and health training in 2022 was 1381.5, an increase of 207% from that in 2021.	* Enhance the employees' risk awareness. * Strengthen the control and management of major risks	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 26, 2022 | Unit: shares

Quantity/shareholder structure	Government agencies	Financial institutions	Other juridical persons	Individuals	Foreign institutions and foreigners	Total
Number of people	3	10	217	35,759	174	36,163
Shares held	2,313,671	6,323,897	40,999,362	137,330,556	39,200,714	226,168,200
Shareholding ratio	1.02%	2.80%	18.13%	60.72%	17.33%	100%



1.1 Operating Performance

1.1 Operating Performance

- Holtek focuses on the development and sale of microcontroller units (MCUs) and peripheral ICs. More importantly, 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. The consolidated operating revenue for 2022 was NT\$6.016 billion, a decrease of 16% from that in 2021. The Company's performance in 2022 was not satisfactory mainly due to the slowdown in global consumer electronics demand and the impact of slow domestic demand and export in China.
- In terms of product development, the Company launched eight types of MCU ICs in 2022 for a total of 52 products: 8-bit and 32-bit MCUs; factory LCD and LED driver ICs; touch controls; RF wireless communication hopping code MCUs; BLDC motor control and driver MCUs; smart card reading application MCUs; safety protection smoke sensing, smoke sensing drive and smoke sensing networking MCUs; and electric tool chargers. The Company also launched eight products of the 2nd-generation proximity sensing module/gas detection digital sensor and three development platforms. These products can meet customer product needs in different fields and improve customer product differentiation and mass production efficiency.
- In the future, we will increase the coverage of 32-bit MCU applications, and collaborate with different professional partners in various fields to expand the ecosystem. By introducing innovative design solutions, we will quickly develop the products required by end customers.

Proportion of revenue from major products in the past three years

Unit: NT\$ thousand

Main products	2020		2021		2022	
	Revenue	Ratio	Revenue	Ratio	Revenue	Ratio
MCU ICs	4,366,109	78%	5,636,589	79%	4,842,981	81%
Peripheral ICs	1,184,792	21%	1,426,615	20%	1,128,253	19%
Income from tool development and design	63,638	1%	64,546	1%	44,734	-
Total	5,614,539	100.00%	7,127,750	100.00%	6,015,968	100.00%

Statistics of operational performance in the past three years

	2020	2021	2022	Unit
Paid-in capital	2,261,682	2,261,682	2,261,682	NT\$ thousand
Operating revenue	5,614,539	7,127,750	6,015,968	NT\$ thousand
Gross profit from operations	2,594,404	3,641,699	3,044,369	NT\$ thousand
Income tax	213,291	522,147	258,653	NT\$ thousand
Profit for the period	1,031,063	2,044,064	1,106,374	NT\$ thousand
Earnings per share after tax	4.56	9.04	4.89	NT\$
Net value per share	19.64	25.01	20.69	NT\$
Employee salary and welfare expenses	1,069,545	1,452,324	1,229,121	NT\$ thousand
Cash dividend	915,981	1,031,327	1,837,142	NT\$ thousand
Community investment	3,040	1,838	2,710	NT\$ thousand
Return on assets	18	28	15	%
Return on equity	24	40	22	%

Note: For operating costs, please refer to the consolidated comprehensive income statement on page 97 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.

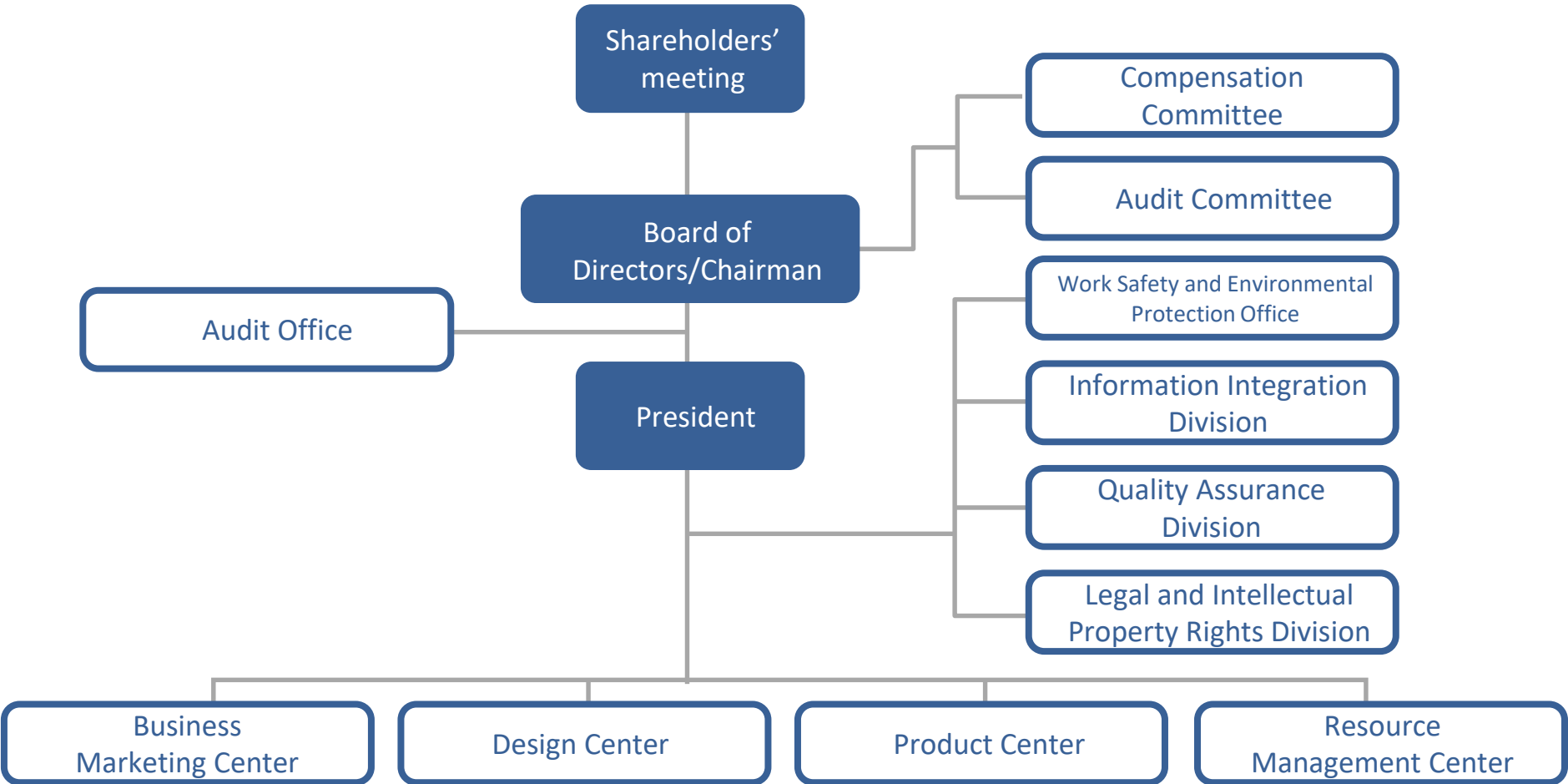
Cash dividend and dividend payout ratio

Item/year	2019	2020	2021	2022
Cash dividend	4.05	4.56	8.12	4.00
Payout ratio (%)	100%	100%	90%	82%

1.2 Governance Framework

Company structure

- Holtek adopts a hierarchical authorization method where the chairman authorizes the president as the management representative,, who will in turn assign tasks to various departments for operations. Please refer to our 2022 annual report to learn more about the Company’s governance structure and each department’s operations.
- The board of directors hires professionals from the technology industry with business management experience, and established the Audit Committee and Compensation Committee under the board of directors in accordance with the laws and regulations of the competent authority to assist the board of directors in fulfilling its supervisory responsibilities, establishing the internal corporate governance mechanism, and implementing corporate governance related 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.
- All directors of the Company have signed the Declaration of the Ethical Corporate Management Best Practice Principles and have avoided all proposals involving personal interests. When directors engage in activities within the scope of the Company’s business for themselves or others, they shall obtain the prior consent of the shareholders’ meeting in accordance with legal requirements.



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
9 directors, including 3 independent directors.	3 independent directors.	3 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. Assist the board of directors in carrying out their supervisory responsibilities and fulfilling the tasks assigned by the Company Act, the Securities and Exchange Act and other relevant laws and regulations.
Operation status	Operation status	Operation status
In 2022, 6 meetings were held, and the members’ attendance was 100%.	In 2022, 3 meetings were held, and the members’ attendance was 100%.	In 2022, 5 meetings were held, and the members’ attendance was 100%.

1.2 Governance Framework

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

Implementation status of the diversification policy for board members

Independence and diversity of directors:

The board members of the Company are elected based on a candidate nomination system in accordance with the Company’s Articles of Association and based on the Board Election Measures. Nine directors are responsible for the operation and supervision of the Company, and each has their own professional background, including business management, leadership and decision-making, production knowledge, financial accounting, and legal affairs. It is hoped that through their outstanding professional knowledge, they can introduce the views of external stakeholders and improve the quality of business.

Name	Gender	Term as director	Operational judgment ability	Accounting and financial analysis ability	Business management ability	Crisis handling ability	Industry knowledge	International market perspective	Leadership	Decision ability
Chairman Chi-Yung Wu	Male	> 9 years	V	V	V	V	V	V	V	V
Director Kuo-Tung Kao	Male	> 9 years	V	V	V	V	V	V	V	V
Director Chi Chang	Male	> 9 years	V	V	V	V	V	V	V	V
Director Rong-Tsung Tsai	Male	3-9 years	V	V	V	V	V	V	V	V
Director Yuan-Ho Liu	Male	Less than 3 years	V		V	V	V	V	V	V
Director Ren-Tsung Wang	Male	> 9 years	V	V	V	V		V	V	V
Independent director Cheng-Le Lu	Male	> 9 years	V	V	V	V		V	V	V
Independent director Chi-Tian Hsing	Male	> 9 years	V	V	V	V	V	V	V	V
Independent director Rui-Ting Hsu	Female	< 3 years		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.

According to the Corporate Governance Best Practice Principles, diversification shall be considered in the selection of directors. Currently Holtek has nine members on the board of directors.

The board of directors consists of eight male directors and one female director, including three independent directors (33%), two external directors (22%), and four directors with employee status (45%). In May 2022, a new female independent director was elected and one director was re-elected. As of the end of 2022, there were a total of two directors aged between 51 and 60, five directors aged between 61 and 70, and two directors aged 70 and above. All independent directors meet the standards of the Securities and Futures Bureau, Financial Supervisory Commission, on the independence requirement of independent directors, and do not have the situations of paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act. There are no relationships of spouses or relatives within the second degree of kinship among the directors.



Please refer to page 8 of the annual report for directors’ positions in other companies, and pages 140-143 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.

1.2 Governance Framework

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

Operation status of the board of directors

- The Company’s board of directors diligently performs corporate governance responsibilities, supervises the operational strategies of the Company’s management team, and reviews the Company’s operational performance in aspects such as corporate governance, environmental and social impacts, risks and opportunities. At the same time, it listens to the operational strategies of the Company’s management team and evaluates the views of stakeholders and provides professional and objective opinions to ensure the sustainable development of the Company. The important decisions of the board are immediately announced on the MOPS of the Taiwan Stock Exchange and the Company’s official website. The Company’s Articles of Association, Rules of Procedure for Board Meetings, compensation of directors, operation of the board of directors, and recusal for proposals involving conflicts of interest are also announced for domestic and foreign stakeholders’ immediate inquiry.
- Holtek’s board meetings are held at least once a quarter, and a total of six board meetings were held in 2022, with an average board member attendance rate of 100%. The board also participates in external training in accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies and requires new members to have at least 12 hours of continuing education in the year of appointment and at least 6 hours of continuing education in the following years. During the tenure of those re-elected, at least 6 hours of continuing education per year are required. In 2022, the professional courses for continuing education included How the Board of Directors and Supervisors Supervise Companies to Manage Corporate Risk and Handle Crisis, Corporate Governance and Sustainable Business Workshop, and Corporate Climate Governance and TCFD Disclosure Practice. In 2022, all directors met the requirement for continuing education hours; nine directors and independent directors received a total of 70 hours of continuing education.

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

- If the Company makes a profit in the year, it shall allocate 5 to 15% as employees’ remuneration and no more than 1.5% as directors’ remuneration. However, when the Company still has a cumulative loss, the amount to be compensated should be retained first. The Compensation Committee will discuss the distribution of directors’ remuneration within the above-mentioned amount based on the business performance of each director, and then submit it to the board for resolution. The remuneration of directors is determined by the Compensation Committee, taking into account the usual payment standards in the same industry and the performance evaluation results, time invested, and responsibilities of the overall board of directors, individual board members, and functional committees. The Committee assesses the correlation between individual performance and the Company’s operational performance and future risks and submits recommendations to the board for resolution.

Compensation of senior managers

- Senior managers’ compensation includes monthly salaries, quarterly bonuses and year-end performance bonuses. The Company has established the Personnel Salary System, Measures for Starting Salaries and Salary Adjustments, and Quarterly Bonus Distribution Standard Announcement. The salaries of the president, vice presidents and managers are evaluated according to the Company’s system, with reference to the business execution content, experience, performance and contribution.
- The amount of remuneration distributed to each senior manager is not only based on the usual salary and benefit standards in the same industry, but also on the Company’s operational performance and personal responsibilities and contributions for the year to arrive at a reasonable remuneration. After being reviewed and finalized by a meeting of the President’s Office, it is reviewed by the Compensation Committee and submitted to the board of directors for review and approval.

Correlation between compensation, operating performance and future risks

- For the remuneration of directors, president and vice presidents, their professional abilities, the Company’s operations and financial condition, and special contributions to the Company are fully considered, and the Company’s and individual’s performance is linked as the calculation criteria for the distribution of remuneration. The Company keeps track of future operational risks and corporate social responsibility at all times, reviews the compensation system in a timely manner, and maintains a balance between the Company’s sustainable operation and risk management.

1.2 Governance Framework

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.
- As reported to the board meeting on February 26, 2023, the overall internal evaluation result of the board of directors in 2022 was “good”, and the evaluation results of the Audit Committee and the Compensation Committee were both “good”.

Evaluation cycle	Evaluation scope	Evaluation content
Performed once a year.	Board of directors Individual board members Audit Committee Compensation Committee	Evaluation of the performance of the board of directors. 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. Evaluation of the performance of board members. 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.
Evaluation period	Evaluation method	
From January 1, 2022, to December 31, 2022.	Self-evaluation of the board of directors Self-evaluation of board members Self-evaluation of the Audit Committee Self-evaluation of the Compensation Committee	Evaluation of the performance of the Audit Committee 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. Evaluation of the performance of the Compensation Committee 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.

1.1 Operating Performance

1.2 Governance Framework

1.3 Ethics and Integrity

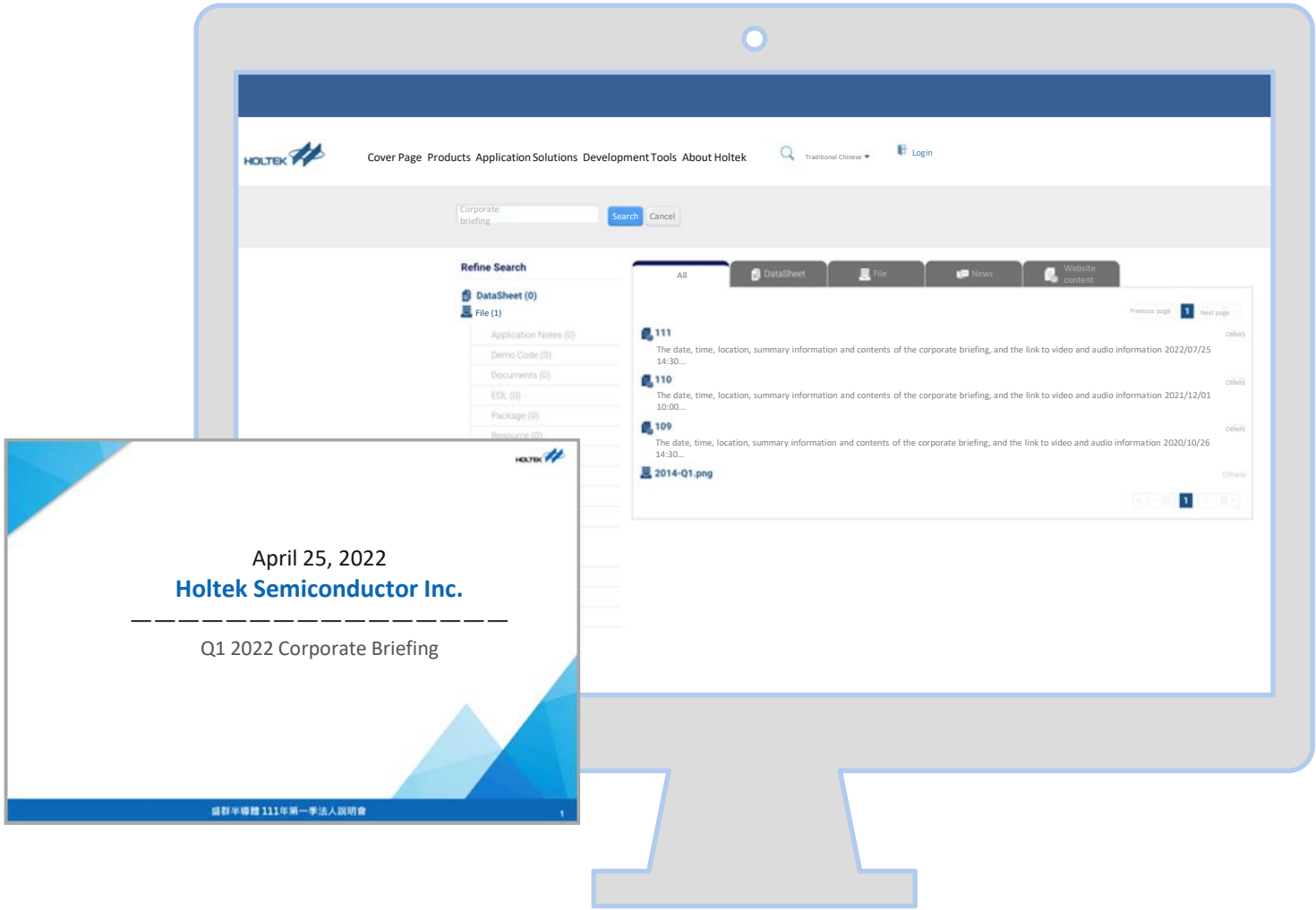
1.4 Risk Management

1.5 Information Security Management

1.6 Participation in Associations and Organizations

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) to provide accurate, timely and transparent business strategies, operating conditions and financial figures.
- In addition, the Company has established a spokesperson system (Spokesperson: Rong-Tsung Tsai, Vice 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). 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.

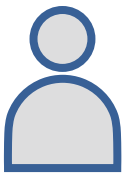


Spokesperson system

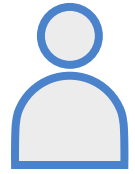
Responsible for collection and disclosure of information of the Company



Spokesperson:
Rong-Tsung Tsai,
Vice President



Acting Spokesperson:
Ming-Tung Liao,
Division Director



Contact person:
Shan-Yu Wang
Contact:
Telephone: +886-3-563-1999 ext. 1619
Email: ir@holtek.com.tw

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) 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 nine directors and six 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.

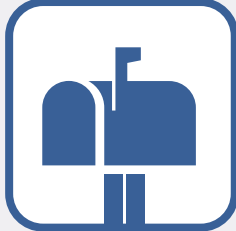
Avoid business dealings with unethical business partners for commercial transactions.

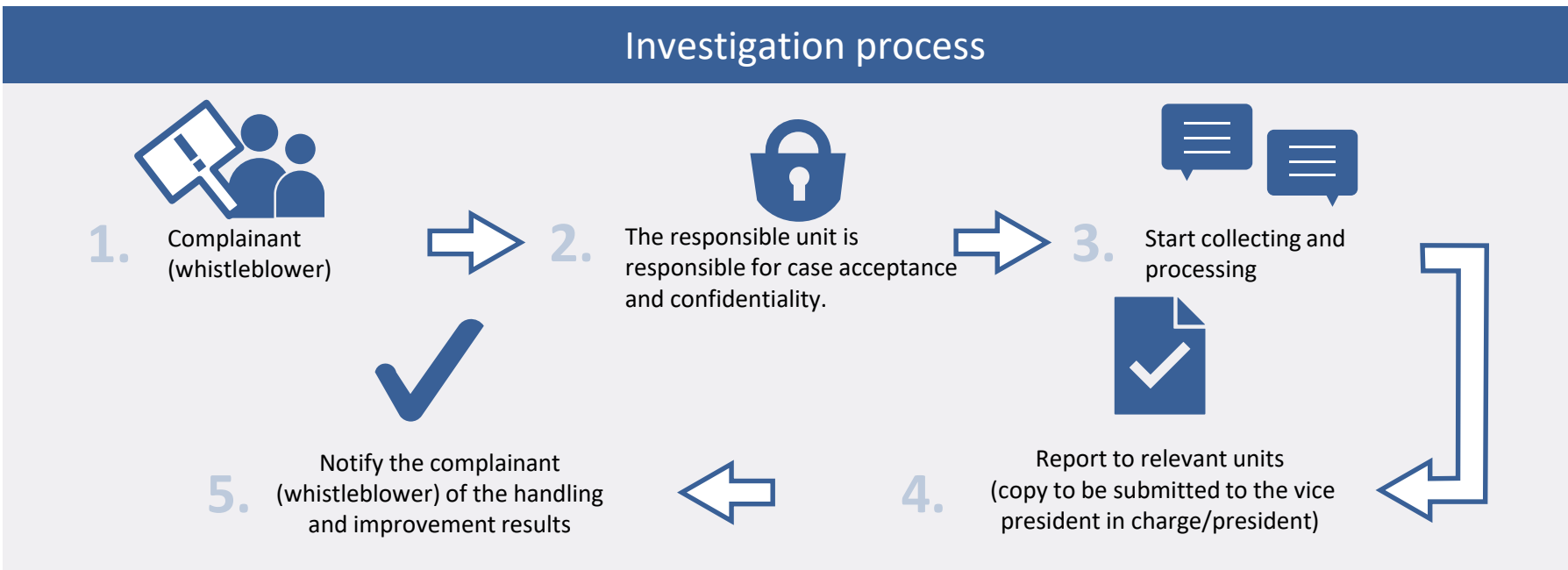
- In order to avoid engaging in business dealings with unethical agents, suppliers, customers or other business partners, if a counterparty is found to have engaged in unethical behavior in business dealings or cooperation, the Company should immediately stop business dealings and refuse it for future 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.tw/web/guest/governance/governance>) to facilitate the whistleblower’s reporting. Stakeholder/employee complaint (whistleblowing) process:

Whistleblowing channels			Complaint statistics	
			Year	Number of cases
			2020	0
Correspondence address			2021	0
Special Committee for Reporting, No.3, Yanxin 2nd Road, Hsinchu Science Park			2022	0
				
Email				
liman1103@holtek.com.tw				
				
Whistleblower hotline				
Extension of the Administrative Department Head				



Ethical norms

Policies or commitments	Public link	Approving level	Stakeholder	How to implement policies or commitments
Declaration of the Ethical Corporate Management Best Practice Principles	Policy link	Board of directors	Shareholders/investors	Training courses related to ethical corporate management held in 2022: 537 hours and 158 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 Company regularly holds training courses related to ethical corporate management. In 2022, the courses included compliance with ethical corporate management regulations, accounting system, internal control system, business secret protection, copyright protection, and more. Employees participated 158 times for a total of 537 hours. Holtek will continue to promote the importance of ethical corporate management and ethical standards. Each employee is responsible for maintaining the Company’s reputation in accordance with the highest ethical standards, and the audit unit includes the compliance situations in the audit scope to implement legal compliance. Since the establishment of the Company, there have been no cases of corruption or violations of business ethics and 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 2022.

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.

1.4 Risk Management

Policies or commitments	Public link	Approving level	Stakeholder	How to implement policies or commitments
Risk Management Policies	Policy link	Board of directors	Shareholders/Investors, Employees, Customers, Suppliers	Training related to risk management held in 2022: 178 employees and 483 hours in total.

- Given the increasing emphasis on enterprise risk management internationally, enterprises often face unpredictable risks in their operations. Holtek conducts risk identification and assessment as well as impact analysis in advance for potential risks, and then develops crisis response measures for high-risk impact projects and implements them. The board of directors and management of Hotek regularly supervise and review risk management policies, continuously refine the risk management mechanism, and effectively contain risks within an acceptable range.
- In accordance with Article 44 of the "Regulations Governing Establishment of Internal Control Systems by Public Companies", the Company has established an effective risk management mechanism to assess and supervise its risk bearing ability, the risks currently taken, the risk response strategies determined and the status of compliance with risk management procedures. In January 2022, the board of directors adopted the "Risk Management Policy" as the highest directive of risk management.

Risk Management Organization

- The organizational structure of Holtek's risk management includes the board of directors, business management meetings, the audit unit and responsible departments.



1.4 Risk Management

The risk management of Holtek covers risks in strategic layout, operations management, financial operations and hazardous events, and also includes risks related to climate change. In addition, the Company's continuing operation and reduction of the impact of risks is ensured through risk identification, risk measurement, risk monitoring, risk response, risk reporting and disclosure and other management procedures, so as to achieve the goal of corporate sustainable development. The president or supervisors of relevant operations are responsible for the risk assessment and response of various operational plans, monitoring of the overall implementation, and coordination of risk management. They also regularly report to the board of directors at least once a year to explain the operation and effectiveness of risk management, ensuring the effectiveness of the risk management mechanism.

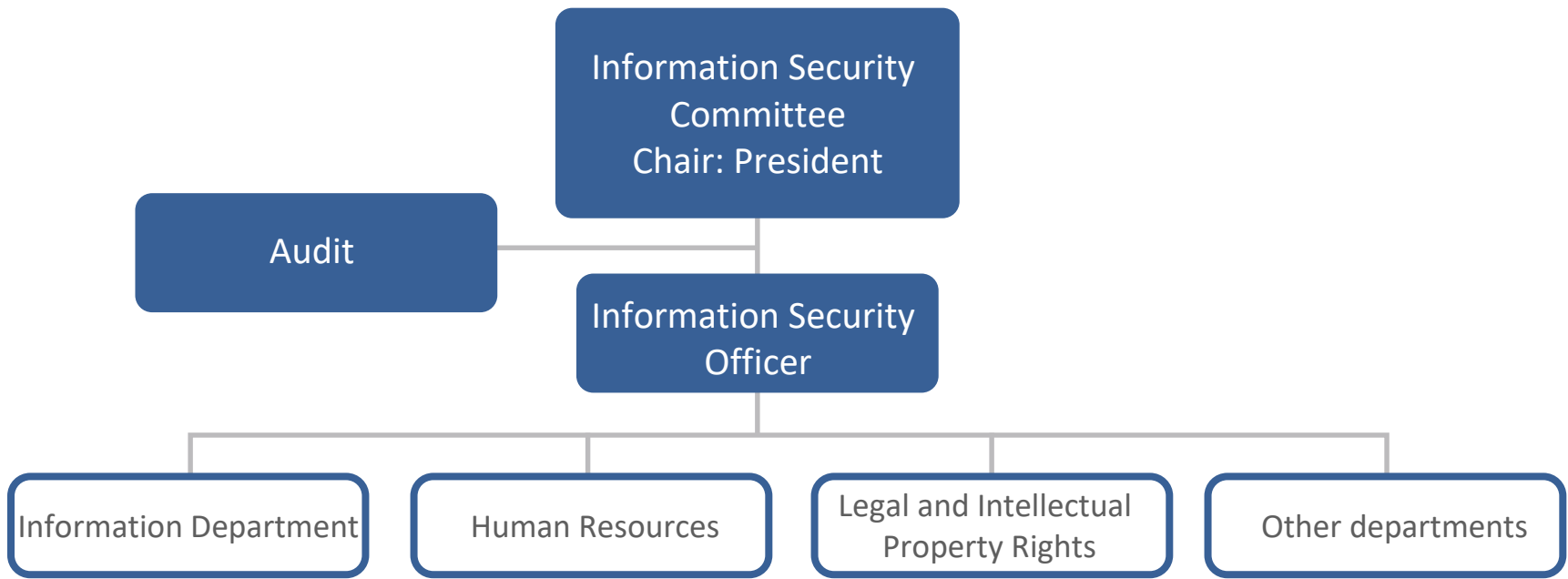
Risk type	Risk issue	Policy or strategy
Strategic risk	1. Technological changes and industry trends. 2. Technological R&D processes and competitive situations. 3. Changes in market demand. 4. Changes in policies and laws and regulations. 5. Global political and economic developments.	▶ Holtek always pays attention to industrial and technological changes, regularly analyzes the industry, product development and competitive situations, and formulates short, medium and long-term development plans. ▶ Faced with market changes and competitive trends, we are deeply devoted to technology development, strive to invest in new product R&D and improve existing products, and launch new products in real time to improve yield and efficiency. ▶ We actively meet customer needs by creating better products, in order to strengthen market competitiveness and continuously create good operational results.
Operational Risks	1. Contract performance by suppliers or customers. 2. Intellectual property rights. 3. Human resource management. 4. Information security. 5. Corporate image.	Supply chain risk: In response to emergency or unexpected events that may occur to suppliers due to human or natural factors, appropriate response measures should be taken which cover impacts on product development, production, sales, delivery time, and services that are related to customer rights and interests. Talent is an important asset of Holtek: We guarantee the rights of each employee and attract more outstanding talent and strengthen their retention and development through competitive compensation, diversified and equal employment policies, professional training, and diverse employee benefits. Information security risk: The Information Integration Division is responsible for the overall information security planning of the Company, and it controls and maintains important operations such as company operations and accounting in accordance with information security policies.
Financial Risks	1. Changes in interest rates, exchange rates, inflation, etc. 2. Strategic investments. 3. Liquidity and credit risks.	Impact of interest rate changes: There was no significant impact on the Company's profits and losses due to interest rate changes. The Company's cash equivalent position is mainly in bank deposits and monetary funds, and the financial counterparties are institutions with certain credit ratings both domestically and internationally, in order to obtain stable and safe capital investment returns. Impact of exchange rate fluctuations: In order to avoid significant impact on the Company's revenue and benefits due to exchange rate fluctuations, in addition to having dedicated personnel observe daily changes in the foreign exchange market and collect relevant information, we also take the following specific measures: 1. Before providing quotations to customers, the business unit shall first carefully evaluate exchange rate trends and fully consider various factors that may affect exchange rate fluctuations, and adopt a reasonable exchange rate as the basis for business quotations to reduce the impact of exchange rate fluctuations on the Company's operating income and profit. 2. In addition to maintaining close contact with correspondent banks and professional financial institutions, in order to fully grasp international exchange rate trends, internal and regular reviews of exchange rate trends are conducted and operational strategies for foreign currency positions are formulated. In addition, in accordance with hedging needs, methods such as selling foreign exchange forward contracts in advance are adopted to reduce the impact of exchange rate fluctuations.
Climate Change Risk	1. Impact from sudden natural disasters or climate changes. 2. Utility supply.	▶ Continue the R&D in low-power chips and take the product lifecycle into consideration in the design stage, so as to reduce the energy consumption of products and the disposal of final waste. ▶ Continuously monitor global climate change trends, and actively disclose relevant information on climate change. ▶ Continuously promote water, electricity and energy conservation and carbon reduction plans to improve energy efficiency.

1.5 Information Security Management

Policies or commitments	Public link	Approving level	Stakeholder	How to implement policies or commitments
Information security policy	Policy link	Board of directors	Employees, customers, suppliers	Information security training held in 2022: 320 hours and 41 times in total.

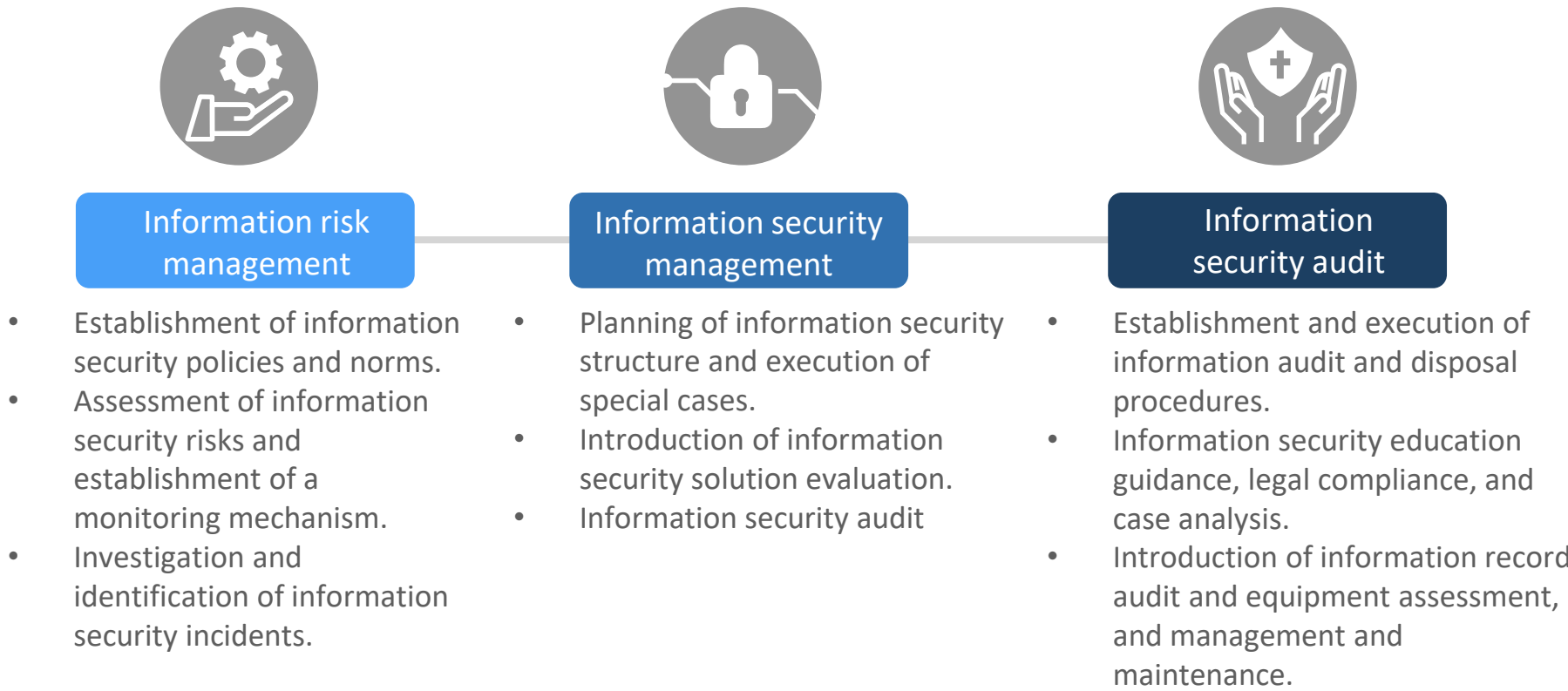
- The Information Security Committee of the Company is chaired by the president and consists of the Audit, Information, Human Resources, Legal and Intellectual Property Rights and other related departments. The Company is responsible for establishing and promoting the establishment, implementation and continuous improvement of information security policies to ensure the security of the Company’s intellectual property, business secrets and internal information. The president regularly reports to the board of directors on the effectiveness of information security implementation every year, and reviews the appropriateness and effectiveness of information security policies and continuously improves information security protection measures to reduce information security risks. The Company has established an internal information security policy. There were no major information security incidents in 2022 that caused losses or affected operations or business reputation.
- Implementation status of the Information Security Committee in 2022:
 - Information security training
Information security awareness promotion: Regularly announce information security related information to employees to enhance their awareness of information security.
Information security training: Each new employee will receive information security related training upon arrival to understand the Company’s information security policies and requirements. Dedicated personnel are assigned to participate in SSCP certification courses for security professionals every year; in 2022, employees participated 41 times for a total of 320 hours.
 - Audit: The Audit Office regularly checks the implementation of practical information security management work and takes improvement measures based on the investigation and verification results to ensure the continuous and effective operation of information security management. CPAs regularly conduct information operation audits, and if there are any deficiencies detected, they will request improvement and track the results.

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

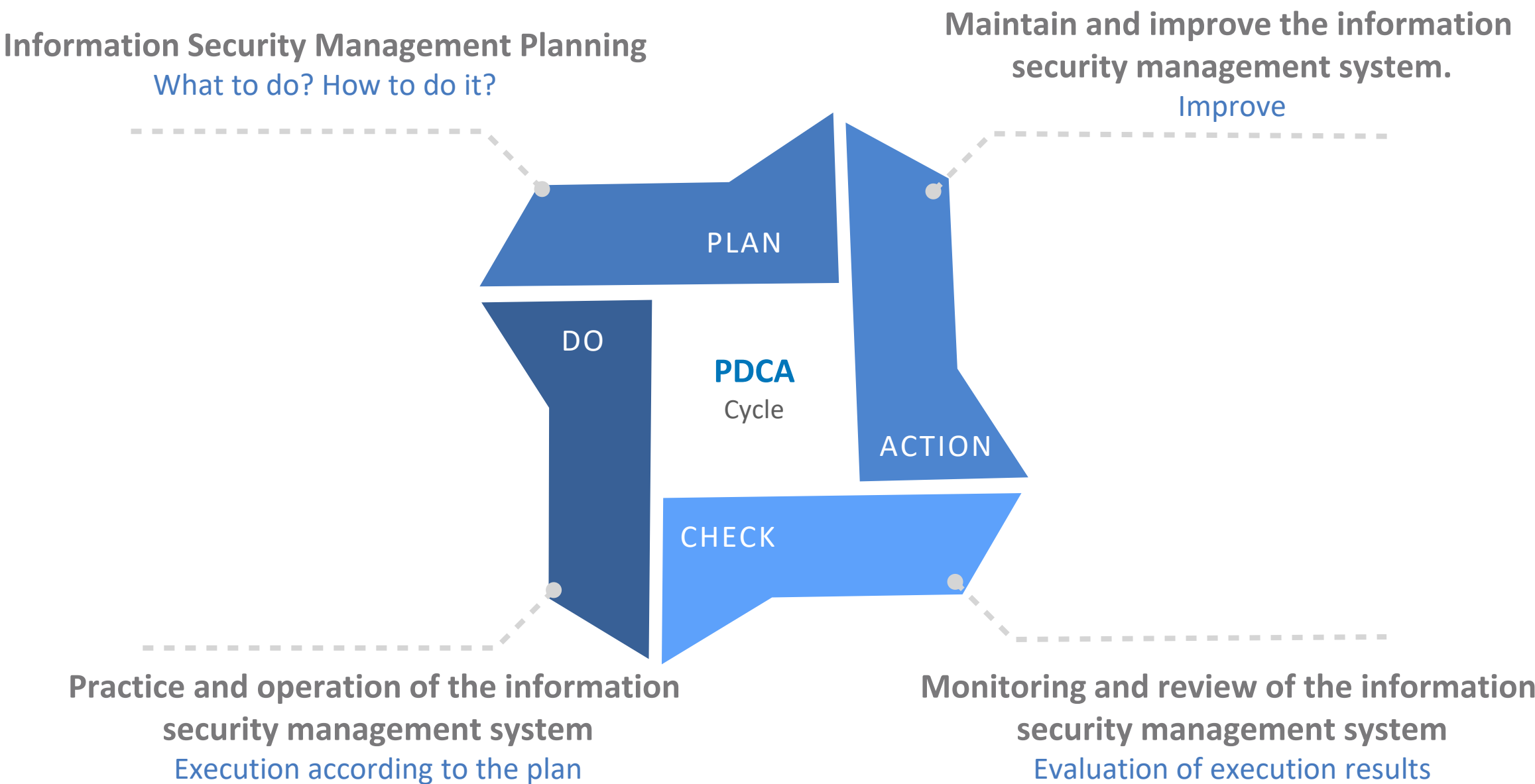


- Holtek attaches great importance to the protection of information security and confidential information, and implements information security protection through the three dimensions of information risk management, information security management and information security audit, as well as the spirit of PDCA, so as to implement information security protection.

<Implementation Status of Holtek’s Information Security Protection>



- Implementation of information security policies: Adopt the Plan-Do-Check-Act (PDCA) model and integrate it into the risk management cycle.



< PDCA Model >

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.

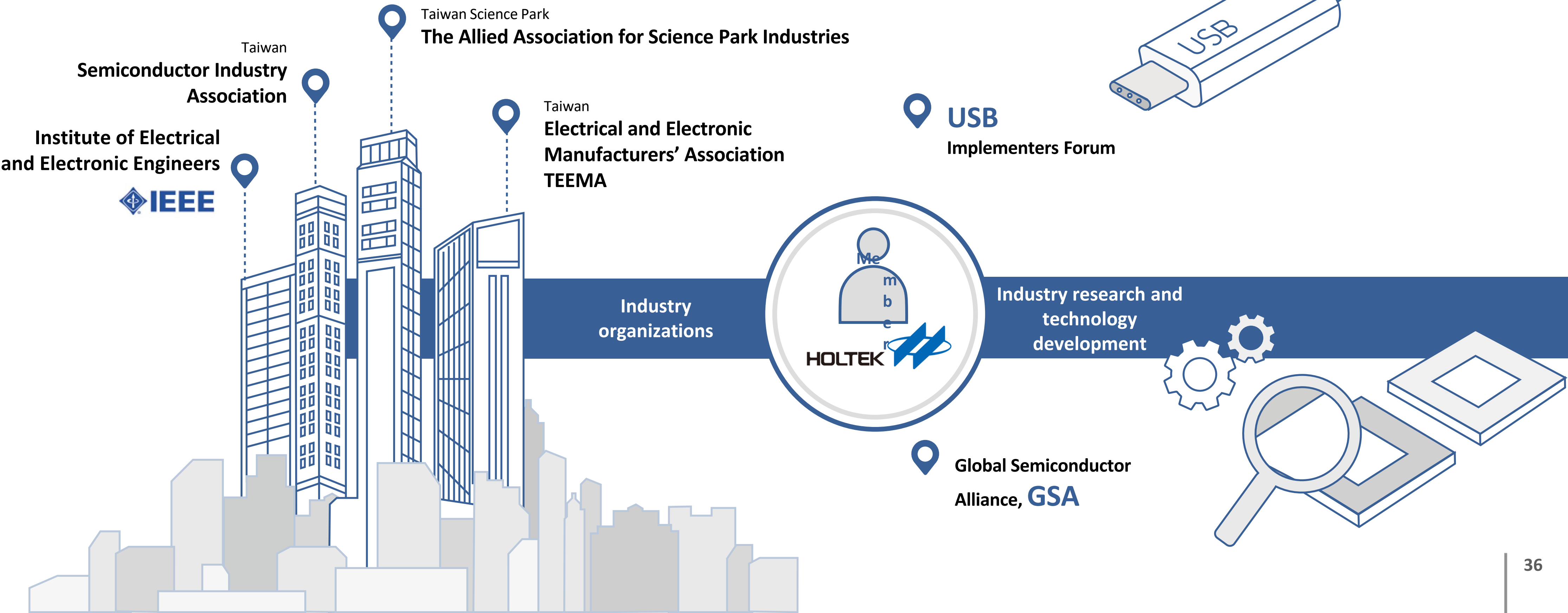
Step 1	Determine the priorities and scope.	Step 5	Describe the information security status of the target.
Step 2	Confirm organizational goals and directions.	Step 6	Identify and analyze the gap and prioritize.
Step 3	Describe the current information security status.	Step 7	Implement the action plan.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

2022 Sustainability Report							
About This Report	01 Corporate Governance	02 R&D and Innovation	03 Product Responsibility	04 Environmental Sustainability	05 Employee Care	06 Social Harmony	07 Appendices
CH1							
Corporate Governance 1.5 Information Security Management 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	Information security control items	Risk descriptions	Risk issue		Countermeasures		
	Equipment/endpoint hardware	Access of unidentified equipment to the network, causing information security vulnerabilities.	Only licensed devices can access the company network.		Strengthen endpoint security		
	Equipment/endpoint hardware	The operating system is not updated in a timely manner, resulting in unfixed information security vulnerabilities.	Delivery update and monitoring update status		Strengthen endpoint security		
	Application/certification	Application passwords may be leaked or cracked.	Adopt multiple-factor certification.		Reduce the chance of the system being accessed by others.		
	Network/certification	The domain password may be leaked or cracked.	Adopt multiple-factor certification.		Reduce the chance of the system being accessed by others.		
	Network/control connection	Unnecessary connection services, resulting in attacks on the server.	Adopt a new generation firewall control connection.		Ensure only mandatory connection services are provided.		
	Information/confidential information	Possibility of information leakage	Adopt an encrypted management system that allows specific users to access confidential information within the Company only.		Access confidential information within the Company only.		
	Information/loss	Information loss caused by equipment failure.	Local backup and offsite backup		Lost information can be recovered from the backup system.		
	Employees/general employees	Lack of awareness of information security becomes a breach.	Strengthen internal employee training.		Enhance information security awareness and make employees the best line of defense.		
	Employees/information personnel	Unable to master the latest information security technology.	Participate in information security conferences; participate in external training.		Master the latest information security intelligence and technology.		

1.6 Participation in Associations and Organizations

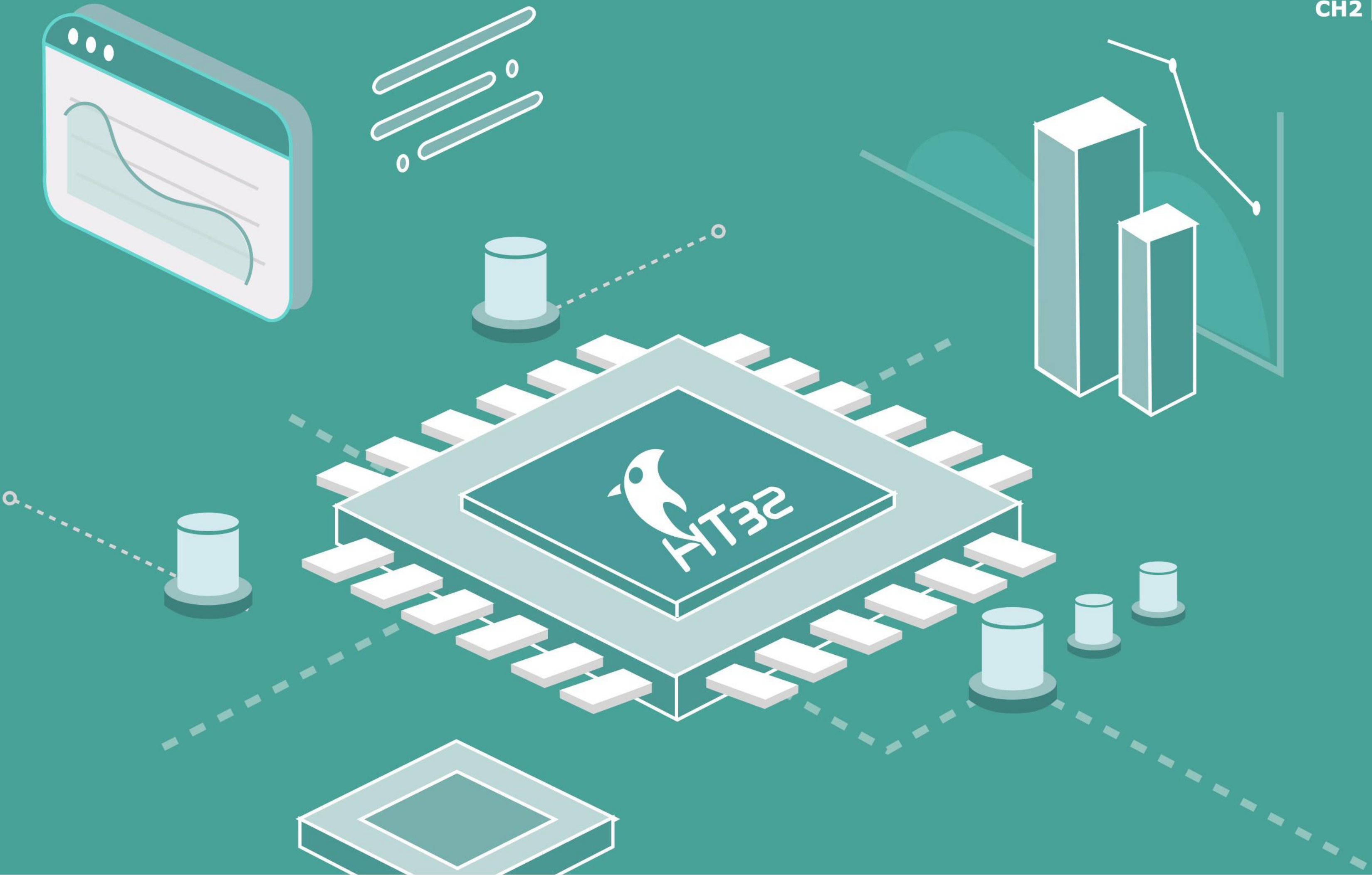
1.6 Participation in Associations and Organizations

- 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.



- 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

R&D and
Innovation | CH2



1.1 Innovative Technologies

1.2 Green Products

1.3 Intellectual Property Management

2. R&D and Innovation

Material topics	Goals for 2022	Actual performance in 2022	Goals for 2023	Mid-term goals	Long-term goals
R&D and Innovation	1. Complete 80 items among the new IC product development goals. 2. Develop a photomask with a change rate of less than 13% and a design revision change rate of less than 25%. 3. Complete 30 items among the product application solution goals. 4. Complete five items among the key technology IP development project goals. 5. Plan 16 courses for the goals of professional technical training courses, with a total of 48 course hours and about 720 people. 6. Aim to obtain ten patent rights globally in 2022.	1. Completed a total of 67 new IC product development projects, with an achievement rate of 83%. 2. The annual photomask change rate is 12.4% and the design revision change rate is 20.4%. Both change rates have achieved the set goals. 3. Completed a total of 26 product application solutions, with an achievement rate of 87%. 4. Completed five key technology IP development projects. 5. 15 courses were planned for the professional technical training courses, with a total of 46.5 course hours and a participation of 677 people. 6. Continued to participate in seven associations to enhance Holtek's product R&D capabilities. 7. Holtek obtained nine patent rights globally in 2022.	1. Complete a total of 80 new IC product development projects, with an expected achievement rate of 85%. 2. Develop a photomask with a change rate of less than 12% and a design revision change rate of less than 20%. 3. Complete a total of 32 product application solutions, with an expected achievement rate of 88%. 4. Complete seven key technology IP development projects, with an expected achievement rate of 75%. 5. Plan 17 courses for the goals of professional technical training courses, with a total of 50 course hours and estimated 765 person-times. 6. Apply for a total of 20 patents worldwide; the goal is to obtain ten patents worldwide in 2023, with an expected achievement rate of 50%.	1. The new IC output increasing at an annual achievement rate of 87%. 2. A photomask change rate less than 11%, and the design revision change rate less than 18%. 3. The number of product application projects increasing at an annual achievement rate of 90%. 4. The number of key technology IPs increasing at an annual achievement rate of 80%. 5. The number of professional technical training course hours increasing at an annual achievement rate of 90%. 6. The number of global patents received worldwide increasing at an annual achievement rate of 55%.	1. The new IC output increasing at an annual achievement rate of 90%. 2. A photomask change rate less than 10%, and the design revision change rate less than 16%. 3. The number of product application projects increasing at an annual achievement rate of 92% 4. The number of key technology IPs increasing at an annual achievement rate of 85%. 5. The number of professional technical training course hours increasing at an annual achievement rate of 95%. 6. The number of global patents received worldwide increasing at an annual achievement rate of 60%.

2.1 Innovative Technologies

- Holtek Semiconductor has 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, which can be used to achieve various control and processing capabilities. Holtek’s MCU products have been successfully applied in various industries and application fields with their innovative technologies and high efficiency.

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 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 functions:** Holtek’s MCU products provide rich peripheral functions, including analog/digital signal conversion, digital/analog signal conversion, various communication interfaces, and more. With these complete MCU peripheral functions, various applications such as sensors, controllers and communication devices can be developed.



- 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.
- Holtek’s MCU products have been successfully applied in various fields. For example, in the field of smart homes, Holtek’s MCU products can be used to achieve functions such as home appliance control, environmental monitoring, security monitoring and health measurement. In the field of industrial automation, Holtek’s MCU products can be used to achieve functions such as automation control, data monitoring and equipment management.
- 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.

Since its establishment in 1998, Holtek has been committed to the R&D of new products and technological innovation, investing about 15-20% of its annual turnover in the R&D of new products and technologies. In 2022, the R&D expenses reached 19% of the turnover. With knowledge of market trends, Holtek hopes to provide the most competitive MCU products in the vast electronic market.

Impact of Holtek’s innovative MCU technology on the environment

- 1. **Energy efficiency:** MCUs can be used to achieve higher energy efficiency and reduce energy waste.
- 2. **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.
- 3. **Green manufacturing:** Innovative MCU technology can significantly simplify the functions of active/passive parts of products, reduce waste generation, and thus reduce environmental pollution.

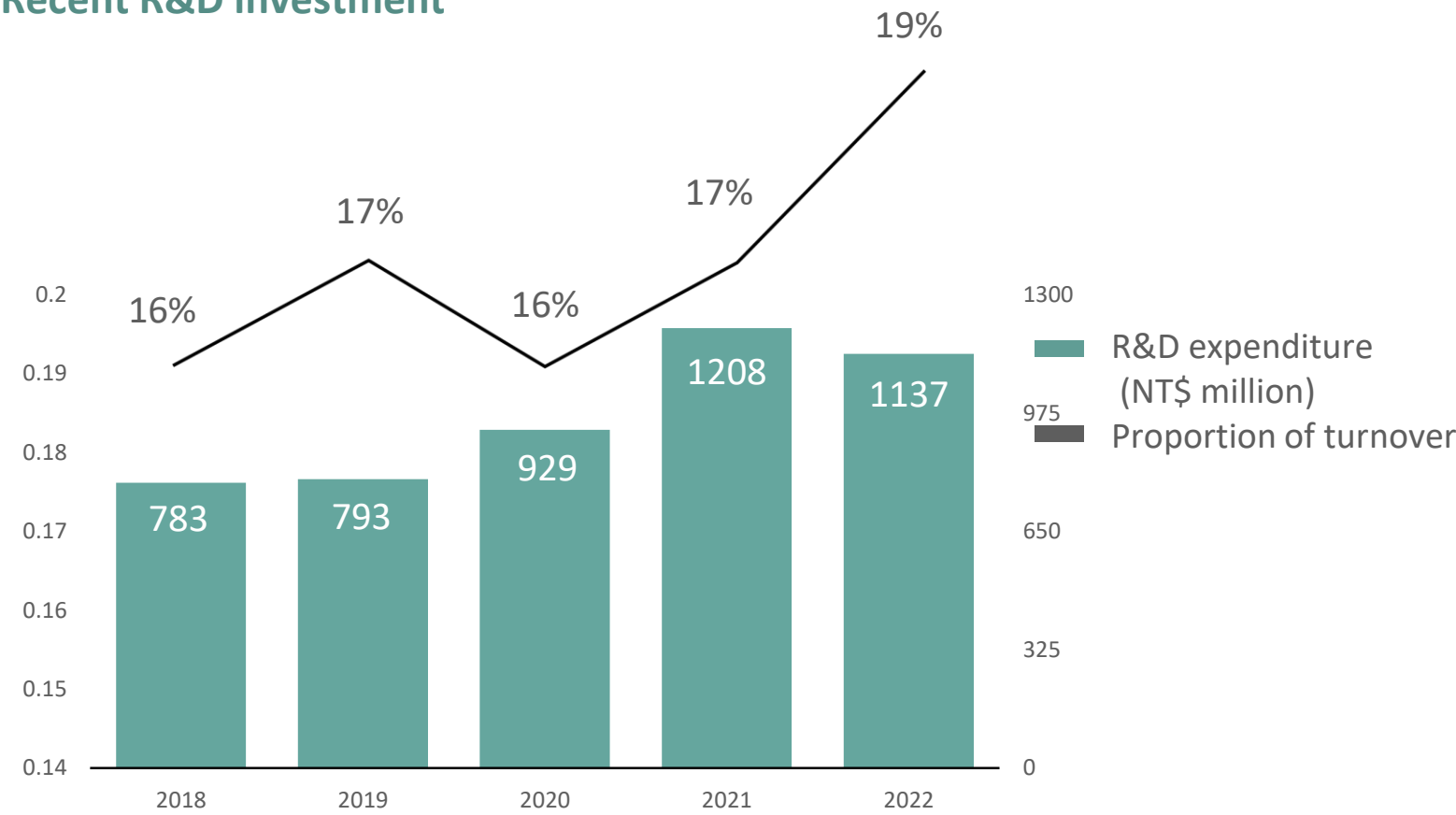
Impact of Holtek’s innovative MCU technology on society

- 1. **Improving production efficiency:** MCUs can realize automated and intelligent production, improve production efficiency, create more business models, and increase employment opportunities.
- 2. **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.
- 3. **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.

Impact of Holtek’s innovative MCU technology on corporate governance

- 1. **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.
- 2. **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.
- 3. **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.

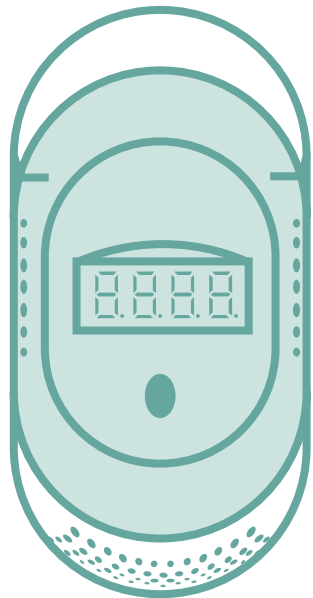
Recent R&D investment



The Company invests approximately 15 to 20% of its annual revenue in the R&D of new products and technologies.

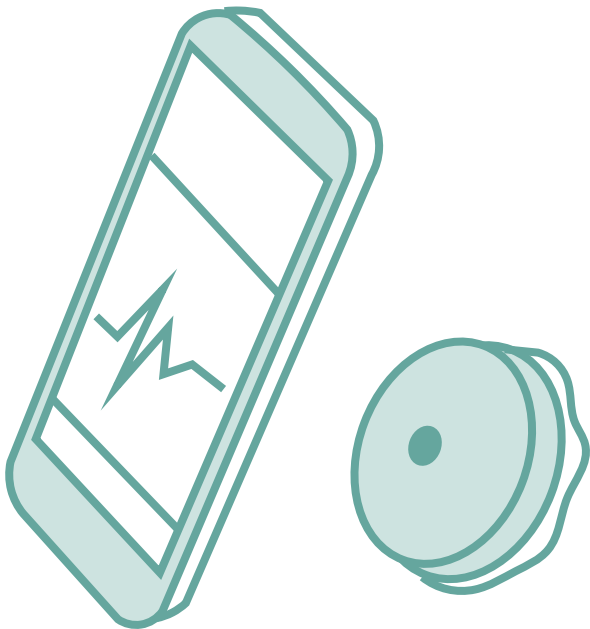
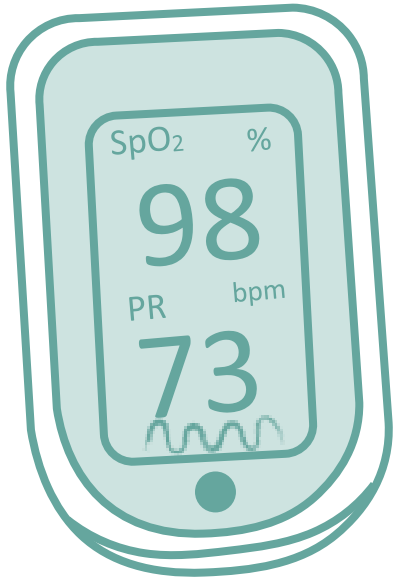
2.2 Green Products

Security and fire prevention chip



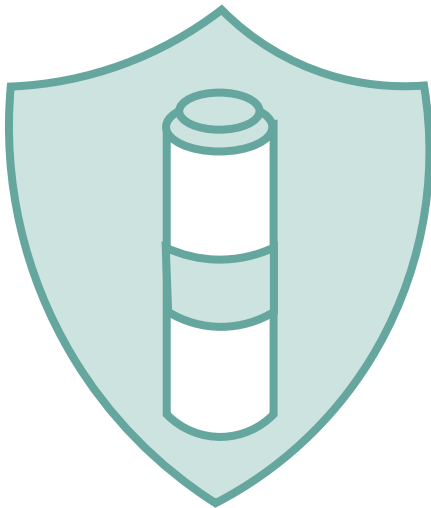
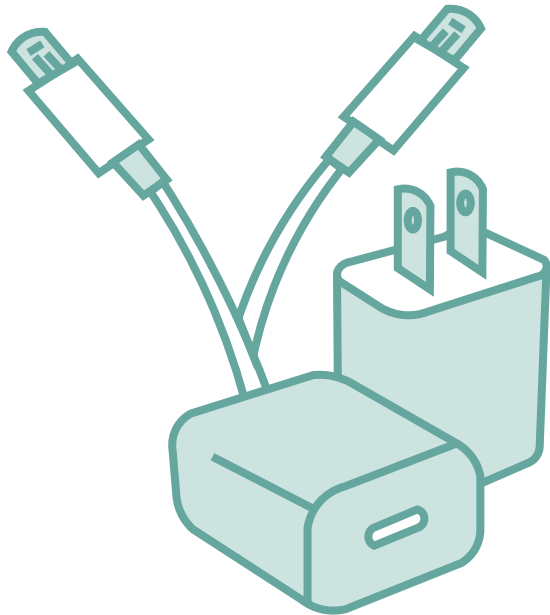
Classification of chip application solutions	Independent and networked smoke detection products	Carbon monoxide/gas detection products
Product features	- The smoke detection MCU developed by Holtek is mainly used for smoke detection. During the initial stage of a fire, the MCU, through built-in smoke detection technology, can send out sound and light alarms immediately when smoke is generated, and notify people to take appropriate measures. - Holtek’s smoke detection MCU is equipped with high-reliability smoke detection technology with low power consumption characteristics, which allows a battery life of up to ten years for smoke detection products. This is currently the most integrated smoke detection MCU on the market, and many customers use smoke detection products with Holtek’s chips. The chip has been certified by international fire agencies, and the total number of shipments exceeded 35 million in 2022.	- Combustion gas is commonly used in gas boilers and water heaters. Improper use may cause gas leakage or incomplete combustion, resulting in significant loss of life and property. - In view of this, among its security products, Holtek also developed a series of chips for carbon monoxide/gas detection. - This type of chip still has highly reliable gas detection capabilities even under severe changes in environmental temperature. In addition to immediately recording the time of the event when harmful gases are detected, the chip also produces an 85 dB high decibel voice alarm within a radius of 3 meters of the gas detection device.

Health measurement chip



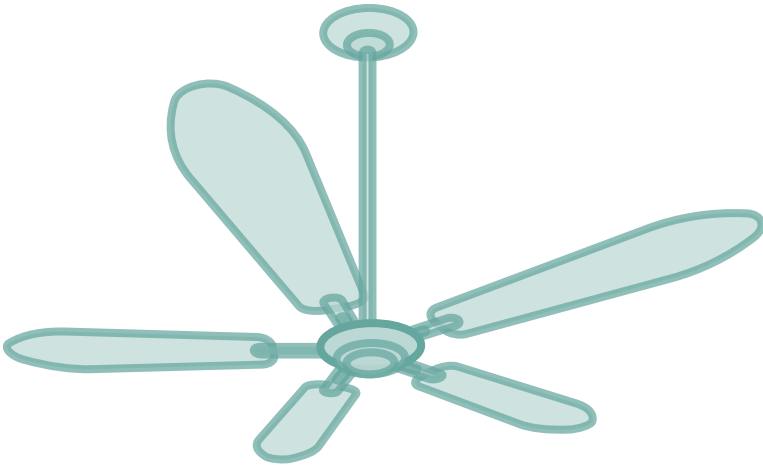
Classification of chip application solutions	HCT blood sugar meter	CGM blood sugar meter
Product features	- Holtek has been devoted to the field of health measurement for many years, and is leading the industry in the chip technology for blood sugar measurement. The HCT hematocrit/blood cell volume ratio blood sugar meter launched by the Company inherits the original high-precision blood sugar measurement, and adds the HCT calibration function to adjust the blood sugar measurement value. In addition to making blood sugar measurement more accurate, it can be used for a wider range of HCT measurements. - At the same time, Holtek’s HCT blood sugar meter can fully meet the latest international certification standards, and the total sales of the blood sugar measurement chip in 2022 reached more than 24 million.	- The continuous glucose monitoring (CGM) meter is a device attached to the skin, which can monitor the blood sugar at any time in a minimally invasive method, and transmit data through Bluetooth and other methods. - Compared with the general blood sugar meter, the CGM method can save test paper, reduce power consumption, and fully meet the requirements of green environmental protection. In addition, it can respond to blood sugar changes in a timely manner, and can better control the situation for people with diabetes. Therefore, major manufacturers are competing to launch related products. - Holtek has continuously invested in CGM related R&D, launched highly-integrated and low-power consumption CGM chips, and developed products for multiple customers.

Power management chip



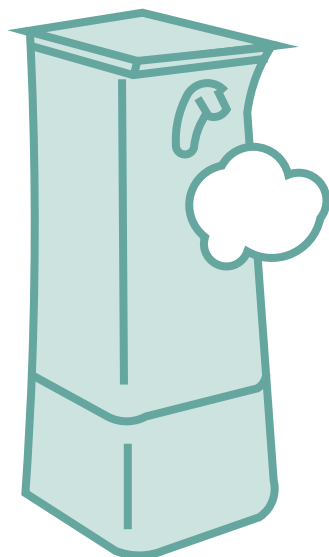
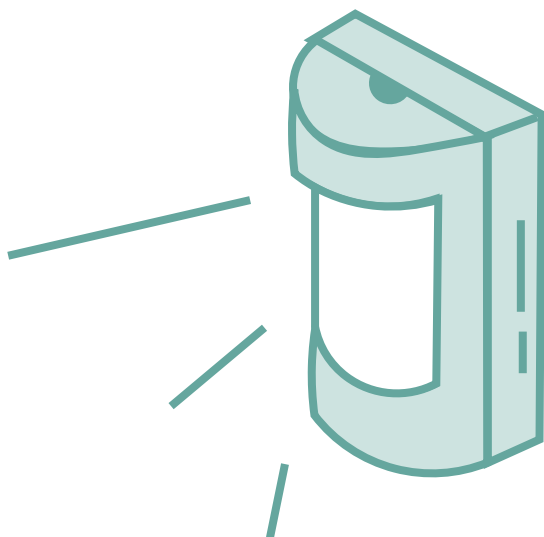
Classification of chip application solutions	Power Delivery fast charging products	Battery management system products
Product features	- The Power Delivery (PD) fast charging protocol is a protocol for fast charging built on the USB Type-C interface. At present, the EU and India have stipulated that after the end of 2024, the use of Type-C interface will be required for related products, so that products can exchange chargers with each other and reduce electronic waste. - In the past, major mobile phone manufacturers developed different protocols for the fast charging of mobile phones, which resulted in incompatibilities among different brands of phones. The PD fast charging protocol has become the protocol for fast charging required by the USB Association to be paired with the Type-C interface, and has been certified by the USB-IF to ensure compatibility. - Holtek’s PD fast charging MCU has passed the PD 3.0 certification, and will later obtain the PD 3.1 certification The use of chargers with the PD fast charging MCU developed by Holtek can further be expanded to the charging of laptops and reduce more electronic waste.	- The battery management system (BMS) is an essential core function of products that use lithium batteries as the power source. The BMS is responsible for monitoring the safety and managing the charging and discharging of lithium batteries to improve their efficiency and safety. - The BMS products developed by Holtek can monitor eight sets of lithium batteries at the same time, so that all eight sets of lithium batteries can be kept in a safe range of use, and different battery sets will not have different power levels after long-time use of the products. Holtek’s BMS MCU can manage and balance the power among different battery sets, ensuring that the battery level of each set remains equal and that the entire product’s lifespan is not limited to a single battery set with the lowest power, thereby extending the product’s endurance.

BLDC motor control chip



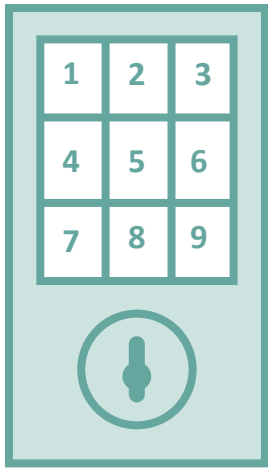
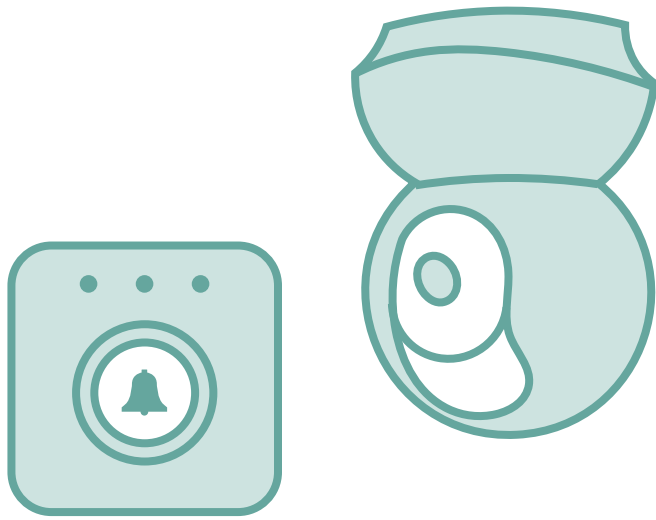
Classification of chip application solutions	Ceiling fan products	Gardening tool products
Product features	- Holtek’s BLDC MCU has passed UL/IEC 60730-1 Class B motor control software safety certification, as well as the overspeed function certification for ceiling fan products. The customer’s motor driver only needs to pass hardware certification, and software certification is no longer needed. - Holtek’s BLDC MCU has obtained the initial position detection (IPD) patent, and can accurately detect the initial position of the motor rotor without the need for additional hardware. - With the advantages above, customers can save a considerable amount of time and costs in development. In January 2023, the Bureau of Energy Efficiency (BEE) of India issued the mandatory star energy efficiency certification, which only BLDC motor products can pass; the traditional AC motor products are phased out year by year to effectively reduce carbon emissions. - Holtek’s BLDC MCU has been adopted by several indicative export manufacturers in Taiwan, and Indian manufacturers are in the process of introducing it.	- The power source of gardening tools has gradually shifted from engines to batteries, so electric gardening tools can achieve the effect of low noise and low air pollution to protect the environment. - Holtek’s BLDC Motor MCU has a hardware anti-electric force filter, allowing gardening tools to achieve stable output during startup and low rotation speed states. - Holtek’s gardening tool solution has been introduced into several large furniture production companies in China, and the output is stable.

Digital sensor



Classification of chip application solutions	Digital passive infrared detection sensor	Mini infrared proximity sensor
Product features	- Holtek’s digital passive infrared (PIR) sensor, which integrates the MCU and PIR sensor, is mainly used for the detection of human body movement; through the human body movement detection algorithm, it can accurately detect human body movement in the dark. - The PIR digital sensor can be paired with lenses with different detection ranges, with a detection distance of up to 10 meters, making it suitable for use in smart home appliances, security monitoring and other product fields.	- The infrared proximity sensor is widely used in electrical daily-life products. The emission and reception of infrared light can be used for the non-contact control of electronic products, such as intelligent water supply products and soap dispensers. - Holtek has developed a new type of mini infrared proximity sensor, which not only integrates infrared light emitting and receiving components, but also achieves the dual characteristics of miniaturization and energy conservation through reasonable MCU circuit configuration; it is particularly suitable for portable and small-volume electronic products.

32-bit Cortex M3/M0+ chip



Classification of chip application solutions	Smart home appliances	Smart door lock products
Product features	- Holtek has developed chips for smart home appliances, which are energy-saving, environment friendly, and user-friendly application solutions. User habits are recorded and learned through the built-in high-efficiency and low-power chip, which enters sleep mode during inactive periods to save over 95% of power consumption. - At the same time, the chips provide humanized services and can be controlled through mobile phones and intelligently adjusted according to different scenarios and user habits, thereby achieving energy saving and environmental protection, and allowing users to achieve their goals with higher efficiency.	- The 32-bit MCU chip developed by Holtek can be applied to smart door locks at home. Smart door locks utilizes Internet of Things (IoT) technology to achieve more intelligent management and higher security. The chip can be used to identify, record lock opening time, set lock opening permissions, and add encryption methods for communication to provide more secure services and effectively protect user safety. - Customers can use recognition methods such as fingerprints, near-field communication (NFC), Bluetooth, passwords or remote app commands to automatically unlock the door lock, providing a good user experience.

The long-term R&D and investment planning blueprint for the applications of Holtek’s MCU products in energy management and LED display that contribute to environmental cleanliness are as follows:

- 1. Define goals and requirements:** Clearly define the goals and requirements of the product. These include goals in energy saving, energy efficiency improvement, carbon emission reduction, energy monitoring enhancement, and renewable energy support.
- 2. Market research:** Conduct market research to understand the needs and trends of the target market. Understand the competitive situation, key participants, and potential cooperation opportunities in the field. At the same time, evaluate the potential value and competitive advantages of the product in the market.
- 3. Technology R&D:** Conduct product technology R&D. This may involve aspects such as hardware design, software development, sensor technology and communication protocols to ensure that the product has appropriate energy monitoring and management functions.
- 4. Partnerships:** Establish partnerships to obtain the necessary technical support and resources. Collaborate with energy management companies, LED lighting manufacturers, energy monitoring system suppliers, and others to jointly promote product development and application.
- 5. Testing and verification:** Test and verify the product to ensure that it meets the expected performance and functional requirements. Conduct on-site testing and verification in actual application scenarios.
- 6. Application promotion:** Carry out market promotion activities to promote the advantages and application value of the product. Collaborate with industry exhibitions, seminars, online platforms, and so on to promote the application of the product in fields such as energy management and LED display.
- 7. Continuous improvement and investment:** Continuously improve and optimize the product, and invest in the 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
2020	18
2021	23
2022	18

Patent certification statistics in the past three years

Year	Number of cases
2020	9
2021	19
2022	22

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

Year	Number of cases
2020	24
2021	6
2022	16

Trademark application and extension statistics in the past three years

Year	Number of applications	Number of extensions
2020	2	11
2021	9	4
2022	8	3

Copyright registration statistics in the past two years

Year	Number of registrations
2020	13
2021	6

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 2020 to 2022, there were 21 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 2022, three sessions were held, with a total of 39 participants and a total of 58.5 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 2022, three sessions were held, with a total of 102 participants and a total of 204 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 21 hours in 2022.
- 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 twenty 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 2022, we have regularly monitored 47 competitors and over 3,000 related patents, and produced patent monitoring reports and regularly provided them to our R&D units for reference.

Product
Responsibility | CH3

0 cases
In 2022, there were no customer complaints due to privacy infringements.

100 %
Delivery of green products compliant with RoHS and REACH without halogen to customers.

100 %
Not using conflict minerals for raw materials.

100 %
Major suppliers obtained ISO 14001 environmental management system certification.

100 %
Major suppliers obtained ISO 45001 occupational safety and health management system certification.

100 %
Suppliers obtained ISO 9001 Quality management system certification.

100 %
Customer satisfaction survey response rate.

3.1 Customer Service
3.2 Supply Chain Overview

3.3 Sustainable Supply Chain Management

3. Product Responsibility

Policies or commitments	Public link	Approving level	Stakeholder	How to implement policies or commitments
Quality policy, non-harmful substance process management policy	Policy link	President	Employees, customers, suppliers	Quality/non-harmful substance process management training held in 2022: 39 hours and 39 times in total.

1. The Company attaches great importance to product quality, and both our operational processes and product quality comply with ISO 9001 international standards. We also have established operating procedures such as the Customer Satisfaction Operating Standards, Customer Complaint Handling Standards, and Customer Return Handling Standards. Additionally, a customer service section has been set up on the Company’s website to quickly resolve and handle customer complaints.

2. In order to comply with international standards, the Company strictly adheres to relevant safety, environmental protection, and labor protection regulations in R&D, procurement and production processes to ensure that the products delivered by the Company comply with regulations to safeguard the rights and interests of customers.

3. The Company’s products comply with international environmental regulations and the requirements of EU RoHS and REACH. At the same time, there product packaging is clearly labelled to ensure that the products do not contain harmful substances that harm human health.
- Achieved

Not achieved

Material topics	Goals for 2022	Actual performance in 2022	Goals for 2023	Mid-term goals	Long-term goals
Customer service management	Customer satisfaction survey response rate: 90%.	Customer satisfaction survey response rate: 100%	Customer satisfaction survey response rate: 100%	Achieves the goal of the customer satisfaction survey response rate.	Achieves the goal of the customer satisfaction survey response rate.
Sustainable supply chain management	Complete 50% of supplier on-site or video audits.	Completed 59% of supplier video audits. (due to the ongoing impact of COVID-19 pandemic, it was not possible to conduct on-site audits).	Complete 70% of major supplier on-site or video audits.	Improve the supplier on-site or video audit rate.	Understand customer expectations and emphasize international environmental requirements to all suppliers.
	100% of the products delivered to customers are green products compliant with RoHS and REACH without halogen.	100% of the products delivered to customers are green products compliant with RoHS and REACH without halogen.	100% of the products delivered to customers are green products compliant with RoHS and REACH without halogen.	Continue to meet the requirements of green products compliant with RoHS and REACH without halogen.	Continuously pay attention to domestic and international environmental protection issues and requirements, respond to and meet international requirements, and jointly emphasize international environmental protection requirements with suppliers.
	100% of major suppliers obtained ISO 14001 environmental management system certification.	100% of major suppliers obtained ISO 14001 environmental management system certification.	100% of major suppliers obtained ISO 14001 environmental management system certification.	In addition to ISO 14001 environmental management system certification, new major suppliers also need to obtain it.	Continuously pay attention to domestic and international environmental protection issues and requirements, respond to and meet international requirements, and jointly emphasize international environmental protection requirements with suppliers.
	100% of major suppliers obtained ISO 45001 occupational safety and health management system certification.	100% of major suppliers obtained ISO 45001 occupational safety and health management system certification.	100% of major suppliers obtained ISO 45001 occupational safety and health management system certification.	In addition to ISO 45001 occupational safety and health management system, new major suppliers also need to obtain it.	Continuously pay attention to domestic and international safety and health issues and requirements, respond to and meet international requirements, and jointly emphasize international safety and health requirements to suppliers.

* Major suppliers refer to suppliers whose outsourced manufacturing volume reaches more than 5% of the total.

3.1 Customer Service

Customer feedback and suggestions

- Holtek adheres to a customer-oriented service spirit, and regularly conducts customer satisfaction surveys in January every year. The overall average satisfaction score for 2022 was 4.23 points (maximum 5 points). This time, the Quality System Section sent out 51 questionnaires, and collected 51 questionnaires. The effective collection rate was 100%, which was higher than the 90% last year.
- Holtek regularly reviews and analyzes customer satisfaction and plans action strategies. In 2022, customers or agents put forward a total of 23 opinions, focusing on the three items of service, delivery time and new product development. Holtek will continue its efforts to make improvements, so as to provide more high-quality services and win customer recognition.

Type	Number of questionnaires issued	Number of questionnaires collected	Collection rate	Customer satisfaction in 2022 (maximum five points)	Customer satisfaction in 2021 (maximum five points)
Customer/agent	51	51	100%	4.23	4.13

Protection of customer privacy

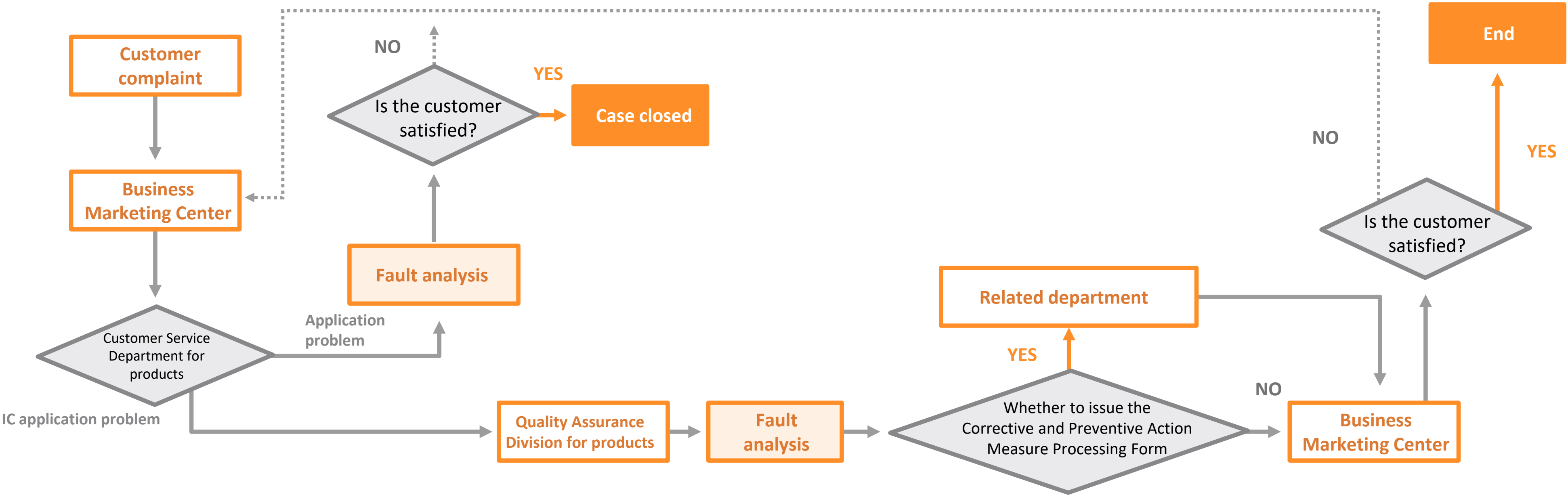
1. Regarding the information about the Company itself or its suppliers/customers, unless authorized or legally required to be disclosed, directors and managers should bear a confidentiality obligation. Confidential information includes all non-public information that may be exploited or leaked by competitors and may harm the Company or customers.
2. When collaborating with customers to develop plans or signing confidentiality contracts, the Company shall uphold the spirit of cooperation agreed upon by both parties, ensure compliance with customer requirements, keep confidential the mechanisms and business secrets of both parties' cooperation, and fully implement the management and execution.
3. The Company has formulated its Ethical Corporate Management Best Practice Principles, and established a Legal and Intellectual Property Rights Division responsible for formulating and implementing procedures for the management, preservation and confidentiality of company trade secrets, in order to ensure the continuous effectiveness of the operational procedures. At the same time, the Company also explicitly stipulates that all employees shall strictly abide by the relevant regulations on business secrets and may not disclose any information known. Personnel of the Company shall strictly abide by the relevant regulations on business secrets.
4. The Company has established a strict access control and monitoring system to continuously monitor and manage the entry and exit of personnel and vehicles.
5. In 2022, there were customer complaints due to privacy infringement.



Analysis and statistics of customer returned goods (FAE)

Year	2020	2021	2022
Number of cases	242	171	123

Customer complaint handling

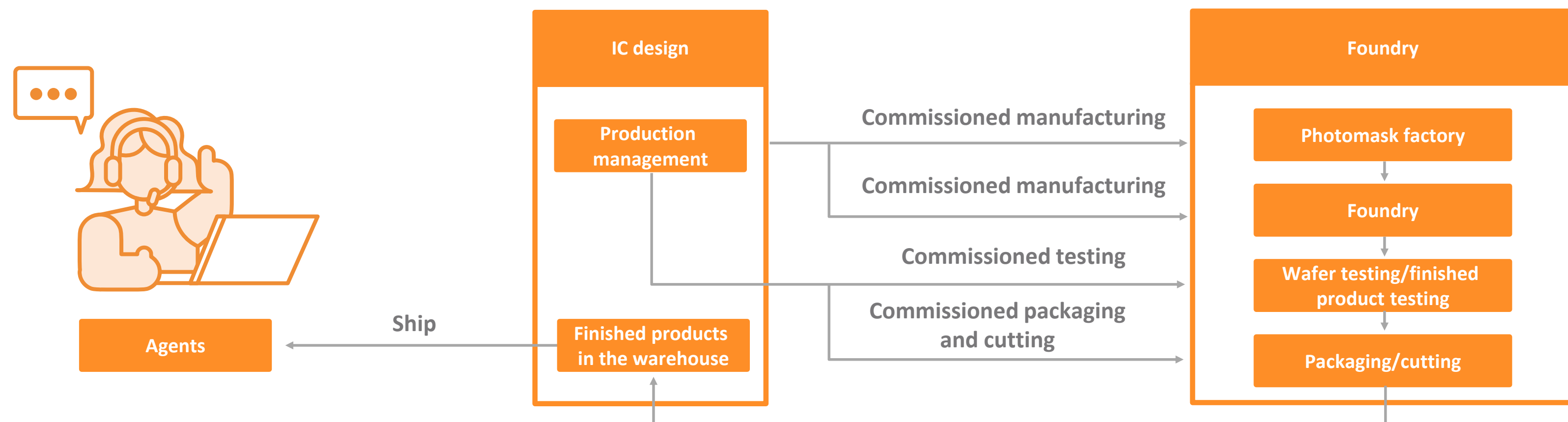


▲ Customer complaint handling flowchart

3.2 Supply Chain Overview

3.2 Supply Chain Overview

- In order to meet the needs of customers, improve competitive advantages and achieve the goal of enterprise operations, Holtek strives to integrate agents, suppliers and customers to pursue the minimization of the overall cost of the supply chain system through design, planning, implementation and monitoring, in order to achieve the goal of enterprise operations. Before establishing business relationships with others, the Company shall first understand the legality, ethical corporate management policies and records of any unethical behavior of agents, suppliers, customers or other business partners to ensure that their business operations are fair and transparent, and that they will not request, provide, or accept bribes.



▲ Supply chain flowchart

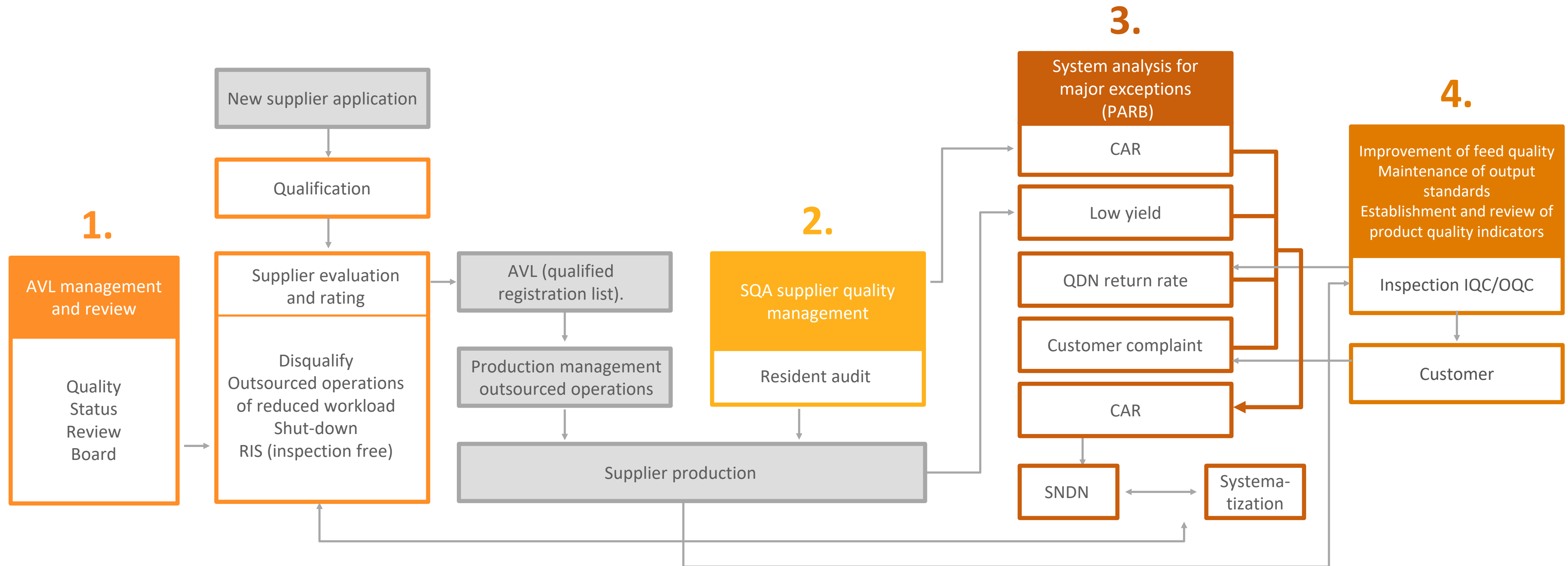
Supplier relationship

- The major suppliers of the Company are all well-known domestic and foreign manufacturers with good credit, and the Company has established long-term cooperative relationships with them.
- The Company focuses on whether suppliers themselves comply with international environmental regulations and labor safety and health standards, and is committed to establishing a green supply chain.
 - The Company cooperates with major suppliers to pass SGS or Intertek (third-party) social responsibility audits, and regularly holds meetings with suppliers to review materials that meet environmental regulations and promote labor health and safety management in factories.

3.3 Sustainable Supply Chain Management

New supplier evaluation and management policy

- To ensure that Holtek and suppliers work together to enhance corporate social responsibility, the Company implements new supplier evaluation and management in accordance with internal regulations, and promotes green environmental protection policies and requirements throughout the entire supply chain. In addition to meeting our supplier management policies to become qualified suppliers, suppliers are continuously requested to comply with green environmental protection regulations and promote the adoption of various environmental protection policies.

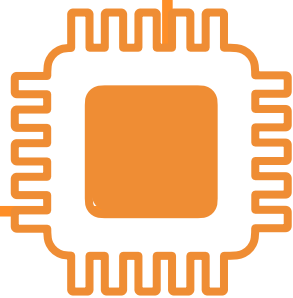


▲ Holtek's new supplier management flowchart. In this text, "new suppliers" 100% refer to "first tier foundries", rather than general procurement suppliers.

Matters to be executed	Execution content	Communication on the method
New supplier evaluation	Environmental management system	Has the supplier established an environmental management system?
	Environmental management requirements	Are there any environmental management requirements for material suppliers?
	Comply with the green and environmental protection requirements of Holtek	Meet the environmental management material standards of Holtek
	Comply with social standards	Has the supplier introduced the SA8000 social responsibility standard, or complied with the requirements related to social responsibility?
Existing supplier management	Dedicated organization and personnel	Establish a dedicated organization and personnel to ensure effective management of products in compliance with green environmental protection
	Prohibition of hazardous substances	According to RoHS/REACH, the use of environmentally hazardous substances is prohibited.
	Raw materials in compliance with hazardous substance specifications	Suppliers’ standards for inspecting components or materials also require proof of absence of harmful substances in accordance with Holtek’s requirements.
	Written agreement on hazardous substances	At least a written agreement is required with the main supplier to prohibit the use of environmentally harmful substances.
	Regular submission of hazardous substance inspection report	Suppliers must regularly submit reports on harmful substance testing conducted by third parties on packaging/packaging materials.
	Regular provision of CSR related certificates	Suppliers must regularly provide ISO 9001, ISO 14001, QC 080000, ISO 45001, or other relevant environmental and corporate social responsibility certificates (GRI Report)
	Supply of guarantee letter for conflict minerals	Suppliers must provide a No Conflict Metal Guarantee Letter that they do not use materials from conflict areas, in order to prove that the metals used in their products do not come from areas controlled by anarchist forces or illegal warlords.

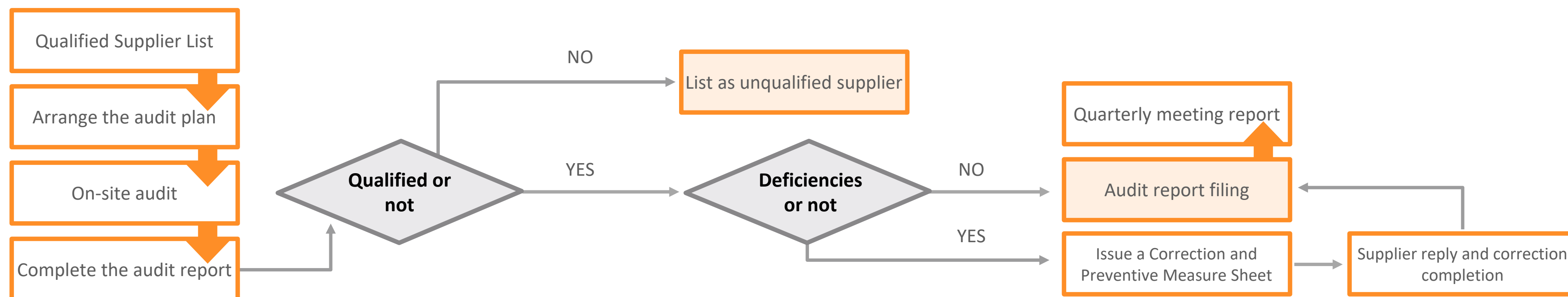
New supplier review operations

Operation unit	Operation process	Operation description	Operation forms	
Production Management Department	<pre>graph TD; A[Request/supplier provision of related information] --> B[Look for relevant suppliers]; B --> C{Review the information}; C -- NO --> B; C -- YES --> D[New supplier review operations]; D --> E[Supplier approval]; E --> F[Qualified supplier registration];</pre>	Based on consideration of the cost or delivery capacity of manufacturers, seek a second source to facilitate procurement allocation and price negotiation. Vendor background confirmation (company profile): The chemical substance control within the vendor must comply with RoHS regulatory requirements.	Request form: Obtain basic information of the vendor	1. Basic information of the supplier 2. Quality management system certificate 3. Guarantee for not using harmful substances 4. SGS analysis report; SDS safety data sheet 5. Checklist - buy & sell items
Quality Assurance Division Production Management Department		Main raw material suppliers need to have ISO certification.	Suppliers Review the information	(information on items 3, 4 and 5 in the table above must be provided, otherwise the supplier cannot not become a qualified supplier of Holtek)
Quality Assurance Division Production Management Department		Joint evaluation by the Quality Assurance Department and Production Management Department	1. Fab/packaging/cutting/testing/buy & sell: Outsourced Vendor On-site Review Confirmation Form 2. Packaging/cutting/testing: Obtain Qual-run Report. Those who pass the pilot run will adjust and improve the yield based on the trial production yield of multiple batches, and decide whether to release for formal mass production. 3. Packaging: Reliability report x 1	
Quality Assurance Division Production Management Department		Joint decision by the Quality Assurance Department and Production Management Department	Qualified Supplier Recognition Notice	
Quality Assurance Division		Must be announced to the relevant units	Qualified supplier list	
Quality Assurance Division Production Management Department		The ICP inspection report must be updated annually by the supplier.	1. Quality Record 2. Qualified Supplier List	3. New Supplier Audit Form 4. The supplier reviews related materials.



3.3 Sustainable Supply Chain Management

Qualified Supplier Audit Process



Supplier Risk Assessment

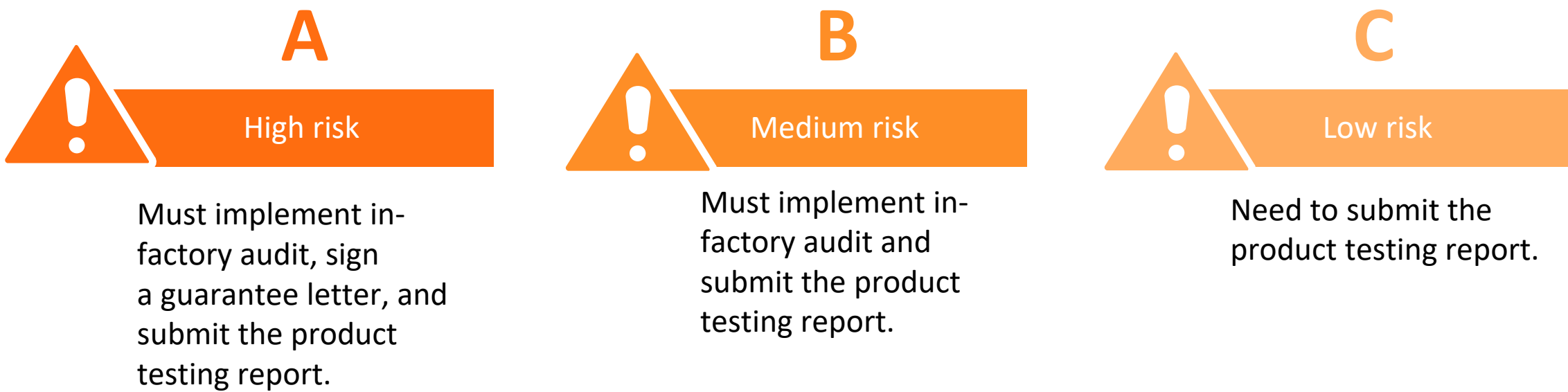
The risk assessment of Holtek Semiconductor on suppliers is based on the three aspects of quality, environment and hazardous substances:

1. Quality aspect: The priority is on quality management; all suppliers are required to pass ISO 9001 quality certification, and those related to the automotive supply chain must pass IATF 16949 certification to meet the quality needs of customers.
2. Environmental aspect: Suppliers are required and urged that their main raw material suppliers must pass ISO 14001 environmental certification, and implement the friendly environment policy.
3. Safety and health aspect: Suppliers are required to start evaluation and implement the safety and health management system on their own.
4. Hazardous substance aspect: All suppliers must comply with Holtek's hazardous substance requirements. In addition, we differentiate this aspect into three different risk categories of high, medium and low for different supplier management methods. There are stricter management requirements for high-risk suppliers to ensure that Holtek's products can meet customer and international regulatory requirements.

Holtek's supplier management policy and regulation implementation

1. Develop supplier management rules that require suppliers to comply with Holtek's requirements for quality, environmental protection and occupational safety and health.
 - (1) Quality: Require suppliers to meet all quality indicators and meet all audit requirements.
 - (2) Environmental protection: In addition to requiring suppliers to meet the requirements of international environmental standards, the supplier's main raw material suppliers must also comply with the requirements of international environmental standards.
 - (3) Occupational safety and health: Guide suppliers to meet the requirements of international standards, and further understand whether they have been punished by the competent authorities for violating local occupational safety and health laws and regulations in the past three years, so as to ensure the effectiveness of management.

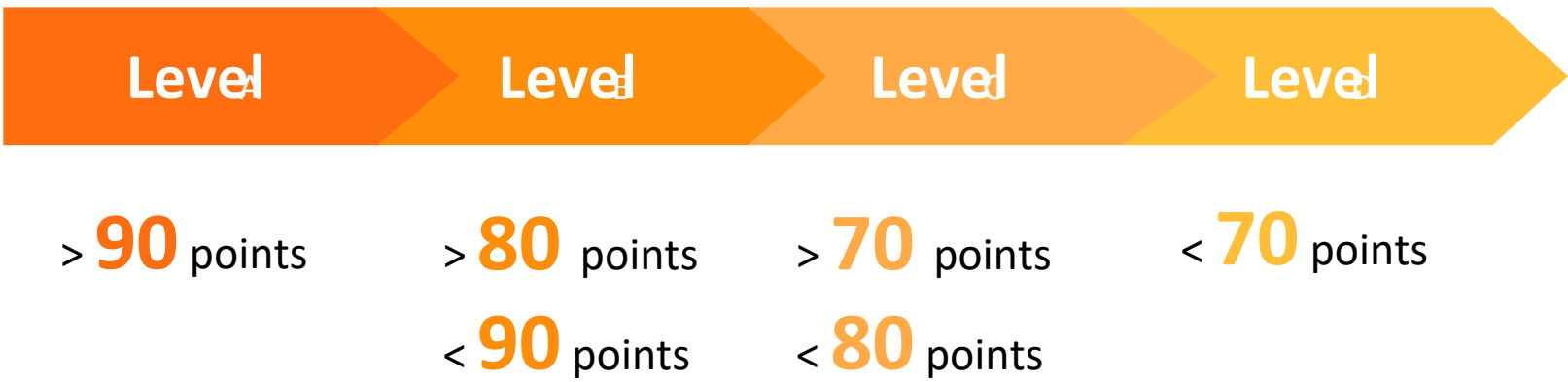
2. Regularly require suppliers to conduct self-assessment, and Holtek will then conduct supplier audit based on the self-assessment results. Classify the risk levels of suppliers into A, B and C:



3. Based on a win-win strategy, consider suppliers as close partners for benign interaction and communication to improve their shortcomings, leverage their strengths, and expand them to all suppliers horizontally.
4. Regularly implement training, communication, and advocacy to suppliers through the system or on-site visits, and inform them of Holtek’s new requirements in response to international regulatory changes, in order to gain benefits from both teaching and learning. Provide counseling if necessary to meet the requirements of Holtek.
- (1) Major requirements: Hold supplier conferences and invite suppliers to the Company for training to achieve the best interaction between both parties.
 - (2) Regular requirements: Send out the Company’s new requirements through the system and ask suppliers to conduct internal training according to the new requirements.
 - (3) Suppliers made major mistakes: The Company will assign personnel to the suppliers for special guidance.

5. Regularly evaluate the performance of suppliers’ product quality, delivery time, service and management system indicators on a quarterly basis, in order to serve as a reference for sustainable cooperation between both parties.
- (1) Quality performance indicator: Production yield and inspection yield.
 - (2) Delivery performance indicator: Delivery time accuracy.
 - (3) Service performance indicator: Demand compliance, complaint handling, and processing unit price.
 - (4) Management system performance indicators: ISO 9001, ISO 14001, ISO 45001, QC 080000, and IATF 16949.
 - (5) The evaluation results are divided into the four levels of A (more than 90 points), B (more than 80 points but less than 90 points), C (more than 70 points but less than 80 points), and D (less than 70 points).

<Evaluation of the performance of various indicators of suppliers>



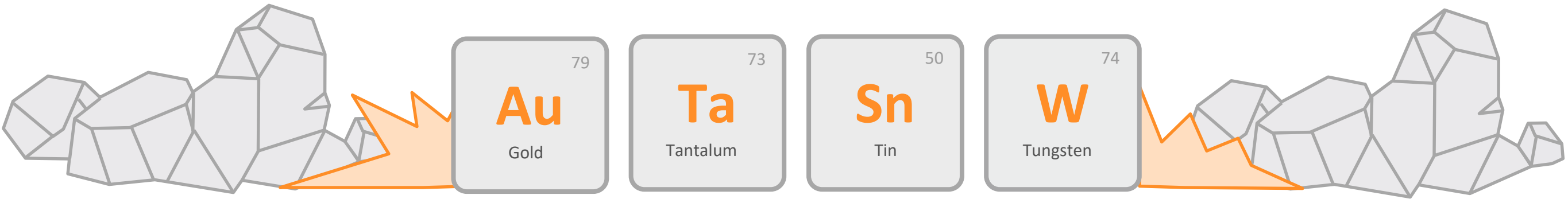
Supply Chain Audit

- Because Holtek attaches great importance to quality, it actively carried out on-site audit of suppliers in the past year. However, due to the global outbreak of COVID-19, on-site audits could not be carried out, and audits could only be carried out by means of video or document review. Ten suppliers were audited by video, including three on quality only and seven on quality plus HSF, and six suppliers were audited by document review. The Company will continue striving to increase the rate of on-site or video audits to ensure that supplier quality meets the requirements.
- The professional auditors of Holtek are responsible for planning and executing on-site audit operations at the factory. In addition to basic quality document review, the audit of the production site is particularly important to monitor the production process to meet Holtek’s requirements for high-quality products. In response to deficiencies found in the audits, the Company strictly implements confirmation of the improved results to ensure elimination of potential quality risks.
- In addition to arranging on-site quality audits, there is also an on-site audit of the hazardous substances (HSF) management system. For packaging plants with high risks in the later stages of the supply chain, the same rigorous approach as the quality audit is also adopted. Evaluation questionnaires are used to audit and confirm execution records item by item to ensure compliance with Holtek’s requirements for green and environment friendly products.

Statistical interval	Video audit done Number of suppliers	Major location	Evaluation method	Number of video audits	Video audit results
2022/1/1 - 2022/12/31	10 companies	Taiwan/China	Supplier evaluation scores and deficiencies	3 companies (on quality only) 7 companies (on quality plus HSF)	Identified deficiencies have been confirmed improved, and all have passed Holtek’s quality audit.

Conflict Mineral Policy

- As a good corporate citizen and based on the principle of corporate social responsibility and respect for international human rights, Holtek hereby declares the following regarding metals and minerals derived from armed conflicts, illegal mining, or poor working environments (hereinafter referred to as “conflict minerals”):
Holtek will take relevant measures to avoid the use of such conflict minerals in its products. Suppliers are required to conduct a detailed investigation into whether the mineral sources of metals such as gold (Au), tantalum (Ta), tin (Sn) and tungsten (W) in their products come from the Democratic Republic of Congo, and if necessary, suppliers may be required to provide information obtained from the investigation. The Company will continue paying attention to the issue of conflict minerals in order to reduce the impact of the mineral issue.



Environmental sustainability | CH4



108,843 ^{kW} /year

Cumulative power saving

The cumulative annual power saving from 100% office area redecoration is approximately 108,843 kW/year

0 cases

Safety and health incidents

There were no fines or major incidents in 2022.

207 %

Environmental safety and health training

The total training time in 2022 was 1,381.5 hours, an increase of 207% from 666.25 hours in 2021.

0 cases

Occupational disasters

There were no occupational disasters in the workplace in 2022 (including employees and contractors).

0 cases

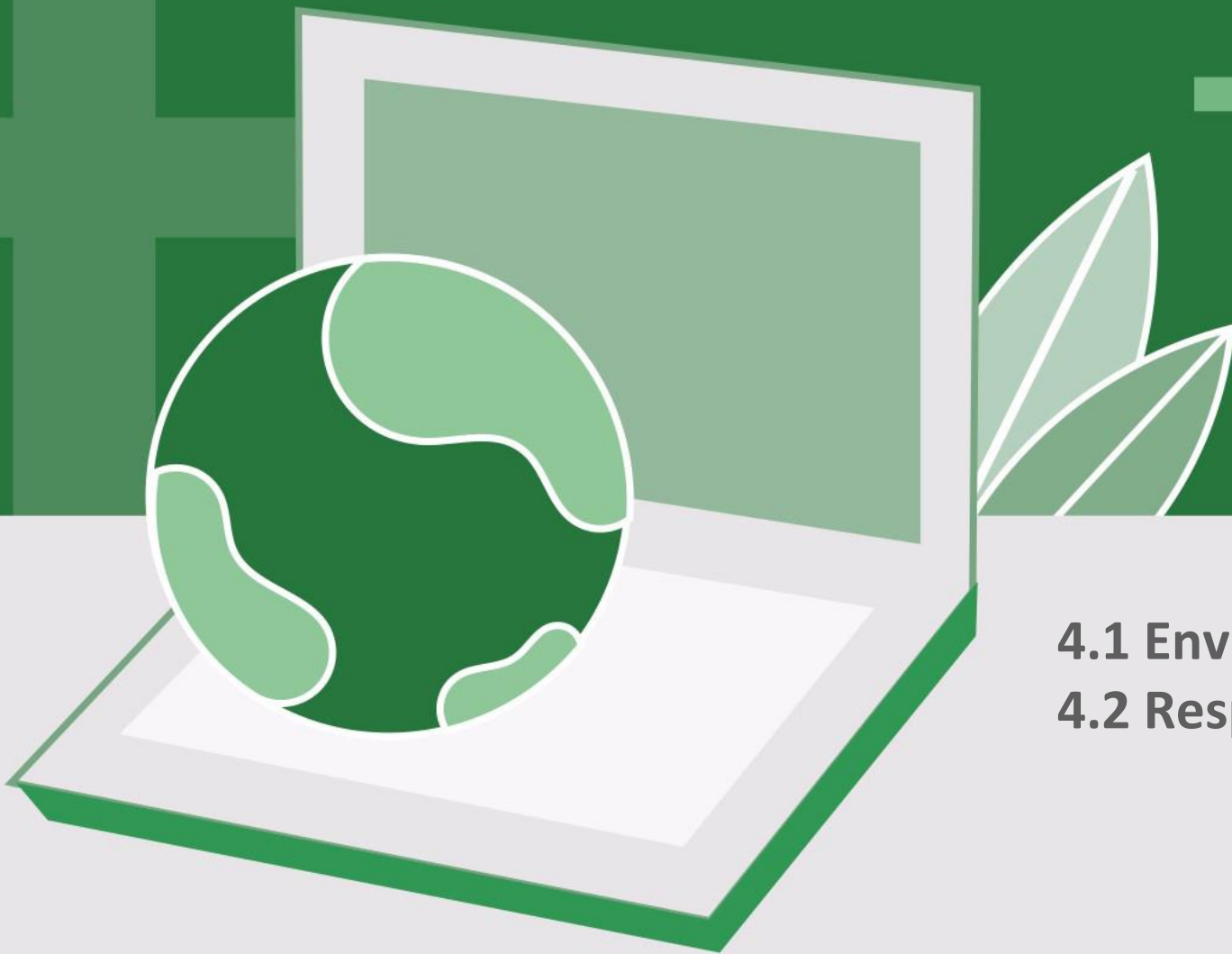
Environmental protection incidents

There were no environmental protection incidents or fines in 2022.

ISO 14001 /
ISO 45001

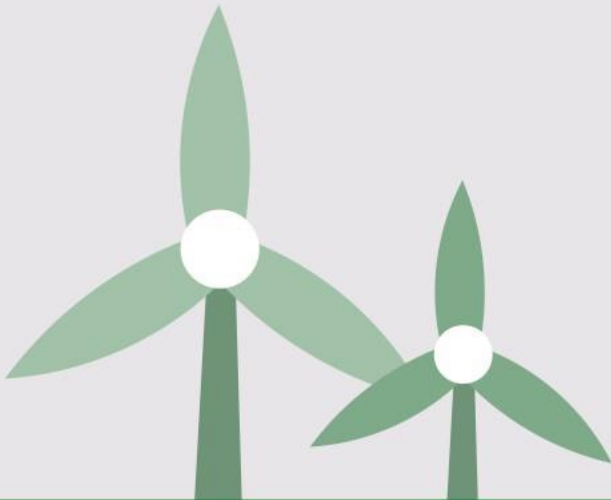
ISO management system

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



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

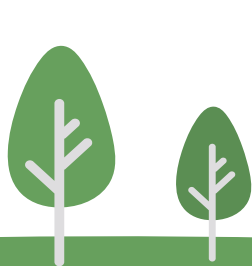
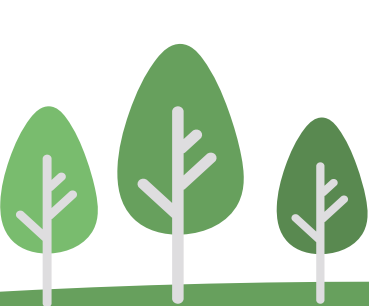
4.3 Energy and Greenhouse Gas Reduction
4.4 Waste Management



4. Environmental sustainability

● Achieved ◉ Partially achieved ○ Not achieved

Material topics	Goals for 2022	Actual performance in 2022	Goals for 2023	Mid-term goals	Long-term goals
Workplace 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.	● 88.6% 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	Continuous improvement of lighting energy efficiency in office areas by over 90%.	● Over 95% achievement in improvement of lighting energy efficiency in office areas.	Establishment of greenhouse gas inventory architecture.	External ISO 14064-1 certification. Promoting energy-saving measures based on relevant plans of the Energy Bureau and Episil Technology Inc.	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 108,843 kW/year	Compliance with Episil Technology to improve various energy-saving monitoring equipment and measures.		
Non-material topics	Regular recycling and disposal of scrapped ICs (at least once a year).	● Recycled scrapped ICs 3 times in total.	Regular recycling of scrapped ICs (at least once a year).	Continuous management of waste disposal.	Continuously paying attention to domestic and international environmental protection issues and requirements, and responding to and meeting government agency requirements.
	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.	◉ Negotiations have been completed with group catering vendors in 2022. In response to the COVID-19 pandemic situation, we will wait after the end of the pandemic alert to introduce the plan	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.		



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	Policy link	President	Employees, customers, suppliers	Safety and health training in 2022: 113.75 hours and 78 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	Environmental 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.	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

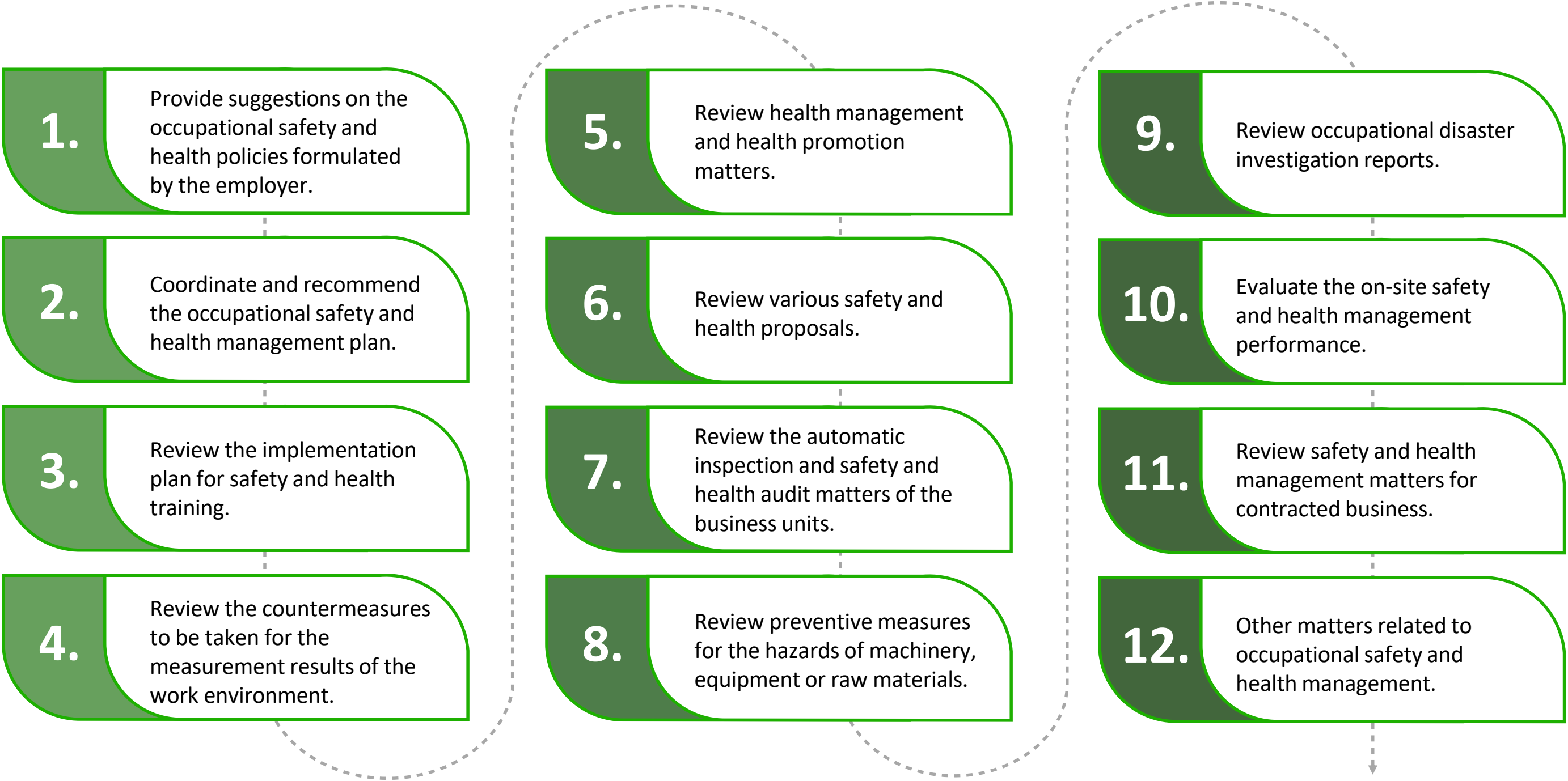


ISO 14001 environmental management system

- 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 2022, a total of five proposals were implemented and four tasks were completed, with one task continuing until the next 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.



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



Hazard Identification, Risk Assessment and Accident Investigation

- 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.
- Based on a comprehensive analysis, the top three risks in 2022 included the health crisis caused by the COVID-19 pandemic; please refer to 5.6 COVID-19 Pandemic Prevention Measures. The second is commuting and road traffic accidents. By promoting the concept of defensive driving and inviting external lecturers, we aim to enhance the employees' awareness of road rights and traffic regulations and enhance their awareness of traffic safety. The third is human-induced hazards of musculoskeletal disorders; please refer to the description of the human hazard prevention plan.

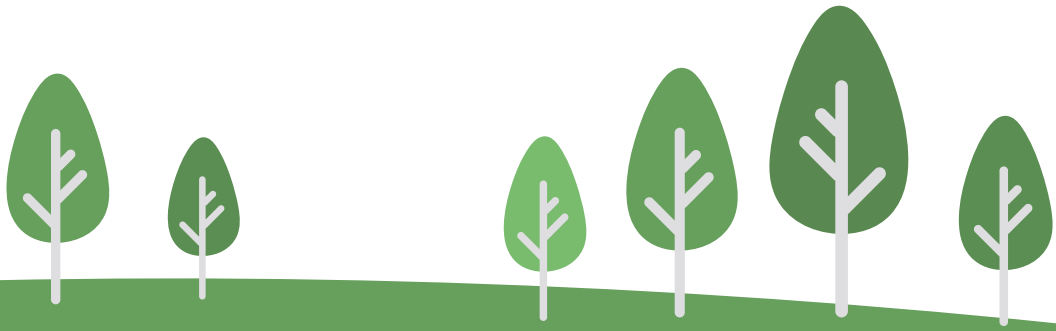
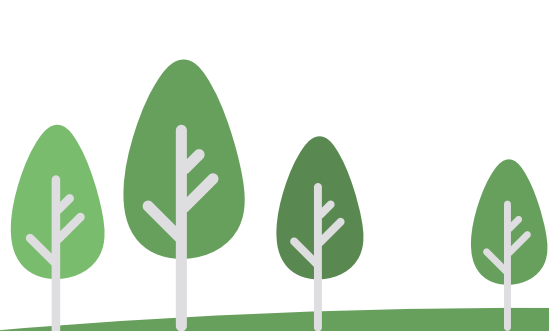
- In 2022, there were no occupational disasters in the workplace (including employees and contractors) and no confirmed occupational diseases determined by professional medical doctors.
- The number of traffic accidents in 2022 was higher than that in 2021. The analysis shows that the categories of traffic accidents over the years can be mainly divided into the following four categories:
 1. Incomplete concept of defensive driving among employees.
 2. Weather and traffic environment factors.
 3. Failure to pay attention to the conditions in front of the vehicle.
 4. Other road users drive illegally.



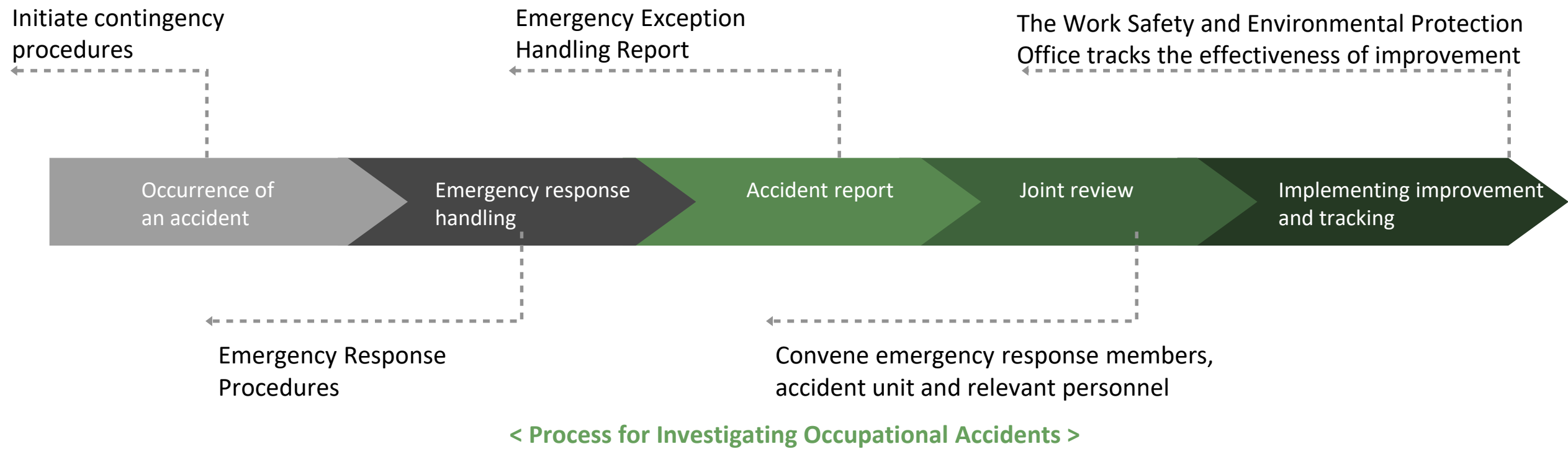
- The Hsinchu Science Park and adjacent Hsinchu County and City areas have peak road usage during commuting hours, and the overall driving distance is short and the speed is fast. Even if the main responsibility for traffic accidents does not belong to Holtek employees, in order to enhance the concept of defensive driving among employees, the Occupational Safety and Health Committee conducts investigations and reports on occupational disasters every quarter (according to the Emergency Response Procedures and Occupational Disaster Notification Form) and assists the occupational disaster unit in reviewing, improving, and analyzing the direct, indirect, and fundamental causes of disasters.
- Traffic safety is regularly promoted, including traffic safety regulations, traffic accident rates in Hsinchu Science Park, defensive driving principles, and promotion on driving safety precautions and long holiday traffic safety, in a hope to increase employees' vigilance and reduce the traffic accident rate.

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
Year	2020	2021	2022	2022				
Workplace	0	0	0	0	—	—	—	—
Traffic accident	4	3	5	0	45	5.68	51	0.539

Note 1. Disabling injury frequency rate = (total number of times of injury loss per person × 10⁶) ÷ total work hours | Note 2. Disabling injury severity rate = (total number of days of injury loss × 10⁶) ÷ total work hours
Note 3. Total injury index = √ (disabling injury frequency rate × disabling injury severity rate) ÷ 1000
Note 2. Only Holtek employees are counted in traffic accidents.



- To respond to emergencies or unexpected events, the Company has established the Emergency Response Procedures to take appropriate response measures. When the handling of an emergency accident has been completed, the unit where the accident occurred shall fill out the Emergency Exception Handling Report. If a person experiences an occupational disaster, a colleague in the unit where it occurred shall fill out the Occupational Disaster Notification Form. The Work Safety and Environmental Protection Office shall track, review, analyze and investigate the occupational disaster and convene emergency handling members, the unit where the accident occurred and relevant personnel to prevent similar accidents from happening again and to minimize losses. If there are modifications to relevant procedures or documents, promotion and education shall be carried out in accordance with the Training Implementation Standards.
- In addition to the above, the Company’s occupational safety and health management regulations stipulate that when there is an immediate danger in the workplace, employees may stop working and retreat to a safe place without endangering the safety of other workers, and immediately report to the on-site supervisor. The Company will not impose adverse sanctions for the above.
- A total of 0 false alarm incidents occurred in 2022.



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



Company entrances and exits

Access control measures, employee identification cards, visitor/contractor passes and registration, 24-hour security checkpoints and other measures to prevent unauthorized individuals from entering and leaving the Company.

High risk locations

Security equipment has been installed, such as fire alarm systems and 24-hour closed circuit monitoring devices, and is regularly maintained.

Warehouse areas

Unused doors are locked or access control systems are used to prevent external personnel from entering and to reduce potential risks.



4.1 Environmental and Occupational Safety and Health

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

Work environment	Drinking water	In order to maintain the hygiene and health of employees’ drinking water, vendors are commissioned to conduct quarterly sampling tests of drinking water machines for coliform bacteria (all in compliance with standards), and regular office cleaning and disinfection are carried out to ensure a safe and comfortable working environment.
	Laboratories and computer rooms	The noise in the areas is regularly checked to ensure compliance with regulatory requirements. (The Company does not have a statutory noisy work environment and personnel)
Fire management	Firefighting equipment	Professional firefighting vendors are regularly entrusted to maintain firefighting equipment (fire alarms, fire extinguishers, etc.) and dedicated personnel is assigned to regularly check the equipment and make records.
	Fire training	Fire training and emergency evacuation drills are regularly organized every year to promote awareness of the responsibility for prevention among all personnel.
Contractor management	Pre-assignments	Including construction application, hazard notification, and negotiation and organization meetings; each contractor who enters the Company for work must take Holtek’s safety and health lectures and obtain a work safety training certificate.
	Training	Each contractor who enters the Company for work must take Holtek’s safety and health lectures and obtain a work safety training certificate. In response to the environmental disinfection due to the pandemic, promotion of and notes on cleaning supplies are provided to cleaning personnel. Once a year, waste classification lectures and tests are conducted for the cleaning personnel to ensure work safety and enhance awareness.
	Work under construction	If there are any high-risk operations, a permit should be applied for in accordance with the Dangerous Work Permit Regulations before the operations can be carried out. The contracting unit shall conduct regular inspections to avoid the occurrence of hazards.
	Other management issues	Major contractors are required to sign an occupational safety and health commitment letter to ensure that they comply with relevant safety and health regulations and obligations.
Others	Parking lots	Lighting that meets regulatory requirements is installed and the safety of employees is ensured through regular and designated patrols by security personnel.
	Elevators	In accordance with regulations, qualified elevator manufacturers are entrusted for maintenance on a monthly and quarterly basis, and inspections are conducted every six months in accordance with regulations.
	Restaurants	Cleaners regularly use alcohol to disinfect the environment, ensuring the safety and hygiene of the employees’ dining environment.
	Automatic warehousing	There is a fence in this area to control personnel entry and exit. Warehouse staff turn on and off the power at commuting time and lock up the area during maintenance to ensure work safety.



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

- 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 stage assessment result for 2022 was 5.3%. The Administrative Management Department selected high-risk groups based on the content of the Overload Scale and employee working hours and health examination data. High risk personnel were asked to fill out the Overload Assessment Questionnaire for the second stage assessment and on-site doctor interviews were arranged to provide medical advice and health guidance, and they continued to pay attention to the health of employees.

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.
- In 2022, employees with a pain index greater than 3 (accounting for 3.4% of all employees) 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. The overall proportion of employees without soreness has decreased. 14.7% of the employees believe that it is related to work; most of them say they have been sitting for a long time. In 2022, all office chairs were replaced to improve work comfort.
- 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.



Prevention plan for illegal infringements during the performance of duties

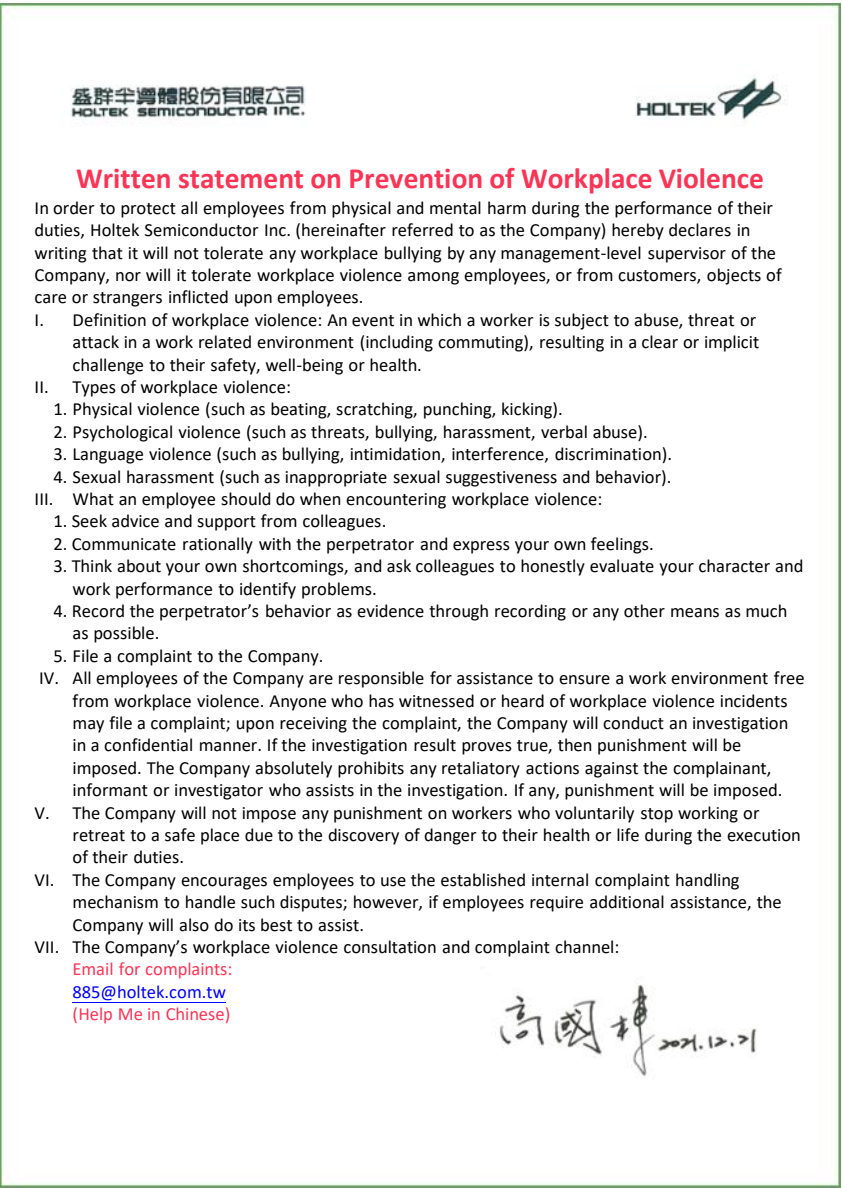
1. In accordance with Article 6 of the Occupational Safety and Health Act and the Company’s Measures for Handling Illegal Infringements in the Workplace, we have established a Prevention Plan For Illegal Infringements During The Performance Of Duties, which includes behavior construction, written statements 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.
2. No complaints were received in 2022.
3. 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.

General Hazard Knowledge Plan

1. 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.
2. In 2022, no new types of chemicals were added, and the results of all chemical hazard risk assessments showed low risk. Hazard labeling, lists, and disclosure of safety data sheets have been completed.
3. The use of chemicals by contractors shall be managed in accordance with the Contractors’ Safety, Health and Environmental Protection Management Guidelines.

Work Environment Monitoring Plan

1. The Company’s chemicals are mainly used for soft soldering operations for IC design. The amount of chemicals used is very small, and the operation time is short. However, in order to ensure that employees are free from the hazards of chemicals in the workplace, grasp the actual state of the workplace and assess its exposure, the Company established the Work Environment Monitoring Plan that includes relevant chemicals in the self-assessment items, and invited labor representatives to jointly confirm and execute the plan after it was completed.
2. The testing is entrusted to a professional monitoring institution for regular sampling, monitoring and analysis twice a year.
3. The monitoring results of the work environment in the past five years have all met regulatory requirements.



Written statement on Prevention of Workplace Violence

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

Environmental safety and health training

In order to enhance employees’ knowledge of work safety and health, regular environmental safety and health training is conducted. Courses include occupational safety and health training, emergency response, and fire prevention training for new and in-service employees, and personnel with professional certifications are sent to qualified training institutions for training. In 2022, employees participated in training more than 1,200 times, with a total training time of over 1,381.5 hours.

New employees

- 1. Reading and testing of the Safety and Health Regulations and Measures for Handling Illegal Infringements in the Workplace are completed within two weeks of arrival.
- 2. General safety and health training courses are provided according to the Occupational Safety and Health Act and its sub-laws.
- 3. The environmental protection course incorporates environmental sustainability issues and climate change to provide new employees with a basic understanding.
- 4. 156 times and 273 hours in total in 2022.

General safety and health on-the-job training

- 1. Core training courses are set up at the beginning of each year, and courses are designed based on the identification of hazards or occupational disasters in the previous year.
- 2. 473 times and 473 hours in total in 2022.

On the job training for handling or using hazardous chemicals

- 1. Chemical training courses are provided for colleagues who may enter the laboratory and relevant cases are collected for analysis and explanation.
- 2. 281 times and 281 hours in total in 2022.

The average overall satisfaction of new employees and emergency response is greater than 89 points. (maximum score of 100 points)

Policies or commitments	Public link	Approving level	Stakeholder
Quality policy, no harmful substance process management policy, environmental policy, and safety and health policy	Policy link	President	Employees, customers, suppliers

Occupational Safety and Health Committee

- 1. A training course is held every quarter to provide relevant regulations and explanations for key occupational safety and health activities of the quarter.
- 2. 37 times and 9.25 hours in total in 2022.

Emergency response

- 1. In order to improve personnel’s ability to respond to emergencies, emergency response training drills are regularly held every six months. If there are any changes in the on-site environment, relevant units are also requested to organize training courses to ensure effective and safe response to emergency situations.
- 2. 153 times and 197 hours in total in 2022.

Professional certification

- 1. Emergency personnel retraining: 5 persons and 15 hours in total in 2022.
- 2. Retraining for operators of stacker cranes with a load of more than one metric ton: 1 person and 3 hours in total in 2022.
- 3. Initial training for fire prevention managers: 1 person and 12 hours in total.
- 4. On-the-job training for nursing staff: 1 person and 3 hours in total in 2022.

Other related courses

- 1. Other environmental safety and health courses not listed above, such as the standard operating procedures: 129 times and 154.25 hours in total in 2022.

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	2021	2022	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	25	38	Sessions
	Number of environmental and occupational safety and health related training participants	418	1200	People
	Number of environmental and occupational safety and health related training hours	666.25	1381.5	Hours
	Compliance rate of safety and health certificate setting	100	100	%
	Automatic check deficiency rate	3	2	%
	Number of environmental safety and health regulation promotions	16	34	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	3	5	Sessions

Note 1: The statistical period for the achievement level of environmental safety and health goals and targets is from September 2021 to August 2022; 100% of the goals were completed before the deadline for the period from September 2022 to August 2023, and the rest were completed from January 2022 to December 2022.

4.2 Response to Climate Change

Holtek follows the Task Force on Climate-related Financial Disclosures (TCFD) and has established a risk structure based on the four core elements of “governance”, “strategy”, “risk management”, and “indicators and objectives” to identify significant risks and opportunities related to operations and propose relevant management actions and response strategies:

Governance



| Supervision of the board of directors and role of the management |

The Corporate Sustainable Development Committee, supervised by the board of directors, is the highest level organization of Holtek for climate change response. It holds regular working group meetings every year, with the president serving as the chair, and reports issues such as climate risks and energy efficiency assessments of the Company’s operating sites, as well as various environmental impact assessments and target setting in the supply chain. It regularly reports on the implementation status and results to the board of directors.

Risk Management



- | Climate change related risk processes, procedures and systems |**
- 1. Process of reviewing and evaluating climate risks.
 - 2. Procedures for managing climate related risks.
 - 3. Integrate climate related risks into the overall risk management system.

Strategy



- | Identification |**
Identify short, medium, and long-term climate related risks and opportunities.
- | Finance |**
Climate risks and opportunities, potential impacts on operations, strategies and finance.
- | Flexibility |**
Flexible strategies for different climate scenarios.

Metrics and Targets



- | 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 countermeasures are explained in the following table:

Risk		Description		
		Climate change risk identification	Potential operational and financial impact	Management measures for climate change risks
Transformation risks	Policy and Legal Risks	Greenhouse gas related regulations	In response to Taiwan’s greenhouse gas regulations, the Company must improve energy efficiency, and operating costs may increase due to potential carbon taxes and carbon emission trading systems.	Short-term goals: - Holtek is not a regulated entity under the Environmental Protection Agency’s announcement that “enterprises should inventory and record the emission sources of greenhouse gas emissions”. The Company continues to understand the trend of regulatory changes and is prepared to respond accordingly. Mid- and long-term goals: - Disclose Scope I and Scope II greenhouse gas emissions.
	Technology Risk	Low carbon technology transformation	Due to stricter environmental control plans, companies need to change their R&D, design or product use to meet customer or relevant legal requirements.	Short-term goals: - Continue developing low-power chips. Mid- and long-term goals: - Provide solutions that comply with all market product efficiency regulations and standards.
	Market Risk	Customer behavior change	With the changing market trends, customers require green product certification and other related environmental requirements. If we cannot meet customer requirements, it may lead to a decrease in the demand for goods and services.	Short-term goals: - Continue developing low-power chips. Mid- and long-term goals: - Provide solutions that comply with all market product efficiency regulations and standards.
	Reputation Risk	Customer preference transfer and increased feedback from stakeholders	High carbon emissions and low climate resilience may affect customers’ trust in the Company, damage the Company’s reputation, and further affect the Company’s revenue.	Introduce the TCFD framework to enhance climate related financial disclosure and communication with customers and stakeholders, and maintain the trust of customers and stakeholders in the Company.
Physical risks	Acute Risk	The government’s promotion of energy-saving policy.	The energy conservation regulations of the Energy Administration of the Bureau of Energy require that the average electricity savings from 2015 to 2024 be at least 1%.	Holtek follows regulations and policies, submits a plan for saving energy every year and implements it. It is expected that in the future, the annual electricity saving rate will reach 1%, in order to reduce carbon emissions from electricity consumption.
		Water shortage or electricity rationing will cause disruptions in the production supply chain, or shortages of raw materials.	If there is too little rainfall or a power shortage, it may affect the stability of the supply chain, resulting in customer complaints or increased operating costs.	In addition to the global layout of the supply chain, an emergency response team has been established to develop contingency and service level plans, review progress, and ensure that the highest operational goals can be fully maintained in the event of disasters or shocks.
		The increase in average temperature poses a risk of electricity rationing or power outage in operating locations.	The increase in average temperature increases the electricity cost of air conditioning in the computer room. If the power supply is interrupted, it will lead to the factory’s equipment to stop operating, which will disrupt the Company’s operations.	When power is interrupted, the server in the computer room is equipped with an uninterruptible power supply (UPS) system; emergency power generation devices are established to supply power, which can support power demand for several days.
	Chronic Risk	Changes in rainfall patterns and severe weather changes pose a risk of water rationing in operational sites	If the water supply is interrupted and the storage capacity cannot be supported, it will lead to the inability of important factory equipment to operate, which in turn will result in the inability of the computer room supporting R&D and design to operate.	The existing water storage capacity in the factory can support people’s water needs for more than three days. When the tap water supply is insufficient, a water truck is sent to carry water to replenish the water tank.
		Typhoon increases the frequency of rainstorm	If the scale of a typhoon or flood is large and the impact time is long, the factory equipment may be damaged and thus affect the normal operation of the Company.	For factory facilities, ensure the normal operation of underground pumping and take preventive 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.	• All water supply devices are equipped with frequency converters to stabilize water pressure, and all public restrooms are equipped with induction-type faucets. Products with the energy-saving mark are purchased to effectively control water consumption and reduce unnecessary water resource waste. • Facilities are designed so rainwater does not hit the ground to concentrate rainwater and reuse it for water that does not come into direct contact with the human body.
Energy Source	Policy incentives	Reduce operating costs.	When replacing equipment, comply with government subsidy policies and apply for relevant energy-saving subsidies.
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.	• Continue the R&D of white home appliances. • Collaborate with customers to reduce product energy consumption through innovative product design.
Market	Seeking new business opportunities	Comply with the green energy policies of every country to seek new business opportunities and increase business revenue.	The business direction of new products is mainly focused on energy, including two/three-wheel electric vehicle chargers, energy storage boxes, lithium battery chargers, and BLDC motor applications. Holtek aims to continue developing 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-order and 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:

1. 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.
2. 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. The energy-saving mode of water dispensers is activated.
3. 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.
4. Procurement management	Electrical equipment related to office and laboratory use with environmental protection and energy-saving marks will be prioritized for procurement.
5. 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 every year in accordance with the guidelines for greenhouse gas inventory and registration of the Environmental Protection Agency. The inventory types include seven gases, carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃), in order to fully grasp the current situation of greenhouse gas use and verify the reduction effects. At present, sources of greenhouse gas emissions that are not regulated by the Environmental Protection Agency need to be investigated and recorded.
- The greenhouse gas inventory plan has been launched and a greenhouse gas inventory promotion group has been established in 2022. The independent inventory results are as follows:

Item	Emission type	Emission source	Greenhouse gas type				Emission volume (tCO ₂ e/year)		
			CO ₂	CH ₄	N ₂ O	HFCs	2020	2021	2022
Scope I	Fugitive emission source	Septic tank		v			33.2801	35.0192	34.4658
	Fugitive emission source	Extinguisher	v				—	—	0.0000
	Fugitive emission source	Coolant				v	—	—	53.1125
Scope II	Indirect energy emissions	Purchased electricity	v				1329.39	1363.06	1435.0524

Greenhouse gas type	2020	2021	2022
Scope I	33.2801	35.0192	87.5783
Scope II	1,329.39	1363.06	1435.0524
CO ₂ Total emission volume (tCO ₂ e/year)	1362.6701	1398.0792	1522.6307
Annual revenue (NT\$ thousand)	4459541	6614774	6015968
Greenhouse gas emission intensity	0.00031	0.00021	0.00025

Note 1 The CO₂ emissions are calculated based on the Environmental Protection Agency’s Greenhouse Gas Emission Coefficient Management Table (version 6.0.4).

Note 2. The Company has started its own inventory in 2022, so 2022 is used as the base year. If there are any changes in operating boundaries, transfer of ownership and control of greenhouse gas sources or sinks to or from organizational boundaries, or changes in greenhouse gas quantification methods which result in significant changes in greenhouse gas emissions or elimination, the base year will be revised together.

Note 3. The purchased electricity in 2022 was that for various bases of the Company in Taiwan; before 2021, it was only that for Holtek’s headquarters.

Note 4. Greenhouse gas emission intensity: total CO₂ emission volume/annual revenue.

Note 5. The Scope II purchased electricity in this report quoted the electricity emission coefficient published by the Energy Bureau of the Ministry of Economic Affairs, which is 0.502 kgCO₂e/kWh for 2020; Prior to the deadline for the report (April 2023), the Energy Bureau of the Ministry of Economic Affairs did not announce the 2022 electricity emission coefficient; therefore, the 2022 electricity emission coefficient in this report is calculated based on 0.509 kgCO₂e/kWh in 2021, and will be reported in the next year’s revised ESG report.

- Among the emission sources owned or controlled within the Company’s organizational boundaries, the fugitive sources, including septic tanks, fire extinguishers, refrigerators, air conditioning and experimental machines, have no fixed or mobile sources. The emergency power generator (without any diesel storage tank belonging to Holtek) is entrusted to the Component Research and Development Plant of Episil Technology Inc. for maintenance. In addition, the Company’s production processes are outsourced to professional manufacturers, so there is no source of process emissions.
- The energy demand is mostly for general needs such as air conditioning, lighting and server equipment electricity. 100% of the input energy is purchased electricity, and no renewable energy or fuel is used. The headquarters of Holtek and the Component Research and Development Plant of Episil Technology Inc. share electricity meters, and the allocation ratio is calculated based on the equipment type, office area and number of employees. The allocation ratio for 2020 to 2022 was 13.2%. For the remaining bases, the calculation is based on meter reading records and the electricity bill of Taiwan Power, including public electricity bills.

2022 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	2,819,356	10,149,683	1.6871

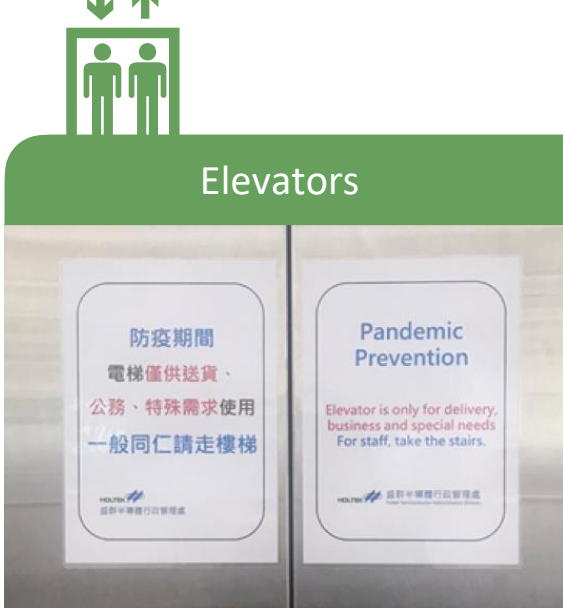
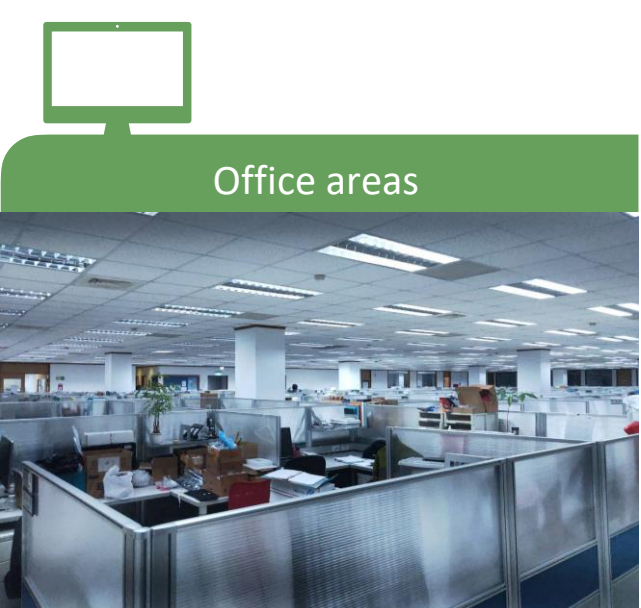
Note 1 The electricity conversion unit is 1 kWh of electricity = 3.6 million joules.

Greenhouse gas reduction achievements

LED lighting replacement project schedule: Traditional fluorescent lamps are to be replaced with LEDs. 95% of the conversion has been completed from 2020 to the end of 2022, and 100% of the conversion for the office area has been completed. It is expected to reduce cumulative greenhouse gas emissions by 55.35 CO2e/ton (Scope 2).

Reduction plan	Year	Annual electricity savings (kWh)	Greenhouse gas reduction (kg CO2e)	Conversion result (million joules)	Cost (NT\$ thousand)
LED lighting replacement project	2020	7717.6336	3874.2521	27783.4810	86.67
	2021	80990.2626	41224.0437	291564.9454	454.86
	2022	20135.2886	10248.8619	72487.0390	102.45
Total		108843.1848	55347.1576	391835.4653	643.98

To effectively manage energy usage, the hardware monitoring equipment was comprehensively upgraded (EMBC processors and MEC processors mainly for office air conditioning and independent fan coil control, followed by power system monitoring and computer room temperature monitoring). The project was divided into three phases in 2022, with a total investment of NT\$947 thousand.



Water resources and water intensity

The water source is Taiwan Water Corporation, and the account number is shared with the Component Research and Development Plant of Episil Technology Inc. The proportion is calculated based on the water consumption of the item and the number of employees. The Company’s use of water is mainly general domestic water and air conditioning water without water for production processes. The allocation ratio for the period from 2020 to 2022 was 8.4%. The water consumption statistics of Holtek in the past three years are shown in the table below.

Item	2020	2021	2022
Total water intake	15,482	15674	15638
CO ₂ /ton generated by water use	2.35	2.52	2.52
Total water consumption	—	—	13,448
Annual revenue (NT\$ thousand)	4,459,541	6,614,774	6,015,968
Water usage intensity	0.35	0.25	0.26

Note 1 Due to the fact that the Taiwan Water Corporation has not yet announced the 2022 water discharge coefficient, in this table the 2021 water discharge coefficient standard is adopted, which will generate 0.161 kilograms of carbon dioxide equivalent for each thousand cubic meters of water produced. The numbers for the remaining years are calculated using the water discharge coefficient for each year.
Note 2. According to GRI Standards, the unit is tCO₂e.
Note 3. Water usage intensity: Annual water resource usage/annual revenue.
Note 4. Total water intake and consumption unit: thousand cubic meters (m³).

- The water for daily life is uniformly included in the sewage system of the Hsinchu Science Park, and shall be handled and used in accordance with the relevant management regulations for the use of sewage in the Science Park. The Company is reviewed and approved by the environmental protection regulatory authority to be a business unit not required to provide water pollution prevention and control measures. In addition, the Company jointly implements relevant water-saving measures with the Component Research and Development Plant of Episil Technology Inc. in accordance with the regulations of the management bureau.
- All water supply devices are equipped with frequency converters to stabilize water pressure, and all public restrooms are equipped with induction-type faucets. Products with the energy-saving mark are purchased to effectively control water consumption and reduce unnecessary water resource waste.
- Facilities are designed so rainwater does not hit the ground to concentrate rainwater and reuse it for water that does not come into direct contact with the human body.
- For plants, Wedelia chinensis has been selected as it is not only suitable for Taiwan’s climate, but also resistant to drought and humidity and can adapt to various soils. After planting, there is no need to water or fertilize due to its high tolerance for poor conditions. Reduce water consumption and soil load



General water saving seal

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 2022, 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

- 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.
- 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.
- 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)	Ratio	Description
Daily life waste	Incineration	9.3092	81.3%	Including employees’ daily life waste and general business waste.
Resource recycling items	Recycling	1.7854	15.6%	Including iron cans, aluminum cans, PET bottles, plastic containers, aluminum foil packs, paper containers and other resource recycling items.
Mixed metal scrap	Outsourcing	0.3535	3.1%	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		11.0946	100%	
Information products	Donation	20	—	Computer and other information products are donated to ASUS Foundation’s Project Hope for recycled computers.
	Recycling	61	—	This is the recycling quantity, which is not recorded in the weight of resource recycling materials.

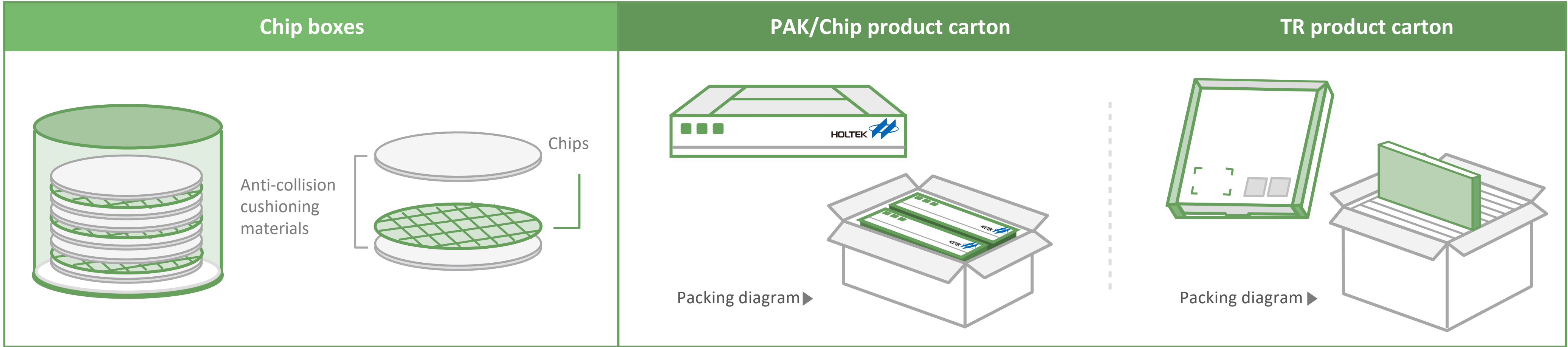
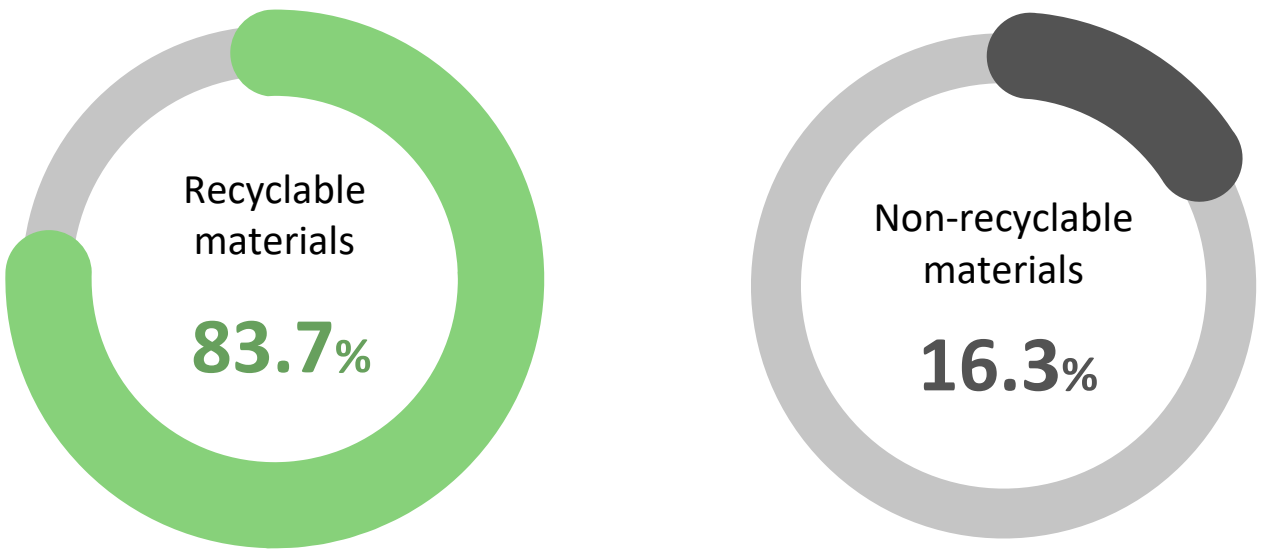


Note 1. The treatment method for hazardous waste (mixed metal scrap) is physical treatment, so the percentage of hazardous waste generated is 0%.
Note 2. In 2022, computer donations reduced carbon dioxide emissions by 1.703 tons, which translates to approximately 141.855 fewer trees being felled. (Source: ASUS Foundation)

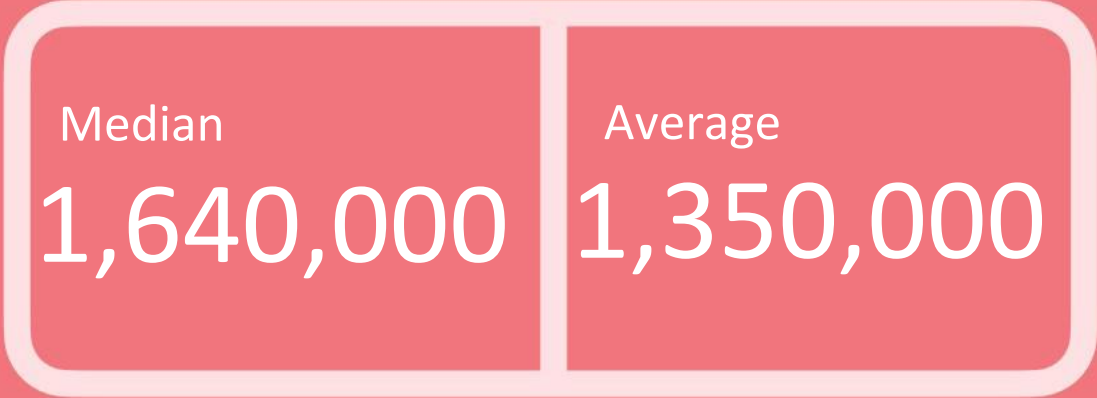
4.4 Waste Management

Packaging materials

Our products are all manufactured by professional manufacturers, so the Company only conducts packaging and inspection for product shipments. Shipping packaging materials can be divided into cardboard boxes, aluminum foil bags, static bags, and anti-collision buffer materials. Based on product categories, shipping regions, product quantities and customer requirements, the minimum packaging quantity is planned to effectively reduce packaging material and resource waste. In addition, packaging material specifications are standardized and set out in the Finished Product Warehouse Packaging Material Specification, and employees are required to implement them. Wafer carriers are reusable, and if they cannot be used any more, they will be handed over to a resource recycling vendor for disposal to reduce environmental impact. Packaging materials are mainly recyclable materials (such as cardboard boxes, wafer carriers, chip boxes, and some anti-collision cushioning materials). The percentage of recycled packaging materials used in 2022 was 83.7%. Through effective control of packaging usage, approximately 10 to 30% can be saved by product category, thus reducing waste generation and contributing to environmental sustainability and resource reuse.



Employee Care | CH5



Salary for non-supervisory positions in 2022



Selected as a constituent stock of High Paying 100 Index



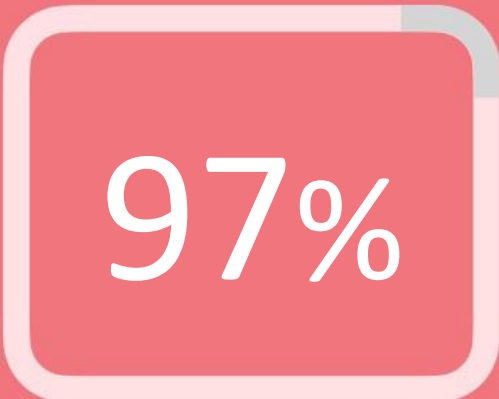
Health education



Convening of labor-management meetings



COVID-19 response measure implementation



Annual training program opening rate



A leave system superior to the requirement of the Labor Standards Act



- 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
- 5.6 COVID-19 Prevention Measures

5. Employee Care

Achieved

Not achieved

Material topics	Goals for 2022	Actual performance in 2022	Goals for 2023	Mid-term goals	Long-term goals
Talent attraction and retention	Provide a competitive compensation and welfare system. Provide a comfortable work environment. Provide diverse and smooth communication channels. 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); the participation rate should reach ≥ 98%.	- Selected as a constituent stock of Taiwan High Compensation 100 Index for nine consecutive years. - A leave system superior to the requirements of the Labor Standards Act, and an additional seven days of flexible leave are offered. - Four labor-management meetings were held. - 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 82% of all the Company's employees, and did not meet the set target (the target is ≥ 98%; due to the pandemic, the number of participants decreased significantly).	Provide a competitive compensation and welfare system. Provide a comfortable work environment. Provide diverse and smooth communication channels. 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%. Increase the Company's day trip allocation amount.	Provide a competitive compensation and welfare system in compliance with the Company's needs in each stage. Smooth communication channels to cultivate the loyalty of employees. 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%. Company activities will incorporate public welfare as much as possible, and add the concept of environmental sustainability.	Achieve talent retention through a competitive compensation and benefit system. Establish harmonious labor-management relations and improve communication channels to avoid labor-management disputes and illegal incidents in the workplace. 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%. Plan the launch of diverse and rich activities.
Talent cultivation and development	Increase the annual number of training courses by 10% from the previous year. Regularly provide health education information to enhance employees' correct health concepts. Hold health promotion activities once a quarter. Implement emergency measures for COVID-19.	- The annual number of training courses increased by 100% from the previous year, and the number of participants increased by 300%. - Regular emails were sent 26 times to provide health information. - Four health promotion activities were held with the participation rate of each exceeding 90%. 100% implementation of COVID-19 prevention measures, and adjustment of internal policies with the guidance of the pandemic command center.	Diversify annual training courses. Regularly provide health education information to enhance employees' correct health concepts. Implement measures for maternal care in the workplace. Hold health promotion activities once a quarter. Implement emergency measures for COVID-19.	Enhance the management ability of middle-level supervisors and strengthen talent competitiveness. Have employees voluntarily participate in health promotion activities. Implement measures for maternal health care in the workplace, and complete 100% risk assessment during the maternal health protection period.	Enhance the training planning map to cultivate generalists. Plan and execute health promotion activities annually. Ensure gender equality and a friendly work environment.

5.1 Work Team

At the end of 2022, excluding employees of reinvested companies, Holtek had a total of 438 employees, including 3 non-local employees (1 from Indonesia, 1 from Pakistan, and 1 from Vietnam). A total of 14 employees were stationed overseas (13 in China and 1 in the United States), with the proportion of dispatched personnel accounting for 3.2% of the overall employee population. Holtek has always attached great importance to a 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 91% 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 2022

Employees

Holtek has 436 permanent employees and 2 temporary employees; there are a total of 438 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 77% and female employees 23% in 2022. In recent years, we have actively cultivated female employees as supervisors; the proportion of female supervisors is 16%, while the proportion of male supervisors is 84%.

Type	Male		Female	
	Number of people	Ratio	Number of people	Ratio
General staff	128	68%	61	32%
Supervisors	208	84%	39	16%
Total	336	77%	100	23%

Note: The statistics of employee numbers are up to December 31, 2022; supervisory positions are

Non-employee workers

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

Type	Type	Male		Female	
		Number of people	Ratio	Number of people	Ratio
Responsibility	R&D	268	61%	25	6%
	General engineering	46	11%	15	3%
	Management	22	5%	60	14%
Education	PhD	4	1%	0	0%
	Master’s degree	222	51%	19	4%
	University or college	109	25%	79	18%
	Others	1	0%	2	0%
Years of service	Less than 3 years	93	21%	27	6%
	3 to 6 years	41	9%	13	3%
	6 to 10 years	67	15%	12	3%
	More than 10 years	135	31%	48	11%
Age	Less than 30 years old	68	16%	15	3%
	30 to 50 years old	173	40%	64	15%
	More than 50 years old	95	22%	21	5%
Work location	Taiwan	323	74%	99	23%
	China	12	3%	1	0%
	USA	1	0%	0	0%

Note: The date of the statistics for the number of employees is December 31, 2022, 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.

Situation of new employees from 2020 to 2022

- 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 understand 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 2022 was 9.6%. The total number and proportion of new employees are shown in the table below:

Distribution of new employees		2020		2021		2022	
		Number of people	Ratio	Number of people	Ratio	Number of people	Ratio
Gender	Male	47	14%	45	13%	29	9%
	Female	11	12%	15	15%	10	10%
Age	Less than 30 years old	26	34%	39	48%	27	33%
	30 to 50 years old	32	13%	21	8%	12	5%
	More than 50 years old	0	0%	0	0%	0	0%
Work location	Taiwan	58	15%	57	13%	39	9%
	China	0	0%	3	21%	0	0%
Number of people		58		60		39	
Annual new employee proportion		14.2%		14.1%		9.6%	

Notes:

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).

Diversified recruitment channels and talent cultivation

- Holtek cooperates with specific schools through the annual Holtek Cup, hoping to promote students’ focus on MCU application practice through a dual cooperation model of industry and school. More importantly, the cup cultivates teamwork among students and allows students to experience the workplace early and establish future career plans.



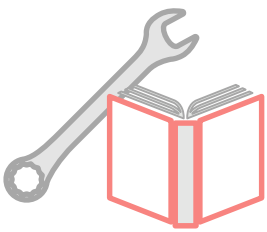
Holtek Cup

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



R&D alternative military service

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



Internship plan

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



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.

Holtek Cup Creativity Competition

- The Holtek Cup Creativity 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 existing engineering departments, the disciplines participating in the competition have gradually come to include students from the creative design department in recent years to develop creative products and a complete product appearance design, in order to promote the goal of product technology transformation and commercialization.
- In 2022, a total of 107 teams from 22 schools participated in the Holtek Cup. This year's competition continued to involve STREAM in cross-disciplinary creative design to expand the cooperation between industrial design departments and electronic and electrical engineering disciplines.



▲ Holtek Cup

Retention and care systems

Statistics and distribution of resigning employees from 2020 to 2022

- The total turnover rate of Holtek in 2022 was 11.1%. The turnover rate has remained around 9.5% 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		2020		2021		2022	
		Number of people	Ratio	Number of people	Ratio	Number of people	Ratio
Gender	Male	26	8%	28	8%	38	11%
	Female	9	10%	10	10%	11	11%
Age	Less than 30 years old	16	21%	11	14%	11	13%
	30 to 50 years old	15	6%	19	7%	31	13%
	More than 50 years old	4	4%	8	7%	7	6%
Work location	Taiwan	35	9%	37	9%	48	11%
	China	0	0%	1	7%	1	8%
Number of people		35		38		49	
Total annual resignation rate		8.6%		8.8%		11.1%	

Notes:

- 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 understand the Company's culture and core values. According to statistics in 2022, the retention rate of new employees within one year was about 87%, and the retention rate of new employees within three years was about 76%. In 2022, 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	2020	2021	2022
Retention rate of new employees within one year	86%	93%	87%
Retention rate of new employees within three years	74%	80%	76%

Note: The statistics are of permanent employees.

5.3 Employee Development and Training

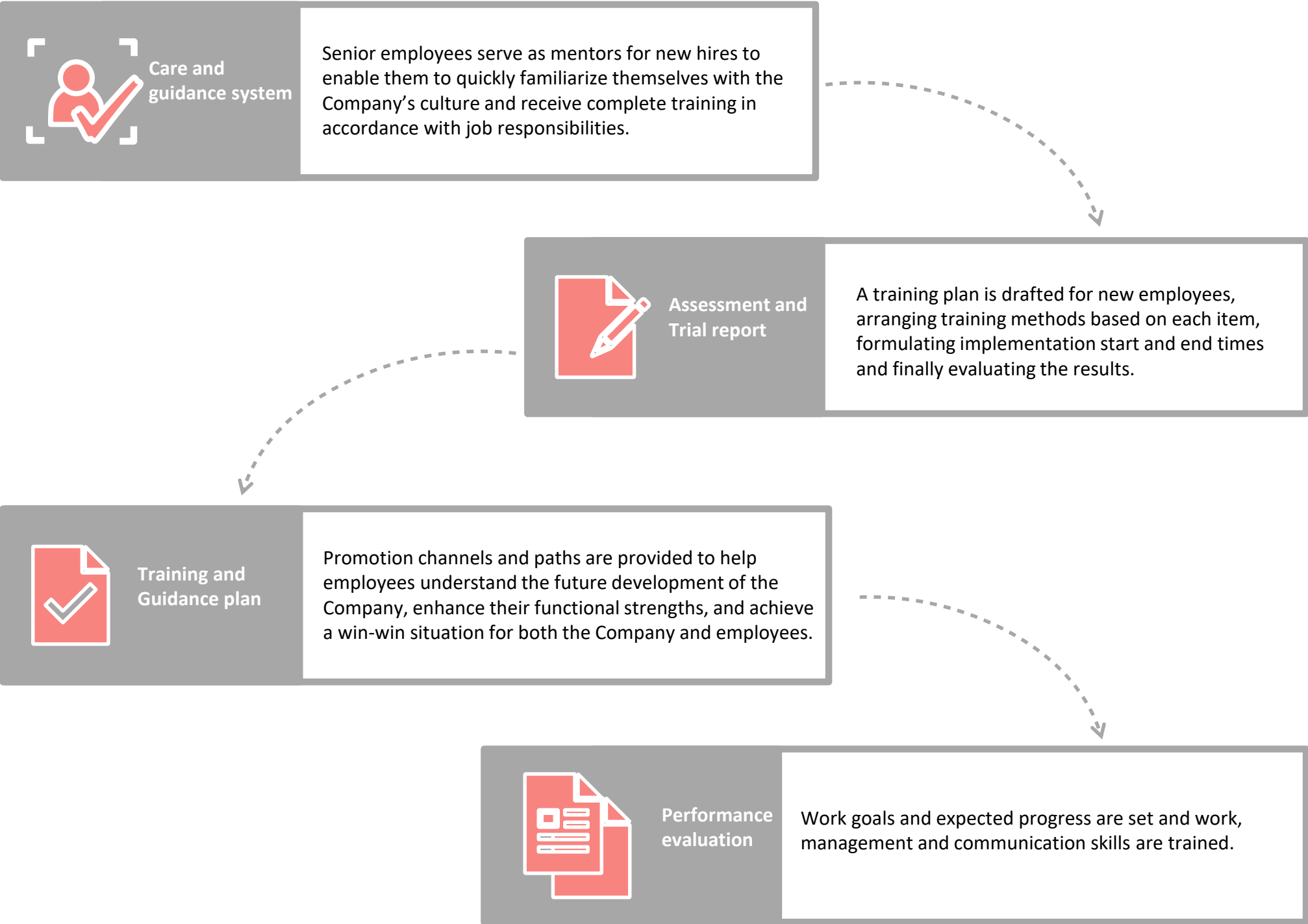
Holtek has always spared no effort in cultivating talent. In addition to budgeting for employees’ external training, the Training Committee, the Administration Department and department heads have designed internal training courses tailored to the Company’s development goals and departmental needs to enable each employee to grow under a complete career training system.

Development blueprint

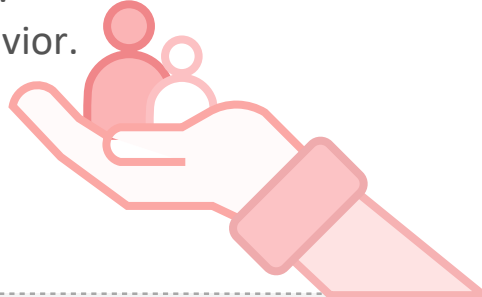
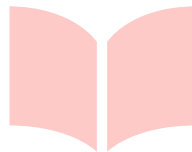
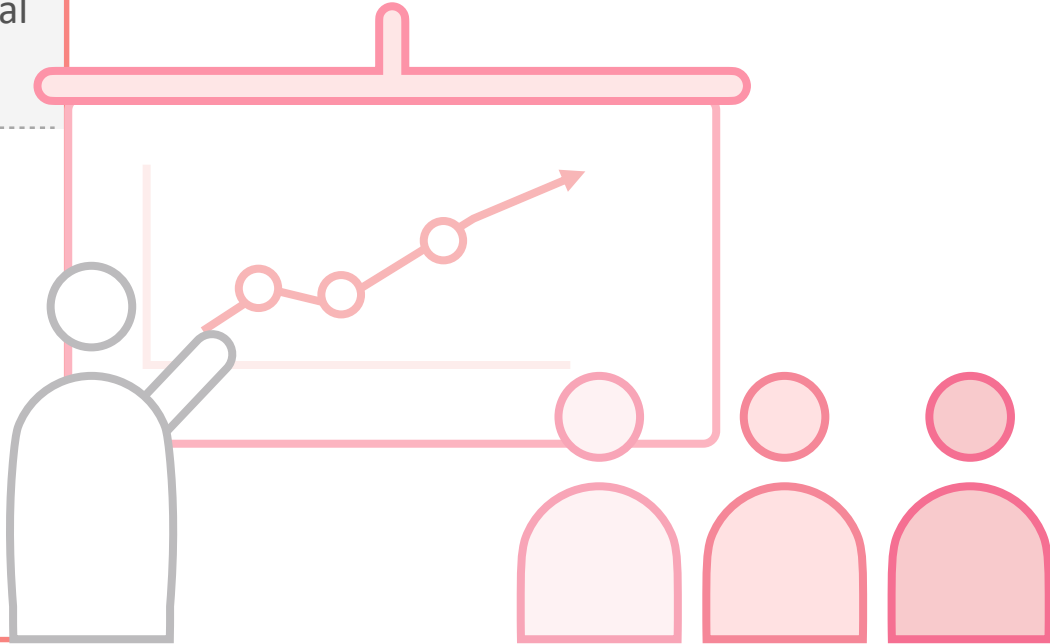
The Administration Department organizes training courses for new employees to familiarize them with the Company’s organizational overview, personnel regulations, quality policies, occupational safety and health, and personnel and environmental protection. In addition, senior engineers serve as mentors for new employees to plan complete training courses for relevant job positions and help to establish basic design techniques and become proficient in the design environment. Based on the evaluation of the Performance Evaluation Measures of Holtek and by providing promotion channels and paths, employees can have a clear understanding of their future development within the Company. In order to facilitate their development within the Company, they will enhance their functional strengths, which can achieve the best win-win situation for the Company and employees.

Training plans

High quality employees have always been the main source of the 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. In addition, employees who terminate their employment relationship after retirement are provided with the option to transfer to advisory positions based on their individual expertise. Through various human resource planning processes, it can be determined what talents are needed within the organization to achieve the Company’s goals. For IC design, continuous adaptation to the new environment and the launch of competitive new products are needed. Holtek provides suitable platforms for its potential talent and provides opportunities for employees’ continuing education and training through various channels, in order to enhance their abilities and stimulate their potential.



- 1. Diversified learning resources and channels: Establishing an education and 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 mechanism.
- 2. On-the-job training: Senior engineers may apply for the on-the-job training programs at domestic universities to enhance their professional R&D technology and management abilities to meet the needs of the Company's future development and sustainable operation.
- 3. Self development: Cultivating employees' professional abilities, enabling them to build confidence in technology, and experiencing teamwork and team building in plan management; in addition, cultivating senior employees as core cadres of the Company by participating in entry-level, mid-level and high-level supervisor management training according to job level requirements, in order to enhance their business management capabilities and performance.

Stage	 New employee training	 In-service employee training	 Supervisor training
Training type	Company systems and policies 	1. Professional technical courses. 2. Quality courses. 3. Work safety and health courses. 4. Intellectual property rights courses.	1. Management knowledge. 2. Management skills. 3. Management behavior. 
Training goals	1. Getting familiar with company organization and rules and regulations. 2. Understanding quality policies and occupational safety and health.	1. Strengthening the staff's familiarity with work schedules. 2. Enhancing the staff's professional skills. 3. Inheritance and handover of knowledge and skills.	1. Cultivating and enriching the management ability of managers. 2. Expanding the pattern and perspective of management. 3. Promoting company policies and operational directions.
Course contents	1. Team training. 2. Regular courses. 3. Job responsibility learning. 	1. Training organized by departments. 2. Internal training. 3. Online learning courses. 4. External training.	1. Policy deployment. 2. Logical innovation. 3. Problem analysis. 4. Efficiency improvement. 5. Talent development. 6. Communication and coordination. 7. Teamwork. 

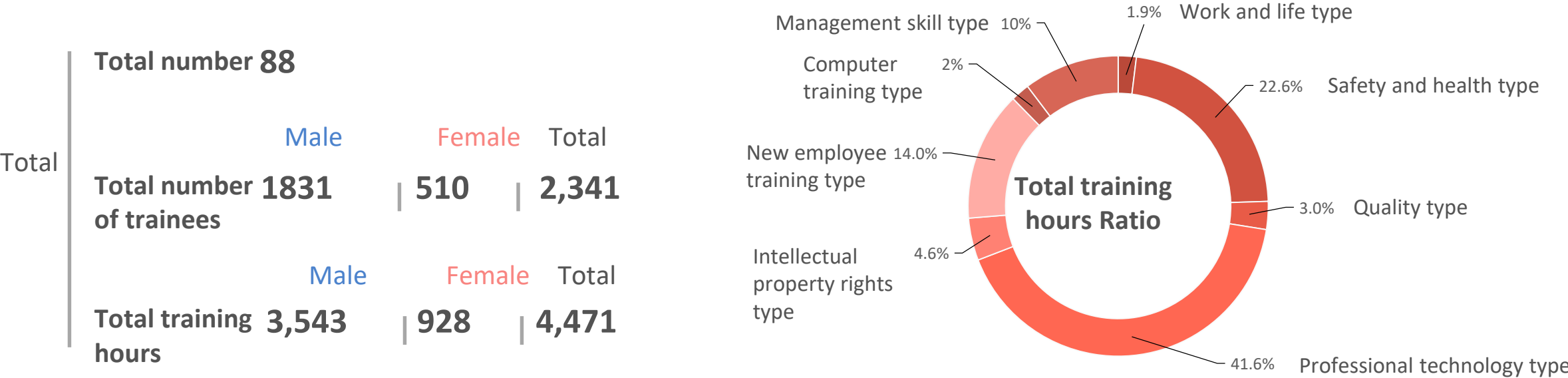


Implementation of training courses

- Holtek attaches great importance to the implementation of employee training, and, based on the curriculum needs of each department, formulates annual training course plans which are adopted by the Training Committee. In 2022, due to the impact of the pandemic, 88 sessions of training courses were arranged, with a total of 4,471 training hours and 2,341 participants. The average training hours of each employee were 10.3 hours, while the average training hours for both genders were about 9.9 hours. The proportion of curriculum arrangement is highest for professional and technical courses at 42%, followed by safety and health courses at 23%, and new talent training courses at 14%.
- Holtek actively promotes human rights education and provides relevant training on issues such as employee information security, business secrets, personal data protection, ethical corporate management, and safety and health. In 2022, a total of 2,474 hours and 1,607 employees participated in the courses.

Overview of training execution in 2022

External training						Course type	External training							
Total training hours			Total number of trainees				Number of courses	Number of courses	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	2	55	40	15	87	64	23
84.5	48.5	36	17	7	10	17	Safety and health type	11	860	661	199	924.2	701.1	223.1
40	40	0	1	1	0	1	Quality type	1	63	43	20	94.5	64.5	30
7.5	7.5	0	2	2	0	2	Professional technology type	15	653	558	95	1853.5	1622.5	231
0	0	0	0	0	0	0	Intellectual property rights type	3	102	73	29	204	146	58
0	0	0	0	0	0	0	New employee training type	3	39	30	9	624	480	144
40	40	0	1	1	0	1	Computer training type	2	25	17	8	50	14	36
119	33.5	85.5	24	6	18	24	Management skill type	6	499	392	107	342.5	281	61.5



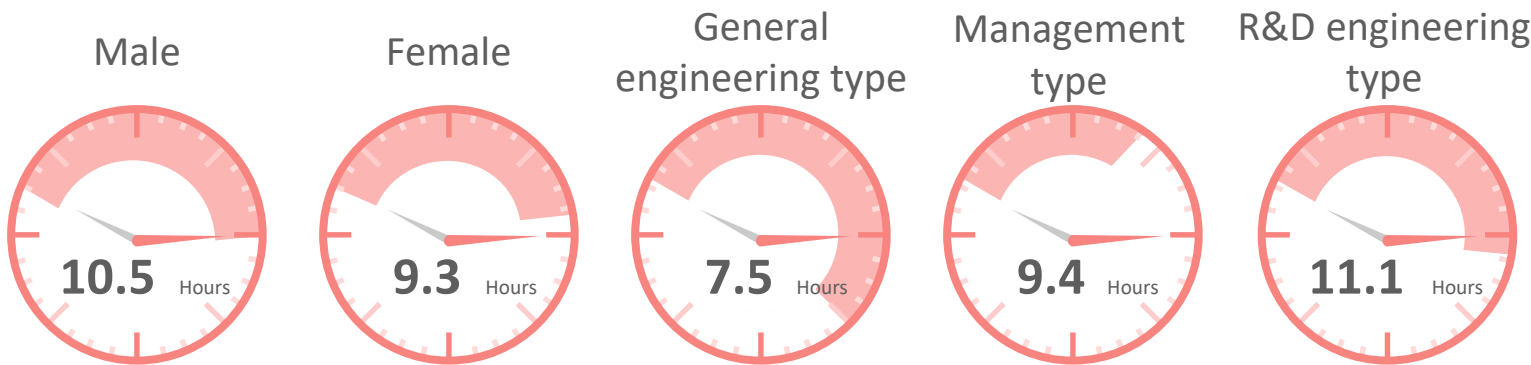
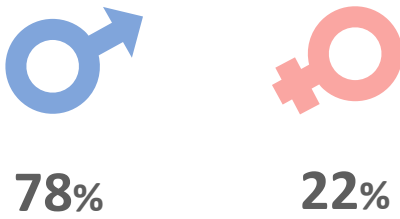
Employee training hours in 2022

All employees	Gender		Employee type			Total
Item	Male	Female	General engineering type	Management type	R&D engineering type	
Total training hours	3,543	928	458	770	3243	4471
Number of employees	336	100	61	82	293	436
Average training hours per employee	10.5	9.3	7.5	9.4	11.1	10.3

Average training hours per employee



Proportion of total trainee-time



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

5.6 COVID-19 Prevention Measures

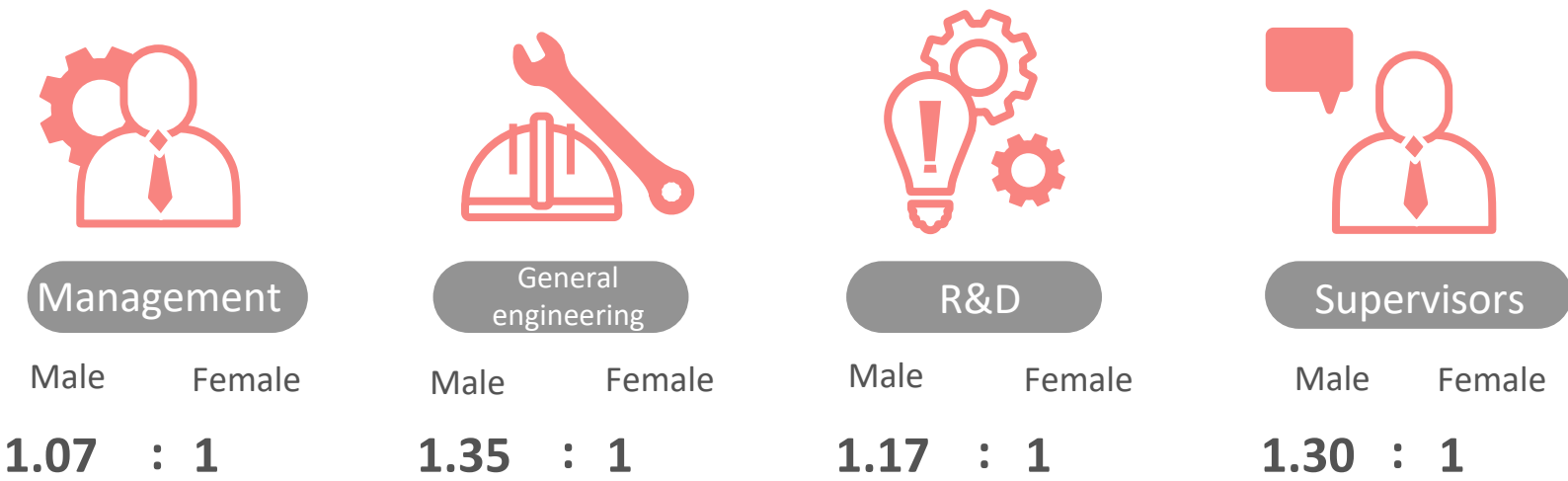
5.4 Salary and Benefits

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 \(mops.twse.com.tw\)](https://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 4.82 in 2022; 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 -1.9.

Unit: NT\$ thousand

Item	2020	2021	2022
Employee benefit expenses (including salary, labor and health insurance, pension)	815,982	1,146,785	873,183
Number of full-time employees not holding supervisory positions	382	411	423
Total compensation of full-time employees not holding supervisory positions	618,952	836,809	571,573
Average compensation of full-time employees not holding supervisory positions	1,620	2,036	1,348
Median compensation of full-time employees not holding supervisory positions	1,503	1,796	1,642

Gender salary ratio by job category in 2022



Remarks:

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

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:
- 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.
 - 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 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.

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

5.6 COVID-19 Prevention Measures

5.4 Salary and Benefits

5.1 Work Team

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5.5 Healthy Workplace

5.6 COVID-19 Prevention Measures

Pension system

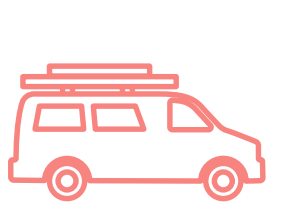
In accordance with the Labor Standards Act and the Regulations for the Allocation and Management of the Workers’ Retirement Reserve Funds of the old system, for those who meet the retirement seniority requirement of the old system, the Company will allocate a retirement reserve of 15% of the total salary 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. Workers can also voluntarily contribute 0-6% to the special account together.

Comprehensive insurance plan

Holtek purchases 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 and also hopes to provide them with 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
♥ Employee travel and family activities The Company leads 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.	♥ Awards Year-end bonuses and employee dividends to share the Company's operating profit.	♥ Regular on-site consultation with physicians.	♥ Five-day work week Holiday activities are fully arranged.	♥ Life lectures Lectures on stress relief and culture are arranged so that employees can gain a variety of knowledge.
♥ Club activities The Company provides financial 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.	♥ Travel subsidies Domestic and foreign tourism subsidies for the staff which are flexibly adjusted to subsidies for pandemic prevention materials during the pandemic period.	♥ Health checks 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.	♥ Flexible leave Seven days of flexible leave superior to the requirements of the Labor Standards Act are provided to enable employees to better arrange their holidays.	♥ Book gift certificates 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.
♥ Festival activities Year-end parties, regular departmental dinners, group discounts and company special offers.	♥ Festival subsidies Year-end and festival gift certificates and birthday gift certificates.	♥ Workplace nurses Professional nurses are hired to provide employee health management, arrange physical examination content, and plan health promotion activities.	♥ No compensatory work on Saturdays When government agencies have compensatory work shifts on Saturdays, the Company will arrange a unified holiday and maintain the weekly rest frequency.	♥ Annual movie tickets Employees are encouraged to participate in film appreciation and have fun together with family members.
	♥ Subsidies for ceremonies and customs Wedding, funeral and festive money subsidies, maternity allowance and hospitalization allowance.	♥ Group insurance Employee group insurance, life insurance, injury insurance, medical insurance, and cancer insurance are provided to enable employees to enjoy better medical quality.	♥ Flexible commuting time The start and end times of work can be flexibly adjusted within one hour for employees to arrange for family care.	♥ Leisure activities The 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.
	♥ Training subsidies Annual external training subsidies.	♥ Leisure activity areas Fitness equipment area, aerobics classroom, medical lounge, etc.	♥ Adjustment of working hours during childcare periods When raising children under three years old, the working hours can be reduced by one hour per day or adjusted.	♥ Book, newspaper, and magazine areas There are books, newspapers and magazines available for free reading by employees.
	♥ Meal subsidies Lunch and supper subsidies.	♥ Employee restaurants Rich and balanced catering services are provided.		

5.5 Healthy Workplace

Policies or commitments	Public link	Approving level	Stakeholder	How to implement policies or commitments
Human rights policy	Policy link	President	Employees	Training related to human rights protection held in 2022: 1,607 employees and 2,474 hours in total.

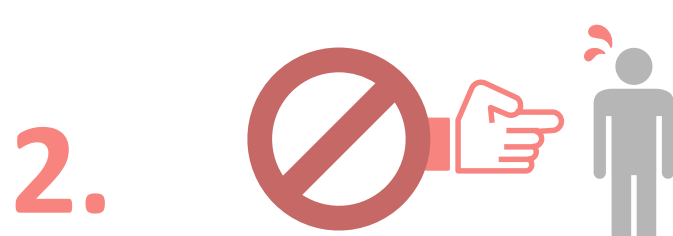
The Company’s safety and health policies is followed to develop a health management service plan, based on which health promotion measures are implemented, with the aim of improving employees’ physical and mental health and creating a healthy workplace.

Human rights protection



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.



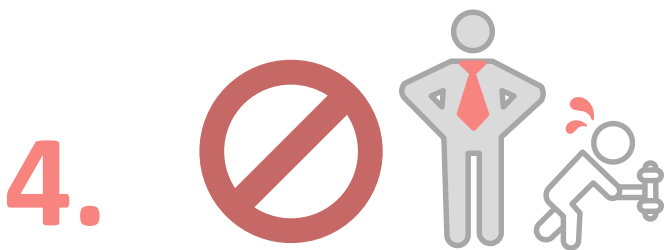
2. Prohibition of discrimination

- 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.



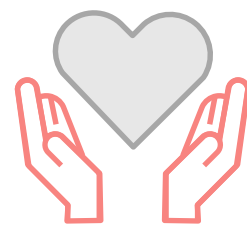
3. Freedom of association

- 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.

5.5 Healthy Workplace

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

5.6 COVID-19 Prevention Measures

Health management

Regular labor health service physician visits

35

participants

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

Employee health checks

284

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.

Holding health promotion activities

40

participants

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

Health education

26

times

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

Health care for high COVID-19 risks

374

participants

- In response to the COVID-19 pandemic, we provide employees with individual pandemic prevention related information and different levels of health care and advice, so as to reduce employees' anxiety about this new disease and assist in problem solving.

Holding health lectures

47

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.

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.

Maternal health protection plan

- According to the provisions of Article 31, paragraph 3 of the Occupational Safety and Health Act, measures are taken to implement maternal health protection for female workers engaged in work that poses a risk of maternal health hazards.
- A nursing room and dedicated parking spaces are set up for pregnant women, the Company's maternal health protection list is regularly tracked, and interviews with labor health service physicians are arranged to ensure the physical and mental health of pregnant, postpartum, and lactating female employees.
- In 2022, a total of two maternal health protection personnel completed the hazard assessment and graded management, with a health protection rate of 100%.

5.5 Healthy Workplace

- 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
- 5.6 COVID-19 Prevention Measures

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 nursing room internally and provides nursing time.

03

A contract with a daycare provider has been signed.

04

Employees may reduce or adjust their working hours to raise children under three years old.

05

The friendly workplace childcare policy has led to a retention rate of 92% 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:

Statistical table of the number of applicants for parental leave in 2022	2022	
	Male	Female
Number of employees eligible for unpaid childcare leave application in 2022	19	11
Number of applicants for parental leave in 2022	0	4
Expected number of reinstatements in 2022 (a)	0	2
Actual number of reinstatements in 2022 (b)	0	2
Reinstatement rate in 2022: (b) / (a)	-	100%
Actual number of reinstatements from parental leave in 2021 (c)	0	0
Number of employees continuing working for one year after reinstatement from parental leave in 2021 (d)	0	0
Retention rate in 2022: (d) / (c)	-	-

Note: 1. Number of employees eligible for unpaid leave application for childcare in 2022: The number of employees having children under three years old after serving for six months during the period from January 1, 2022, to December 31, 2022.
2. Number of applicants for parental leave in 2022: Employees applying for parental leave during the period from January 1, 2022, to December 31, 2022.
3. Expected number of employees to be reinstated in 2022: Employees with unpaid childcare leave during the period from January 1, 2022, to December 31, 2022.

5.6 COVID-19 Prevention Measures

In response to the health crisis caused by the COVID-19 pandemic, Holtek has established the Pandemic Prevention Command Group to adjust pandemic prevention measures in a rolling manner according to the development of the pandemic, so as to ensure the health of employees, and implement various pandemic prevention policies. The following pandemic prevention action plans are implemented.

Establishment of a pandemic prevention command group.

- ♥ The center supervisor and the information, production management, safety and environmental protection, and administrative units jointly formed a pandemic prevention command group to coordinate and command the Company's pandemic prevention affairs.

Pandemic prevention policy

- ♥ Formulation and adjustment of pandemic prevention measures in a rolling manner according to the development of the pandemic.

Pandemic prevention promotion

- ♥ Promotion of pandemic prevention measures through the health login system.
- ♥ Timely announcements and promotions are issued according to the pandemic situation.
- ♥ Provision of pandemic and health information.

Alternative measures to reduce overseas business travel.

- ♥ Suspension of non-essential overseas business trips and replacement of them through video or phone methods such as Zoom and Teams.
- ♥ For necessary business trips, the administrative unit provides measures for entry and exit quarantine and health tracking care, and assistance in lodging in pandemic prevention hotels and health care after returning to Taiwan.

Access control and services.

- ♥ Wearing face masks when entering the Company.
- ♥ Uniform measurement of body temperature in the lobby and setup of automatic dispensers of 75% alcohol for hand disinfection.
- ♥ Visitors are required to fill out a health survey questionnaire, have their body temperature measured, and are subject to access control into office areas.
- ♥ Prohibition of taking elevators except for business reasons.

Environmental control and management.

- ♥ Adjustment of the spacing to 1.5 meters between the tables and chairs in the offices and restaurants.
- ♥ The water dispenser and elevator buttons are covered with adhesive film which is replaced daily and disinfected regularly.
- ♥ Public areas such as meeting rooms, employee restaurants, and elevator buttons are regularly disinfected with 75% alcohol by cleaning personnel.
- ♥ Employees are requested to dine at their own seats and are encouraged to bring their own lunch boxes for meals.
- ♥ The exterior doors of toilets on each floor are temporarily not closed to avoid hand contact when opening or closing the doors.

Daily temperature return for employees.

- ♥ Employees need to log in to the system daily and fill in the personal temperature and health information.
- ♥ Nurses provide daily health care and assistance to employees with abnormal body temperatures or physical health.

Employee health care.

- ♥ A health management system is set up to conduct daily health tracking for anomalies.
- ♥ Medical masks/goggles/disposable gloves are prepared for employees for business purposes.
- ♥ During the severe pandemic period, employees took turns working from home, and health information was provided to employees irregularly for them to follow.



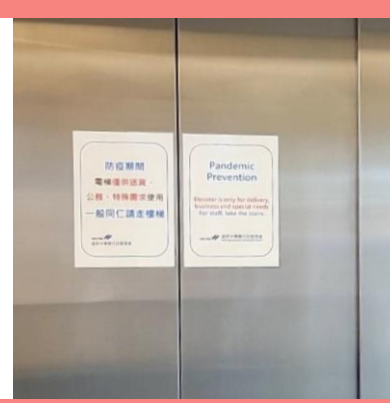
Body temperature needs to be taken when entering the Company.



Alcohol is provided for hand disinfection.



Access control and services.



Controlled use of elevators.



Implementing pandemic prevention and control measures for visitors.



Pandemic prevention supplies for use by business colleagues.



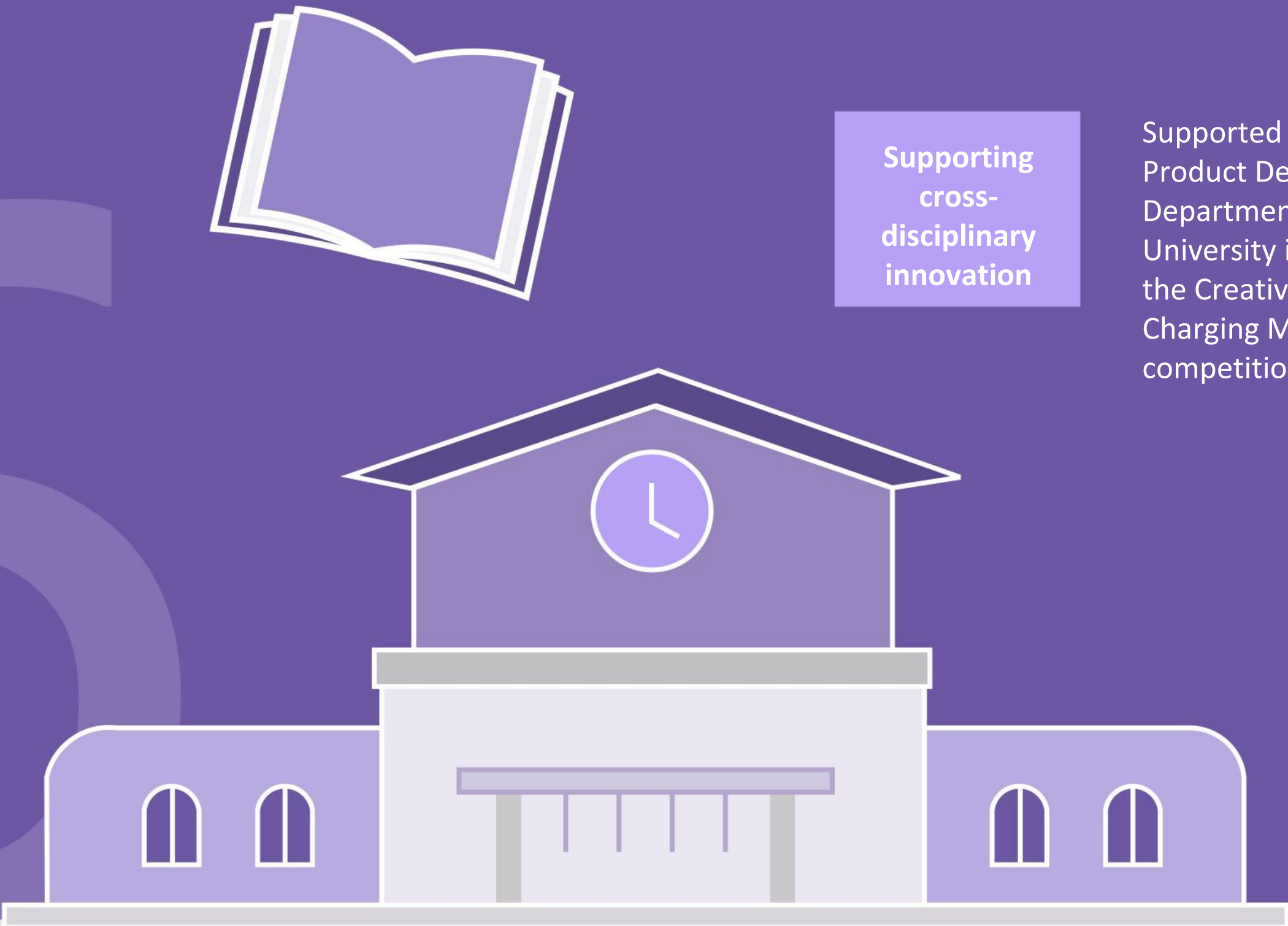
Daily scheduled meeting room disinfection.



Meal time and seat adjustment.

Social
harmony

CH6



Social welfare
Support for
disadvantaged
people

Promoting multiple
donations and
sheltered workshop
purchase activities.

Promoting the
Holtek
University
plan

Supporting three
universities and one
vocational training center
to handle MCU teaching.

Supporting
cross-
disciplinary
innovation

Supported the Creative
Product Design
Department of I-Shou
University in organizing
the Creative Wireless
Charging Module Design
competition.

Held the Holtek
Cup Creativity
Competition

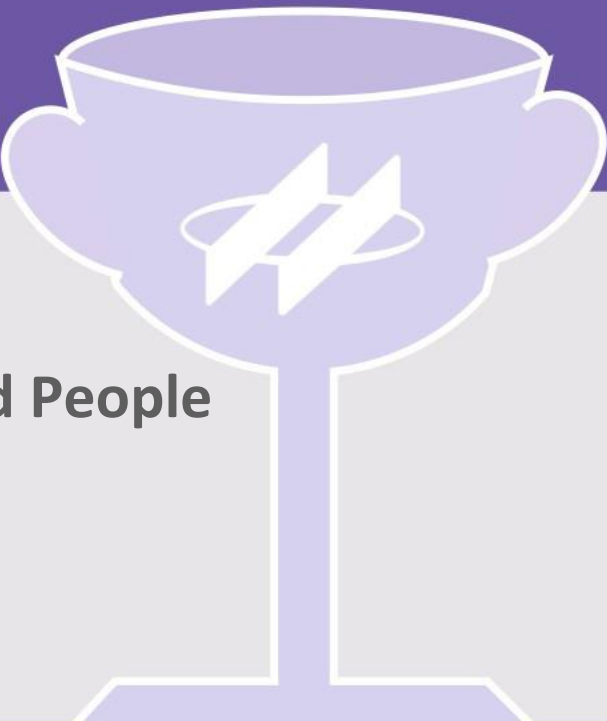
The Company has held the
Holtek Cup Creativity
Competition for 17
consecutive years, with an
investment of NT\$2.66
million in 2022. A total of
107 teams from 22
universities participated.

Industry-
academia talent
cultivation

A total of seven students
were selected for
employment through
competitions and
recommendations by
professors.

6.1 Holtek Cup
6.2 Industry-Academia Cooperation

6.3 Public Service Activities
6.4 Support for Disadvantaged People



Social integration goals and performance

 Achieved  Not achieved

Goals for 2022	Actual performance in 2022	Goals for 2023	Mid-term goals	Long-term goals
Promotion of the Holtek University Plan: Supporting universities or training institutions in handling microcontroller unit (MCU) teaching courses, with a goal of four schools.	Donated MCU equipment to three universities and colleges, with an equipment value and service market value of NT\$3.01 million; assisted one vocational training center in holding MCU teaching.	Promotion of the Holtek University Plan: Supporting universities or training institutions in handling MCU teaching courses, with a goal of four schools.	Collaborating with schools to establish the Holtek MCU joint laboratory rooted on campus, and providing priority job opportunities for students participating in the competition and industry-academia cooperation project.	Promoting social participation and industry-academia cooperation, promoting professional talent cultivation and talent introduction, and creating business opportunities, strengthening students' ability to implement and innovate MCU applications through training courses, and incorporating the latest technology in the industry to promote industrial upgrading and strengthen the overall industrial competitiveness.
Holding the Holtek Cup Creativity Competition: Encouraging students to use Holtek MCUs to participate in the competition and thematic development, with a target participation scale of 100 teams and an expenditure of NT\$2.5 million	The Company held the 17th Holtek Cup Creativity Competition, with 107 teams from 22 schools registering and 330 students participating; the total expenditure on competition activities and bonuses reached NT\$2.66 million	Holding the Holtek Cup Creativity Competition: Encouraging students to use Holtek MCUs to participate in the competition and thematic development, with a target participation scale of 100 teams and an expenditure of NT\$2.6 million	Supporting domestic universities' innovation activities, promoting cooperation through competitions, and promoting cross-disciplinary innovation and applications.	
Talent introduction: Referral of five or more students to the Company for employment through competitions or teaching collaborations based on employment needs.	A total of seven students were recommended to join the Company through competitions and professor recommendations.	Talent introduction: Referral of two or more students to the Company for employment through competitions or teaching collaborations based on employment needs.	Promoting industry-academia cooperation to combine the R&D capabilities of universities, and improve industrial R&D efficiency and talent cultivation.	
Supporting cross-disciplinary innovation and applications: Promoting industry-academia cooperation and enhancing talent cultivation, with a goal of ≥ 2 items.	Supported the Creative Product Design Department of I-Shou University in organizing the Creative Wireless Charging Module Design competition. Assisted National Chin-Yi University in promoting the HT32 MCU research and development results in the Holtek Cup competition's media for display and promotion.	Supporting cross-disciplinary innovation and applications: Promoting industry-academia cooperation and enhancing talent cultivation, with a goal of ≥ 2 items.	Exploring excellent product creativity and technology development in the academic community and promoting commercialization.	

6.1 Holtek Cup 6.2 Industry-Academia Cooperation

6.1 Holtek Cup

6.2 Industry-Academia Cooperation

6.3 Public Service Activities

6.4 Support for Disadvantaged People

Combining group resources to promote STREAM engineering literacy education

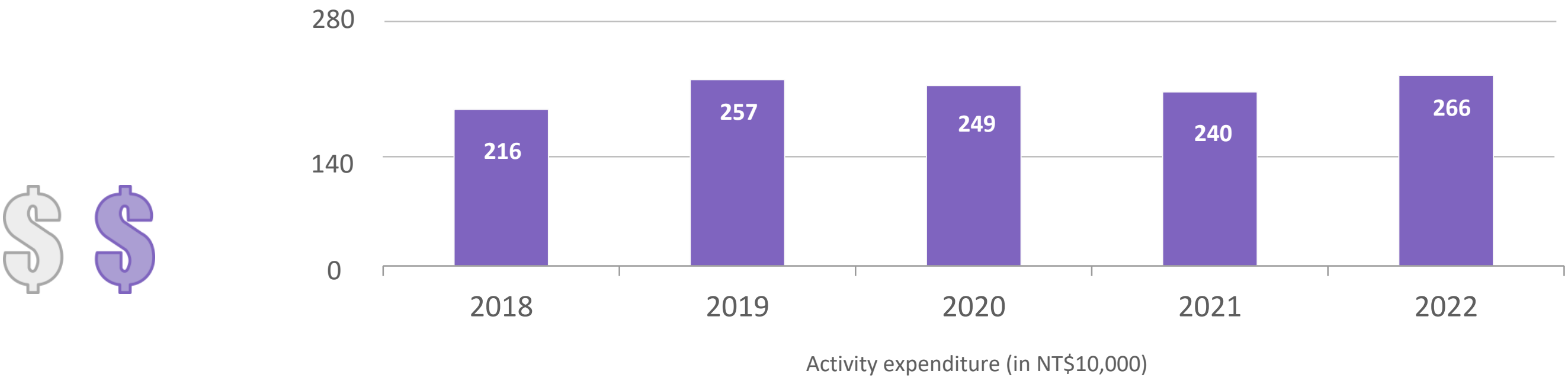
In the era of the globalized knowledge economy, there is an increasing demand for technological talent. High quality human resources are the core of national competitiveness and the key to corporate sustainable operation. In addition to continuously recruiting excellent talent, there is a need for a mechanism for continuous cultivation. Holtek has incorporated the social sector of ESG sustainable development into its business development goals to promote social integration and industrial talent cultivation through practical actions. STREAM engineering literacy education is a cross-disciplinary learning approach that combines Science, Technology, Reading, Engineering, Arts and Mathematics. In order to promote the cultivation of higher education talent and cultivate outstanding talent on campus, Holtek combines the resources of the Group to develop and promote STREAM engineering literacy education, promote the establishment of Holtek University's joint laboratory program and teaching faculty cooperation, and continue to hold the Holtek Cup MCU Creativity Competition to drive talent cultivation and cross-disciplinary innovation in the information and communication industry and electronic industry.



STREAM Education

Expenditures invested in the Holtek Cup in the past five years:

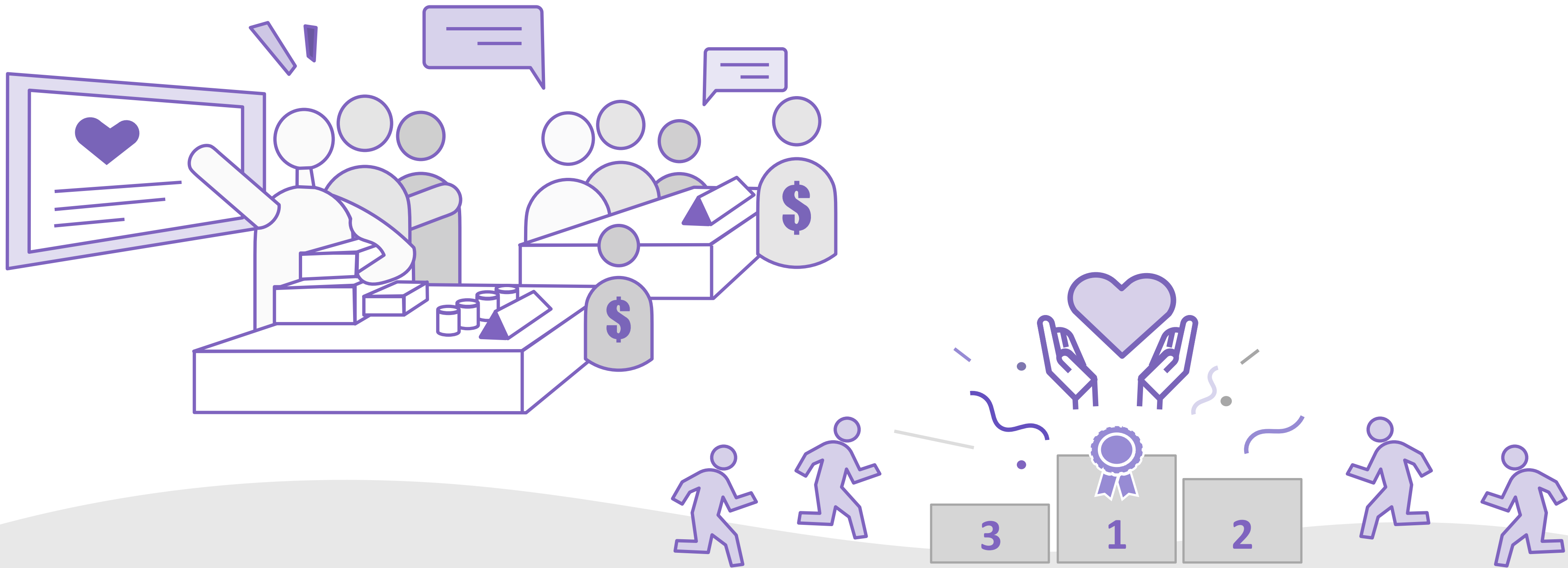
Holtek Cup MCU Creativity Competition



6.1 Holtek Cup 6.2 Industry-Academia Cooperation

Industry-academia cooperation to promote professional talent cultivation and application innovation

- The Company continues to invest human resources to strengthen industry-academia cooperation and social function training, which demonstrates the Company’s emphasis on its social responsibility. The industry-academia cooperation includes assisting universities in handling relevant teaching courses and donating laboratory teaching equipment, providing MCUs and professional modules required by teachers’ teaching and research and product development, as well as regularly organizing national campus competitions to provide opportunities for teachers to guide students in applying what they have learned. In terms of social function training, we continue to collaborate with national training institutions to hold courses related to MCU applications. In order to cultivate professional and technical talent in the field of MCU application with equal emphasis on theory and practice, shorten the gap between learning and application, and strengthen practical operation capabilities, the Company has held the annual Holtek Cup MCU Creativity Competition since 2005, providing a platform for communication among various universities. So far, we have held the competition for 17 years, and it has become a large-scale and high-quality MCU competition in Taiwan to provide a stage for students to fully showcase their creativity and communicate with each other.
- Looking forward to the future, the Company will continue to leverage the innovative design capability of our subsidiary, Best Modules Corp., to promote cross-disciplinary cooperation and achieve the goal of everyone creating their own products, and develop more innovative and easy to import product development and creation modules and development templates, which is conducive to innovative design and lower the threshold for product development. For the disciplines participating in the competition, in addition to the existing engineering departments, students from creative design departments will continue to participate in the competition to conduct R&D on creative products and design a complete product appearance, in order to promote the goal of product technology transformation and commercialization.



6.1 Holtek Cup

6.2 Industry-Academia Cooperation

6.3 Public Service Activities

6.4 Support for Disadvantaged People

6.3 Public Service Activities 6.4 Support for Disadvantaged People

The gift boxes that the Company purchases for the three festivals are mainly gift boxes from disadvantaged groups and Taiwan’s agricultural products. At the same time, the Company actively seeks suitable social welfare groups that meet its concept of donation, in order to contribute to the earth’s environment and society. The Company also encourages employees to voluntarily participate in public welfare activities and donations, including material donations to the St. Teresa Children Center, Garden of Mercy Foundation, Taipei Orphan Welfare Foundation, and World Peace Organization, to assist disadvantaged children and help disadvantaged groups receive proper care. Through practical actions, we fulfill our corporate citizenship responsibilities, and support high-tech industry seminars to accelerate industrial upgrading and broaden international perspectives. In the future, the Company will continue paying attention to social enterprise matchmaking activities, and through multiple exchanges with social enterprises, we aim to solve social issues such as improvement in the employment of the disadvantaged, environmental protection, education and culture, and agricultural management, in order to provide a better development environment for enterprises of the society.

Goals and performance of public service activities/support for disadvantaged people

● Achieved ○ Not achieved

Goals for 2022	Actual performance in 2022	Goals for 2023	Mid-term goals	Long-term goals
Mid-Autumn and Spring Festival gift boxes were purchased twice from disadvantaged groups. Donated materials twice and funds once.	● The Mid-Autumn Festival gift boxes were purchased from the Down Syndrome Foundation, and the Spring Party gift boxes were purchased from the Children Are Us Foundation of New Taipei City. ● Donated materials twice to the St. Teresa Children Center. ● Donated NT\$50,000 to the Garden of Mercy Foundation. ● The Welfare Committee donated twice to both the Taipei Orphan Welfare Foundation and the World Peace Organization.	Mid-Autumn and Spring Festival gift boxes were purchased twice from disadvantaged groups. Donated materials twice and funds once. Held two blood donation activities in the year. Held one second-hand goods donation activity.	Promoted the participation of employees in social welfare activities once every year. The donation amount to disadvantaged groups is expected to increase by 20% annually.	Holtek held social welfare activities. The rate of employees’ participation in social welfare activities is 90%.

GRI Standards Comparison Table

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.	27
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.	26
GRI 2-20	Process to determine remuneration	Governance Framework	24
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 Chairman	03
GRI 2-23	Policy commitments	Healthy Workplace	92
GRI 2-24	Embedding policy commitments	Healthy Workplace, Governance Framework	92.24
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.	-
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.	-

Statement of Use: Holtek Semiconductor Inc. publishes the 2022 Sustainability Report in accordance with the GRI Standards, covering the period from January 1 to December 31, 2022 | GRI 1 Version: GRI 1: Foundation 2021 | Applicable GRI Industry Standards: None.

GRI Standards Comparison Table

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 2022.	-
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 2022.	-
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
	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	64

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
Greenhouse Gas Emissions and Reductions	TC-SC-110a.1	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	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	Total Energy Consumption	4.3 Energy and Greenhouse Gas Reduction	77
		Proportion of electricity used in the power grid	No corresponding chapter or section	-
		Proportion of renewable energy used	No corresponding chapter or section	-
Water resource management	TC-SC-140a.1	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	Hazardous waste generated during the manufacturing process and recycling ratio	4.4 Waste Management	80
Workplace Health and Safety	TC-SC-320a.1	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
		Total amount of monetary losses caused by violations of legal events related to employee health and safety	No violations of the law in 2022.	-
Recruitment and management of global professionals	TC-SC-330a.1	Explanation of (1) proportion of foreign employees and (2) proportion of overseas employees	5.1 Work Team	84
Product Lifecycle Management	TC-SC-410a.1	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	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	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	Total monetary losses caused by legal events related to anti-competitive behavior	No violations of the law in 2022.	-

Sustainability Disclosure Indicator - Semiconductor Industry

No.	Indicator	Indicator Type	Unit	Corresponding chapter or section	Page number
I.	Total energy consumption, percentage of purchased electricity and utilization rate of renewable energy	Quantification	billion GJ, %	4.3 Energy and Greenhouse Gas Reduction	77
II.	Total water intake and total water consumption	Quantification	1000 m³	4.3 Energy and Greenhouse Gas Reduction	79
III.	Weight and recovery percentage of hazardous waste generated	Quantification	metric ton (t), percentage (%)	4.4 Waste Management	80
IV.	Describe the type, number of people and ratio of occupational hazards.	Quantification	Percentage (%), quantity	4.1 Environmental and Occupational Safety and Health	65
V.	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
VI.	Description of risk management related to the use of key materials.	Qualitative description	Not applicable.	4.1 Environmental and Occupational Safety and Health	64
VII.	Total monetary loss caused by legal proceedings related to anti-competitive practice regulations.	Quantification	Currency for reporting	1.3 Ethical Corporate Management	30
VIII.	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.

Climate Related Information of TWSE and TPEX Listed Companies

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.		
2	Explain how the identified climate risks and opportunities affect the Company’s business, strategy and finance (short-term, medium-term and long-term).	4.2 Response to Climate Change	72
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.		
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.	There is no related planning at the moment.	-
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



INDEPENDENT ASSURANCE OPINION STATEMENT

Holtek Semiconductor 2022 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 purpose of assuring its statements relating to its sustainability 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 Holtek Semiconductor 2022 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.

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

Opinion Statement

We conclude that the Holtek Semiconductor 2022 ESG Report provides a fair view of the Holtek sustainability programmes and performances during 2022. 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 sustainability 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 were fairly stated.

Methodology

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

- a top level 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.
- 10 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).

Conclusions

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

Inclusivity

This report has reflected a fact that Holtek has 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.

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.

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 Lead 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



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