

Internal Audit

Realtek's Internal Audit function is an independent unit reports directly to the Board of Directors. Besides informing the Board during its ordinary meetings on a quarterly, it briefs the Chairman and the CEO on as needed basis.

There are two full time employees dedicated to Internal Audit, including one director and one staff member. The auditors participate in continuing education courses held by professional institutions every year to ensure their competence.

The majority of the audit work is executed according to an annual plan. Such plan will take into account risks that have been identified. Special audits or reviews are conducted as needed. The combination of the regular audits and the special projects provide management with insight on the functioning of the internal control system and give management an additional channel to figure out existing or possible future weaknesses in the system.

The company supplements the review activities by Internal Audit with documented self-assessments by the divisions and all subsidiaries. Internal Audit sees to it that these activities do take place, and reviews the submissions to ensure the quality of the process; it consolidates the results of the self-assessments for the CEO and the Board of Directors.

At Realtek, the chief auditor is appointed and removed by Board Audit Committee and Board of Directors. Appointment and dismissal, evaluation and review, salary and compensation of internal auditors are submitted by the chief auditor to the Chairman for approval. The assessment of auditors is carried out twice a year.