



Realtek Semiconductor Corp. Sustainable Development Best Practice Principles

Chapter I General principles

Article 1

In order to promote sustainable development initiatives and promote economic, social, and environmental advancement for purposes of sustainable development, the Company adopts these Best Practice Principles in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and associated laws and regulations. These Best Practice Principles manage economic, environmental and social risks and impact in accordance with organizational sustainable development.

Article 2

The Company promotes sustainable development in the course of business operations so as to follow international development trends. It acts as a responsible corporate citizen to contribute to the economic development of the country, to improve the quality of life of employees, the community and society, and to enhance competitive edges built on sustainable development.

Article 3

In promoting sustainable development initiatives, the Company gives due consideration to the rights and interests of stakeholders. While pursuing sustainable operations and profits, the Company also gives due consideration to the environment, society and corporate governance, and includes these principles in its corporate management guidelines and business operations.

Article 4

To implement sustainable development initiatives, the Company follows the principles below:

1. Implement corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4. Enforce disclosure of sustainable development information.

Article 5

The Company takes into consideration the correlation between the development trend of sustainable development at home and abroad and the core business of the Company, and the impact of the overall operating activities of the Company and group-affiliated companies on

stakeholders, in establishing policies, systems or relevant management guidelines, and concrete promotion plans for sustainable development programs.

Chapter 2 Exercising corporate governance

Article 6

The Company follows the “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies,” the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies,” and the “Code of Ethical Conduct for TWSE/GTSM Listed Companies” to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

Article 7

The directors of the Company shall exercise the due care of good administrators to urge the Company to perform its sustainable development initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its sustainable development policies. The Board of Directors is advised to give full consideration to the interests of stakeholders, including the following matters, in the Company’s performance of its sustainable development initiatives:

- A. Identifying the company’s sustainable development mission or vision, and declaring its sustainable development policy, systems or relevant management guidelines.
- B. Making sustainable development the guiding principle of the company’s operations and development, and ratifying concrete promotional plans for sustainable development initiatives.
- C. Ensuring the timeliness and accuracy of the disclosure of sustainable development information.

The Board of Directors appoints executive-level positions with responsibility for economic, environmental, and social issues resulting from business operations, and to report the status of the handling to the Board.

Article 8

The Company organizes education and training on the implementation of sustainable development initiatives, including promotion of related achievements and plans.

Article 9

For the purpose of managing sustainable development initiatives, the Company established an exclusively dedicated unit to be in charge of proposing and enforcing the sustainable development policies, systems, or relevant management guidelines as well as concrete promotional plans and to report on the same to the Board of Directors.

The Company adopted reasonable remuneration policies to ensure that remuneration arrangements support the strategic aims of the organization and align with the interests of

stakeholders. The employee performance evaluation system is combined with sustainable development policies to provide an effective reward system.

Article 10

The Company identifies stakeholders, respects their rights and interests, and provides them with a designated section on the Company's website. It understands the reasonable expectations and demands of stakeholders through proper communication with them, and adequately responds to the important sustainable development issues which they are concerned about.

Chapter 3 Fostering a sustainable environment

Article 11

The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

Article 12

The Company endeavors to improve the utilization efficiency of various energy more efficiently and reduce the use of materials that have a high impact on the environment so that the resources on earth can be used sustainably.

Article 13

The Company shall establish a proper environmental management system based on the characteristics of its industries. The system shall include the following tasks:

- A. Collecting information to evaluate the impact of the Company's business operations on the natural environment.
- B. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant.
- C. Adopting enforcement measures such as concrete plans or action plans, and examining the results of their operation.

Article 14

The Company is advised to establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environmental management systems and concrete action plans, and should hold environmental education courses for its managerial officers and other employees.

Article 15

The Company takes into account the effect of business operations on ecological efficiency, promotes and advocates the concept of sustainable consumption, and conducts research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from business operations:

- A. Reduce resource and energy consumption of products and services.
- B. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
- C. Improve recyclability and reusability of raw materials.
- D. Maximize the sustainability of renewable resources.
- E. Enhance the durability of products.
- F. Improve efficiency of products and services.

Article 16

To improve water use efficiency, the Company shall properly and sustainably use water resources and establish relevant management measures.

The Company shall improve environmental protection treatment facilities to avoid polluting water, air and land, and use its best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

Article 17

The Company shall adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

- A. Direct greenhouse gas emissions: Emissions from operations that are owned or controlled by the company.
- B. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.
- C. Other indirect emissions: emissions resulting from corporate activities that are not indirect emissions from energy, but are from other sources of emissions owned or controlled by the company.

The Company shall monitor the impact of climate change on business operations then, based on operational conditions and greenhouse gas inventory results, it shall establish policies for energy conservation and carbon and greenhouse gas reduction, in order to minimize the impact of business operations on climate change.

Chapter 4 Preserving public welfare

Article 18

The Company shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination.

The Company shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for the underprivileged, prohibiting the use of child labor, eliminating all forms of forced labor, and eliminating recruitment and employment discrimination. The Company shall also ensure that its human resource policies do not contain differential treatments based on gender, race, socioeconomic

status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

The Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. The Company shall also respond to any employee's grievance in an appropriate manner.

Article 19

The Company shall provide information for its employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the companies have business operations.

Article 20

The Company shall provide safe and healthful work environments for its employees, including necessary health and first-aid facilities, and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

Article 21

The Company shall create an environment conducive to the development of its employees' careers and use performance management mechanisms to provide professional development guidelines to employees. Employee remuneration shall also reflect the Company's business performance or achievements to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.

Article 22

The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the Company's operations, management and decisions.

The Company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among the Company, employees, and employee representatives.

The Company shall, by reasonable means, inform employees of operational changes that might have material impacts.

Article 23

The Company shall treat customers or consumers of its products or services in a fair and reasonable manner, including according to the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons, etc. The Company shall also develop the relevant strategies and specific measures for implementation.

Article 24

The Company shall take responsibility for its products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the Company shall ensure the transparency and safety of its products and services. It further shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

Article 25

The Company shall ensure the quality of its products and services by following the laws and regulations of the government and relevant standards of its industry. It further shall follow relevant laws, regulations and international guidelines in regard to marketing and labeling of its products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

Article 26

The Company shall evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society.

The Company shall also provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle the complaints. It further shall comply with laws and regulations related to the "Personal Information Protection Act" for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

Article 27

The Company shall assess the environmental and social impact of procurement activities on the supply source communities, and shall cooperate with its suppliers to jointly promote the sustainable development initiative.

Prior to engaging in commercial dealings, the Company shall assess whether there is any record of a supplier's impact on the environment and society. When working with a major supplier, the Company shall strongly heed mutual compliance with sustainable development policy.

Article 28

The Company shall evaluate the impact of its business operations on the community, and adequately employ personnel from the location of the business operations to enhance community acceptance.

The Company shall use commercial activities, endowments, volunteering service or other charitable professional services, etc., to dedicate resources to organizations that commercially resolve social or environmental issues. It further shall participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

Chapter 5 Enhancing disclosure of sustainable development information

Article 29

The Company shall disclose information according to relevant laws, regulations and the “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies” and shall fully disclose relevant and reliable information relating to its sustainable development initiatives to improve information transparency.

Relevant information relating to sustainable development which the Company shall disclose includes:

- A. The policy, systems or relevant management guidelines, and concrete promotion plans for implementing sustainable development initiatives.
- B. The risks and the impact on corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
- C. Goals and measures for realizing the sustainable development initiatives established by the Company, and performance in implementation.
- D. Major stakeholders and their concerns.
- E. Other information relating to sustainable development initiatives.

Article 30

The Company shall adopt internationally widely recognized standards or guidelines when producing ESG reports, to disclose the status of implementation of the sustainable development policy. The reports shall include:

- A. The policy, system, or relevant management guidelines and concrete promotion plans for implementing sustainable development initiatives.
- B. Major stakeholders and their concerns.
- C. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare, and promotion of economic development.
- D. Future improvements and goals.

Chapter 6 Supplementary provisions

Article 31

The Company shall at all times monitor the development of domestic and foreign sustainable development standards and the change of business environment so as to examine and improve its established sustainable development framework and to obtain better results from the implementation of the sustainable development policy.

Article 32

These Best Practice Principles, and any amendments hereto, shall be implemented after adoption by resolution of the Board of Directors.