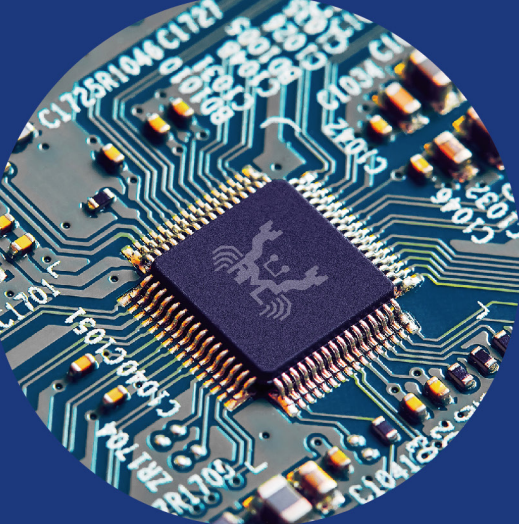




2020 CSR Report

Corporate Social Responsibility





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From the President

To all partners and friends with an interest in the sustainable development of Realtek:

2020 marked the 34th year of Realtek's establishment. Our gratitude goes out to all of our partners and friends for their continued interest, support, and backing of Realtek over the years, and for assisting with the multifaceted growth and development of Realtek. Realtek understands the interplay between business operations and the pulse of the international community. Therefore, we continue to develop sustainability management policies linked to domestic and international standards to enhance corporate ethical management and promote common prosperity. The 2020 CSR Report focuses on CSR issues, responds to global sustainability goals, and emphasizes the expectations of internal and external stakeholders. We not only adopted GRI Standards for the preparation of the report, but also adopted the AA1000 accountability principles defined by the global non-profit organization 'AccountAbility' to verify the report's contents and ensure that we provide accurate, comprehensive results to our various partners.

In 2020, COVID-19 presented a new global challenge. As the pandemic unfolded, Realtek not only actively responded with a diverse range of measures and management, but also steadily and proactively provided assistance and pandemic prevention materials to needy sectors of the society. We wholeheartedly thank all of our partners around the world for the cooperation, care, assistance, and encouragement they demonstrated when the pandemic became severe. By joining together to prevent the spread of COVID-19, we maintained a smooth global supply service. We also thank all Realtek employees for working with a common purpose during the pandemic to coordinate with pandemic prevention measures introduced by local governments. Together, we provided secure, trusted, and stable business services to all of our global partners. Realtek is a member of the global community and our entire workforce remains committed to sustainability and fulfilling our duties as a corporate citizen, while simultaneously maintaining powerful bonds with our corporate partners.

■ Sound Management, Innovation and R&D, and Corporate Governance

Prudent operation management and ethical management form the core foundations of CSR development at Realtek. Since the establishment of Realtek in 1987, we have developed new products and provided customers with the best integrated solutions through innovation and R&D. Our revenues have continued to grow every year thanks to the many market-leading products we have created. 2020 marked another year of growth for Realtek, with consolidated revenue of NTD 77.76 billion for the year. Revenue grew by 28% over the previous year and earnings per share was NTD 17.24. Realtek also continued to garner many major awards and recognition for our innovative products and technologies. After winning both a 2020 Hsinchu Science Park R&D Accomplishment Award and a 2020 Hsinchu Science Park Innovative Product Award, our staff expressed both gratitude for the honors and a commitment to working even harder in the future to produce even better R&D innovations. For 34 years the Realtek management team, together with all professional units in the organization, has adhered to the principles of ethical management in guiding the development of corporate governance and business management. We attach great importance to a business operator's duty to implement sustainable development, raise information disclosure transparency, comply with laws and apply risk management, uphold shareholder rights and interests, strengthen the function of the Board of Directors, and both respect and protect human rights. At the same time, we openly communicate ESG-related issues with stakeholders. In this manner, we ensure the sustainable development of the company by continuing to enhance corporate governance and ethical management.

■ Talent Development and Corporate Culture

As a member of the knowledge and technology intensive semiconductor IC design industry, human resources and intellectual property are Realtek's most important assets and the cornerstone of the company's development, sustainability, and competitiveness. Realtek has longstanding talent strategies and planning in place that enable us to retain a workforce that can respond to short, mid, and long-term development needs. Our human resources policy is based on valuing and respecting talent. Safety and happiness are as important as work quality, and are emphasized along with learning and development for better performance. Innovation and service create total value for all. The Realtek Corporate University offers five academies with different training programs for the continued development and reinforcement of organizational learning and competitiveness. Work and lifestyle improvements include offering the Realtek Employee Care Center, which combines various employee welfare benefits to create a friendly environment that promotes organizational action and teamwork. We also established the Occupational Safety and Health Center for employee care services and environmental testing, in order to build a safe and reliable work environment. Realtek focuses on future organizational growth and makes preparations to ensure robust development and innovation. In 2020, we started construction of the third office in the Hsinchu Science Park to accommodate more employees as the company continued to grow.

We recognize that creating an R&D and innovation base, actively developing talent, and building team rapport are at the core of organizational development. We therefore make significant effort in developing human resource management strategies at each level of the organization to ensure talent sustainability. The corporate culture of Realtek is defined by self-confidence and trust in people, teamwork, innovation, and vitality. Self-confidence originates from professionalism, while trust in people derives from sharing, belief in the team, and helping others. Teamwork comes from coordinating with your team spontaneously, and offering support of your own volition. Innovation arises from leadership and breakthroughs that create new value, new fields, and new opportunities. Vitality is about proactive service and passion. We believe that our corporate culture provides consensus on direction of development and successful collaboration within the organization. Therefore, it is incorporated into every business activity with full participation by everyone, and continues to create unique, suitable competitive advantages.

■ Going Green through Product Responsibility and Environmental Protection

Realtek participates in global environmental issues by formulating environmental sustainability policies. We gather resources and implement diverse measures to make systematic plans for developing innovative green products, mitigating climate change, conserving water, and managing energy. To uphold sustainability within overall operation processes, we constantly make improvements to environmental management and encourage all employees to participate in advancing product quality, environmental protection, as well as occupational safety and health, thereby meeting the requirements of various international standards such as ISO and OHSAS 18001.

In terms of green products, Realtek attaches great importance to the deployment of green energy concepts from the R&D design process, implements our expectations and commitments for environmental protection in the innovation of Integrated Circuit design, and improves product durability to reduce the use of resources. Through these measures, energy-saving and carbon-reduction are carried out in the best practical way. In the face of product innovation and performance, as well as the pursuit of steady growth and profitability, Realtek will continue to implement CSR in the R&D and supply chain management. We will further elaborate on our achievements in the following chapters. To control Greenhouse Gases (GHG) emissions, since 2019 we have conducted annual GHG inventories and proactively conducted GHG management to stay on top of the actual carbon emission situation. For water and electricity, we set targets to reduce daily usage as well as evaluate the effectiveness of our efforts and formulate improvement plans to enhance our environmental protection. We also engage in advocacy, education, and training on environmental issues. Consensus on environmental responsibility is achieved through systematic management aimed at realizing environmental protection and sustainability. In Chapter 3 we give more details.

■ Social Care and Sustainability – Common Prosperity with Global Society

Fulfilling corporate citizenship is one of Realtek's established business goals. Our efforts in social care target the following six items: social care education for employees, disadvantaged groups, emergency donations and assistance, academic research, children's development, and special projects. These encompass a variety of requirements from multiple aspects. Realtek is continuing to integrate our resources and manpower in support of social engagement.

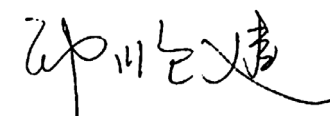
To effectively implement social care and sustainability, Realtek combines its own advantages and continuous learning from all walks of life. Through cross-industry collaboration, we jointly exert the power of social responsibility across groups and corporations. On October 31st, 2020, we joined the Liver Disease Prevention & Treatment Research Foundation, Longshan Temple, and Yuan High-Tech to offer free hepatitis and liver cancer screenings. Besides raising awareness of liver health, we provided professional health checks with reports to the more than 8,000 participants. People were grateful for the health promotion and liver disease prevention benefits. Having an understanding of people's expectations and requirements allows Realtek to define and develop a clearer CSR roadmap. An appreciation for the importance of our responsibilities ensures even greater rigor in each area of development. Global society and local communities are both important to Realtek. We will continue to build our vision for sustainability and corporate social responsibility through concrete actions.

We thank all of our business partners for coming together to build a CSR ecosystem that supports sustainable development worldwide through substantive action. Our thanks also go out to our friends and partners in the industry for their continued interest in our development. Your interest, support, and care help drive the development of CSR at Realtek.

Realtek's CSR goals and commitments are as follows:

- Commitment to sustainability goals, honesty, and integrity
- Implementation of green energy policies and environmental responsibility
- Sustainable talent development and a safe environment
- Active cooperation on service and quality requirements
- Innovative R&D to enrich the world and improve convenience
- Warm the hearts of more people through continued progress

We are committed to doing our best on CSR, and to integrating sustainability development thinking into the spirit of everyone at Realtek.



Chiu, Sun-Chien
President, Realtek



About the Report

Report Profile

This 2020 Corporate Social Responsibility Report (hereafter referred to as the ‘2020 CSR Report’) was prepared by Realtek Semiconductor Corporation (hereafter referred to as ‘Realtek’) in accordance with the GRI Standards. The economic, social, and environmental impacts of Realtek are disclosed in an accurate, open, and transparent manner. The outcomes of material issues such as business performance, corporate governance, stakeholder engagement, social participation, environmental protection, friendly workplaces, and employee care are covered. Realtek will continue to publish this report on a regular basis. The contents are also published in full in the CSR section of the Realtek website, where we can explain our corporate sustainable development actions and results.

Reporting Period

The information disclosed in the 2020 CSR Report covers the period between January 1, 2020, and December 31, 2020. The report is published on an annual basis, and the previous Realtek CSR Report was published in June 2020.

Editorial Approach

This report was prepared in accordance with the GRI Sustainability Standards (GRI Standards) issued by the Global Reporting Initiative. It complies with the Core option of the GRI Standards and includes a GRI content index.

To prepare this report in line with international standards and industry benchmarks, Realtek considered a broad range of international sustainability indicators and external initiatives. These included:

- The 17 Sustainable Development Goals (SDGs) of the United Nations
- Carbon Disclosure Project (CDP)
- Dow Jones Sustainability Index (DJSI)
- Code of Conduct of the Responsible Business Alliance (RBA)
- ISO 26000 Guidance on Social Responsibility
- ISO 22301 Business Continuity Management
- SA8000:2014 Social Accountability Standard
- 21st Session of the Conference of the Parties (COP 21)
- The Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC AR5)
- Bloomberg Environmental, Social, and Governance Survey (Bloomberg ESG Survey)
- Sustainability Accounting Standards Board (SASB)

Scope of Disclosure

The operating locations of Realtek consist of our Hsinchu Headquarters (the main operating location) as well as the Taipei and Tainan offices. The three main dimensions of this report are the economy, society, and environment. Disclosure in the environmental dimension covers our main operating location, while disclosure in the economic and social dimensions covers all Realtek operating locations. We conducted an analysis of material issues using questionnaires and surveys. The contents of this report are a) a representation of business performance important to stakeholders and b) the outcomes of investment in corporate sustainability. There were no significant changes to the organization, ownership, or supply chain during the reporting period.

External Assurance and Verification

The financial data disclosed in this report came from the consolidated financial statement audited by PricewaterhouseCoopers in accordance with the International Financial Reporting Standards (IFRS). This report was externally verified by SGS Taiwan as conforming to the GRI Standards (Core) and AA1000 AS (2008) moderate assurance (Type I).

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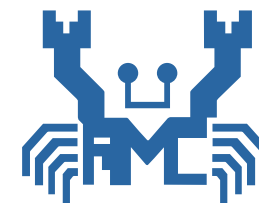
<https://www.realtek.com/en/>



CSR

<https://www.realtek.com/en/csr/csr-overview>





 2020
**Achievement
Highlights**





Economic

- Realtek has been profitable for 34 consecutive years. Our consolidated revenue in 2020 was a record NT\$77.76 billion, an increase of 28% from 2019. Net profit was NT\$8.79 billion, an increase of 29.5% compared to 2019, and we invested NT\$19.05 billion in R&D. Our EPS was NT\$17.24 and we had a cash dividend of NT\$12.
- Over the course of 34 years, we have continued to innovate and achieve new breakthroughs. We obtained more than 4,000 patents from Taiwan and overseas while ranking fourth for patent applications among domestic applicants in Taiwan in 2020.
- Realtek's RTL8156B 2.5G USB Ethernet controller, which has the smallest package size and lowest power consumption of any 2.5G Ethernet product in the world, won a 2020 Hsinchu Science Park Innovative Product Award.
- Won a 2020 Hsinchu Science Park R&D Accomplishment Award for overall R&D achievements.
- 100% of our raw materials come from suppliers certified by Responsible Minerals Initiative.



Environmental

- In 2020, we were certified under the new version of the ISO 14001:2015 Environmental Management Systems certification.
- In 2020, we saved 3.140 million kWh of electricity and 9.55 million liters of water.
- We implemented energy savings measures for our testing area machinery, IT server rooms, and other equipment. Overall energy savings were 6.56%, and we will seek to maintain energy savings of at least 6% each year.
- In 2020, our average water consumption per person decreased by 3.1% compared to 2019.

Social

- Selected in TWSE Taiwan High Compensation 100 Index.
- Continued to support reading among students in rural schools by donating educational magazines to 179 classes spread across 26 schools in remote areas in 2020, an increase compared to the 20 schools we donated to in 2019.
- Participated in a Hsinchu street light adoption program.
- Contributed close to NT\$108.45 million on employee social welfare benefits and related activities, an increase of NT\$25.92 million, or 31%, compared to the previous year.
- Certified under the new ISO 45001 Occupational Health and Safety Management System.
- Advanced deployment of free medical masks to all colleagues in need in the early stages of the COVID-19 event.
- Contributed NT\$13,998,019 to social inclusion programs.
- Sponsored LDCT lung cancer screening tests on officers with the Hsinchu County Police Bureau.
- Joined the Liver Disease Prevention & Treatment Research Foundation, Longshan Temple, and Yuan High-Tech to offer free hepatitis and liver cancer screenings. The 8,032 people who joined the event set a Guinness World Record for most people completing a health survey in 12 hours.



Responses to the UN's SDGs

SDG	Actions by Realtek	Corresponding Chapters
 Goal 3 Good Health and Well-Being	- At the start of the COVID-19 pandemic, Realtek promptly established a cross-unit response team that monitored the pandemic situation and formulated pandemic prevention plans, restrictions, and service measures in line with government policy. The goal was to maintain stable operations at the company while ensuring the health of Realtek employees around the world. Realtek is fully committed to providing a safe working environment by building systematic pandemic prevention management mechanisms. - Certified under the new ISO 45001 Occupational Health and Safety Management System. - In 2020, 3,511 employees, or 95% of our workforce, underwent health examinations. - Sponsored LDCT lung cancer screening tests on officers with the Hsinchu County Police Bureau. - Joined the Liver Disease Prevention & Treatment Research Foundation, Longshan Temple, and Yuan High-Tech, to offer free hepatitis and liver cancer screenings. The event brought greater attention to liver health and the importance of preventing liver-related diseases.	Ch4 - No Complacency When Carrying Out Pandemic Prevention - Safe Workplace and Health Promotion - Employee Health is Critical to the Company's Competitiveness - Realtek Supports Charity with a Smile, Social Prosperity – Society Section
 Goal 4 Quality Education	- Realtek provides scholarships and educational gifts to students at schools in rural areas in Hsinchu County, including Yu Feng, Xiu Luan, Xin Guang, and Shih Lei elementary schools, hoping to make a difference in their learning environments while creating more learning opportunities. - Continued to support reading among students in rural schools by donating educational magazines to 179 classes spread across 26 schools in remote areas in 2020, an increase compared to the 20 schools we donated to in 2019.	Ch4 - Realtek Supports Charity with a Smile, Social Prosperity – Local Section - Realtek Supports Charity with a Smile, Social Prosperity – Society Section
 Goal 5 Gender Equality	- Realtek is committed to practicing gender equality. Consistent salary standards, and salary adjustment review indicators and guidelines are applied to all Realtek employees, of all genders, in every position. - We offer an unpaid parental leave policy based on the 'Act of Gender Equality in Employment'. All employees, of all genders, are entitled to apply in accordance with relevant procedures.	Ch4 - Competitive Compensation and Benefits - Unpaid Parental Leave Mechanism
 Goal 6 Clean Water and Sanitation	- In 2020, we consumed a total of 132.85 million liters of water, and our average water consumption per person dropped compared to 2019. - We do not discharge manufacturing process wastewater, and do not pose any risk of environmental impact from wastewater and effluent spills. Realtek regularly reported to the Hsinchu Science Park Bureau to discharge domestic wastewater, which is collected by the sewage system and piped to the science park's wastewater treatment plant for processing before being discharged into the Keya River through a dedicated pipeline.	Ch3 - Water Resources Management - Wastewater and Waste Management
 Goal 8 Decent Work and Economic Growth	- Realtek's consolidated revenue in 2020 was NT\$77.76 billion, an increase of 28% from 2019. Net profit was NT\$8.79 billion, an increase of 29.5% compared to 2019, with an EPS of NT\$17.24 and a cash dividend of NT\$12. Operational performance reached new record heights. - Realtek Corporate University supports employee study and professional development. We also offer digital education and training platforms that serve as study channels for new employees. Diverse classes cover work management, safety and defense, quality management, professional techniques, and other topics.	Ch1 - Business Performance Ch4 - Talent Cultivation

SDG	Actions by Realtek	Corresponding Chapters
 Goal 9 Industry, Innovation and Infrastructure	1. Our commitment to R&D and innovation, as well as intellectual property rights is underscored by having obtained more than 4,000 patents from Taiwan and overseas during the past 34 years. 2. Realtek remains committed to R&D and innovation. We develop green IC products that save more energy. Our new generation of products in 2020 consumed from 28% to 59% less power than the previous generation, while the package sizes were between 29% and 77% smaller. These lightweight, energy-saving products have a superior design to their predecessors. 3. We formulate rigorous, reliable testing processes that increase product durability and extend useful life. Longer-lasting products reduce the need for production resources and cut down on waste.	Ch2 • R&D and Innovation • Development of Green, Energy-Saving Products • Improving Product Durability to Reduce the Use of Production Resources
 Goal 12 Responsible Consumption and Production	1. In 2010 we began to check for conflict minerals. Suppliers are required to prove that the metals used in their products do not come from Conflict-Affected and High Risk Areas. 2. We implement green raw material and product certifications policies, including lead-free and halogen-free, compliant with hazardous substance requirements for the electronics sector prescribed by the European Union and Japan, and the Restriction of Hazardous Substances (RoHS) directive. 3. Since 2003, we have received green partner certification from Sony, Fujitsu, and Canon. In 2020 we passed ISO 14001 Environmental Management System certification.	Ch2 • Use of Safer Raw Materials
 Goal 13 Climate Action	1. We have conducted inventories of GHG emissions since 2020 to understand our carbon dioxide emission situation. 2. We continue to carry out plans to save electricity, including 36 energy-saving measures proposed in 2020 to improve electricity efficiency. Our electricity savings in 2020 were 3,139,740.68 kWh (or 11,298.80 GJ), which is equivalent to reducing carbon dioxide emissions by 1,598.10 tons.	Ch3 • Voluntary GHG Management Reduces Our Carbon Footprint
 Goal 16 Peace, Justice and Strong Institutions	1. Integrity, abiding by the law, and ethical conduct are core values of Realtek's ethical management. We require that every employee fully participate in and abide by our integrity and ethical practice requirements. Training camps for new employees also include classes dedicated to integrity and ethical conduct. 2. Formulated the Realtek Semiconductor Human Rights Policy to demonstrate our commitment to treating all employees with dignity and respect.	Ch2 • Ethical Management
 Goal 17 Partnerships for the Goals	1. Joined with medical, technology, academic, and religious partners to offer free hepatitis and liver cancer screenings. We promote health and safety while strengthening sustainable quality of life.	Ch4 • No Complacency When Carrying Out Pandemic Prevention

Stakeholder Engagement

Stakeholder Identification

Realtek used the five principles of the AA1000 Stakeholder Engagement Standard (AA1000 SES), developed by the global non-profit organization 'AccountAbility', and selected three scoring indicators: frequency of communication, dependency, and influence. Using internal detailed identification procedures, we conducted a comprehensive inventory of stakeholders followed by a materiality assessment. Six key stakeholders were ultimately identified as priority targets for engagement for the reporting period of this report: investors, employees, customers, government agencies, suppliers, and Non-Profit Organizations (NPOs).

Scoring Indicators

Frequency of communication, dependency, influence

Six Key Stakeholders

Investors, employees, customers, government agencies, suppliers, non-profit organizations

Stakeholder Interaction

Our website contains a stakeholder section with a dedicated e-mail address for stakeholder communication and contact: RT_CSR@realtek.com. Any questions, suggestions, or complaints can be made through this mailbox for open and effective communication.

For the six key stakeholders, we adopted different methods of engagement and communication: one-way, two-way, one-to-many, and many-to-one. For more information, please refer to the following table.

External stakeholder communication channels



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Stakeholder Engagement Methods, Frequencies and Procedures:

Stakeholder	Method of Communication	Frequency of Communication	Related Records	Top 3 Sustainability issues of Stakeholder Concern
Investors	Annual general shareholders' meeting	Annual	Shareholders' meeting agenda and meeting minutes	1.Economic performance 2.Innovation and R&D 3.Development of new markets
	Quarterly earnings release (investor conference)	Quarterly	Financial information published on the Market Observation Post System	
	Monthly revenue release	Monthly	Publication of monthly revenues on the Market Observation Post System and the Realtek website	
	Domestic conferences	Invitation dependent; attended more than 300 in 2020	Investors visited the company in person or joined telephone discussions	
	Foreign investor forums	Invitation dependent; attended more than 30 in 2020	Financial information from investor conferences published on the Market Observation Post System	
Employees	Realtek organizational communication meetings	Quarterly	Organizational communication meeting minutes	1.Remuneration and benefits 2.Talent recruitment and retention 3.Talent cultivation
	Employee performance interviews	Semiannual	Employee performance review form	
	Welfare Committee	Quarterly	Welfare Committee meeting minutes	
	Internal communication channels (e-mail, posters, announcements, notice boards, intranet)	Ad hoc	E-mail, posters, photos, announcements	
Customers	CSR and RBA audits	Annual	Customer audit records	1.Business continuity management 2.Innovation and R&D 3.Development of new markets
	Quarterly business meetings	At least once quarterly	Meeting minutes	
	Customer GP/environmental protection requirements	Ad hoc	Customer specifications	
	Customer satisfaction surveys	Annual	Customer feedback records	
	Customer and supplier conference	Annual	Conference content	
Government Agencies	Official correspondence	Ad hoc	Official documents, correspondence, and bulletins	1.Reduce energy consumption 2.Ethical Management and compliance 3.Climate change response
	Market Observation Post System website	Ad hoc		
	Various policies	Ad hoc		
	Corporate website	Ad hoc		
Suppliers	Review of documentation	When a new supplier joins	Supplier evaluation form	1.Supplier management 2.Economic performance 3.Business continuity management
	On-site audits (for qualified suppliers only)	Annual	Supplier audit records	
	Regular supplier conferences	Monthly or every two months	Meeting minutes	
Non-Profit Organizations	Telephone interviews	Ad hoc	Telephone interview records	1.Social welfare participation 2.Corporate image 3.Innovation and R&D
	Face-to-face interviews	Ad hoc	Interview records	
	CSR mailbox	Ad hoc	E-Mail	

Material Issue Management

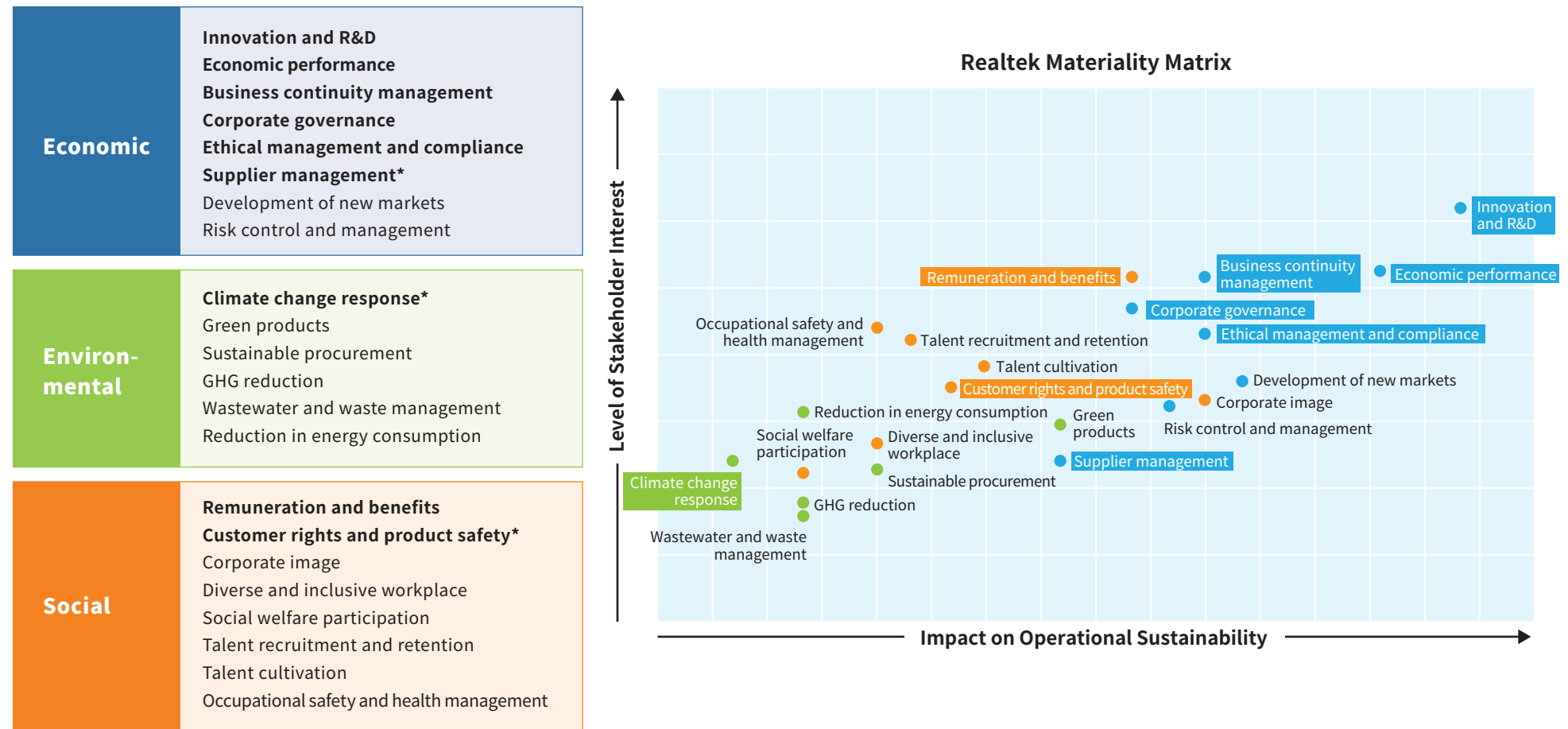
Realtek values stakeholders' views towards issues that are of material concern. To ensure information is disclosed in line with the expectations of stakeholders, we conduct internal and external surveys. In 2020, we used 94 valid responses gathered from stakeholders to identify, analyze, and rank issues, before compiling the results into a Materiality Matrix that clearly shows distribution of material issues of concern for stakeholders. The matrix helps us monitor and respond to changes to the important issues. The detailed steps are as follows:

Step	Title	Description	Quantification
1	Identify Stakeholders	Considering the principles behind the AA1000 stakeholder engagement standards, we selected three scoring indicators: frequency of communication, dependency, and influence, then used these to identify six key stakeholders as priority targets for engagement for the 2020 CSR Report: investors, employees, customers, government agencies, suppliers, and NPOs.	6 key stakeholders
2	Identify Sustainability Issues	We picked relevant issues from international sustainability standards (the UN Global Compact and SDGs), industry guidelines and standards, benchmarks from inside and outside the industry, and organizational annual targets, then evaluated their impact on sustainable development in terms of corporate governance, the economy, the environment, supply chain management, climate change responses, and social welfare participation.	22 sustainability issues
3	Investigate Level of Stakeholder Interest	Using online questionnaires, we surveyed internal and external stakeholders on their level of stakeholder interest for each issue. We collected a total of 94 valid responses.	94 responses
4	Assess Impact on Operational Sustainability	The Realtek CSR Center determines the business impact of sustainability issues. A total of 15 managers participated.	15 managers
5	Determine Material Issues	Using the analytical results of steps 3 and 4, we compiled a materiality matrix for Realtek that included nine material issues determined by the CSR Committee.	9 material issues
6	Define the Scope of the Report	We define the boundaries of each material issue to ensure that they reflect the strategic planning and implementation categories of our economic, environmental, and social dimensions.	3 main dimensions

Outcomes of Materiality Analysis

The CSR Committee used weighted calculations of the outcomes of internal and external stakeholder surveys to determine material issues, and ranked them based on their scores. After determining the level of stakeholder interest and the impact on Realtek's operational sustainability, the committee completed a materiality analysis, then compiled a materiality matrix.

Based on stakeholder surveys, we chose six primary material issues: Innovation and R&D, economic performance, business continuity management, ethical management and compliance, corporate governance, and remuneration and benefits. Five of the issues (economic performance, innovation and R&D, ethical management and compliance, corporate governance, and remuneration and benefits) were the same as 2019. To expand our responses to issues related to sustainable operations, we included customer rights and safety, supplier management, and climate change responses in the material issues of the 2020 CSR Report, bringing the total number of material issues described in the report to nine.



2020 Nine Material Issues

Note: ○ Indirect impact ◎ Commercial impact ● Direct impact

Material Issue	Corresponding Chapter	GRI Standard/Disclosure	Impact			
			Business	Supply Chain	Customers	Employees
Innovation and R&D	CH.2 Sustainable Operations	• 302-5 Reductions in energy requirements of products and services	●	◎	◎	●
Economic Performance	CH.2 Sustainable Operations	• 201-1 Direct economic value generated and distributed	●	◎	◎	●
Business Continuity Management	CH.2 Sustainable Operations	• N/A	●	◎	◎	●
Ethical Management and Compliance	CH.2 Sustainable Operations	• 205-3 Confirmed incidents of corruption and actions taken • 419-1 Non-compliance with laws and regulations in social and economic areas	●	○	○	●
Corporate Governance	CH.2 Sustainable Operations	• 419-1 Non-compliance with laws and regulations in social and economic areas	●	○	○	●
Remuneration and Benefits	CH.4 Shared Prosperity in the Workplace	• 401-2 Benefits provided to full-time employees (not including temp or part-time) employees	●			●
Customer Rights and Safety	CH.2 Sustainable Operations	• 416-1 Assessment of the health and safety impacts of product and service categories • 418-1 Substantiated complaints concerning breaches of customer privacy and loss of customer data	●	○	●	○
Supplier Management	CH.2 Sustainable Operations	• 308-1 New supplier selection using environmental criteria • 414-1 New supplier selection using social criteria	●	●	○	
Climate Change Responses	CH.3 Environmental Sustainability	• 302-1 Energy consumption within the organization • 305-1 Direct (Scope 1) GHG emissions • 305-2 Indirect (Scope 2) GHG emissions	●	○	◎	●

Procedure for Handling Issues of Stakeholder Concern

Realtek values all stakeholder concerns and responses. Our standard procedures for responding to stakeholder feedback are as follows:

STEP 1

Issues raised by external stakeholders are reported during each department's regular internal meetings.

STEP 2

The head of each department regularly briefs senior management on issues of stakeholder concern and future plans.

STEP 3

The CSR Center regularly convenes cross-departmental meetings to analyze how each issue impacts Realtek.

STEP 4

The CSR Center reports results of ongoing internal reviews to top-level management in order to identify the material issues and internal/external boundaries for disclosure as well as Realtek's response.

STEP 5

Conduct internal audits to determine whether there is sufficient supporting evidence for public disclosure.

STEP 6

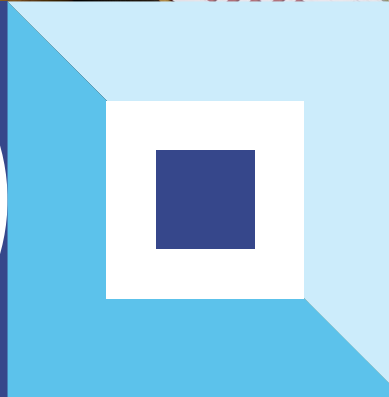
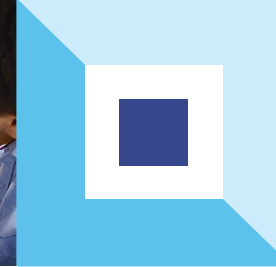
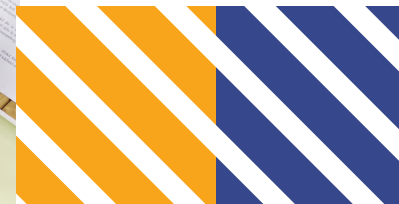
Once the scope and boundaries of issues for this year are confirmed, we respond publicly to issues of concern to stakeholders through reports or official press releases.





Chapter 1

About Realtek



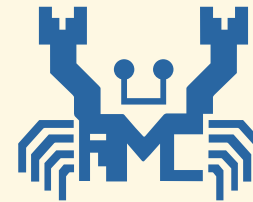
Company Profile

Realtek Semiconductor Corporation was founded on October 21st, 1987, and has grown to become one of the most competitive Integrated Circuit (IC) design houses in the world. Realtek specializes in the development and design of ICs. From product R&D, testing to sales, we embrace the principles of change and innovation to fulfill our goals of providing new technology, new products, new applications, new value, and new markets. Our product portfolio encompasses electronic products of various types for applications such as communications network, computer peripherals, and multimedia, including 10/100/1000/2500M Ethernet controller IC/PHY transceivers, 10/100/1000M Ethernet exchange/photoelectric converters, SoC/gateway controller IC, wireless network controller IC, AP/router SoC, DSL chipsets, VoIP, Bluetooth, xPON, IoT solutions, automotive Ethernet solutions, high-fidelity audio solutions for consumer and PC applications, card reader controller IC, network/IP camera controller IC, LCD monitor controller IC, TV controller IC, and home entertainment system solutions. The Realtek team includes experts in the design of RF, analog, and hybrid signal circuits. In addition to developing advanced, innovative technologies, Realtek also leverages an exceptional manufacturing system and know-how to stay on top of market trends. We provide customers with a full-spectrum of products and solutions that offer high performance, high quality, and high competitiveness. In September 1995, Realtek became the first IC design house in Taiwan to achieve ISO 9001 certification. We were initially, publicly listed on the Taiwan Stock Exchange in 1998 and achieved ISO 14001 international quality certification in 2006. Realtek has consistently set annual records for revenue growth through our sound, long-term product roadmap, effective business strategies, and the combined efforts of all employees. In 2020, we set two new records with revenues of NT\$77.76 billion and net income of NT\$8.79 billion.

Relationships to All Parts of the Industry Chain

Realtek's close, well-developed relationship with our partners in the supply chain allows us to quickly provide customers with high-quality, high-performance, and highly competitive products and services. The core business of Realtek is the design of Integrated Circuits. The chips are manufactured by professional semiconductor foundries, then transferred to assembly & testing companies for IC packaging and testing. The high-quality chip products are then shipped back to Realtek to be sold to customers engaged in the manufacturing of electronic end-user products around the world. We focus on our core competitive advantages throughout the product R&D, testing, manufacturing, and sales cycle. We strive to ensure a high standard of quality in our entire supply chain in order to provide customers with the best solutions and innovative services. We maintain close cooperative relationships with our upstream, midstream, and downstream industrial partners to foster the long-term, stable technical cooperation that makes our industry more competitive and raises the core value of our products.

To usher in a smart new world where everything is connected to the Internet, Realtek offers the best solutions for machine-to-machine connections and human-machine interfaces.



A crab forms the unique and distinctive logo of Realtek. We pursue excellence with the resilient adaptability and fearlessness of the crab, so that we can better serve the world and make outstanding, lasting contributions to technological innovation.

Over 75% of our employees hold a Master's or Ph.D. degree, giving Realtek a market advantage in the R&D of high-end ICs.

About Realtek Semiconductor

Chairman: Nan-Horng Yeh

President: Sun-Chien Chiu

Company Type: Publicly Listed Company

TWSE Code: 2379

Date Established: October 21st, 1987

Industry: Semiconductor, IC design

Main Products: Communications network IC, computer peripheral IC, multimedia IC

Headquarters: No. 2, Innovation Road II, Hsinchu Science Park

Workforce: 4,232 employees

Authorized Capital: NT\$5.11 billion

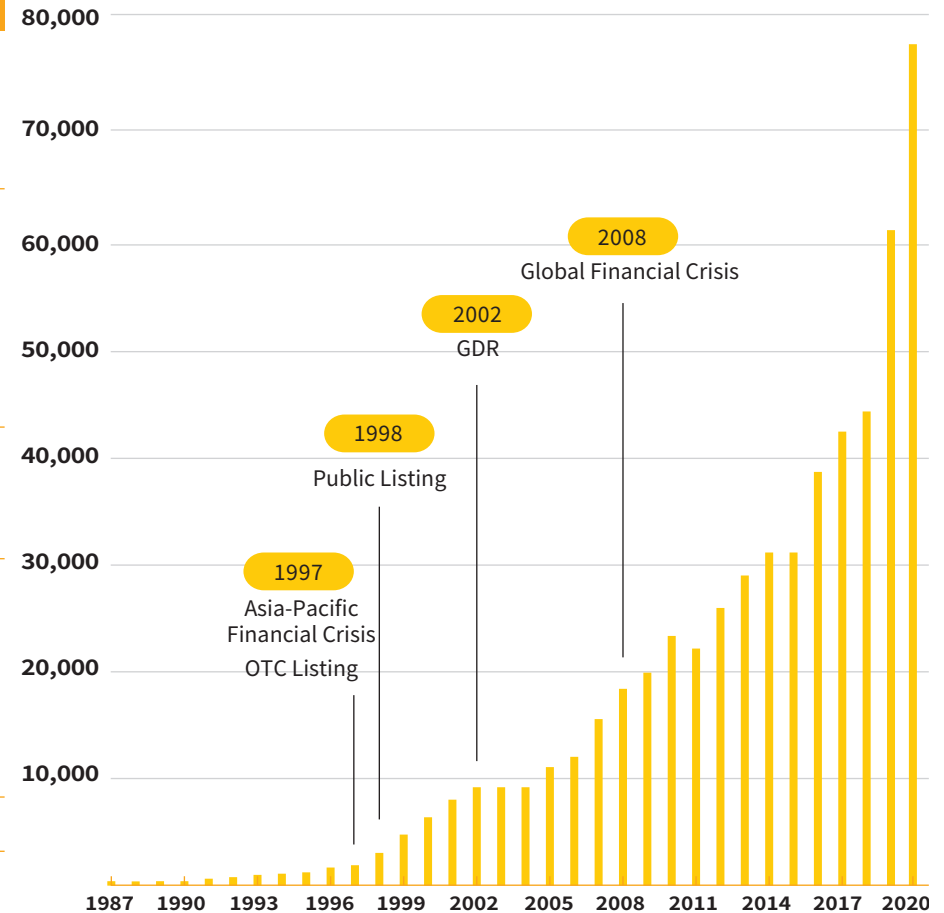
Revenues: NT\$77.76 billion (2020)

Economic Performance

Economic Performance – Management Approach

Relevance to Realtek	Realtek is an IC development and design company. Through our sophisticated organization, product strategy, and distribution, we make innovative developments and open new market positions. We contribute to the growth of our partners around the world and generate new value for the global community.
Policy and Commitment	- Use Innovation and R&D as a foundation for continuing to develop ever better products and provide customers with the best integrated solutions and services. Create innovative, low-power, and high-performance market-leading products that keep us as a sustainable enterprise with growing revenue. - Regularly convene investor conferences to provide financial statements and business outcomes for the reference of investors, shareholders, and stakeholders.
Goals	- Revenue and profit growth every year. - Set revenue targets based on industrial developments, market trends, and competitor threats, then strive to achieve our goal. Increase market share to meet shareholder expectations, and boost investor confidence.
Actions	- Top management holds regular meetings to conduct product development and management reviews based on market direction. - Continue to invest in R&D to maintain our lead in innovative techniques and applications. - The Finance Division monitors overall economic operation results, and presents the operation performance in a realistic and accurate manner. The results are regularly announced in compliance with relevant laws and regulations.
Responsibilities	Operations management team
2020 Achievements	- Realtek's consolidated revenue in 2020 was NT\$77.76 billion, an increase of 28% from 2019. Net profit was NT\$8.79 billion, an increase of 29.5% compared to 2019. - Held four earnings calls in 2020 and released quarterly operational reports.

in Millions of NT\$



Founded in 1987, Realtek has maintained revenue growth and profitability over the last 34 years. Even the Asia-Pacific Financial Crisis in 1997, the Global Financial Crisis in 2008, and COVID-19 in 2020 did not stop us from carrying out innovation and R&D in chip design, and focusing on customer value by providing our customers with the best solutions and services. Therefore, we continue to achieve steady annual growth and strong business results. 2020 was another breakthrough year for Realtek in communications network, computer peripherals, and multimedia applications despite the persistently high levels of global competition in innovative technologies and the overall business environment. Consolidated revenues for 2020 again reached a new record high of NT\$77.76 billion, 28% higher than in 2019. Net profit after tax was NT\$8.79 billion, an increase of 29.5% compared to 2019, with an EPS of NT\$17.24 and a cash dividend of NT\$12 per share.



■ Economic Value of Realtek's Production and Distribution in the Past Five Years

Unit: in Thousands of NT\$

Item/Year	2016	2017	2018	2019	2020
Operating Revenue	38,914,031	41,688,021	45,805,746	60,744,006	77,759,470
Operating Costs	22,017,294	23,784,599	25,344,876	34,160,690	44,510,731
Gross Profit	16,896,737	17,903,422	20,460,870	26,583,316	33,248,739
Operating Income	3,342,764	3,204,237	3,770,758	6,330,865	8,639,563
Net Income Before Tax	3,335,386	3,626,353	4,657,201	7,235,872	9,356,145
Income Tax Expenses	295,549	234,193	306,420	445,497	562,619
Income from Operations of Continued Segments	3,039,837	3,392,160	4,350,781	6,790,375	8,793,526
Net Income (Loss) for the year	3,039,837	3,392,160	4,350,781	6,790,375	8,793,526
Total Comprehensive Income (Loss) for the year	2,563,674	1,390,168	5,054,264	6,130,163	7,425,261
Cash Dividend	2,019,805	2,286,430	3,048,573	4,596,164	6,128,219
Earnings Per Share	6.02	6.71	8.57	13.36	17.24

Note: The dividend for the current year is issued in the following year. For example, the 2020 dividend is issued in 2021.

2020 Employee Benefit Expenses (Unit: in Thousands of NT\$)	
Wages and Salaries	16,381,081
Labor and Health Insurance Fees	505,515
Pension Costs	292,944
Other Personnel Expenses	238,741
Total	17,418,281



■ 2020 Operating Revenue

NT\$77,759,470 thousand

■ 2020 EPS

NT\$17.24

Source: 2020 Financial Statements

R&D and Innovation

Realtek has been developing highly innovative Integrated Circuits suitable for various applications since we were founded 34 years ago. Our product designs cover a range of sectors, including communications network, computer peripherals, and multimedia technologies. With the highly-integrated features in our products, we can offer global customers the best and fastest solutions. We also own many patents and leading technology roadmaps. Our continued innovations in specialized technical fields make us one of the top technology R&D companies in the world.

The core technologies of Realtek are mixed analog-digital design, circuit design, process technology, as well as system know-how and silicon IP. Our long-term focus on innovative technologies and providing steady, high-quality customer service are critical key factors for Realtek's success. Realtek is a member of the Institute of Electronic and Electrical Engineers (IEEE) and is one of the international technology leaders.

As we continue to make breakthroughs in innovative technology capabilities, we often act as a pioneer who leads industry and technology trends. The innovative technology expertise of Realtek comes from our extensive system know-how and integration capability. During product development, we leverage our knowledge of mixed signal circuit design and integrate critical components (such as MCU, DSP, RISC, PLL and memory) from a system-level perspective. We aim to provide customers with total solutions in the form of a System-on-Chip (SoC). Besides our system development and IC design expertise, our product quality and reliability management are backed by familiarity with process technology and applications. Over 30 years of innovation and R&D of new technologies and applications has earned Realtek more than 4,000 patents from Taiwan and overseas. Realtek moved up two spots to fourth in the list of top 10 domestic patent applicants in 2020, which was released by the Taiwan Intellectual Property Office, Ministry of Economic Affairs. Our R&D investments underscore a commitment to innovation, R&D and design techniques while our excellent results speak for themselves. We have managed to bring development prospects and success to our industry, all customers who use our products, and our technology partners.



Research Direction and Vision

When planning R&D, technology development, product manufacturing, or technical services, Realtek remains committed to providing customers with total solutions from a system perspective. We emphasize cultivation of core technologies such as embedded processors (e.g., Reduced Instruction Set Computer (RISC) CPU and Digital Signal Processors (DSP)), embedded memories, analog/digital mixed-mode IC design, radio-frequency IC design, system design, and advanced process technologies. Our long-term R&D efforts in these areas leads to positive results throughout the development stage.

The research process starts by understanding the needs of the application user. Alongside integrating communications, voice, and image system ICs, we develop high-speed, broadband, and wireless internet products. These become the foundation for making high-speed, high-resolution multimedia product platforms that offer customers comprehensive, high-quality communications and multimedia solutions. From this we have contributed to a new era of audio-visual digital entertainment, where smart technology is a part of everyday life.

Realtek R&D Patent Portfolio

Domestic and Foreign Patents Obtained Over the Last 12 Years

Year	Domestic	Foreign	Total
2009	72	179	251
2010	101	173	274
2011	116	211	327
2012	95	251	346
2013	115	223	338
2014	157	193	350
2015	188	242	430
2016	177	210	387
2017	126	195	321
2018	135	179	314
2019	148	211	359
2020	148	121	269

R&D Spending as a Percentage of Revenues Over the Last 12 Years

Year	Revenue (in Thousands of NT\$)	R&D Spending (in Thousands of NT\$)	Percentage
2009	20,271,791	3,479,741	17.17%
2010	22,270,941	3,352,324	15.86%
2011	21,896,274	3,841,819	17.55%
2012	24,613,536	5,055,023	20.54%
2013	28,180,010	6,659,885	23.63%
2014	31,263,298	7,857,955	25.13%
2015	31,745,809	8,901,884	28.04%
2016	38,914,031	10,692,321	27.48%
2017	41,688,021	11,444,977	27.45%
2018	45,805,746	12,969,972	28.32%
2019	60,744,006	15,535,505	25.58%
2020	77,759,470	19,054,888	24.50%



■ **2020 R&D Spending**
NT\$19.05 billion

■ **Ranked fourth overall
for domestic patent
applications in 2020**

(Source: Taiwan Intellectual Property
Office, Ministry of Economic Affairs)

■ **Patents accumulated
since founding**
4,090

2020 Product Highlights

RTL8156B-CG: The Most Energy Efficient 2.5G Ethernet Solution in the World

The RTL8156B-CG, a new generation 2.5Gbps USB Ethernet controller, fits a variety of energy-saving applications, including Microsoft's Modern Standby (MS) and Always On Always Connected (AOAC), IEEE 802.3az (energy-efficient Ethernet), and Intel's Converged Platform Power Management (CPPM). The biggest advantage of the RTL8156B-CG is that it uses the computer's USB interface and extends capabilities of the 1G Ethernet CAT-5e cable to provide 2.5GE specifications. It is the easiest, most economical way to upgrade cable speed.

The RTL8156B-CG uses QFN56 packaging. The single chip dimensions are 6 mm x 6 mm, which is the smallest package size of any 2.5G Ethernet controller available on the market, making it well-suited as a component in wearable products, such as USB external Ethernet cards or multi-interface docking stations. The RTL8156B-CG was well received by customers. As it began to appear in more products during the second half of 2020, it has provided more end consumers with 2.5-times faster internet speeds. In 2020, the RTL8156B-CG won a 2020 Hsinchu Science Park Innovative Product Award.

2.5GbE Ethernet Experience Meeting

On November 7th, 2020, we held the Realtek 2.5GbE Ethernet Experience Meeting. Renowned e-sports players and streamers engaged in light-hearted interactive play as a way of guiding consumers into the world of 2.5GbE Ethernet.

The event included five situational experience zones: e-sports battles, audiovisual work, live streaming, large file transfer over the intranet, and Dragon bandwidth software adjustment. Participants experienced the speed of gaming with 2.5GbE and the ease of sending large files. At the same time, we exhibited Realtek's exclusive Dragon bandwidth management software, which can be used to assign packet priority. Smart distribution of bandwidth ensures that the most important applications do not lag.

In 2020, Realtek launched its second-generation 2.5GbE Ethernet solution. This offers reduced chip size, energy savings, and high compatibility while still offering stable transmissions. Realtek's R&D team will continue to work on innovative new technology that contributes towards building a high-speed, stable network ecosystem. Our goal is to achieve the vision of 'Future Life, Ubiquitous Realtek'.



The Realtek 2.5GbE Ethernet Experience Meeting



The Realtek 2.5GbE Ethernet Ecosystem

Realtek Honors

Realtek Award Record



Realtek won a 2020 Hsinchu Science Park R&D Accomplishment Award for overall R&D achievements.



Realtek's RTL8156B-CG 2.5G USB Ethernet controller, which has the smallest package size and lowest power consumption of any 2.5G Ethernet product in the world, won a 2020 Hsinchu Science Park Innovative Product Award.

Outstanding Realtek Employees

Outstanding Employee Award of Hsinchu Science Park



R&D Center

Jacky Chan, Senior Director



Computer Peripheral Business

Jau Liang Chen, Deputy Director



Finance Division

Yong Jieh Lin, Director



Quality Management Department

Rita Lo, Project Manager

Engagement with External Organizations

Besides strengthening internal expertise and advantages, Realtek participates in domestic and foreign professional organizations to boost our corporate competitiveness, contributions, and profile. We expand and build multilateral relationships through mutual learning and exchanges. Sharing experiences and market information helps us to achieve industry leadership both domestically and overseas. Realtek is a member of the following external professional organizations:

Organization	Level of Membership Upon Renewal
National Taiwan University SoC Center	Cooperative Member
Tze-Chiang Foundation of Science & Technology	Enterprise Member
Taipei Computer Association	General Member
National Yang Ming Chiao Tung University Electrical Engineering Industry-Academy Resource Alliance	Enterprise Member
National Tsing Hua University SoC Design Technology Consortium	Platinum Member
Automotive Electronics SIG, Industry Development Bureau, Ministry of Economic Affairs	Cooperative Member
Taiwan IC Industry & Academia Research Alliance (TIARA)	Enterprise Member
Taiwan Semiconductor Industry Association (TSIA)	Group Member
Avnu Alliance	Adopter
Bluetooth SIG	Member
Distributed Management Task Force, DMTF	Participation
Embedded Microprocessor Benchmark Consortium, EEMBC	All Access Subcommittee membership
HDMI Forum	Member
IEEE	Enterprise Member
JEDEC Solid State Technology Association, JEDEC	Special new member

Organization	Level of Membership Upon Renewal
MHL, LLC (Mobile High-Definition Link, MHL)	Member
Mobile Industry Processor Interface	Member
MSDN	Visual Studio Enterprise
NSM Initiatives LLC	Adopter
NMV express, NVMe	Contributor
OPEN Alliance SIG	Promoter Member
PC/SC Work group	Member
Peripheral Component Interconnect Special Interest Group, PCI SIG	Standard Member
SD Association	General Member
SDN Industry Alliance	General Member
Serial ATA International Organization, SATA-IO	Contributor
Sony Memory Stick License	Member
University of New Hampshire InterOperability Laboratory, UNH-IOL	Member
USB Implementers Forum, USB-IF	Member
Video Electronics Standards Association, VESA	Member
Wi-Fi Alliance	Contributor

❖ Meetings of International Standard Setting Organizations

Realtek proactively participates in and promotes the setting of international standards in various fields such as communications networks, computer peripherals, and multimedia. This enables us to acquire information on related markets and techniques for product development in advance. Joint communication with expert teams and achieving early consensus on standards allows our products to adhere to international standards and raises our R&D capacity.

Meeting Name	Purpose	Result
MIPI FTF Meeting	Establish recording interface standards for computers, mobile devices, and accessories	SoundWire device audio class upgraded from v0.6 to v0.7
IEEE 802.11 Working Group	Establish communications protocol standards	Joined discussions and expressed our views on setting standards
WFA (Wi-Fi Alliance)	Establish Wi-Fi standards and testing guidelines, provide Wi-Fi products certification standards	
BT-SIG (Bluetooth Special Interest Group)	Establish Bluetooth standards and testing guidelines, provide Bluetooth product BQB certification standards	
Automotive Ethernet Congress	Participate in discussions on technical standards	
OPEN Alliance	Participate in discussions on technical standards	
MIPI at Automotive SerDes Conference	Discuss how MIPI can solve system problems in automotive networks and establish standardization methods	

❖ Industrial-Academic Cooperative Research Plans

Realtek is a longstanding participant in industrial-academic cooperative research plans. Teachers and students from top domestic universities join in programs that strengthen core technologies while pursuing innovations and breakthroughs. In 2020, we invested close to NT\$8 million to participate in industrial-academic cooperative research plans on such topics as analog and digital Integrated Circuit design, radio frequency, accelerators, and other advanced manufacturing techniques. These plans cultivate a diverse new generation of talented professionals. At the same time, they raise and broaden our innovative technical capacity, enabling us to continue to innovate in ways that provide customers with higher-quality, more comprehensive solutions.

Cooperative Partner	Cooperative Content	Invested Amount
National Taiwan University	• Analog Integrated Circuits • Digital Integrated Circuits • Radio frequency • Machine learning • Deep learning accelerator	In 2020, we invested close to NT\$8 million to expand industrial-academic cooperative research plans
National Yang Ming Chiao Tung University		
National Tsing Hua University		
National Cheng Kung University		
National Taipei University of Technology		



Chapter 2 Sustainable Development at Realtek

Corporate Governance

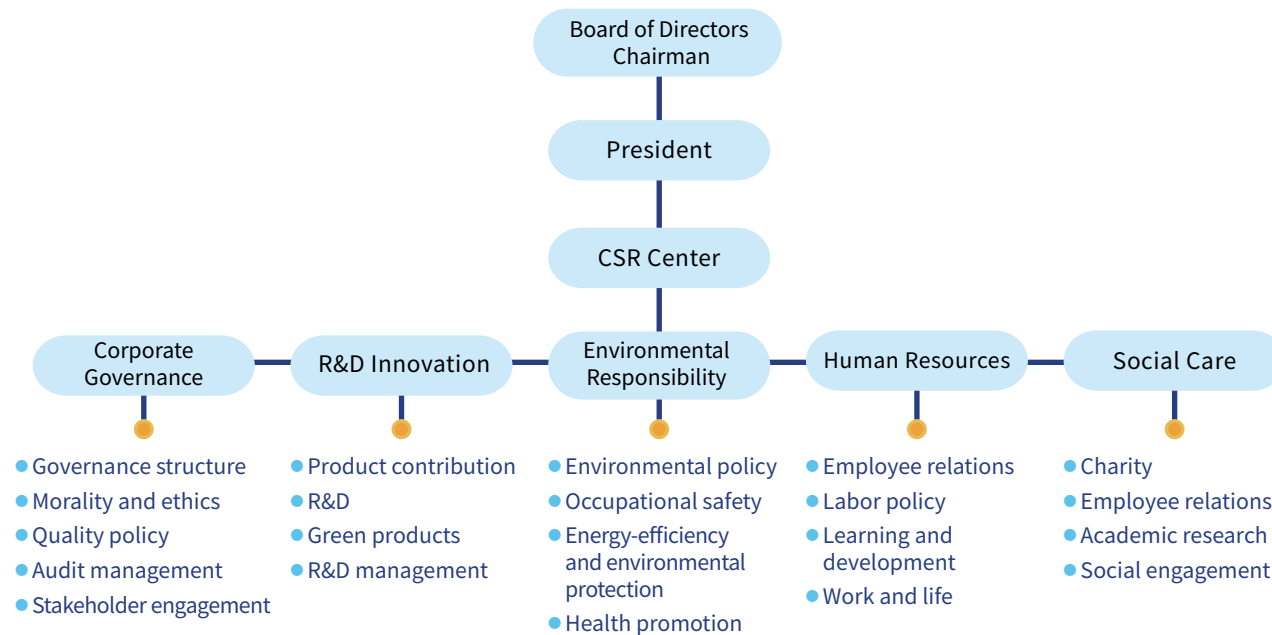
Corporate Governance – Management Approach

Relevance to Realtek	Realtek is committed to continuously strengthening operational effectiveness of the Board of Directors and management to ensure that the company recognizes the overall trend of economic, environmental, and social changes, therefore, corporate sustainability can be effectively pursued. Directors and managers shall exercise their authority in a manner that supports the long-term interests of the company and all shareholders. Corporate governance guidelines shall be implemented to a high standard to protect shareholder rights and interests and strengthen the benefits for stakeholders.
Policy and Commitment	Realtek adopts corporate governance best practice established by the competent authorities to fulfill our governance responsibilities and build a sound corporate governance system. We regularly review corporate operational performance and discuss important strategies, including the impacts, risks, and opportunities associated with economic, environmental, and social trends, to protect the rights and interests of various stakeholders.
Goals	Continue to refine the operations of the Board of Directors based on corporate governance recommendations issued by the competent authorities. We actively participate in corporate governance evaluations and improve information disclosure.
Actions	- Continue to enhance the performance of each functional committee (Remuneration Committee, Audit Committee, and Nominating Committee) to strengthen corporate governance by the Board. - Implement performance evaluation procedures for the Board and conduct annual performance evaluation.
Responsible Unit	Chairman's Office, President's Office, Finance Division
2020 Achievements	- Performance evaluation results of the Board, the Board members, the Audit Committee, and the Remuneration Committee were all 'Outstanding'. - In the 7th Corporate Governance Evaluation Results released by TWSE Realtek ranks at 6% to 20% amongst the listed companies. - Overall attendance by members of the Board was 100% in 2020 and all Board members were directly involved in the meetings and operations of the Board.



Organization and Strategy for Sustainable Development Management

Sustainability Management Organization Structure



The CSR philosophy is crucial to sustainability promotion at Realtek and one of our key goals. The Board of Directors is the top decision-making body of the Realtek sustainability organization and is responsible for supervising the progress of each key issue. A CSR Center has been formed under the Office of the President to handle inter-departmental coordination and provide project progress reports on key CSR initiatives in corporate governance, R&D innovation, human resources, environmental responsibility, and social care.

Regular cross-department meetings at the CSR Center continuously combine our sustainability policies and goals with our operations. GRI Standards and domestic/foreign initiatives are also used to imbue CSR awareness into the work plans and activities of all Realtek employees so that everyone can join in practicing and fulfilling our CSR commitments.

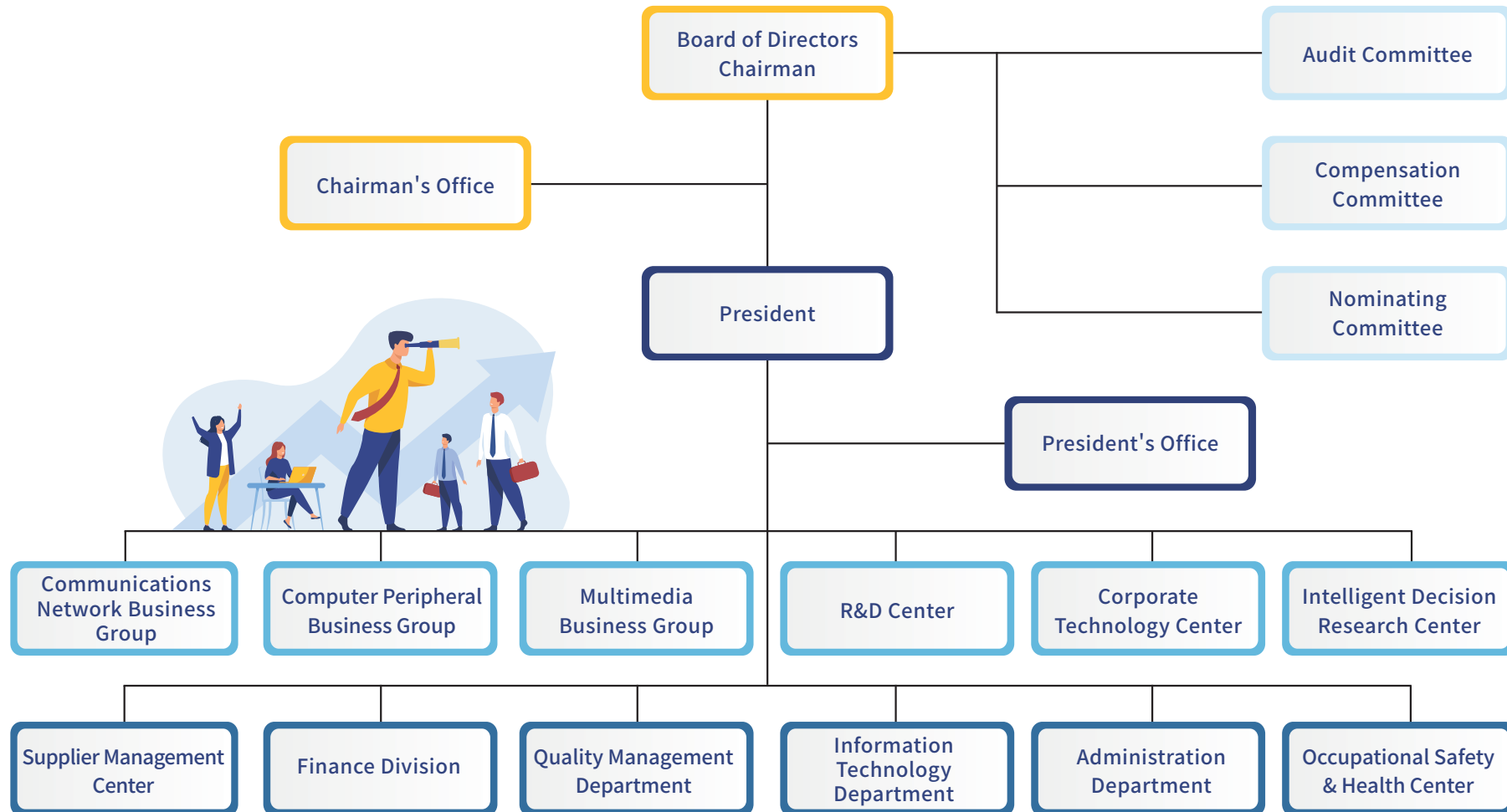
Regular cross-departmental CSR meetings are held to communicate our sustainable development policies and goals to all employees. The GRI Standards, SA8000:2014 Social Accountability Standard, and Responsible Business Alliance Code of Conduct (RBA Code of Conduct) are also adopted to enhance employees' awareness of social responsibility and synchronize their ideas and practices with international standards or guidelines.

Our CSR Commitments

1. Commitment to sustainability goals and ethical spirit
2. Implementation of green energy policy and environmental responsibility
3. Sustainable talent development and safe environment
4. Active cooperation on service and quality requirements
5. Innovation and R&D to enrich the world and improve convenience
6. Constant improvement to warm the hearts of more people

Business Organization

Realtek business units are organized into Communications Network Business Group, Computer Peripheral Business Group, and Multimedia Business Group. Other units include the R&D Center, Corporate Technology Center, the Supplier Management Center, Finance Division, Quality Management Department, Intelligent Decision Research Center, IT Department, Administration Department, and Occupational Safety & Health Center.



Board of Directors Governance Structure

The composition of the Board of Directors is determined through a vote by all shareholders in accordance with the 'Company Act' and the 'Securities and Exchange Act', as well as other related regulations and governance principles. The function of the Board is strengthened through the creation of subordinate functional committees. The Realtek Board has a total of nine directors with an average age of 60.3 years old. There are eight males and one female, all of whom possess the requisite knowledge, skills, and sophistication to carry out their duties. Each director has a different professional background. They are required to exercise their authority in a fair and objective manner based on the long-term interests of the company and all shareholders. Corporate governance policy shall be set to a high standard to ensure the effective operation of the Board. This will in turn protect shareholder rights and interests as well as strengthening benefits for stakeholders.

Board Composition and Operation

Realtek directors are selected and assessed on their business acumen, management skills, accounting and financial analysis capabilities, crisis management ability, industry knowledge, understanding of the international market, leadership, and decision-making ability. The Board diligently carries out corporate governance responsibilities by reviewing business performance and discussing key strategic issues, including economic, environmental, and social impacts, risks, and opportunities. Every important resolution of the Board is published on the Market Observation Post System of the TWSE in a timely manner. Information such as our Articles of Incorporation and rules of procedure for Board meetings are also disclosed for stakeholders' reference. Directors' compensation, performance, and motions for recusal with a conflict of interest can be queried in real-time by domestic and foreign stakeholders.

Board of Directors Function

In 2020, the 12th Board of Directors at Realtek consisted of nine directors, including three independent directors, and was managed by Chairman Nan-Horng Yeh and Vice-Chairman Sun-Chien Chiu, who were responsible for ensuring sound corporate governance. The Board convenes at least once a quarter. There were a total of seven Board meetings in 2020 and the average attendance rate of Board members was 100%. Board members attend external continuing education courses in accordance with the 'Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies'. The courses cover risk management, internal control, anti-corruption, and corporate governance. Topics studied in 2020 included 'key techniques and market applications of 5G and IoT', 'strategic responses to corporate changes', 'Industry 4.0 and how companies can lead innovative transformation', 'risk management and strategies relating to corporate operations, public opinion, and news', 'financial report examination by the Audit Committee', 'practical matters relating to corporate risk management and legal compliance', 'proxy contests and case analysis', and 'corporate governance overview and compliance with related laws and regulations'. The three independent directors attended a total of 36 hours of classes. All Board members gained new professional knowledge on the latest corporate governance topics, achieving the goal of more effective corporate governance.

Responsibilities of the Board of Directors

1 Review of business policy and decision-making	6 Implementation of the resolutions of the shareholders' meeting
2 Budget review	7 Review of capital increases or decreases
3 Review of final reports	8 Review of the distribution of earnings or coverage of losses
4 Review of amendments to the Articles of Incorporation	9 Review of major contracts
5 Hiring or dismissal of key officers of the company	10 Other responsibilities as defined by law, or resolutions passed by the shareholders' meeting



Key Functional Committees of the Board of Directors

Remuneration Committee

Realtek established the Remuneration Committee in accordance with the 'Securities and Exchange Act' and 'Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange'. Committee membership is determined through a resolution of the Board. Responsibilities include assisting the Board with evaluating the link between the company's business performance and the standard of remuneration for Realtek directors and managers. The committee, which has three members, carries out due diligence on the following responsibilities and submits its recommendations to the Board for consideration. It convened twice in 2020 and attendance was 100%.

	Composition	Responsibilities	Operations
Remuneration Committee	The three members are appointed by a resolution of the Board. A majority must be independent directors.	- Define and regularly review the policies, systems, standards, and structure of performance evaluations and the remuneration policy for directors and managers. - Set performance targets and regularly evaluate the performance and remuneration for directors and managers.	The committee convened twice in 2020 and attendance was 100%.

Audit Committee

The Audit Committee assists the Board in performing its supervisory duties specified by the 'Securities and Exchange Act', the 'Company Act', and other relevant regulations. The committee meets regularly with the company's CPA and reviews the CPA's appointment, independence, and performance. The committee convened seven times in 2020 and attendance was 100%.

	Composition	Responsibilities	Operations
Audit Committee	The three members are appointed by a resolution of the Board. All must be independent directors.	- Review possible director conflicts of interest. - Material asset or derivative product transactions. - CPA appointment, dismissal, or remuneration, and chief financial, accounting or internal audit officer's appointment and dismissal. - Annual financial reports and semi-annual financial reports. - Other important matters as specified by the company or competent authorities.	The Committee convened seven times in 2020 and attendance was 100%.

Nominating Committee

The Nominating Committee diligently exercises the due care of a good administrator, under authorization of the Board, and submits recommendations to the Board for discussion. The committee was established in October 2019 and consists of three members. The first term runs from October 31st, 2019, to June 4th, 2021. In 2020 the committee convened twice with all three members in attendance. All members contributed to the functioning of the committee.

	Composition	Responsibilities	Operations
Nominating Committee	The three members are appointed by a resolution of the Board. All must be independent directors.	- Define the standards of independence and diversity in domain knowledge, skills, experience, gender, etc. of members of the board, and search, review, and nominate candidates for directors accordingly. - Construct and define the organizational structure of the Board and each committee. Evaluate the performance of the Board, directors, and committees. - Establish and review the succession plan of directors and executives on a regular basis.	The Committee convened twice in 2020 and attendance was 100%.

Realtek Business Continuity Plan

Business Continuity – Management Approach			
Relevance to Realtek	Identify, manage, control, monitor, and prevent risks. Compile and report related information and manage uncertainties that could have a material impact on the company's operations. Enhance preventive measures as well as the systematic strategies and management mechanisms used when facing risks.	Actions	When a risk warning or risk event occurs, execution of our business continuity plan stabilizes all mechanisms and effectively reduces the impact to normal operations and product delivery. It ensures the business continuity of Realtek, mitigates the impact on the company, and reduces customer loss.
Policy and Commitment	To fulfill corporate governance obligations, uphold sustainable operations goals, and control potential internal or external economic, environmental, or social risks, each department shall, within the full extent of its authority, identify risks that could have a material impact on the company's operations or sustainable development, then monitor the potential risks and implement preventive measures to strengthen risk management and enhance systematic response capabilities. Following these risk control steps enables us to uphold shareholders' rights and interests, raises our competitiveness, and establishes a foundation for sustainable operations and development.	Responsible Unit	Supplier Management Center, Administration Department
Goals	- Systematically manage suppliers to prevent shortage of any products or raw materials, and avoid losses caused by delays in delivery. - Cooperate with government water and electricity restriction policies and minimize the impact to maintain stable operations.	2020 Achievements	- In 2020, our operations maintained a growth in product shipment. - In 2020, our water and electricity supply were normal and did not affect operations. To support business continuity and sustainability, in 2020 we completed a number of projects to conserve water and reduce electricity consumption (see pages 52, 56).

Risk Management

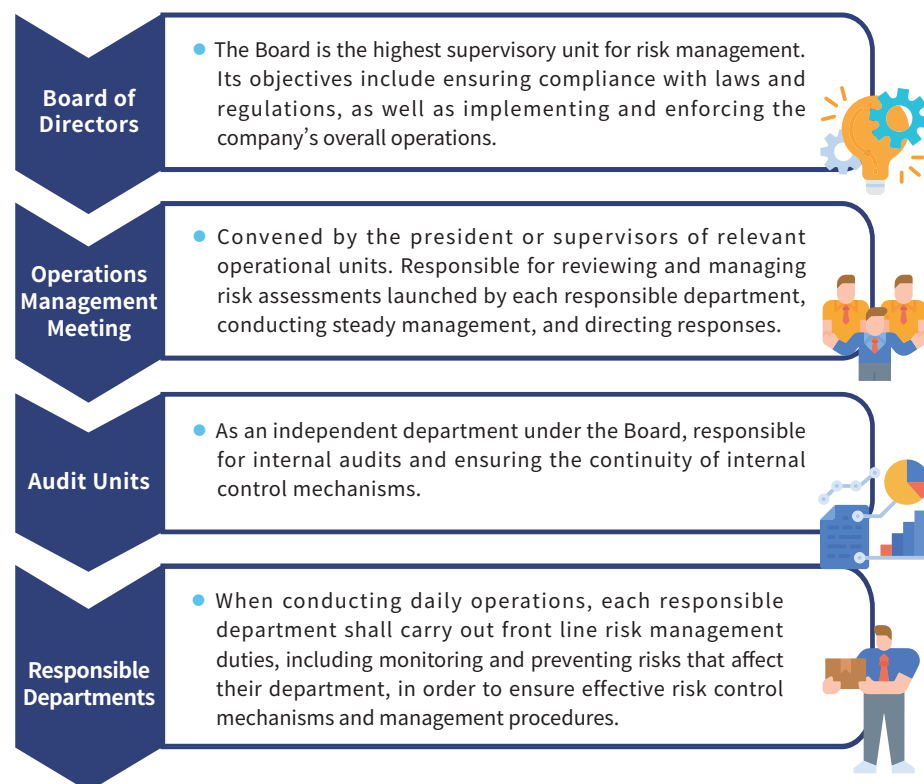
To implement sustainable operations, enhance corporate governance, and understand internal and external economic, environmental, and social risks that we may face, Realtek established a Business Continuity Plan (BCP). Relevant departments identify risks that could have a material impact on operations, then monitor those risks and carry out preventive measures that are within the scope of their authority. By improving our response capabilities, we protect the rights and interests of shareholders and raise the company's competitiveness.

Meanwhile, to prevent and reduce the threat that risks pose to the company's operations, Realtek established risk management policies. These include a risk management organization framework and responsibilities, risk management categories, and management strategies. The objective of these policies is to ensure Realtek's business continuity and lower the potential impact that major incidents could have on the company.

Realtek Risk Management Categories

ESG	Risk topics	Scope of impact	Policies or Strategies
Social	Operational Management Risks	1. Talent recruitment and development 2. Information security 3. The company's overall image 4. Upholding of agreements by customers or suppliers 5. Protection and application of intellectual property rights	Integrity and honesty are core aspects of the culture at Realtek and fundamental to our business. We therefore establish our Code of Conduct, which applies to all employees. The code of conduct includes prudent management of confidential information, compliance with intellectual property laws, and other relevant rules. Realtek places great importance on information security, personal information, and customer privacy. We therefore establish an information security risk management framework, which we use to identify information security risks and propose responses. In addition, our Information Security Steering Committee reviews and monitors related policies and implementation. High-quality talent is Realtek's most important asset. To recruit outstanding talent, we adopt suitable labor policies, provide competitive remuneration, and adhere to fair appointment practices. Professional education and training plans, together with generous employee welfare packages, further support talent retention and development.
Eco- nomic	Strategic Arrangement Risks	1. Technology innovation and industry trends 2. Market needs and changes 3. Technical R&D process and competitive situation 4. Policy or regulatory changes 5. Global political and economic circumstances and developments	1. Realtek closely monitors technology and industry changes while regularly analyzing industrial conditions, product development, and competition. Using this information, we formulate short-term and long-term business development plans. 2. Facing market changes and competition, we solidify our core techniques by committing ourselves to developing new products upgrading existing products, launching new products timely, and improving yield and performance. 3. We meet customer needs by providing the best products and services. This strengthens our competitiveness and supports business continuity.
	Financial Operations Risks	1. Exchange rates, interest rates, taxes, inflation 2. Strategic investing 3. Banking and financial management	As an international company, Realtek must manage volatility of exchange rate and its potential impact on the company. The Realtek finance team is responsible for hedging currency risks for the company and its subsidiaries. They primarily rely on natural hedges. In terms of strategic investing, Realtek adopts a stable, conservative approach. We formulated the 'Procedures for Lending Funds to Other Parties', 'Procedures for Endorsement and Guarantee', and 'Procedures for Financial Derivatives Transactions' to enhance corporate operational performance and reduce financial risks.
Envi- ronmental	Hazardous Incident Risks	1. Sudden natural disasters or climate change 2. Water and electricity supply 3. Impact of infectious diseases	1. Realtek carries out comprehensive evaluations of climate change, impacts of natural disasters, environmental protection rules and regulations, resource usage, and renewable energy, in accordance with the Task Force on Climate-related Financial Disclosures (TCFD), then formulates relevant guidelines. 2. Realtek formulated a plan to respond to potential government restrictions on electricity or water usage, including measures to immediately reduce electric loading or use generators, as well as backup water supplies and purchasing channels. 3. When major emergencies occur (such as infectious diseases), we promptly establish a response task force in accordance with the company's business continuity plan. Objectives include ensuring business continuity and protecting the life and safety of employees. The aim is to reduce potential impacts on the company.
	Other Risks	Risks outside of the scope listed above, but having the potential to cause significant losses for the company.	

Realtek Risk Management Organization Framework and Responsibilities



Ethical Management and Compliance

Ethical Management and Compliance – Management Approach

Relevance to Realtek	Honesty, compliance, and ethical behavior are the important core values of Realtek's ethical management. All employees should adhere to the spirit of business integrity and act within the limits of the law. Upholding integrity and implementing moral practices are necessary elements for the sustainable development of the company.
Policy and Commitment	Everyone at Realtek, regardless of rank, position, or circumstances at work, shall adhere to the spirit of business integrity and legal compliance in all business activities and interactions with business partners. Commitments encompass the Ethical Corporate Management Policy, the Code of Ethics, and the Employee Code of Conduct.
Goals	No major fines (over NT\$1 million) for legal or regulatory violations. 100% of new employees shall receive related education and training (including digital courses).
Actions	Use internal control mechanisms to examine, control, and ensure the legality of business operations. Work management and guidance of managers at each level of the company. Strengthen awareness by continuous education and training.
Responsible Unit	The Administration Department and the responsible unit shall be responsible for implementation and enforcement. The internal audit unit shall conduct independent assessments and report annually to the Board.
2020 Achievements	Realtek did not receive any major fines (over NT\$1 million) in 2020 for legal or regulatory violations. No complaints were filed against the company or the company's employees for ethical violations or conducting any illegal activities.

Business Integrity Principles Apply to All Employees – Ethics Standards and Code of Conduct

Over the course of many years of operations, Realtek has found that business integrity and ethics are foundational parts of building partnerships with other enterprises and establishing good relationships with customers. We believe that strict adherence and enforcement of business integrity and ethics are necessary ingredients of sustainable operations and customer relations. Everyone at Realtek, regardless of rank, position, or circumstances at work, shall strictly uphold business integrity and ethical practices in all business activities. In 2020, Realtek did not have any legal complaints filed for anti-competitive practices.

Realtek formulated the 'Ethical Corporate Management Policy', the 'Ethical Corporate Management Best Practice Principles', the 'Procedures for Ethical Management and Guidelines for Conduct', the 'Employee Code of Conduct', the 'Procedure Governing Internal (External) Unethical Behavior Complaints', and other important internal regulations that aim to create a culture of ethical corporate management and promote robust development. To effectively implement these measures, the company includes the related contents in seminars for managers and training camps for new employees. Everyone learns about business integrity and anti-corruption. Digitalization of teaching materials has created opportunities for every department and employee to take training classes at any time. Between August 2015 and 2020, total enrollment in our offline and online courses was 3,012, and in 2020, 554 people enrolled. In 2020, all of our operational locations had zero corruption cases.

Enforcing Ethical Management and Ensuring Sound Corporate Governance

Realtek carries out corporate governance in accordance with the ‘Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies’ and the ‘Corporate Governance Evaluation Indicators’ issued by the TWSE Corporate Governance Center. We also established the Code of Ethics to fulfill our ethical management responsibilities. The commitments made in the Ethical Corporate Management Policy are actively enforced by the Board and management and implemented during internal management and business activities. New employees receive training on anti-corruption and business integrity upon arrival. In 2020, there were no complaints of illegal activities or unethical conduct by the company or employees.

Human Rights Management

Realtek complies with the local labor regulations at each of our operating locations around the world. We protect the legal rights of employees while adhering to the spirit and basic principles of human rights protection set out in international human rights conventions, such as the International Bill of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact. We also established the Realtek Semiconductor Human Rights Policy to fully express our commitment to protection of human rights as well as the dignified treatment and respect of all employees, contractors, and temporary personnel.

The Realtek Semiconductor Human Rights Policy is implemented through the following guidelines: 1. Free choice of employment, 2. Prohibition of child labor, 3. Provision of a safe working environment, 4. Attention to employee physical and emotional well-being, 5. Equal responsibility for safety, and 6. Freedom of association. We adhere to the RBA Code of Conduct as well as management systems that aim to formulate or implement labor and ethical standards. Disclosure of policies, promises, objectives, mitigation measures, and complaint channels related to human rights facilitate compliance with the RBA Code of Conduct.

Important Realtek Regulations

- | | |
|--|---|
|  Articles of Incorporation |  Corporate Governance Best Practice Principles |
|  Procedures for Acquisition and Disposal of Assets |  Regulations Governing the Board Performance Evaluation |
|  Procedures for Financial Derivatives Transactions |  CSR Best Practice Principles |
|  Rules for Election of Directors |  Procedure Governing Internal (External) Unethical Behavior Complaints |
|  Procedures for Lending Funds to Other Parties |  Charter of the Nominating Committee |
|  Procedures for Endorsement & Guarantee |  Remuneration Committee Charter |
|  Rules and Procedures of Shareholders' Meeting |  Regulation of Insider Trading |
|  Realtek Semiconductor Code of Ethics |  Ethical Corporate Management Policy |
|  Realtek Semiconductor Employee Code of Conduct |  Ethical Corporate Management Best Practice Principles |
|  Rules of Procedure for Board of Directors Meetings |  Procedures for Ethical Management and Guidelines for Conduct |
|  Rules Governing the Scope of Powers of Independent Directors |  Risk Management Policy |
|  Charter of the Audit Committee |  Rules and Procedures for Risk Management |

Sustainable Supply Chain

Supplier Management – Management Approach

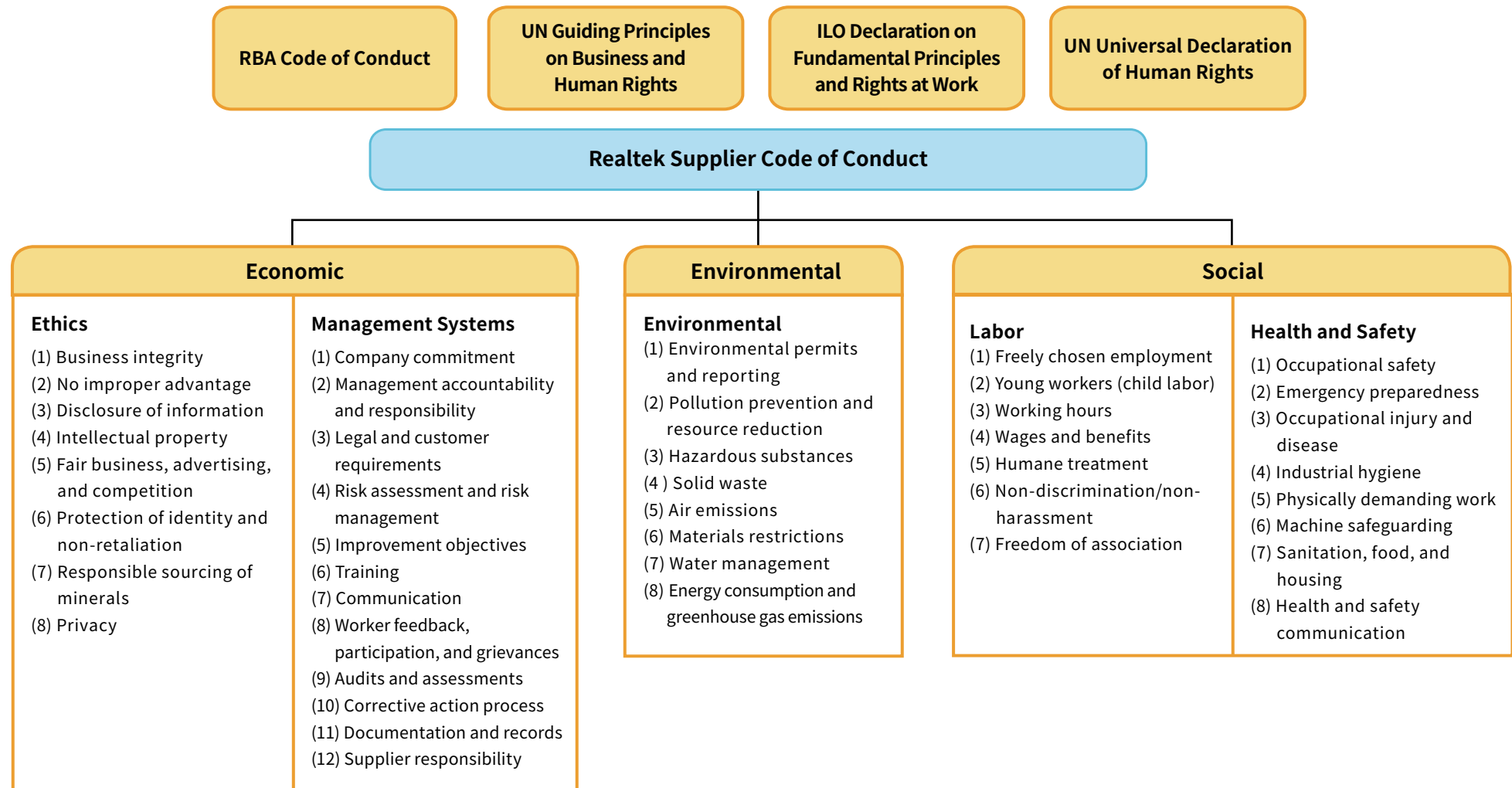
Relevance to Realtek	Realtek's position in the semiconductor industry is that of an upstream IC design firm. For midstream and downstream manufacturing and packaging, we have long-term relationships with professional and qualified suppliers, which supports division of labor and mutual support. As well as maintaining quality, cost, and delivery standards, we work with our suppliers to uphold CSR principles, making us partners for sustainable growth.
Policy and Commitment	Realtek's supplier sustainable management approach focuses on three main areas: quality management, environmental protection, and CSR. ESG is included in supplier evaluations and audits. Through supply chain sustainable management procedures, we regularly evaluate suppliers, hold meetings on related topics, and offer timely recommendations and assistance.
Goals and Objectives	• In 2021, 100% of suppliers will sign the Supplier Code of Conduct. • Continue to check for conflict minerals and ensure that 100% of suppliers commit to not using minerals from conflict-affected and high risk areas. Adhere to standards set by international organizations and fulfill our CSR duties. • Continue to support local procurement when possible to reduce the environmental impact of carbon emissions produced during transportation.
Actions	• Require that new suppliers sign the Supplier Code of Conduct and complete hazardous substance reporting templates. • Conduct annual due diligence surveys to strengthen conflict mineral management systems, including requiring that suppliers prove that the raw materials used in their products do not come from conflict-affected and high risk areas. • Regularly conduct supplier ESG evaluations. Make sustainability performance part of the criteria for order allocation and long-term partnership building.
Responsible Unit	Supplier Management Center, R&D Center, and other units that are related to our supply chain
2020 Achievements	• The raw materials procured by Realtek's suppliers come from 225 smelters spread across 39 countries. 100% of the smelters have Responsible Minerals Initiative certification. • 90% of our suppliers obtained ESG certification. • Local procurements by value reached 85%.

Realtek is one of the leading suppliers in the global semiconductor industry. Guided by our vision of sustainability, we incorporate management initiatives such as quality management, environmental protection, and CSR into our sustainability policy. In the spirit of local procurement, we build comprehensive supplier ESG risk evaluation mechanisms. We refrain from using conflict minerals, uphold quality, and prohibit the use of hazardous substances. Through these measures, we create a sustainable supply chain to reduce natural and environmental impact. We foster long-term partnerships with suppliers built on a foundation of division of labor and mutual support. At the same time, we help suppliers to expand their CSR network so that we can uphold our sustainability pledges.



Responsible Supply Chain

Realtek established the Supplier Code of Conduct in line with the RBA Code of Conduct and referencing the UN's Guiding Principles on Business and Human Rights, the International Labor Office's Declaration of Fundamental Principles and Rights at Work, and the UN's Universal Declaration of Human Rights. Goals included ensuring safe work environments for supply chain partners, guaranteeing that workers receive the respect they deserve, and ensuring that commercial enterprises adhere to environmental standards and comply with ethical and moral standards. Suppliers must adhere to the Supplier Code of Conduct and incorporate it into five main areas of their company: labor, health and safety, environment, business ethics, and management systems. They also shall fully comply with the laws and regulations of the countries or regions in which they operate. Besides strengthening sustainable management of our existing suppliers, Realtek requires that all new suppliers sign the Supplier Code of Conduct, the RBA Code of Conduct, and a declaration of conflict free minerals, so that we can effectively manage a responsible supply chain.



■ Supplier Code of Conduct Signing Rate

In 2020, Realtek had 30 main suppliers spread across four major categories: foundries, packaging companies, testing companies, and memory manufacturers. At the end of 2020, 83% of these suppliers had signed the Supplier Code of Conduct. We will continue to strengthen our responsible supply chain management by requiring that suppliers comply with the Supplier Code of Conduct. Our goal is for the signing rate to reach 100% in 2021.

Supplier /Type	Foundries	Packaging Companies	Testing Companies	Memory Manufacturers	Total
Quantity	4	7	10	9	30
Signing Numbers	3	6	9	7	25
Signing Rate	75%	86%	90%	78%	83%

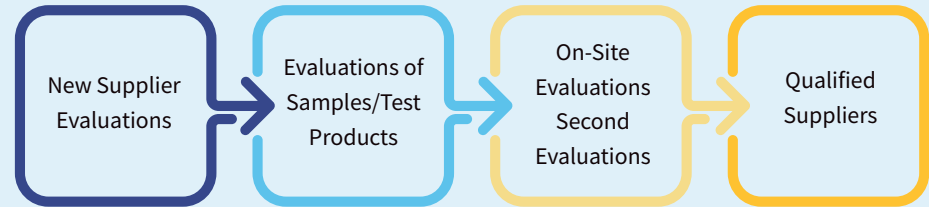
■ Supplier Management Mechanisms

Realtek is one of the leading suppliers in the global semiconductor industry. We are an IC design house positioned at the upstream end of the semiconductor supply chain. Our supplier partners handle mid and back-end activities, such as raw material procurement and wafer fabrication. We form commercial partnerships based on specialization and cooperation. Working with suppliers to build a sustainable supply chain is a key indicator of our ability to manage the development of a green environment.

Using our sustainable supplier management approach, we establish supplier management policies that include assessments, audits, and evaluations. Risk analysis procedures concentrate on three main areas: economic, environmental, and social. We request that suppliers sign quality assessment questionnaires, environmental quality and management of hazardous substances questionnaires, Conflict Minerals questionnaires, and the Supplier Code of Conduct. Each quarter, we evaluate the quality reliability, delivery times, degree of cooperation, processing cost, and technical performance of our suppliers, then give each a score of A, B, C, or D. We temporarily suspend partnerships with suppliers that score a D on three consecutive evaluations or that fail to achieve at least a B on five consecutive evaluations. Suppliers that meet our green product substance requirements, provide product substance statements, and pass environmental system assessments are qualified as Green Partners. Realtek rigorously evaluates the sustainability

qualifications of each of our supply chain partners and seeks to grow with our suppliers by raising environmental protection awareness. Together we can build cooperative channels focused on R&D, design, and manufacturing services for a sustainable environment.

■ Supply Chain Sustainable Management Procedures

Item	Objective	Explanation
1	New Supplier Evaluation	Evaluate suppliers based on product quality, quality systems, environmentally friendly substances, and related areas to ensure that new suppliers satisfy the strict quality requirements of Realtek and fulfill our sustainability management approach. Two new suppliers evaluated in 2020 both passed evaluation.  <pre> graph LR A[New Supplier Evaluations] --> B[Evaluations of Samples/Test Products] B --> C[On-Site Evaluations Second Evaluations] C --> D[Qualified Suppliers] </pre>
2	Supplier Audit	Conduct annual factory audits to ensure the quality of qualified suppliers, as well as the degree of implementation of their management systems. If a defect is found, then the supplier is required to promptly propose a suitable improvement plan. Explicit methods and an improvement schedule shall also be set. Besides on-site audits of qualified suppliers' management, we examine management actions and implementation of green products. Compliance with international regulations and sustainability development objectives are our top priorities.
3	Supplier Evaluation	Conduct group evaluations of suppliers, giving scores quarterly on quality, cost, environmental management, delivery time, and technical performance. Provide counseling and assistance to under-performing suppliers in accordance with sustainability management principles.
4	Regular Supplier Conference	Hold regular meetings with suppliers. Convene key suppliers once a month and secondary suppliers once every two months to check their quality, environmental management, delivery time, and product development progress. Provide advice and assistance in a timely manner to support long-term partnerships.

■ Supplier Environmental, Social, and Governance (ESG) Risks

Realtek concentrates on three main categories of supplier risk: economic, environmental, and social. A broad scope of management standards aims to ensure that suppliers adopt sustainable operations concepts, thereby joining us in building sustainable business models.

Economic 34%

- Quality, Cost, Lead Time, Service, and Technology
- Business Integrity and Ethics

Environmental 33%

- Environmental Management Systems and Compliance with Environmental Rules and Regulations
- Management of Hazardous Substances

Social 33%

- Labor Rights
- Health and Safety
- Conflict Mineral Management

Realtek assigned a weighting of 34% for the economic category, 33% for the environmental category, and 33% for the social category. We evaluated supplier ESG certification status then divided suppliers into three tiers: green light (80-100 points), yellow light (60-79 points), and red light (59 or fewer points). Among our 30 suppliers, 27 scored a green light, three scored a yellow light, and none scored a red light. The three suppliers with a yellow light did not have a sufficient number of certifications in the social category. Realtek will work with them on an improvement plan and schedule to track their progress towards obtaining certification.

■ Supplier Certifications

Category	Management Standards	Foundries		Packaging Companies		Testing Companies		Memory Manufacturers		Total	
		Companies	4	Companies	7	Companies	10	Companies	9	Companies	30
		Certified	Percentage	Certified	Percentage	Certified	Percentage	Certified	Percentage	Certified	Percentage
Economic	ISO 9001 Quality Management Systems Certification	4	100%	7	100%	10	100%	9	100%	30	100%
	IATF 16949 Automotive Quality Management System	4	100%	7	100%	10	100%	6	67%	27	90%
Environmental	ISO 14001:2015 Environmental Management Systems	4	100%	7	100%	10	100%	9	100%	30	100%
	QC 080000/ SONY GP Hazardous Substances Management	4	100%	7	100%	10	100%	9	100%	30	100%
Social	OHSAS 18001/ ISO 45001 Occupational Health and Safety Management	4	100%	7	100%	10	100%	6	67%	27	90%
	RBA/ SA 8000 Social Responsibility Management	2	50%	3	43%	6	60%	4	44%	15	50%

ESG Certification Evaluation Results	Foundries	Packaging Companies	Testing Companies	Memory Manufacturers	Total	
 Green Light 80-100 points	4	7	10	6	27	90%
 Yellow Light 60-79 points	0	0	0	3	3	10%
 Red Light 59 or fewer points	None					

Optimize Customer Service to Raise Product Safety

Customer Rights and Product Safety – Management Approach	
Relevance to Realtek	- Realtek deeply values long-term relationships with our customers. We provide comprehensive product services that lead to win-win situations. - In the pursuit of outstanding product and service quality, we take a systematic approach to providing customers with comprehensive solutions that produce better consumer experiences.
Policy and Commitment	- Aim to satisfy customers' needs by providing high value-added products and systematic solutions. Comply with the environmental and sustainability standards of international environmental protection initiatives and organizations. - Comply with hazardous substance usage restriction requests to prevent products from containing ingredients that pose a threat to human health or are a danger to the environment. Use only safe raw materials.
Goals	- Continue to strengthen product testing quality, to ensure product durability and reliability. - In 2021, pass renewal for ISO 17025 General Requirements for the Competence of Testing and Calibration Laboratories, following assessment by the Taiwan Accreditation Foundation.
Actions	- Optimize testing facilities and equipment to raise testing accuracy and lower overall energy consumption. - Continue to improve product reliability testing procedure to ensure product durability and reliability.
Responsible Unit	Quality Management Department, Supplier Management Center, and various business units
2020 Achievements	- In 2020, we replaced our old high-temperature operating life test chambers with two new ones at a total cost of approximately NT\$20 million. - Verified under the new ISO 17025 General Requirements for the Competence of Testing and Calibration Laboratories, following assessment by the Taiwan Accreditation Foundation.

Strengthen Raw Material Management in the Supply Chain to Ensure Green and Safe Products

Realtek has set strict standards for the raw materials used during production and complies with the relevant environmental and quality standards contained in global initiatives or established by international organizations. We ensure that our products do not contain substances harmful to human health or the environment.

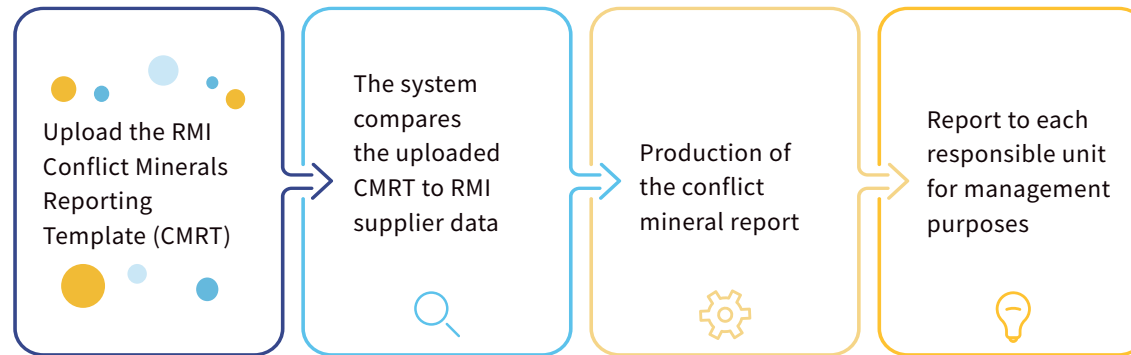
In 1995 Realtek was the first IC design house in Taiwan to achieve ISO 9001 Quality Management Systems certification. We strive to comply with international environmental protection standards and enforce green raw material and product certifications, such as lead-free and halogen-free standards as well as EU and Japanese restrictions on hazardous substances in the electronics industry. These include the EU Restriction of Hazardous Substances Directive (RoHS), which covers 10 substances, including six hazardous substances specified in EU RoHS (2011/65/EU) and four phthalates (DEHP/BBP/DBP/DIBP) specified in the amended (EU) 2015/863 directive.



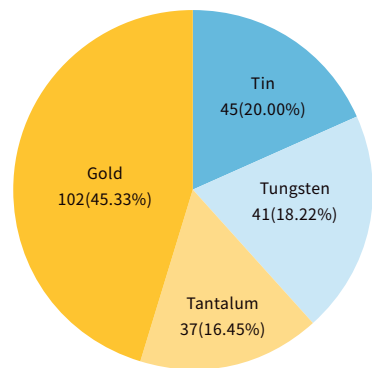
Non-Conflict Minerals Policy

Realtek commenced conflict minerals investigation and management in 2010. Suppliers are required to provide a Conflict Mineral Policy Statement in accordance with the Conflict-Free Smelter Program (CFSP), the Responsible Business Alliance, and the Global e-Sustainability Initiative (GeSI), in order to demonstrate that the metals used in their products did not come from conflict-affected and high risk areas. Realtek adopted the latest RMI standard as well as the Conflict Minerals Reporting Template for due diligence survey for tantalum, tin, tungsten, and gold to ensure that the minerals in our products all come from RMI approved smelters or nations. In April 2021, we implemented an automated management system for our supplier conflict mineral reporting. Suppliers shall regularly update their information to our responsible units so that we can monitor the information in a timely manner.

Supplier Conflict Mineral Reporting System



Realtek uses raw mineral materials from 225 smelters from 39 countries. 100% of our suppliers use smelters with RMI certification. We prohibit minerals from non-government or regions or neighboring countries of the Democratic Republic of the Congo where illegal military groups hold power. Realtek will continue to closely monitor and manage raw material sources of our suppliers to fulfill our CSR commitment towards banning the use of conflict minerals.



RMI Certified Smelters and Refiners: 225

100%
RMI Certified

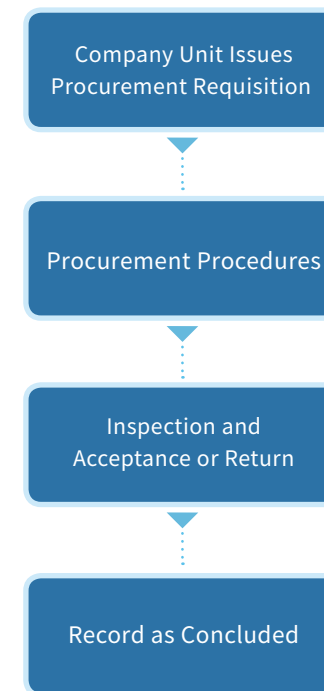
CMRT (Conflict Minerals Reporting Template) Certified

Mineral Type	Tin	Tungsten	Tantalum	Gold
Numbers of Smelters, by Type	45	41	37	102
Total Smelters 225				
Countries, by Type	15	11	12	33

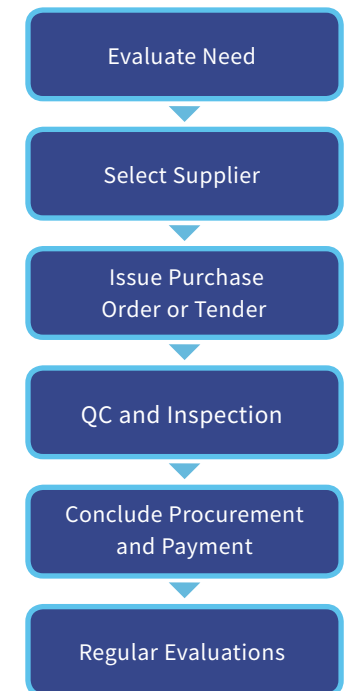
Local Procurement

We uphold the spirit of local procurement for both general purchases and contract manufacturing to boost the local economy and create local job opportunities. Local procurement also reduces carbon emissions from transportation. In 2020, Realtek had 513 general local suppliers that accounted for 85% of all our procurements by value, and 12 contract manufacturers that accounted for 73% of contract outsourcing. As a responsible member of the supply chain, Realtek regularly assesses supplier performance with the aim of raising core capabilities of local suppliers. We evaluate material shortage risks based on global supply and demand, in order to prevent impact on the company. The proportions of materials sourced in each region are adjusted according to current conditions to support business continuity and the sustainable development of our supply chain.

General Purchasing



Contract Manufacturing



Note: CMRT v6.01 (Conflict Minerals Reporting Template) is proposed by Responsible Minerals Initiative (RMI)

Type of Procurement (Number of Suppliers):

Item	General Purchasing			Contract Manufacturing		
	2018	2019	2020	2018	2019	2020
Local Suppliers	488	513	513	7	8	12
Non-Local Suppliers	66	73	65	5	7	9

Procurement Type (Percentage by Value):

Item	General Purchasing			Contract Manufacturing		
	2018	2019	2020	2018	2019	2020
Local Suppliers	85%	50%	85%	79%	88%	77%
Non-Local Suppliers	15%	50%	15%	21%	12%	23%

Type of Contract Manufacturing:

Contract Manufacturing Item	Percentage of Local Suppliers	Contract Manufacturing Regions
Wafer Purchases	63.8%	Taiwan, Mainland China, Singapore, South Korea
Packaging and Testing	91.2%	Taiwan, Mainland China, Singapore

Product Certification

Realtek took the lead in obtaining SONY Green Partner (GP) certification in 2003. We then obtained Fujitsu Green Partner certification in 2005, and CANON Green Partner certification in 2009. After achieving ISO 14001 Environmental Management Systems certification in 2006, we followed up with re-certification and were verified under the new version of ISO 14001:2015 Environmental Management Systems in 2020. We hope that our continued efforts in green products will ensure consumer peace of mind during use, and fulfill our goal of environmentally sustainable development.

Green Product Milestones



- Achieved SONY Green Partner certification. Certificate renewal takes place every two years.
- Passed ISO 14001 Environmental Management Systems certification. Certificate renewal takes place every three years.
- Compliance with the Restriction of Hazardous Substances (RoHS) directive. Sample testing takes place every year.
- Green products satisfied EU REACH requirements. Annual review of new and modified standards.
- Verified under the new version of ISO 14001:2015.

Improving Product Durability to Reduce the Use of Production Resources

To improve product reliability, which increases product service life and thus reduces the use of production resources, in 2006 Realtek established a laboratory and passed ISO 17025. Realtek's Quality Management Department uses a variety of reliability testing processes to rigorously and repeatedly test product functionality before shipping. Potential customer usage scenarios are simulated with rigorous testing methodologies to analyze the durability of each device under different conditions, and to repeatedly experiment and propose solutions to ensure the goal of durability and life extension is achieved. Examples include extreme temperature cycle testing between 150 and -65 degrees Celsius, high-temperature/high-pressure testing when exposed to 100% relative humidity, electrostatic discharge testing, and high-temperature service life testing. The end goal is to improve product quality and provide users with trusted devices that save energy and are reliable.

- Testing Methods:
 - IC Electrical Analysis
 - IC Physical Property Analysis
 1. Non-Destructive Testing: X-ray, Ultrasound Scans
 2. Destructive Testing: IC Layer Analysis to Find Problems
- Use of the eight disciplines problem solving (8D) model to analyze ways to reduce resource wastage during production

Besides standard measurement methods, Realtek designs specific testing plans based on customer needs and end-user feedback. These plans include a wider range of tests to ensure high-quality production. Realtek will continue to carry out rigorous testing procedures and develop new quality management measures to gain a full understanding of our products' reliability and durability.



Reducing Carbon Emissions Through Energy-Saving IC Design

Innovation and R&D – Management Approach	
Relevance to Realtek	Realtek makes innovative products and applications that combine energy-saving, sustainability concepts, and targets while offering comprehensive solutions to customers. Our high-speed, broadband, and wireless products are used to develop high-speed, high-resolution multimedia platforms, which then support high-quality, comprehensive communication links and multimedia solutions for customers. These innovations form the foundation of a smart digital lifestyle filled with multimedia entertainment and a new era of smart devices that connect technology to everyday life.
Policy and Commitment	We will continue to consolidate our core competencies, grasp market trends, and plan product deployments. Our aim is to provide customers with products and solutions that are more effective, more integrated, and have lower power consumption.
Goals	- Continue to develop communications network, computer peripherals, and multimedia ICs. Expand our core R&D techniques and apply for more patents in order to be a technical leader in our field. - Every two years launch new products with environmental benefits that include at least a 5% increase in energy efficiency.
Actions	In product manufacturing and IC design, Realtek uses systematic approaches that provide customers with comprehensive solutions. We strengthen core technologies and acquire domestic and foreign patents. In 2020, we spent NT\$19.054 billion on R&D.
Responsible Unit	The company's business groups and R&D units
2020 Achievements	- Won a 2020 Hsinchu Science Park R&D Accomplishment Award. - The RTL8156B 2.5G USB Ethernet controller, which has the smallest package size and lowest power consumption of any 2.5G Ethernet product in the world, won a 2020 Hsinchu Science Park Innovative Product Award. - The new generation of ICs have at least 30% lower power consumption compared to the previous generation. - Realtek ranked fourth overall among domestic patent applicants in 2020, with 420 overall (source: Taiwan Intellectual Property Office, Ministry of Economic Affairs).

Development of Green, Energy-Saving Products

Realtek has long been committed to the design and development of more environmentally friendly and energy-saving IC products. We aim to provide a wide range of total solutions, a large number of which are used in electronic end-products. It is our belief that by continuing to develop innovative ICs with better energy-efficiency, we can help to significantly reduce the carbon emissions worldwide.

Realtek incorporates environmental and energy-saving concepts into the product design process from the start of development for all types of IC products. We reduce unnecessary energy consumption according to use cases, enhance low power product design, and effectively reduce the energy consumption. We are fully committed to providing innovative, highly effective IC products that meet environmental protection expectations of customers around the world.

In 2020, Realtek again successfully developed many next generation products. Testing on various applications and power settings under controlled conditions and situations showed that these products reduced power consumption by 28% to 59% compared to the previous generation (note: due to the wide variance among various usage conditions, precise energy consumption reductions in joules are not given). In addition to power saving, the new products are lightweight, with size reductions of 29% to 77%. When used for long periods of time or to send large amounts of data, the significant power savings make the environmental benefits clear. End users appreciate a much better user experience.

Attention to Information Security and Privacy

Information security, personal data, and customer privacy are important to Realtek. We take full responsibility for the safe collection and handling of customer data. During the design and development of IC products, we pay attention to every step of the design process to carefully prevent any unauthorized acquisition, use, destruction, modification, or disclosure of customer information. We also formulated an information security risk management framework to protect information assets. To build a safe and reliable corporate digital environment we adopted security measures for personnel, equipment, systems, information, data, and networks. In 2020, there were no complaints regarding violation of customer privacy against Realtek.

To further implement and improve information security, Realtek established the Information Security Steering Committee, which is headed by the Realtek information security supervisor and includes senior supervisors from Company units. The committee convenes annually to formulate and review information security policies and carry out comprehensive examinations and inspections of security policy implementation. By raising information security defense capabilities, the committee lowers information security risks. Also, to achieve effective control over customer information, we formulated appropriate control models based on our information properties framework (see below).

■ Information Security and Privacy

Information Properties	Control Methods
Document Management System	To review customer files, users must apply for authorization by a supervisor and the information management department.
Digital Rights Management	Customer files are linked to accounts with DRM authorization to strengthen information security control mechanisms.
Independent Network Domains and Dedicated Storage Areas	Development source code can only be transmitted between controlled domains and storage areas.
Digital Data Protection	Comprehensive backup and recovery mechanisms.

■ Two Key Mechanisms for Protection of Customer Privacy at Realte

1. Formal authorization procedures must be completed to obtain customer information.
2. SSL encryption or DRM are used to control the use of customer data.

To strengthen information security and defense protection, Realtek categorized information security risks then proposed response measures for each category. Effectiveness is checked on a regular basis. We identified a total of seven risks: network management security, product security, personal computer account management, information security management, file management, computer anti-virus management, and external network access behavior management. For each, the Information Security Steering Committee conducts examination, guidance, evaluation, and supervision, in order to support information security policy implementation and management measures.

Identifying Information Security Risks	Explanation of Impact Assessment	Response Measures	Performance Management
Network Management Security	Maintaining network firewall stability to prevent deliberate attacks.	Regularly update firmware and backup.	Strengthen network transmission security.
Product Security	Guarding against leakage and misuse of product R&D and IP.	Establish a product cybersecurity team that regularly convenes to take preventive actions against known problems and to propose improvement strategies for high-potential risks. The team raises information security control in the product development environment and sets compliance requirements for IP.	Partitioning of product R&D network domains and proper use of process management core technologies achieved the following goals: Information protection, access control, contract compliance, activity recording, software quality, and software security.
Personal Computer Account Management	Prevention of deliberate account theft.	The personal computer account management system requires password changes at regular intervals and relatively complex passwords.	Ensure that personal computers are not infiltrated.
Information Security Management	Prevent the leakage of customer information or business information.	Access can only be granted by a supervisor and the responsible unit. Content undergoes SSL encryption or DRM control.	Legal authorization procedures, two-factor authentication for important systems, secure data transmission, and file permission controls.
File Management	Prevent the leakage of files.	Introduce a Document Management System (DMS) and Digital Rights Management (DRM).	Manage document reading and file access permissions.
Computer Anti-Virus Management	Computer viruses are constantly evolving. As more ransomware emerges, viruses are increasingly difficult to guard against.	Virus definitions are centrally managed by an anti-virus server and automatically updated to the user client at least once a day.	Strengthen information services security through effective blocking and prevention of computer viruses.
External Network Access Behavior Management	Block access to and redirect malicious domains and IP addresses. Stop commands or server control initiated by malware, phishing, or zombie computers.	Introduce an Enterprise Threat Protector (ETP) product application.	Strengthen security when accessing external networks.



Chapter 3 Environmental Sustainability Developments and Practices at Realtek

Climate Change Response – Management Approach

Relevance to Realtek	Climate change and energy shortages are critical challenges the world is facing. Realtek monitors these issues and formulates responses, such as raising efficiency and introducing improvements that lead to more efficient use of resources. As we decrease unnecessary waste, we increase environmental benefits. When we use resources, we consider the potential impact on the ecological environment and climate change. By using internal and external resources more effectively, we reduce energy consumption and promote environmental sustainability. In the process, we prevent severe environmental changes that pose a threat to the planet.
Policy and Commitment	Realtek establishes and implements environmental sustainability policies. Operating on the principle of ‘giving back to the environment that which we take’, we use energy and resources prudently. By saving energy in our daily operations and carrying out environmental protection measures, we continue to protect the global environment and fulfill our sustainability duties.
Goals and Objectives	2020 Goals: - Electricity savings increased from 3.55% in 2019 to 6.56% in 2020. - Average water consumption per person decreased by 1% in 2020 compared to 2019. Ongoing Goals: - By 2025, our renewable energy installed capacity shall reach 10% of our total energy consumption.
Actions	- Continue to make an inventory of the sources of energy consumption. We incorporate the results into budget planning for replacement of old equipment with energy-efficient models, making our overall electricity use more efficient. - Plan rooftop solar power generation systems that will achieve a capacity of 626 kW by 2025. - Continue to promote ISO 14001 Environmental Management Systems to prevent and control pollution, while increasing efficiency of our resources and energy consumption.
Responsible Unit	Administration Department, Occupational Safety and Health Center
2020 Achievements	- Reached annual target of 6.56% reduction in energy consumption, which is equivalent to 3.1397 million kWh, through introducing energy saving measures for equipment in testing area, IT/CAD server rooms, and other equipment. - Saved 10.51 million liters of water. Compared to 2019, we exceeding our annual target of 3.1% reduction in average water consumption per person. - Certified under the new version of ISO 14001:2015 Environmental Management Systems.



Realtek Proactively Responds to Global Environmental Impact Issues

Climate change is a critical environmental challenge that the world must face. As a member of the global village, Realtek pays close attention to the damage and impact that climate change could bring to the environment, and we frequently consider ways to enact positive change. When developing new applications, markets, and opportunities, we continuously apply our core cultural value of innovation to designing and developing efficient green products that reduce environmental burden. Our hope is to mitigate the impact of climate change on the world, so that we can join together in protecting the Earth.

Realtek formulated environmental protection policies that we use in our everyday operations to encourage employees to protect the environment, place greater importance on sustainability topics, and cherish the Earth's energy and resources. Realtek will continue to examine, advance, and promote full participation by all employees. We will pursue universal planning, design, and implementation of sustainable development projects, to reduce all forms of resource waste in everything that relates to the Company, from the daily lives of our employees, to the product innovations that we make. Together, we will contribute towards nurturing an ecological environment that is green and sustainable.



Environmental Sustainability Policies

- **Environmental Compliance:** Obey the law and comply with environmental protection laws and related regulations.
- **Dedicated Resource Management:** Reduce waste and advocate better energy conservation, recycling, and reuse.
- **Strengthen Pollution Prevention:** Emphasize environmental protection through reduction of industrial waste, improved self-management, use of green materials, and a policy of continuous improvement.
- **Promotion of Education and Training:** Use environmental management education and training to enhance awareness of environmental responsibility and promote total participation in environmental improvement plans.
- **Continuous Improvement Plan:** Monitor environmental topics, balance demand and protection, and achieve environmental sustainability.

Realtek recognizes the importance of environmental sustainability when considering the sustainable development of the company. We therefore thoroughly investigate the relationship between our internal management systems and the environmental impact, then use our findings to introduce appropriate environmental management systems. In 2006, we passed ISO 14001 Environmental Management Systems certification, and in October 2020 we were verified under the new version of ISO 14001:2015. In the future, we will continue making environmental management more systematic as we advance towards our goal of achieving environmental sustainability.



Climate Change Risk Management

In recognition of the various chain reactions that climate change could bring, Realtek considers climate change to be one of the critical risks we face when seeking to maintain sustainable operations. Therefore, we refer to the four core elements of governance, strategy, risk management, and metrics & targets in the Task Force on Climate-related Financial Disclosure (TCFD) framework. These form the backbone of how we identify the potential risks and opportunities created by climate change, and then in turn conduct comprehensive evaluations of potential impact to Realtek's operations. We formulate climate change response measures with the aim of monitoring and controlling every impact, so that faster responses can be made.

■ Governance

- The competent authority for environmental and energy matters shall identify risks and opportunities and carry out responses for climate change related issues. Implementation status and results shall be reported to the CSR Center and published in the annual CSR Report.
- The Administration Department and Occupational Safety and Health Center are responsible for assessing energy, water resources, and waste. They shall plan and promote short-, mid-, and long-term actions, goals, and strategic methods.
- Issue ad hoc reports to executive managers on development planning and implementation measures relating to climate change, green energy, and energy saving topics.

Risk and Opportunity Analysis

	Risk Identification	Impact/Challenge	Opportunity	Response Measures	Annual Initiatives
Transition Risk	New law, or regulatory modifications made in environmental policy	● Increase in short-term operational costs ● Higher cost of energy-saving equipment	● Improve energy and resource usage efficiency to meet our environmental protection goals ● Save energy over the mid-to-long term	● Gradually adopt energy saving products, such as testing laboratory equipment, and factory electrical equipment to reduce carbon emissions ● Discharge wastewater and air emissions in accordance with regulations	● Installed catalytic converters into generators based on exhaust emission measured to comply with emissions standards and prevent air pollution. Around 70% of our equipment is equipped with catalytic converters. ● Continue to replace conventional lighting with LED lights to save energy. More than 90% of the lighting was upgraded. ● Power quality improvement by harmonics reduction, gas equipment performance improvement, and addition of variable-frequency equipment supported energy savings. Obsolete equipment will continue to be replaced by high-efficiency equipment in the future. ● Testing equipment upgrades improve energy savings. ● Specialty chemical testing is conducted by external organizations. Our factories do not discharge wastewater with specialty chemicals.
	International trends	● Renewable energy topics	● Plan to use renewable energy in order to meet our sustainability goals and raise our corporate image	● Plans are in place to gradually install solar power equipment	● Plan rooftop solar power generation systems at each of our factories as part of our objective to promote renewable energy development. We estimate that we will achieve a capacity of 626 kW by 2025.
	Customer requests	● Customer requests for green product certifications and environmental protection measures are increasing	● Reduce resource consumption ● Raise customer satisfaction	● Enhance energy saving by improving performance and power consumption of products	● Continue to invest in the development of low-power products.
Physical Risk	Climate-related factors (typhoons, droughts, floods, rising average temperatures)	● Production interruption ● Property losses ● Lost orders	● Establish complementary mechanisms in advance to enhance our ability to resist natural disasters ● Replace old equipment with new equipment to make better use of resources	● Cooperate with electricity rationing by reducing load or running generators ● Implement power controls in response to abnormally high temperatures in summer ● Plan for water shortages by developing backup water supplies and purchasing channels	● Formulate four stages of energy-saving measures to respond to electricity restrictions and prevent emergencies. In 2020, there were no physical risks, so we did not enact these measures. ● Add variable-frequency equipment to water chillers to raise efficiency, in response to the higher energy consumption of central air conditioning systems caused by rising annual average temperature. ● Responses to water shortages and droughts included additional water storage, adjustments to water use by central air conditioning systems, and stronger water conservation advocacy. ● Recycle condensate from central air conditioning systems for flushing toilets. Purchase large cooling fins for cooling towers to improve operational performance.

Targets and Objectives

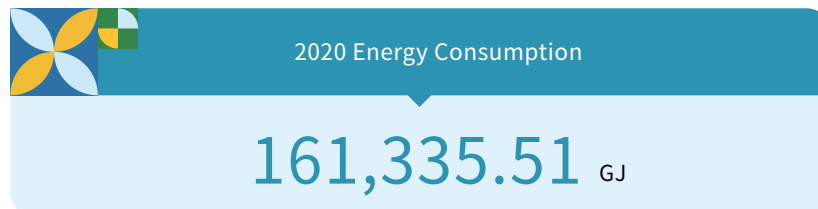
- Realtek has formulated a plan to carry out self-reported Greenhouse Gas (GHG) inventories. We inspect and evaluate all types of Scope 1 and Scope 2 emission sources at our Hsinchu Headquarters.
- Realtek recognizes the importance of finding a balance between economic development needs and environmental protection. We established plans and goals that support using green energy as well as saving both energy and water.

Tracking Energy Efficiency

Realtek is an IC design house in the upstream segment of the semiconductor industry. Most of the energy we consume is grid electricity, diesel for emergency generators, and petrol for company vehicles. We do not have heating equipment such as coal-fired or gas-fired boilers. Our production does not involve high energy consumption processes such as smelting or polymerization. In 2020, our total energy consumption was 161,335.51 GJ.

Summary of 2020 Energy Consumption			
Type / Activity Data	Unit	Usage	Heating Value (GJ)
Diesel	Liters	7,188.00	252.63
Petrol	Liters	3,105.26	109.14
Grid Electricity	kWh	44,736,800.00	160,973.74
Total			161,335.51

Note: The coefficient for conversion of heating value came from the 2019 Energy Statistics Handbook – Heat Content of Energy Products published by the Bureau of Energy, Ministry of Economic Affairs.

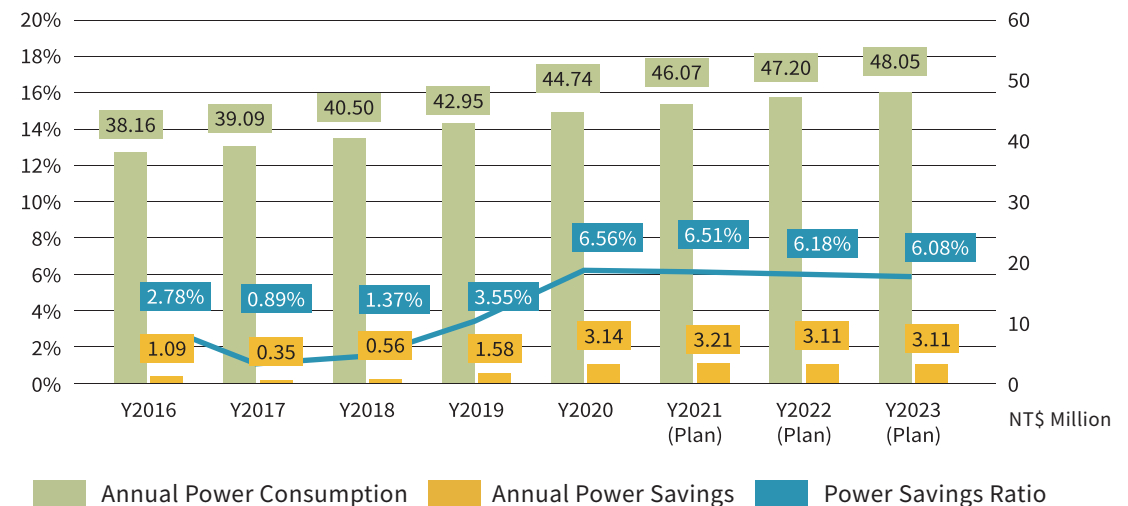


Realtek's average energy consumption per unit of revenue is gradually decreasing. We lowered electricity consumption per million New Taiwan dollars of revenue from 982 kWh in 2016 to 575 kWh in 2020, representing a four-year decrease of 41.45%, clearly demonstrating our commitment to environmental protection and energy saving. In 2020, we introduced energy saving measures for our testing area equipment and IT machine rooms, and we changed to LED lights in our factory (replacement rate of 90%). We estimate that these measures achieved a 6.56% overall savings in electricity use.

Power Consumption and Revenue Table over the Years

Unit/Year	2016	2017	2018	2019	2020
Electricity Use (kWh)	38,223,000	39,032,400	40,501,200	42,946,000	44,736,800
Company Revenue (in Millions of NT\$)	38,914	41,688	45,806	60,744	77,759
Electricity Use Per Unit Revenue (kWh/in Millions of NT\$)	982	936	884	707	575
Power Savings Rate (Power savings/[total power use + power savings])	2.78%	0.89%	1.37%	3.55%	6.56%

Power Consumption Trend

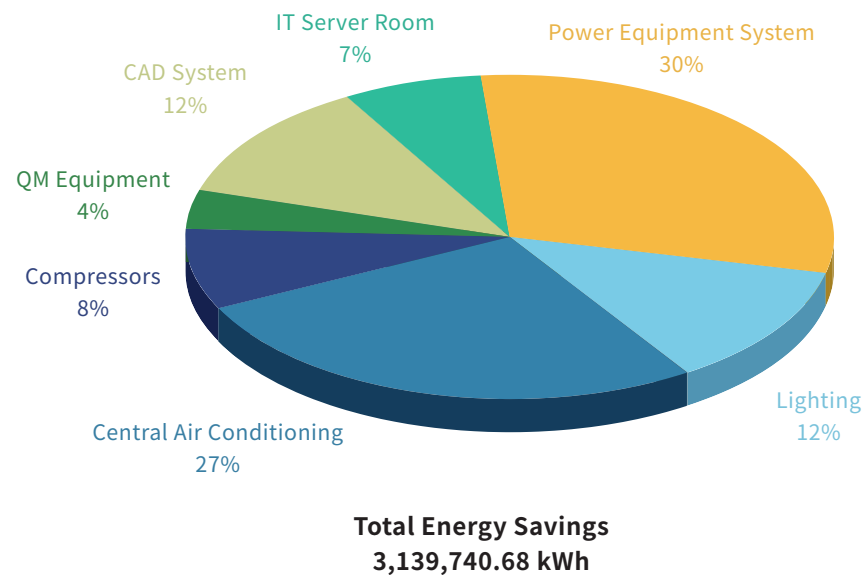


Multi-Pronged Approach to Energy Saving and Better Energy Efficiency

Realtek monitors energy consumption at operating locations to find the equipment that uses the most energy, e.g., air conditioning, lighting, computers, and testing equipment. We will continue purchasing high-efficiency, low power consuming equipment, and regularly review carbon emissions to ensure that energy-saving measures are effective in achieving our intended objectives.

Realtek primarily engages in IC design and development, and has a relatively small position in testing production lines. We conduct self-evaluations to uncover ways to improve operations by introducing energy-saving measures. To lower our carbon footprint, we adopted four main strategies: replace power-hungry equipment, reduce energy consumption in our CAD server rooms, reduce energy consumption in our IT server rooms, and replace old testing area equipment. In 2020, the Administration Department joined equipment management units to conduct 36 energy-saving projects and measures. These included improvements to central air conditioning, lighting, and compressors, as well as replacing old equipment in machine rooms and other locations. In total, we saved 3,139,740.68 kWh, or 11,298.80 GJ of energy, which is equivalent to reducing our emissions by 1,598.10 tonnes of CO₂e.

Energy-Saving Measures and Outcomes



Energy-Saving Measures and Outcomes				
Category	Item	Energy Savings (kWh)	Energy Savings (GJ)	Carbon Reduction (tonnesCO ₂ e)
Power Equipment System	Replace old equipment with new high-efficiency models, improve power harmonic distortion, renew elevators, etc.	940,887.54	3,385.54	478.90
Lighting	Switch to LED lighting in the factory and parking tower	371,098.84	1,335.30	188.88
Central Air Conditioning	Replace old chiller motors and switch to variable-frequency equipment	842,299.81	3,031.61	428.72
Compressors	Replace old compressors, vacuum pumps, and dehydrators with new high-efficiency models	256,056.38	921.42	130.34
QM Equipment	Replace old equipment with new high-efficiency models	142,719.00	513.54	72.64
CAD System	Decrease PUE to 1.45	373,256.33	1,343.07	189.99
IT Server Room	Decrease PUE to 1.776 and upgrade hard drives	213,422.78	768.32	108.63
Total		3,139,740.68	11,298.80	1,598.10

Note: Carbon reduction calculations are based on the 2019 CO₂ emission factor of 0.509 kg of CO₂ per kWh, as announced by the Bureau of Energy, Ministry of Economic Affairs.



In 2020, measures to save energy reduced consumption by

3,139,740.68 kWh

Which is equivalent to
reducing emissions by

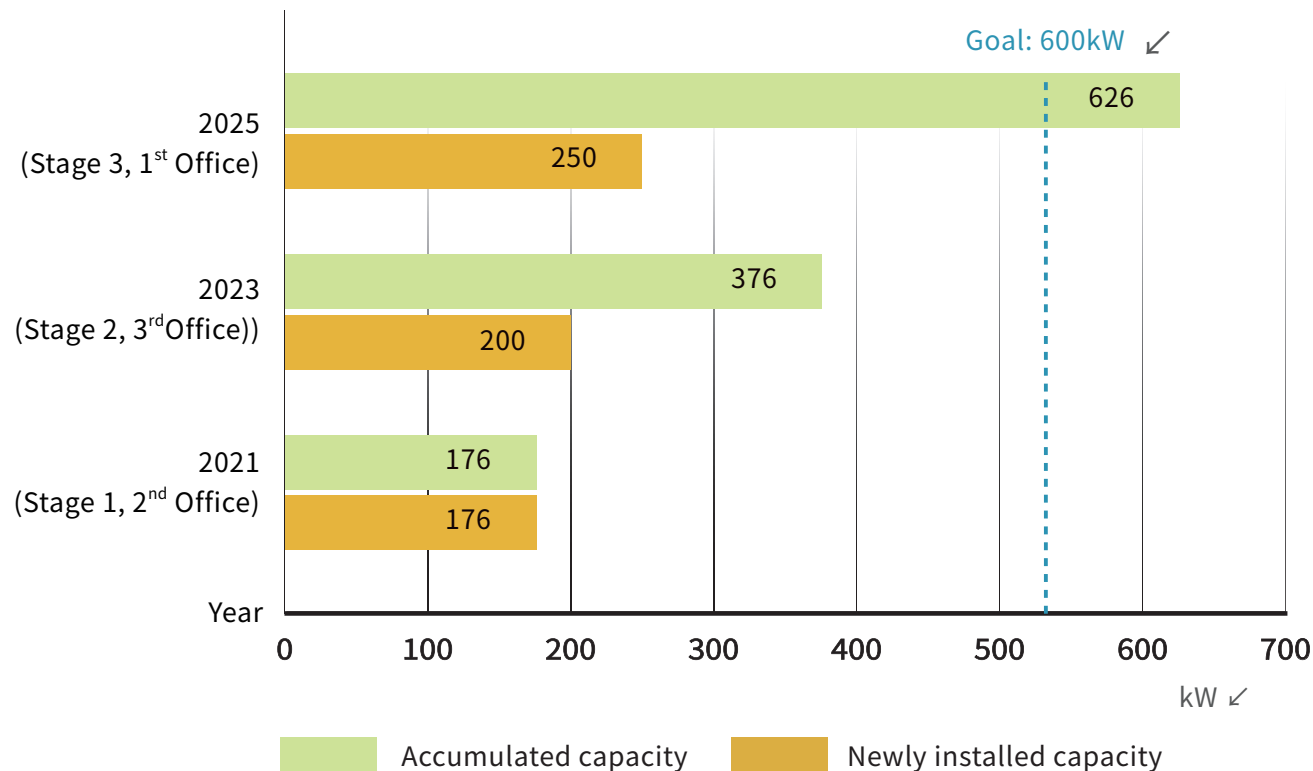
1,598.10 tonnesCO₂e

■ Building a Sustainable, Green Energy Enterprise

Development of renewable energy is a global trend that more industries are joining. In line with the 'Renewable Energy Development Act', which was promulgated by the Ministry of Economic Affairs, Realtek introduced plans to install green energy facilities to cover 12% of our chartered capacity of electricity consumption within three years. In 2021, installation of solar energy generation facilities at each of our factories will begin. Our plans to add green energy equipment are an important contribution towards reducing global warming and lowering environmental pollution.

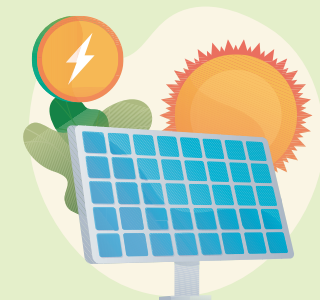
The estimated installation fee is approximately NT\$31.30 million (about NT\$50,000 per kW, based on installation of 626 kW). We will install solar panels on each of our factories' rooftops, and operate on a model of generating power for self-consumption by using the electricity in our plant. The plan will take place in three stages: 1. Installation of 176 kW in our 2nd Office, 2. Installation of 200 kW in our 3rd Office, and 3. Installation of 250 kW in our 1st Office, which will add up to 626 kW (or 12% of our chartered capacity) by 2025. We forecast total annual production of approximately 670,000 kWh of green energy, which is equivalent to reducing our emissions by 346.12 tonnes of CO₂ (based on the 2019 CO₂ emission factor of 0.509 kg of CO₂ per kWh, as announced by the Bureau of Energy, Ministry of Economic Affairs).

Green Energy Installation Plan Timetable



■ 2021 Stage 1 Installation (Under Planning)

The rooftop area of Realtek's 2nd Office in the Hsinchu Science Park is 482.93 m², which is sufficient to install 471 solar panels. Each panel is estimated to be able to produce 375 W of power. The total capacity of the rooftop will be 176 kW.



Voluntary GHG Management

Sustainable ecological and environmental development is of great importance to Realtek. Since 2019, we have conducted voluntary audits and management of our Greenhouse Gas (GHG) emissions. Going forward, we will use 2019 as the base year for understanding emissions trends. In 2020, GHG emissions at our Hsinchu Headquarters were 22,797.71 tonnes of CO₂e, for a reduction of 120.1 tonnes compared to 2019. Almost all of the emissions (99.88%) were from purchased electricity. Other emissions came from stationary sources (diesel used in emergency generators), mobile sources (petrol used in company cars), and fugitive sources (refrigerants, septic tanks, and fire extinguishers). Realtek does not produce process emissions as we do not engage in production processes.

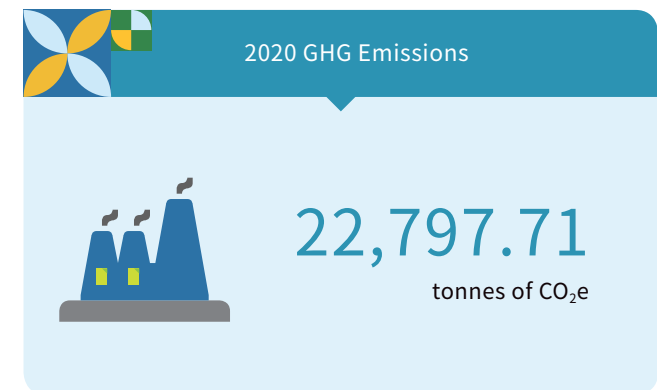
Note: Realtek's use of emission factors is based on the GHG Emission Coefficient Management Table V.6.0.4 issued by the Environmental Protection Administration (EPA). We use an electricity emission factor of 0.509 kg of CO₂e per kWh, as announced by the Bureau of Energy, Ministry of Economic Affairs in 2019. The 2020 inventory is based on the Global Warming Potential (GWP) used by the National GHG Registry of the EPA, which in turn was based on the GWP from the 5th IPCC Report in 2013. If no reference value was available in the 5th IPCC Report (2013), then we used the GWP from the 4th IPCC Report (2007) instead. The operational control method to collate the amount of GHG and reporting was based on the ISO 14064-1:2018 standard.

Taiwan's 'Greenhouse Gas Reduction and Management Act' requires that GHG inventories include seven types of GHGs. Almost all of Realtek's emissions were from CO₂, which accounted for 99.996% of total emissions. Other emissions such as CH₄ and N₂O amounted to less than 1% of the total.

2020 GHG Emission Quantities								
Emission Type	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	Total
Emissions (tonnesCO ₂ e)	22,796.79	0.09	0.26	0.57	0.00	0.00	0.00	22,797.71
Ratio	99.996%	0.0004%	0.0011%	0.0025%	0.000%	0.000%	0.000%	100%

Note: Realtek does not emit NO_x, SO_x, or other heavily polluting gases.

2020 GHG Emissions						
Emission Type	Direct GHG Emissions and Removal Factor (Scope 1)				Indirect GHG Emissions (Scope 2)	Total
	Stationary	Mobile	Process	Escaped		
Emission Quantity (tonnesCO ₂ e)	18.794	7.314	0.000	0.569	22,771.031	22,797.71
Ratio	0.085%	0.032%	0.00%	0.003%	99.88%	100%

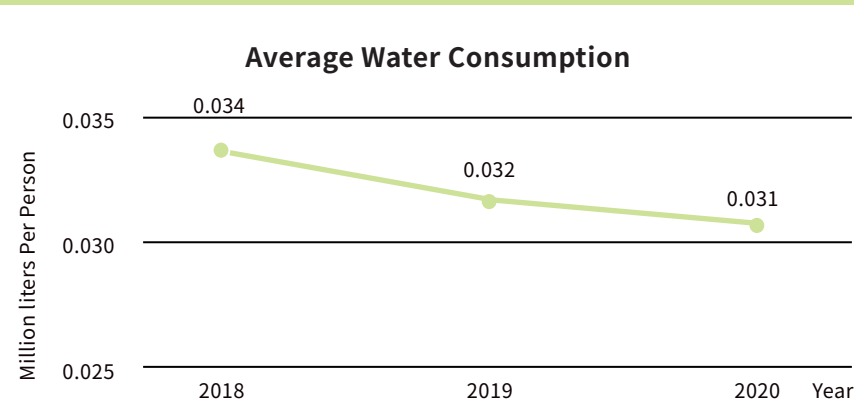


Comprehensive Measures to Conserve Water Resources

Realtek pays close attention to water resources, energy conservation, and environmental protection. Besides considering ways to recycle water, we seek more efficient water use practices. Methods we adopt include wastewater reuse, rainwater recovery, and AC condensate and cooling water recycling. By optimizing the benefits of available resources, we estimate that we will reduce annual water consumption by 5% in our offices and achieve our goal of reducing average water use per person by 1%. In 2020, we used a total of 1.3285 million liters of water. Most of this was tap water (92.09%), with the remaining 7.91% recycled from rain, central air conditioning, and filtered sources. Our recycling efforts conserved 9.55 million liters of water, and we reduced the average water use per person by 1,000 liters compared to 2019.

Average Water Consumption Per Person, by Year

Year	2018	2019	2020
Water Withdrawn	119.10	120.61	132.85
Total workforce (persons)	3,505	3,767	4,232
Average water consumption (million liters per person)	0.034	0.032	0.031



Unit: Million liters (Note 1)

Year		2018	2019	2020
Water Withdrawn				
Surface water	Rainwater	1.44	1.81	0.96
Third-party supplied	Tap water (Note 2)	107.80	109.40	122.34
	Other (central air/filtered)	9.86	9.4	9.55
Ground water		0	0	0
Sea water		0	0	0
Total water Withdrawn		119.10	120.61	132.85
Water Discharge				
Surface water		0	0	0
Third party (Note 3)		86.23	87.52	97.87
Underground		0	0	0
Sea water		0	0	0
Total water discharge		86.23	87.52	97.87
Amount Consumed				
Total water consumed		32.87	33.09	34.98

Note 1: 1,000 m³ = 1 million liter

Note 2: Our third-party water supplier is Taiwan Water Corporation.

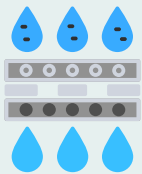
Note 3: Our third-party water discharge partner is the Hsinchu Science Park Wastewater Treatment Plant.

Realtek Water Conservation Methods



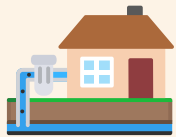
Recovery and Reuse of Rainwater

Installed rainwater recovery equipment at the car park tower. Pipelines connected to the raft foundation water tank channel rainwater that is used for watering plants.



Recovery of AC Condensate

The cooling towers use recovered condensate generated by air conditioning and air blower dehumidification to reduce tap water requirements. The low temperature of recovered condensate aids the cooling towers' heat dissipation, indirectly reducing the power consumption of the chiller units.



Recovery and Reuse of Cooling Tower Discharge

Re-circulated water in the cooling towers becomes more conductive over time. In the past, we treated this as wastewater to be discharged to the Hsinchu Science Park Wastewater Treatment Plant. After a 2019 feasibility study, we began to divert this water into our energy-saving tanks. The reclaimed water is used for flushing toilets to reduce tap water usage.



Spray Reduction for Cooling Towers

Fitted cooling towers with enlarged cooling panels to reduce spray. This conserves water and avoids unnecessary waste.



Water Conservation in Bathrooms and Toilets

Fitted water-saving devices to most of the taps in bathrooms and toilets throughout the plant to improve water efficiency and prevent hidden loss of water.

Wastewater and Waste Management

Realtek is a fabless IC design house. We focus on the design and sale of IC chips with all manufacturing contracted to foundries. The only hazardous waste we dispose of are defective ICs that are found by internal testing after being made by contract foundries. Professional waste management companies handle the disposal. Realtek sites do not produce hazardous industrial waste, do not discharge process wastewater, and do not pose any risk of environmental impact from wastewater/effluent spills.

Reported Discharge of Domestic Wastewater

In 2020, we reported 97,872.8 tonnes of domestic wastewater discharge to the Hsinchu Science Park Administration. All industrial wastewater and domestic wastewater produced within the Hsinchu Science Park is collected by the sewage system and piped to the park's wastewater treatment plant for processing before being discharged into the Keya River through a dedicated pipeline. The treated water quality exceeds the National Effluent Standards and does not impact the ecology of the Keya River. Realtek cooperates with environmental and energy-saving policies mandated by law and is grateful to local government agencies for their support and assistance.



Reported Disposal of Waste and Waste Management

Realtek carries out waste management in accordance with the 'Waste Disposal Act' of the EPA, Executive Yuan, and the management regulations of the Hsinchu Science Park. Tasks include monthly tracking and reporting of waste statistics.

We also visit the EPA's Industrial Waste Report and Management System website each month to report waste-related statistics, including types of industrial waste, any presence of hazardous waste, disposal methods, and total weight. In 2020, we produced 26.57 tonnes of industrial waste, including (1) 5.64 tonnes of non-hazardous paper and mixed paper waste, (2) 6.27 tonnes of non-hazardous waste electronic parts and scraps, (3) 8.45 tonnes of general waste from business activities, and (4) 6.21 tonnes of mixed plastics.

Industrial Waste Sorted by Category and Disposal Method

Item	Waste Paper and Paper Products	Waste Electronic Parts and Scraps	General Waste from Business Activities	Mixed Plastics
Disposal Method	Incineration	Processed Overseas	Incineration	Incineration
Total (Tonnes)	5.64	6.27	8.45	6.21



Optimal Use of the Earth's Resources and Upholding Environmental Protection Policy by Reducing General Domestic Waste

Realtek is committed to raising the environmental awareness of all employees by making environmental practices, such as recycling and waste reduction, a routine part of work and life. Initiatives include using recycled paper for product packaging and padding, as well as training new employees to incorporate energy-saving and environmental protection principles into their procurement practices. These actions demonstrate how we strive to create a green environment by thinking about all the ways to protect the Earth and use resources wisely in our everyday life.

In 2020, we restricted congregated meals due to the COVID-19 pandemic. At the company cafeteria, we planned an express lane for food pickup and encouraged staff to bring their food back to their seats. These policies led to a significant increase in disposable food containers produced at lunch and dinner. To adhere to environmental laws on the storage of waste and to keep the company environment clean, we added shipping containers to our work campuses for disposing of recyclable food containers and utensils. We will monitor the COVID-19 pandemic and wait for an appropriate time to reopen our cafeteria, so that we can return to using reusable food containers in order to reduce waste.



Photo (top): We placed shipping containers at outdoor locations at two of our offices for the disposal of recyclable food containers and utensils



Chapter 4

Shared Prosperity in a Happy Workplace

Professionalism and Happiness: the Big Crab Family

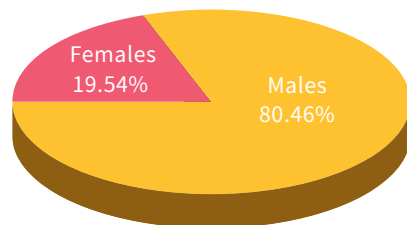
The Realtek Big Crab Family consists of talented people from a wide range of fields. We firmly believe that the employees we assemble fuel our pursuit of sustainable operations and form a core asset of the company, and we truly respect and value the unique skills and attributes of each new recruit. Close monitoring of our human capital starts with fair and just candidate interviews, as part of a careful hiring mechanism that openly welcomes all new members of our team. We then assign them to suitable professional roles, and provide a training environment that offers knowledge and skills. Our aim is for all employees to develop and grow with the company so that they can effectively contribute their knowledge and expertise towards making Realtek's business development more sustainable. We regularly review our policies and strategies to drive the continued management of re-engineering of human resources and services while building an equal, inclusive, and diverse work environment. We promote sustainable breakthroughs and development of our human resources, with the aim of helping our cooperative partners foster knowledge cooperation, service interaction, and growth. By strengthening our employee training development, enhancing employee welfare policies, promoting employee relations, and building corporate social responsibility, we build a team fully committed to the goals of the company. By expanding the innovative growth and service dynamism of our Big Crab Family, we have turned Realtek into a leading member of the IC design industry that is known for continuous innovation and R&D, outstanding quality, and thoughtful service.

We compile the company's human resources statistics based on employment type, employment contract, and gender. Realtek has a total workforce of 4,232 employees, including 4,116 full-time employees (indefinite employment contracts) and 116 contract employees (fixed-term employment contracts). Our workforce is 80.46% male and 19.54% female.

In response to strong demand for innovation and R&D, as well as talented professionals, Realtek plans R&D teams in advance and recruits candidates from all fields. In 2020, we saw significant growth in all employment types and genders.

Employee statistics sorted by employment type, role, gender, nationality, and other categories are provided as follows for reference.

Employee Gender Distribution:



- Females 827 (19.54%)
- Males 3,405 (80.46%)

Employee Statistics Sorted by Age, Education, Role and Gender (Reference Date:2020/12/31)

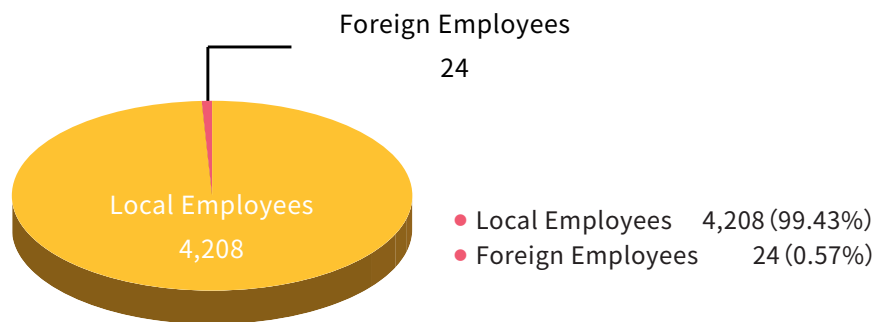
Category	Group	Male		Female	
		No. of People	Percentage	No. of People	Percentage
Total No. of People		3,405	80.46%	827	19.54%
Age	30 and under	946	22.35%	234	5.53%
	31 – 40	1,392	32.90%	375	8.86%
	41 – 50	950	22.45%	185	4.37%
	51 and over	117	2.76%	33	0.78%
Education	Senior high school and below	47	1.11%	79	1.87%
	University and college	538	12.71%	331	7.82%
	Masters	2,703	63.87%	406	9.6%
	Ph.D.	117	2.76%	11	0.26%
Role	R&D staff	3,095	73.13%	577	13.63%
	Management and sales staff	236	5.58%	154	3.64%
	Production staff	74	1.75%	96	2.27%
Employment Type	Full-time employees	3,351	79.17%	765	18.08%
	Contract employees	54	1.28%	62	1.47%
	Temp workers	0	0.00%	0	0.00%

Employee Statistics Sorted by Age, Education, Role and Gender (Reference Date:2020/12/31)

Distribution of Employee Nationality by Gender

Gender		Nationality		
		Local Employees	Foreign Employees	Total
No. of People	Male	3,385	20	3,405
	Female	823	4	827
	Total	4,208	24	4,232
Total		99.43%	0.57%	100%

Proportion of Employees of Different Nationalities



Realtek Labor Policy

Realtek believes that talent and knowledge are cornerstones of sustainable corporate development. As an innovation and technology R&D company, innovative services and development are central parts of the planning behind our human resources policy.

We implemented a labor policy that incorporates five key indicators: manpower, service, training, environment, and management. The Realtek Labor Policy is as follows:



1 Protect the rights and interests of employees



2 Provide a healthy work environment



3 Comply with national labor laws



4 Advocate equality, safety, and accountability



5 Value employee training and development



6 Promote corporate engagement and responsibility

A Preemptive Response to Implement the Government's Pandemic Prevention Policies

Realtek is closely monitoring the COVID-19 pandemic and praying for the safety and health of people around the world, as well as a quick recovery from these challenging times. When the novel coronavirus began to emerge in December 2019, Realtek preemptively launched safety and health defense mechanisms. We quickly established cross-department emergency response teams and assigned pandemic prevention tasks, enlisting all employees in the organization to join. These steps ensured the safety of Realtek employees and upheld efficient operations. Going forward, we will continue to monitor the COVID-19 pandemic and act in accordance with pandemic prevention policies announced by the Central Pandemic Command Center. When needed, we will make adjustments to strengthen pandemic prevention. Full participation from all employees is needed to maintain sustainable partnerships within the company, in society, and around the globe.

To fully achieve pandemic prevention while maintaining business efficiency and safety, Realtek established cross-department emergency response teams that are responsible for developing pandemic prevention measures and control actions, as well as enhancing risk prevention management. At the same time, the response teams implement emergency response mechanisms. Pandemic prevention plans, key measures, and adjustments were as follows:

Item	Explanation
Establish a pandemic prevention command team	- Establish functional teams to quickly formulate pandemic response and prevention policies and carry out related technical initiatives. - Establish a pandemic prevention center. The Occupational Safety and Health Center shall plan and command the company's global pandemic prevention policies and measures. - Monitor and report on the COVID-19 pandemic situation, supply dispatch, and support at each operational unit. - Compile a pandemic prevention measure handbook. - Monitor and act in accordance with pandemic prevention policies of each local government where we operate. Develop response plans.

Item	Explanation
Pandemic prevention policies	Establish countermeasure policies promptly in response to the COVID-19 situation changes.
Pandemic prevention promotion	Add a COVID-19 pandemic prevention section to our Intranet to provide updates on our pandemic prevention efforts and the pandemic status, for all employees to use as a reference.
Substitute measures to reduce overseas business travels	- Recommend that all business units avoid business travel and use videoconferencing, phone calls, voice messaging, and other communication tools instead. - For unavoidable business travel, we provide comprehensive pandemic prevention notices and precautions to staff before each travel. Additional measures include a pandemic prevention care package, a reservation at a quarantine hotel upon returning to Taiwan, and health tracking and care.
Entry control and services	- Carry out drills for controlling the flow of people at all plant access points and install infrared temperature sensors. - Compile information on all visitors and report on visits in advance. Visitors shall (1) fill out health declaration statements, (2) have their temperatures measured, and (3) provide accurate name and contact info. - Install a tented meeting area outdoors for private visits or for visitors who did not book their visit in advance. - Dedicated personnel shall perform and monitor access control and temperature measurements, including temperature taking and recording of outsourced labor.

Item	Explanation
Environmental control and management	- Supply alcohol sprays in all walkways, public areas, and meeting rooms. Disinfect spaces with alcohol every day. - Add UV disinfection equipment inside elevators. - Upon entering a company building, all employees shall wear a mask. The company advocates frequent handwashing. - Cafeteria control measures: Social-distancing seating arrangement in the cafeteria. Employees are encouraged to eat at their desks and to wear a mask while visiting the cafeteria. - Crowd Control in Exercise Spaces: Distances between exercise equipment are increased and employees are reminded to maintain a proper social distance when exercising. When not exercising, a mask is required. A 75% alcohol sanitizer is provided in the Realtek Recreation Hall for users to maintain a good exercise environment by disinfecting their hands and equipment.
Employee daily temperature report	- Establish a Realtek daily health reporting system. - Before arriving at work, employees must use the daily health reporting system to record their temperature. This serves as a self-check on their condition before entering the workplace. - The Occupational Safety and Health Center carries out immediate control measures and provides professional support based on reported data.
Employee health care	Provision of medical-grade masks
	At the beginning of the COVID-19 pandemic, Realtek procured medical-grade masks and provided one box (50 pieces) to each employee. Together, we supported prevention efforts among our employees, families, and society.
Employee health care	Pandemic prevention packages
	Provide pandemic prevention packages to employees leaving for business travel. Distributed 288 packages in 2020.

Item	Explanation
Quarantine hotel arrangement	Helped arrange 14-day stays in approved quarantine hotels for employees who needed quarantine, totaling 65 stays in 2020.
Health Management Offices	- Health Management Offices are spaces for employees who require self-health-management. Employees can use an office to conduct work-related tasks and join video meetings. - Health Management Offices are separate seating areas with negative pressure air conditioning, a complete set of disinfectant tools, a separate bathroom, and a separate break room. Designated staff clean and disinfect the offices. - Provide personal meal service for employees to eat in the offices.

As the COVID-19 pandemic continues, pandemic prevention remains a critical part of CSR and sustainable operations. Realtek is joining the world in maintaining pandemic prevention measures. We follow local government policies and regulations while monitoring and developing pandemic prevention measures. Together, we will achieve the goal of ending the pandemic.



Health control area for visitors



When entering the office, visitors must have their temperature taken



Visitors must fill out health declaration statements

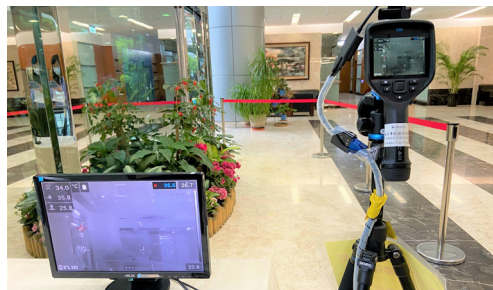


An outdoor tented area is available to meet with visitors



Health Management Offices contain separate seating areas, a complete set of disinfectant tools, and a personal meal service

- Advance preparation puts us in a position to care for employees' health and meet their supply needs



Infrared temperature sensors



Pandemic prevention packages (isolation gowns, gloves, alcohol pads, masks, N95 masks)



Mask project for employees to pick up medical-grade masks



Realtek Corporate University and Talent Cultivation

Realtek Corporate University provides a wide range of professional education and training opportunities

Talent cultivation gives Realtek the capacity to lead in sustainability, innovation, and R&D as well as organizational development. We built Realtek Corporate University to develop diverse, professional, high-quality courses that enhance organizational competitiveness with sustainability, and effectively link these goals to employee competency training.

Realtek Corporate University provides systematic learning that balances both curriculum breadth and depth. The university consists of five academies: Speedy Induction Academy, R&D Innovation Academy, Management Leadership Academy, Experiential Cognition Academy, and Learning Organization Academy. Each academy has its own complete set of goals under which employees are provided with effective study guidance and rich course content created under a rigorous planning system and flexible, autonomous learning models.

The five academies guide the planning and design of Realtek's annual education and training courses. An example is the professional R&D education and training program developed by the R&D Innovation Academy. This academy taught 221 classes in 2018, 237 classes in 2019, and 262 classes in 2020. Every year the number of courses increases to cover new research into innovative technologies. In 2020, the academy offered an average of five professional R&D classes each week. These met employee demand for timely professional knowledge and skills that relate closely to work assignments. Engineers who participated quickly gained new professional knowledge and learned techniques that supported their work. In addition, each year we invite domestic and foreign academics and experts to give lectures on the latest industrial and research findings. These lessons provide forward-looking information and strengthen long-term academia-industry collaboration. While promoting diverse study and development, it opens new pathways to uncover outstanding talents with high potential.

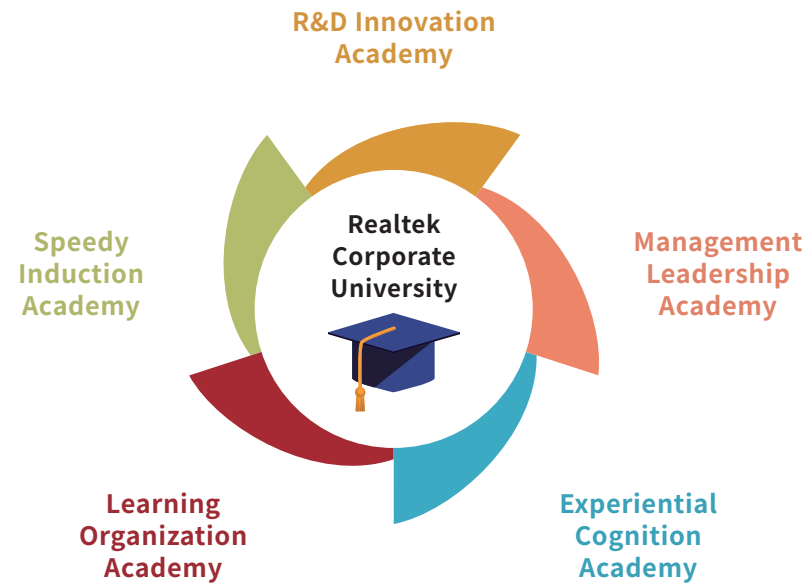
For the five academies, Realtek planned a diverse range of courses that go beyond professional R&D training. For example, we offer management and leadership courses, mandatory cross-departmental core courses, and incentivized self-development programs. The courses are designed to provide targeted lessons and training suited for staff in different professional fields. Based on organizational

development needs, the company also offers courses and lectures on management and leadership skills, as well as management workshops every year. These events provide all managers and employees with an excellent platform for learning and discussion, which sparks synergy of business development and management within the organization. Realtek's comprehensive education and training encourages all employees to raise their professional knowledge and skills. In the future, we will continue to provide more holistic training plans and courses that support our strategic knowledge development.

Realtek places great importance on learning among all members of the company. To provide additional learning opportunities that relate to employees' R&D and administrative duties, we offer courses on computer processing skills and foreign languages. A portion of the courses include subsidy mechanisms, and employees choose which classes to take based on their learning needs. We believe strongly that professionalism, self-confidence, accomplishments at work, and realization of value by employees will continue to enhance competitiveness and exert a positive influence on individuals, families, and businesses, as well as the whole nation and society.

Realtek Corporate University not only teaches professional knowledge and technical skills that support organizational development, but also incorporates the Realtek corporate culture of self-confidence and trust in people, team spirit, innovation, and vitality. By integrating our organizational culture, we are certain that the planning and execution of employee education and training will advance Realtek's distinctive competence.

- Self-confidence comes from professionalism
- Trust in people comes from sharing, believing in the team, and helping others to grow
- Team spirit comes from voluntarily coordinating with and supporting the team
- Innovation is about leadership continuity, breakthroughs, and creating new value, new disciplines, and new opportunities
- Vitality is about service and passion



Realtek e-Learning System

The Realtek e-Learning System is a flexible learning channel that lets employees freely create study plans, arrange study times, and review lessons. The customized nature of the study environment facilitates learning programs that best suit employees' work duties and obligations. The system also supports the company's knowledge management and extends the Realtek learning network to realize fast sharing of knowledge. We added 265 new courses to the system in 2018, 286 new courses in 2019, and 298 new courses in 2020.

Year	New e-Learning Courses
2018	265
2019	286
2020	298

Realtek New Employee Training Camp

The Realtek new employee training camp offers inclusive, professional, and diverse classes that cover the core objectives of the company. Combining digital and in-person lessons, the camp covers topics from each academy of the Realtek Corporate University to expose new employees to all these ideas. Besides general classes, such as 'getting to know Realtek,' and special-topic courses, the camp includes lessons on energy conservation, environmental protection, fire drill, safety, CSR promotion, integrity and ethics, insider trading prevention, and patent standards. The camp encourages full participation and compliance with global initiatives, as well as enhances team cohesion within our organization.

Education and Training Accomplishments

Except for some operational and technical courses, most of the professional training at Realtek can be considered series courses (such as 'management and leadership' and 'innovation and R&D'). Realtek focuses on the performance parameters for each type of training and incorporates them into action plans. In 2020, Realtek organized 1,285 internal and external training courses (including in-person classes, online classes, technical discussions, and technology lectures) that had a total of 3,941 hours. Attendance totaled 17,657 and average training hours per employee were 12.24. We will continue to plan our learning programs with strategic thinking so that they make the company more competitive over the long-term.



Realtek Corporate University Accomplishments

Held a total of 1,285 classes for groups and individuals



2020 Realtek Corporate University

1. Total number of courses: 1,285
2. Total number of external courses: 101
3. Total class hours: 3,941
4. Total attendance: 17,657
5. Total training hours attended: 51,819
6. Average training hours per attendee: 2.93
7. Average training hours per employee: 12.24



Training Hour Statistics by Employee Position

Job Category	Item	Male	Female	Subtotal
R&D and Technical	Attendees	13,129	2,461	15,590
	Hours	37,608	7,014	44,622
	AverageHours	2.86	2.85	2.86
Management and Sales	Attendees	1,707	249	1,956
	Hours	5,538	1,134	6,672
	AverageHours	3.24	4.55	3.41
Production and Operations	Attendees	65	46	111
	Hours	283	242	525
	AverageHours	4.35	5.26	4.73
Total Training Participation Hours	Attendees	14,901	2,756	17,657
	Hours	43,429	8,390	51,819
	AverageHours	2.91	3.04	2.93
Total Workforce	No. of People	3,405	827	4,232
Average Hours of Training per Employee	Hours	12.75	10.15	12.24

Note: Average hours of training per employee = Total training participation hours/total workforce

Diverse and Open Internal Communication Channels

Realtek respects the character, perspective, and opinions of every employee while promoting a culture of open and sincere communication throughout the Big Crab Family. While we do not have a union or collective bargaining agreement, we built fast, two-way employee communications channels and adhere to the principle of equality in speech. We listen to and accept different opinions and ideas within the team, and let employees express their professional or constructive opinions through a range of effective communication channels. Based on each particular situation, we offer a response or provide support. Realtek values the opinions expressed by employees and heeds constructive communications mechanisms, as we build a sustainable and friendly workplace.

Comprehensive Communication and Service Channels

Realtek employees can provide their suggestions and opinions through a variety of internal communication channels, including (1) Their direct unit supervisor, (2) Managers at all levels, (3) the Intranet Discussion Forum, (4) Organizational communications meetings, (5) Designated contacts and supervisors, (6) the Employee Welfare Committee, (7) Supervisor discussions and seminars, and (8) the President's Mailbox.

Employee counseling and support mechanisms include consultation sessions for new employees and the Employee Relations Development Center, which provides individual counseling and team support. The Occupational Safety and Health Center uses various professional plans and measures to promote environmental safety, occupational safety, and health promoting services throughout the organization, and we prevent illegal encroachments into the workplace to further optimize communications and support mechanisms. At the same time, we established the Employee Assistance Program, which includes a free legal advice helpline (commissioned to Cheng Kuan Attorneys-at-Law) and psychological counseling (commissioned to the Hsinchu Lifeline Association – Employee Support Services Center). We hope this comprehensive range of channels and measures provides everyone at Realtek with quality avenues for communication, interaction, and support.

Employee Assistance Program

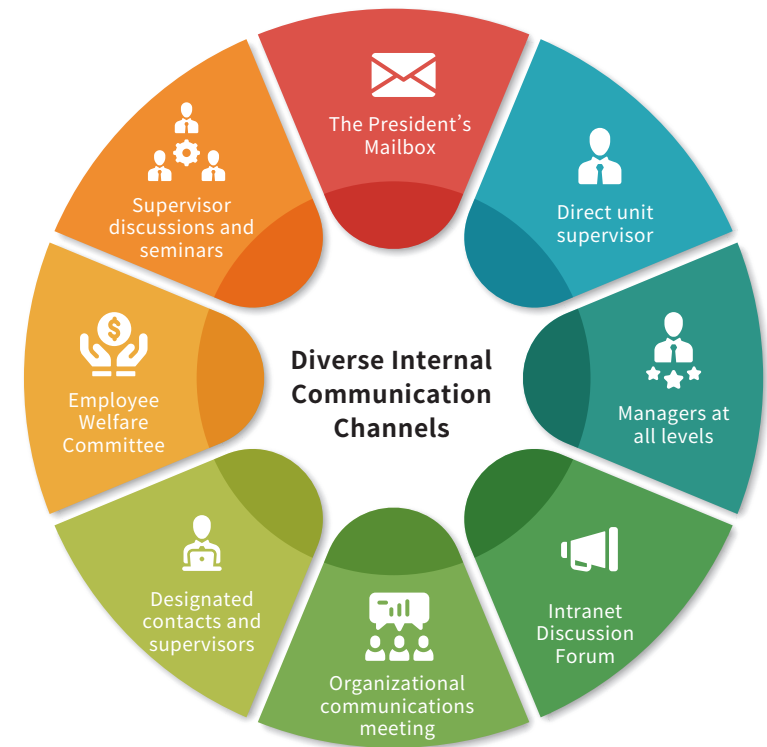
The Employee Assistance Program provides comprehensive, professional support relating to career and work, family and children, personal relationships, mental health, management advice, and legal consultations.

In 2020, the program provided support 125 times, including:

- Psychological Consultations
- 38 phone and email consultations, 47 on-site consultations by professional counselors
- Legal Consultations: 40 phone consultations

The employee satisfaction rate towards on-site psychological consultations by professional counselors was

97 points



Competitive Compensation and Benefits

Remuneration and Benefits – Management Approach

Relevance to Realtek	Human resources are the bedrock of Realtek's sustainable operations and a longstanding ingredient of our stable organizational development. We offer fair appointment practices, employee education and training, positive employee communications channels, comprehensive employee welfare programs, and promotion of safety and health management. Together with our competitive employee compensation and benefits packages, these measures support the recruitment and retention of outstanding staff. As our employees continue to conduct innovation and R&D, they provide value and global services to customers that support sustainable development goals of the company.
Policy and Commitment	• Provide highly competitive compensation and benefits. • Continue to raise organizational competitiveness and attract outstanding talents.
Goals	• Continue to be selected in the TWSE Taiwan High Compensation 100 Index and the Taiwan RAFI® EMP 99 Index. • Raise employee welfare. Hold a diverse range of activities that help achieve employees' work-life balance.
Actions	• Build fair and competitive compensation systems, provide sound insurance and retirement plans that put employees' minds at ease. • Optimize short, mid, and long-term incentive programs. Clearly link performance reviews to incentives and penalties. • Annual profit sharing with employees. • Pay attention to the amount of investments that strengthen employee welfare and build a friendly and healthy workplace.
Responsible Unit	Finance Division, Administration Department, Employee Welfare Committee
2020 Achievements	• Selected in TWSE Taiwan High Compensation 100 Index and the Taiwan RAFI® EMP 99 Index. • To support employee welfare and related activities, the company and the Employee Welfare Committee allocated more than NT\$108.45 million, an increase of 31% compared to 2019.

Outstanding talents are Realtek's most important asset. Sound remuneration packages and employee benefits are critical to the organization's innovation, energy, and competitive advantages. Realtek formulated positive performance evaluations and incentive programs to promote employee advancement, career development, and staff retention. Current practices are as follows:

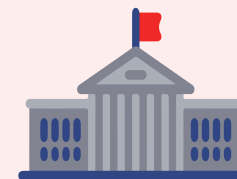
- Performance appraisal twice a year for promotion/salary adjustment/bonus.
- R&D and patent application training and patent bonuses.
- Library of renowned domestic and foreign journals, papers and books, and guidance and incentive bonus system for publication.
- R&D project participation based on professional suitability and personal choices.
- Incentive programs for the 'Stimulus for Employee Brain Power Sharing Program'.
- Dual track career development to decide on going for R&D management based on ability and interest.
- Bonus and dividend system based on performance appraisal and comprehensive evaluation of R&D investment.
- Highly competitive salary and fringe benefit system.
- Profit sharing with the Company through salary adjustment, year-end bonus, and employee dividends based on personal performance.

Employee Welfare Spending

In 2020, employee welfare costs amounted to NT\$17,418,281,000. Included in this amount was (1) Salaries including remunerations to directors and employees as well as bonuses to employees, (2) Labor and National Health Insurance fees, (3) Pensions, and (4) Other personnel fees. Refer to the Realtek Semiconductor Corp. 2020 Annual Report for further details.



Employee welfare costs grew in recent years



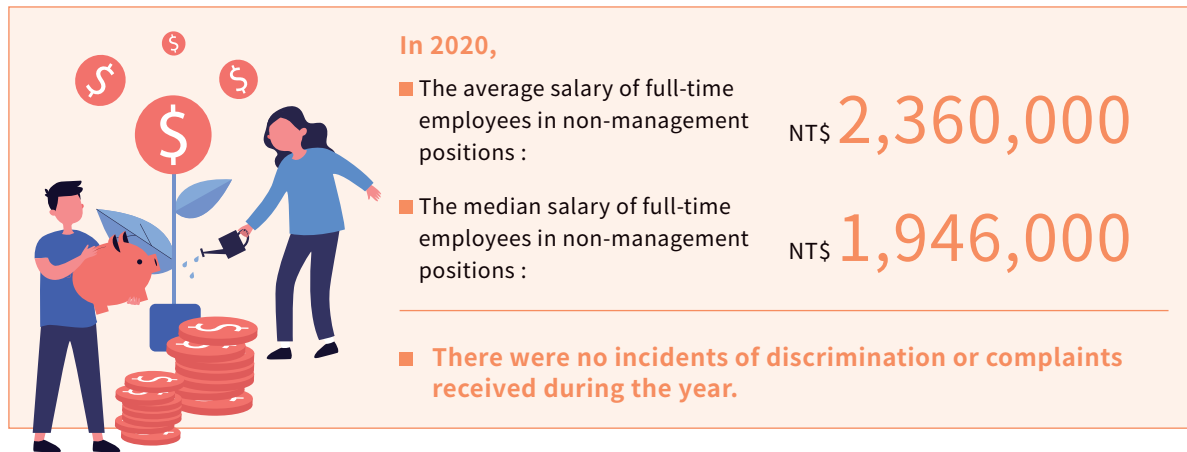
Selected in the TWSE Taiwan High Compensation 100 Index



Selected in the Taiwan RAFI® EMP 99 Index

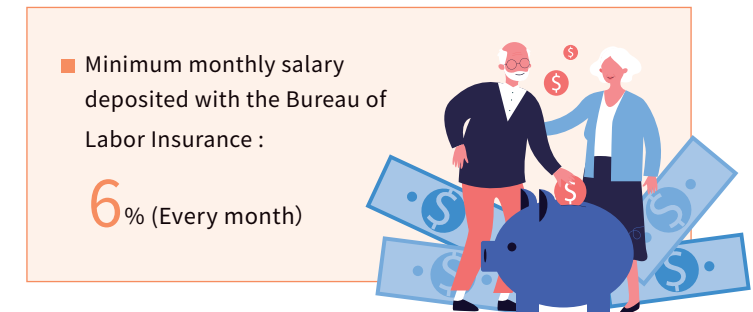
Fair Remuneration Plan

Realtek uses uniform baseline indicators to achieve professional management goals. We are committed to fair remuneration mechanisms and standardized evaluation formulas. Using rigorous mechanisms that maintain fair compensation, we build an equitable work environment. Consistent salary standards, salary adjustment review indicators, and guidelines are applied to all Realtek employees (both male and female) in every position to ensure gender equality. During the hiring process, we ensure there is no discrimination on the basis of employee gender, race, or age in the standard of remuneration offered. Everything is done to ensure a fair remuneration system.



Retirement Plan

Realtek drafted retirement regulations and established the Labor Pension Preparation Fund Supervision Committee. The company makes monthly contributions to the preparation fund for permanent employees in accordance with the relevant regulations of the 'Labor Standards Act', and since 1995 has also made pension contributions in accordance with the actuary report of the pension fund. Since July 1, 2005, Realtek has adopted regulations governing pension contributions for employees who are local nationals in accordance with the 'Labor Pension Act'. For employees who choose to be covered by the labor pension scheme outlined in the 'Labor Pension Act', every month the company deposits at least 6% of their monthly salary into their personal account with the Bureau of Labor Insurance. Employee pensions are paid as a monthly payment or a lump sum payment from the employee's personal pension account.



High-Coverage Company Group Insurance for Employees and Dependents

Besides basic labor and health insurance, Realtek provides group insurance paid by the company as an employee benefit. The insurance includes life, accident, hospitalization, and cancer coverage. Spouses and children of full time employees can also enroll in our group insurance at the company's cost. Employees can choose to purchase hospitalization and cancer insurance for their parents at preferential rates as well. Realtek not only looks after our employees, but also cares about the health and life of their families. Through these benefits, we hope to build team cohesion with the support of all employees.



Work-Life Balance

Most people seek to achieve a balance between work, health, and family life. Realtek therefore attaches considerable importance to improving the work-life balance and health awareness of employees, which is why various departments and units in the company formulate and execute related promotional plans. For example, we provide health promotion and disease prevention information, educational lectures on diverse topics, various activities, a reading room, different types of clubs, and different kinds of incentives. With respect to the life and welfare of employees, we organize related programs every year to look after employee health, build morale, and create a workplace culture of working smart. Our aim is to build the healthy constitution and long-range competitiveness needed for sustainable corporate development. In 2020, we conducted a comprehensive survey of the Realtek Recreation Hall environment and equipment. As we discarded old items in favor of new multi-functional exercise and entertainment equipment, we improved safety and enhanced the overall impression of the facility, which in turn raised the user experience. An additional NT\$1 million was invested in 2020 for continuous improvements to enhance completeness of the Realtek Recreation Hall.

As the company expands and builds new offices, planners aim to create a richer work environment with more lifestyle amenities. Facilities include expanded parking lots, nursery schools, large-scale exercise and leisure spaces, reading rooms, and stress-reducing massage service areas. These types of facilities will be available at all Realtek offices so that employees can more easily achieve a work-life balance that will raise their efficiency and commitment to their job.

Employee Welfare Committee

To raise organizational energy and the quality of employee welfare services, Realtek established the Employee Welfare Committee. The committee meets quarterly to plan lifestyle seminars and various activities that help achieve the work-life balance of our employees. Interesting, in-depth events cover investment & wealth management, arts & literature, astrology and numerology, personal relations, leisure activities, and sporting competitions. Facing the global COVID-19 pandemic in 2020, Realtek responded to pandemic prevention needs and adhered to internal control measures by moving indoor events outdoors. We also strengthened individual welfare service activities. For example, we increased the multimedia content and book budget for our Reading Room by 20% and added new welfare items, in order to provide employees with different experiences during the pandemic.

For the 34th annual Realtek Family Day, we introduced pandemic prevention measures to create a safe environment, so that employees and their families, relatives, and friends could safely join the festivities. Participants happily explored play areas for children, recreational facilities designed to stimulate the intellect, markets offering products from local farmers, arts and culture performances, and a culinary street. The pandemic led us to innovate in ways that allowed Family Day to continue, so that employees and their families could have a fun, memorable day. The event was a powerful way of bringing everyone in the Big Crab Family closer together.

Besides holding various activities, the Employee Welfare Committee stepped up efforts in 2020 to plan and design a Realtek sports coat cobranded with a major international sporting brand.



The coat has a great appearance and blocks wind and UV. During the pandemic, it was a new type of benefit we could give to employees. In 2020, Realtek and the Employee Welfare Committee allocated more than NT\$108.45 million to support employee benefits and related activities. This was an increase of NT\$25.92 million, or more than 31%, compared to the NT\$82.53 budget in 2019. We continue to aspire to creating an environment where all employees gain great satisfaction and appreciation for the excellent welfare policies and environment we provide.



The Employee Welfare Committee gave a Realtek sports coat cobranded with a major international sporting brand to each employee, demonstrating the dedication and commitment we show to our staff.

Realtek raised funding for the Reading Room to make monthly purchases of more books and DVDs, so that employees could enrich their life. In 2020, the Employee Welfare Committee increased the multimedia content and book budget for the Reading Room by 20%. At a time when activity restrictions were in place due to the COVID-19 pandemic, our colleagues still had a safe, socially distanced space for relaxation and entertainment.



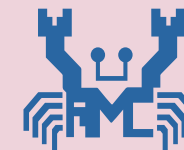
Work-Life Balance



Over NT\$ **108.45** million was funded from Realtek and the Employee Welfare Committee in 2020



5 competitions, **2** new employee welfare measures
Lively and fascinating Employee Welfare Committee activities



Cheerful smiles and high morale among members of the Big Crab Family

What benefits does Realtek offer?

- New Year's Day and birthday gift vouchers, as well as a cafeteria benefit plan by the Welfare Committee.
- Paid annual health check-up to assist employees in implementing self-health care management.
- Major holiday bonuses, as well as wedding and funeral subsidies.
- Professional and diverse intellectual lectures, club activities, ball games, and competition interactions held by the Employee Welfare Committee.
- Employee Assistance Program providing psychological counseling, legal counseling, and stress relief massage services.
- Professional consultation by resident physicians and health assistance by resident nurse.
- Employee restaurants, cafes, and convenience stores for diversified dining services at a discount.
- Employee group insurance to strengthen the work and life protection, in addition to labor insurance and national health insurance.
- Realtek Family Day and the annual year-end party prize drawing.
- Realtek Recreation Hall for exercise, reading, games, and health management.

Employee Welfare Committee Activity Record, 2020

Every year, the Employee Welfare Committee subsidizes social clubs who host the Realtek Cup Competition. In 2020, Cup competitions included tennis, badminton, table tennis, softball, and volleyball. The event fosters team spirit and rapport, encourages healthy recreational habits, and builds friendships between colleagues.



**Realtek Cup Badminton
Tournament**
2020/11/21



**Realtek Cup Table Tennis
Tournament**
2020/11/29



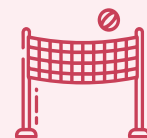
**Realtek Cup Softball
Tournament**
2020/12/05-
2020/12/26



**Realtek Cup Tennis
Tournament**
2020/09/23-
2020/11/11



**Realtek Cup Volleyball
Tournament**
2020/12/26



Summary of Employee Benefits, 2020

Benefit Category	Benefit Item	Content
Financial Benefits	Performance bonus	Distributed in accordance with the company's compensation and welfare policies.
	Dragon Boat Festival and Mid-Autumn Festival bonuses	
	Wedding gift	
	Childbirth subsidy	
	Funeral subsidy	
	Department fund	
	Business travel allowance	
	Business travel fuel allowance	
	Birthday gift voucher	
	Holiday gift vouchers	
	Cafeteria plan	The Employee Welfare Committee decides the amount that each employee can apply for each year.
	Employee purchase voucher	Discount shopping vouchers for employee purchases.
	Meal allowance	The company cafeteria serves partially subsidized daily lunches and dinners.
Facility Benefits	Parking space	The company offers large parking spaces and charging facilities for electric vehicles.
	Living facility services	A Family Mart convenience store and a Xiao-Yu store operate on company premises.
	Childcare services	Preferential kindergarten enrollment and a breastfeeding room on company premises.
	Sporting facilities and environment	Realtek Recreation Hall offers fitness facilities, pool tables, table tennis, arcade basketball games, and play equipment. There is also a dance classroom, outdoor basketball courts, and showers with toiletries supplied.
	Magazine reading room	Contains a diverse selection of technology, management, finance, family, and health magazines for employees to read.
	Reading Room	The Reading Room is a comfortable space with books and multimedia content updated every month and available to employees to use for free.

Benefit Category	Benefit Item	Content
Activity Benefits	Prize drawings at Family Day and the end-of-year banquet	The company and the Employee Welfare Committee organize money and prize drawings.
Other Health and Project Benefits	Leave type	Includes annual leave, flexible leave, maternity leave, paternity leave, sick leave, and pandemic prevention leave.
	Employee Assistance Program	Includes psychological counseling, legal advice, stress-relieving massages, and one annual Employee Assistance Program themed seminar.
	Group insurance	Realtek provides company group insurance to employees. The employees' spouses, and children can also be enrolled in the group insurance at the company's cost.
	Business insurance	Realtek provides domestic and international business insurance.
	Health check	The company commissions a high-quality medical team to provide an annual health check for all employees. In addition to general items such as blood tests and urine tests, the examination goes beyond legal requirements to include more advanced tests such as abdominal ultrasounds and electrocardiograms. Employees' families can have a health check at a discounted cost, and both employees and their families are welcome to request additional self-pay tests.
	Health consultation with resident physician	Three-hour sessions by a doctor who visits the plant are offered six times a month. In 2020, employees joined a total of 439 consultations.
	Airport VIP lounge	Employees can use the airport VIP lounge for airlines that have agreements with Realtek.

Unpaid Parental Leave System

We deeply care about each Realtek employee and are happy to see all members of this Big Crab Family smoothly and safely complete every important phase of their lives. As part of this commitment, we implemented an unpaid parental leave system based on the 'Gender Equality in Employment Act'. All male and female employees can apply for leave to look after their family members.

Number of People Who Used Unpaid Parental Leave in 2020	Retention Rate
♂ Males: 1 ♀ Females: 12	♂ Males: 0% ♀ Females: 71%

Reinstatement and Retention After Unpaid Parental Leave, by Gender

Item	Code	Male		Female		Subtotal
		Quantity	Gender Ratio	Quantity	Gender Ratio	Quantity
Number of people eligible for unpaid parental leave in 2020	A	368	85.58%	62	14.42%	430
Number of people that used unpaid parental leave in 2020	B	1	7.69%	12	92.31%	13
Total number of people reinstated in 2020 after using unpaid parental leave	C	2	13.33%	13	86.67%	15
Total number of people expected to be reinstated in 2020 after using unpaid parental leave	D	2	11.76%	15	88.24%	17
Total number of people reinstated after unpaid parental leave in 2019	E	1	12.50%	7	87.50%	8
Total number of employees still with the company 12 months after returning from unpaid parental leave in 2019	F	0	0%	5	100%	5
Reinstatement rate	C/D	100%		87%		
Retention rate	F/E	0%		71%		

In addition to unpaid parental leave, the Occupational Safety and Health Center conducts maternal protection for female employees from notification of pregnancy to one year after childbirth. Standard prenatal care is supplemented by consultations with a visiting doctor, and health education guidance is offered to new mothers during pregnancy. After giving birth, the mothers receive personal and baby health advice. Realtek also offers a clean, safe, and private breastfeeding room for the mothers of newborns. Hsinchu City recognized Realtek's efforts with a distinction award for our breastfeeding room in 2018.



A friendly and welcoming breastfeeding environment



Safe Workplace and Health Promotion

Realtek established the Occupational Safety and Health Management Committee in accordance with Article 23 of the 'Occupational Safety and Health Act'. The committee has 13 members and convenes quarterly to conduct a comprehensive review of occupational safety and health issues. Realtek is in the IC design industry, so there are no employees engaged in high-risk work or roles that have a high risk of certain diseases. We continue to make improvements in occupational safety topics and procedures based on domestic and foreign legislation. We work actively and attentively to create a safe and reliable working environment in which all employees feel at ease.

Title	Current Position	Role
Chairman	President	Person-in-charge
Committee member (and executive secretary)	Head of Occupational Safety and Health Center	Occupational safety and health manager
Committee member	Head of R&D Center	Head of unit
Committee member	Head of Manufacturing Division	Head of unit
Committee member	Head of Administration Department	Head of department
Committee member	Occupational safety and health personnel	Occupational safety and health personnel
Committee member	Factory Affairs, Administration Department	Engineer
Committee member	Nurse, Occupational Safety and Health Center	Medical personnel
Committee member	Head of Manufacturing Division	Labor representative
Committee member	Engineer, Communications Network Business Group	Labor representative
Committee member	Engineer, Computer Peripheral Business Group	Labor representative
Committee member	Engineer, Multimedia Business Group	Labor representative
Committee member	Head of Quality Management Department	Labor representative

Awarded ISO 45001 Certification

Realtek's Hsinchu Headquarters complies with the 'Occupational Safety and Health Act', the 'Labor Standards Act', and other industry-related regulations. The company identifies the physical and mental harm that certain types of work or working environments may inflict, then adopts measures to reduce, eliminate, avoid and prevent potential risks, thus building a safe and healthy workplace. SGS Taiwan, an independent third-party verification body, certified all of the preceding efforts. In 2020, Realtek's OHSAS 18001 certification was upgraded to ISO 45001 Occupational Health and Safety Management Systems.



ISO 45001 Occupational Safety and Health Performance Indicators

In 2020, the Occupational Safety and Health Center defined supervision and measurement methods for operations and activities that may pose an unacceptable level of safety and health risk. At the end of each quarter, management performance is calculated using the factors listed in the performance evaluation standards to realize the goal of improving safety and health. These measures ensure safety among all members of the company and effectiveness of our risk control.

Passive Performance Indicators			
Safety Indicator	Scoring Criteria	Quarter Target Value	Quarter Actual Value
Disabling Injury Frequency Rate (FR)	(Number of disabling injuries x 1,000,000)/Total work hours	0.00	0.00
Disabling Injury Severity Rate (SR)	(Number of days lost to disabling injuries x 1,000,000)/Total work hours	0.00	0.00
Frequency-Severity Indicator (FSI)	$\sqrt{(FR \times SR/100)}$	0.00	0.00

Realtek Occupational Safety and Health Policy:

- Paying attention to occupational safety and health is a priority of Realtek's operations.
- All employees shall seek to achieve zero injuries by eliminating hazards and reducing occupational safety and health risks.
- Engage in improvements to enhance occupational safety and health standards based on statutory and other requirements.
- Participation and counsel from all employees is critical. Providing a safe and healthy work environment is a fundamental responsibility of the company.

40%

of the Labor Health and Safety Management Committee consists of labor representatives, who assist with supervising and making recommendations on planning related to health and safety.

Emergency Response Plan

Realtek is required by national firefighting legislation to form an emergency response team and conduct realistic fire simulations (exercise with simulated smoke) once every six months. The purpose of this is to ensure that effective firefighting measures can be organized on the spot if a fire breaks out and before the fire service arrives, to reduce the amount of damage. Routine preventive internal inspections also provide early warning and timely fire suppression while training firefighting teams to direct the evacuation of employees and use escape equipment during the early stages of an emergency. Improving the firefighting team's expertise with rescue, evacuation, and first aid ensures proper readiness.

Emergency response drills include extinguishing fire sources, using fire extinguishers, operating descent devices, and conducting rescues from a smoke-filled machine room. These are realistic drills that must be finished correctly and within the allotted time. Following completion, a review is promptly conducted, which includes identifying mistakes and suggesting improvements. We hope that every drill hones employee skills. In the event of an emergency, the relevant SOPs can be immediately followed so that injuries are prevented and hazards minimized.

Emergency Response Team Drill Procedures.

- Immediately notify the fire department.
- Mobilize the Emergency Response Team (see table right).
- The evacuation squad directs employees to safe areas.
- The firefighting squad uses fire extinguishers to put out flames.
- Fire extinguishers, fire hydrants, descent devices, and rescue simulations.
- Review and improvements.



- Clean Room Firefighting and Rescue Drills: The emergency response team rescue squad simulates a response to a fire in the clean room.



- Fire Extinguisher Demonstration: New employees undergo fire extinguisher training.

Emergency Response Team	Tasks
Reporting Squad	1.Responsible for notifying the relevant units. 2.Report disaster damage and casualties to command headquarters.
Rescue Squad	1.Launch response missions based on incident type. 2.Determine the cause of the incident and carry out emergency rescue.
Guidance Squad	1.Loudly and clearly direct people to the evacuation points. 2.Operate evacuation equipment and monitor radio broadcasts to determine the evacuation route.
Auditor	1.Count the number of people in the evacuation zone.
Traffic Management, Safety and Protection Squad	1.Direct traffic around the affected area. Guide ambulances to the correct locations. 2.Designation of safe zones as well as management of traffic and personnel evacuation at the scene of the event.
First Aid Squad	1.Administer first aid to patients at first aid stations. 2.Determine the type of incident when the alarm is triggered. Use appropriate medical devices and administer drugs as required.

To prevent panic when a disaster or an emergency occurs, Realtek organizes emergency response courses for employees to learn basic rescue knowledge and to actively participate in drills. Therefore, in the event of an emergency, staff will be capable of saving themselves and helping others in need. These measures fulfill the company's safety and defense goals. Attendance rate was 93.7% for our basic training and 93.1% for our review training. In 2020, we had 105 employees who were qualified to deliver first aid, which exceeded legal requirements (according to the regulations governing labor health protection, based on our total workforce we should have at least 85 employees qualified to give first aid). A solid training program helps us to prevent dangerous situations from occurring, and expands safety education, which in turn keeps people protected and upholds stable business operations.

Exceeding Industry Standards by Installing AEDs on Each Floor

To raise awareness and practice of health and safety, Realtek installed Automated External Defibrillator (AED) devices on each floor of the Hsinchu Headquarters, which exceeds regulation requirements and improves the chance of successful first aid in the case of an incident requiring a heart restart. The 1st and 2nd offices at Hsinchu have a total of 14 AEDs.



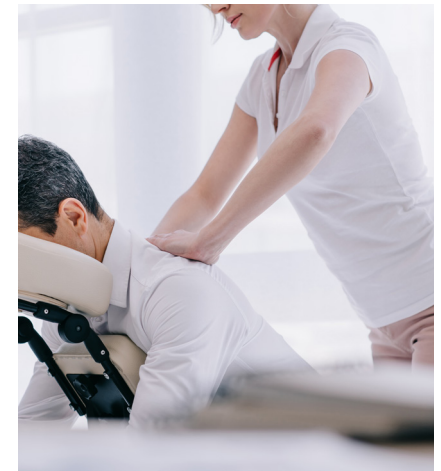
Flu Vaccination

During the peak flu season in autumn and winter, the best method of protection is vaccination. In 2020, following the company's advocacy and planning, a total of 399 employees registered for vaccination. Of these, 309 employees, or 77%, completed the vaccination. The Occupational Safety and Health Center urges people to maintain good habits, including getting enough rest and exercise, so that together we can adhere to a new pandemic-safe lifestyle.



Stress-Reducing Massage Center

The Occupational Safety and Health Center places great importance on employees' physical and mental health. Besides professional medical advice and support, this commitment is demonstrated by a massage service that is one of the company's most popular benefits. To fully experience the stress-relief and health benefits of massages, the center installed professional equipment and hired visually impaired licensed masseurs. The massages not only improve employees' blood circulation, but also provide employment for the visually-impaired, creating a win-win situation for all. Since the launch of the service in 2008, more than 30,000 massages have been given. In the future, we will continue to expand physical and mental health plans and services for employees.



Injury or Illness Follow-Up Care

Most follow-up care cases are related to traffic accidents, medical care, or serious illness. Doctors visit the company to provide face-to-face consultations and nurses use telephone calls to check on the well-being and progress of employees from various offices. Through these channels, they understand the condition of each employee and provide suitable care and advice. Professional recommendations and mental support help the employees heal. To reduce the burden on employees, we also provide insurance information and social resources, thereby minimizing the negative physical and mental effects, and lowering the impact of accidents and other issues on the employees' work and life.

2020 Cases (People)

Traffic Accidents:

5

Medical Care:

5

Patient Care:

9



Realtek Supports Charity with a Smile

Shared prosperity is an important part of Realtek's commitment to corporate responsibility, as shown by our longstanding support of charitable activities. In 2008, we launched a special social welfare program that is based on the idea of supporting charity with a smile. Employees are encouraged to join, which raises the company's consensus for carrying out sustainable, shared prosperity initiatives. We hope to bring the lessons of social care to society while producing concrete benefits for all involved.

Realtek's supporting charity with a smile social welfare program covers six categories: employee social care education, disadvantaged groups, emergency assistance, academic research, school-age child development, and individual cases. These categories encompass a wide variety of topics and care recipients. In 2010, the company established the Realtek CSR Planning Center for more systematic planning of resource allocation, and to invest more resources and energy into expanding social care and fulfilling CSR. Besides providing care to external recipients, we design internal activities that reinforce the importance of social care to employees. We also continue to learn from the society to strengthen and activate Realtek's strategic CSR planning, resulting in greater engagement and more effective actions.



Education Grants to Support Children from Indigenous Communities

Realtek considers education to be one of the most important parts of social prosperity. Education is a long-term effort that has a significant impact on the sustainable development of individual students and the nation as a whole, which represents a longstanding key area of interest for Realtek. To support indigenous education in Hsinchu County, Realtek provided learning awards and assistance to four rural schools. We believe greatly in enriching educational resources so that each child's learning and development can be enhanced. We also hope that the children who benefit will one day give back to their community, creating a cycle of mutual support and care.

Each year, Realtek invites all students and teachers from four schools (Shih Lei Elementary School, Yu Feng Elementary School, Xin Guang Elementary School, and Hsiu Luan Elementary School) to participate in Realtek Family Day. The company fully subsidizes transportation costs, provides event vouchers, and gives educational souvenirs (in 2020 we gave a book that provides a simplified introduction to The Analects of Confucius). The company chairman uses the event to present financial gifts to each of the schools, so that the schools have funding for special programs that provide more learning opportunities. By supporting these students' physical and mental development, they become better prepared to contribute to their households, communities, society, and nation.

Realtek is fortunate and honored to enjoy the artistic performances and energy that each of the schools bring. Everyone admires and learns from the spirit the students demonstrate. Realtek Family Day is a shared event between the four schools and the Big Crab Family; a day in which everyone joins together to experience the joy of learning.



2020 Investments in Educational Development Included:

- Scholarships for rural elementary schools (Yu Feng Elementary School, Hsiu Luan Elementary School, Xin Guang Elementary School, and Shih Lei Elementary School).
- Donation of monthly educational publications to expand the reading horizons of schoolchildren.
- Contributions to the graduation association of National Yang Ming Chiao Tung University.
- Contributions to the Shuang Si Elementary School (Baoshan Township, Hsinchu County) basketball team.
- Taiwan Happiness Village Emotion Education Association 'EQ school service plan' activity.

Realtek Supporting Rural Education – A Four-Stage Charitable Project to Promote Reading

Realtek has long taken an interest in education-related topics. In 2018, we began planning and participating in a reading initiative for rural children's education. By supplying quality monthly publications to rural elementary schools, we encourage students to read more and improve their learning. In 2019, we officially cooperated with Global Views magazine and the Global Views Educational Foundation on a program that uses reading as a seed to give children a better future. We donated an annual subscription of educational magazines to 20 rural schools with a total of 138 classes throughout Hsinchu, Miaoli, and Pingtung. The project was still underway when we started receiving feedback from school teachers and students who said that the educational magazines helped children get in the habit of reading and served as extended learning materials. We were delighted by the warmth, hope, and power in the letters and photos we got in response to the program.

In 2020, we expanded the capacity of our rural care planning by increasing the educational magazine subscriptions from 20 to 26 rural schools with a total of 179 classes. We continue to maintain contact with each school. By keeping tabs on the children's use of the magazines, we strengthen future planning to achieve better distribution of resources and improved budget planning.

In 2021, Realtek will continue to keep a close eye on reading and educational topics in rural schools. As our reading promotion turns the students into more avid readers, we will strengthen their field of vision, spark intelligence, and bring joy as they grow.



Social Care Projects

Social prosperity is a critical part of Realtek's annual benevolence and care. In 2020, our support for society and timely participation in social care projects included the following:

- Children Are Us Foundation: Fundraising plan to replace equipment at the Zhubei baking station.
- Hsinchu Ai-Heng Training Center: Promotional plan for low carbon, environmental protection, and welfare for the disabled initiatives.
- Eden Foundation: Disadvantaged children support plan.
- Taiwan Prevent Blindness Foundation: 'Let the eyes see' program to support optometry in rural areas.
- Ruth Society for Disability Services charitable fundraising activity.
- Taiwan indigenous culture promotion association: Yilan 'Scallion fun farm camp' charitable activity for disadvantaged groups.
- The Society of Jesus Hsinchu Social Service Center: Sponsored the 'Guardians of Time' senior care and love activity.
- Miaoli Lalove Home: 2020 'Dreams fly' fundraising activity for new home facilities.
- Taiwan Fund for Children and Families, Hsinchu Center: Winter warmth charitable activity.
- St. Joseph's Social Welfare Foundation, Hsinchu City: 2020 Christmas GO happy learning family activity.

Sponsorship of Academic Research and Development Activities

National progress depends on dedicated research institutions leading and inspiring innovations and breakthroughs. Realtek sponsors academic R&D activities so that we can contribute towards creating a sustainable and prosperous future together. In 2020, Realtek sponsored the following academic and research development plans:

- Donation of Smart Ward Solution for Hsin-Chu Biomedical Park Branch, NTU Hospital: Fall prevention necklaces and webcams.
- Industrial Technology Research Institute: 2020 VLSI Design/CAD Symposium.
- Taiwan Engineering Medicine Biology Association: Symposium on Engineering, Medicine, and Biology Applications.
- NTU System Foundation.
- The Chinese Institute of Electrical Engineering – Electrical Engineering Association.
- Hsinchu County Cultural Foundation.
- AI Island platform establishment and classes.
- Donation to the Liver Disease Prevention & Treatment Foundation.
- Donation to the Taiwan Lung Foundation.



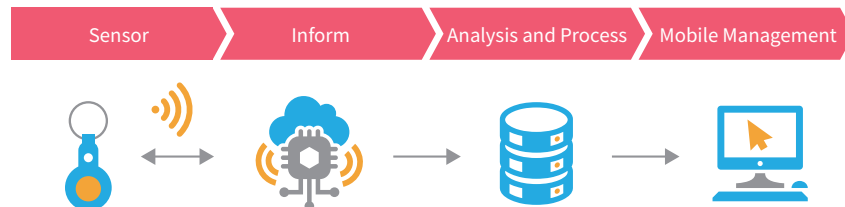
Smart Ward Solution, Hsin-Chu Biomedical Park Branch, NTU Hospital

Donations from Realtek to the NTU Hospital Smart Ward Solution project included 100 smart healthcare management platforms (including fall prevention necklaces) and 75 IP cams. These devices enable the nursing stations to be immediately aware of patient falls in negative pressure isolation rooms.

Using a smart healthcare management platform (including fall prevention necklaces with innovative IoT and Bluetooth controllers from Realtek, as well as IP Cameras with camera and Wi-Fi controllers from Realtek), the nursing station will receive notification of a patient's position with live video immediately after a patient falls. The nurses can then act to provide support without any delay. These devices help create a safer, more efficient medical service, providing both patients and hospital staff with a better overall health care environment.



Hsin-Chu Biomedical Park Branch, NTU Hospital – Smart Ward Solution



Sponsorship of Local, Regional, and Community Groups

Neighborhoodly support and cooperation are also fundamental to CSR. Realtek has always focused on embracing and supporting the local community. In 2020, Realtek contributed towards the sustainability of local groups by offering the following assistance and support:

- 'Support local agriculture – Hualien watermelon purchase': Sharing with company employees and charitable organizations.
- Sponsorship for activities carried out by the Friends of the Police Association.
- Sponsorship for activities carried out by the Hsinchu County Association of Fire Protection.
- Lung disease prevention for police officers: Donation to the Taiwan Lung Foundation to conduct LDCT lung cancer screening tests on officers with the Hsinchu County Police Bureau.
- Sponsorship for the Wufeng volunteer fire squad, under the Hsinchu County Fire Bureau.
- Adoption of public road lights in Hsinchu City.
- Sponsorship for the Chinese Professional Management Association of Hsinchu.
- Sponsorship for the Taipei Awakening Association.
- Sponsorship for the Hsinchu Sports Development Association.
- Sponsorship for the Association of Ultrarunners.
- Caring for people's health by collaborating on construction of coronavirus disease prevention facilities: Donated infrared thermal imaging instruments to the Humanistic Culture and Education Foundation, Taipei Lungshan Temple, the Good Liver Foundation, and the NTU Hsinchu Biomedical Park Hospital.



LDCT lung cancer screening tests on officers with the Hsinchu County Police Bureau

Realtek Supports Charity with a Smile, Social Prosperity – Local Section

Supporting the Sustainable Development of Local Industry and Investing in Social Welfare Institutions

Adopting our spirit of shared prosperity, Realtek is a longstanding supporter of local agricultural development. We empathize with farmers' toils and demonstrate support by promoting agricultural products. Activities we join marshal support for purchases of local mandarin oranges, bananas, and pomelos. Besides making corporate purchases, we encourage employees to contribute and facilitate participation by external organizations in these meaningful events.

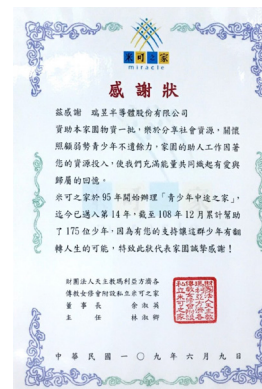
In 2020, Realtek continued to promote shared prosperity actions. We bought watermelons from Hualien farmers then shared them with employees. Our colleagues formed teams that distributed the watermelons to local social welfare organizations, including the St. Teresa Children Center, Blue Sky Home, Zhudong Grown-Up With Hands Family, and Miracle Home. As we joined to celebrate the joy of shared prosperity, we also learned and grew together. Realtek will continue to pay attention and participate in local agricultural development. By adhering to the spirit of shared prosperity, we will achieve positive synergy.



Realtek's watermelon purchases demonstrate support for local farmers



Care for social welfare groups includes donations of agricultural products



Realtek Supports Charity with a Smile, Social Prosperity – Society Section

Realtek Participates in Free Hepatitis and Liver Cancer Screenings to Promote Awareness of Liver Health

According to an investigation by the World Health Organization, liver disease accounts for more than 1 million deaths worldwide every year. In Taiwan, chronic liver disease (chronic hepatitis, cirrhosis, and liver cancer) is one of the main culprits of ill health. To encourage people to pay greater attention to the health of their liver, Realtek joined the Liver Disease Prevention & Treatment Research Foundation, Longshan Temple, and Yuan High-Tech Development Co. in offering free hepatitis and liver cancer screenings. The program encouraged people to heed their health by undergoing screenings for disease, so that they can receive prompt care when needed. By joining forces with medical, faith-based, and technology organizations, the program effectively integrated diverse professional capabilities and resources. As participants benefited from hepatitis and liver cancer screenings, we effectively raised awareness of the importance of liver health and liver disease prevention.

The free hepatitis and liver cancer screenings supported a number of the UN's Sustainable Development Goals, including SDG 3: Good health and well-being, and SDG 17: Partnerships for the goals. More than 8,000 people who were screened learned about their liver condition, and 806 people identified as being at high risk of liver disease were directed to follow-up care and consultations. Bringing together diverse specialties and resources created an innovative partnership and a cooperative model that supported our health promotion goals and made people's lives more sustainable. As an added bonus, the 8,032 people who joined the event also set a Guinness World Record for most people completing a health survey in 12 hours.



Organizers promote the liver screening program and sign a cooperation letter of intent (Liver Disease Prevention & Treatment Research Foundation, Longshan Temple, Realtek, and Yuan High-Tech Development Co.)



8,032 people who joined the event set a Guinness World Record



In the spirit of protecting peace and health, the event raised health awareness

Appendix I GRI Standards Index

General Disclosures Reference Table GRI 102: General Disclosures 2016

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Organizational Profile	Core	102-1	Name of the organization	CH. 1 : Company Profile	19
	Core	102-2	Activities, brands, products, and services	CH. 1 : Company Profile	19
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	Core	102-4	Location of operations	About the Report	07
	Core	102-5	Ownership and legal form	CH. 1 : Company Profile	19
	Core	102-6	Markets served	CH. 1 : Company Profile	19
	Core	102-7	Scale of the organization	CH. 1 : Company Profile	19
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	Core	102-9	Supply chain	CH. 1 : About Realtek CH. 2 : Sustainable Supply Chain	19 38-41
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	Core	102-11	Precautionary principle or approach	CH. 2 : Realtek Business Continuity Plan	34
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	Core	102-13	Membership of associations	CH. 1 : Engagement with External Organizations	26

Material Topic	Core	GRI Number	GRI Indicator Description	Corresponding Chapter	Page No.
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	-	102-15	Key impacts, risks, and opportunities	CH. 2 : Realtek Business Continuity Plan	35
Ethics and Integrity	Core	102-16	Values, principles, standards, and norms of behavior	CH. 2 : Ethical Management and Compliance	36
Governance	Core	102-18	Governance structure	CH. 2 : Organization and Strategy for Sustainable Development Management	30
Stakeholder Engagement	Core	102-40	List of stakeholder groups	Stakeholder Engagement	12
	Core	102-41	Collective bargaining agreements	-	No collective bargaining agreements
	Core	102-42	Identifying and selecting stakeholders	Stakeholder Engagement	12
	Core	102-43	Approach to stakeholder engagement	Stakeholder Engagement	12-13
	Core	102-44	Key topics and concerns raised	Stakeholder Engagement	13
Reporting Practice	Core	102-45	Entities included in the consolidated financial statements	-	See pg.89 of the annual report
	Core	102-46	Defining report content and topic boundaries	About the Report	07
	Core	102-47	List of material topics	Stakeholder Engagement	16
	Core	102-48	Restatements of information	-	No restatements
	Core	102-49	Changes in reporting	Stakeholder Engagement	15
	Core	102-50	Reporting period	About the Report	06
	Core	102-51	Date of most recent report	About the Report	06
	Core	102-52	Reporting cycle	About the Report	06
	Core	102-53	Contact point for questions regarding the report	About the Report	07
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	Core	102-56	External assurance	Appendix III	90

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Innovation and R&D				
GRI 103: Management Approach 2016	103-1 103-2 103-3	Management approach	CH. 2 : Reducing Carbon Emissions Through Energy-Saving IC Design	45
GRI 302: Energy 2016	302-5	Reductions in energy requirements of products and services	CH. 2 : Reducing Carbon Emissions Through Energy-Saving IC Design	45
Economic Performance				
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GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	CH. 2 : Optimize Customer Service to Raise Product Safety CH. 2 : Improving Product Durability to Reduce the Use of Production Resources	42 44
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GRI 103: Management Approach 2016	103-1 103-2 103-3	Management approach	CH. 2 : Sustainable Supply Chain	38
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	CH. 2 : Sustainable Supply Chain	38-39
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GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	CH. 2 : Sustainable Supply Chain	43-44
GRI: 301 Materials 2016	301-1	Material used by weight or volume	CH. 2 : Optimize Customer Service to Raise Product Safety	42
GRI: 303 Water and Effluents 2018	303-3	Water withdrawal	CH. 3 : Comprehensive Measures to Conserve Water Resources	55
	303-4	Water discharge	CH. 3 : Comprehensive Measures to Conserve Water Resources	55
	303-5	Water consumption	CH. 3 : Comprehensive Measures to Conserve Water Resources	55
GRI: 305 Emissions 2016	305-5	Reduction of GHG emissions	CH. 3 : Voluntary GHG Management	54
GRI: 306 Effluents and Waste 2016	306-1	Water discharge by quality and destination	CH. 3 : Wastewater and Waste Management	56
	306-2	Waste by type and disposal method	CH. 3 : Wastewater and Waste Management	57
	306-3	Significant spills	CH. 3 : Wastewater and Waste Management	57
	306-4	Transport of hazardous waste	CH. 3 : Wastewater and Waste Management	57
	306-5	Water bodies affected by water discharges and / or runoff	CH. 3 : Wastewater and Waste Management	56

Material Topic	GRI Number	GRI Indicator Description	Corresponding Chapter	Page No.
GRI 401: Employment 2016	401-3	Parental leave	CH. 4 : Unpaid Parental Leave System	72
GRI 403: Occupational Health and Safety 2018	403-8	Workers covered by an occupational health and safety management system	CH. 4 : Safe Workplace and Health Promotion	73
	403-9	Work-related injuries	CH. 4 : Safe Workplace and Health Promotion	73
	403-10	Work-related ill health	CH. 4 : Safe Workplace and Health Promotion	73
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	CH. 4 : Realtek Corporate University and Talent Cultivation	64
GRI: 405 Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	CH. 4 : Professionalism and Happiness: the Big Crab Family	59-60

Appendix II SASB Alignment Index

Topic	SASB Code	Accounting Metric	Explanation	Page No.
Greenhouse Gas Emissions	TC-SC-110a.1	(1) Gross global Scope 1 emissions (2) Amount of total emissions from perfluorinated compounds	For related information, see the 2020 CSR Report: Voluntary GHG Management	54
Energy Management in Manufacturing	TC-SC-130a.1	(1) Total energy consumed (including grid electricity, natural gas, and diesel) (2) Percentage grid electricity (3) Percentage renewable	For related information, see the 2020 CSR Report: Tracking Energy Efficiency	51-53
Water Management	TC-SC-140a.1	(1) Total water withdrawn (2) Total water consumed, percentage of each in regions with high or extremely high baseline water stress	For related information, see the 2020 CSR Report: Comprehensive Measures to Conserve Water Resources	55
Waste Management	TC-SC-150a.1	(1) Amount of hazardous waste from manufacturing (2) Percentage of waste that is recycled	For related information, see the 2020 CSR Report: Wastewater and Waste Management	56-57
Recruiting & Managing a Global & Skilled Workforce	TC-SC-330a.1	(1) Percentage of employees that are foreign nationals (2) Percentage of employees that are located offshore	For related information, see the 2020 CSR Report: Distribution of Employee Nationality by Gender	60
Product Lifecycle Management	TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	The core business of Realtek is the design of integrated Circuits, and the ICs are manufactured by professional semiconductor fabs. Realtek therefore does not directly make products that contain IEC 62474 declarable substances	-
	TC-SC-410a.2	Processor energy efficiency at a system-level for: (1) servers, (2) desktops, and (3) laptops	For related information, see the 2020 CSR Report: Reducing Carbon Emissions Through Energy-Saving IC Design	45
Intellectual Property Protection & Competitive Behavior	TC-SC-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations (legal fees, compensation, etc.)	We did not have any legal proceedings associated with anti-competitive behavior regulations	-

Appendix III Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE REALTEK SEMICONDUCTOR CORP.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2020

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Realtek Semiconductor Corp. (hereinafter referred to as Realtek) to conduct an independent assurance of the Corporate Social Responsibility Report for 2020 (hereinafter referred to as the Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during on-site verification (2021/04/06~2021/05/13). SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all Realtek's Stakeholders.

RESPONSIBILITIES

The information in the Realtek's CSR Report of 2020 and its presentation are the responsibility of the directors or governing body (as applicable) and management of Realtek. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all Realtek's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options		Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)	N/A
B	AA1000ASv3 Type 1 (AA1000AP Evaluation only)	Moderate

Assurance has been conducted at a moderate level of scrutiny.

TWLPP 5008 Issue 2104

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options

1	GRI Standards (Core)
2	AA1000 Accountability Principles (2018)

- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

ASSURANCE METHODOLOGY

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

LIMITATIONS AND MITIGATION

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

STATEMENT OF INDEPENDENCE AND COMPETENCE

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

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

FINDINGS AND CONCLUSIONS

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

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

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AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**Inclusivity**

Realtek has demonstrated a commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, Realtek may proactively consider having more direct two-ways involvement of stakeholders during future engagement.

Materiality

Realtek has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

Impact

Realtek has demonstrated a process on identify represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, Realtek's CSR Report of 2020, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to have more descriptions of the management approach (GRI 103). When reporting on goals and targets for each material topic, the expected results are suggested to be set, if applicable, with quantitative objectives (GRI 103-2). It is proposed to explain the mechanisms for evaluating the effectiveness of the management approach specifically (GRI 103-3). More descriptions about the results of the evaluation of the management approach and specific actions aimed at improving performance are also encouraged. In order to enable a reasoned assessment of overall performance, the reported information are suggested to reflect positive and negative aspects of Realtek's performance.

Signed:

For and on behalf of SGS Taiwan Ltd.



David Huang
Senior Director
Taipei, Taiwan
31 May, 2021
WWW.SGS.COM



AA1000
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