

2021 ESG Report



TABLE OF CONTENTS

• About the Report	4
• From the President	6
• Recognition and Awards	8
• Performance Highlights	10
• United Nations Sustainable Development Goals	12



Ch. 1 Realtek's Values

• About Realtek	21
• Economic Performance	24
• Professional Exchanges	26



Ch. 3 Sustainable Governance

• Governance Framework	37
• Business Continuity	40
• Ethical Management	42
• Internal Audits	42
• Information Security	43

Foreword - Stakeholder Engagement

• Stakeholder Identification	15
• Stakeholder Communication	15
• Material Issue Management	17



Ch. 2 R&D and Innovation

• Core Competencies	30
• Intellectual Property Portfolio	31
• Innovative Achievements	32
• Green Products	33





Ch. 4 Building an Inclusive and Happy Workplace

- Human Rights Management 48
- Focus on Talent Attraction and Development 49
- Focus on Talent Cultivation 52
- Employee Care and Benefits 55
- Build a Safe and Healthy Workplace 60

Ch. 5 Green Operations

- Climate Change Management and Responses 69
- Energy Savings and Carbon Reduction Measures 72
- Conservation of Water Resources 77
- Waste Management 78
- Green Supply Chain 79



Ch. 6 Social Inclusion & Shared Prosperity

- Care for Rural Education 86
- Sponsorship of Academic Research and Development Activities 89
- Mutual Social Assistance Project 91
- Sponsorship of Local, Regional and Community Groups 93

Appendix

- Appendix I GRI Standards Index 94
- Appendix II SASB Alignment Index 103
- Appendix III Assurance Statement 104



About the Report

This is the sixth ESG Report (Corporate Social Responsibility Report) by Realtek Semiconductor Corp (hereafter referred to as Realtek). The Environmental, Social, and Governance (ESG) achievements of Realtek are disclosed in an accurate, open, honest, and transparent manner. The material topics covered include business performance, corporate governance, stakeholder engagement, social participation, environmental protection, friendly workplaces, employee care, and green supply chains. The ESG report provides stakeholders with a channel to understand Realtek's actions and achievements in the area of corporate sustainable development.



■ Reporting Period

The information disclosed in this report covers the period between January 1, 2021, and December 31, 2021. The previous report was published in June 2021. The report is released on an annual basis, and the contents are also published in full in the CSR section of the Realtek website. The Company will continue to publish ESG reports regularly to share Realtek's actions and achievements in the area of corporate sustainable development.

■ Editorial Policy

This report was prepared in accordance with the Core options of the GRI Standards issued by the Global Reporting Initiative (GRI). It also referred to the Taiwan Stock Exchange Corporation's 'Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies', the Sustainability Accounting Standards Board's (SASB) disclosure standards for the semiconductor industry, and the United Nation's (UN) Sustainable Development Goals (SDGs). Indices of related GRI content and SASB content are shown in appendices 1 and 2.

■ Scope of Disclosure

The scope of disclosure of this report comprises Realtek's Hsinchu Headquarters (including the first and second offices, which are the Company's main operational locations) and offices in Taipei and Tainan. The report's three main dimensions are environmental, social, and governance. Disclosure in the environmental dimension primarily covers the Company's main operational locations, while disclosure in some of the corporate governance information covers all of Realtek's operational locations, which will be remarked in the report specifically. In the future, disclosure of important information of Realtek's global operating locations will be gradually included. Materiality analysis procedures are applied to this report to understand stakeholders' topics of concern, which then become key disclosure points for presenting Realtek's sustainable operational performance and corporate sustainability results.

■ Management Methods

The information disclosed in this report was gathered and consolidated based on scope of sustainable operation projects, and on actions carried out in individual departments of each Realtek CSR Committee member. The CSR committee cooperated with the CSR Center to compile and draft the report, and an accuracy review was executed by the Committee and senior management before the report was submitted to the Company president for approval and publication.

The financial data disclosed in this report was derived from the consolidated financial statements audited by PricewaterhouseCoopers in accordance with the International Financial Reporting Standards (IFRS). Monetary amounts are presented in New Taiwan Dollars. The sources of other empirical data are cited in notes. The Company also acquired ISO 9001, ISO 17025, ISO 14001, and ISO 45001 certifications, with the validity period for each certificate covering the period disclosed in this report.

External Assurance

This report was verified by Taiwan SGS, a credible third-party verification organization, to ensure the report is in accord with the four AA1000 principles: inclusivity, materiality, responsiveness, and impact. According to AA1000 AS, this report was conformed to have a Type 1 moderate level of assurance, and has obtained an assurance statement, as shown in Appendix 3.

Contact

Realtek Semiconductor Corp.
Contact Unit: CSR Center
Telephone: +886-3-5780211, ext. 11593
Address: No. 2, Innovation Road II, Hsinchu
Science Park, Hsinchu 30076, Taiwan
E-mail: RT_CSR@realtek.com



Website

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

CSR

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



Realtek



Realtek_CSR

Conforming to International Indicators and Initiatives

To prepare this report in line with international sustainability trends, Realtek considered a wide range of international sustainability indicators and external initiatives. These became the basis for promoting sustainable development and advancing related practices.

- The Sustainable Development Goals (SDGs) of the United Nations
- Task Force on Climate-related Financial Disclosures (TCFD)
- Sustainability Accounting Standards Board (SASB)
- Carbon Disclosure Project (CDP)
- Dow Jones Sustainability Index (DJSI)
- MSCI ESG Index
- 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)
- Sustainalytics ESG Ratings
- Responsible Minerals Initiative (RMI)

From the President

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

In 2021 we marked the 35th anniversary of Realtek's establishment, and we continued making breakthroughs in product and technology development, as well as hitting a record high in revenue and profit! Our gratitude goes out to all of our partners and friends for their continued interest, support, and backing over the years, and for assisting with the multifaceted growth and development of Realtek.

Realtek understands that business operations are inseparable from global sustainability development. Therefore, we continue to develop sustainability management policies in accordance with domestic and international standards to conduct ethical management, strengthen environmental protection, and promote social prosperity. The 2021 ESG Report focuses on corporate sustainable development issues, responds to global sustainability goals, and attaches importance to the expectations of internal and external stakeholders. We not only adopted GRI Standards for the report preparation, but also considered standards from the Task Force on Climate-related Financial Disclosures (TCFD) when disclosing our climate change response and actions. Our aim is to develop a systematic and in-depth mechanism that has short-, medium-, and long-term benefits. Detailed evaluations and discussions of progress will be disclosed faithfully in the Company's ESG reports for all interested parties to read and understand.

In 2021, COVID-19 continued to impact multiple aspects of our business. Realtek actively responded to the changing pandemic situation, and developed corresponding actions to reduce impact. We implemented a diverse range of critical pandemic prevention measures and risk prevention management. Meanwhile, we united with manufacturers to jointly expand our pandemic prevention chain, which enhanced pandemic prevention measures. Furthermore, we increased donations of supplies to local charitable organizations and educational institutions to help society in fighting against the pandemic. In this period, when the pandemic is still undergoing rapid changes, we want to express our deepest gratitude to all of our global partners for their cooperation and encouragement. The exceptional cooperation has kept global production and supply running smoothly. We also thank all Realtek employees for working with a common purpose towards coordinating pandemic prevention measures introduced by the government and the Company. Together, we create robust R&D innovations, and operations, fulfill our responsibilities as a corporate citizen, and join our partners to become a positive influence.

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

Ethical management, innovation, and R&D form the core foundations of sustainable development of Realtek. Since establishment in 1987, we adhere to the belief of self-confidence, trusting in people, and innovation and teamwork to implement stable operations through sound management. Realtek has continued to deliver technology breakthroughs and develop innovative products to provide customers with the best integrated solutions. We have developed market-leading products and continued to create greater value for customers and end users in various fields. Moreover, we continue to closely watch the

importance of the biomedical industry and the benefits it can generate for the global community. Therefore, we combine Realtek's leading technologies in the areas of IoT, cloud computing, and artificial intelligence to stake a position in the development of biomedical engineering. Furthermore, we had groundbreaking for a Realtek biomedical office in 2021, building an R&D base that combines information technology and biomedical engineering that will further sustain Realtek's innovative breakthroughs and developments while spreading support and service to benefit the global community.

Realtek again delivered an impressive economic performance in 2021. Consolidated revenue reached NT\$105.504 billion, surpassing the NT\$100 billion threshold for the first time. Consolidated revenue grew by 35.7% over the previous year and earnings per share was NT\$33, both achieving record highs. For product innovation and R&D, Realtek again received awards and strong recognition, including Best Choice Awards at COMPUTEX Taipei, the AI, Big Data & Cloud Computing Award, and the D&I Award.

Over 35 years, Realtek's management team has adhered to the principles of ethical management through prudent corporate management strategic planning. The Company brings together all professional units within the organization to enhance corporate governance, ensuring that each unit fulfills sustainable development responsibilities, complies with regulations and risk management, increases information disclosure transparency, upholds shareholder rights and interests, strengthens the function of the Board of Directors, and protects human rights. Meanwhile, we openly communicate ESG-related issues with stakeholders. Corporate governance and ethical management are key tasks and responsibilities in our fulfillment of corporate sustainable development. We will continue our efforts and to share results in the future.

■ Talent Development Strategy and Corporate Culture

As a member of the knowledge and technology intensive semiconductor IC design industry, Realtek relies on talent and intellectual property. These are the cornerstone of the company's advancement, sustainability, and competitiveness. Realtek has longstanding talent strategies in place that enable us to retain a workforce that can drive innovation, optimize the organization's competitiveness, and respond to short-, medium-, and long-term strategic development needs. Our human resource 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 organizational performance. Innovation and service, together with full participation, create comprehensive value for all. In terms of knowledge and innovation development, the Realtek Corporate University offers five academies with various training programs for the continued development and reinforcement of organizational learning and competitiveness. Work and lifestyle improvements include setting up the Realtek Employee Care Center to combine diverse employee welfare benefits and create a friendly work environment while advancing the spirit of teamwork and energy. We also established the Occupational Safety and Health Center for employee health and care, as well as environmental testing, in order to build a safe and reliable work environment.

Realtek's corporate culture is defined by self-confidence and trust in people, teamwork, innovation, and vitality. Self-confidence comes from professionalism, while trust in people

derives from sharing, belief in the team, and helping others. Teamwork comes from members coordinating with and supporting the team spontaneously of their own volition. Innovation arises from leadership and breakthroughs that create new value, new fields, and new opportunities. Vitality is about proactivity and passion. We believe that our organizational culture provides consensus on direction of development and successful collaboration within the organization. Its practice by every Realtek employee is behind our unique and sustained competitive advantages.

■ Product Responsibility and Environmental Protection – Implementing Green Pledges

Realtek fully recognizes the risks of global climate change, and that depletion of natural resources continues to affect the global environment. Related problems are already affecting societies and environments around the world. For many years, Realtek has actively participated in the global environmental protection movement by formulating environmental sustainability policies. We gather resources and implement green pledges, from developing innovative green products and heeding climate changes, to making systematic improvement plans, including conserving water, managing energy efficiency, and conducting waste management. In the overall business operation of our organization, Realtek carries out continuing improvements focusing on environmental management in which all employees can participate. In accordance with international standards, the Company obtained the Sony Green Partner certification program, ISO 14001, and ISO 45001. These measures cover various aspects related to green products, environmental protection, and occupational safety and health to further uphold sustainability responsibilities.

In terms of green products, Realtek attaches great importance to the deployment of green energy concepts, starting from the R&D and design process and implementing our expectations and commitments for environmental protection into IC design development and manufacturing chains. While we pursue product innovation, stable growth, and profits, we aim to improve and ensure product durability to reduce the use of energy and resources during the product lifecycle, making the most pragmatic contribution to energy-saving and carbon reduction. We will further elaborate on our achievements when we describe several innovative products in the following chapters. For environmental issues, to fulfill our green sustainability pledges we manage and reduce greenhouse gases (GHG) as well as water and energy consumption. Besides this, we evaluate the effectiveness of our efforts and formulate improvement plans. We also engage in advocacy, education, and training on environmental topics. Consensus on environmental protection responsibility is achieved through systematic management aimed at realizing environmental sustainability. As well as developing green products and environmental protection plans, Realtek adopted the Task Force on Climate-Related Financial Disclosures (TCFD) to enhance climate change response mechanisms and proactively respond to potential climate change challenges and opportunities. Therefore, the Company can seize opportunities in the new era of industrial development.

■ Social Care and Sustainability Outlook – Common Prosperity with the Global Society

Fulfilling corporate citizenship is one of Realtek's business goals. Our planned social care programs and subjects include the following six categories: youth growth and safety care for women and children, rural community care and educational assistance, social mutual aid actions, academic research and social institution sponsorship, charity

projects, and individual cases. These categories encompass a wide range of topics and care recipients. In the future, Realtek will continue to consolidate the needs through planning, while integrating financial support, manpower, and materials towards continued social care engagement.

To carry out social care and sustainability, in 2021 Realtek leveraged its advantage as a technology company to cooperating with Taipei's Longshan Temple, the Liver Disease Prevention & Treatment Foundation, and Yuan High-Tech for a cross-industry program to offer free hepatitis and liver cancer screenings. The Company wholeheartedly hopes that the event raised awareness of liver disease prevention and health promotion. Through collaboration in religious, health care, and digital technology fields, Realtek won an Asia Responsible Enterprise Award (AREA) in the Health Promotion category in September 2021. In the future, we will continue to utilize our technological innovation, application, and service advantages to synergize with professional groups from various fields to jointly develop programs that create a new model for corporate citizenship and lead to greater positive impact.

Having an understanding of people's expectations and needs allows Realtek to define and plan a clearer sustainable development roadmap. An appreciation for the importance of our responsibilities ensures even greater rigor in each area of development. We will continue to take substantive actions towards building our vision for sustainable operations. We again send our gratitude to friends and partners in the industry for their continued interest in our development. Your interest, support, and care help to drive the development of corporate sustainability at Realtek.

Realtek's corporate sustainable development 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
- Innovation and R&D to enrich the world and improve convenience
- Continued progress to warm the hearts of more people

We are committed to doing our best on corporate sustainable development. Organizational participation and energy shall integrate operational policies and goals in a way that makes sustainability part of the mindset of every Realtek employee. We will work hard to fulfill Realtek's sustainable development goals and commitments!

Realtek Semiconductor Corp.
President



Recognition and Awards

Realtek Award Record

D&I Award



Realtek's new generation, highly integrated 2.5GbE gaming network solution (RTL8125BG + RTL8852AE & RTL9313 + RTL8221B)
Winner of a 2021 COMPUTEX Taipei D&I Award

Best Choice Golden Award



Automotive Ethernet switch IC (RTL9075AAD/RTL9072AAD)
Winner of a 2021 COMPUTEX Taipei Best Choice Golden Award

Best Choice Award



Low-power AI IP camera SoC (RTS3916N)
Winner of a 2021 COMPUTEX Taipei Best Choice Award

Asia Responsible Enterprise Award



Cooperation of Realtek, Taipei's Longshan Temple, the Liver Disease Prevention & Treatment Foundation, and Yuan High-Tech Development Co.
Winner of an Asia Responsible Enterprise Award (AREA)



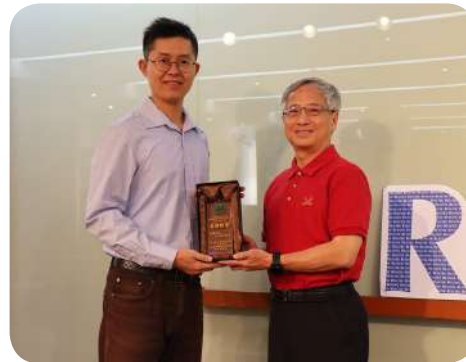
In 2021, Institutional Investor Magazine named Realtek as one of its most admired small- and medium-sized companies in the technology/semiconductor industry in Asia. Institutional investors and securities analysts also recognized Realtek's excellent performance in a number of areas.

■ Outstanding Performances by Realtek Employees

Outstanding Employee Award of Hsinchu Science Park



Connected Media Business
Cash Chou, Senior Director



Multimedia Business
Bing Juo Chuang, Senior Manager



Corporate Technology Center
Rex Lin, Director



Administration Department
Chen Feng Chuang, Senior Manager

Outstanding Employee Award of Hsinchu Science Park

National Industrial Innovation Award – Innovative Elite Award

ICT Month, Outstanding ICT Elite Award

2021 Hsinchu District Outstanding Manager Award – Technology Management Category



Supplier Management Center
Roy Chang, Project Manager



Communications Network Business
Hou Wei Lin, Director



Computer Peripheral Business
Leo Hong, Director



International Marketing
Mike Huang, Senior Director

2021 Performance Highlights





Environmental

- In 2021, energy intensity decreased by **21.6%** from previous year
- 2021 overall energy saving rate of **3.7%**
- 2021 GHG emissions intensity decreased by **20.7%** from previous year
- Water withdrawn per person decreased by **9.7%** from previous year
- In 2021, the recycling rate of discarded IC products surpassed **90%**
- 2021 water saving rate of **7.7%**



Corporate Governance

- 2021 consolidated revenue of NT\$**105.5** billion, a new record high
- 2021 consolidated revenue increased by **35.7%** from the previous year
- 2021 consolidated net profit increased by **91.7%** year-over-year
- In 2021, ranked **8th** by revenue among global fabless IC design companies
- In 2021, achieved a new record EPS of NT\$**33**
- 2021 cash dividend of NT\$**25**
- The low-power AI IP camera SoC (RTS3916N) won a **2021 COMPUTEX Taipei Best Choice Award**
- Realtek's highly integrated, fast gaming network solution won a 2021 COMPUTEX Taipei **D&I Award** (gaming hardware, software, and peripherals category)
- Automotive Ethernet switch IC (RTL9075AAD/RTL9072AAD) won a **2021 COMPUTEX Taipei Best Choice Golden Award**
- Ranked **4th** among Taiwanese enterprises for the number of domestic patents granted in 2021 (source: Ministry of Economic Affairs)
- In 2021, the number of patents of Realtek and its subsidiaries increased by **803**
- Named as a constituent stock in the 2021 **TWSE Corporate Governance 100 Index**
- Ranked in the top **6% to 20%** amongst the listed companies in the Corporate Governance Evaluation Results
- In 2021, average attendance by functional committee members was **100%**
- In 2021, **no** complaints were filed against the Company
- In 2021, **no** complaints were filed against the Company for bribery or corruption
- In 2021, the Company did **not** receive any significant fines
- In 2021, the Company did **not** have any cases reported involving confidential information leakage
- **97%** of suppliers signed the Supplier Code of Conduct.
- **100%** of suppliers provided required information to the management system of supplier conflict mineral reporting











Social

- In 2021, Realtek group's employee benefit expenses increased by **57.3%** from previous year
- In 2021, the Company invested NT\$**9.6 million** on industrial-academic cooperative research plans
- Won an **Asia Responsible Enterprise Award (AREA)** in the Health Promotion category
- In 2021, ranked **5th** in the Taiwan Stock Exchange's average employee salary ranking
- In 2021, employees received a total of **66,230.5** hours of training, or an average of **14.3** hours per employee
- Named as a constituent stock in the 2021 Taiwan **High Compensation 100 Index**
- Named as a constituent stock in the 2021 Taiwan **Employment Creation 99 Index**
- In 2021, the Company did **not** receive any complaints related to the handling of confidential information of customers, suppliers, or employees
- In 2021, Realtek invested NT\$**50,929,730** in social participation
- In 2021, investment in social participation increased by **264%** from previous year

United Nations Sustainable Development Goals

In 2015, the United Nations announced 17 Sustainable Development Goals (SDGs), which serve as objectives for the countries, enterprises, and people of the world to achieve by 2030 in the pursuit of economic prosperity and sustainable development. The following are Realtek's responses to the SDGs:

SDGs	Investments by Realtek	Corresponding Chapters
 <p>Good Health and Well-Being</p>	<p>Sponsorship of Medical Research Institutions</p> <ol style="list-style-type: none"> In 2021, Realtek donated a total of NT\$44,632,339 to the National Taiwan University Cancer Center and National Taiwan University Hospital. Realtek donated 250 sets of Smart Ward Solution to NTU Hospital, 94 sets to the NTU BioMedical Park Hospital Zhubei Campus, and one set of smart ward solutions to NTU Hsinchu Hospital. <p>Employee Health Examination Participation</p> <p>In 2021, the number of employees that participated in the health check-up reached 3,849, or 93% of the workforce.</p> <p>Implement Pandemic Prevention Policies</p> <p>Established a Pandemic prevention command workforce that formulates policies in response to pandemic changes and creates comprehensive pandemic prevention controls with robust supplementary measures.</p> <p>Asia Responsible Enterprise Awards (AREA)</p> <p>Realtek cooperated with Taipei's Longshan Temple, the Liver Disease Prevention & Treatment Foundation, and Yuan High-Tech Development Co. to offer free hepatitis and liver cancer screenings and conduct a liver health awareness survey. The initiative won an Asia Responsible Enterprise Award (AREA) in the Health Promotion category.</p>	<p>Ch. 6 Social Inclusion and Shared Prosperity - Sponsorship of Academic Research and Development Activities</p> <p>Ch. 4 Building an Inclusive and Happy Workplace – Build a Safe and Healthy Workplace</p> <p>Ch. 4 Building an Inclusive and Happy Workplace – Build a Safe and Healthy Workplace</p> <p>Ch. 6 Social Inclusion and Shared Prosperity – Sponsorship of Academic Research and Development Activities</p>
 <p>Quality Education</p>	<p>Care for Rural Education</p> <p>In 2021, Realtek promoted reading by donating educational magazines to 30 rural schools, reaching students in a total of 208 classes participating in reading activities.</p> <p>Sponsorship of Academic Research and Development Activities</p> <p>In 2021, Realtek provided a total of NT\$760,000 to sponsor colleges and universities, semiconductor-related conferences, and industrial-academic R&D alliances.</p>	<p>Ch. 6 Social Inclusion & Shared Prosperity – Realtek Supports Rural Education</p> <p>Ch. 6 Social Inclusion & Shared Prosperity – Sponsorship of Academic Research and Development Activities</p>
 <p>Gender Equality</p>	<p>Uniform Review Standards for Wages and Salary Adjustments</p> <p>Realtek is committed to promoting gender equality. Uniform wage standards, salary adjustment indicators, and guidelines are applied to all Realtek employees (both male and female) in every position.</p> <p>Uniform Review Standards for Wages and Salary Adjustments</p> <p>According to the unpaid parental leave system as outlined by the 'Gender Equality in Employment Act', all male and female employees can apply for leave to look after their family members.</p>	<p>Ch. 4 Building an Inclusive and Happy Workplace – Talent Attraction and Development</p> <p>Ch. 4 Building an Inclusive and Happy Workplace – Employee Care and Benefits</p>
 <p>Clean Water and Sanitation</p>	<p>Implementing Water Saving Measures</p> <ol style="list-style-type: none"> In 2021, Realtek lowered water consumption by 10.51 ML. In 2021, Realtek decreased water withdrawn per person by 9.7% year-over-year, or about 3,000 liters less per person over the course of the year. 	<p>Ch. 5 Green Operations – Water Management</p>

SDGs	Investments by Realtek	Corresponding Chapters
 <p>Decent Work and Economic Growth</p>	<p>Economic Growth</p> <ol style="list-style-type: none"> 1. In 2021, consolidated revenue was NT\$105.5 billion, a 35.7% growth year-over-year. 2. In 2021, consolidated net profit increased by 91.7% year-over-year. 3. In 2021, ranked 5th in average employee salary (Source: Taiwan Stock Exchange). 4. Named as a constituent stock in the 2021 Taiwan High Compensation 100 Index (Source: Taiwan Stock Exchange). 5. Named as a constituent stock in the 2021 Taiwan Employment Creation 99 Index (Source: Taiwan Stock Exchange). <p>Fulfilling Human Rights Management</p> <p>Formulated the Realtek Semiconductor Human Rights Policy to fully respect and protect employees' legal rights and interests.</p> <p>Ensuring Safety of the Work Environment</p> <ol style="list-style-type: none"> 1. In 2021, there were no occupational injuries or occupational diseases at Realtek operational locations. 2. Held emergency response classes to raise employees' first aid knowledge. In 2021, a total of 212 people were trained and certified. 	<p>Ch. 1 Realtek's Values – Economic Performance</p> <p>Ch. 4 Building an Inclusive and Happy Workplace – Human Rights Management</p> <p>Ch. 4 Building an Inclusive and Happy Workplace – Build a Safe and Healthy Workplace</p>
 <p>Industry, Innovation and Infrastructure</p>	<p>Accelerating R&D and Innovation</p> <ol style="list-style-type: none"> 1. In 2021, Realtek applied for 422 domestic patents, which ranked fourth overall among Taiwanese applicants (Source: Intellectual Property Office, Ministry of Economic Affairs). 2. In 2021, Realtek group spent NT\$27.95 billion on R&D, a 46.7% increase compared to 2020. 3. In 2021, R&D staff accounted for 87% of all employees, underlining the Company's robust R&D capabilities. <p>Development of Green Products</p> <p>In 2021, the new generation of products reduced power consumption by 5% or more compared to the previous generation and were at least 19% smaller in area.</p>	<p>Ch. 2 R&D and Innovation</p> <p>Ch. 2 R&D and Innovation – Green Products</p>
 <p>Responsible Consumption and Production</p>	<p>Sustainable Supply Chain Management</p> <ol style="list-style-type: none"> 1. In 2021, 97% of suppliers signed Realtek's Supplier Code of Conduct. 2. 100% of suppliers committed to not using conflict minerals. 3. In 2021, 76% of procurements by value were made locally. 4. Realtek adheres to the Restriction of Hazardous Substances Directive (RoHS) and complies with hazardous substance requirements for the electronics sector prescribed by the European Union and Japan, including lead-free and halogen-free limits. 5. Since 2003, Realtek has received green partner certification from Sony, Fujitsu, and Canon. <p>Waste Management</p> <p>Pledged that the yearly recycling rate of discarded IC products shall be greater than 90%. In 2021, the recycling rate exceeded 90%.</p>	<p>Ch. 5 Green Operations – Green Supply Chain</p> <p>Ch. 5 Green Operations – Waste Management</p>
 <p>Climate Action</p>	<p>Climate Change Response Strategies</p> <ol style="list-style-type: none"> 1. In 2021, GHG emissions intensity decreased by 20.7% year-over-year. 2. In 2021, energy saving rate reached 3.7%. 3. In 2022, the Company plans to implement a complete Task Force on Climate-related Financial Disclosures program. 4. In 2022, the Company plans to conduct the ISO14064-1 GHG emissions inventory and attain external validation. 5. In 2022, the Company plans to begin renewable energy installation. 6. The Company's new offices adhere to green building design requirements and are expected to obtain US Leadership in Energy and Environmental Design (LEED) certification, and Taiwan's EEWH certification. 	<p>Ch. 5 Green Operations</p>

Foreword Stakeholder Engagement

Stakeholder Engagement

// Stakeholder Identification

Realtek identified stakeholders interested in corporate sustainability by referencing the AA1000 Stakeholder Engagement Standard (AA1000 SES) drawn up by the global non-profit organization 'AccountAbility'. First, a comprehensive inventory of all types of stakeholders related to the Company operations was taken. Then, Realtek CSR Center conducted an AA1000 SES survey to score and rank stakeholders based on five key principles: dependency, responsibility, influence, diverse perspectives, and tension. The Company eventually, through an internal identification process, identified six key stakeholders for priority engagements: customers, employees, suppliers, governments, investors, and external rating agencies. Following the stakeholder identification, the Company formulated effective communication strategies and channels suited for each stakeholder.

Scoring metrics

Dependency, responsibility, influence, diverse perspectives, tension

Six key stakeholders

Customers, employees, suppliers, governments, investors, and external rating agencies

// Stakeholder Communication

Realtek's website contains a stakeholder section with a dedicated e-mail address for communications: Any questions or suggestions can be sent to the mailbox: RT_CSR@realtek.com.

For the six key stakeholders, the Company adopts different methods of engagement and communications: one-way, two-way, one-to-many, or many-to-one. Based on the survey results, we analyze responses provided by various shareholders to rank the level of interest in each sustainability issue. More information is contained in the following table:



Customers

24 Customer Surveys/Audit Reviews (2021)

Relevance to Realtek: In the pursuit of outstanding product service quality, Realtek provides comprehensive system solutions for better customer satisfaction. As part of a commitment to foster long-term relationships with customers, the Company offers a wide range of win-win products and services.

Communication Channels	Communication Frequency	Related Records	Top Three Sustainability Issues of Interest to the Stakeholder	Realtek's Response
CSR, RBA audits	Annually	Customer audit records	1.R&D and Innovation/ and market management 2.Corporate governance and compliance 3.Customer rights and product safety	1.Ch. 2 R&D and Innovation
Business meetings	At least monthly	Meeting minutes		2.Ch. 3 Sustainable Governance
Customer GP/ environmental protection requests	Ad hoc	Customer standards		3.Ch. 2 R&D and Innovation - Green Products
Customer satisfaction surveys	Annually	Customer response records		
Customer & supplier meetings	Annually	Meeting content		

4 Organizational Communication Meetings, 5 Employee Welfare Committee Meetings (2021)



Employees

Relevance to Realtek: The Company firmly believes that talents in each field are the most important and core assets for the company's sustainable operations. By strengthening employee training and development, enhancing employee welfare policies, promoting employee relations, and implementing sustainable ESG practices, Realtek builds an organization capable of retaining professional employees, thereby expanding innovation growth and service momentum, effectively exerting professional knowledge and skills as well as leading and contributing to the sustainable development of Realtek.

Communication Channels	Communication Frequency	Related Records	Top Three Sustainability Issues of Interest to the Stakeholder	Realtek's Response
Organizational communication meetings	Quarterly	Organizational communication meeting minutes	1.Talent attraction and development	1.Ch. 4 Building an Inclusive and Happy Workplace - Talent Attraction and Development
Employee performance interviews	Biannually	Employee performance review records		
Employee Welfare Committee meetings	Quarterly	Meeting minutes	2.Occupational safety and health	2.Ch. 4 Building an Inclusive and Happy Workplace - Healthy Work-Life Balance
Internal communication channels	Ad hoc	E-mails, posters, photos, notices and announcements, etc.		
Realtek forums	Ad hoc	Realtek forums system platform	3.Economic performance	3.Ch. 1 Realtek's Values - Financial Performance
New employee training camps	Ad hoc	New employee training camp teaching materials		
Seminars for management and professionals	Ad hoc	Seminars for management and professionals		



Suppliers

456 Regular Supplier Meetings (2021)

Relevance to Realtek: Realtek's suppliers in various fields are critical partners contributing towards the Company's sustainable operations. Realtek will continue to sharpen the product quality, technical capabilities, and price competitiveness of suppliers while steadily working towards the shared goal of building a sustainable supply chain.

Communication Channels	Communication Frequency	Related Records	Top Three Sustainability Issues of Interest to the Stakeholder	Realtek's Response
Document review	Upon adding new supplier	Supplier evaluation forms	1.R&D and innovation / market management 2.Corporate governance and compliance 3.Supplier sustainability management	1.Ch. 2 R&D and Innovation 2.Ch. 3 Sustainable Governance 3.Ch. 5 Green Operations - Green Supply Chain
On-site audits	Annually	Supplier audit records		
Regular supplier meetings	Weekly or monthly	Meeting minutes		



Government Agencies

9 Government Agency Meetings (2021)

Relevance to Realtek: Policies and guidelines issued by government agencies are important references when determining Realtek's business operations and strategic planning. Realtek has always maintained effective communication channels with government agencies. The Company complies with regulations, follows government guidelines, and fulfills corporate governance responsibilities.

Communication Channels	Communication Frequency	Related Records	Top Three Sustainability Issues of Interest to the Stakeholder	Realtek's Response
Official documents	Ad hoc	Official documents, letters, announcements	1.Corporate governance and compliance 2.Climate change management and responses 3.Clean energy	1.Ch. 3 Sustainable Governance 2.Ch. 5 Green Operations - Climate Change Management & Responses 3.Ch. 5 Green Operations - Energy Savings, and Carbon Reduction Measures
Market Observation Post System	Ad hoc			
Various policies	Ad hoc			
Corporate website	Ad hoc			
Government agency meetings	Ad hoc			



External Rating Agencies

20 Interviews and Communication with 3 External Rating Agencies (2021)

Relevance to Realtek: Realtek believes that the key successful factors behind a company's sustainable operations can be evaluated from environmental, social, and governance perspectives. Realtek analyzes rating reports issued by international rating agencies to determine key areas for improvement and to strengthen ESG performance. The objective is to reduce the environmental impact of the Company's operations, grasp key areas of social concerns, and strengthen corporate governance. Through fair and transparent disclosures, we share the results of Realtek's efforts in corporate sustainable management.

Communication Channels	Communication Frequency	Related Records	Top Three Sustainability Issues of Interest to the Stakeholder	Realtek's Response
Telephone interviews	Ad hoc	Telephone interview records	1.Corporate governance and compliance 2.Climate change management and responses 3.Talent attraction and development	1.Ch. 3 Sustainable Governance 2.Ch. 5 Green Operations 3.Ch. 4 Building an Inclusive and Happy Workplace - Talent Attraction and Development
In-person interviews	Ad hoc	Interview records		
Disclosure of ESG reports	Ad hoc	Website downloads		
Websites of external rating agencies	Ad hoc	Issue communication records		



Investors

300 Domestic Meetings and 30 Foreign And Domestic Investor Forums (2021)

Relevance to Realtek: Creating value for investors and shareholders is a critical part of sustainable operations. Realtek understands well the industrial development trends and opportunities that are important to investors, as well as expectations towards the company from investors and shareholders. In the event of a crisis, Realtek will use effective two-way communications to stabilize investors' confidence in continued growth of the company and ultimately reflect the true value of the company.

Communication Channels	Communication Frequency	Related Records	Top Three Sustainability Issues of Interest to the Stakeholder	Realtek's Response
Annual general shareholders' meeting	Annually	Shareholders' meeting agenda and meeting minutes	1.Economic performance	1.Ch. 1 Realtek's Values - Financial Performance
Quarterly earnings calls (investor conference)	Quarterly	Financial information from earnings calls published on the Market Observation Post System	2.R&D and innovation/ market management	2.Ch. 2 R&D and innovation
Monthly revenue reports	Monthly	Publication of monthly revenues on the Market Observation Post System and the Realtek website	3.Climate change management and responses	3.Ch. 5 Green Operations
Domestic conferences	Ad hoc	Investors visiting the company in person or joining conference calls		
Foreign and domestic investor forums	Ad hoc	Financial information from investor conferences published on the Market Observation Post System		

Corporate Spokesperson

Mr. Yee-Wei Huang
TEL : +886-3-578-0211
FAX : +886-3-577-6047
EMAIL : investors@realtek.com

Investor Contact

Ms. Ivy Chen
TEL : +886-3-578-0211 Ext : 11316
FAX : +886-3-577-6047
EMAIL : investors@realtek.com

Deputy Corporate Spokesperson

Mr. Albert Lin
TEL : +886-3-578-0211
FAX : +886-3-577-6047
EMAIL : investors@realtek.com



External stakeholder communication channels

Material Issue Management

Realtek values issues of concern to stakeholders. To ensure information disclosed is in line with the expectation of shareholders, we conduct internal and external surveys to understand stakeholders' opinions and views, then use the data gathered to identify, analyze, and rank issues. We then create a materiality matrix to clearly illustrate the distribution of the material issues among stakeholders. The matrix helps us effectively understand the relationship and intensity of key issues, as well as pay close attention to the trends of each issue and develop corresponding strategies. The Company uses the following steps:

Step 1: Identify Stakeholders

The Realtek CSR Center adopted the AA1000 stakeholder engagement standard procedures to identify **6 key types of stakeholders**: customers, employees, suppliers, governments, investors, and external rating agencies.

Step 2: Summarize Sustainability Issues

When gathering and analyzing sustainability issues, Realtek's operational sustainability development was considered along with sustainability reporting standards (GRI Standards), international mainstream sustainability initiatives (the UN Sustainable Development Goals, SDGs), the Sustainability Accounting Standards Board Standards (SASB Standards), the Task Force on Climate-related Financial Disclosures (TCFD), and Morgan Stanley Capital International Ratings (MSCI Ratings). Realtek also benchmarked the practice of industry peers as well as feedback, proposals, and areas of interest from stakeholders. Based on the assessment, we identified **28 sustainability issues** as topics to be covered in material topic surveys, including corporate governance, economy, environment, supply chain management, climate change management and responses, and social welfare participation.

Step 3: Investigate Sustainability Issues

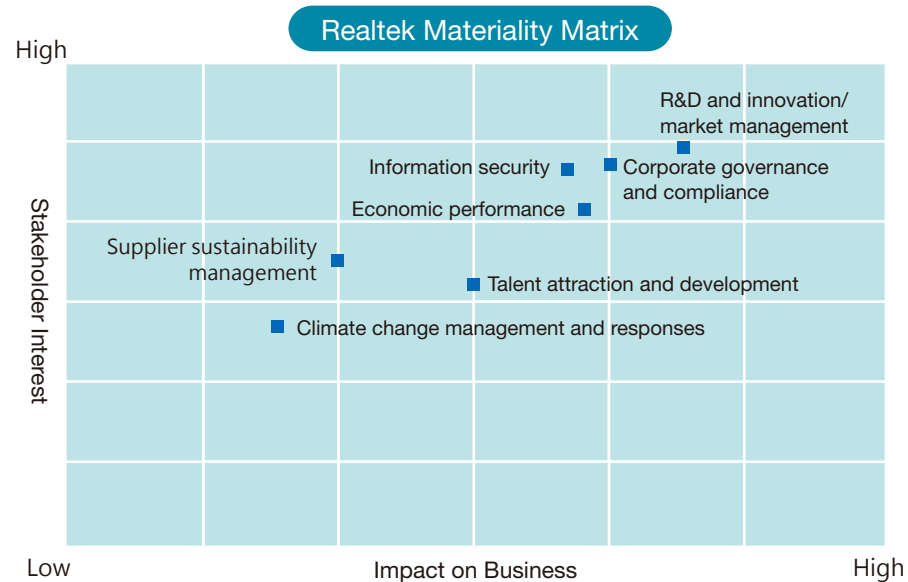
Using the surveys, the Company determined the degree of interest that internal and external shareholders held towards the material issues. The Realtek CSR Center and committee members evaluated the degree of business impact of each sustainability issue. For this year, we collected a total of **129 responses**, including 119 focused on the degree of interest, and 10 focused on the impact.

Step 4: Sorting and Determining Material Issues

Based on the analysis conducted in Step 3, as well as the Company's operational development goals and sustainable strategies, Realtek collated the results into 14 sustainability issues. From these, Realtek CSR Committee members and senior management determined **7 material issues**: R&D and innovation/ market management, corporate governance and compliance, information security, economic performance, talent attraction and development, supplier sustainability management, and climate change management and responses. These issues formed Realtek's materiality matrix.




















































2021 Material Sustainability Issues	2021 Secondary Issues
R&D and innovation/ market management	Clean energy
Corporate governance and compliance	Occupational safety and health
Information security	Customer rights and product safety
Economic performance	Public policy and labor-management relations
Talent attraction and development	Diversity and inclusive workplace
Supplier sustainability management	Waste management
Climate change management and responses	Water management






Note: The materiality matrix only shows material sustainability issues. Other non-material issues are also disclosed in this report.

Step 5: Defining the Boundaries of Material Issues

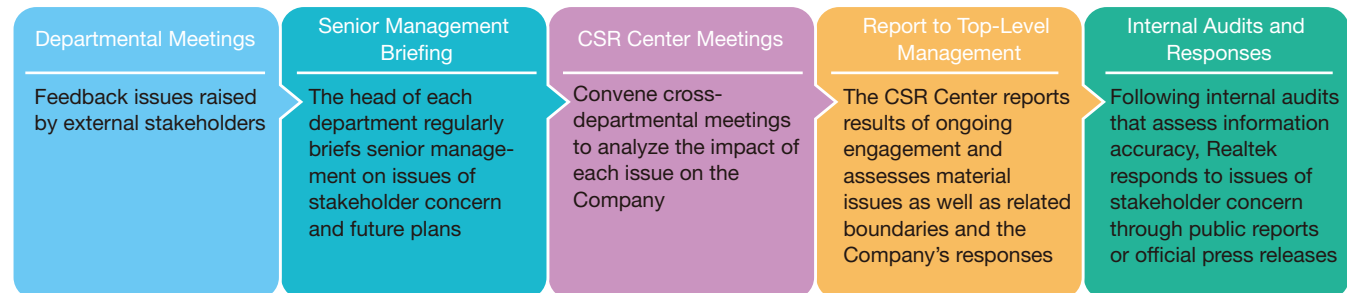
We assessed the impact boundaries of each material issue in the value chain to reflect effectiveness of ESG strategies and potential extent of impact.

Sustainability Areas	Material Issues	Corresponding Chapter	Sustainability Standards	Area of Influence			
				Operations	Suppliers	Customers	Customers
  	R&D and innovation/ market management	Ch. 2 R&D and Innovation	<ul style="list-style-type: none"> GRI 302-5 Reductions in energy requirements of products and services SASB product lifecycle management 				
  	Corporate governance and compliance	Ch. 3 Sustainable Governance	<ul style="list-style-type: none"> GRI 102-18 Governance structure GRI 205-3 Confirmed incidents of corruption and actions taken GRI 307 Environmental compliance GRI 419 Socioeconomic compliance GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services SASB Intellectual property protection and competitive behavior 				
  	Information security	Ch. 3 Sustainable Governance	<ul style="list-style-type: none"> GRI 418 Customer privacy SASB Intellectual property protection and competitive behavior 				
  	Economic performance	Ch. 1 Realtek's Values	<ul style="list-style-type: none"> GRI 201-1 Direct economic value generated and distributed 				
  	Talent attraction and developmen	Ch. 4 Building an Inclusive and Happy Workplace	<ul style="list-style-type: none"> GRI 401 Employment GRI 404 Training and education SASB Recruiting & managing a global & skilled workforce 				
  	Supplier sustainable management	Ch. 5 Green Operations	<ul style="list-style-type: none"> GRI 308 Supplier environmental assessment GRI 414 Supplier social assessment GRI 204 Procurement practices SASB Material sourcing 				
  	Climate change management and responses	Ch. 5 Green Operations	<ul style="list-style-type: none"> GRI 302 Energy GRI 305 Emissions TCFD: Task force on climate-related financial disclosures SASB Energy management in manufacturing SASB Greenhouse gas emissions 				

Notes:  Indirect impact,  Business impact,  Direct impact

Procedure for Handling Issues of Stakeholder Concern

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



CH1 Realtek's Values



Realtek's Values

About Realtek

Realtek Semiconductor Corporation, founded on October 21st, 1987 with headquarters in the Hsinchu Science Park in Taiwan, has grown to become one of the leading Integrated Circuit (IC) design houses in the world. Realtek specializes in the development and design of ICs. From product R&D, testing, and production to sales, Realtek upholds the principles of change and innovation to fulfill the goals of providing new technology, new products, new applications, new value, and new markets.

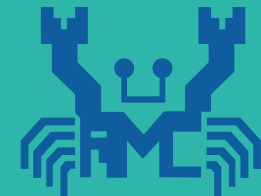
Realtek's product portfolio encompasses ICs and solutions for electronic products of various types for applications such as communications network, connected media, PC peripherals, and multimedia. Major products include Ethernet controller ICs, Ethernet Switch controller ICs, automotive Ethernet solutions, wireless LAN controller ICs, AP/router SoCs, PON, IoT solutions, high-definition audio codec solutions for PC and consumer applications, card reader controller ICs, network/IP camera controller ICs, USB Type-C controller ICs, LCD monitor controller ICs, video interface translator ICs, TV SoCs, and digital home center system solutions. Realtek has R&D design experts in the fields of radio frequency, analog, and mixed signal circuits. Besides developing advanced innovative technologies, Realtek also leverages exceptional manufacturing system 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.

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.

In September 1995, Realtek became the first IC design house in Taiwan to achieve ISO 9001 certification. The Company was publicly listed on the Taiwan Stock Exchange in 1998 and achieved ISO 14001 International Quality Certification in 2006. Realtek maintains steady annual growth through sound, long-term comprehensive product roadmaps, effective business strategies, and the teamwork of all employees. In 2021, Realtek group's annual consolidated revenue surpassed the hundred billion New Taiwan Dollar mark for the first time, with a record revenue of NT\$105.50 billion, an increase of 35.7% from the previous year. The consolidated net income was also a new record of NT\$16.85 billion, an increase of 91.7% from the previous year.

Important Milestones

2021	Annual consolidated revenue surpassed NT\$100 billion
2019	Annual consolidated revenue surpassed NT\$60 billion
2015	Acquired Cortina Access
2014	Annual consolidated revenue surpassed NT\$30 billion
2005	Moved to the current Hsinchu Headquarters
2002	Issued global depositary receipts
1998	Listed on the Taiwan Stock Exchange
1997	Listed on the OTC market (Taipei Exchange).
1987	Company established



Realtek's corporate logo is a crab. This distinct symbol represents the Company's resilient adaptability and fearlessness; traits that support outstanding, lasting contributions to technological innovation.



Over 76.7% of Realtek's employees hold a Master's or Ph.D. degree, providing a market advantage in high-end IC R&D.

About Realtek Semiconductor

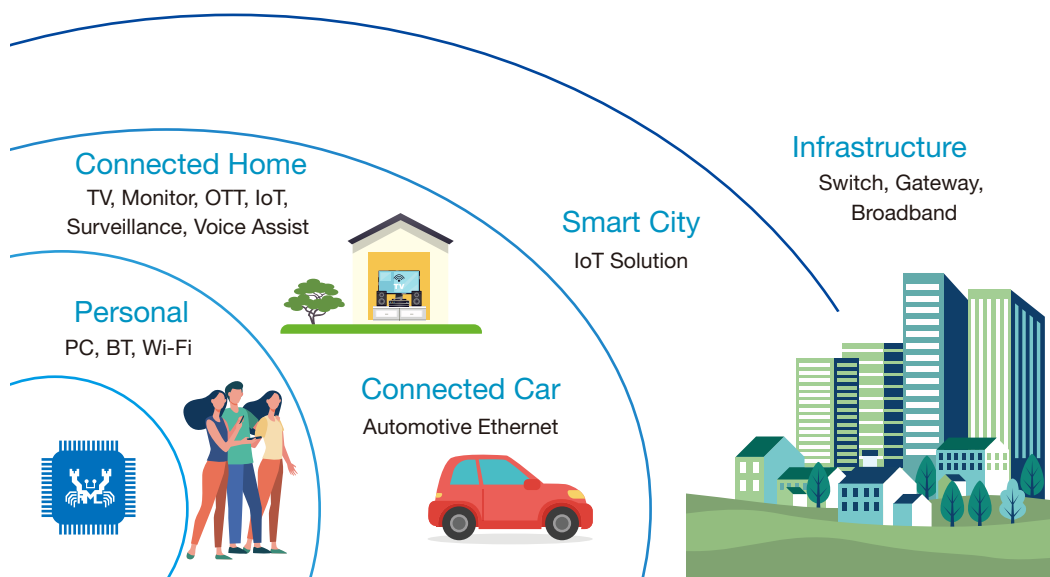
- Chairman: Sun-Chien Chiu
- President: Kuang-Yu Yen
- Company Type: Publicly Listed Company
- TSE Code: 2379
- Date Established: October 21st, 1987
- Industry: Semiconductors, IC design
- Main Products: Communications network IC, Connected Media IC, Computer Peripheral IC, Multimedia IC
- Headquarters: No. 2, Innovation Road II, Hsinchu Science Park
- Workforce: 4,645 employees
- Paid-In Capital: NT\$5.10 billion (2021)
- Consolidated Revenue: NT\$105.50 billion (2021)

Products and Services

Services and Applications	Products
Communications Network and Connected Media	Ethernet controller IC, Ethernet Switch controller IC, broadband network controller IC, wireless LAN controller IC, Bluetooth controller IC, IoT controller IC, automotive Ethernet solutions, Set-Top-Box controller IC, and SSD bridge controller IC
Computer Peripherals	PC audio codec controller IC, webcam controller IC, USB Type-C controller IC, card reader controller IC
Multimedia	LCD monitor controller IC, video interface translator IC, LCD TV SoC

The Era of IoT – More Interconnected and Intelligent

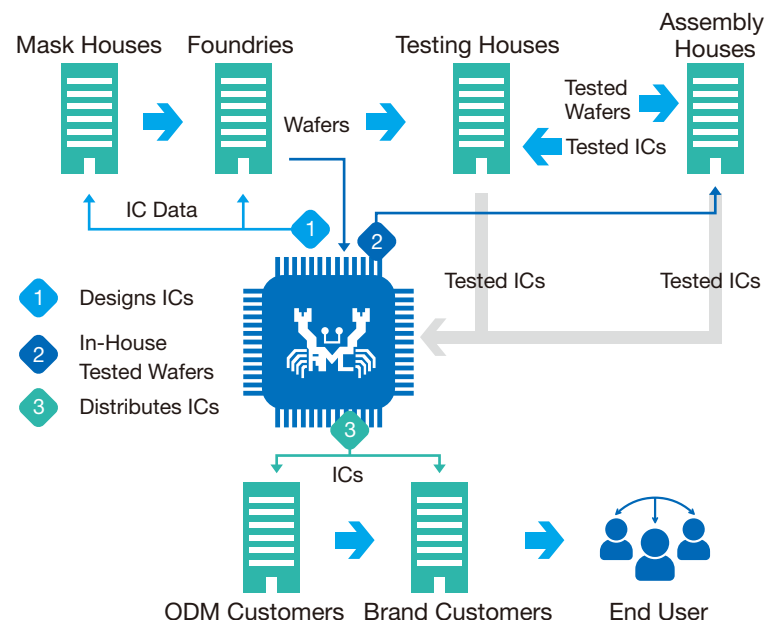
Realtek offers solutions for connecting the world, beginning from the individual and extending to the home, automobile, city, and global network infrastructure.



Supply Chain Positioning

The IC industry supply chain can be divided into upstream IC design and design services, midstream photomasking and manufacturing, and downstream packaging and testing. Realtek is positioned upstream as a world class IC design house. Realtek's core business is the design of integrated circuits. These 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.

Realtek focuses on core competitive advantages throughout the product R&D, testing, production, manufacturing, and sales cycle. We strive to ensure a high standard of quality in the entire supply chain, in order to provide customers with the best professional solutions and innovative services. Realtek maintains long-term and close cooperative relationships with upstream, midstream, and downstream industrial partners to provide customers with timely products and services that are of high quality, highly efficient, and competitive. By fostering long-term, stable technical partnerships, Realtek raises industrial competitiveness and the core value of its products.



Relationship of the Upstream, Midstream, and Downstream Industry Chain

Global Positioning

From Realtek's operational headquarters in Hsinchu Science Park, Taiwan, we provide professional IC design services to customers around the world. Realtek also has overseas subsidiary at key locations around the world, including South Korea, Japan, China (Suzhou, Shanghai, Shenzhen, and Hefei), Singapore, Malaysia, Vietnam, and the United States (Irvine and San Jose), in order to provide customers comprehensive products, services, and solutions with timely and professional support.

Most of Realtek's direct sales targets are agents, and the main foundries are located in Asia. Through close cooperation with supply chain partners, Realtek serves customers around the world from its base in Taiwan. It has grown together with famed international brands.

Ranked 8th by revenue in the Global
Top 10 IC Design Companies by
Revenue ranking in 2021 (TrendForce)



Economic Performance

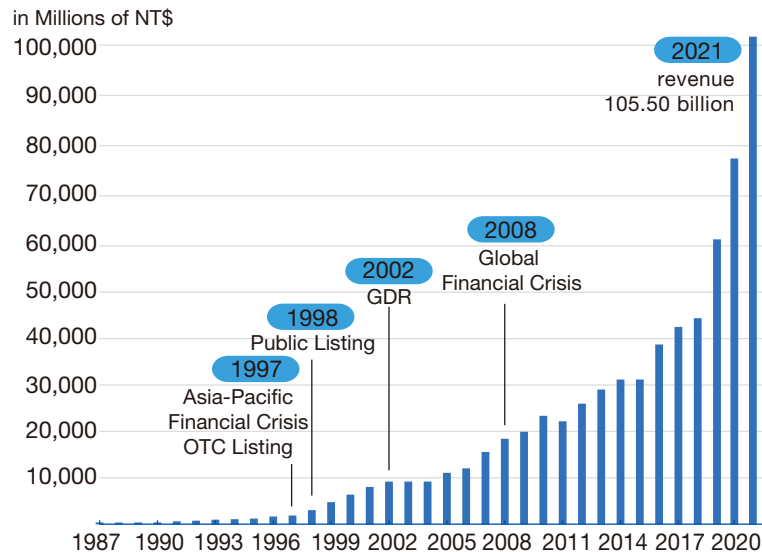
Management Approach – Economic Performance	
Relevance to Realtek	Realtek continues to demonstrate strong ambition and competitiveness by developing high-performance, high-quality, highly integrated, low power, and high-economic benefit solutions that are recognized by customers around the world. As Realtek aims for sustainable operations and stable profitability, it contributes to the growth of global cooperative partners by building diverse value together.
Policies and Commitments	<ul style="list-style-type: none"> Use innovation and R&D as a foundation to provide customers with highly- integrated solutions and services. Each year, Realtek launches new generations of highly integrated, low power products that solidify Realtek as a market leader and a sustainable enterprise with growing revenue and profits. Regularly convene investor conferences to release financial reports and operation results and deliver corporate values to investors, shareholders, and stakeholders.
Goals	<p>Short-Term:</p> <ul style="list-style-type: none"> Annual revenue and profit growth. Continuous innovation and reduction of IC costs to ensure price competitiveness and increase profit margins. Expand market share through new product road map planning. <p>Medium- to Long-Term:</p> <ul style="list-style-type: none"> Heed industrial developments and market trends, analyze threats from competitors, and strengthen R&D and innovative advantages in order to meet shareholder expectations and boost investor confidence. Set revenue targets based on industrial development, market trends, and competitor threats, and strive to achieve the targets. Increase market share to meet shareholder expectations and boost investor confidence. Actively participate in domestic and foreign professional organizations to boost international industrial competitiveness while maintaining market and technological leadership advantages. Develop new customers and expand new markets and marketing channels, in order to build long-term cooperative relationships.
Responsible Units	<ul style="list-style-type: none"> Operations and management. The Finance Division shall monitor overall economic operations and results and present them in a truthful, accurate manner. The results shall be regularly announced in compliance with related laws and regulations.

Management Approach – Economic Performance	
Inquiries	<p>Investor Contact: Ms. Ivy Chen TEL : +886-3-578-0211 Ext : 11316 FAX : +886-3-577-6047 EMAIL : investors@realtek.com</p>
Investments	<ul style="list-style-type: none"> Continue to invest in R&D to maintain leadership in innovative techniques and applications. In 2021, Realtek group's R&D expenditures were NT\$27.949 billion, accounting for 26.5% of revenue. Continue to recruit professional talents. Over 76.7% of Realtek's employees hold a Master's or Ph.D. degree, providing a market advantage in the R&D of high-end ICs.
Specific Actions	<ul style="list-style-type: none"> As business continues to grow, in 2020 and 2021 Realtek continued to expand with the construction for the third office in the Hsinchu Science Park and a new office in the Hsinchu Biomedical Science Park.
Evaluation Mechanisms	<ul style="list-style-type: none"> Senior management shall hold regular meetings to develop the Company's overall operation, product development, and management reviews based on market trends. Review the business performance of the company and important business strategies in Board of Directors meetings.
2021 Achievements	<ul style="list-style-type: none"> Consolidated revenue in 2021 was NT\$105.50 billion, an increase of 35.7% from 2020. Consolidated net profit was NT\$16.85 billion, an increase of 91.7% compared to 2020. Ranked 8th by revenue among global IC design companies in 2021. 2021 cash dividend of NT\$25 per share. 2021 EPS of NT\$33. In 2021, Institutional Investor Magazine named Realtek as one of the most honored small and mid-cap companies in the technology/semiconductor industry in Asia. Institutional investors and securities analysts also recognized Realtek's excellent performance in a number of areas. Market capitalization remains among the top 50 of publicly listed companies in Taiwan.

Since its establishment, Realtek has maintained steady growth and profitability. Even the Asia Financial Crisis in 1997, the Global Financial Crisis in 2008, and the ongoing COVID-19 pandemic since 2020 did not stop Realtek from carrying out innovative chip design and R&D while focusing on enhancing customers' product value as well as optimal solutions and services. Realtek's objective of sustainable operations is backed by the mission to provide the best services to global partners, while continuing to achieve steady annual growth and generate strong business results.

During 2021, in addition to the continuing impact of COVID-19, the semiconductor industry experienced unprecedented supply shortages. These issues have put many markets and companies to the test. Alongside these black swan events, the world we live in is experiencing wave after wave of digital transformation. The demand for all types of connectivity products is rising rapidly, both for new products and because of the need to upgrade and improve existing products to meet the expectations and needs of customers.

The importance of semiconductor products to people's lives has become particularly obvious in the face of current supply shortages. In spite of the challenges created by the imbalance of supply and demand, Realtek achieved a new milestone of exceeding NT\$100 billion in revenue in 2021, delivering another year of revenue growth. This has been attained through close collaboration with upstream suppliers and downstream customers, as well as the tremendous efforts provided by all Realtek employees.



Realtek Group's 2021 Economic Performance

- Consolidated revenue of NT\$105.50 billion, an increase of 35.7% compared to 2020
- Consolidated gross profit of NT\$53.19 billion, an increase of 60.0% compared to 2020
- Consolidated net profit of NT\$16.85 billion, an increase of 91.7% compared to 2020
- EPS of NT\$33, an increase of 91.4% compared to 2020

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

Unit: in Thousands of NT\$

Item/Year	2017	2018	2019	2020	2021
Operating Revenue	41,688,021	45,805,746	60,744,006	77,759,470	105,504,286
Operating Costs	23,784,599	25,344,876	34,160,690	44,510,731	52,315,883
Gross Profit	17,903,422	20,460,870	26,583,316	33,248,739	53,188,403
Operating Income	3,204,237	3,770,758	6,330,865	8,639,563	17,324,896
Net Income Before Tax	3,626,353	4,657,201	7,235,872	9,356,145	17,574,722
Income Tax Expenses	234,193	306,420	445,497	562,619	721,911
Income from Operations of Continued Segments	3,392,160	4,350,781	6,790,375	8,793,526	16,852,811
Net Income (Loss) for the Year	3,392,160	4,350,781	6,790,375	8,793,526	16,852,811
Total Comprehensive Income (Loss) for the Year	1,390,168	5,054,264	6,130,163	7,425,261	16,632,770
Cash Dividend	2,286,430	3,048,573	4,596,164	6,128,219	12,821,591
EPS (NT\$)	6.71	8.57	13.36	17.24	33.00

Note: The dividend for the current year is issued in the following year. For example, the 2021 dividend is issued in 2022.

2021 Realtek Group's Employee Benefit Expenses

Unit: in Thousands of NT\$

Salaries and Wages	26,163,019
Labor and Health Insurance Fees	662,438
Pension Costs	331,831
Other Personnel Expenses	243,196
Total	27,400,484

Source: 2021 Financial Statements



Professional Exchanges

Engagement with External Organizations

To raise our competitiveness and industry visibility, Realtek participates in domestic and foreign professional organizations. Through mutual learning and exchanges, we expand and build multilateral relationships, contributing to industrial leadership both domestically and internationally. Realtek is a member of the following external professional organizations:

Domestic 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	Member
National Yang Ming Chiao Tung University Electrical Engineering Industry-Academy Resource Alliance	Enterprise Member
National Tsing Hua University IC Design Technology Center – Industrial-Academic Cooperation Alliance	Platinum Member
Automotive Electronics SIG, Industrial Development Bureau, Ministry of Economic Affairs	Cooperative Member
Taiwan IC Industry & Academia Research Alliance (TIARA)	Enterprise Member
Taiwan Semiconductor Industry Association (TSIA)	Group Member
Institute for Biotechnology and Medicine Industry	Group Member

International Organizations

Organization	Level of Membership Upon Renewal
Avnu Alliance - Adopter	Adopter
Bluetooth SIG	Member
Distributed Management Task Force, DMTF	Participation
Embedded Microprocessor Benchmark Consortium, EEMBC	EEMBC All Access Subcommittee membership
HDMI Forum	Member
Institute of Electrical and Electronics Engineers, IEEE	Enterprise Member
JEDEC Solid State Technology Association, JEDEC	Special new member
MHL, LLC (Mobile High-Definition Link, MHL Alliance)	Member
Microsoft Developer Network , MSDN	Visual Studio Enterprise
NSM Initiatives LLC	Adopter
NVM 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
Serial ATA International Organization, SATA-IO	Contributor
Sony Memory Stick License	Member
International Society for Optics and Photonics, SPIE	Enterprise Member
Trusted Computing Group	Adopter
UHD Alliance	Contributor
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 Membership

■ Meetings of International Standard Setting Organizations

Realtek proactively participates in and promotes the setting of international standards in a number of fields, which enables the Company to acquire information on related markets and techniques for product development in advance. Joint communication with expert teams and achieving early consensus on standards helps products adhere to international standards and raises our R&D capacity.



Meeting Name	Purpose	Result
Automotive Ethernet Congress	Participate in discussions on technical standards	Joined Electrobit, a leading international software systems company, in introducing an automotive SR-IOV – VM linked application based on a PCI-E framework
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 views on setting standards
WFA (Wi-Fi Alliance)	Establish Wi-Fi standards and testing guidelines, provide certification standards for Wi-Fi products	
BT-SIG (Bluetooth Special Interest Group)	Establish Bluetooth standards and testing guidelines, provide Bluetooth product BQB certification standards	
OPEN Alliance	Participate in discussions on technical standards	

■ Industrial-Academic Collaborative Research Plans

Realtek is a long-standing participant in industrial-academic collaborative research plans. Teachers and students from top domestic universities join programs that strengthen core technologies while pursuing innovations and breakthroughs. In 2021, we carried out 15 industrial-academic collaborative research plans with leading universities, investing approximately NT\$9.6 million on topics such as analog and digital IC design, radio frequency, machine learning, accelerators, and other advanced manufacturing techniques. These plans cultivate a diverse new generation of talented professionals and raise the technical and practical capabilities of young scholars. At the same time, the programs broaden our innovation and technical capacity, enabling us to continue to provide customers with higher-quality, comprehensive total solutions.



Collaborative Partner

- National Taiwan University
- National Yang Ming Chiao Tung University
- National Tsing Hua University
- National Cheng Kung University



Collaborative Content

- Analog integrated circuits
- Digital integrated circuits
- Radio frequency
- Machine learning
- Deep learning accelerator
- Signal and power integrity, and electromagnetic/radiation compatibility



Invested Amount

Invested close to NT\$9.6 million in 2021 to expand industrial-academic cooperative research plans

R&D and Innovation

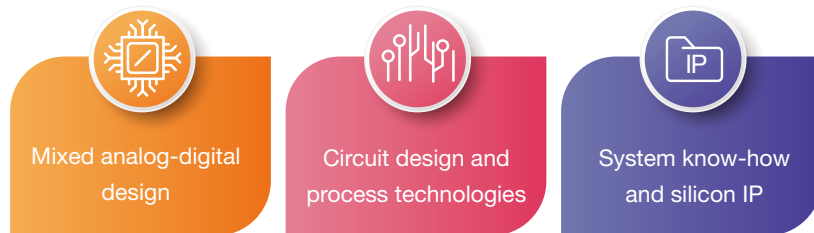
Management Approach –R&D and Innovation/Market Management	
Relevance to Realtek	Realtek has the capacity to achieve technological breakthroughs and innovations. As a mainstream technology and key industrial leader, Realtek has long focused on R&D and technology innovation to provide customers with stable and high-quality services. For innovative technology, Realtek's specialty lies in its deep knowledge of systems and integration capabilities. We actively carry out technology R&D and expand our portfolio of patents to provide clients with high-quality, comprehensive connectivity and multimedia solutions. These efforts will help usher in a new era of human knowledge and technological lifestyles.
Policies and Commitments	Continue to focus on the core competencies, grasp market trends, and plan product deployment strategies. The aim is to provide customers with products and solutions with better performance, higher degree of integration, and lower power consumption.
Goals	<p>Short-Term:</p> <ul style="list-style-type: none"> Release new products with environmental benefits that include at least a 5% increase in energy efficiency every two years. Continue to implement innovative frameworks to enhance IC cost structure, safeguard competitiveness, and raise profitability. <p>Medium- to Long-Term:</p> <ul style="list-style-type: none"> Continue to develop communications network, connected media, computer peripherals, and multimedia chips. Expand core R&D techniques and apply for more patents in order to be a technology leader in the industry. Minimize power consumption in various products to extend product lifecycles and battery life. Participate in and promote the setting of international standards to have early access of information of related markets and technologies for product development. Regularly hold product launches and technology seminars to address regional market needs.

Management Approach –R&D and Innovation/Market Management	
Responsible Units	The company's business groups and R&D units.
Inquiries	Realtek's corporate website provides the communication channel for intellectual property rights and patents related questions.
Investments	In 2021, Realtek group invested NT\$27.949 billion in R&D.
Investments	<ul style="list-style-type: none"> Continued to strengthen our technology development and patent portfolio. In 2021, Realtek group had 8,269 patents granted and pending. Research and development staff attended technology conferences and seminars with a total of 63,575 training hours.
Evaluation Mechanisms	Product development meetings.
2021 Achievements	<ul style="list-style-type: none"> Power consumption of Realtek products are on average 30% lower than that of other comparable products in the markets. In 2021, the number of approved patents of Realtek group increased by 803. Realtek ranked fourth among Taiwanese enterprises and first among IC design companies for the number of domestic patents granted in 2021 (source: Intellectual Property Office, Ministry of Economic Affairs). Realtek's highly integrated 2.5GbE gaming network solution (RTL8125BG + RTL8852AE & RTL9313 + RTL8221B) won a 2021 COMPUTEX Taipei D&I Award in the gaming hardware, software, and peripherals category. The low-power AI IP camera SoC (RTS3916N) won a 2021 COMPUTEX Taipei Best Choice Category Award. The Automotive Ethernet Switch IC (RTL9075AAD/RTL9072AAD) won a 2021 COMPUTEX Taipei Best Choice Golden Award.

Core Competencies

As one of the mainstream technology leaders in the world, Realtek has the capability to achieve technological breakthroughs and innovations. For the past 35 years since its establishment, Realtek has developed highly innovative ICs suitable for various applications. Our product portfolio covers a wide range of sectors, including communications network, connected media, computer peripherals, and multimedia ICs. Realtek has the technology strengths to integrate different types of products and services, and offers global partners the best and fastest solutions. We possess advanced core technologies, a robust customer base, cost-effective and customer oriented products, and experienced design and management teams. All above contribute to our core competencies and continuous advancement makes Realtek stand out in the highly competitive semiconductor industry.

The core technologies of Realtek are mixed analog-digital design, circuit design and process technologies, as well as system know-how and silicon IP. Our long-term focus on development of innovative technologies and providing steady, high-quality customer service are critical factors for Realtek's success.

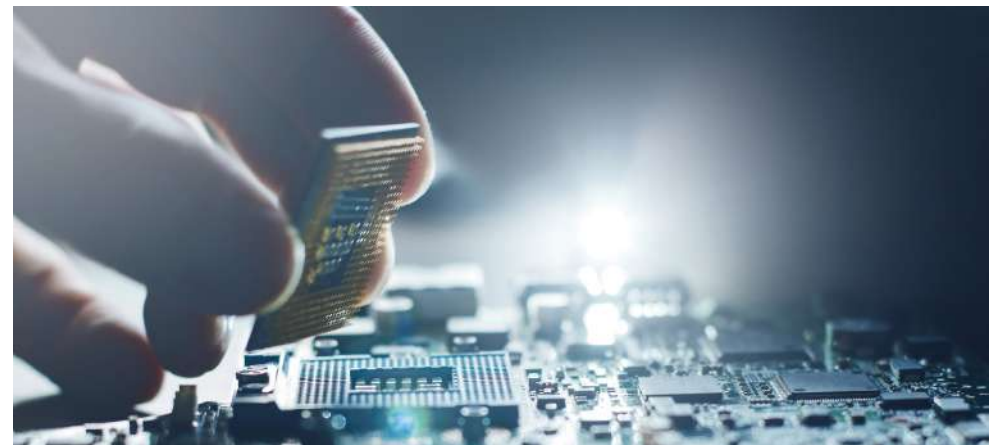


Realtek's innovative technology expertise comes from extensive system know-how and system integration capability. During product development, we leverage our knowledge of mixed signal circuit design, and integrate critical components (such as MCU, DSP, RISC, PLL and memory) from a system-level perspective. Realtek aims to provide customers with the best total solutions in the form of a System-on-Chip (SoC). As well as our system development and IC design expertise, Realtek's product quality and reliability management are backed by familiarity with manufacturing process technologies.

R&D Direction and Vision

When planning R&D, technology development, product manufacturing, or customer services, Realtek remains committed to providing customers with total solutions from a system perspective. Using end applications as a starting point, the Company seeks to be an enabler in connecting the world, while adapting to 5G, AIoT, digital transformation, intelligence upgrades, and other mega trends. In the areas of wired and wireless connectivity and the development of multimedia man-machine interfaces, Realtek's innovative thinking breaks through technical bottlenecks and constantly optimizes product designs. This approach enables us to develop comprehensive total solutions with higher speed, higher degree of integration, and lower power consumption that create greater value for customers and end users in various fields.

1. Adhere to system concepts to provide customers with total solutions, including software, hardware, and design services.
2. Strengthen the cultivation of core technologies, including embedded processors, embedded memories, analog/digital mixed-mode IC design, radio-frequency IC design, system design, and advanced process technologies.
3. Starting from the application side, Realtek integrates video, audio, and communication elements into an SoC.
4. Develop high-speed, wired, wireless, and broadband network products. Use this as a platform to develop higher speed, higher resolution multimedia products.



Intellectual Property Portfolio

Realtek continues to make breakthroughs in specialized, innovative technologies, earning the company many patents in multiple countries and building a strong portfolio of technologies. These advances enable Realtek to keep pace with global leading and mainstream technology trends. With 35 years of hard effort under its belt, Realtek continues to conduct R&D to develop innovative new technologies and applications. Along the way, Realtek group has accumulated more than 8,000 patents in Taiwan and overseas. According to 'Top 10 Domestic Patent Applicants in 2021' released by the Intellectual Property Office, Ministry of Economic Affairs, Realtek ranked fourth overall among Taiwanese enterprises, and first in the IC design industry. The Company's R&D investments underscore a commitment to innovation and R&D while the excellent results speak for themselves. Realtek has managed to bring development prospects and success to the industry, customers, and partners.

Realtek group's R&D Patent Portfolio, by Year

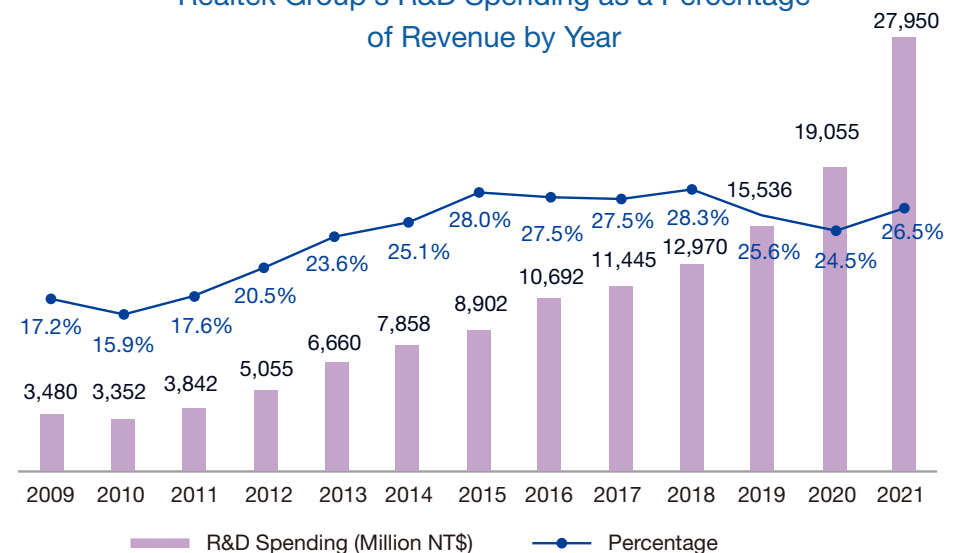
Year	Patents Granted (Note 1)	Patents Submitted (Note 2)	Total
2020	5,010	1,225	6,235
2021	5,813	2,456	8,269

Note 1: Patents granted, based on the date of announcement.

Note 2: Patents submitted, based on December 31 of the year.



Realtek Group's R&D Spending as a Percentage of Revenue by Year



- 2021 Realtek group's R&D Spending: **NT\$27.95 billion**
- Ranked **4th** overall for domestic patent applications in 2021 (Note)
- Realtek group's patents accumulated since establishment: **8,269**

Note: Data sourced from the Intellectual Property Office, Ministry of Economic Affairs, ROC.



Innovative Achievements

Innovative Products	Product Applications
New Generation Highly Integrated 2.5GbE Gaming Network Solution	Realtek's new generation highly integrated gaming network solution is designed for gaming PC users who want to take maximum advantage of faster internet speeds. It automatically prioritizes gaming applications, ensuring a faster and smoother gaming experience.
The World's Smallest 5Gb Ethernet Controller Solutions (RTL8157-CG/ RTL8126-CG/ RTL8251B-CG)	Realtek will launch the world's smallest 5GbE Single-Chip Ethernet Controller Series in 2023. The network environment permits easy upgrade to 5Gbps network bandwidth over existing network cabling (Cat 5e).
The World's First Advanced QFN 10GbE PHY Solution (RTL8261N)	Realtek's 10Gb Ethernet PHY provides a complete and competitive total solution, delivering the only Advanced QFN 10GbE PHY solution available in the market.
The World's First USB Interface SD Express Memory Card Reader Solution (RTL9211DS-CG)	Realtek's first USB interface SD Express memory card reader solution uses an advanced production process and refined power source design. It is the only power-saving solution that supports Active State Power Management (ASPM).
The World's Highest Integrated 9-Port 2.5GbE Ethernet Switch Solution (RTL8373 + RTL8224)	Realtek launches the world's highest integrated, ultra-low-power-consumption Ethernet connecting solution, which requires only two chips to provide up to eight 2.5GbE and one 10GbE Ethernet ports. It reduces network cabling costs and will launch a wave of Ethernet switch upgrades.
Realtek's Wi-Fi 6 AP Router Solution with AI QoS Control (RTL8198D + RTL8832AR + RTL8192FRH)	Realtek released a new Wi-Fi 6 AP router solution with AI QoS control. It does not require any Deep Packet Inspection (DPI). When bandwidth is limited, the new AI QoS reduces the download/upload bandwidth of non-critical apps to ensure optimal user experience.

Innovative Products	Product Applications
Wi-Fi 6E USB Dongle (RTL8832CU) & Wi-Fi 6E/BT Combo Solution (RTL8852CE)	Realtek's Wi-Fi 6E USB Dongle increases overall Wi-Fi performance to achieve the highest throughput for a better speed experience with lowest latency. With support for multistream and broadcast audio, it further reduces power consumption to bring a better overall experience to consumers.
Bluetooth 5.2 LE Audio Broadcast Isochronous Stream (BIS) Solution (RTL8773E)	Realtek's single chip Bluetooth Low Energy Audio SoC solution fully supports 1-to-N broadcasting and BT SIG standard legacy while offering open SDK for customers to develop their own applications. It lets customers achieve longer listening experiences with their products.
Best Choice AIoT SoC for Energy-Saving Dual-Band Wireless Network Camera (RTL8735B)	Realtek launched a new generation of highly integrated ultra-low-power-consumption single chips for AIoT (Artificial Intelligence of Things) wireless network cameras. The new low-power-consumption ICs will greatly extend the operating days of battery-powered systems.
The New Smart Home Central Platform: A Voice-Activated Smart Lifestyle (RTL8730E)	Realtek's newest IoT solution easily embeds smart voice functions into home appliances or a smart home central control platform. Through Wi-Fi 6, the SoC offers low latency and low power consumption.
An STB Platform That Supports IP Development by Operators	Realtek's latest Set-Top Box (STB) SoC design, which features an advanced 12nm process, contains a high performance processor and supports a total 4K experience and full HDMI 2.1 functions. It offers the most reliable SoC for Multiple System Operators (MSOs) and shortens the time to market.

2021 Product Highlights

Automotive Ethernet Solutions

Development of automotive communications has brought the demand for Advanced Driver Assistance Systems (ADAS) and enhanced infotainment applications, which require higher data rates. Automotive Ethernet solutions are a key component behind the development of automotive communications.

Realtek's automotive Ethernet solutions include Ethernet Switch controller and Ethernet PHY transceivers. The RTL9075AAD, RTL9072AAD, and RTL9068AA / AB Automotive Ethernet Switch ICs are the most highly integrated, mass produced high-speed solutions in the automotive industry. They integrate two GbE PHY ports and high speed interfaces such as PCI-e and UXSGMII, thereby fulfilling the high bandwidth requirements arising from autonomous driving and smart cockpit applications. The RTL9010AA (1000Base-T1 PHY) automotive Ethernet PHY transceiver is the number one in the industry and one of the few



AEC-Q100 Grade 1 ICs in the world. With low power of 400mW, it uses embedded SWR to reduce RBOM costs and significantly lower the electric circuit area. Realtek's automotive Ethernet solutions also lead the industry in supporting industrial standard OPEN TC10 sleep and wake up features, which enable the system to wake up remotely via Ethernet. Furthermore, over 2,000 hours of rigorous AEC-Q100 tests were conducted to ensure quality and reliability. The high-performance, energy-saving, quality design has passed many global OEMs' stringent EMC tests and has been designed into a wide range of car models by auto makers.

Green Products

Realtek has a set of strict standards for the raw materials used during production, and complies with 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 became the first IC design house in Taiwan to achieve ISO 9001 Quality Management Systems certification. In 2006, Realtek established a specialized laboratory and passed ISO 17025 Laboratory Quality Management Systems certification. These steps help the Company improve quality management and ensure IC reliability, thus extending product lifecycles and reducing resource usage during production.

Realtek uses a variety of reliability testing processes to rigorously test product functionality before shipping. Potential customer usage scenarios are simulated with strict testing methodologies to analyze the durability of each device under different conditions, and to repeatedly experiment and propose solutions to ensure the goal of product durability and lifetime extension is achieved. Realtek also designs specific testing plans based on feedback from customers and end-users to further enhance the product quality.

To improve environmental management, in 2006 Realtek passed ISO 14001 Environmental Management Systems certification, and then in 2020 passed the new version of ISO 14001: 2015 certification. Advances include optimization of green design in the product life cycle, which reduces negative environmental impact and raises Realtek's environmental performance. In addition, Realtek strives to comply with international environmental protection standards and enforce green raw material and product certifications. Green IC products meet lead-free and halogen-free standards as well as EU and Japanese restrictions on hazardous substances in the electronics industry. Realtek also complies with 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.

Realtek took the lead in obtaining SONY Green Partner (GP) certification in 2003, then obtained Fujitsu Green Partner certification in 2005, and CANON Green Partner certification in 2009. We believe that our continuous efforts to develop green products will enhance the user experience and lead to environmentally sustainable development. In 2021, Realtek's products and services did not violate any health or safety-related regulations.



ISO 9001 Quality Management Systems Certification

Validity period: 2019.12.29-2022.12.29



ISO 14001 Environmental Management Systems

Validity period: 2020.10.12-2023.10.12



ISO 17025 Laboratory Quality Management Systems

Validity period: 2022.01.07-2024.09.06

Green Product Milestones

- 2003 — Achieved SONY Green Partner certification in 2003. Certificate renewal takes place every two years.
- 2006 — Passed ISO 14001 Environmental Management Systems certification in 2006. Certificate renewal takes place every three years.
- 2008 — Complied with the Restriction of Hazardous Substances (RoHS) directive in 2008. Sample testing takes place every year.
- 2009 — Complied with Green product requirements of EU REACH in 2009. Annual review of new and modified standards.
- 2020 — Verified under the new version of ISO 14001:2015 in 2020.



Development of Energy-Saving Products

A large number of ICs are used in electronics products. Realtek firmly believes that by continuing to develop innovative ICs with better energy efficiency, we can help reduce global carbon emissions significantly worldwide. Therefore, we have long been committed to the design and development of a wide range of more environmentally friendly, energy-saving IC products and solutions.

Realtek incorporates environmental and energy-saving concepts into the product design process from the beginning of development for all types of IC products. We reduce unnecessary energy consumption in circuits according to use cases, continue to develop new generations of energy-saving products, enhance low power product design, and effectively reduce power consumption. The Company is fully committed to providing innovative, highly effective solutions that meet environmental protection expectations of customers around the world.

In 2021, Realtek again successfully developed several new generations of products. Testing on various applications and power settings under controlled conditions and situations showed that these products reduced power consumption by 5% or more compared to the previous generations (Note 1) and were at least 19% smaller in area (Note 2). Besides saving power, the new products occupy less space. 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.

Note 1: Method for calculating the product power consumption reduction ratio: (New product IC power consumption volume – previous generation product IC power consumption volume) / Previous generation product IC power consumption volume. A percentage is used to describe the reduction in power consumption. Using joules to describe the reduction in energy consumed by products sold in 2021 introduces too many hypotheticals, which could lead to greater inaccuracies.

Note 2: Method for calculating the product area reduction ratio: (New product IC area – previous generation product IC area) / Previous generation product IC area.

CH3 Sustainable Governance



Sustainable Governance

Management Approach – Corporate Governance and Compliance

Relevance to Realtek	Integrity, compliance, and ethical behavior are core values of Realtek. The Company is committed to strengthening the effectiveness of the Board of Directors and management team to ensure that changes in overall corporate governance, environmental, and social trends are incorporated in company operations. On the premise of protecting the long-term interests of the Company and its shareholders, all employees shall adhere to the spirit of integrity and regulatory compliance to pursue the goal of sustainable operations.
Policies and Commitments	Realtek formulates corporate governance best practice principles with reference to the guidelines of the competent authorities, and upholds the awareness of legal compliance in all business activities and interactions with business partners. These steps are necessary to fulfill corporate governance responsibilities and build a solid corporate governance system. The Company shall maintain effective communication channels with stakeholders to respect and protect their legitimate rights and interests.
Goals	<p>Short-Term:</p> <ul style="list-style-type: none"> Incur no significant fines (over NT\$1 million) for violation of laws or regulations. 100% of new employees shall receive relevant training (including E-learning). <p>Medium to Long-Term:</p> <ul style="list-style-type: none"> Continue to refine the operations of the Board of Directors based on corporate governance recommendations issued by the competent authorities. Actively participate in corporate governance evaluations and improve disclosure transparency.
Responsible Units	<p>Corporate Governance: Board of Directors, Chairman's Office, President's Office, Finance Division</p> <p>Legal Compliance: The Administration Department and the responsible unit shall handle implementation and enforcement. The internal audit unit shall conduct independent assessments and report annually to the Board of Directors.</p>
Inquiries	The Realtek corporate website, shareholders' meetings, or confidential reporting to the internal audit unit, at: audit@realtek.com
Investments	<ul style="list-style-type: none"> Arrange for members of the Board of Directors to attend corporate governance-related training courses. Continue to invest in and develop plans for promoting the ISO 9001, ISO 14001, and ISO 45001 management systems. Provide educational courses to new employees on business ethics and integrity including regulations governing the prevention of insider trading. Continue to invest resources to ensure that products comply with international environmental protection standards, implement green raw material procurement practices, and obtain green product certifications.
Specific Actions	<p>Corporate Governance:</p> <ul style="list-style-type: none"> Continue to enhance the performance of each functional committee (Compensation Committee, Audit Committee, and Nominating Committee) to strengthen corporate governance by the Board.

Management Approach – Corporate Governance and Compliance

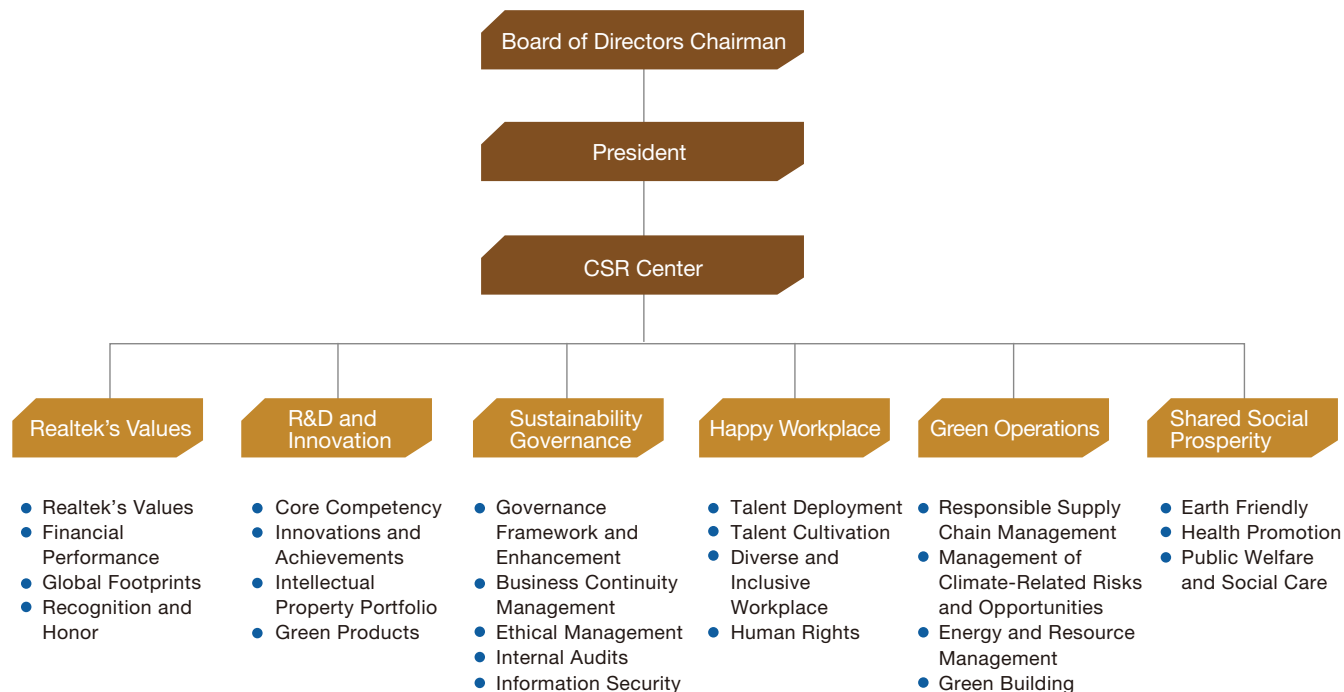
Specific Actions	<ul style="list-style-type: none"> The performance evaluation procedures for the Board of directors are approved by the Board. Accordingly, performance evaluations of the Board, Board members, and functional committees are done annually. Progress and results are disclosed on the Company's website and in annual reports. Formulate diversity policies for the Board of Directors. Disclose diversity policy, management mechanisms, and implementation progress. Disclose stakeholders identified by the Company, issues of concern, communication channels, and response methods. Regularly report communication results with individual stakeholders to the Board of Directors. <p>Legal Compliance:</p> <ul style="list-style-type: none"> The Board of Directors shall lead senior- management in strengthening ethical management and business integrity, while scrupulously abiding by anti-corruption and anti-bribery principles. Provide education and training to advocate business integrity and ethical behavior as well as emphasize the importance of anti-corruption and anti-bribery principles among all new employees (including both full-time and contract employees). Strictly require suppliers to adhere to the highest ethical standards, and prohibit all types of bribery, kickbacks, improper benefits, and unfair competition. An independent internal audit unit formulates annual audit plans and performs audits in accordance with 'Matters relating to compliance with applicable laws, regulations, and bylaws'. The internal audit supervisor shall report audit results on a yearly basis to the Board of Directors.
Evaluation Mechanisms	<ul style="list-style-type: none"> Implement performance evaluation procedures for the Board of Directors. Conduct annual performance evaluations on the Board, Board members, and functional committees. Use internal control mechanisms to examine, control, and ensure the business legitimacy.
2021 Achievements	<p>Corporate Governance:</p> <ul style="list-style-type: none"> Internal performance evaluation results of the Board, the Board members, the Audit Committee, and the Compensation Committee were all 'outstanding'. Ranked in the top 6% to 20% amongst the listed companies in the Corporate Governance Evaluation Results released by TWSE. Disclosed the Company's identified stakeholders, issue of concerns, communication channels, and response methods on the Company's website and in the sustainability reports. Reported communication results with stakeholders in 2021 to the Board of Directors. Average attendance by members of the Board was 98% in 2021, and average attendance by functional committee members was 100%. Listed as a constituent stock in the 'TWSE Corporate Governance 100 Index' in 2021 (Source: Taiwan Stock Exchange). Listed as a constituent stock in the Taiwan Employment Creation 99 Index' in 2021 (Source: Taiwan Stock Exchange). <p>Legal Compliance:</p> <ul style="list-style-type: none"> In 2021, Realtek did not receive any major fines (over NT\$1 million) due to violation of law, regulations, or environmental regulations. In 2021, internal audits found that no complaints were filed against the Company or the Company's employees for ethical violations, anti-corruption, anti-bribery, or conducting any illegal activities.

// Governance Framework

■ Sustainability Organization Framework

Sustainable development is one of the important principles and goals on which we focus to promote enterprise sustainable operations. In Realtek's sustainability organizational structure, the Board of Directors is the top oversight body and the President's Office is the highest management body. They supervise progress in promoting major ESG (Environmental, Social, and Governance) programs. The Company sets up the Corporate Social Responsibility Center (CSR Center) to organize cross-departmental liaison meetings for tracking progress of key ESG issues including corporate governance, R&D innovation, human resources, environmental responsibility, and social care.

Through regular cross-departmental meetings on corporate sustainability development, we continue to connect the Company's sustainability development policies and goals with operations. Adoption of domestic and international initiatives such as the GRI Standards, the TCFD, the SASB, the Social Accountability 8000: 2014 Standard, and the Responsible Business Alliance (RBA), as well as international standards and guidelines, further incorporates sustainability awareness into the operational planning and execution processes of all Realtek employees, so that everyone can join in fulfilling corporate sustainability commitments.



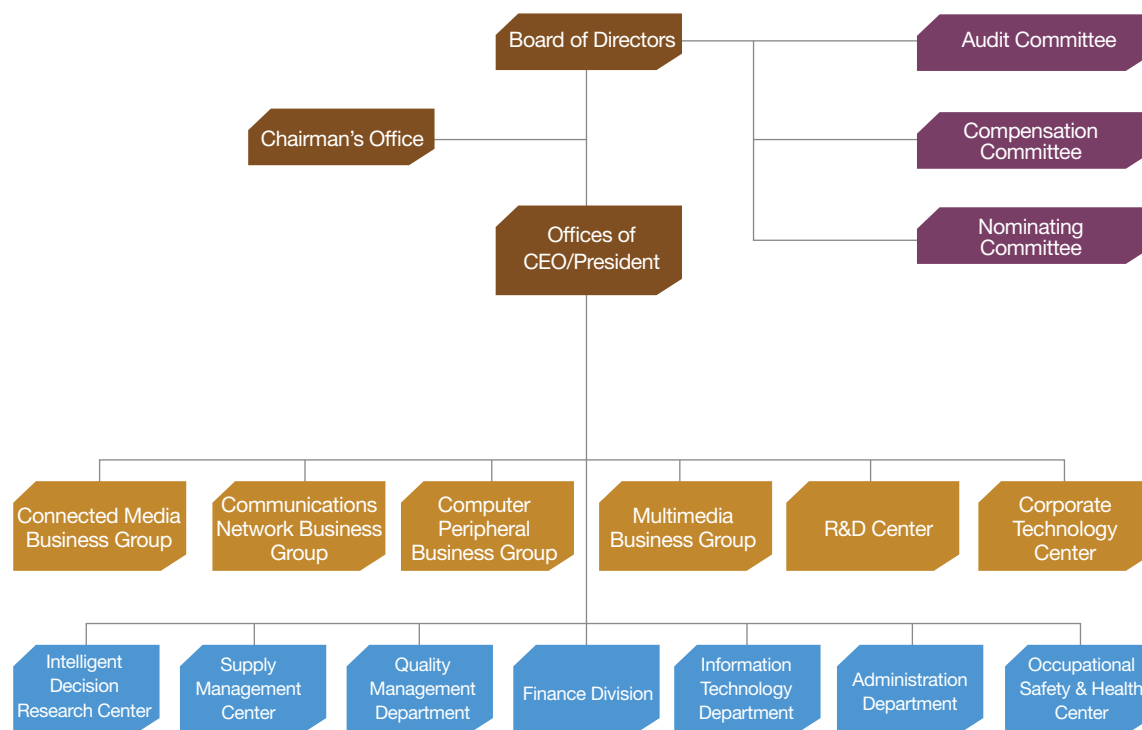
Realtek's commitment to Corporate Sustainability Development

- 1 Commitment to sustainability goals, ethics, and integrity
- 2 Implementation of green energy policies and environmental responsibility
- 3 Sustainable talent development and a safe workplace
- 4 Proactive cooperation on service and quality requirements
- 5 Innovation and R&D to enrich the world and improve convenience
- 6 Warming the hearts of more people through continued progress



Business Organization

Realtek business units are composed of the Connected Media Business Group, Communications Network Business Group, Computer Peripheral Business Group, Multimedia Business Group, R&D Center, and Corporate Technology Center. Other units include the Intelligent Decision Research Center, Supply Management Center, Quality Management Department, Finance Division, Information Technology 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 functional committees under the Board.

Realtek directors are selected and assessed on their business acumen, management skills, accounting and financial analysis, crisis management, industry knowledge, understanding of the international market, leadership ability, decision-making ability, and risk management. The 12th Board of Directors added one director, with a total number of 10 directors, consisting of nine male directors and one female director, with an average age of 61.5 years old. All directors possess the requisite knowledge, skills, and sophistication to carry out their duties, and each director has a diverse professional background. They are required to exercise their authority in an objective and independent 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 effectiveness of the Board. This will in turn protect interests of shareholders while enhancing benefits for stakeholders. For more information on Board members, refer to page 11~12 of the Realtek 2021 Annual Report.



Board of Directors Functions

The Board of Directors diligently carries out corporate governance responsibilities by overseeing operational strategies of the Company's management and evaluating business performance, including corporate governance, environmental and social impacts, risks, and opportunities. The Board considers the viewpoints of stakeholders then provides professional and objective views in order to ensure sustainable development of the Company. Every important resolution of the Board is published on the Market Observation Post System of the TWSE and the Company website in a timely manner. Information such as the Articles of Incorporation, rules of procedure for Board meetings, directors' compensation, Board operations, and motion for recusals with a conflict of interest are also posted publicly for reference by international and domestic stakeholders.

The tenure of Realtek's 12th Board of Directors is from August 9th, 2021 to August 8th, 2024. The Board includes three independent directors. The 2021 Board meetings were chaired and run by Chairman Sun-Chien Chiu to advance corporate governance. The Board convened at least once a quarter. There were a total of seven Board meetings in 2021, and the average attendance rate of Board members was 98%. Board members attended 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 covered risk management, climate change response and management, internal control, anti-corruption, anti-bribery, and corporate governance. Topics studied in 2021 included '2030/2050 Net Zero Emissions – Sustainability Challenges and Opportunities for Global Enterprises', 'Net Zero Carbon Emissions International Trends and Taiwan's Zero Carbon Transformation', 'Key Points Behind the Success or Failure of Digital Transformation – International Case Study', '2021 Insider Share Transactions Legal Compliance Advocacy', and other professional continuing education courses. The directors attended a total of 24 hours of classes. All Board members gained professional knowledge and kept pace with the latest corporate governance topics, thereby making them more effective directors.

Responsibilities of the Board of Directors

- | | |
|---|---|
| 1 Review of business policy and decision-making | 6 Execution of the resolutions of the shareholders' meeting |
| 2 Budget review | 7 Review of capital increases or decreases |
| 3 Review of annual 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 of the shareholders' meeting |

Key Functional Committees of the Board of Directors

Audit Committee

The Audit Committee consists of three independent directors. The committee assists the Board of Directors with performing its supervisory duties and other responsibilities as specified by the 'Securities and Exchange Act', the 'Company Act', and other relevant regulations. Responsibilities include reviewing possible director conflicts of interest, material asset or derivative product transactions, annual financial reports and semi-annual financial reports, and other important matters as specified by the Company or competent authorities. The committee meets regularly with the Company's CPA and reviews the CPA's appointment, independence, and performance. The committee convened six times in 2021 with attendance rate of 100% for the committee meetings.

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 Stock Exchange or the Taipei Exchange'. The committee consists of three independent directors and is appointed through a resolution of the Board. Responsibilities include assisting the Board with evaluating connections between the Company's business performance and the remuneration for directors and managers, as well as defining and regularly evaluating the systems, standards, and structures of performance targets and remuneration policies for directors and managers. The function of Remuneration committee is to perform duties diligently with focus on sound management then propose related recommendations to the Board for consideration. The Remuneration committee convened three times in 2021 with attendance rate of 100%.

Nominating Committee

The Nominating Committee performs duties diligently with focus on sound management, under authorization of the Board of Directors, and submits recommendations to the Board for discussion. The Nominating Committee consists of three independent members and is determined through a resolution of the Board. The committee defines the criteria for diversity and independence of Board members, such as professional knowledge, skills, experience, and gender, then applies the criteria to find, review, and nominate candidate directors. The committee shall construct and define the organizational structure of the Board and each committee; evaluate the performance of the Board, directors, and committees; and define and regularly review the succession plan for directors and executives. The committee convened five times in 2021 with attendance rate of 100%.

Business Continuity

Business Continuity Management

To fulfill corporate governance obligations, uphold sustainable operations goals, and monitor potential internal and external risks from corporate governance, environmental, and social aspects, each department, within the full extent of its authority, shall identify risks that could have a material impact on the Company's operations or sustainability development, then monitor the potential risks and implement preventive measures to strengthen risk management and enhance systematic response capabilities. Following these risk control steps ensures that we uphold shareholders' rights and interests, raises competitiveness, and establishes a foundation for sustainable operations and development.

When a risk alert or a risk event actually occurs, execution of business continuity plans stabilizes all mechanisms and effectively reduce the impact on normal operations and product delivery times. It ensures the business continuity of Realtek, mitigates the incident's impact on the Company, and reduces customer losses.

Realtek also carries out systematic supplier management to prevent shortages of any raw materials and avoid losses caused by delays in delivery for customers. The Company seeks to lower the impact of any electricity or water restrictions in order to ensure that operations remain stable. In 2021, the Company's water and electricity supplies were normal and did not affect operations or production.



Risk Management

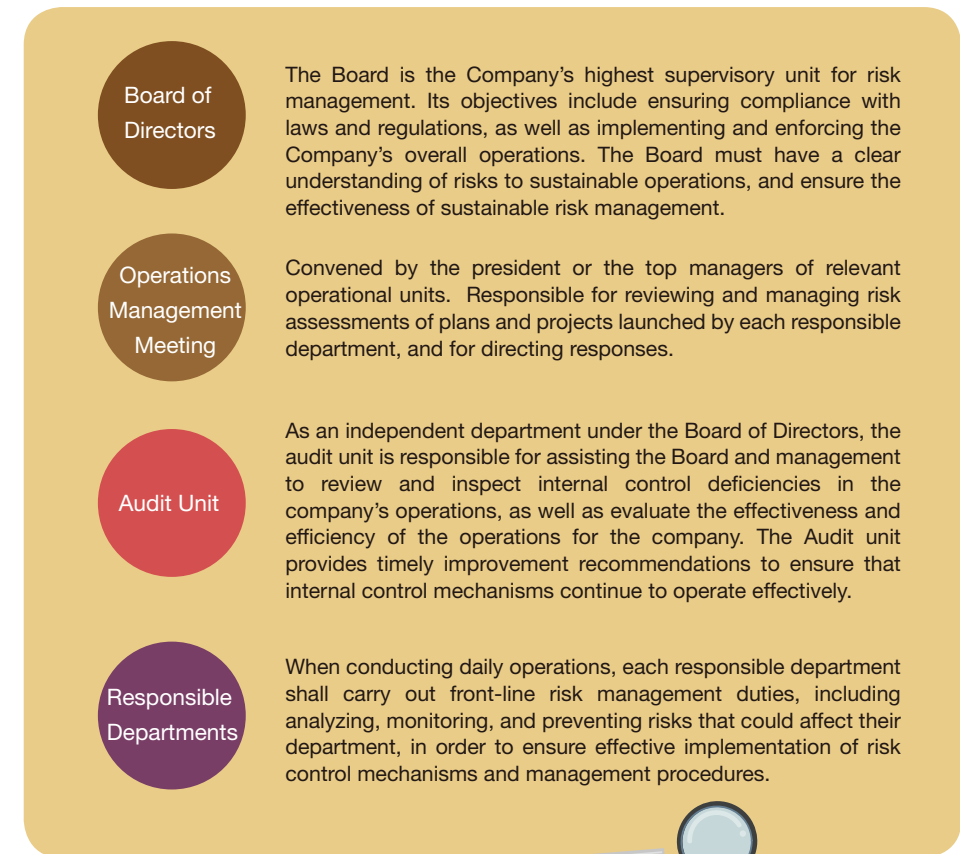
In order to effectively identify, control, monitor, and prevent risks, Realtek conducts risk management for the risks that might cause operation uncertainty, as well as strengthens preventive measures and system strategies in the face of risks. The Company also established risk management policies, and the Board of Directors serves as the highest oversight unit for risk management. An independent audit unit under the Board of Directors is responsible for internal audits. These measures ensure that the risk management system continues to operate effectively.

Realtek's risk management scope includes strategic planning, operational management, corporate finance, and harmful incidents, as well as climate change-related risks. We adopt ERM (Enterprise Risk Management) procedures as a foundation and use risk identification, assessment, monitoring, responses, reporting, and disclosures procedures to ensure the Company's business continuity and lower the potential impact of the risks.

Risk Categories	Risk Topics	Policies or Strategies
ESG		
Operational Management Risks S G	<ol style="list-style-type: none"> 1. Management of talent recruitment and development 2. Information security 3. Corporate image 4. Upholding of agreements by customers or suppliers 5. Protection and application of intellectual property rights 	<ul style="list-style-type: none"> • Talented people are Realtek's most important assets. The Company therefore established labor policies and human rights policies that uphold the rights of each employee. Competitive remuneration, fair appointment practices, professional education and training plans, and generous employee benefit packages further support talent recruitment, retention, and development. • Realtek places great importance on information security and the privacy of personal information and customers. The Company therefore established the Information Security Steering Committee and formulated an information security risk management framework, which identifies information security risks, proposes countermeasures, and reviews implementation progress. • Integrity and honesty are core aspects of the culture at Realtek and fundamental to the business. The Company therefore established the 'Employee Code of Conduct', which applies to all employees. The code of conduct requires prudent management of confidential information, compliance with intellectual property laws, and adherence to relevant regulations.

Risk Categories	Risk Topics	Policies or Strategies
ESG		
Strategic Planning Risks G	<ol style="list-style-type: none"> 1. Technology innovation and industry trends 2. Market needs and changes 3. Technical R&D process and competition landscape changes 4. Policy or regulatory changes 5. Global political and economic circumstances and developments 	<ul style="list-style-type: none"> • Realtek closely monitors technology and industry changes while regularly analyzing industrial conditions, product development, and competition. Based on the information, the company formulates short-term, medium-term, and long-term business development plans. • Facing market changes and competition, Realtek solidifies core technologies by committing ourselves to developing new product R&D and optimizing existing products, launching new products in a timely manner, and improving both yields and performance. • Realtek accommodates customer needs while providing the best products and services. This strengthens our competitiveness and supports business continuity.
Financial Operations Risks G	<ol style="list-style-type: none"> 1. Exchange rates, interest rates, taxes, inflation 2. Strategic investing 3. Banking and financial management 	<ul style="list-style-type: none"> • As a multinational company, Realtek must manage exchange rate fluctuations among different currencies, and their potential impact on the company. Realtek's finance team is responsible for hedging currency-related risks for the company and its subsidiaries. Natural hedge is the primary strategy we adopt. • In terms of strategic investing, Realtek adopts a steady and conservative approach. The Company formulates 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.
Climate Change-Related Risks E G	<ol style="list-style-type: none"> 1. Product efficiency regulations and standards 2. Green R&D 3. Green products 4. Satisfying stakeholder expectations 5. Physical risks due to climate factors 	<ul style="list-style-type: none"> • Continue to develop ICs with low power consumption. Consider product lifecycle in the design stage to reduce energy consumption during product use and cut down waste volume when the product is ultimately disposed of. • Continue to monitor international climate change trends and requirements. Disclose information related to the responses to climate change. • Continue to plan and implement water saving, energy saving, and carbon reduction measures. Increase resource efficiency.

Realtek Risk Management Organization Framework and Responsibilities



Ethical Management

Adhere to Ethical Management Principles to Fulfill Corporate Governance Responsibilities

Realtek believes that strict adherence and enforcement of business integrity and ethics are necessary ingredients for sustainable operations and for building winning relationships with customers. The Company 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. It formulates 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 'Code of Ethical Conduct', and other important internal regulations. The Board and management proactively implement ethical corporate management policies during internal management and business activities, and request that all employees participate and comply. Related information is available on the Realtek company website to inform board directors, employees, and stakeholders to ensure ethical corporate management principles are followed, prevent conflicts of interest, avoid improper benefits, prevent rights infringements and confidential information leakage, and uphold fair competition and trade. Operational audits are performed by an internal audit unit and results are reported to the Board annually. In 2021, Realtek did not have any legal proceedings arising from anti-competitive behavior.

Realtek advocate the principles of business integrity, anti-corruption, and anti-bribery to executives, managers, senior staff, and new employees through seminars and training camps for newcomers. Digitalization of training materials has created opportunities for everyone to take training classes at any time. In 2021, we provided educational and training classes on ethical management totaling 25.5 hours, with a total attendance of 959 people. To implement Realtek's Code of Ethical Conduct and

ethical management, and encourage stakeholders to report incidents that violate business integrity or ethics, we established the 'Regulations Governing Realtek Internal (External) Personnel Whistleblowing on Illegal or Immoral Behaviors'. The procedure ensures that reporting channels remain open and protects the privacy and safety of whistleblowers. In 2021, there were no complaints of illegal activities or unethical conduct filed against the Company or employees, and there were no reports of corruption or bribery at any of the Company's operational locations.



Builds the reporting channels.
Protects the privacy and
safety of whistleblowers.

Important Realtek Regulations

- Articles of Incorporation
- Procedures for Acquisition or Disposal of Assets
- Procedures for Financial Derivatives Transactions
- Rules for Election of Directors
- Procedures for Lending Funds to Other Parties
- Procedures for Endorsement & Guarantee
- Rules and Procedures of Shareholders' Meeting
- Realtek Semiconductor Corp. Code of Ethical Conduct
- Realtek Semiconductor Employee Code of Conduct
- Rules of Procedure for Board of Directors Meetings
- Rules Governing the Scope of Powers of Independent Directors
- Organizational Charter of the Audit Committee
- Corporate Governance Best Practice Principles
- Regulations Governing the Board Performance Evaluation
- Corporate Social Responsibility Best Practice Principles
- Regulations Governing Realtek Internal (External) Personnel Whistleblowing on Illegal or Immoral Behaviors
- Charter of Nominating Committee
- Charter Remuneration Committee
- Regulation of Insider Trading
- Ethical Corporate Management Policy
- Ethical Corporate Management Best Practice Principles
- Procedures for Ethical Corporate Management and Guidelines for Conduct
- Risk Management Policy
- Risk Management Methods and Procedures

Note: For more detailed information, visit <https://www.realtek.com/zh-tw/investor-relations/corporate-governance>

Internal Audits

The audit unit of Realtek is an independent department under the Board of Directors. Internal audit officers shall regularly compile audit results and report regularly in Board meetings, and make ad hoc reports when needed to the chairman and president. Realtek's internal audit unit appoints full-time auditors who undergo continuing education and training to ensure suitability. Annual audits, which are carried out based on plans approved by the Board, shall ensure the effectiveness of self-reviews and internal controls executed by internal units and subsidiaries. Based on the self-evaluation reports, the audit unit issues a statement on internal control mechanisms to the Board and the Company president. In 2021, this internal control statement did not find any abnormalities.

// Information Security

Management Approach – Information Security	
Relevance to Realtek	Information security, personal data, and customer privacy are important to Realtek. During the design and development of IC products, the Company pays close attention to every step and carefully analyzes products to prevent the unauthorized acquisition, use, destruction, modification, or disclosure of digital information. The Company formulated information security policies to protect digital data resources and prevent external threats or improper internal use from causing information leakages, damages, or losses.
Policies and Commitments	<ul style="list-style-type: none"> Management oversees information security and strengthens information security management mechanisms used by customers and suppliers. Introduce a new generation of firewalls that can quickly and effectively filter encrypted materials. Implement advanced information backup management systems. Conduct periodic spot checks and strengthen post-disaster information restoration mechanisms. Conduct internal quantitative scoring of the systems, categorize information, and rank risks. Present findings to the corresponding administrators.
Goals	<p>Short-Term:</p> <ul style="list-style-type: none"> Formulate timely detection and reporting mechanisms for information security incidents, and promote information security policies. Conduct an inventory of network and terminal assets. Ensure proper connections between 'machine, people, and location,' and define defense boundaries to plan defense gradations based on importance. <p>Medium- to Long-Term:</p> <ul style="list-style-type: none"> Deploy various protection and testing systems, and set information security handling standards and procedures, with the aim of achieving full protection. Complete a Software Development Life Cycle (SDLC) information security platform and build software development automated processes (analysis, testing, and monitoring) to monitor product quality and safety in a timely manner. Build a zero trust network safety environment that includes regular reviews and continuous improvements, in order to adapt to changeable threats and challenges. Ensure the information security framework of the software supply chain, confidentiality of customer data, and compliance with information security regulations.

Management Approach – Information Security	
Responsible Units	Realtek established the Information Security Steering Committee, which is headed by the Realtek information security supervisor. First-level supervisors from Company units serve as ex-officio members of the committee.
Inquiries	The Company website provides grievance channels for reporting information security issues of products. An information security task force initiates contingency procedures for vulnerability corrections and triggers escalation mechanism process.
Investments	<ul style="list-style-type: none"> The Information Security Steering Committee consists of 4 first-level information security supervisors, and 39 second-level information security supervisors. Equipment: Install networks, servers, and terminal equipment that comply with information security regulations. Software: Implement scanning systems to identify product weak points, terminal detection and defense systems, and contract compliance systems.
Specific Actions	<ul style="list-style-type: none"> Continue to conduct information security education and drills. Use phish testing to raise employees' awareness of preventing information security risk. Regularly examine and track progress of information security policies. Implement name-based accounts for equipment and strengthen two-factor authentication for various systems. Formulate mechanisms for protecting customer privacy to prevent unauthorized acquisition, use, damage, modification, or disclosure of customer data.
Evaluation Mechanisms	The Information Security Steering Committee regularly convenes meetings on product development information security and cybersecurity, engineering network information security evaluations, IT information security resources and techniques, and audit and deficiency improvement reviews. Results are reported to management.
2021 Achievements	<ul style="list-style-type: none"> Held 4 training courses on information security education. Total attendance surpassed 800. Sent 8,400 phishing emails as part of an information security drill. The pass rate was 87%. IT staff obtained 10 information security certifications. Realtek did not receive any complaints relating to customer, supplier, or employee privacy violations.

'Information security is everyone's responsibility.' In order to protect the security of information assets, including personnel, equipment, systems, information, data, and networks, and to prevent external threats or internal manipulation, which can lead to the risk of information leaks, damages, or losses, Realtek formulated an 'Information Security Risk Management Framework'. Through continuous enhancement of risk management while strengthening governance strategies and personnel training, as well as evaluations and supplementary measures, we build a robust, safe, and reliable digital environment of the company. It serves as a cornerstone of Realtek's sustainable operations. In 2021, there were no complaints against Realtek for violations of employee, customer, or supplier privacy.

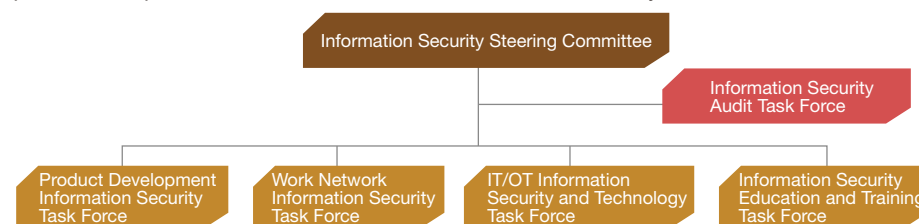
Information Security Policies

Information security threats are everywhere, with countless internet viruses, Trojan horses, spyware, ransomware, blocking attacks, social engineering attacks, and more. In recent years, the increases in network connections and bandwidth combined with the explosive amount of encrypted data transmissions and huge information flow have led to greater demand for agile, up-to-date information security systems. Realtek's information security policy combines the following framework and corresponding measures to achieve more effective, comprehensive information security protection.

- **Front-End Users:** Comply with the security policies, operating system regulations, and domain policy. Execute computer system upgrades to effectively block computer viruses, Trojan horses, and other malicious programs to provide the first line security protection.
- **Enterprise Data Centers:** Introduce new generation firewalls to filter encrypted data instantly and effectively, and manage traffic by application type. The firewall also provides necessary information for the security management system to support automated analysis.
- **Centralization of Confidential Information:** Critical confidential information of the company shall be stored centrally in specific areas. The latest information security technology shall be integrated to manage and monitor access to confidential information. Protection and management measurements shall apply to archived information in order to fully protect the Company's critical assets.
- **Data Backup Management:** Adopt advanced backup systems to conduct full backups, incremental backups, off-site and offline backups for important data based on scheduling and management plans. All offline and off-site backups shall be encrypted, and regular testing shall be conducted to ensure the data can be restored.
- **Information Security Management System:** Integrate the massive network traffic information, various anti-virus systems, anti-hacking systems, and system logs of irregular health check scans and penetration tests. Through internal big data analysis, the results are classified and presented to various management members according to their different concerns in order to achieve the goals of information classification, risk classification, and management stratification. Therefore, Realtek can prevent security threats and minimize potential impacts to the Company's operations.

Information Security Management Procedures

To further implement and improve information security, Realtek established the Information Security Steering Committee to provide cross-departmental information security reports, review information security policies, and promote information security management mechanisms. The committee is chaired by the Realtek Chief Information Security Officer with the first-level supervisors from each internal unit being the ex officio members. The committee convenes annually to formulate and review information security policies, and to carry out a comprehensive review of the implementation status of those security policies. By raising information security protection capabilities, the committee lowers information security risks.



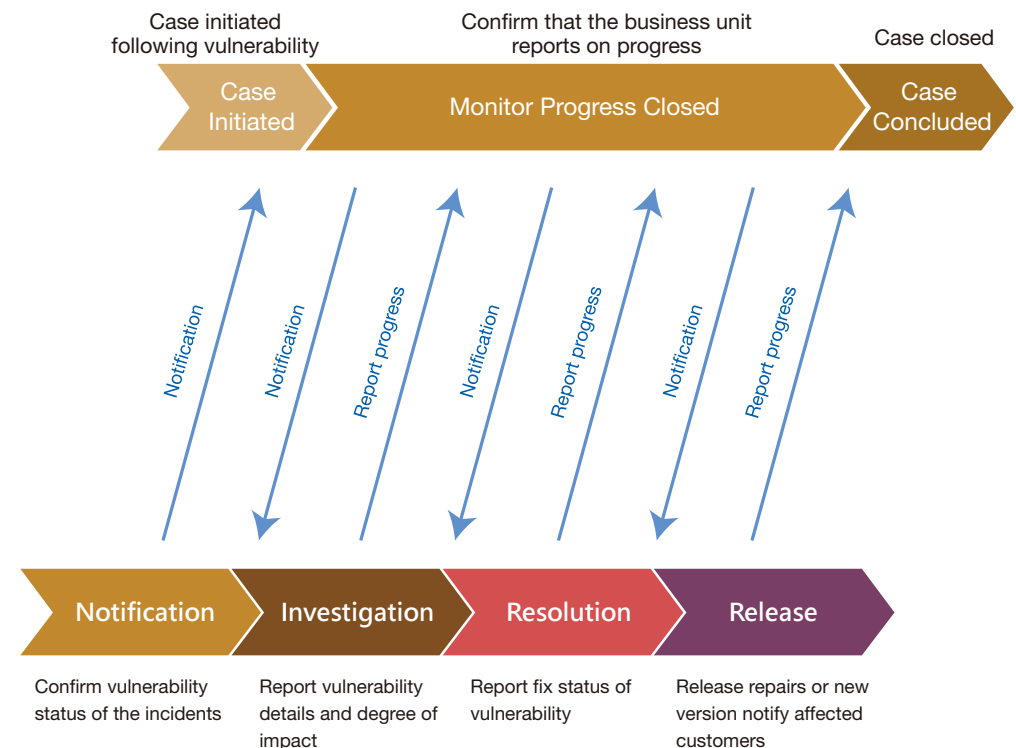
Realtek identifies information security risks and proposes countermeasures for each category while examining the effectiveness on a regular basis. In 2021, the Company identified five risks: network security management, product security, personal computer account management, information system management, and file management. The Information Security Steering Committee conducts examination, guidance, evaluation, and supervision of risks identified to support information security policy implementation and management measures.

Identifying Information Security Risks	Explanation of Impact Assessment	Response Measures	Performance Management
Network Management Security	In the face of new and diverse external network attacks and threats, if the protection measures are not complete, the Company's important cyber systems and services may be interrupted. Sensitive information could be leaked or stolen, leading to operational losses.	Firewall Management and Control: Use firewalls to manage and control data storage and retrieval. Update firewall firmware and backups.	Strengthen storage and retrieval security for internal and external networks, in order to prevent malicious site traffic.
		Defense Against Malicious Threats: Proactively identify threats, phishing, and prevent commands-and-control server attacks initiated by zombie computers.	Use active detection defenses to reduce malware attacks.

Identifying Information Security Risks	Explanation of Impact Assessment	Response Measures	Performance Management
Product Security	Guard against leakages 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 cybersecurity control in the product development environment and sets compliance requirements for IP.	Partitioning of product R&D network domains and monitoring proper use of core technologies to achieve the following goals: information protection, access control, contract compliance, activity logging, software quality, and software security.
Personal Computer Account Management	Computer viruses are constantly evolving. As more ransomware emerges, if computers are not fully protected, security threats are to be expected. Data could easily leak, be damaged, or be wrongly encrypted.	Password Management for Personal Accounts: Require password changes at regular intervals, and require relatively complex passwords.	Strengthen personal account passwords and ensure that personal computers are not infiltrated.
		Anti-Virus Software: Virus definitions are centrally managed by an anti-virus server and automatically updated for the user client.	Strengthen information service security through effective blocking and prevention of computer viruses.
		Endpoint Detection and Response: EDR is used for real-time monitoring of endpoint computers. Hazard detection takes place when abnormal threats are detected.	Increase understanding of information security threats. Identify and respond to incidents instantly, in order to support prevention and remedy.
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 Secure Sockets Layer (SSL) encryption or Digital Rights Management (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 DRM.	Manage document reading and file access permissions.

In addition, when there is the potential incident of information security leakage, the Information Security Task Force triggers internal reporting procedures to initiate a correction and response and reports the incident to management.

- In 2021, the Company received 16 vulnerability reports. Three were related to computer security and 13 were product related. Fifteen cases were closed; one was restored and is waiting for the customer to complete the fix.
- When a product vulnerability notification is received, the Company seeks to complete the fix and notify affected customers within 90 days, which is in line with standards issued by the international information security organization (MITRE).
- In 2021, the Information Security Task Force conducted monitoring tasks. In 2022, the task force and Quality Control Task Force will jointly conduct the tasks using the 'Vulnerability Handling and Reporting System'.



Customer Privacy Protection Mechanisms

Information security, personal data, and customer and supplier privacy are important to Realtek. Realtek takes full responsibility for the safe collection and handling of customer and supplier data as well as employees' personal information. During the design and development of IC products, we pay close attention to every step of the process and carefully analyze data flow to prevent the unauthorized acquisition, use, destruction, modification, or disclosure of customer information. Realtek's customer privacy protection mechanisms include the following:

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

Also, to achieve effective control over customer information and protect customer privacy, Realtek formulated appropriate control models based on the Company's information properties framework.

Information Security and Privacy Control

Information Properties	Control Methods
Document Management System	To review customer files, users must first apply for authorization from 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.
Contract Compliance System	Handle the content and schedule of 'required duties' and 'precautions' into contracts. The content and schedule of contractual terms are only shown to departments with product IP authorization.

Information Security Education and Training

Realtek regularly conducts information security education and training. Through courses during information security month and information security drills, Realtek strengthens employee responses, handling capacity, and awareness of information security. Establishing internal information security concepts prevents malicious online attacks while lowering the incident occurrence rate and mitigating associated risks and losses.

Items

Content



Information Security
Education Month
Courses

- Hold general education courses and professional lectures. Improve learning effectiveness through quizzes during the courses.
- Include information security courses as mandated training for new employees and information security officers in each department. Held 4 training courses in 2021, with total attendance of 822 employees.
- In order to enhance the awareness of information security, online courses with tests are arranged for employees who do not pass the initial test. An additional physical course is arranged for employees who do not pass the online test. In 2021, the passing rate of the online test was 100%.



Information Security
Drills

- The Company randomly sends phishing emails to employees as a test to record the number of people who click on the links. Employees who click on the links are required to take a review course on cybersecurity. In 2021, the pass rate for this type of drill was 87%.

As well as internal training, to ensure that members of each department are familiar with information security lessons, Realtek encourages employees to seek information security certification credentials. In 2021, Realtek added an online education system that offers a broad range of information security courses and enables employees to study in a more efficient way. Post learning tests, with quantitative scores and automated tabling, summarize course results and provide management with greater insight into the effectiveness of the training. The scores can then be included in employees' Key Performance Indicator (KPI) results.

CH4 Building an Inclusive and Happy Workplace



Building an Inclusive and Happy Workplace

// Human Rights Management

To protect the legal rights of employees, Realtek complies with the local labor regulations at each of our operating locations around the world. It adheres 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 Human Rights Policy of Realtek Semiconductor to fully express our commitment to protecting human rights as well as the dignified treatment and respect of all employees and contractors.

Realtek also refers to the International Bill of Human Rights and globally accepted labor rights regulations. We adhere to the standards and spirit of the RBA Code of Conduct when formulating and implementing management systems for labor and ethical standards. It discloses policies, commitments, goals, mitigation measures, and grievance channels related to human rights. Measures are taken to ensure that human resources policies do not contain discrimination based on gender, race, socioeconomic status, age, and marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

To strengthen human rights awareness among employees, Realtek continues to focus on human rights topics in a number of ways. In management seminars and training camps for new employees, everyone learns about the Company's internal policies, guidelines, and sustainable development achievements. The activities enable all participants to fully understand the content of Realtek's human rights policy. In 2021, human rights-related education and training totaled 4.33 hours, and enrollment in these classes totaled 959.



The Human Rights Policy of Realtek Semiconductor is implemented through the following guidelines:

- 1 Protection of Free Labor Rights
- 2 Prohibition of Child Labor
- 3 Provision of a Safe Work Environment
- 4 Attaching Significance to Employee's Physical and Mental Health
- 5 Promoting Responsibility of Equality and Security
- 6 Supporting Freedom of Association



Human Rights Policy of
Realtek Semiconductor

The Realtek Labor Policy

- 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



// Focus on Talent Attraction and Development

Management Approach – Talent Attraction and Development	
Relevance to Realtek	As a company focusing on knowledge innovation and technological R&D, Realtek considers talent and knowledge to be the cornerstones of sustainable operations. Realtek's corporate culture is defined by self-confidence and trust in people. Abundant self-confidence enables employees to reach their utmost potential in their professional fields; trust in people requires that employees believe in their team members and share knowledge and experiences, thereby sparking joint creativity and mutual growth.
Policies and Commitments	Realtek management regularly reviews human resource policies, strategies, and objectives to drive the continued re-engineering of human resources and strategic service management. The aim is to build a workplace that is equal, inclusive, and diverse. Advancing innovations and breakthroughs that make Realtek's human resources more sustainable enhances corporate identity and encourages all employees to make the organization more competitive. Everyone becomes committed to a future based on knowledge cooperation, impetus for innovative collaboration, and shared growth.
Goals	<p>Short-Term:</p> <ul style="list-style-type: none"> Continue to optimize diverse recruitment management systems, encourage more IC design talents to join Realtek, and provide job opportunities in an inclusive and equal manner. <p>Medium- to Long-Term:</p> <ul style="list-style-type: none"> Continue to strengthen the organization's overall competitive advantages. Through human resource management mechanisms along with employee education and training, the company provides employees with cultivation programs that are well planned and developmental in nature. We aim to enhance work performance, stimulate employee potential, and create diverse career development opportunities.
Responsible Units	Company President and management, Administration Department, Finance Division

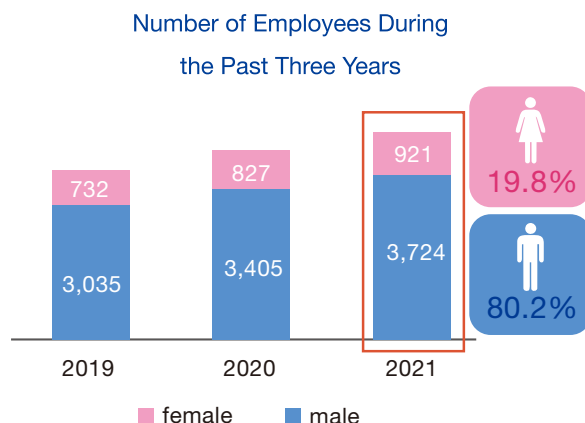
Management Approach – Talent Attraction and Development	
Communications Mechanisms	<ul style="list-style-type: none"> The Company's internal e-learning systems Internal communications forums Emails Organizational communications meetings Seminars for managers
Investments	<ul style="list-style-type: none"> Invest in planning, practice, and work force associated with human resource management. Promote a series of plans focusing on talent attraction and development.
Specific Actions	<ul style="list-style-type: none"> In order to set up forward-looking R&D plans and talent recruitment requirements, Realtek in 2021 expanded intercollegiate R&D cooperation, thereby laying a strong foundation for innovative R&D and human capital. Grasp forward-looking knowledge for R&D teams by inviting professors and external speakers to give lectures on advanced R&D and technology to share the latest developments in technology. Review competitiveness of the overall reward and remuneration framework, leave policies, and fringe benefits system.
Evaluation Mechanisms	<ul style="list-style-type: none"> Evaluate offer acceptance, employee retention, and changes in employee turnover. Assess the course launch rates based on annual plans for education and training. Regularly review the budget implementation rate, employee participation level, and feedback. Track the annual health check rate.
2021 Achievements	<ul style="list-style-type: none"> More than 700 new employees. Held seven Company and Employee Welfare Committee activities. Held 25 Realtek Advanced R&D and Technology lectures to improve overall R&D efficacy. 4,621 employees, or 92.4% of the workforce, applied for self-service welfare benefits. 93.0% of employees participated in the health check.

As a company focused on knowledge innovation and technological R&D, professional talents are most important to and core assets of Realtek's sustainable operations. Realtek closely heeds changes in the employment market and continues to welcome outstanding talents to join the Big Crab Family through a fair and just selection and appointment mechanism. We respect the distinct work traits and capabilities associated with various fields, assign talent to suitable positions while providing continuing professional knowledge and an environment conducive to technical cultivation, so that employees can apply their professional knowledge effectively and jointly promote and enhance Realtek's sustainable operational development.

Realtek regularly reviews human resource policies and strategies to drive the continued re-engineering of human resources and service management while building a work environment that is equal, diverse, and inclusive. By establishing comprehensive education, training, and development systems with strong fringe benefits policies, we create an excellent work environment and nurture good employee relations. Promoting breakthroughs and developments that make human resources more sustainable enables partners to foster knowledge cooperation, service interaction, and growth. Realtek also plans a student internship program and plans to announce an acceptance list during the first half of 2022. The interns will join technical R&D projects, learn how to use different apparatus, and study the product development process. Training courses will teach the interns about industry trends and practices while providing a firsthand experience of the corporate culture of self-confidence and trust in people. The program provides a boost to Realtek's campus talent development strategies and cultivates future R&D seeds. More details about the internship program and implementation results will be included in the 2022 ESG Report. Realtek firmly believes that its comprehensive talent development framework cultivates an organization with full participation by all employees. Expanding the innovative growth and service dynamism of the Big Crab Family turns Realtek into a leading member of the IC design industry that is known for innovation, R&D, outstanding quality, and thoughtful service.

Labor Structure

In 2021, Realtek had 4,645 employees in Taiwan, including 4,531 full-time employees (indefinite contracts) and 114 contract employees (term contracts). 80.2% of the workforce were male and 19.8% were female. Among the new hires in 2021, we saw strong growth in the number of full-time employees, both male and female. In the past three years, there has not been a significant change in the proportion of employees due to major mergers or layoffs.



Realtek Labor Structure, 2021

Category	Group	Male		Female	
		No. of People	Percentage	No. of People	Percentage
Age	30 and Under	1,044	22.5%	278	6.0%
	31~40	1,436	30.9%	385	8.3%
	41~50	1,086	23.4%	224	4.8%
	51 and Over	158	3.4%	34	0.7%
Education	Senior High School and Below	46	1.0%	83	1.8%
	University and College	579	12.5%	372	8.0%
	Masters	2,970	63.9%	454	9.8%
	Ph.D.	129	2.8%	12	0.2%
Role	R&D Staff	3,406	73.3%	638	13.7%
	Management and Sales Staff	242	5.2%	178	3.8%
	Production Staff	76	1.7%	105	2.3%
Position	Managers	665	14.3%	67	1.4%
	Non-Managers	3,059	65.9%	854	18.4%
Employment Type	Full-Time	3,671	79.0%	860	18.5%
	Contract	53	1.2%	61	1.3%
Nationality	Domestic	3,699	79.6%	916	19.7%
	Foreign	25	0.6%	5	0.1%

Notes: 1. Headcount reference date is December 31st, 2021.

2. Realtek does not have temporary or part-time workers.

3. "Managers" are people in the rank of deputy manager or above (excluding project managers). In 2021, female managers made up about 9.2% of all managers.

4. Percentage of people in each group = Number of people of the designated gender in the group / total number of people in the group.

Competitive Compensation System

Professionals at all levels are Realtek's most important assets. Good remuneration packages and employee benefits are critical to the organization's innovation, energy, and competitive advantages. Realtek formulates fair performance evaluations and incentive programs to promote employee advancement, career development, and employee retention. The current practices are as follows:

- Conduct two performance reviews each year that include feedback mechanisms and two-way communications. The reviews serve as a basis for promotions, salary raises, bonuses, and other incentives.
- Provide R&D patent guidance and bonus mechanisms to encourage innovations.
- Provide well-known domestic/foreign journals, papers, and books for employees, and incentive bonus mechanisms for publication.
- Participate in R&D projects that fit professional expertise and personal interests.
- Establish the incentive system of 'Inspiring Employee to Brainstorm and Share Program'.
- Provide a dual-track career development system that includes the options for promotion to specialized R&D engineering or R&D management roles based on capability and interest.
- Bonus mechanisms based on performance reviews and comprehensive assessments.
- Highly competitive compensation standards and fringe benefit mechanisms.
- Profit sharing through salary adjustments, year-end bonuses, and employee dividends based on the outcomes of personal performance reviews.



In 2021, employee benefit costs of Realtek group increased by **57.3%** year-over-year

Named as a constituent stock in the 2021 Taiwan **High Compensation 100 Index** (note)

In 2021, ranked **5th** in the Taiwan Stock Exchange's average employee salary ranking

Note: Data source is from the Taiwan Stock Exchange

Fair Compensation and Promotion Mechanisms

Realtek adopts uniform baseline indicators to achieve professional management goals. Using fair remuneration mechanisms and standardized evaluation formulas, the Company establishes 'Rules Governing Promotions, Salary Adjustments, and Annual Performance Reviews'. Rigorous mechanisms are in place to maintain fair remuneration and promotion mechanisms that foster an equitable work environment. A performance feedback mechanism provides two-way communications channels and procedures for management and employees, so that both parties can clearly understand performance results and organization expectations. Consistent salary standards, salary adjustment review indicators, as well as performance review and promotion guidelines are applied to all Realtek employees of both genders in every position to ensure gender equality. During the hiring process, we ensure there is no discrimination based on employee gender, race, or age in the standard of remuneration offered. Everything is implemented to ensure a fair remuneration system. In 2021, 100% of employees, both male and female, underwent performance reviews (including contracted employees but not new employees with less than three months of service). There were no incidents of discrimination or complaints received during the year.

Unit: in Thousands of NT\$

	2020	2021
Number of full-time employees in non-management positions (people)	3,984	4,446
Total salary amount paid to full-time employees in non-management positions	9,401,166	18,152,017
Average salary of full-time employees in non-management positions	2,360	4,083
Median salary of full-time employees in non-management positions	1,946	3,270

Retention Plan

Realtek provides comprehensive training courses, competitive wages and benefits, and care for employees. Through new employee orientation, an introduction to the Company environment, meetings with new employees, and daily discussions with departmental supervisors and colleagues, we provide newly hired employees with the resources they need to fit in with the Big Crab Family as quickly and joyfully as possible. In addition, considering that work and family are central to most people's lives, Realtek continues to invest in the development of a work-life balance and health awareness program for employees, by providing health promotion lectures, various activities, and incentive programs to facilitate employees' physical, mental, and spiritual health, which raises morale and strengthens work efficiency. These measures nurture healthy employees who become part of a healthy corporate structure. Realtek also closely heeds employee turnover trends and continues to pursue talent development and retention goals.

Realtek continues to maintain stable operations by keeping a high-quality team in place. During the past five years, the employee turnover rate remained below 8%, which was lower than the turnover rate for the electronic information industry and enterprises with more than 500 employees.(note)

Note: The data were from the "Human Resources F.B.I. Report", which is published annually by 104 Information Technology.

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 covers life insurance, casualty insurance, accidental health insurance, hospitalization medicare, and cancer insurance. Health insurance for notifiable communicable diseases was added to provide employees with better coverage. Full-time employees' spouses and children can also enroll in the group insurance, with all expenses paid by the Company. Employees can choose to purchase hospitalization and cancer insurance for their parents at preferential rates as well. Realtek not only looks after employees but also cares about the health and life of employees' families. We hope to generate team cohesion with the support of all employees.

Retirement Plans

Realtek drafted retirement regulations and established the Labor Pension Preparation Fund Supervision Committee to support retirement planning for permanent employees in accordance with the relevant regulations of the 'Labor Standards Act.' The Company makes monthly contributions to the preparation fund and since 1995 has 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 Taiwan 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 from the employee's personal pension account.

Focus on Talent Cultivation

Realtek Corporate University

Talent cultivation and development gives Realtek the capability to lead sustainable innovation and organizational development. Realtek is committed to developing a comprehensive education and training system. This system includes Realtek Corporate University, which provides all employees (including contract employees) with diverse, professional, abundant, and high-quality courses that integrate organizational competitiveness with sustainable development. The courses effectively link these goals to employee competency development.

Realtek Corporate University consists of five academies: the Speedy Induction Academy, R&D Innovation Academy, Management Leadership Academy, Experiential Cognition Academy, and Learning Organization Academy. It provides employees with effective study guidance and rich course content created under a rigorous planning system and flexible, autonomous learning models. The university helps employees systematically engage in broad, in-depth professional study. To provide more flexible study channels and study methods, Realtek also provides an e-learning platform. Employees can create their own study plans, arrange study times, and review lessons in ways that accommodate their work duties. The customized nature of the study environment also supports planned training and knowledge management while extending the Realtek learning network to realize greater value and accelerate knowledge sharing.



Number of New Courses
Added to the e-Learning
Platform, by Year

2019

286courses

2020

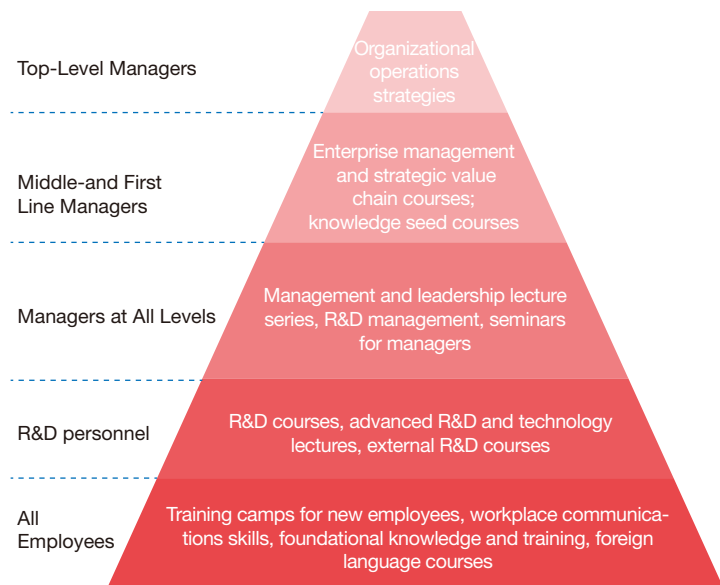
298courses

2021

247courses



Realtek Course Framework



Based on the main themes of the five academies, Realtek plans and designs annual training courses to meet R&D employees' need for timely, in-depth professional knowledge and skills that are relevant to work assignments, thereby enabling new employees to receive timely and systematic professional courses upon arrival. In addition, R&D managers from various departments convene meetings of the 'Realtek R&D Curriculum Planning Committee' semi-annually. Internal speakers share R&D knowledge and techniques based on market trends and training needs. We invite experts from domestic and foreign academies to lecture on the latest R&D technology courses of industry. These courses provide forward-looking information and strengthen long-term industrial-academic cooperation. While promoting diverse study and development, the lessons open new pathways to uncover outstanding talents with high potential.

Training Category

2021 Course Content and Results



- Held 697 training courses for R&D personnel.
- Invited experts and academics from home and abroad to hold 44 lectures on the latest technological R&D courses.



Provide different levels of English and Japanese language courses for employees. Held 175 foreign language courses to meet the diverse learning needs of employees.

Realtek recognizes the critical need to cultivate new employees. Therefore, the new employee training camp from the Speedy Induction Academy sets professional integration and diverse development as core objectives behind its course design. Combining digital and physical courses, the camp covers material from each academy of Realtek Corporate University, so that new employees can explore all the necessary topics in a single course. Besides general classes, such as 'getting to know Realtek,' the camp offers specialty instruction on energy savings, environmental protection, fire drill and safety, CSR promotion, integrity and ethics, insider trading prevention, and patent standards. In 2021, this extensive camp offered 14.5 hours of total training, and was attended by a total of 760 people.

Realtek also planned a diverse range of courses that go beyond professional R&D training and new employee training. For example, the Company offers management and leadership courses, mandatory cross-departmental core courses, and incentivized self-development lessons. Based on organizational development needs, we also offer annual lectures and seminars on management and leadership skills. These courses provide all management and employees with an excellent platform for learning and discussion, which sparks synergy among different areas of business development and management within the organization.

In addition, Realtek places great importance on general knowledge courses. To provide employees with more learning opportunities and enhance their capabilities in the field of R&D and administrative skills, Realtek offers courses on computer skills and foreign languages. Realtek strongly believes that professionalism, self-confidence, accomplishments at work, and realization of value by employees will continue to sharpen the Company's competitiveness and exert a positive influence on individuals, families, and businesses, as well as the whole nation and society.

Realtek Corporate University provides courses related to professional knowledge and technical skills that support organizational development. It also incorporates the Realtek corporate culture of self-confidence and trust in people, team spirit, innovation, and vitality that will continue to advance Realtek's distinct competitiveness.

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

★ 2021 Realtek Corporate University ★



Realtek Corporate
University
Accomplishments

1. Total number of courses: 1,162
2. Total number of external courses: 154
3. Total class hours: 3,291
4. Total attendance: 23,368
5. Total training hours attended: 66,230.50
6. Average training hours per attendee: 2.83
7. Average training hours per employee: 14.26

Education and Training Accomplishments

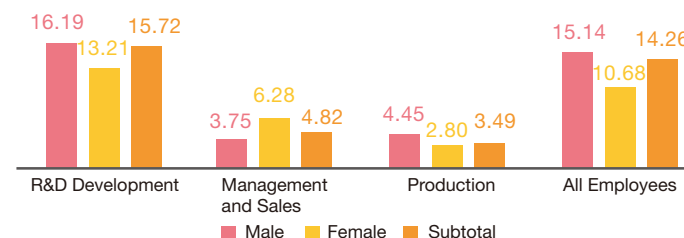
Besides operational and some technical courses, most of the professional training at Realtek is part of a series of courses (such as management leadership, innovation and R&D). Realtek focuses on the performance parameters for each type of training and incorporates these parameters into action plans. In 2021, Realtek organized 1,162 internal and external training courses (including physical classes, online classes, technical discussions, and technology lectures) that had a total of 3,291 training hours. Attendance totaled 23,368, and average training hours per employee reached 14.26, an increase of 16.5% compared to 2020. Realtek will continue to plan strategically learning programs that make the Company more competitive over the long-term.

2021 Education and Training Hour Statistics

Job Category	Item	Male	Female	Subtotal
R&D Development	Attendees	19,924	2,802	22,726
	Hours	55,145.50	8,429.50	63,575.00
	Average Hours per Course	2.77	3.01	2.80
	Average Hours per Employee	16.19	13.21	15.72
Management and Sales	Attendees	229	288	517
	Hours	906.50	1,117.50	2,024.00
	Average Hours per Course	3.96	3.88	3.91
	Average Hours per Employee	3.75	6.28	4.82
Production	Attendees	67	58	125
	Hours	338.00	293.50	631.50
	Average Hours per Course	5.04	5.06	5.05
	Average Hours per Employee	4.45	2.80	3.49
All Employees	Attendees	20,220	3,148	23,368
	Hours	56,390.00	9,840.50	66,230.50
	Average Hours per Course	2.79	3.13	2.83
	Average Hours per Employee	15.14	10.68	14.26

Note: Average training hours per employee = Total training hours in the category/Total number of employees in the category

2021 Average Training Hours per Employee



2021

Total employee training
hours: **66,230.50**

Average training hours
per employee: **14.26**

// Employee Care and Benefits

■ Diverse Channels for Communication

Realtek respects the characteristics, perspective, and voice of each employee while encouraging a culture of open and sincere communication throughout the Big Crab Family. To support these goals, we build fast, two-way employee communication channels and hold both quarterly organizational communications meetings and Employee Welfare Committee meetings. Realtek adheres to the principle of equality in speech, and listens to and accepts different opinions and ideas within the team. Employees can express their professional or constructive opinions through a diverse and effective communication channel. Based on the situation, the Company responds to or provides support according to different needs. Realtek values the opinions expressed by employees and heeds constructive communications mechanisms as part of a commitment to building a sustainable workplace that is friendly, thus promoting positive and harmonious relationships.

■ Comprehensive Communications and Service Channels

Realtek employees can submit their suggestions and opinions through a variety of internal communication channels, including (1) New employee training: supervisor Q&A time, (2) Direct unit supervisors, (3) Managers at all levels, (4) The Intranet Discussion Forum, (5) Organizational communications meetings, (6) Designated contacts and supervisors, (7) The Employee Welfare Committee, (8) Supervisor discussions and seminars, and (9) The President's Mailbox.

Employee counseling and support mechanisms include the Employee Relations Development Center, which provides discussion sessions for new employees, individual counseling, and team support. Realtek also 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). The comprehensive and diverse channels provide everyone at Realtek with quality avenues for communication, interaction, and support. Also, the Occupational Safety and Health Center implements various programs and measures to promote environmental safety, occupational safety, and health promoting services, while in turn preventing illegal encroachments throughout the organization.



Diverse Employee Communication Channels

- New employee training: supervisor Q&A time
- Direct unit supervisor
- Managers at all levels
- Intranet Discussion Forum
- Organizational communications meeting
- Designated contacts and supervisors
- Employee Welfare Committee
- Discussions and seminars for managers
- The President's Mailbox



■ 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 2021, the program provided support 347 times, including:

- Psychological Consultations: Proactive care and EAP resources providing employees with assistance via video, telephone, and email a total of 233 times, and professional counselors offering on-site consultations 73 times. In 2021, employees used the consultation services 306 times, an increase of 221 times compared to 2020.
- Legal Consultations: 41 phone consultations

The employee satisfaction rate towards EAP on-site psychological consultations by professional counselors was 97 points.

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, through the formulation and execution of related promotional plans. For example, we provide health promotion and disease prevention information, lectures on diverse topics, various activities, a reading room, clubs, and incentive programs. To support employee lifestyle benefits, we organize annual programs to look after employee health, build morale, and create a workplace culture of working smart. The aim is to build the healthy constitution and long-range competitiveness needed for sustainable corporate development.

As the Company builds new offices, we 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. Realtek's all-new third office will have a comprehensive array of work and lifestyle amenities so that employees can more easily achieve a work-life balance that raises their efficiency and commitment to the job.

Employee Welfare Committee

To raise the vitality of the organization and the quality of employee benefits, Realtek established the Employee Welfare Committee. The committee meets annually to plan intellectual and lifestyle seminars as well as other activities that enrich the work-life balance of employees. Interesting, in-depth events cover investment & wealth management, arts & literature, astrology and numerology, personal relations, leisure activities, and sporting competitions. Facing the global pandemic in 2021, the committee responded to pandemic prevention needs and adhered to internal control measures by moving indoor events to outdoors and strengthening individual benefits. The committee's objective was to protect health and safety while providing benefits to all employees. For example, in 2021 the indoor activity 'Little Crab Story House' was changed to the 'Little Crab Talent Show.' The show provided students with an opportunity to exercise their creativity and reading abilities, increase family interaction, and help everyone create joyful memories.

The annual Realtek Family Day was held under strict safety and pandemic prevention measures. As part of the event, we welcomed senior employees (representatives) to attend Realtek's 35th anniversary awards ceremony, in order to offer praise and gratitude for their support and contributions over the years. The pandemic inspired innovative ways of safely giving recognition and encouragement to valued employees while bringing everyone in the Big Crab Family closer together.

Besides holding activities, in 2021, Realtek's Employee Welfare Committee designed exclusive Big Crab Family medical masks to further contribute to the government's pandemic prevention measures and advocacy. An abundance of these masks (colorful masks for children, and both classic and colorful masks for adults) were distributed to employees and their families to help protect them during the pandemic.





Realtek 35th Anniversary Family Day 'Senior Employees Awards Ceremony'

Realtek 35th Anniversary Family Day

In response to the pandemic, Realtek celebrated its 35th anniversary family day together with employees and their families in a different way. Senior employees (representatives) who participated in the awards ceremony received praise and gratitude for their support and contributions over the years.



Realtek Little Crab Talent Show

Realtek held the Little Crab Talent Show, which included a pair of home-based creative activities: 'Little Crab storytelling – shared reading' and 'Little Crab Dreamer – painting and graffiti.' The activities sparked creative interest among the Little Crabs, advanced their reading abilities, and increased family interaction. A total of 278 Little Crabs participated.

Big Crab Family's 35th Anniversary

Despite the ongoing pandemic, we still hoped that the entire Big Crab Family could take part in Realtek Family Day and celebrate Realtek's 35th anniversary. The Company and the Employee Welfare Committee therefore provided each employee with a 35th anniversary gift bag, which included a box of exclusive Big Crab Family masks, digital gift vouchers, and a special Realtek cake.



Exclusive Big Crab Family medical masks



Realtek 35th anniversary cake



Increased funding for our Reading Room to enable more monthly purchases of books and DVDs, so that employees can further enrich their lifestyle.

In 2021, the Employee Welfare Committee increased the multimedia content and book budget for the Reading Room by 8%. At a time when activity restrictions were in place due to the pandemic, employees still had a safe, socially distanced space for relaxation and entertainment.

In response to the pandemic, we continued to hold various activities along with many innovations that would let employees and their families still create fun memories while bringing everyone in the Big Crab Family closer together. In order to increase options and convenience when using gift vouchers, the Employee Welfare Committee began to distribute holiday vouchers (Labor Day, Dragon Boat Festival, Mid-Autumn Festival) and birthday vouchers in digital format starting from July 30th, 2021. During the pandemic, this practice had the added bonus of decreasing direct contact among people, reducing opportunities for disease transmission. The program also had an environmental benefit by lowering paper usage. As members of the Company jointly sought to prevent disease, they also contributed towards protecting the environment.

In 2021, Realtek and the Employee Welfare Committee allocated more than NT\$130.08 million to support employee benefits and related activities. This was an increase of NT\$21.63 million, or 19.95%, compared to the NT\$108.45 million budget in 2020. We hope that as Realtek continues to expand its innovation capabilities and enhance business performance, employees can recognize the attentive welfare policy and environment the Company provides.

What benefits does Realtek offer?

- The Employee Welfare Committee provides holiday and birthday gift vouchers as well as a self-service benefit plan.
- Employee discounted gift vouchers and special prices at certain retailers.
- Free annual health checks help employees implement self-health care management.
- Disbursing of holiday bonuses and subsidies for weddings and funerals.
- The Employee Welfare Committee allocates funds for various club activities.
- The Employee Assistance Program provides psychological counseling, legal counseling, and stress relief massage services.
- Professional consultation by resident physicians and health assistance by resident nurses.
- The employee cafeteria, café, and convenience stores provide employees with a variety of discounted food & beverage services.
- Employee group insurance and business insurance, in addition to labor and health insurance to enhance their work and life protection.
- Realtek Family Day and the annual year-end banquet online prize drawing.
- Realtek Recreation Hall provides space for exercise, reading, and gaming, as well as a breastfeeding room, and a health management facility.

In 2021, total funding from Realtek and the Employee Welfare Committee was more than NT\$130.08 million

An increase of 20.0% compared to the previous year

Lively and fascinating activities held by the Employee Welfare Committee

5 employee benefits activities and new measures

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

Unlimited

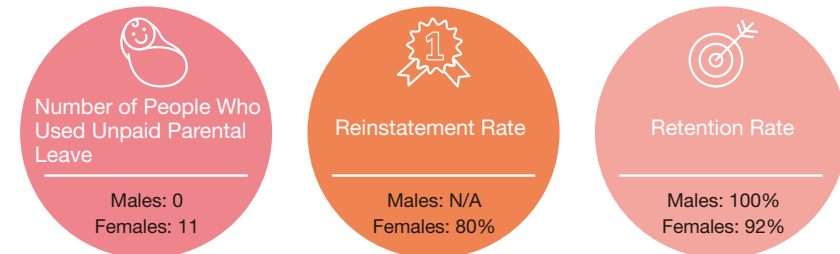
Summary of Employee Benefits, 2021

Benefit Category	Benefit Item	Content
Financial Benefits	Compensation and welfare policies	Distributed in accordance with the Company's compensation and welfare policies. Includes performance bonuses, Dragon Boat Festival and Mid-Autumn Festival bonuses, wedding gifts, childbirth subsidies, funeral subsidies, department funds, business travel allowances, business travel fuel allowances, birthday gift vouchers, and holiday gift vouchers.
	Cafeteria benefit plan	The Employee Welfare Committee decides the amount of welfare benefits that each employee can apply for each year.
	Employee purchase vouchers	Discounted vouchers are available for employee purchase.
	Meal allowances	The Company cafeteria serves partially subsidized daily lunches and dinners.
Facility Benefits	Parking spaces	The Company offers parking spaces for cars and scooters 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	The company has a professional breastfeeding room and employees' children receive preferential kindergarten enrollment.
	Sporting facilities and environment	The 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 (including for maternity tests), sick leave, marriage leave, and pandemic prevention leave.
	Employee Assistance Program	Includes psychological counseling, legal advice, stress-relieving massages, and one annual Employee Assistance Program seminar.
	Group insurance	Realtek provides company group insurance to employees. Each employee's spouse and children can also enroll in the group insurance at the Company's cost.
	Business insurance	Realtek provides domestic and international business insurance.
	Health checks	<ul style="list-style-type: none"> The Company commissions a high-quality medical team to provide an annual health check for all employees. Besides 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' family members can also have a health check at a discounted cost, and both employees and their families are welcome to request additional self-paid tests.
	Health consultations with resident physician	Nine three-hour sessions by a resident physician are offered each month. In 2021, employees joined a total of 448 consultations.
	Airport VIP lounge	Employees can use the airport VIP lounge for airlines that have agreements with Realtek.

Unpaid Parental Leave System

Realtek deeply cares about every employee and is 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.



Unpaid Parental Leave Eligibility, Use, and Reinstatement

Item	2020			2021		
	Males	Females	Total	Males	Females	Total
Number of employees eligible for unpaid parental leave in 2021: A	368	62	430	174	40	214
Number of employees that used unpaid parental leave in 2021: B	1	12	13	0	11	11
Total number of employees expected to be reinstated in 2021 after using unpaid parental leave: C	2	15	17	0	5	5
Total number of employees reinstated after using unpaid parental leave in 2021: D	2	13	15	0	4	4
Total number of employees reinstated after using unpaid parental leave in 2020: E	1	7	8	2	13	15
Total number of employees still with the Company 12 months after returning from unpaid parental leave in 2020: F	0	5	5	2	12	14
Reinstatement rate after using unpaid parental leave in 2021(D/C)	100%	87%	88%	N/A	80%	80%
Retention rate after using unpaid parental leave in 2021(F/E)	0%	71%	63%	100%	92%	93%

In addition to unpaid parental leave, the Occupational Safety and Health Center provides maternal support for female employees from notification of pregnancy to one year after childbirth. Standard prenatal care is supplemented by consultations with on-site resident physicians, and health education and guidance is offered to new mothers during pregnancy. After giving birth, the mother receives personal and baby health advice. Realtek also offers a clean, safe, comfortable, and private breastfeeding room.

// Build a Safe and Healthy Workplace

■ Preemptive Implementation of the Government's Pandemic Prevention

Policies

Since the outbreak of Covid-19 at the end of 2019, Realtek has closely monitored the pandemic and the government's pandemic prevention policies. Realtek preemptively launched safety and health defense mechanisms, quickly established cross-department 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 safe, efficient operations. Going forward, Realtek will continue to monitor the pandemic and act in accordance with government policies covering employees' daily life.

To fully achieve pandemic prevention while maintaining business efficiency and safety, Realtek established cross-departmental response teams that are responsible for developing pandemic prevention and control measures, and enhancing both risk prevention and management. At the same time, the response teams implement emergency response mechanisms. In May 2021, as the pandemic worsened in Taiwan, we implemented 'Working from Home' measures as well as work plans that restricted interactions among employees stationed at different buildings and floor levels. Visitors were temporarily prohibited, no group activities were allowed in the offices, and employees joined internal and external meetings remotely to reduce direct contact between people. These measures lowered transmission opportunities and supported national disease prevention efforts.

As the pandemic continues, pandemic prevention remains a critical responsibility and an important task in Realtek's sustainable operations. Realtek will continue to follow local government policies and guidelines while monitoring pandemic changes and implementing pandemic prevention measures. These measures will uphold the safety of all employees.

Disease prevention plans and key measures were as follows:

Item	Explanation
Establish a pandemic prevention command team	<ul style="list-style-type: none"> 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, supplies dispatch, and support at each operational unit. Compile a pandemic prevention measure handbook. Monitor and act in accordance with the pandemic prevention policies of each local government where we operate. Develop response plans.
Pandemic prevention policies	<ul style="list-style-type: none"> Establish countermeasure policies promptly in response to the COVID-19 situation changes.
Pandemic prevention promotion	<ul style="list-style-type: none"> Add a Covid-19 pandemic prevention section to our intranet to provide updates on pandemic prevention efforts and status for all employees to use as a reference.
Substitute measures to reduce overseas business trips	<ul style="list-style-type: none"> Recommend that all business units avoid business trips and use videoconferencing, phone calls, voice messaging, and other communication tools instead. For unavoidable business travel, we provide comprehensive pandemic prevention notices for the travel location and related precautions. 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	<ul style="list-style-type: none"> Carry out drills for controlling the flow of people at all office access points and install infrared temperature sensors. Compile information on all visitors and report on guest visits in advance. Visitors shall (1) fill out health declaration statements that are available via QR code, (2) have their temperatures taken, 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 perform and monitor access control and temperature measurements, including temperature taking and recording of outsourced laborers.
Environmental controls and management	<ul style="list-style-type: none"> Supply alcohol hand sanitizer bottles in all walkways, public areas, and meeting rooms. Disinfect spaces with alcohol every day. Add UV disinfection equipment inside elevators. Upon entering the office, all persons shall wear a mask at all times. The Company advocates frequent handwashing. Cafeteria control measures: Social-distancing seating arrangement. Employees are encouraged to eat at their desks and to wear a mask while visiting the cafeteria. In 2021, we added online meal ordering services. Each employee is given a specific location to pick up their order, and there are several designated locations per floor, thus reducing the risk of cross-transmission between colleagues.

Item		Explanation
Environmental controls and management		<ul style="list-style-type: none"> Progressive Crowd Control in Exercise Spaces: As the pandemic abated, we opened exercise spaces in line with government policy to use improved physical conditioning as a way of raising immunity. Additional measures were taken to remind employees to maintain a proper social distance when exercising and using gym equipment. When not exercising or doing fitness exercises, a mask is required. Alcohol sanitizer is provided in the Realtek Recreation Hall for users to maintain a safe exercise environment by disinfecting their hands and equipment.
Employee daily temperature report		<ul style="list-style-type: none"> Establish a Realtek daily health reporting system. Before arriving at work, employees must use the daily health reporting system to report their temperature. This serves as a self-check 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	Pandemic prevention packages	<ul style="list-style-type: none"> Provide pandemic prevention packages to employees leaving for business trips. Distributed 102 packages in 2021.
	Quarantine hotel arrangement	<ul style="list-style-type: none"> Helped arrange 14-day stays in approved quarantine hotels for employees who needed quarantine. Arranged 85 total stays in 2021.
	Raise vaccination acceptance among employees	<ul style="list-style-type: none"> Encourage employees to get the Covid-19 vaccine. Besides offering vaccination leave in line with government policy, we went beyond legal requirements to offer one paid day of vaccination leave.
	Health management offices	<ul style="list-style-type: none"> 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 independent seating areas with negative pressure air conditioning, UV light sterilization, 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 health management offices.
Assist business partners with pandemic prevention	Distribution of masks to assist business partners with pandemic prevention	<ul style="list-style-type: none"> Recognizing the importance of masks, the effective use of resources, and cooperation, Realtek joined with manufacturing partners to expand the pandemic prevention chain. We distributed a total of 13,250 masks, 40 pieces for each of our business partners.



Visitors' hands are sprayed with 75% alcohol by a security guard when entering the building



When entering the building, visitors must have their temperature taken



Visitors scan a QR code and fill out a health declaration statement which is inspected by security



An outdoor tented area is available to meet with visitors



Infrared temperature sensors



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



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



Realtek joined with manufacturing partners to expand the pandemic prevention chain by making and distributing masks

A Safe, Healthy Workplace

Occupational Safety and Health Management Committee

Realtek established the Occupational Safety and Health Management Committee in accordance with Article 23 of the 'Occupational Safety and Health Act.' The committee has 14 members, including six labor representatives (42.9%), and convenes quarterly to conduct a 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, and work actively and attentively to create a safe and reliable working environment in which all employees feel at ease. In 2021, the Company did not face any lawsuits resulting from employee health or safety hazards.

Members of the Realtek Occupational Safety and Health Management Committee		
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 Supply Management Center	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	Supply Management Center	Labor representative
Committee Member	Communications Network Business Group	Labor representative
Committee Member	Computer Peripheral Business Group	Labor representative
Committee Member	Multimedia Business Group	Labor representative
Committee Member	Quality Management Department	Labor representative
Committee Member	Research & Development Center	Labor representative

Realtek Occupational Safety and Health Policy:

- 1 Emphasis on occupational safety and health is one of the company's management priorities.
- 2 Eliminate hazards and reduce occupational safety and health risks with the goal of achieving zero accidents.
- 3 Based on decrees and other requirements, we will continue to improve occupational safety standards.
- 4 It is the basic responsibility of the company to provide a safe and healthy working environment with the participation and consultation of workers related to the company.



Comprehensive Occupational Health and Safety Management Systems

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 assess, control, eliminate, avoid, or prevent potential risks, thus building a safe and healthy workplace. In 2021, Realtek underwent documentary review for ISO 45001 Occupational Health and Safety Management Systems. The Company passed an external audit and was certified in December 2021.



Occupational Safety Performance

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 safe practices and effective risk control among all members of the Company. In the past three years, no cases of occupational hazard or disease occurred among employees, and no violation of any laws or regulations related to employee health or safety.

0 Occupational Hazards

0 Occupational Diseases

0 Violations of Health or Safety Regulations

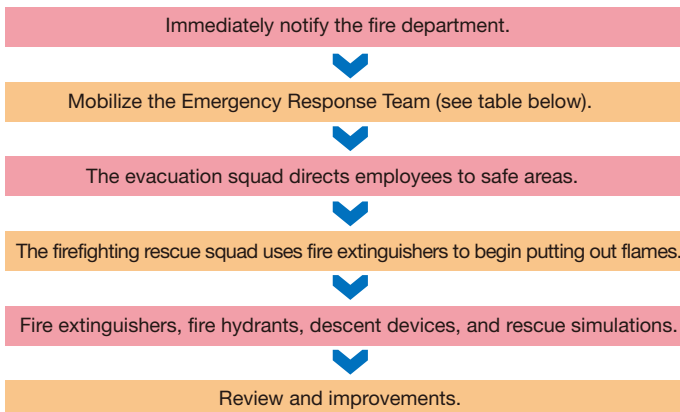
Emergency Response Plan

Realtek is required by national firefighting legislation to form an emergency response team and conduct realistic fire drills (exercise with simulated smoke) once every six months. 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.

In 2021, Realtek held two emergency response drills with total attendance of 212. Emergency response demonstrations include extinguishing fire sources, using fire extinguishers, operating descent devices, and responding to a smoke alarm in the first floor warehouse baking area. These were realistic drills that had to be finished correctly and within the allotted time. Following completion, a review was promptly conducted, which included identifying mistakes and suggesting improvements. The aim of these drills was to hone employees' skills, so that in the event of an emergency, relevant SOPs can be followed immediately to prevent injuries and minimize hazards.

To raise health and safety awareness and practice among all members, Realtek installed Automated External Defibrillator (AED) devices in each office (there are a total of 15 AEDs, with 14 at the Hsinchu Headquarters and one at the Taipei office). We also hold emergency response classes for employees to learn basic rescue knowledge and join demonstrations and drills. During an emergency, employees have sufficient knowledge to save themselves and rescue others in need. These measures fulfill Realtek's safety and defense goals while providing employees with a safer place to work.

Emergency Response Team Drill Procedures



Emergency Response Team Organization and Tasks

Response Team	Tasks
Reporting Squad	<ol style="list-style-type: none"> 1. Responsible for notifying the relevant units. 2. Report disaster dispatch, damage, and casualties to command headquarters.
Rescue Squad	<ol style="list-style-type: none"> 1. Launch response missions based on incident type. 2. Determine the cause of the incident and carry out emergency rescue.
Guidance Squad	<ol style="list-style-type: none"> 1. Loudly direct people to evacuation points. 2. Operate evacuation equipment and lead the evacuation. Monitor radio broadcasts to determine the evacuation route.
Auditor	Count the number of people in the evacuation zone.
Traffic Management, Safety and Protection Squad	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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.



Warehouse Baking Area Fire Extinguishing and Rescue Demonstration: The emergency response team rescue squad simulates a response to a fire in the clean room.



Descent Device Drill: Firefighting squad members practice an evacuation.



Fire Extinguisher Demonstration: New employees undergo fire extinguisher drills and training.



Smoke-Filled Machine Room Rescue Drill and Smoke Inhalation Treatment: The emergency response team rescue squad simulates response to a car emitting smoke in the parking lot.



Health Promotion and Employee Care

Monthly Health Promotion Activity

The Occupational Safety and Health Center issues monthly health promotions that are designed and published based on seasonal characteristics, important health and medical topics, and recent public-health issues (such as novel coronavirus disease). The purpose is for all Realtek employees to absorb more knowledge and practices that are beneficial to themselves and their families, bringing greater health and joy to their work and family lives.

Realtek continues to advocate health protection information through printed materials and remind employees to look after their physical and mental well-being with a proper diet, regular exercise, and stress relief while they are busy at work. During the past two years, as attention around the world focused on COVID-19, Realtek continued to adhere to all domestic pandemic prevention policies. Realtek publicized Covid-19 vaccination health and education information while encouraging employees to take steps to prevent an outbreak and adhere to the new lifestyle campaign on pandemic control.



The Occupational Safety and Health Center selects monthly health protection and pandemic prevention topics that foster healthy work lifestyles among all employees.

Selecting Quality Teams to Conduct Annual On-Site Health Checks

Realtek has always deeply cared about the physical and mental health of their employees. We organize annual health checks to help employees and their families carefully monitor their health, and continue to research and add new optional checks to give employees the option to receive more comprehensive care. We strictly select high-quality health diagnosis and medical teams to carry out professional health checks on-site, from preliminary planning, briefing, and appointment, to contact, health check consultation during the inspection process, and professional communication on the examination day. Employees and their family members effortlessly and efficiently complete the examinations and receive timely responses on related issues and questions. They can also receive subsequent health seminars and statistical analysis, as well as planning future health checks in advance.

Realtek's health check items consist of a package paid by the Company as well as eight optional self-paid items that employees and their families can choose based on health requirements. Self-paid items are: 1. Blood test for tumor markers, 2. Blood test for hepatitis, 3. Blood test for vitamin D, 4. Blood test for anemia, 5. Blood test for allergens, 6. Blood test for cardiac function, 7. Breath test for *Helicobacter pylori* bacteria, and 8. Painless gastrointestinal endoscopy (in-clinic). Realtek also commissioned NTUH Hsinchu Branch and NTUH Biomedical Park Hospital to offer additional in-clinic self-paid options (three CT scan items and five MRI items). These additional options offer a professional and personalized service, providing better health protection for Realtek's employees and their families. In 2021, a total of 3,849 employees underwent health checks, an attendance rate of 93%.

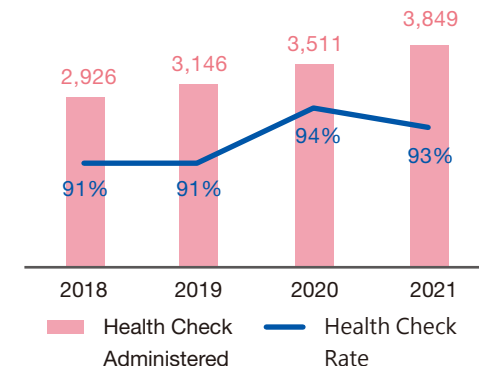
When an employee's test results return with abnormal items, we arrange for the resident physician to provide consultations and provide tailored advice based on the individual's health history and situation before and after re-examination. The health office conducts follow-up tracking and care while reminding employees to go for follow-up clinical visits and report tracking data. The tracking support helps keep employees physically and mentally healthy.

Starting from May 2021, Realtek expanded its resident physician program with NTUH Hsinchu Branch to a total of nine three-hour sessions per month. In 2021, a total of 448 employees joined the consultations.

New Plans for Employee Health Checks in 2021

- Added blood test for cardiac function to the health check package.
- The Company also commissioned NTUH Hsinchu Branch and NTUH Biomedical Park Hospital to offer additional in-clinic self-paid options, providing a variety of choices for employees.

Employee Health Checks, by Year



Flu Vaccination

During the flu peak season in autumn and winter, the best protection is through vaccination. In 2021, following the company's advocacy and planning of the flu shot, a total of 362 employees registered for vaccination. As the flu vaccine period overlapped with the 11th to 13th periods of Covid-19 vaccination, the Occupational Safety and Health Center helped employees to rearrange vaccination schedules. In total, 276 employees, or 76% of those who signed up, completed the vaccination. The Occupational Safety and Health Center urges employees to maintain good habits by developing a regular exercise routine, and jointly adhering to a new pandemic-safe lifestyle.

Injury and Illness Follow-Up Care

In 2021, injury and illness follow-up care cases included work-related injuries, traffic accidents, and medical care. Realtek commissions professional resident physicians to provide on-site consultations. Each office has nurses to check on the well-being of patients and provide suitable care and advice through telephone calls. In addition to providing professional recommendations and mental support during the treatment process, Realtek also offers comprehensive assistance, including insurance and social resources. We hope to reduce our employees' trauma while recovering from injuries and lower the overall impact of accidents.




2021 Cases (People)

Traffic Accidents : 13
Medical Care : 2
Patient Care : 13

CH5 Green Operations



Green Operations

Item	2021 Targets	2021 Achievements	Improvement Plans	2022 Goals
 Energy Saving and Carbon Reduction	Energy Saving Rate: 6%	▲ Energy Saving Rate: 3.7%	Continue to implement energy saving improvement measures and adjust rooftop solar power system installation plans	Energy Saving Rate: 3.8% (Note)
	Monitor Greenhouse Gas (GHG) Emissions Status	● Conducted a self-reported inventory of direct and indirect GHG emissions	-	Complete ISO14064-1 third-party verification and certification
	Renewable Energy: Install solar panels with an installed capacity of at least 176 kW	▲ Modified installation plans due to delay in materials during the pandemic	Install solar power generation systems at all factories from 2022	Install solar panels with an installed capacity of at least 176 kW
 Water Management	Water Withdrawn Per Person: Decreased by 1% compared to the previous year	● Decreased by 9.7% compared to the previous year	-	Water withdrawn per person decreased by at least 1% compared to the previous year
	Factory Water Saving Rate: 5%	● Water saving rate of 7.7%	-	Water saving rate of 5% at plants
 Waste Management	IC Waste Recycling Rate: At least 90%	● IC waste recycling rate of 90%	-	IC waste recycling rate of at least 90%
	Waste Reduction: General industrial wastes shall not exceed 27 kg per NT\$100 million of revenue	▲ General industrial wastes of 27.58 kg per NT\$100 million of revenue	-	General industrial wastes shall not exceed 27 kg per NT\$100 million of revenue

Note: After reassessing the energy savings benefits of testing machinery and factory equipment, the Company adjusted its 2022 energy saving goal to 3.8%.

● Achieved ▲ Not Achieved

Climate Change Management & Responses

Management Guidelines – Climate Change Management and Responses	
Relevance to Realtek	As climate change causes extreme weather events with broad, deep impacts, preventing climate change risks and turning those risks into opportunities are a shared objective of corporate sustainable development. Realtek therefore identifies the risks and opportunities that climate change brings in order to formulate corresponding actions. The Company can then reduce the operational impact of climate change, grasp potential opportunities, and act preemptively.
Policies and Commitments	Realtek establishes and implements environmental and sustainable policies. Operating on the principle of 'giving back to the environment what we take, ' we prudently use all energies and resources. By saving energy and conducting environmental protection measures in daily operations, the Company continues to protect the global environment and fulfill sustainability duties.
Goals	<p>Short-Term:</p> <ul style="list-style-type: none"> • 2022 energy saving ratio increases to 3.8%. • 2022 average water withdrawn per person decreases 1% compared to previous year. • In 2022, complete ISO14064-1 third-party verification and certification. • In 2022, complete implementation of the Task Force on Climate-related Financial Disclosures (TCFD) project. <p>Medium- to Long-Term:</p> <ul style="list-style-type: none"> • By 2025, renewable energy capacity shall reach 10% of the total energy consumption at the Hsinchu Headquarters.
Responsibilities	The President and senior management, Administration Department, Finance Division, and Occupational Safety and Health Center

Management Guidelines – Climate Change Management and Responses	
Investments	<ul style="list-style-type: none"> • Invested nearly NT\$111,724,600 in energy-saving plans in 2021. • Invested approximately NT\$2 million in TCFD projects and ISO14064-1 GHG emissions inventory.
Specific Actions	<ul style="list-style-type: none"> • Continue to conduct inventories of energy consumption and budget the procurement of energy-saving equipment to raise overall energy efficiency. • Plan to install rooftop solar power generation systems with an installed capacity of 669 kW by 2025. • Continue to maintain ISO 14001 Environmental management systems to effectively prevent and control pollution while raising energy efficiency. • In 2022, complete implementation of the ISO14064-1 management system for GHG emissions inventories and formulate GHG reduction targets. • In 2022, implement TCFD project to establish identification procedures for climate change risks and opportunities.
Assessment Mechanisms	Regularly examine and evaluate identified climate risks and opportunities.
2021 Achievements	<ul style="list-style-type: none"> • Energy intensity decreased by 21.6% compared to 2020. • GHG emissions intensity decreased by 20.7% compared to 2020. • Water withdrawn per person decreased by 9.7% compared to 2020. • Energy saving ratio reached 3.7%.

In 2020, Realtek referred to the framework of the Task Force on Climate-related Financial Disclosures (TCFD) for preliminary assessment of the company's corresponding situation based on four core elements: governance, strategy, risk management, and metrics & targets. In 2021, the Company held a TCFD workshop to identify climate-related risks and opportunities. During the meeting, senior managers and the CSR Committee conducted a climate change survey referring to recommendations by TCFD that the possibilities and degree of impact of climate changes were covered. Based on the survey results, senior management and CSR Committee members formulated the corresponding strategies and goals.

To thoroughly assess the potential impacts of climate change on the Company's operations and to improve the integrity of the TCFD reporting structure, Realtek formally implemented the TCFD program in 2022. We expect to build comprehensive identification procedures of climate-related risks and opportunities. By analyzing quantitative information of the financial impacts, we can fully understand the potential climate-related risks and opportunities that the company faces. The program facilitates effective monitoring, control and fast response to the impacts, thereby enabling Realtek to better grasp the opportunities of operational development as well as innovation. Potential climate-related financial impact results will be disclosed in the next year's ESG report.

Climate Change Risk Management



Governance

Oversight by the Board of Directors of Climate-Related Risks and Opportunities

- On October 29th, 2021, we reported climate change-related issues to the Board of Directors, including carbon reduction strategies, measures, and achievements. Plans and progress will be periodically reported to the Board in the future.

Oversight by Management of Climate-Related Risks and Opportunities

- The units responsible 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 periodically reported to the Company President and senior management, and will be reported annually in the ESG reports.
- With oversight by the Company President and senior management, the Administration Department and Occupational Safety and Health Center are responsible for assessing energy, water resources, and waste management, as well as planning and executing short-, medium-, and long-term actions, goals, and strategies.
- Responsible departments, from time to time, report to the Company President and senior management on the development plan and implementation measures on climate change, renewable energy, and energy conservation.



Strategies

Transition Risk Strategies

- Continue to develop innovative low power consumption ICs and take the product life cycle into consideration during the design phase.
- Continue to monitor international climate change trends and regulations. Proactively disclose information related to climate change response and management.

Physical Risk Strategies

- Continue to plan and promote water saving, energy saving, and carbon reduction plans while improving resource utilization efficiency.

Transition Opportunity Strategies

- Develop innovative, low carbon products and techniques while raising product energy efficiency to meet customers' demands for low carbon products.
- Build new low carbon buildings and optimize equipment and energy management in existing buildings.



Risk Management

Climate-Related Risks Identification, Assessment, and Management Procedures

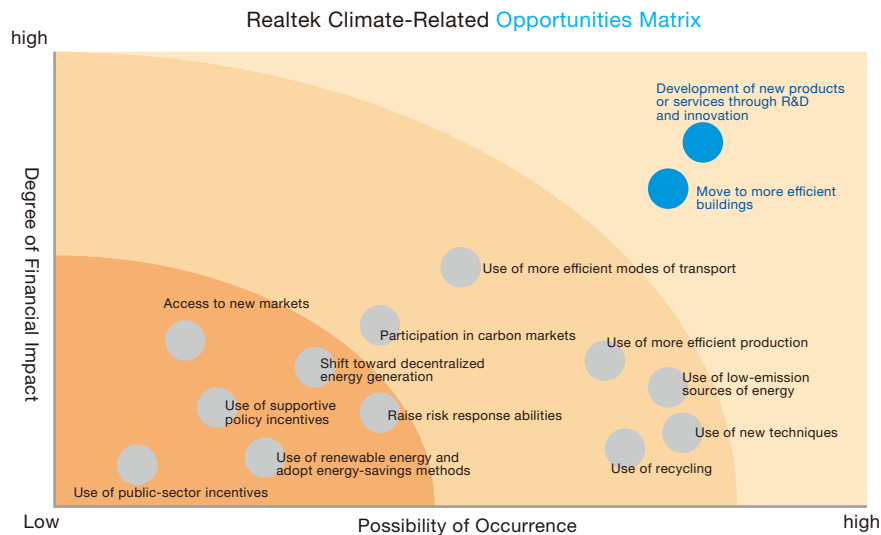
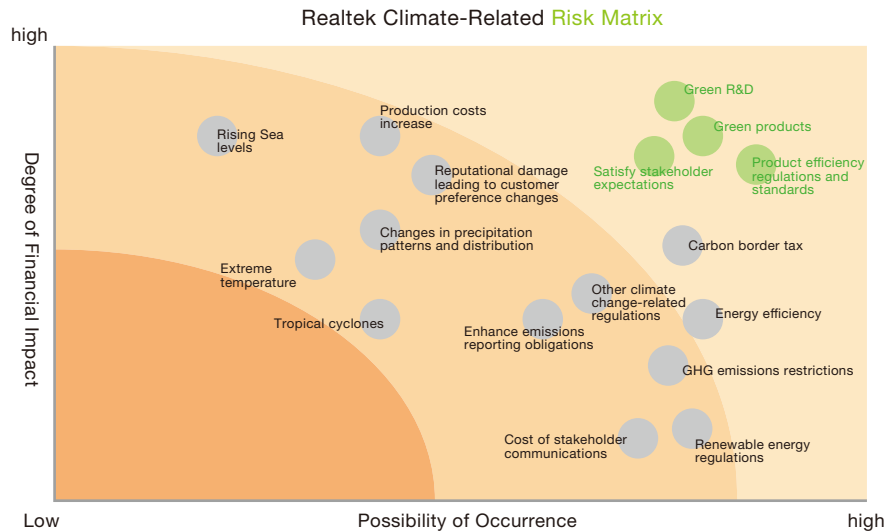
Senior management and CSR Committee members hold a TCFD workshop to identify climate-related risks and opportunities. By assessing climate change issues with reference to TCFD framework and identifying major risks and opportunities of climate change, Realtek further formulates response strategies and goals.



Targets and Objectives

Evaluation and Management of Targets and Objectives for Climate-Related Topics

- Formulated self-reported GHG inventories plan, including inspection and calculation of all types of Scope 1 and Scope 2 emissions sources at the Hsinchu Headquarters.
- In 2022, complete the ISO14064-1 GHG emissions inventory, obtain the verification certificate, and set GHG reduction targets.
- Establish campus-wide energy saving goals.
- Establish target for water withdrawn per person.
- Set targets for the percentage of renewable energy installation capacity.



Major Climate-Related Issues and Response Strategies

Climate-Related Issues	Impacts/Challenges	Response Strategies	Goals
Physical Risks	Climate factors (such as typhoons, droughts, flooding, and high average annual temperatures)	<ul style="list-style-type: none"> Cooperate with curtailment of electricity to reduce power load or use of generators. Carry out power control during periods of abnormally high temperatures in summer. Plan for potential water shortages through water storage or transfer. Continue to plan and promote water saving and electricity saving projects. 	<ul style="list-style-type: none"> Continue to replace old equipment to increase resource efficiency. Establish supplementary mechanisms for business continuity plans to enhance the resilience against natural disasters.
	Product efficiency regulations and standards	<ul style="list-style-type: none"> Assess and identify environmental impacts of products. Continue to develop IC products with lower power consumption. Adopt the latest energy saving standards during the product design stage as well as conduct comprehensive in-house testing of energy-saving effectiveness. 	<p>Short-Term Targets:</p> <ul style="list-style-type: none"> Provide solutions to meet product efficiency regulations and standards for key markets. <p>Medium- to Long-Term Goals:</p> <ul style="list-style-type: none"> Provide solutions to meet product efficiency regulations and standards for all markets.
Transition Risks	Meet government standards and heed stakeholder expectations	<ul style="list-style-type: none"> Proactive disclosure of climate change response information. 	<p>Short-Term Targets:</p> <ul style="list-style-type: none"> Implement TCFD projects to build comprehensive climate change risk and opportunity identification procedures. <p>Medium- to Long-Term Goals:</p> <ul style="list-style-type: none"> Medium- to Long-Term Goals: Formulate strategies to reduce impact of climate change risks and create opportunities of climate change.
	Green R&D	<ul style="list-style-type: none"> Continue to invest in green R&D to meet customers' requirements for energy-saving products. 	<p>Short-Term Targets:</p> <ul style="list-style-type: none"> Develop products with low power consumption based on market and customer needs. Launch at least one new product every two years that has less environmental impact than the previous generation of products. <p>Medium- to Long-Term Goals:</p> <ul style="list-style-type: none"> Continue to enhance manufacturing processes and IC design techniques to reduce IC product size and power consumption.
	Green products	<ul style="list-style-type: none"> As market trends change, customers require green product certification and other environmental protection measures; demand may drop if Realtek is unable to meet customers' product and service requirements. During the IC design stage, develop power saving features and minimize IC size, considering product life cycle from product use to disposal. Cooperate with supply chain members and customers to lower product energy consumption by product innovation. 	

Climate-Related Issues	Impacts/Challenges	Response Strategies	Goals
Opportunities – Products and Services	R&D and innovation leading to new products and services	Develop new low carbon products and techniques that will raise energy efficiency; offer differentiated products that meet customers' requirements.	<ul style="list-style-type: none"> During the IC design stage, develop power saving features and minimize IC size, considering product life cycle from product use to disposal. Cooperate with supply chain members and customers to lower product energy consumption by product innovation. <p>Short-Term Targets:</p> <ul style="list-style-type: none"> Develop products with low power consumption based on market and customer needs. Launch at least one new product every two years that has less environmental impact than the previous generation of products. <p>Medium- to Long-Term Goals:</p> <ul style="list-style-type: none"> Continue to enhance manufacturing processes and IC design techniques to reduce IC product size and power consumption.
Opportunities – Resource Efficiency	Raise building energy efficiency	Build new low carbon buildings and optimize equipment and energy management in existing buildings.	<ul style="list-style-type: none"> Conduct simulations and analyze building energy use and energy saving measures. Use illumination control systems that integrate natural lighting and energy saving designs. Integrate air conditioning systems with energy saving monitoring systems. Raise renewable energy use efficiency. Reuse recycled cooling water and rainwater. <p>Short-Term Targets:</p> <ul style="list-style-type: none"> Realtek's third office and biomedical park office shall obtain US LEED certification and Taiwan EEWL certification. Continue to improve energy and water efficiency. Continue to install rooftop solar power generation systems. <p>Medium- to Long-Term Goals:</p> <ul style="list-style-type: none"> Install solar power generation systems with a capacity of 669 kW by 2025.

Energy Savings and Carbon Reduction Measures

Monitoring Energy Efficiency

Realtek is an IC design house. The Company's energy consumption mainly includes grid electricity, diesel for emergency generators, and petrol for company vehicles. Realtek has no heating equipment that uses coal, gas, or boilers, and its production does not involve high energy consumption processes such as smelting or polymerization. In 2021, Realtek's total energy consumption was 171,843 GJ and energy intensity was 1.63 GJ, a decrease of 21.6% compared to the previous year. As the Company's revenue increased significantly, its energy intensity continued to fall, demonstrating the effectiveness of its energy-saving management measures. In the future, Realtek will continue to implement energy-saving measures, set energy-saving goals, and evaluate results.

Energy Consumption for the Past Three Years

Item	2019	2020	2021
Petrol (GJ)	41.80	109.14	58.62
Diesel (GJ)	328.00	252.63	206.94
Electricity (GJ)	154,530.00	160,973.74	171,577.44
Total (GJ)	154,899.80	161,335.51	171,843.01
Revenue (NT\$ Millions)	60,744	77,759	105,504
Energy Intensity (GJ/ millions of revenue)	2.55	2.08	1.63

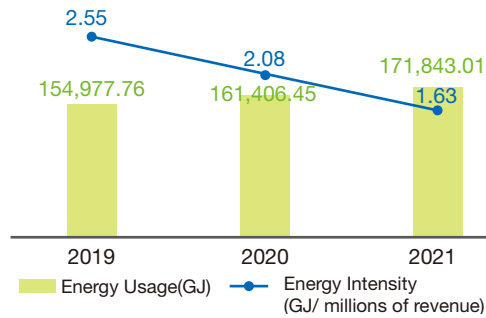
Note 1: Power consumption data of grid electricity is from Realtek's electricity bills. Petrol and diesel data gathered from the Company's internal records.

Note 2: The coefficients for conversion of heating value came from the 2019 Energy Statistical Handbook – Heat Content of Energy Products published by the MOEA Bureau of Energy. The value for electricity was 3,600 kJ, for petrol was 7,800 kcal/L, and for diesel was 8,400 kcal/L.

Note 3: Third-party certification of ISO14064-1 was still in progress before the release of this report. Externally verified data will be disclosed in the 2022 ESG report.

2021 energy usage of
171,843.01 GJ

2021 energy intensity reduction
of **21.6%** compared to the
previous year



Multi-Pronged Approach to Energy Savings and Better Energy Efficiency

Realtek primarily engages in IC design and development, and has a relatively small position in testing production lines. As part of a continuing drive for self-improvement, we adopt four main energy-saving measures: replacing power-hungry equipment, reducing energy consumption in IT server rooms, using energy-saving lighting, and replacing old testing equipment. Self-evaluations to uncover ways to improve operations and periodic assessments of carbon emissions ensure energy-saving measures are effective in achieving intended objectives.

In 2021, the Administration Department joined Facility management units to carry out 30 energy-saving measures. These included replacing old central air conditioning, lighting, compressors, and equipment in IT Server rooms and other areas. In total, Realtek saved 1,848,545.86 kWh, or 6,654.77 GJ of energy, which was equivalent to reducing emissions by 927.97 tCO₂e.

In 2021, energy-saving measures reduced energy consumption by **1,848,545.86 kWh**, which was equivalent to reducing emissions by **927.97 tCO₂e**

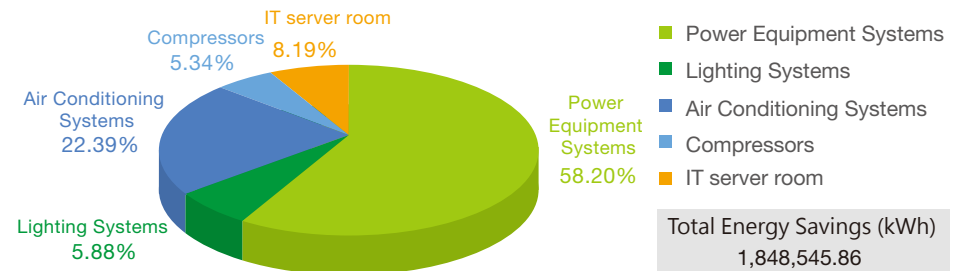


2021 Energy-Saving Measures and Outcomes

Category	Item	Energy Saving (kWh)	Energy Saving (GJ)	Carbon Reduction (tCO ₂ e)
Power Equipment	Replacement of old equipment with new energy-saving models, harmonic improvements, and elevator upgrades.	1,075,777.49	3,872.80	540.04
Lighting	Change to LED lighting in office and parking areas.	108,634.70	391.08	54.53
Air Conditioning	Replacement of old Chiller motor with new models and variable-frequency control.	413,977.54	1,490.32	207.82
Compressor	Replacement of old compressors, vacuum, and dehydrators with new energy-saving models.	98,817.88	355.74	49.61
IT Server Room	<ul style="list-style-type: none"> Upgrade of IT server room air conditioning from a traditional system to a CRV system that automatically adjusts wind and cooling volume. At the end of 2021, we evaluated the next generation liquid cooling CDU systems, so that in the future we can continue our increased use of energy-saving equipment. PUE value improved to 1.776. 	151,338.25	544.82	75.97
Total		1,848,545.86	6,654.77	927.97

Note: Carbon reduction calculations are based on the 2020 CO₂ emissions factor of 0.502 kg of CO₂e per kWh, as announced by the Bureau of Energy, Ministry of Economic Affairs.

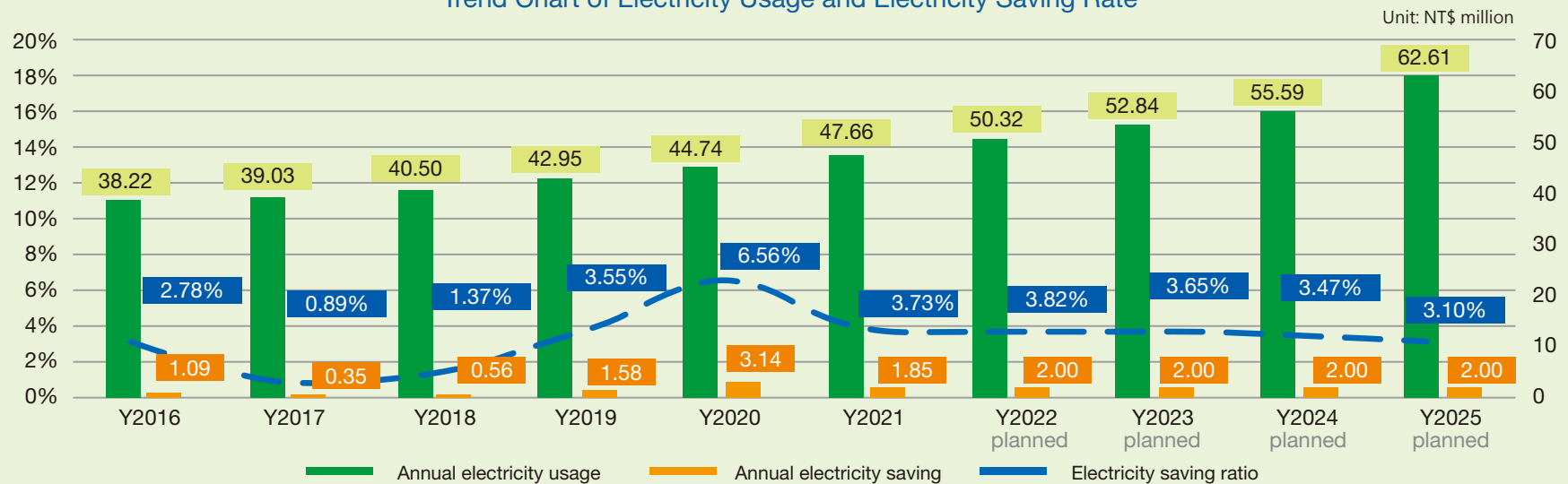
Energy Saving Contributions by System



In 2021, Realtek continued to replace old equipment and lighting systems, resulting in an estimated savings of 3.7% on electricity. This fell short of Realtek's original goal, primarily due to the schedule delay for installation of rooftop solar power generation systems. After considering the current situation, including testing equipment and energy-saving limitations of plant equipment, we adjusted our energy-saving goal to an electricity saving rate of 3.8% in 2022. It is targeted to be achieved through our continued energy-saving improvement measures, installation of the rooftop solar power generation systems, and plans for a next generation liquid cooling CDU system in the IT server rooms. Realtek's average energy consumption per unit of revenue is gradually decreasing, as shown by a reduction in electricity consumption per million New Taiwan dollars of revenue from 982 kWh in 2016 to 451 kWh in 2021, representing a five-year decrease of 54.1%. Reducing electricity consumption as a percentage of revenue demonstrates a commitment to environmental protection and energy-saving.



Trend Chart of Electricity Usage and Electricity Saving Rate



Note: Electricity saving rate = kWh of saved electricity/(total kWh of electricity used + kWh of saved electricity)*100%

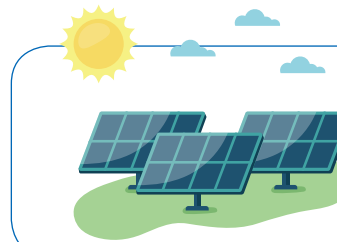
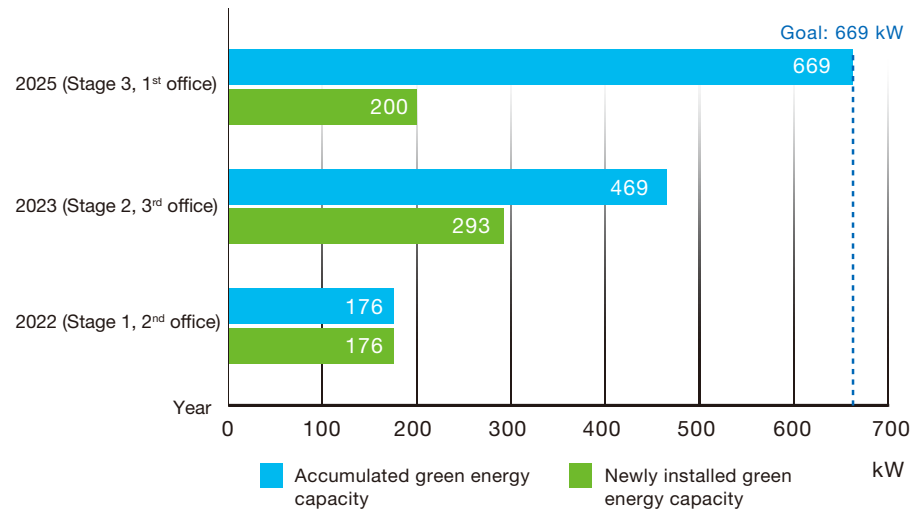
Building a Sustainable, Green Energy Enterprise

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 10% of chartered capacity on electricity consumption within three years. Installation of solar power facilities at each of our offices was scheduled to begin in 2021, however due to pandemic-related issues, the project was delayed until 2022. It will be an important contribution towards reducing global warming and lowering environmental pollution.

Realtek will install solar panels on the rooftop of each office building at the Hsinchu Headquarters and operate on a model of generating power for daily self-consumption. The plan will take place in three stages: 1. Installation of 176 kW in the 2nd office, 2. Installation of 293 kW in the 3rd office, and 3. Installation of 200 kW in the 1st office, which will add up to 669 kW. We forecast total annual production of approximately 842,940 kWh of green energy, which is equivalent to reducing emissions by 423.16 tCO₂ (Note).

Note: Based on electricity generation of 3.5 hours per day and 360 days per year, using the 2020 CO₂ emissions factor of 0.502 kg of CO₂e per kWh, as announced by the Bureau of Energy, Ministry of Economic Affairs.

Green Energy Installation Plan Timetable



2022 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 446 solar panels. Each panel is expected to produce 395 W of power. The total capacity of the rooftop will be 176 kW.

Realtek's Green Buildings

As the world focuses more on environmental issues, corporations are developing low carbon, energy saving, waste reduction, and environmental protection measures. Besides reducing energy consumption in daily operations and activities, Company buildings have become key indications of green efforts.

In the planning and construction of all Realtek's new buildings, we will incorporate green concepts and adopt Taiwan's EEWB green building design standards. Our 3rd office has already been nominated as a Taiwan Green Building copper candidate, and is expected to formally attain a bronze level in July 2023, as well as a LEED (US) green building silver certification. Realtek's biomedical park office is expected to be nominated as a Taiwan Green Building gold candidate in 2022, and to formally attain a gold level in 2025, as well as a gold certification in the LEED green building program.

- Strategies for Raising the Efficiency of Building Energy Consumption:
 1. Simulate and analyze building energy consumption and energy saving methods.
 2. Maintain comprehensive control over lighting and air conditioning systems.
 3. Adopt natural lighting and energy-saving lighting design.
 4. Use of energy saving and monitoring systems with air conditioning equipment.
 5. Use of renewable energy.
 6. Reuse of recycled cooling water and rainwater.
- Realtek Green Building Sustainability Goals:
 1. Adopt the EEWB (Taiwan) and LEED (US) green building design standards.
 2. Find a balance between environmental protection and cost in order to effectively reduce building GHG emissions.
 3. Raise energy and water efficiency.
 4. Reduce wastes generated during building construction.
 5. Build a healthy and comfortable work environment.

GHG Management

Sustainable ecological and environmental development are of great concern to Realtek. Since 2019, we have conducted self-reported inventory and management of GHG emissions to understand our carbon emissions status. To further strengthen GHG emissions management, in 2022, Realtek will adopt the ISO 14064-1:2018 GHG emissions inventory standard for Hsinchu Headquarters to establish GHG emission management procedures and inventory items. The results will be verified by a third-party organization. The inventory of GHG emission will serve as a reference for formulating GHG reduction goals to respond to future climatic and environmental changes as well as domestic and international regulatory trends.

In 2021, GHG emissions at Hsinchu Headquarters were 23,957.99 tCO₂e. Direct emissions (Scope 1) were 32.47 tCO₂e, which included emissions 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 produces no process emissions as we do not engage in production processes. Indirect emissions (Scope 2) of 23,925.52 tCO₂e primarily came from purchased electricity, which accounted for 99.7% of total emissions.

2021 GHG Emissions

Unit : tCO₂e

Type		2019	2020	2021
Direct GHG Emissions	Scope 1	27.59	26.68	32.47
	Scope 2	22,890.22	22,771.03	23,925.52
Total		22,917.81	22,797.71	23,957.99

Note 1: Global Warming Potential (GWP) is based on the GWP from the 5th IPCC Report in 2013.

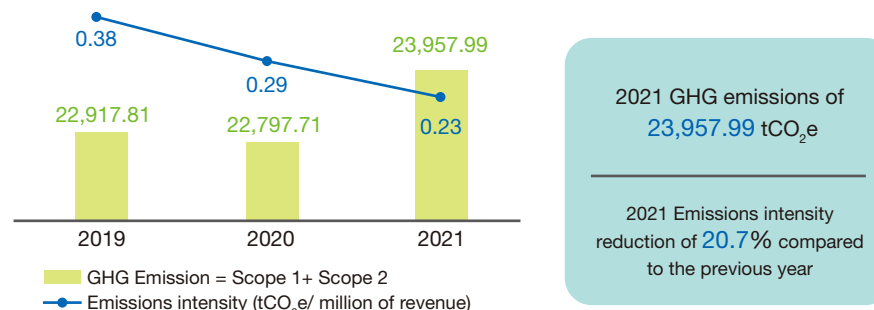
Note 2: Conversion factors are based on the GHG Emission Coefficient Management Table V.6.0.4 issued by the Environmental Protection Administration (EPA), Executive Yuan.

Note 3: The Bureau of Energy, Ministry of Economic Affairs announced the electricity emissions factors: 0.533 kg of CO₂e per kWh in 2019, 0.509 kg of CO₂e per kWh in 2020, and 0.502 kg of CO₂e per kWh in 2021.

Note 4: Calculations were based on the ISO 14064-1: 2006 standard in 2019 and 2020 and based on ISO 14064-1: 2018 standard in 2021.

Note 5: The third-party verification of ISO14064-1 was still in progress when the 2021 ESG report was compiled. Verified results will be disclosed in the 2022 report.

GHG Emission Quantities (Scope 1 and 2)



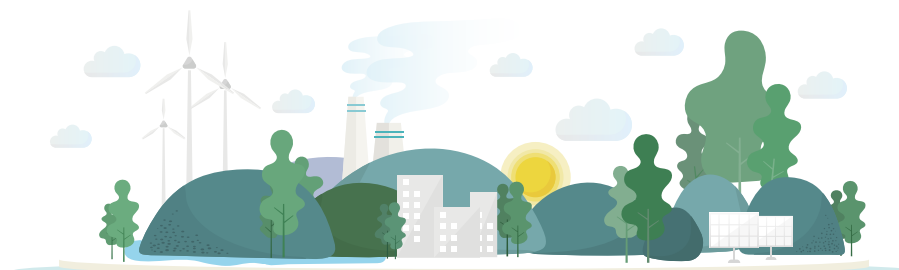
Taiwan's 'Greenhouse Gas Reduction and Management Act' requires that GHG inventories include seven types of GHGs. Almost all of Realtek's emissions were from CO₂, which accounted for 99.945% of total emissions. Other emissions such as CH₄, N₂O, and HFCs amounted to less than 1% of the total.

2021 GHG Emissions Quantities

Emissions Type	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	Total
Emissions (tCO ₂ e)	23,944.93	0.43	0.16	12.48	0.00	0.00	0.00	23,957.99
Ratio	99.945%	0.002%	0.001%	0.052%	0.000%	0.000%	0.000%	100%

Note 1: Realtek does not emit NO_x, SO_x, or other heavily polluting gases.

Note 2: The third-party verification of ISO14064-1 was still in progress when the 2021 ESG report was compiled. Verified results will be disclosed in the 2022 ESG report.



Conservation of Water Resources

To evaluate water risk levels, Realtek adopts the World Resources Institute's 'Aqueduct Water Risk Atlas,' which shows a medium-to-low risk level for Hsinchu Science Park where Realtek's operational headquarters is located. Most water is used by employees for general purposes. The water comes from Hsinchu's Baoshan Reservoir; none comes from underground sources or the sea. The impact on the local water supply is relatively small. Moreover, all industrial wastewater and general wastewater produced within the Hsinchu Science Park are 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 exceeds the national discharge standards and does not impact the ecology of the Keya River. In 2021, Realtek reported 75.46 ML of general wastewater discharge to the Hsinchu Science Park Administration. The Company did not have any discharge from production processes and did not pose any risk of environmental impact from wastewater or effluent spills.

In 2021, Realtek's total water consumption was 126.1 ML. Most of this was tap water (91.7%), with the remaining 8.3% reclaimed from rainwater, central air, and filtered sources. In recent years, the average amount of water withdrawn per person has decreased, including a drop of 9.7% from 2020 to 2021, or about 3,000 L less per person over the course of the year.

Water Consumption, by Year

Unit: ML (Note 1)

Year		2019	2020	2021
Water withdrawn				
Surface water	Rainwater	1.81	0.96	2.06
Third-party supplied	Tap water (Note 2)	109.40	122.34	115.59
	Other (central air/filtered)	9.40	9.55	8.45
Total water withdrawn		120.61	132.85	126.10
Water discharge				
Third party (Note 3)		87.52	97.87	75.46
Total water discharge		87.52	97.87	75.46
Amount consumed				
Total water consumed		33.09	34.98	50.64

Note 1: 1,000 m³ = 1 ML

Note 2: Realtek's third-party water supplier is Taiwan Water Corporation.

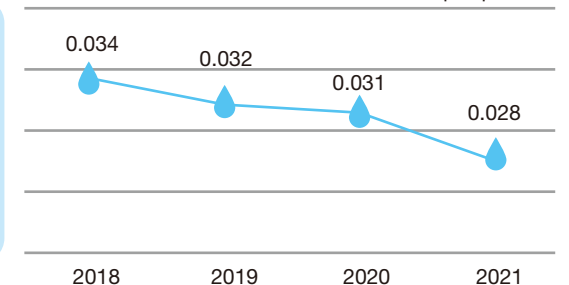
Note 3: Realtek's third-party water discharge partner is the Hsinchu Science Park Wastewater Treatment Plant.

Average water withdrawn

(ML per person)

2021 Total water withdrawn
of **126.10** ML

Average water withdrawn
of **0.028** ML per person



Note: Average water withdrawn per person is based on a total of 4,492 employees at Offices 1 and 2 at Realtek's Hsinchu Headquarters.

Implementation of Water Conservation Measures

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. Through reclaiming and reuse of rainwater, AC condensate, cooling water, and optimizing available resources, we lowered water consumption by 10.51 ML in 2021, for a reduction of 7.7%, achieving the goals of 5% annual reduction in offices, and 1% reduction in water withdrawn per person.

- 1.Reclaiming and Reuse of Rainwater: Installed rainwater reclaiming equipment at the car park tower. Pipelines, connected to the raft foundation water tank, channel rainwater for watering plants.
- 2.Reclaiming of AC Condensate: The cooling towers use reclaimed condensate generated by air conditioning and air blower dehumidification to reduce tap water consumption. The low temperature of reclaimed condensate aids the cooling towers' heat dissipation, indirectly reducing the power consumption of the chiller units.
- 3.Reclaiming and Reuse of Cooling Tower Discharge: Circulating water in the cooling towers is diverted into energy-saving tanks, and then used for flushing toilets to reduce tap water usage.
- 4.Spray Reduction for Cooling Towers: Fitted cooling towers with enlarged cooling panels to reduce spray and avoid unnecessary waste.
- 5.Water Conservation in Bathrooms and Toilets: Fitted water-saving devices to most of the taps in bathrooms and toilets throughout the offices to improve water efficiency.

Waste Management

Realtek is a fabless IC design house that focuses on the design and sale of ICs with all manufacturing contracted to foundries. The only hazardous wastes we dispose of are defective ICs screened by internal testing after manufactured by contract wafer foundries. Professional waste management companies send hazardous wastes through lawful processing agencies to overseas recycling plants. The recycling rate is more than 90%. General industrial wastes are handled by licensed operators that are contracted to regularly collect and dispose of the wastes at government-approved incinerators. Realtek tracks waste generation and disposal records to fulfill waste management responsibilities and adhere to government regulations.

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 statistics, including types of industrial wastes, any presence of hazardous wastes, disposal methods, and total weight. In 2021, the Company produced 37.90 tonnes of industrial wastes, including 8.80 tonnes of hazardous industrial wastes and 29.10 tonnes of general industrial wastes.



2021 Waste Production

Hazardous Industrial Wastes				
Item	On-Site Handling		Off-Site Handling	
	Weight (tonnes)	Processing Methods	Weight (tonnes)	Disposal Method
Waste electronic parts, scraps, and defective products	-	-	8.80	Recycling and reuse (processed overseas)

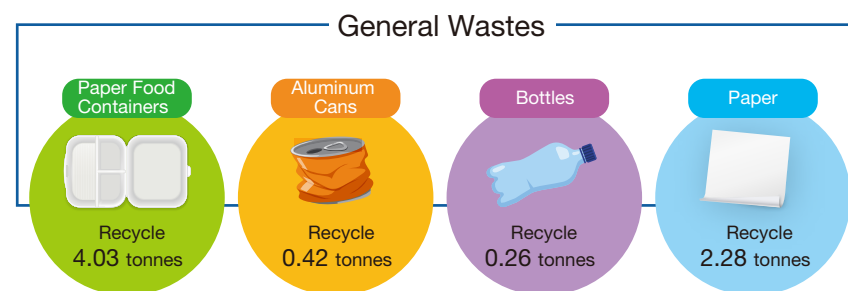
General Industrial Wastes				
Item	On-Site Handling		Off-Site Handling	
	Weight (tonnes)	Disposal Method	Weight (tonnes)	Disposal Method
General Wastes from Business Activities	0.80	Temporarily stored on-site	12.44	Incineration (including waste-to-energy)
Mixed Paper Wastes	0.50	Temporarily stored on-site	7.25	Incineration (including waste-to-energy)
Mixed Plastics Wastes	0.50	Temporarily stored on-site	7.61	Incineration (including waste-to-energy)

Reducing Waste Impact

Realtek reduces product wastes by developing products with smaller footprints, by striving to reduce the wastes after each product life cycle, as well as making an effort to enhance our own waste reduction and recycling management.

Waste Management and Reduction Methods:

1. Monitor the recycling rate of hazardous industrial wastes and set recycling targets. Annual recycling rates of discarded IC products should be at least 90%.
2. Monitor production of general industrial wastes and set intensity targets. Production of general industrial wastes shall not exceed 27 kg per NT\$100 million of revenue.
3. Monitor the recycling rate of general wastes. Since October 2021 Realtek has cooperated with a contractor to record monthly quantities of recycled general wastes.
4. Strengthen Sorting and Recycling Plan: Set targets to increase recycling rate.
5. Increase staff responsible for sorting wastes in order to correctly separate recyclables.



Note: General wastes are handled by a licensed waste management company. Realtek began keeping records of recycling volume in October 2021; data were collected from October 2021 to December 2021.

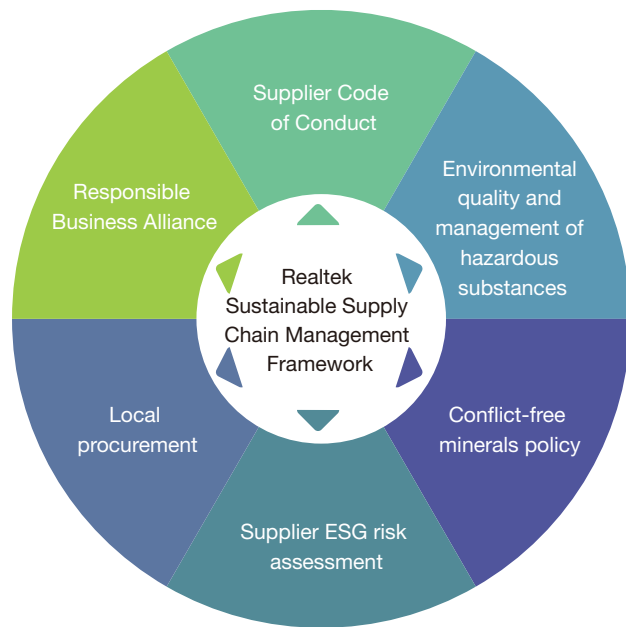
Realtek is committed to raising the environmental awareness of all employees by making environmental protection practices, such as recycling and waste reduction, a routine part of work and life. Initiatives include using recycled paper for product packaging and padding. New employees attend training to incorporate energy-saving and environmental protection principles into their procurement practices and reduce the use of disposable items. Everyone is encouraged to think about all the ways to protect the Earth and use resources wisely in everyday life, in order to strive to create a green environment.

// Green Supply Chain

Management Approach – Supplier Sustainability Management	
Relevance to Realtek	Realtek is an IC design house at the upstream end of the semiconductor supply chain. Our supplier partners handle mid and back-end activities, such as wafer fabrication and packaging. We form commercial partnerships based on specialization and cooperation. As a leading company of the global semiconductor industry, Realtek works with suppliers to build a sustainable supply chain that serves as a critical indicator of Realtek's sustainability management.
Policies and Commitments	Realtek's supplier sustainability management approach focuses on three main areas: quality management, environmental protection, and CSR. ESG is also included in supplier evaluations and audits. Using supply chain sustainability management procedures, we regularly evaluate suppliers, hold supplier meetings on related topics, and offer timely recommendations and assistance.
Goals	<p>Short-Term:</p> <ul style="list-style-type: none"> 100% of suppliers sign the Supplier Code of Conduct. Ongoing due diligence and management of conflict minerals to ensure that 100% of suppliers are committed to not using minerals from conflict-affected and high-risk areas. <p>Medium- to Long-Term:</p> <ul style="list-style-type: none"> Continue to increase local procurement to reduce the environmental impact of carbon emissions during material transportation.
Responsible Units	Supply Management Center, R&D Center, and other departments that are related to the supply chain.

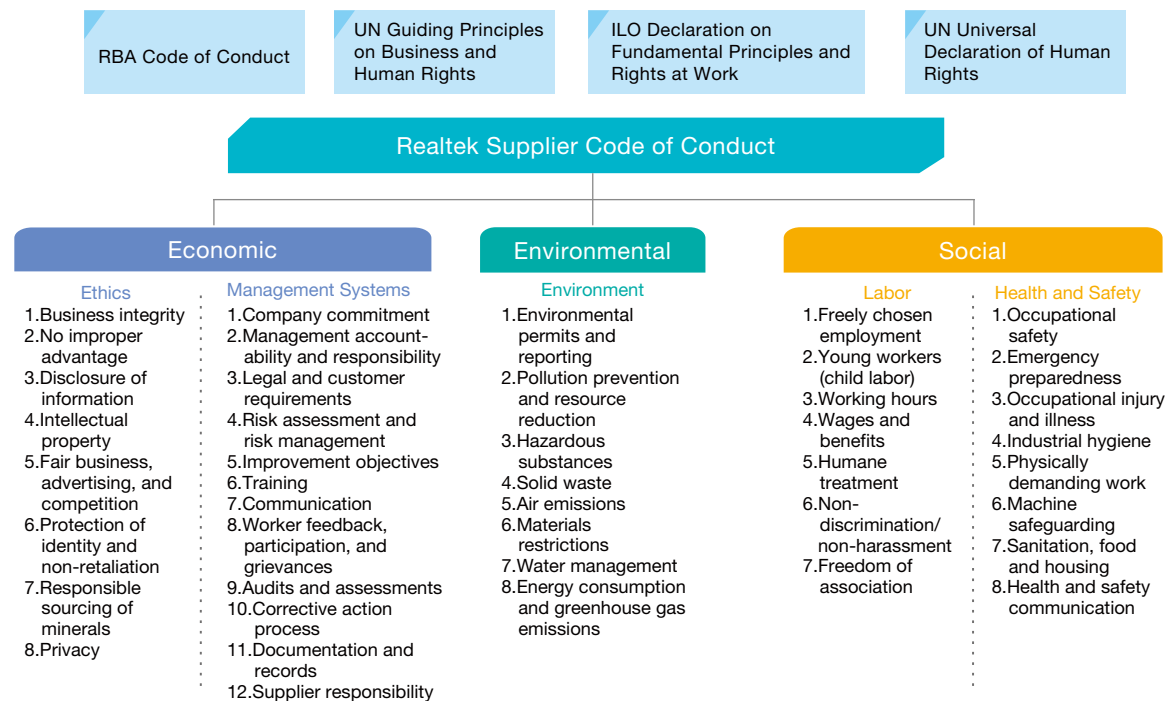
Management Approach – Supplier Sustainability Management	
Inquiries	<ul style="list-style-type: none"> Responsible Unit: Supply Management Center Inquiries: https://www.realtek.com/zh-tw/cu-6-tw
Inquiries	Hold supplier communication meetings, continue to track international initiatives, and request suppliers to meet reasonable targets.
Specific Actions	<ul style="list-style-type: none"> Request new suppliers to sign the Supplier Code of Conduct and complete hazardous substances reporting survey. Conduct annual due diligence surveys to strengthen conflict minerals 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 and supplier audits. Make sustainability performance part of the criteria for order allocation and long-term partnership. Continue to pursue sustainable performance.
Evaluation Mechanisms	<ul style="list-style-type: none"> Conduct annual ESG risk evaluations and supplier audits.
2021 Achievements	<ul style="list-style-type: none"> 100% of the raw materials that Realtek procure are from smelters with Responsible Minerals Initiative (RMI) certification. The Company adopts RMI's Conflict Minerals Reporting Template for due diligence surveys for gold, tantalum, tungsten and tin, and the Cobalt Reporting Template for cobalt sourcing. 90% of suppliers obtained ESG certification. 97% of suppliers signed the Supplier Code of Conduct. 76% of procurements by value are made locally.

Guided by a vision of sustainability, Realtek incorporates management approaches such as quality management, environmental protection, and CSR into the Company's sustainability policy. In addition, we establish comprehensive supplier ESG risk evaluation mechanisms. Through these measures, we ensure no use of raw materials that originate from conflict-affected and high-risk areas (CAHRAs), uphold quality and prohibit the use of hazardous substances, adhere to the spirit of local procurement, and create a sustainable supply chain with reduced impact on the natural environment. As Realtek fosters long-term partnerships with suppliers on the foundation of division of labor and mutual support, it supports suppliers to make their operations more sustainable while upholding sustainability pledges.



Responsible Supply Chain

Realtek cares about the safety of work environments for supply chain partners and human rights guarantees for workers. Upholding principals includes ensuring that commercial enterprises adhere to environmental standards and comply with ethical and moral standards. To fulfill management responsibilities towards the supply chain, Realtek established the Supplier Code of Conduct in line with the RBA Code of Conduct, 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. Suppliers must adhere to the Supplier Code of Conduct and incorporate it into five main areas of their companies: 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 sustainability management of 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, in order to effectively manage a responsible supply chain.



■ Signing the Supplier Code of Conduct

Realtek has four major categories of suppliers: foundries, packaging companies, testing companies, and memory manufacturers. Across each of these categories, Realtek requires that suppliers sign the Supplier Code of Conduct, in order to continue to strengthen responsible supply chain management. In 2021, Realtek had 35 main suppliers, 97% (note) of which had signed the Supplier Code of Conduct. Goals include continuing to strengthen management and for the signing rate to reach 100%.

Supplier/Type	Foundries	Packaging Companies	Testing Companies	Memory Manufacturers	Total
Quantity	6	8	12	9	35
Sign Back Number	5	8	12	9	34
Signing Rate	83%	100%	100%	100%	97%

Note: Suppliers that completed RBA certification are considered as having already signed the Supplier Code of Conduct.

■ Supplier Management Mechanisms

Realtek is one of the leading suppliers in the global semiconductor industry. Working with our suppliers to build a sustainable supply chain is a key indicator of sustainable management.

Each quarter, Realtek evaluates the quality reliability, delivery accuracy, degree of cooperation, processing fees, and technical performance of suppliers, then gives each supplier a score of A, B, C, or D. Realtek temporarily suspends partnerships with suppliers that score a D on three consecutive evaluations or that fail to achieve at least a B on five consecutive evaluations.

Besides the above quality requirements, Realtek uses a sustainability management approach to establish supplier management methods that include assessments, audits, and evaluations of the supplier's economic, environmental, and social performance. Suppliers are asked to sign a quality assessment questionnaire, environmental quality and management of hazardous substances questionnaire, the Conflict Minerals Reporting Survey, and the Supplier Code of Conduct. Suppliers that pass a series of reviews, meet Realtek's environmental protection and product substance requirements, and provide product substance statements are qualified for Green Partner.

Realtek rigorously evaluates the sustainability qualifications of each supply chain partner, and grows with 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 Evaluations	<p>Evaluate suppliers based on product quality, quality systems, environmental management systems, social responsibility management, and related areas to ensure that new suppliers satisfy the strict quality requirements of Realtek and fulfill our sustainability management approach. In 2021, six new suppliers were evaluated; all passed the evaluation.</p> <pre> graph LR S01[Step 01 New supplier evaluations] --> S02[Step 02 Evaluations of samples / test products] S02 --> S03[Step 03 On-site evaluations Second evaluations] S03 --> S04[Step 04 Qualified suppliers] </pre>
2	Supplier Audits	<p>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 deadlines for improvements shall also be set.</p> <p>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 top priorities.</p>
3	Supplier Evaluations	<p>Conduct group evaluations on suppliers, giving quarterly scores on delivery quality, cost, environmental management, delivery time, and technical performance. Provide counseling and assistance to under-performing suppliers in accordance with the sustainability management principles.</p>
4	Regular Supplier Conferences	<p>Hold regular meetings with suppliers. Convene key suppliers once a month and secondary suppliers once every two months to check on their quality, environmental management, delivery time, and product development progress. Provide advice and assistance in a timely manner to support long-term partnerships.</p>

Supplier ESG Risks

Realtek concentrates on three main categories of supplier risks: governance, environmental, and social. A broad scope of management criteria aims to ensure that suppliers adopt sustainable operations concepts, so that they can join us in building sustainable business models. Related criteria are as follows:



Realtek assigned a weighting for each of the three primary ESG categories to evaluate supplier ESG certification status. Suppliers were then divided into three tiers: green light (80-100 points), yellow light (60-79 points), and red light (59 or fewer points). Among our 35 suppliers, 32 scored a green light, 3 scored a yellow light, and none scored a red light.

Supplier Certifications

Category	Management Standards	Foundries		Packaging Companies		Testing Companies		Memory Manufacturers		Total	
		Companies	6	Companies	8	Companies	12	Companies	9	Companies	35
		Certified	Percentage	Certified	Percentage	Certified	Percentage	Certified	Percentage	Certified	Percentage
Governance	ISO 9001 Quality Management Systems	6	100%	8	100%	12	100%	9	100%	35	100%
	IATF 16949 Automotive Quality Management	6	100%	8	100%	12	100%	6(note)	100%	32(note)	100%
Environment	ISO 14001 Environmental Management Systems	6	100%	8	100%	12	100%	9	100%	35	100%
	QC 080000/ SONY GP Hazardous Substances Management	6	100%	8	100%	12	100%	9	100%	35	100%
Social	ISO 45001 Occupational Health and Safety	6	100%	8	100%	12	100%	6	67%	32	91%
	RBA/ SA 8000 Social Responsibility Management	3	50%	4	50%	7	58%	4	44%	18	51%

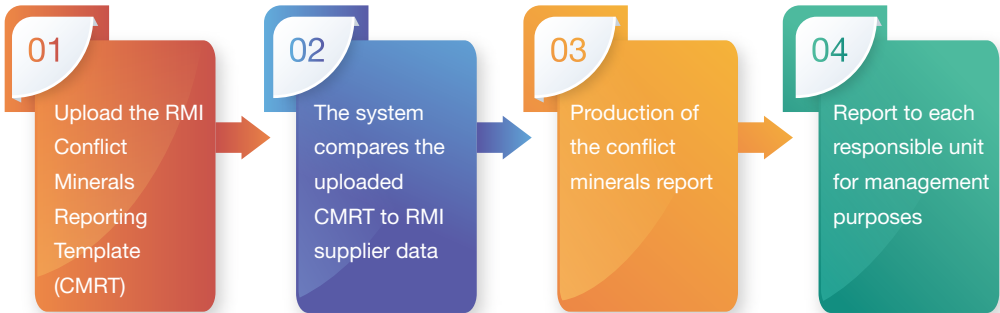
Note: Excludes three design companies where IATF16949 is not applicable.

ESG Certification Evaluation Results	Foundrie	Packaging Companies	Testing Company	Memory Manufacturers	Total	
Green Light (80-100 points)	6	8	12	6	32	91%
Yellow Light (60-79 points)	0	0	0	3	3	9%
Red Light (59 or fewer points)	None					

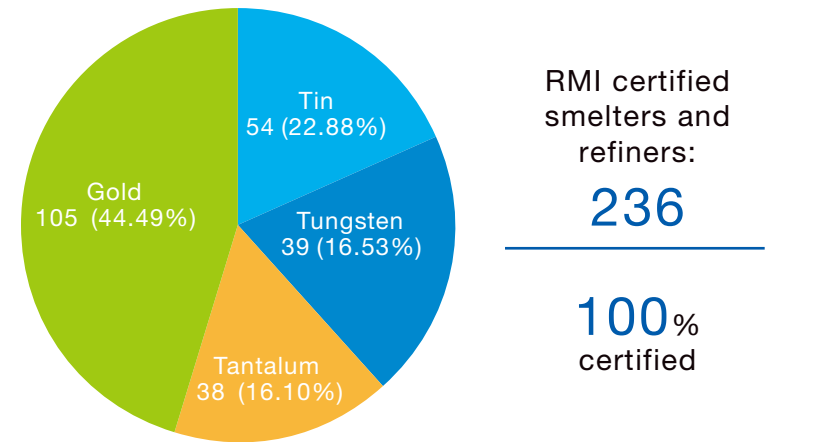
■ Non-Conflict Minerals Policy

In order to strengthen Realtek's supply chain management and demonstrate that the material used in Realtek products do not come from conflict-affected and high risk areas, Realtek, since 2010, has required suppliers to provide a Conflict Minerals Policy Statement in accordance with the Conflict-Free Smelter Program (CFSP), the Responsible Business Alliance (RBA), and the Global e-Sustainability Initiative (GeSI). This requirement ensures compliance with the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas announced by the Organization for Economic Co-operation and Development (OECD). Realtek adopts the Responsible Minerals Initiative (RMI) Conflict Minerals Reporting Template to comply with regulations for tin, tungsten, tantalum, and gold, and the Cobalt Reporting Template for cobalt sourcing, in order to ensure that the minerals used in our products all come from RMI-approved smelters or nations. In April 2021, Realtek implemented an automated management system for supplier conflict minerals reporting. Suppliers shall regularly update their information so that responsible units have comprehensive information. In 2021, 100% of suppliers provided the required information and all use smelters with RMI certification.

Supplier Conflict Mineral Reporting System



Realtek uses tin, tantalum, tungsten, and gold from 236 smelters in 40 countries. 100% of our suppliers use smelters with RMI certification. We prohibit minerals from non-government, or illegal military factions in areas or neighboring countries controlled by the Democratic Republic of the Congo. Since 2021, Realtek has also expanded investigations of cobalt, and will make full disclosures when it is officially listed as a conflict mineral. In the future, Realtek will continue to refrain our suppliers from procuring any conflict minerals as part of our commitment to supporting human rights and sustainable operations. This will prevent the use of conflict minerals that come from areas associated with serious human rights abuse, illegal trade, or the financing of violence.



Reporting Item	RMI Certified			
Mineral Type	Tin	Tungsten	Tantalum	Gold
Number of Smelters by Type	54	39	38	105
Total Smelters	236			
Countries, by Type	16	11	12	33

Note: CMRT v6.1 (Conflict Minerals Reporting Template) is issued by the Responsible Minerals Initiative (RMI).

Local Procurement

With most operations occurring at the Company's headquarters in Hsinchu, Realtek upholds 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 and lowers energy consumption. In 2021, Realtek had 528 general local suppliers that accounted for 76% of all procurements by value, and 16 local contract manufacturers that accounted for 89% of contract outsourcing. As a responsible member of the supply chain, Realtek regularly assesses supplier performance with the aim of providing guidance that raises the core capabilities of local suppliers. We evaluate material shortage risks based on global supply and demand, in order to prevent negative impacts on the company. The proportions of materials sourced in each region are adjusted according to current conditions to support business continuity and sustainable development of the supply chain.



Number of Suppliers and Percentage by Value, Over the Past Three Years

Supplier Type	General Procurement						Contract Manufacturing					
	2019		2020		2021		2019		2020		2021	
	Companies	Percentage by Value	Companies	Percentage by Value	Companies	Percentage by Value	Companies	Percentage by Value	Companies	Percentage by Value	Companies	Percentage by Value
Local Suppliers	513	50%	513	85%	528	76%	8	88%	12	77%	16	89%
Non-Local Suppliers	73	50%	65	15%	81	24%	7	12%	9	23%	7	11%

Note: General procurement consists of all external procurement other than wafer fabrication, packaging, and outsourced testing.

CH6 Social Inclusion & Shared Prosperity

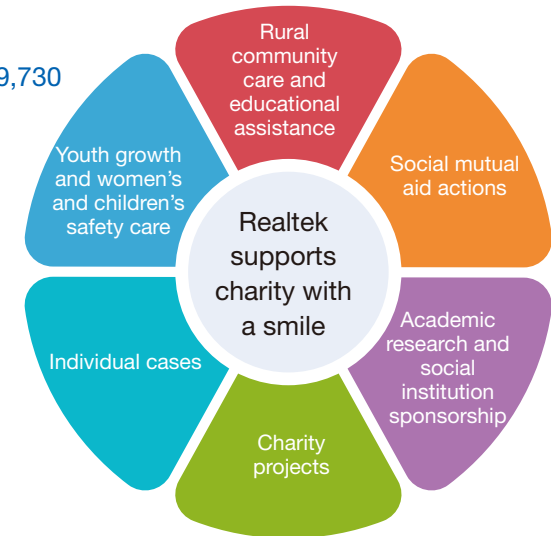


Social Inclusion & Shared Prosperity

Shared prosperity is an important part of Realtek's commitment to corporate responsibility, as shown by longstanding support of social care and charitable activities. In 2008, the Company launched a special social welfare program called "Supporting charity with a smile". Employees are encouraged to join social welfare activities, which raises the Company's consensus for carrying out sustainable initiatives that spread prosperity. The aim is to bring the lessons of social care while producing tangible benefits to the society.

Realtek's supporting charity with a smile social welfare program covers six categories: youth growth and women's and children's safety care, rural community care and educational assistance, social mutual aid actions, academic research and social institution sponsorship, charity projects, and individual cases. These categories encompass a wide range of topics and care recipients. In 2010, the company established the CSR Planning Center to invest more resources and energy into expanding social care and fulfilling CSR through systematic planning. Besides providing care to external recipients, we design internal activities to reinforce employees' awareness of the importance of social care. Realtek also continues to learn from the society to strengthen and activate strategic CSR planning, thereby providing feedback to fuel engagement momentum and action effectiveness.

In 2021, Realtek invested NT\$ 50,929,730 towards social participation, increasing investment by 264% compared to the previous year.



Care for Rural Education

Realtek has long considered education to be one of the most important and longstanding topics of social inclusion and shared prosperity because it is a long-term effort that deeply affects the sustainable development of individual students and the nation as a whole. To support education for indigenous children in Hsinchu County, Realtek provides scholarships, grants, and assistance to four rural schools to enrich their educational resources. We hope that the children can learn and grow without fear and those 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. 2021 was the 35th anniversary of this special event. While many activities were restricted due to the pandemic, Realtek still held the Big Crab Family Day by handing out care packages to share our happiness and joy. We also continued to provide scholarships to the four rural schools in order to help fund special programs, provide more learning opportunities, and to support students' physical and mental development, helping them be better prepared to contribute to their households, communities, society, and nation.

Realtek was honored to receive a video recorded blessing from students and teachers at each of the four schools (Shih Lei Elementary School, Yu Feng Elementary School, Xin Guang Elementary School, and Hsiu Luan Elementary School) to celebrate Realtek's 35th anniversary. We appreciate the innocence, joy, and happiness that each student brings. Realtek Family Day is a shared event between the four schools and the Big Crab Family, in which everyone joins to experience the warmth and joy of learning.

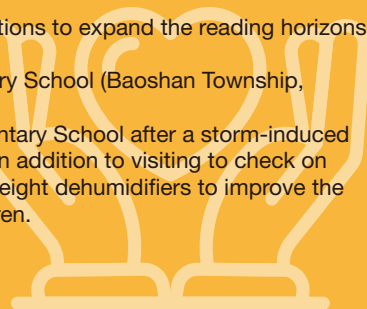


Realtek Cares About the Educational Environment of Rural Children

In 2021, the Hsiu Luan Elementary School campus in Jianshih Township, Hsinchu County was damaged by a storm-induced landslide. Realtek visited to check on the safety of students and teachers upon hearing of this unfortunate event. We also provided the funds for eight dehumidifiers to improve the learning environment for the schoolchildren.

2021 Investments in Educational Development:

- Scholarships and grants 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.
- Sponsorship for the Shuang Si Elementary School (Baoshan Township, Hsinchu County) basketball team.
- Assistance provided to Hsiu Luan Elementary School after a storm-induced landslide damaged the school campus. In addition to visiting to check on teachers and students, Realtek donated eight dehumidifiers to improve the learning environment for the schoolchildren.



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

Realtek has been paying attention to education related issues for many years. In 2018, we began planning and participating in a reading charity project for rural children. By supplying quality monthly publications to rural elementary schools, the Company encouraged students to read more and improve their learning. In 2019 and 2020, Realtek cooperated with the Global Views Educational Foundation on a program that used reading as a seed to give children a better future. Annual donations of educational magazine subscriptions to rural schools throughout Hsinchu, Miaoli, and Pingtung benefited students in 138 classes. During the project period, we received feedback from teachers and students that the educational magazines helped schoolchildren breed the habit of reading and served as extended learning materials. We were delighted by the warmth, hope, and power displayed in the feedback letters and photos.

In 2021, Realtek expanded the capacity of rural care planning by increasing the educational magazine subscriptions from 26 to 30 rural schools, reaching a total of 208 classes. Company employees continue to maintain contact with each school. By tracking children's use of the magazines, we could arrange the resources and budget more precisely for future planning.

In 2022, Realtek will continue to keep a close watch on reading and educational issues for rural schools. Sustaining reading promotion turns students into avid readers, strengthens their field of vision, sparks intelligence, and brings joy as the students learn and grow.



// Sponsorship of Academic Research and Development Activities

The progress of a country depends on dedicated research institutions leading and inspiring innovations, breakthroughs, and development. Realtek sponsors academic R&D activities to contribute towards creating a sustainable and prosperous future together. In 2021, Realtek sponsored the following academic and research development plans:

- Build technology-based knowledge sharing platforms-Accomdemey.
- Donation of a Smart Ward Solution to National Taiwan University Hospital, NTUH Hsinchu Branch, and NTU BioMedical Park Hospital (including the Zhubei and Chu-Tung campuses): Dome IP Cameras video surveillance monitoring systems.
- Donation to NTUH Hsinchu Branch: Funding for infectious disease prevention and control research.
- Donation to NTU BioMedical Park Hospital (Zhubei Branch): Smart ward equipment.
- Donation to National Taiwan University Cancer Center for hospital development, pandemic control, and medical display monitors.
- Industrial Technology Research Institute: 2021 International Symposium on VLSI.
- 32nd VLSI Design/CAD Symposium, 2021.
- IEEE Taipei Section: 27th ASP-DAC, 2022.
- Donation to the Taiwan IC Industry & Academia Research Alliance 3rd YST Forum.
- Donation to the National Taiwan University Academic Development Foundation – NTU System-on-Chip Center.
- Donation to the Professor Sow-Hsong Kuo Foundation.
- Donation to the Cultural Foundation of National Taiwan University.



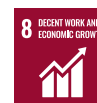
Smart Ward Solution, NTU Hospital

Realtek donated 250 sets of smart ward solutions to NTU Hospital and 94 sets to NTU BioMedical Park Hospital Zhubei Campus, including 5MP PTZ webcams, Power over Ethernet (POE) hubs, Central Management Systems (CMS), and smart broadcasting systems. In addition, we donated one set of smart ward solutions to NTU Hsinchu Hospital comprising IP Cameras, TVs, notebooks, and an out-of-bed detection monitoring system for use in negative pressure isolation rooms and general wards. Nursing station staff could use these smart systems as safe care management platforms to monitor the condition of ward patients in real time, including physiological data readings, fall detection alarms, and emergency assistance.

The system allows a nursing station to know each patient's position via a live video feed. The nurses can then act to provide care or assistance without any delay. The system also provides updated physiological data to inform medical staff of their patients' needs. When a patient faces an emergency, he or she can use the ward's smart broadcasting system to speak with the nursing station and ask for help. By supporting fast and proactive actions, the system makes the ward safer and provides a better health care environment for both patients and medical personnel.



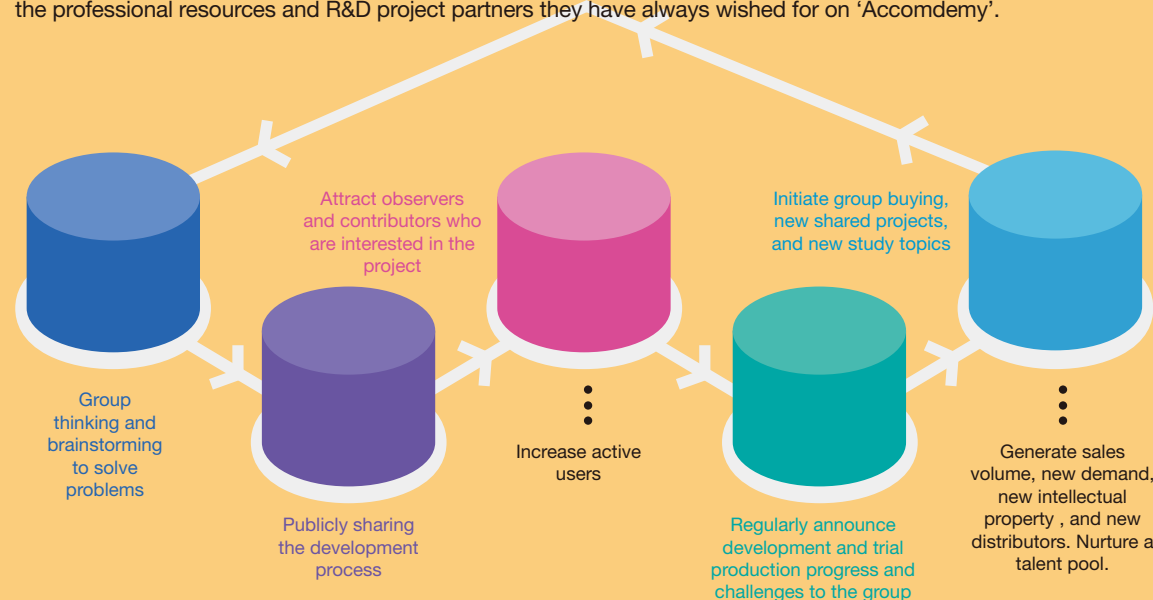
A C C O M D E M Y



Accomdemmy = Accompany + Academy

In support of education, Realtek has always cared deeply about promoting knowledge effectively while increasing ingenuity and resource sharing. We've long dreamed of using new methods and entering new fields in order to accelerate broad-based knowledge and shared innovation gains around the world. Therefore, Realtek searched for a solution, pouring resources into building technology-based knowledge sharing platforms. These efforts were carried out jointly by the technology, start-up, and education sectors, leading to the establishment of the self-learning organization 'Accomdemmy'. The objective is for makers from around the world to be able to join this social group to freely initiate the topics they want to learn or jointly build technology R&D projects that interest them. The exchanging of ideas with partners in this social group leads to joint innovation and inspiration, as well as the sharing of knowledge and creative achievements. Based on the foundation built by makers through the power of passion and spontaneity, we hope to attract more partners from a wide range of industries to join. As these new participants contribute more resources, more impactful synergies will emerge, leading even more makers from all over the world to join. This will give rise to the introduction of more learning topics and R&D projects, further facilitating the development of this technology-based knowledge sharing platform. People who are passionate about technological R&D and who want to learn about innovation and the creation of new things, will now be able to find the professional resources and R&D project partners they have always wished for on 'Accomdemmy'.

Realtek believes that participation and support from enterprises in the development of the makers' community group will boost the sharing of community technology and knowledge resources. People from around the world will then be able to use the Accomdemmy platform for further exploration in their studies and to advance innovative applications. Furthermore, Realtek hopes that the development of this online social platform will enable people from rural communities to easily access educational resources in the electrical, information, science, and engineering fields. By bridging education and technology, Accomdemmy will create greater innovation and value. As the knowledge and strength of Accomdemmy multiplies, all participants on the platform will benefit from the abundant knowledge and value, causing the platform to spread even further. Since the founding of Accomdemmy in February 2022, close to 2,200 members joined from a diverse set of places ranging from Asia, to Europe, and North America. They spontaneously held 239 knowledge sharing activities. The number of monthly active users increased from 493 in the initial stage, to 1,785, with a monthly natural rate of increase of 9.8%. The average engagement rate also rose to 19.8%. Growth of the platform was evident as seen in the increase in innovations. During the first quarter of 2022, contributors to the platform independently submitted 15 hardware projects and seven software projects while sharing knowledge through written documents. The results showed how Accomdemmy members successfully use a technology-based knowledge platform combined with the strength of social participation to make technology learning sustainable and to produce a positive cycle of innovation.



**Accomdemmy Social Group: Fostering an
Innovative, New Sustainable Operational Cycle**

In the future, Realtek plans to turn Accomdemmy into a Decentralized Autonomous Organization (DAO). This type of social enterprise would likely attract even more people to join and promote the development of makers' communities around the world, who will in turn share even more innovative projects. By making the sharing of knowledge and learning opportunities borderless, Accomdemmy is spreading technology education. Everyone with a desire to learn can feel the warmth of sharing and the energy that comes from joint participation.

Mutual Social Assistance Project

Social assistance and timely care are critical parts of Realtek's charitable care projects. Realtek's employees cooperate with social welfare organizations and other groups to support charity activities and underprivileged groups. In 2021, Realtek's social care projects included the following:

- Held the 'Realtek 35th Anniversary Gift of Love' event, which provided care and assistance to 15 social welfare organizations.
- Eden Social Welfare Foundation: Service plan to support disadvantaged children.
- Children Are Us Foundation: Sponsored construction of a long-term care institute for intellectually disabled children.
- The Society of Jesus Hsinchu Social Service Center: Sponsored the 'Hold the Years; Trek the Memory' walking activity.
- Boyo Social Welfare Foundation 'Overcoming learning challenges by teaching in accordance with student's aptitude'.
- Taiwan Fund for Children and Families, Hsinchu Center: Winter warmth charitable activity.
- Saint Joseph Social Welfare Foundation: 'Love without limits' activity.
- Miracle Home, Franciscan Missionaries of Mary Taiwan.

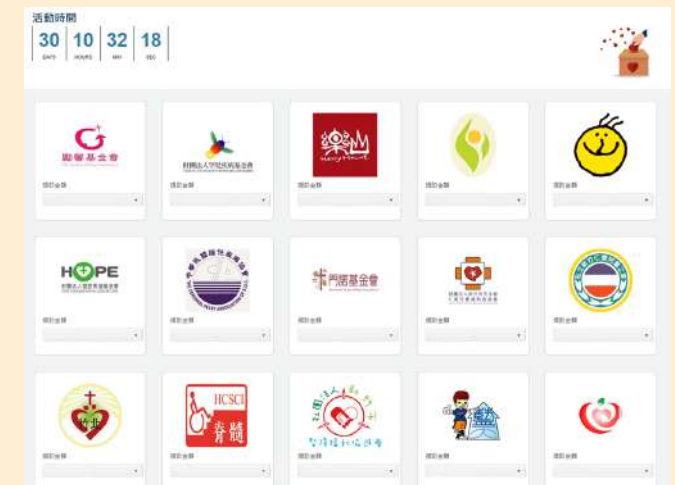
Realtek 35th Anniversary Gift of Love Event

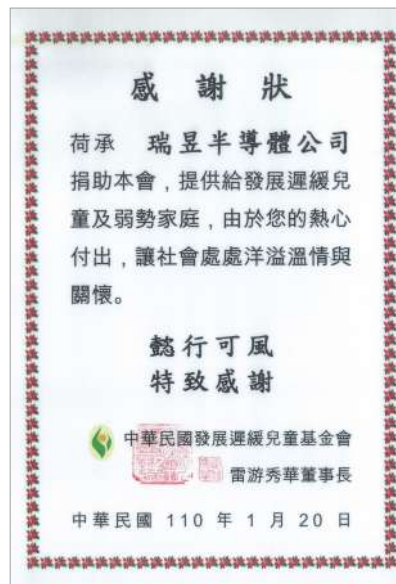
In 2021, in the face of changes driven by the pandemic, the company carried out various pandemic prevention management measures. At the same time, we contacted social welfare organizations to inquire about their operations and offer support via the Realtek 35th Anniversary Gift of Love Event. The Company designed a public welfare platform to introduce the underprivileged groups along with the objectives of social welfare organizations supporting them. A donation quota was given to each employee to encourage everyone to take part in our charitable activities. By showing compassion towards underprivileged groups, Realtek spreads love, warmth, and support to people in need.

Item	Realtek 35 th Anniversary Gift of Love Event
1	The Garden of Hope Foundation
2	Taiwan Foundation for Rare Disorders
3	Taipei Happy Mount Home for people with disabilities
4	Foundation for Children with Developmental Delay
5	Noordhoff Craniofacial Foundation Taiwan
6	Hope Foundation for Cancer Care
7	The Cerebral Palsy Association of ROC
8	Mennonite Social Welfare Foundation

Item	Realtek 35 th Anniversary Gift of Love Event
9	Saint Joseph Social Welfare Foundation
10	Hsinchu Renai Children's Home
11	Hsinchu Diocese Zhubei Elder Care Center
12	Hsinchu City Spinal Cord Disability Association
13	Hsinchu Intellectual Disability Welfare Association
14	Hsinchu Diocese Blue Sky Home
15	Hsinchu Ai-Heng Training Center

Realtek 35th Anniversary Gift of Love Event





Asia Responsible Enterprise Award (AREA) Health Promotion Category



Realtek cooperated with Taipei's Longshan Temple, the Liver Disease Prevention & Treatment Foundation, and Yuan High-Tech Development Co. to offer free hepatitis and liver cancer screenings and to conduct a liver health awareness survey. The purpose of the event was to encourage people to heed their liver health by undergoing preventive measures and screenings, with the aim of eliminating hepatitis C in Taiwan by 2025. A total of 8,032 people joined the event and completed the health awareness survey, setting a new Guinness World Record for most people completing a health survey in 12 hours and writing a new page in Taiwan's liver disease prevention efforts.

The event relied on cooperation between different groups, combining the power of religious beliefs, health care, and digital technology to develop a diverse partnership. Local religious centers led the way in encouraging the public to participate, which helped to spread awareness about the prevention of both liver disease and hepatitis through the power of technology. The event also supported the UN's Sustainable Development Goals, including those calling for "good health and well-being" and "partnerships for the attainment of common goals." The activity provided an all-new model for health charity events.

In 2021, following document review, presentations, and judges' evaluations, this project won an Asia Responsible Enterprise Award (AREA) in the Health Promotion category, presented by a leading Asian entrepreneurship group, Enterprise Asia. AREA's annual ceremony was held online during the afternoon of September 2nd, 2021. Participants from across Asia gathered to share achievements their enterprises made in the field of corporate social responsibility. Realtek gathered the strengths of various partners to promote the project, winning the award again after having previously won the AREA Health Promotion Award in 2018.



Sponsorship of Local, Regional and Community Groups

Realtek cares about the firefighters of Hsinchu City and County who put hard effort into not only regular disaster relief, but also into high-risk pandemic prevention work. Emergency duties and tight schedules oftentimes make it difficult for firefighters to purchase meals outside. Therefore, to thank these great men and women for consistently being in the frontlines to keep us safe, we decided to donate packed lunches for nine consecutive days (starting from July 15th, 2021) as an expression of encouragement for their hard work. We hoped that through these heart-warming meals, these firefighters could feel our respect and gratefulness for their noble contributions.

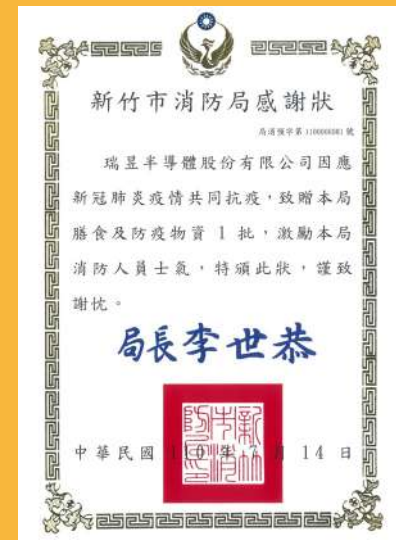
In the future, Realtek will continue to give back to the society that we benefited from. We will monitor opportunities to support local communities and public welfare. By increasing charitable contribution, Realtek will actively participate in the charity projects to bring more love and mutual assistance to the country, society and families.



Realtek providing packed lunches for the firefighters of Hsinchu City



The Crab Family delivering packed lunches to the firefighters of Hsinchu County



Appendix I GRI Standards Index

// GRI 102 : General Disclosures 2016

Category/ Consideration	GRI Standards Indicator		Corresponding Chapter/Explanation	Page No.
Organizational Profile				
Core	102-1	Name of the organization	Ch. 1 Realtek’s Values - About Realtek	21
Core	102-2	Activities, brands, products, and services	Ch. 1 Realtek’s Values - About Realtek	21
Core	102-3	Location of headquarters	Ch. 1 Realtek’s Values - About Realtek	21
Core	102-4	Location of operations	About the Report	4
Core	102-5	Ownership and legal form	Ch. 1 Realtek’s Values - About Realtek	21
Core	102-6	Markets served	Ch. 1 Realtek’s Values - About Realtek	21
Core	102-7	Scale of the organization	Ch. 1 Realtek’s Values - About Realtek For product production and shipment data in 2021, see page 85 of the Annual Report.	21
Core	102-8	Information on employees and other workers	Ch. 4 Building an Inclusive and Happy Workplace - Talent Attraction and Development	49
Core	102-9	Supply chain	Ch. 1 Realtek’s Values - About Realtek Ch. 5 Green Operations - Green Supply Chain	21 79
Core	102-10	Significant changes to the organization and its supply chain	No major changes.	-
Core	102-11	Precautionary principle or approach	Ch. 3 Sustainable Governance - Governance Framework	37

Category/ Consideration	GRI Standards Indicator		Corresponding Chapter/Explanation	Page No.
Core	102-12	External initiatives	About the Report	4
			Ch. 2 R&D and Innovation - Green Products	33
			Ch. 3 Sustainable Governance - Governance Framework	37
			Ch. 5 Green Operations - Green Supply Chain	79
Core	102-13	Membership of associations	Ch. 1 Realtek's Values - Professional Exchanges	26
Strategy				
Core	102-14	Statement from senior decision-maker	From the President	6
Ethics and Integrity				
Core	102-16	Values, principles, standards, and norms of behavior	Ch. 3 Sustainable Governance - Ethical Management	42
Governance				
Core	102-18	Governance structure	Ch. 3 Sustainable Governance - Governance Framework	37
Stakeholder Engagement				
Core	102-40	List of stakeholder groups	Foreword - Stakeholder Engagement	15
Core	102-41	Collective bargaining agreements	Realtek does not have a labor union.	-
Core	102-42	Identifying and selecting stakeholders	Foreword - Stakeholder Engagement	15
Core	102-43	Approach to stakeholder engagement	Foreword - Stakeholder Engagement	15
Core	102-44	Key topics and concerns raised	Foreword - Stakeholder Engagement	15
Reporting Practice				
Core	102-45	Entities included in the consolidated financial statements	The scope of disclosure of this report see page 4 of the 2021 ESG Report and page 96 of the 2021 Annual Report.	-

Category/ Consideration	GRI Standards Indicator		Corresponding Chapter/Explanation	Page No.
Core	102-46	Defining report content and topic boundaries	About the Report Foreword - Stakeholder Engagement	4 15
Core	102-47	List of material topics	Foreword - Stakeholder Engagement	15
Core	102-48	Restatements of information	No information restatements.	-
Core	102-49	Changes in reporting	Foreword - Stakeholder Engagement “Information security” was added as a material issue in 2021. Safeguarding the information security of customer products is an issue that Realtek considers to be of great importance. “Customer rights & interests and product safety” was switched to a secondary issue. Apart from some name adjustments, other material issues largely remained the same as the previous year.	15
Core	102-50	Reporting period	About the Report	4
Core	102-51	Date of most recent report	About the Report	4
Core	102-52	Reporting cycle	About the Report	4
Core	102-53	Contact point for questions regarding the report	About the Report Foreword - Stakeholder Engagement	4 15
Core	102-54	Claims of reporting in accordance with the GRI Standards	About the Report	4
Core	102-55	GRI content index	About the Report	4
Core	102-56	External assurance	About the Report	4

// GRIStandard Disclosure : Material Topics

★ The material topics after merger

Material Topic	GRI Standards Indicator		Corresponding Chapter / Explanation	Page No.
R&D and Innovation /market management				
★ R&D and Innovation / market management	103-1	Explanation of the material topic and its boundary	Ch. 2 R&D and Innovation	29
	103-2	The management approach and its components	Ch. 2 R&D and Innovation	29
	103-3	Evaluation of the management approach	Ch. 2 R&D and Innovation	29
	302-5	Reductions in energy requirements of products and services	Ch. 2 R&D and Innovation - Green Products	33
Corporate governance and regulation compliance				
★ Corporate governance and compliance	103-1	Explanation of the material topic and its boundary	Ch. 3 Sustainable Governance	36
	103-2	The management approach and its components	Ch. 3 Sustainable Governance	36
	103-3	Evaluation of the management approach	Ch. 3 Sustainable Governance	36
	205-3	Confirmed incidents of corruption and actions taken	Ch. 3 Sustainable Governance – Ethical Management	42
	307-1	Non-compliance with environmental laws and regulations	Ch. 3 Sustainable Governance	36
	419-1	Non-compliance with laws and regulations in the social and economic area	Ch. 3 Sustainable Governance	36
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Ch. 3 Sustainable Governance	36
Information security				
★ Information security	103-1	Explanation of the material topic and its boundary	Ch. 3 Sustainable Governance - Information Security	43

Material Topic	GRI Standards Indicator		Corresponding Chapter / Explanation	Page No.
★ Information Security	103-2	The management approach and its components	Ch. 3 Sustainable Governance - Information Security	43
	103-3	Evaluation of the management approach	Ch. 3 Sustainable Governance - Information Security	43
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Ch. 3 Sustainable Governance - Information Security	43
GRI 201: Economic Performance 2016				
GRI 201: Economic Performance 2016	103-1	Explanation of the material topic and its boundary	Ch. 1 Realtek's Values - Economic Performance	24
	103-2	The management approach and its components	Ch. 1 Realtek's Values - Economic Performance	24
	103-3	Evaluation of the management approach	Ch. 1 Realtek's Values - Economic Performance	24
	201-1	Direct economic value generated and distributed	Ch. 1 Realtek's Values - Economic Performance	24
Talent attraction and development				
★ Talent attraction and development	103-1	Explanation of the material topic and its boundary	Ch. 4 Building an Inclusive and Happy Workplace - Talent Attraction and Development	49
	103-2	The management approach and its components	Ch. 4 Building an Inclusive and Happy Workplace - Talent Attraction and Development	49
	103-3	Evaluation of the management approach	Ch. 4 Building an Inclusive and Happy Workplace - Talent Attraction and Development	49
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Ch. 4 Building an Inclusive and Happy Workplace - Employee Care and Benefits	55
	401-3	Parental leave	Ch. 4 Building an Inclusive and Happy Workplace - Employee Care and Benefits	55
	404-1	Average hours of training per year per employee	Ch. 4 Building an Inclusive and Happy Workplace	52
	404-3	Percentage of employees receiving regular performance and career development reviews	Ch. 4 Building an Inclusive and Happy Workplace - Talent Attraction and Development	49

Material Topic	GRI Standards Indicator		Corresponding Chapter / Explanation	Page No.
Supplier sustainability management				
★ Supplier sustainability management	103-1	Explanation of the material topic and its boundary	Ch. 5 Green Operations - Green Supply Chain	79
	103-2	The management approach and its components	Ch. 5 Green Operations - Green Supply Chain	79
	103-3	Evaluation of the management approach	Ch. 5 Green Operations - Green Supply Chain	79
	204-1	Proportion of spending on local suppliers	Ch. 5 Green Operations - Green Supply Chain	79
	308-1	New suppliers that were screened using environmental criteria	Ch. 5 Green Operations - Green Supply Chain	79
	414-1	New suppliers that were screened using social criteria	Ch. 5 Green Operations - Green Supply Chain	79
Climate change management and responses				
★ Climate change management and responses	103-1	Explanation of the material topic and its boundary	Ch. 5 Green Operations - Climate Change Management and Responses	69
	103-2	The management approach and its components	Ch. 5 Green Operations - Climate Change Management and Responses	69
	103-3	Evaluation of the management approach	Ch. 5 Green Operations - Climate Change Management and Responses	69
	201-2	Financial implications and other risks and opportunities due to climate change	Ch. 5 Green Operations - Climate Change Management and Responses	69
	302-1	Energy consumption within the organization	Ch. 5 Green Operations - Energy Savings, and Carbon Reduction Measures	72
	302-3	Energy intensity	Ch. 5 Green Operations - Energy Savings, and Carbon Reduction Measures	72
	302-4	Reduction of energy consumption	Ch. 5 Green Operations - Energy Savings, and Carbon Reduction Measures	72

Material Topic	GRI Standards Indicator		Corresponding Chapter / Explanation	Page No.
★ Climate change management and responses	305-1	Direct (Scope 1) GHG emissions	Ch. 5 Green Operations - Energy Savings, and Carbon Reduction Measures	72
	305-2	Energy indirect (Scope 2) GHG emissions	Ch. 5 Green Operations - Energy Savings, and Carbon Reduction Measures	72
	305-4	GHG emissions intensity	Ch. 5 Green Operations - Energy Savings, and Carbon Reduction Measures	72
	305-5	Reduction of GHG emissions	Ch. 5 Green Operations - Energy Savings, and Carbon Reduction Measures	72

// GRI Standard Disclosure : Voluntary Disclosure Topics

Material Topic	GRI Standards Indicator		Corresponding Chapter / Explanation	Page No.
200 Economic				
GRI 202: Market Presence 2016	202-2	Proportion of senior management hired from the local community	100% of top-level management are local residents.	-
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Ch. 6 Social Inclusion & Shared Prosperity	86
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Ch. 3 Sustainable Governance – Ethical Management	42
GRI 206：反競爭行為 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Ch. 3 Sustainable Governance – Ethical Management	42
300 Environmental				
GRI: 303 Water and Effluents 2018	303-3	Water withdrawal	Ch. 5 Green Operations - Conservation of Water Resources	77

Material Topic	GRI Standards Indicator		Corresponding Chapter / Explanation	Page No.
GRI: 303 Water and Effluents 2018	303-4	Water discharge	Ch. 5 Green Operations - Conservation of Water Resources	77
	303-5	Water consumption	Ch. 5 Green Operations - Conservation of Water Resources	77
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Ch. 5 Green Operations - Waste Management	78
	306-2	Management of significant waste-related impacts	Ch. 5 Green Operations - Waste Management	78
	306-3	Waste generated	Ch. 5 Green Operations - Waste Management	78
	306-4	Waste diverted from disposal	Ch. 5 Green Operations - Waste Management	78
	306-5	Waste directed to disposal	Ch. 5 Green Operations - Waste Management	78
400 Social				
GRI 403: Occupational Health and Safety 2018	201-3	Defined benefit plan obligations and other retirement plans	Ch. 4 Building an Inclusive and Happy Workplace - Talent Attraction and Development	49
	403-1	Occupational health and safety management system	Ch. 4 Building an Inclusive and Happy Workplace - Build a Safe and Healthy Workplace	60
	403-2	Hazard identification, risk assessment, and incident investigation	Ch. 4 Building an Inclusive and Happy Workplace - Build a Safe and Healthy Workplace	60
	403-3	Occupational health services	Ch. 4 Building an Inclusive and Happy Workplace - Build a Safe and Healthy Workplace	60
	403-4	Worker participation, consultation, and communication on occupational health and safety	Ch. 4 Building an Inclusive and Happy Workplace - Build a Safe and Healthy Workplace	60
	403-5	Worker training on occupational health and safety	Ch. 4 Building an Inclusive and Happy Workplace - Build a Safe and Healthy Workplace	60
	403-6	Promotion of worker health	Ch. 4 Building an Inclusive and Happy Workplace - Build a Safe and Healthy Workplace	60
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Ch. 4 Building an Inclusive and Happy Workplace - Build a Safe and Healthy Workplace	60

Material Topic	GRI Standards Indicator		Corresponding Chapter / Explanation	Page No.
GRI 403: Occupational Health and Safety 2018	403-8	Workers covered by an occupational health and safety management system	Ch. 4 Building an Inclusive and Happy Workplace - Build a Safe and Healthy Workplace	60
	403-9	Work-related injuries	Ch. 4 Building an Inclusive and Happy Workplace - Build a Safe and Healthy Workplace	60
	403-10	Work-related ill health	Ch. 4 Building an Inclusive and Happy Workplace - Build a Safe and Healthy Workplace	60
GRI: 405 Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Ch. 4 Building an Inclusive and Happy Workplace - Talent Attraction and Development	49
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Ch. 4 Building an Inclusive and Happy Workplace - Human Rights Management	48
GRI 412: Human Rights Assessment 2016	412-2	Employee training on human rights policies or procedures	Ch. 4 Building an Inclusive and Happy Workplace - Human Rights Management	48
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Ch. 6 Social Inclusion & Shared Prosperity	86
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Ch. 2 R&D and Innovation - Green Products	33

// Financial Supervisory Commission – Requested Disclosure Items

Disclosure Items	Corresponding Chapter / Explanation	Page No.
The number of full-time employees who are not in a managerial position, the average and median of the salaries of the full-time employees who are not in a managerial position, and the difference of the three figures from the previous year.	Ch. 4 Building an Inclusive and Happy Workplace - Talent Attraction and Development	49
The Company's governance around climate-related risks and opportunities, actual and potential climate-related impacts, how to identify, assess and manage climate-related risks, and metrics and targets used to assess and manage relevant climate-related issues.	Ch. 5 Green Operations - Climate Change Management and Responses	69

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	See Ch. 5 Green Operations - Energy Savings, and Carbon Reduction Measures	72
	TC-SC-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	See Ch. 5 Green Operations - Energy Savings, and Carbon Reduction Measures	72
Energy Management in Manufacturing	TC-SC-130a.1	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable	See Ch. 5 Green Operations - Energy Savings, and Carbon Reduction Measures	72
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	See Ch. 5 Green Operations - Conservation of Water Resources	77
Waste Management	TC-SC-150a.1	Amount of hazardous waste from manufacturing and percentage of waste that is recycled	See Ch. 5 Green Operations – Waste Management	78
Employee Health & Safety	TC-SC-320a.2	Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations	No violations of relevant laws	-
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	Percentage of Foreign Workers: 0.65% Percentage of Employees Stationed Overseas: 0.04%	-
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 chip circuitry, and the chips 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	See Ch. 2 R&D and Innovation - Development of Energy-Saving Products	34
Intellectual Property Protection & Competitive	TC-SC-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	No violations of relevant laws	-

Appendix III Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE REALTEK SEMICONDUCTOR CORP.'S SUSTAINABILITY REPORT FOR 2021

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 Sustainability Report for 2021 (hereinafter referred to as the Sustainability 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 verification in the period of 21 March 2022 to 10 May 2022. 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 Sustainability Report of 2021 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 and Level of Assurance

- | | |
|----|--|
| A. | SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000) |
| B. | AA1000ASv3 Type 1 Moderate Level (AA1000AP Evaluation only) |

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. In response to COVID-19 pandemic situation the assurance process was conducted via Teams.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts, Task Force on Climate-related Financial Disclosures (TCFD) and SASB related disclosures 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, 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.

AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

REALTEK has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, government agency, rating agency 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 and fairly 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. Measurement and evaluation of its impacts related to material topic were in place at target setting with combination of qualitative and quantitative measurements.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, REALTEK's Sustainability Report of 2021, 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 REALTEK's involvement with the impacts for each material topic (103-1), and how efforts were given to mitigate the impacts. When reporting on goals and targets for each material topic, the expected results are suggested to be set and reference previous year results, if applicable, with quantitative objectives. More disclosures of environmental topics to all operation locations are encouraged in future report.

Signed:

For and on behalf of SGS Taiwan Ltd.

David Huang
Senior Director
Taipei, Taiwan
23 May, 2022
WWW.SGS.COM



The background of the page features a stylized world map composed of a grid of small dots in a light blue color. Overlaid on this map are various circuit-like elements, including thin blue lines that trace paths across the continents, and several circular icons of varying sizes, some with concentric rings. The bottom of the page is decorated with a series of horizontal lines in shades of green and blue, transitioning from a solid green bar at the top of the footer to multiple thin blue lines, and finally to a solid blue bar at the very bottom.

Realtek ESG Report