2022 Sercomm Sustainability Report

SERCOM

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1.1 About the report

About the report

Sercomm Corporation is not only committed to its business development but is dedicated to fulfilling and promoting its corporate social responsibility in order to propagate the importance of the environment and green energy, to care for employees' interests and rights, to strengthen its corporate governance, and to participate in social and public interests. Sercomm upholds the principles of honesty, transparency, and sustainable development. Sercomm hereby prepares the "Sercomm Corporation 2022 Corporate Social Responsibility Report" to detail the status of sustainable development and social responsibility fulfilled by the Company in 2022 and to disclose the report to the public.

Report Structure

The report is compiled in accordance to GRI Standards, published by Global Reporting Initiative (GRI), Core Option for reporting framework, as well as to the United Nations (UN) Global Compact, the Sustainability Accounting Standards Board (SASB) Index and Task Force on Climate-related Financial Disclosures(TCFD).

Publication

The report discloses from January 1 to December 31, 2022, and some information related to the variance of corporate growth there of in 2020 and 2021. Previous report was published in Sep. 2022.

Report Assurance

PwC Taiwan has been engaged to perform assurance procedures on the sustainability performance information identified by Sercomm Corporation in accordance with the Statement of Assurance Engagements Standards No. 1, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" in the Republic of China. The assurance report for this ESG report is attached in the appendix.

Report Scope

Sercomm's global corporate operations, research and development centers, and major production sites. The information covers Sercomm Headquarters in Nangang Software Park in Taiwan, the Zhunan factory in Miaoli, subsidiaries in China, Philippines and overseas branches.

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1.2 Letter to Stakeholders

Dear Shareholders, 2022 has been a fruitful year for Sercomm as we celebrated its 30th anniversary. Though facing uncertainty in the business environment and an unstable supply chain, Sercomm took advantage of its global strategies to meet customer expectations, expand its telecom direct sales business, and respond to market demands to achieve excellent operational performance. Demand for network equipment upgrades has accelerated due to increased digital infrastructure construction. Sercomm continues its commitment to improving its investment and strategies for its products, technologies, and services.

Financial Performance

Sercomm's consolidated net sales of NT$64.57 billion, with a significant growth of 47% from previous year, setting a new Company's sales record. The operating income was NT$2.42 billion, an increase of 130% over the same period last year. The net income attributable to owners of the parent was NT$1.92 billion, an annual growth rate of 123%. Based on 254 million weighted average shares, the EPS for year 2022 was reported as NT$7.57, both revenue and profit set Company's record.

Corporate Sustainability

Sercomm upholds the core values of "Environment, Society, Corporate Governance" to promote sustainable development in numerous aspects of its operation and strives to improve its corporate sustainability. We lead by example, complying with the UN's Global Goals for Sustainable Development and response to the sustainable development goals. Sercomm's Corporate Social Responsibility Reports has received international third-party certification for 5 consecutive years, fully exhibiting Sercomm's effort in corporate social responsibility.

Award and Recognition

Sercomm was honored to receive the "Asia's Best Managed Companies", "Asia Best Telecommunications Company", "Best CEO", "Best Mid-Cap Company", "Most Committed to High Governance Best Standards ", "Most Committed to Environmental Stewardship" and "Best Investor Relations" from FinanceAsia. Sercomm is the only award-winning Company in networking industry, and it has won the award for six consecutive years, which shows that Sercomm has been deeply recognized in successful business transformation and corporate governance. In addition, Sercomm won the iF DESIGN AWARD 2022, demonstrating its profound R&D capability and excellent quality.

"Sercomm, to the next 30 years of excellence"

As the Internet becomes increasingly essential in our lives and digital transformation rapidly changes business models, governments around the world continue to actively invest in infrastructure which is driving strong demand for network equipment. Sercomm is developing next-generation key technologies and provides a full range of telecommunication technology solutions, including FTTx, DOCSIS Cable, Enterprise products, 5G Fixed Wireless, 5G small cells, video streamers, and other innovative products. As Sercomm reaches its 30th anniversary, it has proven to be an essential technology partner for its global telecommunications customers. Sercomm will continue to deepen its customer relationships to expand product footprint and value, enhance long-term interests of shareholders, customers, and employees, and aim for sustainable management to jointly create long-term enterprise value.

James Wang
Chairman & CEO of Sercomm

Ben Lin
President of Sercomm

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1.3 Awards and Recognition

Rated in FinanceAsia's "Taiwan's Best Managed Public Companies" as: Asia's Overall Best Managed Public Company, Asia's Best Company in Telecommunications, Best CEO, Best Managed Company, Best Mid-cap Company, Best Investor Relations, Most Committed to the Highest Governance Best Standards, Most Committed to Environmental Stewardship

Our 5G wireless router Mercurius, smart lighting network camera SmartCam, and multifunctional searchlight camera Ciroo Floodlight were honored at the iF Design Awards 2022 in Germany.

Taiwan Finalist in the 2022 LinkedIn Talent Award " Diversity Champion" & "Best Employee Brand"

Receive the "Great Place To Work US" certification

Received a silver medal in EcoVadis Global Corporate Social Responsibility (CSR) Rating

Our Philippine factory received a silver medal in the Responsible Business Alliance (RBA) audit evaluation in 2022

1.4 External Initiatives

Sercomm places significant importance on sustainability and is committed to contributing to the United Nations' Sustainable Development Goals (SDGs). We will prioritize seven specific SDG goals that align with our' sustainable initiatives and actively work towards a sustainable future.

Sercomm strictly adheres to the Code of Conduct – Responsible Business Alliance (RBA), ensuring labor rights, environmental protection, and ethical business practices. We conduct self-assessments on labor, health and safety, environmental standards, ethical standards, and management systems, and actively pursue relevant certifications. Our factories in China, Taiwan, and the Philippines have actively conducted third-party RBA audits. In fact, our Philippine factory achieved a silver medal in the RBA audit evaluation in 2022. In 2020, Sercomm successfully met the Joint Audit Cooperation (JAC) Best Supplier Inspection Standard.

Sercomm has been participating in the Carbon Disclosure Project (CDP) since 2014 to disclose the group's greenhouse gas emissions and physical risks. This participation enhances information transparency, reduces operational risks and costs, and contributes to our goal of achieving a sustainable future.

In 2023, Sercomm joined as a supporter of TCFD's climate change-related financial disclosure standards. Additionally, our 2022 ESG Report now adheres to these' standards, enabling us to identify climate change-related risks and opportunities, implement response measures, and establish management structures across four key dimensions: governance, strategy, risk management, indicators, and targets. We also plan to implement the Science Based Targets initiative (SBTi) goals in 2023 to pursue more proactive and sustainable carbon reduction and contribute to creating a better world.

CDP

TCFD

SDGs

RBA

JAC

SBTi

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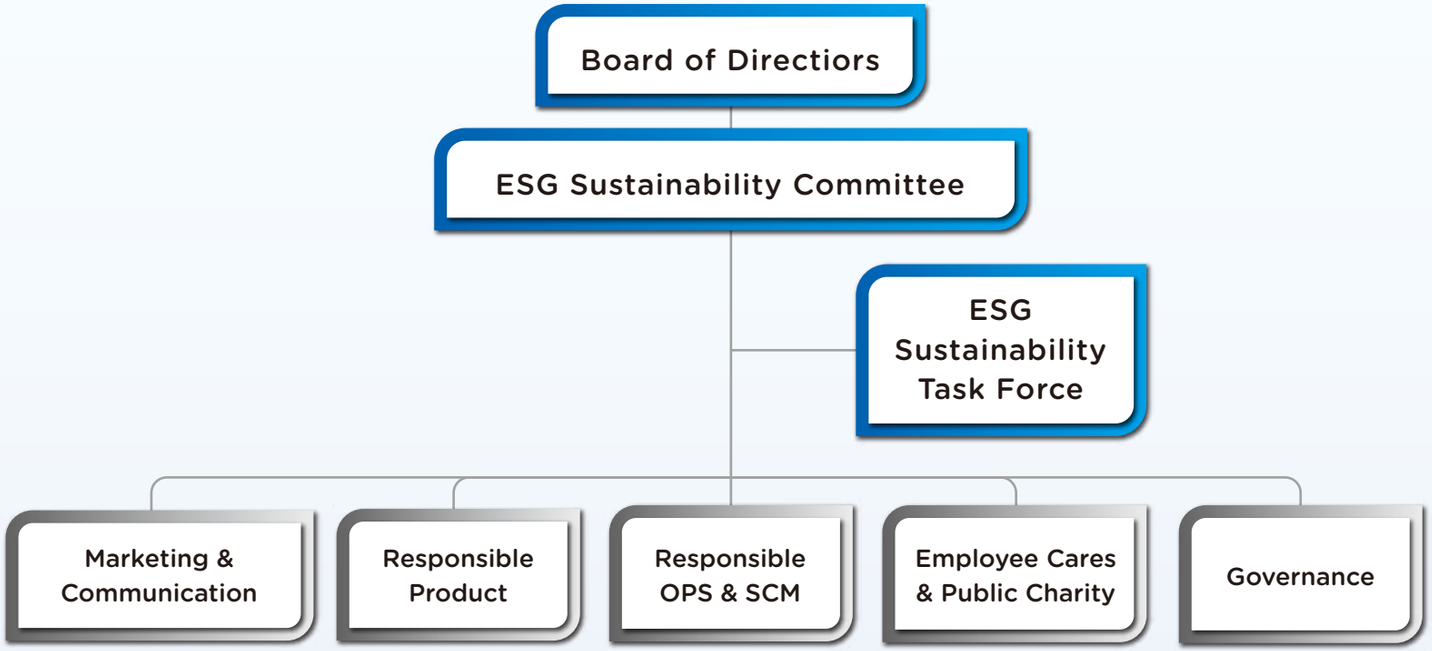
1.5 ESG Sustainability Committee

In May 2023, the Board of Directors officially approved the establishment of the “ESG Sustainability Committee.” This committee has been formed with the objective of fulfilling our corporate citizenship social responsibility, aligning with international trends, and actively responding to the risk assessment and response strategies of key stakeholders in relation to the environment, society, and corporate governance. The ESG Sustainability Committee consists of directors and top executives of the Company, who are responsible for: Developing a sustainable development direction and establish corresponding goals and formulating management policies and specific promotion plans accordingly. Promoting and implementing the Company’s initiatives in integrity management and risk management. Tracking and evaluating the implementation and efficacy of the Company’s sustainable development.

The ESG Committee comprises five task forces: Sustainable Development, Responsible Products, Responsible Operations, Employee Relations and Sustainable Interaction, and Corporate Governance. Additionally, a ESG Sustainability Task Force is established to oversee the operations of the ESG Sustainability Committee, integrate various work implementation groups, and report annual plans and execution results to the committee. The ESG Sustainability Task Force will also collaborate with each task force to monitor their progress in implementing the annual plan set by the ESG Sustainability Committee. The ESG Sustainability Committee will report to the Board of Directors after discussing the annual plan and implementation results.



1.6 Stakeholder Engagement

Sercomm attaches great importance to communication with the stakeholders, strives to disclose accurate, objective, and transparent Company information, and promotes sustainable strategies to create shared value through e_ective stakeholder engagement. Based on the five aspects of the AA1000 Stakeholder Engagement Standard: Dependency, Influence, Tension, Responsibility, And Diverse Perspectives, Sercomm has identified seven types of stakeholders according to their importance, namely, employees, customers/partners, investors/shareholders, suppliers, governments / competent authorities, news media, and NPO/NGO. Along with materiality analyses, Sercomm has also identified the most important issues for the stakeholders and Sercomm and has taken necessary countermeasures.

- Strengthen communication between customers, partners, suppliers and investors, and enhance their trust in Sercomm's performance and execution.
- Improve employees' recognition for CSR and incorporate CSR into corporate value to enhance internal cohesion in the Company.
- Maintain unimpeded communication channel between the Company and the media, government, and NGO/ social groups.

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Stakeholder

Employees

issues

- Compensation and benefits
- Learning and development
- Labor relations
- Occupational health and safety

Communication and frequency

■Regularly:
- Yearly: Annual employee performance appraisal
- Quaterly: Works Council

■Irregularly:
- Employee training system
- Employee welfare committee and ESH committee
- Employee opinion mailbox (sexual harassment, fraud or ethics violations)

Customers/ Partners

issues

- Customer service and satisfaction
- Product quality & safety
- Supplier management
- Risk management

Communication and frequency

■Regularly:
- Yearly: Customer Service and Satisfaction Survey

■Irregularly:
- Customer audit, RBA audit
- Global technical support
- Green policy, green product strategy and green procurement

Investor/ Shareholder

issues

- Communication
- and frequency

Communication and frequency

■Irregularly:
- Yearly: General Shareholders' Meeting ,Annual reports
- Monthly/Quarterly: Results announcement
- Quarterly: investor conference, Financial reports

■Irregularly:
- Material information and financial press releases
- Sercomm company website
- Contact E-mail

Suppliers

issues

- Supplier management policy
- Green products specification
- Sustainable acquisition strategies
- Order management
- Quality management

Communication and frequency

■Irregularly:
- Supplier evaluation and assessment
- Project meeting
- Jointly implement ESG and corporate social responsibility(CSR)
- Supplier on-site audit
- Conflict of interest policy

Government Authorities

issues

- Regulatory compliance
- Operating performance
- Risk management

Communication and frequency

■Irregularly:
- Comply with government regulations
- Obtained international certifications of EHS
- Participant in public hearings and symposiums organized by governmental authorities

News Media

issues

- Operating performance
- Innovation development

Communication and frequency

■Regularly:
- Monthly/Quarterly: Results announcement

■Irregularly:
- Press releases、Media interview and project planning
- Contact E-mail

NPO/NGO

issues

- Social participation
- Environmental sustainability

Communication and frequency

■Irregularly:
- Participant in NGOs activities
- Sponsoring non-profit organizations /institutions
- Employee volunteering

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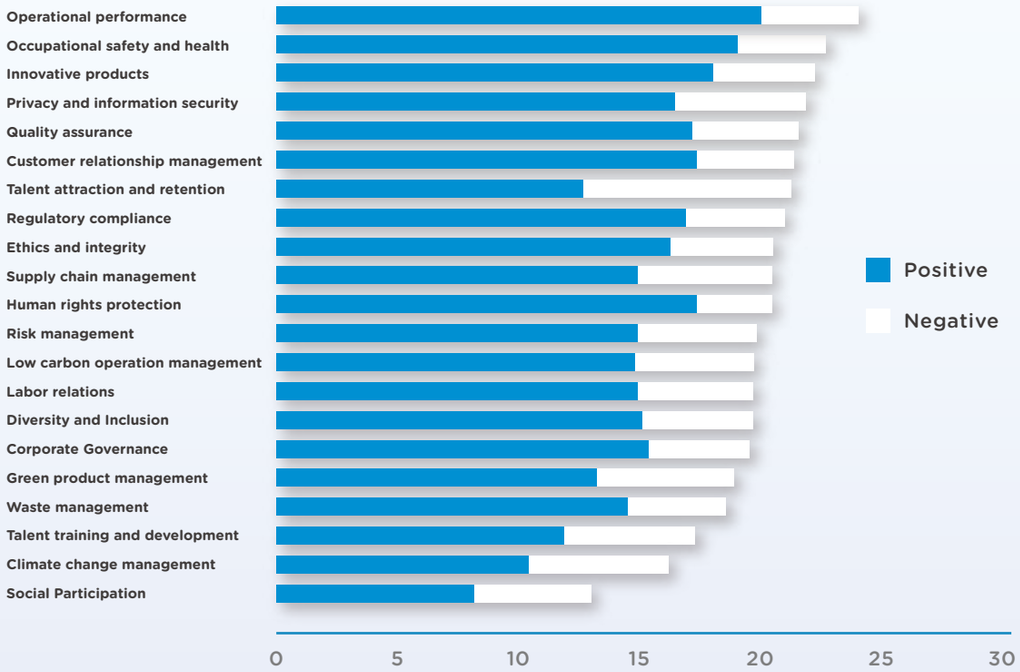
1.7 Material Topic Identification

Sercomm firmly believes that engaging in effective negotiations with stakeholders is crucial for driving the Company's sustainable growth. In order to align with stakeholder expectations and fulfill Sercomm's corporate social responsibility, the Company carries out four key procedures: identification, prioritization, validation, and review. These procedures are conducted sequentially to identify stakeholder concerns, prioritize them, determine the most significant concerns, and validate information. These steps are an integral part of this report and are designed to facilitate effective communication.



Execution Steps

Understand Organizational Context

- **Identify Stakeholders** : Sercomm analyzes its operational activities and sustainable context, and identifies its most significant stakeholders using the AA1000SES stakeholder engagement standard.

- **Collect Sustainability Issues** : To identify potential material issues for Sercomm, we refer to sustainability-related matters such as GRI guidelines, SASB, TCFD, UN SDGs, Responsible Investment, industry trends, and stakeholder interactions in order to gather pertinent sustainability issues.

Identify the Actual and Potential Impacts of Sustainability Issues

- **Integrate Sustainability Issues** : This year, Sercomm has incorporated 21 sustainability issues into our planning based on the materiality defined by the 2021 GRI general guidelines. These issues were identified through discussions with our implementation task force and with the guidance of an external professional consulting team. We have assessed the impact of these 21 sustainability issues on Sercomm's economy, environment, and human rights, and used this assessment as the foundation for our sustainable development strategy planning and the information presented in this report.

- **Analysis and Priority of Sustainability Issues** : Sercomm used to gather feedback from our stakeholders regarding their concerns on sustainable issues through surveys. However, this year, we have adopted the impact level as the criterion for assessing the materiality of these issues. We have gained an understanding of the Company's impact on the economy, environment, and people through the quantitative questionnaires submitted by our key stakeholders. These stakeholders possess a deep understanding of Sercomm and offer forward-looking insights on sustainable issues. The implementation task force of the Sustainability Committee conducted a thorough evaluation of the 21 material issues pertaining to operational activities, assessing their level of impact and likelihood of occurrence on the economy, environment, and people. This evaluation was carried out through the use of impact assessment questionnaires, as well as by gaining an understanding of the impact boundaries and the extent to which these material issues are involved in the value chain.

Evaluate Impact Materiality

- **Impact Assessment of Material Issues** : After summarizing the calculation results of the impact index mentioned above, engaging in negotiations with our stakeholders, and consulting with external professional consultants, Sercomm has identified 13 material issues that have substantial impacts.

Significant Impact Issue Disclosure Report

- **Material topics Disclosure Report** : The Implementation Task Force of the Sustainable Development Commission assessed the impact of 13 material issues on the economy, environment, and people, including human rights. They conducted a thorough evaluation of the actual and potential positive and negative impacts, as well as the likelihood of occurrence, and obtained preliminary results. Following a recommendation from the management team, the Task Force prioritized the Company's material issues for 2022 based on the level of impact. This report discloses the response strategies for these issues, as well as the short, medium, and long-term goals, achievements, and management approach.

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2022 Material topics

Item	Material Topics	GRI Disclosure	Report Chapter
Governance and Economy	Operational performance	GRI 201 Economic performance	2.3 Operational performance
	Privacy and information security	GRI 418 Customer privacy	3.7 Customer Service and Satisfaction
	Risk management	GRI 417 Marketing and Labeling GRI 419 Socioeconomic Compliance	3.3 Risk management 3.7 Customer Service and Satisfaction
	Ethics and integrity	GRI 205 Anti-Corruption	3.2 Business Ethics
	Supply chain management	GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment	3.6 Supplier Sustainability Management
	Risk management	GRI 3 Material Topics Other	3.3 Risk management
Diversity and Inclusion	Occupational safety and health	GRI 403 Occupational safety and health	5.5 Safe Workplace and Employee Care
	Human rights protection	GRI 405 Diversity and Equal Opportunity GRI 406 Non-Discrimination GRI 408 Child Labor GRI 409 Forced or Compulsory Labor	5.1 Talent Strategy Human Rights 5.2 Protection 5.4 Overall Wages and Benefits 3.6 Supplier Sustainability Management
	Talent attraction and retention	GRI 401 Employment GRI 404 Training and Education	5.1 Talent Strategy Human Rights 5.2 Protection 5.3 Training and Development 5.4 Overall Wages and Benefits

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2022 Material topics

Item	Material Topics	GRI Disclosure	Report Chapter
Product and Service	Innovative products	GRI 3 Material Topics Other	2.4 Innovative Development
	Quality assurance	GRI 416 Customer Health and Safety	2.1 Company Overview 3.3 Risk management 3.7 Customer Service and Satisfaction 4.2 Green Products
	Customer relationship management	GRI 418 Customer Privacy	3.7 Customer Service and Satisfaction
Environmental Protection	Low carbon operation management	GRI 302 Energy GRI 305 Emissions	4. 1 Environmental Management 4.2 Green Products 4.3 Energy Conservation

1.8 Sercomm's Responding and Action to UN Sustainable Development Goals

The United Nations set 17 Sustainable Development Goals (SDGs) in the 2015 Agenda for Sustainable Development to identify key issues in economic, socia and environmental aspects.The goals have since become a common language and strategy for global sustainable development.

Sercomm supports the development direction of SDGs, matches the company's sustainable actions with the goals of SDGs, takes actions on key issues, and concentrates resources on areas that can have long-term impact. In the future, the company's medium and long-term sustainable direction will focus on eight goals as below.

SDGs	Sercomm Actions	Relevant Chapter
3. Good Health and Well-being	• Influenza vaccination subsidies are offered every year. In 2022, a total of 102 employees in Taiwan applied. • The employee health plan includes physical examinations and on-site occupational medical services (including maternal protection). In 2022, a total of 13 physical examinations were conducted in mainland China.Among them, in December 2022, there were mobile health check-ups held in Taiwan, with 1 session in Taipei office and 1 session in the Zhunan factory, with a total of 1,351 participants; a total of 26 occupational medical consultations were held, with 147 people attending. • Promote the COVID-19 care project, care for employees during the COVID-19 pandemic, encourage employees to get vaccinated, and implement a flexible work mode for employees who need care, who have mild symptoms, or who are confirmed asymptomatic carriers to apply to work from home.	5.5 Safe Workplace and Employee Care
5. Gender equity	• Continue to pay attention to the issue of gender equality, with male employees accounting for 55% and female employees 45%. • Comply with the Law on Gender Equality at Work to prevent sexual harassment and gender discrimination in the workplace. • The salary and remuneration of employees are determined according to their professional knowledge and skills, academic experience, professional seniority, and personal performance, and not according to gender. The standard wages of entry level personnel are in line with legal standards, with no differences based on gender.	5.1 Talent Strategy 5.2 Human Rights Protection 5.4 Overall Wages and Benefits 5.5 Safe Workplace and Employee Care
6. Clean Water and Sanitation	• Regularly conduct water quality testing of drinking fountains and disclose the test results, all of which meet the standards. • Promote various water conservation and recycling solutions within the Group.	4.3 Energy Conservation

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SDGs	Sercomm Actions	Relevant Chapter
8.Decent work and economic growth	• Develop collaboration between industry and academia and cultivate young talents to enhance their employment opportunities. • It is strictly prohibited to employ child labor under the age of 16 and all minors under the age of 18. Mainland China and all other overseas locations also adhere to the company's "Prohibition of Child Labor Policy." In 2022, there were no instances of employing minors or child labor in any of the global locations of Sercomm. • Follow the code of conduct of the Responsible Business Alliance (RBA) to ensure the implementation of the policy of prohibiting child labor and compliance with relevant norms such as labor, health and safety, environment, and corporate ethics. • Establish the Occupational Safety and Health Committee to create a safe, healthy, and comfortable working environment. In 2022, there was no major occupational disaster at any global location.	5. 1 Talent Strategy 5.2 Human Rights Protection 3.6 Supplier Sustainability Management 5.5 Safe Workplace and Employee Care
9.Industry, innovation and infrastructure	• Implement internal incentive system, continuously accumulate innovative patents, and provide high-performance solutions for global customers. • Improve energy efficiency and strive to reduce carbon and save energy. • Promote smart manufacturing while improving production efficiency.	2.3 Operational Performance 2.4 Innovative Development 4.2 Green Products
12.Responsible consumption and production	• Introduce the GPM platform to strengthen the management of hazardous substances and select suppliers with management capabilities to ensure that raw materials and products comply with regulations and standards. • Mitigation measures such as reducing the proportion of hazardous wastes. In 2022, there were no violations in the emissions of exhaust, wastewater, and waste. • In 2022, there were no violations in the emissions of exhaust, wastewater, and waste.	3.6 Supplier Sustainability Management 4. 1 Environmental Management
13.Climate Action	• The reduction of exhaust gas volume has effectively reduced the unit emission of VOCs by 40% (locations in China). • Gradually introduce the ISO 14064 system at each production location and implement the inventory of greenhouse gases. • Improve the efficiency of energy conservation and carbon reduction and promote various energy conservation solutions. • In accordance with the TCFD (Task Force on Climate-related Financial Disclosures) framework, we provide an explanation of our governance, strategy, risk management, indicators, and goals related to climate change.	4. 1 Environmental Management 4.3 Energy Conservation 4.4 Responses to Climate Change and Global Warming Policy 4.5 TCFD Climate-Related Financial Disclosure
16.Peace, Justice and Strong institutions	• Develop “Code of Ethical Conduct,” “Ethical Corporate Management Best Practices,” etc. • Constantly carry out education and training in employee ethics and anti-corruption policies and measures • Setting up upward appeal and reporting channels	3.2 Business Ethics 3.3 Operation Risk Management

2 Development of Corporate Operations

2.1 Company Overview
2.2 Organizational Structure
2.3 Operational Performance
2.4 Innovative Developmen

Achievements

Sales Revenue

NT$ 64.6 billion (2022)
Set Company's Sales Record

Sales Revenue CAGR
(2000-2022)

22 Years Sales Revenue CAGR 23%

Payout Ratio
(2011-2022)

11 Years Averaged Dividend Payout Ratio 70%

EPS

EPS NT$7.57 (2022)
Set Company's Sales Record

Company Name
Sercomm Corporation

Founded in
July, 1992

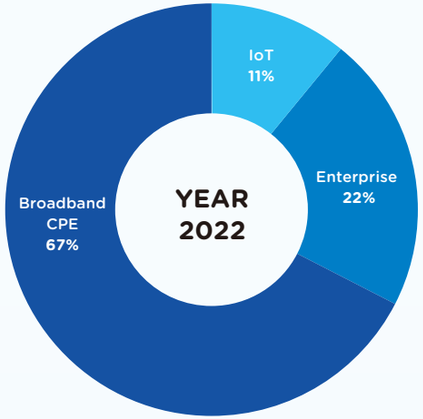
Sales Revenue (2022)
NT$64.6 billion

EPS (2022)
NT$7.57

Employees
5,049

Total Capital (2022)
NT$2.59 billion

Revenue Breakdown by Product



2.1 Company Overview

Since its founding in 1992, Sercomm Corporation (TWSE: 5388) has been committed to the developmentof broadband networking software and firmware. With its state-of-the-art manufacturing facility and its fully integrated engineering capability, Sercomm o ers comprehensive telecom broadband solutions, and is now a global leader in the industry. Headquartered in Taipei, Taiwan, Sercomm now employs thousands of people around the world. A global logistics network is now taking shape with R&D centers and production sites both in Taiwan and China. As part of Sercomm's global strategy, coupled with the Company's aim to provide better customer service, Sercomm's global operations network now covers the North America, Europe, China, Asia Pacific and emerging markets. In the past decade Sercomm has continued to exert its core competencies and has been able to provide the best time-to-market solutions to customers, thereby experiencing exponential growth. The Company has maintained outstanding operations in the ever- changing technology industry and is constantly improving its performance in technology development, product quality, and customer service.

With its solid strength in system integration, Sercomm has successfully mastered the key technologies and market trends of digital convergence to upgrade its core business from an OEM to a technology partner of global operators. Its products were also transformed from single niche product to a comprehensive suite of telecom broadband solutions, serving premier telecom operators around the world. Specifically, the Company set a successful example for transformation of an OEM in Taiwan. Sercomm's full product series are distributed in various markets covering home, commercial, telecom, security surveillance, and cloud-based applications, engaged in providing customers with the integrated design services for broadband products. The key products including IAD, FTTx, Cable DOCSIS, Small Cell, Smart Home Control, and IoT products, all of which are leaders in their respective genres.

Facing a new era of 5G communications, Sercomm has continued to invest in the new technologies involved in the development of the Internet of Things (IoT) and artificial intelligence (AI). Sercomm is now become the major solution partner behind the Telcos, and is able to launch high value-added products such as Cloud service markets, Smart Energy, Smart Automation, Smart Health, the New Generation of Small Cells, and other solutions. The Company also helped customers develop new market opportunities. All of these e orts have served to create a solid foundation for the Company to thrive and grow. Sercomm has maintained a firm commitment to continually enhance its corporate governance and corporate social responsibility.

Global Business and Performance

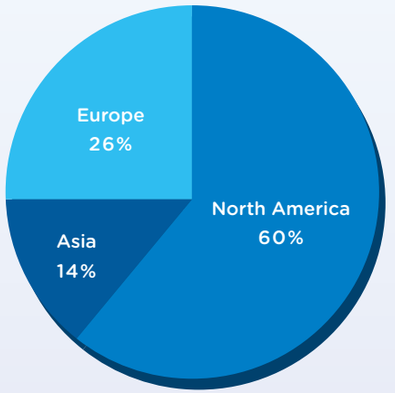
Sercomm keeps enhancing the R&D of key technology in the area of communications and provides comprehensive broadband telecommunications solutions. Its customers include numerous international tier-1 telecom operators, retail brands and service providers. Subsequently, it becomes an international-scale enterprise.

Headquartered in Nangang Software Park, Taipei, Taiwan, Sercomm's marketing strategy emphasizes "Global Technical Support". The Company engaged to provide nearby technical support and services through the global sales branches in USA, Japan, China, France, Germany, Italy, India, Mexico, UK, Philippines and other countries. In the future, Sercomm will keep reaching new markets and new customers in order to expand operation scale.

Sercomm holds plenty of know-how and expertise about broadband telecommunication. Its manufacturing centers are located in Zhunan(Taiwan), Suzhou(China) and Philippines which are equipped with the full advanced process, and work with Sercomm's cross-strait R&D center closely so as to receive perfect engineering supports and are continually upgrading the yield rate by virtue of high-efficiency business management system. Furthermore, to cope with the increasing international trend of business operation, in addition to the enhancement of the automated production line at the cross-strait manufacturing centers, the Company has further established new plant in Philippines and has also swiftly constructed diverse production locations in order to improve the depth and breadth of the overall production capacity.

Sercomm's solid strength in system integration and precise control over the market trend generated in the past granted the Company trust and recognition by international customers and made it become a major development partner for many international telecommunication customers' new products. Sercomm established the long-term and stable cooperation relationship with its customers. In consideration of the commitment to and responsibility toward customers, Sercomm invests R&D resources to co-develop multiple new technologies and products with customers at the initial stage of design thereof. Meanwhile, Sercomm pursues efficiency and optimization of quality with respect to production, quality control, and customer service to enhance customers' satisfaction comprehensively.

Sales Region



Sercomm Global Branche

Sales Center
RD Center
Manufacturing

Industry Association Memberships

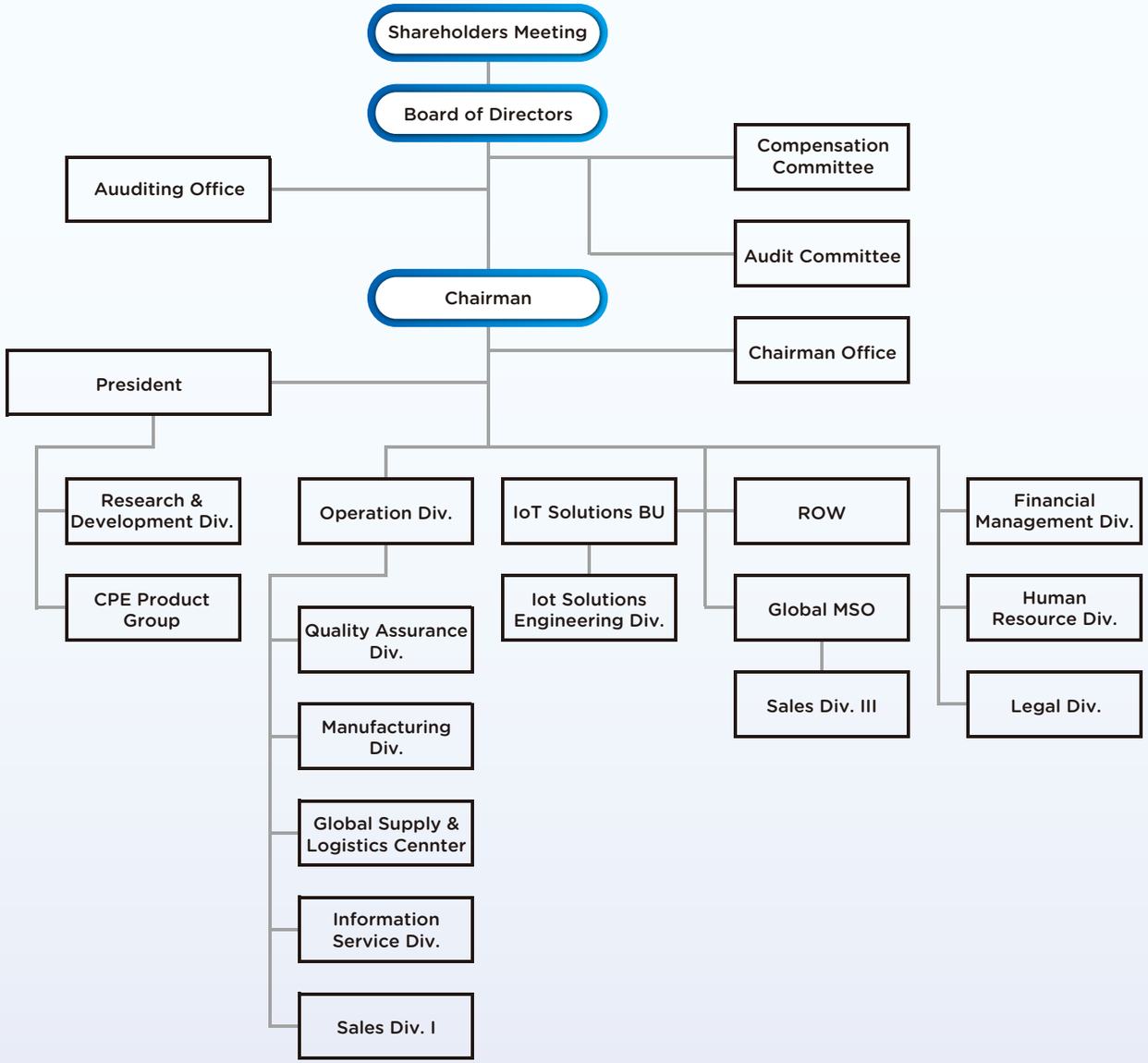
Sercomm participates in activities carried out by the industry union voluntarily and tries to build a frequent communication mechanism with the union members via the union meetings held periodically. Sercomm takes part in establishment of the specifications related to the communication industry:

5G Industry Innovation and Development Alliance	Small Cell Forum	Alashan SEE Ecology Association
Bluetooth Special Interest Group (Bluetooth SIG)	Wi-Fi Alliance (WFA)	China Mobile IoT Alliance
CBRS Alliance	Wireless Innovation Forum	Wuxi_IoT Industry Association
China Communications Standards Association (CCSA)	ZigBee Alliance	Wireless Innovation Forum
eXtended Global Platform Forum (XGP)	China NB-IoT Industry Alliance	Suzhou Work Safety Management Association
Global Certification Forum (GCF)	China Mobile Digital Home Alliance	Suzhou Industrial Park Association of Enterprises with Foreign Investment
Global TD-LTE Initiative	China Communications Industry Association	Suzhou SIP EHS Association
GTI Partner Forum Leadership Committee	Internet of Things Application Branch	Suzhou Industrial Park Human Resources Development
Home Gateway Initiative (HGI)	Chinese National Association of Industry and Commerce	Suzhou Internet Of Things Association
LoRa Alliance	Taiwan (CNAIC)	Suzhou Computer Federation
Multimedia over Coax Alliance (MoCA)	Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)	Suzhou Society For Environmental Sciences
NB-IoT Alliance	Taiwan Association of Information and Communication Standards	Yushan Science and Technology Association Suzhou
Open Networking Foundation (ONF)	Communications Industry Alliance	Global Monte Jade Science & Technology Association
O-RAN Alliance	Cross-Striate CEO Summit	

2.2 Organization

Sercomm has established a solid corporate governance system and complied with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” enacted by Taiwan Stock Exchange (TWSE) and Gre Tai Securities Market (GTSM). The Company has also formulated a comprehensive information disclosure system to fairly and timely provide financial, operational, and corporate governance.

related information in the Market Observation Post System and on the Company’s website according to the regulations for effective communication with the Company’s stakeholders. In addition, to strengthen the spirit of corporate governance and to respond to the changes in operational patterns, Sercomm’s Board of Directors has recruited several industrial and academic professionals with whose expertise helps to create new prospects and to enhance the corporate value.



Major Corporate Functions

Department	Main Responsibilities
President Office	Drafting, planning, implementation and monitoring of Company operation plans.
Research & Development Division	New Product Research and Development and drafting, planning and implementation for technical blueprints.
CPE Product Gro up	Product development project operation, customer services and support etc.
Global MSO	Sales promotion and operation, customer services and support etc.
Sales Division	Sales promotion and operation, customer services and support etc.
ROW	New business promotion and operation, customer services and support etc.
IoT Solutions BU	IP Surveillance's sales promotion and operation, customer services and support etc.
Intelligent System Engineering Division	Research and development on Intelligent related products, product operation and product planning.
Global Supply & Logistics Division	Production material planning, procurement, management and inventory control.
Manufacturing Division	All product QA-related work, including production implementation, product testing and machine maintenance. Production control, property management and material procurement etc.
Quality Assurance Division	Planning, promotion, implementation and monitoring of quality control procedures.
Finance Management Division	Finances and accounting, legal and stock-related operations.
Human Resources Division	Creating strategic human resources systems and solutions, including recruitment, salaries and bonuses, professional development, performance management and providing general HR services.
Information Service Division	Network management, information system importation, planning, operation and monitoring.
Auditing Office	Auditing, maintenance and improvement of internal control systems, offering recommendations and assisting in creating solutions for issues faced by other departments, including improving operations and efficiency.

2.3 Financial Performance

Sercomm overall business continues steady performance with consolidated net sales of NT$64.6 billion in 2021, with a significant growth of 47% from the previous year, setting a new Company's sales. record. Operating profit was NT$2.4 billion. Net income attributable to owners of parent was NT$1.92 billion. Based on 254 million weighted average shares, the EPS for 2022 was NT$7.57.

Unit: NT$ thousands	2020	2021	2022
Sales Revenue	36,096,281	43,899,508	64,573,720
Gross Profit	5,438,621	5,668,245	8,618,811
Operating Expense	4,303,582	4,615,078	6,201,195
Operating Profit	1,135,039	1,053,167	2,417,616
Non-operating Income & Expense	-25,902	-27,035	-108,272
Income Before Tax	15.1	12.9	13.4
Net Income Attributable to Owners of Parent	11.7	10.8	21.2
EPS (NT$)	3.4	2.9	5.2
Gross Margin (%)	15.1	12.9	13.4
Return on Equity (%)	11.7	10.8	21.2
Return on Assets (%)	3.4	2.9	5.2

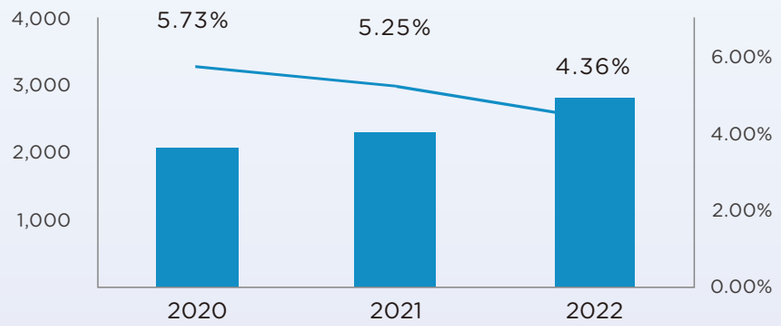
2.4 Innovative Development

Sercomm devotes to the innovative research and development in the field of telecom broadband, and focuses on research and development of new communication technologies in order to strengthen our core competitive advantages. Furthermore, we constantly release innovative products ahead of our competitors in the same industry. With our strong research and development team, the Company has excellent performance in integrated development in software, hardware, and firmware. We also strive to optimize the effectiveness, functions and cost structure of our products. With our optimized and competitive design, firmware and hardware from the beginning to the product production, comprehensive testing, quality guaranteed at manufacturing, global technical support and network level management technology after sales, Sercomm provides all around telecom broadband solutions to meet different clients' needs. The excellent innovation research and development result also earned Sercomm affirmation from first-tier international clients and made us the major development partner.

Sercomm has R&D Centers in Taipei (Taiwan), Suzhou (China) with more than a thousand engineers. In 2022, the telecom sector has contributed over 80% of the total revenue. This showed that Secomm has broken through the conventional framework of OEM and thus has a larger potential growth in technology development and emerging markets. From residential to enterprise, Secomm satisfies customers 'need for diverse, all-in-one digital integration network communication. The operations of the Company have also transformed from single niching, to all around telecommunication equipment suppliers. With the upcoming 5G era, Sercomm is utilizing advance technology in order to be a leader in the market of AIoT (Artificial Intelligent of Things) and M-IoT (Mobile IoT). Sercomm is in a position to launch high value-add products utilizing its experience with system integration of software and firmware.

YEAR	2020	2021	2022
R&D Expense (NT$MN)	2,071	2,304	2,815
R&D Expense to Sales Ratio	5.73%	5.25%	4.36%

R&D Expense to Sales Ratio



Intellectual Property Management

Sercomm is committed to innovative research and development, and regards intellectual property rights as important assets of the company. In order to ensure that the intellectual property rights produced in the process of R&D and innovation can enhance the competitive advantage of the company, Sercomm has detailed and clear regulations and procedures for internal patent applications and hierarchical management of business secrets. Senior executives of the company regularly examine and review the actual implementation of the internal intellectual property management system to continuously optimize the management of intellectual property rights. In order to encourage personnel to apply for patent applications, the company has formulated the Patent Incentive Measures, actively apply to patent authorities in various countries, provide invention proposals, new patents, and design patent bonuses, and continuously accumulate intellectual assets including patents, copyrights, business secrets, and professional technologies. In terms of education and training, the company's R&D personnel are required to receive patent education and training and business secret education and training, and new personnel are also taught the patent system and prevention of infringement in the training for newcomers.

Intellectual property rights obtained and achievements are as follows:

- Patents: As of December 2022, the Company had accumulated a total of 330 global patent applications, with a total of 250 global patent approvals granted.
- Trade secrets: The systematic management of trade secrets has obtained ISO 27001 information security management system certification.
- Trademarks: As of December 2022, a total of 40 trademarks had been registered worldwide.

3 Corporate Governance

3.1 Board of Directors‘ Functions

3.2 Business Ethics

3.3 Operation Risk Management

3.4 Information Security Management System

3.5 Comprehensive Information Disclosure and Investor Relations

3.6 Supply Chain Management

3.7 Customer Service and Satisfaction

Achievements

Customer Satisfaction Rate

91.28%

Performance Evaluation of the Board of Directors

excellent.

Sustainable Supply Chain

・100% Complies with Sercomm Code of Conduct, including Labor, Human Rights, Environmental Protection and Other Specifications

ISO 27001:2013

Obtained ISO 27001 Establish Information Security Management System

Objective management

Related Material Topics	Objectives	Results of 2022	Future Goals		
			Short-TermYear	Mid-Term	Long-Term
			2023	2025	2030
Business and Financial Performance	Corporate Governance Assessment	36-50%	top35%	top20%	top5%
Customer Relations Management	Customer Satisfaction Rate	91.28	92	93	95
Ethics and integrity	Major integrity violations/corruption cases	0	0	0	0
Regulatory compliance	Violations of environmental and social laws and regulations	0	0	0	0
Supply chain management	Response rate for the first-tier Supplier Commitment to Sustainability Declaration	30%	70%	85%	90%

3.1 Board of Directors

Election of Directors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. Prior to the share transfer suspension date dedicated before the meeting date of a shareholders‘ meeting, Sercomm shall announce in a public notice of the period for accepting the nomination of Director candidates (including Independent Director) and the quota of Directors to be elected. The length of the period for accepting the nomination of Director candidates shall not be shorter than ten days. The list of candidates for Directors shall be evaluated by the Board of Directors during the shareholders' meeting for elections to ensure that all nominated candidates are qualified Director candidates.

The Company's Board of Directors has 7 members, including 1 female director and 1 foreign director, accounting for about 14% of all the directors respectively; 2 directors aged 51-60, 3 directors aged 61-70, 2 directors aged 71-80, and directors under 70 account for about 71% of all the directors; with respect to education, 3 directors hold a PhD Degree, 4 directors hold a master’s degree, 2 directors are employees of the Company, accounting for about 29% of all the directors. The Board of Directors regularly access performance every year and assures that its members have diverse backgrounds and are competent. Sercomm Board considers diverse academic and industrial experiences including finance, law and technology. Information on Directors’ background, education, work experience and the operation of each functional committees have been disclosed in the Company’s annual report. The latest information can be found on MOPS and the Company’s website (https://www.sercomm.com).

To ensure the interest of investors, the Company has taken out liability insurance for all Directors and important personnel. After the renewal of insurance each year, the insurance amount, scope, and rate are submitted and reported to the most recent Board meeting.

- 5 board meetings were held in 2022, with an average attendance rate of 98% for all Directors (Excluding proxy attendance).
- The Board has 7 seats, of which 3 are occupied by Independent Directors. The various committees are composed of independent Directors and professionals. Members do not include members who also serve as administrative Directors.
- The Board has 7 seats, of which 2 are occupied by members who also serve as administrative Directors, namely Chief Executive Officer/ President, Executive Vice President and CEO of subsidiary company.

Principles for Avoiding Conflict of Interest in Management

Provisions for avoiding conflict of interest are stated in the Company’s Board Meeting Regulations. Directors with vested interest in an agenda, whether it is personal or representing organizations, should explain the key content of their interest at the meeting. Should that interest undermine company interests, the said Directors are not permitted to participate in discussions or votes, must be excused from discussions and decisions and must not vote on behalf of another Director. The name, key content and excuse from participation are recorded in the meeting minutes.

Enhancing Directors’ Competency

To cope with the topics of corporate governance and corporate social responsibility and the trend in the most recent years, Sercomm encourages its Directors to attend training programs and submit the certificate to Sercomm. A total of 48 training hours participated in 2022.

Board Member

Title	Name	Nationality	Gender	Age	Board Diversity						
					Industry Experience	Media	Legal	Technology	Accounting	Investment	Operation
Chairman	James Wang Representative of Zhuo Jian Investment Co., Ltd.	Taiwan	Male	51-60	✓			✓	✓		✓
Honorary Chairman	Paul Wang Representative of Pacific Venture Partners Co. Ltd.	Taiwan	Male	71-80	✓					✓	✓
Director	Ben Lin Representative of Zhen Bang Investment Co., Ltd.	Taiwan	Male	61-70	✓			✓		✓	✓
Director	Charles Chu Representative of Yun Zhou Investment Co., Ltd	Taiwan	Male	61-70	✓			✓			✓
Independent Director	Chin-Tay Shih	Taiwan	Male	71-80	✓			✓	✓		
Independent Director	Steve_K. Chen	U.S.A	Male	61-70	✓		✓			✓	
Independent Director	Rose Tsou	Taiwan	Female	51-60	✓	✓			✓		

Board Diversity

The Company upholds and respects policies for directors' diversification. To strengthen our corporate governance and promote sound development of the components and structure of our Board of Directors, we specify that the Board of Directors shall have the following capabilities according to Article 20 of the Code of Practice on Listed Companies' Governance:

1. Capabilities of Business Judgment
2. Capabilities of Accounting and Financial Analysis
3. Capabilities of Operations Management
4. Capabilities of Crisis Handling
5. Industrial Knowledge
6. International Market Outlooks
7. Leadership Skills

To strengthen functions of the Board of Directors to achieve the ideal goals of corporate governance, we believe that the diversification policy will help improve our overall performances. All members of the Board of Directors are selected and appointed based on their talent. They shall have diversified and complementary capabilities, including basic components (such as age, gender, nationality, etc.), industrial experience and professional abilities, as well as capabilities of business judgment.

Director and Manager Remuneration Policy:

Directors: In accordance with Article 19 of the Company's Articles of Association, the Board of Directors determines the remuneration for directors based on industry standards, considering their duties, level of participation, and contribution value. If there is any profit in the current year, a maximum of 2.5% will be allocated as director's remuneration, as stated in Article 29 of the Company's Articles of Association. Independent directors are not eligible for director's remuneration. Throughout their tenure, independent directors receive monthly remuneration regardless of the Company's financial performance. The Company regularly evaluates director remuneration using the "Performance Evaluation Measures for the Board of Directors." The Remuneration Committee and the Board of Directors review the reasonableness of the performance evaluation remuneration.

Managers: In accordance with the Company's salary regulations, we offer a range of work allowances and bonuses to reward our employees for their dedication. Additionally, relevant bonuses will be distributed based on the Company's annual business performance, financial status, operational status, and employee performance. Furthermore, if the Company generates a profit in the current year, employee compensation will be allocated at a rate of 12% to 18% of the profit, as stipulated in Article 29 of the Company's Articles of Association.

Procedure for setting remuneration:

We adhere to the Company's "Performance Evaluation Regulations for the Board of Directors" and the "Performance Management Regulations for Managers and Employees" in order to conduct regular evaluations of directors' and managers' salaries and remuneration. Their remuneration will be tied to the Company's operating performance indicators and presented to the Board of Directors for review. For more information, please refer to Sercomm 2022 Annual Report. Regarding the distribution of remuneration to directors and managers, we will consider their expertise, the Company's operational' and financial conditions, as well as their connection to Company and personal performance. We will also make necessary adjustments to the compensation plan while continuously assessing' operational risks and corporate social responsibility.

Performance Evaluation of Board of Directors

• **Internal evaluation :** The Performance Evaluation Regulations for the Board of Directors have been developed and approved by the Board of Directors. Each year, all board members will evaluate the overall operation of the Board. We will assess the overall functioning of the Board of Directors, as well as the individual performance of each director. The performance evaluation results of the Board of Directors in 2022 are presented below and will be reported to the Board of Directors during the initial board meeting in 2023.

• **The self-evaluation of the Board of Directors' performance resulted in an overall average score of "Excellent".**

• **The self-evaluation of individual directors' performance resulted in an overall average score of "Excellent".**

• **The self-evaluation of functional committees' performance yielded an overall average score of "Excellent".**

• **External evaluation :** Our directors underwent an evaluation by an external professional evaluation company in 2022, in addition to their self-evaluation. They received an "Excellent". The external professional evaluation agency believes that our Board of Directors has established appropriate policies and procedures for the operation of the Board, in compliance with relevant laws, regulations, and domestic corporate governance standards. The Board of Directors consists of directors with relevant expertise, who are assigned duties based on their experience and knowledge to ensure the effective functioning of the Board and its functional committees.

Compensation Committee

To strengthening Sercomm's corporate governance and be in line with the international standards, the Board of Directors established the "Compensation Committee" in 2011, consisting of three Independent Directors and one external member. The Committee oversees the performance appraisal and remuneration policy/system of Directors and senior management, and incentives and reward for employees, in order to ensure that professional talents may be recruited, encouraged, and retained by Sercomm. According to Sercomm's "Compensation Committee Charter", the Committee shall hold at least two meetings per year. A totalof 2 meetings were held in 2022.

Name Title	Name Title
Rose Tsou	Rose Tsou
Steve K. Chen	Steve K. Chen
Chin-Tay Shih	Chin-Tay Shih
Hilo Chen	Hilo Chen

Audit Committee

Sercomm have established audit committee to replace supervisor(s) in Jun 2017. The Audit Committee members consist of Independent Directors of the company. The Directors are responsible for the supervision of the Company's financial statements, for choosing the accountants for their independence and performance, for the effectiveness of the implementation of internal controls, and for ensuring that the Company follows relevant laws and regulations. A total of 4 meetings were held in 2022 with an average of 100% in-person attendance rate. The Company's chief internal auditor shall regularly report audit items to the Audit Committee on a quarterly basis and discusses it in person during the meeting. The CPA shall communicate quarterly on the financial statement review, follow-up reports and other matters as required by the law, and explains the updates on the securities laws and tax laws. The Company's Audit Committee has good communication with audit personnel and the CPA.

Name Title	Name Title
Steve K. Chen	Independent Director, Audit Committee Chairman
Chin-Tay Shih	Independent Director, Audit Committee member
Rose Tsou	Independent Director, Audit Committee member

Corporate Governance Officer

To implement corporate governance, the Board of Directors resolved on November 13, 2020 to appoint Mr. Max Cheng, a senior director of the Financial Management Division, as the Corporate Governance Officer, who has more than 10 years of experience in the management of stock affairs, finance or business affairs of public listed companies. The main responsibilities are to supervise and implement the operation of corporate governance, including :

(1) Handle matters in relation to the Board meetings and shareholders' meetings according to law.
(2) Keep minutes at the Board meetings and shareholders' meetings.
(3) Assist in the appointment of directors and continuing education.
(4) Provide information required for the Directors to conduct business.
(5) Assist the Directors in regulatory compliance
(6) Supervise and report corporate risk management operations.
(7) Other matters stipulated in the Articles of Incorporation or contracts.

3.2 Ethical Corporate Management

Sercomm has established the “Employee Code of Conduct” and “Procedures for Handling Internal Material Information” as the guides for employees to execute the business activities. The Code consists of the general provisions, relationship with customers and suppliers, and conflict of interest. The general provisions cover Sercomm’s corporate ethical management policy. Sercomm organizes the orientation training, general education training and management development training periodically in order to propagate the corporate ethical management policy. Meanwhile, Sercomm requests employees to issue a letter of undertaking to ensure that they will comply with the internal regulations and systems, including work rules, related operating procedures and codes of conduct, et al.. The Company also demands that it and its subsidiaries should carry out any operating activities in accordance with related laws and regulations and should follow high business ethical standards and avoid any unfair competition, perform the obligation to pay tax, prevent corruption and build adequate management systems to create an environment of fair competition. Sercomm also lists the abovementioned regulation as internal compulsory E-Learning courses, to serve as the basis of operation and conducts.

Sercomm is committed to enhance the timeliness and transparency of information disclosure. It discloses its financial and business information on MOPS, and also holds the investors’ meeting semiannually. Sercomm attends the investors’ forum and investors’ meeting organized by domestic/overseas securities firms from time to time in order to present the financial figures and business performance already disclosed and to strengthen investors’ knowledge about the Company’s financial business information. Sercomm defines the conflict of interest policy, and enters into the integrity agreement with employees and suppliers. The reward and punishment disciplines and complaining system all expressly specify and provide the complaining channels and keep the complainant’s identity confidential.

The promotion seminars and training courses the Company held in 2022 are as follows:
- Courses on ethical management: a total of 4,710 employees across the world attended, with a total of 439 hours.
- Courses on important internal information: a total of 8,079 employees across the world attended, with a total of 1,076 hours.

- **Employee Opinion Box (Sexual harassment, fraud or ethics violations mailbox) ：HR_Help@Sercomm.com**
- **Stakeholder Contacts：audit@sercomm.com**

3.3 Operation Risk Management

The “Risk Management Policies and Procedures” formulated by Sercomm was approved by the Board of Directors in November 2020. As the highest guiding principle of the company's risk management, it emphasizes comprehensive risk control for all employees, and implements daily prevention at all levels to ensure correct and immediate communication of risk information for proper front-line responsibility management.

The supervisor or designated personnel of each risk management unit shall be responsible for the second line responsibility management of related businesses, clearly grasps the effective implementation of various risk regulations, allocates limited resources efficiently to related risk management work, proposes countermeasures and recovery plans when risk incidents are discovered, and consults external experts as needed, and implements additional relevant internal regulations after reporting to the operation and management committee for resolution. This is to ensure continuous and effective improvement and master important factors to reduce the probability and degree of risk loss in a timely manner. The company identifies risk management areas from various aspects, including strategy, operation, finance, and incident, based on the materiality principle.

Organizational structure and authorities and responsibilities

The organizational structure of risk management includes the Board of Directors, the Operation and Management Committee, Corporate Governance Officer, the Audit Office, and various Risk Management Units. The relevant authorities and responsibilities are as follows:

- **Board of Directors:** The highest decision-making body for risk management, which approves the overall risk management policy according to the overall operational strategy and operating environment, ensures the effective implementation of risk management, and bears the ultimate responsibility.
- **Operation and Management Committee:** CEO serves as the chairman, and vice presidents of each division and the general managers of each subsidiary are the members. They are responsible for reviewing the relevant reports of each risk management unit, handling the establishment, assignment, and dismissal of each risk management unit, and supervising the implementation, coordination, and communication of the overall risk management.
- **Corporate Governance Officer:** Reports the implementation of the Group’s risk control to the operation and management committee.
- **Auditing Office:** Draws up and implements annual audit plan (including statutory audit items) and review self assessment reports issued by each unit.
- **Each Risk Management Unit:** Including each risk management committee set up in each division and across divisions within the Group. It is responsible for implementing relevant risk management procedures and submitting necessary self-assessment and risk assessment reports.

Financial Risk Management

Sercomm is primarily engaged in R&D, manufacturing, and sales. Sercomm is used to adopting a stable and conservative financial management policy but is never engaged in any high-risk or high-leverage financial investment. Sercomm makes endorsements and guarantees for the bank loans only to the subsidiaries wholly owned by it in order to meet business needs, if any. Therefore, the effect rendering against Sercomm is limited. Sercomm's exportation of products accounted for more than 90% of its operating revenue in the most recent year. Certain foreign exchange rate risk arises from the purchase or sale denominated by a currency not deemed functional. Notwithstanding, Sercomm adopts the natural hedging and avoids the foreign exchange risk by virtue of forward exchange contracts. Under contract, it is necessary to buy or sell the foreign currency identical with that denominating the hedged instruments. Therefore, Sercomm responds to the impact arising from the foreign exchange rate fluctuation by means of natural hedging and forward exchange contract.

Ethic and Integrity

Sercomm will enter into the labor contract with its new employees when the employees are hired. HR will advise the employees of the letter of undertaking and Employee Code of Conduct to require that the employees shall act honestly and in accordance with the requirements when performing their duty. The contents cover Sercomm's policies about the code of ethical management; respect toward individuals, suppliers, and customer;, ethical management; avoidance of conflict of interest; justified enrichment; disclosure of information; business secrets; intellectual property rights; fair trade; advertisement; competition; confidentiality of personal information; privacy and ethics; prohibition of retaliation; and usage of computers. Meanwhile, Sercomm sets up various monitoring and management systems and includes the same in the orientation training program to help maintain its good will and legal and ethical standards.

Regulatory Compliance

With operating sites located worldwide, Sercomm consistently adapts its internal system to align with new legislation, ensuring compliance with laws and regulations in various countries. It is our social responsibility to prevent any disruptions to Company operations or substantial fines resulting from legal violations. Sercomm remains vigilant in monitoring policies and legal changes that could significantly impact our operations. All departments of the Company are required to adhere to applicable laws and regulations. Sercomm also maintains a legal unit that offers legal consultation to each department and aids in the implementation of relevant regulations. There were no significant violations of the law in 2022.

Quality Management System (QMS)

Since Sercomm received the ISO 9001 certification in 1997 and the TL9000 certification in 2004, it has maintained the validity of the certification. Additional factory premises set up subsequently, including those in Taiwan and China, were included in the scope of certification. Sercomm improves and strengthens its quality management system based on the audit result generated from the periodic audit conducted internally or via a third certification entity.

Environmental, Health and Safety Management System

In order to verify and mitigate the impact produced by Sercomm's products and production process to the environment and to provide all employees, contractors, and visitors with a healthy and safe working environment, each of Sercomm's manufacturing centers complies with the standards under ISO 14001 and ISO 45001 with respect to the environmental and occupational safety management system so as to respond to the environmental protection topics and requirements for crisis and risk management, which are highly valued.

Risk Management

The various lead-time operations and responsive measures are designed to mitigate environmental loss as practicably as could be. Meanwhile, the same may ensure that Sercomm may settle any emergencies and accidents (including such emergencies likely to cause casualty and loss of property, such as fire, earthquake, typhoon, and power failure) rapidly and restore its normal operations, mitigate the effect produced by the same, maintain employees' safety, and reduce its loss of property. Sercomm establishes the related operating procedures including the "Operating Procedure for Response to Emergencies" to assess the disaster and accidents and follow the emergency response operations, and report the same. The taskforce dedicated to response to emergencies shall perform the emergency response plans, functions, and related operating procedures.

Risk Control Framework

Identification of Risk			Risk Control Measures
Economic Issues	・Financial ・Legal ・Audit	・Operating Management ・Corporate Investment ・Public Relations ・Investor Relations	Please refer to annual report chapter 7 “Review of financial position, management performance and risk management” and section 6 “Risk analysis and evaluation in recent years and up to the date of the annual report printed”.
	Supply Chain Risk		・Ensure that products and supply chains are exclusive of conflict minerals ・New supplier selection criteria ・Educational training for suppliers ・Graded management of and guidance to suppliers by suppliers’ characteristics and risk levels
	Code of Conduct and Anti-Corruption		・Enactment of the “Employee Code of Conduct” ・Continue the employees’ ethical codes and anti-corruption propagation training ・Set up the complaining channels instead of the high-rank management
Environmental Issues	Climate Change		・Develop green and innovative energy-saving products ・Develop green advanced process technologies ・Build green factory management systems ・Implement energy-saving and carbon-reducing projects ・Inspect usage of energy and resources, and manage the sources
	Strengthen Environmental Regulations		・Comply with related laws and regulations, and enact various operating procedures ・Occupational safety and health committee reviews compliance with environmental protection laws periodically.

Identification of Risk		Risk Control Measures
Social Issues	Human Capital Risk Management	・Inspect and audit human resource periodically ・Plan and execute employees’ educational training and development planning ・Design competitive remuneration and employees’ benefit policies ・Complete training, and development & training plan for local human resources
	Safety and Health Risk	・Occupational safety and health committee reviews compliance with occupational safety laws periodically. ・Employees’ occupational safety and health educational training ・Protective measures and control over risk of hazard ・Safety and production order in workplace ・Fulfill fire protection measures and enhance employees’ awareness and training of fire protection ・Implement the control over source of fire and voluntary safety inspection mechanism ・Inspect electric and mechanical equipment periodically
	Infectious Disease Control and Prevention	・Strengthen various infectious disease preparedness measures ・Access control at factory premises, especially handling and disinfection at factory premises ・Employees’ self health management and checkup ・Review and store preparedness supplies
	Product Quality/Safety Management	・Design products in accordance with international rules and brand customers’ standards ・Strengthen the technical team

* For the risk management in terms of economy, environment and society, please see the relevant sections referred to in Sercomm’s annual report and herein.

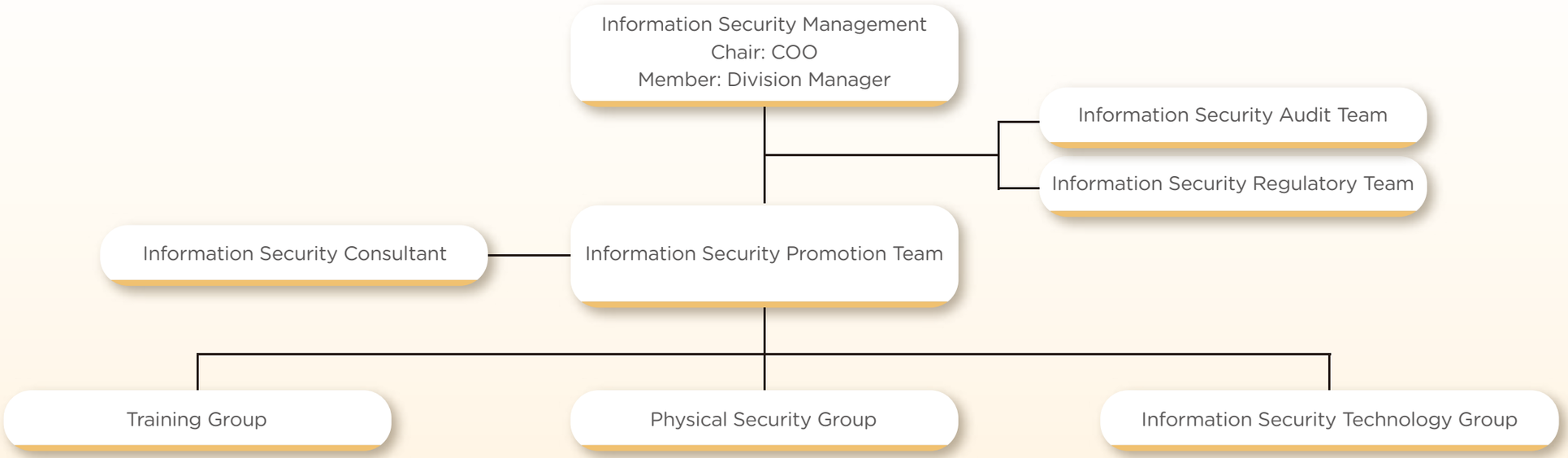
3.4 Information Security Management

Architecture of information security management

Corporate governance of information security

In 2015, the Company set up the Information Security Committee, under which an information security team was built to coordinate information security, formulate/execute protection related policies, carry out risk management and verify compliance. The convener of the Information Security Committee annually reports information security management outcomes, issues and orientations about information security to the Board of Directors. Our Information Security Committee is accountable for supervising and governing corporate information security. It supervises, evaluates and verifies information security management mechanisms and orientations.

To execute information security strategies formulated by its information security organizations, and ensure internal compliance with standards, procedures, laws and regulations about information security, Sercomm Corporation has specially built the Information Security Committee, where the COO acts as convener. Legal, human resource, R&D, MIS and other departments recommend and appoint personnel to be members of the committee. The committee convenes regular meetings to review and resolutions on information security and protection policies as well as effectiveness of information security management measures.



Information security policies

Corporate information security management strategies and architecture

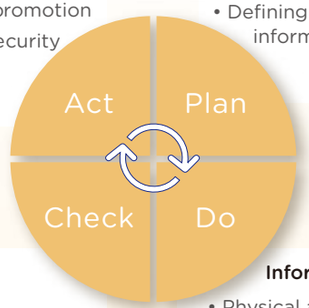
For effective information security management, the Information Security Committee convenes regular meetings on a quarterly basis through the Information Security Team which covers all Taiwan plants and overseas subsidiaries, to review appropriateness of information security policies and protective measures based on the Plan-Do-Check-Act (PDCA) management cycle. Besides, regular reports are made to the Information Security Committee about the outcomes in executing the policies and measures.

Review and ongoing tracking and improvements

- Get a hold of the information on threats to information security and its protection technology
- Breach of information security and how it was handled
- Educational training and promotion on cases of information security
- Periodic evaluation for information contractors

Information risk management

- Corporate information security risk evaluation
- Information security risk evaluation and formulate incident management procedures
- Compliance with international standards (ISO/IEC 27001)
- Defining confidential and sensitive information and data encryption



Monitoring and auditing

- Ongoing monitoring of information security
- Period scan of vulnerabilities
- Simulation on penetration tests of systems
- Check on confidential information and risk evaluation
- Disaster recovery simulation
- Receive international certification for information security

Information security protection

- Physical and environmental safety
- Labor resources security
- Network communications security
- Access control and management
- Information security incidents management
- Ongoing management of the operation with respect to information security
- Data security
- Management on supplier security
- Identification of information security regulations

Specific management proposal

Cybersecurity	・Import network behavior detection systems and detect malicious connections. ・Physically separate office network from production network to avoid cross-regional impacts of viruses or attacks.
Devices Security	・Network access control (NAC) mechanism prevents unauthorized access of equipment into the Company's network environment. ・Construct an endpoint detection and response (EDR) system and reinforce detection of malicious acts.
Application security	・Develop procedures for system development, maintenance and control; ensure that the procedures are controllable in accordance with rules of the Company during test, maintenance, modification, and adjustment of upper limits, to avoid emergence of information security risks.
Supplier information security	・Regularly evaluate suppliers, to ensure that their services will not result in information security risks. ・Regularly communicate the Company's latest information security rules and instructions, and enter into non-disclosure agreements with suppliers, in hope of procuring suppliers to be more cooperative and comply with rules on information security management.
Data encryption	・Regularly check information assets and evaluate risks, to define how confidential related information is. ・Confidential and strictly confidential data must be encrypted through an encryption system to prevent data disclosure.
Educational training and promotion	・Increase employees' awareness of protecting information security and make employees more cautious about phishing emails. ・Perform tests and examinations on information security through an e-Learning system.
Information security evaluation	・Perform penetration tests of systems in accordance with procedures and test items of ISECOM OSSTMM and OWASP Testing Guide V4.0. ・Conduct third party risk analysis and evaluation; improve and enhance system security through related information analysis.

Outcomes in promoting corporate information security measures in 2022

Certification	・Certified by ISO 27001 in terms of information security ・Certified by Customs-Trade Partnership against Terrorism (C-TPAT) ・Information security audit of customers' production systems
Training/promotion	・2021-2022: 8,269 employees received online educational training on information security ・Information Security at Sercomm ・Access Control Management ・Brief Introduction to ISO 27001 Information Security Rules ・Employee Training on Information Security ・Promotion and Training on Precautions against Phishing Emails

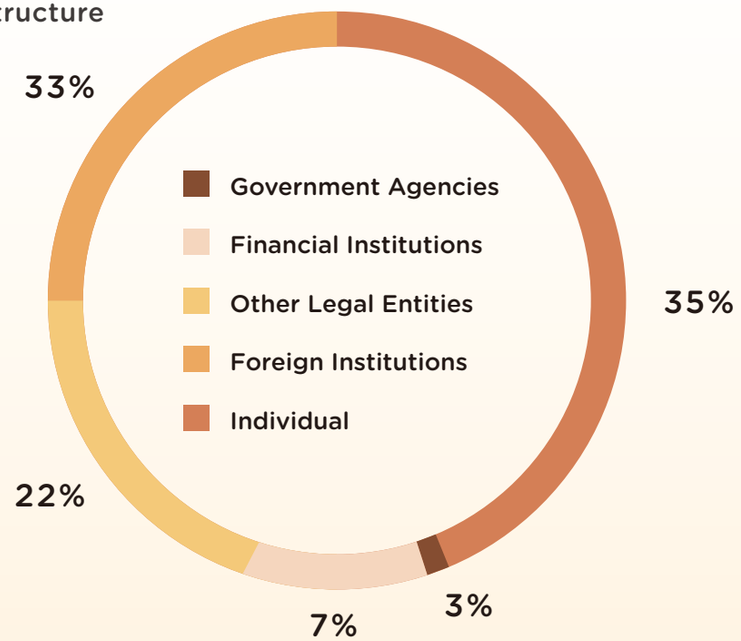
3.5 Comprehensive Information Disclosure and Investor Relations

Sercomm values feedback from global investors. In addition to the spokespersons and investor relations department, the company's website contains company information in both Chinese and English. The website is maintained and updated by dedicated personnel. The Company provides related information in the Market Observation Post System according to the regulations and also provides real-time, accurate, and transparent operating performance on the website. Furthermore, the Sercomm investor relations team will consider their investors' suggestions regarding operation, finance, and corporate governance for the company's future strategies.

- **2 earning calls and 1 annual general shareholders' meeting in 2022**
- **100+ meetings with institutional investors**
- **700+ global investors served in 2022**
- **Awarded by FinanceAsia as the "Best Investor Relations" and**

"Most Committed to the Highest Governance Best Standards

Stakeholder Structure



Dividend Policy

The appropriations of the Company's earnings are based on the annual net income. The dividend amount is determined by the profit earning condition, financial condition, and future operating needs. In principle, dividends could be distributed in cash and/or in the form of stock; nevertheless, cash dividends shall be no less than 10% of the aggregate amount distributed.

The proposal for 2022 profit distributions was resolved by the Board of Directors as follows: Each common share holder will be entitled to receive a cash dividend of NT$4.5 per share. In the spirit of "what is taken from the society shall be given back to the society", while pursuing the sales revenue growth, Sercomm will continue to contribute to society in all ways.

3.5 Supplier Sustainability Management

Sercomm has always worked with its customers and suppliers to establish a sustainable supply chain and to develop the green products friendly to the environment together through periodic audit and guidance. Sercomm demands that protection, safety, and health risk.

Sercomm defines the basic suppliers'principles according to Responsible Business Alliance (RBA,), demanding that all suppliers should comply with the related social responsibility and commitment to honesty and integrity. Furthermore, Sercomm also defines the Agreement of Supplier Corporate Social Responsibility Code of Conduct and requires new suppliers to conduct assessments and sign up to the Agreement before establishing a business relationship.

Considering the risks of business operation, Sercomm conducts ad-hoc risk analysis on the procurement risks of the suppliers in terms of quality, lead times, pricing, after-sales services, and finance, formulates management measures and plans for risks that have the potential to cause significant business impact, and timely reports of high-risk supplier information to the relevant units for risk avoidance or adaptation.

Green Procurement

Sercomm believes that the supply chain risk management should be held at a high standard critical to the output of fine-quality products. It demands for evaluation on suppliers' quality, cost, delivery, service, and technical competency and also implements the procurement management based on the green supply chain. It takes the green procurement system and standard as the basis for development, selection, and evaluation to boost the suppliers' active performance of social responsibility. It demands that the suppliers should submit the analysis report, letter of undertaking, and product material composition declaration to ensure that they provide reusable, recyclable, energy-saving, and nonhazardous green products, and that the suppliers' raw materials, workmanship, process, and circulation of product shall comply with the green policy.

Sercomm's green product design is required to not only comply with power-saving design and various regulations banning and restricting substances harmful to the environment, but to also follow the "3R" (Reduce, Recycle and Reuse) principles of Waste of Electronic and Electrical Equipment (WEEE) implemented by the European Union. Meanwhile, by taking the customers' intent into consideration, Sercomm selects the paper suppliers certified by the Forest Stewardship Council (FSC) as the priority, in hopes of having the global forest resources cultivated again.Our Philippine plant even passed BV FSC verification in 2023.

Sercomm strictly demands that suppliers shall comply with the "Sercomm Environmentally Restricted Substance Regulations" and sign the "Product Quality Guarantee Agreement" to ensure that the products and components delivered by them to Sercomm (including accessories, packaging materials, and other supplies delivered together with the products) comply with the international laws, including RoHS, WEEE, REACH, ErP and Batteries, et al., and the international regulations related to no use of conflict minerals and the requirements for environmentally hazardous restricted substance.

Sercomm also includes hazardous substance control into the incoming inspection procedure, and demands that the suppliers should propose the corrective action and preventive measures to deal with the raw materials and supplies against the controlled substance requirements, recognize key components according to the Production Part Approval Process (PPAP), prepare clear checklists and requirements, and control the source to prevent waste of production and social cost derived from any problems in the production specifications and quality.

Sercomm's Green Procurement Policy

Sercomm strictly demands that the suppliers should comply with the environmental protection requirements with respect to the raw materials, packaging, or emission of pollutants used by the suppliers. The suppliers shall undertake and warrant that their products are free from any "Environmentally Forbidden Substance" and also provide the following information:

- Environmentally controlled substance test and report of the product
- Knowledge and collection of the information related to materials and components
- Collection of the information about toxicity and restriction (Material Safety Data Sheet, MSDS) on related chemicals
- Presentation of the suppliers' management system review result

Supplier Selection and Assessment

To effectively manage suppliers, Sercomm has established selection criteria when choosing suppliers. Once suppliers meet these criteria and become qualified suppliers, on-site audits or review meetings are conducted to assess their performance. Such evaluations help Sercomm identify priority suppliers for focused improvement in various areas, including quality, cost, delivery, service, technical capabilities, and corporate social responsibility (CSR), as the basis for material prioritization across projects. This also encourages suppliers to actively participate in cooperation.

To ensure sustainable supplier management, Sercomm has implemented a responsible supplier sustainability management mechanism. Key component suppliers are required to adhere to RBA (Responsible Business Alliance) code of conduct, obtain relevant certifications, and comply with local regulations. Sercomm conducts on-site audits of suppliers annually based on the RBA code of conduct to ensure compliance in five categories: human rights, ethics, working conditions, health and safety, and management. Sercomm also combines suppliers' ISO certifications such as ISO 14001, ISO 45001, SA8000, as well as RBA VAP (Validated Assessment Process) and Ecovidas assessments for CSR risk assessment. For higher-risk suppliers, further QSA (Quality Supplier Assessment), QPA (Quality Process Assessment), and CSR assessments are conducted to determine compliance with Sercomm's and customers' sustainability requirements.

The supplier CSR assessment form is updated according to the latest version of the RBA code of conduct to ensure alignment with international standards. The CSR assessment form investigates suppliers' ISO certifications, with a particular focus on ISO 45001, ISO 14001, SA8000, and RBA VAP Audit results. Sercomm's supplier CSR assessment form covers over 200 items related to labor, health and safety, environment, ethics, and system management to comprehensively assess the sustainability management of suppliers. Sercomm encourages suppliers to take corporate responsibility and implement social and environmental responsibility management in the supply chain, collectively enhancing the working environment in the global supply chain.

New Supplier Risk Assessment

When choosing new suppliers, Sercomm assesses not only their quality, cost, delivery time, and service, but also their adherence to our green product specifications, certification, and commitment to corporate social responsibility. In addition to signing general procurement and confidentiality agreements, suppliers must also sign the specified documents and pass the green product audit to be considered qualified. In 2022, all new suppliers achieved a 100% signing rate for these documents.

(1) Product Quality Guarantee Agreement: To govern the quality standards to be followed by the suppliers.

(2) Letter of undertaking for corporate social responsibility: The undertaking about labor interests and rights, health and safety, environmental protection, ethics, management systems, and social impact.

(3) Supplier's EICC letter of undertaking: Requirements for business ethics and integrity

Supplier Performance Evaluation

(1) Monthly Evaluation: Score the suppliers in terms of "Delivery Quality", "Quality Improvement", " Delivery Timeliness", and" Price And Service" monthly; conduct the graded management based on the scores; and guide the suppliers who receive poor scores to help them improve the delivery quality and service.

(2) Evaluation, Annual Audit, and Guidance for New Suppliers:

For effective execution of the procurement, seek the qualified suppliers to ensure the supply quality level and compliance with Sercomm's green product requirements; manage the suppliers' activities and environmental effects derived from the products or services provided by them to verify and control the suppliers' environmental status as the basis for selection of and guidance to strategic suppliers, in hopes of achieving optimal suppliers' management. From the suppliers of arm's length transactions, Sercomm selects the long-term suppliers of key components, presents the on-site audit plan and notifies the related entity each year. In 2022, Sercomm conducted annual audits on 73 suppliers including aspects on quality or CSR compliance, and the pass rate is 100%. In addition, Sercomm also encourages suppliers to implement RBA certification. In 2022, according to 230 valid supplier surveys,33 suppliers completed an RBA second party/third-party audit, with a certification rate of 14.3%, it accounts for 7.3% of all qualified suppliers, and among these 33 suppliers, 24.2% are in higher risk industries (e.g., PCB, packaging materials, metal processing, plastic injection, etc.). There were 345 verification deficiencies, and 213 improvements have been completed, with a completion rate of 61.7%.

Rating：

Grade A	≧ 95 scores
Grade B	95~85 scores
Grade C	<85 scores

Note: Said grading may be adjusted subject to Sercomm's strategies, if necessary.

Supplier Partnership

Sercomm values the interaction and learning with suppliers, and in addition to regular business review meetings, Sercomm also actively convenes supplier quality review meetings. Furthermore, in addition to discussion on the topics of quality and industry new trends and information etc., suppliers are also requested to implement educational trainings and promotion according to the environmental requirements specified by Sercomm, and to provide explanation according to the revision status of product environmental restricted substances and international standard development trend. Moreover, suppliers are also requested to share their experience in order to jointly launch products and services satisfying the market demands.

Supplier Capacity Building

Sercomm places significant emphasis on capacity building for suppliers through regular organization of training and experience-sharing events. We conduct both online and offline supplier training sessions to effectively communicate Sercomm's sustainability policies and requirements to our suppliers. The training encompasses various subjects including human rights, environment, health and safety, business ethics, anti-corruption, unfair competition, conflict minerals, and confidentiality regulations for intellectual property rights. It also covers requirements for green products such as RoHS/Reach, as well as carbon inventory and life-cycle assessment (LCA). On June 15, 2023, we had 200 suppliers in attendance at the training.

e-Supplier Management System

According to the suppliers' evaluation and management procedure, Sercomm selects fine-quality suppliers to satisfactory levels of Sercomm in terms of quality, cost, delivery, service, and technical competency. Sercomm shares the information via the e-management system.

e-Procurement：

Via the system, the suppliers may accept purchase orders, provide the delivery date, and receive the demand plan for materials forecasted based on the scheduling at the same time. Through share of the demand plan for materials, the suppliers may control the future demand more precisely and arrange the production plan to avoid unnecessary waste and reduce overtime working hours.

Supplier Quality Agreement

Sercomm hopes to work together with suppliers and customers and make certain to ensure compliance with ethical and environmental protection standards. The introduction of a new supplier, Sercomm has required the conclusion of the Product Quality Assurance Agreement, demanding that the suppliers should comply with the regulations established by Sercomm, so that it may start from the source to control the suppliers' process, green product designs, and hazardous substances. The suppliers shall undertake and warrant that their products comply with the Product Quality Assurance Agreement defined by Sercomm. If necessary, the suppliers shall submit the test report prepared by a fair third party. Until 2021, the proportion of renewed suppliers of Sercomm has reached 100%. Quality Assurance Agreements to ensure that the products designed and manufactured by Sercomm comply with laws and regulatory topics, satisfy customers' green product requirements, and comply with the international laws and regulations, so as to achieve the objective for establishment of the green supply chain.

Conflict Minerals Policy Statement

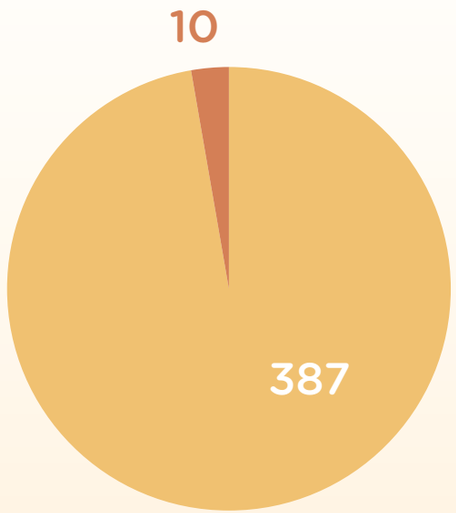
Sercomm respects international human rights and practices humane treatment as a global citizen. To comply with the requirement of sourcing the Conflict-Free Minerals in Sec. 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Sercomm expressly states that it forbids the use of Gold (Au), Tantalum (Ta), Tin (Sn), and Tungsten (W), which come from the Democratic Republic of Congo or adjoining countries, as these minerals constitute a major financial source of the illegal armed groups in that area.

To support the global prohibition against the Conflict Minerals, Sercomm promises not to use Conflict Minerals or the raw minerals which come from the Democratic Republic of Congo or adjoining countries. Meanwhile, to shoulder the responsibility associated with the purchasing activities, Sercomm requires all suppliers to forbid the Conflict Minerals. To ensure that all the suppliers comply with Sercomm's expectations, Sercomm conducts audit of their mineral purchasing policy, purchasing process, and due diligence process to make sure all the materials are free of Conflict Minerals.

Sercomm's Conflict Minerals Policy

- To ensure all the products are free of Conflict Minerals from the Democratic Republic of Congo or adjoining countries.
- To demand that all suppliers should trace the source of Gold (Au), Tantalum (Ta), Tin (Sn), and Tungsten (W) used in products and smelters thereof, All suppliers are requested to track the sources of the metals of gold (Au), tantalum (Ta), tin (Sn) , tungsten (W) and cobalt (Co) used in products and smelters thereof. All suppliers are requested to support the "Responsible Minerals Initiative (RMI) and to purchase non-conflict raw materials according to the "Responsible Minerals Assurance Process" (RMAP), Conflict Minerals Reporting Template [CMRT] & Cobalt Reporting Template [CRT] are provided in due course for supply chain due diligence.

In 2022, a survey was conducted among 397 suppliers, of which 387 responded, resulting in a survey response rate of 97.5%.



3.7 Customer Service and Satisfaction

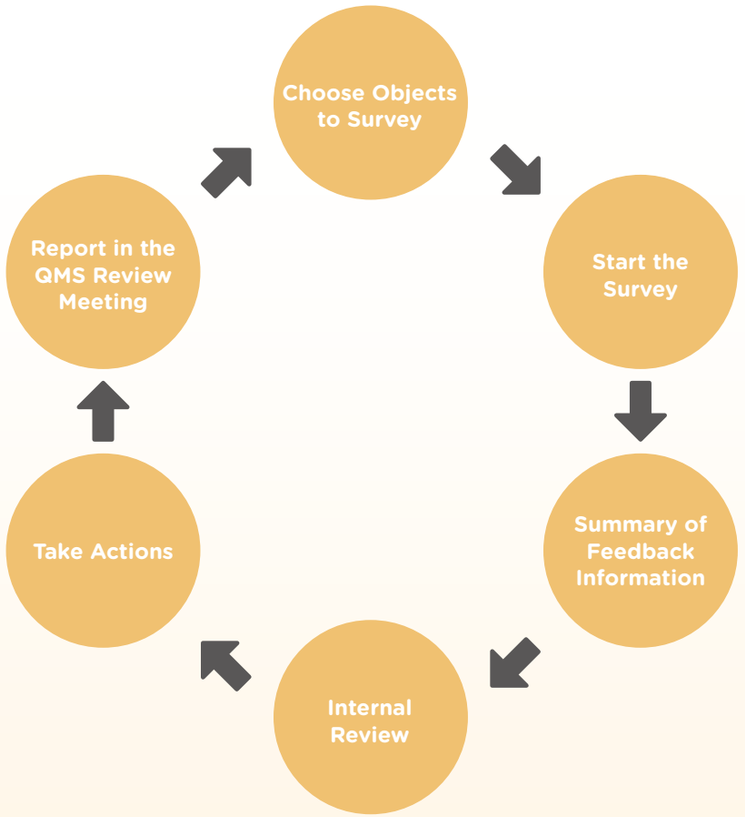
Customer Satisfaction Survey

Sercomm's customers cover international first-class networking suppliers, global telecommunications, and system service providers. Sercomm provides complete and rapid service through its global layout. Via real-time interaction established by its global business locations and customers, Sercomm has its local supporting teams provide the omnibus business, product, technical, and logistic support, including flexible allocation of warehousing, flexible planning of shipping schedule and locations. Sercomm will make adjustments and provide assistance based on customers' requirements, will enhance the relations with customers, and will identify customers as its long-term partners to maintain the fair relationship.

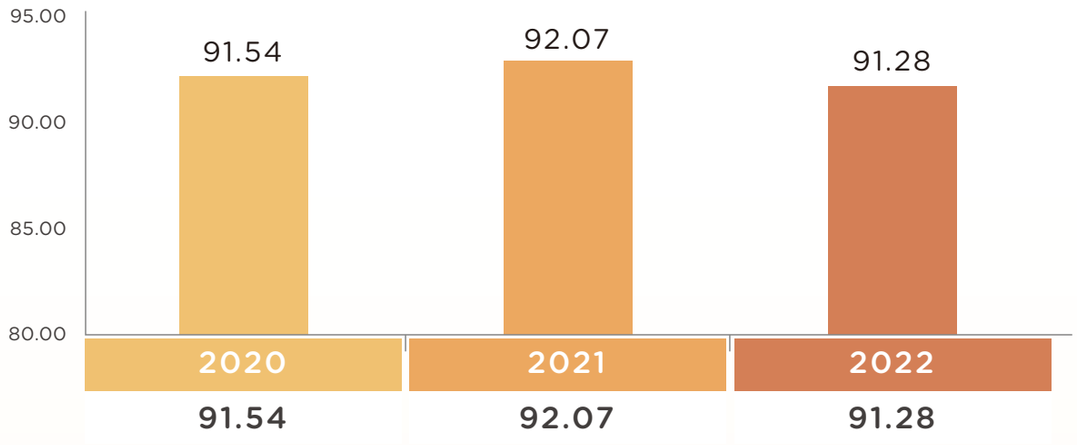
"Customer is the first priority" refers to the core value of Sercomm's operation and also the foundation of the corporate business. Sercomm has been dedicated to creating maximum value for customers for a long time. Sercomm strives to meet customers' needs and continually satisfy customers. Based on the knowledge and analysis of customers' satisfaction levels, Sercomm continues to improve thee important basis for the product and service procedure to improve the customer satisfaction performance. Sercomm controls customer satisfaction based on the rating record (e.g. scoring card) issued by its customers to its suppliers periodically (per quarter, six months, or year) and feedback. Various business departments shall draft the improvement plans based on the rating result and set the upgrading of scores given by customers as the performance indicator of each related unit.

In addition to passively obtaining customers'periodic evaluation information, Sercomm also actively sends out the online "Customer Satisfaction Survey Form"covering quality, price, delivery, service, and technical competency, to major customers annually in order to use such survey as a basis for annual review and improvement. The factory also collects customer feedback information simultaneously. The evaluation also includes the evaluation scores of regular or irregular field audits conducted by customers at each factory, which is also considered as one of the important bases for customer satisfaction improvement. According to the customer satisfaction survey results in 2022, the average satisfaction rate was 91.28%.

Customer Service Satisfaction Survey Process Table



Customer Service Satisfaction Survey Process Table

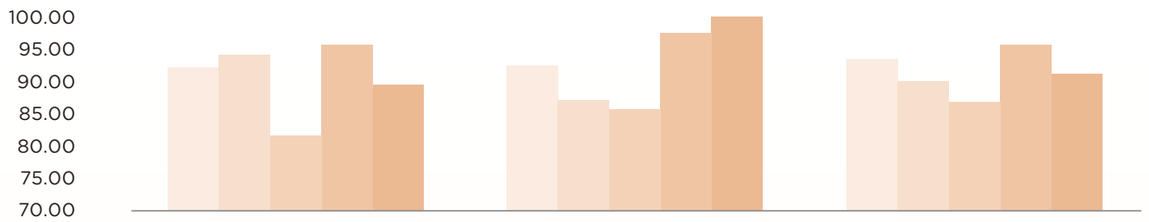


2022 Customer Satisfaction Survey

Satisfaction Survey Items	Score	Satisfaction(%)
Quality	4.61	92.20
Delivery	4.47	89.40
Price	4.33	86.60
Sales	4.80	96.00
Technology Support	4.61	92.20
Average	4.56	91.28

Note: Score of 5

2019~2022 Customer Satisfaction Survey



	2020	2021	2022
Quality	91.79	92.12	92.20
Delivery	93.85	86.67	89.40
Price	81.54	85.45	86.60
Sales	95.38	96.73	96.00
Technology Support	89.23	99.39	92.20

Customer Privacy

At the same time that it works hard to upgrade customer service, Sercomm values the customers' privacy and intellectual property rights more so. Sercomm signs the non-disclosure agreement with the customers to protect customers' confidential information, through various control processes of ISO 27001 Information Security Management System, confidentiality is ensured for business dealings performed by employees of relevant businesses. Up to the year of 2022, there has been no violation of the privacy right of customers, or any incidents of damaging the rights and interests of customers due to loss of customer information.

Regulatory Compliance

Sercomm is committed to comply with all applicable national and international laws, ethical codes, and generally accepted practices. In the territories where it runs business, Sercomm will strive to boost the fair competition; provide customers with product and service safety; comply with labor laws and practices; commit to the declaration of human rights and international standards; and protect copyright, corporate assets, and intellectual property rights in any form.

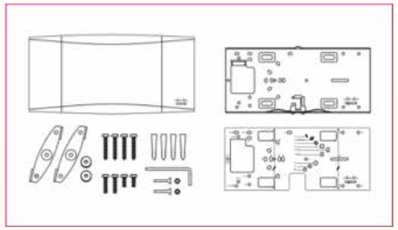
Assessment on the Impacts that the Products and Services Hhave on Health and Safety

In addition to basic legal compliance, Sercomm takes into account its products' impact on users' health safety. In terms of health, collect and evaluate control regulations on major environmental impact substances worldwide. Sercomm has collected the regulatory norms for substances that have major environmental impacts from countries worldwide and consolidated the data into the " Sercomm Environmental Control Substances List" to serve as the basic requirements for the production materials selection. All products must meet all of these requirements. In addition to exempting sers from the risk of exposure to harmful substances, the exort promotes environmental sustainability. In terms of safety, our products must comply with the product safety regulations of the selling countries. We also made sure the products pass the qualified/authorized laboratory certifications to ensure that the users can use Sercomm's products safely.

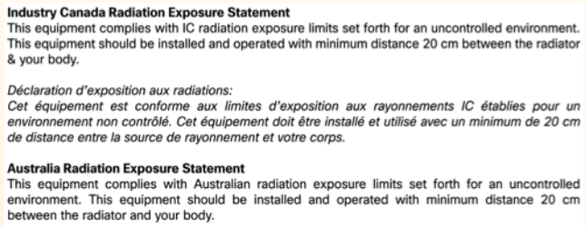
Product and Service Information and Labeling Requirements

To ensure that everyone can conveniently and safely use ercomm's products, our products are stamped with the relevant safety specification qualification marks—such as CE—in addition to the basic electricity consumption information labels. The labels also contain instructions notifying users not to discard the product into a trash can but to follow the Waste Electrical and Electronic Equipment (WEEE) recycling directive instead. Meanwhile, Sercomm's products will also provide a Quick Start Guide (QSG), detailing how the products should be installed and used. A Safety Flyer is provided to remind users of their rights and obligations, the safety pre-cautions required to use the product, and the complete product application information.

As shown in the figure above, Netzteil Input is the power input required for this product. CE is the EU safety requirement compliance mark. The crossed out trash can symbol reminds the user not to discard the product directly into the trash can but to follow the recycle directive instead.



The QSG describes the parts of the product and clearly defines the names and functions of the various parts.



Industry Canada Radiation Exposure Statement
This equipment complies with IC radiation exposure limits set forth for an uncontrolled environment. This equipment should be installed and operated with minimum distance 20 cm between the radiator & your body.

Déclaration d'exposition aux radiations:
Cet équipement est conforme aux limites d'exposition aux rayonnements IC établies pour un environnement non contrôlé. Cet équipement doit être installé et utilisé avec un minimum de 20 cm de distance entre la source de rayonnement et votre corps.

Australia Radiation Exposure Statement
This equipment complies with Australian radiation exposure limits set forth for an uncontrolled environment. This equipment should be installed and operated with minimum distance 20 cm between the radiator and your body.

The Safety Flyer provides instructions for the safe use of the product.

4 Environmental Sustainability

4.1 Environmental Management
4.2 Green Products
4.3 Energy Conservation
4.4 Responses to Climate Change and Global Warming Policy
4.5 TCFD Disclosure

Achievements

Electricity Consumption Intensity
Decreased by 34% Compared to 2021

Water Consumption Intensity
Decreased by 31% Compared to 2021

Conflict Minerals
Products are 100% Conflict Minerals Free

Exhaust Volume Reduced
Effective in Reducing Vocs Unit Emission by 40% (Sites In China)

Objective management

Related Material Topics	Objectives	Results of 2022	Future Goals		
			Short-TermYear	Mid-Term	Long-Term
			2023	2025	2030
Low carbon operation Management	GHG Emissions Intensity（Scope1&Scope2）	0.41	0.4	0.38	0.25
Energy Management	Use of renewables as a percentage of total electricity consumption	-	2%	8%	30%
Exhaust Management	Rate of waste recycling or reuse	73%	75%	80%	90%

Environmental Sustainability and Value Chain

Sercomm upholds the sustainability philosophy and fulfills its responsibility as a corporate citizen. By following its environmental protection and safety and health policies to the highest standards, Sercomm continues to develop green products and devote itself to reduction of waste and prevention of pollution and continues to pursue the optimal utilization of energy, water, and other resources. Meanwhile, it works with its business partners to control the environmental protection risk, mitigate the environmental impact, and protect the earth via the supply chain management.

In order to achieve the balance of environmental protection and business sustainability, Sercomm works on its environmental protection plan actively, such as, production implementation of Hazardous Substance Free (HSF) and Lead-free Process, et al. , and, in terms of hardware, introducing energy conservation and carbon reduction measures into factories, production lines, and equipment. After physically experiencing the influence exerted by an enterprise to the environment, Sercomm continues to pursue the win-win situation between environment and enterprise.

Sercomm's factories in Zhunan, Taiwan, Suzhou, China and Philippines have already received the ISO 14001 and ISO 45001 certification but are also dedicated to preventing pollution, saving energy and resources, reducing waste, preventing accidents, and providing colleagues with a comfortable and safe working environment. All of the employees at the factory premises reach the consensus and promise to comply with Sercomm's environmental protection and safety and health policies to fulfill its responsibility as a corporate citizen and pursue a sustainable future.

Sercomm Safety and Health Policy

Build and Maintain the EHS System

- Implement the environmental management system and blend it into the overall organizational management system, and strives to consistent improvement.
- Implement preventive management to ensure the safety of working environment and operations, so as to bring comfort to employees and confidence to customers.

Comply with Related International and National Laws & Regulations and Requirements

- Comply with environmental protection laws and requirements of the International Covenant to become a green corporation implementing sustainable development.
- Abide by the environmental health and safety and energy-related voluntary commitments.

Full Participation in Boosting of Green and EHS Activities So as to eliminate hazards, reduce risks, and protect the environment

- Promote the enviromental ethics and raise the enviromental awareness. Meanwhile, through staffs training and the implementation of ISO 14001, ensure all employees understand and fulfill their responsibilities of environmental protection.
- For operating personnel and contractors, implement education and training according to the safety and health managmeent plans, to ensure the policy and management system of safety and health are understood thoroughtly

Review the Objective of Activity Periodically to Improving the Same

- Periodically review, audit, examie and improve operations.
- Prevent hazards to ensure the safety in workplaces

Reach Agreement with Related Groups Through Communication

- Improve waste reduction and pollution prevention from the origin, in order to achieve the goal of green design, production and management.
- Reduce air and water pollution, and waste.

4.1 Environmental Management

To pursue the balance between environmental protection and business sustainability, Sercomm actively sets the management objectives and continues to improve the utilization of various resources and prevention of pollution. In August 2004, it was granted the ISO 14001 certification and established the management system dedicated to preventing any potential environmental damage or pollution in order to fulfill the environmental management. In 2018, to cope with the requirements specified in the new version of ISO 14001:2015, the viewpoint of life cycle was considered for the entire process from product design to final treatment in order to reduce impacts on the environment and to concretely demonstrate the sustainable environment policies and guarantees.

Management System and Certification

Sercomm values environmental sustainability and continues to implement and maintain various management systems (e.g., ISO 9001、ISO 14001/ISO45001... et al.). In response to the conversion of OHSAS 18001 from industry standard to ISO 45001 international standard, Sercomm completed the conversion and obtained the certificate in 2020. Sercomm has continued to improve and enhance the management processes and ensure the execution of the environmental protection policies.

In 2023, Sercomm successfully verified compliance with the ISO14064-1:2018 greenhouse gas inventory standard and the ISO50001 energy management system. This achievement demonstrates our commitment to addressing the impact of greenhouse gases on the climate and the growing global concern for carbon emissions. By implementing a management system, we can conduct greenhouse gas inventories in a more systematic manner, leading to a reduction in carbon emissions. Additionally, this allows us to effectively manage energy consumption and promote energy efficiency.

2004
- ISO 14001 & OHSAS 18001 certified

2006
- Implementations complied with RoHS & WEEE

2007
- All products complied with REACH

2009
- Adopted the eco-design requirements for Erp

2010
- C-TPAT SGV (Global Security Verification) certified

2015
- Non-support and non-use of conflict minerals

2018
- ISO 27001 certified

2019
- Successfully updated ISO 9001/ ISO 14001 certificate to the new version
- SONY GP certified Chunhui Site in the scope of EHS certification

2020
- ISO 14001 & OHSAS 18001 certified

2021
- Updated OHSAS 18001 ISO 45001 certifocate to the new version

2022
- Introduce the Green Product Management (GPM) Platform
- Plan to obtain ISO 14064-1 certification; Import ISO 50001

2023
- ISO 14064-1&ISO 50001 Certified

Management Systems

Aspect	Management Systems	China	Taiwan	Philippines
Quality	TL 9000	●	●	
	ISO 9001: 2015	●	●	●
Environmental	ISO 14001:2015	●	●	●
	ISO 14064-1:2018	●	●	Expected to obtain verification in 2023
	ISO 50001: 2018	●	Expected to obtain verification in 2023	Expected to obtain verification in 2023
	ISO 14040/ISO14044	●		●
Social	ISO 45001:2018	●	●	●
	ISO 27001:2017	●	●	●
	RBA	●	●	●

Packaging Materials

Management The packaging materials applied by Sercomm for its shipments are all recyclable environmental protection materials, including corrugated paper, foam, plastic bag, label, leaflet, and colorful box, et al., all of which comply with the related international laws and regulations.

Sercomm maintains its collaboration with local raw material providers to minimize resource consumption and carbon emissions. This is achieved through the utilization of recyclable and reusable packaging materials, as well as the optimization of packaging procedures. We utilize turnover plastic boxes in lieu of standard cardboard boxes, recycle pallets for manufacturers to repurpose certain materials, and employ environmentally friendly paper materials as substitutes for plastic injection parts. Sercomm is actively promoting the utilization of local supply chains to minimize carbon emissions from packaging material suppliers during shipping. Our goal is to achieve a localization rate of 100% by the end of 2022.

Optimizing packaging design to minimize the use of plastic materials as much as possible

Emissions Management

Since Sercomm founded its factories, it has started to plan and execute the environmental protection work through the effective environmental management system (ISO 14001) to continue improving the environmental performance. In addition, Sercomm complies with the local environmental related laws and regulations of the global operation locations, and actively cooperates with the global environmental protection issues requested and concerned by customers, including green raw material management and conflict mineral management.

The production process performed at Sercomm's factory premises only consists of DIP, SMT, testing, and packaging and, therefore, it renders minor effects to pollution by waste gas, waste water, noise, and toxicant. Besides, Sercomm has delivered the lead-free process in whole since 2006. Therefore, the welding flux applied in the process (tin paste, tin rod, and tin wire) was lead-free, reducing the source of pollution by waste air. The waste solution of various organic solvents (flux and detergent) applied in the production lines is handled by the legal cleaning service provider contracted by the factories. Through rigorous control measures, the Company significantly reduces the generation of pollutants from the manufacturing processes in order to ensure that all emission substances comply with the regulatory requirements.

Waste Management

To reduce impacts of wastes on the environment, Sercomm is dedicated to reducing waste and to fulfilling the reclamation of resources. For all stages from the purchase at the source end to the wastes generated after the process use, Sercomm implements rigorous management on proper classification in order to increase the resource reuse ratio and to promote resource closed cycle, thereby achieving the maximum reuse of resources. Increase the resource reuse ratio and promote resource closed cycle, achieving maximum reuse of resources.

According to statistics, the total waste generated across all our production plants in 2022 (including the additional plants in the Philippines) amounted to approximately 4,662.998 tons. This figure includes a total of 4,455.509 tons of non-hazardous waste, representing 95.55% of the overall waste, and 207.489 tons of hazardous waste, accounting for the remaining 4.45%. The waste recovery rate for 2022 was 73.1%. In 2023, we will strengthen our waste recovery efforts by establishing a waste reduction goal that is 1% lower than the previous year.

Total Waste Generated during the Most Recent Three Years

(Unit: tonnes)

		2020	2021	2022
Taiwan	Non-Hazardous Waste	622.70	581.91	604.59
	Hazardous Waste	21.20	28.67	40.77
Chia	Non-Hazardous Waste	2253.65	2779.00	2366.24
	Hazardous Waste	94.30	97.96	146.14
Philippines	Non-Hazardous Waste	0.00	933.01	1484.67
	Hazardous Waste	0.00	14.25	20.57
Total	Non-Hazardous Waste	2876.34	4293.92	4455.51
	Hazardous Waste	115.49	140.87	207.48
	Total	2991.84	4434.80	4662.99

Note 1 : As hazardous waste comes mainly from PCB tailings and wipe o_ organic solvents.

2022 Waste Material Total Weight and Their Processing Modes at Taiwan and China Sites

(Unit: tonnes)

Waste Categories	Taiwan					China					Philippines				
	Total	Re-use	Incineration	Landfill	Recycled	Total	Re-use	Incineration	Landfill	Recycled	Total	Re-use	Incineration	Landfill	Recycled
General Waste	89.43	0	89.43	0	0	139.28	0	139.28	0	0	817.90	0	0	817.90	0
Hazardous Waste	40.78	28.85	11.92	0	0	146.14	136.74	9.40	0	0	20.57	0	20.57	0	0
Recyclable Waste	515.17	0	0	0	515.17	2,226.96	0	0	0	2,226.96	666.77	0	0	0	666.77
Total Waste	645.37	28.85	101.35	0	515.17	2,512.38	136.74	148.68	0	2,226.96	1505.24	0	20.57	817.90	666.77

Greenhouse Gas Management

In order to address climate change and global warming, our primary objective is to decrease greenhouse gas emissions. Sercomm has established a phased plan for carbon reduction, implementing various measures to accomplish this objective. Our reduction targets and priorities are determined based on the results of voluntary inventory, ensuring that our efforts are both efficient and effective. Since 2014, Sercomm has been diligently calculating and verifying greenhouse gas emissions in strict compliance with ISO14064-1 and the GHG Protocol regulations. We have implemented the ISO14064-1 and ISO50001 certifications in a phased manner starting in 2022, and successfully completed the process in 2023. Furthermore, we have established a committee dedicated to the implementation of greenhouse gas inventories, ensuring transparency in our reporting. Based on the results of our significant identification efforts, we will be expanding the scope of the three inventory items. Additionally, we have broadened the scope of our Scope 3 inventory to include upstream/downstream supplier delivery and employee commuting, in addition to waste, travel, and energy consumption, based on the results of our materiality identification process. Sercomm aims to achieve third-party verification of ISO14064-1 for greenhouse gas emissions by 2023. Additionally, by 2024, we plan to complete a carbon inventory of all overseas subsidiaries to enhance the comprehensiveness of our' greenhouse gas emissions inventory and identify areas for improvement. Furthermore, we have announced our participation in the Science Based Targets initiative (SBTi) starting in 2023.

Since 2014, Sercomm has participated in the Carbon Disclosure Project (CDP) to conduct phased greenhouse gas inventories and disclose our emissions. Starting in 2018, CDP began assigning ratings to applicants. Our rating was upgraded to C in 2022 and is projected to reach B by 2023.

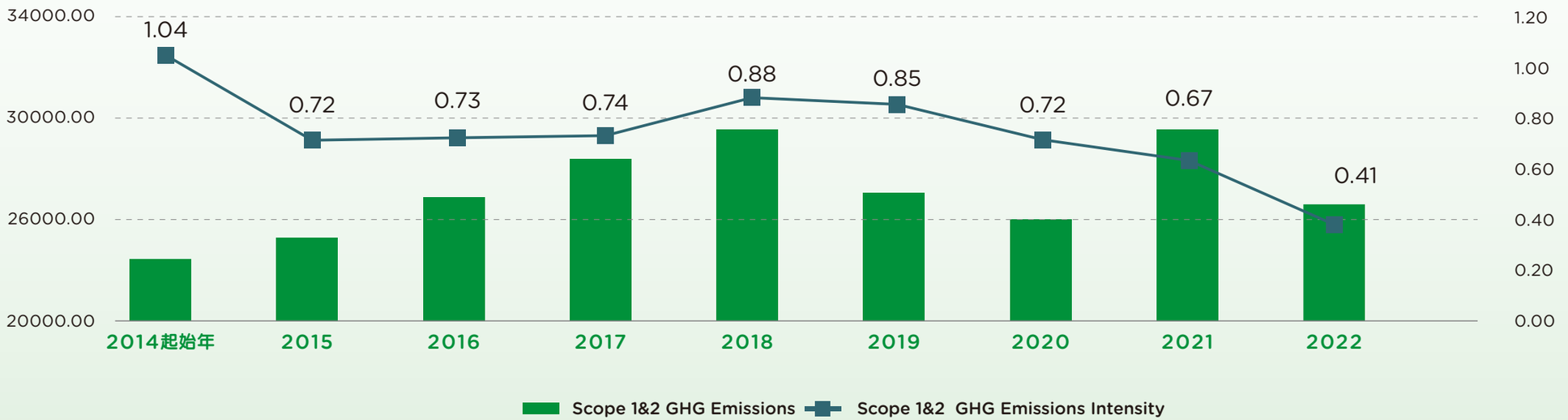
Based on our 2022 greenhouse gas emission inventory findings, we recorded 619.28 tons of CO2e in Scope 1 direct greenhouse gas emissions, 26,029.09 tons of CO2e in Scope 2 indirect greenhouse gas emissions, and 213,059.36 ton of CO2e in Scope 3 other indirect emissions. Below are the greenhouse gas inventory results for the past nine years. Our greenhouse gas emissions have primarily been categorized under Scope 2 over the years. Therefore, our strategy for reducing greenhouse gas emissions focuses on conserving energy within our factory. Over the past 5 years, we have observed a consistent decline in our greenhouse gas emission intensity. In 2022, our emission intensity in Scope 1 and 2 reached 0.41 tCO2e/NT$million, marking a significant decrease of 38.81% compared to 2021.

Greenhouse Gas Emission (2014～2022)

(Unit: ton CO2e/Each Million NT)

	Unit	2014	2015	2016	2017	2018	2019	2020	2021	2022
Scope 1 GHG Emissions	Ton/CO2e	223.43	249.38	258.46	157.32	418.81	3173.45	386.81	531.38	619.28
Scope 2 GHG Emissions	Ton/CO2e	23781.07	24858.95	26561.53	28498.88	28994.76	26679.38	25734.67	28793.51	26029.09
Scope 3 GHG Emissions	Ton/CO2e	--	--	--	--	--	--	--	251464.14	213059.36
Scope 1&2&3 GHG Emissions	Ton/CO2e	24004.50	25108.32	26819.99	28656.20	29413.57	27052.83	26121.48	280789.03	239707.73
GHG Emissions Intensity	Ton CO2e /Million NTD	1.04	0.72	0.73	0.74	0.88	0.85	0.72	0.67	0.41

Note 1. Scope 1 GHG emissions: Includes fugitive emissions from the organization's daily operations (septic tanks) and stationary emissions of GHG emissions from fossil fuel to energy conversion (staff_ cafeteria kitchens)
2. Scope 2 GHG emissions: GHG emissions generated from purchased electricity applied to process equipment energy
3. Scope 3 encompasses other indirect emissions, which encompass emissions generated outside the Company. These include emissions from employee commuting, business travel, and emissions generated throughout the product lifecycle.
4. Since 2022, we have excluded Scope 3 emissions from our greenhouse gas emission intensity statistics.

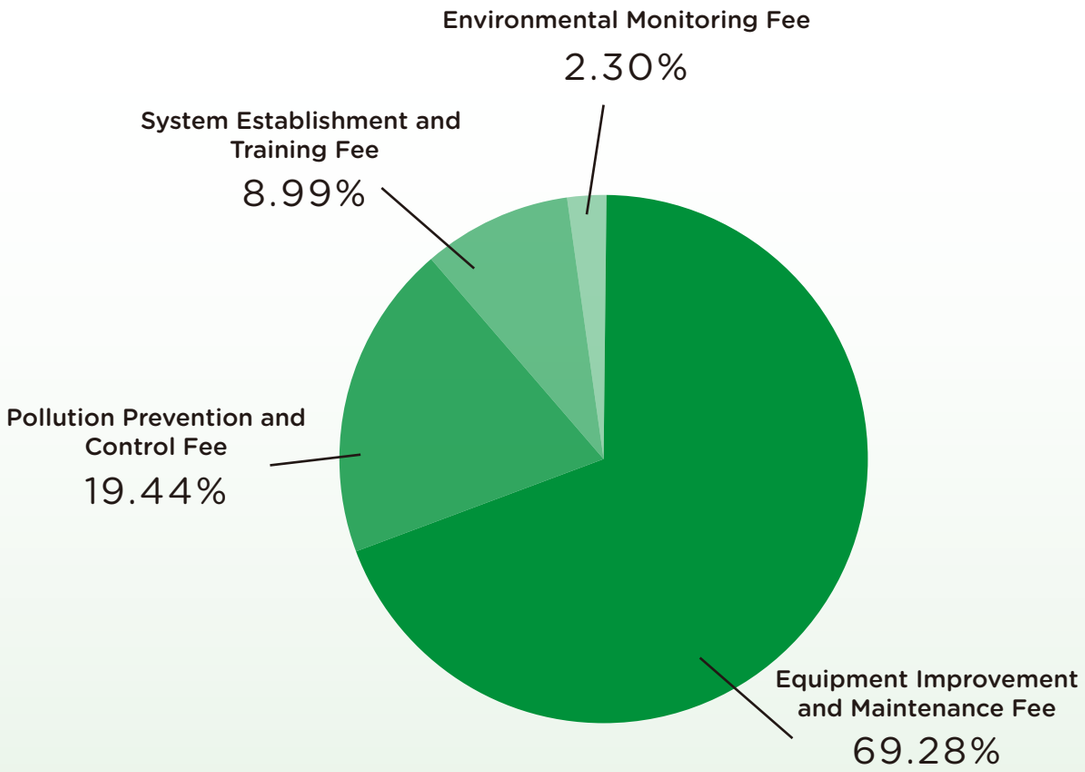


Environmental Expenditure

By identification under the environmental protection laws and regulations, regulatory compliance is considered to be the most basic requirement, and Sercomm continues to improve the energy and resource management and pollution prevention measures. The daily operation also focuses on reducing impacts on the local ecological environment to the minimum. For the investment and expenditure in environmental protection, Sercomm organizes the environmental educational programs periodically, procures environmental protection and energy-saving equipment as the priority, delivers the environmental management system, and also entrusts a qualified waste disposal, treatment and reuse operator to handle waste treatment affairs properly. In addition, the Company is not subject to any environmental protection violations in recent years.

Category	Item	Environmental Expenditures (NT$ thousand)
System Establishment and Training Fee	ISO14001 Certification Fee	$ 531.00
	Training Fee	$ 110.81
Environment Monitoring Fee	Environment Monitoring Fee	$ 164.23
Equipment Improvement and Maintenance Fee	Equipment Improvement and Maintenance Fee	$ 4946.73
Pollution Prevention and Control Fees	Waste Disposal Fees	$ 405.51
		$ 982.42
Total	Sewage Treatment Fees	$ 7,140.70

Environmental expenditure Items

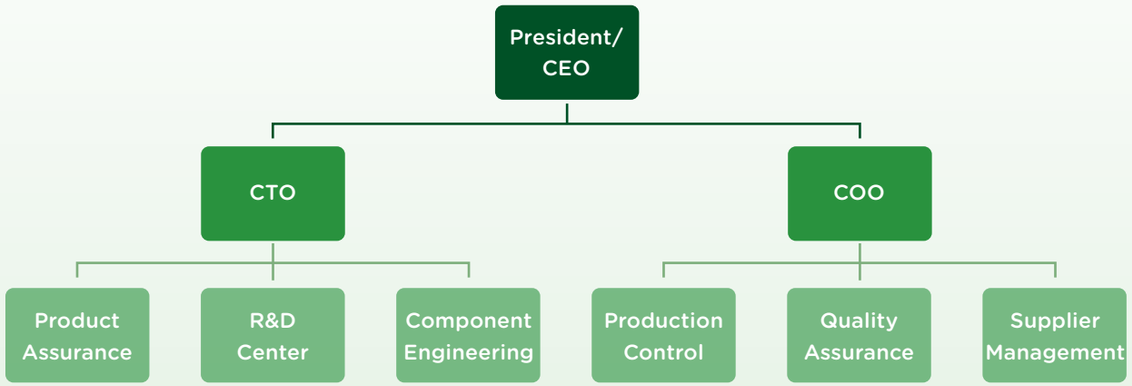


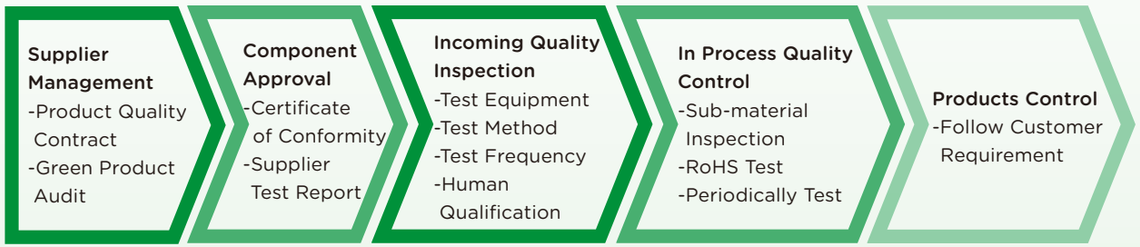
4.2 Green Products

In accordance with the international environmental protection trends, Sercomm saves materials and energy by virtue of green design and reduces the environmental pollution accordingly. Sercomm's green product design is required to not only comply with power-saving design and various regulations banning and restricting substances harmful to the environment, but to also follow the "3R" (Reduce, Recycle and Reuse) principles of Waste of Electronic and Electrical Equipment (WEEE) implemented by the European Union to conduct the inspection on life circle of products. In doing so, Sercomm hopes to achieve the goals of ecofriendliness, extension of the product lifetime, easy disassembly, and easy recycling of the products. Meanwhile, through the collaboration among upstream and downstream supply chains, Sercomm provides energy saving, effciency-improving, and low hazardous products per domestic/overseas customers' requirement, in hopes of mitigating the effect to the environment as much as possible.

Green Product Policy and Management Sercomm designates its dedicated unit to control the process of green products consisting of design, production, and shipment. Sercmm mitigates waste of resources, upgrades effciency of energy, and effectively reduces the impact rendered by the toxicity against the ecological environment. In order to ensure that Sercomm's green products comply with the international laws and regulations and customers' requirements toward environmental protection, Sercomm continues to boost the green product improvement project to control hazardous substancse, performs audits on green products, and keeps the suppliers under control, so as to help Sercomm move forward toward the green policy objective.

Green Product Management Organization





Green Product Design

Sercomm delivers the strict lead-free process comprehensively and seeks to mitigate the impact to the environment by virtue of the green design at the R&D stage. In addition to complying with various international laws and regulations on green products, substances that are potentially harmful to the human body or the environment, such as yellow phosphorus and red phosphorus are also under strict management. Through the green procurement, Sercomm extends the environmental protection requirements into the end of component and raw material and into the product utilization process and disposition of the waste in order to comply with the international environmental protection standards and to fulfill the green manufacturing policy.

Meanwhile, Sercomm conducts the inspection on the life circle of the products developed by the Company in accordance with ISO 14040:2006, so as to complete the comprehensive inspection on the potential environmental impact factors by the products from Cradle to Grave, and reduces environmental impact through product design, energy consumption calculation, material selection, packaging reduction, and process optimization. To achieve environmental sustainability, the products of Sercomm are designed with the concept of easy disassembly and easy recycling so that consumers can easily dispose of when replacing products; to implement waste recycling and disposal, Sercomm has successively signed contracts with local recycling companies in the countries where its products are sold to assist in recycling consumer product waste. In 2022, the registration of product waste recycling in 6 countries, including Germany, Italy and France, had been completed.

During the initial phases of product design, our objective is to minimize environmental impact and achieve eco-design. With the assistance of a dedicated development team focused on power consumption, we have successfully decreased energy usage in our products. Alongside utilizing power-efficient main components, Sercomm also offers inventive sleep modes for idle applications, resulting in a 5% enhancement in WiFi performance and an 8% reduction in CO2EQV.

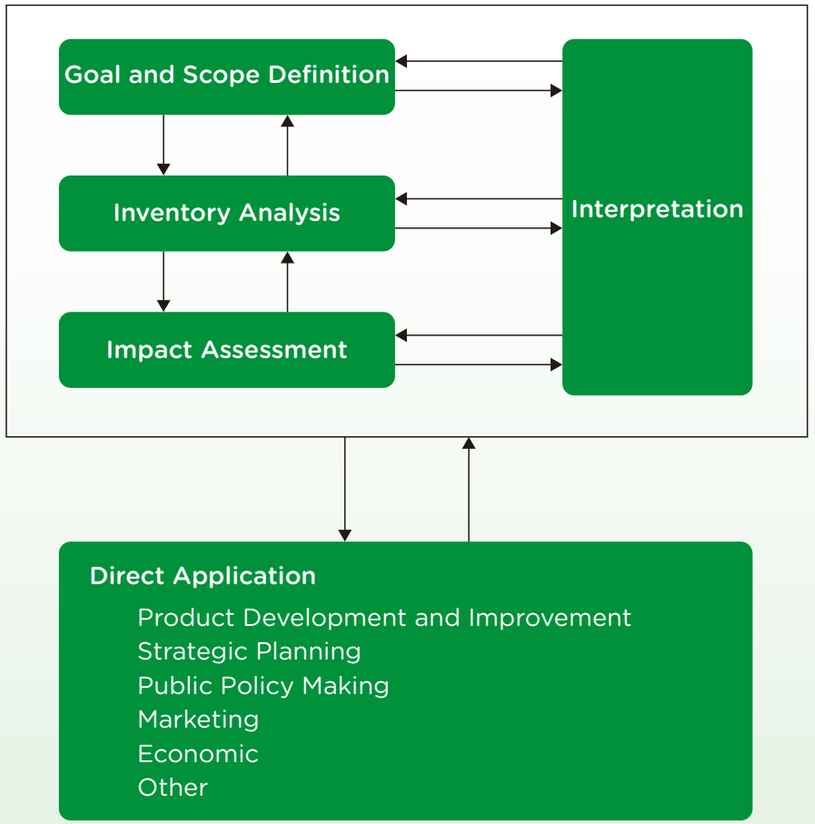
Inspection on impact factors:

- Global warming, CO2 eq
- Ozone layer depletion, Kg CFC-11 eq
- Photochemical oxidation, Kg C2H4 eq
- Acidification, SO2 eq · Eutrophication, Kg PO4 eq
- Non renewable, fossil, MJ LHV

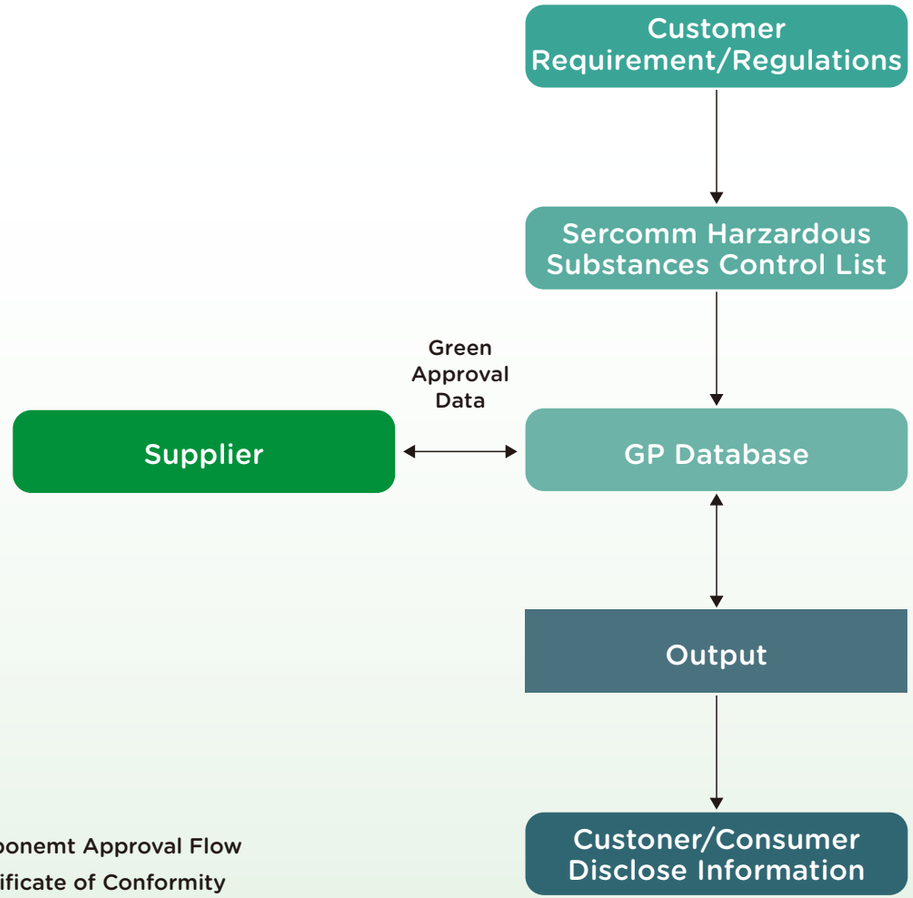
The stages of a life cycle analysis:

The stages of a life cycle analysis: There are four phases in an LCA study: Goal and Scope Definition, Life Cycle Inventory Analysis (LCI), Life Cycle Impact Assessment (LCIA) and Life Cycle Interpretation.

ISO 14040:2006 Life Cycle Assessment Framework



Hazardous Substances Management



Componemt Approval Flow

- **Certificate of Conformity**
- **Test Report**
- **Certification of Material, Material Data Sheet**
- **Others Information(Safety Certification Information, Approval Sheet)**

In order to comply with the international environmental protection laws and customer requirements, the Company enacts the “Sercomm Environmental Restricted Substance Regulations” in order to properly control hazardous substances contained in products. Through the establishment of Sercomm Environmental Restricted Substance List, suppliers and partners are rigorously requested to comply with the requirements thoroughly and are requested to sign the “Product Quality Guarantee Agreement” to ensure that the products and component parts delivered by them to the Company (including accessories, packaging materials and other supplies delivered together with the products) comply with the international regulations of RoHS, REACH, PPWD, Batteries etc., and shall also support relevant international laws and regulations for the prohibition on the use of conflict minerals etc. and the requirements on the prohibition of use of environmental hazardous substances specified by Sercomm. To more directly and effectively control materials provided by the suppliers and ensure they comply with Sercomm’s standards for environmental management substances, the GPM management platform was introduced in 2021 so that the suppliers are required to disclose relevant information on the composition and content of the materials they provide on the platform during the component recognition phase. For materials that contain conflict minerals, the Conflict Minerals Reporting Template (CMRT) and the Cobalt Reporting Template (CRT) should be completed and filed.

Sercomm restricts or forbids any substance affecting human health adversely and ruining the environmental ecology in the production process pursuant to laws (including lead, mercury, Hexavalent chromium, Poly Brominated Diphenyl, and Poly Brominated Diphenyl Ethers). Meanwhile, Sercomm demands that all suppliers should ensure the materials and components are free from any pollutants forbidden or restricted under the related environmental laws and regulations in the process of manufacturing, packaging, storage, and transportation.

The front-end suppliers manage their internal materials and raw materials for production at the source and report to Sercomm through the GPM platform. Sercomm also utilizes the precision XRF and carries out accurate and rigorous measurement and monitoring of prohibited and restricted substances that aect and harm the environment in raw materials and products. In 2022, the overall defective rate of sampling test was 0%, which effectively ensured that raw materials meet the environmental protection requirements of green products from procurement to use in the manufacturing process, so as to reduce the impact of products on the environment. In response to the compulsory enforcement of RoHS (EU)2015/863, Sercomm has begun to strengthen the chemical testing for the specified 4 chemicals (DEHP, BBP, DBP and DIBP), and send sampled products and components to qualified and credible external laboratories for chemical testing in 2018.. By 2022, the test results of the products sampled and tested have all met the requirements, demonstrating the effectiveness of Sercomm in the management of harmful substances.

Product Carbon Footprints

In order to reduce the carbon emission from transportation of materials, Sercomm implements the low-carbon procurement principles. Except for the key materials, the principle is used to procure materials from the local suppliers as the first priority. Meanwhile, Sercomm urges the component suppliers in the territories of China to install Local Hub and reuse the carrier (plastic frame), so as to cut both parties' cost (e.g., travel time, warehousing, and supplies, et al.) and to produce the effect of saving energy and carbon reduction. Sercomm also works with the transportation service providers to adopt the pallet of one single specification, combined transportation, and Milk Run, in order to produce the effect of green logistics management.

In order to achieve energy savings and reduce carbon emissions in the design and implementation of our products, we intend to implement a "carbon management platform" consisted of Product Life Cycle Assessment (LCA) and Product Carbon Footprint in 2023. This platform will enable us to effectively reduce emissions throughout the entire life cycle of our products.

4.3 Energy Conservation

In order to perform the valid energy management, Sercomm propagates the philosophy and approaches about environmental protection and saving energy to its employees during orientation training and in the internal announcement system. Sercomm also actively boosts the energy- and power-saving operations at the o_ce and factory premises, hoping that the green value may be fulfilled by the enterprise and employees at the same time, and the employees' work behavior model may su_ciently reflect the enterprise's green spirit for saving energy and environmental protection.

Sercomm Saves Energy and Protects the Environment

1. Light tubes were phased out and replaced by LED lamps, and more than 90% of them were replaced with LED by 2021
2. Set automatic turn on/turn off function for the light in specific area
3. Set the computer (including PC and NB) to stand by or hibernation mode when not in use
4. Conduct ad-hoc internal training and promotion sessions on energy conservation and environmental protection measures
5. Create the monthly water and electricity statistic and analysis list to control consumption of water, electricity, and other resources
6. Paste insulation paper on the curtain wall to mitigate radiant heat, enhance the air conditioning effect and reduce the consumption of power for the air conditioner.
7. Periodically clean the filter and maintenance system for the air conditioner to enhance the efficiency of air conditioner
8. Control the air conditioner temperature at 26~28 °C
9. Install water-efficient toilets, and recycle wastewater for landscaping
10. Apply the online document approval system, and replace the telephone system with network telephone
11. Apply video or phone conference frequently, and reduce employees' business travels to save on flight energy
12. Sercomm Suzhou Plant has implemented the air compressor waste heat recovery system, replaced the original method of boiler with burning of natural gas.
13. Through the measures of shared use and modification of jigs, improvement of carrier mechanical accessories and materials, recycling of cables and wires etc., the material life cycle is extended.
14. Select machineries and equipment of high energy efficiency, replace obsolete and old machines with new ones (such as installation of variable-frequency air compressor) in order to reduce carbon emission.
15. Adjust and improve process parameters to reduce emergency consumption and process scrap.
16. Plan to replace the ice water pumps at the Chunan plant with variable-frequency ones for energy conservation.

Energy and Resource Usage

Electricity

The primary source of energy for Sercomm's Taiwan and China sites is electricity. In 2021, Sercomm headquarters and manufacturing sites' electricity consumption was 175,167 GJ. The total electricity consumption in Taiwan is 42,294 GJ, including 12,470 GJ of electricity used by Sercomm headquarters for the whole year, the Chunan manufacturing center's electricity consumption was 29,824 GJ; Sercomm's Suzhou electricity consumption was 99,745 GJ; Sercomm Philippines' electricity consumption was 33,128 GJ. In 2021, over all ration of the electricity consumption is slight upward compared to 2020 through the company's e_ orts to continue to increase its turnover To enhance energy management efficiency systematically, we have progressively implemented the ISO 50001 energy management system across all our factories since 2022, successfully completing verification in 2023. In order to align with our green power policy, we have been exploring the possibility of constructing solar power generation systems in all of our factories. This initiative aims to decrease our reliance on external power sources and minimize carbon emissions.

Unit: GJ

	2020	2021	2022
Taiwan	41,562	42,294	43,948
China	97,780	99,745	94,817
Philippines	-	33,128	34,870
Total Electricity Consumption	139,342	175,167	173,635
Electricity Intensity	3.86	3.99	2.65

Note 1：Electricity Intensity =Total Electronic Consumption (GJ) / Sales Revenue (NT$ million)
Note 2 : The public electricity consumption by Sercomm corporate headquarters is converted according to Taipower summer and non-summer electricity prices

Water

For water resource management, Sercomm implements the water saving policy through its ISO 14001 management system. In consideration of the industrial characteristics, Sercomm doesn't consume too much water resource in the process. Its consumption of water is primarily intended for the recycling water for such infrastructures as air conditioners and air compressors and for the service water for employees. The water source refers to the municipal water instead of river, lake, or underground water. Therefore, no significant impact may be rendered against the water source and community water. In order to continue boosting saving water, Sercomm improves the facilities and propagates that employees may upgrade the efficiency of water use by changing their usage of water.

Specific approaches to save water :

- Install water faucet economizer.
- Use agent to reduce the water used for air conditioner
- Check the toilet flush valve every day to verify whether there is leakage
- Check water supply switch and consumption of water every day

Unit: M3

	2020	2021	2022
Taiwan	45,470	48,317	48,479
China	169,881	168,597	169,467
Philippines	-	18,794	22,905
Total Water Consumption	215,351	235,707	240,851
Water Intensity	5.97	5.37	3.73

Note ：Water Intensity = Total Water Consumption (M3) / Sales Revenue (NT$ million)

Effects of the Energy Conservation Measures

Sercomm is dedicated to upgrading the efficiency of energy conservation and carbon reduction and integrating energy conservation and carbon reduction into the working environment at each business location, including landscaping, improvement and replacement of the old facilities, electricity/water consumption record and analysis, energy performance management, and implementation of various energy saving projects. Since 2014, Sercomm has started to improve the environmental lighting energy conservation. It has successively replaced the lighting with LED lights in the office and public areas and at the factory premises since 2015.

In addition to the basic power consumption and energy saving measures, for process materials, through the measures of shared use and modification of jigs, improvement of carrier mechanical accessories and materials, recycling of cables and wires etc., the material life cycle is extended. Furthermore, machineries and equipment of high energy efficiency are selected, and obsolete and old machines are replaced with new ones (such as installation of variable-frequency air compressor) in order to reduce carbon emission. In 2022, the Chunan Plant implemented energy-saving measures by installing frequency converters on chilled water pumps and cooling water pumps. This initiative aims to reduce electricity consumption by approximately 599,610 kWh per year.

Protect the Earth, Treasure Water Resources. Therefore, Sercomm has drafted and adjusted its water utilization plan in terms of “reduction of water consumption” and “recycling of water” permanently. Sercomm strongly propagates that its colleagues should save water consumption in daily life, and Sercomm continues researching and implementing various water preservation measures. Sercomm expects to construct it as an environmental protection, energy-saving, water-saving, and comfortable enterprise and provide employees with a smart and low-carbon working space by boosting the energy saving policy step by step. In 2022, the Chunan Plant implemented a recycling system for cleaning machine water and RO concentrated water. This initiative aims to reuse these waters in the cooling water tower, resulting in an annual water savings of 2,160 tons.

Energy Saving Measures

- 90% switch to LED lighting. reducing power consumption.
- The parking lot shall apply timing controllers, and the public spaces and aisles shall apply sensor controllers.

- Cooling towers and fans are installed with temperature-control and frequency-conversion features.
- Maintain air-conditioning temperatures at 26 °C ± 2 °C in the summer.

- Installation of variable-frequency air compressor: Installation of variable-frequency the electrical power consumption saved was 7,625 degree/month.
- Replacement of old desoldering tool with new machine: The electrical power consumption saved was approximately 14,666 degree(electricity)/year.

- The toilet shall apply the faucet with water economizer, and the Company will install flush valve or toilet with water economizer.
- Signs for saving water consumption in public areas.

4.4 Responses to Climate Changes and Global Warming

The 5th climate change assessment report issued by the Intergovernmental Panel on Climate Change (IPCC), an intergovernmental organization established by the United Nations Environment Program (UNEP) and the World Meteorological Organization (WMO), clearly describes the continuous warming of the entire climate system. The atmosphere and the oceans have become warmer, the snow- and ice-covered areas have decreased, the sea level has risen, and the greenhouse gas concentration has increased.

Ozone is the core element in atmospheric chemistry. In the stratosphere, the ozone layer can absorb ultraviolet radiation harmful to living things and play the role of an umbrella for life on Earth. In the tropospheric atmosphere, proper amount of ozone is beneficial to clean the atmosphere. However, due to the increase of ozone precursor emissions in the troposphere, especially in big cities, the high concentration ozone produced will cause serious pollution to the atmospheric environment, which will do great harm to human beings, animals and plants, and the ecological environment.

Impacts of Climate Change

Increases in greenhouse gas concentrations will exacerbate the greenhouse effect by causing atmospheric temperatures to rise. It can also lead to major changes in the global climate and ecological environment such as rapid melting of ice caps, rising sea levels, flooding of the lands, global climate anomalies (storms or drought formation), landslides, increased instances of typhoons (hurricanes), land desertification, and ecological environmental changes.

Sercomm's Effort

Since 2014, pursuant to the ISO 14064-1 greenhouse gas inventory standard, Sercomm has been using the operation control method to determine the scope of assessment and calculate the amount of greenhouse gas emissions so as to manage the greenhouse gas emissions generated during business activities. Sercomm also plans to start introducing the ISO 14064 standard into each production location from 2022 to ensure greenhouse gas inventories are implemented more comprehensively. Upon completion of internal greenhouse gas inventories, a qualified organization will be engaged to conduct data verification to assure the greenhouse gas inventories are accurate.. In addition to cooperating with customers for carbon disclosure on CDP platform, Sercomm also actively cooperates with the project measures advocated by the government where the factory is located. For example, in the "Special Action Plan for Two Reductions, Six Treatments and Three Upgrades" promoted in Suzhou, China in recent years, the waste gas treatment facilities of the factory are comprehensively upgraded, and the three channels of dust removal, UV and activated carbon adsorptions are integrated to effectively reduce the unit exhaust gas volume (VOCs) by about 40%.In order to establish an environmentally conscious corporate setting, our plan is to implement LEED certification at our Chunan Plant in 2022. Through our efforts in energy and water conservation, we have already achieved a silver certification and aim to attain a gold certification by 2023.

4.5 Climate Risks and Related Financial Disclosure (TCFD)

The severity of climate change's impact on economic development is growing, affecting not only business operations but also posing a threat to corporate assets and labor safety. Consequently, enterprises must address climate change as a challenge in their sustainable operations. In 2022, Sercomm implemented the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) put forth by the UN Financial Stability Board. This framework enables us to identify climate risks and opportunities, analyze potential financial impacts on the Company, and discuss appropriate response measures. In 2023, Sercomm officially signed up to support the TCFD initiative on the TCFD official website, thereby becoming a TCFD Supporter.

Governance

Board of Directors	Corporate Sustainable Development Committee	Sustainability Task Force
As the highest governing body for climate-related matters, it is responsible for overseeing the Company's performance and achievements in climate governance. The Sustainable Development Committee also reports on the progress and achievement of goals to the Board of Directors annually.	We have established the Corporate Sustainable Development Committee under the Board of Directors to support the board in consistently implementing environmental, social, and governance initiatives for the Company's sustainable operations. The committee is led by a director and consists of senior executives. They convene regular meetings to establish sustainable development strategies and objectives, pertinent management policies, and specific promotional plans. This includes addressing the progress made in tackling climate change-related matters.	The responsibility of this department is to organize and execute the assessment of climate-related risks and opportunities. They also evaluate the potential financial impacts and develop appropriate management measures and plans for significant risks and opportunities associated with climate change.

Climate Change Management Strategies

Sercomm utilizes an internal mechanism for managing climate risks and opportunities. This mechanism identifies 8 climate risks and 5 opportunities that significantly affect the Company's operations out of a total of 24 risks and opportunities in the short term (1-3 years), medium term (3-10 years), and long term (over 10 years). For more details, please refer to the "Description and Response Strategy of Climate Risks and Opportunities." We also signed onto the SBTi (Science Based Targets initiative) in 2023 to set our carbon reduction goals.

Climate Change Risk Identification Procedure

Complete/List Risks/Opportunities	Identify major risks/opportunities and prioritize them by materiality	Evaluate financial shocks and develop response strategies
We will examine climate-related risks and opportunities that have been disclosed by our competitors and within the electronic technology industry. Additionally, we will conduct research on international sustainability trends in order to identify climate risks and opportunities that are relevant to Sercomm's operations.	We will conduct interviews and surveys with relevant units to assess their climate risks and opportunities. We will utilize the survey results on the level of impact and likelihood of occurrence as the basis for our calculations. Additionally, we will consider the Company's existing risk management system in order to assess the level of materiality and create a risk matrix.	We will utilize the risk/opportunity matrix to identify significant risks/ opportunities and enable the appropriate task forces to formulate corresponding strategies and measures to efficiently manage the potential impact of these risks on the Company's operations and financial well-being.

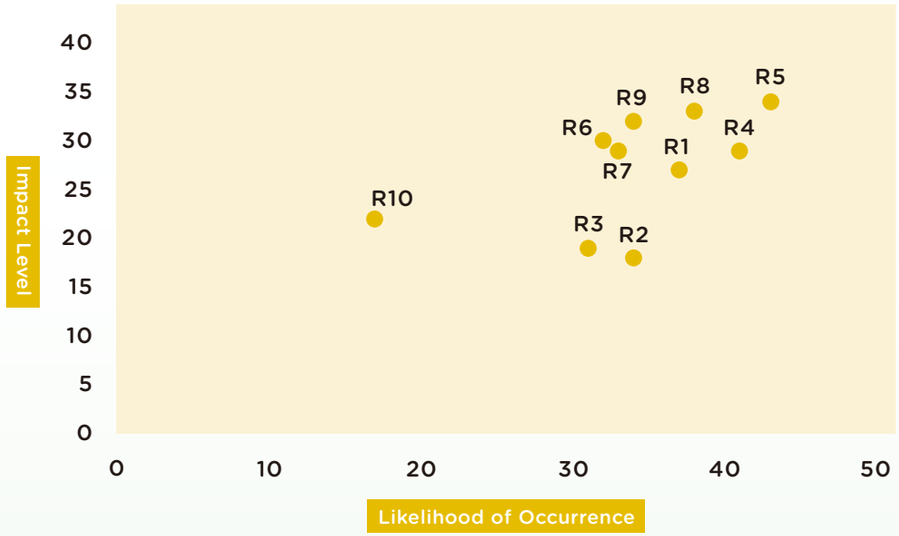
Indicators and Targets

Sercomm currently focuses on key climate indicators, including energy consumption, carbon emissions, water resources, and waste management. These are used to evaluate and mitigate climate-related risks within the Company. For the disclosure of relevant indicator results and their detailed information, please refer to Sections 4.1 and 4.3 of this report.

The goals set by Sercomm in climate-related risk and opportunity management are: By 2025: renewable energy utilization rate of 8%. By 2030: renewable energy utilization rate of 30% and carbon emission reduction of reach 45%. We will achieve net zero carbon emissions by 2050.

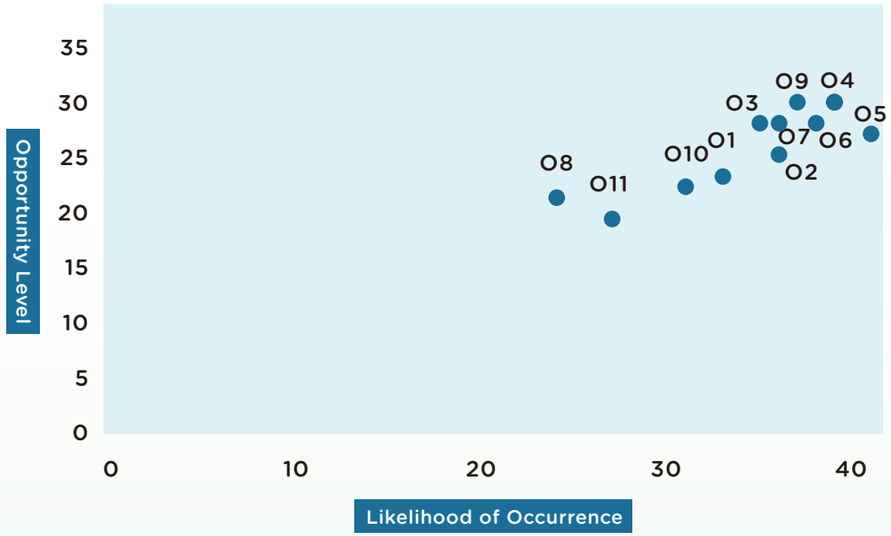
2025	Renewable energy utilization rate of 8%.
2030	Renewable energy utilization rate of 30% and carbon emission reduction of reach 45%.
2050	Achieve net zero carbon emissions

Climate Transition Risk Assessment



R1	Total Greenhouse Gas Control and Carbon Tax/Fee
R2	Collection Of Water Consumption Fees
R3	Air Pollution Emission Restrictions
R4	Renewable Energy Regulations
R5	Net Zero Emissions
R6	Products and Services Replaced by Low-Carbon Technology
R7	Cost of Low-Carbon Technology Transformation
R8	Change in Customer Behavior (Demand for Carbon Reduction)
R9	Rising Raw Material Costs (Global Restrictions on the Petrochemical Fuel Industry Cause Raw Material Prices to Rise)
R10	Negative News/Company Image Impact (Affecting Investor Willingness/Bank Loan Interest Rates)

Climate Opportunity Assessment



O1	Improving Efficiency of Production and Distribution Process Efficiency
O2	Moving Towards Efficient Buildings (New Factories Will Use Green Buildings)
O3	Using Low-Carbon Technology
O4	Using Low-Carbon Energy
O5	Developing or Expanding Low-Carbon Products and Services (New Product and Service Innovation)
O6	Increased Demand for Environmentally Friendly Products in the Market
O7	Developing Low-Carbon Products to Boost Customer Product Efficiency
O8	Diverse Operations
O9	Taking Proactive Sustainable Actions to Attract Customers' Attention
O10	Strengthening Hardware Protection and Enhance Organizational Resilience
O11	Winning Public Sector Rewards or Cooperation

Description and Response Strategies of Climate Risks and Opportunities

Item	Dimension	Risks	Impact Timeline	Potential Financial Impact	Response Measures
Transition Risk	Policies and Regulations	Total Greenhouse Gas Control and Carbon Taxes/Carbon Fees (R1/R5)	Mid-term	Increase In Operating Costs: With the introduction of carbon emission-related regulations, any greenhouse gas emissions that surpass the established standard will be liable for corresponding carbon taxes, resulting in increased operational expenses.	• Develop a Greenhouse Gas Reduction Plan • Plan to Purchase Green Electricity • Optimize the energy efficiency of each operating site through operational process improvement
	Policies and Regulations	Renewable Energy Regulations (R4)	Mid-term	Capital expenditure increase: In response to the requirements of relevant renewable energy regulations, we will spend more on the construction of renewable energy devices and the purchase of green electricity.	• Develop and Implement a Power-Saving Plan • Install Solar Panels to Improve Energy Efficiency in Our Factories
	Technology	Replace Products and Services with Low-Carbon Technologies (R6/R7)	Mid-term	Increase In Operating Costs In order to decrease carbon emissions, we will allocate additional resources towards technological advancements and process enhancements, resulting in increased operating expenses.	• Understand customer market demands and continue to invest in low-carbon technology R&D to develop low energy consumption processes. • We will continue to invest in energy conservation and carbon reduction in order to enhance operational processes and decrease carbon emissions.
	Market	Change in Customer Behavior (Demand for Carbon Reduction) (R8)	Short-term	Reduced Revenue: If the development and adoption of low-carbon technology do not promptly meet market and customer demands, there is a risk of losing competitiveness or orders due to the increasingly strict market demands for low-carbon technology in products.	
	Market	Rising Raw Material Costs (R9)	Short-term	Increase In Raw Material Costs: Increased raw material prices are a consequence of climate change, which could potentially result in reduced quantities of certain products or global restrictions on the petrochemical fuel industry.	• Strengthen Supply Chain Management and Resilience

Item	Dimension	Risks	Impact Timeline	Potential Financial Impact	Response Measures
Physical Risk	Immediate	Increased Severity of Extreme Weather	Immediate	• Reduced Revenue: The frequency of extreme weather events may gradually increase, potentially impacting each operating site with natural disasters such as typhoons or rainstorms. These events can result in operational disruptions, affecting shipment schedules and reducing revenue. • Increase in Operating Costs: In the case of severe weather conditions, there is a possibility of an increase in maintenance expenses for factories and machinery. The supply chain will also be impacted, resulting in higher raw material costs.	• Conduct climate-related risk assessments for existing and new operating sites to reduce the potential impact of disasters. • Introduce automation equipment to increase the flexibility of product supply scheduling. • Introduce alternative materials to enhance supply chain resilience.
	Long Term	The shortage of water and electricity resources will impact the supply of water and power	Long Term	Increase In Operating Costs: This may result in a shortage of water and electricity resources, leading to an increase in associated costs.	• Taking Energy-Saving and Water-Saving Measures at All Operating Sites • Plan and build power generation facilities at all operational sites.
	Long Term	Rise in Average Temperature	Long Term	Increase In Operating Costs: Climate change results in more frequent occurrences of extreme heat, leading to increased air conditioning costs at all operational sites.	Various Energy-Saving Measures Developed and Taken
Opportunities	Energy Sources	Use Low-Carbon Technology (O3)		• Decrease In Operating Costs: Reduced Carbon Expenditure • Increased Demand for Products and Increased Revenue	1. Keep up to date with product development trends, invest research and development resources in low-carbon technologies, and enhance green product design capabilities 2. Plan to purchase renewable energy and set up solar energy equipment
	Energy Sources	Use Low-Carbon Technology (O4)			
	Products/Services	Develop or Expand Low-Carbon Products and Services (New Product and Service Innovation) (O5/O7)			
	Products/Services	Market Demand for Environmentally Friendly Products Has Increased (O6)		Increase In Revenue	Stay informed about market demand for environmentally friendly products and related technological advancements, and allocate resources towards the development of such products.
	Market	Take Proactive Sustainable Actions to Attract Customers' Attention (O9)		To increase revenue, enhance the Company's reputation and image, and increase investor willingness.	1. Establish a sustainability committee and actively develop sustainability goals and implementation plans 2. Raise employees' awareness of ESG through internal training.

5 Diversified Workplace and Shared Value

5.1 Talent Strategy
5.2 Human Rights Protection
5.3 Training and Development
5.4 Overall Compensation and Benefits
5.5 Safe Workplace and Employee Care
5.6 Employee Relation
5.7 Social Participation

Achievements

Talent Strategy and Diversified Workplace

- Foreign employees from 20 Countries
- 2022 Linkedin Talent Award"Diversity Champion" Finalist(Taiwan)
- 94.1% of Sercomm's supervisors are assumed by local employees

Talent Training

- The training coverage rate in Taiwan has reached 98.9%
- The global training coverage rate has reached 85.1%
- The number of persons completing online training has increased by 1.4 times

Safe and Healthy Workplace Environment

- There was no major occupational disaster at any global location.
- Sercomm 30th Anniversary Celebration calls for a dynamic summit event, with a total of 13 teams from around the world tackling different levels of mountain routes, involving a total of 1,001 participants.

Objective management

Related Material Topics	Objectives	Results of 2022	Future Goals		
			Short-TermYear	Mid-Term	Long-Term
			2023	2025	2030
Respect human rights	Employing child labor and prohibiting forced labor	0	0	0	0
Employee diversity and equality	The ratio of female executives	21.9%	>22%	>23%	>25%
Workplace safety	The number of significant workplace accident incidents	0	0	0	0
Talent development	The average training hours for people managers at the Taiwan headquarters.	15.7	>16	>18	>20

5.1 Talent Strategy

Human Resource Distribution

Sercomm upholds its innovative and forward-looking corporate culture and aims at becoming a mature international company. Through strategic deployment plans, Sercomm has established R&D, manufacturing, or operation facilities in the Americas, Europe, and Asia besides Taiwan and Mainland China. By the end of 2022, Sercomm has hired about 5,049employees throughout the world, including 37.1% in Taiwan, 46% in Mainland China, and 16.9% thereof in the other territories. The male employee ratio was 54.7%, the female employee ratio was 45.3%. By categories of employees, its direct employees accounted for 47.2% and indirect employees 52.8% in the world. The average age of the employees was 34 years old. (The statistics do not include dispatched workers, outsourced workers.)

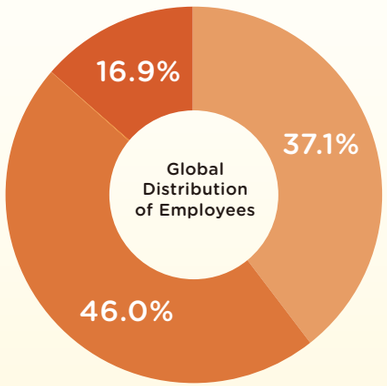
Sercomm Employee Categories

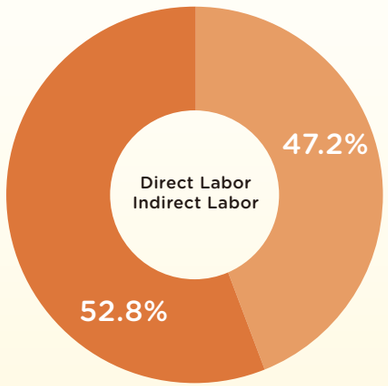
Employer-Employee Relations	Taiwan		China		Other Sites		Total
	People	%	People	%	People	%	
Permanent/Contract	1,874	37.1%	2,322	46.0%	853	16.9%	5,049

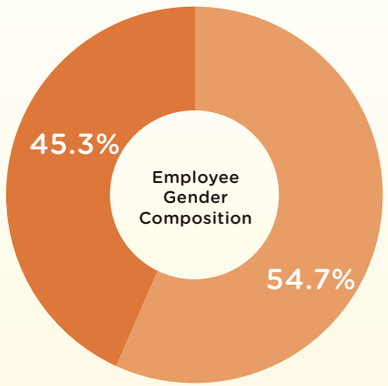
*Regular: Employees with employment contracts that do not have a fixed end date.
*Contract: workers with employment contracts that have a fixed end date, including those who are contracted for more than one year or less than one year, who are work-study students, etc. All full-time or part-time contract workers are included.

Sercomm Global Sites

Taiwan	China	Other Sites
Sercomm Headquarters, Zhunan Manufacturing Center	Sercomm Suzhou, China Engineering and Manufacturing Center	USA Mexico UK France Deutschland Italy Japan India Philippines







Category		Taiwan				China				Other Sites				Total			
		Male	%	Female	%	Male	%	Female	%	Male	%	Female	%	Male	%	Female	%
Employment Contracts	Regular (Full-time)	751	54.2%	634	45.8%	1,410	60.9%	906	39.1%	516	61.0%	330	39.0%	2,677	58.9%	1,870	41.1%
	Contract (Full-time+Part-time)	74	15.1%	415	84.9%	5	83.3%	1	16.7%	6	85.7%	1	14.3%	85	16.9%	417	83.1%
Employee Categories	Direct labor (DL)	226	23.9%	720	76.1%	695	67.3%	337	32.7%	209	51.6%	196	48.4%	1,130	47.4%	1,253	52.6%
	Indirect labor (IDL)	599	64.5%	329	35.5%	720	55.8%	570	44.2%	313	69.9%	135	30.1%	1,632	61.2%	1.034	38.8%
Age Ranges	Below 30	157	36.0%	279	64.0%	665	63.8%	378	36.2%	206	61.5%	129	38.5%	1,028	56.7%	786	43.3%
	30 (inclusive) to 49	581	46.3%	673	53.7%	731	58.1%	528	41.9%	276	58.6%	195	41.4%	1,588	53.2%	1,396	46.8%
	Higher than 50	87	47.3%	97	52.7%	19	95.0%	1	5.0%	40	85.1%	7	14.9%	146	58.2%	105	41.8%
Total		825	44.0%	1,049	56.0%	1,415	60.9%	907	39.1%	522	61.2%	331	38.8%	2,762	54.7%	2,287	45.3%

Note 1 : Full-time employee: employees with employment contracts that do not have a fixed end date.

Note 2: Contract employee: workers with employment contracts that have a fixed end date, including those who are contracted for more than one year or less than one year, who are work-study students, etc. All full-time or part-time contract workers are included.

Note 3: Direct labor (DL): employees who are directly involved in the production line, such as assembly, production line machine operation, etc.

Note 4: Indirect labor (IDL): employees who are not directly involved in the production line, such and as R&D, sales, o_ce administration, etc.

Strategic Recruitment and Employment

Sercomm believes that corporate success relies on the collective efforts of all employees, and it is imperative to recruit talents to join the team in order to achieve great success for the Company. Therefore, through specific directives of talent recruitment and proper job positioning, Sercomm is able to understand employees and make appropriate personnel arrangements, allowing all talents to exploit their professions at right positions.

Internationalized Talent

Sercomm believes that recruitment of talents should be borderless, and recruitment of international talents help its business move forward and in line with the international industry supply chain. In 2022, Sercomm hired foreign employees from 20 countries, including the R&D, technical support and sales personnel from the U.S.A., South America, Europe, and Asia. Meanwhile, it ensured the equality in employment, development, performance appraisal, and remuneration of its employees in the world. Sercomm hopes to discover and cultivate more potential talents through the introduction of diverse capital, in view of refining important talents for the new era of 5G. Sercomm strives toward a diversity of talents, attaches great importance to employee communication, and emphasizes the values of tolerance, equality, and belongingness. Recognized by the 2022 LinkedIn Talent Award, Sercomm was selected as one of the “Diversity Champion” finalist companies in Taiwan.

Local Management

In order to accelerate Sercomm’s development objectives and demonstrate the enterprise core value, Sercomm employs local talents to maintain the organization’s flexibility and energy locally. In 2022, 94.1% of the Company’s global management positions were held by local employees, demonstrating excellent adaptability and team performance

Global management positions hold by local employee

Management Levels	Local Personnel%
Senior Management	76.9%
Middle Management	93.7%
Junior Management	98.4%
Total	94.1%

Note 1 : Definition of local personnel: holders of nationality/a passport/an indefinite residence permit of the permanent work location, including managerial sta_ stationed locally.
Note 2: Definition of management levels: junior management positions = deputy section managers, section managers; middle management positions = assistant managers, managers, senior managers, directors, senior directors; senior management positions = management positions higher than vice presidents

Campus Recruitment

“Campus Rooting” has always been an important work item for the talent recruitment of Sercomm. Through diverse channels, the Company conducts career development dialogue with graduating students who are about to enter the job market or students with limited understanding on the career goal in order to recruit outstanding talents worldwide. Campus rooting is not only for the company business strategy and organization development needs but also for the purpose of helping students in order to reduce the gap between school learning and actual practice, thereby satisfying the supply and demand between the industry and the academic sectors as well as implementing career planning with efforts.

The specific actions for the campus rooting include active development in research project collaboration with all universities and cooperative education plans. In addition, through the methods of participation in campus expositions, corporate seminars, and scholarship events etc., recommendations and guidance for career planning with respect to the industry trend, knowledge of workplace, personal advantages etc. are provided for students. Furthermore, in terms of talent matching and professional social platform, the Company also enhances the employer’s brand management such that job applicants are able to understand themselves as well as the work and living at Sercomm, thereby allowing talents to exploit their skills and expertise at the right positions.

During the 2022 pandemic, Sercomm maintained its recruitment efforts for college graduates by adapting our online recruitment methods, hosting job exhibitions on online platforms, and conducting interviews through online conference tools. Additionally, our Zhunan Manufacturing Center continued to strengthen its connections with local campuses while implementing necessary pandemic prevention measures. In 2022, the center collaborated with the Department and Graduate Institute of Information Management at Yu Da University of Science and Technology, as well as the Internet of Things Program, to organize campus recruitment events. Through these events, we successfully recruited a total of 14 students to join our manufacturing technology team.

Recruitment Advertisement to Attract Fresh Graduates

The curation of a recruitment platform connects talents with Sercomm’s corporate culture and career development opportunities.

New Recruits and Departures

New Hires

Category		Taiwan				China				Other Sites			
		Male		Female		Male		Female		Male		Female	
		Number of New Hires	New Hire Rate	Number of New Hires	New Hire Rate	Number of New Hires	New Hire Rate	Number of New Hires	New Hire Rate	Number of New Hires	New Hire Rate	Number of New Hires	New Hire Rate
DL	All Ages	59	26.1%	194	26.9%	800	115.1%	441	130.9%	101	48.3%	117	59.7%
	Under 30 (X<30)	37	40.7%	129	56.1%	655	196.1%	366	257.7%	58	71.6%	56	88.9%
	30-50 (30 ≦ X<50)	22	16.8%	60	14.0%	145	41.5%	75	38.5%	43	33.6%	61	46.2%
	50 up (X ≧ 50)	0	---	5	8.3%	0	---	0	---	0	---	0	---
IDL	All Ages	110	18.4%	76	23.1%	155	21.5%	150	26.3%	125	39.9%	56	41.5%
	Under 30 (X<30)	24	36.4%	18	36.7%	134	40.5%	111	47.0%	79	63.2%	40	60.6%
	30-50 (30 ≦ X<50)	80	17.8%	58	23.9%	21	5.5%	39	11.7%	40	27.0%	15	23.8%
	50 up (X ≧ 50)	6	7.2%	0	---	0	---	0	---	6	15.0%	1	16.7%
Total		169	20.5%	270	25.7%	955	67.5%	591	65.2%	226	43.3%	173	52.3%

※ New Recruit Rate = Number of new recruits in each group/Number of people in that group at the end of the year

Departed Employee

Category		Taiwan				China				Other Sites			
		Male		Female		Male		Female		Male		Female	
		Departed Employee	Turnover Rate	Departed Employee	Turnover Rate	Departed Employee	Turnover Rate	Departed Employee	Turnover Rate	Departed Employee	Turnover Rate	Departed Employee	Turnover Rate
DL	All Ages	60	26.5%	123	17.1%	693	99.7%	387	114.8%	30	14.4%	16	8.2%
	Under 30 (X<30)	39	42.9%	32	13.9%	564	168.9%	318	223.9%	13	16.0%	4	6.3%
	30-50 (30 ≦ X<50)	18	13.7%	90	20.9%	129	37.0%	66	33.8%	17	13.3%	12	9.1%
	50 up (X ≧ 50)	3	75.0%	1	1.7%	0	---	3	150.0%	0	---	0	---
IDL	All Ages	114	19.0%	62	18.8%	176	24.4%	102	17.9%	71	22.7%	20	14.8%
	Under 30 (X<30)	31	47.0%	14	28.6%	112	33.8%	52	22.0%	29	23.2%	11	16.7%
	30-50 (30 ≦ X<50)	70	15.6%	45	18.5%	64	16.8%	50	15.0%	35	23.6%	8	12.7%
	50 up (X ≧ 50)	13	15.7%	3	8.1%	0	---	0	---	7	17.5%	1	16.7%
Total		174	21.1%	185	17.6%	869	61.4%	489	53.9%	101	19.3%	36	10.9%

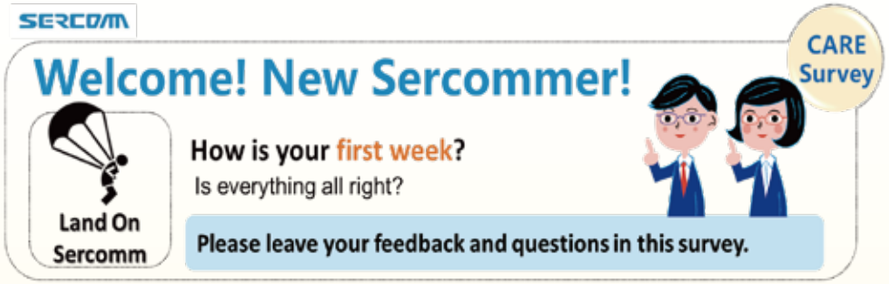
※ New Recruit Rate = Number of new recruits in each group/Number of people in that group at the end of the year

Employee Recruitment and Retention

During the recruitment process, job vacancies are announced publicly and transparently in order to prevent any information difference and to allow all applicants to have fair employment opportunities. Supervisors of the employing units and professionals perform competence evaluation on applicants individually in order jointly select appropriate talents. Sercomm offers well-founded orientation training, promotion management, and employee benefit to encourage the employees to develop their career and cultivate the business growth strength. In order to fulfill the “talent as the first priority” policy, Sercomm adopts the public and transparent recruitment process so that all job seekers may be given the fair chance for employment. For colleagues who are transferred to any other units or territories, Sercomm will engage in pre-communication and educational training with them thoroughly and will provide allowances and subsidies subject to the workplace in order to protect the employees’ interests and rights. For resignation management, HR will arrange the interview with colleagues who apply for resignation one by one, if necessary, to verify the root cause of resignation, and will make every endeavor to retain and care for the employees. The interview information will serve as the basis for internal management and improvement. Sercomm will be pleased to give former employees who wish to return back to the Company a chance to resume their posts.

Talent Sustainability

Sercomm realizes that talent sustainability leads to corporate sustainability. We not only actively recruit talents but also give substantial weight to how the Company can help new talents adapt to the new environment through well-planned guidance and care as well as know and master the basic skills required for their positions, so that they are able to contribute to the Company while achieving self-development. Therefore, Sercomm has designed the “ Sercomm Landing ABC Program” for new recruits, especially those who just graduated from school. Through the collaboration between the employment unit and the Human Resources Division, a specific “On-Job Training” plan is formulated prior to the first day of work. In addition, questionnaires and interviews are conducted after one week, one month, and three months of employment for new recruits to provide them guidance, fulfill their needs, and answer their questions to help them fit in their work units and Sercomm’s corporate culture, ensuring a swift and smooth landing on their jobs. Based on the three-month retention rate of new employees at the headquarters in Taiwan, in 2022, the retention rate of indirect labor employees reached 94.6%, and the retention rate of direct labor employees reached 96%, demonstrating proper talent screening during the recruitment process. Also, the employment system together with the Sercomm Landing ABC Program enabled new employees to swiftly adapt to the challenges of the new environment and ingrain in their minds the DNA of the corporate culture so that they could fit in the Company, further exploit their expertise, and help the Company grow in a healthy and sustainable way.



Sercomm New Employee 3 Month Retention Rate (Taiwan)

Category		Number of New Hires	Remaining on the Job after 3 months	Retention Rate
DL	All Ages	253	243	96.0%
	Under 30 (X<30)	166	158	95.2%
	30-50 (30 ≦ X<50)	82	80	97.6%
	50 up (X ≧ 50)	5	5	100.0%
IDL	All Ages	186	176	94.6%
	Under 30 (X<30)	42	40	95.2%
	30-50 (30 ≦ X<50)	138	131	94.9%
	50 up (X ≧ 50)	6	5	83.3%
Total		439	419	95.4%

5.2 Human Rights Protection

Human Rights, Diversity, and Inclusion

Sercomm supports and adheres to the principles and spirit of international human rights conventions, we also support the Universal Declaration of Human Rights (UDHR), the International Labour Organization – Declaration of Fundamental Principles and Rights at Work, and the Responsible Business Alliance (RBA). While striving to build an efficient multinational enterprise, Sercomm is committed to treating individuals of different races, religions, colors, nationalities, ages, genders, sexual orientations, marital statuses, and political positions with fairness and equality. This commitment extends to recruitment, hiring, training, performance management, and promotion processes, where no discrimination is made based on personal backgrounds in the aforementioned categories. Regarding gender equality, Sercomm follows the "Gender Equality in Employment Act," upholding gender equality and creating a gender-friendly workplace while preventing workplace harassment and gender discrimination. Furthermore, Sercomm places a strong emphasis on human rights protection, regularly conducts related education and training, and enhances internal prevention and response mechanisms to raise awareness of human rights protection among all supervisors and colleagues, reducing the potential for related risks to occur. Educational topics include human rights protection training, unlawful infringement, workplace violence, workplace-friendly communication, and the definition and prevention of sexual harassment, among others. In 2022, a total of 5,913 new global employees participated in training related to human rights protection issues.

Gender Distribution of Management and Technical Positions

Management Levels	Taiwan				China				Other Sites				Total			
	Male	%	Female	%	Male	%	Female	%	Male	%	Female	%	Male	%	Female	%
Management Staff	148	82.7%	31	17.3%	130	72.6%	49	27.4%	26	83.9%	5	16.2%	304	78.2%	85	21.9%
Senior Management	18	81.8%	4	18.2%	1	100.0%	0	0.0%	2	66.7%	1	33.3%	21	80.8%	5	19.2%
Middle Management	98	84.5%	18	15.5%	75	73.5%	27	26.5%	18	90.0%	2	10.0%	191	80.3%	47	19.7%
Junior Management	32	78.0%	9	22.0%	54	71.1%	22	28.9%	6	75.0%	2	25.0%	92	73.6%	33	26.4%
Technical Staff	304	84.0%	58	16.0%	352	64.4%	195	35.6%	57	95.0%	3	5.0%	713	73.6%	256	26.4%
Others	373	28.0%	960	72.0%	933	58.5%	663	41.5%	439	57.6%	323	42.4%	1,745	47.3%	1,946	52.7%

Note1: Definition of management levels: junior management positions = deputy section managers, section managers; middle management positions = assistant managers, managers, senior managers, directors, senior directors; senior management positions = management positions higher than vice presidents
Note2: Definition of a Technical Position: As defined by SASB - Hardware Industry, technical positions include computer information engineering/data science professionals, engineers, and technicians in electronic/electrical/mechanical related fields, excluding production line manufacturing personnel (DL).

Employee Diversity and Inclusion

Sercomm has a total of 389 employees at management levels across the globe, 78.1% of whom are male and 21.9% are female; there are a total of 969 technical employees, 73.6% of whom are male and 26.4% are female; there are a total 3,691 other employees, 47.3% of whom are male and 52.7% are female. The gender ratio differs from position to position due to the nature of different types of positions, but the overall gender ratio of employees across the globe is nearly balanced. Sercomm's business locations all follow the international society guidelines and local laws and regulations. All business locations forbid unlawful discrimination, ensure equal job opportunities, prohibit any form of forced labor, and provide colleagues with fair working conditions and reasonable working hours. Sercomm follows the Labor Standard Law in Taiwan to ensure adequate and proper employment of talents based on their specialties and professions.It strictly forbids the employment of child labors under 16 years old and minor laborers under 18 years old. Sercomm's locations in Mainland China also prohibit the employment of child labor in accordance with the local requirements. In 2022, all Sercomm global sites meet the specifications, and there is no employment of underage workers or child labor.

Parental Leave

In order to care for employees, Sercomm provides comfortable nursery rooms, and providing female employees with menstrual leave, maternity leave, family care leave, paternity leave, or parental leave without pay in accordance with the Labor Standard Law, without affecting the employees' full attendance bonus or performance appraisal or rendering any decision against the employees. 107 Taiwan employees (49 female employees and 58 male employees) of Sercomm met the conditions for unpaid parental in 2022, including 35% female employees and 5% male employees who were granted leave after all. Upon completion of the unpaid parental leave, 62% of the female employees were reinstated. After returning to one's job position, 57% of employees continue to remain at their job positions for more than one year.

Category	2021		2022	
	Male	Female	Male	Female
Number of Employees Entitled to Unpaid Parental Leave (A)	70	53	58	49
Number of Unpaid Parental Leave Applicants (B)	4	19	3	17
Rate of Unpaid Parental Leave Applicants (B/A)	6%	36%	5%	35%
Parental Leave in 2021 (C)	2	8	4	21
Actual Number of Employees Reinstated from Parental Leave (D)	0	7	4	13
Rate of Employees Reinstated from Parental Leave (D/C)	0%	88%	100%	62%
Actual Number of Employees Reinstated from Parental Leave in 2022 (E)	3	2	0	7
Number of Employees that Worked for One Year Since Returning from Parental Leave in 2022 (F)	3	2	0	4
Retention Rate for more than one year (F/E)	100%	100%	---	57%

Sercomm Human Rights Management and Risk Relief Summary Sheet

Issues of Concern	Prevention Policy	Relief Measures	Target Results
Diversity and Friendly Workplace · Discrimination Elimination · Gender Equality · Maternal Employee Protection · Zero Violence in the Workplace · Communication between Employees and Employers	Based on the "Personnel Management Regulations" and "Employee Work Rules", we regulate human resources practices and employee behavior respectively, and require new employees to sign the "Code of Ethical Conduct" and "Employee Commitment" upon arrival to understand relevant laws and regulations and internal rules and regulations. The relevant measures and policies are as follows: · Employee recruitment, staffing, rotation, compensation and benefits, performance management and dismissal policies and related regulations. · Workplace sexual harassment prevention measures and disciplinary measures · Workplace Safety and Health Policy · Enforcement of the Measures for the Prevention and Control of Unlawful Acts against Duties · Workplace Maternal Health Protection Regulations · Communication between Employers and Employees and Methods to Strengthen Cooperation · Implementation Method of Labor-Management Conference	**Human Rights Training:** · Provide training for management and human resources staff to understand the laws and regulations and internal regulations related to the selection, hiring and retention process. · Training for new recruits and regular annual training, with refresher training on topics such as ethical conduct, gender equality, and wrongdoing. **Communication Promotion:** · Implement multiple communication channels, including two-way communication meetings, internal announcements or surveys, and regular labor-management meetings. · Health promotion and counseling are held regularly every year. · Conduct annual stakeholder surveys on issues of concern. **System Management:** · Continuously optimize the leave attendance management system. · Promote a culture of reasonable working hours. **Complaint Pipeline:** · A hotline and a mailbox for employee rights complaints such as sexual harassment and unlawful infringement are set up, and the cases are directly handled and processed by the top human resources manager.	· Human resources operations do not discriminate on the basis of race, religion, color, national origin, age, gender, sexual orientation, marriage, political affiliation, etc. · Equal pay for equal work. · The approval rate for baby-sitting applications is 100%. · No workplace violence or sexual harassment related incidents in 2022. · Harmonious workplace environment between employers and employees.
Prohibition of forced labor · Prohibition of child and underage labor · Reasonable working hours			· No child or underage workers were employed by the entire Group in 2022. · Implement flexible compensatory time off and control overtime appropriately.

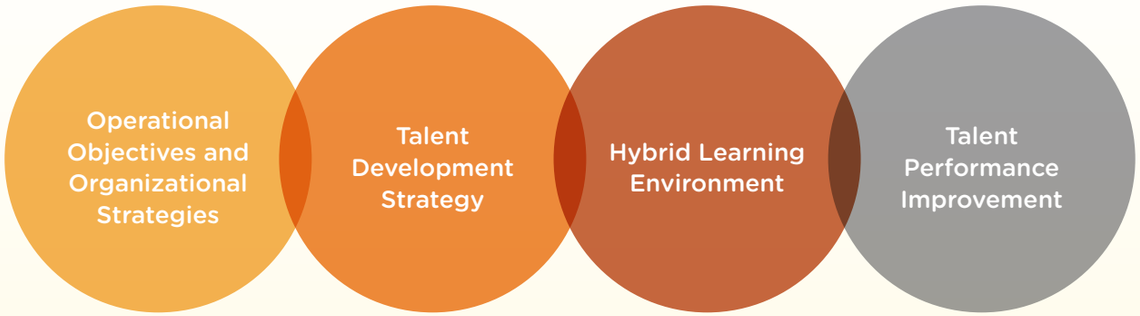
※ Scope of information and statistics related to human rights issues: Unless otherwise specified, the above table covers Sercomm's Taiwan headquarters, including the Taipei office and the Zhunan manufacturing center.

5.3 Training and Development

Learning Development Strategy

In addition to the essential courses for consistently developing valuable talent, Sercomm also offers external training resources to motivate employees to pursue further professional education. We are dedicated to creating online courses and sharing resources with our employees, enabling them to learn at their convenience, regardless of location. In 2022, our total training hours amounted to 43,429, with an average of 8.6 training hours per employee. Additionally, an impressive 98.9% of our Taiwan employees participated in training sessions.

Sercomm's Learning and Development Strategies



Organization: Strategy Synchronization	Personnel: Training Needs Analysis	Improvement of Digital Learning Content for Uninterrupted Online and Offline Learning	Integrated Performance Management for Effective Feedback and Growth

2022 Training Hours and coverage

Region	Employee Training Hour			Employee Training Coverage		
	Employee Type	Training Hours	Average Training Hours per Person	Number of trainees	Employee Numbers at the end of 2022	Training coverage rate:
Taiwan	Production Line Workers	12,385.6	13.1	947	947	100%
	Non-Managerial Level	4,441.4	5.9	744	748	99.5%
	Managerial Level	2,816.2	15.7	163	179	91.1%
	Total	19,643.1	10.5	1,854	1,874	98.9%
China	Production Line Workers	4,143.0	4.0	736	1,032	71.3%
	Non-Managerial Level	13,289.7	12.0	1,059	1,111	95.3%
	Managerial Level	1,645.1	9.2	165	179	92.2%
	Total	19,077.7	8.2	1,960	2,322	84.4%
Other Sites	Production Line Workers	743.1	1.8	121	405	29.8%
	Non-Managerial Level	3,582.6	8.6	337	417	80.8%
	Managerial Level	382.6	12.3	26	31	83.9%
	Total	4,708.3	5.5	484	853	56.7%
Total	Production Line Workers	17,271.7	7.2	1,804	2,384	75.7%
	Non-Managerial Level	21,313.7	9.4	2,140	2,276	94.0%
	Managerial Level	4,843.9	12.5	354	389	91.0%
	Total	43,429.2	8.6	4,298	5,049	85.1%

※ Training hours: the total training hours accumulated annually for the job group.
※ Average hours per person = Training hours of the job group/Annual average number of people in the job group.
※ Number of trainees: The number of employees who have participated in training and are still holding a specific job position at the end of the year.
※ Training coverage rate: Number of trainees in a specific job position/Number of trainees who still holding a specific job position at the end of the year.

Key Training

Cultivating Key Talent in the Company

- In 2022, Sercomm prioritized the development of key talent possessing professional and English language skills.
- In 2022, our primary focus for talent cultivation was on training R&D, sales, and product management personnel recommended by their respective departments for showing potential to strengthen their professional capabilities.

Case Study of Key Talent Development Program

Agile Development Training	We conducted a two-month “Agile Development Training” for 25 R&D executives in Taipei and Suzhou, enabling them to apply their newly acquired knowledge to team management.	
Product Process Management & Safety Certification	We invited internal trainers to deliver presentations on “Product Process Management” and “Key Safety Certification Points” to four groups of trainees from our total of 606 employees, totaling 496.42 hours.	
English Speaking Skills	English Business Briefing Skills & TOEIC Certificate Class Our trainees can enhance their presentation skills in English by acquiring public speaking skills and receiving immediate feedback from both their fellow trainees and trainers. This allows them to effectively improve their ability to deliver personalized presentations. An additional 40 employees have voluntarily enrolled in the course to enhance their English proficiency.	

Online Learning- Learning Without Boundaries

Sercomm has been developing digital learning since 2018 and has overcome the restrictions due to the COVID-19 pandemic, time, and locations in order to provide its employees a channel for uninterrupted learning and to create benefits of resource sharing. In 2022, 64 professional courses, 26 general courses, and 23 new recruit courses were added, amounting to a total of 10,416 course hours. As of the end of 2022, there were over 450 self-made digital courses available for employees to take.

Number of Online Course

New Launch: 113 Accumulation: 449

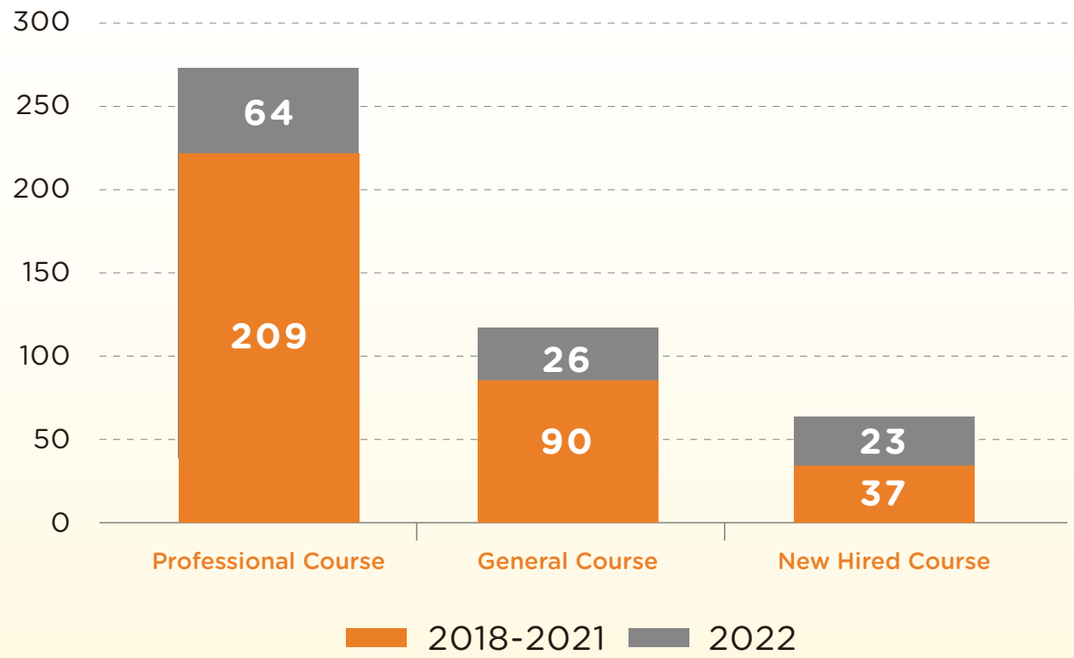
Learning status of Online Courses

Courses Completed: 48,138 Total Learning Hours: 10,416

Evolution of Learning Mode

Total Online Learning Hours: 1.4 Times More

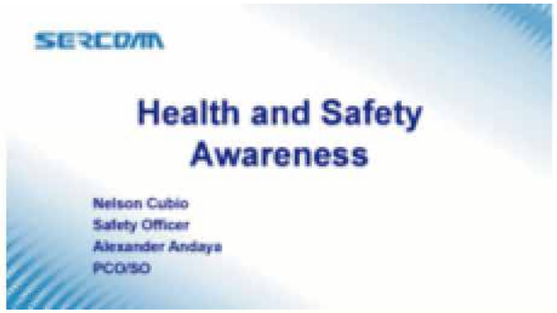
Increase in the Number of Digital Learning Courses



Examples of Digital Courses and Materials

We Embrace Online Learning Culture

Digital learning platforms have been implemented across various departments within the Company. The Chunan Plant, Philippines Plant, and Suzhou Plant have all made a dedicated effort to create online courses for new and technical staff to facilitate ongoing learning. This initiative has resulted in a significant reduction in the amount of time and resources required to train production line personnel. In 2022, a total of 89 courses were developed and completed by our factory employees, with a combined completion count of 38,576.



In-House Compulsory Courses Legal Compliance Course

We hold honesty and integrity in high regard and prioritize the protection of personal and Company information to earn the trust of our clients. In 2022, as per our usual practice, we introduced an online course titled “Ethical Code of Conduct and Information Security Protection” to foster information security and ethical behavior throughout the Company. To prevent occupational disasters and safeguard our employees’ benefits, we implemented an online compulsory course titled “Occupational Safety and Health.” This course, developed by our internal trainers, effectively communicates essential concepts to our employees.

5.4 Overall Compensation and Benefits

Compensation Structure

Sercomm is used to valuing colleagues' pay and benefit. Its business locations all adopt the competitive wages and benefits policy and take the level of salary applicable in the same industry and entire economic indicators into consideration. The pay to employees will be determined subject to personal competency, educational background and work experience, seniority, and performance. Any raise in the pay will also be evaluated based on personal performance, market value and contribution. The remuneration to overseas employees shall be subject to the reasonable and competitive remuneration policy defined based on the local labor market condition. Sercomm also grants long-term and short-term incentive bonus according to the local laws, practices applicable in other industries and operating performance, to encourage employees' long-term contribution and growth together with it. The employees' remuneration system will not be discriminated because of gender, race, age, religion, or political inclination. Sercomm is dedicated to creating harmonious labor-management relationship as is permitted by law, so as to move forward toward sustainable operation.

In 2022, the standard salary of Sercomm's junior staff personnel in its main locations, including Taiwan and China, was in line with or higher than the local mandatory standard, and there was no difference based on gender for positions (direct and indirect staff) with the same nature of work. Overall, there is a trend of higher annual compensation for men than women due to the high proportion of R&D jobs and the relatively high proportion of men in such positions. (The gender ratio mentioned above is calculated by taking the average number of men as the base value 1 and calculating the relative ratio of the average number of women.)

Ratio of Standard Salary for Entry Level Employees (Fresh Graduates) to Statutory Minimum Wage

Category	Taiwan		China	
	Male	Female	Male	Female
DL	1.00	1.00	1.22	1.22
IDL	1.17	1.17	2.19	2.19

Note1: The starting salary and statutory basic salary refer to monthly salary (regular salary payable on a monthly basis).
Note2: For direct labor, entry level employees refer to the lowest-level production line employees.
Note3: For indirect labor, entry level employees refer to new employees with no relevant experience.

Salary Statistics for Full-time, Non-managerial Employees at Taiwan Site

Item	2021	2022	差異
Number of Employees	1,695	1,684	-11
Total combined salary(unit: thousand NT$)	1,546,307	1,790,108	243,801
Average salary (unit: thousand NT$)	912	1,063	151
Median salary (unit: thousand NT$)	591	647	56

Note: In the statistics, the "non-managerial full-time employees" refer to those who are excluded from Tai Caizheng Sanzi No. 920001301 Letter Order and those who work the normal working hours or legal working hours as stipulated by the Company.
Note: Number of employees: the annual average number of the above-mentioned employees.

Annual Gender Wage Ratio

Category		Taiwan	Suzhou Plant	Suzhou R&D Center
DL		0.80	0.85	---
IDL(Non-Managerial Level)		0.87	0.76	0.91
Managerial Level	Senior Management	0.86	0.94	0.93
	Middle Management	0.89	0.77	0.76
	Junior Management	0.63	---	---

Note1: Definition of management levels: junior management positions = deputy section managers, section managers; middle management positions = assistant managers, managers, senior managers, directors, senior directors; senior management positions = management positions higher than vice presidents

Benefit

Sercomm works hard to build a friendly working environment, spares no effort to take care of colleagues and to increase the colleagues' better life index by virtue of diversified benefits and recreational activities, so as to achieve the purpose for "balanced work and life". Sercomm also provides the traveling allowance and encourages employees to participate in the group tours and clubs organized by Workers' Welfare Committee, so that the colleagues have chance to have fun with their family members in life to relieve them from the pressure of work and also achieve the balance of their personal physical and mental condition, work and family.

Benefit Expenses for Full-time Non-managerial Employees in Taiwan

Item	2021	2022
Number of Employees	1,695	1,684
Benefit Expenses (NT$ Thousand)	22,436	35,521

※ Benefit expenses: the average benefit expenses, not including salaries.

Sercomm Employee Compensation & Benefit

Competitive Compensation Package	Comprehensive Insurance Structure	Flexible Vacation System	Comprehensive Employee Care	Brilliant Employee Activities	Fine-Quality Working Environment
Bonuses For The Three Festivals	Labor Insurance	2-Day Weekend Off	Lactation Room	Year-End Party	Fitness Center
Birthday Cash Gift	Health Insurance	Flexible Working Hours	Expectant Mothers Parking	Birthday Parties	Library Reading Room
Year-End Bonus	Group Insurance	Paternity Leave (For Male Employees)	Health Checks	Christmas Parties	Meditation Room
Performance Bonus	Overseas Business	Encouraged Special Leave	Weight Control Activities	Movie Appreciation Event	Mobile Office
Patent Bonus	Trip Insurance	Family Care Leave	Massage Therapy	Department Dinner(S)	Cafe Area
Project Bonus	Spouse And Child	Menstrual Leave	Parental Leave Without Pay	Social Clubs	Lounge Bar
Employee Profit	Health Insurance	Compensatory Leave	Program For Cooperation With Kindergartens	Sports Event	
Sharing Program			Health Seminar	Employee Outing	
Employee Stock			Commendation of Senior		
Incentive Program			Colleagues		

Performance Management

As performance management is essential to the business operation, Sercomm utilizes performance management cycle to gather the energy of all employees and properly allocates various resources to achieve the annual business objectives. In addition, the performance outcome is also evaluated. During the deployment and execution process of performance goals, supervisors, and employees at all levels also adjust the goal achievement status and correct the execution method through real-time communication and feedback, in-depth training, and guidance, thereby expanding the performance outcome. For the posterior section of the performance management cycle, Sercomm establishes a clear and fair performance evaluation system.

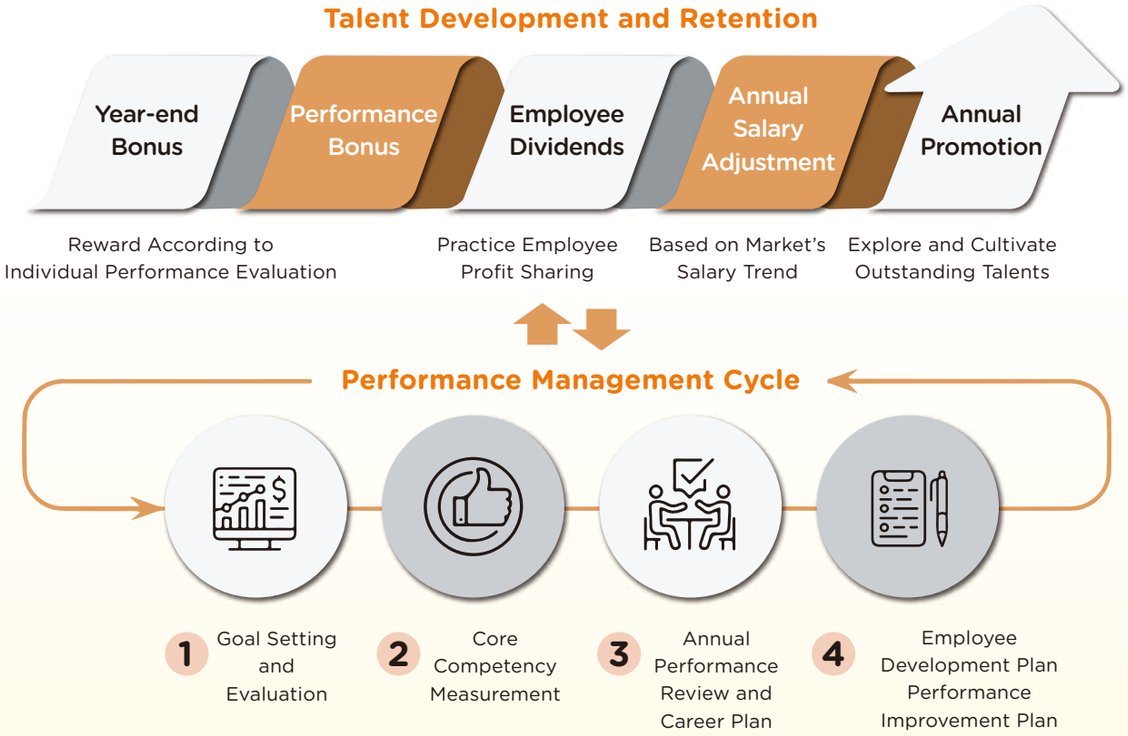
Sercomm's performance appraisal system is categorized into four steps, "Objectives set-up and evaluation," "Core competency measurement," "Annual performance evaluation and career plan," and "Employees' development plan or performance improvement plan." Evaluation result is used as the basis for the operations of employee salary adjustment, bonus issuance training development job and position promotion, etc. Good performance management not only focuses on the past, but also the future. In addition to reviewing past achievements, Sercomm's supervisors and personnel also discussed how to help improve personnel's abilities and career development opportunities.

In 2022, our global performance management implementation rate reached 92%. A total of 309 indirect employees were promoted, resulting in a promotion rate of 11.6%. The promoted individuals continue to make valuable contributions and advance in their respective professional fields. Both male and female employees are provided with equal opportunities for promotion, with promotion rates of 12.3% and 10.5% respectively. Our promotions are based on performance and potential for growth, without any consideration of gender. (Promotion Rate = Number of Promoted Employees/Total Number of Employees)

Promotion Rates of IDL

Male			Female			All		
Total Number Of Employees	Number of Promoted Employees	Promotion Rate	Total Number Of Employees	Number of Promoted Employees	Promotion Rate	Total Number Of Employees	Number of Promoted Employees	Promotion Rate
1,631	200	12.3%	1,034	109	10.5%	2,665	309	11.6%

Talent Development and Retention



Employee Insurance

According to the local laws and regulations in Taiwan, all of the colleagues will be enrolled into the labor insurance and health insurance programs immediately on the hiring date, and Sercomm should contribute pension fund pursuant to laws accordingly. Meanwhile, Sercomm will maintain the group insurance program for the colleagues. The employees' group insurance program consists of life insurance, casualty insurance, health insurance for hospitalization, cancer insurance, accident & health insurance and covers the colleagues' spouses and children, so as to provide the colleagues' family with more comprehensive health care planning. Sercomm will provide the group insurance of higher insured value to expatriated colleagues, so that the expatriated colleagues may rest assured when working overseas. The social security systems applicable to overseas employees shall also implemented in accordance with the local laws and regulations. Meanwhile, Sercomm allows certain insurance companies to set up location dedicated to providing services within the Company, in order to provide the colleagues with the services about consultation and claim of benefits under the insurance program, and to introduce the knowledge about insurance and benefits from time to time so that the colleagues may know about the substantial contents and protection of the insurance more clearly.

Employee Leave

Each of Sercomm's business locations defines its own employee leave system in accordance with the local laws and regulations. Sercomm defines the leave system superior than that required by laws, in accordance with the "Labor Standard Law" in Taiwan. If necessary, the colleagues may apply for special leave, menstrual leave for female employees, pregnancy checkup, paternity leave for male employees, family care leave, and parental leave without pay. Meanwhile, if necessary, the colleagues may arrange for a day o in a flexible manner, so as to balance work and family leisure under the concept encouraging employees to take leave, if applicable.

Pension Scheme

Sercomm's pension scheme is based on the relevant local laws and regulations. For example, the employees in the territories of Taiwan shall contribute pension fund to the statutory accounts periodically according to the pension system under the Labor Standard Law in Taiwan. For the employees in the territories of China, Sercomm maintains the endowment insurance pursuant to the local laws, hoping that all colleagues may receive secured protection after retirement. For the time being, the coverage rates of both are 100%.

In the territories of Taiwan, according to the Labor Standard Law and Labor Pension Act, the employees who were hired before June 30, 2005 (inclusive) are entitled to the old pension scheme. According to the old pension scheme, 2% of the salary of the employee who is entitled to the old pension scheme should be deposited to the old pension scheme account maintained at the Central Trust of China on a monthly basis. Until Q4 of 2021, the pension reserve has amounted to NT$102,000,000, sucient to meet the retirement need for next 8 years, which will be adjusted according to the actuarial report on a yearly basis to meet retired employees' needs.

According to the new pension scheme, 6% of the salary of the employee who is entitled to the new pension scheme should be deposited into the employee's personal pension account on a monthly basis. In addition to the 6% pension fund contributed by the employer on a monthly basis, the employee may also contribute 0%~6% of his or her salary to his or her personal pension account, to his or her sole discretion.

5.5 Safe Workplace and Employee Care

Providing a safe and healthy work environment for employees is one of the most basic obligations of Sercomm as a corporate citizen to ensure the safety of the operating environment, to mitigate occupational disasters, and to instill management policies to secure employees' safety. Sercomm shall comply with the labor safety and health policy and enforcement rules thereof. In order to prevent occupational disease and disaster, its oces or factories shall designate dedicated personnel to supervise the environmental safety & health and improvement operations.

Sercomm's Strategies, Goals, and Commitments for Occupational Safety

Strategies	The ISO 45001 management system is implemented at the main production plants to promote prevention-oriented safety and health management.
Commitments	Take the safety and hygiene of the work environment seriously and strive to create a safe and healthy workplace.
Goal	Keep maintaining a zero occurrence of significant workplace accidents.

Occupational Safety and Health Management Systems

In order to create a conducive working environment and foster a Company culture that prioritizes safety and minimizes occupational hazards, we have implemented safety and health management units in Taiwan and various regions of China. Additionally, we have recruited safety and health professionals to strategize, promote, oversee, and evaluate safety and health management initiatives. All our major plants adhere to the Plan-Do-Check-Act framework in order to establish a safety and health management system that is applicable to the activities, products, and services of each plant. We conduct regular inspections of our occupational safety and health system to prevent occupational diseases and injuries. Additionally, we have obtained international certifications such as ISO14001 and ISO45001, as well as three-level enterprise certifications for safety production standardization. In 2022, none of our sites experienced any significant occupational accidents.

Occupational safety and health certification for Sercomm's production locations in Chunan, Taiwan and Suzhou, Mainland China

DNV

MANAGEMENT SYSTEM CERTIFICATE

This is to certify that the management system of

Sercomm Corporation

No. 81, Yu-Yi Rd., Chu-Nan, Miao-Li, Taiwan
and the sites as mentioned in the appendix accompanying this certificate

has been found to conform to the Occupational Health and Safety Management System standard:
ISO 45001:2018

This certificate is valid for the following scope:

Manufacture of Digital Subscriber Lines and Network Servers

IAF

安全生产标准化

Work Safety Standardization

证 书

CERTIFICATE

证书编号：苏AQB320590JXIII201900137

中磊电子（苏州）有限公司

安全生产标准化三级企业

（机械）

有效期至：2022年12月

Occupational Safety and Health Committee

In Taiwan, the Occupational Safety and Health Committee (hereinafter referred to as the "Safety Committee") has been established in accordance with the Regulations of Occupational Safety and Health Management, total of members is 65. In Taiwan, the Safety Committee holds quarterly meetings together with the employee representatives to review the implementation of occupational safety and health programs and policies, such as safety and health management, education and training plans, health management, occupational disease prevention and health promotion, automatic inspections and safety and health audits, preventive measures against hazards of machinery, equipment, or raw materials and other materials, investigation reports of occupational hazards, and other relevant issues. The employee representatives account for more than one-third of the members of the Safety Committee and serve as a bridge for communication between employees and the Company on safety and health to continuously maintain and improve safety and health management.

The number of occupational safety and health committees at each site and the percentage of labor representatives.

Region	Taipei	Chunan	Suzhou	Philippines
Total Number of Occupational Safety Committee Members	9	56	37	37
Number of Labor Representatives	4	20	22	27
Estimate Ratio of Labor Representatives	44.4%	35.7%	59.5%	73.0%

Our other major plants in China and the Philippines also have occupational safety committees. The Suzhou Plant has 37 safety committee members who are appointed by functional units to various task forces. These task forces focus on areas such as chemical safety, warehouse safety, equipment safety, emergency response, process technology, and occupational health. The committee members consistently carry out and evaluate safety and health plans to address relevant concerns. The Philippines Plant has 37 members on its occupational safety committee, each of whom is assigned specific occupational safety tasks to address the various needs of the factory.

Hazard Identification and Risk Assessment

In order to prevent endangering the safety and health of workers on the job due to Company operations, activities, services, or facilities, and to prevent any potential losses to the safety and health of workers or the Company's finances, the Company has formulated the "Procedures for Hazard Identification and Risk Assessment" and "Regulations Governing Environment, Health, and Safety (EHS) Risk Identification and Assessment" to manage and minimize risks through continuous hazard identification and risk and opportunity assessment as well as appropriate precautions or necessary control measures. The Procedures and Regulations have been formulated based on the requirements and risk assessment guidelines of safety and health regulations to provide guidance for the Company to plan and implement risk and opportunity assessment. Timing for risk and opportunity assessment: (1) Regular assessment should be conducted every year. (2) Assessment should be conducted prior to any change in production process, installation of new equipment, change in raw materials, or change in operation environments or conditions. (3) If adding new chemicals, the safety data sheet for the chemical substances and the name of the suppliers should be attached.

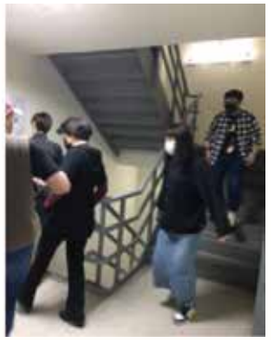
Incident Investigation

Sercomm adheres to the Ministry of Labor's Occupational Safety and Health Act by conducting regular training sessions on accident reporting and investigation for the Safety and Health Committee, which consists of department heads and labor representatives. This ensures that key personnel in the factory have a comprehensive understanding of accidents, risks, accident reporting and investigation, as well as the factory's specific safety culture. In the event of a accident, each plant will conduct an accident investigation and analysis in accordance with the Accident Investigation Management Procedure to assess false alarms, abnormalities, injuries, and major accidents, and implement preventive measures. Additionally, a thorough inspection of each factory will be conducted to evaluate their preventive measures.

Occupational Safety and Health Education and Training

In accordance with the Occupational Safety and Health Education and Training Rules and relevant regulations, Sercomm provides occupational safety and health education and training for new employees during the onboarding process and holds 3 hours of on-the-job safety and health education and training for current workers every 3 years, such as general courses on hazards and disasters, hazard identification, risk assessment, workplace hazard prevention, and illegal infringement while performing duties, etc. In terms of fire safety, the Company regularly holds related fire drills to enhance employees' awareness of necessary fire prevention. The education and training courses of the Company are all provided during work hours, and there is no salary deduction or leave deduction for the employees who participate in such courses. For other workers who are not employed by Sercomm, Sercomm not only provides them with hazard notifications, safety and health education and training, work safety analyses, and safety tips before they enter work sites but also promotes awareness and knowledge of safety and health on an ad hoc basis through safety supervision during work operations to instill a strong safety and health culture in these workers.

2022 Sercomm Taipei Disaster Prevention Exercise and Plan Exercise



2022 Sercomm Suzhou Electric Shock Emergency Plan

Content of 2022 Occupational Safety and Health Training Courses for Each Factory

(T) Courses in Taiwan; (C) Courses in China; (S) Courses in the Philippines

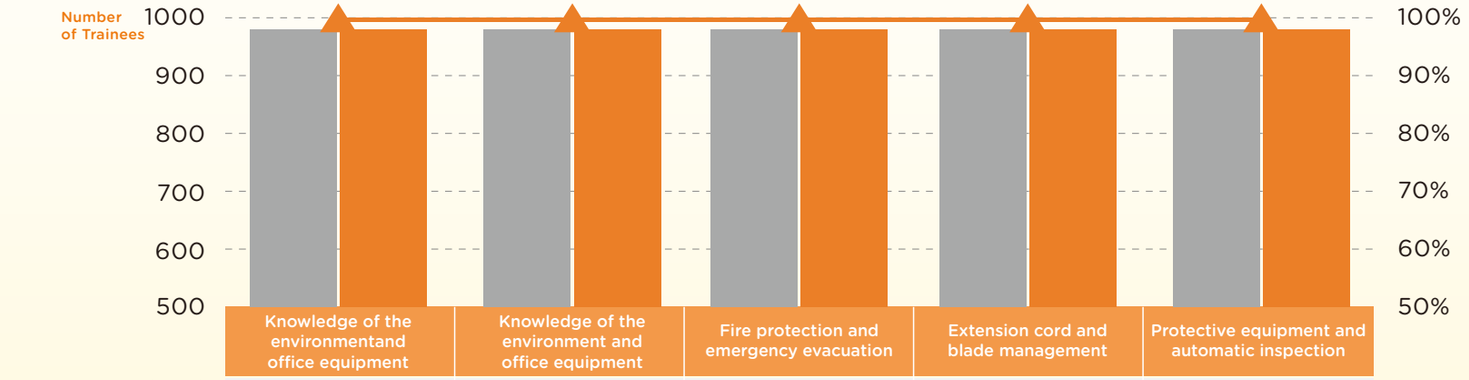
Topic	Course Name	Course Objectives	Number of Trainees
Occupational Safety and Health Regulations and Practices	•New Employee Onboarding Training and Occupational Safety and Health Training (T) •Occupational Safety and Health Training (T)	•New employees will learn about safety and health-related regulations, knowledge, fire safety, and company regulations. •Employees will learn about the regulations and safety instructions in each factory to raise their safety and health awareness.	147 1,296
Work Hazards and Safety	**Methodology and Principles of Hazard and Accident Assessment** •Training Before Internal Audit of Supply Chain Security (T) •Accident Notification and Investigation (T)	•Instructs internal auditors on when and how to conduct environmental safety audits on suppliers. •Gain knowledge of the impact, reporting, and investigation of accidents.	6 50
	Hazard Knowledge and Prevention Exercises •Taipei Office & Zhunan Plant Disaster Prevention and Evacuation Exercise (T) •Respiratory Protective Equipment Fit Testing and Training (T) •Counter Terrorism Protocol C-TPAT 2.0 (T) •What You Need to Know (Prevention of Illegal Violations by General Personnel) (T) •ERT Training and Evacuation Exercise Briefing (C) •Safety Training for Team Leaders (C) •Engineering Supervisor Management Training (C) •Work Injury Prevention Training (C) •Safe Chemical Use Management Training (C) •Occupational Health Prevention and Control Management (C) •Emergency Plan for Electric Shock (C) •Food Poisoning Emergency Plan—Tabletop Exercise (C) •On-site Fire Evacuation Drill (C)	•Employees will learn about fires, firefighting equipment, fire alarms, and evacuation procedures. •Relevant personnel will learn how to select the right respiratory equipment, and how to test, clean, and maintain it. •Increase employees' knowledge and awareness of safety. •Teaches employees about preventive measures for physical or mental harm caused by the actions of others while performing their duties. •Precautions for fire extinguishing and evacuation. •Familiar with production site safety management matters. •Familiar with construction safety management matters at the production site. •Familiar with the prevention and treatment of work-related injuries at the production site. •Familiar with chemical management and usage. •Familiar with the management of occupational hazards in the Company. •Inspection personnel will be familiarized with electricity safety, personnel rescue, escape, and incident notification processes. •Learn about food safety and the emergency response process for food poisoning to boost personnel's ability to handle emergencies. •Familiar with the factory environment with regard to' awareness of emergency response and escape, and verify the reliability of the fire protection facilities.	687 18 1,142 1,141 162 35 57 91 48 20 11 6 700
Health Promotion and Personal Safety	•Online Health Seminars: CPR+AED (T) •CPR+AED Hands-on Courses (T) •First Aider Training (C) •Occupational Health Nursing Personnel Training (S) •First Aid Training (S)	•Familiar with CPR+AED knowledge. •Hands-on practice with CPR+AED. •Familiar with the knowledge of CPR and experience heart massage. •Professional training for occupational health nursing personnel to equip them with basic skills for occupational health protection and promotion in the factory. •Basic First Aid Training and CPR.	1,109 18 21 2 30

Workplace Safety—Training Plan and Implementation Results for Key Issues

We adhere to the Ministry of Labor's Occupational Safety and Health Act by conducting regular training for members of the Safety and Health Committee. This training aims to enhance their understanding of accidents, risks, accident reporting, and investigations, with the ultimate goal of fostering a safety-oriented culture.

	Overview of Accidents	Risk Management	Accident Notification and Investigation	Build a Culture of Safety
Expected Numbe of Trainees	953	953	953	953
Actual	953	953	953	953
Attendance Rate	100%	100%	100%	100%

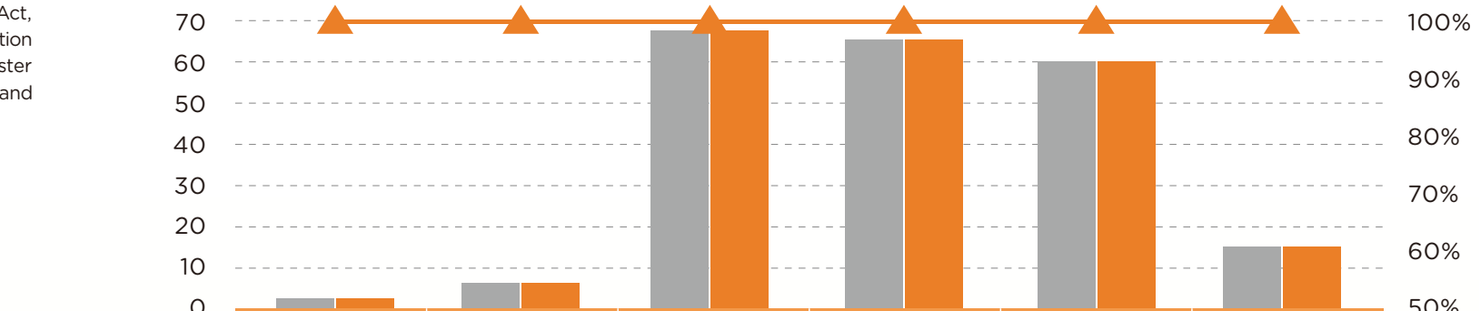
To ensure a safe factory, it is essential to enhance employees' comprehension of the fundamenta environment, safety protocols, and factory management.



	Knowledge of the environmentand office equipment	Knowledge of the environment and office equipment	Fire protection and emergency evacuation	Extension cord and blade management	Protective equipment and automatic inspection
Expected Numbe of Trainees	953	953	953	953	953
Actual	953	953	953	953	953
Attendance Rate	100%	100%	100%	100%	100%

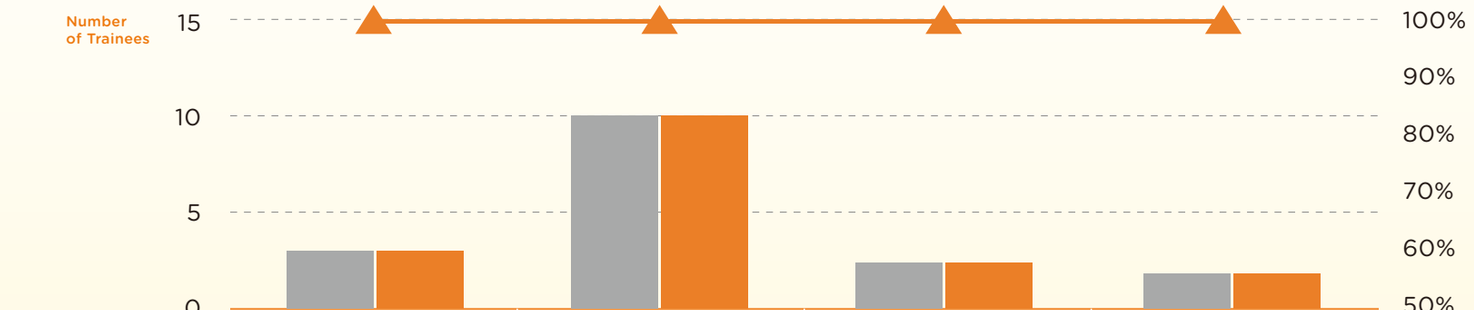
Workplace Safety—Training Plan and Implementation Results for Key Issues

We adhere to Article 15, Paragraph 1, Subparagraph 1 of the Enforcement Rules of the Fire Services Act, as set forth by the National Fire Agency under the Ministry of the Interior. This mandates the implementation of voluntary training for members of the Self-Defense Fire Brigade, with the aim of minimizing disaster losses in the event of a fire. The training encompasses essential knowledge on fires, fire equipment, and fire alarm response procedures.



	Commander	Notification Squad	Fire Fighting Squad	Safety Protection Squad	Evacuation Guidance Squad	First Aid Squad
Expected Number of Trainees	2	6	68	64	60	16
Actual	2	6	68	64	60	16
Attendance Rate	100%	100%	100%	100%	100%	100%

We adhere to the Ministry of Labor's Occupational Safety Regulations when conducting "Respiratory Protective Equipment Fit Testing and Training." Our approach includes hands-on drills, physiological evaluations, and fit tests to ensure proper usage of the equipment by our employees.



	Organic Solvent Room Administrator	Organic Solvent Room Packaging Personnel	Vehicle Cleaning Personnel	Process Engineering Personnel
Expected Number of Trainees	3	10	3	2
Actual	3	10	3	2
Attendance Rate	100%	100%	100%	100%

Occupational injuries and Occupational Diseases

During 2021, in Taiwan, there were 3 incidents of employee injury and 5 incidents of other worker injury. These injuries were primarily due to routine work and accidents in public areas. The Company has investigated and analyzed the causes of incidents as well as requested the responsible work units to establish appropriate improvement measures for changes environmental changes to prevent recurrences and reduce operational risks for employees and other workers at work sites. In China, there were 1 incidents of employee injury and 0 incident of other worker injury. These injuries were due to being stuck or rolled; the Company has investigated and analyzed the causes of incidents as well as requested the responsible work units to establish appropriate improvement measures to reduce operational risks for employees at work sites. In 2021, no employees or other workers working in Taiwan or China suffered permanent disabilities or deaths from occupational injuries.

Work-Related Injuries

Personnel Category	Indicators	Taiwan		China		Philippines	
		Male	Female	Male	Female	Male	Female
Sercomm employees	Working Hours	1,509,733	1,808,283	2,907,175	1,805,489	1,167,408	911,856
	Number of fatalities	0	0	0	0	0	0
	Rate of fatalities	0.0	0.0	0.0	0.0	0.0	0.0
	Number of high-consequence work-related injuries	0	0	0	0	0	0
	Rate of high-consequence work-related injuries	0.0	0.0	0.0	0.0	0.0	0.0
	Number of recordable work-related injuries	2	2	1	0	5	0
	Rate of recordable work-related injuries	1.3	1.1	0.3	0.0	4.3	0.0
	Disability cases	2	2	0	0	0	0
	Disability injury frequency	1.3	1.1	0.0	0.0	0.0	0.0
	Days of disability loss	7	6	0	0	0	0
	Disability injury severity rate	4.6	3.3	0.0	0.0	0.0	0.0

<Note>：

1.Data Range：Sercomm Headquarters、Sercomm (Suzhou) ，Excluding traffic accidents.
2.Employees: Employees of Sercomm, including regular, contract, vocational education students, and interns
3.Working hours: (Number of employees at the end of the year X Working days X Working hours per day)
4.Rate of fatalities: (Death toll/Total working hours) X1,000,000
5.High-consequence work-related injuries: cannot recovered within 6 months
6.Rate of high-consequence work-related injuries: (Number of employees serious injuries/ Total working hours) X1,000,000 (excluding death toll)
7.Rate of recordable work-related injuries: (Number recordable work-related injuries/Total working hours) X1,000,000
8.Disability Cases: The total count of individuals, including those who have died, suffered physical disabilities, or required temporary leave due to occupational accidents (not permanently disabled), with a cumulative loss of work time exceeding 1 day.
9.Disability Injury Frequency: The total number of disability injury cases per million work hours. Disability cases * 1,000,000 / total work hours.
10.The total count of disability injury cases is calculated as the cumulative count of fatalities, permanent total disabilities, permanent partial disabilities, and temporary total disabilities.
11.Disability Injury Severity Rate (SR): The total number of disability injury days per million work hours. Total days of work-related disability * 1,000,000 / total work hours.

Work-Related Injuries

Personnel Category	Indicators	Taiwan		China		Philippines	
		Male	Female	Male	Female	Male	Female
All non-employees whose work and/or workplace is controlled by the organization	Working Hours	728,010	955,926	4,550,446	2,317,189	2,785,536	4,444,128
	Number of fatalities	0	0	0	0	0	0
	Rate of fatalities	0.0	0.0	0.0	0.0	0.0	0.0
	Number of high-consequence work-related injuries	0	0	0	0	0	0
	Rate of high-consequence work-related injuries	0.0	0.0	0.0	0.0	0.0	0.0
	Number of recordable work-related injuries	0	0	1	0	2	2
	Rate of recordable work-related injuries	0.0	0.0	0.2	0.0	0.7	0.5
	Disability cases	0	0	0	0	0	0
	Disability injury frequency	0.0	0.0	0.0	0.0	0.0	0.0
	Days of disability loss	0	0	0	0	0	0
	Disability injury severity rate	0.0	0.0	0.0	0.0	0.0	0.0

<Note>：

12.Data Range：Sercomm Headquarters、Sercomm (Suzhou) ，Excluding traffic accidents.

13.Employees: Employees of Sercomm, including regular, contract, vocational education students, and interns

14.Working hours: (Number of employees at the end of the year X Working days X Working hours per day)

15.Rate of fatalities: (Death toll/Total working hours) X1,000,000

16.High-consequence work-related injuries: cannot recovered within 6 months

17.Rate of high-consequence work-related injuries: (Number of employees serious injuries / Total working hours) X1,000,000 (excluding death toll)

18.Rate of recordable work-related injuries: (Number recordable work-related injuries/ Total working hours) X1,000,000

19.Disability Cases: The total count of individuals, including those who have died, suffered physical disabilities, or required temporary leave due to occupational accidents (not permanently disabled), with a cumulative loss of work time exceeding 1 day.

20.Disability Injury Frequency: The total number of disability injury cases per million work hours. Disability cases * 1,000,000 / total work hours.

21.The total count of disability injury cases is calculated as the cumulative count of fatalities, permanent total disabilities, permanent partial disabilities, and temporary total disabilities.

22.Disability Injury Severity Rate (SR): The total number of disability injury days per million work hours. Total days of work-related disability * 1,000,000 / total work hours.

Occupational Diseases

Personnel Category	Indicators	Taiwan		China		Philippines	
		Male	Female	Male	Female	Male	Female
Sercomm employees	Number of Recordable Occupational Disease Cases	0	0	0	0	0	0
	Occupational Disease Deaths	0	0	0	0	0	0
	Occupational Disease Death Rate	0.0	0.0	0.0	0.0	0.0	0.0
All non-employees whose work and/or workplace is controlled by the organization	Number of Recordable Occupational Disease Cases	0	0	0	0	0	0
	Occupational Disease Deaths	0	0	0	0	0	0
	Occupational Disease Death Rate	0.0	0.0	0.0	0.0	0.0	0.0

Healthy and Friendly Workplace

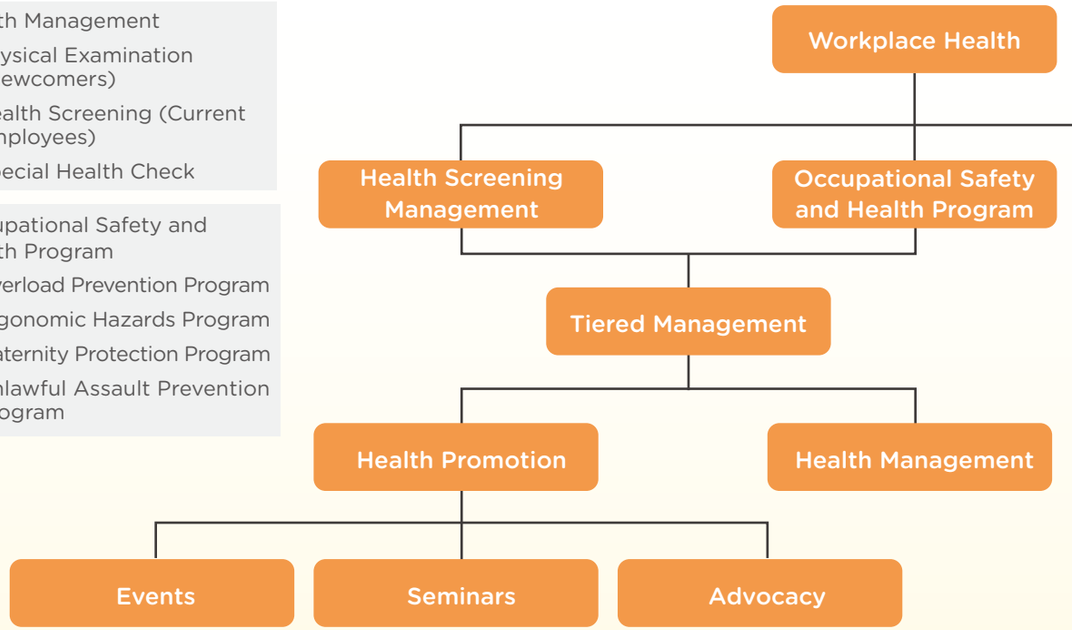
In the construction of the working environment, we are deeply rooted in a people-oriented corporate safety culture. We are committed to providing and caring for the physical and mental health of our employees, and we continue to promote health care measures and health promotion activities, as well as employing nurses and contracted staff to help employees raise their awareness of health care and live a healthy life. The healthy workplace structure is divided into three major sections as shown right side: "Health Management", "Occupational Safety and Health Program", and "Health Care". "Health management" is divided into newcomer medical checkups, in-service medical checkups, and special medical checkups; "Occupational Safety and Health Program" is divided into overload, human-caused hazards program, and maternal protection program, etc., which are analyzed and managed according to risk levels, and health promotion information and activities are provided; "Health Care" is divided into health service programs, medical office handling and injury statistics analysis, occupational medicine clinical services and health promotion, and through quarterly safety committee reports on the progress of workplace health implementation and review and discussion to create a friendly and healthy workplace.

Health Management

1. Physical Examination (Newcomers)
2. Health Screening (Current employees)
3. Special Health Check

Occupational Safety and Health Program

1. Overload Prevention Program
2. Ergonomic Hazards Program
3. Maternity Protection Program
4. Unlawful Assault Prevention Program



1. Health Services Program
2. Statistical Analysis of Injury and Illness Management in Medical Offices
3. Occupational Medicine Clinical Services

Health promotion activities

Employee health is the Company's most valuable asset. We conduct Company-wide physical examinations every two years, as well as provide physical and health examinations for new employees, special process operators, and personnel who are required to do so. Following these examinations, nurses and specialized doctors evaluate their health condition to safeguard their well-being and their right to work. We collaborated with relevant departments to implement measures for employee health protection and promotion, aimed at preventing occupational diseases. Every month, we offer individual medical consultations with specialty doctors to our factory employees. This allows them to gain a better understanding of their health condition and the necessary healthcare measures. In 2022, we conducted 13 health examinations in Taiwan and China. In December 2022, we organized a health check tour for our Taipei Office and Chunan plant, with a total of 1,351 participants. Additionally, we provided 26 health consultation services and seminars.

In 2022, we arranged one health check tour for our Taipei Office and Chunan plant

CPR+AED Courses and Exercises

5.6 Employee Relation

Diversified Clubs and Leisure Activities

Sercomm's Employee Benefit Committee funded with Company's annual income and employee benefits. Sercomm organizes local tours periodically and also offers traveling allowances. Company also respects individual's freedom of assembly and association, encourages and assists the formation of diverse clubs, allowing employees to develop their personal interests ◦ Sercomm founded diversified clubs optional to employees, including the basketball club, swimming club, biking club, Yoga Club, Fitness club, badminton club, cooking club, diving club, DIY club, and eSports club, et al.. In order to cultivate the colleague relationship among employees, Sercomm organizes celebration activities, birthday parties, and movie appreciations periodically to give the colleagues the chance to have fun together.

Sercomm Global New Year Gala and Other Events

At the start of 2023, as the global Covid pandemic began to subside, we organized a Global New Year Party at Taipei Nangang Exhibition Hall 2. This event was held both online and offline, serving as a gesture of appreciation to our employees worldwide. 3,950 employees from 13 countries participated in the event. To commemorate the Company's 30th anniversary, we presented years of service awards to our long-standing employees. Chairman James Wang personally presented the 30-year service award to senior employees, including General Manager Lin Bin, to demonstrate our commitment to valuing talent and prioritizing people.

Sercomm 30th Anniversary

Sercomm celebrated its 30th anniversary on July 29, 2022. Reflecting on the past 30 years, our employees have collaborated harmoniously, akin to small stones coming together to create an unshakeable foundation for Sercomm. In line with our slogan, “Building from Three Stones, Upward to the Top,” we continue to encourage all staff members to unite and propel the Company to new heights.

We also held a celebration party both online and offline on that day. Chairman James Wang proposed the concept of intergenerational inheritance and the strategic direction of achieving Sercomm’s next peak, demonstrating his confidence and determination in attaining future business goals.

President Ben Lin discussed the challenges and successes that the Company has faced in order to achieve steady growth. In order to sustain this growth, we depend on the dedication and assistance of all our staff members. At the end of the event, we pledged to collaborate with all employees in order to achieve greater heights and reach new horizons.

Reach the Summit

In commemoration of our 30th anniversary, we organized a mountain climbing event to inspire our employees to venture outdoors, breathe in the fresh air, and reconnect with nature in the post-pandemic era.

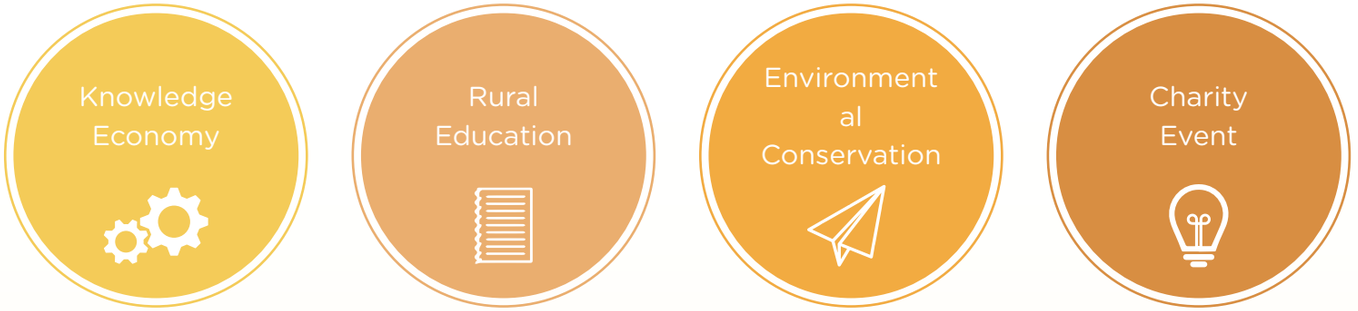
Chanting our slogan, “Building from Three Stones Upward to the Top, GO GO GO!” as we went, we commenced our journey from Taipei with 14 employee groups, divided into the “Beginner Group” and the “Advanced Group.” Our overseas subsidiaries also contributed to the event, resulting in over a thousand participants from Taipei, Chunan, and Shanghai. As the employees ascended and descended the mountain together, they united after the pandemic, forging a more resilient team. In the grand finale, Chairman James Wang led the Company’s top executives, both domestic and international, on a courageous and fearless climb of the impressive Mount Chilai and Mount Nanhua. This served as a demonstration of Sercomm employees’ unwavering determination in the face of challenges.

5.7 Social Participation

Since Sercomm was founded, its social participation has been rooted in its core value. Sercomm has been dedicated to “Care for Rural Area Education,” “Support of Art & Cultural Activity,” “Training of Young Talents,” and “Construction of Knowledge Economy Platform” as the major elements of its social participation. Sercomm exerts the strength gathered by employees from inside out, expands its social participation, provides feedback to the community, and services to people in the hopes of building a society which is innovative and diversified and that shows care for the society and environmental sustainability.

Sercomm has played the role responsible for bridging the internal and external society charity groups to gather the charity and care, expand resources, and provide help. In order to care for the vulnerable groups in the community, Sercomm donates a fixed fund to orphanages and rural area schools each year and founded the “Sercomm Scholarship.” By upholding the spirit of feedback to the community and society, Sercomm has its R&D supervisors nominate excellent junior high school students from the supervisors’ hometown to receive the incentives granted by Sercomm in order to encourage the students to study hard and enable the young people and poor students to mitigate their economic burden and help their family’s economy. Sercomm supports rural children in the hopes that the students may complete studies to help themselves and others and later contribute to society. Social participation has now become a part of Sercomm’s corporate culture. Looking ahead, Sercomm will uphold the vision of “Care for the society and pass down hope,” contribute efforts, and cultivate talents. Through these practical actions, Sercomm exerts a positive influence on society. Sercomm also recognizes the importance of supporting schools and the impact it has on the younger generation. In 2022, as the pandemic subsided, Sercomm resumed on-campus activities by organizing a career-sharing event with alumni from National Taiwan University (NTU) who are currently employed at Sercomm. The CEO and his team took the lead in presenting a range of career development opportunities and sharing their personal experiences at Sercomm with the students of NTU. The NTU alumni shared their stories to inspire NTU graduates to think independently, embrace new opportunities and unlock their full potential while also developing their professional skills.

The Four Primary Pillars of Sercomm Social Involvement



On-Campus activities- Carrer sharing with NTU students

Support Charitable Events

- Providing Sercomm 30th Anniversary Edition Dorayaki to Nangang Branch of Taiwan Food Bank
- Providing Sercomm 30th Anniversary employee gift boxes to Taiwan Fund For Children And Families in Miaoli.
- Providing Mid Autumn Festival pomelo gift boxes to the Taiwan Fund For Children And Families in Miaoli.
- Sercomm Philippines supports Children's Joy Foundation Inc. to help children in need.
- Sercomm USA sponsors the Winter Paralympic Games to promote an active and enjoyable lifestyle.

GRI Standards Content Index and SASB Index

※ Sercomm has published the 2022 ESG sustainability report in accordance with the GRI Standards for the period from Jan. 1, 2022 to Dec. 31, 2022

GRI Standards	Disclosure		Related Report Sections	Pages	Omissions
GRI 2：General Disclosure 2021	**> The Organization and its Reporting Practices**				
	2-1	Organiztional Details	2.1	17	
	2-2	Entities included in the organization's sustainability reporting	About this report	04	
	2-3	Reporting period, frequency and contact point	About this report	04	
	2-4	Restatements of information	About this report	04	
	2-5	External assurance	About this report	04	
	> Activities and Workers				
	2-6	Activities, value chain and other business relationships	Letter to Shareholders, 2.1, 2.3, 3.5	05, 17, 18, 23, 37	
	2-7	Employees	5.1	68	
	2-8	Workers who are not employees	5.1	68	
	> Governance				
	2-9	Governance structure and composition	3.1	27	
	2-10	Nomination and selection of the highest governance body	3.1	26, 27	
	2-11	Chair of the highest governance body	3.1	26, 27	
	2-12	Role of the highest governance body in overseeing the management of impacts	3.1	26, 27	
	2-13	Delegation of responsibility for managing impacts	3.1	26, 27	
	2-14	Role of the highest governance body in sustainability reporting	1.5, 3.1	08, 26, 27	
	2-15	Conflicts of interest	3.1	26, 27	
	2-16	Communication of critical concerns	3.2	30	
	2-17	Collective knowledge of the highest governance body	3.1	26-28	

GRI Standards	Disclosure		Related Report Sections	Pages	Omissions
GRI 2：General Disclosure 2021	**> Governance**				
	2-18	Evaluation of the performance of the highest governance body	3.1	28	
	2-19	Remuneration policies	3.1	28	
	2-20	Process to determine remuneration	3.1	28	
	2-21	Annual total compensation ratio		Highest Individual Total Annual Compensation is Confidential	
	> Strategy, Policies and Practices				
	2-22	Statement on sustainable development strategy	Letter to Shareholders	05	
	2-23	Policy commitments	Letter to Shareholders&3.2&3.3	05, 30, 31	
	2-24	Embedding policy commitments	3.2&3.3	30, 31, 32	
	2-25	Processes to remediate negative impacts	1.6&3.3&5.2	09-10, 31, 73	
	2-26	Mechanisms for seeking advice and raising concerns	1.6&3.3&5.2	09-10, 31, 73	
	2-27	Compliance with laws and regulations	3.3	31	
	2-28	Membership associations	2.1	20	
	> Stakeholder Engagement				
	2-29	Approach to stakeholder engagement	1.6&1.7	09-13	
	2-30	Collective bargaining agreements	Although the company has not established a labor union or collective bargaining agreement, it regularly holds labor-management meetings and has established transparent communication channels		

Material Topics

GRI Standards	Disclosure		Related Report Sections	Pages
> Operational performance				
GRI 3 2021	3-3	Management of material topics	1.7	11-13
"GRI 201: Economic Performance"	201-1	Direct economic value generated and distributed	2.3	23
	201-2	Financial implications and other risks and opportunities due to climate change	4.5	61
	201-3	Defined benefit plan obligations and other retirement plans	5.4	83
	201-4	Financial assistance received from government		Government financial grants are tax credits for R&D
> Occupational safety and health				
GRI 3 2021	3-3	Management of material topics	1.7	11-13
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	5.5	84-93
	403-2	Hazard identification, risk assessment, and incident investigation	5.5	84-93
	403-3	Occupational health services	5.5	92-93
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.5	92-93
	403-5	Worker training on occupational health and safety	5.5	86-89
	403-6	Promotion of worker health	5.5	92-93
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.5	86-93
	403-8	Workers covered by an occupational health and safety management system	5.5	84-93
	403-9	Work-related injuries	5.5	90-91
> Innovative products				
GRI 3 2021	3-3	3-3 Management of material topics	1.7	11-13
Sercomm Topic —Innovation Research	403-1	R&D Technology and Intellectual Property Management	2.4	24

GRI Standards	Disclosure		Related Report Sections	Pages
> Privacy and information security				
GRI 3 2021	3-3	Management of material topics	1.7	11-13
GRI 418: CUSTOMER PRIVACY	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data"	3.7	44
> Quality assurance				
GRI 3 2021	3-3	Management of material topics	1.7	11-13
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categorie	3.7	44
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Sercomm has no major violations in 2022	
> Customer relationship management				
GRI 3 2021	3-3	Management of material topics	1.7	11-13
GRI 418: CUSTOMER PRIVACY	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.7	44
> Talent attraction and retention				
GRI 3 2021	3-3	Management of material topics	1.7	11-13
GRI 401 Employment 2016	401-1	New employee hires and employee turnover	5.1	71
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2&5.4	74, 80-83
	401-3	Parental leave	5.2	74
GRI 404 Training and Education2016	404-1	Average hours of training per year per employee	5.3	76
	404-2	Programs for upgrading employee skills and transition assistance programs	5.3	76-79
	404-3	Percentage of employees receiving regular performance and career development reviews	5.4	76

GRI Standards	Disclosure		Related Report Sections	Pages
> Regulatory compliance				
GRI 3 2021	3-3	Management of material topics	1.7	11-13
GRI 417 Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	3.7	44
	417-2	Incidents of non-compliance concerning product and service information and labeling"	Sercomm has no major violations in 2022	
	417-3	Incidents of non-compliance concerning marketing communications	Sercomm has no major violations in 2022	
GRI 419 SOCIOECONOMIC COMPLIANCE 2016	419-1	Non-compliance with laws and regulations in the social and economic area"	Sercomm has no major violations in 2022	
> Ethics and integrity				
GRI 3 2021	3-3	Management of material topics	1.7	11-13
GRI 205 Anti-corruption	205-1	Operations assessed for risks related to corruption	The subjects of anti-corruption risk assessment include all operational locations	
	205-2	Communication and training about anticorruption policies and procedures	3.2	30
	205-3	Confirmed incidents of corruption and actions taken	3.2	30
> Supply chain management				
GRI 3 2021	3-3	Management of material topics	1.7	11-13
GRI 308 Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	3.6	37-41
	308-2	Negative environmental impacts in the supply chain and actions taken	3.6	37-41
GRI 414 Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	3.6	37-41
	414-2	Negative social impacts in the supply chain and actions taken	3.6	37-41

GRI Standards	Disclosure		Related Report Sections	Pages
> Human rights protection				
GRI 3 2021	3-3	Management of material topics	1.7	11-13
GRI 405 Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	5.1,5.2	67-75
	405-2	Ratio of basic salary and remuneration of women to men	5.4	80
GRI 406 Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	5.2	75
GRI 408 Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	5.2	74
GRI 409 Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	3.6&5.2	37, 73-75
> Risk management				
GRI 3 2021	3-3	Management of material topics	1.7	11-13
Sercomm Topic—Risk Management		Risk Management	3.3	31
> Low carbon operation management				
GRI 3 2021	3-3	Management of material topics	1.7	11-13
GRI 302 Energy 2016	302-1	Energy consumption within the organization	4.3	58
	302-2	Energy consumption outside of the organization	4.3	58
	302-3	Energy intensity	4.3	58
	302-4	Reduction of energy consumption	4.3	57-59
	302-5	Reductions in energy requirements of products and services	4.2	54-57
GRI 305 Emissions 2016	305-1	Direct (Scope 1) GHG emissions	4.1	52
	305-2	Energy indirect (Scope 2) GHG emissions	4.1	52
	305-3	Other indirect (Scope 3) GHG emissions	4.1	52
	305-4	GHG emissions intensity	4.1	52

SASB Index: Voluntary

Code	Topic	Accounting Metric	Chapter
> Accounting Metrics			
TC-HW-230a.1	Product Security	"Description of approach to identifying and addressing data security risks in products"	"3.4 Information Security Management System 3.7 Customer Service and Satisfaction"
TC-HW-330a.1	"Employee Diversity & Inclusion"	"Percentage of gender and racial/ethnic group representation for (1) management, (2) technical sta , and (3) all other employees"	5.2 Human Rights Protection
TC-HW-410a.1	"Product Lifecycle Management"	"Percentage of products by revenue that contain IEC 62474 declarable substances"	"Sercomm products are 100% compliant with IEC 62474 declarable substances"
TC-HW-410a.2		"Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent"	"Sercomm products are mainly ODM, and applications are made according to customers' needs, and there has been no cases yet."
TC-HW-410a.3		Percentage of eligible products, by revenue, meeting ENERGY STAR criteria	"Sercomm products are mainly ODM, and applications are made according to customers' needs, and there has been no cases yet."
TC-HW-410a.4		Weight of end-of-life products and e-waste recovered, percentage recycled	"Sercomm products are mainly ODM, and applications are made according to customers' needs, and there has been no cases yet."
TC-HW-430a.1	"Supply Chain Management"	"Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities"	3.6 Supplier Sustainability Management
TC-HW-430a.2		"Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances"	3.6 Supplier Sustainability Management
TC-HW-440a.1	Materials Sourcing	"Description of the management of risks associated with the use of critical materials"	3.6 Supplier Sustainability Management

Code	Topic	Accounting Metric
> Activity Metrics		
TC-HW-000.A	Number of units produced by product category	2.1 Company Overview
TC-HW-000.B	Area of manufacturing facilities	"As of the end of 2022, Sercomm's manufacturing facilities include China, Taiwan and Philippines ,with a total plant area of 168,000 m2."
TC-HW-000.C	Percentage of production from owned facilities	NA

Taiwan Stock Exchange Sustainable Disclosure Index-Telecommunications Network Industry

Accounting Metric	Category	Annual disclosure status
"Total energy consumption, percentage of purchased power and renewable energy utilization rat"	Quantitative	"1. Total energy consumption (power and diesel):171,252 GJ 2. Percentage of purchased power (imported power/total power consumption):100% 3. Renewable energy utilization rate:0%"
Total water withdrawn and total water consumed	Quantitative	"1. Total water withdrawn: 240,851 m3 2. Total water consumed: N/A"
"Amount of hazardous waste from manufacturing, percentage recycled"	Quantitative	"1. Amount of hazardous waste: 207.49 Tonne 2. percentage recycled: 79.8%"
Types, number and rates of occupational injuries	Quantitative	5.5 Safe Workplace and Employee Care
"Weight of end-of-life products and e-waste recovered, percentage recycled"	Quantitative	Sercomm's business model is a B2B model, which is not applicable to this accounting metric
"Description of the management of risks associated with the use of critical materials"	"Qualitative description"	"3.6 Supplier Sustainability Management: Sercomm conducts supplier risk analysis, evaluates supplier performance and schedules audit plans; formulates management guidelines for environmentally harmful chemica substances, conducts hazardous substance monitoring and conflict mineral investigations, and actively develops halogen-free products to maintain customer health and safety."
"Total monetary losses incurred due to legal proceedings related to anti-competitive behavior regulations"	Quantitative	"There will be no legal proceedings related to anti-competitive behavior regulations in 2022."
Major product output by product category	Quantitative	2.1 Company Overview

Summary of Subject Matters Assured

NO	Subject matter information	Pages	Applicable criteria
1	94.1% of Sercomm's supervisors are assumed by local employees in 2022.	69	The percentage of supervisors assumed by local full -time employees (excluding employees on leave of absence, but including employees in probation and contractors) in Sercomm Group as of December 31, 2022. Note: Local employees is defined as the supervisor's nationality is the same as his/her geographic work location. Supervisor is defined based on HR system's supervisor labeling.
2	The male employee ratio was 54.7%, the female employee ratio was 45.3% in 2021	68	The respective male and female full-time employees (excluding employees on leave of absence, but including employees in probation and contractors) as proportion to the total number of fulltime employees in Sercomm Group as of December 31, 2022. Note: Gender of employee is based on employee ID or PR or passport.
3	According to the customer satisfaction survey results in 2022, the average satisfaction rate was 91.28%.	42-43	The satisfaction survey is issued by Sercomm Group. The annual satisfaction rate is calculated from valid questionnaires by taking the yearly average (maximum score of 5) from 2022's" Customer Satisfaction Survey Form" and multiplied by 20.
4	In 2022, Sercomm headquarter and manufacturing sites' electricity consumption was 173,635 GJ.	58	Sercomm headquarter and manufacturing sites' electricity consumption in total is calculated as below: 1. Self-use electricity consumption: Based on electricity bills of headquarter and manufacturing sites in 2022. 2. Public-use consumption: Based on electricity expense from the property management cost allocation (1) Headquarter: Based on HQ's electricity bills and converted by the average unit expense of summer and non-summer seasons. (2) Manufacturing sites: Based on sites' electricity bills and electricity cost allocation forms. 3. GJ is converted by "1kW*3,600 seconds= 3,600,000GJ."
5	In 2022, Sercomm conducted annual audits on 73 suppliers including aspects on quality or CSR compliance, and the pass rate is 100%(Note). Note：Pass includes (1) Approved：Quality System Audit (QSA) or Quality Process Audit (QPA) scored over 85 (inclusive), and (2) Conditionally Approved: QSA or QPA scored	39	The number of suppliers which have been audited by Sercomm by the end of 2022, and the audit passing rate.

Independent Limited Assurance Report

pwc 資誠

會計師有限確信報告

資會綜字第 23003978 號

中磊電子股份有限公司　公鑒：

本事務所受中磊電子股份有限公司（以下稱「貴公司」）之委任，對　貴公司選定 2022 年度永續報告書所報導之關鍵績效指標（以下稱「所選定之關鍵績效指標」）執行確信程序。本會計師業已確信竣事，並依據結果出具有限確信報告。

標的資訊與適用基準

本確信案件之標的資訊係　貴公司上開所選定之關鍵績效指標，有關所選定之關鍵績效指標及其適用基準詳列於　貴公司 2022 年度永續報告書第 107 頁之「確信項目彙總表」。　前述所選定之關鍵績效指標之報導範圍案於永續報告書第 4 頁之「範疇與邊界」段落述明。

管理階層之責任

貴公司管理階層之責任係依照適當基準編製永續報告書所選定之關鍵績效指標，且維持與所選定之關鍵績效指標編製有關之必要內部控制，以確保所選定之關鍵績效指標未存有導因於舞弊或錯誤之重大不實表達。

會計師之責任

本會計師係依照確信準則 3000 號「非屬歷史性財務資訊查核或核閱之確信案件」，對所選定之關鍵績效指標執行確信工作，以發現前述資訊在所有重大方面是否有未依適用基準編製而須作修正之情事，並出具有限確信報告。

本會計師依照上述準則所執行之有限確信工作，包括辨認所選定之關鍵績效指標可能發生重大不實表達之領域，以及針對前述領域設計及執行程序。因有限確信案件取得之確信程度明顯低於合理確信案件取得者，就有限確信案件所執行程序之性質及時間與適用於合理確信案件者不同，其範圍亦較小。

資誠聯合會計師事務所 PricewaterhouseCoopers, Taiwan
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本會計師係依據所辨認之風險領域及重大性以決定實際執行確信工作之範圍，並依據本委任案件之特定情況設計及執行下列確信程序：

- 對參與編製所選定之關鍵績效指標之相關人員進行訪談，以瞭解編製前述資訊之流程、所應用之資訊系統，以及攸關之內部控制，以辨認重大不實表達之領域。
- 基於對上述事項之瞭解及所辨認之領域，對所選定之關鍵績效指標選取樣本進行包括查詢、觀察、檢查等測試，以取得有限確信之證據。

此報告不對 2022 年度永續報告書整體及其相關內部控制設計或執行之有效性提供任何確信，另外，2022 年度永續報告書中屬 2021 年 12 月 31 日及更早期間之資訊未經本會計師確信。

會計師之獨立性及品質管理規範

本會計師及本事務所已遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及專業上應有之注意、保密及專業行為。

本事務所適用品質管理準則 1 號「會計師事務所之品質管理」，因此維持完備之品質管理制度，包含與遵循職業道德規範、專業準則及所適用法令相關之書面政策及程序。

先天限制

本案諸多確信項目涉及非財務資訊，相較於財務資訊之確信受有更多先天性之限制，對於資料之相關性、重大性及正確性等之質性解釋，財更取決於個別之假設與判斷。

有限確信結論

依據所執行之程序與所獲取之證據，本會計師並未發現所選定之關鍵績效指標在所有重大方面有未依適用基準編製而須作修正之情事。

其它事項

貴公司網站之維護係　貴公司管理階層之責任，對於確信報告於　貴公司網站公告後任何所選定之關鍵績效指標或適用基準之變更，本會計師將不負就該等資訊重新執行確信工作之責任。

資誠聯合會計師事務所

會計師　文雅芳

中華民國 112 年 9 月 8 日

SERCOMM

www.sercomm.com