SERCOMM

2021 Sercomm Sustainability Report

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About This 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 2021 Corporate Social Responsibility Report" to detail the status of sustainable development and social responsibility fulfilled by the Company in 2021 and to disclose the report to the public.

Publication

The report discloses from January 1 to December 31, 2021, and some information related to the variance of corporate growth there of in 2019 and 2020. Previous report was published in Sep. 2021.

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 branchest.

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, and the Sustainability Accounting Standards Board (SASB) Index.

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 CSR report is attached in the appendix.

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Letter From Chairman and CEO

The pandemic continued into 2021, bringing tougher challenges to the global economy and society. However, the rise of non-contact services promoted the digital transformation and accelerated the upgrade of broadband infrastructure, thus stimulating the demand in the network communication industry. Sercomm's consolidated net sales of NT$43.9 billion in 2021, with a significant growth of 22% from the previous year, setting a new Company's sales record. The operating income was NT$1.05 billion, and the net income attributed to the parent company was NT$860 million. Based on 250 million weighted average shares, earnings per share (EPS) for year 2021 was reported as NT$3.44.

In the post-pandemic new normal, long-distance application brought a multi-fold increase in data transfer, and thus facilitated the upgrade of global telecommunication broadband equipment. Sercomm observed the new normal and innovative services, and thus it proactively adjusts the business model, implemented strategic planning, promoted the growth dynamic, and continues to devote itself to the telecommunication market. Though faced with the uncertainties in the environment and instability of the supply chain, Sercomm demonstrated high resilience, and through flexible capacity planning, we successfully met our customers' needs. Furthermore, Sercomm steadily increased its market share in the telecommunication market. Apart from the existing major markets of North America, Europe, and Asia-Pacific, Sercomm actively expanded into other emerging markets in Southeast Asia, India, and Latin America, to strengthen the Company's growth niche.

Sercomm upholds the philosophy of sustainable operation, and lays emphasis on the core values of "environment, society, corporate governance." Through the robust management mechanism, coupled with practical implementation, we comply with international sustainability standards and response to the sustainable development goals. Sercomm's corporate social responsibility reports received international third-party certification for 4 consecutive years, fully exhibiting Sercomm's effort in corporate social responsibility. Moreover, Sercomm won the "Most Committed to the Highest Governance Best Standards" and "Most Committed to Environmental Stewardship" from FinanceAsia, being the only networking company in Taiwan to receive these esteemed accolades. This is also Sercomm's fifth consecutive year to win the awards, which highlights our achievements in stable operation and sustainable development.

With the rapid digital transformation, and the rise of 5G applications, AI, and metaverse, broadband technology ushered in a new era of high-speed service. Sercomm is committed to providing a full range of solutions of telecommunication technology for FTTx product, DOCSIS 3.x, WiFi 6/6E devices, 5G FWA, 5G Small Cell, next-generation IoT applications, and new products. In the highly globalized market, Sercomm is able to exert its core advantage in firmware integration and have in-depth cooperation with our customers around the world. While pursuing operating performance, we also fulfill our social responsibility and increase the long-term interests of our shareholders, customers, and employees, to create higher corporate value.

James Wang
President & CEO
of Sercomm

Paul Wang
Chairman of
Sercomm

1 Development of Corporate Operations

2021 Achievements

1.1 Company Overview

1.2 Organizational Structure

1.3 Operational Performance

1.4 Innovative Development

Sales Revenue

NT$ 43.9 billion (2021)
Set Company's Sales Record

CAGR

Sales Revenue CAGR (2000-2021)

21 Years Sales Revenue CAGR 22%

Payout Ratio (2011-2021)

10 Years Averaged Dividend Payout Ratio 70%

R&D Expense to Sales Ratio

5.25%

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1.1 Company Overview

SERCOMM

Company Name
Sercomm Corporation

Founded in
July, 1992

Employees
4,471

Sales Revenue (2021)
NT$43.9 billion

EPS (2021)
NT$3.44

Total Capital (2021)
NT$2.52 billion

Revenue Breakdown by Product

- Home Gateway — 20%
- IoT Products — 13%
- Enterprise Products — 16%
- Fixed-Mobile Products — 51%
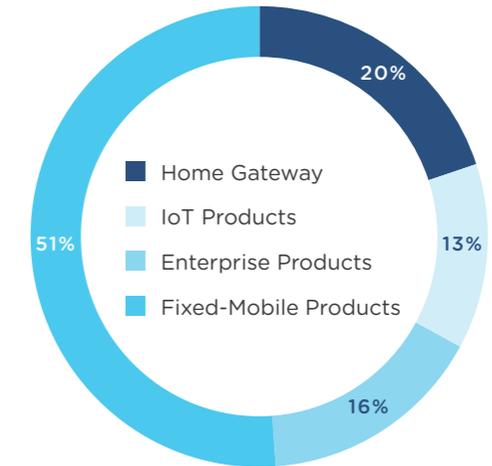
Since its founding in 1992, Sercomm Corporation (TWSE: 5388) has been committed to the development of broadband networking software and firmware. With its state-of-the-art manufacturing facility and its fully integrated engineering capability, Sercomm o ers comprehensive telecom broadband solutions, 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.

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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

- 26%
- 60%
- 14%
- Europe
- North America
- Asia
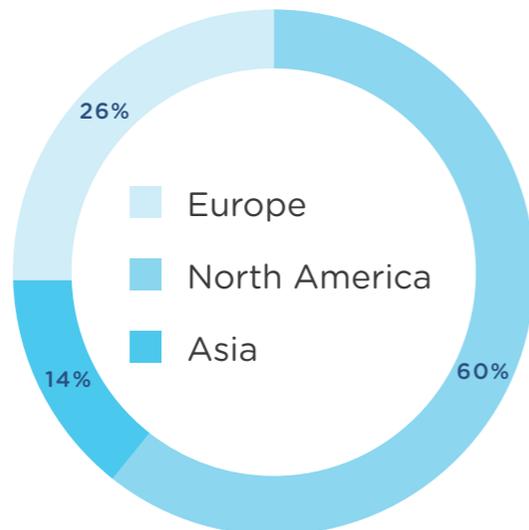
Sercomm Global Branche

- ■ Sales Center
- ■ RD Center
- ■ Manufacturing

Suzhou, China

Dusseldorf, Germany

London, UK

Paris, France

Milan, Italy

Tokyo, Japan

Taipei; Hsinchu, Taiwan

Calamba, Philippines

New Delhi, India

California, USA

Atlanta, USA

Mexico City, Mexico

Manufacturing and Quality Services

With meeting the highest requirements as the quality management goal, Sercomm offers customers flexible design and manufacturing integration services, provides shipping schedules and delivery locations according to customer needs, and assists customers with cost-effective customized solutions. In terms of design quality, product quality, and service quality, Sercomm is committed to achieving customer needs and satisfaction. Through global service locations, Sercomm establishes long-term partnerships with world-class telecommunications companies and enhances customer recognition and trust in Sercomm's quality with its reputation of professional and high-quality services.

Sercomm's exclusive advanced manufacturing technology team designs production processes and automated testing programs based on product attributes and assists R&D in all aspects of product trial production to accelerate product development processes and enter mass production; in each process, Sercomm sets or adjusts quality objectives in the areas of quality, services, and lead times every year according to product categories and on the premise of ISO 9001, and TL 9000 management systems. Sercomm introduces different quality methods, tools, and systems into each responsible unit from top to bottom, integrates them with product development processes, and implements them in daily operations. In addition, a manufacturing operations management platform (MES) is used to control production quality in real time, ensuring all steps, from incoming quality control to production to shipment, are seamlessly connected and strictly monitored, and to provide reliable and transparent streaming of information, helping customers seize market opportunities.

Material Planning
Order Mgmt

WIP Mgmt：
Kitting, Assembly
Testing, Repairing,
Packaging

FIFO
Component Mgmt

Routing Mgmt
Logistic Mgmt

Product
Traceability

Inventory Mgmt
E-BOM

Yield Feedback
Failure Analysis
Quality Control

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

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1.2 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 help to create new prospects and to enhance the corporate value.

Shareholders' Meeting

Board of Directors

Auditing Office

Compensation Committee

Chairman

Chairman Office

Audit Committee

President / CEO

President Office

Chief Operating Officer
- Manufacturing Division
- Global Supply & Logistics Division
- Information Service Division
- Quality Assurance Division

- Research & Development Division
- Broadband Access Product Unit
- Finance Management Division
- Human Resource Division
- Global MSO
  - Sales Division III

- ROW
- Sales Division I
- IoT Solutions BU
  - Intelligent System Engineering Division

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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.
Broadband Access Product Unit	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.

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1.3 Operating Performance

Financial Performance

Sercomm overall business continues steady performance with consolidated net sales of NT$43.9 billion in 2021, with a significant growth of 22% from the previous year, setting a new Company's sales record. Operating profit was NT$1.05 billion. Net income attributable to owners of parent was NT$860 million. Based on 250 million weighted average shares, the EPS for 2021 was NT$3.44.

(Unit: NT$ thousands)	2019	2020	2021
Sales Revenue	31,797,130	36,096,281	43,899,508
Gross Profit	5,079,038	5,438,621	5,668,245
Operating Expense	4,092,136	4,303,582	4,615,078
Operating Profit	986,902	1,135,039	1,053,167
Non-operating Income & Expense	291,000	-25,902	-27,035
Income Before Tax	1,277,902	1,109,137	1,026,132
Net Income Attributable to Owners of Parent	1,032,953	907,327	861,201
EPS (NT$)	4.21	3.66	3.44
Gross Margin(%)	16.0	15.1	12.9
Return on Equity (%)	14.1	11.7	10.8
Return on Assets(%)	4.5	3.4	2.9

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Award and Recognition

Most Committed to the Highest
Governance Best Standards

Most Outstanding
Company in Taiwan
(Small/Mid Caps Sector)

Most Honored Company
Best Investor Relations Team

2021
- Awarded by FinanceAsia Magazine as:
"Most Committed to the Highest Governance Best Standards"
"Most Committed to Environmental Stewardship"

2020
- Awarded by Asiamoney Magazine as:
"Most Outstanding Company in Taiwan–Small /Mid Caps Sector"
- Awarded by Institutional Investor Magazine as:
"Most Honored Company"
"Best CEO- James Wang" (Technology Hardware)
"Best Investor Relations Team" (Technology Hardware)
- Recognized by Joint Audit Cooperation (JAC) for meeting JAC 2018 audit process performance targets

2019
- Awarded by Asiamoney Magazine as:
"Most Outstanding Company in Taiwan–Small Caps Sector" "Most Outstanding Company in Taiwan–Technology Hardware & Equipment Sector"
- Awarded by European Operator as "Supplier Awards - Outstanding Contribution"
- Announced the World's First Smart Home Small Cell Together with U.S. Wireless Carrier
- Awarded by Leading Semiconductor Company as "Outstanding Business Achievement Award"
- Ranked in top 20% in Corporate Governance Evaluation of Listed Companies by Taiwan Stock Exchange

1.4 Innovative Development

Research and Development Capability

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 the 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 2021, 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.

R&D Expense to Sales Ratio

NR$ MN
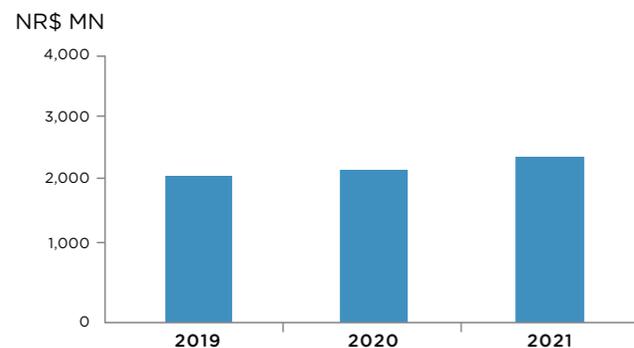
Year	2019	2020	2021
R&D Expense (NT$MN)	1,996	2,071	2,304
R&D Expense to Sales Ratio	6.28%	5.73%	5.25%

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 2021, the Company had accumulated a total of 319 global patent applications, with a total of 270 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 2021, a total of 40 trademarks had been registered worldwide.

Stakeholder Engagement

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2 Stakeholder Engagement

2.1 Stakeholder Identification and Communication

2.2 Validation of Material Topics

2.3 Responding to UN SDGs

Stakeholder Engagement

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2.1 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 effective 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	Topic	Communication Channel
Employees	· Compensation and benefits · Learning and development · Labor relations · Occupational health and safety	· Annual employee performance appraisal · Employee training system · Employee welfare committee and ESH committee · Employee opinion mailbox (sexual harassment, fraud or ethics violations)
Customers/ Partners	· Customer service and satisfaction · Product quality & safety · Supplier management · Risk management	· Customer audit · Global technical support · Customer service and satisfaction survey · Green policy, green product strategy and green procurement
Investor/ Shareholder	· Operating performance · Risk management · Corporate governance and information disclosure	· General Shareholders' Meeting · Annual reports, material information and financial press releases · Results announcement (monthly/quarterly) · Periodically hold investor conference · Regularly attend investor conference (domestic and overseas) · Sercomm company website
Suppliers	· Supplier management policy · Green products specification · Sustainable acquisition strategies · Order management · Quality management	· Supplier evaluation and assessment · Project meeting · Jointly implement ESG and corporate social responsibility(CSR) · Supplier on-site audit · Conflict of interest policy
Government Authorities	· Regulatory compliance (taxation/occupational) · health and safety/information disclosure) · Operating performance · Risk management	· Comply with government regulations · Obtained international certifications of EHS · Participant in public hearings and symposiums organized by governmental authorities
News Media	· Operating performance · Innovation development	· Results announcement(monthly/quarterly) · Press releases · Media interview and project planning · Annual media gathering
NPO/NGO	· Social participation · Environmental sustainability	· Participant in NGOs activities · Sponsoring non-profit organizations/institutions · Employee volunteering

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2.2 Identification of Stakeholders

Process Analysis

Comments from the stakeholders will drive Sercomm's continuous growth. In order to prevent Sercomm's development from deviating from the stakeholders' expectations, Sercomm works hard to fulfill its social responsibility as a corporate citizen. By virtue of the four steps–Identification, Prioritization, Validation and Review–Sercomm completes the identification of topics concerned by the stakeholders, prioritization of such topics, validation of important considerations, and review of availability of information, as the important bases for the contents given herein and the response to the stakeholders and as reference for the future sustainability implementation policy.
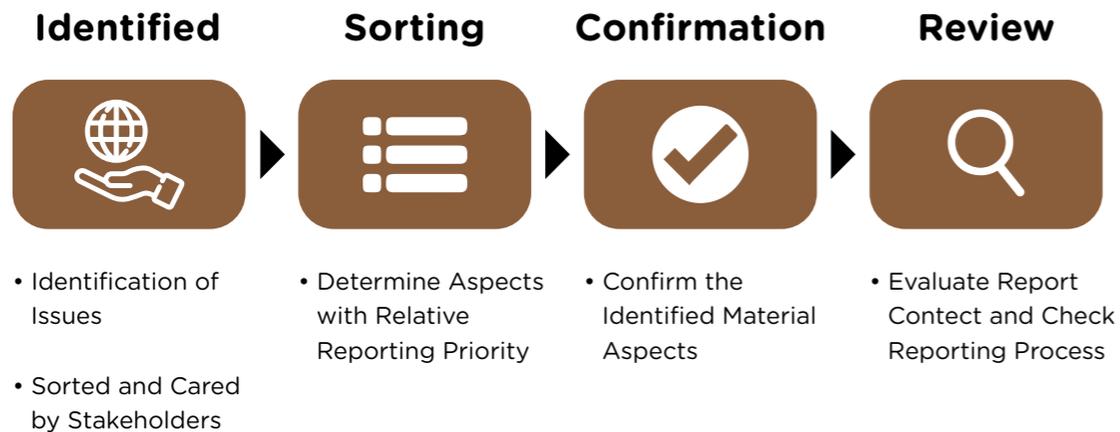
Identification of Materiality Topics

Through the communication of various unit supervisors and colleagues with stakeholders, Sercomm collects comments from the stakeholders in accordance with corporate cultures, management philosophies, various units' job descriptions and plans, communication channels for employees, and communication between various units' contact persons and the stakeholders about concerned topics. With reference to the definitions and classifications in the GRI Sustainability Reporting Standards (GRI Standards) published by the Global Reporting Initiative (GRI). Sercomm has collected a total of 27 sustainability issues determined by stakeholders' concerns, of four major aspects—economy, environment, society, and product.

Identified ▶ **Sorting** ▶ **Confirmation** ▶ **Review**

- Identification of Issues
- Sorted and Cared by Stakeholders

- Determine Aspects with Relative Reporting Priority

- Confirm the Identified Material Aspects

- Evaluate Report Contect and Check Reporting Process

Materiality

After the corporate senior management team and unit supervisors analyzed results of the above procedures, the materiality matrix for 2021 was defined. Sercomm classified the 27 sustainability topics above into significant impact, secondary impact, and negligible impact according to their locations on the matrix. The identification results provided the framework for the report and answers to the stakeholders' questions. The 27 topics were divided into 9 high impact topics, 11 middle impact topics, and 7 low impact topics. In particular, "high impact issues" are covered in the scope of material disclosure in the report. This Report is intended as a review of Sercomm's progress toward the vision of sustainability and a presentation of the Company's performance in the area. The report serves to maintain a two-way open communication channel between Sercomm and its stakeholders.

Stakeholder Engagement

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Sercomm analysis of material topics in 2021
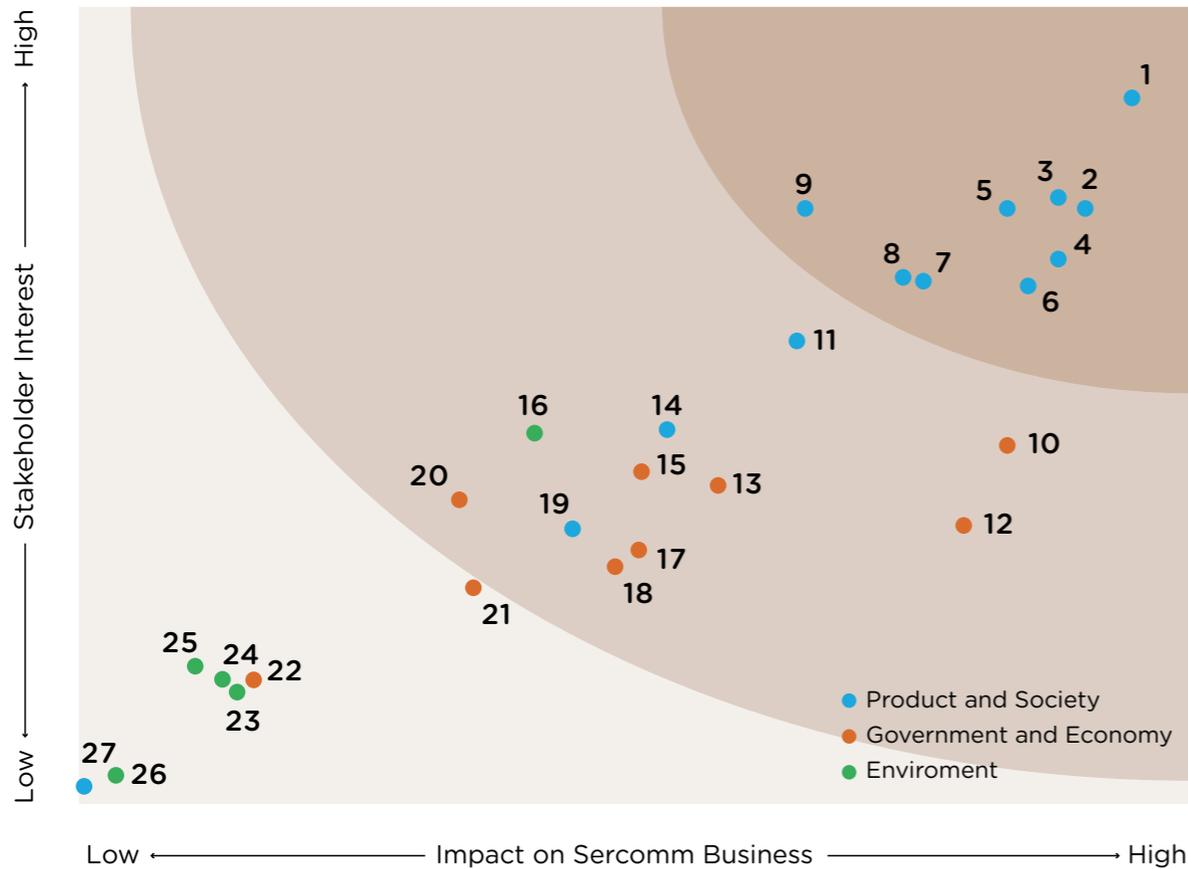
high	middle	low
1. Operating Performance	10. Employment	21. Diversity and Equal Opportunity
2. Quality Service	11. Privacy and Data Security	
3. Innovation Research	12. Payroll and Welfare	22. Proportion of Senior Management Hired from the Local Community
4. Customer Satisfaction	13. Employer - Employee Relations	
5. Supplier Management	14. Anti-Corruption	
6. Risk Management	15. Occupational Safety and Health	23. Energy Management
7. Corporate Governance	16. Raw Materials Management	24. Saving & Carbon Reduction E ects
8. Compliance with Regulations	17. Human Rights	
9. Business Ethics	18. Talent Training and Education	25. Waste Management
	19. Anti-Corruption	26. Emissions
	20. Green Product Management	27. Social Engagement

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Material Topics and Sustainable Issues Index

Item	Material Topics	GRI Disclosure	Report Chapter
Governance and Economy	Operating Performance	GRI 201 Economic Performance	Operating Performance 1.3
	Supplier Management	GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment	Supplier Sustainability Management 3.5
	Risk Management	GRI 102 General Disclosures	Risk Management 3.3
	Corporate Governance	GRI 102 General Disclosures	Board of Directors' Functions 3.1
	Compliance with Regulations	GRI 307 Environmental Compliance GRI 419 Socioeconomic Compliance GRI 417 Marketing and Labeling	Risk Management 3.3 Customer Service and Satisfaction 3.7
	Business Ethics	GRI 102 General Disclosures	Business Ethics 3.2
Product and Society	Quality Service	GRI 102 General Disclosures GRI 416 Customer Health and Safety	Company Overview 1.1 Operation Risk Management 3.3 Customer Service and Satisfaction 3.7 Green Products 4.2
	Innovation and Development	Other	Innovation and Development 1.4
	Customer Service and Satisfaction	GRI 102 General Disclosures GRI 418 Customer Privacy	Customer Service and Satisfaction 3.7

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2.3 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, social 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 seven goals as below.

SDGs	Sercomm Actions	Relevant Chapter	Page
3. Good Health and Well-being	• Influenza vaccination subsidies are offered every year. In 2021, a total of 78 employees in Taiwan applied. • The employee health plan includes physical examinations and on-site occupational medical services (including maternal protection). In 2021, a total of 6 physical examinations were conducted in mainland China; a total of 24 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 Employee Relation 3.8 Response to the COVID-19 Epidemic	77 41
5. Gender equity	• Continue to pay attention to the issue of gender equality, with male employees accounting for 56% and female employees 44%. • 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. • In 2021, the retention rate of the male and female employees who took unpaid parental leave was 100%.	5.1 Talent Strategy 5.2 Human Rights Protection 5.4 Overall Wages and Benefits 5.5 Employee Relation	58 64 73 77
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	53

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SDGs	Sercomm Actions	Relevant Chapter	Page
8. Decent work and economic growth	• Develop collaboration between industry and academia and cultivate young talents to enhance their employment opportunities. • Provide suitable job opportunities for people with disabilities at a rate higher than that set by government regulations. In 2021, the percentage of people with disabilities employed in Taiwan was 1.3%. • 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 2021, there was no major occupational disaster at any global location.	5.1 Talent Strategy 5.2 Human Rights Protection 3.5 Supply Chain Management 5.5 Employee Relation	58 64 33 77
9. Industry, innovation and infrastructure	• Implement internal incentive system, continuously accumulate innovative patents, and provide high-performance solutions for global customers. • Improve energy eciency and strive to reduce carbon and save energy. • Promote smart manufacturing while improving production efficiency.	1.3 Operational Performance 1.4 Innovative Development 4.2 Green Products	12 14 50
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 wastesIn 2020, there were no violations in the emissions of exhaust, wastewater, and waste. • In 2021, there were no violations in the emissions of exhaust, wastewater, and waste.	3.5 Supply Chain Management 4.1 Environmental Management	33 45
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.	4.3 Energy Conservation 4.4 Responses to Climate Change and Global Warming Policy	53 56

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3 Corporate Governance

2021 Achievements

3.1 Board of Directors' Functions

3.2 Business Ethics

3.3 Operation Risk Management

3.4 Information Security Management System

3.5 Supply Chain Management

3.6 Comprehensive Information Disclosure and Investor Relations

3.7 Customer Service and Satisfaction

3.8 Response to the COVID-19 Epidemic

Customer Satisfaction Rate

92.07%

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 Systems

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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, 2 directors aged 61-70, 3 directors aged 71-80, and directors under 70 account for about 57% of all the directors; with respect to education, 4 directors hold a PhD Degree, 3 directors hold a Master's Degree, three directors are employees of the Company, accounting for about 43% of all the directors. The Board of Directors regularly performs 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 has 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 2021, with an average attendance rate of 100% 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 3 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 42 training hours participated in 2021.

Performance Evaluation of Board of Directors

The Company has established the "Regulations Governing Performance Evaluationof Board of Directors" based on the resolution adopted by the Board of Directors.All the members of the Board shall evaluate the overall operation of the Board of Directors every year. In addition to the overall operation of the Board of Directors, Sercomm also carries out evaluation on individual directors.

The results of the performance evaluation of the Board of Directors in 2021 are shown as follows:
- The overall average score obtained during the self-evaluation of the Board of Directors' performance was excellent.
- The overall average score obtained during the self-evaluation of individual directors' performance was excellent.
- The overall average score obtained during the self-evaluation of functional committees' performance was excellent.

The self-evaluation results for Sercomm's Board of Directors, individual directors and functional committees in 2021 were excellent, with no significant matters requiring improvement. The evaluation results are expected to be reported during the first Board of Directors' meeting in 2022.

Board Member

Title	Name	Nationality	Gender	Age	Board Diversity							
					Industry Experience	Operator	Media	Legal	Technology	Accounting	Investment	Operation
Chairman and CEO of subsidiary company	Paul Wang Representative of Pacific Venture Partners Co. Ltd.	Taiwan	Male	71-80	✓						✓	✓
Director and President	James Wang Representative of Zhuo Jian Investment Co., Ltd.	Taiwan	Male	51-60	✓				✓	✓		✓
Director and Executive Vice President	Ben Lin Representative of Zhen Bang Investment Co., Ltd.	Taiwan	Male	61-70	✓				✓		✓	✓
Director	Shyue-Ching Lu Representative of Yun Zhou Investment Co., Ltd.	Taiwan	Male	71-80	✓	✓			✓			
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
8. Decision-making Capabilities

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.

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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 2021.

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

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 2021 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
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.

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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 above-mentioned 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 semi-annually. 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 2021 are as follows:
- Courses on ethical management: a total of 1,834 employees across the world attended, with a total of 236 hours.
- Courses on important internal information: a total of 1,880 employees across the world attended, with a total of 269 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.

Board of Directors

Operation and Management Committee
Corporate Governance Officer
Auditing Office

Each Risk Management Unit

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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

Given that Sercomm has business locations throughout the world, it will adjust its internal control system immediately upon changes of applicable laws and regulations, if any, to ensure that its operations comply with the laws and regulations established by various countries and to prevent its operations from being affected due to violations of laws or from suffering considerable penalty so as to impair its profit. Sercomm notes any changes in policy or law which might render material effective against its business or finances. Each of Sercomm's departments shall comply with the related laws and regulations. Sercomm also sets up the legal department to dedicated legal related issues and provides various departments with legal aid and consultation.

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.

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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.

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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.

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                    ┌──────────────────────────────┐
                    │ Information Security Management│
                    │         Chair: COO            │
                    │  Member: Division Manager     │
                    └──────────────────────────────┘
                                │
                                │          ┌───────────────────────────────┐
                                │          │ Information Security Audit Team│
                                │          └───────────────────────────────┘
                                │          ┌───────────────────────────────┐
                                │          │Information Security Regulatory Team│
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│Information Security Consultant├──┤Information Security Promotion Team│
└───────────────────────────┘   └──────────────────────────────┘
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│ Training Group │    │Physical Security Group│    │Information Security Technology Group│
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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

Act | Plan | Check | Do

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 2021

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	· 2020-2021: 2,604 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

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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 first priority, in hopes of having the global forest resources cultivated again.

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.

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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
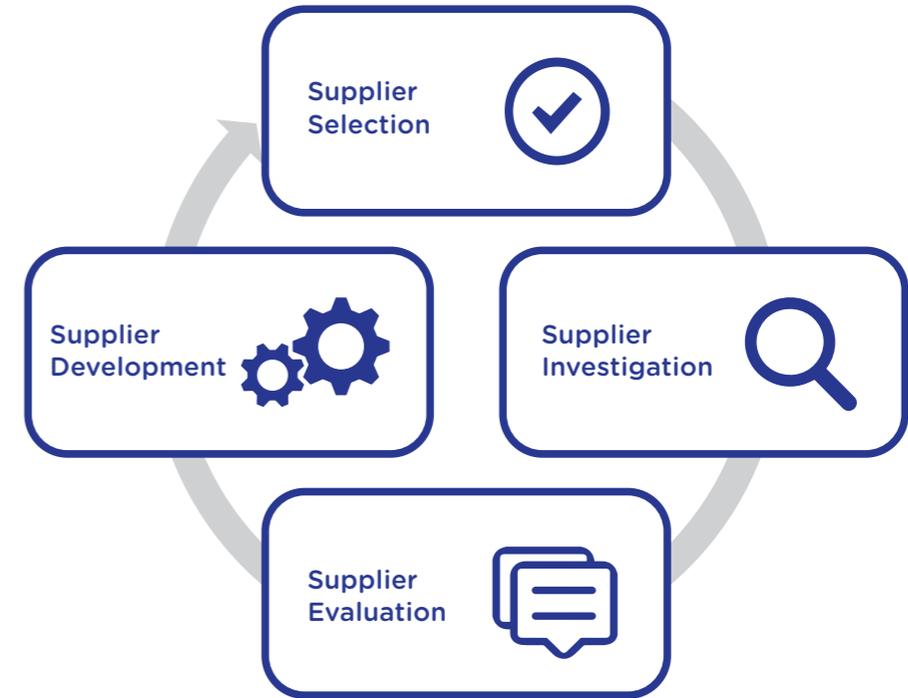
In order to fulfill exective suppliers' management, Sercomm establishes the selection criteriawhen selecting the suppliers. After selecting qualified suppliers, it conducts an audit on the site and convenes a review meeting to review the suppliers' performance to identify the priority suppliers' management checklist. Then, it introduces the materials based on the result of evaluation on suppliers made by various departments by quality, cost, delivery, service, and technical competency, and encourages the suppliers thereof.

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New Supplier Investigation

When selecting new suppliers, in addition to the quality, cost, delivery and service covered by the general evaluation, the suppliers shall also comply with Sercomm's specifications about green products. In addition to the general procurement agreement and non-disclosure agreement, the suppliers shall also sign the following instruments and may become the qualified suppliers upon passing the audit on green products.

(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" on a monthly basis; 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 exective 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 exects 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 the optimal suppliers' management. From the suppliers of arm's length transactions, Sercomm selects the longterm suppliers of key components, presents the on-site audit plan, and notifies the related entity each year. In 2021, Sercomm conducted annual audits on 70 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 2021, according to 358 valid supplier surveys,59 suppliers completed an RBA second-party/third-party audit, with a certification rate of 16.5%, it accounts for 13.1% of all qualified suppliers, and among these 59 suppliers, 13.6% are in higher risk industries (e.g., PCB, packaging materials, metal processing, plastic injection, etc.). There were 336 verification deficiencies, and 300 improvements have been completed, with a completion rate of 89.3%.

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.

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.

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Supplier Quality Agreement

Sercomm hopes to work together with suppliers and customers and make certain to ensure compliance with the 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.

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3.6 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 2021
· 100+ meetings with institutional investors
· 600+ global investors served in 2021
· Awarded by FinanceAsia as the "Best Investor Relations" and
  "Most Committed to the Highest Governance Best Standards"

Stakeholder Structure

- Government Agencies
- Financial Institutions
- Other Legal Entities
- Foreign Institutions
- Individual

22% / 35% / 20% / 12% / 2%
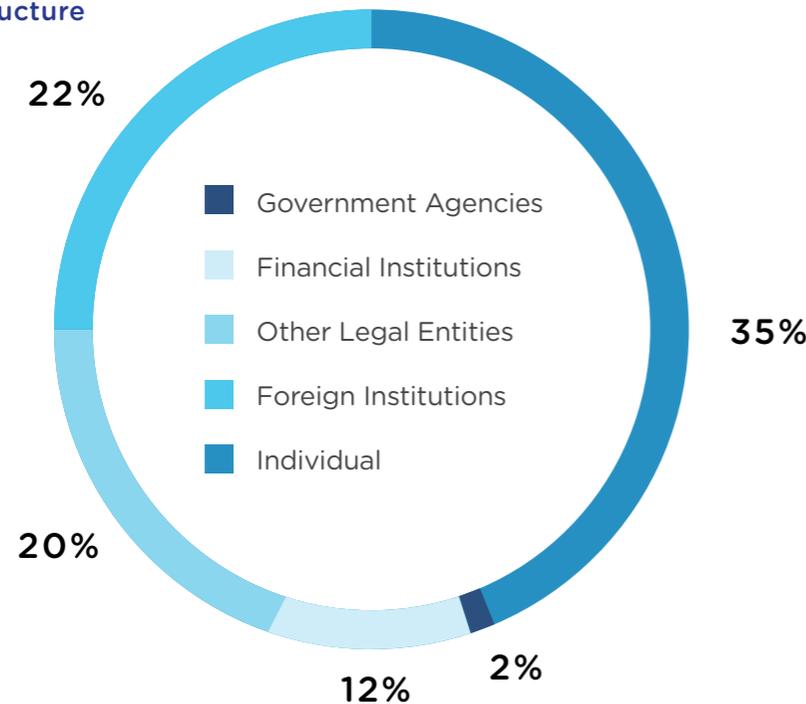
Dividend Policy

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 2021 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$2.4 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.

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# 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 2021, the average satisfaction rate was 92.07%.

Customer Service Satisfaction Survey Process Table

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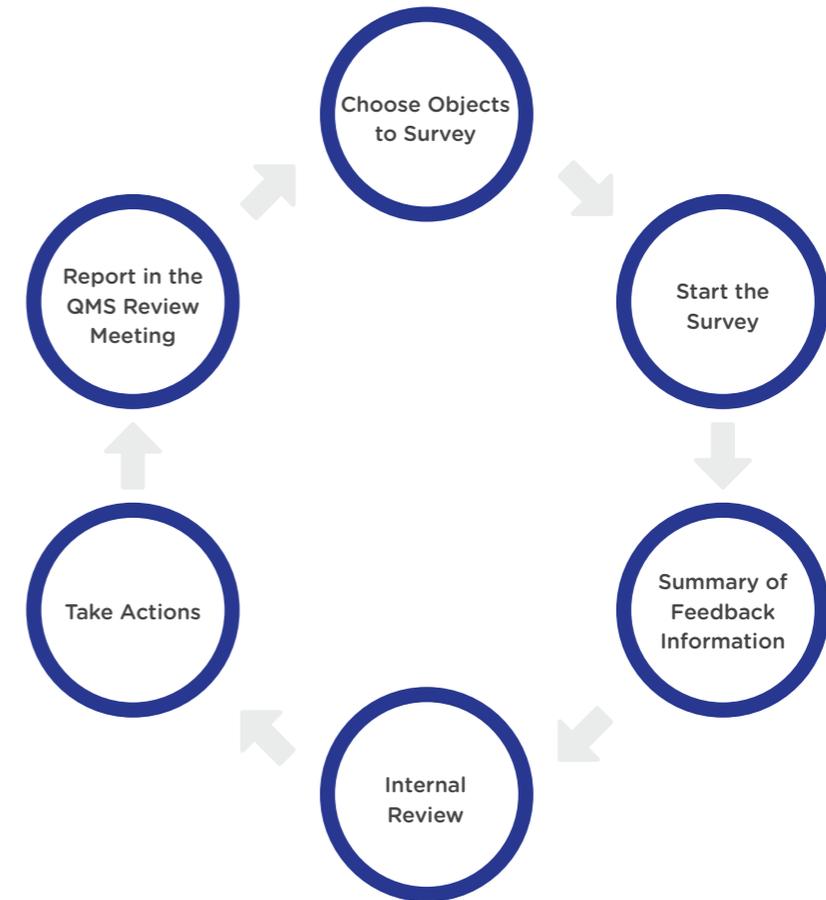
Customer Service Satisfaction Survey Process Table
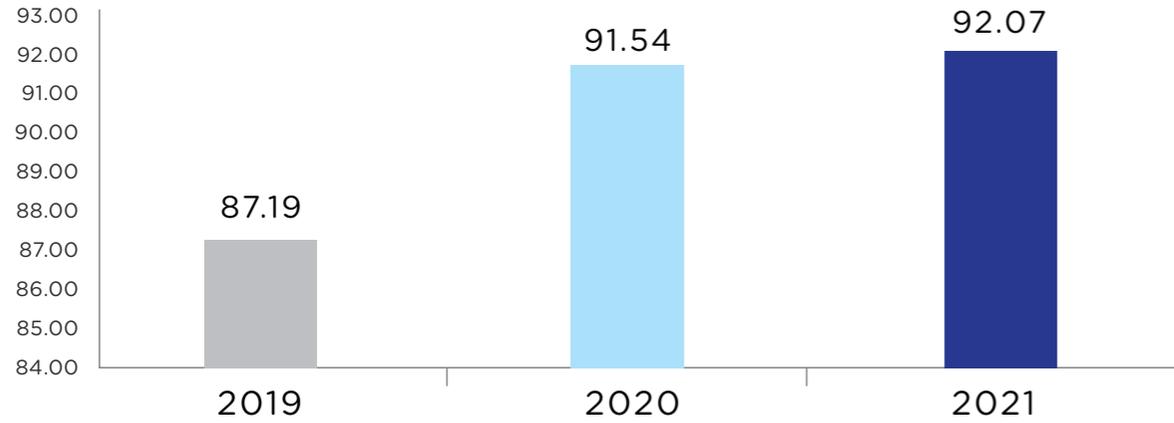
2019~2021 Customer Satisfaction Survey

2019 2020 2021
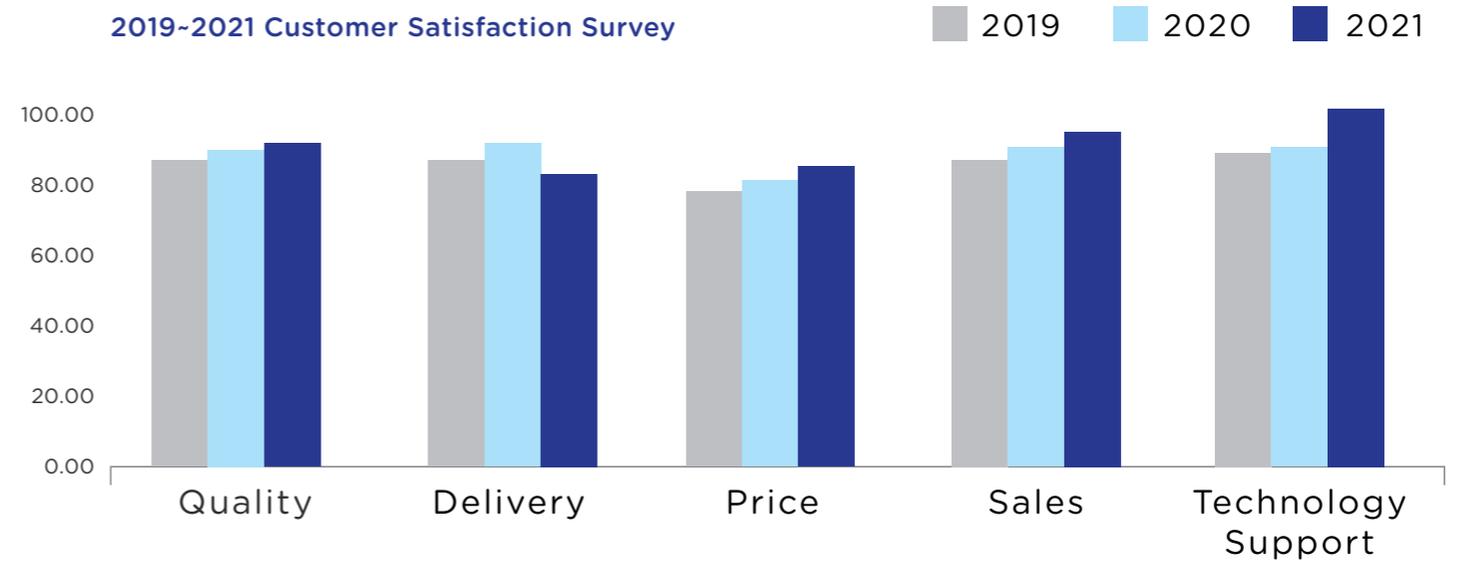
2021 Customer Satisfaction Survey

Satisfaction Survey Items	Score	Satisfaction(%)
Quality	4.61	92.12
Delivery	4.33	86.67
Price	4.27	85.46
Sales	4.84	96.73
Technology Support	4.97	99.39
Average	4.60	92.07

Note: Score of 5

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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 2021, 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.
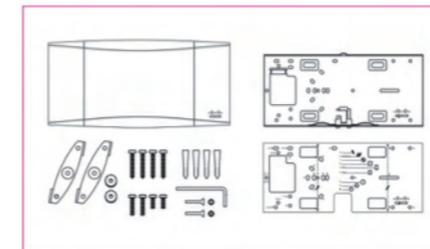
The QSG describes the parts of the product and clearly defines the names and functions of the various parts.

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.

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3.8 Response to the COVID-19 Epidemic

The Coronavirus disease (COVID-19) broke out at the beginning of 2020, and has spread throughout the world rapidly. In the face of surging pandemic, the Pandemic Response Decision-Making Center was formed by the General Manager, and the other executives from the Human Resources Department and various other departments of Sercomm Corporation. The Company always gives top priority to the health and safety of our employees. In accordance with various guidelines on corporate operation published by the Taiwan Centers for Disease Control, CDC, Company has developed our internal prevention measures, established a sound protection mechanism, and reduced its damages through timely response.

In connection with COVID-19 response measures, the Company carries out its response plans accordingly by upholding the principle of "Anti-epidemic First, Health Protection, Technology Application". By cleaning and disinfecting the office area, and encouraging employees to receive influenza vaccination, the Company has made relentless efforts in improving employees' self-protection. With the help of technologies, the Company introduced facial recognition-based infrared body temperature detecting devices which were installed in the access control.Only those whose temperature falls in the normal range can enter the office area. As such, the Company can make more accurate record of people movement. At the same time, for the purpose of systematically reducing the employee density, the Company was quick to arrange employees to get to the office by batch, and carry out flexible working hours and lunch hours to mitigate the risks of gathering.

In response to the government's rolling policy—increase COVID-19 vaccination rates to reduce severe illness and avoid close contact. The Company not only regularly publicizes and confirms the employee vaccination rate but also optimizes online video conference performance to reduce face-to-face contact.

By maintaining effective and real-time communication with employees, the whole company has been working together to fight against the pandemic. Sercomm has established COVID-19 pandemic services and reporting mechanisms in various departments, and a COVID-19 hotline was launched on the public office line for employees. In January 2021, the Company announced its company-wide precautions measures and response plan for the first time, and the initiatives of all other relevant rules and information subsequently, including self-protection and health education, environment cleaning and sanitizing, measures of controlling staffing and workspace, and backup work plans. With these efforts, employees have been able to inquire about and obtain the latest pandemic response measures of the Company and the relevant knowledge. By doing so, the Company makes every attempt to create a safe workplace for employees.

Sercomm Epidemic Command System of the Taiwan Head Office:

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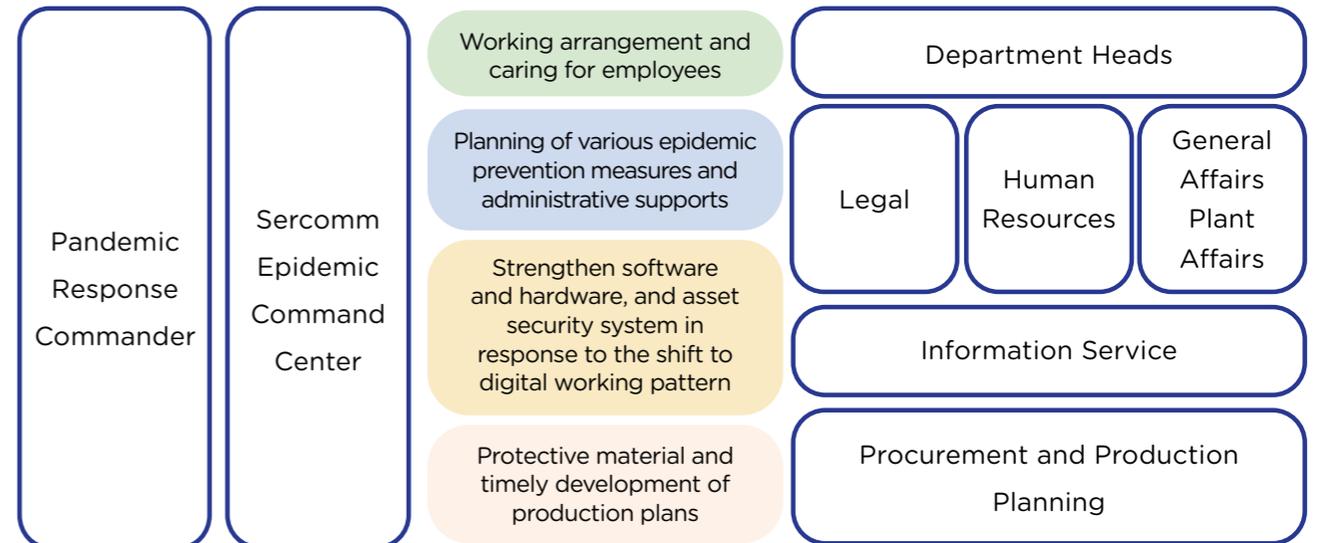
Response to COVID-19 Post-Epidemic Era

01 **External visual replacement for presence**
Visual communication with customer/vendor, cross-factory colleague application, newcomer arrival footprint history confirmation.

02 **Prohibition of group gatherings**
Limit the number of people in the meeting room, disable training rooms, avoid group dining, and video conferencing/classes.

03 **Reduction of Contact**
No handover between day and night shifts, provision of meal boxes, guardian angels, limited number of people in elevators, restrictions on smoking areas, and enhanced communication with foreign workers on government regulations and care for epidemic prevention.

04 **Related Drills**
Product line area drills, home office drills, rapid test drills, and diagnostic drills.

05 **Continuous Protection**
Increase the number of hand sanitizer, increase the frequency of plant cleaning, daily temperature monitoring, contact tracking, and continuous tracking of epidemic prevention news.

Example: In the post-epidemic era, Sercomm continues to pay attention to the government regulations of each location and flexibly adjusts its policies and deploys relevant resources in response.

· **Rapid Test Drills & Diagnostic Drills (Taiwan Region)**
Discussion on rapid test for epidemic prevention, establishment of Sercomm rapid test SOP and rapid test reagent preparation plan. In addition, we also practiced how to respond to the cases of diagnosed employees, such as the setting of the office area and the route to medical assistance.
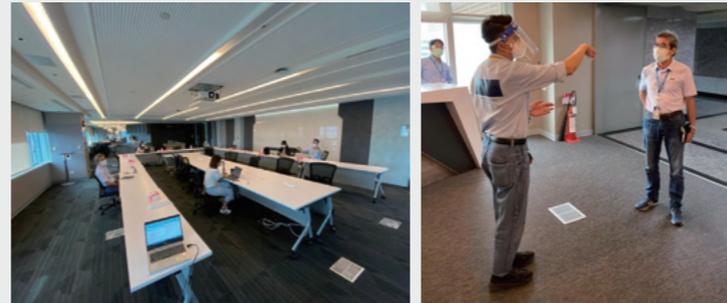
· **Normalized epidemic prevention and control (Suzhou area)**
Face recognition combined with body temperature measurement & mobile tracing.

· **Contingency Promotion**

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

2021 Achievements

Electricity Consumption Intensity

Electricity Consumption Intensity Decreased by 16% Compared to 2020

Water Consumption Intensity

Decreased by 17% Compared to 2020

Conflict Minerals

Products are 100% Conflict Minerals Free

Exhaust Volume Reduced

Effective in Reducing Vocs Unit Emission by 40%

(Sites In China)

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 implemensting 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 response to the impact of greenhouse gases on the Earth's climate and the growing international concern about carbon emissions, Sercomm will gradually implement the ISO 14064-1:2018 greenhouse gas inventory standard and ISO 50001 energy management system in 2022 so as to conduct more systematic greenhouse gas inventories, more effectively reduce carbon emissions, and effectively implement energy management to reduce energy consumption.

2004

AUGUST
ISO 14001 & OHSAS 18001 certified

2006

JANUARY
Implementations complied with RoHS & WEEE

2007

NOVEMBER
All products complied with REACH

2009

NOVEMBER
Adopted the eco-design requirements for Erp

JANUARY
C-TPAT SGV (Global Security Verification) certified

2010

NOVEMBER
Non-support and non-use of conflict minerals

2015

JANUARY
ISO 27001 certified

2018

MAY
Successfully updated ISO 9001/ ISO 14001 certificate to the new version

2019

OCTOBER
SONY GP certified Chunhui Site in the scope of EHS certification

2020

AUGUST
ISO 14001 & OHSAS 18001 certified

AUGUST
Updated OHSAS 18001 ISO 45001 certifocate to the new version

2021

DECEMBER
Introduce the Green Product Management (GPM) Platform

2022

DECEMBER
Plan to obtain ISO 14064-1 certification; Import ISO 50001

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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 continues to work with its raw material suppliers and adopts recyclable and reusable packaging materials and reduces the packaging steps for the raw materials to mitigate consumption of resources and reduce carbon emissions. For example, it applies plastic boxes to replace ordinary paper boxes and then recycles the trays in part for reuse by the suppliers.Replaced plastic parts manufactured via the plastic injunction method with environmental friendly paper materials.

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 also 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 eects 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.

In 2021, the overall manufacturing plant site waste total amount was statistically calculated to be approximately 4,434.798 tons (including Philippines factory), among which the amount of non-hazardous wastes was 4,293.92 tons, accounted for 96.82% of the entire waste amount; the amount of hazardous wastes was 140.87 tons, accounted for 3.18% of the entire waste amount.

Environmental Sustainability

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Total Waste Generated during the Most Recent Three Years   Unit: tonnes

		2019	2020	2021
Taiwan	Non-Hazardous Waste	345.37	622.70	581.91
	Hazardous Waste	15.58	21.20	28.67
China	Non-Hazardous Waste	2519.00	2253.65	2779.00
	Hazardous Waste	96.00	94.30	97.96
Philippines	Non-Hazardous Waste	0.00	0.00	933.01
	Hazardous Waste	0.00	0.00	14.25
Total		2975.95	2991.84	4434.80

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

Note 2: The data of the plants in the Philippines was also added to the total amount of greenhouse gas emissions in 2021.

Carbon Emissions Management

To cope with the climate transformation and warming throughout the world, greenhouse gas reduction becomes very important work. Sercomm plans to reduce its carbon emission one step at a time and tries various approaches to achieve reduction of greenhouse gas emissions. The objective and priority of such reductions are set according to the selfinspection results, so that the subsequent reduction process may be more effciency, and the result of such reduction could be verified accordingly.

Since 2014, Sercomm has started to participate in CDP to conduct greenhouse gas inventory checking in stages in order to disclose the greenhouse gas emission of the Group. Over the past years, Scope 2 has been the main scope of greenhouse gas emission of the Group (accounted for more than 97% of the total emission). The greenhouse gas emission reduction strategy of the Sercomm focuses mainly on the internal energy management of the plant.

2021 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	73.85	0	73.85	0	0	180.00	0	0	180.00	0	616.10	0	0	616.10	0
Hazardous Waste	28.67	19.55	9.12	0	0	97.96	0	97.96	0	0	14.25	0	14.25	0	0
Recyclable Waste	508.07	0	0	0	508.07	2,599.00	0	0	0	2,599.00	316.92	0	0	0	316.92
Total Waste	610.58	19.55	82.96	0	508.07	2,876.96	0	97.96	180.00	2,599.00	947.26	0	14.25	616.10	316.92

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Greenhouse Gas Emission (2014～2021)

(Unit: tonne CO2e/Each Million NT)

	Unite	2014	2015	2016	2017	2018	2019	2020	2021
Scope 1 GHG Emissions	Ton/CO$_2$e	223.43	249.38	258.46	157.32	418.81	3173.45	386.81	312.35
Scope 2 GHG Emissions	Ton/CO$_2$e	23781.07	24858.95	26561.53	28498.88	28994.76	26679.38	25734.67	33492.80
Scope 1&2 GHG Total Emissions	Ton/CO$_2$e	24004.50	25108.32	26819.99	28656.20	29413.57	27052.83	26121.48	33805.15
GHG Emissions Intensity	Tons CO$_2$e /Million NTD	1.04	0.72	0.73	0.74	0.88	0.85	0.72	0.77

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. Increase the GHG emissions from the production and operation of the Philippine plant in 2021

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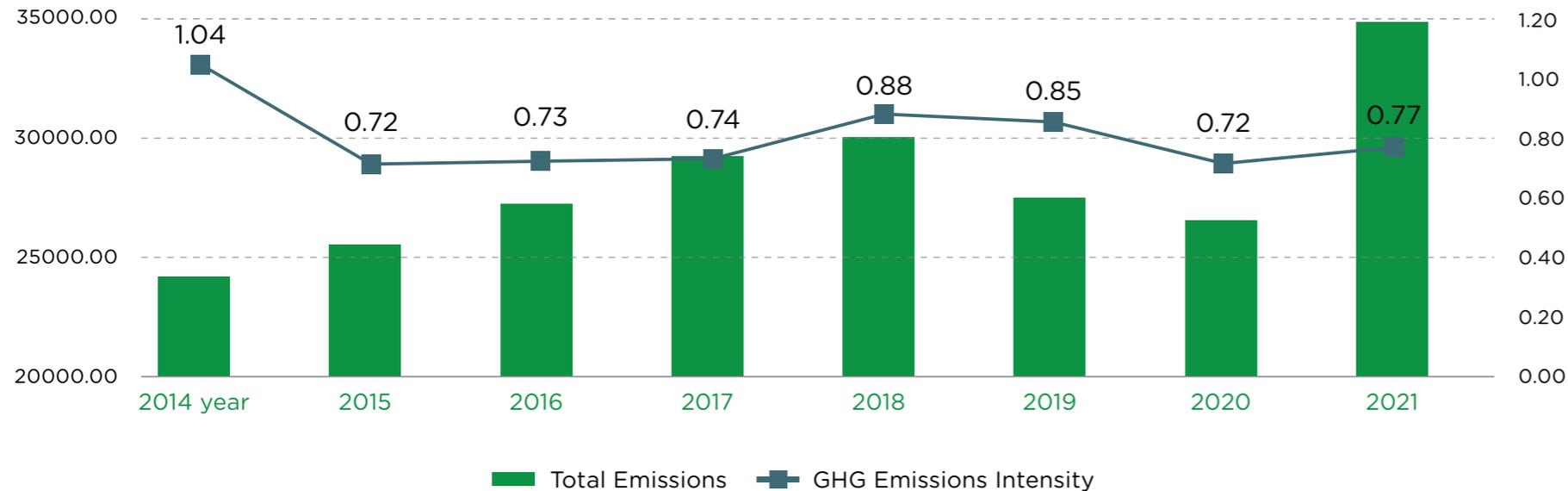
Environmental Expenditure

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 first 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.

Environmental expenditure Items

NT$ thousand

Category	Item	Environmental Expenditures
System Establishment and Training Fee	ISO 14001 Certification Fee	$ 921.88
Environment Monitoring Fee	Environment Monitoring Expenses	$ 242.20
Equipment Improvement and Maintenance Fee	Environmental Prevention Equipment Maintenance Fee	$ 2,990.05
	LED Lighting Replacement	$ 575.33
	Environmental Improvement Fee	$ 796.79
Pollution Prevention and Control Fees	Waste Disposal Fees	$ 776.53
	Sewage Treatment Fees	$ 1,246.65
Total		$ 7,549.44

Pollution Prevention and Control Fees 27%

System Establishment and Training Fee 12%

Environment Monitoring Fee 3%

Equipment Improvement and Maintenance Fee 58%

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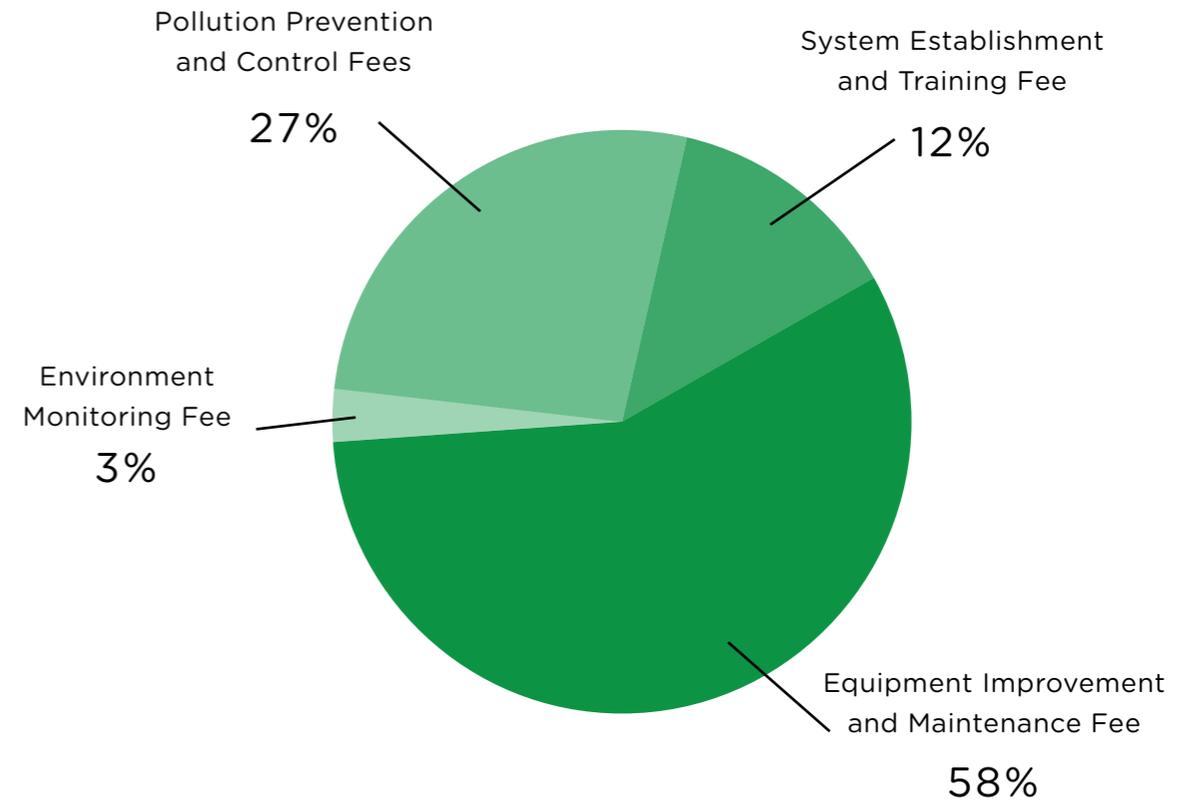
4.2 Green Products

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

President/CEO
- CTO
  - Product Assurance
  - R&D Center
  - Component Engineering
- COO
  - Production Control
  - Quality Assurance
  - Supplier Management

Supplier Management
-Product Quality Contract
-Green Product Audit

Component Approval
-Certificate of Conformity
-Supplier Test Report

Incoming Quality Inspection
-Test Equipment
-Test Method
-Test Frequency
-Human Qualification

In Process Quality Control
-Sub-material Inspection
-RoHS Test
-Periodically Test

Products Control
-Follow Customer Requirement

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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 2021, the registration of product waste recycling in 6 countries, including Germany, Italy and France, had been completed.

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

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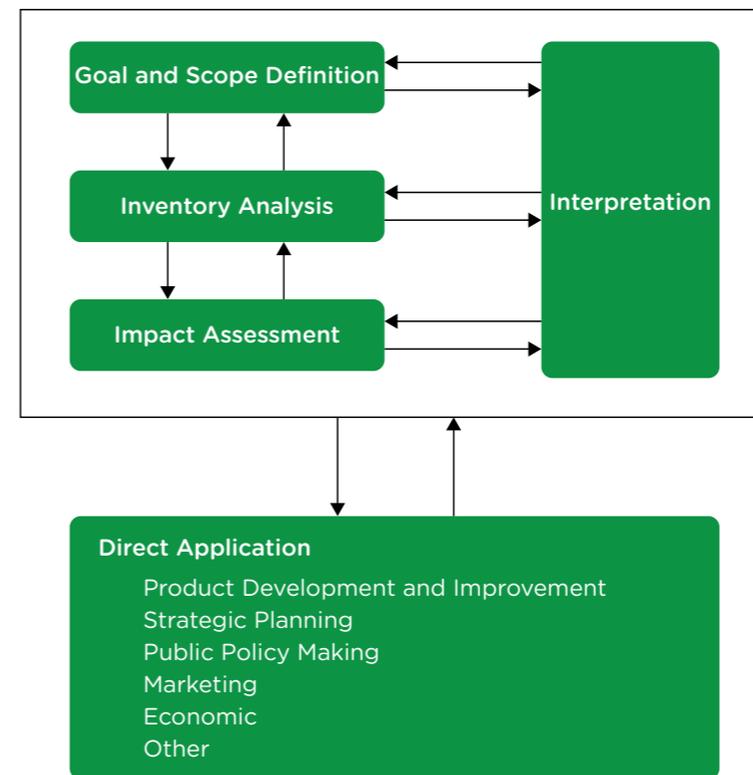
Hazardous Substances Management

```
        ┌──────────────────────────┐
        │   Customer               │
        │   Requirement/Regulations│
        └──────────────────────────┘
                    │
                    ▼
        ┌──────────────────────────┐
        │   Sercomm Harzardous     │
        │   Substances Control List│
        └──────────────────────────┘
                    │
  Green             ▼
┌──────────┐   ┌──────────────────────────┐
│ Supplier │◄─►│   GP Database            │
└──────────┘   └──────────────────────────┘
  Approval          │
  Data              ▼
        ┌──────────────────────────┐
        │   Output                 │
        └──────────────────────────┘
                    │
                    ▼
        ┌──────────────────────────┐
        │   Custoner/Consumer      │
        │   Disclose Information   │
        └──────────────────────────┘
```

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 2021, 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 2021, 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.
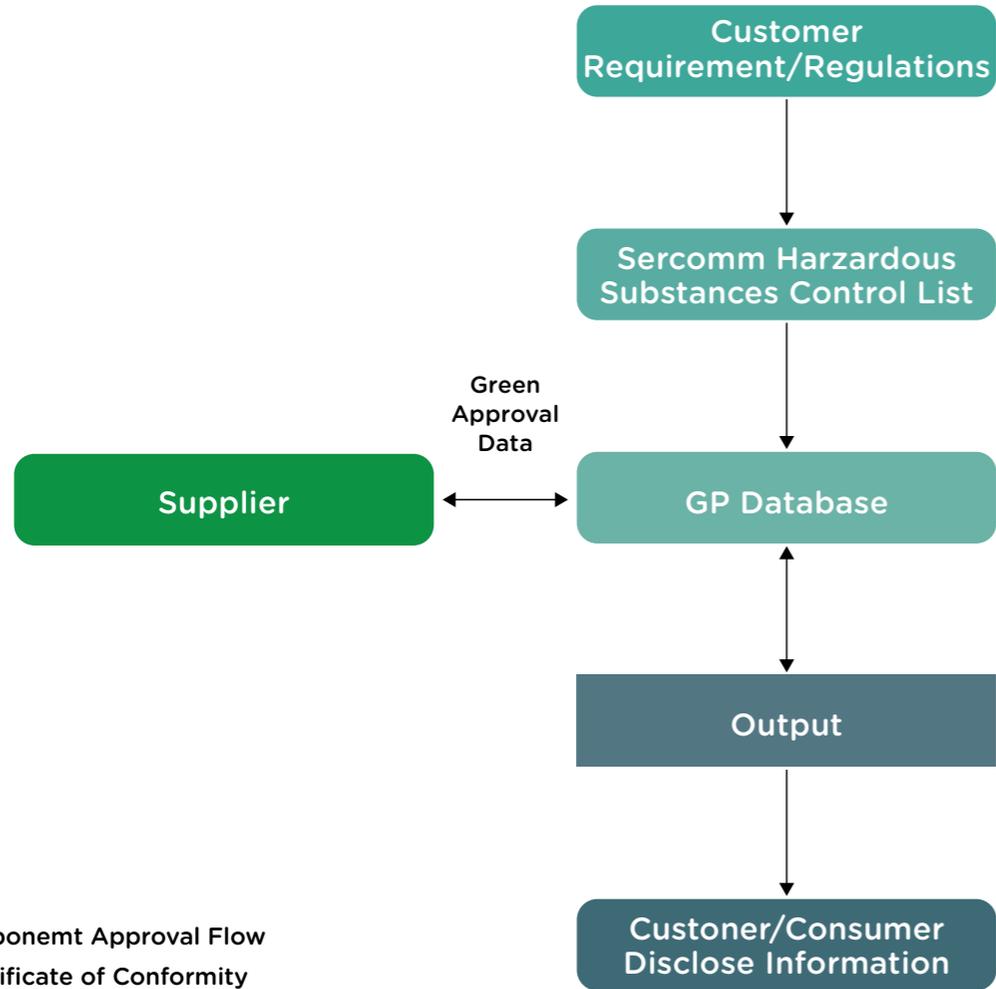
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Product Carbon Footprints

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 eect 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 eect of green logistics management.

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 office 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 suffciently 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 effciency of air conditioner
8. Control the air conditioner temperature at 26~28 °C

9. Install water-effcient 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 effciency, 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 Zhunan plant with variable-frequency ones for energy conservation.

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Energy and Resource Usage

Electricity

The primary source of energy for Sercomm's Taiwan and China sites is electricity. In 2021, Sercomm headquarter 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 Zhunan 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 eff orts to continue to increase its turnover. To improve the efficiency of energy management, Sercomm plans to start introducing the ISO 50001 energy management system at each plant from 2022 to improve energy use through a systematic approach.

Unit: GJ

	2019	2020	2021
Taiwan	34,908	41,562	42,294
China	102,988	97,780	99,745
Philippines	-	-	33,128
Total Electronic Consumption	137,896	139,342	175,167
Electricity Intensity	4.38	3.86	3.99

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 effciency 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: M^3

	2019	2020	2021
Taiwan	30,106	45,470	48,317
China	163,405	169,881	168,597
Philippines	-	-	18,139
Total Water Consumption	193,511	215,351	253,052
Water Intensity	6.60	5.97	5.35

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

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Effects of the Energy Conservation Measures

Sercomm is dedicated to upgrading the effciency 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 effciency 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.

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.

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.

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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 Programme (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 adsorption are integrated to effectively reduce the unit exhaust gas volume (VOCs) by about 40%.

Diversified Workplace and Shared Value

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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

2021 Achievements

Talent Strategy and Diversified Workplace

· Foreign employees from 23 Countries

· 2021 Linkedin Talent Award "Diversity Champion" Finalist (Taiwan)

· 95.2% of Sercomm's supervisors are assumed by local employees

· The employment rate of people with disabilities has reached 1.31%, higher than the rate set by government regulations.

Talent Training

· The training coverage rate in Taiwan has reached 97.3%

· The global training coverage rate has reached 88.2%

· The number of persons completing online training has increased by 1.9 times

Safe and Healthy Workplace Environment

· There was no major occupational disaster at any global location.

· The retention rate of the male and female employees staying with the Company for over one year after unpaid parental leave was 100%

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 2021, Sercomm has hired about 4,471 employees throughout the world, including 39.2% in Taiwan, 47.6% in Mainland China, and 13.2% thereof in the other territories. The male employee ratio was 56.4%, the female employee ratio was 43.6%. By categories of employees, its direct employees accounted for 44.2% and indirect employees 55.8% in the world. The average age of the employees was 34 years old. (The aforementioned statistics do not include dispatched workers, outsourced workers.)

Sercomm Employee Categories

Employer - Employee Relations	Taiwan		China		Other Sites		Total
	People	%	People	%	People	%	
Permanent/ Contract	1,753	39.2%	2,126	47.6%	592	13.2%	4,471

※ 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

Global Distribution of Employees — Taiwan 39.2%, China 47.6%, Other Sites 13.2%
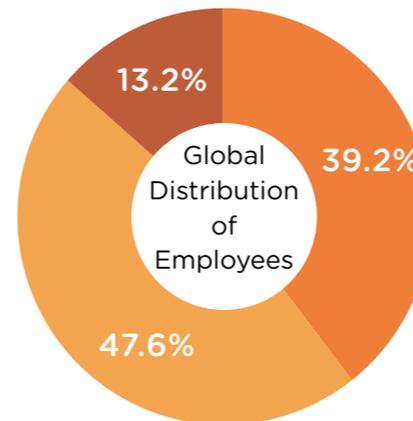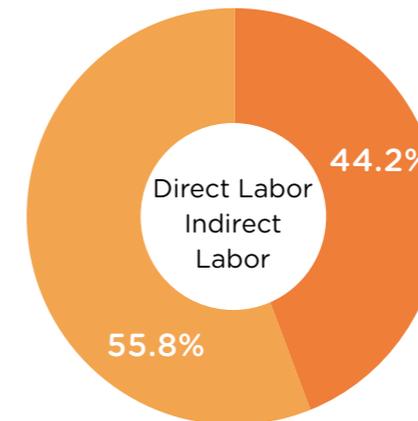
Direct Labor Indirect Labor — Direct Labor 44.2%, Indirect Labor 55.8%

Employee Gender Composition — Male 56.4%, Female 43.6%
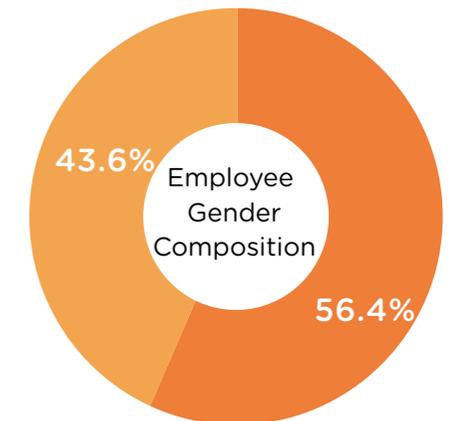
Employment Types, Employee Categories, and Employee Age Ranges

Category		Taiwan				China				Other Sites				Total			
		Male	%	Female	%	Male	%	Female	%	Male	%	Female	%	Male	%	Female	%
Employment Contracts	Regular (Full-time)	730	55.8%	579	44.2%	1,318	62.1%	803	37.9%	382	65.6%	200	34.4%	2,430	60.6%	1,582	39.4%
	Contract (Full-time+ Part-time)	78	17.6%	366	82.4%	4	80.0%	1	20.0%	9	90.0%	1	10.0%	91	19.8%	368	80.2%
Employee Categories	Direct labor (DL)	213	24.8%	646	75.2%	600	67.9%	284	32.1%	140	60.6%	91	39.4%	953	48.3%	1,021	51.7%
	Indirect labor (IDL)	595	66.6%	299	33.4%	722	58.1%	520	41.9%	251	69.5%	110	30.5%	1,568	62.8%	929	37.2%
Age Ranges	Below 30	189	46.3%	219	53.7%	614	67.5%	295	32.5%	123	66.1%	63	33.9%	926	61.6%	577	38.4%
	30 (inclusive) to 49	523	45.4%	630	54.6%	691	57.6%	508	42.4%	230	63.7%	131	36.3%	1,444	53.2%	1,269	46.8%
	Higher than 50	96	50.0%	96	50.0%	17	94.4%	1	5.6%	38	84.4%	7	15.6%	151	59.2%	104	40.8%
	Total	808	46.1%	945	53.9%	1,322	62.2%	804	37.8%	391	66.0%	201	34.0%	2,521	56.4%	1,950	43.6%

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, office 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 2021, Sercomm hired foreign employees from 23 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 2021 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 2021, 95.2% 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	82.6%
Middle Management	94.1%
Junior Management	99.2%
Total	95.2%

Note 1: Definition of local personnel: holders of nationality/a passport/an indefinite residence permit of the permanent work location, including managerial staff 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

Note 3: Due to the adjustment made in 2021 to provide greater uniformity in the identification of the Group's management positions, the percentage in 2021 was slightly lower compared with 98% in 2020.

Diversified Workplace and Shared Value

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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 providing assistance to 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 to 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.

Recruitment Advertisement to Attract Fresh Graduates

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

Collaboration Between Industry and Academia

In 2021, a total of 3 campus recruitment events were held, and a total of 20 students were introduced.

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	58	27.2%	60	9.3%	293	48.8%	105	37.0%	39	27.9%	40	44.0%
	Under 30 (X<30)	44	45.4%	15	9.0%	202	72.9%	84	81.6%	20	50.0%	14	100.0%
	30-50 (30 ≦ X<50)	14	12.8%	38	9.0%	91	29.3%	21	11.6%	19	19.0%	26	34.2%
	50 Up (X ≧ 50)	0	---	7	12.3%	0	---	0	---	0	---	0	---
IDL	All Ages	119	20.0%	71	23.7%	186	25.8%	120	23.1%	135	53.8%	66	60.0%
	Under 30 (X<30)	50	54.3%	23	44.2%	157	46.6%	88	45.8%	71	85.5%	43	87.8%
	30-50 (30 ≦ X<50)	65	15.7%	47	22.6%	29	7.6%	32	9.8%	57	43.8%	22	40.0%
	50 Up (X ≧ 50)	4	4.5%	1	2.6%	0	---	0	---	7	18.4%	1	16.7%
	Total	177	21.9%	131	13.9%	479	36.2%	225	28.0%	174	44.5%	106	52.7%

※ 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	74	34.7%	80	12.4%	480	80.0%	237	83.5%	29	20.7%	15	16.5%
	Under 30 (X<30)	46	47.4%	40	24.0%	332	119.9%	146	141.7%	12	30.0%	4	28.6%
	30-50 (30 ≦ X<50)	26	23.9%	38	9.0%	147	47.3%	91	50.3%	17	17.0%	11	14.5%
	50 Up (X ≧ 50)	2	28.6%	2	3.5%	1	8.3%	0	---	0	---	0	---
IDL	All Ages	65	10.9%	63	21.1%	188	26.0%	103	19.8%	109	43.4%	42	38.2%
	Under 30 (X<30)	21	22.8%	14	26.9%	107	31.8%	65	33.9%	50	60.2%	23	46.9%
	30-50 (30 ≦ X<50)	37	8.9%	47	22.6%	81	21.3%	37	11.3%	51	39.2%	19	34.5%
	50 Up (X ≧ 50)	7	7.9%	2	5.1%	0	---	1	100.0%	8	21.1%	0	---
	Total	139	17.2%	143	15.1%	668	50.5%	340	42.3%	138	35.3%	57	28.4%

※ Turnover Rate：Number of Departed Employee 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 provideallowances 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.

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	118	108	91.5%
	Under 30 (X<30)	59	55	93.2%
	30-50 (30 ≦ X<50)	52	46	88.5%
	50 Up (X ≧ 50)	7	7	100.0%
IDL	All Ages	190	169	88.9%
	Under 30 (X<30)	73	66	90.4%
	30-50 (30 ≦ X<50)	112	99	88.4%
	50 Up (X ≧ 50)	5	4	80.0%
Total		308	277	89.9%

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 self 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 2021, the retention rate of indirect labor employees reached 88.9%, and the retention rate of direct labor employees reached 91.5%, 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.

5.2 Human Rights Protection

Human Rights, Diversity, and Inclusion

Sercomm supports and follows The United Nations Global Compact, we also support "Universal Declaration of Human Rights (UDHR)", "the UN Global Compact (UNGC)", and "the ILO Declaration on Fundamental Principles and Rights at Work". While committed to establishing a high performance multinational enterprise, Sercomm treats everyone equally and fairly regardless of their race, religion, skin color, nationality, age, gender identity, sexual orientation, marital status, or political affiliation. During the recruitment, employment, training, performance management, and promotion processes, Sercomm forbids any form of discrimination or different treatment on the basis of the aforementioned factors. With respect to gender equality, Sercomm complies with the regulations of the "Act of Gender Equality in Employment" to create a gender-friendly workplace and to prevent sexual harassment and gender discrimination at work. Sercomm pays close attention to and places particular importance on the issues of human rights protection, regularly provides relevant education and training, and continuously improves internal prevention and response mechanisms, so as to raise the awareness of human rights protection among all supervisors and employees and reduce potential risks. The topics of educational courses include: Human Rights Protection, Illegal Infringement, Workplace Violence, Friendly Workplace Communication, Definition and Prevention of Sexual Harassment, etc. In 2021, a total of 1,880 new employees across the globe participated in the training on human rights protection.

Gender Distribution of Management and Technical Positions

Management Levels	Taiwan				China				Other Sites				Total			
	Male	%	Female	%	Male	%	Female	%	Male	%	Female	%	Male	%	Female	%
Management staff	138	82.1%	30	17.9%	122	75.8%	39	24.2%	23	82.1%	5	17.9%	283	79.3%	74	20.7%
Senior Management	17	81.0%	4	19.0%	0	---	0	---	2	100.0%	0	---	19	82.6%	4	17.4%
Middle Management	91	82.7%	19	17.3%	70	82.4%	15	17.6%	7	87.5%	1	12.5%	168	82.8%	35	17.2%
Junior Management	30	81.1%	7	18.9%	52	68.4%	24	31.6%	14	77.8%	4	22.2%	96	73.3%	35	26.7%
Technical Staff	304	82.8%	63	17.2%	381	67.4%	184	32.6%	75	93.8%	5	6.3%	760	75.1%	252	24.9%
Others	366	30.0%	852	70.0%	819	58.5%	581	41.5%	293	60.5%	191	39.5%	1,478	47.6%	1,624	52.4%

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).

Diversified Workplace and Shared Value

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Employee Diversity and Inclusion

Sercomm has a total of 357 employees at management levels across the globe, 79.3% of whom are male and 20.7% are female; there are a total of 1,012 technical employees, 75.1% of whom are male and 24.9% are female; there are a total of 3,102 other employees, 47.6% of whom are male and 52.4% 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 2021, all Sercomm global sites meet the specifications, and there is no employment of underage workers or child labor.

Sercomm supports the employment of persons with disabilities. Since 2014, it has increased the number of employees with physical and mental disabilities. As of 2021, there should be a total of 23 employees with disabilities. The number of such employees hired in 2021 accounted for 1.3% of the total employees hired in Taiwan. The job descriptions cover those of the production line workers, engineers, and in-house professionals, et al. All of the employees with physical and mental disabilities adapt to the environment successfully and exert their specialty when performing their job duty, upon adequate arrangement in their working environment.

Sercomm Disabled Employees Hired in Taiwan

Weighted Headcount	23
Total Number of Employees	1,753
Employment Ratio	1.31%

Note: The weighted headcount of employees with disabilities is calculated in accordance with Paragraph 4 and Paragraph 6 of Article 38 of the "People with Disabilities Rights Protection Act". For employees with severe disabilities, one full-time employee is counted as two employees, and two part-time employees are counted as one employee. For employees with mild/moderate disabilities, one full-time employee is counted as one employee, and two part-time employees are counted as one employee. For the total headcount, only the integer part of the number is taken into account, and all decimal places are truncated. The ratio to the total number of employees is calculated by the formula: Weighted headcount/Total number of employees as of December 31 of the year.

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. · 1.31% of employees with physical disabilities are employed, which is better than the legal requirement. · Equal pay for equal work. · The approval rate for baby-sitting applications is 100%, and the rate of reinstatement to work continuously for more than one year is 100%. · In the Taipei office and the Zhunan plant, 25 and 54 colleagues, respectively, reported maternity protection and received care. · No workplace violence or sexual harassment related incidents in 2021. · 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 2021. · 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

According to the operation and talent development goals, Sercomm develops learning and development strategies and enhances the professionalism and high competitiveness of employees through the hybrid learning model of in-person and digital courses. In addition to continuously providing training for key talents, Sercomm is also committed to creating online courses and achieving resource sharing, so that employees can continue to learn regardless of the disruptions caused by the COVID-19 pandemic, locations, etc. In 2021, the total training hours amounted to 46,747, with an average of 10.5 hours per person.

Sercomm's Learning and Development Strategies

Operational Objectives and Organizational Strategies

Talent Development Strategy

Hybrid Learning Environment

Talent Performance Improvement

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

2021 Training Hours

Region	Employee Type	Training Hours	Average Training Hours per Person
Taiwan	Production Line Workers	13,383.0	15.6
	Non-Managerial Level	5,971.2	8.2
	Managerial Level	2,202.9	13.1
	Total	21,557.2	12.3
China	Production Line Workers	7,850.0	8.9
	Non-Managerial Level	10,333.5	9.6
	Managerial Level	1,679.0	10.4
	Total	19,862.5	9.3
Other Sites	Production Line Workers	3,649.6	15.8
	Non-Managerial Level	1,578.7	4.7
	Managerial Level	99.0	3.5
	Total	5,327.3	9.0
Total	Production Line Workers	24,882.6	12.6
	Non-Managerial Level	17,883.4	8.4
	Managerial Level	3,981.0	11.2
	Total	46,747.0	10.5

※ 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.

Talent Learning

Diverse Training Channels—Develop Talent Potential

Talent training and potential development are the keys to business success and sustainable operation. Sercomm provides its employees with diverse training channels and learning resources to enable them to fully develop their potential. In addition to professional training on the job site, Sercomm also encourages its employees to participate in external training to continuously improve their expertise and strengthen individual and organizational competitiveness.

Work Sites

Subsidies For External Training

Key Training

Online Courses

2021 Training Coverage Rate

Region	Employee Type	Training Hours	Number of Employee on Duty	Training Coverage Rate
Taiwan	Production Line Workers	859	859	100.0%
	Non-Managerial Level	695	726	95.7%
	Managerial Level	151	168	89.9%
	Total	1,705	1,753	97.3%
China	Production Line Workers	622	884	70.4%
	Non-Managerial Level	1,042	1,081	96.4%
	Managerial Level	157	161	97.5%
	Total	1,821	2,126	85.7%
Other Sites	Production Line Workers	141	231	61.0%
	Non-Managerial Level	253	333	76.0%
	Managerial Level	25	28	89.3%
	Total	419	592	70.8%
Total	Production Line Workers	1,622	1,974	82.2%
	Non-Managerial Level	1,990	2,140	93.0%
	Managerial Level	333	357	93.3%
	Total	3,945	4,471	88.2%

※ Number of training participants: the current employees in the job group who have participated in education and training as of the end of the year.

※ Training coverage rate = Number of training participants in the job group/Number of people in this job group at the end of the year.

Focused Training:

Nurturing key talents for enterprises

- In 2021, Sercomm focused on "leadership", "English presentation" and "professionalism" to cultivate key talents.

- In 2021, the key personnel cultivation program targeted at potential personnel nominated by the unit for management positions, R&D, business, and product project planning management to strengthen their professional field functions. The cumulative number of participants was 287 and the cumulative number of training hours was 1,191.

Case Study of Key Talent Development Program

| Leadership | To continuously develop the leadership skills of our supervisors, Sercomm conducts routine "situational leadership" training for all supervisors at the classroom level and above to establish a common corporate management language and communication pattern. | |

| English Presentation | As Sercomm continues to grow internationally, the ability to speak English has become a key competency for our employees. In 2021, we continued to provide training on "English presentation" for R&D staff who are facing overseas customers' needs, to develop systematic English presentation skills. | |

| Professionalism | For R&D, project management, and business staff, we provided project management courses to train them on project management mindset, and invited in-house instructors to conduct 2 levels of "product flow management", 5 levels of "BOM table and material usage" training, and Problem Solving Training. Through experience transfer, colleagues are able to understand the internal product-related management processes and improve work efficiency. | |

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On Line 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 2021, 72 professional courses, 17 general courses, and 5 new recruit courses were added, amounting to a total of 10,214 course hours. As of the end of 2021, there were over 300 self-made digital courses available for employees to take.

Number of Online Courses

New Launch: 94 Courses   Accumulation: 336 Courses

Learning Status of Online Courses

Courses Completed: 35,480   Total Learning Hours: 10,214

Evolution of Learning Mode

Total Online Learning Hours: 1.9 Times More Than 2020
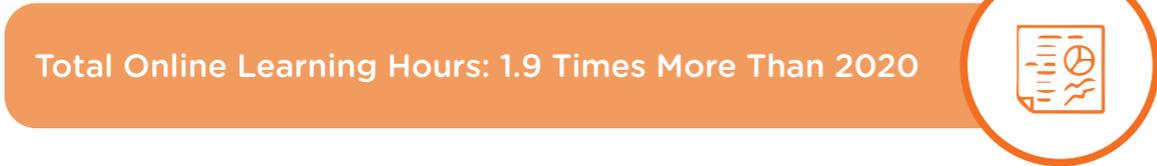
Increase in the Number of Digital Learning Courses

	Professional Course	General Course	New Hired Course
2021	72	17	5
2018-2020	137	73	32

■ 2018-2020 ■ 2021
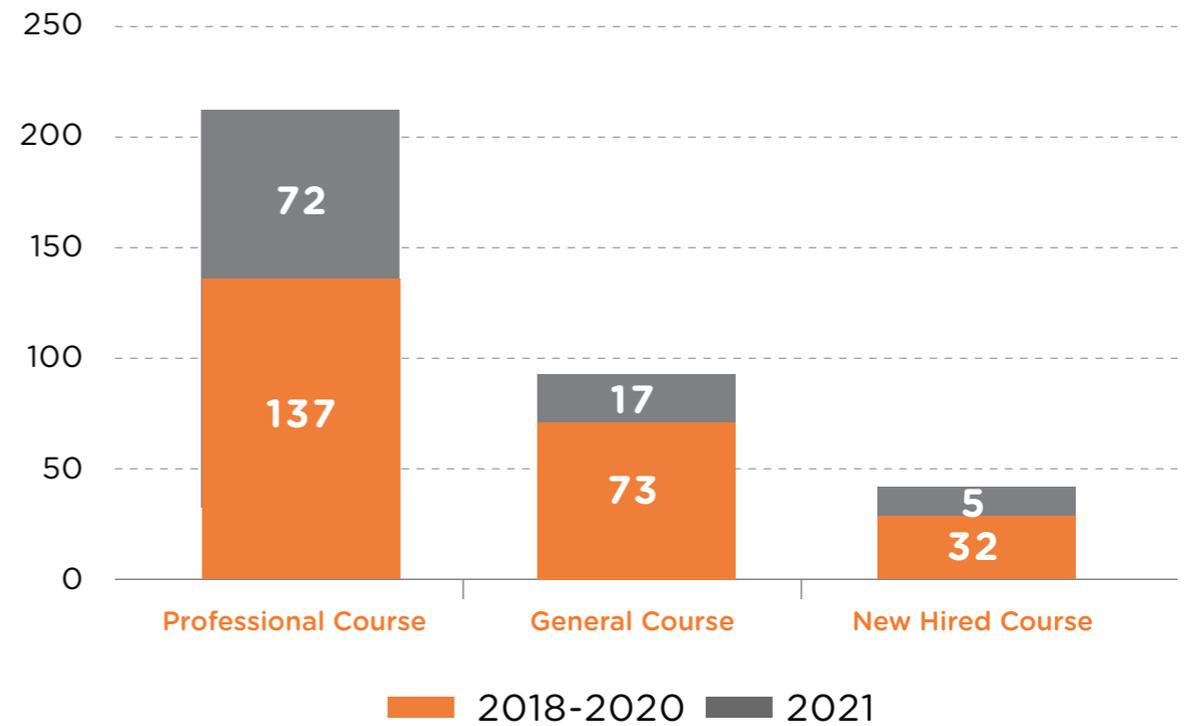
Examples of Digital Courses and Materials

Self-developed General Studies Program, Mandatory Information Security And Ethical Conduct for Employees Worldwide

The application of digital courses is not only used in professional courses, but also in general training. In 2021, we conducted group-wide training on the four themes of "information security," "improper interests," "human rights protection," and "business secrets," including locations in Taiwan, Mainland China, and the Philippines, to reinforce the Group's information security concepts and ethical codes of conduct.

Information Security

Improper Interests

Human Rights Protection
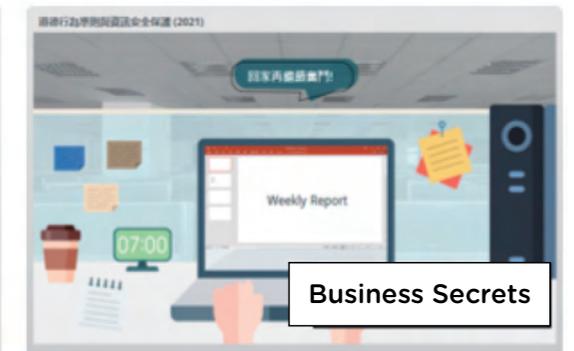
Business Secrets

Training of digital instructors
Produce professional teaching materials that are most relevant to the workplace

In the midst of the epidemic, the factory skipped its original training model, which focused on physical courses, and started to train in-house digital instructors to produce digital courses for production line related training, so that all local and foreign workers can quickly get up to speed. In 2021, the factory's in-house instructors conducted a total of 60 professional courses in English and Chinese for a total of 19,831 visitors. Sercomm values the knowledge transfer of internal lecturers and has organized the Popular Lecturer Cup to encourage internal knowledge transfer and to recognize the contribution of internal lecturers to create an organizational learning culture.

SERCOMM

Pack Personnel Education and Training

SERCOMM

Automatic Labeling Process and Operation
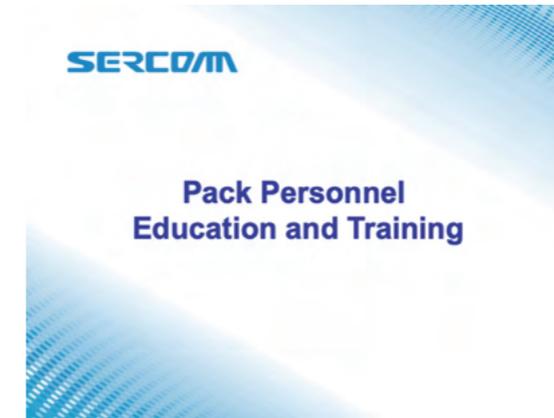
Newcomer Orientation Program

Newcomer Training Customization

Quickly acquire a variety of knowledge and information

In terms of personnel attributes, we divide them into different job categories such as "indirect personnel", "direct personnel", "dispatched personnel", and "foreign employees" to distinguish the organizational knowledge that they should learn and to establish a dedicated training for newcomers. We also set up a course of study to allow all newcomers to flexibly adjust their learning progress and develop the habit of independent learning during the regulated period from the date of registration.
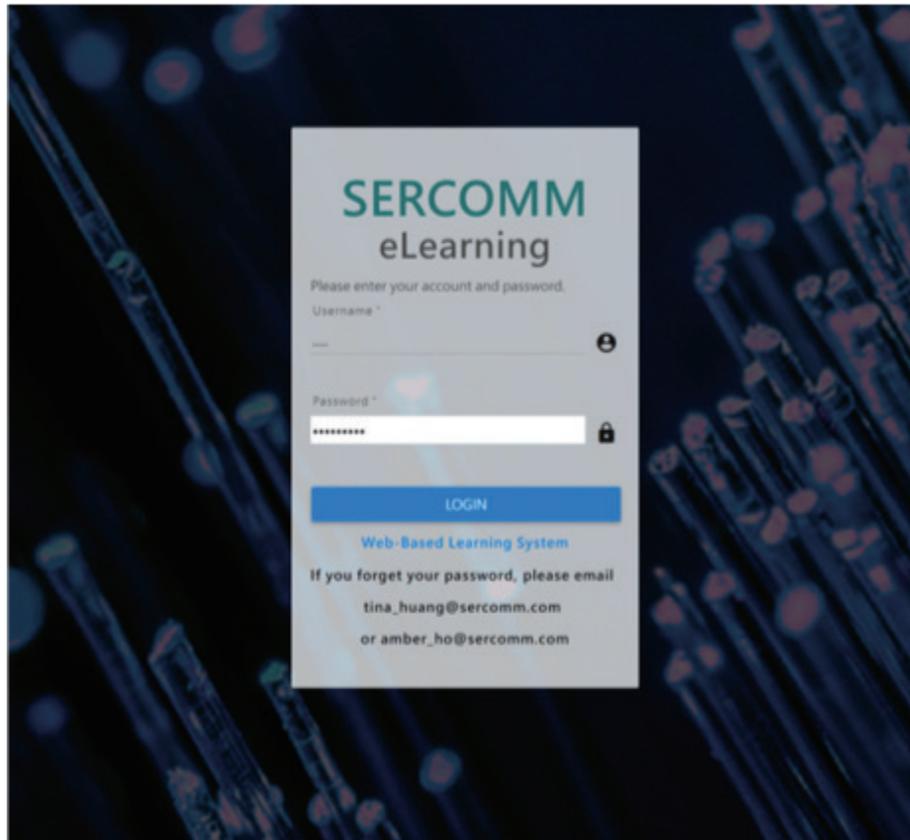
New Hire On Board Training

Number of Attendance: 329

New Hire Orientation (Zhunan- IDL)

Number of Attendance: 57

New Hire Orientation (Zhunan- DL)

Number of Attendance: 149

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 the 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, in order 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 aliation. Sercomm is dedicated to creating harmonious labor-management relationship as is permitted by law, so as to move forward toward sustainable operation.

In 2021, 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. In terms of annual salary, which includes basic salary, yearly allowance, and the annual bonus, the average male to female ratio for the salary of direct staff in Taiwan is 1:1.01. The ratio of general professional staff is 1:0.87, and the ratio of management positions is 1:0.76. In China, the average salary gender ratio for direct staff is 1 male per 1.01 female, 1 male per 1 female for general professionals, and 1 male per 0.77 female for management positions. 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	1.16	1.16	1.54	1.54

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	2020	Difference
Number of Employees	1,695	1,647	48
Total combined salary(unit: thousand NT$)	1,546,307	1,411,906	134,401
Average salary(unit: thousand NT$)	912	857	55
Median salary(unit: thousand NT$)	591	520	71

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.

Benefit

Sercomm works hard to build a friendly working environment, spares no eort 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	2020
Number of Employees	1,695	1,647
Benefit Expenses (NT$ Thousand)	22,436	15,734

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

Sercomm Employee Compensation & Benefit (Taiwan)

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

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 managementnot only focuses on the past, but also on the future. In addition to reviewing past achievements, Sercomm's supervisorsand personnel also discussed how to help improve personnel's abilities and career development opportunities. Through this mechanism, a total of 273 indirect personnel were promoted in 2021, with a promotion rate of 10.9%. Those who have been promoted continue to invest and grow in various professional fields, among which the promotion rate of women is 10%, men is 11.5%. (Promotion Rate = Number of Promoted Employees/Total Number of Employees)

Talent Development and Retention

| Year-end Bonus | Performance Bonus | Employee Dividends | Annual Salary Adjustment | Annual Promotion |

Reward According to Individual Performance Evaluation — Practice Employee Profit Sharing — Based on Market's Salary Trend — Explore and Cultivate Outstanding Talents

Performance Management Cycle

1. Goal Setting and Evaluation
2. Core Competency Measurement
3. Annual Performance Review and Career Plan
4. Employee Development Plan Performance Improvement Plan

Promotion Rates of IDL

Male			Female			Total		
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
1,568	180	11.5%	929	93	10.0%	2,497	273	10.9%
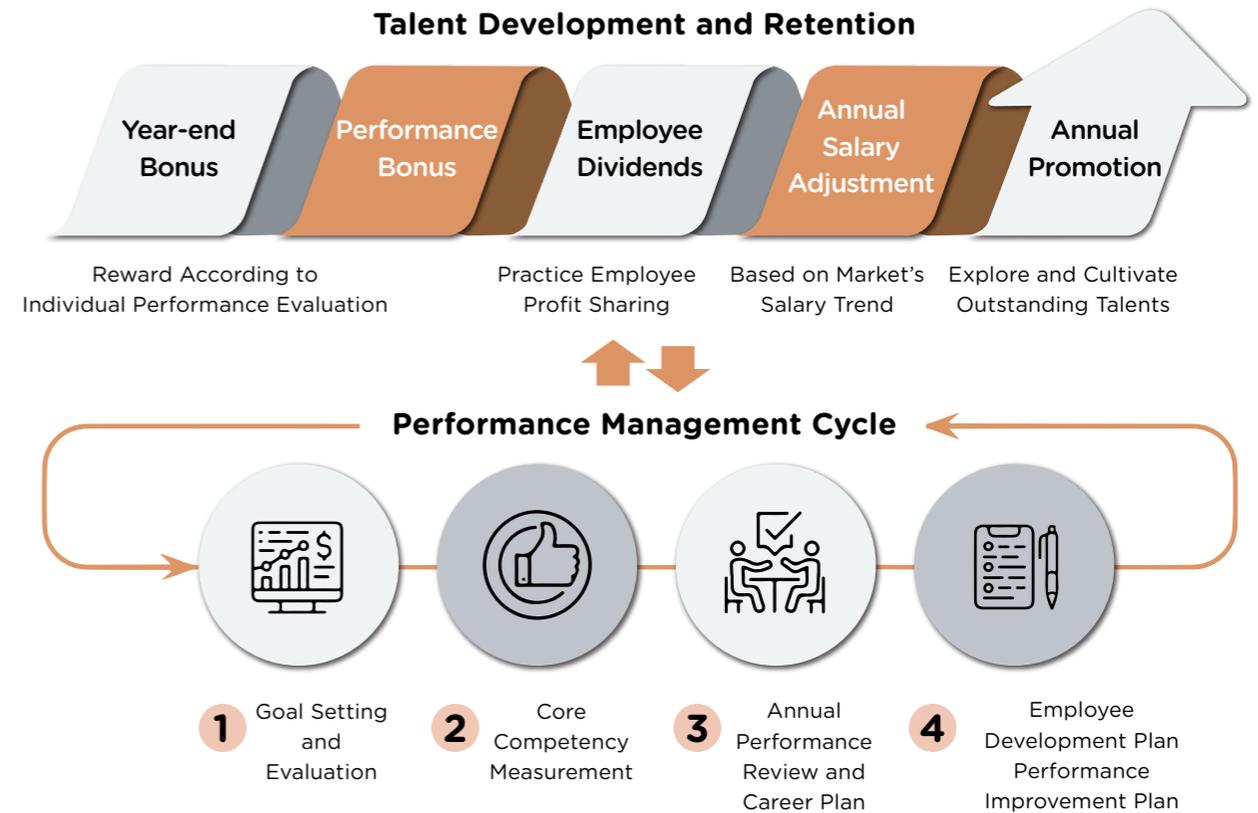
Performance Management Outcome

In 2021, the performance management coverage rate was 100%

(those who had been employed less than one year were not included in this performance management).

Diversified Workplace and Shared Value

About This Report | Letter from Chairman and CEO | Development of Corporate Operations | Stakeholder Engagement | Corporate Governance | Environmental Sustainability | **Diversified Workplace and Shared Value** | Appendix

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 subsidy for diagnosed with COVID-19 since 2021, 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.

Occupational Safety and Health Management Systems

The Company has established safety and health management units in Taiwan and mainland China as well as hired safety and health professionals to take charge of the planning, promotion, supervision, and assessment of safety and health management. The main plants have employed the Plan-Do-Check-Act (PDCA) cycle to systematically implement the occupational safety and health management and regularly review the implementation status of the occupational safety and health system, so as to prevent occupational illnesses and injuries and actively promote the physical and mental health of employees. They have also obtained the ISO 14001 and ISO 45001 international certification. In 2021, there was no major occupational disaster at any location.

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.
Goals	Continue to keep the number of major occupational disasters at zero.
Commitments	Take the safety and hygiene of the work environment seriously and strive to create a safe and healthy workplace.

Occupational safety and health certification for Sercomm's production locations in Zhunan, Taiwan and Suzhou, Mainland China
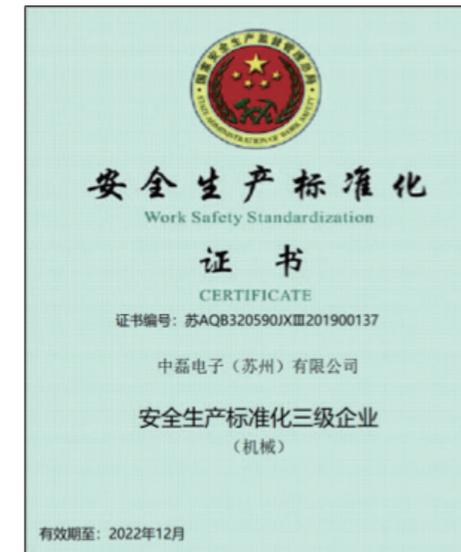
Occupational Safety and Health Committee

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. In mainland China, the Sercomm Electronic Security Committee has been established. 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.

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

In Taiwan, incident investigation and analysis are conducted according to the "Incident Investigation Procedures" to understand the occurrences of false alarms, abnormalities, injuries, and major incidents and to formulate countermeasures to prevent recurrences. Parallel inspections are conducted at each of the Company's plants, and preventive measures are implemented.

01 Notifications

02 Incident Investigations

03 Corrective and Preventive Measures

04 Document Signoffs

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.

Disaster Prevention Drills and Contingency Plan Drills

Sercomm 2021 Fire Drill, Electric Shock Emergency Drill, Food Poisoning Contingency Plan Drill

2021 Occupational Safety and Health Education Training Courses in Taiwan and Mainland China　　　　(T): Courses available in Taiwan; (C): Courses available in Mainland China

Topics	Course Name	Course Objectives	Cumulative Attendance
Occupational Safety and Health Regulations and Practices	・New Employee Orientation Training and Occupational Safety and Health Education Training (T) ・Introduction to Occupational Safety and Health Regulations (T)	・To provide new personnel with an understanding of safety and health related regulations, knowledge, fire safety and company rules. ・To provide employees with an understanding of regulations and to reinforce safety and security awareness.	153 460
Work Hazards and Safety	Principles of Hazard and Accident Assessment ・Hazard Identification and Risk Assessment (T) ・Supply Chain Security Pre-Audit Education Training (T) ・Major Accident Prevention and Investigation (C)	・Understand How to Perform Hazard Identification and Risk Assessment ・Educate internal auditors on the timing and execution of environmental safety audits of suppliers. ・Familiar with major incident prevention and investigation processes and operations.	16 5 115
	Various Hazard Knowledge and Prevention Drills ・Prevention of Workplace Hazards (I): Physical, Biological, and Human Hazards (T) ・Prevention of Workplace Hazards (II): Chemical Hazards (T) ・Chemical Hazard General Knowledge (T) ・Anti-Terrorism Protocol C-TPAT2.0(T) ・2021 Emergency Response Drill (T) ・2021 ERT Task Group Training (T) ・Chemical Safety Management Training (C) ・Natural Disaster Emergency Plan Desktop Drill (C) ・Emergency Plan for Electric Shock (C) ・Food Poisoning Emergency Plan Tabletop Drill (C) ・Fire Escape Physical Drill (C)	・To provide employees with knowledge of workplace hazards (physical/biological/human factors) and prevention. ・To provide employees with knowledge of the types of hazards (chemicals) in the workplace and their prevention. ・General education on hazardous chemical handling measures. ・Improve the safety knowledge and literacy of corporate employees. ・Enhance the familiarity and crisis awareness of each team member. ・Enhance the familiarity and crisis awareness of each team member. ・Familiar with chemical management and usage. ・The familiarity of the inspectors with the countermeasures and handling procedures for rainstorms, typhoons, lightning strikes and earthquakes. ・The familiarity of the inspectors with electrical safety, personnel rescue, site disengagement, and incident notification process. ・Understand the food safety and food poisoning emergency disposal process to enhance the ability of personnel to handle emergencies. ・Familiarize with the plant environment, strengthen the knowledge of emergency response and self-escape, and check the reliability of firefighting facilities.	393 382 350 964 969 663 10 10 10 8 699
	Unlawful Infringement and Prevention ・Wrongful Death in the Performance of Duties (Management Position) (T) ・Must Know (Prevention of Wrongful Acts by General Staff) (T)	・Provide unit managers with information about illegal infringements. ・Educate employees on preventive measures for physical or mental abuse caused by the actions of others while performing their duties.	80 964
Health Promotion and Personal Safety	・Health Seminar: Drug-free (T) ・Driving Safety is Everyone's Responsibility (T)	・Importance of a Healthy Diet. ・Strengthen the concept of driving safety and regulatory requirements for colleagues, and strengthen the concept of defensive driving.	20 971
Environmental Protection	・Environmental On-the-job Training (T)	・Enhance employees' knowledge and knowledge of environmental protection.	965

Safety Workplace Key Issues Training Plan and Implementation Results

The Occupational Safety and Health Administration of the Ministry of Labor and the Precision Machinery Research and Development Center of the Ministry of Labor provide hazard identification and risk management courses to improve the quality of risk identification skills of relevant management and enforcement personnel.

Attendees	Occupational Safety and Health Act Source Management Source	Machinery Safety - Risk Assessment and Risk Reduction Protection Measures	Practical Case Studies	Advanced Professional Technical Training
Training	14	14	14	2
Practical	14	14	14	2
Completion Rate	100.0%	100.0%	100.0%	100.0%

To strengthen the prevention of driving on motorcycles, we use online courses to promote the safety principles of traffic safety, general knowledge of traffic, notification of commuting accidents, "general knowledge of safety" and small tips for electric bikes on the road.

Attendees	3-Yes and 3-No Principles of Motorcycle Riding	General Traffic Knowledge, Commuter Accident Report and Investigation	Must-know Safety Measures	Road Tips for Electric Bikes
Training	971	971	971	971
Practical	971	971	971	971
Completion Rate	100.0%	100.0%	100.0%	100.0%
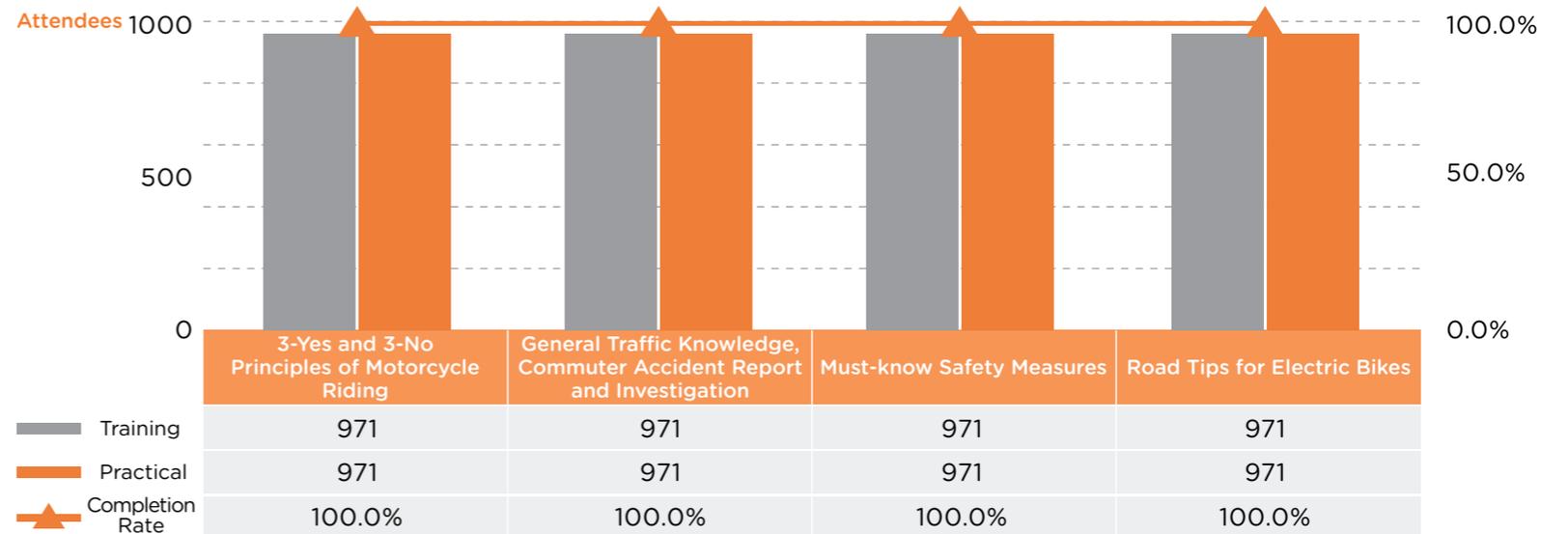
Safety Workplace Key Issues Training Plan and Implementation Results

To provide employees with an understanding of "general knowledge of fire safety" and "accident survival", online courses are offered to educate employees on firefighting equipment, escape and meeting points, as well as general knowledge of "safety" and accident survival that they should not be unaware of.

	Learn about Firefighting Equipment	Escape and Assembly Locations	Must-known about Safety	Accident Survival
Training	969	969	969	969
Practical	969	969	969	969
Completion Rate	100.0%	100.0%	100.0%	100.0%

In accordance with Subparagraph 1, Paragraph 1, Article 15 of the Enforcement Rules of the Fire Services Act of the National Fire Agency, the purpose of the self-management training provided to the members of the Self-Defense Firefighting Crew is to reduce disaster losses from fires, which includes knowledge of fires, knowledge of firefighting equipment, and fire alarm response procedures.

	Commanding Officer	Report Squad	Firefighting Class	Safety Protection Class	Evacuation and Guidance Class	Paramedic Class
Training	2	9	67	62	59	22
Practical	2	9	67	62	59	22
Completion Rate	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
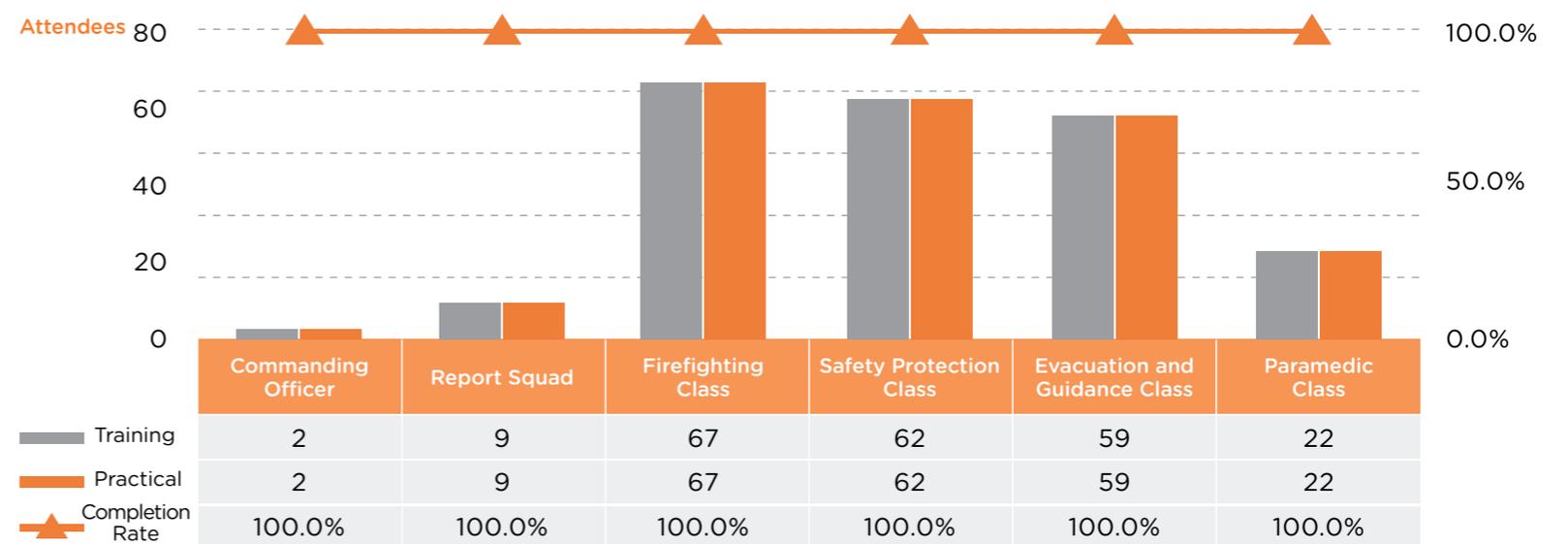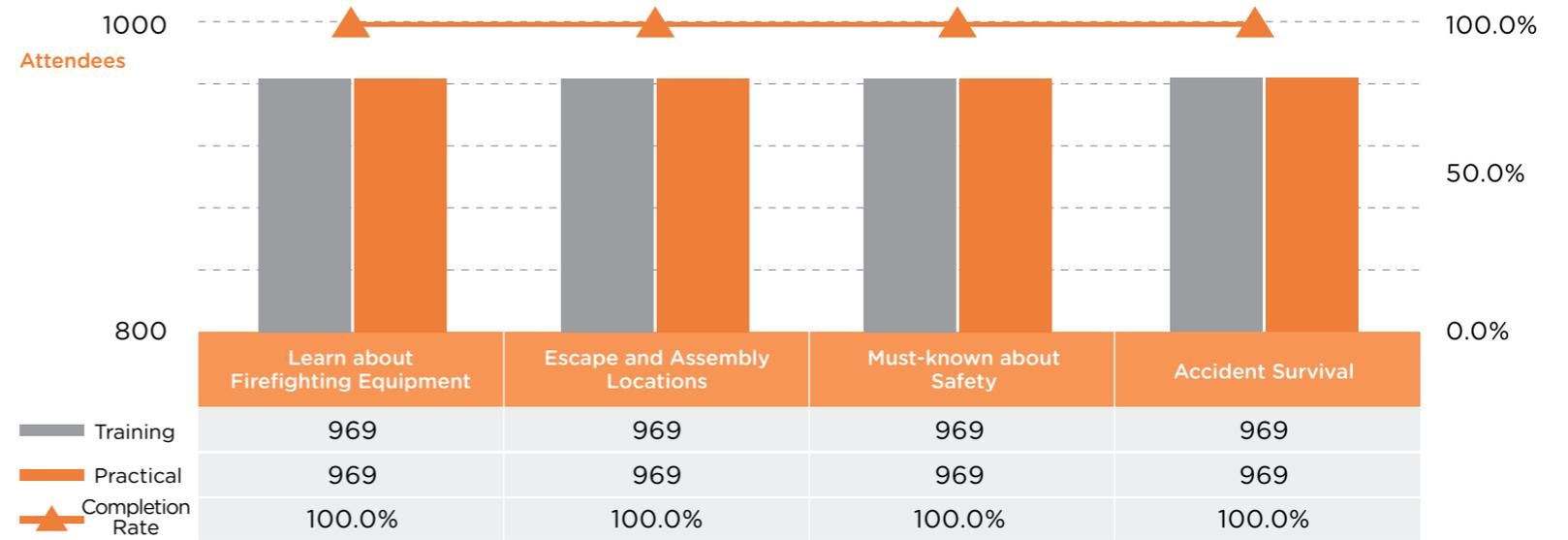
Occupational injuries and Occupational Diseases

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

Category	Indicators	Taiwan		China	
		Male	Female	Male	Female
Employees	Working Hours	1,597,120	1,882,816	2,703,320	1,642,400
	Number of fatalities	0	0	0	0
	Rate of fatalities	0.0	0.0	0.0	0.0
	Number of high-consequence work-related injuries	0	0	0	0
	Rate of high-consequence work-related injuries	0.0	0.0	0.0	0.0
	Number of recordable work-related injuries	2	1	1	0
	Rate of recordable work-related injuries	1.3	0.5	0.4	0.0
All non-employee workers whose jobs and/or work sites are controlled by the Company	Working Hours	34,236	27,192	3,463,380	1,737,540
	Number of fatalities	0	0	0	0
	Rate of fatalities	0.0	0.0	0.0	0.0
	Number of high-consequence work-related injuries	0	0	0	0
	Rate of high-consequence work-related injuries	0.0	0.0	0.0	0.0
	Number of recordable work-related injuries	2	3	0	0
	Rate of recordable work-related injuries	58.4	110.3	0.0	0.0

<Note>：

1. Data Range：Sercomm Headquarters、Sercomm (Suzhou)，Excluding traffic accidents
2. Calculation base :(Number of employee in January +…+ Number of employee in December) /12, calculated as an annual average, rounded to the nearest whole number
3. Rate of fatalities: (Death toll/Total working hours)X1,000,000
4. High-consequence work-related injuries: cannot recovered within 6 months
5. Rate of high-consequence work-related injuries: (Number of employees serious injuries / Total working hours) X1,000,000 (excluding death toll)
6. Rate of recordable work-related injuries: (Number recordable work-related injuries/ Total working hours)X1,000,000
7. Working hours: (Number of employees at the end of the year X Working days X Working hours per day)
8. Employees: Sercomm employees, regular + contract + student participants & interns
9. Non-employee workers whose jobs and/or work sites are controlled by the Company: including dispatched workers, outsourced workers, and contractors. Definition of contractors: independent contractors who provide long-term services for or at the Company (e.g., catering, cleaning, security, maintenance, etc.)

Status and Follow-up Improvement of Occupational Injury Cases

Case Type	Number of Persons Involved in the Case		Status Description	Follow-up Improvement
	Employee	Non-employee		
Clamped / Rolled Accident	1	0	Injuries caused by accidental use of wrapping machine.	Revise SOPs and strengthen anti-clamping safety measures.
Stabbed / Cut / Scratched	0	1	Failure to comply with the safety shoes in the finished goods warehouse.	Require all personnel to wear safety shoes when entering the finished goods warehouse.
Falling	1	0	Turning around in the work area and stepping on the wheelbarrow behind.	Define and label the location of the wheelbarrow.
Being bumped	0	1	Injured while using logistics tools in slope area.	Define slope practice specifications and revise them into ISO documents.
Clamped / Rolled Accident	0	1	When using test fixtures, the rules for removing the fixture before testing ceases are not followed, resulting in injury.	Revision of SOPs and improvement of assembly fixture engineering to increase equipment protection measures.
Collide	1	0	Personnel did not pay attention to the surrounding affairs in order to quickly overtake colleagues in front of them.	Training personnel should not rush in the operating area.
Being bumped	0	1	The personnel left the locker without closing the locker door, causing injuries to other personnel.	Educate colleagues on the need to close the locker door when leaving the locker.
Others	0	1	Crush injuries caused by failure to wear safety shoes when using logistics tools.	Pre-operation checklist added <safety shoes to be worn before operation > and specified non-compliance management measures.
Clamped / Rolled Accident	1	0	The employee put the right thumb inside the isolation box and crushed the thumb after the box was closed.	Injury prevention warning training and increased accident prevention warning signs.

Occupational Diseases

Category	Indicators	Taiwan		China	
		Male	Female	Male	Female
Employees	Number of Recordable Occupational Disease Cases	0	0	0	0
	Occupational Disease Deaths	0	0	0	0
	Occupational Disease Death Rate	0.0	0.0	0.0	0.0
All non-employee workers whose jobs and / or work sites are controlled by the Company	Number of Recordable Occupational Disease Cases	0	0	0	0
	Occupational Disease Deaths	0	0	0	0
	Occupational Disease Death Rate	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 below: "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 Care

In 2021, a total of 6 health checkups and 25 health consultation services and seminars were conducted in Taiwan and Mainland China. To ensure the work safety and physical and mental health of pregnant, postpartum, and breastfeeding female employees and to achieve maternal labor health protection, Sercomm conducts notification and graded management during the maternity protection period. In 2021, there were 25 and 54 notification during the maternity protection period in Taipei office and Zhunan factory respectively. After the evaluation of medical consultation, the level 1 of medical consultation and review is the most important. For level 2 or higher, the medical recommendation will be reported to the patient and the unit manager for follow-up management.

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
5. Appropriate Work for the Middle-Aged Program

Workplace Health
- **Health Screening Management**
- **Occupational Safety and Health Program**
  - **Tiered Management**
    - **Health Promotion**
      - **Events**
      - **Seminars**
      - **Advocacy**
    - **Health Management**
- **Health Care**
  1. Health Services Program
  2. Statistical Analysis of Injury and Illness Management in Medical Offices
  3. Occupational Medicine Clinical Services
  4. Health Promotion

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 aecting the employees' full attendance bonus or performance appraisal or rendering any decision against the employees. 123 Taiwan employees (53 female employees and 70 male employees) of Sercomm met the conditions for unpaid parental in 2021, including 36% female employees and 6% male employees who were granted the leave after all. Upon completion of the unpaid parental leave, 88% of the female employees were reinstated. After returning to one's job position, 100% of employees continue to remain at their job positions for more than one year indicating Sercomm's thorough implementation on gender protection.

Category	2020		2021	
	Male	Female	Male	Female
Number of Employees Entitled to Unpaid Parental Leave (A)	56	41	70	53
Number of Unpaid Parental Leave Applicants (B)	3	9	4	19
Rate of Unpaid Parental Leave Applicants (B/A)	5%	22%	6%	36%
Parental Leave in 2021 (C)	3	5	2	8
Actual Number of Employees Reinstated from Parental Leave (D)	3	2	0	7
Rate of Employees Reinstated from Parental Leave (D/C)	100%	40%	0%	88%
Actual Number of Employees Reinstated from Parental Leave in 2010 (E)	0	7	3	2
Number of Employees that Worked for One Year Since Returning from Parental Leave in 2010 (F)	0	7	3	2
Retention Rate for more than one year (F/E)	---	100%	100%	100%

Diversified Workplace and Shared Value

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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.

In order to promote physical fitness and train colleagues' exercising habit, Sercomm organizes contests for hiking, marathons, biking, football and rope skipping. During the pandemic in 2021, Sercomm held the Global Sercommers' Cup, encouraging Sercommers at home and abroad to respond to the pandemic prevention new lifestyle, replacing indoor gathering with outdoor activities on the premise of maintaining personal pandemic prevention measures, and conducting group competitions in combination with creative documentary short films. Personnel from all over the world actively participated with their own teams. In the process, they not only achieved sports effects, but also invited personnel to stay positive during the pandemic, pay attention to work-life balance, and let personnel cultivate adventurous spirit, team cohesion, and tacit cooperation in activities.

2021 Global Sercommers' Cup

Since 2020, due to the COVID-19 pandemic and the implementation of social distancing policies, Sercomm had held global events for two consecutive years and organized the Global Sercommers' Cup in accordance with local pandemic prevention policies, where Sercomm's employees combined creativity and team spirit to spread the positivity of Sercomm in the face of the pandemic across the globe.

Sercomm Global New Year Event

Since the launch of the first Sercomm Virtual Party in 2020, Sercomm again invited personnel from all over the world to participate in a live online event in 2021.

Chairman's Talk

- Chairman Mr. Paul Wang gave a speech to inspire Sercomm employees all over the world, deliver New Year's greetings.

Sing with Sercommer

- Through virtual conferencing, Sercomm employees demonstrated their creativity by performing the song, "What a Wonderful World", led by Ben Lin, CTO.

Sercomm Global New Year Virtual Party

· Sercomm held a second online New Year's Gala using the Webex Event platform to connect all Sercomm personnel from across the world to boost interaction and cohesion while staying safe from COVID-19.

Sercomm Acappella

· The managers and employees demonstrated their creativity by singing a cappella and dancing at the New Year's Gala.

Diversified Workplace and Shared Value

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Festival Events to Create a Festive Atmosphere at Work

Celebrating the Dragon Boat Festival

Sercommers' X'mas Is Coming to Town

Sercommers' X'mas Party

Diversified Workplace and Shared Value

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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 mployees 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.

Knowledge Economy

Rural Education

Environmental Conservation

Charity Event

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.

Care for Education

Walk for Love, Walk with Love

The second "Walk for Love, Walk with Love" Charity Walk Event was held and raised donations for the student assistance project organized by the Suzhou Industrial Park Charity Federation.

Support Charitable Events

· Donations of Receipts: along with a Christmas raffle event to encourage employees to donate receipts in exchange for Christmas gifts.

· Donations of Christmas desserts: donations of Christmas desserts to Nangang Grace Home Church as a way to give back to the community and spread love to the world.

· Used Shoes Save Lives: a total of 178 pairs of shoes were collected and donated to be sent to Africa during the COVID-19 pandemic as a way to provide support.

· Children Are Us Foundation: At the end of the year, Sercomm purchased limited Christmas love cookies made by members of Children Are Us Foundation and distributed to all employees.

· Taiwan Fund for Children and Families: Sercomm donated 150 Christmas gift packages to Taiwan Fund for Children and Families, so that the children could enjoy the holiday season.

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GRI Standards Content Index and SASB Index

Topics		Disclosure	Related Report Sections	Page	Omissions
▶Organizational Profile					
GRI 102: General Disclosures 2016	102-1	Name of the organization	1.1	05	
	102-2	Activities, brands, products, and services	1.1	05	
	102-3	Location of headquarters	1.1	06	
	102-4	Location of operations	1.1	06	
	102-5	Ownership and legal form	1.1	05	
	102-6	Markets served	1.1	06	
	102-7	Scale of the organization	1.1, 1.3	05, 06, 12	
	102-8	Information on employees and other workers	5.1	58	
	102-9	Supply chain	3.5	33	
	102-10	Significant change to the organization and supply chain	About This Report	02	
	102-11	Precautionary principle approach	3.3	28	
	102-12	External initiatives	2.1	16	
	102-13	Memberships of associations	1.1	09	
▶Strategy					
	102-14	Statement from senior decision-maker	Letter from Chairman and CEO	02	
	102-15	Key impacts, risks, and opportunities	3.3	28	
▶Ethics and Integrity					
	102-16	Values, principles, standards and norms of behavior	1.1, 3.1, 4.1, 5.2	05, 24, 45, 64	
	102-17	Mechanisms for advice and concerns about ethics	3.3	28	

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Topics	Disclosure		Related Report Sections	Page	Omissions
	▶Governance				
	102-18	Governance structure	3.1	24	
	102-19	Delegating authority	1.2	10	
	102-20	Executive-level responsibility for economic environmental, and social topics	1.2	10	
	102-21	Consulting stakeholders on economic, environmental and social topics	2.1	16	
	102-22	Composition of the highest governance body and its committees	3.1	24	
	102-23	Chair of the highest governance body	3.1	24	
	102-24	Nominating and selecting the highest governance body	3.1	24	
	102-25	Conflicts of interest	3.1	24	
GRI 102: General Disclosures 2016	102-26	Roles of highest governance body in setting purpose values, and strategy	1.1, 3.1	05, 24	
	102-27	Collective knowledge of highest governance body	3.1	24	
	102-28	Evaluating the highest governance body's performance	3.1	24	
	102-29	Identifying and managing of economic, environmental and social impacts	Letter from Chairman and CE 2.4	02, 24	
	102-30	Effectiveness of risk management processes	3.3	28	
	102-31	Review of economic, environmental and social Topics	3.2, 3.3	27, 28	
	102-35	Remuneration policies	3.1	26	
	102-36	Process for determining remuneration	3.1	26	
	102-37	Stakeholders involvement in remuneration	3.1	26	

Topics		Disclosure	Related Report Sections	Page	Omissions
GRI 102: General Disclosures 2016	▶Stakeholder Engagement				
	102-40	A list of stakeholder groups	2.1	16	
	102-42	Identifying and selecting stakeholders	2.1	16	
	102-43	Approach to stakeholder engagement	2.1	16	
	102-44	Key topics and concerns raised	2.2	18	
	▶Reporting Practice				
	102-45	Entities included in the consolidated financial statements	About This Report	02	
	102-46	Defining report content and topic Boundaries	2.1	16-20	
	102-47	List all material topics	2.2	18	
	102-48	Restatement of information	–	–	Did not rearrange the information in previous reports
	102-49	Changes in reporting	–	–	No major changes
	102-50	Reporting period	About This Report	02	
	102-51	Date of most recent report	About This Report	02	
	102-52	Reporting cycle	About This Report	02	
	102-53	Contact point for questions regarding the report	About This Report	02	
	102-54	Claims of reporting in accordance with the GRI Standards	About This Report	02	
	102-55	GRI content index GRI	GRI Standard Index and SASB	93	
	102-56	External assurance	Summary of Subject Matter Assured Independent Limited Assurance Report	102 103	

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Material Topics

Material Topics	Disclosure		Related Report Sections	Page	Omissions
▶ Operating Performance					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	2.2	18-20	
	103-2, 103-3	The management approach & its components Evaluation of the management approach	1.2	10	
GRI 201 Economic Performance 2016	103-2, 103-3	The management approach & its components Evaluation of the management approach	Letter from Chairman and CEO 1.1	03, 05	
	201-1	Direct economic value generated and distributed	1.3	12	
▶ Quality Service					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	2.2	18-20	
	103-2, 103-3	The management approach & its components Evaluation of the management approach	1.1	08	
GRI 416 Customer Health and Safety 2016	103-2, 103-3	The management approach & its components Evaluation of the management approach	4.2	50	
	416-1	Assessment of the health and safety impacts of product and service categories	4.2	50-52	
▶ Innovation Research					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	2.2	18-20	
	103-2, 103-3	The management approach & its components Evaluation of the management approach	1.4	14	
Sercomm Topic —Innovation Research		R&D Technology and Intellectual Property Management	1.4	14	

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Material Topics	Disclosure		Related Report Sections	Page	Omissions
▶ Customer Satisfaction					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	2.2	18-20	
	103-2, 103-3	The management approach & its components Evaluation of the management approach	3.7	38	
GRI 418 Customer Privacy 2016	418-1	Assessment of the health and safety impacts products and service categories	3.7	40	
▶ Supplier Management					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	2.2	18-20	
	103-2, 103-3	The management approach & its components Evaluation of the management approach	3.5	33	
GRI 308 Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	3.5	35	
	308-2	Negative environmental impacts in the CPC and actions taken	3.5	33	
GRI 414 Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	3.5	34	
	414-2	Negative social impacts in the supply chain and actions taken	3.5	34-35	
▶ Risk Management					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	2.2	18-20	
	103-2, 103-3	The management approach & its components Evaluation of the management approach	3.3	28	
	102-15	Key impacts, risks, and opportunities	3.3	28	
	102-30	Effectiveness of risk management processes	3.3	28	

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Material Topics	Disclosure		Related Report Sections	Page	Omissions
▶ **Corporate Governance**					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	2.2	18-20	
	103-2, 103-3	The management approach & its components Evaluation of the management approach	3.1	24	
	102-26	Role of highest governance body in setting purpose, values, and strategy	3.1	24	
▶ **Compliance with Regulations**					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	2.2	18-20	
	103-2, 103-3	The management approach & its components Evaluation of the management approach	3.3	29	
GRI 417 Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	3.7	38-40	
GRI 419 Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	3.5, 3.7	33, 38	
▶ **Business Ethics**					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	2.2	18-20	
	103-2, 103-3	The management approach & its components Evaluation of the management approach	3.3	29	
GRI 205 Anti-Corruption 2016	103-2, 103-3	The management approach & its components Evaluation of the management approach	3.2	27	
	205-2	Communication and training about anticorruption policies and procedures	3.3	30	

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Other Disclosures

Material Topics		Disclosure	Related Report Sections	Page	Omissions
GRI 202 Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.4	73	
	202-2	Proportion of senior management hired from the local community	5.1	60	
GRI 302 Energy 2016	302-1	Energy consumption within the organization	4.3	53	
	302-3	Energy intensity	4.3	54	
	302-4	Reduction of energy consumption	4.3	55	
	302-5	Reductions in energy requirements of products and services	4.2	51	
GRI 303 Water and Effluents 2016	303-1	Interactions with water as a shared resource	4.3	54	
GRI 305 Emissions 2016	305-1	Direct (Scope 1) GHG emissions	4.1	48	
	305-2	Energy indirect (Scope 2) GHG emissions	4.1	48	
	305-4	GHG emissions intensity	4.1	48	
	305-5	Reduction of GHG emissions	4.1	48	
GRI 404 Training and Education 2016	404-1	Average hours of training per year per employee	5.3	67	
	404-2	Programs for upgrading employee skills and transition assistance programs	5.3	68-72	
GRI 405 Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	5.1, 5.2	58, 64	
GRI 408 Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	5.2	65	

SASB Index: Voluntary

Code	Topic	Accounting Metric	Category	Chapter
TC-HW-230a.1	Product Security	Description of approach to identifying and addressing data security risks in products	Discussion and Analysis	3.4 Information Security Management System
TC-HW-330a.1	Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Quantitative	5.2 Human Rights Protection
TC-HW-410a.1	Product Lifecycle Management	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	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	Quantitative	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	Quantitative	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	Quantitative	Sercomm products are mainly ODM, and the recycling of end-of-life products and e-waste is handled by the client, so there are difficulties in collecting relevant information.
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	Quantitative	3.5 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	Quantitative	3.5 Supplier Sustainability Management
TC-HW-440a.1	Materials Sourcing	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	NA

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Response to the UN Global Compact

Category	10 Principles	Chapter	Page
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights	5.2 Human Rights Protection	64
	Make sure that they are not complicit in human rights abuses	3.5 Supplier Sustainability Management	36
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	5.2 Human Rights Protection	66
	The elimination of all forms of forced and compulsory labor	5.2 Human Rights Protection	65
	The effective abolition of child labor	5.2 Human Rights Protection	65
	The elimination of discrimination in respect of employment and occupation	5.2 Human Rights Protection	65
Environment	Businesses should support a precautionary approach to environmental challenges	4.4 Responses to Climate Change and Global Warming Policy	56
	Undertake initiatives to promote greater environmental responsibility	4.2 Green Products	51
	Encourage the development and diffusion of environmentally friendly technologies	4.2 Green Products	50
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery	3.2 Business Ethics	27

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Summary of Subject Matters Assured

No	Subject matter information	Page	Applicable criteria
1	95.2% of Sercomm's supervisors are assumed by local employees in 2021.	60	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, 2021. 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 56.4%, the female employee ratio was 43.6% in 2021.	59	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 full-time employees in Sercomm Group as of December 31, 2021. Note: Gender of employee is based on employee ID or PR or passport.
3	According to the customer satisfaction survey results in 2021, the average satisfaction rate was 92.07%.	39	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 2021's" Customer Satisfaction Survey Form" and multiplied by 20.
4	In 2021, Sercomm headquarter and manufacturing sites' electricity consumption was 175,167 GJ.	54	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 2021. 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 2021, Sercomm conducted annual audits on 70 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	35	The number of suppliers which have been audited by Sercomm by the end of 2021, and the audit passing rate.

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Independent Limited Assurance Report

Independent Limited Assurance Report

PWCM21000677

To Sercomm Corporation

We have been engaged by Sercomm Corporation (the "Company") to perform assurance procedures on the sustainability performance information identified by the Company and reported in the 2021 Sustainability Report, and have issued a limited assurance report based on the result of our work performed.

Subject Matter Information and Applicable Criteria

The sustainability performance information identified by the Company (hereinafter referred to as the "Subject Matter Information") and the respective applicable criteria are stated in the "Summary of Subject Matter Assured" on page 102 of the Sustainability Report. The scope of the aforementioned Subject Matter Information is set out in the "Report Scope" on page 2 of the Sustainability Report.

Management's Responsibilities

The Management of the Company is responsible for the preparation of the sustainability performance information disclosed in the Sustainability Report in accordance with the respective applicable criteria, and for such internal control as management determines is necessary to enable the preparation of the sustainability performance information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We conducted our assurance work on the Subject Matter Information disclosed in the Sustainability Report 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 to identify whether any amendment is required of the Subject Matter Information to be prepared, in all material respects, in accordance with the respective applicable criteria, and issue a limited assurance report.

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We conducted our assurance work in accordance with the aforementioned standards including identifying the areas where there may be risks of material misstatement of the Subject Matter Information, and designing and performing procedures to address the identified areas. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

The extent of the assurance work we performed were based on the identified risk areas and determined materiality, and given the circumstances of the engagement, we designed and performed the following procedures:

- Made inquiries of the persons responsible for the Subject Matter Information to understand the processes, information systems and the relevant internal controls relating to the preparation of the aforementioned information to identify the areas where there may be risks of material misstatement; and

- Based on the above understanding and the areas identified, performed analytical procedures on the Subject Matter Information and performed selective testing including inquiry, observation, inspection, and reperformance to obtain evidence for limited assurance.

We do not provide any assurance on the Sustainability Report as a whole or on the design or operating effectiveness of the relevant internal controls, our assurance does not extend to information in respect of earlier periods or to any other information disclosed in the Sustainability Report for 2020.

Compliance of Independence and Quality Control Requirement

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Statement of Auditing Standard No. 46, "Quality Control for Public Accounting Firms" in the Republic of China and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent Limitations

Certain Subject Matter Information involves non-financial data which is subject to more inherent limitations than financial data. Qualitative interpretations of the relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, we are not aware of any amendment that is required of Subject Matter Information to be prepared, in all material respects, in accordance with the respective applicable criteria.

Other Matter

The Management of the Company is responsible for maintaining the Company's website. If the Subject Matter Information or the applicable criteria are modified after this limited assurance report is issued, we are not obliged to re-perform the assurance work.

Ya-Fang Wen

For and on behalf of PricewaterhouseCoopers, Taiwan
26 August, 2022

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