SERCOM

2023

SUSTAINABILITY
REPORT

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About this Report

Thank you for reading the 2023 Corporate Sustainability Report (hereinafter referred to as "this report" or "the report") of Sercomm Corporation (hereinafter referred to as "Sercomm", "the Company" or "we"). This is the 8th sustainability report of Sercomm. The Company has long been communicating with stakeholders about its commitment to sustainable development based on the principles of transparency and integrity. In 2023, Sercomm officially established the "ESG Sustainability Committee". In addition to carrying out a number of sustainability actions, it also assigned one of the members to coordinate the disclosures in the report. Meanwhile, our 2023 Sustainability Report, which was approved by the ESG Sustainability Committee in Q4 2023, adopted both the AA1000 and ISAE3000 verification and assurance standards. The report is issued after being reviewed by the ESG Sustainability Committee and approved by the Board of Directors. Sercomm will continue to uphold the principle of transparency and integrity so that stakeholders can better understand our sustainable commitments and performance.

Initiating communication	Content preparation	Report compilation	External review	Report review	Issuance approval
Designated members of the ESG Sustainability Committee	Report Editing Task Force	Designated members of the ESG Sustainability Committee	Third party verification agency	ESG Sustainability Committee	Board of Directors

Basic Standards

This report was compiled in accordance with the following standards or related indicators. For the correspondence of each indicator, please refer to the "GRI Content Index Table", "Sustainability Accounting Standards Board (SASB) Indicator Comparison Table", "Task Force on Climate Related Financial Disclosure (TCFD) Indicator Comparison Table" and "Taiwan Stock Exchange Corporation Sustainability Disclosure Indicators - Telecommunication Network Industry" in the appendix.

- GRI Standards issued by the Global Reporting Initiative (GRI) in 2021
- Sustainability Accounting Standards Board (SASB) industry indicators
- Task Force on Climate-related Financial Disclosures (TCFD) standards recommendations
- Sustainability disclosure indicators for the telecommunication network industry in the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

Scope of Reporting

The disclosure boundary of this report mainly covers Sercomm's Taiwan headquarters and other locations of operations in various regions around the world. It is consistent with the disclosure boundary of the financial statements. Some data mainly focus on locations of operations with manufacturing activities. If there are any data statistics, calculations, scope adjustments or any restatement of qualitative and quantitative information during the preparation, a note will be made in the text.

Reporting Frequency and Duration

Sercomm regularly issues a Corporate Sustainability Report once a year. This report will be issued in August 2024, disclosing the Company's sustainability performance from January 1 to December 31, 2023. In order to comply with the principle of comparability, part of the information presents historical data at the same time.

Third Party Review

This report has passed the verification of AA1000 Assurance Standard V3 First Application Type Moderate Assurance Level, confirming that this report complies with GRI Standards and SASB industry and operational activity indicators. Regarding the 8 indicators of the telecommunication network industry in the Taiwan Stock Exchange Corporation "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies", it is also based on the External Assurance ISAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the Accounting Research and Development Foundation to implement limited assurance. Guarantee and external assurance reports issued by third parties are attached to the appendix of this report.

The financial data disclosed in this report comes from the annual financial report verified by PwC Taiwan.

For any comments or inquiries about this report, please feel free to contact us

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To stakeholders

As the world embraces the post-pandemic new economy, digitalization has become the new normal for economic and social development, with broadband infrastructure being the cornerstone of digital economic development. With the support of value chain partners and the efforts of all employees, Sercomm's total consolidated revenue in 2023 reached NT$62.58 billion, and the net income after taxes attributable to the parent company amounted NT$2.39 billion, representing a growth rate of 24.3% compared with 2022. EPS reached NT$9.17, once again achieving a new profit-making milestone of the Company and demonstrating good business performance capabilities.

In addition to focusing on the broadband communication industry, due to the increasing global attention to ESG, Sercomm has also invested considerable resources in planning sustainable management policies to fulfill its corporate citizenship responsibilities. The year 2023 can be regarded as an important milestone year for Sercomm's development of corporate sustainability. During this period, we have actively created a systematic sustainable governance model, aiming to strive to create sustainable value for the Company.

First of all, the Company has formally established a ESG Sustainability Committee at the Board of Directors level. It hopes to draw the Company's future sustainable development path from the perspective of high-level sustainable governance and ensure that it can respond to the sustainability risks and opportunities encountered in the operation process in a timely manner. To this end, we have formulated a comprehensive sustainable development strategy, identified 11 Sustainable Development Goals (SDGs) related to the Company's core operations, and integrated 10 sustainability aspects under the three major themes of environment, society and governance to further develop 24 indicators and their short, medium and long-term goals as well as gather internal members' consensus on sustainable value creation.

With respect to the environment, Sercomm is actively moving towards a low-carbon transition. The Company officially signed the SBTi (Science Based Targets initiative) commitment and determined that it will use 2030 as the target year to plan a carbon reduction path that is consistent with controlling temperature rise at 1.5 ° C. Before the SBTi was officially adopted, we had already set our own 2050 net-zero emissions target and received approval from the Board of Directors. In order to reduce the environmental footprint of its operations, Sercomm's manufacturing center in the Philippines has been actively moving towards the goal of using 100% renewable energy starting at the end of 2023. In addition, in order to fully understand the GHG emissions of the value chain, the Company first used a questionnaire to understand the current carbon management status of upstream supply chain partners in 2023, and conducted education and training to help suppliers build carbon inventory-related knowledge. We also planned to introduce digital carbon management information platform in 2024 in order to take inventory of the upstream supply chain and its own carbon emissions in a more efficient way, while optimizing the product life cycle assessment mechanism to understand product environmental impacts and carbon reduction opportunities.

On the social level, the Company established a group-level Labor and Human Rights Policy in 2023, committing to respecting human rights in compliance with international human rights-related conventions or initiatives. In terms of governance, in order to implement sustainable supply chain

management, we deepened the management and control of sustainable risks based on the existing management mechanism at the end of 2023, and established corresponding screening conditions and appropriate evaluation measures for supplier partners with different attributes.

The Company's performance in sustainable operations has successively received many external recognitions. In the 10th (2023) Corporate Governance Evaluation of the Taiwan Stock Exchange Corporation, Sercomm ranked top 6% to 20% among listed companies. The regional manufacturing centers located in three locations around the world have all passed the third-party verification assessment of the Responsible Business Alliance (RBA). We are committed to improving the workplace environment and obtained the "Great Place To Work" excellent workplace certification. Sercomm's overall ESG performance has also been recognized by the EcoVadis Corporate Sustainability Assessment "Silver Award".

As a leading manufacturer in the global telecommunication broadband industry, Sercomm hopes to further exert its influence and create sustainable value for society based on the sustainable management of its core business. Sercomm will continue to adhere to the corporate vision of "Embedding Connectivity For the Future", exert its CSR mission, and do its best to maximize positive value and minimize negative impacts while creating a smart, novel and convenient future life.

SERCOMM
Chairman

SERCOMM
President

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2023 Sustainability Performance

External Recognition

EcoVadis Corporate Sustainability Assessment Silver Award

SILVER 2023 ecovadis Sustainability Rating

Great Place To Work. Certified DEC 2023-DEC 2023 USA SERCOMM

Obtained Great Place To Work certification for 2 consecutive years

臺灣證券交易所 TWSE

Ranked top 6%–20% in Corporate Governance Evaluation

Internal Achievements

Environmental

Energy saving measures equivalent to avoiding or reducing **586,587.11 kg CO$_2$e** emissions

Reduction in water resources withdrawal of **47,855 tons** by implementing water-saving measures

Calamba manufacturing center moving towards **100%** green electricity use

Social

Employees' nationalities across **20 countries**

Almost equal **gender ratio**
(Female 49.36%; male 50.64%)

91.46% of local management

Governance

Establishment of the **ESG Sustainability Committee**

Average director training hours of **7.25 hours**

Total supplier sustainability training of **1,778 man-hours**

Products and services

Power conversion efficiency of all products reaching over **80%**

Average Reuse and Recycled Rate of over **85%** and the Recovery Rate of over **95%** in the disassembly test of the product WEEE-3R

Total number of patents approved **> 240**

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About Sercomm

Sercomm Corporation (Stock code:5388)

Establishment date	July 29, 1992
Listing date	December 3, 2007
Location of operating headquarters	8F., No. 3-1, Yuanqu St., Nangang Dist., Taipei City
Paid-in capital	NT$2,685 million
Revenue in 2023	NT$62,584 million
Number of employees in 2023	6,218
Number of production bases	3
Total area of production bases[Note]	119833.82 square meters

Note：The calculation scope is mainly production-related floors such as production activities, offices or warehouses, and does not include non-production-related floors such as restaurants and dormitories.

New Corporate Vision, Mission and Core Values

When Sercomm was founded, the main focus of its operations was on the R&D of broadband network software, supplemented by hardware manufacturing services. However, with the rise of digital convergence business opportunities, Sercomm boldly adjusted its operating strategy and successfully transformed itself from a brand OEM to a world-class leading manufacturer in comprehensive telecommunication broadband solutions. In 2023, Sercomm outlined a new corporate vision, mission and core values. It hopes to provide immediate solutions with efficient execution, lead communication technology with fearless innovation, and take root in partnerships with excellent service capabilities to create the foundation of network connectivity for the future smart, novel, convenient and safe lifestyle and industry.

Corporate Vision

Embedding Connectivity For the Future

Corporate Mission

- Committed Partnership
- Timely Solutions
- Leading Communication Technology

Core Values

Execution
Deliver strong execution with a clear objective

Innovative
Pursue new and better ways of doing things

Service
Commit to service excellence

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Global Operations

Sercomm's operating headquarters is located in Taipei, Taiwan. In order to serve major telecommunication operators and netcom operators all over the world, it currently sets up sales offices in more than 10 countries, including the U.S., Mexico, China, Japan, India, France, Germany, Italy and the United Kingdom. The manufacturing centers are located in Zhunan, Taiwan, Suzhou, China, and Calamba, the Philippines. The manufacturing centers interact closely with the R&D centers in Taipei, Suzhou and Manila to enhance the depth and breadth of the overall production capacity.

SERCOM Global locations

● Operations Headquarters　● RD Center　● Manufacturing　● Sales Center

London, UK
Dusseldorf, Germany
Paris, France
Tokyo, Japan
California, USA
Taipei, Taiwan
Suzhou, China
Milan, Italy
Atlanta, USA
Miaoli, Taiwan
Tijuana, Mexico
Calamba, Philippines
New Delhi, India
Manila, Philippines

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Products and Markets

Sercomm's products mainly include three categories, namely broadband terminal equipment, commercial netcom equipment, network infrastructure and the IoT, which are used in different fields such as residential, commercial, industrial, telecommunication, security monitoring and cloud applications. In the future, facing the diverse applications of high-speed mobile broadband, Sercomm will adhere to the R&D nature of key technologies and focus on solutions such as the IoT, AI, small base stations and intelligent cloud applications to accelerate the widespread use of network, improve business efficiency, and promote the development of digital economy such as smart life and smart city.

Network infrastructure and IoT

Assist smart cities and residences – establish monitoring capabilities in factories, commercial offices or residential areas to enhance the convenience and safety of operations or residential activities

Enterprise networking equipment

Support large-scale field transmission – deploy stable and secure transmission capabilities in application fields with large-scale transmission requirements such as industry, commerce or education

Broadband terminal equipment

Build a home networking environment – connect the network infrastructure to the home environment, improve the network coverage of the home space, and help create a smart life

Production and Sales Percentage
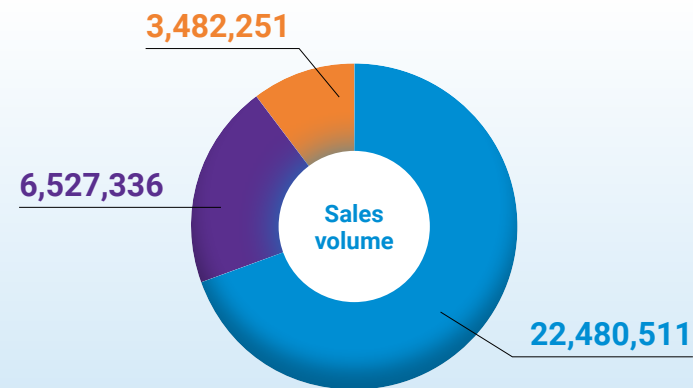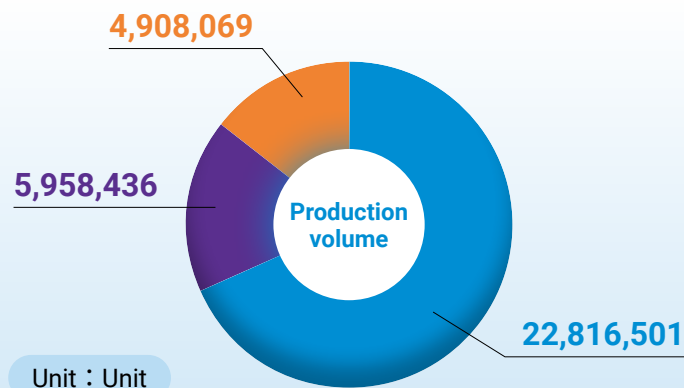
- ● Broadband terminal equipment
- ● Enterprise networking equipment
- ● Network infrastructure and IoT

Unit：Unit

Production volume

4,908,069

5,958,436

22,816,501

Sales volume

3,482,251

6,527,336

22,480,511

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Product Revenue Percentage

- ● Broadband terminal equipment
- ● Enterprise networking equipment
- ● Network infrastructure and IoT
- ● Others [Note]

Unit：NT$1,000

Note：Other products mainly include testing, processing services, semi-finished products, materials, freight charges, material price differences, etc., so there is no production volume or sales volume for reference.

Sales

1,759,470
5,890,090
14,776,198
40,158,735
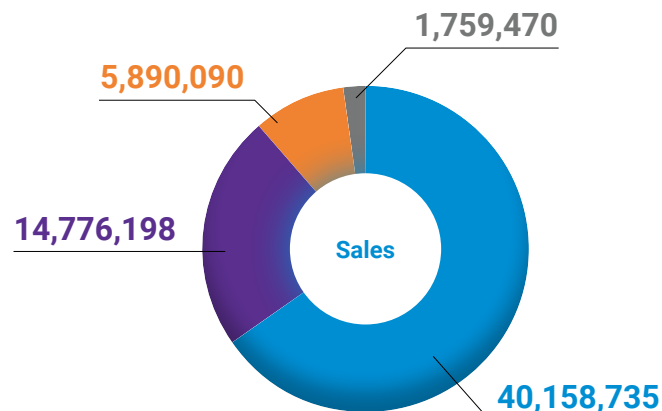
Sales Market Percentage

- ● America
- ● Asia
- ● Europe

Net operating revenue

9,470,924
11,520,243
41,593,326
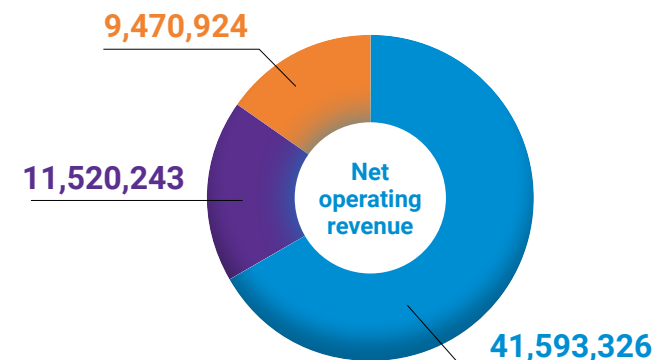
Telecommunication Equipment Industry Chain

In the telecommunication equipment industry, Sercomm is currently located in the middle of the overall industry chain. It enters production and manufacturing after obtaining raw materials from upstream suppliers, and supplies physical products to telecommunication operators, network equipment suppliers, multimedia system service providers, and other professional service providers. The products are ultimately used in industrial, commercial, household or individual consumers.

Upstream → **Midstream** → **Downstream**

Module manufacturing

Components manufacturing

Sercomm's location
Telecommunications equipment manufacturing

Telecommunications services

Multimedia system services

Network equipment supply

Enterprise network system planning

Internet platform services

Other netcom services

Application scenarios of products and services

Industrial production

Commercial offices

Family

Individuals

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Economic Performance

Sercomm's consolidated revenue in 2023 reached NT$62.58 billion, with operating profit of NT$3.11 billion, an annual growth rate of 28.8%. The net income after taxes attributable to the parent company amounted to NT$2.39 billion, an increase of 24.3% compared with last year. EPS was NT$9.17, representing another profit-making milestone.

Profitability Indicator

Indicator	2020	2021	2022	2023
Gross profit margin（%）	15.1	12.9	13.4	16.4
Return on equity（%）	11.70	10.80	21.15	20.76
Return on assets（%）	3.37	2.85	5.21	5.65
EPS（NT$）	3.66	3.44	7.57	9.17

General Financial Indicators - Revenue Related

Unit：NT$1,000

Indicator	2020	2021	2022	2023
Operating revenue	36,096,281	43,899,508	64,573,720	62,584,493
Gross profit	5,438,621	5,668,245	8,618,811	10,262,300
Operating profit	1,135,039	1,053,167	2,417,616	3,113,514
Non-operating income and expenditure	(25,902)	(27,035)	(108,272)	(125,481)
Net profit before tax	1,109,137	1,026,132	2,309,344	2,988,033
Net income attributable to owners of the parent company (net income after taxes)	907,327	861,201	1,919,423	2,386,305

General Financial Indicators - Expenditure Related

Unit：NT$1,000

Indicator	2020	2021	2022	2023
Operating costs	30,657,660	38,231,263	55,954,909	52,322,193
Employee compensation and benefits	3,934,540	4,273,772	5,377,137	5,762,623
Amounts payable to the government	259,156	170,058	361,161	522,764
Cash dividend	650,291	747,164	605,735	1,158,191

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Stakeholders and Material Topics

Stakeholder Identification

Sercomm compiles a list of stakeholders based on the industry context and characteristics, and refers to the five principles[Note] in the AA1000 Stakeholder Engagement Standard 2015 (AA1000 SES) issued by the AccountAbility to identify key stakeholders. The identification results include 7 types of stakeholders, including customers, ESG evaluation/rating organizations, employees, suppliers, government agencies, investors/financial institutions and news media. In addition, we also communicate with stakeholders through multiple communication channels, while understanding the level of concern of stakeholders on sustainability issues, and regularly reporting stakeholder engagement to the Board of Directors. The most recent communication status was reported on November 9, 2023.

Note：The five principles of the AA1000 Stakeholder Engagement Standard 2015 (AA1000 SES) are Dependency, Responsibility, Tension, Influence and Diverse Perspectives.Perspectives）。

▌ Stakeholder Engagement

Stakeholder	Implications for Sercomm	Topics of concern	Communication channel and frequency		Key communications performance in 2023
Employees	Employees are important partners for Sercomm's continued growth, value creation and innovation. The Company builds internal consensus through a fair and attractive compensation and benefit system.	• Talent recruitment and retention • Information security • Human rights management • Employee training and development • Business integrity • Customer relationship management	**Regular:** • Annually: Annual performance evaluation interviews • Quarterly: Occupational Safety and Health Committee • Quarterly: Employer-employee meetings • Quarterly: Sharing with new hires • Quarterly: Employee Welfare Committee	**Irregularly:** • Internal electronic corporate bulletin board • Employee education and training • Employee health promotion seminar • Employee complaint mailbox	• 68 Occupational Safety and Health Committee meetings • 3 sessions of sharing with new hires, with 101 participants • 7.22 hours of education and training per capita • 4 Employee Welfare Committee meetings
Customerst	Customers' trust in Sercomm is the key force for the Company to continue moving forward. The Company responds to customer needs with a comprehensive and high-quality products and services, and gradually deepens partnerships.	• Low-carbon operations • Waste management • Occupational health and safety • Human rights management • Green products	**Regular:** • Annually: Customer satisfaction survey	**Irregularly:** • Questionnaires on level of concern about sustainability issues • Global local technical support services • Dedicated contact persons for handling customer services and opinions • Description and management of green policies, green manufacturing and green procurement	• Submission of a SBTi (Science Based Targets initiative) commitment • Customer satisfaction survey of 86 points • 4 questionnaires on level of concern about sustainability issues
Investors/Financial institutions	The positive evaluation of Sercomm by investors/financial institutions is beneficial to the stability of the Company's growth. The Company communicates sustainable performance based on the principles of integrity and transparency, deepening the trust relationship between both parties.	• Information security • Low-carbon operations • Business integrity	**Regular:** • Annually: Annual shareholders' meeting • Annually: Company annual report • Annually: Sustainability Report • Monthly/quarterly: Announcements on business performance • Quarterly: Investor seminars, quarterly financial reports	**Irregularly:** • Important news and press releases • Company official website • External communication mailbox • Investment institution seminars	• 2 investor seminars • 1 shareholders' meeting • 4 investment institution seminars

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Stakeholder	Implications for Sercomm	Topics of concern	Communication channel and frequency		Key communications performance in 2023
Suppliers	Suppliers are important partners for Sercomm to provide high-quality products and services. The Company strengthens the stability of material supply through strategic procurement plans.	• Low-carbon operations • Occupational health and safety • Human rights management • Business integrity • Risk management • Green products • Product innovation and R&D • Customer relationship management	**Irregular:** • Supplier education and training, evaluation, assessment or counseling • Project meetings • Environmental, safety and health related management instructions • Supplier visits and on-site audits		• 582 participants in supplier sustainability-related education and training
Government agencies	The laws and regulations formulated by government agencies affect the Company's decision-making and development direction. The Company adheres to regulations and maintains communication and mutual trust between both parties.	• Low-carbon operations • Climate change response • Talent recruitment and retention • Employee training and development • Business integrity • Information security • Risk management • Product innovation and R&D	**Irregular:** • Official correspondence from competent authorities • Regulatory briefings, research seminars, etc. of competent authorities		• No major violations or complaints
News media	News media is an important channel for Sercomm to maintain good communication with a wide range of stakeholders. The Company provides correct and responsible information to demonstrate corporate value externally.	• Waste management • Occupational health and safety • Business integrity	**Regular::** • Monthly/quarterly: Announcements on business performance	**Irregular:** • Corporate press releases • Press conferences • Contact person for public relations • External communication mailbox	• 16 press releases • 14 media communications • 6 press conferences
ESG evaluation/ rating organizations	The views of ESG evaluation/ rating organizations reflect Sercomm's corporate sustainable development process. The Company continues to improve and plan sustainable actions to optimize corporate sustainability.	• Climate change response • Business integrity • Information security	**Regular:** • Annually: ESG related audits or verifications	**Irregular:** • ESG related assessments or inquiry systems • Other communication channels, such as third-party professional consultant consultation	• Participated in EcoVadis sustainability assessment and won a silver award • Major manufacturing centers participated in RBA (Responsible Business Alliance) VAP (Validated Assessment Program) verifications

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Material Topics Identification

Sercomm carries out material topics identification every year, following the guidelines of GRI 3: Material Topics 2021 and the 2022 annual report. We capture the degree of impact through quantitative questionnaires filled out by key stakeholders who have in-depth understanding of Sercomm or have forward-looking views on sustainability issues. In 2023, on this basis, we once again optimized the assessment method of impact significance, incorporated the opinions of more stakeholders into the material topics identification process, and deepened the assessment of positive and negative impact factors.

Guidelines for identification of material topics in GRI 3	Continuous identification and assessment of impacts			Determination of material topics for reporting	
	Understand the organizational context	**Identify actual and potential impacts**	**Assess impact significance**	**Determine the priority of reporting of the most significant impacts**	**Material topics**
Sercomm's corresponding identification process	**Understand sustainability issues：** We collected a total of 18 sustainability issues through 2 methods, namely data collection and questionnaires on sustainability issue concerns to stakeholders. **Targets of questionnaires：** The distribution targets are based on the aforementioned identification results of stakeholders, including customers, employees, suppliers, news media, shareholders/ financial institutions, government agencies, and ESG evaluation/ rating organizations.	**Analyze positive/negative impacts:** Analyze substantial or potential positive and negative impact factors of 18 sustainability issues one by one.	**Assess the significance of impact:** Distribute questionnaires on the significance of impact to targets, from senior managers to colleagues involved in sustainability business execution, to jointly assess the significance of impact factors. **Targets of questionnaires:** ● Members of the ESG Sustainability Committee (senior management of each unit) ● Members of the ESG Sustainability Task Force under the Committee ● Employees with business responsibilities related to sustainability issues	**Analyze the level of significance:** The significance of the impact factors is evaluated based on 3 aspects, that is, significance of impact factors, consistency with sustainable development strategy and importance to stakeholders. 18 sustainability issues corresponding to the impact factors are categorized into three levels of significance, namely, high concern, concern, and continuous concern.	**Determine material topics:** 7 sustainability issues of high concern and 7 sustainability issues of concern are determined as the material topics for reporting.
	18 sustainability issues 44 questionnaires on level of concern of stakeholders	11 positive impact factors 13 negative impact factors	3-axis assessment of the significance of impact 29 significance assessment questionnaires	7 sustainability issues of high concern 7 sustainability issues of concern 4 sustainability issues of continuous concern	Corresponds to 15 GRI topics

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Understanding the Organizational Context - Capturing 18 Sustainability Issues

Sustainability issues are gradually collected from four aspects of "governance", "environment", "society" and "product". Data sources include:

- Global Risk Report
- International sustainability rating perspectives (such as The S&P Global Sustainability Yearbook and EcoVadis rating organizations)
- Industry sustainability focus issues (such as SASB, TWSE telecommunication network industry sustainability indicators)
- Industry products or sustainable development reports issued by external think tanks
- Issues of concern of the benchmarking industry

Distribute questionnaires on sustainability issue concerns to stakeholders:

A total of 44 questionnaires were distributed, including: 4 to customers, 16 to employees, 8 to suppliers, 3 to the news media, 5 to shareholders/financial institutions, 2 to government agencies, and 3 to ESG evaluation/rating organizations[Note]. 3 external sustainability consultants were also invited to fill in the questionnaire.

Identifying Actual and Potential Impacts - Analyzing 11 Positive and 13 Negative Impacts

With reference to the impact assessment methodology of the Value Balancing Alliance (VBA) and the impacts described in the Harvard Business School's Impact-Weighted Accounts (IWA) program for each sustainability issue, the positive and negative impacts of the 18 sustainability issues were identified.

Note：For ESG evaluation/rating organizations, questionnaires were mainly issued to external sustainability consultants who are familiar with the issues that ESG rating organizations are concerned about and who also understand the sustainable development process of Sercomm. The consultants were requested to fill in the questionnaire from the perspective of the ESG rating organizations.

Analysis Results of Positive/Negative Impact Factors of 18 Sustainability Issues

| Aspect	Sustainability issue	Positive/ negative	Impact factor	Economy	Environment	People
Environment	Climate change response	+	Use renewable energies to prevent GHG emissions in operational activities	V	V	
	Low-carbon operations	−	Energy consumption in operational activities results in GHG emissions	V	V	
	Waste management	−	Waste incineration and landfill processes cause air pollution and GHG emissions		V	
	Water resource management	+	Process water recycling to avoid water scarcity		V	
		+	Domestic water use promotes water-saving measures to avoid water scarcity		V	

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Aspect	Sustainability issue	Positive/ negative	Impact factor	Economy	Environment	People
Society	Occupational health and safety	−	Work-related injuries or work-related ill health affects employees' health	V		V
	Talent recruitment and retention	+	Compensation and benefits improve employees' well-being	V		V
	Human rights management	−	Operational activities violate basic human rights	V		V
	Employee relations and communication	−	Poor employee communication channels affect labor-management relations	V		V
	Diversity, equality and inclusiveness	+	Workplace diversity and inclusion culture shape employee identity	V		V
	Employee training and development	+	Education and training improve employees' professional skills and work abilities	V		V
	Social impact	+	Public welfare investment promotes social welfare			V
Governance	Business integrity	−	Violation of ethics and business integrity affects the trust of internal and external stakeholders	V		
	Information security	−	Poor information security management leads to leakage of operating secrets or information extortion	V		
	Sustainable supply chain management	+	Procurement activities contribute to value creation in upstream industries	V		
		+	Procurement activities contribute to employment opportunities in the supply chain	V		V
		−	Procurement activities contribute to negative impacts on the supply chain environment	V	V	
		−	Procurement activities contribute to occupational disasters in the supply chain	V		V
		−	Procurement activities contribute to supply chains violations of fundamental human rights	V		V
	Risk management	−	Failure to effectively capture risk management affects the trust of stakeholders	V		
Products and services	Green products	−	Negative environmental impacts of products or services	V	V	
	Product innovation and R&D	+	Innovative R&D promotes the development of key technologies	V		
		−	Poor patent management mechanism affects the protection of innovative technology	V		
	Customer relationship management	+	Stable customer relationships shaped by service quality	V		V

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Assessing Impact Significance – 29 Impact Significance Assessment Questionnaires

Following the GRI 3 material topics identification method, firstly, "impact degree" and "possibility of occurrence" are included in the assessment axis. At the same time, the concept of double materiality is considered, and the impact degree is divided into "impact on the Company" and "impact on the external economy, environment or people". The "impact on the Company" section is further evaluated using four operational definitions, namely "corporate revenue", "corporate reputation", "customer satisfaction" and "employee recognition".

Illustration of Impact Significance of Impact Factors | X-axis：Impact on the Company | Y-axis：Impact on the external economy, environment or people | Bubble size：Possibility of occurrence
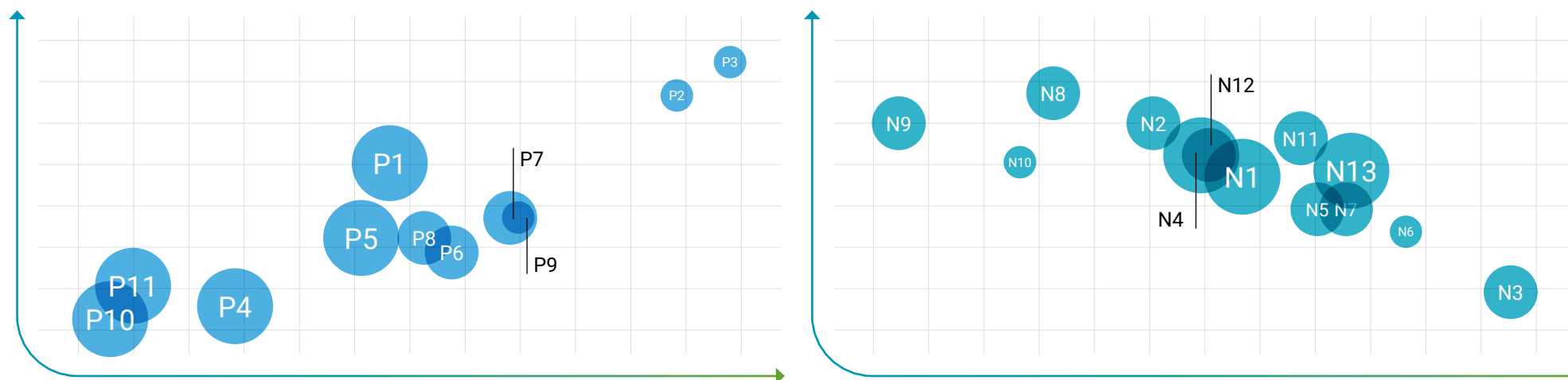
Positive impact factors

P1	Use renewable energies to prevent GHG emissions in operational activities
P2	Process water recycling to avoid water scarcity
P3	Domestic water use promotes water-saving measures to avoid water scarcity
P4	Compensation and benefits improve employees' well-being
P5	Education and training improve employees' professional skills and work abilities
P6	Workplace diversity and inclusion culture shape employee identity
P7	Public welfare investment promotes social welfare
P8	Procurement activities contribute to value creation in upstream industries
P9	Procurement activities contribute to employment opportunities in the supply chain
P10	Innovative R&D promotes the development of key technologies
P11	Stable customer relationships shaped by service quality

Negative impact factors

N1	Energy consumption in operational activities results in GHG emissions
N2	Waste incineration and landfill processes cause air pollution and GHG emissions
N3	Operational activities violate basic human rights
N4	Poor employee communication channels affect labor-management relations
N5	Work-related injuries or work-related ill health affects employees' health
N6	Violation of ethics and business integrity affects the trust of internal and external stakeholders
N7	Poor information security management leads to leakage of operating secrets or information extortion
N8	Procurement activities contribute to negative impacts on the supply chain environment
N9	Procurement activities contribute to occupational disasters in the supply chain
N10	Procurement activities contribute to supply chains violations of fundamental human rights
N11	Failure to effectively capture risk management affects the trust of stakeholders
N12	Poor patent management mechanism affects the protection of innovative technology
N13	Negative environmental impacts of products or services

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▼ Determine the Priority of Reporting of the Most Significant Impacts - 3 Aspects Considered in Materiality Analysis

- Significance of impact factors: Rank the impact factors based on the objective statistical values of the questionnaires on the significance of impact.
- Importance to stakeholders: Rank the degree of concern based on objective statistical values of the questionnaires on the level of concern of stakeholders.
- Consistency with sustainable development strategy (including external consultants' opinions): In 2023, Sercomm launched a sustainable development strategy, taking into account the views of external sustainability consultants during the process. Therefore, this strategy covers comparison of aspects and overlapping of various impact factors.

Sustainability issue	Significance of positive/negative impacts	Significance of importance to stakeholders	Consistency with sustainability strategy	Level of concern
Low-carbon operations	●	●	●	High concern
Occupational health and safety	●	●	●	
Human rights management	●	●	●	
Employee training and development	●	●	●	
Business integrity	●	●	●	
Sustainable supply chain management	●	●	●	
Product innovation and R&D	●	●	●	
Climate change response	🟠		🟠	Concern
Talent recruitment and retention	🟠	🟠		
Diversity, equality and inclusiveness	🟠		🟠	
Information security	🟠	🟠		
Risk management	🟠	🟠		
Green products	🟠		🟠	
Customer relationship management	🟠	🟠		
Employee relations and communication	🟢			Continuous concern
Waste management				
Water resource management				
Social impact				

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Material Topics - Determine 14 Material Topics

Topics with high concern and concern are selected as material topics to be included in the report. 14 material topics correspond to a total of 15 GRI Standards topics. This report will describe the management policies, goals and current results and performance of the material topics.

Material Topics' Corresponding GRI Standards and Impact Areas of the Value Chain

Level of concern	Material topics	Corresponding GRI Standards	Value chain impact boundary					Corresponding chapters
			Direct relationship	Business relations		Indirect relationship		
			Own operations	Supply chain	Customers	Investors	Competent authorities	
High concern	Low-carbon operations	GRI 302: Energy GRI 305: Emissions	●	●			●	3.1 Climate change response 3.2 Energy management
	Occupational health and safety	GRI 403: Occupational safety and health	●	●				4.4 Occupational health and safety
	Human rights management	GRI 406: Non-discrimination GRI 408: Child labor GRI 409: Forced or compulsory labor	●	●				4.3 Human rights respect and protection
	Employee training and development	GRI 404: Training and education	●					4.2 Talent cultivation and development
	Business integrity	GRI 205: Anti-corruption	●	●	●	●		1.3 Business integrity
	Sustainable supply chain management	GRI 204: Procurement practices GRI 308: Supplier environment assessments GRI 414: Supplier social assessments	●	●	●			2.1 Sustainable supply chain management
	Product innovation and R&D	Self-determined topics	●	●	●			2.3 Innovative R&D

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Level of concern	Material topics	Corresponding GRI Standards	Value chain impact boundary					Corresponding chapters
			Direct relationship	Business relations		Indirect relationship		
			Own operations	Supply chain	Customers	Investors	Competent authorities	
Concern	Climate change response	GRI 201: Economic performance	●				●	3.1 Climate change response
	Talent recruitment and retention	GRI 201: Economic performance GRI 202: Market presence GRI 401: Employment	●				●	4.1 Talent recruitment and retention
	Diversity, equality and inclusiveness	GRI 401: Employment GRI 405: Diversity and equal opportunity	●					4.1 Talent recruitment and retention
	Information security	Self-determined topics	●	●				1.6 Information security
	Risk management	Self-determined topics	●	●				1.4 Risk management
	Green products	GRI 302: Energy	●	●	●			2.2 Green products
	Customer relationship management	Self-determined topics	●					2.4 Customer relationship management

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2023 年重大主題與前一年度比較

Aspect	2022	2023	Description on changes [Note]
Environment	Low-carbon operations management	Low-carbon operations	Name change
		Climate change response	Addition
Society	Occupational safety and health	Occupational health and safety	Name change
	Human rights protection	Human rights management	Name change
	Talent recruitment and retention	Talent recruitment and retention	No change
		Employee training and development	Addition
		Diversity, equality and inclusiveness	Addition
Governance	Business performance		Deletion
	Privacy and information security	Information security	Name change
	Compliance with laws and regulations		Deletion
	Ethics and integrity	Business integrity	Name change
	Supply chain management	Sustainable supply chain management	Name change
	Risk management	Risk management	No change
Products and services	Innovative products	Product innovation and R&D	Name change
		Green products	Addition
	Quality assurance		Deletion
		Customer relationship management	No change

Note：The identification method of material topics in 2023 is different from that in 2022, so there is no comparability of significance.
The description on changes mainly focus on the inclusion, exclusion and name change of material topics.

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Sustainable Development Strategy

In order to fully respond to external stakeholders and enable relevant internal departments to have a consistent development path for environmental, social and governance aspects of sustainable affairs, we formulated a sustainable development strategy in 2023 and identified 11 United Nations Sustainable Development Goals (SDGs). Based on the core spirit of SDGs, Sercomm's sustainability risks and opportunities, and the identification results of material topics, the Company had compiled 10 aspects of sustainable development, as well as developed 24 indicators and their corresponding short, medium or long-term goals.

Sustainability vision

Implement honest, legal and responsible products and production operations methods, and work together with major stakeholders and value chains to create a greener, safer, more equal, more diverse, and more inclusive sustainable development company.

Aspect	Environment	Society	Governance
Commitments	Based on clean and responsible production, respond to global climate change and promote the value chain to create a zero-carbon future	Provide high-quality and responsible products and services and contribute to the protection and promotion of human rights, health and safety, diversity and inclusion	Implement business ethics, create a society of mutual trust, and create positive social and environmental impacts in the value chain
SDGs	6 CLEAN WATER AND SANITATION / 7 AFFORDABLE AND CLEAN ENERGY / 12 RESPONSIBLE CONSUMPTION AND PRODUCTION / 13 CLIMATE ACTION	3 GOOD HEALTH AND WELL-BEING / 5 GENDER EQUALITY / 8 DECENT WORK AND ECONOMIC GROWTH / 10 REDUCED INEQUALITIES	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE / 16 PEACE, JUSTICE AND STRONG INSTITUTIONS / 17 PARTNERSHIPS FOR THE GOALS

Aspect	SDGs	Dimension	Indicator	Short, medium and long-term goals
Environment	SDG 6 SDG 7 SDG 12 SDG 13	GHG Emissions	Absolute reduction of scope 1 and scope 2 emissions	2050: Reduce by 90% from the baseline year
			Absolute reduction of scope 3 emissions	2030: Reduce by 45% from the baseline year 2040: Reduce by 75% from the baseline year 2050: Reduce by 90% from the baseline year
			Reduction of scope 3 emissions intensity	2050: 97%
			Net zero emissions	2050 net zero emissions

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Aspect	SDGs	Dimension	Indicator	Short, medium and long-term goals
Environment	SDG 6 SDG 7 SDG 12 SDG 13	Energy/resource consumption	Percentage of renewable energy use	2030: Not fall below 90% 2040: Not fall below 95% 2050: 100%
			Percentage of products using renewable materials	By 2026: Reduce the average weight of packaging materials for the top 10 products in terms of shipment volume (products related to routers) by 3%. 2026: Work with customers to complete 15 product projects applying PCR materials (Post-Consumer Recycled Material) or other more environmentally friendly materials. 2026: 50% of paper raw materials of products are made from recycled materials or environmentally friendly materials.
		Product safety and quality assurance	Percentage of products in compliance with the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)	2024: 100%
		Product lifecycle management	Percentage of products in compliance with the EU Waste of Electronic and Electrical Equipment (WEEE)	2024: 100%
			Product energy consumption (power conversion efficiency)	2026: Power conversion efficiency of 90% of related router products must be higher than 85%, and power conversion efficiency of 30% of the products must be higher than 90%.
Society	SDG 3 SDG 5 SDG 8 SDG 10	Human rights protection	Number of child labor and forced labor incidents	Kept at 0 incidents
		Employee training and development	Group employee training coverage	2024: 85%
		Equality, diversity and inclusiveness	Percentage of female employees in the Group	2025: Kept at 45% or higher
			Percentage of female management employees in the Group	2025: 23% 2030: 25%
		Employee health and safety	Number of major occupational disasters	Kept at 0 incidents

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Aspect	SDGs	Dimension	Indicator	Short, medium and long-term goals
Governance	SDG 9 SDG 16 SDG 17	Business ethics	Corporate governance evaluation results	2025: Top 20% 2030: Top 5%
			Number of major business integrity incidents	Kept at 0 incidents
			Number of negative information security incidents	Kept at 0 incidents
			Information security certification rate at the locations of operations	2025: 100%[Note]
		Supply chain management	Supplier CSR Code of Conduct signing rate	2025: 85% 2030: 90%
			Supplier ESG audit coverage	2024: 100% of key suppliers 2030: The ESG assessment requirements of Mexican suppliers are consistent with those of suppliers in other factory locations.
			Supplier responsible minerals due diligence	2024: Conduct responsible minerals due diligence every year
			Number of responsible mineral use incidents	Kept at 0 incidents
			Supplier capacity building training coverage	2025: 60% 2030: 70% 2030: 80%

Note：In the short term, certification coverage of locations of operations is mainly calculated based on Taiwan, China and the Philippines. In the long term, it will also expand with the expansion of locations of operations.

CH1
Upgrade of Responsibility

Key Achievements in 2023

- Establishment of the **ESG Sustainability Committee**

- **100%** Board attendance rate

- **50%** of independent directors

- Average director training hours of **7.25 hours**

- **100%** signing rate of the Code of Ethical Conduct by new employees

- **0 major** violations[Note]

- **0 major** information security incidents

Note： "Significant" refers to an incident that affects more than 3% of the Company's total assets in the most recent financial statements, or more than 3% of the Company's operating revenue in the most recent fiscal year.

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Management Approach and Performance

	Importance to Sercomm	Policy/ commitments	Management actions	Assessment mechanism	Communication mechanism
Business integrity	Establish governance policies for business integrity and ethical behavior, and establish corresponding management mechanisms to manage and control business integrity issues including but not limited to anti-corruption, anti-bribery, anti-competition, unfair interests and leakage of business secrets.	Take integrity as the highest principle of corporate operations and actively prevent dishonest behaviors.	• Formulate the "Ethical Corporate Management Best Practice Principles" as a guideline for integrity in operating activities of the Group. • Formulate "Procedures for Ethical Management and Guidelines for Conduct" to standardize the relevant handling procedures for various integrity issues.	An annual audit plan is formulated every year. In addition to legal and regulatory items, the audits also cover subjects with significant risk of deficiencies.	Establish "Reporting System Management Measures" to provide communication channels for all employees, suppliers, customers and other relevant stakeholders.
Risk management	Establish risk management policies and maintain an effective risk management mechanism, including collection, assessment and identification of risk issues, formulation of response strategies, etc., in order to promptly understand and respond to operational-related risks.	Capture internal and external potential or substantial risks, implement risk management execution, coordination and communication.	• Formulate "Risk Management Policies and Procedures" to ensure risk control and timely communication with a comprehensive risk management framework.	Establish an internal control system and report quarterly audit findings, management plans or improvement tracking to the Audit Committee and the Board of Directors.	Regular or irregular meetings of each risk management unit.
Information security	Formulate information security management policies and implement mechanisms or measures to ensure the security of networks, IT systems or data systems to avoid the risks of information system interruption, hacker intrusion or data leakage.	Continuously strengthen information security protection and maintain the security and integrity of any operational information.	• Formulate an "Information Security Management Policy" and introduce ISO 27001:2013 Information Security Management System.	Tracking and verification by a third-party verification unit.	The Information Security Promotion Team reports to the Information Security Committee every year.

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1.1 Sustainable Governance

Corporate Sustainability Guidelines

Sercomm established the "Sustainable Development Best Practice Principles" in May 2023 as guidelines for the Company to consider its sustainable development vision and strategy. In order to provide clearer guidance on how to incorporate sustainability into our operations, we have also formulated the "CSR Guiding Principles", which set out in detail the sustainability criteria for our operations in the five aspects of business ethics, labor and human rights, health and safety, environmental protection, and sustainable sourcing. Its scope of application covers the Company's global locations of operations, management level personnel, regular employees and non-employees, as well as supply chain partners.

Governance Organization

Sercomm officially established the "ESG Sustainability Committee" with the approval of the Board of Directors in May 2023, and also formulated the "ESG Sustainability Committee Organizational Rules" to guide the operation of the Committee. The Committee is composed of directors and senior managers of the Company, aiming to use high-level governance capabilities to respond to sustainable risk impacts and capture opportunities. The "ESG Sustainability Task Force" is responsible for the overall operation of the committee business. It has set up five task groups, namely, "Sustainable Development", "Responsible Product", "Responsible OPS & SCM", "Employee Cares & Public Charity" and "Governance", to be responsible for the implementation of various sustainability plans in response to the expectations of stakeholders.

In 2023, the ESG Sustainability Committee held a total of 8 meetings and passed or discussed 6 key resolutions. 2 cases were reported to the Board of Directors in the fourth quarter of 2023.

▌ Major Resolutions of the ESG Sustainability Committee in 2023

- SBTi commitment submission and reduction target setting plan
- Group-wide GHG inventory planning
- Evaluation of carbon management information platform introduction plan (including organizational GHG inventory and product life cycle assessment)
- Formulation of sustainable supply chain management mechanisms
- Formulation of a sustainable development strategy framework
- Adoption of a double verification plan for the 2023 Sustainability Report

▌ Reporting to the Board of Directors by ESG Sustainability Committee in 2023

- Implementation status of GHG inventory and assurance schedule and the promotion of sustainable development, including the establishment of the Sustainable Development Committee, GHG inventory and reduction, renewable energy usage ratio, net-zero emissions and other indicators and goal setting.
- Status of stakeholder engagement, including identification and communication with stakeholders

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Sustainable Governance Organization

Board of Directors	Roles and responsibilities	The highest decision-making unit ● Decision-making, approval and supervision of sustainable development vision, strategy and direction
	Acceptance frequency of reporting	● Once a year

ESG Sustainability Committee	Members	● Chairperson: Directors of the Board of Directors ● Committee members: Chief Operating Officer, Chief Financial Officer, Chief Strategy Officer and senior managers of each unit
	Roles and responsibilities	Decision-making supervision unit ● Formulation of sustainable development vision and policy ● Approval of sustainable development strategies, goals, action plans and performance results
	Frequency of meetings	● Quarterly

ESG Sustainability Task Force	Roles and responsibilities	Affairs coordinating unit ● Formulate sustainable development strategies, goals and action plans ● Track and integrate the short, medium and long-term goals, annual action plans and implementation results of each task force, and report it to the Committee ● Formulate a work plan for promoting sustainability affairs
	Communication frequency	● Monthly

Sustainable development	Responsible product	Responsible OPS & SCM	Employee cares & public charity	Governance	Roles and responsibilities	Program implementation unit ● Set short, medium and long-term goals and prepare annual action plans ● Execute annual action plans and report on implementation results ● Propose improvement plans
Customer relationship management	Green products Product innovation and R&D	Low-carbon operations Climate change response Waste management Water resource management Occupational health and safety	Talent recruitment and retention Human rights management Employee relations and communication Diversity, equality and inclusiveness Employee training and development Social impact	Business integrity Information security Risk management Sustainable supply chain management	Responsible sustainability issues	

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Sustainability Risks and Opportunities

In the digital economy, the development of the network communication industry is diverse and volatile, testing the Company's agile adaptability, that is, the real-time response to risks in operational activities. Sercomm conducted a comprehensive sustainability risk and opportunity identification based on the Company's current operating status in 2023. We refer to "Enterprise Risk Management - Applying Enterprise Risk Management to Environmental, Social and Governance Related Risks" published by the COSO and the World Business Council for Sustainable Development (WBCSD) and ISO31000:2018 Risk Management Principles and Guidelines to identify, evaluate, analyze, and rank risks, communicate the risk identification results within the organization, and treat it as a reference for the implementation of our future sustainability strategies.

With reference to the 2023 Global Risk Report issued by the World Economic Forum (WEF), as well as international business-related risk reports and industry sustainability indicators, Sercomm collected a total of 17 sustainability risks, including 6 operational, 5 hazard, 5 compliance and 1 strategic risks. The risk issues were ranked in terms of the degree of impact of the consequences caused by the risk and the likelihood of the risk. Among the 17 sustainability risk issues in 2023, 3 were high risk, 10 were medium risk, and 4 were low risk.

Sustainability Risk Identification Process

Risk Identification → Risk Assessment → Risk Analysis → Risk Ranking → Internal Communication

Risk level = the degree of impact of the consequences caused by the risk × the likelihood of the risk

Risk level	Rating scale	Response principle	Number of assessments in 2023
High	>15	Requires senior management's attention to formulate and adopt targeted mitigation plans and measures	3
Medium	≥ 8 且 ≤ 10	Requires continuous attention from key departments	10
Low	<8	Within the acceptable range, manage by relevant departments according to routine procedures	4

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Sustainability High-risk Issues in 2023

Risk name	Risk description	Response measures	2023 performance	Goal
Unable to immediately identify and respond to supplier sustainability-related negative incidents	Failure of the grievance and reporting mechanism or the existing handling mechanism prevents the Company from immediately capturing or responding to negative incidents related to supplier sustainability, which affects the Company's reputation.	• Based on the existing supply chain management, Sercomm has planned a more comprehensive sustainable supply chain management mechanism in 2023, from the selection of new suppliers to the sustainable risk control of existing suppliers. For detailed planning, please see 2.1 Sustainable Supply Chain Management chapter.	• In 2023, the Company carried out on-site audits for 92 first-tier suppliers, and 88 suppliers passed the audit, with the audit pass rate of 96%.	• In 2030, the signing rate of the first-tier supplier social responsibility code of conduct reached 90%. • In 2024, 100% of key suppliers completed ESG audits.
Trade policy/anti-dumping and countervailing duty pressure	The U.S. and the EU are the Company's main markets. Unfavorable trade policies or anti-dumping and countervailing duty investigations on the Company's layout adopted by these two places will affect the Company's operating revenue.	• In the past few years, Sercomm has dispersed its production bases according to the needs of European and U.S. customers, with mass production in the Philippines and India to reduce the impact of potential trade policy changes or anti-dumping and countervailing investigations. • Sercomm actively embarks on localization of supply chain in order to make the overall supply chain more efficient and reduce further regulatory actions by European and U.S. governments.	• Officially mass-produced in Mexico to meet the near-shoring outsourcing needs of U.S. customers. The current planned annual production capacity is 1 million units, in order to provide customers with more diverse choices under the Company's global layout goal (the same products are produced in two places).	• In 2023, the Mexican plant targets an annual production capacity of three million units. • By 2025, 80% of mass-produced models will have off-site production capability.
Information security and privacy protection incidents	Increasingly prevalent network security may also affect organizational information security and privacy, causing information security incidents. The software installed on the product may have vulnerabilities, putting the security of user data at risk.	• Currently, ISO27001:2013 information security management system has been introduced to important locations of operations. It is expected to introduce the updated version of ISO27001:2022 in 2024 and strengthen coverage. • PSIRT (Product Security Incident Response Team) is established to ensure that the software produced complies with information security regulations. For more information, please see the product information security section in chapter 1.6 Information Security.	• All employees were required to complete information security education and training in 2023, with a training coverage rate of 67%. Information security training and promotion will continue to be implemented to strengthen personnel awareness. • 5 sessions of information security-related drills were completed in 2023, and information security risk assessments and drills will continue to be implemented. • Regular information security asset inventories were carried out in 2023. Annual information security asset risk assessments will continue to be implemented every year, and response procedures will be formulated for each risk level.	• Maintain 0 major information security incident • In 2025, all locations of operations will be externally certified to ISO27001 information security management system.

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1.2 Responsibility Governance

Top Governance - Board of Directors

The Board of Directors is the Company's highest governance unit. The Company adopts the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" as its governance criteria and is committed to establishing and maintaining a sound corporate governance framework. The current Board of Directors consists of a total of 8 directors, of which 4 are independent directors, 1 is a female director, and 2 are executive directors. In order to strengthen corporate governance, the Company has set up dedicated Corporate Governance Officer to be responsible for comprehensive management of corporate governance-related matters. The Board of Directors held a total of 4 meetings in 2023, and the attendance rate of Board members reached 100%.

Governance Organizational Structure Chart

```
                    General Shareholders' Meeting
                              |
Audit Office ──── Board of Directors ──── Audit Committee
                              |           Remuneration Committee
                              |           ESG Sustainability Committee
                          Chairman
                              |
                          President
                              |
    ┌─────────────┬──────────┴──────────┬─────────────┐
Regional      Product/service      Each production   Logistics
business      related business     base unit         support unit
units         units
```
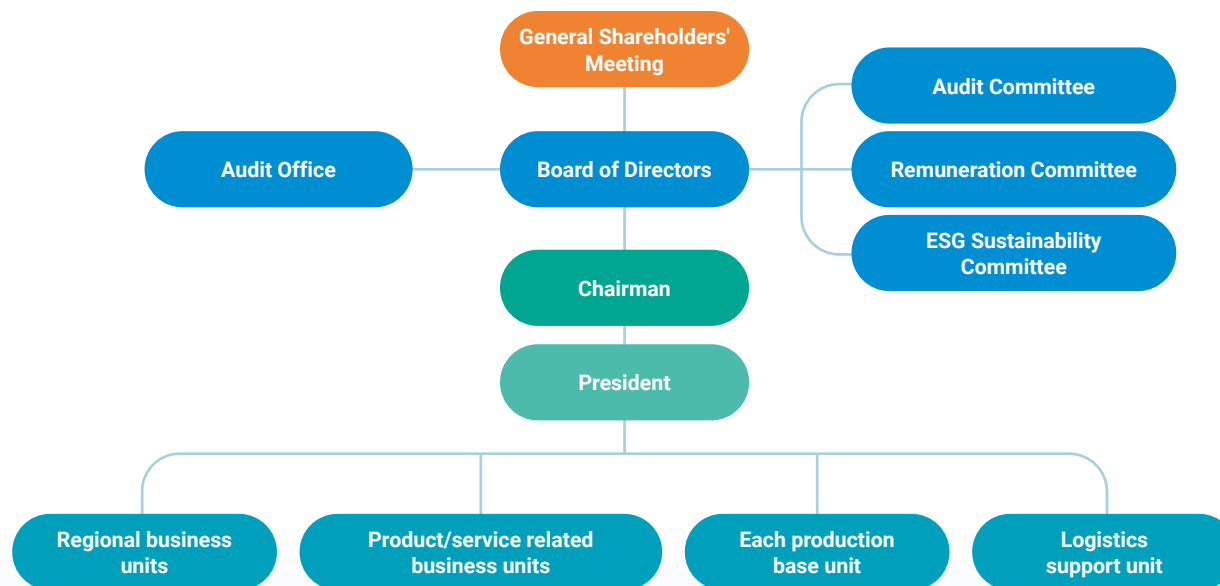
◤ Diversity and Independence

In the "Corporate Governance Best Practice Principles", the Company clearly stipulates that the selection of Board members should consider the overall capabilities of the Board of Directors. The composition of the members should consider diversity, including gender, age, nationality, culture, professional background, professional skills, industrial experience, etc. The purpose of the Board member diversity policy is to reduce the myth of group decision-making and improve the quality, efficiency and performance of the Board of Directors' decision-making through the integration and impact of diverse perspectives of members' different thinking and awareness in the dynamic operation of the Board of Directors. Currently, the specific management objectives of the Board diversity policy are based on a combination of various factors, including the fact that Sercomm currently has one non-national director and one female independent director in 2017. In the future, it will continue to increase the number of female directors as the goal. The overall Board members have cross-industry characteristics, and at the same time, have rich experience and expertise in various professional fields, so as to achieve complementarity. The implementation of diversification is shown in the following table. The Board of Directors also conducts internal performance evaluations regularly every year and confirms that members have diverse backgrounds and competency. In terms of independence, we mainly evaluate the independence of independent directors based on the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", and conduct independent evaluations on the initial election of independent directors and on a regular basis every subsequent year. The professional backgrounds of the Board members include the netcom industry, financial accounting, operational decision-making, law, venture capital and other fields, and they can provide diversified suggestions on issues of concern of various stakeholders.

In order to take the long-term interests of stakeholders as the main consideration, when nominating candidates for directors, the Company prudently evaluates the list of director candidates based on the two principles of diversity and independence mentioned above, and reviews the qualifications as stipulated in the Company Act and by the competent authorities. After deliberation and approval by the Board of Directors, the list will be reported to the shareholders' meeting for selection.

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Title	Name	Gender	Age	Nationality	Education	Employee status	Term of office of directors	Diversity
Chairman	Representative of Zhuo Jian Investment James Wang	Male	51-60	Taiwanese Citizen	Master	✓	2022-2025	Netcom industry technology Financial accounting Business judgment
Director	Representative of Pacific Venture Partners Co., Ltd. Paul Wang	Male	81-90	Taiwanese Citizen	PhD		2022-2025	Netcom industry experience Venture capital Business judgment
Director	Representative of Zhen Bang Investment Ben Lin	Male	61-70	Taiwanese Citizen	Master	✓	2022-2025	Netcom industry technology Venture capital Business judgment
Director	Representative of Yun Zhou Investment Charles Chu	Male	61-70	Taiwanese Citizen	Master		2022-2025	Netcom industry technology Business judgment
Independent director	Chin-Tay Shih	Male	71-80	Taiwanese Citizen	PhD		2022-2025	Netcom industry technology Financial accounting Business judgment
Independent director	Steve K. Chen	Male	61-70	Foreigner	PhD		2022-2025	Law Venture capital Business judgment
Independent director	Rose Tsou	Female	51-60	Taiwanese Citizen	Master		2022-2025	Multimedia platform Financial accounting Business judgment
Independent director	Paul Yang	Male	51-60	Taiwanese Citizen	Master		2023-2025	Financial accounting Venture capital Business judgment

- Gender: 1 seat is female (12.5%), 7 seats are male (87.5%).
- Age: 3 seats are aged 51-60 (37.5%), 3 seats are aged 61-70 (37.5%), and 2 seats are aged over 71 (25%).
- Nationality: 1 seat is a foreigner (12.5%), 7 seats are Taiwanese citizens (87.5%).
- Education: 3 seats are PhD (37.5%), 5 seats are master (62.5%).

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Balanced Board Structure

Independent director

4 seats (50%)

An additional independent director was elected in 2023. In addition, under the principle of maintaining independence, some of the independent directors have been appointed for a longer term in order to enhance the quality of the Board's decision-making through their understanding of the Company's medium- and long-term operations and to capitalize on their extensive experience and capabilities.

Directors with staff status

2 seats (25%)

Taking into account the Company's operations and asset size, the Chairman of the Board serves as the chief executive officer to cope with the Group's overall operations and global resource integration. In order to enhance the objectivity and independence of the Board of Directors' decision-making, the proportion of directors who concurrently serve as managers only accounts for 25% of the total number of directors, reaching no more than 1/3 of the total number of directors.

General Directors

2 seats (25%)

◤ Functional Committees

Under the Board of Directors, there are three functional committees, namely, the "Audit Committee", "Remuneration Committee" and "ESG Sustainability Committee". The operation of the three committees follows the "Audit Committee Organizational Rules", "Remuneration Committee Charter" and "ESG Sustainability Committee Organizational Rules". These committees play the role of supporting the Board of Directors by focusing on corporate risks such as finance, internal audit, reasonable compensation, environmental, social and governance, etc., so as to strengthen the governance of the Board of Directors.

Functional committees	Member background	Title	Name	Operational status in 2023
Audit Committee	Independent director	Convener	Chin-Tay Shih	• The internal audit manager and accountants hold communication meetings with the 4 independent directors at least once a year, and disclose the communication information in the annual report and the Company website. • Meetings are held at least once a quarter, totaling 4 meetings in 2023 with 100% attendance rate.
	Independent director	Committee member	Rose Tsou	
	Independent director	Committee member	Steve K. Chen	
	Independent director	Committee member	Paul Yang	

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Functional committees	Member background	Title	Name	Operational status in 2023
Remuneration Committee	Independent director	Convener	Rose Tsou	• In addition to discussions on distribution of remuneration to directors and employees, resolutions on the distribution of employee subscription rights and the transfer of treasury shares to senior executives for distribution were also determined in 2023. • Meetings are held 2 times per year, totaling 2 meetings in 2023 with 100% attendance rate.
	Independent director	Committee member	Steve K. Chen	
	Independent director	Committee member	Chin-Tay Shih	
	External member	Committee member	Hung-Shou Chen	
ESG Sustainability Committee	Director	Convener	Charles Chu	• The ESG Sustainability Committee was established in 2023 with five working groups to assist the Board of Directors in continuously promoting corporate environmental, social and corporate governance practices. For the operation status of the Committee in 2023, please refer to the chapter headed "Sustainable Governance". • Meetings are held at least once a quarter, totaling 8 meetings in 2023 with 100% attendance rate.
	Senior Vice President	Committee member	Dean Wang	
	Vice President	Committee member	Alex Liou	
		Committee member	Arthur Hsu	

Continuing Education of Directors

In response to the international focus and trends on topics such as corporate governance and corporate sustainable development in recent years, directors are encouraged to participate in further training and report a training certificate to the Company. The total number of training hours in 2023 was 58 hours, and the average training hours for directors was 7.25 hours.

Course name	Hours
1. Tax Laws and Practices for Business Operations and Reinvestments (India, U.S. and Mexico)	30
2. Cathay Sustainable Finance and Climate Change Summit	6
3. Fair Customer Treatment Principles and Financial Consumer Protection Act, Financial Friendliness and Inclusive Finance	4
4. Taishin Net Zero Power Summit Forum	3
5. Fair Customer Treatment Principles in the Financial Services Industry	3

Course name	Hours
6. How Directors and Supervisors Should Supervise Corporate Risk Management and Crisis Management	3
7. Development of AI and Application of Third-Generation Semiconductors in Servers	3
8. Tax Money Laundering Risk Prevention - Eight National Money Laundering Risk Patterns	3
9. Legal Compliance Briefing on Insider Equity Transactions	3
Total	**58**

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Performance Evaluation

Sercomm formulated the "Board of Directors Self-evaluation Methods" based on the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" to improve the functions of the Board of Directors and strengthen operational effectiveness. It is stipulated in the evaluation method that the Board of Directors should conduct an internal self-evaluation at least once a year and an external professional evaluation at least once every 3 years for the purpose of implementing the Board Performance Evaluation. The scope of evaluation includes the Board as a whole, individual directors and each functional committee. The results of the Board performance evaluation are not only used as a reference for director selection or nomination. The most recent performance evaluation execution status is as follows:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation results
An internal evaluation once a year	January 1, 2023 to December 31, 2023	Performance evaluation of the Board of Directors, individual directors and functional committees	Internal self-evaluation of the Board of Directors Self-evaluation of the Board members	The self-evaluation results of the Company's Board of Directors, individual Board members and functional committees in 2023 were all excellent, and there were no major improvement projects. The evaluation results had been reported to the Board of Directors on March 5, 2024.
An external evaluation every 3 years	January 1, 2022 to December 31, 2022	Performance evaluation of the Board of Directors, individual directors and functional committees	Appointment of an external professional organization	Upon on-site evaluation by an external professional organization on the Company's Board of Directors and the Audit Committee, it is believed that the Company's Board of Directors has formulated relevant policies and procedures for Board operations in all aspects in accordance with relevant laws and domestic corporate governance indicators. The Board of Directors is composed of directors with relevant professional capabilities. Various works are assigned based on different professions and experiences. The functions of the Board of Directors and various functional committees can be effectively carried out. The evaluation results were excellent, and the evaluation results had been reported to the Board of Directors on March 9, 2023.

Remuneration Policies for Directors and Managers

Remuneration Policies for Directors

According to the Company's Articles of Association, directors' remuneration is determined by the Board of Directors based on the degree of participation and contribution of individual directors to the Company's operations, as well as business performance and industry average standards. If the Company makes a profit during the year, a maximum of 2.5% will be appropriated as directors' remuneration. Independent directors do not participate in distribution of directors' remuneration. The Company regularly evaluates directors' remuneration in accordance with the "Board of Directors Self-evaluation Methods", which is determined by the Remuneration Committee in March every year with reference to the performance of the previous year. The reasonableness of relevant performance appraisal remuneration is reviewed by the Remuneration Committee and the Board of Directors.

Remuneration Policies for Managers

According to the Company's Articles of Association, if the Company makes a profit during the year, 12% to 18% will be appropriated as employee remuneration. The Company's salary policy stipulates various work allowances and bonuses to sympathize with and reward employees for their hard work. Relevant bonuses are also awarded based on the Company's annual business performance, financial status, operating conditions and individual work performance. In addition, the performance evaluation results carried out in accordance with the "Performance Management Measures" are used as a reference for the issuance of manager bonuses. Manager performance evaluation items include financial indicators and non-financial indicators. For details, please see the Company's annual report. The non-financial indicators include two major parts, namely, the realization of the Company's core values and operational management capabilities, as well as the evaluation of sustainable operating performance, for the purpose of calculating the compensation for operational performance and reviewing the compensation system from time to time in light of the actual operating conditions and relevant laws and regulations.

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1.3 Business Integrity

Policies and Systems

In order to shape Sercomm's culture of integrity, the Board of Directors resolved in May 2023 to formulate the "Ethical Corporate Management Best Practice Principles" as a guideline for integrity for the Group when executing the Company's operating activities. The content includes the prohibition of bribery and acceptance of bribes, improper charitable donations or sponsorships, any form of illegitimate interests, unfair competition, etc. In order to specifically regulate the matters that all Sercomm personnel should pay attention to when performing business, we have further formulated the "Procedures for Ethical Management and Guidelines for Conduct" to clearly regulate the relevant handling procedures for various integrity issues. In addition, in order to strengthen the internal influential stakeholders' understanding of the Company's ethical standards, the "Code of Ethical Conduct for Directors and Managers" has been formulated for directors and managers, covering integrity such as conflicts of interest, profit-seeking, confidentiality and fair dealing. There are also "Procedures for Handling Material Inside Information" and "Code of Ethical Conduct" which specify the matters and guidelines that should be observed by all the Company's personnel in performing their duties in order to ensure a consistent understanding of honest and upright behavior within the Company.

The Company designates the internal audit unit affiliated with the Board of Directors as the dedicated unit for business integrity management, responsible for auditing the implementation of honest behavior, including analyzing and evaluating whether operating activities involve risks of dishonest behavior. In addition, the Company has set up a monitoring and checking mechanism for high-risk operating activities. The implementation status is reported to the Board of Directors once a year to assist the Board of Directors and senior management in supervising the compliance of relevant business processes.

Execution Results of Business Integrity

Supply Chain Integrity Management

Sercomm attaches great importance to ethical compliance of its supplier partners. In the Company's supply chain management mechanism, new suppliers are required to sign a "Supplier's EICC letter of undertaking", promising not to engage in any bribery, gifts, entertainment, or other improper benefits, and agreeing that in the event of any such event, Sercomm may immediately cease performing any transactions. Suppliers must complete the signing of this letter before they can become qualified suppliers. In 2023, a total of 62 new suppliers completed the signing of this letter.

Risk Assessment

Sercomm has established an "Internal Control Self-Assessment Operating Procedures". Every year, the internal audit unit supervises the management and each assessment unit to conduct Internal Control Self-Assessment within their scope of responsibilities. No high-risk items were identified in 2023. We also follow the "Regulations Governing Establishment of Internal Control Systems by Public Companies" to determine whether the design and implementation of the internal control system are effective. The results show that the design and implementation of the internal control system (including the supervision and management of subsidiaries) are effective and can reasonably ensure the achievement of the objectives. The Company obtained a "Written Communication Letter on No Significant Deficiencies in the Internal Control System" issued by PwC Taiwan in 2023.

Education and Training and Promotion

We regard integrity as the key value of our operations. In order to build awareness among employees, we require all new employees to sign a Code of Ethical Conduct. We also make integrity management-related courses compulsory every year and require employees to complete the courses.

Signing rate of the Code of Ethical Conduct	Training rate of annual education and training[Note]
100%	**65%**

Note：Training rate is calculated as the total number of employees trained for business ethics-related issues in 2023/the number of employees on the job at the end of 2023. In the Philippines and other overseas regions, the current focus is on personnel whose job duties are directly related to integrity. It is expected that all employees (including new employees) will complete business integrity-related education and training in 2024.

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⬧ Internal Auditing

Sercomm formulates an annual audit plan every year and submits it to the Board of Directors for approval. The implementation status of internal audits and improvement matters are also reported to the Audit Committee and the Board of Directors every quarter. In addition to conducting internal audits in accordance with the audit items prescribed by law, and referring to the risk assessment results of the previous year and the audit deficiencies discovered in the previous year, in 2023, we also screened audit targets based on the nature of operations, turnover, profit and loss, inventory and accounts receivable, and whether there were any significant deficiencies in our subsidiaries or sub-subsidiaries in the past two years, etc. Based on the screening results, we have conducted audits on the procurement cycle, production cycle and payroll cycle of global locations of operations, with a total of 20 findings, all of which have been completed and improved. Moreover, we have set up a project type audit. In 2023, we mainly audited the overseas business trip reimbursement method, and found that there was 1 incomplete regulation. We have revised and improved the original method and improved the employee reimbursement process. We also conducted a project audit on the shuttle bus route planning at our location of operations in the Philippines. Compared with the original implementation method, the revised plan is expected to reduce monthly costs by at least 10%.

Compliance with Laws and Regulations

Sercomm's location of operations are located worldwide. We pay attention to domestic and foreign policies and legal trends, and promptly adjust the Company's internal systems in response to changes in legal sources to ensure that the operations are in compliance with the laws and regulations formulated by various countries in order to avoid affecting operations or causing financial losses due to violation of legal requirements. These include the promotion of fair competition, provision of safe products and services to customers, assurance of compliance with applicable import and export controls and economic sanctions, regular optimization of information security and personal data protection compliance measures, compliance with labor and environmental related laws and practices, and protection of copyrights and Company assets as well as intellectual property rights in any form. Sercomm has a dedicated legal unit that provides various departments with internal legal consultation to assist each unit in complying with and implementing relevant legal regulations. No major illegal incidents occurred in Sercomm in 2023.

In addition to our own operations, we also require our supply chain partners to be legally compliant. Sercomm has formulated a "Supplier Corporate Social Responsibility Code" that requires suppliers to ensure that employees are treated with respect, be environmentally responsible and ethical, and comply with all applicable laws, rules and regulations. This code is updated at any time in accordance with the latest RBA Code of Conduct. In the fourth quarter of 2023, Sercomm launched a project to optimize the existing sustainable supply chain management mechanism, requiring suppliers directly involved in manufacturing activities to be at least certified by ISO14001 environmental management system and ISO45001 occupational health and safety management system with the aim of strengthening the sustainable risk control of the supply chain through the operation of the management systems.

⬧ Reporting and Complaints

The Company has formulated the "Reporting System Management Measures" for all employees, suppliers, customers and other stakeholders to report illegal or dishonest business practices. The Company keeps the reporting information strictly confidential. The parties involved in the reporting, the whistleblower and the relevant personnel responsible for handling the case are not allowed to disclose it to the public. They are responsible for keeping confidentiality and preventing and protecting the whistleblower from retaliation or improper treatment. Any violation of the confidentiality obligation will be penalized in accordance with the Company's regulations. In 2023, a total of 2 reporting cases were received, one of which was a case of product piracy involving an employee at a manufacturing base in China. After investigation, punishments were carried out in accordance with regulations, and improvements to relevant regulations and processes were completed. The other case involved an employee's personal area. After investigation, it did not affect the Company's reputation or professional integrity. The relevant personnel will continue to pay attention to this case.

> **Business Ethics Reporting Mailbox**
>
> - audit@sercomm.com (Global locations of operations)
> - HR_help@sercomm.com (Global locations of operations)
> - HRC@sercomm.cn (Mainland China)

Aspect	Compliance item	Major illegal incidents (number of cases)	Property losses caused by major illegal incidents [Note]
Product aspect	Regulations related to health and safety of products and services	0	0
	Regulations related to information and labeling of products and services	0	0
Market aspect	Regulations related to anti-competition or anti-trust	0	0
Social aspect	Labor related regulations	0	0
Environmental aspect	Environmental regulations	0	0

> Note： "Significant" refers to an incident that affects more than 3% of the Company's total assets in the most recent financial statements, or more than 3% of the Company's operating revenue in the most recent fiscal year.

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1.4 Risk Management

Risk Management Guidelines

In 2020, Sercomm established the "Risk Management Policies and Procedures" through a resolution of the Board of Directors as the Company's highest guiding principle for risk management, using a comprehensive risk management framework to ensure full control and real-time communication of organizational risks. This framework assigns each risk management unit to be responsible for two-level controls, requires the precise implementation of risk policies, and optimizes the allocation of resources to risk mitigation measures. When faced with risks, the Company develops response strategies and recovery plans, consults with external experts as necessary, and revises relevant internal regulations with the approval of the Business Management Committee. The Company identifies risk areas covering strategy, operations, finance and events based on the materiality principle, aiming to minimize potential losses.

Risk Management Organization

Audit Office

Corporate Governance Officer

Board of Directors

Audit Committee

Business Management Committee

Chairperson: President
Committee members: Vice Presidents of various divisions and Presidents of subsidiaries Risk Management Unit

Risk Management Unit

Risk Management Committees established within and across the Group organization

Second Line Responsibility Management

All employees of the Group

First Line Responsibility Management

Board of Directors

Highest decision-making unit of risk management. It determines the overall risk management policy based on the overall operating strategy and operating environment, ensures the effective implementation of risk management, and bears the ultimate responsibility.

Audit Committee

In accordance with Article 3 of the Company's "Audit Committee Organizational Rules", the Audit Committee assists in supervising risk management.

Audit Office

Formulate and implement annual audit plans (including statutory audit items), and review self-assessment reports issued by each unit.

Corporate Governance Officer

Report the Group's material risk control and implementation status to the Audit Committee and the Board of Directors.

Business Management Committee

The President serves as the chairman of the Committee. The Vice President of each division and the President of each subsidiary serve as the members. It is responsible for reviewing the relevant reports of each risk management unit, handling the creation, assignment of rights and responsibilities, and termination of each risk management unit, and supervising the implementation of the overall risk management as well as the coordination and communication.

Risk Management Unit

Including the Risk Management Committees established within and across the Group organization, responsible for implementing relevant risk management procedures and proposing necessary self-assessment and risk assessment reports.

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Risk Management Procedures

The Company follows ISO 31000 risk management framework and principles, collects and analyzes internal and external issues, and conducts risk identification, analysis, evaluation, response and tracking. We develop risk handling strategies, implement risk mitigation measures, and conduct ongoing risk monitoring. The Company is committed to disclosing the current and potential impacts of major risks through regular risk reports to protect the interests of the Company and stakeholders.

Identification ▶ Analysis ▶ Evaluation ▶ Response ▶ Tracking

Strategy	Operation	Finance	Event
Politics and economics Technology and industry R&D and competition	Supply chain disruption Information security Intellectual property rights (IPR) Talent retention	Exchange rates, interest rates and inflation Regulatory changes Customer credit Company financial indicators	Occupational safety and health Climate change and environmental regulations Other important risks
A total of 3 items	**A total of 11 items**[Note]	**A total of 4 items**	**A total of 3 items**

Note：The other 7 risk items include customers and markets, quality, production capacity, contracts, corporate image, ongoing operations and reinvestment management.

Risk Issues, Impacts and Responses Measures

The Company has established internal controls in accordance with relevant regulations. In addition to the quarterly reports on financial and internal control risk matters by the accountants and the Audit Office, which are arranged by the Business Management Committee to submit the audit findings and improvement status to the Audit Committee and the Board of Directors, the Business Management Committee integrates and incorporates the risk factors identified by the task force into the overall risk assessment. The risk scope includes strategy, operations, finance and events. In the past two years, it has identified U.S. patent litigation and customer credit risk, and has formulated management plans and improvement targets for major risks, which are reported to the Board of Directors by the respective supervisors.

In recent years, climate change-related risks have become an emerging risk item. We adhere to the guidelines recommended by the Task Force on Climate-related Financial Disclosures (TCFD) to carry out risk and opportunity identification and have identified 4 transition risks, which exert impacts on markets and policies and regulations. These include a high level of concern from Sercomm's upstream value chain partners about our low-carbon operations and products. If we fail to respond, it will affect our revenue. Sercomm's products are customized. The global climate global may curb the fossil fuel industry and lead to rising raw material prices, which will exert an impact on operating costs. To this end, we signed the SBTi Commitment, committing to adopt science based methods to plan GHG reduction targets under the scenario of limiting global temperature rise at 1.5 ° C. In 2024, we will also introduce a digital carbon management information platform and establish a product life cycle assessment mechanism. Currently, each major location of operations has introduced renewable energy through renewable energy purchase agreements or planned rooftop solar photovoltaic systems to reduce the operational carbon footprint. For more information on the governance, management and goals of climate change risks, please see the chapter headed "3.1 Climate Change Response".

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1.5 Tax Management

Sercomm's tax management is based on the main governance principles of "compliance with laws and regulations", "prudent evaluation", "honest tax payment" and "transparent disclosure". In terms of compliance with laws and regulations, Sercomm abides by the national tax laws of each location where we operate, and will never plan any unfair or aggressive tax planning. We have assigned dedicated financial colleagues in important locations of operations to understand the tax laws and regulations of various countries. If necessary, training resources will be invested to ensure that personnel are sufficiently knowledgeable to cope with changes in tax laws. In terms of prudent evaluation, Sercomm carefully evaluates tax risks and related impacts when arranging operating activities or conducting major transactions, and ensures that relevant tax laws and regulations have been taken into consideration before making decisions. In terms of honest tax payment, Sercomm does not aim at tax avoidance and does not accept tax arrangements without legitimate business reasons to ensure that corporate taxes can indeed promote the local economic and social development of each location of operations around the world. In terms of transparent disclosure, Sercomm's tax information disclosure is handled in accordance with relevant regulations, and good communication is maintained with various tax authorities on the basis of transparency and mutual trust. Sercomm's income tax expenses in 2023 amounted to nearly NT$600 million, of which 86% of income tax expenses were contributed to Taiwan, and the rest to Asian, European and the U.S. regions. We continue to contribute to local employment or economic development of related industries through taxation.

Tax Governance Principle

Compliance with laws and regulations
Comply with the tax laws of the countries where each business activity is located

Prudent evaluation
Incorporate tax into operational decision-making

Honest tax payment
Honesty and integrity are the key principles of tax payment

Transparent disclosure
Establish good communication with tax authorities based on honesty and mutual trust

近四年稅務資訊

Item	2020	2021	2022	2023	Unit
Net profit before tax	1,109,137	1,026,132	2,309,344	2,988,033	NT$1,000
Income tax expense	208,511	164,343	400,823	599,242	
Income tax payment	259,156	170,058	361,161	522,764	
Effective tax rate	18.80%	16.02%	17.36%	20.05%	%
Cash tax rate	23.37%	16.57%	15.64%	17.50%	%

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1.6 Information Security

In order to implement information security management and ensure the information security of relevant information infrastructure, information application systems, products and customers, Sercomm has formulated the "Information Security Management Policy" as management guidelines. The headquarters also introduced ISO 27001:2013 information in 2015 in order to construct a systematic information security management mechanism. It has passed third-party traceability and verification in 2023, and is expected to undergo ISO 27001:2022 management system update and transition certification in 2024 to comply with updated international standards. The Company will continue to strengthen the security protection of information infrastructure and application systems, and implement the security of company and product R&D data. In 2023, there were no major information security incidents in Sercomm.

Enterprise Information Security

◤ Information Security Organization

In order to implement the information security strategy set by the enterprise information security organization and ensure internal compliance with information security-related standards, procedures and regulations, an "Information Security Committee" was established in 2015 to be responsible for the supervision and governance of enterprise information security. The Committee, convened by the Chief Operating Officer, meets regularly to review and resolve information security and information protection guidelines and policies, ensure the effectiveness of information security management measures, and report to the Board of Directors on information security management effectiveness, information security-related issues and directions every year. The Information Security Promotion Team under the Committee coordinates the formulation, implementation, risk management and compliance verification of information security and protection-related policies, and reports to the Committee on the promotion status and results of information security management every year.

Information Security Management Organization

Information security management structure name	Members	Role & frequency of meetings & frequency of upward reporting
Information Security Committee	Convener: Chief Operating Officer Member: First-level supervisor of each unit	Role: Formulate information security policies, supervise and evaluate information and network security management mechanisms and directions Frequency of meetings: Hold regular meetings Reporting frequency: Report to the Board of Directors once a year
Information Security Promotion Team	Convener: Information Security Officer Member: Information security supervisors of each unit	Role: Coordinate the formulation, implementation, risk management and compliance verification of information security and protection related policies Frequency of meetings: Hold regular meetings Reporting frequency: Report to the Information Security Committee every year
Information Security Regulatory Team	Convener: Legal affairs supervisors Member: Information security supervisors of each unit	Obtain and identify information security-related regulations that can be implemented in the Company, and communicate the information to relevant personnel when regulations change
Information Security Audit Team	Convener: Audit and quality assurance supervisors Member: Audit and quality assurance colleagues	Carry out internal and external audits related to information security

Information security management structure name	Members	Role & frequency of meetings & frequency of upward reporting
Information Security Consultant	External professional third-party information security unit	Provide a complete information security compliance strategy, integrate information security health inspection, information security defense, information security training, and adjust consulting and vulnerability patching recommendations
Training Group	Convener: Human resources supervisors	Arrange information security education and training and daily drills to enhance security knowledge and awareness of employees
Physical Security Group	Convener: General affairs supervisors	Prevent information and information processing facilities from unauthorized physical access, damage and interference
Information Security Technology Group	Convener: Information Security Officer	The frontline performs information security work, assists each unit in information operation security, manages the use of information software and hardware, and discusses the security requirements, use management and protection measures of data and information systems.

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Information Security Management Mechanism

Sercomm's information security management mechanism mainly focuses on four aspects of risk management, security protection, monitoring and auditing, and continuous improvement, to carry out corresponding management actions respectively. The management resources invested in 2023 are as follows:

Management aspect	Management purpose	Key management actions	Management investments in 2023
Risk management	Assess information security risks and perform information security vulnerability scans to clearly understand the direction of information security protection	• Enterprise information security risk assessment • Information security risk assessment and incident management procedure development • Third-party risk analysis and rating • Confidential information inventory and risk assessment	Complete internal and external audits to evaluate the risk level of each process database
Security protection	Implement control measures at information security points such as networks, devices, apps and data to protect the confidentiality of all Company information	• Network behavior detection and network entity segmentation • Establish NAC (Network Access Control) mechanism and EDR (Endpoint Detection and Response) endpoint protection detection system • Formulate system development and maintenance control procedures for apps security • Mandatory encryption of confidential and extremely confidential information	Introduce endpoint threat detection and tracking and response services to conduct 24-hour information security monitoring and event tracking for user operating environments and networks
Monitoring and auditing	Ensure the effectiveness of various control measures through internal and external audits and inspections	• Regular vulnerability scans • System penetration testing operations • Disaster recovery simulation drills • Pass information security third-party audit certification	Scan system vulnerability risks, update information asset inventory, and perform related operational impact analysis
Continuous improvement	Continuously understand the latest information security threat types to promptly update software and hardware management actions and enhance personnel awareness	• Security threat intelligence and protection technology mastery • Information security education and training and case studies • Regular evaluation of information contractors	Join the Taiwan Computer Emergency Response Team/ Coordination Center (TWCERT/CC) to achieve the synergy of joint prevention of cross-domain information security threats through multiple information sharing channels

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◢ Information Security Event Reporting Process

Sercomm regularly performs risk assessment operations every year. Each unit conducts impact and threat analysis based on its work process and output data, defines relevant risk values based on the analysis results, and formulates corresponding risk response plans to ensure that an information security incident can be promptly notified in accordance with the classification criteria of the "Information Security Incident Management Procedures" when it occurs, and that the necessary contingency measures and incident learning mechanisms can be established to minimize the damage caused by the incident.

Information security incident levels	Judgment criteria	Handling
Level 4	• Leakage of extremely confidential information • Serious tampering of extremely confidential information • Operations of important information infrastructure are affected or the system is suspended, and normal operations cannot be restored within the tolerable interruption time	Report within 15 minutes and propose countermeasures within 8 hours
Level 3	• Leakage of confidential information • Serious tampering of confidential information • Core business operations are affected or the system is suspended, and normal operations cannot be restored within the tolerable interruption time	Report within 30 minutes and propose countermeasures within 24 hours
Level 2	• Leakage of internal proprietary information • Slight tampering of internal proprietary information • Core business operations are affected or system efficiency is compromised, and normal operations can be restored within the tolerable interruption time	Report within 2 hours and propose countermeasures within 48 hours
Level 1	• Tampering of general information • Non-core business operations are affected or temporarily suspended	Report within 4 hours and propose countermeasures within 3 working days

◢ Information Security Drills

Sercomm regularly conducts annual information system disaster recovery drills every year. In 2023, a total of 5 drills were completed for important information systems and important information equipment related to the Company's operations. Partial information systems have met the drill requirements for system or data recovery, and partial information equipment has successfully switched to backup equipment within the required time to maintain normal operations.

Data backup recovery

Conduct drills on data backup and virtual host system recovery procedures to ensure the effectiveness of data backup and the timeliness of system recovery procedures. A total of 3 drills were conducted in 2023.

Network backup

For network backup drills, the operating equipment and lines are switched to the backup environment to test the availability of the backup machines and backup lines. Through the drills, the execution personnel can be familiarized with the switching procedures, and the applicability of the operation procedures can be tested. A total of 1 drill was conducted in 2023.

Penetration testing

An external information security team is appointed to conduct penetration testing drills to assist Sercomm in verifying and testing the security strength of internal and external information systems, understanding the security threats faced by the tested targets, discovering potential information security issues, and providing overall information security improvement suggestions. A total of 1 drill was conducted in 2023.

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Information Security Communication and Training

Information security communication

- In order to strengthen personnel's awareness of information security protection, all new employees of Sercomm are required to sign an employee commitment letter covering the confidentiality obligations of confidential information and related regulations on the use of computer software and hardware. In 2023, 100% of new employees completed the signing of the letter.
- The information security unit released a total of 6 key information security messages to remind colleagues to avoid opening phishing emails.

Information security training

- Conducted social engineering phishing email promotions for all employees and incorporated new attack techniques into training and education programs to enhance the security awareness among employees.
- The information security-related education and training rate in 2023 amounted to 67%[Note].

Note：Training rate is calculated as the total number of employees trained for information security-related issues in 2023/the number of employees on the job at the end of 2023.

Product Information Security

Sercomm attaches great importance to product information security. We have specially established PSIRT (Product Security Incident Response Team) in the software development organization and added relevant information security processes to the software development process to ensure that the relevant software programs produced by Sercomm can meet information security requirements to a certain extent. In the initial stage of products, PSIRT will establish product information security standards based on the attributes of products and customer needs, which will then be handed over to the software R&D unit to develop relevant software based on this information security specification and conduct preliminary product information security testing. The test results will be reviewed by PSIRT. After passing the test, PRIST and the software design assurance department will continue to conduct relevant verifications. The test results will be imported into the project management tool JIRA to track the improvements of the problematic points after the test, and to ensure that the software can comply with the information security regulations.
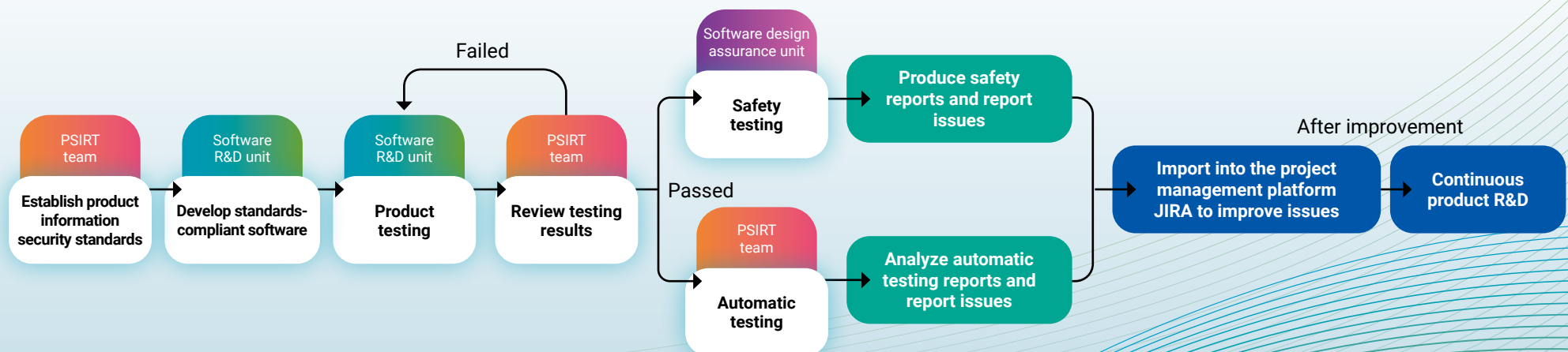
Flow diagram:

PSIRT team — **Establish product information security standards** → Software R&D unit — **Develop standards-compliant software** → Software R&D unit — **Product testing** → PSIRT team — **Review testing results** →

Failed (loops back from Review testing results to Product testing)

Passed →

Software design assurance unit — **Safety testing** → **Produce safety reports and report issues**

PSIRT team — **Automatic testing** → **Analyze automatic testing reports and report issues**

→ **Import into the project management platform JIRA to improve issues** → After improvement → **Continuous product R&D**

CH2 Partnerships

Key Achievements in 2023

- Green benefit investment in an amount of **NT$26,281,645**[Note]

- Total sustainability training of **155.01man-hours** for supply chain management personnel

- Total supplier sustainability training of **1,778 man-hours**

- **100%** qualified smelters

- Average Reuse and Recycled Rate of over **85%** and the Recovery Rate of over **95%** in the WEEE-3R disassembly testing

- Total number of patents approved **>240**

Note 1：Green benefit investment is divided into procurement of general items and procurement investment with green benefits. For the procurement of general items, products with energy-saving labels are included as the statistical objects. The procurement investment with green benefits includes the procurement of products or projects for the purpose of saving energy, improving energy efficiency or saving water resources as the statistical objects.

Note 2：The investment amount of each location of operations is calculated after converting it into New Taiwan dollars at the exchange rate. The exchange rate used is consistent with that of the 2023 annual financial report.

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Management Approach and Performance

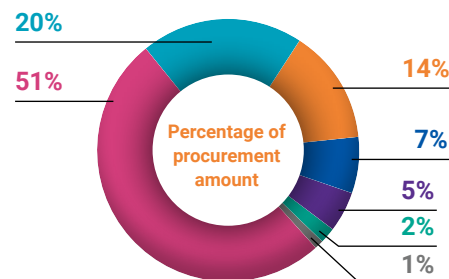|	Importance to Sercomm	Policy/commitments	Management actions	Assessment mechanism	Communication mechanism
Sustainable supply chain management	Formulate sustainable supply chain management policies and implement supplier sustainability assessments to reduce supply chain sustainability risks. Moreover, we provide supply chain partner support resources to help our partners improve positive and sustainable performance.	In addition to commercial elements such as quality, price and delivery, support supply chain partners to invest in sustainable management resources.	• Establish "Supplier Management Procedure[Note]", screening new suppliers and evaluating existing suppliers based on business and sustainability elements.	Written evaluation or on-site audit of new and existing suppliers.	Establish "Reporting System Management Measures" to provide communication channels for suppliers.
Green products	Think about and control the impact on the environment at each stage of the product's entire life cycle, from R&D, manufacturing, use to disposal, in order to reduce the negative environmental impact of the product.	Follow subtractive design mindset to implement environmentally friendly product design.	• Establish green design principles in the four aspects of Reduce, Reuse, Recycle and Usage.	Set goals and review the achievement of goals in four aspects of green design principles.	Internal regular and irregular product management meetings, customer feedback.
Product innovation and R&D	Capture market trends and customer needs, establish product innovation R&D strategies and encourage innovation-related systems to highlight product differentiation and market competitiveness, and simultaneously build an intellectual property rights protection mechanism to protect innovation and R&D results.	Focus on innovative R&D in the field of telecommunication broadband and meet market needs through diverse designs.	• Division of labor for product innovation and formulate "Patent Incentive Measures" to encourage product innovation.	Internal regular and irregular product management meetings.	
Customer relationship management	Optimize the quality of products and services, and establish smooth communication channels and processing mechanisms to respond to customer needs in a timely manner with the aim of ensuring that customers receive the best service experience in partnerships, so as to build a deep and long-term foundation of trust.	Provide comprehensive customer services with execution, communication and innovation capabilities.	• Establish long-term partnerships based on the principles of professional R&D, flexible production and integrated communication.	Customer satisfaction survey is conducted once a year.	Set up dedicated contact persons for handling customer services and opinions.

Note: The names of management measures vary according to the management system of each location of operation, but the management mechanism is the same.

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2.1 Sustainable Supply Chain Management

Overview of Supply Chain

The products provided by Sercomm cover three major categories, namely broadband terminal equipment, commercial netcom equipment, as well as network infrastructure and the IoT. The procurement amount in 2023 amounted to nearly NT$46.7 billion, with a total of 859 first-tier supplier partners. We primarily procure and supply chip modules and various electromechanical and mechanical components such as printed circuit boards (PCBs), power supplies, and memory from the supply chain. The operating types of suppliers include raw material manufacturers, agents or distributors, etc. First-tier suppliers are mainly located in Taiwan, China, Singapore, the U.S., Europe and the Philippines. The distribution of Sercomm's global procurement activities is shown in the figure below. For local procurement, Sercomm supports local economic development and continues to arrange related strategic procurement. The local procurement of production plants in Taiwan, China and the Philippines is shown in the figure below.

Global Procurement Distribution[Note]

- ● Taiwan │ 317
- ● Europe │ 12
- ● China │ 473
- ● The Philippines │ 15
- ● Singapore │ 17
- ● Others │ 13
- ● U.S. │ 26

Percentage of procurement amount

20%
51%
14%
7%
5%
2%
1%

Local procurement amount

- ● Taiwan
- ● China
- ● The Philippines

Percentage of local procurement amount

57%
27%
7%

Note: Distribution of global procurement activities is based on the location of the actual transaction bank. It is used to illustrate the economic contribution of procurement activities to the region. The difference between the total number and the number of first-tier supplier partners is due to the fact that 14 suppliers have a second designated transaction bank. As a result, there is a second location.
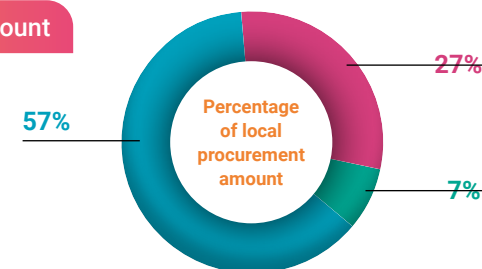
Note: Total amount paid to the bank in the country of production / Total procurement amount of the factory = percentage of the procurement cash flow retained in the local area.

Sercomm supports environmentally friendly products. In addition to using banned and restricted substances that comply with international standards for raw materials, Sercomm also gives priority to purchasing general products with labels or labels related to environmental benefits. Moreover, we also invest in equipment procurement, equipment modification or engineering rectification with green benefits, such as replacement of LED lamps, replacement of air conditioning equipment or replacement of its inverters. Our procurement with green benefits in 2023 amounted to NT$26,281,645.

Green benefit investment amount [Note]

Unit : NT$

Item		Investment amount
Procurement of general items		9,821,770
Procurement investment with green benefits	LED lamp replacement	1,445,712
	Air conditioning related equipment replacement or inverter replacement	6,323,087
	Other equipment modifications or engineering rectifications	8,691,075
Total		26,281,645

Note 1: For the procurement of general items, products with energy-saving labels are included as the statistical objects. The procurement investment with green benefits includes the procurement of products or projects for the purpose of saving energy, improving energy efficiency or saving water resources as the statistical objects.

Note 2: The investment amount of each location of operations is calculated after converting it into New Taiwan dollars at the exchange rate. The exchange rate used is consistent with that of the 2023 annual financial report.

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Supply Chain Management Guidelines

Sustainable Supply Chain Management Framework

Policy guidelines

Supply chain sustainability risk management

- Supplier Management Procedure[Note]
- Supplier Code of Conduct Commitment

Business selection mechanism

Supply chain sustainability risk control

- Potential suppliers fill out the CSR evaluation form
- Written evaluation
- On-site evaluation

Evaluation mechanism

Supply chain sustainability risk audit

- Suppliers fill out the CSR evaluation form
- Zero tolerance items on sustainability issues
- Monthly grading
- Annual on-site audit

Support mechanism

Supply chain sustainability capability building

- Education and training related to sustainability risk management for external supply chain partners
- Education and training on sustainability risk awareness for internal supply chain management personnel

In order to control business and sustainability-related risks in the supply chain, Sercomm has formulated "Supplier Management ProcedureNote" to clarify the internal new supplier and existing supplier management mechanism, and provide supplier support resources. We regulate the basic code of conduct for suppliers in accordance with the Responsible Business Alliance (RBA), requiring all suppliers to comply with relevant social responsibilities and integrity commitments and fully comply with all relevant local laws and regulations. We also formulate a Supplier's Code of Conduct Agreement to be signed by suppliers before becoming qualified suppliers. At the end of 2023, Sercomm deepened its management based on the original management mechanism and established an applicable supplier selection and evaluation mechanism based on the attributes of suppliers.

Note：The names of management measures vary according to the management system of each location of operation, but the management mechanism is the same.

▌ Business Selection Mechanism

Sercomm's new supplier selection mechanism not only focuses on evaluation items such as quality, cost, delivery and service, but also focuses on suppliers' sustainability performance. We adopt two methods, namely written and on-site evaluation, to confirm the sustainability management performance of potential supplier partners, and decide whether they can officially become Sercomm's supplier based on the evaluation results. The operation process of the supplier selection mechanism is shown in the figure below.

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Potential suppliers

Written evaluation → Compliance → Whether to conduct on-site evaluation

Written evaluation → Non-compliance → Written evaluation improvement

Written evaluation improvement → Compliance → Whether to conduct on-site evaluation

Written evaluation improvement → Non-compliance → Not recommended as a qualified supplier

Whether to conduct on-site evaluation → No → Become a qualified supplier

Whether to conduct on-site evaluation → Yes → On-site evaluation

On-site evaluation → Passed → Become a qualified supplier

On-site evaluation → Failed → On-site evaluation improvement

On-site evaluation improvement → Passed → Become a qualified supplier

On-site evaluation improvement → Failed → Not recommended as a qualified supplier

The evaluation of new suppliers is led by the supplier quality management department, which jointly organizes a new supplier evaluation team with global strategic procurement, R&D and design, manufacturing, production management and other units. All potential supplier partners are subject to a written evaluation by the team in terms of quality, cost, delivery, service, technology and sustainability. With respect to sustainability evaluation, potential supplier partners must first fill in the CSR evaluation form and submit it to Sercomm for re-evaluation. The CSR evaluation form is updated at any time in accordance with the latest version of the RBA Code of Conduct. If a supplier involves key components under the Company's control, or if the components have had quality risks in the past, or if the industrial attributes, the purchased products or services involve specific labor, environmental or safety issues, in addition to the self-assessment in the CSR evaluation form mentioned above, the supplier is further subject to the on-site evaluation process before becoming a qualified supplier. There were a total of 55 qualified suppliers in 2023, of which 30 suppliers passed the written evaluation and 25 suppliers passed the on-site evaluation. Another 7 suppliers were designated by our customers as cooperative suppliers. We have also conducted written evaluations on these 7 suppliers and limited the scope of the suppliers' supply to effectively control supply chain risks.

Signing of Supplier Commitment in the Supplier Selection Mechanism

Product Quality Assurance Contract

Regulate the quality standards that suppliers must meet

Supplier's Code of Conduct Agreement

Ensure suppliers' commitment to labor rights, health and safety, environmental standards, ethics, management systems and social impact

Code of Conduct Commitment

Regulate business ethics and integrity requirements

100% signing rate of new suppliers in 2023

48

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At the end of 2023, Sercomm further optimized the management intensity on the current supplier selection mechanism and divided suppliers into component suppliers and non-component suppliers. For component suppliers, we further categorized them into key suppliers, important suppliers and general suppliers according to customers' RBA certification requirements or special component logo requirements, and set corresponding ISO and RBA certification and signing of the Sercomm Code of Conduct, Sercomm Conflict Minerals and other related document requirements to facilitate the risk control and management of suppliers. For example, we require component suppliers and outsourced manufacturers involved in the production process of non-component components to obtain ISO 9001 quality management system verification, ISO 14001 environmental management system verification and ISO 45001 occupational health and safety management system verification. In particular, in addition to the above ISO verifications, key component suppliers are also required to obtain RBA VAP (Validated Assessment Program) certification of 160 points or more to become qualified suppliers (as shown in the table below). Regarding this change, we have also retroactively required relevant key suppliers to obtain relevant verification documents and qualifications before 2026. In addition, for the evaluation of potential suppliers, we have set the evaluation weight of sustainability items to strengthen the sustainability of the supply chain.

✓ Required   △ Preferred   ✕ No Needed

Supplier Category & Request	Certification						Compliance		Others			
	ISO9001	ISO14001	ISO45001	ISO50001	SA8000	ISO14064	RBA	Ecovadis	Conflict Minerals	COC	QSA/QPA	CSR
Key Supplier	✓	✓	✓	△	△	△	✓	△	✓	✓	✓	✓
Important Supplier	✓	✓	✓	△	△	△	△	△	✓	✓	✓	✓
General Supplier	✓	✓	✓	△	△	△	△	△	✓	✓	Doc. Review	Doc. Review
Service Provider	△	△	△	△	△	△	△	△	✕	✓	✕	✓

◤ Evaluation Mechanism

The existing supply chain management and control mechanism is divided into monthly grading and annual audit. We rate "delivery quality", "quality improvement", "delivery timeliness" and "price and service" every month, and conduct hierarchical management based on the grading results. For suppliers with unsatisfactory scores, we will assist them in making improvements and track their progress. For the annual audit, we mainly consider the closeness of supply, key components, or suppliers with major abnormalities during the year to propose an annual audit plan and arrange on-site audits. The on-site audit items include 6 evaluation items, namely quality, cost, delivery, service, technical capabilities and sustainability.

For the sustainability audit project, Sercomm's audit mechanism also refers to the 5 major aspects of the latest version of the RBA Code of Conduct to formulate a CSR evaluation form. We conduct audits based on the supplier's self-assessment results, with zero tolerance items set for each aspect. Once violated, the supplier will be directly judged as unqualified. If the supplier audit result is judged to be unqualified, we will confirm whether the supplier needs counseling. If so, it will be audited again after the counseling is completed. If the audit fails, it will no longer be considered as a qualified supplier. If no counseling is needed, it will no longer be qualified directly. If there are circumstances specified by the customer, the decision will be made after communicating with the customer about the audit results. In 2023, Sercomm conducted on-site audits on a total of 92 first-tier suppliers. Among them, 4 suppliers failed the audit, and 2 suppliers failed the audit due to quality issues. The scope of shipment of these suppliers has been restricted. Another 2 suppliers failed the audit due to sustainability risks, with a total of 34 audit deficiencies, mainly on labor and health and safety. By the end of 2023, a total of 27 improvements had been completed, with an overall improvement rate of 79.41%. The remaining deficiencies are still being tracked for improvement and are expected to be completed in 2024.

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RBA Consistent Evaluation/Audit Aspect

Quality — Cost — Delivery — Service — Technology — **Sustainability**

Sercomm CSR Evaluation Form

Labor | Health & Safety | Environment | Ethics | System management
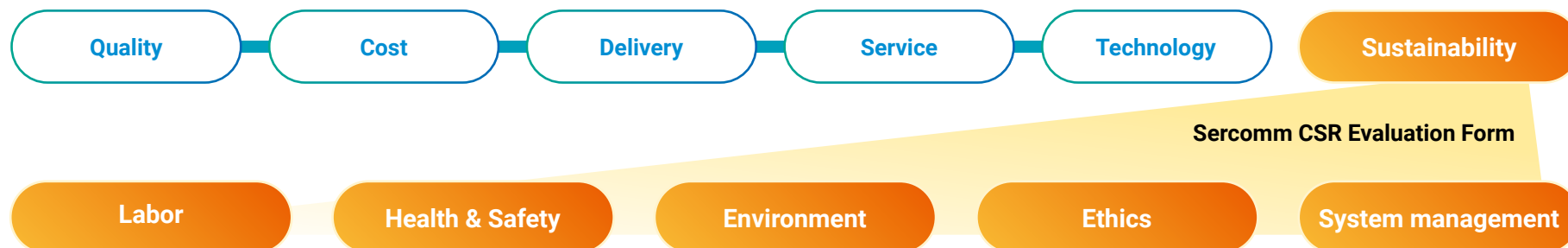
Annual On-site Audit of Existing Suppliers in 2023 - Sustainability Aspect

Item		Plants in China	Plants in Taiwan	Plants in the Philippines	Total
Number of suppliers audited		66	14	12	92
Audited suppliers as a percentage of first-tier suppliers		7.68%	1.63%	1.40%	10.71%
Number of suppliers that fail the audit		0 Note	0	2	2
Suppliers that fail the audit as a percentage of first-tier suppliers		0.00% Note	0.00%	0.23%	0.23%
Non-compliance rate	Major deficiencies (priority)	-	-	2.30%	2.30%
	Other deficiencies (major + minor)	-	-	17.24%	17.24%
Correction improvement rate	Major deficiencies (priority)	-	-	50.00%	50.00%
	Other deficiencies (major + minor)	-	-	83.33%	83.33%

Note：In 2023, 2 suppliers failed the audit due to quality risk issues. The sustainability risk is used as the statistical basis.

Audit Results of Suppliers that Fail the Annual On-site Audit in 2023 - Sustainability Aspect

- Labor
- Health & Safety
- Environment
- Ethics
- System management

47.06%
5.88%
2.94%
2.94%
41.18%

Percentage
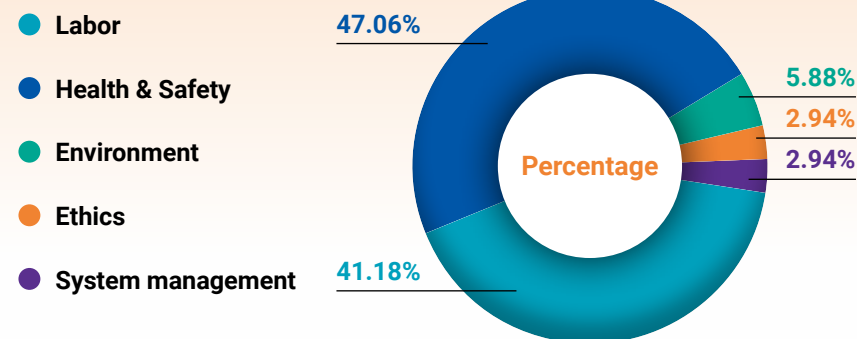
In order to strengthen the annual audit management, we divide the annual audit methods into on-site audits or written audits based on the characteristics of component suppliers and non-component suppliers. For operating activities that directly involve production and manufacturing, or the industrial attributes, the purchased products or services involve specific labor, environmental or safety issues, suppliers with low labor, environmental or safety issues in their operations are subject to written audits or continuous monitoring for the purpose of controlling supply chain sustainability risks.

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Support Mechanism

We understand that the key to maximizing sustainable value comes not only from our own efforts, but also from co-prosperity of the value chain. In order to understand the current GHG inventory status of supply chain partners, Sercomm issued a total of 840 carbon management status questionnaires to first-tier suppliers in 2023. As of February 2024, we have received responses from 594 suppliers, among which 233 suppliers have disclosed Scope 1 and Scope 2 data, 121 suppliers have disclosed Scope 3 data, and 110 suppliers have obtained ISO 14064 certification.

The survey results will help us strengthen our GHG inventory on influential supply chain partners and lay the foundation for carbon reduction in the value chain.

In this regard, in addition to general business or quality-related review meetings, we conducted ISO 14064 courses in 2023 to assist supply chain partners in building carbon inventory capabilities. In order to make suppliers understand Sercomm's supply chain management requirements, we also took RBA as the theme to improve suppliers' sustainable risk management capabilities for their own operations. In 2023, more than 190 suppliers signed up for training courses, with a total of 582 participants and a total of 1,778 man-hours of training. In addition to promoting the sustainability capabilities of suppliers, Sercomm continues to invest training resources to help internal supply chain management colleagues understand the diverse and changing supply chain management risks. In 2023, a total of 72 employees whose work related to sustainable procurement participated in the training. The total training hours amounted to 155.01 hours, with the training coverage rate of 66.67%.

Sustainable Supply Chain Training

Item	External	Internal
Subject	External supply chain partners	Internal supply chain management related personnel
Number of participants	582	125
Total training man-hours	1,778.00	155.01

Sustainable Supply Chain Training - Internal Note

Course	RBA training	Supply chain security training	Hazardous substances training	Basic course on sustainable procurement
Number of trainees	29	57	25	12
Total training man-hours	73.90	34.15	10.96	36.00
A total of 72 participants				
Training coverage rate of 66.67%				

Note：The total number of participants is calculated based on the total number of employees who participated in sustainable procurement education and training in 2023, and double counting is excluded. Training rate is calculated as the total number of employees who participated in sustainable procurement education and training in 2023/the total number of employees whose work is related to sustainable procurement at the end of 2023.

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Responsible Minerals Management

Sercomm has formulated the "Responsible Minerals Management and Control Measures" and promises not to use conflict minerals. Under the circumstances that we do not directly purchase metals for our own operations, we ensure that no conflict minerals are used in the supply chain through supplier due diligence. Sercomm follows the "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" formulated by the Organization for Economic Cooperation and Development (OECD)" and performs due diligence in accordance with the Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) issued by the Responsible Minerals Initiative (RMI), requiring supply chain partners to disclose the location of minerals and further compare the qualifications of smelters to confirm that the metals such as gold (Au), tantalum (Ta), tin (Sn), tungsten (W), cobalt (Co) and mica contained in products do not come from illegal areas. If the supplier is involved in cooperation with an unqualified smelter, priority will be given to asking the supplier to identify whether it is related to the Company's products. In relevant cases, the supplier will be required to draw up a replacement plan. If the supplier cannot replace it, it will be regarded as an unqualified supplier. The Company will avoid subsequent transactions in this regard. In 2023, Sercomm surveyed a total of 368 suppliers, with a supplier response rate of 100%. It cooperated with a total of 352 smelters, all of which were qualified smelters.

Distribution of Qualified Smelters - by Minerals Type

- Au │ 121
- Ta │ 38
- Sn │ 84
- W │ 45
- Co │ 64
- Mica │ 0

Minerals Type: 34%, 11%, 24%, 13%, 18%
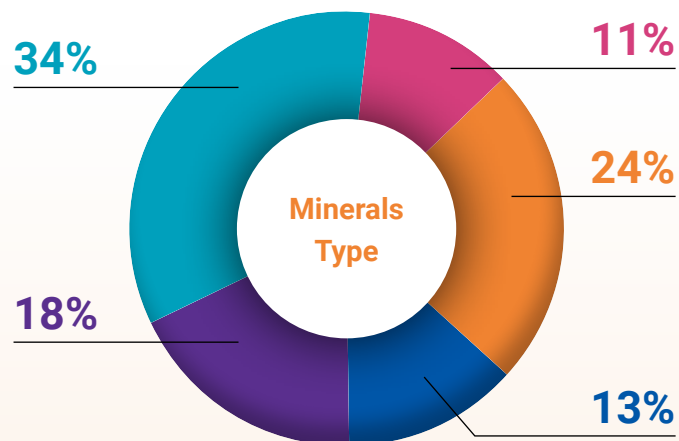
Distribution of Qualified Smelters - by Region[Note]

- Asia │ 234
- Europe │ 58
- America │ 50
- Africa │ 8
- Oceania │ 2

Region: 66%, 16%, 14%, 2%, 1%
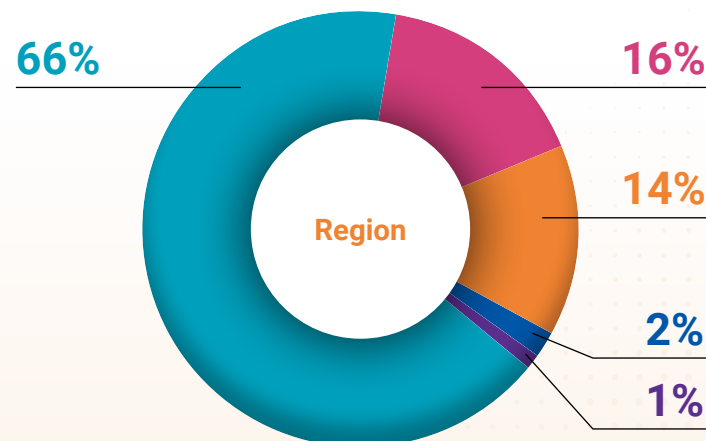
Note : The percentages do not add up to 100% due to rounding off of decimal points.

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2.2 Green Products

Concept Guidelines

Sercomm has currently introduced strict lead-free manufacturing processes. In order to be more in line with international environmental protection trends and enhance the green competitiveness of our products, we implement environmentally friendly designs to achieve the best ecological benefits towards the goals of green design, green production and green procurement. Sercomm's green products are managed by dedicated departments. Among them, product R&D is the initial stage of the product life cycle. Sercomm's philosophy is to introduce optimized green design at the source of the product life cycle to provide high-efficiency products that reduce environmental burden and are friendly to the ecology.

Green Product Management Structure

Chief Technology Officer					
Hardware R&D	**Software and firmware R&D**	**Organization packaging material R&D**	**Components engineering**	**Procurement strategy**	**Product guarantee**
• Improve power conversion efficiency • Evaluate the size of printed circuit boards (PCB) • Use components that comply with green design	• Set product idle mode	• Evaluate the reasonableness of product casing and PCB size • Choose plastic materials that comply with green design • Choose packaging materials that comply with green design • Reduce packaging weight	• Confirm that the components in the database comply with relevant international laws and regulations	• Ensure components supplied by component suppliers meet green design requirements	• Verify and review the results of the above departments

Green Design

Sercomm mainly adheres to the mindset of subtractive design. In the design stage, it aims to reduce energy consumption and material use to reduce the burden on the ecological environment. We use the 3Rs of Reduce, Reuse and Recycle, as well as the reduction of energy resources on the use aspect as the main design principles, and set corresponding goals.

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Green Design Principles and Goals

Principle		Goal
Reduce	**Reduce power consumption (increase power conversion efficiency)** ● Hardware ● Software and firmware	**Related router products by 2026** ● The power conversion efficiency is not less than 80% ● The power conversion efficiency of 80% of the products is higher than 85%, and 30% of the products have a power conversion efficiency higher than 90%
	Reduce volume: ● PCB board area reduction ● Reduction in packaging volume and weight	**Related router products by 2026** ● The average PCB board area of the top 10 products shipped decrease by 3% ● The average weight of packaging materials of the top 10 products shipped decrease by 3%
Reuse	● Use of recycled materials and environmentally friendly materials	**By 2026, related router products will not violate customer specifications** ● More than 70% (by weight) of the plastic parts of the products are made of recycled materials ● More than 70% (by weight) of the paper materials of the products use recycled materials or are made of environmentally friendly materials
Recycle	● Comply with the Directive on the Waste Electronics and Electrical Equipment (WEEE)	● Products are 100% compliant with the Directive on the Waste Electronics and Electrical Equipment (WEEE)
Usage	● Comply with the REACH, RoHS	● Products are 100% compliant with the REACH, RoHS
	● Software and hardware energy-saving settings	● The design of software and hardware sleep mode is introduced and complies with the voluntary energy saving requirements of various regions (such as CoC: Code of conduct)

▰ Reduce - Product Energy Saving

In terms of Reduce, we pay attention to product energy conversion efficiency during the product R&D stage, and use environmental impact reduction and ecological design as indicators. With the contribution of a development team with a background in power consumption expertise, we have developed innovative sleep modes in the past, which effectively reduce energy consumption. As of 2023, the power conversion efficiency of all Sercomm products had reached more than 80%, and the power conversion efficiency of more than 80% of its products has reached more than 85%. For example, one of Sercomm's routers uses a high-efficiency switching regulator, reduces the DC impedance loss of the inductor component, improves the heat dissipation design, and adopts synchronous rectification technology, which significantly reduce energy loss and improve the overall power conversion efficiency. In terms of usage scenarios, when a single product is used for an average of 8 hours a day, it consumes 57.53 kWh of electricity per year. If the energy conversion efficiency is increased by 1%, each million routers can save 702,487.59 kWh of electricity per year, which is equivalent to avoiding the emission of 347731.36 kg CO_2e[Note].

In addition, we are also working hard to reduce the area and volume of our products. For example, regarding key products such as routers and WIFI sharers, we will devise the appropriate size of the printed circuit boards (PCB) based on the actual size of the product, and reduce the environmental footprint of our products by minimizing the volume of materials.

Note：The GHG reduction effect is calculated based on the purchased electricity emission factor of 0.495 kg/kWh announced by the Bureau of Energy, Ministry of Economic Affairs in 2023.

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Reuse - Environmentally Friendly Materials

Sercomm adheres to the mindset of subtractive design and considers market expectations, using environmentally friendly recycled materials for the plastic and paper parts of the product. For plastic parts, we mainly use a certain proportion of post-consumer recycled (PCR) plastic in the plastic casings of our products, such as home routers, WIFI sharers and other types of products. For paper parts, the packaging materials used for the product packaging and shipment of Sercomm are all recycled paper, or paper materials made from environmentally friendly raw materials, which are used for corrugated cardboard, inner linings, manuals or color boxes for packaging. In addition, based on customer intentions, Sercomm gives priority to paper suppliers certified by the Forest Stewardship Council (FSC). The Philippine factory passed FSC verification by a third-party organization in 2023, with a view to effectively reforesting the forests around the world. In the future, we will continue to cooperate with surrounding raw material manufacturers to use recyclable and reusable materials for packaging, or reduce resource consumption by reducing the packaging steps of raw materials.

Recycle - Product Recycling and Reuse

Sercomm's design requirements for green products must not only comply with the requirements of environmentally prohibited substances and power saving design, but also include the concepts of easy disassembly and easy recycling for the purpose of environmental sustainability, enabling end consumers to easily dispose of the products when replacing them. We follow the "3R" principles of Reduce, Recycle and Reuse required by the Waste of Electronic and Electrical Equipment (WEEE). The WEEE logo is also printed on the products to prevent them from entering the waste stage. As of 2023, a total of 77 products have passed third-party WEEE-3R disassembly testing. In 2023, 7 products completed the process, with an average Reuse and Recycled Rate of 85% or more and a Recovery Rate of 95% or more.

In addition, Sercomm has successfully signed contracts with local recycling companies in the countries where products are sold to assist consumers in recycling waste products. In 2023, it has completed the registration of product waste recycling in 7 countries including Germany, France, Italy, Spain, Poland, the United Kingdom, and Greece.

2023 WEEE-3R Disassembly Testing Results

Number of WEEE 3R evaluated products	Reuse and Recycled Rate	Recovery Rate
7	>85%	>95%

Usage - Banned and Restricted Substances

In order to comply with international environmental regulations and customer needs, we have formulated the "Sercomm banned and restricted substances list". In addition to referring to the substances listed in EU RoHS and REACH, it also includes customers' halogen-free requirements or other relevant international laws, detailing banned and restricted substances.

In terms of management measures, we start from source control. When selecting suppliers in the supply chain, we require suppliers to sign a "Product Quality Assurance Contract". At the time of supplying materials, suppliers are required to disclose the composition or content of the materials through the GPM (Green Product Management) platform, and if necessary, submit the test reports from a third-party impartial unit. In addition, Sercomm has also incorporated substance control into the incoming material inspection process. Through precise XRF (X-ray Fluorescence) incoming material inspection equipment, it strictly measures whether there are raw materials that violate the controlled substance requirements. If there is any such situation, the supplier is required to take corrective actions immediately and prevent recurrence. The above measures also apply to the auxiliary materials used in the production process.

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Substance Control Mechanism Links

Design concept
Introduce design thinking for energy resource reduction in Reduce, Reuse, Recycle and Usage.

Responsible material selection
Supply chain partners sign a "Product Quality Assurance Contract" to control hazardous substances from the source

Components recognition
Suppliers disclose the composition or content of materials on the management platform and must attach a third-party impartial unit test report when necessary

Incoming material inspection
When incoming materials, XRF (X-ray Fluorescence) incoming inspection equipment is used to ensure that there are no violations of controlled substances

Process control
Auxiliary materials required in the production process are also subject to regular testing of controlled substances.

Finished product control
Comply with relevant international directives and customer requirements to ultimately verify the compliance of finished products

Life Cycle Assessment (LCA)

Sercomm is committed to producing more environmentally friendly electronic equipment to avoid environmental pollution and reduce resource consumption. We follow the product life cycle assessment (LCA) methods of ISO 14040 and ISO 14044 to identify important environmental factors and quantify environmental impacts, as well as reduce the environmental burden through product design, energy consumption calculation, material selection, packaging reduction and process optimization. In fact, Sercomm first participated in the public sector plan in 2009 and cooperated with the Foundation of Taiwan Industry Service to implement the third type of Environmental Product Declaration (EPD) for router products to calculate the impact of its life cycle on the environment. In 2011, product category rules (PCR) were also formulated for micro base stations to provide the third type of environmental declarations for related products.

Global warming	Acidification	Eutrophication
Ozone layer depletion	Photochemical oxidation	Non renewable, fossil

As of 2023, Sercomm has completed the life cycle assessment of 3 products and passed third-party verification. It has also provided data on 8 products to customers to help them assess environmental-related impacts.

Regarding the product carbon footprint, at the end of 2023, there were a total of 2 products that were calculating carbon footprints using the ISO14067:2018 methodology. As of March 2024, there were 4 products under evaluation, and all of which will undergo third-party verification. In order to complete the assessment more efficiently and accurately, we set up an inventory team in 2023 to improve the responsibilities of each department, and expect to introduce a digital GHG inventory management system in 2024, which will not only help us accurately collect carbon emission statistics for the six categories of ISO 14064-1, but also enhance our ability to follow the ISO 14067 product carbon footprint calculation method through a complete life cycle assessment database.

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2.3 Innovative R&D

Product Innovation

Sercomm has been committed to innovative R&D in the field of telecommunication broadband for many years. We specialize in the software and hardware structure of various network technologies and the integration of related technologies. The Company is able to respond quickly to different product specifications, meet the requirements of different customers through design changes, and optimize the performance, functionality, and cost-effectiveness of each product. Our core technology is the integration of software and hardware of network IP technology, including various generations of wired and wireless network technologies and communication protocols, as well as various generations of broadband interface technologies, such as xDSL, Cable, optical fiber and 4G/5G, etc.

Our R&D centers are mainly located in Taipei, Taiwan and Suzhou, China. There are more than 1,000 people in the Group's R&D engineer team. Both software and hardware engineers have rich R&D experience in related fields, and they keep abreast with the latest development trends of network communication technology by participating in relevant technical seminars. Moreover, in order to encourage R&D innovation, we encourage R&D engineers to apply for patent protection for new R&D software and hardware innovation architectures. If a patent is obtained, appropriate bonus incentives will be provided. R&D funding has also increased year by year in the past four years. Funding for 2023 has been increased by 11% compared to the previous year in order to maintain the R&D capacity of Sercomm to meet market demand.

Product Innovation Division

Software Department

Develop new software architecture, in line with hardware, develop new processes to improve product performance, and introduce energy saving requirements to reduce standby power consumption

Hardware Department

Innovate hardware architecture, not limited to existing frameworks, and keep abreast with software development to achieve the best performance of products

Antenna Department

For the development of antennas required for each wireless spectrum, innovative concepts are used to achieve high-performance, thin, and short antenna designs

Organization Department

In terms of product appearance innovation, it has been recognized by the German Red Dot Design Award many times. The packaging material design also pursues practical and simplified environmental design goals

Product Assurance Department

For product verification of software and hardware, develop automated testing to save related manpower and improve execution efficiency

Telecom operators are important customers of Sercomm, and they are currently facing increasing manpower shortages and labor costs. What's more, their users lack an effective understanding of the causes of faults. Therefore, the operators have to send personnel to the site many times to assist in processing, resulting in a cost burden. Sercomm utilizes its software and hardware integration capabilities. In addition to continuously optimizing hardware design in the past two years, Sercomm has also introduced a new cloud platform (Intelligent Diagnostic Platform) to enhance telecom operators' remote detection and debugging capabilities. This solution uses a big data analysis model to predict the risk of equipment failure, perform necessary software optimization settings in real time, shorten user downtime, enhance user experience, and reduce useless personnel dispatch, thereby helping telecom operators reduce operating costs.

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R&D Inputs

Unit：NT$1,000

Item	2020	2021	2022	2023
R&D expenses	2,071,038	2,303,713	2,815,066	3,127,890
R&D expenses as % of revenue	5.74%	5.25%	4.36%	5.00%

Intellectual Property Rights (IPR) Management

Sercomm is committed to innovative R&D and regards intellectual property rights as an important asset of the Company. In order to ensure that the intellectual property produced in the process of R&D and innovation can enhance the Company's competitive advantage, Sercomm has established clear regulations and processes for the hierarchical management of internal patent proposals and business secrets, and regularly inspects and reviews the actual implementation status of the internal intellectual property management system to continuously optimize the management of intellectual property rights. The Company's legal department has full-time intellectual property managers who provide patent searches, proposals and intellectual property dispute consultations for various departments, and submit matters related to intellectual property management to the Board of Directors at least once a year.

Sercomm has formulated the "Patent Incentive Measures", actively applies to patent authorities in various countries, provides proposal bonuses for invention patents, utility model patents and design patents, and encourages R&D, product manufacturing or planning personnel to actively participate in Sercomm's product innovation to enhance the Company's technological standards while accumulating intellectual assets such as patents, copyrights, trade secrets, and professional technologies. In terms of education and training, the Company's R&D personnel are required to receive patent education and business secrets education and training. New employees will also learn about the patent system and prevention of infringement during the newcomer training.

Total number of patent applications	Total number of patents approved	Total number of registered trademarks
>330	>240	>40

Note：Statistics of intellectual property achievements as of December 2023.

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2.4 Customer Relationship Management

Sercomm regards "customer first" as the main spirit of the corporate mission "Committed Partnership", and the three core values of "Execution", "Innovative" and "Service" are also the core keys to achieving the mission. We are guided by this principle to build up a good and long-term partnership with customers in terms of professional R&D, flexible production and integrated communication.

Professional R&D
Sercomm specializes in differentiating hardware products with software technology and collaborating with customers in the early stages of product design to create high-value customized solutions.

Flexible production
Sercomm actively deploys global production bases to flexibly schedule and allocate resources in internal production, warehousing, shipping, logistics and other operational links, provide customers with immediate and punctual services, and establish a foundation for long-term cooperation.

Integrated communication
Sercomm's global layout enables the Company to fully capture the trends of the global market, and the internally integrated information is transmitted to customers through the localization team without time difference, allowing the Company to not only play the role of product supplier, but also transmit the market experience to assist customers in their operational layout, so as to build up a deep partnership.

Committed Partnership		
Execution	**Innovative**	**Service**
Professional R&D	**Flexible production**	**Integrated communication**
Customized solutions	Immediate and punctual services	Transmission of market experience

Sercomm has established a "Customer Satisfaction Operation Survey Procedure" and conducts a "Customer Satisfaction Survey" at least once a year to understand customer feedback from aspects such as quality, delivery, price, service and technology. It also uses the results of regular or irregular on-site audits as one of the most important bases for customer relationship improvement. 1 survey was conducted in 2023, with an average customer satisfaction of 86.00%. No customer feedback was received on health and safety incidents caused by the product for three consecutive years.

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Customer Satisfaction Survey Process

Confirm survey target

The survey targets are initially defined based on three conditions：

- Top 30 customers by product sales
- New customers that have entered mass production
- Major customer complaints in the past year

Distribute and receive questionnaires

In 2023：

- Distributed 28 questionnaires
- Received 17 valid questionnaires
- 60.7% questionnaire response rate

Analyze customer feedback

- The average satisfaction rate in 2023 was 86.00%

Conduct internal review

If the satisfaction of customer feedback does not meet the standard, internal communication will be carried out based on customer opinions and follow-up improvement actions will be confirmed. The main improvement actions in 2023 include：

- Introducing production checkpoints
- Improving manufacturing process
- racking abnormalities on a weekly basis

Report to the management review meeting

The satisfaction survey results in 2023 have been submitted to the management review meeting. The management has confirmed whether to further assign relevant units for continuous management and control.

Customer Satisfaction Survey Results

Year/survey aspect	Quality	Delivery	Price	Service	Technology	Total average
2020	91.79	93.85	81.54	95.38	89.23	91.54
2021	92.12	86.67	85.45	96.73	99.39	92.07
2022	92.20	89.40	86.60	96.00	92.20	91.28
2023	86.00	93.00	76.00	91.00	84.00	86.00

CH3
Low Carbon Layout

Key Achievements in 2023

- Energy saving measures equivalent to avoiding or reducing **586,587.11** kg CO_2e emissions

- Calamba Manufacturing Center moving towards **100%** green electricity use

- Zhunan Manufacturing Center obtaining **LEED gold level certification**

- Reduction in water resources withdrawal of **47,855** tons by implementing water-saving measures

- **82.59%** waste recycling rate

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Management Approach and Performance

	Importance to Sercomm	Policy/ commitments	Management actions	Assessment mechanism	Communication mechanism
Climate change response	Assess and monitor the significant risks and opportunities brought about by climate change, and consider climate risk factors in operational strategy planning in order to mitigate operational risks caused by climate change and create possible climate business opportunities.	Implement GHG inventory, energy management and environmental management to reduce environmental footprint.	• Carry out risk and opportunity identification, and implement relevant risk response measures based on risk factors and impact paths.	Supervised by the Board of Directors and the ESG Sustainability Committee at the Board level.	The ESG Sustainability Task Force reports to the ESG Sustainability Committee, which meets once every quarter. The ESG Sustainability Committee reports to the Board of Directors once a year.
Low-carbon operations	Conduct GHG inventories, establish carbon management mechanisms, and set carbon reduction and net-zero goals to minimize the environmental footprint of operations.		• Formulate the "Environmental Safety and Health Policy" and introduce the ISO 14064-1:2018 GHG inventory standard, ISO 14001:2015 environmental management systems and ISO 50001:2018 energy management systems.	Tracking and verification by a third-party verification unit.	

Environmental Safety and Health Policy

Sercomm adheres to the concept of sustainable development, fulfills its corporate citizen responsibilities, takes the Company's environmental protection and safety and health policies as the highest benchmark, continues to develop green products, actively invests in waste reduction and pollution prevention, and pursues the best usage efficiency in energy, water and other resources. Then, through supply chain management, we work with industry partners to manage environmental risks, reduce environmental impact, and jointly protect the earth.

Establish and maintain an environmental, safety and health system

- Implement the environmental management system, integrate it into the overall organizational management system, and strive to maintain continuous improvement of environmental performance.
- Implement preventive management to guarantee working environment and operational safety, thereby assuring employees and customers.

Comply with relevant international and national regulations and requirements

- Comply with the requirements of environmental protection laws and international conventions, and strive to become a green enterprise with sustainable development.
- Abide by voluntary commitments related to environmental protection, safety, health and energy.

Communicate with workers and relevant groups to achieve consensus

- Strengthen source waste reduction and pollution prevention to achieve the goals of green design, production and operation.
- Reduce air, water pollution and waste generation.

All employees participate in the implementation of green environmental protection and safety and health activities to eliminate hazards, reduce risks, and protect the environment

- Promote environmental ethics education and enhance environmental protection concepts. At the same time, through employee training and implementation of ISO14001, we ensure that personnel at all levels understand and fulfill their environmental protection responsibilities.
- Implement education and training for workers and factory partners in accordance with the safety and health management plan to thoroughly understand safety and health policies and safety and health management systems.

Regularly review activity goals for continuous improvement

- Enterprises regularly review, audit, and make improvements.
- Prevent hazards from occurring and ensure a safe workplace environment.

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3.1 Climate Change Response

Climate change caused by rising temperatures is becoming increasingly significant, not only impacting the living environment of humans and natural ecology, but also becoming a key risk for corporate operations. In the Global Stocktake (GST) report released before the 28th Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change in 2023, it was pointed out that the common carbon reduction goals of all countries have not yet been achieved[Note]. In this environment, how corporate operations can capture climate-related risks and opportunities and respond to them has become a challenge that must be addressed.

Sercomm's locations of operations and main product sales markets cover different climate zones such as Asia-Pacific, Europe and the Americas. In addition to indoor applications, Sercomm's products also include outdoor applications, such as small base stations, surveillance cameras or smart street lights, which are all used in open-air environments. This business characteristic tests the climate resilience of the Company's locations of operations and products. In order to improve the control of climate-related risks and opportunities, Sercomm officially signed to support the Taskforce on Climate Related Financial Disclosure (TCFD) initiative in 2023 and became a TCFD supporter. In accordance with the TCFD disclosure guidelines, Sercomm performs risk and opportunity identification, analyzes its impact on financial planning, and takes stock of the Company's related management measures.

Note：Mainly summarizing information on CSR@TienHsia and Academia SINCA's Taiwan AI Wise Agent Network.

Governance

Board of Directors Supervision

- **Roles and responsibilities:** Sercomm's top climate governance unit is responsible for supervising the Company's overall governance performance on climate-related issues, including action implementation plans and results, as well as the status of goal achievement.
- **Communication:** Receive reports from the ESG Sustainability Committee once a year.
- **Intelligence:** Directors of Sercomm's Board of Directors have received a total of 54 hours of net-zero or climate-related training in the past 3 years, with an average of 6.75 hours per person, to strengthen climate knowledge.

ESG Sustainability Committee Decision

- **Roles and responsibilities:** It is one of the functional committees under the Board of Directors, and the identification and decision-making unit for major climate-related risks and opportunities, responsible for reviewing and approving action strategies, goals and performance on climate-related issues. Currently, the committee is chaired by 1 director, with the Company's senior managers as members.
- **Communication:** The committee meets quarterly and reports climate-related results to the Board of Directors once a year.
- **Intelligence:** In addition to receiving the aforementioned sustainability or climate-related training, the committee also pays long-term attention to the development of the communication network industry value chain and can help the Company fully understand potential and actual climate-related risks.

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ESG Sustainability Task Force and Task Group Response

- **Roles and responsibilities:** It is the business management unit of the Corporate Sustainable Development Committee and is responsible for accepting instructions from the Board of Directors and the Corporate Sustainable Development Committee. 5 task groups have been established under the committee, including 3 groups of "Responsible OPS & SCM", "Responsible Product" and "Governance", which are responsible for assessing and responding to climate-related risks and opportunities.
  - "Responsible OPS & SCM" Group: Responsible for GHG inventory and reduction target setting, and promotion of climate-related actions in the supply chain.
  - "Responsible Product" Group: Responsible for product low-carbon design concepts.
  - "Governance" Group: Responsible for collecting information on climate-related risks and opportunities, as well as financial impact assessment, etc.
- **Communication:** The work results of each group are reported to each other regularly in joint meetings, and are summarized by the ESG Sustainability Task Force and submitted to the ESG Sustainability Committee once a quarter for the purpose of decision-making by directors and first-level senior executives.
- **Intelligence:** Participate in external climate or sustainability-related seminars, study and analyze practices related to climate or sustainable development issues, or interact with external professional consulting organizations to strengthen the establishment of internal action plans. In addition, a total of 88 colleagues participated in SBTi, ISO50001:2018 or ISO14064-1:2018 related course training in 2023 to deepen their GHG inventory and reduction management capabilities.

Submit once a year	Supervision unit	Board of Directors	Guidance
Submit once a year quarter	Decision-making unit	⬆ ESG Sustainability Committee ⬇	Decision-making
Daily execution	Response unit	⬆ ESG Sustainability Task Force and task groups ⬇	Execution

Performance in 2023 - Commitment to Net Zero Emissions by 2050

In August 2023, the "Responsible OPS & SCM" group under the ESG Sustainability Task Force planned the Company's 4-stage GHG reduction plan, setting the goals of a 45% reduction in 2030, a 75% reduction in 2040, and net-zero emissions in 2050. It reported to the ESG Sustainability Committee for review and approval in the month. In November 2023, the reduction target was approved by the Board of Directors, and Sercomm formally set the Company's net zero commitment.

Strategy

Sercomm signed the SBTi commitment in 2023, using 2030 as the target year to plan a carbon reduction path that is consistent with controlling temperature rise at 1.5° C. In addition, in 2023, a sustainable development strategic framework up to 2035 for the Group as a whole was launched, taking into account the carbon reduction timeline, the promotion process of the sustainable development strategy, and the action plans and related resources required to achieve the goals, such as low-carbon materials R&D, replacement of existing assets and equipment, etc. Sercomm's short, medium and long-term period of climate-related risk impacts has been defined as short-term 1 to 2 years, medium-term 2 to 7 years, and long-term 7 to 12 years. In addition, Sercomm also carries out the identification of various climate-related risks and opportunities in the value chain, and analyzes the possible impact of risks and opportunities on business or strategy, the impact position of the value chain and financial impact factors one by one, so as to capture the exact aspects of the financial impacts to develop strategies and measures in response.

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Climate-Related Risks – Types, Timeframe and Impacts

Types of climate risks	Timeframe of climate risks	Name of climate risks	Possible impact of climate risks on business or strategy	Value chain impact position		
				Upstream	Midstream	Downstream
Transition risks	Medium-term	Policies and regulations / Total volume control and carbon levy	The Company is listed as a target of total volume control and must actively engage in carbon reduction actions, otherwise it must purchase carbon emission credits. The Company is listed as a target to the levy, or a supply chain partner is listed as a target to the levy, resulting in an increase in the procurement costs of components.	●	●	
	Long-term	Policies and regulations / Water consumption levy	The Company is listed as a target to the levy and must pay additional water resources fees.		●	
	Medium-term	Policies and regulations / Changes in renewable energy regulations	Changes in domestic and foreign renewable energy regulations affect market development, leading to supply uncertainty or price fluctuations, affecting the Company's renewable energy layout.		●	
	Short-term	Technology / Products and services are replaced by low-carbon technologies	The adoption of low-carbon technologies in products has become mainstream, such as energy-efficient products and low-carbon products, and the Company's products have lost competitiveness due to failure to meet this expectation.	●	●	
	Medium-term	Technology / Low-carbon technology transition	Regulations or market requirements for carbon reduction have become increasingly stringent. The Company invests in new low-carbon technologies, such as smart production or other carbon reduction technologies. However, technological development has stagnated or failed, thus affecting the achievement of carbon reduction goals.	●	●	
	Short-term	Market / Changes in customer behavior	As the market and consumers become more aware of sustainability, customers tend to seek supply chain partners who can meet their carbon reduction expectations. The Company must actively respond to customer expectations.	●	●	
	Short-term	Market / Rising raw material costs	In response to the international climate consensus, the world has suppressed the fossil fuel industry, resulting in rising raw material prices.	●	●	
	Medium-term	Reputation / Negative news/company image impact	Climate strategy management that is not in line with the expectations of stakeholders and negative information about the Company affect investors' investment willingness or loan interest rates.		●	
Physical risks	Medium-term	Immediate / Increase in extreme weather events	The frequency or severity of extreme weather events has increased, which may disrupt production, shipment and other operational activities at the Company's production sites, and affect the climate resilience of its products.		●	●
	Long-term	Long-term / Water/electricity shortage	The intensification of the impact of climate change, such as the extension of dry seasons or summers, has resulted in shortages of resources such as water and electricity, affecting the stability of the Company's production bases.	●	●	●
	Long-term	Long-term / Average temperature increase	Climate change has led to an increase in average temperatures, increasing the power demand for the Company's operations or locations of operations, and also impacting the climate resilience of products.	●	●	

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Climate-related Risks - Financial Impacts

Types of climate risks	Name of climate risks	Possible financial impact factors	Possible financial impacts			
			Decreased operating revenue	Increased operating costs	Impaired assets	Obstructed access to financing
Transition risks	Policies and regulations	Total volume control and carbon levy		●	●	
			• Low-carbon technology investment • Early replacement of existing process equipment • Carbon fee payment • Rising raw material costs			
	Policies and regulations	Water consumption levy	• Water fee payment		●	
	Policies and regulations	Changes in renewable energy regulations	• Renewable energy installations or incremental procurement • Percentage of renewable energy targets not met		●	●
	Technology	Products and services are replaced by low-carbon technologies	• Product low-carbon R&D investment • Order reduction	●	●	●
	Technology	Low-carbon technology transition	• Low-carbon technology investment • Early replacement of existing process equipment • Carbon reduction target not met		●	●
	Market	Changes in customer behavior	• Low-carbon technology investment • Product low-carbon R&D investment • Renewable energy installations or incremental procurement • Early replacement of existing process equipment • Order reduction	●	●	●
	Market	Rising raw material costs	• Rising raw material costs		●	
	Reputation	Negative news/company image impact	• Order reduction • Decreased investment willingness of investors • Unfavorable financing rates	●		●

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Types of climate risks		Name of climate risks	Possible financial impact factors	Possible financial impacts			
				Decreased operating revenue	Increased operating costs	Impaired assets	Obstructed access to financing
Physical risks	Immediate	Increase in extreme weather events	● Damage to existing equipment/inventory ● Additional process arrangements ● Product climate resilience challenged	●	●	●	
	Long-term	Water/electricity shortage	● Additional process arrangements		●		
	Long-term	Average temperature increase	● Rising demand for electricity ● Product climate resilience challenged	●	●		

Climate-Related Opportunities – Types, Timeframe and Impacts

Types of climate opportunities	Timeframe of climate opportunities	Name of climate opportunities	Possible impact of climate opportunities on business or strategy	Value chain impact position		
				Upstream	Midstream	Downstream
Energy and resource efficiency	Medium-term	Improved production and distribution efficiency	To reduce GHG emissions, improve production or distribution efficiency, and reduce costs.		●	●
Energy and resource efficiency	Short-term	Green building factory introduction	Introduce low-carbon buildings and reduce building energy consumption.		●	
Energy and resource efficiency	Medium-term	Use of low carbon technology	Adopt low-carbon technologies in processes or operations to reduce electricity usage in operations.		●	
Energy sources	Medium-term	Use of low-carbon energy	Increase the percentage of renewable energy use and mitigate the impact of future price fluctuations caused by boycotts of fossil fuels.		●	
Products and services	Long-term	Development of low carbon products and services	Develop new low-carbon products and services to lead customers or assist the market in achieving carbon reduction goals.	●	●	
Products and services	Medium-term	Low-carbon product and service innovation	Leverage innovation capabilities to improve the efficiency of products and services and reduce carbon footprint to respond to customers' net-zero needs.	●	●	
Resilience	Medium and long-term	Hardware protection enhancement	Strengthen the hardware construction of locations of operations, such as strengthening drainage and using high-efficiency air-conditioning systems, to improve the ability to withstand extreme weather.		●	

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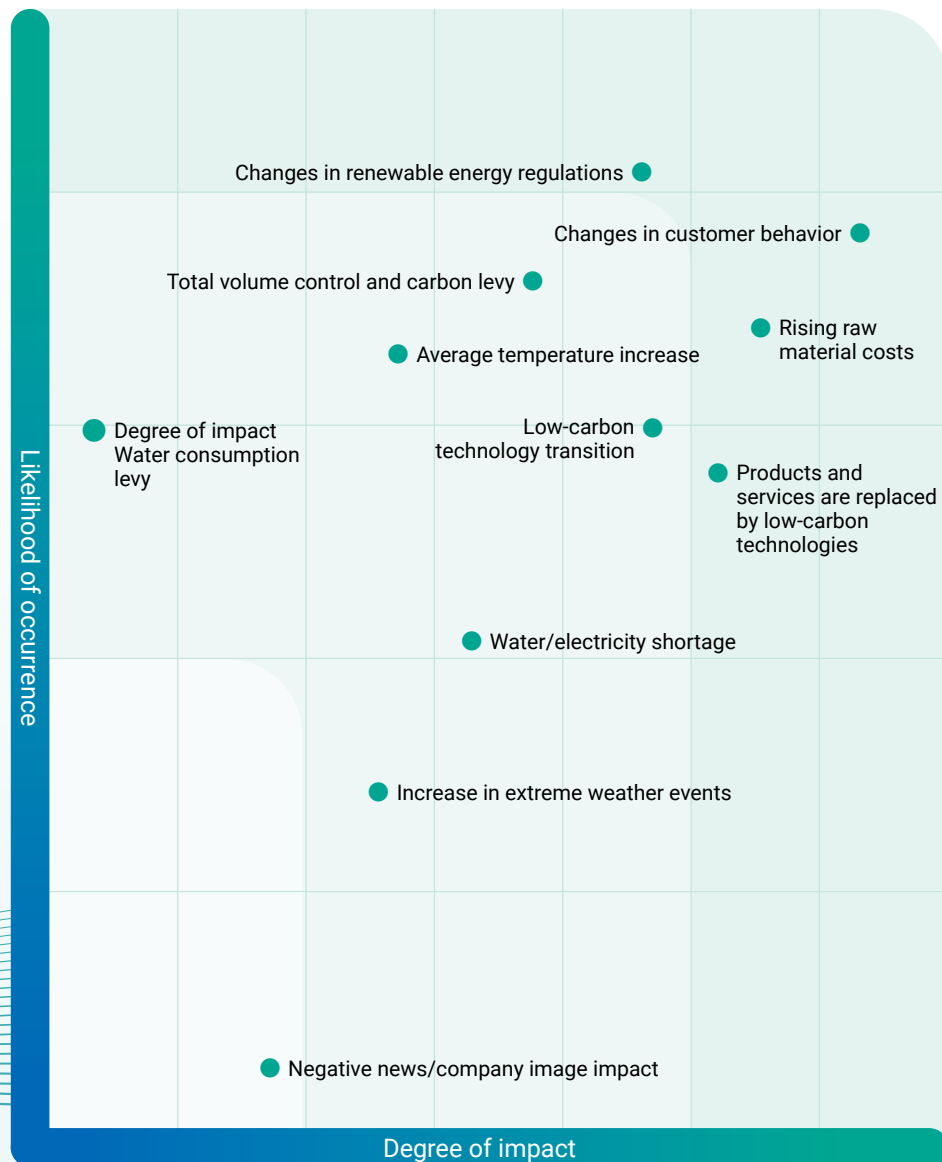
Climate-related Opportunities - Financial Impacts

Types of climate opportunities	Name of climate opportunities	Possible financial impact factors	Possible financial impacts			
			Increased operating revenue	Decreased operating costs	Reduced asset losses	Preferential financing
Energy and resource efficiency	Improved production and distribution efficiency	• Reduced materials procurement • Reduced inventory • Reduced logistics costs		●	●	
Energy and resource efficiency	Green building factory introduction	• Reduced energy use • Reduced waste production		●		
Energy and resource efficiency	Use of low carbon technology	• Reduced energy use		●		●
Energy sources	Use of low-carbon energy	• Reduced impact of non-renewable energy price fluctuations • Improved carbon competitiveness	●	●		●
Products/services	Development of low carbon products and services	• New market orders	●			
Products/services	Low-carbon product and service innovation	• Order growth	●			
Resilience	Hardware protection enhancement	• Reduced equipment maintenance expenses • Reduced energy use		●	●	

Risk Management

Sercomm has established risk management policies and procedures applicable to all levels. The overall risk management mechanism is based on the Business Management Committee, and the corresponding responsible units are assigned to implement risk management according to the risk content. The assigned responsible units may be a single department, interdepartmental group or interdepartmental committee. Under this risk management operation mechanism, Sercomm established the ESG Sustainability Committee in 2023, which is responsible for the identification, assessment, response management and goal setting of risks related to climate change, and reporting to the Board of Directors on a regular basis.

The task groups under the ESG Sustainability Committee of Sercomm are mainly responsible for the identification and assessment of climate-related risks and opportunities. In addition to referring to climate-related risks and opportunities in the communications network industry, the task groups also expand the scope to include the electronic technology industry, and analyze international sustainability trends to list climate risk and opportunity projects related to Sercomm's operations. In terms of risks, the transition risk category covers policies and regulations, technology, market and reputation, etc., with a total of 8 climate-related risks. The entity risk category covers immediate and long-term risks, with a total of 3 climate-related risks. In terms of opportunities, Sercomm has compiled 7 climate-related opportunities mainly based on opportunities such as energy resource efficiency, energy sources, products and services, and resilience. The assessment aspects of Sercomm's climate-related risks and opportunities include the degree of impact and the likelihood of occurrence. Through interviews and questionnaires, relevant units evaluate climate risks and opportunities, and generate a risk and opportunity matrix based on the questionnaire results.

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Climate Risk Assessment Results

Likelihood of occurrence

- Changes in renewable energy regulations
- Changes in customer behavior
- Total volume control and carbon levy
- Rising raw material costs
- Average temperature increase
- Degree of impact Water consumption levy
- Low-carbon technology transition
- Products and services are replaced by low-carbon technologies
- Water/electricity shortage
- Increase in extreme weather events
- Negative news/company image impact

Degree of impact

Climate Opportunity Assessment Results

Likelihood of occurrence

- Low-carbon product and service innovation
- Use of low-carbon energy
- Green building factory introduction
- Development of low carbon products and services
- Use of low carbon technology
- Improved production and distribution efficiency
- Hardware protection enhancement

Degree of impact

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Climate-related Risks of High Concern

Changes in customer behavior
Transition risks - market

Company-specific risk description
In 2023, among all sustainability-related questions from customers who have a cooperative relationship with Sercomm, nearly 70% of the topics are related to climate change, including GHG reduction targets, net-zero emission targets, product environmentally friendly design, etc. It shows that the downstream value chain in which Sercomm is located has paid close attention to environmental impact issues. If the Company cannot respond to customer expectations towards low-carbon transition, it will not only affect existing partnerships, but also exert an impact on other opportunities to develop new markets.

Financial impact path	Financial impact	Response method
• Operational activities must reduce carbon emissions, purchase or replace low-carbon technology equipment, and add renewable energy devices • Product R&D must consider low-carbon materials • Loss of customers during transition period or due to failure to achieve goals	• Decreased operating revenue • Increased operating costs • Impaired assets	• Continue to use low-carbon energy, low energy consumption or high-efficiency process equipment and technology • Introduce a digital carbon management information platform and establish a product life cycle assessment mechanism to capture product environmental impacts and carbon reduction opportunities

Rising raw material costs
Transition risks - policies and regulations

Company-specific risk description
In 2023, Sercomm received a total of 16 questions from customers about renewable energy development plans. In addition to purchasing renewable energy, Sercomm is also currently actively planning the construction of renewable energy. However, when the governments of each location of operations have set renewable energy proportion targets, changes in renewable energy-related regulations may affect renewable energy construction regulations or renewable energy purchase prices.

Financial impact path	Financial impact	Response method
• Locations of operations must increase the proportion of renewable energy in response to net-zero emission expectations, and face uncertainty in cost expenditures when renewable energy regulations or prices change • Changes in regulations and prices affect the proportion of renewable energy that does not meet the standards, and companies face financing difficulties or interest rate issues	• Increased operating costs • Obstructed access to financing	• Continuously track changes in regulations in the location of operations where our operations are located • When necessary, use different financial scenarios to understand cost expenditures

Total volume control and carbon levy
Transition risks - policies and regulations

Company-specific risk description
Sercomm's product types are customized to meet the needs of customers, and are not standardized products with high homogeneity. Material costs are directly affected by fluctuations in raw material prices. If the price of raw materials increases due to the global suppression of the fossil fuel industry, it will directly affect the Company's response ability with respect to cost control, procurement plans or bargaining chips.

Financial impact path	Financial impact	Response method
• Expected significant fluctuations in raw material costs, poor procurement plans or limited bargaining room may result in an increase in cost expenditures	• Increased operating costs	• Use core R&D technology to adjust product structure design and reduce the use of metal and plastic • Execute policy procurement plan • Strengthen the information analysis of suppliers' cost structure to help suppliers improve production efficiency and increase bargaining chips

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	Company-specific risk description
Total volume control and carbon levy Transition risks - policies and regulations	Sercomm has transformed itself into a leading company of all-round telecommunication broadband solutions. Under the current situation where governments around the world are actively building network communication infrastructure, the Company's operating activities continue to grow, and it is necessary to capture changes in policies and regulations related to carbon pricing. If it is included in the regulatory targets, it will affect the cost structure or accelerate carbon reduction efforts. In addition, Taiwan will start levying a carbon fee in 2024. The first batch of levy targets includes technology-related manufacturing industries (manufacturing industries with a total GHG emission of more than 25,000 tons CO_2e, including the semiconductor industry), which are related to Sercomm's upstream supply chain. The imposition of carbon fees may lead to an increase in component costs.

	Financial impact path	Financial impact	Response method
	• If it is listed as a target of total volume control or carbon levy in the future, the Company may have to accelerate the pace of low-carbon transition, or it may have a direct impact on cost expenditures • The supply chain is listed as a target of carbon levy, and the cost is passed on to product prices, resulting in an increase in component costs	• Increased operating costs • Impaired assets	• Continuously track changes in regulations in the location of operations where our operations are located • Establish SBTi and use these targets as a basis to plan reduction actions

Climate-related Opportunities of High Concern

	Company-specific opportunity description
Use of low-carbon energy	In 2023, Sercomm received a total of 16 questions from customers about renewable energy development plans. Actively deploying renewable energy devices or procuring renewable energy will not only help deepen business cooperation opportunities with value chain partners, but also mitigate the impacts of price fluctuations of fossil fuels due to boycotts.

	Financial impact path	Financial impact	Response method
	• Continue to increase the use of renewable energy, reduce operational and product footprints, demonstrate the Company's carbon competitiveness, and expand business cooperation opportunities	• Increased operating revenue • Decreased operating costs	• Continue to deploy renewable energy devices and formulate renewable energy procurement plans

	Company-specific opportunity description
Low-carbon product and service innovation	In 2023, Sercomm received a total of 27 questions about product life cycle assessment or environmentally friendly design from customers, showing the importance of low-carbon products and services in Sercomm's value chain. Improvement in the innovation capabilities of low-carbon products and services can raise the possibility of creating more business opportunities.

	Financial impact path	Financial impact	Response method
	• Invest resources in R&D and improve environmental footprint assessment capabilities, develop low-carbon products and services, and expand business cooperation opportunities	• Increased operating revenue	• Establish goals related to green product design • Establish a product life cycle assessment mechanism to capture product environmental impacts and carbon reduction opportunities

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Indicators and Goals

In order to demonstrate Sercomm's active response to the global 2050 net zero goal, we have submitted a letter to SBTi in 2023, committing to adopt science based methods to plan GHG reduction targets under the scenario of limiting global temperature rise at 1.5 ° C. Before the target is approved, we will still be committed to reducing our own environmental footprint and focusing on projects such as GHG reduction, renewable energy use, and waste recycling and reuse. In addition to our own footprint, we also pay attention to the development of green products and set internal goals, including product energy efficiency and environmentally friendly raw materials. For information on various climate-related indicators and goals of Sercomm, please refer to the chapter headed "Sustainable Development Strategy".

2050 Scope 1 and Scope 2	2050 Scope 3	2050 Category 3 Emission Intensity	2050 Percentage of Renewable Energy Use
Reduce by 90% from the baseline year	Reduce by 90% from the baseline year	Category 3 Emission Intensity Reduce by 97%	100%
2050 Net Zero Emissions			

GHG Emissions

Since 2014, Sercomm has been referring to ISO 14064-1 and the GHG Protocol inventory standards, setting organizational boundaries and calculating GHG emissions in accordance with the operation control method. In view of the completeness of GHG inventory, the number of scope 3 inventories has been increased from 2021. Therefore, 2021 is set as the base year. Starting from 2022, we have expanded our inventory activities and introduced ISO 14064-1:2018 in all manufacturing centers. In addition to scope 1 and 2 inventory items, we are also gradually completing the inventory of each category in scope 3. In 2023, each major manufacturing centers (except for the Taipei office and Zhunan factory) have passed the verification by third-party verification units, and the Taipei office and Zhunan factory are expected to complete third-party verification in the second half of 2024. In 2024, we will introduce a digital carbon management information platform to improve cross-regional communication efficiency and optimize GHG inventory operations through systematic procedures. On this basis, Sercomm has signed the SBTi commitment and will refer to relevant science based methods to plan carbon reduction paths and carbon reduction targets.

Sercomm's scope 1 emissions in 2023 were 660.88 tons CO_2e, and scope 2 emissions were 26,359.59 tons CO_2e. In view of the fact that purchased electricity is the main emission source, we use on-site energy management as the main GHG reduction strategy. Scope 2 emissions in 2023 increased slightly by 330.50 tons CO_2e compared with that in 2022. The emission intensity increased slightly from 2022 due to the inclusion of the Taipei headquarters in 2023. Please refer to the section headed "3.2 Energy Management" for related energy reduction actions. With respect to scope 3, we have added the inventory results of 6 items in addition to the 5 items we have already inventoried in 2022. In the future, we will continue to expand the emission inventory of all categories in scope 3 and use it to evaluate the direction of improvement.

Category	2020	2021	2022	2023	Unit
Scope 1 (Direct Emissions)	386.81	531.38	619.28	660.88	tCO₂e
Scope 2 (Indirect Emissions)	25,734.67	28,793.51	26,029.09	26,359.59	
Total	26,121.48	29,324.89	26,648.37	27,020.47	

Note：

1. The statistical scope of GHG emissions includes Taiwan, China and the Philippines. Emissions from the Taipei headquarters are added in 2023.

2. Scope 2 emission data is location-based.

3. GHG includes CO_2, CH_4, N_2O and HFCs.

4. GHG emission factors in Taiwan and China are based on data announced by local governments. For the Philippines, it is based on data from the U.S. Environmental Protection Agency. Regarding electricity emission factors in the Philippines, it is based on the National Grid Carbon Emission Factor announced by the Department of Energy (DOE). The GWP value is based on IPCC AR4 (2007) in Taiwan, IPCC AR6 (2021) in China, and IPCC AR4 (2007) in the Philippines.

Category	2020	2021	2022	2023	Unit
GHG emissions intensity	0.72	0.67	0.41	0.43	tCO₂e/ Million NT

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	Category	2020	2021	2022	2023	Unit
Scope 3	Purchased Goods and Services	-	166,735.01	152,283.99	818,347.66	tCO_2e
	Capital Goods	-	-	-	642.46	
	Fuel- and Energy-Related Activities	-	936.50	1,050.57	3,265.27	
	Upstream Transportation and Distribution	-	-	-	13,851.10	
	Waste Generated in Operations	-	533.13	619.16	308.89	
	Business Travel	-	-	-	835.96	
	Employee Commuting	-	712.85	704.82	2,284.86	
	Upstream Leased Assets	-	-	-	-	
	Downstream Transportation and Distribution	-	82,546.64	58,400.83	122,233.40	
	Processing of Sold Products	-	-	-	-	
	Use of Sold Products	-	-	-	5,871,858.05	
	End-of-Life Treatment of Sold Products	-	-	-	274.98	
	Downstream Leased Assets	-	-	-	-	
	Franchises	-	-	-	-	
	Investments	-	-	-	-	
	Emissions from other services	-	-	-	680.45	
Total		-	251,464.14	213,059.36	6,834,583.09	

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3.2 Energy Management

Management Guidelines

Sercomm has gradually introduced the ISO 50001 energy management systems in each production plant in 2022 and passed third-party verification. In order to effectively implement energy management, Sercomm promotes environmental protection and energy-saving concepts and practices to employees in new employee training and internal announcement systems. We also actively promote energy saving in offices and factories, hoping that the green values can be realized from the enterprise to the employees to fully embody the Company's green spirit of energy conservation and environmental protection.

Energy Consumption

Sercomm's total energy consumption in 2023 amounted to 167,632.43 GJ. The energy consumption category is mainly purchased electricity, accounting for 98.20% of all energy categories, followed by diesel use, accounting for 1.15% of all energy categories. Looking at manufacturing centers with production activities, the energy consumption of the Suzhou Manufacturing Center in 2023 was 81,844.19 GJ, the Calamba Manufacturing Center was 42,144.85 GJ, and the Zhunan Manufacturing Center was 29,436.68 GJ. Overall energy consumption in 2023 decreased by 2.31% compared with 2022. In terms of energy intensity, the overall ratio has shown a downward trend for 4 consecutive years. Examining the changes in energy consumption of each manufacturing center, the consumption in Zhunan Manufacturing Center decreased by 3.66% compared with 2022. Calamba Manufacturing Center and Suzhou Manufacturing Center have adjusted their internal production capacity allocation. The consumption in Calamba Manufacturing Center increased by 18.69% compared with 2022, while the consumption in Suzhou Manufacturing Center decreased by 12.08% compared with 2022.

Energy Category	2020	2021	2022	2023	Unit
Purchased Electricity	139,342.00	168,917.19	169,301.75	164,618.66	
Gasoline	-	1,422.67	867.50	1,075.92	
Diesel	-	33.24	1,419.01	1,925.61	GJ
Natural Gas	-	-	-	12.24	
Total Energy Consumption	139,342.00	170,373.11	171,588.26	167,632.43	

Note：

1. Compared with the disclosures in previous years' sustainability reports, this disclosure has reorganized the energy consumption statistics from 2020 to 2023. In addition to purchased electricity, other energy categories have been added. In 2020, because other energy categories have not been calculated yet, there is no data. The disclosure covers Taiwan, China and the Philippines.

2. For the renewable energy, as the overall renewable energy use was on-grid or under contract from mid-December 2023 onwards (December 12 for the grid-connected rooftop solar system in China and December 26 for the green power procurement contract in the Philippines), the ratio in the overall energy structure is not significant yet and is not included here for the time being.

3. The calculation method for energy unit conversion is based on the Bureau of Energy, Ministry of Economic Affairs: Energy Heat Value Chart. Conversion coefficients for calorific value of various types of energy: Electricity 1 kWh = 3,600 KJ; gasoline 1 L = 32,635.2 KJ (7,800 kcal); diesel 1 L = 35,145.6 KJ (8,400 kcal).

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Energy Consumption in 2023

By Energy Category

Unit：GJ

Purchased Electricity
| Consumption | 164,618.66 |
| % | 98.20% |

Diesel
| Consumption | 1,925.61 |
| % | 1.15% |

Gasoline
| Consumption | 1,075.92 |
| % | 0.64% |

Natural Gas
| Consumption | 12.24 |
| % | 0.01% |
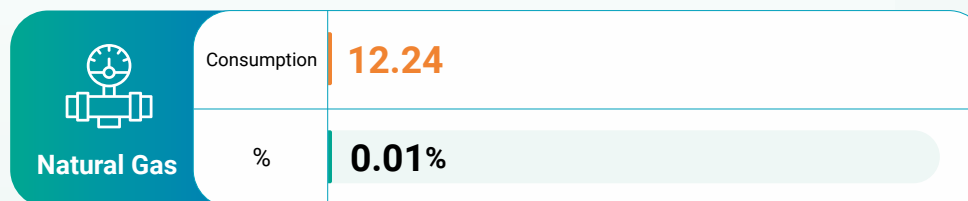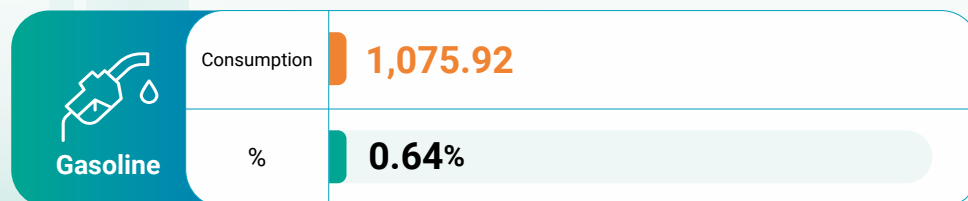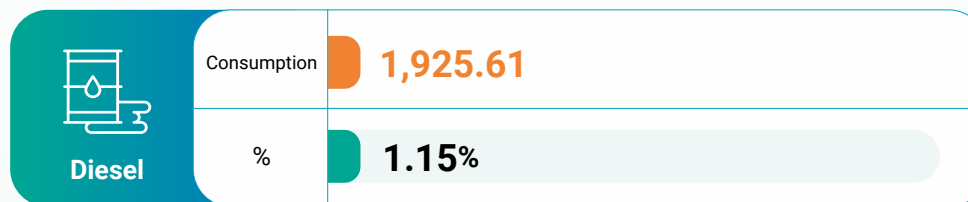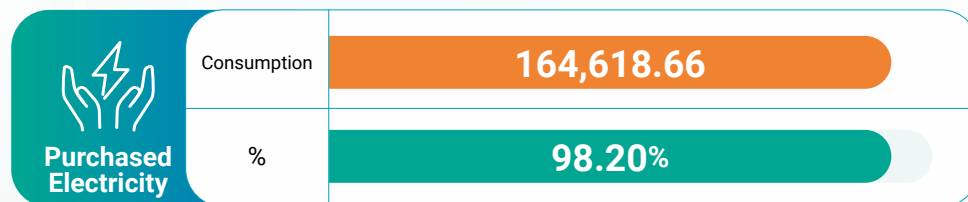
By Locations of Operations

Unit：GJ
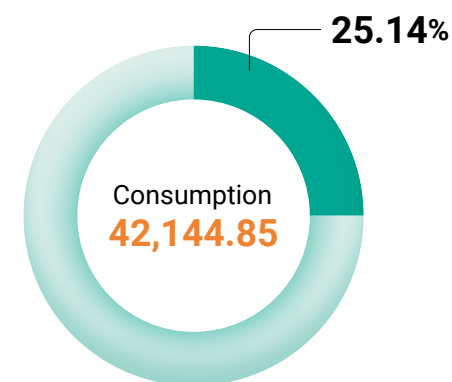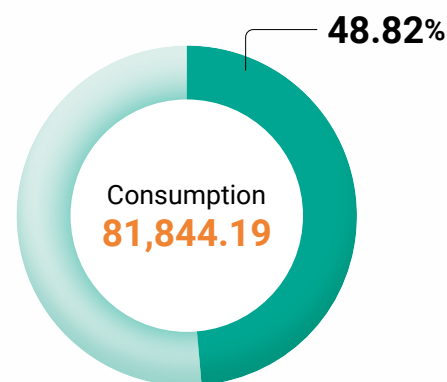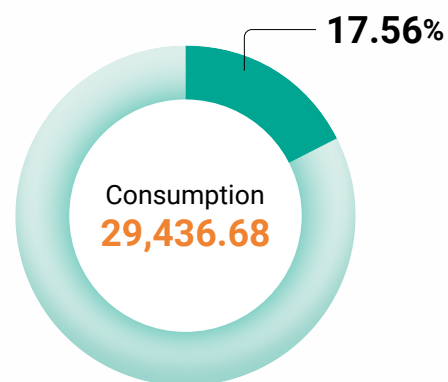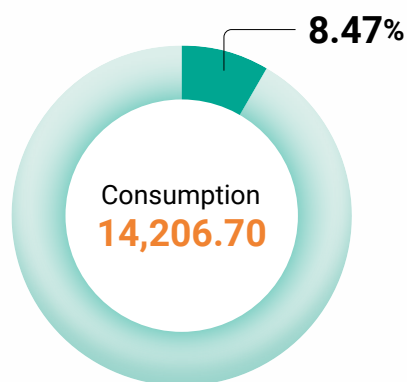
8.47%
Consumption
14,206.70
Taipei Headquarters

17.56%
Consumption
29,436.68
Zhunan Manufacturing Center

48.82%
Consumption
81,844.19
Suzhou Manufacturing Center

25.14%
Consumption
42,144.85
Calamba Manufacturing Center

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Energy Intensity

Energy Intensity

Year	Value
2020	3.86
2021	3.88
2022	2.66
2023	2.68

GJ/ Million NT
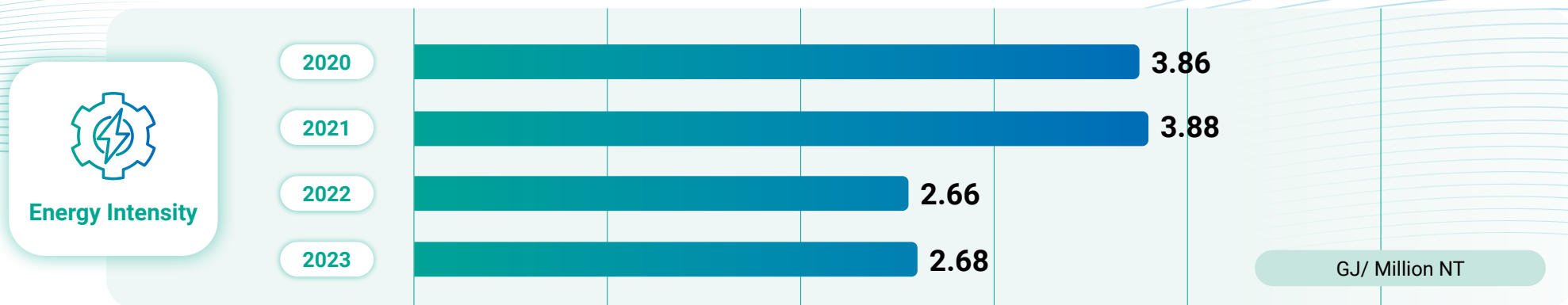
Renewable Energy Use

In order to reduce the operational footprint, Sercomm introduced various renewable energy adoption in important manufacturing centers in 2023. We mainly increased the proportion of renewable energy use by signing power purchase contracts and rooftop solar power generation systems. Various renewable energy adoption came into effect one by one in December 2023 or were connected to the grid for power generation.

Towards 100% Green Electricity Use – Calamba Manufacturing Center

In 2023, Sercomm's Philippines Manufacturing Center signed a 10-year power purchase contract with a renewable energy power sales operator and officially provided power on December 26. Our electricity purchase action is under the Green Energy Option Program (GEOP) initiative launched by the Philippines Department of Energy (DOE). We selected licensed renewable energy suppliers to sign a purchase contract. The contract will supply 100% green power in the next 10 years based on the demand of the manufacturing centers. In addition, a total of 13 solar street lights were installed in the Philippine Manufacturing Center in 2023, including 3 50-watt street lights and 10 80-watt street lights. A total of 616.2 kWh of electricity was saved in 2023, equivalent to avoiding 419.22 kilograms of CO_2e emissions[Note 1]. In the future, as the operation scale of the manufacturing center expands, Sercomm will continue to purchase renewable energy power through reliable green power initiative channels and implement 100% renewable energy utilization rate.

Rooftop Solar Power Generation System Installation – Suzhou and Zhunan Manufacturing Centers

In mid-December 2023, the Suzhou Manufacturing Center completed the installation of a 1.57MW[Note 2] rooftop solar power system, which began to generate electricity on-grid. As of the end of December, 68,928 kWh of electricity had been generated, and it is estimated that the electricity generated will supply approximately 9% of the manufacturing center' electricity in the future. The Zhunan Manufacturing Center is expected to install a rooftop solar power generation system with an installation capacity of 436KW in 2024. The power generation is estimated to account for 6.35% of the overall electricity consumption. We will continue to plan and improve the use of renewable energy, gradually increase the proportion of renewable energy use, and fulfill our carbon reduction commitments.

Note 1: The GHG reduction effect is calculated based on the latest (2022) electricity emission data of $0.68tCO_2e/MWh$ announced by the Philippines Department of Energy (DOE).
Note 2: The value reported by the government is 1.4985MW.

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Energy Conservation Measures

Through the implementation of the energy management system, we focus on major energy-using equipment with the goal of improving energy efficiency and reducing energy consumption. In terms of air conditioning, the cooling water tower is cleaned and maintained to reduce the temperature of the cooling water, thereby reducing the power consumption of the ice water host. We closely observe climate change, adjust the combination of ice water main unit, ice water pump, and cooling water pump, aiming to meet the minimum power of the supply needs. For the air compressor system, we choose a variable frequency air compressor to reduce the use of electricity, and regularly check the source of air pressure leakage to avoid waste. The key energy-saving measures implemented by major manufacturing centers in 2023 are as follows.

Zhunan Manufacturing Center Electricity saved of approximately 153,516 kWh	Air conditioning is the main energy consumption point in operational activities. Energy consumption is reduced by setting up an inverter. In addition, the motor output of the air conditioning box is adjusted according to the actual cooling room needs, and the number and location of the air conditioning outlets are comprehensively reviewed to reduce the load output of the air conditioning box motor, optimize frequency conversion performance and reduce energy usage. It is expected to save approximately 153,516 kWh (552.66 GJ) of electricity per year, which is equivalent to avoiding 75,990.42 kilograms of CO_2e emissions[Note 1].
Suzhou Manufacturing Center Electricity saved of approximately 1,799.99 kWh	Target 5 electrical and mechanical equipment with poor energy efficiency and replace them with energy-saving equipment, including circulating water pumps and rooftop fans. For the circulating water pumps, the energy efficiency of the new equipment is improved by at least 9% compared with the old equipment, and it is estimated that the energy saving will reach 1,799.99 kWh (6.48 GJ) per year. For the rooftop fans, the energy efficiency of the new equipment is nearly 6% higher than that of the old equipment, and it is estimated that the energy saving will reach 1,814.52 kWh (6.53 GJ) per year. The total of the two is equivalent to avoiding 2,061.36 kilograms of CO_2e emissions[Note 2].
Suzhou Manufacturing Center Electricity saved of 442,761.65 kWh	Shorten the distance between the nitrogen machine room and the air compressor room, move the nitrogen machine room to the air compressor room, unify the deployment of compressed air, and move gas-consuming equipment to the side of the nitrogen and air compressor rooms to reduce pipeline wear caused by long distance. According to actual statistics, after the relocation of the machine room and equipment, the electricity consumption in 2023 was reduced by 442,761.65 kWh (1,593.94 GJ) compared with 2022, which is equivalent to a reduction of 252,506.97 kilograms of CO_2e emissions[Note 2].
Calamba Manufacturing Center Electricity saved of 376,512.3 kWh	The Calamba Manufacturing Center is moving towards a more mature operation stage. The current energy-saving measures are energy optimization plans within the scope of the entire factory. This plan targets all equipment in the production area, offices and warehouses, controls the start-up and shutdown of equipment based on the plan, especially during periods of no production, and implements equipment shutdown to minimize energy consumption. Through this plan, electricity consumption in 2023 was reduced by 376,512.3 kWh (1,355.44 GJ) compared to 2022, which is equivalent to a reduction of 256,028.36 kilograms of CO_2e emissions[Note 3].

Note1：The GHG reduction effect is calculated based on the purchased electricity emission factor of 0.495 kg/kWh announced by the Bureau of Energy, Ministry of Economic Affairs in 2023.

Note2：The GHG reduction effect is based on the national power grid average emission factor of 0.5703tCO2/MWh announced by the Ministry of Ecology and Environment of the People's Republic of China in 2023.

Note3：The GHG reduction effect is calculated based on the latest (2022) electricity emission data of 0.68tCO2e/MWh announced by the Philippines Department of Energy (DOE).

SERCOMM ZHUNAN MANUFACTURING CENTER

Miaoli County, Taiwan

HAS FULFILLED THE REQUIREMENTS OF THE LEED GREEN BUILDING RATING SYSTEM CERTIFICATION ESTABLISHED BY THE U.S. GREEN BUILDING COUNCIL AND VERIFIED BY GREEN BUSINESS CERTIFICATION INC.

v4.1
OPERATIONS AND MAINTENANCE: EXISTING BUILDINGS

GOLD

January 2024

PETER TEMPLETON, PRESIDENT & CEO
U.S. GREEN BUILDING COUNCIL & GREEN BUSINESS CERTIFICATION INC.

LEED Gold Level Certification

Thanks to the proper maintenance and management of the Zhunan factory, even though the building was designed 20 years ago, it still retains the advantage of high energy efficiency. With the implementation of excellent energy and water conservation projects, improvement of lighting efficiency and elimination of heat island effect, it obtained gold level certification in 2023 according to the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED). In addition to the Zhunan Manufacturing Center, we are simultaneously planning to introduce a building energy management system to obtain LEED gold level certification for the Calamba Manufacturing Center.

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3.3 Environmental Management

Management Guidelines

Sercomm pays attention to the environmental impact of its own operations and has established environmental protection, safety and health policies. Each production plant has introduced the ISO14001 environmental management systems and passed third-party verification. The Company complies with various environmental-related laws and regulations, invests in pollution prevention, resource conservation, waste reduction and other management resources, and handles the reporting and processing of relevant data under the guidance of laws and regulations. At the same time, in order to strengthen the environmentally friendly knowledge of Sercomm's employees, we continue to provide environment-related education and training. In 2023, a total of 767 people completed environment-related courses, accounting for 12.3% of the total employees, and the total training hours reached 2,557.68 hours. The percentage of sites that have adopted environmental risk assessments accounts for 100% of all work.

Waste	Wastewater	Exhaust gas
↓	↓	↓
Strictly classification	Special collection	Special collection
↓	↓	↓
Entrust qualified removal and treatment vendors	Treated by sewage treatment plants	Emissions
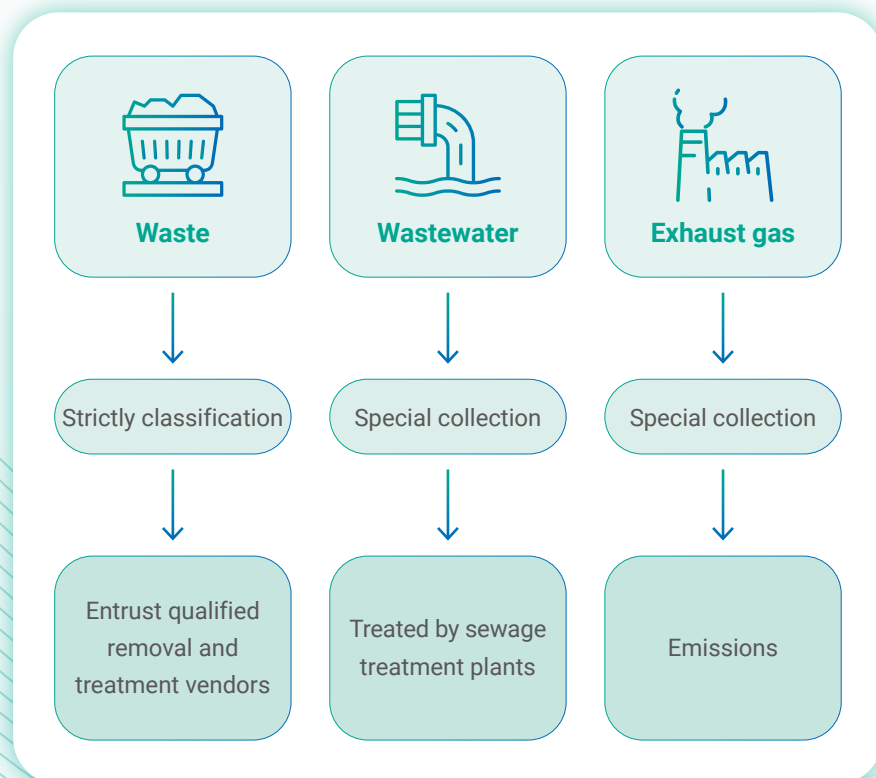
Waste Management

Sercomm has established a "Waste Management Procedure" that clearly stipulates the management regulations for each waste treatment process. Our main sources of waste are packaging materials used in manufacturing, including waste plastics, waste paper and waste wood, all of which are recyclable waste, and are currently treated by qualified removal and treatment vendors. We arrange at least 1 visit to the plant every year to inspect waste treatment, check whether there are dedicated personnel and their qualifications, and whether there are any abnormal emissions in the plant's waste treatment process. A total of 12 visits were carried out in 2023, and no illegal activities were found as a result of the inspections.

In order to reduce the impact of waste on the environment, we focus on reducing waste generation and actively implement resource recycling and reuse. From procurement at source to disposal after use, we classify the waste properly. When the waste cannot be recycled, it is incinerated or buried. The future waste management policy is to increase the resource reuse rate and promote closed recycling of resources to maximize resource utilization. Taking the Zhunan Manufacturing Center as an example, the "Production Network Cable Recycling and Waste Reduction Plan" was implemented in 2023. The main reason was that the production network cables were frequently damaged. After investigation, it was due to frequent plugging and unplugging during process testing, which caused damage to wire crystal connectors. However, the cables could still be used for transmission. Therefore, through repair of crystal connectors, the cables could continue to be used for a longer period of time. In 2023, a total of 3,234 defective products were recovered, 3,124 of which could be used normally after repair, with a recycling rate of nearly 97%.

Classification | Classification of waste according to local regulations

Collection | Transportation and storage by categories

Storage | Implement storage location facility management (such as labeling and fire management) and clarify storage methods

Recycling and treatment | Removal by qualified waste treatment companies

Reporting, recording and retention | Report waste data in accordance with regulations, and complete and retain audit records

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Waste Management Statistics

The waste generated by Sercomm's operating activities is mainly domestic waste. According to statistics, the total amount of waste in 2023 was 4,482.05 tons, a decrease of 3.88% compared with 2022, of which the total amount of non-hazardous waste was 4,309.57 tons, a decrease of 3.28% compared with 2022, accounting for 96.15% of the total waste. The total amount of hazardous waste was 172.48 tons, a 16.87% decrease from 2022, accounting for only 3.85% of the total waste. In terms of recycling rate, the overall waste recycling rate was 82.59%; the recycling rate of non-hazardous waste was 85.96%; the recycling rate of hazardous waste was 85.88%. The total amount of waste per unit of revenue has shown a downward trend in the past 3 years.

Hazardous Waste

Category	Disposal Method	2020	2021	2022	2023	Unit
Diverted from Disposal	Preparation for Reuse	14.42	19.55	165.60	148.13	MT
	Recycling	0	0	0	0	
	Other Recovery Operations	0	0	0	0	
	Subtotal	14.42	19.55	165.60	148.13	
Directed to Disposal	Incineration (With Energy Recovery)	0	0	0	0	
	Incineration (Without Energy Recovery)	101.08	121.33	41.89	12.76	
	Landfilling	0	0	0	11.59	
	Other disposal operations	0	0	0	0	
	Subtotal	101.08	121.33	41.89	24.35	
Total Hazardous Waste		115.50	140.88	207.49	172.48	
Recycle Rate		12.49%	13.88%	79.81%	85.88%	

Note：The statistical scope is Zhunan Manufacturing Center in Taiwan, China and the Philippines.

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Non-hazardous Waste

Category	Disposal Method	2020	2021	2022	2023	Unit
Diverted from Disposal	Preparation for Reuse	0	0	0	472.71	MT
	Recycling	2,590.04	3,423.98	3,408.91	3,231.91	
	Other Recovery Operations	0	0	0	0	
	Subtotal	2,590.04	3,423.98	3,408.91	3,704.62	
Directed to Disposal	Incineration (With Energy Recovery)	0	0	0	0	
	Incineration (Without Energy Recovery)	286.30	73.85	228.70	43.59	
	Landfilling	0	796.10	817.90	561.36	
	Other disposal operations	0	0	0	0	
	Subtotal	286.30	869.95	1,046.60	604.95	
Total Non-hazardous Waste		2,876.35	4,293.93	4,455.51	4,309.57	
Recycle Rate		90.05%	79.74%	76.51%	85.96%	

Note：The statistical scope is Zhunan Manufacturing Center in Taiwan, China and the Philippines.

Category	2020	2021	2022	2023	Unit
Hazardous Waste Weight per Unit Revenue	0.0032	0.0032	0.0032	0.0028	MT/ Million NT
Non-hazardous Waste Weight per Unit Revenue	0.0797	0.0978	0.0690	0.0689	
Total Waste per Unit Revenue	0.0829	0.1010	0.0722	0.0716	

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Water Resource Management

In terms of water resources management, due to the characteristics of the industry, Sercomm does not use a large amount of water resources in its manufacturing process. The main water used is domestic water for employees, and other recycled water for basic factory facilities, such as air conditioners. The sources of water in Taiwan and China are from municipal water (third-party water), while the source of water in the Philippines is groundwater. Each location of operations is mainly supplied with water by its municipal units, water supply companies or industrial zones. Sercomm does not draw water solely from rivers, lakes or underground water sources. We mainly reduce our dependence on water resources by reducing water use and conceiving possible water recycling methods. We reviewed the water withdrawal situation in 2023. The total water withdrawals decreased by 12.68% compared with 2022, and the water withdrawals per unit revenue also showed a downward trend for 4 consecutive years.

Category	2020	2021	2022	2023	Unit
Water Withdrawal	215.35	235.71	240.85	214.21	
Water Discharge	185.32	202.77	207.15	184.75	Megaliters
Water Consumption	30.03	32.94	33.70	29.46	

Note1：The statistical scope includes Taiwan, China and the Philippines, of which the Philippines was included in statistics starting from 2021.
Note2：For calculation of water discharge, 90% of the water withdrawal is calculated by referring to the water discharge calculation method of the Ministry of Environment's utility and sewage systems for the location of operations in Taiwan. In China, 85% of the water withdrawal is calculated based on the recommendations of external consultants. Since the operating activities in the Philippines are highly similar to that in China, 85% is used as the calculation parameter.

Category	2020	2021	2022	2023	Unit
Water Withdrawal per Unit Revenue	0.0060	0.0054	0.0037	0.0034	Megaliters / Million NT

Water Conservation Measures

Since water is mainly used for domestic purposes, in order to be friendly to the earth and cherish water resources, Sercomm has been formulating and adjusting water use plans in the two major directions of "water reduction" and "recycling and reuse". The Company strongly promotes water conservation among employees on a daily basis, and continues to discuss and implement various water-saving measures, such as regular maintenance to ensure that there are no leaks or other leakage risks in major water facilities such as toilets or restaurants, and to enhance the efficiency of water use. The key water-saving measures implemented by major manufacturing centers in 2023 are as follows.

Zhunan Manufacturing Center Recycled 2,198 tons of ultrapure water	Introducing the process water recycling plan, we recycle the RO concentrated water produced in the ultrapure water production process and the ultrapure water used in the AA process cleaning machine, and use the recycled water to replenish the cooling water tower, reducing the consumption of original tap water. This project was completed in July 2023. As of April 15, 2024, 2,198 tons of ultrapure water has been recovered.
Suzhou Manufacturing Center Decrease in water consumption by 45,422 tons	To control the water change rate of the air-conditioning cooling tower, after analyzing the water consumption data in 2022, we found room for improvement in the water consumption measurement of the air-conditioning water system. We tracked and adjusted the conductivity index of the system, and further controlled the water change frequency based on this index to reduce the drainage and replenishment of the system. The water consumption of air-conditioning cooling water towers in 2023 decreased by 45,422 tons compared with 2022.
Calamba Manufacturing Center Decrease in water consumption by 234.9 tons	For domestic water consumption areas with large water consumption, such as toilets and restaurant areas, regular inspections and maintenance of leaks in the water pipe system or possible water consumption losses have been carried out. Through strict regular inspections, Calamba Manufacturing Center was able to reduce water consumption by 234.9 tons in 2023 compared to 2022, even with the expansion of staff to meet production capacity.

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Water Resources Impact

We use the Aqueduct Water Risk Atlas of the World Resources Institute (WRI) to identify water risks of each location of operations. According to the identification results, the operations in China are located in areas with higher water stress levels. Water conservation measures have been proposed and the site's water use status will continue to be monitored in the future to minimize resource impacts on the surrounding communities. Regarding wastewater treatment, as Sercomm has no process water, the wastewater generated is mainly domestic wastewater, which is treated by the municipal system or the sewage treatment plant in the industrial park where it is located before discharge.

Low (<10%)	Medium-low (10% - 20%)	Medium-high (20% - 40%)	High (40% - 80%)	Very high (>80%)
	📍 Taiwan	📍 Mainland China		📍 The Philippines

Sites	Water Utility	Water Source	Wastewater Treatment Facility	Water Body Receiving Effluent
Taipei Headquarters	Taipei Feitsui Reservoir Administration	Feitsui Reservoir	Neihu Sewage Systems Office	Keelung River
Zhunan Manufacturing Center	Taiwan Water Corporation	Yongheshan Reservoir	Kuan Yuan Science Park Wastewater Treatment Plant	Yen Kang River
Suzhou Manufacturing Center (Including R&D center)	Suzhou Industrial Park	Xinggang Street Water Plant, Yangcheng Lake Water Plant	Suzhou Industrial Park Sewage Treatment Plants I and II	Soochow Creek
Calamba Manufacturing Center	Calamba Industrial Park Phase I and Filinvest Company	Calamba Industrial Park Phase I and Filinvest Company Water Supply System	Calamba Industrial Park Phase I and Filinvest Company Wastewater Treatment Plant	Laguna Lake

Air Pollution Management

Regarding air pollution management, Sercomm's manufacturing processes do not emit large amounts of air pollutants. Compliance with relevant laws and regulations of the governments in each location of operation is the main management principle.

The operational activities of Zhunan Manufacturing Center are not included in the emission sources that are subject to control under relevant air pollution regulations. However, we still introduce organic solvent reduction measures in existing operational activities to reduce air pollution gas emissions. In 2023, for the carriers used in the dual-in-line packaging (DIP) process, during the cleaning process of the ultrasonic cleaning machine, the original use of fixed concentration cleaning agents was changed to the cleaning agent diluted with the original solution. The cleaning agent replacement frequency was adjusted from 2 weeks to 1 month, which is estimated to reduce the use of 2 tons of cleaning agent per year. In addition, we have introduced DIP process decontamination into specific products to decrease the emission of pollutant gases by reducing the use of organic solvents related to the DIP process from the source. We will also work in the direction of decontamination in the future to continue to expand the reduction benefits.

For the Suzhou Manufacturing Center, the factory upgraded activated carbon air pollution adsorption equipment in 2023 to reduce the emissions of air pollutants. In addition, due to the use of organic solvents (such as fluxes, cleaning agents) in the manufacturing process, and the operation of factory equipment (such as reflow furnaces, wave soldering furnaces, sprays and printing machines), it emits a small amount of volatile organic compounds (VOC). For the control of VOC, the factory complies with the requirements of regulations related to the comprehensive emission standards of air pollutants for regular testing. A total of 1 test was conducted in 2023, and the test results did not exceed regulatory standards. The VOC emissions in 2023 amounted to a total of 3.92 tons.

CH4
Inclusion and Engagement

Key Achievements in 2023

- Employees' nationalities across **20** countries

- **Almost equal gender ratio**
  (Female 49.36%; male 50.64%)

- **22.68%** of female management positions

- **91.46%** of local management

- **100%** coverage rate of employee performance evaluation

- **0** complaints about human rights violations

- **0** serious work-related injuries

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Management Approach and Performance

	Importance to Sercomm	Policy/commitments	Management actions	Assessment mechanism	Communication mechanism
Diversity, equality and inclusivenes	Create a diverse, equal and inclusive workplace, including but not limited to diverse ethnic groups, equal pay for men and women, disability friendliness and maternal protection to establish an inclusive and open working environment.	Continue to implement diverse employment, respect differences, and create a friendly workplace.	• Establish human resource management related plans and methods as a guide for employee selection, appointment, training, development or resignation.	The human resources management unit examines and discusses changes in various human resource indicators.	Regular or irregular meetings of the human resources management units, such as the Remuneration Committee, Employee Welfare Committee, and Sharing with New Hires.
Talent recruitment and retention	Establish a positive employer image internally and externally, such as planning attractive recruitment strategies, competitive salaries and diversified benefits, etc., and improving employee work experience through comprehensive employee care measures.	Comply with labor-related laws and regulations to ensure that working conditions meet legal requirements.	• Establish diversified recruitment channels and formulate salary and benefit policies with reference to the salary levels of peers.		
Employee training and development	Invest training resources according to needs to improve employees' core and professional functions, and pay attention to employees' career growth through performance evaluation and promotion systems in order to strengthen the Company's overall human capital foundation.	Integrate internal and external learning resources to cultivate employees' knowledge and capabilities according to operational goals.	• Meet the Company's growth needs, conduct talent inventory, introduce management functional courses, and integrate learning resources. • Review, adjust and promote employee functional development according to the performance management cycle.	Carry out course satisfaction survey; review development plans or improvement plans for next year.	
Human rights management	Based on the proposed human rights policy, conduct human rights risk assessments and formulate mitigation and remedial measures, including but not limited to issues such as human trafficking, child labor, forced labor, discrimination and harassment, to enhance the protection of employees' basic human rights.	Follow international human rights-related initiatives to respect and safeguard labor human rights.	• Formulate "Labor and Human Rights Policy" and corresponding CSR implementation manual.	Carry out RBA Self-Assessment Questionnaire (SAQ), and RBA Third-Party Verification Assessment (VAP).	Establish a complaint procedure for human rights violations to provide all workers with a reporting channel.
Occupational health and safety	Establish occupational safety and health management policies to reduce the chances of work-related injuries and work-related ill health through the governance of the Occupational Safety and Health Committee, the improvement of employee safety and health awareness, and the operation of health protection and promotion mechanisms.	Continuously implement occupational health and safety protection in accordance with laws and regulations.	• Formulate the "Environmental Safety and Health Policy" and introduce the ISO 45001:2018 occupational health and safety management system.	Tracking and verification by a third-party verification unit.	Regular meetings, such as Occupational Safety and Health Committee meetings, health promotion-related lectures.

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4.1 Talent Recruitment and Retention

Global Employee Structure

As of the end of 2023, Sercomm has a total of 6,218 employees worldwide[Note], including 3,274 direct employees and 2,944 indirect employees. The total number of employees increased by 1,169 compared with 2022, mainly in response to the expansion of production capacity needs of the Philippines Manufacturing Center. Sercomm embraces diversity and values equality and inclusion in the workplace, with employees from 20 nationalities including Taiwan, the Philippines, China, the U.S. and India. The global percentage of men and women are 50.64% and 49.36% respectively, which is almost the same, and the gap is the smallest in the past 3 years. The average age of men is 33.65 years old, and the average age of women is 34.08 years old, with no significant difference. The average seniority of men is 4.64 years, and the average seniority of women is 3.71 years. The percentage of global management positions held by female employees is 22.68%, which has increased year by year in the past 3 years.

Note：The statistical basis is the employed personnel at the end of 2023, including regular employees and temporary employees, excluding dispatched, outsourced and contracted personnel (non-employees) who have not directly signed a labor contract with Sercomm.

Gender ratio
- Male
- Female

2021: Male 56.39%, Female 43.61%
Total number of employees 4,471

2022: Male 54.70%, Female 45.30%
Total number of employees 5,049

2023: Male 50.64%, Female 49.36%
Total number of employees 6,218

Percentage of female management positions

2021: 20.73%
2022: 21.85%
2023: 22.68%
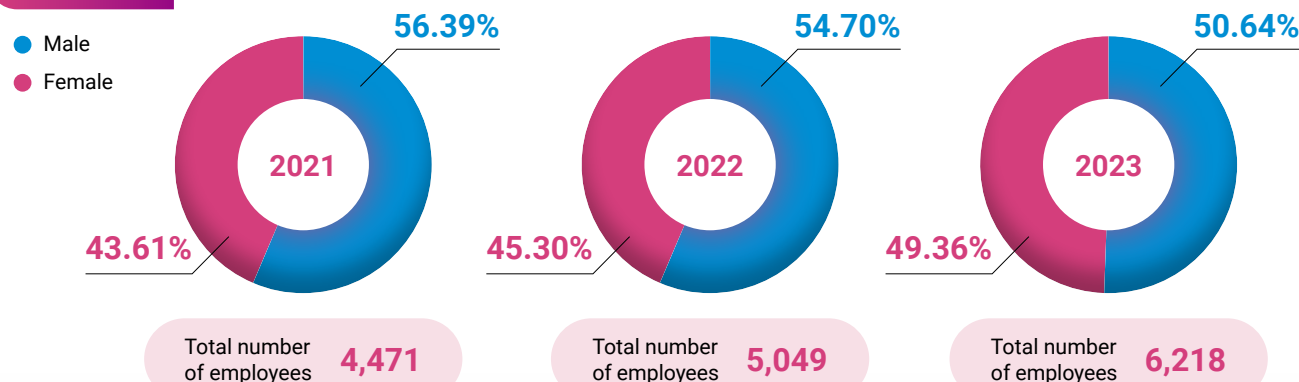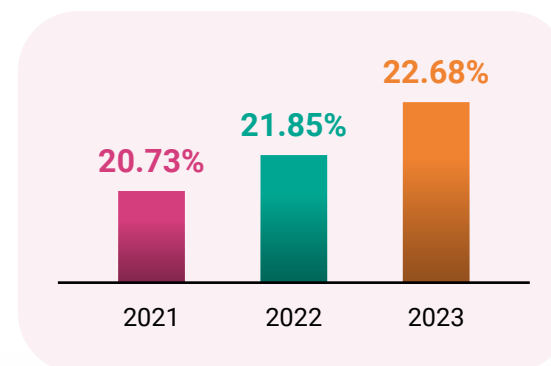
Managerial, Technical and Other Employees - by Gender

Category		Number of people	Female		Male	
			Number	Percentage	Number	Percentage
Management positions	Senior management positions	27	5	18.52%	22	81.48%
	Non-senior management positions	383	88	22.98%	295	77.02%
Technical positions		1,318	320	24.28%	998	75.72%
Others		4,490	2,656	59.15%	1,834	40.85%

Note 1：Senior management positions refer to SASBTC-HW-330a.1. for the description of executive management, which is mainly based on internally defined senior managers, including management positions at the Vice President level (inclusive) and above.

Note 2：Technical positions refer to SASBTC-HW-330a.1. for the description of technical employees, using ISCO Sub-Major Groups 21 and 25 as reference, covering electrical/electronic/mechanical/computer/information/data science and other high-tech engineering-related personnel.

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Managerial, Technical and Other Employees - by Nationality

Category		Number of people	Taiwan		The Philippines		China		U.S.		India		Others	
			Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Management positions	Senior management positions	27	23	85.19%	0	0.00%	0	0.00%	2	7.41%	0	0.00%	2	7.41%
	Non-senior management positions	383	168	43.86%	16	4.18%	181	47.26%	6	1.57%	3	0.78%	9	2.35%
Technical positions		1,318	447	33.92%	112	8.50%	716	54.32%	14	1.06%	11	0.83%	18	1.37%
Others		4,490	812	18.08%	2,486	55.37%	1,131	25.19%	22	0.49%	15	0.33%	24	0.53%

Note：

1. This table lists the top five nationalities of Sercomm employees by number of people.
2. The Group's employees comprise a total of 20 nationalities. Except for the above 5 nationalities, those not listed separately are classified as "others", including Japan, France, Italy, Vietnam, Singapore, Malaysia, Indonesia, Canada, Mexico, Brazil, Russia, the United Kingdom, Germany, Spain and Greece.
3. For the nationality statistics in this table, if there is a second nationality or permanent residence status, the nationality is calculated based on the employee's permanent place of work.
4. Senior management positions refer to SASBTC-HW-330a.1. for the description of executive management, which is mainly based on internally defined senior managers, including management positions at the Vice President level (inclusive) and above.
5. Technical positions refer to SASBTC-HW-330a.1. for the description of technical employees, using ISCO Sub-Major Groups 21 and 25 as reference, covering electrical/electronic/mechanical/computer/information/data science and other high-tech engineering-related personnel.

Age

Age	Number	Percentage	Gender	Number	Percentage
Aged under 30	2,296	36.91%	Male	1,230	53.62%
			Female	1,064	46.38%
Aged 30 - 50	3,648	58.64%	Male	1,765	48.40%
			Female	1,882	51.60%
Aged above 50	277	4.45%	Male	154	55.60%
			Female	123	44.40%

Note：For the category of aged 30 - 50, the statistical scope is 30 years old ≦ employee age ≦ 50 years old.

Work Location

Labor attributes	Number	Percentage	Gender	Number	Percentage
DL	3,274	52.65%	Male	1,350	41.23%
			Female	1,924	58.77%
IDL	2,944	47.35%	Male	1,799	61.11%
			Female	1,145	38.89%

Note：

1. DL: Including employees whose work nature is directly related to the manufacturing production line, such as assembly, production line machine operators, etc.
2. IDL: Including employees whose work nature is not directly related to the production line, such as R&D, business, project management, administration, etc.

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Work Location

Work location	Number	Percentage	Gender	Number	Percentage
Taiwan	1,875	30.15%	Male	856	45.65%
			Female	1,019	54.35%
Mainland China	1,997	32.12%	Male	1,212	60.69%
			Female	785	39.31%
The Philippines	2,222	35.73%	Male	968	43.56%
			Female	1,254	56.44%
Other overseas regions	124	1.99%	Male	113	91.13%
			Female	11	8.87%

Work Responsibilities

Management positions	Number	Percentage	Gender	Number	Percentage
Senior management	27	0.43%	Male	22	81.48%
			Female	5	18.52%
Middle management	271	4.36%	Male	213	78.60%
			Female	58	21.40%
Junior management	112	1.80%	Male	82	73.21%
			Female	30	26.79%
Non-management positions	5,808	93.41%	Male	2,832	48.76%
			Female	2,976	51.24%

Note: Junior management is deputy section chief and section chief; middle management includes deputy managers, managers, senior managers, directors, and senior directors; senior management refers to management personnel above the vice president level.

Contract Type

Region/gender	Taiwan		Mainland China		The Philippines		Other overseas regions		Total	
Contract type	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Contract type	792	640	1,212	785	968	1,254	111	10	3,083	2,689
Permanent	64	379	0	0	0	0	2	1	66	380

Note：

1. Permanent employee: Full-time or part-time employees who sign a non-fixed (indefinite) contract.
2. Contractor/temporary employee: Employees who sign a limited-term (fixed-term) contract.
3. There was no significant difference in the percentage of the Group's employee contract types in 2023 and 2022. The number of permanent employees in the Group accounted for 92.83% in 2023 and 90.06% in 2022.

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Employment Type

Region/gender	Taiwan		Mainland China		The Philippines		Other overseas regions		Total	
Employment Type	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Full-time	856	1,019	1,212	785	968	1,254	112	11	3,148	3,069
Part-time	0	0	0	0	0	0	1	0	1	0

Note：

1. Full-time employee: The number of hours worked per week, month or year is based on the national legal and practical definition of working hours for employees.
2. Part-time employee: Employees who work fewer hours per week, month or year than full-time employees.
3. Sercomm does not employ non-guaranteed hours employees.
4. There was no significant difference in the percentage of the Group's employment types in 2023 and 2022. The number of full-time employees in the Group accounted for 99.98% in 2023 and 99.96% in 2022.

Distribution of Non-employees

Sercomm's non-employee workers include dispatched or labor contractors who respond to short-term or specific task needs, as well as other contractors' service personnel who are permanently stationed in Sercomm's factories or offices, such as cleaning, security, and employee restaurant catering staff. The number of non-employees in 2023 totaled 2,399, a decrease of 1,077 compared to 3,476 in 2022. The change in the number of employees is mainly due to the increase in production capacity demand in the Philippines Manufacturing Center and the conversion of some non-employees with excellent performance into regular employee appointments (the number of non-employees in the Philippines Manufacturing Center decreased from 1,931 in 2022 to 1,072 in 2023).

Note：The statistical basis for each year is the number of persons employed at the end of the year.

Distribution of Non-employee Type

Region/gender	Taiwan		Mainland China		The Philippines		Other overseas regions		Total	
Non-employee type	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Dispatch or labor contracting personnel	18	43	791	346	389	683	4	3	1,202	1,075
Other permanent personnel of contractors	6	9	64	43	0	0	0	0	70	52

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Strategic Recruitment and Appointment

◤ Strategic Recruitment

Excellent talents are the source of power for Sercomm's innovation and steady growth. Sercomm' recruitment partners access global talents through multiple channels. Recruitment channels used in 2023 included global mainstream recruitment platforms, campus recruitment expos and other various recruitment activities, internal employee recommendations, etc. In terms of selection, Sercomm ensures that every candidate has a fair selection opportunity and process, regardless of race, gender, religion, age and other backgrounds. In the personnel selection process, in addition to the functions required for various positions, communication and evaluation of core values are also emphasized. Through interviews and work samples practices, supplemented by the testing and analysis of professional aptitude tests, language proficiency tests, personality and function scales, we strive to accumulate sufficient information to facilitate mutual understanding between outstanding talents and the Company, and use the assessment results regarding the degree of suitability of both parties as a criterion for acceptance.

Note：

1. The diversified recruitment channels are mainly based on relevant statistical records.
2. The recruitment platform mainly uses mainstream recruitment platforms in the global or local labor market.
3. Talent recruitment activities include campus recruitment expos, campus department briefings, foreign professionals and overseas Chinese student matchmaking sessions, etc.

Recruitment platform

Total clicks of

283,859

total receipt of

72,847 cases

Recruitment activities

Total number of

42 sessions

total receipt of

2,058 cases

Internal referrals

Total number of employee referrals of

392 people

2023 Campus Recruitment Event in Taiwan (National Taiwan University)

2023 Campus Recruitment Event in the Philippines (CCC Job Fair)

2023 Campus Briefing Session in Suzhou (Nanjing University of Science and Technology)

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◤ Talent Appointment

In 2023, the Company's operations continued to grow, with the expansion of the Philippines Manufacturing Center. The Group's total headcount increased steadily, with a total of 3,067 new employees, and an overall new hire rate of 49.32%. In terms of labor attributes, the majority of new employees are direct personnel, accounting for 77.80% of all new employees, with a new hire rate of 72.88%. In terms of age, the highest proportion of new employees are those aged under 30, accounting for 58.82% of all new employees, with a new hire rate of 78.64%. In terms of work area, the Philippines Manufacturing Center accounts for the highest proportion, accounting for 56.64% of all new employees, with a new hire rate of 78.17%.

For new employees, especially those fresh on campus, the Company has set up newcomer guidance and care programs at each location, such as the "Sercomm Landing ABC Program" in Taiwan and the "Angel Buddy System" in the Philippines. These programs assign dedicated personnel to assist newcomers, so that they can quickly adapt to the new environment, integrate into the organization and make the most of their strengths. In terms of 3-month retention rate, the global indirect labor retention rate in 2023 was 92.36%, an increase from 89.51% in 2022. In terms of 6-month retention rate, the indirect labor retention rate was 81.27% (the half-year retention rate is calculated based on new employees in the previous year 2022). We will continue to track the retention status of new employees as a reference for optimizing a newcomer-friendly workplace.

◤ Statistics of New Employees in 2023[Note]

By Gender

Gender	Number	Percentage	New hire rate		
Male	1,654	53.93%	Indirect labor	23.90%	52.52%
			Direct labor	90.67%	
Female	1,413	46.07%	Indirect labor	21.92%	46.04%
			Direct labor	60.40%	

By Age

Age	Number	Percentage	New hire rate		
Aged under 30	1,804	58.82%	Indirect labor	42.86%	78.64%
			Direct labor	107.39%	
Aged 30 - 50	1,244	40.56%	Indirect labor	13.30%	34.11%
			Direct labor	53.04%	
Aged above 50	19	0.62%	Indirect labor	6.49%	6.86%
			Direct labor	7.61%	

By Work Location

Work Location	Number	Percentage	New hire rate		
Taiwan	203	6.62%	Indirect labor	18.24%	10.83%
			Direct labor	2.59%	
Mainland China	1,099	35.83%	Indirect labor	13.31%	55.03%
			Direct labor	136.74%	
The Philippines	1,737	56.64%	Indirect labor	58.12%	78.17%
			Direct labor	84.16%	
Other overseas regions	28	0.91%	Indirect labor	22.58%	22.58%
			Direct labor	---	

Note：

1. The new hire rate is calculated as the number of new hires in the group during the year/the number of employees in the group at the end of the year. The calculation logic for all new employee statistics is the same.
2. For the category of aged 30 - 50, the statistical scope is 30 years old ≦ employee age ≦ 50 years old.
3. Among the formal and contracted employees in other overseas regions, there are no direct production line personnel.

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In terms of turnover, the overall global turnover rate in 2023 was 30.69%, a decrease from the previous year's turnover rate of 39.34%. In terms of labor attributes, the turnover rate of direct labor is relatively high due to work characteristics. Therefore, the number of resignations is relatively high, accounting for 77.67% of all resigned employees, with a turnover rate of 45.27%; In terms of age, those aged under 30 account for the highest proportion, accounting for 58.54% of all resigned employees, with a turnover rate of 48.69%. In terms of working area, China accounted for the highest proportion, accounting for 73.27% of all resigned employees, with a turnover rate of 70.01%. The main reason was that the Group adjusted its overall production capacity allocation in response to market demand.

In terms of resignation management work, the Company arranges one-on-one interviews with employees who apply for resignation based on needs, in order to understand the reasons for employees' resignation and provide talent retention and care. The information collected during the resignation interview will be used as the basis for continuous improvement of Sercomm's internal management and human resources related systems. For all employees who are involuntarily resigning, Sercomm will notify and handle layoffs in advance in accordance with labor laws in various regions, and also proactively provide employees with necessary legal rights information and related assistance.

▰ Statistics of Employees Resignation in 2023[Note]

By Gender

Gender	Number	Percentage	Turnover rate		
Male	1,265	66.30%	Indirect labor	15.12%	40.17%
			Direct labor	73.56%	
Female	643	33.70%	Indirect labor	13.45%	20.95%
			Direct labor	25.42%	

By Age

Age	Number	Percentage	Turnover rate		
Aged under 30	1,117	58.54%	Indirect labor	20.35%	48.69%
			Direct labor	71.46%	
Aged 30 - 50	771	40.41%	Indirect labor	11.69%	21.14%
			Direct labor	29.74%	
Aged above 50	20	1.05%	Indirect labor	8.11%	7.22%
			Direct labor	5.43%	

By Work Location

Work Location	Number	Percentage	Turnover rate		
Taiwan	193	10.12%	Indirect labor	10.94%	10.29%
			Direct labor	9.57%	
Mainland China	1,398	73.27%	Indirect labor	9.76%	70.01%
			Direct labor	188.00%	
The Philippines	282	14.78%	Indirect labor	30.14%	12.69%
			Direct labor	7.48%	
Other overseas regions	35	1.83%	Indirect labor	28.23%	28.23%
			Direct labor	---	

Note：
1. Turnover rate calculations include voluntary resignations, retirements, and involuntary resignations.
2. Turnover rate is calculated as the number of resignations in the group during the year/the number of employees in the group at the end of the year. The calculation logic for all resignation statistics is the same.
3. For the category of aged 30 - 50, the statistical scope is 30 years old ≦ employee age ≦ 50 years old.
4. Among the formal and contracted employees in other overseas regions, there are no direct production line personnel.

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Local Management

In order to accelerate Sercomm's development goals and demonstrate the Company's core values, the Company maintains the local flexibility and vitality of the organization by employing local talents as a management system tailored to local conditions. In terms of global locations, 91.46% of management positions were held by local personnel in 2023. The decline in the data compared with the previous 2 years was due to the expansion of production capacity in the Philippines factory in response to the Group's strategy, and an increase in allocation of non-local management personnel stationed in the Philippines starting from 2023, in order to facilitate the transfer of experience and personnel training in the early stages of cross-site management. However, in the past 3 years, this percentage has remained above 90%, demonstrating good adaptability and team performance. Sercomm will continue to implement local management practices, cultivate local human capital, and strengthen the stability of long-term operations.

Localization of Each Management Level
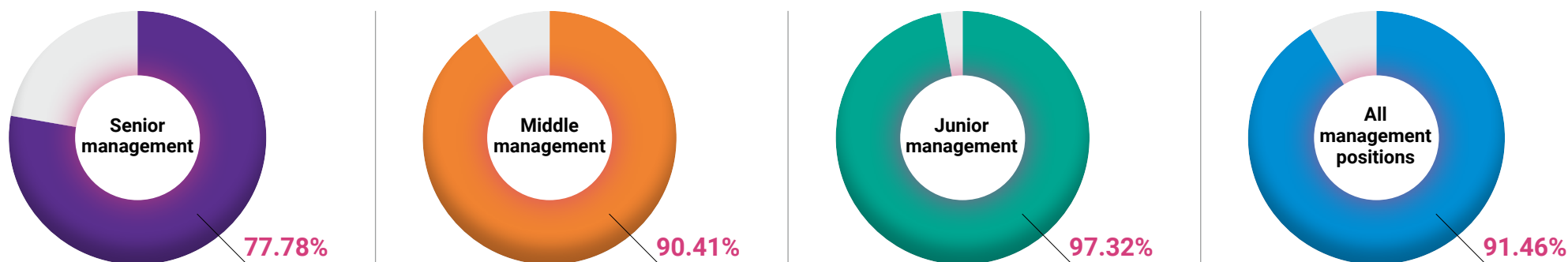
Senior management	Middle management	Junior management	All management positions
77.78%	90.41%	97.32%	91.46%

Note：The statistical basis for each year is the number of persons employed at the end of the year.

The proportion of managerial positions held by local personnel in the past three years

2021	2022	2023
94.96%	93.06%	91.46%
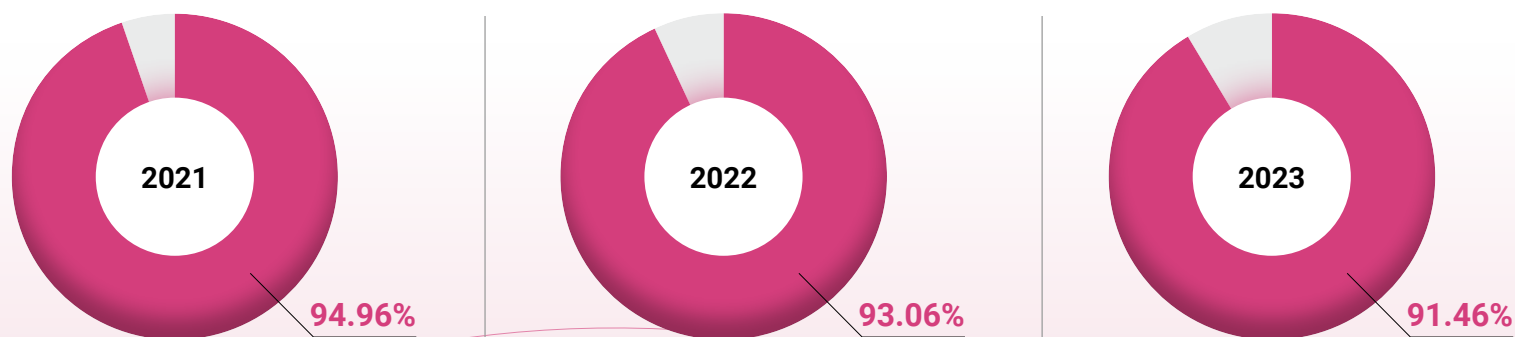
Note：In 2021, due to the correction of the consistency between the identification of group management positions and the statistical location of stationed personnel, the number of overall management positions held by local personnel in 2021 was adjusted downward by 1 person from 340 to 339, and the percentage was revised from 95.24% to 94.96%.

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Compensation and Benefits

▌ Equal Pay

The Company is committed to creating harmonious labor relations within legal norms. The employee remuneration system does not differ or discriminate based on individual gender, race, age, religious belief, or political stance. In 2023, the standard salaries of junior staff at Sercomm's main locations of operations are in line with or higher than the local legal level, and there is no difference based on gender in the same nature of work (direct labor and indirect labor). In terms of annual salary (including basic salary, annual allowances and annual bonuses), overall speaking, due to the high proportion of R&D positions and the majority of them being male employees, there is a tendency for male employees to have higher annual salaries than female employees.

▌ Ratio of the Minimum Standard Salary to the Basic Salary under Local Laws for Entry-level Employees

Region/gender	Taiwan		Mainland China		The Philippines	
Labor attributes	Male	Female	Male	Female	Male	Female
DL	1.05	1.05	1.22	1.22	1	1
IDL	1.17	1.17	1.75	1.75	1.11	1.11

▌ Ratio of Annual Female to Male Remuneration

Group		Taiwan	Mainland China		The Philippines	
		Taiwan Headquarters	Suzhou R&D Center	Suzhou Manufacturing Center	Manila R&D Center	Calamba Manufacturing Center
DL		0.77	-	0.88	-	0.99
IDL	Non management (professional personnel)	0.79	0.90	0.83	0.86	0.98
	Junior management position	0.91	0.95	0.92	-	0.85
	Middle management position	0.92	0.77	0.82	-	0.84
	Senior management position	0.85	-	-	-	-

Note：

1. Female to male ratio is calculated by taking the average male number as the base value 1 and calculating the relative proportion of the average female number.
2. The mark "-" means that there is no person in this category, or there are only people of a single gender in this category, so there is no calculation result of the female to male ratio.
3. Junior management is deputy section chief and section chief; middle management includes deputy managers, managers, senior managers, directors, and senior directors; senior management refers to management personnel above the vice president level (managers above the President level are not counted here).
4. Sercomm has a high proportion of R&D positions, among which male employees account for a large proportion, and there is an inherent tendency for male employees to be paid higher than female employees.

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Salaries of Non-managerial Full-Time Employees in Taiwan

Category	2022	2023	Annual difference	Unit
Number of employees	1,684	1,823	+139 （+8.25%）	People
Total salary	1,790,108	1,864,809	+74,701 （+4.17%）	NT$1,000
Average salary	1,063	1,023	-40 （-3.76%）	
Median salary	647	657	+10 （+1.55%）	

Note：

1. "Non-managerial full-time employees" refer to those excluded from the managers in Tai-Tsai-Zheng-(3) No. 920001301 Letter and whose working hours reach the normal working hours or statutory working hours stipulated by the Company, which are included in the statistics.
2. The bonuses for the operating results in 2021 were deferred to 2022, resulting in a higher salary base in 2022. This was not the case in 2023, resulting in a salary difference between the two periods.

◢ Competitive Compensation

Sercomm attaches great importance to the treatment and welfare of its employees. The Company adopts market-competitive reward and welfare policies at each location of operations, and refers to the salary levels of its peers and overall economic indicators. Employees are appointed and salary-rated based on their professional abilities, academic qualifications and years of experience. Salary adjustments after employment are based on overall evaluation in accordance with individual performance, market value and contribution. Compensation for overseas employees has been set at reasonable and competitive levels depending on local market conditions. Meanwhile, long-term and short-term bonuses are also offered as added incentives according to local regulations and industry practices.

Talent Incentives and Retention

Year-end and performance bonus	Employee bonus	Annual salary adjustment	Annual promotion
Reward individual performance	Practice employee profit sharing	Maintain market competition levels	Discover and cultivate outstanding talents

Bonus incentive measures	Qualifications	Implementation method	Locations of implementation
Cash reward policy	Those who provide labor services during the performance calculation period and are employed on the day of payment.	The Company allocates a certain proportion of rewards based on annual business performance, and allocates year-end bonuses and dividend bonuses based on performance contributions.	Taiwan, China, the Philippines
Stock award plan	The Company uses treasury shares/stock options/restricted stocks to issue new shares to personnel with outstanding performance contributions.	The Company distributes stock rewards to employees on a paid basis, which are vested in years in accordance with the provisions of each stock. Employees can only obtain stocks after reaching operational performance indicators and personal performance indicators.	Taiwan, China
Patent bonuses	Employees hired by the Company (including affiliated companies) who have made creative contributions to the substantive features of the patent proposal.	To encourage creativity and invention, it is divided into: 1. After obtaining the application number issued by the competent authority, a patent application bonus will be issued; 2. After approval by the competent authority, the patent approval bonus will be issued	Taiwan, China, the Philippines
Project bonuses	Projects with innovative technologies are submitted for review.	The Industrial Development Bureau, Ministry of Economic Affairs will review projects with innovative technologies. If the project is determined to have innovative technologies, a project bonus will be awarded upon passing the review.	Taiwan
Long-serving employees	Employees who have served for 10/20/30 years	At the end of each year, all long-serving employees are commended and each long-serving employee is presented with a trophy and a customized commemorative pen.	Taiwan, China, the Philippines
Retention bonuses	Based on the seniority and performance of employees, supervisors will recommend key talents and sign a talent retention plan.	For projects lasting from 2 to 5 years, retention bonuses will be given in batches on a monthly/year basis. Bonuses will need to be paid back upon resignation.	China, the Philippines

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◤ Diversified Benefits

Sercomm provides diversified welfare measures and diversified leisure activities for regular employees in important locations to enhance the happiness index of employees. The Company has established an Employee Welfare Committee, which uses the Company's annual income and employee welfare funds as its funding source. It regularly holds annual activities and encourages employee participation, so that employees and their families can enjoy the fun of life together, relieve work pressure, and achieve a balance between body, mind, work and family. The Company respects individuals' freedom of assembly and association, encourages and assists in the establishment of diverse clubs for employees to develop their personal interests, and provides subsidies related to the operation of club activities. Existing clubs include basketball club, swimming club, badminton club, tennis club, yoga club, mountain climbing club, cooking club, handicraft club, photography club, bartending club, painting club, flower art club, etc. Sercomm distributes holiday gifts during specific local festivals (such as Dragon Boat Festival and Mid-Autumn Festival), and also provides employees with birthday gifts. In addition, in order to cultivate friendship among employees, we organize family days, team-building activities, and afternoon tea in response to various festivals (such as Lantern Festival, Christmas, New Year, year-end party, etc.), and invite employees to gather together to celebrate. In addition, the Company also provides meal subsidies on working days for each important production base.

Global Locations of Operations - Online Annual Meeting

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Taipei Headquarters - Engineer's Day Activity

Taipei Headquarters - Christmas Event

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Zhunan Manufacturing Center - Family Day Activity

Suzhou Manufacturing Center - Intercity Orientation Activity

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Suzhou Manufacturing Center - Lantern Festival Riddles Activity

Philippines Manufacturing Center – Team Building Activity

In terms of employee insurance, in accordance with local laws and regulations in Taiwan, Sercomm purchases labor and health insurance for all employees on the day they report to work. In addition, the Company provides employees with group insurance, which includes: life insurance, accident insurance, hospitalization medical insurance, cancer insurance, accident medical insurance, etc. For expatriates, the Company provides a higher amount of group insurance coverage so that expatriates can work overseas without any worries. China, the Philippines and other overseas employees are covered by social insurance systems as required by local regulations. In addition, the Company has an insurance company stationed in the Company to provide insurance consultation and claim application services for employees nearby. It also introduces relevant insurance knowledge and claims-related rights and interests from time to time, so that employees can clearly understand the content and protection of insurance.

Sercomm's retirement benefit system is in accordance with the relevant provisions of local laws. For employees in Taiwan, we regularly allocate retirement reserves to statutory accounts in accordance with the provisions of the pension system of Taiwan's Labor Standards Act. According to the Labor Standards Act and the Labor Pension Act, employees who came onboard on or before June 30, 2005 (inclusive) are entitled to carry forward their years of service from the old system to the new system. The old system pensions are deposited into the old system retirement reserve account of the Bank of Taiwan on a monthly basis based on 2% of the monthly salary of each person with old system pension seniority. As of the fourth quarter of 2023, the reserve amount has reached NT$102 million, which is sufficient to cover retirement needs in the next 7 years, and will be adjusted annually based on actuarial reports to meet the retirement needs of relevant employees. Under the new system, the Company contributes 6% of employees' monthly salaries into their personal pension accounts. In addition to the monthly 6% contributions made by the employer, employees may also choose to contribute another 0%-6% of their salaries into their pension accounts. Employees in China are enrolled in social insurance in accordance with the Labor Law of the People's Republic of China, which includes employee pension insurance, ensuring that all employees are entitled to protection after retirement. Employees in the Philippines are enrolled in the Social Security System in accordance with the regulations of the Philippines Department of Labor and Employment (DOLE), which also includes old-age protection. The Company and employees jointly pay insurance premiums every month during their employment. Upon reaching the statutory retirement age and meeting the eligibility criteria, employees can apply for a retirement pension according to their needs, so as to protect their quality of retirement life.

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Inclusive Workplace

In order to improve the maternal health protection plan, Sercomm takes humanistic care as the starting point. Its locations of operations are equipped with comfortable breastfeeding room, and provide female employees with menstrual leave, maternity leave, family care leave, paternity leave or parental leave without pay, while ensuring that employees' full attendance bonuses and performance appraisals are not affected, or other adverse actions are not taken. In the statistics of parental-related leave, all locations of operations of Sercomm provide parental-related leave applications in accordance with local laws. A total of 84 employees applied in 2023, of which the application rate and reinstatement rate in China and the Philippines were 100%. Except for women on maternity leave in China, the retention rate in all regions was over 80%.

Taipei Headquarters Breastfeeding Room

Zhunan Locations of Operations

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Statistics on Parental-related Leave in 2023[Note]

Item	Taiwan		Mainland China		The Philippines	
	Female	Male	Female	Male	Female	Male
Number of people who are eligible to apply for parental-related leave (A)	57	76	25	25	23	2
Actual number of people applying for parental-related leave (B)	8	1	25	25	23	2
Parental-related leave application rate (B/A)	14%	1%	100%	100%	100%	100%
Expected number of people reinstated from parental-related leave in the current year (C)	14	1	27	26	12	2
Actual number of people reinstated from parental-related leave in the current year (D)	8	1	27	26	12	2
Reinstatement rate from parental-related leave (D/C)	57%	100%	100%	100%	100%	100%
Number of people reinstated from parental-related leave in the previous year (E)	16	4	21	26	17	3
Number of people continued to work for one year after applying for reinstatement in the previous year (F)	13	4	13	21	16	3
Parental-related leave retention rate (F/E)	81%	100%	62%	81%	94%	100%

Note：In Taiwan, according to legal regulations, parental leave without pay is considered as a leave in statistics. In China and the Philippines, there are no regulations related to parental leave without pay. However, employees are entitled to maternity leave or paternity leave in accordance with the law. Therefore, this is the subject of statistics.

Sercomm attaches great importance to the expression of employees' opinions and provides multiple communication channels. Employees can obtain contact information or relevant information through the announcements in the internal system and bulletins, and can also use the employee grievance hotline (hr_help@sercomm.com) to file complaints about major management deficiencies, discrimination, forced labor, sexual harassment, or occupational safety issues. In 2023, no employee opinions or complaints were received, and there were no sexual harassment cases.

Employee Communication Channels

Channel	Frequency	Issue
Management team meeting	Monthly	Feedback from current employees
Employer-employee meeting	Monthly	Feedback from current employees
New employee seminar	Quarterly	Corporate culture adaptation and feedback from new employees
Health management	Monthly	Employee health
Employee Welfare Committee	Monthly	Employee welfare

Channel	Frequency	Issue
Internal EIP system message dissemination	When necessary	Employee related information dissemination
Employee education and training	When necessary	Employee knowledge or skill growth
Global employee satisfaction survey	When necessary	Employee needs
Employee complaint hotline	hr_help@sercomm.com	Management deficiencies or complaints related to human rights issues
Reporting hotline	audit@sercomm.com	Business ethics reporting

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4.2 Talent Cultivation and Development

Human Capital Development Strategy

Sercomm adheres to the people-oriented concept and formulates a human capital development strategy with three aspects of "international talent deployment", "stabilizing team performance" and "carrying out diversified learning". It aims to integrate internal and external learning resources to help the Company achieve its business goal of accelerating the expansion of the international market, while nurturing employees' personal knowledge and capabilities, thereby promoting the common growth of employees and the Company.

Human Capital Development Strategy

International talent deployment

Purpose Focus on the international market and commence talent deployment

Means
- Commence strategic talent inventory
- Setting English proficiency standards

Stabilizing team performance

Purpose Stabilize organizational capabilities and support company growth

Means
- Optimize the onboarding experience for new employees
- Introduce new supervisor training program
- Implement leadership management function training

Carrying out diversified learning

Purpose Make good use of internal and external resources to cultivate professional knowledge

Means
- Use learning platforms to popularize professional knowledge
- Introduce expert resources and strengthen team strengths
- Support independent learning in external training

International Talent Deployment - Look at the International Market and Commence Talent deployment

● Commence strategic talent inventory

In response to the trend of market expansion and organizational growth, Sercomm launched a talent inventory. First, it focused on three key job categories of middle and senior supervisor positions in R&D, sales management, and production and manufacturing. Through interviews, HR guided the supervisors to discuss talent leadership potential, functions, professions and performance to define talent readiness and produce a list of potential talents as an important basis for the organization's talent deployment.

● Setting English proficiency standards

Sercomm's employees span 20 nationalities and actively operate the international market. Fluent English communication has become a necessary skill for talents. In this regard, the Company defines TOEIC score standards based on the business needs of employees at each position/level. In addition to internal announcements, the Company also provides English learning resources, a full TOEIC test subsidy per person per year, and TOEIC on-site test services. We encourage employees to continue to improve their English skills. A TOEIC sprint class was held in 2023, with a total of 21 people completing the training. In addition, 30 sessions of TOEIC on-site exams were held, and a total of 1,002 people completed the exams.

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Stabilizing Team Performance - Stabilize Organizational Capabilities and Support Company Growth

● Optimize the onboarding experience for new employees

We comprehensively plan the complete process for new employees before, after and on the day of joining the Company. In addition to the company introduction, environmental tours on the arrival day and a one-month online course for new employees, the Company also creates customized onboarding guidance plans for different ranks, and communicates with hiring managers and new hires in real time through automated processes to ensure that there is no omission of information. In addition, through quarterly sharing with new hires, senior managers are invited to explain the Company's vision, operating status and overall organizational picture to newcomers, supporting newcomers to have an in-depth understanding of the Company's overall picture across functions, so as to enhance their confidence in the Company and willingness to stay for development. It was officially launched at the Taipei headquarters in 2023, and a total of 3 sharing sessions were carried out. 101 employees completed the newcomer program, with a training completion rate of 84.87%Note.

Note：Calculated based on newcomers who should complete the newcomer program in 2023.

Newcomer Onboarding Experience

	Before onboarding	Onboarding date	2nd day	~ 3rd week	~ 3rd month
Professional position	Orientation plan	Orientation course Company profile	• Online courses for new employees • - 1 on 1 meeting with direct supervisor		Sharing with new hires
Section-level, manager-level supervisors			Company/ organization introduction / Unit business/goal description / Network building		Courses for new supervisors
Director level supervisor			New Supervisor e-Academy		

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● Introduce new supervisor training program

Based on the necessary abilities and internal knowledge of new supervisors and first-time managers at different levels, a 2-year new supervisor education course has been designed, including the introduction of a series of physical courses and learning resources such as "New Supervisor e-Academy", "New Supervisor Starter Kits" and "New Supervisor Orientation". Automated processes have been applied to provide real-time information on the day new supervisors take office. HRBP (HR Business Partner) and direct supervisors also work together to support new supervisors within 3 months to help them understand the Company's systems and policies, strengthen key functions and build internal relationships. In 2023, 5 new supervisor courses were implemented (including the introduction of 2 new courses), with a total of 142 supervisor participants and an average satisfaction score of 4.86 (out of 5 points)[Note].

Note：Satisfaction is calculated based on physical courses.

Courses for new supervisors

	Within 1 week of taking office	3 months	1 year	2 year
Vice Section Manager Section Manager	New Supervisor e-Academy	First Step of Management - ● Selection Interview Skill ● Performance Management	Team Leadership	Situational Leadership Training
Deputy Manager Senior Manager	New Supervisor e-Academy	First Step of Management - ● Selection Interview Skill ● Performance Management	Situational Leadership Training	M Golf
Director Senior Director	New Supervisor e-Academy		Fierce Conversation	Coaching Leadership

Confirm compulsory or elective courses according to job level

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● Implement leadership management function training

In order to fully support each unit in improving operational efficiency, Sercomm conducts annual training needs interviews, focuses on the operational needs of each department and the current situation of the team, and plans a series of leadership function training themes. In addition, a full-time management function and training blueprint was launched in the fourth quarter of 2023, which served as the basis for future management strength inventory, training and talent development. In 2023, the Company focused on leadership development for entry-level and mid-level supervisors. The courses were developed as shown in the table below.

Subject	Course topic	Number of trainees	Total man-hours	Average satisfaction[Note]
Mid-level Managers	Leadership Training- Fierce Conversations	15	191	5.00
	Leadership Training- M Golf	24	384	4.83
	Leadership Training- Situational Leadership Training	15	240	4.70
	Leadership Training- Selection Interview Skill	24	168	4.81
	Leadership Training- Performance Mgmt.	38	266	4.89
	Seven Habits of Highly Effective People	39	546	4.93
	Technology towards Management: Path to Successful Leadership	5	12.50	N/A
	KPI Set Up and Department Assessment	5	25	5.00
	Management Development Program	4	32	5.00
Junior-level Managers	Leadership Training- Situational Leadership Training	7	112	4.95
	Leadership Training- Selection Interview Skill	10	70	4.94
	Leadership Training- Performance Mgmt.	9	63	4.87
	Supervisor Leadership Empowerment Improvement	29	377	4.85
	KPI Set Up and Department Assessment	13	65	5.00
	Management Development Program	13	104	5.00
	Soft Skills Training: Lead First (A leadership Enhancement Program)	2	32	5.00
Total	11 courses and 13 sessions	252	2,687.50	4.92

Note：Average satisfaction is calculated based on the 15 items of data listed in the table.

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Junior-level and Mid-level Managers Training - Taiwan

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Seven Habits of Highly Effective People - China

Supervisor Leadership Empowerment Improvement - China

Soft Skills Training - Leadership Training for section lead and heads

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▰ Carrying Out Diversified Learning - Make Good Use of Internal and External Resources to Cultivate Professional Knowledge

● Use learning platforms to popularize professional knowledge

Since the introduction of the learning platform in 2017, Sercomm has been committed to popularizing internal professional knowledge, coaching experts in R&D, project management, production and manufacturing to produce online courses, and allowing employees from all over the world to take elective courses. A total of 66 self-produced digital courses were added in 2023, with a cumulative total of 8,801 learning hours in that year. In the future, we also plan to simultaneously introduce external online courses to enhance employees' independent learning motivation through more diverse learning resources.

Year	2020	2021	2022	2023
Cumulative number of self-produced online courses	245	336	449	515
Cumulative study hours	6,156	16,371	26,787	35,588

● Introduce expert resources and strengthen team strengths

In response to the rapidly changing market environment, in addition to using learning platforms to accelerate the popularization of internal professional knowledge, Sercomm also actively encourages departments to introduce external expert courses to help employees acquire new knowledge and strengthen professional capabilities. In 2023, the departments independently introduced 23 professional courses, with a total of 550 employees completing the training.

● Support independent learning in external training

Sercomm regularly prepares external training budgets based on the needs of each unit every year, and encourages employees to apply independently based on business and development needs. Through a clear external training management process, employees can share internally in different forms after completing the training to expand learning benefits. The Company also maintains detailed external training records of employees on the learning platform as a reference for the team to review talent skills and development plans. In 2023, a total of 256 employees participated in external training, with a total of 4,624.50 hours of external training. The Company's investment in external training for employees reached NT$361,495.

Global Employee Training Hours

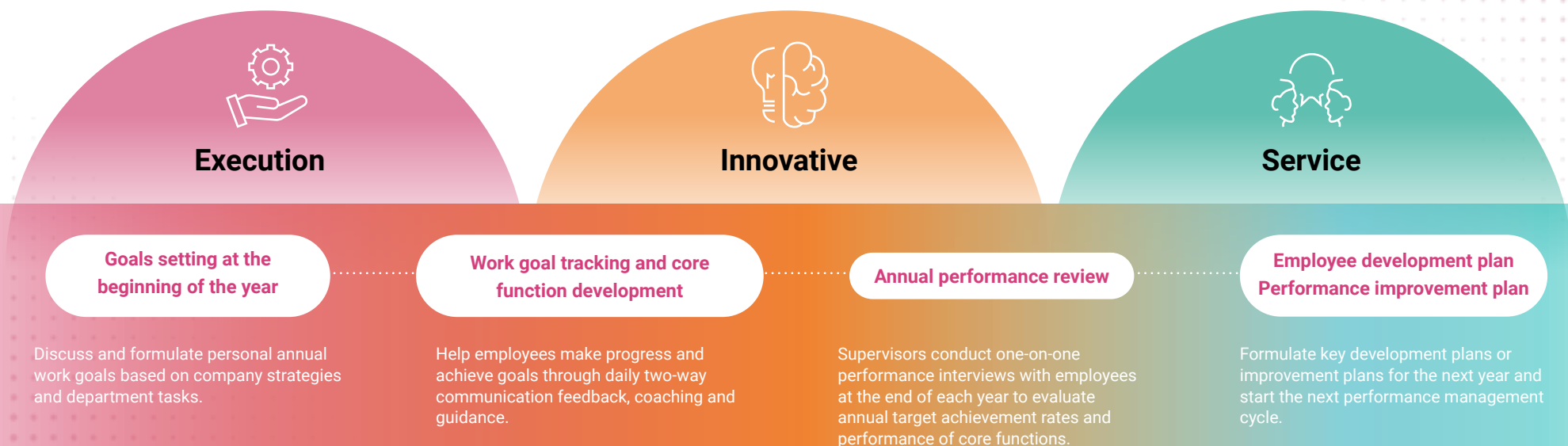| Category		Taiwan		Mainland China		The Philippines		Other overseas regions	
		Cumulative hours	Average hours	Cumulative hours	Average hours	Cumulative hours	Average hours	Cumulative hours	Average hours
Gender	Male	10,219.38	11.94	9,230.19	7.62	5,003.21	5.17	52.02	0.46
	Female	12,612.47	12.38	3,141.02	4.00	4,655.55	3.71	1.77	0.16
Labor attributes	DL	14,412.00	16.23	3,140.00	5.05	2,088.91	1.22	---	---
	IDL	8,419.85	8.53	8,961.21	6.78	7,569.85	14.81	53.79	0.43
Management level	Senior managers	530.43	26.52	50.00	12.50	---	---	15.82	5.27
	Mid-level managers	2,727.65	21.65	1,704.09	16.39	159.48	7.25	18.61	0.98
	Junior-level managers	553.36	18.45	726.29	10.09	375.03	37.50	---	---
Non-management level		19,020.41	11.20	9,890.83	5.44	9,124.25	4.17	19.36	0.19
Global training cumulative hours								44,915.61	
Global training average man-hours								7.22	
Total global expenditure on education and training								NT$10,720,873	

Note：The statistical objects are mainly regular employees and temporary employees, excluding dispatched, outsourced and contracted personnel (non-employees) who have not directly signed a labor contract directly with Sercomm.

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Personnel Performance Evaluation

The performance evaluation system constructed by Sercomm is based on work goal evaluation and core function evaluation. It conducts one-to-one performance evaluation at the end of each year, reviews employee performance through two-way communication, or adjusts work content immediately. In addition to promoting functional development, it also evaluates and provides appropriate rewards or promotion opportunities. In 2023, all current employees serving at Sercomm during the performance evaluation period were required to undergo performance evaluation, with a coverage rate of 100%. A total of 303 indirect personnel were promoted, with a promotion rate of 11.4%Note. Those who were promoted have continued to invest and grow in various professional fields. The promotion rates for men and women were 12.8% and 9.2% respectively. Sercomm focuses on professional performance and future development, and does not promote employees based on gender.

Note：Promotion rate is calculated as the total number of people promoted this year/the total number of employees in the previous year.

Performance Management Cycle

Execution

Innovative

Service

Goals setting at the beginning of the year

Discuss and formulate personal annual work goals based on company strategies and department tasks.

Work goal tracking and core function development

Help employees make progress and achieve goals through daily two-way communication feedback, coaching and guidance.

Annual performance review

Supervisors conduct one-on-one performance interviews with employees at the end of each year to evaluate annual target achievement rates and performance of core functions.

Employee development plan Performance improvement plan

Formulate key development plans or improvement plans for the next year and start the next performance management cycle.

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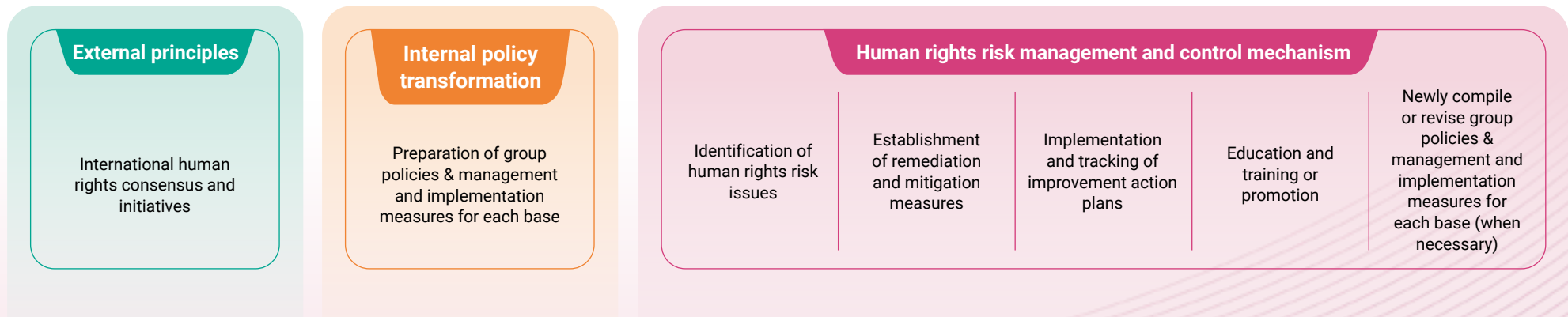# 4.3 Human Rights Respect and Protection

Human Rights Management Guidelines

Sercomm responds to The United Nations Global Compact (UNGC) and follows the principles and spirit of international human rights initiatives such as the United Nations Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the Responsible Business Alliance (RBA) Code of Conduct. The revision of the Group's "Labor and Human Rights Policy" was completed in 2023, and the corresponding norms and management measures have also been extended to Sercomm's first-line suppliers in response to the international community and our partners' emphasis on human rights protection. In terms of the implementation of internal management, in addition to regular discussions on the implementation of human rights protection in the Corporate Sustainability Committee under the Board of Directors, Sercomm has compiled a CSR implementation manual and human rights infringement complaint procedures for all major operations and manufacturing sites. All workers can contact us through the dedicated hotline or mailbox （HR_Help@sercomm.com） to report concerns and cases related to various types of inequality, harassment, bullying and other human rights violations. If a relevant complaint case occurs, the human resources unit will follow the Group's reporting system management regulations and implementation procedures of each site and relevant local laws. It will ensure the investigation and tracking of the case, the protection of the parties involved, and the punishment of those who violate the regulations. In addition, the Company also regularly promotes relevant training on labor human rights protection for employees, supervisors and internal auditors of relevant units to enhance the awareness of all personnel to jointly create a friendly workplace and respect human rights. In 2023, the number of people trained on human rights-related issues across the Group was 4,359, with a coverage rate of 70.10%Note. There are no complaints of human rights violations, child labor, discrimination, bullying or harassment at any of our locations.

Note：Coverage rate is calculated as the total number of employees trained for human rights-related issues in 2023/the number of employees on the job at the end of 2023.

Human Rights Risk Identification, Mitigation and Remediation

Human Rights Management Structure

External principles

International human rights consensus and initiatives

Internal policy transformation

Preparation of group policies & management and implementation measures for each base

Human rights risk management and control mechanism

Identification of human rights risk issues

Establishment of remediation and mitigation measures

Implementation and tracking of improvement action plans

Education and training or promotion

Newly compile or revise group policies & management and implementation measures for each base (when necessary)

Sercomm regularly participates in Responsible Business Alliance (RBA) assessments. In 2023, Sercomm conducted the RBA Self-Assessment Questionnaire (SAQ) or verification assessment (VAP) at its Taiwan headquarters (Taipei headquarters and Zhunan Manufacturing Center), Suzhou Manufacturing Center in China, and Philippines Manufacturing Center. The Company refers to the assessment results and further integrates the international labor human rights consensus to identify human rights risks at each site on issues such as employment freedom, child labor and underage workers, working hours, wages and benefits, anti-discrimination, anti-violence and harassment, and initiates cases to promote continuous improvement plan and track management. The Company will continue to pay attention to human rights protection issues and promote relevant education and training to improve the awareness of human rights protection among all employees and reduce the possibility of related risks.

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2023 RBA SAQ & VAP Execution Results

Taipei Operating Headquarters	Zhunan Manufacturing Center	Suzhou Manufacturing Center	Philippines Manufacturing Center
SAQ Low Risk （94.2）	SAQ Low Risk （90.7）	SAQ Low Risk （94.6）	SAQ Low Risk （89.0）
VAP ---	VAP ✓	VAP ✓	VAP ✓

Key Human Rights Risk issues, Risk mitigation and Remedial Measures in 2023

| Definition of risk issues	Potential risk impacts	Locations with potential risks	Risk mitigation	Risk remediation
Freely Chosen Employment | The employer should bear the agency or any other employment-related costs.	If foreign migrant workers are burdened with work costs, it may affect employees' physical and mental health and workplace safety, or affect employee morale and corporate productivity.	Zhunan Manufacturing Center	Formulate and implement a zero-payment labor policy to protect the rights and interests of foreign migrant workers.	If the candidate pays the relevant fees in advance, the fees will be returned overseas (the migrant's home country).
Working Hours | Workers should have at least 1 rest day every 7 days. | Workers should not work more than 60 hours per week. Any overtime should be voluntary.	If there are excessive working hours or insufficient rest, it may affect the physical and mental health of employees or the productivity of the Company.	Zhunan Manufacturing Center, Suzhou Manufacturing Center, Philippines Manufacturing Center	• Improve production scheduling capabilities and shift scheduling flexibility. • Revise relevant management documents or specifications, such as the CSR implementation manual and employee handbook, and strengthen communication on working hour policies and overtime management methods. • A new extended working hours control mechanism has been added to the system. When overtime hours exceed the standard, reminder letters are automatically sent to control the total overtime hours.	If employees work overtime, corresponding overtime pay or rest days will be arranged in accordance with local laws. Supervisors at each location will review the overtime working status of the unit and propose improvement measures.
Wages and Benefits | Dispatch workers should be hired in accordance with local laws and regulations.	If dispatched (outsourced) personnel are used for a long time, it may affect employee job satisfaction or corporate productivity.	Philippines Manufacturing Center	In the long term, we will plan a more complete personnel recruitment plan and reduce the proportion of dispatched (outsourced) personnel.	Following the performance evaluation and measures on application for regular employees of dispatched personnel, dispatched personnel with good performance will be directly hired by the Company as regular employees after the evaluation period.
Non-Discrimination/Non-Harassment | No discriminatory medical or physical examinations may be performed on employees or prospective employees.	If there are discriminatory inspection items, it may affect the stability of recruitment and employment or the reputation of the Company.	Philippines Manufacturing Center	• Statement that the Company and all its cooperating labor agencies will not conduct discriminatory inspections on prospective employees or employees. • Sign a memorandum of inspection items and inspection procedures with occupational health inspection medical units that are cooperating or will cooperate in the future to ensure that no discrimination occurs.	If there is any discriminatory inspection, the occupational health inspection medical unit will be notified and required to investigate and make improvements within a time limit. If necessary, the cooperation will be terminated.

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4.4 Occupational Health and Safety

Management Guidelines

In order to provide a good working environment, establish a company safety culture, and reduce occupational health and safety risks, Sercomm's locations of operations in Taiwan, China, and the Philippines have established safety and health management units and hired professionals in accordance with local occupational safety and health regulations, which are responsible for relevant management business planning, promotion, supervision and audits. All major manufacturing centers have introduced the ISO 45001:2018 occupational health and safety management system, and regularly self-review the system operation through the internal audit mechanism. In 2023, there were a total of 29 deficiencies in the internal audit, all of which have been improved. In addition, as of January 2024, the locations of operations in Taiwan, China and the Philippines have all passed third-party verification, and China has also obtained the Level 3 enterprise certification of safety production standardization.

Note：The manufacturing centers in Zhunan, Suzhou and the Philippines have introduced the ISO 45001 occupational health and safety management system. There are 6,843 employees and non-employees covered under this management system, accounting for 79.40% of the Group. Sercomm's occupational health and safety management system covers all types of workers. The coverage rate does not reach 100% because some locations of operations are still under planning and introduction.

Regional Distribution of Internal Audit Deficiencies in 2023

- Taiwan
- Mainland China
- The Philippines

20.69% (6 deficiencies)
37.93% (11 deficiencies)
41.38% (12 deficiencies)

Regional Distribution
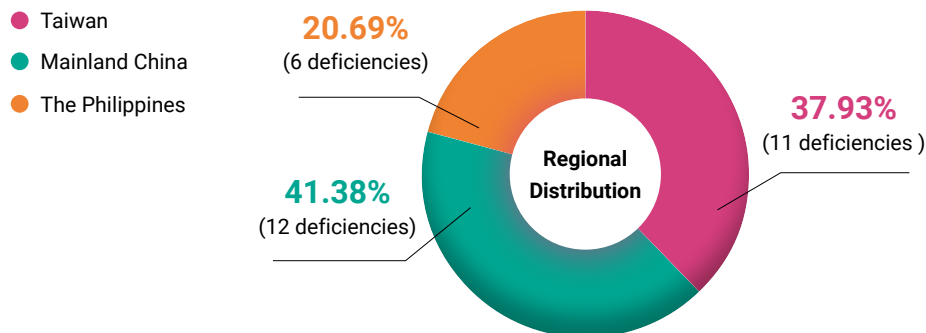
There were a total of 29 deficiencies in the internal audit, all of which have been improved.

Occupational Safety and Health Committee

Sercomm's locations of operations in Taiwan, China and the Philippines have established the "Occupational Safety and Health Committee" (hereinafter referred to as the Safety Committee), which is the highest review and discussion organization for safety and health management and holds at least one meeting every quarter. It is responsible for developing, coordinating and supervising safety, health and health-related matters in each factory, and participating in the formulation (revision) of occupational health and safety policies to implement safety and health management. Among them, the number of labor representatives accounts for more than one-third of the members of the Safety Committee. They serve as a bridge to communicate about safety and health between employees and the Company, and continuously maintain and improve safety and health management.

Committee Composition and Operation

Region of operation	Taiwan	Mainland China	The Philippines
Number of committee members	56	34	38
Number of labor representatives	20	18	27
Proportion of labor representatives	35.71%	52.94%	71.05%

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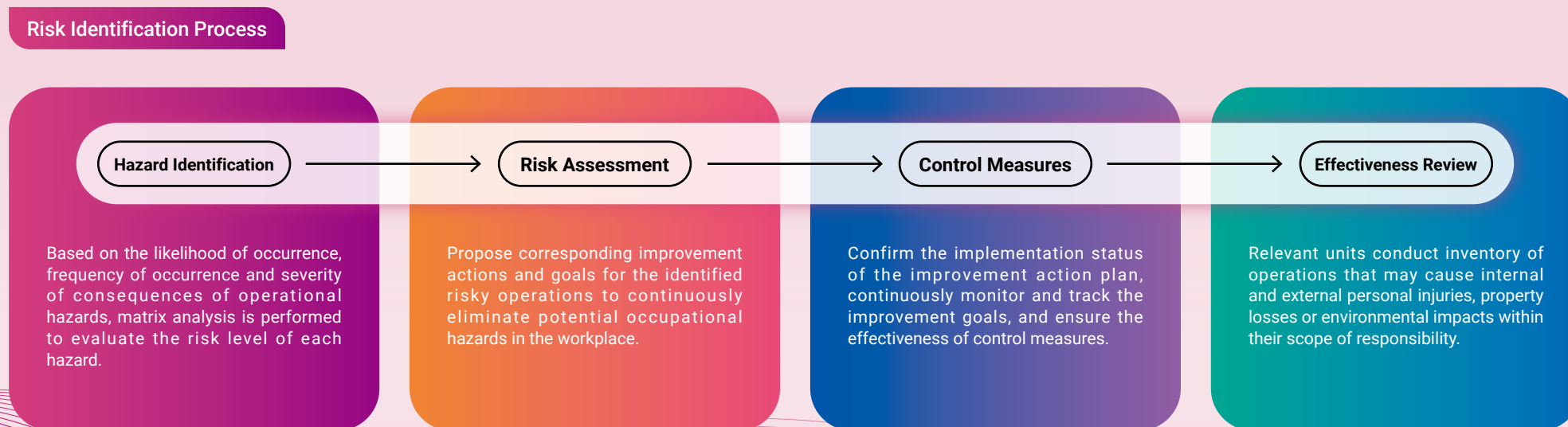
Hazard Identification and Risk Assessment

In order to avoid safety hazards arising from the Company's operations, activities or services and facilities, and to continuously improve the impact of Sercomm's occupational health and safety risks, we have formulated and followed the "Environmental Safety and Health Risk Identification and Assessment Management Measures" and "Hazard Identification and Risk Assessment Management Procedures". Each region is led by qualified personnel trained as industrial safety officers or trained in identifying hazards and environmental factors. A risk assessment is conducted at least once a year (timing of assessment: when there are changes to operational, technical, engineering, operational/design specifications; a disabling injury for more than one day; repeated false alarms; project proposal and hidden danger notification).

Taiwan and the Philippines use matrix analysis (possibility, severity, frequency), and Suzhou uses scores to assess risk levels, propose corresponding control measures and targets for high-risk operations, and conduct follow-up tracking in an attempt to continuously eliminate potential occupational hazards in the workplace. In 2023, Taiwan, China and the Philippines have all carried out hazard risk identification, and a total of 273, 586 and 83 risk items have been identified. Among them, there are no high-risk items, and all those with improvement opportunities have been improved.

In addition, if an immediate dangerous emergency occurs while performing any operation, employees can judge whether to stop the operation or take necessary protective measures according to the degree of danger on site, and then leave the workplace to seek refuge. They will not be subject to any adverse sanctions. Relevant regulations are regularly promoted in occupational health and safety education and training for new employees.
Risk Identification Process

Risk Identification Process

Hazard Identification

Based on the likelihood of occurrence, frequency of occurrence and severity of consequences of operational hazards, matrix analysis is performed to evaluate the risk level of each hazard.

Risk Assessment

Propose corresponding improvement actions and goals for the identified risky operations to continuously eliminate potential occupational hazards in the workplace.

Control Measures

Confirm the implementation status of the improvement action plan, continuously monitor and track the improvement goals, and ensure the effectiveness of control measures.

Effectiveness Review

Relevant units conduct inventory of operations that may cause internal and external personal injuries, property losses or environmental impacts within their scope of responsibility.

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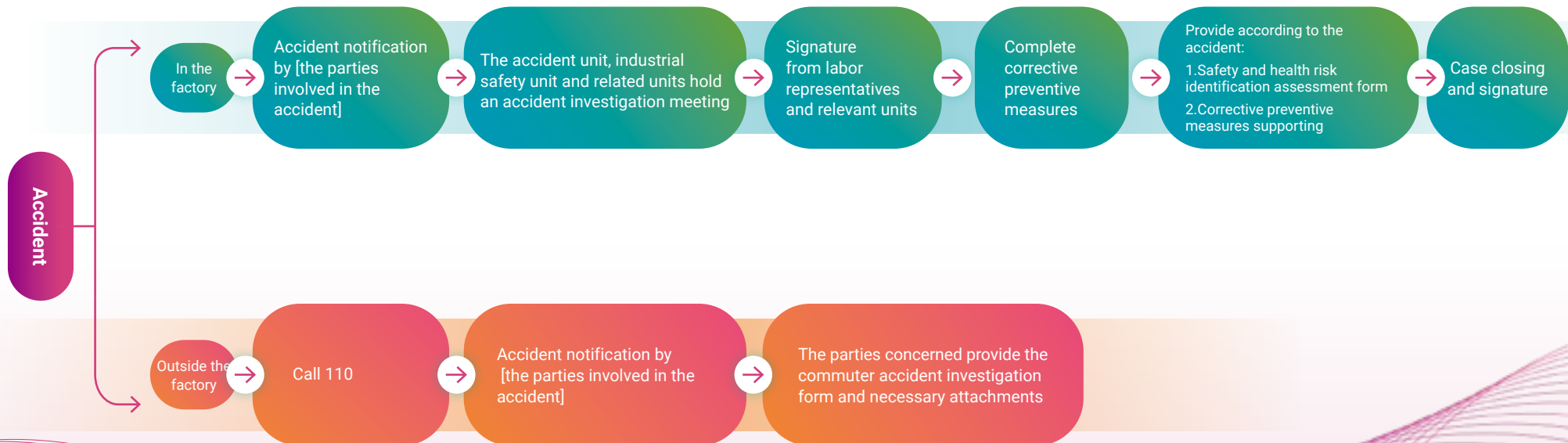
Accident Investigation

When an accident occurs, each base will conduct accident investigation and analysis in accordance with the "Accident Investigation and Management Procedures" to truly understand the occurrence of false alarms, abnormalities, injuries and major accidents, and formulate prevention countermeasures for recurrence. It carries out parallel inspections of each factory and promote preventive measures. In 2023, there were a total of 32Note 1 accident investigations in Taiwan, mainly traffic incidents; there were a total of 2 accident investigations in China, including falls and traffic accidents; there were a total of 8 accident investigations in the Philippines, mainly involving two categories of hazardous substance exposure, and stabbings, cuts and abrasions. All the above 41 accidents have been investigated and closedNote 2. Based on the type of accident, improvements are completed through measures such as redesigning work processes, strengthening safety promotion of standard operating procedures (including retraining and posting slogans), and updating and purchasing equipment and protective gear. In addition, various factories conduct regular factory inspections to maintain the safety and health of employees and reduce the incidence of accidents. In 2023, there were a total of 713 unqualified items, with an improvement rate of 100%.

Note：

1. Accidents in Taiwan included 25 traffic accidents, 3 false alarm accidents, and 4 work-related injury accidents.
2. There was 1 traffic accident in China in 2023. As of January 2024, this case has yet to be approved by the government authority to confirm whether it is a traffic accident. Subsequent internal closure will be carried out based on the response from the authority.

risk identification process

Accident

In the factory → Accident notification by [the parties involved in the accident] → The accident unit, industrial safety unit and related units hold an accident investigation meeting → Signature from labor representatives and relevant units → Complete corrective preventive measures → Provide according to the accident: 1.Safety and health risk identification assessment form 2.Corrective preventive measures supporting → Case closing and signature

Outside the factory → Call 110 → Accident notification by [the parties involved in the accident] → The parties concerned provide the commuter accident investigation form and necessary attachments

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Education and Training

In order to improve workers' safety and health knowledge and disaster response capabilities, in addition to organizing relevant safety and health education and training courses in accordance with legal regulations and operational needs, we also use email or electronic announcements to increase employees' awareness of the hazards of the working environment and the safety and health knowledge and concepts required to prevent disasters to avoid occupational disasters, such as: earthquake slogans, carbon monoxide promotion and lithium battery safety management, etc.

Lithium Battery Safety Management Awareness EHS

Lithium Battery Products are widely used in both consumer goods and industrial processes. While they bring convenience to our lives, there is also a risk of fire caused by battery defects or improper use. Let's now take a look at the key points for understanding lithium battery types, selection, storage, usage, and emergency response.

Lithium Battery "Types "
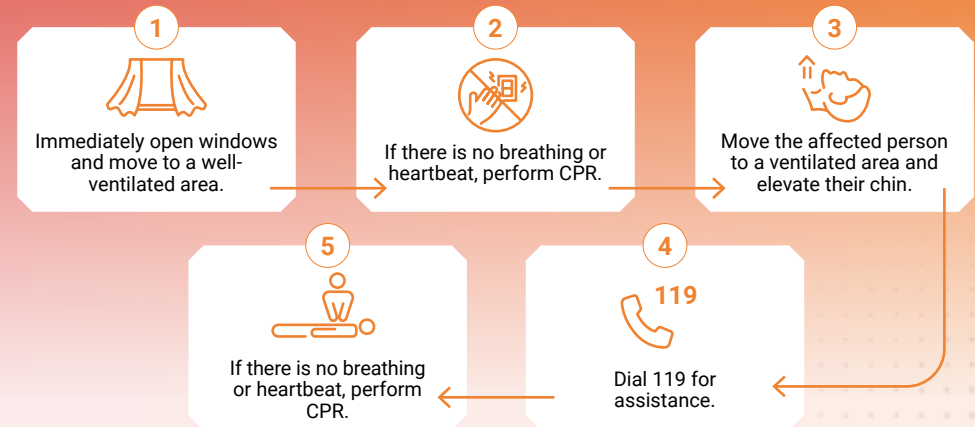
| Cylindrical | Button (or Coin) | Prismatic | Pouch |

Key Points for the "Selection, Storage, Usage, and Emergency Response" of Commercially Available Lithium Batteries

1. Must have a Product Safety Mark.
2. Carefully read the product manual and follow the instructions for safe use.
3. Avoid charging in direct sunlight or high-temperature environments, and keep flammable materials away from the area.
4. Avoid overcharging. (Stop charging once the battery is fully charged.)
5. Strictly prohibit striking, dropping, or impacting the battery. 。
6. When carrying, avoid contact between metal objects and the battery terminals to prevent short circuits.
7. In case of smoking or fire, continuously cool with water or place the battery in a water-filled container until the fire is extinguished.

Hidden Winter Danger: Carbon Monoxide EHS

Home Carbon Monoxide (CO) Poisoning Response Agencies

1. Immediately open windows and move to a well-ventilated area.
2. If there is no breathing or heartbeat, perform CPR.
3. Move the affected person to a ventilated area and elevate their chin.
4. Dial 119 for assistance.
5. If there is no breathing or heartbeat, perform CPR.

Home CO Hazard Prevention Measures

1. Ensure proper ventilation.
2. Choose products with the CNS or TGAS certification mark.
3. Select the correct type:

   A. Outdoor Model   B. Forced Ventilation Model   C. Electric Water Heater

4. Ensure safe installation.
5. Have regular inspections conducted by a certified technician.

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In 2023, Sercomm provided safety and health education and training for new employees and current employees at its main locations of operations in Taiwan, China and the Philippines (courses included hazardous chemicals, electrostatic protection, chemical leakage training and drills, and respiratory protective equipment training, etc.), certificates required by law (such as first responders, organic solvent operations supervisors, etc.), emergency response and firefighting training, personnel safety education for the introduction of new equipment or new technologies, etc. There were a total of over 7,474 participants in on-site (off-site) education and training, with total training hours of over 13,142.82 hours[Note]. The teaching was conducted in the local language or the language used by non-national employees, and tests were conducted after the education and training to evaluate the effectiveness of the education and training.

Note：The statistics are mainly based on Taiwan and China. There are no statistics on occupational safety and health-related education and training that have been carried out in the Philippines.

Workplace Health Management and Promotion

Employees are the Company's greatest asset. In addition to work, we also hope that employees can have a harmonious life of body and mind. Therefore, the Company enables employees to live a healthy life after work through employee care, health management and health care. Sercomm follows ISO 45001 environmental safety and health management system and fully understands the hazards and risks in the working environment. We ensure that employees can work in a healthy and safe working environment.

Employee Health Management

Sercomm organizes health promotion activities from time to time. In Taiwan, it holds on-site occupational medical services every month to provide colleagues with professional consultation channels. In 2023, there were a total of 231 one-on-one health consultations. In addition, the Zhunan factory has a medical office to assist employees in handling emergency medical care.

Various Themed Activities and Lectures

Sercomm holds lectures and activities from time to time, covering a variety of topics and knowledge, such as "Welcoming the Summer, Fat Loss and Diet" health lectures, weight loss competitions, CPR + AED courses or public welfare stress relief massage activities, etc. In addition to hiring professionals to deliver the lectures, the programs are also conducted online, enabling employees who are unable to participate in person to attend lectures without being restricted by location.

Health Examinations

Complete health examinations can detect possible diseases early, and all new employees are required to undergo physical examinations. The Company regularly arranges health examinations for specific items for employees in special operating positions (such as ionizing radiation operations, X-RAY operators, etc.) The Zhunan factory arranges special occupational health examinations every year. In accordance with the "Prevention and Control of Occupational Diseases Law of the People's Republic of China", the Suzhou factory also provides special occupational health examinations for employees with potential risks of occupational disease hazards on the day of entry, during employment and before leaving the Company.

Taiwan conducts all-employee health examinations every two years, and factories in Suzhou and the Philippines subsidize the costs of employee health examinations, enabling employees to understand their health status through health examinations. After health examinations, professional medical staff in each office and factory will provide medical assistance and regular examination reminders for major abnormalities discovered in the health examination results to implement caring services. In addition, Taiwan provides a doctor consultation service after health examinations. Employees who have questions about health examination reports can arrange consultation with a doctor. All employees' personal health service records and information are only used as a basis for assessing whether employees are in a safe workplace environment and will not be used for any other purpose. This information is only properly kept by the dedicated health management unit and will not be leaked.

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Chemicals Management

The manufacturing process of Sercomm's products only involves the use of a small amount of chemicals. When purchasing, suppliers are required to provide chemical labeling and safety data sheets (SDS) that comply with the Globally Harmonized System for Classification and Labelling of Chemicals (GHG) and regulatory requirements. When using chemicals, we establish a chemical management list and record management, maintain the safety data sheets, update them in real time when there is a change, avoid safety impacts, and set up emission measures at the work site to reduce hazards to the working environment. In addition, we have set up specific storage areas, and the equipment and containers are set up in accordance with the local regulations of the manufacturing bases. For employees whose work involves chemicals, we conduct chemical safety-related education and training to strengthen personnel safety awareness, including the hazardous characteristics of chemicals, precautions for storing, transporting, and using chemicals, and disposal and reporting procedures in case of leakage, to ensure the safety of location of operations and personnel using chemicals.

Suzhou Manufacturing Center Chemical Warehouse

Occupational Health and Safety Statistics

In 2023, there were no incidents of death or permanent disability of employees or workers due to work-related injuries at any of Sercomm's location of operations. Regarding recordable work-related injuries, there were a total of 7 cases in 2023, including 3 cases in Taiwan, mainly involving caught/trapped, collision, and exposure to high and low temperatures; 1 case in China, involving a fall accident; 3 cases in the Philippines, involving stabbing/cutting/abrasion and exposure to harmful substances. In all cases, accident investigation and cause analysis have been conducted for each incident, and the responsible units have been required to formulate appropriate improvement measures and prevent recurrences in response to environmental changes. Through publicity, education and training, we aim to minimize the operational risks of employees and workers in the factory. There were no work-related ill health incidents in 2023.

Employee Work-related Injury Statistics

Item	Taiwan	Mainland China	The Philippines
Total work hours	3,685,115	4,526,488	2,858,001
Number of fatalities as a result of work-related injuries	0	0	0
Rate of fatalities as a result of work-related injuries	0.00	0.00	0.00
Number of serious work-related injuries	0	0	0
Rate of serious work-related injuries	0.00	0.00	0.00
Number of recordable work-related injuries	3	1	3
Rate of recordable work-related injuries	0.81	0.22	1.05
Number of employees with disabling injuries	2	0	0
Disabling injury frequency rate (FR)	0.54	0.00	0.00
Number of days lost due to disabling injury	4	0	0
Disabling injury severity rate (SR)	1.09	0.00	0.00

Note：

1. The data in this table do not include commuting traffic accidents.
2. Total work hours: The total work hours in Taiwan and China are calculated based on the annual average number of people x annual working days x daily working hours. In the Philippines, as various calendar schedules are used in practice, the calculation is based on the accrual of actual attendance system hours. The total work hours of Sercomm employees in 2023 amounted to 11,069,604 hours.
3. Rate of fatalities as a result of work-related injuries: (Number of fatalities/total working hours) X 1,000,000.
4. Number of serious work-related injuries: Those who have not recovered within 6 months.
5. Rate of serious work-related injuries: (Number of serious injuries/total working hours) X 1,000,000 (excluding fatalities).
6. Rate of recordable work-related injuries: (Number of recordable injuries/total working hours) X 1,000,000.
7. Number of employees with disabling injuries: The total number of people whose working time was lost for more than 1 day (inclusive) due to occupational accidents that resulted in death, loss of physical ability, or inability to continue working as a result of temporary recuperation (not permanently disabled). Total number of employees with disabling injuries is calculated as: Total number of facilities, permanent total disability, permanent partial disability and temporary total disability.
8. Disabling injury frequency rate (FR): Total number of people with disabling injuries per million work hours. (Number of employees with disabling injuries/total working hours) X 1,000,000.
9. Disabling injury severity rate (SR): Total number of lost days with disabling injuries per million work hours. (Total days of work-related injury leave due to disabling/total working hours) X 1,000,000.
10. The calculation logic of subsequent non-employee work-related injury statistics table is the same as this table.

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Statistics on Employee Work-related Ill Health

Item	Taiwan	Mainland China	The Philippines
Number of fatalities as a result of work-related ill health	0	0	0
Rate of fatalities as a result of work-related ill health	0.00	0.00	0.00
Number of cases of recordable work-related ill health	0	0	0

Note：

1. Occupational disease fatality rate = (number of fatalities caused by occupational diseases/total work hours) X 1,000,000.
2. The calculation logic of subsequent non-employee work-related ill health statistics table is the same as this table.

▌ Non-employee Worker Management

In 2023, a total of 6 non-employees suffered work-related injuries, 1 in Taiwan and 5 in the Philippines, which were mainly caused by being caught/trapped, stabbed, cut, bruised, and exposure to harmful substances. All personnel involved in the accident have completed accident analysis to ensure that the problem is clarified to reduce the chance of recurrence. Miscellaneous workers who are not employees will be given health and safety training through a pre-entry hazard disclosure, work safety analysis and safety reminders by Sercomm. Safety supervision during active operations and health and safety information given from time to time help other miscellaneous workers pay more attention to the health and safety culture.

Non-employee Work-related Injury Statistics

Item	Taiwan	Mainland China	The Philippines
Total work hours	225,982	4,324,876	4,705,128
Number of fatalities as a result of work-related injuries	0	0	0
Rate of fatalities as a result of work-related injuries	0.00	0.00	0.00
Number of serious work-related injuries	0	0	0
Rate of serious work-related injuries	0.00	0.00	0.00
Number of recordable work-related injuries	1	0	5
Rate of recordable work-related injuries	4.43	0.00	1.06
Number of employees with disabling injuries	0	0	0
Disabling injury frequency rate (FR)	0.00	0.00	0.00
Number of days lost due to disabling injury	0	0	0
Disabling injury severity rate (SR)	0.00	0.00	0.00

Non-employee Work-related Ill Health Statistics

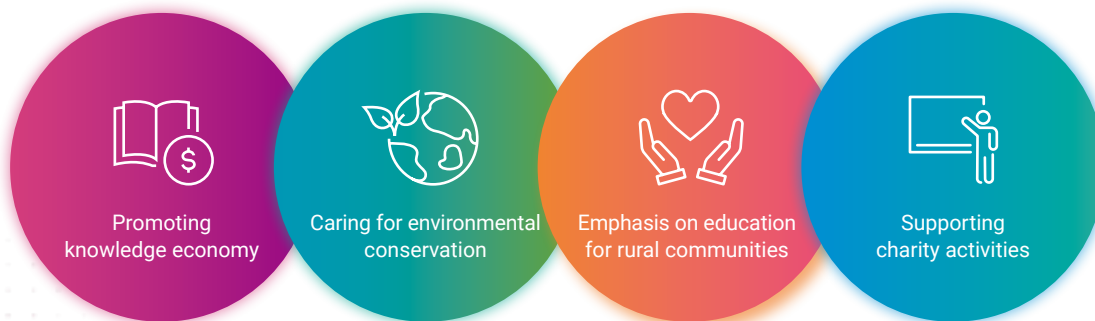| Item	Taiwan	Mainland China	The Philippines
Number of fatalities as a result of work-related ill health	0	0	0
Rate of fatalities as a result of work-related ill health	0.00	0.00	0.00
Number of cases of recordable work-related ill health	0	0	0

Note：Total work hours of non-employee workers: Total work hours in Taiwan and China are calculated based on the number of people at the end of each month x the number of working days per month x the daily working hours to calculate the cumulative working hours in each month, and then adding up the 12 months to arrive at the cumulative total number of hours worked for the year. In the Philippines, as various calendar schedules are used in practice, the calculation is based on the accrual of actual attendance system hours.

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4.5 Community Involvement

Four Pillars of Community involvement

Promoting knowledge economy

Caring for environmental conservation

Emphasis on education for rural communities

Supporting charity activities

Since the establishment of Sercomm, social participation has been deeply rooted in the Company's core values. It has long been committed to "caring for rural education", "supporting arts and humanities activities", "cultivating young talents", and "creating a knowledge economy platform" as the basis for social care. We leverage on the strength of employees to exert influence from the inside out, expand social involvement, give back to the society, and serve the people, in order to build a society that is innovative, diverse, charitable, caring, and environmentally sustainable.

We actively play the role of a bridge between the internal Company and external social charity groups, gathering love and care, expanding resources, and providing assistance. Sercomm makes regular donations to charitable units or rural schools every year, and establishes the "Sercomm Scholarship". Upholding the spirit of always being grateful, and giving back to the society, the Company's R&D supervisor nominates outstanding middle school students to be awarded, encourages students to actively pursue their studies, and reduces the financial burden of young and poor students to help their families, aiming to cultivate outstanding young talents to achieve academic success, benefit themselves and others, and contribute to the society.

2023 Implementation Results

Taipei Headquarters

Nangang Software Park Happy Enterprise Carnival - Sponsored the Yu-Cheng Social Welfare Foundation in an amount of NT$8,000.

Suzhou Manufacturing Center

Love Scholarship Program - A total of 11 cases, each with a subsidy of RMB5,000, of which 4 were given double scholarships as they were studying in first-tier universities. The total scholarship for the year amounted RMB75,000.

Zhunan Manufacturing Center

Charity blood donation activity - A total of 85 colleagues participated in the event and donated 27,250cc of blood.[Note]

Philippines Manufacturing Center

Cauang-Cauang Creek Rehabilitation – Referring to the Bokashi composting method, using leftover food waste to make Bokashi balls to improve the water quality of the watershed where the manufacturing center is located. A total of 9 colleagues participated in the activity.

Note：A total of 109 bags of 250cc blood were donated.

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Happy Enterprise Carnival

Blood Donation Activity

Cauang-Cauang Creek Rehabilitation

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Membership of Associations

Sercomm actively participates in domestic and foreign industry associations, technology alliances and their activities, thereby forming an intensive communication mechanism with industry members and jointly participating in the formulation of relevant specifications for the communications industry.

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

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IISO Management System Certification

Aspect	ISO management system	Taiwan	Mainland China	The Philippines	Third party verification unit
Quality	TL9000 Telecommunications Industry Quality Management System	V	V	Expected to be introduced in 2024	DNV
	ISO 9001:2015 Quality Control Systems	V	V	V	DNV
Environmental	ISO 14001:2015 Environmental Management Systems	V	V	V	DNV
	ISO 14064:2018 Greenhouse Gas Inventory	V	V	V	TUV SUD
	ISO 50001:2018 Energy Management Systems	V	V	V	DNV、TUV SUD
Social	ISO 45001:2018 Occupational Health and Safety Management Systems	V	V	V	DNV
Governance	ISO 27001:2013 Information Security Management System[Note]	V	Expected to be introduced in 2024	Expected to be introduced in 2024	SGS

Note：The current verification scope is mainly based on the Taipei headquarters computer rooms. It is expected to be introduced in the Zhunan Manufacturing Center in 2024.

GRI Content Index Table

Sercomm has reported content from January 1, 2023 to December 31, 2023 in accordance with GRI Standards.

GRI 1 Version

GRI 1: Foundation 2021

Applicable GRI Industry Standards

No applicable industry guidelines

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General Disclosures

GRI Standards	Disclosure Item	Chapter	Page	Reason for Omission
GRI 2: General Disclosures 2021	2-1 Organizational Details	About Sercomm	6	
	2-2 Entities included in the organization's sustainability reporting	About this Report	3	
	2-3 Reporting period, frequency and contact point	About this Report	3	
	2-4 Restatements of information	About this Report	3	
	2-5 External assurance	About this Report Appendix - Third Party Verification Opinions and Assurance Statements	3 137	
	2-6 Activities, value chain and other business relationships	About Sercomm	6	
	2-7 Employee Information	4.1 Talent Recruitment and Retention	85-100	
	2-8 Information on Miscellaneous Workers	4.1 Talent Recruitment and Retention	85-100	
	2-9 Governance Structure and Composition	1.1 Sustainable Governance 1.2 Responsible Governance	26-27 30	
	2-10 Nomination and selection of the highest governance body	1.2 Responsible Governance	30-32	
	2-11 Chair of the highest governance body	1.2 Responsible Governance	30-32	
	2-12 Highest governance body' role in supervising impact management	1.1 Sustainable Governance	26-27	
	2-13 Delegation of responsibility for managing impacts	1.1 Sustainable Governance	26-27	
	2-14 Highest governance body's role in sustainability reporting	About this Report	3	

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GRI Standards	Disclosure Item	Chapter	Page	Reason for Omission
GRI 2: General Disclosures 2021	2-15 Conflicts of interest	1.2 Responsible Governance	30-34	
	2-16 Communicate important key issues	1.1 Sustainable Governance 1.4 Risk Management	30-34 37-39	
	2-17 Collective knowledge of the highest governance body	1.2 Responsible Governance 3.1 Climate Change Response	30-34 63-71	
	2-18 Evaluation of the performance of the highest governance body	1.2 Responsible Governance	34	A specific policy linking senior managers' remuneration and ESG-related performance evaluation has not yet been formulated in 2023. However, the Company plans to begin developing and formulating the policy in the second half of 2024 to implement the linkage between senior managers' remuneration and ESG performance.
	2-19 Remuneration policies	1.2 Responsible Governance	34	
	2-20 Process for determining remuneration	1.2 Responsible Governance	34	
	2-21 Annual total compensation ratio	-	-	Salaries are not disclosed due to confidentiality
	2-22 Statement on sustainable development strategy	Sustainable Development Strategy	21-23	
	2-23 Policy commitments	1.1 Sustainable Governance 4.3 Human Rights Respect and Protection	26-29 109	
	2-24 Internalization of policy commitments	1.1 Sustainable Governance	26-29	
	2-25 Processes to remediate negative impacts	Stakeholders and Material Topics 1.3 Business Integrity 4.3 Human Rights Respect and Protection	11-13 35-36 109	
	2-26 Mechanism for seeking advice and concerns	Stakeholders and Material Topics 1.3 Business Integrity	11-13 35-36	

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GRI Standards	Disclosure Item	Chapter	Page	Reason for Omission
GRI 2: General Disclosures 2021	2-27 Compliance with laws and regulations	1.3 Business Integrity	35-36	
	2-28 Membership associations	Appendix - Membership of Associations	121	
	2-29 Approach to stakeholder engagement	Stakeholders and Material Topics	11-13	
	2-30 Collective bargaining agreements	-	-	In Taiwan, employer-employee meetings are held regularly in accordance with laws and regulations, and workers elect labor representatives to ensure that the effectiveness of meeting resolutions is representative of all employees. In China, collective contracts are signed in accordance with relevant laws and regulations on collective contracts, with an employee coverage rate of 100%. The Philippines listens to employees' suggestions and balances labor relations through multiple communication channels, such as employee seminars, corporate intranets, and employee suggestion boxes.

Disclosures on Material Topics

GRI Standards	Disclosure Item	Chapter	Page	Reason for Omission
GRI 3: Material topics 2021	3-1 Process to determine material topics	Stakeholders and Material Topics	11-13	
	3-2 List of material topics	Stakeholders and Material Topics	11-13	

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Topic Guidelines Disclosures

GRI Standards	Disclosure Item	Chapter	Page	Reason for Omission
Low-carbon operations				
GRI 3: Material topics 2021	302-1 Energy consumption within the organization	3. Low Carbon Layout	61	
GRI 302: Energy 2016	302-3 Energy Intensity	3.2 Energy Management	74-77	
	302-4 Reduction of energy consumption	3.2 Energy Management	74-77	
	305-1 Direct (Scope 1) GHG emissions	3.2 Energy Management	74-77	
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	3.1 Climate Change Response	63-73	
	305-3 Other indirect (Scope 3) GHG emissions	3.1 Climate Change Response	63-73	
	305-4 GHG emissions intensity	3.1 Climate Change Response	63-73	
	305-5 Reduction of GHG emissions	3.1 Climate Change Response	63-73	
	305-5 Reduction of GHG emissions	3.2 Energy Management	74-77	
Climate Change Response				
GRI 3: Material topics 2021	3-3 Management of material topics	3. Low Carbon Layout	61	
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	3.1 Climate Change Response	63-73	

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GRI Standards	Disclosure Item	Chapter	Page	Reason for Omission
Occupational Health and Safety				
GRI 3: Material topics 2021	3-3 Management of material topics	4. Inclusion and Engagement	83	
GRI 403 Occupational Health and Safety 2018	403-1 Occupational Health and Safety Management Systems	4.4 Occupational Health and Safety	111-117	
	403-2 Hazard identification, risk assessment, and incident investigation	4.4 Occupational Health and Safety	111-117	
	403-3 Occupational health services	4.4 Occupational Health and Safety	111-117	
	403-4 Worker participation, consultation, and communication on occupational health and safety	4.4 Occupational Health and Safety	111-117	
	403-5 Worker training on occupational safety and health	4.4 Occupational Health and Safety	111-117	
	403-6 Promotion of worker health	4.4 Occupational Health and Safety	111-117	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4 Occupational Health and Safety	111-117	
	403-8 Workers covered by an Occupational safety and health management system	4.4 Occupational Health and Safety	111-117	
	403-9 Work-related injuries	4.4 Occupational Health and Safety	111-117	
	403-10 Work-related ill health	4.4 Occupational Health and Safety	111-117	
Human Rights Management				
GRI 3: Material topics 2021	3-3 Management of material topics	4. Inclusion and Engagement	83	
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken by the organization	4.3 Human Rights Respect and Protection	109-110	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	4.3 Human Rights Respect and Protection 2.1 Sustainable Supply Chain Management	46-52 109-110	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.3 Human Rights Respect and Protection 2.1 Sustainable Supply Chain Management	46-52 109-110	

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GRI Standards	Disclosure Item	Chapter	Page	Reason for Omission
Employee Training and Development				
GRI 3: Material topics 2021	3-3 Management of material topics	4. Inclusion and Engagement	83	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	4.2 Talent Cultivation and Development	101-108	
	404-2 Programs for upgrading employee skills and transition assistance programs	4.2 Talent Cultivation and Development	101-108	
	404-3 Percentage of employees receiving regular performance and career development reviews	4.2 Talent Cultivation and Development	101-108	
Talent Recruitment and Retention				
GRI 3: Material topics 2021	3-3 Management of material topics	4. Inclusion and Engagement	83	
GRI 201: Economic Performance 2016	201-3 Defined Benefit Obligations and Other Retirement Plans	4.1 Talent Recruitment and Retention	85-100	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	4.1 Talent Recruitment and Retention	85-100	
	202-2 Proportion of senior management hired from the local community	4.1 Talent Recruitment and Retention	85-100	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	4.1 Talent Recruitment and Retention	85-100	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.1 Talent Recruitment and Retention	85-100	
Diversity, Equality and Inclusiveness				
GRI 3: Material topics 2021	3-3 Management of material topics	4. Inclusion and Engagement	83	
GRI 401: Employment 2016	401-3 Parental leave	4.1 Talent Recruitment and Retention	85-100	
GRI 405: Employee Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	4.1 Talent Recruitment and Retention	30-34 85-100	
	405-2 Ratio of basic salary and remuneration of women to men	4.1 Talent Recruitment and Retention	85-100	

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GRI Standards	Disclosure Item	Chapter	Page	Reason for Omission
Business Integrity				
GRI 3: Material topics 2021	3-3 Management of material topics	1. Upgrade of Responsibility	24	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	1.3 Business Integrity	35-36	
	205-2 Communication and training about anti-corruption policies and procedures	1.3 Business Integrity	35-36	
	205-3 Confirmed incidents of corruption and actions taken	1.3 Business Integrity	35-36	
Sustainable Supply Chain Management				
GRI 3: Material topics 2021	3-3 Management of material topics	2. Partnerships	44	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	2.1 Sustainable Supply Chain Management	46-52	
GRI 308: Supplier Environmental Assessments 2016	308-1 New suppliers that were screened using environmental criteria	2.1 Sustainable Supply Chain Management	46-52	
	308-2 Negative environmental impacts in the supply chain and actions taken	2.1 Sustainable Supply Chain Management	46-52	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	2.1 Sustainable Supply Chain Management	46-52	
	414-2 Negative social impacts in the supply chain and actions taken	2.1 Sustainable Supply Chain Management	46-52	
Product Innovation and R&D				
GRI 3: Material topics 2021	3-3 Management of material topics	2. Partnerships	44	
-	Self-determined Disclosures	2.3 Innovative R&D	57-58	

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GRI Standards	Disclosure Item	Chapter	Page	Reason for Omission
Information Security				
GRI 3: Material topics 2021	3-3 Management of material topics	1. Upgrade of Responsibility	24	
-	Self-determined Disclosures	1.6 Information Security	40-43	
Risk Management				
GRI 3: Material topics 2021	3-3 Management of material topics	1. Upgrade of Responsibility	24	
-	Self-determined Disclosures	1.4 Risk Management	37-38	
Green Products				
GRI 3: Material topics 2021	3-3 Management of material topics	2. Partnerships	44	
GRI 302: Energy 2016	Self-determined Disclosures	2.2 Green Products	53-56	
Customer Relationship Management				
GRI 3: Material topics 2021	3-3 Management of material topics	2. Partnerships	44	
-	Self-determined Disclosures	2.4 Customer Relationship Management	59-60	

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SASB Indicator Comparison Table

Industry Specific Standard Disclosures

Indicator No.	Indicator Item	Disclosure Location	Page	Supplemental Information
Product Safety				
TC-HW-230a.1	Describe identification and resolution of product data security risks	1.6 Information Security	40-43	
Employee Diversity and Inclusion				
TC-HW-330a.1	(1) Senior management personnel (2) non-senior management personnel (3) technicians (4) other personnel and their gender and the percentage of diverse group representatives	4.1 Talent Recruitment and Retention	85-100	
Product Lifecycle				
TC-HW-410a.1	Products containing IEC 62474 declared substances as a percentage of revenue	Not applicable	-	Currently, customers all use RoHS, REACH, and halogen-free as the management standards for banned and restricted substances. Sercomm's products 100% comply with the above requirements for banned and restricted substances. For detailed control measures on banned and restricted substances, please refer to the chapter headed "2.2 Green Products". In the future, we will conduct more active management of substances declared in IEC 42474.
TC-HW-410a.2	Eligible products that meet EPEAT registration requirements or equivalent as a percentage of revenue	Not applicable	-	Sercomm's operating model is mainly an ODM (Original Design Manufacturer) B2B business model. If a product falls within the scope of this standard, verification and related operations will be completed according to downstream needs. As of 2023, there was no situation as mentioned in this indicator.

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Indicator No.	Indicator Item	Disclosure Location	Page	Supplemental Information
TC-HW-410a.3	Percentage of qualified products that meet ENERGY STAR® standards	Not applicable	-	Sercomm's operating model is mainly an ODM (Original Design Manufacturer) B2B business model, and the products it manufactures are not ENERGY STAR® regulated products.
TC-HW-410a.4	Weight of recycled scrapped products and electronic waste, percentage of recycling	Not applicable	-	Sercomm operates on a B-to-B basis and has no relevant product waste recycling procedures.
Supply Chain Management				
TC-HW-430a.1	(a) All first-tier suppliers and (b) high-risk suppliers as a percentage of first-tier suppliers audited under RBA's Verified Audit Process (VAP) or equivalent requirements	2.1 Sustainable Supply Chain Management	46-52	-
TC-HW-430a.2	Among first-tier suppliers, (1) the non-conformance rate according to the RBA's Verified Audit Process (VAP) or equivalent requirements (2) the correction improvement rate associated with non-conformity items, based on (a) the priority non-conformity items and (b) other non-conformity items	2.1 Sustainable Supply Chain Management	46-52	-
Materials Sourcing				
TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	2.1 Sustainable Supply Chain Management 2.2 Green Products	46-52 53-56	On the upstream side, we require that the products delivered by suppliers, whether raw materials for the production of relevant main materials or auxiliary materials, are 100% compliant with international laws and regulations on banned and restricted substances. During our own operation stage, we conduct random testing of incoming materials for banned and restricted substances to once again ensure that products comply with regulations and reduce the risk of negative environmental impacts. Regarding responsible minerals, Sercomm has formulated the "Responsible Minerals Management and Control Measures" and promises not to use conflict minerals. It conducts due diligence every year in accordance with international guidelines to ensure that relevant metals do not come from illegal areas. For more relevant information, please see the chapters headed "2.1 Sustainable Supply Chain Management" and "2.2 Green Products".

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Activity Indicators

Indicator No.	Indicator Item	Disclosure Location	Page	Summary or Supplemental Information
TC-HW-000.A	Number of units produced by production category	About Sercomm	6	-
TC-HW-000.B	Plant area	About Sercomm	6	-
TC-HW-000.C	Own production capacity percentage	-	-	Among the total products shipped in 2023, 94.5% was produced from our own production bases.

Taiwan Stock Exchange Corporation Sustainability Disclosure Indicator - Telecommunication Network Industry

No.	Indicator	Type of Indicator	Unit	Disclosures	Supplementary Description
I	Total energy consumption, percentage of purchased electricity and utilization rate of renewable energy source	Quantitative	Billion joules (GJ), percentage (%)	• Total energy consumption: 167,632.43 • Percentage of purchased electricity: 98.20% • Utilization rate of renewable energy source: Sercomm's overall renewable energy usage has been connected to the grid for power generation or the contract has taken effect since mid-December 2023. The ratio is not yet significant and is not included here for the time being.	For more information about energy consumption and renewable energy, please see 3.2 Energy Management.
II	Total water withdrawal and total water consumption	Quantitative	Thousand cubic meters (m³)	• Total water withdrawal: 214,211.88 (=214.21 million liters) • Total water consumption: 29,461.66 (=29.46 million liters)	Total water consumption is calculated as total water withdrawal minus total water discharge. For calculation of water discharge, 90% of the water withdrawal is calculated by referring to the water discharge calculation method of the Ministry of Environment's utility and sewage systems for the location of operations in Taiwan. In China, it refers to the Ministry of Ecology and Environment's Discharge Source Statistical Survey Pollutant Emissions Accounting Methods and Coefficients Manual for the calculation of water withdrawal at a pollution reduction coefficient of 85%. Since the operating activities in the Philippines are highly similar to that in China, 85% is used as the calculation parameter.

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No.	Indicator	Type of Indicator	Unit	Disclosures	Supplementary Description
III	Weight of hazardous waste produced and percentage of recycling	Quantitative	Metric tons (t), percentage (%)	• Weight of hazardous waste produced: 172.48 • Percentage of hazardous waste recycled: 85.88%	
IV	Disclosure of type, number and ratio of occupational accidents	Quantitative	Percentage (%), number	*See table below*	
V	Disclosure of product life cycle management: including the weight and recycling percentage of scrapped products and electronic waste	Quantitative	Metric tons (t), percentage (%)	Not applicable	ercomm is located in the middle of the industry chain, and its products are mainly sold to telecommunications service operators, network equipment suppliers or multimedia system service providers. It is currently difficult to collect information related to this indicator. Sercomm complies with the Waste of Electronic and Electrical Equipment (WEEE), and registers and declares the product shipment quantity in the country where the product is launched in accordance with regulations. The total weight of Sercomm's declared products in 2023 was 1,090.54 metric tons. In 2023, 7 products completed the WEEE-3R disassembly testing, with an average Reuse and Recycled Rate of 85% or more and a Recovery Rate of 95% or more. For more information about green products, please see the chapter headed 2.2 Green Products.

Table for indicator IV:

Item	Taiwan	Mainland China	The Philippines
Type	Caught/trapped, collision and exposure to high and low temperatures	Falls and traffic accidents	Stabbing/cutting/abrasion and exposure to harmful substances
Number of people	3	1	3
Ratio	0.81	0.22	1.05

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No.	Indicator	Type of Indicator	Unit	Disclosures	Supplementary Description
VI	Description of risk management relating to the use of key materials	Qualitative description	n/a	On the upstream side, we require that the products delivered by suppliers, whether raw materials for the production of relevant main materials or auxiliary materials, are all compliant with international laws and regulations on banned and restricted substances. During our own operation stage, we conduct random testing of incoming materials for banned and restricted substances to once again ensure that products comply with regulations and reduce the risk of negative environmental impacts.	For more relevant information, please see the chapters headed "2.1 Sustainable Supply Chain Management" and "2.2 Green Products".
VII	Total monetary losses arising from legal proceedings relating to anti-competitive behavior regulations	Quantitative	Reporting currency	No relevant monetary losses	
VIII	Output of main products by product category	Quantitative	n/a	Broadband terminal equipment: 22,816,501 units Commercial netcom equipment: 5,958,436 units Network infrastructure and IoT: 4,908,069 units	For more information, please see the chapter headed "About Sercomm".

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Comparison Table of Task Force on Climate-related Financial Disclosures (TCFD) Indicators

Aspect		Disclosure Recommendations	Disclosure Location	Page
Governance	Disclosing the governance of the organization's climate-related risks and opportunities	Describe the Board's oversight of climate-related risks and opportunities	3.1 Climate Change Response - Governance	63-64
		Describe the management's role in assessing and managing climate-related risks and opportunities	3.1 Climate Change Response - Governance	63-64
Strategy	Disclose actual and potential climate-related impacts on the organization's business, strategic, and financial planning	Describe climate-related risks and opportunities that the organization has identified over the short, medium, and long term	3.1 Climate Change Response - Strategy 3.1 Climate Change Response - Risk Management	64-71
		Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning	3.1 Climate Change Response - Strategy 3.1 Climate Change Response - Risk Management	64-71
		Describe the organization's strategic resilience and consideration of different climate-related scenarios (including 2°C or harsher scenarios)	Please refer to the descriptions in the 2023 annual report	
Risk Management	Disclose how the organization identifies, assesses, and manages climate related risks	Describe how the organization identifies and assesses climate-related risks	3.1 Climate Change Response - Risk Management	68-71
		Describe the organization's processes for managing climate-related risks	3.1 Climate Change Response - Risk Management	68-71
		Describe how the processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	3.1 Climate Change Response - Risk Management	68-71
Indicators and Goals	Disclose targets and goals for assessing and managing climate-related issues in the context of material information	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	3.1 Climate Change Response- Indicators and Goals Sustainable Development Strategy	5,68-71
		Disclose Scope 1, Scope 2 and Scope 3 (where applicable) GHG emissions and associated risks	3.1 Climate Change Response- Greenhouse Gas Emissions	72-73
		Describe the organization's targets used in managing climate related risks and opportunities and the performance of those targets	3.2 Energy Management 3.3 Environmental Management	74-82

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Third Party Verification Opinions and Assurance Statements

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會計師有限確信報告

資會綜字第 24003756 號

中磊電子股份有限公司　公鑒：

本會計師受中磊電子股份有限公司（以下簡稱「貴公司」）之委任，對　貴公司選定西元 2023 年度永續報告書所報導之關鍵績效指標（以下簡稱「所選定之關鍵績效指標」）執行確信程序。本會計師業已確信竣事，並依據結果出具有限確信報告。

標的資訊與適用基準

本確信案件之標的資訊係　貴公司上開所選定之關鍵績效指標，有關所選定之關鍵績效指標及其適用基準詳列於　貴公司西元 2023 年度永續報告書第 138 至 139 頁之「確信報告書項目彙總表」。前述所選定之關鍵績效指標之報導範圍業於永續報告書第 3 頁之「報告書範疇與邊界」段落說明。

管理階層之責任

貴公司管理階層之責任係依照適用基準編製永續報告書所選定之關鍵績效指標，且設計、付諸實行及維持與所選定之關鍵績效指標編製有關之內部控制，以確保所選定之關鍵績效指標未存有導因於舞弊或錯誤之重大不實表達。

先天限制

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

會計師之獨立性及品質管理

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

資誠聯合會計師事務所 PricewaterhouseCoopers, Taiwan
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本事務所適用品質管理準則 1 號「會計師事務所之品質管理」，該品質管理準則規定會計師事務所設計、付諸實行及執行品質管理制度，包含與遵循職業道德規範、專業準則及所適用法令有關之政策或程序。

會計師之責任

本會計師之責任係依照確信準則 3000 號「非屬歷史性財務資訊查核或核閱之確信案件」規劃及執行有限確信案件，基於所執行之程序及所獲取之證據，對第一段所述　貴公司所選定之關鍵績效指標是否未存有重大不實表達取得有限確信，並作成有限確信之結論。

依確信準則 3000 號之規定，本有限確信案件工作包括評估　貴公司採用適用基準編製永續報告書所選定之關鍵績效指標之妥適性、評估所選定之關鍵績效指標導因於舞弊或錯誤之重大不實表達風險，依情況對所評估風險作出必要之因應，以及評估所選定之關鍵績效指標之整體表達。有關風險評估程序（包括對內部控制之瞭解）及因應所評估風險之程序，有限確信案件之範圍明顯小於合理確信案件。

本會計師對第一段所述　貴公司所選定之關鍵績效指標所執行之程序係基於專業判斷，該等程序包括查詢、對流程之觀察、文件之檢查是否適當之評估，以及與相關紀錄之核對或調節。

基於本案件情況，本會計師於執行上述程序時：

- 已對參與編製所選定之關鍵績效指標之相關人員進行訪談，以瞭解編製前述資訊之流程，以及攸關之內部控制，以辨認重大不實表達之領域。

- 基於對上述事項之瞭解及所辨認之領域，已對所選定之關鍵績效指標並選取樣本進行包括查詢、觀察、檢查等測試，以取得有限確信之證據。

相較於合理確信案件，有限確信案件所執行程序之性質及時間不同，其範圍亦較小，故於有限確信案件所取得之確信程度亦明顯低於合理確信案件中取得者。因此，本會計師不對　貴公司所選定之關鍵績效指標在所有重大方面，是否依照適用基準編製，表示合理確信之意見。

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此報告不對西元 2023 年度永續報告書整體及其相關內部控制設計或執行之有效性提供任何確信，另外，西元 2022 年度永續報告書中屬西元 2022 年 12 月 31 日及更早期間之資訊未經本會計師確信。

有限確信之結論

依據所執行之程序與所獲取之證據，本會計師並未發現第一段所述　貴公司所選定之關鍵績效指標在所有重大方面有未依照適用基準編製之情事。

其它事項

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

資誠聯合會計師事務所

會計師 文雅芳

中華民國 113 年 8 月 21 日

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Assurance Checklist

No.	Information on Assurance Subject	Page	Applicable Baseline
I	Total water withdrawal in 2023: 214,211.88 thousand cubic meters (m³) = 214.21 million liters	81	The total water withdrawal of Sercomm in Taiwan, China and the Philippines in 2023. Water consumption is calculated based on the 2023 water fee payment vouchers of the headquarters and each factory area.
II	Total water consumption in 2023: 29,461.66 thousand cubic meters (m³) = 29.46 million liters	81	Total water consumption is calculated as total water withdrawal minus total water discharge. For calculation of water discharge, 90% of the water withdrawal is calculated by referring to the water discharge calculation method of the Ministry of Environment's utility and sewage systems for the location of operations in Taiwan. In China, it refers to the Ministry of Ecology and Environment's Discharge Source Statistical Survey Pollutant Emissions Accounting Methods and Coefficients Manual for the calculation of water withdrawal at a pollution reduction coefficient of 85%. Since the operating activities in the Philippines are highly similar to that in China, 85% is used as the calculation parameter.
III	Weight of hazardous waste produced in 2023: 172.48 metric tons (t)	79	The total amount of hazardous waste recycled, reused and directly disposed of in Sercomm's Zhunan Manufacturing Center in Taiwan, China and the Philippines in 2023 is based on the weight declared by the Resource Circulation Administration, Ministry of Environment in Taiwan and the hazardous waste transfer documents in China and the Philippines.
IV	Percentage of hazardous waste recycled in 2023: 85.88%	79	The ratio of hazardous waste recycled and reused by Sercomm's Zhunan Manufacturing Center in Taiwan, China and the Philippines in 2023 to the total amount of hazardous waste.
V	In 2023, there were no incidents of death or permanent disability of employees or workers due to work-related injuries at any of Sercomm's location of operations.	116	Statistics on the number of fatalities or permanent disabilities caused by work-related injuries among all employees at Sercomm headquarters and various factories in 2023.
VI	Regarding recordable work-related injuries, there were a total of 7 cases in 2023, including 3 cases in Taiwan, mainly involving caught/trapped, collision, and exposure to high and low temperatures; 1 case in China involving a fall accident; 3 cases in the Philippines, involving stabbing/cutting/abrasion and exposure to harmful substances.	116	Statistics on the number of recordable work-related injuries among Sercomm employees in Taiwan, China and the Philippines in 2023.

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No.	Information on Assurance Subject	Page	Applicable Baseline
VII	Ratio of work-related injuries in 2023 Taiwan: 0.81 Mainland China: 0.22 The Philippines: 1.05	116	The ratio of the number of recordable work-related injuries among Sercomm's employees in Taiwan, China and the Philippines in 2023 = (number of recordable work-related injuries/total working hours) X1,000,000
VIII	Sercomm has formulated the "Sercomm banned and restricted substances list". In addition to referring to the substances listed in EU RoHS and REACH, it also includes customers' halogen-free requirements or other relevant international laws, detailing banned and restricted substances. In terms of management measures, we start from source control. When selecting suppliers in the supply chain, we require suppliers to sign a "Product Quality Assurance Contract". At the time of supplying materials, suppliers are required to disclose the composition or content of the materials through the GPM (Green Product Management) platform, and if necessary, submit the test reports from a third-party impartial unit. In addition, Sercomm has also incorporated substance control into the incoming material inspection process. Through precise XRF (X-ray Fluorescence) incoming material inspection equipment, it strictly measures whether there are raw materials that violate the controlled substance requirements. If there is any such situation, the supplier is required to take corrective actions immediately and prevent recurrence. The above measures also apply to the auxiliary materials used in the production process.	55	Suppliers' procurement strategy and procurement management methods in 2023 were consistent with the risk management of the use of key materials described in the report.
IX	Sercomm's anti-competition or anti-trust regulations in 2023 Major illegal incidents (number of cases): 0 Property losses caused by major illegal incidents: 0	36	Total losses arising from legal proceedings relating to anti-competitive behavior regulations of Sercomm in 2023 Note: "Significant" refers to an incident that affects more than 3% of the Company's total assets in the most recent financial statements, or more than 3% of the Company's operating revenue in the most recent fiscal year.
X	Broadband terminal equipment: 22,816,501 units Commercial netcom equipment: 5,958,436 units Network infrastructure and IoT: 4,908,069 units	8	Statistics on the production volume of Sercomm's headquarters and various factories in 2023 for its main products (broadband terminal equipment, commercial netcom equipment, network infrastructure and IoT).